



Edward
River
COUNCIL

Long Term Financial Plan 2021/22-2030/31



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LONG TERM FINANCIAL PLAN



Introduction

This Long-Term Financial Plan (“LTFP”) makes up one of three parts of Council’s Resourcing Strategy as required under the NSW Local Government Act. This Integrated Planning and Reporting (“IP&R”) framework supports the implementation and review of plans relating to the financial, asset and workforce contributions to Edward River Council.

The Resourcing Strategy informs, influences and ultimately reflects Council’s Community Strategic Plan which outlines the needs and aspirations of the people of Edward River both now, and into the future. Accordingly, the plans contained within the Resourcing Strategy provide key input in shaping both the Delivery Program and Operational Plans of Council.

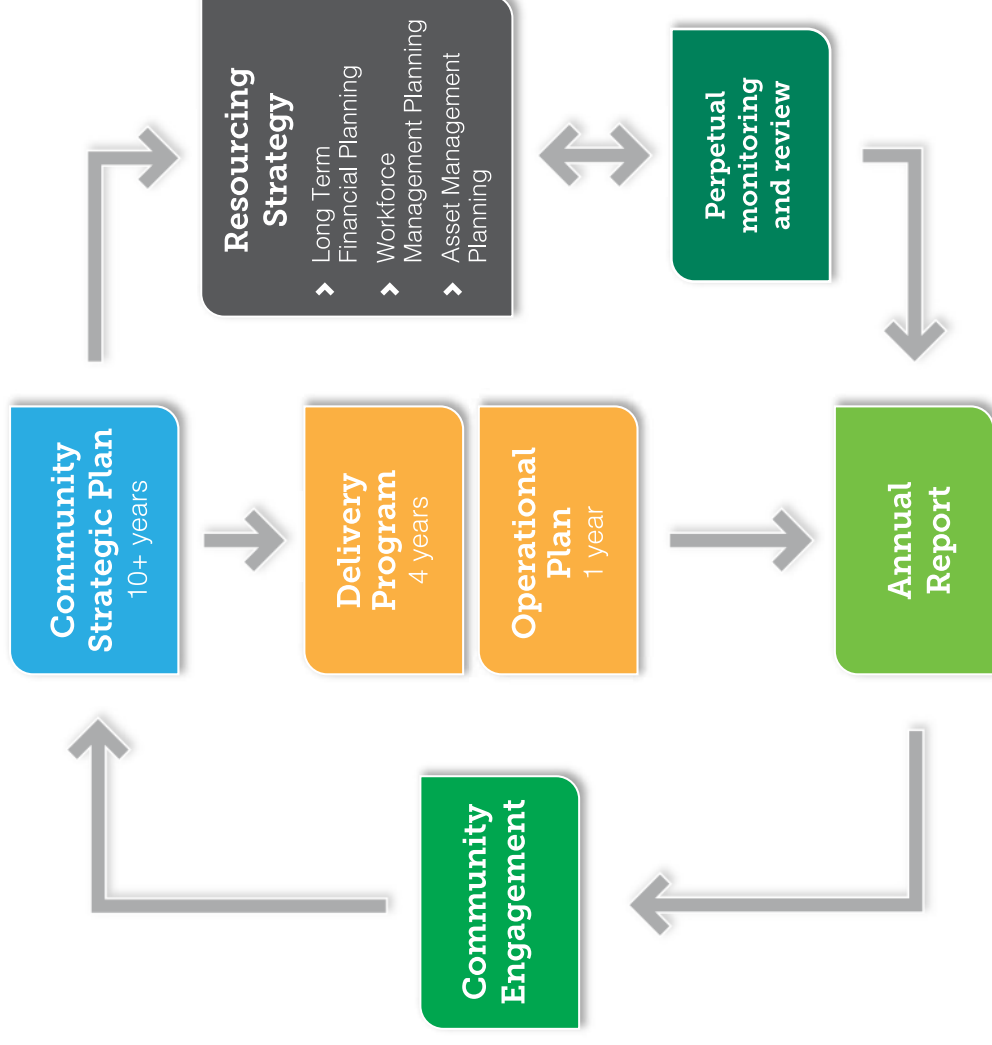


Chart 1 - NSW Integrated Planning and Reporting (“IP&R”) Framework

The LTFP in Context

Precise financial strategy which supports financial sustainability and which balances community expectations with the capacity to pay, challenges Councils. As part of their process strategies, services and investment in infrastructure must be developed that meets the community's needs and is affordable.

The question of what is “financial sustainability” and the appropriate strategy to support this position will be answered differently by every Council. However, there are some common questions that should be asked by Councils in the strategic development process.

These include the range and level of Council services that are to be offered, the affordability of new assets and renewal investment, the suitability of debt amounts and whether rate and charge increases are affordable and the community is willing to pay for services and infrastructure.

The LTFP is an important part of Edward River Council's strategic planning process and how it goes about implementing an effective integrated planning and reporting (IP&R) framework. It informs the annual budget process and the 4-year plans for the community and vice versa. The LTFP is an annual process and part of the continuous improvement cycle.

The LTFP is an opportunity to facilitate the process of aligning community expectations by broadening Council's understanding of expected pressures that will affect the community, expected economic growth rates and drivers of Council's future financial sustainability.

The LTFP provides a framework to direct resources where they need to be allocated to reach a desired future position or vision. Edward River Council is in a transition phase. The LTFP is part of the plan to help Council meet the challenge and weather unexpected events. The COVID 19 impact being a case in-point.

Planning Assumptions

Population is an important factor for Council to consider when planning the range of services to provide, setting the levels of service to meet community expectations and maintaining the assets required to deliver those services. Population is also a key measure used by governments to calculate grant funding to Councils.

The Department of Planning population modelling predicts that the Edward River Council area will have continued population decline. The modelling indicates a continued decline of around 300 people per five-year period. It predicts the total population to fall to 7,450 in 2036. This contrasts to the data released by the ABS following the 2016 Census which showed that the estimated resident population of Edward River had been increasing since 2011, up from 8,888 in 2011 to 8,951 in 2016.

Interestingly, the resident population profile in 2016 shows a higher proportion of people aged between 20-34 years old than in previous periods. Residents of Edward River are continuing to be more educated, with the proportion of people with a post school qualification increasing across all levels. The 2016 estimated resident population was 3.5 per cent higher than state government projections for that year. But the proportion of people in school age cohorts (under 20 years old) continued to decline by a further 3.1 per cent to 23.5 per cent of the population in 2016.

On balance, Council takes the view that the population is likely to remain relatively stable given the migration from city to rural areas during Covid. It recognises that future trends are dependent on a range of factors. Our population is sensitive to changes in the key employing sectors which include agriculture, retail, health and education. Changes to water policy, given its importance as a generator of jobs and contributor of economic value, can have a significant impact on the region.

We have an elderly population which creates some challenges with declining personal income levels, increased demand for health services and changing housing needs. As a small rural Council with a small ratepayer base and large geographical area, reliance on grant funds is higher than in large metropolitan Councils.

On the other side of the equation, population growth and lack of housing affordability in large metropolitan and regional centres has the potential to generate demand for better lifestyle and an increase in the visitor economy. Safety, housing affordability and advances in technology offer rural areas like Edward River the opportunity to grow.

COVID-induced economic uncertainty and its consequences

The economy is slowly recovering from COVID-19 impact through the Economic Recovery Plan delivered by the Federal Government intended to secure Australian jobs and keep businesses running.

This 10-year planning period will be a major challenge for Council and the Edward River community.

Inflation forecasts

According to the Australian Bureau of Statistics, there is no single best measure of inflation. A range of indexes can be used to plan for future expenditure. The Australian Consumer Price Index ("CPI") is considered the most suitable approach when the primary purpose of the CPI is as a macro-economic indicator of price inflation affecting households.

Consumer Price Index CPI in Australia is expected to be 117.77 points by the end of June 2021 quarter, according to Trading Economics global macro models and analysts' expectations. Looking forward, we estimate Consumer

Price Index CPI in Australia to stand at 120.25 in 12 months' time. In the long-term, the Australia Consumer Price Index (CPI) is projected to trend around 122.77 points in 2022 and 125.35 points in 2023, according to our econometric models.

Source: tradingeconomics.com/australia/consumer-price-index

Interest rate movements

Interest rates are at record lows (RBA cash rate is currently at 0.10 per cent) and are expected to remain at the current all-time low until the labour market returns to full employment, wage growth accelerates substantially and actual inflation is within an acceptable target range. (e.g. 10-year Australian government bond yields remain hovering around the 0.7 per cent-1.0 per cent range).

Council has reduced the likely yield for interest on investments in the short term to below 2.0 per cent but settling on or about 2.0 per cent for the remainder of the planning period. The level of income from interest on investments will be reviewed annually and adjusted accordingly.

A new 5-year fixed term deposit from IBCB (A) is being offered at around 1.50 per cent per annum, while the highest 5-year fixed term deposit from any rated bank is NAB (AA-) at 1.25 per cent per annum (annual interest).

A rate of 2.0 per cent is assumed in LTFP modelling given that interest rates are at historic low levels.

Revenue Forecasts

Funding sources can include fees and charges, grants, rates revenue, borrowings and sale of assets surplus to requirements. Rates form a major component of Council's revenue base, approximately 67 per cent of revenue raised for recurrent operations.

The Edward River local government area has a lower than the state average median personal income. Council needs to consider residents' capacity to pay when setting the revenue policy. The Socio-Economic Index (SEIFA) data from 2011 indicates that Deniliquin was in the third percentile of relative socioeconomic disadvantage. The SEIFA Index for Deniliquin in 2016 was 957.

Many fees and charges are regulated. Council fees and charges have been increased in most cases in line with the CPI. Fees and charges are set where possible on a full recovery basis. An extensive fees and charges benchmarking exercise was undertaken by Council in early 2020. Further analysis of the full cost of services will be undertaken by Council to address issues such as the need for full cost-recovery where warranted.

During 2020-21, Council undertook a review and harmonisation of the rating structure for implementation in the 2021-22 financial year. Prior to this harmonisation a restraint was placed on merged councils under the amalgamation proclamation which meant Council was restricted from considering rating calculations or re-categorising until 30 June 2020, and this date was then extended to 30 June 2021. Consequently, the new rate structure will have the same categories but the sub-categories that related to each of the former councils have been restructured as per direction from the NSW Office of Local Government.

To ensure future sustainability of the Council whilst keeping costs to ratepayers and service users low, Council will review levels of service and identify and deliver operational efficiencies in the future.

Council has assumed recurrent grant revenue will continue at least at current levels. The Financial Assistance Grant indexation rate is assumed to be 2 per cent per annum. Due to the community's capacity or willingness to pay, there is little opportunity to generate other forms of revenue such as metered parking.

Expenditure Forecasts

The Community Strategic Plan provides a basis for Council to calculate the cost of its Delivery Program and LTFP to meet the community's expectations. Council must balance community expectations, uncertainty of future revenue and expenditure forecasts, along with the operational plan and provision of ongoing services.

Council's decisions now can commit future Councils to significant expenditures and therefore new capital projects must include complete costings for capital and recurrent expenditures. Council's approach is to prioritise capital renewal projects over new, maintain adequate service levels, and to conduct future service reviews and other efficiency savings to fund future works and operations.

Sensitivity Analysis

Long term financial planning is inherently uncertain. It relies on a wide range of assumptions, including assumptions about population growth, interest rates and the potential effect of inflation on revenues and expenditures.

In developing the LTFP, Council has modelled the plan under different scenarios which adjust for the underlying assumptions. The following table identifies the sensitivity of components of the Council's LTFP to movements in one or more of the assumptions.

Assumption	10% Lower Than Expected	Expected in 2022/23	10% Higher Than Expected
Category			
Growth in Rates and Charges	\$242,100	\$269,000	\$259,900
Annual Interest Payments on New Loans (Alternative Scenario 3 - Year 2030/31)	\$117,900	\$131,000	\$144,100
Annual Escalation of Employee Expenses	\$172,800	\$192,000	\$211,200
Material and Contracts Expenses	\$117,000	\$130,000	\$143,000
Indexation on Commonwealth FA Grant	\$106,326	\$118,140	\$129,954
Efficiency Savings (Alternative Scenarios 2 and 3 - Year 2030/31)	\$810,000	\$900,000	\$990,000
Total	\$1,566,126	\$1,740,140	\$1,914,154
Difference from Expected	-\$174,014		\$174,014

Chart 2 - **LTFP Sensitivity Analysis, Long Term Financial Planning**

Capital Works Program

Details of the Council's medium-term capital works program, for the period 2021-22 to 2024-25, are outlined in the separate Edward River Council Delivery Program and Operational Plan document. These projections for capital works expenditure over the 10-year planning period are also provided for Scenarios 1 and 2 on Page 10. The long-term capital works program will evolve as Council develops its asset management planning.



Chart 3 - ERC Capital Works Expenditure Projections – 2021/22 to 2030/31, Scenarios 1 and 2

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Land improvements	260	-	-	-	-	-	-	-	-	-
Buildings	7,223	500	500	500	500	500	500	500	500	500
Plant, machinery and equipment	1,206	1,296	1,568	2,482	2,132	910	1,719	2,216	970	3,645
Computers and telecommunications	405	40	150	40	40	150	40	40	150	40
Intangible Asset - Software	-	250	-	-	-	250	-	-	250	-
Library books	40	60	60	60	60	60	60	80	80	80
Roads	8,044	4,788	4,788	4,788	4,788	4,788	4,788	4,788	4,788	4,788
Bridges	100	-	-	-	-	-	-	-	-	-
Footpaths and cycle ways	1,098	165	165	165	165	165	165	165	165	165
Drainage	827	550	550	550	550	350	350	350	350	350
Waste management	-	-	-	170	170	-	-	-	-	-
Parks, open spaces and streetscape	685	400	400	400	400	400	400	400	400	400
Aerodromes	4,700	357	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-	-	-
Other infrastructure	182	-	-	-	-	-	-	-	-	-
Water	2,583	900	900	900	900	900	900	900	900	900
Sewer	1,590	650	650	650	650	650	650	650	650	650
Swimming Pools	11	-	-	-	-	-	-	-	-	-
Total Capital Works	28,954	9,956	9,781	10,705	10,355	9,173	9,572	10,089	9,253	11,518
Represented by:										
Renewal Investment	23,572	9,578	9,386	9,979	9,805	9,038	9,492	9,989	9,098	11,064
Upgrade Investment	3,830	318	217	248	213	75	20	20	75	375
New Investment	1,551	60	178	478	337	60	60	80	80	80
Total Capital Works	28,954	9,956	9,781	10,705	10,355	9,173	9,572	10,089	9,253	11,518

LTFP Scenarios Development

The following three scenarios (a base model, and two alternative models) compare the difference in efficiency savings, capital investment decisions and the ability for Council to obtain upfront and ongoing revenue from investments, includes grants, restricted cash, cash injections, borrowings and operational revenue.

Each scenario is accompanied with future predictions for financial statements at consolidated and entity level. Each scenario also predicts future performance indicators in the form of ratios, charts as well as other data analysis considered most relevant to the individual scenario.

The three models are:

- | | |
|-------------------|---|
| Scenario 1 | Base case - <i>(including Senior Living Precinct and Aerodrome Projects)</i> |
| Scenario 2 | Base case with Efficiency Savings <i>(including Senior Living Precinct and Aerodrome Projects)</i> |
| Scenario 3 | Major Projects <i>(including Senior Living Precinct, Aerodrome Projects, Sewer Works, Kerbside Recycling & FOGO collection and Bin Renewal)</i> |



› Scenario 1

Background to the Base Case

The Base Case represents Council's modest position. The projected financial performance and position over the next 10 years assumes that the current positive trend continues with the completion of the first stage of Senior Living Precinct and Aerodrome Upgrade Projects. As COVID19 impacts continue to ease and positive economic conditions return in 2021/22, Council continues to exercise caution by taking on few initiatives and new projects.

Recurrent capital grants are assumed to drop by 5 per cent per annum. Except for the Town Hall/Civic Plaza/Estates Building, Senior Living Precinct and Aerodrome projects, there are few major new or upgrade infrastructure projects throughout the forecast period. The main assumption for restricted assets is that the largest value cash restrictions (Water, Sewer, Plant, Waste and Infrastructure Replacement) are not called upon.

Council currently has no loan portfolio (FY 20/21 – Year 0) and we are exploring the possible borrowings (FY 21/22 – Year 1 – proposed budget) for the retirement facilities and airport project in Year 1 of the 10-year planning horizon (from FY21/22 to FY30/31).

Main Impacts Summary

The operating result in the Base Case utilises Council's cash position in order to fund the renewal of existing assets, based on current asset management planning. The consolidated cash balance increases from \$31.9M in 2021/22 to \$51.1M at the end of the financial year 2030/31.

Consolidated net operating cash flow is greater than the level of capital works over the 10-year forecast period by \$11.0M, i.e. \$130.4 vs \$119.4M. General Fund net operating cash flow is overshadowed by the level of capital works over the 10-year forecast period by \$2.6M, \$98.6M vs \$101.2M.



The consolidated financial position is a combination of continued significant operating deficits for the General Fund, and operating surpluses for the Water and Sewer funds.

Performance measures and a full history and projections for the ERC (Consolidated) Operating Performance Ratio and Own Source Revenue Ratio are depicted in Charts 4, 5 and 6 below.

Scenario 1 - Base Case

Chart 4 - Performance Measure "Traffic Light" Projections – 2021/22 to 2030/31

Period start	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29	1 Jul 30
Period end	30 Jun 22	30 Jun 23	30 Jun 24	30 Jun 25	30 Jun 26	30 Jun 27	30 Jun 28	30 Jun 29	30 Jun 30	30 Jun 31
Key Ratios Dashboard	Red	Yellow	Green							
Operating Performance Ratio	Less than 0%	-	More/equal to 0%	%	0.0%	(0.1%)	(0.0%)	(0.5%)	0.0%	0.2%
Capital Expenditure Ratio	Less than 1	-	More than 1	x	3.1	1.1	1.0	1.1	0.9	0.9
Net result	Less than -10%	-10% to 0%	More than 0%	%	17.3%	6.9%	6.8%	6.3%	6.6%	6.3%
Liquidity	Less than 0.75	0.75 to 1.0	More than 1.00	x	5.0	4.9	4.8	4.6	4.7	4.8
Indebtedness	More than 60%	40% to 60%	Less than 40%	%	29.0%	25.7%	22.5%	19.4%	13.4%	4.8%
Internal financing	Less than 75%	75% to 100%	More than 100%	%	53.6%	123.0%	124.0%	113.8%	120.9%	118.3%
Capital replacement ratio	Less than 1.0	1.0 to 1.5	More than 1.5	x	3.1	1.1	1.0	1.1	0.9	0.9
Renewal gap	Less than 0.5	0.5 to 1.0	More than 1.0	x	3.0	1.1	1.0	1.1	0.9	1.1

Scenario 1 - Base Case

Chart 5 - Operating Performance Ratio History and Projections - 2017/18 to 2030/31

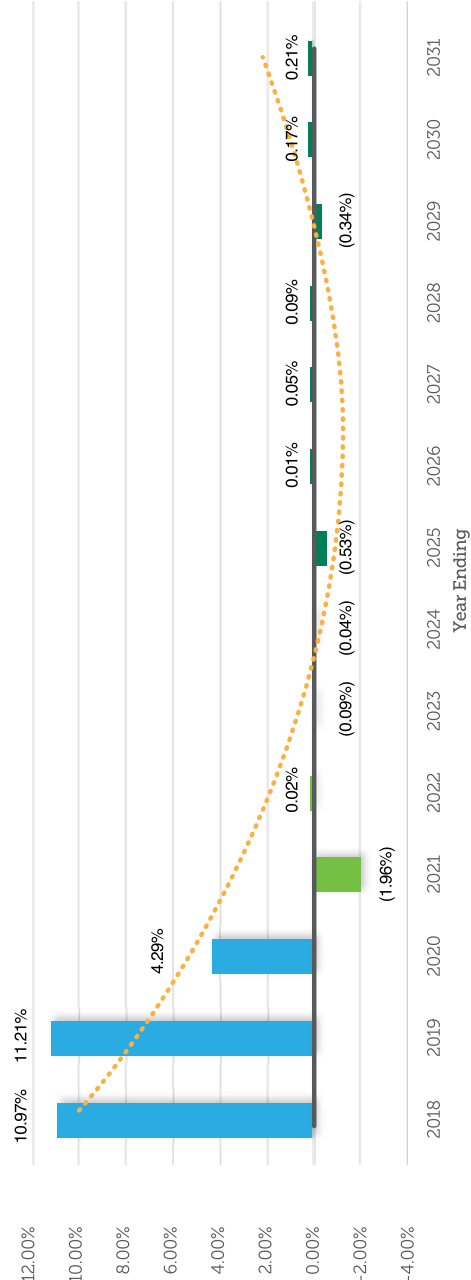
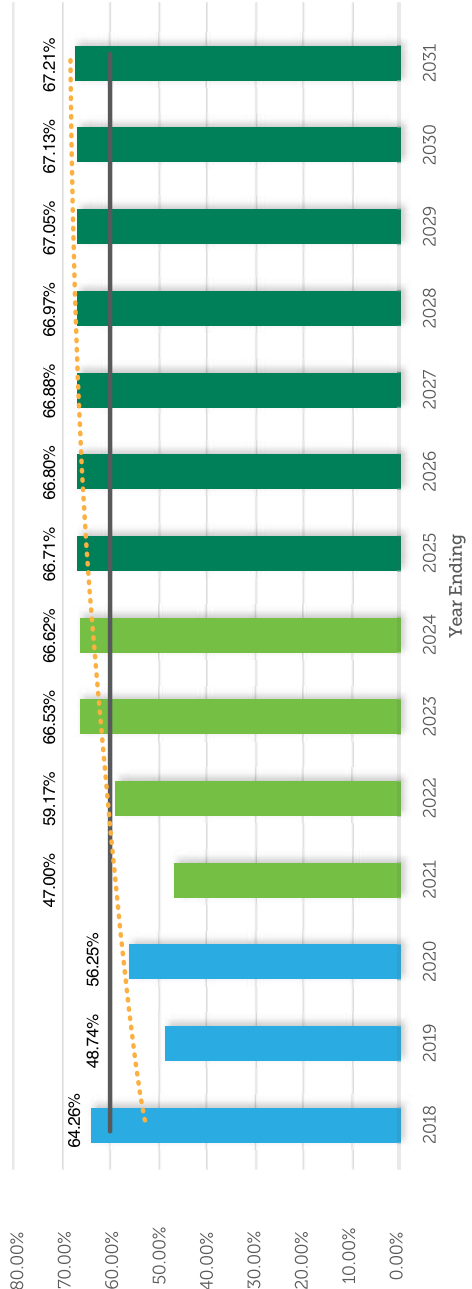


Chart 6 - Own Source Revenue History and Projections - 2017/18 to 2030/31



Scenario 1 Assumptions Summary - Operating Revenues

- 1) General rates increase by 2 per cent per annum from 2022/23 until 2030/31.
- 2) Water and Sewerage charges increase by 2 per cent per annum.
- 3) Fees and charges (including statutory charges) increase by 2 per cent annum over the 10-year forecast period.
- 4) The overall yield from operational grants (includes the Financial Assistance Grant) increases by 2 per cent each year.
- 5) The overall yield from interest on investments increases by 2 per cent each year after a decrease of 48 per cent in 2021/22.
- 6) The general fund will receive approximately \$165,000 dividend from the Water and Sewer Funds in 2021/22, increasing by 2 per cent each year thereafter.
- 7) Senior Living Precinct and Aerodrome Projects proceed but not the Sewerage Treatment Plant upgrade and Waste Recycling program.

Operating Expenses

- 1) Employee expenses will increase by 2.0 per cent each year.
- 2) Materials and contracts and other operating expenses with increase by 2 per cent each year.
- 3) No material new expense items across the forecast period.
- 4) Interest expense on 2021/22 \$6.1M borrowings for Senior Living Precinct and Aerodrome Projects. (Two 10 year loans at 1.8% per cent per annum).

- 5) Additional whole of life costs are factored in at the rate of 3.5 per cent per annum (on New CapEx Total) and 1.75 per cent (on Upgrade CapEx Total).
- 6) The Water Fund will make a dividend payment of approximately \$75,000 to the General Fund in 2021/22 and increase by 2 per cent each year thereafter.
- 7) The Sewer Fund will make a dividend payment of approximately \$90,000 to the General Fund in 2021/22 and increase by 2 per cent each year thereafter.

Capital Works Program

- 1) A total of \$28.95M capital works program in 2021/22 and \$119.4M for the 10-year forecast period, 2021/22 to 2030/31.
- 2) The 2021/22 capital works program includes \$10.26M in capital carried forward from the 2020/21 financial year.
- 3) Highlights of the 2021/22 capital program includes:
 - Senior Living Precinct project developed
 - Delivery of Councils Civic and administration accommodation and Town Hall project
 - Completion of Maude Road
 - Implementation of Service Level Agreements including inspection, maintenance and intervention criteria
 - Completion of projects funded through the NSW Government's Stronger Communities Fund
 - Various actions aimed at strengthening Council's governance and compliance framework

4) The 10-year capital works program includes:

- \$51.1M for local and regional road renewals across the 10-year forecast
- \$4.7M for Aerodrome works in 2021/22
- \$4.8M for new drainage works across the 10-year forecast
- \$7.4M for Sewer infrastructure renewal and new works across the 10-year forecast
- \$10.7M for renewals in Water infrastructure across the 10-year forecast

- \$18.1M for renewal and upgrade of Council's plant and fleet across the 10-year forecast

Cash Reserves

The main assumption for restricted assets is that the largest value cash restrictions, Water, Sewer, Plant, Waste and Infrastructure Replacement, are not called upon.

Chart 7 - Building & Infrastructure Asset Renewal Ratio - History and Projections – 2017/18 to 2030/31

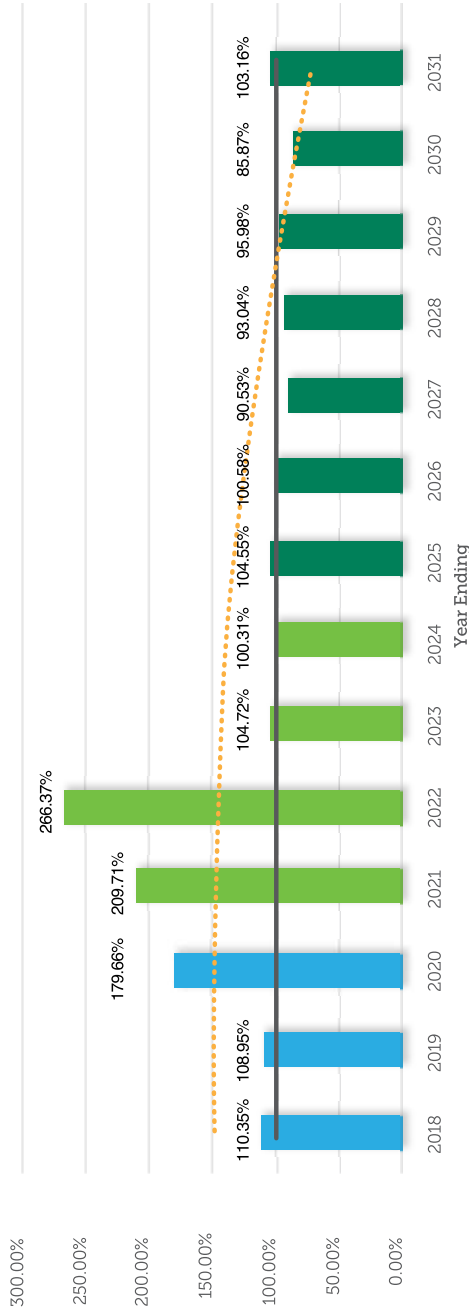


Chart 8 – ERC Income Statement Projections – 2021/22 to 2030/31, Scenario 1

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Income from Continuing Operations										
Rates and Annual Charges	13,458	13,727	14,002	14,282	14,567	14,859	15,156	15,459	15,768	16,084
User Charges and Fees	3,659	3,782	3,857	3,934	4,013	4,093	4,175	4,259	4,344	4,431
Interest & Investment Revenue	216	220	225	229	234	238	243	248	253	258
Other Revenues	3,038	3,099	3,161	3,224	3,288	3,354	3,421	3,490	3,560	3,631
Grants & Contributions for Operating Purposes	8,119	8,281	8,447	8,616	8,788	8,964	9,143	9,326	9,513	9,703
Grants & Contributions for Capital Purposes - Cash	5,940	2,196	2,196	2,197	2,198	2,199	2,199	2,200	2,201	2,202
Total Income from Continuing Operations	34,430	31,305	31,888	32,482	33,089	33,707	34,338	34,982	35,638	36,308
Expenses from Continuing Operations										
Employee Costs	9,673	9,866	10,064	10,265	10,470	10,680	10,893	11,111	11,333	11,560
Borrowing Costs	105	95	85	74	63	52	41	30	18	6
Materials and Contracts	3,321	3,451	3,520	3,590	3,662	3,735	3,810	3,886	3,964	4,043
Depreciation	9,281	9,237	9,422	9,615	9,813	10,009	10,209	10,413	10,621	10,834
Other Expenses	6,105	6,487	6,615	6,901	6,880	7,016	7,156	7,453	7,443	7,590
Total Expenses from Continuing Operations	28,485	29,137	29,704	30,445	30,888	31,492	32,109	32,893	33,379	34,034
Operating Result from Continuing Operations Surplus/(Deficit)	5,945	2,168	2,183	2,037	2,201	2,215	2,230	2,089	2,259	2,274
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes Surplus/(Deficit)	5	(27)	(13)	(160)	3	17	30	(111)	58	72

Chart 9 – ERC Balance Sheet Projections – 2021/22 to 2030/31, Scenario 1

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Current Assets										
Cash & Cash Equivalents	30,918	32,738	34,623	35,638	37,340	40,444	43,366	45,839	49,502	51,139
Receivables	2,797	2,543	2,585	2,641	2,690	2,740	2,784	2,844	2,897	2,951
Other (Includes Assets Held for Sale)	64	66	67	68	70	71	72	74	75	77
Total Current Assets	33,779	35,347	37,275	38,347	40,099	43,255	46,222	48,757	52,475	54,167
Non-Current Assets										
Infrastructure, Property, Plant & Equipment	473,447	475,035	485,315	509,412	523,223	523,638	522,801	534,941	567,143	573,608
Other	352	352	352	362	372	382	392	402	412	422
Total Non-Current Assets	473,799	475,387	485,667	509,774	523,595	524,020	523,193	535,343	567,555	574,030
Total Assets	507,578	510,734	522,942	548,121	563,694	567,275	569,415	584,100	620,029	628,198
Current Liabilities										
Payables	1,551	1,592	1,619	1,669	1,689	1,723	1,752	1,805	1,828	1,864
Borrowings	572	582	593	604	615	626	637	649	661	-
Provisions	-	-	-	-	-	-	-	-	-	-
Other	4,675	5,107	5,548	5,997	6,456	6,923	7,400	7,886	8,382	8,889
Total Current Liabilities	6,798	7,281	7,760	8,270	8,760	9,272	9,789	10,340	10,871	10,753
Non Current Liabilities										
Payables	163	167	170	173	177	180	184	188	191	195
Borrowings	4,966	4,384	3,791	3,187	2,572	1,947	1,309	661	-	-
Provisions	607	607	607	617	627	637	647	657	667	677
Other	177	191	206	221	236	251	267	283	300	316
Total Non Current Liabilities	5,913	5,349	4,774	4,198	3,612	3,015	2,407	1,788	1,158	1,189
Total Liabilities	12,712	12,630	12,534	12,468	12,372	12,287	12,197	12,129	12,029	11,941

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Net Assets	494,867	498,105	510,408	535,653	551,323	554,988	557,218	571,971	608,000	616,256
Equity										
Retained Earnings	416,192	418,531	420,714	422,752	424,953	427,168	429,397	431,487	433,746	436,020
Revaluation Reserves	54,935	56,004	66,125	89,333	102,801	104,252	104,252	116,916	150,686	156,668
Council Equity Interest	-	-	-	-	-	-	-	-	-	-
Other Reserves	23,740	23,569	23,569	23,569	23,569	23,569	23,569	23,569	23,569	23,569
Total Equity	494,867	498,104	510,408	535,653	551,323	554,989	557,218	571,972	608,000	616,256

Chart 10 – ERC Cash Flow Projections – 2021/22 to 2030/31, Scenario 1

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cash Flows from Operating Activities										
Receipts - Operating Activities	35,139	31,550	31,839	32,420	33,033	33,650	34,287	34,915	35,577	36,246
Payments - Operating Activities	(19,606)	(19,307)	(19,707)	(20,233)	(20,509)	(20,905)	(21,327)	(21,885)	(22,194)	(22,624)
Net Cash Provided by (or used in) Operating Activities	15,533	12,243	12,133	12,187	12,524	12,745	12,960	13,029	13,383	13,622
Cash Flows from Investing Activities										
Receipts - Infrastructure, Property, Plant & Equipment	200	200	200	200	200	200	200	200	200	200
Purchases - Infrastructure, Property, Plant & Equipment	(28,954)	(9,956)	(9,781)	(10,705)	(10,355)	(9,173)	(9,572)	(10,089)	(9,253)	(11,518)
Receipts/Purchases - Other Assets	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by (or used in) Investing Activities	(28,754)	(9,756)	(9,581)	(10,505)	(10,155)	(8,973)	(9,372)	(9,889)	(9,053)	(11,318)
Cash Flows from Financing Activities										
Receipts - Loan Borrowings	6,100	-	-	-	-	-	-	-	-	-
Payments - Principal Repayments	(562)	(572)	(582)	(593)	(604)	(615)	(626)	(637)	(649)	(661)
Payments - Finance Costs	(105)	(95)	(85)	(74)	(63)	(52)	(41)	(30)	(18)	(6)
Receipts - Council Equity Injection	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by (or used in) Financing Activities	5,433	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)
Net Increase/(Decrease) in Cash Assets Held	(7,788)	1,820	1,885	1,015	1,702	3,105	2,921	2,473	3,663	1,637
Cash and Cash Equivalents at Beginning of Reporting Period	38,706	30,918	32,738	34,623	35,638	37,340	40,444	43,366	45,839	49,502
Cash and Cash Equivalents at End of Reporting Period plus Investments on Hand - End of Reporting Period	30,918	32,738	34,623	35,638	37,340	40,444	43,366	45,839	49,502	51,139
Total Cash, Cash Equivalents and Investments at End of Reporting Period	30,918	32,738	34,623	35,638	37,340	40,444	43,366	45,839	49,502	51,139

Chart 11 – General Fund Income Statement Projections – 2021/22 to 2030/31, Scenario 1

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Income from Continuing Operations										
Rates and Annual Charges	9,079	9,261	9,446	9,635	9,827	10,024	10,224	10,429	10,637	10,850
User Charges and Fees	1,476	1,555	1,586	1,618	1,650	1,683	1,717	1,751	1,786	1,822
Interest & Investment Revenue	157	160	163	167	170	173	177	180	184	188
Other Revenues	3,038	3,099	3,161	3,224	3,288	3,354	3,421	3,490	3,560	3,631
Grants & Contributions for Operating Purposes	8,045	8,206	8,370	8,537	8,708	8,882	9,060	9,241	9,426	9,615
Grants & Contributions for Capital Purposes - Cash	5,905	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160
Total Income from Continuing Operations	27,700	24,440	24,886	25,341	25,804	26,277	26,759	27,251	27,753	28,265
Expenses from Continuing Operations										
Employee Costs	8,765	8,940	9,119	9,301	9,488	9,677	9,871	10,068	10,270	10,475
Borrowing Costs	105	95	85	74	63	52	41	30	18	6
Materials and Contracts	2,556	2,670	2,724	2,778	2,834	2,890	2,948	3,007	3,067	3,129
Depreciation	7,929	7,858	8,015	8,181	8,349	8,516	8,686	8,860	9,037	9,218
Other Expenses	3,951	4,290	4,373	4,615	4,548	4,638	4,730	4,978	4,919	5,016
Total Expenses from Continuing Operations	23,306	23,854	24,316	24,949	25,282	25,774	26,276	26,943	27,311	27,844
Operating Result from Continuing Operations Surplus/(Deficit)	4,394	587	570	392	523	503	483	308	442	421
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes Surplus/(Deficit)	(1,511)	(1,573)	(1,590)	(1,768)	(1,637)	(1,657)	(1,677)	(1,852)	(1,718)	(1,739)

Chart 12 – General Fund Balance Sheet Projections – 2021/22 to 2030/31, Scenario 1

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Current Assets										
Cash & Cash Equivalents	15,703	16,116	16,532	16,020	16,132	17,585	18,789	19,482	21,297	21,017
Receivables	2,249	1,984	2,017	2,059	2,097	2,135	2,168	2,214	2,255	2,296
Other (Includes Assets Held for Sale)	64	66	67	68	70	71	72	74	75	77
Total Current Assets	18,017	18,166	18,615	18,147	18,298	19,791	21,030	21,770	23,627	23,390
Non-Current Assets										
Infrastructure, Property, Plant & Equipment	407,008	407,356	417,492	441,475	454,086	454,443	453,578	464,566	496,802	503,334
Other	352	352	352	362	372	382	392	402	412	422
Total Non-Current Assets	407,360	407,708	417,844	441,837	454,458	454,825	453,970	464,968	497,214	503,756
Total Assets	425,377	425,873	436,460	459,984	472,756	474,615	475,000	486,738	520,841	527,146
Current Liabilities										
Payables	1,236	1,271	1,293	1,335	1,348	1,375	1,399	1,443	1,459	1,488
Borrowings	572	582	593	604	615	626	637	649	661	-
Other	4,675	5,107	5,548	5,997	6,456	6,923	7,400	7,886	8,382	8,889
Total Current Liabilities	6,484	6,960	7,434	7,936	8,419	8,924	9,436	9,979	10,503	10,377
Non Current Liabilities										
Payables	53	54	55	56	57	59	60	61	62	63
Borrowings	4,966	4,384	3,791	3,187	2,572	1,947	1,309	661	-	-
Provisions	607	607	607	617	627	637	647	657	667	677
Other	177	191	206	221	236	251	267	283	300	316
Total Non Current Liabilities	5,803	5,236	4,659	4,081	3,493	2,893	2,283	1,662	1,029	1,057
Total Liabilities	12,287	12,196	12,092	12,017	11,912	11,818	11,719	11,641	11,532	11,434

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Net Assets	413,090	413,677	424,367	447,967	460,844	462,798	463,281	475,097	509,309	515,712
Equity										
Retained Earnings	348,478	349,236	349,806	350,197	350,720	351,223	351,706	352,014	352,456	352,877
Revaluation Reserves	54,935	54,935	65,056	88,264	100,619	102,069	102,069	113,578	147,348	153,330
Other Reserves	9,677	9,506	9,506	9,506	9,506	9,506	9,506	9,506	9,506	9,506
Total Equity	413,090	413,677	424,367	447,967	460,844	462,798	463,281	475,098	509,310	515,712

Chart 13 – General Fund Cash Flow Projections – 2021/22 to 2030/31, Scenario 1

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cash Flows from Operating Activities										
Receipts - Operating Activities	28,414	24,695	24,845	25,289	25,757	26,229	26,717	27,196	27,703	28,213
Payments - Operating Activities	(15,760)	(15,410)	(15,731)	(16,179)	(16,373)	(16,687)	(17,023)	(17,497)	(17,718)	(18,058)
Net Cash Provided by (or used in) Operating Activities	12,654	9,285	9,114	9,110	9,384	9,543	9,693	9,699	9,985	10,155
Cash Flows from Investing Activities										
Receipts - Infrastructure, Property, Plant & Equipment	200	200	200	200	200	200	200	200	200	200
Purchases - Infrastructure, Property, Plant & Equipment	(24,781)	(8,406)	(8,231)	(9,155)	(8,805)	(7,623)	(8,022)	(8,539)	(7,703)	(9,968)
Net Cash Provided by (or used in) Investing Activities	(24,581)	(8,206)	(8,031)	(8,955)	(8,605)	(7,423)	(7,822)	(8,339)	(7,503)	(9,768)
Cash Flow from Financing Activities										
Receipts - Loan Borrowings	6,100	-	-	-	-	-	-	-	-	-
Payments - Principal Repayments	(562)	(572)	(582)	(593)	(604)	(615)	(626)	(637)	(649)	(661)
Payments - Finance Costs	(105)	(95)	(85)	(74)	(63)	(52)	(41)	(30)	(18)	(6)
Net Cash Provided by (or used in) Financing Activities	5,433	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)
Net Increase/(Decrease) in Cash Assets Held	(6,494)	412	416	(512)	112	1,453	1,204	693	1,815	(280)
Cash and Cash Equivalents at Beginning of Reporting Period	22,197	15,703	16,116	16,532	16,020	16,132	17,585	18,789	19,482	21,297
Cash and Cash Equivalents at End of Reporting Period	15,703	16,116	16,532	16,020	16,132	17,585	18,789	19,482	21,297	21,017
Total Cash, Cash Equivalents and Investments at End of Reporting Period	15,703	16,116	16,532	16,020	16,132	17,585	18,789	19,482	21,297	21,017

Chart 14 – Water Fund Income Statement Projections – 2021/22 to 2030/31, Scenario 1

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Income from Continuing Operations										
Rates and Annual Charges	1,365	1,392	1,420	1,449	1,478	1,507	1,537	1,568	1,599	1,631
User Charges and Fees	1,883	1,921	1,959	1,998	2,038	2,079	2,121	2,163	2,206	2,250
Interest & Investment Revenue	30	31	31	32	32	33	34	34	35	36
Grants & Contributions for Operating Purposes	37	38	38	39	40	41	42	43	43	44
Grants & Contributions for Capital Purposes - Cash	35	36	36	37	38	39	39	40	41	42
Total Income from Continuing Operations	3,350	3,417	3,485	3,555	3,626	3,699	3,773	3,848	3,925	4,004
Expenses from Continuing Operations										
Employee Costs	562	573	585	596	608	620	633	646	658	67
Materials and Contracts	464	473	483	492	502	512	523	533	544	555
Depreciation	732	747	762	777	792	808	824	841	858	875
Other Expenses	1,141	1,164	1,187	1,211	1,235	1,260	1,285	1,311	1,337	1,364
Total Expenses from Continuing Operations	2,899	2,957	3,016	3,077	3,138	3,201	3,265	3,330	3,397	3,465
Operating Result from Continuing Operations Surplus/(Deficit)	451	460	469	478	488	498	508	518	528	539
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes Surplus/(Deficit)	416	424	433	441	450	459	468	478	487	497

Chart 15 – Water Fund Balance Sheet Projections – 2021/22 to 2030/31, Scenario 1

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Current Assets										
Cash & Cash Equivalents	8,305	8,611	8,942	9,296	9,676	10,082	10,513	10,971	11,457	11,970
Receivables	273	278	283	289	295	301	306	313	320	326
Total Current Assets	8,578	8,889	9,225	9,586	9,971	10,383	10,820	11,285	11,776	12,296
Non-Current Assets										
Infrastructure, Property, Plant & Equipment	35,636	36,858	36,997	37,120	38,341	38,433	38,509	39,723	39,766	39,791
Total Non-Current Assets	35,636	36,858	36,997	37,120	38,341	38,433	38,509	39,723	39,766	39,791
Total Assets	44,214	45,748	46,222	46,706	48,313	48,816	49,329	51,008	51,542	52,087
Current Liabilities										
Payables	178	182	185	189	193	197	200	205	209	213
Total Current Liabilities	178	182	185	189	193	197	200	205	209	213
Non Current Liabilities										
Payables	71	72	74	75	77	78	80	82	83	85
Total Non Current Liabilities	71	72	74	75	77	78	80	82	83	85
Total Liabilities	249	254	259	264	270	275	280	286	292	298
Net Assets	43,965	45,494	45,963	46,441	48,043	48,541	49,049	50,722	51,250	51,789
Equity										
Retained Earnings	36,321	36,781	37,250	37,728	38,216	38,714	39,222	39,740	40,268	40,807
Revaluation Reserves	-	1,069	1,069	1,069	2,183	2,183	2,183	3,338	3,338	3,338
Other Reserves	7,644	7,644	7,644	7,644	7,644	7,644	7,644	7,644	7,644	7,644
Total Equity	43,965	45,494	45,963	46,441	48,043	48,541	49,049	50,722	51,250	51,789

Chart 16 – Water Fund Cash Flow Projections – 2021/22 to 2030/31, Scenario 1

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cash Flows from Operating Activities										
Receipts - Operating Activities	3,349	3,413	3,482	3,550	3,622	3,694	3,769	3,843	3,920	3,999
Payments - Operating Activities	(2,169)	(2,207)	(2,251)	(2,295)	(2,342)	(2,389)	(2,437)	(2,485)	(2,535)	(2,586)
Net Cash Provided by (or used in) Operating Activities	1,180	1,206	1,230	1,255	1,280	1,305	1,332	1,358	1,385	1,413
Cash Flows from Investing Activities										
Purchases - Infrastructure, Property, Plant & Equipment	(2,583)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)
Net Cash Provided by (or used in) Investing Activities	(2,583)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)
Net Increase/(Decrease) in Cash Assets Held	(1,403)	306	330	355	380	405	432	458	485	513
Cash and Cash Equivalents at Beginning of Reporting Period	9,708	8,305	8,611	8,942	9,296	9,676	10,082	10,513	10,971	11,457
Cash and Cash Equivalents at End of Reporting Period	8,305	8,611	8,942	9,296	9,676	10,082	10,513	10,971	11,457	11,970
Total Cash, Cash Equivalents and Investments at End of Reporting Period	8,305	8,611	8,942	9,296	9,676	10,082	10,513	10,971	11,457	11,970

Chart 17 – Sewerage Fund Income Statement Projections – 2021/22 to 2030/31, Scenario 1

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Income from Continuing Operations										
Rates and Annual Charges	3,014	3,074	3,136	3,198	3,262	3,328	3,394	3,462	3,531	3,602
User Charges and Fees	300	306	312	318	325	331	338	345	351	359
Interest & Investment Revenue	29	30	30	31	31	32	33	33	34	35
Grants & Contributions for Operating Purposes	37	38	38	39	40	41	42	43	43	44
Total Income from Continuing Operations	3,380	3,448	3,517	3,587	3,659	3,732	3,806	3,883	3,960	4,039
Expenses from Continuing Operations										
Employee Costs	346	353	360	367	375	382	390	397	405	414
Materials and Contracts	301	307	313	319	326	332	339	346	353	360
Depreciation	620	632	645	658	671	685	698	712	726	741
Other Expenses	1,013	1,033	1,054	1,075	1,097	1,119	1,141	1,164	1,187	1,211
Total Expenses from Continuing Operations	2,280	2,326	2,372	2,420	2,468	2,517	2,568	2,619	2,672	2,725
Operating Result from Continuing Operations Surplus/(Deficit)	1,100	1,122	1,144	1,167	1,191	1,214	1,239	1,263	1,289	1,314
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes Surplus/(Deficit)	1,100	1,122	1,144	1,167	1,191	1,214	1,239	1,263	1,289	1,314

Chart 18 – Sewerage Fund Balance Sheet Projections – 2021/22 to 2030/31, Scenario 1

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Current Assets										
Cash & Cash Equivalents	6,909	8,012	9,149	10,322	11,531	12,778	14,063	15,386	16,749	18,152
Receivables	275	281	286	292	298	304	309	316	323	329
Total Current Assets	7,185	8,292	9,435	10,614	11,829	13,082	14,372	15,702	17,072	18,481
Non-Current Assets										
Infrastructure, Property, Plant & Equipment	30,803	30,821	30,826	30,818	30,796	30,762	30,714	30,652	30,575	30,484
Total Non-Current Assets	30,803	30,821	30,826	30,818	30,796	30,762	30,714	30,652	30,575	30,484
Total Assets	37,988	39,113	40,260	41,432	42,626	43,844	45,086	46,354	47,647	48,965
Current Liabilities										
Payables	136	139	142	145	148	151	153	157	160	163
Total Current Liabilities	136	139	142	145	148	151	153	157	160	163
Non Current Liabilities										
Payables	39	40	41	42	43	43	44	45	46	47
Total Non Current Liabilities	39	40	41	42	43	43	44	45	46	47
Total Liabilities	176	179	182	186	190	194	197	202	206	210
Net Assets	37,812	38,934	40,078	41,245	42,436	43,650	44,889	46,152	47,441	48,755
Equity										
Retained Earnings	31,393	32,515	33,659	34,826	36,017	37,231	38,470	39,733	41,022	42,336
Other Reserves	6,419	6,419	6,419	6,419	6,419	6,419	6,419	6,419	6,419	6,419
Total Equity	37,812	38,934	40,078	41,245	42,436	43,650	44,889	46,152	47,441	48,755

Chart 19 – Sewerage Fund Cash Flow Projections – 2021/22 to 2030/31, Scenario 1

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cash Flows from Operating Activities										
Receipts - Operating Activities	3,376	3,443	3,512	3,581	3,653	3,727	3,802	3,876	3,955	4,034
Payments - Operating Activities	(1,677)	(1,690)	(1,725)	(1,758)	(1,794)	(1,830)	(1,867)	(1,903)	(1,942)	(1,981)
Net Cash Provided by (or used in) Operating Activities	1,698	1,752	1,788	1,823	1,860	1,897	1,935	1,973	2,013	2,053
Cash Flows from Investing Activities										
Purchases - Infrastructure, Property, Plant & Equipment	(1,590)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)
Net Cash Provided by (or used in) Investing Activities	(1,590)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)
Net Increase/(Decrease) in Cash Assets Held	108	1,102	1,138	1,173	1,210	1,247	1,285	1,323	1,363	1,403
Cash and Cash Equivalents at Beginning of Reporting Period	6,801	6,909	8,012	9,149	10,322	11,531	12,778	14,063	15,386	16,749
Cash and Cash Equivalents at End of Reporting Period	6,909	8,012	9,149	10,322	11,531	12,778	14,063	15,386	16,749	18,152
Total Cash, Cash Equivalents and Investments at End of Reporting Period	6,909	8,012	9,149	10,322	11,531	12,778	14,063	15,386	16,749	18,152

› Scenario 2

Background to the Base case with Efficiency Savings

This Scenario generally increases costs and income items by inflators set at lower levels for items such as wages, materials and fees and charges. Major interventions however include an efficiency saving (cumulative) and a reconfiguring of internal charges.

A Summary of Scenario 2 assumptions is as follows:

- 1) Scenario 2 mirrors Scenario 1 in all details except. Scenario 2 includes an additional \$100k per annum efficiency saving which is cumulative or “stepped up” by \$100k each year in Material and Contracts, but not CPI inflated.
- 2) The Draft Financial Sustainability Policy and ERC internal charging to be reviewed in the coming years to determine whether this is achievable.

Efficiency Savings

Local government exists in a highly regulated environment so it has limited discretion in the things that it can avoid to do for the sake of expediency. Whilst Council has limited discretion in this regard it will work proactively to consolidate its financial position.

In 2020 Council adopted a Financial Sustainability Principles Policy to guide Council when making decisions on the allocation and use of Council's financial resources, to provide direction in the development of short and long-term financial plans and to ensure Council continues to improve its financial sustainability and asset management.

Improved efficiencies will result when the additional workloads from the impacts of COVID 19 dissipate. Internal efficiencies will also accrue from improved process integration. These measures include establishing the right systems, procedures and policies to simplify reporting, compliance and regulatory tasks.

The TechOne system implementation is advancing. The protocols being developed as part of this system and other systems post-merger will improve integration and reduce the level of manual effort and the time taken to complete tasks at most levels.

Main Impact Summary

The consolidated cash balance increases from \$30.9M in 2021/22 to \$55.68M at the end of the financial year 2030/31. Increase in the cash balances are anticipated in all the funds. Net operating cash flow is greater than the level of capital works over the 10-year forecast period by \$15.4M, i.e. \$134.8M vs \$119.4M. Increase in the cash balances are anticipated in all the funds.



Scenario 2 - Base Case with Efficiency Savings

Chart 20 - Performance Measure "Traffic Light" Projections – 2021/22 to 2030/31

Period start		1 Jul 21	1 Jul 22	30 Jun 23	30 Jun 24	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29	1 Jul 30
Period end		30 Jun 22	30 Jun 23	30 Jun 24	30 Jun 25	30 Jun 26	30 Jun 27	30 Jun 28	30 Jun 29	30 Jun 30	30 Jun 31	30 Jun 31	30 Jun 31
Key Ratios Dashboard		Red	Yellow	Green									
Operating Performance Ratio		Less than 0%	-	More/equal to 0%	%	0.0%	0.2%	0.6%	0.5%	1.3%	1.6%	2.0%	2.6%
Capital Expenditure Ratio		Less than 1	-	More than 1	x	3.1	1.1	1.0	1.1	1.1	0.9	0.9	0.9
Net result		Less than -10%	-10% to 0%	More than 0%	%	17.3%	7.2%	7.5%	7.2%	7.9%	8.1%	8.2%	8.6%
Liquidity		Less than 0.75	0.75 to 1.0	More than 1.00	x	5.0	4.9	4.9	4.7	4.7	4.8	5.0	5.2
Indebtedness		More than 60%	40% to 60%	Less than 40%	%	29.0%	25.7%	22.5%	19.4%	16.3%	13.4%	10.5%	4.8%
Internal financing		Less than 75%	75% to 100%	More than 100%	%	53.6%	123.9%	126.0%	116.6%	124.7%	144.3%	141.6%	153.2%
Capital replacement ratio		Less than 1.0	1.0 to 1.5	More than 1.5	x	3.1	1.1	1.0	1.1	1.1	0.9	0.9	0.9
Renewal gap		Less than 0.5	0.5 to 1.0	More than 1.0	x	3.0	1.1	1.0	1.1	1.0	0.9	0.9	0.9

Scenario 2 - Base Case with Efficiency Savings
Chart 21 - Operating Performance Ratio History and Projections - 2017/18 to 2030/31



Chart 22 - Own Source Revenue History and Projections - 2017/18 to 2030/31



Chart 23 - Building & Infrastructure Asset Renewal Ratio - History and Projections – 2017/18 to 2030/31



Chart 24 – ERC Income Statement Projections – 2021/22 to 2030/31, Scenario 2

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Income from Continuing Operations										
Rates and Annual Charges	13,458	13,727	14,002	14,282	14,567	14,859	15,156	15,459	15,768	16,084
User Charges and Fees	3,659	3,782	3,857	3,934	4,013	4,093	4,175	4,259	4,344	4,431
Interest & Investment Revenue	216	220	225	229	234	238	243	248	253	258
Other Revenues	3,038	3,099	3,161	3,224	3,288	3,354	3,421	3,490	3,560	3,631
Grants & Contributions for Operating Purposes	8,119	8,281	8,447	8,616	8,788	8,964	9,143	9,326	9,513	9,703
Grants & Contributions for Capital Purposes - Cash	5,940	2,196	2,196	2,197	2,198	2,199	2,199	2,200	2,201	2,202
Total Income from Continuing Operations	34,430	31,305	31,888	32,482	33,089	33,707	34,338	34,982	35,638	36,308
Expenses from Continuing Operations										
Employee Costs	9,673	9,866	10,064	10,265	10,470	10,680	10,893	11,111	11,333	11,560
Borrowing Costs	105	95	85	74	63	52	41	30	18	6
Materials and Contracts	3,321	3,351	3,320	3,290	3,262	3,235	3,210	3,186	3,164	3,143
Depreciation	9,281	9,237	9,422	9,615	9,813	10,009	10,209	10,413	10,621	10,834
Other Expenses	6,105	6,487	6,615	6,901	6,880	7,016	7,156	7,453	7,443	7,590
Total Expenses from Continuing Operations	28,485	29,037	29,504	30,145	30,488	30,992	31,509	32,193	32,579	33,134
Operating Result from Continuing Operations Surplus/(Deficit)	5,945	2,268	2,383	2,337	2,601	2,715	2,830	2,789	3,059	3,174
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes Surplus/(Deficit)	5	73	187	140	403	517	630	589	858	972

Chart 25 – ERC Balance Sheet Projections – 2021/22 to 2030/31, Scenario 2

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Current Assets										
Cash & Cash Equivalents	30,918	32,830	34,907	36,213	38,307	41,903	45,417	48,582	53,037	55,565
Receivables	2,797	2,543	2,585	2,641	2,690	2,740	2,784	2,844	2,897	2,951
Other (Includes Assets Held for Sale)	64	66	67	68	70	71	72	74	75	77
Total Current Assets	33,779	35,439	37,559	38,922	41,066	44,714	48,273	51,499	56,009	58,593
Non-Current Assets										
Infrastructure, Property, Plant & Equipment	473,447	475,035	485,315	509,412	523,223	523,638	522,801	534,941	567,143	573,608
Other	352	352	352	362	372	382	392	402	412	422
Total Non-Current Assets	473,799	475,387	485,667	509,774	523,595	524,020	523,193	535,343	567,555	574,030
Total Assets	507,578	510,826	523,225	548,697	564,662	568,734	571,466	586,842	623,564	632,624
Current Liabilities										
Payables	1,551	1,584	1,603	1,644	1,656	1,682	1,703	1,747	1,762	1,790
Borrowings	572	582	593	604	615	626	637	649	661	-
Other	4,675	5,107	5,548	5,997	6,456	6,923	7,400	7,886	8,382	8,889
Total Current Liabilities	6,798	7,273	7,744	8,245	8,727	9,231	9,740	10,283	10,806	10,679
Non Current Liabilities										
Payables	163	167	170	173	177	180	184	188	191	195
Borrowings	4,966	4,384	3,791	3,187	2,572	1,947	1,309	661	-	-
Provisions	607	607	607	617	627	637	647	657	667	677
Other	177	191	206	221	236	251	267	283	300	316
Total Non Current Liabilities	5,913	5,349	4,774	4,198	3,612	3,015	2,407	1,788	1,158	1,189
Total Liabilities	12,712	12,622	12,517	12,443	12,339	12,246	12,147	12,071	11,964	11,867

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Net Assets	494,867	498,205	510,708	536,253	552,323	556,488	559,318	574,771	611,600	620,756
Equity										
Retained Earnings	416,192	418,631	421,014	423,352	425,953	428,668	431,497	434,287	437,346	440,520
Revaluation Reserves	54,935	56,004	66,125	89,333	102,801	104,252	104,252	116,916	150,686	156,668
Other Reserves	23,740	23,569	23,569	23,569	23,569	23,569	23,569	23,569	23,569	23,569
Total Equity	494,867	498,204	510,708	536,253	552,323	556,489	559,318	574,772	611,600	620,756

Chart 26 – ERC Cash Flow Projections – 2021/22 to 2030/31, Scenario 2

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cash Flows from Operating Activities										
Receipts - Operating Activities	35,139	31,550	31,839	32,420	33,033	33,650	34,287	34,915	35,577	36,246
Payments - Operating Activities	(19,606)	(19,215)	(19,515)	(19,941)	(20,117)	(20,413)	(20,735)	(21,193)	(21,403)	(21,732)
Net Cash Provided by (or used in) Operating Activities	15,533	12,335	12,324	12,479	12,915	13,237	13,552	13,721	14,175	14,513
Cash Flows from Investing Activities										
Receipts - Infrastructure, Property, Plant & Equipment	200	200	200	200	200	200	200	200	200	200
Purchases - Infrastructure, Property, Plant & Equipment	(28,954)	(9,956)	(9,781)	(10,705)	(10,355)	(9,173)	(9,572)	(10,089)	(9,253)	(11,518)
Net Cash Provided by (or used in) Investing Activities	(28,754)	(9,756)	(9,581)	(10,505)	(10,155)	(8,973)	(9,372)	(9,889)	(9,053)	(11,318)
Cash Flow from Financing Activities										
Receipts - Loan Borrowings	6,100	-	-	-	-	-	-	-	-	-
Payments - Principal Repayments	(562)	(572)	(582)	(593)	(604)	(615)	(626)	(637)	(649)	(661)
Payments - Finance Costs	(105)	(95)	(85)	(74)	(63)	(52)	(41)	(30)	(18)	(6)
Net Cash Provided by (or used in) Financing Activities	5,433	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)
Net Increase/(Decrease) in Cash Assets Held	(7,788)	1,912	2,076	1,307	2,093	3,597	3,513	3,165	4,455	2,528
Cash and Cash Equivalents at Beginning of Reporting Period	38,706	30,918	32,830	34,907	36,213	38,307	41,903	45,417	48,582	53,037
Cash and Cash Equivalents at End of Reporting Period	30,918	32,830	34,907	36,213	38,307	41,903	45,417	48,582	53,037	55,565
Total Cash, Cash Equivalents and Investments at End of Reporting Period	30,918	32,830	34,907	36,213	38,307	41,903	45,417	48,582	53,037	55,565

Chart 27 – General Fund Income Statement Projections – 2021/22 to 2030/31, Scenario 2

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Income from Continuing Operations										
Rates and Annual Charges	9,079	9,261	9,446	9,635	9,827	10,024	10,224	10,429	10,637	10,850
User Charges and Fees	1,476	1,555	1,586	1,618	1,650	1,683	1,717	1,751	1,786	1,822
Interest & Investment Revenue	157	160	163	167	170	173	177	180	184	188
Other Revenues	3,038	3,099	3,161	3,224	3,288	3,354	3,421	3,490	3,560	3,631
Grants & Contributions for Operating Purposes	8,045	8,206	8,370	8,537	8,708	8,882	9,060	9,241	9,426	9,615
Grants & Contributions for Capital Purposes - Cash	5,905	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160
Total Income from Continuing Operations	27,700	24,440	24,886	25,341	25,804	26,277	26,759	27,251	27,753	28,265
Expenses from Continuing Operations										
Employee Costs	8,765	8,940	9,119	9,301	9,488	9,677	9,871	10,068	10,270	10,475
Borrowing Costs	105	95	85	74	63	52	41	30	18	6
Materials and Contracts	2,556	2,570	2,524	2,478	2,434	2,390	2,348	2,307	2,267	2,229
Depreciation	7,929	7,858	8,015	8,181	8,349	8,516	8,686	8,860	9,037	9,218
Other Expenses	3,951	4,290	4,373	4,615	4,548	4,638	4,730	4,978	4,919	5,016
Total Expenses from Continuing Operations	23,306	23,754	24,116	24,649	24,882	25,274	25,676	26,243	26,511	26,944
Operating Result from Continuing Operations Surplus/(Deficit)	4,394	687	770	692	923	1,003	1,083	1,008	1,242	1,321
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes Surplus/(Deficit)	(1,511)	(1,473)	(1,390)	(1,468)	(1,237)	(1,157)	(1,077)	(1,152)	(918)	(839)

Chart 28 – General Fund Balance Sheet Projections – 2021/22 to 2030/31, Scenario 2

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Current Assets										
Cash & Cash Equivalents	15,703	16,207	16,816	16,595	17,099	19,044	20,840	22,224	24,831	25,443
Receivables	2,249	1,984	2,017	2,059	2,097	2,135	2,168	2,214	2,255	2,296
Other (Includes Assets Held for Sale)	64	66	67	68	70	71	72	74	75	77
Total Current Assets	18,017	18,257	18,899	18,722	19,265	21,250	23,081	24,512	27,161	27,816
Non-Current Assets										
Infrastructure, Property, Plant & Equipment	407,008	407,356	417,492	441,475	454,086	454,443	453,578	464,566	496,802	503,334
Other	352	352	352	362	372	382	392	402	412	422
Total Non-Current Assets	407,360	407,708	417,844	441,837	454,458	454,825	453,970	464,968	497,214	503,756
Total Assets	425,377	425,965	436,743	460,559	473,723	476,074	477,051	489,480	524,375	531,572
Current Liabilities										
Payables	1,236	1,263	1,276	1,310	1,316	1,334	1,350	1,386	1,394	1,414
Borrowings	572	582	593	604	615	626	637	649	661	-
Other	4,675	5,107	5,548	5,997	6,456	6,923	7,400	7,886	8,382	8,889
Total Current Liabilities	6,484	6,952	7,417	7,911	8,386	8,883	9,387	9,921	10,437	10,303
Non Current Liabilities										
Payables	53	54	55	56	57	59	60	61	62	63
Borrowings	4,966	4,384	3,791	3,187	2,572	1,947	1,309	661	-	-
Provisions	607	607	607	617	627	637	647	657	667	677
Other	177	191	206	221	236	251	267	283	300	316
Total Non Current Liabilities	5,803	5,236	4,659	4,081	3,493	2,893	2,283	1,662	1,029	1,057
Total Liabilities	12,287	12,188	12,076	11,992	11,879	11,777	11,670	11,583	11,466	11,360

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Net Assets	413,090	413,777	424,667	448,567	461,844	464,298	465,381	477,897	512,909	520,212
Equity										
Retained Earnings	348,478	349,336	350,106	350,797	351,720	352,723	353,806	354,814	356,056	357,377
Revaluation Reserves	54,935	54,935	65,056	88,264	100,619	102,069	102,069	113,578	147,348	153,330
Other Reserves	9,677	9,506	9,506	9,506	9,506	9,506	9,506	9,506	9,506	9,506
Total Equity	413,090	413,777	424,667	448,567	461,844	464,298	465,381	477,898	512,910	520,212

Chart 29 – General Fund Cash Flow Projections – 2021/22 to 2030/31, Scenario 2

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cash Flows from Operating Activities										
Receipts - Operating Activities	28,414	24,695	24,845	25,289	25,757	26,229	26,717	27,196	27,703	28,213
Payments - Operating Activities	(15,760)	(15,318)	(15,539)	(15,888)	(15,981)	(16,195)	(16,431)	(16,805)	(16,926)	(17,166)
Net Cash Provided by (or used in) Operating Activities	12,654	9,377	9,306	9,401	9,776	10,034	10,285	10,390	10,777	11,047
Cash Flows from Investing Activities										
Receipts - Infrastructure, Property, Plant & Equipment	200	200	200	200	200	200	200	200	200	200
Purchases - Infrastructure, Property, Plant & Equipment	(24,781)	(8,406)	(8,231)	(9,155)	(8,805)	(7,623)	(8,022)	(8,539)	(7,703)	(9,968)
Receipts/Purchases - Other Assets	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by (or used in) Investing Activities	(24,581)	(8,206)	(8,031)	(8,955)	(8,605)	(7,423)	(7,822)	(8,339)	(7,503)	(9,768)
Cash Flow from Financing Activities										
Receipts - Loan Borrowings	6,100	-	-	-	-	-	-	-	-	-
Payments - Principal Repayments	(562)	(572)	(582)	(593)	(604)	(615)	(626)	(637)	(649)	(661)
Payments - Finance Costs	(105)	(95)	(85)	(74)	(63)	(52)	(41)	(30)	(18)	(6)
Net Cash Provided by (or used in) Financing Activities	5,433	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)
Net Increase/(Decrease) in Cash Assets Held	(6,494)	504	608	(221)	504	1,944	1,796	1,384	2,607	612
Cash and Cash Equivalents at Beginning of Reporting Period	22,197	15,703	16,207	16,816	16,595	17,099	19,044	20,840	22,224	24,831
Cash and Cash Equivalents at End of Reporting Period	15,703	16,207	16,816	16,595	17,099	19,044	20,840	22,224	24,831	25,443
Total Cash, Cash Equivalents and Investments at End of Reporting Period	15,703	16,207	16,816	16,595	17,099	19,044	20,840	22,224	24,831	25,443

Chart 30 – Water Fund Income Statement Projections – 2021/22 to 2030/31, Scenario 2

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Income from Continuing Operations										
Rates and Annual Charges	1,365	1,392	1,420	1,449	1,478	1,507	1,537	1,568	1,599	1,631
User Charges and Fees	1,883	1,921	1,959	1,998	2,038	2,079	2,121	2,163	2,206	2,250
Interest & Investment Revenue	30	31	31	32	32	33	34	34	35	36
Grants & Contributions for Operating Purposes	37	38	38	39	40	41	42	43	43	44
Grants & Contributions for Capital Purposes - Cash	35	36	36	37	38	39	39	40	41	42
Total Income from Continuing Operations	3,350	3,417	3,485	3,555	3,626	3,699	3,773	3,848	3,925	4,004
Expenses from Continuing Operations										
Employee Costs	562	573	585	596	608	620	633	646	658	672
Materials and Contracts	464	473	483	492	502	512	523	533	544	555
Depreciation	732	747	762	777	792	808	824	841	858	875
Other Expenses	1,141	1,164	1,187	1,211	1,235	1,260	1,285	1,311	1,337	1,364
Total Expenses from Continuing Operations	2,899	2,957	3,016	3,077	3,138	3,201	3,265	3,330	3,397	3,465
Operating Result from Continuing Operations Surplus/(Deficit)	451	460	469	478	488	498	508	518	528	539
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes Surplus/(Deficit)	416	424	433	441	450	459	468	478	487	497

Chart 31 – Water Fund Balance Sheet Projections – 2021/22 to 2030/31, Scenario 2

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Current Assets										
Cash & Cash Equivalents	8,305	8,611	8,942	9,296	9,676	10,082	10,513	10,971	11,457	11,970
Receivables	273	278	283	289	295	301	306	313	320	326
Total Current Assets	8,578	8,889	9,225	9,586	9,971	10,383	10,820	11,285	11,776	12,296
Non-Current Assets										
Infrastructure, Property, Plant & Equipment	35,636	36,858	36,997	37,120	38,341	38,433	38,509	39,723	39,766	39,791
Total Non-Current Assets	35,636	36,858	36,997	37,120	38,341	38,433	38,509	39,723	39,766	39,791
Total Assets	44,214	45,748	46,222	46,706	48,313	48,816	49,329	51,008	51,542	52,087
Current Liabilities										
Payables	178	182	185	189	193	197	200	205	209	213
Total Current Liabilities	178	182	185	189	193	197	200	205	209	213
Non Current Liabilities										
Payables	71	72	74	75	77	78	80	82	83	85
Total Non Current Liabilities	71	72	74	75	77	78	80	82	83	85
Total Liabilities	249	254	259	264	270	275	280	286	292	298
Net Assets										
Net Assets	43,965	45,494	45,963	46,441	48,043	48,541	49,049	50,722	51,250	51,789
Equity										
Retained Earnings	36,321	36,781	37,250	37,728	38,216	38,714	39,222	39,740	40,268	40,807
Revaluation Reserves	-	1,069	1,069	1,069	2,183	2,183	2,183	3,338	3,338	3,338
Other Reserves	7,644	7,644	7,644	7,644	7,644	7,644	7,644	7,644	7,644	7,644
Total Equity	43,965	45,494	45,963	46,441	48,043	48,541	49,049	50,722	51,250	51,789

Chart 32 – Water Fund Cash Flow Projections – 2021/22 to 2030/31, Scenario 2

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cash Flows from Operating Activities										
Receipts - Operating Activities	3,349	3,413	3,482	3,550	3,622	3,694	3,769	3,843	3,920	3,999
Payments - Operating Activities	(2,169)	(2,207)	(2,251)	(2,295)	(2,342)	(2,389)	(2,437)	(2,485)	(2,535)	(2,586)
Net Cash Provided by (or used in) Operating Activities	1,180	1,206	1,230	1,255	1,280	1,305	1,332	1,358	1,385	1,413
Cash Flows from Investing Activities										
Purchases - Infrastructure, Property, Plant & Equipment	2,583)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)
Receipts/Purchases - Other Assets	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by (or used in) Investing Activities	(2,583)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)
Net Increase/(Decrease) in Cash Assets Held	(1,403)	306	330	355	380	405	432	458	485	513
Cash and Cash Equivalents at Beginning of Reporting Period	9,708	8,305	8,611	8,942	9,296	9,676	10,082	10,513	10,971	11,457
Cash and Cash Equivalents at End of Reporting Period	8,305	8,611	8,942	9,296	9,676	10,082	10,513	10,971	11,457	11,970
Total Cash, Cash Equivalents and Investments at End of Reporting Period	8,305	8,611	8,942	9,296	9,676	10,082	10,513	10,971	11,457	11,970

Chart 33 – Sewerage Fund Income Statement Projections – 2021/22 to 2030/31, Scenario 2

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Income from Continuing Operations										
Rates and Annual Charges	3,014	3,074	3,136	3,198	3,262	3,328	3,394	3,462	3,531	3,602
User Charges and Fees	300	306	312	318	325	331	338	345	351	359
Interest & Investment Revenue	29	30	30	31	31	32	33	33	34	35
Grants & Contributions for Operating Purposes	37	38	38	39	40	41	42	43	43	44
Total Income from Continuing Operations	3,380	3,448	3,517	3,587	3,659	3,732	3,806	3,883	3,960	4,039
Expenses from Continuing Operations										
Employee Costs	346	353	360	367	375	382	390	397	405	414
Materials and Contracts	301	307	313	319	326	332	339	346	353	360
Depreciation	620	632	645	658	671	685	698	712	726	741
Other Expenses	1,013	1,033	1,054	1,075	1,097	1,119	1,141	1,164	1,187	1,211
Total Expenses from Continuing Operations	2,280	2,326	2,372	2,420	2,468	2,517	2,568	2,619	2,672	2,725
Operating Result from Continuing Operations Surplus/(Deficit)	1,100	1,122	1,144	1,167	1,191	1,214	1,239	1,263	1,289	1,314
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes Surplus/(Deficit)	1,100	1,122	1,144	1,167	1,191	1,214	1,239	1,263	1,289	1,314

Chart 34 – Sewerage Fund Balance Sheet Projections – 2021/22 to 2030/31, Scenario 2

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Current Assets										
Cash & Cash Equivalents	6,909	8,012	9,149	10,322	11,531	12,778	14,063	15,386	16,749	18,152
Receivables	275	281	286	292	298	304	309	316	323	329
Total Current Assets	7,185	8,292	9,435	10,614	11,829	13,082	14,372	15,702	17,072	18,481
Non-Current Assets										
Infrastructure, Property, Plant & Equipment	30,803	30,821	30,826	30,818	30,796	30,762	30,714	30,652	30,575	30,484
Total Non-Current Assets	30,803	30,821	30,826	30,818	30,796	30,762	30,714	30,652	30,575	30,484
Total Assets	37,988	39,113	40,260	41,432	42,626	43,844	45,086	46,354	47,647	48,965
Current Liabilities										
Payables	136	139	142	145	148	151	153	157	160	163
Total Current Liabilities	136	139	142	145	148	151	153	157	160	163
Non Current Liabilities										
Payables	39	40	41	42	43	43	44	45	46	47
Total Non Current Liabilities	39	40	41	42	43	43	44	45	46	47
Total Liabilities	176	179	182	186	190	194	197	202	206	210
Net Assets	37,812	38,934	40,078	41,245	42,436	43,650	44,889	46,152	47,441	48,755
Equity										
Retained Earnings	31,393	32,515	33,659	34,826	36,017	37,231	38,470	39,733	41,022	42,336
Other Reserves	6,419	6,419	6,419	6,419	6,419	6,419	6,419	6,419	6,419	6,419
Total Equity	37,812	38,934	40,078	41,245	42,436	43,650	44,889	46,152	47,441	48,755

Chart 35 – Sewerage Fund Cash Flow Projections – 2021/22 to 2030/31, Scenario 2

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cash Flows from Operating Activities										
Receipts - Operating Activities	3,376	3,443	3,512	3,581	3,653	3,727	3,802	3,876	3,955	4,034
Payments - Operating Activities	(1,677)	(1,690)	(1,725)	(1,758)	(1,794)	(1,830)	(1,867)	(1,903)	(1,942)	(1,981)
Net Cash Provided by (or used in) Operating Activities	1,698	1,752	1,788	1,823	1,860	1,897	1,935	1,973	2,013	2,053
Cash Flows from Investing Activities										
Purchases - Infrastructure, Property, Plant & Equipment	(1,590)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)
Receipts/Purchases - Other Assets	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by (or used in) Investing Activities	(1,590)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)
Net Increase/(Decrease) in Cash Assets Held	108	1,102	1,138	1,173	1,210	1,247	1,285	1,323	1,363	1,403
Cash and Cash Equivalents at Beginning of Reporting Period	6,801	6,909	8,012	9,149	10,322	11,531	12,778	14,063	15,386	16,749
Cash and Cash Equivalents at End of Reporting Period	6,909	8,012	9,149	10,322	11,531	12,778	14,063	15,386	16,749	18,152
Total Cash, Cash Equivalents and Investments at End of Reporting Period	6,909	8,012	9,149	10,322	11,531	12,778	14,063	15,386	16,749	18,152

› Scenario 3

Background to Major Projects (Sewer Works, Kerbside Recycling & FOGO collection) with Efficiency Savings

Scenario 3 increases costs and income items by inflators set as per Scenario 2. It also includes the \$100k cumulative efficiency saving and the reconfiguring of internal charges.

In addition, a further two proposed capital projects are taken up progressively over the next ten years, the impacts of which are felt as early as 2021/22. The assumptions for these two projects are as follows and further loans will be required in the future years.

Kerbside collection for Recyclables and FOGO, \$1.3M

This is based on a worst-case scenario, Council is hopeful for grant funding that would reduce the need to utilise cash reserves to support the project.

If Council approves the introduction of Kerbside collection for Recyclables, Food Organics and Garden Organics (FOGO) will commence in 2022/23. Capital expense for the kerbside collection, anticipating that new bins will need to be purchased, assembled and delivered for 3,724 services is \$1.22M, made up as follows;

- Loan funds of \$0.65M, 1.8 per cent per annum, term 10 years.
- Grant funds, 10 per cent or \$0.13M.
- Waste Restricted Cash, 40 per cent or \$0.52M.

Waste charges are increased by \$190 per household in 2022/23 which adds a further \$708K to user charges. The annual household charges are set to cover the costs of the bin rollout over an 8-year period.



Proceeding with a recycling service (paper, glass and certain plastics) would reduce the capital cost and the annual household increase to \$80.

Sewer Treatment Plant, \$17M

If, Council is successful in obtaining capital grants to fund 40 per cent (\$6.8M) of the costs of a new Sewerage Treatment Plant. \$17M, staged construction, \$10M in 2023/24 and \$7M in 2024/25. The remainder is funded 50 per cent by loans (\$8.5M) and 10 per cent (\$1.7M) by the Sewer Reserve. Sewer capital renewal costs from 2023/24 to 2030/31 are reduced by 30% given that the new Sewerage Treatment Plant will require less renewal over the 10-year planning period. Sewer wages, material and contracts are assumed to remain static from 2025/26 but depreciation charges increase by 30 per cent at time.

Cash Reserves

The main assumptions for restricted asset balances are illustrated in Chart 36 and Chart 37 below.

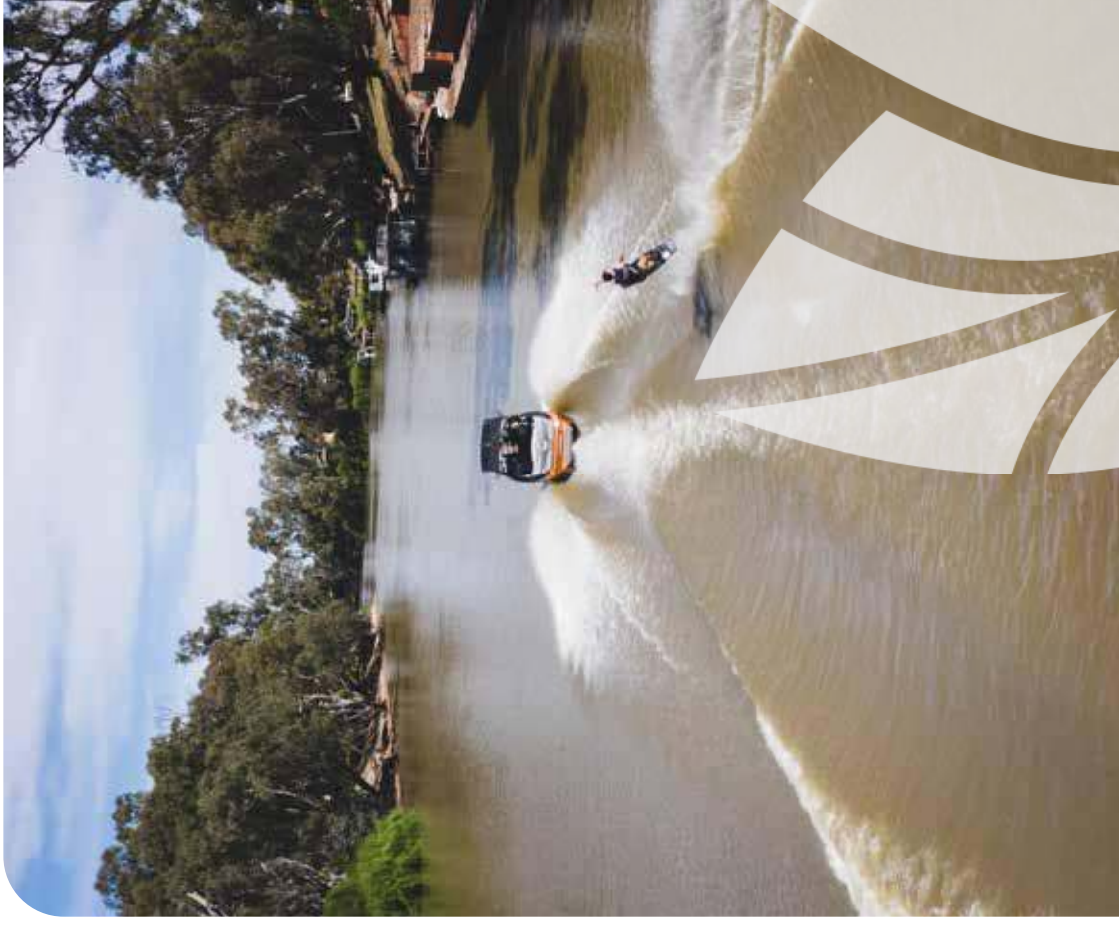


Chart 36 - ERC External Restrictions, Projected Balances 2020/21 to 2030/31, Scenario 3
External Restrictions, Projected Balances 2020/21 to 2030/31

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Ext. Unexpended Merger Capital	375	-	-	-	-	-	-	-	-	-	-
Ext. Specific Unexpended Grants	956	-	-	-	-	-	-	-	-	-	-
Ext. Water Supplies	7,644	7,644	7,644	7,644	7,644	7,644	7,644	7,644	7,644	7,644	7,644
Ext. Sewerage Services	6,419	6,419	6,419	6,419	6,419	6,419	6,419	6,419	6,419	6,419	6,419
Ext. Domestic Waste Management	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Ext. Library	304	304	304	304	304	304	304	304	304	304	304
Ext. All Other External Reserves <+ \$50k	160	-	-	-	-	-	-	-	-	-	-
	17,158	15,667	15,667	15,667	15,667	15,667	15,667	15,667	15,667	15,667	15,667

Chart 37 - Internal Restrictions, Projected Balances 2020/21 to 2030/31, Scenario 3
Internal Restrictions, Projected Balances 2020/21 to 2030/31

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Int. Plant replacement reserve	1,799	1,799	1,799	1,799	1,799	1,799	1,799	1,799	1,799	1,799	1,799
Int. Infrastructure replacement	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600
Int. Employees Leave	693	693	693	693	693	693	693	693	693	693	693
Int. Deposits, retentions and bonds	447	447	447	447	447	447	447	447	447	447	447
Int. Airport Development	188	188	188	188	188	188	188	188	188	188	188
Int. Deniliquin Town Hall Precinct	248	248	248	248	248	248	248	248	248	248	248
Int. Blighty Upgrade Power	70	70	70	70	70	70	70	70	70	70	70
Int. Land Development	385	385	385	385	385	385	385	385	385	385	385
Int. Landscaping Plans	90	90	90	90	90	90	90	90	90	90	90
Int. Recreation Reserves/ Village Landscaping	1,113	1,013	842	842	842	842	842	842	842	842	842
Int. Town Planning Studies	102	102	102	102	102	102	102	102	102	102	102
Int. Retirement Living	271	271	271	271	271	271	271	271	271	271	271
Int. All Other general fund restrictions	104	104	104	104	104	104	104	104	104	104	104
	8,110	8,010	7,839	7,839	7,839	7,839	7,839	7,839	7,839	7,839	7,839

Main Impact Summary

The consolidated cash balance increases from \$30.9M in 2021/22 to \$52.4M at the end of the financial year 2030/31. Net operating cash flow is greater than the level of capital works over the 10-year forecast period by \$7.7M, i.e. \$144.1M vs \$136.4M. Increase in the cash balances are anticipated in all the funds.



Scenario 3 - Major Projects

Chart 39 - Operating Performance Ratio History and Projections - 2017/18 to 2030/31



Chart 40 - Own Source Revenue History and Projections - 2017/18 to 2030/31



Chart 41 – Building & Infrastructure Asset Renewal Ratio - History and Projections – 2017/18 to 2030/31

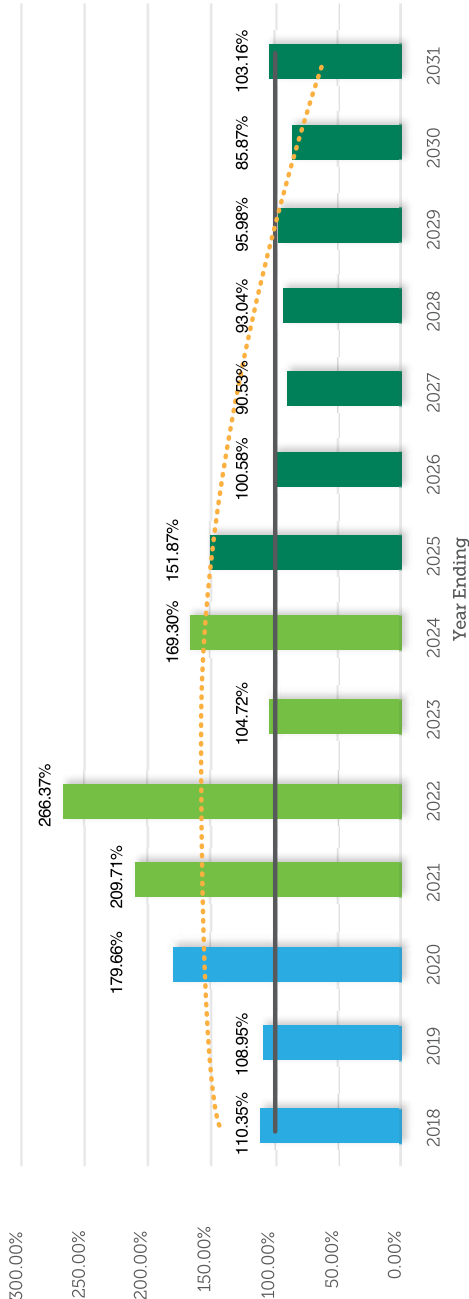


Chart 42 – **ERC Income Statement Projections – 2021/22 to 2030/31, Scenario 3**

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Income from Continuing Operations										
Rates and Annual Charges	13,458	13,727	14,002	14,282	14,567	14,859	15,156	15,459	15,768	16,084
User Charges and Fees	3,659	4,452	4,541	4,632	4,724	4,819	4,915	5,013	5,114	5,216
Interest & Investment Revenue	216	220	225	229	234	238	243	248	253	258
Other Revenues	3,038	3,099	3,161	3,224	3,288	3,354	3,421	3,490	3,560	3,631
Grants & Contributions for Operating Purposes	8,119	8,281	8,447	8,616	8,788	8,964	9,143	9,326	9,513	9,703
Grants & Contributions for Capital Purposes - Cash	5,940	2,196	6,196	4,997	2,198	2,199	2,199	2,200	2,201	2,202
Total Income from Continuing Operations	34,430	31,975	36,571	35,980	33,800	34,433	35,078	35,737	36,408	37,093
Expenses from Continuing Operations										
Employee Costs	9,673	10,035	10,235	10,440	10,649	10,862	11,079	11,300	11,527	11,757
Borrowing Costs	105	95	193	253	235	216	197	177	157	137
Materials and Contracts	3,321	3,586	3,561	3,538	3,517	3,497	3,478	3,461	3,446	3,432
Depreciation	9,281	9,237	9,422	9,615	9,813	10,009	10,209	10,413	10,621	10,834
Other Expenses	6,105	6,487	6,615	6,901	6,880	7,017	7,156	7,453	7,443	7,591
Total Expenses from Continuing Operations	28,485	29,440	30,026	30,748	31,093	31,600	32,119	32,805	33,194	33,750
Operating Result from Continuing Operations Surplus/(Deficit)	5,945	2,535	6,545	5,231	2,707	2,833	2,959	2,932	3,215	3,343
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes Surplus/(Deficit)	5	340	349	234	509	634	760	731	1,014	1,141

Chart 43 – ERC Balance Sheet Projections – 2021/22 to 2030/31, Scenario 3

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Current Assets										
Cash & Cash Equivalents	30,918	33,075	33,785	34,236	36,311	39,663	42,936	45,864	50,087	52,389
Receivables	2,797	2,598	2,969	2,928	2,748	2,799	2,844	2,905	2,960	3,016
Other (Includes Assets Held for Sale)	64	66	67	68	70	71	72	74	75	77
Total Current Assets	33,779	35,739	36,820	37,232	39,129	42,533	45,852	48,843	53,123	55,481
Non-Current Assets										
Infrastructure, Property, Plant & Equipment	473,447	475,035	495,315	526,412	540,223	540,638	539,801	551,941	584,143	590,608
Other	352	352	352	362	372	382	392	402	412	422
Total Non-Current Assets	473,799	475,387	495,667	526,774	540,595	541,020	540,193	552,343	584,555	591,030
Total Assets	507,578	511,126	532,487	564,007	579,724	583,553	586,045	601,187	637,677	646,512
Current Liabilities										
Payables	1,551	1,617	1,637	1,679	1,692	1,718	1,740	1,785	1,801	1,830
Borrowings	572	582	799	958	977	996	1,016	1,036	1,056	404
Other	4,675	5,107	5,548	5,997	6,456	6,923	7,400	7,886	8,382	8,889
Total Current Liabilities	6,798	7,306	7,983	8,634	9,124	9,637	10,156	10,708	11,240	11,123
Non Current Liabilities										
Payables	163	167	170	173	177	180	184	188	191	195
Borrowings	4,966	4,384	8,384	10,785	9,808	8,812	7,796	6,760	5,704	5,300
Provisions	607	607	607	617	627	637	647	657	667	677
Other	177	191	206	221	236	251	267	283	300	316
Total Non Current Liabilities	5,913	5,349	9,367	11,796	10,848	9,880	8,894	7,888	6,862	6,489
Total Liabilities	12,712	12,655	17,350	20,430	19,972	19,518	19,050	18,596	18,102	17,611

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Net Assets	494,867	498,471	515,137	543,577	559,752	564,035	566,994	582,590	619,575	628,900
Equity										
Retained Earnings	416,192	418,898	425,443	430,675	433,382	436,215	439,174	442,106	445,320	448,663
Revaluation Reserves	54,935	56,004	66,125	89,333	102,801	104,252	104,252	116,916	150,686	156,668
Other Reserves	23,740	23,569	23,569	23,569	23,569	23,569	23,569	23,569	23,569	23,569
Total Equity	494,867	498,471	515,137	543,577	559,752	564,035	566,995	582,591	619,575	628,900

Chart 44 – **ERC Cash Flow Projections – 2021/22 to 2030/31, Scenario 3**

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cash Flows from Operating Activities										
Receipts - Operating Activities	35,139	32,165	36,194	36,013	33,972	34,374	35,026	35,667	36,346	37,029
Payments - Operating Activities	(19,606)	(19,585)	(19,927)	(20,364)	(20,550)	(20,856)	(21,188)	(21,657)	(21,877)	(22,217)
Net Cash Provided by (or used in) Operating Activities	15,533	12,580	16,267	15,650	13,422	13,517	13,837	14,010	14,469	14,812
Cash Flows from Investing Activities										
Receipts - Infrastructure, Property, Plant & Equipment	200	200	200	200	200	200	200	200	200	200
Purchases - Infrastructure, Property, Plant & Equipment	(28,954)	(9,956)	(19,781)	(17,705)	(10,355)	(9,173)	(9,572)	(10,089)	(9,253)	(11,518)
Net Cash Provided by (or used in) Investing Activities	(28,754)	(9,756)	(19,581)	(17,505)	(10,155)	(8,973)	(9,372)	(9,889)	(9,053)	(11,318)
Cash Flow from Financing Activities										
Receipts - Loan Borrowings	6,100	-	5,000	3,500	-	-	-	-	-	-
Payments - Principal Repayments	(562)	(572)	(784)	(940)	(958)	(977)	(996)	(1,016)	(1,036)	(1,056)
Payments - Finance Costs	(105)	(95)	(193)	(253)	(235)	(216)	(197)	(177)	(157)	(137)
Net Cash Provided by (or used in) Financing Activities	5,433	(667)	4,024	2,307	(1,193)	(1,193)	(1,193)	(1,193)	(1,193)	(1,193)
Net Increase/(Decrease) in Cash Assets Held	(7,788)	2,157	709	452	2,075	3,352	3,273	2,929	4,223	2,301
Cash and Cash Equivalents at Beginning of Reporting Period	38,706	30,918	33,075	33,785	34,236	36,311	39,663	42,936	45,864	50,087
Cash and Cash Equivalents at End of Reporting Period	30,918	33,075	33,785	34,236	36,311	39,663	42,936	45,864	50,087	52,389
Total Cash, Cash Equivalents and Investments at End of Reporting Period	30,918	33,075	33,785	34,236	36,311	39,663	42,936	45,864	50,087	52,389

Chart 45 – **ERC Capital Works Expenditure Projections – 2021/22 to 2030/31, Scenario 3**

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Land improvements	260	-	-	-	-	-	-	-	-	-
Buildings	7,223	500	500	500	500	500	500	500	500	500
Plant, machinery and equipment	1,206	1,296	1,568	2,482	2,132	910	1,719	2,216	970	3,645
Computers and telecommunications	405	40	150	40	40	150	40	40	150	40
Intangible Asset - Software	-	250	-	-	-	250	-	-	250	-
Library books	40	60	60	60	60	60	60	80	80	80
Roads	8,044	4,788	4,788	4,788	4,788	4,788	4,788	4,788	4,788	4,788
Bridges	100	-	-	-	-	-	-	-	-	-
Footpaths and cycle ways	1,098	165	165	165	165	165	165	165	165	165
Drainage	827	550	550	550	550	350	350	350	350	350
Waste management	-	-	-	170	170	-	-	-	-	-
Parks, open spaces and streetscape	685	400	400	400	400	400	400	400	400	400
Aerodromes	4,700	357	-	-	-	-	-	-	-	-
Other infrastructure	182	-	-	-	-	-	-	-	-	-
Water	2,583	900	900	900	900	900	900	900	900	900
Sewer	1,590	650	10,650	7,650	650	650	650	650	650	650
Swimming Pools	11	-	-	-	-	-	-	-	-	-
Total Capital Works	28,954	9,956	19,781	17,705	10,355	9,173	9,572	10,089	9,253	11,518
Represented by:										
Renewal Investment	23,572	9,578	14,386	13,479	9,805	9,038	9,492	9,989	9,098	11,064
Upgrade Investment	3,830	318	5,217	3,748	213	75	20	20	75	375
New Investment	1,551	60	178	478	337	60	60	80	80	80
Total Capital Works	28,954	9,956	19,781	17,705	10,355	9,173	9,572	10,089	9,253	11,518

Chart 46 – General Fund Income Statement Projections – 2021/22 to 2030/31, Scenario 3

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Income from Continuing Operations										
Rates and Annual Charges	9,079	9,261	9,446	9,635	9,827	10,024	10,224	10,429	10,637	10,850
User Charges and Fees	1,476	2,225	2,270	2,315	2,361	2,408	2,457	2,506	2,556	2,607
Interest & Investment Revenue	157	160	163	167	170	173	177	180	184	188
Other Revenues	3,038	3,099	3,161	3,224	3,288	3,354	3,421	3,490	3,560	3,631
Grants & Contributions for Operating Purposes	8,045	8,206	8,370	8,537	8,708	8,882	9,060	9,241	9,426	9,615
Grants & Contributions for Capital Purposes - Cash	5,905	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160
Total Income from Continuing Operations	27,700	25,110	25,569	26,038	26,515	27,002	27,499	28,006	28,523	29,050
Expenses from Continuing Operations										
Employee Costs	8,765	9,108	9,291	9,476	9,666	9,859	10,056	10,257	10,463	10,672
Borrowing Costs	105	95	85	74	63	52	41	30	18	6
Materials and Contracts	2,556	2,805	2,765	2,727	2,689	2,652	2,617	2,582	2,549	2,517
Depreciation	7,929	7,858	8,015	8,181	8,349	8,516	8,686	8,860	9,037	9,218
Other Expenses	3,951	4,290	4,373	4,615	4,548	4,638	4,730	4,978	4,919	5,016
Total Expenses from Continuing Operations	23,306	24,157	24,529	25,073	25,315	25,718	26,131	26,708	26,986	27,430
Operating Result from Continuing Operations Surplus/(Deficit)	4,394	954	1,040	965	1,200	1,284	1,369	1,298	1,536	1,620
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes Surplus/(Deficit)	(1,511)	(1,206)	(1,120)	(1,195)	(960)	(876)	(791)	(862)	(624)	(540)

Chart 47 – General Fund Balance Sheet Projections – 2021/22 to 2030/31, Scenario 3

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Current Assets										
Cash & Cash Equivalents	15,703	16,452	17,331	17,383	18,164	20,390	22,471	24,145	27,046	27,957
Receivables	2,249	2,039	2,072	2,116	2,155	2,194	2,229	2,276	2,318	2,361
Other (Includes Assets Held for Sale)	64	66	67	68	70	71	72	74	75	77
Total Current Assets	18,017	18,557	19,470	19,568	20,389	22,655	24,772	26,495	29,439	30,394
Non-Current Assets										
Infrastructure, Property, Plant & Equipment	407,008	407,356	417,492	441,475	454,086	454,443	453,578	464,566	496,802	503,334
Other	352	352	352	362	372	382	392	402	412	422
Total Non-Current Assets	407,360	407,708	417,844	441,837	454,458	454,825	453,970	464,968	497,214	503,756
Total Assets	425,377	426,265	437,314	461,404	474,846	477,480	478,743	491,463	526,653	534,150
Current Liabilities										
Payables	1,236	1,296	1,310	1,345	1,351	1,371	1,387	1,424	1,433	1,454
Borrowings	572	582	593	604	615	626	637	649	661	-
Other	4,675	5,107	5,548	5,997	6,456	6,923	7,400	7,886	8,382	8,889
Total Current Liabilities	6,484	6,985	7,451	7,946	8,422	8,920	9,424	9,960	10,476	10,343
Non Current Liabilities										
Payables	53	54	55	56	57	59	60	61	62	63
Borrowings	4,966	4,384	3,791	3,187	2,572	1,947	1,309	661	-	-
Provisions	607	607	607	617	627	637	647	657	667	677
Other	177	191	206	221	236	251	267	283	300	316
Total Non Current Liabilities	5,803	5,236	4,659	4,081	3,493	2,893	2,283	1,662	1,029	1,057
Total Liabilities	12,287	12,221	12,110	12,027	11,914	11,813	11,707	11,621	11,505	11,400

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Net Assets	413,090	414,044	425,204	449,377	462,932	465,667	467,035	479,842	515,148	522,750
Equity										
Retained Earnings	348,478	349,603	350,643	351,608	352,807	354,092	355,460	356,758	358,294	359,914
Revaluation Reserves	54,935	54,935	65,056	88,264	100,619	102,069	102,069	113,578	147,348	153,330
Other Reserves	9,677	9,506	9,506	9,506	9,506	9,506	9,506	9,506	9,506	9,506
Total Equity	413,090	414,044	425,204	449,377	462,932	465,667	467,035	479,842	515,148	522,750

Chart 48 – General Fund Cash Flow Projections – 2021/22 to 2030/31, Scenario 3

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cash Flows from Operating Activities										
Receipts - Operating Activities	28,414	25,310	25,527	25,985	26,467	26,953	27,455	27,949	28,471	28,997
Payments - Operating Activities	(15,760)	(15,688)	(15,951)	(16,310)	(16,414)	(16,638)	(16,885)	(17,269)	(17,400)	(17,651)
Net Cash Provided by (or used in) Operating Activities	12,654	9,622	9,576	9,675	10,053	10,315	10,571	10,680	11,071	11,346
Cash Flows from Investing Activities										
Receipts - Infrastructure, Property, Plant & Equipment	200	200	200	200	200	200	200	200	200	200
Purchases - Infrastructure, Property, Plant & Equipment	(24,781)	(8,406)	(8,231)	(9,155)	(8,805)	(7,623)	(8,022)	(8,539)	(7,703)	(9,968)
Net Cash Provided by (or used in) Investing Activities	(24,581)	(8,206)	(8,031)	(8,955)	(8,605)	(7,423)	(7,822)	(8,339)	(7,503)	(9,768)
Cash Flow from Financing Activities										
Receipts - Loan Borrowings	6,100	-	-	-	-	-	-	-	-	-
Payments - Principal Repayments	(562)	(572)	(582)	(593)	(604)	(615)	(626)	(637)	(649)	(661)
Payments - Finance Costs	(105)	(95)	(85)	(74)	(63)	(52)	(41)	(30)	(18)	(6)
Net Cash Provided by (or used in) Financing Activities	5,433	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)	(667)
Net Increase/(Decrease) in Cash Assets Held	(6,494)	749	878	53	781	2,225	2,082	1,674	2,901	911
Cash and Cash Equivalents at Beginning of Reporting Period	22,197	15,703	16,452	17,331	17,383	18,164	20,390	22,471	24,145	27,046
Cash and Cash Equivalents at End of Reporting Period	15,703	16,452	17,331	17,383	18,164	20,390	22,471	24,145	27,046	27,957
Total Cash, Cash Equivalents and Investments at End of Reporting Period	15,703	16,452	17,331	17,383	18,164	20,390	22,471	24,145	27,046	27,957

Chart 49 – Water Fund Income Statement Projections – 2021/22 to 2030/31, Scenario 3

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Income from Continuing Operations										
Rates and Annual Charges	1,365	1,392	1,420	1,449	1,478	1,507	1,537	1,568	1,599	1,631
User Charges and Fees	1,883	1,921	1,959	1,998	2,038	2,079	2,121	2,163	2,206	2,250
Interest & Investment Revenue	30	31	31	32	32	33	34	34	35	36
Grants & Contributions for Operating Purposes	37	38	38	39	40	41	42	43	43	44
Grants & Contributions for Capital Purposes - Cash	35	36	36	37	38	39	39	40	41	42
Total Income from Continuing Operations	3,350	3,417	3,485	3,555	3,626	3,699	3,773	3,848	3,925	4,004
Expenses from Continuing Operations										
Employee Costs	562	573	585	596	608	620	633	646	658	672
Materials and Contracts	464	473	483	492	502	512	523	533	544	555
Depreciation	732	747	762	777	792	808	824	841	858	875
Other Expenses	1,141	1,164	1,187	1,211	1,235	1,260	1,285	1,311	1,337	1,364
Total Expenses from Continuing Operations	2,899	2,957	3,016	3,077	3,138	3,201	3,265	3,330	3,397	3,465
Operating Result from Continuing Operations Surplus/(Deficit)	451	460	469	478	488	498	508	518	528	539
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes Surplus/(Deficit)	416	424	433	441	450	459	468	478	487	497

Chart 50 – Water Fund Balance Sheet Projections – 2021/22 to 2030/31, Scenario 3

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Current Assets										
Cash & Cash Equivalents	8,305	8,611	8,942	9,296	9,676	10,082	10,513	10,971	11,457	11,970
Receivables	273	278	283	289	295	301	306	313	320	326
Total Current Assets	8,578	8,889	9,225	9,586	9,971	10,383	10,820	11,285	11,776	12,296
Non-Current Assets										
Infrastructure, Property, Plant & Equipment	35,636	36,858	36,997	37,120	38,341	38,433	38,509	39,723	39,766	39,791
Total Non-Current Assets	35,636	36,858	36,997	37,120	38,341	38,433	38,509	39,723	39,766	39,791
Total Assets	44,214	45,748	46,222	46,706	48,313	48,816	49,329	51,008	51,542	52,087
Current Liabilities										
Payables	178	182	185	189	193	197	200	205	209	213
Total Current Liabilities	178	182	185	189	193	197	200	205	209	213
Non Current Liabilities										
Payables	71	72	74	75	77	78	80	82	83	85
Total Non Current Liabilities	71	72	74	75	77	78	80	82	83	85
Total Liabilities	249	254	259	264	270	275	280	286	292	298
Net Assets	43,965	45,494	45,963	46,441	48,043	48,541	49,049	50,722	51,250	51,789
Equity										
Retained Earnings	36,321	36,781	37,250	37,728	38,216	38,714	39,222	39,740	40,268	40,807
Revaluation Reserves	-	1,069	1,069	1,069	2,183	2,183	2,183	3,338	3,338	3,338
Other Reserves	7,644	7,644	7,644	7,644	7,644	7,644	7,644	7,644	7,644	7,644
Total Equity	43,965	45,494	45,963	46,441	48,043	48,541	49,049	50,722	51,250	51,789

Chart 51 – Water Fund Cash Flow Projections – 2021/22 to 2030/31, Scenario 3

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cash Flows from Operating Activities										
Receipts - Operating Activities	3,349	3,413	3,482	3,550	3,622	3,694	3,769	3,843	3,920	3,999
Payments - Operating Activities	(2,169)	(2,207)	(2,251)	(2,295)	(2,342)	(2,389)	(2,437)	(2,485)	(2,535)	(2,586)
Net Cash Provided by (or used in) Operating Activities	1,180	1,206	1,230	1,255	1,280	1,305	1,332	1,358	1,385	1,413
Cash Flows from Investing Activities										
Purchases - Infrastructure, Property, Plant & Equipment	(2,583)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)
Net Cash Provided by (or used in) Investing Activities	(2,583)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)
Net Increase/(Decrease) in Cash Assets Held	(1,403)	306	330	355	380	405	432	458	485	513
Cash and Cash Equivalents at Beginning of Reporting Period	9,708	8,305	8,611	8,942	9,296	9,676	10,082	10,513	10,971	11,457
Cash and Cash Equivalents at End of Reporting Period	8,305	8,611	8,942	9,296	9,676	10,082	10,513	10,971	11,457	11,970
Total Cash, Cash Equivalents and Investments at End of Reporting Period	8,305	8,611	8,942	9,296	9,676	10,082	10,513	10,971	11,457	11,970

Chart 52 – Sewerage Fund Income Statement Projections – 2021/22 to 2030/31, Scenario 3

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Income from Continuing Operations										
Rates and Annual Charges	3,014	3,074	3,136	3,198	3,262	3,328	3,394	3,462	3,531	3,602
User Charges and Fees	300	306	312	318	325	331	338	345	351	359
Interest & Investment Revenue	29	30	30	31	31	32	33	33	34	35
Grants & Contributions for Operating Purposes	37	38	38	39	40	41	42	43	43	44
Grants & Contributions for Capital Purposes - Cash	-	-	4,000	2,800	-	-	-	-	-	-
Total Income from Continuing Operations	3,380	3,448	7,517	6,387	3,659	3,732	3,806	3,883	3,960	4,039
Expenses from Continuing Operations										
Employee Costs	346	353	360	367	375	382	390	397	405	414
Borrowing Costs	-	-	108	179	171	164	155	147	139	130
Materials and Contracts	301	307	313	319	326	332	339	346	353	360
Depreciation	620	632	645	658	671	685	698	712	726	741
Other Expenses	1,013	1,033	1,054	1,075	1,097	1,119	1,141	1,164	1,187	1,211
Total Expenses from Continuing Operations	2,280	2,326	2,480	2,599	2,640	2,681	2,723	2,766	2,810	2,855
Operating Result from Continuing Operations Surplus/(Deficit)	1,100	1,122	5,036	3,788	1,019	1,051	1,083	1,116	1,150	1,184
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes Surplus/(Deficit)	1,100	1,122	1,036	988	1,019	1,051	1,083	1,116	1,150	1,184

Chart 53 – Sewerage Fund Balance Sheet Projections – 2021/22 to 2030/31, Scenario 3

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Current Assets										
Cash & Cash Equivalents	6,909	8,012	7,512	7,557	8,471	9,192	9,951	10,748	11,585	12,463
Receivables	275	281	613	522	298	304	309	316	323	329
Total Current Assets	7,185	8,292	8,126	8,079	8,769	9,495	10,260	11,064	11,908	12,792
Non-Current Assets										
Infrastructure, Property, Plant & Equipment	30,803	30,821	40,826	47,818	47,796	47,762	47,714	47,652	47,575	47,484
Total Non-Current Assets	30,803	30,821	40,826	47,818	47,796	47,762	47,714	47,652	47,575	47,484
Total Assets	37,988	39,113	48,951	55,897	56,565	57,257	57,974	58,716	59,483	60,276
Current Liabilities										
Payables	136	139	142	145	148	151	153	157	160	163
Borrowings	-	-	206	354	362	370	378	387	395	404
Total Current Liabilities	136	139	348	499	510	521	531	544	555	567
Non Current Liabilities										
Payables	39	40	41	42	43	43	44	45	46	47
Borrowings	-	-	4,593	7,598	7,236	6,865	6,487	6,100	5,704	5,300
Total Non Current Liabilities	39	40	4,634	7,639	7,278	6,909	6,531	6,145	5,750	5,347
Total Liabilities	176	179	4,981	8,138	7,788	7,429	7,062	6,689	6,305	5,914
Net Assets	37,812	38,934	43,970	47,758	48,777	49,828	50,911	52,027	53,177	54,361
Equity										
Retained Earnings	31,393	32,515	37,551	41,339	42,358	43,409	44,492	45,608	46,758	47,942
Other Reserves	6,419	6,419	6,419	6,419	6,419	6,419	6,419	6,419	6,419	6,419
Total Equity	37,812	38,934	43,970	47,758	48,777	49,828	50,911	52,027	53,177	54,361

Chart 54 – Sewerage Fund Cash Flow Projections – 2021/22 to 2030/31, Scenario 3

Year Ending	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cash Flows from Operating Activities										
Receipts - Operating Activities	3,376	3,443	7,185	6,479	3,883	3,726	3,802	3,876	3,955	4,034
Payments - Operating Activities	(1,677)	(1,690)	(1,725)	(1,758)	(1,794)	(1,830)	(1,867)	(1,903)	(1,942)	(1,981)
Net Cash Provided by (or used in) Operating Activities	1,698	1,752	5,460	4,720	2,089	1,897	1,935	1,973	2,013	2,053
Cash Flows from Investing Activities										
Purchases - Infrastructure, Property, Plant & Equipment	(1,590)	(650)	(10,650)	(7,650)	(650)	(650)	(650)	(650)	(650)	(650)
Receipts/Purchases - Other Assets	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by (or used in) Investing Activities	(1,590)	(650)	(10,650)	(7,650)	(650)	(650)	(650)	(650)	(650)	(650)
Cash Flow from Financing Activities										
Receipts - Loan Borrowings	-	-	5,000	3,500	-	-	-	-	-	-
Payments - Principal Repayments	-	-	(201)	(347)	(354)	(362)	(370)	(378)	(387)	(395)
Payments - Finance Costs	-	-	(108)	(179)	(171)	(164)	(155)	(147)	(139)	(130)
Net Cash Provided by (or used in) Financing Activities	-	-	4,691	2,974	(526)	(526)	(526)	(526)	(526)	(526)
Net Increase/(Decrease) in Cash Assets Held	108	1,102	(499)	45	914	721	759	797	837	877
Cash and Cash Equivalents at Beginning of Reporting Period	6,801	6,909	8,012	7,512	7,557	8,471	9,192	9,951	10,748	11,585
Cash and Cash Equivalents at End of Reporting Period	6,909	8,012	7,512	7,557	8,471	9,192	9,951	10,748	11,585	12,463
Total Cash, Cash Equivalents and Investments at End of Reporting Period	6,909	8,012	7,512	7,557	8,471	9,192	9,951	10,748	11,585	12,463

Key Trends, All Scenarios and All Entities

Chart 55 – Trends in ERC Key Financials – 2021/22 to 2030/31, all Scenarios

	Cash Position		Operating Performance		Own Source Revenue		Internal Financing		
	2021/22	2030/31	2021/22	2030/31	2021/22	2030/31	10 Year NOCF	CapEX	Nett
Scenario 1	\$30.9M	\$51.1M	0.0%	0.2%	59.2%	67.2%	\$130.4M	\$119.4M	\$11.0M
Scenario 2	\$30.9M	\$55.6M	0.0%	0.2%	59.2%	67.2%	\$134.8M	\$119.4M	\$16.3M
Scenario 3	\$30.9M	\$52.4M	0.0%	3.7%	59.2%	67.9%	\$144.1M	\$136.4M	\$7.7M

Chart 56 – Trends in General Fund Key Financials – 2021/22 to 2030/31, all Scenarios

	Cash Position		Operating Performance		Own Source Revenue		Internal Financing		
	2021/22	2030/31	2021/22	2030/31	2021/22	2030/31	10 Year NOCF	CapEX	Nett
Scenario 1	\$15.7M	\$21.0M	-6.9%	-6.7%	49.6%	58.3%	\$98.6M	\$101.2M	-\$2.6M
Scenario 2	\$15.7M	\$25.4M	-6.9%	-3.2%	49.6%	58.3%	\$103.0M	\$101.2M	\$1.8M
Scenario 3	\$15.7M	\$30.4M	-6.9%	-2.0%	49.6%	59.5%	\$105.6M	\$101.2M	\$4.4M

Chart 57 – Trends in Key Water Fund Financials – 2021/22 to 2030/31, all Scenarios

	Cash Position		Operating Performance		Own Source Revenue		Internal Financing		
	2021/22	2030/31	2021/22	2030/31	2021/22	2030/31	10 Year NOCF	CapEX	Nett
Scenario 1	\$8.3M	\$12.0M	12.5%	12.5%	97.9%	97.9%	\$12.9M	\$10.7M	\$2.2M
Scenario 2	\$8.3M	\$12.0M	12.5%	12.5%	97.9%	97.9%	\$12.9M	\$10.7M	\$2.2M
Scenario 3	\$8.3M	\$12.0M	12.5%	12.5%	97.9%	97.9%	\$12.9M	\$10.7M	\$2.2M

Chart 58 – Trends in Key Sewerage Fund Financials – 2021/22 to 2030/31, all Scenarios

	Cash Position		Operating Performance		Own Source Revenue		Internal Financing		
	2021/22	2030/31	2021/22	2030/31	2021/22	2030/31	10 Year NOCF	CapEX	Nett
Scenario 1	\$6.9M	\$18.2M	32.5%	32.5%	98.9%	98.9%	\$18.8M	\$7.5M	\$11.3M
Scenario 2	\$6.9M	\$18.2M	32.5%	32.5%	99.8%	99.8%	\$18.8M	\$7.5M	\$11.3M
Scenario 3	\$6.9M	\$12.5M	32.5%	29.3%	99.8%	99.8%	\$25.6M	\$24.4M	\$1.2M

Risk Assessment

In developing the LTFP Scenarios the following challenges and risks have been identified that will require monitoring and action to avoid the risk or action to mitigate the risk:

- Asset management maturity (with lower confidence levels than desired) exposes Council to threat of unplanned capital expenditure for asset renewals and upgrades.
- Facility non-compliances are likely in the medium term if there is insufficient new or upgrade investment, e.g. Sewerage Treatment Plant.
- Capability to deliver a large capital works program requires good project governance and project management, including at corporate level.
- Appropriateness and cost efficiency of fleet and plant.
- Performance of the operational budget (i.e. actual expenditure against budget) requires a commitment to regular and enhanced performance monitoring.
- Levels of service (sustainability of existing levels of service), including the need for further definition of the range and level of services as a key driver of infrastructure investment is lacking.
- Unfunded commitments in strategies adopted by Council expose Council to reputational and other risks.

Performance Management and Reporting

Council prepares a Quarterly Budget Review Statement (QBRS). The QBRS presents a summary of Council's financial position at the end of each quarter. The report informs Councillors and the community about the Council's progress against the Operational Plan (original budget) and the last revised budget along with recommended changes and reasons for major variances. The QBRS complies with the minimum standards contained in the Code of Accounting Practice and Financial reporting.

Within five months of the end of each financial year, Council prepares an Annual Report, which, includes a copy of or audited financial reports. The Annual Report details progress against the performance measures in implementing the Delivery Program and the activities undertaken to deliver on the objectives of the Community Strategic Plan.

Council's adherence to sound financial management principles will also be monitored via a series of industry accepted rolling benchmarks. As a minimum, the following metrics will be highlighted and reported to Council and the community on an annual basis.

NSW Local Government Indicators

- Operating Performance Ratio
- Own Source Operating Revenue Ratio
- Building & Infrastructure Asset Renewal Ratio
- Debt Service Cover Ratio
- Outstanding Charges Percentage
- Cash Expense Cover Ratio

¹ Definitions for the performance monitoring metrics are included in Appendix 1

Performance Monitoring			
Measure	What is measures	Target	Calculation
Operating performance Ratio	How well councils keep operating expenses within operating revenue	>0%	Total continuing operating revenue excluding capital grants & contributions less Operating expense/Total continuing operating revenue excluding capital grants & contributions
Own source operating revenue	Council's fiscal flexibility and the degree to which it can generate own source revenue compared with the total revenue from all sources	>60%	Total operating revenue excluding all grants & contributions excluding interest and depreciation/Principal repayments and borrowing costs
Liquidity and working capital measures	Council's ability to meet its short-term obligations as they fall due	> 1.5x	Current assets less all external restrictions/Current liabilities less specific purposes liabilities
Debt service cover ratio	The availability of operating cash to service debt including interest, principal and lease payments	>2.0x	Operating result less capital grants & contributions excluding interest and depreciation, impairment & amortisation/Principal repayments and borrowing costs
Rates, annual, charges, interest and extra charges outstanding	How successful council is in collecting rates and annual charges	<10%	Outstanding rates, annual and extra charges/Revenue from rates, annual and extra charges collectable

Performance Monitoring				
Measure	What is measures	Target	Calculation	
Cash expenses cover ratio	Estimates the number of months a council can continue paying the expenses without additional cash inflow	>3 months	Current years cash and term deposits/ Monthly payments from cash flow of operating and financing activities x 12	
Building & infrastructure asset renewal ratio	Assesses the rate at which infrastructure assets are being renewed against the rate at which they are depreciating	> +100%	Asset renewals/Depreciation, amortisation & impairment	
Infrastructure backlog ratio	Shows the amount of infrastructure backlog expenditure relative to the total net book value of council's infrastructure assets	<2.0%	Estimated cos to bring assets to satisfactory standard/Net carrying amount of infrastructure assets	
Asset maintenance ratio	Compares council's actual asset maintenance expenditure to the amount planned in their asset management plans	> 100%	Actual asset maintenance/Required asset maintenance	
Capital expenditure ratio	Compares the estimated cost to renew or rehabilitate existing infrastructure assets that have reached the condition-based intervention level adopted by council to the gross replacement cost of the infrastructure asset	>1	Capital expenditure/Annual depreciation	





EDWARD RIVER COUNCIL
LONG TERM FINANCIAL PLAN
2021/22 - 2030/31

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