Long Term Financial Plan

2022–2032

Draft April 2022

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Introduction

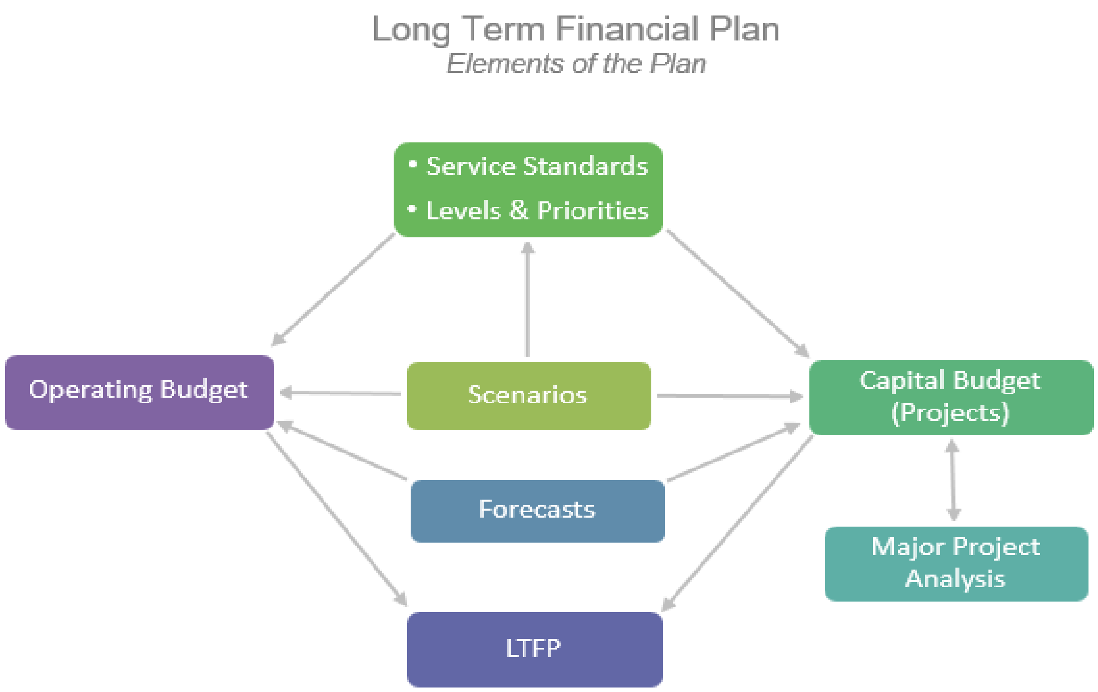
Ku-ring-gai Council's Long Term Financial Plan (LTFP) contains a set of long range financial projections based on an informed set of assumptions. It is designed to reflect the financial impacts of providing current levels of service and the planned programs of capital works. The plan is informed by the Community Strategic Plan and Delivery Program and focuses on community needs and Council's strategic priorities.

The LTFP includes:

- Projected income and expenditure, balance sheet and cash flow statement
- Planning assumptions used to develop the plan
- Sensitivity analysis – highlight factors most likely to affect the plan
- Financial modelling for different scenarios
- Methods of monitoring financial performance.

The LTFP contains a core set of assumptions. These assumptions are based on Consumer Price Index (CPI) forecasts, interest rate expectations, employee award increases, loan repayment schedules, special price forecasts for certain Council specific items, planned asset sales and other special income and costs.

The diagram below illustrates the link between the main elements of the LTFP: service standards, levels and priorities, capital and operating budget, major project analysis, assumptions and scenarios.



Overview

Ku-ring-gai Council's Long Term Financial Plan covers the period from 2022/23 to 2031/32. It recognises its current and future financial capacity, to continue delivering services, facilities and infrastructure to the community while commencing new initiatives and projects to achieve the goals set down in its Community Strategic Plan.

Financial planning over a 10-year time horizon is challenging and relies on a variety of assumptions that will undoubtedly change during this period. The LTFP is therefore closely monitored, and regularly revised, to reflect these changing circumstances. The Long Term Financial Plan is the core document used to guide all financial planning within Council and is the basis for annual budgets as part of the preparation of the Delivery Program and Operational Plan.

Council's financial position is currently sound with:

- an operating surplus after depreciation (excluding capital grants and contributions) throughout the life of the Long Term Financial Plan (LTFP), contributing to capital expenditure.
- adequate cash reserves which are maintained in the LTFP above the minimum benchmark.
- debt within benchmarks, repaid from asset divestment, investment property rent and a special rate.
- expenditure on renewing infrastructure assets that exceeds depreciation.
- a budget and LTFP that continues to deliver existing services and significant projects.

There are a number of financial challenges and risks facing Council including the following:

- IPART announced the 2022-23 rate peg as 0.7%. Council is applying to increase rates by a further 1.8% to 2.5%, and the budget and LTFP is based on this higher amount. If Council is unsuccessful in its application to increase rates to 2.5% it will need to significantly cut expenditure or seek separate special rates variations in future years.
- There is $111m in revenue from property asset sales included in the budget to fund new capital works and infrastructure renewal. If asset sales are not achieved significant remedial action will be required to maintain a satisfactory financial position. Efforts to date in planning for asset sales have been contested and delayed.
- Council has insufficient funding in the LTFP to sustainably manage and improve its existing infrastructure assets and meet community expectations.
- A new loan is proposed to fund construction of the Marian Street Theatre and relies on future asset sales for repayment. Project costs have increased significantly based on a recent cost estimate.
- A loan to fund construction of the St Ives Indoor Sports Centre is proposed to be repaid from an Intergovernmental Project Special Rate. While the enabling legislation is in force, the Minister has not yet proclaimed it to commence.
- IPART has proposed changes to domestic waste management charges that would significantly reduce revenue.
- The NSW Government has proposed changes to the development contributions system that would significantly reduce revenue and therefore future capital works funding.

Financial sustainability continues to be a significant challenge for Ku-ring-gai Council and local governments across Australia, with increasing demand for services, facilities and infrastructure from the community at odds with restricted revenue that does not keep up with rising costs. To partly address this issue Council has sought to ‘recycle’ existing assets, by selling underutilised property and using the proceeds for major capital projects and infrastructure renewal. In the longer term, financial sustainability will require additional recurrent revenue that balances the community’s capacity and willingness to pay with the demand for services, facilities and infrastructure.

Some key issues in the budget and LTFP are discussed below.

Additional Special Rates Variation

IPART announced the 2022-23 rate peg as 0.7% which is the lowest increase in 20 years. This provides additional income of $0.5m p/a which is insufficient to even cover the Award increase in wage costs of 2% ($0.9m pa). In addition, Council faces general inflation in other costs that are not funded by the low peg.

In recognition of the impact the low rates peg would have on councils, on 28 March 2022 IPART released guidelines for an Additional Special Variation, allowing for a rates increase up to 2.5% instead of 0.7%. However the austerity criteria in these guidelines were such that very few councils in NSW would qualify for the increase.

The Office of Local Government subsequently released a circular dated 6 April 2022 that notified of more accessible criteria, as followed by revised IPART guidelines dated 7 April 2022. Based on the revised guidelines, it is expected that Council should qualify to increase rates by 2.5% (lower of 2.5% or 2.8% adopted in Council’s LTFP) instead of 0.7%. It is recommended that Council apply to IPART for a permanent increase to rates on this basis. Should this application be unsuccessful, Council’s budget will be $1.27m worse off under the 0.7% rates peg than the forecast 2.5% for the 2022/23 financial year and $14.3m worse off over 10 years.

Asset recycling

The LTFP continues the financial strategy of using funds from the sale of existing property assets ($111m) for future capital works. If these asset sales are not realised, Council’s financial position will significantly deteriorate and require remedial action. It is noted that planning for asset sales has so far been contested and delayed.

The assets sales funding is allocated to the Marian Street Theatre redevelopment ($22m), Infrastructure renewal ($36m), co-contributions to projects funded from s7.11 development contributions ($7.4m) and property development reserve ($45m).

Infrastructure Assets

Infrastructure assets are Council’s core assets such as roads, footpaths, buildings and drains. The current estimate of the cost to renew all infrastructure currently in an unsatisfactory condition is $90m.

Over the next 10 years, Council’s existing core infrastructure assets are forecast to depreciate by $233m. Expenditure on renewing these assets is budgeted at $247m, noting that of this expenditure, $36m is planned to be sourced from the sale of existing property assets.

Overall, depreciation is offset by expenditure on infrastructure assets (assuming asset sales are achieved). However, not all asset classes are forecast to be maintained in their current condition. Based on the planned expenditure in the LTFP and assuming assets sales funds are available as planned:

- Roads will improve
- Footpaths will improve
- Kerb and gutter, car parks, road structures and bridges will deteriorate
- Buildings will deteriorate with many not meeting current building codes or community expectations
- Recreation and park assets will deteriorate and may lead to defective facilities and equipment
- Stormwater drains will deteriorate and may lead to blocked pipes, flooding and sink holes. Recent visual inspection has indicated that the condition of drains may require more remediation than previously assessed.

Council has insufficient funding in the LTFP to sustainably manage and improve its existing infrastructure assets and meet community expectations. Council could consider a special rates variation in future years to provide additional revenue for core infrastructure renewal.

Marian Street Theatre

The total budget for this project in the 2021/22 LTFP is $16.7m, which is funded from $14.9m in asset sales and $1.8m from general revenue. A separate report on this business paper has advised that estimated costs have increased to $21.9m. The draft project budget and LTFP funding has been increased to $23.8m, which allows an 8% buffer over the current cost estimates. This increases the funding required from property asset sales to $22m.

As property asset sales have been delayed, the project will also be delayed without alternate funding. Council could use loan funding to borrow the required $22m on an interest-only basis and repay the loan from asset sales when they occur. The loan repayments would need to be met from Council's general revenue until property assets are sold to repay the loan.

On this basis, the revised budget and LTFP has incorporated a new interest-only loan to be borrowed in 2022/23 and repaid from asset sales in 2024/25. This is a change in financial strategy with increased financial commitment and risk. In addition, being the redevelopment of an old theatre building Council should only proceed with the project if it accepts there may be further increases to project costs.

It has previously been estimated that the theatre would require an operational subsidy of around $0.7m p/a. This has also been included in the LTFP from 2024/25 onwards and funded from general revenue.

St Ives Indoor Sports Centre:

The total budget for this project is $18.9m, which is funded from $13.5m in loans, $3.5m in grants, $1.9m in general revenue. The current LTFP assumes that the loan will be repaid once property assets are sold to fund the project. However, legislation was adopted in 2021 to allow councils to raise special rates for projects undertaken in partnership with other levels of government. The legislation is the *Local Government Amendment Act 2021* and it will take effect once the Minister for Local Government proclaims it to commence. This is not expected to occur until next financial year.

Guidance is not yet available about the implementation of intergovernmental project special rates, however it is considered that the St Ives Indoor Courts are likely to meet the criteria, being a shared use building with a NSW Government school and built on their land.

It is recommended that Council apply for an Intergovernmental Project Special Rate to repay the loan for the St Ives Indoor Courts once the Minister for Local Government proclaims the amendment to commence. Council is unlikely to receive the benefit of this revenue until 2023/24 and in the interim, loan repayments would be funded from general revenue. The average cost to residential ratepayers for the special rate over 10 years would be $40 pa.

All construction projects carry risk of cost increases all the way through the project cycle and this project is unique as it is a specialised building with the construction being managed by the NSW Government at Council's cost. Council should note the financial risk and proceed with the project if it accepts there may be further increases to project costs.

Major Town Centre Projects

Council is planning for two major town centre projects over the next ten years in Lindfield and Turramurra that will provide civic improvements and community facilities. It is assumed in the budget and LTFP that the capital and operating costs of these projects are funded by a combination of s7.11 development contributions along with the financial return from development on the sites. Critical to the success of these projects and Council's financial sustainability is to ensure that Council has sufficient funds in reserve to mitigate against the financial risks of development. As such, Council is planning to establish a Property Development Reserve in the LTFP, accumulated from the proceeds of asset sales.

Domestic Waste Management Charges

IPART is currently reviewing domestic waste management (DWM) charges levied by NSW local councils. IPART released a discussion paper in August 2020 and have followed up with a report '*Review of Domestic Waste Management Charges Draft Report December 2021'.* IPART is seeking submissions on the draft report which are due by 29 April 2022. This is addressed in a separate report on this business paper.

A major concern with the changes proposed by IPART is with respect to the recovery of overhead costs, which are proposed to be decreased. This would mean that there would be a reduction in the revenue received by Council for the DWM charges. The overheads currently charged are in the order of $1.8m pa.

IPART note that if the revenue from DWM charges reduce under their methodology, councils may apply for a special rates variation to recover the gap. It is recommended that Council flag its intention to apply to IPART for a Special Rates Variation to increase rates in 2023/24 to offset any reduction in revenue should policy changes be introduced impacting on DWM charges.

Development Contributions

The NSW Government has proposed changes to the development contributions system. Significant changes include the removal of community facilities, indoor recreation centres and public domain works from s7.11 plans and also reducing the contributions revenue Council would receive under s7.12 plans. Modelling commissioned by NSROC indicated that the impact of the changes for Ku-ring-gai could be a revenue reduction in the order of $5m pa.

It is not known if the NSW Government intend to proceed with the proposed changes. If they are implemented without modification, it is likely that Council will need to reduce future capital works funded from development contributions.

New Footpaths

There are existing built footpaths extending for 398km. However, there are many streets that do not have built footpaths. The cost to construct new footpaths such that there is at least a built footpath on one side of all streets has been estimated at approximately $88m for an additional 268km. The current funding to construct new footpaths over the next 10 years is approximately $4.7m.

Most of the existing footpaths were built many years ago and successive councils have not extended the network. The funding required to construct new footpaths in areas without them is of such a large magnitude that it is beyond the financial capacity of Council to meaningfully address within existing resources. This is particularly so at a time when Council is facing many financial pressures.

An option to provide some additional funding towards new footpaths would be by decreasing planned expenditure on asset renewal. However this would be detrimental to the renewal of existing infrastructure assets. Further, additional assets increase the future maintenance and renewal burden. Council could consider a special rates variation in the future for the construction of new footpaths.

Council has identified increasing funding for infrastructure renewal as a priority. Two main scenarios are outlined in detail in the LTFP for consideration:

Scenario 1 - Base Case Scenario with additional funding for infrastructure (assumed rate peg 2.5%)

Scenario 2 - Scenario with reduced funding for infrastructure (assumed rate peg 2.5%)

The scenario that Council will adopt best addresses the infrastructure renewal requirements that have been identified and this is introduced as Scenario 1 and it includes increased funding for asset renewal on infrastructure assets from asset sales. Both Scenarios include an assumed rate peg of 2.5%, including the official rate peg of 0.7% and an Additional Special Rate (ASV) of 1.8%. The ASV will require the approval of the Independent Pricing and Regulatory Tribunal (IPART).

Long Term Financial Plan Principles

Council's overall guiding principle is to maintain a healthy financial position, underpinned by a sound income base and commitment to control and delivery of services, facilities and infrastructure demanded by the community in an effective and efficient manner.

The LTFP puts this principle into action by formulating and applying specific objective tests of financial sustainability to the LTFP and its scenarios, such as:

- Achieve an operating surplus (excluding capital grants and contributions)
- Maintain satisfactory levels of liquidity: Unrestricted Current Ratio above min benchmark of 1.5x, ideally at 2x or above
- Maintain infrastructure assets ratios at a sustainable level
- Proceeds of asset sales returned to reserves for expenditure on asset renewals or major asset refurbishment and expansion
- Maintain a sustainable debt level and debt service ratio below the industry benchmark.

Long Term Financial Plan Funding Strategy

Infrastructure Assets

Council's current funding strategy focuses on infrastructure assets renewals and is based on the principle that all available surplus funds will be diverted towards Council's asset renewals as a priority. Additional funding is assumed to include proceeds from asset sales which will be reinvested into Council's renewal program for infrastructure assets.

Council reviews with regularity the state of its assets: useful lives and future depreciation on each asset class, condition of all assets by asset class, the methodology to determine cost to bring assets to a satisfactory condition and to agreed level of service, actual asset maintenance compared to required asset maintenance, current asset renewals and required asset renewals. Council also ensures there is a consistent organisational approach to infrastructure reporting. All asset classes reported in Special Schedule "Report on Infrastructure Assets" are assessed as part of the regular review, as well as the overall cost to bring infrastructure assets to a satisfactory condition and the cost to agreed level of service agreed with the community.

Based on the condition assessment of Council's infrastructure assets:

- the current backlog "cost to bring assets to a satisfactory condition" has been assessed at $24.1 million with a backlog ratio of 2.80% for 2020/21[1]
- the current revised "cost to bring to agreed level of service" has been assessed at $96 million for 2020/21[2].

The most relevant figure is the cost to bring to agreed level of service. This is the practical cost to renew assets that are not in a satisfactory condition.

[1] Ku-ring-gai Council Annual Financial Statements 2020-21.
[2] Ku-ring-gai Council Annual Financial Statements 2020-21.

Over the life of the plan, on a consolidated level Council is maintaining the level of renewal expenditure above the depreciation in most years, however Council has an annual shortfall of funding for asset renewals on a number of asset classes. If this shortfall is not addressed it is likely that the infrastructure backlog will continue to increase in future years.

The current funding strategy prioritises asset maintenance and renewal expenditure. To be financially sustainable Council should not only address the future infrastructure assets backlog “cost to satisfactory” but also provide funding to bring assets to the “agreed level of service”.

Additional funding (above core renewal) for infrastructure is assumed from the following sources:

- Divestment of assets - proceeds from assets sales.

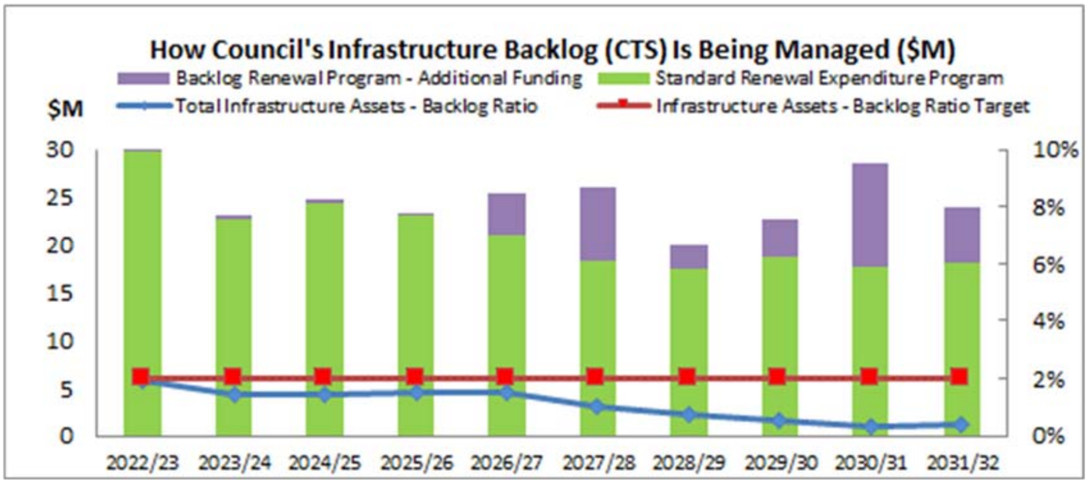
Proceeds from asset sales is planned to fund the expenditure on asset renewals by $36 million over 10 years in addition to the standard renewal expenditure. Approximately $22 million on average per annum will also be allocated in maintenance as required by the Asset Management Strategy.

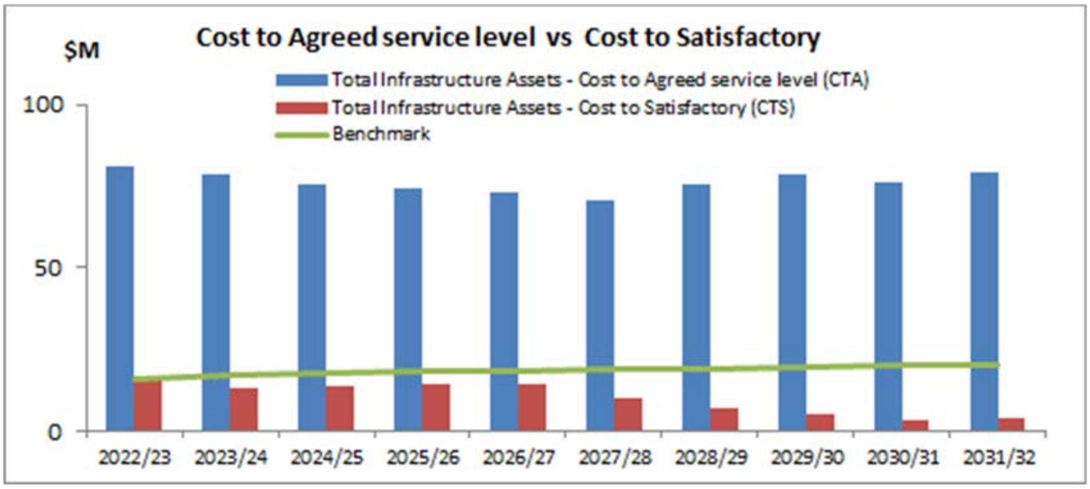
Additional funding from asset sales will also have a positive impact on Council’s infrastructure backlog to bring assets to satisfactory. After 10 years, the costs to bring assets to an agreed level of service would decrease to $79m. Without asset sales funding however, the costs to bring assets to an agreed level of service would increase to $116m.

The following table and charts display the planned asset renewal expenditure in future years, highlighting the standard renewal program and additional funding provided and the positive impact on future asset renewal requirements.

Projected Asset Renewal Expenditure

$ '000	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	Total
Total - Infrastructure Assets Renewal	29,886	23,130	24,813	23,139	25,427	25,987	19,976	22,744	28,575	23,990	247,667
Standard Renewal	29,865	22,627	24,287	23,133	21,084	18,387	17,376	18,744	17,575	18,012	211,089
Additional Renewal Program	21	504	526	6	4,343	7,600	2,600	4,000	11,000	5,978	36,578





Additional funding is diverted into asset renewals in the first years and gradually increasing in future years, contributing to meeting the current benchmark for the assets infrastructure backlog to bring to satisfactory by 2022/23. The industry benchmark for the backlog ratio is 2% as defined by NSW Treasury Corporation (T-Corp) and the Office of Local Government (OLG). As Council injects more funding into asset renewals across the next ten years of the LTFP, the cost to agreed level of service decreases as well.

As part of the infrastructure review, it was identified that some asset classes have a larger backlog than other asset classes and various allocation of future funding for renewal. Funding where possible was redirected to those asset classes that have a larger backlog.

Based on the planned expenditure in the LTFP and assuming assets sales funds are available as planned, as a whole:

- Roads will improve
- Footpaths will improve
- Kerb and Gutter, Car Parks, Road Structures and Bridges will deteriorate
- Buildings will deteriorate and not meet building codes nor community expectations
- Recreation and park assets will deteriorate and may lead to defective facilities and equipment
- Stormwater drains will deteriorate and may lead to blocked pipes, flooding and sink holes. Recent visual inspection has indicated that the condition of drains may require more remediation than previously assessed.

Council has insufficient funding in the LTFP to improve and sustainably manage its existing infrastructure assets and meet community expectations

Proceeds from Asset Sales for Infrastructure renewal and new assets

It is estimated that proceeds from asset sales will produce the following increases in Council revenue over the next 10 years (a total of $111 million including S7.11 Co-contribution gap) as shown below.

As highlighted above a significant part of these proceeds and other operational savings will be used to fund assets renewals. Council also intends to invest a proportion of these proceeds in a Property Development Reserve to facilitate major town centre projects.

Projected Asset Sales

$ '000	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Property Development Reserve	-	-	-	45,000	-	-	-	-	-	-
Infrastructure Renewal Asset Sales	-	500	22,600	-	4,500	7,600	2,600	4,000	11,100	5,900
CP2010 – New Assets	-	-	-	3,060	2,645	232	1,221	-	-	264
Total Asset Sales	**-**	**500**	**22,600**	**48,060**	**7,145**	**7,832**	**3,821**	**4,000**	**11,100**	**6,164**

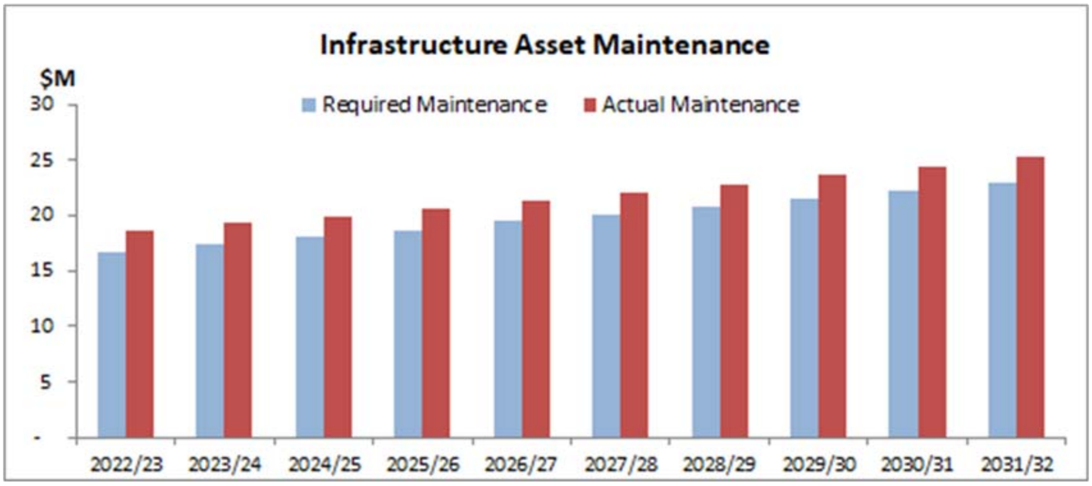
Asset maintenance

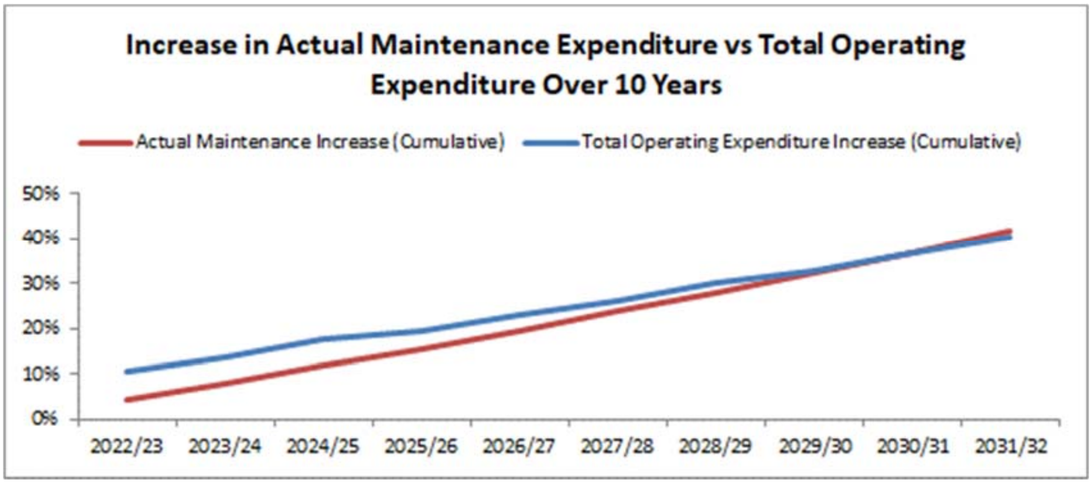
The LTFP allocates adequate funding towards asset maintenance in future years. Council has budgeted for $18.6 million in maintenance costs for infrastructure assets in the 2022/23 budget with further increases in future years. Total maintenance expenditure increases in line with other operating expenses, however in future years the maintenance expense will also increase due to capital projects planned on new assets.

The actual asset maintenance expenditure versus required maintenance, as well as the increasing trend of maintenance expenditure and total operational expenditure are shown below. Council is investing enough funds and slightly above the required level to ensure infrastructure assets reach their useful lives and are maintained in satisfactory condition in the long term.

Required Infrastructure Maintenance Expenditure

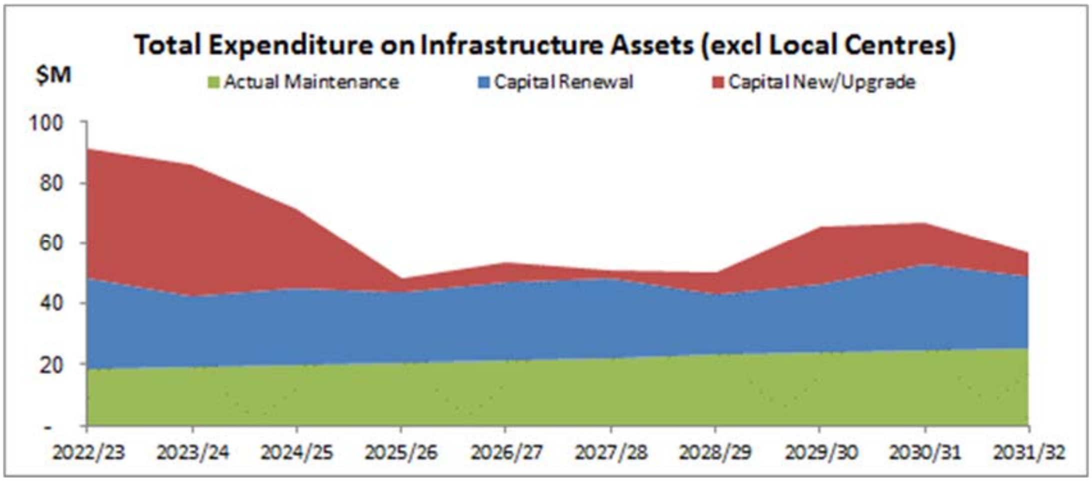
$ '000	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Required Maintenance	16,588	17,356	18,065	18,595	19,544	20,073	20,756	21,484	22,214	22,922
Actual Maintenance	18,667	19,309	19,973	20,661	21,373	22,109	22,871	23,659	24,475	25,319
Variance (Actual less Required)	**2,080**	**1,953**	**1,908**	**2,066**	**1,829**	**2,036**	**2,115**	**2,175**	**2,261**	**2,396**





Total capital expenditure on Infrastructure Assets

The current LTFP under both Scenarios allocates funding towards infrastructure assets in terms of assets maintenance, renewal and new/upgrade as shown in the chart below. A total of $218 million will be allocated to asset maintenance over 10 years, $247 million to asset renewals and $174 million (excluding Major Local Centre Projects) to build new or upgrade existing assets. The new/upgrade expenditure includes new or existing projects largely funded by s7.11 development contributions, such as for community facilities to meet the needs of the growing community. Major capital initiatives are planned to begin from 2022/23. The Marian Street Theatre and Lindfield Community Hub is scheduled to begin in the next two years of the LTFP. Other major capital expenditure will begin after 2024/25.



In addition to above, capital expenditure has also been allocated to major town centre projects (such as Lindfield Village Hub and Turramurra Community Hub) which is largely expenditure on new and upgraded assets. Details of the full capital works program including major project initiatives are discussed further in this document under the “Project capital expenditure” section.

Council is planning to establish a Property Development Reserve in the Long Term Financial Plan, accumulated from the proceeds of asset sales. This reserve is created to ensure that Council has sufficient funds in reserve as a contingency for the financial risks of development for the major town centres.

Funding for all capital works is allocated into the following categories listed below (these figures also include expenditure on new assets funded by s7.11 development contributions). The largest capital expenditure goes to Streetscape & Public Domain with 40% of total expenditure for the forecast period, followed by Roads & Transport (27%) and Parks & Recreation (14%). Parks & Recreation, among others, include acquisition of Community land, which is funded by s7.11 contributions.

Projected Capital Expenditure (including Major Local Centres projects)

$ '000	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Planning, Community & Other	2,362	2,378	2,657	2,741	2,797	2,640	5,150	5,514	5,329	5,732
Roads & Transport	14,420	22,653	20,322	12,670	15,214	14,459	15,927	18,755	24,624	22,759
Streetscape & Public Domain	40,749	41,528	33,341	8,402	20,486	20,697	18,138	29,569	3,409	50,364
Parks & Recreation	22,363	7,017	7,332	10,838	11,609	6,741	8,358	4,554	6,834	5,132
Stormwater Drainage	1,053	3,941	1,479	1,989	1,682	2,355	1,240	3,014	5,147	2,257
Council Buildings	25,614	3,803	1,681	1,913	5,306	9,451	3,650	3,785	6,743	3,453
Trees & Natural Environment	2,523	925	747	1,098	882	1,152	934	941	321	333
Total Projects	**109,084**	**82,245**	**67,559**	**39,651**	**57,976**	**57,495**	**53,397**	**66,132**	**52,407**	**90,030**

Major Town Centre Projects

Council is planning for two major town centre projects over the next ten years in Lindfield and Turramurra that will provide civic improvements and community facilities. It is assumed in the LTFP that the capital and operating costs of these projects are funded by a combination of s7.11 development contributions along with the financial return from development on the sites. Critical to the success of these projects and Council's financial sustainability is to ensure that Council has sufficient funds in reserve to mitigate against the financial risks of development. As such, Council is planning to establish a Property Development Reserve in the LTFP, accumulated from the proceeds of asset sales.

Scenario Planning

The LTFP is a model to consider scenarios for the funding of operating and capital expenditure. Detailed forecasts of all sources of operating revenue and expenditure are utilised to derive the maximum surplus available to apply to Council's rolling program of capital investments in new or refurbished infrastructure.

Scenario 1 - Base Case Scenario with additional funding for infrastructure (from asset sales) and assumed rate peg 2.5%

Scenario 2 - Scenario with reduced funding for infrastructure (no asset sales funding) and assumed rate peg 2.5%

Council has chosen Scenario 1 for adoption, which assumes additional funding of $36 million invested in infrastructure renewal from proceeds on asset sales and continuation of a permanent ASV (Additional Special Rate) of 1.8% (above the official rate peg of 0.7%). Continuation of the permanent ASV is subject to successful outcome of Councils' application, which will be advised by IPART in June 2022.

Both scenarios are financially sustainable in terms of maintaining a balanced budget, sufficient unrestricted cash and available working capital, sufficient cash reserves and a permissible debt service ratio over the medium term but Scenario 1 will achieve higher asset sustainability ratios. The variance between both scenarios is the level of additional assets renewal funding received from asset sales.

Scenario 1 - Base Case Scenario with additional funding for infrastructure (from asset sales) and assumed rate peg 2.5%

The base scenario of the LTFP shows the financial results of delivering the current level of service as per the 2022/23 budget expanded out over 10 years and adjusted by various price forecast indexes as detailed in the financial assumptions section of this document.

The adopted principle under this scenario is that $36 million of funds will be used to fund Council's assets renewal, funded from asset sales. Additional funding will have a positive impact on Council's infrastructure backlog, with a reduction in backlog ("cost to satisfactory") to $16.8 million by 2022/23, meeting the current industry benchmark for the backlog ratio. In addition, the funds will significantly reduce the cost to agreed level of service identified by the community, however, will not address it fully in the term of this financial plan.

Impact on Key Financial indicators

Under the base case scenario Council is forecasting the following impacts on the key financial indicators:

Operating Performance Ratio (OPR)

Operating Performance Ratio is one of the most important financial indicators for Council. It measures Council's ability to contain operating expenditure within operating revenue. Council's long term financial sustainability is dependent upon ensuring that on average over time this indicator is positive, making sure that Council's expenses are below its associated revenue. Council is forecasting future operating surpluses resulting in Operating Performance Ratio being above the benchmark of 0% in all future years of the LTFP. The impact on this ratio from the two scenarios is insignificant due to the majority of additional income being from proceeds of asset sales which is eliminated from the ratio calculation. However, if the additional special rate variation of 1.8% is not approved, Council will see a loss of $14.3m over the life of the LTFP which will result in operating deficits and negative OPR. To continue current services and investment in asset renewal, Councill will have to fund an equivalent amount from its current internal reserves, which will see an unfavourable impact on the balances of these reserves.

Operating Performance Ratio	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Benchmark > 0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Scenario 1 - With Additional infrastructure	1.6%	-0.1%	0.4%	0.4%	0.2%	0.4%	0.2%	0.2%	0.2%	0.3%
Scenario 2 – With Reduced Infrastructure	1.6%	-0.1%	0.4%	0.4%	0.2%	0.4%	0.2%	0.2%	0.2%	0.3%
Impact	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Infrastructure Assets Renewal Ratio (IARR)

The Infrastructure Assets Renewal Ratio assesses the rate at which assets are renewed compared to the rate at which they are depreciating. Under this Scenario Council is planning to invest an additional $36 million over 10 years in assets renewal in addition to the standard renewal expenditure. This will continue to bring Council's assets to an improved standard within an established timeframe and keep the ratio above benchmark in all future years. The benefits are significant, as this will help reduce the cost of future works on all infrastructure assets in future and reduce the current infrastructure backlog. It must be noted that over the life of the plan, at a consolidated level Council is maintaining the level of renewal expenditure above the depreciation, however Council remains to have an annual shortfall of funding for asset renewals on a number of asset classes. The gap will widen further and have a significant impact on the state of assets if future asset sales will not eventuate. In the 10th year of the LTFP the ratio without additional funding will reduce to 67% on the total depreciation.

Infrastructure Asset Renewal Ratio	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Benchmark > 100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Scenario 1 - With Additional infrastructure	151%	112%	115%	107%	110%	109%	82%	90%	109%	89%
Scenario 2 – With Reduced Infrastructure	151%	110%	113%	107%	91%	77%	71%	74%	67%	67%
Impact	0%	-2%	-2%	0%	-19%	-32%	-11%	-16%	-42%	-22%

Infrastructure Backlog Ratio – Cost to Satisfactory (CTS)

This ratio measures what proportion the backlog is against the total value of Council's infrastructure. The ratio has a positive downward trend in the first six years (from 2% in 2022/23 to 0.4% in 2031/32) with a full elimination after 2031/32. This can be achieved only under Scenario 1 which provides increased funding for infrastructure.

Infrastructure Backlog Ratio CTS	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Benchmark <2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Scenario 1 - With Additional infrastructure	2.0%	1.5%	1.5%	1.5%	1.5%	1.0%	0.7%	0.5%	0.3%	0.4%
Scenario 2 – With Reduced Infrastructure	2.0%	1.5%	1.6%	1.6%	2.1%	2.4%	2.3%	2.5%	3.3%	4.0%
Impact	0.0%	-0.1%	-0.1%	-0.1%	-0.6%	-1.4%	-1.6%	-2.0%	-3.0%	-3.6%

Scenario 2 - Scenario with reduced funding for infrastructure (no asset sales funding) and assumed rate peg 2.5%

The current scenario assumes reduced funding for infrastructure and same rates revenue levels (including ASV of 1.8%) as provided in the base case scenario. Funding of $36 million originally identified through the divestment of assets (proceeds from assets sale) may not eventuate resulting in significantly reduced funding and deterioration of the state of Council's assets in the long term.

This scenario shows the financial results (impact on key indicators) of delivering the current level of service as per the forecast 2022/23 budget expanded out over 10 years with reduced funding for infrastructure. This scenario is not Council's preferred one and is not considered sustainable for Council's assets.

Impact on Key Financial indicators

The impact on key financial indicators has been assessed to understand the long term effects on Council's financial performance and the state of infrastructure assets.

The table below shows the impact on main indicators (expressed as the variance between two scenarios: with and without additional funding for infrastructure). In all cases the impact is unfavourable, with a major effect on assets indicators.

Impact (Scenario 2 vs Scenario 1)	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Financial Sustainability Ratios										
Operating Performance Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Assets Ratios										
Infrastructure Renewal Ratio	0%	-2%	-2%	0%	-19%	-32%	-11%	-16%	-42%	-22%
Infrastructure Backlog Ratio (CTS)	0.0%	-0.1%	-0.1%	-0.1%	-0.6%	-1.4%	-1.6%	-2.0%	-3.0%	-3.6%

The Renewal Ratio will see a significant decrease of between 10% to 40% per year, impacting negatively on the state of infrastructure of assets. Decreased funding will fail to ensure that all infrastructure assets provide an adequate level of service in the future and may lead to degradation of assets conditions. It may take significantly longer to decrease the infrastructure backlog and Council will not be able to eliminate the backlog over an extended period of time. In addition, further negative impact on Council's financial sustainability will be noticed if the additional special rate variation of 1.8% is not approved, Council will see a loss of $14.3m over the life of the LTFP which will result in operating deficits and negative Operating Performance Ratio.

LTFP Assumptions and Sensitivity Analysis

The Long Term Financial Plan contains a wide range of assumptions, including assumptions about interest rates, potential effect of inflation on revenues and expenditures, current service levels and others. Major assumptions in the current version of the LTFP are listed below and a detailed list is attached to this document.

Some of these assumptions have relatively limited impact if they are inaccurate; some have a major impact on Council's future financial plan. The LTFP is a dynamic financial model and is updated quarterly to ensure the assumptions are continually updated with the latest information available. The Plan is also tested by varying the amounts of the moderate to significant assumptions and the impact is analysed.

CPI Forecast: An average annual 2.8% increase in CPI has been built into the LTFP for both income and expenditure in line with Access Economics forecast for CPI. The Reserve Bank's target for inflation remains between 2% and 3%.

Income from Rates: is limited to rates pegging set by IPART (0.7% for 2022/23). Council is also currently applying for a permanent additional special rate of 1.8% in addition to the official rate peg of 0.7%. Should Council be successful in its application to IPART, the additional rate will generate $1.27m for 2022/23 and $14.3m by year 10 of the LTFP. From 2023/24, the average annual increase is 2.5%. In addition, the LTFP assumes, an average increase of 0.3% annually from 2023/24 resulting from population and property growth.

Commencing 2023/24, an Intergovernmental Project Special Rate is also assumed to fund repayment of the $13.5m loan for the construction of the St Ives Indoor Basketball Courts jointly built with the Department of Education. This is an annual increase of approximately $40 per resident across 10 years.

Fees and charges: are expected to increase by an average 3% annually. Charges for domestic and trade waste have not been increased in the early years of the LTFP; however, may increase in later years to reflect cost increases in providing the service.

Investment revenue: has been estimated based on current cash levels and future expected earnings of the Bank Bill Swap Rate (BBSW) + 1.1% over the 10 year period. The average annual interest rate is 2% for the 3 years to 2024/25, and an average 3.5% for the remaining years to 2031/32.

Grants for Recurrent and Capital purposes: have increased by an average 2.8% annually, which is in line with CPI (if relevant for grant).

Proceeds from Asset Sales: are projected in the LTFP to begin from 2023/24. The proceeds from sales will be used for infrastructure asset renewals and upgrades, Property Development Reserve and Section 7.11 funding gap.

Employee costs: have been estimated based on agreed award increases. Workers compensation has been factored by the same rate, which is an average of 2.9% per year. In 2022/23, compulsory super rates increase by 0.05% to reach 12% in 2025/26.

Operational and capital materials and contracts: expenditure are estimated to increase annually by an average of 3%, which in line with CPI. From 2024/25, $700k annual operating costs have been added for Marian Street Theatre to material costs.

Borrowing Costs: have been estimated based on 95 basis points over 90 day BBSW per annum, rising to a maximum rate of 4%. The average annual interest rate is 3.7% for the ten years to 2031/32.

Sensitivity Analysis

The following table lists the major assumptions affecting the LTFP results and shows the impact of varying them. This impact is classified as Low, Moderate or Significant in terms of quality and quantum of service delivery to constituents.

	Impact	***Comment***
Revenue		
Inflation/CPI	*Low*	Changes in inflation will affect both revenue and expenditure, but increases in the assumption are likely to be negative for the projected operating surplus.
Rates Income – Rate Peg	*Moderate* *to Significant*	The official rate peg for 2022/23 announced by IPART is 0.7%. IPART advised that Council can apply for an additional 1.8% rate variation to bring the total increase to 2.5%. From 2023/24 the rate peg averages 2.5% for future years. From 2023/24, rates income also assumes an average growth of 0.3% per annum through increased development. Changes in rate pegging will affect revenue forecasts, and these will have a large impact on the LTFP Model. Non-achievement of property and rates income growth forecasts will directly affect provision of new infrastructure and the rate at which existing infrastructure can be renewed.
Investment Earnings	*Moderate*	Investments are placed and managed in accordance with the Council's adopted Investment Policy in compliance with the *Local Government Act 1993*. Council's investments portfolio is subject to fluctuations in interest rates. An adverse movement in interest rates will reduce investments income and impact on capital expenditure and service levels, with only a minor offset through savings in variable interest loan costs. Council is forecasting a reduction in interest earning in short term and has adjusted the future budgets accordingly.
Proceeds from Asset Sales	*Significant*	The LTFP assumes sale of assets for the 10 years. Proceeds from some asset sales will be used to fund infrastructure asset renewal leading to a reduction in Council's infrastructure backlog. If the proceeds and timing of sales are not realised as per the Plan, this will have a major impact on Council's key infrastructure assets indicators. There will be insufficient funding available to address the current assets backlog. The Asset's Renewal Ratio will deteriorate together with the infrastructure backlog ratio. In addition to renewal, new

	Impact	*Comment*
Revenue		
		and upgraded assets are planned to be funded from asset sales. Asset sales are also planned to fund Council's co-contribution in its S7.11 Development Contributions Plan. If these asset sales are not realised, either cuts to services and other capital would have to be made or alternatively the S7.11 projects requiring Council co-contributions would have to be deferred or deleted from the program. Council is planning to establish a Property Development Reserve in the Long Term Financial Plan, accumulated from the proceeds of asset sales for town centre revitalisation projects and other major projects.
Grants	*Low for specific purpose grants.* *Moderate/Significant for general purpose grants*	The LTFP model includes operational grants and capital grants that have already been awarded. The Council does not have a strong reliance on specific purpose grants revenue in comparison with other sources of revenue. Programs funded by specific purpose grants may not be offered by the Council if the grants were eliminated. The general purpose component of the Council's Financial Assistance Grant is currently $4 million. If this grant were reduced or eliminated, the Council would need to consider significantly reducing capital expenditure and operating service levels.
Expenditure		
Employee Costs	*Significant*	This is Council's largest cost. The number of employees in operating activities is assumed to remain constant with cost increases in line with forecast or known Award changes. This volume assumption is at risk from possible future changes to conditions, further devolvement of functions from other levels of government and from growth in Council services requiring additional staffing. The Award increase assumptions are at risk as Council has no direct control over this. Employees engaged in capital projects may increase slightly with increased funding for infrastructure, however this would be met from the new budget allocations.

	Impact	*Comment*
Revenue		
Borrowing costs	*Moderate*	Council's outstanding loan balance will reach $53 million in 2022/23 and is fully discharged by 2031/32. The outstanding loan is discharged by future net revenue generated from leasing out the investment property at 828 Pacific Highway, Gordon, a special rates variation and asset sales. This carries a moderate risk in terms of delays in realising income if the current building in future is leased out at a lower occupancy rate than predicted in the LTFP or if the asset sale is not finalised.

The following table illustrates monetary sensitivity to variations in the assumptions.

Income & Expenditure Categories	Assumption	2022/23 Base $'000	Sensitivity to a 10% Variation in the Assumption $	Sensitivity to a 20% Variation in the Assumption $
INCOME:				
Rates	2.50%	71,246	178,115	356,230
Fees & Charges	2.20%	19,778	43,512	87,023
Operating Grants	2.20%	8,848	19,466	38,931
Interest on Investments	1.48%	3,003	4,444	8,889
Other Income	2.20%	12,461	27,414	54,828
EXPENDITURE				
Employee Costs	2.80%	46,294	129,623	259,246
Borrowing Costs	3.67%	1,533	5,626	11,252
Materials & Contracts	2.20%	40,901	89,982	179,964
Depreciation	1.53%	22,215	34,078	68,157
Other Expenditure	2.20%	25,933	57,053	114,105

1. Annual charges have been excluded as there is NIL growth in 2022/23

The sensitivity analysis shows that rates income and employee costs would have the greatest impact if there is a future variation from the LTFP assumptions. If there are adverse variations in the future from the LTFP assumptions, adjustments will need to be made to operations and capital programs to maintain financial sustainability. The sensitivity analysis brings into sharp focus the need to manage employee numbers and costs.

Highlights of the Long Term Financial Plan

Ku-ring-gai Council's LTFP details Council's expected income, operational and capital expenditure within the external environment that Council is expected to face in the future. Council is forecasting operating surpluses including capital income (development contributions and capital grants) in each year. If capital income and asset sales are excluded the core operating surpluses will remain at a modest level in all future years.

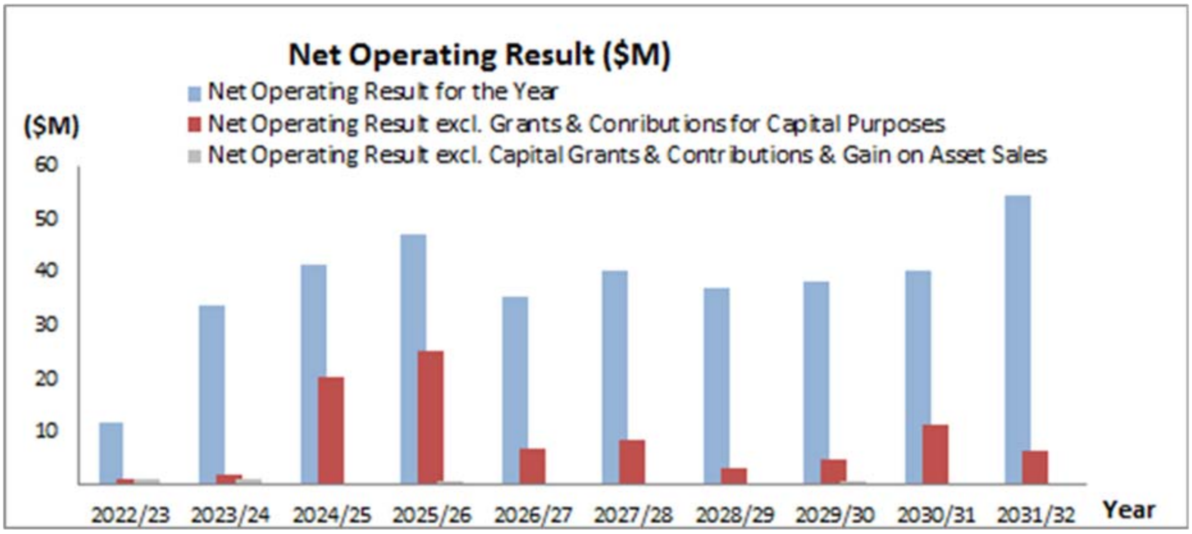
Other key financial ratios are predicted to meet or outperform benchmarks. The following forecast summary on financial performance is based on Scenario 1. This Scenario represents investment of additional funding for infrastructure renewal. This is Council's optimal scenario and is financially sustainable in terms of key financial measures.

Operating Result

The operating result before accounting for capital items and asset sales remains at a modest level in all projected years.

The strong results in 2024/25 and 2025/26 are primarily due to forecast gains from sale of assets to fund a new project "Marian Street Theatre" and infrastructure renewal works as well as capital income from partner contributions partly funding major town centre revitalisation projects. Planning for these projects, should consider the inclusion of commercial opportunities of sufficient return to cover ongoing operational costs of the public spaces in the precinct. The proceeds from asset sales are restricted and in addition to funding major projects will be also be used for asset renewals.

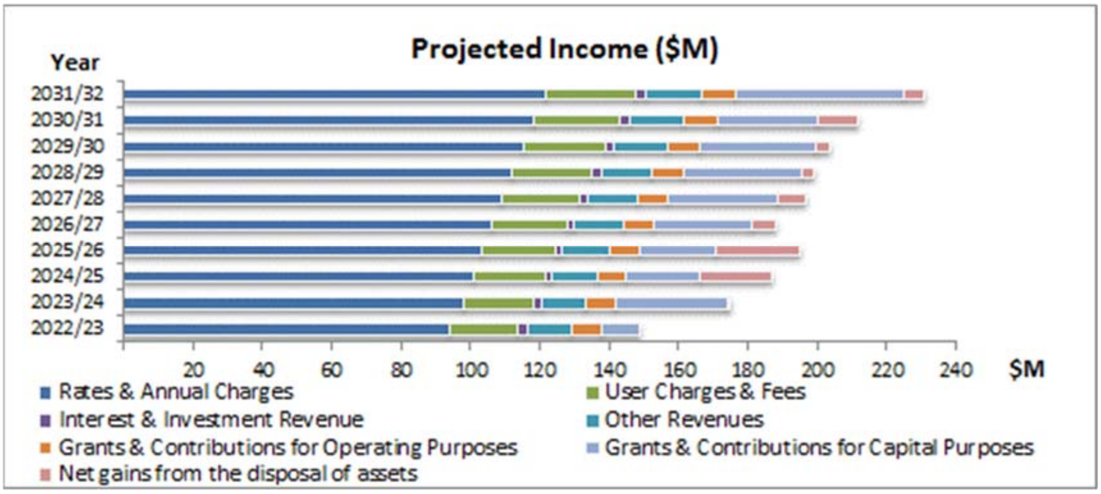
The chart below shows the forecast operating result before and after capital grants and contributions items and income from sale of assets. The Net Operating Result for the year includes capital grants and contributions as well as asset sales revenue. As these items are capital in nature, it is useful to focus on the operating result that excludes capital items and assets sales. These items are eliminated to focus on analysis of Council's core operating results. In 2022/23 Council will achieve an operating surplus of $11.8 million after allowing for the depreciation expense. If capital grants and contributions are excluded, the operating result remains in surplus, with a result of $1 million. Furthermore, should Council's application for the additional rate variation of 1.8% be unsuccessful, a total of $14m in rates income will be lost in the next 10 years which will result in operating deficits in all projected years.



Projected Income

Council obtains revenue from a variety of sources including rates and annual charges, user charges and fees for services, interest and investment revenue, other revenue and grants and contributions for both operating and capital purposes.

Council's revenue has been forecast to increase from $149 million in 2022/23 to $230 million over the ten years, which (after excluding the impact of asset sales) increases by an average of 2.8% per year. Major increases in revenue are due to rates and annual charges, user fees and charges and other revenue including rent income from Council's investment property. The projected income for the forecast period is detailed in the chart below.



Rates Income & Annual Charges

Council's dependence upon rates income and annual charges is approximately 56%. The rest of the costs of Council's operations are funded from non-rates income. Part of the increased income from rates is due to the forecast development activity leading to additional dwellings, which will be allocated to asset renewals from 2022/23 onwards and have been incorporated into the LTFP projections.

Two permanent special rate variations are included in the LTFP:

1. The SRV for Infrastructure is a permanent levy from 2018/19 granted by IPART in 2013/14.
2. The SRV for Environment is a permanent levy from 2019/20 onwards granted by IPART in 2018/19.

The official rate peg for 2022/23 announced by IPART is 0.7%. IPART advised that Council can apply for an additional 1.8% rate variation to bring the total increase to 2.5%. The additional rate variation will generate $1.2m in 2023/24 and approximately $14m by the end of the LTFP term. Should this application be unsuccessful, Council's intention is to apply for a future Special Rate Variation. Additional rates will fund continuation of Council's services and asset renewal.

From 2023/24 the rate peg averages 2.5% for future years. From 2023/24, rates income also assumes an average growth of 0.3% per annum through increased development.

Council is also assuming an Intergovernmental Project Special Rate levy in accordance with the *Local Government Amendment Act 2021* from 2023/24 to fund the loan repayments for Council's $13.5m contribution to the joint project with the Department of Education to build a joint use indoor sports centre at St Ives High School.

User Charges & Fees Charges

Council derives approximately 12% from user charges and fees and these are forecast to increase by an average of 2.8% per year over the forecast period.

Interest Income

Council has forecast an earning rate on its investments of the expected BBSW rate + 1.10% over the forecast period. Interest revenue changes in line with cash and investment balances.

Operating Grants & Contributions

Operating grants and contributions will remain static across the next 10 years. Council's main form of grant assistance is the financial assistance grant, which is a federal untied grant that is distributed between the States based on their percentage of the total population. Financial assistance grants consist of two components both of which are distributed to councils: general-purpose component and a local road component. The Roads to Recovery grant, which impacts local roads has been reduced from FY2024/25.

Capital Grants

Capital grants and contributions are volatile over the forecast period as they can relate to specific one-off major projects.

Development Contributions

Council collects contributions from developers (s7.11 Contributions) to help pay for new infrastructure and facilities for the growing population of the area. The Long Term Financial Plan includes the works listed in the Ku-ring-gai Contributions Plan 2010, which came into effect in December 2010. This Contributions Plan applies to development in Ku-ring-gai that gives rise to a net additional demand for infrastructure identified in the Contributions Plan. This period accounts for both the estimated pattern of receipt of Section 7.11 contributions as well as the delay between contribution receipt and Council's ability to complete works.

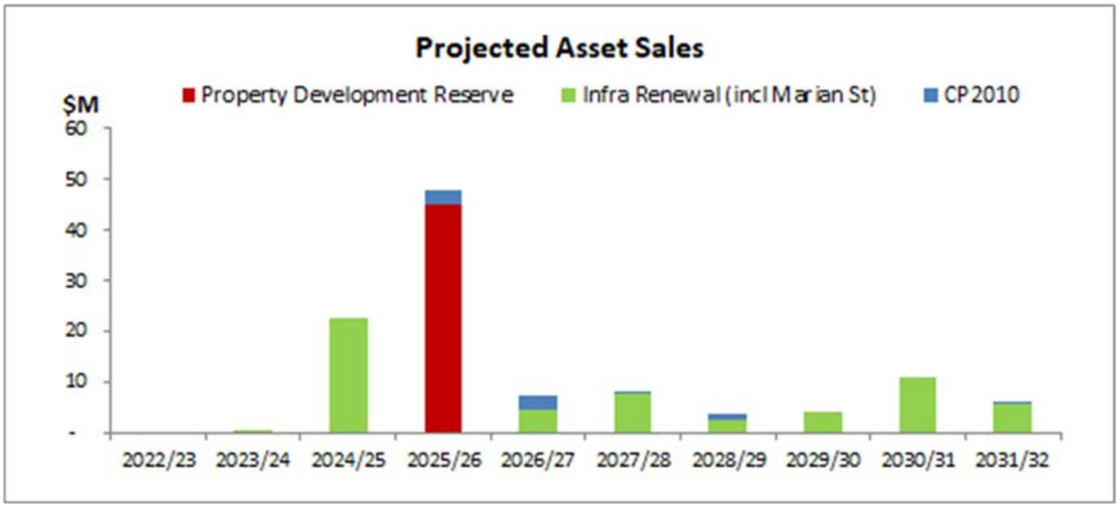
Some of the works to be undertaken in the 2010 Contributions plan cater for the existing population and these works require a co-contribution from Council's general funds. Revenue from divestment of Council property assets will be used to meet Council's commitment in its Development Contributions Plans for co-contributions of general revenues to accompany developer contributions. The amount of funding required from property asset divestment over the 10 years of the LTFP is $7.4 million.

Income from Asset Sales

This income from asset sales is from rationalisation of property assets that will commence in 2023/24. Planned asset sales, totalling $111 million are mainly to fund:

- Infrastructure asset renewals
- Council's co-contribution for projects identified in the Development Contributions Plan 2010. These sales are planned to commence in 2025/26 and continue over a six-year period as the Contribution Plan projects proceed. The total proceeds from asset sales ($7.4 million) will be used for projects commencing in the next financial plan and unspent proceeds will be restricted to the Assets Sales Reserve available for projects commencing beyond 10 years. Further asset sales are required beyond the 10 years of the LTFP to fund Council's co-contribution.
- Provide a "Property Development Reserve" for major town centre revitalisation projects.

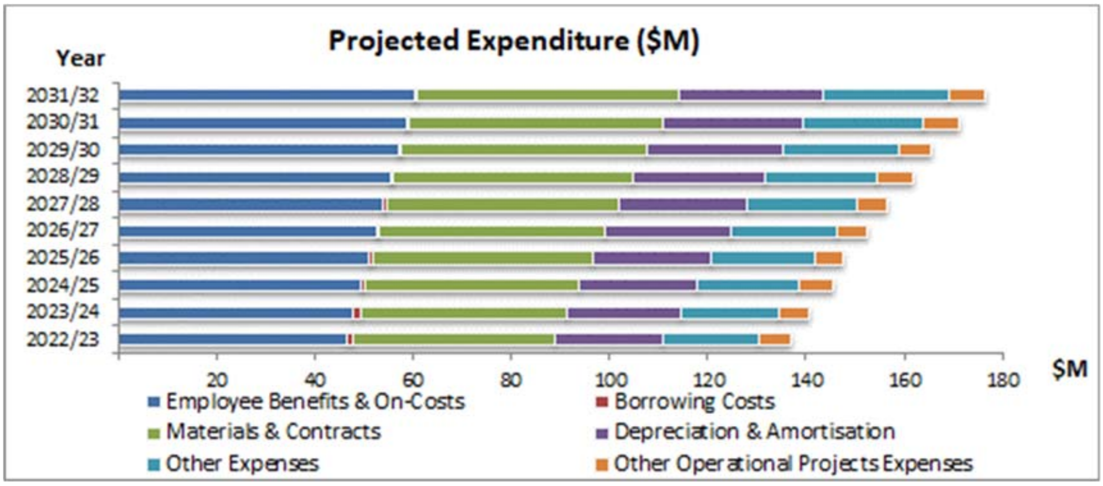
The chart below provides projected asset sales over a 10 year period only and identifies the categories to which the funding will be allocated.



Projected Operational Expenditure

Council incurs the following expenditure in the course of its operations: employee benefits and oncosts, borrowing costs, materials and contracts, depreciation, other expenses. Total operating expenses are projected to increase by an average annual increase of 2.5% over the forecast period.

The projected operational expenditure for the 10 year forecast period is detailed in the following chart.



Employee Costs

Employee costs increase by an average of 2.9% p.a. over the forecast period. Employee related expenditure is the largest expense type incurred by Council. The LTFP reflects the Workforce Management Strategy. With the allocation of additional funding to Council's infrastructure asset renewals program, workforce resourcing allocation will require review and adjustment in order to meet increased workload demands. Other employee related issues such as maintaining/improving workforce capacity are dealt with in the Workforce Management Strategy and have therefore not been addressed in the LTFP.

Workers compensation

Workers compensation insurance premium payments are based on previous claims history. Projected premiums therefore are based on the most recent premium and increased by CPI.

Capitalisation rate for employee related expenditure

Council capitalises a portion of employee related expenditure that relates to the construction of assets per the requirements of AASB 116 – Property, Plant and Equipment. The percentage of employee related expenditure capitalised has been assumed to stay constant from year to year for the purpose of the LTFP.

Superannuation

Contributions by Council to both defined benefit and defined contribution superannuation plans have been forecast to increase per the increase in salaries and wages plus the expected increase in the superannuation guarantee. The Government has announced an increase in the superannuation guarantee rate from 9.5% to 12% between the 2020/21 and 2025/26 financial years.

Employee benefits

Employee leave entitlements such as annual leave and long service leave have been projected to increase at the same rate as general salaries expenditure.

Borrowing costs

Borrowing costs incurred include interest on loans held by Council. Borrowing costs form 0.5% of the total expenditure incurred by Council. Borrowing cost projections are based on current loans, including the loan facility for the investment property at 828 Pacific Highway, Gordon. The LTFP reflects additional borrowings of:

- new loan of $22 million reflected in 2022/23 to 2024/25 to fund the Marian Street Theatre upgrade;
- new loan of $13.5 million reflected in 2021/22 to 2030/32 to fund Council's contribution to the joint project with the Department of Education, to build a joint use indoor sports centre at St Ives High School.

Materials & Contracts

Materials and contracts expenses increase by an average of 2.9% p.a. over the forecast period. Materials and contractors is the second largest cash expense item incurred by Council (30% of total expenditure in the 2022/23 financial year). Materials and contracts payments include contractor and consultancy costs, which also relate predominantly to Council's maintenance program. Other materials and contracts costs include operating lease expenses, legal expenses, and auditor fees.

Depreciation and Amortisation

Depreciation and amortisation expenses increase by an average of 3.1% p.a. Depreciation expense has been reviewed as part of the review of infrastructure assets together with a thorough review of useful lives for each asset class. Additional depreciation has been reflected in the budget to cater for new and upgraded assets. Depreciation is dealt with in the Asset Management Strategy (AMS) and Asset Management Plans, and further details on all assumption calculations can be found in the AMS.

Other expenses

Other expenses increase by an average of 2.1% per year from 2022/23 and include items like street lighting charges, insurance costs, utility expenses, rental rebates and other sundry expenditure.

Capital Works program

A significant highlight of the LTFP is its commitment to the capital works program. The LTFP forecasts delivery of a total capital works and other major projects program over 10 years totalling over $676 million (at future prices). A portfolio of all project proposals has been developed, including estimates of costs and funding sources to determine current and future funding requirements. This project portfolio has been linked to the LTFP. Some significant projects included in this and delivered in the next year are listed below:

Major capital projects initiatives for 2022/23 and future years

Council considers a range of available projects competing for resources each year and evaluates major ones based on their financial sustainability and potential contribution to community needs. During 2022/23, the following projects will be commenced or progressed:

- **Marian Street Theatre, Marian Street, Killara –** The Marian Street Theatre (MST) building operated as a theatre for over 40 years until 2013 when it was closed due to significant BCA compliance upgrades and repairs being required. Council resolved to fund renovations of the site, enabling the theatre to re-open to the community. The renovated MST will focus on building a vibrant, multi-use arts venue with a strong focus on drama using multiple rehearsal and performance spaces that collectively create a 'theatre ecosystem'. Design development and tender documentation is due for completion in the first half of 2022/23. Construction of the rejuvenated theatre is anticipated to begin late in 2022/23 and would take approximately two years to complete.

- **Implementation of St Ives Village Green Master Plan –** Staged implementation of works is ongoing. Demolition of the old scouts and girl guides halls, relocation of the Village Green Parade pedestrian crossing, upgrade of the central amenities building and the upgrade of the St Ives Community Hall including the reconstruction of the FITZ Youth Café are all complete.

  Construction of the new recreation precinct is well underway with Council opening the Skatepark for use in late February 2022. The remaining areas including a performance space, an inclusive children's play space, and picnic facilities are currently under-construction with completion expected August/September 2022.

  Future years will see further parts of the masterplan implemented, including terraced seating to William Cowan Oval, relocation of the tennis courts adjacent to the bowling club and construction of a perimeter exercise path.

- **St Johns Avenue, Gordon** – The vision for St Johns Avenue is to create a vibrant "eat street" to activate the precinct and promote a night time economy that will serve residents and visitors to Gordon. The proposed design will deliver wider footpaths, outdoor dining, new pavements, street furniture and tree planting. Key pedestrian areas will be greatly improved by the proposal. Improvements to Heritage Square and the footpaths in Werona Avenue, and Henry Street, between St Johns Avenue and the underpass, will also be part of the project. The works will be funded through Section 7.11 contributions and grants and Council will manage the project.

  Council has completed the works to the Wombat crossing on the corner of Werona and Park Avenue. The first stage of the St Johns Streetscape - Wade Lane upgrade is well underway with works expected to be completed by end of March 2022. Stage 2 of St Johns – encompassing works to St Johns Avenue, Henry Street and Heritage Park – have been awarded via tender with works to begin April/May 2022.

- **Robert Pymble Park** – The Robert Pymble Park Master Plan was adopted by Council in March 2020. The Landscape Masterplan aims to conserve, protect, and enhance the landscape character of Robert Pymble Park while improving the amenity and aesthetics of the park.

  The Landscape Masterplan gives consideration to:

  - upholding good stewardship of the parkland;
  - improving access to the park for all users and community groups;
  - improving opportunities for community recreation, leisure and enjoyment;

- ➢ preserving and retaining the distinctive landscape character that acknowledges heritage and history;
- ➢ maintaining, improving, and embellishing existing park facilities and buildings whilst balancing the demands on the facilities;
- ➢ integrating sustainable and environmental principles into park design;
- ➢ implementation of a risk assessment and crime prevention through environmental design;
- ➢ on-going maintenance of the park and long-term viability;
- ➢ providing an implementation program for the development of the park including resource implications, estimated costs and priorities;
- ➢ focussing Council resources to the areas that will deliver the greatest benefit to our residents, and;
- ➢ providing a holistic approach to design that allows for improvements to occur in stages as funding becomes available.

The first stage of the Master Plan works being the upgrade of the playground is currently out to tender and will be reported to Council in April).

Streetscape initiatives at the below locations:

- **Lindfield Avenue -** This project involves upgrade works to streets on the eastern side of Lindfield including Lindfield Avenue and Tryon Road. The works will complement the recently completed Lindfield Village Green and will focus on improving pedestrian safety by managing traffic and parking conflicts and improving access to the rail station. Improvements will include new and renewed footpaths with high quality paving; street trees; new LED street lighting; and street furniture. New traffic signals at the intersection of Lindfield Avenue and Tryon Road will replace the existing signals. New traffic signals at the intersection of Strickland Avenue and Pacific highway are also proposed to support the delivery of the Lindfield Village Hub.

  Council endorsed a draft concept design for the proposed works in 2021 and the plan will be placed on exhibition in April 2022. An adopted concept plan will be handed over to the Operations Department, in mid to late 2022, for delivery.

- **Gordon (North) -** This project involves upgrade works to streets in the northern part of Gordon local centre including Fitzsimons Lane, Merriwa Street and the Pacific Highway. The area has undergone extensive renewal in the past 10 years which has brought a large number of new residents. Improved pedestrian safety and amenity have become a priority. Improvements will include new and renewed footpaths with high quality paving; street trees; new LED street lighting; and street furniture for delivery.

  Council endorsed a draft concept design for the proposed works in February 2022, the plan will be placed on exhibition in April 2022. An adopted concept plan will be handed over to the Operations Department, in mid to late in 2022, for delivery.

- **Roseville -** This project involves upgrade works to Hill Street, Roseville. The works will focus on improving pedestrian conditions though footpath widening and traffic calming measures. Improvements will include new and renewed footpaths with high quality paving; street trees; new LED street lighting; and street furniture.

  A draft concept design for the proposed works will be reported to council in June-July 2022 as part of the Public Domain Plan. An adopted concept plan will be handed over to the Operations Department, in late in 2022, for delivery.

- **St Ives** - This project involves upgrade works to streets and parks of St Ives local centre including Stanley Street, Porters Lane, Rosedale Road as well as Rotary and Memorial Parks. The works will focus on improving pedestrian conditions and improving conditions for bicycle user. Small parks will be renewed to create environments where residents and workers can rest and linger. Improvements will include new and renewed footpaths with high quality paving; street trees; new LED street lighting; and street furniture.

  A draft concept design for the proposed works will be reported to council in May 2022 as part of the Public Domain Plan. An adopted concept plan will be handed over to the Operations Department, in mid to late in 2022, for delivery.

- **Pymble** - This project involves upgrade works to Grandview Street, Pymble local centre. The works will focus on improving pedestrian conditions and providing outdoor dining areas through footpath extensions and traffic calming measures. Improvements will include new and renewed footpaths with high quality paving; street trees; new LED street lighting; and street furniture.

  A draft concept design for the proposed works will be reported to council in July 2022 as part of the Public Domain Plan. An adopted concept plan will be handed over to the Operations Department, in late in 2022, for delivery.

- **Turramurra** - This project involves upgrade works to Rohini Street in Turramurra local centre. The works will focus on improving pedestrian conditions through improved pedestrian crossing points and providing outdoor dining areas. A key focus of the plan will be to upgrade the bus interchange to improve safety, capacity and functionality. Staff are currently working with representatives from TFNSW to finalise the interchange design and funding. Improvements will include new and renewed footpaths with high quality paving; street trees; new LED street lighting; and street furniture.

  A draft concept design for the proposed works will be reported to council in March 2022 as part of the Public Domain Plan. At this stage it is anticipated that an adopted concept plan will be handed over to the Operations Department in 2023 for delivery.

- **Council Chambers Upgrade** – Undertaking of refurbishment, compliance and improvement works to the Council Chambers building 818 Pacific Highway Gordon. Works include structural works to rectify subsidence issues and bank stabilisation below the building, drainage works to prevent water ingress, roof repairs, landscape improvements to building entries, internal design inclusive of rationalisation of office layouts, modifications/replacement of air conditioning systems.

  The structural/civil repairs inclusive of underpinning, crack stitching and embankment stabilisation are now complete. Drainage works to commence shortly.

Projected Capital Expenditure

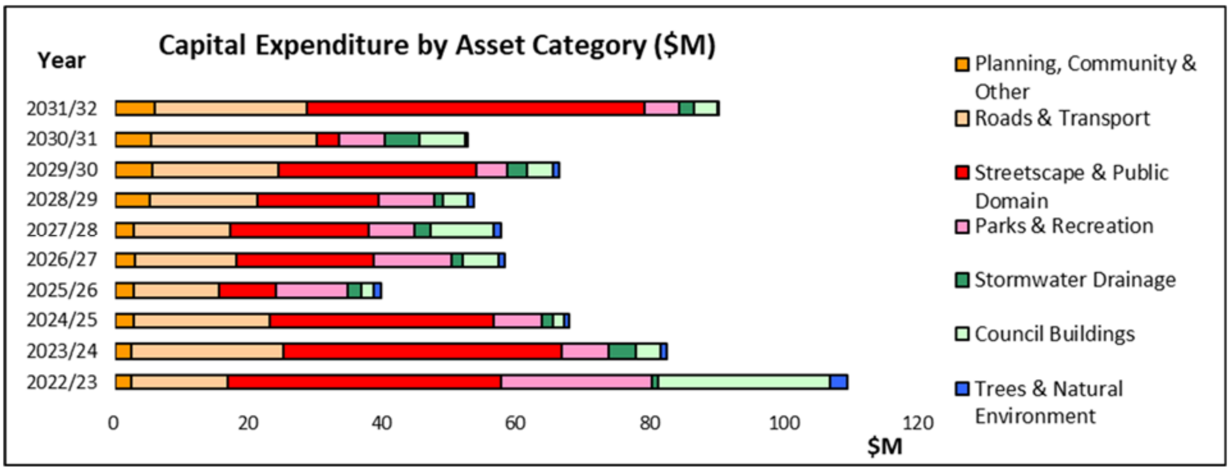
Assumptions around capital expenditure, asset valuations and asset management are covered in the Asset Management Strategy and have been incorporated into the LTFP. A summary of future capital expenditure by asset category is provided below:

Projected Capital Expenditure (including Major Local Centre Projects)

$ '000	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Planning, Community & Other	2,362	2,378	2,657	2,741	2,797	2,640	5,150	5,514	5,329	5,732
Roads & Transport	14,420	22,653	20,322	12,670	15,214	14,459	15,927	18,755	24,624	22,759
Streetscape & Public Domain	40,749	41,528	33,341	8,402	20,486	20,697	18,138	29,569	3,409	50,364
Parks & Recreation	22,363	7,017	7,332	10,838	11,609	6,741	8,358	4,554	6,834	5,132
Stormwater Drainage	1,053	3,941	1,479	1,989	1,682	2,355	1,240	3,014	5,147	2,257
Council Buildings	25,614	3,803	1,681	1,913	5,306	9,451	3,650	3,785	6,743	3,453
Trees & Natural Environment	2,523	925	747	1,098	882	1,152	934	941	321	333
Total Projects	**109,084**	**82,245**	**67,559**	**39,651**	**57,976**	**57,495**	**53,397**	**66,132**	**52,407**	**90,030**

The largest capital expenditure goes to Streetscape & Public Domain with 40% of total expenditure for the forecast period, followed by Roads & Transport (27%) and Parks & Recreation (13%). Parks & Recreation, among others, includes acquisition of community land, which is funded by s7.11 contributions.

The following chart provides the breakdown of capital expenditure by category for the next 10 years and the sources and use of funds for capital projects.



Working Capital & Cash Reserves

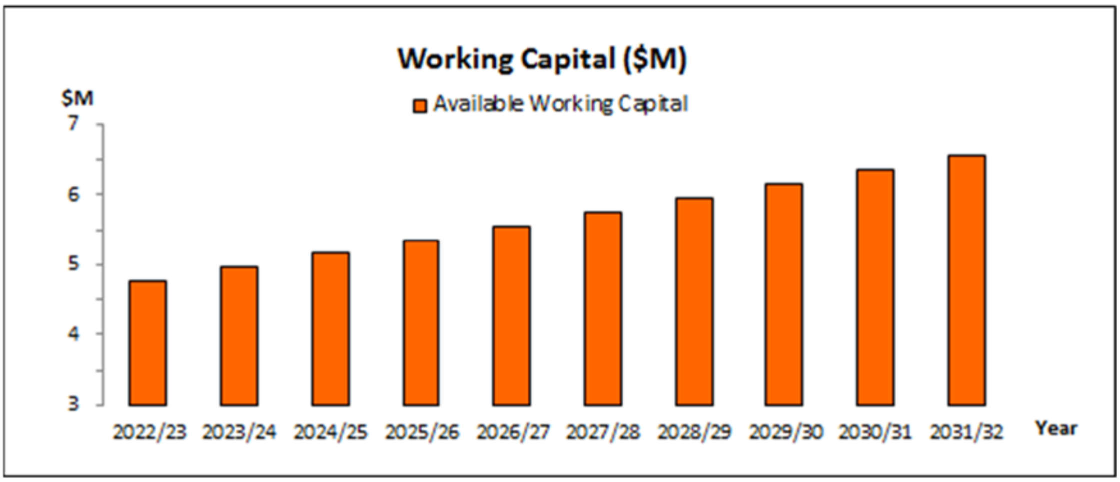
Working Capital and Unrestricted Current Ratio (UCR)

Council's LTFP and budget ensures that Council maintains adequate liquidity. This is demonstrated by the Unrestricted Current Ratio, for which the industry benchmark of greater than 1.5:1 is considered to be 'Satisfactory' and greater than 2:1 to be 'Good'. Council's future budgets maintains a 'satisfactory' Unrestricted Current Ratio at an average of 1.8:1 for the life of the plan.

Working capital is also a measure of Council's liquidity and ability to meet its obligations as they fall due. It is one of the primary measures of the overall financial position, which allows for unforeseen expenditure, reductions in revenue or other unplanned events.

The working capital is projected at $4.7 million for 2022/23 and increases by an average 3.6% p.a. during the forecast years to align with increases in expenditure in future years. The level of working capital highlights an adequate liquidity position with Council being able to meet its short term liabilities when they fall due.

The level of working capital for the 10 year forecast period is illustrated in the Chart below:



Cash Reserves

Council has a number of cash reserves which are held for the following reasons:

- Legal constraint (externally restricted) - e.g. Section 7.11 Development Contributions
- To manage cash flow for abnormal items and thus reduce impact on service delivery
- Specific revenue - e.g. contribution to works.

External reserves can only be used for the purpose for which funds were collected. Internal projects reserves are used solely to fund capital items.

There are three (3) types of cash reserves, namely:

1. Statutory (externally restricted) – e.g. S7.11 Development Contributions, Specific Purpose Unexpended Grants, Domestic Waste Management, Infrastructure Levy and Environmental Levy
2. Internal Liability Reserves – to provide for future liabilities e.g. employee entitlements
3. Internal Project Reserves – to provide for future expenditure on assets renewal and other capital projects.

Cash reserves are carefully managed to achieve optimum investment income and to be available when needed for unplanned expenditure. Internal cash reserves are kept at a sustainable level for all future years of the LTFP, however, If Council is not successful in its' application to IPART for the additional rate variation, there will be an unfavourable impact on the reserves, as required funding for continuation of current services and asset renewal will be sourced from these reserves which will result in reduced and unsustainable balances.

Summary of Borrowings

The LTFP identifies a borrowing level that the Plan regards as sustainable, principally because:

- Sources of debt repayment have been identified and modelled into overall cash flows
- The Debt Service Ratio (DSR) is within the benchmark of less than 20%.

Council's outstanding debt at the end of 2022/23 stands at $53 million. This includes the existing loan ($18.9m) from the acquisition of Council's investment property at 828 Pacific Highway, Gordon. The building has currently been leased out and will generate enough revenue over the life of the Plan to discharge the outstanding debt in future years. This principle aligns with Council's current funding strategy and the matching concept of "intergenerational equity".

In addition the following new loans are also reflected in the LTFP for the following purpose:

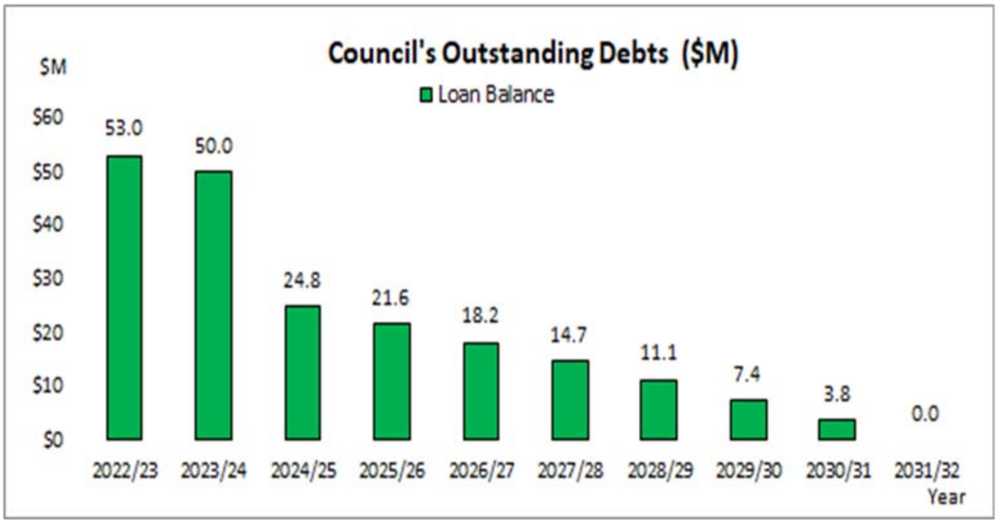
- $22 million new temporary loan reflected in 2022/23 to 2024/25 to fund the Marian St Theatre upgrade. This loan will be repaid by asset sale proceeds in 2024/25.
- $13.5 million new loan during 2021/22 to 2031/32 to fund Council's contribution to the new St Ives Indoor Sport Courts facility. This loan will be repaid across 10 years from a proposed Intergovernmental project special rate levy between 2023/2024 to 2032/2033.

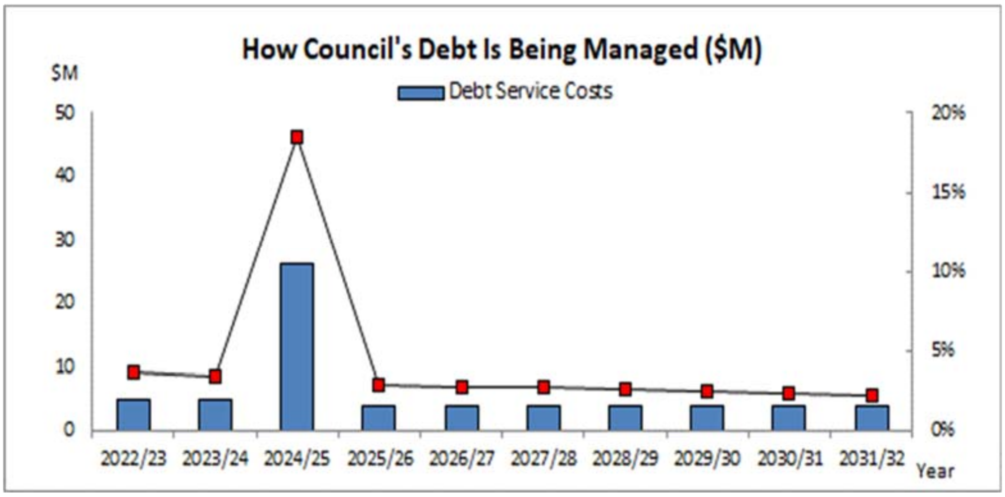
Maintaining a maximum Debt Service Ratio below the industry benchmark of 20% in any one year is one of the key financial sustainability tests applied by the LTFP. The Debt Service ratio assesses the impact of loan principal and interest repayment on the discretionary revenue of Council. During the current planning period, this test will be satisfied. The Debt Service Ratio is discussed further under the section Key Financial Indicators.

How Council's Debt is being managed

The LTFP provides for repayments of debt to occur on either a schedule specified by the terms of individual loans or at a time where funds are available and the overall cost of debt can be reduced by making opportunistic repayments.

The following charts show Council's projected outstanding debt and the net debt service cost for the next 10 years. Total Debt Service Cost includes total interest plus principal repayments. Increased debt service costs in 2024/25 are due to repayment of the temporary loan for Marian Street Theatre from proceeds of asset sales.





Key Financial Indicators

The key financial indicators are industry accepted measures of financial health and sustainability. This section provides the financial ratios for Council's preferred scenario - Scenario 1 with additional funding for Infrastructure (assumed rate peg of 2.5%).

A summary of these indicators and their benchmarks is provided below.

Key Financial Indicators	Purpose of indicator	Benchmark
SUSTAINABILITY		
Operating Performance Ratio (Operating revenue excluding capital grants and contributions-operating expenses divided by Operating revenue excluding capital grants and contributions)	*To measure Council's ability to contain operating expenditure within operating revenue*	*>=break-even average over 3 years*
Own Source Revenue Ratio (Total Operating revenue less grants and contributions divided by total Operating revenue)	*To assess the degree of Council's dependence upon grants and contributions*	*>60% average over 3 years*
Building & Infrastructure Renewal Ratio (Asset renewals expenditure divided by depreciation, amortisations and impairment expenses)	*To assess the rates at which assets are renewed relative to the rate at which they are depreciated (consumed)*	*>100% average over 3 years*
INFRASTRUCTURE AND SERVICE MANAGEMENT		
Infrastructure Backlog Ratio (Estimated cost to bring assets to a satisfactory condition (from Special Schedule 7) divided by total infrastructure assets	*To measure the proportion of assets backlog against total value of Council's infrastructure assets*	*<2%*
Cost to agreed level of service (The sum of the outstanding renewal works, valued as the work will be undertaken, compared to the total replacement cost of Council's assets)	*The ratio indicates proportion of the gross replacement cost of Council assets that have reached the intervention level set by Council based on the condition of the asset*	*0*
Asset Maintenance Ratio (Actual maintenance expenditure divided by required annual asset maintenance)	*To assess the actual asset maintenance expenditure relative to required asset maintenance*	*>100% average over 3 years*
Debt Service Cover Ratio (operating result before capital excl interest and depreciation) divided by principal repayments plus borrowing costs	*To measure the availability of operating cash to service debt including interest, principal and lease payments.*	*>2%*
Debt Service Ratio (Net debt service cost divided by revenue from continuing operations)	*To assess the impact of loan principal and interest repayment on the discretionary revenue of Council*	*<20% average over 3 years*
EFFICIENCY		
Real Operating Expenditure per capita (Operating expenditure divided by total population)	*To asses real operational expenditure per capita*	*Decreasing*

The projected key financial indicators for Scenario 1 – with additional funding for Infrastructure are presented below.

Key Performance Indicators - Scenario 1

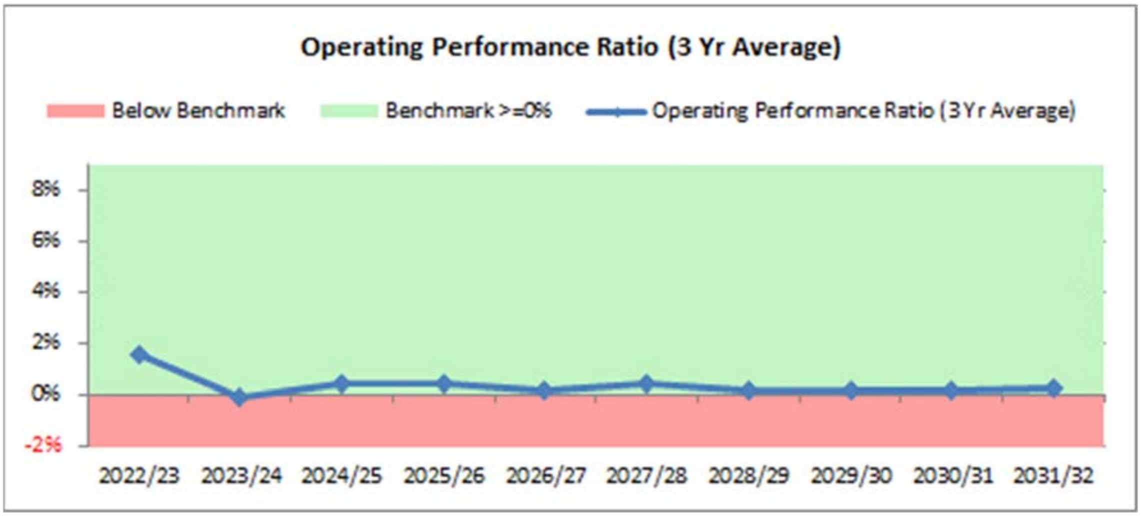
Description	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
SUSTAINABILITY										
Operating Performance Ratio	1.6%	-0.1%	0.4%	0.4%	0.2%	0.4%	0.2%	0.2%	0.2%	0.3%
Own Source Revenue	83.0%	81.1%	81.8%	79.9%	80.5%	79.3%	78.2%	78.2%	78.9%	77.8%
Building & Infrastructure Asset Renewal Ratio	151.4%	112.0%	115.4%	106.7%	110.0%	109.4%	81.6%	89.8%	109.0%	88.9%
INFRASTRUCTURE AND SERVICE MANAGEMENT										
Infrastructure Backlog Ratio to Bring to Satisfactory	2.0%	1.5%	1.5%	1.5%	1.5%	1.0%	0.7%	0.5%	0.3%	0.4%
Infrastructure Backlog Ratio to bring to Agreed Level of Service	5.9%	5.5%	5.0%	4.8%	4.6%	4.3%	4.5%	4.5%	4.2%	4.3%
Asset Maintenance Ratio	112.5%	111.3%	110.6%	111.1%	109.4%	110.1%	110.2%	110.1%	110.2%	110.5%
Debt Service Cover Ratio	5.12	5.48	1.71	12.40	7.11	6.83	6.99	7.17	7.62	7.82
Debt Service Ratio (3 year Av)	1.6%	2.6%	8.5%	8.2%	8.0%	2.7%	2.6%	2.6%	2.5%	2.3%
EFFICIENCY										
Real Operating expenditure (per capita)	940	938	940	924	922	919	921	911	910	905

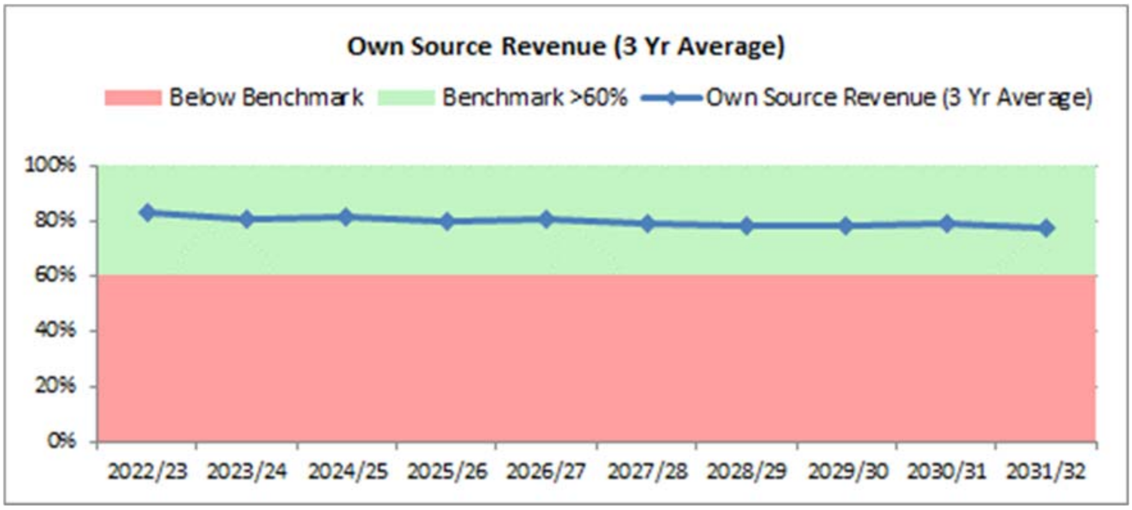
Sustainability Ratios: Operating Performance Ratio, Own Source Revenue Ratio and Infrastructure Backlog Ratio

Operating Performance Ratio is an important financial indicator for Council. Our long term financial sustainability is dependent upon ensuring that on average over time this indicator is positive, making sure that Council’s expenses are below its associated revenue. This indicator excludes capital income and gain or loss on sale of assets.

Council's current performance ratio is above the benchmark of 0%, which means that Council can easily contain operating expenditure (excluding capital grants and contributions) within its operating revenue. The ratio meets the benchmark in 2022/23 but then has a decreasing trend starting from 2023/24 onwards due to additional expenditure in Material and contracts and phasing of operating projects expenditure.

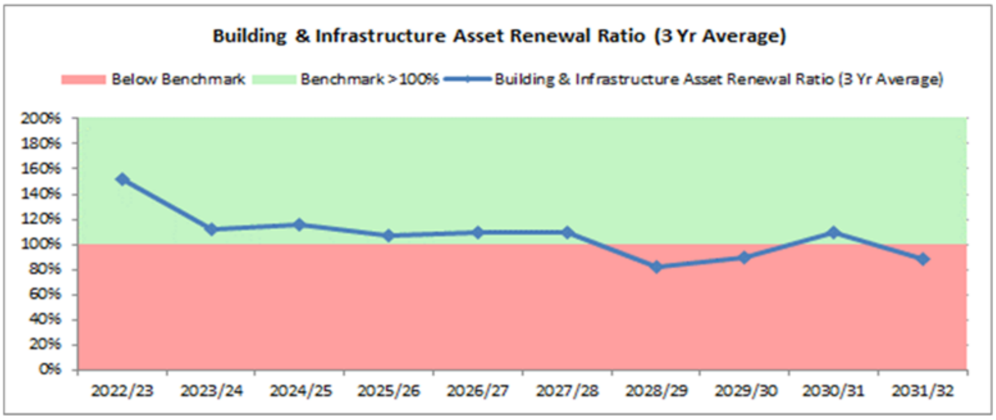
Own Source Revenue Ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. Council’s Own Source Operating Revenue Ratio remains above the benchmark of (>60%) in all future years. Council forecasts a sufficient level of fiscal flexibility, in the event of being faced with future unforeseen events.





Building & Infrastructure Asset renewals Ratio assesses Council's rate at which buildings and infrastructure assets are being renewed against the rate at which they are depreciating. An indicator of 100% indicates that the amount spent on asset renewals equals the amount of depreciation. Council's ratio stands high at 151% in 2022/23 (due to one-off renewal projects in that year) and will remain above benchmark until 2027/28. This is due to additional expenditure on infrastructure renewal related to a number of major projects planned in the early years of the LTFP. From 2028/29, the ratio is largely below the benchmark. The Renewal ratio is discussed in more detail in the *Infrastructure Assets* section above:

Council will continue to focus on appropriate asset standards for renewal and maintenance.



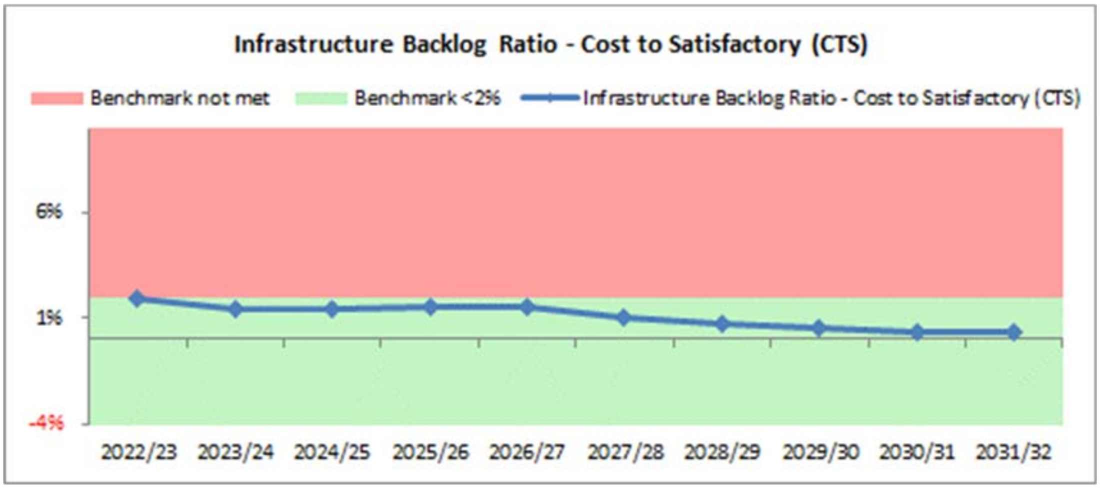
Infrastructure and Service Management: Infrastructure Backlog Ratio, Assets Maintenance Ratio and Debt Service Ratio

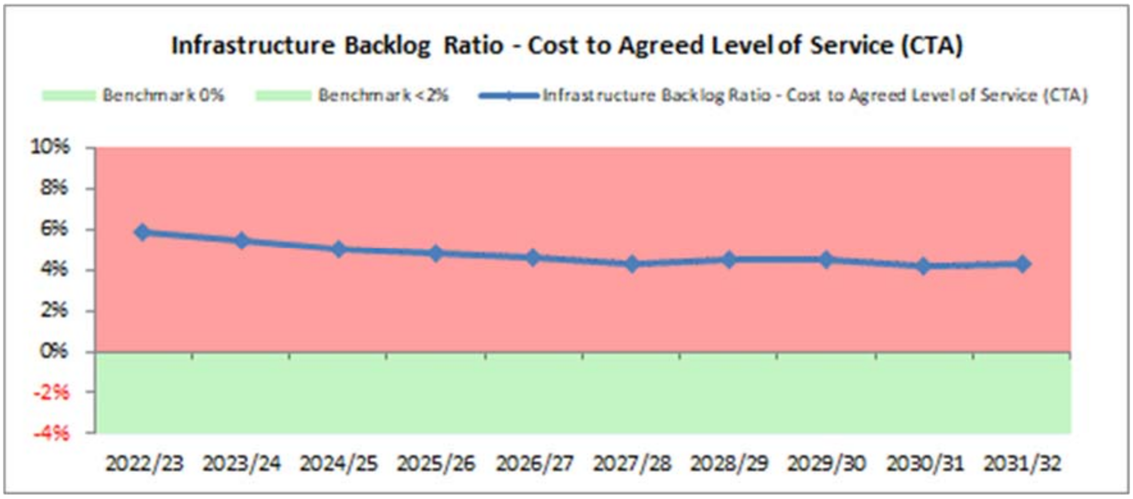
The Infrastructure Assets Ratios measure Council's ability to renew and maintain its asset base to decrease the infrastructure asset backlog in future years. Asset Ratios have been incorporated into Council's Asset Management Strategy and Asset Management Plans and are monitored within Council's Long Term Financial Plan. Council continues its commitment to maintain financial sustainability and decrease the infrastructure backlog.

Infrastructure Backlog Ratio measures what proportion the backlog is against the total value of Council's infrastructure. Council's Infrastructure Backlog Ratio is steady in the first five years and then records a decrease from 1.5% in 2027 to 0.04% in 2032, mainly due to assumed additional funding from asset sales in the later years of the LTFP. The infrastructure backlog will achieve the benchmark of 2% by 2023 and will be fully addressed after 2032.

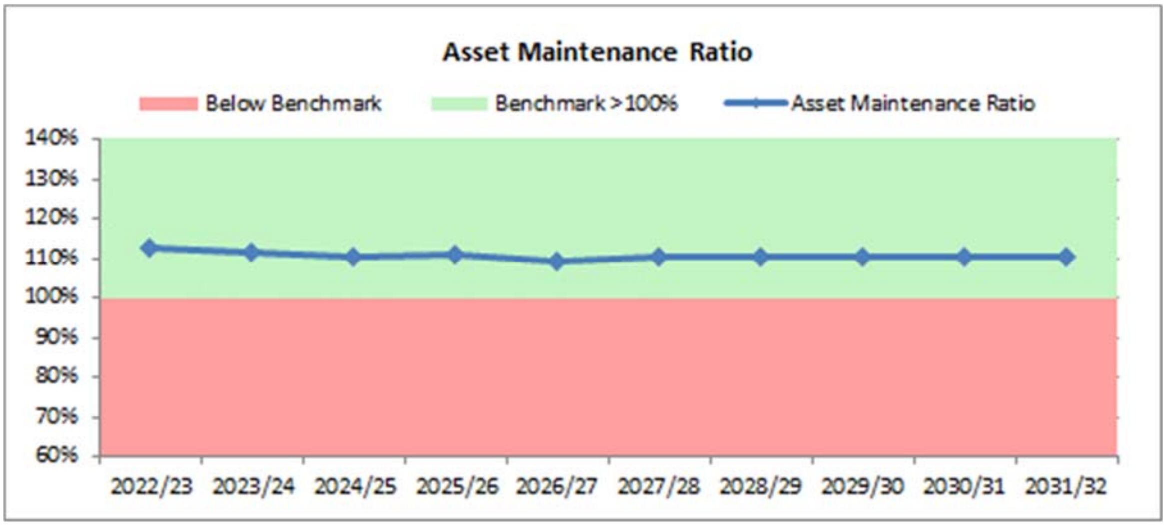
Cost to bring assets to Agreed Service level indicates the proportion of the gross replacement cost of Council assets that have reached the intervention level set by Council based on the condition of the asset. This ratio is simply the sum of the outstanding renewal works, valued as the work will be undertaken, compared to the total replacement cost of Council's assets. With the allocated amount of funding this liability can only be eliminated after 2031/32, unless Council identifies further additional funding in the earlier years of the LTFP.

Over 10 years of this financial plan a total of $247 million is invested into infrastructure asset renewals and the backlog, however this level of funding is not sufficient to eliminate this liability within the timeframe of this plan.



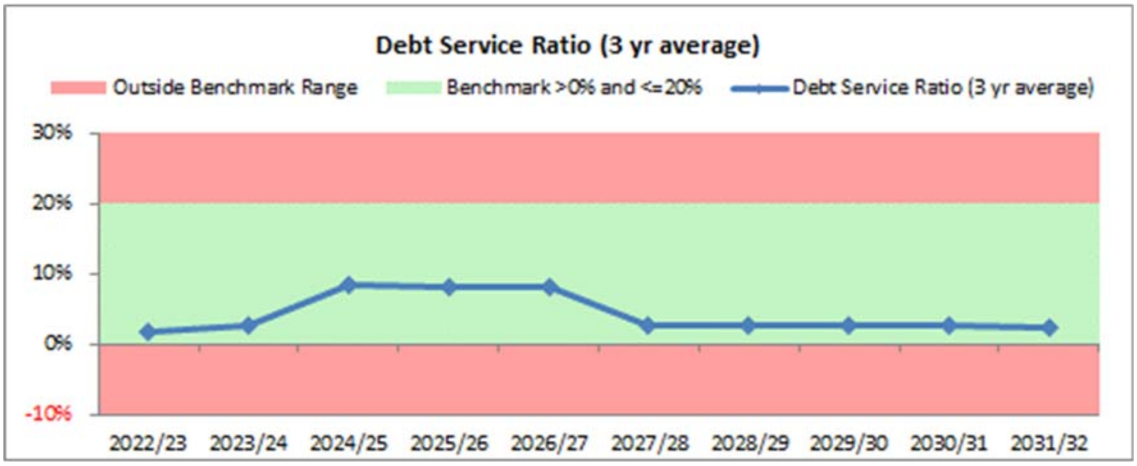


Council's Asset Maintenance Ratio is on average above benchmark at 110.6%. An indicator above 100% indicates Council is investing enough funds to stop the infrastructure backlog from growing. Council is committed to increase expenditure on asset maintenance in the future to stop the increase in infrastructure backlog. Asset maintenance expenditure is explained in more detail in the funding strategy section of this document.



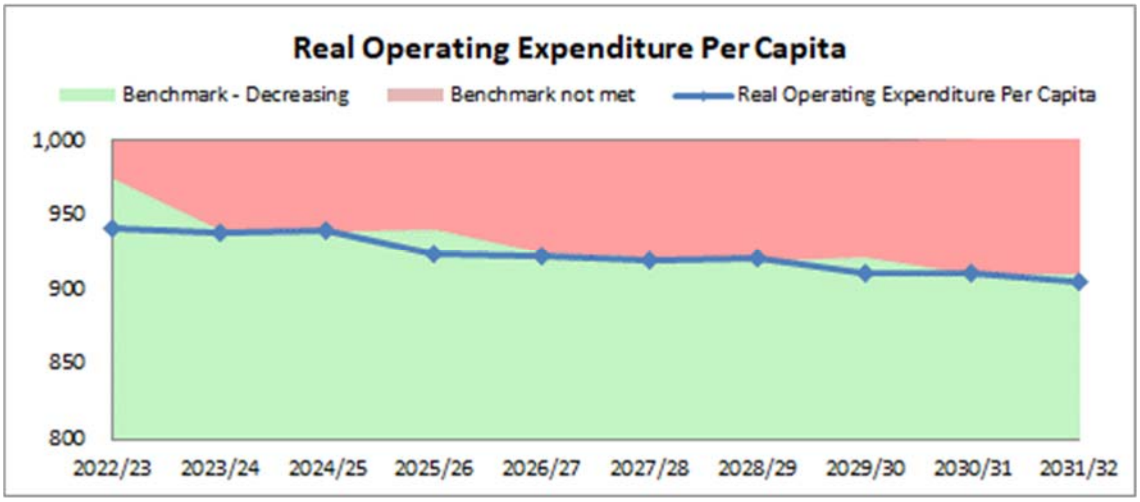
Debt Service Ratio: The purpose of the Debt Service Ratio is to assess the impact of loan principal and interest repayments on the discretionary revenue of Council. In accordance with Council's Long Term Financial Plan, borrowing is only undertaken in accordance with Council's borrowing principles outlined in this document.

Council's ability to service its debt remains sound for the entire period of the LTFP. As per Council's funding strategy, the outstanding debt is fully discharged by 2032 from general and rates revenue, part asset sales and net revenue generated through leasing out Council's investment property. The level of Council's borrowing is discussed in more detail under Summary of Borrowing section of this document.



Efficiency Ratio: Real Operating Expenditure per Capita

This indicator compares operational expenditure to population and is a ratio that measures efficiency. Council forecasts a downward trend in all future years of the financial plan. A decrease in the operating expenditure per capita of approximately 1% per year will be achieved while maintaining the same level of service. It is worth mentioning that this can be achieved while maintaining a modest operating surplus in all future years after funding depreciation on infrastructure assets.



Conclusion

Council's financial position is currently sound with:

- an operating surplus after depreciation (excluding capital grants and contributions) throughout the life of the Long Term Financial Plan (LTFP), contributing to capital expenditure.
- adequate cash reserves which are maintained in the LTFP above the minimum benchmark.
- debt within benchmarks, repaid from asset divestment, investment property rent and a special rate.
- expenditure on renewing infrastructure assets that exceeds depreciation.
- a budget and LTFP that continues to deliver existing services and significant projects.

There are a number of financial challenges and risks facing Council including the following:

- IPART announced the 2022-23 rate peg as 0.7%. Council is applying to increase rates by a further 1.8% to 2.5%, and the budget and LTFP is based on this higher amount. If Council is unsuccessful in its application to increase rates to 2.5% it will need to significantly cut expenditure or seek separate special rates variations in future years.
- There is $111m in revenue from property asset sales included in the budget to fund new capital works and infrastructure renewal. If asset sales are not achieved significant remedial action will be required to maintain a satisfactory financial position. Efforts to date in planning for asset sales have been contested and delayed.
- Council has insufficient funding in the LTFP to sustainably manage and improve its existing infrastructure assets and meet community expectations.
- A new loan is proposed to fund construction of the Marian Street Theatre and relies on future asset sales for repayment. Project costs have increased significantly based on a recent cost estimate.
- A loan to fund construction of the St Ives Indoor Sports Centre is proposed to be repaid from an Intergovernmental Project Special Rate. While the enabling legislation is in force, the Minister has not yet proclaimed it to commence.
- IPART has proposed changes to domestic waste management charges that would significantly reduce revenue.
- The NSW Government has proposed changes to the development contributions system that would significantly reduce revenue and therefore future capital works funding.

Financial sustainability continues to be a significant challenge for Ku-ring-gai Council and local governments across Australia, with increasing demand for services, facilities and infrastructure from the community at odds with restricted revenue that does not keep up with rising costs. To partly address this issue Council has sought to 'recycle' existing assets, by selling underutilised property and using the proceeds for major capital projects and infrastructure renewal. In the longer term, financial sustainability will require additional recurrent revenue that balances the community's capacity and willingness to pay with the demand for services, facilities and infrastructure.

Appendix A - LTFP Forecasts and Assumptions

LTFP FORECASTS AND ASSUMPTIONS

	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2030/32
FORECASTS - ACCESS ECONOMICS										
Consumer Price Index (CPI)	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	3.0%	3.2%	3.3%	3.5%
BBSW - 90 Day	0.2%	0.7%	1.6%	2.1%	2.2%	2.3%	2.4%	2.5%	2.6%	2.6%
INCOME ASSUMPTIONS										
Rates										
Rates Pegging Forecast	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Rates Population Growth	0.0%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Total Rates Change	2.5%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
Fees and Charges	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	3.0%	3.2%	3.3%	3.5%
Domestic Waste Price Increase	0.0%	0.0%	2.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Pensioner Rebate Growth	1.0%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Stormwater Management Charge (rates growth only)	0.0%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Trade Waste - Annual Charges	2.2%	2.4%	2.5%	2.6%	3.0%	3.0%	3.0%	3.2%	3.3%	3.5%
Interest Income										
Interest Income - Rate	1.5%	1.8%	2.7%	3.2%	3.3%	3.4%	3.5%	3.6%	3.7%	3.7%
Grants Income										
Recurrent Grants (CPI)	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	3.0%	3.2%	3.3%	3.5%
Capital Grants (CPI)	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	3.0%	3.2%	3.3%	3.5%
Proceeds from Assets Sales										
Asset Sales	0	500	22,600	48,060	7,145	7,832	3,821	4,000	11,100	6,164
EXPENDITURE ASSUMPTIONS										
Labour Costs	2.8%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Superannuation	10.5%	11.0%	11.5%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Material & Contracts - Operational Expenditure										
Operating Expenses (CPI)	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	3.0%	3.2%	3.3%	3.5%
Street Lighting Charges (IPART Decision)	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	3.0%	3.2%	3.3%	3.5%
Building Electricity Charges (IPART)	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	3.0%	3.2%	3.3%	3.5%
Water Charges (IPART Determination)	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	3.0%	3.2%	3.3%	3.5%
Fire Levy (CPI)	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	3.0%	3.2%	3.3%	3.5%
Planning Levy (CPI)	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	3.0%	3.2%	3.3%	3.5%
Materials & Contracts - Capital Expenditure	2.2%	2.4%	2.5%	2.6%	2.7%	2.8%	3.0%	3.2%	3.3%	3.5%
Borrowing Costs										
Loan Rate (95 bps over 90 BBSW or max of 4%)	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%

Appendix B - Scenario 1 - Base Case Scenario with additional funding for infrastructure (assumed rate peg 2.5%)

10 Year Financial Plan for the Years ending 30 June 2032

Projected Income Statement

Scenario 1 - Base Case Scenario with additional funding for infrastructure (assumed rate peg 2.5%)

$'000	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2031/32
Income from Continuing Operations										
Rates & Annual Charges	93,854	97,960	100,776	103,484	106,282	109,146	112,076	115,080	118,396	121,889
User Charges & Fees	19,778	20,253	20,759	21,299	21,881	22,498	23,173	23,914	24,703	25,568
Interest & Investment Revenue	3,003	2,042	1,836	1,569	1,807	2,022	2,345	2,513	2,787	2,844
Other Revenues	12,461	12,839	13,190	13,562	13,955	14,370	14,819	15,305	15,818	16,373
Grants & Contributions for Operating Purposes	8,848	8,990	8,455	8,635	8,900	9,050	9,295	9,542	9,854	10,115
Grants & Contributions for Capital Purposes	10,812	31,877	21,342	21,922	28,593	31,735	33,707	33,393	28,874	48,017
Other Income:										
Net gains from the disposal of assets	-	500	20,643	24,227	6,443	7,772	3,516	4,000	11,100	6,104
Total Income from Continuing Operations	**148,756**	**174,461**	**187,001**	**194,698**	**187,861**	**196,593**	**198,931**	**203,747**	**211,532**	**230,910**
Total Income excluding Proceeds from Asset Sales & Capital Income	137,944	142,084	145,016	148,549	152,825	157,086	161,708	166,354	171,558	176,789
Expenses from Continuing Operations										
Employee Benefits & On-Costs	46,294	47,801	49,361	50,978	52,455	53,975	55,541	57,154	58,815	60,527
Borrowing Costs	1,533	1,724	888	779	666	549	429	304	175	45
Materials & Contracts	40,901	41,882	43,630	44,764	45,973	47,260	48,678	50,235	51,893	53,709
Depreciation & Amortisation	22,215	23,167	24,018	24,206	25,635	26,264	26,939	27,736	28,609	29,388
Other Expenses	19,585	20,107	20,609	21,145	21,716	22,324	22,993	23,729	24,512	25,370
Other Operational Projects Expenses	6,348	6,118	6,991	5,836	5,956	6,183	7,279	6,380	7,235	7,510
Total Expenses from Continuing Operations	**136,876**	**140,799**	**145,497**	**147,708**	**152,401**	**156,555**	**161,859**	**165,538**	**171,239**	**176,549**
Net Operating Result for the Year	**11,880**	**33,662**	**41,504**	**46,990**	**35,460**	**40,038**	**37,072**	**38,209**	**40,293**	**54,361**
Net Operating Result for the year before Grants & Contributions provided for Capital Purposes	1,068	1,785	20,162	25,068	6,867	8,303	3,365	4,816	11,419	6,344

10 Year Financial Plan for the Years ending 30 June 2032

Projected Balance Sheet

Scenario 1 - Base Case Scenario with additional funding for infrastructure (assumed rate peg 2.5%)

$ '000	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2031/32
ASSETS										
Current Assets										
Cash & Cash Equivalents	13,722	8,892	1,638	2,823	3,114	3,859	4,071	5,196	7,214	5,834
Investments	36,700	25,000	13,900	36,300	36,100	38,200	41,500	39,400	44,800	40,000
Receivables	9,866	12,776	11,576	11,843	12,928	13,535	14,049	14,234	13,891	16,714
Inventories	204	204	204	204	204	204	204	204	204	204
Other	2,824	2,752	2,774	2,783	2,770	2,776	2,776	2,774	2,775	2,775
Non-Current Assets Held for Sale	-	1,957	23,833	702	60	305	-	-	60	2,968
Total Current Assets	**63,316**	**51,582**	**53,926**	**54,655**	**55,176**	**58,878**	**62,600**	**61,809**	**68,944**	**68,496**
Non-Current Assets										
Investments	44,786	30,473	16,891	44,346	44,219	46,735	50,828	48,266	54,845	48,982
Receivables	125	125	125	125	125	125	125	125	125	125
Infrastructure, Property, Plant & Equipment	2,020,077	2,077,412	2,097,334	2,112,291	2,144,786	2,175,927	2,202,545	2,241,042	2,264,879	2,322,655
Investment Property	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173
Intangible Assets	632	517	402	287	172	57	-	-	-	-
Right of Use Asset	2,065	1,965	1,865	1,765	1,665	1,565	1,465	1,365	1,265	1,165
Total Non-Current Assets	**2,114,858**	**2,157,665**	**2,163,790**	**2,205,987**	**2,238,140**	**2,271,582**	**2,302,135**	**2,337,971**	**2,368,287**	**2,420,099**
TOTAL ASSETS	2,178,174	2,209,246	2,217,716	2,260,642	2,293,315	2,330,461	2,364,735	2,399,780	2,437,231	2,488,595
LIABILITIES										
Current Liabilities										
Payables	32,259	32,411	24,208	23,071	23,308	23,541	23,971	24,144	24,556	24,927
Borrowings	3,050	25,152	3,258	3,367	3,481	3,598	3,720	3,646	3,776	-
Provisions	12,602	12,968	13,344	13,731	14,129	14,539	14,960	15,394	15,840	16,300
Total Current Liabilities	**47,912**	**70,530**	**40,810**	**40,169**	**40,918**	**41,677**	**42,651**	**43,184**	**44,173**	**41,227**
	47,912									
Non-Current Liabilities										
Payables	2,103	2,038	1,973	1,908	1,843	1,778	1,713	1,648	1,583	1,518
Borrowings	49,998	24,846	21,588	18,221	14,740	11,142	7,422	3,776	-	-
Provisions	339	349	359	370	380	391	403	414	426	439
Total Non-Current Liabilities	52,440	27,233	23,920	20,499	16,963	13,311	9,538	5,838	2,009	1,957
TOTAL LIABILITIES	100,352	97,764	64,730	60,668	57,881	54,989	52,189	49,023	46,182	43,183
Net Assets	2,077,822	2,111,483	2,152,986	2,199,974	2,235,434	2,275,472	2,312,547	2,350,757	2,391,049	2,445,411
EQUITY										
Retained Earnings	912,389	946,051	987,555	1,034,545	1,070,005	1,110,043	1,147,115	1,185,324	1,225,617	1,279,978
Revaluation Reserves	1,165,433	1,165,432	1,165,431	1,165,429	1,165,429	1,165,429	1,165,432	1,165,433	1,165,432	1,165,433
Council Equity Interest	**2,077,822**	**2,111,483**	**2,152,986**	**2,199,974**	**2,235,434**	**2,275,472**	**2,312,547**	**2,350,757**	**2,391,049**	**2,445,411**
Total Equity	2,077,822	2,111,483	2,152,986	2,199,974	2,235,434	2,275,472	2,312,547	2,350,757	2,391,049	2,445,411

10 Year Financial Plan for the Years ending 30 June 2032

Projected Cash Flow Statement
Scenario 1 - Base Case Scenario with additional funding for infrastructure (assumed rate peg 2.5%)

$ '000	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2031/32
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	95,242	95,050	101,976	103,217	105,197	108,539	111,562	114,895	118,740	119,065
User Charges & Fees	19,778	20,253	20,759	21,299	21,881	22,498	23,173	23,914	24,703	25,568
Investment & Interest Revenue Received	3,003	2,042	1,836	1,569	1,807	2,022	2,345	2,513	2,787	2,844
Grants & Contributions	19,660	40,867	29,797	30,557	37,493	40,785	43,002	42,935	38,728	58,132
Bonds, Deposits, Retention amounts received	-	-	-	-	-	-	-	-	-	-
Other	12,384	12,911	13,168	13,553	13,969	14,364	14,818	15,307	15,817	16,373
Payments:										
Employee Benefits & On-Costs	- 45,942	- 47,426	- 48,975	- 50,581	- 52,046	- 53,554	- 55,108	- 56,708	- 58,357	- 60,055
Materials & Contracts	- 41,601	- 41,731	- 51,833	- 45,901	- 45,736	- 47,027	- 48,248	- 50,062	- 51,481	- 53,338
Borrowing Costs	- 1,533	- 1,724	- 888	- 779	- 666	- 549	- 429	- 304	- 175	- 45
Bonds, Deposits, Retention amounts refunded	-	-	-	-	-	-	-	-	-	-
Other	- 25,933	- 26,225	- 27,600	- 26,981	- 27,672	- 28,507	- 30,272	- 30,109	- 31,747	- 32,880
Net Cash provided (or used) in Operating Activities	**35,059**	**54,018**	**38,240**	**45,953**	**54,227**	**58,570**	**60,843**	**62,381**	**59,015**	**75,664**
Cash Flows from Investing Activities										
Receipts:										
Sale of investment securities	163,720	156,013	154,682	80,145	130,238	125,383	122,608	130,168	118,021	130,057
Sale of Infrastructure, Property, Plant & Equipment	-	500	22,600	48,060	7,145	7,832	3,821	4,000	11,100	6,164
Payments:										
Purchase of investment securities	- 106,262	- 130,000	- 130,000	- 130,000	- 129,910	- 130,000	- 130,000	- 125,507	- 130,000	- 119,394
Purchase of investment property	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	- 109,152	- 82,244	- 67,558	- 39,650	- 57,975	- 57,495	- 53,398	- 66,133	- 52,406	- 90,031
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-
Net Cash provided in Investing Activities	**- 51,694**	**- 55,731**	**- 20,276**	**- 41,445**	**- 50,503**	**- 54,279**	**- 56,969**	**- 57,471**	**- 53,285**	**- 73,204**
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	22,000	-	-	-	-	-	-	-	-	-
Payments:										
Repayments of Borrowings & Advances	- 3,312	- 3,050	- 25,152	- 3,258	- 3,367	- 3,481	- 3,598	- 3,720	- 3,646	- 3,776
Lease Liabilities (Principal Repayment)	- 65	- 65	- 65	- 65	- 65	- 65	- 65	- 65	- 65	- 65
Net Cash provided in Financing Activities	18,623	- 3,115	- 25,217	- 3,323	- 3,432	- 3,546	- 3,663	- 3,785	- 3,711	- 3,841
Net Increase/(Decrease) in Cash & Cash Equivalents	**1,987**	**- 4,828**	**- 7,253**	**1,185**	**292**	**745**	**211**	**1,124**	**2,018**	**- 1,381**
Plus: Cash & Cash Equivalents - beginning of year	11,736	13,722	8,892	1,638	2,823	3,114	3,859	4,071	5,196	7,214
Cash & Cash Equivalents - end of year	13,723	8,894	1,640	2,824	3,115	3,859	4,070	5,195	7,214	5,833
Plus: Investments on hand - end of year	81,486	55,473	30,791	80,646	80,319	84,935	92,328	87,666	99,645	88,982
Total Cash, Cash Equivalents & Investments	**95,208**	**64,367**	**32,431**	**83,470**	**83,433**	**88,794**	**96,397**	**92,861**	**106,859**	**94,814**

Appendix C - Scenario 2 - Scenario with reduced funding for infrastructure (assumed rate peg 2.5%)

10 Year Financial Plan for the Years ending 30 June 2032

Projected Income Statement
Scenario 2 - Scenario with reduced funding for infrastructure (assumed rate peg 2.5%)

$'000	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2031/32
Income from Continuing Operations										
Rates & Annual Charges	93,854	97,960	100,776	103,484	106,282	109,146	112,076	115,080	118,396	121,889
User Charges & Fees	19,778	20,253	20,759	21,299	21,881	22,498	23,173	23,914	24,703	25,568
Interest & Investment Revenue	3,003	2,042	1,836	1,569	1,806	2,020	2,342	2,509	2,782	2,841
Other Revenues	12,461	12,839	13,190	13,562	13,955	14,370	14,819	15,305	15,818	16,373
Grants & Contributions for Operating Purposes	8,848	8,990	8,455	8,635	8,900	9,050	9,295	9,542	9,854	10,115
Grants & Contributions for Capital Purposes	10,812	31,877	21,342	21,922	28,593	31,735	33,707	33,393	28,874	48,017
Other Income:										
Net gains from the disposal of assets	-	-	20,043	24,227	1,943	172	916	-	-	204
Total Income from Continuing Operations	**148,756**	**173,961**	**186,401**	**194,698**	**183,360**	**188,991**	**196,328**	**199,743**	**200,427**	**225,007**
Total Income excluding Proceeds from Asset Sales & Capital Income	137,944	142,084	145,016	148,549	152,824	157,084	161,705	166,350	171,553	176,786
Expenses from Continuing Operations										
Employee Benefits & On-Costs	46,294	47,801	49,361	50,978	52,455	53,975	55,541	57,154	58,815	60,527
Borrowing Costs	1,533	1,724	888	779	666	549	429	304	175	45
Materials & Contracts	40,901	41,882	43,630	44,764	45,973	47,260	48,678	50,235	51,893	53,709
Depreciation & Amortisation	22,215	23,167	24,018	24,206	25,635	26,264	26,939	27,736	28,609	29,388
Other Expenses	19,585	20,107	20,609	21,145	21,716	22,324	22,993	23,729	24,512	25,370
Other Operational Projects Expenses	6,348	6,118	6,991	5,836	5,956	6,183	7,279	6,380	7,235	7,510
Total Expenses from Continuing Operations	**136,876**	**140,799**	**145,497**	**147,708**	**152,401**	**156,555**	**161,859**	**165,538**	**171,239**	**176,549**
Net Operating Result for the Year	**11,880**	**33,162**	**40,904**	**46,990**	**30,959**	**32,436**	**34,469**	**34,205**	**29,188**	**48,458**
Net Operating Result for the year before Grants & Contributions provided for Capital Purposes	1,068	1,285	19,562	25,068	2,366	701	762	812	314	441

10 Year Financial Plan for the Years ending 30 June 2032

Projected Balance Sheet

Scenario 2 - Scenario with reduced funding for infrastructure (assumed rate peg 2.5%)

$ '000	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2031/32
ASSETS										
Current Assets										
Cash & Cash Equivalents	13,723	8,893	1,639	2,824	3,114	3,857	4,068	5,191	7,206	5,829
Investments	36,700	25,000	13,800	36,300	36,100	38,200	41,500	39,400	44,800	40,000
Receivables	9,866	12,776	11,576	11,843	12,928	13,535	14,049	14,234	13,891	16,714
Inventories	204	204	204	204	204	204	204	204	204	204
Other	2,824	2,752	2,774	2,783	2,770	2,776	2,776	2,774	2,775	2,775
Non-Current Assets Held for Sale	-	1,957	23,833	702	60	305	-	-	60	2,968
Total Current Assets	**63,317**	**51,583**	**53,827**	**54,656**	**55,176**	**58,877**	**62,598**	**61,803**	**68,937**	**68,491**
Non-Current Assets										
Investments	44,806	30,509	16,965	44,326	44,138	46,688	50,695	48,147	54,697	48,935
Receivables	125	125	125	125	125	125	125	125	125	125
Infrastructure, Property, Plant & Equipment	2,020,055	2,076,876	2,096,261	2,111,212	2,139,268	2,162,775	2,186,875	2,221,358	2,234,121	2,285,890
Investment Property	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173	47,173
Intangible Assets	632	517	402	287	172	57	-	-	-	-
Right of Use Asset	2,065	1,965	1,865	1,765	1,665	1,565	1,465	1,365	1,265	1,165
Total Non-Current Assets	**2,114,857**	**2,157,165**	**2,162,791**	**2,204,888**	**2,232,541**	**2,258,382**	**2,286,333**	**2,318,168**	**2,337,381**	**2,383,287**
TOTAL ASSETS	2,178,174	2,208,747	2,216,617	2,259,544	2,287,716	2,317,259	2,348,931	2,379,971	2,406,318	2,451,778
LIABILITIES										
Current Liabilities										
Payables	32,259	32,411	24,208	23,071	23,308	23,541	23,971	24,144	24,556	24,927
Borrowings	3,050	25,152	3,258	3,367	3,481	3,598	3,720	3,646	3,776	-
Provisions	12,602	12,968	13,344	13,731	14,129	14,539	14,960	15,394	15,840	16,300
Total Current Liabilities	**47,912**	**70,530**	**40,810**	**40,169**	**40,918**	**41,677**	**42,651**	**43,184**	**44,173**	**41,227**
	47,912									
Non-Current Liabilities										
Payables	2,103	2,038	1,973	1,908	1,843	1,778	1,713	1,648	1,583	1,518
Borrowings	49,998	24,846	21,588	18,221	14,740	11,142	7,422	3,776	-	-
Provisions	339	349	359	370	380	391	403	414	426	439
Total Non-Current Liabilities	52,440	27,233	23,920	20,499	16,963	13,311	9,538	5,838	2,009	1,957
TOTAL LIABILITIES	100,352	97,764	64,730	60,668	57,881	54,989	52,189	49,023	46,182	43,183
Net Assets	2,077,822	2,110,984	2,151,887	2,198,876	2,229,835	2,262,271	2,296,742	2,330,948	2,360,136	2,408,594
EQUITY										
Retained Earnings	912,389	945,551	986,455	1,033,445	1,064,404	1,096,840	1,131,309	1,165,514	1,194,702	1,243,160
Revaluation Reserves	1,165,433	1,165,433	1,165,432	1,165,432	1,165,431	1,165,431	1,165,433	1,165,434	1,165,434	1,165,434
Council Equity Interest	**2,077,822**	**2,110,984**	**2,151,887**	**2,198,876**	**2,229,835**	**2,262,271**	**2,296,742**	**2,330,948**	**2,360,136**	**2,408,594**
Total Equity	2,077,822	2,110,984	2,151,887	2,198,876	2,229,835	2,262,271	2,296,742	2,330,948	2,360,136	2,408,594

10 Year Financial Plan for the Years ending 30 June 2032

Projected Cash Flow Statement

Scenario 2 - Scenario with reduced funding for infrastructure (assumed rate peg 2.5%)

$ '000	Projected 2022/23	Projected 2023/24	Projected 2024/25	Projected 2025/26	Projected 2026/27	Projected 2027/28	Projected 2028/29	Projected 2029/30	Projected 2030/31	Projected 2031/32
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	95,242	95,050	101,976	103,217	105,197	108,539	111,562	114,895	118,740	119,065
User Charges & Fees	19,778	20,253	20,759	21,299	21,881	22,498	23,173	23,914	24,703	25,568
Investment & Interest Revenue Received	3,003	2,042	1,836	1,569	1,806	2,020	2,342	2,509	2,782	2,841
Grants & Contributions	19,660	40,867	29,797	30,557	37,493	40,785	43,002	42,935	38,728	58,132
Bonds, Deposits, Retention amounts received	-	-	-	-	-	-	-	-	-	-
Other	12,384	12,911	13,168	13,553	13,969	14,364	14,818	15,307	15,817	16,373
Payments:										
Employee Benefits & On-Costs	- 45,942	- 47,426	- 48,975	- 50,581	- 52,046	- 53,554	- 55,108	- 56,708	- 58,357	- 60,055
Materials & Contracts	- 41,601	- 41,731	- 51,833	- 45,901	- 45,736	- 47,027	- 48,248	- 50,062	- 51,481	- 53,338
Borrowing Costs	- 1,533	- 1,724	- 888	- 779	- 666	- 549	- 429	- 304	- 175	- 45
Bonds, Deposits, Retention amounts refunded	-	-	-	-	-	-	-	-	-	-
Other	- 25,933	- 26,225	- 27,600	- 26,981	- 27,672	- 28,507	- 30,272	- 30,109	- 31,747	- 32,880
Net Cash provided (or used) in Operating Activities	**35,059**	**54,018**	**38,240**	**45,953**	**54,226**	**58,568**	**60,840**	**62,377**	**59,010**	**75,661**
Cash Flows from Investing Activities										
Receipts:										
Sale of investment securities	163,679	155,997	154,744	80,139	130,237	125,350	122,693	130,167	118,050	130,059
Sale of Infrastructure, Property, Plant & Equipment	-	-	22,000	48,060	2,645	232	1,221	-	-	264
Payments:										
Purchase of investment securities	- 106,242	- 130,000	- 130,000	- 130,000	- 129,848	- 130,000	- 130,000	- 125,519	- 130,000	- 119,497
Purchase of investment property	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	- 109,130	- 81,729	- 67,021	- 39,644	- 53,536	- 49,860	- 50,881	- 62,118	- 41,333	- 84,024
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-
Net Cash provided in Investing Activities	**- 51,693**	**- 55,732**	**- 20,277**	**- 41,445**	**- 50,503**	**- 54,278**	**- 56,967**	**- 57,470**	**- 53,283**	**- 73,198**
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	22,000	-	-	-	-	-	-	-	-	-
Payments:										
Repayments of Borrowings & Advances	- 3,312	- 3,050	- 25,152	- 3,258	- 3,367	- 3,481	- 3,598	- 3,720	- 3,646	- 3,776
Lease Liabilities (Principal Repayment)	- 65	- 65	- 65	- 65	- 65	- 65	- 65	- 65	- 65	- 65
Net Cash provided in Financing Activities	18,623	- 3,115	- 25,217	- 3,323	- 3,432	- 3,546	- 3,663	- 3,785	- 3,711	- 3,841
Net Increase/(Decrease) in Cash & Cash Equivalents	**1,988**	**- 4,829**	**- 7,254**	**1,185**	**291**	**744**	**210**	**1,122**	**2,016**	**- 1,378**
Plus: Cash & Cash Equivalents - beginning of year	11,736	13,723	8,893	1,639	2,824	3,114	3,857	4,068	5,191	7,206
Cash & Cash Equivalents - end of year	13,724	8,894	1,640	2,825	3,115	3,858	4,067	5,190	7,207	5,829
Plus: Investments on hand - end of year	81,506	55,509	30,765	80,626	80,238	84,888	92,195	87,547	99,497	88,935
Total Cash, Cash Equivalents & Investments	**95,230**	**64,403**	**32,405**	**83,451**	**83,352**	**88,746**	**96,263**	**92,737**	**106,704**	**94,764**