

# Draft Long-Term Financial Plan

2022 - 2032



northern  
beaches  
council



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## Introduction

The Long-Term Financial Plan forms part of our 10 year Resourcing Strategy, supporting Council's achievement of long term goals in the Community Strategic Plan 2040. It ensures that we can sustainably deliver our related programs in our Delivery Program and Operational Plan.

### What is the Long-Term Financial Plan?

The Long-Term Financial Plan explains how we will deliver services and assets now and in the future.

In forecasting to 2032, we take into account a range of economic factors likely to affect our performance and finances and also make assumptions about how levels of service delivery to the community may change over time.

The Long-Term Financial Plan is important because it:

- Assesses the financial sustainability of delivering service levels defined in the Delivery Program
- Allows the costs of long term strategic decisions to be quantified and debated
- Determines the risk of future strategic directions
- Allows scenario testing of different policies and service levels
- Enables testing of sensitivity and robustness of key assumptions

The Long-Term Financial Plan (LTFP) has been developed based on fully funding the infrastructure renewal program, as well as additional maintenance costs and depreciation that result from major facilities upgrades.

### A key element of the Resourcing Strategy

The LTFP is a key part of our 10-year Resourcing Strategy within our integrated planning and reporting framework. The Community Strategic Plan 2040 (CSP) captures our community's long term needs and aspirations. The Resourcing Strategy supports the CSP, by setting out how we will resource what Council provides in a sustainable way. It is comprised of three interrelated elements:

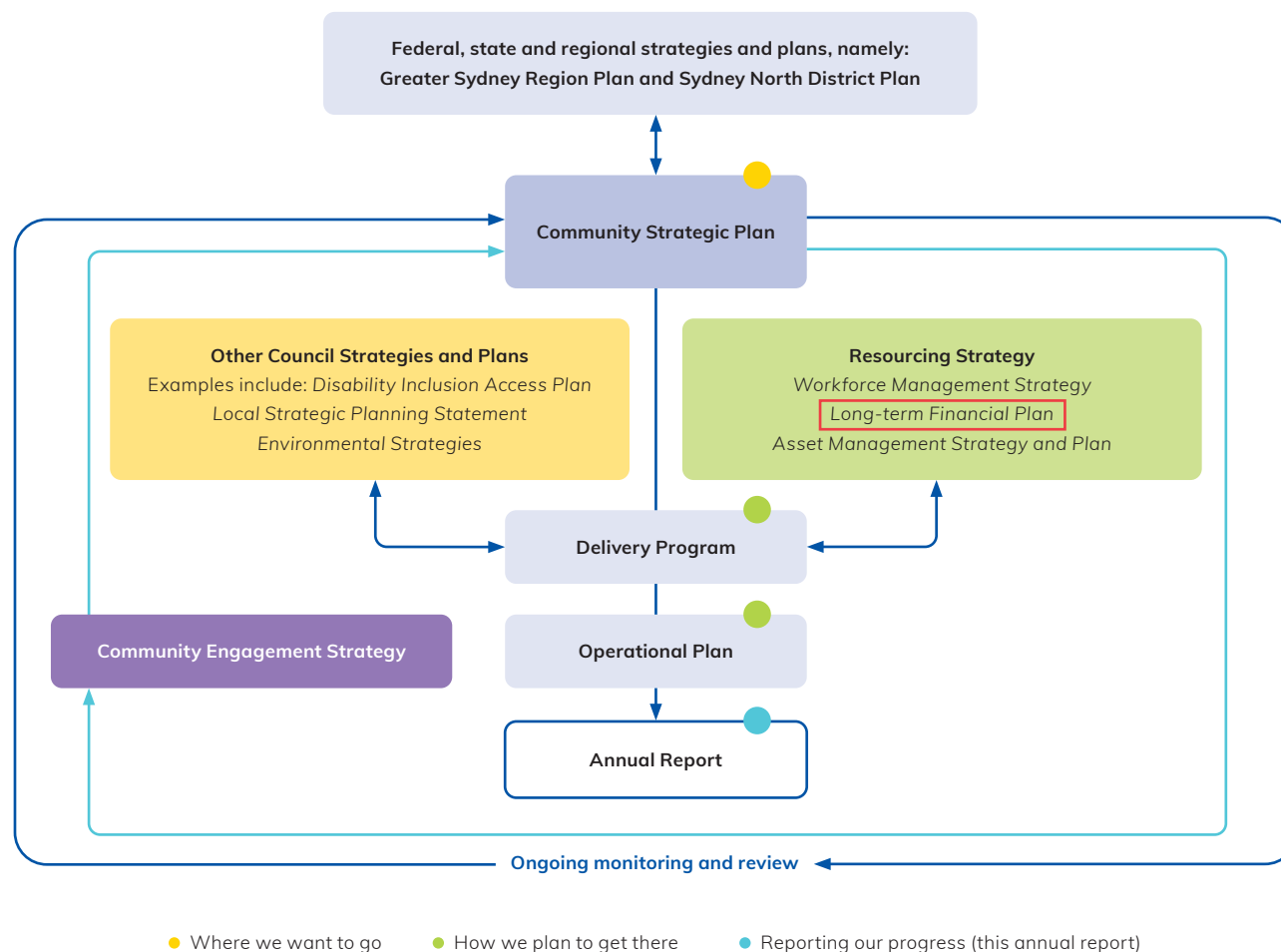
- The long-term financial plan enables us to deliver services and build financial resilience to be able to withstand future shocks. It sets out how we will fund commitments such as infrastructure renewal, maintaining services, paying down debt and funding capital projects.
- The workforce management strategy shapes the capacity and capability of our workforce to deliver quality services and outcomes for you. It sets out priorities for developing and enabling staff.

**Figure 1**  
Integrated planning and reporting framework

- Our asset management strategy sets out how we will maintain our facilities and other assets, and create new ones. It covers assets such as land and infrastructure for stormwater, transport, parks and recreation, buildings and is supported by an annual asset management plan.

The Resourcing Strategy plans ahead, anticipating the changing demographics and needs of our community, along with other trends and challenges that may impact the services we deliver. Together all elements of the Resourcing Strategy ensure that our commitments, for services and capital works, are achievable in our 4-year Delivery Program and annual Operational Plan.

While other elements of the Resourcing Strategy are reviewed every 3-4 years with a new Council, the LTFP and asset management plan are reviewed annually to ensure financial planning for the annual Operational Plan and Budget are sound.



## Strategic alignment

The community is at the centre of what drives us, starting with the long-term community Vision captured in the Community Strategic Plan 2040: *Northern Beaches - a safe, diverse, inclusive and connected community that lives in balance with our extraordinary coastal and bushland environment.*

This is supported by Council's Purpose:  
**Partnering with the community to protect, improve and create our future.**

The Community Strategic Plan (CSP) captures our community's goals across environmental, social, economic and civic leadership outcomes. The Long-Term Financial Plan (LTFP) addresses the outcome of Good Governance, and its Goal 19: 'Our Council is transparent and trusted to make decisions that reflect the values of the community', including our financial planning and accountability.

The Resourcing Strategy considers these priorities as well as service levels, constraints, external pressures and risks over the coming 10 years. These are factored into the planning for our workforce, assets and finances so that associated costs are considered by the LTFP. The LTFP then sets out how we will fund commitments such as delivering our services, renewing our infrastructure, paying down debt, and funding new capital projects.

Our lead strategies and plans set out what Council intends to undertake in response to our community's needs and priorities. They address our functions such as urban planning, environment, transport, community services, arts and events, childcare, libraries, sportsfields, open space and the local economy. These have implications for our service levels as well as resourcing through our finances, facilities and other assets.

The LTFP provides the financial horizon for the Delivery Program, paired with capital works planned in the Asset Management Plan. These are then devolved into the annual Operational Plan and its budget across all our services. As the LTFP is renewed each year, this ensures that these four-year and annual plans are based on current and robust financial planning.

**Figure 2**  
Strategic line of sight



## Principles and objectives

Financial management principles and objectives provide the framework for the development of Council's Long-Term Financial Plan and support consistent and informed decision-making by Council.

Under the Local Government Act 1993 (the Act), councils must apply sound financial management principles that require responsible and sustainable spending and investment and ensure that future decisions consider intergenerational effects and equity. These principles are applied in the Council's financial and asset management funding decisions and risk management practices.

### Principles of sound financial management

The following principles of sound financial management apply to councils and are prescribed under the Local Government Act 1993 (section 8B):

- a) Council spending should be responsible and sustainable, aligning general revenue and expenses.
- b) Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.
- c) Councils should have effective financial and asset management, including sound policies and processes for the following:
  - i performance management and reporting,
  - ii asset maintenance and enhancement,
  - iii funding decisions,
  - iv risk management practices.

- d) Councils should have regard to achieving intergenerational equity, including ensuring the following:
  - i policy decisions are made after considering their financial effects on future generations,
  - ii the current generation funds the cost of its services.

These financial principles above are consistent with and support Council's Asset Management Policy.

### Financial objectives

Financial objectives provide the framework for the development of Council's Long-Term Financial Plan and annual budget. The objectives enable consistent and informed decision-making by Council including the consideration of funding options for infrastructure projects such as borrowings which impact both the present and future financial position of Council. These financial objectives are also consistent with our Asset Management Policy.

The Financial Objectives are outlined below:

#### 1. Financial sustainability

Generate sufficient income to fund ongoing services, renew and replace assets, meet future commitments, and maintain sufficient cash levels to support liquidity needs and unplanned events. To do this we will:

- Integrate asset management, long-term financial and strategic resource planning to ensure Council's long-term financial sustainability
- Continually seek time, cost and quality service improvements and efficiencies and opportunities to increase income.
- Lifecycle costs are considered in decisions relating to new and upgraded services and assets.
- Sufficient cash and investments are maintained to ensure short-term working capital requirements are met.
- The use of loan funds will, in the main, be limited to income producing assets and new infrastructure projects where intergenerational equity considerations justify spreading the cost between generations of ratepayers who benefit from the expenditure.
- A sound financial position is maintained, reflected in Council's performance ratios.

## 2. Safeguard financial legacy

Create and safeguard our financial legacy by making prudent and responsible decisions that consider the financial impact on future generations. To do this we will:

- The current generation covers the cost of its services through a fully funded operating budget.
- Aim to achieve equity between generations of ratepayers whereby the mechanisms to fund specific capital expenditure and operations take into account the ratepayers who benefit from the expenditure and therefore who should pay.

## 3. Deliver a balanced budget

Council must achieve a fully funded operating position reflecting that Council collects enough revenue to fund operational expenditure, the repayment of debt and depreciation. To do this we will:

- Have a fully funded capital program, where the source of funding is identified and secured for both capital renewal and new capital works.
- Manage the immediate and ongoing financial impacts of shocks, like the COVID-19 pandemic and weather events, to safeguard long-term financial sustainability.
- Maintain an Unrestricted Current Ratio of greater than 1.5 to ensure the required level of cash is maintained to meet operational requirements as well as build cash reserves for contingencies that may arise. Strengthening this position over the years of the LTFP is a priority.

## 4. Fund current service levels

The operating budget is designed to deliver current services and service levels. To do this we will:

- Maintain existing service levels to the community.
- Any changes to future service levels will be determined in consultation with the community.<sup>5</sup>

### 5. Fund infrastructure renewal

A disciplined approach is undertaken in fully utilising depreciation for the renewal of assets, informed by asset management plans and the prioritisation of assets in poor condition. To do this we will:

- Fully utilise depreciation for the renewal of assets and providing the appropriate level of funding for their scheduled and reactive maintenance. Council will give priority to asset renewal over new assets.
- Continually monitor asset conditions to minimise the likelihood of infrastructure backlogs.

- Link the asset management plan to the Long-Term Financial Plan.
- When funding is available
  - Provide well-maintained community assets that are fit for their purpose and provide best possible community benefit; and
  - Focus adaptation and mitigation investment on critical assets and infrastructure to ensure they are resilient to natural disasters and climate change impacts.

### 6. Responsible funding of new Community assets

Surplus funds and other funding sources are sought to meet additional infrastructure needs of the community in a prudent, ethical and responsible manner. To do this we will:

- Achieve operating surpluses (excluding grants and contributions provided for capital purposes) which can be utilised for the provision of new assets for which insufficient development contributions or grant funding is available.

- Fund capital expenditure in a prudent, ethical and responsible manner. Council will seek and accept external funding contributions to a project where the acceptance of the funding will not compromise Council's principles or objectives.
- When funding is available, ensure that the community has access to the required infrastructure, located to meet community needs within a framework of LGA-wide priorities and designed with regard to current and future needs.
- Ensure asset management decisions consider sustainability and adaptability, based on full life cycle costs through acquisition, operation, maintenance, renewal, adaptation and disposal.

### Borrowing policy

Borrowings, where appropriate and financially responsible, can be an important funding source for income-generating projects and the delivery of significant new infrastructure to support intergenerational equity. The following is to be considered prior to entering into a new loan arrangement:

- Borrowings should only be used as the last resort to finance projects of the highest priority to Council which are unable to be funded from income.
- The use of loan funds will, in the main, be limited to income producing assets and new infrastructure projects where intergenerational equity considerations justify spreading the cost between generations of ratepayers who benefit from the expenditure.
- Loans are not a funding source for operating expenditure.
- The total amount of loan borrowings must be sustainable in terms of ability to meet future repayments and budgetary obligations. The funding source to meet repayments must be identified prior to entering into any new loan arrangement.
- The term of any loan is not to exceed the expected economic life of the asset being funded.

Council also maintains an overdraft facility of \$5 million as an integral and prudent part of cash management in responding to unexpected events without the need for the early redemption of term deposits.

## Northern Beaches context

When preparing the Long-Term Financial Plan, many factors are taken into consideration and a vast array of research and statistics are analysed to forecast the likely revenue that will be available to meet the community's long term objectives.

The Northern Beaches local government area (LGA) covers 254km<sup>2</sup> of urban and natural environment and is located to the north of the Sydney CBD. There is 80 km of coastline and several national parks in the area, as well as four coastal lagoons, Manly Dam and many other Council reserves. Apart from housing there are also large areas for commercial and retail, light industry and rural land uses.

### Community

The population is 272,184 people (Estimated Resident Population 2021) living across 101,630 dwellings.

Other characteristics<sup>1</sup> include:

- median age of 40 years
- the largest group is aged 35-49, with almost 58,000 people and comprising 23% of our population
- an ageing population: those aged 60+ years will grow by almost 30% by 2036, another 16,000 people
- living arrangements include 37% of the population as couples with children, 25% couples, 21% single, 8% single parents and 3% in group living situations such as nursing homes.
- 4% of residents have a disability that needs daily assistance, and 11% provide unpaid assistance to a person with disability, long term illness or elderly

### Economy

Our local economy<sup>2</sup> features over 32,300 local businesses. Other characteristics include:

- 63% of our working population work full time, 36% part time
- 52% of working residents work locally
- 110,270 local jobs with 19% in healthcare and social assistance, 12% accommodation and hospitality, 12% retail, 10% education and training, 10% professional and scientific industries, and 9% in construction
- Healthcare and social assistance is our fastest growing industry
- Gross Regional product of over \$18 billion a year, at June 2021

<sup>1</sup> ID Planning - Northern Beaches Community Profile  
<https://profile.id.com.au/northern-beaches>

<sup>2</sup> ID Economy - Northern Beaches Economic Profile  
<https://economy.id.com.au/northern-beaches>

### Council's role and partners

Council provides a range of services and facilities to the community and local businesses across social services, arts, culture and events, a theatre and museum, libraries, childcare, environment and waste management, parks and recreation, beaches and pools, planning and place management, local transport networks, economic development, cemeteries, holiday facilities, customer service and community engagement. We work together with the State Government on some of these functions to ensure our community's needs are recognised – such as in planning and development, social and affordable housing, community safety, public transport and major roads, natural hazards and emergency management.

Some of the key agencies and other bodies we work with are listed here.

### NSW Government:

- Department of Planning and Environment
- Greater Sydney Commission
- Infrastructure NSW
- Department of Primary Industries
- Office of Local Government
- Office of Sport
- Destination NSW
- Transport for NSW
- Department of Education
- Department of Communities and Justice
- Rural Fire Service and Fire and Rescue
- Police and State Emergency Service

### Not for Profits:

- Aboriginal Heritage Office
- Surf Life Saving Northern Beaches
- Community housing providers
- Community Northern Beaches
- Disability advocates
- Charities, churches and shelters
- Easylink Community Transport
- Cycling NSW
- Pedestrian Council of Australia
- Green Building Council of Australia

### Other:

- Local resident associations
- Cultural and sporting groups
- Local businesses
- Chambers of Commerce
- Kimbriki Environmental Enterprises
- Utility providers
- TAFE and universities
- Sydney Coastal Councils
- Cities Power Partnership
- Resilient Cities Network

We also partner with our community, community groups and others to deliver the best outcomes. This includes the use of our facilities by community groups, schools and not for profit organisations such as community centres and hubs, creative art spaces, sportsfields, surf club and sports club buildings, aquatic centres, the Coastal Environment Centre. This may involve the charging of a fee, or a subsidised lease for exclusive use. Various open spaces are hired for filming, sporting or major events as the Northern Beaches provides many stunning locations.

Council manages \$2.5 billion of land assets, \$3 billion of infrastructure assets and \$120 million of other assets such as IT equipment, plant and fleet. Our infrastructure assets include the stormwater network, transport network (local roads, paths, cycleways, bus shelters, wharves, bridges, retaining walls), sportsfields and other parks and recreation assets, some foreshore and coastal

protection structures and a wide range of buildings and public amenities. Each year Council plans ahead and invests significantly into our assets to ensure that they meet the needs of our changing community, are well maintained, accessible, safe and operational, and upgraded when needed.

While around 60% of Council's income is sourced from rates and annual charges from residential and business ratepayers, our services and infrastructure works are also funded from grants, statutory contributions, interest on investments, dividends from Kimbriki and fees and charges. At times new major assets are provided by Council, often with the assistance of Government grants, such as at Dee Why PCYC, Church Point carpark, new surf club buildings, the 36 km Coast Walk and many recent cycleways. We also work together with bodies such as sports clubs, Surf Life Saving and the Rural Fire Service to fund upgrades to related buildings where needed.

### Financial issues and risks

An analysis of financial issues and risks that impact Council's ability to meet its objectives has been undertaken.

#### Risks

- Regulatory restrictions placed on Council in relation to financial management and its ability to raise revenue limit the Council's ability to forward plan with certainty, when the largest funding source is reliant on the annual rate peg announcement.
- Ongoing economic instability caused by the COVID-19 pandemic and Russia's invasion of Ukraine. These events create uncertainty about prices for fuel and materials, supply delays, reductions in investment earnings along with revenue shocks and the need to re-prioritise programs to support the community.

- Natural hazards - Pressures from climate change, population growth and increased property values will drive increased exposure to our entire community, from a safety, wellbeing, and financial perspective unless we take active steps to limit these risks. The LGA is particularly vulnerable to natural hazards including bushfire, flooding, landslip, coastal erosion and storms. As the climate changes, exposure to natural hazards such as heatwaves, heavy rainfall, severe bushfire conditions, storm surges, sea-level rise and flooding will increase. Efforts to increase resilience in the community and natural and built environments are needed along with measures to reduce carbon emissions and increase efficiencies in managing energy, water and waste.
  - Political decisions at the State and Commonwealth level that change policy and legislation that Council operates under.
  - Many projects are funded through grants. It is often not possible to submit grant applications several years in advance, and a subsequent failure to receive grant funding may severely affect the ability of the Council to deliver a project. Grants that are not recurring in nature or secured are not included in the LTFP for this reason.
- Issues
- The most significant financial consideration is the pressure the COVID-19 pandemic placed on Council's income and expenditure in the past two years and to a lesser extent events such as storms. This resulted in the re-prioritisation of many programs and capital expenditure projects to ensure Council had the capacity to respond to the pandemic. Rebuilding working capital and focusing on reducing the infrastructure renewal backlog are a priority.
  - The 0.7% rate peg announced by the IPART for the 2022/23 financial year would weaken Council's position. Council's consideration of an application to the IPART for approval to proceed with the expected 2.4% increase in 2022/23 is an important mitigation of this risk.
  - The Asset Management Plan (AMP) identifies a level of unfunded works which total \$141 million over 10 years for:
    - Unfunded renewal of existing infrastructure \$45 million
    - Unfunded new infrastructure \$78 million
    - Unfunded maintenance and operational expense requirements \$18 million

Further investment in upgrading legacy IT systems is also required. To deliver the funding needed to progress these projects funding options will need to be explored with the community.

## Risk management

Council has a cautious risk appetite for financial risks and will manage risks that have the potential to adversely impact on its long term sustainable future.

The Council's activities expose it to a variety of risks which are considered in preparing the LTFP. Council recognises the importance of a risk framework to strengthen its capacity to effectively identify, understand and capitalise on challenges and pursue opportunities. Council has different levels of risk that it is prepared to accept before mitigation action is deemed to be necessary.

Council has a cautious risk appetite for financial risks. Cautious means that Council's preference is for safe options that are very low risk, tightly controlled, and which only pursue a potential for reward when it safely outweighs the risk/s taken. Council manages its budgets and financial commitments prudently to remain within its approved annual and long-term plans. Budgets are considered through effective short, medium and long term financial planning and investment strategies and long term asset management plans to maintain a disciplined approach to financial sustainability.

The risk of Council's financial position becoming unsustainable has been identified as a Strategic Risk Area for the organisation. There are a number of likely causes, both external and internal, that could lead to this situation without the presence of risk controls. A number of controls are in place to mitigate this risk including the preparation of this LTFP informed by Council's Asset Management Plan.

However, long term planning in a dynamic environment has some level of uncertainty. Risks such as changes in legislative requirements and economic risks have been discussed in the previous section. These risks could materially change the outcome and projected results of this plan. The Sensitivity Analysis in section 9 tests the impact of inherent economic risks.

## Current financial position

Council's financial results over the past three financial years largely reflect the impact of COVID-19 pandemic restrictions on operations and the support measures in place for the community.

This was partially offset by COVID-19 economic stimulus grants for capital expenditure. The net cost to Council of the COVID-19 pandemic to 30 June 2022 is estimated at \$46 million.

Council adjusted funding for expenditure programs to provide capacity to respond to the pandemic and to retain our long term strong and sustainable position. While Council hasn't met the Operating Performance ratio benchmark of 0% since the COVID-19 pandemic commenced, all other financial and asset performance ratios were met and the loans of the former Councils continue to be repaid.

Along with COVID-19, other significant events have placed pressure on the Council including storms, flooding and bushfire threats. The restoration of working capital funds is a priority over the Long-Term Financial Plan along with continuing to repay loans taken out by the former Councils. Strengthening of working capital will ensure Council maintains sufficient funding for unexpected events and future opportunities.

The Council's Financial Statements provide a summary of the financial performance and position of the Council and are available on the Council's website.

## Forecasting future budgets

In planning for the financial year 2022/23, and beyond, we have made assumptions on factors outside of our control such as inflation, wage increases and the rate peg.

In other words, our current budget and long term outlook is based on the most likely scenarios.

To illustrate how further negative movements in these factors could affect our budgets in coming years, we have included a separate sensitivity analysis.

### Revenue forecasts

In determining the likely revenue that will be available to meet the community's long-term objectives, we have considered the following:

### Capacity for rating

Income from rates is a major component of Council's revenue base. The community's capacity and willingness to pay rates and whether there is potential for changes to the rate path are an important consideration when determining a rating structure.

In making that judgement, Council considers information related to:

- the potential to reduce the reliance on rates through increased revenues from other sources
- the projected impact of the rate cap
- changes in rating revenues from changing demographics and industry makeup
- opportunities for a special variation to general income
- any need to increase the reliance on rating due to a reduction of revenues from other sources such as a decline in grants and subsidies

While no change in the rating categories and sub-categories is proposed or the method of rating, an application to the IPART to maintain rates at the level expected in 2022/23 is required. Information regarding the proposed application and analysis is outlined below.

### Socio-economic analysis and rates affordability

The following analysis assists in undertaking this assessment of the community's capacity and willingness to pay rates.

#### Residential properties

In the 2021/22 financial year, there were 96,001 properties across Northern Beaches Council rated as 'Residential'. These properties include single dwellings, social housing and multi-unit dwellings.

#### Housing tenure

In the Northern Beaches, 67% of households were purchasing (with a mortgage) or fully owned their home, 22.9% were renting privately, and 1.7% were in social housing in 2016 (ABS). Home ownership is notably higher on the Northern Beaches compared to Greater Sydney where 59% of households are purchasing or fully owned their home.

The median weekly mortgage repayment across the Northern Beaches was \$646 and the median weekly rent was \$565<sup>3</sup>.

<sup>3</sup> Australian Bureau of Statistics, Census of Population and Housing 2016  
[https://quickstats.censusdata.abs.gov.au/census\\_services/getproduct/census/2016/quickstat/LGA15990?opendocument](https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/LGA15990?opendocument)

### *Household income*

According to the 2016 Census the median weekly income of households across the Northern Beaches was \$2,178 which was \$428 more than the Greater Sydney area.

### *Employment status*

In December 2021, the Northern Beaches had an unemployment rate of 3.5% (5,321 people), lower than the Greater Sydney rate of 5.1%<sup>4</sup>.

These rates have been impacted by the COVID-19 pandemic. By comparison, the unemployment rate in June 2019 was 2.7% (4,199 people), compared to 4.2% in Greater Sydney.

### *Index of Relative Socio-Economic*

#### *Disadvantage (IRSED)*

The Index of Relative Socio-Economic Disadvantage (IRSED) is based on the 2016 Census and is useful in identifying geographic areas that are relatively disadvantaged. The index is derived from attributes that reflect disadvantage such as low income, low educational attainment, high unemployment, and jobs in relatively unskilled occupations and is useful in identifying geographic areas that are relatively disadvantaged.

An area with an IRSED of 1,000 is considered average while a lower score indicates that the area is experiencing more disadvantage.

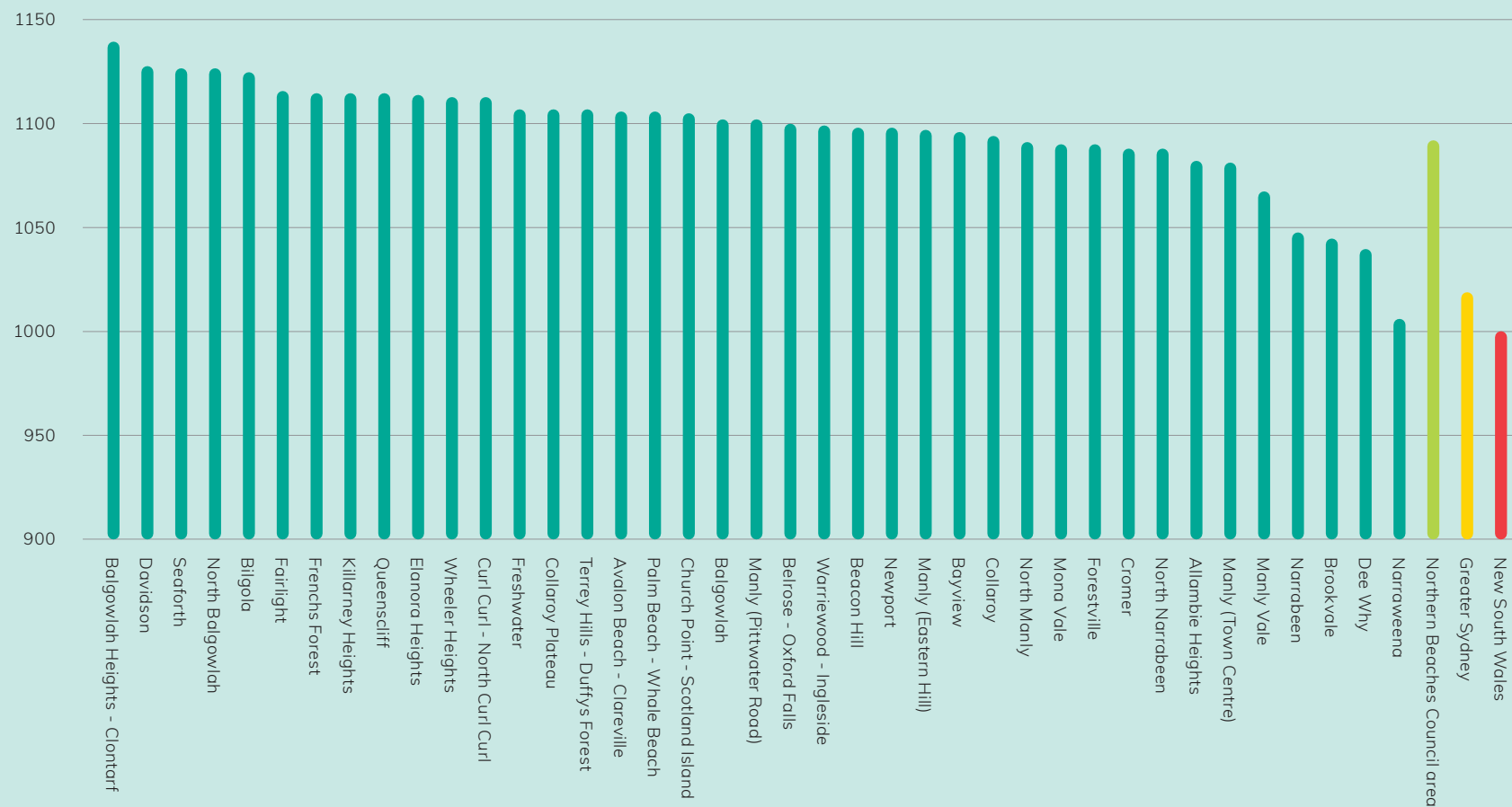
The IRSED for the Northern Beaches is higher than the average at 1,092. This indicates relatively lower levels of socio-economic disadvantage as compared to other LGAs.

The IRSED index by suburb is outlined below. Whilst there is some variation across the LGA, no areas fall below 1,000.

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<sup>4</sup> National Skills Commission, Small Area Labour Markets, December 2021 Quarter  
<https://www.nationalskillscommission.gov.au/topics/small-area-labour-markets>

**Figure 3**  
Index of Relative Socio-Economic Disadvantage (IRSED) 2016



Source: Australian Bureau of Statistics, Census of Population and Housing 2016.  
Compiled and presented in profile.id by .id, the population experts.  
<http://www.id.com.au>

### *Outstanding rates and annual charges*

On 30 June 2021, 3.92% of rates and annual charges levied remained outstanding. While the collection rate was somewhat impacted by the COVID-19 pandemic, this remains well under the industry benchmark of 5%. This is an important consideration in setting options for funding within this plan and is one of the indicators of our ratepayers' capacity and willingness to pay for the services of the Council.

### *Financial hardship and rebates*

Council understands that individual ratepayers may experience financial hardship and has options available to provide support through the Rates and Annual Charges Hardship Policy. Rebates are also available to eligible pensioners.

### *Opportunity to maintain Council's expected rating level – 'Additional Special Variation (ASV) Process for 2022/23'*

The maximum amount that councils can collect in income from rates is determined each year by the Independent Pricing and Regulatory Tribunal (IPART) through their rate peg methodology. The current approach to determining the rate peg means variations can occur when there is economic instability, as we have experienced during the COVID-19 pandemic.

The 2022/23 rate peg of 0.7% was based on the changes in costs experienced by councils between 2019/20 and 2020/21, in the low inflation environment at the beginning of the COVID-19 pandemic. In acknowledgement that such a low rate peg may result in difficulty meeting the obligations councils set for 2022/23 in their 2021/22 Integrated Planning and Reporting (IP&R) documentation, the Office of Local Government announced an 'Additional Special Variation (ASV)'. The ASV is a one off process for the 2022/23 financial year and provides Council with a mechanism to maintain its expected level of rating income and expenditure program.

### *Fees and charges*

A number of the services we provide are offered on a user pays basis.

In preparing the Long-Term Financial Plan, possible future income from fees and charges, including opportunities to reduce reliance on other forms of income, has been considered.

### *Grants and subsidies*

Council receives an annual Financial Assistance Grant allocation from the Commonwealth as well as grants for specific programs. In preparing the Long-Term Financial Plan we have assumed we will continue to receive grants of this nature that are recurring. Should these grants and subsidies be reduced, our ability to provide the same level of service will be impacted.

The Financial Assistance Grant has been paid partially in advance for a number of years, with the advance payment for the following year generally occurring in the last quarter. We have assumed this will continue.

### Borrowings

There are no anticipated new borrowings over the ten year period of the Long-Term Financial Plan.

### Cash reserves

Detailed modelling has been undertaken to manage Council's restricted cash reserves including development contributions, domestic waste and the Kimbriki landfill remediation reserves.

Working capital needs to be maintained at sufficient levels to provide against unforeseen and unbudgeted expenditures. This includes storm events, the need to undertake works unbudgeted in the current financial year which may impact on services to the community, the safety of the community and the protection of community assets. The events of the last few years now mean Council needs to rebuild working capital. Future operating surpluses have been utilised to reinstate working capital levels.

### Expenditure forecasts

In developing expenditure forecasts, new expenditure items and ongoing commitments have been considered. This has included costs for capital and recurrent expenditures such as maintenance costs and capital renewals for infrastructure assets. Consideration has also been given to appropriate phasing of when the costs are expected to be incurred including expenditure for planning, construction, implementation and ongoing maintenance.

Increased maintenance expenditure has been included within the plan for new assets. The Asset Management Plan identifies a level of unfunded works. To deliver the funding needed to progress these projects funding options will need to be explored with the community.

### Financial modelling

The development process for the Long-Term Financial Plan has included financial modelling taking account of different scenarios. This has been presented in the sensitivity analysis.

## Financial planning assumptions

In preparing the budget, consideration was given to a range of economic and political factors that affect our finances. This impacts our capability to maintain existing levels of service and long-term financial sustainability.

Based on reputable sources such as Deloitte Access Economics, we have made assumptions in putting together this year's budget and long-term financial outlook. The assumptions are detailed below:

### Market driven planning assumptions

As part of undertaking financial modelling, key assumptions that underpin the estimates must be made. The following assumptions have been used in the modelling contained in the Long-Term Financial Plan.

### Growth

Demographic trends and projections influence planning for housing, jobs, infrastructure, facilities and other services.

The Northern Beaches population is projected to increase to over 304,000 people in 2036, at an average of 0.7% per annum, or approximately 2,000 extra persons per year<sup>5</sup>.

### Inflation (Consumer Price Index (CPI))

Inflation has been assumed as follows:

| Year                       | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Consumer Price Index (CPI) | 1.9%    | 2.2%    | 2.3%    | 2.4%    | 2.3%    | 2.4%    | 2.5%    | 2.3%    | 2.3%    | 2.3%    |

Source: Deloitte Access Economics Business Outlook - September Quarter 2021 - Underlying CPI

<sup>5</sup> Source: ID Forecast – March 2022  
<https://forecast.id.com.au/northern-beaches>

## Income assumptions

## Rates

| Year                               | 2022/23      | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
|------------------------------------|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Rate peg - 0.7% in year 1 scenario | <b>0.7%</b>  | 2.8%    | 2.8%    | 2.9%    | 2.6%    | 2.7%    | 2.8%    | 2.6%    | 2.6%    | 2.6%    |
| Rate peg - 2.4% in year 1 scenario | <b>2.4%</b>  |         |         |         |         |         |         |         |         |         |
| Rates and annual charges growth    | <b>0.23%</b> | 0.23%   | 0.23%   | 0.23%   | 0.23%   | 0.23%   | 0.23%   | 0.23%   | 0.23%   | 0.23%   |

2022/23 is based on Council's anticipated rate peg of 2.4% in the 2021-2025 Delivery Program, while the 0.7% in year 1 scenario is based on the rate peg set by the IPART 13 December 2021.

Subsequent years have been calculated based on an estimate of the Local Government Cost Index. This estimation is based on 40% of costs being Employee Costs and 60% being Other Expenses.

Rates growth represents the average annual growth in income (measured over five years) due to supplementary valuations and anticipated population growth. This is also applied to annual charges for domestic waste and stormwater.

### Annual Charges - Domestic Waste Management Charge

| Year         | 2022/23     | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
|--------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Waste charge | <b>8.4%</b> | 2.2%    | 2.3%    | 2.1%    | 2.2%    | 2.4%    | 2.5%    | 2.3%    | 2.3%    | 2.3%    |

We calculate the Domestic Waste Management Charges (DWMC) to ensure the income generated can fund the costs associated with providing the service including provisions for the future replacement of bins.

This also includes an allowance for increased vegetation and bulky goods disposal, increases in the EPA Waste Levy and rebuilding the Domestic Waste Reserve in the short-term following the impact of recent events including storms.

It has been assumed that costs and therefore the DWMC will primarily increase in line with underlying inflation, with adjustments for items such as known contract rise and fall factors including fuel.

### Annual Charges - Stormwater Management Services Charge

| Year              | 2022/23   | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
|-------------------|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Stormwater charge | <b>0%</b> | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      |

We have assumed there is no change in the Stormwater Management Services Charge, as the charge is capped by legislation and has not changed since it was introduced.

## User Fees and Charges

| Year                             | 2022/23     | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
|----------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Fees and charges – statutory     | <b>0%</b>   | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      |
| Fees and charges – Kimbriki      | <b>CPI</b>  | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     |
| Fees and charges – parking areas | <b>0%</b>   | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      |
| Fees and charges – non-statutory | <b>2.8%</b> | 3.3%    | 3.3%    | 3.3%    | 2.9%    | 2.9%    | 3.0%    | 2.9%    | 2.9%    | 2.9%    |

User Fees and Charges that are controlled by other levels of government under legislation are assumed to not change. We have also assumed there is no change in income from Pay and Display beach parking and car parks due to the high elasticity of demand and volatility in this income stream. Kimbriki income is assumed to increase by CPI.

Non-Statutory Charges such as Childcare Fees and Venue Hire, are determined by applying our Pricing Policy which incorporates the Local Government Competitive Neutrality Guidelines. Projected income growth is based on 75% of related costs being employee costs and 25% being other expenses (CPI).

## Other Revenues

| Year           | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
|----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Fines          | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      |
| Other revenues | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     |

Other Revenue principally comprises income from fines, sale of recycled materials and licences. CPI has been used to project future

income from Other Revenues except for fines. Fines are set by the State Government and are not forecast to increase.

## Grants and Contributions - Operating Purposes

| Year                                 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Grants and Contributions - Operating | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     |

Council receives a number of operational grants from various Government agencies. The largest of these being the Financial Assistance Grant and we have assumed that this will continue (and be paid partially

paid in advance). We have also assumed we will continue to receive other operating grants in relation to ongoing operations e.g. salary grants and that these will increase annually in line with CPI. Other operating

grants received for specific project related purposes have been included in the year we anticipate they will be received.

### Grants and Contributions - Capital Purposes

| Year                                     | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
|------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Development contributions                | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     |
| Other grants and contributions - capital | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      |

Local infrastructure contributions are a significant source of capital revenue. Predicting the amount of revenues received from this source is extremely difficult as it is essentially market driven and depends on the timing of developments. We have assumed \$7 million in contributions in

the 2022/23 financial year and these will increase annually in line with CPI with some adjustments for the expected timing of Warriewood Valley s7.11 payments.

We have also assumed we will continue to receive other capital grants in relation

to ongoing programs for road resheeting, however we have not assumed any further growth in this income. Other capital grants received for specific project related purposes have been included in the year we anticipate they will be received only where the grant funding has been confirmed.

### Interest and Investment Revenues

| Year                           | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
|--------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Return on investment portfolio | 0.65%   | 1.12%   | 1.96%   | 2.53%   | 2.68%   | 2.87%   | 2.78%   | 2.53%   | 2.31%   | 2.66%   |

We have used information provided by our Investment Advisors and Deloitte Access Economics to determine forecast projections

for interest on investments based on forecast cash balances over the 10-year period.

## Other Income

| Year         | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Other income | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     |

Other Income comprises rental income from leased properties. CPI has been used to project future income.

## Gain / (Loss) on Disposal of Assets

Gains or losses on the disposal of assets are predominantly received from the sale of plant and fleet. Future years are based on the plant and fleet replacement program. Infrastructure-related disposals are based on the Asset Management Plan for the renewal program.

### Expenditure assumptions

The following table outlines the financial planning assumptions by expenditure types. This includes a brief description as to how we have determined the assumption and impact of external influences.

### Employee Benefits and On Costs

| Year                         | 2022/23       | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
|------------------------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Industry Award base increase | <b>2.00%</b>  | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   |
| Industry Award step increase | <b>0.63%</b>  | 0.63%   | 0.63%   | 0.63%   | 0.63%   | 0.63%   | 0.63%   | 0.63%   | 0.63%   | 0.63%   |
| Super guarantee levy         | <b>10.50%</b> | 11.00%  | 11.50%  | 12.00%  | 12.00%  | 12.00%  | 12.00%  | 12.00%  | 12.00%  | 12.00%  |

The current Local Government State Award which expires on 30 June 2023 provides for an annual increase of 2% in 2022/23 as well as salary band step increases. We have assumed that the new Local Government State Award increases will be 2.5% per annum over the remainder of the term of the Long-Term Financial Plan. Other assumptions relating to employee costs in the Long-Term Financial Plan include:

- No change in existing employee working hours.
- A 3.5% vacancy in establishment permanent positions in each financial year.
- Average increase as a result of Award based Salary Band step increases will be 0.63% per annum.
- Superannuation expenditure based on the statutory contribution rate incrementally increasing to 12.0% by 2025/26.

## Borrowing Costs

| Year                     | 2022/23      | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
|--------------------------|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Interest rate on loans   | <b>4.50%</b> | 4.85%   | 5.10%   | 5.10%   | 4.60%   | 4.35%   | 4.35%   | 4.35%   | 4.35%   | 4.35%   |
| Tip remediation discount | <b>3.10%</b> | 3.10%   | 3.10%   | 3.10%   | 3.10%   | 3.10%   | 3.10%   | 3.10%   | 3.10%   | 3.10%   |

Council's borrowing costs over the 10 year period comprise a number of components:

- Interest incurred on borrowings - where borrowings have already been undertaken the interest rate identified in the Loan Agreement has been used. For variable loans or new borrowings the proposed interest rate has been calculated based on the forecast 10 year swap rate along with a 2% loan margin based on advice from Council's investment advisor.
- Lease Interest Charges - rates on these borrowings are forecast in accordance with the lease documents.
- Tip Remediation Discount - this relates to the remediation of the waste landfill site at Kimbriki. The remediation model was last updated in 2021.

## Materials and Services

| Year                                                         | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
|--------------------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Materials and services                                       | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     |
| Fuel - petrol price at pump<br>(cents per litre) (Sept 2021) | 161.02  | 164.13  | 166.35  | 169.33  | 172.63  | 175.78  | 178.78  | 181.54  | 184.32  | 187.16  |

Materials and services including Domestic Waste Management costs and other expenses which represent the principal costs used to deliver services to the community are forecast to increase in line with the CPI. While the rate of growth projected is uneven it is forecast to average

2.3% per annum. Fuel is indexed by the forecast change in the petrol price at pump published by Deloitte Access Economics.

### Depreciation and Amortisation

The depreciation methodology can be found in the Notes to the Financial Statements.

The depreciation expense assumed in the Long-Term Financial Plan has been calculated in accordance with this methodology. Estimates have also been included for the projected depreciation cost of new assets which have been identified within the proposed Capital Works Program along with the impact of revaluations.

## Other Expenses

| Year           | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 |
|----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Other expenses | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     | CPI     |

Other Expenses primarily relate to Statutory Charges (including the Emergency Services Levy and Waste Disposal Levy) and Grants

and Donations provided by Council. These are generally forecast to increase in line with CPI.

### Future and ongoing financial challenges, opportunities and efficiency savings

The most significant financial consideration is the pressure the COVID-19 pandemic placed on Council's income and expenditure in the past two years. Council experienced a significant impact to operational income while also supporting small businesses and the community through this challenging time. The cost over this period is \$46 million and has resulted in the re-prioritisation of many programs and capital expenditure projects to ensure Council had the capacity to respond to the pandemic.

Infrastructure investment is based on the assumption rates income will be maintained at the level anticipated in Council's financial planning. This will require an application to the IPART for approval to maintain Council's forecast rate increase of 2.4% in the 2022/23 financial year. Maintaining rates at this level is essential in providing sufficient funding each year for the renewal of community infrastructure assets. Without this approval Council's income is \$3 million lower in the 2022/23 financial year, and \$34 million lower over 10 years, which would have a significant impact on the asset renewal program.

Council is focused on continuing to achieve efficiency savings and reinvesting those into our community. Council has achieved a reduction in operating costs in the development of the 2022/23 draft budget of \$1.8 million. This includes efficiencies achieved through the introduction of new systems and processes and the optimisation of plant and fleet. This builds on savings achieved in each year since the formation of Northern Beaches Council.

We continue to work across the organisation to provide efficiency improvements and contain costs. Ongoing savings are anticipated through projects such as the advancement of technology and the efficiencies and improved customer experience it presents and the optimisation of resources and assets. Funds that may be made available through such projects could be utilised in a number of ways including supporting the rebuilding of working capital, improvements in services, accelerating the renewal of aging infrastructure or reducing rates. As savings are achieved opportunities for their utilisation will be considered and changes to the Long-Term Financial Plan applied.

## Sensitivity analysis

Although the assumptions listed in the previous section are our current informed estimate based on a range of reliable sources, long-term financial plans are inherently uncertain.

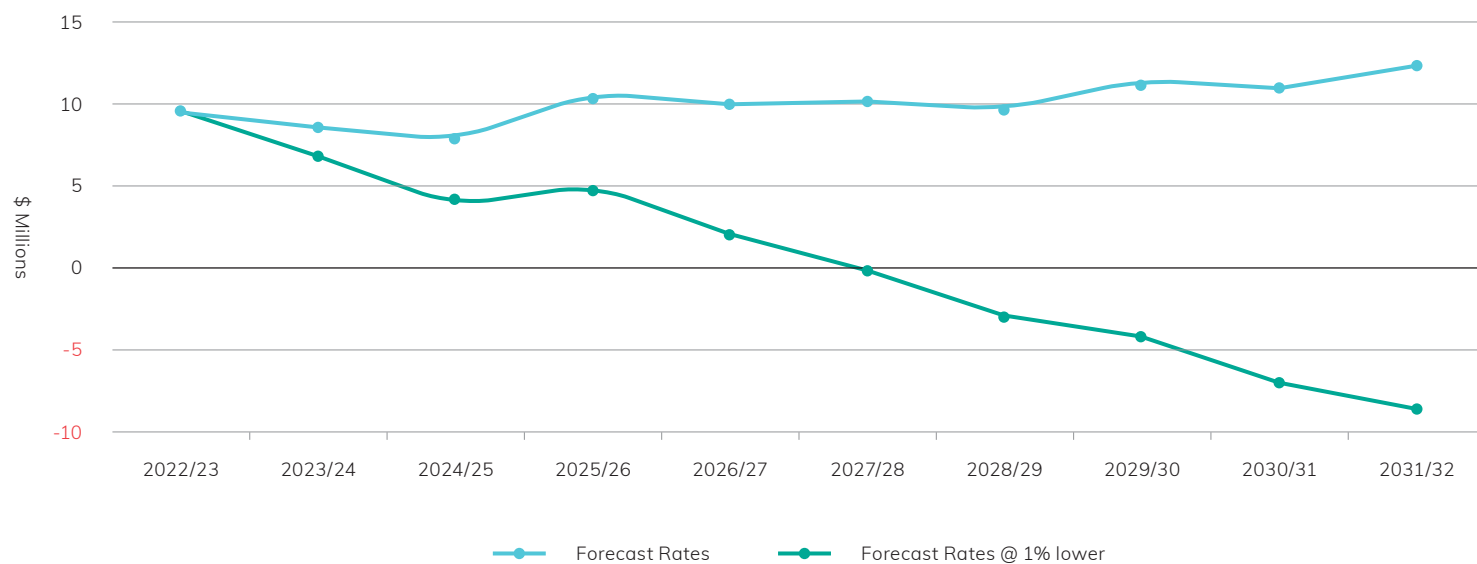
They contain a wide range of assumptions about interest rates and the potential effect of inflation on revenues and expenditures which are largely outside our control. Developing our LTFP includes financial

modelling taking into account the impact on our finances if trends worsen. Modelling has been developed on the 2.4% rates increase scenario, as this is the base case for the Council's draft 2022/23 budget.

### Rates

Rates comprise 46% of our total income. Rates are capped by the State Government and we can only increase rates if we apply for a special increase. If the rate peg is 1% pa lower than forecast from 2022/23 the budget would fall into deficit from 2027/28.

Surplus/(Deficit) before Capital Grants and Contributions

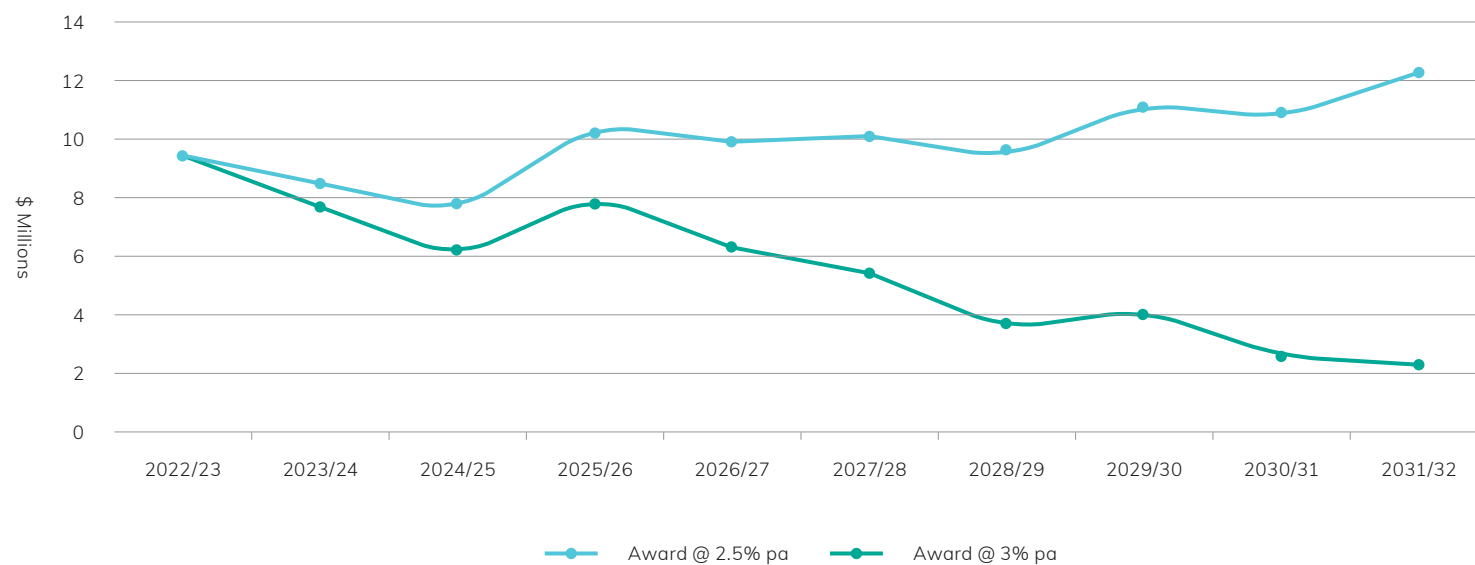


### Employee Costs

Salary growth is largely subject to the NSW Local Government Award. The current Award expires on 30 June 2023 and we have assumed an annual increase

of 2.5% for each year of the Plan before step increases from 2023/24. If the Award increase was 0.5% pa higher the budget would still remain in surplus for each year of the Long-Term Financial Plan.

### Surplus/(Deficit) before Capital Grants and Contributions



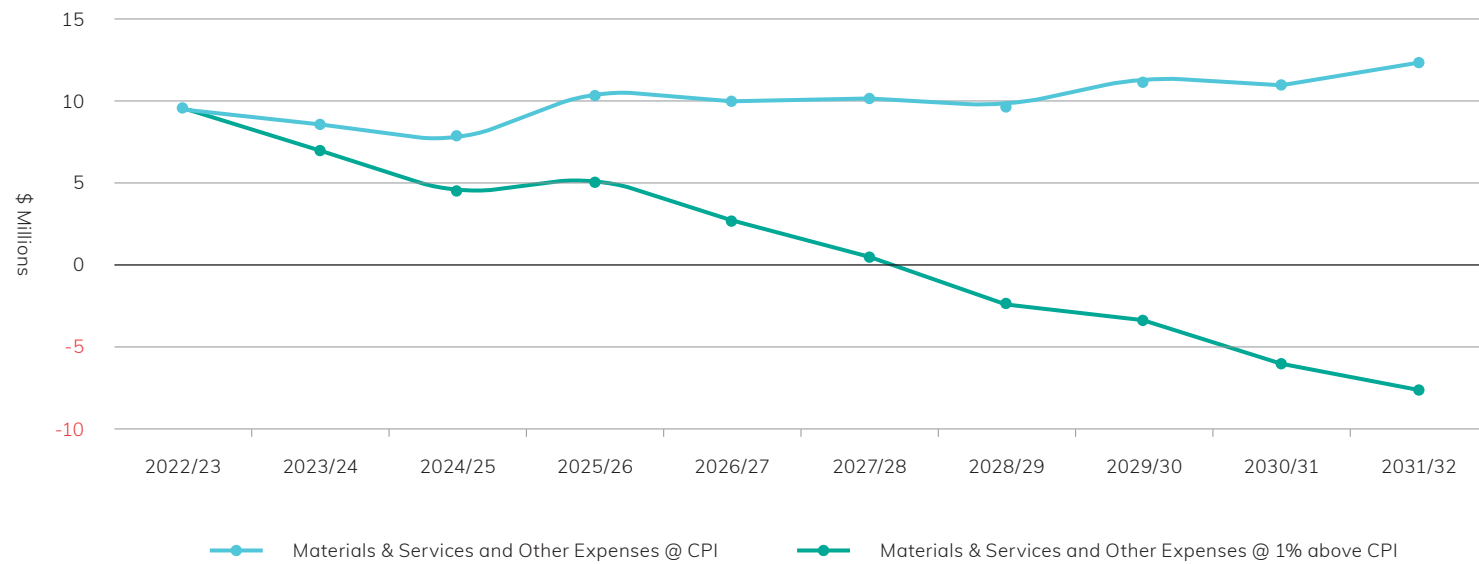
### Materials, Services and Other Expenses

Our budget shows we are in a good financial position, however fluctuating market conditions could affect the price of certain Materials and Services.

The chart shows the impact of a 1% per annum increase in Materials, Services and Other Expenses above the CPI.

The budget would fall into deficit each year from 2028/29 if no corresponding change in income or expenditure is made.

Surplus/(Deficit) before Capital Grants and Contributions



## Scenario modelling

The Long-Term Financial Plan is a rolling 10 year projection of Council's income and expenditure, assets and liabilities and cashflow.

Updates have been made alongside the revision of Council's CSP, Workforce Management Strategy, Asset Management Strategy and Plan. This includes revised assumptions, indexation and financial modelling for two scenarios:

- Maintain 2.4% permanent rate increase in 2022/23 - this option is based on Council's planned level of income and expenditure for the 2022/23 financial year and ongoing programs. This option demonstrates a strong financial position and responsible investment in the ongoing renewal of infrastructure assets. This model is consistent with the draft 2022/23 Budget.
- 0.7% rate peg in 2022/23 - this option applies the IPART's rate peg to increase rates income in the 2022/23 financial year, which results in \$3 million less income in that year, and \$34 million over the 10 years of the plan. While performance benchmarks are met, the results are weaker especially regarding asset renewal and operating performance.

It is important to note Kimbriki's financial performance and position is consolidated with Council's position. This includes cash and investments which are held for operational purposes, future capital expenditure and the future remediation of the landfill site. These funds are held for the management of the facility and are governed by an independent Board. If Kimbriki's financial position was excluded the Council's performance against most benchmarks would be weaker.

## Financial forecast 2022/23 to 2031/32 - 2.4% Rate Increase Scenario

## Income Statement

|                                                          | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|----------------------------------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Income from continuing operations</b>                 |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Rates and annual charges                                 | 208,594                      | 218,169                      | 225,929                        | 234,527                      | 241,235                      | 248,192                      | 255,597                      | 262,575                      | 270,005                      | 277,915                      | 285,503                      | 293,299                      | 301,308                       |
| User charges and fees                                    | 74,512                       | 79,105                       | 76,598                         | 89,113                       | 91,358                       | 93,695                       | 96,126                       | 98,374                       | 100,709                      | 103,195                      | 105,637                      | 108,147                      | 110,726                       |
| Other revenues                                           | 17,544                       | 14,994                       | 16,866                         | 18,975                       | 19,188                       | 19,426                       | 19,690                       | 19,939                       | 20,204                       | 20,488                       | 20,756                       | 21,029                       | 21,309                        |
| Grants and contributions provided for operating purposes | 20,230                       | 19,460                       | 23,440                         | 16,734                       | 16,352                       | 17,495                       | 16,887                       | 17,229                       | 18,669                       | 18,138                       | 18,581                       | 20,033                       | 19,496                        |
| Grants and contributions provided for capital purposes   | 35,194                       | 26,544                       | 50,001                         | 23,891                       | 12,586                       | 9,115                        | 10,801                       | 9,305                        | 8,127                        | 9,752                        | 10,724                       | 10,280                       | 10,475                        |
| Interest and investment revenue                          | 4,300                        | 1,430                        | 964                            | 1,034                        | 1,297                        | 2,102                        | 2,796                        | 3,193                        | 3,702                        | 4,007                        | 3,549                        | 3,662                        | 4,521                         |
| Other Income                                             | 5,575                        | 6,087                        | 5,954                          | 6,821                        | 6,971                        | 7,131                        | 7,303                        | 7,471                        | 7,650                        | 7,841                        | 8,021                        | 8,206                        | 8,395                         |
| Net gain from the disposal of assets                     | 6                            | -                            | -                              | 457                          | 160                          | 192                          | 273                          | 208                          | 206                          | 202                          | 204                          | 237                          | 198                           |
| <b>Total income from continuing operations</b>           | <b>365,955</b>               | <b>365,789</b>               | <b>399,752</b>                 | <b>391,553</b>               | <b>389,147</b>               | <b>397,347</b>               | <b>409,473</b>               | <b>418,293</b>               | <b>429,271</b>               | <b>441,538</b>               | <b>452,976</b>               | <b>464,893</b>               | <b>476,428</b>                |

## Income Statement (continued)

|                                                                                           | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|-------------------------------------------------------------------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Expenses from continuing operations</b>                                                |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Employee benefits and on-costs                                                            | 135,555                      | 139,118                      | 139,925                        | 147,610                      | 152,894                      | 158,364                      | 164,026                      | 169,145                      | 174,424                      | 179,868                      | 185,481                      | 191,269                      | 197,238                       |
| Materials and services                                                                    | 146,283                      | 150,209                      | 145,817                        | 144,180                      | 147,017                      | 152,832                      | 153,450                      | 157,020                      | 162,376                      | 166,737                      | 168,841                      | 174,258                      | 176,846                       |
| Borrowing costs                                                                           | 2,947                        | 2,605                        | 2,433                          | 2,207                        | 1,991                        | 1,838                        | 1,787                        | 1,731                        | 1,705                        | 1,675                        | 1,663                        | 1,516                        | 1,549                         |
| Depreciation, amortisation and impairment<br>for non-financial assets                     | 43,546                       | 47,406                       | 45,842                         | 46,766                       | 48,380                       | 49,226                       | 50,610                       | 52,221                       | 53,111                       | 54,070                       | 54,963                       | 56,004                       | 56,980                        |
| Other expenses                                                                            | 18,975                       | 24,781                       | 21,796                         | 17,460                       | 17,809                       | 18,181                       | 18,579                       | 18,970                       | 19,387                       | 19,831                       | 20,251                       | 20,679                       | 21,118                        |
| Net loss from the disposal of assets                                                      | -                            | 1,579                        | 251                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| <b>Total expenses from continuing operations</b>                                          | <b>347,306</b>               | <b>365,698</b>               | <b>356,064</b>                 | <b>358,223</b>               | <b>368,091</b>               | <b>380,441</b>               | <b>388,453</b>               | <b>399,086</b>               | <b>411,002</b>               | <b>422,182</b>               | <b>431,199</b>               | <b>443,726</b>               | <b>453,731</b>                |
| <b>Operating result - Surplus / (Deficit)</b>                                             | <b>18,649</b>                | <b>91</b>                    | <b>43,688</b>                  | <b>33,329</b>                | <b>21,056</b>                | <b>16,907</b>                | <b>21,019</b>                | <b>19,207</b>                | <b>18,269</b>                | <b>19,356</b>                | <b>21,776</b>                | <b>21,167</b>                | <b>22,697</b>                 |
| <b>Operating result before grants and contributions<br/>provided for capital purposes</b> | <b>(16,545)</b>              | <b>(26,453)</b>              | <b>(6,312)</b>                 | <b>9,438</b>                 | <b>8,470</b>                 | <b>7,792</b>                 | <b>10,219</b>                | <b>9,902</b>                 | <b>10,143</b>                | <b>9,605</b>                 | <b>11,052</b>                | <b>10,887</b>                | <b>12,222</b>                 |

|                                               | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|-----------------------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Assets</b>                                 |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| <b>Current assets</b>                         |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Cash and cash equivalents                     | 6,199                        | 10,661                       | 17,627                         | 13,258                       | 16,338                       | 16,885                       | 21,182                       | 15,824                       | 15,162                       | 15,549                       | 15,754                       | 16,170                       | 16,328                        |
| Investments                                   | 147,311                      | 135,751                      | 88,667                         | 74,491                       | 76,222                       | 83,908                       | 91,947                       | 101,250                      | 111,734                      | 125,873                      | 119,805                      | 135,728                      | 149,548                       |
| Receivables                                   | 15,421                       | 15,993                       | 15,993                         | 16,228                       | 16,695                       | 17,188                       | 17,706                       | 18,190                       | 18,699                       | 19,246                       | 19,745                       | 20,296                       | 20,857                        |
| Inventories                                   | 403                          | 378                          | 378                            | 385                          | 394                          | 403                          | 412                          | 422                          | 432                          | 443                          | 453                          | 463                          | 474                           |
| Prepayments                                   | 1,572                        | 2,028                        | 2,028                          | 2,067                        | 2,112                        | 2,161                        | 2,212                        | 2,263                        | 2,318                        | 2,376                        | 2,430                        | 2,486                        | 2,543                         |
| <b>Total current assets</b>                   | <b>170,906</b>               | <b>164,811</b>               | <b>124,694</b>                 | <b>106,429</b>               | <b>111,761</b>               | <b>120,545</b>               | <b>133,461</b>               | <b>137,949</b>               | <b>148,344</b>               | <b>163,486</b>               | <b>158,187</b>               | <b>175,143</b>               | <b>189,751</b>                |
| <b>Non-current Assets</b>                     |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Investments                                   | 779                          | 826                          | 826                            | 842                          | 860                          | 880                          | 901                          | 742                          | 584                          | 428                          | 270                          | 113                          | 0                             |
| Receivables                                   | 1,136                        | 1,087                        | 1,087                          | 1,097                        | 1,130                        | 1,165                        | 1,201                        | 1,235                        | 1,271                        | 1,310                        | 1,347                        | 1,385                        | 1,424                         |
| Infrastructure, property, plant and equipment | 5,072,703                    | 5,062,151                    | 5,119,795                      | 5,196,307                    | 5,252,811                    | 5,306,880                    | 5,363,937                    | 5,429,303                    | 5,489,913                    | 5,548,473                    | 5,623,973                    | 5,683,307                    | 5,746,846                     |
| Investment property                           | 5,835                        | 5,835                        | 5,835                          | 5,835                        | 5,835                        | 5,835                        | 5,835                        | 5,835                        | 5,835                        | 5,835                        | 5,835                        | 5,835                        | 5,835                         |
| Right of use assets                           | 11,289                       | 10,475                       | 9,025                          | 7,732                        | 6,470                        | 5,209                        | 3,947                        | 2,686                        | 1,424                        | 163                          | 108                          | 54                           | 0                             |
| Other                                         | 4                            | -                            | -                              | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| <b>Total non-current assets</b>               | <b>5,091,746</b>             | <b>5,080,374</b>             | <b>5,136,568</b>               | <b>5,211,812</b>             | <b>5,267,107</b>             | <b>5,319,968</b>             | <b>5,375,821</b>             | <b>5,439,800</b>             | <b>5,499,028</b>             | <b>5,556,208</b>             | <b>5,631,533</b>             | <b>5,690,694</b>             | <b>5,754,105</b>              |
| <b>Total assets</b>                           | <b>5,262,652</b>             | <b>5,245,185</b>             | <b>5,261,262</b>               | <b>5,318,241</b>             | <b>5,378,867</b>             | <b>5,440,513</b>             | <b>5,509,282</b>             | <b>5,577,749</b>             | <b>5,647,372</b>             | <b>5,719,694</b>             | <b>5,789,720</b>             | <b>5,865,837</b>             | <b>5,943,856</b>              |

## Balance sheet (continued)

|                                      | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|--------------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Liabilities</b>                   |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| <b>Current liabilities</b>           |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Payables                             | 40,055                       | 44,606                       | 40,906                         | 41,211                       | 41,733                       | 42,287                       | 42,879                       | 43,456                       | 44,072                       | 44,728                       | 45,350                       | 45,987                       | 46,639                        |
| Contract liabilities                 | 15,782                       | 26,546                       | 11,858                         | 4,000                        | 2,046                        | 2,106                        | 2,017                        | 2,073                        | 2,131                        | 2,193                        | 2,254                        | 2,317                        | 2,401                         |
| Lease liabilities                    | 1,230                        | 1,269                        | 1,228                          | 1,231                        | 1,269                        | 1,307                        | 1,347                        | 1,388                        | 1,430                        | 63                           | 66                           | 70                           | -                             |
| Borrowings                           | 5,137                        | 5,033                        | 4,873                          | 3,346                        | 2,058                        | 1,879                        | 834                          | 873                          | 914                          | 589                          | 604                          | 352                          | 261                           |
| Employee benefit provisions          | 35,315                       | 37,044                       | 37,044                         | 38,006                       | 39,182                       | 40,395                       | 41,645                       | 42,935                       | 44,264                       | 45,636                       | 47,050                       | 48,508                       | 50,012                        |
| Provisions                           | 560                          | 762                          | 762                            | 782                          | 806                          | 832                          | 858                          | 884                          | 1,127                        | 6,928                        | 1,017                        | 1,048                        | 5,340                         |
| <b>Total current liabilities</b>     | <b>98,079</b>                | <b>115,260</b>               | <b>96,671</b>                  | <b>88,576</b>                | <b>87,094</b>                | <b>88,806</b>                | <b>89,580</b>                | <b>91,610</b>                | <b>93,939</b>                | <b>100,136</b>               | <b>96,342</b>                | <b>98,282</b>                | <b>104,654</b>                |
| <b>Non-current liabilities</b>       |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Payables                             | 250                          | 200                          | 150                            | 100                          | 50                           | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| Contract liabilities                 | 6,580                        | 9,815                        | 6,767                          | 4,522                        | 4,309                        | 4,246                        | 4,184                        | 4,121                        | 4,059                        | 3,996                        | 3,933                        | 3,871                        | 3,788                         |
| Lease liabilities                    | 10,211                       | 9,474                        | 8,172                          | 6,941                        | 5,673                        | 4,365                        | 3,018                        | 1,630                        | 200                          | -                            | -                            | -                            | -                             |
| Borrowings                           | 22,319                       | 17,293                       | 12,427                         | 9,081                        | 7,023                        | 5,144                        | 4,309                        | 3,437                        | 2,523                        | 1,934                        | 1,330                        | 978                          | 716                           |
| Employee benefit provisions          | 2,225                        | 2,432                        | 2,432                          | 2,496                        | 2,574                        | 2,654                        | 2,737                        | 2,823                        | 2,911                        | 3,002                        | 3,096                        | 3,192                        | 3,292                         |
| Provisions                           | 37,439                       | 44,150                       | 45,424                         | 46,817                       | 48,269                       | 49,766                       | 51,310                       | 52,901                       | 54,328                       | 50,033                       | 51,723                       | 53,281                       | 50,626                        |
| <b>Total non-current liabilities</b> | <b>79,024</b>                | <b>83,364</b>                | <b>75,372</b>                  | <b>69,957</b>                | <b>67,898</b>                | <b>66,176</b>                | <b>65,558</b>                | <b>64,912</b>                | <b>64,020</b>                | <b>58,965</b>                | <b>60,082</b>                | <b>61,322</b>                | <b>58,423</b>                 |
| <b>Total liabilities</b>             | <b>177,103</b>               | <b>198,624</b>               | <b>172,043</b>                 | <b>158,534</b>               | <b>154,992</b>               | <b>154,982</b>               | <b>155,139</b>               | <b>156,522</b>               | <b>157,959</b>               | <b>159,101</b>               | <b>156,424</b>               | <b>159,604</b>               | <b>163,077</b>                |
| <b>Net assets</b>                    | <b>5,085,549</b>             | <b>5,046,561</b>             | <b>5,089,219</b>               | <b>5,159,707</b>             | <b>5,223,876</b>             | <b>5,285,531</b>             | <b>5,354,143</b>             | <b>5,421,228</b>             | <b>5,489,414</b>             | <b>5,560,593</b>             | <b>5,633,296</b>             | <b>5,706,233</b>             | <b>5,780,779</b>              |

Balance sheet (continued)

|                           | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|---------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Equity</b>             |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Accumulated surplus       | 4,867,395                    | 4,867,332                    | 4,879,248                      | 4,911,436                    | 4,933,431                    | 4,950,947                    | 4,973,501                    | 4,994,432                    | 5,014,324                    | 5,034,976                    | 5,058,164                    | 5,080,473                    | 5,103,280                     |
| IPP&E revaluation surplus | 218,154                      | 179,229                      | 209,971                        | 248,271                      | 290,445                      | 334,584                      | 380,642                      | 426,796                      | 475,090                      | 525,618                      | 575,133                      | 625,760                      | 677,499                       |
| <b>Total equity</b>       | <b>5,085,549</b>             | <b>5,046,561</b>             | <b>5,089,219</b>               | <b>5,159,707</b>             | <b>5,223,876</b>             | <b>5,285,531</b>             | <b>5,354,143</b>             | <b>5,421,228</b>             | <b>5,489,414</b>             | <b>5,560,593</b>             | <b>5,633,296</b>             | <b>5,706,233</b>             | <b>5,780,779</b>              |



|                                                 | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|-------------------------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Cash flows from operating activities</b>     |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| <b>Receipts:</b>                                |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Rates and annual charges                        | 207,777                      | 218,524                      | 225,945                        | 234,334                      | 240,994                      | 247,944                      | 255,333                      | 262,328                      | 269,743                      | 277,636                      | 285,235                      | 293,023                      | 301,024                       |
| User charges and fees                           | 78,491                       | 82,123                       | 79,097                         | 92,716                       | 95,011                       | 97,429                       | 99,949                       | 102,308                      | 104,736                      | 107,315                      | 109,858                      | 112,464                      | 115,141                       |
| Interest received                               | 5,710                        | 2,123                        | 1,724                          | 1,047                        | 1,259                        | 2,053                        | 2,744                        | 3,141                        | 3,645                        | 3,942                        | 3,520                        | 3,594                        | 4,456                         |
| Grants and contributions                        | 38,074                       | 58,012                       | 60,859                         | 30,706                       | 26,949                       | 26,789                       | 27,723                       | 26,725                       | 26,992                       | 28,093                       | 29,514                       | 30,529                       | 30,193                        |
| Bonds, deposits and retentions received         | 5,740                        | 7,356                        | 7,356                          | 6,416                        | 6,416                        | 6,416                        | 6,416                        | 6,416                        | 6,416                        | 6,416                        | 6,416                        | 6,416                        | 6,416                         |
| Other                                           | 41,213                       | 37,697                       | 39,170                         | 39,094                       | 37,302                       | 37,620                       | 38,245                       | 39,813                       | 39,887                       | 40,190                       | 42,559                       | 41,608                       | 42,556                        |
| <b>Payments:</b>                                |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Payments to employees                           | (132,220)                    | (134,939)                    | (144,590)                      | (146,571)                    | (151,625)                    | (157,055)                    | (162,676)                    | (167,753)                    | (172,988)                    | (178,388)                    | (183,955)                    | (189,695)                    | (195,615)                     |
| Payments for materials and services             | (137,714)                    | (164,584)                    | (159,077)                      | (156,606)                    | (158,870)                    | (165,179)                    | (164,859)                    | (168,518)                    | (174,295)                    | (179,590)                    | (188,510)                    | (188,587)                    | (192,430)                     |
| Borrowing costs                                 | (3,025)                      | (1,429)                      | (1,202)                        | (894)                        | (637)                        | (442)                        | (348)                        | (247)                        | (175)                        | (98)                         | (44)                         | (32)                         | (20)                          |
| Bonds, deposits and retentions refunded         | (6,386)                      | (6,416)                      | (5,476)                        | (6,416)                      | (6,416)                      | (6,416)                      | (6,416)                      | (6,416)                      | (6,416)                      | (6,416)                      | (6,416)                      | (6,416)                      | (6,416)                       |
| Other                                           | (56,258)                     | (23,879)                     | (21,137)                       | (17,280)                     | (17,472)                     | (17,826)                     | (18,205)                     | (18,596)                     | (18,993)                     | (19,416)                     | (19,846)                     | (20,265)                     | (20,693)                      |
| <b>Net Cash flows from operating activities</b> | <b>41,402</b>                | <b>74,588</b>                | <b>82,669</b>                  | <b>76,545</b>                | <b>72,912</b>                | <b>71,332</b>                | <b>77,905</b>                | <b>79,203</b>                | <b>78,553</b>                | <b>79,686</b>                | <b>78,331</b>                | <b>82,639</b>                | <b>84,611</b>                 |

## Cashflow statement (continued)

|                                                       | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|-------------------------------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Cash flows from investing activities</b>           |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| <b>Receipts:</b>                                      |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Sale of investments                                   | 347,119                      | 367,193                      | 336,412                        | 314,161                      | 298,250                      | 294,294                      | 294,940                      | 293,856                      | 291,674                      | 292,018                      | 313,226                      | 289,234                      | 291,292                       |
| Proceeds from sale of PPE                             | 3,619                        | 2,539                        | 1,633                          | 1,427                        | 1,597                        | 1,918                        | 2,728                        | 2,075                        | 2,063                        | 2,021                        | 2,042                        | 2,370                        | 1,982                         |
| <b>Payments:</b>                                      |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Purchase of investment securities                     | (306,465)                    | (355,613)                    | (290,766)                      | (300,000)                    | (300,000)                    | (302,000)                    | (303,000)                    | (303,000)                    | (302,000)                    | (306,000)                    | (307,000)                    | (305,000)                    | (305,000)                     |
| Payments for PPE                                      | (80,171)                     | (77,720)                     | (116,656)                      | (90,361)                     | (65,061)                     | (61,630)                     | (65,050)                     | (75,271)                     | (68,652)                     | (64,953)                     | (85,703)                     | (68,116)                     | (72,266)                      |
| <b>Net cash flows from investing activities</b>       | <b>(35,898)</b>              | <b>(63,601)</b>              | <b>(69,377)</b>                | <b>(74,773)</b>              | <b>(65,215)</b>              | <b>(67,418)</b>              | <b>(70,381)</b>              | <b>(82,340)</b>              | <b>(76,915)</b>              | <b>(76,914)</b>              | <b>(77,434)</b>              | <b>(81,512)</b>              | <b>(83,991)</b>               |
| <b>Cash flows from financing activities</b>           |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| <b>Receipts:</b>                                      |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Proceeds from borrowings                              | -                            | -                            | -                              | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| <b>Payments:</b>                                      |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Repayment of borrowings                               | (5,162)                      | (5,130)                      | (5,026)                        | (4,873)                      | (3,346)                      | (2,058)                      | (1,879)                      | (834)                        | (873)                        | (914)                        | (589)                        | (604)                        | (352)                         |
| Lease liabilities (principal repayments)              | (1,195)                      | (1,241)                      | (1,261)                        | (1,228)                      | (1,231)                      | (1,269)                      | (1,307)                      | (1,347)                      | (1,388)                      | (1,430)                      | (63)                         | (66)                         | (70)                          |
| Dividends paid to minority interest                   | -                            | (154)                        | (38)                           | (40)                         | (40)                         | (40)                         | (40)                         | (40)                         | (40)                         | (40)                         | (40)                         | (40)                         | (40)                          |
| <b>Net cash flows from financing activities</b>       | <b>(6,357)</b>               | <b>(6,525)</b>               | <b>(6,326)</b>                 | <b>(6,141)</b>               | <b>(4,617)</b>               | <b>(3,367)</b>               | <b>(3,227)</b>               | <b>(2,221)</b>               | <b>(2,301)</b>               | <b>(2,384)</b>               | <b>(692)</b>                 | <b>(711)</b>                 | <b>(462)</b>                  |
| <b>Net change in cash and cash equivalents</b>        | <b>(853)</b>                 | <b>4,462</b>                 | <b>6,966</b>                   | <b>(4,369)</b>               | <b>3,080</b>                 | <b>547</b>                   | <b>4,298</b>                 | <b>(5,358)</b>               | <b>(662)</b>                 | <b>387</b>                   | <b>205</b>                   | <b>416</b>                   | <b>158</b>                    |
| <b>Cash and cash equivalents at beginning of year</b> | <b>7,052</b>                 | <b>6,199</b>                 | <b>10,661</b>                  | <b>17,627</b>                | <b>13,258</b>                | <b>16,338</b>                | <b>16,885</b>                | <b>21,182</b>                | <b>15,824</b>                | <b>15,162</b>                | <b>15,549</b>                | <b>15,754</b>                | <b>16,170</b>                 |
| <b>Cash and cash equivalents at end of year</b>       | <b>6,199</b>                 | <b>10,661</b>                | <b>17,627</b>                  | <b>13,258</b>                | <b>16,338</b>                | <b>16,885</b>                | <b>21,182</b>                | <b>15,824</b>                | <b>15,162</b>                | <b>15,549</b>                | <b>15,754</b>                | <b>16,170</b>                | <b>16,328</b>                 |

## Cash and investments statement

|                                           | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|-------------------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Total Cash and Investments</b>         | <b>154,289</b>               | <b>147,238</b>               | <b>107,121</b>                 | <b>88,590</b>                | <b>93,420</b>                | <b>101,673</b>               | <b>114,031</b>               | <b>117,816</b>               | <b>127,480</b>               | <b>141,849</b>               | <b>135,828</b>               | <b>152,010</b>               | <b>165,876</b>                |
| <b>Represented by:</b>                    |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| <b>Externally Restricted</b>              |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Developer Contributions                   | 32,021                       | 29,542                       | 23,443                         | 15,891                       | 14,254                       | 16,885                       | 21,548                       | 19,239                       | 16,342                       | 19,402                       | 19,411                       | 23,063                       | 22,040                        |
| Unexpended Grants - not tied to liability | 170                          | 262                          | 12                             | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| Domestic Waste Management                 | 5,393                        | 428                          | 2,318                          | 4,253                        | 6,274                        | 8,444                        | 10,648                       | 12,971                       | 15,434                       | 18,054                       | 6,739                        | 9,663                        | 12,763                        |
| Other externally restricted reserves      | 1,167                        | 196                          | 225                            | 463                          | 714                          | 977                          | 1,252                        | 430                          | 580                          | 743                          | 918                          | 1,106                        | 777                           |
| <b>Total Externally Restricted</b>        | <b>38,751</b>                | <b>30,428</b>                | <b>25,998</b>                  | <b>20,608</b>                | <b>21,242</b>                | <b>26,305</b>                | <b>33,448</b>                | <b>32,640</b>                | <b>32,356</b>                | <b>38,199</b>                | <b>27,069</b>                | <b>33,832</b>                | <b>35,581</b>                 |
| <b>Internally Restricted</b>              |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Deposits, Retentions & Bonds              | 13,169                       | 13,750                       | 13,749                         | 13,749                       | 13,749                       | 13,749                       | 13,749                       | 13,749                       | 13,749                       | 13,749                       | 13,749                       | 13,749                       | 13,749                        |
| Employee Leave Entitlement                | 7,248                        | 7,633                        | 7,633                          | 7,833                        | 8,078                        | 8,330                        | 8,591                        | 8,859                        | 9,136                        | 9,422                        | 9,716                        | 10,020                       | 10,333                        |
| Kimbriki Landfill Remediation             | 10,697                       | 12,153                       | 13,624                         | 15,299                       | 17,125                       | 19,158                       | 21,317                       | 23,597                       | 25,982                       | 28,237                       | 24,802                       | 26,965                       | 29,437                        |
| Unexpended Grants - tied to liability     | 21,228                       | 34,095                       | 17,169                         | 7,018                        | 4,793                        | 4,731                        | 4,668                        | 4,605                        | 4,543                        | 4,480                        | 4,417                        | 4,355                        | 4,292                         |
| Other                                     | 19,430                       | 16,175                       | 11,321                         | 11,025                       | 12,093                       | 12,512                       | 11,071                       | 9,536                        | 10,544                       | 11,205                       | 12,311                       | 11,908                       | 13,143                        |
| <b>Total Internally Restricted</b>        | <b>71,772</b>                | <b>83,806</b>                | <b>63,495</b>                  | <b>54,925</b>                | <b>55,839</b>                | <b>58,480</b>                | <b>59,396</b>                | <b>60,347</b>                | <b>63,955</b>                | <b>67,093</b>                | <b>64,996</b>                | <b>66,997</b>                | <b>70,954</b>                 |
| <b>Total Restricted Cash</b>              | <b>114,234</b>               | <b>114,234</b>               | <b>89,493</b>                  | <b>75,532</b>                | <b>77,081</b>                | <b>84,786</b>                | <b>92,844</b>                | <b>92,987</b>                | <b>96,311</b>                | <b>105,292</b>               | <b>92,065</b>                | <b>100,829</b>               | <b>106,536</b>                |
| <b>Total Unrestricted Cash</b>            | <b>40,055</b>                | <b>33,004</b>                | <b>17,627</b>                  | <b>13,058</b>                | <b>16,340</b>                | <b>16,888</b>                | <b>21,187</b>                | <b>24,830</b>                | <b>31,169</b>                | <b>36,557</b>                | <b>43,763</b>                | <b>51,181</b>                | <b>59,341</b>                 |

## Capital budget statement

|                                         | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|-----------------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Capital Funding</b>                  |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Working Capital                         | 14,207                       | 7,508                        | 15,679                         | 9,945                        | 3,831                        | 3,493                        | 1,871                        | 3,595                        | 431                          | 247                          | 251                          | 255                          | 260                           |
| Depreciation                            | 34,508                       | 23,569                       | 25,787                         | 36,512                       | 38,230                       | 41,760                       | 43,210                       | 45,523                       | 46,878                       | 47,738                       | 48,957                       | 48,753                       | 49,612                        |
| <b>Capital grants and contributions</b> |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Grants and contributions                | 26,226                       | 19,194                       | 42,782                         | 16,939                       | 5,616                        | 1,913                        | 1,913                        | 1,913                        | 1,913                        | 1,913                        | 1,913                        | 1,913                        | 1,913                         |
| <b>Externally restricted reserves</b>   |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| - Developer contributions               | 11,107                       | 10,094                       | 13,081                         | 14,315                       | 8,559                        | 4,654                        | 4,600                        | 10,217                       | 9,583                        | 5,200                        | 9,264                        | 5,200                        | 10,090                        |
| - Domestic Waste                        | 1,073                        | -                            | -                              | -                            | -                            | -                            | -                            | -                            | -                            | -                            | 14,048                       | -                            | -                             |
| - Other                                 | 589                          | 1,207                        | 2,274                          | 1,976                        | 1,971                        | 1,965                        | 1,960                        | 3,065                        | 2,099                        | 2,094                        | 2,089                        | 2,083                        | 2,608                         |
| <b>Internally restricted reserves</b>   |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| - Merger savings fund                   | 2,897                        | 1,375                        | 2,609                          | 861                          | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| - Other                                 | 4,292                        | 8,718                        | 5,388                          | 2,840                        | 2,672                        | 3,372                        | 5,345                        | 5,542                        | 3,044                        | 3,562                        | 3,145                        | 4,820                        | 3,247                         |
| <b>Income from sale of assets</b>       |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| - Plant and equipment                   | 2,337                        | 2,276                        | 1,633                          | 1,427                        | 1,597                        | 1,918                        | 2,728                        | 2,075                        | 2,063                        | 2,021                        | 2,042                        | 2,370                        | 1,982                         |
| <b>Total funding</b>                    | <b>97,236</b>                | <b>73,941</b>                | <b>109,233</b>                 | <b>84,816</b>                | <b>62,476</b>                | <b>59,074</b>                | <b>61,628</b>                | <b>71,929</b>                | <b>66,011</b>                | <b>62,776</b>                | <b>81,710</b>                | <b>65,395</b>                | <b>69,712</b>                 |

# Capital budget statement (continued)

|                            | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|----------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Capital Expenditure</b> |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Buildings                  | 22,299                       | 16,107                       | 24,295                         | 14,595                       | 11,624                       | 9,417                        | 9,647                        | 10,216                       | 10,350                       | 10,487                       | 10,622                       | 10,757                       | 10,794                        |
| Community Land             | -                            | 2,954                        | -                              | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| Furniture & Fittings       | 185                          | 115                          | 809                            | 162                          | 36                           | 36                           | 36                           | 36                           | 36                           | 36                           | 36                           | 36                           | 36                            |
| Land Improvements          | -                            | -                            | 7,931                          | 9,692                        | 1,892                        | 3,836                        | 2,210                        | 4,031                        | 863                          | 675                          | 675                          | 675                          | 675                           |
| Land Under Roads           | 13,311                       | 159                          | -                              | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| Library Books              | 1,224                        | 1,361                        | 872                            | 883                          | 878                          | 993                          | 1,017                        | 1,040                        | 1,065                        | 1,092                        | 1,117                        | 1,143                        | 1,169                         |
| Office Equipment           | 3,166                        | 1,042                        | 3,305                          | 1,930                        | 1,911                        | 2,410                        | 2,606                        | 2,494                        | 2,533                        | 2,559                        | 2,608                        | 2,658                        | 2,687                         |
| Open Space / Recreational  | 18,363                       | 10,116                       | 13,367                         | 14,803                       | 10,466                       | 6,998                        | 7,309                        | 12,578                       | 12,090                       | 7,777                        | 10,205                       | 7,872                        | 11,730                        |
| Other Assets               | 22                           | 43                           | 1,302                          | 711                          | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| Other Structures           | 3,739                        | 2,074                        | 8,421                          | 2,057                        | 1,387                        | 1,600                        | 1,630                        | 1,040                        | 1,040                        | 1,040                        | 1,040                        | 1,040                        | 1,040                         |
| Plant & Equipment          | 6,035                        | 5,039                        | 4,616                          | 4,262                        | 4,265                        | 5,289                        | 8,250                        | 7,746                        | 5,238                        | 5,715                        | 19,767                       | 7,471                        | 5,510                         |
| Road, Bridges & Footpaths  | 20,083                       | 24,852                       | 37,000                         | 25,371                       | 20,347                       | 17,568                       | 17,767                       | 20,711                       | 20,538                       | 20,896                       | 22,921                       | 21,569                       | 22,687                        |
| Stormwater Drainage        | 5,185                        | 6,111                        | 6,763                          | 8,812                        | 8,734                        | 9,599                        | 9,794                        | 10,399                       | 10,613                       | 10,850                       | 11,064                       | 11,284                       | 11,718                        |
| Swimming Pools             | -                            | 1,007                        | 554                            | 1,538                        | 935                          | 1,330                        | 1,362                        | 1,639                        | 1,644                        | 1,650                        | 1,655                        | 891                          | 1,666                         |
| Tip Asset                  | 3,623                        | 2,960                        | -                              | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| <b>Total expenditure</b>   | <b>97,236</b>                | <b>73,941</b>                | <b>109,233</b>                 | <b>84,816</b>                | <b>62,476</b>                | <b>59,074</b>                | <b>61,628</b>                | <b>71,929</b>                | <b>66,011</b>                | <b>62,776</b>                | <b>81,710</b>                | <b>65,395</b>                | <b>69,712</b>                 |

### Statement of borrowings

The Long-Term Financial Plan recognises debt as an important source of funds for large capital projects.

There are no anticipated new borrowings over the 10 year period of the Long-Term Financial Plan, however Council will continue to review the need to borrow for major infrastructure projects. Spreading these costs over a number of years facilitates intergenerational equity and smooths out long-term expenditure peaks and troughs.



## Statement of performance measures

|                                                                                                                                         | OLG<br>Benchmark | Result<br>2019/20 | Result<br>2020/21 | Forecast<br>2021/22 | Budget<br>2022/23 | Year 2<br>2023/24 | Year 3<br>2024/25 | Year 4<br>2025/26 | Year 5<br>2026/27 | Year 6<br>2027/28 | Year 7<br>2028/29 | Year 8<br>2029/30 | Year 9<br>2030/31 | Year 10<br>2031/32 |
|-----------------------------------------------------------------------------------------------------------------------------------------|------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| <b>Budget Performance</b>                                                                                                               |                  |                   |                   |                     |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |
| <b>Operating Performance Ratio</b>                                                                                                      | > 0%             | (4.9%)            | (7.3%)            | (1.7%)              | 2.4%              | 2.2%              | 2.0%              | 2.6%              | 2.4%              | 2.4%              | 2.2%              | 2.5%              | 2.4%              | 2.6%               |
| measures the extent to which a council has succeeded in containing operating expenditure within operating revenue.                      |                  | ✗                 | ✗                 | ✗                   | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                  |
| <b>Own Source Operating Revenue Ratio</b>                                                                                               | > 60%            | 84.9%             | 87.4%             | 81.6%               | 89.6%             | 92.6%             | 93.3%             | 93.2%             | 93.7%             | 93.8%             | 93.7%             | 93.5%             | 93.5%             | 93.7%              |
| measures fiscal flexibility. It is the degree of reliance on external funding sources.                                                  |                  | ✓                 | ✓                 | ✓                   | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                  |
| <b>Operational Liquidity</b>                                                                                                            |                  |                   |                   |                     |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |
| <b>Unrestricted Current Ratio</b>                                                                                                       | > 1.5x           | 2.09x             | 1.69x             | 1.61x               | 1.63x             | 1.79x             | 1.83x             | 1.95x             | 2.00x             | 2.15x             | 2.11x             | 2.40x             | 2.54x             | 2.52x              |
| represents a council's ability to meet short-term obligations as they fall due.                                                         |                  | ✓                 | ✓                 | ✓                   | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                  |
| <b>Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>                                                       | < 5%             | 4.1%              | 3.9%              | 3.8%                | 3.7%              | 3.7%              | 3.8%              | 3.8%              | 3.8%              | 3.8%              | 3.8%              | 3.8%              | 3.8%              | 3.8%               |
| expressed as a percentage of total rates and charges available for collection in the financial year.                                    |                  | ✓                 | ✓                 | ✓                   | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                  |
| <b>Cash Expense Cover Ratio</b>                                                                                                         | > 3mths          | 5.4mths           | 5.2mths           | 3.8mths             | 3.2mths           | 3.3mths           | 3.5mths           | 3.9mths           | 3.9mths           | 4.1mths           | 4.4mths           | 4.1mths           | 4.5mths           | 4.8mths            |
| liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow. |                  | ✓                 | ✓                 | ✓                   | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                  |

## Statement of performance measures (continued)

|                                                                                                                                                                                                       | OLG<br>Benchmark | Result<br>2019/20 | Result<br>2020/21 | Forecast<br>2021/22 | Budget<br>2022/23 | Year 2<br>2023/24 | Year 3<br>2024/25 | Year 4<br>2025/26 | Year 5<br>2026/27 | Year 6<br>2027/28 | Year 7<br>2028/29 | Year 8<br>2029/30 | Year 9<br>2030/31 | Year 10<br>2031/32 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| <b>Liability and Debt Management</b>                                                                                                                                                                  |                  |                   |                   |                     |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |
| <b>Debt Service Cover Ratio</b>                                                                                                                                                                       | > 2x             | 3.7x              | 2.8x              | 5.7x                | 8.3x              | 11.0x             | 15.1x             | 17.1x             | 24.9x             | 25.2x             | 25.2x             | 30.1x             | 32.3x             | 37.2x              |
| measures the availability of operating cash to service loan repayments.                                                                                                                               |                  | ✓                 | ✓                 | ✓                   | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                  |
| <b>Asset Management</b>                                                                                                                                                                               |                  |                   |                   |                     |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |
| <b>Building and Infrastructure Renewals Ratio</b>                                                                                                                                                     | > 100%           | 121.3%            | 117.2%            | 103.6%              | 109.4%            | 114.8%            | 115.2%            | 115.7%            | 120.1%            | 119.6%            | 118.9%            | 118.3%            | 116.1%            | 116.6%             |
| assesses the rate at which these assets are being renewed against the rate at which they are depreciating.                                                                                            |                  | ✓                 | ✓                 | ✓                   | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                  |
| <b>Infrastructure Backlog Ratio</b>                                                                                                                                                                   | < 2%             | 1.37%             | 1.50%             | 1.49%               | 1.44%             | 1.41%             | 1.37%             | 1.33%             | 1.30%             | 1.26%             | 1.23%             | 1.20%             | 1.17%             | 1.14%              |
| ratio shows what proportion the infrastructure backlog is against the total net carrying amount of a council's infrastructure.                                                                        |                  | ✓                 | ✓                 | ✓                   | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                  |
| <b>Asset Maintenance Ratio</b>                                                                                                                                                                        | > 100%           | 107.9%            | 106.5%            | 106.5%              | 107.0%            | 108.6%            | 110.4%            | 112.2%            | 113.3%            | 114.5%            | 115.7%            | 117.0%            | 118.4%            | 119.7%             |
| ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing. |                  | ✓                 | ✓                 | ✓                   | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                  |
| <b>Cost to bring assets to agreed service level</b>                                                                                                                                                   |                  | 1.15%             | 1.25%             | 1.23%               | 1.19%             | 1.16%             | 1.13%             | 1.10%             | 1.07%             | 1.04%             | 1.02%             | 0.99%             | 0.97%             | 0.95%              |
| ratio shows what proportion the infrastructure backlog is against the total gross replacement cost of a council's infrastructure.                                                                     |                  | ✓                 | ✓                 | ✓                   | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                  |

## Financial forecast 2022/23 to 2031/32 - 0.7% Rate Peg Scenario

## Income statement

|                                                             | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|-------------------------------------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Income from continuing operations</b>                    |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Rates and annual charges                                    | 208,594                      | 218,169                      | 225,929                        | 231,530                      | 238,149                      | 245,013                      | 252,321                      | 259,207                      | 266,539                      | 274,346                      | 281,835                      | 289,528                      | 297,432                       |
| User charges and fees                                       | 74,512                       | 79,105                       | 76,598                         | 89,113                       | 91,358                       | 93,695                       | 96,126                       | 98,374                       | 100,709                      | 103,195                      | 105,637                      | 108,147                      | 110,726                       |
| Other revenues                                              | 17,544                       | 14,994                       | 16,866                         | 18,975                       | 19,188                       | 19,426                       | 19,690                       | 19,939                       | 20,204                       | 20,488                       | 20,756                       | 21,029                       | 21,309                        |
| Grants and contributions provided<br>for operating purposes | 20,230                       | 19,460                       | 23,440                         | 16,734                       | 16,352                       | 17,495                       | 16,887                       | 17,229                       | 18,669                       | 18,138                       | 18,581                       | 20,033                       | 19,496                        |
| Grants and contributions provided<br>for capital purposes   | 35,194                       | 26,544                       | 50,001                         | 23,891                       | 12,586                       | 9,115                        | 10,801                       | 9,305                        | 8,127                        | 9,752                        | 10,724                       | 10,280                       | 10,475                        |
| Interest and investment revenue                             | 4,300                        | 1,430                        | 964                            | 1,034                        | 1,288                        | 2,085                        | 2,775                        | 3,170                        | 3,648                        | 3,956                        | 3,502                        | 3,619                        | 4,445                         |
| Other Income                                                | 5,575                        | 6,087                        | 5,954                          | 6,821                        | 6,971                        | 7,131                        | 7,303                        | 7,471                        | 7,650                        | 7,841                        | 8,021                        | 8,206                        | 8,395                         |
| Net gain from the disposal of assets                        | 6                            | -                            | -                              | 457                          | 160                          | 192                          | 273                          | 208                          | 206                          | 202                          | 204                          | 237                          | 198                           |
| <b>Total income from continuing operations</b>              | <b>365,955</b>               | <b>365,789</b>               | <b>399,752</b>                 | <b>388,556</b>               | <b>386,051</b>               | <b>394,152</b>               | <b>406,175</b>               | <b>414,902</b>               | <b>425,752</b>               | <b>437,918</b>               | <b>449,260</b>               | <b>461,080</b>               | <b>472,476</b>                |

## Income statement (continued)

|                                                                                                              | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|--------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Expenses from continuing operations</b>                                                                   |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Employee benefits and on-costs                                                                               | 135,555                      | 139,118                      | 139,925                        | 147,610                      | 152,894                      | 158,364                      | 164,026                      | 169,145                      | 174,424                      | 179,868                      | 185,481                      | 191,269                      | 197,238                       |
| Materials and services                                                                                       | 146,283                      | 150,209                      | 145,817                        | 144,180                      | 147,015                      | 152,829                      | 153,446                      | 157,013                      | 162,368                      | 166,728                      | 168,829                      | 174,245                      | 176,831                       |
| Borrowing costs                                                                                              | 2,947                        | 2,605                        | 2,433                          | 2,207                        | 1,991                        | 1,838                        | 1,787                        | 1,731                        | 1,705                        | 1,675                        | 1,663                        | 1,516                        | 1,549                         |
| Depreciation, amortisation and impairment<br>for non-financial assets                                        | 43,546                       | 47,406                       | 45,842                         | 46,766                       | 48,034                       | 48,838                       | 50,184                       | 51,758                       | 52,614                       | 53,539                       | 54,401                       | 55,409                       | 56,355                        |
| Other expenses                                                                                               | 18,975                       | 24,781                       | 21,796                         | 17,460                       | 17,809                       | 18,181                       | 18,579                       | 18,970                       | 19,387                       | 19,831                       | 20,251                       | 20,679                       | 21,118                        |
| Net loss from the disposal of assets                                                                         | -                            | 1,579                        | 251                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| <b>Total expenses from continuing operations</b>                                                             | <b>347,306</b>               | <b>365,698</b>               | <b>356,064</b>                 | <b>358,223</b>               | <b>367,743</b>               | <b>380,050</b>               | <b>388,022</b>               | <b>398,617</b>               | <b>410,497</b>               | <b>421,641</b>               | <b>430,625</b>               | <b>443,119</b>               | <b>453,091</b>                |
| <b>Operating result from continuing operations</b>                                                           | <b>18,649</b>                | <b>91</b>                    | <b>43,688</b>                  | <b>30,333</b>                | <b>18,309</b>                | <b>14,103</b>                | <b>18,152</b>                | <b>16,285</b>                | <b>15,256</b>                | <b>16,276</b>                | <b>18,635</b>                | <b>17,961</b>                | <b>19,385</b>                 |
| <b>Net operating result for the period before grants<br/>and contributions provided for capital purposes</b> | <b>(16,545)</b>              | <b>(26,453)</b>              | <b>(6,312)</b>                 | <b>6,442</b>                 | <b>5,723</b>                 | <b>4,988</b>                 | <b>7,352</b>                 | <b>6,980</b>                 | <b>7,129</b>                 | <b>6,524</b>                 | <b>7,911</b>                 | <b>7,680</b>                 | <b>8,910</b>                  |

|                                               | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|-----------------------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Assets</b>                                 |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| <b>Current assets</b>                         |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Cash and cash equivalents                     | 6,199                        | 10,661                       | 17,627                         | 13,850                       | 16,647                       | 16,897                       | 20,888                       | 15,215                       | 15,231                       | 15,291                       | 15,164                       | 15,245                       | 16,057                        |
| Investments                                   | 147,311                      | 135,751                      | 88,667                         | 73,632                       | 75,363                       | 83,049                       | 91,088                       | 100,391                      | 109,875                      | 124,014                      | 117,946                      | 133,869                      | 146,689                       |
| Receivables                                   | 15,421                       | 15,993                       | 15,993                         | 16,227                       | 16,694                       | 17,187                       | 17,705                       | 18,188                       | 18,696                       | 19,243                       | 19,742                       | 20,293                       | 20,853                        |
| Inventories                                   | 403                          | 378                          | 378                            | 385                          | 394                          | 403                          | 412                          | 422                          | 432                          | 443                          | 453                          | 463                          | 474                           |
| Prepayments                                   | 1,572                        | 2,028                        | 2,028                          | 2,067                        | 2,112                        | 2,161                        | 2,212                        | 2,263                        | 2,318                        | 2,376                        | 2,430                        | 2,486                        | 2,543                         |
| <b>Total current assets</b>                   | <b>170,906</b>               | <b>164,811</b>               | <b>124,694</b>                 | <b>106,160</b>               | <b>111,209</b>               | <b>119,696</b>               | <b>132,305</b>               | <b>136,480</b>               | <b>146,551</b>               | <b>161,366</b>               | <b>155,735</b>               | <b>172,355</b>               | <b>186,616</b>                |
| <b>Non-current assets</b>                     |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Investments                                   | 779                          | 826                          | 826                            | 842                          | 860                          | 880                          | 901                          | 742                          | 584                          | 428                          | 270                          | 113                          | 0                             |
| Receivables                                   | 1,136                        | 1,087                        | 1,087                          | 1,097                        | 1,130                        | 1,165                        | 1,201                        | 1,235                        | 1,271                        | 1,310                        | 1,347                        | 1,385                        | 1,424                         |
| Infrastructure, property, plant and equipment | 5,072,703                    | 5,062,151                    | 5,119,795                      | 5,193,726                    | 5,247,942                    | 5,299,694                    | 5,354,396                    | 5,417,370                    | 5,475,544                    | 5,531,615                    | 5,604,582                    | 5,661,332                    | 5,722,233                     |
| Investment property                           | 5,835                        | 5,835                        | 5,835                          | 5,835                        | 5,835                        | 5,835                        | 5,835                        | 5,835                        | 5,835                        | 5,835                        | 5,835                        | 5,835                        | 5,835                         |
| Right of use assets                           | 11,289                       | 10,475                       | 9,025                          | 7,732                        | 6,470                        | 5,209                        | 3,947                        | 2,686                        | 1,424                        | 163                          | 108                          | 54                           | 0                             |
| Other                                         | 4                            | -                            | -                              | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| <b>Total non-current assets</b>               | <b>5,091,746</b>             | <b>5,080,374</b>             | <b>5,136,568</b>               | <b>5,209,232</b>             | <b>5,262,238</b>             | <b>5,312,782</b>             | <b>5,366,280</b>             | <b>5,427,867</b>             | <b>5,484,658</b>             | <b>5,539,350</b>             | <b>5,612,142</b>             | <b>5,668,718</b>             | <b>5,729,492</b>              |
| <b>Total assets</b>                           | <b>5,262,652</b>             | <b>5,245,185</b>             | <b>5,261,262</b>               | <b>5,315,392</b>             | <b>5,373,447</b>             | <b>5,432,478</b>             | <b>5,498,585</b>             | <b>5,564,347</b>             | <b>5,631,209</b>             | <b>5,700,716</b>             | <b>5,767,877</b>             | <b>5,841,074</b>             | <b>5,916,109</b>              |

## Balance sheet (continued)

|                                      | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|--------------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Liabilities</b>                   |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| <b>Current liabilities</b>           |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Payables                             | 40,055                       | 44,606                       | 40,906                         | 41,211                       | 41,733                       | 42,287                       | 42,879                       | 43,456                       | 44,072                       | 44,728                       | 45,350                       | 45,987                       | 46,639                        |
| Contract liabilities                 | 15,782                       | 26,546                       | 11,858                         | 4,000                        | 2,046                        | 2,106                        | 2,017                        | 2,073                        | 2,131                        | 2,193                        | 2,254                        | 2,317                        | 2,401                         |
| Lease liabilities                    | 1,230                        | 1,269                        | 1,228                          | 1,231                        | 1,269                        | 1,307                        | 1,347                        | 1,388                        | 1,430                        | 63                           | 66                           | 70                           | -                             |
| Borrowings                           | 5,137                        | 5,033                        | 4,873                          | 3,346                        | 2,058                        | 1,879                        | 834                          | 873                          | 914                          | 589                          | 604                          | 352                          | 261                           |
| Employee benefit provisions          | 35,315                       | 37,044                       | 37,044                         | 38,006                       | 39,182                       | 40,395                       | 41,645                       | 42,935                       | 44,264                       | 45,636                       | 47,050                       | 48,508                       | 50,012                        |
| Provisions                           | 560                          | 762                          | 762                            | 782                          | 806                          | 832                          | 858                          | 884                          | 1,127                        | 6,928                        | 1,017                        | 1,048                        | 5,340                         |
| <b>Total current liabilities</b>     | <b>98,079</b>                | <b>115,260</b>               | <b>96,671</b>                  | <b>88,576</b>                | <b>87,094</b>                | <b>88,806</b>                | <b>89,580</b>                | <b>91,610</b>                | <b>93,939</b>                | <b>100,136</b>               | <b>96,342</b>                | <b>98,282</b>                | <b>104,654</b>                |
| <b>Non-current liabilities</b>       |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Payables                             | 250                          | 200                          | 150                            | 100                          | 50                           | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| Contract liabilities                 | 6,580                        | 9,815                        | 6,767                          | 4,522                        | 4,309                        | 4,246                        | 4,184                        | 4,121                        | 4,059                        | 3,996                        | 3,933                        | 3,871                        | 3,788                         |
| Lease liabilities                    | 10,211                       | 9,474                        | 8,172                          | 6,941                        | 5,673                        | 4,365                        | 3,018                        | 1,630                        | 200                          | -                            | -                            | -                            | -                             |
| Borrowings                           | 22,319                       | 17,293                       | 12,427                         | 9,081                        | 7,023                        | 5,144                        | 4,309                        | 3,437                        | 2,523                        | 1,934                        | 1,330                        | 978                          | 716                           |
| Employee benefit provisions          | 2,225                        | 2,432                        | 2,432                          | 2,496                        | 2,574                        | 2,654                        | 2,737                        | 2,823                        | 2,911                        | 3,002                        | 3,096                        | 3,192                        | 3,292                         |
| Provisions                           | 37,439                       | 44,150                       | 45,424                         | 46,817                       | 48,269                       | 49,766                       | 51,310                       | 52,901                       | 54,328                       | 50,033                       | 51,723                       | 53,281                       | 50,626                        |
| <b>Total non-current liabilities</b> | <b>79,024</b>                | <b>83,364</b>                | <b>75,372</b>                  | <b>69,957</b>                | <b>67,898</b>                | <b>66,176</b>                | <b>65,558</b>                | <b>64,912</b>                | <b>64,020</b>                | <b>58,965</b>                | <b>60,082</b>                | <b>61,322</b>                | <b>58,423</b>                 |
| <b>Total liabilities</b>             | <b>177,103</b>               | <b>198,624</b>               | <b>172,043</b>                 | <b>158,534</b>               | <b>154,992</b>               | <b>154,982</b>               | <b>155,139</b>               | <b>156,522</b>               | <b>157,959</b>               | <b>159,101</b>               | <b>156,424</b>               | <b>159,604</b>               | <b>163,077</b>                |
| <b>Net assets</b>                    | <b>5,085,549</b>             | <b>5,046,561</b>             | <b>5,089,219</b>               | <b>5,156,859</b>             | <b>5,218,455</b>             | <b>5,277,496</b>             | <b>5,343,446</b>             | <b>5,407,825</b>             | <b>5,473,251</b>             | <b>5,541,615</b>             | <b>5,611,453</b>             | <b>5,681,470</b>             | <b>5,753,032</b>              |

Balance sheet (continued)

|                           | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|---------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Equity</b>             |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Accumulated surplus       | 4,867,395                    | 4,867,332                    | 4,879,248                      | 4,908,676                    | 4,928,187                    | 4,943,189                    | 4,963,194                    | 4,981,544                    | 4,998,815                    | 5,016,805                    | 5,037,294                    | 5,056,864                    | 5,076,882                     |
| IPP&E revaluation surplus | 218,154                      | 179,229                      | 209,971                        | 248,183                      | 290,268                      | 334,308                      | 380,252                      | 426,281                      | 474,436                      | 524,810                      | 574,159                      | 624,606                      | 676,149                       |
| <b>Total equity</b>       | <b>5,085,549</b>             | <b>5,046,561</b>             | <b>5,089,219</b>               | <b>5,156,859</b>             | <b>5,218,455</b>             | <b>5,277,496</b>             | <b>5,343,446</b>             | <b>5,407,825</b>             | <b>5,473,251</b>             | <b>5,541,615</b>             | <b>5,611,453</b>             | <b>5,681,470</b>             | <b>5,753,032</b>              |

## Cashflow statement

|                                                 | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|-------------------------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Cash flows from operating activities</b>     |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| <b>Receipts:</b>                                |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Rates and annual charges                        | 207,777                      | 218,524                      | 225,945                        | 231,338                      | 237,909                      | 244,765                      | 252,057                      | 258,960                      | 266,277                      | 274,067                      | 281,566                      | 289,252                      | 297,148                       |
| User charges and fees                           | 78,491                       | 82,123                       | 79,097                         | 92,716                       | 95,011                       | 97,429                       | 99,949                       | 102,308                      | 104,736                      | 107,315                      | 109,858                      | 112,464                      | 115,141                       |
| Interest received                               | 5,710                        | 2,123                        | 1,724                          | 1,049                        | 1,249                        | 2,036                        | 2,722                        | 3,118                        | 3,594                        | 3,891                        | 3,473                        | 3,551                        | 4,381                         |
| Grants and contributions                        | 38,074                       | 58,012                       | 60,859                         | 30,706                       | 26,949                       | 26,789                       | 27,723                       | 26,725                       | 26,992                       | 28,093                       | 29,514                       | 30,529                       | 30,193                        |
| Bonds, deposits and retentions received         | 5,740                        | 7,356                        | 7,356                          | 6,416                        | 6,416                        | 6,416                        | 6,416                        | 6,416                        | 6,416                        | 6,416                        | 6,416                        | 6,416                        | 6,416                         |
| Other                                           | 41,213                       | 37,697                       | 39,170                         | 38,821                       | 37,023                       | 37,334                       | 37,952                       | 39,514                       | 39,581                       | 39,876                       | 42,237                       | 41,279                       | 42,219                        |
| <b>Payments:</b>                                |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Payments to employees                           | (132,220)                    | (134,939)                    | (144,590)                      | (146,571)                    | (151,625)                    | (157,055)                    | (162,676)                    | (167,753)                    | (172,988)                    | (178,388)                    | (183,955)                    | (189,695)                    | (195,615)                     |
| Payments for materials and services             | (137,714)                    | (164,584)                    | (159,077)                      | (156,370)                    | (158,572)                    | (164,853)                    | (164,501)                    | (168,135)                    | (173,858)                    | (179,124)                    | (188,018)                    | (188,068)                    | (191,852)                     |
| Borrowing costs                                 | (3,025)                      | (1,429)                      | (1,202)                        | (894)                        | (637)                        | (442)                        | (348)                        | (247)                        | (175)                        | (98)                         | (44)                         | (32)                         | (20)                          |
| Bonds, deposits and retentions refunded         | (6,386)                      | (6,416)                      | (5,476)                        | (6,416)                      | (6,416)                      | (6,416)                      | (6,416)                      | (6,416)                      | (6,416)                      | (6,416)                      | (6,416)                      | (6,416)                      | (6,416)                       |
| Other                                           | (56,258)                     | (23,879)                     | (21,137)                       | (17,280)                     | (17,472)                     | (17,826)                     | (18,205)                     | (18,596)                     | (18,993)                     | (19,416)                     | (19,846)                     | (20,265)                     | (20,693)                      |
| <b>Net cash flows from operating activities</b> | <b>41,402</b>                | <b>74,588</b>                | <b>82,669</b>                  | <b>73,513</b>                | <b>69,835</b>                | <b>68,178</b>                | <b>74,672</b>                | <b>75,895</b>                | <b>75,166</b>                | <b>76,217</b>                | <b>74,785</b>                | <b>79,016</b>                | <b>80,903</b>                 |

## Cashflow statement (continued)

|                                                 | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|-------------------------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Cash flows from investing activities</b>     |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| <b>Receipts:</b>                                |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Sale of investments                             | 347,119                      | 367,193                      | 336,412                        | 315,020                      | 298,250                      | 294,294                      | 294,940                      | 293,856                      | 292,674                      | 292,018                      | 313,226                      | 289,234                      | 292,292                       |
| Proceeds from sale of PPE                       | 3,619                        | 2,539                        | 1,633                          | 1,427                        | 1,597                        | 1,918                        | 2,728                        | 2,075                        | 2,063                        | 2,021                        | 2,042                        | 2,370                        | 1,982                         |
| <b>Payments:</b>                                |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Purchase of investment securities               | (306,465)                    | (355,613)                    | (290,766)                      | (300,000)                    | (300,000)                    | (302,000)                    | (303,000)                    | (303,000)                    | (302,000)                    | (306,000)                    | (307,000)                    | (305,000)                    | (305,000)                     |
| Payments for PPE                                | (80,171)                     | (77,720)                     | (116,656)                      | (87,596)                     | (62,268)                     | (58,773)                     | (62,124)                     | (72,277)                     | (65,587)                     | (61,812)                     | (82,489)                     | (64,828)                     | (68,902)                      |
| <b>Net cash flows from investing activities</b> | <b>(35,898)</b>              | <b>(63,601)</b>              | <b>(69,377)</b>                | <b>(71,149)</b>              | <b>(62,421)</b>              | <b>(64,561)</b>              | <b>(67,455)</b>              | <b>(79,346)</b>              | <b>(72,850)</b>              | <b>(73,773)</b>              | <b>(74,220)</b>              | <b>(78,224)</b>              | <b>(79,628)</b>               |

## Cashflow statement (continued)

|                                                       | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|-------------------------------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Cash flows from financing activities</b>           |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| <b>Receipts:</b>                                      |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Proceeds from borrowings                              | -                            | -                            | -                              | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| <b>Payments:</b>                                      |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Repayment of borrowings                               | (5,162)                      | (5,130)                      | (5,026)                        | (4,873)                      | (3,346)                      | (2,058)                      | (1,879)                      | (834)                        | (873)                        | (914)                        | (589)                        | (604)                        | (352)                         |
| Lease liabilities (principal repayments)              | (1,195)                      | (1,241)                      | (1,261)                        | (1,228)                      | (1,231)                      | (1,269)                      | (1,307)                      | (1,347)                      | (1,388)                      | (1,430)                      | (63)                         | (66)                         | (70)                          |
| Dividends paid to minority interest                   | -                            | (154)                        | (38)                           | (40)                         | (40)                         | (40)                         | (40)                         | (40)                         | (40)                         | (40)                         | (40)                         | (40)                         | (40)                          |
| <b>Net cash flows from financing activities</b>       | <b>(6,357)</b>               | <b>(6,525)</b>               | <b>(6,326)</b>                 | <b>(6,141)</b>               | <b>(4,617)</b>               | <b>(3,367)</b>               | <b>(3,227)</b>               | <b>(2,221)</b>               | <b>(2,301)</b>               | <b>(2,384)</b>               | <b>(692)</b>                 | <b>(711)</b>                 | <b>(462)</b>                  |
| <b>Net change in cash and cash equivalents</b>        | <b>(853)</b>                 | <b>4,462</b>                 | <b>6,966</b>                   | <b>(3,777)</b>               | <b>2,796</b>                 | <b>250</b>                   | <b>3,990</b>                 | <b>(5,673)</b>               | <b>16</b>                    | <b>60</b>                    | <b>(127)</b>                 | <b>81</b>                    | <b>813</b>                    |
| <b>Cash and cash equivalents at beginning of year</b> | <b>7,052</b>                 | <b>6,199</b>                 | <b>10,661</b>                  | <b>17,627</b>                | <b>13,850</b>                | <b>16,647</b>                | <b>16,897</b>                | <b>20,888</b>                | <b>15,215</b>                | <b>15,231</b>                | <b>15,291</b>                | <b>15,164</b>                | <b>15,245</b>                 |
| <b>Cash and cash equivalents at end of year</b>       | <b>6,199</b>                 | <b>10,661</b>                | <b>17,627</b>                  | <b>13,850</b>                | <b>16,647</b>                | <b>16,897</b>                | <b>20,888</b>                | <b>15,215</b>                | <b>15,231</b>                | <b>15,291</b>                | <b>15,164</b>                | <b>15,245</b>                | <b>16,057</b>                 |

## Cash and investments statement

|                                            | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|--------------------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Total Cash and Investments</b>          | <b>154,289</b>               | <b>147,238</b>               | <b>107,121</b>                 | <b>88,324</b>                | <b>92,870</b>                | <b>100,827</b>               | <b>112,877</b>               | <b>116,348</b>               | <b>125,690</b>               | <b>139,732</b>               | <b>133,379</b>               | <b>149,226</b>               | <b>162,746</b>                |
| <b>Represented by:</b>                     |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| <b>Externally Restricted</b>               |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Developer Contributions                    | 32,021                       | 29,542                       | 23,443                         | 15,891                       | 14,254                       | 16,885                       | 21,548                       | 19,239                       | 16,342                       | 19,402                       | 19,411                       | 23,063                       | 22,040                        |
| Unexpended Grants - not tied to liability  | 170                          | 262                          | 12                             | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| Domestic Waste Management                  | 5,393                        | 428                          | 2,318                          | 4,253                        | 6,274                        | 8,444                        | 10,648                       | 12,971                       | 15,434                       | 18,054                       | 6,739                        | 9,663                        | 12,763                        |
| Other externally restricted reserves       | 1,167                        | 196                          | 225                            | 440                          | 666                          | 904                          | 1,154                        | 305                          | 428                          | 563                          | 710                          | 868                          | 509                           |
| <b>Total Externally Restricted</b>         | <b>38,751</b>                | <b>30,428</b>                | <b>25,998</b>                  | <b>20,584</b>                | <b>21,194</b>                | <b>26,232</b>                | <b>33,349</b>                | <b>32,514</b>                | <b>32,204</b>                | <b>38,019</b>                | <b>26,860</b>                | <b>33,594</b>                | <b>35,313</b>                 |
| <b>Internally Restricted</b>               |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Deposits, Retentions & Bonds               | 13,169                       | 13,750                       | 13,749                         | 13,749                       | 13,749                       | 13,749                       | 13,749                       | 13,749                       | 13,749                       | 13,749                       | 13,749                       | 13,749                       | 13,749                        |
| Employee Leave Entitlement                 | 7,248                        | 7,633                        | 7,633                          | 7,833                        | 8,078                        | 8,330                        | 8,591                        | 8,859                        | 9,136                        | 9,422                        | 9,716                        | 10,020                       | 10,333                        |
| Kimbriki Landfill Remediation              | 10,697                       | 12,153                       | 13,624                         | 15,299                       | 17,125                       | 19,158                       | 21,317                       | 23,597                       | 25,982                       | 28,237                       | 24,802                       | 26,965                       | 29,437                        |
| Unexpended Grants - tied to liability      | 21,228                       | 34,095                       | 17,169                         | 7,018                        | 4,793                        | 4,731                        | 4,668                        | 4,605                        | 4,543                        | 4,480                        | 4,417                        | 4,355                        | 4,292                         |
| Other                                      | 19,430                       | 16,175                       | 11,321                         | 11,025                       | 12,093                       | 12,512                       | 11,071                       | 9,536                        | 10,544                       | 11,205                       | 12,311                       | 11,908                       | 13,143                        |
| <b>Total Internally Restricted</b>         | <b>71,772</b>                | <b>83,806</b>                | <b>63,495</b>                  | <b>54,925</b>                | <b>55,839</b>                | <b>58,480</b>                | <b>59,396</b>                | <b>60,347</b>                | <b>63,955</b>                | <b>67,093</b>                | <b>64,996</b>                | <b>66,997</b>                | <b>70,954</b>                 |
| <b>Total Restricted Cash</b>               | <b>114,234</b>               | <b>114,234</b>               | <b>89,493</b>                  | <b>75,509</b>                | <b>77,033</b>                | <b>84,713</b>                | <b>92,745</b>                | <b>92,862</b>                | <b>96,159</b>                | <b>105,112</b>               | <b>91,856</b>                | <b>100,591</b>               | <b>106,267</b>                |
| <b>Total Unrestricted / Available Cash</b> | <b>40,055</b>                | <b>33,004</b>                | <b>17,627</b>                  | <b>12,815</b>                | <b>15,837</b>                | <b>16,114</b>                | <b>20,132</b>                | <b>23,487</b>                | <b>29,531</b>                | <b>34,620</b>                | <b>41,523</b>                | <b>48,635</b>                | <b>56,479</b>                 |

# Capital budget statement

|                                          | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|------------------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Capital Funding</b>                   |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Working Capital                          | 14,207                       | 7,508                        | 15,679                         | 9,795                        | 3,678                        | 3,336                        | 1,710                        | 3,431                        | 263                          | 75                           | 75                           | 75                           | 75                            |
| Depreciation                             | 34,508                       | 23,569                       | 25,787                         | 33,934                       | 35,596                       | 39,065                       | 40,450                       | 42,699                       | 43,987                       | 44,774                       | 45,926                       | 45,652                       | 46,440                        |
| <b>Capital grants and contributions:</b> |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Grants and contributions                 | 26,226                       | 19,194                       | 42,782                         | 16,939                       | 5,616                        | 1,913                        | 1,913                        | 1,913                        | 1,913                        | 1,913                        | 1,913                        | 1,913                        | 1,913                         |
| <b>Externally restricted reserves:</b>   |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| - Developer contributions                | 11,107                       | 10,094                       | 13,081                         | 14,315                       | 8,559                        | 4,654                        | 4,600                        | 10,217                       | 9,583                        | 5,200                        | 9,264                        | 5,200                        | 10,090                        |
| - Domestic Waste                         | 1,073                        | -                            | -                              | -                            | -                            | -                            | -                            | -                            | -                            | -                            | 14,048                       | -                            | -                             |
| - Other                                  | 589                          | 1,207                        | 2,274                          | 1,976                        | 1,971                        | 1,965                        | 1,960                        | 3,065                        | 2,099                        | 2,094                        | 2,089                        | 2,083                        | 2,608                         |
| <b>Internally restricted reserves:</b>   |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| - Merger savings fund                    | 2,897                        | 1,375                        | 2,609                          | 861                          | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| - Other                                  | 4,292                        | 8,718                        | 5,388                          | 2,840                        | 2,672                        | 3,372                        | 5,345                        | 5,542                        | 3,044                        | 3,562                        | 3,145                        | 4,820                        | 3,247                         |
| <b>Income from sale of assets:</b>       |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| - Plant and equipment                    | 2,337                        | 2,276                        | 1,633                          | 1,427                        | 1,597                        | 1,918                        | 2,728                        | 2,075                        | 2,063                        | 2,021                        | 2,042                        | 2,370                        | 1,982                         |
| <b>Total funding</b>                     | <b>97,236</b>                | <b>73,941</b>                | <b>109,233</b>                 | <b>82,088</b>                | <b>59,688</b>                | <b>56,222</b>                | <b>58,707</b>                | <b>68,942</b>                | <b>62,952</b>                | <b>59,640</b>                | <b>78,502</b>                | <b>62,113</b>                | <b>66,355</b>                 |

# Capital budget statement (continued)

|                            | Result<br>2019/20<br>\$ '000 | Result<br>2020/21<br>\$ '000 | Forecast<br>2021/22<br>\$ '000 | Budget<br>2022/23<br>\$ '000 | Year 2<br>2023/24<br>\$ '000 | Year 3<br>2024/25<br>\$ '000 | Year 4<br>2025/26<br>\$ '000 | Year 5<br>2026/27<br>\$ '000 | Year 6<br>2027/28<br>\$ '000 | Year 7<br>2028/29<br>\$ '000 | Year 8<br>2029/30<br>\$ '000 | Year 9<br>2030/31<br>\$ '000 | Year 10<br>2031/32<br>\$ '000 |
|----------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Capital Expenditure</b> |                              |                              |                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Buildings                  | 22,299                       | 16,107                       | 24,295                         | 14,197                       | 11,217                       | 9,001                        | 9,221                        | 9,780                        | 9,904                        | 10,029                       | 10,154                       | 10,279                       | 10,304                        |
| Community Land             | -                            | 2,954                        | -                              | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| Furniture & Fittings       | 185                          | 115                          | 809                            | 162                          | 36                           | 36                           | 36                           | 36                           | 36                           | 36                           | 36                           | 36                           | 36                            |
| Land Improvements          | -                            | -                            | 7,931                          | 9,692                        | 1,892                        | 3,836                        | 2,210                        | 4,031                        | 863                          | 675                          | 675                          | 675                          | 675                           |
| Land Under Roads           | 13,311                       | 159                          | -                              | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| Library Books              | 1,224                        | 1,361                        | 872                            | 683                          | 674                          | 784                          | 803                          | 821                          | 841                          | 862                          | 882                          | 902                          | 923                           |
| Office Equipment           | 3,166                        | 1,042                        | 3,305                          | 1,930                        | 1,911                        | 2,410                        | 2,606                        | 2,494                        | 2,533                        | 2,559                        | 2,608                        | 2,658                        | 2,687                         |
| Open Space / Recreational  | 18,363                       | 10,116                       | 13,367                         | 14,458                       | 10,114                       | 6,637                        | 6,940                        | 12,200                       | 11,703                       | 7,380                        | 9,800                        | 7,457                        | 11,306                        |
| Other Assets               | 22                           | 43                           | 1,302                          | 711                          | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| Other Structures           | 3,739                        | 2,074                        | 8,421                          | 2,057                        | 1,387                        | 1,600                        | 1,630                        | 1,040                        | 1,040                        | 1,040                        | 1,040                        | 1,040                        | 1,040                         |
| Plant & Equipment          | 6,035                        | 5,039                        | 4,616                          | 4,262                        | 4,265                        | 5,289                        | 8,250                        | 7,746                        | 5,238                        | 5,715                        | 19,767                       | 7,471                        | 5,510                         |
| Road, Bridges & Footpaths  | 20,083                       | 24,852                       | 37,000                         | 24,221                       | 19,171                       | 16,365                       | 16,535                       | 19,451                       | 19,248                       | 19,574                       | 21,569                       | 20,185                       | 21,271                        |
| Stormwater Drainage        | 5,185                        | 6,111                        | 6,763                          | 8,377                        | 8,289                        | 9,144                        | 9,328                        | 9,923                        | 10,126                       | 10,350                       | 10,553                       | 10,761                       | 11,183                        |
| Swimming Pools             | -                            | 1,007                        | 554                            | 1,338                        | 731                          | 1,121                        | 1,148                        | 1,420                        | 1,420                        | 1,420                        | 1,420                        | 650                          | 1,420                         |
| Tip Asset                  | 3,623                        | 2,960                        | -                              | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| <b>Total expenditure</b>   | <b>97,236</b>                | <b>73,941</b>                | <b>109,233</b>                 | <b>82,088</b>                | <b>59,688</b>                | <b>56,222</b>                | <b>58,707</b>                | <b>68,942</b>                | <b>62,952</b>                | <b>59,640</b>                | <b>78,502</b>                | <b>62,113</b>                | <b>66,355</b>                 |

### Statement of borrowings

The Long-Term Financial Plan recognises debt as an important source of funds for large capital projects.

There are no anticipated new borrowings over the 10 year period of the Long-Term Financial Plan, however Council will continue to review the need to borrow for major infrastructure projects. Spreading these costs over a number of years facilitates intergenerational equity and smooths out long-term expenditure peaks and troughs.



## Statement of performance measures

|                                                                                                                                         | OLG<br>Benchmark | Result<br>2019/20 | Result<br>2020/21 | Forecast<br>2021/22 | Budget<br>2022/23 | Year 2<br>2023/24 | Year 3<br>2024/25 | Year 4<br>2025/26 | Year 5<br>2026/27 | Year 6<br>2027/28 | Year 7<br>2028/29 | Year 8<br>2029/30 | Year 9<br>2030/31 | Year 10<br>2031/32 |
|-----------------------------------------------------------------------------------------------------------------------------------------|------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| <b>Budget Performance</b>                                                                                                               |                  |                   |                   |                     |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |
| <b>Operating Performance Ratio</b>                                                                                                      | > 0%             | (4.9%)            | (7.3%)            | (1.7%)              | 1.6%              | 1.5%              | 1.3%              | 1.9%              | 1.7%              | 1.7%              | 1.5%              | 1.8%              | 1.7%              | 1.9%               |
| measures the extent to which a council has succeeded in containing operating expenditure within operating revenue.                      |                  | ✗                 | ✗                 | ✗                   | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                  |
| <b>Own Source Operating Revenue Ratio</b>                                                                                               | > 60%            | 84.9%             | 87.4%             | 81.6%               | 89.5%             | 92.5%             | 93.2%             | 93.2%             | 93.6%             | 93.7%             | 93.6%             | 93.5%             | 93.4%             | 93.7%              |
| measures fiscal flexibility. It is the degree of reliance on external funding sources.                                                  |                  | ✓                 | ✓                 | ✓                   | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                  |
| <b>Operational Liquidity</b>                                                                                                            |                  |                   |                   |                     |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |
| <b>Unrestricted Current Ratio</b>                                                                                                       | > 1.5x           | 2.09x             | 1.69x             | 1.61x               | 1.62x             | 1.78x             | 1.82x             | 1.93x             | 1.98x             | 2.12x             | 2.08x             | 2.36x             | 2.49x             | 2.48x              |
| represents a council's ability to meet short-term obligations as they fall due.                                                         |                  | ✓                 | ✓                 | ✓                   | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                  |
| <b>Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>                                                       | < 5%             | 4.1%              | 3.9%              | 3.8%                | 3.8%              | 3.8%              | 3.8%              | 3.8%              | 3.8%              | 3.8%              | 3.8%              | 3.8%              | 3.8%              | 3.8%               |
| expressed as a percentage of total rates and charges available for collection in the financial year.                                    |                  | ✓                 | ✓                 | ✓                   | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                  |
| <b>Cash Expense Cover Ratio</b>                                                                                                         | > 3mths          | 5.4mths           | 5.2mths           | 3.8mths             | 3.2mths           | 3.3mths           | 3.5mths           | 3.8mths           | 3.9mths           | 4.1mths           | 4.4mths           | 4.0mths           | 4.4mths           | 4.7mths            |
| liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow. |                  | ✓                 | ✓                 | ✓                   | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                  |

## Statement of performance measures (continued)

|                                                                                                                                                                                                       | OLG<br>Benchmark | Result<br>2019/20 | Result<br>2020/21 | Forecast<br>2021/22 | Budget<br>2022/23 | Year 2<br>2023/24 | Year 3<br>2024/25 | Year 4<br>2025/26 | Year 5<br>2026/27 | Year 6<br>2027/28 | Year 7<br>2028/29 | Year 8<br>2029/30 | Year 9<br>2030/31 | Year 10<br>2031/32 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| <b>Liability and Debt Management</b>                                                                                                                                                                  |                  |                   |                   |                     |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |
| <b>Debt Service Cover Ratio</b>                                                                                                                                                                       | > 2x             | 3.7x              | 2.8x              | 5.7x                | 7.8x              | 10.5x             | 14.3x             | 16.2x             | 23.6x             | 23.8x             | 23.9x             | 28.4x             | 30.5x             | 35.1x              |
| measures the availability of operating cash to service loan repayments.                                                                                                                               |                  | ✓                 | ✓                 | ✓                   | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                  |
| <b>Asset Management</b>                                                                                                                                                                               |                  |                   |                   |                     |                   |                   |                   |                   |                   |                   |                   |                   |                   |                    |
| <b>Building and Infrastructure Renewals Ratio</b>                                                                                                                                                     | > 100%           | 121.3%            | 117.2%            | 103.6%              | 102.1%            | 108.3%            | 108.8%            | 109.4%            | 113.9%            | 113.3%            | 112.7%            | 112.1%            | 109.9%            | 110.5%             |
| assesses the rate at which these assets are being renewed against the rate at which they are depreciating                                                                                             |                  | ✓                 | ✓                 | ✓                   | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                  |
| <b>Infrastructure Backlog Ratio</b>                                                                                                                                                                   | < 2%             | 1.37%             | 1.50%             | 1.49%               | 1.45%             | 1.42%             | 1.39%             | 1.36%             | 1.32%             | 1.29%             | 1.26%             | 1.24%             | 1.21%             | 1.18%              |
| ratio shows what proportion the infrastructure backlog is against the total net carrying amount of a council's infrastructure                                                                         |                  | ✓                 | ✓                 | ✓                   | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                  |
| <b>Asset Maintenance Ratio</b>                                                                                                                                                                        | > 100%           | 107.9%            | 106.5%            | 106.5%              | 107.0%            | 108.6%            | 110.4%            | 112.2%            | 113.4%            | 114.5%            | 115.7%            | 117.0%            | 118.4%            | 119.7%             |
| ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing. |                  | ✓                 | ✓                 | ✓                   | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                  |
| <b>Cost to bring assets to agreed service level</b>                                                                                                                                                   |                  | 1.15%             | 1.25%             | 1.23%               | 1.20%             | 1.17%             | 1.14%             | 1.12%             | 1.09%             | 1.07%             | 1.04%             | 1.02%             | 1.00%             | 0.98%              |
| ratio shows what proportion the infrastructure backlog is against the total gross replacement cost of a council's infrastructure                                                                      |                  | ✓                 | ✓                 | ✓                   | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                 | ✓                  |

## Performance monitoring

Council monitors its performance against financial health check performance indicators. The statement of performance measures is in accordance with Local Government Code of Accounting Practice and Financial Reporting and the benchmarks set by the NSW Office of Local Government.

| Indicator                                       | Measure                                                                                                                                                                                               | Definition                                                                                                                                                                                  | Benchmarks |
|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Operating Performance Ratio                     | Measures a council's ability to contain operating expenditure within operating revenue.                                                                                                               | Operating revenue (excluding capital grants and contributions less operating expenses)/Operating revenue (excluding capital grants and contributions)                                       | > 0%       |
| Own Source Operating Revenue Ratio              | Measures the level of a council's fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.                                            | Total operating revenue (inclusive of capital grants and contributions) / Total operating revenue                                                                                           | > 60%      |
| Unrestricted Current Ratio                      | This ratio is specific to local government and is designed to assess the adequacy of working capital and the ability to satisfy obligations in the short term for unrestricted activities of council. | Current assets less all external restrictions/current liabilities less specific purpose liabilities                                                                                         | > 1.5x     |
| Rates and Annual Charges Outstanding Percentage | To assess the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.                                                                                       | Rates, Annual and Extra Charges Outstanding / Rates, Annual and Extra Charges Collectible                                                                                                   | < 5.0%     |
| Cash Expense Cover Ratio                        | This liquidity ratio indicates the number of months a council can continue to pay for its immediate expenses without additional cash inflow.                                                          | Current year's cash and cash equivalents/Payments from cashflow of operating and financing activities multiplied by 12                                                                      | > 3 months |
| Debt Service Cover Ratio                        | The availability of operating cash to service debt including interest, principal and lease payments.                                                                                                  | Operating Result before capital grants excluding interest and depreciation / Principal Repayments (from the Statement of Cash Flows + Borrowing Interest Costs (from the Income Statement)) | > 2x       |
| Building and Infrastructure Renewals Ratio      | Compares the proportion spent on infrastructure asset renewals and the assets deterioration.                                                                                                          | Asset renewals/Depreciation of building and infrastructure assets                                                                                                                           | > 100%     |
| Infrastructure Backlog Ratio                    | This ratio shows what proportion the backlog is against total value of a council's infrastructure.                                                                                                    | Estimated cost to bring assets to a satisfactory condition/ total infrastructure assets (carrying value)                                                                                    | < 2%       |
| Asset Maintenance Ratio                         | Compares actual versus required annual asset maintenance.                                                                                                                                             | Actual maintenance / Required asset maintenance                                                                                                                                             | > 100%     |
| Cost to Bring Assets to Agreed Service Level    | This ratio shows what proportion the backlog is against total replacement value of a council's infrastructure.                                                                                        | Estimated cost to bring assets to a satisfactory condition/ total infrastructure assets (replacement cost)                                                                                  | N/A        |



