



Long term financial plan 2013-14 to 2022-23

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Executive Summary

Purpose of the Long Term Financial Plan

The purpose of the Randwick City Council Long Term Financial Plan (LTFP) is to enable the Council to better plan and understand long term financial requirements. This includes consideration of sustainability, service provision levels and the creation, upgrading and renewal of infrastructure. The Council's first LTFP was adopted on 23 August 2005.

The LTFP is prepared under The Randwick City Plan theme 'Responsible management' and the related outcome 'Leadership in sustainability'. The role of the LTFP is to ensure the Council has a financially sustainable long-term vision.

The Resourcing Strategy Executive Summary 2012 outlines the integration of the LTFP, Asset Management Strategy and Workforce Plan within the Randwick City Council Resourcing Strategy.

The LTFP is a key component of the Randwick City Council Resourcing Strategy. This Strategy underpins the Council's Integrated Planning and Reporting framework and demonstrates how The Randwick City Plan will be resourced over the next 10 years.

The Integrated Planning Framework encourages and supports the review and implementation of plans relating to the Financial, Asset and Workforce contributions to the Council. Through sound financial planning, proactive asset management and the development of a strong workforce, Randwick Council will maintain its position as an industry leader.

Financial sustainability

Financial sustainability is one of the key issues facing local government. This is due to several contributing factors including cost shifting from other levels of government, ageing infrastructure and constraints on revenue growth. Financial sustainability in local government has been the topic of several industry wide reviews and media articles in recent years.

In October 2007, an independent review of Randwick Council's financial position and long-term financial strategies was undertaken. This review concluded the Council's financial position is within sustainability guidelines, with a capacity to generate operating surpluses and fund capital works and infrastructure programs well into the future. The Council's auditor, in the Audit Report of the 2011-12 Financial Reports, also assessed the Council's financial position and reported that, in his opinion, the overall financial position is sound.

Preparation of the plan

The LTFP is created using a set of integrated spreadsheets that draw on information contained within the Council's City Plan, Delivery Program, Operational Plan, Current Budget and costed short, medium and long-term

plans. The LTFP is developed in conjunction with the Workforce Plan and Asset Management Strategy and Plans.

Forecasts regarding the \$49 million employee costs budget and \$15.1 million Employee Leave Entitlements liability reflect the assumptions and strategies contained within the Workforce Plan. The financial impacts of issues such as an ageing workforce, that have been identified in the Workforce Plan, are also addressed in the LTFP through areas such as the management of the Employee Leave Entitlements reserve.

The service levels, asset maintenance and renewal requirements outlined in the Asset Management Plan have determined the capital expenditure and maintenance expenditure components of the LTFP. The objectives of the Asset Management Plans correlate with the LTFP objectives and measures regarding capital expenditure. The Council is projected to spend up to \$27.4 million on capital expenditure in 2013-14.

The LTFP is a dynamic document, updated twice each year on the adoption of the Budget and the completion of the annual Financial Reports. The LTFP changes as the needs, strategies and financial position of the Council change over time.

The output from the LTFP provides financial reports over a 10 year period. Copies of the updated reports are provided in this document.

Further information

For further information regarding the LTFP please contact the Council's Corporate and Financial Planning Department on 9399 0861 or budget@randwick.nsw.gov.au.

Long term financial plan objectives

The LTFP intends to achieve the following objectives over the 10 year timeframe:

1. Maintain the existing **service levels** to the community.
2. Maintain a strong **cash** position.
3. Maintain a **balanced** annual budget.
4. Maintain a sufficient **Employee Leave Entitlements Cash Reserve** based on the age and entitlements of all staff in accordance with the Council's Workforce Strategy.
5. **Capital expenditure**¹ on asset renewal, upgrades and extensions represents at least 20 per cent of the annual budget.
6. The Council remains **debt free**.
7. All adopted plans have a **10 year financial plan** for incorporation into the LTFP.

Assumptions and forecasts

The 2012-13 adopted budget is the base year for the LTFP. The following assumptions have been used to forecast growth in both income and expenditure over the next 10 years.

General assumptions

Population

The most comprehensive population count available in Australia is derived from the Census of Population and Housing conducted by the Australian Bureau of Statistics (ABS) every five years. At the 2011 Census, Randwick City had a resident population of 128,989. However, the Census count is not considered the official population of an area due to limitations in the data collected. For example, it includes international visitors but excludes Australians overseas.

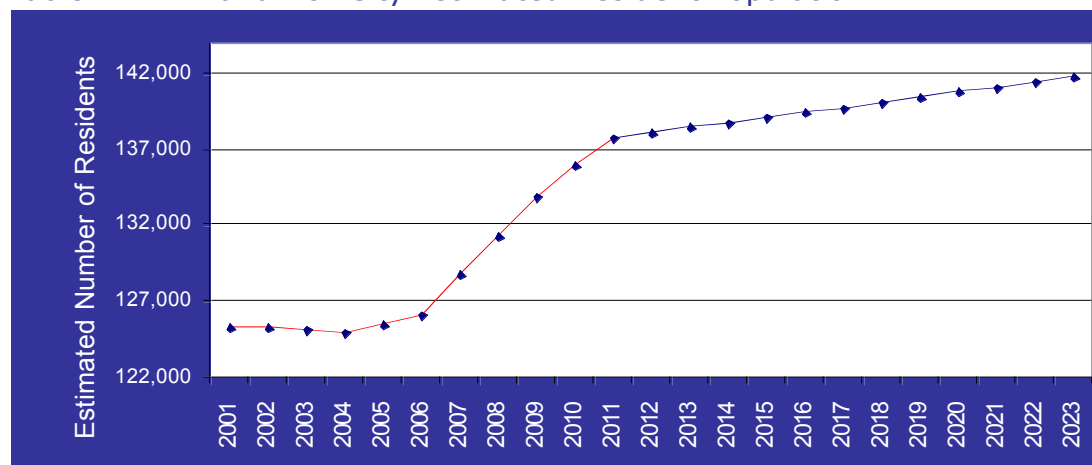
The ABS therefore produces annual 'Estimated Resident Population' (ERP) numbers which include adjustments for factors such as people who miss the count on Census night because they were temporarily overseas. The LTFP is modelled on the ERP figures as they are more closely aligned with the Council's service delivery drivers.

According to the ABS, at 30 June 2011 Randwick City had an ERP of 137,757. Planning NSW projects the resident population will increase to

¹Capital Expenditure is defined as capital expenditure on all asset classes plus the net transfer to the plant replacement reserve and transfers to the infrastructure reserve.

141,100 by 2021, representing an average annual growth rate of 0.2 per cent.

Table 1 Randwick City Estimated Resident Population



— ABS Estimated Resident Population
 — Planning NSW Projected Resident Population 2006-2036

Inflation

The Consumer Price Index (CPI) measures changes in the price of a fixed 'basket' of goods and services as a way of determining how much inflation is occurring in the economy. The ABS publishes a headline CPI which includes the impact of any price shocks up or down (caused by issues such as supply constraints or changes in government taxes).

The headline CPI drives a number of revenue and expenditure items in the LTFP. The Reserve Bank (RBA) and the Federal Treasury provide the 'official' view of CPI forecasts. The RBA's August 2012 'Statement on Monetary Policy' includes forecasts to June 2014. The Federal Treasury in the 2012-13 Budget Papers (released in May 2012) forecasted CPI inflation at 2.5 per cent each year to 2015-16. The Council has used the Federal Treasury's forecasts to 2015-16 and the mid-point of the RBA's inflation target range of 2-3 per cent over the longer term (i.e. 2.5 per cent).

Inflation Year	Long Term Financial Plan Projection	RBA August 2012 Economic Outlook	Federal Treasury 2012-13 Budget Projections
2013-14	2.5%	2-3%	2.5%
2014-15	2.5%	n/a	2.5%
2015-16	2.5%	n/a	2.5%
2016-17	2.5%	n/a	n/a
2017-18	2.5%	n/a	n/a
2018-19	2.5%	n/a	n/a
2019-20	2.5%	n/a	n/a
2020-21	2.5%	n/a	n/a
2021-22	2.5%	n/a	n/a

CPI alone, however, is not a sufficient measure of the rise in costs for a local government authority. A number of other assumptions and forecasts have been included in the LTFP models to provide a more accurate reflection of the movements in costs over a 10 year period.

Revenue and funding assumptions and forecasts

Capacity for rating

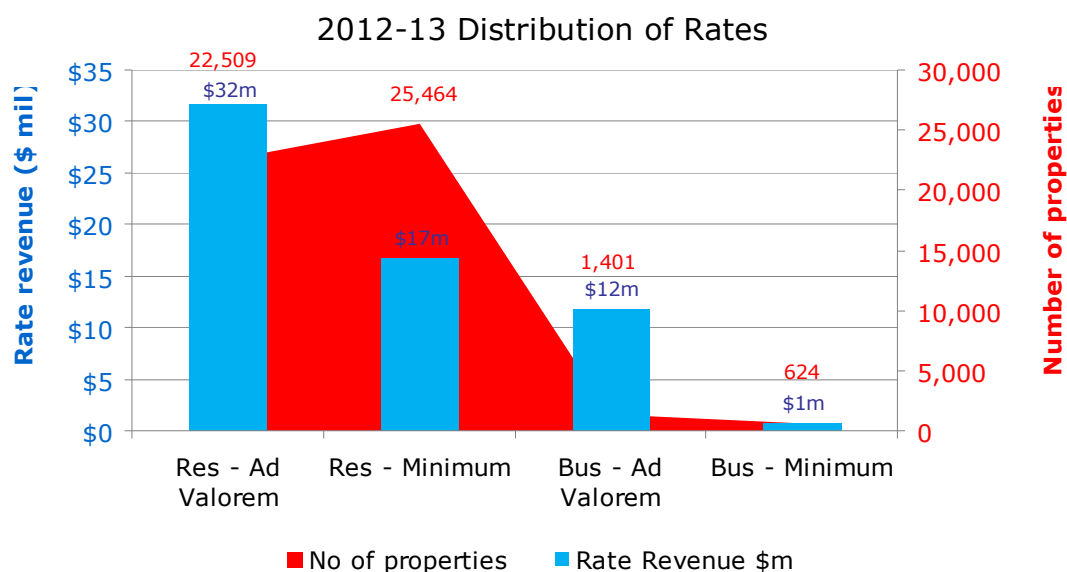
In compiling the Resourcing Strategy, Randwick Council has balanced the service needs of the community relative to their capacity and willingness to pay rates. In addition to community collaboration activities, the Council has assessed its rating policy and analysed the community's median household income and socio-economic index.

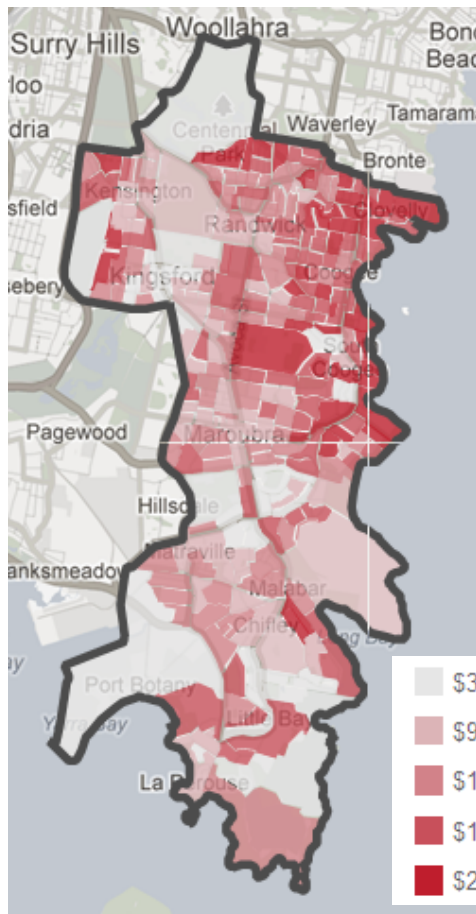
Rating policy:

The Council's rating policy is structured on an 'ad valorem' basis with two categories – residential and business. For each category, a minimum rate applies.

The rating structure is reviewed annually to ensure equitable distribution among ratepayers. Any change to the rating structure does not equate to additional income to the Council but redistributes the rating liability of different property types.

The following graph illustrates the existing rates distribution across Randwick City. The graph illustrates that while the majority of residential properties attract the minimum rate (predominately strata units) this group only pays 27 per cent of the Council's total rates revenue. The capacity to pay principle that underpins the 'ad valorem' rating system results in properties with higher rateable land values attracting a higher rate.





2011 Census Median Weekly Household Income

Land values are one of the key measures used by the Grants Commission to allocate the NSW Financial Assistance Grant to Local Government Areas (LGA) across the state. The land value of an LGA is considered a reflection of the revenue raising capacity of a Council. Randwick City has one of the highest average land values in the state and as a result receives the lowest Financial Assistance Grant per capita in Australia.

Properties with high land values are concentrated towards the north and coastal areas of the City. These areas tend to also have higher household incomes, illustrated in the adjacent map.

Median Weekly Household Income:

In the 2011 Census, households in Randwick City had a median weekly income of \$1,577. This was \$130 more than Greater Sydney.

Within the City, median household weekly incomes ranged from a low of \$1,298 in Matraville to a high of \$2,391 in Clovelly.

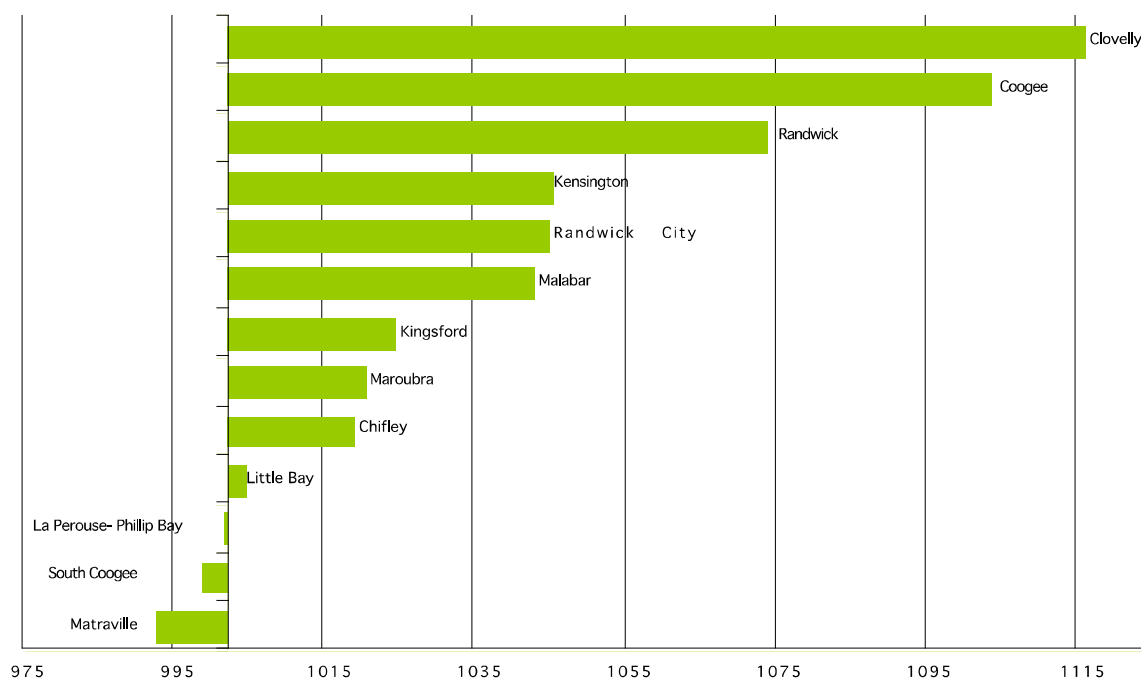
The large range of incomes is reflective of the City's population mix. In the 2011 census, compared to the Sydney average, Randwick City's population had a higher proportion of young adults, people who rent and people living alone. There are also several public housing estates located in City, with rate charges paid by Housing NSW.

The population mix is largely reflective of Randwick City's proximity to the Sydney CBD, the attraction of its beaches and open space and the many places of education. These features ensure strong demand for property in the area and in turn generate both a willingness and capacity to pay rates levied by the Council.

The Socio-Economic Indexes for Areas:

The Socio-Economic Indexes for Areas (SEIFA) are produced by the ABS using data collected through the Census of Population and Housing. The Index of Relative Socio-Economic Disadvantage (IRSED) is especially useful in identifying geographic areas that are relatively disadvantaged. An area with an IRSED index of 1,000 is considered average while an index of 600 or below is considered to be experiencing high levels of disadvantage.

The graph below shows the SEIFA Index for each of Randwick City's 12 suburbs based on the 2006 Census². The majority of the population is relatively advantaged when compared to the overall Sydney population. The areas experiencing socio-economic disadvantage are the southern suburbs of Matraville and South Coogee, with La Perouse/Phillip Bay and Little Bay following closely behind. The three largest concentrated pockets of disadvantage within the LGA are located in and around the City's public housing estates. The Council's An Inclusive Randwick City Plan has been designed to enhance opportunities for people living within the City who experience social exclusion and disadvantage. The Council also has a Pensioner Concession Policy, Financial Hardship Policy and a Pensioners Accruing Rates and Charges Policy to assist those experiencing difficulties with paying rates.



Australian Bureau of Statistics, 2006, Socio-Economic Indexes for Small Areas (SEIFA 2006)

Ordinary rates:

Model 1 - Rate peg (CPI): It is assumed rate pegging will continue for the life of the LTFP and will be set at the CPI rate.

Model 2 - Rate peg (LGCI): It is assumed rate pegging will continue for the life of the LTFP and will be set at 3.15 per cent per annum. 3.15 per cent is the average Local Government Cost Index (LGCI) less the 0.2 per cent productivity factor calculated by IPART for the past four years. An additional adjustment of -0.1 per cent will be applied to Year 1 (2013-14) and -0.3 per cent to Year 2 (2014-15) as IPART have already advised they will be deducting the Carbon Pricing Advance of 0.4 per cent provided to Councils that applied the rate peg in 2012-13.

Note: IPART has released the rate peg for 2013-14 as 3.4%. Sensitivity analysis shows that the 2013-14 rate peg does not have significant impact on the Model, compared to the calculations using the average LGCI.

² The Socio-Economic Indexes for Areas based on the 2011 Census is due for release by the ABS on 28 March 2013

Model 3 - Integrated Planning Rate: The Council is considering applying to the Independent Pricing and Regulatory Tribunal (IPART) for a s508A Special Variation to General Revenue for the next four financial years. Under the new Integrated Planning and Reporting guidelines councils are encouraged to work with their communities to determine an acceptable level of rate revenue to deliver expected facilities and services. It is assumed rates will increase by 3.59 per cent annually.

Growth in the number of rate assessments: Opportunities for growth are limited in well established areas. An additional 0.11 per cent in rates growth has been applied to each year of the three models. Rates growth has been based on a forecasted 100 new strata plan assessments per annum.

Building levy:

The Council established a building levy in 2010-11 to fund the approved Buildings for our Community Program. The levy was incorporated into the Ordinary Rate. While the building levy applied for three years at 2.71 per cent each year (2010-11 to 2012-13), the total funds for the program will be raised over seven years. The additional funds will be absorbed into the ordinary rate from Year 8 and applied to the Council's capital works and maintenance programs.

Stormwater management service charge:

This charge was introduced in the 2008-09 financial year to establish a sustainable funding source for providing improved stormwater management across Randwick City. It is assumed the charge will remain in place for each year of the LTFP. The amount chargeable has been prescribed under the Local Government Act with no scope for adjustments in line with inflation or any other costs. It is forecasted the funds raised will only increase in line with growth in the number of new assessments.

Environment levy:

The environment levy was first introduced in the 2004-05 financial year for five years. In 2009-10, a five year extension of the program was granted. The environment levy funds a number of sustainability initiatives which are detailed in a financial plan supporting the program. It is assumed this program will continue through to the end of the LTFP.

Domestic waste management charge:

All residential ratepayers pay a domestic waste management charge. This charge includes waste and recycling collections, educational programs, illegal dumping management, cleanup collections, the Perry Street Recycling Facility and remediation of former landfill sites.

The Domestic Waste Management Strategy is supported by a 10 year financial strategy which determines the annual charge. The estimated increase in the charge has been set in accordance with the Strategy.

Environment and Waste Levy: The Department of Environment, Climate Change and Water have advised the Environment and Waste Levy charged to the Council will increase by \$10 per annum plus CPI per tonne of waste for the next three years (to 2015-16). The impact of this increase has been factored into the Domestic Waste Management Strategy.

Alternative Waste Technology: The Council is committed to achieving a 66% rate of recovery of recyclable materials from household waste within the next 2 years in accordance with Council's adopted policy and the State Government's target. Furthermore, the Council is committed to ensuring no untreated waste is sent to landfill by 2020.

The Council established a new agreement with waste contractor SITA in 2012-13 to send 7,000 tonnes of waste to an Alternative Waste Technology (AWT) facility. The Council aims to increase this annually for the next two financial years until the 66% diversion target is met in 2015-16, and for a further five years until all household waste is processed through an AWT facility by 2019-20. The increased cost of this system has been included in the Domestic Waste Management Charge, with the assumption that an AWT facility with the capacity to process the required volume of waste is available.

Rating assumptions are outlined in the following tables:

MODEL 1 – Rate increase driven by CPI Index:

Rates and charges	2013-14	2014-15	2015-16	2016-17	Thereafter
Growth	0.11%	0.11%	0.11%	0.11%	0.11%
General Rates	2.50%	2.50%	2.50%	2.50%	2.50%
Building Levy	2.50%	2.50%	2.50%	2.50%	Incorporated into General Rates
Environment Levy	2.50%	2.50%	2.50%	2.50%	2.50%
Stormwater Charge	0%	0%	0%	0%	0%
Domestic Waste Charge	6.00%	6.00%	4.50%	3.00%	As per Strategy

MODEL 2 – Rate increase driven by average Local Government Cost Index:

Rates and charges	2013-14	2014-15	2015-16	2016-17	Thereafter
Growth	0.11%	0.11%	0.11%	0.11%	0.11%
General Rates less carbon price advance	3.15% - 0.10%	3.15% - 0.30%	3.15%	3.15%	3.15%
Building Levy	3.15% - 0.10%	3.15% - 0.30%	3.15%	3.15%	Incorporated into General Rates
Environment Levy	3.15% - 0.10%	3.15% - 0.30%	3.15%	3.15%	3.15%
Stormwater Charge	0%	0%	0%	0%	0%
Domestic Waste Charge	6.00%	6.00%	4.50%	3.00%	As per Strategy

MODEL 3 – Rate increase driven by Integrated Planning Rate:

Rates and charges	2013-14	2014-15	2015-16	2016-17	Thereafter
Growth	0.11%	0.11%	0.11%	0.11%	0.11%
General Rates	3.59%	3.59%	3.59%	3.59%	3.59%
Building Levy	3.59%	3.59%	3.59%	3.59%	Incorporated into General Rates
Environment Levy	3.59%	3.59%	3.59%	3.59%	3.59%
Stormwater Charge	0%	0%	0%	0%	0%
Domestic Waste Charge	6.00%	6.00%	4.50%	3.00%	As per Strategy

Fees, charges and other income

Statutory charges: The Council has no discretion to determine the amount of the fee for a service when the amount is fixed by regulation or by another authority. Examples of statutory fees include development assessment fees, filming permits and planning certificates. The majority of statutory charges do not provide for annual, however some fees are charged on the basis of a percentage of the construction cost of a development. The income derived from these charges is expected to increase by CPI annually.

User fees and charges: It is assumed these services will continue to be provided on the same pricing basis. Increases are based on the forecasted rise in the cost of the provision of these services. 75 per cent of the cost is related to employee expenses with the remaining 25 per cent based on movements in the CPI.

An increase in community facilities hire income has been projected for the new centres planned under the Buildings for our Community Program.

Commercial activities: Fees for the commercial waste service, community nursery and childcare centre are expected to increase in line with CPI and employee costs.

The Property Development Strategy has been excluded from the LTFP as it is currently under review. The Council's existing property rental income is expected to increase by 5 per cent each year.

Fees for the Des Renford Leisure Centre's (DRLC) existing operations are also expected to increase in line with CPI and employee costs. In addition, the Council is currently constructing an Indoor Multi Purpose Fitness Facility at the DRLC. The facility is expected to be operational by 1 January 2014. An increase in both income and expenses has been included in each model to account for the new facility.

Fees, charges and other income	2013-14	2014-15	2015-16	Thereafter
Statutory charges	CPI	CPI	CPI	CPI
User fees and charges	3.9%	4.0%	4.0%	3.9% to 4.0%
Commercial activities-Property rents	5.0%	5.0%	5.0%	5.0%
Commercial activities-Other	3.9%	4.0%	4.0%	3.9% to 4.0%

Interest on investments

Investments will be made in accordance with the Minister's Investment Order and the Council's Investment Policy. Investment returns have been based on a rate of 0.5 per cent above the forecasted 90 day commercial bank bill rate (as per Access Economics Sept 2012). Movements in cash reserves have also been factored into the forecast.

Interest on investments	2013-14	2014-15	2015-16	Thereafter
Return on portfolio	3.7% + 0.5%	4.4% + 0.5%	4.9% + 0.5%	5.6% + 0.5%

Grants and subsidies

It is assumed all recurrent grant funds will be maintained at current levels with CPI adjustments, with the exception of the pensioner rates rebate granted by the NSW State government which do not increase.

Grants and subsidies	2013-14	2014-15	2015-16	Thereafter
Grants and subsidies State Government Pensioner Rates Rebate	CPI No increase	CPI No increase	CPI No increase	CPI No increase

Borrowings

No loans have been included in the LTFP.

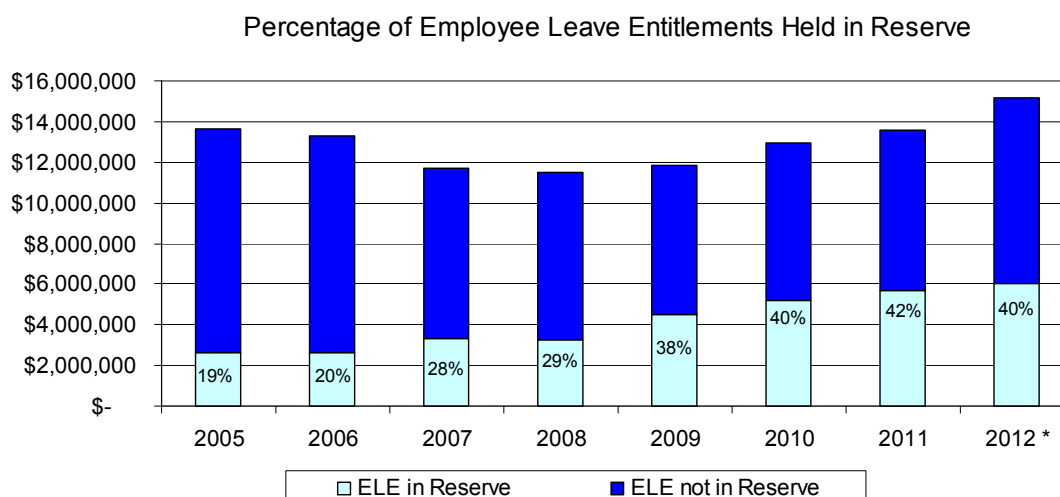
Borrowings	2013-14	2014-15	2015-16	Thereafter
Loans	\$nil	\$nil	\$nil	\$nil

Cash reserves

Transfers to and from reserves have been made in accordance with the Reserves Strategy and the financial plans supporting the various reserves.

Reserves	2013-14	2014-15	2015-16	Thereafter
Reserves	As per strategy and plans	As per strategy and plans	As per strategy and plans	As per strategy and plans

Transfers to the Employee Leave Entitlements reserve have been based on the strategy outlined in the Workforce Plan. The Council has made estimates regarding leave payments required in the future and determined a target reserve balance. The current reserve target is 42 per cent of the Employee Leave Entitlements liability, which is equivalent to \$6.412 million. While this percentage is expected to increase as the workforce ages, the actual value of the reserve is anticipated to fall as the Council continues to focus on staff leave management. The Council's focus on increasing this reserve balance is illustrated by the following graph.



* The discounting factor applied to the Employee Leave Entitlements present value calculation fell substantially in 2012 to an average of 2.8 per cent compared with 5.0 per cent in the prior year (based on the "Indicative Mid Rates of Selected Commonwealth Securities"). Had the discount rate remained at the previous year's estimates the required provision would have been \$13.802 million and resulted in 44 per cent of the liability held in reserve.

Productivity Improvements and Cost Containment

Integral to Council's Long Term Financial Planning approach is the identification and implementation of productivity improvements. A sample of recent improvements which will continue to provide savings over the life of the Plan include: new IT system implemented which has been improving efficiency and saving up to \$1 million per annum; restoration of contaminated sites are expected to be substantially completed in 2019-20 with a reduction of the domestic levy of 2%; and the successful implementation of energy and water saving initiatives.

Through a Southern Sydney Regional Organisation of Councils (SSROC) joint procurement venture estimated savings as an SSROC tender

compared to individually calling tenders, or utilising an existing government contract, is approximately \$1.2 million for Randwick City Council annually. Across the region, approximately \$20.7 million was saved last year with estimated savings in excess of \$105 million over the past 10 years (SSROC Fact Sheet).

Council has a programmed and disciplined budget management process whereby costs are contained. A number of mechanisms of cost containment include: centralised costing for stationary and training; a 10-year plant replacement strategy; and a sophisticated purchasing system and transparent purchasing process.

Expenditure assumptions and forecasts

Employee costs

Increases in employee costs consist of two components:

- award increases
- movements within the grading system as part of the annual performance review process.

Staff levels are planned to notionally increase over time to meet expected population growth and service level expectations, as outlined in the Workforce Plan. The rise in employee costs has been set with reference to forecasts provided by Access Economics (June 2012).

The Council is party to an Industry Defined Benefit Superannuation Plan. In 2009 the Scheme advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities. At 30 June 2012 this deficit was estimated to amount to \$334.2 million.

As a result, the scheme asked for significant increases in contributions from 2009-10 onwards to fund the deficiency. The Council estimates these contributions will be required for the next three years (to 2015-16) at \$581,158 per annum.

Employee costs have also been adjusted in 2013-14 to account for the opening of the DRLC Indoor Multi Purpose Fitness Facility.

Employee costs	2013-14	2014-15	2015-16	Thereafter
Salaries	4.4%	4.5%	4.5%	Average 4.5%
Super Guarantee Contribution Rate	9.25%	9.50%	10.0%	10.5%
Defined Benefits Superannuation – Additional Contribution	No change	No change	No change	2016-17 – Additional contribution ceases
Other Employee Costs	CPI	CPI	CPI	CPI

Materials, contracts and other operating costs

Expenditure on materials, contracts and other operating costs has been generally based on CPI with the exception of expenditure such as the local government election which only occurs every four years. An adjustment has also been made for payments to other levels of government, such as the emergency services levy, as these costs have increased by an average of 6.79 per cent in the past three years. Utilities have been indexed 4.5% annually.

Operating costs have also been adjusted to account for the opening of the DRLC Indoor Multi Purpose Fitness Facility and other new facilities planned under the Buildings for our Community Program.

Materials, contracts and other operating costs	2013-14	2014-15	2015-16	Thereafter
Materials, contracts and other operating costs	Generally CPI	Generally CPI	Generally CPI	Generally CPI
Payments to other levels of government	6.79%	6.79%	6.79%	6.79%
Utilities	4.5%	4.5%	4.5%	4.5%

Capital expenditure and sales

All capital expenditure and sales are based on the Council's Asset Management Plans (AMP) and other short and medium term plans.

The Council's AMPs outline the maintenance and renewal strategies for each of the Council's major assets including roads, footpaths, drainage, buildings and open space assets. The AMPs provide a cost schedule for work required for each asset class at present value costs.

While the AMP drives the majority of the capital expenditure budget outlined in the LTFP, there is additional expenditure in the LTFP as:

- The AMP lists costs in today's dollar, while the LTFP takes into account movements in factors such as CPI
- The LTFP covers all assets – minor and major, whereas the AMPs focus on major assets. For example, the asset category "Roads" includes expenditure on cycling facilities and bus shelters within the LTFP. These assets are not covered by the Roads AMP. Further examples include the Footpaths AMP which does not include pram access and mobility ramps and the Open Space AMP does not include depreciable land improvements and signage.

Financial strategies exist for other assets outside of the infrastructure classes, including the Plant Replacement Strategy (Appendix 1) and the Information Technology Strategy (Appendix 2).

Sensitivity Analysis

The LTFP contains a number of assumptions based on various sources such as legislation, inflation, current service provisions and wage markets. Variations in these assumptions during the life of the plan may have a significant impact on the Council's future financial plans. The LTFP is updated twice each year to ensure the assumptions are continually updated with the latest information available.

Interest on investments: The Council has a large investment portfolio that is subject to movements in interest rates. Investments are placed and managed in accordance with the Council's adopted Investment Policy in compliance with the Local Government Act. As a custodian of the community's funds, the Council ensures funds are invested with the same care, diligence and skill that a prudent person would exercise.

In 2009-10, the Council's interest earnings fell by \$1.6 million due to economic factors, with \$1.2 million of this impacting the Council's general operating fund. Service levels and capital expenditure are impacted by fluctuations in interest rates.

Rate pegging: Changes in rate pegging will impact revenue forecasts, as is illustrated in Model 1 and Model 2.

Note: IPART has released the rate peg for 2013-14 as 3.4%. Sensitivity analysis shows that the 2013-14 rate peg does not have significant impact on the Model, compared to the calculations using the average LGCI.

Inflation: Changes in inflation will impact both revenue and expenditure.

Employee costs: Changes in employee costs will impact both revenue and expenditure. Termination patterns will impact both the Employee Leave Entitlements' reserve and liability as well as recruitment and training costs.

Population growth: Randwick City's population growth is moderate in contrast with the NSW state average. The plan is based on 0.2 per cent population growth. Should the population grow faster than this rate both service costs and rating income will be impacted.

Grants: The LTFP models only include recurring grants and capital grants that have already been awarded. The Council does not have a strong reliance on grants revenue in comparison with other sources of revenue. A number of the grants that are received fund specific programs that may not be offered by the Council if the grants were eliminated. The general purpose component of the Council's Financial Assistance Grant is currently \$3.5 million. If this grant was eliminated, the Council would need to consider reducing capital expenditure and service levels.

Risk Assessment

Throughout the development of the LTFP the assumptions underlying the plan are continually tested through a risk assessment process.

A conservative approach has been taken in developing the LTFP to ensure chosen options are more likely to succeed and expose the Council to the least amount of risk. For example, conservative estimates regarding income generated from the proposed DRLC Indoor Multi Purpose Fitness Facility have been included in the plan. A Capital Expenditure Review has also been undertaken for the DRLC Indoor Multi Purpose Fitness Facility to minimise risk to the Council and ensure a well informed decision-making process.

Three financial models

Three financial models have been developed to demonstrate the impact of changes in assumptions:

- Model 1: Rate pegging is set at CPI
- Model 2: Rate pegging is set at the average Local Government Cost Index over the last four years
- Model 3: Integrated Planning Rate is introduced with rate increases set at 3.59 per cent each year

The Council will remain financially sustainable over the 10 year period under Model 2 and 3 in terms of maintaining a balanced budget, sufficient unrestricted cash and available working capital, strong liquidity, sufficient cash reserves and a good debt collection ratio. However, the Council will not be able to maintain all categories of assets at a satisfactory level under Models 1 and 2.

The financial impact of each model is outlined below:

- Model 1: Rate peg at CPI

Movements in CPI alone do not reflect the rising costs of a local government authority. As a result, under Model 1 Randwick Council would not be able to generate operating surpluses into the future. This would result in reduced service levels and a continuous decline in the funding available for capital and infrastructure programs. The Council would be unable to maintain infrastructure assets at a satisfactory level.

- Model 2: Rate peg at average Local Government Cost Index 3.15%

The Council will remain financially sustainable and maintain current service levels under Model 2. The Council would be able to generate moderate operating surpluses into the future. However, under this model the Council would be unable to maintain assets at a satisfactory standard.

Model 3: Rate peg based on Integrated Planning Rate 3.59%

In this model, the Council will continue to be financially sustainable, with a capacity to generate operating surpluses well into the future and fund capital and infrastructure programs. Under Model 3, all categories of assets would be maintained at a satisfactory standard and the Council would be able to sustain current service levels.

SWOT Analysis

A SWOT analysis has been undertaken to ensure that fluctuations between the LTFP assumptions and both internal and external influencing factors are detected early and managed.

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. All LTFP objectives are measurable with clear guiding targets 2. Live financial information is available to all budget managers in a user friendly 'dashboard' style system 3. Monthly Financial Reports to managers, the Council and the community 4. Annual Financial Reports are produced within two months of the end of the financial year 5. The LTFP is updated twice per annum to ensure the plan changes as the needs, strategies and financial position of the Council changes over time and that all assumptions are based on the latest available information 6. Improved Employee Leave Entitlements management to reduce liabilities 7. The Employee Leave Entitlements reserve has been increased to meet an ageing workforce 8. Financial plans supporting various reserves and strategies are updated annually. 	<ol style="list-style-type: none"> 1. The Council is continuously working on enhancing asset information and asset modelling techniques. This has enhanced the LTFP and will continue to strengthen future versions of the plan.

Opportunities	Threats
<ol style="list-style-type: none"> 1. Ongoing collaborative engagement with the community with regards to long term resourcing decisions 2. Pursue additional grant funds 3. Greater than predicted population growth – the plan has been based on a conservative level of growth 4. The LTFP has been based on the assumption that contributions to the Defined Benefits Superannuation Scheme will reduce in 2016-17 (Year 4). However, if investment markets continue to improve, the contribution may fall sooner. 	<ol style="list-style-type: none"> 1. Political decisions regarding issues such as cost shifting and rate pegging 2. Legislation changes 3. Costs outside of the control of the Council such as the Emergency Services Levy and street lighting charges 4. A new award will be negotiated for Local Government in the 2013-14 financial year. The agreed wage increase may vary from the LTFP assumption 5. Fluctuations in interest rates and inflation levels 6. If patterns in employee terminations vary from assumptions.

Monitoring financial performance

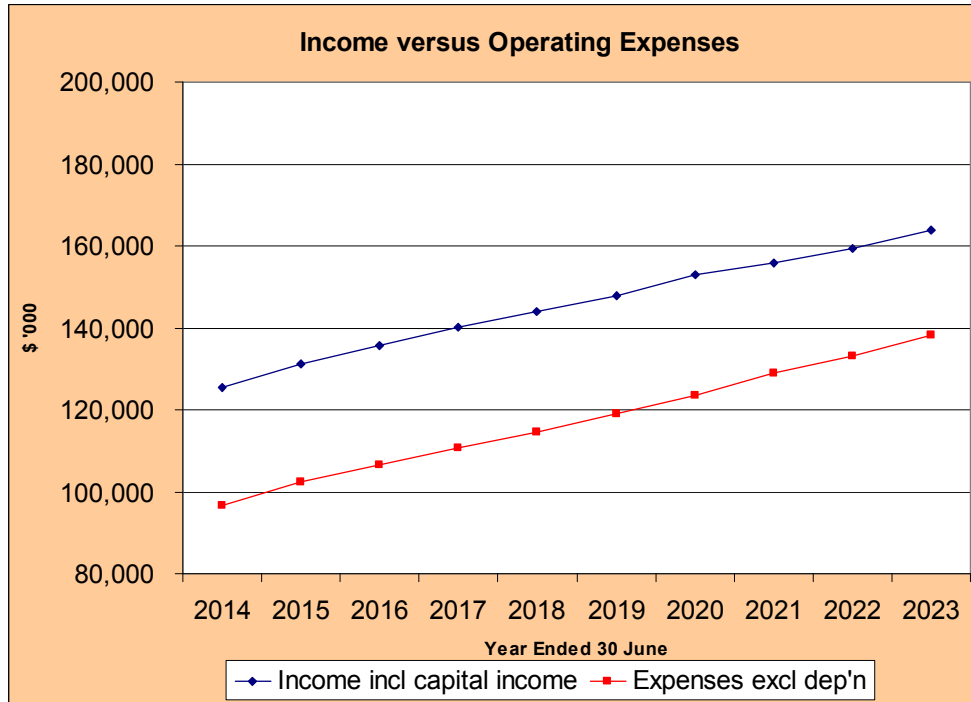
Indicator	Target
Budget Performance	
1. Balanced annual budget position	\$0 or greater
2. Operating surplus ratio - operating surplus (before capital grants and asset sales and excl depreciation) over depreciation	1.0 or greater
Operational Liquidity	
3. Unrestricted cash -Cash less externally and internally restricted reserves	Sufficient to provide liquidity for day to day operations
4. Unrestricted current ratio (DLG ratio) - excluding external restrictions	2.0 or greater
5. Unrestricted current ratio (working capital ratio) - excluding internal and external restrictions	1.0 or greater
6. Rates, annual charges, interest and extra charges outstanding - expressed as a percentage of total rates and charges available for collection in the financial year	Less than 4%
Liability and debt management	
7. Debt servicing costs as a percentage of total revenue - percentage of ordinary rates revenue utilised to repay loans and interest	0% In accordance with RCC's Debt Free Policy
8. Employee Leave Entitlements Funding - percentage employee leave entitlements held in cash	Currently 42% (Based on age of staff and value of entitlements on 30 June 2012)
Asset Management	
9. Infrastructure and Building Assets Renewal Ratio - capital expenditure on renewal of these assets divided by their annual depreciation	100% or greater
10. Buildings, Infrastructure and Open Space Assets Renewal Ratio - capital expenditure on renewal of these assets divided by their annual depreciation	100% or greater
11. Capital expenditure ³ as a percentage of total revenue budget	20% or greater

³ Capital Expenditure is defined as capital expenditure on all asset classes plus the net transfer to the plant replacement reserve and transfers to the infrastructure reserve.

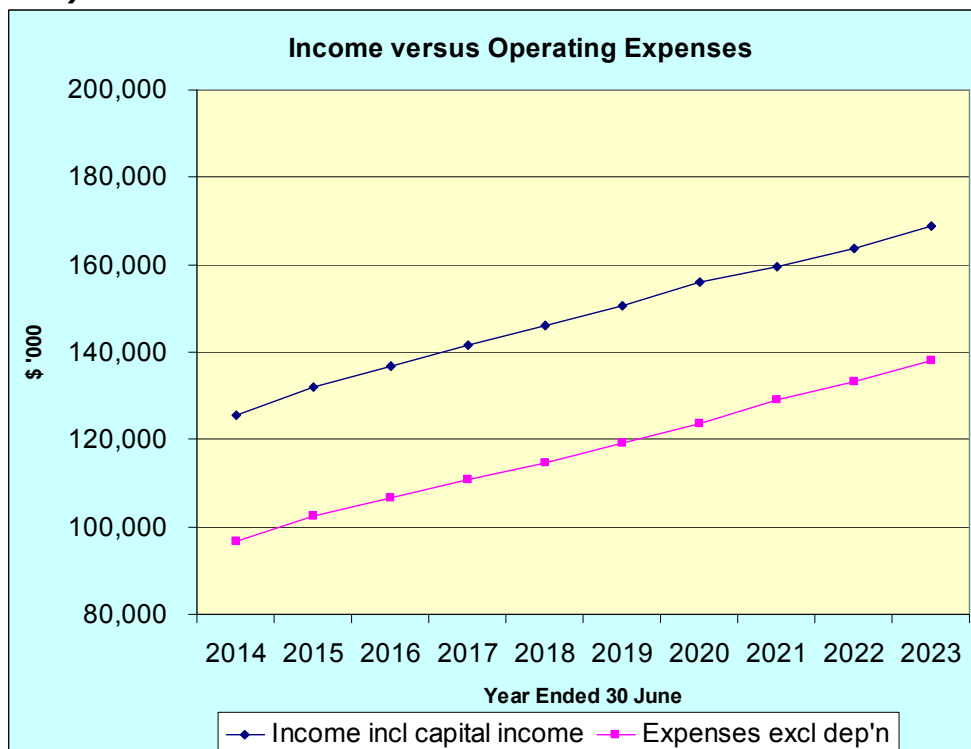
Projections

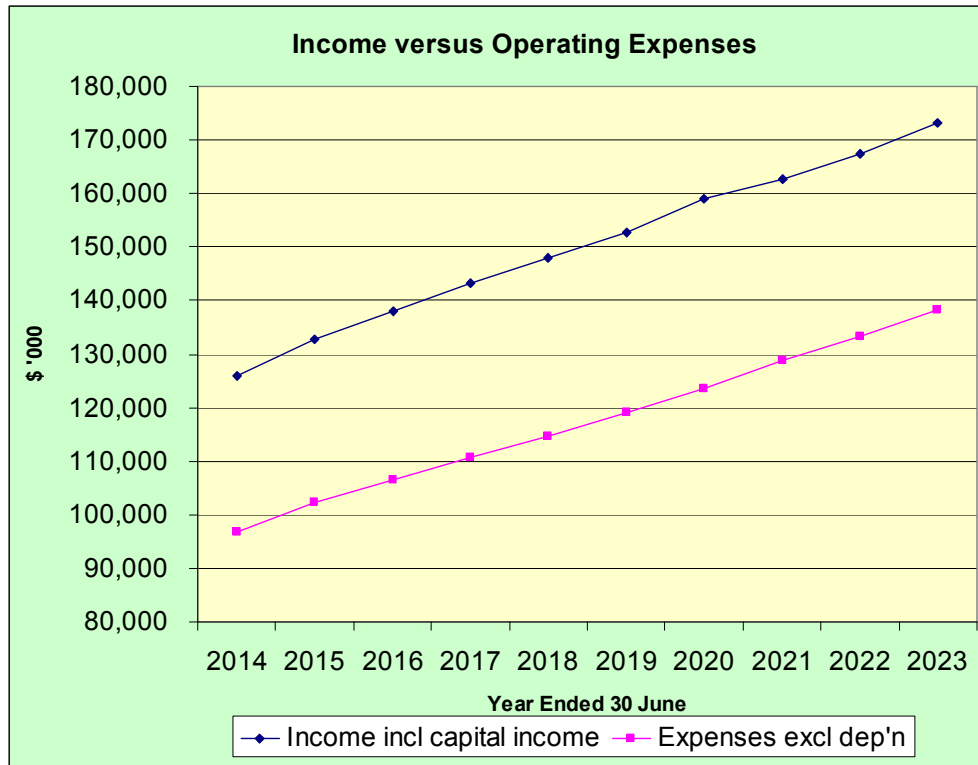
The projected income and expenditure over the next 10 years indicates the Council will retain the gap between income and operating expenses under each model. This gap, illustrated below, funds the Council's capital works program.

Model 1: Rate peg at CPI 2.5%

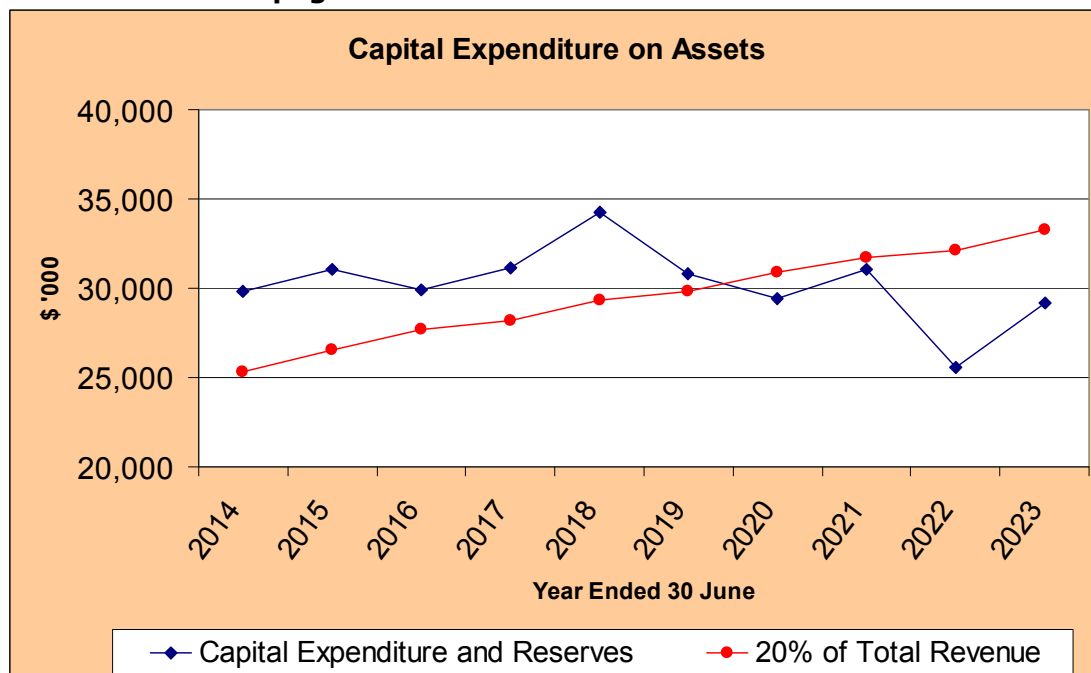


Model 2: Rate peg at LGCI Average 3.15% (less carbon price advance)

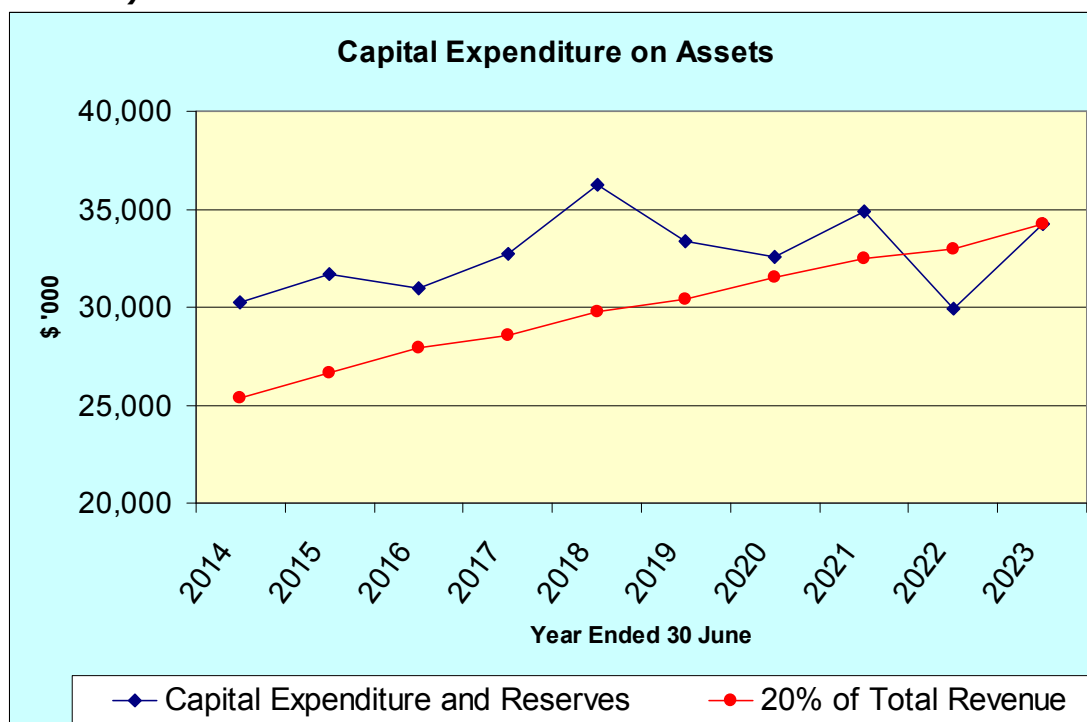


Model 3: Integrated Planning Rate (3.59%)

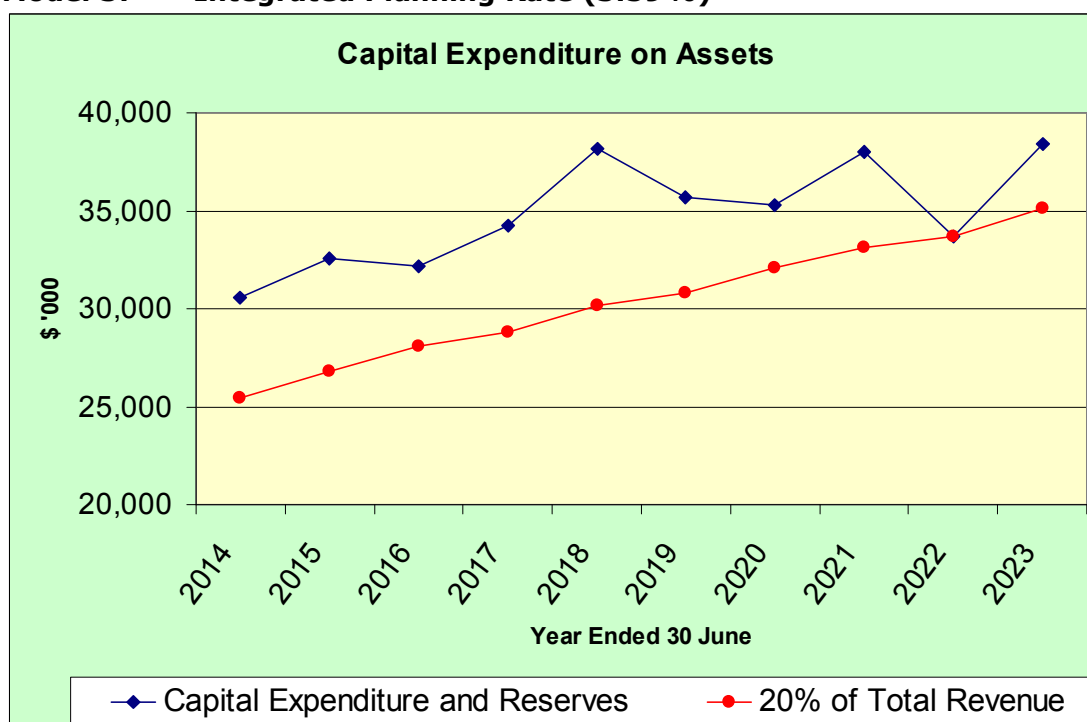
In Model 1 expenditure on capital works will decline as Council allocates the available funds to services levels and the repair and maintenance of existing assets. In Model 2 expenditure on capital works will begin to stagnate, whereas in model 3, steady growth in capital expenditure will continue over the next 10 years in line with growth in revenue. The peaks in the graphs below are due to cycles in plant replacement.

Model 1: Rate peg at CPI 2.5%

Model 2: Rate peg at LGCI Average 3.15% (less carbon price advance)



Model 3: Integrated Planning Rate (3.59%)



Projected income and expenditure, detailed capital expenditure, balance sheet, reserve funds and cashflow statements are detailed over the following pages for each model.

Model 1
Rate peg =
CPI 2.5%

10 Year Long Term Financial Plan - 2013-14 to 2022-23

Income and Expenditure

Model 1 - Rate Peg = CPI 2.5%

Year Ended 30 June	Yr 1 2014 \$('000)	Yr 2 2015 \$('000)	Yr 3 2016 \$('000)	Yr 4 2017 \$('000)	Yr 5 2018 \$('000)	Yr 6 2019 \$('000)	Yr 7 2020 \$('000)	Yr 8 2021 \$('000)	Yr 9 2022 \$('000)	Yr 10 2023 \$('000)
Operating Revenue										
Rates and Annual Charges	93,129	96,564	99,705	102,489	105,352	108,295	110,637	113,380	115,838	118,712
Statutory Charges	2,289	2,346	2,405	2,465	2,527	2,590	2,655	2,721	2,789	2,859
User Charges and Fees	14,147	15,891	16,590	17,271	18,135	18,889	19,674	20,493	21,347	22,238
Interest and Investment Revenue	1,482	1,812	1,988	2,272	2,128	2,017	2,038	2,161	2,020	2,172
Other	4,837	5,030	5,231	5,435	5,652	5,878	6,113	6,358	6,612	6,876
Operating Grants and Contributions	6,113	6,247	6,384	6,526	6,671	6,820	6,973	7,128	7,288	7,451
Total Operating Revenue	121,997	127,890	132,303	136,458	140,465	144,489	148,090	152,241	155,894	160,308
Operating Expenses										
Employee Costs	51,943	54,749	57,165	59,053	61,660	64,384	67,228	70,200	73,304	76,546
Finance/Interest Expenses	1	1	1	1	1	1	1	1	1	1
Materials and Contracts	31,831	34,131	35,494	36,584	37,874	39,043	40,219	41,279	42,363	43,472
Depreciation	23,378	23,574	23,838	24,240	24,769	25,092	25,587	25,798	25,842	26,123
Other	12,978	13,477	13,977	15,089	15,048	15,619	16,217	17,458	17,499	18,185
Total Operating Expenses	120,131	125,932	130,475	134,967	139,352	144,139	149,252	154,736	159,009	164,327
Operating Result from Operations before capital - Surplus/(Deficit)	1,866	1,958	1,828	1,491	1,113	350	(1,162)	(2,495)	(3,115)	(4,019)
Capital Revenue:-										
Grants and Contributions	3,338	3,369	3,501	3,750	3,467	3,402	4,923	3,473	3,509	3,547
Operating Result from Operations - Surplus/(Deficit)	5,204	5,327	5,329	5,241	4,580	3,752	3,761	978	394	(472)
Add back Depreciation	23,378	23,574	23,838	24,240	24,769	25,092	25,587	25,798	25,842	26,123
Funding available for capital expenditure	28,582	28,901	29,167	29,481	29,349	28,844	29,348	26,776	26,236	25,651
Capital Expenditure on Assets	28,239	30,651	31,511	29,816	34,400	30,035	28,897	32,489	24,866	28,413
Proceeds from Sale of Non-Current Ass	(1,171)	(1,385)	(2,571)	(881)	(2,855)	(1,362)	(1,535)	(2,981)	(1,115)	(2,369)
Net Capital Additions	27,068	29,266	28,940	28,936	31,545	28,673	27,362	29,508	23,752	26,043
Net Transfer to / (from) reserves	1,514	(365)	227	545	(2,196)	171	1,986	(2,732)	2,484	(392)
Net Overall Funding Surplus/(Deficit)	0	0	0	25	0	0	0	0	0	0

10 Year Long Term Financial Plan - 2013-14 to 2022-23

Capital Expenditure

Model 1 - Rate Peg = CPI 2.5%

Year Ended 30 June	Yr 1 2014 \$('000)	Yr 2 2015 \$('000)	Yr 3 2016 \$('000)	Yr 4 2017 \$('000)	Yr 5 2018 \$('000)	Yr 6 2019 \$('000)	Yr 7 2020 \$('000)	Yr 8 2021 \$('000)	Yr 9 2022 \$('000)	Yr 10 2023 \$('000)
Infrastructure Capital Expenditure										
Parks including Remediation	7,893	7,606	6,270	7,578	8,885	8,420	8,525	7,074	5,913	4,909
Footpaths	2,296	3,075	2,271	3,024	3,324	2,541	2,214	1,997	2,103	2,913
Roads	5,649	5,676	5,609	6,154	6,951	6,888	6,522	6,539	6,143	6,367
Vehicular Access	513	525	538	552	566	580	594	609	624	640
Drainage	1,437	1,431	1,430	1,416	1,665	1,633	1,624	1,618	1,581	1,586
Buildings	5,942	6,146	6,348	7,029	3,955	3,624	3,798	3,696	3,442	3,488
Total Infrastructure	23,730	24,460	22,465	25,753	25,345	23,686	23,277	21,534	19,808	19,903
Other Capital Expenditure										
Plant and Equipment (net sale proceeds)	1,484	1,993	4,694	1,181	4,479	2,808	2,251	5,017	1,965	3,766
Information Technology	1,340	2,322	1,303	1,463	1,220	1,585	1,307	1,367	1,425	1,678
Library Resources	388	398	408	419	430	441	453	464	477	489
Furniture and Fittings	80	-	20	20	20	50	20	1,020	20	100
Heritage Collections	46	92	49	100	51	103	54	105	57	108
Total Other	3,338	4,806	6,475	3,183	6,199	4,987	4,085	7,974	3,944	6,141
Total Capital Expenditure	27,068	29,266	28,940	28,936	31,545	28,673	27,362	29,508	23,752	26,043
Source of Funds										
General Fund	11,820	11,532	11,504	11,725	16,601	15,939	15,496	15,302	14,446	14,591
s94	2,825	2,965	1,500	2,570	2,540	1,972	1,600	1,530	1,540	1,470
Stormwater Levy	883	884	885	886	887	888	889	890	891	892
Domestic Waste	1,500	1,914	2,431	2,891	4,484	2,384	1,235	2,090	-	1,950
Des Renford Leisure Centre	-	100	103	105	508	1,010	113	1,116	119	522
Environment Levy	730	595	600	605	615	631	686	691	706	720
Building Levy	4,165	4,517	4,400	4,880	-	-	-	-	-	-
Grants and Contributions	2,321	2,376	2,533	2,808	2,551	2,513	4,062	2,640	2,706	2,774
Information Technology	1,340	2,322	1,303	1,463	1,220	1,585	1,307	1,367	1,425	1,678
Infrastructure Reserve	-	-	-	-	-	-	-	-	-	-
Plant Replacement Reserve	1,484	1,779	3,661	983	2,119	1,701	1,953	3,863	1,899	1,348
Affordable Housing	-	280	20	20	20	50	20	20	20	100
Total Source of Funds	27,068	29,266	28,940	28,936	31,545	28,673	27,362	29,508	23,752	26,043
Surplus/(Deficit)	-	-	-	-	-	-	-	-	-	-

10 Year Long Term Financial Plan - 2013-14 to 2022-23

Performance Measurement

Model 1 - Rate Peg = CPI 2.5%

All \$ are expressed as \$'000	TARGET	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Year Ended 30 June		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023

Budget Performance

1 Balanced Annual Budget	\$	0 +	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2 Operating Surplus Ratio	1.00 +	1.08	1.08	1.08	1.06	1.04	1.01	0.95	0.90	0.88	0.85
- operating surplus (before capital grants and asset sales and excl depreciation) over depreciation											

Operational Liquidity

3	Unrestricted Cash - cash less externally and internally restricted reserves	\$	800	+	\$	1,157	\$	1,186	\$	1,216	\$	1,246	\$	1,277	\$	1,309	\$	1,342	\$	1,376	\$	1,410	\$	1,445
											</													

10 Year Long Term Financial Plan - 2013-14 to 2022-23

Performance Measurement

Model 1 - Rate Peg = CPI 2.5%

All \$ are expressed as \$'000

TARGET

Yr 1

Yr 2

Yr 3

Yr 4

Yr 5

Yr 6

Yr 7

Yr 8

Yr 9

Yr 10

Year Ended 30 June

2014

2015

2016

2017

2018

2019

2020

2021

2022

2023

Liability and Debt Management

7 Debt Commitment Ratio - percentage of ordinary rates revenue utilised to repay loans and interest	0% -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Randwick City Council has a debt free policy		●	●	●	●	●	●	●	●	●	●
8 Employee Leave Entitlements Funding - percentage employee leave entitlements held in cash	+	38.3%	39.2%	40.1%	41.2%	42.5%	42.1%	41.8%	40.3%	37.1%	33.5%
Determined through age profiling of staff		●	●	●	●	●	●	●	●	●	●

Asset Management

9 Infrastructure and Building Assets Renewal Ratio - capital expenditure on renewal of these assets divided by their annual depreciation	100% +	90.3%	85.4%	79.3%	89.4%	91.3%	83.5%	78.2%	76.2%	72.6%	79.2%
		●	●	●	●	●	●	●	●	●	●
10 Buildings, Infrastructure and Open Space Assets Renewal Ratio - capital expenditure on renewal of these assets divided by their annual depreciation	100% +	106.4%	100.1%	87.4%	100.8%	105.5%	96.6%	90.7%	82.0%	72.8%	73.3%
		●	●	●	●	●	●	●	●	●	●
11 Capital expenditure as a percentage of total revenue budget	20% +	23.6%	23.4%	21.6%	22.1%	23.3%	20.6%	19.0%	19.6%	15.9%	17.6%
		●	●	●	●	●	●	●	●	●	●

10 Year Long Term Financial Plan - 2013-14 to 2022-23

Reserves Closing Balance

Model 1 - Rate Peg = CPI 2.5%

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Year Ended 30 June	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Externally Restricted Reserves										
Domestic Waste	2,853	3,228	3,464	3,281	1,435	1,561	2,122	1,658	2,695	1,605
Specific Purpose Unexpended Grants	0	0	0	0	0	0	0	0	0	0
Section 94 Development Contributions	3,185	2,083	2,395	1,663	900	655	759	932	1,095	1,329
Section 93D Affordable Housing	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864
Stormwater Management	0	0	0	0	0	0	0	0	0	0
Environment Levy	0	0	0	0	0	0	0	0	0	0
Total Externally Restricted Reserves	7,902	7,175	7,722	6,808	4,199	4,079	4,745	4,453	5,653	4,798

Internally Restricted Reserves

Des Renford Leisure Centre	286	436	748	1,070	1,003	449	810	251	708	712
Election of Councillors	147	294	441	0	154	308	462	0	161	322
Employee Leave Entitlements	6,403	6,852	7,333	7,850	8,300	8,595	8,929	9,002	8,653	8,163
Information Technology	620	393	676	571	741	531	476	439	740	793
GIS and Online Services	152	31	21	97	42	2	82	82	182	282
Infrastructure	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,166
Insurance Claims / Risk Management	387	387	387	387	387	387	387	387	387	387
Plant Replacement	2,238	2,692	1,112	2,471	2,309	3,059	3,578	2,193	2,879	3,663
Property Development	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404
Refundable Bonds & Deposits	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996
Randwick Environmental Park	1,968	1,885	1,802	1,722	1,624	1,528	1,431	1,334	1,236	1,136
Town Hall/Council Chambers	0	0	0	0	0	0	0	0	0	0
Affordable Housing Rental Scheme	286	42	60	79	100	93	117	143	171	120
Buildings for our Community Program	258	96	207	0	0	0	0	0	0	0
Prince Henry Centre	78	78	78	78	78	78	78	78	78	78
Total Internally Restricted Reserves	21,389	21,752	21,432	22,891	23,305	23,596	24,916	22,476	23,760	24,223

Total Reserves	29,291	28,927	29,154	29,699	27,503	27,675	29,661	26,929	29,413	29,021
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10 Year Long Term Financial Plan - 2013-14 to 2022-23

Balance Sheet

Model 1 - Rate Peg = CPI 2.5%

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
As at 30 June	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Current Assets										
Cash and Investments	26,498	26,526	26,509	27,541	26,681	26,944	28,631	26,078	27,996	28,067
Receivables	6,385	6,551	6,722	6,897	7,077	7,262	7,451	7,645	7,844	8,049
Inventory	680	697	714	732	750	769	788	808	828	849
Other	270	277	284	291	298	305	313	321	329	337
Total Current Assets	33,833	34,051	34,229	35,461	34,806	35,280	37,183	34,852	36,997	37,302
Current Liabilities										
Payables	12,160	12,349	12,542	12,740	12,943	13,151	13,364	13,583	13,807	14,037
Provisions	16,501	17,243	18,019	18,812	19,259	20,143	21,068	22,034	23,043	24,098
Total Current Liabilities	28,661	29,592	30,561	31,552	32,202	33,294	34,432	35,617	36,850	38,135
Net Current Assets/(Current Liabilities)	5,172	4,459	3,668	3,910	2,605	1,986	2,751	(765)	147	(833)
Non-Current Assets										
Investments	3,951	3,587	3,861	3,404	2,099	2,040	2,372	2,227	2,827	2,399
Receivables	524	538	552	566	581	596	612	628	644	661
Infrastructure, Property, Plant & Equipment	1,288,110	1,292,363	1,294,046	1,297,925	1,301,802	1,304,016	1,304,138	1,304,163	1,300,629	1,298,170
Other	7	7	7	7	7	7	7	7	7	7
Total Non-Current Assets	1,292,592	1,296,495	1,298,466	1,301,902	1,304,489	1,306,659	1,307,129	1,307,025	1,304,107	1,301,237
Total Assets	1,326,425	1,330,546	1,332,695	1,337,363	1,339,296	1,341,939	1,344,312	1,341,876	1,341,104	1,338,539
Non-Current Liabilities										
Payables	267	274	281	288	295	302	310	318	326	334
Provisions	240	246	252	258	264	271	278	285	292	299
Total Non-Current Liabilities	507	520	533	546	559	573	588	603	618	633
Net Assets	1,297,257	1,300,434	1,301,601	1,305,265	1,306,535	1,308,072	1,309,292	1,305,657	1,303,636	1,299,771
Total Equity	1,297,257	1,300,434	1,301,601	1,305,265	1,306,535	1,308,072	1,309,292	1,305,657	1,303,636	1,299,771

10 Year Long Term Financial Plan - 2013-14 to 2022-23

Cashflow Statement

Model 1 - Rate Peg = CPI 2.5%

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Year Ended 30 June	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Cash Flows from Operating Activities										
Receipts										
Rates & Annual Charges	93,129	96,564	99,705	102,489	105,352	108,295	110,637	113,380	115,838	118,712
User Charges & Fees	16,436	18,237	18,995	19,736	20,662	21,479	22,329	23,214	24,136	25,097
Investment & Interest Revenue Received	1,482	1,812	1,988	2,272	2,128	2,017	2,038	2,161	2,020	2,172
Grants & Contributions	9,451	9,616	9,885	10,276	10,138	10,222	11,896	10,601	10,797	10,998
Other	4,837	5,030	5,231	5,435	5,652	5,878	6,113	6,358	6,612	6,876
Payments										
Employee Benefits & On-Costs	(51,914)	(54,720)	(57,136)	(59,022)	(61,629)	(64,352)	(67,196)	(70,166)	(73,270)	(76,510)
Materials & Contracts	(31,831)	(34,131)	(35,494)	(36,584)	(37,874)	(39,043)	(40,219)	(41,279)	(42,363)	(43,472)
Borrowing Costs	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Other	(12,978)	(13,477)	(13,977)	(15,089)	(15,048)	(15,619)	(16,217)	(17,458)	(17,499)	(18,185)
Net Cash Used in Operating Activities	28,611	28,930	29,196	29,512	29,380	28,876	29,380	26,810	26,270	25,687
Cash Flows from Investing Activities										
Receipts										
Sale of Infrastructure, Property, Plant & Equipment	1,171	1,385	2,571	881	2,855	1,362	1,535	2,981	1,115	2,369
Payments										
Purchase of Infrastructure, Property, Plant & Equipment	(28,239)	(30,651)	(31,511)	(29,816)	(34,400)	(30,035)	(28,897)	(32,489)	(24,866)	(28,413)
Net Cash Used in Investing Activities	(27,068)	(29,266)	(28,940)	(28,936)	(31,545)	(28,673)	(27,362)	(29,508)	(23,752)	(26,043)
Cash Flows from Financing Activities										
Nil										
Net Increase/(Decrease) in Cash & Cash Equivalents	1,543	(336)	256	576	(2,165)	203	2,018	(2,698)	2,518	(356)
Opening Cash Balance	28,906	30,449	30,113	30,369	30,946	28,781	28,984	31,003	28,304	30,823
Closing Cash Balance	30,449	30,113	30,369	30,946	28,781	28,984	31,003	28,304	30,823	30,466

Model 2
Rate peg =
LGCI Average
3.15%

10 Year Long Term Financial Plan - 2013-14 to 2022-23

Income and Expenditure

Model 2 - Rate Peg = Average LGCI 3.15%

Year Ended 30 June	Yr 1 2014 \$('000)	Yr 2 2015 \$('000)	Yr 3 2016 \$('000)	Yr 4 2017 \$('000)	Yr 5 2018 \$('000)	Yr 6 2019 \$('000)	Yr 7 2020 \$('000)	Yr 8 2021 \$('000)	Yr 9 2022 \$('000)	Yr 10 2023 \$('000)
Operating Revenue										
Rates and Annual Charges	93,480	97,154	100,751	104,017	107,389	110,870	113,779	117,121	120,210	123,748
Statutory Charges	2,289	2,346	2,405	2,465	2,527	2,590	2,655	2,721	2,789	2,859
User Charges and Fees	14,147	15,891	16,590	17,271	18,135	18,889	19,674	20,493	21,347	22,238
Interest and Investment Revenue	1,482	1,812	1,988	2,272	2,128	2,017	2,038	2,161	2,020	2,172
Other	4,837	5,030	5,231	5,435	5,652	5,878	6,113	6,358	6,612	6,876
Operating Grants and Contributions	6,113	6,247	6,384	6,526	6,671	6,820	6,973	7,128	7,288	7,451
Total Operating Revenue	122,348	128,480	133,349	137,986	142,502	147,064	151,232	155,982	160,266	165,344
Operating Expenses										
Employee Costs	51,943	54,749	57,165	59,053	61,660	64,384	67,228	70,200	73,304	76,546
Finance/Interest Expenses	1	1	1	1	1	1	1	1	1	1
Materials and Contracts	31,831	34,131	35,494	36,584	37,874	39,043	40,219	41,279	42,363	43,472
Depreciation	23,372	23,577	23,854	24,282	24,847	25,218	25,773	26,055	26,186	26,572
Other	12,978	13,477	13,977	15,089	15,048	15,619	16,217	17,458	17,499	18,185
Total Operating Expenses	120,125	125,935	130,491	135,009	139,430	144,265	149,438	154,993	159,353	164,776
Operating Result from Operations before capital - Surplus/(Deficit)	2,223	2,545	2,858	2,977	3,072	2,799	1,794	989	913	568
Capital Revenue:-										
Grants and Contributions	3,338	3,369	3,501	3,750	3,467	3,402	4,923	3,473	3,509	3,547
Operating Result from Operations - Surplus/(Deficit)	5,561	5,914	6,359	6,727	6,539	6,201	6,717	4,462	4,422	4,115
Add back Depreciation	23,372	23,577	23,854	24,282	24,847	25,218	25,773	26,055	26,186	26,572
Funding available for capital expenditure	28,933	29,491	30,213	31,009	31,386	31,419	32,490	30,517	30,608	30,687
Capital Expenditure on Assets	28,590	31,241	32,557	31,344	36,437	32,610	32,039	36,230	29,238	33,449
Proceeds from Sale of Non-Current Ass	(1,171)	(1,385)	(2,571)	(881)	(2,855)	(1,362)	(1,535)	(2,981)	(1,115)	(2,369)
Net Capital Additions	27,419	29,856	29,986	30,464	33,582	31,248	30,504	33,249	28,124	31,079
Net Transfer to / (from) reserves	1,514	(365)	227	545	(2,196)	171	1,986	(2,732)	2,484	(392)
Net Overall Funding Surplus/(Deficit)	0	0	0	0	0	0	0	0	0	0

10 Year Long Term Financial Plan - 2013-14 to 2022-23

Capital Expenditure

Model 2 - Rate Peg = Average LGCI 3.15%

Year Ended 30 June	Yr 1 2014 \$('000)	Yr 2 2015 \$('000)	Yr 3 2016 \$('000)	Yr 4 2017 \$('000)	Yr 5 2018 \$('000)	Yr 6 2019 \$('000)	Yr 7 2020 \$('000)	Yr 8 2021 \$('000)	Yr 9 2022 \$('000)	Yr 10 2023 \$('000)
Infrastructure Capital Expenditure										
Parks including Remediation	8,019	7,814	6,647	8,113	9,487	9,182	9,468	8,202	7,237	6,429
Footpaths	2,360	3,181	2,456	3,282	3,592	2,878	2,627	2,490	2,679	3,572
Roads	5,772	5,889	5,981	6,732	7,612	7,720	7,506	7,695	7,470	7,903
Vehicular Access	513	525	538	552	566	580	594	609	624	640
Drainage	1,455	1,460	1,482	1,489	1,764	1,759	1,778	1,804	1,799	1,836
Buildings	5,960	6,177	6,401	7,103	4,348	4,126	4,424	4,450	4,341	4,525
Total Infrastructure	24,078	25,046	23,504	27,271	27,369	26,244	26,398	25,250	24,151	24,906
Other Capital Expenditure										
Plant and Equipment (net sale proceeds)	1,484	1,993	4,694	1,181	4,479	2,808	2,251	5,017	1,965	3,766
Information Technology	1,340	2,322	1,303	1,463	1,220	1,585	1,307	1,367	1,425	1,678
Library Resources	390	401	415	428	442	456	471	487	502	519
Furniture and Fittings	80	-	20	20	20	50	20	1,020	20	100
Heritage Collections	46	93	49	101	53	104	56	108	60	112
Total Other	3,340	4,810	6,481	3,193	6,213	5,004	4,106	7,999	3,973	6,174
Total Capital Expenditure	27,419	29,856	29,986	30,464	33,582	31,248	30,504	33,249	28,124	31,079
Source of Funds										
General Fund	12,171	12,122	12,550	13,253	18,638	18,514	18,638	19,043	18,818	19,627
s94	2,825	2,965	1,500	2,570	2,540	1,972	1,600	1,530	1,540	1,470
Stormwater Levy	883	884	885	886	887	888	889	890	891	892
Domestic Waste	1,500	1,914	2,431	2,891	4,484	2,384	1,235	2,090	0	1,950
Des Renford Leisure Centre	0	100	103	105	508	1,010	113	1,116	119	522
Environment Levy	730	595	600	605	615	631	686	691	706	720
Building Levy	4,165	4,517	4,400	4,880	0	0	0	0	0	0
Grants and Contributions	2,321	2,376	2,533	2,808	2,551	2,513	4,062	2,640	2,706	2,774
Information Technology	1,340	2,322	1,303	1,463	1,220	1,585	1,307	1,367	1,425	1,678
Infrastructure Reserve	0	0	0	0	0	0	0	0	0	0
Plant Replacement Reserve	1,484	1,779	3,661	983	2,119	1,701	1,953	3,863	1,899	1,348
Affordable Housing	0	280	20	20	20	50	20	20	20	100
Total Source of Funds	27,419	29,856	29,986	30,464	33,582	31,248	30,504	33,249	28,124	31,079
Surplus/(Deficit)	0	0	0	0	0	0	0	0	0	0

10 Year Long Term Financial Plan - 2013-14 to 2022-23

Performance Measurement

Model 2 - Rate Peg = Average LGCI 3.15%

All \$ are expressed as \$'000	TARGET	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Year Ended 30 June		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023

Budget Performance

1	Balanced Annual Budget	\$	0	+	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-				
2	Operating Surplus Ratio - operating surplus (before capital grants and asset sales and excl depreciation) over depreciation		1.00	+		1.10		1.11		1.12		1.12		1.12		1.11		1.07		1.04		1.03		1.02

Operational Liquidity

3	Unrestricted Cash	\$	800	+	\$	1,157	\$	1,186	\$	1,216	\$	1,246	\$	1,277	\$	1,309	\$	1,342	\$	1,376	\$	1,410	\$	1,445
	- cash less externally and internally restricted reserves																							
	Sufficient to provide liquidity for day to day operations																							
4	Unrestricted Current Ratio		2.00	+		2.45		2.47		2.34		2.32		2.40		2.41		2.43		2.29		2.27		2.15
	- excluding external restrictions (DLG Ratio)																							
5	Unrestricted Current Ratio		1.00	+		1.81		1.89		1.77		1.64		1.81		1.85		1.77		1.86		1.72		1.48
	- excluding internal and external restrictions (Working Capital Ratio)																							
6	Rates and Annual Charges Outstanding		4%	-		2.4%		2.4%		2.4%		2.4%		2.4%		2.4%		2.4%		2.4%		2.4%		2.4%
	- expressed as a percentage of total rates and charges available for collection in the financial year																							

10 Year Long Term Financial Plan - 2013-14 to 2022-23

Performance Measurement

Model 2 - Rate Peg = Average LGCI 3.15%

All \$ are expressed as \$'000

	TARGET	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Year Ended 30 June		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023

Liability and Debt Management

7 Debt Commitment Ratio - percentage of ordinary rates revenue utilised to repay loans and interest	0% -	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Randwick City Council has a debt free policy		●	●	●	●	●	●	●	●	●	●
8 Employee Leave Entitlements Funding - percentage employee leave entitlements held in cash	+	38.3%	39.2%	40.1%	41.2%	42.5%	42.1%	41.8%	40.3%	37.1%	33.5%
Determined through age profiling of staff		●	●	●	●	●	●	●	●	●	●

Asset Management

9 Infrastructure and Building Assets Renewal Ratio - capital expenditure on renewal of these assets divided by their annual depreciation	100% +	91.8%	87.9%	83.5%	95.5%	99.9%	94.1%	90.9%	91.0%	89.6%	98.4%
		●	●	●	●	●	●	●	●	●	●
10 Buildings, Infrastructure and Open Space Assets Renewal Ratio - capital expenditure on renewal of these assets divided by their annual depreciation	100% +	108.2%	103.0%	92.3%	107.7%	114.3%	107.4%	103.4%	96.6%	89.4%	92.0%
		●	●	●	●	●	●	●	●	●	●
11 Capital expenditure as a percentage of total expenditure	20% +	23.8%	23.8%	22.2%	22.9%	24.4%	22.0%	20.6%	21.5%	18.1%	20.0%
		●	●	●	●	●	●	●	●	●	●

10 Year Long Term Financial Plan - 2013-14 to 2022-23

Reserves Closing Balance

Model 2 - Rate Peg = Average LGCI 3.15%

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Year Ended 30 June	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Externally Restricted Reserves										
Domestic Waste	2,853	3,228	3,464	3,281	1,435	1,561	2,122	1,658	2,695	1,605
Specific Purpose Unexpended Grants	0	0	0	0	0	0	0	0	0	0
Section 94 Development Contributions	3,185	2,083	2,395	1,663	900	655	759	932	1,095	1,329
Section 93D Affordable Housing	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864
Stormwater Management	0	0	0	0	0	0	0	0	0	0
Environment Levy	0	0	0	0	0	0	0	0	0	0
Total Externally Restricted Reserves	7,902	7,175	7,722	6,808	4,199	4,079	4,745	4,453	5,653	4,798

Internally Restricted Reserves

Des Renford Leisure Centre	286	436	748	1,070	1,003	449	810	251	708	712
Election of Councillors	147	294	441	0	154	308	462	0	161	322
Employee Leave Entitlements	6,403	6,852	7,333	7,850	8,300	8,595	8,929	9,002	8,653	8,163
Information Technology	620	393	676	571	741	531	476	439	740	793
GIS and Online Services	152	31	21	97	42	2	82	82	182	282
Infrastructure	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,166	4,166
Insurance Claims / Risk Management	387	387	387	387	387	387	387	387	387	387
Plant Replacement	2,238	2,692	1,112	2,471	2,309	3,059	3,578	2,193	2,879	3,663
Property Development	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404
Refundable Bonds & Deposits	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996
Randwick Environmental Park	1,968	1,885	1,802	1,722	1,624	1,528	1,431	1,334	1,236	1,136
Town Hall/Council Chambers	0	0	0	0	0	0	0	0	0	0
Affordable Housing Rental Scheme	286	42	60	79	100	93	117	143	171	120
Buildings for our Community Program	258	96	207	0	0	0	0	0	0	0
Prince Henry Centre	78	78	78	78	78	78	78	78	78	78
Total Internally Restricted Reserves	21,389	21,752	21,432	22,891	23,305	23,596	24,916	22,476	23,760	24,223

Total Reserves	29,291	28,927	29,154	29,699	27,503	27,675	29,661	26,929	29,413	29,021
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10 Year Long Term Financial Plan - 2013-14 to 2022-23

Balance Sheet

Model 2 - Rate Peg = Average LGCI 3.15%

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
As at 30 June	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Current Assets										
Cash and Investments	26,498	26,526	26,509	27,541	26,681	26,944	28,631	26,078	27,996	28,067
Receivables	6,419	6,609	6,824	7,046	7,276	7,513	7,758	8,011	8,272	8,541
Inventory	680	697	714	732	750	769	788	808	828	849
Other	270	277	284	291	298	305	313	321	329	337
Total Current Assets	33,867	34,109	34,331	35,610	35,005	35,531	37,490	35,218	37,425	37,794
Current Liabilities										
Payables	12,160	12,349	12,542	12,740	12,943	13,151	13,364	13,583	13,807	14,037
Provisions	16,501	17,243	18,019	18,812	19,259	20,143	21,068	22,034	23,043	24,098
Total Current Liabilities	28,661	29,592	30,561	31,552	32,202	33,294	34,432	35,617	36,850	38,135
Net Current Assets/(Current Liabilities)	5,206	4,517	3,770	4,059	2,804	2,237	3,058	(399)	575	(341)
Non-Current Assets										
Investments	3,951	3,587	3,861	3,404	2,099	2,040	2,372	2,227	2,827	2,399
Receivables	527	543	561	579	598	617	637	658	679	701
Infrastructure, Property, Plant & Equipment	1,288,174	1,293,015	1,295,728	1,301,092	1,306,928	1,311,591	1,314,671	1,318,178	1,318,674	1,320,803
Other	7	7	7	7	7	7	7	7	7	7
Total Non-Current Assets	1,292,659	1,297,152	1,300,157	1,305,082	1,309,632	1,314,255	1,317,687	1,321,070	1,322,187	1,323,910
Total Assets	1,326,526	1,331,261	1,334,488	1,340,692	1,344,638	1,349,786	1,355,177	1,356,287	1,359,612	1,361,704
Non-Current Liabilities										
Payables	267	274	281	288	295	302	310	318	326	334
Provisions	240	246	252	258	264	271	278	285	292	299
Total Non-Current Liabilities	507	520	533	546	559	573	588	603	618	633
Net Assets	1,297,358	1,301,149	1,303,394	1,308,594	1,311,877	1,315,919	1,320,157	1,320,068	1,322,144	1,322,936
Total Equity	1,297,358	1,301,149	1,303,394	1,308,594	1,311,877	1,315,919	1,320,157	1,320,068	1,322,144	1,322,936

10 Year Long Term Financial Plan - 2013-14 to 2022-23

Cashflow Statement

Model 2 - Rate Peg = Average LGCI 3.15%

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Year Ended 30 June	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Cash Flows from Operating Activities										
<u>Receipts</u>										
Rates & Annual Charges	93,480	97,154	100,751	104,017	107,389	110,870	113,779	117,121	120,210	123,748
User Charges & Fees	16,436	18,237	18,995	19,736	20,662	21,479	22,329	23,214	24,136	25,097
Investment & Interest Revenue Received	1,482	1,812	1,988	2,272	2,128	2,017	2,038	2,161	2,020	2,172
Grants & Contributions	9,451	9,616	9,885	10,276	10,138	10,222	11,896	10,601	10,797	10,998
Other	4,837	5,030	5,231	5,435	5,652	5,878	6,113	6,358	6,612	6,876
<u>Payments</u>										
Employee Benefits & On-Costs	(51,914)	(54,720)	(57,136)	(59,022)	(61,629)	(64,352)	(67,196)	(70,166)	(73,270)	(76,510)
Materials & Contracts	(31,831)	(34,131)	(35,494)	(36,584)	(37,874)	(39,043)	(40,219)	(41,279)	(42,363)	(43,472)
Borrowing Costs	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Other	(12,978)	(13,477)	(13,977)	(15,089)	(15,048)	(15,619)	(16,217)	(17,458)	(17,499)	(18,185)
Net Cash Used in Operating Activities	28,962	29,520	30,242	31,040	31,417	31,451	32,522	30,551	30,642	30,723
Cash Flows from Investing Activities										
<u>Receipts</u>										
Sale of Infrastructure, Property, Plant & Equipment	1,171	1,385	2,571	881	2,855	1,362	1,535	2,981	1,115	2,369
<u>Payments</u>										
Purchase of Infrastructure, Property, Plant & Equipment	(28,590)	(31,241)	(32,557)	(31,344)	(36,437)	(32,610)	(32,039)	(36,230)	(29,238)	(33,449)
Net Cash Used in Investing Activities	(27,419)	(29,856)	(29,986)	(30,464)	(33,582)	(31,248)	(30,504)	(33,249)	(28,124)	(31,079)
Cash Flows from Financing Activities										
Nil										
Net Increase/(Decrease) in Cash & Cash Equivalents	1,543	(336)	256	576	(2,165)	203	2,018	(2,698)	2,518	(356)
Opening Cash Balance	28,906	30,449	30,113	30,369	30,946	28,781	28,984	31,003	28,304	30,823
Closing Cash Balance	30,449	30,113	30,369	30,946	28,781	28,984	31,003	28,304	30,823	30,466

Model 3
Rate peg =
Integrated
Planning Rate
3.59%

10 Year Long Term Financial Plan - 2013-14 to 2022-23

Income and Expenditure

Model 3 - Integrated Planning Rate 3.59%

Year Ended 30 June	Yr 1 2014 \$('000)	Yr 2 2015 \$('000)	Yr 3 2016 \$('000)	Yr 4 2017 \$('000)	Yr 5 2018 \$('000)	Yr 6 2019 \$('000)	Yr 7 2020 \$('000)	Yr 8 2021 \$('000)	Yr 9 2022 \$('000)	Yr 10 2023 \$('000)
Operating Revenue										
Rates and Annual Charges	93,824	97,998	101,924	105,541	109,286	113,165	116,497	120,289	123,856	127,902
Statutory Charges	2,289	2,346	2,405	2,465	2,527	2,590	2,655	2,721	2,789	2,859
User Charges and Fees	14,147	15,891	16,590	17,271	18,135	18,889	19,674	20,493	21,347	22,238
Interest and Investment Revenue	1,482	1,812	1,988	2,272	2,128	2,017	2,038	2,161	2,020	2,172
Other	4,837	5,030	5,231	5,435	5,652	5,878	6,113	6,358	6,612	6,876
Operating Grants and Contributions	6,113	6,247	6,384	6,526	6,671	6,820	6,973	7,128	7,288	7,451
Total Operating Revenue	122,692	129,324	134,522	139,510	144,399	149,359	153,950	159,150	163,912	169,498
Operating Expenses										
Employee Costs	51,943	54,749	57,165	59,053	61,660	64,384	67,228	70,200	73,304	76,546
Finance/Interest Expenses	1	1	1	1	1	1	1	1	1	1
Materials and Contracts	31,831	34,131	35,494	36,584	37,874	39,043	40,219	41,279	42,363	43,472
Depreciation	23,378	23,587	23,877	24,313	24,899	25,288	25,883	26,214	26,400	26,889
Other	12,978	13,477	13,977	15,089	15,048	15,619	16,217	17,458	17,499	18,185
Total Operating Expenses	120,131	125,945	130,514	135,040	139,482	144,335	149,548	155,152	159,567	165,093
Operating Result from Operations before capital - Surplus/(Deficit)	2,561	3,379	4,008	4,470	4,917	5,024	4,402	3,998	4,345	4,405
Capital Revenue:-										
Grants and Contributions	3,338	3,369	3,501	3,750	3,467	3,402	4,923	3,473	3,509	3,547
Operating Result from Operations - Surplus/(Deficit)	5,899	6,748	7,509	8,220	8,384	8,426	9,325	7,471	7,854	7,952
Add back Depreciation	23,378	23,587	23,877	24,313	24,899	25,288	25,883	26,214	26,400	26,889
Funding available for capital expenditure	29,277	30,335	31,386	32,533	33,283	33,714	35,208	33,685	34,254	34,841
Capital Expenditure on Assets	28,900	31,894	33,253	32,406	37,479	34,492	34,590	38,900	33,008	37,089
Proceeds from Sale of Non-Current Ass	(1,171)	(1,385)	(2,571)	(881)	(2,855)	(1,362)	(1,535)	(2,981)	(1,115)	(2,369)
Net Capital Additions	27,728	30,509	30,682	31,525	34,624	33,130	33,056	35,919	31,893	34,720
Net Transfer to / (from) reserves	1,549	(174)	704	1,008	(1,341)	584	2,152	(2,234)	2,361	121
Net Overall Funding Surplus/(Deficit)	0	0	0	0	0	0	0	0	0	0

10 Year Long Term Financial Plan - 2013-14 to 2022-23

Capital Expenditure

Model 3 - Integrated Planning Rate 3.59%

Year Ended 30 June	Yr 1 2014 \$('000)	Yr 2 2015 \$('000)	Yr 3 2016 \$('000)	Yr 4 2017 \$('000)	Yr 5 2018 \$('000)	Yr 6 2019 \$('000)	Yr 7 2020 \$('000)	Yr 8 2021 \$('000)	Yr 9 2022 \$('000)	Yr 10 2023 \$('000)
Infrastructure Capital Expenditure										
Parks including Remediation	8,023	7,944	6,789	8,378	9,714	9,654	10,041	8,853	8,963	7,616
Footpaths	2,372	3,250	2,532	3,416	3,703	3,093	2,887	2,784	3,085	3,989
Roads	5,794	6,027	6,129	7,019	7,859	8,232	8,102	8,360	8,383	8,843
Vehicular Access	513	525	538	552	566	580	594	609	624	640
Drainage	1,723	1,756	1,789	1,823	2,109	2,155	2,553	2,472	1,947	2,357
Buildings	5,960	6,192	6,416	7,134	4,449	4,397	4,754	4,821	4,894	5,074
Total Infrastructure	24,386	25,694	24,193	28,322	28,399	28,112	28,931	27,899	27,896	28,518
Other Capital Expenditure										
Plant and Equipment (net sale proceeds)	1,484	1,993	4,694	1,181	4,479	2,808	2,251	5,017	1,965	3,766
Information Technology	1,340	2,322	1,303	1,463	1,220	1,585	1,307	1,367	1,425	1,678
Library Resources	392	406	421	437	453	470	487	505	524	543
Furniture and Fittings	80	-	20	20	20	50	20	1,020	20	100
Heritage Collections	47	93	50	102	54	106	58	110	62	115
Total Other	3,343	4,815	6,489	3,203	6,226	5,019	4,124	8,020	3,997	6,201
Total Capital Expenditure	27,728	30,509	30,682	31,525	34,624	33,130	33,056	35,919	31,893	34,720
Source of Funds										
General Fund	12,480	12,776	13,246	14,314	19,681	20,397	21,189	21,712	22,587	23,267
s94	2,825	2,965	1,500	2,570	2,540	1,972	1,600	1,530	1,540	1,470
Stormwater Levy	883	884	885	886	887	888	889	890	891	892
Domestic Waste	1,500	1,914	2,431	2,891	4,484	2,384	1,235	2,090	0	1,950
Des Renford Leisure Centre	0	100	103	105	508	1,010	113	1,116	119	522
Environment Levy	730	595	600	605	615	631	686	691	706	720
Building Levy	4,165	4,517	4,400	4,880	0	0	0	0	0	0
Grants and Contributions	2,321	2,376	2,533	2,808	2,551	2,513	4,062	2,640	2,706	2,774
Information Technology	1,340	2,322	1,303	1,463	1,220	1,585	1,307	1,367	1,425	1,678
Infrastructure Reserve	0	0	0	0	0	0	0	0	0	0
Plant Replacement Reserve	1,484	1,779	3,661	983	2,119	1,701	1,953	3,863	1,899	1,348
Affordable Housing	0	280	20	20	20	50	20	20	20	100
Total Source of Funds	27,728	30,509	30,682	31,525	34,624	33,130	33,056	35,919	31,893	34,720
Surplus/(Deficit)	0	0	0	0	0	0	0	0	0	0

10 Year Long Term Financial Plan - 2013-14 to 2022-23

Performance Measurement

Model 3 - Integrated Planning Rate 3.59%

All \$ are expressed as \$'000
Year Ended 30 June

TARGET

Yr 1 Yr 2 Yr 3 Yr 4 Yr 5 Yr 6 Yr 7 Yr 8 Yr 9 Yr 10
2014 2015 2016 2017 2018 2019 2020 2021 2022 2023

Budget Performance

1	Balanced Annual Budget	\$	0 +	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
				●	●	●	●	●	●	●	●	●	●
2	Operating Surplus Ratio - operating surplus (before capital grants and asset sales and excl depreciation) over depreciation	1.00 +	1.11	1.14	1.17	1.18	1.20	1.20	1.17	1.15	1.16	1.16	1.16
			●	●	●	●	●	●	●	●	●	●	●

Operational Liquidity

3	Unrestricted Cash - cash less externally and internally restricted reserves	\$	1,000 +	\$ 1,157	\$ 1,186	\$ 1,216	\$ 1,246	\$ 1,277	\$ 1,309	\$ 1,342	\$ 1,376	\$ 1,410	\$ 1,445
	Sufficient to provide liquidity for day to day operations			●	●	●	●	●	●	●	●	●	●
4	Unrestricted Current Ratio - excluding external restrictions (DLG Ratio)	2.00 +	2.46	2.50	2.44	2.49	2.68	2.74	2.77	2.69	2.65	2.58	2.58
			●	●	●	●	●	●	●	●	●	●	●
5	Unrestricted Current Ratio - excluding internal and external restrictions (Working Capital Ratio)	1.00 +	1.82	1.94	1.89	1.83	2.11	2.20	2.14	2.29	2.13	1.94	1.94
			●	●	●	●	●	●	●	●	●	●	●
6	Rates and Annual Charges Outstanding - expressed as a percentage of total rates and charges available for collection in the financial year	4% -	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
			●	●	●	●	●	●	●	●	●	●	●

10 Year Long Term Financial Plan - 2013-14 to 2022-23

Performance Measurement

Model 3 - Integrated Planning Rate 3.59%

All \$ are expressed as \$'000

Year Ended 30 June	TARGET	Yr 1 2014	Yr 2 2015	Yr 3 2016	Yr 4 2017	Yr 5 2018	Yr 6 2019	Yr 7 2020	Yr 8 2021	Yr 9 2022	Yr 10 2023
Liability and Debt Management											
7 Debt Commitment Ratio - percentage of ordinary rates revenue utilised to repay loans and interest	0% - Randwick City Council has a debt free policy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
		●	●	●	●	●	●	●	●	●	●
8 Employee Leave Entitlements Funding - percentage employee leave entitlements held in cash	+ Determined through age profiling of staff	38.3%	39.2%	40.1%	41.2%	42.5%	42.1%	41.8%	40.3%	37.1%	33.5%
		●	●	●	●	●	●	●	●	●	●
Asset Management											
9 Infrastructure and Building Assets Renewal Ratio - capital expenditure on renewal of these assets divided by their annual depreciation	100% +	93.8%	91.1%	86.9%	100.3%	104.6%	102.3%	102.2%	102.3%	100.7%	111.5%
		●	●	●	●	●	●	●	●	●	●
10 Buildings, Infrastructure and Open Space Assets Renewal Ratio - capital expenditure on renewal of these assets divided by their annual depreciation	100% +	109.7%	106.1%	95.5%	112.4%	118.7%	115.2%	113.7%	107.0%	103.8%	105.0%
		●	●	●	●	●	●	●	●	●	●
11 Capital expenditure as a percentage of total expenditure	20% +	24.0%	24.3%	22.9%	23.7%	25.3%	23.1%	22.0%	23.0%	20.0%	21.9%
		●	●	●	●	●	●	●	●	●	●

10 Year Long Term Financial Plan - 2013-14 to 2022-23

Reserves Closing Balance

Model 3 - Integrated Planning Rate 3.59%

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Year Ended 30 June	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Externally Restricted Reserves										
Domestic Waste	2,853	3,228	3,464	3,281	1,435	1,561	2,122	1,658	2,695	1,605
Specific Purpose Unexpended Grants	0	0	0	0	0	0	0	0	0	0
Section 94 Development Contributions	3,185	2,083	2,395	1,663	900	655	759	932	1,095	1,329
Section 93D Affordable Housing	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864
Stormwater Management	0	0	0	0	0	0	0	0	0	0
Environment Levy	0	0	0	0	0	0	0	0	0	0
Total Externally Restricted Reserves	7,902	7,175	7,722	6,808	4,199	4,079	4,745	4,453	5,653	4,798

Internally Restricted Reserves

Des Renford Leisure Centre	286	436	748	1,070	1,003	449	810	251	708	712
Election of Councillors	147	294	441	0	154	308	462	0	161	322
Employee Leave Entitlements	6,403	6,852	7,333	7,850	8,300	8,595	8,929	9,002	8,653	8,163
Information Technology	620	393	676	571	741	531	476	439	740	793
GIS and Online Services	152	31	21	97	42	2	82	82	182	282
Infrastructure	4,200	4,391	4,868	5,330	6,184	6,597	6,763	7,261	7,138	7,651
Insurance Claims / Risk Management	387	387	387	387	387	387	387	387	387	387
Plant Replacement	2,238	2,692	1,112	2,471	2,309	3,059	3,578	2,193	2,879	3,663
Property Development	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404
Refundable Bonds & Deposits	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996
Randwick Environmental Park	1,968	1,885	1,802	1,722	1,624	1,528	1,431	1,334	1,236	1,136
Town Hall/Council Chambers	0	0	0	0	0	0	0	0	0	0
Affordable Housing Rental Scheme	286	42	60	79	100	93	117	143	171	120
Buildings for our Community Program	258	96	207	0	0	0	0	0	0	0
Prince Henry Centre	78	78	78	78	78	78	78	78	78	78
Total Internally Restricted Reserves	21,424	21,977	22,134	24,056	25,323	26,027	27,513	25,571	26,732	27,708

Total Reserves	29,326	29,152	29,856	30,863	29,522	30,106	32,258	30,024	32,385	32,506
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10 Year Long Term Financial Plan - 2013-14 to 2022-23

Balance Sheet

Model 3 - Integrated Planning Rate 3.59%

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
As at 30 June	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Current Assets										
Cash and Investments	26,532	26,751	27,210	28,706	28,700	29,375	31,228	29,173	30,968	31,552
Receivables	6,453	6,692	6,939	7,196	7,462	7,738	8,024	8,321	8,629	8,948
Inventory	680	697	714	732	750	769	788	808	828	849
Other	270	277	284	291	298	305	313	321	329	337
Total Current Assets	33,935	34,417	35,147	36,925	37,210	38,187	40,353	38,623	40,754	41,686
Current Liabilities										
Payables	12,160	12,349	12,542	12,740	12,943	13,151	13,364	13,583	13,807	14,037
Provisions	16,501	17,243	18,019	18,812	19,259	20,143	21,068	22,034	23,043	24,098
Total Current Liabilities	28,661	29,592	30,561	31,552	32,202	33,294	34,432	35,617	36,850	38,135
Net Current Assets/(Current Liabilities)	5,275	4,825	4,586	5,373	5,008	4,893	5,921	3,006	3,904	3,551
Non-Current Assets										
Investments	3,951	3,587	3,861	3,404	2,099	2,040	2,372	2,227	2,827	2,399
Receivables	530	550	570	591	613	636	660	684	709	735
Infrastructure, Property, Plant & Equipment	1,288,771	1,294,255	1,297,642	1,304,037	1,310,863	1,317,340	1,322,860	1,328,879	1,332,929	1,338,383
Other	7	7	7	7	7	7	7	7	7	7
Total Non-Current Assets	1,293,259	1,298,399	1,302,080	1,308,039	1,313,582	1,320,023	1,325,899	1,331,797	1,336,472	1,341,524
Total Assets	1,327,194	1,332,816	1,337,227	1,344,964	1,350,792	1,358,210	1,366,252	1,370,420	1,377,226	1,383,210
Non-Current Liabilities										
Payables	267	274	281	288	295	302	310	318	326	334
Provisions	240	246	252	258	264	271	278	285	292	299
Total Non-Current Liabilities	507	520	533	546	559	573	588	603	618	633
Net Assets	1,298,027	1,302,704	1,306,133	1,312,866	1,318,032	1,324,343	1,331,232	1,334,200	1,339,758	1,344,442
Total Equity	1,298,027	1,302,704	1,306,133	1,312,866	1,318,032	1,324,343	1,331,232	1,334,200	1,339,758	1,344,442

10 Year Long Term Financial Plan - 2013-14 to 2022-23

Cashflow Statement

Model 3 - Integrated Planning Rate 3.59%

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Year Ended 30 June	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Cash Flows from Operating Activities										
Receipts										
Rates & Annual Charges	93,824	97,998	101,924	105,541	109,286	113,165	116,497	120,289	123,856	127,902
User Charges & Fees	16,436	18,237	18,995	19,736	20,662	21,479	22,329	23,214	24,136	25,097
Investment & Interest Revenue Received	1,482	1,812	1,988	2,272	2,128	2,017	2,038	2,161	2,020	2,172
Grants & Contributions	9,451	9,616	9,885	10,276	10,138	10,222	11,896	10,601	10,797	10,998
Other	4,837	5,030	5,231	5,435	5,652	5,878	6,113	6,358	6,612	6,876
Payments										
Employee Benefits & On-Costs	(51,914)	(54,720)	(57,136)	(59,022)	(61,629)	(64,352)	(67,196)	(70,166)	(73,270)	(76,510)
Materials & Contracts	(31,831)	(34,131)	(35,494)	(36,584)	(37,874)	(39,043)	(40,219)	(41,279)	(42,363)	(43,472)
Borrowing Costs	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Other	(12,978)	(13,477)	(13,977)	(15,089)	(15,048)	(15,619)	(16,217)	(17,458)	(17,499)	(18,185)
Net Cash Used in Operating Activities	29,306	30,364	31,415	32,564	33,314	33,746	35,240	33,719	34,288	34,877
Cash Flows from Investing Activities										
Receipts										
Sale of Infrastructure, Property, Plant & Equipment	1,171	1,385	2,571	881	2,855	1,362	1,535	2,981	1,115	2,369
Payments										
Purchase of Infrastructure, Property, Plant & Equipment	(28,900)	(31,894)	(33,253)	(32,406)	(37,479)	(34,492)	(34,590)	(38,900)	(33,008)	(37,089)
Net Cash Used in Investing Activities	(27,728)	(30,509)	(30,682)	(31,525)	(34,624)	(33,130)	(33,056)	(35,919)	(31,893)	(34,720)
Cash Flows from Financing Activities										
Nil										
Net Increase/(Decrease) in Cash & Cash Equivalents	1,578	(145)	733	1,039	(1,310)	616	2,184	(2,200)	2,395	157
Opening Cash Balance	28,906	30,484	30,338	31,071	32,110	30,800	31,415	33,600	31,400	33,795
Closing Cash Balance	30,484	30,338	31,071	32,110	30,800	31,415	33,600	31,400	33,795	33,952

Appendix 1

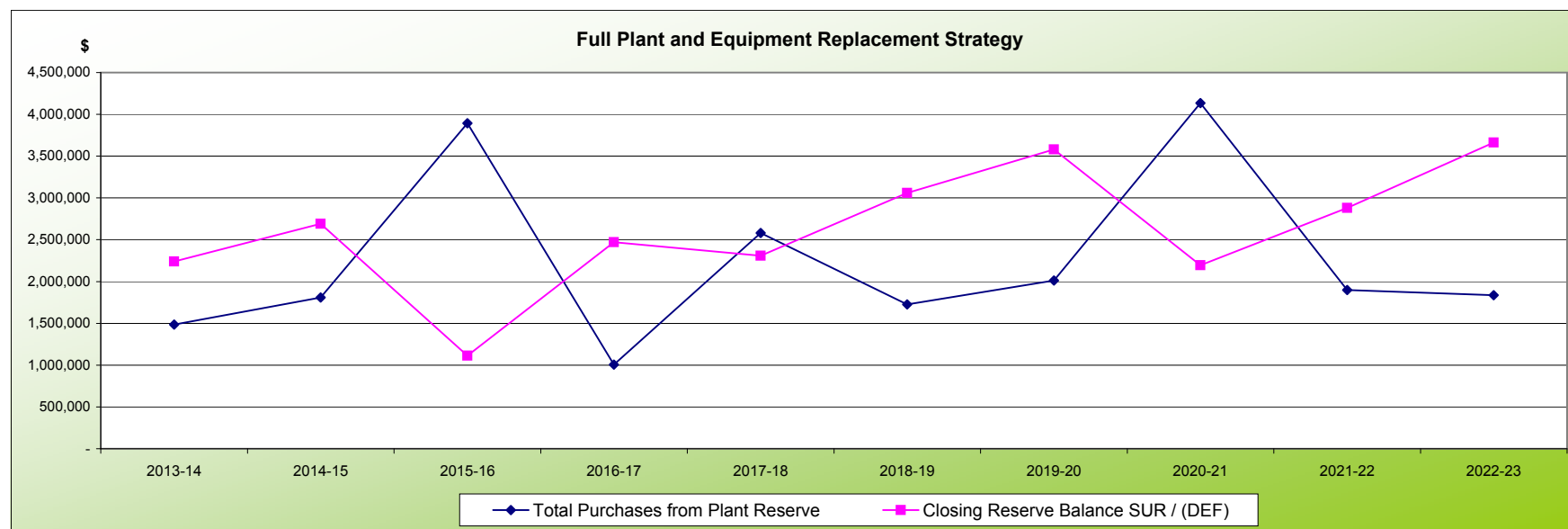
Plant Replacement Strategy

10 Year Plant Replacement Program

2012-13 to 2021-22

Full Plant and Equipment Replacement Strategy

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Purchases	2,655,373	3,278,369	7,162,669	1,956,761	6,825,901	3,160,135	3,723,114	7,933,879	3,013,925	5,667,326
Sales	(1,171,329)	(1,356,373)	(2,338,112)	(857,466)	(2,391,710)	(1,337,873)	(1,476,058)	(2,708,780)	(1,114,767)	(1,881,916)
Net Purchase Cost	1,484,044	1,921,996	4,824,557	1,099,295	4,434,191	1,822,262	2,247,056	5,225,099	1,899,158	3,785,410
Less Domestic Waste Reserve Contribution	-	(114,082)	(930,758)	(92,838)	(1,852,510)	(96,968)	(235,364)	(1,089,570)	-	(1,950,310)
Total Purchases from Plant Reserve	1,484,044	1,807,913	3,893,799	1,006,457	2,581,681	1,725,294	2,011,692	4,135,530	1,899,158	1,835,100
Plant Reserve Movements										
Opening Reserve Balance - 1 July	1,511,008	2,238,459	2,692,365	1,111,858	2,471,338	2,309,439	3,059,000	3,578,492	2,193,498	2,878,989
Transfer from Reserve	(1,484,044)	(1,807,913)	(3,893,799)	(1,006,457)	(2,581,681)	(1,725,294)	(2,011,692)	(4,135,530)	(1,899,158)	(1,835,100)
Transfer to Reserve	2,211,494	2,261,819	2,313,291	2,365,937	2,419,782	2,474,855	2,531,184	2,750,536	2,584,648	2,619,510
Net Reserve Movement	727,451	453,906	(1,580,508)	1,359,480	(161,899)	749,561	519,491	(1,384,994)	685,490	784,410
Closing Reserve Balance SUR / (DEF)	2,238,459	2,692,365	1,111,858	2,471,338	2,309,439	3,059,000	3,578,492	2,193,498	2,878,989	3,663,399



Appendix 2

Information Technology Strategy

Information Technology Financial Strategy 2013-14 to 2022-23

Project	Year 1 2013-14	Year 2 2014-15	Year 3 2015-16	Year 4 2016-17	Year 5 2017-18	Year 6 2018-19	Year 7 2019-20	Year 8 2020-21	Year 9 2021-22	Year 10 2022-23
Operating Costs	3,520,976	3,635,072	3,753,194	3,874,071	4,000,647	4,131,724	4,267,476	4,408,083	4,553,731	4,704,616
Employee Costs	1,303,587	1,362,249	1,423,550	1,486,186	1,553,065	1,622,953	1,695,985	1,772,305	1,852,059	1,935,401
Hardware Maintenance	151,188	154,967	158,841	162,812	166,883	171,055	175,331	179,714	184,207	188,812
Software Purchases	136,120	139,523	143,011	146,586	150,251	154,007	157,857	161,804	165,849	169,995
Software Maintenance	1,001,425	1,026,461	1,052,122	1,078,425	1,105,386	1,133,020	1,161,346	1,190,380	1,220,139	1,250,643
Disaster Recovery Plan Expenses	142,885	146,457	150,119	153,872	157,718	161,661	165,703	169,845	174,091	178,444
Hardware Repairs	15,913	16,311	16,719	17,137	17,565	18,004	18,454	18,916	19,389	19,873
Data Acquisition	15,277	15,659	16,050	16,451	16,863	17,284	17,716	18,159	18,613	19,078
Consultancies	186,550	191,214	195,994	200,894	205,916	211,064	216,341	221,749	227,293	232,975
Data Cabling	71,750	73,544	75,382	77,267	79,199	81,179	83,208	85,288	87,420	89,606
Internet and Network Links	210,125	215,378	220,763	226,282	231,939	237,737	243,681	249,773	256,017	262,417
Externally Hosted Software	80,304	82,311	84,369	86,478	88,640	90,856	93,128	95,456	97,842	100,288
Printing and Design	141,245	144,776	148,396	152,105	155,908	159,806	163,801	167,896	172,093	176,396
Minor IT Equipment Purchases	64,608	66,223	67,879	69,576	71,315	73,098	74,925	76,798	78,718	80,686
Business Support Projects										
Mobile Workforce	50,000			55,000			60,000			65,000
Additional Microsoft Core Licensing	12,500	15,000	15,000	15,000	17,500	17,500	17,500	20,000	20,000	22,500
SOE Management		30,000		30,000		30,000		30,000		40,000
Gateway Security Software		50,000			50,000			50,000		
IT security										
CCTV	100,000									
Other	5,000	5,000	6,000	6,000	7,000	7,000	8,000	8,000	9,000	10,000
Disaster Recovery Site Set Up										
Business Applications Projects										
Software	50,000	60,000	60,000	70,000	70,000	80,000	80,000	90,000	90,000	100,000
Application Associated Costs (Consulting, Upgrades, etc)	120,000	130,000	140,000	140,000	150,000	150,000	160,000	160,000	170,000	170,000
Enterprise Reporting/BI/eforms/Workflows										
Core Business Applications										
Waste Management System										
Other	50,000	60,000	60,000	70,000	70,000	80,000	80,000	90,000	90,000	100,000
Ongoing Replacement Programs										

Project	Year 1 2013-14	Year 2 2014-15	Year 3 2015-16	Year 4 2016-17	Year 5 2017-18	Year 6 2018-19	Year 7 2019-20	Year 8 2020-21	Year 9 2021-22	Year 10 2022-23
Data Centre Hardware Upgrades	100,000		600,000			700,000			800,000	
Firewall Replacement		40,000			50,000			60,000		
DR Site Upgrades	100,000			120,000			150,000			160,000
Desktop Replacement	250,000			450,000			500,000			600,000
Laptop/Workstation Replacement (Staff)		150,000			165,000			180,000		
Laptop Replacement (Councillors)				35,000				40,000		
Photocopy/Printer Replacement		250,000			260,000			270,000		
PABX/Voicemail (Unified Comms)										
UPS Replacement		750,000		30,000		30,000		30,000		50,000
WAN & Internet Review										
IT Equipment	200,000	200,000	212,180	218,454	225,102	250,000	231,855	238,811	245,975	260,000
Library Equipment		100,000		100,000		100,000				100,000
TOTAL EXPENDITURE	4,558,476	5,475,072	4,846,374	5,213,525	5,065,249	5,576,224	5,554,831	5,674,894	5,978,706	6,382,116
Council Commitment Required	4,558,476	5,475,072	4,846,374	5,213,525	5,065,249	5,576,224	5,554,831	5,674,894	5,978,706	6,382,116
Council Commitment - Overhead	4,806,031	5,248,272	5,129,479	5,107,716	5,235,409	5,366,294	5,500,452	5,637,963	6,278,912	6,435,885
IT Reserve Opening Balance	372,527	620,082	393,282	676,388	570,578	740,739	530,809	476,429	439,497	739,703
Transfer to Reserve	4,806,031	5,248,272	5,129,479	5,107,716	5,235,409	5,366,294	5,500,452	5,637,963	6,278,912	6,435,885
Transfer from Reserve - Operational	(3,520,976)	(3,635,072)	(3,753,194)	(3,874,071)	(4,000,647)	(4,131,724)	(4,267,476)	(4,408,083)	(4,553,731)	(4,704,616)
Transfer from Reserve - Projects	(1,037,500)	(1,840,000)	(1,093,180)	(1,339,454)	(1,064,602)	(1,444,500)	(1,287,355)	(1,266,811)	(1,424,975)	(1,677,500)
NET RESERVE MOVEMENT	247,555	(226,800)	283,105	(105,809)	170,160	(209,930)	(54,380)	(36,931)	300,206	53,769
IT Reserve Closing Balance	620,082	393,282	676,388	570,578	740,739	530,809	476,429	439,497	739,703	793,472