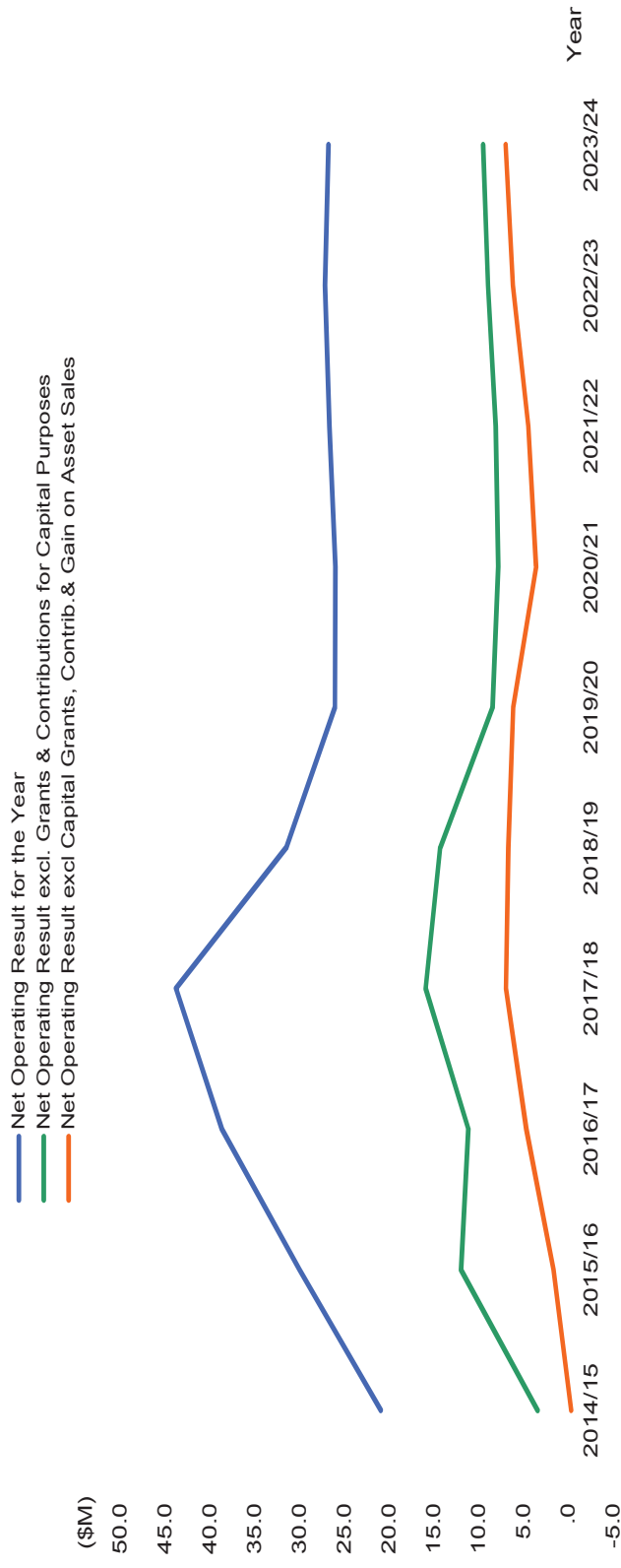
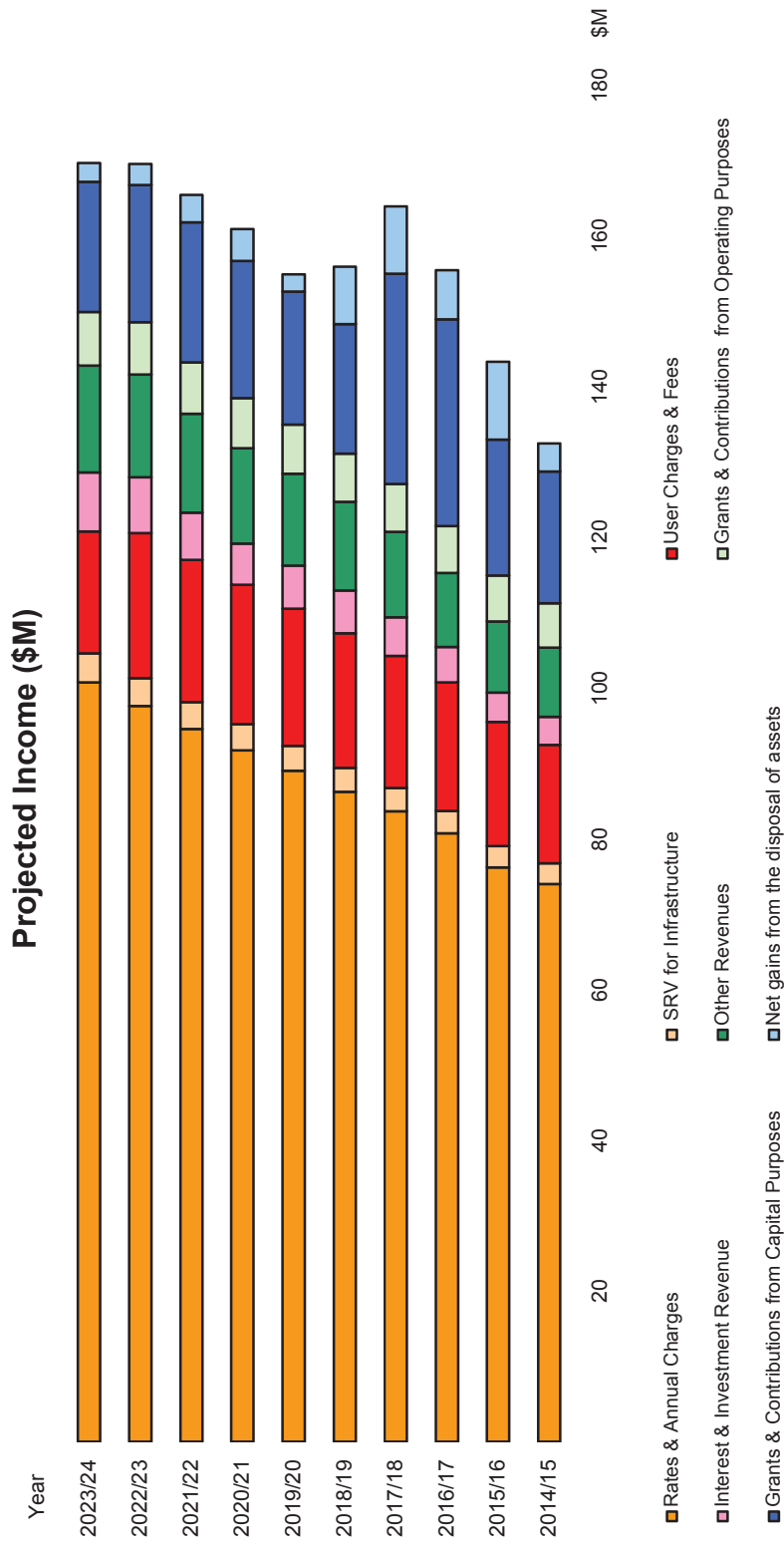


Net Operating Result (\$M)



Projected Income

Council obtains revenue from a variety of sources including rates and annual charges, user charges and fees for services, interest and investment revenue, other revenue and grants and contributions for both operating and capital purposes. Council's revenue has been forecast to increase from \$132.5M in 2014/15 to \$172M over the ten years, which is an average of 3.3% increase per year. The projected income for the forecast period is detailed in the chart below.



Rates Income & Annual Charges

Council's dependence upon rates income and annual charges is approximately 56%. The rest of the costs of Council's operations are funded from non-rates income. Increased income from rates is due to the forecast development activity leading to additional dwellings which will be allocated to Assets Renewal from 2014/15 onwards and have been incorporated into the LTFP scenarios.

Three special rate variations are included in the LTFP:

- The SRV for Infrastructure is due to expire in 2013/14 and Council will apply to IPART for a permanent continuation from 2014/15 onwards. This is explained in more detail under the scenario section of this document. The SRV for infrastructure is used to renew infrastructure assets.
- SRV for Environmental – An 8 year environmental levy is in place for a special environmental program. This formally expires in 2018/19, although it is Council's intention to seek renewal of this levy. Accordingly, the LTFP assumes continuation of the program of works that it funds and continuation of the levy.
- SRV for New Facilities – used to fund North Turramurra Recreational Facility. This expires in 2014/15.

Council derives approximately 10% from user charges & fees and these are forecast to increase by an average of 3.2% per year over the forecast period primarily driven by expected revenue from the services relocation project.

Interest Income

Council has forecast an earning rate on its investments of the expected BBSW rate + 0.7% over the forecast period. Interest revenue changes in line with cash and investment balances.

Operating Grants & Contributions

Operating grants and contributions increase by an average of 5.3% p.a. Council's main form of grant assistance is the financial assistance grant, which is a federal untied grant that is distributed between the States based on their percentage of the total population. These grants are indexed each year for increases in CPI and population. Financial assistance grants consist of two components both of which are distributed to councils: general purpose component and a local road component.

Capital Grants

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

Developer Contributions

Council collects contributions from Developers (s94 Contributions) to help pay for new infrastructure and facilities for the growing population of the area. The Long Term Financial Plan includes the works listed in the Ku-ring-gai Contributions Plan 2010, which came into effect on 19 December 2010. This Contributions Plan applies to development in Ku-ring-gai that gives rise to a net additional demand for infrastructure identified in the Contributions Plan. This period accounts for both the estimated pattern of receipt of Section 94 contributions as well as the delay between contribution receipt and Council's ability to complete works.

Some of the works to be undertaken in the s.94 plan cater for the existing population and these works require a co-contribution from Council's general funds. Revenue from divestment of Council property assets will be used to meet Council's commitment in its s.94 Developer

Contributions Plans for co-contributions of general revenues to accompany developer contributions. The amount of funding required from property asset divestment over the 10 years of the LTFP is \$54 million.

Income from Asset Sales

This income from asset sales is from rationalisation of property assets that will start in 2014/15. Planned asset sales are to fund:

- Capital and interest costs for the Service Relocation Project and the new West Pymble Aquatic Centre. These are planned to occur over 3 years starting from 2014/15 onwards.
- Council's co-contribution for projects identified in the Development Contributions Plan 2010. These sales are planned to commence in 2015/16 and continue over a 10 year period as Contribution Plan projects proceed.

Chart below provides projected asset sales over a 10 year period and identifies the projects to which the funding will be allocated.

