



# Long-Term Financial Plan

Living Holroyd Resourcing Strategy

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# Introduction

The aim of the Long Term Financial Plan for Holroyd City Council is to provide a framework to assist decision making that will ensure the Council has a financially sustainable long term future.

Financial sustainability in local government has been a major challenge due to:

- Costs increasing faster than our revenues;
- The growing size of our community;
- requests from communities for expanded services;
- resources being diverted from traditional areas of local government expenditure via cost shifting and infrastructure demands;
- rate pegging constraints;
- uncertainty over grant income;
- imposed limits on local development contributions; and
- Increased maintenance due to an ageing infrastructure network.

These all contribute to limit the ability of a council to plan for its future with high levels of certainty.

This Long Term Financial Plan establishes the financial framework, mechanism and financial targets of the Council that underpins Council's key planning documents – the Community Strategic Plan, the Delivery Program and the Operational Plan. It is the basis to guide Council in the decision making process across multiple years. It contains guiding philosophies to promote a consistent financial direction spanning financial years and council terms.

This Long Term Financial Plan predicts Holroyd's future funding requirements in order to maintain a strong financial position and achieve the community's goals and objectives.

This Long Term Financial Plan incorporates the financial results for 2012/13, the 2013/14 Operational Plan, revised economic forecasts to 2023/24 and information from the latest revised Asset Management Plans.

Financial planning over a 10 year horizon is inherently challenging and obviously relies on a variety of assumptions that will undoubtedly change during this period. The Long Term Financial Plan will therefore be closely monitored, and regularly revised, to reflect these changing circumstances.

## Current Financial Position of Council

Council's net operating result for 2012/13 was a surplus of \$2.360m (\$7.906m deficit in 2011/12).

Council ended the financial year ended 30 June 2013 with an Unrestricted Working Funds Balance of \$2.35m (\$1.907m as at 30 June 2012).

Council maintained adequate cash reserves to meet future obligations and unforeseen circumstances. Council's internal cash reserves as at 30 June 2013 totalled \$19.719m (\$21.602m as at 30 June 2012).

This financial discipline has continued into the adopted 2013/2014 budget. Council's 2013/2014 budgets were adopted within the confines of the financial policy framework and maintain Council's adequate financial reserves and strong focus on asset management.

This Long Term Financial Plan addresses Council's challenge of maintaining and renewing its' assets and providing the services to a level expected by the community. These expectations have been determined through the development over the years of Council's asset management systems and the extensive consultation process conducted in conjunction of the development of the Community Strategic Plan.

### Key Challenges

- Funding the backlog of work in the AMP
- Implementing and funding appropriate asset maintenance and renewals
- Meeting the ongoing expectations of our community
- Managing impacts of cost shifting
- Ensuring financial sustainability.

# Scope of This Plan

## Key Assumptions

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### Service Levels

Extensive consultation has been conducted as part of the Community Strategic Planning process and repeated during its 2012 review. Council continues to review its service levels in line with performance and satisfaction in partnership with the community.

### Population Growth Projections

Holroyd is a growing City, home to 106,038 residents at 30 June 2012 and known for its strong cultural diversity and mix of family-friendly neighbourhoods and active industry.

Holroyd's population is growing rapidly. Over the last 10 years, the population has grown by 19% and is expected to grow another 37% in the next 20 years. This means that an additional estimated 40,000 people moving into the area by 2031 which will impact on our current assets and infrastructure and will require additional infrastructure to support a growing community.

### Holroyd Local Environmental Plan

Holroyd City's Local Environmental Plan has responded to this proposed growth by reviewing the development zones across the area to accommodate the targets set for the City. This includes accommodating an additional estimated 40,000 new residents, 10,000 new residential dwellings, 5,500 new jobs and 195,000m<sup>2</sup> of new commercial floor space over the next 20-25 years, as well as provide up to 20-storey building height for high-rise developments. Up to 7,500 hectares of new employment land is being developed near Holroyd and, with projections of another 280,000 jobs being created in the region over the growth period, the local area will remain a desirable address for residents and business owners long into the future. The LEP came into effect on the 5 August 2013.

### Contributions Plan

The Contributions Plans provide a mechanism to levy (charge) for the provision of open space and recreation (including new playing fields), community facilities and traffic management measures. Holroyd City Council's new S94 Contributions Plan came into effect on the 5 August 2013.

## Economic Growth

Holroyd City is seen as a major employment hub for Western Sydney, with approximately 40,000 people employed within the local government area. An additional 8,000 jobs are projected to be created by 2031.

## Infrastructure

There are no major asset sales or change in management of significant assets that is forecast in this plan. Holroyd City Council will continue to manage its' significant portfolio of assets and infrastructure to support the community, in accordance with the Asset Management Plans. Technology and further asset information may impact on Council's Asset Management Strategy.

The forecast expenditure for infrastructure asset maintenance and renewal has been linked to the Asset Management Plans.

Council is currently the custodian of \$1.2 billion of infrastructure and assets and is continually reviewing our asset renewal forecasts.

## Interest Rates

The Long Term Financial Plan is based upon stable interest rates. No significant movements in interest rates have been incorporated into the plan. Current interest rates are considered to be within the range of "normal" interest rates, as articulated by the Reserve Bank of Australia.

## Inflation

The Long Term Financial Plan has as its base an inflation figure of 3%. This figure is based on the Reserve Bank of Australia's target inflation range of 2% to 3%.

## Revenue Forecasts

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### Rates

Council's rating structure is reviewed annually as each year's budget is adopted. The Long Term Financial Plan is based on the current rating structure, as confirmed in the adopted 2013/2014 budget.

The current rating structure is as follows:

#### *For Ordinary Rates*

The Residential Sector to pay 69% of the total rates levy with a base component of 50% and the remaining 50% of the levy based on the land value of the property.

The Business Sector to pay 31% of the total levy. The levy to be based on the land value of the property, subject to a minimum levy.

#### *For Special Infrastructure Rates*

The Residential Sector to pay 69% of the Special Infrastructure Rate levy to be based on the land value of the property.

The Business Sector to pay 31% of the total Special Infrastructure Rate levy to be based on the land value of the property.

From 2011/2012 the responsibility for determining rate increases for NSW Councils, both the annual base (or pegged) limit and all applications for Special Rate Variations (SRV), rests with the Independent Pricing and Regulatory Tribunal (IPART). For the annual base (or pegged) limit a new Local Government Cost Index has been established by IPART – this index, less a productivity coefficient, forms the basis for calculating the increase in rating income each year. Councils seeking a rate increase above the annual (pegged) limit are required to submit a SRV application.

Rates have been forecast to increase in line with the IPART annual (pegged) limit at an estimated 3% per year. For the 2014/2015 period IPART have determined the increase to be 2.3%.

Under the Long Term Financial Plan, three funding options are proposed:

|   |
|---|
| <b>Option 1: REDUCE SERVICES/ INFRASTRUCTURE STANDARDS - Increase rates by around 3%, in line with the IPART rate peg limit</b> |
|---|

Result: This option will require a reduction of services and/or infrastructure standards in order to be financial sustainable over the long term and could include the following:

- A reduction in the condition of our assets and infrastructure
- No increase in maintenance of sporting grounds, parks and playground noting that current maintenance levels are already below the expectations of the community
- No increase in maintenance and construction of roads, foot paths, cycleways, parks and recreation facilities and drains resulting in an increase in our \$97M infrastructure backlog over time.
- Discontinuing environmental and sustainability programs
- Fewer or no community events

- Reduction in the types and/or quality of services currently provided eg: libraries, meals on wheels, park maintenance, environmental protection and safety programs.
- No new capital works projects that require Council funding.

Under Option 1, residential ratepayers would pay on average around \$38 more each year over the six year period to 2019/2020. This is an average annual charge of \$1,431 (or a quarterly charge of \$358) by 2019/2020.

|         | Annual % Rate Increase* | Average Total \$ Rates Charge | Average \$ Waste and Stormwater Charge | Total \$ Rate Waste and Stormwater Charge | Average Annual \$ Increase |
|---------|-------------------------|-------------------------------|--|---|----------------------------|
| 2013/14 | -                       | \$744                         | \$458                                  | \$1,202                                   | -                          |
| 2014/15 | 3%                      | \$766                         | \$471                                  | \$1,237                                   | \$35                       |
| 2015/16 | 3%                      | \$789                         | \$485                                  | \$1,274                                   | \$37                       |
| 2016/17 | 3%                      | \$813                         | \$499                                  | \$1,312                                   | \$38                       |
| 2017/18 | 3%                      | \$838                         | \$513                                  | \$1,351                                   | \$39                       |
| 2018/19 | 3%                      | \$863                         | \$528                                  | \$1,391                                   | \$40                       |
| 2019/20 | 3%                      | \$888                         | \$543                                  | \$1,431                                   | \$41                       |

\*includes annual rate increase set by IPART

Under Option 1, small business ratepayers would pay on average \$119 more each year (\$29.75 per quarter) over the six years to 2019/2020.

|         | Annual % Rate Increase* | Average Total \$ Rates Charge | Average \$ Stormwater Charge | Total Average \$ Rate and Stormwater Charge | Average Annual \$ Increase |
|---------|-------------------------|-------------------------------|------------------------------|---|----------------------------|
| 2013/14 | -                       | \$3,456                       | \$25                         | \$3,481                                     | -                          |
| 2014/15 | 3%                      | \$3,560                       | \$25                         | \$3,585                                     | \$104                      |
| 2015/16 | 3%                      | \$3,667                       | \$25                         | \$3,692                                     | \$107                      |
| 2016/17 | 3%                      | \$3,777                       | \$25                         | \$3,802                                     | \$110                      |
| 2017/18 | 3%                      | \$3,890                       | \$25                         | \$3,915                                     | \$113                      |
| 2018/19 | 3%                      | \$4,007                       | \$25                         | \$4,032                                     | \$117                      |
| 2019/20 | 3%                      | \$4,127                       | \$25                         | \$4,152                                     | \$120                      |

\*includes annual rate increase set by IPART

Under Option 1, large business ratepayers would pay on average \$194 more each year (\$48.50 per quarter) over the six years to 2019/2020.

|         | Annual % Rate Increase* | Average Total \$ Rates Charge | Average \$ Stormwater Charge | Total Average \$ Rate and Stormwater Charge | Average Annual \$ Increase |
|---------|-------------------------|-------------------------------|------------------------------|---|----------------------------|
| 2013/14 | -                       | \$5,998                       | \$112                        | \$6,110                                     | -                          |
| 2014/15 | 3%                      | \$6,177                       | \$112                        | \$6,289                                     | \$179                      |
| 2015/16 | 3%                      | \$6,363                       | \$112                        | \$6,475                                     | \$186                      |
| 2016/17 | 3%                      | \$6,554                       | \$112                        | \$6,666                                     | \$191                      |
| 2017/18 | 3%                      | \$6,750                       | \$112                        | \$6,862                                     | \$196                      |
| 2018/19 | 3%                      | \$6,953                       | \$112                        | \$7,065                                     | \$203                      |
| 2019/20 | 3%                      | \$7,161                       | \$112                        | \$7,273                                     | \$208                      |

\*includes annual rate increase set by IPART

**Option 2: MAINTAIN SERVICES/ INFRASTRUCTURE STANDARDS - Increase rates by maximum 9% for 4 years, 8% for 1 year then revert to IPART rate peg limit of around 3%**

Results: This Option will result in an annual increase in revenue that will allow Council to continue to provide existing services and infrastructure. For example, this would mean:

- Maintaining opening hours and programs at our libraries
- New Aquatic Wellness Centre would be built
- Maintenance of sports grounds, parks and gardens at a good to very good standard.
- Roads, footpath, cycleways and drains would be maintained at a good to very good standard.
- Environmental and sustainability programs would be retained
- Processing times for customers making requests, lodging applications, seeking permits would remain the same
- Our community events program would remain
- The backlog of infrastructure asset renewal works would be reduced over time.

Under Option 2, residential ratepayers would pay on average around \$85 more each year over this 6 year period to 2019/2020. This is would mean that by 2019/2020 the average annual rate charge would be \$1,711 (or a quarterly charge of \$428)

|                | <b>Annual % Increase *</b> | <b>Average Total \$ Rates Charge</b> | <b>Average \$ Waste and Stormwater Charge</b> | <b>Total \$ Rate Waste and Stormwater Charge</b> | <b>Average Annual \$ Increase</b> |
|----------------|----------------------------|--------------------------------------|---|--|-----------------------------------|
| <b>2013/14</b> | -                          | \$744                                | \$458   | \$1,202  | -                                 |
| <b>2014/15</b> | 9%                         | \$811                                | \$471   | \$1,282  | \$80                              |
| <b>2015/16</b> | 9%                         | \$883                                | \$485   | \$1,368  | \$86                              |
| <b>2016/17</b> | 9%                         | \$963                                | \$499   | \$1,462  | \$94                              |
| <b>2017/18</b> | 9%                         | \$1,050                              | \$513   | \$1,563  | \$101                             |
| <b>2018/19</b> | 8%                         | \$1,134                              | \$528   | \$1,662  | \$99                              |
| <b>2019/20</b> | 3%                         | \$1,168                              | \$543   | \$1,711  | \$49                              |

\*includes annual rate increase set by IPART

Under Option 2, small business ratepayers would pay on average \$329 more each year (\$82.25 per quarter) over this 6 year period to 2019/2020.

|                | <b>Annual % Rate Increase *</b> | <b>Average Total \$ Rates Charge</b> | <b>Average \$ Stormwater Charge</b> | <b>Total Average \$ Rate and Stormwater Charge</b> | <b>Average Annual \$ Increase</b> |
|----------------|---------------------------------|--------------------------------------|-------------------------------------|--|-----------------------------------|
| <b>2013/14</b> | -                               | \$3,456                              | \$25                                | \$3,481  | -                                 |
| <b>2014/15</b> | 9%                              | \$3,767                              | \$25                                | \$3,792  | \$311                             |
| <b>2015/16</b> | 9%                              | \$4,106                              | \$25                                | \$4,131  | \$339                             |
| <b>2016/17</b> | 9%                              | \$4,475                              | \$25                                | \$4,500  | \$369                             |
| <b>2017/18</b> | 9%                              | \$4,879                              | \$25                                | \$4,904  | \$404                             |
| <b>2018/19</b> | 8%                              | \$5,269                              | \$25                                | \$5,294  | \$390                             |
| <b>2019/20</b> | 3%                              | \$5,427                              | \$25                                | \$5,452  | \$158                             |

\*includes annual rate increase set by IPART

Under Option 2, large business ratepayers would pay on average \$570 more each year (\$142.50 per quarter) over this 6 year period to 2019/2020.

|         | Annual % Rate Increase* | Average Total \$ Rates Charge | Average \$ Stormwater Charge | Total Average \$ Rate and Stormwater Charge | Average Annual \$ Increase |
|---------|-------------------------|-------------------------------|------------------------------|---|----------------------------|
| 2013/14 | -                       | \$5,998                       | \$112                        | \$6,110                                     | -                          |
| 2014/15 | 9%                      | \$6,537                       | \$112                        | \$6,649                                     | \$539                      |
| 2015/16 | 9%                      | \$7,126                       | \$112                        | \$7,238                                     | \$589                      |
| 2016/17 | 9%                      | \$7,767                       | \$112                        | \$7,879                                     | \$641                      |
| 2017/18 | 9%                      | \$8,466                       | \$112                        | \$8,578                                     | \$699                      |
| 2018/19 | 8%                      | \$9,143                       | \$112                        | \$9,255                                     | \$677                      |
| 2019/20 | 3%                      | \$9,418                       | \$112                        | \$9,530                                     | \$275                      |

\*includes annual rate increase set by IPART

**Option 3: ENHANCE SERVICES/ INFRASTRUCTURE STANDARDS - Increase rates by maximum 9% for 6 years, then revert to IPART rate peg limit of around 3%**

Result: This option will provide an additional rate revenue that will not only allow Council to maintain existing services and infrastructure but also deliver new infrastructure and services as identified by the Community. For example, this would mean:

- Maintaining opening hours and programs at our libraries
- New Aquatic Wellness Centre would be built
- Maintenance of sports grounds, parks and gardens at a good to very good standard.
- Roads, footpath, cycleways and drains would be maintained at a good to very good standard.
- Environmental and sustainability programs would be retained
- Processing times for customers making requests, lodging applications, seeking permits would remain the same
- Our community events program would remain
- The backlog of infrastructure asset renewal works would be reduced over time.
- Improve existing services and/or infrastructure
- Deliver new services and/or infrastructure

Under Option 3, residential ratepayers would pay on average around \$98 more each year over this 6 year period to 2019/2020. This is would mean that by 2019/2020 the average annual rate charge would be \$1,790 (or a quarterly charge of \$448)

|                | <b>Annual % Increase *</b> | <b>Average Total \$ Rates Charge</b> | <b>Average \$ Waste and Stormwater Charge</b> | <b>Total \$ Rate Waste and Stormwater Charge</b> | <b>Average Annual \$ Increase</b> |
|----------------|----------------------------|--------------------------------------|---|--|-----------------------------------|
| <b>2013/14</b> | -                          | \$744                                | \$458   | \$1,202  | -                                 |
| <b>2014/15</b> | 9%                         | \$810                                | \$471   | \$1,282  | \$80                              |
| <b>2015/16</b> | 9%                         | \$884                                | \$485   | \$1,368  | \$86                              |
| <b>2016/17</b> | 9%                         | \$963                                | \$499   | \$1,462  | \$94                              |
| <b>2017/18</b> | 9%                         | \$1,050                              | \$513   | \$1,563  | \$101                             |
| <b>2018/19</b> | 9%                         | \$1,144                              | \$528   | \$1,672  | \$109                             |
| <b>2019/20</b> | 9%                         | \$1,247                              | \$543   | \$1,790  | \$118                             |

\*includes annual rate increase set by IPART

Under Option 3, small business ratepayers would pay on average \$390 more each year (\$97.50 per quarter) over this 6 year period to 2019/2020.

|                | <b>Annual % Rate Increase *</b> | <b>Average Total \$ Rates Charge</b> | <b>Average \$ Stormwater Charge</b> | <b>Total Average \$ Rate and Stormwater Charge</b> | <b>Average Annual \$ Increase</b> |
|----------------|---------------------------------|--------------------------------------|-------------------------------------|--|-----------------------------------|
| <b>2013/14</b> | -                               | \$3,456                              | \$25                                | \$3,481  | -                                 |
| <b>2014/15</b> | 9%                              | \$3,767                              | \$25                                | \$3,792  | \$311                             |
| <b>2015/16</b> | 9%                              | \$4,106                              | \$25                                | \$4,131  | \$339                             |
| <b>2016/17</b> | 9%                              | \$4,475                              | \$25                                | \$4,500  | \$369                             |
| <b>2017/18</b> | 9%                              | \$4,879                              | \$25                                | \$4,904  | \$404                             |
| <b>2018/19</b> | 9%                              | \$5,318                              | \$25                                | \$5,343  | \$439                             |
| <b>2019/20</b> | 9%                              | \$5,796                              | \$25                                | \$5,821  | \$478                             |

\*includes annual rate increase set by IPART

Under Option 3, large business ratepayers would pay on average \$677 more each year (\$169.25 per quarter) over this 6 year period to 2019/2020.

|         | Annual %<br>Rate<br>Increase* | Average<br>Total<br>\$ Rates<br>Charge | Average \$<br>Stormwater<br>Charge | Total Average<br>\$ Rate and<br>Stormwater<br>Charge | Average<br>Annual \$<br>Increase |
|---------|-------------------------------|--|------------------------------------|--|----------------------------------|
| 2013/14 | -                             | \$5,998                                | \$112                              | \$6,110  | -                                |
| 2014/15 | 9%                            | \$6,537                                | \$112                              | \$6,649  | \$539                            |
| 2015/16 | 9%                            | \$7,126                                | \$112                              | \$7,238  | \$589                            |
| 2016/17 | 9%                            | \$7,767                                | \$112                              | \$7,879  | \$641                            |
| 2017/18 | 9%                            | \$8,466                                | \$112                              | \$8,578  | \$699                            |
| 2018/19 | 9%                            | \$9,228                                | \$112                              | \$9,340  | \$762                            |
| 2019/20 | 9%                            | \$10,058                               | \$112                              | \$10,170   | \$830                            |

\*includes annual rate increase set by IPART

### Council Resolution

On 18 February 2014, Council resolved to adopt the Living Holroyd Delivery Program (incorporating the 2014/2015 Operational Plan) nominating Option 2 as the preferred option. Council approved to submit the application to the Independent Pricing and Regulatory Tribunal (IPART) based on this option. Determination of this application will be made mid June 2014.

### Stormwater Management Program

The State Government amended the Local Government Act to encourage councils to implement a program of major improvements for stormwater management funded by a Stormwater Management Services charge.

Under the Long Term Financial Plan, the Stormwater Management Services charges have been forecast to be maintained at existing rates, in line with the present legislative practice.

### Domestic Waste Charges

Council's Domestic Waste function is required to be self-funding and annual charges are calculated to cover the anticipated costs of the waste and recycling collection services.

Domestic Waste charge increases have been and will continue to be influenced by disposal costs. Disposal cost increases are largely driven by State Government levies aimed at waste reduction.

For the overall finances of Council, there is no impact on the Long Term Financial Plan as any Domestic Waste funds are separately accounted for using the Waste Management Reserve.

### **Interest on Investments**

Council has a diversified investment portfolio. Funds are invested in accordance with the Minister's Order and Council's adopted Investment Policy.

The estimated return on invested funds has been set at 5% throughout the Long Term Financial Plan.

### **Fees, User Charges and Other Income**

Income in this category is derived from an extensive range of services provided to the community.

Fees and charges are reviewed annually and most are subject to fluctuations particularly as a response to local and general economic conditions. Many of the fees and charges are set by statute and do not provide for annual increases in line with the increased cost of providing the services.

Fees and Charges are set annually by Council and due consideration is given to the level of cost recovery.

The Long Term Financial Plan has assumed that fees, charges and other income will generally increase in line with the CPI figure of 3%.

### **Grants and Contributions**

Grants and contributions provide a significant source of funds for Council.

This funding is maintained at real current levels throughout the Long Term Financial Plan.

### **Net Gain from Disposal of Assets**

The Long Term Financial Plan assumes that all assets are disposed of at their written down value.

## *Expenditure Forecasts*

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### **Staff Costs**

Staff costs are predicted to increase by 3.00% per year in the Long Term Financial Plan.

This forecast is attributable to known & predicted award increases, superannuation contributions, workers compensation costs, skills and performance progression and market forces.

The forecast is also based on a stable organisation, that minimises additional staffing needs, as reflected in Council's workforce strategy.

### **Borrowing Costs**

Holroyd City Council is currently debt free. There are currently no external borrowings as a financing source within the Long Term Financial Plan. Council will use much of its internal cash reserves to help fund the Long Term Financial Plan objectives.

Loan borrowings will be used, where appropriate throughout the life of the Long Term Financial Plan as a mechanism to bring forward the construction of new or renewal assets.

### **Materials and Contracts**

Under the Long Term Financial Plan, all materials and contracts have been forecast to increase in line with the IPART Local Government Cost Index at 3% per year.

The Long Term Financial Plan forecasts that from 2014/2015 (the first year of the forecast Special Rate Variation) levels of asset maintenance will increase in line with projected maintenance requirement levels as set out in the Asset Management Plans.

### **Other Expenses**

Under the Long Term Financial Plan, other expenses have been forecast to increase in line with the IPART Local Government Cost Index at 3% per year.

## Depreciation

Depreciation and useful life estimates are based on Council's accounting policies and useful lives as stated in Council's Asset Management Plans. Future asset revaluations will have an impact on infrastructure remaining lives as well as future depreciation charges.

## *Risk Assessment*

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### How Certain are the Revenue Streams?

The Base Case (Scenario 1) provides for Council taking up the full IPART rate peg limit estimated at 3% annually over the next 10 years.

Scenarios 2 and 3 in the Long Term Financial Plan provide for Council taking up rate increases as approved by IPART which are in excess of the annual rate peg limit.

The consequence of proceeding with Scenario 1 is that Council and the community will need to make significant decisions in respect of reducing the standards and/or levels of services and/or infrastructure.

### How Accurate are the Projected Estimates of Expenditure?

Projections of estimated operating expenditure take into account known cyclical expenditure requirements and the local government cost index, in addition to the forecast inflationary index.

The 2013/14 basis for projecting operating expenditure is sound and has been developed over several budget preparation cycles. In the context of the Long Term Financial Plan these costings are reliable estimates that provide a solid basis for future projections.

Projections of capital expenditure will be based on the respective Asset Management Plans. Each of these Plans identifies an optimal level of renewal expenditure. These projections are accurate and in line with the service and intervention levels identified in the Asset Management Plans.

The Sensitivity Analysis (alternative funding scenarios) that follow indicate Council's exposure to changes in each of the underlying assumptions.

### What Could Impact on Income and Expenditures?

The major potential impacts on forecasted income and expenditures include:

- variations in underlying assumptions – interest rates, CPI, employee costs, population forecasts, grants;
- changes to Legislation and / or Standards;
- future decisions of Council;
- major projects not foreseen; and
- changes to community aspirations.

The Long Term Financial Plan is subject to change as the environment in which it has been prepared changes.

## Performance Measures

| Indicator                               | 2008/9 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2023/24      |              | Target |
|---|--------|---------|---------|---------|---------|--------------|--------------|--------|
|   |        |         |         |         |         | (Scenario 1) | (Scenario 2) |        |
| Unrestricted Current Ratio              | 5.76   | 6.55    | 6.84    | 3.43    | 3.00    | 2.54         | 2.70         | >2     |
| Debt Service Ratio                      | 1.17%  | 1.27%   | 0       | 0       | 0       | 0            | 0            | <10%   |
| Rates & Charges Coverage Ratio          | 49.2%  | 60.7%   | 54.55%  | 57.55%  | 62.14%  | 66%          | 70%          | >60%   |
| Rates & Charges Outstanding %           | 4.01%  | 3.75%   | 3.38%   | 2.71%   | 2.86%   | 3.50%        | 3.50%        | <5%    |
| Building & Infrastructure Renewal Ratio | 68%    | 90%     | 70%     | 45%     | 64%     | 70%          | 102%         | >100%  |

### Definition of KPIs

#### Unrestricted Current Ratio

The Unrestricted Current Ratio aims to measure Council's short term liquidity and Council's solvency. This indicator enables Council to assess whether debts will be able to be paid as they fall due, or whether arrangements should be put in place to raise additional funds or liquidate assets.

The unrestricted current ratio excludes restricted assets and liabilities.

Holroyd's current ratio of 3.00:1 is highly acceptable and is above the industry benchmark of 1:1.

#### Debt Service Ratio

The Debt Service Ratio shows what proportion of revenue is required as a commitment to fund Council's long term capacity to repay loans. The ratio is calculated by dividing debt service costs by revenue from continuing operations excluding capital items and specific grants and contributions.

The industry benchmark is 10%.

From 30 June 2010 Holroyd City Council has been debt free.

### **Rates & Annual Charges Coverage Ratio**

The Rates & Annual Charges Coverage Ratio is used to assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.

This ratio is calculated by dividing the rates and annual charges income by revenue from continuing operations.

### **Rates & Annual Charges Outstanding Ratio**

The Rates & Annual Charges Outstanding Ratio is designed to assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

This ratio is calculated by dividing the rates, annual charges, interest and extra charges outstanding by rates, annual charges, interest and extra charges collectible.

Holroyd's current ratio of 2.86% compares favourably to the industry benchmark of 5%.

### **Asset Renewal Ratio**

Asset Renewal is a ratio of funds spent renewing assets to annual depreciation of assets. This ratio allows an insight into the condition and cost to maintain public infrastructure assets.

Asset renewals represent the replacement and refurbishment of existing assets, as opposed to the acquisition of new assets.

Industry better practice guidelines require a ratio that is 100% or better.

# Long-Term Models

## Sensitivity Analysis

### **Scenario One – Maintain rates; decrease services and/or infrastructure standards**

This Scenario is predicated on:

- reduction of existing services and/or infrastructure standards;
- rates increased at IPART rate peg limited, estimated at 3% annually only;
- use of reserves;
- no increase in operating costs; and
- backlog of infrastructure renewals not addressed

### **Scenario Two – Increase rates over IPART rate peg limit; Maintain existing service and infrastructure standards**

Scenario Two is predicated on:

- the maintenance of existing services and infrastructure at current service levels;
- rates increased at maximum 9% for 4 years, 8% for 1 year then revert back to the rate peg limit estimated at 3% annually;
- use of existing reserves;
- backlog addressed within 10 year Long Term Financial Plan; and
- no new works

### **Scenario Three – Increase rates higher than scenario two; Maintain existing service and infrastructure standards and deliver new services and/or infrastructure.**

Scenario Three is predicated on

- Maintenance of existing services and infrastructure plus deliver new services and/or infrastructure;
- Rates increased at maximum 9% for 6 years then revert back to the rate peg limit estimated at 3% annually;
- Use of existing reserves;
- backlog addressed within 10 year Long Term Financial Plan.

**Scenario One – Rates increase in line with IPART rate peg limit, estimated at 3% annually; Decrease in services and/or infrastructure standards.**

| <b>Scenario One</b><br>Nominal values                                    | <b>Holroyd City Council - Long Term Financial Plan</b> |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|--|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2014/2015<br>\$ '000                                   | 2015/2016<br>\$ '000 | 2016/2017<br>\$ '000 | 2017/2018<br>\$ '000 | 2018/2019<br>\$ '000 | 2019/2020<br>\$ '000 | 2020/2021<br>\$ '000 | 2021/2022<br>\$ '000 | 2022/2023<br>\$ '000 | 2023/2024<br>\$ '000 |
| <b>Income from Continuing Operations</b>                                 |  |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Rates & Annual Charges   | 56,441   | 58,683               | 60,609               | 62,949               | 65,592               | 69,240               | 71,958               | 74,732               | 77,623               | 80,463               |
| User Charges & Fees  | 14,303   | 14,709               | 15,185               | 15,733               | 16,078               | 16,672               | 17,150               | 17,676               | 18,226               | 18,684               |
| Interest & Investment Revenue  | 2,510  | 2,806                | 2,814                | 2,634                | 2,515                | 2,452                | 2,220                | 1,989                | 1,722                | 1,772                |
| Other Revenues   | 4,281  | 4,445                | 4,694                | 4,944                | 5,652                | 5,971                | 6,148                | 6,330                | 6,528                | 6,724                |
| Grants & Contributions provided for Operating Purposes                   | 9,718  | 9,839                | 10,106               | 10,381               | 10,664               | 10,955               | 11,255               | 11,564               | 11,882               | 12,239               |
| Grants & Contributions provided for Capital Purposes                     | 88   | 4,253                | 12,632               | 13,216               | 16,918               | 15,776               | 12,256               | 12,080               | 14,198               | 2,131                |
| <b>Total Income from Continuing Operations</b>                           | <b>87,341</b>  | <b>94,736</b>        | <b>106,040</b>       | <b>109,857</b>       | <b>117,417</b>       | <b>121,066</b>       | <b>120,987</b>       | <b>124,371</b>       | <b>130,179</b>       | <b>122,012</b>       |
| <b>Expenses from Continuing Operations</b>                               |  |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Employee Benefits & On-Costs   | 42,182   | 43,410               | 44,940               | 46,416               | 47,977               | 49,440               | 50,922               | 52,448               | 54,159               | 55,784               |
| Borrowing Costs  | 0  | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| Materials & Contracts  | 17,168   | 17,183               | 17,733               | 18,417               | 19,370               | 19,747               | 20,564               | 21,539               | 22,898               | 23,794               |
| Depreciation & Amortisation  | 13,098   | 13,496               | 13,929               | 14,401               | 14,901               | 15,455               | 16,305               | 17,133               | 17,992               | 18,641               |
| Other Expenses   | 21,302   | 22,350               | 23,405               | 24,670               | 25,831               | 27,045               | 28,099               | 29,098               | 30,228               | 31,135               |
| <b>Total Expenses from Continuing Operations</b>                         | <b>93,750</b>  | <b>96,440</b>        | <b>100,007</b>       | <b>103,904</b>       | <b>108,079</b>       | <b>111,687</b>       | <b>115,890</b>       | <b>120,217</b>       | <b>125,278</b>       | <b>129,354</b>       |
| <b>Operating Result from Continuing Operations</b>                       | <b>-6,409</b>  | <b>-1,704</b>        | <b>6,033</b>         | <b>5,953</b>         | <b>9,338</b>         | <b>9,379</b>         | <b>5,097</b>         | <b>4,155</b>         | <b>4,901</b>         | <b>-7,342</b>        |
| <b>Capital Income</b>  |  |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Capital Income   | 840  | 866                  | 892                  | 918                  | 946                  | 974                  | 1,004                | 1,034                | 1,065                | 1,097                |
| Transfer From Reserves   | 0  | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| Depreciation   | 13,098   | 13,496               | 13,929               | 14,401               | 14,901               | 15,455               | 16,305               | 17,133               | 17,992               | 18,641               |
| <b>Total Capital Income</b>  | <b>13,939</b>  | <b>14,362</b>        | <b>14,820</b>        | <b>15,319</b>        | <b>15,847</b>        | <b>16,430</b>        | <b>17,309</b>        | <b>18,166</b>        | <b>19,057</b>        | <b>19,738</b>        |
| <b>Capital Expenditure</b>   |  |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Capital Expenditure  | 8,315  | 11,187               | 19,745               | 23,909               | 26,650               | 26,256               | 26,523               | 26,694               | 29,389               | 11,489               |
| Transfer To Reserves   | 0  | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| <b>Total Capital Expenditure</b>   | <b>8,315</b>   | <b>11,187</b>        | <b>19,745</b>        | <b>23,909</b>        | <b>26,650</b>        | <b>26,256</b>        | <b>26,523</b>        | <b>26,694</b>        | <b>29,389</b>        | <b>11,489</b>        |
| <b>Transfers From/(To) Reserves</b>                                      | <b>786</b>   | <b>-1,471</b>        | <b>-1,109</b>        | <b>2,636</b>         | <b>1,465</b>         | <b>448</b>           | <b>4,117</b>         | <b>4,373</b>         | <b>5,431</b>         | <b>-907</b>          |
| <b>Retained Surplus/(Deficit) available for general funding purposes</b> | <b>0</b>   | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             |

| Scenario One<br>Nominal values              | Holroyd City Council - Long Term Financial Plan |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2014/2015<br>\$ '000                            | 2015/2016<br>\$ '000 | 2016/2017<br>\$ '000 | 2017/2018<br>\$ '000 | 2018/2019<br>\$ '000 | 2019/2020<br>\$ '000 | 2020/2021<br>\$ '000 | 2021/2022<br>\$ '000 | 2022/2023<br>\$ '000 | 2023/2024<br>\$ '000 |
| <b>Current Assets</b>                       |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Cash and Cash Equivalents                   | 8,523   | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                |
| Investments                                 | 46,269  | 47,690               | 48,750               | 46,069               | 44,562               | 44,075               | 39,921               | 35,516               | 30,055               | 30,937               |
| Receivables                                 | 5,238   | 5,395                | 5,557                | 5,723                | 5,895                | 6,072                | 6,254                | 6,442                | 6,635                | 6,834                |
| Inventories                                 | 321   | 331                  | 341                  | 351                  | 362                  | 373                  | 384                  | 395                  | 407                  | 419                  |
| Other                                       | 109   | 113                  | 116                  | 119                  | 123                  | 127                  | 130                  | 134                  | 138                  | 143                  |
| <b>Total Current Assets</b>                 | <b>60,460</b>                                   | <b>62,051</b>        | <b>63,287</b>        | <b>60,786</b>        | <b>59,465</b>        | <b>59,169</b>        | <b>55,212</b>        | <b>51,010</b>        | <b>45,759</b>        | <b>46,856</b>        |
| <b>Non-Current Assets</b>                   |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Receivables                                 | 297   | 306                  | 315                  | 325                  | 334                  | 344                  | 355                  | 365                  | 376                  | 388                  |
| Infrastructure, Property, Plant & Equipment | 955,062   | 961,658              | 976,646              | 995,601              | 1,017,081            | 1,037,904            | 1,058,445            | 1,078,639            | 1,100,988            | 1,105,116            |
| Investments - equity method                 | 1,714   | 1,766                | 1,819                | 1,873                | 1,930                | 1,987                | 2,047                | 2,109                | 2,172                | 2,237                |
| Investment Properties                       | 0   | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| Intangible Assets                           | 0   | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| <b>Total Non-Current Assets</b>             | <b>957,074</b>                                  | <b>963,730</b>       | <b>978,780</b>       | <b>997,799</b>       | <b>1,019,345</b>     | <b>1,040,236</b>     | <b>1,060,847</b>     | <b>1,081,113</b>     | <b>1,103,536</b>     | <b>1,107,741</b>     |
| <b>Current Liabilities</b>                  |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Payables                                    | 18,279  | 18,544               | 18,814               | 19,088               | 19,366               | 19,648               | 19,933               | 20,223               | 20,518               | 20,816               |
| Borrowings                                  |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Provisions                                  | 11,239  | 11,576               | 11,924               | 12,281               | 12,650               | 13,029               | 13,420               | 13,823               | 14,237               | 14,665               |
| <b>Total Current Liabilities</b>            | <b>29,518</b>                                   | <b>30,121</b>        | <b>30,738</b>        | <b>31,369</b>        | <b>32,016</b>        | <b>32,677</b>        | <b>33,354</b>        | <b>34,046</b>        | <b>34,755</b>        | <b>35,481</b>        |
| <b>Non-Current Liabilities</b>              |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Provisions                                  | 1,047   | 1,079                | 1,111                | 1,144                | 1,179                | 1,214                | 1,250                | 1,288                | 1,326                | 1,366                |
| Borrowings                                  |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Total Non-Current Liabilities</b>        | <b>1,047</b>                                    | <b>1,079</b>         | <b>1,111</b>         | <b>1,144</b>         | <b>1,179</b>         | <b>1,214</b>         | <b>1,250</b>         | <b>1,288</b>         | <b>1,326</b>         | <b>1,366</b>         |
| <b>Net Assets</b>                           | <b>986,969</b>                                  | <b>994,581</b>       | <b>1,010,218</b>     | <b>1,026,071</b>     | <b>1,045,615</b>     | <b>1,065,514</b>     | <b>1,081,456</b>     | <b>1,096,789</b>     | <b>1,113,214</b>     | <b>1,117,749</b>     |
| <b>Equity</b>                               |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Retained earnings                           | 690,138   | 688,845              | 695,310              | 701,716              | 711,529              | 721,406              | 727,024              | 731,724              | 737,197              | 730,452              |
| Revaluation Reserves                        | 296,831   | 305,736              | 314,908              | 324,355              | 334,086              | 344,108              | 354,432              | 365,065              | 376,017              | 387,297              |
| <b>Total Equity</b>                         | <b>986,969</b>                                  | <b>994,581</b>       | <b>1,010,218</b>     | <b>1,026,071</b>     | <b>1,045,615</b>     | <b>1,065,514</b>     | <b>1,081,456</b>     | <b>1,096,789</b>     | <b>1,113,214</b>     | <b>1,117,749</b>     |

| Scenario One<br>Nominal values                           | Holroyd City Council - Long Term Financial Plan |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|--|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2014/2015<br>\$ '000                            | 2015/2016<br>\$ '000 | 2016/2017<br>\$ '000 | 2017/2018<br>\$ '000 | 2018/2019<br>\$ '000 | 2019/2020<br>\$ '000 | 2020/2021<br>\$ '000 | 2021/2022<br>\$ '000 | 2022/2023<br>\$ '000 | 2023/2024<br>\$ '000 |
| <b>Cash Flows from Operating Activities</b>              |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Receipts</b>  |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Rates & Annual Charges                                   | 56,279  | 58,517               | 60,438               | 62,773               | 65,410               | 69,053               | 71,766               | 74,534               | 77,419               | 80,252               |
| User Charges & Fees                                      | 14,303  | 14,709               | 15,185               | 15,733               | 16,078               | 16,672               | 17,150               | 17,676               | 18,226               | 18,684               |
| Interest & Investment Revenue                            | 2,510   | 2,806                | 2,814                | 2,634                | 2,515                | 2,452                | 2,220                | 1,989                | 1,722                | 1,772                |
| Other Revenues   | 4,281   | 4,445                | 4,694                | 4,944                | 5,652                | 5,971                | 6,148                | 6,330                | 6,528                | 6,724                |
| Grants & Contributions                                   | 9,806   | 14,093               | 22,738               | 23,597               | 27,581               | 26,731               | 23,511               | 23,645               | 26,080               | 14,369               |
| <b>Payments</b>  |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Employee Benefits & On-Costs                             | -41,824   | -43,041              | -44,560              | -46,025              | -47,574              | -49,025              | -50,495              | -52,007              | -53,706              | -55,317              |
| Borrowing Costs  | 0   | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| Materials & Contracts                                    | -17,418   | -17,436              | -17,990              | -18,677              | -19,634              | -20,014              | -20,835              | -21,813              | -23,176              | -24,076              |
| Other  | -21,302   | -22,350              | -23,405              | -24,670              | -25,831              | -27,045              | -28,099              | -29,098              | -30,228              | -31,135              |
| <b>Net Cash provided in Operating Activities</b>         | <b>6,636</b>                                    | <b>11,742</b>        | <b>19,914</b>        | <b>20,309</b>        | <b>24,197</b>        | <b>24,795</b>        | <b>21,366</b>        | <b>21,255</b>        | <b>22,864</b>        | <b>11,273</b>        |
| <b>Cash Flows from Investing Activities</b>              |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Investment securities & Borrowings                       | 0   | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| Intangibles, Infrastructure, Property, Plant & Equipment | -7,475  | -10,321              | -18,853              | -22,990              | -25,704              | -25,282              | -25,520              | -25,660              | -28,325              | -10,392              |
| <b>Net Cash used in Operating Activities</b>             | <b>-7,475</b>                                   | <b>-10,321</b>       | <b>-18,853</b>       | <b>-22,990</b>       | <b>-25,704</b>       | <b>-25,282</b>       | <b>-25,520</b>       | <b>-25,660</b>       | <b>-28,325</b>       | <b>-10,392</b>       |
| <b>Net Change in Cash &amp; Cash Equivalents</b>         | <b>-839</b>                                     | <b>1,421</b>         | <b>1,061</b>         | <b>-2,682</b>        | <b>-1,507</b>        | <b>-487</b>          | <b>-4,154</b>        | <b>-4,405</b>        | <b>-5,460</b>        | <b>881</b>           |
| Investments on Hand                                      | 46,269  | 47,690               | 48,750               | 46,069               | 44,562               | 44,075               | 39,921               | 35,516               | 30,055               | 30,937               |
| Cash & Cash Equivalents on Hand                          | 8,523   | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                |
| <b>Total Cash, Cash Equivalents and Investments</b>      | <b>54,792</b>                                   | <b>56,213</b>        | <b>57,273</b>        | <b>54,592</b>        | <b>53,085</b>        | <b>52,598</b>        | <b>48,444</b>        | <b>44,039</b>        | <b>38,578</b>        | <b>39,460</b>        |

**Scenario Two – Rates increase maximum 9% for 4 years, 8% for 1 year then revert to IPART rate peg limit estimated at 3% annually; Maintain existing services and infrastructure standards.**

| <b>Scenario Two</b><br><b>Nominal values</b>                             | <b>Holroyd City Council - Long Term Financial Plan</b> |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|--|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2014/2015<br>\$ '000                                   | 2015/2016<br>\$ '000 | 2016/2017<br>\$ '000 | 2017/2018<br>\$ '000 | 2018/2019<br>\$ '000 | 2019/2020<br>\$ '000 | 2020/2021<br>\$ '000 | 2021/2022<br>\$ '000 | 2022/2023<br>\$ '000 | 2023/2024<br>\$ '000 |
| <b>Income from Continuing Operations</b>                                 |  |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Rates & Annual Charges   | 58,478   | 62,890               | 67,125               | 71,919               | 76,996               | 80,986               | 84,057               | 87,194               | 90,459               | 93,652               |
| User Charges & Fees  | 14,303   | 14,709               | 15,185               | 15,733               | 16,078               | 16,672               | 17,150               | 17,676               | 18,226               | 18,684               |
| Interest & Investment Revenue  | 2,510  | 2,218                | 1,928                | 1,707                | 1,639                | 1,687                | 1,737                | 1,789                | 1,842                | 1,898                |
| Other Revenues   | 4,281  | 4,445                | 4,694                | 4,944                | 5,652                | 5,971                | 6,148                | 6,330                | 6,528                | 6,724                |
| Grants & Contributions provided for Operating Purposes                   | 9,718  | 9,839                | 10,106               | 10,381               | 10,664               | 10,955               | 11,255               | 11,564               | 11,882               | 12,239               |
| Grants & Contributions provided for Capital Purposes                     | 88   | 4,253                | 12,632               | 13,216               | 16,918               | 15,776               | 12,256               | 12,080               | 14,198               | 2,131                |
| <b>Total Income from Continuing Operations</b>                           | <b>89,378</b>  | <b>98,355</b>        | <b>111,669</b>       | <b>117,900</b>       | <b>127,946</b>       | <b>132,047</b>       | <b>132,603</b>       | <b>136,633</b>       | <b>143,134</b>       | <b>135,327</b>       |
| <b>Expenses from Continuing Operations</b>                               |  |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Employee Benefits & On-Costs   | 42,182   | 43,410               | 44,940               | 46,416               | 47,977               | 49,440               | 50,922               | 52,448               | 54,159               | 55,784               |
| Borrowing Costs  | 0  | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| Materials & Contracts  | 20,516   | 20,545               | 21,201               | 22,009               | 23,243               | 23,763               | 24,721               | 25,872               | 27,454               | 29,102               |
| Depreciation & Amortisation  | 13,244   | 13,761               | 14,301               | 14,895               | 15,516               | 16,205               | 17,227               | 18,215               | 19,233               | 20,051               |
| Other Expenses   | 21,302   | 22,350               | 23,405               | 24,670               | 25,831               | 27,045               | 28,099               | 29,098               | 30,228               | 31,135               |
| <b>Total Expenses from Continuing Operations</b>                         | <b>97,244</b>  | <b>100,067</b>       | <b>103,847</b>       | <b>107,990</b>       | <b>112,567</b>       | <b>116,452</b>       | <b>120,970</b>       | <b>125,632</b>       | <b>131,074</b>       | <b>136,072</b>       |
| <b>Operating Result from Continuing Operations</b>                       | <b>-7,866</b>  | <b>-1,712</b>        | <b>7,823</b>         | <b>9,910</b>         | <b>15,379</b>        | <b>15,595</b>        | <b>11,633</b>        | <b>11,001</b>        | <b>12,060</b>        | <b>-745</b>          |
| <b>Capital Income</b>  |  |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Capital Income   | 840  | 866                  | 892                  | 918                  | 946                  | 974                  | 1,004                | 1,034                | 1,065                | 1,097                |
| Transfer From Reserves   | 0  | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| Depreciation   | 13,244   | 13,761               | 14,301               | 14,895               | 15,516               | 16,205               | 17,227               | 18,215               | 19,233               | 20,051               |
| <b>Total Capital Income</b>  | <b>14,084</b>  | <b>14,627</b>        | <b>15,193</b>        | <b>15,814</b>        | <b>16,462</b>        | <b>17,179</b>        | <b>18,231</b>        | <b>19,249</b>        | <b>20,298</b>        | <b>21,148</b>        |
| <b>Capital Expenditure</b>   |  |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Capital Expenditure  | 14,581   | 18,322               | 27,762               | 32,025               | 31,857               | 31,182               | 29,806               | 31,446               | 33,691               | 16,579               |
| Transfer To Reserves   | 0  | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| <b>Total Capital Expenditure</b>   | <b>14,581</b>  | <b>18,322</b>        | <b>27,762</b>        | <b>32,025</b>        | <b>31,857</b>        | <b>31,182</b>        | <b>29,806</b>        | <b>31,446</b>        | <b>33,691</b>        | <b>16,579</b>        |
| <b>Transfers From/(To) Reserves</b>                                      | <b>8,362</b>   | <b>5,407</b>         | <b>4,747</b>         | <b>6,301</b>         | <b>17</b>            | <b>-1,592</b>        | <b>-58</b>           | <b>1,196</b>         | <b>1,332</b>         | <b>-3,825</b>        |
| <b>Retained Surplus/(Deficit) available for general funding purposes</b> | <b>0</b>   | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             | <b>0</b>             |

| Scenario Two<br>Nominal values              | Holroyd City Council - Long Term Financial Plan |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2014/2015<br>\$ '000                            | 2015/2016<br>\$ '000 | 2016/2017<br>\$ '000 | 2017/2018<br>\$ '000 | 2018/2019<br>\$ '000 | 2019/2020<br>\$ '000 | 2020/2021<br>\$ '000 | 2021/2022<br>\$ '000 | 2022/2023<br>\$ '000 | 2023/2024<br>\$ '000 |
| <b>Current Assets</b>                       |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Cash and Cash Equivalents                   | 8,523   | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                |
| Investments                                 | 38,693  | 33,235               | 28,441               | 22,094               | 22,035               | 23,589               | 23,611               | 22,382               | 21,020               | 24,819               |
| Receivables                                 | 5,238   | 5,395                | 5,557                | 5,723                | 5,895                | 6,072                | 6,254                | 6,442                | 6,635                | 6,834                |
| Inventories                                 | 321   | 331                  | 341                  | 351                  | 362                  | 373                  | 384                  | 395                  | 407                  | 419                  |
| Other                                       | 109   | 113                  | 116                  | 119                  | 123                  | 127                  | 130                  | 134                  | 138                  | 143                  |
| <b>Total Current Assets</b>                 | <b>52,884</b>                                   | <b>47,597</b>        | <b>42,978</b>        | <b>36,811</b>        | <b>36,938</b>        | <b>38,683</b>        | <b>38,902</b>        | <b>37,876</b>        | <b>36,724</b>        | <b>40,738</b>        |
| <b>Non-Current Assets</b>                   |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Receivables                                 | 297   | 306                  | 315                  | 325                  | 334                  | 344                  | 355                  | 365                  | 376                  | 388                  |
| Infrastructure, Property, Plant & Equipment | 961,182   | 974,647              | 997,280              | 1,023,857            | 1,049,929            | 1,074,929            | 1,097,831            | 1,121,694            | 1,147,104            | 1,154,912            |
| Investments - equity method                 | 1,714   | 1,766                | 1,819                | 1,873                | 1,930                | 1,987                | 2,047                | 2,109                | 2,172                | 2,237                |
| Investment Properties                       | 0   | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| Intangible Assets                           | 0   | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| <b>Total Non-Current Assets</b>             | <b>963,193</b>                                  | <b>976,719</b>       | <b>999,414</b>       | <b>1,026,055</b>     | <b>1,052,193</b>     | <b>1,077,261</b>     | <b>1,100,232</b>     | <b>1,124,168</b>     | <b>1,149,652</b>     | <b>1,157,536</b>     |
| <b>Current Liabilities</b>                  |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Payables                                    | 18,279  | 18,544               | 18,814               | 19,088               | 19,366               | 19,648               | 19,933               | 20,223               | 20,518               | 20,816               |
| Borrowings                                  |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Provisions                                  | 11,239  | 11,576               | 11,924               | 12,281               | 12,650               | 13,029               | 13,420               | 13,823               | 14,237               | 14,665               |
| <b>Total Current Liabilities</b>            | <b>29,518</b>                                   | <b>30,121</b>        | <b>30,738</b>        | <b>31,369</b>        | <b>32,016</b>        | <b>32,677</b>        | <b>33,354</b>        | <b>34,046</b>        | <b>34,755</b>        | <b>35,481</b>        |
| <b>Non-Current Liabilities</b>              |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Provisions                                  | 1,047   | 1,079                | 1,111                | 1,144                | 1,179                | 1,214                | 1,250                | 1,288                | 1,326                | 1,366                |
| Borrowings                                  |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Total Non-Current Liabilities</b>        | <b>1,047</b>                                    | <b>1,079</b>         | <b>1,111</b>         | <b>1,144</b>         | <b>1,179</b>         | <b>1,214</b>         | <b>1,250</b>         | <b>1,288</b>         | <b>1,326</b>         | <b>1,366</b>         |
| <b>Net Assets</b>                           | <b>985,513</b>                                  | <b>993,117</b>       | <b>1,010,543</b>     | <b>1,030,353</b>     | <b>1,055,937</b>     | <b>1,082,053</b>     | <b>1,104,531</b>     | <b>1,126,711</b>     | <b>1,150,294</b>     | <b>1,161,427</b>     |
| <b>Equity</b>                               |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Retained earnings                           | 688,682   | 687,381              | 695,635              | 705,998              | 721,852              | 737,944              | 750,099              | 761,646              | 774,277              | 774,130              |
| Revaluation Reserves                        | 296,831   | 305,736              | 314,908              | 324,355              | 334,086              | 344,108              | 354,432              | 365,065              | 376,017              | 387,297              |
| <b>Total Equity</b>                         | <b>985,513</b>                                  | <b>993,117</b>       | <b>1,010,543</b>     | <b>1,030,353</b>     | <b>1,055,937</b>     | <b>1,082,053</b>     | <b>1,104,531</b>     | <b>1,126,711</b>     | <b>1,150,294</b>     | <b>1,161,427</b>     |

| Scenario Two<br>Nominal values                           | Holroyd City Council - Long Term Financial Plan |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|--|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2014/2015<br>\$ '000                            | 2015/2016<br>\$ '000 | 2016/2017<br>\$ '000 | 2017/2018<br>\$ '000 | 2018/2019<br>\$ '000 | 2019/2020<br>\$ '000 | 2020/2021<br>\$ '000 | 2021/2022<br>\$ '000 | 2022/2023<br>\$ '000 | 2023/2024<br>\$ '000 |
| <b>Cash Flows from Operating Activities</b>              |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Receipts</b>  |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Rates & Annual Charges                                   | 58,316  | 62,723               | 66,954               | 71,743               | 76,815               | 80,799               | 83,865               | 86,996               | 90,255               | 93,442               |
| User Charges & Fees                                      | 14,303  | 14,709               | 15,185               | 15,733               | 16,078               | 16,672               | 17,150               | 17,676               | 18,226               | 18,684               |
| Interest & Investment Revenue                            | 2,510   | 2,218                | 1,928                | 1,707                | 1,639                | 1,687                | 1,737                | 1,789                | 1,842                | 1,898                |
| Other Revenues   | 4,281   | 4,445                | 4,694                | 4,944                | 5,652                | 5,971                | 6,148                | 6,330                | 6,528                | 6,724                |
| Grants & Contributions                                   | 9,806   | 14,093               | 22,738               | 23,597               | 27,581               | 26,731               | 23,511               | 23,645               | 26,080               | 14,369               |
| <b>Payments</b>  |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Employee Benefits & On-Costs                             | -41,824   | -43,041              | -44,560              | -46,025              | -47,574              | -49,025              | -50,495              | -52,007              | -53,706              | -55,317              |
| Borrowing Costs  | 0   | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| Materials & Contracts                                    | -20,766   | -20,798              | -21,457              | -22,269              | -23,507              | -24,030              | -24,992              | -26,146              | -27,732              | -29,384              |
| Other  | -21,302   | -22,350              | -23,405              | -24,670              | -25,831              | -27,045              | -28,099              | -29,098              | -30,228              | -31,135              |
| <b>Net Cash provided in Operating Activities</b>         | <b>5,325</b>                                    | <b>11,998</b>        | <b>22,076</b>        | <b>24,760</b>        | <b>30,852</b>        | <b>31,760</b>        | <b>28,824</b>        | <b>29,183</b>        | <b>31,264</b>        | <b>19,281</b>        |
| <b>Cash Flows from Investing Activities</b>              |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Investment securities & Borrowings                       | 0   | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| Intangibles, Infrastructure, Property, Plant & Equipment | -13,740   | -17,456              | -26,870              | -31,107              | -30,911              | -30,207              | -28,802              | -30,412              | -32,626              | -15,482              |
| <b>Net Cash used in Operating Activities</b>             | <b>-13,740</b>                                  | <b>-17,456</b>       | <b>-26,870</b>       | <b>-31,107</b>       | <b>-30,911</b>       | <b>-30,207</b>       | <b>-28,802</b>       | <b>-30,412</b>       | <b>-32,626</b>       | <b>-15,482</b>       |
|  |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Net Change in Cash &amp; Cash Equivalents</b>         | <b>-8,415</b>                                   | <b>-5,458</b>        | <b>-4,794</b>        | <b>-6,347</b>        | <b>-59</b>           | <b>1,553</b>         | <b>22</b>            | <b>-1,229</b>        | <b>-1,362</b>        | <b>3,799</b>         |
|  |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Investments on Hand                                      | 38,693  | 33,235               | 28,441               | 22,094               | 22,035               | 23,589               | 23,611               | 22,382               | 21,020               | 24,819               |
| Cash & Cash Equivalents on Hand                          | 8,523   | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                |
| <b>Total Cash, Cash Equivalents and Investments</b>      | <b>47,216</b>                                   | <b>41,758</b>        | <b>36,964</b>        | <b>30,617</b>        | <b>30,558</b>        | <b>32,112</b>        | <b>32,134</b>        | <b>30,905</b>        | <b>29,543</b>        | <b>33,342</b>        |

**Scenario Three – Rates increase maximum 9% for 6 years then revert to IPART rate page limit estimated at 3% annually; Maintain existing service and infrastructure standards and deliver new services and/or infrastructure.**

| <b>Scenario Three</b>  | <b>Holroyd City Council - Long Term Financial Plan</b> |                |                |                |                |                |                |                |                |                |
|--|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | 2014/2015  | 2015/2016      | 2016/2017      | 2017/2018      | 2018/2019      | 2019/2020      | 2020/2021      | 2021/2022      | 2022/2023      | 2023/2024      |
| <b>Nominal values</b>  | \$ '000  | \$ '000        | \$ '000        | \$ '000        | \$ '000        | \$ '000        | \$ '000        | \$ '000        | \$ '000        | \$ '000        |
| <b>Income from Continuing Operations</b>                                 |  |                |                |                |                |                |                |                |                |                |
| Rates & Annual Charges   | 58,478   | 62,890         | 67,125         | 71,919         | 77,170         | 83,586         | 86,809         | 90,105         | 93,536         | 96,853         |
| User Charges & Fees  | 14,303   | 14,709         | 15,185         | 15,733         | 16,078         | 16,672         | 17,150         | 17,676         | 18,226         | 18,684         |
| Interest & Investment Revenue  | 2,510  | 2,218          | 1,928          | 1,707          | 1,398          | 1,443          | 1,410          | 1,348          | 1,280          | 1,470          |
| Other Revenues   | 4,281  | 4,445          | 4,694          | 4,944          | 5,652          | 5,971          | 6,148          | 6,330          | 6,528          | 6,724          |
| Grants & Contributions provided for Operating Purposes                   | 9,718  | 9,839          | 10,106         | 10,381         | 10,664         | 10,955         | 11,255         | 11,564         | 11,882         | 12,239         |
| Grants & Contributions provided for Capital Purposes                     | 88   | 4,253          | 12,632         | 13,216         | 16,918         | 15,776         | 12,256         | 12,080         | 14,198         | 2,131          |
| <b>Total Income from Continuing Operations</b>                           | <b>89,378</b>  | <b>98,355</b>  | <b>111,669</b> | <b>117,900</b> | <b>127,878</b> | <b>134,403</b> | <b>135,028</b> | <b>139,103</b> | <b>145,650</b> | <b>138,100</b> |
| <b>Expenses from Continuing Operations</b>                               |  |                |                |                |                |                |                |                |                |                |
| Employee Benefits & On-Costs   | 42,182   | 43,410         | 44,940         | 46,416         | 47,977         | 49,440         | 50,922         | 52,448         | 54,159         | 55,784         |
| Borrowing Costs  | 0  | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Materials & Contracts  | 20,516   | 20,545         | 21,201         | 22,009         | 23,250         | 23,864         | 24,922         | 26,162         | 27,834         | 29,581         |
| Depreciation & Amortisation  | 13,244   | 13,761         | 14,301         | 14,895         | 15,516         | 16,205         | 17,227         | 18,215         | 19,233         | 20,051         |
| Other Expenses   | 21,302   | 22,350         | 23,405         | 24,670         | 25,831         | 27,045         | 28,099         | 29,098         | 30,228         | 31,135         |
| <b>Total Expenses from Continuing Operations</b>                         | <b>97,244</b>  | <b>100,067</b> | <b>103,847</b> | <b>107,990</b> | <b>112,573</b> | <b>116,554</b> | <b>121,171</b> | <b>125,922</b> | <b>131,454</b> | <b>136,551</b> |
| <b>Operating Result from Continuing Operations</b>                       | <b>-7,866</b>  | <b>-1,712</b>  | <b>7,823</b>   | <b>9,910</b>   | <b>15,305</b>  | <b>17,850</b>  | <b>13,857</b>  | <b>13,181</b>  | <b>14,195</b>  | <b>1,549</b>   |
| <b>Capital Income</b>  |  |                |                |                |                |                |                |                |                |                |
| Capital Income   | 840  | 866            | 892            | 918            | 946            | 974            | 1,004          | 1,034          | 1,065          | 1,097          |
| Transfer From Reserves   | 0  | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Depreciation   | 13,244   | 13,761         | 14,301         | 14,895         | 15,516         | 16,205         | 17,227         | 18,215         | 19,233         | 20,051         |
| <b>Total Capital Income</b>  | <b>14,084</b>  | <b>14,627</b>  | <b>15,193</b>  | <b>15,814</b>  | <b>16,462</b>  | <b>17,179</b>  | <b>18,231</b>  | <b>19,249</b>  | <b>20,298</b>  | <b>21,148</b>  |
| <b>Capital Expenditure</b>   |  |                |                |                |                |                |                |                |                |                |
| Capital Expenditure  | 14,581   | 18,322         | 27,762         | 32,025         | 32,025         | 33,680         | 32,357         | 33,625         | 35,826         | 18,873         |
| Transfer To Reserves   | 0  | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Total Capital Expenditure</b>   | <b>14,581</b>  | <b>18,322</b>  | <b>27,762</b>  | <b>32,025</b>  | <b>32,025</b>  | <b>33,680</b>  | <b>32,357</b>  | <b>33,625</b>  | <b>35,826</b>  | <b>18,873</b>  |
| <b>Transfers From/(To) Reserves</b>                                      | <b>8,362</b>   | <b>5,407</b>   | <b>4,747</b>   | <b>6,301</b>   | <b>258</b>     | <b>-1,348</b>  | <b>269</b>     | <b>1,196</b>   | <b>1,332</b>   | <b>-3,825</b>  |
| <b>Retained Surplus/(Deficit) available for general funding purposes</b> | <b>0</b>   | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |

| Scenario Three<br>Nominal values            | Holroyd City Council - Long Term Financial Plan |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2014/2015<br>\$ '000                            | 2015/2016<br>\$ '000 | 2016/2017<br>\$ '000 | 2017/2018<br>\$ '000 | 2018/2019<br>\$ '000 | 2019/2020<br>\$ '000 | 2020/2021<br>\$ '000 | 2021/2022<br>\$ '000 | 2022/2023<br>\$ '000 | 2023/2024<br>\$ '000 |
| <b>Current Assets</b>                       |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Cash and Cash Equivalents                   | 8,523   | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                |
| Investments                                 | 38,693  | 33,235               | 28,441               | 22,094               | 21,794               | 23,104               | 22,799               | 21,570               | 20,208               | 24,007               |
| Receivables                                 | 5,238   | 5,395                | 5,557                | 5,723                | 5,895                | 6,072                | 6,254                | 6,442                | 6,635                | 6,834                |
| Inventories                                 | 321   | 331                  | 341                  | 351                  | 362                  | 373                  | 384                  | 395                  | 407                  | 419                  |
| Other                                       | 109   | 113                  | 116                  | 119                  | 123                  | 127                  | 130                  | 134                  | 138                  | 143                  |
| <b>Total Current Assets</b>                 | <b>52,884</b>                                   | <b>47,597</b>        | <b>42,978</b>        | <b>36,811</b>        | <b>36,697</b>        | <b>38,198</b>        | <b>38,090</b>        | <b>37,064</b>        | <b>35,911</b>        | <b>39,926</b>        |
| <b>Non-Current Assets</b>                   |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Receivables                                 | 297   | 306                  | 315                  | 325                  | 334                  | 344                  | 355                  | 365                  | 376                  | 388                  |
| Infrastructure, Property, Plant & Equipment | 961,182   | 974,647              | 997,280              | 1,023,857            | 1,050,097            | 1,077,595            | 1,103,047            | 1,129,091            | 1,156,635            | 1,166,737            |
| Investments - equity method                 | 1,714   | 1,766                | 1,819                | 1,873                | 1,930                | 1,987                | 2,047                | 2,109                | 2,172                | 2,237                |
| Investment Properties                       | 0   | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| Intangible Assets                           | 0   | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| <b>Total Non-Current Assets</b>             | <b>963,193</b>                                  | <b>976,719</b>       | <b>999,414</b>       | <b>1,026,055</b>     | <b>1,052,361</b>     | <b>1,079,927</b>     | <b>1,105,449</b>     | <b>1,131,564</b>     | <b>1,159,184</b>     | <b>1,169,362</b>     |
| <b>Current Liabilities</b>                  |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Payables                                    | 18,279  | 18,544               | 18,814               | 19,088               | 19,366               | 19,648               | 19,933               | 20,223               | 20,518               | 20,816               |
| Borrowings                                  |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Provisions                                  | 11,239  | 11,576               | 11,924               | 12,281               | 12,650               | 13,029               | 13,420               | 13,823               | 14,237               | 14,665               |
| <b>Total Current Liabilities</b>            | <b>29,518</b>                                   | <b>30,121</b>        | <b>30,738</b>        | <b>31,369</b>        | <b>32,016</b>        | <b>32,677</b>        | <b>33,354</b>        | <b>34,046</b>        | <b>34,755</b>        | <b>35,481</b>        |
| <b>Non-Current Liabilities</b>              |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Provisions                                  | 1,047   | 1,079                | 1,111                | 1,144                | 1,179                | 1,214                | 1,250                | 1,288                | 1,326                | 1,366                |
| Borrowings                                  |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Total Non-Current Liabilities</b>        | <b>1,047</b>                                    | <b>1,079</b>         | <b>1,111</b>         | <b>1,144</b>         | <b>1,179</b>         | <b>1,214</b>         | <b>1,250</b>         | <b>1,288</b>         | <b>1,326</b>         | <b>1,366</b>         |
| <b>Net Assets</b>                           | <b>985,513</b>                                  | <b>993,117</b>       | <b>1,010,543</b>     | <b>1,030,353</b>     | <b>1,055,864</b>     | <b>1,084,234</b>     | <b>1,108,935</b>     | <b>1,133,295</b>     | <b>1,159,013</b>     | <b>1,172,440</b>     |
| <b>Equity</b>                               |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Retained earnings                           | 688,682   | 687,381              | 695,635              | 705,998              | 721,778              | 740,125              | 754,503              | 768,230              | 782,997              | 785,143              |
| Revaluation Reserves                        | 296,831   | 305,736              | 314,908              | 324,355              | 334,086              | 344,108              | 354,432              | 365,065              | 376,017              | 387,297              |
| <b>Total Equity</b>                         | <b>985,513</b>                                  | <b>993,117</b>       | <b>1,010,543</b>     | <b>1,030,353</b>     | <b>1,055,864</b>     | <b>1,084,234</b>     | <b>1,108,935</b>     | <b>1,133,295</b>     | <b>1,159,013</b>     | <b>1,172,440</b>     |

| Scenario Three<br>Nominal values                         | Holroyd City Council - Long Term Financial Plan |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|--|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2014/2015<br>\$ '000                            | 2015/2016<br>\$ '000 | 2016/2017<br>\$ '000 | 2017/2018<br>\$ '000 | 2018/2019<br>\$ '000 | 2019/2020<br>\$ '000 | 2020/2021<br>\$ '000 | 2021/2022<br>\$ '000 | 2022/2023<br>\$ '000 | 2023/2024<br>\$ '000 |
| <b>Cash Flows from Operating Activities</b>              |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Receipts</b>  |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Rates & Annual Charges                                   | 58,316  | 62,723               | 66,954               | 71,743               | 76,988               | 83,399               | 86,617               | 89,907               | 93,332               | 96,643               |
| User Charges & Fees                                      | 14,303  | 14,709               | 15,185               | 15,733               | 16,078               | 16,672               | 17,150               | 17,676               | 18,226               | 18,684               |
| Interest & Investment Revenue                            | 2,510   | 2,218                | 1,928                | 1,707                | 1,398                | 1,443                | 1,410                | 1,348                | 1,280                | 1,470                |
| Other Revenues   | 4,281   | 4,445                | 4,694                | 4,944                | 5,652                | 5,971                | 6,148                | 6,330                | 6,528                | 6,724                |
| Grants & Contributions                                   | 9,806   | 14,093               | 22,738               | 23,597               | 27,581               | 26,731               | 23,511               | 23,645               | 26,080               | 14,369               |
| <b>Payments</b>  |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Employee Benefits & On-Costs                             | -41,824   | -43,041              | -44,560              | -46,025              | -47,574              | -49,025              | -50,495              | -52,007              | -53,706              | -55,317              |
| Borrowing Costs  | 0   | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| Materials & Contracts                                    | -20,766   | -20,798              | -21,457              | -22,269              | -23,513              | -24,132              | -25,193              | -26,436              | -28,113              | -29,863              |
| Other  | -21,302   | -22,350              | -23,405              | -24,670              | -25,831              | -27,045              | -28,099              | -29,098              | -30,228              | -31,135              |
| <b>Net Cash provided in Operating Activities</b>         | <b>5,325</b>                                    | <b>11,998</b>        | <b>22,076</b>        | <b>24,760</b>        | <b>30,779</b>        | <b>34,015</b>        | <b>31,048</b>        | <b>31,363</b>        | <b>33,399</b>        | <b>21,575</b>        |
| <b>Cash Flows from Investing Activities</b>              |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Investment securities & Borrowings                       | 0   | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| Intangibles, Infrastructure, Property, Plant & Equipment | -13,740   | -17,456              | -26,870              | -31,107              | -31,079              | -32,706              | -31,353              | -32,592              | -34,761              | -17,776              |
| <b>Net Cash used in Operating Activities</b>             | <b>-13,740</b>                                  | <b>-17,456</b>       | <b>-26,870</b>       | <b>-31,107</b>       | <b>-31,079</b>       | <b>-32,706</b>       | <b>-31,353</b>       | <b>-32,592</b>       | <b>-34,761</b>       | <b>-17,776</b>       |
|  |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Net Change in Cash &amp; Cash Equivalents</b>         | <b>-8,415</b>                                   | <b>-5,458</b>        | <b>-4,794</b>        | <b>-6,347</b>        | <b>-300</b>          | <b>1,309</b>         | <b>-305</b>          | <b>-1,229</b>        | <b>-1,362</b>        | <b>3,799</b>         |
|  |   |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Investments on Hand                                      | 38,693  | 33,235               | 28,441               | 22,094               | 21,794               | 23,104               | 22,799               | 21,570               | 20,208               | 24,007               |
| Cash & Cash Equivalents on Hand                          | 8,523   | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                | 8,523                |
| <b>Total Cash, Cash Equivalents and Investments</b>      | <b>47,216</b>                                   | <b>41,758</b>        | <b>36,964</b>        | <b>30,617</b>        | <b>30,317</b>        | <b>31,627</b>        | <b>31,322</b>        | <b>30,093</b>        | <b>28,731</b>        | <b>32,530</b>        |

The Long Term Financial Plan is subject to continuous review.

### **Management Reporting**

Every month, all Managers are required to review their actual and forecast performance for the relevant financial year and report reasons for variations to budgets approved by Council. Further Managers are tasked with identifying opportunities for an improved financial result.

The financial rigour of detailed regular review of financial performance underpins the Long Term Financial Plan.

### **Quarterly Budget Reviews**

Each quarter, a review is undertaken that informs the Council and community of progress to the original budget and the latest revised budget.

Variations to budget are identified and proposals made as part of the review. Council is presented with these proposals and upon resolution Council's budget is adjusted to reflect the changes.

The Quarterly Budget Review enables Council to track progress of the Long Term Financial Plan.

### **Annual Budgeting Process**

Each year, an extensive, detailed and complete budget process is undertaken by Council.

The annual budget process includes a comprehensive review of the Long Term Financial Plan.