



# Long Term Financial Plan 2014 – 2024

Adopted 20 February 2014

SF1620 4726/2014

**OUR VISION Nambucca Valley ~ Living at its best**

## INTRODUCTION

The Integrated Planning and Reporting (IP&R) Framework recognises that most communities share similar aspirations: a safe, healthy and pleasant place to live, a sustainable environment, opportunities for social interaction, opportunities for employment and reliable infrastructure.

The difference lies in how each community responds to these needs. It also recognises that council plans and policies should not exist in isolation and that they in fact are **CONNECTED**.

The framework allows councils to draw their various plans together, understand how they interact and plan holistically for the future.



The Community Strategic Plan (CSP) provides a vehicle for expressing long-term community aspirations. However, these will not be achieved without sufficient resources – time, money, assets and people – to actually carry them out.

The Delivery Program (DP) is a statement of commitment to the community from each newly elected council. In preparing the program, the council is accounting for its stewardship of the community's long-term goals, outlining what it intends to do towards achieving these goals during its term of office and what its priorities will be.

This is the point where the community's strategic goals are systematically translated into actions. These are the principal activities to be undertaken by the council to implement the strategies established by the Community Strategic Plan within the resources available under the Resourcing Strategy.

#### Alignment with Community Strategic Plan - Strategic Direction: Leadership and Administration

Delivery Program	Four Year Delivery Objective	Operational Plan Actions
<p>Objective 1.1 Citizen Engagement</p> <p>The Council and the community support open government where public participation is encouraged in policy development and major decisions, as well as in Council's daily operations</p>	<p>Using a variety of tools, engage with the community in ways that are accessible and transparent, and use information from the community in decision making</p>	<p>Use public relations, printed materials, Council's website and personal communications to inform stakeholders and community</p> <p>Encourage involvement by a variety of community stakeholders in the activities of Council</p> <p>Plan to undertake Community Satisfaction Survey in 2013</p>
<p>Objective 1.2 Financial Sustainability</p> <p>The Council is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community</p>	<p>To make council more effective and financially sustainable in the long term</p>	<p>Identify and implement Initiatives to improve financial sustainability</p> <p>Monitor and report on Councils performance</p>
<p>Objective 1.3 Delivery of Services</p> <p>Delivery of services to the Community is consistent with their requirements and Council's core values</p>	<p>Ensure the sustainable delivery of infrastructure and services</p> <p>Establish community needs through consultation and involve community in review and future development of Community Strategic Plan (CSP), Delivery Program (DP) and Operational Plans (OP)</p>	<p>Periodic review and ongoing implementation of asset management plans and use in budget and work plan development</p> <p>Implement organisation structure and staffing review outcomes</p> <p>Conduct community consultation to review DP and OP for 2014/15 and promote awareness of CSP</p> <p>Use Community Satisfaction Survey to inform planning processes and help identify infrastructure needs</p>

The Resourcing Strategy consists of three components:

- Long Term Financial Planning (LTFP)
- Workforce Management Planning (WMP)
- Asset Management Planning (AMP)

The Long Term Financial Plan is a decision making and problem solving tool. It is not intended that the Plan is set in concrete – *it is a guide for future action*. This is the point where long term community aspirations and goals are tested against financial realities.

The LTFP must be:

- Used to inform decision making during finalisation of the Nambucca Shire Community Strategic Plan and the development of the Delivery Program
- For a minimum timeframe of 10 years
- Updated at least annually as part of the development of the Operational Plan (OP) and the detailed budget
- Reviewed in detail as part of the four yearly review of the Community Strategic Plan

The basic structure of the LTFP must include Projected income and expenditure, balance sheet and cash flow statement and planning assumptions used to develop the Plan

The financial sustainability of local government is a key driver for the future. Challenges facing council include:

- Growth in population aged over 65 years
- Ageing workforce
- Increasing community expectations
- Changes in activities undertaken and services provided
- High demand for a variety of services due to the age mix of local and tourist populations
- Growth in the amount and scope of infrastructure provided by councils
- Renewal of infrastructure backlog
- Cost shifting from other levels of government
- Uncertainty with grant funding over the longer term
- Increases in operational expenditure including employment Award increases being greater than the IPART Local Government Cost Index (Rate Peg)
- Change in climate and hotter weather, localised flooding and greater bushfire risk
- Ever increasing role in disaster management and mitigation

Long Term Financial Goals

- Achievement and maintenance of surplus Operating Results
- Continuous improvement in the Council's overall financial position
- Achievement and maintenance of a fair and equitable rating structure
- Delivery of value for money services at levels affordable by the Council and acceptable to the community
- Integrated asset management systems guiding appropriate investment in asset maintenance and renewal
- Effective and prudent use of loan borrowings to finance the assets required to deliver services to the community

## NSW LOCAL GOVERNMENT FINANCIAL PERFORMANCE

### ➤ NSW Treasury Corporation (TCorp) Financial Assessment and Benchmarking Report

In 2012, the NSW Division of Local Government (DLG) engaged TCorp to undertake an independent financial sustainability review of all general purpose councils in NSW.

In undertaking its review, TCorp defined financial sustainability in the following terms:

*“A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community.”*

The definition takes into account the effect ongoing change could have on a Council's operating position and service levels over the long term. The definition brings together what TCorp considers are the key elements of financial strength, service and infrastructure requirements, and needs of the community. TCorp considers that this definition is concise enough to be remembered, whilst broad enough to cover the key aspects.

TCorp allocated all councils a Financial Sustainability Rating (FSR) on a scale from Very Strong to Distressed. Councils were also assigned a short-term Outlook rating of Positive, Neutral or Negative.

The review showed that 113 (74.3%) of NSW councils achieved a FSR rating of Moderate or better and 39 (25.7%) were rated as Weak or Very Weak. The review also highlighted that only 5 (3%) councils had a Positive Outlook.

This means that the overall position of the sector, based on current projections, is likely to worsen over the next three years, and that by 2014/15 over 40% of councils could be rated Weak, Very Weak or Distressed.

Key findings from the TCorp review include:

- The majority of councils are reporting operating deficits, with only one-third of councils recording a surplus in 2011/12
- Over the period 2008/09 to 2011/12, the cumulative operating deficits for all councils totalled approximately \$1 billion
- Councils' deteriorating financial performance has been occurring for some time and this has led to a gradual weakening of the local government sector
- If not corrected, this will lead to further deteriorating financial strength and ultimately a lower quality of assets and hence services that can be delivered by the sector
- To address the expected continued deterioration, councils will require extensive consultation processes with the community to consider a combination of revenue increases, expenditure reductions and service level reviews

### ➤ Infrastructure Audit Report

During 2012/13, the Division undertook an audit of local government infrastructure, which examined the infrastructure backlog of NSW councils, their infrastructure management processes and practices and future infrastructure requirements and funding strategies.

The NSW Government Local Government Infrastructure Audit report (June 2013) confirmed that there is a large local government infrastructure backlog in NSW and some councils face real and significant challenges in terms of maintaining and renewing the infrastructure that is critical to their communities and the NSW economy.

The total infrastructure backlog for all NSW councils was estimated to be \$7.4 billion at 30 June 2012, of which \$4.5 billion related to roads and related assets and \$1 billion relates to buildings. The Mid North Coast region had the second largest total reported backlog at \$738.2 million and the combined backlog in the northern rivers and mid north coast area of NSW equated to 29% of the State total.

The infrastructure backlog is over \$1,000 per head of the NSW population with the mid north coast region per capita rates just below \$3,000.

The report stated that a key option for councils to help address their infrastructure backlog is through a special rate variation, however it is unrealistic to believe that many councils will ever be able to address their backlog problem solely through additional rate increases.

To put this in perspective, in 2011/12 total rating income for all NSW councils was \$6.784 billion, while the reported backlog was \$7.359 million. Therefore if councils sought to fund the current backlog over a 10 year period, it would require an average annual cumulative special rate variation increase of approximately 7%.

More alarmingly is that on a mid-north coast regional basis, the annual rate increase required each year over 10 years would be 15.5%. For Nambucca this would generate additional annual ordinary rate income of \$1.35 million compared to the additional rate income of \$297,000 permissible under the 2013/14 rate pegging limit of 3.2%.

Key findings from the audit include:

- The total infrastructure backlog for all councils, as at 30 June 2012, was approximately \$7.4 billion, of which \$4.5 billion related to roads and related assets and \$1 billion to buildings
- Between 2004/05 and 2011/12, the backlog fell from approximately 18% of the value of councils' total assets to 10%
- The majority of councils in NSW have been underspending on asset maintenance and renewal and this underspend is projected to continue
- Some regions and councils within NSW face real challenges in terms of renewing infrastructure that is critical to their economy
- Those councils with the largest infrastructure backlogs generally have the weakest financial positions and outlook.

## ASSESSMENT OF COUNCIL'S FINANCIAL SUSTAINABILITY

### ➤ TCorp Assessment

#### Performance Measure

TCorp (April 2013) assessed Council's current Financial Sustainability Rating (FSR) as Weak with a short term Outlook rating of Negative.

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For Councils assigned a Negative Outlook, TCorp provided some recommendations and areas of investigations to assist in improving the sustainability position. The recommendations included:

- The need to source additional revenue, such as under an SRV, to improve financial flexibility and to assist in reducing the Infrastructure Backlog
- For Councils with the borrowing capacity, consider using debt funding to reduce the Infrastructure Backlog and improve intergenerational equity
- Devising programs and strategies to contain rising costs and improve efficiencies
- Further improvement required in Asset Management Plans (AMPs) and integration into the Long Term Financial Plan (LTFP)
- Increasing spending on maintenance and infrastructure renewal, balancing this with the need for capital expenditure on new assets

### ➤ Infrastructure Audit

#### Performance Measure

The report (June 2013) assessed Council's infrastructure management as Moderate.

The report states that there are a number of funding and financing strategies that may help councils to reduce their backlog and/or prevent the backlog increasing such as:

- Borrowings – where there is capacity
- Local Infrastructure Renewal Scheme (LIRS) – subsidised interest rates
- Special rate variations
- Grants from other levels of government

#### Performance Measure

The TCorp assessment (March 2013) indicated that Council has limited capacity to undertake borrowings that are in addition to those already predicted in the Long Term Financial Plan.

The TCorp Financial Assessment & Benchmarking (March 2013) of Council's Debt Service Cover Ratio (DSCR) showed that the ratio is below the benchmark in years 2013 to 2022. This indicates that Council may face some difficulty in servicing additional borrowings over the medium to longer term. Council's current Long Term Financial Plan contains an accelerated bridge replacement program and the construction of a water supply dam both of which rely heavily on debt funding. This future borrowing program is designed to address

critical infrastructure needs, any proposals for borrowing that are additional to this program will require detailed analysis.

## **COUNCIL FUNDING AND FINANCING STRATEGIES**

### **➤ Loan Borrowings**

Over the last two financial years Council has borrowed for roads and bridges infrastructure totalling \$4.39 million, including Local Infrastructure Renewal Scheme applications under Round One and Two of \$2,661,000. New borrowings for the Water Fund totalled \$21 million. This funding is for the \$54 million Bowraville Off River Storage Project which is scheduled for completion in the first half of 2014.

At the 30<sup>th</sup> June 2013 Council had borrowing outstanding of \$39.67M, with total annual repayments being \$3.55M.

### **➤ Local Infrastructure Renewal Scheme (LIRS)**

The Government is currently providing a total of \$100 million over six years for the implementation of the overall local infrastructure backlog policy, of which the Local Infrastructure Renewal Scheme (LIRS) is one component. Investment in infrastructure has the capacity to stimulate and enhance the productivity of the economy in both the short and long term. It is an investment that has a multiplier effect throughout the economy, generating lasting economic, social and environmental benefits.

The scheme is aimed at helping councils meet the increasing challenge of infrastructure renewal by providing interest subsidy on council borrowings over a 10 year period.

- Round One (2012/13)

Loan borrowings of \$1,206,000 @ 5.39% for bridge replacement. Interest totals \$356,743 with a 4% subsidy of \$262,542.

Projects were Eungai Creek, Touts and Lavertys (Taylors Arm).

- Round Two (2013/14)

Loan borrowings of \$1,445,000 @ 5.66% for infrastructure backlog works. Interest totals \$454,154 with a 3% subsidy of \$237,062.

Projects are Weekes Bridge at South Arm, Swans Bridge at Utungun, Lovedays Bridge, Greens Bridge at Utungun, Mary Sharkeys Bridge at Missabotti, Reeds Bridge at Thumb Creek and Bitumen Sealing.

- Round Three (2013/14)

Council has submitted an application for \$2 million for bridge replacement projects. An interest subsidy of 3% is applicable.



## Nambucca Shire Council Projected Loan Borrowing and Repayment Schedule 2014 – 2024 (\$,000's)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Plant (no additional borrowing)										
Outstanding	248	221	191	159	124	86	45	-	-	-
Repayment	47	47	47	47	47	47	47	47	-	-
Stormwater (no additional borrowing)										
Outstanding	406	389	370	350	329	307	283	255	225	193
Repayment	45	45	45	45	44	44	44	47	47	47
Water Supply										
New Loans			2,000	2,000	2,500	1,500				
Outstanding	23,981	23,653	25,272	26,810	28,755	29,653	29,000	28,316	27,601	26,853
Repayment	1,868	1,862	2,001	2,164	2,363	2,467	2,497	2,496	2,496	2,496
Sewer Services										
New Loans	1,000	1,000	17,000	3,000			3,000			
Outstanding	11,013	10,366	25,636	26,755	25,010	23,327	25,894	25,432	24,964	24,491
Repayment	1,896	1,996	2,518	3,185	3,092	3,022	1,850	1,950	1,950	1,950
Roads and Bridges										
New Loans	2,500	1,500	1,500	1,500	1,000	1,000	500	500	500	
Outstanding	14,112	14,691	15,167	15,531	15,286	15,119	14,382	13,563	12,711	11,512
Repayment	1,781	1,904	2,028	2,151	2,240	2,147	2,181	2,219	2,207	1,986
Totals										
Repayments	5,637	5,854	6,639	7,592	7,786	7,727	6,619	6,759	6,700	6,479
Outstanding	52,592	52,234	70,091	73,666	73,689	72,707	73,835	71,787	69,636	67,076

### ➤ **Special Rate Variations (SRV)**

Council has had eight (8) special variations approved in the past 10 years, all of which were single year increases approved under section 508(2) NSW Local Government Act 1993. Council has resolved to make application for special variation for years 2014/15 and 2015/16 under section 508A NSW Local Government Act 1993.

<b>Year</b>	<b>Special Variation Approved</b>
2003/04	Increase of 9.99% (\$321,958) which was approved in 2 parts for: - \$121,958 permanently included in the rates base for infrastructure spending - \$200,000 for 2 years for costs associated with an Environmental Levy
2005/06	Increase of 7.71% for 5 years for environmental works
2006/07	Permanent increase of 6.11% for infrastructure maintenance and renewal
2007/08	Permanent increase of 5.30% for road and bridge works
2008/09	Permanent increase of 5.00% for road and bridge works
2009/10	Increase of 4.67% for 10 years to repay a loan which funded infrastructure renewal and maintenance
2010/11	Increase of 7.64% for 2 years to: - Continue the 2005/06 expiring Environmental Levy (4.00%) - Repay a loan which funded flood damage repairs to Deep Creek Bridge and Riverside Drive, Nambucca Heads (1.17%) - Increase of 2.47% (being rate peg of 2.60% and adjustment of -0.13%)
2012/13	Increase of 10.04% to be permanently retained in the general income base for: - Increase of 5.04% to replace the existing special variation due to expire in June 2012 (Environmental Levy 4.00% and existing loan 1.04%) - Increase of 1.40% to partly fund a \$1.5M loan program to pay for improvements to the council's sealed road network - Increase of 3.60% being the rate peg
2014/15	Council has resolved to make application for a special rate variation of 3.0% to be permanently retained in the general income base. This is in addition to 2.3% rate peg increase. and; The same application will also seek a total increase of 6.0% in the 2015/16 year; this increase will include the rate peg increase for that year. Any additional income above the rate peg amount will be applied to funding investment in roads and bridges.

### ➤ **Programs and strategies to contain rising costs and improve efficiencies**

- Transferred ownership of Macksville Showground and Saleyards
- Transferred operation of Macksville Saleyards
- Transferred ownership and management of Community Halls
- Commissioned external review of Organisation Structure
- Established Customer & Business Services Unit
- Rationalised assets
- Contained operating expenses
  - Staff FTE 123.77 (June 2013) compared to FTE 125.82 (June 2011)

- Expenses \$1,708 per capita compared to group average of \$2,482 (DLG Comparative Data 2011/12)

➤ **Grants from other levels of government**

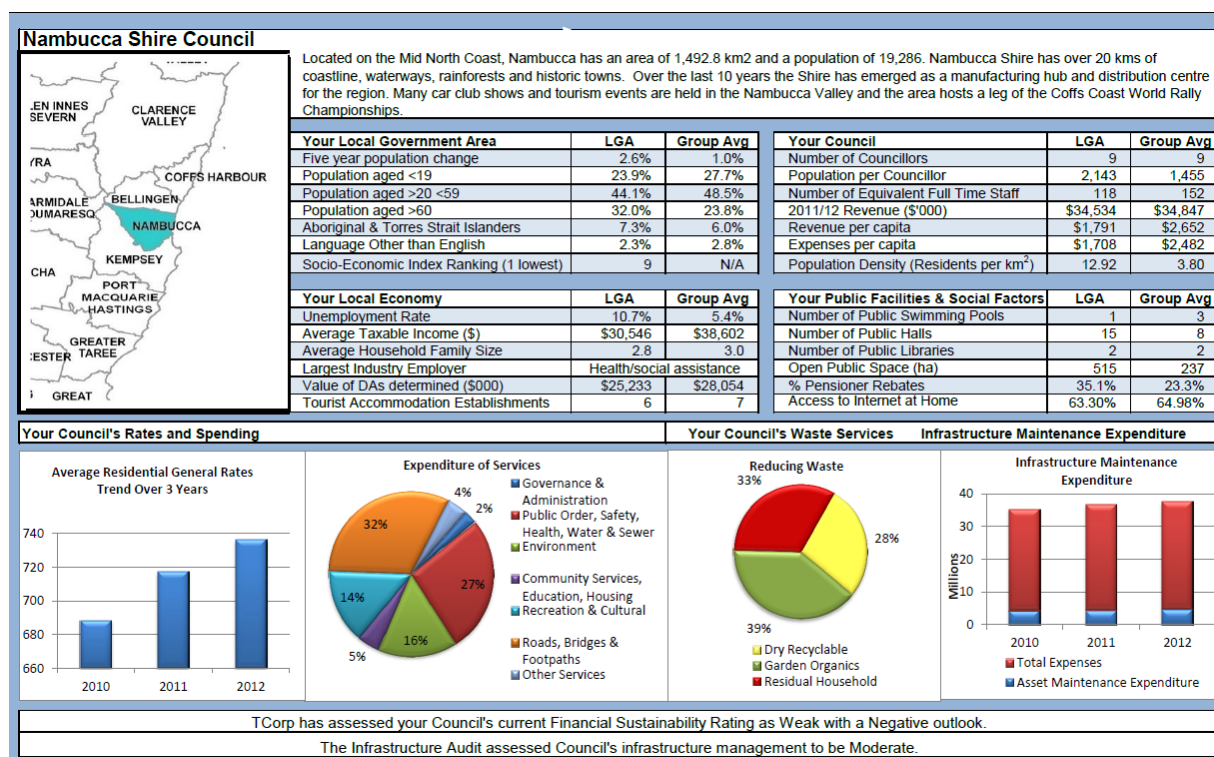
- Federal and State governments provided total grants of \$24.8 million for the construction of the Bowraville Off River Storage Project.
- Federal Government grant of \$455,000 awarded (2012) for invasive species control on cliffs and high conservation areas on the coastal fringe of the Nambucca Valley
- Federal Government grant of \$566,000 received (2012) for Healthy Living Nambucca

## MEASURING COUNCIL'S PERFORMANCE

### ➤ Council Snapshot

The snapshot summarises demographic and socioeconomic information about council and draws out key data on financial sustainability, infrastructure, expenditure, rating and core council services.

*“When assessing or comparing the performance of councils, it is important to remember that local circumstances can influence how well a council provides its services. There are often good reasons why it is harder or more costly to provide certain services in some local government areas than in others, or why a different mix of services may be delivered. In some cases, councils may have made conscious decisions to provide lower or higher levels of services depending on local needs. It is also important to remember that the key performance indicators, when used on their own, do not give the full picture of a council's performance. Although they show the differences between councils across a selection of specific activities, they do not explain why these differences have arisen. The figures are indicators only and conclusions should not be drawn without qualitative assessments being made.” [Division of Local Government]*



Contacting Council	How Your Council Manages		LGA	Group Avg	How Your Council is Performing		LGA	Group Avg
44 Princess Street Macksville NSW 2447 Postal Address: PO Box 177 Macksville NSW 2447 Phone: 02 6568 2555 Fax: 02 6568 2201 Email: council@nambucca.nsw.gov.au Web: www.nambucca.nsw.gov.au	Average Residential Rate		\$736.15	\$632.67	Governance & Administration Expenditure per capita		\$42.57	\$298.68
	Average Business Rate		\$1,489.43	\$1,728.02	Environmental Expenditure per capita		\$266.62	\$218.55
	Average Farmland Rate		\$1,566.12	\$2,370.31	Water & Sewer Services Expenditure per capita		\$376.54	\$389.66
	Average Mining Rate		N/A	\$113,958.86	Community Services & Amenities, Housing & Education Expenditure per capita		\$77.83	\$194.38
	Average Residential Water and Sewer Bill		\$800.00	\$1,038.05	Recreational & Culture Expenditure per capita		\$247.80	\$231.10
	Average Domestic Waste Charge		\$360.43	\$247.46	Public Order, Safety & Health Expenditure per capita		\$80.16	\$105.90
	% of Own Source Revenue		55.30%	54.19%	Other Services Expenditure per capita		\$70.00	\$384.61
	% Grants of Revenue		38.08%	38.02%	Average Kilogram Kerbside Dry Recyclables Collected per household/week		5.5	5.2
	Operating Performance Ratio		-9.49%	-2.72%	Average Kilogram Kerbside Garden Organics Collected per household/week		8.4	5.9
	Unrestricted Current Ratio		2.02	4.53	Average Kilogram Kerbside Residual Waste Collected per household/week		6.6	12.9
	Building & Infrastructure Renewal Ratio		91.88%	66.04%	Total Domestic Diversion Rate for Council		62.2%	31.23%
	Infrastructure Backlog Ratio		28.96%	15.90%	Roads, Bridges and Footpath expenditure per capita		\$546.30	\$665.19
<b>2012 Local Government Elections: Nambucca Candidates and Councillors</b>					Metre Road Length per capita		36.45	117.61
LGA Demographics	% Pop in LGA	% Councillor Candidates in LGA	% Councillors Elected in LGA	% Councillors State Average	Mean gross days for Development Applications		55	52
Male	49%	38%	44%	73%	Number of Development Applications determined		176	175
Female	51%	62%	56%	27%	Library Services Expenditure per capita		\$41.07	\$40.56
ATSI	7%	8%	11%	2%	Library Circulation per capita		5.80	4.76
Disability	N/A	15%	11%	3%	Percentage of Companion Animals Identified and Registered		72%	53.82%
NESB	2%	0%	0%	8%	Number of Companion Animals Identified		5,579	5,141
Age <30 years	39%	0%	0%	4%	<b>Comparative Information on NSW Local Government</b> Measuring Local Government Performance 2011-12 			
Age >30, < 60 years	39%	46%	44%	58%				
Age 60+ years	21%	54%	56%	38%				

## ➤ Regional Snapshot

The Table below provides comparative data about the local councils across the Mid North Coast.

	Bellingen	Coffs Harbour	Gloucester	Great Lakes	Greater Taree	Kempsey	Nambucca	Port Macquarie
<b>Financial Sustainability Indicators</b>								
Financial Sustainability Rating (FSR)	Moderate	Weak	Very Weak	Moderate	Very Weak	Weak	Weak	Weak
Financial Sustainability Outlook	Negative	Negative	Neutral	Neutral	Negative	Negative	Negative	Negative
Infrastructure Management Assessment	Weak	Weak	Moderate	Moderate	Very Weak	Weak	Moderate	Moderate
<b>TCorp Financial Indicators (2011/12)</b>								
Own Source Revenue	46.0%	64.3%	37.1%	64.1%	56.5%	64.5%	55.3%	65.3%
Grants of Revenue	45.6%	24.2%	57.8%	31.1%	36.9%	31.3%	38.1%	28.1%
Operating Performance Ratio	-20.9%	-8.7%	-28.6%	3.0%	-28.0%	-37.7%	-9.5%	-10.1%
Unrestricted Current Ratio	2.13	1.29	1.13	3.32	1.58	2.49	2.02	1.88
Building & Infrastructure Renewal Ratio	79.0%	23.6%	91.4%	101.1%	41.7%	31.0%	91.9%	20.4%
Infrastructure Backlog Ratio	8.6%	5.8%	30.2%	4.8%	57.1%	13.9%	29.0%	13.4%
<b>Rates &amp; Charges (2011/12)</b>								
Residential Rate (average)	\$ 779	\$ 804	\$ 581	\$ 934	\$ 788	\$ 668	\$ 736	\$ 907
Business Rate (average)	\$ 900	\$ 3,590	\$ 445	\$ 2,510	\$ 2,740	\$ 1,464	\$ 1,489	\$ 3,000
Farmland Rate (average)	\$ 1,694	\$ 1,463	\$ 2,615	\$ 594	\$ 1,355	\$ 1,308	\$ 1,566	\$ 1,583
Water & Sewer Bill (average)	\$ 931	\$ 1,219	N/A	N/A	N/A	\$ 1,137	\$ 800	\$ 1,108
Domestic Waste Charge (average)	\$ 347	\$ 374	\$ 464	\$ 301	\$ 313	\$ 272	\$ 360	\$ 302
<b>Operations (2011/12)</b>								
Revenue (Per capita)	\$ 2,408	\$ 2,046	\$ 2,807	\$ 1,962	\$ 1,263	\$ 1,878	\$ 1,791	\$ 1,939
Expenses (Per capita)	\$ 2,572	\$ 1,957	\$ 3,021	\$ 1,816	\$ 1,497	\$ 2,454	\$ 1,708	\$ 1,771
Equivalent Full Time (FTE) Staff	142	509	86	284	254	287	118	444
<b>Local Roads &amp; Bridges (DLG Sept 13)</b>								
Total Local Road Network (Km)	531.30	760.40	640.70	962.00	1,610.70	1,059.60	666.00	1,231.30
Total Local Road Network (Per capita)	0.042	0.011	0.128	0.027	0.033	0.036	0.034	0.016
Bridges - Concrete	28	89	130	62	87	105	31	89
Bridges - Timber	89	63	20	83	103	102	146	64
<b>Socio-Economic Indicators</b>								
Socio-Economic Index Rating (1 lowest)	55	70	47	26	12	4	9	75
Aboriginal & Torres Strait Islanders (ATSI)	3.0%	4.1%	4.7%	3.8%	5.4%	11.1%	7.3%	3.3%
Population	12,886	70,933	4,974	35,601	47,955	29,188	19,286	74,949
Population aged > 60 years	26.7%	24.5%	34.4%	38.7%	29.8%	27.0%	32.0%	31.7%
Population Change (5 year)	-1.5%	2.7%	0.1%	2.7%	1.2%	1.6%	2.6%	3.4%
Unemployment Rate	8.0%	8.3%	5.2%	8.3%	9.3%	8.9%	10.7%	6.9%

## ➤ Performance Benchmarks

The Table below provides a summary of the ten (10) financial performance benchmarks applied by TCorp to determine a council's financial sustainability.

Statement of Performance Measurement (Financial Statements 2012-13 Note 13)					
TCorp Performance Measures (Consolidated)	2011	2012	2013	Benchmark	Status
<b>Operating Performance</b> Measures a council's ability to contain operating expenditure within operating revenue. It is important to distinguish that this ratio is focusing on operating performance and hence capital grants and contributions are excluded	-14.94%	-9.49%	-32.96%	> -4.0%	
<b>Own Source Operating Revenue</b> Measures the level of a council's fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A council's financial flexibility improves the higher the level of its own source revenue	51.36%	55.30%	42.44%	> 60%	
<b>Unrestricted Current Ratio</b> This ratio is specific to local government and is designed to assess the adequacy of working capital and the ability to satisfy obligations in the short term for unrestricted activities of council	2.30:1	2.02:1	1.71:1	> 1.50	
<b>Debt Service Cover Ratio</b> This ratio measures the availability of operating cash to service debt including interest, principal and lease payments	1.79	2.19	0.36	> 2.00x	
<b>Capital Expenditure Ratio</b> This indicates the extent to which a council is forecasting to expand its asset base with capital expenditure spent on both new assets, and replacement and renewal of existing assets	2.12	1.23	1.59	> 1.1x	
<b>Infrastructure Backlog Ratio</b> This ratio shows what proportion the backlog is against total value of a councils infrastructure	0.34	0.29	0.31	< 20%	
<b>Asset Maintenance Ratio</b> Compares actual versus required annual asset maintenance, as detailed in Special Schedule 7. A ratio of above 1.0x indicates that the council is investing enough funds within the year to stop the Infrastructure Backlog from growing	0.53	0.55	0.69	> 100%	
<b>Building &amp; Infrastructure Renewals Ratio</b> Compares the proportion spent on infrastructure asset renewals and the assets deterioration measured by its accounting depreciation. Asset renewal represents the replacement or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets or the refurbishment of old assets that increase capacity or performance	0.84	0.92	0.69	> 1.0x	
<b>Cash Expense Cover Ratio</b> This liquidity ratio indicates the number of months a council can continue to paying for its immediate expenses without additional cash flow	0.50	5.38	6.01	> 3 months	
<b>Interest Cover Ratio</b> This ratio indicates the extent to which a council can service its interest bearing debt and take on additional borrowings. It measures the burden of the current interest expense upon a council's operating cash	3.86	4.73	0.77	> 4.00x	

TCorp has however acknowledged that it is important to note that one benchmark does not fit all, as councils can have significant differences in their size and population densities. It should also be noted the transfer of Council assets to community groups skewed the debt service cover ratio in 2013 (recorded as 0.36; bench mark 2.0) the adjusted ratio is 2.2 which is better than bench mark

In future years there could be scope to develop the benchmarks further so that councils can be measured and compared on the basis of benchmarks that are more tailored to their particular characteristics.

The Code of Accounting Practice requires the mandatory disclosure of certain performance indicators. These indicators are useful in assessing performance, financial position and the likely financial burden to be placed on ratepayers.

<b>Statement of Performance Measurement (Financial Statements 2012-13 Note 13)</b>			
<b>Local Government Industry Indicators (Consolidated)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Unrestricted Current Ratio</b>	2.30:1	2.02:1	1.71:1
To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of council			
<b>Debt Service Ratio</b>	13.11%	12.23%	13.04%
To assess the impact of loan principal and interest repayments on the discretionary revenue of council			
<b>Rates &amp; Annual Charges Coverage Ratio</b>	39.49%	41.99%	31.91%
To assess the degree of council's dependence upon revenue from rates and annual charges and to assess the security of council's income			
<b>Rates Annual Charges Interest &amp; Extra Charges Outstanding</b>	6.16%	5.81%	4.88%
To assess the impact of uncollected rates and annual charges on council's liquidity and the adequacy of recovery efforts			
<b>Building &amp; Infrastructure Renewals Ratio (1)</b>	83.57%	91.88%	68.55%
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating			
<b>Local Government Industry Indicators (by Fund)</b>	<b>Water 2013</b>	<b>Sewer 2013</b>	<b>Gen 2013</b>
Unrestricted Current Ratio	4.50:1	0.26:1	2.09:1
Debt Service Ratio	10.15%	48.03%	6.49%
Rates & Annual Charges Coverage Ratio	2.99%	64.05%	50.32%
Rates Annual Charges Interest & extra Charges Outstanding %	6.46%	5.68%	4.64%
Building & Infrastructure Renewals Ratio (1)	36.01%	69.60%	73.12%
Note (1) - represents replacement/refurbishment of existing assets to an equivalent capacity/performance			

The Unrestricted Current Ratio of 1.71 is below both the 2012 Group 11 Council average of 4.53 and the State average of 3.80. However the ratio is higher than the TCorp benchmark of 1.5.

The Debt Service Ratio of 13.04% is higher than both the 2011 Group 11 Council average of 4.11% and the State average of 5.45%, due to the significant loan borrowings for the \$54 million Off-River Storage Project.

The Rate Coverage Ratio of 31.91% is below both the 2011 Group 11 Council average of 34.45% and the State average of 46.38%. The ratio reflects the Council's dependence on non-rate income and the impact of significant capital grants in 2012/13.

The Outstanding Rate Ratio of 4.88% compares favourably with the 2011 Group 11 Council average of 8.16% and the State average of 5.4%. The ratio is an indicator of council's debt recovery effort.

The Asset Renewals Ratio of \$0.69 compares with the 2012 Group 11 Council average of \$0.92 and the State average of \$0.66. The ratio trend highlights that council is spending less on asset renewals compared to the reduction in asset condition.

The Net Current Asset position at year end is an important financial indicator as it discloses the working capital available to Council to fund day to day operations. Included in Current Assets are assets which are restricted by regulation or other externally imposed requirements and therefore are not available other than for their restricted purpose.

After funding both internal and external restrictions Council's General Fund has unrestricted funds of \$969,000 as at 30 June 2013 compared to \$1.4 million as at 30 June 2012.

<b>Current Assets</b>	<b>Water</b>	<b>Sewer</b>	<b>Domestic Waste</b>	<b>General</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets	27,622	7,593	1,279	16,693	53,187
Current Liabilities	287	1,646	-	8,518	10,451
Net Current Assets	27,335	5,947	1,279	8,175	42,736
Add: ELE > 12 months	-	-	-	2,484	2,484
Total Funds	27,335	5,947	1,279	10,659	45,220
Less: Restricted Cash & Investments	17,176	2,510	-	5,887	25,573
Net Funds Available	10,159	3,437	1,279	4,772	19,647
Less: Internal Restrictions	-	-	-	3,803	3,803
Net Funds After All Restrictions	<b>10,159</b>	<b>3,437</b>	<b>1,279</b>	<b>969</b>	<b>15,844</b>

### **Cost Shifting**

Cost shifting places a significant burden on council's financial situation and despite the recognition of cost shifting and its adverse impacts on Local Government, it remains at a high level.

Indicative figures show that cost shifting on to NSW Local Government amounts to around 6% of councils' total income, before capital amounts, and have increased significantly from \$380 million in 2005/06 to \$499 million in 2010/11.



## LONG TERM FINANCIAL PLANNING

Council's Long Term Financial Plan (LTFP) for the 10 year forecast period 2013/14 to 2022/23 is provided in **Attachment 1** and has been prepared on a Council Fund by Fund basis. The Plan has been prepared based on the following strategies/objectives:

- Maintaining a fair and equitable rating structure
- Allocating resources that achieves maximum result in meeting the Community Strategic Plan goals and objectives;
- Achieving a strong asset management position
- Maintaining a balanced budget over the 10 years

### ➤ Planning assumptions underpinning the Plan

#### • Population

Over the period 2012 to 2026, the population of the Shire will increase by approximately 1,124 (5.80%). However those persons aged 65 and over will increase by 45.45% from 4,728 to 6,877.

Whilst the small population growth projections do not present significant risks to council's financial sustainability, the ageing population will increase the demand for aged care related services and facilities and an ageing workforce will have implications and risks for the organisation.

Age	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
0-4	1,095	1,067	1,042	1,034	1,012	1,007	1,001	995	989	983	977	973	968	963	958
5-9	1,172	1,216	1,205	1,224	1,250	1,225	1,197	1,172	1,165	1,143	1,137	1,131	1,126	1,120	1,114
10-14	1,167	1,145	1,179	1,186	1,197	1,229	1,273	1,263	1,281	1,307	1,283	1,254	1,230	1,222	1,200
15-19	1,167	1,154	1,107	1,037	1,014	995	973	1,007	1,014	1,025	1,057	1,101	1,091	1,109	1,136
20-24	735	755	793	828	812	814	802	754	685	662	643	621	655	663	673
25-29	717	694	665	682	693	697	716	755	789	774	776	763	716	647	624
30-34	709	742	800	799	797	794	771	742	759	770	774	793	832	866	851
35-39	913	879	828	827	814	836	868	927	926	924	921	897	869	886	897
40-44	1,013	1,020	1,038	1,046	1,041	997	963	913	911	898	920	953	1,011	1,010	1,007
45-49	1,179	1,132	1,086	1,060	1,059	1,076	1,083	1,101	1,109	1,105	1,060	1,027	977	975	963
50-54	1,619	1,600	1,553	1,479	1,389	1,297	1,251	1,206	1,180	1,180	1,197	1,204	1,222	1,230	1,225
55-59	1,591	1,613	1,654	1,697	1,727	1,734	1,717	1,670	1,599	1,511	1,420	1,376	1,332	1,307	1,307
60-64	1,568	1,593	1,611	1,617	1,666	1,736	1,758	1,800	1,843	1,874	1,882	1,865	1,821	1,752	1,667
65-69	1,478	1,562	1,620	1,650	1,694	1,694	1,720	1,739	1,748	1,797	1,866	1,890	1,932	1,976	2,007
70-74	1,115	1,132	1,187	1,265	1,326	1,404	1,486	1,543	1,574	1,618	1,621	1,648	1,669	1,680	1,729
75-79	828	850	863	898	937	963	983	1,036	1,111	1,169	1,243	1,320	1,374	1,405	1,449
80-84	653	662	660	640	618	621	643	658	689	723	748	768	818	886	937
85	654	646	658	666	674	687	686	692	684	672	686	702	719	737	755
60	6,296	6,446	6,598	6,737	6,915	7,105	7,276	7,467	7,648	7,853	8,046	8,194	8,333	8,435	8,542
65	4,728	4,853	4,987	5,119	5,248	5,369	5,518	5,668	5,805	5,979	6,164	6,329	6,512	6,683	6,876
70	3,251	3,291	3,367	3,470	3,555	3,675	3,797	3,929	4,057	4,182	4,298	4,439	4,581	4,708	4,869
80	1,307	1,308	1,318	1,307	1,292	1,308	1,329	1,350	1,372	1,395	1,434	1,471	1,537	1,622	1,691
<b>Total</b>	<b>19,374</b>	<b>19,461</b>	<b>19,548</b>	<b>19,635</b>	<b>19,722</b>	<b>19,807</b>	<b>19,890</b>	<b>19,973</b>	<b>20,055</b>	<b>20,134</b>	<b>20,212</b>	<b>20,287</b>	<b>20,361</b>	<b>20,432</b>	<b>20,498</b>

Source: LGNSW Resource for Ageing Population Planning (RAPP) 2.0

#### • Inflationary Trends

The financial projections contained in this document are expressed at their current value, this assists in developing work programs where scheduled capital works can be modelled across years and scenarios considered at comparable values when making investment decisions.

Working papers are also developed using future values to predict cash flows and financial indicators. Where future values are required inflation (CPI) has been estimated at 3.00%. The Reserve Bank of Australia's (RBA) forecast (August 2013) for 2014 to 2015 is 2-3%.

Council has therefore adopted the higher end of the inflation target for the remainder of the forecast period.

- **Service Delivery**

It is assumed that the community will continue to receive the level of service currently provided by Council for the 2013/14 year, noting that Council has not yet determined the levels of service in consultation with the community.

Council commissioned Jetty Research (May 2013) to conduct a telephone survey of 400 residents (83% ratepayers) to measure their satisfaction with Council service levels (27 services). A similar survey was conducted in October 2010.

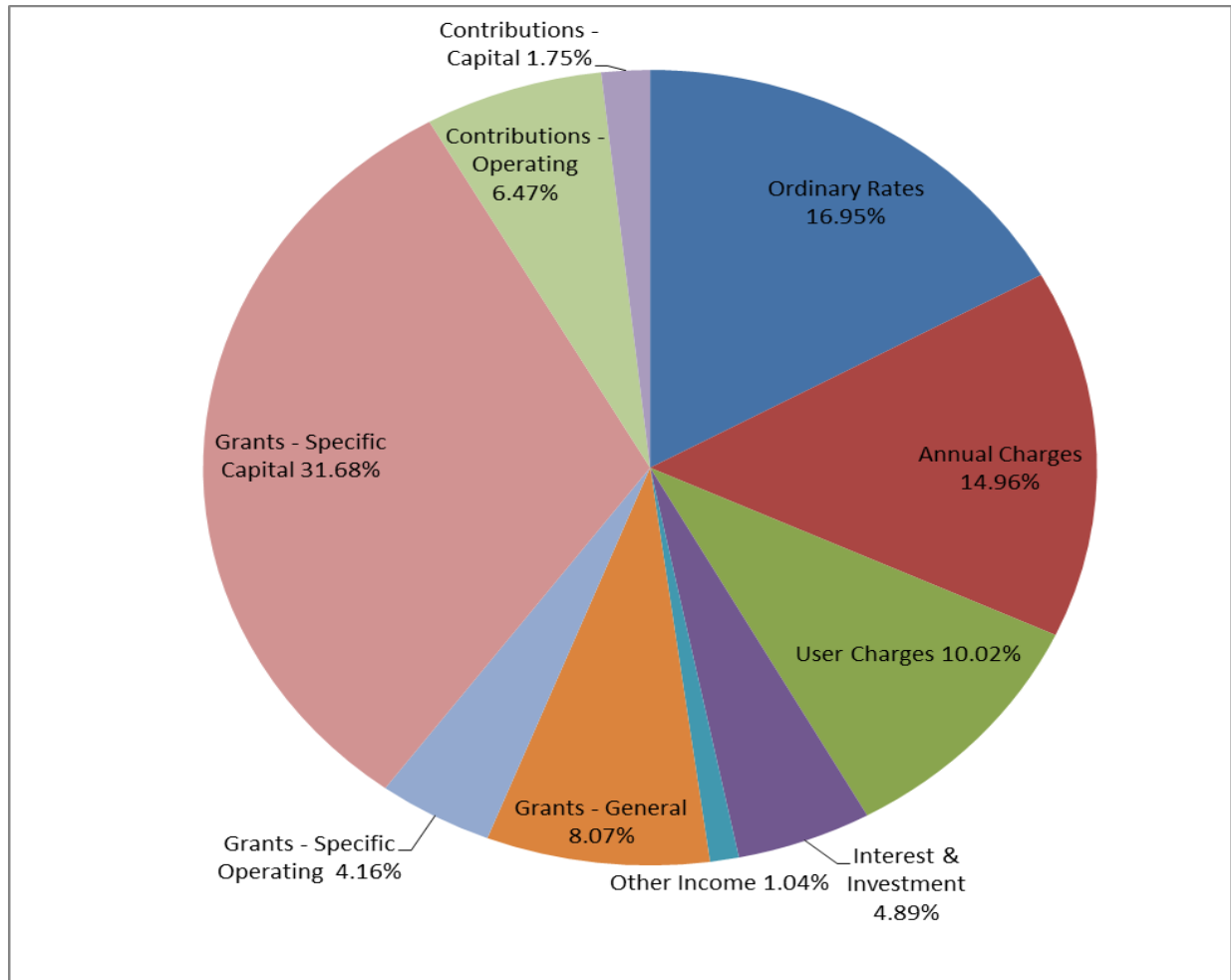
The following Table shows how the services relate to each other in terms of satisfaction & importance – the “BIG PICTURE.” Those services in the top left hand corner will require the greatest attention and resources.

Higher Importance, lower satisfaction	Higher importance, higher satisfaction
Sealed roads	Water supply
Bridges	Sewage
Estuary management	Garbage/recycling
Stormwater drains	Libraries
Public Toilets	Elderly services
Youth activities	Cleanliness of streets
Tourism and tourism promotion	Parks, reserves and playgrounds
Economic development and investment attraction	Street lighting
Development applications	Footpaths/cycleways
	Dog Control
	Environmental monitoring and protection
	Beaches
Lower importance, lower satisfaction	Lower importance, higher satisfaction
Unsealed roads	Public halls
Climate control planning	Pool complex at Macksville
	Sporting facilities
	Weed control

Future increases in all rates and annual charges for council services will need to be based on the underlying cost of delivering these services and the annual movement in the cost of these services.

- **Operating Revenue**

The following pie graph shows the breakup of Council's income sources for the 2012/13 year:



#### Rating Revenue - Ordinary Rate Income

Rating Category	2013/14 Income \$	Distribution %	Number Assessments	Distribution %	Minimum Rate %
Residential	\$ 7,217,127	79.42%	8,155	88.17%	63.99%
Farmland	\$ 840,338	9.25%	481	5.20%	3.33%
Business	\$ 1,030,352	11.33%	613	6.63%	43.39%
Total	\$ 9,087,817	100.00%	9,249	100.00%	

Since 2011/12, the responsibility for setting the rate pegging for NSW Councils is with the Independent Pricing and Regulatory Framework (IPART). Rate pegging is determined by IPART using a Local Government Cost Index (LGCI) less a productivity factor. For the 2013/14 year, a carbon price adjustment applied.

Council has levied its ordinary rates at the maximum 3.40% pegged percentage for 2013/14, which includes a 0.1% decrease for the carbon price initial effect. IPART announced in December 2013 that increases in local council general income will be capped at 2.30% in 2014/15, which is slightly below inflation.

Beyond 2013/14 TCorp has assessed a general benchmark for rates and charges to increase by mid-range LGCI annual increases of 3.0%.

### **Pensioners**

Council provides the mandatory rebate for eligible pensioners. The concessions are:

- Half of the total of the ordinary rates and domestic waste management service charge, up to a maximum of \$250.00
- Half of the water rates or charges, up to a maximum of \$87.50
- Half of the sewerage rates or charges, up to a maximum of \$87.50

The rebate scheme costs approximately \$389,000 pa based on the 2013/14 subsidy application. No voluntary pensioner concessions are granted.

Number of pensioner concessions - Ordinary	2,403
Number of pensioner concessions - Water	1,785
Number of pensioner concessions - Sewerage	1,588
Number of rate assessments	9,249
Percentage of ordinary rate assessments	25.98%
Maximum pensioner concession claim	\$425.00
Average pensioner concession claim	\$405.00
Total concessions 2013/14	\$865,117
Subsidy claimed 2013/14	\$475,814

### **Environmental Levy**

This Special Rate is calculated at 4.00% of Ordinary Rates. The income yield for 2013/14 is \$349,129.

### **Water Availability Charge**

The Water Supply Business is self-funded and annual charges are calculated on a cost-recovery basis. The water pricing structure is assumed to remain on a charge basis of consumption 75% and access charge 25% for the duration of the LTFP. This is in line with the NSW Office of Water Best Practice Management for Water Supply and Sewerage Guidelines.

The Access Charges were increased by 9% and the Usage Charge was increased by 14.22% for 2013/14.

The 2012/13 Financial Statements reported that Council was eligible for the payment of a maximum dividend from surplus of \$199,470. However the Plan makes no assumption that the business will pay the General Fund a dividend in future years.

### **Sewer Availability Charge**

The Sewer Fund business unit is self-funded and annual charges are calculated on a cost-recovery basis. This is in line with the Best Practice Management for Water Supply and Sewerage Guidelines.

Sewerage Access Charges for residential properties connected to the sewerage network increased by 31.25% from \$448 to \$588 in 2013/14.

The 2012/13 Financial Statements reported that Council was eligible for the payment of a dividend from surplus however there was no surplus for the year. The Plan makes no assumption that the business will pay the General Fund a dividend in future years.

### **Domestic Waste Management Charges**

The NSW Local Government Act requires councils to levy an annual charge for providing domestic waste management services on all parcels of rateable land for which the service is available, whether or not it is actually used. It is considered that all property owners should contribute to the current and future provisions of waste services.

The Waste Fund business unit is self-funded and annual charges are calculated on a cost-recovery basis. All costs associated with the administration, collection, recycling, disposal, treatment and community education are entitled to be recouped from residential ratepayers. Costs also include Council's contribution towards the upgrade of the Biomass facility over the next nine years.

In 2013/14 charges for residential and non-residential properties increased by \$18 or 3.72% from \$484 to \$502. The vacant land availability and tip provision charge increased by \$5 or 3.82% from \$131 to \$136.

### **User Charges and Fees**

Increases in user charges and fees are forecasted to increase by CPI. It is expected that there will be no alteration to the current pricing structures.

Statutory fees are fixed by regulation, legislation or a State/Federal Authority. As such, Council has no influence on how the fee amount is determined nor do such fees tend to increase by CPI or reflect their true cost of providing the service.

### **Interest and Investments**

Investments are made in accordance with the Minister's Investment Order and Council's Investment Policy. The 90 day bank bill interest rate is forecast to be 3.00% over the short term and this rate has been used as the benchmark for the forecast period.

### **Other Revenues**

Council has limited commercial sources of revenue.

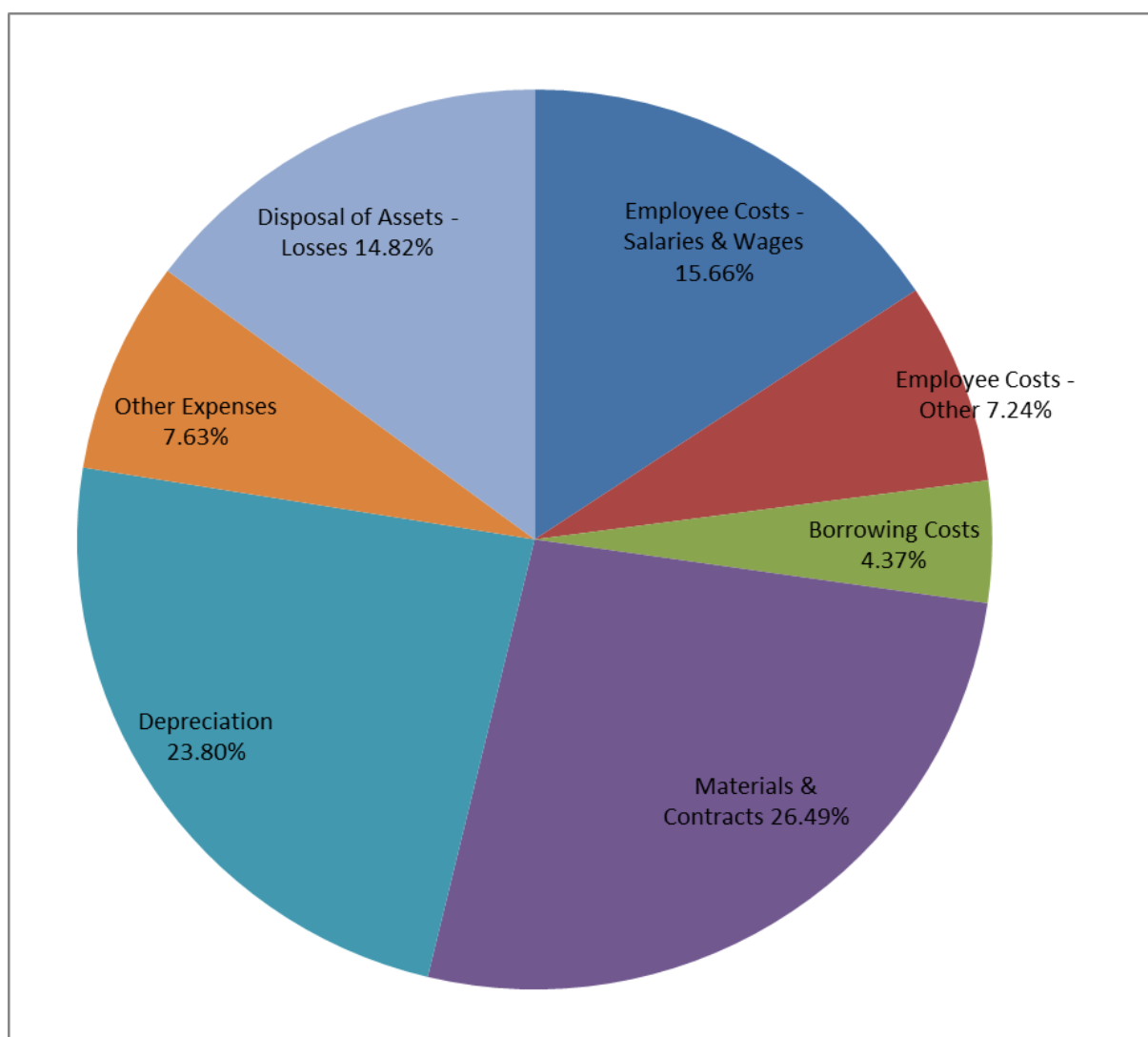
### **Grants – Operating and Capital**

Given the uncertain nature of grant funding, the budget has been prepared with the following grant funding sources included (all assumed to continue over the duration of the LTFP). If information is insufficient to assume CPI will apply, grants have remained static in value:

- Roads To Recovery (R2R);
- Roads and Maritime Services (RMS);
- Financial Assistance Grant (FAGs);
- Rural Fire Service – Operating and Capital.

### **• Operating Expenses**

The following pie graph shows the break-up of Council's operating expenses for 2012/13:



## Employee Costs

Employee costs cover wages, all leave types, training, superannuation and associated costs. Wage increases can be in two parts – increases under the NSW Local Government (State) Award 2010 and grade/step progression under Council's Salary Structure. The budget factors in a 3.25% increase to employee salaries as at 1 July 2013. This increase is as per the NSW Local Government (State) Award 2010.

All associated employee costs have also been increased by 3.25%, with the exception of superannuation and training.

The Federal Government Superannuation Guarantee rate will be increased gradually with initial increments of 0.25 percentage points on 1 July 2013 and on 1 July 2014. Further increments of 0.5 percentage points will apply annually up to 2019-20, when the SG rate will be set at 12 per cent.

Costs	2013/14	2014/15	2015/16	2016/17	2017/18 Onwards
Wages	3.25%	3.25%	3.25%	3.25%	3.25%
Leave	3.25%	3.25%	3.25%	3.25%	3.25%
Training	2.50%	2.50%	2.50%	2.50%	2.50%
Superannuation	9.25%	9.50%	10.00%	10.50%	10.50 -12.00%
Workers Compensation	3.00%	3.00%	3.00%	3.00%	3.00%

Council is also a party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the 'Local Government Superannuation Scheme – Pool B'. Council's additional contribution for 2013/14 is \$160,498 and this contribution is assumed to be required to be paid over the duration of the LTFP. As a result of the global financial crisis, the Scheme has a significant deficiency of assets over liabilities amounting to around \$110 million at March 2013.

## **Borrowings**

The total loan principal balance outstanding as at 30 June 2014 will be \$50,026,715 million. This is made up of General Fund \$14,112,108 Water \$24,293,386 and Sewerage \$11,621,221.

In comparison, the total loan principal balance outstanding as at 30 June 2012 was \$27,857,368 million. This was made up of General Fund \$9,463,713 Water \$3,628,079 and Sewerage \$14,765,576.

During this period General Fund new borrowings for roads and bridges infrastructure totalled \$4.39 million, including LIRS of \$2,661,000. New borrowings for the Water Fund totalled \$21 million. This funding was for the \$54 million Bowraville Off River Storage Project which is scheduled for completion in the first half of 2014.

## **Materials and Contracts**

Materials and contracts expenditure has generally been indexed in line with CPI forecasts. Some costs have been based on previous year expense movements whilst others consider Council operational needs.

## **Depreciation**

In July 2006, the DLG mandated that NSW councils commence valuing infrastructure, property, plant and equipment at fair value, in accordance with the Australian Accounting Standards. This valuation requirement was introduced using a staged approach and the first asset class to be revalued at fair value was water supply and sewerage services assets. This was required by 30 June 2007.

Councils need to assess at each reporting date whether there is any indication that an asset's carrying amount may differ materially from that which would be determined if the asset was revalued at the reporting date. (The carrying amount is the asset's fair value at the date of revaluation less any subsequent accumulated depreciation and impairment).

The Asset Revaluation process requires council to report assets at fair value and to review the values on a continuous basis. This involves a review of the depreciation rates, useful lives and residual values of the assets and these amendments are reflected in the annual financial statements.

Depreciation expense has been projected based on useful life estimates as per Council's Accounting Policies and Plans. Budgeted capital works expenditure has been included in the depreciation calculation.

The LTFP does not take into account the potential impact of future asset revaluations (fair value of assets) as detailed below:

<b>Fair Value</b>	Water and Sewerage	30 June 2007	30 June 2012
	Operational Land	30 June 2008	30 June 2013
	Buildings - Components	30 June 2008	30 June 2013
	Roads, Kerb & Guttering, Footpaths, Drainage	30 June 2010	30 June 2015
	Community Land	30 June 2011	30 June 2016
	Other Structures	30 June 2011	30 June 2016

## Other Expenses

Generally, other expense budget items are adjusted if they are expected to exceed the CPI forecast.

## WORKFORCE MANAGEMENT PLANNING

An effective Workforce Management Plan is essential to ensure that Council is able to address the human resources requirements associated with achieving the aspirations, goals and service standards expressed in the Community Strategic Plan and Delivery Program. By identifying our current workforce capabilities, considering what will be needed in the future and planning systematically, Council can limit the risks associated with unanticipated events and ensure we are appropriately resourced to handle the changes and challenges that will need to be faced in the coming years.

Our workforce is made up of 83% full time, 11% part time and 6% casual (includes relief library staff and seasonal parks labourers) and women make up 30% of the workforce. Considering that our resident population is evenly split between gender, Council has some work to do in ensuring females are better, and more evenly, represented across the organisation, particularly in the more traditional male dominated engineering and operations fields. In addition, there is a need to ensure females are better represented at middle management and above. There are also a disproportionate number of full time males to females driven by the male dominated outdoor workforce.

Almost 60% of our current workforce are aged between 35 and 54 years and 31% are aged 55 years and over. This latter figure has risen markedly since June 2011 where Council records show that 22% of staff was aged 55 years and older. In addition, almost half of those staff aged over 55 years, are outdoor workers involved primarily in manual tasks. Without sustained positive action Council's workforce will continue to age at an increasing rate.

There are 63 "outdoor" workers and 64 "indoor" workers. Our indoor/outdoor split reflects the multi-faceted business that Council manages and the complexity of the political and highly regulated environment in which we operate. To deliver on service expectations we require a diverse workforce with a range of skills and qualifications from specialist/technical occupations to maintenance and construction workers.

The following issues are identified as being of critical importance and/or key challenges in the management and development of our human resources and the delivery of Council's strategic objectives:

- Our ageing workforce and the projected decrease in young and skilled people available to replenish turnover;
- Identifying and wooing new talent while continuing to engage existing employees;
- Ensuring the composition of the workforce represents the diversity of the community;



- Retaining key workers with critical skills and experience in a highly competitive job market;
- Retaining and optimising the contribution of mature aged workers while maintaining their health and wellbeing;
- Successful adoption of new technologies, new management systems and new methods of work in order to gain greater efficiencies and provide better service;
- Accommodating the differing needs of a multi-generational workforce;
- Being able to offer career advancement at the speed in which employees expect, particularly for the younger generation of employees;
- Providing a reasonable budget for the cost of learning and development to ensure our workforce skills keep pace;
- Addressing the limited opportunity to recognise effort and “pay for exemplary performance”;
- Identifying and promoting non-financial means to attract and retain staff;
- Addressing current identified skills and resource gaps in a financially sustainable way;
- Meeting the demands of the business without unduly stretching the capacity of the workforce;
- Accommodating employment flexibility in response to individual needs for work/life balance;
- Creating opportunities for continuous learning particularly for generations X and Y
- Addressing lack of career progression by creating challenge for employees;
- Building a culture that is performance focussed and proactive in seeking to deliver services as efficiently as possible;
- Identifying further opportunities to deliver shared services in partnership with other Councils;
- Creating greater workforce flexibility such as more multi-skilled teams in order to cover changing workload and priorities;
- Capturing and transferring corporate knowledge and know-how prior to employee's leaving.

## **ASSET MANAGEMENT PLANNING**

Traditionally, the focus on infrastructure asset management was the provision of new assets such as roads, water and sewerage networks, airports and the like. However it is becoming more and more apparent, that it is no longer sustainable to focus on meeting infrastructure needs through investment in the creation of new assets alone, without recognising the long-term lifecycle costs associated with the ongoing operation, maintenance and renewal of existing assets. Many councils are struggling to keep up with maintenance and renewal of their assets to a level that is satisfactory to their community.

It is important to recognise that asset management is all about managing the strategic and operational risks. The greatest strategic risk is whether a council is sustainable and therefore able to provide the services desired by the community within councils' financial capacity.

Council has undertaken a number of initiatives in order to improve the management of our assets:

- Developed a Strategy
- Developed master Asset Management Plan
- Commenced work on detailed Asset Management Plans
- Developed a 10 Year Works Program
- Accelerated the Urban Street Resurfacing Program
- Implemented more targeted rehabilitation of urban and rural roads
- Introduced GPS based technology
- Reviewed asset management systems and processes

- Contracted specialist providers

A Special Rate Variation will provide additional funds to:

- Accelerate the bridge replacement program
- Decrease lifecycle costs by replacing specific timber bridges with concrete structures
- Increase the investment in local road improvements

### **SENSITIVITY ANALYSIS – Impact on Revenue and Affordability of Rates of the IPART decision regarding application for Special Rate Variation**

#### **➤ Scenario One – Do Nothing (base case)**

- Apply IPART rate pegging 2.3% for 2014/15
- Increase to be permanently retained in rate income base
- Generate ordinary rate income of \$275,000pa for operational purposes
- Residential and Business Minimum Rate to increase by 2.3% from \$724 to \$740
- Farmland Minimum Rate to increase by 2.3% from \$474 to \$485

#### **➤ Scenario Two – Single year 5.3% increase**

- Apply IPART rate pegging 2.3% for 2014/15
- S508(2) application for a single year 2014/15
- Increase to be permanently retained in rate income base
- Generate extra ordinary rate income of \$275,000pa
- Residential and Business Minimum Rate to increase by 2.3% from \$724 to \$740
- Farmland Minimum Rate to increase by 2.3% from \$474 to \$485

#### **➤ Scenario Three – Multiyear 5.3% and 6.0% increase**

- Apply IPART rate pegging 2.3% for 2014/15 and 3.0% for 2015/16
- S508(2) application for a multi years 2014/15 and 2015/16
- Increase to be permanently retained in rate income base
- Generate extra ordinary rate income of \$580,000pa in year 2015/16
- Residential and Business Minimum Rate to increase by 3% from \$740 to \$762
- Farmland Minimum Rate to increase by 3% from \$485 to \$500

# Nambucca Shire Council - Long Term Financial Plan (Consolidated)

## Income Statement

Year Ending 30 June:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
\$ '000	Year 0 Budget	Year 1 Budget	Year 2 Plan	Year 3 Plan	Year 4 Plan	Year 5 Plan	Year 6 Plan	Year 7 Plan	Year 8 Plan	Year 9 Plan	Year 10 Plan
<b>Income from Continuing Operations</b>											
<b>Revenue:</b>											
Rates & Annual Charges	17,189	18,585	19,029	19,889	20,993	21,042	21,084	21,126	21,169	21,211	21,253
User Charges & Fees	5,168	5,581	5,682	5,826	5,906	6,031	6,043	6,055	6,067	6,079	6,092
Interest & Investment Revenue	1,209	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237
Other Revenues	456	521	515	530	532	532	699	699	699	699	699
Grants & Contributions Operating Purposes	5,263	11,139	6,060	6,065	6,059	6,058	6,058	6,058	6,058	6,058	6,058
Grants & Contributions Capital Purposes	11,311	1,031	1,117	938	1,102	837	827	827	827	203	203
Other Income:											
Net gains from the disposal of assets	117	197	1,340	275	3,230	-	-	-	-	-	-
<b>Total Income from Continuing Operations</b>	<b>40,713</b>	<b>38,291</b>	<b>34,980</b>	<b>34,760</b>	<b>39,059</b>	<b>35,737</b>	<b>35,948</b>	<b>36,002</b>	<b>36,056</b>	<b>35,487</b>	<b>35,541</b>
<b>Expenses from Continuing Operations</b>											
Employee Benefits & On-Costs	9,823	10,131	10,117	10,119	10,122	10,106	10,106	10,106	10,106	10,106	10,106
Borrowing Costs	2,458	2,833	2,914	3,454	4,061	4,184	4,215	4,231	4,221	4,135	4,027
Materials & Contracts	8,007	13,262	8,583	8,705	7,879	7,868	7,868	7,868	7,868	7,868	7,868
Depreciation & Amortisation	10,047	10,167	10,188	10,207	10,332	10,377	10,427	10,465	10,518	10,535	10,551
Other Expenses	3,441	3,234	3,234	3,234	3,234	3,234	3,234	3,234	3,234	3,234	3,234
<b>Total Expenses from Continuing Operations</b>	<b>33,776</b>	<b>39,627</b>	<b>35,036</b>	<b>35,719</b>	<b>35,628</b>	<b>35,769</b>	<b>35,850</b>	<b>35,904</b>	<b>35,947</b>	<b>35,878</b>	<b>35,786</b>
<b>Operating Result Continuing Operations</b>	<b>6,937</b>	<b>(1,336)</b>	<b>(56)</b>	<b>(959)</b>	<b>3,431</b>	<b>(32)</b>	<b>98</b>	<b>98</b>	<b>109</b>	<b>(391)</b>	<b>(245)</b>

# Nambucca Shire Council - Long Term Financial Plan (General)

## Income Statement

Year Ending 30 June:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
\$ '000	Year 0 Budget	Year 1 Budget	Year 2 Plan	Year 3 Plan	Year 4 Plan	Year 5 Plan	Year 6 Plan	Year 7 Plan	Year 8 Plan	Year 9 Plan	Year 10 Plan
<b>Income from Continuing Operations</b>											
<b>Revenue:</b>											
Rates & Annual Charges	13,104	14,113	14,496	14,515	14,534	14,553	14,582	14,611	14,640	14,670	14,699
User Charges & Fees	1,059	1,136	1,136	1,136	1,136	1,136	1,138	1,141	1,143	1,145	1,147
Interest & Investment Revenue	740	742	742	742	742	742	742	742	742	742	742
Other Revenues	442	507	510	516	518	518	666	666	666	666	666
Grants & Contributions Operating Purposes	5,102	10,976	5,897	5,901	5,895	5,893	5,893	5,893	5,893	5,893	5,893
Grants & Contributions Capital Purposes	892	602	678	487	641	376	366	366	366	203	203
Other Income:											
Net gains from the disposal of assets	117	173	1,331	243	3,180	-	-	-	-	-	-
<b>Total Income Continuing Operations</b>	<b>21,456</b>	<b>28,248</b>	<b>24,790</b>	<b>23,540</b>	<b>26,646</b>	<b>23,218</b>	<b>23,387</b>	<b>23,419</b>	<b>23,450</b>	<b>23,319</b>	<b>23,351</b>
<b>Expenses from Continuing Operations</b>											
Employee Benefits & On-Costs	8,573	8,843	8,829	8,831	8,834	8,818	8,818	8,818	8,818	8,818	8,818
Borrowing Costs	940	991	1,030	1,046	1,054	1,029	1,011	970	921	872	802
Materials & Contracts	5,181	10,118	5,448	5,432	4,898	4,893	4,893	4,893	4,893	4,893	4,893
Depreciation & Amortisation	7,332	7,441	7,457	7,468	7,475	7,487	7,503	7,523	7,539	7,555	7,572
Other Expenses	2,531	2,443	2,443	2,443	2,443	2,443	2,443	2,443	2,443	2,443	2,443
<b>Total Expenses Continuing Operations</b>	<b>24,557</b>	<b>29,836</b>	<b>25,207</b>	<b>25,220</b>	<b>24,704</b>	<b>24,670</b>	<b>24,668</b>	<b>24,647</b>	<b>24,614</b>	<b>24,581</b>	<b>24,528</b>
<b>Operating Result Continuing Operations</b>	<b>(3,101)</b>	<b>(1,588)</b>	<b>(417)</b>	<b>(1,680)</b>	<b>1,942</b>	<b>(1,452)</b>	<b>(1,281)</b>	<b>(1,228)</b>	<b>(1,164)</b>	<b>(1,263)</b>	<b>(1,177)</b>

# Nambucca Shire Council - Long Term Financial Plan (Water/Sewerage)

## Income Statement

Year Ending 30 June:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
\$ '000	Year 0 Budget	Year 1 Budget	Year 2 Plan	Year 3 Plan	Year 4 Plan	Year 5 Plan	Year 6 Plan	Year 7 Plan	Year 8 Plan	Year 9 Plan	Year 10 Plan
<b>Income from Continuing Operations</b>											
<b>Revenue:</b>											
Rates & Annual Charges	4,085	4,472	4,533	5,374	6,459	6,489	6,502	6,515	6,528	6,541	6,554
User Charges & Fees	4,109	4,445	4,546	4,690	4,770	4,895	4,905	4,915	4,924	4,934	4,944
Interest & Investment Revenue	469	495	495	495	495	495	495	495	495	495	495
Other Revenues	14	14	5	14	14	14	33	33	33	33	33
Grants & Contributions Operating Purposes	161	163	163	164	164	165	165	165	165	165	165
Grants & Contributions Capital Purposes	10,419	429	439	451	461	461	461	461	461	-	-
Other Income:											
Net gains from the disposal of assets	-	24	9	32	50	-	-	-	-	-	-
<b>Total Income Continuing Operations</b>	<b>19,257</b>	<b>10,043</b>	<b>10,190</b>	<b>11,220</b>	<b>12,413</b>	<b>12,519</b>	<b>12,560</b>	<b>12,583</b>	<b>12,606</b>	<b>12,168</b>	<b>12,191</b>
<b>Expenses from Continuing Operations</b>											
Employee Benefits & On-Costs	1,250	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288
Borrowing Costs	1,518	1,842	1,884	2,408	3,007	3,155	3,204	3,261	3,300	3,263	3,225
Materials & Contracts	2,826	3,144	3,135	3,273	2,981	2,975	2,975	2,975	2,975	2,975	2,975
Depreciation & Amortisation	2,715	2,726	2,731	2,739	2,857	2,890	2,924	2,942	2,979	2,979	2,979
Other Expenses	910	791	791	791	791	791	791	791	791	791	791
<b>Total Expenses Continuing Operations</b>	<b>9,219</b>	<b>9,791</b>	<b>9,829</b>	<b>10,499</b>	<b>10,924</b>	<b>11,099</b>	<b>11,182</b>	<b>11,257</b>	<b>11,333</b>	<b>11,296</b>	<b>11,258</b>
<b>Operating Result Continuing Operations</b>	<b>10,038</b>	<b>252</b>	<b>361</b>	<b>721</b>	<b>1,489</b>	<b>1,420</b>	<b>1,379</b>	<b>1,326</b>	<b>1,273</b>	<b>872</b>	<b>933</b>

# Balance Sheet

## Nambucca Shire Council - Long Term Financial Plan (Consolidated)

Year Ending 30 June:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
\$ '000	Year 0 Budget	Year 1 Budget	Year 2 Plan	Year 3 Plan	Year 4 Plan	Year 5 Plan	Year 6 Plan	Year 7 Plan	Year 8 Plan	Year 9 Plan	Year 10 Plan
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash & Cash Equivalents	5,928	5,928	5,928	5,928	5,928	5,928	5,928	5,928	5,928	5,928	5,928
Investments	17,792	21,294	25,314	26,936	35,250	34,349	34,615	33,268	35,112	35,703	38,591
Receivables	6,282	6,282	6,282	6,282	6,282	6,282	6,282	6,282	6,282	6,282	6,282
Inventories	995	995	995	995	995	995	995	995	995	995	995
Other	75	75	75	75	75	75	75	75	75	75	75
<b>Total Current Assets</b>	<b>31,072</b>	<b>34,574</b>	<b>38,594</b>	<b>40,215</b>	<b>48,530</b>	<b>47,629</b>	<b>47,895</b>	<b>46,548</b>	<b>48,392</b>	<b>48,983</b>	<b>51,870</b>
<b>Non-Current Assets</b>											
Inventories	21	21	21	21	21	21	21	21	21	21	21
Infrastructure, Property, Plant & Equipment	333,929	332,772	328,674	344,298	342,462	343,679	342,753	345,907	341,968	338,767	333,351
<b>Total Non-Current Assets</b>	<b>333,950</b>	<b>332,793</b>	<b>328,695</b>	<b>344,319</b>	<b>342,483</b>	<b>343,700</b>	<b>342,774</b>	<b>345,928</b>	<b>341,989</b>	<b>338,788</b>	<b>333,372</b>
<b>TOTAL ASSETS</b>	<b>365,022</b>	<b>367,367</b>	<b>367,289</b>	<b>384,534</b>	<b>391,013</b>	<b>391,329</b>	<b>390,669</b>	<b>392,476</b>	<b>390,381</b>	<b>387,771</b>	<b>385,243</b>
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Payables	4,383	4,383	4,383	4,383	4,383	4,383	4,383	4,383	4,383	4,383	4,383
Borrowings	2,520	2,940	3,184	3,531	3,601	3,512	2,388	2,538	2,565	2,452	2,452
Provisions	4,059	2,452	2,516	2,446	2,197	2,059	1,904	1,730	1,536	1,318	1,318
<b>Total Current Liabilities</b>	<b>10,962</b>	<b>9,775</b>	<b>10,083</b>	<b>10,360</b>	<b>10,181</b>	<b>9,954</b>	<b>8,675</b>	<b>8,651</b>	<b>8,484</b>	<b>8,153</b>	<b>8,153</b>
<b>Non-Current Liabilities</b>											
Payables	581	581	581	581	581	581	581	581	581	581	581
Borrowings	47,603	46,820	46,136	63,105	66,004	65,992	66,104	67,066	65,001	63,049	61,148
Provisions	495	495	495	495	495	495	495	495	495	495	495
<b>Total Non-Current Liabilities</b>	<b>48,679</b>	<b>47,896</b>	<b>47,212</b>	<b>64,181</b>	<b>67,080</b>	<b>67,068</b>	<b>67,180</b>	<b>68,142</b>	<b>66,077</b>	<b>64,125</b>	<b>62,224</b>
<b>TOTAL LIABILITIES</b>	<b>59,641</b>	<b>57,671</b>	<b>57,295</b>	<b>74,541</b>	<b>77,261</b>	<b>77,022</b>	<b>75,855</b>	<b>76,793</b>	<b>74,561</b>	<b>72,278</b>	<b>70,377</b>
<b>Net Assets</b>	<b>305,381</b>	<b>309,696</b>	<b>309,994</b>	<b>309,993</b>	<b>313,752</b>	<b>314,307</b>	<b>314,814</b>	<b>315,683</b>	<b>315,820</b>	<b>315,493</b>	<b>314,866</b>
<b>EQUITY</b>											
Retained Earnings	218,924	223,239	223,538	223,536	227,296	227,850	228,356	229,227	229,363	229,036	228,409
Revaluation Reserves	86,457	86,457	86,457	86,457	86,457	86,457	86,457	86,457	86,457	86,457	86,457
<b>Total Equity</b>	<b>305,381</b>	<b>309,696</b>	<b>309,995</b>	<b>309,993</b>	<b>313,753</b>	<b>314,307</b>	<b>314,813</b>	<b>315,684</b>	<b>315,820</b>	<b>315,493</b>	<b>314,866</b>

# Balance Sheet

Nambucca Shire Council - Long Term Financial Plan (General)

Year Ending 30 June:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
\$ '000	Year 0 Budget	Year 1 Budget	Year 2 Plan	Year 3 Plan	Year 4 Plan	Year 5 Plan	Year 6 Plan	Year 7 Plan	Year 8 Plan	Year 9 Plan	Year 10 Plan
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash & Cash Equivalents	3,164	3,164	3,164	3,164	3,164	3,164	3,164	3,164	3,164	3,164	3,164
Investments	8,198	9,105	13,450	13,921	21,055	21,406	21,602	20,325	19,970	17,851	18,138
Receivables	3,574	3,574	3,574	3,574	3,574	3,574	3,574	3,574	3,574	3,574	3,574
Inventories	950	950	950	950	950	950	950	950	950	950	950
Other	75	75	75	75	75	75	75	75	75	75	75
<b>Total Current Assets</b>	<b>15,961</b>	<b>16,868</b>	<b>21,213</b>	<b>21,683</b>	<b>28,818</b>	<b>29,169</b>	<b>29,364</b>	<b>28,088</b>	<b>27,733</b>	<b>25,613</b>	<b>25,900</b>
<b>Non-Current Assets</b>											
Inventories	21	21	21	21	21	21	21	21	21	21	21
Infrastructure, Property, Plant & Equipment	187,810	187,402	183,213	181,394	175,846	173,402	171,344	170,306	168,189	167,968	165,531
<b>Total Non-Current Assets</b>	<b>187,831</b>	<b>187,423</b>	<b>183,234</b>	<b>181,415</b>	<b>175,867</b>	<b>173,423</b>	<b>171,365</b>	<b>170,327</b>	<b>168,210</b>	<b>167,989</b>	<b>165,552</b>
<b>TOTAL ASSETS</b>	<b>203,792</b>	<b>204,291</b>	<b>204,447</b>	<b>203,098</b>	<b>204,684</b>	<b>202,592</b>	<b>200,730</b>	<b>198,415</b>	<b>195,943</b>	<b>193,602</b>	<b>191,452</b>
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Payables	4,226	4,226	4,226	4,226	4,226	4,226	4,226	4,226	4,226	4,226	4,226
Borrowings	691	965	1,073	1,188	1,301	1,227	1,302	1,392	1,382	1,231	1,231
Provisions	4,059	2,452	2,516	2,446	2,197	2,059	1,904	1,730	1,536	1,318	1,318
<b>Total Current Liabilities</b>	<b>8,976</b>	<b>7,643</b>	<b>7,815</b>	<b>7,860</b>	<b>7,724</b>	<b>7,512</b>	<b>7,432</b>	<b>7,348</b>	<b>7,144</b>	<b>6,775</b>	<b>6,775</b>
<b>Non-Current Liabilities</b>											
Payables	581	581	581	581	581	581	581	581	581	581	581
Borrowings	13,484	13,801	14,228	14,540	14,739	14,512	14,210	13,318	12,436	11,705	11,025
Provisions	495	495	495	495	495	495	495	495	495	495	495
<b>Total Non-Current Liabilities</b>	<b>14,560</b>	<b>14,877</b>	<b>15,304</b>	<b>15,616</b>	<b>15,815</b>	<b>15,588</b>	<b>15,286</b>	<b>14,394</b>	<b>13,512</b>	<b>12,781</b>	<b>12,101</b>
<b>TOTAL LIABILITIES</b>	<b>23,536</b>	<b>22,520</b>	<b>23,119</b>	<b>23,476</b>	<b>23,539</b>	<b>23,100</b>	<b>22,718</b>	<b>21,742</b>	<b>20,656</b>	<b>19,556</b>	<b>18,876</b>
<b>Net Assets</b>	<b>180,256</b>	<b>181,771</b>	<b>181,328</b>	<b>179,622</b>	<b>181,145</b>	<b>179,492</b>	<b>178,012</b>	<b>176,673</b>	<b>175,287</b>	<b>174,046</b>	<b>172,576</b>
<b>EQUITY</b>											
Retained Earnings	136,711	138,226	137,783	136,077	137,600	135,947	134,466	133,127	131,741	130,501	129,031
Revaluation Reserves	43,545	43,545	43,545	43,545	43,545	43,545	43,545	43,545	43,545	43,545	43,545
<b>Total Equity</b>	<b>180,256</b>	<b>181,771</b>	<b>181,328</b>	<b>179,622</b>	<b>181,145</b>	<b>179,492</b>	<b>178,011</b>	<b>176,672</b>	<b>175,286</b>	<b>174,046</b>	<b>172,576</b>

Balance Sheet	Nambucca Shire Council - Long Term Financial Plan (Water/Sewerage)										
<b>Year Ending 30 June:</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>\$ '000</b>	<b>Year 0 Budget</b>	<b>Year 1 Budget</b>	<b>Year 2 Plan</b>	<b>Year 3 Plan</b>	<b>Year 4 Plan</b>	<b>Year 5 Plan</b>	<b>Year 6 Plan</b>	<b>Year 7 Plan</b>	<b>Year 8 Plan</b>	<b>Year 9 Plan</b>	<b>Year 10 Plan</b>
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash & Cash Equivalents	2,764	2,764	2,764	2,764	2,764	2,764	2,764	2,764	2,764	2,764	2,764
Investments	9,594	12,189	11,864	13,015	14,196	12,942	13,013	12,944	15,142	17,852	20,453
Receivables	2,708	2,708	2,708	2,708	2,708	2,708	2,708	2,708	2,708	2,708	2,708
Inventories	45	45	45	45	45	45	45	45	45	45	45
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>15,111</b>	<b>17,706</b>	<b>17,381</b>	<b>18,532</b>	<b>19,714</b>	<b>18,460</b>	<b>18,531</b>	<b>18,461</b>	<b>20,659</b>	<b>23,369</b>	<b>25,970</b>
<b>Non-Current Assets</b>											
Inventories	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	146,119	145,370	145,461	162,904	166,616	170,277	171,408	175,601	173,779	170,800	167,821
<b>Total Non-Current Assets</b>	<b>146,119</b>	<b>145,370</b>	<b>145,461</b>	<b>162,904</b>	<b>166,616</b>	<b>170,277</b>	<b>171,408</b>	<b>175,601</b>	<b>173,779</b>	<b>170,800</b>	<b>167,821</b>
<b>TOTAL ASSETS</b>	<b>161,230</b>	<b>163,076</b>	<b>162,842</b>	<b>181,436</b>	<b>186,330</b>	<b>188,737</b>	<b>189,939</b>	<b>194,062</b>	<b>194,438</b>	<b>194,169</b>	<b>193,791</b>
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Payables	157	157	157	157	157	157	157	157	157	157	157
Borrowings	1,829	1,975	2,111	2,343	2,300	2,285	1,086	1,146	1,183	1,221	1,221
Provisions	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>1,986</b>	<b>2,132</b>	<b>2,268</b>	<b>2,500</b>	<b>2,457</b>	<b>2,442</b>	<b>1,243</b>	<b>1,303</b>	<b>1,340</b>	<b>1,378</b>	<b>1,378</b>
<b>Non-Current Liabilities</b>											
Payables	-	-	-	-	-	-	-	-	-	-	-
Borrowings	34,119	33,019	31,908	48,565	51,265	51,480	51,894	53,748	52,565	51,344	50,123
Provisions	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>34,119</b>	<b>33,019</b>	<b>31,908</b>	<b>48,565</b>	<b>51,265</b>	<b>51,480</b>	<b>51,894</b>	<b>53,748</b>	<b>52,565</b>	<b>51,344</b>	<b>50,123</b>
<b>TOTAL LIABILITIES</b>	<b>36,105</b>	<b>35,151</b>	<b>34,176</b>	<b>51,065</b>	<b>53,722</b>	<b>53,922</b>	<b>53,137</b>	<b>55,051</b>	<b>53,905</b>	<b>52,722</b>	<b>51,501</b>
<b>Net Assets</b>	<b>125,125</b>	<b>127,925</b>	<b>128,666</b>	<b>130,371</b>	<b>132,608</b>	<b>134,815</b>	<b>136,802</b>	<b>139,011</b>	<b>140,533</b>	<b>141,447</b>	<b>142,290</b>
<b>EQUITY</b>											
Retained Earnings	82,216	85,016	85,757	87,463	89,699	91,906	93,893	96,102	97,625	98,538	99,381
Revaluation Reserves	42,909	42,909	42,909	42,909	42,909	42,909	42,909	42,909	42,909	42,909	42,909
<b>Total Equity</b>	<b>125,125</b>	<b>127,925</b>	<b>128,666</b>	<b>130,372</b>	<b>132,608</b>	<b>134,815</b>	<b>136,802</b>	<b>139,011</b>	<b>140,534</b>	<b>141,447</b>	<b>142,290</b>



## Statement of Cash Flows

## Nambucca Shire Council - Long Term Financial Plan (Consolidated)

Year Ending 30 June:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
\$ '000	Year 1 Budget	Year 2 Plan	Year 3 Plan	Year 4 Plan	Year 5 Plan	Year 6 Plan	Year 7 Plan	Year 8 Plan	Year 9 Plan	Year 10 Plan
<b>Cash Flows from Operating Activities - Receipts:</b>										
Rates & Annual Charges	18,585	19,029	19,889	20,993	21,042	21,084	21,126	21,169	21,211	21,253
User Charges & Fees	5,581	5,682	5,826	5,906	6,031	6,043	6,055	6,067	6,079	6,092
Investment & Interest Revenue Received	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237
Grants & Contributions	12,170	7,177	7,003	7,161	6,895	6,885	6,885	6,885	6,261	6,261
Other	521	515	530	532	(2,468)	(74)	(74)	(74)	(74)	(74)
<b>Payments:</b>										
Employee Benefits & On-Costs	(9,771)	(9,757)	(9,759)	(9,762)	(9,746)	(9,746)	(9,746)	(9,746)	(9,746)	(9,746)
Materials & Contracts	(13,262)	(8,583)	(8,705)	(7,879)	(7,868)	(7,868)	(7,868)	(7,868)	(7,868)	(7,868)
Borrowing Costs	(2,833)	(2,914)	(3,454)	(4,061)	(4,184)	(4,215)	(4,231)	(4,221)	(4,135)	(4,027)
Other	(3,234)	(3,234)	(3,234)	(3,234)	(3,234)	(3,234)	(3,234)	(3,234)	(3,234)	(3,234)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>8,994</b>	<b>9,152</b>	<b>9,333</b>	<b>10,893</b>	<b>7,705</b>	<b>10,112</b>	<b>10,150</b>	<b>10,215</b>	<b>9,731</b>	<b>9,894</b>
<b>Cash Flows from Investing Activities - Receipts:</b>										
Sale of Investment Securities	6,325	8,768	2,424	12,263	3,187	934	1,347	2,090	850	3,468
Sale of Real Estate Assets	-	2,000	-	4,000	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	213	99	285	237	38	38	38	38	-	-
<b>Payments:</b>										
Purchase of Investment Securities	(3,502)	(6,620)	(1,621)	(8,315)	902	(266)	(338)	(1,844)	(591)	(2,888)
Purchase of Infrastructure, Property, Plant & Equipment	(9,223)	(8,189)	(26,115)	(12,733)	(11,632)	(9,539)	(13,657)	(6,617)	(7,334)	(5,135)
Purchase of Real Estate Assets	-	(750)	-	(1,000)	(1,000)	-	-	-	-	-
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(6,187)</b>	<b>(4,692)</b>	<b>(25,027)</b>	<b>(5,548)</b>	<b>(8,506)</b>	<b>(8,833)</b>	<b>(12,610)</b>	<b>(6,333)</b>	<b>(7,075)</b>	<b>(4,555)</b>
<b>Cash Flows from Financing Activities - Receipts:</b>										
Proceeds from Borrowings & Advances	3,500	5,100	20,500	6,500	3,500	2,500	3,500	500	500	-
<b>Payments:</b>										
Repayment of Borrowings & Advances	(2,805)	(2,940)	(3,184)	(3,531)	(3,601)	(3,512)	(2,388)	(2,538)	(2,565)	(2,452)
<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>695</b>	<b>2,160</b>	<b>17,316</b>	<b>2,969</b>	<b>(101)</b>	<b>(1,012)</b>	<b>1,112</b>	<b>(2,038)</b>	<b>(2,065)</b>	<b>(2,452)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>3,502</b>	<b>6,620</b>	<b>1,622</b>	<b>8,314</b>	<b>(902)</b>	<b>267</b>	<b>(1,348)</b>	<b>1,844</b>	<b>591</b>	<b>2,887</b>
plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	<b>23,720</b>	<b>27,222</b>	<b>33,842</b>	<b>35,464</b>	<b>43,778</b>	<b>42,876</b>	<b>43,143</b>	<b>41,796</b>	<b>43,639</b>	<b>44,231</b>
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>27,222</b>	<b>33,842</b>	<b>35,464</b>	<b>43,778</b>	<b>42,876</b>	<b>43,143</b>	<b>41,796</b>	<b>43,639</b>	<b>44,231</b>	<b>47,118</b>

Year Ending 30 June:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
\$ '000	Year 1 Budget	Year 2 Plan	Year 3 Plan	Year 4 Plan	Year 5 Plan	Year 6 Plan	Year 7 Plan	Year 8 Plan	Year 9 Plan	Year 10 Plan
<b>Cash Flows from Operating Activities - Receipts:</b>										
Rates & Annual Charges	14,113	14,496	14,515	14,534	14,553	14,582	14,611	14,640	14,670	14,699
User Charges & Fees	1,136	1,136	1,136	1,136	1,136	1,138	1,141	1,143	1,145	1,147
Investment & Interest Revenue Received	742	742	742	742	742	742	742	742	742	742
Grants & Contributions	11,909	6,920	6,839	6,997	6,730	6,720	6,720	6,720	6,096	6,096
Other	507	510	516	518	518	514	514	514	514	514
<b>Payments:</b>										
Employee Benefits & On-Costs	(8,483)	(8,469)	(8,471)	(8,474)	(8,458)	(8,458)	(8,458)	(8,458)	(8,458)	(8,458)
Materials & Contracts	(10,118)	(5,448)	(5,432)	(4,898)	(4,893)	(4,893)	(4,893)	(4,893)	(4,893)	(4,893)
Borrowing Costs	(991)	(1,030)	(1,046)	(1,054)	(1,029)	(1,011)	(970)	(921)	(872)	(802)
Other	(2,443)	(2,443)	(2,443)	(2,443)	(2,443)	(2,443)	(2,443)	(2,443)	(2,443)	(2,443)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>6,371</b>	<b>6,414</b>	<b>6,356</b>	<b>7,058</b>	<b>6,856</b>	<b>6,891</b>	<b>6,964</b>	<b>7,044</b>	<b>6,501</b>	<b>6,602</b>
<b>Cash Flows from Investing Activities - Receipts:</b>										
Sale of Investment Securities	859	8,359	1,507	9,826	191	-	1,276	355	2,119	338
Sale of Real Estate Assets	-	2,000	-	4,000	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	213	99	285	237	38	38	38	38	-	-
<b>Payments:</b>										
Purchase of Investment Securities	(907)	(6,945)	(1,701)	(7,134)	(351)	(1,023)	(2,230)	(1,440)	(2,524)	(287)
Purchase of Infrastructure, Property, Plant & Equipment	(7,246)	(5,367)	(5,933)	(6,164)	(5,081)	(5,484)	(6,522)	(5,460)	(7,334)	(5,135)
Purchase of Real Estate Assets	-	(750)	-	(1,000)	(1,000)	-	-	-	-	-
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(7,081)</b>	<b>(2,604)</b>	<b>(5,842)</b>	<b>(235)</b>	<b>(6,203)</b>	<b>(6,469)</b>	<b>(7,438)</b>	<b>(6,507)</b>	<b>(7,739)</b>	<b>(5,084)</b>
<b>Cash Flows from Financing Activities - Receipts:</b>										
Proceeds from Borrowings & Advances	2,500	4,100	1,500	1,500	1,000	1,000	500	500	500	-
<b>Payments:</b>										
Repayment of Borrowings & Advances	(883)	(965)	(1,073)	(1,188)	(1,301)	(1,227)	(1,302)	(1,392)	(1,382)	(1,231)
<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>1,617</b>	<b>3,135</b>	<b>427</b>	<b>312</b>	<b>(301)</b>	<b>(227)</b>	<b>(802)</b>	<b>(892)</b>	<b>(882)</b>	<b>(1,231)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>907</b>	<b>6,945</b>	<b>941</b>	<b>7,135</b>	<b>352</b>	<b>195</b>	<b>(1,276)</b>	<b>(355)</b>	<b>(2,120)</b>	<b>287</b>
plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	<b>11,362</b>	<b>12,269</b>	<b>19,214</b>	<b>19,684</b>	<b>26,819</b>	<b>27,170</b>	<b>27,365</b>	<b>26,089</b>	<b>25,734</b>	<b>23,614</b>
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>12,269</b>	<b>19,214</b>	<b>20,154</b>	<b>26,819</b>	<b>27,170</b>	<b>27,365</b>	<b>26,089</b>	<b>25,734</b>	<b>23,614</b>	<b>23,902</b>

## Statement of Cash Flows

## Nambucca Shire Council - Long Term Financial Plan (Water/Sewerage)

Year Ending 30 June:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
\$ '000	Year 1 Budget	Year 2 Plan	Year 3 Plan	Year 4 Plan	Year 5 Plan	Year 6 Plan	Year 7 Plan	Year 8 Plan	Year 9 Plan	Year 10 Plan
<b>Cash Flows from Operating Activities - Receipts:</b>										
Rates & Annual Charges	4,472	4,533	5,374	6,459	6,489	6,502	6,515	6,528	6,541	6,554
User Charges & Fees	4,445	4,546	4,690	4,770	4,895	4,905	4,915	4,924	4,934	4,944
Investment & Interest Revenue Received	495	495	495	495	495	495	495	495	495	495
Grants & Contributions	163	163	165	164	165	165	165	165	165	165
Other	14	5	14	14	14	12	12	12	12	12
<b>Payments:</b>										
Employee Benefits & On-Costs	(1,288)	(1,288)	(1,288)	(1,288)	(1,288)	(1,288)	(1,288)	(1,288)	(1,288)	(1,288)
Materials & Contracts	(3,144)	(3,135)	(3,273)	(2,981)	(2,975)	(2,975)	(2,975)	(2,975)	(2,975)	(2,975)
Borrowing Costs	(1,842)	(1,884)	(2,408)	(3,007)	(3,155)	(3,204)	(3,261)	(3,300)	(3,263)	(3,225)
Other	(791)	(791)	(791)	(791)	(791)	(791)	(791)	(791)	(791)	(791)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>2,525</b>	<b>2,644</b>	<b>2,978</b>	<b>3,835</b>	<b>3,849</b>	<b>3,821</b>	<b>3,787</b>	<b>3,771</b>	<b>3,831</b>	<b>3,892</b>
<b>Cash Flows from Investing Activities - Receipts:</b>										
Sale of Investment Securities	5,564	828	2,616	2,440	1,254	1,160	1,365	2,928	2,773	2,531
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>										
Purchase of Investment Securities	(2,595)	-	(1,151)	(1,182)	(6)	(71)	-	(2,198)	(2,710)	(2,601)
Purchase of Infrastructure, Property, Plant & Equipment	(1,977)	(2,822)	(20,182)	(6,569)	(6,551)	(4,055)	(7,135)	(1,157)	-	-
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Investing Activities</b>	<b>992</b>	<b>(1,994)</b>	<b>(18,717)</b>	<b>(5,311)</b>	<b>(5,303)</b>	<b>(2,966)</b>	<b>(5,770)</b>	<b>(427)</b>	<b>63</b>	<b>(70)</b>
<b>Cash Flows from Financing Activities Receipts:</b>										
Proceeds from Borrowings & Advances	1,000	1,000	19,000	5,000	2,500	1,500	3,000	-	-	-
<b>Payments:</b>										
Repayment of Borrowings & Advances	(1,922)	(1,975)	(2,111)	(2,343)	(2,300)	(2,285)	(1,086)	(1,146)	(1,183)	(1,221)
<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>(922)</b>	<b>(975)</b>	<b>16,889</b>	<b>2,657</b>	<b>200</b>	<b>(785)</b>	<b>1,914</b>	<b>(1,146)</b>	<b>(1,183)</b>	<b>(1,221)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>2,595</b>	<b>(325)</b>	<b>1,151</b>	<b>1,182</b>	<b>(1,254)</b>	<b>70</b>	<b>(69)</b>	<b>2,198</b>	<b>2,711</b>	<b>2,601</b>
plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	<b>12,358</b>	<b>14,953</b>	<b>14,629</b>	<b>15,779</b>	<b>16,961</b>	<b>15,707</b>	<b>15,777</b>	<b>15,708</b>	<b>17,906</b>	<b>20,617</b>
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>14,953</b>	<b>14,629</b>	<b>15,779</b>	<b>16,961</b>	<b>15,707</b>	<b>15,777</b>	<b>15,708</b>	<b>17,906</b>	<b>20,617</b>	<b>23,217</b>