CAMPBELLTOWN 2027

Long Term Financial Plan 2019-2029

campbelltown
city council

Council acknowledges the traditional custodians of the land, the Dharawal people and their unique and spiritual connections to the land. We also respectfully acknowledge Elders past and present for the role they continue to play in guiding future generations.


BELLTOWN CITY COUNCIL

Disclaimer

The information contained in this document is to be considered general in nature and Council reserves the right to make changes accordingly. Any document that contains financial information is to be considered an estimate based upon information available at the time of publication. Council takes no responsibility for actions taken by third parties based on information contained in this document.

Contents

Integrated Planning and Reporting

Council is committed to sustainably planning for the future of Campbelltown and Council does this by working directly with the community to understand the vision for the city and its people.

This vision is delivered through a set of strategic plans including this document. These plans inform and guide the decisions made on behalf of the community as well as setting out the actions and deliverables that will help drive towards this shared vision.

Council ensures its strategic plans are developed in accordance with the statutory requirements of the NSW Integrated Planning and Reporting Framework (IPR) introduced in 2009. The framework recognises that Council and the community do not exist in isolation but are part of a larger framework that is interconnected. Council is required to write and report on these plans in a transparent and consultative manner. Campbelltown is championing IPR as a method to improve its internal planning and external communication and engagement.

The framework is designed to give the Council and the community a clear picture of:

- The long term vision for the City (Community Strategic Plan - Campbelltown 2027)
- What Council will deliver to get there (Delivery Program, Operational Plan and Resourcing Strategy)
- How progress towards the vision is measured (Quarterly, Annual and End-of-Term Reporting)

An integral part of this process is incorporating State and Federal planning into Council's processes and ensuring emerging issues and opportunities for the city are considered, mitigated and harnessed. This ensures Council is aware of when to align its planning, advocate for alternatives or take the initiative to shape the change for Campbelltown.

Data is also becoming an increasingly important factor in decision making for organisations and Council is embedding key data sets into its planning and decision making processes. Key demographic, community, environmental and organisational data is being used to inform the way Council delivers its services and makes key decisions.

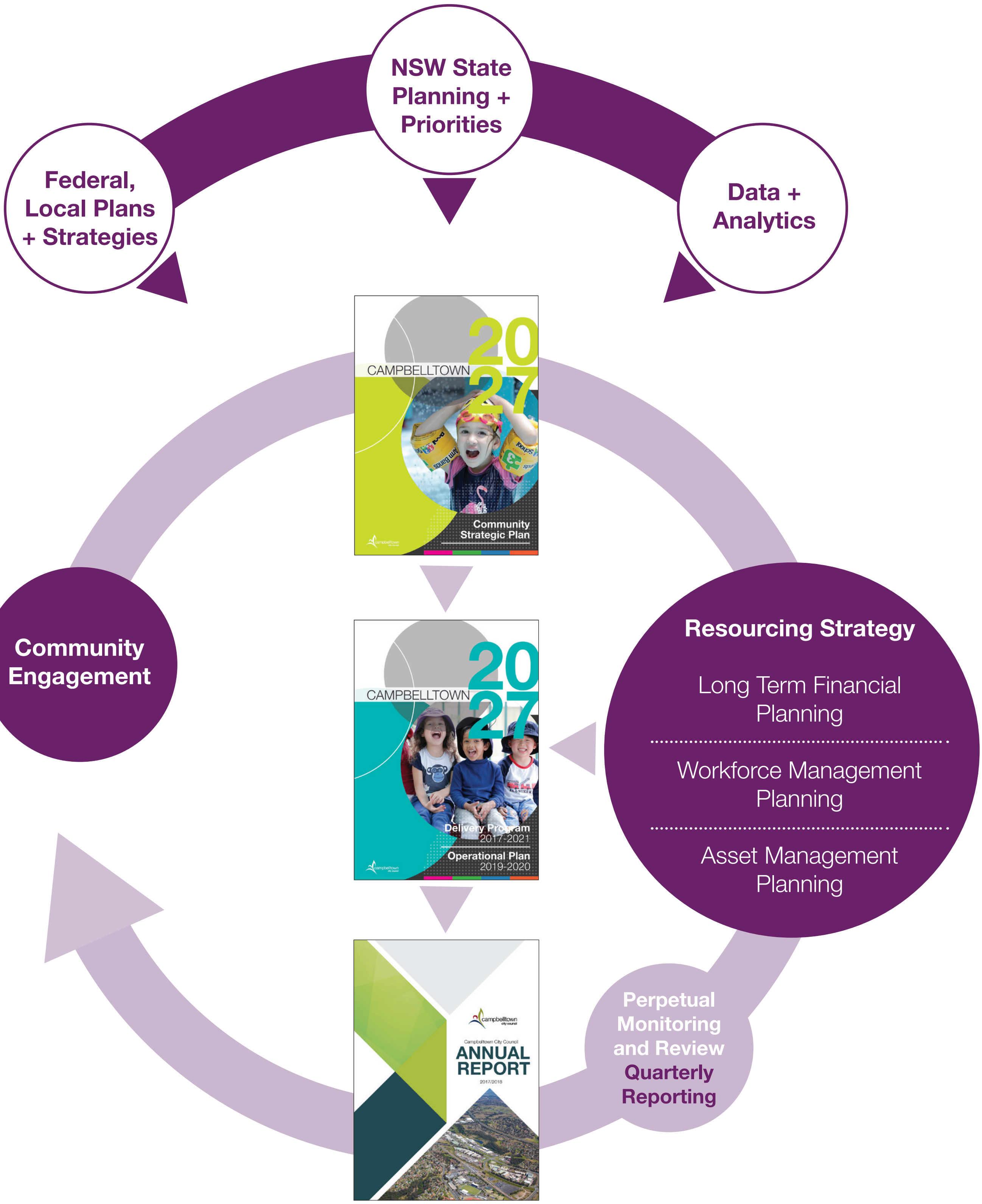
Referred to as Corporate Planning, all of Council's key Integrated Planning & Reporting documents and reports can be found at:

www.campbelltown.nsw.gov.au/CouncilandCouncillors/CorporatePlanningandStrategy

About This Plan

The Asset Management Strategy forms a key component of Council's Resourcing Strategy. The Community Strategic Plan provides a vehicle for each community to express its long term vision and the Delivery Program and Operational Plan provides the actions and initiatives to deliver on this.

However, these aspirations will not be achieved without sufficient resources – time, money, assets and people – to carry them out. The Resourcing Strategy is a critical link when it comes to translating strategic objectives into actions. The Long Term Financial Plan ensures Council has the funding and investment strategies required to deliver on its projects and objectives.



Integrated Planning & Reporting (Corporate Planning) at Campbelltown

Long Term Financial Plan

The Long Term Financial Plan (the plan) is an integral part of Council's strategic planning cycle. This enables long term community aspirations and goals to be tested against financial realities.

The plan is a decision making and problem solving tool. The financial objectives, performance measures and strategies that Council has adopted in meeting financial sustainability challenges over the 2019-2029 period are presented in this document.

It is not intended that the plan be inflexible - it is a reasonable guide for future action based on current information. The modelling that occurs as part of the plan will provide an opportunity for Council to identify financial issues at an earlier stage, and gauge the effects of these issues in the short to long term.

The plan does not indicate what services or projects should be allocated funds; rather, it addresses areas that impact on Council's ability to fund services and capital programs.

As with most NSW councils, Campbelltown faces a challenge in funding ongoing operations and adequately maintaining its community assets. The growth in the cost of labour and materials, increasing demand for affordable services and cost shifting from other levels of government, combined with a legislated cap in revenue generated from rates and developer contributions, have created a difficult financial environment.

The confirmation by the NSW Government of the Campbelltown/Macarthur CBD as one of Sydney's Strategic Centres is a major economic boost for the City. To ensure Campbelltown maximises the opportunities that the projected growth will deliver in terms of prosperity for the City of Campbelltown, the enhancement of residents' access to new jobs, better facilities and improved services. Council will need to respond and adapt to the challenge of rolling out its own services, and operating its own facilities more cost effectively and with an improved focus on customer service and satisfaction.

Council will be looking towards strengthening its already strong partnerships with State and Federal government agencies to assist with the development of critical infrastructure and ensure that the City's next phase of growth and development will deliver the right outcomes for our City.

Due to the length of the planning horizon, the plan becomes more general in future years. For example, the 10th year of a 10 year plan does not include specific detail, however, does show likely trends based on accepted assumptions.

The 2019-2020 adopted budget and 2017/2018 Financial Statements form the base years for the Long Term Financial Plan.

This Plan has been prepared in accordance with the requirements as outlined in the Integrated Planning and Reporting Manual for local government in NSW, March 2013 issued by the Division of Local Government, Department of Premier and Cabinet.

Financial Sustainability

For councils to meet the service and infrastructure needs of their communities, they need to be financially sustainable. The NSW Treasury Corporation (TCorp) defined a financially sustainable council as one that, over the long term, is able to generate sufficient funds to provide the level and scope of services and infrastructure, agreed with its community through the Integrated Planning and Reporting process.

What is Financial Sustainability?

In considering the issue of financial sustainability, the NSW Treasury Corporation (TCorp) and the Office of Local Government (OLG) have established what they consider to be a concise definition, that being:

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

Measuring Financial Sustainability

It is important that Council regularly assesses its financial performance and position against the projections contained in the LTFP. As part of this process Council needs to determine what factors it will monitor on a regular basis. It is proposed that these factors include the following:

Sustainability

That Council can generate sufficient funds over the long term to provide the agreed level and scope of services and infrastructure for communities as identified through the Integrated Planning and reporting process.

Operating Performace Ratio

- Measures Council's achievement in continuing operating expenditure within operating revenue
- Benchmark: > or equal to break-even (0%)

Own Source Operating Revenue Ratio

- Measures fiscal flexibility and the degree of reliance on external funding sources such as grants and contributions
- Benchmark: >60%

Building and Infrastructure Asset Renewal Ratio

- Assesses the rate at which these assets are being renewed against the rate at which they are depreciating
- Benchmark: >100%

The Building and Infrastructure Asset Renewal Ratio measures Council's expenditure on the renewal of fixed assets as a proportion of depreciation. The future sustainable management of Campbelltown's infrastructure assets is critical for the development and overall wellbeing of the community.

It should be noted this ratio uses depreciation as the denominator and ignores the calculated renewal funding requirement under lifecycle costing of an asset as modelled in Council's Asset Management Plans. However, this ratio is used by the Local Government Code of Accounting Practice and is also a Fit for the Future measure, hence why it has been published as part of this plan.

Effective Infrastructure and Service Management

That Council can maximise the return on resources and minimise unnecessary burden on the community and business, while working strategically to leverage economies of scale and meet the needs of communities as identified in the Integrated Planning and Reporting process.

Infrastructure Backlog Ratio

- Indicates the proportion of backlog against the total value of Council's infrastructure assets
- Benchmark: <2%

Asset Maintenance Ratio

- Reflects the actual asset maintenance expenditure relative to the required asset maintenance
- Benchmark: >100%

Debt Service Ratio

- Assesses the impact of loan principal and interest repayments on discretionary revenue
- Benchmark: Between 0% and 10%

Liquidity

Liquidity is a key factor in the viability of any organisation, regardless of whether it is in the commercial or government sectors. The ability to meet short term funding requirements and obligations is equally relevant to a Council as it is to any business.

Unrestricted Current Ratio

- Reflects Council's ability to meet debt payments as they fall due
- Benchmark: >1.5%

Cash and Expense Coverage Ratio

- Indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow
- Benchmark: ≥ 3 months

Council monitors the short term funding requirements daily and produces cash flow estimates on both a short term and long term basis. This monitoring and forecasting informs Council’s investment strategies and decisions to ensure that adequate liquidity is maintained. Council will also, as part of the reserves strategy, continue to provide for adequate levels of reserves to fund less predictable outlays, such as major employee leave entitlement payments.

The cash and expense coverage ratio tests the unlikely situation where Council will no longer receive any additional cash inflow and how many months it will be able to continue to meet its immediate expenses.

Key Assumptions Used to Develop the Plan

There are a number of assumptions that are used in order to project the long term financial results. These assumptions are outlined in detail throughout this section, however, the key assumptions are outlined below:

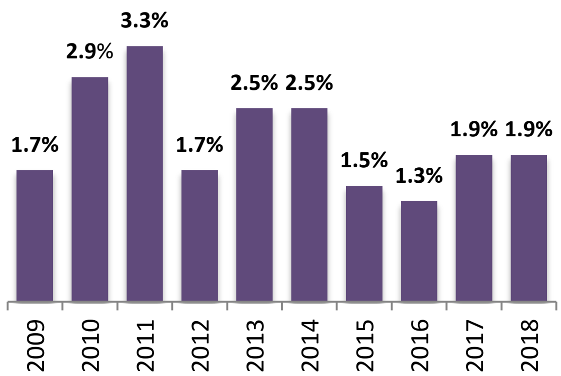
- future determinations of the rate peg are forecast to be 2.3%, however, this may vary depending on the recommendation of the Independent Pricing and Regulatory Tribunal (IPART) from year to year
- service levels are largely maintained throughout the plan
- population growth is estimated to continue to increase at 3.1% per annum
- the Consumer Price Index (CPI) is estimated at a flat rate of 2.5% per annum
- in general, future expenses and revenues have been calculated to reflect forecasts for the CPI
- increases in revenue from user charges have been maintained using a combination of the CPI and the IPART Local Government Cost Index with utilisation rates remaining steady
- salary and wage increases are estimated to be on average 2.5% per annum including turnover
- new borrowings are restricted to ensure the Debt Service Ratio remains less than 10%.
- Strategic capital expenditure will be considered suitable for funding from internal or external loans in line with intergenerational equity considerations

Inflation

The Consumer Price Index (CPI) is a measure of the change in price of a 'basket' of goods and services. The Reserve Bank has a policy to maintain an inflation rate between its annual target of 2%-3%. Therefore where appropriate, this plan uses a mid-range forecast of a 2.5% annual inflation rate.

In preparation of the LTFP however, careful consideration was given to yearly movements in actual costs witnessed over the previous seven year period. From this data, both the historical average annual growth rate and the seven year compounded growth were calculated. These values were contrasted against the forecast inflation rate and where there was a material difference, preference was given towards the historical growth rates.

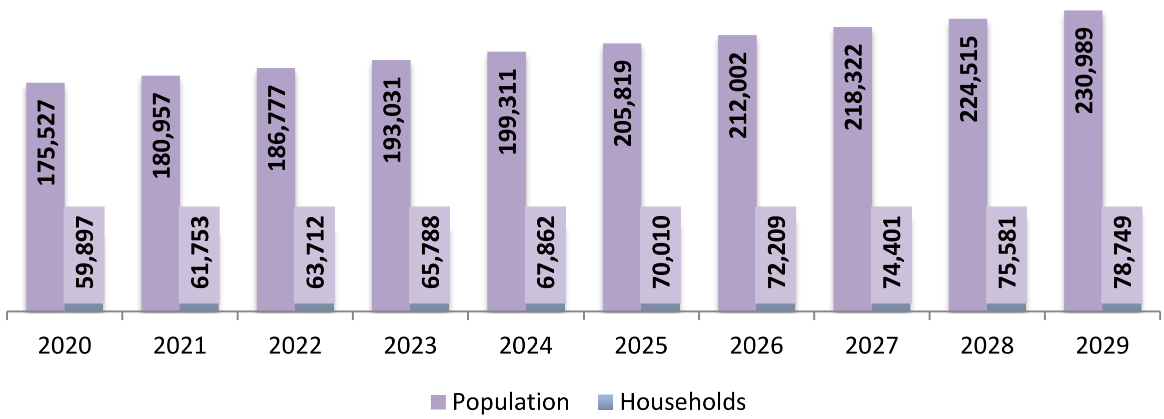
Historical Yearly Inflation Rates



Population

A key driver in the level of services Council is required to deliver over the next 10 years is the size of the resident population and number of households within the LGA. In the 2016 Census, there were 161,998 people in the Campbelltown LGA. However the Census count is not considered the official population of an area due to limitations in the data collected. It is an official count of all people and dwellings in Australia on Census night, and collects details of age, sex, religion, education and other characteristics of the population. The next Census will be conducted in August 2021.

To provide a more relevant population figure the ABS also produces "Estimated Resident Population" (ERP) numbers for each area. It is updated between Censuses - quarterly for state and national figures, and annually for local government areas. The ERP is based on the usual residence population and includes adjustments for Census undercount, Australian residents who were temporarily overseas on Census night, and backdates the population to 30 June. Each year's updates take into account births, deaths and both internal and overseas migration. The LTFP is modelled on the ERP figures however also references Planning NSW data projections and known development activity as detailed in the new dwelling forecasts.



32%

Total percentage change in population between 2020 and 2029

3.1%

Average annual percentage change in population between 2020 and 2029

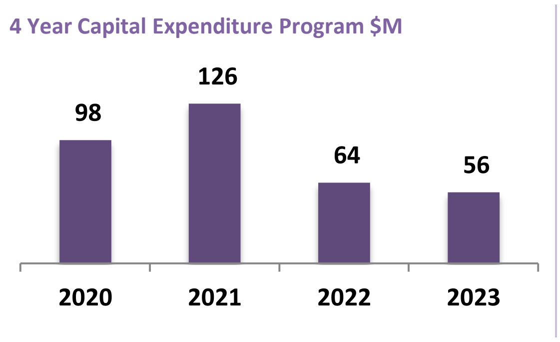
These growth projections are estimates and are affected by changes in market conditions. The increase in development does provide an additional income stream, however in most cases, this is absorbed by additional maintenance requirements that are created by the provision of additional infrastructure, facilities and open space.

Expenditure Assumptions

Major Planned Expenditure

Over the next 10 years, Council will invest and foster approximately $618m on a range of capital projects and assets across the City. This includes the substantial renewal of Campbelltown's existing assets, as well as the development of new services, facilities and infrastructure networks. Major projects that will be considered over the next few years are listed below:

- **Badgally Road:** Upgrade Badgally Road to four lanes from Eaglevale Drive to North Steyne Road including installation of traffic signals at two intersections and a two lane circulating roundabouts
- **Cambpelltown Billabong Parklands**: Commence design and construction of the Billabong project including recreational water play facilities over a four hectare site in the city centre on the corner of Oxley Street and The Parkway, Bradbury
- **Community Recycling Centre (CRC)**: The CRC will provide residents with a dedicated drop-off facility for household problem wastes such as paints and oils, gas bottles, e-waste, batteries and the like. It is due for completion by mid-2020
- **Centre of Excellence**: Initiate the construction phase for the Campbelltown Sport and Health Centre of Excellence
- **Bunnings**: Facilitate construction of Bunnings development on Council land (Farrow Road)



As well as these major projects, investigations/works are underway for the following potential projects:

- Investigate site options for a new Civic Library in Campbelltown CBD
- Progress plans for the Health and Education Precinct
- Investigate Campbelltown and Ingleburn CBD Stormwater upgrade options
- Art centre expansion

Employee Costs

Employee costs includes wages and salaries and other associated costs such as superannuation and workers compensation. Increases in labour and on-costs are composed of several elements. These include changes to employee numbers, salary system increments, Local Government Award increments and additional costs associated with position reclassifications.

The employee costs for 2019-2020 and forward budgets have been adjusted to take into account anticipated Local Government Award wage movements and salary system skills progression. The plan reflects annualised gross wage increases of 3.5% over the life of the plan. Any plans for changes to employee numbers or reclassifications will be required to be part of the Workforce Management Plan with supported funding.

The 2019-2020 Operational Plan will support a new organisational structure that will meet a new set of priorities in strengthening our organisation to deal with future challenges and the growth of our city. The restructuring of the organisation is a high priority which will reflect changes in areas of responsibility throughout Council.

The legislated changes to the Superannuation Guarantee Levy progressively increases from the current rate of 9.5% to 12% by 2025-2026, has been factored into the estimates.

In 2009-2010, the Local Government Superannuation Defined Benefits Scheme doubled the normal contribution rate required to be paid by Council in order to sustain the viability of the fund due to the Global Financial Crisis (GFC). The increased payments will continue for several years and have added approximately $485,000 per year to operational costs.

Materials and Contracts

Material and contract expenses have been adjusted in line with an inflation factor of 2.5%. Actual cost increases may in fact be greater than the inflation index. Payments to contractors have been adjusted in accordance with projected CPI movements.

Depreciation

Depreciation estimates have been based on the projected capital expenditure program contained within the plan. The forward budget also takes into account the estimates of periodic revaluations of infrastructure assets and is directly impacted by the Asset Management Plan. This brings to account the impact of rising replacement costs of assets. The recognition of such assets and any capital expenditure on new assets will increase the depreciation costs. This will further impact on Council's operating results, however, will not affect the annual budget considerations as depreciation is a non-cash item. Council's depreciation methodology utilises long and medium depreciation rates for infrastructure assets. It is anticipated that this will decrease depreciation to be more in line with actual asset degradation.

Borrowing Costs

Borrowing costs represents the interest paid on borrowings. There are no future external borrowings factored into this Plan, rather an internal borrowing strategy for $2.75m of recurrent capital expenditure per annum. This will reduce the external borrowing costs paid per annum from 2019-2020 by a reducing amount of around $120k. This strategy will increase Council's capacity to borrow externally through the State Borrowing Facility for major stand-alone capital projects and support intergenerational equity principals.

Other Expenses

Other expenses incorporate items such as insurance, telecommunication and utility charges. The plan includes a default CPI increase of 2.5% for the majority of items however this rate is adjusted where an analysis of historical growth rates materially.

Revenue Assumptions

Rates

For the 2019-2020 budget, Council has applied the rate peg limit as set by IPART of 2.7%. The LTFP however has aimed for a more conservative approach for all subsequent years and has applied a general rates increase of 2.3% to be in line with the Local Government Cost Index developed by the Independent Pricing and Regulatory Tribunal (IPART) and the new valuations received from the Valuer General. Invariably, rate pegging increases have been less than the actual increases in costs faced by Council. Despite these constraints, and with the cost of materials and provision of services increasing above the Consumer Price Index (CPI), Council maintains a sound financial position through continuous efficiency gains and productivity improvements. The Special Rate Variation received in the 2014-2015 financial year has strengthened Council's long term financial position and provides a means to renew and revitalise the city's assets and ultimately address Council's asset maintenance and renewal backlog.

Domestic waste management

The Domestic Waste Management Charge will decrease by 10.5% from the current charge of $394.44 per annum to $353.03 in 2019-2020. Projected increases for future years have been based on 5% per annum, however, will reflect the costs of providing the service on a yearly basis. This charge is calculated using cost recovery methodology.

Operating grants

The Australian Accounting Standards require councils to recognise grant income when receipted. This accounting treatment is required for any other grants that councils receive in advance, irrespective of annual expenditure of those grants, which may be in future years. This has an effect of distorting the income statement between years. However, the net budget impact is zero between various financial years. In broad terms, all other recurrent operating grants in future years are generally projected to increase less than CPI at around 1%.

New accounting standards for revenue recognition become effective for the 2019-2020 financial year. The impact of these standards is currently being assessed and as such have not been factored into the LTFP.

Operating contributions

There are only relatively minor allocations budgeted to be received from community groups and sporting clubs as their contribution towards projects in future years. Subsidies received from Local Infrastructure Renewal Scheme borrowings are also allocated to this category.

Interest

Interest on investments is assessed on a conservative basis. Interest income only makes up around 3% of total revenue so changes in this area will only marginally affect Council's LTFP. The net positive yields on cash investments are factored into income with a return that equals an estimated 2.5% per annum.

User charges

In accordance with Council's Revenue Policy, wherever it is reasonably possible to do so, a 'user pays' approach to reviewing fees and charges will be applied. The approach is to ensure that applicable fees and charges are reviewed beyond just CPI movements and are in line with the cost of providing that service.

Statutory fees

While Council has discretion over the level of fees and charges in general, there are a variety of fees that are prescribed by the State Government. These statutory fees typically increase on a periodic basis rather than annually. The trend over the future years is therefore flatter than user charges income however as many of these fees arise through development functions, there is fluctuations experienced that reflect housing market activity. The majority of statutory fees have been modelled to increase by around 2.5% - 3% over the next 10 years.

Scenarios

This LTFP presents long term projections based on various assumptions. As it is difficult to accurately predict all future trends, alternative scenarios have been modelled to help provide an indication of Council's future financial position under a variety of circumstances. The statements of all scenarios are presented in this plan however only the ratios for the base scenario have been presented.

Base Scenario

The base scenario forms the basis of Council's LTFP. It is based on a range of assumptions which are considered most likely to occur over the next 10 years based on an assessment of current economic conditions and historical trends. Whilst this scenario does not represent a pessimistic view of future trends, it does encompass a degree of conservatism in modelled growth rates in expenditure and revenue.

The following two scenarios are based on outcomes that whilst are not considered unrealistic to occur, are considered to be unlikely to occur. The forecast financial statements for all scenarios are presented in this plan. However performance measures only for the base are presented.

Optimistic Scenario

The optimistic scenario is based on future trends that are in most cases understating the conservative nature of the assumptions built in to the base scenario.

Pessimistic Scenario

The pessimistic scenario is based on future trends that are in most cases overstating the conservative nature of the assumptions built in to the base scenario.

Risks and Sensitivity Analysis

In preparing this LTFP, it was necessary for Council to make a number of assumptions about the future. Under the Office of Local Government's Planning and Reporting Guidelines for Local Government in NSW, Council is required to identify the planning assumptions and the risks of those assumptions (sensitivity analysis) to financial estimates in the LTFP.

The following tables identify significant forecasting assumptions, describe the risk in making such an assumption, rate the level of risk, give reason for the risk rating and explain how that level of risk may affect financial estimates in the plan.

Many of the planning assumptions will come from the Community Strategic Planning process, others will be derived from general financial planning practices.

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long Term Financial Plan
Population	Planning for activities, and thus the likely cost of providing those activities, considers that the population of Campbelltown will increase at the rate forecast by Council's growth model. That model predicts the population of Campbelltown to reach 230,989 by 2029	That population growth is higher than projected, and Council will need to provide additional unplanned services and infrastructure though will yield additional rates	Low	Population projections are based on a standard set of demographic assumptions inclusive of additional growth. Population projections are not expected to rapidly change, therefore the level of risk is low and little financial impact is expected
		That population growth is lower than projected, and Council will be required to support excess levels of infrastructure and service delivery based on growth happening outside of the LGA which provides no rates yield	Low	
Growth	Council levies rates on property owners to fund community services and the costs of infrastructure in the city. The total projected revenue from rates is dependent on the forecast growth in the number of residential, business, farmland and mining properties. This forecast is based on Council's growth model, modified for short to medium term economic conditions and depends on the demands of the market	Should growth in the number of properties vary considerably from forecasts, there is a possibility that revenue collected from rates will be too much or too little to fund Council's services and capital program	Moderate	Growth projections are based on a standard set of demographic assumptions inclusive of additional growth. Growth projections are not expected to change quickly, however the timing of that growth and its impact on Council's revenue will affect the funds available for service provision in this Long Term Financial Plan
		If the timing of growth differs significantly from forecast, this will impact on Council's cash flows and may necessitate changes to planned borrowings for capital purposes	Moderate	

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long Term Financial Plan
Economic environment	Council has prepared this Long Term Financial Plan on the basis that current predictions on the rate of growth in world market conditions will remain low over the medium to short term.	The current market conditions significantly decline impacting of cost of borrowing, returns on investments and cost of foreign currency transactions.	Low	Projections built into this This Long Term Financial Plan factor in Council paying all external borrowings by 2026. Council manages the risk in the interim by borrowing long term and fixing the interest rate. The income derived from investments comprises less than 2% of total revenue so changes in this amount is not likely to materially impact on Council's financial viability. It should also be noted that Council does not engage in transactions expressed in foreign currencies and is therefore not directly subject to foreign currency risk
Environmental change	This Long Term Financial Plan is prepared on the assumption that environmental change (i.e. climate change) will not have a direct significant impact on the environment of Campbelltown within the 10 year Long Term Financial Plan	Environmental change accelerates	Low	Should environmental impacts significantly change such that the environment and economy of Campbelltown is greatly affected in the next 10 years, the activities and services outlined in the Long Term Financial Plan will fundamentally change. These changes would be reflected in an amended Long Term Financial Plan
Legislative change	Council will continue to operate within the same general legislative environment and with the same authority as it does at the time this Long Term Financial Plan is published.	Should the Local Government legislative environment change, the services and functions Council plans to provide over the 10 year period could change	Moderate	At the time of adopting this Long Term Financial Plan, Council is unable to determine how potential legislative change might impact its operations or quantify the potential financial impact.

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long Term Financial Plan
Statutory fees	Based on historical trends, statutory fees are assumed to increase by 3% per year	That statutory fees increase by less than the assumed rate	Low	Statutory fees make up slightly less than 3% of Council's revenue base and as such identified a low level of financial impact
Service levels	Service levels largely remain the same throughout the Long Term Financial Plan	Requirement of service levels to increase	Moderate	The provision of current service levels requires 100% of current income streams. Any increase in service levels requires sourcing of new/increased income streams or the reduction of another service level to offset
Rating base	The projected percentage increase in rates is in accordance with the estimated annual determination by the Independent Pricing and Regulatory Tribunal under delegation by the Minster for Local Government. The rate peg determination for 2019/2020 is 2.7%. The increases in rates for years from 1 July 2020 include the assumption that the annual determination will be 2.3%. This will generate additional income of approximately $2.5m each year	The Ministerial rate determination is less than 2.3%	High	Variances between the forecast and the actual rate peg by every 0.5% would result in an average shortfall of $1.9m over the length of the forecast period

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long Term Financial Plan
	Redevelopment of Housing NSW estates i.e. Claymore and Macquarie Fields will occur outside predicted timeframes	The redevelopment occurs at an increased pace than anticipated	Moderate	Any redevelopment of an estate with Housing NSW properties will impact the plan during the demolition and rebuilding phase due to vacant land being exempt from rates. Once rebuilt, the properties will be rateable again. Market forces will determine the speed at which the development occurs and as such, it is anticipated to extend beyond the 10 year period reflected in this Long Term Financial Plan
	Development of the plan assumes that the current level of rate exemptions remain constant	The scope for increased entitlement to exemptions	High	Community Housing Providers that meet the Public Benevolent Institution criteria may be exempt from paying land rates to local councils. The impact on Council's revenue could potentially be up to $5m however this is dependent upon applicants meeting appropriate criteria
Domestic waste management	The plan assumes the Domestic Waste Charge will increase on average by 5% per year due to possible significant increases to the Domestic Waste Disposal contract	On renewal of the disposal or collection contracts, contractor prices increase greater than 5%	Low	The Domestic Waste Charge is calculated based on pure cost recovery of service provision. Therefore an increase in the contractors cost will be directly offset by an increase in the annual charge. The impact on residents of a 5% increase is approximately $18 per year per assessment
Council policy	There will be no significant changes to Council policy as summarised in this Long Term Financial Plan	New legislation is enacted that requires a significant policy response from Council	Low	Dealing with changes in legislation is part of normal Council operations, however impact on resources will be assessed and will increase the exposure to further resource requirements

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long Term Financial Plan
		Election of a new Council with different objectives from current Council	Moderate	Any significant change to Council policy would be assessed in terms of impact on Council's financial position
Financial assistance grants	The Long Term Financial Plan assumes Council's financial assistance grant will experience slow growth.	Changes to amount of grant or variation to assessment criteria equating to a reduction in Council's allocation	Moderate	Every 1% the Financial Assistance Grant movement is below target equates to around $100k. Council is not informed of their Financial Assistance Grant allocation until approximately August of the same financial year. Council is not informed of allocations beyond the one year period.
Inflation	The price level changes projected will occur. In developing this Long Term Financial Plan, Council has based inflation projections at an average 2.5% per annum	Inflation is higher or lower than anticipated	Low	Inflation is affected by external economic factors
		Inflation on costs will not be offset by inflation on revenues	Moderate	Any inflationary increase in Council's costs that is not offset by efficiency gains or revenue increases is likely to impact service levels and works programmed
Borrowing costs	Interest on debt is known and calculated according to the fixed rate contract. Council assumes no further Local Infrastructure Renewal Scheme rounds to be available. Council has proposed to borrow internally from reserves and meet repayments incorporating an interest rate subject to market lending conditions and Council's financial position.	Interest rates will vary from those projected	Low	Relates to projected new external debt at anticipated new interest rates. Existing borrowings are fixed term interest rates and as such, interest expense and repayments are known. If the actual interest rates are higher than the assumed rate, it should be noted it will be hedged by increased interest on investments revenue. As Council proposes to borrow internally for recurrent capital works without new external borrowings forecast interest rate fluctuations will not impact this Plan.

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long Term Financial Plan
Return on investments	Interest on investments is calculated at 2.5% for year 1 and held constant for all future years	Interest rates will vary from those projected	Moderate	Rates used are based on detailed analysis. If actual interest rates are lower than the assumed rate, expenditure priorities would be re-evaluated or alternative funding mechanisms utilised. It should be noted that any increases in revenue due to increased interest rates may be partially offset by increased interest borrowing costs on any new loan borrowings or offset by larger funds on investment
Asset revaluations	The impact of asset revaluations on carrying values and depreciation will occur as projected	Revaluations will materially differ from those projected, thereby changing projected carrying values of the assets and depreciation expense	Moderate	Variation in values is expected to be low unless valuation methodology changes or there is an unexpected movement in market values
Asset life	Useful life of assets is as recorded in the asset management plans or based on professional advice. The useful life of assets grouped by asset class	Assets wear out earlier than estimated or asset lives are changed due to revisions of the asset management plans or new advice	Moderate	Capital renewal could be brought forward in the event of early expiration of assets, but depreciation expense and financing costs would increase
Depreciation and amortisation	Assumes maintenance of existing arrangements for the purchase and sale of assets. Directly impacted by Council's Asset Management Strategy and the impact of any revaluation in asset classes. This Plan forecasts depreciation based on a straight line methodology for long and medium life infrastructure assets.	Methodology does not realise the anticipated result	Moderate	Council does not fund depreciation and amortisation of assets. As such, the changes in depreciation will not impact Council's budget, however, will be reflected on Council's income statement and will also impact the Operating Performance Ratio, Building and Infrastructure Asset Renewal Ratio and Real Operating Expenditure per capita result.

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long Term Financial Plan
Contract rates	Re-tendering of major contracts will not result in significant cost increases other than those that are comparable with the rate of inflation	There is a significant variation in price from re-tendering contracts	Moderate	Council would review the scope of work planned to meet the budget restrictions
	The plan has factored in a 2.5% increase in disposal charges for Domestic Waste collected	There is a significant variation to the current contract or a new contract is negotiated	Moderate	The Domestic Waste Charge is calculated based on pure cost recovery of service provision. Therefore an increase in the contractors cost will be directly offset by an increase in the annual charge. The impact on residents of a 1% increase is approximately $3.20 per year per assessment
Capital works	Actual costs will vary from estimates, due to higher input prices or delivery delays, resulting in budget shortfalls	Asset renewal and replacement budgets have been prepared on the basis that future the rate peg of 2.3% is determined by the Minister and all current sources of funding remain available	Moderate	Council is confident in the planning work undertaken on capital projects, but recognises external economic factors may impact on the costs and delivery timeframes for capital works
Superannuation	The Federal Government announced changes that will gradually increase the Superannuation Guarantee Levy from 9% to 12% beginning 2013-2014 to 2025-2026. This increase equates to $2m per year once levy reaches 12%.	That employee costs increase more than projected	Moderate	As Council is a service provider, employee costs are a large portion of operating expenses. A 2.5% increase in employee costs is estimated to increase superannuation costs by $150k

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long Term Financial Plan
Energy-utilities	The plan assumes an energy increase of 5% per year. This accounts for price and usage based increases offset by sustainability projects savings	That utility costs increase more than projected	Moderate	An increase of 1% above forecasts would increase utility costs by over $30k
Cost shifting	The issue of cost shifting has, in recent years, been of significant concern to councils in NSW and all over Australia. In the most recent published report by Local Government NSW, based on the 2015-2016 financial year, Council estimates the total cost shifting for Council to be $8.1m.	That new or increased services and functions are transferred to Local Government responsibility	Moderate	Should State and Federal Governments continue to transfer responsibilities and the associated costs for the provision of services to Local Government, this will have negative implications for Campbelltown's long term financial outlook. Cost shifting absorbs 5.4% of Council's operational income.
Employee costs	The staffing and organisation structure remains constant	Changes to levels of service	Moderate	As Council is a service provider, employee costs are a large portion of operating expenses. Forecasting assumptions used are based on expected Local Government Award variations and performance based increases. An increase of 1% above forecasts would increase **2019/2020** employee costs by $620k (equivalent to less than 1% of rates)

Key Financial Indicators

Indicator #1 - Operating performance measure

Indicator Title: **Operating Performance Ratio**

Indicator Definition: Net continuing operating result (excluding capital grants and contributions) / Total continuing operating revenue (excluding capital grants and contributions)

Benchmark:

≥ 0%	green
0% - (3%)	orange
< (3%)	red

Year ended	June 2020	June 2021	June 2022	June 2023	June 2024	June 2025	June 2026	June 2027	June 2028	June 2029
	(1.22%)	0.87%	2.74%	3.11%	4.23%	4.02%	4.77%	5.26%	5.75%	5.93%

Operating Performance Measure Explained

Measures a Council's ability to contain operating expenditure within operating revenue.

A ratio of less than negative 3% is undesirable; between 0% and negative 3% is fair; greater than or equal to 0% (break even) is good

Commentary

It is important to note that this indicator is heavily impacted by depreciation and the split of capital works v operational expense that is dispersed during any one year. Depreciation is an accounting measure of the estimated reduction in asset value over time. Rather than the basic calculation of depreciation, Council funds the total asset renewal and maintenance required according to detailed lifecycle modelling of each individual asset and in alignment with Council's Asset Management Plans. Council's short term sustainability is better reflected by reference to the Unrestricted Current Ratio and Own Source Revenue Ratio. Council's longer term sustainability can also be supported by the improved infrastructure backlog ratio.

Indicator #2 - Own Source Revenue

Indicator Title:	**Own Source Revenue Ratio**	
Indicator Definition:	Total continuing operating revenue (excluding all grants and contributions) / Total continuing operating revenue	
Benchmark:	> 60%	
	50 - 60%	
	< 50%	

Year ended	June 2021	June 2022	June 2023	June 2024	June 2025	June 2026	June 2027	June 2028	June 2029
June 2020									
57.40%	55.95%	63.81%	67.58%	72.19%	73.40%	74.06%	75.31%	75.94%	76.55%

Own Source Revenue Measure Explained
This ratio measures fiscal flexibility and robustness. 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. It also gives Council a greater ability to manage external challenges that arise.

Commentary
Council forecasts to exceed the benchmark for Own Source Revenue in the long term. This displays Council's ability to control operating performance and support financial sustainability. Council's performance in this ratio is heavily impacted by developer contributions that are excluded as own source revenue and are significant in value.

Indicator #3 - Cash Liquidity Position after accounting for external reserves

Indicator Title:	**Unrestricted Current Ratio**
Indicator Definition:	Current Assets less Externally Restricted Current Assets / Current Liabilities less Specific Purpose Current Liabilities
Benchmark:	Greater than 2:1
	Between 1:1 and 2:1
	Less than 1:1

Year ended

June 2020	June 2021	June 2022	June 2023	June 2024	June 2025	June 2026	June 2027	June 2028	June 2029
6.75	5.76	6.54	7.76	8.18	8.42	8.82	9.21	9.60	9.94

Cash Liquidity Position Measure Explained
Shows Council's ability to meet debt payments as they fall due.

A ratio of less than one is undesirable between one and two is fair and greater than two is good

Council's forecasted cash liquidity position will remain above two over the next ten years. This is mainly due to Council's strong internal reserves.

Indicator #4 - Borrowing and Debt Servicing

Indicator Title:	**Debt Service Ratio**
Indicator Definition	Cost of debt service (interest expense and principal repayments) / Total continuing operating revenue (excluding capital grants and contributions)
Benchmark:	> 0% - 10%
	10% - 20%
	> 20%

Year ended June 2020	Year ended June 2021	Year ended June 2022	Year ended June 2023	Year ended June 2024	Year ended June 2025	Year ended June 2026	Year ended June 2027	Year ended June 2028	Year ended June 2029
2.25%	1.81%	1.54%	1.39%	0.71%	0.51%	0.00%	0.00%	0.00%	0.00%

Debt Service Ratio Measure Explained

This measure reflects the percentage of annual revenue required to meet annual loan repayments. Prudent debt usage can also assist in smoothing funding costs and promoting intergenerational equity.

A ratio of greater than 20% is undesirable Between 10% and 20% is fair and less than 10% is good

Commentary

Council's ability to service its debt is excellent. In 2020 the decrease in debt servicing cost results from the finalisation of a interest free loan that funded the Farrow Road link to Campbelltown Railway Station.

Indicator #5 - Cash Expense Coverage

Indicator Title: **Cash Expense Cover Ratio**

Indicator Definition: (Current year's cash and cash equivalents + term deposits / Payments from cash flow of operating and financing activities)*12

Benchmark:
≥ 3 Months
< 3 months

Year ended

June 2020	June 2021	June 2022	June 2023	June 2024	June 2025	June 2026	June 2027	June 2028	June 2029
16.9	15.1	16.8	18.5	19.0	19.0	19.8	20.5	21.1	21.5

Building and Asset Renewal Expenditure Measure Explained
This ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration in terms of depreciation.

A ratio of less than 100% is undesirable while a ratio of 100% or greater is desirable

Commentary
This liquidity ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow

Indicator #6 - Building and Asset Renewal

Indicator Title:	**Building and Asset Renewal Ratio**
Indicator Definition:	Asset renewals (building and infrastructure) / Depreciation, amortisation and impairment (building and infrastructure)
Benchmark:	≥100%
	Less than 100%

Year ended									
June 2020	**June 2021**	**June 2022**	**June 2023**	**June 2024**	**June 2025**	**June 2026**	**June 2027**	**June 2028**	**June 2029**
102.98%	107.79%	105.36%	97.52%	118.13%	116.72%	115.35%	113.97%	108.87%	93.32%

Building and Asset Renewal Expenditure Measure Explained

This ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration in terms of depreciation.

A ratio of less than 100% is undesirable while a ratio of 100% or greater is desirable

Commentary

This ratio also uses the accounting measure of depreciation as the required spend on renewing Council's assets per annum. Depreciation is an accounting measure and does not reflect any condition ratings and at best only reflects a residual value. Council undertakes much more complex modelling using current condition assessments of assets to determine actual funding required over the life of each individual asset. Council is currently funding 100% of renewal requirements in strict accordance with the Asset Management Plans. This will result in complete elimination of the infrastructure renewal backlog within a 10 year period. It is also important to note Campbelltown City Council received a 'Strong' Infrastructure Management Assessment rating by the Office of Local Government in the 'Local Government Infrastructure Audit' June 2013.

Indicator #7 - Infrastructure Backlog

Indicator Title:	**Infrastructure Backlog Ratio**
Indicator Definition	Estimated cost to bring assets to a satisfactory condition / Total (WDV) of infrastructure, buildings, other structures, depreciable land, and improvement assets
Benchmark:	< 2%
	2% - 3%
	> 3%

Year ended June 2020	Year ended June 2021	Year ended June 2022	Year ended June 2023	Year ended June 2024	Year ended June 2025	Year ended June 2026	Year ended June 2027	Year ended June 2028	Year ended June 2029
1.23%	0.93%	0.66%	0.36%	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%

Infrastructure Backlog Measure Explained

The infrastructure backlog ratio indicates the proportion of backlog against the total value of Council's infrastructure assets. It is a measure of the extent to which asset renewal is required to maintain or improve service delivery in a sustainable way. This measures how Council is managing infrastructure which is so critical to effective community sustainability.

A ratio of greater than 3% is undesirable | Between 2% and 3% is fair | and less than 2% is good

Commentary

In 2014-2015 Council implemented a long term asset renewal strategy funded by a special rate variation and loan borrowings. The success of this funding strategy is reflected within this ratio that directly addresses Council's infrastructure backlog and provides adequate funding on a annual basis to support the required asset maintenance and renewals. As a result, Council's Infrastructure backlog is projected to be eliminated within the 10 year period.

Indicator #8 - Asset Maintenance

Indicator Title: **Asset Maintenance Ratio**

Indicator Definition: Actual asset maintenance / Required asset maintenance

Benchmark:

> 100%
80%-100%
< 80%

Year ended June 2020	Year ended June 2021	Year ended June 2022	Year ended June 2023	Year ended June 2024	Year ended June 2025	Year ended June 2026	Year ended June 2027	Year ended June 2028	Year ended June 2029
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Asset Maintenance Measure Explained

The asset maintenance ratio reflects the actual asset maintenance expenditure relative to the required asset maintenance. The ratio provides a measure of the rate of asset degradation (or renewal) and therefore has a role in informing asset renewal and capital works planning.

A ratio of less than 80% is undesirable   Between 80% and 100% is fair   and greater than 100% is good

Commentary

In 2014-2015 Council implemented a long term asset renewal strategy funded by a special rate variation and loan borrowings. This success of this funding strategy is reflected within this ratio that directly addresses Council's annual required maintenance and provides adequate funding to ensure appropriate condition of assets is maintained.

Income Statement - Base Case

Long Term Financial Plan 10 Year Model

Year Ended	2020 $(,000)	2021 $(,000)	2022 $(,000)	2023 $(,000)	2024 $(,000)	2025 $(,000)	2026 $(,000)	2027 $(,000)	2028 $(,000)	2029 $(,000)
Income from continuing operations										
Rates and Annual Charges	113,155	117,127	121,341	125,715	135,351	146,626	153,567	160,859	168,521	176,571
User Charges and Fees	17,882	20,064	22,535	23,417	24,575	25,693	26,819	27,952	29,144	30,397
Grants and contributions for operation purposes	24,121	23,506	22,916	22,974	23,192	23,461	23,736	24,018	24,307	24,604
Capital Grants, Subsidies & Contributions	81,299	92,818	64,754	53,809	42,930	43,314	43,707	41,966	42,378	42,802
Interest and Investment Revenue	6,001	5,732	5,764	5,845	6,473	6,612	6,755	6,904	7,058	7,218
Net Gain from Disposal of Assets	0	0	0	0	0	0	0	0	0	0
Other Revenues	5,006	4,838	4,960	5,089	5,210	5,333	5,460	5,589	5,722	5,858
Total Income from continuing operations	247,464	264,084	242,270	236,848	237,732	251,039	260,044	267,288	277,130	287,450
Expenses from continuing operations										
Employee Costs	74,949	75,849	78,732	80,936	84,769	88,236	91,624	94,831	98,150	101,585
Materials and Contracts	28,297	28,854	29,305	29,819	32,051	38,271	39,867	41,533	43,270	45,082
Borrowing Costs	638	435	303	181	85	33	0	0	0	0
Depreciation	23,862	24,535	25,567	26,168	26,718	27,417	28,135	28,881	29,651	30,446
Other Expenses	40,451	40,101	38,741	40,249	42,935	45,419	46,384	48,236	50,178	53,017
Total Operating Expenses	168,198	169,775	172,649	177,353	186,558	199,376	206,010	213,480	221,249	230,130
Operating result from continuing operations	79,266	94,310	69,621	59,495	51,175	51,663	54,033	53,808	55,882	57,320
Net operating result for the year before grants and contributions provided for capital purposes	(2,033)	1,492	4,867	5,686	8,244	8,349	10,326	11,842	13,503	14,519

Balance Sheet - Base Case

Long Term Financial Plan 10 Year Model

Year Ended	2020 $(,000)	2021 $(,000)	2022 $(,000)	2023 $(,000)	2024 $(,000)	2025 $(,000)	2026 $(,000)	2027 $(,000)	2028 $(,000)	2029 $(,000)
Current Assets										
Cash and Investments	207,793	185,958	209,123	236,633	254,655	274,348	294,174	314,837	336,359	357,650
Receivables	8,757	9,012	9,274	9,544	10,017	10,360	10,717	11,089	11,475	11,877
Inventories	363	372	382	391	401	411	421	432	442	454
Other	21	21	22	22	23	24	24	25	25	26
Total Current Assets	216,934	195,363	218,801	246,591	265,096	285,143	305,336	326,382	348,302	370,006
Non-Current Assets										
Receivables	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant and Equipment	2,319,974	2,433,894	2,478,318	2,508,358	2,541,045	2,574,371	2,609,338	2,643,264	2,678,430	2,715,291
Investments	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Total Non-Current Assets	2,339,974	2,453,894	2,498,318	2,528,358	2,561,045	2,594,371	2,629,338	2,663,264	2,698,430	2,735,291
Total Assets	2,556,908	2,649,257	2,717,119	2,774,949	2,826,142	2,879,515	2,934,674	2,989,646	3,046,732	3,105,298
Current Liabilities										
Payables	9,904	10,099	10,257	10,437	11,218	13,395	13,954	14,536	15,145	15,779
Provisions	20,062	20,563	21,077	21,604	22,144	22,698	23,265	23,847	24,443	25,054
Borrowings	2,657	2,431	2,371	1,304	1,021	-	-	-	-	-
Total Current Liabilities	32,623	33,093	33,705	33,344	34,383	36,093	37,219	38,384	39,588	40,833
Non-Current Liabilities										
Creditors	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230
Provisions	293	293	293	293	293	293	293	293	293	293
Borrowings	7,127	4,696	2,325	1,021	0	0	0	0	0	0
Total Non-Current Liabilities	9,649	7,218	4,847	3,544	2,523	2,523	2,523	2,523	2,523	2,523
Total Liabilities	42,272	40,312	38,553	36,888	36,906	38,616	39,742	40,906	42,111	43,356
Net Assets	2,514,636	2,608,946	2,678,566	2,738,061	2,789,236	2,840,899	2,894,932	2,948,740	3,004,622	3,061,942
Equity										
Accumulated Surplus	1,157,474	1,274,050	1,320,906	1,353,317	1,387,307	1,421,654	1,456,621	1,490,547	1,525,713	1,562,574
Asset Revaluation Reserve	1,357,162	1,334,895	1,357,661	1,384,745	1,401,929	1,419,245	1,438,312	1,458,193	1,478,909	1,499,367
Total Equity	2,514,636	2,608,946	2,678,566	2,738,061	2,789,236	2,840,899	2,894,932	2,948,740	3,004,622	3,061,942

Statement of Cash Flows- Base Case

Long Term Financial Plan 10 Year Model

Year Ended	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)
Cash Flows from Operating Activities										
- Receipts	166,166	171,266	177,516	183,039	194,802	207,725	216,336	225,322	234,752	244,648
- Adjustments - Receivables	(278)	(265)	(272)	(281)	(483)	(354)	(368)	(382)	(398)	(414)
- Payments	(144,336)	(145,239)	(147,082)	(151,185)	(159,840)	(171,958)	(177,876)	(184,599)	(191,598)	(199,684)
- Adjustments - Payables	3,270	696	672	707	1,321	2,731	1,126	1,165	1,204	1,245
Net Cash provided by/(used in) Operating Activities	24,821	26,459	30,834	32,280	35,801	38,143	39,219	41,505	43,960	45,796
Cash Flows from Investing Activities										
Receipts - Capital Grants/Subsidies/Contributions	6,160	7,621	7,532	6,816	6,842	6,869	6,897	6,925	6,953	6,982
Receipts - Proceeds from Sale of Assets	0	0	0	0	0	0	0	0	0	0
Receipts - Sale of Investments	0	0	0	0	0	0	0	0	0	0
Payments - Purchase of Investments	0	0	0	0	0	0	0	0	0	0
Payments - CapEx on Renewal/Replacement of Assets	(23,239)	(53,258)	(12,769)	(9,216)	(23,317)	(24,299)	(26,290)	(27,766)	(29,391)	(31,488)
Net Cash Used in Investing Activities	(17,079)	(45,637)	(5,238)	(2,399)	(16,475)	(17,429)	(19,394)	(20,842)	(22,438)	(24,505)
Cash Flows from Financing Activities										
Receipts - Borrowings	0	0	0	0	0	0	0	0	0	0
Payments - Principal Repayments	(3,100)	(2,657)	(2,431)	(2,371)	(1,304)	(1,021)	0	0	0	0
Net Cash Used in Financing Activities	(3,100)	(2,657)	(2,431)	(2,371)	(1,304)	(1,021)	0	0	0	0
Net Increase/(Decrease) in cash assets held	4,643	(21,836)	23,166	27,510	18,022	19,693	19,826	20,663	21,522	21,290
Cash and cash equivalents at beginning of reporting period	223,151	227,793	205,958	229,123	256,633	274,655	294,348	314,174	334,837	356,359
Cash, cash equivalents and investments at end of reporting period	227,793	205,958	229,123	256,633	274,655	294,348	314,174	334,837	356,359	377,650

Income Statement - Optimistic

Long Term Financial Plan 10 Year Model

Year Ended	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)
Income from continuing operations										
Rates and Annual Charges	113,155	117,127	121,341	125,715	136,660	148,629	156,411	164,629	173,309	182,478
User Charges and Fees	17,882	20,064	22,535	23,417	24,575	25,693	26,819	27,952	29,144	30,397
Grants and contributions for operation purposes	24,121	23,506	22,916	22,974	23,192	23,461	23,736	24,018	24,307	24,604
Capital Grants, Subsidies & Contributions	80,579	80,805	62,487	53,809	42,930	43,314	43,707	41,966	42,378	42,802
Interest and Investment Revenue	6,001	5,732	5,764	5,845	6,473	6,612	6,755	6,904	7,058	7,218
Net Gain from Disposal of Assets	0	0	0	0	0	0	0	0	0	0
Other Revenues	5,006	4,838	4,960	5,089	5,210	5,333	5,460	5,589	5,722	5,858
Total Income from continuing operations	246,744	252,071	240,003	236,848	239,041	253,042	262,887	271,057	281,918	293,357
Expenses from continuing operations										
Employee Costs	74,949	75,849	78,732	80,936	83,960	86,558	89,022	91,248	93,529	95,867
Materials and Contracts	28,297	28,854	29,305	29,819	31,902	37,956	39,350	40,797	42,300	43,860
Borrowing Costs	638	435	303	181	85	33	0	0	0	0
Depreciation	23,862	24,528	25,440	25,981	26,530	27,255	28,027	28,850	29,722	30,646
Other Expenses	40,451	40,101	38,741	40,249	42,654	44,033	44,636	46,097	47,618	49,204
Total Operating Expenses	168,198	169,767	172,521	177,166	185,130	195,835	201,035	206,992	213,169	219,577
Operating result from continuing operations	78,546	82,304	67,481	59,682	53,910	57,207	61,853	64,066	68,749	73,780
Net operating result for the year before grants and contributions provided for capital purposes	(2,033)	1,499	4,994	5,874	10,980	13,893	18,145	22,100	26,371	30,978

Balance Sheet - Optimistic

Long Term Financial Plan 10 Year Model

Year Ended	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)
Current Assets										
Cash and Investments	207,793	185,958	212,873	240,383	258,316	277,940	297,683	318,257	339,683	360,870
Receivables	8,757	9,012	9,274	9,544	10,054	10,408	10,777	11,161	11,562	11,979
Inventories	363	372	382	391	401	411	421	432	442	454
Other	21	21	22	22	23	24	24	25	25	26
Total Current Assets	216,934	195,363	222,551	250,341	268,794	288,783	308,905	329,875	351,713	373,328
Non-Current Assets										
Receivables	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant and Equipment	2,319,254	2,421,168	2,459,703	2,489,930	2,525,353	2,564,223	2,607,009	2,651,193	2,699,227	2,752,548
Investments	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Total Non-Current Assets	2,339,254	2,441,168	2,479,703	2,509,930	2,545,353	2,584,223	2,627,009	2,671,193	2,719,227	2,772,548
Total Assets	2,556,188	2,636,531	2,702,254	2,760,271	2,814,147	2,873,006	2,935,914	3,001,068	3,070,939	3,145,876
Current Liabilities										
Payables	9,904	10,099	10,257	10,437	11,166	13,285	13,772	14,279	14,805	15,351
Provisions	20,062	20,563	21,077	21,604	22,144	22,698	23,265	23,847	24,443	25,054
Borrowings	2,657	2,431	2,371	1,304	1,021	-	-	-	-	-
Total Current Liabilities	32,623	33,093	33,705	33,344	34,331	35,983	37,038	38,126	39,248	40,405
Non-Current Liabilities										
Creditors	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230
Provisions	293	293	293	293	293	293	293	293	293	293
Borrowings	7,127	4,696	2,325	1,021	0	0	0	0	0	0
Total Non-Current Liabilities	9,649	7,218	4,847	3,544	2,523	2,523	2,523	2,523	2,523	2,523
Total Liabilities	42,272	40,312	38,553	36,888	36,854	38,505	39,561	40,649	41,771	42,928
Net Assets	2,513,916	2,596,220	2,663,701	2,723,383	2,777,294	2,834,501	2,896,353	2,960,419	3,029,168	3,102,948
Equity										
Accumulated Surplus	1,156,754	1,261,325	1,302,290	1,334,889	1,371,615	1,411,506	1,454,292	1,498,476	1,546,510	1,599,831
Asset Revaluation Reserve	1,357,162	1,334,895	1,361,411	1,388,495	1,405,679	1,422,995	1,442,062	1,461,943	1,482,659	1,503,117
Total Equity	2,513,916	2,596,220	2,663,701	2,723,383	2,777,294	2,834,501	2,896,353	2,960,419	3,029,168	3,102,948

Statement of Cash Flows- Optimistic

Long Term Financial Plan 10 Year Model

Year Ended	2020 $(,000)	2021 $(,000)	2022 $(,000)	2023 $(,000)	2024 $(,000)	2025 $(,000)	2026 $(,000)	2027 $(,000)	2028 $(,000)	2029 $(,000)
Cash Flows from Operating Activities										
- Receipts	166,166	171,266	177,516	183,039	196,111	209,728	219,180	229,092	239,540	250,555
- Adjustments - Receivables	(278)	(265)	(272)	(281)	(520)	(365)	(380)	(395)	(412)	(429)
- Payments	(144,336)	(145,239)	(147,082)	(151,185)	(158,600)	(168,580)	(173,008)	(178,142)	(183,447)	(188,931)
- Adjustments - Payables	3,270	696	672	707	1,269	2,673	1,055	1,088	1,122	1,157
Net Cash provided by/(used in) Operating Activities	24,821	26,459	30,834	32,280	38,260	43,456	46,847	51,643	56,803	62,353
Cash Flows from Investing Activities										
Receipts - Capital Grants/Subsidies/Contributions	6,160	7,621	7,532	6,816	6,842	6,869	6,897	6,925	6,953	6,982
Receipts - Proceeds from Sale of Assets	0	0	0	0	0	0	0	0	0	0
Receipts - Sale of Investments	0	0	0	0	0	0	0	0	0	0
Payments - Purchase of Investments	0	0	0	0	0	0	0	0	0	0
Payments - CapEx on Renewal/Replacement of Assets	(23,239)	(53,258)	(9,019)	(9,216)	(21,693)	(22,672)	(23,694)	(24,760)	(25,871)	(27,030)
Net Cash Used in Investing Activities	(17,079)	(45,637)	(1,488)	(2,399)	(14,851)	(15,803)	(16,797)	(17,835)	(18,918)	(20,048)
Cash Flows from Financing Activities										
Receipts - Borrowings	0	0	0	0	0	0	0	0	0	0
Payments - Principal Repayments	(3,100)	(2,657)	(2,431)	(2,371)	(1,304)	(1,021)	0	0	0	0
Net Cash Used in Financing Activities	(3,100)	(2,657)	(2,431)	(2,371)	(1,304)	(1,021)	0	0	0	0
Net Increase/(Decrease) in cash assets held	4,643	(21,836)	26,916	27,510	22,105	26,632	30,050	33,808	37,885	42,305
Cash and cash equivalents at beginning of reporting period	223,151	227,793	205,958	232,873	260,383	282,489	309,121	339,171	372,978	410,863
Cash, cash equivalents and investments at end of reporting period	227,793	205,958	232,873	260,383	282,489	309,121	339,171	372,978	410,863	453,168

Income Statement - Pessimistic

Long Term Financial Plan 10 Year Model

Year Ended	2020 $(,000)	2021 $(,000)	2022 $(,000)	2023 $(,000)	2024 $(,000)	2025 $(,000)	2026 $(,000)	2027 $(,000)	2028 $(,000)	2029 $(,000)
Income from continuing operations										
Rates and Annual Charges	113,155	117,127	121,341	125,715	129,473	138,988	143,971	149,142	154,508	160,077
User Charges and Fees	17,882	20,064	22,535	23,417	24,370	25,269	26,159	27,041	27,963	28,928
Grants and contributions for operation purposes	24,121	23,506	22,916	22,974	23,151	23,377	23,609	23,846	24,090	24,339
Capital Grants, Subsidies & Contributions	80,579	80,805	62,487	53,809	42,930	43,314	43,707	41,966	42,378	42,802
Interest and Investment Revenue	6,001	5,732	5,764	5,845	6,473	6,612	6,755	6,904	7,058	7,218
Net Gain from Disposal of Assets	0	0	0	0	0	0	0	0	0	0
Other Revenues	5,006	4,838	4,960	5,089	5,169	5,251	5,333	5,418	5,503	5,590
Total Income from continuing operations	246,744	252,071	240,003	236,848	231,568	242,810	249,535	254,316	261,500	268,953
Expenses from continuing operations										
Employee Costs	74,949	75,849	78,732	80,936	85,578	89,929	94,276	98,518	102,952	107,585
Materials and Contracts	28,297	28,854	29,305	29,819	32,349	38,905	40,917	43,035	45,265	47,613
Borrowing Costs	638	435	303	181	85	33	0	0	0	0
Depreciation	23,862	24,528	25,440	25,981	26,530	27,153	27,766	28,366	28,947	29,505
Other Expenses	40,451	40,101	38,741	40,249	43,303	45,388	46,734	49,003	51,401	53,937
Total Operating Expenses	168,198	169,767	172,521	177,166	187,845	201,408	209,692	218,922	228,564	238,639
Operating result from continuing operations	78,546	82,304	67,481	59,682	43,723	41,403	39,843	35,394	32,936	30,314
Net operating result for the year before grants and contributions provided for capital purposes	(2,033)	1,499	4,994	5,874	792	(1,911)	(3,865)	(6,571)	(9,442)	(12,488)

Balance Sheet - Pessimistic

Long Term Financial Plan 10 Year Model

Year Ended	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)
Current Assets										
Cash and Investments	207,793	185,958	212,873	240,383	258,735	278,604	298,639	319,531	341,301	362,860
Receivables	8,757	9,012	9,274	9,544	9,792	10,076	10,369	10,671	10,982	11,303
Inventories	363	372	382	391	401	411	421	432	442	454
Other	21	21	22	22	23	24	24	25	25	26
Total Current Assets	216,934	195,363	222,551	250,341	268,951	289,115	309,454	330,658	352,750	374,642
Non-Current Assets										
Receivables	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant and Equipment	2,319,254	2,421,168	2,459,703	2,489,930	2,515,165	2,538,231	2,559,007	2,574,520	2,586,741	2,596,596
Investments	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Total Non-Current Assets	2,339,254	2,441,168	2,479,703	2,509,930	2,535,165	2,558,231	2,579,007	2,594,520	2,606,741	2,616,596
Total Assets	2,556,188	2,636,531	2,702,254	2,760,271	2,804,116	2,847,346	2,888,460	2,925,178	2,959,491	2,991,237
Current Liabilities										
Payables	9,904	10,099	10,257	10,437	11,322	13,617	14,321	15,062	15,843	16,664
Provisions	20,062	20,563	21,077	21,604	22,144	22,698	23,265	23,847	24,443	25,054
Borrowings	2,657	2,431	2,371	1,304	1,021	-	-	-	-	-
Total Current Liabilities	32,623	33,093	33,705	33,344	34,487	36,315	37,586	38,909	40,286	41,719
Non-Current Liabilities										
Creditors	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230
Provisions	293	293	293	293	293	293	293	293	293	293
Borrowings	7,127	4,696	2,325	1,021	0	0	0	0	0	0
Total Non-Current Liabilities	9,649	7,218	4,847	3,544	2,523	2,523	2,523	2,523	2,523	2,523
Total Liabilities	42,272	40,312	38,553	36,888	37,010	38,838	40,109	41,432	42,809	44,242
Net Assets	2,513,916	2,596,220	2,663,701	2,723,383	2,767,106	2,808,509	2,848,351	2,883,746	2,916,682	2,946,996
Equity										
Accumulated Surplus	1,156,754	1,261,325	1,302,290	1,334,889	1,361,427	1,385,514	1,406,290	1,421,803	1,434,024	1,443,878
Asset Revaluation Reserve	1,357,162	1,334,895	1,361,411	1,388,495	1,405,679	1,422,995	1,442,062	1,461,943	1,482,659	1,503,117
Total Equity	2,513,916	2,596,220	2,663,701	2,723,383	2,767,106	2,808,509	2,848,351	2,883,746	2,916,682	2,946,996

Statement of Cash Flows- Pessimistic

Long Term Financial Plan 10 Year Model

Year Ended	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)	$(,000)
Cash Flows from Operating Activities										
- Receipts	166,166	171,266	177,516	183,039	188,637	199,496	205,828	212,351	219,122	226,151
- Adjustments - Receivables	(278)	(265)	(272)	(281)	(258)	(295)	(304)	(313)	(323)	(333)
- Payments	(144,336)	(145,239)	(147,082)	(151,185)	(161,315)	(174,254)	(181,927)	(190,556)	(199,617)	(209,134)
- Adjustments - Payables	3,270	696	672	707	1,426	2,848	1,272	1,323	1,377	1,433
Net Cash provided by/(used in) Operating Activities	24,821	26,459	30,834	32,280	28,490	27,796	24,869	22,805	20,559	18,117
Cash Flows from Investing Activities										
Receipts - Capital Grants/Subsidies/Contributions	6,160	7,621	7,532	6,816	6,842	6,869	6,897	6,925	6,953	6,982
Receipts - Proceeds from Sale of Assets	0	0	0	0	0	0	0	0	0	0
Receipts - Sale of Investments	0	0	0	0	0	0	0	0	0	0
Payments - Purchase of Investments	0	0	0	0	0	0	0	0	0	0
Payments - CapEx on Renewal/Replacement of Assets	(23,239)	(53,258)	(9,019)	(9,216)	(15,678)	(13,774)	(11,731)	(8,838)	(5,742)	(3,541)
Net Cash Used in Investing Activities	(17,079)	(45,637)	(1,488)	(2,399)	(8,835)	(6,905)	(4,834)	(1,914)	1,211	3,442
Cash Flows from Financing Activities										
Receipts - Borrowings	0	0	0	0	0	0	0	0	0	0
Payments - Principal Repayments	(3,100)	(2,657)	(2,431)	(2,371)	(1,304)	(1,021)	0	0	0	0
Net Cash Used in Financing Activities	(3,100)	(2,657)	(2,431)	(2,371)	(1,304)	(1,021)	0	0	0	0
Net Increase/(Decrease) in cash assets held	4,643	(21,836)	26,916	27,510	18,351	19,870	20,035	20,891	21,770	21,559
Cash and cash equivalents at beginning of reporting period	223,151	227,793	205,958	232,873	260,383	278,735	298,604	318,639	339,531	361,301
Cash, cash equivalents and investments at end of reporting period	227,793	205,958	232,873	260,383	278,735	298,604	318,639	339,531	361,301	382,860

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