ballina shire council

Long Term Financial Plan

Overview 2016/17

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1. Introduction

Councils are required to prepare a ten-year Resourcing Strategy to identify the resources needed to implement their Community Strategic Plan, Delivery Program and Operational Plan. The Resourcing Strategy consists of the Asset Management Plan, Workforce Plan and Long Term Financial Plan (LTFP). This document provides an overview of Council's LTFP. The LTFP is a comprehensive document based on a financial planning period of ten years. The information in this document provides a summary of the LTFP including the:

- major assumptions used to develop the LTFP
- projected income and expenditure, cash movements and balance sheet
- Financial modelling for different scenarios
- Methods of monitoring financial performance.

What is a LTFP and what is its purpose?

A LTFP is a financial decision making tool. It is the point at which long-term community aspirations are tested against financial realities. It consists of expenditure and revenue projections, based on a number of assumptions.

The LTFP is a tool for stakeholders (Council and the community) in deciding what resources Council needs to deliver on the outcomes contained within the Community Strategic Plan.

The primary purpose is to inform financial decision-making and to monitor Council's financial performance, along with balancing the short, medium and long term expectations of the community. The LTFP seeks to answer the following questions:

- Can we survive the financial pressures of the future?
- What are the opportunities for future income and economic growth?
- Can we afford what the community wants?
- How can we go about achieving these outcomes?

The LTFP is updated annually in conjunction with the annual review of Council's Delivery Program and Operational Plan.

2. Long Term Financial Sustainability

The international Public Sector Accounting Standards Board defines financial sustainability as "the ability of the entity to meet service delivery and financial commitments both now and in the future".

This means that a financially sustainable council is one that has the ability to fund ongoing service delivery and the renewal and replacement of assets, without incurring excessive debt or rate increases.

Sustainability can be translated into four key financial objectives:

1) Council must aim for a fully funded operating position, reflecting that Council collects enough revenue to fund operational expenditure, repayment of debt and depreciation
2) Council must maintain sufficient cash reserves to ensure that it can meet its short-term working capital requirements
3) Council must have a fully funded capital expenditure program, where the source of funding is identified for capital renewal and new capital works
4) Council must maintain its existing asset base by renewing ageing infrastructure in a timely manner.

How do we measure our Financial Sustainability?

The indicators for measuring financial sustainability can be divided between short, medium and long term performance indicators.

a) Short and Medium Term Performance Indicators – Quarterly Budget Review

Within two months of the end of each quarter, a report must be submitted to the elected Council that complies with the Quarterly Budget Review Statement Guidelines set down by the NSW Office of Local Government (OLG). These guidelines identify three key financial performance indicators that measure our short and medium term financial sustaibility. The indicators are outlined in the following table.

Short and Medium Term Performance Indicators – Quarterly Budget Review

Ratio	**Calculation**	**What is Being Measured?**	**Target and Indicator Source**
Operational Liquidity - Short Term Focus			
Unrestricted Current Ratio	Unrestricted Current assets divided by unrestricted current liabilities. Measured as a ratio.	Council's ability to meet its short term liabilities with its short term assets.	>1.5:1 (NSW TCorp)
Fiscal Responsibility - Medium Term			
Operating Performance Ratio	Net operating result from continuing operations (excluding capital items) as a percentage of operating revenue (excluding capital items).	Measures whether the Council is sustainable in terms of its operating result.	>0% (OLG)
Debt Service Ratio	Loan principal and interest payments divided by revenue from continuing operations excluding capital items and specific purpose grants and contributions. Measured as a percentage.	A measure of whether Council has excessive debt servicing costs, relative to operating revenue.	<12% (Local Govt Managers Assoc Health Check)

b) Medium and Long Term Performance Indicators - Fit for the Future Program

The NSW State Government has stated that councils must be "Fit for the Future" to ensure that we have "strong councils providing the services and infrastructure communities need". A Fit for the Future council is one that is:

- Sustainable
- Effectively managing infrastructure and delivering services for communities
- Efficient and saves money on bureaucracy and administration, freeing up funds for front-line services and community facilities
- Of a scale and capacity that can contribute to projects and tackle issues that impact on its residents and extend beyond the council boundary; and has credibility and influence across councils, across government, and with industry.

The OLG has developed seven financial criteria, including targets and benchmarks, for a Fit for the Future council as per the following table.

Medium and Long Term Performance Indicators – Fit for the Future

Objective / Ratio	**Rationale for Criteria from OLG**	**Rationale and calculation for Benchmark**	**Benchmark**
Objective – Sustainability **Definition - Generate sufficient funds over the longer term to provide the agreed level and scope of services and infrastructure for communities**			
Operating Performance Ratio	Operating performance ratio is an important measure as it provides an indication of how a Council generates revenue and allocates expenditure (e.g. asset maintenance, staffing costs). It is an indication of continued capacity to meet on-going expenditure requirements. Ongoing operating deficits are unsustainable. While operating deficits are acceptable over a short period, consistent deficits will not allow Councils to maintain or increase their assets and services or execute their infrastructure plans.	NSW Treasury Corporation (TCorp) recommended that all councils should at least have a break even operating position or better, as a key component of financial sustainability. Consistent with this recommendation the benchmark for this criteria is greater than or equal to break even over a three year period. This indicator is the annual operating result, being operating revenues less operating expenses.	Greater than or equal to break even over three years
Own Source Revenue Ratio	Measures the degree of reliance on external funding sources (e.g. grants and contributions). This ratio measures fiscal flexibility. Financial flexibility increases as the level of own source revenue increases. It also gives councils greater ability to manage external shocks or challenges. Councils with higher own source revenue have greater ability to control or manage their own operating performance and financial sustainability.	TCorp has used a benchmark for own source revenue of greater than 60 per cent of total operating revenue. All councils should aim to meet or exceed this benchmark over a three year period. This indicator is calculated from Total Continuing Operating Revenue less all grants and contributions divided by Total Continuing Operating Revenue inclusive of capital grants and contributions.	Greater than 60% of total operating revenue averaged over three years
Building and Infrastructure Asset Renewal Ratio	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. The ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration. A higher ratio is an indicator of strong performance.	This indicator is calculated based on Expenditure on Asset renewals (building and infrastructure) divided by the total of depreciation, amortisation and impairment (building and infrastructure) expenses	Greater than 100% averaged over three years
Objective - Effective Infrastructure and Service Management **Definition - Maximise 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**			
Infrastructure Backlog Ratio	Indicates the proportion of backlog against the total value of the 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 councils are managing their infrastructure which is so critical to effective community sustainability. High infrastructure backlog ratios and an inability to reduce this ratio in the near future indicate an underperforming Council in terms of infrastructure management and delivery.	This ratio is calculated by dividing the total estimated cost to bring the assets to a satisfactory condition, divided by the total value (written down value) of infrastructure, buildings, other structures and depreciable land improvement assets.	Less than 2%

Objective / Ratio	Rationale for Criteria from OLG	Rationale and calculation for Benchmark	Benchmark
Asset Maintenance Ratio	The asset maintenance ratio reflects the actual asset maintenance expenditure relative to the required asset maintenance as measured by an individual council. The ratio provides a measure of the rate of asset degradation (or renewal) and has a role in informing asset renewal and capital works planning.	The benchmark adopted is greater than one hundred percent, which implies that asset maintenance expenditure exceeds the council identified requirements. A ratio of less than one hundred percent indicates that there may be a worsening infrastructure backlog.	Greater than 100% averaged over three years
Debt Service Ratio	Prudent and active debt management is a key part of a council's approach to both funding and managing infrastructure and services over the long term.Prudent debt usage can also assist in smoothing funding costs and promoting intergenerational equity. Given the long life of many council assets it is appropriate that the cost of these assets should be equitably spread across the current and future generations of users and ratepayers. Effective debt usage allows councils to do this.	Councils with low or zero debt may incorrectly place the funding burden on current ratepayers when in fact it should be spread across generations, who also benefit from the assets. Likewise high levels of debt generally indicate a weakness in financial sustainability and/or poor balance sheet management. This indicator is calculated by the cost of debt service (interest expense and principal repayments) divided by total continuing operating revenue (excluding capital grants and contributions)	Greater than 0% and less than 20% (this target is higher than that recommendd by the Local Govt Managers Assoc Health check as outlined earlier)
Objective - Efficiency **Definition - Efficient service and infrastructure delivery, achieving value for money for current and future ratepayers**			
Decrease in Real Operating Expenditure Per Capita over time.	The capacity to secure economies of scale over time is a key indicator of operating efficiency. The capacity to secure efficiency improvements can be measured with respect to a range of factors, for example population, assets, and financial turnover. It is challenging to measure productivity changes over time. To overcome this, changes in real per capita expenditure was considered to assess how effectively councils: • can realise natural efficiencies as population increases • can make necessary adjustments to maintain current efficiency if population is declining (e.g. appropriate reductions in staffing or other costs). Assuming that service levels remain constant, decline in real expenditure per capita indicates efficiency improvements (i.e. the same level of output per capita is achieved with reduced expenditure).	The measure 'trends in real expenditure per capita' reflects how the value of inflation adjusted inputs per person has grown over time. In the calculation, the expenditure is deflated by the Consumer Price Index (for 2009-11) and the Local Government Cost Index (for 2011-14) as published by the Independent Pricing and Regulatory Tribunal (IPART). Councils will be assessed on a joint consideration of the direction and magnitude of their improvement or deterioration in real expenditure per capita. Given that efficiency improvements require some time for the results to be fully achieved and as a result, this analysis will be based on a five year trend.	Decrease in real operating expenditure based on a five year trend

Councils must comply with the benchmarks by 2019/20 to be Fit for the Future.

The preparation of Council's LTFP is based on achieving all of these benchmarks by 2019/20, or earlier.

3. Fund Management

Ballina Shire Council is a general purpose local government authority undertaking a wide range of activities including the provision of water and wastewater (sewer) services. All revenues raised from charges levied for the provision of water and wastewater services must be expended on those activities.

To ensure a high level of accountability Council operates its water and wastewater functions as separate business activities. This is often referred to as Fund Accounting (i.e. Water Fund and Wastewater Fund). This process ensures that the income and expenses from these activities are not mixed with Council's general purpose activities. All the remaining Council activities are referred to as the General Fund.

4. Revenues

A council's ability to raise revenues is outlined in Chapter 15 of the Local Government Act (LGA), with Section 491 identifiying the major sources of income as:

- rates
- annual charges
- fees
- grants
- borrowings
- investments

Rates Income (Sections 492 to 495 of the LGA)

Rate income is one of the main sources of revenue for Council, representing approximately 23% of our total operating revenues. Council has the following rating categories of rateable land, as prescribed in the LGA, with each rateable property categorised based on its dominant use:

- Residential
- Farmland
- Business

Council's rating structure consists of a base charge and a rate in the dollar on the land value. The base charge is a standard amount which is applied to all properties. The rate in the dollar is a distribution of the residual rating income, calculated as a proportion of property land valuations. The land valuation calculated for each property is determined by the Valuer General's Department and is reviewed every three years.

Council calculates its rating charges with the intention of generating 50% (or as close thereto as possible) of the total rate levy for residential properties from the base charge. That base charge amount is then applied to the other rating categories (i.e. farmland and business).

Council considers a rating structure maximising revenue from the base charge as the fairest and most equitable distribution of the rate levy, as it reduces the impact of land valuations and more accurately reflects the level of service received by properties.

Council has also set a benchmark that 20% of the total rate levy will come from business properties. This benchmark was set, as prior to this, Council's average business rates were one of the lowest in the State for similar sized councils. This change has resulted in Council's average business rates becoming commensurate with similar sized councils and our neighbouring councils.

Once the rate in the dollar and the base charge is confirmed for the business properties, based on the 20% benchmark, the rate in the dollar for farmland and residential properties is calculated, with farmland being set at a proportionate level below residential, based on historical rating practises (approximately a 20% discount).

The rate income yield for NSW councils has been constrained for many years by NSW State Government rate pegging. This is a legislative instrument whereby the maximum increase in rate revenue is set by the Independent Pricing and Regulatory Authority (IPART). NSW is the only State in Australia that has rate pegging.

Council has a low average residential rate levy per property, as compared to similar councils and the majority of our neighbouring councils. This provides Council with the opportunity to apply to IPART for special variations above the rate pegging limit, to fund additional projects and provide additional services, where those projects and services are identified as a priority by Council and the community.

Annual Charges (Sections 496, 496A, 496B, 501 and 611 of the LGA)

Annual charges are statutory charges that Council is allowed to levy on properties for the provision of particular services, even if the property owner elects not to receive that service. Revenue raised from these charges can only be expended on the services to which they relate. The annual charges levied by Council are as follows:

- Domestic Waste Collection – Levied on all properties where the domestic waste collection service, including vacant land, is available. This charge raises revenue to finance the collection service along with waste disposal charges.
- Waste Operations - Levied on all properties that receive a domestic waste collection service, including vacant land where the service is available. This charge raises revenue to finance the operation of Council's landfill operations.
- Stormwater - Levied on identified business properties for stormwater improvements.
- Water Access – This represents a fixed annual access charge where the water service is available. A water consumption charge is also applied based on water usage. The revenue from these charges assists in financing Council's water operations.
- Wastewater (Sewerage) Access – This represents a fixed annual access charge where the service is available. For business properties the wastewater charge includes a component based on water usage. This revenue assists in financing Council's wastewater operations.
- On-site Septic Management – Levied on all properties with on-site septic management systems (OSSMs) with the revenue funding an inspection and compliance program for Council to progressively check those systems.

Income from these charges represents approximately 32% of our total operating revenues.

User Charges, Discretionary and Regulatory Fees (Sections 502 and 608 of the LGA)

Council has the ability to raise revenues through the adoption of a fee for the provision of services or facilities. The fees Council charges can be split into two categories:

1) Usage Charges (Section 502) – Section 502 of the LGA allows council to set usage charges for items such as water consumption, waste management services and wastewater usage. The revenues raised from these usage charges must be expended on the services to which they relate.

2) Regulatory and Discretionary Fees – Regulatory fees are typically set by State Government legislation and relate mainly to building, development or compliance activities, whereas for discretionary fees Council has the capacity to determine a fee for any discretionary works or services, such as the use of community facilities or access to Council services. Typically revenues from regulatory or discretionary fees can be expended on any council activity.

The principles under which Council sets its fees and charges take into account the works and services provided, the comparable commercial value of the works and services provided, and the ability of residents to pay, at the pricing level determined appropriate. Income from fees and charges represents approximately 25% of Council's total operating revenues.

Section 94 and Section 64 Developer Contributions

Development contributions are a charge that Council can impose on development consents to help fund the delivery of infrastructure that is needed for that development. They can only be imposed as a condition of consent. They are usually payable when a linen plan is released for subdivision purposes, or alternatively prior to a development commencing.

In order to levy a contribution, Council must first adopt a Contributions Plan. The plan sets out what infrastructure is needed, the likely timing of its construction, the cost of the works and how the cost is to be shared by developers and Council. Council can only levy a contribution if it is in accordance with an adopted Contributions Plan.

The Environmental Planning and Assessment Act sets out the rules for development contributions. The Minister for Planning issues Directions that can provide further detail to the rules, such as imposing a cap on the contributions.

Implications of Section 94 and Section 64 Contributions on the LTFP include:

1. In 2010 the State Government introduced a cap of $20,000 on the amount of money councils could collect for each residential lot under a Section 94 plan. This impacts on Council's ability to fund the works required to build new communities. Any shortfall must be financed by Council.

2. The works within Section 94 and Section 64 Plans must be continually reviewed to ensure that cash flow projections and the value of works remain accurate.

3. The timing of Section 94 and Section 64 cash flows cannot always be matched with the timing of when the work is required. Where a cash shortage is identified as a result of timing, Council will consider forward funding the works, subject to budgetary constraints.

Grants

Council receives a variety of grants for recurrent services such as libraries and rural fire services, with the major discretionary grant being the Federal Government's Financial Assistance Grant (FAG).

The FAG is initially distributed to the State Governments, who then distribute the funding to all NSW councils based on a formula that applies horizontal equalisation principles; i.e. the formula is based on the perceived needs of each council.

The FAG is currently $3.8m per annum and the income from this grant is able to be distributed on any services, as determined by Council.

The Federal Government notified all councils in 2014/15 that they would not be applying any indexiation to this grant for a period of three years from 2014/15 to 2016/17, which means the value of grant is reducing in real terms.

Income from grants can be for operating purposes or for capital works. Operating grants represent approximately 10% of our total operating revenues, whereas capital grants for capital projects varies from year to year dependent on Council's success in obtaining grants.

Loan Borrowings

Council's strategy on funding expenditure through loan borrowings is:

1. Funds will only be borrowed for capital projects

2. Council will consider the use of loans to ensure existing residents are not burdened with the cost of infrastructure, which will be enjoyed by future generations. This is known as inter-generational equity

3. Loan borrowings will only be considered, after all potential funding strategies have been investigated, including the use of existing cash reserves and external funding opportunities

4. The use of loans to fund operational shortfalls or service expansion is not supported

5. Council must ensure there is capacity to service the debt from recurrent revenues

6. Council's debt ratios should always remain within industry defined benchmarks.

Cash Reserves, Investment Principles and Interest Income

Council has a number of cash reserves which are either a legislative requirement (externally restricted) or through a Council decision (internally restricted). Externally Restricted Reserves can only be used for the purpose for which the funds were collected, whereas Internally Restricted Reserves are allocated by Council resolution.

Council has an adopted Investment Policy that outlines how Council will invest any cash monies held. The overall objective of this policy is to ensure that Council invests its available cash funds:

1. in accordance with the requirements of the LGA and

2. to maximise the return on investments after taking into account the level of risk attributable to the type of investment made, and the level of funds required to ensure that Council meets its budget obligations.

Council has control over the interest it earns on General Fund revenues and internally restricted reserves however the interest earned on all externally restricted reserves (i.e. Section 94 and Section 64 developer contributions, domestic waste management reserve, water and wastewater reserves) must be allocated to those reserves, as the use of those funds is restricted by external legislation.

The following table outlines the major reserves held by Council, the purpose of that reserve, along with the closing balance as at 30 June 2015.

Major Cash Reserve Balances – 30 June 2015

Reserve Title	Reserve Purpose	($'000)
Externally Restricted		
Domestic Waste Management	Surplus cash held from domestic waste operations	1,586
Section 94 Contributions	Contributions collected and unexpended	4,660
Section 64 Conts – Water	Contributions collected and unexpended	6,588
Section 64 Conts – Wastewater	Contributions collected and unexpended	4,541
Water Infrastructure	Surplus funds held from Council's water operations	3,774
Wastewater Infrastructure	Surplus funds held from Council's wastewater operations	8,525
Internally Restricted		
Employee Leave Entitlements	Funds held to finance employee leave liabilities as taken	2,508
Property – Community Infrastructure	Surplus funds from Council's property development activities set aside for the provision of community infrastructure	1,779
Property – Property Development	Surplus funds from Council's property development activities set aside for further property development investments	2,537
Airport	Surplus funds from the operation of the Ballina Airport	(724)
Quarry Operations	Surplus funds from the operation of the Council owned quarries	1,263
Plant Replacement	Funds set aside to finance plant and equipment replacement	965
Waste Management	Surplus funds from the operation of the Ballina landfill.	2,666

The management of Council's reserves is considered annually as part of the budget process and the need for new reserves is also considered as part of Council's long term financial planning.

Other Revenues - Property Management

The majority of Council's property assets are held to deliver on services such as:

- Transport infrastructure such as land for roads, footpaths etc
- Environmental services, such as stormwater and waste management
- Community facilities
- Operational assets, including administration buildings
- Utility infrastructure such as water and wastewater pumping stations and treatment plants
- Commercial property to generate current and future revenues.

As per this last dot point, Council is somewhat unique in that we hold a major property portfolio that assists in generating non-standard revenues for Council.

The major commercial properties owned by Council are industrial land holdings within the Southern Cross Industrial Estate, Ballina and the Russellton Industrial Estate, Alstonville, along with residential land holdings in Wollongbar and Lennox Head. Council also owns four commercial buildings in Ballina (i.e. Wigmore Arcade, 89 Tamar Street, 2-6 Cessna Crescent, Fawcett Park Cafe) and the land on which the Shelly Beach café is located.

We also generate income from Crown Lands managed by Council, including Cafes at the Ballina Surf Club and the Northern Rivers Community Gallery.

In respect to the industrial and residential land holdings, an allocation of revenues raised through the sale of any surplus land, is typically directed evenly to major community infrastructure projects and to reinvest into further land development activities.

In respect to the commercial property holdings, sale of these properties is typically not supported as the rental revenue provides recurrent funds for community infrastructure investment and the recurrent revenues help to improve our overall financial sustainability.

However Council may consider sale where:

a) Market conditions indicate that the asset could provide a substantial return, which could be used to fund other capital investments

b) The asset is incurring a higher level of maintenance cost than would normally be expected; and

c) Council has an opportunity to leverage the sale proceeds to generate significant tangible outcomes to the community, without impacting on future service levels.

Whilst the revenues generated from the sale of commercial properties could be used to alleviate operational budget pressures, this is a financially unsustainable measure, as the funding is not re-current and only provides a short term, one-off, solution.

5. Expenditure

Expenditure in the LTFP is classied as either operating expenses or capital expenditure.

Our operating expenses are:

- Employee Benefits and Oncosts – This figure is around 25% of our annual operating expenses, and is currently forecast at approximately $21m. This includes all salaries and wages, along with oncosts such as leave entitlements, workers compensation, superannuation, fringe benefits tax, training and development costs and payroll tax.

- Borrowing Costs – Represents all interest payable on loan borrowings

- Depreciation – This is a non-cash item that reflects the theoretical deterioration value for the assets held by Council. The current depreciation expense is approaching $18m reflecting the magnitude of Counci’s infrastructure assets, which are valued at in excess of $1 billion.

- Materials and Contracts – This is the largest operating expense item with this figure normally representing 30% of our operating budget. Numerous Council services are delivered or supported through the use of external purchases and contracts.

Capital expenditure includes expenditure on capital projects and the repayment of loan principal. Expenditure on capital projects can vary significantly from year to year based on the timing of works and the funding sources available (i.e. grants).

As a general guide in preparing the LTFP:

- Council will try and minimise increases in operating expenses to improve the overall operating result and at the same time:

- Council will aim to increase funding to key capital infrastructure areas such as open spaces, drainage and roads, above CPI, over time, to improve our levels of asset investment and renewal.

6. Assumptions

The LTFP uses the current operating budget as its base point, then uses a number of internal and market driven assumptions to project revenue and expenditure for the following ten years.

In preparing the 2016/17 LTFP, the following underpinning principles have been adopted:

- the range and standard of existing services offered to the community is maintained
- the financial position must remain secure
- our financial performance should aim to meet industry benchmarks
- we should retain a minimum working capital balance of at least $3 million for the General Fund.

Rate Pegging and CPI

IPART has determined that the rate pegging increase for 2016/17 is 1.8%. However Council has obtained IPART approval for a special variation of 5.41% and 5.34% in 2015/16 and 2016/17 respectively.

In addition to this, to meet the Fit for the Future benchmarks, Council is also assuming rate pegging increases of 5.9% from 2017/18 to 2019/20, based on a CPI of 3%.

The additional revenue from the special variations of 5.41% and 5.34% in 2015/16 and 2016/17 is financing loan repayments relating to the redevelopment of the Alstonville and Ballina swimming pools. For 2017/18 to 2019/20 the additional revenue is financing increased capital works in areas such as roads and community buildings.

A rate pegging assumption of 3% has been applied for future years beyond 2019/20 based on discussions with IPART staff.

Population Growth

Our average growth, as per Australia Bureau of Statistics figures for the period to 2000/01 to 2011/12, is 0.73%. Growth in recent years has been below the NSW State average due to a number of reasons, particularly high land values in this region.

The NSW Department of Planning and Environment (DPE) has advised Council that their latest estimate for population growth for the Ballina Shire is approximately 0.5% to 2031. Council is of the opinion that higher growth than this will eventuate due to major land releases at Lennox Head (Pacific Pines), Wollongbar (WUEA) and Ballina (Ferngrove / Riveroaks / Cumbalum), however for consistency with the DPE, our modelling is based on their figures; i.e.

Year Ending 30 June	Resident Population	Change in Number	Change in Percent
2000/01	37,856		
2001/02	38,417	561	1.48
2002/03	38,870	453	1.18
2003/04	39,120	250	0.64
2004/05	39,305	185	0.47
2005/06	39,538	232	0.59
2006/07	39,824	287	0.73
2007/08	40,020	196	0.49
2008/09	40,295	275	0.69
2009/10	40,571	273	0.68
2010/11	40,747	176	0.43
2011/12	41,006	259	0.64
2012/13	41,211	205	0.50
2013/14	41,417	206	0.50
2014/15	41,624	207	0.50
2015/16	41,832	208	0.50
2016/17 - 2020/21	42,889	1,056	2.50
2021/22 - 2025/26	43,972	1,083	2.50
2026/27 - 2030/31	45,082	1,110	2.50

Council estimates a dwelling will average around 2.3 persons. Based on these population growth figures the average number of new dwellings constructed per annum will be approximately 100.

Employee Costs

Increases in employee costs are determined by Local Government NSW in conjunction with the various unions. Council has applied an increase of 2.8% for 2016/17 based on the agreed Award negotiations.

A figure of 3% has been applied for 2017/18 onwards in line with the CPI and other increases in the LTFP. A new Award is currently being negotiated for 2017/18 onwards.

Dividends

Council is able to source dividends from our Water and Wastewater operations and transfer funds to the General Fund, based on criteria determined by the State Government. A mandatory dividend based on this criterion of $34,000 from water and $20,000 from wastewater is included in the LTFP. These figures are set by legislation and have not changed for many years.

Council can source additional optional dividends from the water and wastewater operations subject to the financial position of water and wastewater meeting defined financial criteria that ensures the activity is financial strong enough to finance the optional dividends.

Council has not chosen to take the optional dividends as this will result in further price increases in water and wastewater charges and there are equity concerns in that only residents, who have access to water and wastewater services, pay those charges, whereas services in the General Fund are typically available to all residents.

Council does source dividends from a number of General Fund activities to assist in delivering services to the community, with the Cemetery, Quarry, Waste and Property Operations being the main contributors.

Water, Wastewater and Waste Charges

These three activities generate a siginificent percentage of our total revenues from the application of annual and usage charges. Individual business plans are formulated for these activities and the forecast increases in the relevant charges are based on modelling in the business plans.

Summary of Revenue and Expenditure Assumptions - 2016/17 LTFP

The following tables summarises Council's financial planning assumptions.

Revenue Assumptions (%)	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Rate Income	5.34	2.00	3.00	3.000	3.00	3.00	3.00	3.00	3.00	3.00
Rate Growth	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
FAG	0.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Fees	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Domestic Waste	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Waste Operations	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Stormwater	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Water – Access	2.80	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Water – Consumption	5.00	5.00	5.00	7.00	7.00	7.00	7.00	3.00	3.00	3.00
Wastewater – Access	7.00	7.00	7.00	6.00	6.00	3.00	3.00	3.00	3.00	3.00
Wastewater – Usage	7.00	7.00	7.00	6.00	6.00	3.00	3.00	3.00	3.00	3.00

Expenditure Assumptions (%)	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Employee Costs	2.80	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Recurrent Costs	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Capital Expenditure	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Comment: Higher percentage increases have been applied for recurrent capital funded projects to increase Council's overall commitment to capital expenditure and to improve our asset renewal ratios.										

7. Scenario Modelling

There are three financial models that we have analysed for the next ten years. They each consider current services and service levels, workforce planning and asset management.

Model One

Model One is based on the financial planning assumptions outlined in the previous section, with the additional key assumptions being:

- Rate increases of 5.41% and 5.34% in 2015/16 and 2016/17, 5.90% from 2017/18 to 2019/20 and 3% thereafter
- Large dividends from Waste Management from 2019/20 with those funds invested in increased capital expenditure funding as per the following table

Item	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Waste Dividend Amount	**1,000,000**	**1,500,000**	**3,000,000**	**2,200,000**	**2,400,000**	**2,500,000**	**2,500,000**
Allocated to:							
Road Capital	500,000	750,000	1,500,000	1,100,000	1,200,000	1,250,000	1,250,000
Open Spaces	250,000	375,000	750,000	550,000	600,000	625,000	625,000
Community Infrastructure	250,000	375,000	750,000	550,000	600,000	625,000	625,000

Model One reflects the model Council submitted to comply with the Fit for the Future Program.

Model Two

Model Two is similar to Model One however instead of applying rate increases of 5.9% from 2017/18 to 2019/20, 3% (i.e. CPI) is applied for 2017/18 onwards.

It also assumes that no waste dividends are available based on the assumption that the Waste Management operating result is not financially sound enough to support such a dividend, or Council has allocated the surplus waste monies to other waste activities.

To replace this lost revenue the Roads to Recovery Grant is maintained at 2016/17 levels, plus indexed by CPI, from 2017/18 onwards.

The background to this is that the Federal Government has confirmed that the Roads to Recovery Grant has significantly increased for 2015/16 and 2016/17 to $1.706m and $1.971m respectively, however for 2017/18 it will revert back to its previous levels, which for Ballina is forecast to be $597,000.

There is always the possibility this funding will continue and Model Two has been prepared to highlight the benefits that this brings to our operating result and other indicators.

Model Three

This model is considered to be a worse case scenario where Council does not apply for rate pegging increases by CPI for 2017/18 onwards, the Roads to Recovery Grant reduces to its traditional level in 2017/18 and our waste operations are not financially sound enough to support the dividends proposed from 2019/20 onwards.

The financial results, on a Consolidated basis and for the General Fund, for all three models, along with the Fit for the Future benchmarks are provided in the following pages.

Model One – Consolidated Operating Results ($'000)

Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/2
Operating Revenues										
Rates / Annual Charges	46,170	48,800	51,799	54,828	57,339	59,374	61,476	63,649	65,896	68,234
User Charges and Fees	18,166	18,914	19,581	20,262	20,971	21,663	22,343	23,049	23,782	24,544
Investment Revenues	1,679	1,652	1,571	1,529	1,551	1,528	1,559	1,813	2,128	2,303
Operating Grants	8,699	7,579	7,472	7,591	7,706	7,826	7,954	8,113	8,290	8,472
Other Revenues	6,054	6,479	6,822	6,891	7,042	7,211	7,385	7,653	7,745	7,931
Sub Total	**80,767**	**83,424**	**87,244**	**91,099**	**94,608**	**97,602**	**100,718**	**104,277**	**107,840**	**111,483**
Operating Expenses										
Employee Costs	21,724	22,399	23,095	23,812	24,552	25,315	26,101	26,912	27,748	28,610
Materials and Contracts	22,026	23,399	22,919	22,926	23,164	23,409	23,652	23,834	24,055	24,335
Borrowing Costs	5,813	5,547	4,974	4,699	4,304	4,293	3,941	3,633	3,344	3,074
Depreciation	17,162	17,573	17,937	18,309	18,677	19,051	19,434	19,823	20,222	20,628
Other Expenses	12,332	12,425	12,614	12,933	13,521	13,597	13,993	14,348	15,004	15,087
Sub Total	**79,058**	**81,342**	**81,538**	**82,680**	**84,218**	**85,665**	**87,121**	**88,550**	**90,372**	**91,734**
Operating Result	**1,709**	**2,082**	**5,706**	**8,420**	**10,390**	**11,936**	**13,597**	**15,727**	**17,468**	**19,749**

Model Two – Consolidated Operating Results ($'000)

Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Operating Revenues										
Rates / Annual Charges	46,170	48,209	50,566	52,888	55,332	57,296	59,326	61,424	63,592	65,850
User Charges and Fees	18,166	18,914	19,581	20,262	20,971	21,663	22,343	23,049	23,782	24,544
Investment Revenues	1,679	1,652	1,571	1,529	1,551	1,528	1,559	1,813	2,128	2,303
Operating Grants	8,699	8,996	8,929	9,074	9,216	9,363	9,518	9,705	9,911	10,122
Other Revenues	6,054	6,478	6,820	6,887	7,038	7,207	7,381	7,649	7,741	7,927
Sub Total	**80,767**	**84,248**	**87,465**	**90,640**	**94,107**	**97,057**	**100,128**	**103,640**	**107,153**	**110,744**
Operating Expenses										
Employee Costs	21,724	22,399	23,095	23,812	24,552	25,315	26,101	26,912	27,748	28,610
Materials and Contracts	22,026	23,399	22,919	22,926	23,164	23,409	23,652	23,834	24,055	24,335
Borrowing Costs	5,813	5,547	4,974	4,699	4,304	4,293	3,941	3,633	3,344	3,074
Depreciation	17,162	17,573	17,937	18,309	18,677	19,051	19,434	19,823	20,222	20,628
Other Expenses	12,332	12,425	12,614	12,933	13,521	13,597	13,993	14,348	15,004	15,087
Sub Total	**79,058**	**81,342**	**81,538**	**82,680**	**84,218**	**85,665**	**87,121**	**88,550**	**90,372**	**91,734**
Operating Result	**1,709**	**2,907**	**5,927**	**7,960**	**9,889**	**11,392**	**13,007**	**15,090**	**16,781**	**19,010**

Model Three – Consolidated Operating Results ($'000)

Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Operating Revenues										
Rates / Annual Charges	46,170	48,209	50,566	52,888	55,332	57,296	59,326	61,424	63,592	65,850
User Charges and Fees	18,166	18,914	19,581	20,262	20,971	21,663	22,343	23,049	23,782	24,544
Investment Revenues	1,679	1,652	1,571	1,529	1,551	1,528	1,559	1,813	2,128	2,303
Operating Grants	8,699	7,579	7,472	7,591	7,706	7,826	7,954	8,113	8,290	8,472
Other Revenues	6,054	6,478	6,820	6,887	7,038	7,207	7,381	7,649	7,741	7,927
Sub Total	**80,767**	**82,832**	**86,008**	**89,157**	**92,598**	**95,520**	**98,564**	**102,048**	**105,532**	**109,095**
Operating Expenses										
Employee Costs	21,724	22,399	23,095	23,812	24,552	25,315	26,101	26,912	27,748	28,610
Materials and Contracts	22,026	23,399	22,919	22,926	23,164	23,409	23,652	23,834	24,055	24,335
Borrowing Costs	5,813	5,547	4,974	4,699	4,304	4,293	3,941	3,633	3,344	3,074
Depreciation	17,162	17,573	17,937	18,309	18,677	19,051	19,434	19,823	20,222	20,628
Other Expenses	12,332	12,425	12,614	12,933	13,521	13,597	13,993	14,348	15,004	15,087
Sub Total	**79,058**	**81,342**	**81,538**	**82,680**	**84,218**	**85,665**	**87,121**	**88,550**	**90,372**	**91,734**
Operating Result	**1,709**	**1,490**	**4,471**	**6,477**	**8,379**	**9,855**	**11,443**	**13,498**	**15,161**	**17,361**

Model One – General Fund Operating Results ($'000)

Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Operating Revenues										
Rates / Annual Charges	27,768	29,048	30,606	32,270	33,324	34,411	35,530	36,682	37,870	39,112
User Charges and Fees	10,101	10,439	10,682	10,929	11,183	11,439	11,664	11,893	12,127	12,368
Investment Revenues	1,007	1,131	1,184	1,092	1,114	1,129	1,143	1,168	1,180	1,098
Operating Grants	8,417	7,295	7,186	7,303	7,417	7,535	7,661	7,818	7,994	8,174
Other Revenues	4,743	5,137	5,452	5,493	5,615	5,755	5,900	6,137	6,198	6,353
Sub Total	**52,035**	**53,051**	**55,110**	**57,087**	**58,653**	**60,270**	**61,898**	**63,699**	**65,370**	**67,104**
Operating Expenses										
Employee Costs	16,280	16,786	17,307	17,845	18,399	18,971	19,560	20,168	20,794	21,440
Materials and Contracts	15,191	16,400	15,922	15,887	16,043	16,206	16,317	16,468	16,609	16,819
Borrowing Costs	1,371	1,297	1,095	1,032	864	1,053	891	776	685	611
Depreciation	13,056	13,384	13,664	13,950	14,231	14,516	14,808	15,106	15,409	15,719
Other Expenses	5,714	5,674	5,792	5,913	6,296	6,161	6,289	6,420	6,845	6,690
Sub Total	**51,613**	**53,540**	**53,782**	**54,627**	**55,833**	**56,907**	**57,866**	**58,938**	**60,343**	**61,278**
Operating Result	**422**	**(490)**	**1,328**	**2,460**	**2,820**	**3,362**	**4,031**	**4,761**	**5,027**	**5,826**

Model Two – General Fund Operating Results ($'000)

Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Operating Revenues										
Rates / Annual Charges	27,768	28,458	29,372	30,331	31,317	32,333	33,379	34,457	35,567	36,728
User Charges and Fees	10,101	10,439	10,682	10,929	11,183	11,439	11,664	11,893	12,127	12,368
Investment Revenues	1,007	1,131	1,184	1,092	1,114	1,129	1,143	1,168	1,180	1,098
Operating Grants	8,417	8,712	8,643	8,786	8,926	9,072	9,225	9,410	9,615	9,824
Other Revenues	4,743	5,136	5,450	5,489	5,611	5,752	5,896	6,133	6,194	6,349
Sub Total	**52,035**	**53,876**	**55,331**	**56,627**	**58,152**	**59,725**	**61,308**	**63,062**	**64,683**	**66,366**
Operating Expenses										
Employee Costs	16,280	16,786	17,307	17,845	18,399	18,971	19,560	20,168	20,794	21,440
Materials and Contracts	15,191	16,400	15,922	15,887	16,043	16,206	16,317	16,468	16,609	16,819
Borrowing Costs	1,371	1,297	1,095	1,032	864	1,053	891	776	685	611
Depreciation	13,056	13,384	13,664	13,950	14,231	14,516	14,808	15,106	15,409	15,719
Other Expenses	5,714	5,674	5,792	5,913	6,296	6,161	6,289	6,420	6,845	6,690
Sub Total	**51,613**	**53,540**	**53,782**	**54,627**	**55,833**	**56,907**	**57,866**	**58,938**	**60,343**	**61,278**
Operating Result	**422**	**335**	**1,549**	**2,000**	**2,319**	**2,817**	**3,442**	**4,124**	**4,340**	**5,087**

Model Three – General Fund Operating Results ($'000)

Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Operating Revenues										
Rates / Annual Charges	27,768	28,458	29,372	30,331	31,317	32,333	33,379	34,457	35,567	36,728
User Charges and Fees	10,101	10,439	10,682	10,929	11,183	11,439	11,664	11,893	12,127	12,368
Investment Revenues	1,007	1,131	1,184	1,092	1,114	1,129	1,143	1,168	1,180	1,098
Operating Grants	8,417	7,295	7,186	7,303	7,417	7,535	7,661	7,818	7,994	8,174
Other Revenues	4,743	5,136	5,450	5,489	5,611	5,752	5,896	6,133	6,194	6,349
Sub Total	**52,035**	**52,459**	**53,874**	**55,144**	**56,642**	**58,188**	**59,744**	**61,470**	**63,062**	**64,716**
Operating Expenses										
Employee Costs	16,280	16,786	17,307	17,845	18,399	18,971	19,560	20,168	20,794	21,440
Materials and Contracts	15,191	16,400	15,922	15,887	16,043	16,206	16,317	16,468	16,609	16,819
Borrowing Costs	1,371	1,297	1,095	1,032	864	1,053	891	776	685	611
Depreciation	13,056	13,384	13,664	13,950	14,231	14,516	14,808	15,106	15,409	15,719
Other Expenses	5,714	5,674	5,792	5,913	6,296	6,161	6,289	6,420	6,845	6,690
Sub Total	**51,613**	**53,540**	**53,782**	**54,627**	**55,833**	**56,907**	**57,866**	**58,938**	**60,343**	**61,278**
Operating Result	**422**	**(1,081)**	**93**	**517**	**809**	**1,281**	**1,877**	**2,532**	**2,720**	**3,438**

Model One – Fit for the Future Benchmarks ($'000) (green = pass, red = fail)

Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Infrastructure Backlog (< 2.0%)	0.45%	0.45%	0.44%	0.44%	0.44%	0.43%	0.43%	0.42%	0.42%	0.42%
Asset Maintenance (three year average > 100%)	101.06%	102.41%	101.32%	102.33%	102.41%	102.44%	102.47%	102.50%	102.52%	102.51%
Debt Service (three year average < 20%)	10.3%	9.8%	8.9%	8.1%	7.4%	7.3%	6.9%	6.3%	5.1%	3.3%
Own Source Operating Rev (three year average > 70%)	69.7%	71.7%	75.3%	75.5%	77.6%	77.9%	79.3%	79.6%	79.6%	83.5%
Real Operating Expenditure Per Capita (Decreasing in real terms)	94.4%	96.3%	92.9%	92.8%	91.1%	91.3%	89.1%	89.3%	87.8%	88.6%
Asset Renewal (three year average > 100%)	125.3%	120.5%	96.5%	68.2%	107.4%	136.0%	141.7%	113.3%	96.8%	98.7%
Operating Performance (three year average > 0%)	-4.9%	-3.1%	0.8%	2.0%	3.9%	5.0%	5.7%	6.6%	7.4%	8.0%

Model Two – Fit for the Future Benchmarks ($'000) (green = pass, red = fail)

Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Infrastructure Backlog (< 2.0%)	0.45%	0.45%	0.44%	0.44%	0.44%	0.43%	0.43%	0.42%	0.42%	0.42%
Asset Maintenance (three year average > 100%)	101.06%	102.41%	101.32%	102.33%	102.41%	102.44%	102.47%	102.50%	102.52%	102.51%
Debt Service (three year average < 20%)	10.3%	9.7%	8.8%	8.1%	7.4%	7.3%	6.9%	6.3%	5.2%	3.4%
Own Source Operating Rev (three year average > 70%)	69.7%	71.1%	73.8%	73.3%	75.1%	75.4%	76.7%	77.0%	77.1%	81.8%
Real Operating Expenditure Per Capita (Decreasing in real terms)	94.4%	96.3%	92.9%	92.8%	91.1%	91.3%	89.1%	89.3%	87.8%	88.6%
Asset Renewal (three year average > 100%)	125.3%	122.8%	99.5%	67.4%	99.4%	118.4%	120.9%	90.3%	75.0%	76.2%
Operating Performance (three year average > 0%)	-4.9%	-2.6%	1.4%	2.4%	3.5%	4.1%	4.9%	5.7%	6.4%	7.0%

Model Three – Fit for the Future Benchmarks ($'000) (green = pass, red = fail)

Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Infrastructure Backlog (< 2.0%)	0.45%	0.45%	0.44%	0.44%	0.44%	0.43%	0.43%	0.42%	0.42%	0.42%
Asset Maintenance (three year average > 100%)	101.06%	102.41%	101.32%	102.33%	102.41%	102.44%	102.47%	102.50%	102.52%	102.51%
Debt Service (three year average < 20%)	10.3%	9.8%	9.0%	8.3%	7.6%	7.5%	7.1%	6.5%	5.3%	3.4%
Own Source Operating Rev (three year average > 70%)	69.7%	71.6%	75.0%	75.0%	76.9%	77.2%	78.6%	78.9%	79.0%	83.0%
Real Operating Expenditure Per Capita (Decreasing in real terms)	94.4%	96.3%	92.9%	92.8%	91.1%	91.3%	89.1%	89.3%	87.8%	88.6%
Asset Renewal (three year average > 100%)	125.3%	118.8%	91.6%	55.7%	87.6%	106.7%	109.2%	78.6%	63.3%	64.5%
Operating Performance (three year average > 0%)	-4.9%	-3.5%	-0.4%	-0.3%	0.9%	1.5%	2.3%	3.2%	3.9%	4.6%

8. Scenario Comments

Model One highlights that Council is generating operating surpluses on a consolidated basis from 2016/17 onwards and for the General Fund, consistent surpluses are generated from 2018/19 onwards. All Fit for the Future benchmarks are met from 2018/19 onwards excluding the Asset Renewal Ratio which varies significantly.

Council needs to invest approximately $1m extra in 2018/19 and $10m in 2019/20 in asset renewal works to achieve compliance with this ratio. The assumptions underlining this calculation continue to be reviewed and Council will review the various options to achieve compliance during the next 12 to 18 months. Importantly the 10 year average for this ratio is 100% which is above the 100% benchmark.

On balance Model One places Council in a strong financial position and ensures Council is financially sustainable in the long term as operating surplues are consistently being generated. This is the preferred model.

Model Two highlights that if the Roads to Recovery grant funding is continued at current levels, into the future, Council achieves operating surpluses without the need for additional rate funding increases and waste dividends. This highlights the importance of this grant to Council and it will be interesting to see whether the Roads to Recovery funding continues at current levels. Unfortunately Federal Governments do not provide long term commitments in respect to this funding, which makes reliance on Roads to Recovery monies for long term financial planning uncertain.

Model Three is a business as usual approach with Council not pursuing extra rate income or major dividends from our waste operations. It also assumes that Roads to Recovery funding will not continue at the current high levels.

Under this model the General Fund only achieves limited surpluses and Council is not compliant with a number of the Fit for the Future benchmarks. This model confirms that Council cannot continue with a business as usual approach, if it wishes to remain as a stand alone financially viable Council.

Savings will continue to be pursued in operating expenditure however there is little chance of generating sufficient savings to match the extra capital expenditure needed to meet all the Fit for the Future benchmarks as Council has very little in the way of discretionary expenditure programs. Also when expenditure (and revenue) benchmarks are compared to industry averages Council typically rates very favourably. The following figures are extracts from the latest Office of Local Government comparative data report (2013/14) on some of the key benchmarks as compared to other Group Four councils.

Item	Ballina	Group Four
Equivalent Full Time Staff	265 staff	312 staff
Population Per Staff Number	155 residents	125 residents
Governance / Admin Expend Per Capita	$114	$266
Community Services Expend Per Capita	$105	$178
Recreation and Culture Expend Per Capita	$179	$253
Roads and Bridges Expend Per Capita	$495	$350

With lower expenditure in many areas Council needs additional revenues from increased rates, or dividends or grants to achieve all necessary benchmarks particularly with respect to asset renewal.

9. Conclusion

Long term, Council is working towards financial sustainability, but this will be difficult due to the high value of Council's asset base and our comparatively low rate yield. This means every effort must be made to reduce expenses and minimise increases in service levels.

The Model One scenario represents our agreed strategy to achieve financial sustainability and it is essential that Council complies with this strategy, whilst reviewing our performance against that strategy each year, to ensure we achieve the Fit for the Future and financial sustainability benchmarks.

Finally balance sheets are provided in appendix one for scenario Model One, as this is the preferred model and also represents the LTFP.

Appendix – Balance Sheets

Model One – Consolidated Balance Sheet

Item	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
ASSETS										
Current Assets										
Cash and Invesments	44,100	46,890	38,240	41,170	32,440	23,900	38,310	53,040	70,420	81,220
Receivables	8,480	8,660	8,850	9,040	9,230	9,420	9,620	9,820	10,040	10,260
Inventories	1,170	1,200	1,230	1,260	1,290	1,320	1,350	1,380	1,410	1,440
Other	710	740	770	800	830	860	890	930	970	1,010
Sub Total	**54,460**	**57,490**	**49,090**	**52,270**	**43,790**	**35,500**	**50,170**	**65,170**	**82,840**	**93,930**
Non Current Assets										
Investments	5,349	3,330	3,330	3,330	3,330	3,330	3,330	3,330	3,330	3,330
Receivables	550	580	610	640	670	700	730	760	790	820
Inventories	2,580	2,640	2,700	2,760	2,820	2,880	2,940	3,000	3,060	3,130
Infrastructure, Property, Plant and Equipment	1,118,710	1,131,640	1,150,320	1,163,040	1,194,570	1,215,770	1,215,560	1,217,130	1,218,810	1,205,440
Investment Property	22,240	22,690	23,150	23,620	24,100	24,590	25,090	25,600	26,120	26,650
Sub Total	**1,149,429**	**1,160,880**	**1,180,110**	**1,193,390**	**1,225,490**	**1,247,270**	**1,247,650**	**1,249,820**	**1,252,110**	**1,239,370**
TOTAL ASSETS	**1,203,889**	**1,218,370**	**1,229,200**	**1,245,660**	**1,269,280**	**1,282,770**	**1,297,820**	**1,314,990**	**1,334,950**	**1,333,300**
LIABILITIES										
Current Liabilities										
Payables	6,710	6,860	7,010	7,160	7,310	7,470	7,630	7,790	7,960	8,130
Borrowings	6,402	6,306	6,524	5,416	6,111	5,839	5,294	5,215	3,430	0
Provisions	7,520	7,740	7,960	8,180	8,400	8,620	7,350	7,680	7,710	7,740
Sub Total	20,632	20,906	21,494	20,756	21,821	21,929	20,274	20,685	19,100	15,870
Non Current Liabilities										
Payables	0	0	0	0	0	0	0	0	0	0
Borrowings	80,388	74,082	70,059	64,642	66,872	61,033	55,739	50,524	47,094	31,461
Provisions	5,330	5,740	6,150	6,560	6,970	7,380	7,790	8,300	8,810	9,320
Sub Total	**85,718**	**79,822**	**76,209**	**71,202**	**73,842**	**68,413**	**63,529**	**58,824**	**55,904**	**40,781**
TOTAL LIABILITIES	**106,351**	**100,728**	**97,702**	**91,959**	**95,662**	**90,342**	**83,803**	**79,509**	**75,004**	**56,651**
NET ASSETS	**1,097,538**	**1,117,642**	**1,131,498**	**1,153,701**	**1,173,618**	**1,192,428**	**1,214,017**	**1,235,481**	**1,259,946**	**1,276,650**
EQUITY										
Retained Earnings	640,738	651,642	655,998	668,501	678,518	687,328	698,717	709,681	723,446	729,250
Revaluation Reserves	456,800	466,000	475,500	485,200	495,100	505,100	515,300	525,800	536,500	547,400
TOTAL EQUITY	**1,097,538**	**1,117,642**	**1,131,498**	**1,153,701**	**1,173,618**	**1,192,428**	**1,214,017**	**1,235,481**	**1,259,946**	**1,276,650**

Model One – General Fund Balance sheet

Item	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
ASSETS										
Current Assets										
Cash and Invesments	29,500	33,900	24,600	26,200	18,100	9,500	15,700	20,400	28,100	38,900
Receivables	5,000	5,100	5,210	5,320	5,430	5,540	5,660	5,780	5,900	6,020
Inventories	1,170	1,200	1,230	1,260	1,290	1,320	1,350	1,380	1,410	1,440
Other	120	130	140	150	160	170	180	190	200	210
Sub Total	**35,790**	**40,330**	**31,180**	**32,930**	**24,980**	**16,530**	**22,890**	**27,750**	**35,610**	**46,570**
Non Current Assets										
Investments	5,349	3,330	3,330	3,330	3,330	3,330	3,330	3,330	3,330	3,330
Receivables	130	140	150	160	170	180	190	200	210	220
Inventories	2,580	2,640	2,700	2,760	2,820	2,880	2,940	3,000	3,060	3,130
Infrastructure, Property, Plant and Equipment	844,310	851,340	868,920	877,240	901,370	916,270	917,160	921,130	922,710	913,840
Investment Property	22,240	22,690	23,150	23,620	24,100	24,590	25,090	25,600	26,120	26,650
Sub Total	**874,609**	**880,140**	**898,250**	**907,110**	**931,790**	**947,250**	**948,710**	**953,260**	**955,430**	**947,170**
TOTAL ASSETS	**910,399**	**920,470**	**929,430**	**940,040**	**956,770**	**963,780**	**971,600**	**981,010**	**991,040**	**993,740**
LIABILITIES										
Current Liabilities										
Payables	6,530	6,670	6,810	6,950	7,090	7,240	7,390	7,540	7,700	7,860
Borrowings	3,307	3,172	3,243	2,963	3,457	2,995	2,257	1,980	0	0
Provisions	6,900	7,100	7,300	7,500	7,700	7,900	6,600	6,900	6,900	6,900
Sub Total	**16,737**	**16,942**	**17,353**	**17,413**	**18,247**	**18,135**	**16,247**	**16,420**	**14,600**	**14,760**
Non Current Liabilities										
Payables	0	0	0	0	0	0	0	0	0	0
Borrowings	24,860	21,688	20,945	17,982	22,865	19,870	17,613	15,633	15,633	0
Provisions	5,100	5,400	5,700	6,000	6,300	6,600	6,900	7,300	7,700	8,100
Sub Total	**29,960**	**27,088**	**26,645**	**23,982**	**29,165**	**26,470**	**24,513**	**22,933**	**23,333**	**8,100**
TOTAL LIABILITIES	**46,697**	**44,030**	**43,998**	**41,394**	**47,412**	**44,605**	**40,760**	**39,353**	**37,933**	**22,860**
NET ASSETS	**863,702**	**876,440**	**885,432**	**898,646**	**909,358**	**919,175**	**930,840**	**941,657**	**953,107**	**970,880**
EQUITY										
Retained Earnings	505,102	510,640	512,232	517,946	520,958	522,975	526,640	529,357	532,507	541,780
Revaluation Reserves	358,600	365,800	373,200	380,700	388,400	396,200	404,200	412,300	420,600	429,100
TOTAL EQUITY	**863,702**	**876,440**	**885,432**	**898,646**	**909,358**	**919,175**	**930,840**	**941,657**	**953,107**	**970,880**