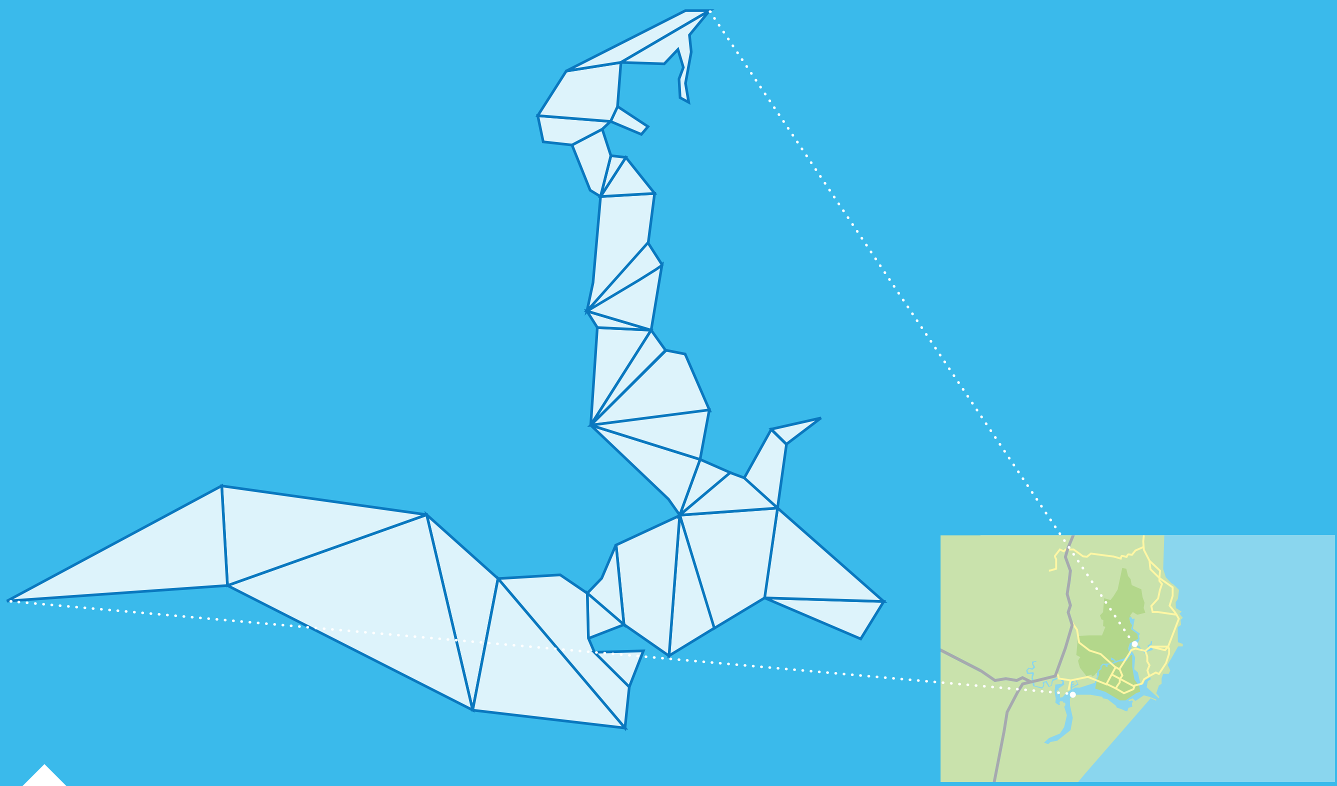
ballina
shire council

DRAFT
long term financial plan (LTFP)

2019/20 - 2028/29

ON EXHIBITION UNTIL FRIDAY 7 JUNE 2019

our community our future



Our design rationale for this document is based on a conceptual interpretation of its contents. To symbolise the strategic community approach, we have used segmented shapes to represent the elements of the community that fit into the geographic focus – Ballina. Together, the shapes form the Ballina River map. Every element impacts on the challenges, direction and ultimately the future of its entire form – our community. We hope you enjoy the journey and the view.

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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 based on a financial planning period of ten years. The information in this document provides a summary of the LTFP including:

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

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 sustainability. 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	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
	future indicate an underperforming Council in terms of infrastructure management and delivery.		
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 recommended 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

The Operating Performance Ratio is one of the key benchmarks for the Fit for the Future Program. The LTFP forecasts that the General Fund will generate an operating surplus, inclusive of depreciation, from 2021/22 onwards. Further information on this is outlined later in this document.

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 is 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 identifying 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 24% 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 NSW Valuer General.

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 that maximises 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 slightly less than 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 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 structures (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).

This is referred to as the rate peg limit.

Council has a relatively 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.
- 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 30% 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 7.11 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 7.11 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 7.11 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 the Section 7.11 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 7.11 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 $4.48m per annum and the income from this grant is able to be distributed on any services, as determined by Council.

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 other 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 established by either a legislative requirement (externally restricted) or by 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.

Council has an adopted Investment Policy that outlines how Council will invest any surplus 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 7.11 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 2018.

Major Cash Reserve Balances – Actual as at 30 June 2018

Reserve Title	Reserve Purpose	($'000)
Externally Restricted		
Domestic Waste Management	Funds held from domestic waste operations	2,474
Section 7.11 Contributions	Contributions collected and unexpended	9,064
Section 64 Conts – Water	Contributions collected and unexpended	8,766
Section 64 Conts – Wastewater	Contributions collected and unexpended	5,843
Water Infrastructure	Funds held from Council's water operations	6,903
Wastewater Infrastructure	Funds held from Council's wastewater operations	10,164
Internally Restricted		
Employee Leave Entitlements	Funds held to finance employee leave liabilities as taken	3,013
Property – Community Infrastructure	Funds sourced from Council's property development activities set aside for the provision of community infrastructure	717
Property – Property Development	Funds sourced from Council's property development activities set aside for further property development investments	1,921
Airport	Funds held from the operation of the Ballina Airport	1,150
Quarry Operations	Funds held from the operation of the Council owned quarries	810
Plant Replacement	Funds set aside to finance plant and equipment replacement	1,155
Waste Management	Funds sourced from the operation of the Ballina landfill	2,444
Bypass Funding	Funds held to finance repair and maintenance of bypass assets	3,747
Financial Assistance Grant	Financial assistance grant funding for operations received in advance	2,221

The management of Council's reserves is considered annually as part of the budget process and the need for new reserves forms 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.

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, funds surplus to any particular project are directed to either major community infrastructure projects or reinvested into further property development activities.

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

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 classified as either operating or capital.

Our operating expenditure is made up of:

- Employee Benefits and Oncosts – This figure is around 28% of our annual operating expenses, and is currently forecast at approximately $24m. 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 approximately $19m reflecting the magnitude of Council's infrastructure assets, which are valued in excess of $1 billion.

- Materials and Contracts – This is the largest operating expense item with this figure normally ranging from 25% to 35% 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;

- Council will aim to increase the funding allocated 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 applies a number of internal and market driven assumptions to project revenue and expenditure for the following ten years.

In preparing the 2019/20 LTFP, the following underpinning principles have been adopted:

- the range and service level for existing services offered to the community is maintained
- the financial position must remain secure
- our financial performance should aim towards meeting industry benchmarks and the long term financial sustainability of Council

Population Growth

It is expected that Ballina Shire will experience population growth at a rate of around 1% per annum to 2021, with a similar growth projected beyond this timeframe to 2036. This is supported by relatively large greenfield land release areas in several localities including Cumbalum, Kinvara, Lennox Head and Wollongbar as well as some infill development within existing urban centres. The following table provides an overview of key population statistics for Ballina Shire for the period 2016 to 2036 (compiled by .id for Ballina Shire Council – December 2017).

Ballina Shire – Forecast Growth

Summary	**2016**	**2021**	**2026**	**2031**	**2036**
Population	42,629	44,840	46,875	49,013	51,238
Change in population (5yrs)	N/A	2,212	2,035	2,138	2,225
Average annual change	**N/A**	**1.02%**	**0.89%**	**0.90%**	**0.89%**
Households	17,974	18,947	19,821	20,732	21,657
Average household size	2.33	2.33	2.33	2.32	2.32
Dwellings	19,356	20,478	21,524	22,598	23,702
Dwelling occupancy rate	92.86	92.52	92.09	91.74	91.37

Employee Costs

Increases in employee costs are determined by Local Government NSW (the NSW Local Government employer association) in conjunction with the various unions. Council has applied an increase of 2.30% for 2019/20 onwards, in line with the CPI and other increases in the LTFP.

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 their financial position meeting defined financial criteria that ensures the activity is financially strong enough to fund the dividends. To date Council has not chosen to take optional dividends as this will result in further price increases in water and wastewater charges. There are also equity concerns in that only residents, who have access to water and wastewater services, pay those charges, whereas General Fund services are often 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 Airport, Cemetery, Waste and Property Operations being the main contributors.

Water, Wastewater and Waste Charges

These three activities generate a significant 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 - LTFP

The following tables summarises Council's core financial planning assumptions.

Revenue Assumptions (%)	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
Rate Peg Limit	2.70%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Special Rate Variation	3.40%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Rate Increase	5.90%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Rate Growth	0.50%	0.75%	0.75%	0.75%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Financial Assistance Grant	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Fees	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Domestic Waste	2.70%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Stormwater	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Water – Access	0.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Water – Consumption	2.70%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	2.50%	2.50%
Wastewater – Access	2.70%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Wastewater – Usage	2.70%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Expenditure Assumptions (%)	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
Employee Costs	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%
Recurrent Costs	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Capital Expenditure	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

7. Financial Modelling

Council's financial modelling is based on the assumptions outlined in the previous section, with the key assumption being that our rate income will increase by 5.90% for 2019/20 and 2.50% thereafter. The 5.9% figure was approved by the Independend Pricing and Regulatory Tribunal (IPART) in 2018 when Council was provided approval to increase its total rate income above the rate pegging limit for 2018/19 and 2019/20. The 5.90% is based on the following calculation.

Item	2019/20 (%)
Estimated Rate Pegging Limit	2.50
Fit for the Future (Increased Asset Renewal)	3.40
Total	**5.90**

The actual rate pegging limit for 2019/20 is slightly higher than the forecast applied by Council with IPART setting that figure at 2.70%. As Council already has IPART approval for a 5.90% increase in 2019/20, the 2.70% is superseded by the assumption applied in Council's IPART approval, which is 2.50%. This then results in the 5.90% total rate income increase. The impact of this 5.90% increase on ratepayers is outlined in Appendix 1.

Council has the option of not applying the approved IPART increase of 5.90% for 2019/20 and, for example, Council could resolve to only increase total rate income by 2.70%, as per the 2019/20 standard IPART approved rate pegging limit. The impact of this on the General Fund operating result is outlined in the following tables.

General Fund Operating Results ($) – 5.90% Rate Increase for 2019/20

Year	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Operating Revenues										
Rates / Annual Charges	31,697	32,683	33,700	34,748	35,763	36,807	37,880	38,986	40,123	41,293
User Charges and Fees	12,604	13,053	13,408	13,773	14,148	14,533	14,928	15,334	15,751	16,179
Investment Revenues	1,245	969	1,051	1,098	1,156	1,328	1,550	1,612	1,773	1,974
Operating Grants	7,718	7,732	7,848	7,970	8,127	8,298	8,475	8,656	8,841	9,030
Other Revenues	5,326	5,504	5,645	5,880	5,937	6,089	6,244	6,403	6,687	6,735
Sub Total	**58,589**	**59,941**	**61,652**	**63,468**	**65,131**	**67,053**	**69,077**	**70,990**	**73,175**	**75,211**
Operating Expenses										
Employee Costs	17,472	18,015	18,575	19,152	19,746	20,359	20,992	21,644	22,316	23,010
Materials and Contracts	21,304	19,968	20,565	21,145	21,134	21,253	21,630	21,835	22,547	22,555
Borrowing Costs	387	1,425	1,326	1,367	1,806	1,664	1,547	1,445	1,365	1,286
Depreciation	14,846	15,215	15,522	15,835	16,153	16,479	16,810	17,149	17,493	17,845
Other Expenses	5,344	5,756	5,636	5,790	5,939	6,393	6,248	6,408	6,572	7,070
Sub Total	**59,353**	**60,379**	**61,623**	**63,288**	**64,778**	**66,147**	**67,226**	**68,480**	**70,293**	**71,767**
Operating Result	**(764)**	**(438)**	**29**	**181**	**353**	**906**	**1,851**	**2,510**	**2,882**	**3,443**

As per this table, even with the 5.90% rate increase in 2019/20, Council only achieves a small operating result surplus for the period 2021/22 to 2024/25, at which time a number of loan repayments are finalised.

Typically, when loans are repaid, Council will borrow for further essential infrastructure works, which means the operating surplus remains under constant financial pressure for the entire ten years of the financial plan, even with the 5.90% increase.

General Fund Operating Results ($) – 2.70% Rate Increase for 2019/20

Year	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Operating Revenues										
Rates / Annual Charges	30,954	31,915	32,907	33,930	34,920	35,938	36,986	38,064	39,174	40,315
User Charges and Fees	12,604	13,053	13,408	13,773	14,148	14,533	14,928	15,334	15,751	16,179
Investment Revenues	1,245	969	1,051	1,098	1,156	1,328	1,550	1,612	1,773	1,974
Operating Grants	7,718	7,732	7,848	7,970	8,127	8,298	8,475	8,656	8,841	9,030
Other Revenues	5,326	5,504	5,645	5,880	5,937	6,089	6,244	6,403	6,687	6,735
Sub Total	**57,846**	**59,173**	**60,860**	**62,650**	**64,288**	**66,185**	**68,183**	**70,069**	**72,226**	**74,233**
Operating Expenses										
Employee Costs	17,472	18,015	18,575	19,152	19,746	20,359	20,992	21,644	22,316	23,010
Materials and Contracts	21,304	19,968	20,565	21,145	21,134	21,253	21,630	21,835	22,547	22,555
Borrowing Costs	387	1,425	1,326	1,367	1,806	1,664	1,547	1,445	1,365	1,286
Depreciation	14,846	15,215	15,522	15,835	16,153	16,479	16,810	17,149	17,493	17,845
Other Expenses	5,344	5,756	5,636	5,790	5,939	6,393	6,248	6,408	6,572	7,070
Sub Total	**59,353**	**60,379**	**61,623**	**63,288**	**64,778**	**66,147**	**67,226**	**68,480**	**70,293**	**71,767**
Operating Result	**(1,507)**	**(1,206)**	**(763)**	**(638)**	**(490)**	**38**	**956**	**1,589**	**1,932**	**2,466**

If Council applies the 2.70% rate pegging limit for 2019/20 the General Fund does not generate an operating result surplus until 2024/25 and it is not until 2026/27 that a reasonable surplus is achieved.

With costs and community expectations likely to place increased financial pressures on Council during the period to 2026/27 it is highly probable that without the 5.90% increase being applied in 2019/20, Council will not generate an operating result surplus for the General Fund on a regular basis. This model could be classified as being financially unsustainable. The 5.90% helps Council to achieve a General Fund operating result surplus on a more sustainable basis.

Based on this modelling, the endorsed financial forecasts, on a Consolidated basis, for the General Fund and the Fit for the Future benchmarks are as per the following tables.

Consolidated Operating Results ($)

Year	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Operating Revenues										
Rates / Annual Charges	52,631	54,149	55,713	57,320	58,911	60,544	62,222	63,948	65,721	67,542
User Charges and Fees	21,633	22,383	23,049	23,737	24,445	25,173	25,924	26,698	27,400	28,119
Investment Revenues	1,808	1,495	1,500	1,422	1,355	1,499	1,715	1,888	2,177	2,508
Operating Grants	8,192	8,118	8,238	8,362	8,521	8,694	8,873	9,055	9,242	9,340
Other Revenues	6,551	6,761	6,934	7,201	7,292	7,478	7,669	7,864	8,185	8,271
Sub Total	**90,814**	**92,906**	**95,434**	**98,042**	**100,523**	**103,388**	**106,402**	**109,453**	**112,724**	**115,780**
Operating Expenses										
Employee Costs	24,452	25,211	25,994	26,801	27,633	28,491	29,376	30,288	31,229	32,199
Materials and Contracts	27,948	26,707	27,449	28,146	28,268	28,522	28,967	29,324	30,149	30,294
Borrowing Costs	3,820	4,624	4,322	4,168	4,412	4,069	3,751	3,450	3,171	2,923
Depreciation	20,246	20,723	21,140	21,565	21,999	22,441	22,892	23,352	23,821	24,299
Other Expenses	12,420	12,907	13,077	13,501	14,038	14,711	14,885	15,282	15,649	16,375
Sub Total	**88,886**	**90,172**	**91,982**	**94,182**	**96,350**	**98,233**	**99,871**	**101,696**	**104,020**	**106,091**
Operating Result	**1,928**	**2,734**	**3,452**	**3,860**	**4,174**	**5,156**	**6,531**	**7,757**	**8,704**	**9,689**

General Fund Operating Results ($)

Year	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Operating Revenues										
Rates / Annual Charges	31,697	32,683	33,700	34,748	35,763	36,807	37,880	38,986	40,123	41,293
User Charges and Fees	12,604	13,053	13,408	13,773	14,148	14,533	14,928	15,334	15,751	16,179
Investment Revenues	1,245	969	1,051	1,098	1,156	1,328	1,550	1,612	1,773	1,974
Operating Grants	7,718	7,732	7,848	7,970	8,127	8,298	8,475	8,656	8,841	9,030
Other Revenues	5,326	5,504	5,645	5,880	5,937	6,089	6,244	6,403	6,687	6,735
Sub Total	**58,589**	**59,941**	**61,652**	**63,468**	**65,131**	**67,053**	**69,077**	**70,990**	**73,175**	**75,211**
Operating Expenses										
Employee Costs	17,472	18,015	18,575	19,152	19,746	20,359	20,992	21,644	22,316	23,010
Materials and Contracts	21,304	19,968	20,565	21,145	21,134	21,253	21,630	21,835	22,547	22,555
Borrowing Costs	387	1,425	1,326	1,367	1,806	1,664	1,547	1,445	1,365	1,286
Depreciation	14,846	15,215	15,522	15,835	16,153	16,479	16,810	17,149	17,493	17,845
Other Expenses	5,344	5,756	5,636	5,790	5,939	6,393	6,248	6,408	6,572	7,070
Sub Total	**59,353**	**60,379**	**61,623**	**63,288**	**64,778**	**66,147**	**67,226**	**68,480**	**70,293**	**71,767**
Operating Result	**(764)**	**(438)**	**29**	**181**	**353**	**906**	**1,851**	**2,510**	**2,882**	**3,443**

Fit for the Future Benchmarks (**green** = pass, red = fail)

Year	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Infrastructure Backlog (< 2.0%)	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Asset Maintenance (three year average > 100%)	105%	105%	105%	104%	106%	104%	106%	104%	106%	105%
Debt Service (three year average < 20%)	7.4%	11.5%	14.4%	14.9%	10.6%	7.2%	6.2%	5.5%	4.9%	4.7%
Own Source Operating Rev (three year average > 70%)	63%	68%	69%	69%	73%	77%	80%	80%	80%	80%
Real Operating Expenditure Per Capita (Decreasing in real terms)	97%	94%	94%	92%	92%	90%	90%	87%	88%	87%
Asset Renewal (three year average > 100%)	135%	122%	155%	175%	159%	105%	85%	87%	89%	81%
Operating Performance (three year average > 0%)	-1.7%	-2.0%	-0.7%	-0.1%	0.3%	0.7%	1.5%	2.6%	3.4%	4.1%

8. Conclusion

The modelling highlights that Council is generating operating surpluses on a consolidated basis for all years and for the General Fund from 2021/22 onwards.

All Fit for the Future benchmarks are met from 2020/21 onwards except for the Asset Renewal ratio of more than 100%, and there is also one exception for the decrease in Real Operating Expenditure for 2027/28, with this being more a rounding adjustment.

In respect to the Asset Renewal Ratio being less than 100%, this highlights that even with this endorsed model Council is not investing sufficient funds in the renewal of existing assets on a regular basis. This means that in the longer term the overall condition of Council's infrastructure could deteriorate due to a lack of investment.

The preferred approach to address this is to steadily increase the funding allocated to asset renewal which will require savings to be made in recurrent operating expenses. No specific areas have been identified to make those savings and this will remain a work in progress for Council for a number of years to try and improve the Asset Renewal Ratio to ensure it is at least 100% on a consistent basis.

This modelling places Council in a reasonable financial position and ensures Council is financially sustainable in the long term as operating surpluses are consistently being generated on a consolidated basis and for the General Fund, albeit that the operating surpluses for the General Fund are relatively small and leave minimal buffer for unexpected variances in operating revenues and operating expenses.

Council is mindful that we cannot continue to increase rate income above the rate pegging limit as it is essential that our rates and charges remain affordable. Therefore Council will need to continue to pursue savings in operating expenditure to improve our financial sustainability.

Long term, Council is working towards financial sustainability, but this will also be difficult to achieve 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.

It is essential that Council complies with this financial modelling, whilst reviewing our performance against the model each year, to ensure we meet the Fit for the Future and financial sustainability benchmarks.

Finally the balance sheets on a Consolidated basis and for the General Fund are provided in Appendix 2.

Appendix 1 – Impact of Special Rate Variation on Ratepayers

Table One is based on the standard rate pegging increase of 2.70% for 2019/20 as approved by IPART.

Table One - Rate Pegging Only – 2.70% Increase

Item	2018/19 Actual	2019/20 2.70%	Change ($)
Average Residential Rate Levy ($)	1,039	1,067	28
Average Business Rate Levy ($)	3,494	3,588	94
Average Farmland Rate Levy ($)	1,595	1,638	43

Table Two provides the 5.90% rate pegging increase approved for Council by IPART.

Table Two – IPART Approved Increase of 5.90% for 2019/20

Item	2018/19 Actual	2019/20 5.90%	Change ($)
Average Residential Rate Levy ($)	1,039	1,101	62
Average Business Rate Levy ($)	3,494	3,696	202
Average Farmland Rate Levy ($)	1,595	1,699	104

Table Three provides the difference between the two options.

Table Three – Comparison between 2.70% and 5.90% increase for 2019/20

Item	2019/20 2.70%	2019/20 5.90%	Variance ($)
Average Residential Rate Levy ($)	1,067	1,101	34
Average Business Rate Levy ($)	3,588	3,696	108
Average Farmland Rate Levy ($)	1,638	1,699	61

As per these tables the difference between the two options is approximately $34 for residential properties, $108 for business properties and $61 for farmland properties for 2019/20.

Appendix 2 – Balance Sheets

Consolidated Balance Sheet

Item	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
ASSETS										
Current Assets										
Cash and Cash Equivalents	5,625	5,625	5,625	5,625	5,625	5,625	5,625	5,625	5,625	5,625
Investments	46,630	47,130	48,810	51,250	58,880	66,910	77,410	91,420	102,590	119,510
Receivables	9,690	9,950	10,210	10,470	10,750	11,030	11,320	11,610	11,920	12,240
Inventories	1,550	1,590	1,630	1,680	1,730	1,780	1,830	1,880	1,930	1,980
Other	380	400	420	440	460	480	500	520	540	560
Total Current Assets	**63,875**	**64,695**	**66,695**	**69,465**	**77,445**	**85,825**	**96,685**	**111,055**	**122,605**	**139,915**
Non Current Assets										
Investments	12,664	12,664	12,664	12,664	12,664	12,664	12,664	12,664	12,664	12,664
Receivables	290	320	350	380	410	440	470	500	530	560
Inventories	2,670	2,740	2,810	2,890	2,970	3,050	3,130	3,210	3,300	3,390
Infrastructure, Property, Plant and Equipment	1,284,920	1,312,320	1,356,890	1,374,140	1,372,390	1,373,440	1,370,020	1,364,140	1,361,930	1,353,690
Investment Property	23,110	23,690	24,290	24,900	25,530	26,170	26,830	27,510	28,200	28,910
Total Non-Current Assets	**1,323,654**	**1,351,734**	**1,397,004**	**1,414,974**	**1,413,964**	**1,415,764**	**1,413,114**	**1,408,024**	**1,406,624**	**1,399,214**
TOTAL ASSETS	**1,387,529**	**1,416,429**	**1,463,699**	**1,484,439**	**1,491,409**	**1,501,589**	**1,509,799**	**1,519,079**	**1,529,229**	**1,539,129**
LIABILITIES										
Current Liabilities										
Payables	8,840	9,170	9,500	9,840	10,180	10,530	10,890	11,250	11,620	11,990
Borrowings	13,198	11,856	6,724	6,207	6,157	5,755	5,974	6,253	6,387	6,387
Provisions	8,490	8,720	8,950	9,280	9,610	9,940	10,270	10,600	10,930	11,260
Total Current Liabilities	30,528	29,746	25,174	25,327	25,947	26,225	27,134	28,103	28,937	29,637
Non Current Liabilities										
Payables	0	0	0	0	0	0	0	0	0	0
Borrowings	78,040	76,952	85,997	79,868	73,790	68,118	62,229	56,063	49,767	43,380
Provisions	5,120	5,430	5,740	6,050	6,360	6,670	6,980	7,290	7,600	7,910
Total Non-Current Liabilities	**83,160**	**82,382**	**91,737**	**85,918**	**80,150**	**74,788**	**69,209**	**63,353**	**57,367**	**51,290**
TOTAL LIABILITIES	**113,687**	**112,128**	**116,911**	**111,245**	**106,098**	**101,013**	**96,343**	**91,456**	**86,303**	**80,927**
Net Assets	**1,273,842**	**1,304,301**	**1,346,788**	**1,373,194**	**1,385,311**	**1,400,576**	**1,413,456**	**1,427,623**	**1,442,926**	**1,458,202**
EQUITY										
Retained Earnings	744,842	761,901	790,688	803,094	800,811	801,376	799,056	797,723	797,026	796,002
Revaluation Reserves	529,000	542,400	556,100	570,100	584,500	599,200	614,400	629,900	645,900	662,200
TOTAL EQUITY	**1,273,842**	**1,304,301**	**1,346,788**	**1,373,194**	**1,385,311**	**1,400,576**	**1,413,456**	**1,427,623**	**1,442,926**	**1,458,202**

General Fund Balance sheet

Item	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
ASSETS										
Current Assets										
Cash and Cash Equivalents	5,625	5,625	5,625	5,625	5,625	5,625	5,625	5,625	5,625	5,625
Investments	21,700	23,400	23,800	24,600	29,300	35,700	40,000	47,000	50,700	61,100
Receivables	6,050	6,210	6,370	6,530	6,700	6,870	7,050	7,230	7,420	7,610
Inventories	1,550	1,590	1,630	1,680	1,730	1,780	1,830	1,880	1,930	1,980
Other	210	220	230	240	250	260	270	280	290	300
Total Current Assets	**35,135**	**37,045**	**37,655**	**38,675**	**43,605**	**50,235**	**54,775**	**62,015**	**65,965**	**76,615**
Non Current Assets										
Investments	8,444	8,444	8,444	8,444	8,444	8,444	8,444	8,444	8,444	8,444
Receivables	80	90	100	110	120	130	140	150	160	170
Inventories	2,670	2,740	2,810	2,890	2,970	3,050	3,130	3,210	3,300	3,390
Infrastructure, Property, Plant and Equipment	973,320	994,620	1,029,390	1,039,340	1,037,390	1,034,740	1,035,820	1,035,040	1,037,930	1,034,890
Investment Property	23,110	23,690	24,290	24,900	25,530	26,170	26,830	27,510	28,200	28,910
Other										
Total Non-Current Assets	**1,007,624**	**1,029,584**	**1,065,034**	**1,075,684**	**1,074,454**	**1,072,534**	**1,074,364**	**1,074,354**	**1,078,034**	**1,075,804**
TOTAL ASSETS	**1,042,759**	**1,066,629**	**1,102,689**	**1,114,359**	**1,118,059**	**1,122,769**	**1,129,139**	**1,136,369**	**1,143,999**	**1,152,419**
LIABILITIES										
Current Liabilities										
Payables	8,480	8,700	8,920	9,150	9,380	9,620	9,870	10,120	10,380	10,640
Borrowings	10,481	8,937	3,609	2,898	2,647	2,044	2,064	2,143	2,108	2,108
Provisions	7,700	7,900	8,100	8,400	8,700	9,000	9,300	9,600	9,900	10,200
Total Current Liabilities	**26,661**	**25,537**	**20,629**	**20,448**	**20,727**	**20,664**	**21,234**	**21,863**	**22,388**	**22,948**
Non Current Liabilities										
Payables	0	0	0	0	0	0	0	0	0	0
Borrowings	31,407	33,239	45,399	42,578	40,012	38,050	36,071	34,016	31,998	29,890
Provisions	4,900	5,100	5,300	5,500	5,700	5,900	6,100	6,300	6,500	6,700
Total Non-Current Liabilities	**36,307**	**38,339**	**50,699**	**48,078**	**45,712**	**43,950**	**42,171**	**40,316**	**38,498**	**36,590**
TOTAL LIABILITIES	**62,968**	**63,875**	**71,328**	**68,526**	**66,438**	**64,614**	**63,405**	**62,179**	**60,886**	**59,538**
Net Assets	**979,791**	**1,002,754**	**1,031,361**	**1,045,833**	**1,051,621**	**1,058,155**	**1,065,734**	**1,074,191**	**1,083,113**	**1,092,881**
EQUITY										
Retained Earnings	579,091	591,954	610,261	614,133	609,121	604,555	600,734	597,491	594,413	591,881
Revaluation Reserves	400,700	410,800	421,100	431,700	442,500	453,600	465,000	476,700	488,700	501,000
TOTAL EQUITY	**979,791**	**1,002,754**	**1,031,361**	**1,045,833**	**1,051,621**	**1,058,155**	**1,065,734**	**1,074,191**	**1,083,113**	**1,092,881**