



Warrumbungle Shire Council

Long Term Financial Plan

2019/20 to 2028/29

Not yet Endorsed by Council Resolution



Executive Summary

Preamble

The Long Term Financial Plan (LTFP) is one of three components of the Resourcing Strategy under the new Integrated Planning and Reporting framework (IP&R), and is an important part of Council’s strategic planning process. The LTFP is the document that tests long-term community aspirations and goals against financial realities.

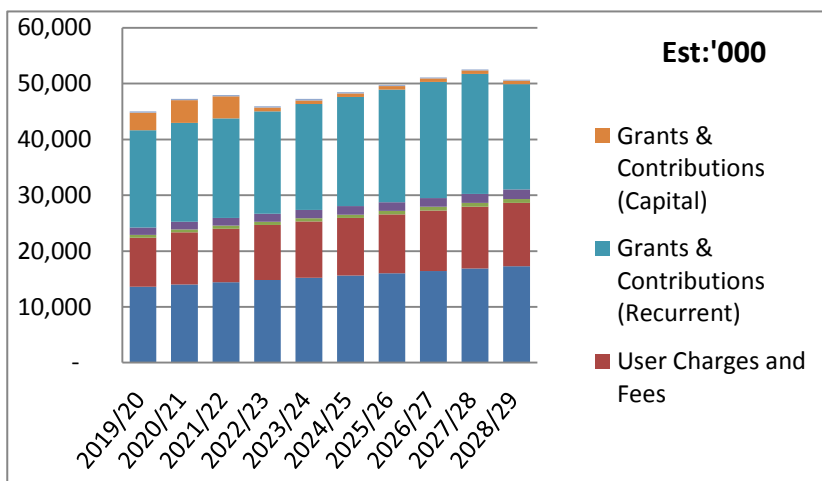
Warrumbungle Shire Council’s LTFP details Council’s expected income, recurrent and capital expenditure, and the external environment that Council is expected to face in the coming ten years. The LTFP is in effect Council’s financial road map for the ten year period commencing in the 2019/20 financial year and seeks to answer four key questions:

1. Can Council survive the pressures of the future?
2. What are the opportunities for future income and economic growth?
3. Can Council afford what the community wants?
4. How can Council go about achieving these outcomes?

Council’s Income

Warrumbungle Shire Council obtains revenue from a variety of sources including rates and annual charges, user charges and fees for services, interest and investment revenue, other revenue and grants and contributions for both operating and capital purposes.

Council’s revenue has been forecast to increase from \$45.051m to \$50.685m over the ten years in the plan, which is a 13% increase. This is largely due to the increases in Rates & Annual Charges indexed at 2.6%, User Charges and Fees by 2.35% and in Operational Grants (FAGS Grant is indexed by 4% from 2019/20).

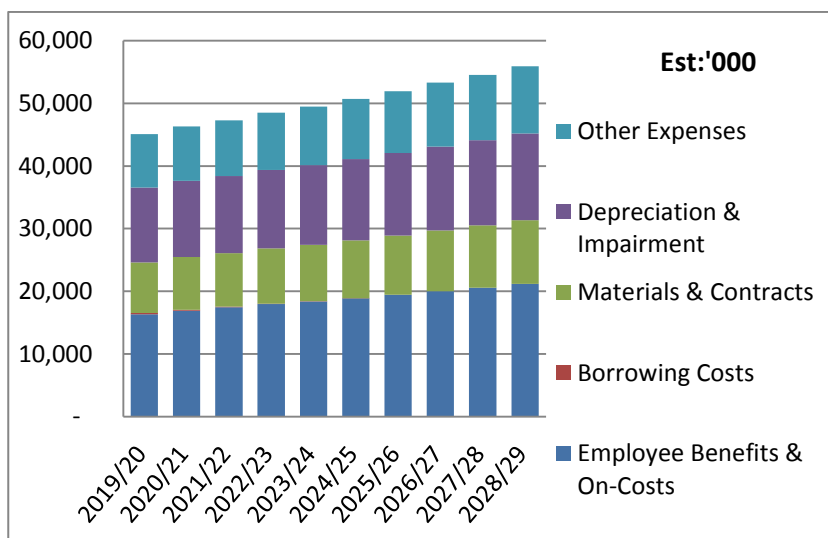


Limitations to revenue growth for

Council include removal of many of the Fit For the Future Action plans (including the Special Rates Variation and future competitive grant funding), rate pegging, a static demographic outlook, and Council’s high reliance on grant revenue (an average of 43% of total revenue over the LTFP) to fund Council’s operations.

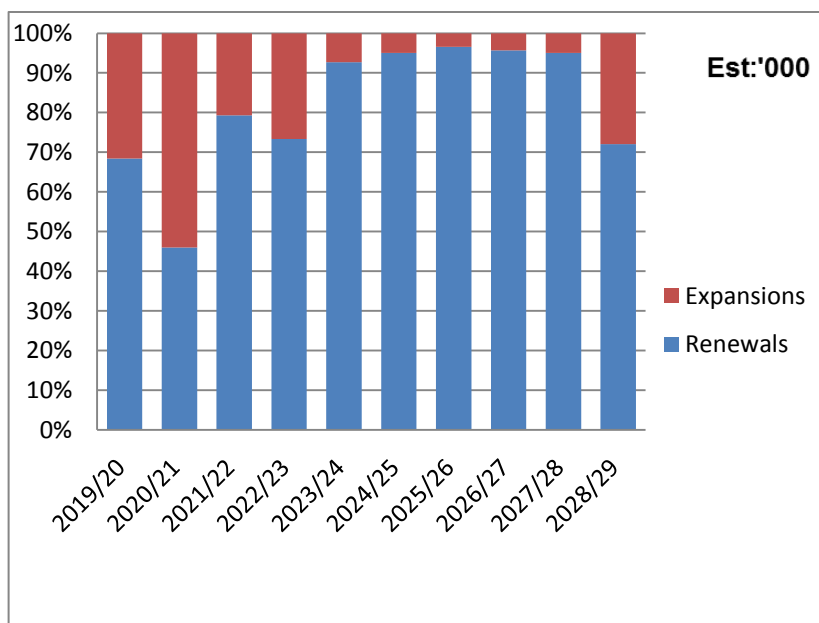
Council’s Recurrent Expenditure

Council incurs the following expenditure in the course of its operations: Employee benefits and on-costs, Borrowing costs, Materials and contracts, Depreciation, and Other expenses. Council’s recurrent expenditure has been forecast to increase from \$45.081m to \$55.913m, over the ten years in the plan, which is an increase of 24%.



Council’s Capital Expenditure

Council’s capital expenditure is per Council’s current capital program and consists of capital works that renew (replace with new) Council’s current asset base and capital works that expand Council’s asset base (i.e. create new assets). Council’s forecast capital program includes an average of \$10.5m worth of Capital works per annum, resulting in an average asset renewal ratio of 57.47% (the 2013/14 NSW state average is 87%) and an average asset renewal deficit over the life of this plan of \$4.52m.



Council has a significant capital backlog with insufficient resources secured to address the issue long term. This is being addressed to some degree through recognition of this obligation and, whilst not recognized, and continued efforts to secure grant funding. Capital works are not only reliant on available funding but is also highly susceptible to delays caused by weather, floods or other natural disaster events and it is inevitable that some of the capital budget will not be spent and may be revoted into the following year.

The Impact of Fit for the Future

The Fit For the Future (FFF) initiative was implemented by the NSW State Government through the Office of Local Government (OLG) to ensure the long term sustainability of all local government councils. The initiative required councils to demonstrate that their operations fulfilled a number of requirements or to demonstrate how they would change operations to meet those requirements. Council decided per Resolution 241/1415 to pursue the Council Improvement Option to remain a stand alone Council. This demands Council to continue to demonstrate strategies to improve its performance against three (3) of the four (4) Fit for the Future Criteria including sustainability, effective infrastructure and service management and efficiency (discussed in more detail in section 2.1).

Is Council Fit for the Future?

The Warrumbungle Shire Council was deemed FFF in December 2016 with a plan focusing on sustainability through incremental improvements.

With Council's goal of providing the Warrumbungle community greater benefits in an efficient, effective and sustainable manner, Council viewed the FFF process as an opportunity (and sounding board) in moving forward and further improving Council's financial performance and position. Council's strategy to remain FFF is based on a plan of continuing vigilance over external and internal factors such as:

- Operational efficiencies
- Service levels and requirements
- Productivity
- Outsourcing
- Economies of scale
- Review of Fees and Charges

To this end Council implemented a process whereby "Improvement Action Plan" (IAPs) documents were prepared, reviewed and considered by Council prior to being recommended for implementation. Some of these adopted IAPs have already been incorporated directly into the budget, while others are separately identified as further FFF adjustments due to the difficulty in allocating certain savings to the relevant area at this point in time (mentioned in more detail in section 2.1). Subsequently, Council resolved (372/1819) a Financial Planning and Sustainability Policy that incorporates much of this IAP approach.

The Improvement Action Plans (IAP's) included the key elements of:

- Introduction of a Special Rates Variation or equivalent savings
- Reduction in workforce (through redundancies and natural attrition)
- Saving in depreciation
- Increased grant funding

In recent times the decision to abandon a Special Rates Variation, consider an expanded organizational structure as well as increases in depreciation expense coupled with contractions in grant programs made it necessary to remove many of these IAP's from the budgeting process. These changes coupled with a recognition of requisite capital spending has resulted in a LTFP showing consistent losses. In reality Council must find funds and rationalise Capital. Based on the current predicted income and expenses Warrumbungle Shire Council is not yet Fit For the Future.

The Improvement Action Plans have not been incorporated into any scenario. The Worst case scenario assumes there will be no distribution of additional grant monies for Federal Assistance Grants (FAGs), no additional revenue from RMS works as well as a stop to Roads to Recovery Funding after 2020/21. As a result, capital expenditure is reduced. The Best and Base case scenario demonstrates that Council will eventually meet the FFF ratios.

Unfortunately, the deterioration in local government funding environment, on Council revenue, (due to the changes to FAGs, imposed statutory limitations and more competitive & restricted Grant Funding), means that Council must now work harder, faster and smarter to seek new methods to improve its financial performance going forward.

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Part 1: Introduction

1.1 About Warrumbungle Shire

Population:	9,384 (2016 Census)
Area:	12,380 square kilometres
Towns:	Baradine, Binnaway, Coolah, Coonabarabran, Dunedoo, Mendooran
Villages:	Bugaldie, Kenebri, Merrygoen, Neilrex, Leadville, Cobbora, Uarbry, Ulamambri
State Seat:	Barwon
Federal Seat:	Parkes

The Warrumbungle Shire is strategically positioned on the Newell Highway mid-way between Brisbane and Melbourne. A number of highways and main roads traverse the shire providing links with surrounding regional centres.

The landscape ranges from extensive plains to undulating hills, from the high basaltic plateau of the Coolah Tops in the east to the rugged mountainous peaks of extinct volcanoes in the Warrumbungle National Park, west of Coonabarabran.

The geography, flora and fauna of the Shire is where east meets west. The mountainous terrain of the Great Divide and Coolah Tops National Park gives way to rolling hills then the inland plains. The flora and fauna of the wide open plains mix with coastal animal and vegetation progressively across the Shire. A striking example of this is on the eastern boundary of the

shire we have the large grey kangaroo represented and on the western boundary of the shire the large red kangaroo.



The shire is also a meeting place for the nations of our traditional owners and custodians of the land. The northern part of the shire is home to the Gamilaraay people while the southern part of the shire is home to the Wiradjuri people. Also the nations of the Weilwan and Kawambarai (Werriri) come into the Shire on the western border. Their history, traditions and culture are being recognised as an important part of the Shire's history.

The stunning night skies, formed by a combination of low pollution, very low humidity

and limited cloud cover have drawn astronomers and researchers to Coonabarabran in their search for what lies beyond the confines of the visual night sky.

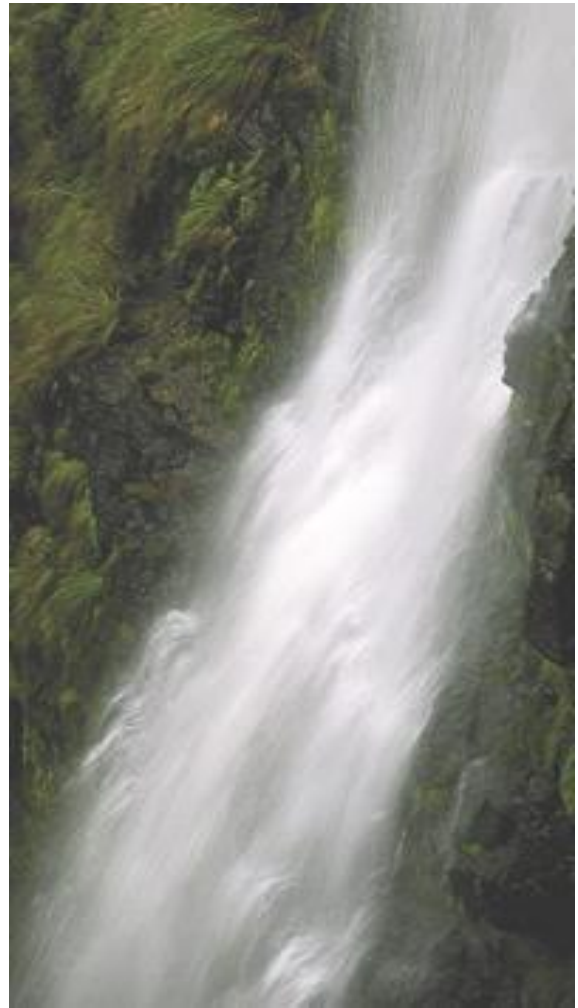
Siding Spring Observatory, located 25kms from Coonabarabran is the site of a number of internationally owned and operated optical telescopes where major research has recorded amazing truths of the universe, supporting Coonabarabran's claim to the name "Astronomy Capital of Australia".

The towns and villages of the shire comprise Coonabarabran, Baradine, Binnaway, Coolah, Dunedoo and Mendooran; all provide wonderful opportunities to experience real country Australian lifestyles. Each of the communities has their own special claim to fame. Bush Poetry Festivals, rivalry over ownership of the name 'The Black Stump', a Steamrail Village, The Oldest town on the Castlereagh, The Gateway to the mighty Pilliga or the Astronomy Capital of Australia – each of our villages reflects the personalities of its residents and their lifestyles.

The shire was traditionally built on agricultural pursuits with the early establishment of wool growing and beef cattle production followed by cereal cropping, prime lamb production and today a burgeoning vine growing and horticultural industry.

The communities enjoy the services of quality schools and health services. The shire boasts a broad range of cultural, sporting and recreational activities.

Retailing in each centre provides services to those communities and the provincial centres of Tamworth and Dubbo, located within 2 hours of the centre of the Shire complements local level services.



1.2 What Services does Warrumbungle Shire Council Provide?

Warrumbungle Shire Council provides a wide range of services to the residents of the shire including but not limited to:

- Transport services including the management, and maintenance of over 2,600 km of local and regional roads, over 97 bridges and bridge sized culverts, an extensive network of culverts and other drainage assets, kerbs and gutters, footpaths, and quarries;
- Aged care, child care and youth development services, including Warrumbungle Community Care, Yuluwirri Kids, Castlereagh Family Day Care and Connect Five supported play groups;
- The management, and maintenance of a range of buildings and structures from town halls, playgrounds, community facilities, and meeting rooms, to aerodromes all of which provide valuable services to the community;
- Promotion of economic development and tourism within the Shire;
- Provision of water, sewerage and waste services to the residents of the Shire;
- Town planning, regulatory services, town beautification and environmental management;
- Emergency services;
- Library services;
- Road safety programs;
- Management of Public Cemeteries;
- Provision of ovals, and other sport and recreation facilities including pools and parks;
- Health, environmental and emergency bush fire services.

As is clear from the list above, the role of Local Government goes far beyond roads and water, and the effective management of the resources required to provide the above mentioned services is critical for the long term future of Warrumbungle Shire Council.

In order to ensure that the provision of the above services is cost effective, efficient, and sustainable in the long term, Council has prepared a Long Term Financial Plan. This Plan, together with Council's Asset Management Plan and Workforce Management Plan, will be used as a blueprint to ensure that Council has the resources going forward to maintain and improve on the service level it currently provides.

1.3 What is a Long Term Financial Plan (LTFP)

The Long Term Financial Plan (LTFP) is one of three components of the Resourcing Strategy under the new Integrated Planning and Reporting framework (IP&R). The Resourcing Strategy details the resources required to fulfill the outcomes requested by the community as part of the Community Strategic Plan, and includes an Asset Management Plan (AMP), a Workforce Management Plan, and the LTFP. The linkage between the Resourcing Strategy and the IP&R framework is detailed in the following diagram:

Diagram 1 – Local Government Planning and Reporting Framework



The LTFP can be viewed as a roadmap of how Council will finance the expectations of the community as detailed in the Community Strategic Plan, and what the long term (over a ten year horizon) cost of these outcomes will be to the community.

The starting point for the LTFP is Council’s expectations in relation to revenue that will be available to the council over the next ten years. The LTFP forecasts the projected revenue that Council will be able to obtain based on general planning assumptions such as demographic, economic and political trends (detailed in Part 2 of the plan) and specific factors that affect individual revenue line items (e.g. rate pegging, projected new sources of revenue, and the future of individual grant programs). Revenue projections are specifically dealt with in Part 3 of the plan.

Once Council has determined the level of revenue projected to be available to Council over the ten year time frame, the next step is to assess the level of expenditure that will be required to meet the day to day cost to Council of providing services to the community. Expenditure projections depend on both the future level of service forecast to be provided, the planning assumptions from Part 2 of the plan, as well as expectations regarding input costs such as expected salary increases, movements in materials costs, and movements in financing costs. Expenditure projections are dealt with in detail in Part 4 of the LTFP, although depreciation projections are derived directly from Council’s Asset Management system.

Expenditure of a capital nature such as on the construction of new assets and capital renewal will also impact on the future sustainability of Council. Capital expenditure is dependent on community expectations regarding service levels, as well as the future costs of inputs such as staff costs and material costs (e.g. fuel and bitumen). Capital expenditure is dealt with separately in great detail in the AMP, and assumptions around the future cost of asset construction and

rehabilitation from the AMP have been incorporated into the LTFP. This information is captured in the ten year capital program from the AMP, which has been included in Part 5 of the LTFP.

Part 6 of the LTFP deals with projected movements in balance sheet items such as the payment of loans, and projected movements in working capital, while Part 7 of the LTFP includes the financial statements for Council's base scenario for General fund, Sewer fund and Water fund (i.e. income statement, balance sheet, cash flow statement and asset movement schedule). It should be noted that Council's base scenario is Council's best estimate of Council's financial performance and position over the ten year timeframe in the LTFP. An analysis of the results presented in the financial statements for each separate fund can be found in Part 8 of the plan.

As per the requirements of the IP&R framework Council has also carried out a sensitivity analysis on the long term projections in its base scenario and developed a further two scenarios: an optimistic scenario, and a pessimistic scenario. The performances of these options have been compared against a set of financial KPIs. The basis for the sensitivity analysis is the general planning assumptions found in Part 2 of the LTFP. Council's sensitivity analysis also includes the results of a special rate variance on Council's long term financial performance and capital program. Details of Council's sensitivity analysis can be found in Part 9 of the plan.

Finally, part 10 of the plan provides a final conclusion and suggestions on the way forward for Warrumbungle Shire Council.

1.4 Changes on Council's updated 2019/20 LTFP

The 2019/20 Long Term Financial Plan is Council's Seventh cut of its LTFP, and is structured predominately the same way as the previous reports with the following:

- A greater emphasis has been given to the comparison between 2019/20 LTFP and the previous LTFP, particularly on significant changes and underlying assumptions. Please see Part 3: Revenue and Part 4: Recurrent Expenditure for detailed diagrams and analysis on each categories of Council's Income and Expense;
- An analysis detailing the financial position and performance for Council's separate funds including General Fund, Sewer Fund, Water Fund, Quarry Fund and Waste Fund have been provided;
- Council's sensitivity analysis section has been reviewed and attention has been placed on FAG grants, Capital planning and Fit for the Future adjustments;
- A greater emphasis on comparing Council's overall financial performance under the alternative scenarios (i.e. base, optimistic and pessimistic) has been provided including high level comments on each KPI grouping
- The scenario analysis detailing the pessimistic and optimistic assumptions focuses on General Fund with emphasis on the importance of FAG's, other grants capital and depreciation.

Part 2: General Planning Assumptions

2.1 Fit for The Future

On 10 September 2014 the Office of Local Government (OLG) announced the Fit for the Future (FFF) reform package, which required Council to submit a proposal by 30 June 2015 on how Council plans to become “Fit for the Future”.

The Warrumbungle Shire Council was deemed FFF in December 2016 with a plan focusing on sustainability through incremental improvements. In order to stay “Fit”, Council is required to continuously demonstrate that its performance meets the four (4) Fit for the Future Criteria as shown in the table below:

Measure	Ratio
Sustainability - Generate sufficient funds over the long term to provide the agreed level and scope of services and infrastructure for communities as identified through the integrated planning and reporting process.	<ol style="list-style-type: none"> 1. Operating Performance Ratio (> or equal to break even over 3 years) 2. Own Source Revenue Ratio (>60% over 3 years) 3. Building and Infrastructure Asset Renewal Ratio (>1 over 3 years)
Effective infrastructure and service management - Maximize return on resources and minimize unnecessary burden on the community and business, while working strategically to leverage economies of scale and meet the needs of communities as identified in the integrated planning and reporting process.	<ol style="list-style-type: none"> 1. Infrastructure Backlog Ratio (<2%) 2. Asset Maintenance Ratio (>1%) 3. Debt Service Ratio (>0 and less than 0.2)
Efficiency - Efficient service and infrastructure delivery achieving value for money for current and future rate payers	<ol style="list-style-type: none"> 1. Real Operating Expenditure per capita over time

A listing of suggested Improvement Action Plans recommended for Council adoption has been provided in the table below. The table is split into Action Plans that are directly under Council control, that require decisions by third parties such as other levels of government, and that are long term options that require further investigation. As a part of the LTFFP analysis, the items recommended by Council have been incorporated into Council's base scenario.

Improvement Action Plans Recommended for Adoption by Council (December 2016)

No	Measure	Annual Saving	Details	Status
Items Under Council Control				
1	Staffing Level Review	\$636,931	Involves cutting staff levels through attrition to reduce expenditure on employee benefits.	A number of redundancies were made. A new Org. structure is under review. No savings incorporated.
2	Plant Review	Average \$130,000 per annum	Involves reviewing Council's plant utilization as well as the cost effectiveness of contractors versus Council gearing up to undertake the works itself. Suggestions include selling a grader, and purchasing a roller over the following three years and investigating dry hire options for a soil stabilizer and possibly even a crusher.	One Grader sold. One roller purchased. Ongoing.
3	Business Arms of Council Review	\$190,000	Involves ensuring Business Arms of Council are not subsidized in any way by General Fund. No savings to consolidated position but involves savings for general fund.	Complete
7	Capital Program Review	-	Involves ensuring capital monies are effectively spent on renewals per best practice asset management. Savings would be re-directed from capital expansion to capital renewal works which would improve our performance in renewing Council owned assets.	Ongoing
8	Resource Sharing	\$50,000	Involves increasing resource sharing to reduce costs and further fees for service work to increase own source revenue.	No opportunities yet identified.

No	Measure	Annual Saving	Details	Status
Items Under Council Control				
9	Depreciation Assumptions	\$1,000,000 (final amount unknown)	Involves correcting depreciation assumptions as part of the revaluation process. Savings are non- cash savings and are currently estimates only.	Ongoing
10	Private Works	\$50,000	Involves Council improving private works practices to increase own source revenue.	Ongoing
11	Quarry	\$83,111	Involves Council further expanding the quarry to increase own source revenue and efficiencies (in progress).	Land purchased. Not yet implemented
13	Grant Funded Program	\$57,210	Involves reviewing whether there are any hidden subsidies to grant funded programs and if so costing them back to the program in question.	Complete
Items Involving Third Parties				
5	State Roads Maintenance Contracts	–	Involves Council engaging with the State government to increase its share of RMCC works. Could involve a \$2.5m-\$3m increase in revenue (but with similar increase in expenditure). This would help ensure economies of scale for Council operations.	Ongoing
6	FAGS Fairer Distribution	\$1,000,000	Involves Council engaging the State Government to implement Recommendation 8.	No progress
23	Push Back on Cost Shifting	\$1,108,564	Involves Council pushing back on cost shifting from State and Federal governments (not included in Delivery Program figures).	No progress
Items Involving Further Research				
15	Library Services Review	Unknown	Involves reviewing what Council currently does for libraries in the six (6) towns across the shire, including the future location of the Coonabarabran library.	Not yet implemented
16	VIC	Unknown	Involves reviewing the possibility of joint tenancy at the VIC to increase own source revenue.	In process

No	Measure	Annual Saving	Details	Status
Items Involving Further Research				
19	Solar Power Utilisation Review	\$30,000	Involves reviewing solar power utilization by Council to see if there are savings in going solar.	Complete.
24	Alternate Business Arms of Council	TRRRC	Involves investigating possible alternate Business Arms of Council that could increase own source revenue.	In progress

Improvement Action Plans Not Recommended for Adoption

No	Measure	Annual Saving	Details	Status
4	Service Levels and Special Rates Variation (SRV)	\$817,000	Involves finalising our service levels through community engagement and in the 2019/20 financial year implementing (based on community input) either a 10% SRV or equivalent reduction in service levels to ensure a similar cut in expenditure.	An SRV has been removed as a potential plan.
12	Pricing Review (Subsidized items)	Average \$55k per annum over	Involves reviewing subsidized services to see if there is room to further increase the cost recovery portion of these services.	Not yet considered
14	Asset Divestment	Varies	Involves Council divesting itself of assets such as halls/medical centres or operating land.	Not yet considered
17	Noxious Weeds	-	Involves assessing whether or not Council could provide the noxious weeds service in house at reduced cost (or with increased private works).	Not yet considered
18	Road Safety Officer (RSO)	\$50,000	Involves assessing whether it would be worth Council cutting the RSO position.	Not yet considered
20	Office Location Review	\$209,000 to 281000	Involves assessing whether Council should close one of its two offices to reduce expenditure.	Not currently viable
21	Stormwater Levy	\$105,000	Involves reviewing whether to implement a stormwater levy of \$25 (capped) per residential and business assessment to fund stormwater capital projects.	Implemented
22	Better Utilisation of Grant Funding	-	Involves assessing the cost/benefits of employing an in-house dedicated grants officer.	Not yet considered

2.2 Demographic Assumptions

As with most rural inland LGAs, the population of Warrumbungle Shire Council has to face the threat of outwards migration from the Shire (especially amongst young adults). This threat has been exacerbated by the recent drought and is particularly pronounced in the previously known Orana Region of Councils (OROC) to which Warrumbungle Shire Council was a part (see following map).

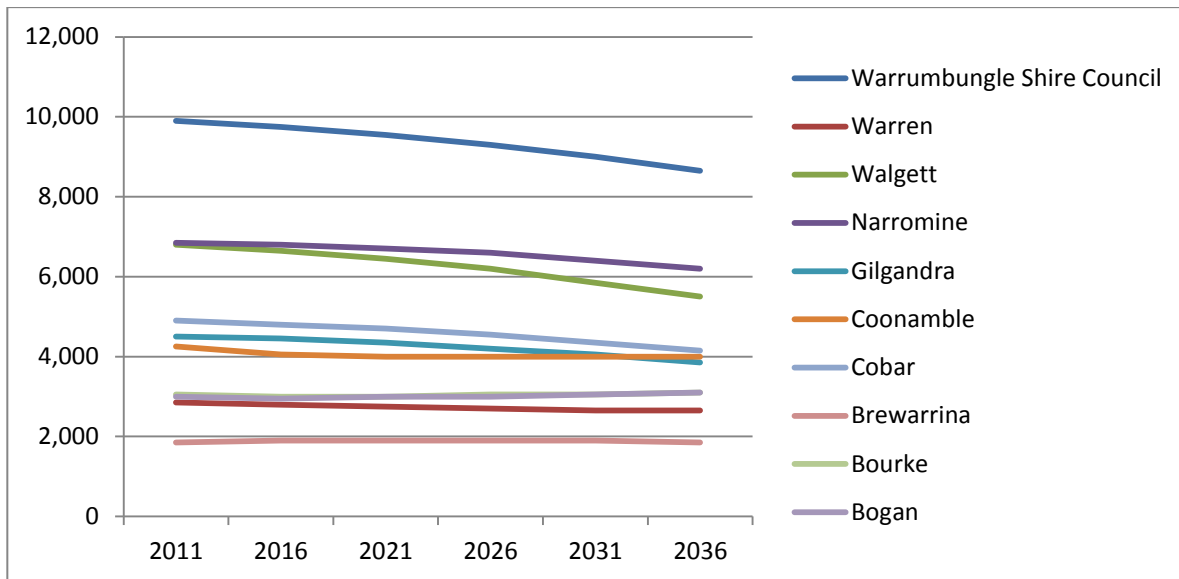
Diagram 2 – Previously Orana Region of Councils (Map)



Therefore, even though currently experiencing a slight increase, Warrumbungle Shire Council’s population is expected to, at the most, remain stable in the near future. Nevertheless, a less optimistic forecast would predict a possible population decline in the following years which will negatively affect the availability of services, as well as reduce employment/business opportunities, and access to facilities and clubs within these LGAs. In many cases Councils may be expected to step in and provide the services that are no longer available, which will be increasingly difficult as their rates base and ability to recruit staff decreases with the population decrease.

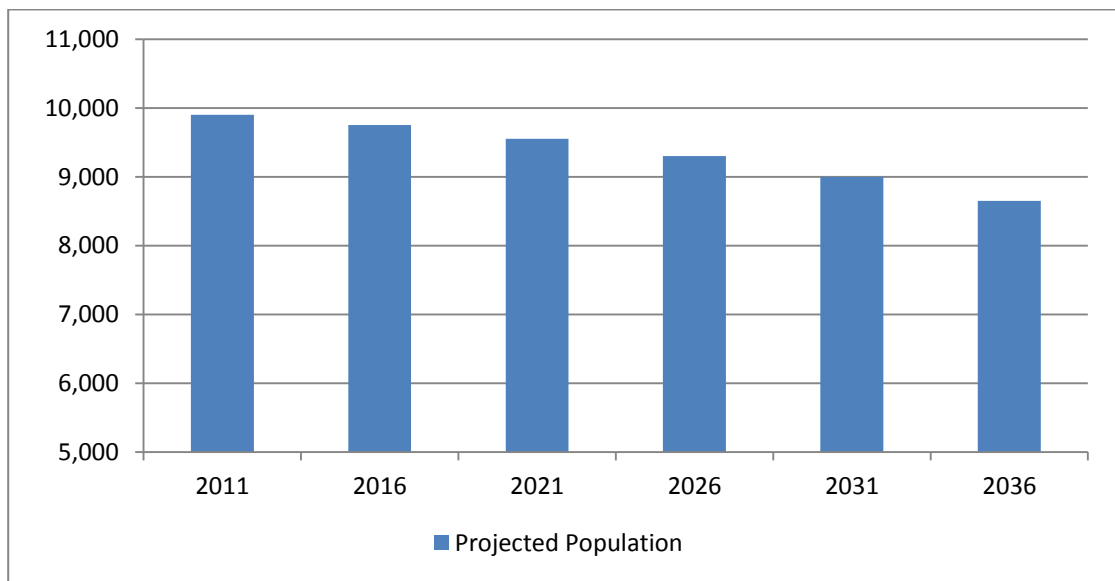
The current expected population decrease amongst the OROC LGAs is detailed in the following diagram (Source: Department of Planning and Environment (DP&E) 2016 Population Projections 2011-2036, 2016). It should, however, be noted that these projections are not written in stone.

Diagram 3 – Projected population of Orana Region of Council LGAs



According to the DP&E report, Warrumbungle Shire Council’s population has been predicted to decrease from 9,900 in 2011 to roughly 9,000 in 2031 and 8,650 in 2036. It is worth taken into account that this already reflects a slight improvement when compared to the previous DP&E forecast which projected a fall to 8,800 in 2031.

Diagram 4 – Warrumbungle Shire Council Projected Population



This population decrease if it eventuates will put significant pressure on Council, and is arguably the single largest challenge that Council currently faces. A reduced population will impact the long term financial viability of the Shire through the following:

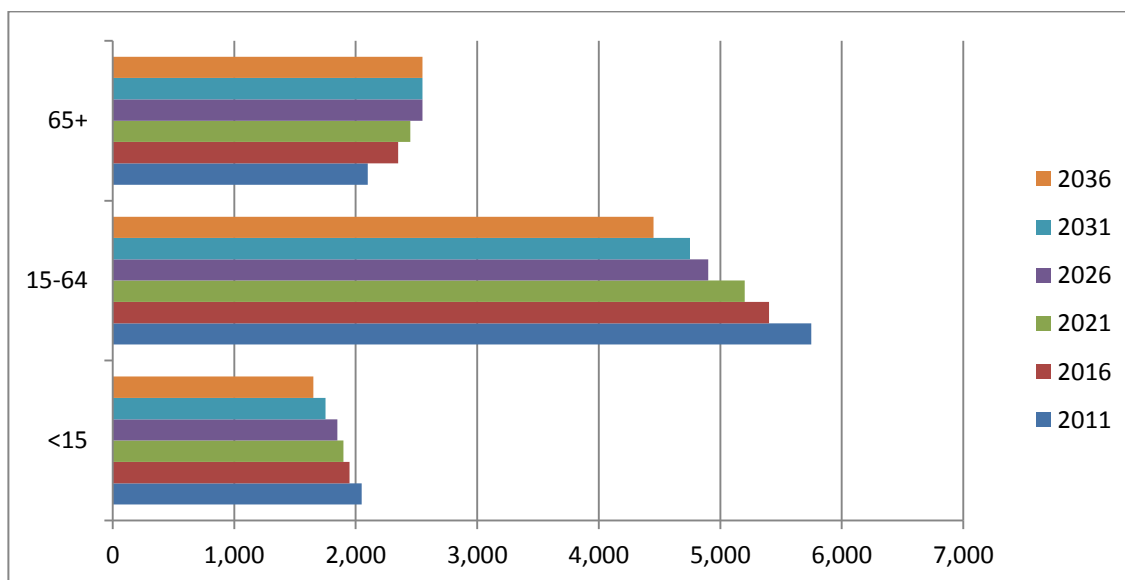
- Reduced income from user charges;

- Increased expectations on Council to provide services and facilities that have been centralised outside the Shire or can no longer be feasibly provided by the private sector due to lack of economies of scale;
- Increased difficulty in recruiting and retaining suitably skilled staff and thus increased employee related expenditure as Council is forced to provide cash and other incentives for staff to move to the Shire, and to retain suitably skilled staff;
- Increased pressure for Council to amalgamate and for further services to be moved out of the Shire;
- Possible reduction in government grants due to a reduced population;
- Higher materials and contracts costs due to possible closures of local businesses, forcing Council to source required materials from distant locations.

Although the population projections in the DP&E report make for uneasy reading, it should be noted that these are projections only and there are many factors that could slow down or reverse this decline. For example, a resurgence of the agricultural sector could hopefully reverse these trends.

Unfortunately, population decline is not the only demographic problem that Council currently faces. As young adults migrate out from the Shire, the dependency ratio of the population remaining will increase putting further strain on Council’s ability to remain financially solvent in the long run. An ageing population can negatively affect Council’s financial position through increased costs for the provision of aged care, decreased ability to recruit staff, and reduced business and other opportunities available within the Shire thus causing further declines in youth numbers as young adults leave due to the lack of peers, suitable youth facilities, employment and training opportunities. The changing age structure of the population is best captured in the following diagram (Source: DP&E 2016 Population Projections 2011-2036, 2016):

Diagram 5 – Warrumbungle Shire Council Age Distribution



Warrumbungle Shire Council is also one of the more socially disadvantaged LGAs in NSW with Median total income (excl. Government pensions and allowance) in 2014/15 financial year at \$36,515 p.a. compared to a National average of \$46,854 p.a (Source: ABS National Regional Profile).

2.3 The Impact of Mining

On 5 January 2010 a proposal for an open cut coal mine at Cobbora, about 22km south west of Dunedoo was submitted to the DP&I.

On 1 July 2013, the State Government announced that it intended not to continue with the mine.

Although the mine has not gone ahead, there has been an impact in the south of the shire in relation to higher land prices, and the loss of working families and production on land purchased for the mine.

Due to the State Government's decision to not continue with the mine development, the State established the Cobbora Transition Fund. The fund aimed to assist Local Governments affected by the discontinuance to create infrastructure that drives economic growth and productivity in the region. It recognizes the adverse impact that land acquisition and other activities have had on local communities and consequently aims to alleviate these effects. The Transition Fund consisted of two parts:

1. A \$1 million grant to each of the affected LGAs; and
2. A \$16 million fund to be allocated to infrastructure projects in the affected LGAs based on the financial and economic viability of such submissions.

The Warrumbungle Shire Council received a \$1 million grant in the 2014/15 financial year and Council has also been granted \$7.767 million for infrastructure projects within the shire including:

- Construction of three rivers retirement village;
- Construction of heavy vehicle and RV parking area;
- Streetscape enhancement in Dunedoo;
- Milling Park playground equipment improvements and new toilet block;
- Robertson Oval second oval development and netball courts;
- Mendooran and Dunedoo tennis courts upgrade;
- Rejuvenation of MPC and Jubilee Hall.

These projects are now complete with the exception of the Three Rivers Retirement Village.

No mines are expected to operate in the near future and therefore the benefits of the mining rate have been excluded from this analysis

2.4 Political trends and Government policy

The Local Government sector currently faces a high level of uncertainty, with the Independent Panel's *Future Directions for NSW Local Government* (released April 2013) report suggesting several key changes to the way local government is run, including but not limited to:

- Changes to rate pegging;
- The possibility of re-directing FAGs grants to rural and remote Councils;
- The creation of Joint Organisations;
- Amalgamations;
- The creation of a Western Region Authority (Note: does not affect Warrumbungle Shire).

This report combined with the TCorp *Financial Sustainability of the New South Wales Local Government Sector* report and Fit For the Future reform package, both pave the way for significant change in the way local governments are run.

As with economic trends, the impact of political trends is extremely hard to measure. Council has assumed that the current political risks that Council faces include:

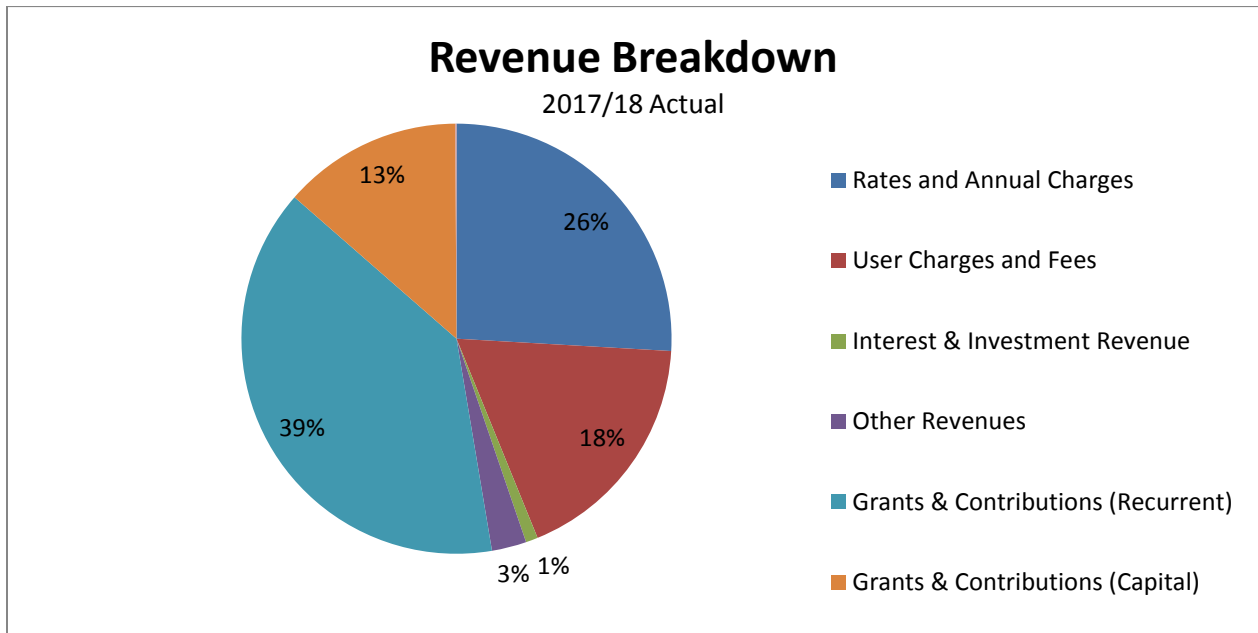
- Risk relating to grants and contributions from State and Federal government;
- Pressure on local Councils to amalgamate or share services;
- Increased reporting requirements from other levels of government, which although helpful can be resource intensive for smaller Councils;
- Increased federal and state pressure for local government to provide increased services without the commensurate financial support (cost shifting).

The main measurable impact of these trends on Council's financial position relates to the risk around Federal and State support. As Council received roughly 52.55% of its revenue (2017/18 figures and 53.48% in 2016/17) from grants and contributions it faces significant revenue risk due to this heavy reliance on support from other levels of government. This was reinforced with the Federal Governments' decision to pause the indexation of Federal Assistance Grants (FAGs) for three years which will result in a projected reduction for NSW Councils of \$95.8 million in 2016/17 and \$99.8 million in 2019/20. Those Councils most significantly affected are regional and rural Councils as they rely heavily on FAGS grants due to their minimal rate base and extensive road networks. This change is likely to have a \$2.7m impact on Council's future funding over a 10 year period, which has significantly affected Council's future financial sustainability if not offset by other funding. While the Federal Government has committed to additional funding, these measures only slightly assist in alleviating the FAGs impact, as such funding is tied. There is pressure for the Federal Government to redistribute FAGs away from metro Councils to rural and regional Councils which are in most need of the additional funds and is a recommendation of the local Government Review Panel but has not yet been adopted and therefore cannot be included in Council's budget. However, Council has recognized this as a possibility in the Fit for the Future Improvement Action Plan (discussed in section 2.1) and consequently has been incorporated into the best case scenario of the LTFP analysis.

Although there may be a trend towards the responsibility for the provision of certain services being passed down to local government, Council is currently unable to predict what responsibilities would be transferred to Council, nor the financial impact of such transfers and has therefore not addressed this issue in the LTFP.

Part 3: Revenue

Warrumbungle Shire Council obtains revenue from a variety of sources including rates and annual charges (2017/18: \$12.076 m), user charges and fees for services (2017/18: \$8.357m), interest and investment revenue (2017/18: \$0.423m), other revenue (2017/18: \$1.214m) and grants and contributions for both operating and capital purposes (2017/18: \$24.491m). Council also may receive gains from the disposal of assets (2017/18: nil). The breakdown of revenue by type for the 2017/18 financial year is detailed in the chart below:



It should be noted that in comparison with other Council's, Warrumbungle Shire Council is heavily reliant on grants and contributions to meet its daily operating requirements, with grants and contributions forming 52.55% of total revenue in 2017/18. This means that Council's own source revenue is at 47.45% of total Revenue as opposed to the NSW average of 70% (2013/14) and 55% (2013/14) for similar rural Councils per the OLG's Your Council Report June 2015.

Further information on the assumptions behind individual revenue line item estimates are detailed below.

3.1 Rates and Annual Charges

Rates and annual charges form 25.91% of Council's revenue, and consist of ordinary rates for residential land, farmland and businesses (2017/18: \$7.593m), and annual charges for domestic waste management, water supply and sewerage supply (2017/18: \$4.483m).

Council levies an ordinary rate for each year on all ratable land in the Shire per s.495 of the Local Government Act 1993 (the Act). Council's rates are structured on the basis of a base rate and an Ad Valorem on the land value of the property with property valuations provided by the NSW Valuer General on a three year cycle. The 2017/18 rating year was the 2nd year of a new valuation cycle. Council's rating structure is reviewed annually and is assumed to remain constant over the life of the LTFP.

Council currently levies rates for three of the four categories under S.493 of the Act (farmland, residential and business) and have set a mining rate although there are currently no properties in this rate category. The following table provides an overview of each rate category in the context of Council's overall forecast rates revenue for the 2019/20 financial year.

Category	Base Rate	Ad Valorem	Total Rate Revenue	Number of Properties	Value of Properties
Residential	921,999	\$1,394,143	\$2,316,142	3,848	\$139,204,990
Farmland	1,027,669	\$4,207,950	\$5,235,619	1,733	\$999,180,862
Business	137,197	\$462,175	\$599,372	362	\$15,635,910
Total:	2,086,865	6,064,268	8,151,133	5,943	1,154,021,762

Future projections for rate revenue are dependent on the following four factors:

- Rate pegging;
- Pensioner subsidies;
- Population change;
- Fit for The Future potential special rates variation;
- Mining rate (future application of the rate);

Fit for The Future potential special rates variation

As part of Council's FFF Improvement Action Plan, Council considered (and eventually rejected) a 10% Special Rates variation for an equivalent reduction in services in order to meet the financial criteria as prescribed under the FFF program. It cannot therefore be included in any scenario.

Rate Pegging

The Minister for Local Government regulates the growth of annual rates revenue through 'Rate Pegging'. Rate pegging determines the maximum amount by which Councils can increase their annual rates income. This limit applies to Council's total rates base, and individual rates may increase above the limit. Commencing from the 2011/12 financial year, responsibility for determining the annual rate peg has been delegated to the Independent Pricing and Regulatory Tribunal (IPART).

On 11 September 2018, IPART announced that the rate peg amount for the 2019/20 financial

year will be set at 2.7%. The rate peg is determined by IPART using a Local Government Cost Index and a productivity factor. The 2.7% rate peg for the 2019/20 financial year is higher than it has been in the last 5 years primarily as the consequence of increases in labour costs (2.4%), energy costs (14.4%) and higher construction costs (2.4%) according to the ABS price index. Council has determined to apply the full rate peg amount. The projections in the LTFP assume a rate peg of 2.7% for the 2019/20 financial year and 2.7% in later years.

Pensioner Subsidies

Council policy provides for all eligible pensioners to receive a rebate for a portion of their rates and annual charges including water connection, sewer connection and domestic waste. 55% of this discount is funded by a State Government grant with the remaining 45% being recovered across the balance of the rating base. Over recent years the Shire has experienced an increase in the number of pensioners within the Shire and this trend is expected to continue.

Population change

The growth in the number of residential properties and businesses can also affect the final rates value, with a population increase generally resulting in an increase in the number of ratable properties and businesses. It has been assumed that as the amount of farm land is generally fixed, population change will not affect farmland rates. The number of ratable properties in the Shire is assumed to remain relatively constant for the purpose of the LTFP's forecast.

Annual Charges – Water, Sewer and Waste

Annual charges consist of domestic waste management charges, and water supply and sewerage services. Per s.504 (3) of the Act, income obtained from domestic waste management (charges) must be calculated so as to not exceed the reasonable cost to council of providing these services. As domestic waste management charges are calculated to cover operational costs associated with the provision of this service it has been assumed that annual charges relating to domestic waste management will increase by the budgeted price increases for the 2019/20 financial year, followed by a CPI increase of 2.5% per annum thereafter. These charges have been calculated to ensure full cost recovery for the waste business across the ten years of the LTFP.

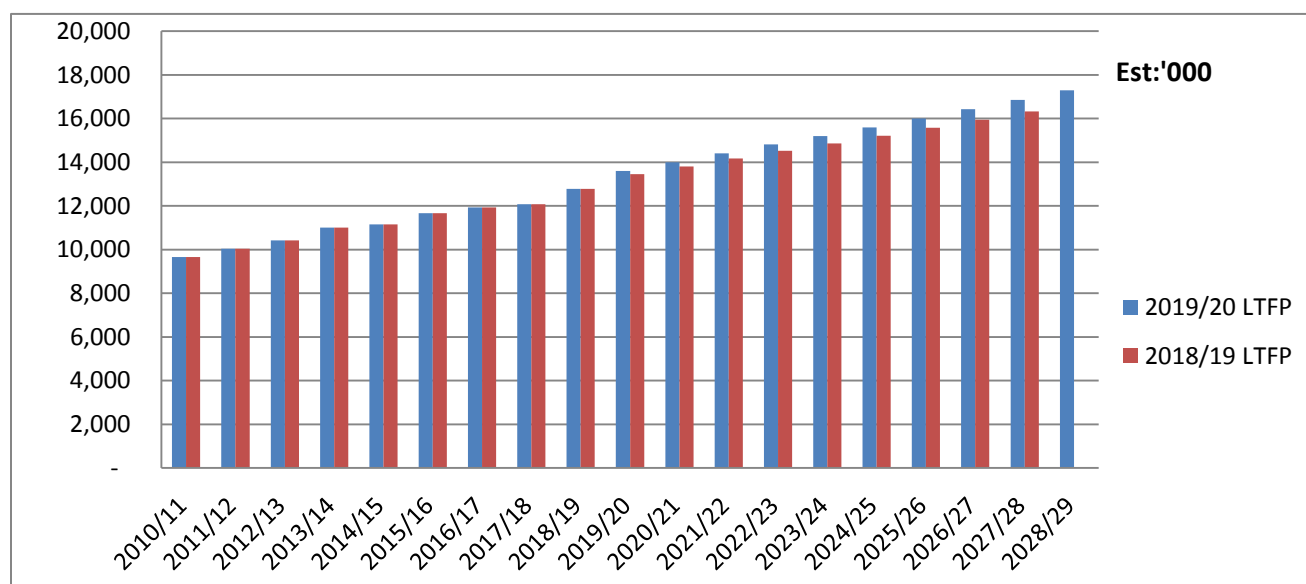
Annual charges relating to water supply services include all water connection fees, while sewerage services include connection fees for residential properties (based on two rates one for connected properties and one for non-connected properties). Water charges (Base & consumption) are forecasted to increase by 18% per annum in 2019/20, 3.5% the following 3 years and then 2.5% for the rest of the LTFP. Similarly, Sewerage charges (Base & consumption) are forecasted to increase by 15% per annum in 2019/20, 3.5% the following 3 years and then 2.5% for the rest of the LTFP. The pricing structure of the water and sewerage “utilities” is planned to allow for these utilities to run with margins sufficient to ensure that they are commercially sustainable in the long run (i.e. cost increases need to be covered by revenue, and that revenue will also cover the cost of future replacements and upgrades).

The assumptions used for the projection of rates and annual charges in the base scenario are:

- **Rate pegging on ordinary rates** – Applied an increase of 2.7% for 2019/20, and 2.7% for later years;
- **Pensioner subsidy** – Assume movement in the rate/charge item the pensioner subsidy relates to. There has been no adjustment in the base scenario for the impact of population ageing on the pensioner subsidy amount;
- **Annual Charges (Water & Sewer)** –Water charges are expected to rise by 18% for 2019/20 then 3.5% for the next 3 years then 2.5%; Sewerage charges are expected to rise by 15% for 2019/20 then 3.5% for the next 3 years then 2.5%.
- **Domestic waste management** – Increases 5% in 2019/20 and then by 2.5% thereafter.

Council’s projected rates and charges revenue for the 2019/20 to 2028/29 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2010/11 to 2017/18 financial years are actuals per Council’s audited financial statements.

Diagram 6 – Projected Rates and Annual Charges Revenue



The variance between the 2018/19 LTFP and 2019/20 LTFP forecasts is predominantly due to increases in Rate pegging on ordinary rates (from 2.3% to 2.7% p.a) and in Annual charges.

3.2 User Charges and Fees

Council derives roughly 17.93% of its total revenue from user charges and fees. In the 2017/18 financial year the breakdown of user charges and fees was:

- Charges for water supply (\$1.449m);
- Sewerage services (\$0.104m);
- RMS charges for work carried out by Council on state roads (\$3.515m);
- Child care fees (\$1.085m);
- Aged care fees (\$0.239m);
- Cemetery fees (\$0.116m);
- Private works under S.67 of the Local Government Act (\$0.146m);
- Swimming centres (\$0.120m);
- Other revenue (\$1.583m).

Charges for water supply and sewerage services are specific “actual use” charges under s.502 of the Local Government Act 1993. Water supply charges are based on the metered consumption of water by residents of the shire, while sewerage services relate to a levy charged to non-residential users of sewer services that is based on the volume of water passing through the water meter and then calculated on the basis of a discharge factor. Projections for future water and sewerage supply services are based on historical consumption patterns and projections in relation to the cost of providing these services (as the cost to Council for the provision of sewer and water services is fully recouped from the users of these services).

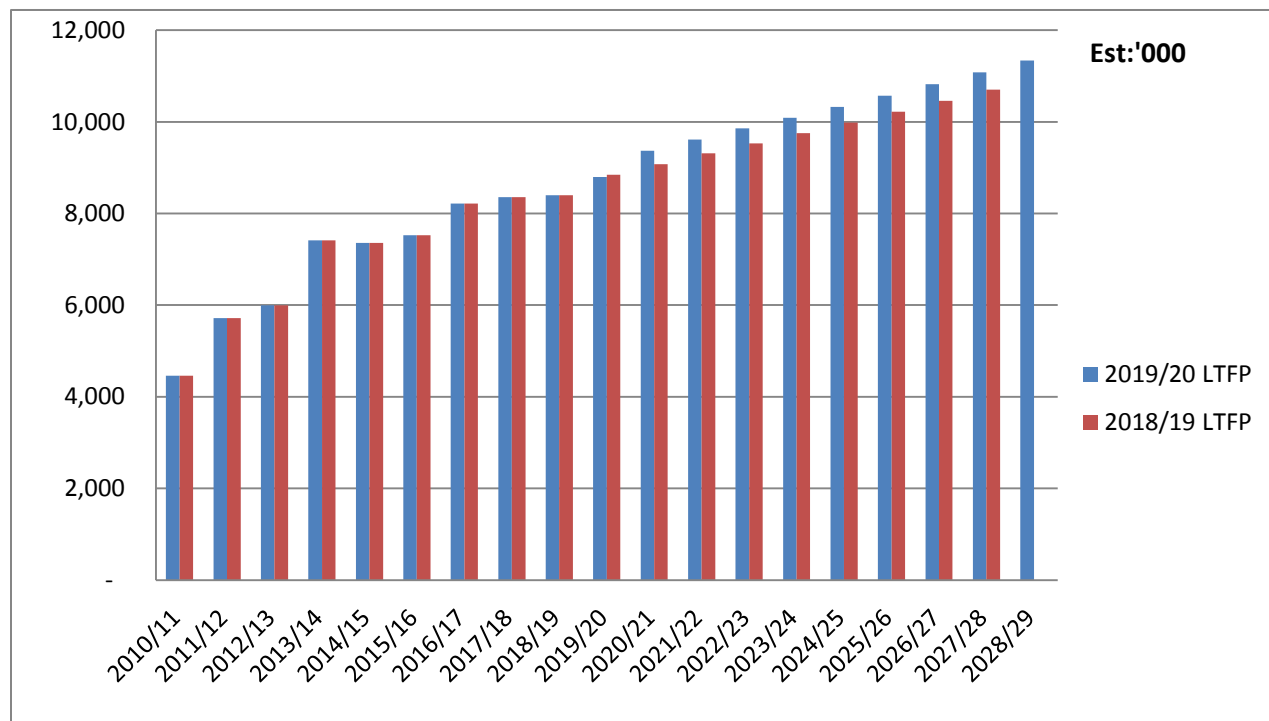
RMS charges relate to work carried out on state roads for RMS, while child care fees refers to revenue earned by Council for the provision of child care facilities under the Family Day Care, Connect 5 and Yuluwirri Kids programs. Child care services (along with aged care services) are provided on a cost neutral basis, and revenue will therefore generally increase per the increase in costs to provide these services.

The assumptions used for the projection of user charges and fees in the base scenario are:

- **Water and sewerage charges** – Water consumption charges are forecast to increase by 18% from \$2.36 per kl in 2018/19 to \$2.78 per kl in 2019/20 and thereafter by 3.5% for the next 3 years then by 2.5%, with water consumption remaining constant at 679,337 kl per annum. Revenue relating to non-residential sewerage are forecast to increase by 15% from \$0.98 in 2018/19 to \$1.12 in 2019/20 and thereafter by 3.5% for the next 3 years then by 2.5%.
- **RMS charges, private works and other revenue** – Assumes that road maintenance contracts with RMS will continue as per prior years with a 2.5% increase each year. Private works are assumed to also increase by 2.5% each year. Similarly, other revenue is assumed to increase by CPI (2.5% in the base scenario);
- **Child care fees and swimming centres** – Assumed to increase by CPI over the life of the LTFP;
- **Aged care and cemeteries** – Assumed to increase by CPI;
- **Quarry Revenue** – Quarry Revenue for 2019/20 is based on estimates from Council’s Technical Services Directorate based on forecast product volume and exploitation trends. This figure is forecast to increase by 1.5% in the outer years.

Council’s projected fees and charges revenue for the 2019/20 to 2028/29 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2010/11 to 2017/18 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 7 – Projected Fees and Charges Revenue



The variance between the 2018/19 and 2019/20 forecasts is predominantly due to changed assumptions for Water and Sewerage Charges. Furthermore, the 2019/20 forecast expected higher Quarry Revenue (\$39k), higher Development Services Private Work (\$314k for clean-up costs of properties and other orders) and greater RMS works of approximately \$333k in 2019/20 due to more aggressive lobbying per Council’s FFF proposal.

3.3 Interest and Investment Income

Interest and investment income accounts for approximately 0.91% of Council’s total revenue (2017/18: \$423k), and Council holds significant funds in term deposits (2017/18: \$17.044m). Projected interest and investment income will depend on both the amount of funds that Council has invested as well as the expected return on these investments. The LTFP assumes that Council will generally hold \$503k on hand for operational needs with the remaining cash balances invested in TDs or other investments. Returns available depend on the investment vehicle, although all TDs assume the cash rate plus 0.75% (i.e. 2.50% for the base scenario).

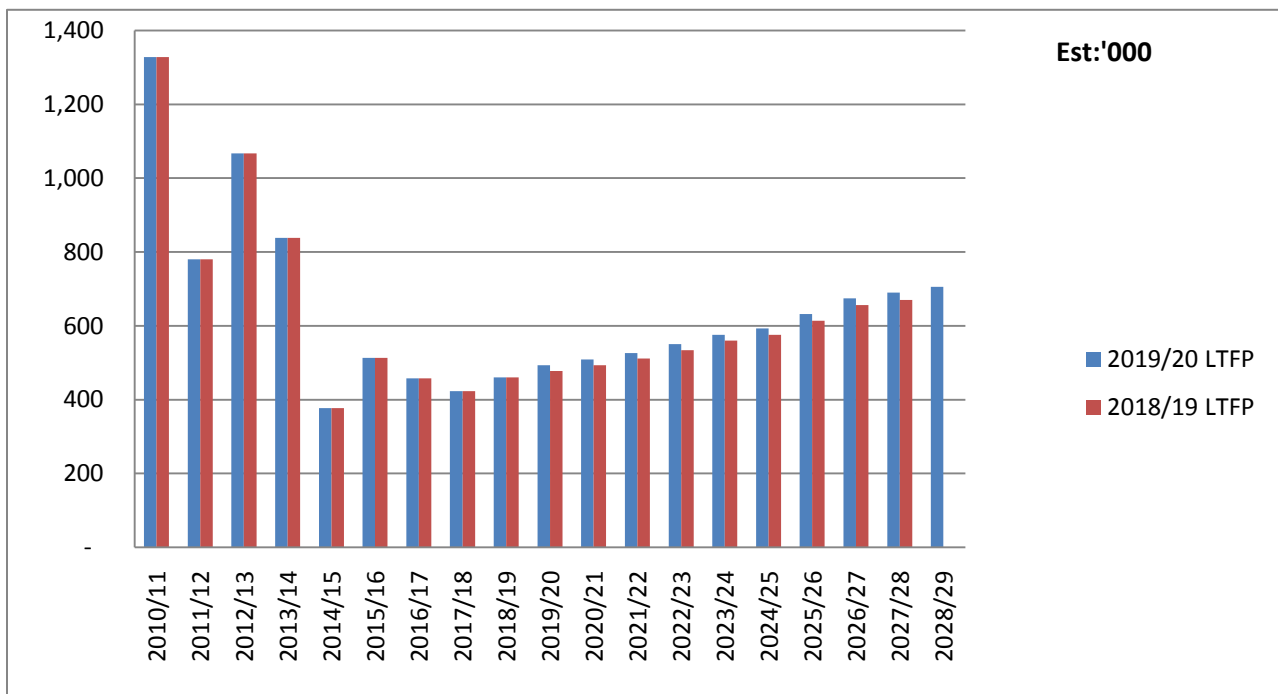
Council’s investment policy requires that Council invest surplus funds at the most favorable rate of interest available to it at the time whilst having due consideration of risk and security for that investment type.

The assumptions used for the projection of interest and investment income in the base scenario are:

- **Returns on term deposits** – Assumes cash rate of 1.75% plus 0.75% (i.e. 2.50%);
- **Cash balance invested** – Assumes cash balance less cash on hand (cash on hand assumed to be \$503k);
- **Interest on Outstanding Rates** – Is captured as an investment income. This income is assumed to increase in line with increases in Rates income for the life of the LTFP.

Council’s projected interest and investment income for the 2019/20 to 2028/29 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2010/11 to 2017/18 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 8 – Projected Interest and Investment Income



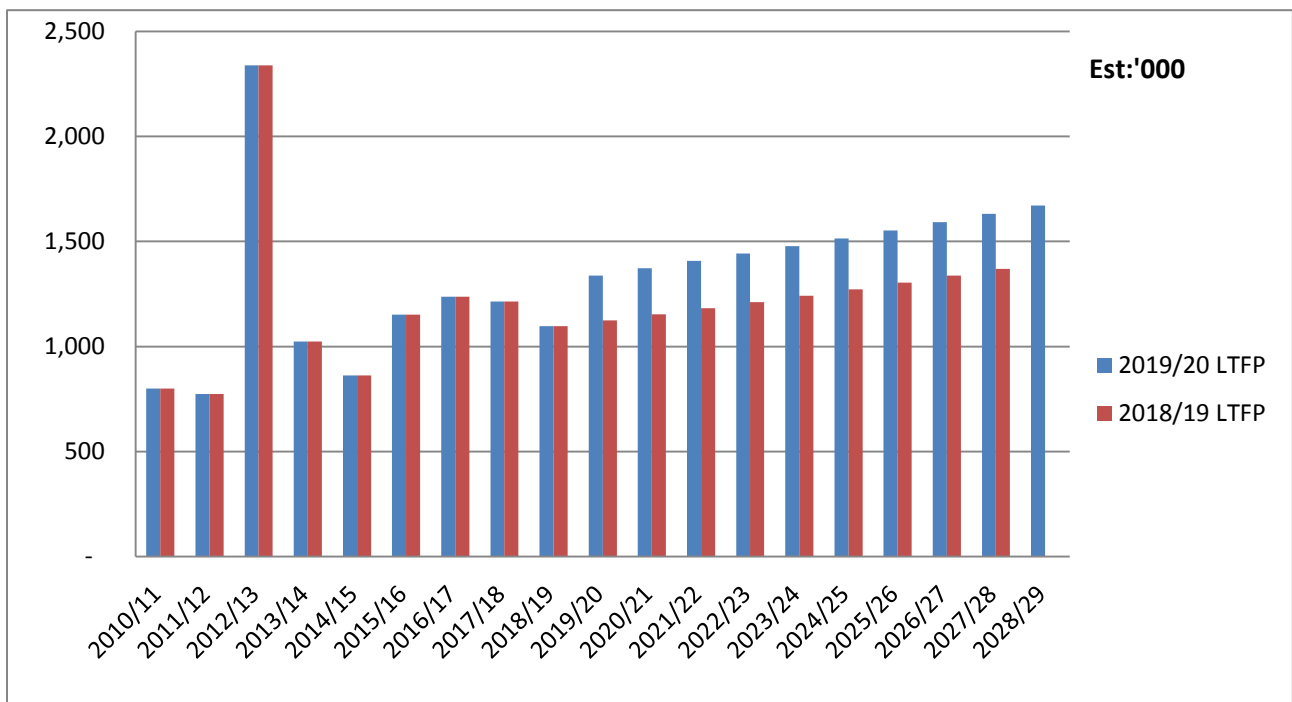
The variance between the 2018/19 and 2019/20 forecasts is predominantly due to the reduction in Council’s Cash and Cash Equivalents forecasted balances as well as the reduced Cash rate by the Reserve Bank of Australia (Total effect of \$151k reduction in revenue over LTFP).

3.4 Other Revenue

Other revenue accounts for only 2.61% (2017/18 actuals) of Council’s total revenue and includes items such as rental income, legal fees recoveries, diesel rebate, insurance claim recoveries and recycling income. It has been assumed for projection purposes that these items will all increase by CPI in the base model.

Council’s projected other revenue for the 2019/20 to 2028/29 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2010/11 to 2017/18 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 9 – Projected Other Revenue



The difference in the 2018/19 and 2019/20 forecast is due to a change in baseline from 2017/18. (Total effect of \$2.13 increase in revenue over LTFP)

3.5 Grants and Contributions

As a relatively small rural Council with a smaller rate base (when compared to urban councils) Warrumbungle Shire Council is heavily reliant on grants and contributions to fund its operations. In the 2017/18 financial year Council obtained 52.55% (\$24.491m) of its total revenue from various grants and contributions. This over reliance on grant revenue could present major challenges in the long run if this source of funding was to be reduced or stagnated.

The main sources of grant revenue are (figures per 2017/18 financial year):

- Financial Assistance Grants (\$6.880m);
- Other Roads and Bridges Funding (\$1.621m);
- Bushfire and Emergency Services (\$3.835m);
- RMS Contribution (\$2.759m);
- Roads to Recovery (\$2.191m);
- Child Care (\$0.812m);
- Aged Care (\$0.766m);
- Pensioner rates subsidy (\$0.125m);
- Water Capital Grants (\$1.065m).
- Cobbora transition fund (\$3.250m).
- Other (\$1.187m).

Council's main form of grant assistance is financial assistance grants (14.76% of Council's total revenue in 2017/18, 20.74% in 2016/17) which are Federal untied grants that are distributed between the States and Territories on the basis of their percentage of the total population. In turn the States and Territories distribute these grants to Local Government. These grants are usually indexed each year for increases in CPI and population. Financial assistance grants consist of two components both of which are distributed to councils on the basis of complex formulas:

- A general purpose component which is distributed on a full equalization basis which attempts to compensate local governing bodies for differences in expenditure required in the performance of their functions and in their capacity to raise revenue;
- An identified local road component which is distributed according to Council's share of the State's rural population, rural local road length, and length of bridges on rural local roads.

The 2014/15 indexation pause on Financial Assistance Grants for three years ending in 2017/18 has had a significant effect on Warrumbungle Shire, like other rural Councils. This effect has to an extent been alleviated by the \$550 million increase in Roads to Recovery and Black spot programs and the introduction of the \$1 billion National Stronger Regions Fund which will help construct and improve infrastructure in communities, particularly those with high levels of unemployment. However the actual benefit, if any, to WSC cannot be determined.

There is also pressure for the Federal Government to redistribute FAGs to rural and regional Council in most need of such monies. For the purpose of the base scenario, from 2019/20 onward, the FAGs grants have been projected to increase by 4% each year, whereas the possible redistribution of FAGs grants to rural councils such as WSC has not been reflected.

Other roads and bridges funding includes:

- Natural disasters grants which provide funding for the restoration of road and bridges damaged as a direct result of a natural disaster event;
- The REPAIR program which provides 50/50 funding for major rehabilitation and development works on regional roads.

Bushfire and emergency services grants are grants Council receives predominately for the running of the rural fire service and local emergency services (i.e. SES). The RFS grant is based on a bid process carried out by RFS dependant on the NSW State Government allocation and the needs of the various regions.

The process of determining Council's contribution has been amended and is now based on the zones percentage of the 20 year average State wide expense. For 2019/20, Castlereagh Zone's total contribution is 1.591% of the State Rural Fire Service Budget, this is further split between Warrumbungle Shire Council (66%) and Gilgandra Shire Council (33%). Council then contributes a cash Statutory Contribution of 11.7% of this amount. Council recognises the difference between the total contribution and the cash contribution as a grant while the total value of its Statutory Contribution allocation is recognized as an expenditure. This expenditure amount is captured as part of the NSW Rural Fire Levy.

Regional Roads Block grants are RMS grants provided to Council for the maintenance of regional roads and are determined based on a formula (for rural councils) that takes into account regional road length, traffic usage and the length of timber bridges. Block grants generally increase by CPI.

The Roads to Recovery program was designed to assist local government in funding the maintenance of the local road network. It has been announced that another five years of the program will be commenced on the 1st July 2019. The new R2R program runs between the 2019/20 and 2023/24 financial years, and under this round of R2R funding Warrumbungle Shire has budgeted Federal funding totaling \$6.022m.

Child care, aged care and community care grants include grants from Family and Community Services, ADHC, Transport for NSW, NSW Health and DEEWR for the provision of aged care and child care services. Where possible Council's child care, aged care and community care functions are cost neutral, and it has been assumed that these grants will increase with the cost of providing these services.

The assumptions used for the projection of grants and contributions revenue in the base scenario are:

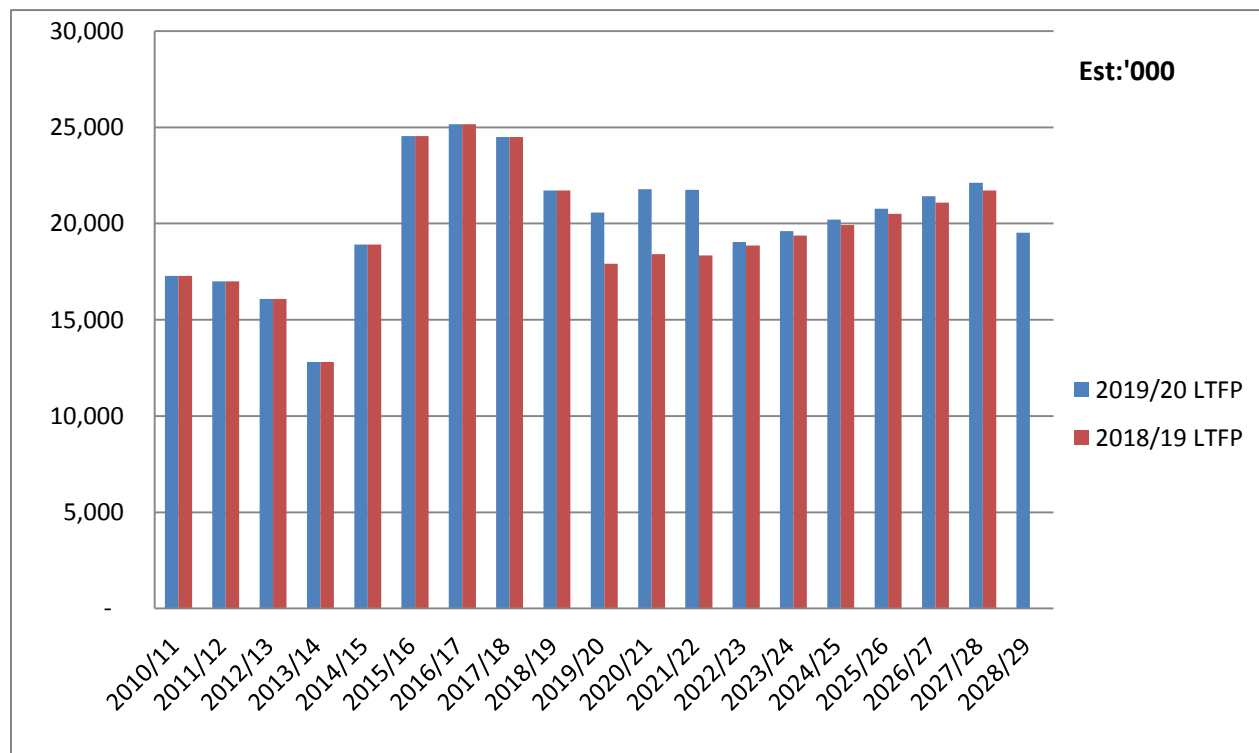
- **Financial Assistance Grants** –Traditionally Council's FAGs grant revenue has increased by 4% per annum over the last 20 years. However, the Federal Government has frozen the indexation of FAGs until 30 June 2018. Consequently, Council has increased the FAGs by 4% for the 2019/20 financial year with the grants being indexed by 4% for the remainder of the LTFP.
- **Other roads and bridges funding** – Council has budgeted for approximately \$2m Regional Road Repair Program Grant in 2019/20. From 2020/21 onward, assumes no Natural Disasters grants over the LTFP timeline and REPAIR program grants of \$400k per annum;
- **Bushfire and Emergency Services** – Assumed to increase by CPI (2.5%);

- **RMS block grants** – Assumed to increase by 1.8%;
- **Roads to Recovery** – Assumes \$1.150m in 2019/20 and a total of \$6.022m over the new 5 years program. From 2024/25 onward, the assumption is that the program will be renewed and the funding is indexed at 2.5% p.a until end of FY 2027/28;
- **Child Care** – Assumed to increase by CPI (2.5%);
- **Aged Care & Community Care** – Assumes CPI (2.5%);
- **Pensioner Rate Subsidy** – Assume 55% of pensioner subsidy;
- **Other** – Assumed to increase by CPI (2.5%).
- **Discount from LIRS** – Assumes the discount is treated as revenue in each year the discount is received

Council is also forecast to receive a rebate on interest expense as a result of Council entering into the Local Infrastructure Renewal (LIRS) program. In prior years this was treated as investment income. In light of accounting advice received this is now included in grants.

Council’s projected grants revenue for the 2019/20 to 2028/29 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2010/11 to 2017/18 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 10 – Projected Grants Revenue



The 2018/19 LTFP and 2019/20 LTFP forecast is relatively similar for 2019/20 with the variance mostly due to an extra \$1.150m R2R grant, \$0.875m for Transport (Other Roads Bridges), an extra \$1.6m for Repair Program Grant (only in 2019/20); the reduction of \$0.850m in RMS Contributions (Block Grant) and a \$0.445m decrease in Bushfire and Emergency Services Grant.

However, from 2022/23 onwards the 2019/20 LTFP shows a significant decrease of \$3.22m pa in Capital Grants Revenue. This is mainly due to the 2019/20 LTFP’s conservative assumption (many capital projects are currently only recognised at their Council’s contribution amounts and without any Grant income). This decrease has been balanced by a reduction in Capital projects from 2020/23 onward.

3.6 Gains/(Losses) from Disposal of Assets

Gains/(losses) from the disposal of assets refers to the net of the amount Council earns when it trades in/disposes of vehicles and other assets under its control less the written down value of these assets at time of disposal. Gains/(losses) from the disposal of assets generally include:

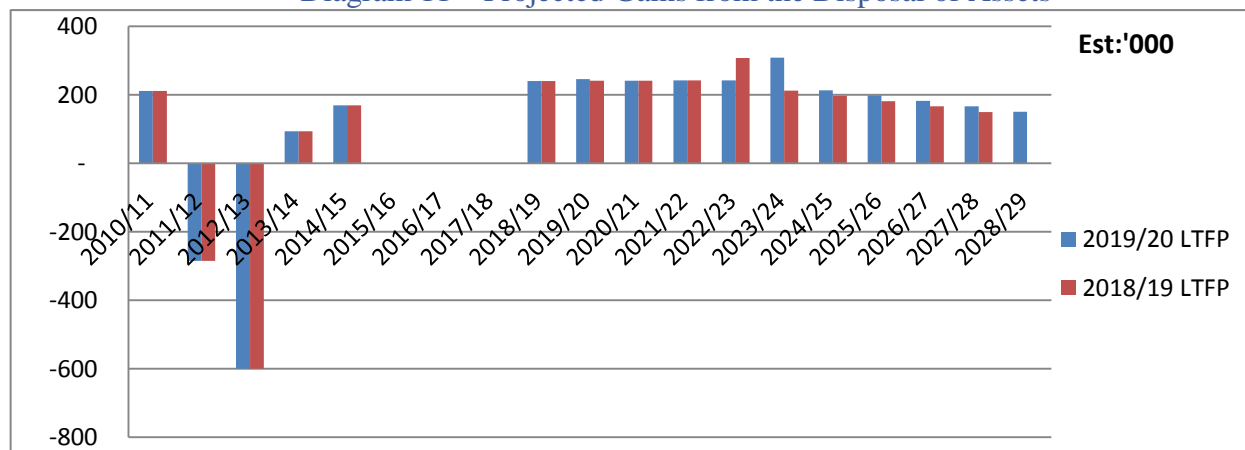
- Gain/(loss) on the disposal of plant vehicles – Council generally makes a gain from the disposal of plant vehicles at the time of trade in (see graph on following page for historical data).
- Losses from the write off of infrastructure assets replaced by Council – As of the 2011/12 financial year, Council began to account for the disposal of assets replaced as part of Council’s road re-seal, pavement rehabilitation, and pavement re-sheeting programs. This results in the write off of any “Book Value” of road assets on there removal or replacement.

Due to the high level of uncertainty in regard to trade in value and the fact that Council will be reviewing its vehicle replacement program and infrastructure depreciation assumptions over the following years, Council has used very general assumptions for both the trade in value of vehicles sold and the WDV of these vehicles and infrastructure assets disposed. Losses from the write-off of infrastructure assets have been assumed to be zero for the purpose of the LTFP.

Council’s forecast gains and losses from the disposal of assets assume a trade in value of \$840k in 2019/20 then indexed by 2.5% per annum for fleet vehicles, plus the expected trade in value for grant funded program vehicles. The WDV of assets disposed is assumed to be roughly \$600k for plant and equipment for Operational Plan and Delivery Program (OPDP) years and indexed by 2.5% for the outer years.

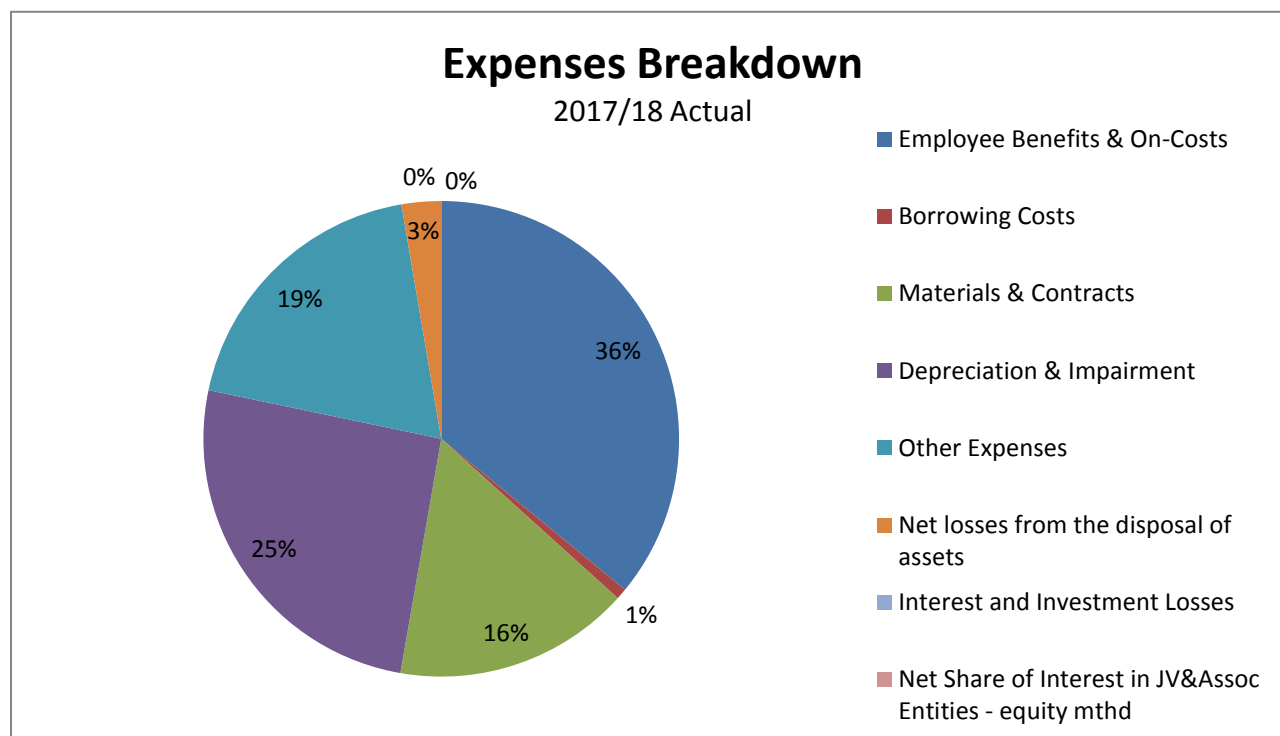
Council’s projected gains from the disposal of assets for the 2019/20 to 2028/29 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2010/11 to 2017/18 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 11 – Projected Gains from the Disposal of Assets



Part 4: Recurrent Expenditure (OpEx)

Warrumbungle Shire incurs the following expenditure in the course of its operations: Employee benefits and on-costs (2017/18: \$16.080m), borrowing costs (2017/18: \$0.335m), materials and contracts (2017/18: \$7.186m), depreciation, amortisation and impairment (2017/18: \$11.421m), other expenses (2017/18: \$8.516m) and Net losses from disposal of Assets (2017/18: \$1.201m). The breakdown of these expenses for the 2017/18 financial year is detailed in the chart below:



4.1 Employee Benefits and On-costs

Employee related expenditure is the single largest expense type incurred by Warrumbungle Shire Council (2017/18: 35.94%). Council employed 175 Full Time Equivalent staff as at 30 June 2018 in a variety of roles. Council currently faces challenges in filling roles (particularly technical roles) due to a drift of skilled staff to larger centras, which indicates that in future Council may be required to pay premium levels of remuneration to attract and maintain skilled staff.

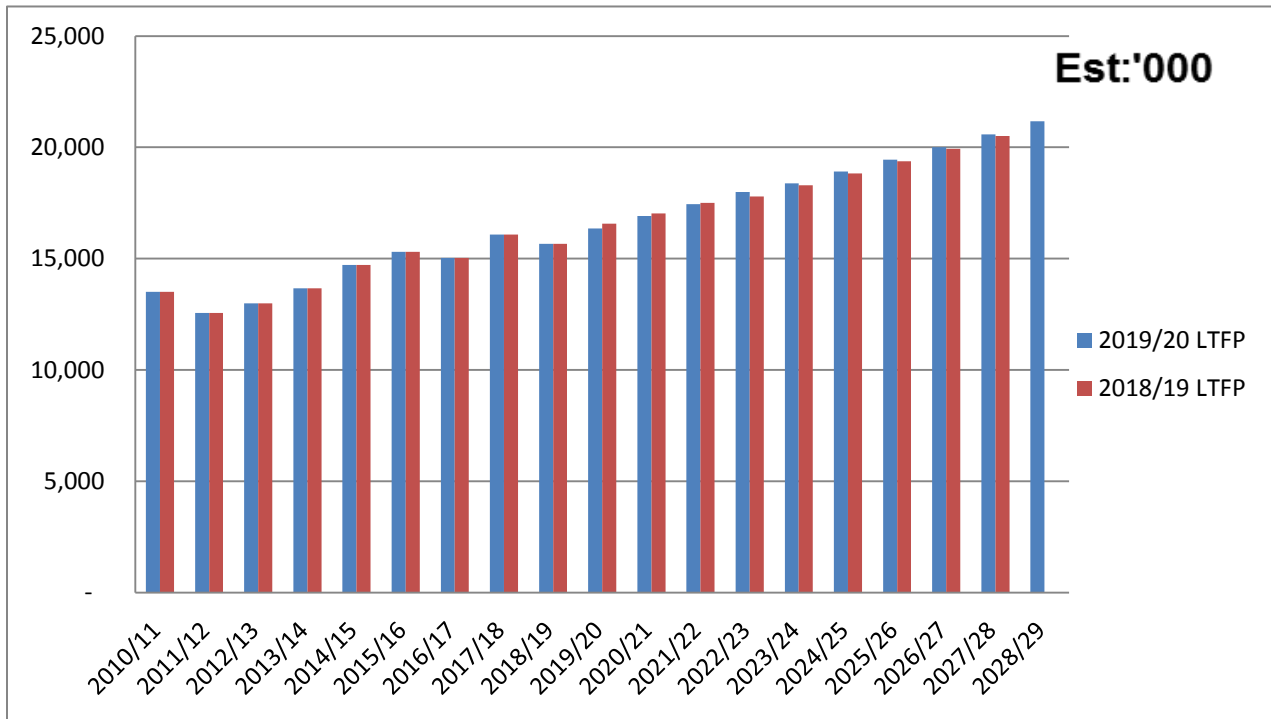
Competition from the mines has recently eased as the mines lay off workers which should somewhat mitigate retention issues with outdoor staff. Employee related issues such as maintaining/improving workforce capacity are dealt with in detail in the Workforce Strategy and have therefore not been addressed in the LTFP. Despite the above mentioned challenges Council has now filled a majority of its vacant positions and the staff turnover ratio has reduced from 11.5% in 2014/15 to 8.9% as at 31 March 2017.

The assumptions used for the projection of employee related expenditure in the base scenario are:

- **Staff numbers** – Council has assumed that the newest Organisational structure will be fully implemented over the two first years of LTFP, with some adjustments for cost savings pending Council’s organizational structure review program;
- **Changes in award rates** – The Local Government (State) Award 2017 guarantees wages increases for local government employees in 2019/20 financial year of 2.5%. For the remaining years in LTFP, a 2.8% indexation has been used for the purpose of forecasting award increases in salaries and wages (Base scenario).
- **Above award pay increases** – Council has not built in above award pay increases into the base scenario of its 2019/20 LTFP. Although it is expected that Council will still face challenges in filling certain skilled positions the net impact of these challenges on total salaries in the base scenario is assumed to be zero due to the use of non-financial incentives to attract staff, and the expectation that higher pay for highly skilled staff will be coupled with higher responsibilities that will reduce the need for other positions, contractors or casuals;
- **Workers compensation** – Workers compensation insurance premium payments are based on previous claims history and projected premiums in the LTFP are calculated by taking the forecast premium for the following year and increasing it by the indexation used for salaries and wages;
- **Capitalisation rate for employee related expenditure** – Council capitalises a portion of employee related expenditure that relates to the construction of assets per the requirements of AASB 116 – *Property, Plant and Equipment*. The percentage of employee related expenditure capitalised has been calculated and analysed from year to year for the purpose of the LTFP, although it is likely that employee expenditure for 2019/20 will be lower than forecast due to the size of the 2019/20 Capital program and potential revotes;
- **Superannuation** – Contributions by Council to both defined benefit and defined contribution superannuation plans have been forecast to increase per the increase in salaries and wages plus the expected increase in the superannuation guarantee. The Superannuation Guarantee percentage is expected to remain at 9.5% until 2020/21;
- **Employee benefits** – Employee leave entitlements such as annual leave and long service leave have been projected to increase at the same rate as general salaries expenditure.

Council’s projected employee related expenditure for the 2019/20 to 2028/29 financial years is detailed in the following table. Note: figures are in thousands and figures from the 2010/11 to 2017/18 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 12 – Projected Employee Related Expenditure



The variance between the 2018/19 and 2019/20 forecasts is predominantly due to the review of the new organisational structure resulting in a \$213k decrease in Employee Related Expenditure for 2019/20. However, from 2022/23, the expense is forecasted to increase over the previous LTFP due to the change in indexation assumption.

4.2 Borrowing Costs

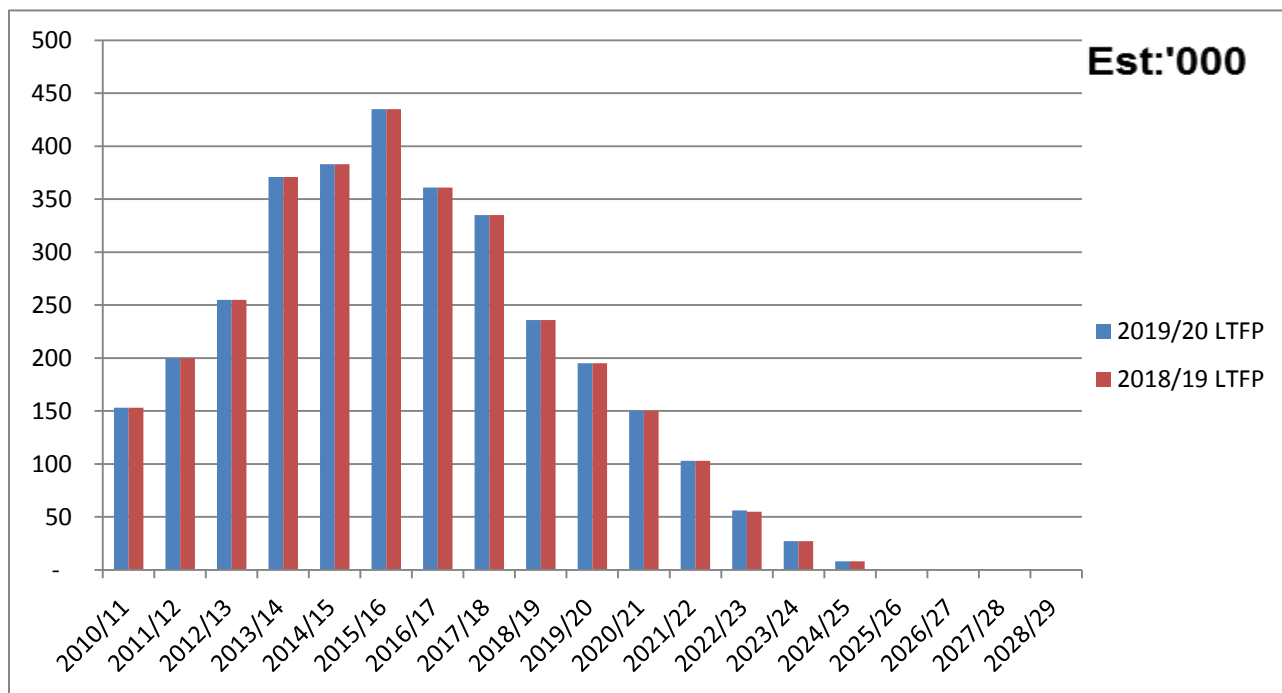
Borrowing costs incurred by Council include interest on loans held by council, charges relating to finance leases and discount adjustments relating to movements in quarry remediation liabilities. Borrowing costs currently form roughly 0.75% of the total expenditure incurred by Council.

Borrowing cost projections are based on current loans, finance lease and asset remediation schedules for all loans currently held by Council. Details of Council’s forecast loan balance as at 1 July 2020 and loan terms are provided in the table below.

Loan Details	Responsible Area	Interest Rate	End date	Closing Balance
Admin Building Loan	Property And Risk	5.80%	30-Mar-23	543,620
Bridges Loan	Regional Roads M&R	4.09%	30-Jun-25	330,368
LIRS Round 1 Loan	Local Roads M&R	5.80%	30-Nov-22	704,459
Mendooran Water Loan	Warrumbungle Water	7.10%	30-Jan-24	358,173
LIRS Round 2 Loan	Local Roads M&R	3.66%	31-Mar-25	1,691,013
Loan Quarry	Warrumbungle Quarry	3.30%	20-Mar-25	234,865
Total:				3,862,497

Council’s projected borrowing costs for the 2019/20 to 2028/29 financial years is detailed in the following table. Note: figures are in thousands and figures from the 2010/11 to 2017/18 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 13 – Projected Borrowing Costs



It should be noted that a large portion of the borrowing costs above are assumed to be offset by the LIRS discount which is treated as interest and investment revenue in the LTFP. The LIRS discount will offset approximately \$390k of Council’s total \$0.537m in interest payments over the ten years of the LTFP. The difference from the 2018/19 LTFP and the 2019/20 LTFP are due to the refinancing of Council’s higher interest borrowings offset by changes to Quarry remediation.

4.3 Materials and Contracts

Materials and contractors is the third largest cash expense item incurred by council (16.06% of total expenditure in the 2017/18 financial year). Materials and contracts payments include:

- Raw materials and consumables (2017/18: \$4.895m) which generally relate to fuel, bitumen, and other materials used predominantly in the maintenance of Council's assets. Note materials and consumables used as part of capital jobs are capitalized;
- Contractor and consultancy costs (2017/18: \$13.087m), which also relates predominantly to Council's maintenance program, as well as expenditure relating to RMS works;
- Other materials and contracts costs including operating lease expenses, legal expenses, and auditor fees (2017/18:\$1.033m).
- Council also capitalized part of the Materials and Contracts expenses (2017/18:\$11.829m).

Changes in the scope of Council's recurrent maintenance program as well as increases in input costs are the two main cost drivers for movements in materials and contracts expenditure. Changes in the maintenance program have been captured in the 2019/20 projections via the budget process, and it is assumed for the purpose of this plan that the quantity of work done as part of the maintenance program will remain relatively constant over the lifetime of this plan.

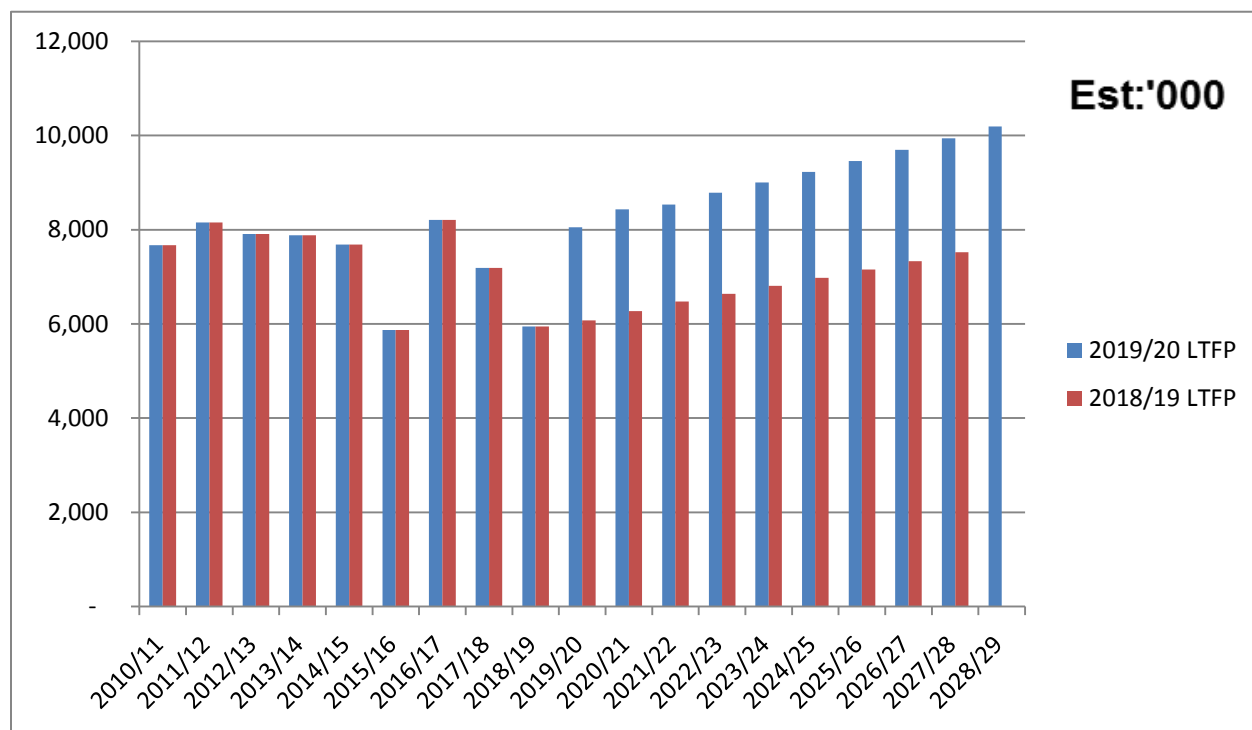
It should be noted that maintenance expenditure can be split into normal maintenance expenditure and maintenance expenditure relating to natural disasters which cannot be predicted and is outside the normal maintenance program. Natural disasters can have a big impact on Council's operations, as a \$2m natural disaster will generally divert \$2m worth of expenditure away from capital works into maintenance. Natural disaster works have recently been subsidised by RMS and special grants.

The assumptions used for the projection of materials and contracts in the base scenario are:

- **Maintenance program** – 2019/20 per budget, program assumed to stay constant with costs increasing by assumed CPI;
- **Natural disaster maintenance** – No scenario of the revised 2019/20 LTFP includes a forecast for natural disasters;
- **Non-maintenance raw materials and contractor expenditure** – Assumed to increase by assumed CPI;
- **Other materials and contracts costs** – Assumed to increase by assumed CPI

Council's projected materials and contracts expenditure for the 2019/20 to 2028/29 financial years is detailed in the following table. Note: figures are in thousands and figures from the 2010/11 to 2017/18 financial years are actuals per Council's audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council's LTFP in red.

Diagram 14 – Projected Materials and Contracts Expenditure



The variance between the 2018/19 and 2019/20 forecasts (an average of \$2.2m pa increase) is predominantly due to increased in Contracts (\$1.071m) and Legal expenses (\$0.352m) in 2019/20. Legal expense increases are only in two financial years - 2019/20 and 2020/21 relating to TRRRC; after 2020/21, this is forecasted to go back to normal of approximately \$90k p.a on average.

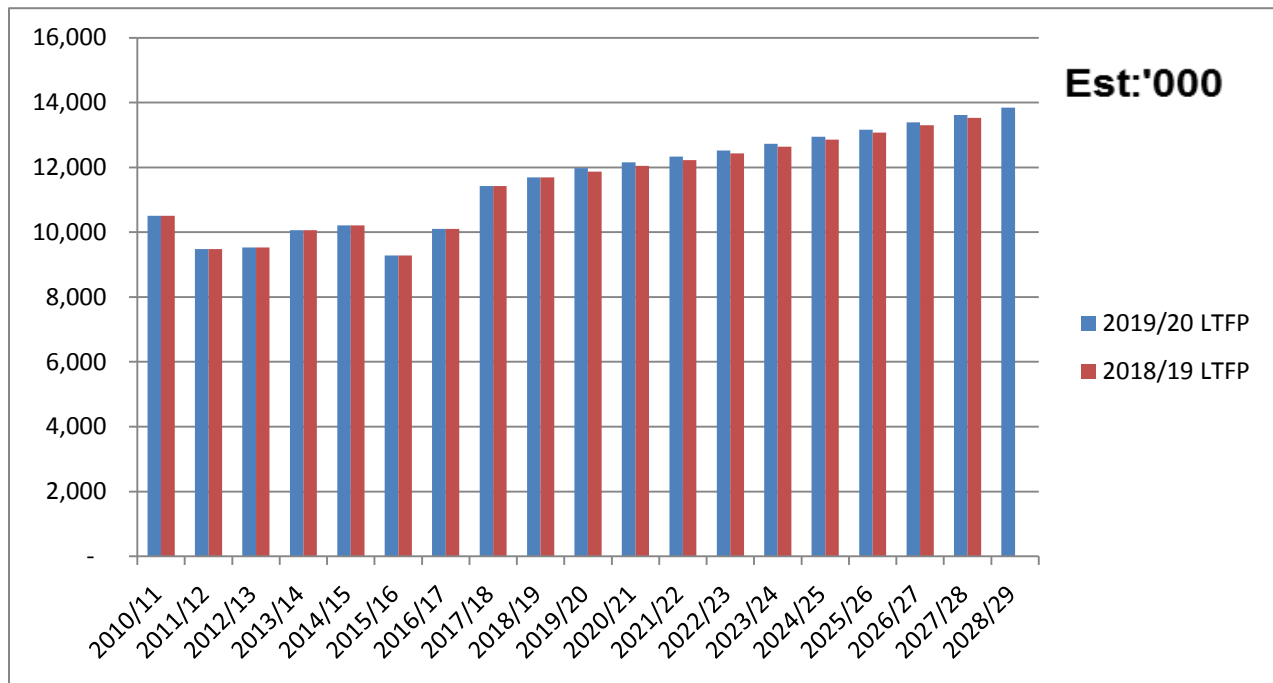
4.4 Depreciation, Amortisation and Impairment

Depreciation and amortisation is the second largest expense type incurred by Council (25.53% of 2017/18 total expenditure). Depreciation/amortisation is a non-cash expense that is defined in AASB 116 – *Property Plant and Equipment* as the systematic allocation of the depreciable amount of an asset over its useful life.

Depreciation and amortisation are dealt with extensively in the AMP, and details on all assumptions used in depreciation/amortisation calculations can be found in the AMP. Impairment is generally as a result of natural disasters and state government funds a major portion of all natural disasters repair work through natural disasters grants. Due to the inherent difficulty in predicting natural disasters (Council has only recorded impairment in one of the previous 5 financial years); impairment has been assumed to be zero for the purpose of these projections.

Council’s projected depreciation, amortisation and impairment expenditure for the 2019/20 to 2028/29 financial years is detailed in the following table. Note: figures are in thousands and figures from the 2010/11 to 2017/18 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 15 – Projected Depreciation, Amortisation and Impairment



The variance between the 2017/18 LTFP and 2019/20 LTFP depreciation forecasts is mostly due to the forecasted increase p.a as the result of new assets created/added which brings up the forecasted Depreciation expenses from 2019/20 onward.

It should be noted that Council commenced its Asset Management Improvement Project (AMIP) in the 2012/13 financial year and two key deliverables of this project are an extensive audit of Council’s asset inventory data (including condition testing etc.) and a detailed review of Council’s depreciation assumptions. As a result of this review and the 2014/15 roads revaluation Council has revised downwards its roads depreciation expenditure to reflect more accurate roads data as captured as part of the AMIP. However, this is being offset by a \$0.57m increase in Water and Sewer’s depreciation as a result of the 2016/17 revaluation and by a \$1.1m increase in Buildings’ depreciation due to the 2017/18 revaluation.

4.5 Other Expenses

19.03% of Council's total expenditure is categorized as "other expenditure". In the 2017/18 financial year the breakdown for other expenditure was:

- NSW rural fire levy (3.596m);
- Donations (\$0.350m);
- Regional library contributions (\$0.550m);
- Electricity and heating (\$0.583m);
- Insurance (\$0.850m);
- Telephone and communications (\$0.172m);
- Registration and Licences (\$0.508m);
- Other (\$1.907m).

Bushfire and Emergency Services provide Council with a grant that goes toward the running of the Rural Fire Service annually and Council is required to partly contribute. The process of determining Council's contribution has been amended and is now based on the zones percentage of the 20 year average State wide expense. For 2019/20, Castlereagh Zone's total contribution is 1.591% of the State Rural Fire Service Budget, this is further split between Warrumbungle Shire Council (66%) and Gilgandra Shire Council (33%). Council then contributes a cash Statutory Contribution of 11.7% of this amount. Council recognises the difference between the total contribution and the cash contribution as a grant while the total value of its Statutory Contribution allocation is recognized as an expenditure. This expenditure amount is captured as part of the NSW Rural Fire Levy.

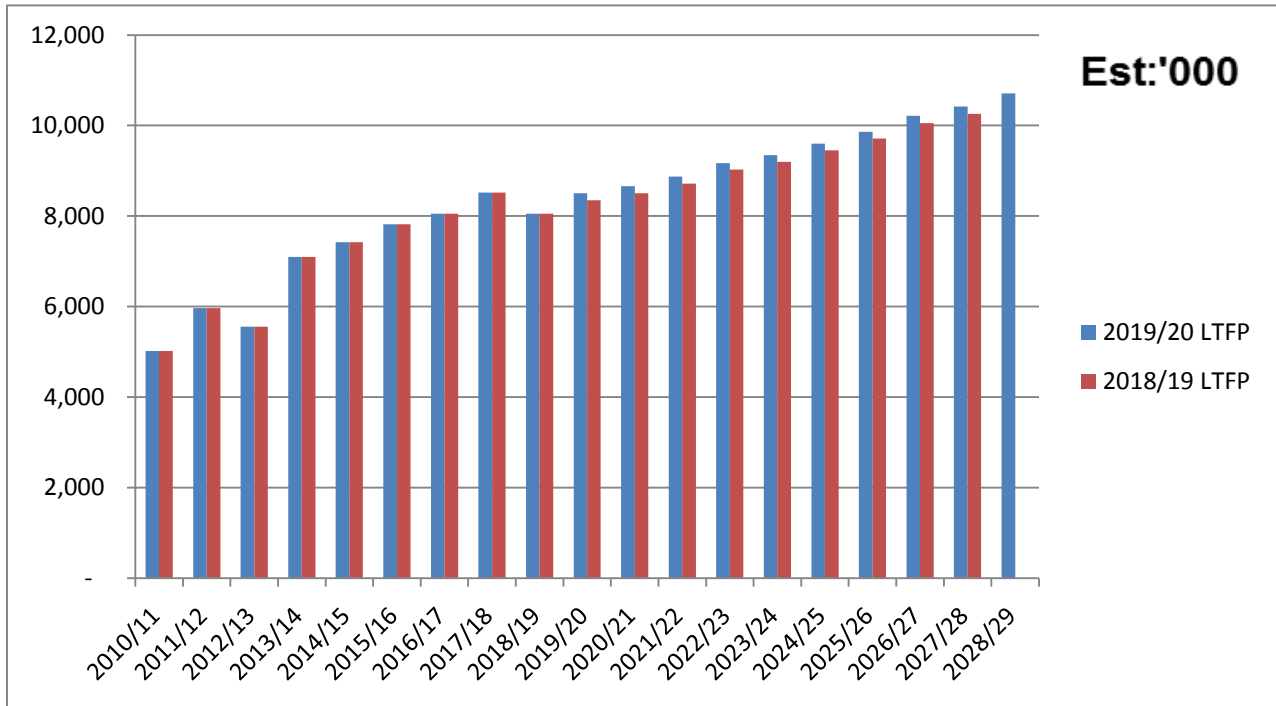
Donations include all other donations made by council, and regional library contributions refer to Council's contribution to the Macquarie regional library. Insurance refers to the insurance premiums paid by Council, the cost of which is generally based on previous claims history and changes in Council's asset base.

The assumptions used for the projection of other expenditure in the base scenario are:

- **Rural fire levy** –2019/20 increased by assumed CPI;
- **Donations, insurance, telephone and other expenses** – increased by assumed CPI;
- **Regional library contributions** – 10 year forecast per information from Macquarie Regional Library;
- **Electricity and heating** – increased by assumed CPI.

Council's projected other expenditure for the 2019/20 to 2028/29 financial years is detailed in the following table. Note: figures are in thousands and figures from the 2010/11 to 2017/18 financial years are actuals per Council's audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council's LTFP in red.

Diagram 16 – Projected Other Expenditure



The variance for Other expenditure between the 2019/20 LTFP and 2018/19 LTFP is predominantly due to increase in Regional library contributions (\$113k) in 2019/20.

Part 5: Summary of Changes (2019/20 LTFP vs 2018/19 LTFP)

The following table outlines the most significant changes between 2018/19 LTFP's and 2019/20 LTFP's base scenario's underlying assumptions:

2019/20 LTFP	2018/19 LTFP	Net Effect	Annualised Effect Positive/(Negative) '000
Water and Sewer Annual Charges rise by 18% (Water) and 15% (Sewer) for 2019/20 then 3.5% for the next 3 years then 2.5%.	Water and Sewer Annual Charges rise by 15% (both) for 2019/20 then 3.5% for the next 2 years then 2.5%.	A total \$816k increase in Revenue or an average of \$91k pa.	91
Water and Sewer User Charges rise by 18% (Water) and 15% (Sewer) for 2019/20 then 3.5% for the next 3 years then 2.5%. Forecast consumption dropped by 12.3% to reflect current trend.	Water and Sewer User Charges rise by 15% (both) for 2019/20 then 3.5% for the next 2 years then 2.5%.	A total \$2.87m decrease in Revenue or an average of \$320k pa.	(320)
R2R Grant continues after 2019/20 but at reduced amounts	R2R Grant stops after 2019/20	An average increase of \$1.327m pa to Revenue	1,327
Increases in Materials & Contracts expenses to reflect the 2017/18 FY base line	-	Approximately \$2.21m pa increase in Expenditure.	(2,209)
Reduction in Grants - Bushfire And Emergency Services	-	A total \$3.964m increase in Expenditure or an average of \$440k pa.	(440)
Total:			(1,551)

Part 6: Capital Expenditure (CapEx)

Assumptions around capital expenditure, asset valuations and asset management are covered in detail in the Asset Management Plan, and have been incorporated into the LTFP. A summary of future capital expenditure has been provided in the tables below based on the capital program in Council's base scenario.

Table 1: Council's Ten Year Capital Program

Description	2019/20 (OP)	2020/21 (DP)	2021/22 (DP)	2022/23 (DP)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Cobbora Transition Fund										
Cobbora Transition Fund Total	-	-	-	-	-	-	-	-	-	-
Corporate Services										
Finance				-	-	-	-	-	-	-
Finance Total	-	-	-	-	-	-	-	-	-	-
Bushfire and Emergency Services										
RFS - Enhancements	26,093	26,746	27,414	28,100	28,802	29,522	30,260	31,017	31,792	32,587
RFS - Vehicles	331,141	339,420	347,905	356,603	365,518	374,656	384,022	393,623	403,463	413,550
Bushfire and Emergency Services Total	357,235	366,165	375,320	384,703	394,320	404,178	414,283	424,640	435,256	446,137
Communications & IT										
Replacement PCs	-	-	-	-	150,000	-	-	-	-	-
Microsoft Server Licenses & SA	-	-	-	7,500	-	-	-	-	-	7,500
Server Storage upgrade	50,000	-	-	-	100,000	50,000	-	-	-	100,000
MiTel Phone system replacement	-	-	-	-	-	150,000	-	-	-	-
GPS Handheld units	10,000	-	-	10,000	-	-	10,000	-	-	10,000
InfoXpert (mobile & web portal modules)	-	-	-	7,500	-	-	-	-	7,500	-
Replacement IT Server Hardware	5,000	5,000	5,000	5,000	5,000	50,000	5,000	5,000	5,000	5,000
Antivirus Security Software	-	-	30,000	-	-	-	30,000	-	-	-
ERP System (currently Authority)	-	-	-	-	-	-	-	-	250,000	-
Communications & IT Total	65,000	5,000	35,000	30,000	255,000	250,000	45,000	5,000	262,500	122,500

Warrumbungle Shire Council - Long Term Financial Plan 2019/20

Description	2019/20 (OP)	2020/21 (DP)	2021/22 (DP)	2022/23 (DP)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Family Support Services										
Connect 5				-	-	-	-	-	-	-
Connect 5 Capital - Purchase of Vehicle	-	-	17,334	-	-	18,634	-	-	19,566	19,566
Connect 5 Total	-	-	17,334	-	-	18,634	-	-	19,566	19,566
Family Day Care										
FDC Replacement of Vehicle	-	-	-	-	-	13,044	-	-	13,696	13,696
Family Day Care Total	-	-	-	-	-	13,044	-	-	13,696	13,696
Family Support Services Total	-	-	17,334	-	-	31,678	-	-	33,262	33,262
Warrumbungle Community Care										
Community Transport										
Community Transport Capital	50,000	50,000	50,000	200,000	50,000	50,000	50,000	50,000	50,000	50,000
Community Transport Total	50,000	50,000	50,000	200,000	50,000	50,000	50,000	50,000	50,000	50,000
Multiservice Outlet										
MSO Capital Replacements	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Multiservice Outlet Total	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Warrumbungle Community Care Total	72,000	72,000	72,000	222,000	72,000	72,000	72,000	72,000	72,000	72,000
Yuluwirri Kids										
Yuluwirri Kids Total	-	-	-	-	-	-	-	-	-	-
Corporate Services Total	494,235	443,165	499,654	636,703	721,320	757,856	531,283	501,640	803,018	673,899

Warrumbungle Shire Council - Long Term Financial Plan 2019/20

Description	2019/20 (OP)	2020/21 (DP)	2021/22 (DP)	2022/23 (DP)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Development Services										
Tourism and Development Services										
VIC Capital allowance		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Renovate Retail Area	-	10,000	-	-	-	-	-	-	-	-
Replace Information Board Sign in Grounds	14,000	-	-	-	-	-	-	-	-	-
Replace and repaint gutters, eaves and barge boards on VIC building	19,000				-	-	-	-	-	-
Rebuild of Advertising Board	-	10,000			-	-	-	-	-	-
Renovate and modernise the reception area of VIC - retile, bag, paint etc	-	-	4,500	12,500	-	-	-	-	-	-
Upgrade amenities block - retile, replace dividers and fowlerware etc	3,000	8,000	8,000		-	-	-	-	-	-
Connect all toilets to untreated water systems	-	2,000	3,000		-	-	-	-	-	-
installation of solar collection and storage system to make building more self sufficient		12,000	24,000	24,000	-	-	-	-	-	-
Tourism and Development Services Total	36,000	52,000	49,500	46,500	10,000	10,000	10,000	10,000	10,000	10,000
Regulatory Services										
Regulatory Services Total	-	-	-	-	-	-	-	-	-	-
Town Planning										
Town Planning Total	-	-	-	-	-	-	-	-	-	-
Warrumbungle Waste										
Waste Capital Allowance	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Site Works for CDS	50,000	-	-	-	-	-	-	-	-	-
Warrumbungle Waste Total	70,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000

Warrumbungle Shire Council - Long Term Financial Plan 2019/20

Description	2019/20 (OP)	2020/21 (DP)	2021/22 (DP)	2022/23 (DP)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Property & Risk										
Council Offices & Other Property										
17 Cole Street - Kitchen Refurb	-	20,000	-	-	-	-	-	-	-	-
17a Cole Street - Bathroom Refurb	-	-	-	15,000	-	-	-	-	-	-
17a Cole Street - Kitchen Refurb	-	15,000	-	-	-	-	-	-	-	-
4 Irwin Street - Bathroom Refurb	-	-	30,000	-	-	-	-	-	-	-
Coolah Shire Hall - Carpet Replacement	-	-	50,000	-	-	-	-	-	-	-
Dunedoo Depot - Toilet Refurb	-	15,000	-	-	-	-	-	-	-	-
Mendooran Community Care - Replace Flooring	-	50,000	-	-	-	-	-	-	-	-
Mendooran Mechanics Insitute - Kitchen Refurb	-	-	20,000	-	-	-	-	-	-	-
Coonabarabran Community Care - Replace Carpet	-	-	50,000	-	-	-	-	-	-	-
Coolah Office - Recarpet	50,000	-	-	-	-	-	-	-	-	-
Coolah Depot - Toilet Refurb	20,000	-	-	-	-	-	-	-	-	-
Mendooran Depot - Toilet Refurb	20,000	-	-	-	-	-	-	-	-	-
139 Martin Street - Kitchen Refurb	-	-	-	-	25,000	-	-	-	-	-
17 Cole Street - Bathroom Refurb	-	-	-	-	20,000	-	-	-	-	-
Coolah Disabled Access Ramp	30,000	-	-	-	-	-	-	-	-	-
Community Services Buidling Upgrades	60,000	-	-	-	-	-	-	-	-	-
Pandora Gallery's public toilets maintenance	30,000	-	-	-	-	-	-	-	-	-
Council Offices & Other Property Total	210,000	100,000	150,000	15,000	45,000	-	-	-	-	-

Warrumbungle Shire Council - Long Term Financial Plan 2019/20

Description	2019/20 (OP)	2020/21 (DP)	2021/22 (DP)	2022/23 (DP)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Public Halls										
Baradine Hall - Roof Replacement	-	-	-	100,000	-	-	-	-	-	-
Binnaway Hall - Kitchen Refurb	-	-	50,000	-	-	-	-	-	-	-
Purlewaugh Hall - Kitchen Refurb	-	-	-	-	-	20,000	-	-	-	-
Public Hall Capital allowance	-	375,000	325,000	275,000	375,000	355,000	375,000	375,000	375,000	375,000
Binnaway Hall	30,000	-	-	-	-	-	-	-	-	-
Dunedoo Stage	50,000	-	-	-	-	-	-	-	-	-
Coolah Hall/Library Upgrades	50,000	-	-	-	-	-	-	-	-	-
Public Halls Total	130,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000
Cemetery Services										
Cemeteries Capital allowance		25,000	-	-	25,000	25,000	25,000	25,000		-
Coonabarabran Native Grove Cemetery Expansion	-	-	-	55,000	-	-	-	-	60,000	-
Cemetery Equipment Upgrades	40,000	-	-	-	-	-	-	-	-	-
Total Cemetery Services	40,000	25,000	-	55,000	25,000	25,000	25,000	25,000	60,000	-
Property & Risk Total	380,000	500,000	525,000	445,000	445,000	400,000	400,000	400,000	435,000	375,000
Development Services Total	486,000	572,000	594,500	511,500	475,000	430,000	430,000	430,000	465,000	405,000
Technical Services										
Asset Design Services										
Design Projects Survey Equip-upgrades	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Design Services Software Upgrade	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Laptop Computer & Traffic Counter	7,500	-	7,500	-	8,000	-	8,000	-	8,000	-
Intramaps & Arc GIS - Software	25,570	25,570	25,570	25,570	27,000	27,000	27,000	27,000	27,000	27,000
Asset Design Services Total	55,070	47,570	55,070	47,570	57,000	49,000	57,000	49,000	57,000	49,000
Fleet Services										
Minor Plant Purchases	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Plant & Equipment Purchases	2,015,000	2,650,000	2,715,000	1,110,000	1,195,000	2,265,000	2,550,000	2,950,000	2,545,000	1,350,000
Workshop Rollerdoors & Lighting	45,000	-	-	-	-	-	-	-	-	-
Workshop equip renewal		20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	-
Fleet Services Total	2,075,000	2,685,000	2,750,000	1,145,000	1,230,000	2,300,000	2,585,000	2,985,000	2,580,000	1,365,000

Warrumbungle Shire Council - Long Term Financial Plan 2019/20

Description	2019/20 (OP)	2020/21 (DP)	2021/22 (DP)	2022/23 (DP)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Road Operations										
Reseals										
Baradine Streets Reseals	19,923	20,421	20,932	21,455	21,991	22,541	23,105	23,682	24,274	24,881
Binnaway Streets Reseals	17,876	18,323	18,781	19,251	19,732	20,225	20,731	21,249	21,781	22,325
Coolah Streets Reseals	29,722	30,465	31,227	32,008	32,808	33,628	34,469	35,330	36,214	37,119
Coonabarabran Streets Reseals	95,090	97,467	99,904	102,401	104,962	107,586	110,275	113,032	115,858	118,754
Dunedoo Streets Reseals	26,707	27,375	28,059	28,760	29,479	30,216	30,972	31,746	32,540	33,353
Mendooran Streets Reseals	17,876	18,323	18,781	19,251	19,732	20,225	20,731	21,249	21,781	22,325
Rural Roads Reseals	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Total Reseals	657,195	662,375	667,684	673,126	678,704	684,422	690,282	696,290	702,447	708,758
Local Roads										
Local Roads Resheeting	750,000	787,969	807,668	827,860	848,556	869,770	891,514	913,802	936,647	-
Coolah Creek Road Rehabilitation	200,000	-	-	-	-	-	-	-	-	-
Local-Rehab-Neilrex Rd	200,000	-	-	-	-	-	-	-	-	-
Sealing 600m from Munns Rd causeway to Goorianawa Rd	80,000	-	-	-	-	-	-	-	-	-
Local-Pavement Rehab - Various sections - Capital Grant Funded	-	400,000	400,000	400,000	400,000	557,345	571,278	585,560	600,199	-
Stormwater Drainage Renewals						70,000	70,000	70,000	70,000	-
Local Roads Total	1,230,000	1,187,969	1,207,668	1,227,860	1,248,556	1,497,115	1,532,792	1,569,362	1,606,846	-
Regional Roads										
Regional Roads Reseals	650,000	650,000	650,000	650,000	774,320	793,678	813,520	833,858	854,704	-
Pavement Rehabilitation and Widening on MR7519	169,000	-	-	-	-	-	-	-	-	-
Pavement widening and rehabilitation MR55 (Black Stump Way)	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	-
Shoulder widening MR396	-	-	-	-	169,000	-	-	-	-	-
Shoulder widening MR618 (Vinegaroy Road)		169,000	169,000	169,000						
Pavement widening MR55 - Safer Roads	750,000									
Billy Kings Creek 2 Bridges	1,483,700	366,300								
Regional Roads Total	3,852,700	1,985,300	1,619,000	1,619,000	1,743,320	1,593,678	1,613,520	1,633,858	1,654,704	-

Warrumbungle Shire Council - Long Term Financial Plan 2019/20

Description	2019/20 (OP)	2020/21 (DP)	2021/22 (DP)	2022/23 (DP)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Aerodrome										
Coona Aerodrome - Pavement renewal	340,000	-	-	-	-	-	-	-	-	-
Baradine - Graval Re-Sheet	50,000	-	-	-	-	-	-	-	-	-
Baradine - Sealed Turning Area...Eastern End	20,000	-	-	-	-	-	-	-	-	-
Aerodrome Total	410,000	-	-	-	-	-	-	-	-	-
Road Operations Total	6,149,895	3,835,644	3,494,352	3,519,986	3,670,580	3,775,215	3,836,594	3,899,510	3,963,997	708,758
Urban Services										
Horticulture										
Mendooran Park - Connection of existing irrigation to town Water supply	-	-	-	-	-	-	-	-	-	30,000
Baradine Skate & Activity Park construction	60,000	-	-	-	-	-	-	-	-	50,000
Softfall under playground equipment (Coolah)	-	-	-	-	-	-	20,000	-	-	-
Softfall - Mendooran Park	-	-	20,000	-	-	-	-	-	-	-
Horticulture Capital allowance	-	-	-	-	30,000	30,000	10,000	30,000	30,000	-
Amenities Capital allowance	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	-
Horticulture Total	110,000	50,000	70,000	50,000	80,000	80,000	80,000	80,000	80,000	80,000

Warrumbungle Shire Council - Long Term Financial Plan 2019/20

Description	2019/20 (OP)	2020/21 (DP)	2021/22 (DP)	2022/23 (DP)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Ovals										
Robertson Oval - Amenities refurbishment (Disabled Access)	110,000	-	-	-	-	-	-	-	-	-
Ovals Renewals -Capital allowance		100,000	100,000	100,000	50,000	50,000	50,000	50,000	50,000	-
Sporting buildings Renewals-Capital allowance					150,000	150,000	150,000	150,000	150,000	-
Binnaway Oval - Irrigation Upgrade	-	40,000	-	-	-	-	-	-	-	-
C'Bran - No. 1 Oval Boundary Fence	35,000	-	-	-	-	-	-	-	-	-
Repainting - No 2 Spectator area...Western wall	10,000	-	-	-	-	-	-	-	-	-
Binnaway Oval Lighting renewal	289,486	-	-	-	-	-	-	-	-	-
Coonabarabran - skate park shade cover	20,000	-	-	-	-	-	-	-	-	-
Baradine Oval Lighting renewal	290,000	-	-	-	-	-	-	-	-	-
Ovals Total	754,486	140,000	100,000	100,000	200,000	200,000	200,000	200,000	200,000	-
Swimming Pools										
Leak and Joint Repairs- All Pools		100,000	100,000	100,000	50,000	50,000	50,000	50,000	50,000	-
Baradine Pool - repair leaks	100,000	-	-	-	-	-	-	-	-	-
C'Bran - Tree removal and shade installation	45,000	-	-	-	-	-	-	-	-	-
Swimming Pools Total	145,000	100,000	100,000	100,000	50,000	50,000	50,000	50,000	50,000	-
Town Streets - Baradine										
Baradine District Progress Association Main street Gardens	5,000	5,000	5,000	-	-	-	-	-	-	-
Rehabilitation of footpath sections	15,000	20,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Street Trees - Baradine	5,000	-	5,000	-	5,000	-	5,000	-	5,000	-
Town Streets - Baradine Total	25,000	25,000	35,000	25,000	30,000	25,000	30,000	25,000	30,000	25,000

Warrumbungle Shire Council - Long Term Financial Plan 2019/20

Description	2019/20 (OP)	2020/21 (DP)	2021/22 (DP)	2022/23 (DP)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Town Streets - Binnaway										
Binnaway Progress Association	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Footpath rehabilitation - Binnaway	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Street Trees - Binnaway	-	5,000	-	5,000	-	5,000	-	5,000	-	-
Norman Street/Yeubla Street, pipe drainage system	-	20,000	20,000	-	-	-	-	-	-	-
Town Streets - Binnaway Total	15,000	40,000	35,000	20,000	15,000	20,000	15,000	20,000	15,000	15,000
Town Streets - Coolah										
Footpath Rehabilitation -Coolah	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Shared Path - Goddard Street to MPS	-	-	-	-	-	-	-	-	-	35,000
Street Trees - Coolah	-	5,000	-	5,000	-	5,000	-	5,000	-	-
Booyamurra Street, east of Binnia, rehabilitation	-	-	-	-	-	-	-	-	-	8,000
Coolah - Pavement Rehabilitation (Various Locations)	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	-
Town Streets - Coolah Total	55,000	60,000	55,000	60,000	55,000	60,000	55,000	60,000	55,000	63,000
Town Streets - Coonabarabran										
Footpath Rehabilitation (general)	30,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	-
John Street. K & G Rehabilitation	50,000	-	-	-	-	-	-	-	-	-
Cowper Street, concreting of open channel	-	46,000	70,000	-	-	-	-	-	-	-
Street Trees - Coona	8,000	-	8,000	-	8,000	-	8,000	-	8,000	-
Town Street Rehabilitation (Coona)	-	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
K&G Rehabilitation (all towns)	-	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Stormwater Levy Projects (All towns)	-	-	-	106,000	106,000	106,000	106,000	106,000	106,000	106,000
Pavement Rehab Coona - Crane Street	50,000	-	-	-	-	-	-	-	-	-
Town Streets - Coonabarabran Total	138,000	171,000	203,000	231,000	239,000	231,000	239,000	231,000	239,000	216,000

Warrumbungle Shire Council - Long Term Financial Plan 2019/20

Description	2019/20 (OP)	2020/21 (DP)	2021/22 (DP)	2022/23 (DP)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Town Streets - Dunedoo										
Walleroo Street drainage	100,000	-	-	-	-	-	-	-	-	-
Street Trees - Dunedoo	7,000	-	7,000	-	7,000	-	7,000	-	7,000	-
Town Street Rehabilitation (D'doo)	-	40,000	40,000	40,000	48,000	48,000	48,000	48,000	48,000	48,000
Footpath Rehabilitation - Dunedoo	15,000	-	10,000		10,000		10,000		10,000	-
Town Streets - Dunedoo Total	122,000	40,000	57,000	40,000	65,000	48,000	65,000	48,000	65,000	48,000
Town Streets – Mendooran										
Street Trees - Mendooran	-	5,000	-	5,000	-	5,000	-	5,000		10,000
Town Street Rehabilitation (Mendooran)	-	20,000	20,000	20,000	20,000	24,000	24,000	24,000	24,000	24,000
Footpath rehabilitation - various sections	10,000	-	10,000	-	10,000	-	10,000	-	10,000	-
Town Streets - Mendooran Total	10,000	25,000	30,000	25,000	30,000	29,000	34,000	29,000	34,000	34,000
Urban Services Total	1,374,486	651,000	685,000	651,000	764,000	743,000	768,000	743,000	768,000	481,000
Technical Services Total	9,654,451	7,219,214	6,984,422	5,363,556	5,721,580	6,867,215	7,246,594	7,676,510	7,368,997	2,603,758
Warrumbungle Water										
Water - Baradine										
Baradine Water Treatment Plant-Renewals	60,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	-
Mains replacements - Baradine	120,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Meter Replacements - Baradine	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Baradine WTP resheet asbestos building	80,000	-	-	-	-	-	-	-	-	-
Baradine clarifier replacement (Council contribution only for \$1.0m project)	125,000	125,000	-	-	-	-	-	-	-	-
Water - Baradine Total	405,000	205,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	50,000

Warrumbungle Shire Council - Long Term Financial Plan 2019/20

Description	2019/20 (OP)	2020/21 (DP)	2021/22 (DP)	2022/23 (DP)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Water - Binnaway										
Water Main Rehabilitation - Napier Street - 420m	-	-	-	-	-	-	-	-	-	20,000
Meter Replacements - Binnaway	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Water Treatment Plant- Renewals	25,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	-
Water - Binnaway Total	37,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500
Water - Coolah										
Coolah - Chlorine room at bores	-	-	-	-	-	-	-	-	-	50,000
Meter Replacements - Coolah	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Mains Replacement	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	-
Replacement of Martin St reservoir	-	-	-	-	800,000	-	-	-	-	-
Wentworth Ave spare pump	6,500	-	-	-	-	-	-	-	-	-
Coolah Water Supply Scheme Upgrades Scoping Study	80,000	-	-	-	-	-	-	-	-	-
Water - Coolah Total	156,500	70,000	70,000	70,000	870,000	70,000	70,000	70,000	70,000	70,000
Water - Coonabarabran										
Telemetry Upgrade Water (Council contribution only for proposed Grant funding- total project \$750k)	93,750	93,750	-	-	-	-	-	-	-	-
Coonabarabran Water Main Extension - Removal of Dead Ends	-	-	-	-	-	-	-	-	-	50,000
Coonabarabran Water Treatment Plant Renewal	40,000	-	-	-	-	-	-	-	-	40,170
4 yearly res. Inspections and cleans (shirewide)	-	-	-	45,000	-	-	-	47,000	-	-
Meter Replacements - Coonabarabran	50,000	-	-	-	-	-	-	-	-	1,056,104
Coonabarabran WTP filter media replacement	80,000	-	-	-	-	-	-	-	-	-
Water Main Extension - Removal of Dead Ends	-	125,000	125,000	50,000	50,000	50,000	50,000	50,000	50,000	-
Water Treatment Plant Renewal	34,791	34,791	36,552	37,466	38,403	39,190	39,363	40,170	40,170	-
Water Main Rehabilitation - George Street	-	85,000	-	-	-	-	-	-	-	-
Mains replacements - Coonabarabran (incl George St)	150,000	81,179	83,288	84,537	85,805	87,092	87,091	88,398	90,608	-

Warrumbungle Shire Council - Long Term Financial Plan 2019/20

Description	2019/20 (OP)	2020/21 (DP)	2021/22 (DP)	2022/23 (DP)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Water – Coonabarabran cont.										
Reservoir cleans (shire wide)	20,000	-	20,000	-	20,000	-	20,000	-	20,000	-
Reservoir upgrades - WHS, C18, fencing (shire wide)	85,000	85,000	-	-	-	-	-	-	-	-
Reservoir upgrades - internal structures (shire wide)	-	200,000	-	-	-	-	-	-	-	-
Water Supply Systems Automation Upgrades (shire wide)	55,000	120,000	1,280,000	-	-	-	-	-	-	-
Coonabarabran Groundwater pipeline (Council's contribution only to \$2.3m project)	115,000	115,000	-	-	-	-	-	-	-	-
Water - Coonabarabran Total	723,541	939,720	1,544,840	217,003	194,208	176,282	196,454	225,568	200,778	1,146,274
Water - Dunedoo										
Mains Replacement - Wargundy Street	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Reservoirs-Rehabilitation	60,000	-	-	-	-	60,000	-	-	-	-
Upgrade Chlorine room - Dunedoo	34,000	-	-	-	-	-	-	-	-	-
Mains replacement - Cobbora St to Wargundy	15,000	-	-	-	-	-	-	-	-	-
Mains replacement - Hwy/caravan park underbore	35,000	-	-	-	-	-	-	-	-	-
Meter replacements - Dunedoo	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Water - Dunedoo Total	174,000	30,000	30,000	30,000	30,000	90,000	30,000	30,000	30,000	30,000
Water - Mendooran										
Mendooran - Eol Safe & Secure upgrade	26,813	200,000	250,000	-	-	-	-	-	-	-
Mains Extension - River St to Brambil to Napierst	-	-	-	-	-	-	-	-	-	170,000
Meter replacements - Mendooran	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Water rehab (TBC) From below	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	170,000	-
Removal of dead ends - Dalglish to Abbott St	15,000	-	-	-	-	-	-	-	-	-
Water - Mendooran Total	89,313	247,500	297,500	47,500	47,500	47,500	47,500	47,500	182,500	182,500
Warrumbungle Water Total	1,585,854	1,524,720	2,054,840	477,003	1,254,208	496,282	456,454	485,568	595,778	1,511,274

Warrumbungle Shire Council - Long Term Financial Plan 2019/20

Description	2019/20 (OP)	2020/21 (DP)	2021/22 (DP)	2022/23 (DP)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Warrumbungle Sewer										
Sewer - Baradine										
Baradine - replace Pot valves & Cont.	100,000	82,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Baradine - Camp Cypress Sewer Line	-	-	-	-	-	-	-	-	-	26,898
Sewage Treatment Plant -Vacuum pumps renewal	23,194	23,194	24,368	24,977	25,602	26,242	26,242	26,898	26,898	-
Effluent Reuse- Pivot Irrigator replacement	113,500	113,500	-	-	-	-	-	-	-	-
Baradine Sewerage Scheme Upgrade Scoping Study (Council contribution only to \$100k project) @25%	25,000	-	-	-	-	-	-	-	-	-
Sewer - Baradine Total	261,694	218,694	54,368	54,977	55,602	56,242	56,242	56,898	56,898	56,898
Sewer - Binnaway										
Binnaway - Sewerage (Council contribution only to \$7.6m project) @25%	81,394	45,443	125,000	1,500,000	167,500	-	-	-	-	-
Sewer - Binnaway Total	81,394	45,443	125,000	1,500,000	167,500	-	-	-	-	-
Sewer - Coolah										
Coolah Sewage Treatment Plant - upgrade peripherals	-	57,985	-	-	64,004	-	-	67,244	-	-
Coolah Sewage Treatment Plant Upgrade	247,503	247,503	3,244,662	115,800	-	-	-	-	-	-
Tools (New jetter hose)	5,000	-	-	-	-	-	-	-	-	-
Manhole rehab - Coolah/Dunedoo	34,000	-	20,000	-	20,000	-	20,000	-	20,000	-
Sewer - Coolah Total	286,503	305,488	3,264,662	115,800	84,004	-	20,000	67,244	20,000	-

Warrumbungle Shire Council - Long Term Financial Plan 2019/20

Description	2019/20 (OP)	2020/21 (DP)	2021/22 (DP)	2022/23 (DP)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Sewer – Coonabarabran										
Mains-Relining various sections Coona	-	120,000	150,000	212,307	150,000	223,055	170,000	150,000	80,000	80,000
Pump stations- renewal	80,000	-	80,000	-	80,000	-	80,000	-	80,000	
Coonabarabran Sewage Treatment Plant - upgrade peripherals	-	-	-	-	-	-	-	-	-	67,244
Mains Replacement/Rehab	57,985	57,985	60,920	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Telemetry Upgrade (All Towns) (Council Contribution only for 250k proj)	31,250	31,250	-	-	-	-	-	-	-	-
Coonabarabran Sewage Treatment Plant Upgrade	308,923	2,196,877	118,200	-	-	65,604	-	-	67,244	-
Tablet/GPS unit	-	-	-	-	-	-	-	-	-	100,000
Sewer rehab (TBC) From below (see LA)	-	-	-	100,000	100,000	100,000	100,000	100,000	100,000	-
Tools (mig welder)	5,000	-	-	-	-	-	-	-	-	-
Sewer - Coonabarabran Total	483,158	2,406,112	409,120	372,307	390,000	448,659	410,000	310,000	387,244	307,244
Sewer – Dunedoo										
Dunedoo Sewage Treatment Plant Upgrade	56,900	3,112,600			-	-		-	-	-
Sewer rehab (TBC) From below	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	-
Sewer - Dunedoo Total	116,900	3,172,600	60,000	60,000	60,000	60,000	60,000	60,000	60,000	-
Sewer - Mendooran										
Sewer - Mendooran Total	-	-	-	-	-	-	-	-	-	-
Warrumbungle Sewer Total	1,229,649	6,148,336	3,913,150	2,103,084	757,106	564,901	546,242	494,142	524,142	364,142
Grand Total:	13,450,188	15,907,435	14,046,565	9,091,846	8,929,215	9,116,254	9,210,573	9,587,859	9,756,934	5,558,073

Part 7: Assets and Liabilities

The assumptions around movements in balance sheet items are dealt with briefly in the following table:

Balance Sheet Item	Assumptions
Assets	
Cash and Cash equivalents	Changes in cash and cash equivalents balances are per the Statement of Cashflows (cashflow statement).
Investments	Investments are assumed to be re-invested as TDs upon maturity, which are captured under cash and cash equivalents. Details of expected returns on investments are found in Part 3.3 of the plan.
Receivables	Receivables have been assumed to remain constant for the life of the plan.
Inventories	Inventories have been assumed to remain constant for the life of the plan.
Infrastructure, PP&E	Changes in infrastructure, property, plant and equipment balances are as per the AMP. Details on CAPEX can be found in Part 5 of the LTFP, while further information on depreciation expenditure can be found in Part 4.4 of the plan. Information on disposals can be found in part 3.6 of the plan. A detailed asset movement schedule can be found in Part 7 of the plan.
Investments (Equity Method)	Investments accounted for using the equity method are assumed to remain at 2019/20 levels for the life of the plan.
Balance Sheet Item	
Assumptions	
Liabilities	
Payables	Payables have been assumed to remain constant for the life of the plan.
Borrowings	Borrowings and finance leases are paid down per current schedules, and details of current borrowings can be found in part 4.2 of the plan. Council currently has no proposed borrowings but may seek to refinance existing loans.
Provisions	Provisions have been held constant as a full actuarial assessment of movements in future employee provisions was not deemed necessary for the purpose of the LTFP.

Part 8: Financial Analysis

According to the National Competition Policy, Local Government must ensure Water and Sewer are maintained as separate funds. This requires the disclosure of information about the assets, income and expenses of the corresponding funds where funds raised must be applied for the purpose for which they were raised. This assists users in identifying the resources committed to particular activities, the costs of service delivery that are reliably attributable to those activities, and the extent to which the local government has recovered those costs from income that is reliably attributable to those activities. While the previous section discussed the 10 year impact on the Warrumbungle Shire Council as a whole, this section shows the impact on the General Fund, Sewer and Water separately.



The core function of Warrumbungle Sewer is the collection and treatment of sewage effluent from connected properties in Baradine, Coolah, Coonabarabran and Dunedoo. The main function of Warrumbungle Water is the provision of water supply to connected properties in the Shire. The provision of water and sewer services must be economically sustainable and Council's General Fund should not be subsidizing the provision of these services.

Council's General Fund consists of all other activities performed by the Warrumbungle Shire Council excluding Council's Water and Sewer Fund including the provision of:

- Three aerodromes;
- Cemetery services;
- Grant funded Childrens and long day care services;
- Libraries;
- Medical facilities such as doctor housing
- Noxious weeds services throughout the Shire;
- Office buildings, crown land and staff housing across the Shire;
- Halls, public amenities, parks and gardens across the six towns in the Shire;
- Maintenance of local, rural and state roads including town streets;
- Sewer, water and waste services;
- Administration and corporate support;
- Emergency services and rural fire services; and
- Tourism and economic promotion;
- Pools, Ovals and Sports facilities.

8.1 General Fund* Financial Analysis

Income Statement

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Rates and Annual Charges	8,096	8,315	8,539	8,770	9,007	9,250	9,499	9,755	10,019	10,289
User Charges and Fees	5,564	6,048	6,198	6,349	6,505	6,664	6,828	6,996	7,168	7,344
Interest & Investment Revenue	379	389	398	409	419	429	441	451	462	474
Other Revenues	939	963	988	1,012	1,038	1,063	1,090	1,118	1,144	1,174
Grants & Contributions (Recurrent)	17,290	17,555	17,677	18,182	18,828	19,381	19,985	20,616	21,276	18,714
Grants & Contributions (Capital)	2,647	625	624	625	625	625	625	625	625	625
Gains/(Losses) from Disposal of Assets	246	241	242	242	308	213	198	182	166	150
Share of interest in JV gains	-	-	-	-	-	-	-	-	-	-
Total Income From Continuing Operations	35,161	34,136	34,666	35,589	36,730	37,625	38,666	39,743	40,860	38,770
Expenses from Continuing Operations										
Employee Benefits & On-Costs	13,689	14,173	14,625	15,090	15,398	15,841	16,299	16,769	17,252	17,749
Borrowing Costs	194	145	93	46	24	7	-	-	-	-
Materials & Contracts	4,377	4,678	4,681	4,840	4,960	5,084	5,212	5,342	5,475	5,613
Depreciation & Impairment	9,916	10,064	10,215	10,369	10,547	10,730	10,916	11,106	11,298	11,494
Other Expenses	7,622	7,764	7,954	8,226	8,380	8,615	8,860	9,184	9,367	9,634
Total Expenditure From Continuing Operations	35,798	36,824	37,568	38,571	39,309	40,277	41,287	42,401	43,392	44,490
Operating Result from Continuing Operations	(637)	(2,688)	(2,902)	(2,982)	(2,579)	(2,652)	(2,621)	(2,658)	(2,532)	(5,720)
Net Operating Result before Capital Grant & Contributions	(3,284)	(3,313)	(3,526)	(3,607)	(3,204)	(3,277)	(3,246)	(3,283)	(3,157)	(6,345)

*General Fund excludes Water Fund, Sewer Fund, Waste and Quarry.

Balance Sheet

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets										
<u>Current Assets</u>										
Cash and Cash Equivalents	6,335	5,098	3,896	4,649	5,915	6,153	6,912	7,432	8,260	11,072
Receivables	4,608	4,608	4,608	4,608	4,608	4,608	4,608	4,608	4,608	4,608
Inventories	485	485	485	485	485	485	485	485	485	485
Total Current Assets	11,428	10,191	8,989	9,742	11,008	11,246	12,005	12,525	13,353	16,165
<u>Non-Current Assets</u>										
Receivables	2	2	2	2	2	2	2	2	2	2
Inventories	299	299	299	299	299	299	299	299	299	299
Property, Plant & Equipment	433,493	431,042	428,296	423,817	419,548	416,219	412,843	409,666	406,307	397,772
Investments Equity Method	385	385	385	385	385	385	385	385	385	385
Intangibles	167	167	167	167	167	167	167	167	167	167
Total Non-Current Assets	434,346	431,895	429,149	424,670	420,401	417,072	413,696	410,519	407,160	398,625
Total Assets	445,774	442,086	438,138	434,412	431,409	428,319	425,701	423,044	420,513	414,790
<u>Liabilities</u>										
<u>Current Liabilities</u>										
Payables	2,494	2,505	2,313	2,313	2,313	2,313	2,313	2,313	2,313	2,313
Borrowings	816	856	744	419	434	-	-	-	-	-
Provisions	4,181	4,181	4,181	4,181	4,181	4,181	4,181	4,181	4,181	4,181
Total Current Liabilities	7,491	7,542	7,238	6,913	6,928	6,494	6,494	6,494	6,494	6,494
<u>Non-Current Liabilities</u>										
Payables	192	-	-	-	-	-	-	-	-	-
Borrowings	2,454	1,598	853	434	-	-	-	-	-	-
Provisions	2,385	2,385	2,385	2,385	2,385	2,385	2,385	2,385	2,385	2,385
Total Non-Current Liabilities	5,031	3,983	3,238	2,819	2,385	2,385	2,385	2,385	2,385	2,385
Total Liabilities	12,522	11,525	10,476	9,732	9,313	8,879	8,879	8,879	8,879	8,879
Net Assets	433,252	430,561	427,662	424,680	422,096	419,440	416,822	414,165	411,634	405,911
Retained Earnings	378,638	375,947	373,048	370,066	367,482	364,826	362,208	359,551	357,020	351,297
Revaluation Reserves	54,614	54,614	54,614	54,614	54,614	54,614	54,614	54,614	54,614	54,614
Total Equity	433,252	430,561	427,662	424,680	422,096	419,440	416,822	414,165	411,634	405,911

Statement of Cash Flows

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities										
<u>Receipts</u>										
Rates and Annual Charges	8,089	8,315	8,539	8,770	9,007	9,250	9,499	9,755	10,019	10,289
User Charges and Fees	5,564	6,048	6,198	6,349	6,505	6,664	6,828	6,996	7,168	7,344
Interest & Investment Revenue	379	389	398	409	419	429	441	451	462	474
Other Revenues	939	963	988	1,012	1,038	1,063	1,090	1,118	1,144	1,174
Grants & Contributions	19,937	18,178	18,294	18,809	19,452	20,006	20,616	21,239	21,901	19,344
<u>Payments</u>										
Employee Benefits & On-Costs	(13,689)	(14,173)	(14,625)	(15,090)	(15,398)	(15,841)	(16,299)	(16,769)	(17,252)	(17,749)
Materials & Contracts	(4,377)	(4,678)	(4,681)	(4,840)	(4,960)	(5,084)	(5,212)	(5,342)	(5,475)	(5,613)
Borrowing Costs	(194)	(145)	(93)	(46)	(24)	(7)	-	-	-	-
Other Expenses	(7,622)	(7,764)	(7,954)	(8,226)	(8,380)	(8,615)	(8,860)	(9,184)	(9,367)	(9,634)
Net Cash provided (or used in) Operating Activities	9,026	7,133	7,064	7,147	7,659	7,865	8,103	8,264	8,600	5,629
Cash Flows from Investing Activities										
<u>Receipts</u>										
Sale of Infrastructure, PP&E	846	841	842	842	923	843	844	844	845	846
<u>Payments</u>										
Purchase of Infrastructure, PP&E	(10,564)	(8,214)	(8,059)	(6,492)	(6,898)	(8,035)	(8,189)	(8,588)	(8,617)	(3,663)
Net Cash provided (or used in) Investing Activities	(9,718)	(7,373)	(7,217)	(5,650)	(5,975)	(7,192)	(7,345)	(7,744)	(7,772)	(2,817)
Cash Flows from Financing Activities										
<u>Payments</u>										
Repayment of Borrowings & Advances	(937)	(997)	(1,048)	(744)	(419)	(434)	-	-	-	-
Net Cash provided (or used in) Financing Activities	(937)	(997)	(1,048)	(744)	(419)	(434)	-	-	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(1,629)	(1,237)	(1,201)	753	1,265	239	758	520	828	2,812
Cash & Cash Equivalents - Opening Balance	7,964	6,335	5,098	3,896	4,649	5,915	6,154	6,912	7,432	8,260
Cash & Cash Equivalents - Closing balance	6,335	5,098	3,896	4,649	5,915	6,154	6,912	7,432	8,260	11,072

Asset Movement Schedule

Asset Movement Schedule	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance										
Estimated Replacement Cost	581,387	591,349	598,962	606,431	612,321	618,599	626,000	633,540	641,469	649,408
Accumulated Depreciation	(147,940)	(157,856)	(167,920)	(178,135)	(188,504)	(199,051)	(209,781)	(220,697)	(231,803)	(243,101)
Written Down Value	433,447	433,493	431,042	428,296	423,817	419,548	416,219	412,843	409,666	406,307
Add/(less):										
Additions										
- Capital Renewal (Infra)	5,483	4,424	4,507	4,355	4,981	5,063	4,956	4,993	5,307	1,381
- Capital Improvements (Infra)	2,625	702	333	404	246	197	158	149	210	376
- Plant (New & Replacement)	2,454	3,087	3,229	1,730	1,667	2,771	3,071	3,449	3,101	1,899
Total Capital Expenditure	10,562	8,213	8,068	6,490	6,894	8,031	8,185	8,591	8,618	3,655
Depreciation (excl. Plant)	(7,804)	(7,920)	(8,040)	(8,161)	(8,283)	(8,410)	(8,538)	(8,668)	(8,799)	(8,933)
Depreciation (Plant)	(2,112)	(2,144)	(2,175)	(2,208)	(2,264)	(2,320)	(2,378)	(2,438)	(2,499)	(2,561)
Total Depreciation	(9,916)	(10,064)	(10,215)	(10,369)	(10,547)	(10,730)	(10,916)	(11,106)	(11,298)	(11,494)
Disposals	(600)	(600)	(600)	(600)	(615)	(630)	(646)	(662)	(679)	(696)
Revaluations	-	-	-	-	-	-	-	-	-	-
Closing Balance	433,493	431,042	428,296	423,817	419,548	416,219	412,843	409,666	406,307	397,772
Key Performance Indicators										
Asset Renewal Ratio (Excl. Plant)	70.26%	55.86%	56.06%	53.37%	60.13%	60.21%	58.04%	57.61%	60.31%	15.46%
Asset Renewal (Deficit)/Surplus	(2,321)	(3,496)	(3,533)	(3,806)	(3,302)	(3,347)	(3,582)	(3,675)	(3,492)	(7,552)
Asset Consumption Ratio	25.45%	26.69%	28.04%	29.37%	30.79%	32.18%	33.51%	34.84%	36.14%	37.43%

8.2 Water Fund Financial Analysis

Income Statement

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Rates and Annual Charges	1,805	1,869	1,935	2,003	2,053	2,104	2,157	2,211	2,266	2,322
User Charges and Fees	1,889	1,955	2,023	2,094	2,146	2,200	2,255	2,311	2,369	2,428
Interest & Investment Revenue	54	59	65	77	91	96	122	152	155	157
Other Revenues	-	-	-	-	-	-	-	-	-	-
Grants & Contributions (Recurrent)	48	49	51	52	53	55	56	57	59	60
Grants & Contributions (Capital)	121	240	1,148	-	-	-	-	-	-	-
Gains/(Losses) from Disposal of Assets	-	-	-	-	-	-	-	-	-	-
Share of interest in JV gains	-	-	-	-	-	-	-	-	-	-
Total Income From Continuing Operations	3,917	4,172	5,222	4,226	4,343	4,455	4,590	4,731	4,849	4,967
Expenses from Continuing Operations										
Employee Benefits & On-Costs	776	798	820	843	866	890	915	941	967	994
Borrowing Costs	20	16	11	6	1	-	-	-	-	-
Materials & Contracts	1,337	1,370	1,405	1,440	1,476	1,513	1,550	1,589	1,629	1,670
Depreciation & Impairment	1,437	1,459	1,481	1,503	1,526	1,549	1,572	1,595	1,619	1,644
Other Expenses	240	245	251	257	261	266	270	275	280	285
Interest and Investment Losses	-	-	-	-	-	-	-	-	-	-
Net Share of Interest in Joint Ventures	-	-	-	-	-	-	-	-	-	-
Total Expenditure From Continuing Operations	3,810	3,888	3,968	4,049	4,130	4,218	4,307	4,400	4,495	4,593
Operating Result from Continuing Operations	107	284	1,254	177	213	237	283	331	354	374
Net Operating Result before Capital Grant & Contributions	(14)	44	106	177	213	237	283	331	354	374

Balance Sheet

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets										
Current Assets										
Cash and Cash Equivalents	20	144	723	1,820	2,251	3,541	4,938	6,378	7,753	8,261
Receivables	938	938	938	938	938	938	938	938	938	938
Inventories	6	6	6	6	6	6	6	6	6	6
Total Current Assets	964	1,088	1,667	2,764	3,195	4,485	5,882	7,322	8,697	9,205
Non-Current Assets										
Property, Plant & Equipment	42,065	42,131	42,705	41,679	41,408	40,356	39,240	38,130	37,108	36,976
Total Non-Current Assets	42,065	42,131	42,705	41,679	41,408	40,356	39,240	38,130	37,108	36,976
Total Assets	43,029	43,219	44,372	44,443	44,603	44,841	45,122	45,452	45,805	46,181
Liabilities										
Current Liabilities										
Payables	6	6	6	6	6	6	6	6	6	6
Borrowings	96	101	106	55	-	-	-	-	-	-
Provisions	184	184	184	184	184	184	184	184	184	184
Total Current Liabilities	286	291	296	245	190	190	190	190	190	190
Non-Current Liabilities										
Borrowings	262	161	55	-	-	-	-	-	-	-
Provisions	4	4	4	4	4	4	4	4	4	4
Total Non-Current Liabilities	266	165	59	4	4	4	4	4	4	4
Total Liabilities	552	456	355	249	194	194	194	194	194	194
Net Assets	42,477	42,763	44,017	44,194	44,409	44,647	44,928	45,258	45,611	45,987
Retained Earnings	20,661	20,947	22,201	22,378	22,593	22,831	23,112	23,442	23,795	24,171
Revaluation Reserves	21,816	21,816	21,816	21,816	21,816	21,816	21,816	21,816	21,816	21,816
Total Equity	42,477	42,763	44,017	44,194	44,409	44,647	44,928	45,258	45,611	45,987

Statement of Cash Flows

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities										
Receipts										
Rates and Annual Charges	1,805	1,869	1,935	2,004	2,053	2,104	2,157	2,211	2,265	2,322
User Charges and Fees	1,889	1,955	2,023	2,094	2,146	2,200	2,255	2,311	2,369	2,428
Interest & Investment Revenue	54	59	65	77	92	96	122	152	155	157
Grants & Contributions	169	290	1,199	52	53	55	56	57	58	60
Payments										
Employee Benefits & On-Costs	(776)	(797)	(820)	(843)	(866)	(890)	(915)	(941)	(967)	(994)
Materials & Contracts	(1,337)	(1,370)	(1,405)	(1,440)	(1,475)	(1,513)	(1,551)	(1,589)	(1,629)	(1,669)
Borrowing Costs	(20)	(16)	(11)	(6)	(1)					
Other Expenses	(239)	(245)	(251)	(257)	(262)	(266)	(271)	(275)	(280)	(285)
Net Cash provided (or used in) Operating Activities	1,545	1,745	2,735	1,681	1,740	1,786	1,853	1,926	1,971	2,019
Cash Flows from Investing Activities										
Payments										
Purchase of Infrastructure, PP&E	(1,586)	(1,525)	(2,055)	(477)	(1,254)	(496)	(456)	(486)	(596)	(1,511)
Net Cash provided (or used in) Investing Activities	(1,586)	(1,525)	(2,055)	(477)	(1,254)	(496)	(456)	(486)	(596)	(1,511)
Cash Flows from Financing Activities										
Payments										
Repayment of Borrowings & Advances	(92)	(96)	(101)	(106)	(55)					
Repayment of Finance Lease Liabilities	-	-	-	(1)	-	-	-	-	-	-
Net Cash provided (or used in) Financing Activities	(92)	(96)	(101)	(107)	(55)	-	-	-	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(133)	124	579	1,097	431	1,290	1,397	1,440	1,375	508
Cash & Cash Equivalents - Opening Balance	153	20	144	723	1,820	2,251	3,541	4,938	6,378	7,753
Cash & Cash Equivalents - Closing balance	20	144	723	1,820	2,251	3,541	4,938	6,378	7,753	8,261

Asset Movement Schedule

Asset Movement Schedule	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance										
Estimated Replacement Cost	76,403	77,989	79,514	81,569	82,046	83,301	83,798	84,254	84,739	85,336
Accumulated Depreciation	(34,487)	(35,924)	(37,383)	(38,864)	(40,367)	(41,893)	(43,442)	(45,014)	(46,609)	(48,228)
Written Down Value	41,916	42,065	42,131	42,705	41,679	41,408	40,356	39,240	38,130	37,108
Add/(less):										
Additions										
- Capital Renewal (Infra)	1,249	795	400	427	1,204	446	406	435	547	235
- Capital Improvements (Infra)	287	730	1,656	50	51	51	50	50	50	220
- Plant (New & Replacement)	50	-	-	-	-	-	-	-	-	1,057
Total Capital Expenditure	1,586	1,525	2,055	477	1,255	497	456	485	597	1,512
Depreciation (excl. Plant)	(1,389)	(1,410)	(1,431)	(1,452)	(1,475)	(1,497)	(1,519)	(1,541)	(1,565)	(1,589)
Depreciation (Plant)	(48)	(49)	(50)	(51)	(51)	(52)	(53)	(54)	(54)	(55)
Total Depreciation	(1,437)	(1,459)	(1,481)	(1,503)	(1,526)	(1,549)	(1,572)	(1,595)	(1,619)	(1,644)
Disposals	-	-	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-	-	-
Closing Balance	42,065	42,131	42,705	41,679	41,408	40,356	39,240	38,130	37,108	36,976
Key Performance Indicators										
Asset Renewal Ratio (Excl. Plant)	89.89%	56.36%	27.94%	29.41%	81.64%	29.81%	26.76%	28.20%	34.95%	14.80%
Asset Renewal (Deficit)/Surplus	(140)	(615)	(1,031)	(1,025)	(271)	(1,051)	(1,113)	(1,106)	(1,018)	(1,354)
Asset Consumption Ratio	45.14%	46.06%	47.01%	47.65%	49.20%	50.29%	51.84%	53.43%	55.00%	56.52%

8.3 Sewer Fund Financial Analysis

Income Statement

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Rates and Annual Charges	1,712	1,772	1,835	1,899	1,947	1,995	2,045	2,096	2,148	2,202
User Charges and Fees	150	155	159	164	169	173	177	182	186	191
Interest & Investment Revenue	88	79	70	64	66	68	69	71	73	75
Other Revenues	10	11	11	11	11	12	12	12	13	13
Grants & Contributions (Recurrent)	29	30	31	31	32	33	34	35	35	36
Grants & Contributions (Capital)	369	3,219	2,152	75	-	33	-	-	34	-
Gains/(Losses) from Disposal of Assets	-	-	-	-	-	-	-	-	-	-
Share of interest in JV gains	-	-	-	-	-	-	-	-	-	-
Total Income From Continuing Operations	2,358	5,266	4,258	2,244	2,225	2,314	2,337	2,396	2,489	2,517
Expenses from Continuing Operations										
Employee Benefits & On-Costs	672	690	710	729	750	771	792	814	837	860
Borrowing Costs	-	-	-	-	-	-	-	-	-	-
Materials & Contracts	593	608	623	638	654	671	688	705	722	740
Depreciation & Impairment	620	629	639	648	658	668	678	688	699	709
Other Expenses	91	93	96	98	100	101	103	105	107	109
Interest and Investment Losses	-	-	-	-	-	-	-	-	-	-
Net Share of Interest in Joint Ventures	-	-	-	-	-	-	-	-	-	-
Total Expenditure From Continuing Operations	1,976	2,020	2,068	2,113	2,162	2,211	2,261	2,312	2,365	2,418
Operating Result from Continuing Operations	382	3,246	2,190	131	63	103	76	84	124	99
Net Operating Result before Capital Grant & Contributions	13	27	38	56	63	70	76	84	90	99

Balance Sheet

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets										
Current Assets										
Cash and Cash Equivalents	2,908	818	(71)	(1,396)	(1,432)	(1,226)	(1,018)	(741)	(442)	-
Receivables	496	507	315	315	315	315	315	315	315	315
Total Current Assets	3,404	1,325	244	(1,081)	(1,117)	(911)	(703)	(426)	(127)	315
Non-Current Assets										
Receivables	192	-	-	-	-	-	-	-	-	-
Property, Plant & Equipment	20,297	25,814	29,085	30,541	30,640	30,537	30,405	30,212	30,037	29,694
Total Non-Current Assets	20,489	25,814	29,085	30,541	30,640	30,537	30,405	30,212	30,037	29,694
Total Assets	23,893	27,139	29,329	29,460	29,523	29,626	29,702	29,786	29,910	30,009
Liabilities										
Current Liabilities										
Provisions	73	73	73	73	73	73	73	73	73	73
Total Current Liabilities	73	73	73	73	73	73	73	73	73	73
Non-Current Liabilities										
Provisions	2	2	2	2	2	2	2	2	2	2
Total Non-Current Liabilities	2	2	2	2	2	2	2	2	2	2
Total Liabilities	75	75	75	75	75	75	75	75	75	75
Net Assets	23,818	27,064	29,254	29,385	29,448	29,551	29,627	29,711	29,835	29,934
Retained Earnings	13,388	16,634	18,824	18,955	19,018	19,121	19,197	19,281	19,405	19,504
Revaluation Reserves	10,430	10,430	10,430	10,430	10,430	10,430	10,430	10,430	10,430	10,430
Total Equity	23,818	27,064	29,254	29,385	29,448	29,551	29,627	29,711	29,835	29,934

Statement of Cash Flows

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities										
Receipts										
Rates and Annual Charges	1,712	1,773	1,835	1,900	1,947	1,995	2,045	2,095	2,149	2,202
User Charges and Fees	149	155	160	164	169	173	177	182	186	191
Interest & Investment Revenue	88	80	70	64	66	68	69	71	73	74
Other Revenues	10	11	11	11	11	12	12	12	13	13
Grants & Contributions	398	3,249	2,183	106	32	66	34	35	69	36
Payments										
Employee Benefits & On-Costs	(671)	(690)	(709)	(730)	(751)	(771)	(793)	(815)	(837)	(860)
Materials & Contracts	(593)	(607)	(623)	(639)	(654)	(671)	(687)	(704)	(723)	(741)
Other Expenses	(91)	(94)	(95)	(98)	(99)	(101)	(103)	(105)	(107)	(109)
Net Cash provided (or used in) Operating Activities	1,002	3,877	2,832	778	721	771	754	771	823	806
Cash Flows from Investing Activities										
Receipts										
Proceed from Internal Investment	171	181	192	-	-	-	-	-	-	-
Payments										
Purchase of Infrastructure, PP&E	(1,230)	(6,148)	(3,913)	(2,103)	(757)	(565)	(546)	(494)	(524)	(364)
Net Cash provided (or used in) Investing Activities	(1,059)	(5,967)	(3,721)	(2,103)	(757)	(565)	(546)	(494)	(524)	(364)
Cash Flows from Financing Activities										
Net Cash provided (or used in) Financing Activities	-	-	-	-	-	-	-	-	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(57)	(2,090)	(889)	(1,325)	(36)	206	208	277	299	442
Cash & Cash Equivalents - Opening Balance	2,965	2,908	818	(71)	(1,396)	(1,432)	(1,226)	(1,018)	(741)	(442)
Cash & Cash Equivalents - Closing balance	2,908	818	(71)	(1,396)	(1,432)	(1,226)	(1,018)	(741)	(442)	-

Asset Movement Schedule

Asset Movement Schedule	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance										
Estimated Replacement Cost	37,552	38,782	44,930	48,843	50,946	51,703	52,268	52,814	53,309	53,833
Accumulated Depreciation	(17,865)	(18,485)	(19,114)	(19,753)	(20,401)	(21,059)	(21,727)	(22,405)	(23,093)	(23,792)
Written Down Value	19,687	20,297	25,816	29,090	30,545	30,644	30,541	30,409	30,216	30,041
	-	-	-	-	-	-	-	-	-	-
Add/(less):										
Additions										
- Capital Renewal (Infra)	616	622	3,640	573	496	469	516	397	427	140
- Capital Improvements (Infra)	513	5,444	243	1,500	232	66	-	67	67	94
- Plant (New & Replacement)	100	82	30	30	30	30	30	30	30	130
Total Capital Expenditure	1,230	6,148	3,913	2,103	757	565	546	494	524	364
Depreciation (excl. Plant)	(609)	(618)	(627)	(636)	(646)	(656)	(666)	(676)	(686)	(696)
Depreciation (Plant)	(11)	(11)	(12)	(12)	(12)	(12)	(12)	(12)	(13)	(13)
Total Depreciation	(620)	(629)	(639)	(648)	(658)	(668)	(678)	(688)	(699)	(709)
Disposals	-	-	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-	-	-
Closing Balance	20,297	25,816	29,090	30,545	30,644	30,541	30,409	30,216	30,041	29,696
Key Performance Indicators										
Asset Renewal Ratio (Excl. Plant)	101.18%	100.68%	580.53%	90.11%	76.72%	71.54%	77.51%	58.71%	62.23%	20.11%
Asset Renewal (Deficit)/Surplus	7	4	3,013	(63)	(150)	(187)	(150)	(279)	(259)	(556)
Asset Consumption Ratio	47.57%	47.66%	42.54%	40.44%	40.04%	40.73%	41.57%	42.42%	43.32%	44.20%

8.4 Waste Financial Analysis

Income Statement

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Rates and Annual Charges	1,993	2,042	2,093	2,145	2,198	2,253	2,309	2,367	2,425	2,486
User Charges and Fees	48	50	51	52	53	55	56	57	59	60
Interest & Investment Revenue	-	-	-	-	-	-	-	-	-	-
Other Revenues	389	398	408	419	429	440	451	462	474	485
Grants & Contributions (Recurrent)	68	70	71	73	75	77	79	81	83	85
Grants & Contributions (Capital)	-	-	-	-	-	-	-	-	-	-
Gains/(Losses) from Disposal of Assets	-	-	-	-	-	-	-	-	-	-
Share of interest in JV gains	-	-	-	-	-	-	-	-	-	-
Total Income From Continuing Operations	2,498	2,560	2,623	2,689	2,755	2,825	2,895	2,967	3,041	3,116
Expenses from Continuing Operations										
Employee Benefits & On-Costs	1,076	1,106	1,137	1,169	1,201	1,235	1,269	1,305	1,341	1,379
Borrowing Costs	-	-	-	-	-	-	-	-	-	-
Materials & Contracts	1,308	1,330	1,363	1,397	1,432	1,468	1,504	1,542	1,581	1,620
Depreciation & Impairment	-	-	-	-	-	-	-	-	-	-
Other Expenses	74	75	77	79	81	83	84	86	88	90
Interest and Investment Losses	-	-	-	-	-	-	-	-	-	-
Net Share of Interest in Joint Ventures	-	-	-	-	-	-	-	-	-	-
Total Expenditure From Continuing Operations	2,458	2,511	2,577	2,645	2,714	2,786	2,857	2,933	3,010	3,089
Operating Result from Continuing Operations	40	49	46	44	41	39	38	34	31	27
Net Operating Result before Capital Grant & Contributions	40	49	46	44	41	39	38	34	31	27

Statement of Cash Flows

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Cash Flows from Operating Activities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receipts										
Rates and Annual Charges	1,992	2,042	2,093	2,145	2,199	2,253	2,310	2,366	2,426	2,486
User Charges and Fees	48	49	50	52	54	55	56	57	58	61
Other Revenues	389	398	408	419	429	440	451	462	474	485
Grants & Contributions	68	70	71	73	75	77	79	81	83	85
Payments										
Employee Benefits & On-Costs	(1,075)	(1,106)	(1,137)	(1,168)	(1,201)	(1,235)	(1,269)	(1,305)	(1,342)	(1,379)
Materials & Contracts	(1,309)	(1,330)	(1,364)	(1,397)	(1,431)	(1,466)	(1,505)	(1,542)	(1,581)	(1,620)
Other Expenses	(73)	(75)	(76)	(79)	(80)	(83)	(85)	(86)	(88)	(90)
Net Cash provided (or used in) Operating Activities	40	48	45	45	45	41	37	33	30	28
Cash Flows from Investing Activities										
Payments										
Purchase of Infrastructure, PP&E	(70)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)
Net Cash provided (or used in) Investing Activities	(70)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)
Cash Flows from Financing Activities										
Net Cash provided (or used in) Financing Activities	-	-	-	-	-	-	-	-	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(30)	28	25	25	25	21	17	13	10	8
Cash & Cash Equivalents - Opening Balance	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
Cash & Cash Equivalents - Closing balance	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*

N/A*: Waste does not maintain its own bank ledger.

Waste does not have its own fund therefore, no Statement of Financial Position applicable.

8.5 Quarry Financial Analysis

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
User Charges and Fees	1,145	1,162	1,180	1,199	1,218	1,236	1,256	1,275	1,295	1,315
Total Income From Continuing Operations	1,145	1,162	1,180	1,199	1,218	1,236	1,256	1,275	1,295	1,315
Expenses from Continuing Operations										
Employee Benefits & On-Costs	147	151	155	160	164	169	174	178	183	189
Borrowing Costs	9	7	6	4	2	1	-	-	-	-
Materials & Contracts	436	447	458	469	481	493	505	518	531	544
Depreciation & Impairment	-	-	-	-	-	-	-	-	-	-
Other Expenses	475	486	497	509	521	535	548	562	576	590
Total Expenditure From Continuing Operations	1,067	1,091	1,116	1,142	1,168	1,198	1,227	1,258	1,290	1,323
Operating Result from Continuing Operations	78	71	64	57	50	38	29	17	5	(8)
Net Operating Result before Capital Grant & Contributions	78	71	64	57	50	38	29	17	5	(8)

Statement of Cash Flows

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities										
Receipts										
User Charges and Fees	1,144	1,163	1,180	1,199	1,218	1,237	1,256	1,275	1,295	1,315
Payments										
Employee Benefits & On-Costs	(147)	(151)	(155)	(160)	(164)	(169)	(174)	(178)	(183)	(189)
Materials & Contracts	(435)	(446)	(458)	(470)	(481)	(493)	(505)	(517)	(531)	(544)
Borrowing Costs	(9)	(7)	(6)	(4)	(2)	(1)	-	-	-	-
Other Expenses	(476)	(486)	(498)	(509)	(522)	(535)	(548)	(562)	(575)	(590)
Net Cash provided (or used in) Operating Activities	77	73	63	56	49	39	29	18	6	(8)
Cash Flows from Investing Activities										
Net Cash provided (or used in) Investing Activities	-	-	-	-	-	-	-	-	-	-
Cash Flows from Financing Activities										
Payments										
Repayment of Borrowings & Advances	(45)	(46)	(48)	(50)	(51)	(40)	-	-	-	-
Net Cash provided (or used in) Financing Activities	(45)	(46)	(48)	(50)	(51)	(40)	-	-	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	32	27	15	6	(2)	(1)	29	18	6	(8)
Cash & Cash Equivalents - Opening Balance	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
Cash & Cash Equivalents - Closing balance	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*

N/A*: Quarry does not maintain its own bank ledger.

Quarry does not have its own fund therefore, no Statement of Financial Position applicable.

8.6 Consolidated Analysis

Income Statement

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Rates and Annual Charges	13,606	13,998	14,402	14,817	15,205	15,602	16,010	16,429	16,858	17,299
User Charges and Fees	8,796	9,370	9,611	9,858	10,091	10,328	10,572	10,821	11,077	11,338
Interest & Investment Revenue	493	509	526	550	576	593	632	674	690	706
Other Revenues	1,338	1,372	1,407	1,442	1,478	1,515	1,553	1,592	1,631	1,672
Grants & Contributions (Recurrent)	17,435	17,704	17,830	18,338	18,988	19,546	20,154	20,789	21,453	18,895
Grants & Contributions (Capital)	3,137	4,084	3,924	700	625	658	625	625	659	625
Gains/(Losses) from Disposal of Assets	246	241	242	242	308	213	198	182	166	150
Share of interest in JV gains	-	-	-	-	-	-	-	-	-	-
Total Income From Continuing Operations	45,051	47,278	47,942	45,947	47,271	48,455	49,744	51,112	52,534	50,685
Expenses from Continuing Operations										
Employee Benefits & On-Costs	16,360	16,918	17,447	17,991	18,379	18,906	19,449	20,007	20,580	21,171
Borrowing Costs	195	150	103	56	27	8	-	-	-	-
Materials & Contracts	8,051	8,433	8,530	8,784	9,003	9,229	9,459	9,696	9,938	10,187
Depreciation & Impairment	11,973	12,152	12,335	12,520	12,731	12,947	13,166	13,389	13,616	13,847
Other Expenses	8,502	8,663	8,875	9,169	9,343	9,600	9,865	10,212	10,418	10,708
Total Expenditure From Continuing Operations	45,081	46,316	47,290	48,520	49,483	50,690	51,939	53,304	54,552	55,913
Operating Result from Continuing Operations	(30)	962	652	(2,573)	(2,212)	(2,235)	(2,195)	(2,192)	(2,018)	(5,228)
Net Operating Result before Capital Grant & Contributions	(3,167)	(3,122)	(3,272)	(3,273)	(2,837)	(2,893)	(2,820)	(2,817)	(2,677)	(5,853)

Balance Sheet

Assets	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Current Assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and Cash Equivalents	9,263	6,115	4,645	5,200	6,882	8,636	11,045	13,313	15,831	19,592
Receivables	6,153	6,153	6,153	6,153	6,153	6,153	6,153	6,153	6,153	6,153
Inventories	958	958	958	958	958	958	958	958	958	958
Total Current Assets	16,374	13,226	11,756	12,311	13,993	15,747	18,156	20,424	22,942	26,703
Non-Current Assets										
Receivables	2	2	2	2	2	2	2	2	2	2
Inventories	299	299	299	299	299	299	299	299	299	299
Property, Plant & Equipment	496,288	499,440	500,557	496,529	492,110	487,647	483,043	478,583	474,047	465,058
Investments Equity Method	385	385	385	385	385	385	385	385	385	385
Intangibles	167	167	167	167	167	167	167	167	167	167
Total Non-Current Assets	497,141	500,293	501,410	497,382	492,963	488,500	483,896	479,436	474,900	465,911
Total Assets	513,515	513,519	513,166	509,693	506,956	504,247	502,052	499,860	497,842	492,614
Liabilities										
Current Liabilities										
Payables	2,319	2,319	2,319	2,319	2,319	2,319	2,319	2,319	2,319	2,319
Borrowings	958	1,005	900	525	474	-	-	-	-	-
Provisions	4,438	4,438	4,438	4,438	4,438	4,438	4,438	4,438	4,438	4,438
Total Current Liabilities	7,715	7,762	7,657	7,282	7,231	6,757	6,757	6,757	6,757	6,757
Non-Current Liabilities										
Borrowings	2,904	1,899	999	474	-	-	-	-	-	-
Provisions	2,391	2,391	2,391	2,391	2,391	2,391	2,391	2,391	2,391	2,391
Total Non-Current Liabilities	5,295	4,290	3,390	2,865	2,391	2,391	2,391	2,391	2,391	2,391
Total Liabilities	13,010	12,052	11,047	10,147	9,622	9,148	9,148	9,148	9,148	9,148
Net Assets	500,505	501,467	502,119	499,546	497,334	495,099	492,904	490,712	488,694	483,466
Retained Earnings	413,645	414,607	415,259	412,686	410,474	408,239	406,044	403,852	401,834	396,606
Revaluation Reserves	86,860	86,860	86,860	86,860	86,860	86,860	86,860	86,860	86,860	86,860
Total Equity	500,505	501,467	502,119	499,546	497,334	495,099	492,904	490,712	488,694	483,466

Statement of Cash Flows

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities										
Receipts										
Rates and Annual Charges	13,604	13,997	14,403	14,818	15,205	15,600	16,011	16,429	16,858	17,300
User Charges and Fees	8,795	9,373	9,608	9,858	10,089	10,331	10,573	10,821	11,077	11,339
Interest & Investment Revenue	494	509	526	550	576	594	632	674	689	706
Other Revenues	1,331	1,365	1,400	1,435	1,472	1,509	1,546	1,584	1,625	1,663
Grants & Contributions	20,573	21,787	21,752	19,040	19,614	20,205	20,781	21,414	22,111	19,519
Payments										
Employee Benefits & On-Costs	(16,355)	(16,917)	(17,446)	(17,993)	(18,379)	(18,906)	(19,449)	(20,008)	(20,580)	(21,171)
Materials & Contracts	(8,046)	(8,426)	(8,524)	(8,777)	(8,997)	(9,223)	(9,453)	(9,687)	(9,931)	(10,179)
Borrowing Costs	(195)	(150)	(103)	(56)	(27)	(8)	-	-	-	-
Other Expenses	(8,503)	(8,662)	(8,876)	(9,170)	(9,340)	(9,601)	(9,865)	(10,215)	(10,419)	(10,704)
Net Cash provided (or used in) Operating Activities	11,698	12,876	12,740	9,705	10,213	10,501	10,776	11,012	11,430	8,473
Cash Flows from Investing Activities										
Receipts										
Sale of Infrastructure, PP&E	846	841	842	842	923	843	844	844	845	846
Payments										
Purchase of Infrastructure, PP&E	(13,450)	(15,907)	(14,047)	(9,092)	(8,929)	(9,116)	(9,211)	(9,588)	(9,757)	(5,558)
Net Cash provided (or used in) Investing Activities	(12,604)	(15,066)	(13,205)	(8,250)	(8,006)	(8,273)	(8,367)	(8,744)	(8,912)	(4,712)
Cash Flows from Financing Activities										
Payments										
Repayment of Borrowings & Advances	(913)	(958)	(1,005)	(900)	(525)	(474)	-	-	-	-
Net Cash provided (or used in) Financing Activities	(913)	(958)	(1,005)	(900)	(525)	(474)	-	-	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(1,819)	(3,148)	(1,470)	555	1,682	1,754	2,409	2,268	2,518	3,761
Cash & Cash Equivalents - Opening Balance	11,082	9,263	6,115	4,645	5,200	6,882	8,636	11,045	13,313	15,831
Cash & Cash Equivalents - Closing balance	9,263	6,115	4,645	5,200	6,882	8,636	11,045	13,313	15,831	19,592

Asset Movement Schedule

Asset Movement Schedule	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance										
Estimated Replacement Cost	695,703	708,553	723,857	737,309	745,801	754,113	762,597	771,159	780,088	789,168
Accumulated Depreciation	(200,292)	(212,265)	(224,417)	(236,752)	(249,272)	(262,003)	(274,950)	(288,116)	(301,505)	(315,121)
Written Down Value	495,411	496,288	499,440	500,557	496,529	492,110	487,647	483,043	478,583	474,047
Add/(less):										
Additions										
- Capital Renewal (Infra)	7,420	5,859	8,567	5,376	6,700	6,000	5,898	5,846	6,301	1,776
- Capital Improvements (Infra)	3,426	6,876	2,232	1,954	528	313	208	266	327	690
- Plant (New & Replacement)	2,604	3,169	3,254	1,762	1,698	2,801	3,101	3,479	3,131	3,088
Total Capital Expenditure	13,450	15,904	14,052	9,092	8,927	9,114	9,208	9,591	9,759	5,554
Depreciation (excl. Plant)	(9,802)	(9,948)	(10,098)	(10,249)	(10,404)	(10,563)	(10,723)	(10,885)	(11,050)	(11,218)
Depreciation (Plant)	(2,171)	(2,204)	(2,237)	(2,271)	(2,327)	(2,384)	(2,443)	(2,504)	(2,566)	(2,629)
Total Depreciation	(11,973)	(12,152)	(12,335)	(12,520)	(12,731)	(12,947)	(13,166)	(13,389)	(13,616)	(13,847)
Disposals	(600)	(600)	(600)	(600)	(615)	(630)	(646)	(662)	(679)	(696)
Revaluations	-	-	-	-	-	-	-	-	-	-
Closing Balance	496,288	499,440	500,557	496,529	492,110	487,647	483,043	478,583	474,047	465,058
Key Performance Indicators										
Asset Renewal Ratio (Excl. Plant)	75.70%	58.90%	84.84%	52.45%	64.40%	56.80%	55.01%	53.71%	57.02%	15.83%
Asset Renewal (Deficit)/Surplus	(2,382)	(4,089)	(1,531)	(4,873)	(3,704)	(4,563)	(4,825)	(5,039)	(4,749)	(9,442)
Asset Consumption Ratio	28.79%	29.96%	31.00%	32.11%	33.42%	34.74%	36.05%	37.36%	38.65%	39.93%

Part 9: Summary of Results

Council's forecast performance by fund is summarized below:

Financial performance and Flexibility

General Fund makes a deficit in 2019/20 of \$0.637m comprising \$8.096m Rates and Annual Charges and the receipt of \$7.036m for FAGS Grant, \$1.15m for Roads to Recovery, Bushfire and Emergency Services (\$3.698m), Regional Roads- Transport (Other Roads Bridges) (\$1.15m). The 2020/21 financial year falls to a larger deficit of \$2.688m which steadily increases over the LTFP to a deficit of \$5.72m in the 2028/29 (a total deficit of \$27.971m over the life of the LTFP). However, it's notable that this is a very conservative forecast from 2019/20 onwards, based on a minimum Capital Grant (2019/20 is \$2.52m less than 2018/19's actual and from 2020/21 onwards, \$4.54m p.a less than 2018/19's actual), and a fully incorporated new Organisational Structure. (See Best scenario for a less conservative forecast of the 10 years LTFP).

Water Fund predicts a small accrual surplus of \$107k in the 2019/20 as the result of the decreasing consumption (\$232k reduction to revenue) which is partly offset by the increases in water fees and charges as well as in Capital Grant. The subsequent year predicts a better surplus of \$284k which then goes up to a surplus of \$1.254m in 2021/22 (thanks to the increase in Capital grant of \$0.9m). After 2021/22, Water's net Operating Result surplus drops back to its normal level of \$177k in 2022/23 then slowly improves over the 10 year period to a surplus of \$374k in 2028/29 (a total accrual surplus of \$3.614m over the life of the LTFP).

Sewer Fund are forecasted to be making Operating result surpluses throughout the LTFP. It starts off with an accrual surplus of \$382k thanks to the increase in Fees and Charges and the receipt of Capital Grant monies (\$369k) for upgrading the Sewage Treatment Plant within three of Council's towns. The surplus then goes up to \$3.246m in 2020/21 thanks to the expectation of \$3.219m Capital Grant monies then slightly decreases to a surplus of \$2.19m in 2021/22 (with \$2.152m Capital Grant). After 2021/22, Sewer's net Operating Result surplus drops back to its normal level of \$131k in 2022/23 as Capital Grant monies decrease to minimum. In 2023/24, Sewer Fund makes a small surplus of \$63k as the Capital Grant stops and then improves over the rest of the LTFP to reach a surplus of \$99k in 2028/29 (a total accrual surplus of \$6.5m over the life of the LTFP).

As the plan matures, Water and Sewer Fund's surpluses will be re-invested in their infrastructure including renewals. Overall, Council as a whole is estimated to generate a deficit of \$17.069m over the 10 years.

Liquidity

General Fund starts off with a Cash balance of \$6.335m at the end of 2019/20 then steadily increases to reach \$11.072m in 2028/29 . The Fund's cash balance increases by \$3.108m over the life of the plan with the Current Ratio remaining at an average of 1.72 over the 10 year period and reaching a high of 2.49 in 2028/29 .

Water Fund maintains an average cash balance of \$3.583m over the life of the LTFP and an average current ratio of 22.82, reaches a high of 48.45 in 2028/29.

Sewer Fund's average negative cash balance is \$260k over the LTFP and its average current ratio is 1.26. This is however based on minimum capital grant funding and many Sewer projects are recognised at Council's contribution amounts only (without any Grant funding).

While Water Fund maintain considerably high current ratio's compared to General Fund, these funds are restricted and consequently cannot be used within General Fund for day to day operations.

Asset Renewal and Capital Works

On average, General Fund has an asset renewal ratio (excluding plant) of 54.73% with a high of 70.26% in 2019/20 and a low of 15.46% in 2028/29. The Fund's asset average consumption ratio and asset average renewal deficit is 31.44% and \$3.811m respectively. It generates an asset renewal deficit of \$38.105m and expends \$77.308m on capital over the life of the plan.

The Sewer Fund has an average asset renewal ratio (excluding plant) of 123.93% with a high of 580.53% in 2021/22 and a low of 20.11% in 2028/29. The funds asset average consumption ratio and asset average renewal surplus is 43.05% and \$138k respectively. It generates an asset renewal surplus of \$1.38m and expends \$16.645m on capital over the life of the plan.

Alternatively, the Water Fund on average has an asset renewal ratio (excluding plant) of 41.98% with a high of 89.89% in 2019/20 and a low of 14.8% in 2028/29. The Fund's asset average consumption ratio and asset average renewal deficit is 50.21% and \$872k respectively. It generates an asset renewal deficit of \$8.724m and expends \$10.445m on capital over the life of the plan.

Overall, Council generates an average asset renewal ratio (excluding plant) of 57.47% and an asset renewal deficit of \$45.197m over the life of the LTFP. Council as a whole expends \$104.651m on capital over the 10 year period.

Debt Servicing

All outstanding loans will be repaid by 2024/25. General Fund has the majority of loans including an internal loan entered into between the Sewer and General Fund for the upgrade of the Warrumbungle Shire administration building. Sewer has no outstanding loans while the Water Fund has one loan for the upgrade of the Mendooran's water facilities. Each fund maintains a debt service ratio of below the OLG's desired 10%.

Part 10: Sensitivity Analysis

10.1 Sensitivity Analysis

The IP&R framework requires that Council carry out financial modeling (i.e. sensitivity analysis) on the figures and assumptions in the LTFP. Sensitivity analysis provides Council with an idea of how much flexibility there is in the Plan and how much latitude Council has with various projects and scenarios.

Council has modeled three different scenarios as part of its sensitivity analysis. These scenarios include the base scenario as per the financial statements in Part 7 of the LTFP (Scenario 1), an optimistic scenario (Scenario 2), and a pessimistic scenario (Scenario 3). All three scenarios assume business as usual, i.e. Council will continue to provide the services it has traditionally provided to the residents of the Shire. The sensitivity analysis has concentrated on the impact of the Improvement Action Plans as developed under the Fit for the Future scheme (discussed in part 2.1) and excludes Water and Sewer fund from the analysis.

Details of the various adjustments to external and internal assumptions used in Council's sensitivity analysis can be found in the table below.

Factor	Base Scenario	Optimistic Scenario	Pessimistic Scenario
Political trends	FAGs grants grow at 4%	FAGs grants grow at 4% and additional funds are redistributed to rural and regional councils. (estimate an extra \$300k pa for WSC)	FAG grants indexed at 2.3% and no redistribution.
Additional Capital Funding	From 2023/24, Council can only receive minimum Capital Grant (only \$645k p.a in average, which is \$5.6m less than 2017/18's actual)	All the Capital projects that are currently only recognised at Contribution receive their Grant funding. This brings Total Capital Grant to an average of \$2.8m p.a which is still much less than 2017/18 actual of \$6.3m	No impact
Grant Funding	Council receives reduced amount of RMS Block Grant (an average decrease of \$1.4m p.a)	Council still continues receiving extra RMS Block Grant (Total increase of approx. \$14m over LTFP)	No impact
Employee Costs and Benefits	No impact	In line with reduced CPI Employee Costs and Benefits are indexed at a lower rate of 2.5% instead of 2.8%.	No impact

The results of the sensitivity analysis above have been captured by a number of KPIs where results are discussed in detail below.

10.2 Sensitivity Analysis Results

Council has at its disposal a wide array of financial performance measures that can be used to track and measure Council’s long term financial viability and financial performance. Council has graphed its performance against a range of these financial performance measures for the base, best and worst case scenario. This information provides Council and the community with a graphical demonstration of Council’s expected financial performance over the life of the LTFP showing the flexibility of the plan. All numbers are in \$’000.

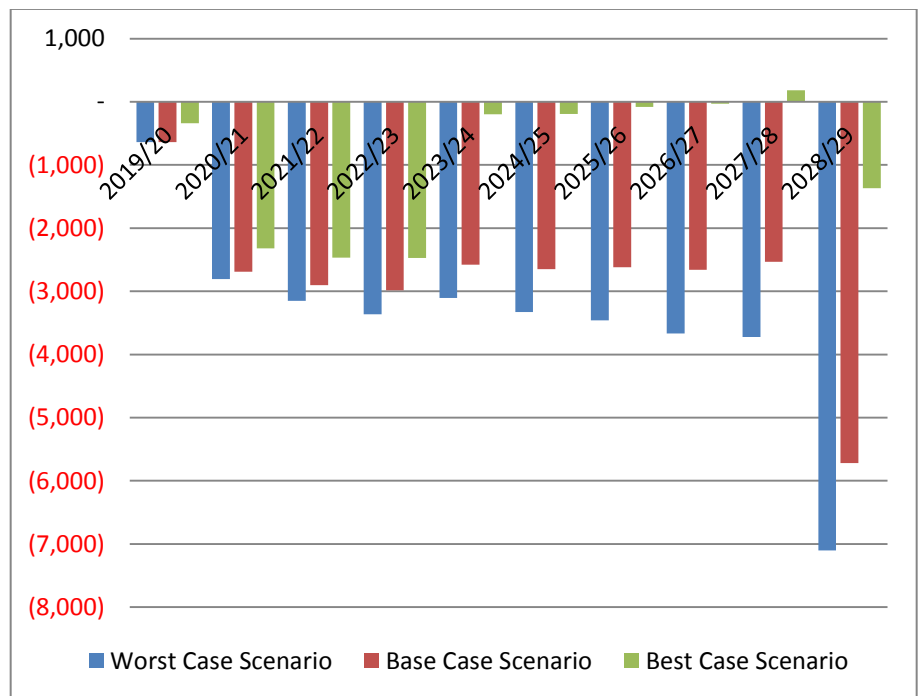
Ratios are divided into the following four groupings:

1. Financial Performance and Flexibility;
2. Liquidity;
3. Debt Servicing;
4. Asset Renewals and Capital Works.

Financial Performance and Flexibility Ratios

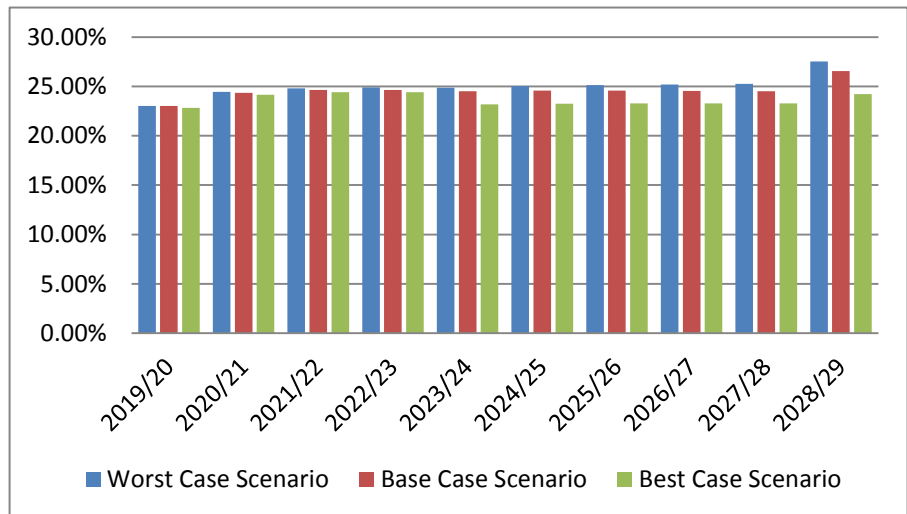
Operating Surplus/(Deficit)

This KPI measures whether Council’s operating revenue is sufficient to cover Council’s operating costs, and includes non-cash items such as depreciation.



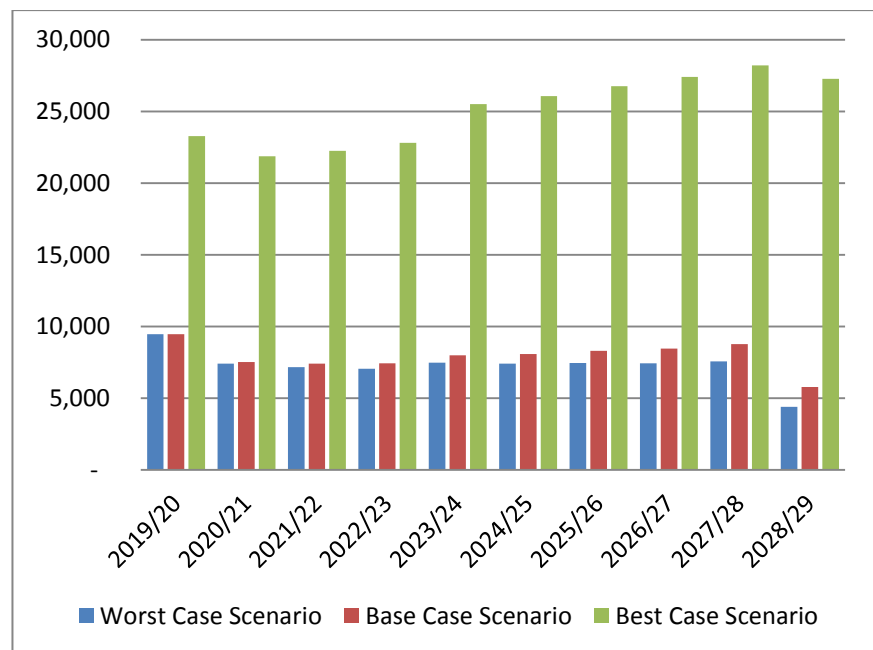
Rates and Annual Charges Coverage Ratio

This KPI measures the degree of Council’s dependence on revenue from rates and annual charges and the security of Council’s income.



EBITDA

Earnings Before Interest, Taxes, Depreciation and Amortisation measures Council’s underlying operating performance without taking into consideration the perceived cost of maintaining many of Council’s assets.



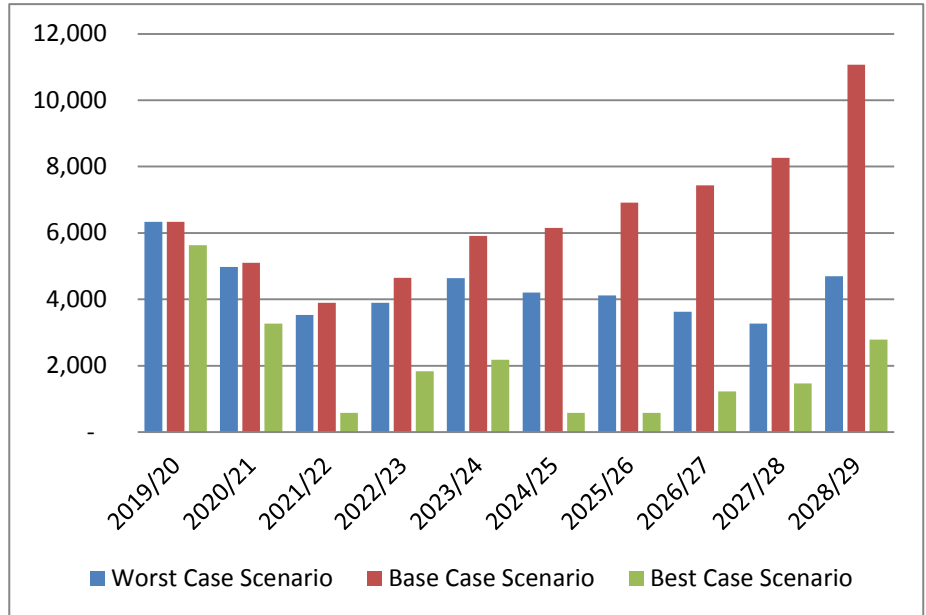
Council's forecast financial performance and flexibility can be summed up by the following comments:

- With particular regard to increased amounts of Grant monies, General Fund is forecast to generate a significantly smaller operating deficits in Best case scenario or even make a surplus in 2027/28. However, with Base and Worst case scenerios, the fund deteriorated to deficits throughout the LTFP. Overall, Council generates a total deficit over the 10 years of \$9.3m in the best case scenario, a deficit of \$27.9m in the base case scenario and \$34.3m in the worst case scenario;
- Overall, for Consolidated fund, Council is forecasted to generate an average operating surplus of \$1.12m over LTFP in Best case scenario, an average operating deficit of \$1.71m in Base case scenario and an average operating deficit of \$2.34m in Worst case scenario.
- Council is forecast to face risks around financial flexibility due to its high reliance on grant funding; Council's underlying operational performance is forecast to improve (see EBITDA) over the life of the plan in both the base and best case scenarios;
- Depreciation expense assumptions are a large driver of the operating result (accounting for 27% of total expenses on average), and if incorrect, could be making Council's performance appear significantly worse (or better) than it is. With the revaluation of roads in 2015/16, depreciation has decreased by approximately \$1m. However, this unfortunately has been more than offset by Water and Sewer's \$0.57m and Building's \$1.1m increased depreciations.

Liquidity Ratios

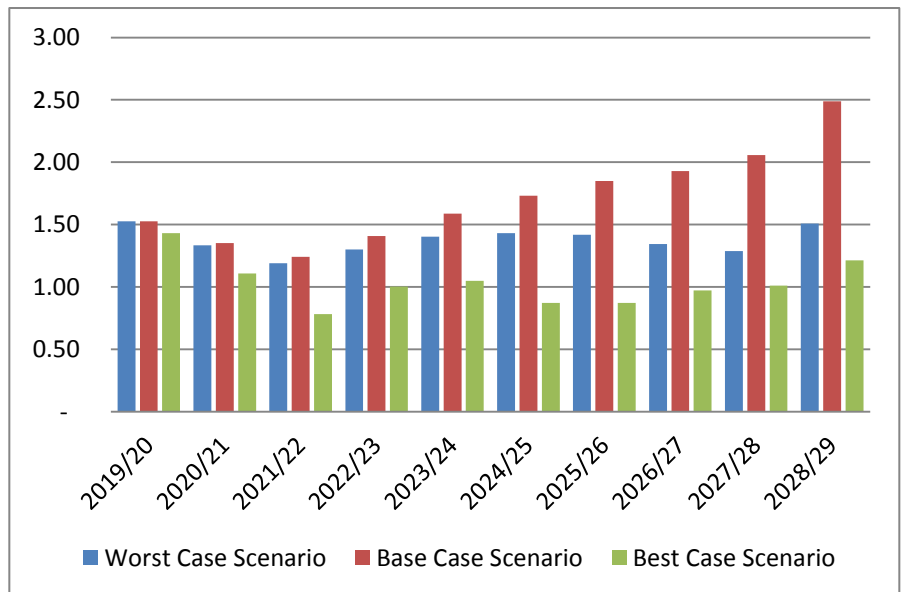
Cash and investments balance

This KPI measures Council's projected total cash and investments balance over the life of the LTFP.



Current Ratio

This KPI measures the adequacy of working capital and its ability to satisfy obligations in the short term.



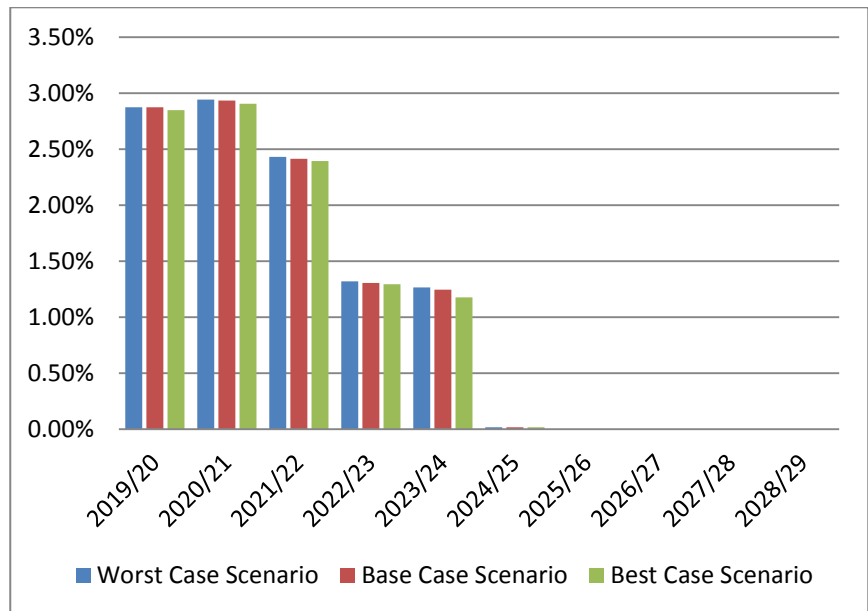
Council’s forecast cash position and liquidity can be summed up by the following comments:

- General Fund is expected to maintain a sufficient cash balance over the 10 year period in all scenarios with a decrease of \$3.26m for worst case scenario (41% decrease), \$3.1m increase for base case scenario (39% increase) and \$5.2m decrease for best case (65% decrease). In the best case scenario, any extra Cash will be utilised to renew and expand Council’s infrastructure assets, thus, the Cash Balance in Best Case scenario is lower (\$2m average for General fund and \$5.6m average for Consolidated) .
- Over the life of the plan, General Fund is expected to maintain an average current ratio of 1.375 in the worst case, 1.717 in the base case and 1.032 in the best case scenario.

Debt Servicing

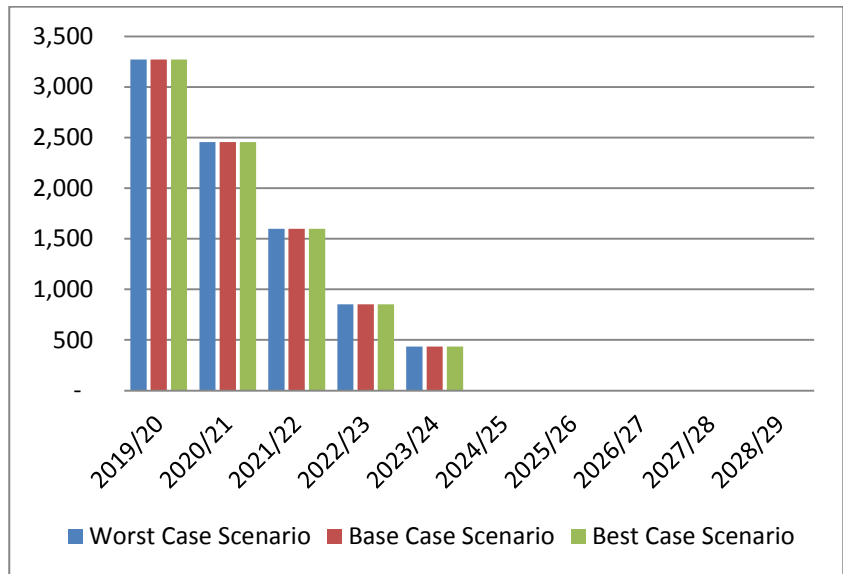
Debt Service Ratio

This KPI assesses the impact of loan principal and interest repayments on the discretionary revenue of council.



Loan Balance

This KPI shows Council’s loans balance over time.



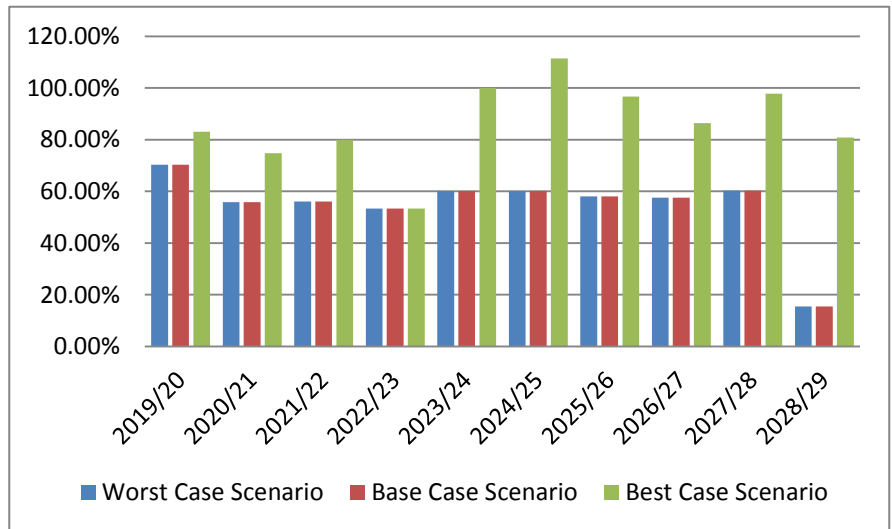
Council’s forecast loan exposure and debt servicing requirements can be summed up by the following comments:

- Council’s debt servicing ratio is well within the DLG 10% benchmark;
- For General Fund, Loan repayments are \$0.458m per year on average (excluding interest expenditure on these loans) putting a drag on cash available for other uses, such as further capital works;
- As a result of the loans Council has managed to bring forward the replacement of all Council’s timber bridges (bar one), the construction of the new administration building, and the purchase of additional land for the extension of Council’s quarry operations.

Asset Renewal and Capital Works

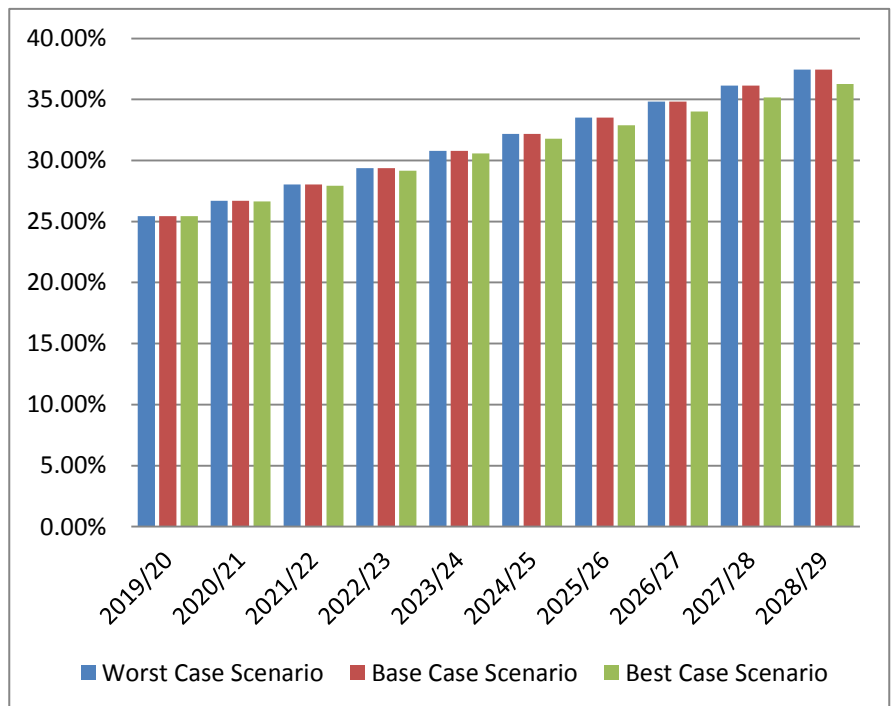
Asset Renewal Ratio

This KPI measures the rate at which assets are being renewed relative to the rate at which they are depreciating.



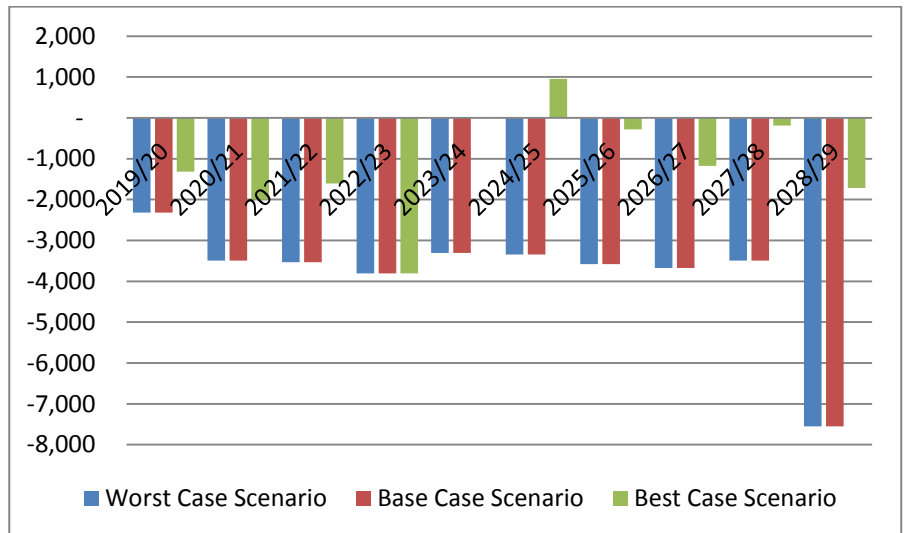
Asset Consumption Ratio

This KPI measures the % of the future service potential of Council’s assets that has already been “consumed”



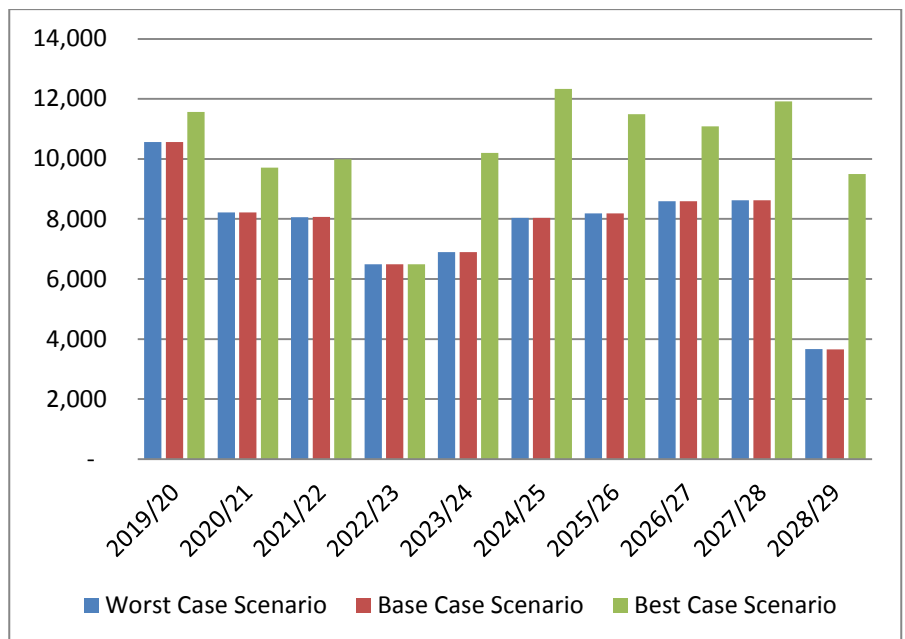
Asset Renewal Deficiency

This KPI measures Council's annual backlog in asset renewal expenditure.



Capital Expenditure Program

This graph shows how much Council is spending on capital expansion and renewals each year.



Council's forecast asset renewal and capital works performance can be summed up by the following comments:

- Assuming Council's depreciation assumptions are correct, General fund is forecast to generate an average asset renewal ratio at 86.5% pa and an average deficiency of \$1.1m in the best case scenario over the LTFP. However, in the base and worst case scenarios, General fund will fail to renew existing assets resulting in degradation of roads and other community assets (total renewal deficit of \$38.1m over ten years for both scenarios);
- In each scenario the Council's capital program is reflective of the cash available for funding;

Hard decisions made in Council's recent budget process and FFF analysis have resulted in some considerable improvements in Council's forecast financial performance and position over the following ten years, including:

- In the Best case scenario, Council is forecasting an improvement in Council's EBITDA over the life of the plan, whereas in Worst and Base case scenario, it is forecasting a deteriorating EBITDA.
- Council forecasts its cash balance to improve over the life of the plan in Base case scenario from \$7.96m to \$11.07m (an increase of \$3.11m or 39%);
- Council's exposure to debt is clearly manageable with the debt service ratio decreasing over the life of the plan, and the majority of loans to be paid back by the end of the 2023/24 financial year;
- Council's financial flexibility is forecast to improve over the plan for the best case scenario but worsen for both the base case and worst case scenario.

Although the KPIs above indicate that Council still faces serious challenges (despite significant improvements) there are many external and internal factors that can influence Council's financial performance and position going forward.

External factors outside of Council's control that could improve Council's financial position include:

- Positive demographics;
- Increased government grant and other assistance to rural areas;
- A boom in mining, agriculture and alternative energy that could bring wealth to the Shire, and boost Council's income sources

Part 11: Conclusion and the Way Forward

This plan has sought to provide a picture of Council's financial performance and position over the following ten years on the basis of general assumptions regarding:

- Council's external environment (Part 2);
- Council's possible revenue (Part 3);
- Council's forecast recurrent expenditure (Part 4);
- Council's Capital expenditure (Part 5); as well as,
- Expected movements in balance sheet items (Part 6).

The results of these forecasts can be found in the financial statements (Part 7) and in Council's financial analysis (Part 8). In the preparation of the LTFP, hard decisions were made to incorporate FFF improvement action plans in the base and best base scenario. The worst case scenario excludes the FFF items.

As mentioned in Part 8, decisions made in Council's recent budget process have resulted in some considerable improvements in Council's forecast financial performance and position over the following ten years, including:

- Council forecasts its cash balance to improve over the life of the plan in Base case scenario from \$7.96m to \$11.07m (an increase of \$3.11m or 39%);
- Council's exposure to debt is clearly manageable with the debt decreasing to nil over the life of the plan;
- Council's financial position is forecast to worsen over the plan.

Despite these considerable gains, there are still several serious financial challenges faced by Council particularly in relation to the worst case scenario. In the worst case scenario, Council is forced to spend much less on the capital program (due to reduced revenue especially Capital Grants). As a result, asset condition is expected to worsen over the ten years.

Council has set a four year Delivery Program based on perceived service levels and a conservative outlook on its capacity of obtaining future Grants. Council will face considerable challenges in the long run (as shown in Part 8 and 9 of the plan and in the Base case scenario) much progress can be made such as the continuation of successfully obtaining Grant monies to improve Council's Financial results (As shown in the Best case scenario).



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