



# Warrumbungle Shire Council

## Long Term Financial Plan

2011/12 to 2021/22



## 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 2011/12 financial year.

The LTFP 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; and 4. How can Council go about achieving these outcomes.

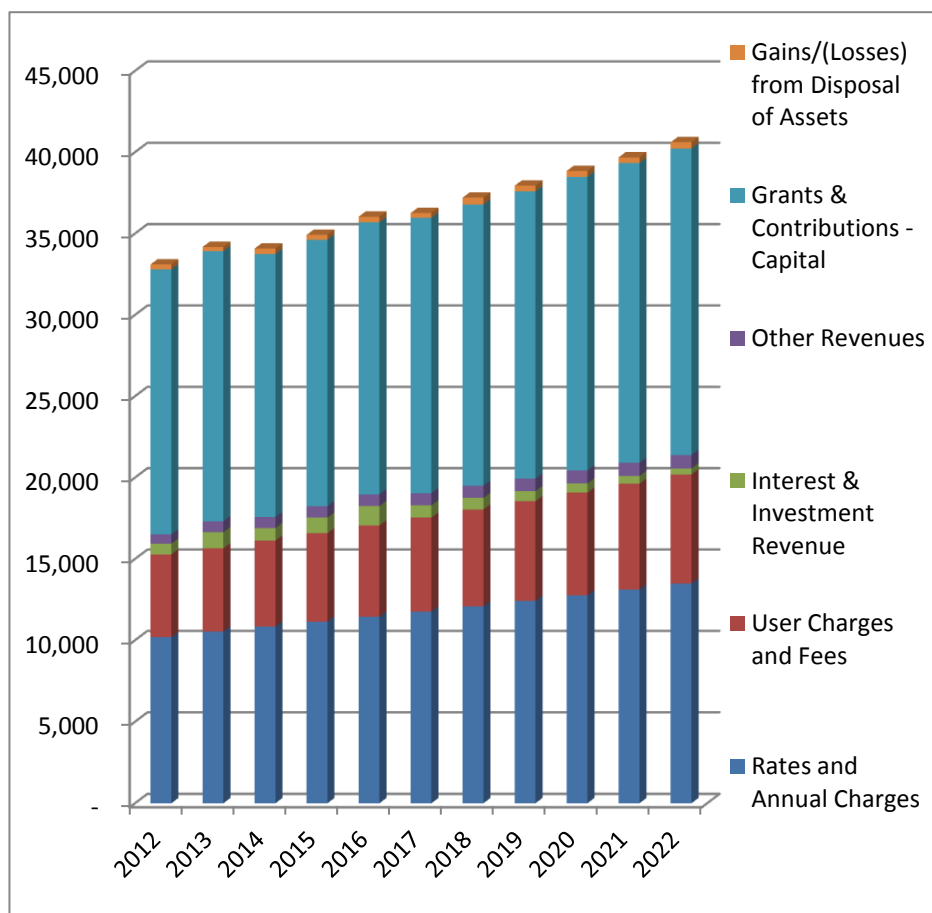
### Council’s Income

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 \$33.1m to \$40.6m over the ten years in the plan, which is a 23% increase.

Limitations to revenue growth for Council include rate pegging, a worsening demographic outlook, and Council’s high reliance on grant revenue (over 52% of total revenue) to fund Council’s operations.

Council’s rates coverage ratio of roughly 33% also means that two thirds of the costs of Council’s operations are funded from non-rates income.

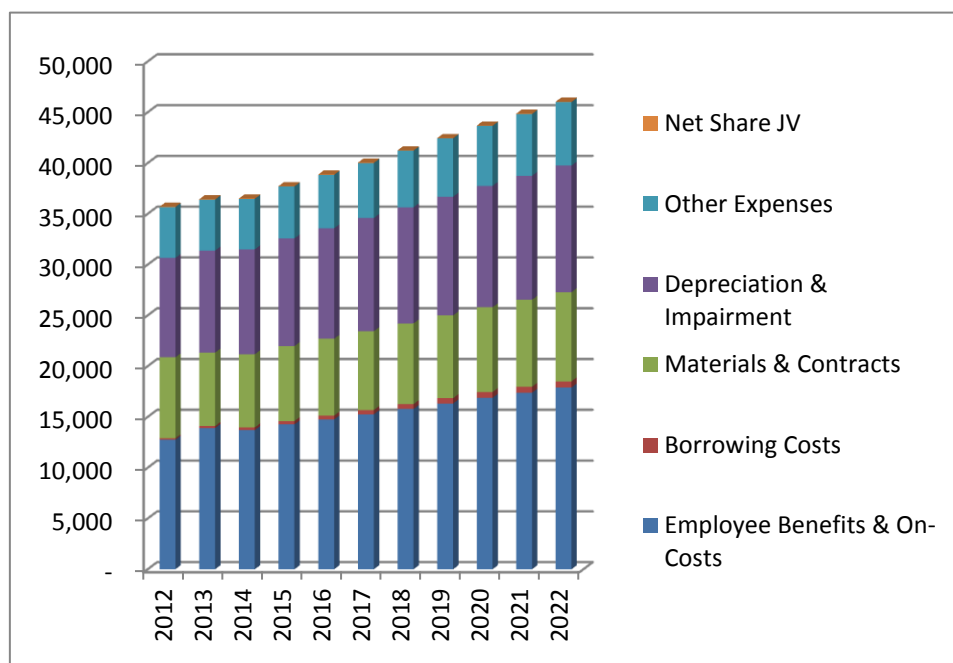


## Council’s Recurrent Expenditure

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 \$35.5m to \$46.6m, over the ten years in the plan, which is an increase of 31%.

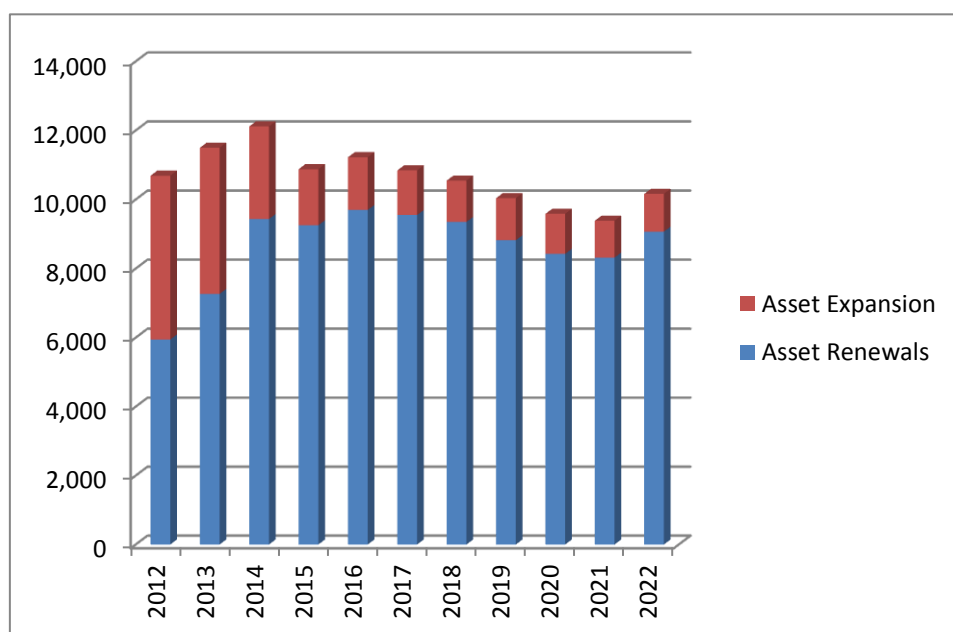
Council is expected to face increasing staffing costs due to population decline, competition from the mines and a general drift of young skilled workers to the coast. A higher superannuation



guarantee levy will also impact Council’s employee related expenditure. Council’s other expenditure items except for depreciation (which is based on growth in Council’s asset base) and borrowing costs (which are based on changes in loan amounts and the cash rate) are expected to increase in line with CPI over the life of the plan with some adjustments for demographic assumptions and above CPI increases in fuel and electricity costs.

## 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 expend Council’s asset base (i.e. create new assets). Council’s forecast capital program includes an average of \$10.6m worth of capital works per annum, resulting in an average asset



renewal ratio of 69% (the NSW state average is 80.5%) and an asset renewal deficit over the life of this plan of \$43.65m. Capital works are highly susceptible to delays caused by floods or other natural disaster events and it is likely that in many years the full capital budget will not be spent. As at the end of the 2011/12 financial year Council is expected to have a capital backlog of roughly \$5.8m that will need to be revoted into the following year.

## **Is Council Financially Sustainable in the Long Run?**

Assuming no change to the current factors limiting Council's ability to source funds such as rate pegging, the negative demographic outlook for the region, and increased costs and service expectations faced by Council in its operations, Council faces an uncertain financial future. If Council were to achieve its capital program with the projected revenue and expenditure figures in this plan, Council's cash balance will decrease from over \$12.8m to \$3.04m by the 2021/22 financial year. This is despite \$10.8m worth of cuts to Council's desired capital program which will predominantly relate to capital expansion works but may also affect the level of asset renewals resulting in an increased deterioration of Council's asset base. Council's projections also indicate an increasing deficit over the life of the plan, a worsening current ratio, and an increased reliance on borrowings in the outer years to fund capital expenditure.

It should be noted that projections are not written in stone, and there are many factors that could reverse these trends. Council's revenue could increase as a result of increased rates and user charges due to mining, or possibly increased government support by way of grants to rural councils. Council may also be able to further limit the costs it faces by further efficiency improvements in Council's operations, or further reductions to Council's capital program and services provided to the community.

## **The Way Forward**

Council currently holds significant cash balances, and generally finds it difficult to complete its capital program due to natural disaster events. These two factors ensure that Council's financial position will most likely remain sound for several years to come. However, long term financial planning aims to ensure Council's financial stability beyond a ten year timeframe. Instigating action now to reduce Council's costs, improve efficiencies and increase revenue will accrue over the years and ensure a better result than rushed cuts to services in ten years time.

The Community Strategic Plan has provided the residents of the Shire with the opportunity to communicate to Council the deliverables they would like Council to provide over the next ten years. Council must now also communicate clearly with the residents of the Shire the financial limitations that Council currently faces, as only then will Council and ratepayers be able to agree on a desired level of service to be provided by Council, and at what cost to the rate payers these services will be provided.

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## Part 1: Introduction

### 1.1 About Warrumbungle Shire

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 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 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 custodian 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. The 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 the 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, maintenance and improvement of over 2,600 km of local and regional roads, 97 bridges, 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, maintenance and improvement 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;
- Support to agencies such as Centrelink and Banks to provide services locally;
- 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, 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 Plan (AMP).

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 (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. Part 8 of the LTFP includes analysis of Council's performance against a set of financial KPIs.

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, and a pessimistic scenario. The basis for the sensitivity analysis is the general planning assumptions found in Part 2 of the LTFP. Details of Council's sensitivity analysis can be found in Part 9 of the plan.

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

## Part 2: General Planning Assumptions

### 2.1 Demographic Assumptions

As with most rural inland LGAs the population of Warrumbungle Shire Council has been in decline for several years as a result of outwards migration from the Shire (especially amongst young adults). This trend in population decline in rural areas has been exacerbated by the recent drought and is particularly pronounced in the Orana Region of Councils (OROC) to which Warrumbungle Shire Council is a part (see following map).

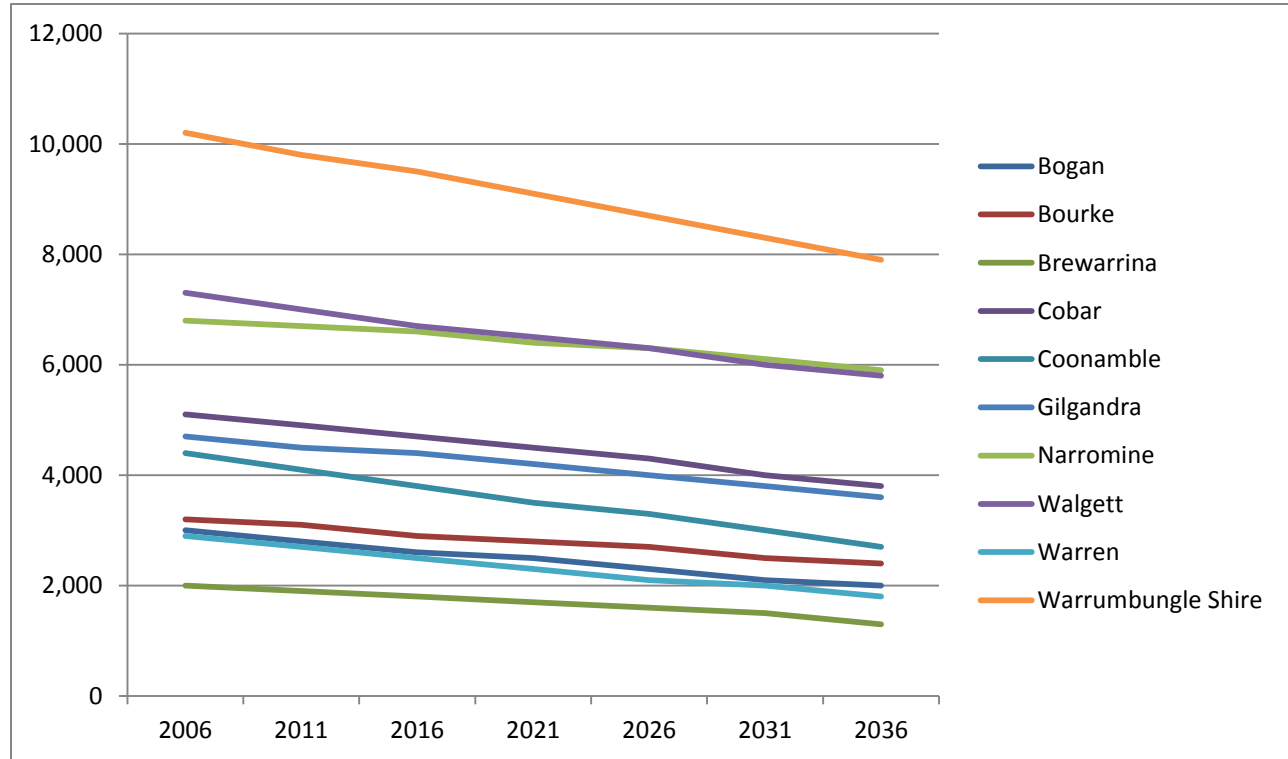
Diagram 2 - Orana Region of Councils (Map)



All Orana Region of Councils LGAs (excluding Dubbo) are expected to undergo 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.

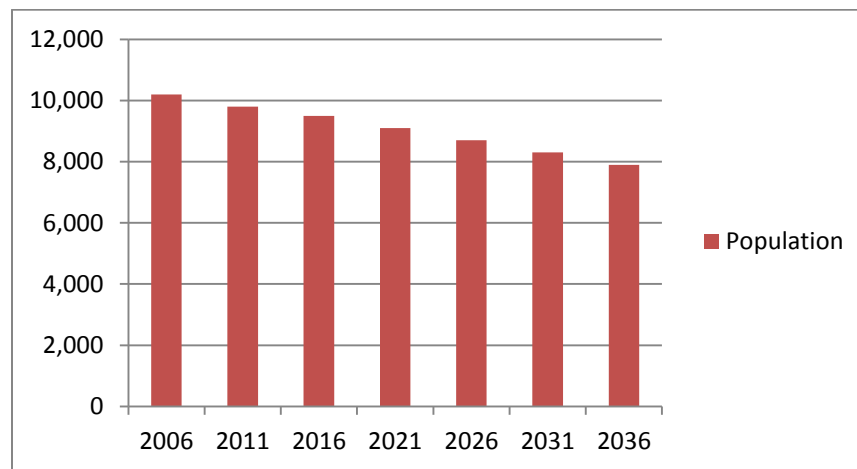
The current expected population decrease amongst the OROC LGAs is detailed in the following diagram (Source: Department of Planning and Infrastructure (DP&I) SLA Population Projections 2006-2036, 2010). It should be noted that these projections are not written in stone, and more accurate demographic profile and projection data will become available when the latest census data is released in June 2012.

Diagram 3 – Projected population of Orana Region of Council LGAs



According to the DP&I report, Warrumbungle Shire Council’s population has been predicted to decrease from roughly 10,236 in 2006 to roughly 7,900 in 2036.

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:

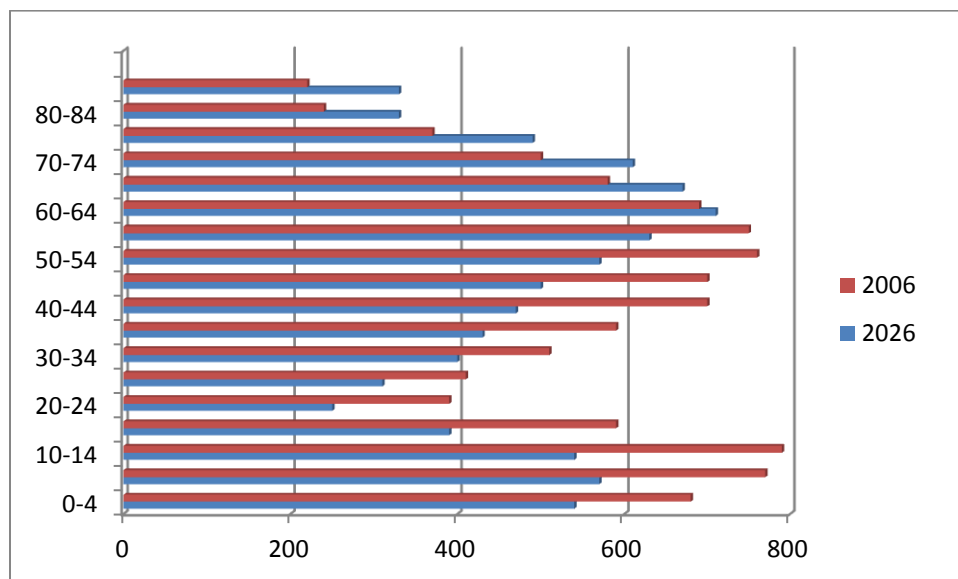
- Reduced income from residential rates and user charges;
- Increased expectations on Council to provide services and facilities that have been centralised outside the Shire or can no longer be feasibly provided by the private sector due to lack of economies of scale;

- 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&I 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, the opening of new mines in the south of the Shire and 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&I SLA Population Projections 2006-2036, 2010):

Diagram 5 – Warrumbungle Shire Council Age Distribution



Warrumbungle Shire Council is also one of the more socially disadvantaged LGAs in NSW with average taxable income in the 2009/10 financial year at \$31,771 pa compared to a NSW average of \$46,622 (Source: ABS National Regional Profile).

The impact of population changes has been captured as part of the LTFP’s sensitivity analysis, with different population scenarios resulting in different outcomes. The impact of demographic factors on the three scenarios is detailed in the table below:

Scenario	Assumptions
<b>Base</b>	Population decreases at a slower than forecast rate as mines in the south of the Shire attract workers who offset some of the forecast out migration. The rates base and user charges remain at current levels with adjustments for CPI and rate pegging.
<b>Optimistic</b>	Mining and resurgence in the agricultural sector due to higher commodity prices reverses the population decline, and the population of the Shire increases at 0.2% p/a over the ten year period to 2022. This increase boosts rates and user charges revenue and the vitality of the Shire in general.
<b>Pessimistic</b>	Population decline continues per the Department of Planning projections above, and the dependency ratio and socio-economic issues of the Shire worsen, affecting Council's rate base and possibly grant revenue, and resulting in the loss of valuable services such as access to health services. More pressure is put on Council to fill the gap which Council would be unable to do within the current funding structure.

## 2.2 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. The project application area covered 246 square kilometers (later increased to 274 square km) and the proposed life of the project is 21 years. Construction of the mine is expected to commence in July 2013 and construction crews will be located both within the towns of the shire and within a temporary accommodation village which will not be required during the operation of the mine.

It is expected that the mine will result in roughly 50-100 new dwellings being required in the area to accommodate new staff, and that the mine will commence operations in 2015. The possible financial impacts on Council from the Cobbora mine include (note social impacts from the opening of the mine are not dealt with here):

- Increased residential and business rates due to population increase in the South of the Shire hopefully offsetting the general decline expected per DP&I forecasts;
- Increased wear and tear of Council infrastructure;
- Increased financial assistance from the mine owners to offset costs Council will incur as a result of the mine's operations;
- Loss of skilled staff to the mines (current estimate is 20 staff).

The expected impact of Cobbora mine on the three scenarios is detailed in the table below:

Scenario	Assumptions
<b>Base</b>	Possible increase in rates revenue and increased financial assistance from the mine. The mine will also partially offset the projected population decline, but result in increased staffing costs to Council.
<b>Optimistic</b>	Population growth due to the mine with increased rates revenue and financial assistance bringing positive change to the Shire.
<b>Pessimistic</b>	Mine staff are based outside the Shire, and there is no benefit from the mine with any financial assistance barely covering the mine's negative impact on Council owned assets.

As the mine is yet to receive final DA approval, the impact on Council’s rates base and level of financial assistance from the mine can not be predicated, and as such has been excluded from this plan. The impact of the mine on Council’s maintenance program has also not been factored into the forecasts in this plan. These two items will be included in later versions of this plan.

### 2.3 Economic Growth Trends and Input Costs

Economic growth trends are famously hard to predict, and there are a range of local, regional, national and global factors that can impact on the level of economic growth. For the purpose of the LTFP Council has identified a range of “economic drivers” that affect the level of economic growth within the Shire. The expected impact of each of these drivers would have on the level of economic growth under each of Council’s three planning scenarios is detailed below:

<b>Economic Driver</b>	<b>Base</b>	<b>Optimistic</b>	<b>Pessimistic</b>
Agriculture	Agriculture continues to play a predominant role in the Shire’s economy, and the future of the agricultural sector improves over the next ten year period due to higher global demand impacting commodity prices	Global population growth and resource scarcity dramatically improves the future of agriculture, increasing agricultural land values, the local population and the dynamism of the local economy	Poor yields due to climate variability result in farmers being unable to capitalise on higher commodity prices
Mining (see Part 2.2 for more details)	Mining provides significant job opportunities and positively impacts the economy of the south of the Shire post 2015	Mining provides significant job opportunities and positively impacts the economy of the south of the Shire post 2015	Mine staff are based outside the Shire and all wealth leaves the Shire
Economic performance of Orana region	Mining and agriculture boost Orana region bringing more industries and wealth to the region	Mining and agriculture boost Orana region bringing more industries and wealth to the region	Poor performance in the agricultural sector and the presence of fly in fly out mining negatively affects local industry
Growth of regional centres e.g Mudgee, Dubbo, Gunnedah, Narrabri and Tamworth	The growth of larger regional centres negatively affects local retail but this is offset by the positive flow on effect of the centres on surrounding regions	The growth of larger regional centres negatively affects local retail but this is offset by the positive flow on effect of the centres on surrounding regions	The growth of larger regional centres negatively affects local retail

<b>Economic Driver</b>	<b>Base</b>	<b>Optimistic</b>	<b>Pessimistic</b>
Tourism	Tourist numbers increase slightly over the next ten years	Tourist numbers increase dramatically over the next ten years	Flat/declining tourist numbers
Alternative energy	Wind farms start operations in the Shire in the second half of the ten year forecast period bringing wealth to land holders and more jobs	Wind farms start operations in the Shire in the second half of the ten year forecast period bringing wealth to land holders and more jobs	No wind farms
Carbon Tax	Increased electricity and other costs, but no impact on Council owned landfill sights/tips	Increased electricity and other costs, but no impact on Council owned landfill sights/tips	Increased electricity and other costs, but no impact on Council owned landfill sights/tips
National & global economic factors	Australia's economy continues to grow at roughly 2%	Australia's economy buoyed by the resources and agricultural sector grows at 4%	Australia's economy grows by less than 1% due to economic problems overseas
Interest rates	Cash rate remains at the current rate of 4.25%	Cash rate increases to 5.5% due to strong performance of the Australian economy and the potential for overheating	Cash rate reduced to 3% due to poor performance of the Australian economy
CPI	Assume 2.5% (per 20 year average to December 2011)	Assume 4% due to increased inflation resulting from strong economic performance	Assume 1% due to sluggish demand putting downward pressure on prices
Fuel costs	Increases above CPI due to increased global demand	Increases above CPI due to increased global demand	Increase per CPI as global slowdown reduces demand

As many of the above economic drivers are subjective and their impact on Council's financial performance and operations is hard to quantify, the impact of these drivers on Council's input costs (and revenue) has been broadly captured by four indexes: the CPI rate, the GDP growth rate, the cash rate and expected fuel cost increases. A summary of the relevant values for these rates under the three scenarios can be found in the following table.

Scenario	Assumptions	
<b>Base</b>	CPI = 2.5% GDP Growth Rate = 2%	Cash rate = 4.25% Fuel cost increase = 3.5%
<b>Optimistic</b>	CPI = 4% GDP Growth Rate = 4%	Cash rate = 5.5% Fuel cost increase = 5%
<b>Pessimistic</b>	CPI = 1% GDP Growth Rate = 1%	Cash rate = 3% Fuel cost increase = 1%

## 2.4 Political trends and Government policy

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 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 receives roughly 52% (2011 figures) from grants and contributions it faces significant revenue risk due to this heavy reliance on support from other levels of government. These risks and the nature of the various grant programs are dealt with in detail in Part 3 of the LTFP.

For the purpose of this plan it has been assumed that there will be no amalgamations that affect Warrumbungle Shire Council within the next ten years, and that the level of service sharing can’t be estimated, nor can the potential financial impact that this would entail.

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.

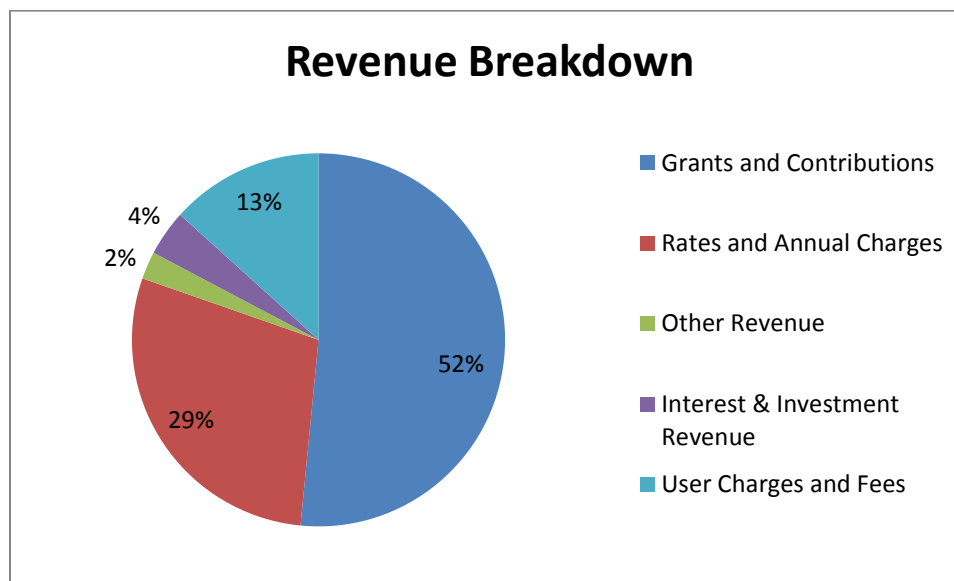
## 2.5 Expectations from the Community Strategic Plan (CSP)

The base scenario in this plan assumes business as usual and does not include community expectations from the Community Strategic Plan (CSP). Wish list items from the CSP have been incorporated into the LTFP in a separate analysis in Part 9. This analysis seeks to answer whether the wish list items are feasible given the results of the financial analysis in this plan, and then investigates whether Council should explore the option of applying for a special rates increase to fund these items.



## Part 3: Revenue

Warrumbungle Shire Council obtains revenue from a variety of sources including rates and annual charges (2011: \$9.659m), user charges and fees for services (2011: \$4.462m), interest and investment revenue (2011: \$1.328m), other revenue (2011: \$0.8m) and grants and contributions for both operating and capital purposes (2011: \$17.283m). Council also receives gains from the disposal of assets (2011: \$0.211m). The breakdown of revenue (not including gains) by type for the 2010/11 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% of total revenue as opposed to the NSW average of 26%.

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 29% of Council's revenue, and consist of ordinary rates for residential land, farmland and businesses (2011: \$6.317m), and annual charges for domestic waste management, water supply and sewerage supply (2011: \$3.342m).

Council levies an ordinary rate for each year on all rateable 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 3 year cycle. The 2012 – 2013 rating year will be the first year of the next 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 will have a mining rate in place for the 2012/13 financial year. The

following table provides an overview of each rate category in the context of Council’s overall rates revenue for the 2011/12 financial year.

Category	Base Rate	Ad Valorem	Total Rate Revenue	Number of Properties	Value of Properties
Residential	750,898	1,125,754	1,876,652	3,808	116,970,870
Farmland	837,864	3,449,460	4,287,324	1,724	802,629,500
Business	108,093	411,847	519,940	387	15,767,500
<b>Total:</b>	<b>1,696,855</b>	<b>4,987,061</b>	<b>6,683,916</b>	<b>5,919</b>	<b>935,367,870</b>

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

- Rate pegging
- Pensioner subsidies
- Population change
- Mining rate

#### 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). Under this framework a new local government cost index has been established by IPART and this index, less a productivity coefficient, forms the basis for the rate peg each year. The projections in the LTFP assume a rate peg of 3.6% for the 2012/13 financial year and 3.2% in later years (Source: 2012/13 Rate Peg Local Government Information Paper December 2011).

#### 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 given the ageing population and demographic projections for the Shire 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 rateable 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 rateable properties in the Shire is expected to remain relatively constant under the base scenario.

### Mining rate

With the expected opening of the Cobbora mine in the near future Council has developed a mining rate. Due to the uncertainty around the opening of the mine and its impact on Council's rates base, any impact from the introduction of this mining rate on Council's projected revenue balance has been excluded from the projections in this version of the LTFP.

### 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 2012/13 financial year, followed by 5% in the 2013/14 financial year and 3% per annum thereafter. These charges have been calculated to ensure full cost recovery for the waste business across the ten years of the LTFP.

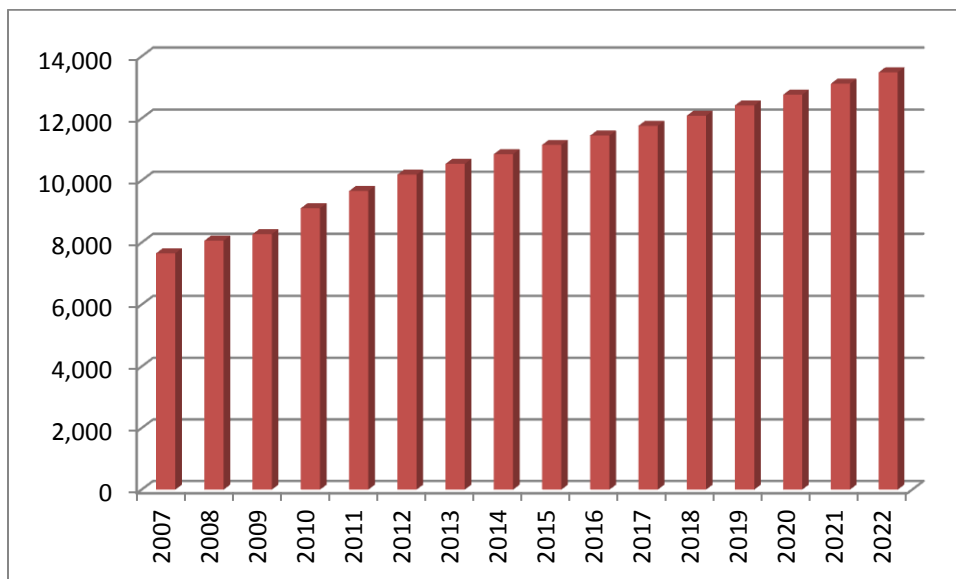
Annual charges relating to water supply services include all water connection fees, while sewerage services include connection fees for residential properties (based on two rates one for connected properties and one for non-connected properties). Water charges are forecast to stay constant (increased costs are to be covered by an increase in usage charges) and sewerage charges have been forecast to increase by 3.6% in the 2012/13 financial year and by CPI thereafter. It is assumed that the pricing structure of the water and sewerage "utilities" will 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).

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

- **Rate pegging on ordinary rates** – Assume an increase of 2.8% for 2011/12, 3.6% for 2012/13, and 3.2% for later years;
- **Pensioner subsidy** – Assume movement in the rate/charge item the pensioner subsidy relates to plus 0.5% per annum to cater for an ageing population;
- **Annual Charges (sewer & water)** – 2011/12 assumes latest forecast; 2012/13 keeps water access charges constant, and increases sewer charges by 3.6%. Water charges are also kept constant in outer years, and sewer charges are assumed to increase by CPI (2.5% in the base scenario);
- **Domestic waste management** – Increases per new budgeted charges in 2012/13 and then by 5% in 2013/14 and 3% thereafter.

Council's projected rates and charges revenue for the 2011/12 to 2021/22 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2006/07 to 2010/11 financial years are actuals per Council's audited financial statements.

Diagram 6 – Projected Rates and Annual Charges Revenue



### 3.2 User Charges and Fees

Council derives roughly 13% of its total revenue from user charges and fees. In the 2010/11 financial year the breakdown of user charges and fees was:

- Charges for water supply (\$0.794m);
- Sewerage services (\$0.129m);
- RMS charges for work carried out by Council on state roads (\$2.326m);
- Child care fees (\$0.464m);
- Aged care fees (\$0.127m);
- Cemetery fees (\$0.089m);
- Private works under S.67 of the Local Government Act (\$0.110m);
- Swimming centres (\$0.087m);
- Other revenue (\$0.336m).

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 as well as projected population changes 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

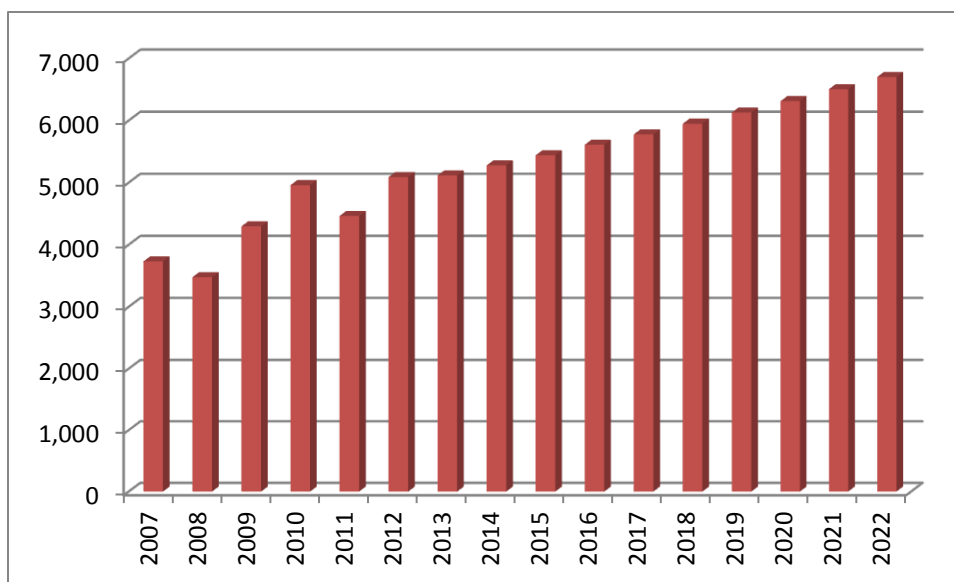
provided on a cost neutral basis, and revenue will therefore generally increase per the increase in costs to provide these services.

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

- **Water and sewerage charges** – 2011/12 uses the latest forecast which is based on current consumption trends. Water consumption charges are forecast to increase from \$1.44 per kl in 2011/12 to \$1.60 per kl in 2012/13 and by 5% per annum thereafter. Water consumption is assumed to stay constant. Revenue relating to non-residential sewerage is assumed to increase by 3.6% in 2012/13 and CPI thereafter.
- **RMS charges, private works and other revenue** – Assumed to increase by CPI (2.5% in the base scenario). Assumes that road maintenance contracts with RMS will continue as per prior years;
- **Child care fees and swimming centres** – Assumed to increase by CPI;
- **Aged care and cemeteries** – Assumed to increase by CPI plus 0.5% to cater for the increased use of these services due to an ageing population.

Council’s projected fees and charges revenue for the 2011/12 to 2021/22 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2006/07 to 2010/11 financial years are actuals per Council’s audited financial statements.

Diagram 7 – Projected Fees and Charges Revenue



### 3.3 Interest and Investment Income

Interest and investment income accounts for approximately 4% of Council’s total revenue (2011: \$1.328m), and Council holds significant funds in both long term investments and term deposits (2011: \$13.847m). Projected interest and investment income will generally depend on both the

amount of funds that Council has invested in future years as well as the expected return on these investments. The LTFP assumes that Council will generally hold \$500k 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 1.25%.

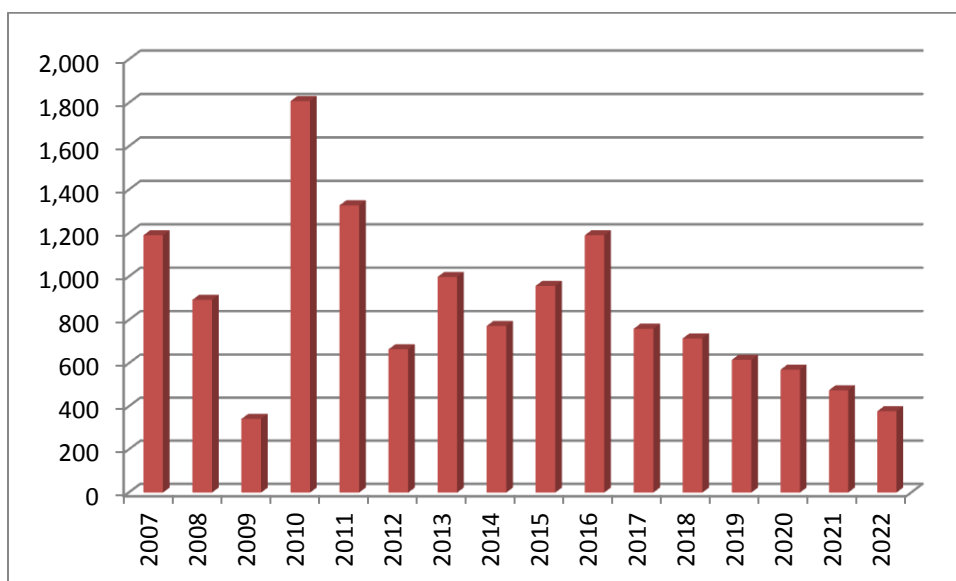
Council’s investment policy requires that Council invest surplus funds at the most favourable rate of interest available to it at the time whilst having due consideration of risk and security for that investment type. Although Council has historically invested a significant portion of its available funds in CDOs and CPNs, post the GFC, as grandfathered investments such as CDOs mature, the funds from these investment vehicles have been re-invested in term deposits. Projections in the LTFP assume that this practice will continue.

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

- **Returns on term deposits** – Assumes cash rate plus 1.25% (i.e. 5.5%);
- **Returns on CDOs and CPNs** – Assumes returns on all CDOs and capital protected notes are per Council’s latest investment report and funds currently in these investment vehicles will be re-invested as term deposits upon maturity;
- **Cash balance invested** – Assumes cash balance less cash on hand (cash on hand assumed to be \$500k).
- **Discount from LIRS** – Assumes that the 4% discount is treated as revenue in each year that the discount is received.

Council’s projected interest and investment income for the 2011/12 to 2021/22 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2006/07 to 2010/11 financial years are actuals per Council’s audited financial statements.

Diagram 8 – Projected Interest and Investment Income

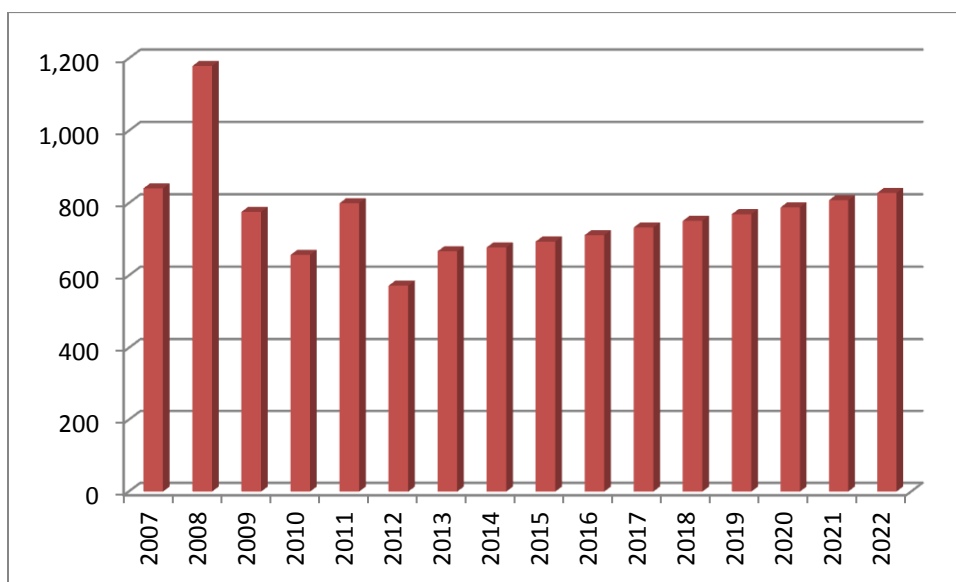


### 3.4 Other Revenue

Other revenue accounts for only 2% 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, except for the diesel rebate which will increase at the assumed rate for fuel costs and insurance claim recoveries which have been held constant at \$50k per annum.

Council’s projected other revenue for the 2011/12 to 2021/22 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2006/07 to 2010/11 financial years are actuals per Council’s audited financial statements.

Diagram 9 – Projected Other Revenue



### 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 2010/11 financial year Council obtained 52% (\$17.28m) 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 cut back.

The main sources of grant revenue are (figures per 2010/11 financial year):

- Financial Assistance Grants (\$5.671m);
- Other Roads and Bridges Funding (\$3.053m);
- Bushfire and Emergency Services (\$1.907m);
- RTA Block Grants (\$2.249m);
- Roads to Recovery (\$1.095m);
- Child Care (\$1.409m);
- Aged Care (\$0.645m);

- Community Care (\$0.403m);
- Pensioner rates subsidy (\$0.093m);
- Other (\$0.755m).

Council's main form of grant assistance is financial assistance grants (17% of Council's total revenue) which are federal untied grants that are distributed between the states and Territories on the basis of their percentage of the total population. These grants are 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 equalisation 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.

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 (100% funding for regional roads, and 75% for local roads up to \$116,000 after which funding is 100%; total council contribution for repair of local roads subject to natural disasters is capped at \$58,000 p/a);
- 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 for the running of the rural fire service and local emergency services (i.e. SES, VRA and local fire brigades). The RFS grant is based on a bid process carried out by RFS and Council is required to pay 11.7% of the total bid amount. The difference between the original bid and Council's 11.7% is recognised as a grant, with the total bid amount recognised as expenditure.

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. The current R2R program runs between the 2009/10 and 2013/14 financial years, and under this round of R2R funding Warrumbungle Shire will receive federal funding totalling \$5.478m. Council has already received \$2.190m (as at the end of the 2010/11 financial year) which leaves \$3.228m worth of funding available to Council. In the 2012-13 Budget, the Government announced that it will provide a further \$1.75 billion (\$350 million per annum) to extend the Roads to Recovery Program for five years from 2014-15 to 2018-19.

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. As Council's child care, aged care and community care functions are cost neutral, it has been assumed that these grants will increase with the cost of providing these services.

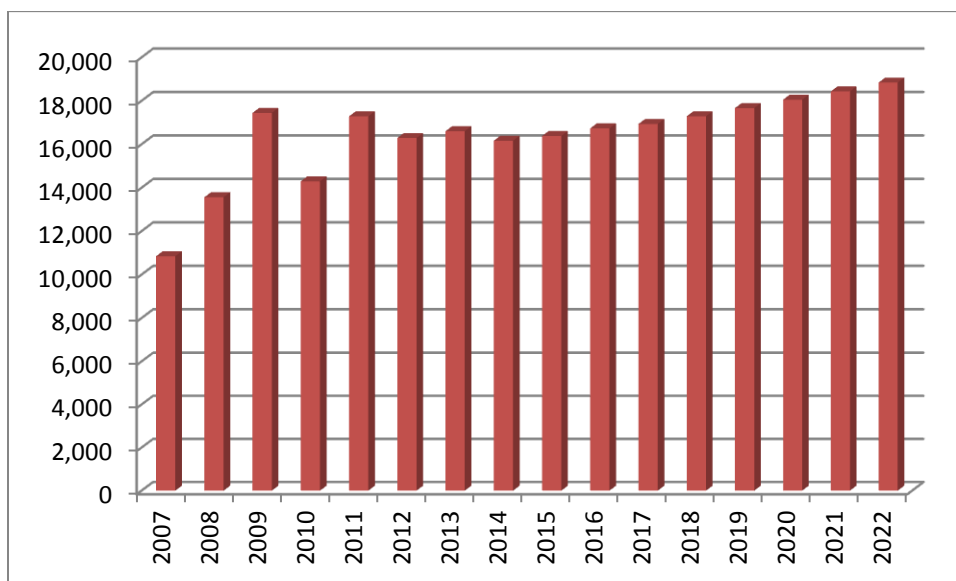


The assumptions used for the projection of grants and contributions revenue in the base scenario are:

- **Financial assistance grants** – Assumed to increase by CPI (2.5%). Note: the impact of population change on the final grant amount was considered immaterial;
- **Other roads and bridges funding** – Assumes Natural Disasters grants of \$1m per annum, 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 CPI (2.5%);
- **Roads to Recovery** – Assumes \$1,145 in 2012/13 and \$1.095m in 2013/14. Post 2013/14 assume R2R is re-instated and recognise \$1m annually;
- **Child Care** – Assumed to increase by CPI (2.5%);
- **Aged Care & Community Care** – Assumes CPI plus 0.5 % to cater for the increased use of these services due to an ageing population;
- **Pensioner Rate Subsidy** – Assume 55% of pensioner subsidy;
- **Other** – Assumed to increase by CPI (2.5%).

Council’s projected grants revenue for the 2011/12 to 2021/22 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2006/07 to 2010/11 financial years are actuals per Council’s audited financial statements.

Diagram 10 – Projected Grants Revenue

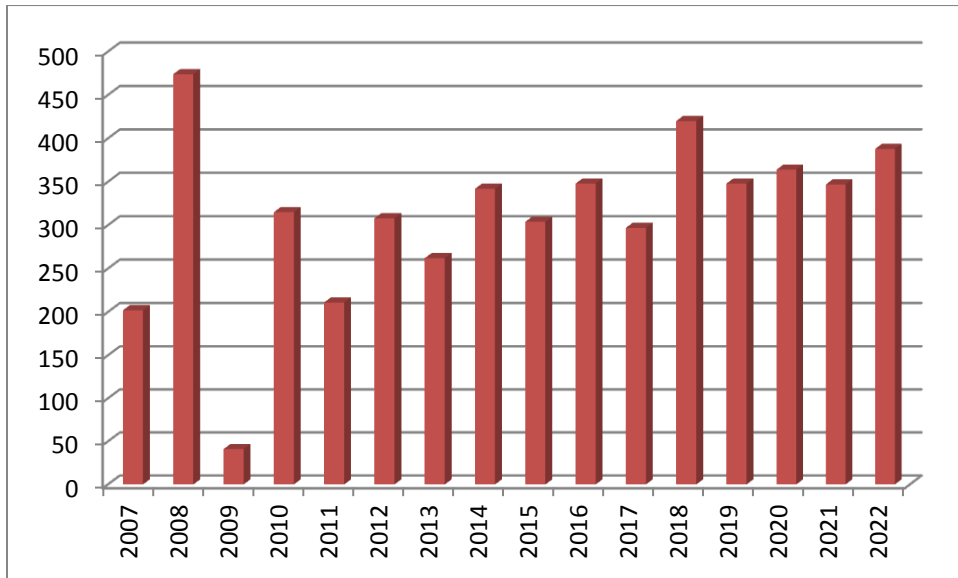


### 3.6 Gains/(Losses) from Disposal of Assets

Council generally makes a gain from the disposal of non-current assets, particularly fleet vehicles. The projected gain/loss for the disposal of assets has been calculated by multiplying the average gain over the last five years per vehicle by the number of vehicles expected to be sold in future years multiplied by the relevant CPI.

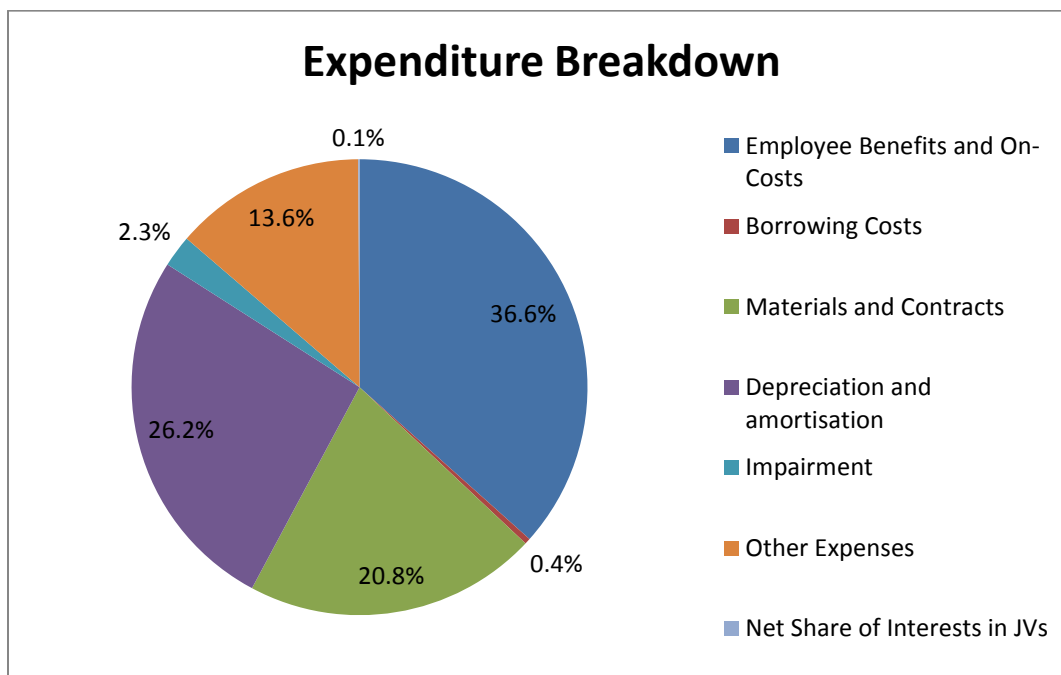
Council’s projected gains from the disposal of assets for the 2011/12 to 2021/22 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2006/07 to 2010/11 financial years are actuals per Council’s audited financial statements.

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 (2011: \$13.5m), borrowing costs (2011: \$0.153m), materials and contracts (2011: \$7.671m), depreciation, amortisation and impairment (2011: \$10.503m), other expenses (2011: \$5.019m) and net share of interests in joint ventures and associated entities using the equity method (2011: \$0.034m). The breakdown of these expenses for the 2010/11 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 (2011: 36.6%). Council currently employs 187 staff (headcount) in a variety of roles, and this number is expected to increase to approximately 200 staff due to the new organisational structure adopted by Council in December 2011. Council currently faces significant challenges in filling roles due to competition from mines in the area, a declining rural population, and a drift of skilled staff to the coast, which indicates that in future Council may be required to pay higher than award levels of remuneration to attract and maintain skilled 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.

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

- **Staff numbers** – Council has assumed a total headcount of 200 staff when forecasting employee related expenditure in the LTFP. These numbers are slightly higher than current staffing levels due to the LTFP assuming that all positions under the new organisational structure will be filled over the 2011/12 and 2012/13 financial years. The

LTFP projections use the new structure for all forecasts from the 2012/13 financial year onwards;

- **Changes in award rates** – The new Local Government (State) Award 2010 came into effect on 1 November 2010. The award guarantees wages increases for local government employees over the next three years. These wage increases have been used for the purpose of forecasting award increases in salary for the 2012/13 (3.25%), and 2013/14 (3.25%) financial years. An estimate of 3% has been used for projections post 1 July 2014.
- **Above award pay increases** – Allowances have also been made (particularly in the pessimistic scenario) for the assumption that Council will have to pay above award salaries going forward due to competition from the mines for skilled staff and the increased difficulty in recruiting skilled staff west of the Great Dividing Range. The base scenario assumes a once off 1% increase commencing from the 2014/15 financial year.
- **Workers compensation** – Workers compensation insurance premium payments are based on previous claims history. Projected premiums therefore take the most recent premium and increase it by CPI.
- **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 assumed to stay constant from year to year for the purpose of the LTFP.
- **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 Government has recently announced an increase in the superannuation guarantee rate from 9% to 12% between the 2013/14 and 2019/20 financial years. These changes have advanced through Federal Parliament and are poised to become law once the House of Representatives pass the laws for the second time and the Governor General gives Royal Assent. The increase in the guarantee will be staggered and the rates used in the plan are per the table below:

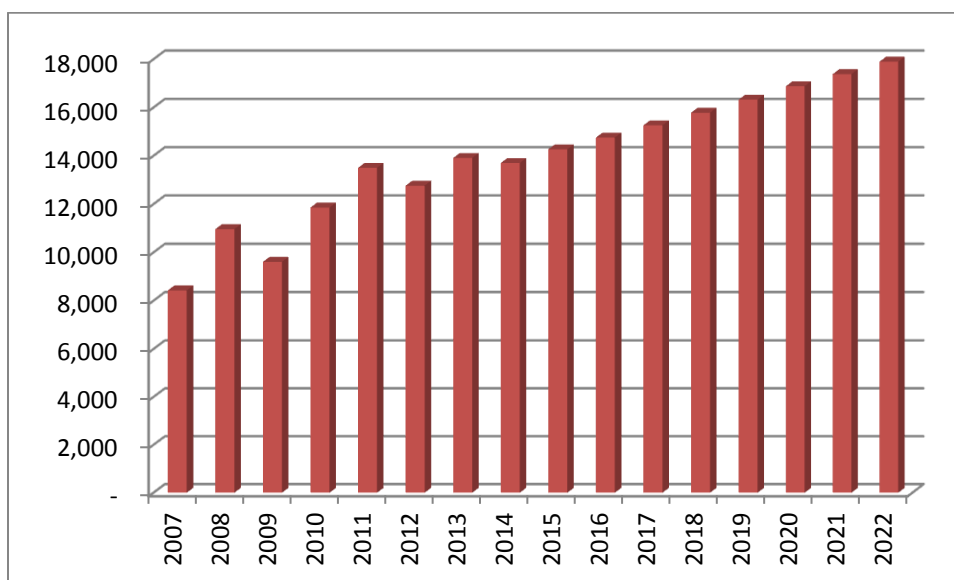
Financial year	Rate
2012/13	9%
2013/14	9.25%
2014/15	9.5%
2015/16	10%
2016/17	10.5%
2017/18	11%
2018/19	11.5%
2019/20	12%

- **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.

- Efficiency gains from new structure** – A once off 5% reduction in costs associated with all areas of Council’s business has been factored into all expenditure items in the 2013/14 financial year due to assumed efficiency gains to be made from the new structure once all staff are across their jobs. Note: the impact will vary across expense items, although all expense items excluding depreciation and contributions have been assumed to be affected.

Council’s projected employee related expenditure for the 2011/12 to 2021/22 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2006/07 to 2010/11 financial years are actuals per Council’s audited financial statements.

Diagram 12 – Projected Employee Related Expenditure



## 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 less than 1% of the total expenditure incurred by Council.

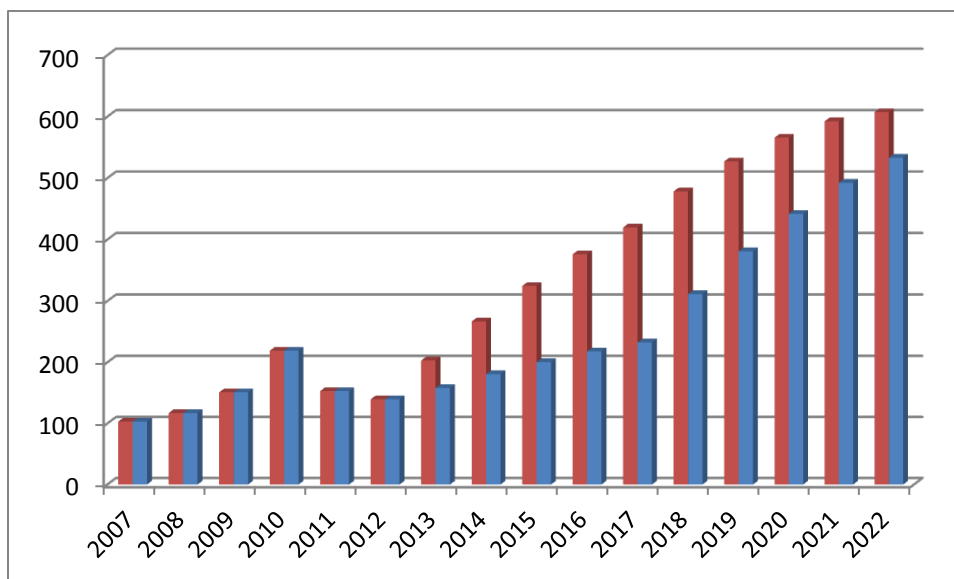
Borrowing cost projections are based on current loans, finance lease and asset remediation schedules, plus an assumption that Council will take out new loans to the value of \$1.15m per year over the 2012/13 to 2016/17 financial years (total \$5.75m) as part of the Local Infrastructure Renewal Scheme. These loans will be used for bridge replacement and will involve a ten year repayment schedule.

The LTFP also assumes a further \$7.5m worth of borrowings at \$1.5m per annum (to be repaid over ten years) commencing from the 2017/18 financial year. These borrowing will be used to fund capital works.

In the case of new loans or current loans at variable interest rates, the interest rate used is the relevant cash rate (for the scenario) plus 2.5%.

Council’s projected borrowing costs for the 2011/12 to 2021/22 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2006/07 to 2010/11 financial years are actuals per Council’s audited financial statements.

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 4% discount. The above diagram therefore provides two data series, the red bars which indicate the gross (as per our financial statements) borrowing costs to Council, and the blue bars which indicate the net borrowing cost i.e. borrowing costs less the 4% LIRS discount which has been treated as a revenue item.

### 4.3 Materials and Contracts

Materials and contractors is the second largest cash expense item incurred by council (20.8% of total expenditure in the 2010/11 financial year). Materials and contracts payments include:

- Raw materials and consumables (2011: \$4.217m) which generally relates 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 capitalised;
- Contractor and consultancy costs (2011: \$3.235m), which also relates predominantly to Council’s maintenance program;
- Other materials and contracts costs including operating lease expenses, legal expenses, and auditor fees (\$0.219m)

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 2012/13 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

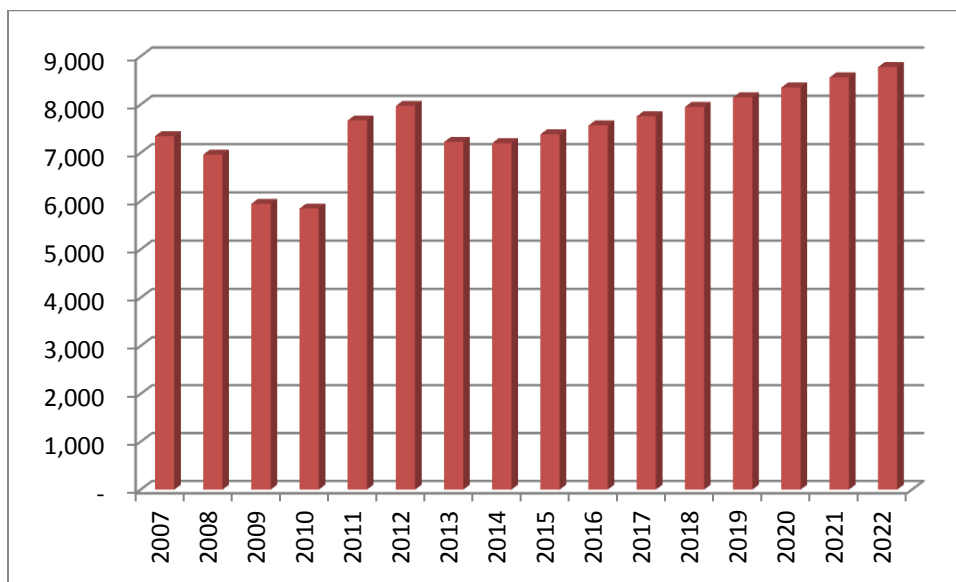
should be noted that maintenance expenditure can be split into normal maintenance expenditure and maintenance expenditure relating to natural disasters which can not be predicted and is outside the normal maintenance program. Natural disasters can have a big impact on Council’s operations, as a \$2m natural disaster will generally divert \$2m worth of expenditure away from capital works into maintenance.

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

- **Maintenance program** – 2012/13 per budget, program assumed to stay constant post 2012/13;
- **Natural disaster maintenance** – Assumed to be \$701k in 2012/13 and to stay constant at \$1m thereafter (note this item can not be predicted);
- **Non-maintenance raw materials and contractor expenditure** – Assumed to increase by CPI (2.5%);
- **Efficiency gains from new structure** – A once off 5% reduction in costs associated with materials and contracts has been factored into all expenditure items in the 2013/14 financial year due to assumed efficiency gains to be made from the new structure once all staff are across their jobs.
- **Other materials and contracts costs** – Assumed to increase by CPI (2.5%).

Council’s projected materials and contracts expenditure for the 2011/12 to 2021/22 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2006/07 to 2010/11 financial years are actuals per Council’s audited financial statements.

Diagram 14 – Projected Materials and Contracts Expenditure



#### 4.4 Depreciation, Amortisation and Impairment

Depreciation and amortisation is the second largest expense type incurred by Council (26.2% of total expenditure). Depreciation/amortisation is a non-cash expense that is defined in AASB 116

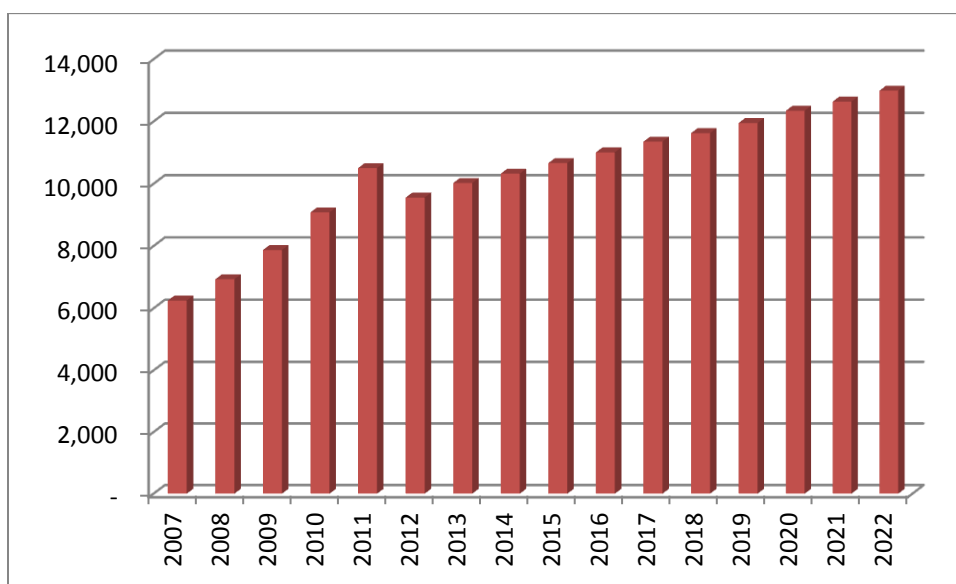
– *Property Plant and Equipment* as the systematic allocation of the depreciable amount of an asset over its useful life.

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 2011/12 to 2021/22 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2006/07 to 2010/11 financial years are actuals per Council’s audited financial statements

Diagram 15 – Projected Depreciation, Amortisation and Impairment



## 4.5 Other Expenses

13.6% of Council’s total expenditure is categorised as “other expenditure”. In the 2010/11 financial year the breakdown for other expenditure was:

- NSW rural fire levy (\$1.808m);
- Donations (\$0.218m);
- Regional library contributions (\$0.413m);
- Electricity and heating (\$0.490m);
- Insurance (\$0.713m);
- Telephone and communications (\$0.186m);
- Other (\$1.191m).



Bushfire and Emergency Services provide Council with a grant for the running of the Rural Fire Service annually. This grant is based on a bid process where the RFS places a bid with the State Headquarters and Council is required to contribute 11.7% of the total bid amount. Council recognizes the difference between the bid amount and the contribution as a grant while the total value of the bid is recognized as expenditure. This expenditure amount is captured as part of the NSW rural fire levy above which also includes a bid of 1.6% for emergency services headquarters.

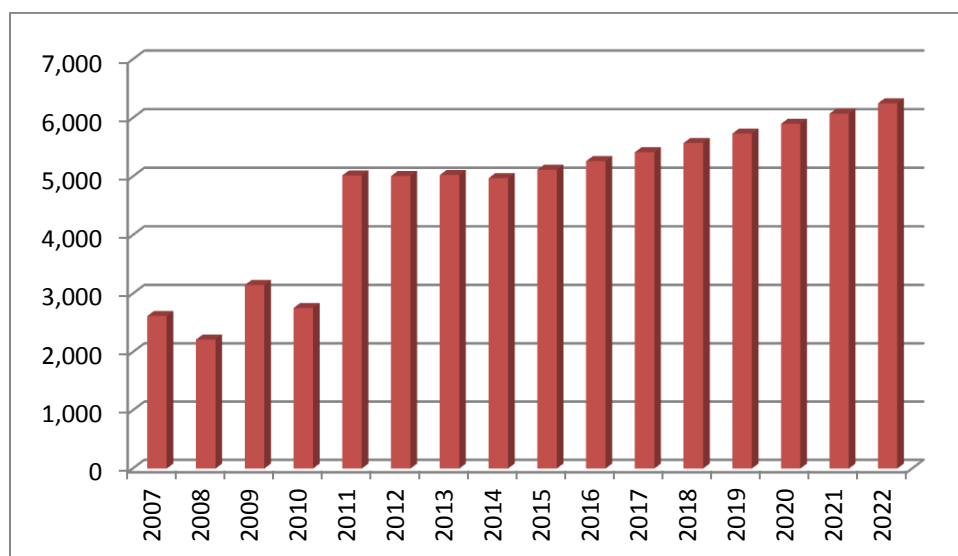
Donations include all other donations made by council, and regional library contributions refer to Council’s contribution to the Macquarie regional library. Insurance refers to the insurance premiums paid by Council, the cost of which is generally based on previous claims history and changes in Council’s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

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

- **Rural fire levy** –2012/13 assumes relevant bid for the 2012/13 financial year, outer years assume CPI;
- **Donations, insurance, telephone and other expenses** – Assumes CPI (2.5%);
- **Regional library contributions** – 2012/13 year per information from Macquarie Regional Library, outer years per CPI;
- **Electricity and heating** – Assumes an increase of 10% (per Treasury estimates) in 2012/13 to capture the impact of the Carbon price and a 5% increase in outer years;
- **Insurance** – 2012/13 per latest estimate, outer years per CPI.
- **Efficiency gains from new structure** – A once off 5% reduction in costs associated with all items excluding contributions has been factored into all expenditure items in the 2013/14 financial year due to assumed efficiency gains to be made from the new structure once all staff are across their jobs.

Council’s projected other expenditure for the 2011/12 to 2021/22 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2006/07 to 2010/11 financial years are actuals per Council’s audited financial statements.

Diagram 16 – Projected Other Expenditure



## Part 5: 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. Capital expenditure has been assumed to be constant under all three scenarios, and a summary of future capital expenditure has been provided in the tables below.

Table 1: Council’s Ten Year Capital Program

Description	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>CORPORATE SERVICES</b>											
<b>RFS</b>											
RFS Enhancements	50,000	50,000	51,250	52,531	53,845	55,191	56,570	57,985	59,434	60,920	62,443
RFS Vehicles	601,508	284,270	461,250	472,781	484,601	496,716	509,134	521,862	534,909	548,281	561,988
<b>RFS Total</b>	<b>651,508</b>	<b>334,270</b>	<b>512,500</b>	<b>525,313</b>	<b>538,445</b>	<b>551,906</b>	<b>565,704</b>	<b>579,847</b>	<b>594,343</b>	<b>609,201</b>	<b>624,431</b>
<b>Cemetery Services</b>											
Coona Native grove cemetery	19,000	-	-	-	-	-	-	-	-	-	-
To continue the expansion of the new area for more plots.	-	35,000	-	-	-	50,000	-	-	-	55,000	-
<b>Cemetery Services Total</b>	<b>19,000</b>	<b>35,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,000</b>	<b>-</b>
<b>Communications &amp; IT</b>											
Comms/IT – Mobile Screen/Data Projector/ Microphone	-	3,000	-	-	-	-	-	-	-	-	-
Cabling	110,000										
Computer Systems	70,000	-	-	-	-	-	-	-	-	-	-
<b>Communications &amp; IT Total</b>	<b>180,000</b>	<b>3,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depots</b>											
Coonabarabran Old Depot	20,000	35,000	-	-	-	-	-	-	-	-	-
Coolah Depot Capital	68,057	-	-	-	-	-	-	-	-	-	-
Baradine Depot Capital	3,000	-	-	-	-	-	-	-	-	-	-
Dunedoo Depot Capital	17,805	35,000	-	-	-	-	-	-	-	-	-
<b>Depots Total</b>	<b>108,862</b>	<b>70,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Offices</b>											
Coonabarabran Council Chambers (Crane Building)	2,937,443	-	-	-	-	-	-	-	-	-	-
Coolah Office Aircon /Heating	-	-	50,000	-	-	-	-	-	-	-	-
Records Room – Replacement of Airconditioning Unit	-	4,000	-	-	-	-	-	-	-	-	-
<b>Offices Total</b>	<b>2,937,443</b>	<b>4,000</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Warrumbungle Shire Council – Long Term Financial Plan

Description	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Medical Centres</b>											
Dunedoo Medical Centre	3,900	-	-	-	-	-	-	-	-	-	-
<b>Medical Centres</b>	<b>3,900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Public Halls</b>											
Binnaway Hall Capital Project	12,298	-	-	-	-	-	-	-	-	-	-
Coonabarabran Hall – Replacement Chairs and Table	-	-	-	-	100,000	-	-	-	-	-	-
Dunedoo Hall – Refurbishment of Toilets and Kitchen	-	-	-	150,000	-	-	-	-	-	-	-
Family Support – Irrigation	10,000	-	-	-	-	-	-	-	-	-	-
Hall Baradine – Refurbishment of Toilets	-	-	150,000	-	-	-	-	-	-	-	-
Mendooran Hall Capital Project	50,000	-	-	-	-	-	-	-	-	-	-
Mendooran Hall - \$25,000 Stage Ceiling	-	-	-	25,000	-	-	-	-	-	-	-
Power house museum (arts funding)	-	-	25,000	-	-	-	-	-	-	-	-
<b>Public Halls Total</b>	<b>72,298</b>	<b>-</b>	<b>175,000</b>	<b>175,000</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Corporate Services Mngmnt</b>											
New carpet Coona store	-	8,600									
Other Capital	12,000	-	-	-	-	-	-	-	-	-	-
<b>CS Management Total</b>	<b>12,000</b>	<b>8,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Development &amp; Tourism</b>											
Capital – Industrial Land	5,616	-	-	-	-	-	-	-	-	-	-
<b>Development &amp; Tourism Total</b>	<b>5,616</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Corporate Services Total</b>	<b>3,990,627</b>	<b>454,870</b>	<b>737,500</b>	<b>700,313</b>	<b>638,445</b>	<b>601,906</b>	<b>565,704</b>	<b>579,847</b>	<b>594,343</b>	<b>664,201</b>	<b>624,431</b>
<b>ENVIRONMENT &amp; COMMUNITY SERVICES</b>											
<b>Libraries</b>											
Replacement of shelves due to OH&S requirements	-	34,315	-	-	-	-	-	-	-	-	-
<b>Libraries Total</b>		<b>34,315</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Community Transport</b>											
Community Transport Capital	125,000	50,000	51,250	52,531	53,845	55,191	56,570	57,985	59,434	60,920	62,443
<b>Community Transport Total</b>	<b>125,000</b>	<b>50,000</b>	<b>51,250</b>	<b>52,531</b>	<b>53,845</b>	<b>55,191</b>	<b>56,570</b>	<b>57,985</b>	<b>59,434</b>	<b>60,920</b>	<b>62,443</b>
<b>Multiservice Outlet</b>											
MSO Capital Replacements	76,000	-	79,848	-	83,890	-	88,137	-	92,599	-	97,286
<b>Multiservice Outlet Total</b>	<b>76,000</b>	<b>-</b>	<b>79,848</b>	<b>-</b>	<b>83,890</b>	<b>-</b>	<b>88,137</b>	<b>-</b>	<b>92,599</b>	<b>-</b>	<b>97,286</b>

Warrumbungle Shire Council – Long Term Financial Plan

Description	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Materials Handling Centre</b>											
Cbn Waste Mgt - Capital Projects	92,000	35,000	-	-	-	-	-	-	-	-	-
<b>Materials Handling Cntr Total</b>	<b>92,000</b>	<b>35,000</b>	-	-	-	-	-	-	-	-	-
<b>Coonabarabran LDC/Preschool</b>											
Yuluwirri Kids Building Extension	20,066	870,000	-	-	-	-	-	-	-	-	-
<b>Coona LDC/Preschool Total</b>	<b>20,066</b>	<b>870,000</b>	-	-	-	-	-	-	-	-	-
<b>E&amp;C Services Total</b>	<b>313,066</b>	<b>989,315</b>	<b>131,098</b>	<b>52,531</b>	<b>137,735</b>	<b>55,191</b>	<b>144,707</b>	<b>57,985</b>	<b>152,033</b>	<b>60,920</b>	<b>159,729</b>
<b>Executive</b>											
<b>General Manager</b>											
RLCIP - Ddo Toddler Pool Shade	20,000	-	-	-	-	-	-	-	-	-	-
RLCIP - Coona Town Hall Refurbishment	37,882	-	-	-	-	-	-	-	-	-	-
RLCIP - Riparian Walk	7,131	-	-	-	-	-	-	-	-	-	-
RLCIP - Coona Pool Playground Shade	12,240	-	-	-	-	-	-	-	-	-	-
<b>General Manager Total</b>	<b>77,253</b>	-	-	-	-	-	-	-	-	-	-
<b>Human Resources</b>											
HR Civica Software	65,000	-	-	-	-	-	-	-	-	-	-
<b>Human Resources Total</b>	<b>65,000</b>	-	-	-	-	-	-	-	-	-	-
<b>Executive Total</b>	<b>142,253</b>	-	-	-	-	-	-	-	-	-	-
<b>TECHNICAL SERVICES</b>											
<b>Design Projects Management</b>											
GIS Software / Updates	16,000	18,000	18,500	18,900	19,400	19,900	20,400	20,900	21,400	21,900	22,500
Scanning Plans	10,000	-	-	-	-	-	-	-	-	-	-
Surveying Equipment	-	10,000	10,300	10,500	10,800	11,000	11,300	11,600	11,900	12,200	12,500
<b>Design Projects Mngmnt Total</b>	<b>26,000</b>	<b>28,000</b>	<b>28,800</b>	<b>29,400</b>	<b>30,200</b>	<b>30,900</b>	<b>31,700</b>	<b>32,500</b>	<b>33,300</b>	<b>34,100</b>	<b>35,000</b>
<b>Design Projects Total</b>	<b>26,000</b>	<b>28,000</b>	<b>28,800</b>	<b>29,400</b>	<b>30,200</b>	<b>30,900</b>	<b>31,700</b>	<b>32,500</b>	<b>33,300</b>	<b>34,100</b>	<b>35,000</b>
<b>Plant And Equipment</b>											
Minor Plant Purchases	34,079	30,000	30,800	31,500	32,300	33,100	33,900	34,800	35,700	36,600	37,500
Plant & Equipment Purchases	2,017,436	1,660,000	1,927,000	1,912,100	1,933,000	1,534,300	2,076,100	2,696,300	2,002,900	1,961,600	2,397,800
Data Dot Software	3,243	-	-	-	-	-	-	-	-	-	-
Radio Network Capital	20,000	5,000	5,300	5,500	5,800	6,100	6,400	6,700	7,100	7,400	7,800
<b>Plant And Equipment Total</b>	<b>2,074,758</b>	<b>1,695,000</b>	<b>1,963,100</b>	<b>1,949,100</b>	<b>1,971,100</b>	<b>1,573,500</b>	<b>2,116,400</b>	<b>2,737,800</b>	<b>2,045,700</b>	<b>2,005,600</b>	<b>2,443,100</b>
<b>Workshops</b>											
Coolah Workshop Capital	9,500	10,000	5,100	5,300	5,400	5,500	5,700	5,800	5,900	6,100	6,200

Warrumbungle Shire Council – Long Term Financial Plan

Description	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Coonabarabran Workshop Capital	2,500	5,000	5,100	5,300	5,400	5,500	5,700	5,800	5,900	6,100	6,200
<b>Workshops Total</b>	<b>12,000</b>	<b>15,000</b>	<b>10,200</b>	<b>10,600</b>	<b>10,800</b>	<b>11,000</b>	<b>11,400</b>	<b>11,600</b>	<b>11,800</b>	<b>12,200</b>	<b>12,400</b>
<b>Fleet Services Total</b>	<b>2,086,758</b>	<b>1,710,000</b>	<b>1,973,300</b>	<b>1,959,700</b>	<b>1,981,900</b>	<b>1,584,500</b>	<b>2,127,800</b>	<b>2,749,400</b>	<b>2,057,500</b>	<b>2,017,800</b>	<b>2,455,500</b>
<b>Aerodromes</b>											
Coonabarabran Aerodrome Capital	10,000	-	10,000	-	-	-	-	-	-	-	-
<b>Aerodromes Total</b>	<b>10,000</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reseals</b>											
Reseals - Local Roads	410,000	410,000	420,300	430,800	441,500	452,600	463,900	475,500	487,400	499,500	512,000
Reseals Regional Roads	360,000	420,000	430,500	441,300	452,300	463,600	475,200	487,100	499,200	511,700	524,500
Reseals Town Streets - Baradine	16,800	16,800	17,200	17,700	18,100	18,500	19,000	19,500	20,000	20,500	21,000
Reseals Town Streets - Binnaway	15,000	15,000	15,400	15,800	16,200	16,600	17,000	17,400	17,800	18,300	18,700
Reseals Town Streets - Coonabarabran	80,000	80,000	82,000	84,100	86,200	88,300	90,500	92,800	95,100	97,500	99,900
Reseals Town Streets - Coolah	25,000	25,000	25,600	26,300	26,900	27,600	28,300	29,000	29,700	30,500	31,200
Reseals Town Streets - Dunedoo	22,500	22,500	23,100	23,600	24,200	24,800	25,500	26,100	26,700	27,400	28,100
Reseals Town Streets - Mendooran	15,000	15,000	15,400	15,800	16,200	16,600	17,000	17,400	17,800	18,300	18,700
<b>Reseals Total</b>	<b>944,300</b>	<b>1,004,300</b>	<b>1,029,500</b>	<b>1,055,400</b>	<b>1,081,600</b>	<b>1,108,600</b>	<b>1,136,400</b>	<b>1,164,800</b>	<b>1,193,700</b>	<b>1,223,700</b>	<b>1,254,100</b>
<b>Local Rural Roads</b>											
Aerodrome Baradine	-	-	-	210,100	-	-	-	-	-	-	-
Angus Road	-	-	-	-	-	-	-	-	59,400	-	-
Avonside Rd				157,600							
Baby Creek Bridge	-	350,000	-	-	-	-	-	-	-	-	-
Baradine Creek Bridge	-	-	-	-	786,100	827,900	-	-	-	-	-
Bingie Grumble Road	-	-	-	-	-	-	-	-	-	-	-
Black Gully Bridge	-	-	-	210,100	-	-	-	-	-	-	-
Boomley Road	-	-	-	-	-	-	-	-	-	243,700	249,800
Box Ridge Road	-	-	-	52,500	-	-	-	-	-	-	-
Bridges (not allocated)	565,000	-	-	-	-	-	-	-	-	-	-
Bugaldie Creek Bridge	-	350,000	358,800	-	-	-	-	-	-	-	-
Cobborah Road	-	-	-	-	-	220,800	226,300	174,000	-	243,700	249,800
Coolah Creek Rd Rehabilitation	-	-	102,500	105,100	-	-	-	-	-	-	-
Coolah Neilrex Rd.	-	-	-	47,300	-	-	-	-	-	-	-
Coolah Neilrex Road	-	-	205,000	157,600	215,400	-	169,700	231,900	178,300	182,800	-
Coolah Neilrex Road Rehabilitation	-	-	-	-	107,700	110,400	113,100	116,000	-	-	-

Warrumbungle Shire Council – Long Term Financial Plan

Description	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Coolah Tops Road	-	-	-	-	-	220,800	169,700	-	-	-	-
Coonagoony Bridge	-	-	-	-	-	220,800	-	-	-	-	-
Dandry Road	75,000	-	153,800	157,600	53,800	-	-	58,000	-	-	-
Digilah Rd.	199,595	-	-	-	-	-	-	174,000	-	-	-
Flags Rockedgial Road	-	-	-	-	-	55,200	-	-	-	60,900	-
Gentle Annie Road	200,000	200,000	-	-	107,700	275,900	169,700	-	237,700	182,800	187,300
Goolhi Rd	-	-	205,000	-	-	-	-	-	-	-	-
Granchester Bridge	-	100,000	102,500	-	-	-	-	-	-	-	-
Intersection of Lockerbie Rd & Digilah Rd, Digilah Rd	-	45,000	-	-	-	-	-	-	-	-	-
Karrajong Rd - seal 3km	-	200,000	-	-	-	-	-	-	-	-	-
Kenebri Bridge	-	-	-	-	269,200	276,000	-	-	-	-	-
Laweson Park Rd	-	150,000	-	-	-	-	-	-	-	-	-
Merryula Road	-	-	-	210,100	161,500	-	-	-	-	-	187,300
Mitchell Springs Road - Erosion	-	-	82,000	-	-	-	-	-	-	-	-
Montague Bridge	-	-	-	-	-	-	260,200	-	-	-	-
Morriseys Rd	-	-	75,000	-	-	-	-	-	-	-	-
Mount Hope Road (realignment)	-	45,000	46,100	-	-	-	-	-	-	-	-
Mount Nombi Road	192,474	-	-	-	215,400	-	-	-	237,700	-	-
Munns Road	-	-	-	-	-	-	-	231,900	178,300	-	-
Mow Creek	-	-	500,000	-	-	-	-	-	-	-	-
Napier Lane	-	150,000	153,800	-	-	-	56,600	-	-	-	-
New Bridge and approaches over Merrygoen Ck at Digilah Station	-	-	-	-	-	-	-	-	-	121,800	124,900
Orana Rd Culvert	15,000	-	-	-	-	-	-	-	-	-	-
Orana Road - Coolaburragundy River crossing	-	-	-	-	-	-	-	289,900	297,200	-	-
Piambra Road	373,732	200,000	-	-	-	-	-	-	-	-	-
Premer Estate Causeway	38,300	-	-	-	-	-	-	-	-	-	-
Quia Road (Lake Edna)	-	-	-	-	-	-	-	-	-	-	62,400
Resheeting Local Unsealed Roads (Table 1.2)	765,000	765,000	784,100	803,700	823,800	844,400	865,500	887,200	909,300	932,100	955,400
Road safety black spots	157,500	-	-	-	-	-	50,900	52,200	53,500	54,800	56,200
Roads to Recovery other unallocated	270,000	-	-	-	-	-	-	-	-	-	-
Ross Crossing	-	-	-	420,300	-	-	-	-	-	-	-
Shire Entrance Signs	-	-	20,000	20,500	21,000	21,500	-	-	-	-	-

Warrumbungle Shire Council – Long Term Financial Plan

Description	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Sullivans rd Capital	25,000										
Terridgerie Ck	293,469										
Tongay Bridge	-	350,000	358,800	-	-	-	-	-	-	-	-
Village Entrance Signs	-	-	-	-	-	22,100	22,600	23,200	-	-	-
Warkton Bridge	-	-	-	-	-	132,500	-	-	-	-	-
Wool Rd Rehabilitation	-	100,000	-	-	-	-	-	-	118,900	121,800	124,900
Wyuna Road	-	-	-	-	-	49,700	-	-	-	-	-
<b>Local rural roads Total</b>	<b>3,170,070</b>	<b>3,005,000</b>	<b>3,147,400</b>	<b>2,552,500</b>	<b>2,761,600</b>	<b>3,278,000</b>	<b>2,104,300</b>	<b>2,238,300</b>	<b>2,270,300</b>	<b>2,144,400</b>	<b>2,198,000</b>
<b>Regional Roads</b>											
Pavement rehabilitation & widening on MR7519 (Forest Road)	-	169,000	-	-	182,000	-	-	-	200,900	-	-
Pavement widening and rehabilitation MR55 (Black Stump Way)	-	-	615,000	840,500	861,500	883,100	905,100	927,800	950,900	974,700	999,100
MR55 Capital (deadman's gully)	800,000	-	-	-	-	-	-	-	-	-	-
Saltwater Creek No 2 on Purlewaugh Rd (MR129)	-	800,000	205,000	-	-	-	-	-	-	-	-
Shoulder widening MR129 - Baradine Road (Coonamble)	-	-	-	-	-	-	-	196,000	-	205,900	-
MR129 Bridge Construction Yuggel Ck	231,881	-	-	-	-	-	-	-	-	-	-
Shoulder widening MR129 - Purlewaugh Road	169,000	-	173,200	-	-	186,500	-	-	-	-	-
Shoulder widening MR396	-	-	-	177,600	-	-	191,200	-	-	-	211,100
<b>Regional Roads Total</b>	<b>1,200,881</b>	<b>969,000</b>	<b>993,200</b>	<b>1,018,100</b>	<b>1,043,500</b>	<b>1,069,600</b>	<b>1,096,300</b>	<b>1,123,800</b>	<b>1,151,800</b>	<b>1,180,600</b>	<b>1,210,200</b>
<b>Road Operations Total</b>	<b>5,325,251</b>	<b>4,978,300</b>	<b>5,180,100</b>	<b>4,626,000</b>	<b>4,886,700</b>	<b>5,456,200</b>	<b>4,337,000</b>	<b>4,526,900</b>	<b>4,615,800</b>	<b>4,548,700</b>	<b>4,662,300</b>
<b>SEWERAGE</b>											
<b>Sewerage Baradine</b>											
Replace Vacuum pumps	-	-	-	-	-	33,100	33,900	34,800	-	-	-
Strategic Business Plan – Sewer	11,000	-	-	-	-	-	-	-	-	-	-
Sewage Treatment Plant Renewals	10,000	10,000	10,300	10,500	10,800	-	-	-	11,900	12,200	12,500
<b>Sewerage Baradine Total</b>	<b>21,000</b>	<b>10,000</b>	<b>10,300</b>	<b>10,500</b>	<b>10,800</b>	<b>33,100</b>	<b>33,900</b>	<b>34,800</b>	<b>11,900</b>	<b>12,200</b>	<b>12,500</b>
<b>Sewerage Binnaway</b>											
Investigation – Binnaway Sewerage	-	50,000	-	-	-	-	-	-	-	-	-
<b>Sewerage Binnaway Total</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Warrumbungle Shire Council – Long Term Financial Plan

Description	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Sewerage Coolah</b>											
Main replacement rehabilitation	-	-	-	52,500	53,800	-	-	-	-	-	-
Strategic Business Plan – Sewer	11,000	-	-	-	-	-	-	-	-	-	-
Effluent reuse system	50,000	-	-	-	-	-	-	-	-	-	-
STP Rehabilitation	-	-	50,000	51,300	-	55,200	56,600	58,000	59,400	60,900	62,400
<b>Sewerage Coolah Total</b>	<b>61,000</b>	<b>-</b>	<b>50,000</b>	<b>103,800</b>	<b>53,800</b>	<b>55,200</b>	<b>56,600</b>	<b>58,000</b>	<b>59,400</b>	<b>60,900</b>	<b>62,400</b>
<b>Sewerage Coonabarabran</b>											
Installation of Flow Meters on Storm bypass return line.	-	-	10,000	-	-	-	-	-	-	-	-
Mains Extension – Dowes Lane	30,000	-	-	-	-	-	-	-	-	-	-
Smoke Test & Inspection	60,000	-	-	-	-	-	-	-	-	-	-
Strategic Business Plan – Sewer	11,000	-	-	-	-	-	-	-	-	-	-
Pump station renewal	-	-	30,800	31,500	32,300	33,100	33,900	-	-	-	-
Sewerage access dump points (all towns)	-	2,500	-	-	-	-	-	-	-	-	-
Relining various sections	100,000	-	202,500	105,100	107,700	110,400	113,100	116,000	118,900	121,800	124,900
Replace steel sewer rods	3,000	3,000	3,100	3,200	3,200	3,300	3,400	3,500	3,600	3,700	3,700
<b>Sewerage Coonabarabran Total</b>	<b>204,000</b>	<b>5,500</b>	<b>246,400</b>	<b>139,800</b>	<b>143,200</b>	<b>146,800</b>	<b>150,400</b>	<b>119,500</b>	<b>122,500</b>	<b>125,500</b>	<b>128,600</b>
<b>Sewerage Dunedoo</b>											
Effluent reuse system	50,000	-	50,000	-	-	-	-	-	-	-	-
Pump station renewal	-	-	-	-	-	55,200	56,600	-	-	-	-
Relining program	-	-	-	-	-	-	-	58,000	59,400	60,900	62,400
STP Rehabilitation	-	-	51,300	52,500	53,800	-	-	-	-	-	-
<b>Sewerage Dunedoo Total</b>	<b>50,000</b>	<b>-</b>	<b>101,300</b>	<b>52,500</b>	<b>53,800</b>	<b>55,200</b>	<b>56,600</b>	<b>58,000</b>	<b>59,400</b>	<b>60,900</b>	<b>62,400</b>
<b>Sewerage Total</b>	<b>336,000</b>	<b>65,500</b>	<b>408,000</b>	<b>306,600</b>	<b>261,600</b>	<b>290,300</b>	<b>297,500</b>	<b>270,300</b>	<b>253,200</b>	<b>259,500</b>	<b>265,900</b>
<b>URBAN SERVICES</b>											
<b>Town Streets Baradine</b>											
Floodplain Management Plan	75,000	150,000	150,000	150,000	150,000	-	-	-	-	-	-
Kerb and Gutter Narren Street, north of Macquarie Street.	-	-	-	52,500	-	-	-	-	-	-	-
Kerb and Guttering	72,000	-	-	-	-	-	-	58,000	59,400	60,900	62,400
Kerb and Guttering Bligh Street between Narren and Liverpool	-	-	-	-	-	55,200	-	-	-	-	-
Kerb and guttering Castlereagh Street, between Darling and Macquarie	-	34,000	51,300	-	-	-	-	-	-	-	-
Kerb and guttering in Narren Street south of Macquarie Street	-	-	-	-	53,800	-	-	-	-	-	-



Warrumbungle Shire Council – Long Term Financial Plan

Description	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Kerb and Guttering Lachlan Street, between Narren and Liverpool (north and south side)	-	-	-	-	-	55,200	56,600	-	-	-	-
Kerb and guttering Belar St	8,000	-	-	-	-	-	-	-	-	-	-
Kerb and guttering – Baradine Bowling Club	-	-	20,000	-	-	-	-	-	-	-	-
Town Streets Capital Other	12,000	-	-	-	-	-	-	-	-	-	-
Liverpool Street Seal	-	-	25,000	25,600	-	-	-	-	-	-	-
Rehabilitation of footpath sections	-	10,000	10,300	-	10,800	11,000	-	11,600	-	12,200	-
Streetlight	23,000	8,000	-	-	-	-	9,100	-	-	-	-
<b>Town Streets Baradine Total</b>	<b>190,000</b>	<b>202,000</b>	<b>256,600</b>	<b>228,100</b>	<b>214,600</b>	<b>121,400</b>	<b>65,700</b>	<b>69,600</b>	<b>59,400</b>	<b>73,100</b>	<b>62,400</b>
<b>Town Streets Binnaway</b>											
Binnaway Progress Association	3,000	5,000	5,100	5,300	5,400	5,500	5,700	5,800	5,900	6,100	6,200
Bullinda Street K&G		-	-	-	-	38,600	39,600	40,600	41,600	42,600	43,700
Castlereagh Av - 42m (link)		-	15,000	-	-	-	-	-	-	-	-
Corry Bridge Western Approach		-	15,400	31,500	43,100	44,200	-	-	-	-	-
David Street East - 130m		-	41,000	-	-	-	-	-	-	-	-
David Street West - 22m (link)		-	8,000	-	-	-	-	-	-	-	-
Drainage – Renshaw St.	20,000	-	-	-	-	-	-	-	-	-	-
Intersection Renshaw Street and Bullinda Street - "Dip" Traffic Calming		-	15,000	15,400	-	-	-	-	-	-	-
Binnaway Streets K&G	40,000	-	-	-	-	-	-	-	-	-	-
Railway Street (Napier St to Renshaw St - 240m) - link		-	-	36,800	37,700	-	-	-	-	-	-
Streetlight		-	8,200	-	-	-	-	9,300	-	-	-
<b>Town Streets Binnaway Total</b>	<b>63,000</b>	<b>5,000</b>	<b>107,700</b>	<b>89,000</b>	<b>86,200</b>	<b>88,300</b>	<b>45,300</b>	<b>55,700</b>	<b>47,500</b>	<b>48,700</b>	<b>49,900</b>
<b>Town Streets Coolah</b>											
Binnia Street upgrade - kerb blisters Martin Street corner - (continuing project subject to design and public consultation)	165,581	-	50,000	-	-	-	-	-	-	-	-
Booyamurra St. east of Binnia Street	-	-	102,500	105,100	-	-	-	-	-	-	-
Campbell Street between Binnia & Cunningham	55,000	30,000	-	-	-	-	-	-	-	-	-

Warrumbungle Shire Council – Long Term Financial Plan

Description	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Cycleway Project	-	60,000	60,000	-	-	-	-	-	-	-	-
Footpath Rehabilitation	-	-	20,500	21,000	10,800	11,000	-	-	-	-	-
Coolah Office Carpark	14,500	-	-	-	-	-	-	-	-	-	-
Skate Park	-	-	-	25,000	25,000	-	-	-	-	-	-
Streetlight	-	-	-	-	-	8,800	-	-	-	-	10,000
Urban Drainage Project - Booyamurra Street, K&G	35,000	30,000	25,600	26,300	107,700	110,400	113,100	116,000	118,900	121,800	124,900
<b>Town Streets Coolah Total</b>	<b>270,081</b>	<b>120,000</b>	<b>258,600</b>	<b>177,400</b>	<b>143,500</b>	<b>130,200</b>	<b>113,100</b>	<b>116,000</b>	<b>118,900</b>	<b>121,800</b>	<b>134,900</b>
<b>Town Streets Coonabarabran</b>											
Cassilis (John - Charles) rehabilitation	-	20,000	-	-	-	-	-	-	-	-	-
Construct new footpath in Cassilis Street, Robertson St to Namoi St	-	-	30,000	-	-	-	-	-	-	-	-
Culvert Extension in Dalgarno Street adjacent Morrisseys	-	50,000	-	-	-	-	-	-	-	-	-
Dalgarno Street (John - Charles) rehabilitation	-	-	20,500	21,000	21,500	22,100	-	-	-	-	-
Dows Lane - 650m	-	-	41,000	42,000	-	-	-	-	-	-	-
East St, between Edward St and Cassilis St.	-	-	-	105,100	107,700	-	-	-	-	-	-
Edward St, between Ulamambri St & East Street	-	-	75,000	76,900	-	-	-	-	-	-	-
Coona Streets Survey Old Common	30,000	-	-	-	-	-	-	-	-	-	-
Coona Streets Drainage	123,000	-	-	-	-	-	-	-	-	-	-
Extension of concrete channel at rear of Cowper Street	-	-	51,300	52,500	-	-	-	-	-	-	-
Extension of K&G - Barker Street - 40m	15,000	-	-	-	-	-	-	-	-	-	-
Extension of K&G and shoulder construction - Belar Street	-	15,000	-	-	-	-	-	-	-	-	-
Extension of Pipe Drainage in easement at the rear of No 8 Cowper Street	120,000	-	-	-	-	-	124,500	127,600	130,800	134,000	137,400
Footpath Rehabilitation	91,384	-	-	-	-	-	22,600	23,200	23,800	24,400	25,000
Implementation of Creek Rehabilitation Strategy	-	-	-	-	-	55,200	-	-	-	-	-

Warrumbungle Shire Council – Long Term Financial Plan

Description	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
CBD Street seats	-	15,000	-	-	-	-	-	-	-	-	-
K&G Rehab. - John Street( Edwards St. to Cassilis St), west side	-	-	61,500	-	-	-	-	-	-	-	-
K&G Rehab. Dalgarno Street	-	-	-	63,000	64,600	66,200	-	-	-	-	-
K&G Rehab. John Street (Edwards St to Cassilis St), east side	-	-	60,000	-	-	-	-	-	-	-	-
Namoi Street K&G	-	-	-	-	64,600	-	-	-	-	-	-
New Road - eastern side of High School	-	-	-	-	-	110,400	113,100	116,000	118,900	-	-
Widening Cassilis st Racecourse	70,000	-	-	-	-	-	-	-	-	-	-
Roundabout - intersection Cassilis Street and John Street	-	-	-	-	-	-	-	-	-	121,800	124,900
Street light program	-	-	-	-	-	8,800	-	-	-	-	-
<b>Town Streets Coonabarabran Total</b>	<b>449,384</b>	<b>100,000</b>	<b>339,300</b>	<b>360,500</b>	<b>258,400</b>	<b>262,700</b>	<b>260,200</b>	<b>266,800</b>	<b>273,500</b>	<b>280,200</b>	<b>287,300</b>
<b>Town streets Dunedoo</b>											
Bullinda St (Wallaroo St - Wargundy St) north - Drainage	-	-	50,000	-	-	-	-	-	-	-	-
Bullinda St at Bandulla, North side - Drainage	-	-	-	-	-	-	-	-	-	-	22,500
Bullinda St at Caigan, East side - Drainage	-	-	-	-	-	-	-	-	21,400	-	-
Caigan Street (Bolaro to Digilah - East side) – Drainage	-	-	-	-	-	60,700	-	-	-	-	-
Caigan Street (Cobborah to Tucklan, east side) – Drainage	-	-	-	-	-	-	62,200	-	-	-	-
Caigan Street (Tucklan to Yarrow, east side) – Drainage	-	-	-	-	-	-	-	63,800	-	-	-
Cobborah St (Wargundy St - Wallaroo St) – Drainage	-	-	-	94,600	-	-	-	-	-	-	-
Digilah St (Wargundy St - Wallaroo St) – Drainage	-	-	82,000	-	-	-	-	-	-	-	-
Footpath rehabilitation - various sections	-	-	10,000	10,500	-	11,000	-	11,600	-	12,200	-
Kerb and Guttering Construction	-	-	-	-	-	-	-	-	65,400	67,000	68,700

Warrumbungle Shire Council – Long Term Financial Plan

Description	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Merrygoen St (Yarrow St - Bullinda St),(carriage, 10.4m, trees on footpath)	-	-	-	-	-	-	-	-	35,700	36,600	37,500
Nott Street (carriageway width 10.4m, trees on footpath)	-	-	-	31,500	32,300	-	-	-	-	-	-
Streetlight	-	-	-	8,400	-	-	-	-	9,500	-	-
Talbragar St (Wallaroo St - Tallwang St)(carriage,10.4m, trees on footpath)	-	-	-	-	-	33,100	33,900	34,800	-	-	-
Talbragar Street ( Bandulla to Caigan - north side ) - Drainage	50,000	-	-	-	59,200	-	-	-	-	-	-
Tucklan St at Wallaroo, west side	-	-	18,500	-	-	-	-	-	-	-	-
Tucklan St Wargundy	18,000	-	-	-	-	-	-	-	-	-	-
Wallaroo St (Cobborah St - Tucklan St) - Drainage	-	-	-	-	86,200	-	-	-	-	-	-
Wallaroo Street	-	100,000	110,400	113,100	116,000	118,900	121,800	124,900	-	-	-
Wallaro Street Shoulder Sealing	136,000	-	-	-	-	-	-	-	-	-	-
Wallaroo Street (Bullinda St - Mogimil St) - centre street trees	-	-	30,000	30,800	-	-	-	-	-	-	-
Wargundy St (Bolaro - Digilah)	-	-	-	-	-	-	-	-	-	-	-
Wargundy St (Bullinda St - Yarrow St) west side - Drainage	-	-	-	57,800	-	-	-	-	-	-	-
Yarrow St at Bandulla, north side - Drainage	-	-	-	-	19,400	-	-	-	-	-	-
Yarrow St at Bandulla, south side - Drainage	-	-	-	-	-	-	20,400	-	-	-	-
Yarrow Street (Wallaroo - Wargundy ) north - Drainage	-	-	51,300	-	-	-	-	-	-	-	-
<b>Town streets Dunedoo Total</b>	<b>204,000</b>	<b>100,000</b>	<b>352,200</b>	<b>346,700</b>	<b>313,100</b>	<b>223,700</b>	<b>238,300</b>	<b>235,100</b>	<b>132,000</b>	<b>115,800</b>	<b>128,700</b>
<b>Town Streets Mendooran</b>											
Bandulla Street - traffic calming - shoulder blisters	-	25,000	51,300	52,500	-	-	-	-	-	-	-
Benewa Street – sealing	40,000	-	-	-	-	-	-	-	-	60,900	62,400
DalGLISH St	-	-	-	-	53,800	55,200	-	-	-	-	-
K&G - Cobra Street	-	-	-	-	-	-	56,600	58,000	59,400	-	-
Rehabilitation Bandulla Street	-	10,000	10,300	10,500	10,800	11,000	11,300	11,600	11,900	12,200	12,500
Streetlight	-	-	-	-	8,600	-	-	-	-	9,700	-
<b>Town Streets Mendooran Total</b>	<b>40,000</b>	<b>35,000</b>	<b>61,600</b>	<b>63,000</b>	<b>73,200</b>	<b>66,200</b>	<b>67,900</b>	<b>69,600</b>	<b>71,300</b>	<b>82,800</b>	<b>74,900</b>

Warrumbungle Shire Council – Long Term Financial Plan

Description	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Horticulture</b>											
Ddo-Milling Pk Irrigation-Cap	6,000	5,000	5,000	5,000	-	-	-	-	-	-	-
Plant New Trees Baradine Streets	20,000	6,000	6,000	6,000	6,000	-	-	-	-	-	-
Lions Park Upgrade Baradine	90,000	-	-	-	-	-	-	-	-	-	-
Baradine Parks Capital	22,000	-	-	-	-	-	-	-	-	-	-
Street Trees General	33,000										
Castlereagh River CMA Project	3,200										
Len Guy Park Boundary Adj	2,200										
Rubish Bins – Industrial Park	3,000										
Erosion Control Neilson Park	40,000										
Repairs To Amenities	-	15,000	5,000	-	-	-	-	-	-	-	-
Replace Broken Seats	6,800	2,100	-	-	-	-	-	-	-	-	-
Replace Facia on toilets	-	2,000	-	-	-	-	-	-	-	-	-
<b>Horticulture Total</b>	<b>226,200</b>	<b>30,100</b>	<b>16,000</b>	<b>11,000</b>	<b>6,000</b>	-	-	-	-	-	-
<b>Ovals</b>											
Bore, Tank, Pump,Pressure unit,Repairs to Pipes - Robertson	-	42,000	-	-	-	-	-	-	-	-	-
Fencing – Baradine Oval	-	5,000	5,000	5,000	5,000	-	-	-	-	-	-
Hot Water Repairs Baradine Oval	-	10,000	-	-	-	-	-	-	-	-	-
Mendooran Oval Project	-	-	-	25,000	-	-	-	-	-	-	-
Painting	-	-	12,000	5,000		-	-	-	-	-	-
<b>Ovals Total</b>	<b>-</b>	<b>57,000</b>	<b>17,000</b>	<b>35,000</b>	<b>5,000</b>	-	-	-	-	-	-
<b>Public Swimming Pools</b>											
Coona Pool Non Recurrent	25,000	-	-	-	-	-	-	-	-	-	-
Baradine Pool Non Recurrent	12,000	-	-	-	-	-	-	-	-	-	-
Replace underground pipes and concrete walkway Baradine pool	-	100,000	-	-	-	-	-	-	-	-	-
<b>Public Swimming Pools Total</b>	<b>37,000</b>	<b>100,000</b>	-	-	-	-	-	-	-	-	-
<b>Urban Services Total</b>	<b>1,479,665</b>	<b>749,100</b>	<b>1,409,000</b>	<b>1,310,700</b>	<b>1,100,000</b>	<b>892,500</b>	<b>790,500</b>	<b>812,800</b>	<b>702,600</b>	<b>722,400</b>	<b>738,100</b>
<b>WATER</b>											
<b>Mendooran Water</b>											
Dalgish Street between Cobra Street and Benewa Street (200m)	-	-	30,000	-	-	-	-	-	-	-	-
Water Management Project	11,000	-	-	-	-	-	-	-	-	-	-
Water Fluoridation	32,756	-	-	-	-	-	-	-	-	-	-
Mendooran Water Augmentation	30,000	-	-	-	-	-	-	-	-	-	-
Mains Extension	-	-	30,800	31,500	32,300	-	-	-	-	-	-

Warrumbungle Shire Council – Long Term Financial Plan

Description	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Merrygoen Creek main replcmnt	-	-	-	-	-	44,200	45,300	46,400	47,500	48,700	50,000
Reservoir rehabilitation	-	20,000	-	-	-	-	-	-	-	-	-
<b>Mendooran Water Total</b>	<b>73,756</b>	<b>20,000</b>	<b>60,800</b>	<b>31,500</b>	<b>32,300</b>	<b>44,200</b>	<b>45,300</b>	<b>46,400</b>	<b>47,500</b>	<b>48,700</b>	<b>50,000</b>
<b>Water Baradine</b>											
Rehabilitation	-	-	30,800	31,500	32,300	-	-	-	-	-	-
Water Management Project	11,000	-	-	-	-	-	-	-	-	-	-
Water Main Extension - Removal of Dead Ends	8,910	50,000	-	-	53,800	33,100	56,600	58,000	59,400	60,900	62,400
Water Fluoridation	34,652	-	-	-	-	-	-	-	-	-	-
Water Treatment Plant Improvements	120,000	-	20,000	30,800	31,500	33,100	-	-	-	-	-
<b>Water Baradine Total</b>	<b>174,562</b>	<b>50,000</b>	<b>50,800</b>	<b>62,300</b>	<b>117,600</b>	<b>66,200</b>	<b>56,600</b>	<b>58,000</b>	<b>59,400</b>	<b>60,900</b>	<b>62,400</b>
<b>Water Binnaway</b>											
Water Management Project	11,000	-	-	-	-	-	-	-	-	-	-
David & Railway, 570m	-	-	82,000	-	-	-	-	-	-	-	-
Water Fluoridation	33,337	-	-	-	-	-	-	-	-	-	-
George Street, - 420m	-	-	25,000	-	-	-	-	-	-	-	-
Park Street, 440m	-	-	50,000	-	-	-	-	-	-	-	-
Rehabilitation	-	-	-	-	86,200	-	90,500	-	-	-	-
Water Main Rehabilitation	167,056	-	-	84,100	-	88,300	-	92,800	-	97,500	-
Water Treatment Plant Renewals	-	-	20,500	-	21,500	-	22,600	-	23,800	-	25,000
<b>Water Binnaway Total</b>	<b>211,393</b>	<b>-</b>	<b>177,500</b>	<b>84,100</b>	<b>107,700</b>	<b>88,300</b>	<b>113,100</b>	<b>92,800</b>	<b>23,800</b>	<b>97,500</b>	<b>25,000</b>
<b>Water Coolah</b>											
Cunningham Street, between Gilmore Street and Binnia St - 230m	-	-	40,000	-	-	-	-	-	-	-	-
Water Management Project	11,000	-	-	-	-	-	-	-	-	-	-
Water Fluoridation	31,646	-	-	-	-	-	-	-	-	-	-
Mains Extension - removal of dead ends	91,859	-	41,000	42,000	43,100	44,200	45,300	46,400	47,500	48,700	50,000
Mains Replacement	37,770	-	-	-	32,300	33,100	33,900	34,800	35,700	36,600	37,500
Reservoir rehabilitation	12,785	-	-	-	32,300	33,100	33,900	-	-	-	-
Sodium Hypochlorite pump - standby	5,000	-	5,000	5,100	5,300	5,400	-	-	-	-	-
Telemetry installation	-	40,000	30,800	31,500	-	-	-	-	-	-	-
<b>Water Coolah Total</b>	<b>190,060</b>	<b>40,000</b>	<b>116,800</b>	<b>78,600</b>	<b>113,000</b>	<b>115,800</b>	<b>113,100</b>	<b>81,200</b>	<b>83,200</b>	<b>85,300</b>	<b>87,500</b>

Warrumbungle Shire Council – Long Term Financial Plan

Description	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Water Coonabarabran</b>											
Cowper Street, between Dalgarno Street and Timor Street (110m)	-	50,000	-	-	-	-	-	-	-	-	-
Water Management Project	11,000	-	-	-	-	-	-	-	-	-	-
Water Fluoridation	26,426	-	-	-	-	-	-	-	-	-	-
Jubilee Street between Hwy and Gunnedah Hill.(460m)	-	-	100,000	-	-	-	-	-	-	-	-
New Mains	160,000	-	-	63,000	64,600	66,200	-	-	71,300	73,100	74,900
Rising Main - 200m section	191,941	-	90,000	92,300	94,600	96,900	99,300	101,800	104,400	-	-
Telemetry Software Upgrade	3,000	3,000	3,100	3,200	3,200	33,100	-	-	-	-	-
Tools	-	5,000	3,100	3,200	3,200	3,300	3,400	3,500	3,600	3,700	3,700
Under Highway between Council depot and former Caltex site	-	-	61,500	63,000	64,600	-	-	-	-	-	-
Reservoir Fence	7,326	-	-	-	-	-	-	-	-	-	-
Water Main Extension - Removal of Dead Ends	-	-	-	-	-	55,200	56,600	58,000	59,400	60,900	62,400
Water Main Rehabilitation	-	-	-	-	-	-	-	-	83,200	85,300	87,400
<b>Water Coonabarabran Total</b>	<b>399,693</b>	<b>58,000</b>	<b>257,700</b>	<b>224,700</b>	<b>230,200</b>	<b>254,700</b>	<b>159,300</b>	<b>163,300</b>	<b>321,900</b>	<b>223,000</b>	<b>228,400</b>
<b>Water Dunedoo</b>											
Back Up Bore Development & Implementation	-	50,000	51,300	52,500	-	-	-	-	-	-	-
Evans Street, between Sullivan Street and Nott Street (430m)	-	-	-	-	53,800	-	-	-	-	-	-
Bandukka / Merrygoen Mains	50,000	-	-	-	-	-	-	-	-	-	-
Water Management Project	11,000	-	-	-	-	-	-	-	-	-	-
Mains Extension	-	-	-	-	-	55,200	56,600	58,000	59,400	60,900	62,400
Mains Replacement	187,337	-	50,000	51,300	52,500	53,800	55,200	23,200	23,800	24,400	25,000
Minor Plant & Equipment	3,000	3,000	3,100	3,200	3,200	-	-	-	-	-	-
Reservoir Rehabilitation	-	30,000	30,800	31,500	-	22,100	22,600	-	-	-	-
<b>Water Dunedoo Total</b>	<b>251,337</b>	<b>83,000</b>	<b>135,200</b>	<b>138,500</b>	<b>109,500</b>	<b>131,100</b>	<b>134,400</b>	<b>81,200</b>	<b>83,200</b>	<b>85,300</b>	<b>87,400</b>
<b>Water Total</b>	<b>1,300,801</b>	<b>251,000</b>	<b>798,800</b>	<b>619,700</b>	<b>710,300</b>	<b>700,300</b>	<b>621,800</b>	<b>522,900</b>	<b>619,000</b>	<b>600,700</b>	<b>540,700</b>
<b>Technical Services Total</b>	<b>10,554,475</b>	<b>7,781,900</b>	<b>9,798,000</b>	<b>8,852,100</b>	<b>8,970,700</b>	<b>8,954,700</b>	<b>8,206,300</b>	<b>8,914,800</b>	<b>8,281,400</b>	<b>8,183,200</b>	<b>8,697,500</b>
<b>Total Capital</b>	<b>15,000,421</b>	<b>9,226,085</b>	<b>10,666,598</b>	<b>9,604,944</b>	<b>9,746,880</b>	<b>9,611,797</b>	<b>8,916,711</b>	<b>9,552,632</b>	<b>9,027,776</b>	<b>8,908,321</b>	<b>9,481,660</b>

To arrive at the final CAPEX figure to use in the LTFP three adjustments need to be made to the total capital figure in the capital program above:

- **Adjust for the impact of revotes** – Council, generally due to natural disasters, is often unable to complete its capital program in the year the expenditure is budgeted for. In such cases Council will generally revoke a significant portion of the capital program into the following year, which in turn delays the following year’s capital program. It is expected that roughly \$5.805m of Council’s 2011/12 capital program will be revoked into the 2012/13 financial year. For the purpose of this plan, Council has assumed that this extensive capital backlog from the last few years will be reduced to zero by the 2016/17 financial year by roughly \$1m per year.
- **Add back fleet trade in amount to the capex figure above** – The original capital figure for fleet purchases per Council’s Operational Plan and Delivery Program is net trade in. The trade in amount has been added to the total capex figures to arrive at the correct capital figure for financial reporting purposes. Council’s internal budget still uses the figure in the table above, however, CAPEX figures per this plan use the CAPEX figure ex-trade in (the trade in amount is treated as cash revenue).
- **Reduce CAPEX program above by \$1.2m per year from 2013/14** – Council’s capital program above is unachievable given Council’s expenditure and revenue forecasts in this Plan. Cuts to this capital program of \$1.2m per annum from the 2013/14 financial year onwards have therefore been factored into the LTFP to arrive at a more reasonable (financially) capital program.

Description	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Total Capital per Capital Program (\$'000)</b>	<b>15,000</b>	<b>9,227</b>	<b>10,666</b>	<b>9,605</b>	<b>9,747</b>	<b>9,611</b>	<b>8,917</b>	<b>9,553</b>	<b>9,027</b>	<b>8,909</b>	<b>9,482</b>
<i>Add:</i>											
Revotes from prior year	-	5,804	4,804	3,804	2,804	1,804	804				
Fleet trade in amount excluded from CAPEX above	1,493	1,271	1,649	1,472	1,677	1,432	2,026	1,685	1,758	1,676	1,879
<i>Less:</i>											
Required reduction in CAPEX			(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)
Capital items not completed (current year)	(5,804)	(4,804)	(3,804)	(2,804)	(1,804)	(804)					
<b>Accounting CAPEX</b>	<b>10,689</b>	<b>11,498</b>	<b>12,115</b>	<b>10,877</b>	<b>11,224</b>	<b>10,843</b>	<b>10,547</b>	<b>10,038</b>	<b>9,585</b>	<b>9,385</b>	<b>10,161</b>
<b>Being:</b>											
Asset Renewals	5,945	7,265	9,435	9,253	9,695	9,549	9,349	8,820	8,426	8,316	9,069
Asset Expansion	4,744	4,233	2,680	1,624	1,529	1,294	1,198	1,218	1,159	1,069	1,092
<b>Total:</b>	<b>10,689</b>	<b>11,498</b>	<b>12,115</b>	<b>10,877</b>	<b>11,224</b>	<b>10,843</b>	<b>10,547</b>	<b>10,038</b>	<b>9,585</b>	<b>9,385</b>	<b>10,161</b>



## Part 6: Assets and Liabilities

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

Balance Sheet Item	Assumptions
<b>Assets</b>	
Cash and Cash equivalents	Changes in cash and cash equivalents balances are per the cash flow 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 fall to a level that results in an 8% revenue outstanding ratio for rates, user fees and other revenue (within 4 years) and then to increase with the increase in these items.
Inventories	Inventories have been assumed to increase with CPI.
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 projected depreciation expenditure is detailed in Part 3.4. Disposals are per the fleet disposal plan (adjusted by CPI), and asset revaluations have assumed a 1% increase per annum. A detailed asset movement schedule can be found in Part 7 of the plan.
Investments (Equity Method)	Investments accounted for using the equity method assumed to remain constant over the life of the plan.
<b>Balance Sheet Item</b>	<b>Assumptions</b>
<b>Liabilities</b>	
Payables	Payables have been assumed to increase per CPI.
Borrowings	Borrowings and finance leases are paid down per current schedules with an additional \$5.75m worth of new borrowings entered into by Council under the Local Infrastructure Renewal Scheme (details per Part 4.2). Council has also forecast additional borrowings of \$7.5m commencing from the 2017/18 financial year to fund CAPEX works.
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 7: Tables and Schedules (Financial Statements)

### Income Statement

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income from Continuing Operations</b>											
Rates and Annual Charges	10,186	10,533	10,848	11,143	11,447	11,761	12,085	12,418	12,762	13,117	13,482
User Charges and Fees	5,089	5,115	5,277	5,440	5,609	5,776	5,949	6,128	6,313	6,504	6,702
Interest & Investment Revenue	665	998	772	957	1,190	760	715	616	571	475	377
Other Revenues	572	667	678	694	712	733	751	770	789	808	828
Grants & Contributions	16,283	16,601	16,161	16,378	16,728	16,933	17,287	17,662	18,048	18,431	18,836
Gains/(Losses) from Disposal of Assets	308	262	342	304	348	297	420	348	364	347	388
<b>Total Income From Continuing Operations</b>	<b>33,103</b>	<b>34,176</b>	<b>34,078</b>	<b>34,916</b>	<b>36,034</b>	<b>36,260</b>	<b>37,207</b>	<b>37,942</b>	<b>38,847</b>	<b>39,682</b>	<b>40,613</b>
<b>Expenses from Continuing Operations</b>											
Employee Benefits & On-Costs	12,762	13,923	13,715	14,281	14,770	15,276	15,799	16,339	16,898	17,399	17,916
Borrowing Costs	140	203	267	324	376	420	478	527	566	592	607
Materials & Contracts	7,975	7,225	7,203	7,383	7,568	7,757	7,951	8,149	8,353	8,562	8,776
Depreciation & Impairment	9,556	10,024	10,326	10,664	11,010	11,352	11,625	11,952	12,346	12,640	12,991
Other Expenses	5,008	5,042	4,972	5,115	5,263	5,415	5,571	5,733	5,900	6,073	6,251
Net Share of Interest in Joint Ventures	35	36	37	38	38	39	40	41	42	44	45
<b>Total Expenditure From Continuing Operations</b>	<b>35,476</b>	<b>36,453</b>	<b>36,520</b>	<b>37,805</b>	<b>39,025</b>	<b>40,259</b>	<b>41,464</b>	<b>42,741</b>	<b>44,105</b>	<b>45,310</b>	<b>46,586</b>
<b>Net Operating Result for the Year</b>	<b>(2,373)</b>	<b>(2,277)</b>	<b>(2,442)</b>	<b>(2,889)</b>	<b>(2,991)</b>	<b>(3,999)</b>	<b>(4,257)</b>	<b>(4,799)</b>	<b>(5,258)</b>	<b>(5,628)</b>	<b>(5,973)</b>

## Balance Sheet

<b>Assets</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Current Assets</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash and Cash Equivalents	7,008	10,621	8,737	9,037	9,229	7,511	6,758	5,874	5,271	4,553	3,041
Investments	3,279	-	1,333	1,170	-	-	-	-	-	-	-
Receivables	3,881	1,781	1,681	1,631	1,481	1,481	1,507	1,533	1,560	1,588	1,616
Inventories	540	554	568	582	596	611	626	642	658	675	691
<b>Total Current Assets</b>	<b>14,708</b>	<b>12,956</b>	<b>12,319</b>	<b>12,420</b>	<b>11,306</b>	<b>9,603</b>	<b>8,891</b>	<b>8,049</b>	<b>7,489</b>	<b>6,816</b>	<b>5,348</b>
<b>Non-Current Assets</b>											
Investments	2,503	2,503	1,170	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-
Inventories	462	474	486	498	510	523	536	549	563	577	592
Property, Plant & Equipment	373,505	377,705	381,964	384,829	387,562	389,794	391,008	391,667	391,429	390,758	390,345
Investments Equity Method	310	310	310	310	310	310	310	310	310	310	310
<b>Total Non-Current Assets</b>	<b>376,780</b>	<b>380,992</b>	<b>383,930</b>	<b>385,637</b>	<b>388,382</b>	<b>390,627</b>	<b>391,854</b>	<b>392,526</b>	<b>392,302</b>	<b>391,645</b>	<b>391,247</b>
<b>Total Assets</b>	<b>391,488</b>	<b>393,948</b>	<b>396,249</b>	<b>398,057</b>	<b>399,688</b>	<b>400,230</b>	<b>400,745</b>	<b>400,575</b>	<b>399,791</b>	<b>398,461</b>	<b>396,595</b>
<b>Current Liabilities</b>											
Payables	1,151	1,173	1,196	1,219	1,242	1,266	1,291	1,317	1,343	1,369	1,397
Borrowings	155	275	367	472	584	619	883	1,048	1,224	1,413	1,343
Provisions	3,051	3,051	3,051	3,051	3,051	3,051	3,051	3,051	3,051	3,051	3,051
<b>Total Current Liabilities</b>	<b>4,357</b>	<b>4,499</b>	<b>4,614</b>	<b>4,742</b>	<b>4,877</b>	<b>4,936</b>	<b>5,225</b>	<b>5,416</b>	<b>5,618</b>	<b>5,833</b>	<b>5,791</b>
<b>Non-Current Liabilities</b>											
Payables	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,584	2,376	3,158	3,836	4,402	4,933	5,442	5,893	6,169	6,258	6,414
Provisions	1,150	1,174	1,199	1,224	1,250	1,277	1,304	1,332	1,361	1,390	1,420
<b>Total Non-Current Liab</b>	<b>2,734</b>	<b>3,550</b>	<b>4,357</b>	<b>5,060</b>	<b>5,652</b>	<b>6,210</b>	<b>6,746</b>	<b>7,225</b>	<b>7,530</b>	<b>7,648</b>	<b>7,834</b>
<b>Total Liabilities</b>	<b>7,091</b>	<b>8,049</b>	<b>8,971</b>	<b>9,802</b>	<b>10,529</b>	<b>11,146</b>	<b>11,971</b>	<b>12,641</b>	<b>13,148</b>	<b>13,481</b>	<b>13,625</b>
<b>Net Assets</b>	<b>384,397</b>	<b>385,899</b>	<b>387,278</b>	<b>388,255</b>	<b>389,159</b>	<b>389,084</b>	<b>388,774</b>	<b>387,934</b>	<b>386,643</b>	<b>384,980</b>	<b>382,970</b>
Retained Earnings	336,795	334,519	332,077	329,189	326,198	322,200	317,943	313,143	307,884	302,255	296,284
Revaluation Reserves	47,602	51,380	55,201	59,066	62,961	66,884	70,831	74,791	78,759	82,725	86,686
<b>Total Equity</b>	<b>384,397</b>	<b>385,899</b>	<b>387,278</b>	<b>388,255</b>	<b>389,159</b>	<b>389,084</b>	<b>388,774</b>	<b>387,934</b>	<b>386,643</b>	<b>384,980</b>	<b>382,970</b>

## Statement of Cash Flows (Page 1 of 2)

<b>Cash Flows from Operating Activities</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Receipts</u></b>											
Rates and Annual Charges	10,386	11,233	10,898	11,143	11,497	11,761	12,072	12,405	12,748	13,102	13,467
User Charges and Fees	5,389	6,515	5,327	5,490	5,709	5,776	5,937	6,115	6,300	6,491	6,689
Interest & Investment Revenue	630	777	772	791	860	760	715	616	571	475	377
Other Revenues	1,503	1,598	1,608	1,625	1,642	1,664	1,682	1,700	1,719	1,738	1,758
Grants & Contributions	16,283	16,601	16,161	16,378	16,728	16,933	17,287	17,662	18,048	18,431	18,836
<b><u>Payments</u></b>											
Employee Benefits & On-Costs	(12,757)	(13,918)	(13,710)	(14,276)	(14,765)	(15,271)	(15,793)	(16,334)	(16,892)	(17,393)	(17,910)
Materials & Contracts	(7,964)	(7,214)	(7,191)	(7,373)	(7,555)	(7,746)	(7,940)	(8,137)	(8,341)	(8,550)	(8,763)
Borrowing Costs	(140)	(203)	(267)	(324)	(376)	(420)	(478)	(527)	(566)	(592)	(607)
Other Expenses	(5,915)	(5,948)	(5,878)	(6,020)	(6,166)	(6,318)	(6,474)	(6,635)	(6,801)	(6,972)	(7,150)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>7,415</b>	<b>9,441</b>	<b>7,720</b>	<b>7,434</b>	<b>7,574</b>	<b>7,139</b>	<b>7,008</b>	<b>6,865</b>	<b>6,786</b>	<b>6,730</b>	<b>6,697</b>
<b>Cash Flows from Investing Activities</b>											
<b><u>Receipts</u></b>											
Sale of Investment Securities	500	3,500	-	1,500	1,500	-	-	-	-	-	-
Sale of Real Estate Assets	42	43	44	45	46	48	49	50	51	52	54
Sale of Infrastructure, PP&E	1,493	1,271	1,649	1,472	1,677	1,432	2,026	1,685	1,758	1,676	1,879
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-	-
<b><u>Payments</u></b>											
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, PP&E	(10,689)	(11,498)	(12,115)	(10,877)	(11,224)	(10,843)	(10,547)	(10,038)	(9,585)	(9,385)	(10,161)
Purchase of Real Estate Assets	(53)	(55)	(56)	(57)	(59)	(60)	(62)	(63)	(65)	(67)	(68)
Contributions Paid to JVs & Associates	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(8,707)</b>	<b>(6,739)</b>	<b>(10,478)</b>	<b>(7,917)</b>	<b>(8,060)</b>	<b>(9,423)</b>	<b>(8,534)</b>	<b>(8,366)</b>	<b>(7,841)</b>	<b>(7,724)</b>	<b>(8,296)</b>

## Statement of Cash Flows (Page 2 of 2)

<b>Cash Flows from Financing Activities</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Receipts</b>											
Proceeds from Borrowings & Advances	-	1,150	1,150	1,150	1,150	1,150	1,500	1,500	1,500	1,500	1,500
<b>Payments</b>											
Repayment of Borrowings & Advances	(130)	(180)	(271)	(367)	(472)	(584)	(727)	(883)	(1,048)	(1,224)	(1,413)
Repayment of Finance Lease Liabilities	(38)	(59)	(5)	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Financing Activities</b>	<b>(168)</b>	<b>911</b>	<b>874</b>	<b>783</b>	<b>678</b>	<b>566</b>	<b>773</b>	<b>617</b>	<b>452</b>	<b>276</b>	<b>87</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(1,460)</b>	<b>3,613</b>	<b>(1,884)</b>	<b>300</b>	<b>192</b>	<b>(1,718)</b>	<b>(753)</b>	<b>(884)</b>	<b>(603)</b>	<b>(718)</b>	<b>(1,512)</b>
Cash & Cash Equivalents – Opening balance	8,468	7,008	10,621	8,737	9,037	9,229	7,511	6,758	5,874	5,271	4,553
<b>Cash &amp; Cash Equivalents – Closing balance</b>	<b>7,008</b>	<b>10,621</b>	<b>8,737</b>	<b>9,037</b>	<b>9,229</b>	<b>7,511</b>	<b>6,758</b>	<b>5,874</b>	<b>5,271</b>	<b>4,553</b>	<b>3,041</b>
<i>Add:</i>											
Investments	5,782	2,503	2,503	1,170	-	-	-	-	-	-	-
<b>Total Cash, Cash Equivalents &amp; Investments</b>	<b>12,790</b>	<b>13,124</b>	<b>11,240</b>	<b>10,207</b>	<b>9,229</b>	<b>7,511</b>	<b>6,758</b>	<b>5,874</b>	<b>5,271</b>	<b>4,553</b>	<b>3,041</b>

## Asset Movement Schedule

Asset Movement Schedule	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening Balance</b>											
Estimated Replacement Cost	520,516	534,041	548,861	563,851	578,031	592,377	606,874	620,278	633,845	646,980	660,177
Accumulated Depreciation	(150,658)	(160,536)	(171,156)	(181,887)	(193,202)	(204,815)	(217,080)	(229,270)	(242,178)	(255,552)	(269,419)
<b>Written Down Value</b>	<b>369,858</b>	<b>373,505</b>	<b>377,705</b>	<b>381,964</b>	<b>384,829</b>	<b>387,562</b>	<b>389,794</b>	<b>391,008</b>	<b>391,667</b>	<b>391,428</b>	<b>390,758</b>
<b>Add/(less):</b>											
Additions											
- Capital Renewal	5,945	7,265	9,435	9,253	9,695	9,549	9,349	8,820	8,426	8,316	9,069
- Capital Improvements	4,744	4,233	2,680	1,624	1,529	1,294	1,198	1,218	1,159	1,069	1,092
<b>Total Capital Expenditure</b>	<b>10,689</b>	<b>11,498</b>	<b>12,115</b>	<b>10,877</b>	<b>11,224</b>	<b>10,843</b>	<b>10,547</b>	<b>10,038</b>	<b>9,585</b>	<b>9,385</b>	<b>10,161</b>
Depreciation	(9,556)	(10,024)	(10,326)	(10,664)	(11,010)	(11,352)	(11,625)	(11,952)	(12,346)	(12,640)	(12,991)
Disposals	(1,185)	(1,009)	(1,307)	(1,168)	(1,329)	(1,135)	(1,606)	(1,337)	(1,394)	(1,329)	(1,491)
Revaluations	3,699	3,735	3,777	3,820	3,848	3,876	3,898	3,910	3,917	3,914	3,907
<b>Closing Balance</b>	<b>373,505</b>	<b>377,705</b>	<b>381,964</b>	<b>384,829</b>	<b>387,562</b>	<b>389,794</b>	<b>391,008</b>	<b>391,667</b>	<b>391,429</b>	<b>390,758</b>	<b>390,345</b>
<b>Key Performance Indicators</b>											
Asset Renewal Ratio	55%	66%	81%	78%	79%	76%	71%	66%	61%	60%	63%
Asset Renewal Deficit	(4,796)	(3,768)	(2,198)	(2,579)	(2,644)	(2,938)	(3,882)	(4,469)	(5,314)	(5,653)	(5,413)
Asset Consumption Ratio	30%	31%	32%	33%	35%	36%	37%	38%	39%	41%	42%
Asset Base Expansion (%)	0.91%	0.79%	0.49%	0.29%	0.26%	0.22%	0.20%	0.20%	0.18%	0.17%	0.17%

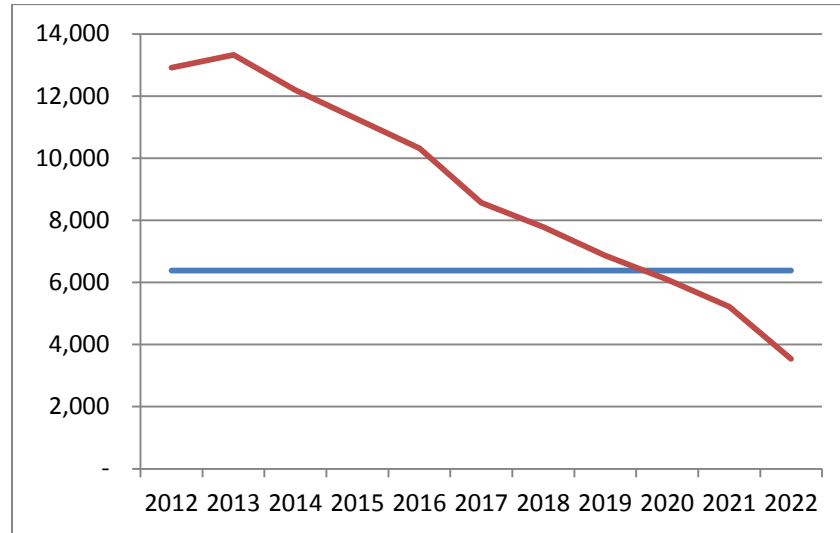
**Note:** The CAPEX figures above include adjustments for revotes, the \$1.2m capex reduction per annum commencing from the 13/14 financial year. The total reduction amount is assumed to come predominantly from capital expansion on unsealed roads.

## Part 8: Measuring Council’s Financial Performance

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 under the base scenario against a range of these financial performance measures. This information provides Council and the community with a graphical demonstration of Council’s expected financial performance over the life of the LTFP.

### 1. Cash balance

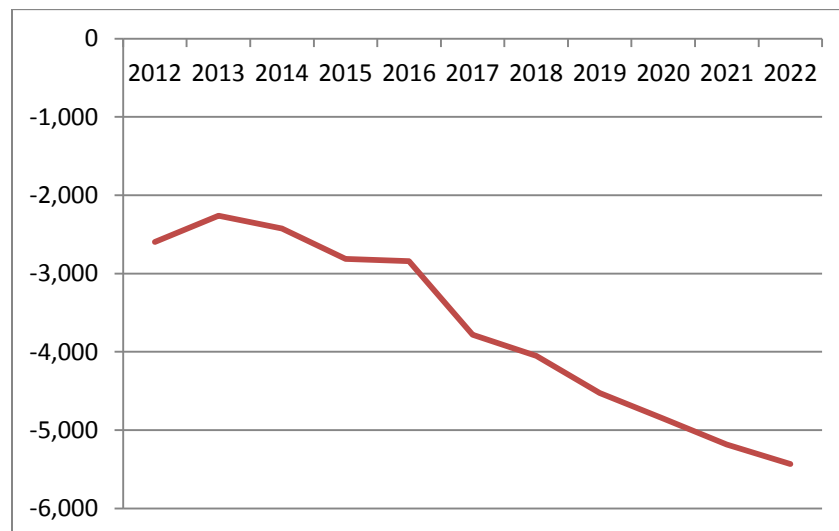
This KPI measures Council’s projected total cash and cash equivalents balance over the life of the LTFP. Note: This KPI includes investments which are not treated as cash in the balance sheet.



The above graph shows that Council’s cash balance will deteriorate over the life of the long term plan to \$3.041m in 2021/22. This deterioration in cash assumes that Council will spend its full capital program (less the \$1.2m per annum cuts) including catching up on roughly \$5.8m of revotes accumulated over the last five years. Assuming Council did not catch up on its capital backlog over the life of the plan, Council’s final cash balance would be \$5.8m higher at \$8.9m. A further \$1m underspend in capital each year would also increase Council’s cash balance by a further \$11m. It should be noted that the cash balance above includes roughly \$6.4m worth of externally restricted cash which can only be used for specific purposes (see blue line).

### 2. Operating Surplus

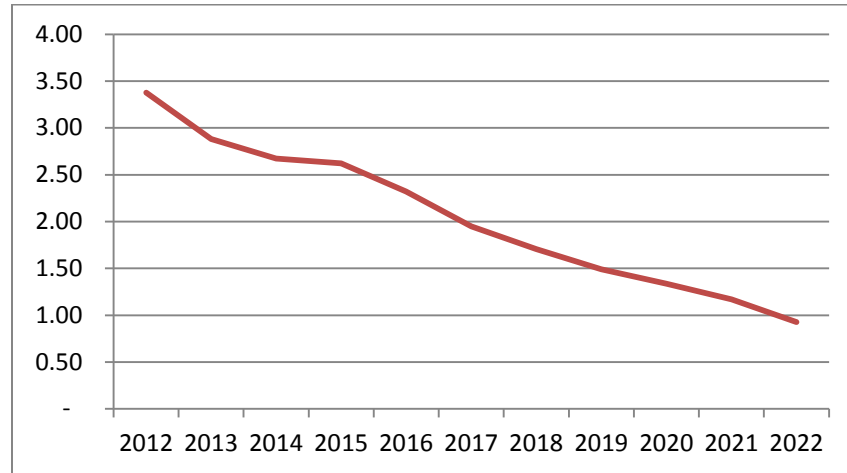
This KPI measures whether Council’s operating revenue is sufficient to cover Council’s operating costs.



The above graph shows an increasing operating deficit over the life of the plan, which indicates that Council’s operating revenue is insufficient to cover Council’s operating costs. A large portion of this deficit relates to depreciation expense (which is a non-cash expense item) and Council can still maintain a positive cashflow with an operating deficit by cutting capital expenditure. However, cutting capital expenditure only results in an increased decay of Council’s assets. Eventually Council’s assets will need to be replaced, and by delaying required capital renewals Council is actually increasing the final cost to Council of these assets.

**3. Current ratio**

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



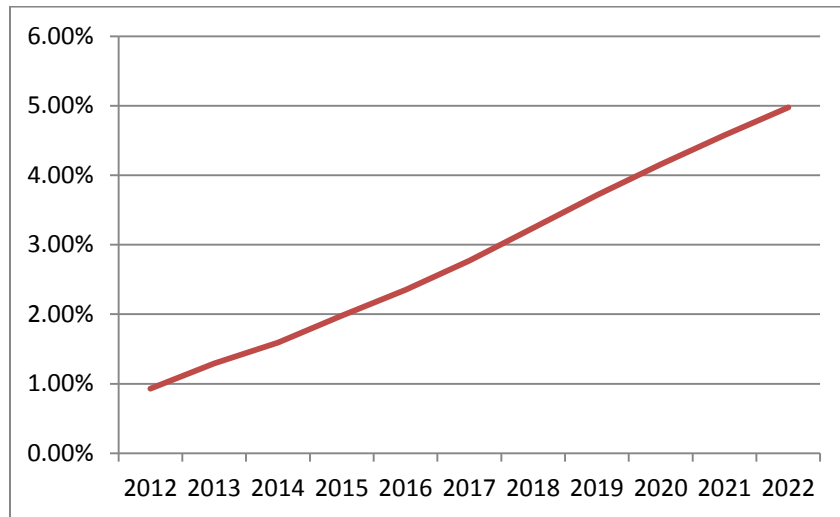
In the graph above Council’s current ratio which shows Council’s ability to pay its debts as they fall due decreases from 3.380 to 0.92 during the timeframe of the plan. It is forecast that Council’s current assets will fall below current liabilities by as early as the 2021/22 financial year. At this point it is likely that Council will face cashflow problems when loans or other payments fall due and Council will not have sufficient liquid assets to make these payments. Council will need to take action to avoid this scenario by either sourcing new revenue, improving efficiencies to reduce expenditure, or reducing the level of services it provides to the community well before 2021/22.

It should be noted that the above ratio includes current assets subject to restrictions such as cash assets related to Council’s water and sewer funds, and according to current projections Council’s unrestricted current ratio (i.e. unrestricted cash vs current liabilities) will reach one before the 2021/22 financial year.



4. Debt Service Ratio

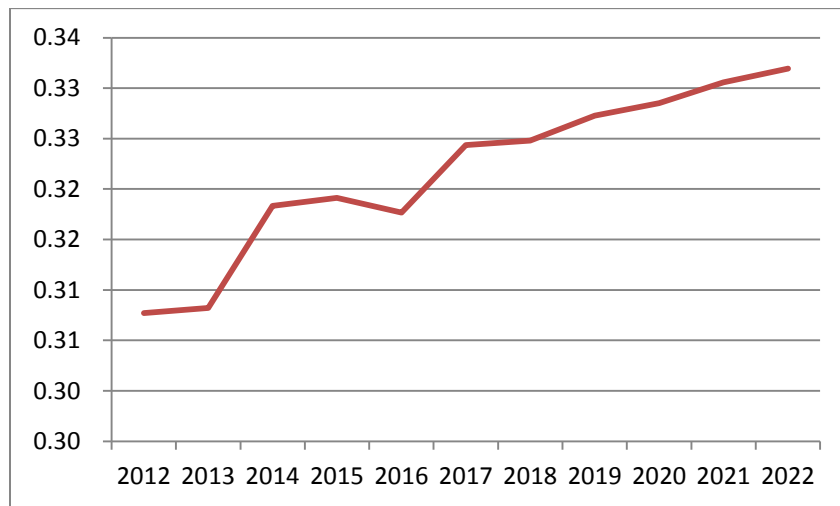
This KPI assesses the impact of loan principal and interest repayments on the discretionary revenue of council



Council’s debt service ratio (although increasing over the life of the plan due to increased borrowings by Council) shows that Council still has room to borrow money. DLG considers a debt service ratio of less than 10% as satisfactory, and considers the use of loan funds for infrastructure improvements and other capital purposes a prudent financial strategy.

5. Rates and Annual Charges Coverage Ratio

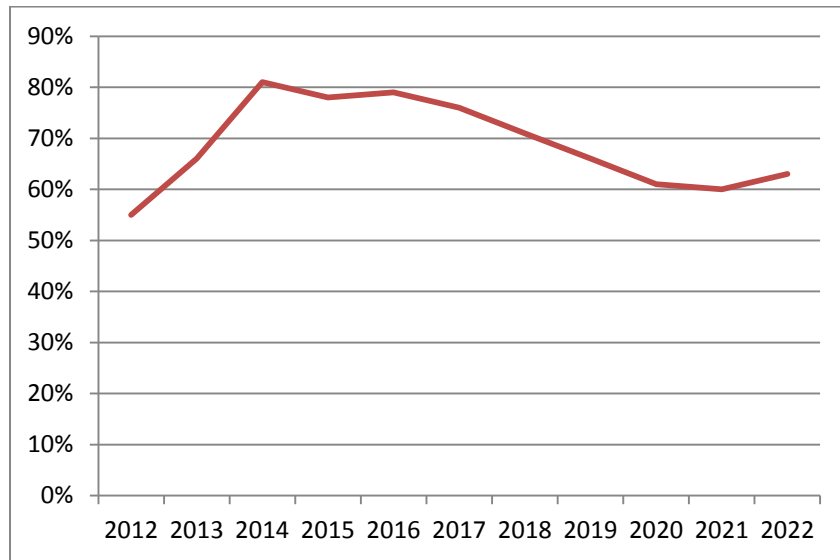
This KPI measures the degree of Council’s dependence on revenue from rates and annual charges and the security of Council’s income.



Council’s rates and annual charges coverage ratio remains relatively constant over the life of the plan. The slight increase is due to the rate peg assumptions being slightly higher than assumptions for other revenue items. During the plan Council will remain heavily dependent on external grant funding for its operations, and this ratio shows that the residents of the Shire are only paying roughly 33% of the total cost of Council’s operations through payments for rates and charges.

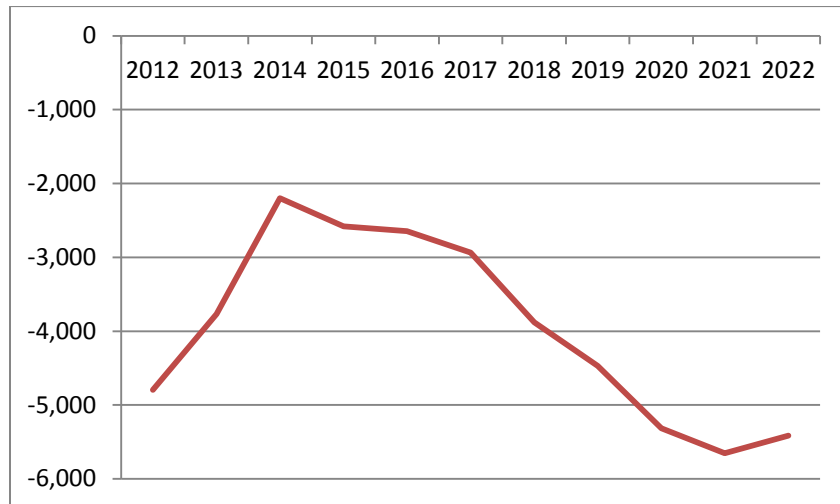
**6. Asset Renewal Ratio**

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



**7. Asset Renewal Deficiency**

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



The above two ratios measure to what degree Council is funding the upkeep of its network of assets. An asset renewal ratio of less than 100% shows that insufficient funds are being spent on the renewal of Council’s assets. Council’s average renewal ratio over the ten year timeframe in this plan is 69% (the State median figure was 80.5% in 2009/10). Over the life of this plan Council’s renewals deficiency, i.e. how much Council has underspent on asset renewals is \$43.65m. These figures indicate that the condition of Council’s assets are going backwards and an additional \$43.65m would need to be budgeted for capital renewals over the life of the plan to maintain current condition levels.

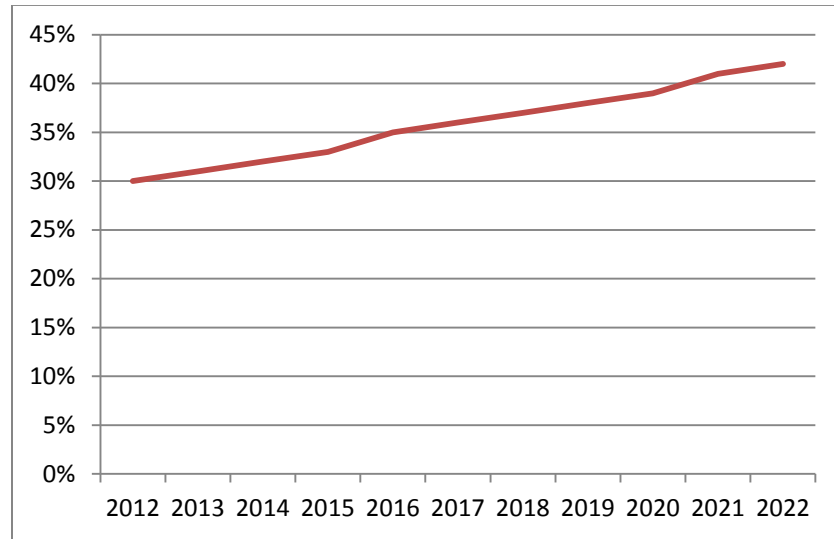
To put these numbers in context, Council’s current planned capital program per Part 5 of this plan assumes total capital spend of \$117m over the ten years, including \$77.1m on Capital renewals (\$95.1m including fleet trade in) and \$21.8m on capital expansion.

The above ratios also assume that Council’s current asset useful life and residual value estimates (which feed into Council’s depreciation calculations) are correct and that Council’s assumption

of a 1% per annum increase in asset valuations is realistic.

**8. Asset Consumption Ratio**

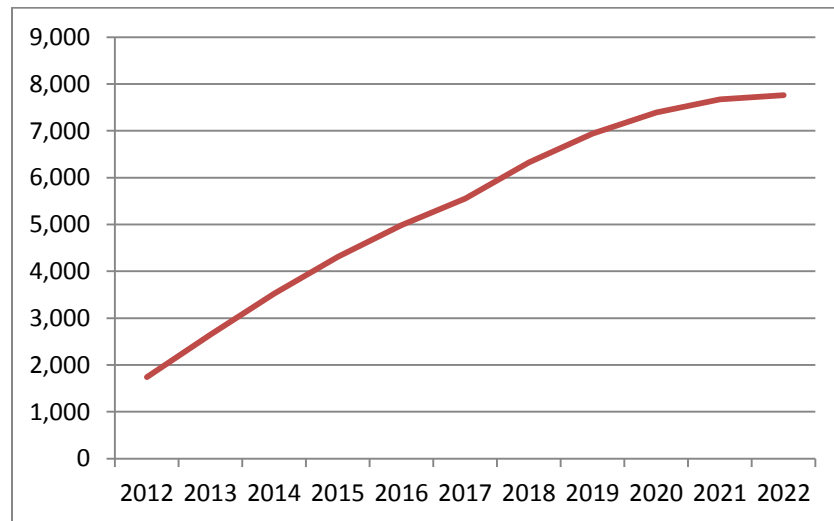
This KPI measures the percentage of the future service potential of Council’s total assets that has already been “consumed”



From the above graph we can see that Council is consuming an increasing portion of its assets. This graph shows the result on the Shire’s assets from Council maintaining an asset renewal ratio of less than one.

**9. Loans Balance**

This KPI shows Council’s loans balance over time.



Council’s loan balances also increase significantly over the life of the plan, as Council plans to borrow roughly \$5.75m under the LIRS scheme, and the plan also assumes a further \$7.5m worth of borrowings to fund capital works post 2017/18.

The KPIs above indicate that Council will face significant financial challenges over the coming ten years. However, there are many factors both within Council’s control (see Part 10 of this plan), and external factors influencing the Shire that can impact on these figures. It should also be noted that Council’s high cash balance and tendency to be unable to complete proposed capital works in the year they are budgeted for due to frequent natural disasters indicates that

Council has sufficient time to make the necessary changes and improvements to its operations to ensure Council's long term financial viability.

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;
- Financial assistance from the mines;

The external factors above have been built into Council's sensitivity analysis in the following chapter. Internal factors under Council's control that could improve Council's financial position are dealt with in Part 10 of this plan.

## Part 9: 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 three scenarios that form Council's sensitivity analysis are explained in further detail below in Parts 9.1 – 9.3, and a summary of the assumptions used at the financial statements line item level is provided in Part 9.4.

Council has also provided an analysis of the impact of a one off special rates variation on the base scenario that would be used to fund specific projects requested by the residents of the Shire as part of the CSP process (wish list items). This analysis is detailed in Part 9.5 below.

### 9.1 Scenario 1 – Base Scenario

Scenario one is Council's base scenario which assumes no major change in external and internal factors affecting Council's ability to provide its services to the Community. In this scenario population levels are expected to decrease at a slower rate than forecast by the DP&I, Cobbora mine is expected to have a positive economic impact on the Shire, and local economic conditions are expected to be stable (GDP growth of 2%), with the cash rate averaging 4.25% (per current rate), CPI averaging 2.5% (per 20 year average), and fuel prices to increase slightly above CPI over the ten year LTFP timeframe. There is no forecast impact from political trends on Council's operations under this scenario, and it is assumed that Council will not increase service provision above current levels or discontinue any services. This is Council's best estimate of its likely financial performance over the next ten years.

### 9.2 Scenario 2 - Optimistic

Scenario two is Council's optimistic scenario which assumes that external and internal factors affecting Council's ability to deliver the services it provides would improve. In this scenario population levels are expected to increase due to the Cobbora mine and strong growth in the agricultural sector, and local economic conditions are expected to improve considerably (GDP growth of 4%), with the cash rate averaging 5.5%, CPI averaging 4%, and fuel prices increasing by an average of 5% over the ten year LTFP timeframe. There is no forecast impact from political trends on Council's operations under this scenario, and it is assumed that Council will not increase service provision above current levels or discontinue any services.

### 9.3 Scenario 3 - Pessimistic

Scenario three is Council's pessimistic scenario which assumes that the impact of external and internal factors on Council's ability to deliver the services it provides would be negative. In this scenario population levels are expected to decrease per the DP&I forecast, Cobbora mine will impact negatively on the Shire (due to staff being based outside the Shire and any financial

assistance barely covering the negative impact on Council owned assets), and local economic conditions will worsen (GDP growth of only 1%). The cash rate under this scenario will average 3%, CPI will average 1%, and fuel prices will only increase per CPI (1%) over the ten year LTFP timeframe. It is also assumed that Council will not increase service provision above current levels or discontinue any services.

## 9.4 Summary of Assumptions

The adjustments made to the base scenario at a financial statements line item level to capture the differences between the three scenarios are detailed in the table below:

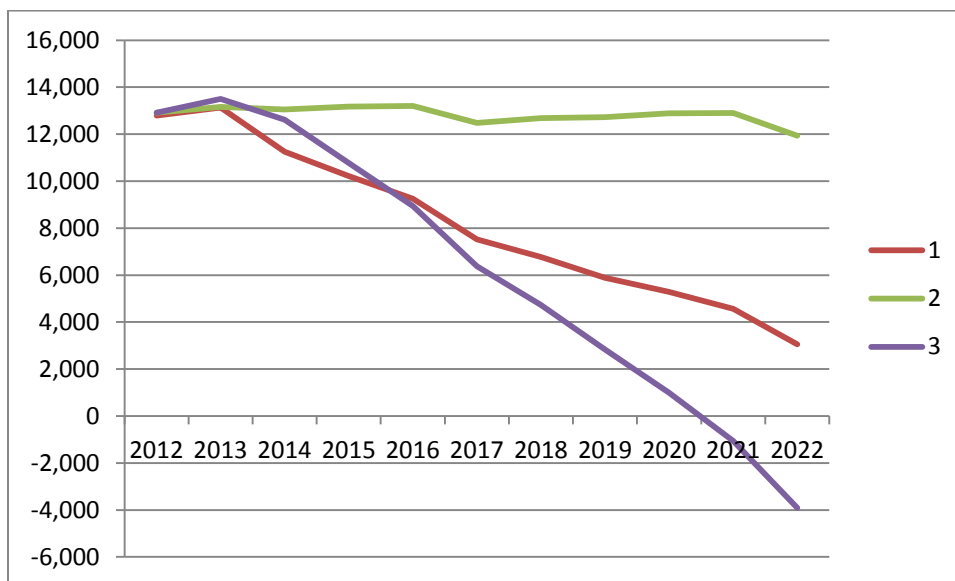
Line Item	Optimistic	Pessimistic
<b>Revenue</b>		
<b>Rates and Annual Charges</b>	Rates & pensioner subsidy are per base scenario plus 0.25% due to forecast population changes, while waste and sewer charges assume CPI of 4% in outer years. Water charges per base scenario.	Rates & pensioner subsidy are per base scenario less 0.25% due to forecast population changes, while waste and sewer charges assume CPI of 1% in outer years. Water charges per base scenario.
<b>User Charges and Fees</b>	Sewerage, child care fees, and swimming centres revenue forecast to increase by CPI of 4% plus 0.25% due to population change. Water usage charges increase by 5.025%, and other fees and charges by CPI of 4%.	Sewerage, child care fees, and swimming centres revenue is forecast to increase by CPI of 1% less 0.25% due to population change. Water usage charges increase by 4.5%, and other fees and charges by CPI of 1%.
<b>Interest &amp; Investment Revenue</b>	Increase base scenario figures by 1.25% to capture higher cash rate, and projected higher cash balance.	Decrease base scenario figures by 1.25% to capture lower cash rate, projected lower cash balance, and return of capital only on CPNs.
<b>Other Revenues</b>	Increase by 4% per annum (as opposed to 2.5%) to capture higher CPI.	Increase by only 1% per annum (as opposed to 2.5%) to capture lower CPI.
<b>Grants &amp; Contributions</b>	Per base scenario except yearly increase is 4% per higher CPI and assume extra \$1m worth of revenue each year due to grant funding from new sources.	Per base scenario except yearly increase is only 1% per lower CPI and assume \$1m reduction in grant funding per annum commencing from the 2014/15 financial year.

Line Item	Optimistic	Pessimistic
<b>Gains/(Losses) from Disposal of Assets</b>	Per estimated vehicle sales and previous average sales rate multiplied by optimistic scenario CPI (4%) as opposed to 2.5%.	Per estimated vehicle sales and previous average sales rate multiplied by pessimistic scenario CPI (1%) as opposed to 2.5%. Also assume a further 30% discount due to lower levels of demand from poor market conditions.
<b>Expenditure</b>		
<b>Employee Benefits &amp; On-Costs</b>	Per base scenario except for different CPI rate.	Per base scenario except for different CPI rate and assumption that above award pay will increase by 2% from 2014/15 due to difficulty recruiting.
<b>Borrowing Costs</b>	Council's second \$7.5m loan also qualifies for LIRS discount. Borrowing costs higher at 8% per annum due to higher cash rate.	Borrowing costs lower at 5.5% per annum.
<b>Materials &amp; Contracts</b>	Increase by 4% per annum (as opposed to 2.5%) to capture higher CPI.	Increase by only 1% per annum (as opposed to 2.5%) to capture lower CPI.
<b>Depreciation &amp; Impairment</b>	Same in all three scenarios – based on AMP.	Same in all three scenarios – based on AMP.
<b>Other Expenses</b>	Increase by 4% per annum (as opposed to 2.5%) to capture higher CPI. Fuel increases at 5% as opposed to 3.5% due to higher global demand.	Increase by only 1% per annum (as opposed to 2.5%) to capture lower CPI. Fuel increases at 1% as opposed to 3.5% due to lower global demand.

The results of the sensitivity analysis above have been captured by way of two KPIs, Council's cash balance across the ten years of the plan and Council's projected surplus/Deficit. See results below:

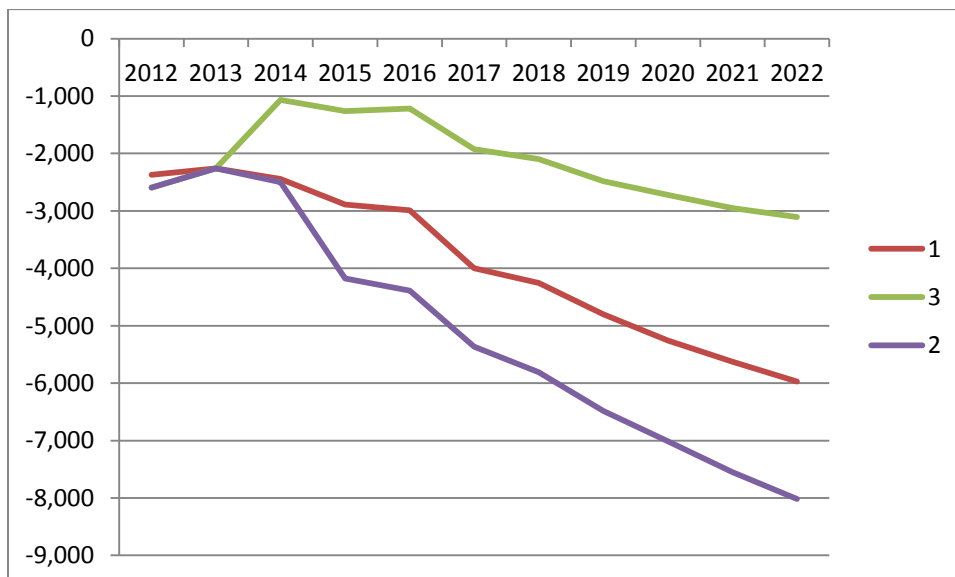
1. Cash balance

This KPI measures Council’s projected total cash and cash equivalents balance over the life of the LTFP. Note: This KPI includes investments which are not treated as cash in the balance sheet.



2. Operating Surplus

This KPI measures whether Council’s operating revenue is sufficient to cover Council’s operating costs.



Based on the two graphs above we can see that in the optimistic scenario Council will maintain a high cash balance, although Council will still incur an operating deficit. The asset renewal and other asset measures are per the base scenario so Council’s asset base is still expected to deteriorate over time, although with a significant cash balance Council would have options to further invest in asset renewals in the optimistic scenario.

The forecast in the pessimistic scenario could never feasibly occur as Council management would ensure that sufficient cost cutting measures were put in place for Council to avoid such a situation. This cost cutting exercise however, would result in a reduction in the level of services provided by Council to the residents of the Shire.

As mentioned above, the one variable that significantly impacts Council’s cash balance is delays in Council completing its capital program. By reducing Council’s capital program Council could



increase its cash balance significantly. Natural disasters have effectively done this for Council in prior years, as Council will cut Council funded capital expenditure to carry out externally funded maintenance relating to natural disasters.

Reducing Council's capital program to increase Council's cash balance is not the ideal way to improve Council's cashflow. Although cutting capital renewals may improve Council's cashflow in the short term, the money will eventually need to be spent as Council's roads will eventually need to be renewed or business in the Shire will come to a stand still. Reducing capital renewals will also increase the total cost of road maintenance to Council as timely renewals of assets reduces the whole of lifecycle cost of an asset. It can be argued however, that Council should critically review all planned capital expansion works with the aim of redirecting unnecessary capital expansion to asset renewals or even cut this expenditure entirely to maintain liquidity.

Options available to Council to improve its financial position are discussed in further detail in Part 10. One option available to Council is a special rates variation which is discussed below.

## **9.5 Rate Pegging and The Community Wish List**

As part of the Community Strategic Plan Council has approached the Community for feedback on what the Community values and what their aspirations are going forward for the Shire. This feedback has been used in the development of Council's Delivery Program (a copy of which can be found on Council's internet site). Council's Delivery Program includes a listing of deliverables that Council is expected to provide over the following four years. Many of these deliverables are business as usual items such as maintaining town streets, but several deliverables are new services/outcomes or increases to existing services that Council has previously not provided.

Many of the items requested as part of the CSP process did not make it into Council's delivery program, and given Council's forecast financial position can not be funded under the current funding structure. These items have been included in Council's wish list. A list of the main wishlist items that Council is currently unable to fund is provided below:

- Retirement Units in Baradine
- Retirement Units in Binnaway
- Binnaway Sewerage System
- Mendooran Sewerage System
- Heated Pool at Coolah
- Heated Pool at Dunedoo
- Refurbishment and Upgrade Robertson Oval Dunedoo
- Upgrade Jubilee Hall Dunedoo
- Baradine Memorial Hall Upgrade
- Bowen Oval Upgrade – second Oval, New Netball Courts, Lights
- Youth and Community Hall Coolah
- Visitor Information Centre in Dunedoo
- Upgrade Sewerage and Water Treatment Plants in Dunedoo
- Art Gallery/Cultural Centre Coonabarabran

- Museum in Coonabarabran
- PCYC in Coonabarabran
- Aquatic Centre in Coonabarabran 50m heated competition pool, hydrotherapy
- Bike Track to National Park
- Truck Stop in Coonabarabran
- Retirement Units at Dunedoo former hospital site
- Upgrade of Rest Area amenities at Mendooran
- Town Street Tree plantings
- New canteen Facilities at Baradine oval

Given Council’s financial position, it is unlikely that Council would be able to feasibly fund these projects out of its current budget. As the Community has requested these increased services, one option would be for Council to seek a special rate variation in excess of rate pegging. A special rates variation above rate pegging commencing from the 2013/14 financial year would increase Council’s available cash by the following figures over the ten year timeframe of the LTFP:

<b>Increase Above Rate Peg</b>	<b>One off Rates Increase in 2013/14</b>	<b>Increase in Cash Available to Council Over Ten Year Period (\$'000)</b>
1%	4.2%	\$719
2%	5.2%	\$1,421
3%	6.2%	\$2,123
4%	7.2%	\$2,825
5%	8.2%	\$3,527
6%	9.2%	\$4,229
7%	10.2%	\$4,931
8%	11.2%	\$5,633
9%	12.2%	\$6,336
10%	13.2%	\$7,038

The Community Strategic Plan has allowed Council to communicate with the residents of the Shire, and to gauge what the resident’s main concerns are for the future. Council must now communicate its financial position to the residents and seek whether the residents are willing for Council to increase rates above rate pegging to fund the projects they have requested as part of the CSP. Any suggested increase above rate pegging would need to be for particular projects as requested by the residents of the Shire, as ultimately it is the residents of the Shire that will bear the cost of this rates increase.

## Part 10: Conclusion and the Way Forward

This plan has attempted to forecast 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 potential revenue over the next ten years (Part 3), Council's forecast recurrent expenditure (Part 4) and 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 performance measures (Part 8).

As detailed in Part 8, Measuring Council's Financial Performance, under the base scenario Council is facing a consistently increasing deficit and a declining cash balance over the following ten years. This is despite \$10.8m worth of cuts to Council's desired capital program which will predominantly relate to capital expansion works but may also affect the level of asset renewals resulting in an increased deterioration of Council's asset base. Council's current ratio is also expected to decline, while borrowings will increase, and assuming the trends in the LTFP continue Council faces an uncertain financial future over the following twenty years.

Despite the negative projections above, Council currently holds significant cash balances, and generally finds it difficult to complete its capital program due to natural disaster events. These two factors ensure that Council's cash position should remain sound over the life of this plan. However, Long term financial planning aims to ensure Council's financial stability beyond a ten year timeframe. Instigating action now to reduce Council's costs, improve efficiencies and increase revenue will accrue over the years and ensure a better result than rushed cuts to services in ten years time.

There are several options available to Council that could improve Council's financial position over the next ten years. These options include:

- Council can review the pricing structure of many of the services it provides to determine whether current prices are adequate;
- Council can cut costs by introducing further efficiency cuts across the business;
- Council can review its capital works budget and ensure adequate cost benefit analysis (including whole of life cycle costing) is undertaken on all planned capital works to ensure they are viable (particularly capital expansion works);
- Council can review whether the construction of new assets is appropriate given Council's worsening demographic outlook. This funding can then be diverted to asset renewals. This is partially factored into this plan via the \$10.8m capital cuts;
- Council can apply for a special rates variation to increase its rates income;
- Council can investigate the sharing of services/collaboration with neighboring Councils, for example, a joint graduate recruitment program that shares skilled graduates between Councils;
- Council can ensure that it obtains appropriate funding from the mines to cover the increased costs to Council's operations from increased wear and tear on Council assets and loss of skilled staff;
- Council can further consider accessing external grant funding for new assets;
- Council can review its practice of revoting its unspent capital works budget into the following year without commensurate cuts to the following year's capital budget;
- Council can cut the level of non-funded services it provides to the community.

The reality is that Council will need to pursue several of these options at once, as well as actively communicating to the residents of the Shire Council's financial position and what this means for them. Council's most important stakeholder is the residents of the Shire, and it is the residents of Warrumbungle Shire Council that will need to decide on what level of services Council will be able to provide going forward.



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