



Warrumbungle Shire Council

Long Term Financial Plan

2016/17 to 2025/26

As endorsed by Council Resolution 322/1516



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.

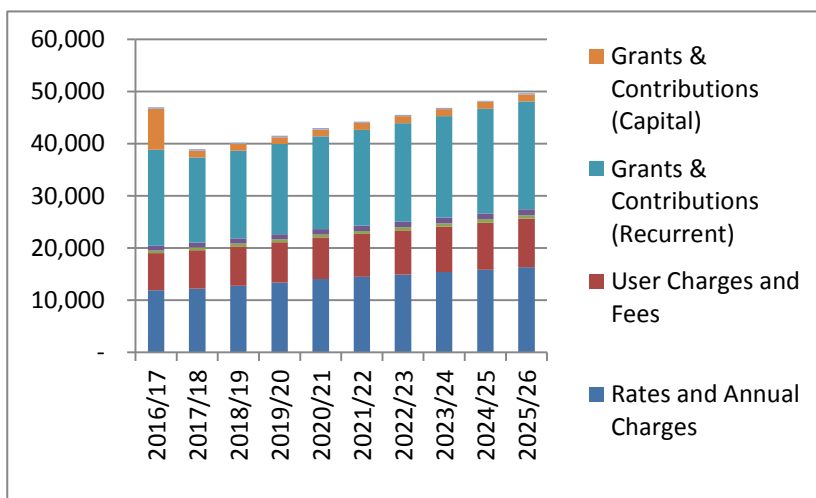
Warrumbungle Shire Council’s LTFP details Council’s expected income, recurrent and capital expenditure, and the external environment that Council is expected to face in the coming ten years. The LTFP is in effect Council’s financial road map for the ten year period commencing in the 2016/17 financial year and seeks to answer four key questions:

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

Council’s Income

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

Council’s revenue has been forecast to increase from \$46.985m to \$49.698m over the ten years in the plan, which is a 5.8% increase. While this appears quite a minimal increase, it is largely due to the receipt of substantial capital grant monies in 2016/17. When comparing with the 2017/18 year revenue actually increases by \$10.7m (27.5%).

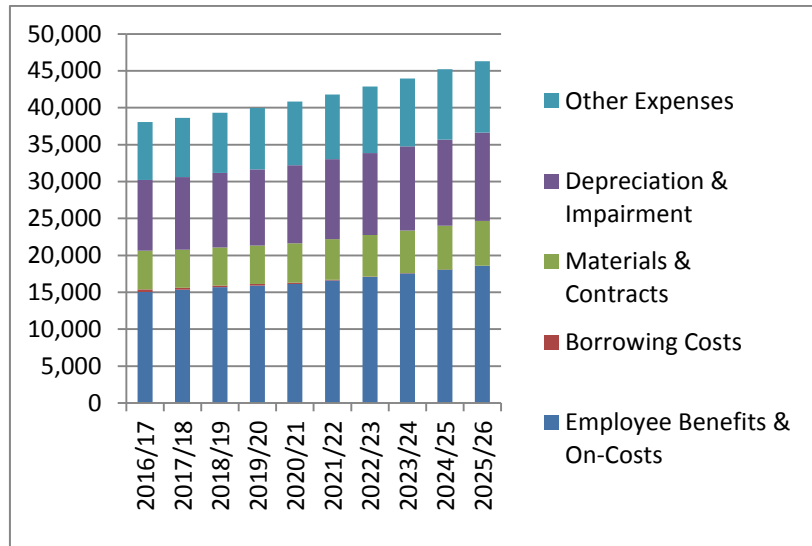


Limitations to revenue growth for Council include rate pegging, a worsening demographic outlook, and Council’s high reliance on grant revenue (an average of 45.74% of total revenue over the LTFP) to fund Council’s operations.

Council’s rates and annual charges coverage ratio of roughly 31.75% (over the LTFP) also means that more than two thirds of the costs of Council’s operations are funded from non-rates income.

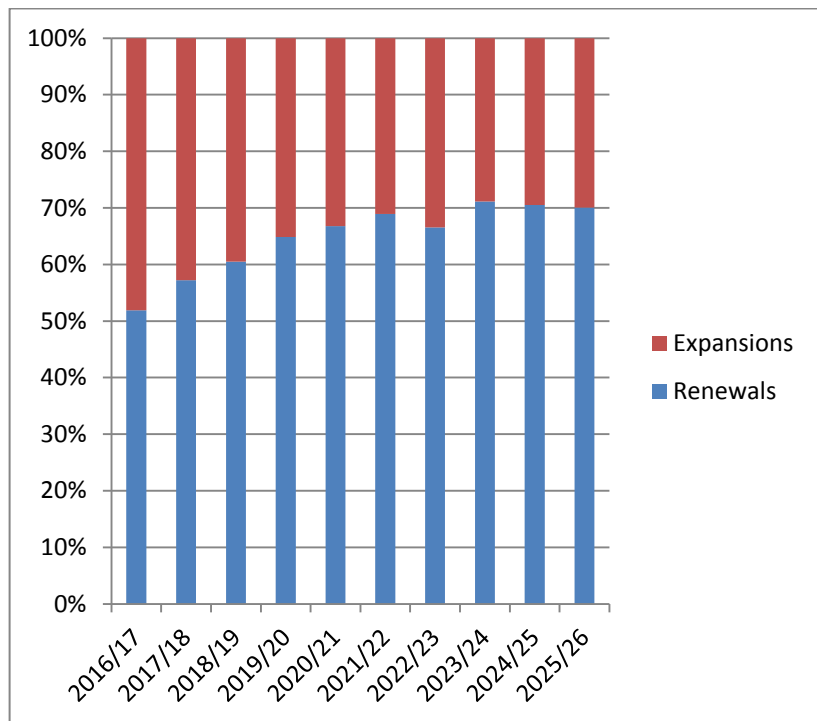
Council’s Recurrent Expenditure

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 \$38.049m to \$46.317m, over the ten years in the plan, which is an increase of 21.73%.



Council’s Capital Expenditure

Council’s capital expenditure is per Council’s current capital program and consists of capital works that renew (replace with new) Council’s current asset base and capital works that expand Council’s asset base (i.e. create new assets). Council’s forecast capital program includes an average of \$12.62m worth of Capital works per annum, resulting in an average asset renewal ratio of 100.28% (the 2013/14 NSW state average is 91.2%) and an asset renewal surplus over the life of this plan of \$232k. Note that figures for General Fund are considerably higher.



Council had a significant capital backlog with insufficient funding to address the issue. This has been addressed to some degree with the continuing record capital renewal program. However, Capital works are not only reliant on available funding but also highly susceptible to delays caused by floods or other natural disaster events and it is probable that in some years the full capital budget will not be spent and may be revoted into the following year.

Is Council Fit for the Future?

On 10 September 2014 the Office of Local Government (OLG) announced the Fit for the Future reform package, which required that Council prepare a proposal (including an Improvement Action Plan – IAP) by 30 June 2015 on how Council planned to become “Fit for the Future”. After much consultation within Council, and with the community, Council prepared its Improvement Action Plan and Fit for the Future Template 2 Submission and submitted its final Fit for the Future Council Improvement Proposal in June 2015. Council received a final verdict from IPART in October of the same year.

IPART's findings for WSC were that although Council met the financial criteria overall in the original submission, IPART did not agree with Council's assumptions around the re-distribution of FAGs grants from urban councils to rural councils and backed out revenue (roughly \$1m per annum) related to this Improvement Action Plan from the calculations. Once the \$1m expected annual increase in FAGs grants were backed out from the calculations, Council no longer met the Operating Performance Ratio and Efficiency Ratio, and was deemed “Not-Fit” by IPART.

Despite being deemed “Not-fit” Council has continued with the implementation of its IAP, and subsequently held an extraordinary Council meeting on 28 October 2015 to identify further savings such as the implementation of a stormwater levy, further reviews of staffing levels and a review of service levels resulting in either a 10% Special Rates Variation or a corresponding 10% cost saving due to a reduction in service levels to be introduced in the 2018/19 financial year.

Council's Improvement Action Plan has already started to show results with Council expected to meet or come close to meeting all the FFF benchmarks in the 2015/16 financial year. To date Council has implemented savings of \$1.517m in general fund due to the implementation of its FFF IAP.

Although Council is definitely trending towards meeting the Fit for the Future benchmarks (as demonstrated by 2015/16 actuals) and the forecasts in the LTFP, there is no room for complacency, and Council must remain diligent in its implementation of its FFF Improvement Action Plan.

On Monday 2 May 2016 the Office of Local Government released the “Fit for the Future” Financial Criteria Reassessment document. This document details how councils that did not meet the sustainability, service and infrastructure and efficiency benchmarks can now revise their improvement plans and resubmit them for assessment.

Council is now in the process of revising its Improvement Action Plan for resubmission to the OLG, and is hopeful that it will be deemed “Fit” post this review.

Table of Contents:

Part 1: Introduction	5
1.1 About Warrumbungle Shire	5
1.2 What Services does Warrumbungle Shire Council Provide?	7
1.3 What is a Long Term Financial Plan (LTFFP)?	7
1.4 Changes in Council’s updated 2015/16 Long Term Financial Plan.....	9
Part 2: General Planning Assumptions.....	10
2.1 Fit for The Future	10
2.2 Demographic Assumptions	13
2.3 The Impact of Mining	16
2.4 Political Trends and Government Policy.....	18
Part 3: Revenue	19
3.1 Rates and Annual Charges	20
3.2 User Charges and Fees	23
3.3 Interest and Investment Income	25
3.4 Other Revenue.....	27
3.5 Grants and Contributions	28
3.6 Gains/(Losses) from Disposal of Assets	30
Part 4: Recurrent Expenditure (OPEX)	32
4.1 Employee Benefits and On-costs	32
4.2 Borrowing Costs.....	34
4.3 Materials and Contracts	36
4.4 Depreciation, Amortisation and Impairment	37
4.5 Other Expenses	38
Part 5: Capital Expenditure (CAPEX)	40
Part 6: Assets and Liabilities	54
Part 7: Financial Analysis	55
7.1 General Fund.....	56
7.2 Water Fund.....	61
7.3 Sewer Fund.....	66
7.4 Consolidated.....	71
Part 8: Summary of Results.....	76
Part 9: Sensitivity Analysis	78
Part 10: Conclusion and the Way Forward.....	88

Part 1: Introduction

1.1 About Warrumbungle Shire

Population:	9,588 (2011 Census)
Area:	12,380 square kilometres
Towns:	Baradine, Binnaway, Coolah, Coonabarabran, Dunedoo, Mendooran
Villages:	Bugaldie, Kenebri, Merrygoen, Neilrex, Leadville, Cobbora, Uarbry, Ulamambri
State Seat:	Barwon
Federal Seat:	Parkes

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

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

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

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



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

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

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

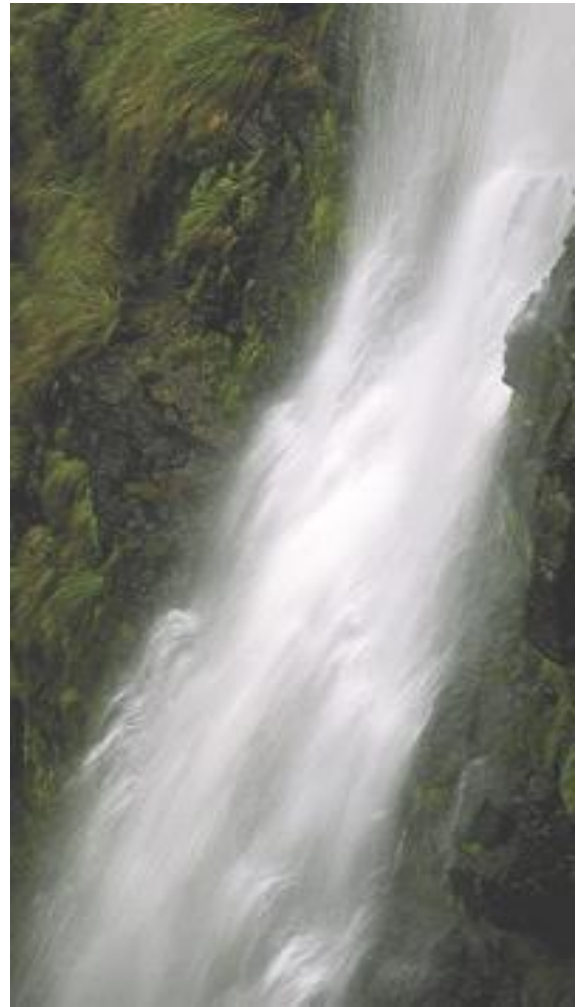
Siding Spring Observatory, located 25kms from Coonabarabran is the site of a number of internationally owned and operated optical telescopes where major research has recorded amazing truths of the universe, supporting Coonabarabran's claim to the name "Astronomy Capital of Australia".

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

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

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

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



1.2 What Services does Warrumbungle Shire Council Provide?

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

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

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

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

1.3 What is a Long Term Financial Plan (LTFP)

The Long Term Financial Plan (LTFP) is one of three components of the Resourcing Strategy under the new Integrated Planning and Reporting framework (IP&R). The Resourcing Strategy details the resources required to fulfill the outcomes requested by the community as part of the Community Strategic Plan, and includes an Asset Management Plan, 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 LTFFP. This information is captured in the ten year capital program from the AMP, which has been included in Part 5 of the LTFFP.

Part 6 of the LTFFP 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 LTFFP includes the financial statements for Council's base scenario for General fund, Sewer fund and Water fund (i.e. income statement, balance sheet, cash flow statement and asset movement schedule). It should be noted that Council's base scenario is Council's best estimate of Council's financial performance and position over the ten year timeframe in the LTFFP. An analysis of the results presented in the financial statements for each separate fund can be found in Part 8 of the plan.

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

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

1.4 Changes on Councils updated 2016/17 LTFFP

The 2016/17 Long Term Financial Plan is Council's Fifth cut of its LTFFP, and is structured predominately the same way as the previous reports with the following changes:

- Council's sensitivity analysis section has been reviewed and emphasis has been placed on FAG grants, Special Rate Variance and Fit for the Future adjustments;
- A greater emphasis on comparing Council's overall financial performance under the alternative scenarios (i.e. base, optimistic and pessimistic) has been provided including high level comments on each KPI grouping;
- An analysis detailing the financial position and performance for Council's separate funds including General Fund, Sewer Fund and Water Fund have been provided with greater detail;
- The scenario analysis detailing the pessimistic and optimistic assumptions focuses on General Fund with emphasis on the importance of FAG's and FFF initiatives.

Part 2: General Planning Assumptions

2.1 Fit for The Future

Current Status of the Fit for the Future Program

On 10 September 2014 the Office of Local Government (OLG) announced the Fit for the Future reform package, which required that Council prepare a proposal by 30 June 2015 on how Council planned to become “Fit for the Future”. This proposal was to include an Improvement Action Plan (IAP) which detailed Improvement Action Plans that Council would implement to ensure it was Fit for the Future going forward.

Council’s Improvement Action Plan initially included the following items:

No	Measure	Initial Annual Saving Estimate
Items Under Council Control		
1	Staffing Level Review	\$745,625
2	Plant Review	Average \$220,000 p/a + \$400k for sale of grader
3	Business Arms of Council Review	\$190,000
4	Service Levels and Special Rates Variation (SRV)	\$817,000
7	Capital Program Review	-
8	Resource Sharing	\$50,000
9	Depreciation Assumptions	\$1,000,000 (estimate)
10	Private Works	\$50,000
11	Quarry	\$83,111
13	Grant Funded Program Review	\$57,210
21	Stormwater Levy	\$105,000
Items Involving Third Parties		
5	State Roads Maintenance Contracts	-
6	FAGS Fairer Distribution	\$1,000,000
23	Push Back on Cost Shifting	\$1,108,564
Items Involving Further Research		
15	Library Services Review	Unknown
16	VIC	Unknown
19	Solar Power Utilisation Review	Unknown
24	Alternate Business Arms of Council	Unknown

Of these items all were approved by Council (some with changes) for inclusion in Council’s Fit for the Future Proposal except for items number 4 (service levels and special rates variation) and item number 21 (Stormwater Levy). These two Improvement action plans were subsequently adopted in the Extraordinary Council Meeting held on 28 October 2015. The following items were reviewed by Council but were excluded from the submission.

No	Measure	Annual Saving
12	Pricing Review (Subsidised items)	Average \$55k p/a over 5 years
14	Asset Divestment	Varies
17	Noxious Weeds	-
18	Road Safety Officer (RSO)	\$50,000
20	Office Location Review	\$209,000 to \$281,000
22	Better Utilisation of Grant Funding	-

After much consultation within Council, and with the community, Council prepared its Improvement Action Plan and Fit for the Future Template 2 submission and submitted its final Fit for the Future Council Improvement Proposal in June 2015. Council received a final verdict from IPART in October of the same year.

IPART's review of Council's Proposal found the following:

- Council meets the Scale and Capacity criteria;
- Council does not meet the financial criteria overall;
- Although Council met the financial criteria overall in the original submission, IPART did not agree with Council's assumptions around the re-distribution of FAGs grants from urban councils to rural councils and backed out revenue (roughly \$1m per annum) related to this Improvement Action Plan from the calculations;
- Once the \$1m expected annual increase in FAGs grants were backed out from the calculations, Council no longer met the Operating Performance Ratio and Efficiency Ratio;
- Council met all other ratios, even after IPART adjustments for the \$1m annual increase in FAGs grants.

Council subsequently held an extraordinary Council meeting on 28 October 2015 where Council resolved to do the following:

- Staff restructure over the following 5 years (annual savings of \$300,000);
- Introduction of a Stormwater Levy to fund stormwater works in accordance with the Local Government Act (annual savings of \$105,000);
- Either a 10% Special Rates Variation or a corresponding 10% cost saving due to a reduction in service levels (annual savings of \$750,000) FURTHERMORE that Council finalise its current service levels, determine what level of service can be provided within the current budget and then consult with the community on what level of service they are willing to pay for, and whether or not Council should submit a Special Rates Variation application in either the 2016/17 or 2017/18 financial year.

On Monday 2 May 2016 the Office of Local Government released the "Fit for the Future" Financial Criteria Reassessment document. This document details how Councils that did not meet the sustainability, service and infrastructure and efficiency benchmarks can now revise their improvement plans and resubmit them for assessment.

Council is now in the process of revising its Improvement Action Plan for resubmission to the OLG, and is hopeful that it will be deemed "Fit" post this review.

Success of Council's Improvement Action Plan to date

Council's Improvement Action Plan has already started to show results with Council expected to meet or come close to meeting all the FFF benchmarks in the 2015/16 financial year. To date Council has implemented savings of \$1.517m in general fund due to the implementation of its FFF IAP. Details of cost savings to date and forecasted savings over the following five years can be found in the following table:

IAP No	Improvement Action Plan	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
1	Staffing Level Review (note includes savings to date indexed)	329,272	338,492	348,308	358,061	368,087	378,393
2	Plant Review	-	-	100,000	175,000	200,000	200,000
3	Business Arms of Council Review	194,750	194,750	199,619	204,609	209,724	214,968
7	Capital Program Review	-	-	-	-	-	-
8	Resource Sharing	-	-	50,000	50,000	50,000	50,000
9	Depreciation Assumptions	855,610	877,000	898,925	921,398	944,433	968,044
10	Private Works	80,591	20,000	20,000	30,000	40,000	40,000
11	Quarry	-	-	100,000	100,000	100,000	100,000
13	Grant Funded Program	57,210	58,640	60,106	61,609	63,149	64,728
4	Special Rates Variation	-	-	-	254,760	524,492	817,794
21	Stormwater Levy	-	106,000	106,000	106,000	106,000	106,000
-	Further staff savings through attrition	-	185,040	320,296	394,510	606,776	623,765
5	State Roads Maintenance Contracts	-	-	-	-	-	-
6	FAGS Fairer Distribution	-	-	-	-	-	-
23	Push Back on Cost Shifting	-	-	-	-	-	-
15	Library Services Review	-	-	-	-	-	-
16	VIC	-	-	-	-	-	-
19	Solar Power Utilisation Review	-	30,000	30,000	30,000	30,000	30,000
24	Alternate Business Arms of Council	-	-	-	-	-	-
	Total:	1,517,433	1,809,922	2,233,254	2,685,947	3,242,661	3,593,692

2.2 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)

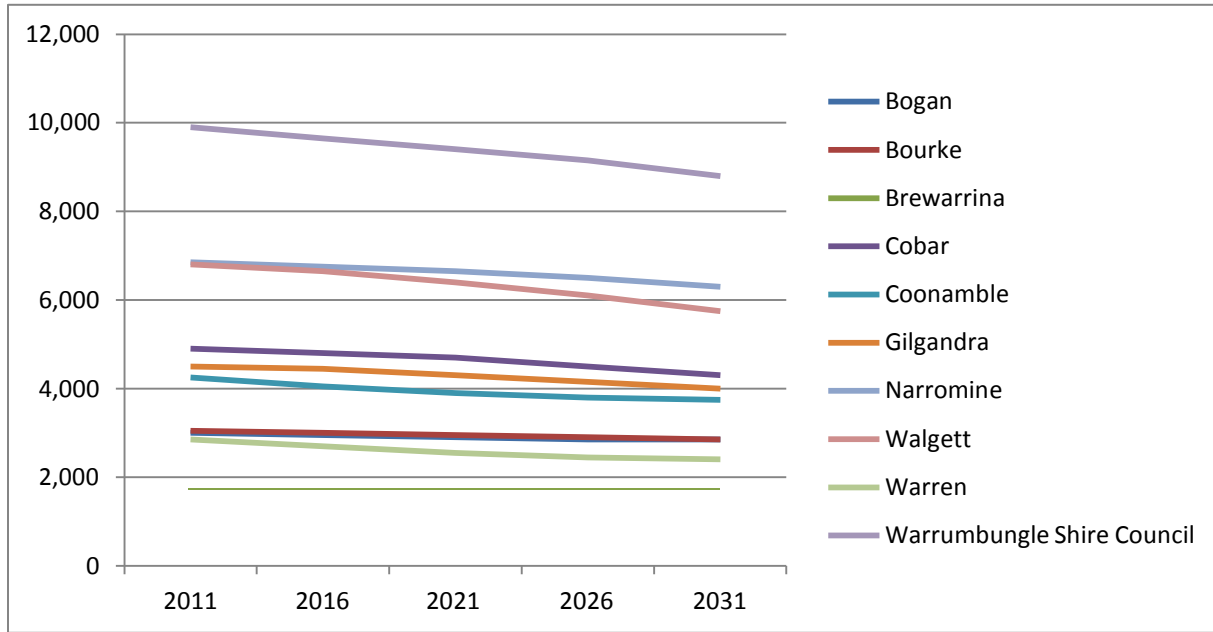


All Orana Region of Councils LGAs (excluding Dubbo) are expected to undergo population decline in the following years which will negatively affect the availability of services, as well as reduce employment/business opportunities, and access to facilities and clubs within these LGAs. In many cases Councils 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 Environment (DP&E) 2014 Population Projections 2011-2031, 2014). It should be noted that these projections are not written in stone, although the general downward trend was confirmed in the recent 2011 census with Warrumbungle Shire Council's population declining further to 9,588.

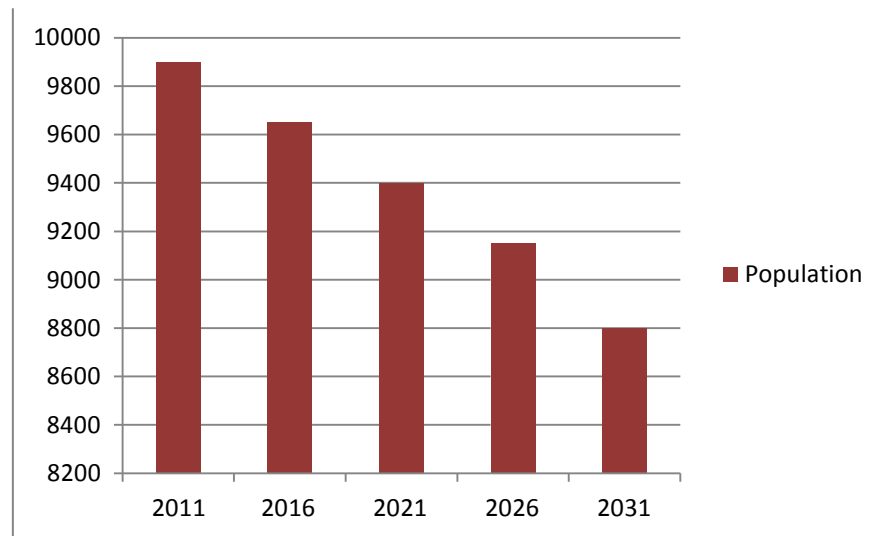
The ABS also reported in its *Regional Population Growth, Australia, 2011-12* report a decline of 100 people in the Coonabarabran Statistical Area Level 2 which includes most of Warrumbungle Shire with the exclusion of Dunedoo and surrounding areas in the south of the shire. This was the second largest population decline (in terms of statistical area level 2) in rural NSW.

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 9,900 in 2011 to roughly 8,800 in 2031. It should be noted that this is a significant decrease when compared to the previous DP&E forecast which projected a fall to 9,500.

Diagram 4 – Warrumbungle Shire Council Projected Population



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

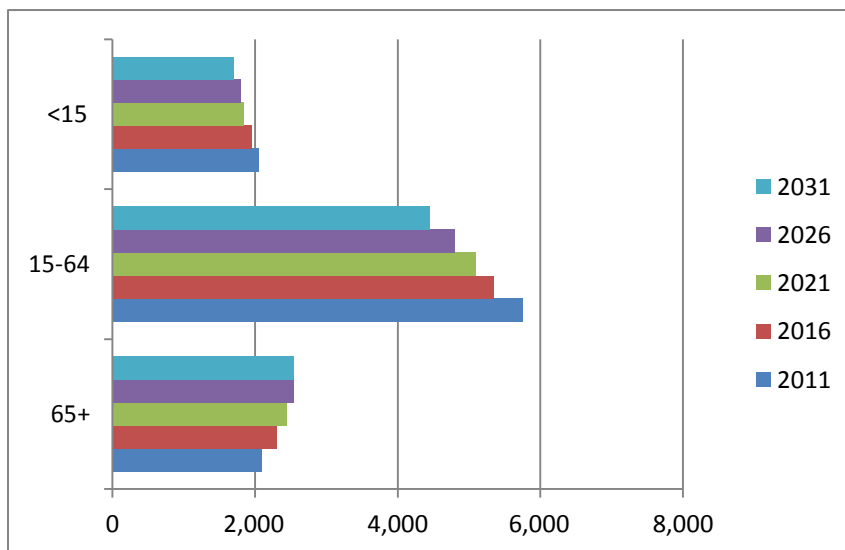
- Reduced income from user charges;

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

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

Unfortunately, population decline is not the only demographic problem that Council currently faces. As young adults migrate out from the Shire, the dependency ratio of the population remaining will increase putting further strain on Council’s ability to remain financially solvent in the long run. An ageing population can negatively affect Council’s financial position through increased costs for the provision of aged care, decreased ability to recruit staff, and reduced business and other opportunities available within the Shire thus causing further declines in youth numbers as young adults leave due to the lack of peers, suitable youth facilities, employment and training opportunities. The changing age structure of the population is best captured in the following diagram (Source: DP&E 2014 Population Projections 2011-2031, 2014):

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 \$32,792 p.a. compared to a NSW average of \$48,139 (Source: ABS National Regional Profile).

2.3 The Impact of Mining

On 5 January 2010 a proposal for an open cut coal mine at Cobbora, about 22km south west of Dunedoo was submitted to the DP&I. 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 was originally expected to commence in July 2013 with construction crews to 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.

On 1 July 2013, the State Government announced that it intends not to continue with the mine. Alternatively, it proposes to sell or lease the Cobbora Coal Project. The agreements with Origin Energy, Macquarie Generation and Delta Electricity to supply coal to four large coal-fired power stations in NSW have since been terminated. Requests have been made for private businesses to invest in the mine to operate the mine as a private business.

It was originally expected that the mine would result in roughly 50-100 new dwellings being required in the area to accommodate new staff, and that the mine would commence operations in 2015. If the mine is successfully sold to a private entity, the possible financial impacts on Council from the Cobbora mine would 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).

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

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

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

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

- Construction of three rivers retirement village;
- Construction of heavy vehicle and RV parking area;

- Streetscape enhancement in Dunedoo;
- Milling Park playground equipment improvements and new toilet block;
- Robertson Oval second oval development and netball courts;
- Mendooran and Dunedoo tennis courts upgrade;
- Rejuvenation of MPC and Jubilee Hall.

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

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

2.4 Political trends and Government policy

The Local Government sector currently faces a high level of uncertainty due to the Fit for the Future reforms. Councils are now being merged across the state and councils such as Warrumbungle Shire Council who were deemed “Not-fit” by IPART have now been granted another opportunity to resubmit their Improvement Action Plan in order to be deemed fit by the OLG.

The Fit for the Future reforms have given Council an opportunity to critically review its operations and as demonstrated in Section 2.1 Council has used this opportunity to its advantage and has identified and made significant cost savings in the 2015/16 financial year.

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

- Risk relating to grants and contributions from State and Federal Government (as demonstrated with the recent pause in indexation of the FAGs grants). On the flip side, recent increases in funding for capital works (e.g. R2R, NSRF) have provided a much needed injection of revenue to councils;
- Risks and opportunities relating to the FFF program, including opportunities such as reforms around rate pegging, the redistribution of FAGs grants, access to cheaper loan funding and risks such as a further push towards amalgamation and centralisation of some Council services at the JO level;
- Pressure on local councils to amalgamate or share services;
- Increased reporting requirements from other levels of government, which although helpful can be resource intensive for smaller councils;
- Increased Federal and State Government pressure for Local Government to provide increased services without the commensurate financial support (cost shifting);

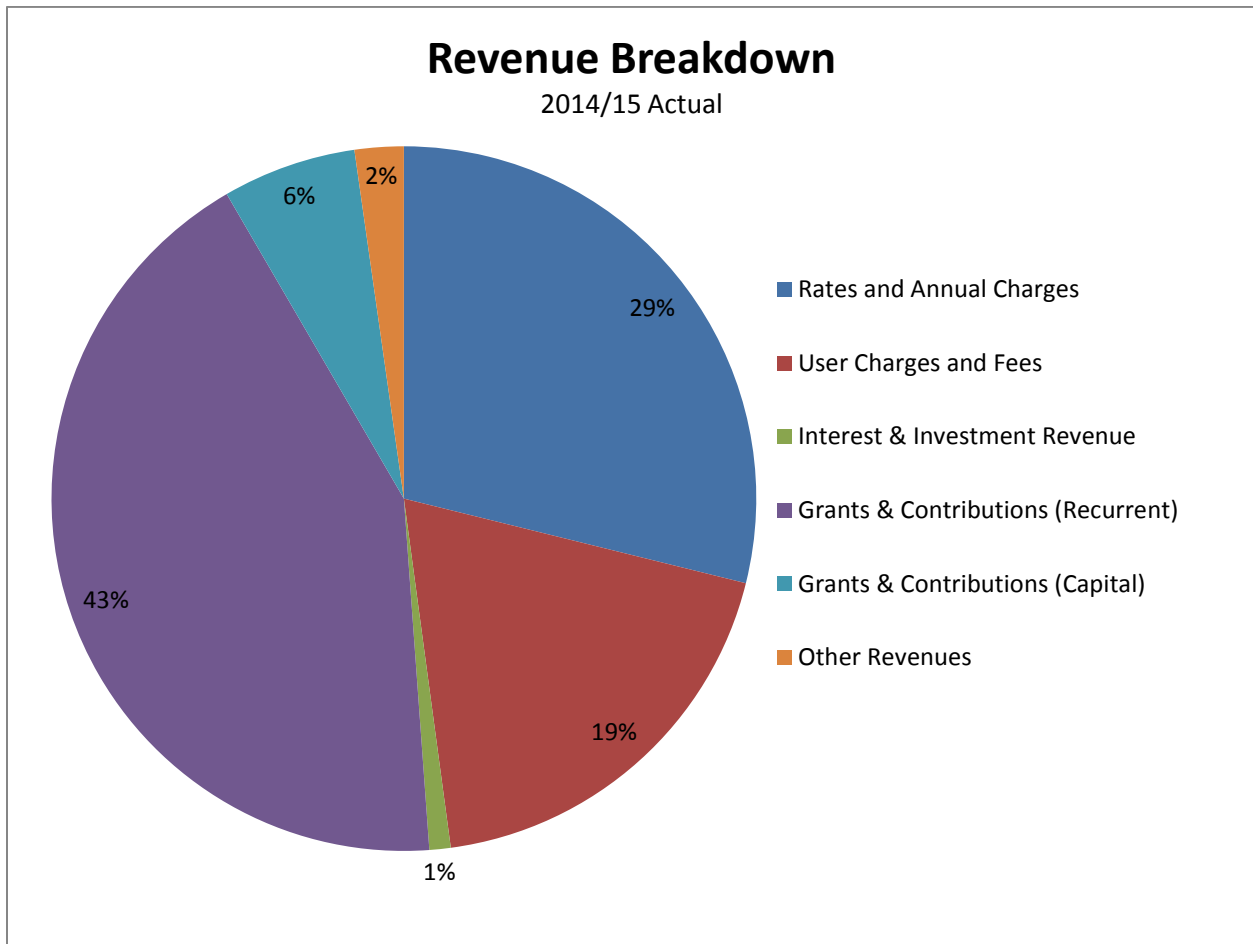
Fit for the Future adjustments have been incorporated into the base scenario of Council’s LTFP, and all adjustments are detailed at line item level in Section 2.1. Council has not included assumptions around the redistribution of FAGs grants in its forecast, even though there is a high chance that the redistribution of these grants to rural and regional councils is likely to happen.

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 (per recommendations from the Future Directions Report), and that the level of service sharing cannot 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.

Part 3: Revenue

Warrumbungle Shire Council obtains revenue from a variety of sources including rates and annual charges (2014/15: \$11.156m), user charges and fees for services (2014/15: \$7.349m), interest and investment revenue (2014/15: \$0.377m), other revenue (2014/15: \$0.862m) and grants and contributions for both operating and capital purposes (2014/15: \$18.905m). Council also receives gains or incurs a loss from the disposal of assets (2014/15: \$0.169m gain). The breakdown of revenue (not including gains/losses from the disposal of assets) by type for the 2014/15 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 48.69% of total revenue in 2014/15 as opposed to the NSW average of 27% (2012/13) and 44% (2012/13) for similar large rural Councils per the OLG's Comparative Information on NSW Local Government.

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 28.73% of Council's revenue, and consist of ordinary rates for residential land, farmland and businesses (2014/15: \$7.121m), and annual charges for domestic waste management, water supply and sewerage supply (2014/15: \$4.035m).

Council levies an ordinary rate for each year on all ratable land in the Shire per s.495 of the Local Government Act 1993 (the Act). Council's rates are structured on the basis of a base rate and an Ad Valorem on the land value of the property with property valuations provided by the NSW Valuer General on a three year cycle. The 2015/16 rating year was the first year of a new valuation cycle. Council's rating structure is reviewed annually and is assumed to remain constant over the life of the LTFP.

Council currently levies rates for three of the four categories under S.493 of the Act (farmland, residential and business) and have set a mining rate although there are currently no properties in this rate category. The following table provides an overview of each rate category in the context of Council's overall forecast rates revenue for the 2016/17 financial year.

Category	Base Rate	Ad Valorem	Total Rate Revenue	Number of Properties	Value of Properties
Residential	\$860,968	\$1,308,769	\$2,169,737	3,833	\$139,888,450
Farmland	\$966,810	\$3,947,141	\$4,913,951	1,742	\$891,787,510
Business	\$133,606	\$436,552	\$570,158	376	\$15,760,030
Mining	-	-	-	-	-
Total:	\$1,961,384	\$5,692,461	\$7,653,845	5,951	\$1,047,435,9

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

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

Fit for The Future potential special rates variation

As part of Council's FFF Improvement Action Plan, Council considered (and subsequently approved) a 10% Special Rates variation or an equivalent reduction in services in order to meet the financial criteria as prescribed under the FFF program. The 10% SRV or equivalent reduction in services has been incorporated into the LTFP based on a submission in 2017/18 for implementation in the 2018/19 financial year.

Rate Pegging

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

On 7 December 2015, IPART announced that the rate peg amount for the 2016/17 financial year will be set at 1.8%. The rate peg is determined by IPART using a Local Government Cost Index and a productivity factor. The 1.8% rate peg for the 2016/17 financial year is the lowest increase in at least the last nine years. Council has determined to apply the full rate peg amount. The projections in the LTFP assume a rate peg of 1.8% for the 2016/17 financial year and 2.5% in later years.

Pensioner Subsidies

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

Population change

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

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 2016/17 financial year, followed by a 2.5% increase 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). Both Water charges (access charges) and sewerage charges are forecasted to increase by 2.5% per annum over the 4 years of OP/DP. Afterward, Water charges are forecasted to increase by 5.2% and Sewerage charges by 5.0% per annum over the rest of the LTFP. 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

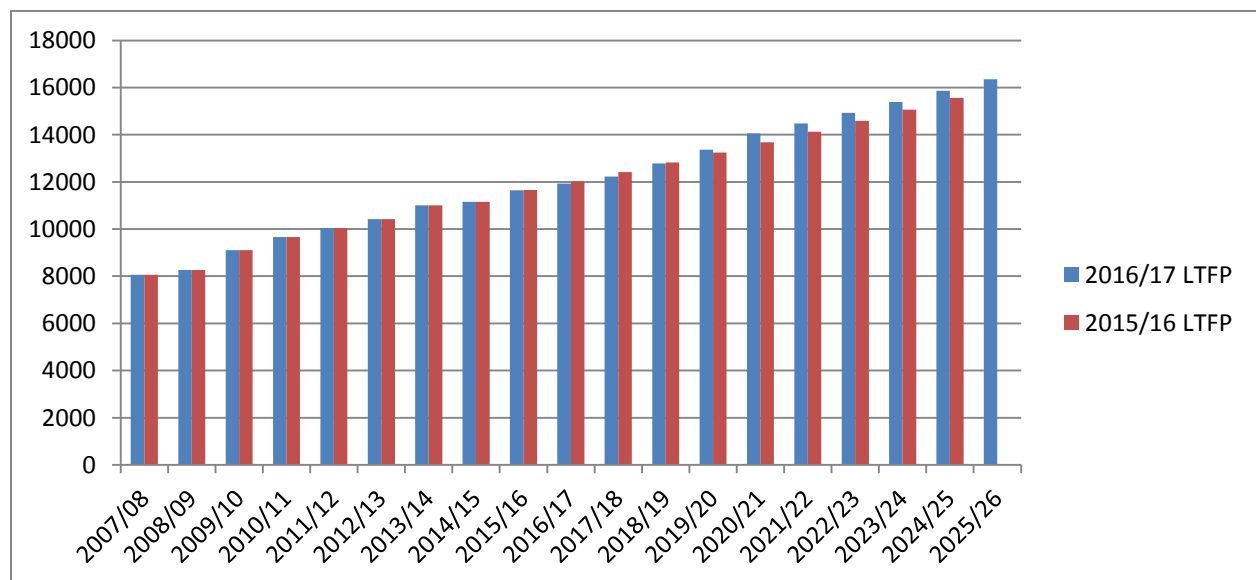
are commercially sustainable in the long run (i.e. cost increases need to be covered by revenue, and that revenue will also cover the cost of future major capital replacements and upgrades).

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 1.8% for 2016/17, and 2.5% for later years;
- **Pensioner subsidy** – Assume movement in the rate/charge item the pensioner subsidy relates to. There has been no adjustment in the base scenario for the impact of population ageing on the pensioner subsidy amount;
- **Annual Charges (Water & Sewer)** – 2016/17 forecasts water access charges to increase by 2.5% per annum and sewer charges to increase by 5.6%. From 2017/18 to 2019/20 both water and sewer charges are expected to rise by 2.5% and from 2020/21 charges are expected to rise by 5% for each of the later years;
- **Domestic waste management** – Increases per new budgeted charges in 2016/17 and then by 2.5% thereafter.

Council’s projected rates and charges revenue for the 2015/16 to 2025/26 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2007/08 to 2014/15 financial years are actuals per Council’s audited financial statements.

Diagram 6 – Projected Rates and Annual Charges Revenue



The variance between the 2015/16 and 2016/17 forecasts is due to the 2015/16 forecast factoring in a 2.8% increase in rates pegging and a 3.5% increase in water access and sewer charges.

3.2 User Charges and Fees

Council derives roughly 18% of its total revenue from user charges and fees. In the 2014/15 financial year the breakdown of user charges and fees was:

- Charges for water supply (\$1.330m);
- Sewerage services (\$0.085m);
- RMS charges for work carried out by Council on state roads (\$3.045m);
- Child care fees (\$0.726m);
- Aged care fees (\$0.149m);
- Cemetery fees (\$0.082m);
- Private works under S.67 of the Local Government Act (\$0.214m);
- Swimming centres (\$0.115m);
- Other revenue (\$1.603m).

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

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

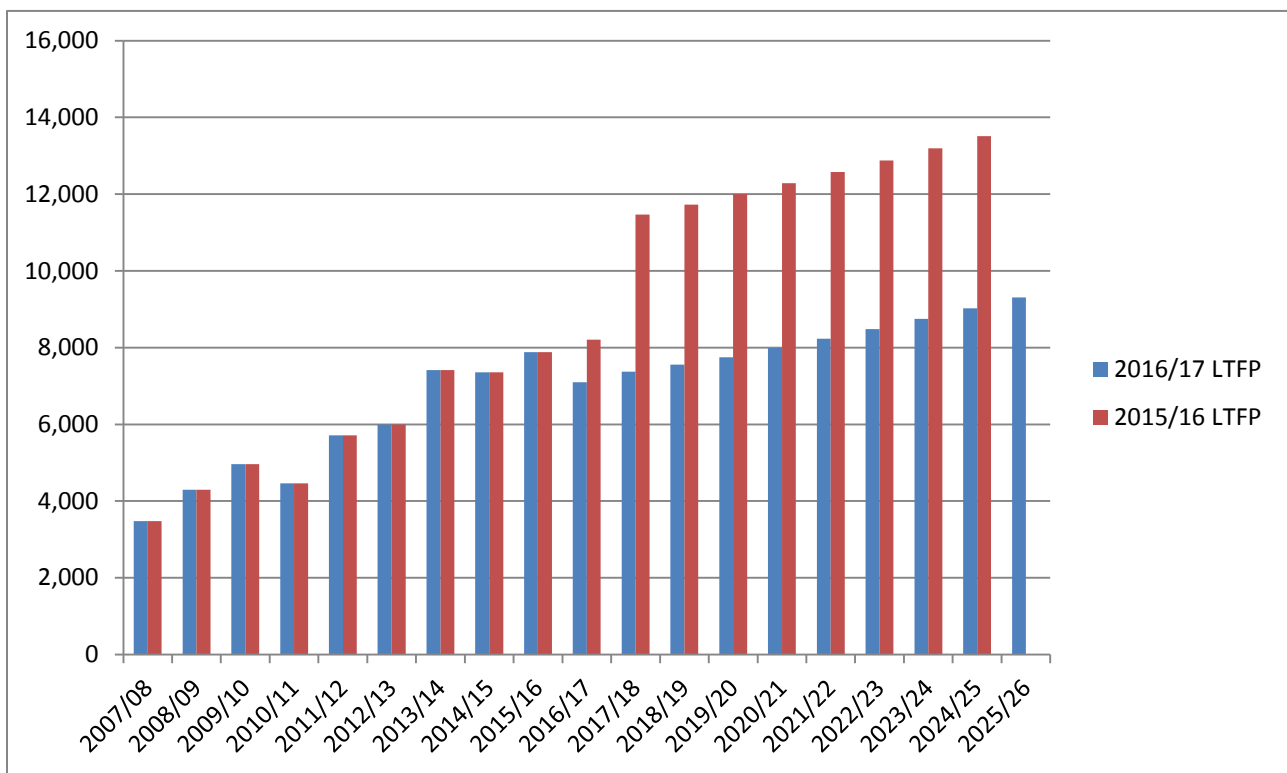
The assumptions used for the projection of user charges and fees in the base scenario are:

- **Water and sewerage charges** – Water consumption charges are forecast to increase by 2.63% from \$1.90 per kl in 2015/16 to \$1.95 per kl in 2016/17 and then increase steadily thereafter by 2.5%, with water consumption remaining constant at 738,000kl per annum. Revenue relating to non-residential sewerage is assumed to increase by 2.5% for each of the years within the LTFP (assumes full cost recovery);
- **RMS charges, private works and other revenue** – Assumes that road maintenance contracts with RMS will continue as per prior years with a 2.5% increase each year. Private works are assumed to also increase by 2.5% each year. Similarly, other revenue is assumed to increase by CPI (2.5% in the base scenario);
- **Child care fees and swimming centres** – Assumed to increase by CPI over the life of the LTFP;
- **Aged care and cemeteries** – Assumed to increase by CPI;

- Quarry Revenue** – Quarry Revenue for 2016/17 is based on estimates from Council’s Technical Services Directorate based on forecast product volume and exploitation trends. This figure is forecast to increase by CPI in the outer years plus a \$100,000 increase starting in the 2017/18 financial year as a result of the quarry expansion. (included in Council’s FFF return).

Council’s projected fees and charges revenue for the 2015/16 to 2025/26 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2007/08 to 2014/15 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 7 – Projected Fees and Charges Revenue



The variance between the 2015/16 and 2016/17 forecasts is predominantly due to the 2015/16 forecast assumed increases of 2.7% instead of 2.5% per annum for RMS Charges, 3.5% instead of 2.5% per annum for Water and Sewerage Charges. Furthermore, the 2015/16 forecast previously expected greater RMS works of approximately \$3m each year due to more aggressive lobbying per Council’s FFF proposal; whereas the 2016/17 forecast reflects a new baseline from the 2015/16 actuals.

3.3 Interest and Investment Income

Interest and investment income accounts for approximately 1.0% of Council's total revenue (2014/15:\$0.377m), and Council holds significant funds in both long term investments and term deposits (2014/15: \$15.393m). 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 \$503k on hand for operational needs with the remaining cash balances invested in TDs or other investments. Returns available depend on the investment vehicle, although all TDs assume the cash rate plus 0.75% (i.e. 2.50% for the base scenario).

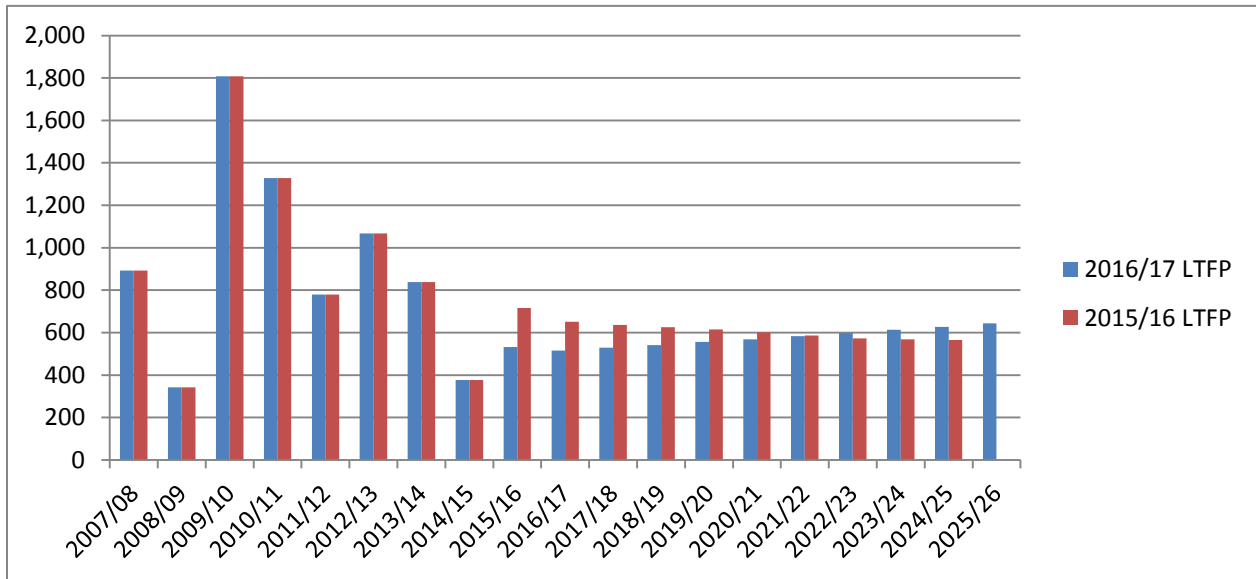
Council's investment policy requires that Council invest surplus funds at the most favorable rate of interest available to it at the time whilst having due consideration of risk and security for that investment type. Although Council has historically invested a significant portion of its available funds 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. Council no longer holds any CDO's or CPNs on its books.

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

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

Council's projected interest and investment income for the 2015/16 to 2025/26 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2007/08 to 2014/15 financial years are actuals per Council's audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council's LTFP in red.

Diagram 8 – Projected Interest and Investment Income



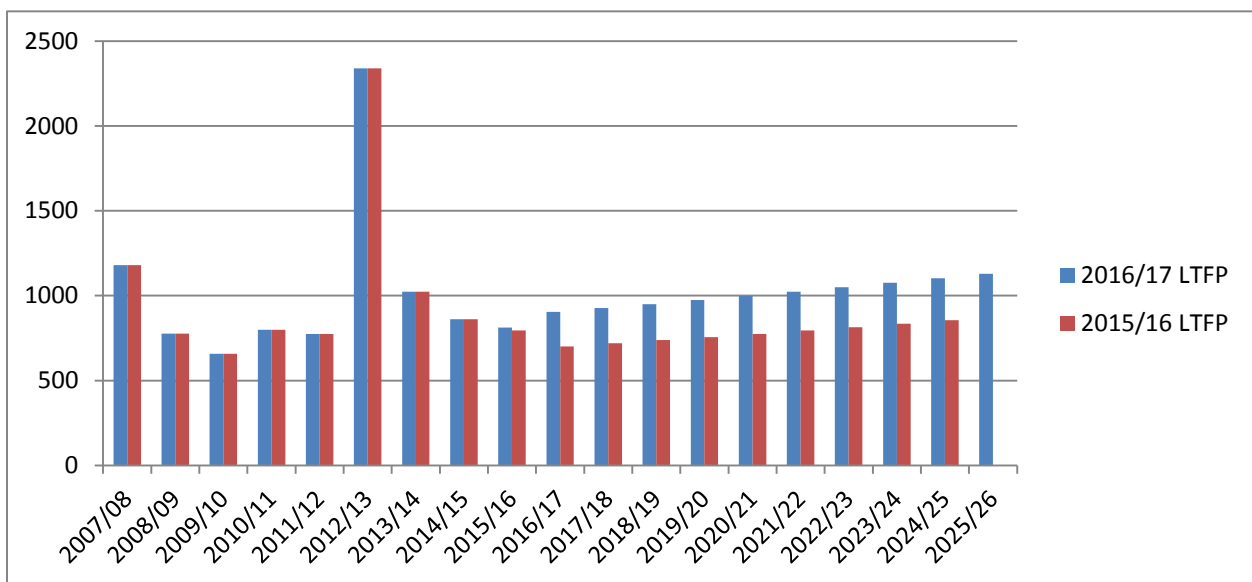
The variance between the 2015/16 and 2016/17 forecasts is predominantly due to the reduction in the cash rate by the Reserve Bank of Australia.

3.4 Other Revenue

Other revenue accounts for only 2.23% (2014/2015 actuals) of Council’s total revenue and includes items such as rental income, legal fees recoveries, diesel rebate, insurance claim recoveries and recycling income. It has been assumed for projection purposes that these items will all increase by CPI in the base model.

Council’s projected other revenue for the 2015/16 to 2025/26 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2007/08 to 2014/15 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 9 – Projected Other Revenue



The difference in the 2015/16 and 2016/17 forecast is due to a change in baseline from 2015/16.

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 2014/15 financial year Council obtained 48.69% (\$18.905m) 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 2014/15 financial year):

- Financial Assistance Grants (\$6.27m);
- Other Roads and Bridges Funding (\$0.61m);
- Bushfire and Emergency Services (\$3.528m);
- RMS Contribution (\$2.589m);
- Roads to Recovery (\$1.087m);
- Child Care (\$1.157m);
- Aged Care (\$0.660m);
- Pensioner rates subsidy (\$0.254m);
- Other (\$0.376m).

Council's main form of grant assistance is financial assistance grants (16.15% of Council's total revenue in 2014/15, 9.34% in 2013/14) which are Federal untied grants that are distributed between the States and Territories on the basis of their percentage of the total population. In turn the States and Territories distribute these grants to Local Government. These grants are usually indexed each year for increases in CPI and population. Financial assistance grants consist of two components both of which are distributed to councils on the basis of complex formulas:

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

However, with the release of the 2014/15 Federal Budget, the indexation on the Financial Assistance Grants was paused for the subsequent three years ending in the 2017/18 financial year. The effect on the Warrumbungle Shire, like other rural Councils, is significant.

This effect has to an extent been alleviated by the \$550 million increase in Roads to Recovery and Black spot programs and the introduction of the \$1 billion National Stronger Regions Fund which will help construct and improve infrastructure in communities, particularly those with high levels of unemployment.

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

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). Council has no outstanding flood damage monies as at 30 June 2015;
- 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 2014/15 and 2018/19 financial years, and under this round of R2R funding Warrumbungle Shire has budgeted federal funding totaling \$6.846m.

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:

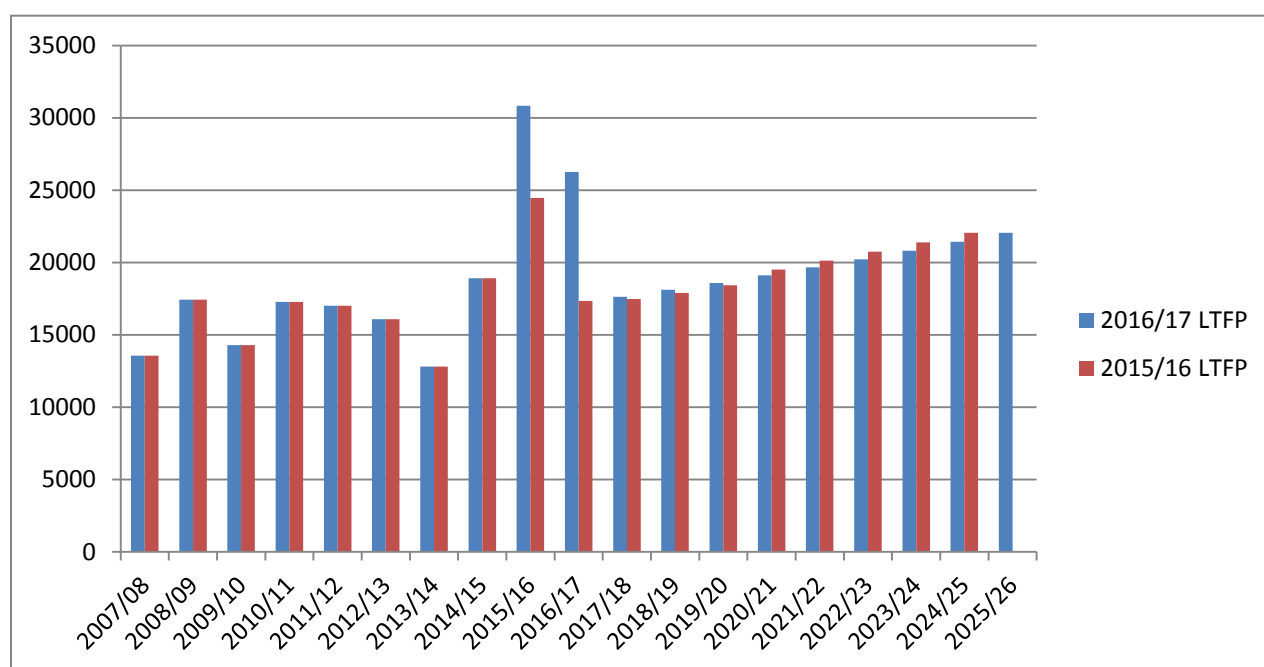
- **Financial Assistance Grants** – Traditionally Council's FAGs grant revenue has increased by 4% per annum over the last 20 years, however the Federal Government has frozen the indexation of FAGs. Consequently, Council has left the FAGs unchanged for the 2016/17 financial year with the grants being indexed by 4% for the remainder of the LTFP.
- **Other roads and bridges funding** – Assumes no Natural Disasters grants over the LTFP timeline and REPAIR program grants of \$400k per annum;
- **Bushfire and Emergency Services** – Assumed to increase by CPI (2.5%);
- **RMS block grants** – Assumed to increase by CPI (2.5%);
- **Roads to Recovery** – Assumes \$3.586m in 2016/17 reducing to \$1.087m in the remaining three years of OP/DP. The grant is then assumed to increase by 2.5;
- **Child Care** – Assumed to increase by CPI (2.5%);
- **Aged Care & Community Care** – Assumes CPI (2.5%);
- **Pensioner Rate Subsidy** – Assume 55% of pensioner subsidy;
- **Other** – Assumed to increase by CPI (2.5%).

- **Discount from LIRS** – Assumes the discount is treated as revenue in each year the discount is received

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

Council’s projected grants revenue for the 2015/16 to 2025/26 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2007/08 to 2014/15 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 10 – Projected Grants Revenue



The 2015/16 and 2016/17 forecast is relatively similar with the variance predominately due to an extra \$2.5m R2R grant, \$3.06m for Other Roads & Bridges funding expected in 2016/17 and the receipt of grant monies from the Cobbora Transition Fund (\$1.837m in 2016/17)

3.6 Gains/(Losses) from Disposal of Assets

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

- Gain/(loss) on the disposal of plant vehicles – Council generally makes a gain from the disposal of plant vehicles at the time of trade in (see graph on following page for historical data).

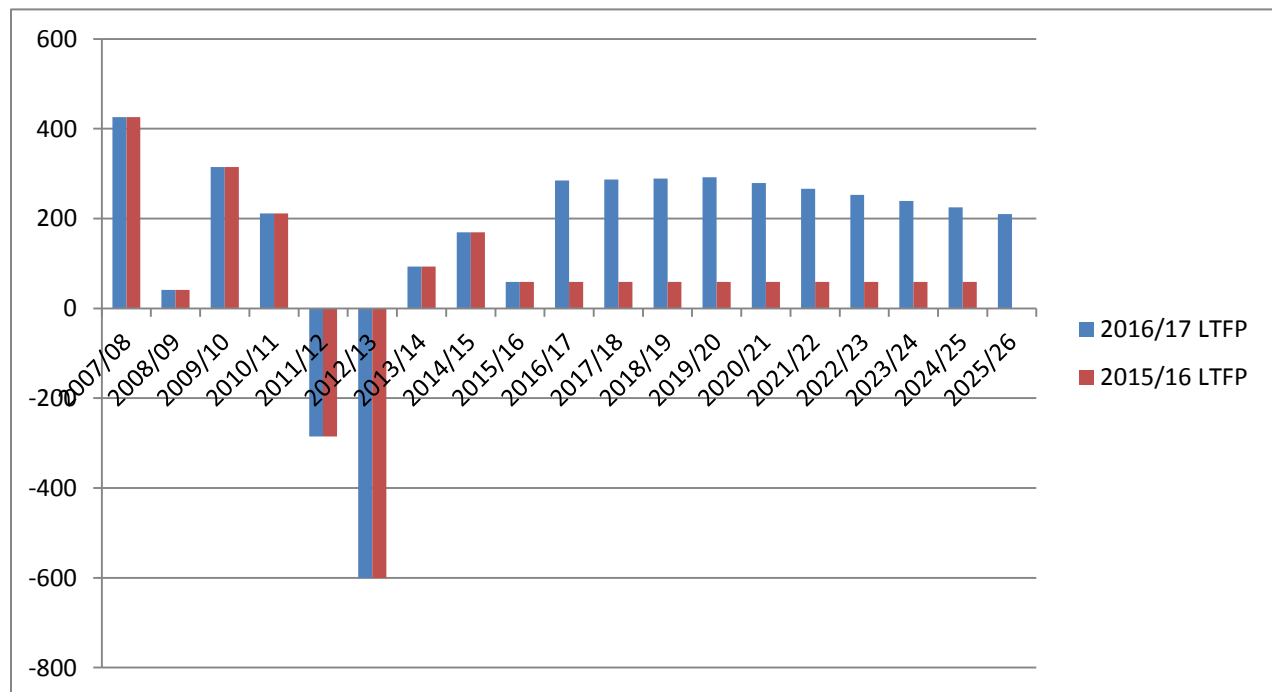
- Losses from the write off of infrastructure assets replaced by Council – As of the 2011/12 financial year, Council began to correctly account for the disposal of assets replaced as part of Council’s road re-seal, pavement rehabilitation, and pavement re-sheeting programs. This results in the write off of any “Book Value” of road assets on their removal or replacement.

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

Council’s forecast gains and losses from the disposal of assets assume a trade in value of \$885k in 2016/17 then indexed by 2.5% per annum for fleet vehicles, plus the expected trade in value for grant funded program vehicles. The WDV of assets disposed is assumed to be roughly \$600k for plant and equipment.

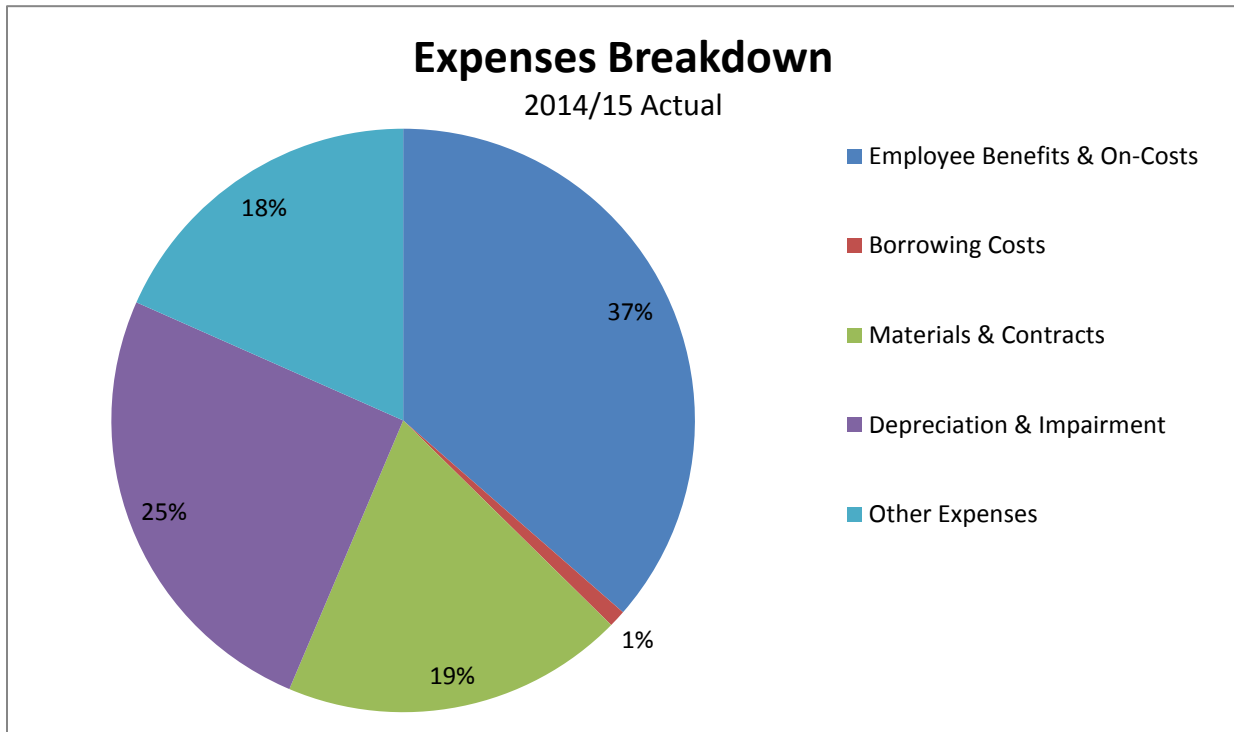
Council’s projected gains from the disposal of assets for the 2015/16 to 2025/26 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2007/08 to 2014/15 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 11 – Projected Gains from the Disposal of Assets



Part 4: Recurrent Expenditure (OPEX)

Warrumbungle Shire incurs the following expenditure in the course of its operations: Employee benefits and on-costs (2014/15: \$14.718m), borrowing costs (2014/15: \$0.383m), materials and contracts (2014/15: \$7.683m), depreciation, amortisation and impairment (2014/15: \$10.206m), other expenses (2014/15: \$7.422m). The breakdown of these expenses for the 2014/15 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 (2014/15: 36.42%). Council employed 183 Full Time Equivalent staff as at 30 June 2015 in a variety of roles. Council currently faces challenges in filling roles (particularly technical roles) due to 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.

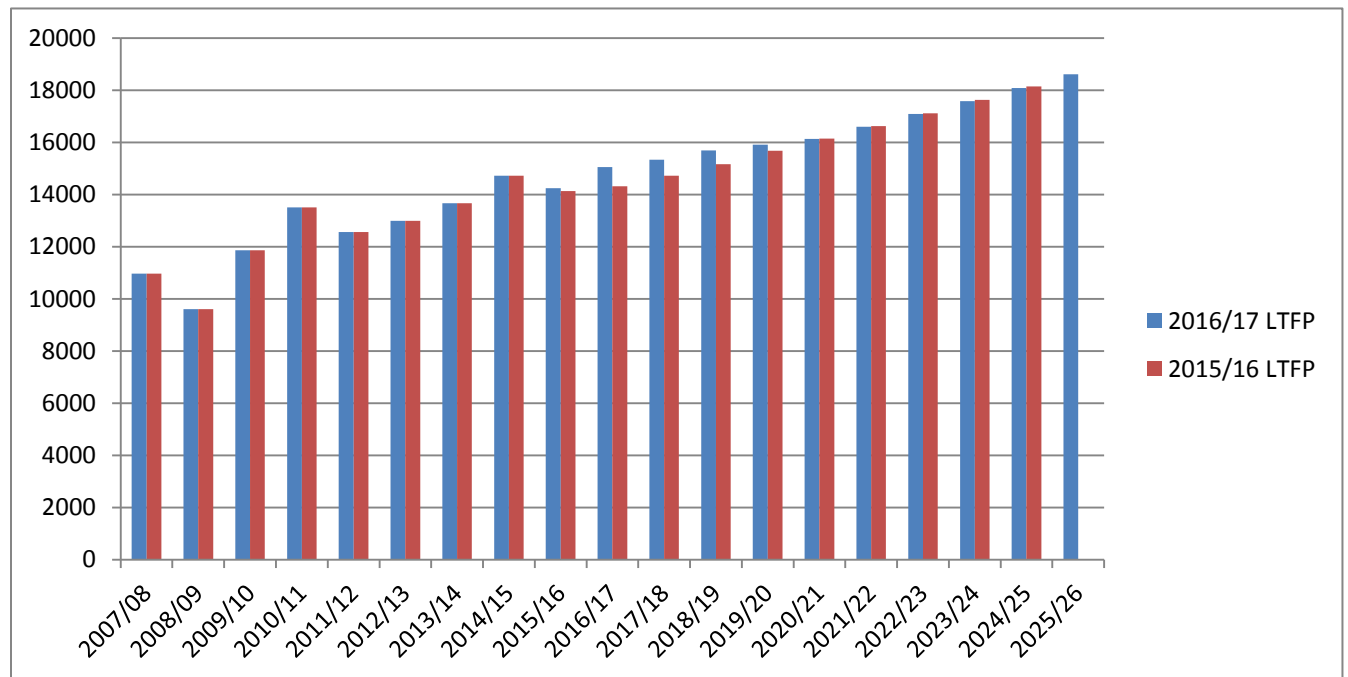
Competition from the mines has recently eased as the mines lay off workers which should somewhat mitigate retention issues with outdoor staff. Employee related issues such as maintaining/improving workforce capacity are dealt with in detail in the Workforce Strategy and have therefore not been addressed in the LTFP. Despite the above mentioned challenges Council has now filled a majority of its vacant positions and the staff turnover ratio has reduced from 11.5% in 2014/15 to 6.5% as at 31 March 2016.

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

- **Staff numbers** – Council has assumed that staff numbers will remain roughly at the current level over the life of the LTFP, with some adjustments for cost savings under Council’s organizational structure review program. Initial Calculations of staff numbers for the 2015/16 budget were based on an assumption of near full employment;
- **Changes in award rates** – The new Local Government (State) Award 2014 came into effect on 28th August 2014. The award guarantees wages increases for local government employees until the end of the 2016/17 financial year of 2.7% in 2015/16 and 2.8% in 2016/17. These wage increases have been used for the purpose of forecasting award increases in salaries and wages over the lifetime of the LTFP.
- **Above award pay increases** – Due to the recent downturn in the resources sector and expectations of substantial cutbacks in mining related jobs, Council has not built in above award pay increases into the base scenario of its 2016/17 LTFP. Although it is expected that Council will still face challenges in filling certain skilled positions the net impact of these challenges on total salaries in the base scenario is assumed to be zero due to the use of non-financial incentives to attract staff, and the expectation that higher pay for highly skilled staff will be coupled with higher responsibilities that will reduce the need for other positions, contractors or casuals;
- **Workers compensation** – Workers compensation insurance premium payments are based on previous claims history and projected premiums in the LTFP are calculated by taking the forecast premium for the following year and increasing it by the indexation used for salaries and wages;
- **Capitalisation rate for employee related expenditure** – Council capitalises a portion of employee related expenditure that relates to the construction of assets per the requirements of AASB 116 – *Property, Plant and Equipment*. The percentage of employee related expenditure capitalised has been assumed to stay constant from year to year for the purpose of the LTFP, although it is likely that employee expenditure for 2016/17 will be lower than forecast due to the size of the 2016/17 Capital program;
- **Superannuation** – Contributions by Council to both defined benefit and defined contribution superannuation plans have been forecast to increase per the increase in salaries and wages plus the expected increase in the superannuation guarantee. The Superannuation Guarantee percentage is expected to remain at 9.5% until 2020/21;
- **Employee benefits** – Employee leave entitlements such as annual leave and long service leave have been projected to increase at the same rate as general salaries expenditure.

Council’s projected employee related expenditure for the 2015/16 to 2025/26 financial years is detailed in the following table. Note: figures are in thousands and figures from the 2007/08 to 2014/15 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 12 – Projected Employee Related Expenditure



The variance between the 2015/16 and 2016/17 forecasts is predominantly due to a change in assumptions around the number of vacancies and changes resulting from the Organisational Structure Review.

4.2 Borrowing Costs

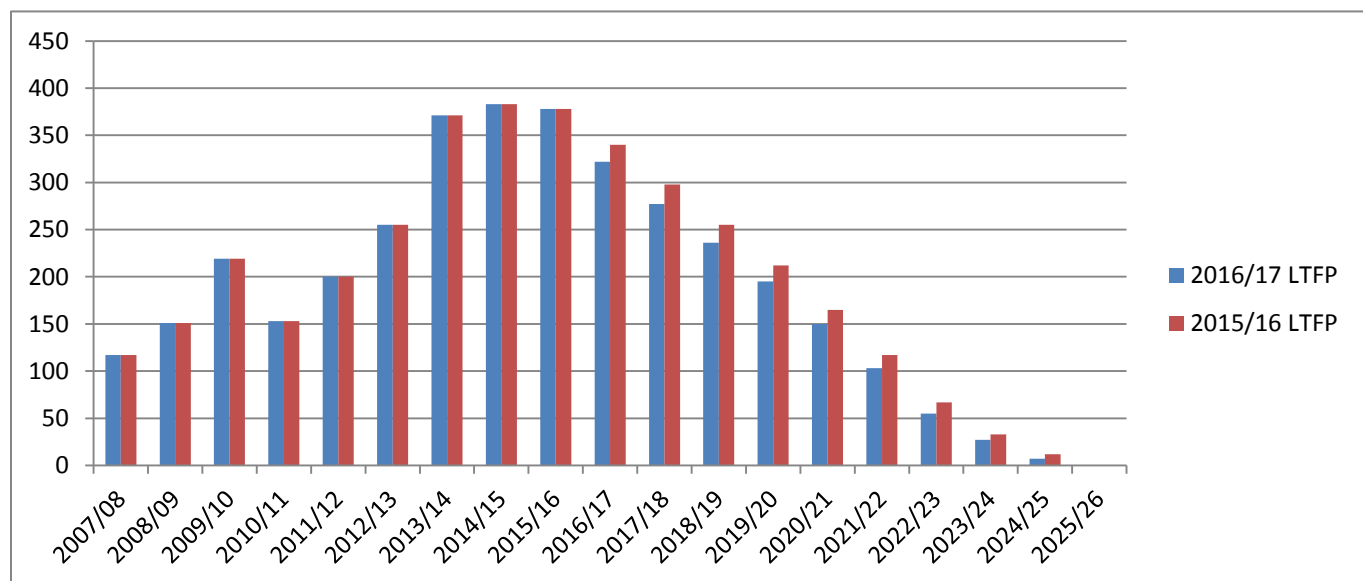
Borrowing costs incurred by Council include interest on loans held by council, charges relating to finance leases and discount adjustments relating to movements in quarry remediation liabilities. Borrowing costs currently form less than 1% of the total expenditure incurred by Council.

Borrowing cost projections are based on current loans, finance lease and asset remediation schedules for all loans currently held by Council. Details of Council’s forecast loan balance as at 1 July 2017 and loan terms are provided in the table below.

Loan Details	Balance as at 30 June 2017	Interest Rate	Term	Activity
Loans Currently Held by Council				
Admin Building Loan	1,001,211	5.80%	10 years	Property & Risk
Bridges Loan	498,735	4.09%	10 years (refin)	Local Roads
LIRS Round 1 Loan	1,426,431	5.80%	10 years	Local Roads
Mendooran Water Loan	611,792	4.95%	10 years (refin)	Warrumbungle Water
LIRS Round 2 Loan	2,567,629	3.66%	10 years	Local Roads
Loan Quarry	365,218	3.30%	10 years	Warrumbungle Quarry
Total:	6,471,016			

Council’s projected borrowing costs for the 2015/16 to 2025/26 financial years is detailed in the following table. Note: figures are in thousands and figures from the 2007/08 to 2014/15 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 13 – Projected Borrowing Costs



It should be noted that a large portion of the borrowing costs above are assumed to be offset by the LIRS discount which is treated as interest and investment revenue in the LTFP. The LIRS discount will offset \$669k of Council’s total \$1.372m in interest payments over the ten years of the LTFP. The difference from the 2015/16 LTFP and the 2016/17 LTFP are due to the refinancing of Council’s higher interest borrowings.

4.3 Materials and Contracts

Materials and contractors is the second largest cash expense item incurred by council (19.01% of total expenditure in the 2014/15 financial year). Materials and contracts payments include:

- Raw materials and consumables (2014/15: \$3.624m) which generally relate to fuel, bitumen, and other materials used predominantly in the maintenance of Council's assets. Note materials and consumables used as part of capital jobs are capitalised;
- Contractor and consultancy costs (2014/15: \$4.553m), which also relates predominantly to Council's maintenance program, as well as expenditure relating to RMS works;
- Other materials and contracts costs including operating lease expenses, legal expenses, and auditor fees (2014/15:\$0.883m).

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 2016/17 projections via the budget process, and it is assumed for the purpose of this plan that the quantity of work done as part of the maintenance program will remain relatively constant over the lifetime of this plan.

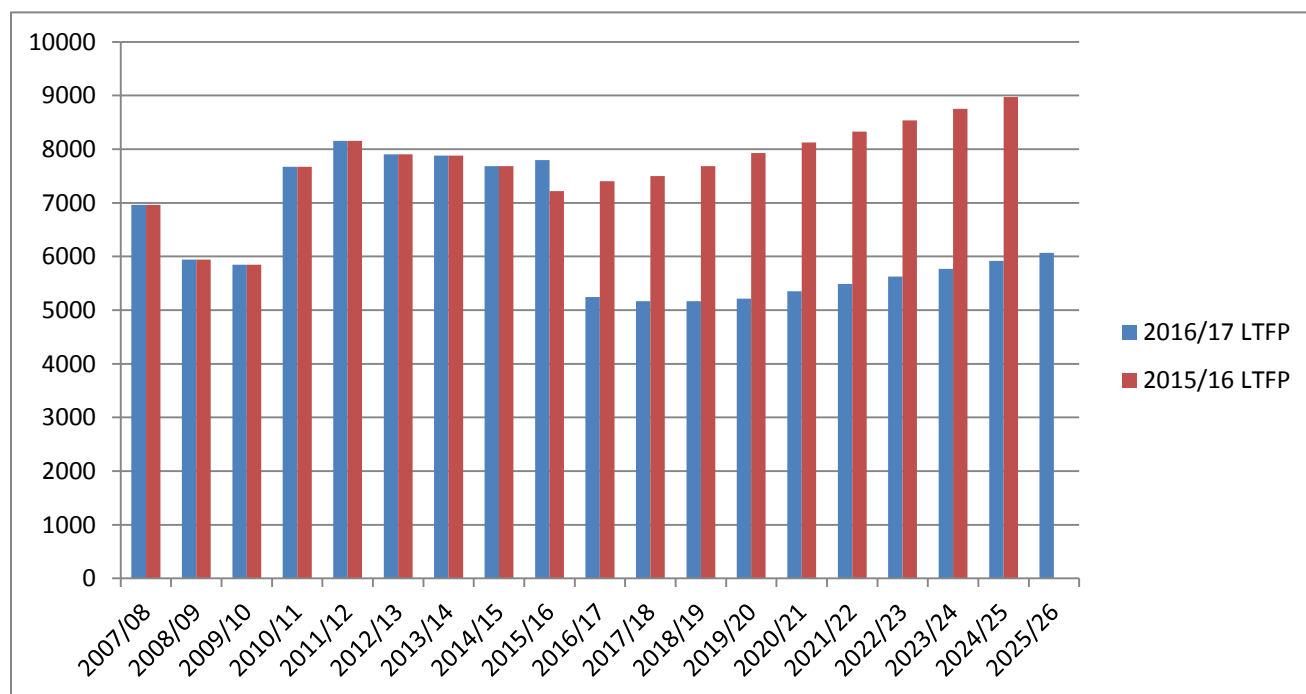
It should be noted that maintenance expenditure can be split into normal maintenance expenditure and maintenance expenditure relating to natural disasters which cannot be predicted and is outside the normal maintenance program. Natural disasters can have a big impact on Council's operations, as a \$2m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

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

- **Maintenance program** – 2016/17 per budget, program assumed to stay constant with costs increasing by assumed CPI;
- **Natural disaster maintenance** – The base scenario of the revised 2016/17 LTFP does not include a forecast for natural disasters;
- **Non-maintenance raw materials and contractor expenditure** – Assumed to increase by assumed CPI;
- **Other materials and contracts costs** – Assumed to increase by assumed CPI

Council's projected materials and contracts expenditure for the 2015/16 to 2025/26 financial years is detailed in the following table. Note: figures are in thousands and figures from the 2007/08 to 2014/15 financial years are actuals per Council's audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council's LTFP in red.

Diagram 14 – Projected Materials and Contracts Expenditure



The variance between the 2015/16 and 2016/17 forecasts is predominantly due to previously expected greater RMS works due to more aggressive lobbying per council’s FFF proposal; whereas the 2016/17 forecast reflects a new baseline from the 2015/16 actuals.

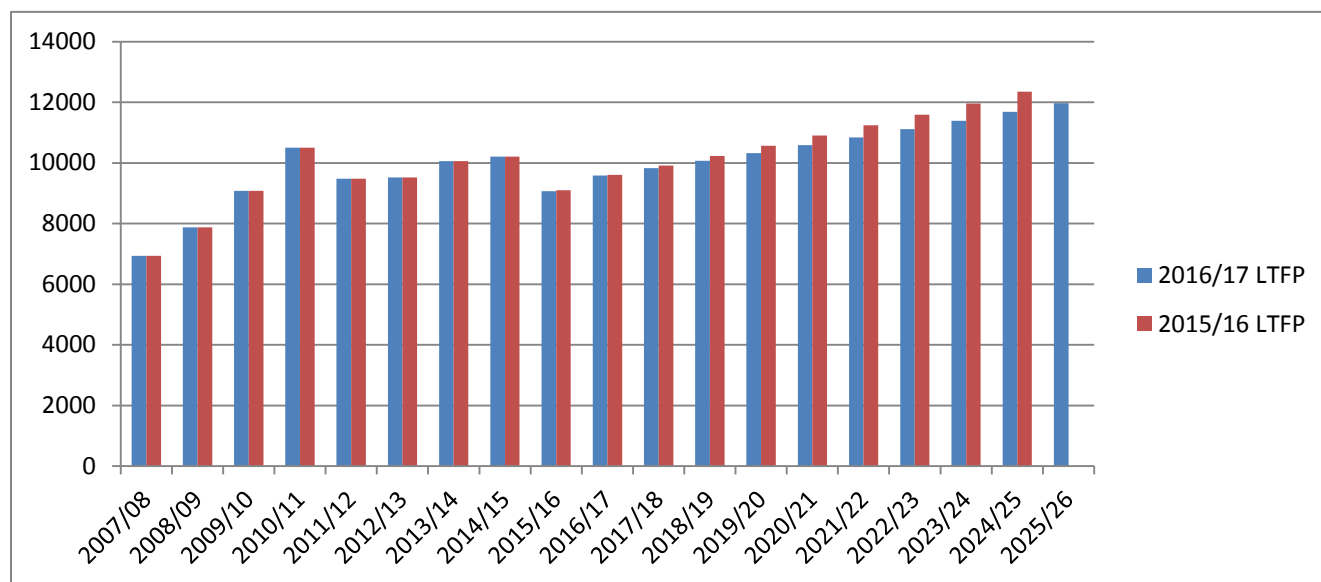
4.4 Depreciation, Amortisation and Impairment

Depreciation and amortisation is the second largest expense type incurred by Council (25.25% of 2014/15 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 2015/16 to 2025/26 financial years is detailed in the following table. Note: figures are in thousands and figures from the 2007/08 to 2014/15 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 15 – Projected Depreciation, Amortisation and Impairment



The variance between the 2015/16 LTFP and 2016/17 LTFP depreciation forecasts is mostly due to the variance in indexation used: 3.21% in 2015/16 LTFP and 2.5% in 2016/17 LTFP.

It should be noted that Council commenced its Asset Management Improvement Project (AMIP) in the 2012/13 financial year and two key deliverables of this project are an extensive audit of Council’s asset inventory data (including condition testing etc.) and a detailed review of Council’s depreciation assumptions. As a result of this review and the 2014/15 roads revaluation Council has revised downwards its roads depreciation expenditure to reflect more accurate roads data as captured as part of the AMIP.

4.5 Other Expenses

18.37% of Council’s total expenditure is categorized as “other expenditure”. In the 2014/15 financial year the breakdown for other expenditure was:

- NSW rural fire levy (3.351m);
- Donations (\$0.182m);
- Regional library contributions (\$0.486m);
- Electricity and heating (\$0.609m);
- Insurance (\$0.745m);
- Telephone and communications (\$0.197m);
- Registration and Licences (\$0.329m);
- Other (\$1.523m).

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.

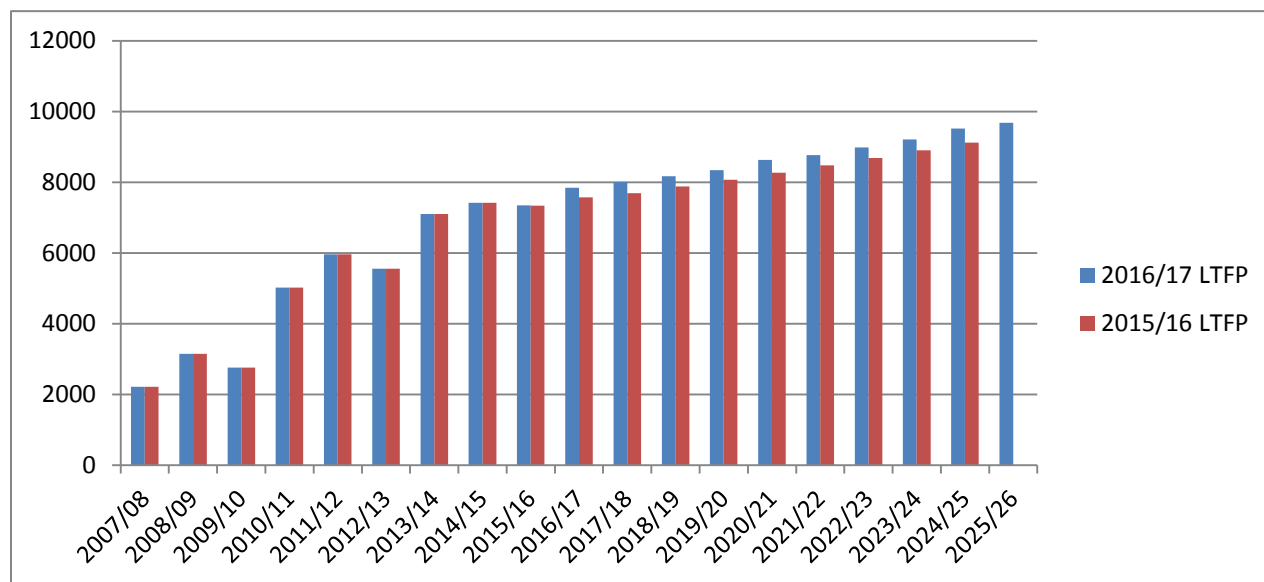
Donations include all other donations made by council, and regional library contributions refer to Council’s contribution to the Macquarie regional library. Insurance refers to the insurance premiums paid by Council, the cost of which is generally based on previous claims history and changes in Council’s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

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

- **Rural fire levy** –2016/17 increased by assumed CPI;
- **Donations, insurance, telephone and other expenses** – increased by assumed CPI;
- **Regional library contributions** – 10 year forecast per information from Macquarie Regional Library;
- **Electricity and heating** – increased by assumed CPI.

Council’s projected other expenditure for the 2015/16 to 2025/26 financial years is detailed in the following table. Note: figures are in thousands and figures from the 2007/08 to 2014/15 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 16 – Projected Other Expenditure



The forecasted variance for other expenditure between the 2016/17 LTFP and 2014/15 LTFP is predominantly due to a higher forecast for the Fire Brigade Levy in 2016/17 (an increase of \$682k) which in turn is brought forward to the following years of LTFP.

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. A summary of future capital expenditure has been provided in the tables below based on the capital program in Council's base scenario.

Table 1: Council's Ten Year Capital Program

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
CORPORATE SERVICES										
Supply Services										
WHS - Chemical Storage For Legislative Compliance	50,000	-	-	-	-	-	-	-	-	-
Supply services Total	50,000	-	-	-	-	-	-	-	-	-
Children's and Community Services										
Community Transport										
Replacement - Community Transport Vehicles	98,000	22,575	98,363	-	24,268	105,740	100,000	26,088	113,670	26,740
Trips Program	20,000	-	-	-	-	-	-	-	-	-
Community Transport Total	118,000	22,575	98,363	-	24,268	105,740	100,000	26,088	113,670	26,740
Connect 5										
Replacement - Connect 5 Vehicle	-	-	16,125	-	-	17,334	-	-	18,634	-
Connect 5 Total	-	-	16,125	-	-	17,334	-	-	18,634	-
Family Day Care										
Replacement - Family Day Care Vehicle	-	-	11,288	-	-	12,134	-	-	13,044	-
Family Day Care Total	-	-	11,288	-	-	12,134	-	-	13,044	-
Multiservice Outlet										
Replacement - Multiservice Outlet Vehicles	-	22,575	22,038	-	24,268	23,690	100,000	26,088	25,467	26,104
Multiservice Outlet Total	-	22,575	22,038	-	24,268	23,690	100,000	26,088	25,467	26,104
Children and Community Services Total	118,000	45,150	147,814	-	48,536	158,898	200,000	52,176	170,815	52,844

Warrumbungle Shire Council - Long Term Financial Plan 2016/17

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Communications & IT										
Antivirus Security Software	-	30,000	-	-	-	30,000	-	-	-	-
Authority Asset Management Software	208,000	-	-	-	-	-	-	-	-	-
Blue point Integration	10,000	-	-	-	-	-	-	-	-	-
InfoXpert (mobile & web portal modules)	7,350	-	-	-	-	-	-	-	-	-
GPS Handheld units	-	15,000	-	-	-	-	-	-	-	-
Point to point Wi-Fi Coona Office	208,000	-	-	-	-	-	30,000	-	100,000	-
Point to point Wi-Fi for remote sights	-	20,000	-	-	-	-	-	-	-	-
Replacement IT Server Hardware	20,000	10,000	100,000	10,000	10,000	100,000	10,000	10,000	-	-
Replacement PCs	40,000	40,000	15,000	15,000	50,000	50,000	15,000	15,000	50,000	50,000
Communications & IT Total	493,350	115,000	115,000	25,000	60,000	180,000	55,000	25,000	150,000	50,000
Bushfire And Emergency Services										
RFS - Enhancements	87,000	24,836	25,457	26,093	26,745	27,414	28,099	28,802	29,522	30,260
RFS - Fire Control Center Coonabarabran	500,000	-	-	-	-	-	-	-	-	-
RFS - Vehicles	924,400	315,185	323,065	331,142	339,421	347,907	356,605	365,520	374,658	384,024
RFS - Mowrock Station	50,000	-	-	-	-	-	-	-	-	-
RFS - Weetaliba Station	50,000	-	-	-	-	-	-	-	-	-
Bushfire And Emergency Services Total	1,611,400	340,021	348,522	357,235	366,166	375,321	384,704	394,322	404,180	414,285
Corporate Services Total	2,272,750	500,171	611,336	382,235	474,702	714,219	639,704	471,498	724,995	517,128
DEVELOPMENT SERVICES										
Property & Risk										
Cemetery Services										
Coonabarabran Native Grove Cemetery Expansion	-	50,000	-	-	-	-	55,000	-	-	-
Cemetery Services Total	-	50,000	-	-	-	-	55,000	-	-	-
Medical Facilities										
Coolah Dr Residence - Bathroom/Kitchen refurb	-	-	-	-	70,000	-	-	-	-	-
Dunedoo Medical Centre - Repaint	-	-	-	-	20,000	-	-	-	-	-
Medical Facilities Total	-	-	-	-	90,000	-	-	-	-	-

Warrumbungle Shire Council - Long Term Financial Plan 2016/17

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Property And Risk										
139 Martin Street - Kitchen Refurb	-	-	-	-	-	-	-	-	25,000	-
17 Cole Street - Bathroom Refurb	-	-	-	-	-	-	-	20,000	-	-
17 Cole Street - Kitchen Refurb	-	-	-	-	-	20,000	-	-	-	-
17a Cole Street - Bathroom Refurb	-	-	-	-	-	-	-	15,000	-	-
17a Cole Street - Kitchen Refurb	-	-	-	-	-	15,000	-	-	-	-
4 Irwin Street - Bathroom Refurb	-	-	-	-	-	-	30,000	-	-	-
Coolah Depot - Storage Facility	-	-	-	-	-	-	30,000	-	-	-
Coolah Depot - Toilet Refurb	-	-	-	20,000	-	-	-	-	-	-
Coolah Office - Recarpet	-	-	-	50,000	-	-	-	-	-	50,000
Coolah Office - Repaint Internals	-	-	-	-	50,000	-	-	-	-	-
Coolah Shire Hall - Carpet Replacement	-	-	-	-	-	-	50,000	-	-	-
Coonabarabran - Toilet Refurb	-	-	-	-	20,000	-	-	-	-	-
Coonabarabran Community Care - Replace Carpet	-	-	-	50,000	-	-	-	-	-	50,000
Coonabarabran Depot - Archive Facility Expansion	-	-	-	-	-	-	-	100,000	-	-
Coonabarabran Office - Recarpet older section	-	-	-	50,000	-	-	-	-	-	-
Coonabarabran Office - Repaint old Office	-	-	-	-	50,000	-	-	-	-	-
Disabled access Coolah Office	30,000	-	-	-	-	-	-	-	-	-
Dunedoo Community Care - Toilet Refurbishment	-	-	-	-	60,000	-	-	-	-	-
Dunedoo Depot - Toilet Refurb	-	-	-	-	-	15,000	-	-	-	-
Mendooran Community Care - Replace Flooring	-	-	-	-	-	50,000	-	-	-	-
Mendooran Depot - Toilet Refurb	-	-	-	20,000	-	-	-	-	-	-
Mendooran Mechanics Institute - Kitchen Refurb	-	-	-	-	-	-	20,000	-	-	-
Timor Rock WC build	25,000	-	-	-	-	-	-	-	-	-
Mullaley Recreation Grounds Upgrade intersection	20,000	-	-	-	-	-	-	-	-	-
Baradine - Installation of Carport	2,100	-	-	-	-	-	-	-	-	-
	77,100	-	-	190,000	180,000	100,000	130,000	135,000	25,000	100,000

Warrumbungle Shire Council - Long Term Financial Plan 2016/17

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Public Halls	-	-	-	-	-	-	-	-	-	-
Baradine Hall - Roof Replacement	-	-	-	-	-	-	-	100,000	-	-
Binnaway Hall - Kitchen Refurb	-	-	-	-	-	50,000	-	-	-	-
Binnaway Hall Roof Replacement	-	-	80,000	-	-	-	-	-	-	-
Binnaway Hall Stage Refurb	-	50,000	-	-	-	-	-	-	-	-
Coonabarabran Hall Furniture Renewal	-	50,000	-	-	-	-	-	-	-	-
Coonabarabran Town Hall - Kitchen Refurb	-	-	100,000	-	-	-	-	-	-	-
Dunedoo Jubilee Hall - Air conditioning	-	-	-	-	40,000	-	-	-	-	-
Goolhi Hall - Toilet Refurb	-	-	15,000	-	-	-	-	-	-	-
Mendooran Hall - Stage & Kitchen Refurb	30,000	-	-	-	-	-	-	-	-	-
VRA Shed Coolah	40,000	-	-	-	-	-	-	-	-	-
Purlewaugh Hall - Insulation and Walls	-	-	-	-	50,000	-	-	-	-	-
Purlewaugh Hall - Kitchen Refurb	-	-	-	-	-	-	-	-	20,000	-
Public Halls Total	70,000	100,000	195,000	-	90,000	50,000	-	100,000	20,000	-
Property & Risk Total	147,100	150,000	195,000	190,000	360,000	150,000	185,000	235,000	45,000	100,000
Tourism and Development Services										
Shire Entrance Signs	20,000	-	-	-	-	-	-	-	-	-
Re carpet Exhibition Space	7,000	-	-	-	-	-	-	-	-	-
Tourism and Development Services Total	27,000	-	-	-	-	-	-	-	-	-
Development Services Total	174,100	150,000	195,000	190,000	360,000	150,000	185,000	235,000	45,000	100,000
EXECUTIVE SERVICES										
Cobbora Transition Fund										
Three Rivers Retirement Project	1,837,500	-	-	-	-	-	-	-	-	-
Cobbora Transition Fund Total	1,837,500	-	-	-	-	-	-	-	-	-
Executive Services Total	1,837,500	-	-	-	-	-	-	-	-	-
TECHNICAL SERVICES										
Asset Design Services										
Design Projects Survey Equip-Cap	12,000	12,000	12,000	12,000	12,000	14,000	14,000	14,000	14,000	14,000
Design Services Software Upgrade	13,000	13,000	13,000	13,000	13,000	15,000	15,000	15,000	15,000	15,000
GPS Handheld units	10,000	-	-	-	-	-	-	-	-	-
Laptop Computer - Traffic Counters	7,500	-	-	10,000	-	10,000	-	10,000	-	10,000
Asset Design Services Total	42,500	25,000	25,000	35,000	25,000	39,000	29,000	39,000	29,000	39,000

Warrumbungle Shire Council - Long Term Financial Plan 2016/17

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Fleet Services										
Minor Plant Purchases	15,000	15,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Plant & Equipment Purchases	2,515,000	3,175,000	2,930,000	2,815,000	2,550,000	2,225,000	2,760,001	2,580,002	2,480,003	2,875,004
Fleet Services Total	2,530,000	3,190,000	2,950,000	2,835,000	2,570,000	2,245,000	2,780,001	2,600,002	2,500,003	2,895,004
Road Operations										
Local Roads M&R										
Angus Road - New Causeway	-	-	-	50,000	-	-	-	-	-	-
Bugaldie/Goorianawa Road (Just east of Baradine Road)	-	-	-	140,000	-	-	-	-	-	-
Coolah Creek Rd Rehabilitation	-	-	-	-	140,000	715,256	-	-	-	-
Coolah Creek Road Rehabilitation	-	-	-	-	-	-	-	153,610	-	-
Coolah Neilrex Rd - sight distance improvement	-	-	-	-	59,434	-	-	-	-	-
Dandry Road - New Causeway	-	-	-	50,000	-	-	-	-	-	-
Dennykymine Road - Sight Distance	-	-	-	-	-	30,460	-	-	-	-
Dennykymine Road - New Causeway	-	-	-	-	-	67,012	-	70,405	-	-
Flags Rockedgial Road	-	45,000	-	-	-	-	-	-	-	-
Local Roads Resheeting	750,000	871,250	893,031	915,357	1,000,000	1,100,000	1,200,000	1,200,000	1,300,000	1,300,000
Mia Mia Road - Causeway Rehabilitation	60,000	-	-	-	-	-	-	-	-	-
Munns Road - Causeway Rehabilitation	-	-	-	-	-	-	68,687	-	-	-
Napier Lane - Causeway Rehabilitation (Garrawilla)	60,000	-	-	-	-	-	-	-	-	-
Napier Lane - Causeway Rehabilitation (Mt Warwick)	60,000	-	-	-	-	-	-	-	-	-
Neilrex Rd Pavement Rehab	-	-	-	140,000	-	-	-	-	-	-
Neilrex Rd Unsealed Rd Pavement Rehab	200,000	-	150,000	-	-	-	-	-	-	-
Quia Road - Near lake Edna	60,000	-	-	-	-	-	-	-	-	-
Quai Rd Rehabilitation	200,000	-	-	-	-	-	-	153,610	-	-
Rotherwood Rd Rehabilitation	150,000	-	-	-	-	146,208	-	-	-	-
Turee Vale Road Rehabilitation	150,000	-	-	-	-	-	149,864	-	-	-
Gentle Annie Rd Unsealed Rd Pavement Rehab	250,000	-	-	-	-	-	-	-	-	-
Piambra Rd	300,000	-	-	-	-	-	-	-	-	-
Beni Crossing Road near Dennykymine Road	190,060	-	-	-	-	-	-	-	-	-
Lawson Park Road	150,000	-	-	-	-	-	-	-	-	-
Pavement Rehab - Various Sections	-	500,000	500,000	500,000	850,000	950,000	950,000	1,000,000	1,000,000	1,100,000
Wool Rd Rehabilitation	-	-	-	-	142,642	-	149,864	-	-	-
Wyuna Road - Extension of seal	200,000	-	-	-	-	-	-	-	-	-
Local Roads M&R Total	2,780,060	1,416,250	1,543,031	1,795,357	2,192,076	3,008,936	2,518,415	2,577,625	2,300,000	2,400,000

Warrumbungle Shire Council - Long Term Financial Plan 2016/17

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Regional Roads M&R										
Alison Bridge	2,100,000	-	-	-	-	-	-	-	-	-
Pavement Rehabilitation and Widening on MR 7519	-	-	169,000	169,000	-	-	-	-	-	-
Pavement widening and rehabilitation MR55 (Black Stump Way)	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Regional Roads Reseals	615,891	650,131	684,386	701,495	719,033	737,009	755,434	774,320	793,678	813,520
Shoulder widening/ Rehab MR129 - Baradine Road (Coonamble)	-	169,000	-	-	169,000	169,000	-	-	-	-
Shoulder widening/ Rehab MR129 - Purlewaugh Road	135,015	-	-	-	-	-	-	-	-	-
Shoulder widening/ Rehab, Safety Barrier - MR129 (Baradine Road)	525,065	-	-	-	-	-	-	-	-	-
Shoulder widening/ Rehab MR618	169,000	-	-	-	-	-	-	-	-	-
Shoulder widening/ Rehab MR396	-	-	-	-	-	-	169,000	169,000	-	-
Regional Roads M&R Total	4,344,971	1,619,131	1,653,386	1,670,495	1,688,033	1,706,009	1,724,434	1,743,320	1,593,678	1,613,520
Reseals										
Baradine Streets Reseals	48,500	18,963	19,437	19,923	21,915	24,107	26,518	29,169	32,086	35,295
Binnaway Streets Reseals	46,600	17,015	17,440	17,876	19,664	21,630	23,793	26,172	28,789	31,668
Coolah Streets Reseals	57,600	28,290	28,997	29,722	32,694	35,964	39,560	43,516	47,868	52,654
Coonabarabran Streets Reseals	118,300	90,508	92,771	95,090	104,598	115,059	126,564	139,222	153,144	168,459
Dunedoo Streets Reseals	54,800	25,420	26,056	26,707	29,378	32,315	35,547	39,102	43,012	47,313
Local Roads Reseals	535,537	563,915	575,513	587,401	700,000	770,000	847,000	931,700	1,024,870	1,127,357
Mendooran Streets Reseals	16,600	17,015	17,440	17,876	19,664	21,630	23,793	26,172	28,789	31,668
Reseals Total	877,937	761,126	777,654	794,595	927,913	1,020,705	1,122,775	1,235,053	1,358,558	1,494,414
Aerodromes										
Repainting of Coona Terminal Building	20,000	-	-	-	-	-	-	-	-	-
Aerodromes Total	20,000	-	-	-	-	-	-	-	-	-
Road Operations Total	8,022,968	3,796,507	3,974,071	4,260,447	4,808,022	5,735,650	5,365,624	5,555,998	5,252,236	5,507,934

Warrumbungle Shire Council - Long Term Financial Plan 2016/17

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Urban Services										
Horticulture										
Milling Park - Irrigation System	35,000	-	-	-	-	-	-	-	-	-
Electric BBQ & Shelter in Bell Park	-	-	20,000	-	-	-	-	-	-	-
Electric BBQ & Shelter in Lions Park	-	-	-	-	20,000	-	-	-	-	-
Softfall - Mendooran Park	-	-	-	-	-	20,000	-	-	-	-
Softfall under playground equipment (Coolah)	20,000	-	-	-	-	-	-	-	-	20,000
Softfall Upgrade - Len Guy Park	20,000	-	-	-	-	-	-	-	-	-
Baradine - Lions Park Shade renewal	10,000	-	-	-	-	-	-	-	-	-
Baradine - Wheelchair Access path...Lions Park (internal)	15,000	-	-	-	-	-	-	-	-	-
Baradine - Wheelchair Access path...Lions Park (from Darling St)	8,000	-	-	-	-	-	-	-	-	-
Coolah - Wheelchair Access path...McMasters Park (internal)	25,000	-	-	-	-	-	-	-	-	-
Horticulture Total	133,000	-	20,000	-	20,000	20,000	-	-	-	20,000
Ovals										
Coonabarabran Netball Courts	200,000	100,000	-	-	-	-	-	-	-	-
Robertson Oval - Amenities refurbishment (Canteen & Toilets)	30,000	-	-	-	-	-	-	-	-	-
Bowen Oval	8,000	-	-	-	-	-	-	-	-	-
Robertson Oval - Seat Replacement	-	6,000	-	-	-	-	-	-	-	-
Ovals Total	238,000	106,000	-	-	-	-	-	-	-	-
Public Swimming Pools										
Baradine Painting External Building stage 1 & 2	11,500	6,000	-	-	-	-	-	-	-	-
Baradine Rainwater Tank and Pump for Irrigation	-	-	3,000	-	-	-	-	-	-	-
Baradine Shade Structure	40,000	-	-	-	-	-	-	-	-	-
Baradine Upgrade Kiosk & Hot water System	1,500	-	-	-	-	-	-	-	-	-
Baradine - pump room rehabilitation	-	10,000	-	-	-	-	-	-	-	-
Binnaway Main Pool Ladders X 6	-	8,000	-	-	-	-	-	-	-	-

Warrumbungle Shire Council - Long Term Financial Plan 2016/17

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Binnaway Removal of Large Pine Tree	-	3,000	-	-	-	-	-	-	-	-
C'Bran Replace BBQ area	-	-	6,000	-	-	-	-	-	-	-
C'Bran Pool Maintenance and Repairs	15,000	-	-	-	-	-	-	-	-	-
C'Bran Rainwater Tank & Pump for Irrigation	7,000	5,000	-	-	-	-	-	-	-	-
C'Bran Regulator & Injector (Dosing System)	-	3,000	-	-	-	-	-	-	-	-
C'Bran Replace existing tiles in Toddlers Pool	-	-	5,000	-	-	-	-	-	-	-
Coolah Chemical Control Dosing Unit	-	-	2,500	-	-	-	-	-	-	-
Coolah Disable Chair Lift	-	10,000	-	-	-	-	-	-	-	-
Coolah Install BBQ Area & Shade Cover	-	-	8,000	-	-	-	-	-	-	-
Coolah Lighting over main pool	20,000	-	-	-	-	-	-	-	-	-
Coolah Rain Tank & Pump for Irrigation	4,000	-	-	-	-	-	-	-	-	-
Coolah Replace filter media	-	-	15,000	-	-	-	-	-	-	-
Coolah Solar project to heat pool	43,000	-	-	-	-	-	-	-	-	-
Dunedoo Awning over canteen area	-	4,000	-	-	-	-	-	-	-	-
Dunedoo Pool Improvement	5,000	-	-	-	-	-	-	-	-	-
Dunedoo Chemical Dosing Unit	-	-	2,500	-	-	-	-	-	-	-
Dunedoo Large Trees to be Removed	-	-	3,500	-	-	-	-	-	-	-
Dunedoo Roof Modifications Amenities Block(Polycarbon)	-	30,000	-	-	-	-	-	-	-	-
Dunedoo Pump Rehabilitation	-	-	10,000	-	-	-	-	-	-	-
Mendooran Upgrades to S/Club Room	1,000	-	-	-	-	-	-	-	-	-
Mendooran Chemical Dosing Units	-	2,000	500	-	-	-	-	-	-	-
Install 2 x 32000ltr water tanks at Baradine, Coona, Coolah, and Dunedoo pools (to comply with LTW guidelines)	-	60,000	-	-	-	-	-	-	-	-
Various Projects - TBA	-	-	-	81,000	81,000	81,000	81,000	81,000	81,000	81,000
Public Swimming Pools Total	148,000	141,000	56,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000

Warrumbungle Shire Council - Long Term Financial Plan 2016/17

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Town Streets - Baradine										
Baradine District Progress Association Main street Gardens	5,000	5,000	5,000	-	-	-	-	-	-	-
Baradine Streets - Street lighting	-	8,000	-	-	-	-	-	-	-	-
Kerb and Guttering Bligh Street between Narren and Darling	-	-	50,000	-	-	-	-	-	-	-
Kerb and Guttering Bligh Street between Narren and Liverpool	-	-	-	60,000	-	-	-	-	-	-
Kerb and guttering in Narren Street south of Macquarie Street	-	-	50,000	-	-	-	-	-	-	-
Lachlan Street, between Narren Street and Liverpool (North and South)	-	-	-	-	60,000	-	-	-	-	-
New Bins	2,500	-	-	-	-	-	-	-	-	-
New Kerb and Guttering	-	-	-	-	-	60,000	60,000	60,000	70,000	70,000
Rehabilitation of footpath sections	20,000	20,000	20,000	20,000	20,000	25,000	25,000	25,000	25,000	25,000
Flood Levee Design	20,000	20,000	-	-	-	-	-	-	-	-
Flood Levee Construction	-	-	20,000	20,000	20,000	20,000	-	-	-	-
Street Trees	-	5,000	5,000	5,000	5,000	5,000	-	-	5,000	5,000
Town Streets - Baradine Total	47,500	58,000	150,000	105,000	105,000	110,000	85,000	85,000	100,000	100,000
Town Streets - Binnaway										
Binnaway Progress Association	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Bullinda Street, New Kerb and Guttering	55,000	-	40,000	-	-	-	-	-	-	-
Corry Bridge Western Approach	-	40,000	-	-	-	-	-	-	-	-
Footpath Rehabilitation	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
New Kerb and Guttering	-	-	-	-	-	75,000	-	75,000	-	75,000
Shared Path, Caravan Park to Renshaw Street	50,000	-	-	-	-	-	-	-	-	-
Renshaw Street / Railway street pipe renewal	-	-	20,000	-	-	-	-	-	-	-
Renshaw Street Stormwater Drainage	-	30,000	-	-	-	-	-	-	-	-
Street Trees	-	-	6,000	-	-	-	-	-	-	-
Town Streets - Binnaway Total	120,000	85,000	81,000	15,000	15,000	90,000	15,000	90,000	15,000	90,000

Warrumbungle Shire Council - Long Term Financial Plan 2016/17

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Town Streets - Coolah										
Booyamurra Street, K&G	55,000	-	-	-	-	-	-	-	-	-
Drainage Study, Bowen Oval, Goddard & Martin St	16,000	-	-	-	-	-	-	-	-	-
Footpath Rehabilitation - various locations	30,000	30,000	30,000	30,000	35,000	35,000	35,000	35,000	35,000	35,000
Pavement Rehabilitation (Various Locations)	-	70,000	70,000	70,000	70,000	80,000	80,000	80,000	80,000	80,000
Pipe Drainage Goddard St, Binnia St and Martin St	-	45,000	35,000	40,000	-	-	-	-	-	-
Shared Path - Goddard Street to MPS	180,000	-	-	-	-	-	-	-	-	-
Street light program	-	8,000	-	-	-	-	-	-	-	-
Street Trees	-	-	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Town Streets - Coolah Total	281,000	153,000	142,000	147,000	112,000	122,000	122,000	122,000	122,000	122,000
Town Streets - Coonabarabran										
Cassilis Street Footpath /Neate Street/Edward Street - Preliminary Works	-	-	-	-	50,000	-	-	-	-	-
Cassilis Street, Robertson to Namoi, new footpath	-	40,000	-	-	-	-	-	-	-	-
Cowper Street, concreting of open channel	-	-	-	-	50,000	55,000	-	-	-	-
Crane Street Rehabilitation	-	50,000	30,000	-	-	-	-	-	-	-
Dalgarno Street (John - Cowper) Footpath Rehabilitation	20,000	20,000	-	-	-	-	-	-	-	-
John Street, K&G Rehabilitation	20,000	-	-	-	-	-	-	-	-	-
Dalgarno Street, centre medium, west of John to Robertson	-	-	50,000	-	50,000	-	50,000	-	-	-
Footpath Rehabilitation (general)	-	-	40,000	40,000	40,000	40,000	50,000	50,000	50,000	50,000
John Street. K & G Rehabilitation	-	70,000	-	70,000	-	-	-	-	-	-
Belar Street & Merebene St Drainage Pipe	70,000	-	-	-	-	-	-	-	-	-
Barker St Drainage pipe	-	20,000	-	-	-	-	-	-	-	-
Newell Hwy Opposite Yuluwirri Kids Pipe Design	-	6,000	-	-	-	-	-	-	-	-
Newell Hwy Opposite Yuluwirri Kids Pipe Construction	-	-	-	15,000	-	-	-	-	-	-
Asphalt Cassilis/John Street (front of Council Chambers)	10,000	-	-	-	-	-	-	-	-	-
Shared Path, Edward Street, Newell Hwy to Neate street	250,000	-	-	-	-	-	-	-	-	-
Street Trees	-	-	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Street Trees - centre Charles street Edwards to Dalgarno	-	30,000	-	-	-	-	-	-	-	-
Street Trees - Centre Cowper Street Edwards to Dalgarno	30,000	-	-	-	-	-	-	-	-	-
Town Streets - Coonabarabran Total	400,000	236,000	150,000	155,000	220,000	125,000	130,000	80,000	80,000	80,000

Warrumbungle Shire Council - Long Term Financial Plan 2016/17

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Town Streets - Dunedoo										
Footpath Rehabilitation	20,000	20,000	20,000	20,000	20,000	25,000	25,000	25,000	25,000	25,000
Wallaroo Street	350,000	100,000	-	-	-	-	-	-	-	-
Wallaroo Street -Sealing from Bulinda to Talbragar street	-	35,000	-	-	-	-	-	-	-	-
Street Trees	-	-	-	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Wargundy Street - Drainage study	-	15,000	-	-	-	-	-	-	-	-
Underground Pipe drainage Wargundy Street	-	-	65,000	-	-	-	-	-	-	-
Yarrow St at Bandulla, south side, dish drain	18,000	-	-	-	-	-	-	-	-	-
Town Streets - Dunedoo Total	388,000	170,000	85,000	27,000	27,000	32,000	32,000	32,000	32,000	32,000
Town Streets - Mendooran										
Bandulla Street, Traffic Calming	-	-	50,000	-	-	-	-	-	-	-
Cobra Street - Pipe Drainage	-	-	31,000	31,000	-	-	-	-	-	-
Cobra Street - Kerb and Guttering	-	-	-	-	70,000	70,000	-	-	-	-
Footpath rehabilitation - various sections	30,000	30,000	30,000	30,000	35,000	35,000	35,000	35,000	35,000	35,000
Merchant Street Sealing	-	-	-	-	-	40,000	40,000	40,000	-	-
Street Trees	-	-	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Town Streets - Mendooran Total	30,000	30,000	117,000	67,000	111,000	151,000	81,000	81,000	41,000	41,000
Urban Services Total	1,785,500	979,000	801,000	597,000	691,000	731,000	546,000	571,000	471,000	566,000
Technical Services Total	12,380,968	7,990,507	7,750,071	7,727,447	8,094,022	8,750,650	8,720,625	8,766,000	8,252,239	9,007,938
WARRUMBUNGLE SEWER										
Sewer - Baradine										
Sewage Treatment Plant-Disinfection Plant-renewal	10,000	-	-	-	-	-	-	-	-	-
Pivot Irrigator - Renewal	-	-	226,282	-	-	-	-	-	-	-
Sewage Treatment Plant-Vacuum pumps-renewal	-	30,000	-	23,194	23,774	24,368	24,977	25,602	26,242	26,898
Sewer - Baradine Total	10,000	30,000	226,282	23,194	23,774	24,368	24,977	25,602	26,242	26,898
Sewer - Coolah										
Sewage Treatment Plant-rehabilitation/upgrades	-	50,000	56,570	57,985	59,434	60,920	62,443	64,004	65,604	67,244
Sewer - Coolah Total	-	50,000	56,570	57,985	59,434	60,920	62,443	64,004	65,604	67,244

Warrumbungle Shire Council - Long Term Financial Plan 2016/17

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Sewer - Coonabarabran										
Mains Replacement/Rehab	100,000	50,000	56,570	57,985	59,434	60,920	-	-	-	-
Mains-Relining various sections	100,000	100,000	158,397	197,148	202,077	207,128	212,307	217,614	223,055	278,819
Pump stations- renewal	30,000	30,000	33,943	34,790	35,661	-	-	-	-	-
Replace Steel sewer rods	3,000	3,000	-	-	-	-	-	-	-	-
Telemetry Upgrade (All Towns)	200,000	-	-	-	-	-	-	-	-	-
Re-keying Sewer sires	50,000	-	-	-	-	-	-	-	-	-
Sewerage Treatment Plant Improvements	-	50,000	56,570	57,985	59,434	60,920	62,443	64,004	65,604	67,244
Sewer - Coonabarabran Total	483,000	233,000	305,480	347,908	356,606	328,968	274,750	281,618	288,659	346,063
Sewer - Dunedoo										
Pump Station -renewal	-	50,000	-	-	-	-	-	-	-	-
Sewer Dunedoo Total	-	50,000	-	-	-	-	-	-	-	-
Warrumbungle Sewer Total	493,000	363,000	588,332	429,087	439,814	414,256	362,170	371,224	380,505	440,205
WARRUMBUNGLE WATER										
Water - Baradine										
Meter Replacements	5,000	-	-	-	-	-	-	-	-	-
Water Treatment Plant- Improvements	-	30,000	33,942	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Water Treatment Clarifier	961,000	-	-	-	-	-	-	-	-	-
Mains Extension	50,000	50,000	-	-	-	-	-	-	-	-
Mains Replacement	80,000	-	-	-	-	-	-	-	-	-
Water - Baradine Total	1,096,000	80,000	33,942	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Water - Binnaway										
Meter Replacements	5,000	-	-	-	-	-	-	-	-	-
Water Treatment Plant- Renewals	-	25,000	11,314	-	118,869	121,840	-	-	-	-
Mains Replacement - David & Railway Street, 570m	70,000	80,000	-	-	-	-	-	-	-	-
Water Main Rehabilitation - Napier Street - 420m	-	-	79,199	-	-	-	-	-	-	-
Water - Binnaway Total	75,000	105,000	90,513	-	118,869	121,840	-	-	-	-

Warrumbungle Shire Council - Long Term Financial Plan 2016/17

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Water - Coolah										
Meter Replacements	5,000	5,000	-	-	-	-	-	-	-	-
Mains Extension - removal of dead ends	40,000	40,000	56,570	57,985	59,434	60,920	62,443	64,004	65,316	66,949
Water Treatment-Sodium Hypochlorite Pump Standby	5,000	-	-	-	-	-	-	-	-	-
Mains Replacement - Gilmore St	30,000	30,000	-	-	-	-	-	-	-	-
Coolah Water Reservoirs Capital	-	30,000	-	-	-	-	-	-	-	-
Mains Replacement	60,000	95,000	28,285	28,992	29,717	30,460	31,222	32,002	32,802	33,622
Water - Coolah Total	140,000	200,000	84,855	86,977	89,151	91,380	93,665	96,006	98,118	100,571
Water - Coonabarabran										
Fencing of Reservoir Site - Oxley Highway	-	-	11,314	11,597	11,887	12,184	12,489	12,801	-	-
Main Extension - Removal of Dead Ends	60,000	60,000	-	-	-	-	-	-	-	-
Mains Extensions (removal dead ends) - Arnold St, btwn Newell Hwy and Gunnedah Hill	100,000	-	-	-	-	-	-	-	-	-
Mains Extension-Under Highway between Council depot & former Caltex site	60,000	-	-	-	-	-	-	-	-	-
Mains Replacement	50,000	50,000	147,083	150,760	50,000	50,000	50,000	50,000	50,000	50,000
Meter Replacements	10,000	10,000	-	-	-	-	-	-	-	-
Timor Dam -Fence Repairs	160,000	-	-	-	-	-	-	-	-	-
Telemetry Software - Coona	3,000	3,000	-	-	-	-	-	-	-	-
Telemetry Upgrade Water (All Towns)	300,000	-	-	-	-	-	-	-	-	-
Tools - Coona Water	3,000	3,000	-	-	-	-	-	-	-	-
Water Main Extension - Removal of Dead Ends	-	-	124,455	278,326	150,285	157,417	164,727	76,805	78,380	80,340
Water Main Rehabilitation	-	-	79,199	81,179	81,208	83,288	84,537	85,805	87,092	88,398
Water Main Rehabilitation - Castlereagh Avenue	-	-	-	-	-	-	87,420	896,059	-	-
Water Main Rehabilitation - George Street	-	-	-	81,179	-	-	-	-	-	-
Water Treatment Plant Improvements	-	-	33,942	34,791	35,661	36,552	37,466	38,403	39,190	40,170
Water - Coonabarabran Total	746,000	126,000	395,993	637,832	329,041	339,441	436,639	1,159,873	254,662	258,908

Warrumbungle Shire Council - Long Term Financial Plan 2016/17

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Water - Dunedoo										
Mains Extension-Evans St, between Sullivan St and Nott St (430m)	-	-	56,570	57,985	59,434	60,920	62,443	-	-	-
Dunedoo W Minor Plant & Equip	3,000	-	-	-	-	-	-	-	-	-
Reservoirs-Rehabilitation	-	20,000	-	-	-	-	62,443	64,004	65,316	66,949
Reservoir Roof	50,000	50,000	-	-	-	-	-	-	-	-
Water - Dunedoo Total	53,000	70,000	56,570	57,985	59,434	60,920	124,886	64,004	65,316	66,949
Water - Mendooran										
Mains Extension	30,000	30,000	-	-	-	-	-	-	-	-
Merrygoen Creek Main Replacement	-	40,000	-	-	-	-	-	-	-	-
Mains Replacement - from Merrygoen Creel to Reservoir	-	50,000	-	-	-	-	-	-	-	-
Water - Mendooran Total	30,000	120,000	-	-	-	-	-	-	-	-
Warrumbungle Water Total	2,140,000	701,000	661,873	812,794	626,495	643,581	685,190	1,349,883	448,096	456,428
WARRUMBUNGLE WASTE										
Mechanical Recycling Facility	200,000	-	-	-	-	-	-	-	-	-
Cost of bins	100,000	-	-	-	-	-	-	-	-	-
Additional Landfill Cells - Coona	20,000	-	-	-	-	-	-	-	-	-
Warrumbungle Waste Total	320,000	-	-	-	-	-	-	-	-	-
Grand Total	19,618,318	9,704,678	9,806,612	9,541,563	9,995,033	10,672,706	10,592,690	11,193,605	9,850,835	10,521,699
FFF Adjustment	-	400,000	900,000	1,700,000	1,831,559	1,877,348	1,924,281	1,972,389	2,021,699	2,072,241
Grand Total	19,618,318	10,104,678	10,706,612	11,241,563	11,826,592	12,550,054	12,516,971	13,165,994	11,872,534	12,593,940

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
Assets	
Cash and Cash equivalents	Changes in cash and cash equivalents balances are per the Statement of Cashflows (cashflow statement).
Investments	Investments are assumed to be re-invested as TDs upon maturity, which are captured under cash and cash equivalents. Details of expected returns on investments are found in Part 3.3 of the plan.
Receivables	Receivables have been assumed to remain constant for the life of the plan.
Inventories	Inventories have been assumed to remain constant for the life of the plan.
Infrastructure, PP&E	Changes in infrastructure, property, plant and equipment balances are as per the AMP. Details on CAPEX can be found in Part 5 of the LTFP, while further information on depreciation expenditure can be found in Part 4.4 of the plan. Information on disposals can be found in part 3.6 of the plan. A detailed asset movement schedule can be found in Part 7 of the plan.
Investments (Equity Method)	Investments accounted for using the equity method are assumed to remain at 2015/16 levels for the life of the plan.
Balance Sheet Item	
Assumptions	
Liabilities	
Payables	Payables have been assumed to remain constant for the life of the plan.
Borrowings	Borrowings and finance leases are paid down per current schedules, and details of current borrowings can be found in part 4.2 of the plan. Council currently has no proposed borrowings but may seek to refinance existing loans.
Provisions	Provisions have been held constant as a full actuarial assessment of movements in future employee provisions was not deemed necessary for the purpose of the LTFP.

Part 7: Financial Analysis

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



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

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

- Three aerodromes;
- Cemetery services;
- Grant funded Connect 5 and long day care services;
- Libraries;
- Medical facilities such as doctor housing
- Noxious weeds services throughout the Shire;
- Office buildings, crown land and staff housing across the Shire;
- Ovals, public amenities, parks and gardens across the six towns in the Shire;
- Maintenance of local, rural and state roads including town streets;
- Sewer, water and waste services;
- Administration and corporate support;
- Emergency services and rural fire services; and
- Tourism and economic promotion.

7.1 General Fund Financial Analysis

Income Statement

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Rates and Annual Charges	9,341	9,575	10,068	10,583	11,124	11,400	11,682	11,975	12,271	12,574
User Charges and Fees	5,439	5,672	5,818	5,967	6,113	6,260	6,413	6,571	6,734	6,899
Interest & Investment Revenue	382	393	400	412	422	433	444	454	465	476
Other Revenues	899	922	945	970	993	1,018	1,043	1,071	1,096	1,123
Grants & Contributions (Recurrent)	18,332	16,274	16,732	17,204	17,719	18,250	18,799	19,375	19,974	20,594
Grants & Contributions (Capital)	7,136	1,277	1,287	1,296	1,306	1,316	1,327	1,337	1,348	1,360
Gains/(Losses) from Disposal of Assets	285	287	289	292	279	266	253	239	225	210
Share of interest in JV gains	-	-	-	-	-	-	-	-	-	-
Total Income From Continuing Operations	41,814	34,400	35,539	36,724	37,956	38,943	39,961	41,022	42,113	43,236
Expenses from Continuing Operations										
Employee Benefits & On-Costs	13,431	13,667	13,976	14,157	14,327	14,745	15,172	15,612	16,064	16,531
Borrowing Costs	344	295	249	202	152	99	49	26	7	-
Materials & Contracts	3,488	3,377	3,339	3,352	3,442	3,531	3,620	3,715	3,811	3,908
Depreciation & Impairment	8,380	8,589	8,804	9,025	9,252	9,480	9,718	9,961	10,211	10,465
Other Expenses	7,586	7,743	7,906	8,073	8,349	8,482	8,694	8,910	9,207	9,363
Interest and Investment Losses	-	-	-	-	-	-	-	-	-	-
Net Share of Interest in Joint Ventures	-	-	-	-	-	-	-	-	-	-
Total Expenditure From Continuing Operations	33,229	33,671	34,274	34,809	35,522	36,337	37,253	38,224	39,300	40,267
Operating Result from Continuing Operations	8,585	729	1,265	1,915	2,434	2,606	2,708	2,798	2,813	2,969

Balance Sheet

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets										
Current Assets										
Cash and Cash Equivalents	5,757	5,733	5,999	6,546	7,044	7,171	7,980	9,485	11,670	14,102
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	3,323	3,323	3,323	3,323	3,323	3,323	3,323	3,323	3,323	3,323
Inventories	816	816	816	816	816	816	816	816	816	816
Total Current Assets	9,896	9,872	10,138	10,685	11,183	11,310	12,119	13,624	15,809	18,241
Non-Current Assets										
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-
Inventories	344	344	344	344	344	344	344	344	344	344
Property, Plant & Equipment	457,887	462,265	466,841	471,739	477,162	483,083	488,737	494,112	498,817	503,907
Investments Equity Method	296	296	296	296	296	296	296	296	296	296
Intangibles	472	472	472	472	472	472	472	472	472	472
Total Non-Current Assets	458,999	463,377	467,953	472,851	478,274	484,195	489,849	495,224	499,929	505,019
Total Assets	468,895	473,249	478,091	483,536	489,457	495,505	501,968	508,848	515,738	523,260
Liabilities										
Current Liabilities										
Payables	2,524	2,533	2,543	2,553	2,564	2,372	2,372	2,372	2,372	2,372
Borrowings	749	785	822	862	904	793	471	474	-	-
Provisions	3,836	3,836	3,836	3,836	3,836	3,836	3,836	3,836	3,836	3,836
Total Current Liabilities	7,109	7,154	7,201	7,251	7,304	7,001	6,679	6,682	6,208	6,208
Non-Current Liabilities										
Payables	705	544	373	192	-	-	-	-	-	-
Borrowings	5,111	4,326	3,504	2,642	1,739	945	474	-	-	-
Provisions	2,124	2,124	2,124	2,124	2,124	2,124	2,124	2,124	2,124	2,124
Total Non-Current Liabilities	7,940	6,994	6,001	4,958	3,863	3,069	2,598	2,124	2,124	2,124
Total Liabilities	15,049	14,148	13,202	12,209	11,167	10,070	9,277	8,806	8,332	8,332
Net Assets	453,846	459,101	464,889	471,327	478,290	485,435	492,691	500,042	507,406	514,928
Retained Earnings	376,647	377,376	378,641	380,556	382,990	385,596	388,304	391,102	393,915	396,884
Revaluation Reserves	77,199	81,725	86,248	90,771	95,300	99,839	104,387	108,940	113,491	118,044
Total Equity	453,846	459,101	464,889	471,327	478,290	485,435	492,691	500,042	507,406	514,928

Statement of Cash Flows (Page 1 of 2)

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities										
<u>Receipts</u>										
Rates and Annual Charges	9,341	9,575	10,068	10,583	11,124	11,400	11,682	11,975	12,271	12,574
User Charges and Fees	5,339	5,672	5,818	5,967	6,113	6,260	6,413	6,571	6,734	6,899
Interest & Investment Revenue	382	393	400	412	422	433	444	454	465	476
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-
Other Revenues	899	922	945	970	993	1,018	1,043	1,071	1,096	1,123
Grants & Contributions	25,468	17,551	18,019	18,500	19,025	19,566	20,126	20,712	21,322	21,954
<u>Payments</u>										
Employee Benefits & On-Costs	(13,431)	(13,667)	(13,976)	(14,157)	(14,327)	(14,745)	(15,172)	(15,612)	(16,064)	(16,531)
Materials & Contracts	(3,488)	(3,377)	(3,339)	(3,352)	(3,442)	(3,531)	(3,620)	(3,715)	(3,811)	(3,908)
Borrowing Costs	(344)	(295)	(249)	(202)	(152)	(99)	(49)	(26)	(7)	-
Other Expenses	(7,586)	(7,743)	(7,906)	(8,073)	(8,349)	(8,482)	(8,694)	(8,910)	(9,207)	(9,363)
Net Cash provided (or used in) Operating Activities	16,580	9,031	9,780	10,648	11,407	11,820	12,173	12,520	12,799	13,224
Cash Flows from Investing Activities										
<u>Receipts</u>										
Sale of Investment Securities	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, PP&E	885	887	889	892	894	896	899	901	904	906
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-
<u>Payments</u>										
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, PP&E	(16,985)	(9,041)	(9,457)	(10,000)	(10,761)	(11,492)	(11,470)	(11,445)	(11,044)	(11,698)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(16,100)	(8,154)	(8,568)	(9,108)	(9,867)	(10,596)	(10,571)	(10,544)	(10,140)	(10,792)

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Financing Activities										
<u>Receipts</u>										
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-
<u>Payments</u>										
Repayment of Borrowings & Advances	(857)	(901)	(946)	(993)	(1,042)	(1,097)	(793)	(471)	(474)	-
Repayment of Finance Lease Liabilities	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Financing Activities	(857)	(901)	(946)	(993)	(1,042)	(1,097)	(793)	(471)	(474)	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(377)	(24)	266	547	498	127	809	1,505	2,185	2,432
Cash & Cash Equivalents - Opening Balance	6,134	5,757	5,733	5,999	6,546	7,044	7,171	7,980	9,485	11,670
Cash & Cash Equivalents - Closing balance	5,757	5,733	5,999	6,546	7,044	7,171	7,980	9,485	11,670	14,102

Asset Movement Schedule

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance										
Estimated Replacement Cost	589,918	610,833	623,800	637,180	651,103	665,778	681,179	696,551	711,887	726,803
Accumulated Depreciation	(144,567)	(152,946)	(161,535)	(170,339)	(179,364)	(188,616)	(198,096)	(207,814)	(217,775)	(227,986)
Written Down Value	445,351	457,887	462,265	466,841	471,739	477,162	483,083	488,737	494,112	498,817
Add/(less):										
- Capital Renewal (Infra)	8,371	4,951	5,485	6,453	7,293	8,049	7,764	7,968	7,694	8,076
- Capital Improvements (Infra)	4,406	399	411	321	424	472	285	395	125	200
- Plant (New & Replacement)	4,208	3,691	3,560	3,226	3,043	2,971	3,421	3,082	3,225	3,421
Total Capital Expenditure	16,985	9,041	9,456	10,000	10,760	11,492	11,470	11,445	11,044	11,697
Depreciation (excl. Plant)	(6,131)	(6,283)	(6,440)	(6,602)	(6,768)	(6,934)	(7,109)	(7,287)	(7,470)	(7,655)
Depreciation (Plant)	(2,249)	(2,306)	(2,364)	(2,423)	(2,484)	(2,546)	(2,609)	(2,674)	(2,741)	(2,810)
Total Depreciation	(8,380)	(8,589)	(8,804)	(9,025)	(9,252)	(9,480)	(9,718)	(9,961)	(10,211)	(10,465)
Disposals	(600)	(600)	(600)	(600)	(615)	(630)	(646)	(662)	(679)	(696)
Revaluations	4,531	4,526	4,524	4,523	4,530	4,539	4,548	4,553	4,551	4,554
Total Movement	12,536	4,378	4,576	4,898	5,423	5,921	5,654	5,375	4,705	5,090
Closing Balance	457,887	462,265	466,841	471,739	477,162	483,083	488,737	494,112	498,817	503,907

Key Performance Indicators

Asset Renewal Ratio (Excl. Plant)	136.54%	78.81%	85.16%	97.74%	107.76%	116.08%	109.21%	109.34%	103.00%	105.51%
Asset Renewal Deficit	2,240	(1,332)	(955)	(149)	525	1,115	655	681	224	421
Asset Consumption Ratio	25%	25%	26%	27%	28%	28%	29%	30%	31%	31%

7.2 Water Fund Financial Analysis

Income Statement

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Rates and Annual Charges	1,297	1,329	1,363	1,397	1,472	1,550	1,634	1,722	1,813	1,911
User Charges and Fees	1,490	1,527	1,566	1,605	1,686	1,773	1,863	1,959	2,059	2,165
Interest & Investment Revenue	62	64	66	67	69	71	72	75	77	79
Other Revenues	-	-	-	-	-	-	-	-	-	-
Grants & Contributions (Recurrent)	49	50	51	52	54	55	57	58	59	61
Grants & Contributions (Capital)	711	-	-	-	-	-	-	-	-	-
Gains/(Losses) from Disposal of Assets	-	-	-	-	-	-	-	-	-	-
Share of interest in JV gains	-	-	-	-	-	-	-	-	-	-
Total Income From Continuing Operations	3,609	2,970	3,046	3,121	3,281	3,449	3,626	3,814	4,008	4,216
Expenses from Continuing Operations										
Employee Benefits & On-Costs	982	1,010	1,038	1,067	1,097	1,127	1,159	1,191	1,225	1,259
Borrowing Costs	33	28	24	20	16	11	6	1	-	-
Materials & Contracts	1,106	1,126	1,147	1,169	1,198	1,227	1,259	1,291	1,322	1,355
Depreciation & Impairment	859	881	903	925	947	973	996	1,020	1,047	1,073
Other Expenses	214	216	218	220	227	232	238	243	250	256
Interest and Investment Losses	-	-	-	-	-	-	-	-	-	-
Net Share of Interest in Joint Ventures	-	-	-	-	-	-	-	-	-	-
Total Expenditure From Continuing Operations	3,194	3,261	3,330	3,401	3,485	3,570	3,658	3,746	3,844	3,943
Operating Result from Continuing Operations	415	(291)	(284)	(280)	(204)	(121)	(32)	68	164	273

Balance Sheet

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets										
<u>Current Assets</u>										
Cash and Cash Equivalents	645	456	331	77	102	215	394	54	817	1,707
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	859	859	859	859	859	859	859	859	859	859
Inventories	6	6	6	6	6	6	6	6	6	6
Total Current Assets	1,510	1,321	1,196	942	967	1,080	1,259	919	1,682	2,572
<u>Non-Current Assets</u>										
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Property, Plant & Equipment	33,366	33,521	33,616	33,842	33,859	33,868	33,895	34,569	34,312	34,034
Investments Equity Method	-	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	33,366	33,521	33,616	33,842	33,859	33,868	33,895	34,569	34,312	34,034
Total Assets	34,876	34,842	34,812	34,784	34,826	34,948	35,154	35,488	35,994	36,606
<u>Liabilities</u>										
<u>Current Liabilities</u>										
Payables	6	6	6	6	6	6	6	6	6	6
Borrowings	78	82	86	91	95	100	78	-	-	-
Provisions	141	141	141	141	141	141	141	141	141	141
Total Current Liabilities	225	229	233	238	242	247	225	147	147	147
<u>Non-Current Liabilities</u>										
Payables	-	-	-	-	-	-	-	-	-	-
Borrowings	533	451	365	274	178	78	-	-	-	-
Provisions	2	2	2	2	2	2	2	2	2	2
Total Non-Current Liabilities	535	453	367	276	180	80	2	2	2	2
Total Liabilities	760	682	600	514	422	327	227	149	149	149
Net Assets	34,116	34,160	34,212	34,270	34,404	34,621	34,927	35,339	35,845	36,457
Retained Earnings	22,272	21,981	21,697	21,417	21,213	21,092	21,060	21,128	21,292	21,565
Revaluation Reserves	11,844	12,179	12,515	12,853	13,191	13,529	13,867	14,211	14,553	14,892
Total Equity	34,116	34,160	34,212	34,270	34,404	34,621	34,927	35,339	35,845	36,457

Statement of Cash Flows (Page 1 of 2)

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Cash Flows from Operating Activities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Receipts</u>										
Rates and Annual Charges	1,297	1,329	1,363	1,397	1,472	1,550	1,634	1,722	1,813	1,911
User Charges and Fees	1,590	1,527	1,566	1,605	1,686	1,773	1,863	1,959	2,059	2,165
Interest & Investment Revenue	62	64	66	67	69	71	72	75	77	79
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-	-	-
Grants & Contributions	760	50	51	52	54	55	57	58	59	61
<u>Payments</u>										
Employee Benefits & On-Costs	(982)	(1,010)	(1,038)	(1,067)	(1,097)	(1,127)	(1,159)	(1,191)	(1,225)	(1,259)
Materials & Contracts	(1,106)	(1,126)	(1,147)	(1,169)	(1,198)	(1,227)	(1,259)	(1,291)	(1,322)	(1,355)
Borrowing Costs	(33)	(28)	(24)	(20)	(16)	(11)	(6)	(1)	-	-
Other Expenses	(214)	(216)	(218)	(220)	(227)	(232)	(238)	(243)	(250)	(256)
Net Cash provided (or used in) Operating Activities	1,374	590	619	645	743	852	964	1,088	1,211	1,346
Cash Flows from Investing Activities										
<u>Receipts</u>										
Sale of Investment Securities	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, PP&E	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-
<u>Payments</u>										
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, PP&E	(2,140)	(701)	(662)	(813)	(626)	(644)	(685)	(1,350)	(448)	(456)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(2,140)	(701)	(662)	(813)	(626)	(644)	(685)	(1,350)	(448)	(456)

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Cash Flows from Financing Activities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Receipts</u>										
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-
<u>Payments</u>										
Repayment of Borrowings & Advances	(75)	(78)	(82)	(86)	(92)	(95)	(100)	(78)	-	-
Repayment of Finance Lease Liabilities	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Financing Activities	(75)	(78)	(82)	(86)	(92)	(95)	(100)	(78)	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(841)	(189)	(125)	(254)	25	113	179	(340)	763	890
Cash & Cash Equivalents - Opening Balance	1,486	645	456	331	77	102	215	394	54	817
Cash & Cash Equivalents - Closing balance	645	456	331	77	102	215	394	54	817	1,707

Asset Movement Schedule

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance										
Estimated Replacement Cost	34,263	36,737	37,773	38,771	39,922	40,886	41,868	42,891	44,585	45,375
Accumulated Depreciation	(2,512)	(3,371)	(4,252)	(5,155)	(6,080)	(7,027)	(8,000)	(8,996)	(10,016)	(11,063)
Written Down Value	31,751	33,366	33,521	33,616	33,842	33,859	33,868	33,895	34,569	34,312
Add/(less):										
- Capital Renewal (Infra)	1,590	581	379	372	310	316	346	1,158	265	269
- Capital Improvements (Infra)	550	120	283	441	316	328	339	192	183	187
- Plant (New & Replacement)	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	2,140	701	662	813	626	644	685	1,350	448	456
Depreciation (excl. Plant)	(813)	(835)	(857)	(879)	(901)	(927)	(950)	(974)	(1,001)	(1,027)
Depreciation (Plant)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)
Total Depreciation	(859)	(881)	(903)	(925)	(947)	(973)	(996)	(1,020)	(1,047)	(1,073)
Disposals	-	-	-	-	-	-	-	-	-	-
Revaluations	334	335	336	338	338	338	338	344	342	339
Total Movement	1,615	155	95	226	17	9	27	674	(257)	(278)
Closing Balance	33,366	33,521	33,616	33,842	33,859	33,868	33,895	34,569	34,312	34,034

Key Performance Indicators

Asset Renewal Ratio (Excl. Plant)	195.57%	69.58%	44.22%	42.32%	34.41%	34.09%	36.42%	118.89%	26.47%	26.19%
Asset Renewal Deficit	777	(254)	(478)	(507)	(591)	(611)	(604)	184	(736)	(758)
Asset Consumption Ratio	7%	9%	11%	13%	15%	17%	19%	21%	22%	24%

7.3 Sewer Fund Financial Analysis

Income Statement

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Rates and Annual Charges	1,286	1,318	1,351	1,385	1,456	1,530	1,609	1,691	1,777	1,868
User Charges and Fees	166	170	174	178	187	197	206	217	228	240
Interest & Investment Revenue	126	118	112	104	96	87	82	85	86	89
Other Revenues	5	5	5	5	5	5	5	5	6	6
Grants & Contributions (Recurrent)	34	35	36	37	38	39	40	41	42	43
Grants & Contributions (Capital)	-	-	-	-	-	-	-	-	-	-
Gains/(Losses) from Disposal of Assets	-	-	-	-	-	-	-	-	-	-
Share of interest in JV gains	-	-	-	-	-	-	-	-	-	-
Total Income From Continuing Operations	1,617	1,646	1,678	1,709	1,782	1,858	1,942	2,039	2,139	2,246
Expenses from Continuing Operations										
Employee Benefits & On-Costs	637	655	672	691	711	730	751	772	793	816
Borrowing Costs	-	-	-	-	-	-	-	-	-	-
Materials & Contracts	652	665	679	692	709	728	746	764	783	803
Depreciation & Impairment	345	354	362	371	382	391	400	411	421	431
Other Expenses	47	48	48	49	50	52	53	54	56	57
Interest and Investment Losses	-	-	-	-	-	-	-	-	-	-
Net Share of Interest in Joint Ventures	-	-	-	-	-	-	-	-	-	-
Total Expenditure From Continuing Operations	1,681	1,722	1,761	1,803	1,852	1,901	1,950	2,001	2,053	2,107
Operating Result from Continuing Operations	(64)	(76)	(83)	(94)	(70)	(43)	(8)	38	86	139

Balance Sheet

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets										
<u>Current Assets</u>										
Cash and Cash Equivalents	3,206	3,273	3,125	3,144	3,197	3,323	3,353	3,431	3,557	3,687
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	457	466	476	486	497	305	305	305	305	305
Inventories	-	-	-	-	-	-	-	-	-	-
Total Current Assets	3,663	3,739	3,601	3,630	3,694	3,628	3,658	3,736	3,862	3,992
<u>Non-Current Assets</u>										
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	705	544	373	192	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Property, Plant & Equipment	22,202	22,431	22,879	23,160	23,441	23,688	23,873	24,056	24,238	24,469
Investments Equity Method	-	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	22,907	22,975	23,252	23,352	23,441	23,688	23,873	24,056	24,238	24,469
Total Assets	26,570	26,714	26,853	26,982	27,135	27,316	27,531	27,792	28,100	28,461
<u>Liabilities</u>										
<u>Current Liabilities</u>										
Payables	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-
Provisions	46	46	46	46	46	46	46	46	46	46
Total Current Liabilities	46	46	46	46	46	46	46	46	46	46
<u>Non-Current Liabilities</u>										
Payables	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-
Provisions	1	1	1	1	1	1	1	1	1	1
Total Non-Current Liabilities	1	1	1	1	1	1	1	1	1	1
Total Liabilities	47	47	47	47	47	47	47	47	47	47
Net Assets	26,523	26,667	26,806	26,935	27,088	27,269	27,484	27,745	28,053	28,414
Retained Earnings	12,022	11,946	11,863	11,769	11,699	11,656	11,648	11,686	11,772	11,911
Revaluation Reserves	14,501	14,721	14,943	15,166	15,389	15,613	15,836	16,059	16,281	16,503
Total Equity	26,523	26,667	26,806	26,935	27,088	27,269	27,484	27,745	28,053	28,414

Statement of Cash Flows (Page 1 of 2)

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Cash Flows from Operating Activities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receipts										
Rates and Annual Charges	1,286	1,318	1,351	1,385	1,456	1,530	1,609	1,691	1,777	1,868
User Charges and Fees	166	170	174	178	187	197	206	217	228	240
Interest & Investment Revenue	270	270	273	275	277	279	82	85	86	89
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-
Other Revenues	5	5	5	5	5	5	5	5	6	6
Grants & Contributions	34	35	36	37	38	39	40	41	42	43
Payments										
Employee Benefits & On-Costs	(637)	(655)	(672)	(691)	(711)	(730)	(751)	(772)	(793)	(816)
Materials & Contracts	(652)	(665)	(679)	(692)	(709)	(728)	(746)	(764)	(783)	(803)
Borrowing Costs	-	-	-	-	-	-	-	-	-	-
Other Expenses	(47)	(48)	(48)	(49)	(50)	(52)	(53)	(54)	(56)	(57)
Net Cash provided (or used in) Operating Activities	425	430	440	448	493	540	392	449	507	570
Cash Flows from Investing Activities										
Receipts										
Sale of Investment Securities	-	-	-	-	-	-	-	-	-	-
Proceed from Internal Investment	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, PP&E	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-
Payments										
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, PP&E	(493)	(363)	(588)	(429)	(440)	(414)	(362)	(371)	(381)	(440)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(493)	(363)	(588)	(429)	(440)	(414)	(362)	(371)	(381)	(440)

Warrumbungle Shire Council - Long Term Financial Plan 2016/17

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Financing Activities										
<u>Receipts</u>										
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-
<u>Payments</u>										
Repayment of Borrowings & Advances	-	-	-	-	-	-	-	-	-	-
Repayment of Finance Lease Liabilities	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Financing Activities	-	-	-	-	-	-	-	-	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(68)	67	(148)	19	53	126	30	78	126	130
Cash & Cash Equivalents - Opening Balance	3,274	3,206	3,273	3,125	3,144	3,197	3,323	3,353	3,431	3,557
Cash & Cash Equivalents - Closing balance	3,206	3,273	3,125	3,144	3,197	3,323	3,353	3,431	3,557	3,687

Asset Movement Schedule

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance										
Estimated Replacement Cost	23,405	24,118	24,701	25,511	26,163	26,826	27,464	28,049	28,643	29,246
Accumulated Depreciation	(1,571)	(1,916)	(2,270)	(2,632)	(3,003)	(3,385)	(3,776)	(4,176)	(4,587)	(5,008)
Written Down Value	21,834	22,202	22,431	22,879	23,160	23,441	23,688	23,873	24,056	24,238
Add/(less):										
- Capital Renewal (Infra)	293	363	588	429	440	414	362	371	381	440
- Capital Improvements (Infra)	200	-	-	-	-	-	-	-	-	-
- Plant (New & Replacement)	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	493	363	588	429	440	414	362	371	381	440
Depreciation (excl. Plant)	(334)	(343)	(351)	(360)	(371)	(380)	(389)	(400)	(410)	(420)
Depreciation (Plant)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)
Total Depreciation	(345)	(354)	(362)	(371)	(382)	(391)	(400)	(411)	(421)	(431)
Disposals	-	-	-	-	-	-	-	-	-	-
Revaluations	220	220	222	223	223	224	223	223	222	222
Total Movement	368	229	448	281	281	247	185	183	182	231
Closing Balance	22,202	22,431	22,879	23,160	23,441	23,688	23,873	24,056	24,238	24,469
	-	-	-	-	-	-	-	-	-	24,469
Key Performance Indicators										
Asset Renewal Ratio (Excl. Plant)	87.72%	105.83%	167.52%	119.17%	118.60%	108.95%	93.06%	92.75%	92.93%	104.76%
Asset Renewal Deficit	(41)	20	237	69	69	34	(27)	(29)	(29)	20
Asset Consumption Ratio	7%	8%	9%	10%	11%	13%	14%	15%	16%	17%

7.4 Consolidated Analysis

Income Statement

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Rates and Annual Charges	11,924	12,222	12,782	13,365	14,052	14,480	14,925	15,388	15,861	16,353
User Charges and Fees	7,095	7,369	7,558	7,750	7,986	8,230	8,483	8,747	9,021	9,304
Interest & Investment Revenue	515	529	541	556	569	584	598	614	628	644
Other Revenues	904	927	950	975	998	1,023	1,049	1,076	1,102	1,129
Grants & Contributions (Recurrent)	18,415	16,359	16,819	17,293	17,811	18,344	18,895	19,474	20,075	20,698
Grants & Contributions (Capital)	7,847	1,277	1,287	1,296	1,306	1,316	1,327	1,337	1,348	1,360
Gains/(Losses) from Disposal of Assets	285	287	289	292	279	266	253	239	225	210
Share of interest in JV gains	-	-	-	-	-	-	-	-	-	-
Total Income From Continuing Operations	46,985	38,970	40,226	41,527	43,001	44,243	45,530	46,875	48,260	49,698
Expenses from Continuing Operations										
Employee Benefits & On-Costs	15,050	15,332	15,686	15,915	16,135	16,602	17,083	17,575	18,082	18,606
Borrowing Costs	322	277	236	195	150	103	55	27	7	-
Materials & Contracts	5,246	5,168	5,165	5,213	5,349	5,486	5,625	5,770	5,916	6,066
Depreciation & Impairment	9,584	9,824	10,069	10,321	10,581	10,843	11,114	11,392	11,679	11,969
Other Expenses	7,847	8,007	8,172	8,342	8,626	8,766	8,985	9,207	9,513	9,676
Interest and Investment Losses	-	-	-	-	-	-	-	-	-	-
Net Share of Interest in Joint Ventures	-	-	-	-	-	-	-	-	-	-
Total Expenditure From Continuing Operations	38,049	38,608	39,328	39,986	40,841	41,800	42,862	43,971	45,197	46,317
Operating Result from Continuing Operations	8,936	362	898	1,541	2,160	2,443	2,668	2,904	3,063	3,381

Balance Sheet

Assets	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Current Assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and Cash Equivalents	9,608	9,462	9,455	9,767	10,343	10,709	11,727	12,970	16,044	19,496
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	4,487	4,487	4,487	4,487	4,487	4,487	4,487	4,487	4,487	4,487
Inventories	822	822	822	822	822	822	822	822	822	822
Total Current Assets	14,917	14,771	14,764	15,076	15,652	16,018	17,036	18,279	21,353	24,805
Non-Current Assets										
Investments	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-
Inventories	344	344	344	344	344	344	344	344	344	344
Property, Plant & Equipment	513,455	518,216	523,335	528,740	534,462	540,640	546,506	552,737	557,368	562,411
Investments Equity Method	296	296	296	296	296	296	296	296	296	296
Intangibles	472	472	472	472	472	472	472	472	472	472
Total Non-Current Assets	514,567	519,328	524,447	529,852	535,574	541,752	547,618	553,849	558,480	563,523
Total Assets	529,484	534,099	539,211	544,928	551,226	557,770	564,654	572,128	579,833	588,328
Liabilities										
Current Liabilities										
Payables	2,378	2,378	2,378	2,378	2,378	2,378	2,378	2,378	2,378	2,378
Borrowings	827	867	908	953	999	893	549	474	-	-
Provisions	4,023	4,023	4,023	4,023	4,023	4,023	4,023	4,023	4,023	4,023
Total Current Liabilities	7,228	7,268	7,309	7,354	7,400	7,294	6,950	6,875	6,401	6,401
Non-Current Liabilities										
Payables	-	-	-	-	-	-	-	-	-	-
Borrowings	5,644	4,777	3,869	2,916	1,917	1,023	474	-	-	-
Provisions	2,127	2,127	2,127	2,127	2,127	2,127	2,127	2,127	2,127	2,127
Total Non-Current Liabilities	7,771	6,904	5,996	5,043	4,044	3,150	2,601	2,127	2,127	2,127
Total Liabilities	14,999	14,172	13,305	12,397	11,444	10,444	9,551	9,002	8,528	8,528
Net Assets	514,485	519,927	525,906	532,531	539,782	547,326	555,103	563,126	571,305	579,800
Retained Earnings	410,941	411,303	412,201	413,742	415,902	418,345	421,013	423,917	426,980	430,361
Revaluation Reserves	103,544	108,624	113,705	118,789	123,880	128,981	134,090	139,209	144,325	149,439
Total Equity	514,485	519,927	525,906	532,531	539,782	547,326	555,103	563,126	571,305	579,800

Statement of Cash Flows (Page 1 of 2)

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Cash Flows from Operating Activities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receipts										
Rates and Annual Charges	11,924	12,222	12,782	13,365	14,052	14,480	14,925	15,388	15,861	16,353
User Charges and Fees	7,095	7,369	7,558	7,750	7,986	8,230	8,483	8,747	9,021	9,304
Interest & Investment Revenue	515	529	541	556	569	584	598	614	628	644
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-
Other Revenues	904	927	950	975	998	1,023	1,049	1,076	1,102	1,129
Grants & Contributions	26,262	17,636	18,106	18,589	19,117	19,660	20,222	20,811	21,423	22,058
Payments										
Employee Benefits & On-Costs	(15,050)	(15,332)	(15,686)	(15,915)	(16,135)	(16,602)	(17,083)	(17,575)	(18,082)	(18,606)
Materials & Contracts	(5,246)	(5,168)	(5,165)	(5,213)	(5,349)	(5,487)	(5,625)	(5,770)	(5,916)	(6,066)
Borrowing Costs	(322)	(277)	(236)	(195)	(150)	(103)	(55)	(27)	(7)	-
Other Expenses	(7,847)	(8,007)	(8,172)	(8,342)	(8,626)	(8,766)	(8,985)	(9,207)	(9,513)	(9,676)
Net Cash provided (or used in) Operating Activities	18,235	9,899	10,678	11,570	12,462	13,019	13,529	14,057	14,517	15,140
Cash Flows from Investing Activities										
Receipts										
Sale of Investment Securities	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, PP&E	885	887	889	892	894	896	899	901	904	906
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-
Payments										
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, PP&E	(19,618)	(10,105)	(10,707)	(11,242)	(11,827)	(12,550)	(12,517)	(13,166)	(11,873)	(12,594)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(18,733)	(9,218)	(9,818)	(10,350)	(10,933)	(11,654)	(11,618)	(12,265)	(10,969)	(11,688)

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Cash Flows from Financing Activities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Receipts</u>										
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-
<u>Payments</u>										
Repayment of Borrowings & Advances	(788)	(827)	(867)	(908)	(953)	(999)	(893)	(549)	(474)	-
Repayment of Finance Lease Liabilities	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Financing Activities	(788)	(827)	(867)	(908)	(953)	(999)	(893)	(549)	(474)	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(1,286)	(146)	(7)	312	576	366	1,018	1,243	3,074	3,452
Cash & Cash Equivalents - Opening Balance	10,894	9,608	9,462	9,455	9,767	10,343	10,709	11,727	12,970	16,044
Cash & Cash Equivalents - Closing balance	9,608	9,462	9,455	9,767	10,343	10,709	11,727	12,970	16,044	19,496

Asset Movement Schedule

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance										
Estimated Replacement Cost	647,586	671,688	686,273	701,461	717,187	733,490	750,511	767,491	785,114	801,424
Accumulated Depreciation	(148,649)	(158,233)	(168,057)	(178,126)	(188,447)	(199,028)	(209,871)	(220,985)	(232,377)	(244,056)
Written Down Value	498,937	513,455	518,216	523,335	528,740	534,462	540,640	546,506	552,737	557,368
Add/(less):										
- Capital Renewal (Infra)	10,254	5,895	6,452	7,254	8,043	8,779	8,472	9,497	8,340	8,786
- Capital Improvements (Infra)	5,156	519	694	762	741	800	625	587	308	387
- Plant (New & Replacement)	4,208	3,691	3,561	3,226	3,043	2,971	3,420	3,082	3,225	3,421
Total Capital Expenditure	19,618	10,105	10,707	11,242	11,827	12,550	12,517	13,166	11,873	12,594
Depreciation (excl. Plant)	(7,278)	(7,460)	(7,646)	(7,838)	(8,035)	(8,234)	(8,440)	(8,651)	(8,869)	(9,089)
Depreciation (Plant)	(2,306)	(2,364)	(2,423)	(2,483)	(2,546)	(2,609)	(2,674)	(2,741)	(2,810)	(2,880)
Total Depreciation	(9,584)	(9,824)	(10,069)	(10,321)	(10,581)	(10,843)	(11,114)	(11,392)	(11,679)	(11,969)
Disposals	(600)	(600)	(600)	(600)	(615)	(630)	(646)	(662)	(679)	(696)
Revaluations	5,084	5,081	5,081	5,084	5,090	5,101	5,109	5,120	5,115	5,114
Total Movement	14,518	4,762	5,119	5,405	5,721	6,178	5,866	6,232	4,630	5,043
Closing Balance	513,455	518,216	523,335	528,740	534,462	540,640	546,506	552,737	557,368	562,411

Key Performance Indicators

Asset Renewal Ratio (Excl. Plant)	140.89%	79.02%	84.38%	92.55%	100.10%	106.62%	100.38%	109.78%	94.04%	96.67%
Asset Renewal Deficit	2,976	(1,565)	(1,194)	(584)	8	545	32	846	(529)	(303)
Asset Consumption Ratio	23%	24%	24%	25%	26%	27%	28%	29%	30%	30%

Part 8: Summary of Results

Council's forecast performance by fund is summarized below:

Financial performance and Flexibility

General Fund continues to make a surplus over the life of the LTFP with a highlight in 2016/17 of \$8.585m mainly due to the receipt of substantial capital grant monies for Bushfire and Emergency Services (\$1.423m), Regional Roads- Transport (Other Roads Bridges) (\$2.630m) and the Cobbora Transition Fund (\$1.837m). The 2017/18 financial year falls to a surplus of \$729k which steadily increases to \$2.969m in the 2025/26 (a total surplus of \$28.822m (over the life of the LTFP)). Water Fund generates a surplus of \$415k in the 2016/17 as the result of capital grant monies for the replacement of bores within three of the Council's towns. The subsequent year results in a deficit of \$291k which slowly reduces over the 10 year period to generate a surplus of \$273k in 2025/26 (a total deficit of \$292k over the life of the LTFP). Sewer Fund started off with a small deficit of \$64k which slowly improves over the life of the LTFP to reach a surplus of \$139k in 2025/26 (a total deficit of \$175k over the life of the LTFP). Overall, Council as a whole is estimated to generate a surplus of \$28.356m over the 10 years.

Liquidity

General Fund's cash balance remains around \$5.7m in the first 2 years of the LTFP then steadily increases to reach \$14.102m in 2025/26. The Fund's cash balance increases by \$7.968m over the life of the plan with the Current Ratio remaining at an average of 1.81 over the 10 year period and reaching a high of 2.94 in 2025/26. Water Fund maintains an average cash balance of \$480k over the life of the LTFP and an average current ratio of 7.07 where it reaches a high of 17.50 in 2025/26. Sewer Fund's average cash balance is \$3.330m over the LTFP and its average current ratio is 80.88 and reaches a high of 86.78 in 2025/26. While the Sewer and Water Fund maintain considerably high current ratio's compared to General Fund, these funds are restricted and consequently cannot be used within General Fund for day to day operations.

Asset Renewal and Capital Works

On average, General Fund has an asset renewal ratio (excluding plant) of 104.91% with a high of 136.55% in 2016/17 and a low of 78.80% in 2017/18. The Fund's asset average consumption ratio and asset renewal surplus is 27.89% and \$342k respectively. It generates an asset renewal surplus of \$3.420m and expends \$113.393m on capital over the life of the plan. The Sewer Fund has an average asset renewal ratio (excluding plant) of 106.0% with a high of 162.43% in 2018/19 and a low of 84.93% in 2016/17. The funds asset average consumption ratio and asset renewal surplus is 12.00% and \$21k respectively. It generates an asset renewal surplus of \$213k and expends \$4.281m on capital over the life of the plan. Alternatively, the Water Fund on average has an asset renewal ratio (excluding plant) of 59.70% with a high of 185.10% in 2016/17 and a low of 25.07% in 2025/26. It should be noted that estimates for capital spend in the outer years of the water fund are most likely understated. Council is in the process of updating its water/sewer Asset Management Plans to ensure that it can more accurately forecast capex requirements in the outer years. The Fund's asset average consumption ratio and asset renewal deficit is 16.04% and \$404k respectively. It generates an asset renewal deficit of \$4.039 and expends \$8.525m on capital over the life of the plan. Overall, Council generates an average asset renewal ratio (excluding plant) of 100.43% and an asset renewal surplus of \$23k over the life of the LTFP. Council as a whole expends \$126.199m on capital over the 10 year period.

Debt Servicing

All outstanding loans will be repaid by 2024/25. General Fund has the majority of loans including an internal loan entered into between the Sewer and General Fund for the upgrade of the Warrumbungle Shire administration building. Sewer has no outstanding loans while the Water Fund has one loan for the upgrade of the Mendooran's water facilities. Each fund maintains a debt service ratio of below the desired 10%. It is likely that Council will enter into further borrowings in the outer years when its current loan balances have been drawn down, however, Council is unable to accurately forecast the amount of future borrowings at this point in time.

Part 9: Sensitivity Analysis

9.1 Sensitivity Analysis

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

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

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

Factor	Base Scenario	Optimistic Scenario	Pessimistic Scenario
Political trends	FAGs grants grow at 4%.	FAGs grants grow at 4% and additional funds are redistributed to rural and regional councils.	FAG grants indexed at 1% and no redistribution. Consequently all of the additional capital renewal projects as outlined in the FFF improvement action plans are postponed.
Special Rate Variance	A special rate variation of 10% is undertaken where half of the funds are used to fund capital renewal while the other is invested.	A special rate variation of 10% is undertaken where half of the funds are used to fund capital renewal while the other is invested.	No impact
Employee Costs and Benefits	No impact	In line with reduced CPI Employee Costs and Benefits are indexed at a lower rate.	No impact
Additional Capital Funding	No impact	Council receives \$750k of Capital Grants	No impact

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

9.2 Sensitivity Analysis Results

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

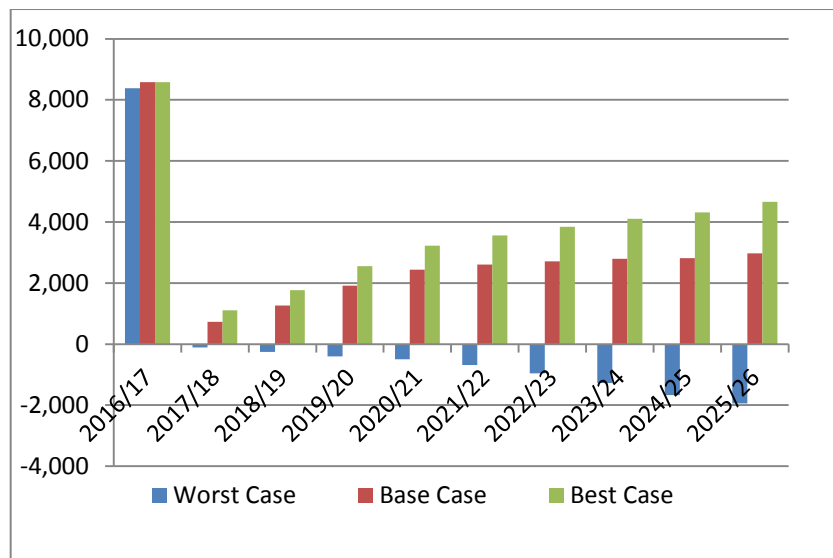
Ratios are divided into the following four groupings:

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

Financial Performance and Flexibility Ratios

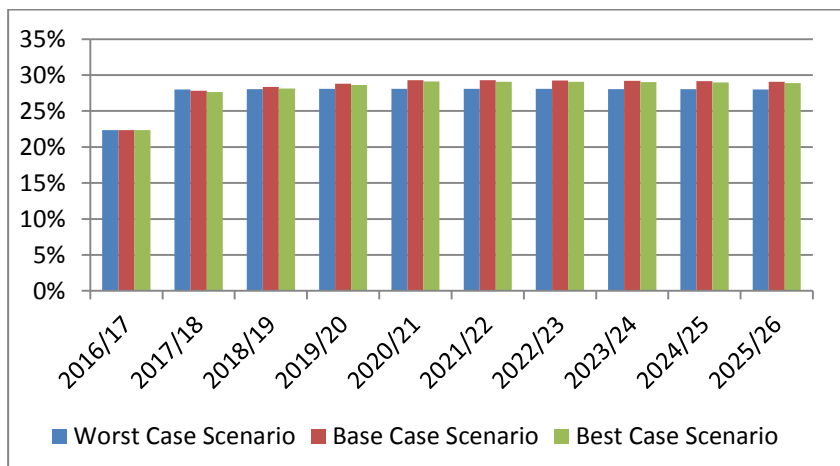
Operating Surplus/(Deficit)

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



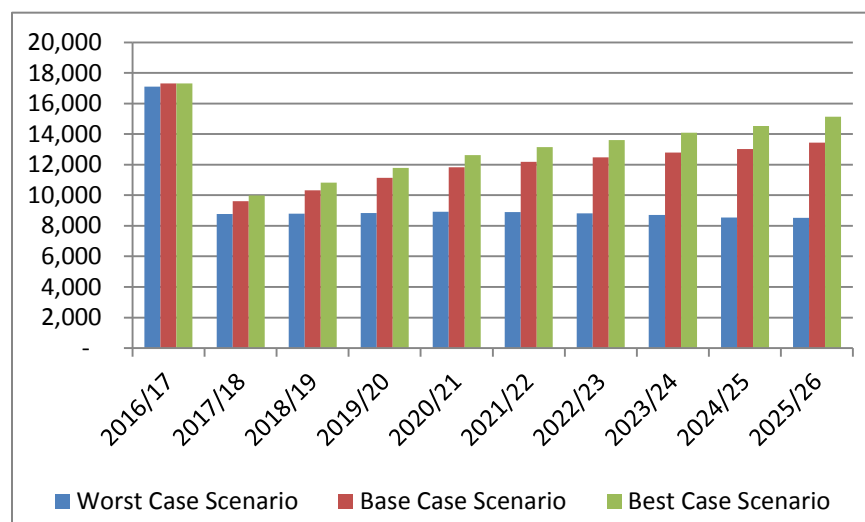
Rates and Annual Charges Coverage Ratio

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



EBITDA

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



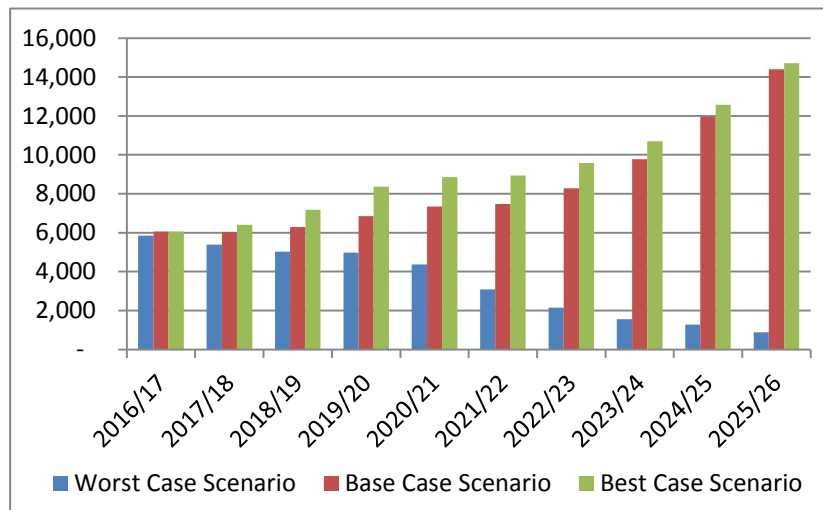
Council's forecast financial performance and flexibility can be summed up by the following comments:

- With particular regard to a substantial amount of Grant monies in 2016/17 supporting an \$8.585m surplus, Council is forecast to continue reporting operating surpluses in all of the scenarios with a total surplus over the 10 years of \$37.726m in the best case scenario, \$28.822m in the base case scenario and \$602k in the worst case scenario. It should be noted that in the worst case scenario, Council will only record a surplus in the 2016/17 financial year;
- Council is forecast to face risks around financial flexibility due to its high reliance on grant funding; Council's underlying operational performance is forecast to improve (see EBITDA) over the life of the plan in both the base and best case scenarios;
- Depreciation expense assumptions are a large driver of the operating result (accounting for 26% of total expenses on average), and if incorrect, could be making Council's performance appear worse (or better) than it is. Council has reviewed its deprecation assumptions as a result of the revaluation of roads in 2014/15, and depreciation is expected to decrease by approximately \$850k in the year ending 30 June 2016.

Liquidity Ratios

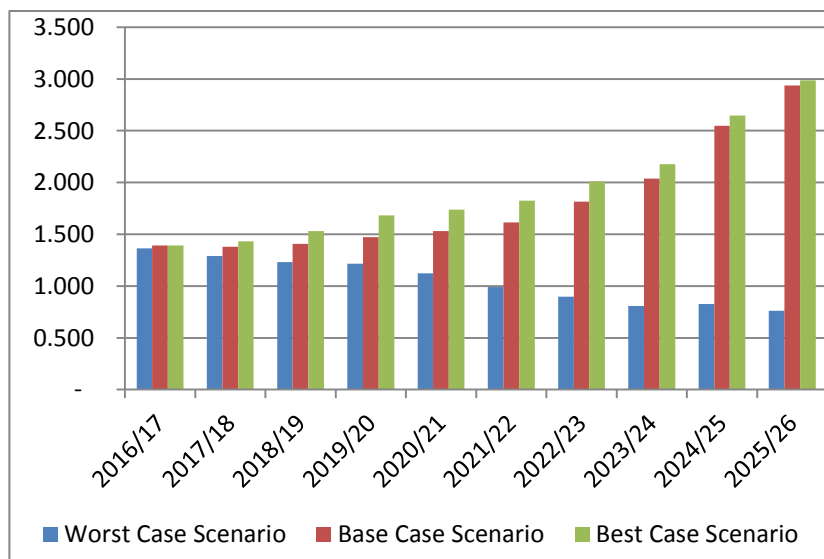
Cash and investments balance

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



Current Ratio

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



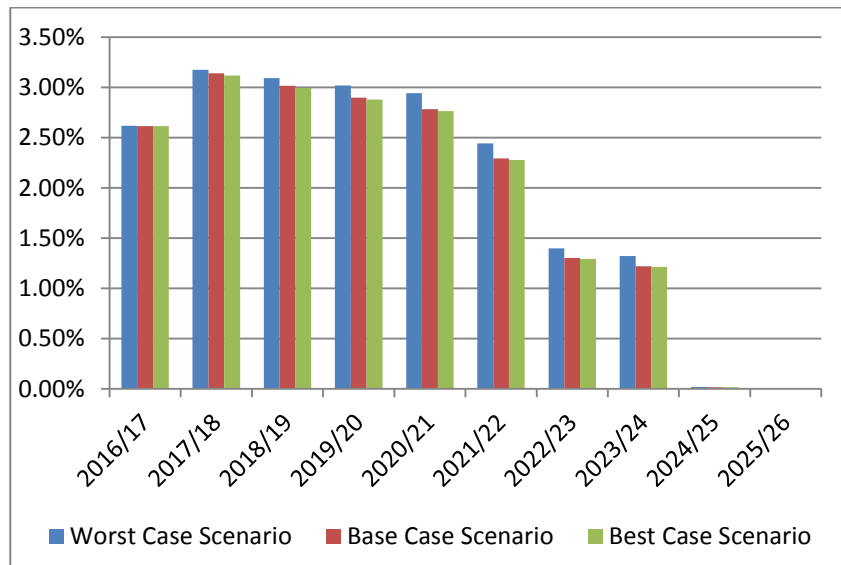
Council’s forecast cash position and liquidity can be summed up by the following comments:

- General Fund is expected to maintain a sufficient cash balance over the 10 year period in all scenarios with a decrease of \$5.549m in the worst case scenario (90% decrease), a \$7.968m increase in the base case scenario (130% increase) and a \$8.275m increase in the best case (135% increase);
- Overall the life of the plan, General Fund is expected to maintain an average current ratio of 1.051 in the worst case, 1.814 in the base case and 1.942 in the best case scenario.

Debt Servicing

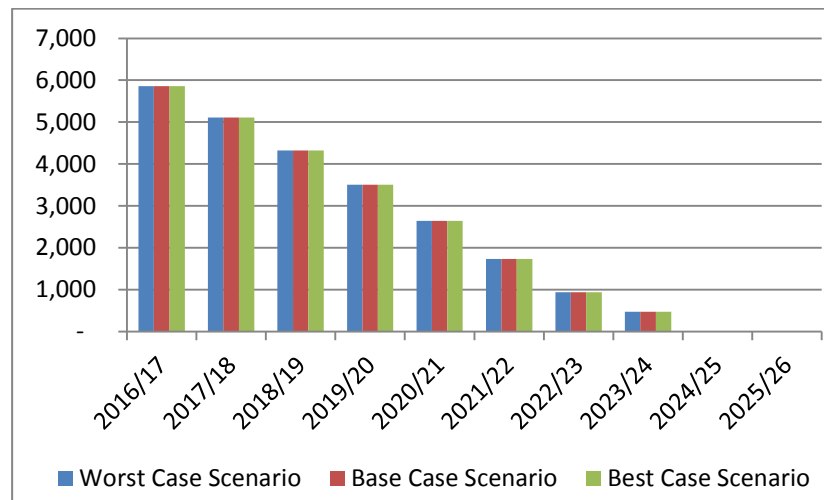
Debt Service Ratio

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



Loan Balance

This KPI shows Council's loans balance over time.

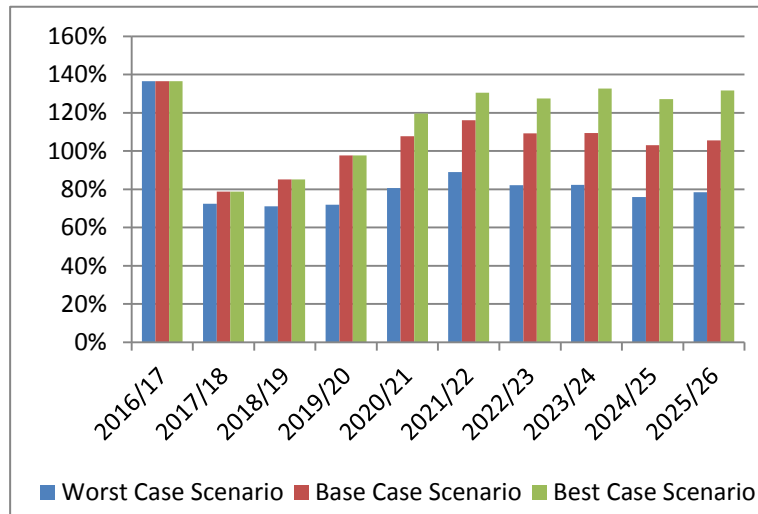


Council's forecast loan exposure and debt servicing requirements can be summed up by the following comments:

- Council's debt servicing ratio is well within the OLG 10% benchmark;
- For General Fund, Loan repayments are \$0.757m per year on average (excluding interest expenditure on these loans) putting a drag on cash available for other uses, such as further capital works;
- As a result of the loans Council has managed to bring forward the replacement of all Council's timber bridges (bar two), the construction of the new administration building, and the purchase of additional land for the extension of Council's quarry operations.

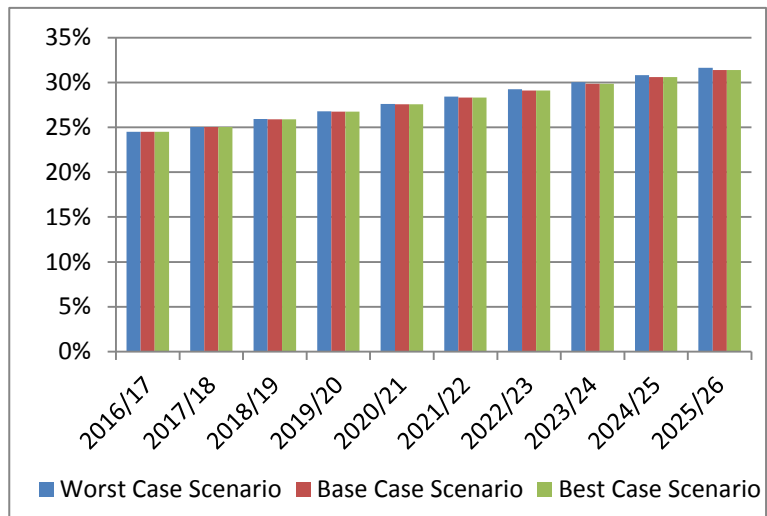
Asset Renewal and Capital Works

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



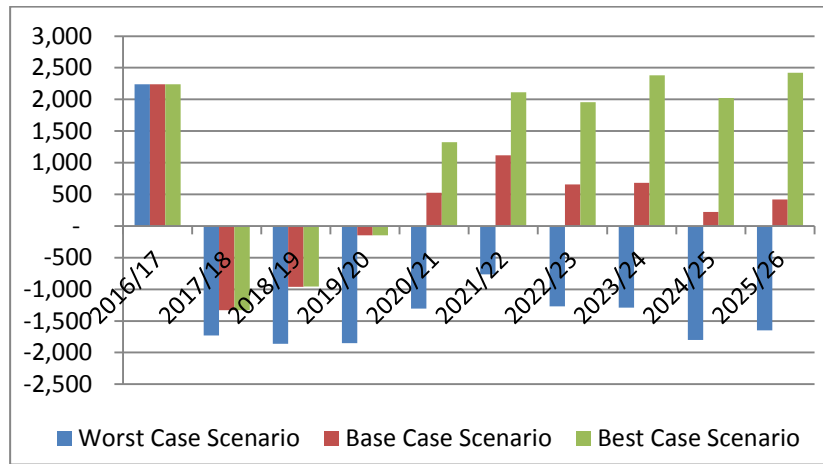
Asset Consumption Ratio

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



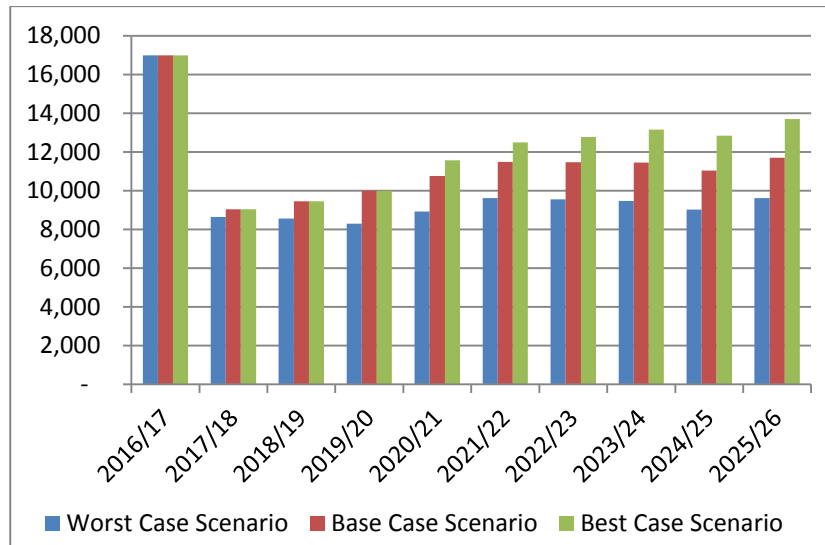
Asset Renewal Deficiency

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



Capital Expenditure Program

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



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

- Assuming Council's depreciation assumptions are correct, General fund is forecast to generate an asset renewal surplus of \$3.420m in the base case and \$12.025m in the best case scenario over the LTFP. However, in the worst case scenario, General fund will fail to renew existing assets resulting in degradation of roads and other community assets (total renewal deficit of \$11.279m over ten years);
- In each scenario the Council's capital program is reflective of the cash available for funding;

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

- Council is forecasting an improvement in Council's EBITDA over the life of the plan;
- Council forecasts its cash balance to improve over the life of the plan from \$10.894m to \$19.496m (an increase of \$8.602 or 79%);
- Council's exposure to debt is clearly manageable with the debt service ratio decreasing over the life of the plan, and the majority of loans to be paid back by the end of the 2023/24 financial year;
- Council's financial flexibility is forecast to improve over the plan for both the base case and best case scenario.

Although the KPIs above indicate that Council will be Fit for the Future there are many external and internal factors that can influence Council's financial performance and position going forward.

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

- Demographic changes;
- Increased/decreased 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, or alternatively further drought conditions.

Part 10: Conclusion and the Way Forward

This plan has sought to provide a picture of Council's financial performance and position over the following ten years on the basis of general assumptions regarding Council's external environment (Part 2), Council's possible revenue (Part 3), Council's forecast recurrent expenditure (Part 4) 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 analysis (Parts 8&9).

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

- Council is forecast to meet all its Fit for the Future ratios within the following four years and across the life of the plan;
- Council is forecast to spend a total of \$126m in capital over the following ten years;
- Council is forecasting an improvement in Council's EBITDA over the life of the plan;
- Council forecasts its cash balance to improve over the life of the plan from \$10.894m to \$19.496m (an increase of \$8.602 or 79%);
- Council's current ratio is well above the OLG benchmark of 2 (in total);
- Council's exposure to debt is clearly manageable with the debt decreasing to nil over the life of the plan;
- Council's financial position is forecast to improve considerably over the life of the LTFP.

The considerable gains mentioned above are as a result of difficult decisions made as part of Council's Fit for the Future Improvement Action Plan. In order for Council to achieve the positive outcomes in this LTFP Council must ensure that it continues on the improvement path set out in its Fit for the Future IAP, and takes advantage of the positive changes for Council stemming from the Local Government reform process.



warrumbungle
SHIRE COUNCIL

Warrumbungle Shire Council

20-22 John Street,
Coonabarabran
Phone:02 6849 2000
Fax:02 6842 1337

59 Binnia Street,
Coolah
Phone:02 6378 5000
Fax:02 6842 1337

info@warrumbungle.nsw.gov.au • www.warrumbungle.nsw.gov.au