



# Warrumbungle Shire Council

## Long Term Financial Plan

### 2017/18 to 2026/27

As Endorsed by Council Resolution 309/1617



## 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.

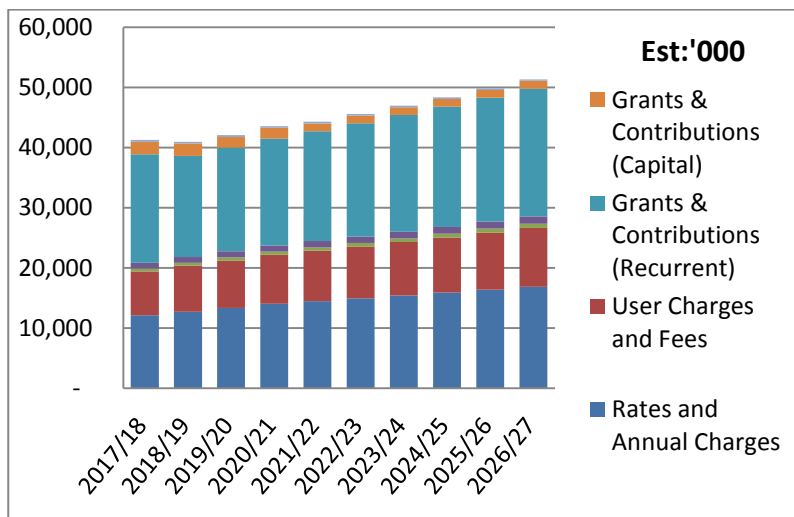
Warrumbungle Shire Council’s LTFP details Council’s expected income, recurrent and capital expenditure, and the external environment that Council is expected to face in the coming ten years. The LTFP is in effect Council’s financial road map for the ten year period commencing in the 2017/18 financial 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 \$41.276m to \$51.331m over the ten years in the plan, which is a 24.4% increase. This is largely due to the increases in Rates & Annual Charges (Special Rates Variation), User Charges and Fees by CPI (2.5%) and in Operational Grants (FAGS Grant is indexed by 4% from 2018/19).

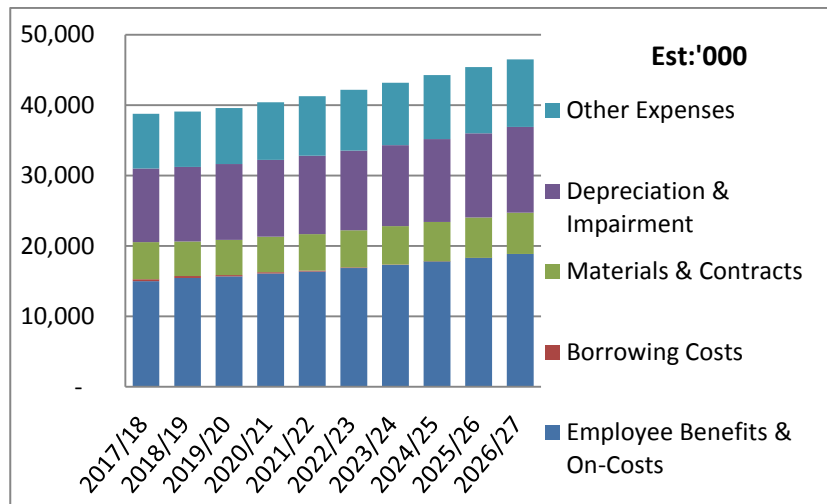


Limitations to revenue growth for Council include rate pegging, a static demographic outlook, and Council’s high reliance on grant revenue (an average of 44.53% of total revenue over the LTFP) to fund Council’s operations.

Council’s rates and annual charges coverage ratio of roughly 32.17% (over the LTFP) also means that more than two thirds of the costs of Council’s operations are funded from non-rates income.

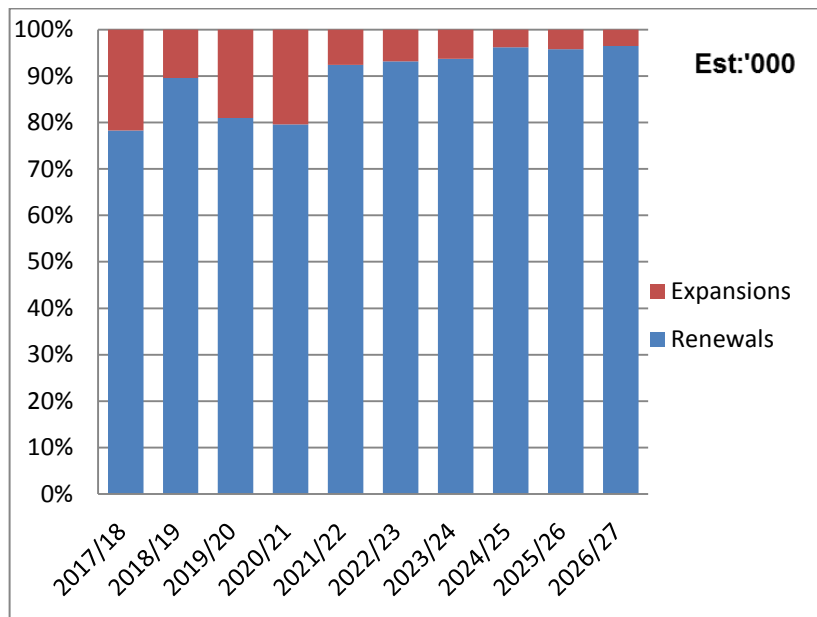
## Council’s Recurrent Expenditure

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 \$38.772m to \$46.524m, over the ten years in the plan, which is an increase of 20%.



## 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 \$13.542m worth of Capital works per annum, resulting in an average asset renewal ratio of 103.83% (the 2013/14 NSW state average is 87%) and an asset renewal surplus over the life of this plan of \$3.714m.



Council has a significant capital backlog with insufficient resources to address the issue. This is being addressed to some degree with continuing record capital renewal programs. 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 inevitable that some of the capital budget will not be spent and may be revoted into the following year.

## The Impact of Fit for the Future

The Fit For the Future (FFF) initiative was implemented by the NSW State Government through their Office of Local Government (OLG) to ensure the long term sustainability of all local government councils. The initiative required councils to demonstrate that their operations fulfilled a number of requirements or to demonstrate how they would change operations to meet those requirements. Failure to do so could see the Council enter administration or be amalgamated. Council decided per Resolution 241/1415 to pursue the Council Improvement Option to remain a stand alone Council. This requires Council to demonstrate strategies to improve its performance against three (3) of the four (4) Fit for the Future Criteria including sustainability, effective infrastructure and service management and efficiency (discussed in more detail in section 2.1). This has forced Council to make some tough decisions which have been incorporated into the base and best case scenario of the LTFP.

## Is Council Fit for the Future?

The Warrumbungle Shire Council was deemed FFF in December 2016 with a plan focusing on sustainability through incremental improvements. As a result, Council has made some tough decisions in the 2017/18 budget process which have improved Council's long term financial sustainability, and Council forecasts its cash balance to improve over the life of the plan from \$10.031m to \$21.404m (an increase of \$11.378m or 113%). Council's business arms continue to be self funding over the long term, and there is even a forecasted improvement in Council's underlying operating performance over the ten years as measured by EBITDA. Council's exposure to debt is also clearly manageable with the debt service ratio well under 10% and forecast to decrease over the life of the plan, with the majority of loans to be paid back by the end of the 2023/24 financial year.

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

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

To this end Council has implemented a process whereby "Improvement Action Plan" (IAPs) documents are prepared, reviewed and considered by Council prior to being recommended for implementation. Some of these adopted IAPs have already been incorporated directly into the

budget, while others are separately identified as further FFF adjustments due to the difficulty in allocating certain savings to the relevant area at this point in time (mentioned in more detail in section 2.1). The Improvement Action Plans have been incorporated into the Base case scenario and the Best case scenario: A special rate variation of 10% is included in both scenarios and the Best case scenario also assumes a redistribution of the FAG's grants to regional and rural councils. The Worst case scenario adopts the FFF items, however assumes there will be no distribution of additional grant monies for Federal Assistance Grants, no additional revenue from RMS works as well as a stop to Roads to Recovery Funding after 2020/21. As a result, capital expenditure is reduced. The Best and Base case scenario demonstrates that Council will eventually meet the FFF ratios.

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

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## Part 1: Introduction

### 1.1 About Warrumbungle Shire

|                      |  |
|----------------------|--|
| <b>Population:</b>   | 9,728 (2015 ABS Data)  |
| <b>Area:</b>         | 12,380 square kilometres   |
| <b>Towns:</b>        | Baradine, Binnaway, Coolah, Coonabarabran, Dunedoo, Mendooran                |
| <b>Villages:</b>     | Bugaldie, Kenebri, Merrygoen, Neilrex, Leadville, Cobbora, Uarbry, Ulamambri |
| <b>State Seat:</b>   | Barwon   |
| <b>Federal Seat:</b> | 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.

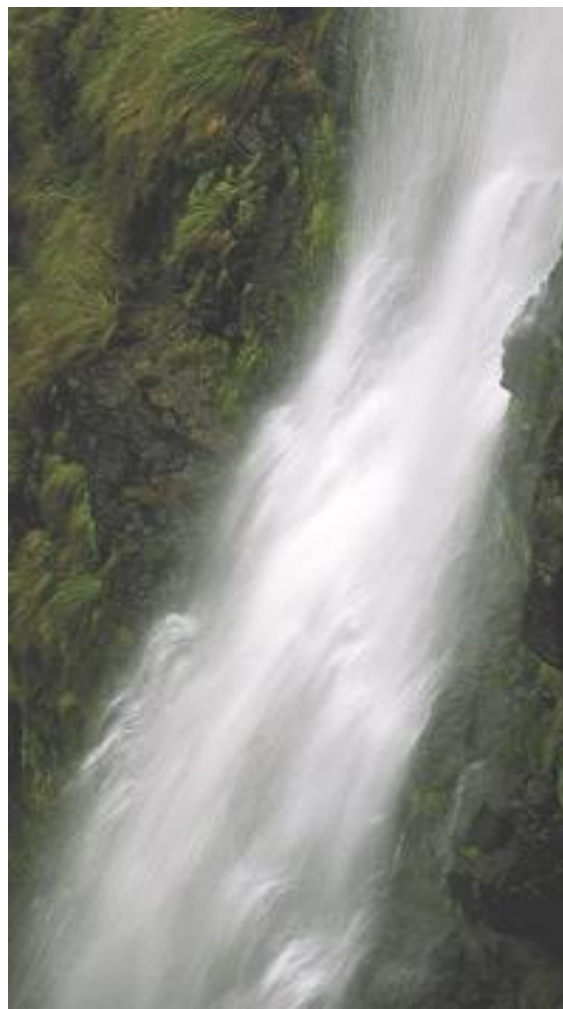
Siding Spring Observatory, located 25kms from Coonabarabran is the site of a number of internationally owned and operated optical telescopes where major research has recorded amazing truths of the universe, supporting Coonabarabran's claim to the name "Astronomy Capital of Australia".

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

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

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

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

#### **1.4 Changes on Councils updated 2017/18 LTFP**

The 2017/18 Long Term Financial Plan is Council's Sixth cut of its LTFP, and is structured predominately the same way as the previous reports with the following:

- Council's sensitivity analysis section has been reviewed and attention has been placed on FAG grants, Special Rate Variation 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;
- 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

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

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

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

As part of its FFF review Council has identified possible cost savings and efficiency improvements within its business to meet the FFF criteria.

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

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

| No | Measure                            | Annual Saving                         | Details   |
|----|------------------------------------|---------------------------------------|---|
|    | <b>Items Under Council Control</b> |                                       |   |
| 1  | Staffing Level Review              | \$636,931                             | Involves cutting staff levels through attrition to reduce expenditure on employee benefits.   |
| 2  | Plant Review                       | Average \$130,000 per annum           | Involves reviewing Council’s plant utilization as well as the cost effectiveness of contractors versus Council gearing up to undertake the works itself. Suggestions include selling a grader, and purchasing a roller over the following three years and investigating dry hire options for a soil stabilizer and possibly even a crusher. |
| 3  | Business Arms of Council Review    | \$190,000                             | Involves ensuring Business Arms of Council are not subsidized in any way by General Fund. No savings to consolidated position but involves savings for general fund.  |
| 7  | Capital Program Review             | -                                     | Involves ensuring capital monies are effectively spent on renewals per best practice asset management. Savings would be re-directed from capital expansion to capital renewal works which would improve our performance in renewing Council owned assets.   |
| 8  | Resource Sharing                   | \$50,000                              | Involves increasing resource sharing to reduce costs and further fees for service work to increase own source revenue.  |
| 9  | Depreciation Assumptions           | \$1,000,000<br>(final amount unknown) | Involves correcting depreciation assumptions as part of the revaluation process. Savings are non- cash savings and are currently estimates only.  |
| 10 | Private Works                      | \$50,000                              | Involves Council improving private works practices to increase own source revenue.  |
| 11 | Quarry                             | \$83,111                              | Involves Council further expanding the quarry to increase own source revenue and efficiencies (in progress).  |

| No | Measure                                 | Annual Saving | Details  |
|----|---|---------------|--|
| 13 | Grant Funded Program                    | \$57,210      | Involves reviewing whether there are any hidden subsidies to grant funded programs and if so costing them back to the program in question.   |
|    | <b>Items Involving Third Parties</b>    |               |  |
| 5  | State Roads Maintenance Contracts       | -             | Involves Council engaging with the State government to increase its share of RMCC works. Could involve a \$2.5m-\$3m increase in revenue (but with similar increase in expenditure). This would help ensure economies of scale for Council operations.   |
| 6  | FAGS Fairer Distribution                | \$1,000,000   | Involves Council engaging the State Government to implement Recommendation 8 of the Review Panel Report and distribute FAGs grants from urban councils to rural councils. Final impact unknown, but based on current split would be \$2m per annum. Current forecast is a \$1m increase for WSC. |
| 23 | Push Back on Cost Shifting              | \$1,108,564   | Involves Council pushing back on cost shifting from State and Federal governments (not included in Delivery Program figures).  |
|    | <b>Items Involving Further Research</b> |               |  |
| 15 | Library Services Review                 | Unknown       | Involves reviewing what Council currently does for libraries in the six (6) towns across the shire, including the future location of the Coonabarabran library.  |
| 16 | VIC                                     | Unknown       | Involves reviewing the possibility of joint tenancy at the VIC to increase own source revenue.   |
| 19 | Solar Power Utilisation Review          | \$30,000      | Involves reviewing solar power utilization by Council to see if there are savings in going solar.  |
| 24 | Alternate Business Arms of Council      | TRRRC         | Involves investigating possible alternate Business Arms of Council that could increase own source revenue.   |



**Improvement Action Plans Not Recommended for Adoption**

| No | Measure  | Annual Saving                        | Details  |
|----|--|--------------------------------------|--|
| 4  | Service Levels and Special Rates Variation (SRV) | \$817,000                            | Involves finalising our service levels through community engagement and in the 2017/18 financial year implementing (based on community input) either a 10% SRV or equivalent reduction in service levels to ensure a similar cut in expenditure. |
| 12 | Pricing Review (Subsidized items)                | Average \$55k per annum over 5 years | Involves reviewing subsidized services to see if there is room to further increase the cost recovery portion of these services.  |
| 14 | Asset Divestment                                 | Varies                               | Involves Council divesting itself of assets such as halls/medical centres or operating land.   |
| 17 | Noxious Weeds                                    | -                                    | Involves assessing whether or not Council could provide the noxious weeds service in house at reduced cost (or with increased private works).  |
| 18 | Road Safety Officer (RSO)                        | \$50,000                             | Involves assessing whether it would be worth Council cutting the RSO position.   |
| 20 | Office Location Review                           | \$209,000 to \$281,000               | Involves assessing whether Council should close one of its two offices to reduce expenditure.  |
| 21 | Stormwater Levy                                  | \$105,000                            | Involves reviewing whether to implement a stormwater levy of \$25 (capped) per residential and business assessment to fund stormwater capital projects.  |
| 22 | Better Utilisation of Grant Funding              | -                                    | Involves assessing the cost/benefits of employing an in-house dedicated grants officer.  |

## 2.2 Demographic Assumptions

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

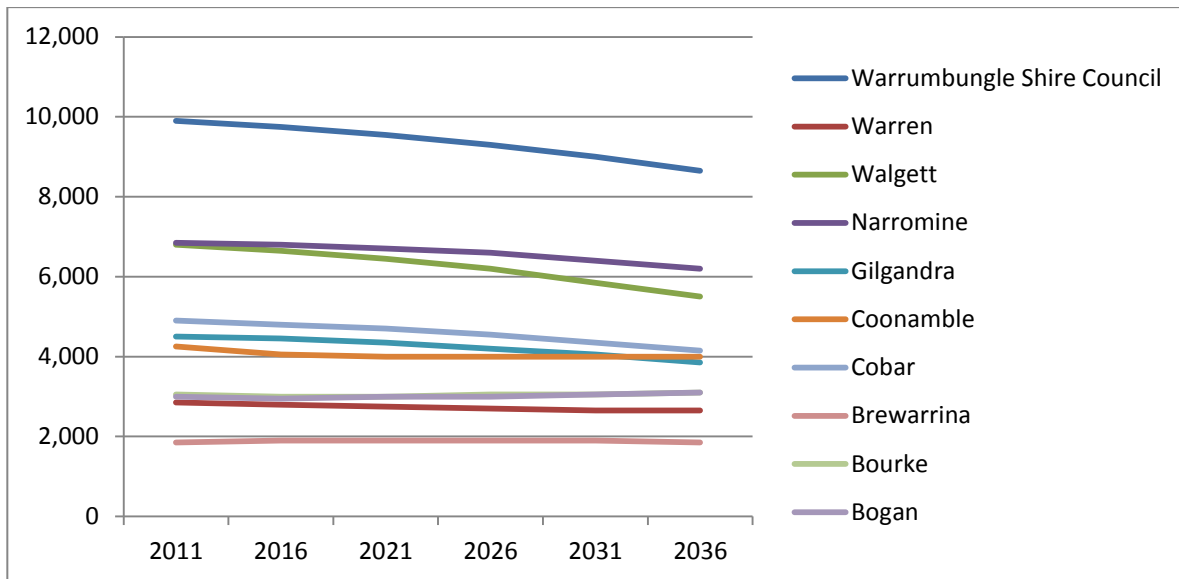
Diagram 2 - Orana Region of Councils (Map)



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

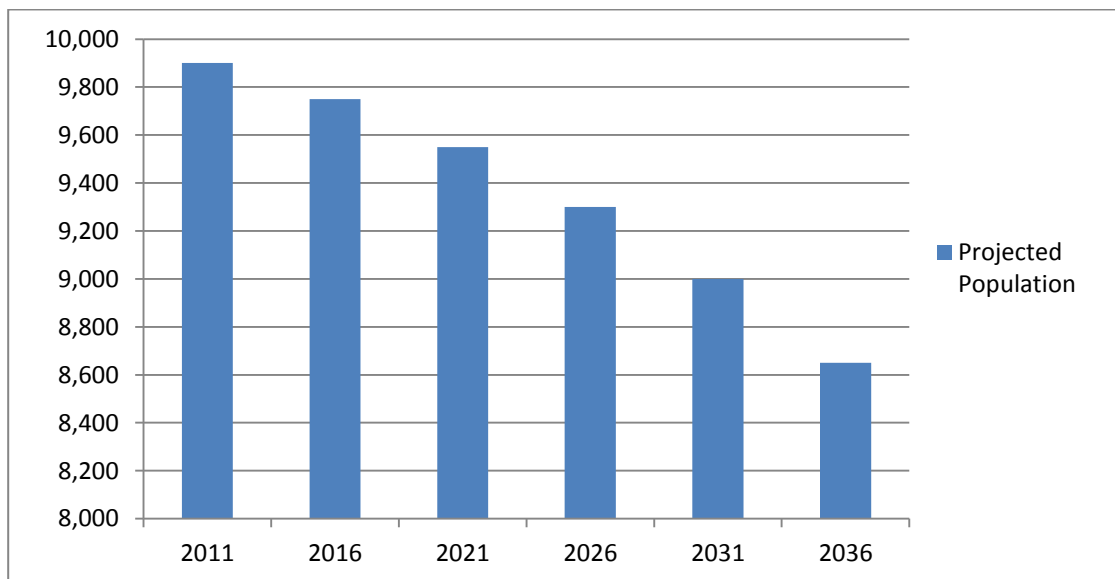
The current expected population decrease amongst the OROC LGAs is detailed in the following diagram (Source: Department of Planning and Environment (DP&E) 2016 Population Projections 2011-2036, 2016). It should, however, be noted that these projections are not written in stone.

Diagram 3 – Projected population of Orana Region of Council LGAs



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

Diagram 4 – Warrumbungle Shire Council Projected Population



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

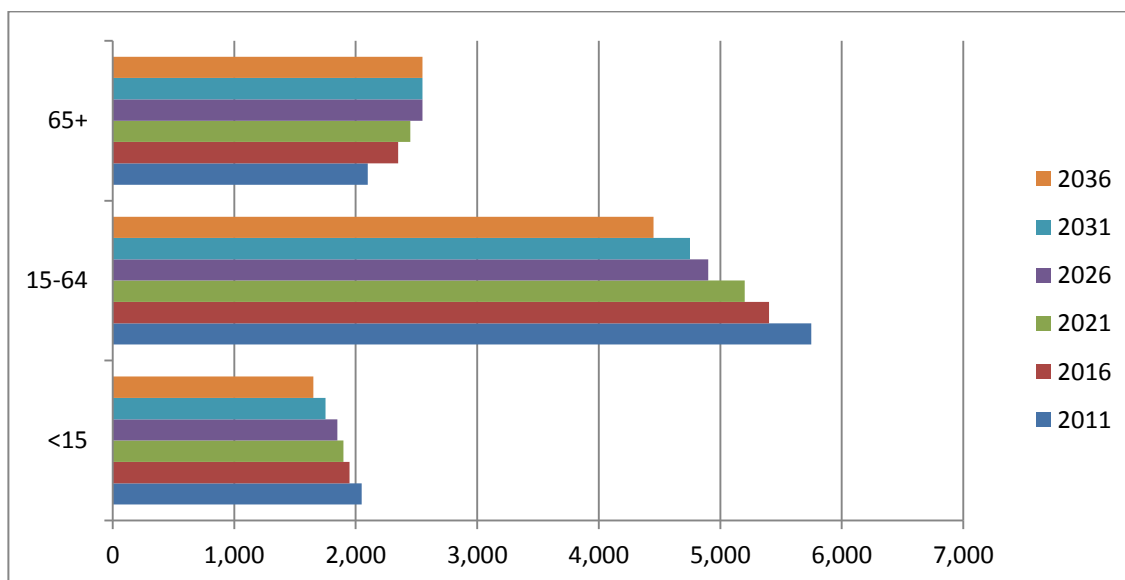
- Reduced income from user charges;

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

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

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

Diagram 5 – Warrumbungle Shire Council Age Distribution



Warrumbungle Shire Council is also one of the more socially disadvantaged LGAs in NSW with 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.

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

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

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

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

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

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

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

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

## 2.4 Political trends and Government policy

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

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

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

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

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

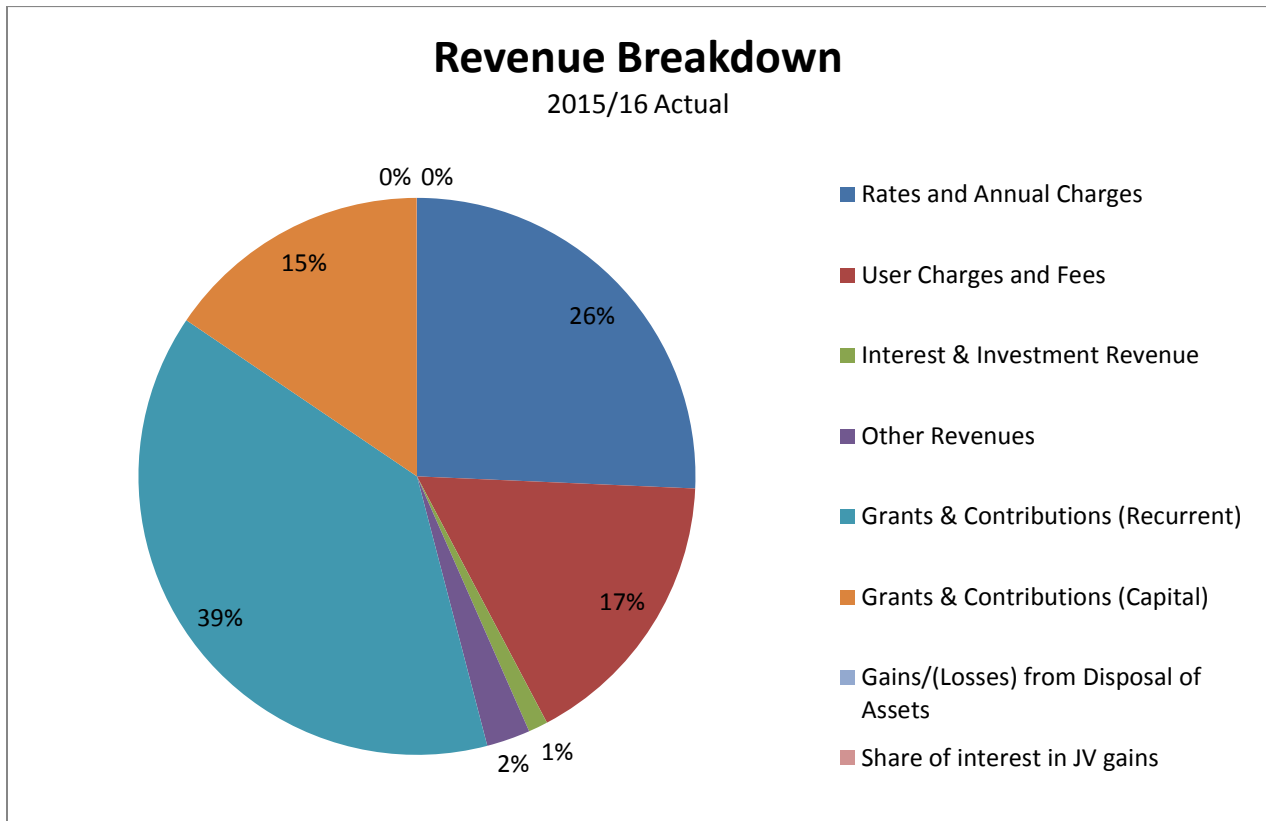
The main measurable impact of these trends on Council's financial position relates to the risk around Federal and State support. As Council receives roughly 54.05% of its revenue (2015/16 figures and 48.69% in 2014/15) from grants and contributions it faces significant revenue risk due to this heavy reliance on support from other levels of government. This was reinforced with the Federal Governments' decision to pause the indexation of Federal Assistance Grants (FAGs) for three years which will result in a projected reduction for NSW Councils of \$95.8 million in 2016/17 and \$99.8 million in 2017/18. Those Councils most significantly affected are regional and rural Councils as they rely heavily on FAGS grants due to their minimal rate base and extensive road networks. This change is likely to have a \$2.7m impact on Council's future funding over a 10 year period, which will significantly affect Council's future financial sustainability if not offset by other funding. While the Federal Government has committed to additional funding, these measures only slightly assist in alleviating the FAGs impact as such funding is tied. There is pressure for the Federal Government to redistribute FAGs away from metro Councils to rural and regional Councils which are in most need of the additional funds and is a recommendation of the local Government Review Panel but has not yet been adopted and therefore cannot be included in Council's base scenario. However Council has recognized this as a possibility in the Fit for the Future Improvement Action Plan (discussed in section 2.1) and consequently has been incorporated into the best case scenario of the LTFP analysis.

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



## Part 3: Revenue

Warrumbungle Shire Council obtains revenue from a variety of sources including rates and annual charges (2015/16: \$11.669m), user charges and fees for services (2015/16: \$7.528m), interest and investment revenue (2015/16: \$0.513m), other revenue (2015/16: \$1.151m) and grants and contributions for both operating and capital purposes (2015/16: \$24.547m). Council also may receive gains from the disposal of assets (2015/16: nil). The breakdown of revenue by type for the 2015/16 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 54.05% of total revenue in 2015/16 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 25.69% of Council's revenue, and consist of ordinary rates for residential land, farmland and businesses (2015/16: \$7.412m), and annual charges for domestic waste management, water supply and sewerage supply (2015/16: \$4.257m).

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 2017/18 financial year.

| Category      | Base Rate          | Ad Valorem         | Total Rate Revenue | Number of Properties | Value of Properties    |
|---------------|--------------------|--------------------|--------------------|----------------------|------------------------|
| Residential   | \$879,392          | \$1,330,030        | \$2,209,422        | 3,850                | \$139,855,150          |
| Farmland      | \$984,744          | \$4,012,650        | \$4,997,394        | 1,746                | \$1,001,502,520        |
| Business      | \$134,192          | \$443,554          | \$577,746          | 372                  | \$15,785,330           |
| Mining        | -                  | -                  | -                  | -                    | -                      |
| <b>Total:</b> | <b>\$1,998,328</b> | <b>\$5,786,234</b> | <b>\$7,784,562</b> | <b>5,968</b>         | <b>\$1,157,143,000</b> |

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's Base & Optimistic Scenarios based on a submission in 2017/18 for staged 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 29 November 2016, IPART announced that the rate peg amount for the 2017/18 financial year will be set at 1.5%. The rate peg is determined by IPART using a Local Government Cost Index and a productivity factor. The 1.5% rate peg for the 2017/18 financial year is the lowest increase in at least the last ten years. Council has determined to apply the full rate peg amount. The projections in the LTFP assume a rate peg of 1.5% for the 2017/18 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 assumed to remain relatively constant for the purpose of the LTFP’s forecast.

### Annual Charges – Water, Sewer and Waste

Annual charges consist of domestic waste management charges, and water supply and sewerage services. Per s.504 (3) of the Act, income obtained from domestic waste management (charges) must be calculated so as to not exceed the reasonable cost to council of providing these services. As domestic waste management charges are calculated to cover operational costs associated with the provision of this service it has been assumed that annual charges relating to domestic waste management will increase by the budgeted price increases for the 2017/18 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.

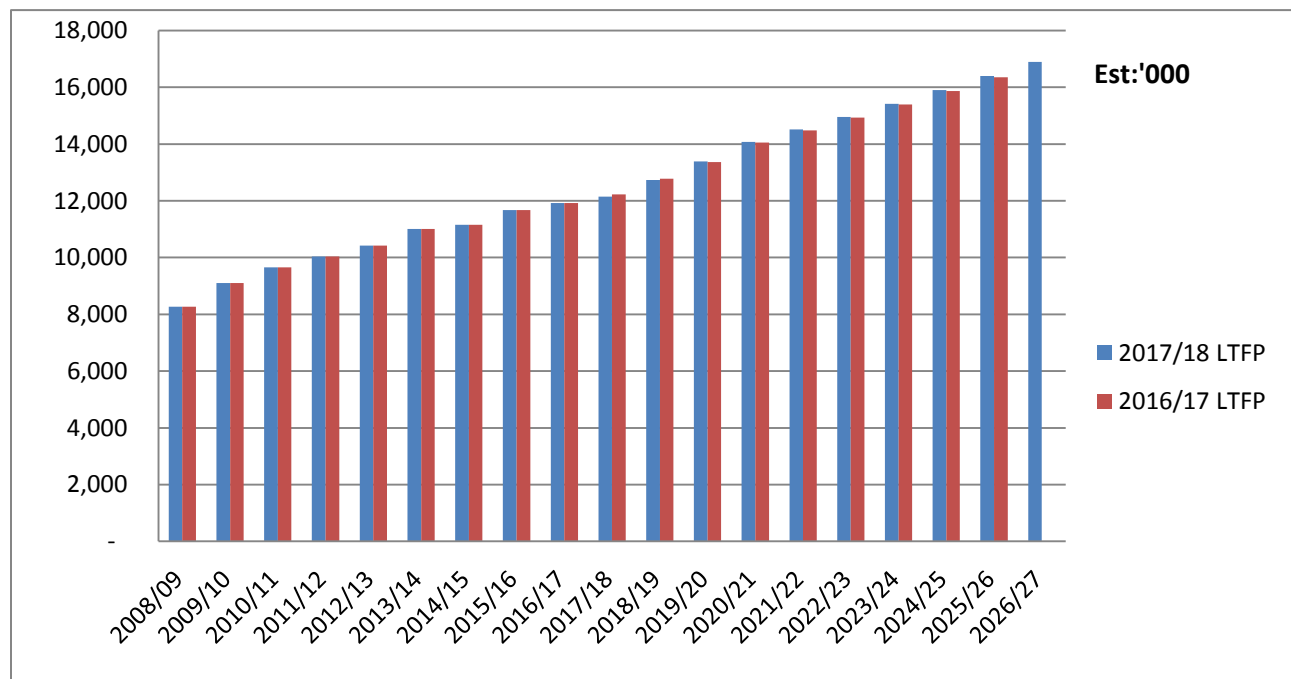
Annual charges relating to water supply services include all water connection fees, while sewerage services include connection fees for residential properties (based on two rates one for connected properties and one for non-connected properties). Both Water charges (access charges) and sewerage charges are forecasted to increase by 5% per annum over the 10 years 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 replacements and upgrades).

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

- **Rate pegging on ordinary rates** – Applied an increase of 1.5% for 2017/18, 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)** –Both water and sewer charges are expected to rise by 5% for each of the LTFP’s years;
- **Domestic waste management** – Increases per new budgeted charges in 2017/18 and then by 2.5% thereafter.

Council’s projected rates and charges revenue for the 2017/18 to 2026/27 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2008/09 to 2015/16 financial years are actuals per Council’s audited financial statements.

Diagram 6 – Projected Rates and Annual Charges Revenue



The variance between the 2016/17 and 2017/18 forecasts is due to the 2016/17 forecast factoring in a 1.8% increase in rates pegging and a 2.5% increase in water access and sewer charges.

### 3.2 User Charges and Fees

Council derives roughly 16.58% of its total revenue from user charges and fees. In the 2015/16 financial year the breakdown of user charges and fees was:

- Charges for water supply (\$1.627m);
- Sewerage services (\$0.111m);
- RMS charges for work carried out by Council on state roads (\$2.523m);
- Child care fees (\$0.986m);
- Aged care fees (\$0.162m);
- Cemetery fees (\$0.065m);
- Private works under S.67 of the Local Government Act (\$0.271m);
- Swimming centres (\$0.115m);
- Other revenue (\$1.668m).

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.

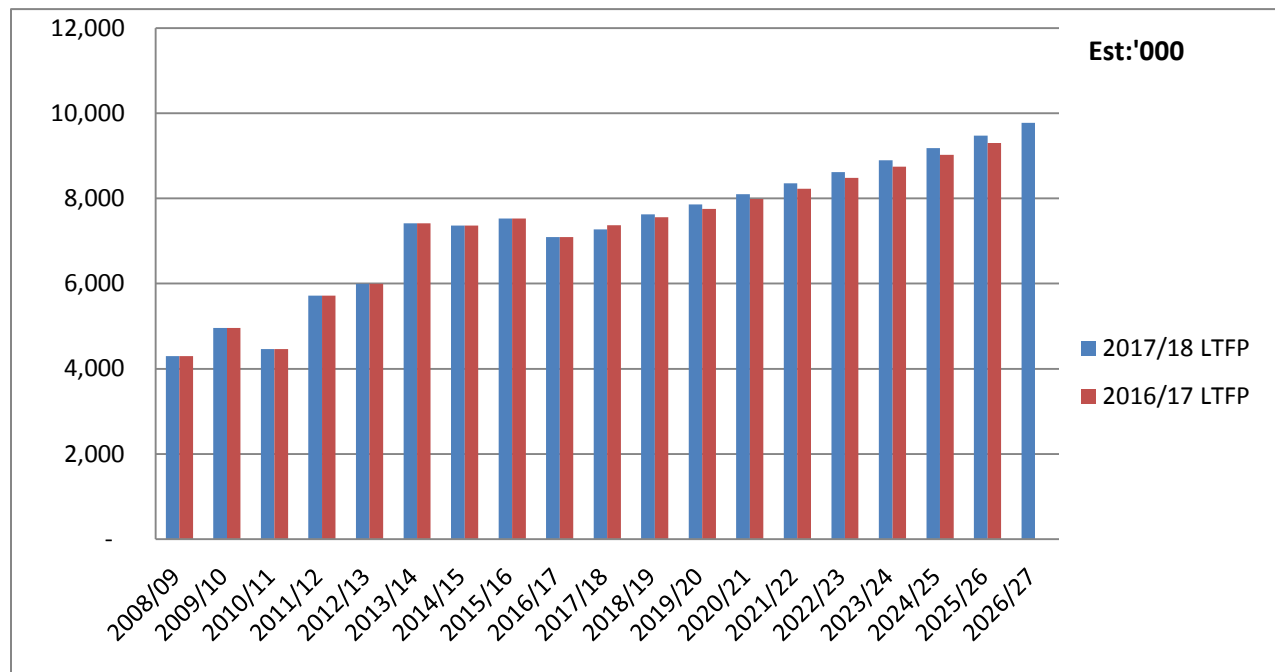
The assumptions used for the projection of user charges and fees in the base scenario are:

- **Water and sewerage charges** – Water consumption charges are forecast to increase by 5% from \$1.95 per kl in 2016/17 to \$2.05 per kl in 2017/18 and thereafter by 5%, with water consumption remaining constant at 787,700kl per annum. Revenue relating to non-residential sewerage is assumed to increase by 5% for each year (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 2017/18 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.

Council’s projected fees and charges revenue for the 2017/18 to 2026/27 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2008/09 to 2015/16 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 2016/17 and 2017/18 forecasts is predominantly due to changed assumptions for Water and Sewerage Charges. Furthermore, the 2017/18 forecast expected greater RMS works of approximately \$173k in 2017/18 due to more aggressive lobbying per Council’s FFF proposal.



### 3.3 Interest and Investment Income

Interest and investment income accounts for approximately 1.13% of Council's total revenue (2015/16: \$513k), and Council holds significant funds in term deposits (2015/16: \$15.712m). Projected interest and investment income will depend on both the amount of funds that Council has invested as well as the expected return on these investments. The LTFP assumes that Council will generally hold \$503k on hand for operational needs with the remaining cash balances invested in TDs or other investments. Returns available depend on the investment vehicle, although all TDs assume the cash rate plus 0.75% (i.e. 2.50% for the base scenario).

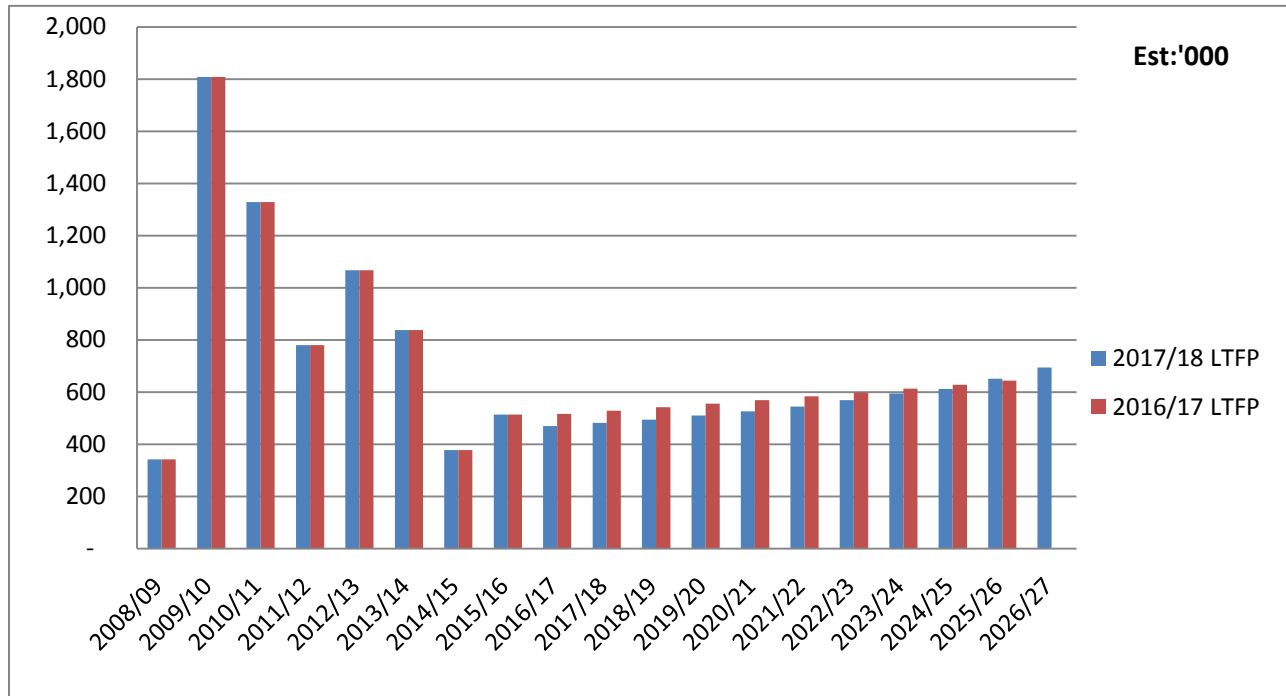
Council's investment policy requires that Council invest surplus funds at the most favorable rate of interest available to it at the time whilst having due consideration of risk and security for that investment type. Although Council has historically invested a significant portion of its available funds 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 2017/18 to 2026/27 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2008/09 to 2015/16 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



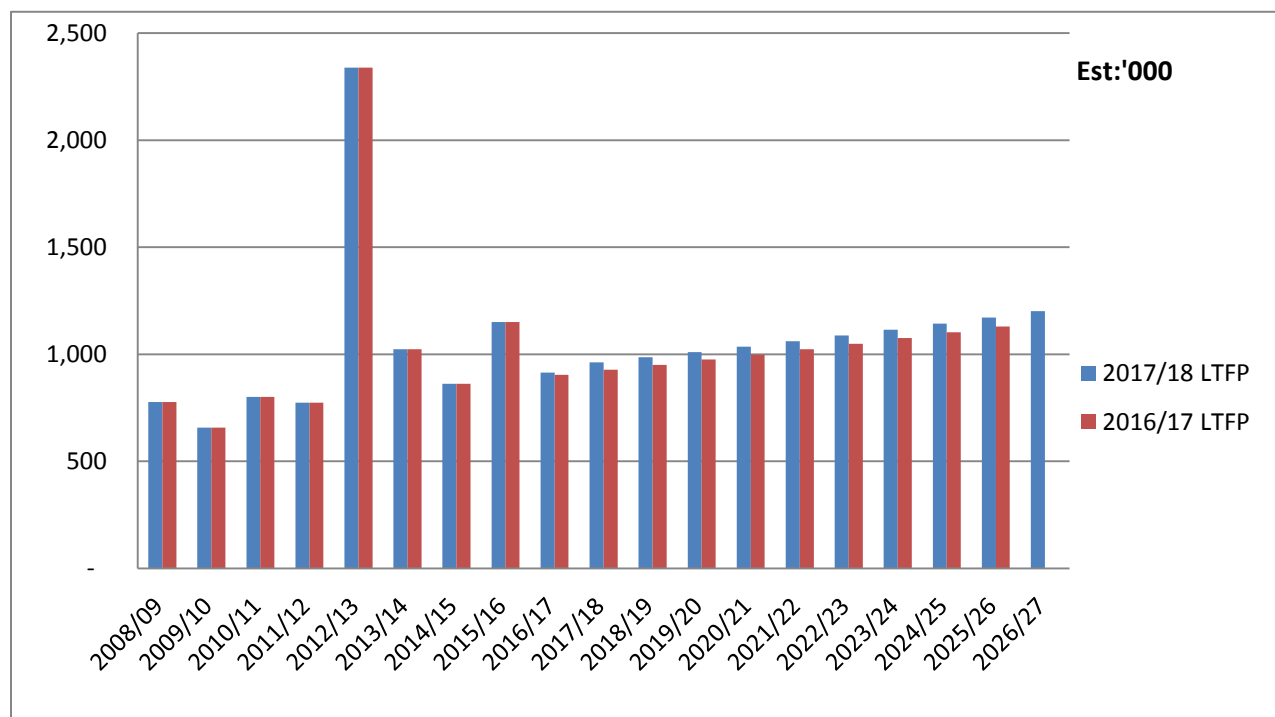
The variance between the 2016/17 and 2017/18 forecasts is predominantly due to the reduction in the cash rate by the Reserve Bank of Australia.

### 3.4 Other Revenue

Other revenue accounts for only 2.53% (2015/2016 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 2017/18 to 2026/27 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2008/09 to 2015/16 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 2016/17 and 2017/18 forecast is due to a change in baseline from 2016/17.

### 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 2015/16 financial year Council obtained 54.05% (\$24.547m) of its total revenue from various grants and contributions. This over reliance on grant revenue could present major challenges in the long run if this source of funding was to be reduced or stagnated.

The main sources of grant revenue are (figures per 2015/16 financial year):

- Financial Assistance Grants (\$6.335m);
- Other Roads and Bridges Funding (\$2.538m);
- Bushfire and Emergency Services (\$5.173m);
- RMS Contribution (\$2.637m);
- Roads to Recovery (\$3.105m);
- Child Care (\$0.950m);
- Aged Care (\$0.715m);
- Pensioner rates subsidy (\$0.220m);
- Other (\$2.874m).

Council's main form of grant assistance is financial assistance grants (13.95% of Council's total revenue in 2015/16, 16.15% in 2014/15) 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 also pressure for the Federal Government to redistribute FAGs to rural and regional Council in most need of such monies. For the purpose of the base scenario, from 2018/19 onward, the FAGs grants have been projected to increase by 4% each year as the pause to indexation coming to an end in 2017/18, whereas the possible redistribution of FAGs grants to rural councils such as WSC has not been reflected.

Other roads and bridges funding includes:

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

Bushfire and emergency services grants are grants Council receives 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 2020/21 financial years, and under this round of R2R funding Warrumbungle Shire has budgeted federal funding totaling \$6.084m.

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:

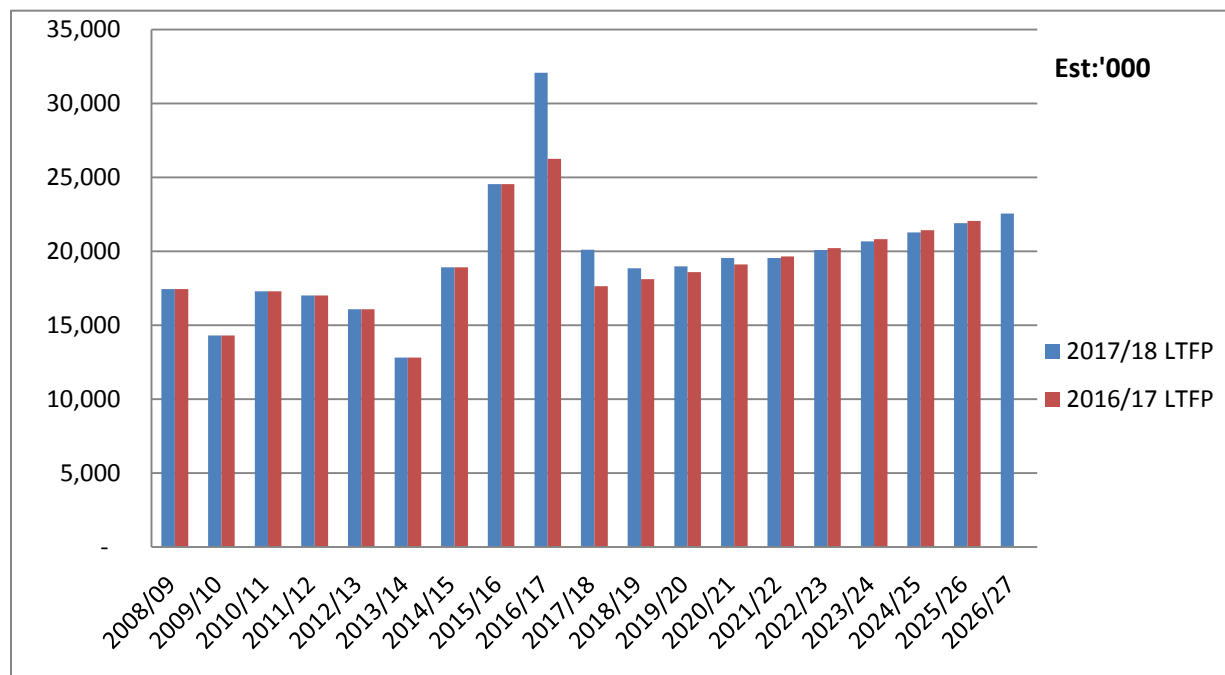
- **Financial Assistance Grants** – Traditionally Council's FAGs grant revenue has increased by 4% per annum over the last 20 years, however the Federal Government has frozen the indexation of FAGs. Consequently, Council has increased the FAGs by 2.5% for the 2017/18 financial year with the grants being 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 \$500k 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 \$2.824m in 2017/18 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 2017/18 to 2026/27 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2008/09 to 2015/16 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 2016/17 and 2017/18 forecast is relatively similar with the variance predominately due to an extra \$1.737m R2R grant, \$0.839m for Sewer Infrastructure Capital Grant expected in 2017/18.

### 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.

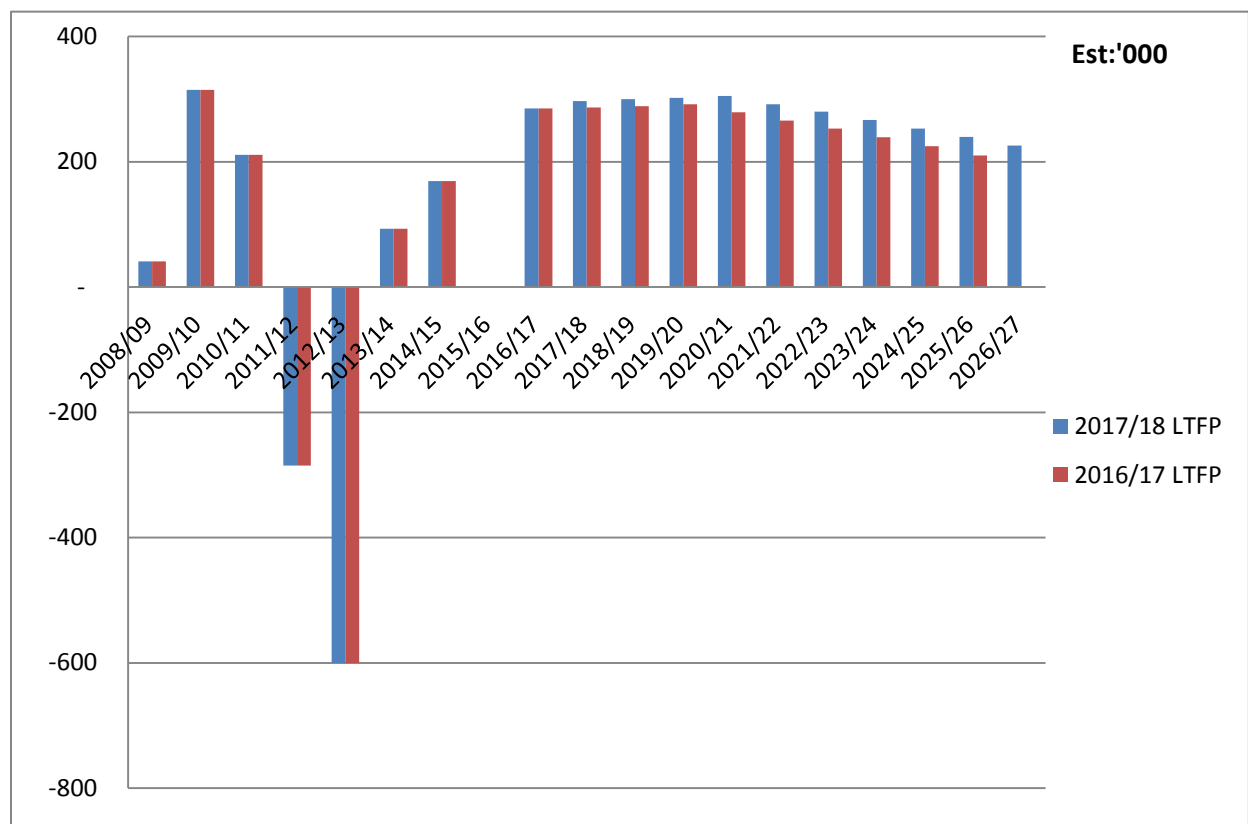
Due to the high level of uncertainty in regard to trade in value and the fact that Council will be reviewing its vehicle replacement program and infrastructure depreciation assumptions over the following years, Council has used very general assumptions for both the trade in value of

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 \$897k in 2017/18 then indexed by 2.5% per annum for fleet vehicles, plus the expected trade in value for grant funded program vehicles. The WDV of assets disposed is assumed to be roughly \$600k for plant and equipment for OPDP years and indexed by 2.5% for the outer years.

Council’s projected gains from the disposal of assets for the 2017/18 to 2026/27 financial years is detailed in the following table. Note: figures are in thousands, and figures from the 2008/09 to 2015/16 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.

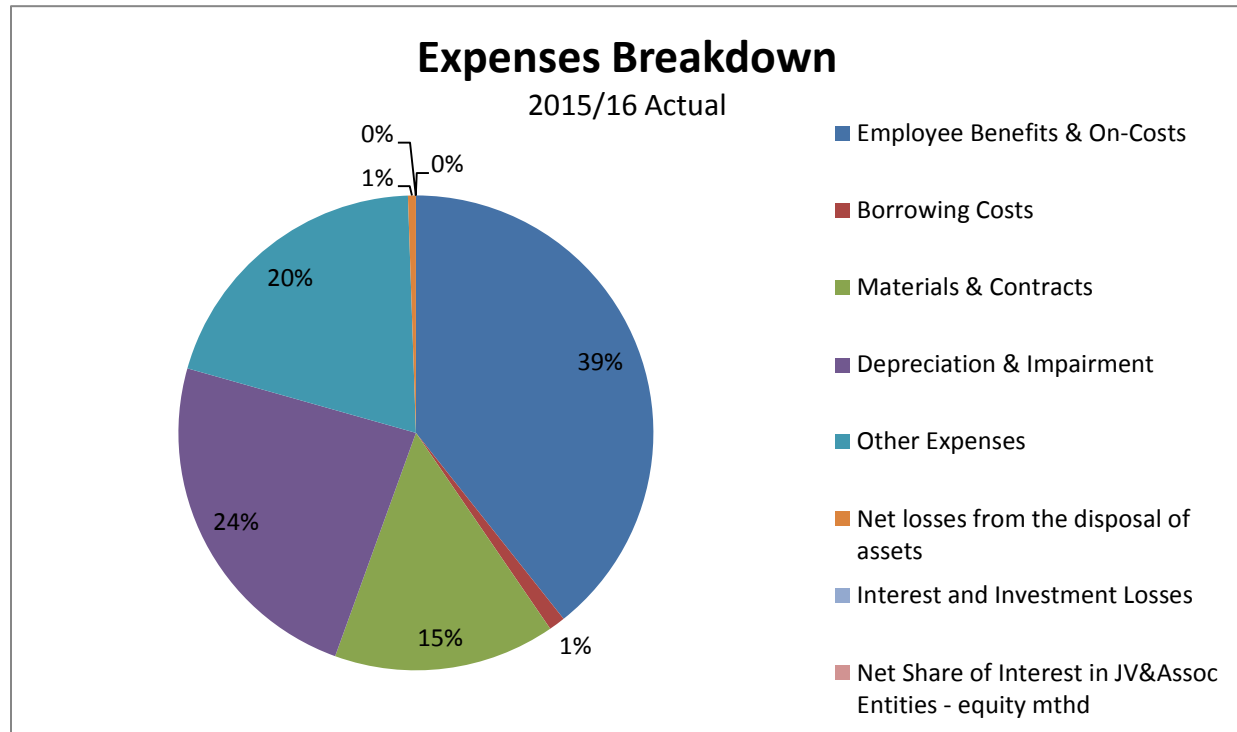
Diagram 11 – Projected Gains from the Disposal of Assets





## Part 4: Recurrent Expenditure (OPEX)

Warrumbungle Shire incurs the following expenditure in the course of its operations: Employee benefits and on-costs (2015/16: \$15.304m), borrowing costs (2015/16: \$0.435m), materials and contracts (2015/16: \$5.874m), depreciation, amortisation and impairment (2015/16: \$9.286m), other expenses (2015/16: \$7.817m) and Net losses from disposal of Assets (2015/16: \$0.209m). The breakdown of these expenses for the 2015/16 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 (2015/16: 39.32%). Council employed 196 Full Time Equivalent staff as at 30 June 2016 in a variety of roles. Council currently faces challenges in filling roles (particularly technical roles) due to a drift of skilled staff to larger centres, which indicates that in future Council may be required to pay premium levels of remuneration to attract and maintain skilled staff.

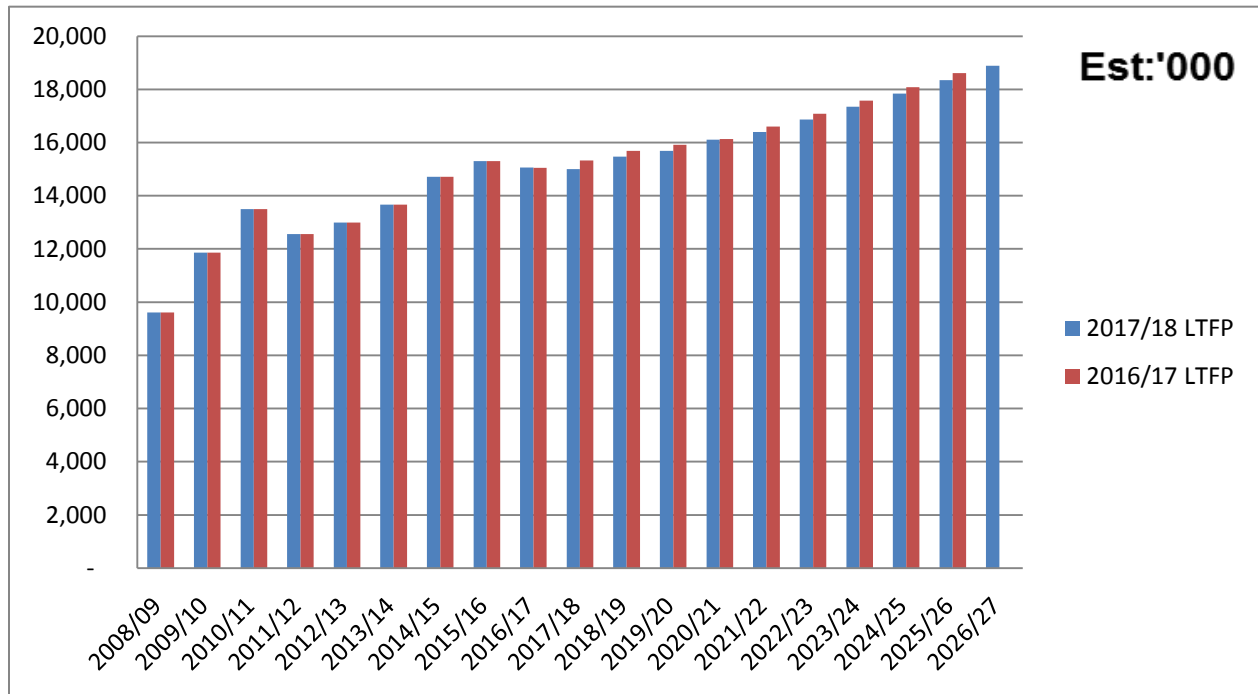
Competition from the mines has recently eased as the mines lay off workers which should somewhat mitigate retention issues with outdoor staff. Employee related issues such as maintaining/improving workforce capacity are dealt with in detail in the Workforce Strategy and have therefore not been addressed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

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

- **Staff numbers** – Council has assumed that 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 Local Government (State) Award 2014 guarantees wages increases for local government employees until the end of the 2016/17 financial year with 2.8% and this rate is also 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 2017/18 LTFP. Although it is expected that Council will still face challenges in filling certain skilled positions the net impact of these challenges on total salaries in the base scenario is assumed to be zero due to the use of non-financial incentives to attract staff, and the expectation that higher pay for highly skilled staff will be coupled with higher responsibilities that will reduce the need for other positions, contractors or casuals;
- **Workers compensation** – Workers compensation insurance premium payments are based on previous claims history and projected premiums in the LTFP are calculated by taking the forecast premium for the following year and increasing it by the indexation used for salaries and wages;
- **Capitalisation rate for employee related expenditure** – Council capitalises a portion of employee related expenditure that relates to the construction of assets per the requirements of AASB 116 – *Property, Plant and Equipment*. The percentage of employee related expenditure capitalised has been calculated and analysed from year to year for the purpose of the LTFP, although it is likely that employee expenditure for 2017/18 will be lower than forecast due to the size of the 2017/18 Capital program and potential revotes;
- **Superannuation** – Contributions by Council to both defined benefit and defined contribution superannuation plans have been forecast to increase per the increase in salaries and wages plus the expected increase in the superannuation guarantee. The Superannuation Guarantee percentage is expected to remain at 9.5% until 2020/21;
- **Employee benefits** – Employee leave entitlements such as annual leave and long service leave have been projected to increase at the same rate as general salaries expenditure.

Council’s projected employee related expenditure for the 2017/18 to 2026/27 financial years is detailed in the following table. Note: figures are in thousands and figures from the 2008/09 to 2015/16 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 2016/17 and 2017/18 forecasts is predominantly due to a change in assumptions around capitalized costs.

## 4.2 Borrowing Costs

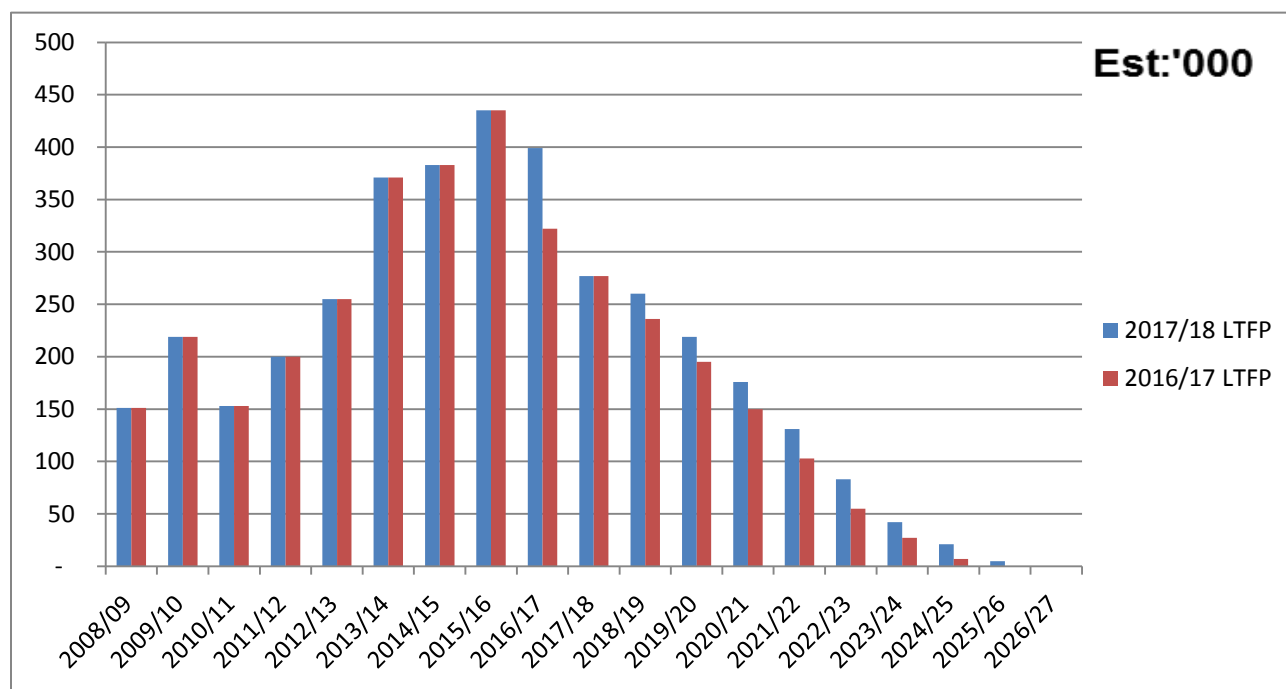
Borrowing costs incurred by Council include interest on loans held by council, charges relating to finance leases and discount adjustments relating to movements in quarry remediation liabilities. Borrowing costs currently form roughly 1.12% of the total expenditure incurred by Council.

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 2018 and loan terms are provided in the table below.

| Loan Details                           | Balance as at 30 June 2018 | Interest Rate | Term             | Activity            |
|--|----------------------------|---------------|------------------|---------------------|
| <b>Loans Currently Held by Council</b> |                            |               |                  |                     |
| Admin Building Loan                    | 857,425                    | 5.80%         | 10 years         | Property & Risk     |
| Bridges Loan                           | 444,785                    | 4.09%         | 10 years (refin) | Local Roads         |
| LIRS Round 1 Loan                      | 1,199,303                  | 5.80%         | 10 years         | Local Roads         |
| Mendooran Water Loan                   | 533,621                    | 4.95%         | 10 years (refin) | Warrumbungle Water  |
| LIRS Round 2 Loan                      | 2,286,085                  | 3.66%         | 10 years         | Local Roads         |
| Loan Quarry                            | 323,221                    | 3.30%         | 10 years         | Warrumbungle Quarry |
| <b>Total:</b>                          | <b>5,644,438</b>           |               |                  |                     |

Council’s projected borrowing costs for the 2017/18 to 2026/27 financial years is detailed in the following table. Note: figures are in thousands and figures from the 2008/09 to 2015/16 financial years are actuals per Council’s audited financial statements. The table includes the latest forecasts in blue, as well as the forecasts from the previous version of Council’s LTFP in red.

Diagram 13 – Projected Borrowing Costs



It should be noted that a large portion of the borrowing costs above are assumed to be offset by the LIRS discount which is treated as interest and investment revenue in the LTFP. The LIRS discount will offset approximately \$650k of Council’s total \$1.214m in interest payments over the ten years of the LTFP. The difference from the 2016/17 LTFP and the 2017/18 LTFP are due to the refinancing of Council’s higher interest borrowings offset by changes to Quarry remediation.

### 4.3 Materials and Contracts

Materials and contractors is the third largest cash expense item incurred by council (15.09% of total expenditure in the 2015/16 financial year). Materials and contracts payments include:

- Raw materials and consumables (2015/16: \$6.706m) which generally relate to fuel, bitumen, and other materials used predominantly in the maintenance of Council's assets. Note materials and consumables used as part of capital jobs are capitalized;
- Contractor and consultancy costs (2015/16: \$12.276m), 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 (2015/16:\$0.963m).
- Council also capitalized part of the Materials and Contracts expenses (2015/16:\$14.071m).

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 2017/18 projections via the budget process, and it is assumed for the purpose of this plan that the quantity of work done as part of the maintenance program will remain relatively constant over the lifetime of this plan.

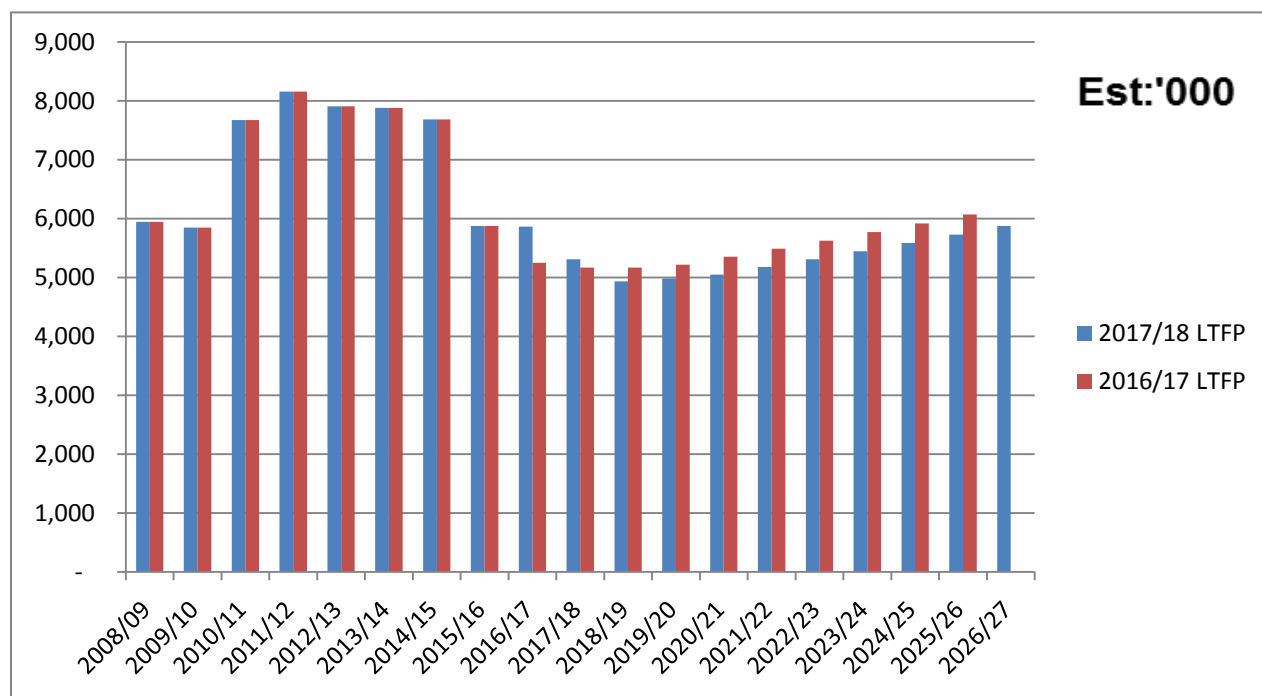
It should be noted that maintenance expenditure can be split into normal maintenance expenditure and maintenance expenditure relating to natural disasters which cannot be predicted and is outside the normal maintenance program. Natural disasters can have a big impact on Council's operations, as a \$2m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

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

- **Maintenance program** – 2017/18 per budget, program assumed to stay constant with costs increasing by assumed CPI;
- **Natural disaster maintenance** – No scenario of the revised 2017/18 LTFP includes a forecast for natural disasters;
- **Non-maintenance raw materials and contractor expenditure** – Assumed to increase by assumed CPI;
- **Other materials and contracts costs** – Assumed to increase by assumed CPI

Council's projected materials and contracts expenditure for the 2017/18 to 2026/27 financial years is detailed in the following table. Note: figures are in thousands and figures from the 2008/09 to 2015/16 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 2016/17 and 2017/18 forecasts is predominantly due to previously expected greater RMS works; whereas the 2017/18 forecast reflects a new baseline from the 2016/17 actuals. It is hoped that Council will secure more RMS work through more aggressive lobbying.

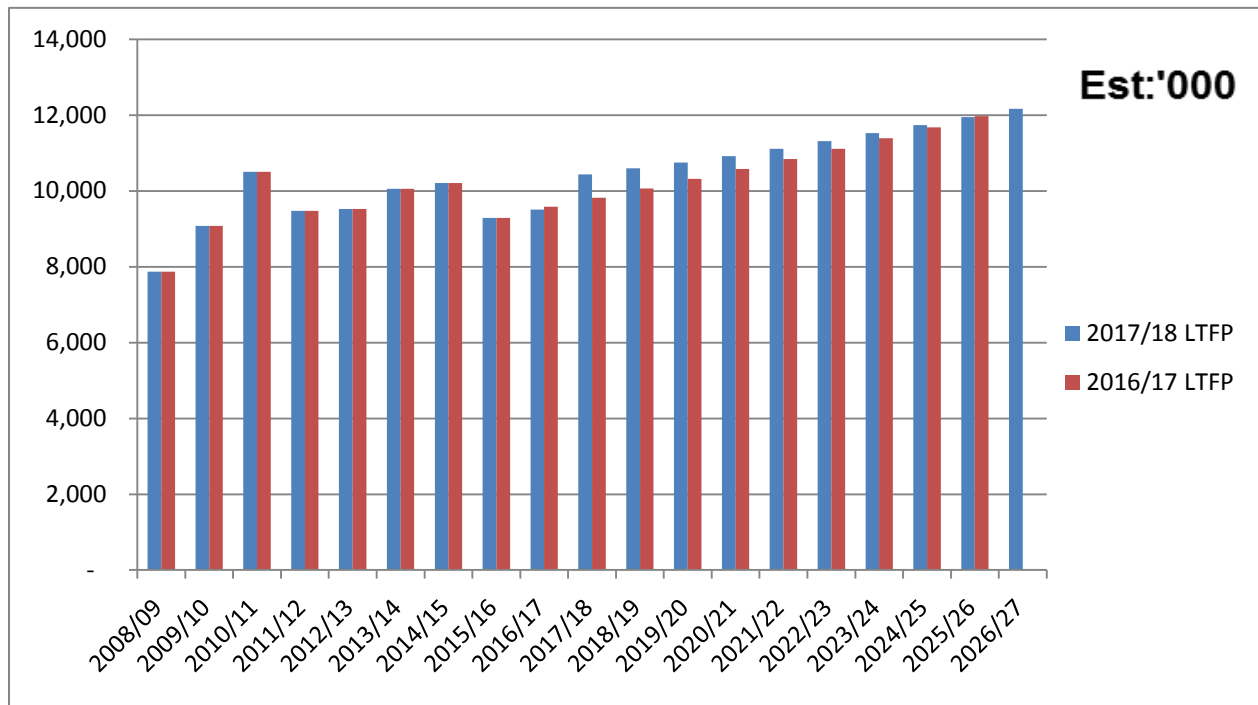
#### 4.4 Depreciation, Amortisation and Impairment

Depreciation and amortisation is the second largest expense type incurred by Council (23.86% of 2015/16 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 2017/18 to 2026/27 financial years is detailed in the following table. Note: figures are in thousands and figures from the 2008/09 to 2015/16 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 2016/17 LTFP and 2017/18 LTFP depreciation forecasts is mostly due to the revaluation of Water and Sewer Assets in 2016/17 which brings up the forecasted Depreciation expenses from 2017/18 onward.

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



## 4.5 Other Expenses

20.08 % of Council's total expenditure is categorized as "other expenditure". In the 2015/16 financial year the breakdown for other expenditure was:

- NSW rural fire levy (3.487m);
- Donations (\$0.099m);
- Regional library contributions (\$0.437m);
- Electricity and heating (\$0.452m);
- Insurance (\$0.813m);
- Telephone and communications (\$0.195m);
- Registration and Licences (\$0.415m);
- Other (\$1.919m).

Bushfire and Emergency Services provide Council with a grant that goes toward the running of the Rural Fire Service annually and Council is required to partly contribute. The process of determining Council's contribution has been amended and is now based on the zones percentage of the 20 year average State wide expense. For 2017/18, Castlereagh Zone's total contribution is 1.591% of the State Rural Fire Service Budget, this is further split between Warrumbungle Shire Council (66%) and Gilgandra Shire Council (33%). Council then contributes a cash Statutory Contribution of 11.7% of this amount. Council recognises the difference between the total contribution and the cash contribution as a grant while the total value of its Statutory Contribution allocation is recognized as an expenditure. This expenditure amount is captured as part of the NSW rural fire levy.

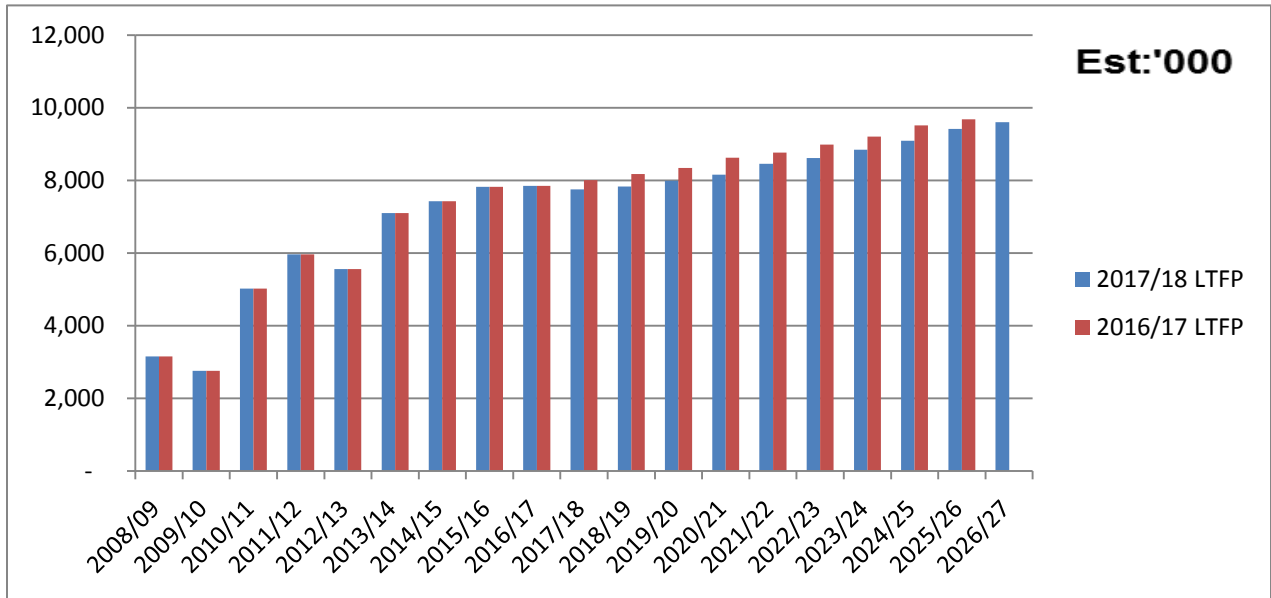
Donations include all other donations made by council, and regional library contributions refer to Council's contribution to the Macquarie regional library. Insurance refers to the insurance premiums paid by Council, the cost of which is generally based on previous claims history and changes in Council's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

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

- **Rural fire levy** –2017/18 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 2017/18 to 2026/27 financial years is detailed in the following table. Note: figures are in thousands and figures from the 2008/09 to 2015/16 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 2017/18 LTFP and 2016/17 LTFP is predominantly due to a lower forecast in Conferences, Printing and Stationary, Electricity and Heating in 2017/18 thanks to reduced consumption as well as a better profitability in Quarry.

## 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

| Description                                  | 2017/18 Budget | 2018/19 (Delivery Program) | 2019/20 (Delivery Program) | 2020/21 (Delivery Program) | 2021/22        | 2022/23        | 2023/24        | 2024/25        | 2025/26        | 2026/27        |
|--|----------------|----------------------------|----------------------------|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Corporate Services</b>                    |                |                            |                            |                            |                |                |                |                |                |                |
| <b>Finance</b>                               |                |                            |                            |                            |                |                |                |                |                |                |
| <b>Finance Total</b>                         | -              | -                          | -                          | -                          | -              | -              | -              | -              | -              | -              |
| <b>Bushfire and Emergency Services</b>       |                |                            |                            |                            |                |                |                |                |                |                |
| RFS - Enhancements                           | 24,836         | 25,457                     | 26,093                     | 26,093                     | 27,414         | 28,099         | 28,802         | 29,522         | 30,260         | 30,260         |
| RFS - Vehicles                               | 315,185        | 323,065                    | 331,142                    | 331,142                    | 347,907        | 356,605        | 365,520        | 374,658        | 384,024        | 384,024        |
| <b>Bushfire and Emergency Services Total</b> | <b>340,021</b> | <b>348,522</b>             | <b>357,235</b>             | <b>357,235</b>             | <b>375,321</b> | <b>384,704</b> | <b>394,322</b> | <b>404,180</b> | <b>414,284</b> | <b>414,284</b> |
| <b>Communications &amp; IT</b>               |                |                            |                            |                            |                |                |                |                |                |                |
| Antivirus Security Software                  | 30,000         | -                          | -                          | -                          | 30,000         | -              | -              | -              | -              | -              |
| GPS Handheld units                           | 15,000         | -                          | -                          | -                          | -              | -              | -              | -              | -              | -              |
| Point to point wifi Coona Office             | -              | -                          | -                          | -                          | -              | 30,000         | -              | 100,000        | -              | -              |
| Point to point wifi for remote sights        | 20,000         | -                          | -                          | -                          | -              | -              | -              | -              | -              | -              |
| Replacement IT Server Hardware               | 10,000         | 100,000                    | 10,000                     | 10,000                     | 100,000        | 10,000         | 10,000         | -              | -              | -              |
| Replacement PCs                              | 40,000         | 15,000                     | 15,000                     | 50,000                     | 50,000         | 15,000         | 15,000         | 50,000         | 50,000         | 50,000         |
| <b>Communications &amp; IT Total</b>         | <b>115,000</b> | <b>115,000</b>             | <b>25,000</b>              | <b>60,000</b>              | <b>180,000</b> | <b>55,000</b>  | <b>25,000</b>  | <b>150,000</b> | <b>50,000</b>  | <b>50,000</b>  |
| <b>Family Support Services</b>               |                |                            |                            |                            |                |                |                |                |                |                |
| <b>Connect 5</b>                             |                |                            |                            |                            |                |                |                |                |                |                |
| Connect 5 Capital - Purchase of Vehicle      | -              | 16,125                     | -                          | -                          | 17,334         | -              | -              | 18,634         | -              | -              |
| <b>Connect 5 Total</b>                       | <b>-</b>       | <b>16,125</b>              | <b>-</b>                   | <b>-</b>                   | <b>17,334</b>  | <b>-</b>       | <b>-</b>       | <b>18,634</b>  | <b>-</b>       | <b>-</b>       |
| <b>Family Day Care</b>                       |                |                            |                            |                            |                |                |                |                |                |                |
| FDC Replacement of Vehicle                   | -              | 11,288                     | -                          | -                          | 12,134         | -              | -              | 13,044         | -              | -              |
| <b>Family Day Care Total</b>                 | <b>-</b>       | <b>11,288</b>              | <b>-</b>                   | <b>-</b>                   | <b>12,134</b>  | <b>-</b>       | <b>-</b>       | <b>13,044</b>  | <b>-</b>       | <b>-</b>       |
| <b>Family Support Services Total</b>         | <b>-</b>       | <b>27,413</b>              | <b>-</b>                   | <b>-</b>                   | <b>29,468</b>  | <b>-</b>       | <b>-</b>       | <b>31,678</b>  | <b>-</b>       | <b>-</b>       |

Warrumbungle Shire Council - Long Term Financial Plan 2017/18

| Description                                    | 2017/18 Budget | 2018/19 (Delivery Program) | 2019/20 (Delivery Program) | 2020/21 (Delivery Program) | 2021/22        | 2022/23        | 2023/24        | 2024/25        | 2025/26        | 2026/27        |
|--|----------------|----------------------------|----------------------------|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Warrumbungle Community Care</b>             |                |                            |                            |                            |                |                |                |                |                |                |
| <b>Community Transport</b>                     |                |                            |                            |                            |                |                |                |                |                |                |
| Community Transport Capital                    | 167,725        | 98,363                     | -                          | -                          | 105,740        | 100,000        | 26,088         | 113,670        | 26,740         | 26,740         |
| <b>Community Transport Total</b>               | <b>167,725</b> | <b>98,363</b>              | <b>-</b>                   | <b>-</b>                   | <b>105,740</b> | <b>100,000</b> | <b>26,088</b>  | <b>113,670</b> | <b>26,740</b>  | <b>26,740</b>  |
| <b>Multiservice Outlet</b>                     |                |                            |                            |                            |                |                |                |                |                |                |
| MSO Capital Replacements                       | 22,575         | 22,038                     | -                          | -                          | 23,690         | 100,000        | 26,088         | 25,467         | 26,104         | 26,104         |
| <b>Multiservice Outlet Total</b>               | <b>22,575</b>  | <b>22,038</b>              | <b>-</b>                   | <b>-</b>                   | <b>23,690</b>  | <b>100,000</b> | <b>26,088</b>  | <b>25,467</b>  | <b>26,104</b>  | <b>26,104</b>  |
| <b>Warrumbungle Community Care Total</b>       | <b>190,300</b> | <b>120,401</b>             | <b>-</b>                   | <b>-</b>                   | <b>129,430</b> | <b>200,000</b> | <b>52,176</b>  | <b>139,137</b> | <b>52,844</b>  | <b>52,844</b>  |
| <b>Yuluwirri Kids</b>                          |                |                            |                            |                            |                |                |                |                |                |                |
| <b>Yuluwirri Kids Total</b>                    | <b>-</b>       | <b>-</b>                   | <b>-</b>                   | <b>-</b>                   | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>Corporate Services Total</b>                | <b>645,321</b> | <b>611,336</b>             | <b>382,235</b>             | <b>417,235</b>             | <b>714,219</b> | <b>639,704</b> | <b>471,498</b> | <b>724,995</b> | <b>517,128</b> | <b>517,128</b> |
| <b>Cobbora Transition Fund</b>                 |                |                            |                            |                            |                |                |                |                |                |                |
| Three River Retirement Village                 | -              | -                          | -                          | -                          | -              | -              | -              | -              | -              | -              |
| <b>Cobbora Transition Fund Total</b>           | <b>-</b>       | <b>-</b>                   | <b>-</b>                   | <b>-</b>                   | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>Development Services</b>                    |                |                            |                            |                            |                |                |                |                |                |                |
| <b>Tourism and Development Services</b>        |                |                            |                            |                            |                |                |                |                |                |                |
| Re-carpet Exhibition Space                     | 8,000          | -                          | -                          | -                          | -              | -              | -              | -              | -              | -              |
| Re-Paint Toilet Block                          | 15,000         | -                          | -                          | -                          | -              | -              | -              | -              | -              | -              |
| Split system air con in ex& recep space        | 18,000         | -                          | -                          | -                          | -              | -              | -              | -              | -              | -              |
| Repaint of VIC Building (external)+replace K&G | -              | 18,000                     | -                          | -                          | -              | -              | -              | -              | -              | -              |
| Renovate Retail Area                           | -              | -                          | 10,000                     | -                          | -              | -              | -              | -              | -              | -              |
| <b>Tourism and Development Services Total</b>  | <b>41,000</b>  | <b>18,000</b>              | <b>10,000</b>              | <b>-</b>                   | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>Regulatory Services</b>                     |                |                            |                            |                            |                |                |                |                |                |                |
| Upgrade of Dog Pound                           | 20,000         | -                          | -                          | -                          | -              | -              | -              | -              | -              | -              |
| <b>Regulatory Services Total</b>               | <b>20,000</b>  | <b>-</b>                   | <b>-</b>                   | <b>-</b>                   | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>Warrumbungle Waste</b>                      |                |                            |                            |                            |                |                |                |                |                |                |
| Bin Rollout (240l Bins)                        | 50,000         | -                          | -                          | -                          | -              | -              | -              | -              | -              | -              |
| <b>Warrumbungle Waste Total</b>                | <b>50,000</b>  | <b>-</b>                   | <b>-</b>                   | <b>-</b>                   | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |

**Warrumbungle Shire Council - Long Term Financial Plan 2017/18**

| Description                                       | 2017/18<br>Budget | 2018/19<br>(Delivery<br>Program) | 2019/20<br>(Delivery<br>Program) | 2020/21<br>(Delivery<br>Program) | 2021/22        | 2022/23        | 2023/24        | 2024/25       | 2025/26        | 2026/27        |
|---|-------------------|----------------------------------|----------------------------------|----------------------------------|----------------|----------------|----------------|---------------|----------------|----------------|
| <b>Property &amp; Risk</b>                        |                   |                                  |                                  |                                  |                |                |                |               |                |                |
| <b>Council Offices &amp; Other Property</b>       |                   |                                  |                                  |                                  |                |                |                |               |                |                |
| Coonabarabran Community Care - Replace Carpet     | -                 | -                                | 50,000                           | 50,000                           | -              | -              | -              | -             | 50,000         | 50,000         |
| Coonabarabran Office - Recarpet older section     | -                 | -                                | 50,000                           | 50,000                           | -              | -              | -              | -             | -              | -              |
| Coolah Office - Recarpet                          | -                 | -                                | 50,000                           | 50,000                           | -              | -              | -              | -             | 50,000         | 50,000         |
| Coolah Depot - Toilet Refurb                      | -                 | -                                | 20,000                           | 20,000                           | -              | -              | -              | -             | -              | -              |
| Mendooran Depot - Toilet Refurb                   | -                 | -                                | 20,000                           | 20,000                           | -              | -              | -              | -             | -              | -              |
| 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 Shire Hall - Carpet Replacement            | -                 | -                                | -                                | -                                | -              | 50,000         | -              | -             | -              | -              |
| Coonabarabran Depot - Archive Facility Expansion  | -                 | -                                | -                                | -                                | -              | -              | 100,000        | -             | -              | -              |
| Dunedoo Depot - Toilet Refurb                     | -                 | -                                | -                                | -                                | 15,000         | -              | -              | -             | -              | -              |
| Mendooran Community Care - Replace Flooring       | -                 | -                                | -                                | -                                | 50,000         | -              | -              | -             | -              | -              |
| Mendooran Mechanics Insitute - Kitchen Refurb     | -                 | -                                | -                                | -                                | -              | 20,000         | -              | -             | -              | -              |
| <b>Council Offices &amp; Other Property Total</b> | <b>-</b>          | <b>-</b>                         | <b>190,000</b>                   | <b>190,000</b>                   | <b>100,000</b> | <b>130,000</b> | <b>135,000</b> | <b>25,000</b> | <b>100,000</b> | <b>100,000</b> |

**Warrumbungle Shire Council - Long Term Financial Plan 2017/18**

| Description                                   | 2017/18 Budget   | 2018/19 (Delivery Program) | 2019/20 (Delivery Program) | 2020/21 (Delivery Program) | 2021/22          | 2022/23          | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|---|------------------|----------------------------|----------------------------|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Property &amp; Risk cont.</b>              |                  |                            |                            |                            |                  |                  |                  |                  |                  |                  |
| <b>Public Halls</b>                           |                  |                            |                            |                            |                  |                  |                  |                  |                  |                  |
| 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                    | -                          | -                          | -                | -                | -                | -                | -                | -                |
| Goolhi Hall - Toilet Refurb                   | -                | 15,000                     | -                          | -                          | -                | -                | -                | -                | -                | -                |
| Baradine Hall - Roof Replacement              | -                | -                          | -                          | -                          | -                | -                | 100,000          | -                | -                | -                |
| Binnaway Hall - Kitchen Refurb                | -                | -                          | -                          | -                          | 50,000           | -                | -                | -                | -                | -                |
| Purlewaugh Hall - Kitchen Refurb              | -                | -                          | -                          | -                          | -                | -                | -                | 20,000           | -                | -                |
| <b>Public Halls Total</b>                     | <b>100,000</b>   | <b>195,000</b>             | <b>-</b>                   | <b>-</b>                   | <b>50,000</b>    | <b>-</b>         | <b>100,000</b>   | <b>20,000</b>    | <b>-</b>         | <b>-</b>         |
| <b>Cemetery Services</b>                      |                  |                            |                            |                            |                  |                  |                  |                  |                  |                  |
| Coonabarabran Native Grove Cemetery Expansion | 50,000           | -                          | -                          | -                          | -                | 55,000           | -                | -                | -                | -                |
| <b>Total Cemetery Services</b>                | <b>50,000</b>    | <b>-</b>                   | <b>-</b>                   | <b>-</b>                   | <b>-</b>         | <b>55,000</b>    | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| <b>Property &amp; Risk Total</b>              | <b>150,000</b>   | <b>195,000</b>             | <b>190,000</b>             | <b>190,000</b>             | <b>150,000</b>   | <b>185,000</b>   | <b>235,000</b>   | <b>45,000</b>    | <b>100,000</b>   | <b>100,000</b>   |
| <b>Development Services Total</b>             | <b>261,000</b>   | <b>213,000</b>             | <b>200,000</b>             | <b>190,000</b>             | <b>150,000</b>   | <b>185,000</b>   | <b>235,000</b>   | <b>45,000</b>    | <b>100,000</b>   | <b>100,000</b>   |
| <b>Technical Services</b>                     |                  |                            |                            |                            |                  |                  |                  |                  |                  |                  |
| <b>Asset Design Services</b>                  |                  |                            |                            |                            |                  |                  |                  |                  |                  |                  |
| Design Projects Survey Equip-Cap              | 12,000           | 12,000                     | 12,000                     | 12,000                     | 14,000           | 14,000           | 14,000           | 14,000           | 14,000           | 14,000           |
| Design Services Software Upgrade              | 13,000           | 13,000                     | 13,000                     | 13,000                     | 15,000           | 15,000           | 15,000           | 15,000           | 15,000           | 15,000           |
| Laptop Computer - Traffic Counters            | 7,500            | -                          | 10,000                     | 10,000                     | 10,000           | -                | 10,000           | -                | 10,000           | 10,000           |
| <b>Asset Design Services Total</b>            | <b>32,500</b>    | <b>25,000</b>              | <b>35,000</b>              | <b>35,000</b>              | <b>39,000</b>    | <b>29,000</b>    | <b>39,000</b>    | <b>29,000</b>    | <b>39,000</b>    | <b>39,000</b>    |
| <b>Fleet Services</b>                         |                  |                            |                            |                            |                  |                  |                  |                  |                  |                  |
| Minor Plant Purchases                         | 15,000           | 20,000                     | 20,000                     | 20,000                     | 20,000           | 20,000           | 20,000           | 20,000           | 20,000           | 20,000           |
| Plant & Equipment Purchases                   | 3,224,010        | 2,930,000                  | 2,815,000                  | 2,815,000                  | 2,225,000        | 2,760,001        | 2,580,002        | 2,480,003        | 2,875,004        | 2,648,602        |
| Traffic lights                                | 30,000           | -                          | -                          | -                          | -                | -                | -                | -                | -                | -                |
| Changeover (plant 30) light vehicle           | 35,000           | -                          | -                          | -                          | -                | -                | -                | -                | -                | -                |
| New bobcat                                    | 90,000           | -                          | -                          | -                          | -                | -                | -                | -                | -                | -                |
| <b>Fleet Services Total</b>                   | <b>3,394,010</b> | <b>2,950,000</b>           | <b>2,835,000</b>           | <b>2,835,000</b>           | <b>2,245,000</b> | <b>2,780,001</b> | <b>2,600,002</b> | <b>2,500,003</b> | <b>2,895,004</b> | <b>2,668,602</b> |

**Warrumbungle Shire Council - Long Term Financial Plan 2017/18**

| <b>Description</b>                                       | <b>2017/18<br/>Budget</b> | <b>2018/19<br/>(Delivery<br/>Program)</b> | <b>2019/20<br/>(Delivery<br/>Program)</b> | <b>2020/21<br/>(Delivery<br/>Program)</b> | <b>2021/22</b>   | <b>2022/23</b>   | <b>2023/24</b>   | <b>2024/25</b>   | <b>2025/26</b>   | <b>2026/27</b>   |
|--|---------------------------|---|---|---|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Road Operations</b>                                   |                           |   |   |   |                  |                  |                  |                  |                  |                  |
| <b>Reseals</b>   |                           |   |   |   |                  |                  |                  |                  |                  |                  |
| Baradine Streets Reseals                                 | 18,963                    | 19,437                                    | 19,923                                    | 19,923                                    | 24,107           | 26,518           | 29,169           | 32,086           | 35,295           | 35,295           |
| Binnaway Streets Reseals                                 | 17,015                    | 17,440                                    | 17,876                                    | 17,876                                    | 21,630           | 23,793           | 26,172           | 28,789           | 31,668           | 31,668           |
| Coolah Streets Reseals                                   | 28,290                    | 28,997                                    | 29,722                                    | 29,722                                    | 35,964           | 39,560           | 43,516           | 47,868           | 52,654           | 52,654           |
| Coonabarabran Streets Reseals                            | 90,508                    | 92,771                                    | 95,090                                    | 95,090                                    | 115,059          | 126,564          | 139,222          | 153,144          | 168,459          | 168,459          |
| Dunedoo Streets Reseals                                  | 25,420                    | 26,056                                    | 26,707                                    | 26,707                                    | 32,315           | 35,547           | 39,102           | 43,012           | 47,313           | 47,313           |
| Local Roads Reseals                                      | 563,915                   | 575,513                                   | 587,401                                   | 700,000                                   | 770,000          | 847,000          | 931,700          | 1,024,870        | 1,127,357        | 1,127,357        |
| Mendooran Streets Reseals                                | 17,015                    | 17,440                                    | 17,876                                    | 17,876                                    | 21,630           | 23,793           | 26,172           | 28,789           | 31,668           | 31,668           |
| <b>Total Reseals</b>                                     | <b>761,126</b>            | <b>777,654</b>                            | <b>794,595</b>                            | <b>907,194</b>                            | <b>1,020,705</b> | <b>1,122,775</b> | <b>1,235,053</b> | <b>1,358,558</b> | <b>1,494,414</b> | <b>1,494,414</b> |
| <b>Local Roads</b>                                       |                           |   |   |   |                  |                  |                  |                  |                  |                  |
| Coolah Creek Road Rehabilitation                         | -                         | -   | -   | 140,000                                   | -                | -                | -                | -                | -                | -                |
| Local Roads Resheeting                                   | 750,000                   | 900,000                                   | 900,000                                   | 1,000,000                                 | 1,100,000        | 1,200,000        | 1,200,000        | 1,300,000        | 1,300,000        | 1,300,000        |
| Mia Mia Road - Causeway Rehabilitation                   | 60,000                    | -   | -   | -   | -                | -                | -                | -                | -                | -                |
| Napier Lane - Causeway Rehabilitation (Garrawilla)       | 60,000                    | -   | -   | -   | -                | -                | -                | -                | -                | -                |
| Napier Lane - Causeway Rehabilitation (Mt Warwick)       | 60,000                    | -   | -   | -   | -                | -                | -                | -                | -                | -                |
| Neilrex Rd Pavement Rehabilitation                       | -                         | -   | 140,000                                   | -   | -                | -                | -                | -                | -                | -                |
| Quia Road - Near Lake Edna                               | 60,000                    | -   | -   | -   | -                | -                | -                | -                | -                | -                |
| Gentle Annie Rd Unsealed Rd Pavement Rehab               | 250,000                   | -   | -   | -   | -                | -                | -                | -                | -                | -                |
| Neilrex Rd Unsealed Rd Pavement Rehab                    | -                         | 150,000                                   | -   | -   | -                | -                | -                | -                | -                | -                |
| Rotherwood Rd Rehabilitation                             | -                         | -   | -   | -   | 146,208          | -                | -                | -                | -                | -                |
| Turee Vale Road Rehabilitation                           | 150,000                   | -   | -   | -   | -                | 149,864          | -                | -                | -                | -                |
| Wyuna Road - Extension of seal                           | 200,000                   | -   | -   | -   | -                | -                | -                | -                | -                | -                |
| Angus Road - New Causeway                                | -                         | -   | 50,000                                    | -   | -                | -                | -                | -                | -                | -                |
| Bugaldie/Goorianawa Road ( east of Baradine Road)        | -                         | -   | 140,000                                   | -   | -                | -                | -                | -                | -                | -                |
| Dandry Road - New Causeway                               | -                         | -   | 50,000                                    | -   | -                | -                | -                | -                | -                | -                |
| Pavement Rehab - Various sections - Capital Grant Funded | 86,802                    | 500,000                                   | 500,000                                   | 850,000                                   | 1,665,256        | 950,000          | 1,153,610        | 1,000,000        | 1,100,000        | 1,100,000        |



**Warrumbungle Shire Council - Long Term Financial Plan 2017/18**

| <b>Description</b>  | <b>2017/18<br/>Budget</b> | <b>2018/19<br/>(Delivery<br/>Program)</b> | <b>2019/20<br/>(Delivery<br/>Program)</b> | <b>2020/21<br/>(Delivery<br/>Program)</b> | <b>2021/22</b>   | <b>2022/23</b>   | <b>2023/24</b>   | <b>2024/25</b>   | <b>2025/26</b>   | <b>2026/27</b>   |
|---|---------------------------|---|---|---|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Local Roads cont.</b>  |                           |   |   |   |                  |                  |                  |                  |                  |                  |
| Wool Rd Rehabilitation  | -                         | -   | -   | 142,642                                   | -                | 149,864          | -                | -                | -                | -                |
| Coolah Neilrex Rd - sight distance improvement                                  | -                         | -   | -   | 59,434                                    | -                | -                | -                | -                | -                | -                |
| Bridge over Todd's Crossing, Terridgerie Creek Baradine                         | 400,000                   | -   | -   | -   | -                | -                | -                | -                | -                | -                |
| Upgrade Munns Road Baradine (sealing of 600m and Cement causeway Michomi Creek) | 250,000                   | -   | -   | -   | -                | -                | -                | -                | -                | -                |
| Denntkymine Road - Sight Distance   | -                         | -   | -   | -   | 30,460           | -                | -                | -                | -                | -                |
| Dennykymine Road - New Causeway   | -                         | -   | -   | -   | 67,012           | -                | 70,405           | -                | -                | -                |
| Munns Road - Casueway Rehabilitation  | -                         | -   | -   | -   | -                | 68,687           | -                | -                | -                | -                |
| Quai Rd Rehabilitation  | -                         | -   | -   | -   | -                | -                | 153,610          | -                | -                | -                |
| <b>Local Roads Total</b>  | <b>2,326,802</b>          | <b>1,550,000</b>                          | <b>1,780,000</b>                          | <b>2,192,076</b>                          | <b>3,008,936</b> | <b>2,518,415</b> | <b>2,577,625</b> | <b>2,300,000</b> | <b>2,400,000</b> | <b>2,400,000</b> |
| <b>Regional Roads</b>   |                           |   |   |   |                  |                  |                  |                  |                  |                  |
| Pavement Rehabilitation and Widening on MR7519                                  | -                         | 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  | 647,070                   | 663,247                                   | 679,828                                   | 696,824                                   | 737,009          | 755,434          | 774,320          | 793,678          | 793,678          | 813,520          |
| Shoulder widening MR129 - Baradine Road (Coonamble)                             | -                         | -   | -   | 169,000                                   | 169,000          | -                | -                | -                | -                | -                |
| Vinegaroy Road Rehab between Cambawarr and Wyandra                              | 169,000                   | -   | -   | -   | -                | -                | -                | -                | -                | -                |
| Shoulder widening MR396   | -                         | -   | -   | -   | -                | 169,000          | 169,000          | -                | -                | -                |
| Other Pavement Rehab  | 550,923                   | 578,922                                   | 607,620                                   | 637,035                                   | -                | -                | -                | -                | -                | -                |
| <b>Regional Roads Total</b>   | <b>2,166,993</b>          | <b>2,211,169</b>                          | <b>2,256,448</b>                          | <b>2,302,859</b>                          | <b>1,706,009</b> | <b>1,724,434</b> | <b>1,743,320</b> | <b>1,593,678</b> | <b>1,593,678</b> | <b>1,613,520</b> |
| <b>Aerodrome</b>  |                           |   |   |   |                  |                  |                  |                  |                  |                  |
| <b>Aerodrome Total</b>  | -                         | -   | -   | -   | -                | -                | -                | -                | -                | -                |
| <b>Road Operations Total</b>  | <b>5,254,921</b>          | <b>4,538,823</b>                          | <b>4,831,043</b>                          | <b>5,402,129</b>                          | <b>5,735,650</b> | <b>5,365,624</b> | <b>5,555,998</b> | <b>5,252,236</b> | <b>5,488,092</b> | <b>5,507,934</b> |

Warrumbungle Shire Council - Long Term Financial Plan 2017/18

| Description   | 2017/18 Budget | 2018/19 (Delivery Program) | 2019/20 (Delivery Program) | 2020/21 (Delivery Program) | 2021/22       | 2022/23  | 2023/24       | 2024/25  | 2025/26       | 2026/27       |
|---|----------------|----------------------------|----------------------------|----------------------------|---------------|----------|---------------|----------|---------------|---------------|
| <b>Urban Services</b>   |                |                            |                            |                            |               |          |               |          |               |               |
| <b>Horticulture</b>   |                |                            |                            |                            |               |          |               |          |               |               |
| Electric BBQ & Shelter in Lions Park  | -              | -                          | -                          | 20,000                     | -             | -        | -             | -        | -             | -             |
| Softfall under playground equipment (Coolah)                                | -              | -                          | -                          | -                          | -             | -        | -             | -        | 20,000        | 20,000        |
| Mendooran Park - Connection of existing irrigation to town Water supply     | 10,000         | -                          | -                          | -                          | -             | -        | -             | -        | -             | -             |
| Electric BBQ & Shelter in Bell Park   | -              | 20,000                     | -                          | -                          | -             | -        | -             | -        | -             | -             |
| Softfall - Mendooran Park   | -              | -                          | -                          | -                          | 20,000        | -        | -             | -        | -             | -             |
| Various Projects  | -              | -                          | -                          | -                          | -             | -        | 20,000        | -        | -             | -             |
| <b>Horticulture Total</b>   | <b>10,000</b>  | <b>20,000</b>              | <b>-</b>                   | <b>20,000</b>              | <b>20,000</b> | <b>-</b> | <b>20,000</b> | <b>-</b> | <b>20,000</b> | <b>20,000</b> |
| <b>Ovals</b>  |                |                            |                            |                            |               |          |               |          |               |               |
| Coonabarabran Netball Courts  | 100,000        | -                          | -                          | -                          | -             | -        | -             | -        | -             | -             |
| Robertson Oval - Seat Replacement   | 6,000          | -                          | -                          | -                          | -             | -        | -             | -        | -             | -             |
| Reseal of Roads within Coonabarabran Sporting Complex; Approximately 9000m2 | 50,000         | -                          | -                          | -                          | -             | -        | -             | -        | -             | -             |
| <b>Ovals Total</b>  | <b>156,000</b> | <b>-</b>                   | <b>-</b>                   | <b>-</b>                   | <b>-</b>      | <b>-</b> | <b>-</b>      | <b>-</b> | <b>-</b>      | <b>-</b>      |

**Warrumbungle Shire Council - Long Term Financial Plan 2017/18**

| <b>Description</b>   | <b>2017/18<br/>Budget</b> | <b>2018/19<br/>(Delivery<br/>Program)</b> | <b>2019/20<br/>(Delivery<br/>Program)</b> | <b>2020/21<br/>(Delivery<br/>Program)</b> | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> | <b>2024/25</b> | <b>2025/26</b> | <b>2026/27</b> |
|--|---------------------------|---|---|---|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Urban Services cont.</b>  |                           |   |   |   |                |                |                |                |                |                |
| <b>Swimming Pools</b>  |                           |   |   |   |                |                |                |                |                |                |
| Baradine - Painting External Building stage 1 & 2  | 6,000                     | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| C'Bran Pool Maintenance and Repairs  | -                         | 5,000                                     | -   | -   | -              | -              | -              | -              | -              | -              |
| C'Bran Rainwater Tank & Pump for Irrigation  | 5,000                     | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Baradine - Pump Room rehabilitation  | 10,000                    | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Binnaway Main Pool Ladders X 6   | 8,000                     | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Binnaway Removal of Large Pine Tree  | 3,000                     | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Coolah Disable Chair Lift  | 10,000                    | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| C'Bran Regulator & Injector (Dosing System)  | 3,000                     | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Dunedoo Awning over canteen area   | 4,000                     | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Dunedoo Roof Modifications Amenities Block (Polycarbon)  | 30,000                    | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Mendooran Chemical Dosing Units  | 2,000                     | 500                                       | -   | -   | -              | -              | -              | -              | -              | -              |
| Baradine Rainwater Tank and Pump for Irrigation  | -                         | 3,000                                     | -   | -   | -              | -              | -              | -              | -              | -              |
| Coolah Replace filter media  | -                         | 15,000                                    | -   | -   | -              | -              | -              | -              | -              | -              |
| Coolah Install BBQ Area & Shade Cover  | -                         | 8,000                                     | -   | -   | -              | -              | -              | -              | -              | -              |
| Coolah Chemical Control Dosing Unit  | -                         | 2,500                                     | -   | -   | -              | -              | -              | -              | -              | -              |
| C'Bran Replace BBQ area  | -                         | 6,000                                     | -   | -   | -              | -              | -              | -              | -              | -              |
| Dunedoo Pump Rehabilitation  | -                         | 10,000                                    | -   | -   | -              | -              | -              | -              | -              | -              |
| Dunedoo Chemical Dosing Unit   | -                         | 2,500                                     | -   | -   | -              | -              | -              | -              | -              | -              |
| Dunedoo Large Trees to be Removed  | -                         | 3,500                                     | -   | -   | -              | -              | -              | -              | -              | -              |
| Various Projects - TBA   | -                         | -   | 81,000                                    | 81,000                                    | 81,000         | 81,000         | 81,000         | 81,000         | 81,000         | 81,000         |
| Install 2 x 32000ltr water tanks at Baradine, Coona, Coolah, and Dunedoo pools (to comply with LTW guidelines) | 60,000                    | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Improvements to Mendooran Swimming Pool - Disabled Access to the Pool and Disabled Toilets                     | 15,000                    | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| <b>Swimming Pools Total</b>  | <b>156,000</b>            | <b>56,000</b>                             | <b>81,000</b>                             | <b>81,000</b>                             | <b>81,000</b>  | <b>81,000</b>  | <b>81,000</b>  | <b>81,000</b>  | <b>81,000</b>  | <b>81,000</b>  |

**Warrumbungle Shire Council - Long Term Financial Plan 2017/18**

| Description   | 2017/18 Budget | 2018/19 (Delivery Program) | 2019/20 (Delivery Program) | 2020/21 (Delivery Program) | 2021/22        | 2022/23       | 2023/24       | 2024/25        | 2025/26        | 2026/27        |
|---|----------------|----------------------------|----------------------------|----------------------------|----------------|---------------|---------------|----------------|----------------|----------------|
| <b>Town Streets - Baradine</b>  |                |                            |                            |                            |                |               |               |                |                |                |
| Baradine District Progress Association Main street Gardens            | 5,000          | 5,000                      | -                          | -                          | -              | -             | -             | -              | -              | -              |
| Baradine Streets – Street lighting                                    | 8,000          | -                          | -                          | -                          | -              | -             | -             | -              | -              | -              |
| Kerb and Guttering Bligh Street between Narren and Darling            | -              | 50,000                     | -                          | -                          | -              | -             | -             | -              | -              | -              |
| Kerb and guttering in Narren Street and Liverpool                     | -              | -                          | 60,000                     | -                          | -              | -             | -             | -              | -              | -              |
| Kerb and guttering in Narren Street south of Macquarie Street         | -              | 50,000                     | -                          | -                          | -              | -             | -             | -              | -              | -              |
| Rehabilitation of footpath sections                                   | 20,000         | 20,000                     | 20,000                     | 20,000                     | 25,000         | 25,000        | 25,000        | 25,000         | 25,000         | 25,000         |
| Street Trees  | 5,000          | 5,000                      | 5,000                      | 5,000                      | 5,000          | -             | -             | 5,000          | 5,000          | 5,000          |
| Flood Levee Design  | 20,000         | -                          | -                          | -                          | -              | -             | -             | -              | -              | -              |
| Flood Levee Construction  | -              | 20,000                     | 20,000                     | 20,000                     | 20,000         | -             | -             | -              | -              | -              |
| Lachlan Street, between Narren Street and Liverpool (North and South) | -              | -                          | -                          | 60,000                     | -              | -             | -             | -              | -              | -              |
| New Kerb and Guttering  | -              | -                          | -                          | -                          | 60,000         | 60,000        | 60,000        | 70,000         | 70,000         | 70,000         |
| <b>Town Streets - Baradine Total</b>                                  | <b>58,000</b>  | <b>150,000</b>             | <b>105,000</b>             | <b>105,000</b>             | <b>110,000</b> | <b>85,000</b> | <b>85,000</b> | <b>100,000</b> | <b>100,000</b> | <b>100,000</b> |
| <b>Town Streets - Binnaway</b>  |                |                            |                            |                            |                |               |               |                |                |                |
| Corry Bridge Western Approach   | 40,000         | -                          | -                          | -                          | -              | -             | -             | -              | -              | -              |
| Binnaway Progress Association   | 5,000          | 5,000                      | 5,000                      | 5,000                      | 5,000          | 5,000         | 5,000         | 5,000          | 5,000          | 5,000          |
| Footpath rehabilitation   | 10,000         | 10,000                     | 10,000                     | 10,000                     | 10,000         | 10,000        | 10,000        | 10,000         | 10,000         | 10,000         |
| Bullinda Street, New Kerb and Guttering                               | -              | 40,000                     | -                          | -                          | -              | -             | -             | -              | -              | -              |
| Street Trees  | -              | 6,000                      | -                          | -                          | -              | -             | -             | -              | -              | -              |
| Railway St Binnaway K&G   | 55,000         | -                          | -                          | -                          | -              | -             | -             | -              | -              | -              |
| Renshaw St / Railway St pipe renewal                                  | -              | 20,000                     | -                          | -                          | -              | -             | -             | -              | -              | -              |
| Norman Street/Yeubla Street, pipe drainage system                     | -              | -                          | -                          | 20,000                     | -              | -             | -             | -              | -              | -              |
| Renshaw St stormwater drainage  | 30,000         | -                          | -                          | -                          | -              | -             | -             | -              | -              | -              |
| New Kerb and Guttering  | -              | -                          | -                          | -                          | 75,000         | -             | 75,000        | -              | 75,000         | -              |
| <b>Town Streets - Binnaway Total</b>                                  | <b>140,000</b> | <b>81,000</b>              | <b>15,000</b>              | <b>35,000</b>              | <b>90,000</b>  | <b>15,000</b> | <b>90,000</b> | <b>15,000</b>  | <b>90,000</b>  | <b>15,000</b>  |

**Warrumbungle Shire Council - Long Term Financial Plan 2017/18**

| <b>Description</b>   | <b>2017/18<br/>Budget</b> | <b>2018/19<br/>(Delivery<br/>Program)</b> | <b>2019/20<br/>(Delivery<br/>Program)</b> | <b>2020/21<br/>(Delivery<br/>Program)</b> | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> | <b>2024/25</b> | <b>2025/26</b> | <b>2026/27</b> |
|--|---------------------------|---|---|---|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Town Streets - Coolah</b>   |                           |   |   |   |                |                |                |                |                |                |
| Footpath Rehabilitation  | 30,000                    | 30,000                                    | 30,000                                    | 35,000                                    | 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         | 80,000         |
| Street light program   | 8,000                     | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Street Trees   | -                         | 7,000                                     | 7,000                                     | 7,000                                     | 7,000          | 7,000          | 7,000          | 7,000          | 7,000          | 7,000          |
| Pipe Drainage Goddard St, Binnia St and Martin St                        | 45,000                    | 35,000                                    | 40,000                                    | -   | -              | -              | -              | -              | -              | -              |
| <b>Town Streets - Coolah Total</b>                                       | <b>153,000</b>            | <b>142,000</b>                            | <b>147,000</b>                            | <b>112,000</b>                            | <b>122,000</b> | <b>122,000</b> | <b>122,000</b> | <b>122,000</b> | <b>122,000</b> | <b>122,000</b> |
| <b>Town Streets - Coonabarabran</b>                                      |                           |   |   |   |                |                |                |                |                |                |
| Cassilis Street Footpath /Neate Street/Edward Street - Preliminary Works | -                         | -   | -   | 50,000                                    | -              | -              | -              | -              | -              | -              |
| Cowper Street, concreting of open channel                                | -                         | -   | -   | 50,000                                    | 55,000         | -              | -              | -              | -              | -              |
| Cassilis Street, Robertson to Namoi, new footpath                        | 40,000                    | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Crane Street Rehabilitation  | 50,000                    | 30,000                                    | -   | -   | -              | -              | -              | -              | -              | -              |
| Dalgarno St (John - Cowper) Footpath Rehabilitation                      | 20,000                    | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Dalgarno St, centre medium, west of John to Robertson                    | -                         | 50,000                                    | -   | 50,000                                    | -              | 50,000         | -              | -              | -              | -              |
| John Street. K & G Rehabilitation  | 70,000                    | -   | 70,000                                    | -   | -              | -              | -              | -              | -              | -              |
| Street Trees - centre Charles st Edwards to Dalgarno                     | 30,000                    | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Footpath Rehabilitation (general)  | -                         | 40,000                                    | 40,000                                    | 40,000                                    | 40,000         | 50,000         | 50,000         | 50,000         | 50,000         | 50,000         |
| Street Trees   | -                         | 30,000                                    | 30,000                                    | 30,000                                    | 30,000         | 30,000         | 30,000         | 30,000         | 30,000         | 30,000         |
| Barker St Drainage pipe  | 20,000                    | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Newell Hwy Opposite Yuluwirri Kids Pipe Design                           | 6,000                     | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Newell Hwy Opposite Yuluwirri Kids Pipe Construction                     | -                         | -   | 15,000                                    | 20,000                                    | -              | -              | -              | -              | -              | -              |
| <b>Town Streets - Coonabarabran Total</b>                                | <b>236,000</b>            | <b>150,000</b>                            | <b>155,000</b>                            | <b>240,000</b>                            | <b>125,000</b> | <b>130,000</b> | <b>80,000</b>  | <b>80,000</b>  | <b>80,000</b>  | <b>80,000</b>  |

**Warrumbungle Shire Council - Long Term Financial Plan 2017/18**

| Description  | 2017/18 Budget    | 2018/19 (Delivery Program) | 2019/20 (Delivery Program) | 2020/21 (Delivery Program) | 2021/22          | 2022/23          | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|-------------------|----------------------------|----------------------------|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Town Streets - Dunedoo</b>                        |                   |                            |                            |                            |                  |                  |                  |                  |                  |                  |
| Footpath Rehabilitation                              | 20,000            | 20,000                     | 20,000                     | 20,000                     | 25,000           | 25,000           | 25,000           | 25,000           | 25,000           | 25,000           |
| Underground Pipe drainage Wargundy Street            | -                 | 65,000                     | -                          | -                          | -                | -                | -                | -                | -                | -                |
| Street Trees   | -                 | -                          | 7,000                      | 7,000                      | 7,000            | 7,000            | 7,000            | 7,000            | 7,000            | 7,000            |
| Wallaroo St Dunedoo                                  | 350,000           | -                          | -                          | -                          | -                | -                | -                | -                | -                | -                |
| Drainage Study Wargundy St                           | 15,000            | -                          | -                          | -                          | -                | -                | -                | -                | -                | -                |
| <b>Town Streets - Dunedoo Total</b>                  | <b>385,000</b>    | <b>85,000</b>              | <b>27,000</b>              | <b>27,000</b>              | <b>32,000</b>    | <b>32,000</b>    | <b>32,000</b>    | <b>32,000</b>    | <b>32,000</b>    | <b>32,000</b>    |
| <b>Town Streets - Mendooran</b>                      |                   |                            |                            |                            |                  |                  |                  |                  |                  |                  |
| Bandulla Street, Traffic Calming                     | -                 | 50,000                     | -                          | -                          | -                | -                | -                | -                | -                | -                |
| Footpath rehabilitation - various sections           | 30,000            | 30,000                     | 30,000                     | 35,000                     | 35,000           | 35,000           | 35,000           | 35,000           | 35,000           | 35,000           |
| Street Trees   | -                 | 6,000                      | 6,000                      | 6,000                      | 6,000            | 6,000            | 6,000            | 6,000            | 6,000            | 6,000            |
| Cobra St Pipe Drainage                               | -                 | 31,000                     | 31,000                     | -                          | -                | -                | -                | -                | -                | -                |
| Cobra Street - Kerb and Guttering                    | -                 | -                          | -                          | 70,000                     | 70,000           | -                | -                | -                | -                | -                |
| Merchant Street Sealing                              | -                 | -                          | -                          | -                          | 40,000           | 40,000           | 40,000           | -                | -                | -                |
| <b>Town Streets - Mendooran Total</b>                | <b>30,000</b>     | <b>117,000</b>             | <b>67,000</b>              | <b>111,000</b>             | <b>151,000</b>   | <b>81,000</b>    | <b>81,000</b>    | <b>41,000</b>    | <b>41,000</b>    | <b>41,000</b>    |
| <b>Urban Services Total</b>                          | <b>1,324,000</b>  | <b>801,000</b>             | <b>597,000</b>             | <b>731,000</b>             | <b>731,000</b>   | <b>546,000</b>   | <b>591,000</b>   | <b>471,000</b>   | <b>566,000</b>   | <b>491,000</b>   |
| <b>Technical Services Total</b>                      | <b>10,005,431</b> | <b>8,314,823</b>           | <b>8,298,043</b>           | <b>9,003,129</b>           | <b>8,750,650</b> | <b>8,720,625</b> | <b>8,786,000</b> | <b>8,252,239</b> | <b>8,988,096</b> | <b>8,706,536</b> |
| <b>Warrumbungle Water</b>                            |                   |                            |                            |                            |                  |                  |                  |                  |                  |                  |
| <b>Water - Baradine</b>                              |                   |                            |                            |                            |                  |                  |                  |                  |                  |                  |
| Meter Replacements - Baradine                        | 5,000             | -                          | -                          | -                          | -                | -                | -                | -                | -                | -                |
| Water Treatment Plant- Improvements                  | -                 | 33,942                     | 30,000                     | 30,000                     | 30,000           | 30,000           | 30,000           | 30,000           | 30,000           | 30,000           |
| Mains Replacement (Namoi st-Walker to Wellington st) | 42,000            | -                          | -                          | -                          | -                | -                | -                | -                | -                | -                |
| Replacement of Water Tower Kenebri                   | 50,000            | 50,000                     | -                          | -                          | -                | -                | -                | -                | -                | -                |
| <b>Water - Baradine Total</b>                        | <b>97,000</b>     | <b>83,942</b>              | <b>30,000</b>              | <b>30,000</b>              | <b>30,000</b>    | <b>30,000</b>    | <b>30,000</b>    | <b>30,000</b>    | <b>30,000</b>    | <b>30,000</b>    |

**Warrumbungle Shire Council - Long Term Financial Plan 2017/18**

| <b>Description</b>   | <b>2017/18<br/>Budget</b> | <b>2018/19<br/>(Delivery<br/>Program)</b> | <b>2019/20<br/>(Delivery<br/>Program)</b> | <b>2020/21<br/>(Delivery<br/>Program)</b> | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> | <b>2024/25</b> | <b>2025/26</b> | <b>2026/27</b> |
|--|---------------------------|---|---|---|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Water - Binnaway</b>  |                           |   |   |   |                |                |                |                |                |                |
| Meter Replacements - Binnaway  | 5,000                     | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Water Treatment Plant- Renewals  | -                         | 11,314                                    | -   | -   | 121,840        | -              | -              | -              | -              | -              |
| Remove dead ends Andy's lane to Castlereagh st                                     | 17,000                    | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Re-locate services-Renshaw st  | 25,000                    | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Main Extension - Innest St (between Quandong and Frater St)                        | 12,000                    | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Main Extension between Castlereagh st and Ulinda st                                | 70,000                    | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Water Main Rehabilitation - Napier Street - 420m                                   | -                         | 79,199                                    | -   | -   | -              | -              | -              | -              | -              | -              |
| <b>Water - Binnaway Total</b>  | <b>129,000</b>            | <b>90,513</b>                             | <b>-</b>                                  | <b>-</b>                                  | <b>121,840</b> | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>Water - Coolah</b>  |                           |   |   |   |                |                |                |                |                |                |
| Mains Extension - removal of dead ends   | -                         | 56,570                                    | 57,985                                    | 57,985                                    | 60,920         | 62,443         | 64,004         | 65,316         | 65,604         | 66,949         |
| Mains Extension - removal of dead ends Cunningham St (Campbell to Gilmore)         | 15,000                    | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Mains Extension - removal of dead ends Central Lane to Martin St                   | 15,000                    | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Mains Extension - removal of dead ends Lane behind shops Eastern side to Martin St | 10,000                    | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Meter Replacements - Coolah  | 5,000                     | -   | -   | -   | -              | -              | -              | -              | -              | -              |
| Mains Replacement  | -                         | 28,285                                    | 28,992                                    | 28,992                                    | 30,460         | 31,222         | 32,002         | 32,802         | 32,802         | 33,622         |
| <b>Water - Coolah Total</b>  | <b>45,000</b>             | <b>84,855</b>                             | <b>86,977</b>                             | <b>86,977</b>                             | <b>91,380</b>  | <b>93,665</b>  | <b>96,006</b>  | <b>98,118</b>  | <b>98,406</b>  | <b>100,571</b> |



**Warrumbungle Shire Council - Long Term Financial Plan 2017/18**

| Description  | 2017/18 Budget | 2018/19 (Delivery Program) | 2019/20 (Delivery Program) | 2020/21 (Delivery Program) | 2021/22          | 2022/23          | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|----------------|----------------------------|----------------------------|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Water - Coonabarabran</b>                                     |                |                            |                            |                            |                  |                  |                  |                  |                  |                  |
| Mains Replacement  | -              | 147,083                    | 150,760                    | 150,760                    | 50,000           | 50,000           | 50,000           | 50,000           | 50,000           | 50,000           |
| Mains Replacement Camp St (anne to namoi St)                     | 50,000         | -                          | -                          | -                          | -                | -                | -                | -                | -                | -                |
| Meter Replacements - Coonabarabran                               | 5,000          | -                          | -                          | -                          | -                | -                | -                | -                | -                | -                |
| Timor Dam Fence & Dead Water storage                             | 160,000        | -                          | -                          | -                          | -                | -                | -                | -                | -                | -                |
| Tools – Coonabarabran Water                                      | 5,000          | -                          | -                          | -                          | -                | -                | -                | -                | -                | -                |
| Main Extension - Removal of Dead Ends (Timor rd to Eden St)      | 50,000         | -                          | -                          | -                          | -                | -                | -                | -                | -                | -                |
| Water Main Extension - Removal of Dead Ends                      | -              | 124,455                    | 278,326                    | 278,326                    | 157,417          | 164,727          | 76,805           | 78,380           | 78,725           | 80,340           |
| Fencing of Reservoir Site - Oxley Highway                        | -              | 11,314                     | 11,597                     | 11,597                     | 12,184           | 12,489           | 12,801           | -                | -                | -                |
| Water Main Rehabilitation  | -              | 79,199                     | 81,179                     | 81,179                     | 83,288           | 84,537           | 85,805           | 87,092           | 87,091           | 88,398           |
| Water Treatment Plant Improvements                               | -              | 33,942                     | 34,791                     | 34,791                     | 36,552           | 37,466           | 38,403           | 39,190           | 39,363           | 40,170           |
| Water Main Rehabilitation - George Street                        | -              | -                          | 81,179                     | 81,179                     | -                | -                | -                | -                | -                | -                |
| Water Main Rehabilitation (TBC)                                  | -              | -                          | -                          | -                          | -                | -                | 224,015          | 224,015          | 224,015          | 224,015          |
| Water rehab (Shire wide)   | -              | -                          | -                          | -                          | 1,750,000        | 1,032,420        | 825,044          | 1,025,985        | 1,325,985        | 1,525,985        |
| <b>Water - Coonabarabran Total</b>                               | <b>270,000</b> | <b>395,993</b>             | <b>637,832</b>             | <b>637,832</b>             | <b>2,089,441</b> | <b>1,381,639</b> | <b>1,312,873</b> | <b>1,504,662</b> | <b>1,805,179</b> | <b>2,008,908</b> |
| <b>Water - Dunedoo</b>   |                |                            |                            |                            |                  |                  |                  |                  |                  |                  |
| Mains Extension-Evans St, between Sullivan St and Nott St (430m) | -              | 56,570                     | 57,985                     | 57,985                     | 60,920           | 62,443           | -                | -                | -                | -                |
| Reservoirs-Rehabilitation  | -              | -                          | -                          | -                          | -                | 62,443           | 64,004           | 65,316           | 65,604           | 66,949           |
| Mains Replacement - Wargundy Street                              | 50,000         | -                          | -                          | -                          | -                | -                | -                | -                | -                | -                |
| <b>Water - Dunedoo Total</b>                                     | <b>50,000</b>  | <b>56,570</b>              | <b>57,985</b>              | <b>57,985</b>              | <b>60,920</b>    | <b>124,886</b>   | <b>64,004</b>    | <b>65,316</b>    | <b>65,604</b>    | <b>66,949</b>    |

**Warrumbungle Shire Council - Long Term Financial Plan 2017/18**

| Description  | 2017/18 Budget | 2018/19 (Delivery Program) | 2019/20 (Delivery Program) | 2020/21 (Delivery Program) | 2021/22          | 2022/23          | 2023/24          | 2024/25          | 2025/26          | 2026/27          |
|--|----------------|----------------------------|----------------------------|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Water - Mendooran</b>                           |                |                            |                            |                            |                  |                  |                  |                  |                  |                  |
| Mains Extension - River St to Brambil to Napierst  | 30,000         | -                          | -                          | -                          | -                | -                | -                | -                | -                | -                |
| Mains Extension - River St to Farnell to Abbott St | 18,500         | -                          | -                          | -                          | -                | -                | -                | -                | -                | -                |
| Replace Water Meters                               | 5,000          | -                          | -                          | -                          | -                | -                | -                | -                | -                | -                |
| Water rehab (TBC)                                  | -              | -                          | -                          | -                          | 50,000           | 50,000           | 50,000           | 50,000           | 50,000           | 50,000           |
| <b>Water - Mendooran Total</b>                     | <b>53,500</b>  | <b>-</b>                   | <b>-</b>                   | <b>-</b>                   | <b>50,000</b>    | <b>50,000</b>    | <b>50,000</b>    | <b>50,000</b>    | <b>50,000</b>    | <b>50,000</b>    |
| <b>Warrumbungle Water Total</b>                    | <b>644,500</b> | <b>711,873</b>             | <b>812,794</b>             | <b>812,794</b>             | <b>2,443,581</b> | <b>1,680,190</b> | <b>1,552,883</b> | <b>1,748,096</b> | <b>2,049,189</b> | <b>2,256,428</b> |
| <b>Warrumbungle Sewer</b>                          |                |                            |                            |                            |                  |                  |                  |                  |                  |                  |
| <b>Sewer - Baradine</b>                            |                |                            |                            |                            |                  |                  |                  |                  |                  |                  |
| Pot servicing                                      | 20,000         | -                          | -                          | -                          | -                | -                | -                | -                | -                | -                |
| Sewage Treatment Plant -Vacuum pumps renewal       | -              | -                          | 23,194                     | 23,194                     | 24,368           | 24,977           | 25,602           | 26,242           | 26,242           | 26,898           |
| Effluent Reuse- Pivot Irrigator replacement        | -              | 226,282                    | -                          | -                          | -                | -                | -                | -                | -                | -                |
| <b>Sewer - Baradine Total</b>                      | <b>20,000</b>  | <b>226,282</b>             | <b>23,194</b>              | <b>23,194</b>              | <b>24,368</b>    | <b>24,977</b>    | <b>25,602</b>    | <b>26,242</b>    | <b>26,242</b>    | <b>26,898</b>    |
| <b>Sewer - Binnaway</b>                            |                |                            |                            |                            |                  |                  |                  |                  |                  |                  |
| <b>Sewer - Binnaway Total</b>                      | <b>-</b>       | <b>-</b>                   | <b>-</b>                   | <b>-</b>                   | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| <b>Sewer - Coolah</b>                              |                |                            |                            |                            |                  |                  |                  |                  |                  |                  |
| Mains Relining                                     | 60,000         | -                          | -                          | -                          | -                | -                | -                | -                | -                | -                |
| Smoke Testing                                      | 50,000         | -                          | -                          | -                          | -                | -                | -                | -                | -                | -                |
| Sewage Treatment Plant - upgrade peripherals       | -              | 56,570                     | 57,985                     | 57,985                     | 60,920           | 62,443           | 64,004           | 65,604           | 65,604           | 67,244           |
| Coolah Sewage Treatment Plant Upgrade              | 215,510        | 1,296,646                  | 30,866                     | -                          | -                | -                | -                | -                | -                | -                |
| <b>Sewer - Coolah Total</b>                        | <b>325,510</b> | <b>1,353,216</b>           | <b>88,851</b>              | <b>57,985</b>              | <b>60,920</b>    | <b>62,443</b>    | <b>64,004</b>    | <b>65,604</b>    | <b>65,604</b>    | <b>67,244</b>    |

**Warrumbungle Shire Council - Long Term Financial Plan 2017/18**

| Description                                  | 2017/18 Budget    | 2018/19 (Delivery Program) | 2019/20 (Delivery Program) | 2020/21 (Delivery Program) | 2021/22           | 2022/23           | 2023/24           | 2024/25           | 2025/26           | 2026/27           |
|--|-------------------|----------------------------|----------------------------|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Sewer – Coonabarabran</b>                 |                   |                            |                            |                            |                   |                   |                   |                   |                   |                   |
| Mains-Relining various sections              | 100,000           | 158,397                    | 197,148                    | 197,148                    | 207,128           | 212,307           | 217,614           | 223,055           | 272,018           | 278,819           |
| Pump stations- renewal                       | 30,000            | 33,943                     | 34,790                     | 34,790                     | -                 | -                 | -                 | -                 | -                 | -                 |
| Sewage Treatment Plant - upgrade peripherals | -                 | 56,570                     | 57,985                     | 57,985                     | 60,920            | 62,443            | 64,004            | 65,604            | 65,604            | 67,244            |
| Mains Replacement/Rehab                      | -                 | 56,570                     | 57,985                     | 57,985                     | 60,920            | -                 | -                 | -                 | -                 | -                 |
| Smoke Testing                                | 60,000            | -                          | -                          | -                          | -                 | -                 | -                 | -                 | -                 | -                 |
| Coonabarabran Sewage Treatment Plant Upgrade | 218,021           | 235,846                    | 940,299                    | 1,095,592                  | -                 | -                 | -                 | -                 | -                 | -                 |
| Sewer rehab (TBC)                            | -                 | -                          | -                          | -                          | -                 | 50,000            | 182,000           | 182,000           | 143,000           | 141,000           |
| <b>Sewer - Coonabarabran Total</b>           | <b>408,021</b>    | <b>541,326</b>             | <b>1,288,207</b>           | <b>1,443,500</b>           | <b>328,968</b>    | <b>324,750</b>    | <b>463,618</b>    | <b>470,659</b>    | <b>480,622</b>    | <b>487,063</b>    |
| <b>Sewer – Dunedoo</b>                       |                   |                            |                            |                            |                   |                   |                   |                   |                   |                   |
| Smoke Testing                                | 50,000            | -                          | -                          | -                          | -                 | -                 | -                 | -                 | -                 | -                 |
| Mains-Relining various sections              | 60,000            | -                          | -                          | -                          | -                 | -                 | -                 | -                 | -                 | -                 |
| Dunedoo Sewage Treatment Plant Upgrade       | 1,245,202         | 122,016                    | -                          | -                          | -                 | -                 | -                 | -                 | -                 | -                 |
| Sewer rehab (TBC)                            | -                 | -                          | -                          | -                          | 50,000            | 50,000            | 50,000            | 50,000            | 50,000            | 50,000            |
| <b>Sewer - Dunedoo Total</b>                 | <b>1,355,202</b>  | <b>122,016</b>             | <b>-</b>                   | <b>-</b>                   | <b>50,000</b>     | <b>50,000</b>     | <b>50,000</b>     | <b>50,000</b>     | <b>50,000</b>     | <b>50,000</b>     |
| <b>Warrumbungle Sewer Total</b>              | <b>2,108,733</b>  | <b>2,242,840</b>           | <b>1,400,252</b>           | <b>1,524,679</b>           | <b>464,256</b>    | <b>462,170</b>    | <b>603,224</b>    | <b>612,505</b>    | <b>622,468</b>    | <b>631,205</b>    |
| <b>FFF Adjustments</b>                       | <b>-</b>          | <b>500,000</b>             | <b>1,250,000</b>           | <b>1,200,000</b>           | <b>1,877,348</b>  | <b>1,924,282</b>  | <b>1,972,389</b>  | <b>2,021,698</b>  | <b>2,072,241</b>  | <b>2,072,241</b>  |
| <b>Grand Total:</b>                          | <b>13,664,985</b> | <b>12,593,872</b>          | <b>12,343,324</b>          | <b>13,147,837</b>          | <b>14,400,054</b> | <b>13,611,971</b> | <b>13,620,994</b> | <b>13,404,534</b> | <b>14,349,122</b> | <b>14,283,538</b> |

## Part 6: Assets and Liabilities

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

| Balance Sheet Item          | Assumptions  |
|-----------------------------|--|
| <b>Assets</b>               |  |
| Cash and Cash equivalents   | Changes in cash and cash equivalents balances are per the 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.  |
| <b>Balance Sheet Item</b>   |  |
| <b>Assumptions</b>          |  |
| <b>Liabilities</b>          |  |
| 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 the Shire. The provision of water and sewer services must be economically sustainable and Council's General Fund should not be subsidizing the provision of these services.

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

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

## 7.1 General Fund Financial Analysis

### Income Statement

|   | 2017/18       | 2018/19       | 2019/20       | 2020/21       | 2021/22       | 2022/23       | 2023/24       | 2024/25       | 2025/26       | 2026/27       |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        |
| <b>Income from Continuing Operations</b>            |               |               |               |               |               |               |               |               |               |               |
| Rates & Annual Charges                              | 9,510         | 9,961         | 10,470        | 11,010        | 11,284        | 11,564        | 11,849        | 12,143        | 12,444        | 12,728        |
| User Charges and Fees                               | 5,416         | 5,674         | 5,820         | 5,961         | 6,104         | 6,257         | 6,410         | 6,566         | 6,728         | 6,887         |
| Interest & Investment Revenue                       | 345           | 354           | 363           | 372           | 382           | 391           | 401           | 411           | 421           | 431           |
| Other Revenues                                      | 947           | 972           | 996           | 1,021         | 1,046         | 1,073         | 1,100         | 1,126         | 1,155         | 1,183         |
| Grants & Contributions (Operational)                | 17,942        | 16,676        | 17,146        | 17,632        | 18,159        | 18,705        | 19,270        | 19,860        | 20,475        | 21,112        |
| Grants & Contributions (Capital)                    | 1,250         | 1,251         | 1,261         | 1,269         | 1,278         | 1,288         | 1,298         | 1,307         | 1,318         | 1,328         |
| Gains/(Losses) from Disposal of Assets              | 297           | 300           | 302           | 305           | 292           | 280           | 267           | 254           | 240           | 226           |
| Net Share in JVs                                    | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| <b>Total Income From Continuing Operations</b>      | <b>35,707</b> | <b>35,188</b> | <b>36,358</b> | <b>37,570</b> | <b>38,545</b> | <b>39,558</b> | <b>40,595</b> | <b>41,667</b> | <b>42,781</b> | <b>43,895</b> |
| <b>Expenses from Continuing Operations</b>          |               |               |               |               |               |               |               |               |               |               |
| Employee Benefits & On-Costs                        | 13,503        | 13,935        | 14,106        | 14,483        | 14,733        | 15,153        | 15,583        | 16,025        | 16,481        | 16,970        |
| Borrowing Costs                                     | 295           | 273           | 227           | 179           | 127           | 77            | 40            | 21            | 5             | -             |
| Materials & Contracts                               | 3,567         | 3,158         | 3,167         | 3,200         | 3,282         | 3,367         | 3,455         | 3,543         | 3,634         | 3,732         |
| Depreciation & Impairment                           | 8,547         | 8,676         | 8,806         | 8,939         | 9,110         | 9,280         | 9,459         | 9,637         | 9,819         | 10,006        |
| Other Expenses                                      | 7,507         | 7,579         | 7,741         | 7,906         | 8,199         | 8,348         | 8,582         | 8,822         | 9,141         | 9,323         |
| Net Share of Interest in Joint Ventures             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Net Losses from Disposal of Assets                  | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| <b>Total Expenditure From Continuing Operations</b> | <b>33,419</b> | <b>33,621</b> | <b>34,047</b> | <b>34,707</b> | <b>35,451</b> | <b>36,225</b> | <b>37,119</b> | <b>38,048</b> | <b>39,080</b> | <b>40,031</b> |
| <b>Net Operating Result for the Year</b>            | <b>2,288</b>  | <b>1,567</b>  | <b>2,311</b>  | <b>2,863</b>  | <b>3,094</b>  | <b>3,333</b>  | <b>3,476</b>  | <b>3,619</b>  | <b>3,701</b>  | <b>3,864</b>  |

## Balance Sheet

|                                      | 2017/18        | 2018/19        | 2019/20        | 2020/21        | 2021/22        | 2022/23        | 2023/24        | 2024/25        | 2025/26        | 2026/27        |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                      | \$'000         | \$'000         | \$'000         | \$'000         | \$'000         | \$'000         | \$'000         | \$'000         | \$'000         | \$'000         |
| <b>Assets</b>                        |                |                |                |                |                |                |                |                |                |                |
| <b>Current Assets</b>                |                |                |                |                |                |                |                |                |                |                |
| Cash and Cash Equivalents            | 6,828          | 7,086          | 7,680          | 8,231          | 8,462          | 9,440          | 11,085         | 13,485         | 16,007         | 19,178         |
| Investments                          | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| Receivables                          | 3,777          | 3,777          | 3,777          | 3,777          | 3,777          | 3,777          | 3,777          | 3,777          | 3,777          | 3,777          |
| Inventories                          | 887            | 887            | 887            | 887            | 887            | 887            | 887            | 887            | 887            | 887            |
| <b>Total Current Assets</b>          | <b>11,492</b>  | <b>11,750</b>  | <b>12,344</b>  | <b>12,895</b>  | <b>13,126</b>  | <b>14,104</b>  | <b>15,749</b>  | <b>18,149</b>  | <b>20,671</b>  | <b>23,842</b>  |
| <b>Non-Current Assets</b>            |                |                |                |                |                |                |                |                |                |                |
| Investments                          | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| Receivables                          | 10             | 10             | 10             | 10             | 10             | 10             | 10             | 10             | 10             | 10             |
| Inventories                          | 299            | 299            | 299            | 299            | 299            | 299            | 299            | 299            | 299            | 299            |
| Property, Plant & Equipment          | 455,425        | 460,533        | 466,003        | 472,026        | 478,333        | 484,664        | 490,799        | 496,317        | 502,272        | 507,519        |
| Investments Equity Method            | 294            | 294            | 294            | 294            | 294            | 294            | 294            | 294            | 294            | 294            |
| Intangibles                          | 353            | 353            | 353            | 353            | 353            | 353            | 353            | 353            | 353            | 353            |
| <b>Total Non-Current Assets</b>      | <b>456,381</b> | <b>461,489</b> | <b>466,959</b> | <b>472,982</b> | <b>479,289</b> | <b>485,620</b> | <b>491,755</b> | <b>497,273</b> | <b>503,228</b> | <b>508,475</b> |
| <b>Total Assets</b>                  | <b>467,873</b> | <b>473,239</b> | <b>479,303</b> | <b>485,877</b> | <b>492,415</b> | <b>499,724</b> | <b>507,504</b> | <b>515,422</b> | <b>523,899</b> | <b>532,317</b> |
| <b>Liabilities</b>                   |                |                |                |                |                |                |                |                |                |                |
| <b>Current Liabilities</b>           |                |                |                |                |                |                |                |                |                |                |
| Payables                             | 2,862          | 2,872          | 2,882          | 2,893          | 2,701          | 2,701          | 2,701          | 2,701          | 2,701          | 2,701          |
| Borrowings                           | 785            | 822            | 862            | 904            | 794            | 470            | 474            | -              | -              | -              |
| Provisions                           | 4,597          | 4,597          | 4,597          | 4,597          | 4,597          | 4,597          | 4,597          | 4,597          | 4,597          | 4,597          |
| <b>Total Current Liabilities</b>     | <b>8,244</b>   | <b>8,291</b>   | <b>8,341</b>   | <b>8,394</b>   | <b>8,092</b>   | <b>7,768</b>   | <b>7,772</b>   | <b>7,298</b>   | <b>7,298</b>   | <b>7,298</b>   |
| <b>Non-Current Liabilities</b>       |                |                |                |                |                |                |                |                |                |                |
| Payables                             | 544            | 373            | 192            | -              | -              | -              | -              | -              | -              | -              |
| Borrowings                           | 4,326          | 3,504          | 2,642          | 1,739          | 945            | 474            | -              | -              | -              | -              |
| Provisions                           | 2,590          | 2,590          | 2,590          | 2,590          | 2,590          | 2,590          | 2,590          | 2,590          | 2,590          | 2,590          |
| <b>Total Non-Current Liabilities</b> | <b>7,460</b>   | <b>6,467</b>   | <b>5,424</b>   | <b>4,329</b>   | <b>3,535</b>   | <b>3,064</b>   | <b>2,590</b>   | <b>2,590</b>   | <b>2,590</b>   | <b>2,590</b>   |
| <b>Total Liabilities</b>             | <b>15,704</b>  | <b>14,758</b>  | <b>13,765</b>  | <b>12,723</b>  | <b>11,627</b>  | <b>10,832</b>  | <b>10,362</b>  | <b>9,888</b>   | <b>9,888</b>   | <b>9,888</b>   |
| <b>Net Assets</b>                    | <b>452,169</b> | <b>458,481</b> | <b>465,538</b> | <b>473,154</b> | <b>480,788</b> | <b>488,892</b> | <b>497,142</b> | <b>505,534</b> | <b>514,011</b> | <b>522,429</b> |
| Retained Earnings                    | 379,754        | 381,321        | 383,632        | 386,496        | 389,590        | 392,923        | 396,398        | 400,017        | 403,718        | 407,583        |
| Revaluation Reserves                 | 72,415         | 77,160         | 81,906         | 86,658         | 91,198         | 95,969         | 100,744        | 105,517        | 110,293        | 114,846        |
| <b>Total Equity</b>                  | <b>452,169</b> | <b>458,481</b> | <b>465,538</b> | <b>473,154</b> | <b>480,788</b> | <b>488,892</b> | <b>497,142</b> | <b>505,534</b> | <b>514,011</b> | <b>522,429</b> |

## Statement of Cash Flows

|   | 2017/18         | 2018/19        | 2019/20        | 2020/21        | 2021/22         | 2022/23         | 2023/24         | 2024/25         | 2025/26         | 2026/27         |
|---|-----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | \$'000          | \$'000         | \$'000         | \$'000         | \$'000          | \$'000          | \$'000          | \$'000          | \$'000          | \$'000          |
| <b>Cash Flows from Operating Activities</b>                   |                 |                |                |                |                 |                 |                 |                 |                 |                 |
| <b><u>Receipts</u></b>  |                 |                |                |                |                 |                 |                 |                 |                 |                 |
| Rates and Annual Charges                                      | 9,510           | 9,961          | 10,470         | 11,010         | 11,284          | 11,564          | 11,849          | 12,143          | 12,444          | 12,728          |
| User Charges and Fees   | 5,416           | 5,674          | 5,820          | 5,961          | 6,104           | 6,257           | 6,410           | 6,566           | 6,728           | 6,887           |
| Interest & Investment Revenue                                 | 345             | 354            | 363            | 372            | 382             | 391             | 401             | 411             | 421             | 431             |
| Other Revenues  | 947             | 972            | 996            | 1,021          | 1,046           | 1,073           | 1,100           | 1,126           | 1,155           | 1,183           |
| Grants & Contributions  | 19,192          | 17,927         | 18,407         | 18,901         | 19,437          | 19,993          | 20,568          | 21,167          | 21,793          | 22,440          |
| <b><u>Payments</u></b>  |                 |                |                |                |                 |                 |                 |                 |                 |                 |
| Employee Benefits & On-Costs                                  | (13,503)        | (13,935)       | (14,106)       | (14,483)       | (14,733)        | (15,153)        | (15,583)        | (16,025)        | (16,481)        | (16,970)        |
| Materials & Contracts   | (3,567)         | (3,158)        | (3,167)        | (3,200)        | (3,282)         | (3,367)         | (3,455)         | (3,543)         | (3,634)         | (3,732)         |
| Borrowing Costs   | (295)           | (273)          | (227)          | (179)          | (127)           | (77)            | (40)            | (21)            | (5)             | -               |
| Other Expenses  | (7,507)         | (7,579)        | (7,741)        | (7,906)        | (8,199)         | (8,348)         | (8,582)         | (8,822)         | (9,141)         | (9,323)         |
| <b>Net Cash provided (or used in) Operating Activities</b>    | <b>10,538</b>   | <b>9,943</b>   | <b>10,815</b>  | <b>11,497</b>  | <b>11,912</b>   | <b>12,333</b>   | <b>12,668</b>   | <b>13,002</b>   | <b>13,280</b>   | <b>13,644</b>   |
| <b>Cash Flows from Investing Activities</b>                   |                 |                |                |                |                 |                 |                 |                 |                 |                 |
| <b><u>Receipts</u></b>  |                 |                |                |                |                 |                 |                 |                 |                 |                 |
| Sale of Infrastructure, PP&E                                  | 897             | 900            | 902            | 905            | 907             | 910             | 913             | 916             | 919             | 922             |
| <b><u>Payments</u></b>  |                 |                |                |                |                 |                 |                 |                 |                 |                 |
| Purchase of Infrastructure, PP&E                              | (10,912)        | (9,639)        | (10,130)       | (10,810)       | (11,492)        | (11,470)        | (11,465)        | (11,044)        | (11,677)        | (11,396)        |
| <b>Net Cash provided (or used in) Investing Activities</b>    | <b>(10,015)</b> | <b>(8,739)</b> | <b>(9,228)</b> | <b>(9,905)</b> | <b>(10,585)</b> | <b>(10,560)</b> | <b>(10,552)</b> | <b>(10,128)</b> | <b>(10,758)</b> | <b>(10,474)</b> |
| <b>Cash Flows from Financing Activities</b>                   |                 |                |                |                |                 |                 |                 |                 |                 |                 |
| <b><u>Payments</u></b>  |                 |                |                |                |                 |                 |                 |                 |                 |                 |
| Repayment of Borrowings & Advances                            | (900)           | (946)          | (993)          | (1,042)        | (1,096)         | (795)           | (470)           | (474)           | -               | -               |
| <b>Net Cash provided (or used in) Financing Activities</b>    | <b>(900)</b>    | <b>(946)</b>   | <b>(993)</b>   | <b>(1,042)</b> | <b>(1,096)</b>  | <b>(795)</b>    | <b>(470)</b>    | <b>(474)</b>    | <b>-</b>        | <b>-</b>        |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b> | <b>(377)</b>    | <b>258</b>     | <b>594</b>     | <b>550</b>     | <b>231</b>      | <b>978</b>      | <b>1,646</b>    | <b>2,400</b>    | <b>2,522</b>    | <b>3,170</b>    |
| Cash & Cash Equivalents – Opening balance                     | 7,205           | 6,828          | 7,086          | 7,681          | 8,231           | 8,462           | 9,439           | 11,085          | 13,485          | 16,008          |
| <b>Cash &amp; Cash Equivalents - End of Year</b>              | <b>6,828</b>    | <b>7,086</b>   | <b>7,680</b>   | <b>8,231</b>   | <b>8,462</b>    | <b>9,440</b>    | <b>11,085</b>   | <b>13,485</b>   | <b>16,007</b>   | <b>19,178</b>   |



## Asset Movement Schedule

| Asset Movement Schedule           | 2017/18<br>\$'000 | 2018/19<br>\$'000 | 2019/20<br>\$'000 | 2020/21<br>\$'000 | 2021/22<br>\$'000 | 2022/23<br>\$'000 | 2023/24<br>\$'000 | 2024/25<br>\$'000 | 2025/26<br>\$'000 | 2026/27<br>\$'000 |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Opening Balance</b>            |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Estimated Replacement Cost        | 560,178           | 575,234           | 589,017           | 603,293           | 618,255           | 633,672           | 649,283           | 664,877           | 680,032           | 695,806           |
| Accumulated Depreciation          | (111,263)         | (119,810)         | (128,486)         | (137,292)         | (146,231)         | (155,341)         | (164,621)         | (174,080)         | (183,717)         | (193,536)         |
| <b>Written Down Value</b>         | <b>448,915</b>    | <b>455,424</b>    | <b>460,531</b>    | <b>466,001</b>    | <b>472,024</b>    | <b>478,331</b>    | <b>484,662</b>    | <b>490,797</b>    | <b>496,315</b>    | <b>502,270</b>    |
| <b>Add/(less):</b>                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Additions</b>                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| - Capital Renewal (Infra)         | 5,285             | 5,723             | 6,536             | 7,082             | 8,109             | 7,775             | 7,924             | 7,654             | 8,016             | 8,036             |
| - Capital Improvements (Infra)    | 1,599             | 468               | 393               | 527               | 586               | 399               | 510               | 241               | 316               | 241               |
| - Plant (New & Replacement)       | 4,027             | 3,447             | 3,201             | 3,201             | 2,797             | 3,296             | 3,031             | 3,149             | 3,345             | 3,118             |
| <b>Total Capital Expenditure</b>  | <b>10,911</b>     | <b>9,638</b>      | <b>10,130</b>     | <b>10,810</b>     | <b>11,492</b>     | <b>11,470</b>     | <b>11,465</b>     | <b>11,044</b>     | <b>11,677</b>     | <b>11,395</b>     |
| Depreciation (excl. Plant)        | (6,434)           | (6,531)           | (6,629)           | (6,729)           | (6,845)           | (6,958)           | (7,079)           | (7,198)           | (7,319)           | (7,443)           |
| Depreciation (Plant)              | (2,113)           | (2,145)           | (2,177)           | (2,210)           | (2,265)           | (2,322)           | (2,380)           | (2,439)           | (2,500)           | (2,563)           |
| <b>Total Depreciation</b>         | <b>(8,547)</b>    | <b>(8,676)</b>    | <b>(8,806)</b>    | <b>(8,939)</b>    | <b>(9,110)</b>    | <b>(9,280)</b>    | <b>(9,459)</b>    | <b>(9,637)</b>    | <b>(9,819)</b>    | <b>(10,006)</b>   |
| Disposals                         | (600)             | (600)             | (600)             | (600)             | (615)             | (630)             | (646)             | (662)             | (679)             | (696)             |
| Revaluations                      | 4,745             | 4,745             | 4,746             | 4,752             | 4,540             | 4,771             | 4,775             | 4,773             | 4,776             | 4,553             |
| <b>Closing Balance</b>            | <b>455,424</b>    | <b>460,531</b>    | <b>466,001</b>    | <b>472,024</b>    | <b>478,331</b>    | <b>484,662</b>    | <b>490,797</b>    | <b>496,315</b>    | <b>502,270</b>    | <b>507,516</b>    |
| <b>Key Performance Indicators</b> |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Asset Renewal Ratio (Excl. Plant) | 82.14%            | 87.63%            | 98.60%            | 105.25%           | 118.47%           | 111.74%           | 111.94%           | 106.34%           | 109.52%           | 107.97%           |
| Asset Renewal (Deficit)/Surplus   | (1,149)           | (808)             | (93)              | 353               | 1,264             | 817               | 845               | 456               | 697               | 593               |
| Asset Consumption Ratio           | 19.86%            | 20.83%            | 21.81%            | 22.76%            | 23.65%            | 24.51%            | 25.35%            | 26.18%            | 27.02%            | 27.81%            |

## 7.2 Water Fund Financial Analysis

### Income Statement

|   | 2017/18      | 2018/19      | 2019/20      | 2020/21      | 2021/22      | 2022/23      | 2023/24      | 2024/25      | 2025/26      | 2026/27      |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | \$'000       | \$'000       | \$'000       | \$'000       | \$'000       | \$'000       | \$'000       | \$'000       | \$'000       | \$'000       |
| <b>Income from Continuing Operations</b>            |              |              |              |              |              |              |              |              |              |              |
| Rates & Annual Charges                              | 1,366        | 1,436        | 1,510        | 1,588        | 1,673        | 1,762        | 1,856        | 1,955        | 2,060        | 2,170        |
| User Charges and Fees                               | 1,667        | 1,749        | 1,835        | 1,926        | 2,024        | 2,128        | 2,237        | 2,352        | 2,472        | 2,599        |
| Interest & Investment Revenue                       | 64           | 65           | 71           | 76           | 83           | 96           | 110          | 115          | 142          | 172          |
| Other Revenues                                      | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Grants & Contributions (Operational)                | 49           | 51           | 52           | 53           | 55           | 56           | 57           | 59           | 60           | 62           |
| Grants & Contributions (Capital)                    | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Gains/(Losses) from Disposal of Assets              | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Net Share in JVs                                    | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>Total Income From Continuing Operations</b>      | <b>3,146</b> | <b>3,301</b> | <b>3,468</b> | <b>3,643</b> | <b>3,835</b> | <b>4,042</b> | <b>4,260</b> | <b>4,481</b> | <b>4,734</b> | <b>5,003</b> |
| <b>Expenses from Continuing Operations</b>          |              |              |              |              |              |              |              |              |              |              |
| Employee Benefits & On-Costs                        | 925          | 950          | 977          | 1,004        | 1,032        | 1,061        | 1,090        | 1,121        | 1,152        | 1,184        |
| Borrowing Costs                                     | 28           | 24           | 20           | 16           | 11           | 6            | 1            | -            | -            | -            |
| Materials & Contracts                               | 1,113        | 1,134        | 1,156        | 1,178        | 1,207        | 1,237        | 1,268        | 1,300        | 1,332        | 1,366        |
| Depreciation & Impairment                           | 1,326        | 1,346        | 1,366        | 1,387        | 1,408        | 1,429        | 1,450        | 1,472        | 1,494        | 1,517        |
| Other Expenses                                      | 183          | 185          | 187          | 189          | 192          | 195          | 199          | 202          | 205          | 209          |
| Net Share of Interest in Joint Ventures             | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Net Losses from Disposal of Assets                  | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>Total Expenditure From Continuing Operations</b> | <b>3,575</b> | <b>3,639</b> | <b>3,706</b> | <b>3,774</b> | <b>3,850</b> | <b>3,928</b> | <b>4,008</b> | <b>4,095</b> | <b>4,183</b> | <b>4,276</b> |
| <b>Net Operating Result for the Year</b>            | <b>(429)</b> | <b>(338)</b> | <b>(238)</b> | <b>(131)</b> | <b>(15)</b>  | <b>114</b>   | <b>252</b>   | <b>386</b>   | <b>551</b>   | <b>727</b>   |

## Balance Sheet

|                                      | 2017/18       | 2018/19       | 2019/20       | 2020/21       | 2021/22       | 2022/23       | 2023/24       | 2024/25       | 2025/26       | 2026/27       |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                      | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        |
| <b>Assets</b>                        |               |               |               |               |               |               |               |               |               |               |
| <b>Current Assets</b>                |               |               |               |               |               |               |               |               |               |               |
| Cash and Cash Equivalents            | 1,247         | 1,461         | 1,690         | 2,040         | 894           | 655           | 731           | 843           | 839           | 829           |
| Investments                          | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Receivables                          | 938           | 938           | 938           | 938           | 938           | 938           | 938           | 938           | 938           | 938           |
| Inventories                          | 6             | 6             | 6             | 6             | 6             | 6             | 6             | 6             | 6             | 6             |
| <b>Total Current Assets</b>          | <b>2,191</b>  | <b>2,405</b>  | <b>2,634</b>  | <b>2,984</b>  | <b>1,838</b>  | <b>1,599</b>  | <b>1,675</b>  | <b>1,787</b>  | <b>1,783</b>  | <b>1,773</b>  |
| <b>Non-Current Assets</b>            |               |               |               |               |               |               |               |               |               |               |
| Investments                          | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Receivables                          | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Inventories                          | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Property, Plant & Equipment          | 33,234        | 32,936        | 32,721        | 32,485        | 33,859        | 34,449        | 34,897        | 35,513        | 36,407        | 37,487        |
| <b>Total Non-Current Assets</b>      | <b>33,234</b> | <b>32,936</b> | <b>32,721</b> | <b>32,485</b> | <b>33,859</b> | <b>34,449</b> | <b>34,897</b> | <b>35,513</b> | <b>36,407</b> | <b>37,487</b> |
| <b>Total Assets</b>                  | <b>35,425</b> | <b>35,341</b> | <b>35,355</b> | <b>35,469</b> | <b>35,697</b> | <b>36,048</b> | <b>36,572</b> | <b>37,300</b> | <b>38,190</b> | <b>39,260</b> |
| <b>Liabilities</b>                   |               |               |               |               |               |               |               |               |               |               |
| <b>Current Liabilities</b>           |               |               |               |               |               |               |               |               |               |               |
| Payables                             | 6             | 6             | 6             | 6             | 6             | 6             | 6             | 6             | 6             | 6             |
| Borrowings                           | 82            | 87            | 91            | 95            | 100           | 78            | -             | -             | -             | -             |
| Provisions                           | 184           | 184           | 184           | 184           | 184           | 184           | 184           | 184           | 184           | 184           |
| <b>Total Current Liabilities</b>     | <b>272</b>    | <b>277</b>    | <b>281</b>    | <b>285</b>    | <b>290</b>    | <b>268</b>    | <b>190</b>    | <b>190</b>    | <b>190</b>    | <b>190</b>    |
| <b>Non-Current Liabilities</b>       |               |               |               |               |               |               |               |               |               |               |
| Payables                             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Borrowings                           | 452           | 365           | 274           | 179           | 78            | -             | -             | -             | -             | -             |
| Provisions                           | 4             | 4             | 4             | 4             | 4             | 4             | 4             | 4             | 4             | 4             |
| <b>Total Non-Current Liabilities</b> | <b>456</b>    | <b>369</b>    | <b>278</b>    | <b>183</b>    | <b>82</b>     | <b>4</b>      | <b>4</b>      | <b>4</b>      | <b>4</b>      | <b>4</b>      |
| <b>Total Liabilities</b>             | <b>728</b>    | <b>646</b>    | <b>559</b>    | <b>468</b>    | <b>372</b>    | <b>272</b>    | <b>194</b>    | <b>194</b>    | <b>194</b>    | <b>194</b>    |
| <b>Net Assets</b>                    | <b>34,697</b> | <b>34,695</b> | <b>34,796</b> | <b>35,001</b> | <b>35,325</b> | <b>35,776</b> | <b>36,378</b> | <b>37,106</b> | <b>37,996</b> | <b>39,066</b> |
| Retained Earnings                    | 22,389        | 22,051        | 21,814        | 21,681        | 21,667        | 21,780        | 22,038        | 22,424        | 22,975        | 23,707        |
| Revaluation Reserves                 | 12,308        | 12,644        | 12,982        | 13,320        | 13,658        | 13,996        | 14,340        | 14,682        | 15,021        | 15,359        |
| <b>Total Equity</b>                  | <b>34,697</b> | <b>34,695</b> | <b>34,796</b> | <b>35,001</b> | <b>35,325</b> | <b>35,776</b> | <b>36,378</b> | <b>37,106</b> | <b>37,996</b> | <b>39,066</b> |

## Statement of Cash Flows

|   | 2017/18      | 2018/19      | 2019/20      | 2020/21      | 2021/22        | 2022/23        | 2023/24        | 2024/25        | 2025/26        | 2026/27        |
|---|--------------|--------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   | \$'000       | \$'000       | \$'000       | \$'000       | \$'000         | \$'000         | \$'000         | \$'000         | \$'000         | \$'000         |
| <b>Cash Flows from Operating Activities</b>                   |              |              |              |              |                |                |                |                |                |                |
| <b>Receipts</b>   |              |              |              |              |                |                |                |                |                |                |
| Rates and Annual Charges                                      | 1,366        | 1,436        | 1,511        | 1,587        | 1,673          | 1,762          | 1,857          | 1,955          | 2,060          | 2,169          |
| User Charges and Fees   | 1,667        | 1,750        | 1,835        | 1,925        | 2,025          | 2,128          | 2,237          | 2,352          | 2,473          | 2,599          |
| Interest & Investment Revenue                                 | 64           | 65           | 71           | 76           | 83             | 95             | 111            | 116            | 142            | 172            |
| Other Revenues  | -            | -            | -            | -            | -              | -              | -              | -              | -              | -              |
| Grants & Contributions  | 49           | 50           | 52           | 54           | 55             | 56             | 57             | 59             | 60             | 62             |
| <b>Payments</b>   |              |              |              |              |                |                |                |                |                |                |
| Employee Benefits & On-Costs                                  | (924)        | (950)        | (976)        | (1,004)      | (1,032)        | (1,060)        | (1,089)        | (1,121)        | (1,152)        | (1,184)        |
| Materials & Contracts   | (1,113)      | (1,134)      | (1,156)      | (1,178)      | (1,207)        | (1,237)        | (1,267)        | (1,300)        | (1,333)        | (1,365)        |
| Borrowing Costs   | (28)         | (24)         | (20)         | (16)         | (11)           | (6)            | (1)            | -              | -              | -              |
| Other Expenses  | (183)        | (185)        | (188)        | (190)        | (192)          | (197)          | (198)          | (201)          | (205)          | (207)          |
| <b>Net Cash provided (or used in) Operating Activities</b>    | <b>898</b>   | <b>1,008</b> | <b>1,129</b> | <b>1,254</b> | <b>1,394</b>   | <b>1,541</b>   | <b>1,707</b>   | <b>1,860</b>   | <b>2,045</b>   | <b>2,246</b>   |
| <b>Cash Flows from Investing Activities</b>                   |              |              |              |              |                |                |                |                |                |                |
| <b>Payments</b>   |              |              |              |              |                |                |                |                |                |                |
| Purchase of Infrastructure, PP&E                              | (645)        | (712)        | (813)        | (813)        | (2,444)        | (1,680)        | (1,553)        | (1,748)        | (2,049)        | (2,256)        |
| <b>Net Cash provided (or used in) Investing Activities</b>    | <b>(645)</b> | <b>(712)</b> | <b>(813)</b> | <b>(813)</b> | <b>(2,444)</b> | <b>(1,680)</b> | <b>(1,553)</b> | <b>(1,748)</b> | <b>(2,049)</b> | <b>(2,256)</b> |
| <b>Cash Flows from Financing Activities</b>                   |              |              |              |              |                |                |                |                |                |                |
| <b>Payments</b>   |              |              |              |              |                |                |                |                |                |                |
| Repayment of Borrowings & Advances                            | (78)         | (82)         | (87)         | (91)         | (96)           | (100)          | (78)           | -              | -              | -              |
| Repayment of Finance Lease Liabilities                        | -            | -            | -            | -            | -              | -              | -              | -              | -              | -              |
| <b>Net Cash provided (or used in) Financing Activities</b>    | <b>(78)</b>  | <b>(82)</b>  | <b>(87)</b>  | <b>(91)</b>  | <b>(96)</b>    | <b>(100)</b>   | <b>(78)</b>    | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b> | <b>175</b>   | <b>214</b>   | <b>229</b>   | <b>350</b>   | <b>(1,146)</b> | <b>(239)</b>   | <b>76</b>      | <b>112</b>     | <b>(4)</b>     | <b>(10)</b>    |
| Cash & Cash Equivalents – Opening balance                     | 1,072        | 1,247        | 1,461        | 1,690        | 2,040          | 894            | 655            | 731            | 843            | 839            |
| <b>Cash &amp; Cash Equivalents - End of Year</b>              | <b>1,247</b> | <b>1,461</b> | <b>1,690</b> | <b>2,040</b> | <b>894</b>     | <b>655</b>     | <b>731</b>     | <b>843</b>     | <b>839</b>     | <b>829</b>     |

## Asset Movement Schedule

| Asset Movement Schedule           | 2017/18<br>\$'000 | 2018/19<br>\$'000 | 2019/20<br>\$'000 | 2020/21<br>\$'000 | 2021/22<br>\$'000 | 2022/23<br>\$'000 | 2023/24<br>\$'000 | 2024/25<br>\$'000 | 2025/26<br>\$'000 | 2026/27<br>\$'000 |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Opening Balance</b>            |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Estimated Replacement Cost        | 70,221            | 71,201            | 72,249            | 73,400            | 74,551            | 77,332            | 79,350            | 81,248            | 83,338            | 85,726            |
| Accumulated Depreciation          | (36,640)          | (37,967)          | (39,313)          | (40,679)          | (42,066)          | (43,474)          | (44,902)          | (46,352)          | (47,825)          | (49,319)          |
| <b>Written Down Value</b>         | <b>33,581</b>     | <b>33,234</b>     | <b>32,936</b>     | <b>32,721</b>     | <b>32,485</b>     | <b>33,858</b>     | <b>34,448</b>     | <b>34,896</b>     | <b>35,513</b>     | <b>36,407</b>     |
| <b>Add/(less):</b>                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Additions                         |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| - Capital Renewal (Infra)         | 352               | 463               | 407               | 407               | 2,152             | 1,378             | 1,399             | 1,604             | 1,905             | 2,109             |
| - Capital Improvements (Infra)    | 263               | 249               | 406               | 406               | 291               | 302               | 154               | 144               | 144               | 147               |
| - Plant (New & Replacement)       | 30                | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>Total Capital Expenditure</b>  | <b>645</b>        | <b>712</b>        | <b>813</b>        | <b>813</b>        | <b>2,443</b>      | <b>1,680</b>      | <b>1,553</b>      | <b>1,748</b>      | <b>2,049</b>      | <b>2,256</b>      |
| Depreciation (excl. Plant)        | (1,280)           | (1,299)           | (1,318)           | (1,338)           | (1,358)           | (1,378)           | (1,399)           | (1,421)           | (1,441)           | (1,462)           |
| Depreciation (Plant)              | (47)              | (47)              | (48)              | (49)              | (50)              | (50)              | (51)              | (52)              | (53)              | (53)              |
| <b>Total Depreciation</b>         | <b>(1,327)</b>    | <b>(1,346)</b>    | <b>(1,366)</b>    | <b>(1,387)</b>    | <b>(1,408)</b>    | <b>(1,428)</b>    | <b>(1,450)</b>    | <b>(1,473)</b>    | <b>(1,494)</b>    | <b>(1,515)</b>    |
| Disposals                         | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Revaluations                      | 335               | 336               | 338               | 338               | 338               | 338               | 345               | 342               | 339               | 339               |
| <b>Closing Balance</b>            | <b>33,234</b>     | <b>32,936</b>     | <b>32,721</b>     | <b>32,485</b>     | <b>33,858</b>     | <b>34,448</b>     | <b>34,896</b>     | <b>35,513</b>     | <b>36,407</b>     | <b>37,487</b>     |
| <b>Key Performance Indicators</b> |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Asset Renewal Ratio (Excl. Plant) | 27.50%            | 35.64%            | 30.88%            | 30.42%            | 158.47%           | 100.00%           | 100.00%           | 112.88%           | 132.20%           | 144.25%           |
| Asset Renewal (Deficit)/Surplus   | (928)             | (836)             | (911)             | (931)             | 794               | -                 | -                 | 183               | 464               | 647               |
| Asset Consumption Ratio           | 52.18%            | 53.32%            | 54.41%            | 55.42%            | 56.43%            | 56.22%            | 56.59%            | 57.05%            | 57.39%            | 57.53%            |

## 7.3 Sewer Fund Financial Analysis

### Income Statement

|   | 2017/18      | 2018/19      | 2019/20      | 2020/21      | 2021/22      | 2022/23      | 2023/24      | 2024/25      | 2025/26      | 2026/27      |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | \$'000       | \$'000       | \$'000       | \$'000       | \$'000       | \$'000       | \$'000       | \$'000       | \$'000       | \$'000       |
| <b>Income from Continuing Operations</b>            |              |              |              |              |              |              |              |              |              |              |
| Rates & Annual Charges                              | 1,272        | 1,336        | 1,404        | 1,475        | 1,551        | 1,630        | 1,714        | 1,801        | 1,893        | 1,990        |
| User Charges and Fees                               | 190          | 198          | 206          | 215          | 226          | 237          | 249          | 262          | 275          | 288          |
| Interest & Investment Revenue                       | 73           | 74           | 76           | 78           | 80           | 82           | 84           | 86           | 89           | 91           |
| Other Revenues                                      | 15           | 15           | 15           | 16           | 16           | 17           | 17           | 17           | 18           | 18           |
| Grants & Contributions (Operational)                | 35           | 36           | 37           | 37           | 38           | 39           | 40           | 41           | 42           | 43           |
| Grants & Contributions (Capital)                    | 839          | 827          | 486          | 548          | -            | -            | -            | -            | -            | -            |
| Gains/(Losses) from Disposal of Assets              | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Net Share in JVs                                    | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>Total Income From Continuing Operations</b>      | <b>2,424</b> | <b>2,486</b> | <b>2,224</b> | <b>2,369</b> | <b>1,911</b> | <b>2,005</b> | <b>2,104</b> | <b>2,207</b> | <b>2,317</b> | <b>2,430</b> |
| <b>Expenses from Continuing Operations</b>          |              |              |              |              |              |              |              |              |              |              |
| Employee Benefits & On-Costs                        | 570          | 586          | 602          | 619          | 636          | 654          | 672          | 691          | 711          | 730          |
| Borrowing Costs                                     | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Materials & Contracts                               | 584          | 606          | 629          | 653          | 680          | 704          | 722          | 740          | 758          | 777          |
| Depreciation & Impairment                           | 562          | 571          | 579          | 588          | 597          | 606          | 615          | 624          | 633          | 643          |
| Other Expenses                                      | 61           | 61           | 62           | 62           | 63           | 64           | 65           | 66           | 67           | 68           |
| Net Share of Interest in Joint Ventures             | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Net Losses from Disposal of Assets                  | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>Total Expenditure From Continuing Operations</b> | <b>1,777</b> | <b>1,824</b> | <b>1,872</b> | <b>1,922</b> | <b>1,976</b> | <b>2,028</b> | <b>2,074</b> | <b>2,121</b> | <b>2,169</b> | <b>2,218</b> |
| <b>Net Operating Result for the Year</b>            | <b>647</b>   | <b>662</b>   | <b>352</b>   | <b>447</b>   | <b>(65)</b>  | <b>(23)</b>  | <b>30</b>    | <b>86</b>    | <b>148</b>   | <b>212</b>   |

## Balance Sheet

|                                      | 2017/18       | 2018/19       | 2019/20       | 2020/21       | 2021/22       | 2022/23       | 2023/24       | 2024/25       | 2025/26       | 2026/27       |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <u>Assets</u>                        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        |
| <b>Current Assets</b>                |               |               |               |               |               |               |               |               |               |               |
| Cash and Cash Equivalents            | 1,953         | 1,104         | 806           | 495           | 752           | 873           | 916           | 1,013         | 1,172         | 1,394         |
| Investments                          | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Receivables                          | 476           | 486           | 496           | 507           | 315           | 315           | 315           | 315           | 315           | 315           |
| Inventories                          | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| <b>Total Current Assets</b>          | <b>2,429</b>  | <b>1,590</b>  | <b>1,302</b>  | <b>1,002</b>  | <b>1,067</b>  | <b>1,188</b>  | <b>1,231</b>  | <b>1,328</b>  | <b>1,487</b>  | <b>1,709</b>  |
| <b>Non-Current Assets</b>            |               |               |               |               |               |               |               |               |               |               |
| Investments                          | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Receivables                          | 544           | 373           | 192           | -             | -             | -             | -             | -             | -             | -             |
| Inventories                          | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Property, Plant & Equipment          | 23,967        | 25,639        | 26,460        | 27,397        | 27,488        | 27,343        | 27,331        | 27,319        | 27,307        | 27,518        |
| Investments Equity Method            | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Intangibles                          | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| <b>Total Non-Current Assets</b>      | <b>24,511</b> | <b>26,012</b> | <b>26,652</b> | <b>27,397</b> | <b>27,488</b> | <b>27,343</b> | <b>27,331</b> | <b>27,319</b> | <b>27,307</b> | <b>27,518</b> |
| <b>Total Assets</b>                  | <b>26,940</b> | <b>27,602</b> | <b>27,954</b> | <b>28,399</b> | <b>28,555</b> | <b>28,531</b> | <b>28,562</b> | <b>28,647</b> | <b>28,794</b> | <b>29,227</b> |
| <b>Liabilities</b>                   |               |               |               |               |               |               |               |               |               |               |
| <b>Current Liabilities</b>           |               |               |               |               |               |               |               |               |               |               |
| Payables                             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Borrowings                           | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Provisions                           | 73            | 73            | 73            | 73            | 73            | 73            | 73            | 73            | 73            | 73            |
| <b>Total Current Liabilities</b>     | <b>73</b>     | <b>73</b>     | <b>73</b>     | <b>73</b>     | <b>73</b>     | <b>73</b>     | <b>73</b>     | <b>73</b>     | <b>73</b>     | <b>73</b>     |
| <b>Non-Current Liabilities</b>       |               |               |               |               |               |               |               |               |               |               |
| Payables                             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Borrowings                           | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Provisions                           | 2             | 2             | 2             | 2             | 2             | 2             | 2             | 2             | 2             | 2             |
| <b>Total Non-Current Liabilities</b> | <b>2</b>      | <b>2</b>      | <b>2</b>      | <b>2</b>      | <b>2</b>      | <b>2</b>      | <b>2</b>      | <b>2</b>      | <b>2</b>      | <b>2</b>      |
| <b>Total Liabilities</b>             | <b>75</b>     | <b>75</b>     | <b>75</b>     | <b>75</b>     | <b>75</b>     | <b>75</b>     | <b>75</b>     | <b>75</b>     | <b>75</b>     | <b>75</b>     |
| <b>Net Assets</b>                    | <b>26,865</b> | <b>27,527</b> | <b>27,879</b> | <b>28,324</b> | <b>28,480</b> | <b>28,456</b> | <b>28,487</b> | <b>28,572</b> | <b>28,719</b> | <b>29,152</b> |
| Retained Earnings                    | 12,422        | 13,084        | 13,436        | 13,881        | 13,814        | 13,790        | 13,821        | 13,906        | 14,053        | 14,263        |
| Revaluation Reserves                 | 14,443        | 14,443        | 14,443        | 14,443        | 14,666        | 14,666        | 14,666        | 14,666        | 14,666        | 14,889        |
| <b>Total Equity</b>                  | <b>26,865</b> | <b>27,527</b> | <b>27,879</b> | <b>28,324</b> | <b>28,480</b> | <b>28,456</b> | <b>28,487</b> | <b>28,572</b> | <b>28,719</b> | <b>29,152</b> |

## Statement of Cash Flows

|   | 2017/18        | 2018/19        | 2019/20        | 2020/21        | 2021/22      | 2022/23      | 2023/24      | 2024/25      | 2025/26      | 2026/27      |
|---|----------------|----------------|----------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | \$'000         | \$'000         | \$'000         | \$'000         | \$'000       | \$'000       | \$'000       | \$'000       | \$'000       | \$'000       |
| <b>Cash Flows from Operating Activities</b>                   |                |                |                |                |              |              |              |              |              |              |
| <b>Receipts</b>   |                |                |                |                |              |              |              |              |              |              |
| Rates and Annual Charges                                      | 1,272          | 1,336          | 1,405          | 1,475          | 1,551        | 1,629        | 1,714        | 1,802        | 1,893        | 1,990        |
| User Charges and Fees   | 190            | 198            | 206            | 215            | 225          | 237          | 249          | 262          | 275          | 288          |
| Interest & Investment Revenue                                 | 118            | 112            | 104            | 96             | 87           | 82           | 85           | 86           | 89           | 90           |
| Other Revenues  | 15             | 15             | 15             | 16             | 16           | 17           | 17           | 17           | 18           | 18           |
| Grants & Contributions  | 874            | 863            | 523            | 585            | 38           | 39           | 40           | 41           | 42           | 43           |
| <b>Payments</b>   |                |                |                |                |              |              |              |              |              |              |
| Employee Benefits & On-Costs                                  | (571)          | (587)          | (603)          | (620)          | (637)        | (654)        | (672)        | (692)        | (711)        | (730)        |
| Materials & Contracts   | (631)          | (643)          | (657)          | (671)          | (687)        | (703)        | (722)        | (740)        | (758)        | (778)        |
| Other Expenses  | (61)           | (61)           | (62)           | (63)           | (64)         | (64)         | (65)         | (66)         | (67)         | (68)         |
| <b>Net Cash provided (or used in) Operating Activities</b>    | <b>1,206</b>   | <b>1,233</b>   | <b>931</b>     | <b>1,033</b>   | <b>529</b>   | <b>583</b>   | <b>646</b>   | <b>710</b>   | <b>781</b>   | <b>853</b>   |
| <b>Cash Flows from Investing Activities</b>                   |                |                |                |                |              |              |              |              |              |              |
| <b>Receipts</b>   |                |                |                |                |              |              |              |              |              |              |
| Proceed from Internal Investment                              | 152            | 161            | 171            | 181            | 192          | -            | -            | -            | -            | -            |
| <b>Payments</b>   |                |                |                |                |              |              |              |              |              |              |
| Purchase of Infrastructure, PP&E                              | (2,109)        | (2,243)        | (1,400)        | (1,525)        | (464)        | (462)        | (603)        | (613)        | (622)        | (631)        |
| <b>Net Cash provided (or used in) Investing Activities</b>    | <b>(1,957)</b> | <b>(2,082)</b> | <b>(1,229)</b> | <b>(1,344)</b> | <b>(272)</b> | <b>(462)</b> | <b>(603)</b> | <b>(613)</b> | <b>(622)</b> | <b>(631)</b> |
| <b>Cash Flows from Financing Activities</b>                   |                |                |                |                |              |              |              |              |              |              |
| <b>Net Cash provided (or used in) Financing Activities</b>    | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b> | <b>(751)</b>   | <b>(849)</b>   | <b>(298)</b>   | <b>(311)</b>   | <b>257</b>   | <b>121</b>   | <b>43</b>    | <b>97</b>    | <b>159</b>   | <b>222</b>   |
| Cash & Cash Equivalents – Opening balance                     | 2,704          | 1,953          | 1,104          | 806            | 495          | 752          | 873          | 916          | 1,013        | 1,172        |
| <b>Cash &amp; Cash Equivalents - End of Year</b>              | <b>1,953</b>   | <b>1,104</b>   | <b>806</b>     | <b>495</b>     | <b>752</b>   | <b>873</b>   | <b>916</b>   | <b>1,013</b> | <b>1,172</b> | <b>1,394</b> |



## Asset Movement Schedule

| Asset Movement Schedule           | 2017/18<br>\$'000 | 2018/19<br>\$'000 | 2019/20<br>\$'000 | 2020/21<br>\$'000 | 2021/22<br>\$'000 | 2022/23<br>\$'000 | 2023/24<br>\$'000 | 2024/25<br>\$'000 | 2025/26<br>\$'000 | 2026/27<br>\$'000 |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Opening Balance</b>            |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Estimated Replacement Cost        | 38,604            | 40,713            | 42,956            | 44,356            | 45,881            | 46,568            | 47,030            | 47,633            | 48,246            | 48,868            |
| Accumulated Depreciation          | (16,183)          | (16,746)          | (17,317)          | (17,896)          | (18,484)          | (19,080)          | (19,687)          | (20,302)          | (20,927)          | (21,561)          |
| <b>Written Down Value</b>         | <b>22,421</b>     | <b>23,967</b>     | <b>25,639</b>     | <b>26,460</b>     | <b>27,397</b>     | <b>27,488</b>     | <b>27,343</b>     | <b>27,331</b>     | <b>27,319</b>     | <b>27,307</b>     |
|                                   | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>Add/(less):</b>                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Additions</b>                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| - Capital Renewal (Infra)         | 1,871             | 2,007             | 460               | 429               | 464               | 462               | 603               | 613               | 622               | 631               |
| - Capital Improvements (Infra)    | 218               | 236               | 940               | 1,096             | -                 | -                 | -                 | -                 | -                 | -                 |
| - Plant (New & Replacement)       | 20                | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>Total Capital Expenditure</b>  | <b>2,109</b>      | <b>2,243</b>      | <b>1,400</b>      | <b>1,525</b>      | <b>464</b>        | <b>462</b>        | <b>603</b>        | <b>613</b>        | <b>622</b>        | <b>631</b>        |
| Depreciation (excl. Plant)        | (552)             | (560)             | (568)             | (577)             | (585)             | (595)             | (603)             | (613)             | (622)             | (631)             |
| Depreciation (Plant)              | (11)              | (11)              | (11)              | (11)              | (11)              | (12)              | (12)              | (12)              | (12)              | (12)              |
| <b>Total Depreciation</b>         | <b>(563)</b>      | <b>(571)</b>      | <b>(579)</b>      | <b>(588)</b>      | <b>(596)</b>      | <b>(607)</b>      | <b>(615)</b>      | <b>(625)</b>      | <b>(634)</b>      | <b>(643)</b>      |
| Disposals                         | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Revaluations                      | -                 | -                 | -                 | -                 | 223               | -                 | -                 | -                 | -                 | 222               |
| <b>Closing Balance</b>            | <b>23,967</b>     | <b>25,639</b>     | <b>26,460</b>     | <b>27,397</b>     | <b>27,488</b>     | <b>27,343</b>     | <b>27,331</b>     | <b>27,319</b>     | <b>27,307</b>     | <b>27,517</b>     |
|                                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Key Performance Indicators</b> |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Asset Renewal Ratio (Excl. Plant) | 338.95%           | 358.39%           | 80.99%            | 74.35%            | 79.32%            | 77.65%            | 100.00%           | 100.00%           | 100.00%           | 100.00%           |
| Asset Renewal (Deficit)/Surplus   | 1,319             | 1,447             | (108)             | (148)             | (121)             | (133)             | -                 | -                 | -                 | -                 |
| Asset Consumption Ratio           | 41.92%            | 41.13%            | 40.31%            | 40.35%            | 40.29%            | 40.97%            | 41.86%            | 42.62%            | 43.38%            | 44.12%            |

## 7.4 Consolidated Analysis

### Income Statement

|   | 2017/18       | 2018/19       | 2019/20       | 2020/21       | 2021/22       | 2022/23       | 2023/24       | 2024/25       | 2025/26       | 2026/27       |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        | \$'000        |
| <b>Income from Continuing Operations</b>            |               |               |               |               |               |               |               |               |               |               |
| Rates & Annual Charges                              | 12,148        | 12,735        | 13,386        | 14,075        | 14,508        | 14,956        | 15,420        | 15,900        | 16,398        | 16,889        |
| User Charges and Fees                               | 7,273         | 7,622         | 7,862         | 8,100         | 8,356         | 8,621         | 8,895         | 9,180         | 9,475         | 9,777         |
| Interest & Investment Revenue                       | 482           | 494           | 510           | 526           | 544           | 569           | 595           | 612           | 651           | 694           |
| Other Revenues                                      | 962           | 986           | 1,010         | 1,035         | 1,061         | 1,088         | 1,115         | 1,143         | 1,171         | 1,201         |
| Grants & Contributions (Operational)                | 18,024        | 16,761        | 17,233        | 17,722        | 18,253        | 18,801        | 19,367        | 19,959        | 20,575        | 21,216        |
| Grants & Contributions (Capital)                    | 2,090         | 2,079         | 1,746         | 1,817         | 1,279         | 1,288         | 1,298         | 1,308         | 1,318         | 1,328         |
| Gains/(Losses) from Disposal of Assets              | 297           | 300           | 302           | 305           | 292           | 280           | 267           | 253           | 240           | 226           |
| Net Share in JVs                                    | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| <b>Total Income From Continuing Operations</b>      | <b>41,276</b> | <b>40,977</b> | <b>42,049</b> | <b>43,580</b> | <b>44,293</b> | <b>45,603</b> | <b>46,957</b> | <b>48,355</b> | <b>49,828</b> | <b>51,331</b> |
| <b>Expenses from Continuing Operations</b>          |               |               |               |               |               |               |               |               |               |               |
| Employee Benefits & On-Costs                        | 14,997        | 15,471        | 15,685        | 16,105        | 16,402        | 16,867        | 17,345        | 17,837        | 18,343        | 18,884        |
| Borrowing Costs                                     | 277           | 260           | 219           | 176           | 131           | 83            | 42            | 21            | 5             | -             |
| Materials & Contracts                               | 5,310         | 4,935         | 4,979         | 5,048         | 5,177         | 5,309         | 5,444         | 5,583         | 5,725         | 5,875         |
| Depreciation & Impairment                           | 10,437        | 10,594        | 10,753        | 10,914        | 11,113        | 11,315        | 11,522        | 11,733        | 11,947        | 12,166        |
| Other Expenses                                      | 7,751         | 7,826         | 7,989         | 8,158         | 8,456         | 8,610         | 8,846         | 9,090         | 9,416         | 9,599         |
| Net Share of Interest in Joint Ventures             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Net Losses from Disposal of Assets                  | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| <b>Total Expenditure From Continuing Operations</b> | <b>38,772</b> | <b>39,086</b> | <b>39,625</b> | <b>40,401</b> | <b>41,279</b> | <b>42,184</b> | <b>43,199</b> | <b>44,264</b> | <b>45,436</b> | <b>46,524</b> |
| <b>Net Operating Result for the Year</b>            | <b>2,504</b>  | <b>1,891</b>  | <b>2,424</b>  | <b>3,179</b>  | <b>3,014</b>  | <b>3,419</b>  | <b>3,758</b>  | <b>4,091</b>  | <b>4,392</b>  | <b>4,807</b>  |

## Balance Sheet

|                                      | 2017/18        | 2018/19        | 2019/20        | 2020/21        | 2021/22        | 2022/23        | 2023/24        | 2024/25        | 2025/26        | 2026/27        |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                      | \$'000         | \$'000         | \$'000         | \$'000         | \$'000         | \$'000         | \$'000         | \$'000         | \$'000         | \$'000         |
| <b>Assets</b>                        |                |                |                |                |                |                |                |                |                |                |
| <b>Current Assets</b>                |                |                |                |                |                |                |                |                |                |                |
| Cash and Cash Equivalents            | 10,031         | 9,652          | 10,179         | 10,772         | 10,117         | 10,981         | 12,738         | 15,348         | 18,023         | 21,404         |
| Investments                          | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| Receivables                          | 5,030          | 5,030          | 5,030          | 5,030          | 5,030          | 5,030          | 5,030          | 5,030          | 5,030          | 5,030          |
| Inventories                          | 893            | 893            | 893            | 893            | 893            | 893            | 893            | 893            | 893            | 893            |
| <b>Total Current Assets</b>          | <b>15,954</b>  | <b>15,575</b>  | <b>16,102</b>  | <b>16,695</b>  | <b>16,040</b>  | <b>16,904</b>  | <b>18,661</b>  | <b>21,271</b>  | <b>23,946</b>  | <b>27,327</b>  |
| <b>Non-Current Assets</b>            |                |                |                |                |                |                |                |                |                |                |
| Investments                          | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| Receivables                          | 10             | 10             | 10             | 10             | 10             | 10             | 10             | 10             | 10             | 10             |
| Inventories                          | 299            | 299            | 299            | 299            | 299            | 299            | 299            | 299            | 299            | 299            |
| Property, Plant & Equipment          | 512,625        | 519,105        | 525,180        | 531,904        | 539,676        | 546,450        | 553,022        | 559,147        | 565,985        | 572,521        |
| Investments Equity Method            | 294            | 294            | 294            | 294            | 294            | 294            | 294            | 294            | 294            | 294            |
| Intangibles                          | 353            | 353            | 353            | 353            | 353            | 353            | 353            | 353            | 353            | 353            |
| <b>Total Non-Current Assets</b>      | <b>513,581</b> | <b>520,061</b> | <b>526,136</b> | <b>532,860</b> | <b>540,632</b> | <b>547,406</b> | <b>553,978</b> | <b>560,103</b> | <b>566,941</b> | <b>573,477</b> |
| <b>Total Assets</b>                  | <b>529,535</b> | <b>535,636</b> | <b>542,238</b> | <b>549,555</b> | <b>556,672</b> | <b>564,310</b> | <b>572,639</b> | <b>581,374</b> | <b>590,887</b> | <b>600,804</b> |
| <b>Liabilities</b>                   |                |                |                |                |                |                |                |                |                |                |
| <b>Current Liabilities</b>           |                |                |                |                |                |                |                |                |                |                |
| Payables                             | 2,707          | 2,707          | 2,707          | 2,707          | 2,707          | 2,707          | 2,707          | 2,707          | 2,707          | 2,707          |
| Borrowings                           | 867            | 908            | 953            | 999            | 894            | 549            | 474            | -              | -              | -              |
| Provisions                           | 4,860          | 4,860          | 4,860          | 4,860          | 4,860          | 4,860          | 4,860          | 4,860          | 4,860          | 4,860          |
| <b>Total Current Liabilities</b>     | <b>8,434</b>   | <b>8,475</b>   | <b>8,520</b>   | <b>8,566</b>   | <b>8,461</b>   | <b>8,116</b>   | <b>8,041</b>   | <b>7,567</b>   | <b>7,567</b>   | <b>7,567</b>   |
| <b>Non-Current Liabilities</b>       |                |                |                |                |                |                |                |                |                |                |
| Payables                             | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| Borrowings                           | 4,777          | 3,869          | 2,916          | 1,917          | 1,023          | 474            | -              | -              | -              | -              |
| Provisions                           | 2,590          | 2,590          | 2,590          | 2,590          | 2,590          | 2,590          | 2,590          | 2,590          | 2,590          | 2,590          |
| <b>Total Non-Current Liabilities</b> | <b>7,367</b>   | <b>6,459</b>   | <b>5,506</b>   | <b>4,507</b>   | <b>3,613</b>   | <b>3,064</b>   | <b>2,590</b>   | <b>2,590</b>   | <b>2,590</b>   | <b>2,590</b>   |
| <b>Total Liabilities</b>             | <b>15,801</b>  | <b>14,934</b>  | <b>14,026</b>  | <b>13,073</b>  | <b>12,074</b>  | <b>11,180</b>  | <b>10,631</b>  | <b>10,157</b>  | <b>10,157</b>  | <b>10,157</b>  |
| <b>Net Assets</b>                    | <b>513,734</b> | <b>520,702</b> | <b>528,212</b> | <b>536,482</b> | <b>544,598</b> | <b>553,130</b> | <b>562,008</b> | <b>571,217</b> | <b>580,730</b> | <b>590,647</b> |
| Retained Earnings                    | 414,569        | 416,456        | 418,882        | 422,061        | 425,076        | 428,499        | 432,258        | 436,351        | 440,750        | 445,553        |
| Revaluation Reserves                 | 99,165         | 104,246        | 109,330        | 114,421        | 119,522        | 124,631        | 129,750        | 134,866        | 139,980        | 145,094        |
| <b>Total Equity</b>                  | <b>513,734</b> | <b>520,702</b> | <b>528,212</b> | <b>536,482</b> | <b>544,598</b> | <b>553,130</b> | <b>562,008</b> | <b>571,217</b> | <b>580,730</b> | <b>590,647</b> |

## Statement of Cash Flows

|   | 2017/18         | 2018/19         | 2019/20         | 2020/21         | 2021/22         | 2022/23         | 2023/24         | 2024/25         | 2025/26         | 2026/27         |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | \$'000          | \$'000          | \$'000          | \$'000          | \$'000          | \$'000          | \$'000          | \$'000          | \$'000          | \$'000          |
| <b>Cash Flows from Operating Activities</b>                   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Receipts</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Rates and Annual Charges                                      | 12,148          | 12,733          | 13,386          | 14,072          | 14,508          | 14,955          | 15,420          | 15,900          | 16,397          | 16,887          |
| User Charges and Fees   | 7,274           | 7,621           | 7,862           | 8,103           | 8,355           | 8,622           | 8,895           | 9,180           | 9,476           | 9,774           |
| Interest & Investment Revenue                                 | 482             | 494             | 510             | 526             | 545             | 569             | 595             | 613             | 652             | 694             |
| Other Revenues  | 961             | 987             | 1,011           | 1,037           | 1,062           | 1,089           | 1,117           | 1,143           | 1,173           | 1,202           |
| Grants & Contributions  | 20,115          | 18,840          | 18,981          | 19,539          | 19,529          | 20,088          | 20,665          | 21,267          | 21,895          | 22,545          |
| <b>Payments</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Employee Benefits & On-Costs                                  | (14,997)        | (15,472)        | (15,685)        | (16,107)        | (16,401)        | (16,867)        | (17,345)        | (17,836)        | (18,344)        | (18,884)        |
| Materials & Contracts   | (5,310)         | (4,936)         | (4,981)         | (5,048)         | (5,176)         | (5,307)         | (5,446)         | (5,583)         | (5,726)         | (5,875)         |
| Borrowing Costs   | (277)           | (260)           | (219)           | (176)           | (131)           | (83)            | (42)            | (21)            | (5)             | -               |
| Other Expenses  | (7,751)         | (7,825)         | (7,989)         | (8,158)         | (8,454)         | (8,607)         | (8,845)         | (9,090)         | (9,413)         | (9,600)         |
| <b>Net Cash provided (or used in) Operating Activities</b>    | <b>12,645</b>   | <b>12,182</b>   | <b>12,876</b>   | <b>13,788</b>   | <b>13,837</b>   | <b>14,459</b>   | <b>15,014</b>   | <b>15,573</b>   | <b>16,105</b>   | <b>16,743</b>   |
| <b>Cash Flows from Investing Activities</b>                   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Receipts</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Sale of Infrastructure, PP&E                                  | 897             | 900             | 902             | 905             | 907             | 910             | 913             | 916             | 919             | 922             |
| <b>Payments</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Purchase of Infrastructure, PP&E                              | (13,665)        | (12,594)        | (12,343)        | (13,148)        | (14,400)        | (13,612)        | (13,621)        | (13,405)        | (14,349)        | (14,284)        |
| <b>Net Cash provided (or used in) Investing Activities</b>    | <b>(12,768)</b> | <b>(11,694)</b> | <b>(11,441)</b> | <b>(12,243)</b> | <b>(13,493)</b> | <b>(12,702)</b> | <b>(12,708)</b> | <b>(12,489)</b> | <b>(13,430)</b> | <b>(13,362)</b> |
| <b>Cash Flows from Financing Activities</b>                   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Payments</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Repayment of Borrowings & Advances                            | (827)           | (867)           | (908)           | (953)           | (999)           | (893)           | (549)           | (474)           | -               | -               |
| <b>Net Cash provided (or used in) Financing Activities</b>    | <b>(827)</b>    | <b>(867)</b>    | <b>(908)</b>    | <b>(953)</b>    | <b>(999)</b>    | <b>(893)</b>    | <b>(549)</b>    | <b>(474)</b>    | <b>-</b>        | <b>-</b>        |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b> | <b>(950)</b>    | <b>(379)</b>    | <b>527</b>      | <b>592</b>      | <b>(655)</b>    | <b>864</b>      | <b>1,757</b>    | <b>2,610</b>    | <b>2,675</b>    | <b>3,381</b>    |
| Cash & Cash Equivalents – Opening balance                     | 10,981          | 10,031          | 9,652           | 10,180          | 10,772          | 10,117          | 10,981          | 12,738          | 15,348          | 18,023          |
| <b>Cash &amp; Cash Equivalents - End of Year</b>              | <b>10,031</b>   | <b>9,652</b>    | <b>10,179</b>   | <b>10,772</b>   | <b>10,117</b>   | <b>10,981</b>   | <b>12,738</b>   | <b>15,348</b>   | <b>18,023</b>   | <b>21,404</b>   |

## Asset Movement Schedule

| Asset Movement Schedule           | 2017/18<br>\$'000 | 2018/19<br>\$'000 | 2019/20<br>\$'000 | 2020/21<br>\$'000 | 2021/22<br>\$'000 | 2022/23<br>\$'000 | 2023/24<br>\$'000 | 2024/25<br>\$'000 | 2025/26<br>\$'000 | 2026/27<br>\$'000 |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Opening Balance</b>            |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Estimated Replacement Cost        | 669,004           | 687,149           | 704,223           | 721,050           | 738,688           | 757,574           | 775,665           | 793,761           | 811,618           | 830,403           |
| Accumulated Depreciation          | (164,087)         | (174,524)         | (185,119)         | (195,871)         | (206,786)         | (217,900)         | (229,216)         | (240,739)         | (252,472)         | (264,419)         |
| <b>Written Down Value</b>         | <b>504,917</b>    | <b>512,625</b>    | <b>519,104</b>    | <b>525,179</b>    | <b>531,902</b>    | <b>539,674</b>    | <b>546,449</b>    | <b>553,022</b>    | <b>559,146</b>    | <b>565,984</b>    |
| <b>Add/(less):</b>                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Additions                         |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| - Capital Renewal (Infra)         | 7,508             | 8,193             | 7,403             | 7,918             | 10,726            | 9,615             | 9,927             | 9,871             | 10,544            | 10,777            |
| - Capital Improvements (Infra)    | 2,079             | 953               | 1,739             | 2,029             | 877               | 701               | 664               | 384               | 461               | 389               |
| - Plant (New & Replacement)       | 4,077             | 3,447             | 3,201             | 3,201             | 2,797             | 3,296             | 3,031             | 3,149             | 3,345             | 3,118             |
| <b>Total Capital Expenditure</b>  | <b>13,664</b>     | <b>12,593</b>     | <b>12,343</b>     | <b>13,148</b>     | <b>14,400</b>     | <b>13,612</b>     | <b>13,622</b>     | <b>13,404</b>     | <b>14,350</b>     | <b>14,284</b>     |
| Depreciation (excl. Plant)        | (8,266)           | (8,392)           | (8,516)           | (8,645)           | (8,788)           | (8,932)           | (9,080)           | (9,230)           | (9,382)           | (9,537)           |
| Depreciation (Plant)              | (2,171)           | (2,203)           | (2,236)           | (2,270)           | (2,326)           | (2,384)           | (2,443)           | (2,503)           | (2,565)           | (2,629)           |
| <b>Total Depreciation</b>         | <b>(10,437)</b>   | <b>(10,595)</b>   | <b>(10,752)</b>   | <b>(10,915)</b>   | <b>(11,114)</b>   | <b>(11,316)</b>   | <b>(11,523)</b>   | <b>(11,733)</b>   | <b>(11,947)</b>   | <b>(12,166)</b>   |
| Disposals                         | (600)             | (600)             | (600)             | (600)             | (615)             | (630)             | (646)             | (662)             | (679)             | (696)             |
| Revaluations                      | 5,081             | 5,081             | 5,084             | 5,090             | 5,101             | 5,109             | 5,120             | 5,115             | 5,114             | 5,114             |
| <b>Closing Balance</b>            | <b>512,625</b>    | <b>519,104</b>    | <b>525,179</b>    | <b>531,902</b>    | <b>539,674</b>    | <b>546,449</b>    | <b>553,022</b>    | <b>559,146</b>    | <b>565,984</b>    | <b>572,520</b>    |
| <b>Key Performance Indicators</b> |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Asset Renewal Ratio (Excl. Plant) | 90.83%            | 97.63%            | 86.93%            | 91.59%            | 122.05%           | 107.65%           | 109.33%           | 106.94%           | 112.39%           | 113.00%           |
| Asset Renewal (Deficit)/Surplus   | (758)             | (199)             | (1,113)           | (727)             | 1,938             | 683               | 847               | 641               | 1,162             | 1,240             |
| Asset Consumption Ratio           | 24.53%            | 25.40%            | 26.29%            | 27.16%            | 27.99%            | 28.76%            | 29.55%            | 30.33%            | 31.11%            | 31.84%            |

## 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 surplus in 2017/18 of \$2.288m comprising \$9.510m Rates and Annual Charges and the receipt of \$6.505m for FAGS Grant, \$2.824m for Roads to Recovery, Bushfire and Emergency Services (\$3.895m), Regional Roads- Transport (Other Roads Bridges) (\$500k). The 2018/19 financial year falls to a surplus of \$1.567m which steadily increases to \$3.864m in the 2026/27 (a total surplus of \$30.116m (over the life of the LTFP)). Water Fund predicts an accrual deficit of \$429k in the 2017/18 as the result of increased Depreciation expenses after the Revaluation in 2016/17 (\$445k). The subsequent year predicts a deficit of \$338k which slowly reduces over the 10 year period to generate a surplus of \$727k in 2026/27 (a total surplus of \$879k over the life of the LTFP). Sewer Fund starts off with a surplus of \$647k thanks to the expectation of Capital Grant monies (\$839k) to upgrade the Sewage Treatment Plant within three of Council's towns; the surplus then slowly decreases over the 4 years of OPDP. In 2021/22, Sewer Fund makes a small deficit of \$65k as the Capital Grant stops and then improves over the rest of the LTFP to reach a surplus of \$212k in 2026/27 (a total surplus of \$2.496m over the life of the LTFP). Overall, Council as a whole is estimated to generate a surplus of \$33.479m over the 10 years. As the plan matures, this surplus will be re-invested in Community infrastructure including renewals.

### Liquidity

General Fund starts off with a Cash balance of \$6.828m at the end of 2017/18 then steadily increases to reach \$19.178m in 2026/27. The Fund's cash balance increases by \$12.350m over the life of the plan with the Current Ratio remaining at an average of 1.988 over the 10 year period and reaching a high of 3.27 in 2026/27. Water Fund maintains an average cash balance of \$1.123m over the life of the LTFP and an average current ratio of 8.58, reaches a high of 10.47 in 2020/21 before going back to a more leveled ratio of 9.33 in 2026/27. Sewer Fund's average cash balance is \$1.048m over the LTFP and its average current ratio is 19.63 and reaches a high of 33.27 in 2017/18 then drops to a ratio of 23.41 in 2026/27. 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 103.96% with a high of 118.47% in 2021/22 and a low of 82.14% in 2017/18. The Fund's asset average consumption ratio and asset renewal surplus is 23.98% and \$298k respectively. It generates an asset renewal surplus of \$2.957m and expends \$110.032m on capital over the life of the plan. The Sewer Fund has an average asset renewal ratio (excluding plant) of 140.96% with a high of 358.39% in 2018/19 and a low of 74.35% in 2020/21. The funds asset average consumption ratio and asset renewal surplus is 41.69% and \$226k respectively. It generates an asset renewal surplus of \$2.256m and expends \$10.672m on capital over the life of the plan. Alternatively, the Water Fund on

average has an asset renewal ratio (excluding plant) of 87.22% with a high of 158.47% in 2021/22 and a low of 27.50% in 2017/18. The Fund's asset average consumption ratio and asset renewal deficit is 55.65% and \$152k respectively. It generates an asset renewal deficit of \$1.518m and expends \$14.712m on capital over the life of the plan. Overall, Council generates an average asset renewal ratio (excluding plant) of 103.83% and an asset renewal surplus of \$3.714m over the life of the LTFP. Council as a whole expends \$135.420m on capital over the 10 year period.

## **Debt Servicing**

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

## Part 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. (estimatly extra \$300k pa for WSC)   | FAG grants indexed at 1.7% and no redistribution. Consequently, almost 70% 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 of 2.5% instead of 2.8%                            | No impact  |
| Grant Funding               | No impact   | No impact   | R2R stops after 2020/21  |
| Additional Capital Funding  | Council receives \$0.5m of Capital Grants   | Council receives \$1.5m 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.

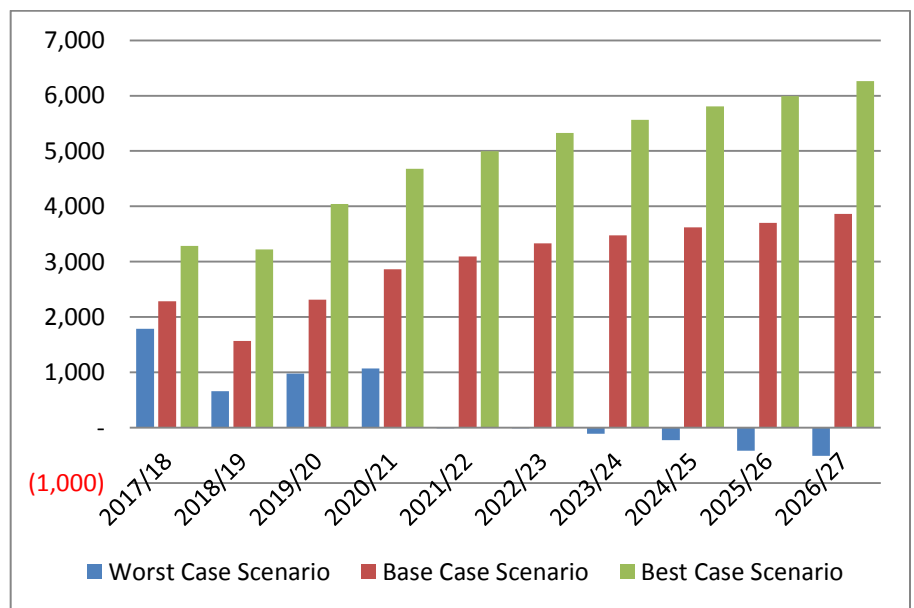
Ratios are divided into the following four groupings:

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

### Financial Performance and Flexibility Ratios

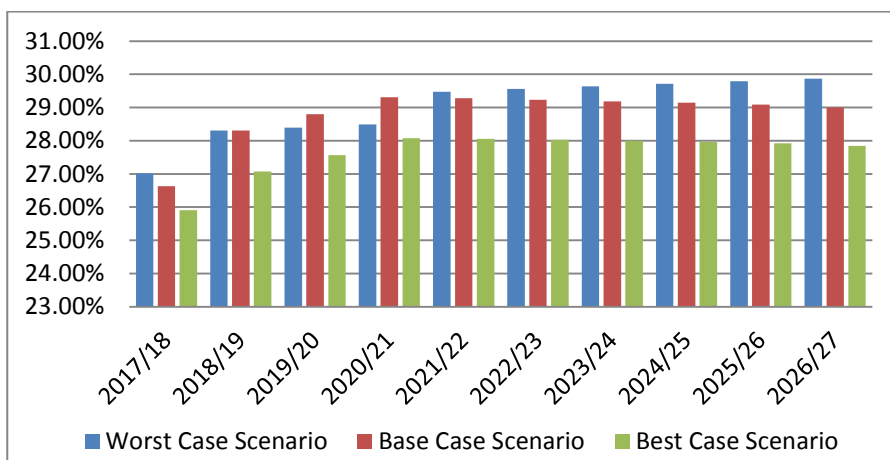
#### Operating Surplus/(Deficit)

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



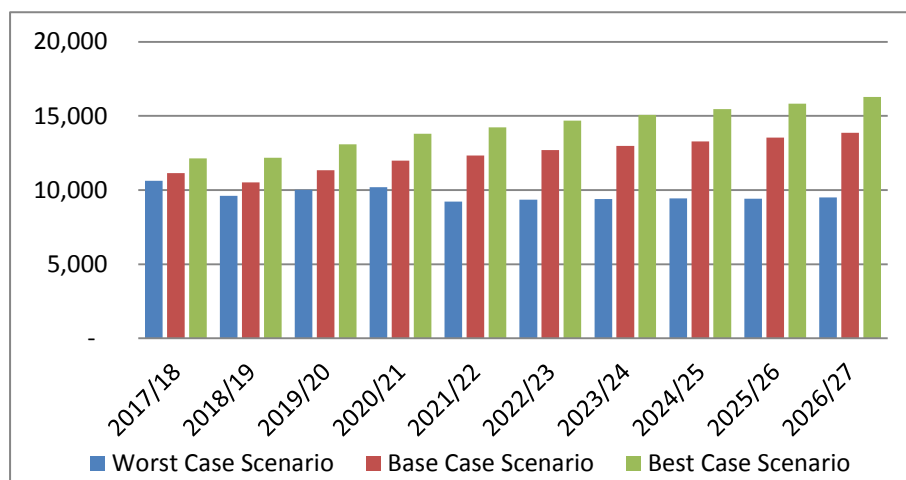
### Rates and Annual Charges Coverage Ratio

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.



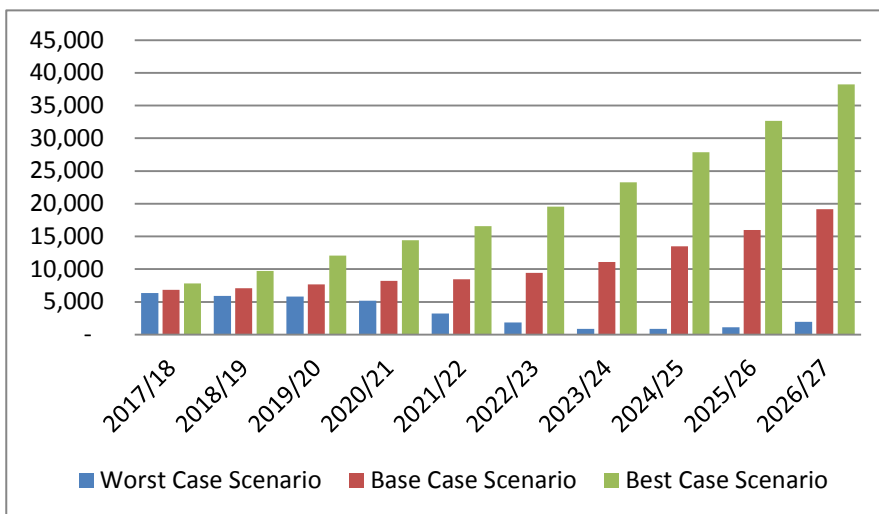
Council’s forecast financial performance and flexibility can be summed up by the following comments:

- With particular regard to a increased amount of Grant monies in 2017/18 supporting a 2.288m accrual surplus in General Fund, Council’s General Fund is forecast to continue reporting operating surpluses in all scenarios with the exception of worst case scenerios which deteriorated to deficits from 2021/22 to 2026/27. Overall, Council generates a total surplus over the 10 years of \$49.186m in the best case scenario, \$30.118m in the base case scenario and \$3.230m in the worst case scenario;
- Council is forecast to face risks around financial flexibility due to its high reliance on grant funding; Council’s underlying operational performance is forecast to improve (see EBITDA) over the life of the plan in both the base and best case scenarios;
- Depreciation expense assumptions are a large driver of the operating result (accounting for 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 depreciation assumptions and expects depreciation to reduce significantly due to overly conservative assumptions used for Council’s road asset. With the revaluation of roads in 2015/16, depreciation is expected to decrease by approximately \$1m and this change has been brought forward into the ten years LTFP. However, this will be partly offset by Water and Sewer increased depreciation.

## Liquidity Ratios

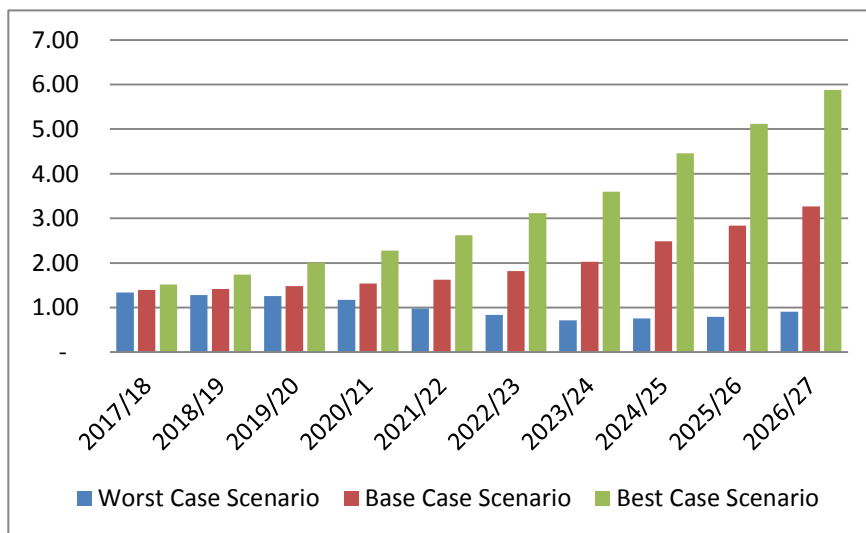
### Cash and investments balance

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.



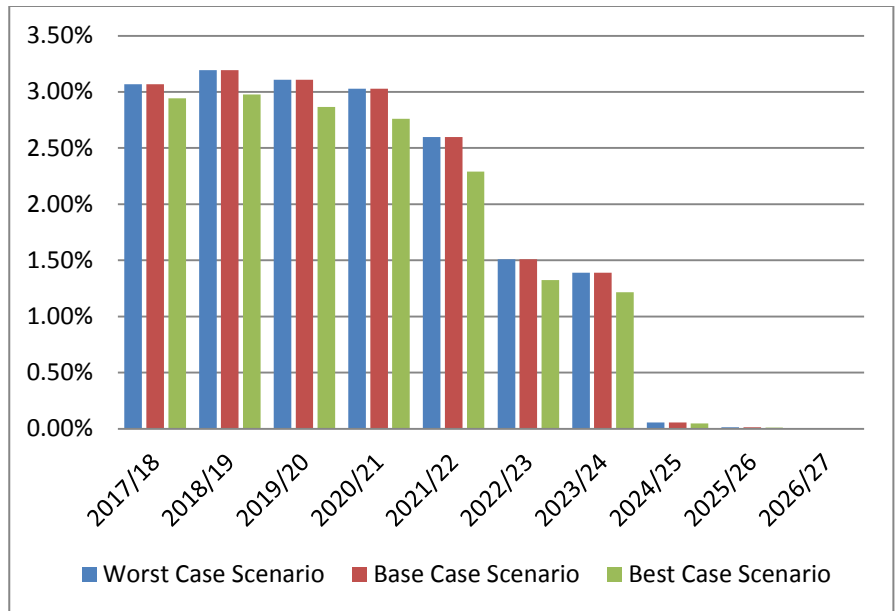
Council’s forecast cash position and liquidity can be summed up by the following comments:

- General Fund is expected to maintain a sufficient cash balance over the 10 year period in all scenarios with a decrease of \$4.357m for worst case scenario (69% decrease), \$12.351m increase for base case scenario (181% increase) and \$30.419m for best case (389% increase);
- Over the life of the plan, General Fund is expected to maintain an average current ratio of 1.0 in the worst case, 1.98 in the base case and 3.23 in the best case scenario.

## Debt Servicing

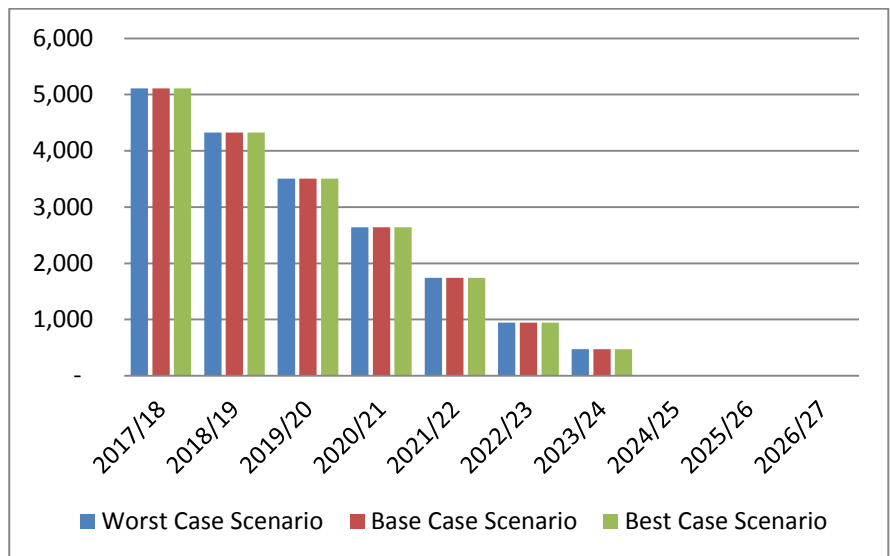
### Debt Service Ratio

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



**Loan Balance**

This KPI shows Council’s loans balance over time.



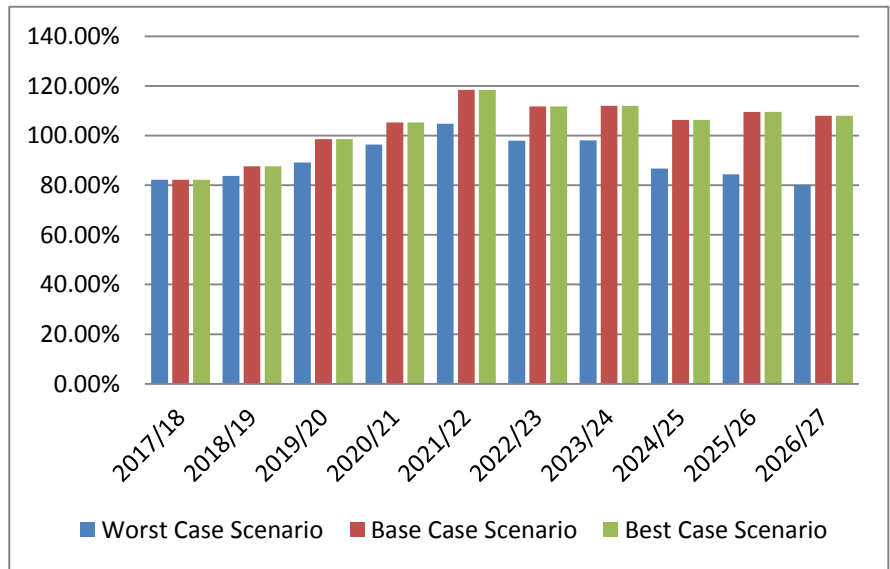
Council’s forecast loan exposure and debt servicing requirements can be summed up by the following comments:

- Council’s debt servicing ratio is well within the DLG 10% benchmark;
- For General Fund, Loan repayments are \$0.672m per year on average (excluding interest expenditure on these loans) putting a drag on cash available for other uses, such as further capital works;
- As a result of the loans Council has managed to bring forward the replacement of all Council’s timber bridges (bar one), the construction of the new administration building, and the purchase of additional land for the extension of Council’s quarry operations.

## Asset Renewal and Capital Works

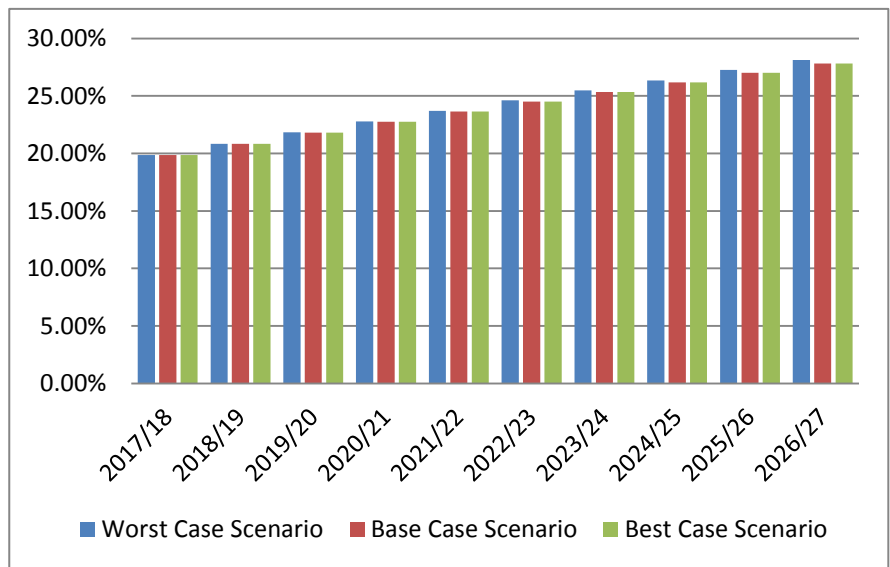
### Asset Renewal Ratio

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



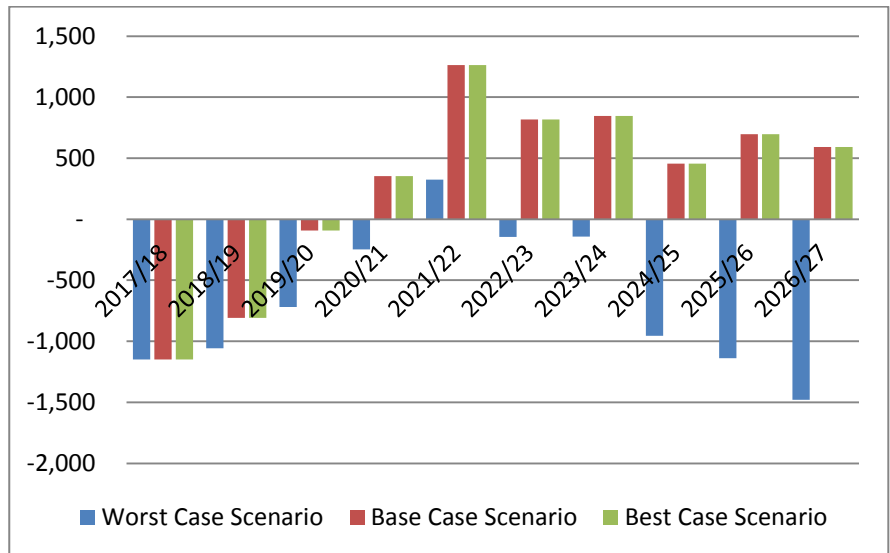
### Asset Consumption Ratio

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



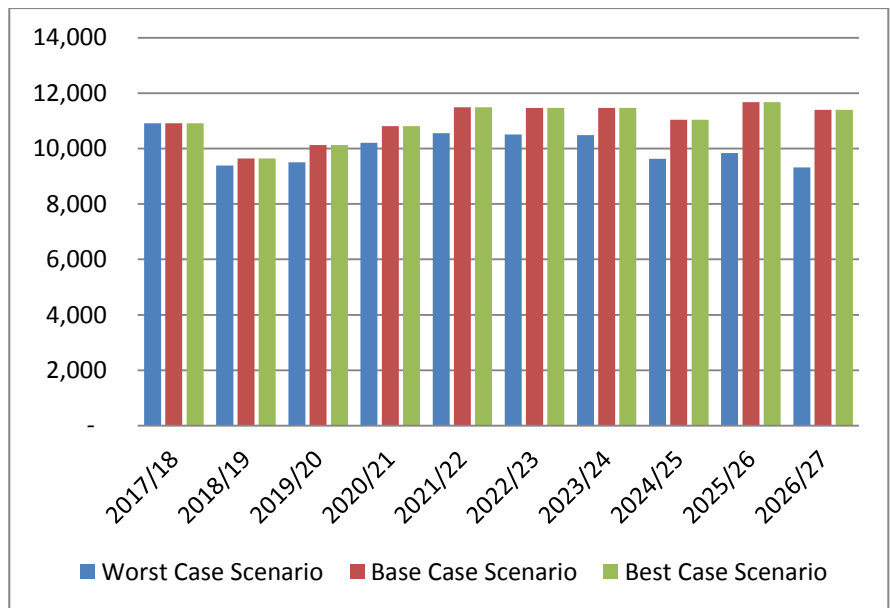
**Asset Renewal Deficiency**

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



**Capital Expenditure Program**

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



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

- Assuming Council's depreciation assumptions are correct, General fund is forecast to generate asset renewal surplus of \$2.975m in the base case and similarly 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 \$6.704m 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 analysis 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 \$10.031m to \$21.404m (an increase of \$11.373m or 113%);
- 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 still faces serious challenges (despite significant improvements) there are many external and internal factors that can influence Council's financial performance and position going forward.

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

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



## Part 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);
- Council's Capital expenditure (Part 5); as well as,
- Expected movements in balance sheet items (Part 6).

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

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

- Council 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 \$10.031m to \$21.404m (an increase of \$11.373m or 113%);
- 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 over the plan.

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

Council has set a balanced four year Delivery Program based on perceived service levels, and although Council will face considerable challenges in the long run (as shown in Part 8 and 9 of the plan) much progress can be made as a result of the 2016/17 and 2017/18 budget and the continued introduction of FFF initiatives.



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