

Long Term Financial Plan 2020-30



Long Term Financial Plan 2020-2030

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Executive Summary

Council's *Long Term Financial Plan 2020-2030 (LTFP)* is a decision-making tool. It is governed by a series of financial strategies and accompanying performance indicators that Council considers and adopts. It is not intended to be a document that specifically indicates what services / projects should receive funding; rather it addresses the impact of the Council's ability to fund its services and capital works, whilst living within its means ie ensuring financial sustainability. It establishes the financial framework upon which sound financial decisions are made.

The LTFP is underpinned by Council's *Financial Strategy and Policy*¹. The policy outlines the principles adopted by Council designed to achieve an acceptable compromise between Council's obligations to:

- achieve financial sustainability
- manage the asset backlog to prevent an infrastructure crisis,
- preserve essential public services in line with population growth
- keep rates, fees and charges affordable
- borrow at acceptable levels in line with intergenerational equity and
- meet the financial benchmarks outlined in the policy.

The 2017 review and consolidation of the asset and financial sustainability of the former pre-merger Councils, and the merged QPRC demonstrated that the newly merged Council was carrying a structural deficit and provided a *Responsible Scenario* financial policy setting for the Council. The strategy included a series of measures for budget correction, including:

- increases in revenues from rates and annual charges and user fees and charges
- introduction of water and sewer dividends
- reduction of consolidated service expenditure through merger savings
- increased debt to accommodate substantial increases in infrastructure capex and renewals
- same levels of asset maintenance

¹ QPRC Financial Strategy and Policy, adopted January 2017, <https://www.qprc.nsw.gov.au/Resources-Documents/Adopted-QPRC-Policies>

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- increased asset (property) sales

All financial scenarios reported within this LTFP are reliant on net merger (efficiency) savings of \$1.9 million, that Council will need to apply as a reduction in net operating expenses from 2021/22.

Based on its most recent financial performance, Council is not financially sustainable without implementing additional improvement actions identified in this LTFP. Over the past three years Council has produced an operating surplus as a consolidated entity (water, sewer and general funds together) but an operating deficit in the General Fund. Budget corrections are incorporated within scenario 3 of the LTFP, and include:

1. A review of Council's revenue policy settings with an expectation of increased fees and charges at the overall level of 4% pa. The actual timing and application of the revenue increase will be dependent on a service pricing analysis that will be considered by Council.
2. Deferral of infrastructure renewals through reduction of revotes for unexpended budgets at the end of the financial year. The level of deferred renewal expenditure incorporated into scenario 3 is \$3 million per annum for 3 financial years, with the actual timing and application of the deferred expenditure to be reviewed annually with the end of financial year review of cash and reserves.

Introduction

The LTFP has been prepared in accordance with the Integrated Planning and Reporting Framework², forming a component of the *QPRC Resourcing Strategy*³, along with the Asset Management Strategy, Workforce Management Plan, ICT Strategy and Risk Management Strategy. The LTFP is the point where community aspirations and goals are tested against financial realities. It seeks to answer the following questions:

- Can Council survive the pressures of the future?
- What are the opportunities for future income and economic growth?
- Can Council afford what the community wants?
- What income is needed to achieve these outcomes?

² In accordance with section 403 of the Local Government Act, 1993

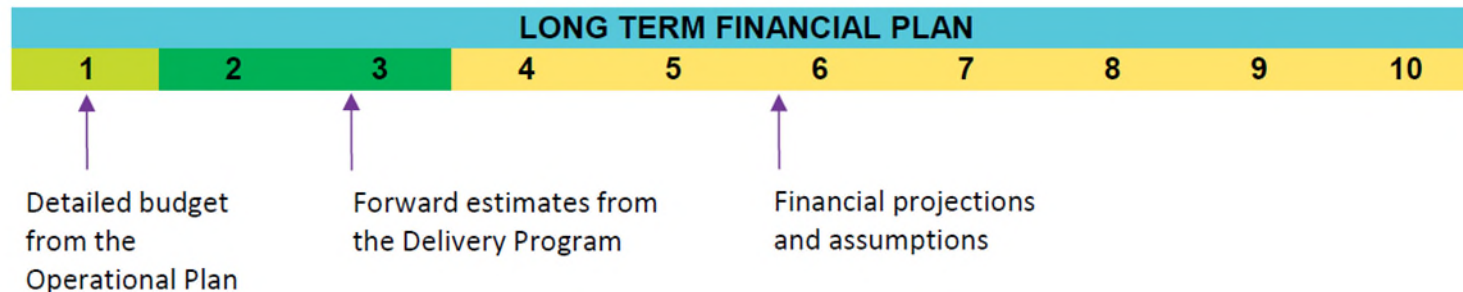
³ QPRC Resourcing Strategy, <https://www.qprc.nsw.gov.au/Council/Council-Business/Budgets-and-Planning>

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The LTFP is a decision making and problem solving tool. The modelling that occurs as part of the plan will help Council to align resources with strategies, providing information that helps Council to capitalise on opportunities and weather unexpected events. It is a dynamic document, reviewed and updated annually, changing as the needs, strategies and financial position of Council change over time.

The longer the planning horizon, the more general the plan will be in the later years. As decisions are made throughout the planning period, more specific detail is built into the plan. The following diagram illustrates the relationships and integration within the integrated planning and reporting framework.

Figure 1 LTFP Planning Horizon



The output of the long term financial plan is a ten year budget; financial reports over a ten year forward planning period. Copies of the updated reports are provided in the appendices.

Background

In late 2016, Council engaged engineering consultants GHD and Professor Percy Allan and Associates (PAA) to:

- undertake asset and financial sustainability reviews of the two former Councils
- establish a consistent asset standard and asset backlog base of the former councils
- establish and compare 'existing' and 'responsible' scenario financial planning settings
- consolidate the financials into a QPRC 10 year forecast for the combined General / Waste fund and the Water and Sewer funds
- establish affordable expenditure levels for services, asset maintenance, renewal and upgrades

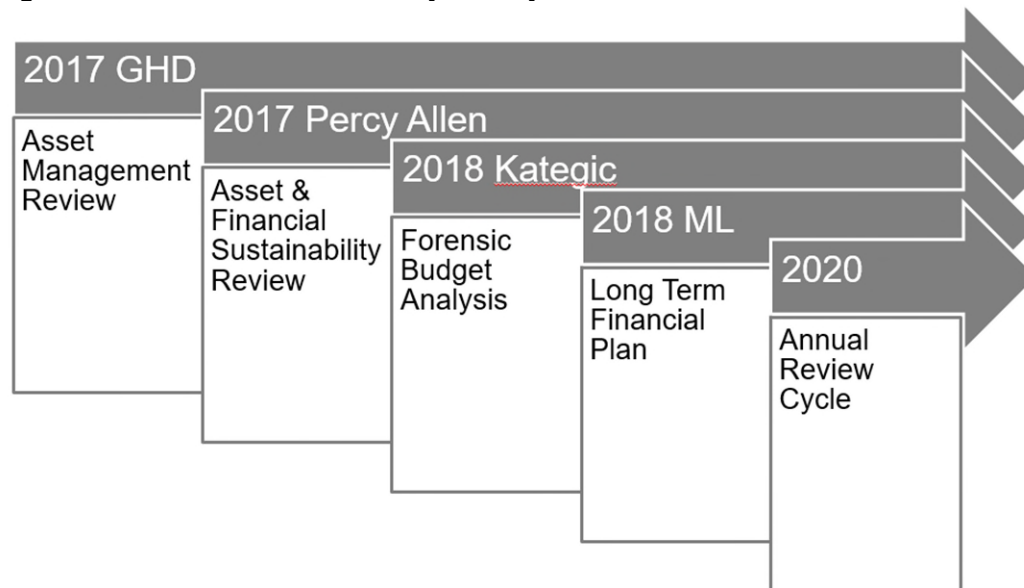
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- establish affordable pricing paths for general rates, water and sewer charges
- forecast merger financial impacts
- confirm the forecast meets financial benchmarks
- form the platform for the long term financial plan.

The GHD and PAA reviews demonstrated that the newly merged Council was carrying a structural deficit and provided a *Responsible Scenario* financial policy setting for the Council. Out of this work, Council adopted its revised *Financial Strategy and Policy*, that sets the parameters for future budgets and financial planning, and which included measures of budget correction.

Since 2017, Council has continued to place a focus on financial sustainability, and has continued to develop a body of work to build its financial management capabilities.

Figure 2 QPRC Financial Sustainability Journey



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The 2017 review and consolidation of the asset and financial sustainability of the former councils and the merged QPRC was a significant body of work, and established the common policy platform. The absorption of known merger costs and grants, and the capture of predicted merger savings, together with additional borrowing to smooth out asset renewals and upgrades under the *Responsible Scenario* was expected to realise the following variances to the existing policies over the ten year financial planning horizon:

- general rate increases below the forecast (~1% pa real increase)
- similar increases in water and sewer annual charges (~1.2% pa real increase)
- similar increases in other fees (6.1% pa)
- introduction of water and sewer dividends
- reduction of consolidated service expenditure (~1% pa)
- increased debt (~\$175m) to accommodate infrastructure capex and renewals
- subsequent increase in interest expense
- same levels of asset maintenance
- similar levels of development contributions
- increased asset (property) sales
- substantially increased levels of asset renewals and upgrades
- improvement in net assets (~46%)

Whilst Council has made significant progress in realising the above outcomes, in particular in the investment in renewal and upgrade of assets, the planned revenue increases have not yet been implemented. A Service Pricing Review will inform those revenue decisions and has been included within scenario 3 of this LTFP.

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Current Financial Position

Operating performance

As at 30 June 2019, Council's financial performance was unsustainable without incorporating the further improvement action that has been identified in the LTFP⁴. As a consolidated entity, QPRC has operated at a small operating surplus, averaging an operating performance ratio of 3.9% over 3 years, consisting of a positive result within the Water and Sewer Funds, and an operating deficit in the General Fund. Ongoing operating deficits in the General Fund are not financially sustainable, and Council's financial strategy includes corrective actions to improve its operating position, and live within its means.

Council has been successful in securing a high level of grant funding for operating and capital projects, and has progressed a series of significant, community focused projects.

Council has annual operating expenses of \$127 million, including employee costs of \$41.8 million, supporting a population of 61,100⁵ across an area of 5,319 km².

Financial Position

Council has \$156 million current assets, predominantly cash and investments, and it has current liabilities of \$45.5 million, mostly being provisions for employee leave, and current expenditure accruals (creditors). Of its total cash and investment assets, Council has a low level of unrestricted cash of \$9.8 million - when compared to its current payables, and its annual monthly expenditure. This represents the total cash not already committed for a specific purpose.

⁴ QPRC Annual Financial Statements for the year ended 30 June 2019, Audited by the NSW Audit Office, <https://www.qprc.nsw.gov.au/Council/Council-Business/Budgets-and-Planning#section-3>

⁵ Estimated Resident Population (ERP) as of 30/6/19, Australian Bureau of Statistics, Regional Population Growth, Australia (3218.0). Compiled and presented in profile.id, <https://profile.id.com.au/queanbeyan-palerang/population-estimate>

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Council has \$84.8 million in loans relating to asset upgrade and renewal projects, payable over the next 20 years. Council maintains assets and infrastructure with a written down value of \$1,391 million.

Drivers and Pressures⁶

Affordability

- Provide essential public services in line with population growth and organisation capacity
- Keep rates, fees and charges affordable
- Borrow at acceptable levels in line with intergenerational equity
- Growth in pensioner rebate level as population ages
- Meet financial benchmarks to be financially sustainable and Fit for Future (FFF)
- Growing service expectations from the community
- Reducing (in real terms) government grants for operations and renewals
- Obligations to match grants

Asset Serviceability

- Manage the asset backlog
- Renewal and replacement of ageing assets
- Aligning asset renewal spend to the rate of depreciation
- Applying generational equity principles to provision, renewal and upgrade of assets
- Differentiating asset operations or servicing from maintenance
- Gifted assets from Googong, Tralee and Bungendore - increasing the asset base

⁶ QPRC's Resourcing Strategy has been prepared utilising the DPSIR Model which is an analytical framework consisting of identifying the relationship between Drivers, Pressures, States, Impacts and Responses.

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Merger

- The NSW Government predicted savings over 20 years for the councils merged in 2016
- Progress towards financial and productivity benefits are reported to government
- Government policy effectively “froze” the general rate structures of the former councils for the first four years.
- Staff FTE (123) to remain in smaller towns in perpetuity
- Unable to rationalise number of offices and depots

Workforce

- Maintaining skilled and motivated workforce, noting long term staff reaching retirement and proposed increased age of retirement to 70
- Remunerating at attractive levels given proximity to ACT competition for skilled and professional labour
- Retaining skilled design and construction staff to meet RMCC road construction standards of RMS
- Retaining skilled development and engineering staff to meet turnaround benchmarks of government
- No forced redundancies < May 2019

Local Government Indices

- The inflationary measure for local government is the Local Government Cost Index (LGCI) - or the Rate Peg.
- The LGCI is calculated by the Independent Pricing and Regulatory Tribunal (IPART) on behalf of the NSW Office of Local Government(OLG), and is generally near CPI.
- Infrastructure construction costs are escalating at around 3-4% pa
- Government levies such as Rural Fire Service and State Emergency Service, charged to Local Government, are greater than CPI
- Council is bound by the NSW LG award in terms of indexing wages and allowances, which is often higher than rate peg

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Planning Assumptions

It is impossible to be precise about forward projects for individual line items and such information is not necessary for a useful LTFP. However, it is necessary to understand the calculation of outcomes for financial indicators in order to identify the drivers of variations in performance between years.

Council has identified the external and internal influences that could significantly impact on future financial performance. The following features of the LTFP have been identified as risks and volatile factors.

Market driven planning assumptions

Population forecasts

QPRC's population is currently estimated at 61,100 and forecast to grow to 78,756 by 2036. Over the same period the number of dwellings is projected to increase from 25,285 to 32,563.

Financial modelling has included an increase in rates income resulting from growth in the number of rates assessments.

Cost and revenue increase assumptions

Factors applied to revenue and expenditure in the long term plan

The following planning assumptions are used as the basis of the financial modelling scenarios. These factors reflect the low inflation environment.

Table 1 Index factors applied for financial modelling

Assumptions	Year 1 2020-21	Year 2 2021-22	Year 3 2022-23	Year 4 2023-24	Year 5 2024-25	Year 6 2025-26	Year 7 2026-27	Year 8 2027-28	Year 9 2028-29	Year 10 2029-30
IPART rate peg	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
SRV	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

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Assumptions	Year 1 2020-21	Year 2 2021-22	Year 3 2022-23	Year 4 2023-24	Year 5 2024-25	Year 6 2025-26	Year 7 2026-27	Year 8 2027-28	Year 9 2028-29	Year 10 2029-30
Dwellings growth pa	340	440	440	440	440	440	440	440	440	440
Annual charges ⁷	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
User charges & fees	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Interest on investments	1.3%	1.3%	1.3%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Interest on new loans	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Other revenue	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Grants & contributions	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Employee benefits	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Materials & contracts	2.0%	2.0%	2.2%	2.2%	2.2%	2.2%	2.5%	2.5%	2.5%	2.5%
Other expenses	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
CPI	2.2%	1.5%	2.0%	2.0%	2.0%	2.3%	2.3%	2.3%	2.3%	2.3%
Capital Grants	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%

The following tables outline Council's planning assumptions by revenue and expenditure types. Included within the assumptions is a brief description as to how Council has determined this assumption and the external influences which impact the assumption.

Table 2 Revenue assumptions

Revenue	Assumption
IPART rate peg	2.6% as announced for the 2020-21 year, and 2.5% in all following years in accordance with IPART Guidelines.
Special rate variation income (SRV)	No SRV included in any scenario.

⁷ Increased annual charges for the Queanbeyan Sewerage network are incorporated at scenario 3; to pay for the sewerage treatment works upgrade.

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Revenue	Assumption
Fees and annual charges	<p>In accordance with the pricing policy, fees and charges are increased by the higher of the cpi or the rate peg.</p> <p>The operating fees cost recovery ratio will be reviewed as part of a Revenue Review planned for 2020/21, which will further inform future price changes, ensuring sufficient revenue to meet agreed service levels.</p> <p>Additional fee revenue has been incorporated within Scenario 3.</p>
Interest income	<p>Interest on investments is assumed at 1.3% in 2020-21, with very slight growth over the 10 year planning period. Interest rates across the financial markets have continued to fall over the past twelve months; consistent with low returns received over the past 10 years. Interest has been calculated on the average balance of funds invested in each year of the financial model. The timing of capital expenditure will affect Council's investment income.</p>
Operating grants and contributions	<p>In previous years the Financial Assistance Grant, and other sources of federal grant funding, have not kept pace with inflation, and therefore this model applies a low inflator to the levels of grants and contributions over the life of the plan. The ten year trend reflected in this model is for operating grants to grow at a slower rate than other income sources.</p>
Capital grants	<p>An assumption is made that Council will continue to receive capital grants and contributions from Federal and State sources for roads and bridges, within identified grant funding programs.</p> <p>Grant contributions for specific projects has been planned for where funding sources have been identified, or where future capital works budgets are grant dependent.</p>
Developers contributions	<p>Amounts for developers cash and non-cash contributions to new infrastructure have been estimated based on current agreements and DCPs.</p>

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Table 3 Expenditure assumptions

Expense	Assumption
Depreciation	<p>The 2018-19 depreciation rates for each class of assets are assumed to continue over the 10 year modelling period. Depreciation expense varies over the modelling period dependent on the investment in new assets vs asset renewal.</p> <p>All classes of assets will continue to be revalued over the coming years and as this work is completed, the accuracy of depreciation calculations will continue to improve.</p>
Interest costs	<p>An average interest rate of 2.3% per annum on new borrowings has been allowed over the life of this model; based on the most recent TCorp borrowing.</p>
Operational costs (staff and materials and contracts)	<p>The 2020-21 year adopted operational plan is used as the base year, before indexation is applied over the ten year planning period.</p> <p>Merger savings have been built in to the model in accordance with a Council resolution in 2018 that the cost of servicing debt for the new head office in Queanbeyan would be met by merger savings, building cost efficiencies and service review savings.</p>
Employee costs	<p>Movement in employee costs is determined through industry award negotiations and market forces. The first three years indexation allows for award increases of 1.5%, 2% and 2%, plus increase in superannuation contribution of 0.5% in years 2 and 3.</p> <p>The 2020-21 employee cost budget assumes 10% turnover, with 3 months vacancy and 50% vacant positions backfilled.</p> <p>Impacts affecting wages volatility include internal and external factors such as the rising cost of employment, skills shortages, staff turnover, attraction and retention of Council, an increase in superannuation benefits, maternity and paternity leave, award increases and changes in service levels.</p>
Growth in asset maintenance and services	<p>Additional expenditure has been allowed in future years at a rate of 50% of the additional revenue (rates, fees and charges) due to growth.</p>

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Financial Scenarios

Scenario 1: Base Case

Introduction

Scenario 1 is the base case scenario, based on the previously adopted LTFP, updated to incorporate Council's actual performance over the past 2 years, updated economic assumptions, and current estimates of the net cost of Council's service provision and major projects.

Components included in Scenario 1

Carried through from the previous LTFP, and updated with current estimates, the base case parameters are summarised as:

- A continuation of the compressed capital works program of the previously adopted LTFP, with \$298 million capital expenditure within 2 years, and \$686 million over ten years across the general, water and sewer funds.
- Takes advantage of \$145 million grants for capital projects, and historically loan interest rates to borrow \$175 million.
- Builds in efficiency savings of \$1.9 million pa, from 2021/22.
- Additional revenue is raised for stormwater infrastructure through extending the stormwater levy to Braidwood and Bungendore, and the water and sewer funds pay a dividend to the general fund from 1 July 2021.
- The Queanbeyan Civic and Cultural Precinct (QCCP) is constructed within the first two years and begins to charge rent to government and commercial tenants, representing a positive investment outcome for the community over time.
- The sale of land and buildings raises \$7 million that is reinvested back into the QCCP development.

Summary and assessment

The previous revision of the LTFP was adopted with the *Responsible Scenario*, to meet the financial sustainability requirements set by Council. However, since its adoption in 2018, Council's actual financial performance has not met the LTFP projections, and the base case scenario is not financially sustainable without taking additional budget repair actions.

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The key performance measures reported in Table 4 do not meet critical performance measure benchmarks. Council's annual operating surplus returns to a positive position over the ten year period, however the low levels of unrestricted and internally restricted cash funds are not adequate to pay Council's debts with a margin to meet additional unplanned costs. Council has also reached and exceeded the maximum debt service cover ratio, so there is little opportunity for Council to source additional funds to respond to financial opportunities or risks that arise over time.

The infrastructure backlog is minimal, and continues to reduce over time as Council prioritises the renewal of assets to meet the needs of current and future communities. Council funds the infrastructure renewal requirements in the early years of the plan, as it funds significant infrastructure renewal on buildings, roads, water and sewer assets, and continues to fund infrastructure at a rate of 95% for the life of the plan. Whilst infrastructure renewal is strong, there is a shortfall in the amount invested in asset maintenance; and this will become a financial challenge as Council builds its asset stock to meet the requirements of a developing region.

This scenario presents a continuation of the previous financial strategy, but recognises that previous assumptions were optimistic, and the scenario is no longer a responsible financial decision.

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Table 4 Scenario 1 Consolidated Fund Performance Outcomes

	Year 1 2020-21	Year 2 2021-22	Year 3 2022-23	Year 4 2023-24	Year 5 2024-25	Year 6 2025-26	Year 7 2026-27	Year 8 2027-28	Year 9 2028-29	Year 10 2029-30
Operating Performance Ratio	1.7%	(2.1%)	(1.8%)	(0.4%)	(0.1%)	0.9%	2.1%	3.6%	5.1%	6.5%
Own Source Revenue Ratio	59%	71%	71%	63%	76%	78%	80%	80%	80%	81%
Unrestricted Current Ratio ⁸	0.6x	0.8x	0.9x	0.8x	0.7x	0.7x	0.6x	0.5x	0.6x	0.7x
Debt Service Cover Ratio	3.0x	1.2x	1.9x	2.1x	2.1x	2.2x	2.3x	2.5x	2.8x	3.6x
Cash Expense Cover Ratio	20x	19x	15x	13x	11x	12x	12x	12x	13x	13x
Infrastructure Backlog Ratio	2.2%	2.0%	1.9%	1.8%	1.7%	1.6%	1.6%	1.6%	1.5%	1.5%
Infrastructure Renewal Ratio	215%	178%	101%	90%	147%	95%	95%	95%	95%	95%
Infrastructure Maintenance Ratio	72%	69%	66%	66%	65%	65%	65%	65%	65%	65%

Table 5 Scenario 1 Capital works program

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Building and infrastructure (\$'000)										
New assets	129,363	78,298	56,566	74,451	20,457	23,078	9,515	9,729	9,948	10,172
Asset renewals	45,516	40,664	24,482	23,257	39,016	26,190	26,816	27,458	28,119	28,796
Other assets (\$'000)										
New assets	1,074	4,040	-	-	-	-	-	-	-	-
Asset renewals	7,040	3,410	3,390	3,410	3,390	3,624	3,693	3,763	3,833	3,905

⁸ In 2020-21 and 2021-22 the current ratio is inflated by two loans that are refinanced in the following years; where the balances of those loan amounts are reflected as current liabilities until the new loans are drawn.

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Scenario 2: QCCP Financing Alternative

Introduction

Scenario 2 has been altered from the base case to consider the option of a loan drawdown for QCCP upfront, instead of over two years to match the timing of capital expenditure. The upfront loan drawdown would only be considered where the interest rates that can be locked in upfront outweigh the cost of holding the loan for an additional year.

Components included in Scenario 2

In Scenario 2, Council borrows \$70.89 million upfront, to lock in a fixed interest rate assumed at 2.3% over 20 years.

Summary and assessment

The outcomes of scenario 2 are not significantly different from the base case scenario.

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Table 6 Scenario 2 Consolidated Fund Performance Outcomes

	Year 1 2020-21	Year 2 2021-22	Year 3 2022-23	Year 4 2023-24	Year 5 2024-25	Year 6 2025-26	Year 7 2026-27	Year 8 2027-28	Year 9 2028-29	Year 10 2029-30
Operating Performance Ratio	1.8%	(1.7%)	(1.8%)	(0.4%)	0.0%	0.9%	2.1%	3.6%	5.1%	6.6%
Own Source Revenue Ratio	59%	71%	71%	63%	76%	78%	80%	80%	80%	81%
Unrestricted Current Ratio ⁹	0.6x	0.7x	0.8x	0.8x	0.7x	0.7x	0.5x	0.5x	0.5x	0.7x
Debt Service Cover Ratio	2.7x	1.2x	1.9x	2.1x	2.1x	2.2x	2.3x	2.5x	2.8x	3.6x
Cash Expense Cover Ratio	24x	19x	15x	13x	11x	11x	12x	12x	13x	13x
Infrastructure Backlog Ratio	2.2%	2.0%	1.9%	1.8%	1.7%	1.6%	1.6%	1.6%	1.5%	1.5%
Infrastructure Renewal Ratio	215%	178%	101%	90%	147%	95%	95%	95%	95%	95%
Infrastructure Maintenance Ratio	72%	69%	66%	66%	66%	65%	65%	65%	65%	65%

Table 7 Scenario 1 Capital works program

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Building and infrastructure (\$'000)										
New assets	129,363	78,298	56,566	74,451	20,457	23,078	9,515	9,729	9,948	10,172
Asset renewals	45,516	40,664	24,482	23,257	39,016	26,190	26,816	27,458	28,119	28,796
Other assets (\$'000)										
New assets	1,074	4,040	-	-	-	-	-	-	-	-
Asset renewals	7,040	3,410	3,390	3,410	3,390	3,624	3,693	3,763	3,833	3,905

⁹ In 2020-21 and 2021-22 the current ratio is inflated by two loans that are refinanced in the following years; where the balances of those loan amounts are reflected as current liabilities until the new loans are drawn.

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Scenario 3: Responsible Scenario

Introduction

Scenario 3 adds additional budget repair activities to the base case scenario. It is designed to bring the LTFP back to the Responsible Scenario policy settings, to return to the forecast budget back to the Council's financial benchmarks.

Components included in Scenario 3

The following additional budget correction options are built into Scenario 3:

1. Council reviews its Revenue Policy settings with an expectation of increased fees and charges at the level of 4% pa. The actual timing and application of the revenue increase will be dependent on a service pricing analysis that will be considered by Council during the current financial year.

The Service Pricing Review will assess Council's Community Service Obligation (CSO), being the level of service that is prioritised by the community and that is funded through the General Rates, and the user-pays services, being the level of service that is associated with use by private individuals, and that is funded through user fees and charges.

2. Deferral of infrastructure renewals through the reduction of project revotes – where infrastructure renewal has been budgeted but not completed within the financial year, Council will consider deferring the expenditure to a future budget period. The level of deferred renewal expenditure incorporated into scenario 3 is \$3 million per annum, for 3 financial years.

The actual timing and application of the deferred expenditure will be reviewed at each annual revote report, and with the review of the end of year financial statements, as Council considers its cash and reserves at the end of each financial year.

Scenario 3 also incorporates higher Queanbeyan Sewer Annual Charges, in accordance with the business plan for the replacement of the Queanbeyan Sewerage Treatment works, that identifies a 2% per annum increase.

Long Term Financial Plan 2020-2030

Summary and assessment

As displayed in Table 6, Council's financial performance improves over the planning period under Scenario 3. The operating performance ratio returns a positive result over a shorter timeframe (within 3 years), and the unrestricted current ratio demonstrates that Council can meet its current financial commitments with some (limited) additional financial capacity to respond to future opportunities or risks as they arise.

Despite some deferral of capital renewal expenditure, scenario 3 maintains a very strong investment in infrastructure renewal as well as upgraded and new community infrastructure. The scenario 3 renewal ratio is slightly reduced in the first two years, however the affect is too small to impact the infrastructure backlog ratio at all.

Similar to Scenario 1, the infrastructure backlog is minimal, and continues to reduce over time as Council prioritises the renewal of assets to meet the needs of current and future communities. Council funds significant renewal of buildings, roads, water and sewer infrastructure in the short term (at an average rate of 155% over 3 years), reducing renewals to 95% for the remaining planning period. Whilst infrastructure renewal is strong, there is a shortfall in the amount invested in asset maintenance; and this will become a financial challenge as Council builds its asset stock to meet the requirements of a developing region.

All three financial scenarios are reliant on the realisation of additional, net efficiency savings of \$1.9million per annum, from 2021/22; presenting an additional challenge to Council.

Scenario 3 presents the more responsible financial scenario, reflecting the intention of the adopted *Financial Strategy and Policy* and incorporating further budget correction measures into the forward planning period.

Long Term Financial Plan 2020-2030

Table 8 Scenario 2 Consolidated Fund Performance Outcomes

	Year 1 2020-21	Year 2 2021-22	Year 3 2022-23	Year 4 2023-24	Year 5 2024-25	Year 6 2025-26	Year 7 2026-27	Year 8 2027-28	Year 9 2028-29	Year 10 2029-30
Operating Performance Ratio	2.3%	(1.5%)	0.7%	1.0%	1.8%	3.1%	4.7%	6.6%	8.3%	10.0%
Own Source Revenue Ratio	59%	71%	71%	63%	76%	78%	80%	81%	81%	81%
Unrestricted Current Ratio ¹⁰	0.8x	1.1x	1.3x	1.2x	1.2x	1.2x	1.2x	1.2x	1.5x	1.7x
Debt Service Cover Ratio	3.1x	1.2x	1.9x	2.2x	2.2x	2.3x	2.5x	2.7x	3.0x	3.9x
Cash Expense Cover Ratio	22x	21x	16x	15x	13x	14x	14x	15x	16x	17x
Infrastructure Backlog Ratio	2.2%	2.1%	1.9%	1.9%	1.7%	1.6%	1.6%	1.6%	1.5%	1.5%
Infrastructure Renewal Ratio	201%	165%	101%	90%	147%	95%	95%	95%	95%	95%
Infrastructure Maintenance Ratio	72%	69%	66%	66%	65%	65%	65%	65%	65%	65%

Table 9 Scenario 1 Capital works program

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Building and infrastructure (\$'000)										
New assets	129,363	78,298	56,566	74,451	20,457	23,078	9,515	9,729	9,948	10,172
Asset renewals	42,516	37,664	24,482	23,257	39,016	26,190	26,816	27,458	28,119	28,796
Other assets (\$'000)										
New assets	1,074	4,040	-	-	-	-	-	-	-	-
Asset renewals	7,040	3,410	3,390	3,410	3,390	3,624	3,693	3,763	3,833	3,905

¹⁰ In 2020-21 and 2021-22 the current ratio is inflated by two loans that are refinanced in the following years; where the balances of those loan amounts are reflected as current liabilities until the new loans are drawn.

Long Term Financial Plan 2020-2030

Performance Measurement

Council adopted a Financial Strategy and Policy in 2017. The responsible financial scenario policy settings adopted within the policy were based on the Asset and Financial Sustainability Review undertaken by GHD and Professor Percy Allen, and includes key financial sustainability goals and benchmarks. The following charts compare the outcomes of the three LTFP scenarios against the agreed benchmarks over the ten year planning period. These charts demonstrate the consolidated performance of Council across the three funds, General, Water and Sewer. The first two years, 2018 and 2019 are the actual, audited consolidated results. The 2020 year is the final budgeted position, and 2021 to 2030 are the 10 year LTFP projections.

Figure 3 Operating Performance Ratio

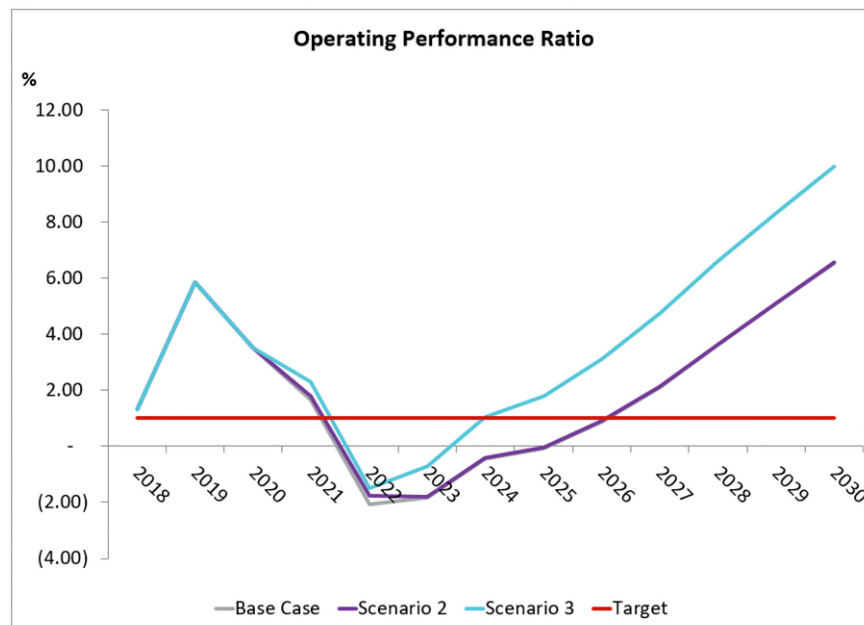
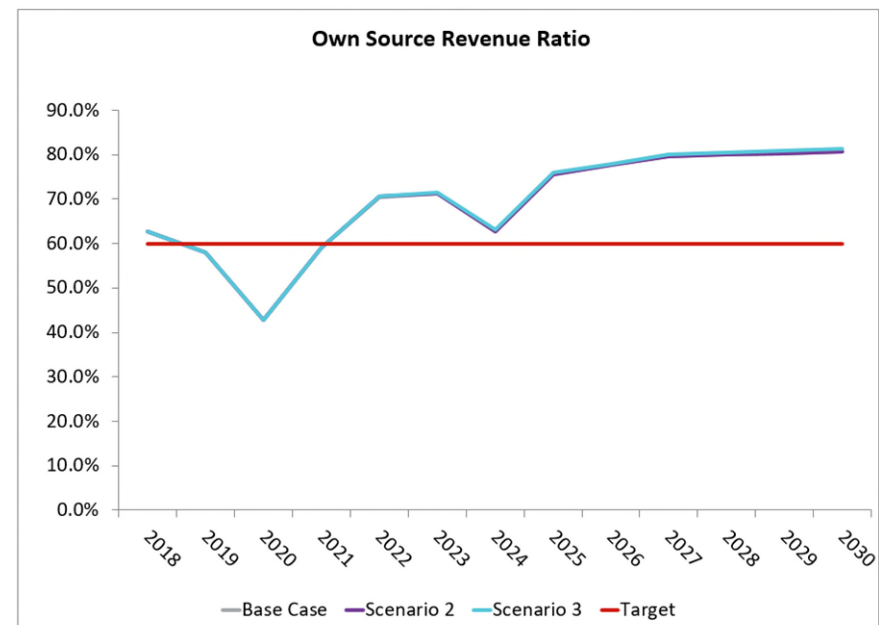


Figure 4 Own Source Revenue Ratio



Long Term Financial Plan 2020-2030

Figure 5 Unrestricted Current Ratio

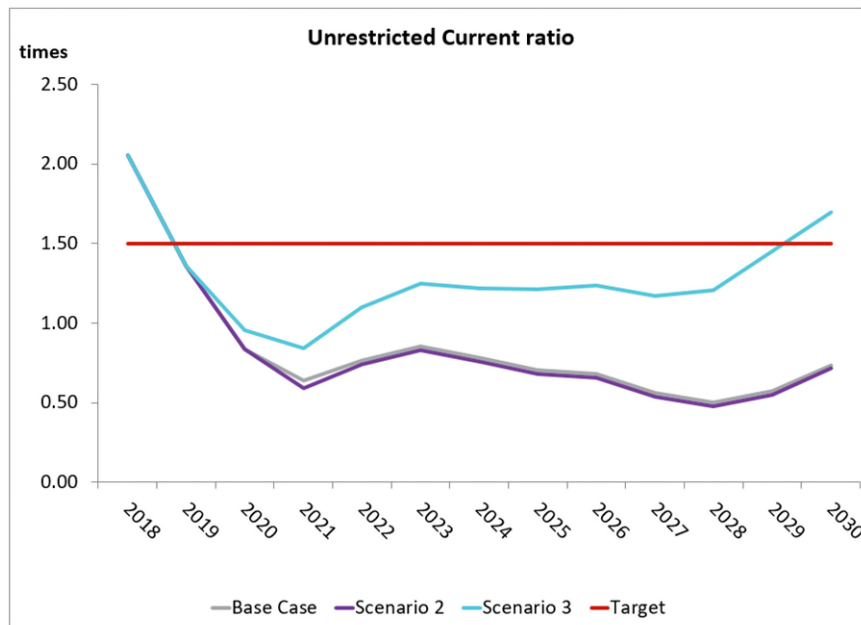
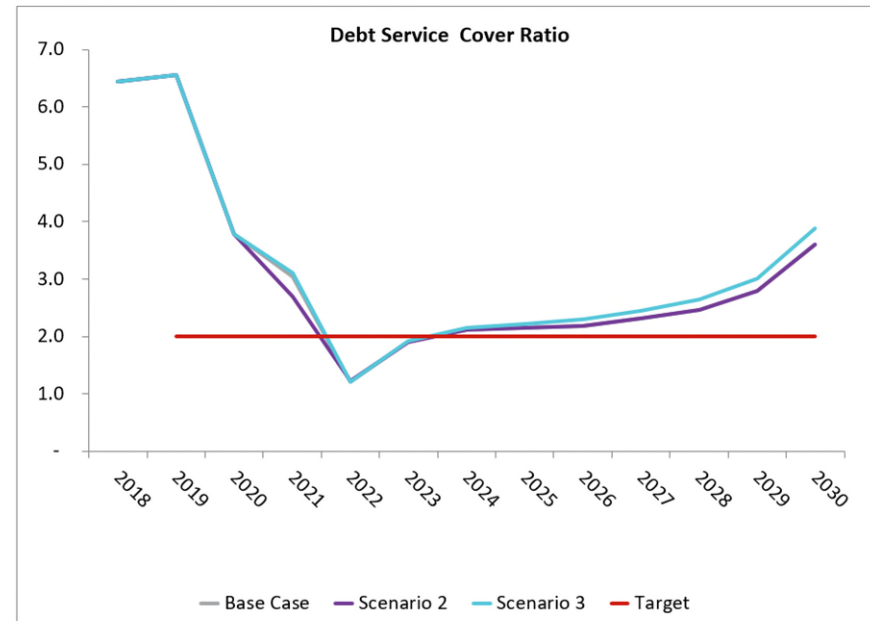


Figure 6 Debt Service Cover Ratio



In Scenario 1 and 2, the unrestricted current ratio falls to very low levels of less than 1 between June 2020 and 2022. Scenario 3 corrects this fall (somewhat), back to a ratio of around 1.0.

The ratio is too low in those years, and indicates that Council's cash balance is insufficient to pay its current liabilities. However, the ratio is misleading as it is affected by two loan re-finances that fall due in those years; and where the full balance of those two loans becomes as a "current liability"; even though, Council will re-finance the remainder of those existing loans, and pay them out normally, over the remaining loan term.

Long Term Financial Plan 2020-2030

Figure 7 Cash Expense Cover Ratio

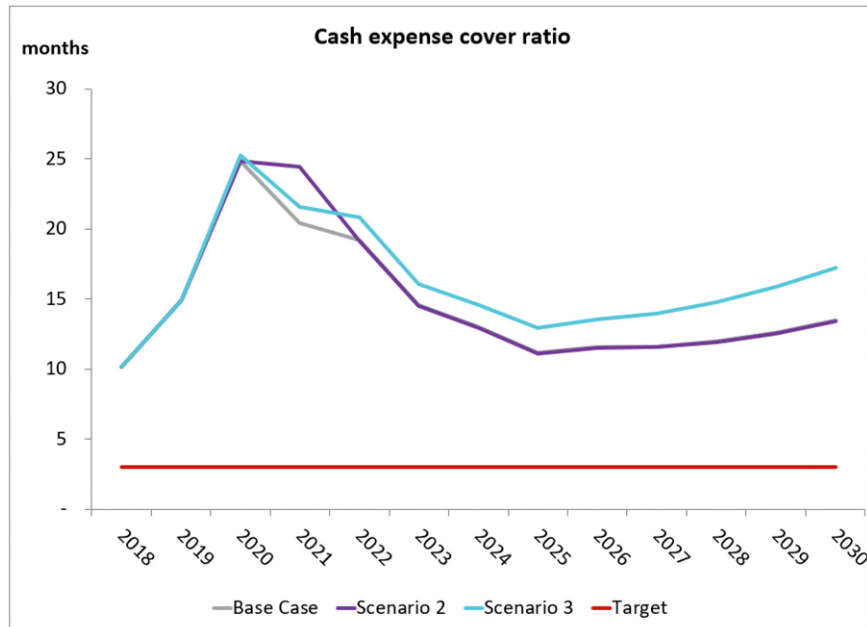
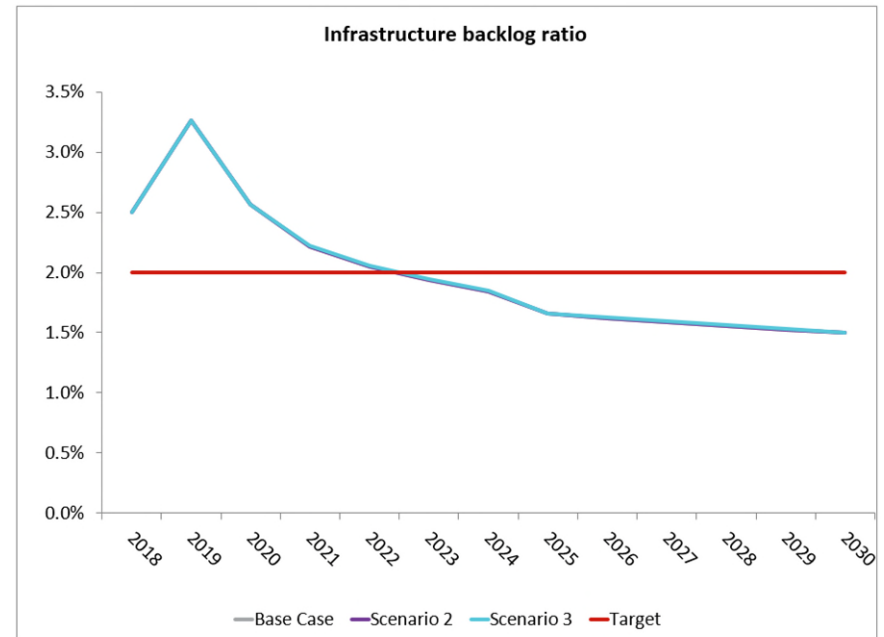


Figure 8 Infrastructure Backlog Ratio



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Figure 9 Infrastructure Renewal Ratio

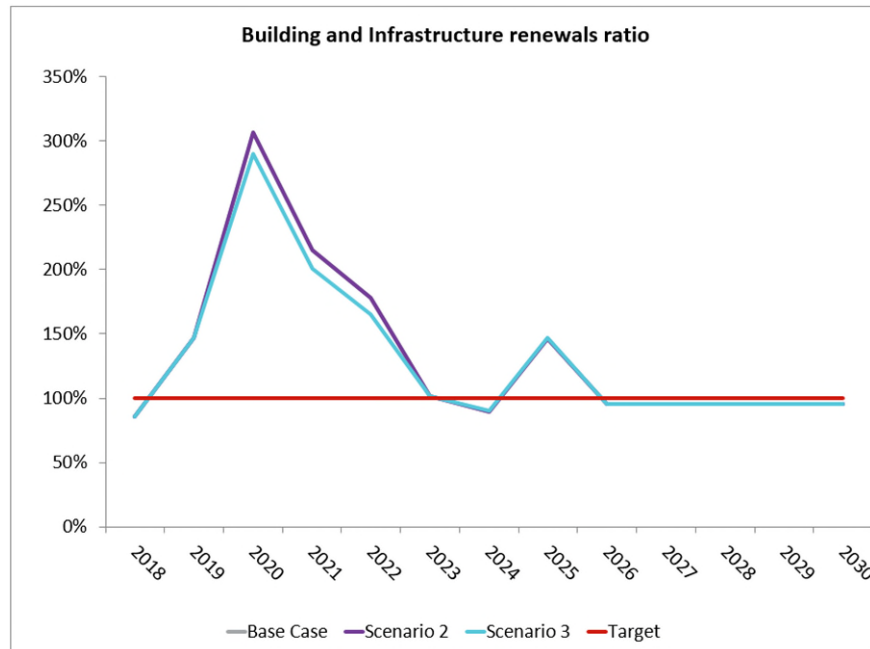
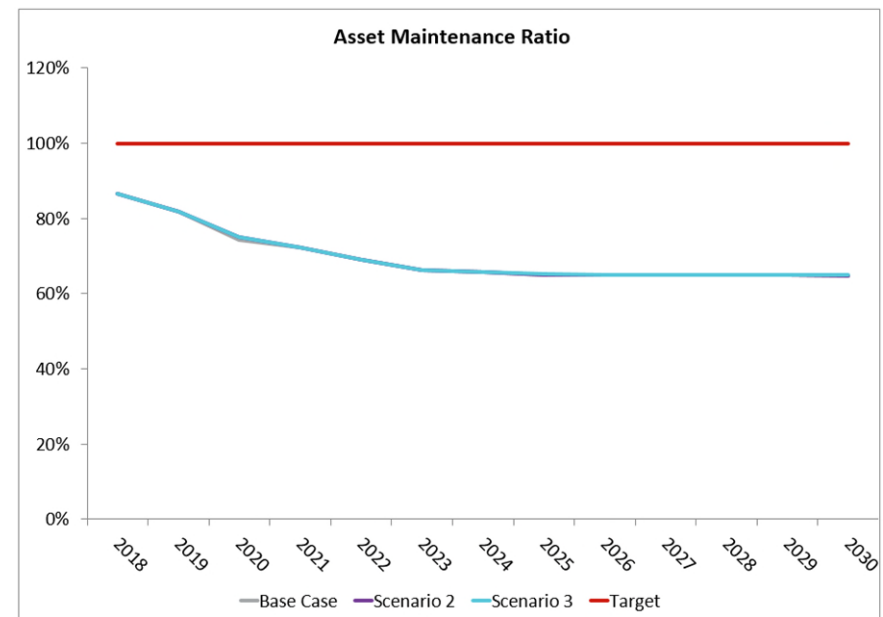


Figure 10 Infrastructure Maintenance Ratio



Monitoring and Evaluation

Council will review the LTFP each year as part of the development of the annual Operational Plan. The review will include an assessment of the previous year's performance in terms of the accuracy of projections made and whether its financial strategies were followed through.

Evaluation will include reviewing and amending estimates and scenarios to improve the accuracy of the plan over the long term. With each review, Council will continue to monitor its financial performance against the financial sustainability goals and benchmarks, and take consider corrective actions to achieve a financially sustainable position.

Long Term Financial Plan 2020-2030

Conclusion

Three scenarios have been outlined in this LTFP.

Scenario 1 is the base case scenario, based on the previously adopted LTFP, but that recognises that Council's financial performance has not met the LTFP projections, and is no longer a responsible financial scenario.

Scenario 2 has been altered from the base case to consider the option of a loan drawdown for QCCP upfront, instead of over two years to match the timing of capital expenditure. The upfront loan drawdown would only be considered where the interest rates that can be locked in upfront outweigh the cost of holding the loan for an additional year.

Scenario 3 presents the most responsible financial scenario, reflecting the intention of the adopted *Financial Strategy and Policy* and incorporating further budget correction measures into the forward planning period.

In adopting the responsible financial scenario – scenario 3, Council will commit to undertaking budget improvement actions, including the previously adopted financial strategies for:

- Dividends from water and sewer funds to the general fund
- Reducing operating costs
- Increasing revenues
- Deferral of revoted expenditure / transfer of reserve funds to unrestricted cash.

The financial statements contained on the following pages of this plan set out the financial performance, financial position and cashflows projected for the next ten years for the General Fund, Water Fund, Sewer Fund and Consolidated Council position.

Income Statement - General Fund

Scenario 3	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Income from continuing operations										
Rates and annual charges	49,953	51,740	53,578	55,446	57,374	59,364	61,417	63,536	65,722	67,978
User charges and fees	12,807	13,601	14,439	15,321	16,251	17,231	18,264	19,351	20,201	21,080
Interest and investment revenue	2,167	2,274	2,139	2,411	2,470	2,519	2,620	2,689	2,780	2,906
Other revenues	2,394	2,449	2,908	3,389	3,467	3,547	3,628	3,712	3,797	3,884
Grants and contributions - Operating	15,545	16,234	16,128	16,429	16,736	17,049	17,369	17,696	18,029	18,411
Grants and contributions - Capital	57,335	19,310	18,746	43,999	14,258	14,524	14,794	15,071	15,353	15,154
Net gain from the disposal of assets	770	-	-	-	1,356	1,714	-	-	-	-
Total Income	140,971	105,608	107,938	136,996	111,912	115,948	118,092	122,054	125,881	129,414
Expenses from continuing operations										
Employee benefits and oncosts	37,298	39,233	40,214	41,219	42,250	43,306	44,388	45,498	46,636	47,801
Borrowing costs	3,631	6,294	4,775	4,589	4,241	3,886	3,574	3,244	2,910	2,664
Materials and contracts	10,125	11,154	13,490	12,755	14,621	15,408	16,369	16,811	17,264	17,730
Depreciation and amortisation	20,551	21,487	22,025	23,105	23,535	23,998	24,555	25,125	25,709	26,306
Other expenses	10,948	11,200	11,457	11,721	11,991	12,266	12,548	12,837	13,132	13,434
Total Expenses	82,553	89,368	91,961	93,389	96,636	98,864	101,434	103,515	105,651	107,936
Net Operating Result	58,418	16,240	15,977	43,607	15,275	17,085	16,658	18,539	20,230	21,478
Net operating result before grants and contributions provided for capital purposes	1,083	(3,070)	(2,769)	(392)	1,017	2,561	1,864	3,468	4,877	6,324

Statement of Financial Position - General Fund

Scenario 3	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Current assets										
Cash and investments	79,515	67,133	74,570	76,709	78,258	83,202	86,033	90,326	96,960	107,626
Receivables	6,878	7,130	7,422	7,722	8,034	8,358	8,695	9,044	9,376	9,719
Inventories	257	262	268	274	280	286	293	301	308	316
Other	722	722	722	722	722	722	722	722	722	722
Total current assets	87,372	75,247	82,982	85,427	87,294	92,568	95,743	100,393	107,366	118,383
Non-current assets										
Receivables	430	446	464	483	502	522	543	565	586	607
Infrastructure, property, plant and equipment	1,435,669	1,524,441	1,560,416	1,627,556	1,659,738	1,694,143	1,735,692	1,778,276	1,821,922	1,866,657
Intangible assets	7,265	7,265	7,265	7,265	7,265	7,265	7,265	7,265	7,265	7,265
Total non-current assets	1,443,364	1,532,151	1,568,145	1,635,304	1,667,506	1,701,930	1,743,500	1,786,106	1,829,773	1,874,530
Total Assets	1,530,736	1,607,399	1,651,127	1,720,731	1,754,799	1,794,498	1,839,243	1,886,499	1,937,140	1,992,913
Current liabilities										
Payables	14,111	13,320	11,364	10,470	9,528	9,754	9,995	10,242	10,496	10,755
Income received in advance	144	144	144	144	144	144	144	144	144	144
Borrowings	12,960	10,497	10,313	10,851	11,106	11,435	11,771	11,070	8,202	8,440
Provisions	14,680	12,897	11,016	11,292	9,259	9,491	9,728	9,971	10,220	10,476
Total current liabilities	41,895	36,859	32,837	32,757	30,037	30,824	31,639	31,428	29,062	29,815
Non-current liabilities										
Borrowings	109,734	153,614	154,831	149,631	138,525	127,090	115,318	104,247	96,046	87,606
Provisions	935	935	935	935	935	935	935	935	935	935
Total non-current liabilities	110,669	154,549	155,766	150,566	139,460	128,025	116,253	105,182	96,981	88,541
Total Liabilities	152,564	191,408	188,603	183,322	169,497	158,848	147,892	136,610	126,043	118,356
NET ASSETS	1,378,172	1,415,991	1,462,524	1,537,409	1,585,303	1,635,650	1,691,351	1,749,889	1,811,097	1,874,557
Equity										
Accumulated surplus	1,325,634	1,341,874	1,357,851	1,401,458	1,416,734	1,433,818	1,450,476	1,469,015	1,489,246	1,510,724
Revaluation reserves	52,539	74,117	104,673	135,949	168,567	201,830	240,872	280,871	321,849	363,831
TOTAL EQUITY	1,378,173	1,415,991	1,462,524	1,537,407	1,585,301	1,635,648	1,691,349	1,749,886	1,811,094	1,874,554

Statement of Cash Flows - General Fund

Scenario 3	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Cash flows from operating activities										
<i>Receipts:</i>										
Rates and annual charges	49,779	51,686	53,523	55,390	57,316	59,304	61,355	63,472	65,656	67,910
User charges and fees	12,990	13,403	14,202	15,077	15,998	16,967	17,989	19,065	19,935	20,806
Investment revenue and interest	2,167	2,274	2,139	2,411	2,470	2,519	2,620	2,689	2,780	2,906
Grants and contributions	66,753	28,544	27,716	53,110	23,511	23,922	24,340	24,767	25,202	25,201
Other	2,395	2,433	2,890	3,370	3,447	3,526	3,607	3,690	3,776	3,863
<i>Payments:</i>										
Employee benefits and on-costs	(37,124)	(41,015)	(42,095)	(40,944)	(44,282)	(43,074)	(44,151)	(45,255)	(46,386)	(47,546)
Materials and contracts	(10,329)	(11,950)	(15,453)	(13,654)	(15,569)	(15,188)	(16,135)	(16,571)	(17,019)	(17,478)
Borrowing costs	(3,631)	(6,294)	(4,775)	(4,589)	(4,241)	(3,886)	(3,574)	(3,244)	(2,910)	(2,664)
Other	(10,948)	(11,200)	(11,457)	(11,721)	(11,991)	(12,266)	(12,548)	(12,837)	(13,132)	(13,434)
Net cash provided (or used) in operating activities	72,053	27,880	26,691	58,451	26,659	31,824	33,503	35,776	37,902	39,564
Cash flows from investing activities										
<i>Receipts:</i>										
Sale of infrastructure, property, plant and equipment	1,170	920	400	400	4,356	3,400	400	400	400	400
<i>Payments:</i>										
Purchase of infrastructure, property, plant & equipment	(150,651)	(82,601)	(20,687)	(52,051)	(18,615)	(19,174)	(19,637)	(20,111)	(20,597)	(21,096)
Net cash provided (or used) in investing activities	(149,481)	(81,681)	(20,287)	(51,651)	(14,259)	(15,774)	(19,237)	(19,711)	(20,197)	(20,696)
Cash flows from financing activities										
<i>Receipts:</i>										
New loans	60,474	56,617	12,000	5,880	-	-	-	-	-	-
<i>Payments:</i>										
Loan repayments	(6,226)	(15,199)	(10,967)	(10,541)	(10,851)	(11,106)	(11,435)	(11,771)	(11,070)	(8,202)
Net cash provided (or used) in financing activities	54,248	41,418	1,033	(4,661)	(10,851)	(11,106)	(11,435)	(11,771)	(11,070)	(8,202)
Net increase / (decrease) in cash	(23,180)	(12,382)	7,437	2,139	1,549	4,944	2,831	4,293	6,634	10,666
Cash at the beginning of the year	102,696	79,515	67,133	74,570	76,709	78,258	83,202	86,033	90,326	96,960
Cash at the end of the year	79,515	67,133	74,570	76,709	78,258	83,202	86,033	90,326	96,960	107,626

Income Statement - Water Fund

Scenario 3	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Income from continuing operations										
Rates and annual charges	7,036	7,370	7,716	8,075	8,447	8,833	9,232	9,647	10,076	10,520
User charges and fees	16,598	17,386	18,203	19,049	19,927	20,837	21,779	22,756	23,768	24,817
Interest and investment revenue	612	340	340	323	344	376	419	473	538	616
Grants and contributions - Operating	85	87	89	91	93	95	97	99	102	104
Grants and contributions - Capital	1,146	1,172	1,198	1,225	1,253	1,281	1,310	1,339	1,369	1,400
Total Income	25,477	26,355	27,546	28,763	30,064	31,422	32,838	34,314	35,853	37,457
Expenses from continuing operations										
Employee benefits and oncosts	1,691	1,733	1,777	1,821	1,867	1,913	1,961	2,010	2,060	2,112
Borrowing costs	259	232	221	212	187	164	153	141	128	115
Materials and contracts	19,514	20,040	20,603	21,135	21,639	22,155	22,697	23,252	23,821	24,403
Depreciation and amortisation	2,226	2,259	2,299	2,340	2,382	2,425	2,475	2,526	2,578	2,631
Other expenses	199	204	208	213	218	223	228	233	239	244
Total Expenses	23,889	24,467	25,108	25,722	26,293	26,881	27,514	28,162	28,825	29,506
Net Operating Result	1,588	1,888	2,438	3,041	3,771	4,541	5,324	6,152	7,027	7,951
Net operating result before grants and contributions provided for capital purposes	442	716	1,240	1,816	2,518	3,260	4,014	4,813	5,658	6,551

Statement of Financial Position - Water Fund

Scenario 3	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Current assets										
Cash and investments	26,165	26,141	21,522	22,961	25,085	27,933	31,516	35,878	41,066	47,125
Receivables	3,885	4,008	4,198	4,394	4,598	4,810	5,028	5,255	5,491	5,734
Total current assets	30,050	30,150	25,720	27,356	29,684	32,743	36,545	41,134	46,556	52,859
Non-current assets										
Infrastructure, property, plant and equipment	122,105	124,986	133,582	136,864	140,226	143,668	147,625	151,688	155,859	160,141
Total non-current assets	122,105	124,986	133,582	136,864	140,226	143,668	147,625	151,688	155,859	160,141
Total Assets	152,155	155,135	159,302	164,220	169,909	176,411	184,170	192,821	202,415	213,000
Current liabilities										
Payables	2,371	2,441	2,502	2,564	2,628	2,694	2,761	2,830	2,901	2,973
Borrowings	1,118	216	228	241	254	268	283	298	315	332
Total current liabilities	3,489	2,657	2,730	2,805	2,882	2,962	3,044	3,128	3,216	3,305
Non-current liabilities										
Borrowings	3,274	3,969	3,741	3,500	3,246	2,978	2,695	2,397	2,082	1,750
Total non-current liabilities	3,274	3,969	3,741	3,500	3,246	2,978	2,695	2,397	2,082	1,750
Total Liabilities	6,763	6,626	6,471	6,305	6,128	5,940	5,739	5,525	5,298	5,055
NET ASSETS	145,393	148,510	152,831	157,915	163,781	170,471	178,431	187,296	197,118	207,945
Equity										
Accumulated surplus	131,000	132,285	134,107	136,520	139,649	143,535	148,190	153,661	159,993	167,236
Revaluation reserves	14,393	16,224	18,724	21,395	24,133	26,937	30,242	33,637	37,126	40,711
TOTAL EQUITY	145,392	148,509	152,831	157,915	163,782	170,472	178,432	187,298	197,119	207,947

Statement of Cash Flows - Water Fund

Scenario 3	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Cash flows from operating activities										
<i>Receipts:</i>										
Rates and annual charges	7,021	7,347	7,692	8,051	8,422	8,806	9,205	9,618	10,046	10,490
User charges and fees	16,526	17,286	18,037	18,877	19,749	20,652	21,588	22,558	23,563	24,604
Investment revenue and interest	612	340	340	323	344	376	419	473	538	616
Grants and contributions	660	675	690	706	721	738	754	771	789	806
<i>Payments:</i>										
Employee benefits and on-costs	(1,691)	(1,733)	(1,777)	(1,821)	(1,867)	(1,913)	(1,961)	(2,010)	(2,060)	(2,112)
Materials and contracts	(19,409)	(19,970)	(20,542)	(21,073)	(21,575)	(22,089)	(22,629)	(23,183)	(23,750)	(24,331)
Borrowing costs	(259)	(232)	(221)	(212)	(187)	(164)	(153)	(141)	(128)	(115)
Other	(199)	(204)	(208)	(213)	(218)	(223)	(228)	(233)	(239)	(244)
Net cash provided (or used) in operating activities	3,261	3,509	4,011	4,637	5,390	6,183	6,994	7,852	8,758	9,714
Cash flows from investing activities										
<i>Payments:</i>										
Purchase of infrastructure, property, plant & equipment	(6,603)	(2,724)	(7,799)	(2,340)	(2,382)	(2,425)	(2,475)	(2,526)	(2,578)	(2,631)
Net cash provided (or used) in investing activities	(6,603)	(2,724)	(7,799)	(2,340)	(2,382)	(2,425)	(2,475)	(2,526)	(2,578)	(2,631)
Cash flows from financing activities										
<i>Receipts:</i>										
New loans	-	949	-	-	-	-	-	-	-	-
<i>Payments:</i>										
Loan repayments	(502)	(1,156)	(216)	(228)	(241)	(254)	(268)	(283)	(298)	(315)
Dividends paid	-	(602)	(616)	(629)	(642)	(655)	(668)	(682)	(695)	(708)
Net cash provided (or used) in financing activities	(502)	(809)	(832)	(857)	(883)	(909)	(937)	(965)	(993)	(1,023)
Net increase / (decrease) in cash	(3,844)	(24)	(4,620)	1,440	2,124	2,848	3,583	4,362	5,188	6,059
Cash at the beginning of the year	30,009	26,165	26,141	21,522	22,961	25,085	27,933	31,516	35,878	41,066
Cash at the end of the year	26,165	26,141	21,522	22,961	25,085	27,933	31,516	35,878	41,066	47,125

Income Statement - Sewer Fund

Scenario 3	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Income from continuing operations										
Rates and annual charges	17,549	18,360	19,201	20,072	20,975	21,911	22,880	23,884	24,923	26,000
User charges and fees	911	953	997	1,042	1,089	1,137	1,188	1,240	1,294	1,350
Interest and investment revenue	1,221	717	585	507	328	115	97	68	46	33
Grants and contributions - Operating	85	87	89	91	93	95	97	99	102	104
Grants and contributions - Capital	2,467	11,500	11,534	11,569	9,104	5,390	1,677	1,715	1,753	1,793
Total Income	22,233	31,617	32,405	33,281	31,589	28,648	25,938	27,005	28,118	29,279
Expenses from continuing operations										
Employee benefits and oncosts	2,243	2,299	2,357	2,415	2,476	2,538	2,601	2,666	2,733	2,801
Borrowing costs	384	532	761	990	1,070	1,315	1,254	1,191	1,125	1,057
Materials and contracts	9,012	9,375	9,694	9,963	10,182	10,406	10,651	10,902	11,160	11,423
Depreciation and amortisation	5,277	5,952	6,660	7,380	7,741	8,162	8,343	8,528	8,719	8,913
Other expenses	692	708	724	741	758	775	793	811	830	849
Total Expenses	17,608	18,866	20,195	21,489	22,226	23,196	23,642	24,099	24,566	25,044
Net Operating Result	4,625	12,752	12,210	11,792	9,362	5,452	2,296	2,906	3,552	4,235
Net operating result before grants and contributions provided for capital purposes	2,158	1,252	676	223	258	62	619	1,191	1,799	2,442

Statement of Financial Position - Sewer Fund

Scenario 3	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Current assets										
Cash and investments	55,170	44,986	33,795	21,868	7,656	6,461	4,523	3,086	2,181	1,844
Receivables	4,299	4,493	4,699	4,912	5,133	5,362	5,600	5,845	6,100	6,364
Total current assets	59,469	49,479	38,494	26,780	12,790	11,824	10,123	8,932	8,281	8,207
Non-current assets										
Infrastructure, property, plant and equipment	205,815	240,330	276,585	313,443	345,636	367,294	376,737	386,420	396,349	406,531
Total non-current assets	205,815	240,330	276,585	313,443	345,636	367,294	376,737	386,420	396,349	406,531
Total Assets	265,284	289,809	315,079	340,223	358,426	379,117	386,860	395,352	404,631	414,738
Current liabilities										
Payables	271	285	292	299	306	314	322	330	338	346
Borrowings	4,173	711	1,135	1,567	2,240	2,305	2,370	2,439	2,509	2,581
Total current liabilities	4,444	996	1,427	1,866	2,547	2,619	2,692	2,769	2,847	2,928
Non-current liabilities										
Borrowings	3,360	16,132	24,606	32,651	35,219	44,163	41,792	39,353	36,844	34,264
Total non-current liabilities	3,360	16,132	24,606	32,651	35,219	44,163	41,792	39,353	36,844	34,264
Total Liabilities	7,804	17,128	26,033	34,517	37,765	46,782	44,484	42,122	39,691	37,191
NET ASSETS	257,480	272,681	289,046	305,706	320,660	332,335	342,376	353,230	364,940	377,547
Equity										
Accumulated surplus	247,104	259,218	270,777	281,906	290,591	295,352	296,945	299,134	301,956	305,448
Revaluation reserves	10,376	13,463	18,270	23,801	30,070	36,983	45,431	54,096	62,983	72,099
TOTAL EQUITY	257,480	272,681	289,047	305,707	320,661	332,335	342,376	353,230	364,940	377,547

Statement of Cash Flows - Sewer Fund

Scenario 3	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Cash flows from operating activities										
<i>Receipts:</i>										
Rates and annual charges	17,538	18,325	19,164	20,034	20,936	21,870	22,837	23,840	24,878	25,953
User charges and fees	896	794	828	867	907	949	993	1,038	1,085	1,133
Investment revenue and interest	1,221	717	585	507	328	115	97	68	46	33
Grants and contributions	1,643	10,657	10,673	10,688	8,203	4,469	735	752	769	786
<i>Payments:</i>										
Employee benefits and on-costs	(2,243)	(2,299)	(2,357)	(2,415)	(2,476)	(2,538)	(2,601)	(2,666)	(2,733)	(2,801)
Materials and contracts	(9,006)	(9,361)	(9,687)	(9,955)	(10,174)	(10,398)	(10,643)	(10,894)	(11,151)	(11,415)
Borrowing costs	(384)	(532)	(761)	(990)	(1,070)	(1,315)	(1,254)	(1,191)	(1,125)	(1,057)
Other	(692)	(708)	(724)	(741)	(758)	(775)	(793)	(811)	(830)	(849)
Net cash provided (or used) in operating activities	8,972	17,594	17,721	17,994	15,896	12,377	9,371	10,134	10,938	11,783
Cash flows from investing activities										
<i>Payments:</i>										
Purchase of infrastructure, property, plant & equipment	(13,607)	(36,450)	(37,158)	(37,735)	(32,671)	(21,891)	(8,300)	(8,484)	(8,674)	(8,869)
Net cash provided (or used) in investing activities	(13,607)	(36,450)	(37,158)	(37,735)	(32,671)	(21,891)	(8,300)	(8,484)	(8,674)	(8,869)
Cash flows from financing activities										
<i>Receipts:</i>										
New loans	-	14,038	10,000	10,000	5,000	11,250	-	-	-	-
<i>Payments:</i>										
Loan repayments	(309)	(4,728)	(1,103)	(1,523)	(1,759)	(2,240)	(2,305)	(2,370)	(2,439)	(2,509)
Dividends paid	-	(638)	(651)	(664)	(677)	(690)	(704)	(717)	(730)	(743)
Net cash provided (or used) in financing activities	(309)	8,672	8,246	7,813	2,564	8,319	(3,009)	(3,087)	(3,169)	(3,252)
Net increase / (decrease) in cash	(4,944)	(10,184)	(11,191)	(11,928)	(14,211)	(1,195)	(1,938)	(1,437)	(905)	(338)
Cash at the beginning of the year	60,113	55,170	44,986	33,795	21,868	7,656	6,461	4,523	3,086	2,181
Cash at the end of the year	55,170	44,986	33,795	21,868	7,656	6,461	4,523	3,086	2,181	1,844

Income Statement - Consolidated

Scenario 3	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Income from continuing operations										
Rates and annual charges	74,538	77,470	80,495	83,593	86,796	90,107	93,529	97,066	100,721	104,498
User charges and fees	30,316	31,940	33,638	35,412	37,267	39,205	41,231	43,347	45,263	47,247
Interest and investment revenue	4,000	2,091	1,797	1,948	1,823	1,665	1,764	1,831	1,939	2,103
Other revenues	2,394	2,449	2,908	3,389	3,467	3,547	3,628	3,712	3,797	3,884
Grants and contributions - Operating	15,715	16,408	16,306	16,611	16,922	17,239	17,564	17,895	18,232	18,619
Grants and contributions - Capital	60,948	31,982	31,478	56,793	24,615	21,195	17,781	18,125	18,475	18,347
Net gain from the disposal of assets	770	-	-	-	1,356	1,714	-	-	-	-
Total Income	188,681	162,340	166,622	197,747	172,246	174,672	175,496	181,975	188,428	194,698
Expenses from continuing operations										
Employee benefits and oncosts	41,232	43,265	44,347	45,456	46,592	47,757	48,951	50,174	51,429	52,714
Borrowing costs	4,274	7,058	5,756	5,791	5,498	5,365	4,981	4,576	4,163	3,836
Materials and contracts	38,651	40,569	43,787	43,853	46,442	47,969	49,717	50,965	52,245	53,556
Depreciation and amortisation	28,054	29,697	30,985	32,826	33,658	34,585	35,373	36,179	37,005	37,851
Other expenses	11,839	12,111	12,390	12,675	12,966	13,265	13,570	13,882	14,201	14,528
Total Expenses	124,050	132,700	137,264	140,599	145,156	148,940	152,590	155,776	159,043	162,486
Net Operating Result	64,631	29,639	29,358	57,148	27,090	25,732	22,906	26,199	29,385	32,213
Net operating result before grants and contributions provided for capital purposes	3,683	(2,342)	(2,120)	355	2,475	4,537	5,125	8,074	10,909	13,866

Statement of Financial Position - Consolidated

Scenario 3	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Current assets										
Cash and investments	160,851	138,261	129,887	121,538	111,000	117,596	122,073	129,291	140,207	156,595
Receivables	15,062	15,631	16,318	17,029	17,765	18,530	19,323	20,145	20,967	21,817
Inventories	257	262	268	274	280	286	293	301	308	316
Other	722	722	722	722	722	722	722	722	722	722
Total current assets	176,892	154,876	147,196	139,563	129,767	137,134	142,411	150,458	162,204	179,449
Non-current assets										
Receivables	430	446	464	483	502	522	543	565	586	607
Infrastructure, property, plant and equipment	1,763,588	1,889,756	1,970,583	2,077,864	2,145,600	2,205,105	2,260,054	2,316,384	2,374,131	2,433,330
Intangible assets	7,265	7,265	7,265	7,265	7,265	7,265	7,265	7,265	7,265	7,265
Total non-current assets	1,771,283	1,897,467	1,978,312	2,085,611	2,153,367	2,212,892	2,267,862	2,324,214	2,381,982	2,441,202
Total Assets	1,948,175	2,052,343	2,125,508	2,225,174	2,283,134	2,350,027	2,410,273	2,474,673	2,544,186	2,620,651
Current liabilities										
Payables	16,753	16,045	14,157	13,333	12,462	12,762	13,078	13,402	13,734	14,074
Income received in advance	144	144	144	144	144	144	144	144	144	144
Borrowings	18,251	11,425	11,677	12,659	13,600	14,008	14,425	13,808	11,026	11,353
Provisions	14,680	12,897	11,016	11,292	9,259	9,491	9,728	9,971	10,220	10,476
Total current liabilities	49,827	40,512	36,994	37,428	35,466	36,405	37,375	37,325	35,124	36,048
Non-current liabilities										
Borrowings	116,368	173,714	183,177	185,782	176,989	174,230	159,805	145,997	134,972	123,619
Provisions	935	935	935	935	935	935	935	935	935	935
Total non-current liabilities	117,303	174,649	184,112	186,717	177,924	175,165	160,740	146,932	135,907	124,554
Total Liabilities	167,130	215,161	221,106	224,144	213,390	211,570	198,115	184,257	171,031	160,602
NET ASSETS	1,781,045	1,837,182	1,904,402	2,001,030	2,069,744	2,138,457	2,212,158	2,290,416	2,373,155	2,460,049
Equity										
Accumulated surplus	1,703,738	1,733,378	1,762,735	1,819,883	1,846,973	1,872,705	1,895,611	1,921,810	1,951,195	1,983,408
Revaluation reserves	77,307	103,804	141,666	181,146	222,770	265,750	316,545	368,604	421,958	476,640
TOTAL EQUITY	1,781,045	1,837,181	1,904,402	2,001,029	2,069,744	2,138,455	2,212,156	2,290,414	2,373,153	2,460,048

Statement of Cash Flows - Consolidated

Scenario 3	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Cash flows from operating activities										
<i>Receipts:</i>										
Rates and annual charges	74,338	77,357	80,379	83,474	86,673	89,980	93,397	96,930	100,580	104,353
User charges and fees	30,412	31,483	33,066	34,821	36,654	38,568	40,570	42,661	44,582	46,543
Investment revenue and interest	4,000	2,091	1,797	1,948	1,823	1,665	1,764	1,831	1,939	2,103
Grants and contributions	69,056	39,876	39,079	64,503	32,435	29,129	25,829	26,290	26,760	26,794
Other	2,395	2,433	2,890	3,370	3,447	3,526	3,607	3,690	3,776	3,863
<i>Payments:</i>										
Employee benefits and on-costs	(41,058)	(45,048)	(46,228)	(45,180)	(48,624)	(47,525)	(48,713)	(49,931)	(51,179)	(52,459)
Materials and contracts	(38,744)	(41,281)	(45,681)	(44,683)	(47,319)	(47,676)	(49,407)	(50,648)	(51,920)	(53,224)
Borrowing costs	(4,274)	(7,058)	(5,756)	(5,791)	(5,498)	(5,365)	(4,981)	(4,576)	(4,163)	(3,836)
Other	(11,839)	(12,111)	(12,390)	(12,675)	(12,966)	(13,265)	(13,570)	(13,882)	(14,201)	(14,528)
Net cash provided (or used) in operating activities	84,286	47,744	47,157	79,790	46,625	49,038	48,496	52,364	56,174	59,609
Cash flows from investing activities										
<i>Receipts:</i>										
Sale of infrastructure, property, plant and equipment	1,170	920	400	400	4,356	3,400	400	400	400	400
<i>Payments:</i>										
Purchase of infrastructure, property, plant & equipment	(170,861)	(121,775)	(65,644)	(92,126)	(53,669)	(43,491)	(30,411)	(31,121)	(31,849)	(32,596)
Net cash provided (or used) in investing activities	(169,691)	(120,855)	(65,244)	(91,726)	(49,313)	(40,091)	(30,011)	(30,721)	(31,449)	(32,196)
Cash flows from financing activities										
<i>Receipts:</i>										
New loans	60,474	71,604	22,000	15,880	5,000	11,250	-	-	-	-
<i>Payments:</i>										
Loan repayments	(7,037)	(21,082)	(12,286)	(12,292)	(12,851)	(13,600)	(14,008)	(14,425)	(13,808)	(11,026)
Net cash provided (or used) in financing activities	53,437	50,522	9,714	3,588	(7,851)	(2,350)	(14,008)	(14,425)	(13,808)	(11,026)
Net increase / (decrease) in cash	(31,968)	(22,590)	(8,374)	(8,349)	(10,538)	6,596	4,476	7,218	10,917	16,387
Cash at the beginning of the year	192,818	160,851	138,261	129,887	121,538	111,000	117,596	122,073	129,291	140,207
Cash at the end of the year	160,851	138,261	129,887	121,538	111,000	117,596	122,073	129,291	140,207	156,595