



Our home
Our City Our future

LONG TERM FINANCIAL PLAN



2013/14 – 2022/23

CONTENTS



| | | | |
|--|----|---|----|
| EXECUTIVE SUMMARY | 4 | PRODUCTIVITY IMPROVEMENTS, COST CONSTRAINTS AND REVENUE OPTIONS | 20 |
| Long Term Financial Plan Objectives | 5 | | |
| INTRODUCTION | 6 | EXPENDITURE FORECASTS | 24 |
| Employment Outlook | 6 | EMPLOYEE COSTS | 24 |
| PLANNING ASSUMPTIONS | 12 | MATERIALS AND CONTRACTS AND OTHER COSTS | 25 |
| POPULATION | 12 | CAPITAL EXPENDITURE AND SALES | 26 |
| INFLATION FORECASTS | 13 | SENSITIVITY ANALYSIS | 27 |
| FAIRFIELD CITY MAJOR PLANNED EXPENDITURE | 14 | METHODS FOR MONITORING FINANCIAL PERFORMANCE | 28 |
| REVENUE FORECASTS | 15 | FINANCIAL MODELLING | 30 |
| RATES AND ANNUAL CHARGES | 16 | | |
| FEES AND CHARGES | 19 | | |
| PROPERTY RENTAL | 19 | | |
| COMMERCIAL ACTIVITIES | 19 | | |
| GRANTS AND SUBSIDIES | 19 | | |
| BORROWINGS | 19 | | |
| CASH RESERVES | 19 | | |

EXECUTIVE SUMMARY



Community consultation in 2012 established the Fairfield Community wanted the existing suite of services provided by Council to continue at the same level over the next 10 years. In some cases the community wants the level of service to increase. During this process the Community also identified their priorities over the next 10 years. These community priorities have given rise to new initiatives and projects that are detailed within the Long Term Financial Plan (LTFP). In addition Council is proposing to address its asset backlog so that the condition of its infrastructure remains stable for the next 10 years.

For Council to deliver and build on the existing suite of services and their levels, it will mean that various financial strategies will need to be explored to pay for them and to maintain Council's financial sustainability. Some of the strategies explored and form part of this LTFP include selling assets; utilising cash reserves; cost and efficiency improvements; generating long term income streams from development activities; and increasing rates.

Another complicating factor for Council revenue position is that it has an existing Special Rate Variation (SRV) that concludes in 2013/14 (the second year of the current Delivery Program 2013-2017). This SRV commenced in 2001/02 and was approved for a 13 year period. Council's rating revenue will therefore reduce by approximately 5% in 2014/15. This reduction will mean that Council will be unable to provide the services that the Community expects without alternative funding strategies including increases to rating revenue.

Throughout the past few years Council has been mindful of the Communities capacity to pay (Fairfield is the most socio-economic disadvantage within Metropolitan Sydney) and has undertaken many productivity improvements, cost containment and revenue opportunities (these are detailed in the LTFP). Over the past three years improvement to Councils bottom line has amounted to approximately \$7.5m. It is expected that ongoing yearly benefits equate to \$7.0m from 2013/14

throughout the LTFP period.

Also, Council has restructured its rates lowering the dependency on residential ratepayers from 75% to 60% of total rating revenue, and bringing them generally in line with neighbouring Councils. The effect of this is that the average residential rates are now lower in nominal terms to what they were in 2007-08. Should the restructuring of rates not happened and the rate pegged increases were applied to the pre-restructure residential rate, then the average residential rate would be \$173 more today – this is a saving on average of \$173pa per residential property.

For Council to deliver on the Community expectations then the following strategies are proposed in the LTFP.

- Council to develop Dutton Lane Cabramatta generating ongoing property rental income stream of \$2.4m net from 2016/17. This development will be a fully funded commercial stand alone development costing approximately \$16m. It will be funded by external loans.
- Continued vigilance on cost containment and efficiency strategies including a targeted further \$500k pa from 2017/18 from the future initiatives identified.
- Utilising available cash reserves in a more flexible manner to fund peak cash flow requirements years during the Delivery Program 2013-17 period.
- Selling Council properties for \$1.8m to fund new initiatives.
- Proposal for a Special Rate Variation (SRV) increases
 - Fixed SRV – 2% each year for 6 years; or
 - Variable SRV – diminishing increases over 5 years – 5%, 4%, 3%, 2% and 1%

With these proposals Council will be able to meet the Communities expectations for service provision, address asset backlog and maintain its financial sustainability. The proposals will be shortly put to the Community seeking their feedback about the alternatives and the likelihood of an SRV.



LONG TERM FINANCIAL PLAN OBJECTIVES

The LTFP intends to achieve the following objectives over the 10 year timeframe:

1. Maintain the existing service levels to the community.
2. Increase some levels of services.
3. Maintain Operating Surplus position.
4. Utilise available cash reserves as cash flow requires.
5. No future borrowing planned for works other than for projects that have a fully funded model .
6. Asset condition on average will remain constant.



INTRODUCTION



Requirements under Section 403 of the Local Government Act states:

- A Council must have a long term resourcing strategy to achieve the objectives established by the Community Strategic Plan, for which the Council is responsible.
- The strategy must include provision for long-term financial planning, workforce management planning and asset management planning.

What are the general requirements for long term financial planning?

- 2.1 Each Council must prepare a Long Term Financial Plan.
- 2.2 The Long Term Financial Plan must be used to inform decision making during the finalisation of the Community Strategic Plan and the development of the Delivery Program.

What is the minimum timeframe for the Long Term Financial Plan?

- 2.3 The Long Term Financial Plan must be for a minimum of ten years.

How often must the Long Term Financial Plan be reviewed?

- 2.4 The Long Term Financial Plan must be updated at least annually as part of the development of the Operational Plan.
- 2.5 The Long Term Financial Plan must be reviewed in detail as part of the four yearly review of the Community Strategic Plan.

What is the basic structure of the Long Term Financial Plan?

- 2.6 The Long Term Financial Plan must include:
 - Projected income and expenditure, balance sheet and cash flow statement
 - Planning assumptions used to develop the Plan
 - Sensitivity analysis - highlights factors/ assumptions most likely to affect the Plan
 - Financial modelling for different scenarios e.g. planned/ optimistic/ conservative
 - Methods of monitoring financial performance.

Economic Outlook

The growth of the Australian economy was below expectations at 0.6% in Q1 2013 and 2.5% over the year. Net exports is increasing due to the production phase of the mining boom however the growth outlook is unclear due to slowing economies in Asia.

The Reserve Bank of Australia holds a stable inflation outlook with uncertain growth prospects and hence retain scope to reduce the official cash rate if deemed necessary. The OECD is expecting 2.5% growth in 2013 and 3.25% in 2014 for Australia.



Markets are expecting two further 0.25% interest rate cuts throughout the rest of 2013 to further assist the economy transition from the mining sector as the labour intensive construction phase moves into the less labour intensive production phase. This shift in the mining industry should see skilled labour returning from mining areas to regional markets. This should ease skill shortages and reduce some of the growth barriers faced by businesses. That said, some commentators are expecting to see the unemployment rate increase to as much as 6.25% over the 2013-14 period as this labour shift occurs.

The weaker Australian Dollar is supporting the domestic economy by making Australian exports comparatively cheaper than they have been in recent years. The weaker AUD is also expected to improve the outlook for tourism industries. National Australia Bank Industry and Market Research Division have revised down their currency forecasts for the AUD/USD to 93c by end 2013 and 87c by late 2014.

The weaker dollar, stable inflation, returning skilled labour and steady GDP growth should go some way to restoring confidence and encourage new drivers of growth.

The current economic characteristics that present challenges to Fairfield City are;

- high unemployment,
- low labour market participation,
- low English language, literacy and numeracy skills,
- low levels of education, skills and qualifications,
- a nationally declining manufacturing industry which is the largest employing industry in Fairfield City,
- a fragmented tourism industry,
- a changing retail sector,
- competing regional business parks and industrial areas,
- ageing infrastructure,

- limited internal public transport options
- industry impacted from an unskilled labour market
- a high Australian dollar impacting export industries

The industry providing the most jobs in Fairfield LGA as at Census 2011 is Manufacturing, with Retail Trade placing second. However it is these top two industry sectors under most threat of current economic circumstances. In the ten years between Census 2001 and Census 2011, these two industry sectors, along with Wholesale trade collectively lost approximately 5,600 jobs.

Conversely, there has been significant growth in the industries of Accommodation and Food Services, Public Administration and Safety, Health Care and Social Assistance as well as Education. These four industries have added just over 4,000 jobs in the ten years between Census 2001 and Census 2011.

The Manufacturing and Wholesale Trade industries are joined by the Transport, Postal and Warehousing industry sectors as the top three economically significant industries in terms of the value of output, employment, exports and incomes for the City of Fairfield.

As at February 2012, the value of one years production (GRP) within the Fairfield City economy was \$7.4bn in real terms. The Gross Regional Product (GRP) in January 2010 was \$7.5bn in real terms. This shows a slight contraction in the value of the Fairfield economy that is not inconsistent with the moderate increase in employment figures between 2006 and 2011 Census periods.

Fairfield will continue to experience moderate structural shift in declining employment in the manufacturing, retail and wholesale industries and increasing growth in health care and education. As national growth starts to increase from a strengthening global economy, this activity will filter through to the LGA level. The gradual return of skilled labour from the mining industry is hoped to remove some of the current growth barriers for business and industry as well as introduce innovations, improved



business processes and new drivers of growth. This will lead to higher business and consumer confidence which will drive positive local economic growth in the medium to long term.¹

Community's Aspirations and Priorities

In 2012, the community were asked to define the things they would like to see in place by the year 2022.

Below is a list of identified community priorities:

- Priority 1 - Improved community safety
- Priority 2 - A clean and attractive place
- Priority 3 - Better health services
- Priority 4 - Less rubbish dumping; and
- Priority 5 - Cleaner environment
- Priority 6 - Improved roads
- Priority 7 - Better public transport
- Priority 8 - Access to Schools, Universities and TAFE
- Priority 9 - More parking
- Priority 10 - More activities for youth and children

These community priorities have given rise to the following new initiatives and projects.

PRIORITY 1 - IMPROVED COMMUNITY SAFETY

- CCTV Camera Program to be rolled out across the City

PRIORITY 2 - A CLEAN AND ATTRACTIVE PLACE

- Appointment of a cleaning attendant to improve cleanliness in the Fairfield and Cabramatta Town Centres
- Upgrade works in Fairfield City Centre

- Revitalisation of Cabramatta Town Centre with Council's Dutton Lane Development

PRIORITY 3 - BETTER HEALTH SERVICES

- The addition of gym equipment and walking paths in key parks across the City

PRIORITY 4 - LESS RUBBISH DUMPING; AND

PRIORITY 5 - CLEANER ENVIRONMENT

- The permanent appointment of the Waste Enforcement Group to address rubbish dumping
- Implementation of the new mulching service to further facilitate the recycling of green waste

PRIORITY 6 - IMPROVED ROADS

- Approximately \$32.9 million on the upgrade, renew and maintenance of roads as part of the Roads Rehabilitation and Roads and Maritime Services Repair programs

PRIORITY 7 - BETTER PUBLIC TRANSPORT

- The permanent implementation of the City Connect Bus service

PRIORITY 9 - MORE PARKING

- New and/or upgraded car parks in;
- Canley Heights Bonnyrigg
- Fairfield and
- Cabramatta

PRIORITY 10 - MORE ACTIVITIES FOR YOUTH AND CHILDREN

- Extension of Prairiewood Youth and Community Centre
- Fairfield Park Adventure Playground
- Bonnyrigg Town Centre Park upgrade including a flying fox and play equipment
- New Water Park at Prairiewood Leisure Centre.

¹ Sources: NSW Treasury, International Monetary Fund World Economic And Financial Surveys, Regional Economic Outlook: Asia and Pacific April 2013, National Australia Bank Industry and Market Research Division, Fairfield City Council Economic Development Framework.



New Projects

Whilst the community priorities listed above will provide areas for consideration over the next 10 years, the following projects are immediate and will be undertaken in 2013-14. They have been arranged into Council's themes.

THEME 1: COMMUNITY WELLBEING

- New Water Park at Prairiewood Leisure Centre
- Construction of an Adventure Playground in Fairfield District Park
- Flying Fox and play equipment at Bonnyrigg Town Centre Park
- A Timeline Wall at Fairfield City Museum

THEME 2: PLACES AND INFRASTRUCTURE

- The Smithfield Road/Polding Street Intersection Upgrade
- Stages 4 and 5 of the Canley Heights Town Centre Improvement Program
- Multi-deck car park upgrades which involve the renewal of facilities at Nelson Street and Downey Lane, Fairfield City Centre
- The Interwoven Arts Program in the Fairfield City Centre
- The Street Tree Planting Program to renew and replace trees across Fairfield City

THEME 3: ENVIRONMENTAL SUSTAINABILITY

- The Chemical Waste Collection Program
- Energy and Water Conservation Plans
- The Stormwater Levy Program
- Install Solar Pool Heating at Prairiewood and Fairfield Leisure Centres
- Install Solar Hot Water in various Council buildings

THEME 4: LOCAL ECONOMY AND EMPLOYMENT

- Additions to Fairfield City Centre Tourism Pedestrian Signage
- A Retail and Commercial Centres Study to set a new policy framework for development of retailing in Town Centres throughout the LGA
- A Latin American Festival as part of the Sydney International Food Festival
- Development of a Council e-business Online Information Point at Canley Heights Town Square

THEME 5: GOOD GOVERNANCE AND LEADERSHIP

- Redevelopment of the Fairfield City Council website
- Dutton Lane Car Park redevelopment
- Digital telephone software and hardware upgrade
- Fairfield City Council Open Day

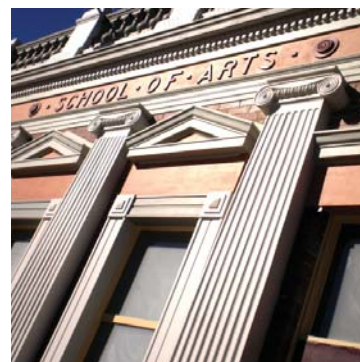




COUNCIL SERVICES

Council provides a wide range of services that have been grouped under the 5 main themes. The cost to provide these services over the four year Delivery Program period is detailed in the following tables.

| SERVICES | TOTAL INCOME | TOTAL EXPENDITURE | TOTAL NET |
|---|----------------------|--------------------|--------------------|
| THEME 1 - COMMUNITY WELLBEING | | | |
| Children and Family Services | (39,315,927) | 47,243,789 | 7,927,862 |
| Compliance Investigation and Enforcement | (17,098,483) | 16,775,325 | (323,158) |
| Environmental and Public Health | (2,653,865) | 6,903,779 | 4,249,914 |
| CCTV Camera Program | - | 2,752,463 | 2,752,463 |
| Leisure Centres | (24,950,861) | 52,137,475 | 29,186,613 |
| Library | (3,128,420) | 34,948,078 | 31,819,658 |
| Museum and Gallery | (135,653) | 2,319,840 | 2,184,187 |
| Property and Community Facilities | (15,467,101) | 24,221,160 | 8,754,058 |
| Showground and Golf Course | (7,449,363) | 7,101,166 | (348,197) |
| Social and Cultural Development | (1,628,783) | 11,058,806 | 9,430,024 |
| Street and Public Amenities Cleaning | (2,101,681) | 15,464,753 | 13,363,072 |
| Waste Management | (102,595,009) | 91,498,702 | (11,096,307) |
| | (216,525,145) | 314,425,335 | 97,900,190 |
| THEME 2 - PLACES AND INFRASTRUCTURE | | | |
| Asset Management - Civil and Built | (18,379,292) | 135,332,664 | 116,953,372 |
| Asset Management - Open Space | (3,582,091) | 38,360,529 | 34,778,438 |
| Building Control and Compliance | (3,338,906) | 10,392,473 | 7,053,568 |
| Built Resources | (2,662,021) | 16,601,650 | 13,939,629 |
| City Connect Bus | - | 1,501,631 | 1,501,631 |
| Construction Contracts Management | - | 1,482,765 | 1,482,765 |
| Development Planning | (3,373,279) | 11,781,019 | 8,407,740 |
| Emergency Risk Management | (103,228) | 9,222,816 | 9,119,588 |
| Fairfield Consulting Services | (8,528) | 421,722 | 413,194 |
| Infrastructure Construction and Maintenance | (4,054,948) | 48,081,310 | 44,026,362 |
| Major Projects Management | - | 5,056,061 | 5,056,061 |
| Strategic Land Use Planning | (94,587) | 6,350,337 | 6,255,750 |
| Surveying | (102,664) | 2,041,015 | 1,938,351 |
| | (35,699,543) | 286,625,994 | 250,926,450 |



| SERVICES | TOTAL INCOME | TOTAL EXPENDITURE | TOTAL NET |
|--|--------------|-------------------|------------|
| THEME 3 - ENVIRONMENTAL SUSTAINABILITY | | | |
| Catchment Management | (7,553,027) | 28,748,170 | 21,195,142 |
| Sustainable Resource Centre | (6,225,300) | 5,850,252 | (375,048) |
| Waste Education and Environmental Sustainability | (2,928,391) | 5,171,283 | 2,242,892 |
| | (16,706,718) | 39,769,704 | 23,062,986 |
| THEME 4 - LOCAL ECONOMY AND EMPLOYMENT | | | |
| Place Management and Economic Development | (789,575) | 17,746,563 | 16,956,988 |
| | (789,575) | 17,746,563 | 16,956,988 |
| THEME 5 - GOOD GOVERNANCE AND LEADERSHIP | | | |
| Access to Information | (24,145) | 2,255,790 | 2,231,645 |
| Civic and Councillor Services | (6,670) | 6,327,172 | 6,320,501 |
| Communications and Marketing | (3,801) | 5,483,523 | 5,479,722 |
| Corporate Business Improvement | (88,113) | 3,366,370 | 3,278,257 |
| Customer Service Administration Building | (44,007) | 4,205,139 | 4,161,133 |
| Financial Management | (25) | 7,149,824 | 7,149,680 |
| Financial Operations | (683,971) | 8,625,559 | 7,941,588 |
| Governance | - | 1,174,589 | 1,174,589 |
| Graphic Design and Printing | (6,871) | 1,443,604 | 1,436,733 |
| Human Resources | 990 | 9,009,458 | 9,010,195 |
| Information and Records Management | - | 3,785,553 | 3,785,553 |
| Information Technology (IT) | - | 19,274,609 | 19,274,609 |
| Insurance | (274,118) | 11,877,781 | 11,603,664 |
| Integrated Planning and Reporting | - | 2,560,586 | 2,560,586 |
| Payroll | - | 1,451,366 | 1,451,366 |
| Procurement, Fleet and Stores | (2,785,162) | 12,634,484 | 9,849,322 |
| Property Development Fund | (22,991,485) | 22,842,720 | (148,765) |
| | (26,907,377) | 123,468,126 | 96,560,749 |

PLANNING ASSUMPTIONS



POPULATION

Fairfield City Population Forecasts

Employment areas based around large-scale industrial estates at Wetherill Park, Smithfield as well as the major commercial centres of Fairfield and Cabramatta.

While early development of the area dates from the 1800s, the most significant period of development has been the immediate post war era. The City's population increased from around about 27,000 in 1948 to 120,000 in 1979. This was driven by large scale housing commission development in the 1950s, continuing with larger green field developments in the 1960's right through to the 1990's. The earlier period of development was concentrated in areas around Fairfield, Canley Vale and Cabramatta and the east of the City. The post war era saw development spread westward, away from the rail lines firstly into suburbs such as Fairfield West, Canley Heights and Mount Pritchard. By the 1970's suburbs such as St John's Park, Bonnyrigg, Wakeley and Prairiewood were the main development fronts followed by Edensor Park, Greenfield Park, Bossley Park and Bonnyrigg Heights. By the early 1990s, the City's only remaining residential front was Abbotsbury and accordingly, the population of the City has decreased since 2001.

The primary housing market role that the City has played in the post war era has been to provide relatively affordable housing for young families. This role continues to some extent, although the City of Liverpool to the south has overtaken Fairfield in terms of new dwellings in the last 15 years. Relatively high rates of infill development in the City are expected to continue, dominated by growth in Fairfield, Cabramatta and Bonnyrigg, and to a lesser extent in centres such as Smithfield, Fairfield Heights, Villawood and Prairiewood. This is based on large numbers of new medium density dwellings being established in the City, catering for a range of housing types particularly young adults and couples.

Fairfield City comprises significant diversity in terms of residential and economic role and function. Fairfield

CBD is the most 'urban' part of the City and along with the other Activity Centres in the east of the City such as Cabramatta, Fairfield Heights, Canley Heights and Villawood attract young adults to its higher density residential dwelling stock. More recently developed areas such as Abbotsbury, Horsley Park - Cecil Park, Bonnyrigg Heights, Edensor Park, Greenfield Park and Bossley Park by contrast have been, and are expecting to continue to, lose young adults as children leave home to establish households elsewhere. This variety of function and role of the small areas in Fairfield City means that population outcomes differ significantly across the LGA.

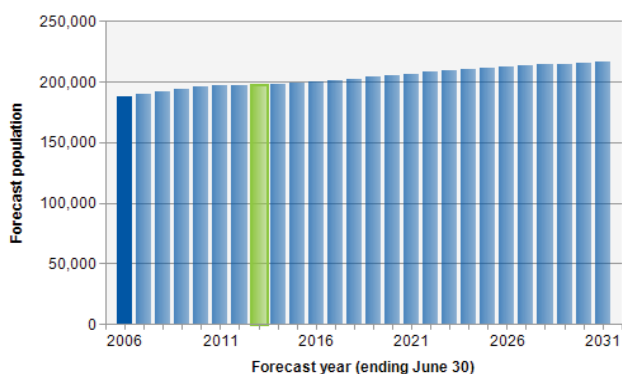
There are also significant differences in the supply of residential property within the City which will also have a major influence in structuring different population and household futures over the next five to twenty years. Large new medium density opportunities have been identified in Fairfield, Cabramatta, Bonnyrigg, Smithfield, Bossley Park, Fairfield Heights and Villawood and as a result, this area will contribute significantly to the City's population growth over the forecast period. Canley Heights, Canley Vale, Wetherill Park, Edensor Park, Mount Pritchard, Fairfield West, Cabramatta West and Prairiewood are also expected to add significant numbers of dwellings over the forecast period. All areas are expected to increase in population to some extent, driven by both infill and site-specific residential development.



Forecast population growth to 2031 is shown in the following table and chart.

| BRIEF STATISTICS | FAIRFIELD CITY |
|--|-----------------|
| Forecast population 2013 | 197,075 |
| Change between 2013 and 2031 | 19,433 |
| Average annual percentage change between 2013 and 2031 (18 years): | 0.52% per annum |
| Total percentage change between 2013 and 2031 (18 years): | 9.86% |

Forecast population, Fairfield City



INFLATION FORECASTS

Inflation forecasts used over the term of the LTFP have been based upon Deloitte's Access Economic predictions of growth in the Consumer Price Index (CPI), as shown in the following table:

| FINANCIAL YEAR | DELIOTTES ACCESS ECONOMICS FORECAST CPI INCREASES |
|----------------|---|
| 2013-14 | 2.80% |
| 2014-15 | 2.60% |
| 2015-16 | 2.50% |
| 2016-17 | 2.70% |
| 2017-18 | 2.60% |
| 2018-19 | 2.30% |
| 2019-20 | 2.50% |
| 2020-21 | 2.80% |
| 2021-22 | 2.60% |
| 2022-23 | 2.50% |

INTEREST RATE MOVEMENTS

Interest Rate forecasts used over the term of the LTFP have been based upon Deloitte's Access Economic predictions on the market rate for 90 bank bills. These are:

| FINANCIAL YEAR | DELIOTTES ACCESS ECONOMICS FORECAST 90 BANK BILL INTEREST RATES |
|----------------|---|
| 2013-14 | 3.30% |
| 2014-15 | 3.80% |
| 2015-16 | 4.40% |
| 2016-17 | 5.20% |
| 2017-18 | 5.20% |
| 2018-19 | 4.80% |
| 2019-20 | 5.10% |
| 2020-21 | 5.70% |
| 2021-22 | 5.70% |
| 2022-23 | 5.70% |



FAIRFIELD CITY MAJOR PLANNED EXPENDITURE

Council has major capital additional expenditure planned to provide the Community with enhanced services and to address the asset backlog so that average infrastructure condition is maintained throughout the planning period.

The additional capital expenditure planned is represented in the following table. Ongoing capital expenditure related to Asset Management Plans is detailed in another section of this document.

| DETAILS | PRIORITY | VALUE | FUNDING | WHEN | COMMENTS |
|--|----------|-----------|------------------------------|----------------------|--|
| Commercial Activities | | | | | |
| Dutton Lane Redevelopment | | \$16.000m | External Loans | 2014-15 and 2015-16 | This development will generate ongoing net revenue of \$2.4m per year from 2016-17 |
| One Off Initiatives | | | | | |
| Fairfield Library expansion | 1 | \$5.000m | Application for SRV | 2013-14 to 2015-16 | Partly funded through Section 94 \$0.245m and property sales of \$1.800m. |
| Water Park Prairiewood | 2 | \$2.150m | Application for SRV | 2014-15 | Partly funded from cash reserves of \$1.650m |
| Fairfield Heights Town Centre Upgrade | 6 | \$1.800m | Application for SRV | 2014-15 | Expenditure timing has been estimated for 2014-15. Actual completion will be before the end of the current Delivery Program. Changing the timing will have little impact on the overall financial modelling. |
| Cabramatta Upgrade | 7 | \$1.000m | Application for SRV | 2014-15 | |
| Fairfield Town Centre Park - The Crescent | 10 | \$1.800m | Application for SRV | 2014-15 | |
| Fairfield Youth and Community Centre (Stage 1) - grant application submitted | 11 | \$3.750m | Late amendment Grant funding | 2014-15 | |
| On-going initiatives | | | | | |
| Sportsground Upgrades | 3 | \$9.000m | Application for SRV | 9 years from 2014-15 | \$1.0m per year |
| Asset Backlog | | | | | |
| Open Space upgrades | 4 | \$4.140m | Application for SRV | 9 years from 2014-15 | \$0.46m per year |
| Community Buildings upgrades | 5 | \$15.300m | Application for SRV | 9 years from 2014-15 | \$1.7m per year |
| Roads, Kerb and Gutter upgrades | 8 | \$13.500m | Application for SRV | 9 years from 2014-15 | \$1.5m per year |
| Drainage upgrades | 9 | \$3.330m | Application for SRV | 5 years from 2014-15 | 0.37m per year |
| TOTAL | | \$76.770m | | | |

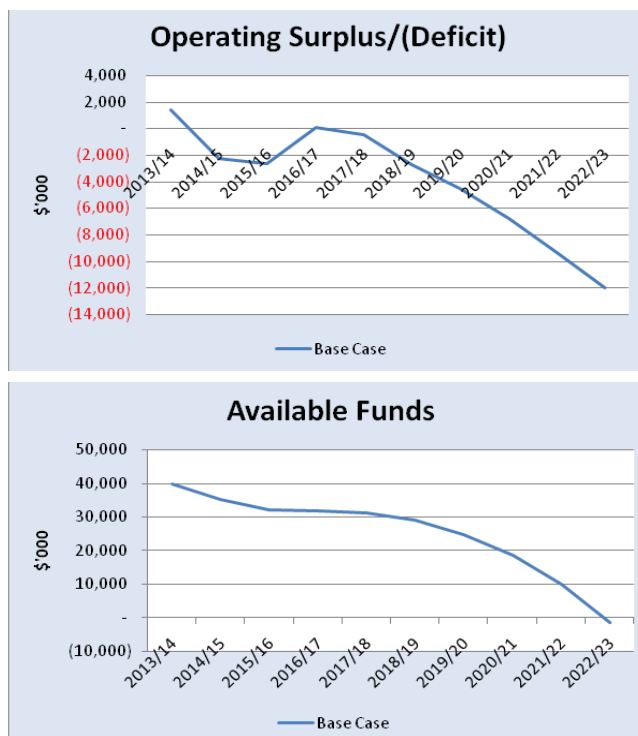
REVENUE FORECASTS



Council has a current 5% Special Rate Variation (SRV) that commenced in 2001/02. It was approved for a 13 year period and therefore concludes in the second year of the current Delivery Program 2013-2017. Council's rating revenue is therefore required to reduce by approximately 5% in 2014/15. This reduction will mean that Council will be unable to provide the services that the Community expects without alternative funding strategies including increases to rating revenue.

Option 1 Base Case

The following graphs demonstrate Council's Operating Position and available funds over the LTFP period should alternative funding strategies not be implemented. This is known as "Option 1 - Base Case" or "do nothing" case and does not include any of the additional capital expenditure initiatives identified previously.



Needless to say that the Base Case is not a financially sustainable position, with continuing operating deficits, diminution of available cash resources, deteriorating asset backlog and condition, and inability to meet Community service expectations.

Two other options that incorporate sustainable funding strategies including raising rates through SRV, selling assets and utilising existing cash reserves. These options do provide for operating surpluses, utilises available funds more effectively, maintains asset conditions at current levels whilst progressively addressing the asset backlog. But more importantly they enable Council to meet the Community's expectations and continue to deliver the existing level of services and in some cases increasing the level of Service. These options are

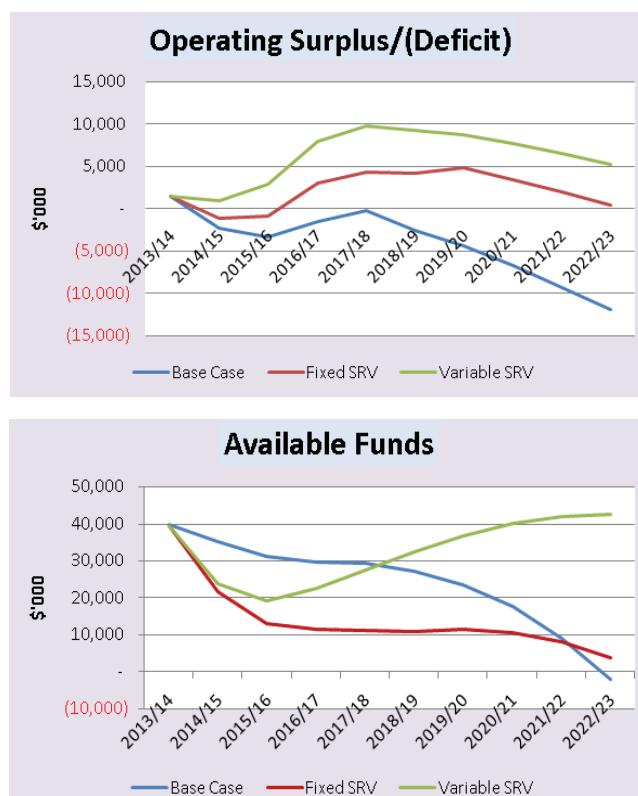
Option 2 Fixed SRV -

2% per year for 6 Years commencing 2014/15

Option 3 Variable SRV -

Diminishing increases over 5 Years - 5% in 2014/15 then 4%, 3%, 2% and lastly 1% in 2018/19.

The following graphs show the three different options and Council's Operating Position and available funds over the LTFP period. Assumptions associated with the various options are discussed in the following sections.





RATES AND ANNUAL CHARGES

Rating Policy

In 2007/08 Council commenced to restructure its rates. The business rates were not equitable across the 13 different business centres given that the services provided by Council were similar for all centres. Previously, there were different rates for each business centre. Also, the restructure addressed the higher dependency on residential rates compared to neighbouring Councils.

Council adopted a staged introduction over 5 years finishing in 2011/12.

The result of the restructure means:

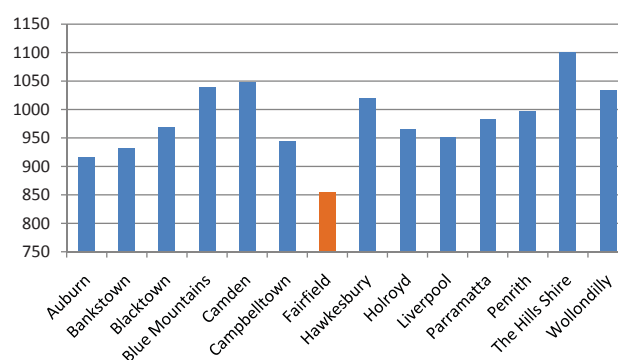
- Residential Rates now contribute approximately 60% of the total rates. This is down from 75% prior to the staged implementation of the new rating structure.
- Business rates now contribute approximately 40% of the total rates. This is up from 25% prior to the staged implementation of the new rating structure.
- There are now only 2 business rates. A rate for businesses in Business Centres and a rate for those businesses that are not.

Over this period Council's average residential rates have reduced in both nominal and real terms – from \$771 in 2007/08 to \$726 in 2012/13. Should the rate pegged increases over the period be applied to the 2007-08 average rate then in 2012-13 the average rate would have equated to \$899, some \$173 above the current average residential rate.

| FINANCIAL YEAR | AVERAGE RESIDENTIAL RATE |
|----------------|--------------------------|
| 2012-13 | \$726 |
| 2011-12 | \$695 |
| 2010-11 | \$724 |
| 2009-10 | \$758 |
| 2008-09 | \$766 |
| 2007-08 | \$771 |

Fairfield Community's capacity to pay has been improved significantly due to the restructure of its rates. This is despite it being disadvantaged compared to other like Councils. The Australian Bureau of Statistics through its Socio-Economic Indexes for Areas (SEIFA) provides comparison of social and economic conditions across Australia. The SEIFA index values are derived from multiple-weighted variables with the reference value for the whole of Australia set at 1,000. One index for SEIFA is the Index of Relative Socio-Economic Disadvantage (IRSD) which contains indicators of disadvantage for low income, high unemployment and low levels of education. A low reading for an area means it has a higher level socio-economic disadvantage. Fairfield City scores only 859 which is the lowest within Metropolitan Sydney as well as within our region (see table below).

SEIFA - Relative Socio-economic Disadvantage



This low SEIFA Index Score indicates that our city has a high level of socioeconomic disadvantage compared to the rest of Sydney. This situation heavily influences our aspirations as a community. FCC provides the community with an extensive range of services and the Community has determined that it wishes those services to continue and in some cases for them to increase. These Community aspirations cannot be delivered unless funding options including increasing rates are considered.

Accordingly, there are three options to be considered, the assumptions associated with these options are discussed in the following sections.



OPTION 1 - BASE CASE

The option assumes no policy change. The current SRV will conclude in 2014/15 and will not be replaced, thereby reducing rating revenue by approximately 5%pa for all subsequent years. The rate pegged increases are included and are assumed to be 3% per year in line with IPART's expectations for the movement in the Local Government Cost Index (LGCI).

OPTION 2 - FIXED SRV

This option includes annual SRV of 2% above the rate pegged amount assumed in Option 1, commencing in 2014/15 for a period of 6 years. It assumes some asset sales and utilisation of cash reserves.

OPTION 3 - VARIABLE SRV

This option includes annual SRV of variable and diminishing percentages above the rate pegged amount assumed in Option 1, over a 5 year period from 2014/15. The following table illustrates. The option also assumes some asset sales and utilisation of cash reserves.

| FINANCIAL YEAR | SRV |
|----------------|-----|
| 2014- 15 | 5% |
| 2015-16 | 4% |
| 2016-17 | 3% |
| 2017-18 | 2% |
| 2018-19 | 1% |

Growth in number of Rate Assessments

The primary housing market role that the City has played in the post war era has been to provide relatively affordable housing for young families. This role continues to some extent, although the City of Liverpool to the south has overtaken Fairfield in terms of new dwellings in the last 15 years. Relatively high rates of infill development in the City are expected to continue, dominated by growth in Fairfield, Cabramatta and Bonnyrigg, and to a lesser extent in centres such as

Smithfield, Fairfield Heights, Villawood and Prairiewood. This is based on large numbers of new medium density dwellings being established in the City, catering for a range of housing types particularly young adults and couples.

Over the past 6 years the growth in rate assessments has been minimal. Whilst this growth may continue it has not been built into the modelling due to lack of significance.

Domestic Waste Management Charge

The domestic garbage collection removes approximately 60,000 tonnes of domestic garbage annually. It is processed in an environmentally sustainable way at the Eastern Creek waste processing facility. Each year the Domestic Waste Management charge is calculated taking into account increases in tipping fees, land fill levy and operational expenses, including increased fuel costs.

The costs of providing waste collection services are expected to increase annually over the next 4 years at a greater rate than the expected CPI increases. The increasing costs to dispose waste at landfill sites will continue to be the primary cause of these increases. Additionally, the utilisation of new technology and more environmentally friendly collection and disposal methods for waste has increased cost implications. Council's business model of retaining its own waste collection operations is assumed to continue during the term of this financial plan.

Stormwater Levy

The Stormwater Levy is a key funding source for Council to implement major improvements to stormwater management services. Some works include reducing the impact of localised flooding and bank erosion, reusing water for irrigation and reducing pollution reaching waterways. The levy which generates approximately \$1.6m is expected to continue for the duration of the 10 year LTFP. The levy is charged to each property and therefore no growth or pricing changes are assumed in the LTFP.



Rates and Annual Charges assumptions are detailed in the following tables:

Option 1 - Base Case

| RATES AND ANNUAL CHARGES | 2013-14 | 2014-15 | 2015-16 | 2016-17 | THERE AFTER |
|-----------------------------------|---------|---------|---------|---------|-------------|
| Rate Peg | 3.40% | 3.00% | 3.00% | 3.00% | 3.00% |
| Concluding Special Rate Variation | 0% | (5.00%) | 0% | 0% | 0% |
| Application for new SRV | 0% | 0% | 0% | 0% | 0% |
| Domestic Waste Management | 6.60% | 8.80% | 8.80% | 8.90% | CPI |
| Stormwater Levy | 0% | 0% | 0% | 0% | 0% |

Option 2 - Fixed SRV

| RATES AND ANNUAL CHARGES | 2013-14 | 2014-15 | 2015-16 | 2016-17 | THERE AFTER |
|-----------------------------------|---------|---------|---------|---------|-----------------------|
| Rate Peg | 3.40% | 3.00% | 3.00% | 3.00% | 3.00% |
| Concluding Special Rate Variation | 0% | (5.00%) | 0% | 0% | 0% |
| Application for new SRV | 0% | 2.00% | 2.00% | 2.00% | 2% to 2019-20 then 0% |
| Domestic Waste Management | 6.60% | 8.80% | 8.80% | 8.90% | CPI |
| Stormwater Levy | 0% | 0% | 0% | 0% | 0% |

Option 3 - Variable SRV

| RATES AND ANNUAL CHARGES | 2013-14 | 2014-15 | 2015-16 | 2016-17 | THERE AFTER |
|-----------------------------------|---------|---------|---------|---------|---|
| Rate Peg | 3.40% | 3.00% | 3.00% | 3.00% | 3.00% |
| Concluding Special Rate Variation | 0% | (5.00%) | 0% | 0% | 0% |
| Application for new SRV | 0% | 5.00% | 4.00% | 3.00% | 2% in 2017-18 1% in 2018-19 then 0% |
| Domestic Waste Management | 6.60% | 8.80% | 8.80% | 8.90% | CPI |
| Stormwater Levy | 0% | 0% | 0% | 0% | 0% |



FEES AND CHARGES

Statutory Charges

Council has no discretion to determine the amount of the fee for a service when the amount is fixed by regulation or by another authority. Examples of statutory fees include development assessment fees, inspection fees and planning certificates. The income derived from these charges is expected to increase by CPI annually.

User Fees and Charges

User fees and charges include many items like sporting field hire, library charges, sales and sponsorship income. Increases in line with CPI are proposed.

PROPERTY RENTAL

Property rental is expected to increase significantly in 2016-17 due to the development of Dutton Lane in Cabramatta. This development which is expected to cost \$18m over 2 years (2014-15 and 2015-16) will be funded by external loans. The commercial nature of the development can support the loan repayments and will bring to Council a long term income stream of additional rental income of \$3m per year from 2016-17 which is 95% increase on the previous year as shown in the table below. The net bottom line impact is forecast to be \$2.4m after allowance for outgoings.

COMMERCIAL ACTIVITIES

Fees for the commercial waste service, childcare centres, leisure centres and showground are expected to increase in line with CPI. Ability to increase fees for these activities, beyond the CPI, is limited due to the price sensitive nature of customers and the necessity for Council to provide market competitive prices.

| USER FEES AND CHARGES | 2013-14 | 2014-15 | 2015-16 | 2016-17 | THERE AFTER |
|--------------------------|---------|---------|---------|---------|-------------|
| Statutory and Regulatory | CPI | CPI | CPI | CPI | CPI |
| User Fees and Charges | CPI | CPI | CPI | CPI | CPI |
| Property Rental | CPI | CPI | CPI | 95.00% | CPI |
| Commercial Activities | CPI | CPI | CPI | CPI | CPI |

GRANTS AND SUBSIDIES

It is assumed all recurrent grant funds will be maintained at current levels with CPI adjustments, with the exception of the pensioner rates rebate granted by the NSW State government which are not expected to increase.

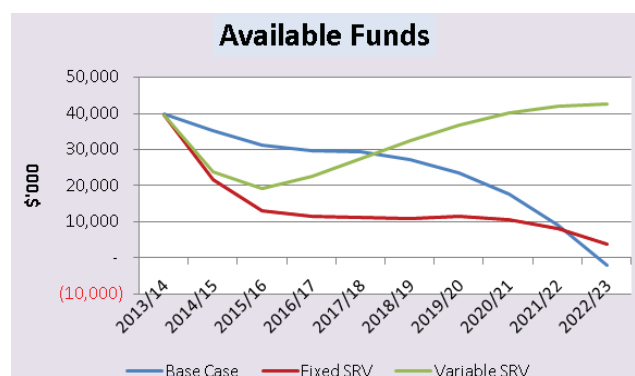
| GRANTS AND SUBSIDIES | 2013-14 | 2014-15 | 2015-16 | 2016-17 | THERE AFTER |
|----------------------|---------|---------|---------|---------|-------------|
| Grants and Subsidies | CPI | CPI | CPI | CPI | CPI |
| Pensioner Rebates | 0% | 0% | 0% | 0% | 0% |

BORROWINGS

Currently, Council has a limited amount of debt and has no future borrowing planned for works other than for projects that have a fully funded model (like the Dutton Lane redevelopment in Cabramatta). Any new loans beyond this would result in significant interest repayments and reduction in existing services.

CASH RESERVES

Council's available funds consist of Internally Restricted Cash Reserves and the Unrestricted Cash Reserve. Council has recently rationalised its internally restricted cash reserves, significantly reducing the number so as to more effectively manage Council's cash position and the expenditure demands placed on those funds. Key to this LTFP is Council's flexibility to utilise these funds to achieve the Community outcomes required. At times throughout the LTFP period Council's cashflow will demand that these funds will be drawn down, sometimes for different purposes for which they were intended. The following graph illustrates the utilisation of these funds given the three Options presented:



PRODUCTIVITY IMPROVEMENTS, COST CONTAINMENT AND REVENUE OPPORTUNITIES



Council has set demanding cost saving initiatives throughout the Delivery Program period. In addition to the initiatives below Council has targeted saving of approximately \$3.6m in Employee Costs each year. Some of the specific initiatives identified below will contribute to this target. In addition, council's employee churn (number of positions that are vacant at any given point in time) and the process in reviewing each position prior to recruitment has also contributed to these savings. Throughout the LTFP Council's employee churn has been estimated at 70 positions and stable throughout the 10 year period.

Council's productivity improvements and cost containment strategies as detailed in the following table have achieved savings of approximately \$7.5m over the past three years. Council remains committed to a strong focus on productivity improvements and future cost containment. It therefore is expected that these initiatives will exceed \$7.0m per year from 2013-14. Also, from 2016-17 additional rental income is expected from the redevelopment of Dutton Lane Car Park adding approximately \$2.4m per year net rental. Council's target from 2017-18 for future initiatives is about 0.5% (\$500k) per year of the combined value of Material and Contracts and Other Expenses.

Council's productivity improvements, cost containment and revenue strategies are shown below in four broad categories.

1. Employee Cost reductions;
2. Other Cost reductions;
3. Revenue initiatives; and
4. Service Reviews.

| INITIATIVE | \$'000 PAST SAVINGS (3 YEARS TO 2012/13) | \$,000 FUTURE SAVINGS PA (FROM 2013/14) | COMMENTS |
|---|---|--|---|
| Employee Cost Reductions | | | |
| Permanent reduction in employee positions – individual reviews | \$2,120 | \$805 | This has been achieved through natural attrition and reviewing positions as they become vacant - this initiative will continue in future years as positions become vacant and prior to any recruitment taking place |
| Permanent reduction in employee positions – 2013 Organisational Restructure | nil | \$437 - \$1,600 | Over the next 4 years further Organisational Structural Refinement will be undertaken with the target to achieve approx \$400k savings each year. |



| INITIATIVE | \$'000 PAST SAVINGS (3 YEARS TO 2012/13) | \$,000 FUTURE SAVINGS PA (FROM 2013/14) | COMMENTS |
|--|---|--|---|
| New Enterprise Agreement for Sick Leave - 2013 | \$148 | \$445 | Council's liability for ongoing sick leave accruals ceased on 1 March 2013. An option to fully payout attracted about 50% preference. Approx \$3.7m was paid in April 2013 from cash reserves. |
| Strengthen Governance and eBusiness capability | | Future Initiative | Administrative function will ultimately be replaced by eBusiness approach |
| Close down over Christmas New Year period | \$1,500 | \$500 | In an effort to reduce annual leave accruals Council implemented a compulsory close down of non-essential services between for Christmas and the New Year. Staff are required to take leave during this period. |
| Review Overtime and Options Review number of staff required for after hours matters | | Future Initiative | Future Initiative Review current practice and examine different delivery options. |
| Reduction of Annual Leave Accruals | \$710 | Continued initiative | Significant reductions in annual leave balances outstanding of 22,167 hours has been achieved to date. Ongoing management and compliance with annual leave policy will be undertaken |
| Other Cost Reductions | | | |
| Utilisation of Australia Post software to reduce postages costs | Nil | Nil | Review completed but not cost effective for Council to proceed. |
| Reduce supply and cost of paper | | Future Initiative | Target is a 50% reduction in cost approx \$125k |
| More efficient energy usage | \$210 | \$145 Continued Initiative | Review peak and off peak usage and use some smart methods to automatically switch on and off appliances to match usage. Energy efficiency is built into all building proposals new and renewal for Council's operations |
| More efficient water usage | \$60 | \$25 Continued Initiative | Installation of water tanks and more efficiency water devices is built into all building proposals new and renewal for Council's operations. |
| Legal Services | | Future Initiative | Undertake a cost benefit analysis to determine the best option. Insource or Outsource legal services. |

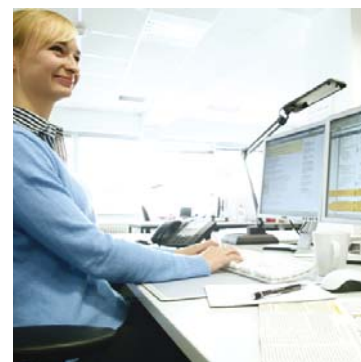


| INITIATIVE | \$'000 PAST SAVINGS (3 YEARS TO 2012/13) | \$,000 FUTURE SAVINGS PA (FROM 2013/14) | COMMENTS |
|--|---|--|--|
| Uniforms and Protective Clothing - efficiency and centralisation | Nil | Nil | Review completed but not cost effective for Council to proceed |
| Recycled Road Materials | \$713 | \$2,735 | Sustainable Resource Centre's (SRC) supply of recycled road materials and savings associated with diversion of waste away from land fill. |
| Introduce scanning software for invoices | Nil | \$60 | Purchase of software and implementation expected by 1 July 2013. This is overall improve efficiency, cash flow and manual input hours. |
| Operating hours at Libraries | | Future Initiative | Undertake analysis concerning opening at peak times and the likely service impact |
| Waste Enforcement Unit | \$160 | \$130 | Council established a waste enforcement unit to police the illegal dumping of waste in the LGA. Since that time there has been over 10,000 cubic metres of waste was removed by defendants, thereby avoiding over \$400k of additional cost to Council. |
| Procurement | | Future Initiative | Council's Procurement Policy has been adopted and implementation and process improvement is underway. Significant savings are expected through the better utilisation of preferred suppliers and government contracts as well as better contract management principles and data. |
| Revenue Initiatives | | | |
| Car Park Management and Pricing | Nil | \$1,200 | Council has taken over the management of its car parks and has increased fees effective 1 July 2013 |
| Dutton Lane Redevelopment | Nil | \$2,400 from 2016-17 | Council has proposed a significant development in Cabramatta that will generate long term income stream from property rental. |
| Review of non-rate paying entities | \$213 | \$71 | Additional revenue achieved through the review of non-rate paying entities like the Department of Housing |



| INITIATIVE | \$'000 PAST SAVINGS (3 YEARS TO 2012/13) | \$,000 FUTURE SAVINGS PA (FROM 2013/14) | COMMENTS |
|---|---|--|--|
| Utilisation of sporting field and open space | | Future Initiative | Review the potential of greater utilisation and hence revenue collected |
| Bequests/Donations/Sponsorships | | Future Initiative | Consideration of the feasibility of implementation |
| Parking Officers for specific locations | \$150 | \$150 | Stocklands Mall, Wetherill Park . |
| Explore opportunities for increased return on Council land and buildings | | Future Initiative | Examine feasibility of sites identified in line with place project plans, i.e. Canley Heights toilet block and property, laneways, car washes in car parks |
| Increased commercial advertising signage on Council land, i.e. car parks near railway stations, etc | | Future Initiative | Feasibility to be examined |
| Commercial opportunities plans for Nalawalah | | Future Initiative | Review potential to increase revenue |
| Service Reviews | | | |
| Discontinuation of Fairfield City Farm | \$1,200 | \$400 | Following the March 2009 service reviews the divestment of the management of Fairfield City Farm was achieved. |
| Closure of its shopfront offices in Fairfield Town Centre | \$300 | \$100 | Following the March 2009 service reviews the closure due to low patronage was achieved |
| Internal Service Reviews | Nil | \$192 | A review of internal service provision was undertaken in early 2013 resulting in a number of positions being removed from Councils staff establishment. |

EXPENDITURE FORECASTS



EMPLOYEE COSTS

In developing its 2013-2017 Delivery Program Council has identified the services, initiatives and major programs it will deliver over the next four years in response to the community's priorities. It is assumed that these services will continue at their current service levels throughout the full 10 year term of the LTFP. Given that the delivery of these services is labour intensive it is also expected that Employee Costs will continue to be the prominent category of operating expenditure.

Fairfield Council's Workforce Management Plan, "Our People, Our Future", is a key component of the resourcing strategy that supports the delivery of these services, initiatives and major programs. It ensures that Fairfield City Council has the right workforce skills, attributes, capabilities and strategies in place to meet the community's expectations, now and in the future. "Our People, Our Future" is linked to both the Long Term Financial Plan and Asset Management Strategy ensuring that workforce numbers, skills and development meets both now and into the future the financial and service delivery requirements identified.

The Workforce Management Plan builds on existing workforce programs, actions and successes. It includes five key strategies that are interrelated programs which meet specific Community and Organisational priorities, these are:

Council Culture & Leadership:

Embed Council's constructive culture and best practice workforce Leadership

Council Success:

Grow and secure Council's workforce capability

Council Safe:

Ensure Council's workforce' work health, safety and wellbeing

Council Customer Advocacy:

Enhance customer and community service orientation within Councils workforce

Council Connect:

Foster Council's workforce engagement, flexibility, innovation, diversity and sustainability

Increases in employee costs consist of two components:

- award increases
- movements within the salary system as part of the annual performance review process.

Past history has shown that award increases have been higher than CPI by about 1%. For the period following the Delivery Program it has been assumed therefore that this will continue. A relevant indicator of salary and wages increases is the "Average Weekly Ordinary – Time Earnings" as forecast by Deloitte Access Economics. This indicator has been used with an adjustment of an additional 1% to reflect past history and to build in salary system progression.

Superannuation Guarantee Increases have been built into the LTFP as legislated. In addition the Defined Benefit Superannuation Scheme deficit contributions are expected to continue throughout the LTFP

| USER FEES AND CHARGES | 2013-14 | 2014-15 | 2015-16 | 2016-17 | THERE AFTER |
|-------------------------------|---------|---------|---------|---------|---------------|
| Salaries and Wages | 1.80% | 3.60% | 3.00% | 3.20% | Average 5.20% |
| Superannuation Guarantee Levy | 9.25% | 9.50% | 10.00% | 10.50% | 10.50% |
| Other Employee Costs | CPI | CPI | CPI | CPI | CPI |



MATERIAL AND CONTRACTS AND OTHER OPERATING EXPENSES

Expenditure on materials, contracts and other operating costs has been generally based on CPI with the exception of expenditure for enhanced services during the Delivery Program period. From 2017/18 a productivity/efficiency target of 0.5% pa has been included in the projections to continue to build on the costs efficiencies achieved to date.

Included in this category are Rubbish Dumping Fees and Utility charges both whose growth is expected to deviate from CPI.

| MATERIAL AND CONTRACTS AND OTHER EXPENSES | 2013-14 | 2014-15 | 2015-16 | 2016-17 | THERE AFTER |
|---|---------|---------|---------|---------|----------------|
| Material and Contracts | 6.40% | 2.00% | 3.00% | 3.50% | CPI less 0.50% |
| Other Expenses - Total | -0.40% | 5.60% | 7.10% | 7.30% | CPI less 0.50% |
| Rubbish Dumping Fees | 6.60% | 8.80% | 8.80% | 8.90% | CPI |
| Utility Charges | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |





CAPITAL EXPENDITURE AND SALES

Assets exist to deliver services to the community. Council’s services are numerous and include such things as road construction, libraries and museum, open space, waste and recycling management, children’s services, flood mitigation and catchment management.

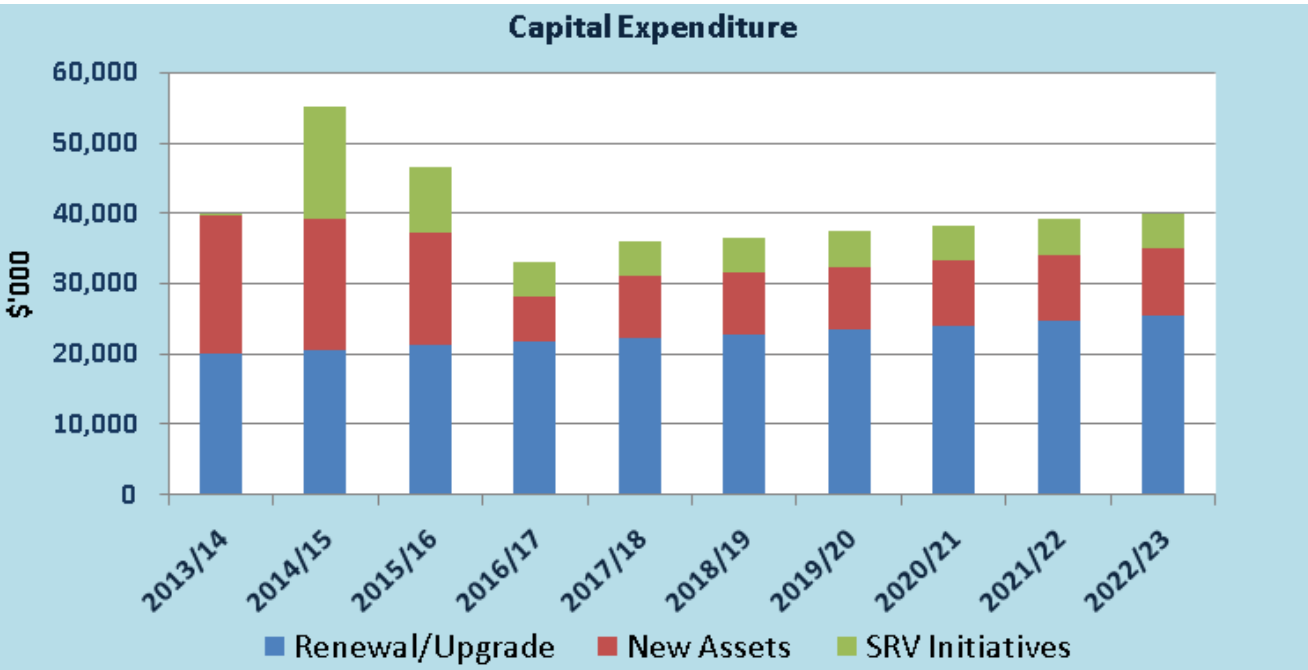
One of the key financial sustainability challenges is the on-going management and preservation of assets. To continue to provide services both now and into the future, Council needs to ensure that its assets are renewed and maintained over time. To enable this requires asset management plans that will schedule the renewal, maintenance, obsolescence and financial resources required for each asset. This whole-of-life cycle is an important element of effective asset management.

With infrastructure assets valued at about \$1.4b, asset management strategy and plans with their financial implications are significant inputs into this LTFP. Council’s Asset Management Plans (AMP’s) detail the maintenance and renewal strategies for each of the Council’s major asset classes including buildings, roads, drainage and open space.

The AMP’s drive the majority of the capital expenditure budget outlined in the LTFP. The AMP’s however list costs in today’s dollars, while the LTFP takes into consideration the impact of CPI on future values of expenditure.

In addition to the expenditure forecasts in the AMP’s, there is further capital expenditure related to new initiatives which are noted in the Operational Plan and delivery Program as “Enhancements to Services”

The following graph demonstrates Council’s planned total capital expenditure for Option 2 and Option 3 over the term of the LTFP. The SRV initiatives total \$40.650m over the 5 years from 2014/15 as shown in the green colour below.



SENSITIVITY ANALYSIS



The LTFP contains a number of assumptions based on various sources. Accordingly variations in these assumptions during the life of the plan may have a significant impact on the Council's future financial plans.

The LTFP is therefore updated annually in conjunction with the preparation of the Operational Plan.

Key drivers in the estimates provided in the LTFP and the impact of a 1% plus or minus movement are provided below.

Inflation:

Inflation estimates have been used throughout the LTFP. A movement would impact on both revenues and expenses. It is estimated that a $\pm 1\%$ movement would impact on Council's operating position only marginally. However there are significant swings within the components of revenue and expenses. Total revenues would move $\pm \$17.4\text{m}$ by 2022-23 with expenses almost matching this with a $\pm \$17.3\text{m}$ movement. This assumes that most items of revenue and expenses move in the same manner.

Rate Revenue:

The rate revenue included in the LTFP incorporates the combination of rate pegging of 3% per year and the SRV. A $\pm 1\%$ movement in rating revenue over the term of the LTFP will result in it moving $\pm \$8.0\text{m}$ in 2022-23, or about $\pm \$800\text{k}$ per year.

Annual Charges:

This includes the Domestic Waste Management Charge and the Stormwater Levy. As the Stormwater Levy is not expected to increase a $\pm 1\%$ movement does not impact on the value. The DWM charge however will move $\pm \$3.4\text{m}$ by 2022-23, or $\pm \$340\text{k}$ per year.

Fees and Charges and Operating Grants:

Both these categories of revenue will move $\pm \$1.0\text{m}$ over the next 10 years or $\pm \$100\text{k}$ each per year.

Employee Costs:

The biggest expenditure category with a significant assumption built into the financials concerning staff churn. Presently this is estimated to be approximately 70 employees equating to about \$50,000 per employee. A $\pm 1\%$ change in this would equate to a movement of \pm

\$350m over 10 years, or $\pm \$35\text{k}$ each per year.

In addition a general salary movement of $\pm 1\%$ would mean a $\pm \$7.7\text{m}$ movement over 10 years, or $\pm \$770\text{k}$ each per year.

Material and Contracts and Other Expenses:

Combined together these categories of expenditure almost reach the level of Employee Costs. Accordingly a $\pm 1\%$ change is similar at $\pm \$6.6\text{m}$ over 10 years, or $\pm \$660\text{k}$ each per year.

Interest on Investments:

Interest on Investment is sensitive to two aspects - the interest rate and the balances invested.

Should the balances move by $\pm 10\%$ (a larger percentage is estimated) then given no variation in interest forecasts the earnings would also move $\pm 10\%$. This will equate to about $\pm \$5\text{m}$ over the 10 years or $\pm \$500\text{k}$ per year.

Interest rate sensitivity will also add to any volume variance due to changes in balances. A $\pm 1\%$ change would mean a $\pm \$8.0\text{m}$ movement over 10 years, or $\pm \$800\text{k}$ each per year.

Risk Assessment

Council's risk management strategy comprises the annual update of the LTFP. This is done in conjunction with the preparation of the Operational Plan where key assumptions and forecasts are reviewed and adjusted where necessary. The revised LTFP is also submitted to Council for adoption with the new Operational Plan. The impact of significant variances or changes to the LTFP is identified with proposals for any necessary mitigating corrective action.

In addition, to determine whether there may be any emerging trends that may impact on the LTFP, monthly financial reports are submitted to Council as well as the Quarterly Budget Review Statement. Monitoring and reporting against Council's Financial Sustainability Indicators (see next section) forms part of the quarterly review.

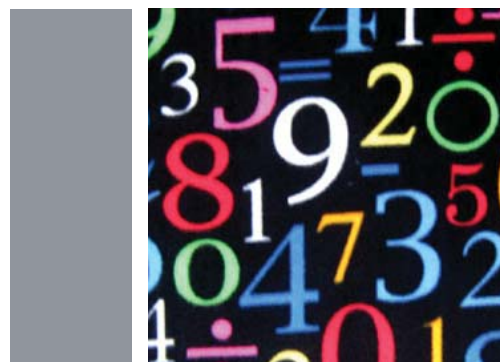
METHODS FOR MONITORING FINANCIAL PERFORMANCE AND REPORTING



The aim of the LTFP is to ensure that FCC is financially sustainable; that is, it has the financial resources to enable Council to deliver services to the community and achieve the priorities in the Fairfield City Plan.

Council has therefore adopted eight key Financial Sustainability Principles, and Indicators. These are reported in conjunction with the Quarterly Budget Review Statement (QBRs) each quarter and are shown in the following table

| INDICATOR | DEFINITION | PRINCIPLE | TARGET |
|--|---|--|---|
| 1. Operating Surplus/ Deficit | The difference between operating income and expenses (including depreciation) not including capital items | Council is to maintain a surplus position. The impact on the overall Council operating surplus should be considered with all financial decisions | An operating surplus of 3% of own source income |
| 2. Financial Gearing - 'Net Financial Liabilities Ratio' | The funding of capital purchases and renewals through loan borrowings | FCC looks to increase its gearing by taking appropriate opportunities to fund its capital purchases and capital renewals through loan borrowings. | Not to exceed 20% with increases subject to maintenance of operating surpluses. |
| 3. Debt Burden – 'Net Interest Cover Ratio' | The net (interest) cost of funding debts and interest income | Increases in debt burden will be considered providing it does not result in an operating deficit. | No target – only to increase of operating surplus maintained. |
| 4. Net Borrowing Ratio | The degree to which revenues from continuing operations are committed to the repayment of debt | Increases in net borrowing will be considered providing the increase does not result in an operating deficit. | No target – only to increase of operating surplus maintained |
| 5. Asset Renewal/ Replacement Ratio | Council's rate at which its assets are being renewed against the rate at which they are depreciating | Council's annual renewal/ replacement expenditure should at least equal its annual depreciation expense until asset management plans provide evidence of a more accurate ratio | 1:1 |
| 6. Sources of Ordinary Revenue | Council looks to optimise its income stream amongst the different income categories | Changes to the distribution of income will be considered in conjunction with Council's position concerning the tax burden for residents | There is no target, but comparatives and trends to be considered. |



| INDICATOR | DEFINITION | PRINCIPLE | TARGET |
|--|--|---|---|
| 7. Dissection of Expenses from Continuing Operations | Council to optimize its expenses and categories within | Changes to the level and distribution of expenses will be considered in conjunction with major decisions concerning service and efficiency levels | There is no target, but comparatives and trends to be considered. |
| 8. Cash/Liquidity Position | Councils ability to meet its financial obligations in the short term | Council must maintain sufficient liquid assets to pay its commitments when due and payable | 2:1 |



FINANCIAL MODELLING



OPTION 1 - BASE CASE INCOME STATEMENT

10 Year Financial Plan for the years ending 30 June 2023

| | Past Year 2011/12 \$'000 | Current Year 2012/13 \$'000 | Project Years | | | | | | | | | |
|--|-----------------------------------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | 2013/14 \$'000 | 2014/15 \$'000 | 2015/16 \$'000 | 2016/17 \$'000 | 2017/18 \$'000 | 2018/19 \$'000 | 2019/20 \$'000 | 2020/21 \$'000 | 2021/22 \$'000 | 2022/23 \$'000 |
| Income from Continuing Operations | | | | | | | | | | | | |
| Revenue: | | | | | | | | | | | | |
| Rates & Annual Charges | 86,425 | 90,555 | 95,083 | 95,988 | 100,335 | 105,015 | 107,898 | 110,772 | 113,803 | 117,034 | 120,295 | 123,621 |
| User Charges & Fees | 15,860 | 17,995 | 18,882 | 19,373 | 19,857 | 23,393 | 24,001 | 24,553 | 25,167 | 25,871 | 26,544 | 27,208 |
| Interest & Investment Revenue | 5,336 | 4,400 | 3,400 | 3,511 | 3,124 | 3,026 | 5,016 | 4,621 | 4,827 | 5,333 | 5,139 | 4,485 |
| Other Revenues | 8,658 | 6,337 | 8,749 | 8,976 | 9,198 | 9,447 | 9,692 | 9,915 | 10,162 | 10,447 | 10,719 | 10,986 |
| Grants & Contributions provided for Operating Purposes | 24,162 | 15,978 | 21,358 | 21,431 | 21,967 | 22,560 | 23,147 | 23,679 | 24,271 | 24,950 | 25,599 | 26,239 |
| Grants & Contributions provided for Capital Purposes | 5,974 | 5,121 | 6,649 | 3,565 | 3,282 | 3,357 | 3,444 | 3,524 | 3,612 | 3,713 | 3,809 | 3,904 |
| Other Income: | | | | | | | | | | | | |
| Net gains from the disposal of assets | 86 | - | - | - | - | - | - | - | - | - | - | - |
| Joint Ventures & Associated Entities | 175 | - | - | - | - | - | - | - | - | - | - | - |
| Total Income from Continuing Operations | 146,676 | 140,386 | 154,120 | 152,843 | 157,763 | 166,798 | 173,198 | 177,063 | 181,842 | 187,349 | 192,106 | 196,804 |
| Expenses from Continuing Operations | | | | | | | | | | | | |
| Employee Benefits & On-Costs | 62,212 | 66,726 | 67,442 | 69,855 | 71,967 | 74,288 | 78,191 | 82,255 | 86,474 | 90,599 | 95,135 | 99,893 |
| Borrowing Costs | 377 | 260 | 132 | 103 | 599 | 1,057 | 953 | 850 | 751 | 651 | 548 | 439 |
| Materials & Contracts | 20,112 | 21,509 | 22,881 | 23,331 | 24,036 | 24,881 | 25,502 | 26,112 | 26,790 | 27,569 | 28,312 | 29,045 |
| Depreciation & Amortisation | 24,574 | 24,642 | 25,981 | 26,669 | 27,337 | 28,076 | 28,805 | 29,467 | 30,204 | 31,049 | 31,856 | 32,652 |
| Other Expenses | 27,816 | 28,783 | 29,633 | 31,598 | 33,934 | 36,655 | 36,629 | 37,462 | 38,392 | 40,463 | 41,720 | 42,763 |
| Total Expenses from Continuing Operations | 135,091 | 141,921 | 146,069 | 151,555 | 157,874 | 164,957 | 170,080 | 176,147 | 182,611 | 190,332 | 197,572 | 204,793 |
| Net Operating Result for the Year | 11,585 | (1,535) | 8,051 | 1,288 | (111) | 1,841 | 3,118 | 916 | (770) | (2,983) | (5,466) | (7,990) |
| Net Operating Result before Grants and Contributions provided for Capital Purposes | 5,611 | (6,655) | 1,402 | (2,277) | (3,393) | (1,516) | (326) | (2,608) | (4,381) | (6,695) | (9,275) | (11,894) |



OPTION 1 - BASE CASE CASH FLOW STATEMENT

10 Year Financial Plan for the years ending 30 June 2023

| | Past Year 2011/12 \$'000 | Current Year 2012/13 \$'000 | Project Years | | | | | | | | | |
|---|-----------------------------------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | 2013/14 \$'000 | 2014/15 \$'000 | 2015/16 \$'000 | 2016/17 \$'000 | 2017/18 \$'000 | 2018/19 \$'000 | 2019/20 \$'000 | 2020/21 \$'000 | 2021/22 \$'000 | 2022/23 \$'000 |
| Cash Flows from Operating Activities | | | | | | | | | | | | |
| Receipts: | | | | | | | | | | | | |
| Rates & Annual Charges | - | 93,605 | 95,083 | 95,988 | 100,335 | 105,015 | 107,898 | 110,772 | 113,803 | 117,034 | 120,295 | 123,621 |
| User Charges & Fees | - | 17,995 | 18,882 | 19,373 | 19,857 | 23,393 | 24,001 | 24,553 | 25,167 | 25,871 | 26,544 | 27,208 |
| Interest & Investment Revenue Received | - | 5,199 | 3,400 | 3,511 | 3,124 | 3,026 | 5,016 | 4,621 | 4,827 | 5,333 | 5,139 | 4,845 |
| Grants & Contributions | - | 21,104 | 28,007 | 24,996 | 25,249 | 25,917 | 26,591 | 27,202 | 27,882 | 28,663 | 29,408 | 30,144 |
| Other | - | 8,119 | 7,422 | 8,851 | 9,076 | 9,310 | 9,557 | 9,792 | 10,026 | 10,290 | 10,569 | 10,839 |
| Payments: | | | | | | | | | | | | |
| Employee Benefits & On-Costs | - | (65,585) | (66,686) | (68,801) | (70,845) | (73,306) | (76,654) | (80,649) | (84,790) | (88,826) | (93,277) | (97,951) |
| Materials & Contracts | - | (20,471) | (22,770) | (23,129) | (23,781) | (24,582) | (25,453) | (25,991) | (26,656) | (27,330) | (28,144) | (28,896) |
| Borrowing Costs | | (260) | (132) | (103) | (599) | (1,057) | (953) | (850) | (751) | (651) | (548) | (439) |
| Bonds & Deposits Refunded | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | (28,738) | (29,587) | (31,551) | (33,886) | (36,606) | (36,578) | (37,410) | (38,339) | (40,409) | (41,664) | (42,706) |
| Net Cash provided (or used in) Operating Activities | - | 30,968 | 33,619 | 29,134 | 28,528 | 31,110 | 33,425 | 32,040 | 31,169 | 29,976 | 28,323 | 26,664 |
| Cash Flows from Investing Activities | | | | | | | | | | | | |
| Receipts: | | | | | | | | | | | | |
| Sale of Investment Securities | - | - | - | - | - | - | - | - | - | - | - | 5,498 |
| Sale of Infrastructure, Property, Plant & Equipment | - | 895 | 16,831 | 931 | 931 | 931 | 931 | 931 | 931 | 931 | 931 | 931 |
| Payments: | | | | | | | | | | | | |
| Purchase of Infrastructure, Property, Plant & Equipment | - | (31,526) | (39,726) | (39,120) | (37,226) | (28,058) | (31,023) | (31,577) | (32,366) | (33,272) | (34,137) | (34,991) |
| Net Cash provided (or used in) Investing Activities | - | (30,631) | (22,895) | (38,189) | (36,295) | (27,127) | (30,092) | (30,645) | (31,435) | (32,341) | (33,206) | (29,039) |



| | Past Year 2011/12 \$'000 | Current Year 2012/13 \$'000 | Project Years | | | | | | | | | |
|--|-----------------------------------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | 2013/14 \$'000 | 2014/15 \$'000 | 2015/16 \$'000 | 2016/17 \$'000 | 2017/18 \$'000 | 2018/19 \$'000 | 2019/20 \$'000 | 2020/21 \$'000 | 2021/22 \$'000 | 2022/23 \$'000 |
| Cash Flows from Financing Activities | | | | | | | | | | | | |
| Receipts: | | | | | | | | | | | | |
| Proceeds from Borrowings & Advances | - | - | - | 8,000 | 8,000 | - | - | - | - | - | - | - |
| Payments: | | | | | | | | | | | | |
| Repayment of Borrowings & Advances | - | (1,491) | (1,375) | (341) | (938) | (1,592) | (1,651) | (1,578) | (1,562) | (1,608) | (1,677) | (1,786) |
| Net Cash Flow provided (used in) Financing Activities | - | (1,491) | (1,375) | 7,659 | 7,062 | (1,592) | (1,651) | (1,578) | (1,562) | (1,608) | (1,677) | (1,786) |
| Net Increase/(Decrease) in Cash & Cash Equivalents | - | (1,155) | 9,348 | (1,396) | (704) | 2,391 | 1,682 | (184) | (1,827) | (3,972) | (6,561) | (3,685) |
| plus: Cash, Cash Equivalents & Investments - beginning of year | - | 6,062 | 4,907 | 14,256 | 12,860 | 12,156 | 14,547 | 16,229 | 16,045 | 14,218 | 10,245 | 3,683 |
| Cash & Cash Equivalents - end of the year | 6,062 | 4,907 | 14,256 | 12,860 | 12,156 | 14,547 | 16,229 | 16,045 | 14,218 | 10,245 | 3,685 | 0 |
| Investments - end of the year | 73,141 | 73,141 | 73,141 | 73,141 | 73,141 | 73,141 | 73,141 | 73,141 | 73,141 | 73,141 | 73,141 | 67,643 |
| Cash, Cash Equivalents & Investments - end of the year | 79,203 | 78,048 | 87,397 | 86,001 | 85,297 | 87,688 | 89,370 | 89,186 | 87,359 | 83,386 | 76,826 | 67,643 |
| Representing: | | | | | | | | | | | | |
| ‘- External Restrictions | 41,737 | 47,984 | 47,565 | 50,703 | 53,996 | 58,014 | 59,948 | 61,882 | 63,816 | 65,750 | 67,684 | 69,618 |
| ‘- Internal Restrictitons | 29,596 | 22,968 | 34,859 | 34,298 | 30,301 | 28,674 | 28,422 | 26,304 | 22,543 | 16,637 | 8,142 | (2,974) |
| ‘- Unrestricted | 7,870 | 7,096 | 4,973 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| | 79,203 | 79,048 | 87,397 | 86,001 | 85,297 | 87,688 | 89,370 | 89,186 | 87,359 | 83,386 | 76,826 | 67,643 |



OPTION 1 - BASE CASE BALANCE SHEET

10 Year Financial Plan for the years ending 30 June 2023

| | Past Year 2011/12 \$'000' | Current Year 2012/13 \$'000 | Project Years | | | | | | | | | |
|---|------------------------------------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | 2013/14 \$'000 | 2014/15 \$'000 | 2015/16 \$'000 | 2016/17 \$'000 | 2017/18 \$'000 | 2018/19 \$'000 | 2019/20 \$'000 | 2020/21 \$'000 | 2021/22 \$'000 | 2022/23 \$'000 |
| Assets | | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | | |
| Cash & Cash Equivalents | 6,062 | 4,907 | 14,256 | 12,860 | 12,156 | 14,547 | 16,229 | 16,045 | 14,218 | 10,245 | 3,685 | - |
| Investments | 43,351 | 46,757 | 46,757 | 46,757 | 46,757 | 46,757 | 46,757 | 46,757 | 46,757 | 46,757 | 46,757 | 43,243 |
| Receivables | 8,181 | 3,441 | 4,721 | 4,799 | 4,874 | 4,961 | 5,045 | 5,116 | 5,199 | 5,301 | 5,394 | 5,484 |
| Inventories | 591 | - | - | - | - | - | - | - | - | - | - | - |
| Other | 884 | - | - | - | - | - | - | - | - | - | - | - |
| Total Current Assets | 59,069 | 55,105 | 65,734 | 64,417 | 63,787 | 66,265 | 68,031 | 67,918 | 66,174 | 62,304 | 55,836 | 48,727 |
| Non-Current Assets | | | | | | | | | | | | |
| Investments | 29,790 | 26,384 | 26,384 | 26,384 | 26,384 | 26,384 | 26,384 | 26,384 | 26,384 | 26,384 | 26,384 | 24,401 |
| Receivables | 940 | - | - | - | - | - | - | - | - | - | - | - |
| Infrastructure, Property, Plant & Equipment | 1,626,045 | 1,632,034 | 1,628,948 | 1,640,468 | 1,649,437 | 1,648,478 | 1,649,764 | 1,650,942 | 1,652,173 | 1,653,465 | 1,654,815 | 1,655,222 |
| Investments accounted for using the equity method | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 |
| Investment Property | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 |
| Total Non-Current Assets | 1,677,593 | 1,679,236 | 1,676,150 | 1,687,670 | 1,696,628 | 1,695,680 | 1,696,966 | 1,698,144 | 1,699,375 | 1,700,667 | 1,702,016 | 1,701,441 |
| Total Assets | 1,736,662 | 1,734,341 | 1,741,884 | 1,752,087 | 1,760,415 | 1,761,944 | 1,764,997 | 1,766,062 | 1,765,549 | 1,762,970 | 1,757,863 | 1,750,168 |
| Liabilities | | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | | |
| Payables | 12,947 | 10,616 | 10,727 | 10,930 | 11,185 | 11,483 | 11,533 | 11,654 | 11,788 | 12,027 | 12,195 | 12,343 |
| Borrowings | 1,497 | 1,375 | 341 | 938 | 1,592 | 1,651 | 1,578 | 1,562 | 1,608 | 1,677 | 1,786 | 1,902 |
| Provisions | 27,613 | 30,570 | 31,326 | 32,380 | 33,501 | 34,484 | 36,020 | 37,626 | 39,310 | 41,083 | 42,941 | 44,883 |
| Total Current Liabilities | 42,057 | 42,561 | 42,394 | 44,247 | 46,278 | 47,618 | 49,131 | 50,842 | 52,706 | 54,787 | 56,922 | 59,129 |
| Non-Current Liabilities | | | | | | | | | | | | |
| Borrowings | 3,076 | 1,707 | 1,366 | 8,428 | 14,835 | 13,185 | 11,607 | 10,045 | 8,437 | 6,760 | 4,973 | 3,071 |
| Provisions | 3,186 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 |
| Total Non Current Liabilities | 6,244 | 4,953 | 4,612 | 11,675 | 18,082 | 16,431 | 14,853 | 13,291 | 11,684 | 10,006 | 8,220 | 6,318 |
| Total Liabilities | 48,301 | 47,515 | 47,006 | 55,922 | 64,360 | 64,049 | 63,984 | 64,133 | 64,390 | 64,794 | 65,142 | 66,446 |
| Net Assets | 1,688,361 | 1,686,826 | 1,694,877 | 1,696,165 | 1,696,055 | 1,697,895 | 1,701,013 | 1,701,929 | 1,701,159 | 1,698,177 | 1,692,711 | 1,684,721 |
| Equity | | | | | | | | | | | | |
| Retained Earnings | 662,236 | 660,701 | 668,752 | 670,040 | 669,930 | 671,770 | 674,888 | 675,804 | 675,034 | 672,052 | 666,586 | 658,596 |
| Revaluation Reserves | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 |
| Council Equity Interest | 1,688,366 | 1,686,826 | 1,694,877 | 1,696,165 | 1,696,055 | 1,697,895 | 1,701,013 | 1,701,929 | 1,701,159 | 1,698,177 | 1,692,711 | 1,684,721 |
| Total Equity | 1,688,361 | 1,686,826 | 1,694,877 | 1,696,165 | 1,696,055 | 1,697,895 | 1,701,013 | 1,701,929 | 1,701,159 | 1,698,177 | 1,692,711 | 1,684,721 |



OPTION 1 - BASE CASE KEY PERFORMANCE INDICATORS

10 Year Financial Plan for the years ending 30 June 2023

| KPI within Council's target benchmark | | Current Year 2012/13 | PROJECT YEARS | | | | | | | | | |
|--|--------------|-------------------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| Unrestricted Current Ratio | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | 2.72 | 3.87 | 3.20 | 2.64 | 2.43 | 2.37 | 2.16 | 1.84 | 1.39 | 0.83 | 0.14 |
| Debt Service Ratio | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | 1.32% | 1.05% | 0.31% | 1.02% | 1.66% | 1.57% | 1.43% | 1.33% | 1.26% | 1.21% | 1.18% |
| Rates & Annual Charges Coverage Ratio | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | 64.50% | 61.69% | 62.80% | 63.60% | 62.96% | 62.30% | 62.56% | 62.58% | 62.47% | 62.62% | 62.81% |
| Building & Infrastructure Renewals Ratio | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | 73.98% | 74.58% | 91.00% | 90.96% | 90.95% | 90.87% | 90.57% | 90.43% | 90.53% | 90.49% | 90.44% |
| Operating Surplus/ (Deficit) Ratio - on own sourced operating income | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | -5.58% | 1.11% | -1.78% | -2.56% | 1.08% | -0.22% | -1.74% | -2.85% | -4.22% | -5.70% | -7.14% |
| Net Financial Liabilities Ratio (Gearing Ratio) | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | 0.86% | 0.20% | 0.98% | 1.69% | 1.76% | 1.76% | 1.88% | 2.11% | 2.46% | 2.96% | 3.60% |
| Net Interest Coverage Ratio | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | -2.95% | -2.12% | -2.23% | -1.60% | -1.18% | -2.35% | -2.13% | -2.24 | -2.50% | -2.39% | -2.24% |
| Asset Renewal Ratio (all assets) | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | 79.17% | 77.12% | 96.02% | 95.71% | 95.22% | 94.77% | 94.38% | 93.96% | 93.51% | 93.10% | 93.35% |

● Within benchmark (minimum and/or maximum) ● Not within benchmark (minimum and/or maximum)





OPTION 2 - FIXED SRV - 2% FOR 6 YEARS

INCOME STATEMENT

10 Year Financial Plan for the years ending 30 June 2023

| | Past Year 2011/12 \$'000 | Current Year 2012/13 \$'000 | Project Years | | | | | | | | | |
|--|-----------------------------------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | 2013/14 \$'000 | 2014/15 \$'000 | 2015/16 \$'000 | 2016/17 \$'000 | 2017/18 \$'000 | 2018/19 \$'000 | 2019/20 \$'000 | 2020/21 \$'000 | 2021/22 \$'000 | 2022/23 \$'000 |
| Income from continuing operations | | | | | | | | | | | | |
| Revenue: | | | | | | | | | | | | |
| Rates and annual charges | 86,425 | 90,555 | 95,083 | 97,372 | 103,148 | 109,369 | 113,912 | 118,572 | 123,524 | 127,047 | 130,608 | 134,243 |
| User charges and fees | 15,860 | 17,995 | 18,882 | 19,373 | 19,857 | 23,393 | 24,001 | 24,553 | 25,167 | 25,871 | 26,554 | 27,208 |
| Interest and investment | 5,336 | 4,400 | 3,400 | 3,211 | 3,211 | 3,711 | 3,816 | 3,621 | 4,027 | 4,833 | 5,239 | 5,345 |
| Other revenues | 8,658 | 6,337 | 8,749 | 8,976 | 9,198 | 9,447 | 9,692 | 9,915 | 10,162 | 10,447 | 10,719 | 10,096 |
| Grants and contributions | 24,162 | 15,978 | 21,358 | 21,431 | 21,967 | 22,560 | 23,147 | 23,679 | 24,271 | 24,950 | 25,599 | 26,239 |
| Grants and contributions | 5,974 | 5,121 | 6,649 | 3,565 | 3,282 | 3,357 | 3,444 | 3,524 | 3,612 | 3,713 | 3,809 | 3,904 |
| Other Income: | | | | | | | | | | | | |
| Net gains from the disposal of assets | 86 | - | - | - | - | - | - | - | - | - | - | - |
| Joint Ventures & Associated Entities | 175 | - | - | - | - | - | - | - | - | - | - | - |
| Total Income from Continuing Operations | 146,676 | 140,386 | 154,120 | 153,927 | 160,663 | 171,837 | 178,012 | 183,863 | 190,762 | 196,861 | 202,518 | 207,926 |
| Expenses from Continuing Operations | | | | | | | | | | | | |
| Employee Benefits & On-Costs | 62,212 | 66,726 | 67,442 | 69,855 | 71,967 | 74,288 | 78,191 | 82,255 | 86,474 | 90,599 | 95,135 | 99,893 |
| Borrowing costs | 377 | 260 | 132 | 103 | 599 | 1,057 | 953 | 850 | 751 | 651 | 548 | 439 |
| Materials and Contracts | 20,112 | 21,509 | 22,881 | 23,331 | 24,036 | 24,881 | 25,373 | 25,848 | 26,385 | 27,015 | 27,604 | 28,176 |
| Depreciation & Amortisation | 24,574 | 24,642 | 25,981 | 26,675 | 27,738 | 28,602 | 29,192 | 29,708 | 30,291 | 30,975 | 31,615 | 32,236 |
| Other expenses | 27,816 | 28,783 | 29,633 | 31,580 | 34,010 | 36,705 | 36,632 | 37,494 | 38,445 | 40,521 | 41,803 | 42,886 |
| Total Expenses from Continuing Operations | 135,091 | 141,921 | 146,069 | 151,544 | 158,351 | 165,534 | 170,340 | 176,154 | 182,346 | 189,762 | 196,705 | 203,631 |
| Operating Result from Continuing Operations | 11,585 | (1,535) | 8,051 | 2,383 | 2,312 | 6,302 | 7,671 | 7,709 | 8,416 | 7,099 | 5,813 | 4,294 |
| Discontinued Operations - Profit/(Loss) | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Profit/(Loss) from Discontinued Operations | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Operating Result for the Year | 11,585 | (1,535) | 8,051 | 2,383 | 2,312 | 6,302 | 7,671 | 7,709 | 8,416 | 7,099 | 5,813 | 4,294 |
| Net operating result before grants and contributions provided for Capital Purposes | 5,611 | (6,655) | 1,402 | (1,182) | (970) | 2,945 | 4,227 | 4,185 | 4,805 | 3,386 | 2,004 | 390 |



OPTION 2 - FIXED SRV - 2% FOR 6 YEARS CASH FLOW STATEMENT

10 Year Financial Plan for the years ending 30 June 2023

| | Past Year 2011/12 \$'000 | Current Year 2012/13 \$'000 | Project Years | | | | | | | | | |
|---|-----------------------------------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | 2013/14 \$'000 | 2014/15 \$'000 | 2015/16 \$'000 | 2016/17 \$'000 | 2017/18 \$'000 | 2018/19 \$'000 | 2019/20 \$'000 | 2020/21 \$'000 | 2021/22 \$'000 | 2022/23 \$'000 |
| | | | | | | | | | | | | |
| Cash Flows from Operating Activities | | | | | | | | | | | | |
| Receipts: | | | | | | | | | | | | |
| Rates & Annual Charges | - | 93,605 | 95,083 | 97,372 | 103,148 | 109,369 | 113,912 | 118,572 | 123,524 | 127,047 | 130,608 | 134,243 |
| User Charges & Fees | - | 17,995 | 18,882 | 19,373 | 19,857 | 23,393 | 24,001 | 24,553 | 25,167 | 25,871 | 26,544 | 27,208 |
| Interest & Investment Revenue received | - | 5,199 | 3,400 | 3,211 | 3,211 | 3,711 | 3,816 | 3,621 | 4,027 | 4,833 | 5,239 | 5,345 |
| Grants & Contributions | - | 21,104 | 28,007 | 24,996 | 25,249 | 25,917 | 26,591 | 27,202 | 27,882 | 28,663 | 29,408 | 30,144 |
| Bonds & Deposits received | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | 8,119 | 7,422 | 8,851 | 9,076 | 9,310 | 9,557 | 9,792 | 10,026 | 10,290 | 10,569 | 10,839 |
| Payments: | | | | | | | | | | | | |
| Employee Benefits & On-costs | - | (65,585) | (66,686) | (68,801) | (70,845) | (73,306) | (76,654) | (80,649) | (84,790) | (88,826) | (93,277) | (97,951) |
| Materials & Contracts | - | (20,471) | (22,770) | (23,130) | (23,774) | (24,585) | (25,338) | (25,736) | (26,261) | (26,789) | (27,447) | (28,037) |
| Borrowing Costs | - | (260) | (132) | (103) | (599) | (1,057) | (953) | (850) | (751) | (651) | (548) | (439) |
| Other | - | (28,738) | (29,587) | (31,533) | (33,962) | (36,656) | (36,581) | (37,442) | (38,392) | (40,468) | (41,749) | (42,831) |
| Net Cash provided (or used in) Operating Activities | - | 30,968 | 33,619 | 30,235 | 31,360 | 36,097 | 38,350 | 39,063 | 40,432 | 39,971 | 39,348 | 38,519 |
| Cash Flows from Investing Activities | | | | | | | | | | | | |
| Receipts: | | | | | | | | | | | | |
| Sale of Investment Securities | - | - | - | 2,234 | 5,438 | - | - | - | - | - | - | - |
| Sale of Infrastructure, Property, Plant & Equipment | - | 895 | 16,831 | 931 | 2,731 | 931 | 931 | 931 | 931 | 931 | 931 | 931 |
| Payments: | | | | | | | | | | | | |
| Purchase of Infrastructure, Property, Plant & Equipment | - | (31,526) | (39,961) | (55,080) | (46,591) | (33,088) | (36,053) | (36,607) | (37,396) | (38,302) | (39,167) | (40,021) |
| Net Cash provided (or used in) Investing Activities | - | (30,631) | (23,130) | (51,915) | (38,422) | (32,157) | (35,122) | (35,675) | (36,465) | (37,371) | (38,236) | (39,090) |
| Cash Flows from Financing Activities | | | | | | | | | | | | |
| Receipts: | | | | | | | | | | | | |
| Proceeds from Borrowings & Advances | - | - | - | 8,000 | 8,000 | - | - | - | - | - | - | - |



| | Past Year 2011/12 \$'000 | Current Year 2012/13 \$'000 | Project Years | | | | | | | | | |
|--|-----------------------------------|--------------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | 013/14 \$'000 | 2014/15 \$'000 | 2015/16 \$'000 | 2016/17 \$'000 | 2017/18 \$'000 | 2018/19 \$'000 | 2019/20 \$'000 | 2020/21 \$'000 | 2021/22 \$'000 | 2022/23 \$'000 |
| Payments: | | | | | | | | | | | | |
| Repayment of Borrowings & Advances | - | (1,491) | (1,375) | (341) | (938) | (1,592) | (1,651) | (1,578) | (1,562) | (1,608) | (1,677) | (1,786) |
| Net Cash Flow provided (used in) Financing Activities | | (1,491) | (1,375) | 7,659 | 7,062 | (1,592) | (1,651) | (1,578) | (1,562) | (1,608) | (1,677) | (1,786) |
| Net Increase /(decrease) in Cash & Cash Equivalents | - | (1,155) | 9,113 | (14,021) | 0 | 2,347 | 1,577 | 1,810 | 2,405 | 992 | (566) | (2,356) |
| Plus: Cash, Cash Equivalents & Investments - beginning of year | - | 6,062 | 4,907 | 14,021 | 0 | 0 | 2,347 | 3,925 | 5,734 | 8,139 | 9,132 | 8,566 |
| Cash & Cash Equivalents - end of year | 6,062 | 4,907 | 14,021 | 0 | 0 | 2,347 | 3,925 | 5,734 | 8,139 | 9,132 | 8,566 | 6,209 |
| Investments - end of year | 73,141 | 73,141 | 73,141 | 70,907 | 65,469 | 65,469 | 65,459 | 65,459 | 65,459 | 65,459 | 65,459 | 65,459 |
| Cash, Cash Equivalents & Investments - end of year | 79,203 | 78,048 | 87,162 | 70,907 | 65,469 | 67,816 | 69,394 | 71,203 | 73,608 | 74,601 | 74,035 | 71,678 |
| Representing: | | | | | | | | | | | | |
| - External Restrictions | 41,737 | 47,984 | 47,565 | 49,303 | 52,311 | 56,329 | 58,263 | 60,197 | 62,131 | 64,065 | 65,999 | 67,933 |
| - Internal Restrictions | 29,596 | 22,968 | 34,859 | 20,604 | 12,158 | 10,487 | 10,131 | 10,006 | 10,477 | 9,536 | 7,036 | 2,746 |
| - Unrestricted | 7,870 | 7,096 | 4,738 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| | 79,203 | 78,048 | 87,162 | 70,907 | 65,469 | 67,816 | 69,394 | 71,203 | 73,608 | 74,601 | 74,035 | 71,678 |





OPTION 2 - FIXED SRV - 2% for 6 Years

BALANCE SHEET

10 Year Financial Plan for the years ending 30 June 2023

| | Past Year 2011/12 \$'000 | Current Year 2012/13 \$'000 | Project Years | | | | | | | | | |
|---|-----------------------------------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | 2013/14 \$'000 | 2014/15 \$'000 | 2015/16 \$'000 | 2016/17 \$'000 | 2017/18 \$'000 | 2018/19 \$'000 | 2019/20 \$'000 | 2020/21 \$'000 | 2021/22 \$'000 | 2022/23 \$'000 |
| ASSETS | | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | | |
| Cash & Cash Equivalents | 6,062 | 4,907 | 14,021 | - | - | 2,347 | 3,925 | 5,734 | 8,139 | 9,132 | 8,566 | 6,209 |
| Investments | 43,351 | 46,757 | 46,757 | 45,329 | 41,853 | 41,853 | 41,853 | 41,853 | 41,853 | 41,853 | 41,853 | 41,853 |
| Receivables | 8,181 | 3,441 | 4,721 | 4,799 | 4,874 | 4,961 | 5,045 | 5,116 | 5,200 | 5,303 | 5,398 | 5,490 |
| Inventories | 591 | - | - | - | - | - | - | - | - | - | - | - |
| Other | 884 | - | - | - | - | - | - | - | - | - | - | - |
| Total Current Assets | 59,069 | 55,105 | 65,499 | 50,128 | 46,726 | 49,161 | 50,823 | 52,704 | 55,192 | 56,288 | 55,817 | 53,553 |
| Non-Current Assets | | | | | | | | | | | | |
| Investments | 29,790 | 26,384 | 26,384 | 25,578 | 23,616 | 23,616 | 23,616 | 23,616 | 23,616 | 23,616 | 23,616 | 23,616 |
| Receivables | 940 | - | - | - | - | - | - | - | - | - | - | - |
| Infrastructure,Property, Plant & Equipment | 1,626,045 | 1,632,034 | 1,629,183 | 1,656,657 | 1,672,799 | 1,676,333 | 1,682,263 | 1,688,231 | 1,694,405 | 1,700,800 | 1,707,422 | 1,714,276 |
| Investments accounted for using the equity method | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 | 3,451 | 3,461 |
| Investment Property | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 |
| Total Non-Current Assets | 1,677,593 | 1,679,236 | 1,676,385 | 1,703,052 | 1,717,213 | 1,720,767 | 1,726,697 | 1,732,665 | 1,738,839 | 1,745,235 | 1,751,856 | 1,758,710 |
| Total Assets | 1,736,662 | 1,734,341 | 1,741,884 | 1,753,180 | 1,763,939 | 1,769,928 | 1,777,520 | 1,785,369 | 1,794,031 | 1,801,522 | 1,807,673 | 1,812,262 |
| Liabilities | | | | | | | | | | | | |
| Current Liabilites | | | | | | | | | | | | |
| Payables | 12,947 | 10,616 | 10,727 | 10,928 | 11,191 | 11,487 | 11,522 | 11,634 | 11,759 | 11,986 | 12,142 | 12,281 |
| Borrowings | 1,497 | 1,375 | 341 | 938 | 1,592 | 1,651 | 1,578 | 1,562 | 1,608 | 1,677 | 1,786 | 1,902 |
| Provisions | 27,613 | 30,570 | 31,326 | 32,380 | 33,501 | 34,484 | 36,020 | 37,626 | 39,310 | 41,083 | 42,941 | 44,883 |
| Total Current Liabilities | 42,057 | 42,561 | 42,394 | 44,245 | 46,285 | 47,622 | 49,120 | 50,822 | 52,677 | 54,746 | 56,870 | 59,066 |
| Non-Current Liabilites | | | | | | | | | | | | |
| Borrowings | 3,076 | 1,707 | 1,366 | 8,428 | 14,853 | 13,185 | 11,607 | 10,045 | 8,437 | 6,760 | 4,973 | 3,071 |
| Provisions | 3,168 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 |
| Total Non Current Liabilities | 6,244 | 4,953 | 4,612 | 11,675 | 18,082 | 16,431 | 14,853 | 13,291 | 11,684 | 10,006 | 8,220 | 6,318 |
| Total Liabilities | 48,301 | 47,515 | 47,006 | 55,920 | 64,367 | 64,053 | 63,974 | 64,114 | 64,360 | 64,752 | 65,090 | 65,384 |
| Net Assets | 1,688,361 | 1,686,826 | 1,694,877 | 1,697,260 | 1,699,573 | 1,705,875 | 1,713,546 | 1,721,255 | 1,729,671 | 1,736,770 | 1,742,583 | 1,746,878 |
| Equity | | | | | | | | | | | | |
| Retained Earnings | 662,236 | 660,701 | 668,752 | 671,135 | 673,448 | 679,750 | 687,421 | 695,130 | 703,546 | 710,645 | 716,458 | 720,753 |
| Revaluation Reserves | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 |
| Council Equity Interest | 1,688,361 | 1,686,826 | 1,694,877 | 1,697,260 | 1,699,573 | 1,705,875 | 1,713,546 | 1,721,255 | 1,729,671 | 1,736,770 | 1,742,583 | 1,746,878 |
| Total Equity | 1,688,361 | 1,686,826 | 1,694,877 | 1,697,260 | 1,699,573 | 1,705,875 | 1,713,546 | 1,721,255 | 1,729,671 | 1,736,770 | 1,742,583 | 1,746,878 |



OPTION 2 -FIXED SRV - 2%, for 6 Years |
KEY PERFORMANCE INDICATORS
10 Year Financial Plan for the years ending 30 June 2023

| KPI within Council's target benchmark | | Current Year 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|--|--------------|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Unrestricted Current Ratio | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | 2.72 | 3.85 | 2.08 | 1.28 | 1.12 | 1.07 | 1.04 | 1.04 | 0.94 | 0.76 | 0.48 |
| Debt Service Ratio | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | 1.32% | 1.05% | 0.30% | 1.61% | 1.61% | 1.53% | 1.38% | 1.26% | 1.20% | 1.15% | 1.12% |
| Rates & Annual Charges Coverage Ratio | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | 64.50% | 61.69% | 63.26% | 63.65% | 63.65% | 63.99% | 64.49% | 64.75% | 64.54% | 64.49% | 64.56% |
| Building & Infrastructure Renewals Ratio | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | 73.98% | 74.58% | 90.97% | 89.05% | 89.05% | 88.71% | 88.18% | 87.83% | 87.71% | 87.47% | 87.24% |
| Operating Surplus/ (Deficit) Ratio - on own sourced operating income | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | -5.58% | 1.11% | -0.92% | 0.72% | 2.02% | 2.79% | 2.67% | 2.95% | 2.01% | 1.16% | 0.22% |
| Net Financial Liabilities Ratio (Gearing Ratio) | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | 0.86% | 0.21% | 1.76% | 2.71% | 2.77% | 2.77% | 2.77% | 2.74% | 2.79% | 2.93% | 3.17% |
| Net Interest Coverage Ratio | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | -2.95% | -2.12% | -2.02% | -1.63% | -1.54% | -1.61% | -1.51% | -1.72% | -2.12% | -2.32% | -2.36% |
| Asset Renewal Ratio (all assets) | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | 79.17% | 77.12% | 118.60% | 112.46% | 111.06% | 110.75% | 110.54% | 110.29% | 109.97% | 109.75% | 110.16% |

● Within benchmark (minimum and/or maximum) ● Not within benchmark (minimum and/or maximum)





OPTION 3 - VARIABLE SRV - 5%, 4%, 3%,2% and 1% over 5 Years

INCOME STATEMENT

10 Year Financial Plan for the years ending 30 June 2023

| | Past Year 2011/12 \$'000 | Current Year 2012/13 \$'000 | Project Years | | | | | | | | | |
|--|-----------------------------------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | 2013/14 \$'000 | 2014/15 \$'000 | 2015/16 \$'000 | 2016/17 \$'000 | 2017/18 \$'000 | 2018/19 \$'000 | 2019/20 \$'000 | 2020/21 \$'000 | 2021/22 \$'000 | 2022/23 \$'000 |
| Income from Continuing Operations | | | | | | | | | | | | |
| Revenue: | | | | | | | | | | | | |
| Rates and Annual Charges | 86,425 | 90,555 | 95,083 | 99,448 | 106,756 | 113,923 | 118,693 | 122,741 | 126,132 | 129,733 | 133,375 | 137,093 |
| User Charges and Fees | 15,860 | 17,995 | 18,882 | 19,373 | 19,857 | 23,393 | 24,001 | 24,553 | 25,167 | 25,871 | 26,554 | 27,208 |
| Interest and Investment Revenue | 5,336 | 4,400 | 3,400 | 3,261 | 3,411 | 4,161 | 4,516 | 4,521 | 5,227 | 6,433 | 6,939 | 7,345 |
| Other Revenues | 8,658 | 6,337 | 8,749 | 8,976 | 9,198 | 9,447 | 9,692 | 9,915 | 10,162 | 10,447 | 10,719 | 10,986 |
| Grants and Contributions provided for Operating Purposes | 24,162 | 15,978 | 21,358 | 21,431 | 21,967 | 22,560 | 23,147 | 23,679 | 24,271 | 24,950 | 25,599 | 26,239 |
| Grants and Contributions provided for Capitol Purposes | 5,974 | 5,121 | 6,649 | 3,565 | 3,282 | 3,357 | 3,444 | 3,524 | 3,612 | 3,713 | 3,809 | 3,904 |
| Other Income: | | | | | | | | | | | | |
| Net gains from the disposal of assets | 86 | - | - | - | - | - | - | - | - | - | - | - |
| Joint Ventures & Associated Entities | 175 | - | - | - | - | - | - | - | - | - | - | - |
| Total Income from Continuing Operations | 146,676 | 140,386 | 154,120 | 156,053 | 164,472 | 176,840 | 183,493 | 188,932 | 194,571 | 201,148 | 206,986 | 212,776 |
| Expenses from Continuing Operations | | | | | | | | | | | | |
| Employee Benefits & On-Costs | 62,212 | 66,726 | 67,442 | 69,855 | 71,967 | 74,288 | 78,191 | 82,255 | 86,474 | 90,599 | 95,135 | 99,893 |
| Borrowing Costs | 377 | 260 | 132 | 103 | 599 | 1,057 | 953 | 850 | 751 | 651 | 548 | 439 |
| Materials and Contracts | 20,112 | 21,509 | 22,881 | 23,331 | 24,036 | 24,881 | 25,373 | 25,848 | 26,385 | 27,015 | 27,604 | 28,176 |
| Depreciation & Amortisation | 24,574 | 24,642 | 25,981 | 26,675 | 27,738 | 28,602 | 29,192 | 29,708 | 30,291 | 30,975 | 31,615 | 32,236 |
| Other expenses | 27,816 | 28,783 | 29,633 | 31,580 | 34,010 | 36,705 | 36,632 | 37,494 | 38,445 | 40,521 | 41,803 | 42,886 |
| Total Expenses from Continuing Operations | 135,091 | 141,921 | 146,069 | 151,544 | 158,351 | 165,534 | 170,340 | 176,154 | 182,346 | 189,762 | 196,705 | 203,631 |
| Operating Result from Continuing Operations | 11,585 | (1,535) | 8,051 | 4,509 | 6,121 | 11,306 | 13,152 | 12,778 | 12,225 | 11,386 | 10,280 | 9,145 |
| Net Operating Result for the Year | 11,585 | (1,535) | 8,051 | 4,509 | 6,121 | 11,306 | 13,152 | 12,778 | 12,225 | 11,386 | 10,280 | 9,145 |



OPTION 3 - VARIABLE SRV - 5%, 4%, 3%, 2% and 1% over 5 Years

CASH FLOW STATEMENT

10 Year Financial Plan for the years ending 30 June 2023

| | Past Year 2011/12 \$'000 | Current Year 2012/13 \$'000 | Project Years | | | | | | | | | |
|---|-----------------------------------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | 2013/14 \$'000 | 2014/15 \$'000 | 2015/16 \$'000 | 2016/17 \$'000 | 2017/18 \$'000 | 2018/19 \$'000 | 2019/20 \$'000 | 2020/21 \$'000 | 2021/22 \$'000 | 2022/23 \$'000 |
| Cash Flows from Operating Activities | | | | | | | | | | | | |
| Receipts: | | | | | | | | | | | | |
| Rates & Annual charges | - | 93,605 | 95,083 | 99,448 | 106,756 | 113,923 | 118,693 | 122,741 | 126,132 | 129,733 | 133,375 | 137,093 |
| User Charges & Fees | - | 17,995 | 18,882 | 19,373 | 19,857 | 23,393 | 24,001 | 24,553 | 25,167 | 25,871 | 26,544 | 27,208 |
| Interest & Investment Revenue Received | - | 5,199 | 3,400 | 3,261 | 3,411 | 4,161 | 4,516 | 4,521 | 5,227 | 6,433 | 6,939 | 7,345 |
| Grants & Contributions | - | 21,104 | 28,007 | 24,996 | 25,249 | 25,917 | 26,591 | 27,202 | 27,882 | 28,663 | 29,408 | 30,144 |
| Other | - | 8,119 | 7,422 | 8,851 | 9,076 | 9,310 | 9,557 | 9,792 | 10,026 | 10,290 | 10,569 | 10,839 |
| Payments: | | | | | | | | | | | | |
| Employee Benefits & On-Costs | - | (65,585) | (66,686) | (68,801) | (70,845) | (73,306) | (76,654) | (80,649) | (84,790) | (88,826) | (93,277) | (97,951) |
| Materials & Contracts | - | (20,471) | (22,770) | (23,130) | (23,774) | (24,585) | (25,338) | (25,736) | (26,261) | (26,789) | (27,447) | (28,037) |
| Borrowing Costs | - | (260) | (132) | (103) | (599) | (1,057) | (953) | (850) | (751) | (651) | (548) | (439) |
| Other | - | (28,738) | (29,587) | (31,533) | (33,962) | (36,656) | (36,581) | (37,442) | (38,392) | (40,468) | (41,749) | (42,831) |
| Net Cash provided (or used in) Operating Activities | - | 30,968 | 33,619 | 32,361 | 35,168 | 41,100 | 43,831 | 44,133 | 44,240 | 44,258 | 43,815 | 43,370 |
| Cash Flows from Investing Activities | | | | | | | | | | | | |
| Receipts:- | | | | | | | | | | | | |
| Sale of Investment Securities | - | - | - | 108 | 1,629 | - | - | - | - | - | - | - |
| Sale of Infrastructure, Property Plant & Equipment | - | 895 | 16,831 | 931 | 2,731 | 931 | 931 | 931 | 931 | 931 | 931 | 931 |
| Payments: | | | | | | | | | | | | |
| Purchase of Infrastructure, Property, Plant & Equipment | - | (31,526) | (39,961) | (55,080) | (46,591) | (33,088) | (36,053) | (36,607) | (37,396) | (38,302) | (39,167) | (40,021) |
| Net Cash provided (or used in) Investing Activities | - | (30,631) | (23,130) | (54,041) | (42,231) | (32,157) | (35,122) | (35,675) | (36,465) | (37,371) | (38,236) | (39,090) |



| | Past Year 2011/12 \$'000 | Current Year 2012/13 \$'000 | Project Years | | | | | | | | | |
|--|-----------------------------------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | 2013/14 \$'000 | 2014/15 \$'000 | 2015/16 \$'000 | 2016/17 \$'000 | 2017/18 \$'000 | 2018/19 \$'000 | 2019/20 \$'000 | 2020/21 \$'000 | 2021/22 \$'000 | 2022/23 \$'000 |
| Cash Flows from Financing Activities | | | | | | | | | | | | |
| Receipts: | | | | | | | | | | | | |
| Proceeds from Borrowings & Advances | - | - | - | 8,000 | 8,000 | - | - | - | - | - | - | - |
| Repayment of Borrowings & Advances | - | (1,491) | (1,375) | (341) | (938) | (1,592) | (1,651) | (1,578) | (1,562) | (1,608) | (1,677) | (1,786) |
| Net Cash Flow provided (used in) Financing Activities | - | (1,491) | (1,375) | 7,659 | 7,062 | (1,592) | (1,651) | (1,578) | (1,562) | (1,608) | (1,677) | (1,786) |
| Net increase/(Decrease) in Cash & Cash Equivalents | - | (1,155) | 9,113 | (14,021) | 0 | 7,351 | 7,059 | 6,879 | 6,213 | 5,279 | 3,902 | 2,494 |
| plus: Cash, Cash Equivalents & Investments - beginning of year | - | 6,062 | 4,907 | 14,021 | 0 | 0 | 7,351 | 14,409 | 21,289 | 27,502 | 32,781 | 36,682 |
| Cash & Cash Equivalents - end of the year | 6,062 | 4,907 | 14,021 | 0 | 0 | 7,351 | 14,409 | 21,289 | 27,502 | 32,781 | 36,682 | 39,176 |
| Investments - end of the year | 73,141 | 73,141 | 73,141 | 73,033 | 71,404 | 71,404 | 71,404 | 71,404 | 71,404 | 71,404 | 71,404 | 71,404 |
| Cash, Cash Equivalents & Investments - end of the year | 79,203 | 78,048 | 87,162 | 73,033 | 71,404 | 78,755 | 85,813 | 92,692 | 98,906 | 104,185 | 108,086 | 110,580 |
| Representing: | | | | | | | | | | | | |
| -External Restrictions | 41,737 | 47,984 | 47,565 | 49,303 | 52,311 | 56,329 | 58,263 | 60,197 | 62,131 | 64,065 | 65,999 | 67,933 |
| - Internal Restrictions | 29,596 | 22,968 | 34,859 | 22,730 | 18,093 | 21,426 | 26,550 | 31,496 | 36,775 | 39,120 | 41,088 | 41,647 |
| -Unrestricted | 7,870 | 7,096 | 4,738 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| | 79,203 | 78,048 | 87,162 | 73,033 | 71,404 | 78,755 | 85,813 | 92,692 | 98,906 | 104,185 | 108,086 | 110,580 |



OPTION 3 - VARIABLE SRV - 5%, 4%, 3%, 2% and 1% over 5 Years

BALANCE SHEET

10 Year Financial Plan for the years ending 30 June 2023

| | Past Year 2011/12 \$'000 | Current Year 2012/13 \$'000 | Project Years | | | | | | | | | |
|---|-----------------------------------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | 2013/14 \$'000 | 2014/15 \$'000 | 2015/16 \$'000 | 2016/17 \$'000 | 2017/18 \$'000 | 2018/19 \$'000 | 2019/20 \$'000 | 2020/21 \$'000 | 2021/22 \$'000 | 2022/23 \$'000 |
| ASSETS | | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | | |
| Cash & Cash Equivalents | 6,062 | 4,907 | 14,021 | | - | 7,351 | 14,409 | 21,289 | 27,502 | 32,781 | 36,682 | 39,176 |
| Investments | 43,351 | 46,757 | 46,757 | 46,688 | 45,647 | 45,647 | 45,647 | 45,647 | 45,647 | 45,647 | 45,647 | 45,647 |
| Receivables | 8,181 | 3,441 | 4,721 | 4,799 | 4,874 | 4,961 | 5,045 | 5,116 | 5,200 | 5,303 | 5,398 | 5,490 |
| Inventories | 591 | - | - | - | - | - | - | - | - | - | - | - |
| Other | 884 | - | - | - | - | - | - | - | - | - | - | - |
| Total Current Assets | 59,069 | 55,105 | 65,499 | 51,487 | 50,520 | 57,959 | 65,101 | 72,052 | 78,349 | 83,731 | 87,727 | 90,313 |
| Non-Current Assets | | | | | | | | | | | | |
| Investments | 29,790 | 26,384 | 26,384 | 26,345 | 25,757 | 25,757 | 25,757 | 25,757 | 25,757 | 25,757 | 25,767 | 25,757 |
| Recievables | 940 | - | - | - | - | - | - | - | - | - | - | - |
| Infrastructure,Property, Plant & Equipment | 1,626,045 | 1,632,034 | 1,629,183 | 1,672,657 | 1,676,779 | 1,676,333 | 1,682,263 | 1,688,231 | 1,694,405 | 1,700,800 | 1,707,422 | 1,714,276 |
| Investments accounted for using the equity method | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 | 3,461 |
| Investment Property | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 | 17,357 |
| Total Non-Current Assets | 1,677,593 | 1,679,236 | 1,676,385 | 1,703,819 | 1,719,354 | 1,722,908 | 1,728,838 | 1,734,806 | 1,740,980 | 1,747,375 | 1,53,997 | 1,760,851 |
| Total Assets | 1,736,662 | 1,734,341 | 1,741,884 | 1,755,307 | 1,769,874 | 1,780,867 | 1,793,940 | 1,806,858 | 1,819,329 | 1,831,107 | 1,841,724 | 1,851,163 |
| LIABILITIES | | | | | | | | | | | | |
| Current Liabilites | | | | | | | | | | | | |
| Payables | 12,947 | 10,616 | 10,727 | 10,928 | 11,191 | 11,487 | 11,522 | 11,634 | 11,759 | 11,986 | 12,142 | 12,281 |
| Borrowings | 1,497 | 1,375 | 341 | 938 | 1,592 | 1,651 | 1,578 | 1,562 | 1,608 | 1,677 | 1,786 | 1,902 |
| Provisions | 27,613 | 30,570 | 31,326 | 32,380 | 33,501 | 34,484 | 36,020 | 37,626 | 39,310 | 41,083 | 42,941 | 44,883 |
| Total Current Liabilities | 42,057 | 42,561 | 42,394 | 44,245 | 46,285 | 47,622 | 49,120 | 50,822 | 52,677 | 54,746 | 56,870 | 59,066 |
| Non-Current Liabilities | | | | | | | | | | | | |
| Borrowings | 3,076 | 1,707 | 1,366 | 8,428 | 14,835 | 13,185 | 11,607 | 10,045 | 8,437 | 6,760 | 4,973 | 3,071 |
| Provisions | 3,168 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 | 3,247 |
| Total Non Current Liabilities | 6,244 | 4,953 | 4,612 | 11,675 | 18,082 | 16,431 | 14,853 | 13,291 | 11,684 | 10,006 | 8,220 | 6,318 |
| TOTAL LIABILITIES | 48,301 | 47,515 | 47,006 | 55,920 | 64,367 | 64,053 | 63,974 | 64,114 | 64,360 | 64,752 | 65,090 | 65,384 |
| Net Assets | 1,688,361 | 1,686,826 | 1,694,877 | 1,699,387 | 1,705,507 | 1,716,813 | 1,729,966 | 1,742,744 | 1,754,969 | 1,766,354 | 1,776,635 | 1,785,779 |
| EQUITY | | | | | | | | | | | | |
| Retained Earnings | 662,236 | 660,701 | 668,752 | 673,262 | 679,382 | 690,688 | 703,841 | 716,619 | 728,844 | 740,229 | 750510 | 759,654 |
| Revaluation Reserves | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 | 1,026,125 |
| Council Equity Interest | 1,688,361 | 1,686,826 | 1,694,877 | 1,699,387 | 1,705,507 | 1,716,813 | 1,729,966 | 1,742,744 | 1,754,969 | 1,766,354 | 1,776,635 | 1,785,779 |
| Total Equity | 1,688,361 | 1,686,826 | 1,694,877 | 1,699,387 | 1,705,507 | 1,716,813 | 1,729,966 | 1,742,744 | 1,754,959 | 1,766,354 | 1,776,635 | 1,785,779 |



OPTION 3 - VARIABLE SRV - 5%, 4%, 3%, 2% and 1% over 5 Years

KEY PERFORMANCE INDICATORS

10 Year Financial Plan for the years ending 30 June 2023

| KPI within Council's target benchmark | | Current Year 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|--|--------------|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Unrestricted Current Ratio | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | 2.72 | 3.85 | 2.25 | 1.72 | 1.90 | 2.23 | 2.52 | 2.72 | 2.83 | 2.85 | 2.78 |
| Debt Service Ratio | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | 1.32% | 1.05% | 0.30% | 0.98% | 1.56% | 1.48% | 1.34% | 1.24% | 1.17% | 1.12% | 1.09% |
| Rates & Annual Charges Coverage Ratio | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | 64.50% | 61.69% | 63.73% | 64.91% | 64.42% | 64.69% | 64.97% | 64.83% | 64.50% | 64.44% | 64.43% |
| Building & Infrastructure Renewals Ratio | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | 7.98% | 74.58% | 90.97% | 89.84% | 89.05% | 88.71% | 88.18% | 87.83% | 87.71% | 87.47% | 87.24% |
| Operating Surplus/ (Deficit) Ratio - on own sourced operating income | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | -5.58% | 1.11% | 0.72% | 204% | 5.27% | 6.19% | 5.72% | 5.17% | 4.45% | 3.64% | 2.87% |
| Net Financial Liabilities Ratio (Gearing Ratio) | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | 0.86% | 0.21% | 1.64% | 2.37% | 2.14% | 1.84% | 1.55% | 1.31% | 1.14% | 1.04% | 1.01% |
| Net Interest Coverage Ratio | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | -2.95% | -2.12% | -2.02% | -1.71% | -1.76% | -1.94% | -1.94% | -2.30% | -2.87% | -3.09% | -3.25% |
| Asset Renewal Ratio (all assets) | Snapshot | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| | Actual Ratio | 79.17% | 77.12% | 118.60% | 112.46% | 111.06% | 110.75% | 110.54% | 110.29% | 109.97% | 109.72% | 110.16% |

● Within benchmark (minimum and/or maximum) ● Not within benchmark (minimum and/or maximum)

