



---

**LONG TERM FINANCIAL PLAN**  
2021-22 to 2030-31

---

## Contents

|  |    |
|--|----|
| Executive Summary.....   | 3  |
| The necessity of having a Long Term Financial Plan.....  | 4  |
| Current Financial Position.....  | 5  |
| Current Ratio.....   | 5  |
| Rates and Annual Charges Outstanding Ratio .....   | 5  |
| Own Source Revenue Ratio.....  | 6  |
| Asset Sustainability Ratio.....  | 7  |
| Summary of Financial Position.....   | 7  |
| Emerging Issues.....   | 8  |
| The Impact of Growth.....  | 8  |
| Asset Management.....  | 8  |
| The Way Ahead – Improving Long Term Sustainability .....   | 9  |
| Constrain Growth in Operating Costs .....  | 9  |
| Advocate Strongly for Grants from other levels of Government .....   | 9  |
| Improve the Approach to Asset Management .....   | 10 |
| Allocate unrestricted reserves and grant funding to capital renewal projects until operational income supports investment in new assets..... | 10 |
| Increase Rate Income to fund Increased Levels of Capital Expenditure.....  | 10 |
| Assumptions.....   | 11 |
| Operating income and expenditures .....  | 11 |
| Capital Income and Expenditures .....  | 11 |
| 10 Year Income Statement .....   | 12 |
| 10 Year Statement of Cash Flows .....  | 13 |
| 10 Year Statement of Financial Position .....  | 15 |
| Financial Ratios .....   | 17 |

## Executive Summary

This Long-Term Financial Plan is designed to ensure the financial sustainability of Litchfield Council over the next 10 Years by supporting sound financial decision making.

Sustainability in the context of Litchfield means the community has well maintained facilities and infrastructure and receives good quality services at an affordable level of property rates both now and into the future.

Council currently has strong cash reserves and no debt which provides a good foundation in the short term. In the long term however, Council faces several challenges including:

- operating deficits due to depreciation;
- dependency of external funding due to insufficient own-source revenue; and
- inadequate funding for capital expenditure to maintain the existing asset base.

These challenges are not easily resolved and can only be addressed through a long term, disciplined approach to the allocation of financial resources.

The Long Term Financial Plan is based on the following strategies:

- Constrain growth in operating costs;
- Advocate strongly for grants from other levels of Government;
- Improve the approach to Asset Management;
- Allocate unrestricted reserves and grant funding to capital renewal projects until operational income supports investment in new assets; and
- Increase rate income to fund sustainable capital spend.

The combination of these strategies will improve the sustainability of Litchfield gradually over time with the key objective of increasing the level of capital expenditure, which is currently inadequate.

A ten year Operating Statement, Cash Flow Statement and Balance Sheet has been prepared based on a series of assumptions about the movement of each income and expenditure type. This ten-year view provides the context for the annual Municipal Plan and budget process and reports against the financial Key Performance Indicators of the Strategic Plan.

## The necessity of having a Long-Term Financial Plan

The Local Government Act requires Council to prepare and maintain a Long-Term Financial Plan (LTFP). Litchfield Council has therefore developed a ten-year plan to ensure that the decisions made today are truly sustainable in the long term.

A long-term financial plan provides a framework to consider:

- The level of funding required to deliver services for the community.
- The funding of new or upgraded assets.
- What income sources are available and how can these be maximised?
- What property rating strategy should be adopted?

The goal of the LTFP is to ensure financial sustainability which can be defined as:

‘...a government’s ability to manage its finances so it can meet its spending commitments, both now and in the future. It ensures future generations of taxpayers do not face an unmanageable bill for government services provided to the current generation.’  
(Commonwealth Government, Intergenerational Report, May 2002)

Sustainability in the context of Litchfield means the community has well maintained facilities and infrastructure and receives good quality services at an affordable level of property rates both now and into the future.

The directions of the LTFP are informed by Council’s Strategic Plan and Asset Management Plans. The LTFP also provides the context and financial limits that need to be considered in the development of long-term plans and the management of expectations about what can be achieved.

The LTFP is developed using a series of assumptions about future growth in income and expenses. These assumptions have been based on the best available information and will be reviewed on an annual basis in conjunction with the development of the Municipal Plan. The strategies contained in the LTFP will help set the parameters for the development of the annual budget.

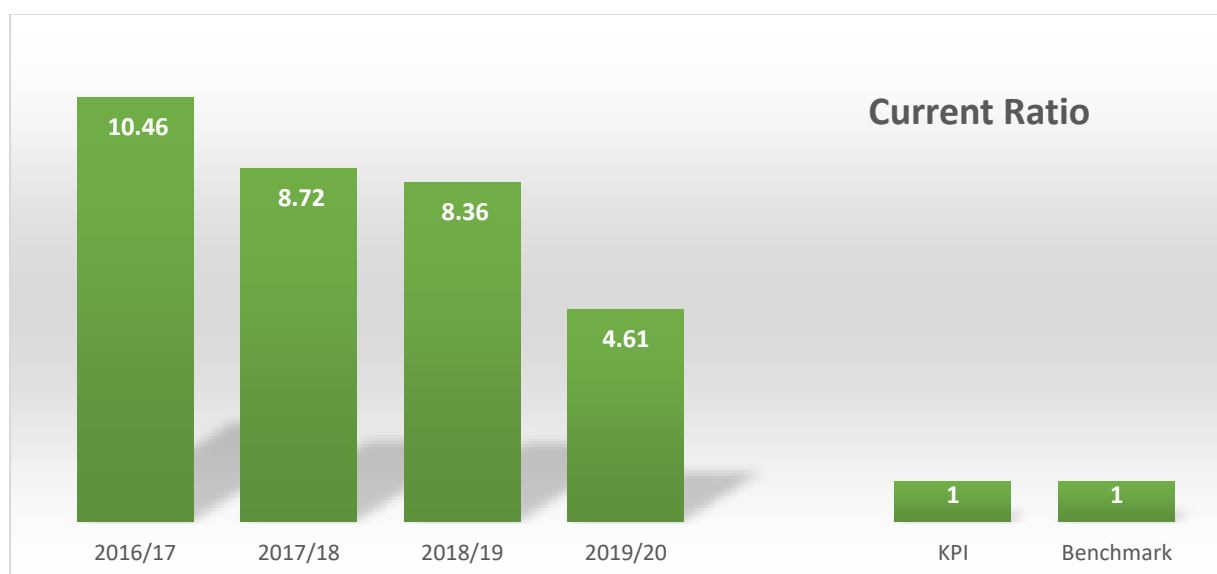
## Current Financial Position

The following section of the Plan provides analysis of Council's current financial situation based on a set of criteria that are generally accepted measures of sustainability.

### Current Ratio

The current ratio compares current assets to current liabilities and is an indicator of Council's capacity to meet its short-term financial obligations. The ratio should be greater than 1 to provide assurance that Council has sufficient funds to meet short term debts.

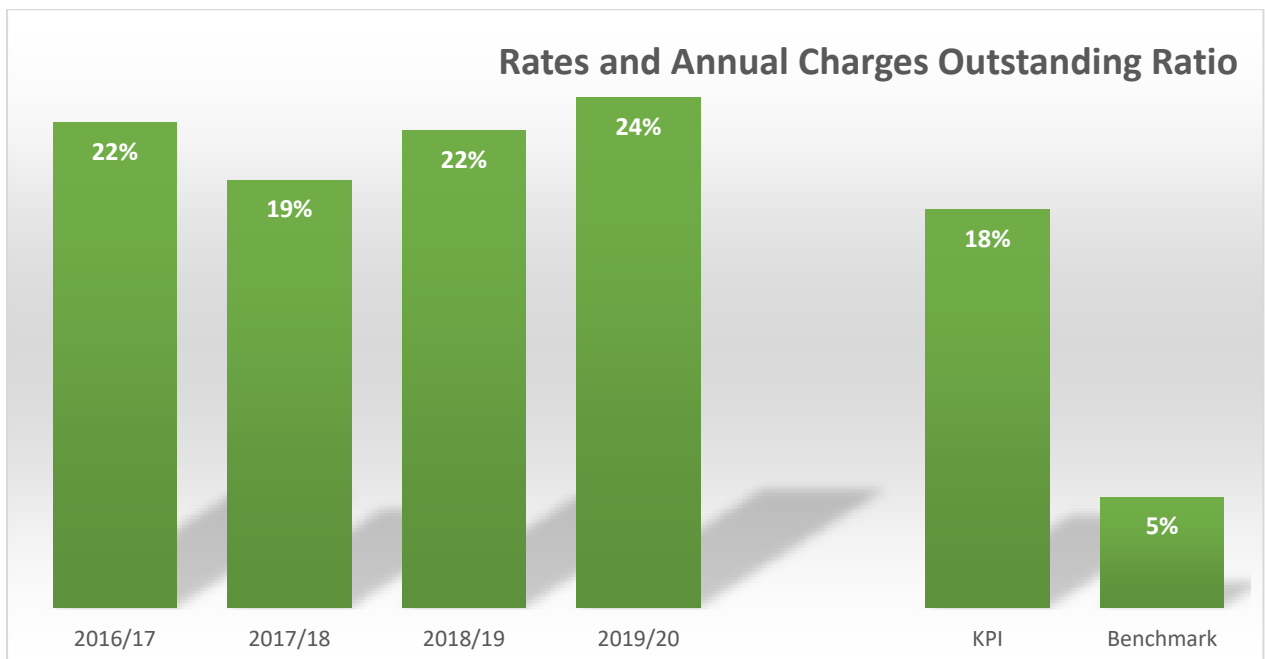
Council has strong cash reserves and minimal short-term liabilities, which provides Council with a strong ratio, well above local government benchmark as shown below.



### Rates and Annual Charges Outstanding Ratio

A Local Government indicator for the success of Council's collection of debt is the Rates and Annual Charges Outstanding ratio. This measure gives the percentage of Rates and Charges outstanding over Rates and Charges Income of the relevant year. Historically Council has had difficulty with debt collection.

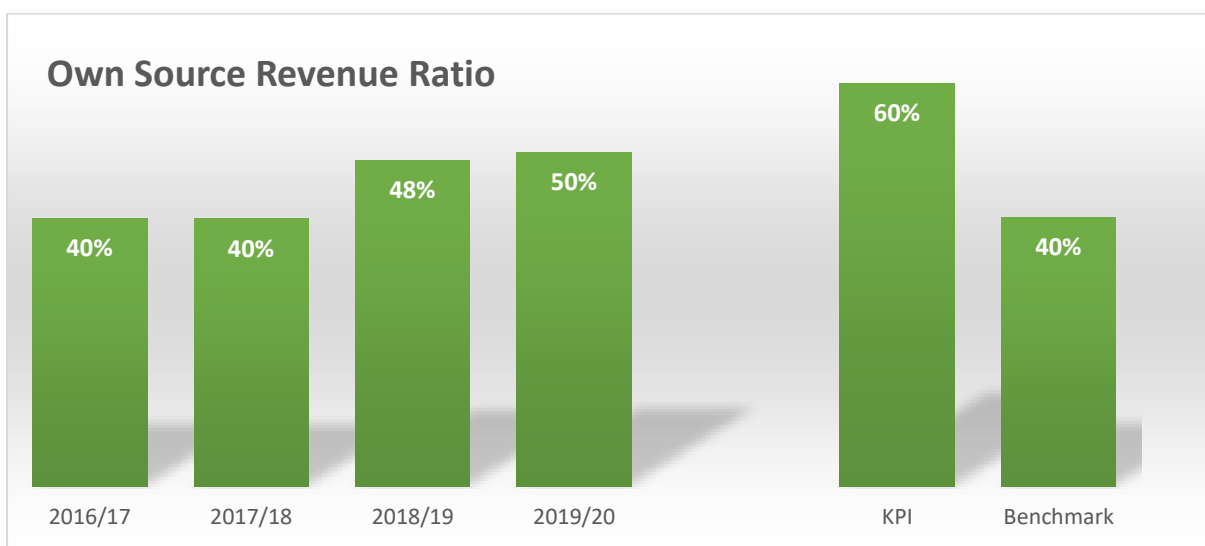
Council continues to work through these legacy issues and recognises that it is not realistic to achieve the local government benchmark of 5% within the current Strategic Plan timeframe. However, initiatives to reduce outstanding rates debts are underway and Council expect to see a drop from 2019/20s 24% and has set the KPI at 18%.



Whilst Council's debt is above the local government benchmark this indicator does not raise concerns regarding financial sustainability as Council continue to maintain a strong cash position highlighted in the current ratio. This ratio does clearly identify though, that Council needs to remain focussed on debt collection over the coming years.

### Own Source Revenue Ratio

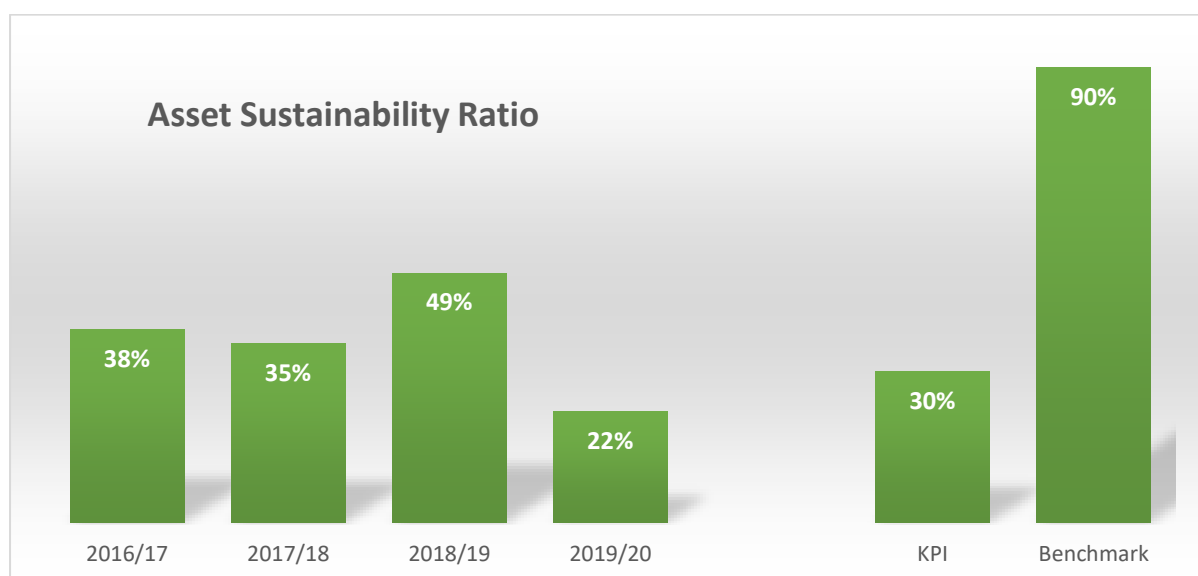
The Own Source Revenue Ratio indicates Council's ability to fund operational expenditures through funding sourced by its own revenue-raising efforts, being rates and charges and other revenue, but excluding grants and subsidies received. The higher the percentage, the more self-reliant Council is and the lower the risk is of external impacts on Council's financial sustainability. A ratio of greater than 40% is considered a basic local government standard and low risk. Council set its KPI at the intermediate local government benchmark of 60% to reduce the risk of essential services being reliant on external funding.



The ratio is sitting at 50% as per the 2019/20 annual report which indicates that Council is quite dependent on external sources of revenue, mainly government grants. This does present some risks to Council if the territory or federal Governments reduce or freeze grants.

### Asset Sustainability Ratio

This ratio indicates Council's performance in replacing assets as they reach the end of their useful life to ensure that services continue to be delivered at agreed levels. The Asset Sustainability Ratio compares the level of capital works expenditure on renewals to depreciation. A ratio of greater than 100% means that Council is increasing the value of its asset base and delivering above the set service level. A ratio of less than 100% means that Council's asset stock is losing value as it is deteriorating more quickly than it is being renewed and the service level may not be achieved.



Council is spending substantially less on capital renewal works than the depreciation expense with a sustainability ratio of 22% in 2019/20. If the ratio is any lower than the benchmark of 90% Council is not fulfilling the service levels set for assets or the service level is unrealistic for the financial capacity of the Council. Council recognises its gap and plans to increase investment in capital renewals however, affordable rates remains the priority for Council and as such, Council will not meet the 90% benchmark within the current ten-year plan time frame.

### Summary of Financial Position

Litchfield Council has strong cash reserves and no debt which means in the short term it will be able to continue to deliver services and a limited amount of capital works to its community.

In the long term however, Litchfield faces several challenges including very large operating deficits and inadequate funding for capital expenditure to maintain the existing asset base.

## Emerging Issues

### The Impact of Growth

Litchfield municipality has experienced substantial growth in population over the last 10 years with the addition of 5,137 estimated resident population (ABS 2011 to 2016) a growth of over 25%.

Population growth can impact on the financial position of Council in a number of ways. Additional properties provide more income to Council through property rates and waste management charges. Whilst pressure on existing services and infrastructure increase. Another impact of growth noted over the past years is increasing community expectations for an expanded range and quality of services, for example library services and an aquatic facility. Managing these expectations can be challenging as funding new service standards may be beyond the financial capacity of Council with rate income generated through additional properties not increasing proportionally. Council has struggled with this disproportional growth of residents to rateable properties for several years.

For the purposes of the long-term financial planning no growth in rateable properties has been assumed as the development of properties has decreased over the past years.

### Asset Management

Council has an extensive network of infrastructure assets with a current replacement value of \$510 million. Maintaining these assets in good order and renewing them as they approach the end of their useful life requires substantial expenditure each year.

Depreciation provides an estimate of the value of assets consumed during each financial year. The Asset Sustainability Ratio mentioned above highlighted Council's inability to fund the usage of infrastructure assets annually. This means Council is not replacing assets as they are due for renewal in line with current service levels. This challenge also extends to the Thorak Regional Cemetery.

Rates revenue increases are required to increase funding available for capital expenditure and reduce the rate at which the capital renewal backlog increases each year.



## The Way Ahead – Improving Long Term Sustainability

As indicated in the section of this Long-Term Financial Plan relating to the current financial position, Council has strong cash reserves and no debt which means in the short term it will be able to continue to deliver services and a limited amount of capital works to its community.

In the long term however, Litchfield Council faces several challenges including very large operating deficits and inadequate funding for capital expenditure required to maintain its existing asset base. These long-term challenges will require a concerted and disciplined approach to the management of financial resources so that sustainability can be improved.

The aim of the Long-Term Financial Plan is to improve sustainability by:

1. Decreasing the size of the operating deficit; and
2. Increasing the funding available for capital expenditure.

The following strategies are designed to address both of these challenges.

### Constrain Growth in Operating Costs

The major expenditure categories to which this strategy applies are Employee costs, Contractors and Materials. The Northern Territory is experiencing very low inflation and the LTFP assumptions reflect these trends. The growth in operating costs are expected to be much lower in the coming years than has historically been the case. Council has recently negotiating a new Enterprise Agreement ensuring the growth in employee costs is constrained. Note that assumptions of the LTFP do not allow for additional staffing.

The LTFP provides for a small pool of New Initiative funds to be allocated to high priority one-off projects and activities each year. Whilst the amount is modest, it does provide a small amount of flexibility in what will otherwise be a constrained budget. Recurrent increases in operating expenditure must be funded from matching income sources or reductions in expenditure in another part of the budget.

### Advocate Strongly for Grants from other levels of Government

Council has received substantial grants for one-off capital projects in recent years and continues to advocate strongly for grants relating to works on the road network and recreation reserves. The Mango Strategic Road Project is a successful advocacy program that resulted in the contribution of \$18 million from NT and federal Government into local roads upgrades. Advocacy efforts in this area will lean heavily toward funding for capital renewals. New assets will be considered by exception however, it is important to note that new assets require ongoing maintenance and long-term renewal which will only contribute to the challenge Council faces in generating sufficient income to maintain its asset base.

Given the uncertainty about the allocation of grant funding, the LTFP has taken a conservative approach to forecasting future grant income. However, advocacy efforts and grant

applications will be stepped-up to ensure that any available funding that is consistent with meeting Council's strategic objectives is targeted.

As mentioned under Current Financial Position in this plan, Council is focussing on the set KPI to increase the Own Source Revenue Ratio to ensure the dependency on grant funding is lowered and will not become a greater risk to Council.

### Improve the Approach to Asset Management

Council has an extensive network of infrastructure assets and the ongoing maintenance and renewal of these assets is one of its biggest challenges. To ensure that decisions about the allocation of funding to infrastructure works is sustainable, ongoing work will continue to improve the data and analysis of asset condition, valuation and useful life.

Council continues to work on the development and implementation of Asset Management Plans which will in future provide more reliable data for projection of costs. Asset Management Plans for roads and the cemetery have been adopted by Council with other plans in draft form. The current LTFP makes assumptions on asset renewal for some asset classes and includes the cost for major new and upgraded assets based on the financial capacity of Council.

### Allocate unrestricted reserves and grant funding to capital renewal projects until operational income supports investment in new assets

Council has very strong cash reserves made up of a number of specific purpose reserves. These reserves provide a short-term opportunity to deliver a higher level of capital works but do not represent a long-term solution. Whilst Council will use reserves to fund renewal of assets, it is important that reserves are not completely exhausted to ensure financial long-term sustainability.

### Increase Rate Income to fund Increased Levels of Capital Expenditure

Rates and the waste management charge provide approximately 65% of the total revenue and is the most stable and predictable source of revenue for Council.

The current level of rates is insufficient to fund the level of capital expenditure required to maintain the condition of existing assets and over time this will lead to either noticeable deterioration of infrastructure assets or the need to considerably review the level of rates imposed on properties.

In 2020 Council concluded a comprehensive review of the Rating Policy and listened to the community in retaining the fixed rate for Rural Residential, Urban Residential and Horticulture/Agriculture properties. This decision has decreased the option of Council to spread future rates burden in an equitable way and will see Council have to continue with consistent rate increases across all properties in the future.

## Assumptions

The LTFP has been prepared on the assumption that Council will continue to provide services that are currently in place and has made the following specific assumptions.

### Operating income and expenditures

| ITEM                                | Increment (Annual)   |
|-------------------------------------|--|
| <b>INCOME</b>                       |  |
| Rates Income                        | FY22 – 5% (\$45)<br>FY23 – 10% (\$94.80) reducing by 1% each year for 4 years<br>Then reducing to 2% moving forward                      |
| Waste Charge                        | 3.0% each year for 7 years<br>Non-Collection Property – 0% increase moving forward<br>Collection Property – FY29 15% / 2% moving forward |
| Statutory Charges                   | 2.0%   |
| User Charges                        | 5.0%   |
| Grants, Subsidies and Contributions | 1.0%   |
| <b>EXPENSES</b>                     |  |
| Employee Costs                      | 2.0%   |
| Elected Member Expenses             | 0.5%   |
| Election Expenses                   | 10% every four years   |
| Energy                              | 1.0%   |
| Insurance                           | 2.0%   |
| Other expenses                      | 1.0%   |

### Capital Income and Expenditures

Assumptions of capital works have been made in lieu of detailed Asset Management Plans for some asset classes of Council. Furthermore, capital grants have been predicted and limited to historical reoccurring grants that Council has received consistently.

| ITEM                                      | Increment (Annual)  |
|---|---|
| <b>CAPITAL INCOME</b>                     |   |
| 2022                                      | \$2.9m Roads to Recovery & Blackspot annual funding, Local Roads & Community Infrastructure Program, Developer Contributions & Special Rates Levy |
| 2023 - 2031                               | \$1.5m Roads to Recovery & Blackspot annually   |
| <b>CAPITAL EXPENSE</b>                    |   |
| Thorak Regional Cemetery                  | Annual Renewal \$80,000   |
| Council Buildings                         | Annual Renewal \$30,000   |
| Sealing of roads                          | Annual Upgrade \$500,000  |
| Motor Vehicles and Plant                  | Annual Renewal \$300,000  |
| Waste Management Plant and Equipment      | Annual Renewal \$35,000   |
| Reserve Building & Playground Renewal     | Annual Renewal \$32,000   |
| Seal/Pavement renewal                     | \$43.9m over 10 years   |
| Other roads and drainage upgrades         | \$19.7m over 10 years   |
| Pathway Renewals                          | \$2.1m over \$10 years  |
| Public Lighting                           | \$750k over 10 years  |
| Community Hall & Council Building Renewal | \$1.2m 2022   |
| Mira Square Development                   | \$150k - 2022   |
| Road Safety - School Safety Audits        | \$50k – 2022  |
| Productive Roads – Mango Roads            | \$300k - 2022   |
| Waste Management Recycling Centre         | \$1.8m over 2027 & 2028   |

## 10 Year Income Statement

|   | 2020           | 2021            | 2022            | 2023            | 2024            | 2025            | 2026            | 2027           | 2028           | 2029           | 2030           | 2031           |
|---|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|----------------|
| \$'000's  | Actual         | Forecast        | Forecast        | Forecast        | Forecast        | Forecast        | Forecast        | Forecast       | Forecast       | Forecast       | Forecast       | Forecast       |
| <b>Income from Continuing Operations</b>                    |                |                 |                 |                 |                 |                 |                 |                |                |                |                |                |
| <b>Revenue:</b>   |                |                 |                 |                 |                 |                 |                 |                |                |                |                |                |
| Rates & annual charges                                      | 10,686         | 10,796          | 11,721          | 12,833          | 13,942          | 15,049          | 16,314          | 17,918         | 19,260         | 20,899         | 22,042         | 23,223         |
| Statutory Charges   | 137            | 200             | 189             | 193             | 197             | 201             | 205             | 209            | 213            | 217            | 221            | 226            |
| User charges & fees   | 1,757          | 1,436           | 1,289           | 1,354           | 1,421           | 1,492           | 1,567           | 1,645          | 1,728          | 1,814          | 1,905          | 2,000          |
| Interest & investment revenue                               | 690            | 523             | 250             | 252             | 255             | 257             | 260             | 262            | 265            | 267            | 270            | 273            |
| Other revenues  | 154            | 517             | 486             | 495             | 505             | 515             | 526             | 536            | 547            | 558            | 569            | 580            |
| Grants & contributions for operating purposes               | 3,855          | 3,668           | 3,609           | 3,645           | 3,681           | 3,718           | 3,755           | 3,793          | 3,831          | 3,869          | 3,908          | 3,947          |
| <b>TOTAL INCOME FROM CONTINUING OPERATIONS</b>              | <b>17,279</b>  | <b>17,141</b>   | <b>17,543</b>   | <b>18,772</b>   | <b>20,001</b>   | <b>21,233</b>   | <b>22,626</b>   | <b>24,363</b>  | <b>25,843</b>  | <b>27,624</b>  | <b>28,915</b>  | <b>30,249</b>  |
|   |                |                 |                 |                 |                 |                 |                 |                |                |                |                |                |
| <b>Expenses from Continuing Operations</b>                  | 1,000          | 1,000           | .               | 1,000           | 1,000           | 1,000           | 1,000           | 1,000          | 1,000          | 1,000          | 1,000          | 1,000          |
| Employee benefits & costs                                   | 6,643          | 6,699           | 7,218           | 7,557           | 8,009           | 8,170           | 8,333           | 8,500          | 8,670          | 8,682          | 8,856          | 9,033          |
| Materials, contracts and other expenses                     | 7,219          | 8,434           | 8,899           | 9,806           | 9,830           | 9,931           | 10,347          | 10,241         | 10,323         | 12,752         | 13,251         | 13,195         |
| Depreciation, amortisation & Impairment                     | 13,166         | 13,240          | 13,660          | 13,807          | 13,890          | 13,978          | 14,070          | 14,167         | 14,280         | 14,397         | 14,518         | 14,644         |
| <b>TOTAL EXPENSES FROM CONTINUING OPERATIONS</b>            | <b>27,028</b>  | <b>28,373</b>   | <b>29,778</b>   | <b>31,169</b>   | <b>31,730</b>   | <b>32,079</b>   | <b>32,751</b>   | <b>32,908</b>  | <b>33,273</b>  | <b>35,831</b>  | <b>36,625</b>  | <b>36,872</b>  |
|   |                |                 |                 |                 |                 |                 |                 |                |                |                |                |                |
| <b>OPERATING RESULT FOR THE YEAR</b>                        | <b>(9,749)</b> | <b>(11,233)</b> | <b>(12,235)</b> | <b>(12,398)</b> | <b>(11,729)</b> | <b>(10,846)</b> | <b>(10,125)</b> | <b>(8,544)</b> | <b>(7,429)</b> | <b>(8,206)</b> | <b>(7,710)</b> | <b>(6,623)</b> |
| <b>OPERATING RESULT FOR THE YEAR excluding Depreciation</b> | <b>3,369</b>   | <b>2,007</b>    | <b>1,425</b>    | <b>1,409</b>    | <b>2,161</b>    | <b>3,131</b>    | <b>3,946</b>    | <b>5,622</b>   | <b>6,851</b>   | <b>6,190</b>   | <b>6,808</b>   | <b>8,021</b>   |
|   |                |                 |                 |                 |                 |                 |                 |                |                |                |                |                |
| Changes in Revaluation Surplus - I,P,P& E                   | (1,558)        | -               | -               | -               | -               | -               | -               | -              | -              | -              | -              | -              |
| Asset Disposal & Fair Value Adjustments                     | (31)           | -               | -               | -               | -               | -               | -               | -              | -              | -              | -              | -              |
| Amounts received specifically for new or upgraded assets    | 408            | 3,428           | 2,949           | 1,681           | 1,581           | 1,681           | 1,581           | 1,681          | 1,581          | 1,581          | 1,581          | 1,581          |
| Prior Period Adjustments                                    | 1,774          | -               | -               | -               | -               | -               | -               | -              | -              | -              | -              | -              |
| Physical resources received free of charge                  | -              | 18,480          | 3,650           | -               | -               | -               | -               | -              | -              | -              | -              | -              |
| <b>TOTAL COMPREHENSIVE INCOME / (LOSS)</b>                  | <b>(9,156)</b> | <b>10,675</b>   | <b>(5,636)</b>  | <b>(10,717)</b> | <b>(10,148)</b> | <b>(9,165)</b>  | <b>(8,544)</b>  | <b>(6,863)</b> | <b>(5,848)</b> | <b>(6,625)</b> | <b>(6,129)</b> | <b>(5,042)</b> |

## 10 Year Statement of Cash Flows

|  | 2020         | 2021         | 2022         | 2023         | 2024         | 2025         | 2026         | 2027         | 2028         | 2029         | 2030         | 2031         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| \$ '000  | Actual       | Forecast     | Forecast     | Forecast     | Forecast     | Forecast     | Forecast     | Forecast     | Forecast     | Forecast     | Forecast     | Forecast     |
| <b>Cash Flows from Operating Activities</b>                |              |              |              |              |              |              |              |              |              |              |              |              |
| <b>Receipts:</b>   |              |              |              |              |              |              |              |              |              |              |              |              |
| Rates & annual charges                                     | 10,211       | 10,170       | 11,983       | 12,833       | 13,742       | 14,850       | 16,086       | 17,629       | 19,019       | 20,604       | 21,836       | 23,010       |
| User charges & fees  | 2,080        | 1,955        | 1,799        | 1,872        | 1,617        | 1,692        | 1,771        | 1,853        | 1,940        | 2,030        | 2,125        | 2,225        |
| Investment & interest revenue received                     | 690          | 512          | 404          | 252          | 255          | 257          | 260          | 262          | 265          | 267          | 270          | 273          |
| Grants & contributions                                     | 3,919        | 3,668        | 3,609        | 3,645        | 3,681        | 3,718        | 3,755        | 3,793        | 3,831        | 3,869        | 3,908        | 3,947        |
| Other  | 2,135        | 512          | 481          | 490          | 500          | 510          | 520          | 531          | 541          | 552          | 563          | 574          |
| <b>Payments:</b>   |              |              |              |              |              |              |              |              |              |              |              |              |
| Employee benefits & costs                                  | (7,166)      | (6,699)      | (7,218)      | (7,557)      | (8,009)      | (8,170)      | (8,333)      | (8,500)      | (8,670)      | (8,682)      | (8,856)      | (9,033)      |
| Materials, contracts & other expenses                      | (8,299)      | (8,434)      | (8,899)      | (9,806)      | (9,830)      | (9,931)      | (10,347)     | (10,241)     | (10,323)     | (12,752)     | (13,251)     | (13,195)     |
| Finance Payments   | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Other operating payments                                   | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>NET CASH PROVIDED (OR USED IN) OPERATING ACTIVITIES</b> | <b>3,570</b> | <b>1,685</b> | <b>2,159</b> | <b>1,729</b> | <b>1,956</b> | <b>2,927</b> | <b>3,712</b> | <b>5,328</b> | <b>6,602</b> | <b>5,889</b> | <b>6,595</b> | <b>7,801</b> |
| <b>Cash Flows from Investing Activities</b>                |              |              |              |              |              |              |              |              |              |              |              |              |
| <b>Receipts:</b>   |              |              |              |              |              |              |              |              |              |              |              |              |
| Sale of investment securities                              | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Sale of infrastructure, property, plant & equipment        | 79           | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Amounts specifically for new or upgraded assets            | 1,792        | 3,428        | 2,949        | 1,681        | 1,581        | 1,681        | 1,581        | 1,681        | 1,581        | 1,581        | 1,581        | 1,581        |
| <b>Payments:</b>   |              |              |              |              |              |              |              |              |              |              |              |              |
| Purchase of investment securities                          | (729)        | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Purchase of infrastructure, property, plant & equipment    | (5,166)      | (10,950)     | (6,593)      | (5,856)      | (6,111)      | (6,493)      | (6,754)      | (7,934)      | (8,154)      | (8,531)      | (8,797)      | (9,659)      |

|  |                |                |                |                |                |                |                |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>NET CASH PROVIDED (OR USED IN) INVESTING ACTIVITIES</b>         | <b>(4,024)</b> | <b>(7,522)</b> | <b>(3,644)</b> | <b>(4,175)</b> | <b>(4,530)</b> | <b>(4,812)</b> | <b>(5,173)</b> | <b>(6,253)</b> | <b>(6,573)</b> | <b>(6,950)</b> | <b>(7,216)</b> | <b>(8,078)</b> |
| <b>Cash Flows from Financing Activities</b>                        |                |                |                |                |                |                |                |                |                |                |                |                |
| <b>Receipts:</b>   |                |                |                |                |                |                |                |                |                |                |                |                |
| Proceeds from borrowings & advances                                | -              | -              |                | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| <b>Payments:</b>   |                |                |                |                |                |                |                |                |                |                |                |                |
| Repayment of borrowings & advances                                 | (48)           | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| <b>NET CASH PROVIDED (OR USED IN) FINANCING ACTIVITIES</b>         | <b>(48)</b>    | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>      | <b>(502)</b>   | <b>(5,837)</b> | <b>(1,485)</b> | <b>(2,447)</b> | <b>(2,573)</b> | <b>(1,886)</b> | <b>(1,461)</b> | <b>(925)</b>   | <b>29</b>      | <b>(1,062)</b> | <b>(620)</b>   | <b>(277)</b>   |
| <b>CASH &amp; CASH EQUIVALENTS &amp; INVESTMENTS - end of year</b> | <b>23,903</b>  | <b>18,066</b>  | <b>16,581</b>  | <b>14,135</b>  | <b>11,561</b>  | <b>9,675</b>   | <b>8,215</b>   | <b>7,289</b>   | <b>7,319</b>   | <b>6,257</b>   | <b>5,637</b>   | <b>5,360</b>   |

## 10 Year Statement of Financial Position

|   | 2020           | 2021           | 2022           | 2023           | 2024           | 2025           | 2026           | 2027           | 2028           | 2029           | 2030           | 2031           |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>\$ '000</b>                              | Actual         | Forecast       | Forecast       | Forecast       | Forecast       | Forecast       | Forecast       | Forecast       | Forecast       | Forecast       | Forecast       | Forecast       |
| <b>Assets</b>                               |                |                |                |                |                |                |                |                |                |                |                |                |
| <b>Current Assets:</b>                      |                |                |                |                |                |                |                |                |                |                |                |                |
| Cash & cash equivalents                     | 23,903         | 23,239         | 21,678         | 19,311         | 16,817         | 15,012         | 13,635         | 12,793         | 12,908         | 11,931         | 11,398         | 11,209         |
| Receivables – Rates and Charges             | 2,586          | 2,892          | 2,310          | 2,310          | 2,510          | 2,709          | 2,936          | 3,225          | 3,467          | 3,762          | 3,968          | 4,180          |
| Receivables - other                         | 339            | 339            | 339            | 14             | 14             | 15             | 16             | 16             | 17             | 18             | 19             | 20             |
| <b>TOTAL CURRENT ASSETS</b>                 | <b>26,828</b>  | <b>26,471</b>  | <b>24,327</b>  | <b>21,634</b>  | <b>19,341</b>  | <b>17,736</b>  | <b>16,587</b>  | <b>16,035</b>  | <b>16,392</b>  | <b>15,711</b>  | <b>15,384</b>  | <b>15,409</b>  |
|   |                |                |                |                |                |                |                |                |                |                |                |                |
| <b>Non-Current Assets:</b>                  |                |                |                |                |                |                |                |                |                |                |                |                |
| Infrastructure, property, plant & equipment | 301,370        | 317,560        | 314,143        | 306,193        | 298,413        | 290,929        | 283,613        | 277,380        | 271,254        | 265,389        | 259,667        | 254,682        |
| Work in progress                            | 4,365          | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| <b>TOTAL NON-CURRENT ASSETS</b>             | <b>305,735</b> | <b>317,560</b> | <b>314,143</b> | <b>306,193</b> | <b>298,413</b> | <b>290,929</b> | <b>283,613</b> | <b>277,380</b> | <b>271,254</b> | <b>265,389</b> | <b>259,667</b> | <b>254,682</b> |
| <b>TOTAL ASSETS</b>                         | <b>332,563</b> | <b>344,031</b> | <b>338,470</b> | <b>327,827</b> | <b>317,754</b> | <b>308,665</b> | <b>300,199</b> | <b>293,415</b> | <b>287,646</b> | <b>281,100</b> | <b>275,051</b> | <b>270,091</b> |
|   |                |                |                |                |                |                |                |                |                |                |                |                |
| <b>Liabilities</b>                          |                |                |                |                |                |                |                |                |                |                |                |                |
| <b>Current Liabilities:</b>                 |                |                |                |                |                |                |                |                |                |                |                |                |
| Payables                                    | 4,497          | 5,293          | 5,346          | 5,399          | 5,453          | 5,508          | 5,563          | 5,619          | 5,675          | 5,732          | 5,789          | 5,847          |
| Borrowings                                  | 33             | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| Provisions                                  | 605            | 623            | 635            | 648            | 661            | 674            | 687            | 701            | 715            | 729            | 744            | 759            |
| <b>TOTAL CURRENT LIABILITIES</b>            | <b>5,135</b>   | <b>5,916</b>   | <b>5,981</b>   | <b>6,047</b>   | <b>6,114</b>   | <b>6,182</b>   | <b>6,250</b>   | <b>6,320</b>   | <b>6,390</b>   | <b>6,461</b>   | <b>6,533</b>   | <b>6,606</b>   |
|   |                |                |                |                |                |                |                |                |                |                |                |                |
| <b>Non-Current Liabilities:</b>             |                |                |                |                |                |                |                |                |                |                |                |                |
| Borrowings                                  | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| Provisions                                  | 432            | 445            | 453            | 462            | 472            | 481            | 491            | 501            | 511            | 521            | 531            | 542            |

|   |                |                |                |                |                |                |                |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>TOTAL NON-CURRENT LIABILITIES</b>    | <b>432</b>     | <b>445</b>     | <b>453</b>     | <b>462</b>     | <b>472</b>     | <b>481</b>     | <b>491</b>     | <b>501</b>     | <b>511</b>     | <b>521</b>     | <b>531</b>     | <b>542</b>     |
| <b>TOTAL LIABILITIES</b>                | <b>5,567</b>   | <b>6,360</b>   | <b>6,434</b>   | <b>6,510</b>   | <b>6,586</b>   | <b>6,663</b>   | <b>6,741</b>   | <b>6,820</b>   | <b>6,901</b>   | <b>6,982</b>   | <b>7,064</b>   | <b>7,147</b>   |
|   |                |                |                |                |                |                |                |                |                |                |                |                |
| <b>NET ASSETS</b>                       | <b>326,996</b> | <b>337,671</b> | <b>332,036</b> | <b>321,317</b> | <b>311,168</b> | <b>302,002</b> | <b>293,458</b> | <b>286,595</b> | <b>280,745</b> | <b>274,118</b> | <b>267,987</b> | <b>262,943</b> |
|   |                |                |                |                |                |                |                |                |                |                |                |                |
| <b>Equity</b>                           |                |                |                |                |                |                |                |                |                |                |                |                |
| Retained earnings/(accumulated deficit) | 11,432         | 30,176         | 19,388         | 11,429         | 3,640          | (3,854)        | (11,180)       | (17,423)       | (23,558)       | (29,434)       | (35,166)       | (40,162)       |
| Other Reserves                          | 21,262         | 13,193         | 18,346         | 15,587         | 13,227         | 11,554         | 10,337         | 9,715          | 10,002         | 9,250          | 8,851          | 8,803          |
| Revaluation reserves                    | 294,302        | 294,302        | 294,302        | 294,302        | 294,302        | 294,302        | 294,302        | 294,302        | 294,302        | 294,302        | 294,302        | 294,302        |
| <b>TOTAL EQUITY</b>                     | <b>326,996</b> | <b>337,671</b> | <b>332,036</b> | <b>321,317</b> | <b>311,168</b> | <b>302,002</b> | <b>293,458</b> | <b>286,595</b> | <b>280,745</b> | <b>274,118</b> | <b>267,987</b> | <b>262,943</b> |



## Financial Ratios

|   | 2020   | 2021     | 2022     | 2023     | 2024     | 2025     | 2026     | 2027     | 2028     | 2029     | 2030     | 2031     |
|---|--------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
|   | Actual | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
| <b>Current Ratio</b>  | 5.22   | 4.47     | 4.07     | 3.58     | 3.16     | 2.87     | 2.65     | 2.54     | 2.57     | 2.43     | 2.35     | 2.33     |
| <p>This ratio represents Council's ability to meet debt payments as they fall due. It should be noted that Council's externally restricted assets will not be available as operating funds and as such can significantly impact Council's ability to meet its liabilities.</p> <p>Benchmark - Greater than 1.0</p> <p><i>current assets / current liabilities</i></p> |        |          |          |          |          |          |          |          |          |          |          |          |
| <b>Asset Sustainability Ratio</b>   | 39%    | 83%      | 30%      | 35%      | 35%      | 40%      | 40%      | 40%      | 45%      | 50%      | 55%      | 60%      |
| <p>This ratio indicates the extent to which Council is replacing its existing asset base with capital renewals of existing assets.</p> <p>Benchmark - Greater than 90%    KPI - Greater than 30%</p> <p><i>annual capital expenditure on renewals / annual depreciation</i></p>   |        |          |          |          |          |          |          |          |          |          |          |          |
| <b>Rates and Annual Charges Outstanding</b>   | 24%    | 27%      | 20%      | 18%      | 18%      | 18%      | 18%      | 18%      | 18%      | 18%      | 18%      | 18%      |
| <p>This measure gives the percentage of Rates and Charges outstanding over the Rates and Charges Income.</p> <p>Benchmark - Smaller than 5%    KPI - Smaller than 18%</p> <p><i>Rates and Annual Charges collected/Total Rates and Annual Charges raised</i></p>  |        |          |          |          |          |          |          |          |          |          |          |          |
| <b>Own Source Revenue Coverage Ratio</b>  | 50%    | 47%      | 47%      | 49%      | 51%      | 55%      | 58%      | 63%      | 66%      | 66%      | 68%      | 71%      |
| <p>Indicates Council's ability to fund operational expenditures through funding sourced by its own revenue-raising efforts.</p> <p>Benchmark - Greater than 40%    KPI - Greater than 60%</p> <p><i>Total own source revenue/total operating expenditure including depreciation</i></p>   |        |          |          |          |          |          |          |          |          |          |          |          |