



Long Term Financial Plan 2013/14 to 2022/23

| | |
|---|-----------|
| Contents | |
| Introduction | 3 |
| Background | 4 |
| Financial Snapshot | 6 |
| Current Planning Framework | 7 |
| Financial Model Development | 8 |
| Key Issues | 8 |
| Asset Management | 9 |
| Operating Revenue Assumptions | 11 |
| Operating Expenditure Assumptions | 12 |
| Reserve Assumptions | 13 |
| Borrowings | 14 |
| Scenario Modelling and Sensitivity Analysis | 15 |
| Financial Statements | 16 |
| Statement of Comprehensive Income – by Nature or Type | 17 |
| Statement of Cash Flows | 18 |
| Rate Setting Statement – by Nature or Type | 19 |
| Statement of Financial Position | 20 |
| Equity Statement | 21 |
| Capital Expenditure Projections | 22 |
| Ratios | 24 |
| Conclusion | 25 |

Introduction

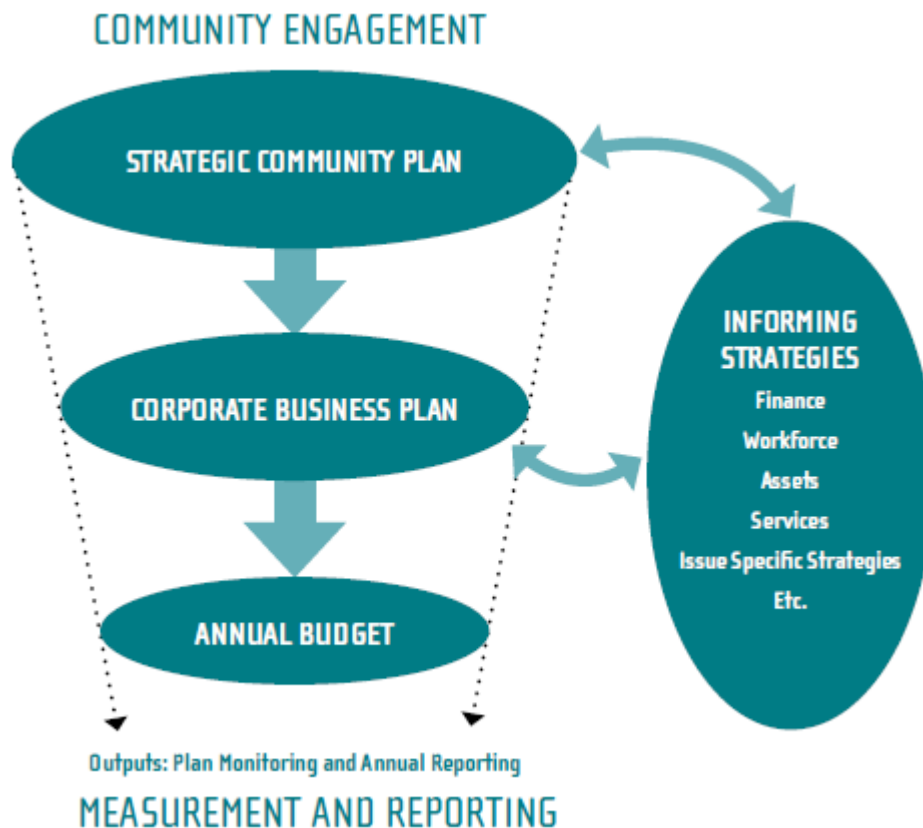
Welcome to the City of Melville's Long Term Financial Plan. This plan covers the ten year period from 2013/14 to 2022/23.

The City of Melville recognises the need to plan for the current and future needs of its citizens in a socially, culturally, environmentally and financially sustainable manner.

The *Local Government (Administration) Regulations 1996* have been amended to introduce the concept of Integrated Planning and now require each local government to adopt a Strategic Community Plan and a Corporate Business Plan. Section 5.56(1) and (2) of the Act requires that each local government is 'to plan for the future of the district', by developing plans in accordance with the regulations.

An Integrated Planning and Reporting Framework and Guidelines have been developed by the Department of Local Government to outline the minimum planning and reporting methodology to meet the requirements of the legislation.

The following illustrates the Integrated Planning Framework:



The Framework terms the Long Term Financial Plan (LTFP) an informing strategy, describing it as 'a ten year rolling plan that informs the Corporate Business Plan to activate Strategic Community Plan priorities'.

The City has a history of ensuring robust and transparent financial planning processes are established and this is evident in the adoption of the Council Policy 'CP-008 Financial Sustainability – Forward Financial Planning and Funding Allocation'. In essence, the City considers its long term financial performance and position sustainable when planned long term service and infrastructure levels and standards are met without undue reliance on:

- a very limited number of revenue streams;
- uncontrollable, temporary or highly variable revenue sources;
- large variations in rates increases; or
- unplanned cuts to services

However, this Plan is the first of its kind for the City and it is intended that it will play an integral part in future decision making.

It's important to note that, as with all forecasts, this Plan is based on a number of assumptions. These assumptions are subject to change and refinement, but the document still provides a sound guidance tool to identify any long term sustainability issues. The Long Term Financial Plan will be reviewed annually.

Background

The City of Melville, located on the Swan River in Perth, Western Australia, is home to a diverse and multi-cultural community who enjoy a rich built and natural heritage, a blend of retail and business precincts, an abundance of opportunities for physical and social activity, open spaces and a unique natural landscape.

The following table provides a snapshot of the City of Melville:

| | |
|--|-----------------------------------|
| Distance from Perth | 8km |
| Area | 52.72 square km |
| Foreshore | 18km |
| Parks and Reserves | 211 |
| Public Open Space | 603 hectares |
| Population (30 June 2011) | 103,767 |
| Residential Dwellings | 40,546 |
| Number of Suburbs | 18 |
| Number of Employees as at 30 June 2012 | 728 (467 full time equivalent) |

As one of Western Australia's largest local governments, the City provides more than 200 products and services to the community.

Here are just some examples of the City's products and services:

- owning, managing and maintaining public infrastructure
- maintaining local and district distributor roads, paths, drains
- street and park lighting
- controlling traffic flow and enhancing road safety
- waste management
- building and maintaining public buildings
- construction and maintenance of parks and gardens
- overseeing storm water management
- regulatory activities which affect the quality of the local built and natural environment, including air, noise, amenity, water
- management of private swimming pool compliance
- providing public swimming pools and conducting water testing and compliance on all pools open to the public
- library and museum services
- security patrols
- provision of public toilets and change rooms
- audit of eating places and restaurants
- provision of public art and facilitating public exhibitions in City facilities
- organising and facilitating community events

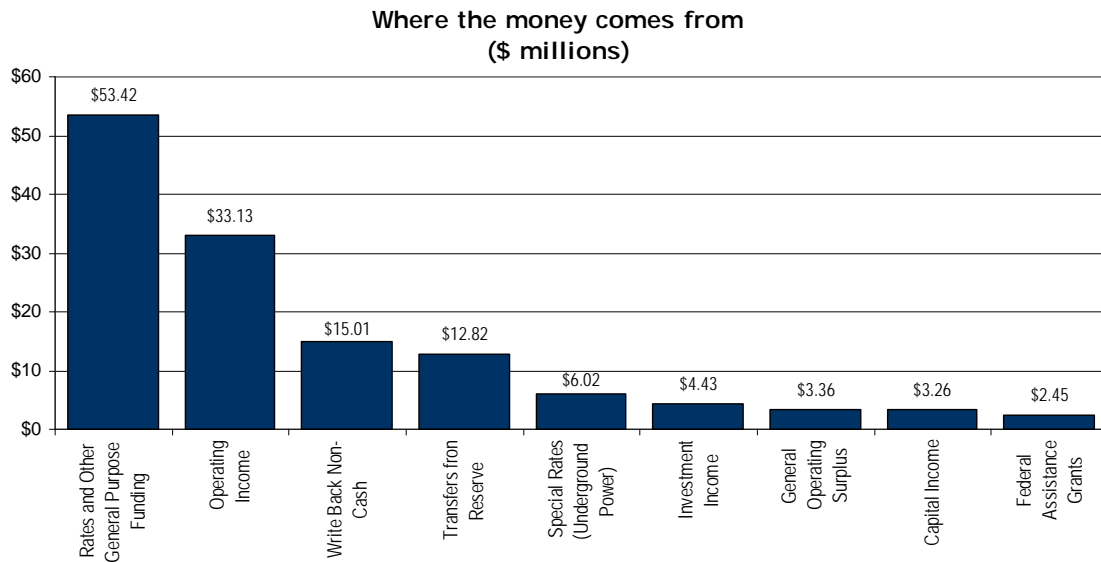
For more information on the City's products and services, please visit:

www.melvillecity.com.au/a-z

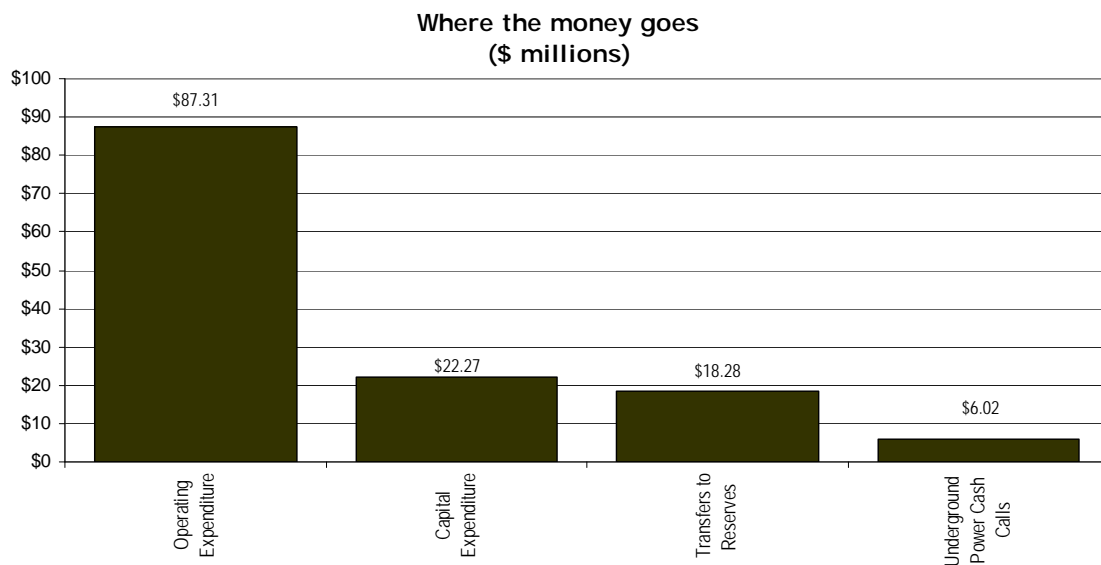
The City of Melville, like other Local Governments, has a significant portfolio of assets of approximately \$736 million in replacement value (\$510 million in depreciated value) that support the delivery of these products and services. Asset management costs, including planning, design, construction, maintenance, operating expenditure, renewal and disposal, are significant and are a material component of the Long Term Financial Plan.

Financial Snapshot

The 2012/13 Annual Budget proposes to fund the City's operations as follows:



And this funding has been proposed to be allocated as follows:



The 2012/13 Annual Budget was balanced as a result of the application of a 5.2% rate in the dollar increase, yielding a rate revenue increase of 5.764%. Above Consumer Price Index (CPI) cost increases in expenses, including utilities and salaries, contributed to the need for this level of increase and an additional 0.5% for the development of Public Open Space.

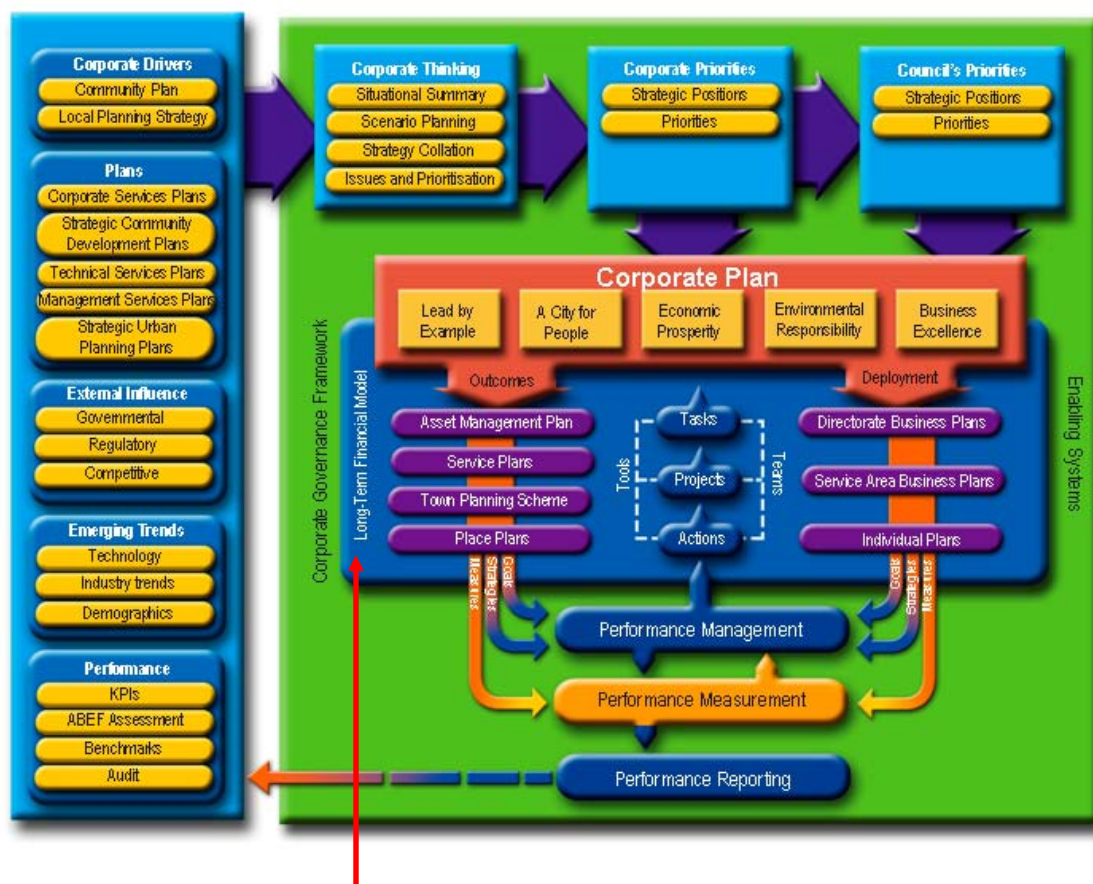
Current Planning Framework

The City of Melville has adopted a Corporate Planning and Strategy Framework to ensure there is both an integrated and holistic approach to strategic planning.

All decisions made through the corporate planning and strategic planning processes are to ensure that:

- strategic planning occurs;
- there is improved coordination and integration with other Plans (including the Long Term Financial Plan);
- there is clear communication and engagement with the community on the Plans;
- initiatives are developed and evaluated through a project management process;
- there is a forum and method for Elected Members to lead more effectively by focusing on key strategic issues;
- there is progress towards strategies and goals through a performance management system; and
- performance data is used to improve planning.

The following diagram depicts our framework:



The Long Term Financial Plan is integral to the strategic planning process and will drive future Annual Budgets.

Financial Model Development

The purpose of the Long Term Financial Plan is to outline how financially sustainable the City is over the long term and to also allow for early identification of financial issues. The Plan is underpinned by a detailed Long Term Financial Model. The Model commences with a base year (the 2012/13 Adopted Annual Budget) and projects data over ten years based on financial assumptions. The financial assumptions used are a combination of long range averages from relevant indices published by the Australian Bureau of Statistics (ABS), historical trends derived from the City's records and other long term informing documents (including Asset Management Plans).

The Model is supported by detailed schedules for assumptions, asset management data, financial reserve transfers etc, allowing the City to forecast and track the financial impact of various scenarios.

In preparing the long term projections, it has been assumed that in terms of funding for general operations it is business as usual. Capital funding focuses heavily on information provided in our Asset Management Plans, to ensure there is adequate funding for the ongoing renewal of our existing (and significant) asset base. It has become increasingly clear that the City is facing an ongoing battle to contain costs of what we already do without introducing additional services/assets. The City has a framework and process to review current or any new discretionary/non-discretionary services. Productivity/efficiency improvements, asset/service rationalisation and alternate revenue streams all need to be considered in order to avoid substantial rate increases over the longer term.

The dollar amounts shown in the Plan are expressed as nominal values, meaning they have been adjusted to recognise the estimated impact of inflation.

Key Issues

The City is facing a number of key issues that have the potential to materially impact long term financial projections:

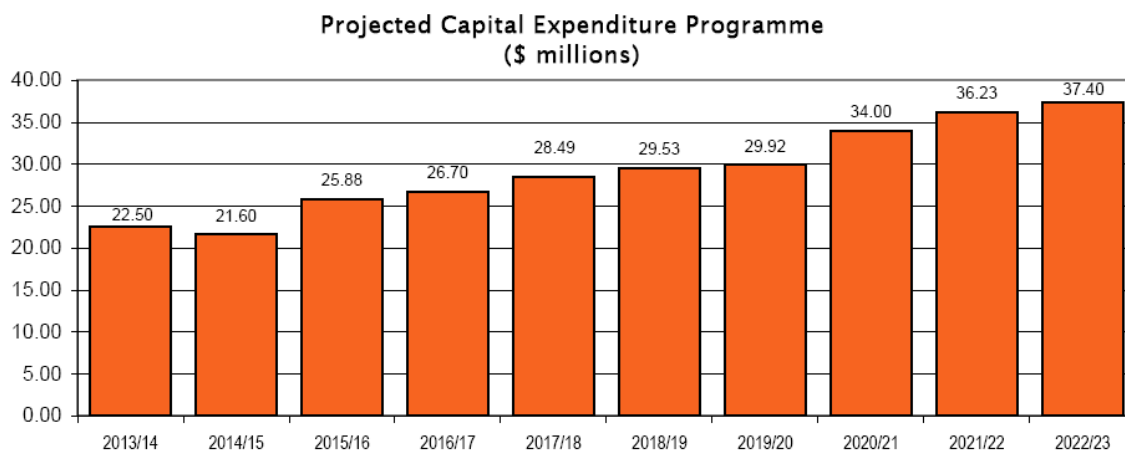
- the creation of the Murdoch Activity Centre – including downstream impacts resulting from the construction of the \$2 billion Fiona Stanley Hospital by the State Government and a predicted additional annualised whole of life cost in excess of \$1.1 million if the State hands over the public infrastructure in the precinct to the City;
- costs and revenues associated with the implementation of the Canning Bridge Precinct Vision;
- the cost of development and ongoing maintenance of the Lower Heathcote Land expected to be in excess of \$3 million;
- The impacts of an aging population as outlined in the Melville to 2050 report findings;
- Strategic Provision of Active Reserves 2011-2031;
- Building Assets: fit for use vs economic life and the accumulated value of deferred asset replacement liability

- The relocation of the Melville Discovery Centre and ongoing upgrades of the City's Libraries;
- The continuing above CPI increases in the cost of waste disposal;
- The Federally funded Roads to Recovery grant is uncertain after 2014;
- The costs associated with master planning and then redevelopment of the City's land and buildings within the Booragoon Activity (Melville City) Centre; and
- Local Government Reform including the possibility of amalgamations or boundary changes and the resulting redistributions of the City's assets.

Asset Management

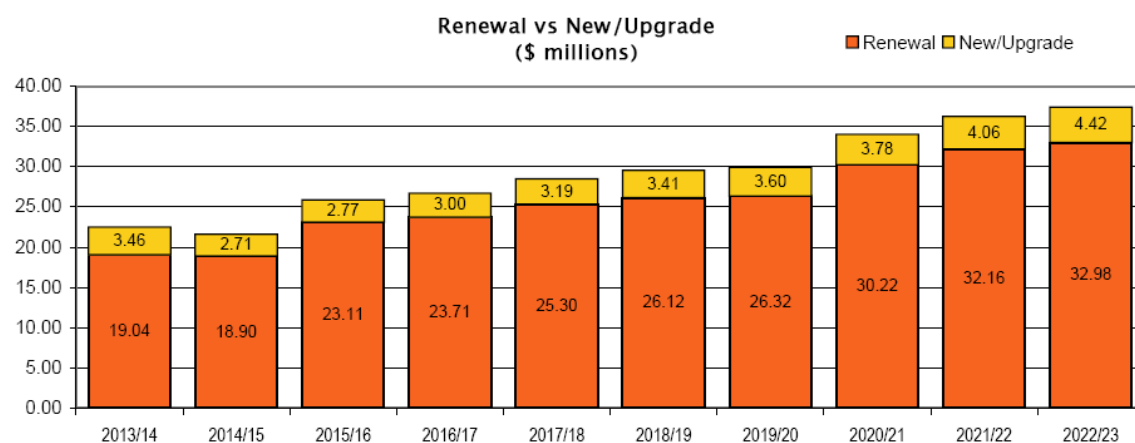
The City has completed Asset Management Plans for significant asset classes and this work has identified the life cycle costs of assets and, in particular, the annual renewal expenditure required to ensure they continue to deliver an appropriate level of service. Failure to adequately fund asset renewal amongst other things creates risks of asset failure, personal injury and reputation and creates deferred liabilities. The Asset Management Plans continue to be refined and serve as valuable informing documents for the Long Term Financial Plan.

The following graphically depicts the proposed long term capital programme:

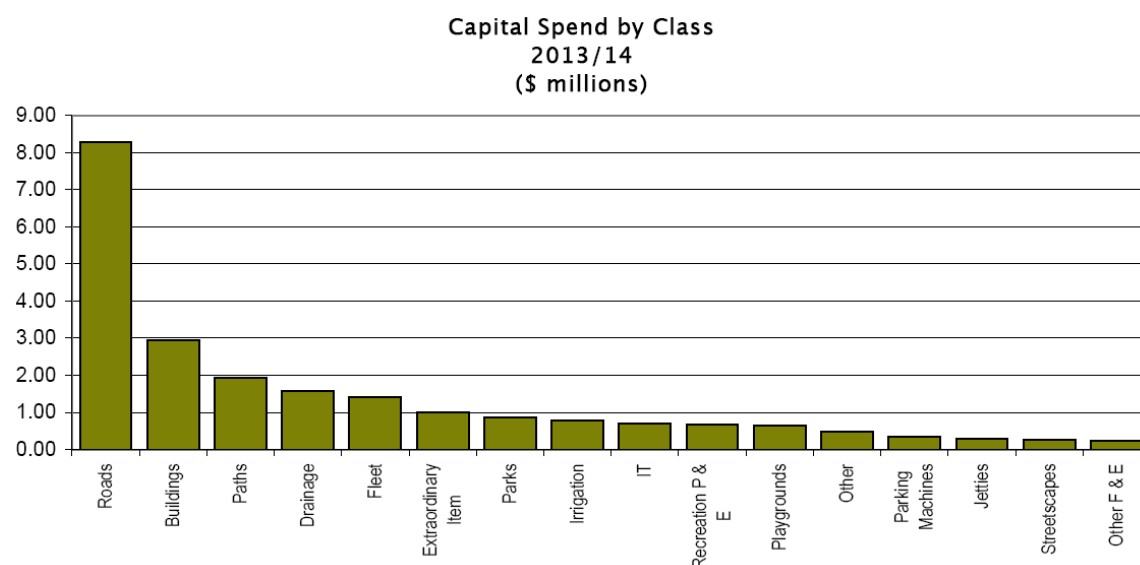


In accordance with the City's 'Asset Management' policy, funding priority is given to the maintenance and renewal of existing assets as opposed to the creation of new assets.

The following chart demonstrates our commitment to this approach:



The long term capital programme can also be shown by asset class, the 2013/14 data provides indicative data:



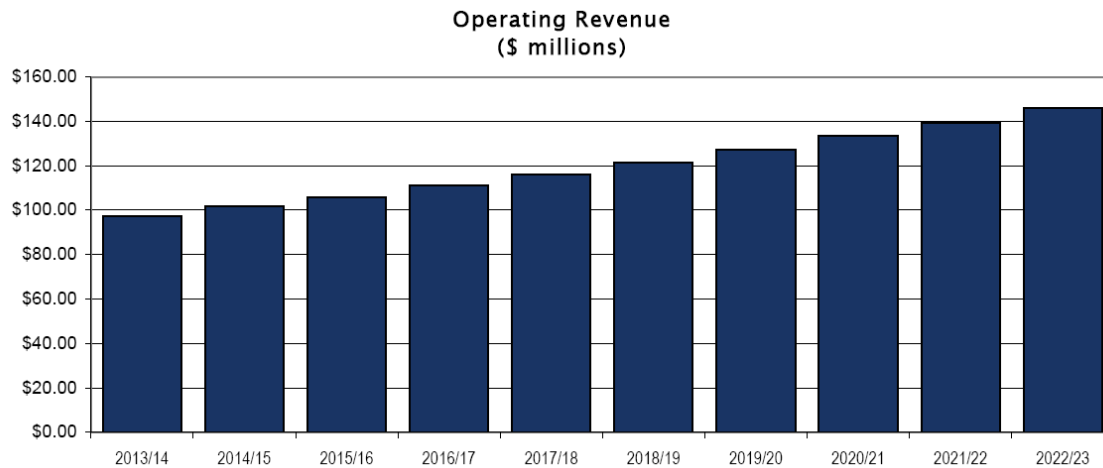
In this year, expenditure on roads, buildings, paths, parks, drainage and fleet assets receive 76% of the capital funding.

The City is reliant on grants to assist funding its capital programme. Capital grants come from both State and Federal Government programmes, including State Black Spots, Main Roads Regional Grants, Federal Black Spots and Roads to Recovery. Funding levels vary from year to year depending on projects but approximately \$2 million is received annually. The City has factored this funding into the ten year forecasts, with a nominal increase. Should these funding sources be withdrawn this would require an increase in rates of approximately 3.8%.

Operating Revenue Assumptions

Operating Revenue, for the purpose of long term planning, is categorised by the nature of the revenue and applied with an assumption. The following outlines material revenue streams and their associated assumptions:

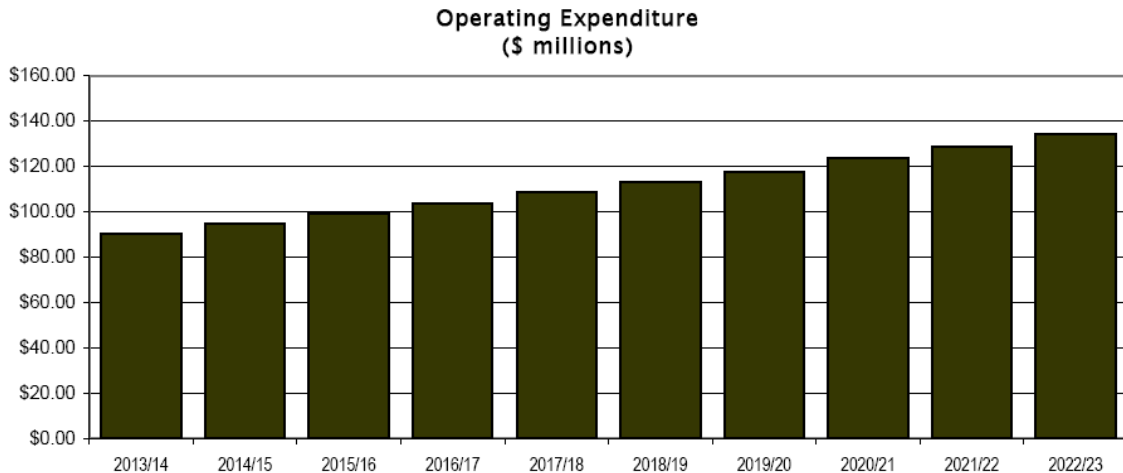
| Revenue Category | Assumption |
|--------------------------------------|---|
| General Rates | 4.7% per annum. This is indicative only and will be reviewed annually as part of the Annual Budget Process. |
| Rates Growth | 0.5% per annum |
| Underground Power | Future projects not factored in as there is no certainty as to when they will occur and income is offset directly by expenditure. |
| Waste Fees | 4.3% to 4.5% per annum. Waste charges have been set to align with the cost increases associated with running the service. |
| Recreation Fees and Charges | 3.43% per annum. Charges have been set to align with the cost increases associated with running recreational programmes. |
| Investment Income | 4.25% per annum. Except for the Land and Property Reserve, where partial interest will remain within the Municipal fund interest earned on Reserve Accounts will be transferred to Reserves to maintain the real value of the Reserve. |
| Community Security | 4.25% per annum. The Security charge has been set to align with the cost increases associated with running the service. |
| Lease Fees | 3.43% per annum. This is aligned with estimated CPI. |
| Federal Assistance Funding | 1% per annum. A nominal increase has been applied. The General component will continue to be transferred to the Land and Property Reserve. |
| Planning & Building Application Fees | 6.85% per annum. This assumption has been aligned with a Construction Index to reflect estimated changes in property valuations. |



Operating Expenditure Assumptions

Operating Expenditure, for the purpose of long term planning, is also categorised by the nature of the expenditure and applied with an assumption. The following outlines material expenditure streams and their associated assumptions:

| Expenditure Category | Assumption |
|-------------------------|--|
| Employee Costs | <p>4% to 4.25% per annum.</p> <p>The organisation undertakes an 'Organisational Salary Review' on an annual basis. The methodology for this review involves analysing the Consumer Price Index for Perth, the overall labour market, benchmarking against other Local Government Authorities and State Government, and assessment of capacity to pay (long term viability). Therefore, the assumption used is indicative only and will be adjusted accordingly in time. Inclusive in this is an allowance for position reclassifications and market allowances.</p> <p>No allowance has been made for growth in positions but an allowance has been made for the change in occupational superannuation from 9% to 12% by 2019/20 – this % is set by legislation.</p> |
| Materials and Contracts | <p>3.43% per annum.</p> <p>This is aligned with estimated CPI.</p> |
| Waste Disposal | <p>5.68% per annum.</p> |
| Utilities | <p>4% to 6.5% per annum.</p> <p>The assumption is higher in the earlier years due to the current known increases in electricity charges.</p> |



Reserve Assumptions

The City uses the concept of cash backed financial Reserves to:

- Save for a future purpose, contingency or to cash back employee entitlements;
- Fund the replacement of infrastructure or assets that are being consumed by the current generation of ratepayers so as to not impose an undue financial burden on future generations of ratepayers who have not had the benefit of that consumption;
- Help smooth out the uneven nature of non-linear cyclical expenditures of both an operational and capital nature; and
- To temporarily retain any surpluses or unspent funding that may arise from various activities to be used to in future years.

The use of Reserves feature in the Long Term Financial Plan, the key assumptions are as follows:

| Reserve | Purpose/Assumption |
|---|---|
| Infrastructure Asset Management Reserve | <p>To be used to fund infrastructure asset management projects including the construction, maintenance and renewal of the City's building, road, path, kerbing, street furniture, park structures, playground, irrigation and drainage infrastructure.</p> <p>The Reserve acts as a smoothing tool for capital expenditure, with significant transfers to and from Reserve.</p> |

| Reserve | Purpose/Assumption |
|--------------------------------|--|
| Land and Property Reserve | <p>To be used to fund land and property purchases within the City of Melville.</p> <p>The Federal Assistance Grant (General) is currently transferred to this Reserve annually. Potential purchases are not shown as a transfer from Reserve.</p> |
| Public Open Space Reserve | <p>To be used to fund the purchase, development and redevelopment of Public Open Space, Parks and Reserves.</p> <p>1% of Rate Revenue is currently transferred to this Reserve annually.</p> |
| Plant Replacement Reserve | <p>To be used to fund the purchase of replacement motor vehicles and plant, including waste collection trucks.</p> <p>This Reserve acts as a smoothing tool for the Fleet Replacement Programme as the net cost of purchases vs sales varies considerably from year to year.</p> |
| Information Technology Reserve | <p>To be used to fund the acquisition and replacement of computer software and information technology hardware.</p> <p>This Reserve acts as a smoothing tool for the Information Technology Capital Programme.</p> |

Borrowings

The City of Melville has a preferred position of remaining debt free (except for self supporting loans) but is not adverse to borrowing. The City recognises that in order to ensure intergenerational equity in funding the acquisition, renewal or construction of new assets, it may need to resort to the prudent use of loan borrowings. However, borrowings have not been used as a financing mechanism in the Long Term Financial Plan.

Scenario Modelling and Sensitivity Analysis

The Plan has been developed to reflect, to the best of the City's knowledge, the long term financial outlook and has not been designed to have either a pessimistic or optimistic bias. However, the sensitivity to changes in a number of assumptions has been modelled and the corresponding impact to Rate revenue has been calculated.

Investment income has been projected based on an average interest rate of 4.25%. Changes to the interest rate will impact the amount of investment income funding general municipal operations and the amount of funding generated on Reserve accounts to maintain the real value. If the interest rate were to drop to 3.5%, this would require the revenue generated through rates to increase by another 0.8% to fund the approximate shortfall of \$500,000.

To an extent, the City is reliant on grant funding from external bodies to maintain operations. Federal Assistance Grant funding contributes approximately \$2.5m and road funding approximately \$2m. Any decrease in funding would result in either decreased service levels or a corresponding increase in Rate revenue to fund the shortfall. For example, if the Federal Assistance road grant of \$1m was to cease, the revenue generated through rates would need to increase by another 1.8%. This would ultimately result in a total rate in the dollar increase of 6.5%.

A similar situation would also exist should the Murdoch Activity Centre create additional infrastructure maintenance and renewal liabilities for the City without corresponding funding from the State Government. The predicted additional annualised whole of life cost in excess of \$1.1 million would require an additional 2% in rate revenue.

Financial Statements

Statement of Comprehensive Income

The purpose of the Statement of Comprehensive Income is to identify the cost of goods and services provided, and the extent to which costs are recovered from revenues over the period.

Statement of Cash Flows

Cash flow information demonstrates the ability of an organisation to generate cash and cash equivalents and the needs to utilise cash.

Rate Setting Statement

The Rate Setting Statement is a summary of all operating and capital sources of funds and the application of those funds.

Statement of Financial Position

The Statement of Financial Position is the equivalent of a Balance Sheet and provides a snapshot of the overall financial position.

Equity Statement

The Equity Statement reconciles the opening and closing balances of each class of equity. It identifies how the operating result has impacted upon equity.

Capital Expenditure Projections

Capital expenditure is shown by class and by the asset management principles of 'renewal' and 'new/upgrade'.

Statement of Comprehensive Income – by Nature or Type

| | Budget 2012/13 \$'000 | Projections | | | | | | | | | |
|---|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | 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 |
| Revenues | | | | | | | | | | | |
| Rates | 52,530 | 55,262 | 58,135 | 61,158 | 64,338 | 67,884 | 71,204 | 74,906 | 78,801 | 82,899 | 87,210 |
| Operating Grants, Subsidies and Contributions | 2,841 | 2,869 | 2,898 | 2,927 | 2,956 | 2,986 | 3,016 | 3,046 | 3,076 | 3,107 | 3,138 |
| Fees and Charges | 28,418 | 29,567 | 30,770 | 32,028 | 33,348 | 34,731 | 36,181 | 37,701 | 39,295 | 40,968 | 42,716 |
| Service Charges | 8,793 | 2,448 | 2,552 | 2,654 | 2,761 | 2,871 | 2,986 | 3,105 | 3,230 | 3,359 | 3,493 |
| Interest Earnings | 4,425 | 4,160 | 4,355 | 4,640 | 4,847 | 5,074 | 5,313 | 5,576 | 5,891 | 6,150 | 6,424 |
| Other Revenue | 2,145 | 2,582 | 2,577 | 2,584 | 2,593 | 2,595 | 2,614 | 2,632 | 2,635 | 2,643 | 2,662 |
| | 99,152 | 96,888 | 101,288 | 105,992 | 110,844 | 115,941 | 121,313 | 126,966 | 132,928 | 139,125 | 145,643 |
| Expenses | | | | | | | | | | | |
| Employee Costs | (38,245) | (39,824) | (41,560) | (43,325) | (45,167) | (47,091) | (49,097) | (51,188) | (53,240) | (55,374) | (57,593) |
| Materials and Contracts | (25,677) | (26,596) | (27,658) | (28,766) | (29,924) | (31,132) | (32,394) | (33,712) | (35,088) | (36,528) | (38,032) |
| Utility Charges | (3,893) | (4,145) | (4,414) | (4,590) | (4,773) | (4,963) | (5,162) | (5,368) | (5,582) | (5,805) | (6,037) |
| Insurance Expenses | (1,425) | (1,475) | (1,527) | (1,580) | (1,635) | (1,693) | (1,752) | (1,813) | (1,877) | (1,942) | (2,010) |
| Depreciation on Non-Current Assets | (13,801) | (14,746) | (15,757) | (16,835) | (17,989) | (19,221) | (20,536) | (21,945) | (23,448) | (25,054) | (26,771) |
| Interest Expenses | (242) | (224) | (193) | (174) | (158) | (132) | (125) | (115) | (91) | (71) | (61) |
| Other Expenditure | (8,839) | (2,834) | (2,849) | (2,865) | (2,881) | (2,896) | (2,911) | (2,925) | (2,938) | (2,951) | (2,963) |
| | (92,122) | (89,844) | (93,958) | (98,136) | (102,526) | (107,129) | (111,978) | (117,065) | (122,264) | (127,724) | (133,468) |
| Non-Operating Grants, Subsidies and Contributions | 2,334 | 1,814 | 1,824 | 1,835 | 1,846 | 1,857 | 1,868 | 1,879 | 1,891 | 1,902 | 1,914 |
| Profit on Asset Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loss on Asset Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Comprehensive Income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL COMPREHENSIVE INCOME | 9,365 | 8,858 | 9,155 | 9,691 | 10,164 | 10,669 | 11,203 | 11,780 | 12,555 | 13,303 | 14,088 |

Statement of Cash Flows

| | Budget 2012/13 \$'000 | 2013/14 \$'000 | 2014/15 \$'000 | 2015/16 \$'000 | 2016/17 \$'000 | Projections 2017/18 \$'000 | 2018/19 \$'000 | 2019/20 \$'000 | 2020/21 \$'000 | 2021/22 \$'000 | 2022/23 \$'000 |
|--|-----------------------------|-------------------|-------------------|-------------------|-------------------|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Cash Flows from Operating Activities | | | | | | | | | | | |
| Revenues | | | | | | | | | | | |
| Rates | 53,959 | 55,239 | 57,971 | 60,986 | 64,157 | 67,495 | 71,005 | 74,697 | 78,582 | 82,668 | 86,967 |
| Operating Grants, Subsidies and Contributions | 2,841 | 2,869 | 2,898 | 2,927 | 2,956 | 2,986 | 3,016 | 3,046 | 3,076 | 3,107 | 3,138 |
| Fees and Charges | 28,418 | 29,567 | 30,770 | 32,028 | 33,348 | 34,731 | 36,181 | 37,701 | 39,295 | 40,968 | 42,716 |
| Service Charges | 7,943 | 2,448 | 2,552 | 2,654 | 2,761 | 2,871 | 2,986 | 3,105 | 3,230 | 3,359 | 3,493 |
| Interest Earnings | 4,425 | 4,160 | 4,355 | 4,640 | 4,847 | 5,074 | 5,313 | 5,576 | 5,891 | 6,150 | 6,424 |
| Other Revenue | 2,995 | 2,582 | 2,577 | 2,584 | 2,593 | 2,595 | 2,614 | 2,632 | 2,635 | 2,643 | 2,662 |
| | 100,581 | 96,866 | 101,124 | 105,820 | 110,662 | 115,752 | 121,114 | 126,757 | 132,708 | 138,894 | 145,400 |
| Expenses | | | | | | | | | | | |
| Employee Costs | (38,245) | (40,008) | (41,750) | (43,520) | (45,367) | (47,296) | (49,307) | (51,403) | (53,460) | (55,599) | (57,823) |
| Materials and Contracts | (25,595) | (25,985) | (27,796) | (28,906) | (30,079) | (31,282) | (32,549) | (33,876) | (35,251) | (36,396) | (37,890) |
| Utility Charges | (3,893) | (4,145) | (4,414) | (4,590) | (4,773) | (4,963) | (5,162) | (5,368) | (5,582) | (5,805) | (6,037) |
| Insurance Expenses | (1,425) | (1,475) | (1,527) | (1,580) | (1,635) | (1,693) | (1,752) | (1,813) | (1,877) | (1,942) | (2,010) |
| Interest Expenses | (242) | (224) | (193) | (174) | (158) | (132) | (125) | (115) | (91) | (71) | (61) |
| Other Expenditure | (8,839) | (2,834) | (2,849) | (2,865) | (2,881) | (2,896) | (2,911) | (2,925) | (2,938) | (2,951) | (2,963) |
| | (78,239) | (74,671) | (78,529) | (81,636) | (84,893) | (88,263) | (91,806) | (95,500) | (99,198) | (102,764) | (106,764) |
| Net Cash Provided by Operating Activities | 22,342 | 22,195 | 22,595 | 24,184 | 25,769 | 27,489 | 29,309 | 31,258 | 33,510 | 36,130 | 38,616 |
| Cash Flows from Investing Activities | | | | | | | | | | | |
| (Increase) / Decrease in Investments | 963 | 895 | 1,489 | 361 | 2,308 | 391 | 3,126 | 2,810 | 2,988 | 3,15 | 365 |
| Proceeds from Sale of Property and Equipment | 922 | 425 | 316 | 1,115 | 903 | 1,148 | 842 | 392 | 870 | 1,067 | 786 |
| Grants and Contributions for Asset Development | 2,334 | 1,814 | 1,824 | 1,835 | 1,846 | 1,857 | 1,868 | 1,879 | 1,891 | 1,902 | 1,914 |
| Payments for Purchase of Property, Plant and Equipment | (7,493) | (6,648) | (5,601) | (8,732) | (8,272) | (8,748) | (8,378) | (7,292) | (9,805) | (10,284) | (9,545) |
| Payments for Construction/Acquisition of Infrastructure | (14,777) | (15,855) | (16,000) | (17,146) | (18,432) | (19,745) | (21,151) | (22,627) | (24,194) | (25,941) | (27,850) |
| | (18,051) | (19,369) | (17,973) | (22,567) | (21,647) | (25,097) | (23,693) | (24,837) | (28,250) | (32,941) | (34,330) |
| Net Cash Used in Investing Activities | 4,291 | 2,826 | 4,622 | 1,617 | 4,123 | 2,391 | 5,616 | 6,421 | 5,260 | 3,190 | 4,286 |
| Net Increase / (Decrease) in Cash Held | 67,619 | 71,910 | 74,736 | 79,358 | 80,975 | 85,098 | 87,489 | 93,105 | 99,526 | 104,786 | 107,976 |
| Cash at Beginning of Year | 71,910 | 74,736 | 79,358 | 80,975 | 85,098 | 87,489 | 93,105 | 99,526 | 104,786 | 107,976 | 112,261 |
| Cash and Cash Equivalents at the End of Year | | | | | | | | | | | |
| Reconciliation of Net Cash Provided by Operating Activities to Net Result | | | | | | | | | | | |
| Net Result | 9,365 | 8,858 | 9,155 | 9,691 | 10,164 | 10,669 | 11,203 | 11,780 | 12,555 | 13,303 | 14,088 |
| Add / (Less) Non-Cash / Non-Operating Items | | | | | | | | | | | |
| Depreciation | 13,801 | 14,746 | 15,757 | 16,835 | 17,889 | 19,221 | 20,538 | 21,945 | 23,448 | 25,054 | 26,771 |
| Grants & Contributions for the Development of Assets | (2,334) | (1,814) | (1,824) | (1,835) | (1,846) | (1,857) | (1,868) | (1,879) | (1,891) | (1,902) | (1,914) |
| Changes in Assets & Liabilities During the Financial Year: | | | | | | | | | | | |
| (Increase)/Decrease in Current Receivables | 1,429 | (23) | (165) | (172) | (182) | (189) | (199) | (209) | (220) | (231) | (243) |
| (Increase)/Decrease in Non-Current Receivables | 283 | 303 | 307 | (266) | (248) | (249) | (269) | (330) | (330) | (330) | (330) |
| (Increase)/Decrease in Current Creditors | 81 | 612 | (138) | (139) | (155) | (149) | (155) | (164) | (163) | (170) | (177) |
| (Increase)/Decrease in Non-Current Creditors | (283) | (303) | (307) | 266 | 248 | 249 | 274 | (269) | (330) | (330) | (330) |
| (Increase)/(Decrease) in Provision for Employee Entitlements | - | (184) | (190) | (195) | (200) | (205) | (210) | (215) | (220) | (225) | (230) |
| Net Cash Provided by Operating Activities | 22,342 | 22,195 | 22,595 | 24,184 | 25,769 | 27,489 | 29,309 | 31,258 | 33,510 | 36,130 | 38,616 |

Rate Setting Statement – by Nature or Type

| | Budget | Projections | | | | | | | | | |
|---|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2012/2013 \$'000 | 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 |
| Revenues | | | | | | | | | | | |
| Operating Grants, Subsidies and Contributions | 5,175 | 4,683 | 4,723 | 4,762 | 4,802 | 4,843 | 4,884 | 4,925 | 4,967 | 5,009 | 5,052 |
| Fees and Charges | 28,418 | 29,567 | 30,770 | 32,028 | 33,348 | 34,731 | 36,181 | 37,701 | 39,295 | 40,968 | 42,716 |
| Service Charges | 8,793 | 2,448 | 2,552 | 2,654 | 2,761 | 2,871 | 2,986 | 3,105 | 3,230 | 3,359 | 3,493 |
| Interest Earnings | 4,425 | 4,160 | 4,355 | 4,640 | 4,847 | 5,074 | 5,313 | 5,576 | 5,891 | 6,150 | 6,424 |
| Other Revenue | 2,145 | 2,592 | 2,577 | 2,584 | 2,593 | 2,595 | 2,614 | 2,632 | 2,635 | 2,643 | 2,662 |
| | 48,956 | 43,441 | 44,978 | 46,669 | 48,351 | 50,114 | 51,977 | 53,939 | 56,017 | 58,128 | 60,346 |
| Expenses | | | | | | | | | | | |
| Employee Costs | (38,245) | (39,824) | (41,560) | (43,325) | (45,167) | (47,091) | (49,097) | (51,188) | (53,240) | (55,374) | (57,593) |
| Materials and Contracts | (25,677) | (26,596) | (27,658) | (28,766) | (29,924) | (31,132) | (32,394) | (33,712) | (35,088) | (36,528) | (38,032) |
| Utility Charges | (3,893) | (4,145) | (4,414) | (4,590) | (4,773) | (4,963) | (5,162) | (5,368) | (5,582) | (5,805) | (6,037) |
| Insurance Expenses | (1,425) | (1,475) | (1,527) | (1,580) | (1,635) | (1,693) | (1,752) | (1,813) | (1,877) | (1,942) | (2,010) |
| Depreciation on Non-Current Assets | (13,801) | (14,746) | (15,757) | (16,835) | (17,989) | (19,221) | (20,538) | (21,945) | (23,448) | (25,054) | (26,771) |
| Interest Expenses | (242) | (224) | (193) | (174) | (158) | (132) | (125) | (115) | (91) | (71) | (61) |
| Other Expenditure | (8,839) | (2,834) | (2,849) | (2,865) | (2,881) | (2,896) | (2,911) | (2,925) | (2,938) | (2,951) | (2,963) |
| | (92,122) | (89,844) | (93,958) | (98,136) | (102,526) | (107,129) | (111,978) | (117,065) | (122,264) | (127,724) | (133,468) |
| Net Result Excluding Rates | (43,165) | (46,404) | (48,980) | (51,467) | (54,175) | (57,015) | (60,001) | (63,126) | (66,246) | (69,596) | (73,122) |
| Adjustments for Cash Budget Requirements | | | | | | | | | | | |
| Non-Cash Revenue and Expenditure | | | | | | | | | | | |
| Profit/(Loss) on Asset Disposals | 13,801 | 14,746 | 15,757 | 16,835 | 17,989 | 19,221 | 20,538 | 21,945 | 23,448 | 25,054 | 26,771 |
| Depreciation on Assets | 290 | 293 | 296 | 299 | 302 | 305 | 308 | 311 | 314 | 317 | 320 |
| Plant Investment Provision | 14,091 | 15,039 | 16,053 | 17,134 | 18,291 | 19,526 | 20,846 | 22,256 | 23,762 | 25,371 | 27,091 |
| Capital Revenue & Expenditure | | | | | | | | | | | |
| Purchase of Furniture and Equipment | (1,773) | (2,200) | (1,434) | (1,922) | (1,448) | (1,229) | (1,332) | (1,449) | (2,105) | (1,555) | (1,356) |
| Purchase of Plant and Equipment | (3,039) | (1,411) | (892) | (3,286) | (3,030) | (3,455) | (2,692) | (1,186) | (2,723) | (3,391) | (2,452) |
| Purchase of Land and Buildings | (2,681) | (3,037) | (3,276) | (3,525) | (3,794) | (4,064) | (4,354) | (4,656) | (4,976) | (5,339) | (5,737) |
| Purchase of Infrastructure Assets | (14,777) | (15,855) | (16,000) | (17,146) | (18,432) | (19,745) | (21,151) | (22,627) | (24,194) | (25,941) | (27,850) |
| Proceeds from Disposal of Assets | 922 | 425 | 316 | 1,115 | 903 | 1,148 | 842 | 392 | 870 | 1,067 | 786 |
| Repayment of Debentures | (282) | (303) | (307) | (266) | (248) | (249) | (274) | (269) | (330) | (151) | (160) |
| Self Supporting Loan Principal Revenue | 283 | 303 | 307 | 266 | 248 | 249 | 274 | 269 | 330 | 151 | 160 |
| Funds to be Set Aside | (18,278) | (24,521) | (25,881) | (27,471) | (29,170) | (30,913) | (32,778) | (34,745) | (36,869) | (39,156) | (41,651) |
| Funds to be Used | 12,815 | 20,901 | 20,160 | 23,610 | 24,861 | 26,359 | 27,652 | 28,435 | 31,881 | 33,841 | 35,286 |
| | (26,811) | (25,697) | (27,007) | (28,625) | (30,110) | (31,899) | (33,814) | (35,836) | (38,117) | (40,473) | (42,874) |
| Add: Estimated Surplus Brought Forward | 3,355 | 1,801 | 1,799 | 1,800 | 1,656 | 1,705 | 1,765 | 1,800 | 1,800 | 1,799 | 1,795 |
| Amount Required to be Raised from Rates | (52,530) | (55,262) | (58,135) | (61,158) | (64,338) | (67,684) | (71,204) | (74,906) | (78,801) | (82,899) | (87,210) |

Statement of Financial Position

| | Budget 2012/13 \$'000 | 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 and cash equivalents | 71,910 | 74,736 | 79,358 | 80,975 | 85,098 | 87,489 | 93,105 | 99,526 | 104,786 | 107,976 | 112,261 |
| Investments | 1,508 | 2,402 | 3,891 | 4,252 | 6,561 | 6,952 | 10,078 | 12,888 | 15,876 | 16,191 | 16,557 |
| Receivables | 4,628 | 4,951 | 4,815 | 4,987 | 5,169 | 5,358 | 5,557 | 5,766 | 5,986 | 6,217 | 6,459 |
| Inventories | 156 | 156 | 156 | 156 | 156 | 156 | 156 | 156 | 156 | 156 | 156 |
| Other current assets | 549 | 549 | 549 | 549 | 549 | 549 | 549 | 549 | 549 | 549 | 549 |
| Total Current Assets | 78,750 | 82,494 | 88,770 | 90,919 | 97,533 | 100,504 | 109,445 | 118,885 | 127,353 | 131,089 | 135,982 |
| Non Current Assets | | | | | | | | | | | |
| Receivables – non current | 5,865 | 5,562 | 5,254 | 5,521 | 5,769 | 6,018 | 6,293 | 6,024 | 5,694 | 5,543 | 5,383 |
| Infrastructure, Property, Plant & Equipment | 506,049 | 531,280 | 555,770 | 584,521 | 610,332 | 641,070 | 667,446 | 695,800 | 726,958 | 764,059 | 802,307 |
| Investment Property | 10,039 | 10,384 | 10,740 | 11,108 | 11,489 | 11,883 | 12,291 | 12,712 | 13,148 | 13,599 | 14,066 |
| Other non-current assets | 8,210 | 8,210 | 8,210 | 8,210 | 8,210 | 8,210 | 8,210 | 8,210 | 8,210 | 8,210 | 8,210 |
| Total Non Current Assets | 530,163 | 555,416 | 579,975 | 609,360 | 635,800 | 667,182 | 694,240 | 722,746 | 754,010 | 791,412 | 829,967 |
| TOTAL ASSETS | 608,913 | 637,910 | 668,745 | 700,280 | 733,333 | 767,686 | 803,685 | 841,631 | 881,363 | 922,500 | 965,949 |
| LIABILITIES | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | |
| Payables | 10,601 | 9,988 | 10,127 | 10,266 | 10,421 | 10,570 | 10,725 | 10,888 | 11,051 | 11,221 | 11,398 |
| Borrowings | 299 | 299 | 299 | 299 | 299 | 299 | 299 | 299 | 299 | 299 | 299 |
| Provisions | 4,921 | 5,105 | 5,285 | 5,490 | 5,690 | 5,895 | 6,105 | 6,320 | 6,540 | 6,765 | 6,995 |
| Total Current Liabilities | 15,821 | 15,393 | 15,721 | 16,055 | 16,410 | 16,764 | 17,129 | 17,508 | 17,890 | 18,285 | 18,692 |
| Non Current Liabilities | | | | | | | | | | | |
| Payables | 2,115 | 2,115 | 2,115 | 2,115 | 2,115 | 2,115 | 2,115 | 2,115 | 2,115 | 2,115 | 2,115 |
| Borrowings | 3,747 | 4,050 | 4,357 | 4,091 | 3,843 | 3,594 | 3,321 | 3,590 | 3,920 | 3,769 | 3,610 |
| Provisions | 716 | 716 | 716 | 716 | 716 | 716 | 716 | 716 | 716 | 716 | 716 |
| Total Non Current Liabilities | 6,578 | 6,881 | 7,188 | 6,922 | 6,674 | 6,426 | 6,152 | 6,421 | 6,751 | 6,601 | 6,441 |
| TOTAL LIABILITIES | 22,398 | 22,274 | 22,909 | 22,977 | 23,084 | 23,190 | 23,281 | 23,929 | 24,641 | 24,885 | 25,133 |
| NET ASSETS | 586,515 | 615,636 | 645,836 | 677,301 | 710,245 | 744,493 | 780,400 | 817,701 | 856,720 | 897,614 | 940,813 |
| EQUITY | | | | | | | | | | | |
| Retained Earnings | 256,906 | 262,144 | 265,578 | 271,408 | 277,263 | 283,378 | 289,455 | 294,925 | 302,492 | 310,480 | 318,202 |
| Revaluation reserves | 259,697 | 279,960 | 301,005 | 322,779 | 345,559 | 369,138 | 393,842 | 419,363 | 445,827 | 473,418 | 502,529 |
| Reserves – Cash/Investment Backed | 69,913 | 73,532 | 79,253 | 83,114 | 87,423 | 91,977 | 97,103 | 103,413 | 108,401 | 113,716 | 120,082 |
| TOTAL EQUITY | 586,515 | 615,636 | 645,836 | 677,301 | 710,245 | 744,493 | 780,400 | 817,701 | 856,720 | 897,614 | 940,813 |

Equity Statement

| | Budget 2012/13 \$'000 | 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 |
|---|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Retained Surplus | | | | | | | | | | | |
| Balance at beginning of reporting period | 253,004 | 256,906 | 262,144 | 265,578 | 271,408 | 277,263 | 283,378 | 289,455 | 294,925 | 302,492 | 310,480 |
| Net Result | 9,365 | 8,858 | 9,155 | 9,691 | 10,164 | 10,669 | 11,203 | 11,780 | 12,555 | 13,303 | 14,088 |
| Funds to be Set Aside | (18,278) | (24,521) | (25,881) | (27,471) | (29,170) | (30,913) | (32,778) | (34,745) | (36,869) | (39,156) | (41,651) |
| Funds to be Used | 12,815 | 20,901 | 20,160 | 23,610 | 24,861 | 26,359 | 27,652 | 28,435 | 31,881 | 33,841 | 35,286 |
| Balance at end of reporting period | 256,906 | 262,144 | 265,578 | 271,408 | 277,263 | 283,378 | 289,455 | 294,925 | 302,492 | 310,480 | 318,202 |
| Reserves – Cash/Investment Backed | | | | | | | | | | | |
| Balance at beginning of reporting period | 64,450 | 69,913 | 73,532 | 79,253 | 83,114 | 87,423 | 91,977 | 97,103 | 103,413 | 108,401 | 113,716 |
| Funds to be Set Aside | 18,278 | 24,521 | 25,881 | 27,471 | 29,170 | 30,913 | 32,778 | 34,745 | 36,869 | 39,156 | 41,651 |
| Funds to be Used | (12,815) | (20,901) | (20,160) | (23,610) | (24,861) | (26,359) | (27,652) | (28,435) | (31,881) | (33,841) | (35,286) |
| Balance at end of reporting period | 69,913 | 73,532 | 79,253 | 83,114 | 87,423 | 91,977 | 97,103 | 103,413 | 108,401 | 113,716 | 120,082 |
| Reserves – Asset Revaluation | | | | | | | | | | | |
| Balance at beginning of reporting period | 259,697 | 259,697 | 279,960 | 301,005 | 322,779 | 345,559 | 369,138 | 393,842 | 419,363 | 445,827 | 473,418 |
| Total Other Comprehensive Income | - | 20,263 | 21,045 | 21,774 | 22,780 | 23,579 | 24,704 | 25,521 | 26,464 | 27,591 | 29,111 |
| Balance at end of reporting period | 259,697 | 279,960 | 301,005 | 322,779 | 345,559 | 369,138 | 393,842 | 419,363 | 445,827 | 473,418 | 502,529 |
| TOTAL EQUITY | 586,515 | 615,636 | 645,836 | 677,301 | 710,245 | 744,493 | 780,400 | 817,701 | 856,720 | 897,614 | 940,813 |

Capital Expenditure Projections

| Asset Category | 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 |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Roads | | | | | | | | | | |
| Renewal | (7,272) | (7,792) | (8,348) | (8,944) | (9,583) | (10,267) | (11,000) | (11,784) | (12,625) | (13,526) |
| New/Upgrade | (1,002) | (1,120) | (1,231) | (1,354) | (1,447) | (1,546) | (1,633) | (1,717) | (1,851) | (2,015) |
| Buildings | | | | | | | | | | |
| Renewal | (2,489) | (2,671) | (2,867) | (3,077) | (3,302) | (3,543) | (3,802) | (4,080) | (4,378) | (4,698) |
| New/Upgrade | (451) | (504) | (554) | (610) | (652) | (696) | (736) | (774) | (834) | (908) |
| Paths | | | | | | | | | | |
| Renewal | (1,759) | (1,888) | (2,025) | (2,173) | (2,331) | (2,500) | (2,682) | (2,878) | (3,087) | (3,311) |
| New/Upgrade | (181) | (202) | (222) | (244) | (261) | (279) | (294) | (309) | (333) | (363) |
| Parks | | | | | | | | | | |
| Renewal | (605) | (649) | (695) | (745) | (798) | (855) | (917) | (983) | (1,052) | (1,127) |
| New/Upgrade | (23) | (25) | (28) | (30) | (33) | (35) | (37) | (39) | (42) | (45) |
| Drainage | | | | | | | | | | |
| Renewal | (1,222) | (1,310) | (1,404) | (1,505) | (1,615) | (1,731) | (1,856) | (1,991) | (2,134) | (2,287) |
| New/Upgrade | (361) | (404) | (443) | (488) | (521) | (557) | (589) | (619) | (667) | (726) |
| Irrigation | | | | | | | | | | |
| Renewal | (699) | (752) | (809) | (869) | (932) | (999) | (1,071) | (1,150) | (1,232) | (1,322) |
| New/Upgrade | (90) | (101) | (55) | (61) | (65) | (70) | (74) | (77) | (83) | (91) |
| Playgrounds | | | | | | | | | | |
| Renewal | (610) | (656) | (707) | (760) | (817) | (880) | (946) | (1,018) | (1,096) | (1,178) |
| New/Upgrade | (45) | (50) | (55) | (61) | (65) | (70) | (74) | (77) | (83) | (91) |
| Jetties | | | | | | | | | | |
| Renewal | (300) | (321) | (343) | (366) | (391) | (418) | (446) | (477) | (510) | (545) |
| New/Upgrade | | | | | | | | | | |
| Environmental | | | | | | | | | | |
| Renewal | (250) | (267) | (285) | (305) | (326) | (348) | (372) | (398) | (425) | (454) |
| New/Upgrade | | | | | | | | | | |
| Lighting | | | | | | | | | | |
| Renewal | (128) | (137) | (146) | (156) | (167) | (179) | (191) | (204) | (218) | (233) |
| New/Upgrade | | | | | | | | | | |
| Streetscapes | | | | | | | | | | |
| Renewal | (256) | (274) | (293) | (313) | (334) | (357) | (382) | (408) | (436) | (466) |
| New/Upgrade | | | | | | | | | | |

| Asset Category | 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 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Fleet | | | | | | | | | | |
| Renewal | (1,411) | (892) | (3,286) | (3,030) | (3,455) | (2,692) | (1,186) | (2,723) | (3,391) | (2,452) |
| New/Upgrade | | | | | | | | | | |
| Recreation Plant & Equipment | | | | | | | | | | |
| Renewal | (683) | (261) | (369) | (540) | (420) | (381) | (487) | (404) | (427) | (281) |
| New/Upgrade | | | | | | | | | | |
| Information Technology | | | | | | | | | | |
| Renewal | (520) | (600) | (980) | (580) | (470) | (600) | (600) | (730) | (640) | (640) |
| New/Upgrade | (193) | (176) | (50) | (15) | (15) | (15) | (15) | (15) | (15) | (15) |
| Parking Machines | | | | | | | | | | |
| Renewal | (350) | 0 | 0 | 0 | 0 | 0 | 0 | (500) | 0 | 0 |
| New/Upgrade | | | | | | | | | | |
| Furniture & Equipment | | | | | | | | | | |
| Renewal | (245) | (181) | (300) | (83) | (86) | (89) | (92) | (192) | (200) | (138) |
| New/Upgrade | | | | | | | | | | |
| Other Assets | | | | | | | | | | |
| Renewal | (238) | (246) | (254) | (263) | (272) | (282) | (291) | (301) | (312) | (322) |
| New/Upgrade | (119) | (123) | (127) | (132) | (136) | (141) | (146) | (151) | (156) | (161) |
| Extraordinary Item | | | | | | | | | | |
| New/Upgrade (Heathcote) | (1,000) | | | | | | | | | |
| | (22,503) | (21,602) | (25,879) | (26,704) | (28,493) | (29,529) | (29,918) | (33,999) | (36,225) | (37,395) |

Ratios

Current Ratio (*higher is better*) - a measure of the City's liquidity and its ability to meet its short term financial obligations from unrestricted current assets.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1.50 | 1.52 | 1.38 | 1.53 | 1.40 | 1.66 | 1.86 | 2.09 | 1.96 | 1.85 |

* target 1

Operating Surplus Ratio – an indicator of the extent to which revenue raised not only covers operational expenses, but also provides for capital funding.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 7% | 7% | 8% | 8% | 8% | 8% | 8% | 8% | 8% | 9% |

* target between 0% - 15%

Rates Coverage Ratio (*lower is better*) – an indicator of the City's ability to cover its costs through its own tax revenue efforts.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 49% | 50% | 49% | 50% | 50% | 50% | 51% | 50% | 51% | 51% |

* target greater than or equal to 40%

Debt Service Cover Ratio (*lower is better*) – an indicator of the City's ability to generate sufficient cash to cover its debt payments.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 42 | 47 | 56 | 65 | 74 | 75 | 83 | 81 | 165 | 176 |

* target greater than or equal to 2

Asset Sustainability Ratio – an indicator of the extent to which assets managed by the City are being renewed or replaced as they reach the end of their useful lives.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 129% | 120% | 137% | 132% | 132% | 127% | 120% | 129% | 128% | 123% |

* target between 90% - 100%

Asset Consumption Ratio – this ratio highlights the aged condition of the City's physical assets.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 69% | 70% | 71% | 72% | 73% | 73% | 74% | 75% | 76% | 76% |

* target between 50% - 75%

Asset Renewal Funding Ratio – indicates whether the local government has the financial capacity to fund asset renewal at existing revenue and service levels.

| 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

* target between 95% - 105%

Conclusion

The Long Term Financial Plan will be a key document driving future decision making and will be an important reference when preparing future Annual Budgets. It is expected that the 2013/14 Annual Budget will closely align with projections, with any variations to be identified and analysed during the Budget preparation process.

The Plan, and underpinning financial model, will be reviewed annually at the completion of the Annual Budget process each year. A formal review will be undertaken in conjunction with the review of the Strategic Community Plan in 2015.

The assumptions contained within the Plan, and other methodologies followed in its development, are all subject to refinement and continuous improvement.