

Central Darling Shire

**DRAFT LONG TERM FINANCIAL PLAN
2023-2032**





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EXECUTIVE SUMMARY

The Central Darling Shire Council's Long Term Financial Plan 2023-2032 has been developed using a 10 year Financial Model to ensure Council's future financial sustainability. The financial model is a dynamic tool which analyses financial trends over a ten year future period based on a range of assumptions and produces a means by which Council can assess its financial requirements balanced with its strategic objectives.

The Plan has been developed on the following broad assumptions:

- Rates are forecast to increase in line with rate capping predictions by IPART being 0.07% for 2023 then 2.5% for the life of the plan.
- Annual charges for water, sewer and waste services to increase by CPI each year.
- No long-term debt
- All revenue sources other than rates and annual charges to rise by inflation, except if better information is available.
- Net staff levels will remain constant in line with current service provision
- No reduction in the level of services provided
- Assets that provide an income stream or allow Council to reduce operating costs may be leased
- As it is expected that the shire's population will remain static for the life of the plan, no population growth factors have been factored into the plan.
- It is acknowledged that some assumptions used within the plan may become less relevant over a 10 year period

The key outcomes from the Long-Term Financial Plan include the following:

- Council's liquidity improves over the life of the plan
- Capital Works Program has been increased for the life of the plan
- Funding is being allocated for the renewal of assets must ensure sustainability in the longer term
- Council's service levels have been maintained at the current level and will be reviewed during the term of the Plan
- Funding of Council's liabilities for employee leave entitlements and landfill rehabilitation.
- Council's overall financial position strengthens throughout the Plan.
- It is proposed that 1% of the surplus on RMS works goes to a Plant Replacement Reserve

The Plan highlights the ongoing sustainability of the Council into the future and this is further enhanced by asset management programs and strategies that are being implemented. Council will continue to develop these programs over the next ten years and this will provide confidence for the expenditure levels required in the future.

The continued allocation of funding towards the renewal of assets and the consistent level of funds applied to upgrade and maintenance of assets will result in a positive investment for the community in the future.

Overall, the Long Term Financial Plan provides Council with a sustainable financial outlook for the next ten years. Its continued commitment to provide efficient services and to fund the renewal and upgrade of its assets will result in a positive long term viability for the community.

The plan will be a living document and will be updated each year.



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FINANCIAL RESOURCES

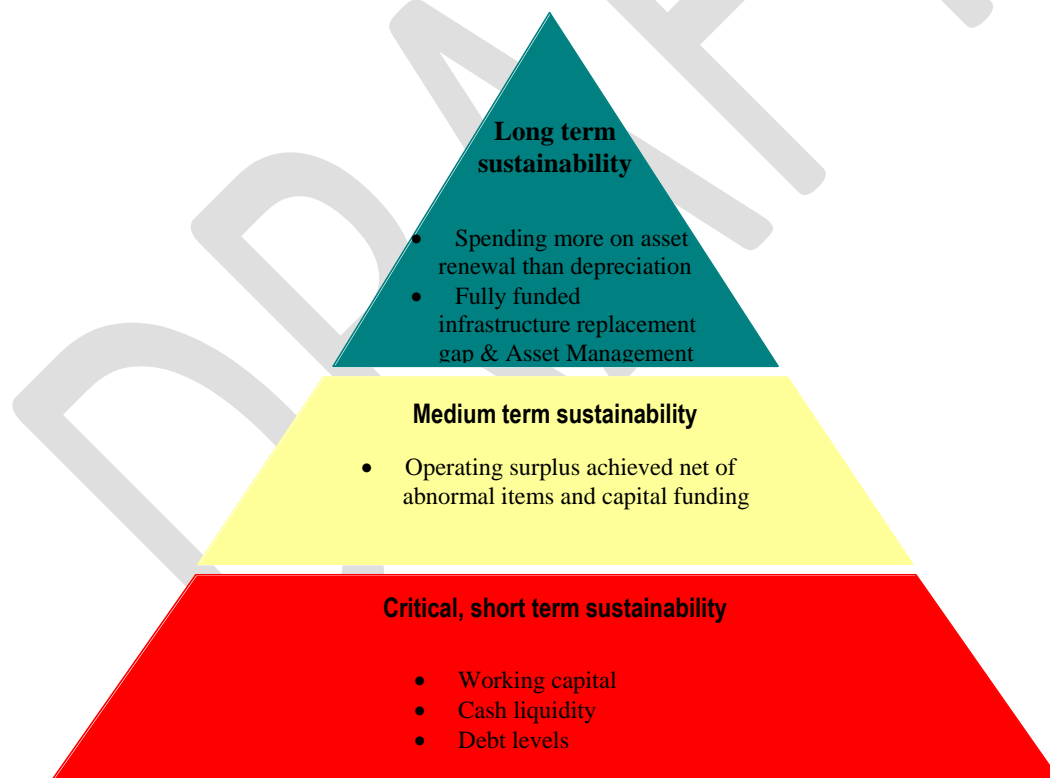
Financial Modelling

Objectives of the Long Term Financial Plan

The overall goal of the LTFP is to ensure that Central Darling Shire Council remains financially sustainable in the long term. It is intended that the 2023-2032 LTFP be based on the following guidelines:

- rate increases are in line with estimated IPART rate capping.
- a pricing strategy for services based on Council's preferred options for service delivery and subsidisation vs. user pays principles
- increased funding levels for capital works and infrastructure asset maintenance
- improved liquidity
- achievement of Operating Statement surpluses with the exclusion of all non operational items such as granted assets, developer contributions and capital income.

Financial sustainability is a poorly defined term within Local Government. In order to clarify its meaning in the terms of this LTFP, the below diagram illustrates sustainability on a hierarchy of needs basis.



The most basic level of the pyramid diagram relates to issues of liquidity, debt ratios and working capital, which have an urgent, short-term focus. Without these building blocks in place, Council cannot operate successfully.

The success of this LTFP will be to progress in a structured and transparent way towards the two higher levels of sustainability that have a longer-term focus than the length of this Plan.



Modelling Methodology

Council maintains the ten year financial model on an ongoing basis. The model is based on a series of assumptions that drive the model and any changes made to the assumptions influence the results.

The base point used for modelling this year's LTFP is the budgeted result for 30 June 2023 as prepared at the end of the March quarter during Council's formal budget process.

Key Assumptions of the 10 Year Financial Model

The model is best described as a 'business as usual' scenario with a view to ensure the long-term financial sustainability of Council, and is based on the following assumptions:

- Existing service levels will be maintained.
- There will be no significant changes to the level of subsidization that existing services receive from general revenue.
- Net staff levels will remain constant in line with current service provision.
- Inflation is forecasted as follows:

2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
3.5%	3.5%	3.5%	3.5%	3.0%	2.5%	2.0%	2.0%	2.0%	2.0%

- Staff costs will increase by an average of 6.23% over the life of the plan.
- All revenue sources other than rates, annual charges and statutory charges to rise by inflation within reason
- The replacement / refurbishment of existing assets will be maintained at current levels.
- Any new borrowings will be on a principal and interest basis.
- Assets that provide income streams or allow Council to reduce operating costs may be leased
- As it is expected that the shire's population will remain static for the life of the plan, no population growth factors have been factored into the plan.



Summary of Key Outcomes

The following table shows the Summary of Key outcomes over the next 10 years.

Central Darling Shire Council 10 Year Financial Projections Summary of Key Outcomes										
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	Budget									
	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Surplus (deficit) from Operations (Before Capital funding)	24,512	10,348	2,561	1,767	1,519	1,598	1,317	1,133	1,084	1,086
Underlying Surplus	118	64	464	451	295	456	175	(9)	(58)	(56)
Net Cashflow from Operations	27,270	13,381	6,048	5,343	5,202	6,180	6,002	5,920	5,968	6,075
Projected Capital Expenditure	29,673	14,799	6,343	5,664	5,317	5,042	5,062	5,082	5,103	5,125
Closing Cash Balance	5,858	3,974	3,213	2,426	1,845	2,517	2,991	3,363	3,763	4,247
Long Term Borrowings	-	-	-	-	-	-	-	-	-	-

Key points of note:

- A net surplus before capital funding for each year of the plan
- A stable cash position.
- An increase in capital works
- No long-term borrowings.



Income Statement Projections

The following tables show the income statement forecasted results, consolidated and for water and sewer, for 2023-32. Explanations on the major components of the statement are included below.

Consolidated

Central Darling Shire Council Projected Consolidated Income Statement Year Ending 30 June

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	Budget									
INCOME	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Rates										
Residential	362	371	380	390	400	410	420	428	437	446
Farmland	475	487	499	512	524	537	551	562	573	585
Business	48	49	50	52	53	54	56	57	58	59
Total Rates	885	907	930	953	977	1,001	1,026	1,047	1,068	1,089
Annual Charges										
Water	676	700	724	749	772	791	807	823	840	857
Sewer	277	287	297	307	316	324	331	337	344	351
Waste	645	668	691	715	737	755	770	785	801	817
Total Annual Charges	1,598	1,654	1,712	1,772	1,825	1,871	1,908	1,946	1,985	2,025
User Charges & Fees	9,716	10,390	10,654	11,025	11,301	11,784	12,019	12,310	12,885	13,205
Interest & Investment Revenue	54	56	58	59	61	62	64	65	66	67
Other Revenues	405	420	485	547	561	575	586	598	610	622
Contributions	3,185	3,396	3,412	3,497	3,585	3,774	3,850	4,027	4,107	4,189
Operating Grants	5,559	6,485	6,660	6,931	7,064	7,390	7,537	7,738	7,892	8,300
Capital Grants	24,394	10,285	2,096	1,316	1,224	1,142	1,142	1,142	1,142	1,142
Total income	45,796	33,594	26,006	26,101	26,597	27,598	28,132	28,872	29,755	30,639
EXPENSES										
Employee Benefits	6,967	7,219	7,279	7,456	7,603	7,754	7,908	8,005	8,125	8,175
Borrowing Costs	39	39	39	39	39	39	39	39	39	39
Materials & Contracts	7,696	8,113	8,546	8,994	9,308	9,797	10,143	10,495	10,854	11,120
Depreciation	4,324	4,812	4,950	5,078	5,203	5,309	5,417	5,520	5,619	5,723
Other Expenses	2,257	3,063	2,632	2,768	2,925	3,101	3,309	3,570	3,903	4,336
Total expenses	21,284	23,246	23,446	24,334	25,078	26,000	26,816	27,629	28,541	29,394
Surplus(deficit) from Operations	24,512	10,348	2,561	1,767	1,519	1,598	1,317	1,243	1,214	1,246
Less CAPITAL FUNDING										
Capital Grants	24,394	10,285	2,096	1,316	1,224	1,142	1,142	1,142	1,142	1,142
Gross W.D.V. of Disposed Assets	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	-	-	-
	24,394	10,285	2,096	1,316	1,224	1,142	1,142	1,142	1,142	1,142
Net Surplus(deficit)	118	64	464	451	295	456	175	101	72	104

General Rates

General land is the balance of land defined by exception to the general rate. General land therefore consists of residential, commercial and agricultural properties and vacant land.

Council applies a Base Rate and an Ad Valorem rate when calculating the rate to be levied.

Rates are forecast to increase in line with rate capping predictions by IPART being 0.07% for 2023 then 2.5% for the life of the plan.

Annual Charges

Annual charges for water, sewer and waste services to increase by CPI for the life of the plan.



Government Grants

Council is in the lower range of grants received for regional centers. It actively seeks grants. However, its major grant funding is from the NSW Grants Commission which Council is unable to influence to a large degree.

In broad terms, a 2.5% per annum increase has been allowed for recurrent grants reflecting the nature of this revenue type.

Capital grant funding will be received to complete:

- Water Treatment Plants at White Cliffs, Wilcannia and Ivanhoe
- Sealing of the Pooncarie Road

User Charges & Fees

Fees and charges have been increased by inflation, however a number of fees are set by legislation and are not under Council's control e.g. Planning Permits.

Interest on Investments

Interest on investments has been based upon year-end cash and investment balances. It has been assumed an average 1.5% return on funds over the life of the model.

Employee Benefits

Increases in labour and oncosts are composed of two elements. The elements are Enterprise Agreement increments and movements within bandings as part of the annual review process. Council's negotiated Enterprise Agreement increase has been 2.8% per annum, so given this and movements within banding levels, plus additional funded positions, a 6.23% average increase in total employee benefits has been factored into the Plan.

Materials & Contracts

The broad assumption in materials and contracts is for an increase by inflation per annum based on our CPI assumptions.

Depreciation and Amortisation

Depreciation estimates have been based on the projected capital works outlays contained within this LTFP document. Future asset revaluations, levels of developer contributed infrastructure and unanticipated externally funded capital upgrade and expansion expenditure may further influence depreciation estimates. Additional depreciation will be charged in the 2023 year as the new water treatment plant comes online, and the Pooncarie Road Project is completed

Gross Written Down Value (WDV) of Non-Current Assets Sold

All written down values relate to plant items disposed as part of the plant replacement program. No asset sales are predicted for the life of the plan.



Borrowing Cost Expenses

Interest costs have been assessed on the basis of Council not having any new borrowings over the life of the plan. Also included in borrowing costs is the discount adjustments relating to movements in the Provision for Landfill Rehabilitation.

Key Information Relayed by Statement

One of Council's first goals must be to achieve an operational surplus without the inclusion of any capital income (against which there is no matching expenditure in the Operating Statement) and abnormal items such as gifted assets. The LTFP as provided achieves this result.

Water Services

Central Darling Shire Council										
Projected Water Income Statement										
Year Ending 30 June										
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	Budget									
	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
INCOME										
Annual Charges										
Water	676	700	724	749	772	791	807	823	840	857
Total Annual Charges	676	700	724	749	772	791	807	823	840	857
User Charges & Fees	409	423	438	449	460	472	481	491	501	511
Interest & Investment Revenue	22	23	24	24	25	25	26	26	27	27
Capital Grants	6,100	-	-	-	-	-	-	-	-	-
Total income	7,207	1,146	1,186	1,223	1,257	1,288	1,314	1,341	1,367	1,395
EXPENSES										
Materials & Contracts	755	764	772	781	789	798	807	815	824	834
Depreciation	747	759	770	782	793	805	817	829	842	855
Total expenses	1,503	1,522	1,542	1,562	1,582	1,603	1,624	1,645	1,666	1,688
Surplus(deficit) from Operation	5,704	(377)	(356)	(339)	(325)	(315)	(310)	(304)	(299)	(293)
Less CAPITAL FUNDING										
Capital Grants	6,100	-	-	-	-	-	-	-	-	-
	6,100	-	-	-	-	-	-	-	-	-
Net Surplus(deficit)	(396)	(377)	(356)	(339)	(325)	(315)	(310)	(304)	(299)	(293)

Annual Charges

Council has the power to levy a service rate or service charge or combination service rate and charge to fund the provision of water supply, sewerage or waste services. Council need not necessarily use property value as the basis for levying a service rate or charge and could use some other criteria. However, this method is the most commonly used, council therefore, applies an annual charge based on property values.

The annual charge for water increases by CPI for the life of the plan.



Government Grants

Represent capital grants to provide water infrastructure. The \$6.1 million to be received for the 2022-23 to fund a new water treatment plant for the White Cliffs community, and the upgrading of the water treatment plants at Wilcannia and Ivanhoe.

User Charges & Fees

Fees and charges generally represent excess water usage by consumers, as this is difficult to predict a conservative approach has been adopted, but in broad terms the increase will be in line with inflation.

Materials & Contracts

The broad assumption is materials and contracts will increase in line with inflation per annum based on our CPI assumption. However additional maintenance costs for the new White Cliffs water treatment plant, have been factored in from the 2022-23 year.

Depreciation and Amortisation

The anticipated increase in depreciation for the White Cliffs water treatment plant has been factored in from the 2022-23 year. However, it is acknowledged that this figure is conservative.

Key Information Relayed by Statement

One of Council's first goals must be to achieve an operational surplus without the inclusion of any capital income (against which there is no matching expenditure in the Operating Statement) and abnormal items such as gifted assets.

The Projected Income Statement for the Water Fund does not achieve this objective over the life of this plan. This is mainly attributable to the increase in maintenance and depreciation for the new water treatment plants, the water pricing policies of the Council prior to the 2014/15 year, and Council's decision to be conservative with any increase to the Annual Charge for Water.



Sewer Services

Central Darling Shire Council Projected Sewer Income Statement Year Ending 30 June

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	Budget									
	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
INCOME										
Annual Charges										
Sewer	277	287	297	307	316	324	331	337	344	351
Total Annual Charges	277	287	297	307	316	324	331	337	344	351
User Charges & Fees	2	2	2	2	2	2	2	2	2	2
Interest & Investment Revenue	3	3	3	3	3	3	3	4	5	5
Operating Grants	105	107	108	110	111	113	115	117	118	120
Capital Grants	-	-	-	-	-	-	-	-	-	-
Total income	387	398	410	422	433	443	451	460	470	479
EXPENSES										
Materials & Contracts	190	192	195	198	201	204	207	210	214	217
Depreciation	83	84	85	87	88	89	90	92	93	95
Total expenses	273	276	281	285	289	293	298	302	307	311
Surplus(deficit) from Operations	114	122	129	137	144	149	153	158	163	167
Less CAPITAL FUNDING										
Capital Grants	-	-	-	-	-	-	-	-	-	-
Gross W.D.V. of Disposed Assets	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	-	-	-
Net Surplus(deficit)	114	122	129	137	144	149	153	158	163	167

Annual Charges

Council has the power to levy a service rate or service charge or combination service rate and charge to fund the provision of water supply, sewerage or waste services. Council need not necessarily use property value as the basis for levying a service rate or charge and could use some other criteria. However, this method is the most commonly used, council therefore, applies an annual charge based on property values.

The annual charge for sewer increases by CPI for the life of the plan.

Government Grants

Represent grants provided under the Aboriginal Sewer Scheme. It is expected this grant will continue for the life of the plan.

User Charges & Fees

Fees and charges in broad terms will increase in line with our estimates for inflation.

Materials & Contracts

The broad assumption in materials and contracts is for an increase in line with our estimates for CPI.

Depreciation and Amortisation

Depreciation of sewer infrastructure, no major capital works programs for the sewer system are expected for the life of the plan.



Key Information Relayed by Statement

One of Council's first goals must be to achieve an operational surplus without the inclusion of any capital income (against which there is no matching expenditure in the Operating Statement) and abnormal items such as gifted assets.

The Projected Income Statement for the Sewer Fund achieves this objective for the life of the plan and can be attributed to the increase in annual charges.

Balance Sheet Projections

The following table shows the balance sheet result for 2023-2032. Explanations on the major components of the statements are included below.

Central Darling Shire Council										
Projected Balance Sheet										
As At 30 June										
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	Budget									
	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS										
Current Assets										
Cash & Cash Equivalents	5,858	3,953	3,212	2,425	2,578	3,250	3,724	4,206	4,735	5,378
Receivables and other debtors	5,497	5,481	5,508	5,533	5,558	5,582	5,608	5,638	5,921	5,953
Inventories	400	393	386	378	371	364	357	357	357	357
	11,755	9,827	9,105	8,337	8,507	9,196	9,689	10,201	11,013	11,688
Non-current Assets										
Investment in JO	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140
Property, plant and equipment	273,778	290,558	298,909	306,613	314,172	320,585	327,108	333,319	339,327	345,616
Accumulated Depreciation	(93,703)	(98,027)	(102,839)	(107,789)	(112,866)	(118,069)	(123,378)	(128,795)	(134,314)	(139,934)
	181,215	193,671	197,210	199,965	202,446	203,656	204,870	205,664	206,153	206,823
Total assets	192,970	203,498	206,315	208,302	210,954	212,852	214,559	215,865	217,166	218,511
LIABILITIES										
Current Liabilities										
Payables	993	1,075	1,215	1,437	1,667	1,886	2,163	2,208	2,264	2,333
Lease Liabilities	308	308	308	308	308	308	308	308	308	308
Income received in advance	88	88	88	88	88	88	88	88	88	88
Provisions	1,030	1,093	1,181	1,151	1,292	1,326	1,409	1,409	1,409	1,409
	2,419	2,563	2,792	2,985	3,355	3,608	3,969	4,014	4,070	4,139
Non-current Liabilities										
Lease liability	133	133	133	133	133	133	133	133	133	133
Provisions	700	736	763	790	819	866	896	914	946	977
	833	869	896	923	952	999	1,029	1,047	1,079	1,110
Total liabilities	3,252	3,432	3,688	3,908	4,307	4,607	4,998	5,061	5,148	5,249
Net Assets	189,718	200,066	202,627	204,394	206,647	208,245	209,562	210,805	212,018	213,262
EQUITY										
Accumulated Surplus	132,522	142,680	145,051	146,628	147,957	149,365	150,492	151,545	152,569	153,625
Plant Replacement Reserve	25	50	75	100	125	150	175	200	225	250
Waste Management Reserve	165	330	495	660	825	990	1,155	1,320	1,485	1,650
Asset Revaluation Reserve	57,006	57,006	57,006	57,006	57,006	57,006	57,006	57,006	57,006	57,006
Total Equity	189,718	200,066	202,627	204,394	205,913	207,511	208,828	210,071	211,285	212,531

Cash Assets and Cash Equivalents

Cash funds improves throughout the ten-year period. No overdraft requirements are planned.



Receivables

A conservative approach has been taken on this item as review of previous years activity reveals fluctuations in the balances.

Inventories

Although inventory levels have remained relatively constant in recent years, modelling assumptions are such that purchase prices will increase in line with CPI and this is reflected in the future asset values.

Prepayments

A lack of a discernible trend has resulted in a conservative approach taken to prepayments and a CPI inflation factor applied.

Fixed Assets

The fixed asset balance is the outcome of projected levels of capital expenditure, depreciation, gifted assets and asset disposals shown in the Income Statement.

Accounts Payable

A lack of a discernible trend has resulted in a conservative approach taken to accounts payable and a CPI inflation factor applied.

Provisions

It has been assumed in the model that the trend for employee provisions (Annual leave and Long Service Leave) will basically increase as staff wages increase.

Accumulated Surplus & Reserves

The accumulated equity of Council (including Reserve funds) continues to increase during the life of the LTFP in line with projected stable reserves and operating surpluses.

Funds are to be allocated to two Reserves from the 2023 financial year.

- Plant Replacement Reserve
 - To be based on one percent of the profit, from the previous financial year, generated from private works and works completed for RMS. The funds to be transferred into this reserve are not to have an adverse effect on the working capital of Council. This reserve is to be used for the long-term replacement of Council plant.
- Waste Management Reserve
 - A loan was taken out during the 2013 financial year to fund the purchase of three garbage trucks and other operational expenditure. The loan was with the Westpac Banking Corporation and the loan balance as at the year ended 30 June 2013 was \$1,249,000. Council had been paying interest and principal payments of \$13,750 per month to service the loan for the garbage trucks. These payments were being funded by the Annual Charge levied for waste management. Council will now allocate these funds, into a waste reserve for the future funding for various waste management projects.



Key Information Relayed by Statement

The Balance Sheet highlights a number of key points:

- Council has paid out it's long term loan.
- Council continues to grow its equity and fixed asset levels.
- No use of Council's overdraft facility for the life of the plan.

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Cash Flow Projections

The Statement of Cash Flows illustrated below is drawn directly from the cash-based transactions shown in the Income Statement and Balance Sheet.

Central Darling Shire Council										
Cashflow Projections										
Year Ending 30 June										
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	Budget									
	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities										
Receipts										
Rates & Annual Charges	2,639	2,049	2,113	2,180	2,241	2,297	2,347	2,394	2,442	2,491
User Charges & Fees	7,844	10,286	10,548	10,915	11,188	11,666	11,899	12,187	12,756	13,073
Investment and interest Revenue Received	54	56	58	59	61	62	64	65	66	67
Grants & Contributions	33,138	19,158	11,560	11,157	11,279	12,306	12,529	12,906	13,141	13,631
Payments										
Employee Benefits & Oncosts	(7,150)	(7,425)	(7,485)	(7,662)	(7,809)	(7,754)	(7,908)	(8,005)	(8,125)	(8,175)
Materials and Contracts	(9,241)	(10,729)	(10,731)	(11,291)	(11,009)	(12,382)	(12,914)	(13,502)	(14,167)	(14,838)
Borrowing Costs	(14)	(14)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)
Cash flow from Operations	27,270	13,381	6,048	5,343	5,936	6,180	6,002	6,029	6,098	6,234
Cash Flows from Investing Activities										
Receipts										
Proceeds from sale of non-current assets	-	-	-	-	-	-	-	-	-	-
Payments										
Purchase of Assets	(29,673)	(14,799)	(6,343)	(5,664)	(5,317)	(5,042)	(5,062)	(5,082)	(5,103)	(5,125)
Cash flow from investing activities	(29,673)	(14,799)	(6,343)	(5,664)	(5,317)	(5,042)	(5,062)	(5,082)	(5,103)	(5,125)
Cash Flows from Financing Activities										
Payments										
Leasing payments	(466)	(466)	(466)	(466)	(466)	(466)	(466)	(466)	(466)	(466)
Cash flow from financing activities	(466)	(466)	(466)	(466)	(466)	(466)	(466)	(466)	(466)	(466)
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,869)	(1,884)	(761)	(786)	153	672	474	481	529	644
Plus Cash and Cash Equivalents - Beginning of Year	8,727	5,858	3,974	3,213	2,426	2,579	3,251	3,725	4,207	4,736
Plus Cash and Cash Equivalents - End of Year	5,858	3,974	3,213	2,426	2,579	3,251	3,725	4,207	4,736	5,379
Less Employee Provisions	(1,030)	(1,093)	(1,181)	(1,151)	(1,292)	(1,526)	(1,439)	(1,409)	(1,409)	(1,409)
Less Tip Rehabilitation	(700)	(736)	(763)	(790)	(819)	(866)	(896)	(914)	(946)	(977)
Available cash reserves	4,128	2,145	1,269	485	468	859	1,390	1,883	2,381	2,993

Key Information Relayed by this Statement

The cash flow statement shows a continual improvement in Council's cash reserves throughout the life of the plan.

It needs to be noted that for a number of years prior to this plan council has accrued liabilities for employee entitlements and landfill rehabilitation. These liabilities have mostly remained unfunded. Council's intention is that these liabilities will now be funded.



Capital Works

Level and Nature of Capital Works

The Capital Works Program is based on what is considered to be known and required expenditures. The program is based upon the fundamental elements of asset renewal, asset upgrade and asset expansion.

The table below sets out the proposed level and nature of capital works in the LTFP 2023-2032, based on Council's activities.

Central Darling Shire Council Projected Capital Works Program As At 30 June										
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Capital Works Program	Budget									
	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Renewal										
Roads	4,188	3,769	3,392	3,053	2,748	2,473	2,473	2,473	2,473	2,473
Water Infrastructure	-	100	603	621	640	659	679	699	720	742
Sewer Infrastructure	-	60	60	60	60	60	60	60	60	60
Outdoor Infrastructure	3,000	1,500	750	375	375	375	375	375	375	375
Buildings	705	250	263	276	289	200	200	200	200	200
Stormwater Management	75	-	75	79	75	75	75	75	75	75
Swimming Pools	-	-	120	120	50	50	50	50	50	50
Waste Management	-	120	80	80	80	150	150	150	150	150
Total Renewal	7,968	5,799	5,343	4,664	4,317	4,042	4,062	4,082	4,103	4,125
New Assets										
Water Infrastructure	6,690	-	-	-	-	-	-	-	-	-
Sewer Infrastructure	-	-	-	-	-	-	-	-	-	-
Outdoor Infrastructure	610	400	400	400	400	400	400	400	400	400
Buildings	-	-	-	-	-	-	-	-	-	-
Plant	1,220	300	300	300	300	300	300	300	300	300
Capital Grant Matching Fund	300	300	300	300	300	300	300	300	300	300
Total Asset Expansion	8,820	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Upgrade Assets										
Outdoor Infrastructure	885									
Pooncarie Road	12,000	8,000	-	-	-	-	-	-	-	-
Total Upgrade	12,885	8,000	-	-	-	-	-	-	-	-
Total	29,673	14,799	6,343	5,664	5,317	5,042	5,062	5,082	5,103	5,125

Apart from the current year forecast, the table shows a degree of variation over time, but this correlates generally with the level of projects and renewal expenditure proposed. The current year forecast level is a result of 'one off' fully grant funded infrastructure projects and expenditure against capital grant funding.

An amount of \$300,000 has been allocated each year to take advantage of any capital grants available on a expenditure matching basis.



Capital Funding Sources

In achieving the above capital works program, capital funding is a critical component and variations in this type of funding will have an immediate impact (positive or negative) on the level of works that can be performed. The table below highlights the capital funding sources.

Central Darling Shire Council Projected Funding for Capital Works As At 30 June										
<i>Capital Works Program</i>	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	Budget									
	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
External										
Grants	24,394	10,285	2,096	1,316	1,224	1,142	1,142	1,142	1,142	1,142
Contributions	3,185	3,296	3,412	3,497	3,585	3,674	3,748	3,823	3,899	3,977
Total External	27,579	13,581	5,508	4,813	4,809	4,816	4,890	4,965	5,041	5,119
Internal										
Accumulated Funds	2,094	1,218	835	850	508	226	172	117	62	6
Total Internal	2,094	1,218	835	850	508	226	172	117	62	6
TOTAL	29,673	14,799	6,343	5,663	5,317	5,042	5,062	5,082	5,103	5,125
Capital Works	29,673	14,799	6,343	5,664	5,317	5,042	5,062	5,082	5,103	5,125

The importance of increased capital expenditure is crucial to establishing a position of long-term sustainability.

Long Term Borrowing Strategies

There are currently no plans to undertake long term borrowings

Other Scenarios

Council's small rate base, limited ability to generate revenue and the reliance on government funding somewhat limits the influence Council can exert on its financial plan, when you consider the main financial aim of Central Darling Shire Council is to remain financially sustainable in the long-term. However, council management did model a number of different scenarios with a view to relieving some financial stress to its residents particularly in the area of provision of water services.



Risks to The Financial Plan

Long term financial plans have a level of uncertainty as they are based on a number of assumptions that relate to income, expenditure, capital works and population growth. Some of these assumptions have a relatively minor impact if incorrect; others may have a major impact on future financial plans. By assessing risks associated with assumptions made within the plan, sensitivity scenarios can be considered. The LTFP is updated annually to ensure the assumptions and projections are based upon the latest information.

Changes in Economic Conditions

Changes in inflation will impact revenue and expenditure.

Changes in Employee Costs and Liability Conditions

Forecast employee costs have been adjusted to reflect any identified changes in staff numbers, as well as growth in staff numbers required to satisfy increased service levels. Council re-calculates its provision for leave entitlements on an annual basis. Over the past several years Council's provisions for employee leave entitlements have increased significantly. This is mainly due to Council having a relatively small workforce, which limits the ability to backfill positions as staff take leave. It is predicted that this liability will continue to increase, and may not be able to be funded in the future.

Rate Pegging

Changes in rate pegging will impact revenue forecasts however rate pegging is aligned with the CPI (rate pegging is aligned to the Local Government Cost Index development by IPART each year) therefore any fluctuation in rate pegging will have the opposite effect on the expected expenditure forecast

Grant Funding

Due Council's limited ability to generate its own revenue there is a reliance on government grants to fund Council operations. Any significant reduction in unrestricted government funding would seriously affect the operations of Council.

Further to this, the provision of capital funding for major works, will place pressure on future year budgets as Council will need to fund maintenance and depreciation out of its own source revenue.

Loss of Road Maintenance Contracts

Council is able to generate income from the provision of roads maintenance services to RMS. Loss of these contracts would affect council's sustainability.

Conditions of Infrastructure Assets and Aging

The identified shortfall in infrastructure renewal expenditure and a substantial backlog in infrastructure spending is a major issue facing local government.

The development of asset management plans has confirmed that Council's infrastructure continues to deteriorate, and that current levels of maintenance and renewal fall short of that required to maintain some assets in a satisfactory condition. This infrastructure challenge may place pressure on Council's ability to remain financially sustainable in the long term.



Landfill Rehabilitation

Council owns a number of landfill sites. These landfill sites will need to be rehabilitated sometime in the future. Council has maintained a provision for landfill rehabilitation, but as future costs are difficult to estimate, there is a risk that Council's current provision may not be adequate.

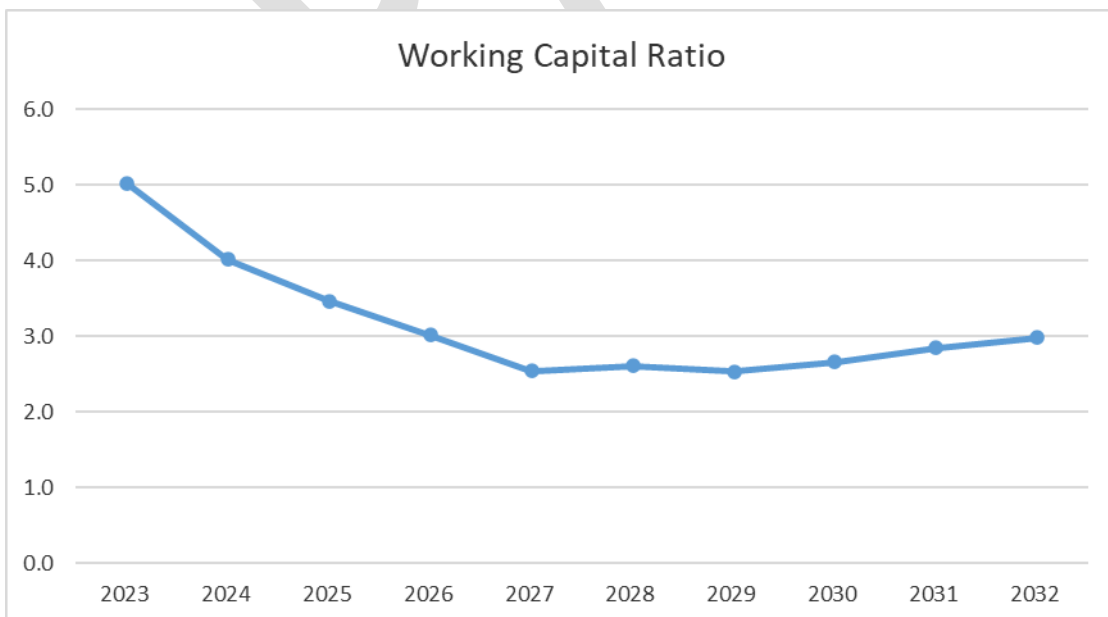
COVID-19

At the time of preparing this Long-Term Financial Plan the financial impacts of the COVID-19 pandemic are being felt across the whole community. Council is not immune to these financial impacts and it is expected that the financial impact will be across both 2022-2023 and 2023-2024 financial years. Due to the long-term nature of this document, it remains drafted on the basis of "business as usual". This provides the necessary alignment with the draft 2022-2023 budget which has also been prepared on a "business as usual" approach. When the full length and financial consequence of COVID-19 is better understood any direct impacts will be factored into an amended Long Term Financial Plan or as part of the next iteration of this document.

Financial Ratio Analysis of Central Darling Shire Council

It is important that Council regularly assesses its financial performance and position against the projections contained in the LTFP. The planned model has been developed so that its implementation will meet a set of financial indicators:

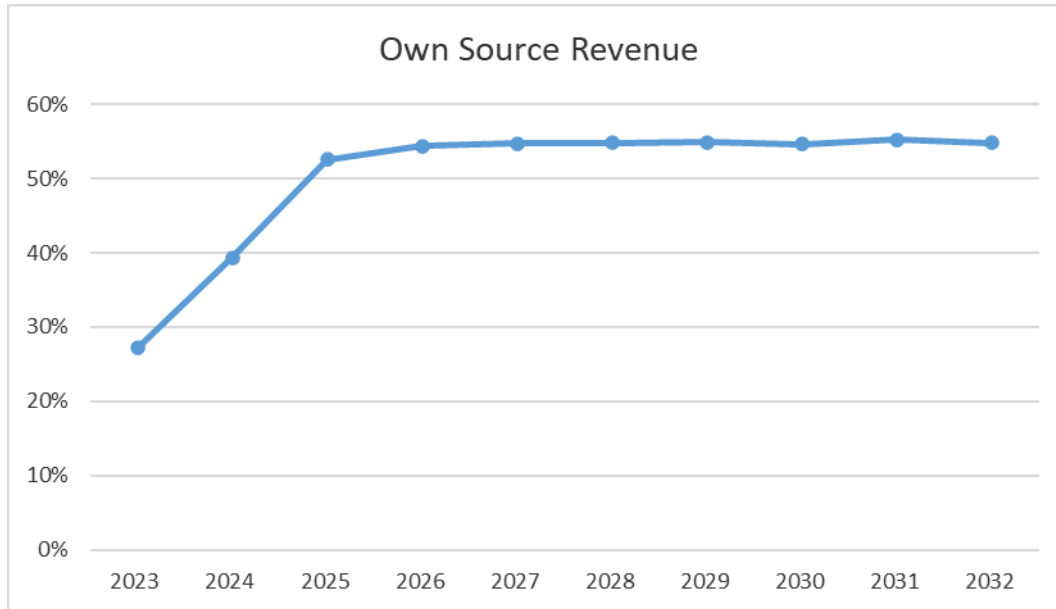
Working Capital Ratio



This ratio measures Council's ability to pay its debts as they fall due. A ratio of 1.5 is a key threshold for testing liquidity issues, and is the benchmark set by the Local Government Accounting Code for NSW. Council's working capital ratio remains above this level for the life of the plan. This ratio may be influenced by any external restrictions placed on Council funds.

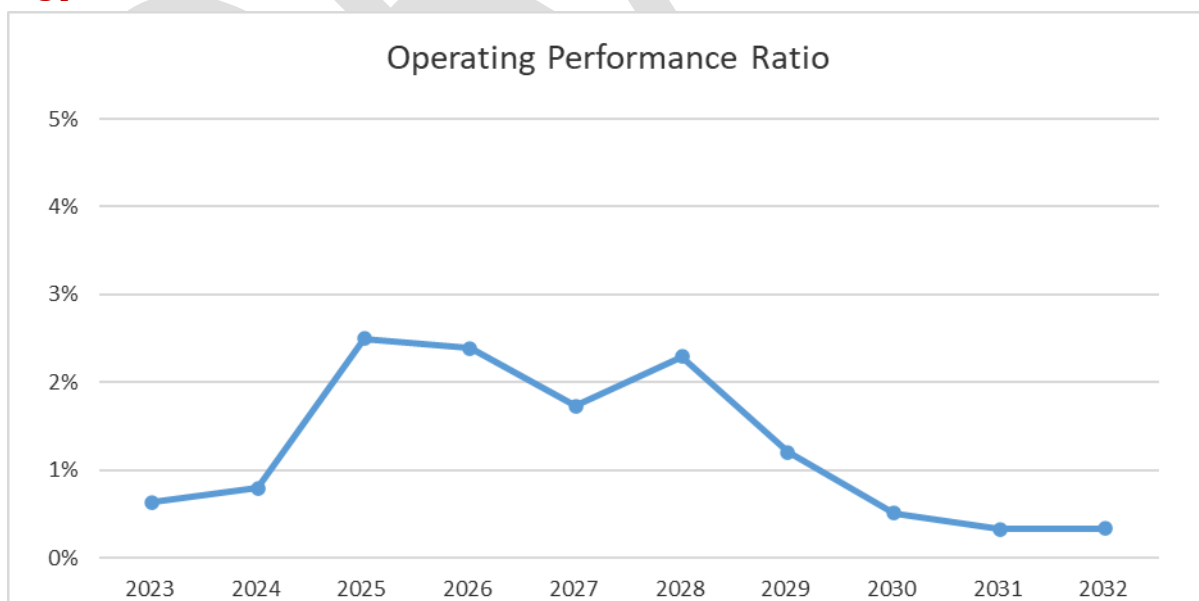


Own Source Revenue Ratio



This ratio shows the degree of reliance on external funding sources such as operating grants and contributions and its ability to generate own-source revenue. The benchmark for this ratio is >60%. Apart from years 2023 to 2024 when a number of large grants are expected to be received, Council has a relatively static Own Source Revenue Ratio which reflects a number of issues including, reliance on government grants, a static population base and a reliance on RMS works to drive income other than rates and charges.

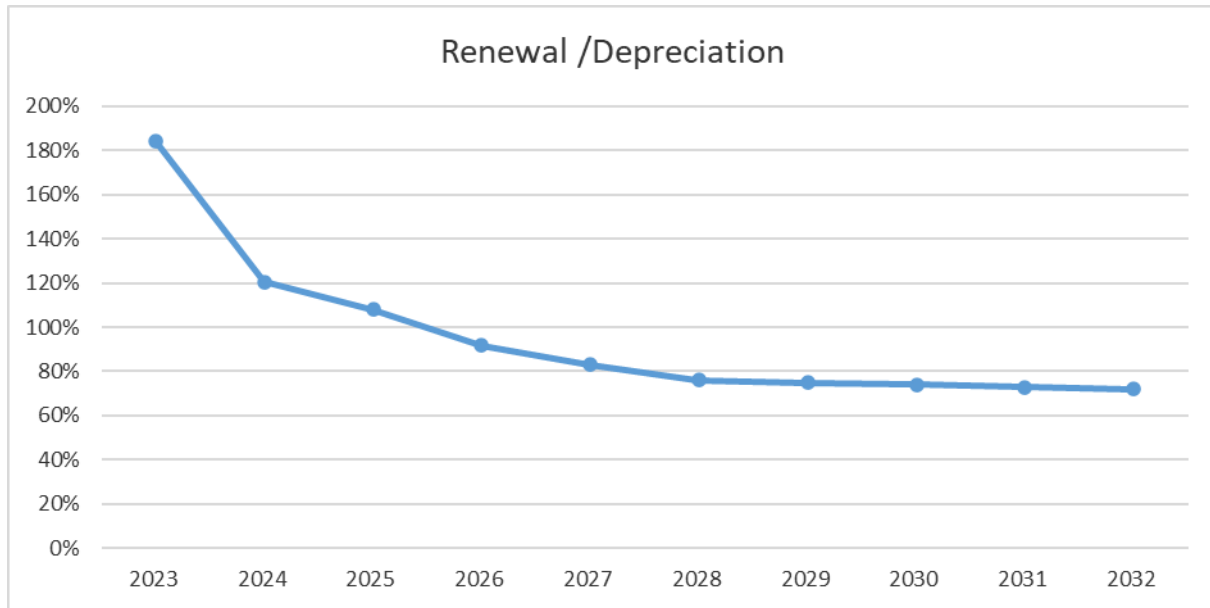
Operating performance Ratio



This ratio indicates Council's ability to contain operating expenditure within operating revenue. The benchmark for this ratio is 0.00. Council remains above this benchmark for the life of the plan, indicating Council is committed to containing expenditure within operating revenue.



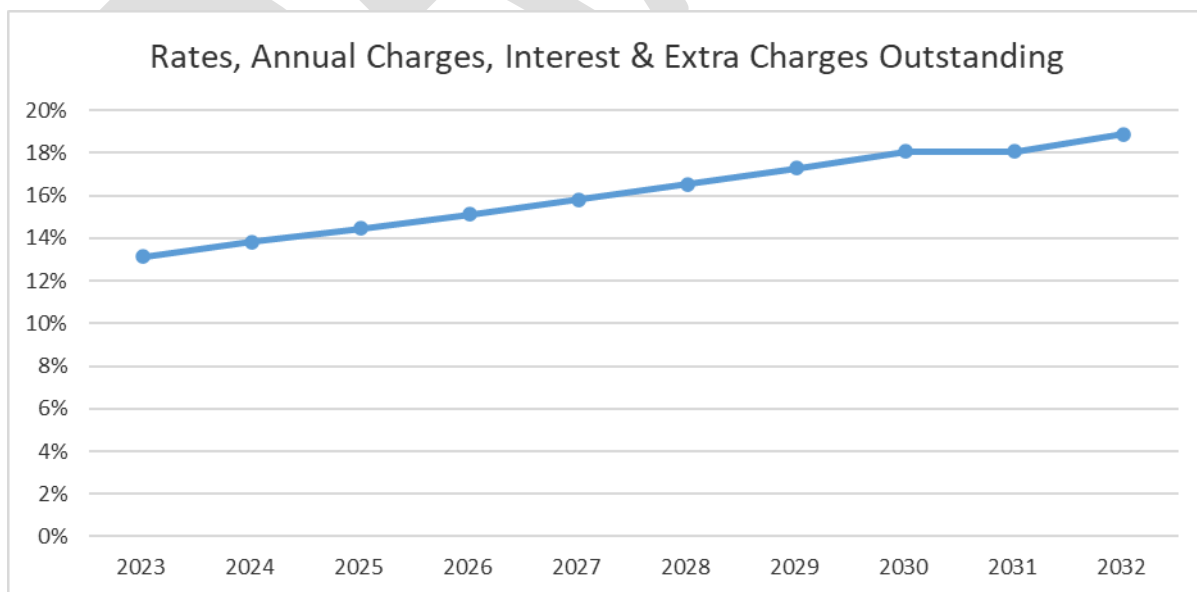
Renewal/Depreciation Ratio



The Renewal/Depreciation Ratio compares capital expenditure on renewal to depreciation. The threshold for this ratio is 100%. A ratio of less than 100% indicates that the capital being consumed in an accounting sense exceeds the capital being replaced into the asset base.

Council forecasted expenditure on renewal is adequate, however any unidentified backlog in renewal expenditure is not currently addressed in this plan.

Rates, Annual Charges, Interest & Extra Charges Outstanding

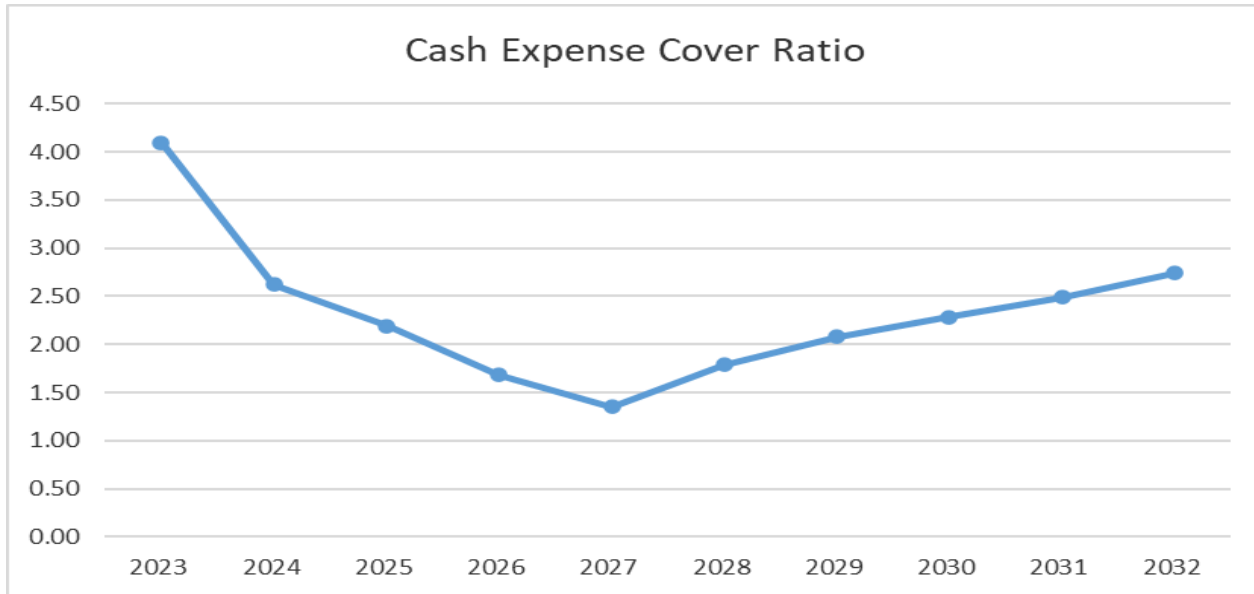


The rates and annual charges outstanding percentage is a measure of the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts. The benchmark for this ratio is <5%. The ratio indicates Council's ongoing issues with debt recovery due to a number of economic factors associated with smaller councils.



Cash Expense Cover Ratio

This ratio shows the number of months Council can continue to pay its immediate expenses without additional cashflow. The benchmark for this ratio is >3 months. Council remains below this benchmark for the life of the plan, which is not unusual for a Council that has a small rate base.



Ongoing Performance Measurement

The annual budgets are set to meet the financial indicator benchmarks. Consequently, budget control and monitoring is paramount for Council achieving the outcomes of this plan. Budgets are monitored internally via Quarterly Budget Reviews.

Conclusion

In the past Council has endured a number of financial difficulties, but with responsible financial management and strong leadership a clear plan for the ongoing financial stability has been developed.

The Council will continue to operate within the principle of a balanced budget and strive to provide excellent services to its community.