Long Term Financial Plan 2021/22 - 2030/31

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Foreword

I am pleased to introduce Council's Long Term Financial Plan (LTFP) to the Baw Baw Shire community.

This Council is committed to ensuring financial accountability and long term sustainability for our community. To achieve this outcome requires planning beyond the next few years - and even beyond the current Council term.

That's why the LTFP looks ten years ahead: to make sure our financial capacity stays in line with our operational requirements so that we're able to deliver the services our community relies upon - not only this year or next year but well into the future.

This year's updated plan carefully considers and addresses critical issues such as borrowing, depreciation, asset renewal, capital works, rates revenue and the level of delivered services.

It offers real insight into the challenges posed by the current rate capped and COVID impacted environment – and offers a clear strategy for managing those challenges with confidence.

Building upon the previous year's LTFP, it readjusts and recalibrates where needed to make sure we are well placed to meet the current and emerging conditions of 2021/22 and which we are likely to face over the next decade.

The Long Term Financial Plan is a testament to this Council's commitment to prudent financial planning, sustainability of service delivery and for doing the right thing by our community now and for years to come.

It is a credit to all those involved.

Cr Danny Goss
Mayor

1 Summary

The Long Term Financial Plan (LTFP) is developed to align financial capacity with long-term service objectives. Financial planning uses forecasts to provide insight into future financial capacity so that strategies can be developed to achieve long-term sustainability in light of Council's service objectives and financial challenges.

The LTFP is designed to provide the following objectives:

- establish a prudent and sound financial framework, combining and integrating financial strategies as expressed in its Council Plan,

- provide an assessment of the resources (financial and non-financial) required to accomplish the objectives and strategies included in the Council Plan (non-financial resources are assumed to include human resources and Council's asset base;

- establish a financial framework against which Council's strategies, policies and financial performance may be measured

- ensure that Council complies with sound financial management principles, as required by the Local Government Act (1989) and plan for the long term financial sustainability of Council;

- allow Council to meet the objectives of the Local Government Act (1989) to promote the social, economic and environmental viability of municipal district and its role in maintaining the viability of Council to ensure that resources are managed in a responsible manner;

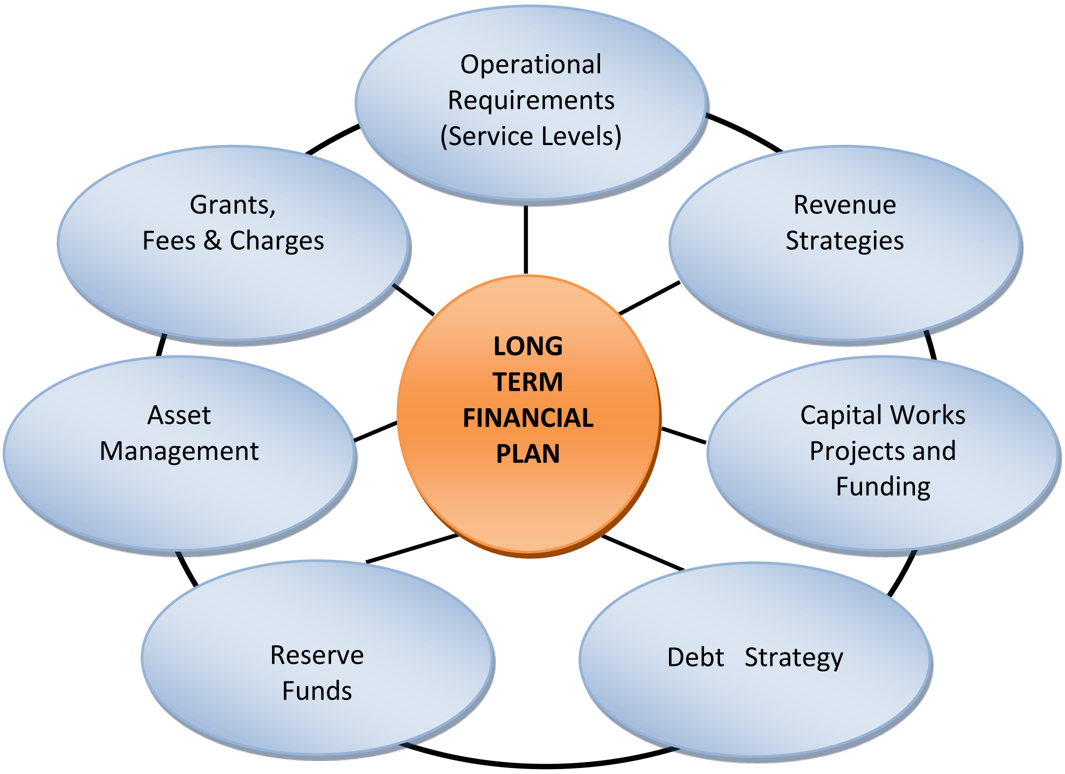
The Plan will be reviewed on an annual basis and represents a comprehensive approach to document and integrate the various strategies (financial and other) of Council. The development of the long term financial projections represents the output of several strategy areas that is represented by the following diagram.

While meeting Council's service needs within a financially sustainable framework, the funding scenarios within the Plan are designed to consider the impact to the community particularly with regard to the affordability of rates and charges.

While establishing a long term financial framework for Council's strategic financial direction, the specific projects and services to be funded in any given year are the subject of Council's consideration, review and approval during the annual budget process.

The LTFP is designed to assist the Council and the community to sustainably manage the growth and development of the Shire over the next 15-20 years. The Shire-wide Baw Baw Settlement Management Plan will guide growth and development of towns and localities across the Shire, prepare for the projected population changes, and identify key infrastructure needs. Council's long term plan is designed to provide a financially sustainable model that will deliver on the expectations identified within the community vision statement. More specifically the purpose of the LTFP is to provide a mechanism that will continue to fund ongoing services to the changing population demographic as well as fund the identified infrastructure needs.

A deliberative engagement process was conducted in April/May 2021 to capture community aspirations and develop a Community Vision for the future of the Shire. This included the formation of a Deliberative Panel who in July 2021 recommended a draft Community Vision to the Council. This draft Community Vision and the outcomes of the deliberative process has influenced the new Council Plan 2021-2025 and the development of this LTFP. The LTFP will be made available for Community Engagement in August 2021.



2 Objective of the Long Term Financial Plan

The Plan is intended to achieve a number of objectives within the ten year timeframe.

The achievement of a prudent balance between meeting the service needs of our community and remaining financially sustainable for future generations is a key platform of the Plan.

The Plan aims to fund the ongoing provision of quality services, while meeting the community needs within a financially sustainable context.

Achieving a financially sustainable context is achieved by maintaining an ongoing operating surplus and debt levels within policy and prudential guidelines.

The Plan framework includes the ability to manage funding for capital works as well as meet the asset renewal requirements that is articulated within the asset management plans.

3 Strategic Direction Outcomes

The following table highlights the key strategies of the Plan. Each section includes a detailed analysis to support the relevant strategies.

Each of the strategy recommendations are designed to support Council's strategic financial direction and are subject to review and confirmation during the annual budget process.

Summary - Strategy Recommendations
1. That Council endorse the rating parameters applied in this Strategy based on the rate cap increase of 1.5 per cent for 2021/22. Future years, will be adjusted in accordance with official CPI projections. 2. That Council applies differential rates for: • General Residential properties. • Farms at a discount of 10 per cent to the general rate. • Vacant land with a surcharge of 80 per cent. • Commercial and Industrial properties with a surcharge of 20 per cent. • Urban Living at a discount of 10 per cent. • Residential Development with a surcharge of 30 per cent. 3. That Council, where appropriate, applies loan borrowing to fund new and/or significantly upgraded major assets that provide a broad community benefit while total debt remains within the maximum 40 per cent prudential limit (Indebtedness Ratio). 4. That Council continues to review its critical infrastructure renewal requirements and allocate funds to the replacement of existing assets.

3.1 Financial Sustainable Position

To ensure ongoing financial sustainability the following performance outcomes are identified:

- Achieving and maintaining an adjusted underlying operational surplus (refer Appendix 1 Financial Statements – Comprehensive Income Statement) prior to the recognition of capital income over the life of the Plan;

- Increasing the capital works investment, funded from operational sources to a sufficient level that allows it to adequately fund its asset renewal requirements;

- That the asset management funding gap identified between existing asset renewal funding and that required to maintain assets at present levels, be progressively addressed through the period of this Plan;

- That Council endorse through this Plan, the principle that ongoing asset renewal requirements are be funded from ongoing operational funding sources and that non-renewable funding sources such as asset sales, reserve funds or loan funds not be used to address these needs;

- Maintaining a working capital (liquidity) ratio above 1.2 to ensure adequate cash to fund day to day operational needs as they fall due.

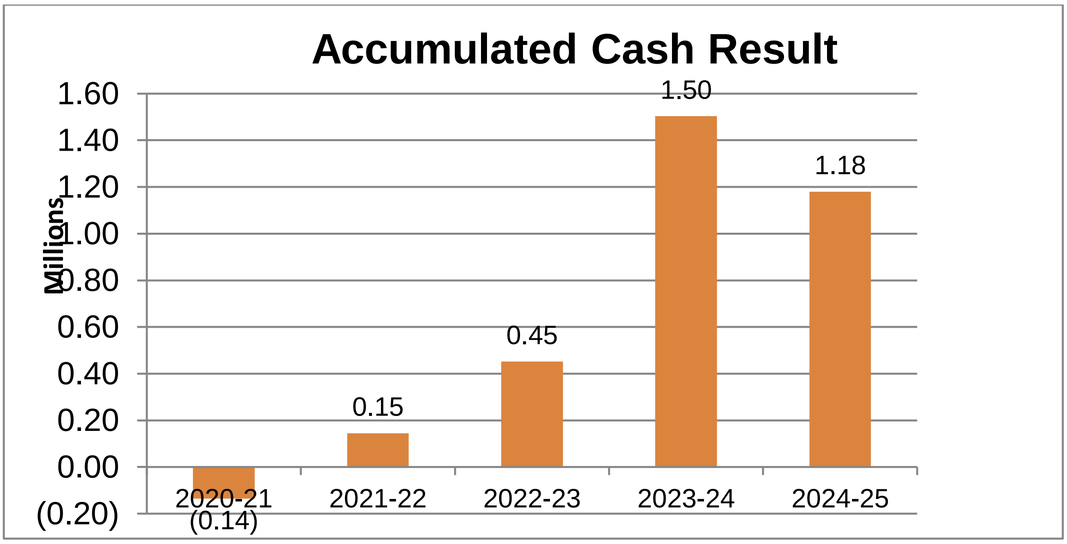
3.2 Accumulated Cash Result

The Accumulated Cash Result is a measure of financial performance that identified the available and unallocated cash after funding the services and projects in each budget year.

While the accounting standards provide a large surplus within the Income Statement, this accounting surplus is not a true reflection of available cash as it includes non-cash income such as gifted assets. Council's 2021/22 Annual Budget reports an accounting surplus of $20.8 million that includes $7.1 million of non-cash income, excludes the cost of the $38.68 million capital works program as well as including $17.9 million of non-cash depreciation expense.

Removing these non-cash items from the $20.8 million surplus then adding back the cash items, not included to the accounting surplus, results in an accumulated cash result or cash surplus of $0.15 million for the 2021/22 Budget year. The Accumulated Cash Position also differs from the Statement of Cash Flows as the cash flow statement is designed to show a high level summary of the cash inflows and cash outflows for each financial year. By contrast the Accumulated Cash Position reports the unallocated cash remaining after funding the operating budget, the capital works program and after quarantining cash to the reserve funds.

The bar graph below reflects the estimated accumulated cash surplus for the years 2020/21 to 2024/25 after adjusting for non-cash items and adding back cash items, such as capital works, not included to the accounting surplus. The Accumulated Cash Result is the remaining cash after allocation of available cash to reserves and after funding all expenditure identified in both the operating budget and the capital works program. The results indicate that Council has limited cash that remains unallocated.



3.3 Performance Reporting

Financial and Performance Reporting ratios are included in the annual Performance Report, and form part of the Local Government Performance Reporting Framework (LGPRF). The ratios are regularly updated to ensure ongoing sustainability.

The up to date version of the key financial ratios are reflected in the LTFP Appendix 1 Financial Statements.

LGPRF measures include:

- Average residential rate per residential property – indicates the average rates paid for each residential property.
- Expenses per property assessment – total expenses divided by total number of properties indicates the average cost of operating Council for each ratepayer.
- Workforce turnover – number of resignations compared to the total number of staff.
- Working capital – above 120 per cent for each year reflecting adequate capacity to meet short term liabilities.
- Unrestricted cash – the result indicates there is sufficient cash to meet short term liabilities.
- Asset renewal – target is to remain above 100 per cent that requires further work and review. While the future years ratio is below the preferred 100 per cent, this report is prior to the completion of the 2021/22 Budget that now identifies increased investment to renewal capital. This increased renewal investment is reported at Appendix 1 – Statement of Capital Works.
- Loans and borrowing compared to rates – maximum of 26.8 per cent that is well within Council's policy to retain total debt to within 40 per cent of rate revenue. The LTFP reflects further borrowings during the 2021/22, 2022/23 and 2023/24 financial years, to partly fund new strategic capital projects.
- Indebtedness – non-current liabilities divided by own source revenue. The guideline is to remain below 40 per cent.
- Adjusted underlying result – the target is to remain above 0 per cent.
- Rates concentration – rates compared to adjusted underlying revenue measures the reliance on rate revenue that will be partly impacted by rate capping for ensuing years.
- Rates effort (rates compared to property values) – rates levied relative to the total value of properties in the municipality. There is limited capacity for Council to influence this measure due to rate capping.

4 Revenue Strategies

4.1 Proposed Rating Levels

The rating system determines how Council will raise money from properties within the municipality. It does not influence the total amount of money to be raised, only the share of revenue contributed by each property.

Council and the community confront trade-offs and the principles are designed to improve the quality of decision making in this environment.

The Victorian Government has now established the Fair Go Rates System (FGRS), which is a framework limiting the maximum amount Council may increase rates in a year without seeking additional approvals.

Each year the Minister for Local Government will set the rate cap that will specify the maximum increase in Council's rates and charges for the forthcoming financial year. The rate cap set by the Minister for 2021/22 is 1.5 per cent. Council does not propose to seek a variation to the 2021/22 rate cap.

Baw Baw Shire Council currently applies the Capital Improved Valuation methodology in order to levy its rates. Council currently applies differential rating (versus uniform rating) and has six differential rates in use.

The following table below highlights the various "surcharges and discounts" that are utilized in the current rating structure.

Council has structured its approach to rating to raise a higher proportion of its rate revenue from its commercial, industrial and vacant land sectors while providing a discount to farm and urban farm ratepayers.

Rating Category	Budget 2021/22 Rate in $	Differential Rating Category
General (Residential)	0.003199	1.0
Commercial and Industrial	0.003838	1.2
Vacant land	0.005758	1.8
Farm	0.002879	0.9
Urban Living	0.002879	0.9
Residential Development	0.004158	1.3

Council currently utilises a service charge to fully recover the cost of the waste disposal services.

Baw Baw Shire Council applies the Capital Improved Valuation as the valuation base for the following reasons:

- CIV is considered to be the closest approximation to an equitable basis for distribution of the rates across the community.
- CIV provides Council with the ability to levy a full range of differential rates. Limited Differential rating only is available under the other rating bases.

Strategy Recommendations
1. That Council applies differential rates for: • General Residential properties. • Farms at a discount of 10 per cent to the general rate. • Vacant land with a surcharge of 80 per cent. • Commercial and Industrial properties with a surcharge of 20 per cent. • Urban Living at a discount of 10 per cent. • Residential Development with a surcharge of 30 per cent. 2. That Council continues to allow a 100 per cent discount on the Cultural and Recreational properties subject to a two-yearly review being undertaken.

4.2 Revenue and Rating Plan – the future impact

A key decision of Council during the life of the Long Term Financial Plan is to determine the level of rate increase that will address funding levels for capital works, service provision for the municipality and maintain Council's long-term financial sustainability. Council will need to assess, on an annual basis, its appetite to seek a variation to the State Government rate cap.

The LTFP includes rate revenue for 2021/22 of $55.00 million based on the rate cap of 1.5 percent, plus growth of $0.75 million, over prior year levels. The total rate revenue generated is therefore $55.75 million including supplementary valuations (growth).

Baw Baw Shire Council currently applies a service charge for the collection and disposal of waste on properties that fall within the collection area. Council retains the objective of setting the service charge for waste at a level that fully recovers the cost of the service.

A total of $9.52 million is included for waste service charges (including supplementary waste). Total revenue from rates and service charges for 2021/22, including growth (supplementary rates and charges) is $65.27 million (excluding interest on rate income).

Council's annual costs are expected to increase by 3.4 per cent mainly due to the provision for new staff to cover growth in services, additional costs to fund the new and expanded road maintenance contract plus higher depreciation expenses. By contrast revenue is expected to increase by 9.2 per cent mainly due to additional capital grants (in particular the Warragul Indoor Stadium $6m).

Council is budgeting for a surplus of $20.77 million during 2021/22 (before the impact of asset revaluation increments) however if should be noted that $25.12 million of income, comprising non-recurrent capital grants plus monetary and non-monetary contributions, is dedicated specifically to fund capital projects. Excluding this income Council's 2021/22 budget would therefore reflect a deficit of $2.61 million.

The Revenue and Rating Plan is based on future years base rates increasing by official CPA estimates with no allowance for rate variations to be approved above the cap. The rate increase of 1.5 per cent in 2021/22 is expected to be marginally below the rate of increase of

Council’s cost base thereby placing some limitation to future capital works programs and the capacity to fully fund infrastructure renewal needs.

Asset Management identifies the significant challenges to both maintain infrastructure at agreed service levels and close the pre-existing infrastructure gap.

These challenges are not able to be met from within the existing resource base without a significant alteration to the current provision of operational services.

4.3 Revenue from Grants and Contributions

The Plan includes grant revenue as an integral component of Council’s funding mix for the coming ten years. The assumptions and escalation factors for grant revenue are identified within Section 10, Financial Projections.

Grants and contributions are identified as Operating or Capital. A further dissection applies for recurrent and non-recurrent grant income. The majority of Council’s operating grants are recurrent in nature.

Baw Baw Shire Council currently receives in the order of $14.35 million for recurrent operating grants representing 12.89 per cent of total income.

Capital grants are generally one off in nature and vary depending upon the level of capital works expenditure to which the funding is applied. For the 2021/22 Budget year Council proposes to receive a total of $14.35 million operating plus a further $14.56 million capital grants as well as $4.47 million contributions to be applied to the annual capital works program.

4.4 Revenue from User Charges, Fees and Fines

User charges, fees and fines for 2021/22 are expected to total $5.34 million that represents in the order of the 4.8 per cent of total operating income. Income from user charges, fees and fines is budgeted to be in the order of $0.84 million higher than the prior year budget due to recovery from the impacts of COVID-19.

This income category comprises:

- Statutory fees and fines – these charges are fixed by law and can only be increased in line with the annual increases announced by State Government.

- Discretionary fees and fines - the balance of fees and charges is discretionary wherein Council may levy and increase these charges at its discretion.

The annual Schedule of Fees and Charges includes a detailed listing of user charges, fees and fines adopted during the annual budget process.

Strategy Recommendations
1. That Council endorse the rating parameters applied in this Plan based on an annual rate increase of 1.5 per cent per annum. In addition, supplementary rates are expected to raise a further 2 per cent for growth (mainly new ratepayers); 2. That Council continue its focus of securing grant revenue particularly for capital works projects and; 3. That Council seeks to maximise revenue from user charges, fees and fines by applying an annual cost escalation factor as the index to all discretionary fees and charges.

5 Long Term Borrowing Strategy

This section includes a review of Council's:

- Current debt position and
- Future debt strategy

5.1 Current Debt Position

The following table reports Council's current debt position and the movements in total interest bearing liabilities 2017/18 to 2021/22.

	2017/18 $'000s	2018/19 $'000s	2019/20 $'000s	2020/21 $'000s	2021/22 $'000s
Total Debt	**12,422**	**11,607**	**11,168**	**15,323**	**13,906**

During the 2021/22 budget year Council is proposing to borrow a total of $6.472 million:

- Borrow $2.472 million for new capital works; and
- Refinance a $4.0 million loan facility applied to partly fund the West Gippsland Arts Centre (WGAC).

5.2 Future Debt Strategy

Future loan borrowing should generally be applied to fund capital expansion and new projects rather than recurrent expenditure for day-to-day operations and/or asset replacement.

Expenditure of a renewal nature, both operating and capital, should be funded from renewable revenue sources rather than non-renewable sources such as loans, asset sales and reserves.

Council's future debt strategy will align with the Baw Baw Shire Council Borrowing Policy. The policy is designed to demonstrate prudent financial management by using loan facilities to fund specific capital projects. Consideration of loan facilities as a source of funding is to be assessed against the following predetermined criteria:

1. Intergenerational equity – that the loan be paid by future generations who benefit from projects funded by the loan proceeds;
2. Capital infrastructure – loan borrowings to be used to fund capital infrastructure, usually new and upgrade projects;

3. Loan term – that the loan term does not exceed the life of the infrastructure asset funded by the loan proceeds and;

4. Prudent Debt Levels – that Council assess its capacity to borrow against prudent financial guidelines.

5.2.1 Prudent Debt Levels

Council assessed its capacity to borrow against prudent financial guidelines.

The administration of the Local Government sector's borrowing involves:

- The collation of the sector's borrowing requirements through an annual survey;
- The assessment of individual council's borrowings; and
- Recommendation to the Department of Treasury and Finance (DTF) of the aggregate net new borrowing requirement of the sector.

All borrowings by individual councils are assessed under a borrowings assessment policy adopted by the Local Government Division.

The following financial ratios are identified to manage Council's capacity for debt.

Measure	Description	Financial Guideline (maximum)	2018/19	2019/20	2020/21	2021/22
Indebtedness	Total non current liabilities as a % of own revenue	40%	-	33.1%	37.4%	37.1%
Debt Servicing	Interest costs as a % of total revenue	5.0%	0.6%	0.4%	0.5%	0.5%
Debt Commitment	Principal and Interest as a % of rates	10.0%	8.9%	7.6%	6.9%	6.5%

- Indebtedness - total non current liabilities divided by own revenue is to be a maximum of 40 per cent (Borrowing Policy) notwithstanding that prudential guideline allows a maximum of 80 per cent for total debt to rates. Council's ratio is well within both prudent guidelines and the Borrowing Policy and is projected to be 37.1 per cent at the completion of the 2021/22 financial year.

- Debt Servicing – interest repayments as a percentage of total revenue. This measure reflects the proportion of total revenue that is used to service debt (interest on outstanding debt) and which cannot be used directly for service delivery. Ideally the ratio should remain below 5.0 per cent. Council's ratio is projected to be 0.5 per cent for the 2021/22 financial year that is well within prudent guidelines.

- Debt Commitment - principal and interest repayments divided by total rates. This ratio measures the amount of rate dollars being spent to repay debt and interest as an overall percentage of rate revenue. It is preferable that this ratio remain below 10 per cent. Council's ratio is within the prudential guideline and projected to be 6.5 per cent at the for the 2021/22 financial year. The decrease from the 2020/21 year is mainly due to the repayment of the $3.889 million loan relating to the Warragul Leisure Centre.

5.2.2 Future Loan Requirements

This Strategy includes projected future borrowing assumptions to highlight the likely impact to Council's financial position as well as the potential applications for future borrowings.

All new borrowings are to be included to the annual budget and adopted by Council prior to the approval and drawdown of loan funds.

The 2021/22, 2022/34, and 2023/24 years are proposing additional borrowing of $2.47 million, $5.05 million and $5.00 million respectively to partly fund new community projects including outdoor sports facilities and community hubs.

Projected future borrowings have been structured to ensure that Council does not exceed an indebtedness level more than 40 per cent of annual rate revenue (Indebtedness Ratio). As reflected in the above table, the indebtedness ratio remains below 40 per cent at the completion of the 2020/21 and 2021/22 financial years.

Future years borrowing ratios may also be impacted by the capitalisation of operating leases that are now included to the budgeted financial statements that comprise a total of $1.78 million lease liability at the end of the 2021/22 budget year. Even if included with loan borrowings, this amount is not expected to result in a significant impact to the prudent debt ratios.

Strategy Recommendations
1. That prior to undertaking any future borrowings, Council model the implications of the proposed loan program within the LTFP and determine the funding mechanism to meet annual debt servicing and redemption requirements; 2. That Council remain within the maximum 40 per cent prudential limit (Indebtedness Ratio) and; 3. That Council applies loan borrowing to fund new and/or significantly upgraded major assets that provide a broad, multigenerational community benefit.

6 Reserve Usage Strategy

Reserve funds are amounts of money set aside for specific purposes in later years. In general, these funds are identified as restricted cash that is quarantined from Council's surplus cash.

6.1 Nature of Reserves

Council utilises the following reserve funds.

- Open Space
- Open Space – Development Contributions
- Development Contribution Plans
- Defined Benefits Superannuation
- Unexpended Grants
- Land Sales – Statutory and Discretionary
- Native Vegetation Offset Scheme
- Loan Repayment
- Community Infrastructure
- Capital Development Reserve
- Capital works carryover
- Library facility reserve
- Revolving Sustainability Fund

6.1.1 Open Space

The Open Space Reserve holds funds contributed by developers for works associated with developing and improved public open space and recreational facilities within Council. Funds are contributed in accordance with Section 18 of the Subdivision Act and transfers are restricted to the purpose of creating open space such as parks, playgrounds, pavilions and other such items where it is deemed that these works should occur at a later point than the initial development.

Transfers to the reserve (inflows) comprise contribution income from subdividers in lieu of the 5.0 per cent Public Open Space requirement. Transfers from the reserve (outflows) are applied to fund Open Space capital projects on an annual basis.

The Open Space - Development Contribution Reserve is a new fund to hold levy income pursuant to a Public Infrastructure Plan (PIP) and payable to Council by landowners. The PIP will generally identify the Open Space levy amount, or quantum of land in lieu of payment, due to Council prior to the issue of a Statement of Compliance.

Open Space reserve funds are never spent before they are received. A minimum balance of $350,000 is maintained to cover any unexpected short-term expenses. The reserve can be used for the purchase of Open Space assets, including pavilions on Council owned land.

6.1.2 Development Contribution Plans

This reserve retains funds received from developers for infrastructure provision related to the Baw Baw Shire Development Contributions Plans.

Council has three (3) Development Contribution Plans with currently two reserves established to manage DCP01 and DCP02 (Warragul). A third reserve will be established for DCP03 (Drouin) when Council is in receipt of DCP03 levies from developers. Development Contribution Plan reserves (DCP02 & 03) was introduced to manage proceeds from the recently adopted Precinct Structure Plans within Warragul and Drouin.

Transfers from this reserve will be for nominated capital works for Development Infrastructure projects and Community Infrastructure projects. These funds are tied directly to the income received or cash funds refunded to developers for capital works completed directly by the developer.

Whilst this Reserve fund displays a projected increasing balance over the term of the Development Contributions Plan (DCP01), all reserve funds will eventually be expended at the conclusion of the DCP.

DCP02 and DCP03 - Due to the impact of developer works in kind arrangements, where developers are expected to complete infrastructure works in lieu of Council receiving levy income, there is limited levy income (transfers to reserve) identified after the 2021/22 financial years notwithstanding the increased level of activity. Council's current information from its DCP Priority Development team indicates that developer activity that would normally give rise to the receipt of levy income, is now expected to be applied to offset 'works in kind' credits where developers will complete DCP capital projects on behalf of Council, and apply levies payable to offset capital woks rather than remit the levies due as cash payments to Council.

6.1.3 Defined Benefits Superannuation

The purpose of this reserve is to set aside any surplus funds from annual savings in employee costs (budget to actual variance) to fund future calls relating to the defined benefits superannuation scheme. There is minimal change to this reserve as there were no recent identified savings, to increase the reserve, or advised calls necessary to repay the defined benefits scheme.

6.1.4 Unexpended Grants

The purpose of this reserve is to set aside any unexpended grant funds arising at the completion of a prior financial year in order to then allow them to be carried over to the following year for matching against the relevant operating and capital expenditure.

Transfers to this reserve will be unspent government grants for operating and capital and projects. Transfers to this reserve will be in the form of funds, accumulated to the reserve and then applied to the following financial year to match with the associated operating and capital expenditure.

6.1.5 Land Sales

Council has allocated two reserves, statutory and discretionary, that comprises proceeds from the sale of Council land. The statutory reserve is to comprise the proceeds from open space land. The discretionary reserve comprises sales from all other Council land that is not required to be held for a specific purpose.

6.1.6 Native Vegetation Offset Scheme

This reserve is designed to hold contributions in order to complete the native vegetation program works.

6.1.7 Loan Repayment

This is a discretionary reserve to hold funds for the repayment of interest only loans. The annual contributions are equal to the deemed principle repayment so sufficient funds will be available to fund the future repayment of interest only loans.

6.1.8 Community Infrastructure

The purpose of this reserve is to set aside surplus funds from annual budget savings for the construction of new community infrastructure including allocation to a community hub style facility. The majority of this reserve is expected to be allocated to partly fund new community facilities during the years 2021/22 to 2023/24.

6.1.19 Capital Development Reserve

The reserve holds the surplus after statutory funds are allocated from a DCP reserve to complete identified infrastructure works. Council's policy is to reimburse the indexed value of identified infrastructure projects within each of the DCP schemes. In the event the actual project cost is less than the indexed value, as allocated from a DCP reserve, the surplus funds are allocated to the Capital Development Reserve.

6.1.10 Capital Works carryover

The purpose of this reserve is to set aside unexpended funds for incomplete capital works arising at the completion of a prior financial year in order to then allow them to be carried over to the following year for matching against the relevant capital expenditure.

Transfers to this reserve will be the balance of capital projects that are incomplete at the end of the prior financial year.

Transfers to this reserve will be in the form of funds, then applied to the following financial year to match with the associated capital expenditure to complete prior year projects.

6.1.11 Library Facility Reserve

This reserve is Council's proportion of a reserve fund held by the West Gippsland Libraries (WGL). Council is an equity shareholder in the WGL and this amount is only available for use by the Library Corporation.

6.1.12 Revolving Sustainability Fund

Newly established reserve to be established in 2021/22. Cost savings from delivered sustainability projects to be transferred into reserve at year end, and directed towards funding future Sustainability projects.

6.2 Restricted and Discretionary Reserves

Reserve funds are either restricted or discretionary. Restricted reserves are legally required to be used for a specific purpose. The restricted reserves as highlighted in light green (refer Reserve table below) are:

- Open Space
- Development Contribution Reserves
- Land Sales
- Native Vegetation
- Library Facility

Discretionary reserves do not have a legal restriction wherein their creation and application are at the discretion of Council. The discretionary reserves are:

- Defined Benefits Superannuation
- Unexpended Grants
- Land Sales
- Loan Repayment
- Community Infrastructure
- Capital Development Reserve
- Capital works carryover
- Revolving Sustainability Fund

6.3 Projected Reserve Funds

The following table highlights the projected reserve fund balances over the next four years.

The Open Space reserve is projected to increase in the order of $250k per annum based on estimated contribution income. Development contributions (DCP 01) are aligned to the remaining years of the Development Contribution Plan reserve when the reserve is to be fully expended.

The Unexpended Grants reserve mainly comprises Financial Assistance Grants paid in advance and to be expended in the ensuing financial year. The Capital works carryover reserve is applied to fund Capital projects carried over from 2020/21 and identified for completion during the 2021/22 financial year. The loan repayment reserve is a discretionary reserve to accumulate sufficient funds to repay interest only loans. The first repayment from this reserve is during the 2021/22 year.

Reserves	Forecast 2020-21	Projection 2021-22	Projection 2022-23	Projection 2023-24	Projection 2024-25
Open Space					
Opening balance	$ 2,895	$ 3,070	$ 1,839	$ 2,033	$ 2,337
Transfer to reserve	$ 375	$ 384	$ 394	$ 404	$ 414
Transfer from reserve	-$ 200	-$ 1,615	-$ 200	-$ 100	$ -
Closing balance	**$ 3,070**	**$ 1,839**	**$ 2,033**	**$ 2,337**	**$ 2,751**
Open Space - Development Contributions					
Opening balance	$ 131	$ 131	$ 131	$ 131	$ 131
Transfer to reserve	$ -	$ -	$ -	$ -	$ -
Transfer from reserve	$ -	$ -	$ -	$ -	$ -
Closing balance	**$ 131**	**$ 131**	**$ 131**	**$ 131**	**$ 131**
Defined Benefits Super					
Opening balance	$ 679	$ 679	$ -	$ -	$ -
Transfer to reserve	$ -	$ -	$ -	$ -	$ -
Transfer from reserve	$ -	-$ 679	$ -	$ -	$ -
Closing balance	**$ 679**	**$ -**	**$ -**	**$ -**	**$ -**
Development Contributions - DCP01					
Opening balance	$ 1,968	$ 1,912	$ 2,145	$ 2,188	$ 2,215
Transfer to reserve (Levy income)	$ 849	$ 870	$ 892	$ 914	$ 937
Transfer from reserve (Capital projects)	-$ 905	-$ 637	-$ 849	-$ 887	-$ 900
Closing balance	**$ 1,912**	**$ 2,145**	**$ 2,188**	**$ 2,215**	**$ 2,253**
Development Contributions - DCP02					
Opening balance	$ 2,481	$ 1,873	$ 1,691	$ 1,579	$ 1,540
Transfer to reserve (Levy income)	$ 2,749	$ 2,818	$ 2,888	$ 2,960	$ 3,034
Transfer from reserve (Capital projects)	-$ 3,357	-$ 3,000	-$ 3,000	-$ 3,000	-$ 3,000
Closing balance	**$ 1,873**	**$ 1,691**	**$ 1,579**	**$ 1,540**	**$ 1,574**
Development Contributions - DCP03					
Opening balance	$ -	$ 79	$ 160	$ 243	$ 328
Transfer to reserve (Levy income)	$ 79	$ 81	$ 83	$ 85	$ 87
Transfer from reserve (Capital projects)	$ -	$ -	$ -	$ -	$ -
Closing balance	**$ 79**	**$ 160**	**$ 243**	**$ 328**	**$ 415**
Unexpended Grants					
Opening balance	$ 5,200	$ 3,200	$ 4,400	$ 3,200	$ 2,000
Transfer to reserve	$ 1,200	$ 1,200	$ 1,200	$ 1,200	$ 1,200
Transfer from reserve	-$ 3,200	$ -	-$ 2,400	-$ 2,400	-$ 3,200
Closing balance	**$ 3,200**	**$ 4,400**	**$ 3,200**	**$ 2,000**	**$ -**
Native Vegetation Offset Scheme					
Opening balance	$ 327	$ 327	$ 327	$ 327	$ 327
Transfer to reserve	$ -	$ -	$ -	$ -	$ -
Transfer from reserve	$ -	$ -	$ -	$ -	$ -
Closing balance	**$ 327**	**$ 327**	**$ 327**	**$ 327**	**$ 327**
Land Sales - statutory					
Opening balance	$ 152	$ 152	$ 152	$ 152	$ 152
Transfer to reserve	$ -	$ -	$ -	$ -	$ -
Transfer from reserve	$ -	$ -	$ -	$ -	$ -
Closing balance	**$ 152**	**$ 152**	**$ 152**	**$ 152**	**$ 152**
Land Sales - discretionary	**$ 627**	**$ -**	**$ -**	**$ -**	**$ -**
Opening balance	$ 627	$ 627	$ -	$ -	$ -
Transfer to reserve	$ -	$ -	$ -	$ -	$ -
Transfer from reserve	$ -	-$ 627	$ -	$ -	$ -
Closing balance	**$ 627**	**$ -**	**$ -**	**$ -**	**$ -**
Loan Repayment	**$ 6,159**	**$ 2,770**	**$ 3,770**	**$ 4,770**	**$ 6,020**
Opening balance	$ 5,283	$ 6,159	$ 2,770	$ 3,770	$ 4,770
Transfer to reserve	$ 770	$ 500	$ 1,000	$ 1,000	$ 1,250
Transfer from reserve	$ 106	-$ 3,889	$ -	$ -	$ -
Closing balance	**$ 6,159**	**$ 2,770**	**$ 3,770**	**$ 4,770**	**$ 6,020**
Capital Works carryover	**$ 10,000**	**$ 10,200**	**$ 7,800**	**$ 6,300**	**$ 4,300**
Opening balance	$ 5,000	$ 10,000	$ 10,200	$ 7,800	$ 6,300
Transfer to reserve	$ 10,000	$ 10,400	$ 5,000	$ 5,000	$ 5,000
Transfer from reserve	-$ 5,000	-$ 10,200	-$ 7,400	-$ 6,500	-$ 7,000
Closing balance	**$ 10,000**	**$ 10,200**	**$ 7,800**	**$ 6,300**	**$ 4,300**
Community Infrastructure	**$ 2,024**	**$ 74**	**$ 74**	**$ 74**	**$ 74**
Opening balance	$ 2,130	$ 2,024	$ 74	$ 74	$ 74
Transfer to reserve	$ -	$ -	$ -	$ -	$ -
Transfer from reserve	-$ 106	-$ 1,950	$ -	$ -	$ -
Closing balance	**$ 2,024**	**$ 74**	**$ 74**	**$ 74**	**$ 74**
Library - Facility Statutory	**$ 118**	**$ 118**	**$ 118**	**$ 118**	**$ 118**
Opening balance	$ 118	$ 118	$ 118	$ 118	$ 118
Transfer to reserve	$ -	$ -	$ -	$ -	$ -
Transfer from reserve	$ -	$ -	$ -	$ -	$ -
Closing balance	**$ 118**	**$ 118**	**$ 118**	**$ 118**	**$ 118**
Capital Development Reserve	**$ 1,096**	**$ 1,096**	**$ 1,096**	**$ 1,096**	**$ 1,096**
Opening balance	$ 1,096	$ 1,096	$ 1,096	$ 1,096	$ 1,096
Transfer to reserve	$ -	$ -	$ -	$ -	$ -
Transfer from reserve	$ -	$ -	$ -	$ -	$ -
Closing balance	**$ 1,096**	**$ 1,096**	**$ 1,096**	**$ 1,096**	**$ 1,096**
Revolving Sustainability Fund					
Opening balance	$ -	$ -	$ -	$ -	$ -
Transfer to reserve	$ -	$ -	$ -	$ -	$ -
Transfer from reserve	$ -	$ -	$ -	$ -	$ -
Closing balance	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Reserve Summary					
Opening Balance	$ 28,087	$ 31,447	$ 25,104	$ 22,712	$ 21,388
Transfer to Reserves	$ 16,022	$ 16,253	$ 11,457	$ 11,564	$ 11,923
Transfer from Reserves	-$ 12,662	-$ 22,597	-$ 13,849	-$ 12,887	-$ 14,100
Closing Balance	**$ 31,447**	**$ 25,103**	**$ 22,712**	**$ 21,389**	**$ 19,211**

7 Service Planning

The key objective of Council's Plan is to maintain existing service levels and maintain a satisfactory operating position over the life of the plan.

7.1 Operational Performance

The range and level of services Council is able to offer the community is reviewed annually based on the outcome of community consultation undertaken during the year.

Council's proposed operating revenue for 2021/22 is $111.35 million while its costs are expected to total $90.57 million.

The LTFP is premised on Council is continuing to review its service levels across the shire and where possible and cost effective, maintain them at 2019/20 levels, or return them to pre COVID-19 levels where possible.

Future service requirements include:

- Increased demand from the statutory planning team due to the growth and development within the municipality particularly in the areas of the Precinct Structure Plans.
- Demand for new and improved community infrastructure including the development of community hubs, kindergarten facilities and sporting complexes.
- Council building maintenance – revised building maintenance expenditure to ensure service standards are maintained across Council's extensive range of facilities.
- Parks and gardens maintenance – acquisition of gifted assets including park land has identified the necessity to increase the allocation to maintenance requirements.
- Additional capital for new / expansion and upgrade works in order to complete existing master plans and strategies.
- Home and Community Care – The service demand increase are partly offset by Council's decision to transition out of the disability service function including the decision to not register as a National Disability Insurance Scheme (NDIS) service provider.

7.2 Financial Performance Analysis

Council's financial position is characterised by:

- An underlying breakeven result for years 2021/22 to 2024/25 inclusive of the LTFP that provides a basis for sound financial management and capacity to fund the infrastructure renewal program.
- Moderate debt ratios with the capacity to increase loan borrowing pursuant to Council's long term borrowing strategy.
- A capital works program targeted to fund renewal demand as well as new projects including, where possible, the developer contributions plan works.
- An updated condition based assessment of infrastructure assets to inform the Long Term Infrastructure Plan and identify priority renewal requirements.

8 Asset Management

Asset Management is a major component of the LTFP as it provides an indicator of the financial resources necessary to maintain and improve Council's asset base based on community needs.

8.1 Asset Portfolio

Fixed assets include land, buildings, roads, drains and other infrastructure assets. The total value of fixed assets as at 30 June 2020 was $799.062 million (written down value).

Fixed Asset Category As at 30 June 2020	Replacement Value $'000s	Accumulated Depreciation $'000s	Written Down Value $'000s
Land (including land under roads)	133,739	-	133,739
Buildings	140,296	54,081	86,215
Plant and Equipment	5,757	3,442	2,315
Fixtures, fittings and furniture	4,262	4,102	160
Roads	454,459	85,281	369,178
Bridges	30,647	6,054	24,593
Footpaths and cycle ways	46,633	6,222	40,411
Drainage	93,488	16,553	76,935
Parks, open space and streetscapes	31,118	4,194	26,924
Off street car parks	12,343	3,043	9,300
Works in Progress	29,292		29,292
Total	**982,034**	**182,972**	**799,062**

Depreciation is reassessed following condition assessments and when general valuations are undertaken.

To ensure the ongoing delivery of service standards, it is necessary for Council to determine the cost to retain the current infrastructure portfolio including the long-term average cost of renewal plus maintenance.

The total infrastructure and building assets (Roads, Bridges, Footpaths and cycleways, Drainage, Off street car parks, Parks, open space & streetscapes as well as Buildings) comprise $838.28 million replacement value and $662.85 million written down value as at 30 June 2020. The 2019/20 annual depreciation for infrastructure and building assets totalled $15.870 million.

This result indicates that Council's infrastructure and building assets have a total useful life of 52.8 years ($838.28 million replacement value divided by $15.870 million depreciation) and an average remaining useful life of 41.8 years ($662.85 million written down value divided by $15.870 million depreciation).

That is, based on the audited annual financials, Council's infrastructure and building assets are in the order of 21 per cent utilised (11.0 years divided by 52.8 years) and have in the order of 79 per cent of their life remaining (41.8 years divided by the total life of 52.8 years).

The depreciation amount of $15.87 million is a product of recent revaluation of the major classes of infrastructure assets including roads, drains, bridges and footpaths as well as a revaluation of Council buildings. This work also included a detailed condition-based assessment of each asset class in order to reassess useful lives and therefore the annual depreciation charge.

The LTFP includes annual capital renewal in the order of $16.92 million for 2021/22 that is sufficient to replace the estimate 2021/22 depreciation charge of $16.9 million. The renewal to depreciation ratio continues the improvement on the ratios reported in the prior years' forward projections. The renewal to depreciation ratio for 2021/22 is 100.0 per cent (target 100 per cent) with the ensuing three financials years, 2022/23 to 2024/25, are projected to be 79.3 per cent, 79.0 per cent and 75.4 per cent respectively.

The following table provides a summary of the valuation of Council's infrastructure and building assets.

Infrastructure and Building Assets 2019/20	Replacement Value $M	Written Down Value $M	Annual Depreciation $M
Infrastructure	668.8	547.7	13.4
Building	140.3	86.2	2.3
Total	**809.1**	**633.6**	**15.7**

8.1.1 Infrastructure Assets

Council's infrastructure assets are in relatively sound condition and on average 9.0 years or 16 per cent through their average total life of 49.9 years:

- Average total life of 49.9 years ($668.8 million divided by $13.4 million depreciation)

- Average remaining life of 40.9 years ($547.7 million divided by $13.4 million depreciation).

This high level result indicates that in the order of $13.4 million per annum is required to replace Council's infrastructure assets. This estimate is continually reviewed following the updated condition-based assessment of each asset class.

8.1.2 Building Assets

Council's building assets are generally in average condition reflecting the need for further renewal investment to this asset category. The table indicates that building assets are on average 23.5 years or 38.5 per cent through their average total life of 61.0 years:

- Average total life of 61.0 years ($140.3 million replacement value divided by $2.3 million depreciation)

- Average remaining life of 37.5 years ($86.2 million written down value divided by $2.3 million depreciation)

This high level result indicates that $2.3 million per annum is required replace Council's building assets.

8.1.3 Asset Sales

During the review of the LTFP it is proposed to continually monitor the service requirements of realisable (saleable) assets, including land and buildings, that may be surplus to requirements and can be the identified as potential asset sales.

Asset sales will generally provide a cash injection that can be either quarantined to a discretionary reserve and/or applied to fund new or expanded assets that better reflect Council's service requirements.

8.2 Future Asset Management and Infrastructure Gap

Council continues to address the renewal funding gap and the maintenance funding gap particularly as shortfalls in maintenance funding accelerate the need to renew assets.

The challenges in managing infrastructure assets may differ as each group is re-assessed however common themes are expected to be present across all grouping.

These issues include:

- Collection and management of data;
- Understanding the relationship between maintenance and renewal works;
- Quantifying the backlog;

- Lifecycle costing; and
- Accurately projecting future renewal requirements and updating Council's Plan to reflect these.

8.3 Asset Management Policy and Plans

Asset management policy and planning provides Council with a sound base to understand and manage the risk associated with managing its assets for the community's benefit.

Council continues to review and refine the process for establishing standards of service and delivery to the community. These revised levels of service are based on an assessment of risk and affordability that will also influence funding decisions into the long term.

Robust asset management practices will ensure that Council continues to meet the needs of current and future generations in a sustainable manner. Funding will need to be continually provided into the future to improve data collection and enable better understanding of asset performance. The ongoing assessment of agreed service levels and the application of a risk framework will enable Council to be more proactive in assessing the investment in infrastructure assets.

Each of the individual asset plans to be delivered by Council will detail a methodology for responsible management of that asset class, incorporate knowledge of the condition of the asset group, risk assessment issues, establishment of intervention and service levels, and the identification of renewal, backlog and maintenance funding requirements projected over the life of the Long Term Infrastructure Plan.

Council monitors asset condition and performance to:

- Identify those assets which are surplus to requirements;
- Predict when asset failure to deliver the required level of service is likely to occur;
- Ascertain the reasons for performance deficiencies; and
- Determine what corrective action is required and when (maintenance, rehabilitation, renewal).

Priority is on funding the annual renewal annuity based on predetermined service levels.

The infrastructure asset intervention levels identify the condition when infrastructure assets are to be replaced. The higher the intervention level the greater the asset deterioration prior to replacement. The condition sets the minimum service standard of infrastructure assets as a basis when funding is required for renewal purposes.

Lowering the intervention level would increase the dollar amount necessary for capital renewal as assets would be identified earlier (better condition) at the time of replacement.

Council, as asset managers, continually assesses the relative merits of rehabilitation/renewal/replacement options and identify the optimum long-term solution through a decision related to levels of service.

A renewal gap exists where the renewal expenditure is less than the renewal demand resulting in an annual increase in the percentage of assets that are above intervention (exceeds their useful life and past their due date for replacement).

It is recommended that no asset's condition be allowed to go below their respective intervention levels as the cost of renewal significantly increases and the asset's functionality, safety and ability to provide its intended service level is compromised.

Strategy Recommendations	
1.	That Council continues to allocate additional funds to the renewal of existing assets while investing in strategic infrastructure projects to service the growth within the municipality.
2.	That Council, as part of the review of its Asset Management Plans, continue to align the financial results (asset portfolio) that indicate a remaining useful life of 40.9 years (or 84 per cent) and 37.5 years (or 62 per cent) for infrastructure and building assets respectively.
3.	That Council, to maintain its critical renewal investment levels, continues to update its Asset Management Plans for all classes of Council assets incorporating service level assessments.

9 Capital Works – Program expenditure and funding sources

This section considers the asset management requirements of the previous section and provides a framework for renewal and improvement of Council's infrastructure.

The Plan will focus on the following outcomes in order to:

- Improve and maintain the level of investment in infrastructure renewal;
- Maintain or improve the condition of Council's infrastructure;
- Invest in upgrade, expansion and new assets based on the expectations of the Council Plan and the funding principles with regard to the revenue strategy, the long term borrowing strategy and the reserve usage strategy.

Future years of the Plan propose to allocate sufficient funds from rate revenue to complete the capital expenditure program.

9.1 Capital program expenditure

Council's longer term capital program is based on the following guidelines:

- Provide for expenditure growth required to level of sustainable renewal to meet the community's service level requirements (based on current Asset Management Plans);
- Continue to fund capital renewal as a priority followed by the allocation of funds to upgrade and construct new assets. Project priority is based on community needs in line with the Council Plan. This strategy has resulted in the inclusion of identified projects to the Long Term Infrastructure Plan
- Income assumptions to remain conservative given they are less predictable.

Council's ten-year capital program is reflected at Appendix 1 Capital Works Statement. In particular there is significantly higher investment in the 2021/22 financial year.

The four-year future capital program includes a total of $34.2 million for new strategic projects mainly to develop sporting facilities and community hubs in response to the increased community demand. The $34.2 million is to be primarily funded from external grants, new loan borrowings and Council cash reserves.

The level of prior and current capital investment is reflected in the following table between the 2017/18 to 2021/22 financial year. The 2021/22 budget does not include project works carried forward from the prior 2020/21 year.

Capital Expenditure Type	2017/18 Actual $000's	2018/19 Actual $000's	2019/20 Actual $000's	2020/21 Forecast $000's	2021/22 Budget $000's
Renewal	$12,201	$12,095	$15,342	$15,183	$16,916
Upgrade	$8,668	$8,588	$11,798	$12,579	$6,544
New/Expansion	$4,451	$4,043	$9,216	$7,988	$15,218
TOTAL	**$25,320**	**$24,717**	**$36,356**	**$35,750**	**$38,678**

9.2 Capital funding sources

External capital funding includes capital grants, capital contributions, developer contributions and open space contributions.

Internal capital funding sources include Council cash contribution (rates), statutory reserves, discretionary reserves, asset sales and, where appropriate, land sales.

10 Financial Projections

10.1 Modelling Methodology

The LTFP establishes a framework for Council to benchmark its performance within the LG sector. The future year operating projections are modelled on the 2021/22 Budget and identify available funding to complete capital works while applying the financial ratios to demonstrate ongoing sustainability. The Budgeted Statements (financial statements) are the result of this modelling and included as Appendix 1.

10.2 Financial parameters and assumptions

The following information explains the major forecast parameters for the life of the ten year LTFP. Council's cost base (materials, services and contract costs) is expected to increase by more than the rate of CPI mainly due to:

- The impact of contract costs that are driven by price indexes other that Consumer Price Index and generally greater than CPI.
- An allowance for population growth and, where necessary, additional expenditure to meet the community demands for increases to existing service levels.

10.2.1 Rate revenue

Base rate revenue will increase by 1.5 per cent for the 2021/22 year, based on the state government rate cap, with future annual increases consistent with official CPI estimates per annum for the ensuing years of the LTFP. In addition, it is expected that during the 2021/22 year a further increase in the order of 2 per cent per annum will be received for growth (additional properties) as a result of supplementary rates.

Waste charges will also increase by 2.5 per cent in 2021/22 to fully recover the cost of waste management including the additional impost for recycling charges and waste levy expenses.

10.2.2 Fees and charges revenue

Revenue from user fees and charges are expected to decrease by 27.2 per cent for the 2021/22 year due to a return to pre COVID-19 levels. The ensuing years revenue is not expected to be impacted by COVID-19. 2021/22 revenue has been restated to 2019/20 year levels with subsequent years increased by 2.0 per cent per annum.

Statutory fees are set by legislation and are not necessarily indexed on an annual basis. Therefore the annual increase is set at 2.0 per cent being marginally above the rate cap increase of 1.5 per cent.

10.2.3 Grants and subsidies

Recurrent Operating grants are expected to increase on an annual basis by approximately 2.5 per cent. The 2021/22 decrease of operating grants is mainly due to the expiration of grants received in 2020/21, in particular a fire prevention and emergency management response grant.

10.2.4 Investment income

Interest income received from the investment of surplus funds is pursuant to Council's Investment Policy. The future year's estimates are based on projected average cash balances held during the year and using current term deposit rates.

10.2.5 Employee costs

The 2021/22 Budget includes a 9.3 per cent increase for employee costs. This result reflects the increase from the 2020/21 forecast actual to the 2021/22 budget. The increases are mainly due to:

- Salary increase for all staff pursuant to the Enterprise Bargaining Agreement; plus
- Additional staff as per the 2020/21 budget.

The ensuing years, from 2022/23 to 2024/25, reflect annual increases of 4.0 per cent per annum to provide for annual EBA increases, some increases to salary increase within a band as well as a marginal increase to the delivery of existing services.

10.2.6 Materials, contracts and services

Materials, contracts and services are expected to decrease by 0.4 per cent compared to the prior year as the prior year included a number of fixed term initiatives that are not included in 2021/22. Future year cost increases are expected to be in the order of 2.5 per cent per annum based on future CPI increases of 1.5 per cent per annum plus an allowance for expansion of existing services due to ongoing growth within the municipality.

The 2021/22 result reflects the forecast on par with budget expenditure from the prior 2019/20 year. The rate of annual increase for the ensuing years is generally expected to exceed CPI mainly due to:

- Additional expense allocation to respond to community demands and the cost of maintaining existing services.
- Adjustments more than CPI for major contracts such as the expanded road maintenance that are impacted by costs drivers, including the road construction index and transport costs.

10.2.7 Borrowing costs

Borrowing costs for 2021/22 are budgeted at $0.596 million that is a marginal increase on the prior year. This result is mainly due to high interest loans now being fully repaid. During the 2021/22 budget year total borrowing is expected to decrease by $1.417 million, however borrowing costs will increase given the prior year final figure was only higher than 2021/22 due to a loan taken out in the last month of 2020/21.

Appendix 1 Financial Statements

Period start		1 Jul 19	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29	1 Jul 30
Period end		30 Jun 20	30 Jun 21	30 Jun 22	30 Jun 23	30 Jun 24	30 Jun 25	30 Jun 26	30 Jun 27	30 Jun 28	30 Jun 29	30 Jun 30	30 Jun 31
### Comprehensive Income Statement													
Revenue from Operating Activities													
Rates and Charges	$'000	60,295	62,629	64,605	66,407	68,567	71,096	73,716	76,429	79,162	81,750	84,421	87,169
Supplementary Rates	$'000	169	500	750	792	819	846	875	828	621	638	650	670
Special Charges	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Rate Assistance Package	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Grants - Operating (Recurrent)	$'000	14,627	13,963	13,785	14,130	14,483	14,845	15,216	15,596	15,986	16,386	16,796	17,216
Grants - Operating (Non-recurrent)	$'000	1,134	2,400	918	936	955	955	955	955	955	955	955	955
Grants - Capital (Recurrent)	$'000	3,340	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736
Grants - Capital (Non-recurrent)	$'000	5,164	6,414	12,824	10,675	1,071	14,358	7,746	5,609	5,660	5,176	4,911	5,069
Contributions (Non monetary)	$'000	13,680	6,896	7,103	7,316	7,535	7,761	7,994	8,234	8,481	8,650	8,900	8,900
Contributions (Monetary)	$'000	3,644	3,459	3,459	3,807	4,261	3,666	3,687	3,400	3,409	3,422	3,429	3,448
Reimbursements and Subsidies	$'000	-	-	-	-	-	-	-	-	-	-	-	-
User Charges	$'000	3,050	2,150	2,735	2,790	2,845	2,902	2,960	3,020	3,080	3,142	3,204	3,269
Statutory Fees and Fines	$'000	2,237	2,357	2,609	2,661	2,714	2,769	2,824	2,881	2,938	2,997	3,057	3,118
DCP New Contributions	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Capital grants - amendments	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Cost of maintaining inherited assets	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Natural Disaster Funding	$'000	-	-	150	-	-	-	-	-	-	-	-	-
Spare revenue line 5	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Spare revenue line 6	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue from Operating Activities	$'000	107,340	102,504	110,674	111,250	104,988	120,935	117,709	118,688	122,029	124,853	128,059	131,549
Revenue from Outside of Operating Activities													
Interest Revenue	$'000	671	202	200	204	208	212	216	221	225	230	234	239
Other Revenue Outside of Operating Activities	$'000	2,437	613	685	699	713	727	741	756	771	787	803	819
Total Revenue from Outside Operating Activities	$'000	3,108	815	885	903	921	939	958	977	997	1,017	1,037	1,058
Total Revenue	$'000	110,448	103,319	111,559	112,153	105,909	121,874	118,667	119,665	123,025	125,869	129,096	132,606
Operating Expenses from Ordinary Activities													
Employee Costs	$'000	(28,637)	(30,862)	(32,858)	(33,437)	(34,775)	(36,166)	(37,612)	(39,117)	(40,681)	(42,309)	(44,001)	(45,761)
Employee Costs Provisioned	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Materials & Consumables	$'000	(33,878)	(34,694)	(34,011)	(34,861)	(35,733)	(36,626)	(37,542)	(38,480)	(39,442)	(40,428)	(41,439)	(42,475)
Utilities	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Bad and Doubtful Debts	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	$'000	(16,455)	(16,928)	(16,896)	(17,949)	(18,673)	(19,911)	(20,708)	(21,535)	(22,396)	(22,883)	(23,389)	(6,991)
Amortisation of Intangible Assets	$'000	(120)	(252)	(363)	(455)	(550)	(647)	(747)	(486)	(498)	(511)	(523)	(536)
Amortisation of Right-of-Use Assets	$'000	(734)	(580)	(601)	(601)	(601)	(1,025)	(584)	(593)	(603)	(613)	(576)	(584)
Amortisation of Landfill Rehabilitation	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	$'000	-	-	(1,468)	(1,497)	(1,527)	(1,558)	(1,589)	(1,621)	(1,653)	(1,686)	(1,720)	(1,754)
Other Expenses	$'000	(3,644)	(2,210)	-	-	-	-	-	-	-	-	-	-
Whole of life opex costs	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	$'000	(401)	(1,958)	(2,664)	(2,664)	(2,664)	(2,664)	(2,664)	(2,664)	(2,664)	(2,664)	(2,664)	(2,664)
Interest on Borrowings (Finance Costs)	$'000	(36)	(416)	(516)	(589)	(790)	(923)	(1,059)	(1,065)	(1,155)	(1,155)	(1,155)	(1,155)
Interest on Leases	$'000	-	(31)	(80)	(59)	(36)	(110)	(79)	(59)	(38)	(14)	(97)	(79)
Interest on Unwinding of Discount on Provisions	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Short-term, low value and variable lease payments	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Regulatory Valuation Expenses	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Election Related Expenses	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Supperannuation - Additional Call	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses - Natural Disaster	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance costs inherited	$'000	-	-	-	(250)	(505)	(765)	(1,030)	(1,301)	(1,577)	(1,859)	(2,146)	(2,439)
Service Review savings	$'000	-	300	500	500	1,000	500	500	500	500	500	500	500
New Init Employee Costs	$'000	-	-	(867)	(1,028)	(1,048)	(1,069)	(1,090)	(1,112)	(1,134)	(1,157)	(1,180)	(1,204)
New Inits Other Costs	$'000	-	-	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)
Total Operating Expenses	$'000	(83,905)	(87,631)	(90,573)	(93,639)	(96,652)	(101,715)	(104,955)	(108,284)	(112,091)	(115,527)	(119,140)	(105,892)
Net Surplus/(Deficit) from Operations	$'000	26,543	15,688	20,986	18,513	9,257	20,159	13,713	11,381	10,934	10,342	9,956	26,714
Adjustments													
Net Gain/(Loss) on Disposal of Property Plant & Equipment	$'000	(5,327)	(1,343)	(250)	(610)	(1,174)	(1,174)	(1,163)	(1,163)	(1,163)	(1,150)	(1,150)	(1,150)
Net Gain/(Loss) on Sale of Assets Held for Resale	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Share of Net Profit/(Loss) of Associates and Joint Ventures	$'000	164	-	-	-	-	-	-	-	-	-	-	-
Unrealised Gain/(Loss on investment in Associates)	$'000	-	37	37	38	38	39	39	40	41	41	42	43
Net Gain/(Loss) on Disposal of Infrastructure	$'000	-	-	-	-	-	-	-	-	-	-	-	-
FV Gain on Investment Property	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Net Gain/(Loss) on Disposal of Investment Property	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Net Gain/(Loss) on Disposal of Intangible Assets	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Net asset revaluation increment/(decrement)	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Spare Adjustments line 2	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Spare Adjustments line 3	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Spare Adjustments line 4	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Spare Adjustments line 5	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Spare Adjustments line 6	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Total Adjustments	$'000	(5,163)	(1,306)	(213)	(572)	(1,136)	(1,135)	(1,124)	(1,123)	(1,122)	(1,109)	(1,108)	(1,107)
Operating Surplus/(Deficit) after Adjustments	$'000	21,380	14,382	20,772	17,941	8,121	19,024	12,589	10,258	9,812	9,233	8,848	25,607
Adjusted Underlying Surplus (Deficit)	$'000	(1,108)	(2,387)	(2,613)	(3,857)	(4,747)	(6,761)	(6,838)	(6,984)	(7,738)	(8,015)	(8,392)	8,190

Balance Sheet

Current Assets													
Cash and Cash Equivalents	$'000	29,417	32,311	25,248	23,164	22,892	20,391	14,512	17,514	20,002	21,648	22,589	19,091
Trade and Other Receivables	$'000	6,470	6,221	6,725	6,869	6,900	7,352	7,462	7,635	7,841	8,087	8,322	8,574
GST Receivable	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Income	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Prepayments	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Financial Assets	$'000	19,121	-	-	-	-	-	-	-	-	-	-	-
Assets held for resale	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Other Current Assets	$'000	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820
Total Current Assets	$'000	58,828	42,352	35,793	33,852	33,612	31,563	25,794	28,969	31,663	33,555	34,731	31,485
Non Current Assets													
Land Under Roads	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Property Plant and Equipment	$'000	229,307	823,167	825,259	854,975	873,509	900,803	927,491	944,199	958,239	972,899	988,208	1,004,144
Infrastructure Assets	$'000	569,755	-	25,243	20,360	15,202	9,271	3,025	(3,550)	(10,471)	(17,711)	(25,208)	(16,308)
Right-of-Use Assets	$'000	5,581	4,830	4,229	3,628	3,027	4,121	3,572	3,006	2,422	1,819	3,363	2,814
Investment Property	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Asset	$'000	1,261	1,814	1,451	1,458	1,382	1,221	972	996	1,021	1,046	1,073	1,099
Landfill Rehabilitation Intangible Asset	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Investment in Associates and Joint Ventures	$'000	2,237	2,278	2,315	2,352	2,391	2,429	2,469	2,509	2,549	2,591	2,632	2,675
Trade and Other Receivables (Long Term)	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Other Financial Assets	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Total Non Current Assets	$'000	808,141	832,089	858,497	882,773	895,511	917,846	937,529	947,159	953,760	960,644	970,068	994,424
Total Assets	$'000	866,969	874,441	894,289	916,626	929,123	949,408	963,323	976,128	985,424	994,199	1,004,799	1,025,909
Current Liabilities													
Trade and Other Payables	$'000	16,445	11,300	12,523	12,817	13,165	13,681	14,134	14,602	15,045	15,587	16,104	16,638
GST Payable	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Trust Funds and Deposits	$'000	4,045	4,179	4,263	4,348	4,435	4,523	4,614	4,706	4,800	4,896	4,994	5,094
Unearned Income	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Current Provisions	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Current Landfill Rehabilitation Provision	$'000	456	371	600	600	600	600	600	600	600	600	600	600
Current Employee Benefits	$'000	6,147	6,147	6,147	6,147	6,147	6,147	6,147	6,147	6,147	6,147	6,147	6,147
Current Interest Bearing Liabilities	$'000	4,000	3,889	-	-	-	7,279	-	-	-	-	4,155	2,472
Current Lease Liabilities	$'000	606	432	435	457	480	402	431	462	496	-	402	431
Total Current Liabilities	$'000	31,699	26,318	23,967	24,369	24,827	32,632	25,926	26,518	27,088	27,230	32,402	31,383
Non Current Liabilities													
Non Current Employee benefits	$'000	714	714	714	714	714	714	714	714	714	714	714	714
Non Current Provisions	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Non Current Landfill Rehabilitation Provision	$'000	11,500	11,585	10,956	10,356	9,756	9,156	8,556	7,956	7,356	6,756	6,156	5,556
Non Current Interest Bearing Loans and Borrowings	$'000	7,168	11,434	13,906	18,956	23,955	16,676	25,713	28,711	28,711	28,711	24,556	22,084
Non Current Lease Liabilities	$'000	1,729	1,353	937	480	-	1,335	930	486	-	-	1,335	930
Total Non Current Liabilities	$'000	21,111	25,086	26,513	30,506	34,425	27,881	35,913	37,867	36,781	36,181	32,761	29,284
Total Liabilities	$'000	52,810	51,404	50,480	54,875	59,252	60,513	61,839	64,385	63,869	63,411	65,163	60,667
Net Assets	$'000	814,159	823,037	843,809	861,750	869,871	888,895	901,484	911,742	921,554	930,788	939,636	965,243
Equity													
Accumulated Surplus	$'000	366,959	373,248	400,364	420,697	430,141	451,342	470,382	478,940	486,941	493,095	503,891	529,675
Reserve Land Under Roads	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserves - Statutory	$'000	8,070	7,662	6,563	6,771	7,148	7,721	8,299	8,989	9,793	10,718	11,767	12,816
Reserves - Discretionary	$'000	20,517	23,785	18,540	15,940	14,240	11,490	4,461	5,471	6,479	8,633	5,636	4,409
Reserve - Plant Replacement	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Unexpended Grants	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Recreational Lands	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Landfill Rehabilitation	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Resource Development	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Land Sales	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Kerbside Bin Replacement	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Rehabilitation	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Car Parking	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Unfunded Superannuation	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Native Vegetation Offset	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Waste Management	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Lakeside Estate	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Share of CRLC Plant Replacement	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Carried Froward Projects	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Long Service Leave Reserve	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Natural Disaster	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Development Contribution Levy 01	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Public Resort and Recreation	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Loan Repayment	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Development Contribution Levy 02	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Spare 25	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Spare 26	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Spare 27	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Spare 28	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Spare 29	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Spare 30	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Reserve - Spare 31	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Asset Revaluation Reserve	$'000	418,613	418,342	418,342	418,342	418,342	418,342	418,342	418,342	418,342	418,342	418,342	418,342
Total Equity	$'000	814,159	823,037	843,809	861,750	869,871	888,895	901,484	911,742	921,554	930,788	939,636	965,243

Cash Flow Statement

Cash flows from Operating Activities													
Rates and Charges Received	$'000	60,363	62,625	64,952	67,047	69,222	71,717	74,373	77,038	79,593	82,157	84,850	87,612
Grants - Operational Received	$'000	16,896	10,463	14,682	15,059	15,432	15,792	16,164	16,544	16,935	17,333	17,743	18,163
Grants - Capital Received	$'000	8,310	8,150	14,539	12,453	2,991	15,839	9,608	7,386	7,396	6,921	6,652	6,802
Interest Received	$'000	828	287	200	204	208	212	216	221	225	230	234	239
User Fees Received	$'000	3,222	2,150	2,718	2,785	2,842	2,897	2,956	3,015	3,076	3,136	3,199	3,263
Statutory Fees and Fines Received	$'000	2,239	2,357	2,593	2,657	2,711	2,764	2,820	2,876	2,934	2,991	3,052	3,113
Other Revenue Received	$'000	4,855	4,274	4,268	4,488	4,937	4,440	4,426	4,178	4,179	4,206	4,230	4,264
Employee Costs Paid	$'000	(28,547)	(30,742)	(32,278)	(33,332)	(34,550)	(35,897)	(37,351)	(38,845)	(40,418)	(41,994)	(43,695)	(45,443)
Materials and Consumables Paid	$'000	(34,520)	(34,934)	(33,410)	(34,708)	(35,593)	(36,447)	(37,376)	(38,311)	(39,288)	(40,231)	(41,256)	(42,288)
External Contracts Paid	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Utilities Paid	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Rehabilitation Expenditure Paid	$'000	-	-	(400)	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)
GST Received / (Paid)	$'000	2,673	-	-	-	-	-	-	-	-	-	-	-
Short-term, low value and variable lease payments	$'000	(27)	(6)	-	-	-	-	-	-	-	-	-	-
Trust Funds and Deposits	$'000	(385)	134	84	85	87	89	90	92	94	96	98	100
Other Expenses Paid	$'000	(3,752)	(4,777)	(5,207)	(5,653)	(5,512)	(6,238)	(6,598)	(6,921)	(7,253)	(7,587)	(7,932)	(8,282)
Net Cash flows from Operating Activities	$'000	32,155	19,981	32,741	30,486	22,175	34,568	28,729	26,674	26,873	26,658	26,576	26,942
Cash flows from Investing Activities													
Payment for Property Plant and Equipment and Infrastructure	$'000	(33,517)	(39,520)	(38,678)	(37,016)	(26,064)	(35,063)	(34,706)	(24,983)	(22,584)	(23,202)	(23,851)	(24,477)
Proceeds from Property Plant and Equipment and Infrastructure	$'000	485	250	1,300	940	376	376	387	387	387	400	400	400
Proceeds/(Payments) from/for Investment Property	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds/(Payments) from/for Intangible Assets	$'000	-	-	-	(462)	(474)	(486)	(498)	(510)	(523)	(536)	(549)	(563)
Proceeds from/(to) Investments	$'000	5,994	13,831	-	-	-	-	-	-	-	-	-	-
Proceeds/(Payments) from/for Financial Assets	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash flows from Investing Activities	$'000	(27,038)	(25,439)	(37,378)	(36,538)	(26,162)	(35,173)	(34,817)	(25,106)	(22,720)	(23,338)	(24,000)	(24,640)
Cash flows from Financing Activities													
Proceeds from Interest Bearing Loans and Borrowings	$'000	4,000	8,155	2,472	5,050	4,999	-	9,037	2,998	-	-	-	-
Repayments of Interest Bearing Loans and Borrowings	$'000	(4,442)	(4,000)	(3,889)	-	-	-	(7,279)	-	-	-	-	(4,155)
Finance Costs	$'000	(404)	(512)	(516)	(589)	(790)	(923)	(1,059)	(1,065)	(1,155)	(1,155)	(1,155)	(1,155)
Interest paid - lease liability	$'000	(36)	(31)	(80)	(59)	(36)	(110)	(79)	(59)	(38)	(14)	(97)	(79)
Repayment of lease liabilities	$'000	(703)	(550)	(413)	(435)	(457)	(863)	(410)	(440)	(472)	(506)	(383)	(410)
Net Cash flows from Financing Activities	$'000	(1,585)	3,062	(2,426)	3,968	3,716	(1,897)	210	1,434	(1,664)	(1,674)	(1,635)	(5,799)
Net Change in Cash Held	$'000	3,532	(2,396)	(7,063)	(2,084)	(271)	(2,502)	(5,878)	3,002	2,489	1,645	941	(3,497)
Cash at Beginning of the Financial Year	$'000	25,885	34,707	32,311	25,248	23,164	22,892	20,391	14,512	17,514	20,002	21,648	22,589
Cash at End of the Financial Year	$'000	29,417	32,311	25,248	23,164	22,892	20,391	14,512	17,514	20,002	21,648	22,589	19,091
Cash and Cash Equivalents	$'000												
Unrestricted Cash	$'000	16,347	20,470	19,750	20,058	21,110	20,786	21,358	22,660	23,337	21,903	24,791	21,472
Restricted Cash (due to reserves)	$'000	13,070	11,841	5,497	3,105	1,782	(395)	(6,846)	(5,146)	(3,334)	(255)	(2,203)	(2,381)
Cash and Cash Equivalents	$'000	29,417	32,311	25,248	23,164	22,892	20,391	14,512	17,514	20,002	21,648	22,589	19,091

Capital Works Statement

Land	$'000	138	-	1,500	37,016	-	-	34,706	24,983	22,584	23,202	23,851	24,477
Land improvements	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	$'000	4,148	2,536	6,266	-	26,064	35,063	-	-	-	-	-	-
Building improvements	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold improvements	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Heritage buildings	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Plant, machinery and equipment	$'000	531	1,202	1,165	-	-	-	-	-	-	-	-	-
Fixtures, fittings and furniture	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Computers and telecommunications	$'000	121	484	240	-	-	-	-	-	-	-	-	-
Heritage plant and equipment	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Library books	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Roads	$'000	12,906	15,672	14,055	-	-	-	-	-	-	-	-	-
Bridges	$'000	875	670	994	-	-	-	-	-	-	-	-	-
Footpaths and cycle ways	$'000	1,764	1,983	4,278	-	-	-	-	-	-	-	-	-
Drainage	$'000	1,849	970	868	-	-	-	-	-	-	-	-	-
Rec, leisure and community facilities	$'000	-	7,756	9,212	-	-	-	-	-	-	-	-	-
Waste management	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Parks, open spaces and streetscape	$'000	5,087	590	-	-	-	-	-	-	-	-	-	-
Aerodromes	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Off street car parks	$'000	-	285	-	-	-	-	-	-	-	-	-	-
Other infrastructure	$'000	185	725	100	-	-	-	-	-	-	-	-	-
Artworks	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Carry forward	$'000	-	3,502	-	-	-	-	-	-	-	-	-	-
Spare capex 3	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Spare capex 4	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Works	$'000	27,604	36,375	38,678	37,016	26,064	35,063	34,706	24,983	22,584	23,202	23,851	24,477
Represented by:													
Renewal Investment	$'000	16,703	15,218	16,916	14,222	14,731	14,961	14,969	15,345	15,619	15,954	16,183	16,182
Upgrade Investment	$'000	6,444	12,992	6,544	11,097	4,462	2,795	6,698	6,690	6,965	7,248	7,668	8,295
Expansion Investment	$'000	4,457	8,165	15,218	11,697	6,870	17,307	13,039	2,948	-	-	-	-
New Investment	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Works	$'000	27,604	36,375	38,678	37,016	26,064	35,063	34,706	24,983	22,584	23,202	23,851	24,477
Renewal Demand	$'000	-	-	-	-	-	-	-	-	-	-	-	-
Renewal Gap = Not Funded	$'000	(16,703)	(15,218)	(16,916)	(14,222)	(14,731)	(14,961)	(14,969)	(15,345)	(15,619)	(15,954)	(16,183)	(16,182)
Accumulated Renewal Gap	$'000	(40,999)	(56,217)	(73,133)	(87,355)	(102,086)	(117,047)	(132,016)	(147,361)	(162,980)	(178,933)	(195,116)	(211,298)

Property Plant and Equipment & Infrastructure Asset Summary

Property Plant and Equipment													
Property Plant and Equipment - Land	$'000		-	1,500	38,516	38,516	38,516	73,222	98,205	120,789	143,991	167,842	192,319
Property Plant and Equipment - Land improvements	$'000		-	-	-	-	-	-	1	3	6	10	15
Property Plant and Equipment - Buildings	$'000		-	3,084	(225)	22,397	53,881	50,158	46,287	42,260	38,234	34,208	30,182
Property Plant and Equipment - Building improvements	$'000		-	-	-	-	-	-	-	-	-	-	-
Property Plant and Equipment - Leasehold improvements	$'000		-	-	-	-	-	-	-	-	-	-	-
Property Plant and Equipment - Heritage buildings	$'000		-	-	-	-	-	-	-	-	-	-	-
Property Plant and Equipment - Plant, machinery and equipment	$'000		823,167	821,967	819,569	817,137	814,669	812,166	809,624	807,042	804,460	801,878	799,297
Property Plant and Equipment - Fixtures, fittings and furniture	$'000		-	-	-	-	-	-	-	-	-	-	-
Property Plant and Equipment - Computers and telecommunications	$'000		-	(1,291)	(2,884)	(4,540)	(6,263)	(8,054)	(9,917)	(11,855)	(13,793)	(15,730)	(17,668)
Property Plant and Equipment - Heritage plant and equipment	$'000		-	-	-	-	-	-	-	-	-	-	-
Property Plant and Equipment - Library books	$'000		-	-	-	-	-	-	-	-	-	-	-
Property Plant and Equipment - Roads	$'000		-	-	-	-	-	-	-	-	-	-	-
Property Plant and Equipment - Bridges	$'000		-	-	-	-	-	-	-	-	-	-	-
Property Plant and Equipment - Footpaths and cycle ways	$'000		-	-	-	-	-	-	-	-	-	-	-
Property Plant and Equipment - Drainage	$'000		-	-	-	-	-	-	-	-	-	-	-
Property Plant and Equipment - Rec, leisure and community facilities	$'000		-	-	-	-	-	-	-	-	-	-	-
Property Plant and Equipment - Waste management	$'000		-	-	-	-	-	-	-	-	-	-	-
Property Plant and Equipment - Parks, open spaces and streetscape	$'000		-	-	-	-	-	-	-	-	-	-	-
Property Plant and Equipment - Aerodromes	$'000		-	-	-	-	-	-	-	-	-	-	-
Property Plant and Equipment - Off street car parks	$'000		-	-	-	-	-	-	-	-	-	-	-
Property Plant and Equipment - Other infrastructure	$'000		-	-	-	-	-	-	-	-	-	-	-
Property Plant and Equipment - Artworks	$'000		-	-	-	-	-	-	-	-	-	-	-
Property Plant and Equipment - Carry forward	$'000		-	-	-	-	-	-	-	-	-	-	-
Property Plant and Equipment - Spare capex 3	$'000		-	-	-	-	-	-	-	-	-	-	-
Property Plant and Equipment - Spare capex 4	$'000		-	-	-	-	-	-	-	-	-	-	-
Total Property Plant and Equipment	$'000		823,167	825,259	854,975	873,509	900,803	927,491	944,199	958,239	972,899	988,208	1,004,144
Infrastructure Assets													
Infrastructure Assets - Land	$'000		-	-	-	-	-	-	-	-	-	-	-
Infrastructure Assets - Land improvements	$'000		-	-	-	-	-	-	-	-	-	-	-
Infrastructure Assets - Buildings	$'000		-	-	-	-	-	-	-	-	-	-	-
Infrastructure Assets - Building improvements	$'000		-	-	-	-	-	-	-	-	-	-	-
Infrastructure Assets - Leasehold improvements	$'000		-	-	-	-	-	-	-	-	-	-	-
Infrastructure Assets - Heritage buildings	$'000		-	-	-	-	-	-	-	-	-	-	-
Infrastructure Assets - Plant, machinery and equipment	$'000		-	-	-	-	-	-	-	-	-	-	-
Infrastructure Assets - Fixtures, fittings and furniture	$'000		-	-	-	-	-	-	-	-	-	-	-
Infrastructure Assets - Computers and telecommunications	$'000		-	-	-	-	-	-	-	-	-	-	-
Infrastructure Assets - Heritage plant and equipment	$'000		-	-	-	-	-	-	-	-	-	-	-
Infrastructure Assets - Library books	$'000		-	-	-	-	-	-	-	-	-	-	-
Infrastructure Assets - Roads	$'000		-	10,135	5,633	894	(4,579)	(10,324)	(16,355)	(22,683)	(29,371)	(36,367)	(30,167)
Infrastructure Assets - Bridges	$'000		-	669	331	(21)	(387)	(768)	(1,163)	(1,575)	(1,986)	(2,398)	(2,398)
Infrastructure Assets - Footpaths and cycle ways	$'000		-	3,661	3,020	2,353	1,660	939	189	(591)	(1,372)	(2,152)	(2,152)
Infrastructure Assets - Drainage	$'000		-	(7)	(917)	(1,863)	(2,848)	(3,871)	(4,936)	(6,043)	(7,151)	(8,258)	(8,258)
Infrastructure Assets - Rec, leisure and community facilities	$'000		-	9,212	9,212	9,212	9,212	9,212	9,212	9,212	9,212	9,212	9,212
Infrastructure Assets - Waste management	$'000		-	-	-	-	-	-	-	-	-	-	-
Infrastructure Assets - Parks, open spaces and streetscape	$'000		-	1,664	3,372	5,126	6,928	8,777	10,676	12,625	14,615	16,655	19,355
Infrastructure Assets - Aerodromes	$'000		-	-	-	-	-	-	-	-	-	-	-
Infrastructure Assets - Off street car parks	$'000		-	(192)	(391)	(599)	(815)	(1,039)	(1,273)	(1,515)	(1,758)	(2,001)	(2,001)
Infrastructure Assets - Other infrastructure	$'000		-	100	100	100	100	100	100	100	100	100	100
Infrastructure Assets - Artworks	$'000		-	-	-	-	-	-	-	-	-	-	-
Infrastructure Assets - Carry forward	$'000		-	-	-	-	-	-	-	-	-	-	-
Infrastructure Assets - Spare capex 3	$'000		-	-	-	-	-	-	-	-	-	-	-
Infrastructure Assets - Spare capex 4	$'000		-	-	-	-	-	-	-	-	-	-	-
Total Infrastructure Assets	$'000		-	25,243	20,360	15,202	9,271	3,025	(3,550)	(10,471)	(17,711)	(25,208)	(16,308)
Total Property Plant and Equipment & Infrastructure Assets	**$'000**		823,167	850,502	875,335	888,712	910,075	930,517	940,649	947,768	955,188	963,000	987,836

Appendix 2 VAGO Performance Ratios

		1 Jul 19	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29	1 Jul 30
Period start		1 Jul 19	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25	1 Jul 26	1 Jul 27	1 Jul 28	1 Jul 29	1 Jul 30
Period end		30 Jun 20	30 Jun 21	30 Jun 22	30 Jun 23	30 Jun 24	30 Jun 25	30 Jun 26	30 Jun 27	30 Jun 28	30 Jun 29	30 Jun 30	30 Jun 31
VAGO Ratios													
15.02.01 VAGO Ratios													
Net result	%	19.4%	13.9%	18.6%	16.0%	7.7%	15.6%	10.6%	8.6%	8.0%	7.3%	6.9%	19.3%
Liquidity	x	1.86	1.61	1.49	1.39	1.35	0.97	0.99	1.09	1.17	1.23	1.07	1.00
Internal financing	%	95.9%	50.6%	84.6%	82.4%	85.1%	98.6%	82.8%	106.8%	119.0%	114.9%	111.4%	110.1%
Indebtedness	%	33.1%	37.4%	37.1%	41.8%	46.1%	36.0%	44.8%	45.6%	42.9%	40.9%	35.9%	31.1%
Capital replacement ratio	x	2.04	2.33	2.29	2.06	1.40	1.76	1.68	1.16	1.01	1.01	1.02	3.50
Renewal gap ratio	x	1.41	1.67	1.39	1.41	1.03	0.89	1.05	1.02	1.01	1.01	1.02	3.50