



LONG TERM FINANCIAL PLAN

2013/14 – 2022/23

May 2013

Part of Walgett Shire Council's Resourcing Strategy

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1. Long Term Financial Plan Introduction

Chapter 13 (Part 2) of the Local Government Act 1993 indicates Council's level of accountability in regard to meeting Strategic Planning requirements, through development of the following key items:

- Community Strategic Plan;
- Resourcing Strategy;
- Delivery Program;
- Operational Plan;
- Integrated Planning and Reporting Guidelines;

A key component of the Strategic Planning management is the preparation of the Long Term Financial Plan, specifically as part of the Integrated Planning and Reporting Guidelines which require Council to prepare financial scenarios for the ten year period 2022/2023.

The Long Term Financial Plan is made up of the following components:

- I. Projected income and expenditure, balance sheet and cash flow statements
- II. Planning assumptions used to develop the Plan
- III. Sensitivity analysis – risks/factors most likely to affect the Plan
- IV. Financial modeling for different scenarios e.g. Base/Best/Worst
- V. Methods of monitoring financial performance.

The first projected year of the LTFP is consistent with the Annual Budget adopted for the current 2013/2014 year. It assumes that Council intends to maintain the existing asset stock in a sustainable manner and that Council wants to maintain current service levels. It also includes a number of new initiatives and plans endorsed by Council to date which create new or upgraded facilities within the Shire.

The Long Term Financial Plan is not a standalone document. It is prepared as part of the wider Resourcing Strategy which forms a key part of the Integrated Planning and Reporting Framework set out by the Department of Local Government. Other Plans included within the integrated reporting framework are as follows:

- a) A 10 year Community Strategic Plan
- b) A four year Delivery Program
- c) Asset Management Plans (covering a minimum period of 10 years) for each class of asset (including an overall Asset policy and Strategy)
- d) A four year Workforce Management Plan

Therefore the Long Term Financial Plan should be reviewed in conjunction with these other plans. This is discussed further in section 2.

The Long Term Financial Plan is a tool used to allow informed decision making and reflects the outcomes from review of the Community Strategic Plan, it contains information and development from the Delivery Program, all of which are reviewed as part of the annual Operational Plan.

The Long Term financial Plan will be used to monitor financial performance within Council to ensure that Council is operating in the most efficient manner and working toward continuing financial sustainability. This is discussed further in sections 7 and 8.

2. Links to other Plans prepared under the Integrated Reporting Framework



Local Government Planning and Reporting framework
Taken from the IPR Manual available on the Division of Local Government website

The Community Strategic Plan and Delivery Program set out what the community (and Council) would like to achieve into the future. It is made up of:

- Very broad objectives which detail the area's Council would like to focus on, and what they would like to achieve in those areas.
- Strategies attached to those objectives, which show how Council is going to reach those objectives.

- The Delivery Program sets out actions, which fall under each strategy outlined, these actions make up Council schedule of works on a yearly basis. These actions are influenced by factors included in the Resourcing Strategy, incorporating the Long Term Financial Plan, the Workforce Management Plan and Asset Management Plan respectively.

EXAMPLE:

OBJECTIVE: Develop a connected, informed and resilient community
STRATEGY: Provide Youth Centre and Library services that respond to identified community needs
ACTION: Run Regular Youth Centre Sessions in Walgett, Lightning Ridge and Collarenebri throughout the year.

This action is then influenced and limited by:

- a) Number of Youth workers available to work throughout the year (identified through the Workforce Strategy)
- b) Finance available to pay for wages, materials, building maintenance and running costs (identified through the Long Term Financial Plan)
- c) A safe, comfortable working environment for local youth to meet (identified through the Asset Management Plan, the costs of which will also be included in the Long Term Financial Plan).

Service Delivery

The current service level will be the number of youth workers available (as to keep the relevant legislative required ratio of workers to youths) and the number of hours the centre is open. Therefore if the community would like the service to increase (e.g. longer youth sessions) this has a direct impact on the operational costs and therefore Long Term Financial Plan. The plan has been prepared in line with current service levels.

Walgett Shire Council's plans produced since the 2012/2013 year are not yet fully integrated with one another. They do however lay the foundations which will be built upon in the coming years, and will eventually be fully integrated with one another to give a full and true financial position Council is in, taking into consideration all Council assets and renewal expenditures.

3. Revenue Policy and Key Assumptions

Finance is only a resource of Council to complete its set objectives included within the Community Strategic Plan.

Finance is raised for operating expenses through the following methods:

- Rates payments made by landholders in the Shire
- Government grants
- Private works completed for individuals and the RMS

Council will seek to ensure that all rates, charges and fees are set so as to provide adequate cash flows to meet operating costs and to contribute to the of funding capital works. Council will pursue cost effective opportunities in order to maximize its revenue base and seek an optimum commercial rate of return on investments, subject of course to community service obligations.

Council's Revenue Policy for all fees and charges is that fees are charged on a cost recovery 'User Pays' basis. However in reality there are currently many instances of fees being charged below cost (for example community hall hire, or some library services). This is to keep charges at affordable levels for the community, by being subsidized by Council's general revenue.

Council's ability to finance its operations is discussed in more detail in section 5 of this document.

A number of assumptions are required to be made in the compilation of a 10 year financial plan. Some of these assumptions impact the Long Term Financial Plan, and for this reason we have gone through the process to identify and document all assumptions made, and where they impact financial results, include them in the Long Term Financial Plan. However Council stresses that the future is to a large extent unknown, and any assumptions made are subject to change both in the shorter or longer term.

These assumptions used are listed on the table on the following pages.

Title	Assumption	Data source	Evidence Results	Conclusion
Population forecast and number of ratable dwellings	The number of ratable dwellings will remain constant over the next 20 years	NSW Transport and Population Data Centre 2007	Population is forecast to decline by 0.6% between 2011 and 2031.	Therefore, there is evidence to suggest that the number of ratable properties will remain consistent throughout the 10 year forecast period.
General Government Grant income	That grant income will increase in line with inflation		Federal and State Government have been supporting of regional Council's, and although they have reigned in expenditure, no major cuts have been advertised for regional Australia.	We expect grant income to at least match inflation, if not exceed it. We have increased it from 2013/14 forward in line with our predicted inflation rate of 2.5%.
General Rates and Rate Pegging	Rate pegging will continue, and will be in line with CPI growth	RBA website	IPART has published the 2013-2014 rate to be 3.4% - Council has also applied for a special rate variation of an additional 3%, this is for undertaking of a Betterment Program for certain roads. At this stage it is unclear whether Council will be granted the special rate variation.	As it is difficult to assess what will happen with Rate Pegging in the future, we have taken a conservative approach and said that rate pegging will continue in line with rates published for the 2013-14 year. However we understand it is IPART's plan as part of the integrated planning is to eventually abolish rate pegging to give councils more leeway to set their own annual rate increases.
Interest Rate movements (for investments)	Interest rates available on short term investments are currently between 4-5%.	Bank Quotes given from CUA, IMB, Newcastle Permanent, LGFS, and Bankwest	The official interest rate has recently moved to 2.75% Rates offered by the major institutions are currently between 4-5%. The economic forecast is unknown due to a number of variable climatic changes in the current market.	It is reasonable to assess that interest rates offered by the banks will remain around 4-5%, this is an assumption based on current market trends, in the long run this situation is subject to change.
Interest Rate movements (for borrowing)	Interest rates currently available for borrowing with security on non-real estate assets range from 7-12%	Recent loans taken out from CBA to the value of \$2.8m	Rates offered by the major institutions are currently around 7% for both fixed and variable rates. The economic forecast is improving over the next 10 years and the best rates could easily rise to 10%. However the State Government has given an offer to clear the infrastructure backlog with funding by loan, which will attract a subsidy interest component.	It is reasonable to assess that interest rates offered by banks for borrowing will remain around 7%. It is noted that State Government is currently offering interest subsidies on loans over \$1m spread over a 10 year term. This level of LIRS loan subsidy is subject to assessment and approval on an individual project basis, which Council will pursue into the future.

Title	Assumption	Data source	Evidence Results	Conclusion
Rental Values	Rental values will remain stable for the foreseeable future only increasing in line with CPI			Rental prices will increase with CPI
Wages Award increases	Wage costs will continue to increase at an average of 3.25% per year and in addition is Superannuation progressive increase by .25%.	LG Award 2010	for the years of 2012 and 2013 the percentage increase is 3.25%	The published award rates are a good indication that wage increases will be similar in the following years. And a 0.25% allowance is a nominal amount included for job progression as personnel move on in their roles, plus the results of any organizational restructures which may occur. Therefore 3.5% has been used.
Inflation for cost of goods and services	CPI is currently 3.01%	RBA website	The RBA targets are to maintain inflation rates between 2-3%.	CPI will remain on average around 2.5%. Council assume all non pegged rates, fees and charges income, as well as all costs other than those separately identified in this table will increase by CPI year on year.
Increase in energy prices	Energy prices are set to increase with the introduction of the Carbon Tax, but remain relatively static.	IPART	Energy prices increased substantially between 2011/13. At this stage seems to have leveled off due to consumer pressure. A repeal of the Carbon Tax is possible into the future which should see a marginal reduction in costs.	Budgeted figures have increased by inflation rate of 2.5%, to be reviewed following changes in the market and legislation accordingly.
Debt recovery rates	Debt recovery needs to remain an important focus of Council, there has been substantial increase in recovery action.	Audit reports, internal and external.	The NSW Average per the Local Government Comparative statistics is 6.73%. Generally an aim would be to attain less than 5% outstanding.	Council has undertaken a sale of land for overdue rates, this has had pleasing results, in addition is moving toward 'in house' debt recovery which will see over time a reduction in outstanding rate percentage falling to around 5%.

4. General Fund Results

a. Income Statement

Walgett Shire Council												
10 Year Financial Plan for the Years ending 30 June 2023												
INCOME STATEMENT - GENERAL FUND												
Scenario: Base Case	Past Year	Current Year	Projected Years									
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	5,196,000	5,330,771	5,577,183	5,730,429	5,887,894	6,049,693	6,215,945	6,386,774	6,562,306	6,742,671	6,928,001	7,118,433
User Charges & Fees	4,708,000	4,840,018	4,894,491	4,136,853	4,240,275	4,346,281	4,454,939	4,566,312	4,680,470	4,797,482	4,917,419	5,040,354
Interest & Investment Revenue	396,000	300,409	393,500	403,338	413,421	423,756	434,350	445,209	456,339	467,748	479,442	491,428
Other Revenues	410,000	365,864	3,306,570	684,100	701,203	718,733	736,701	755,119	773,997	793,347	813,180	833,510
Grants & Contributions provided for Operating Purposes	10,488,000	7,500,377	10,932,231	10,090,636	10,195,859	9,373,865	9,608,211	9,848,417	10,094,627	10,346,993	10,605,668	10,870,809
Grants & Contributions provided for Capital Purposes	3,572,000	3,317,143	6,693,197	755,374	774,258	793,615	813,455	833,791	854,636	876,002	897,902	920,350
Other Income:												
Net gains from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	24,770,000	21,654,583	31,797,172	21,800,731	22,212,910	21,705,943	22,263,602	22,835,622	23,422,375	24,024,242	24,641,611	25,274,884
Expenses from Continuing Operations												
Employee Benefits & On-Costs	6,253,000	8,113,121	3,669,108	3,797,526	3,930,440	4,068,005	4,210,385	4,357,749	4,510,270	4,668,130	4,831,514	5,000,617
Borrowing Costs	188,000	252,774	410,879	395,038	392,157	358,498	324,345	289,666	255,429	219,595	183,129	146,263
Materials & Contracts	8,519,000	5,996,535	15,146,343	8,197,814	8,383,975	8,721,832	9,068,137	9,423,099	9,786,935	10,159,866	10,542,121	10,933,933
Depreciation & Amortisation	4,675,000	5,361,647	4,290,807	4,398,077	4,508,029	4,620,730	4,736,248	4,854,654	4,976,021	5,100,421	5,227,932	5,358,630
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	2,834,000	1,419,582	1,965,193	1,978,322	2,027,780	2,078,475	2,130,437	2,183,698	2,238,290	2,294,247	2,351,604	2,410,394
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	21,000	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	22,490,000	21,143,659	25,482,329	18,766,778	19,242,380	19,847,540	20,469,552	21,108,866	21,766,944	22,442,260	23,136,299	23,849,837
Operating Result from Continuing Operations	2,280,000	510,924	6,314,843	3,033,953	2,970,529	1,858,403	1,794,050	1,726,756	1,655,431	1,581,982	1,505,312	1,425,047
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	2,280,000	510,924	6,314,843	3,033,953	2,970,529	1,858,403	1,794,050	1,726,756	1,655,431	1,581,982	1,505,312	1,425,047
Net Operating Result before Grants and Contributions provided for Capital Purposes	(1,292,000)	(2,806,219)	(378,354)	2,278,579	2,196,271	1,064,788	980,595	892,965	800,795	705,979	607,409	504,697

b. Balance Sheet

Walgett Shire Council												
10 Year Financial Plan for the Years ending 30 June 2023												
BALANCE SHEET - GENERAL FUND												
Scenario: Base Case												
	Past Year	Current Year	Projected Years									
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS												
Current Assets												
Cash & Cash Equivalents	2,540,000	5,857,357	10,531,689	12,698,491	14,678,692	16,841,674	18,963,972	21,044,697	23,079,550	25,066,742	27,003,379	29,318,462
Investments	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Receivables	2,836,000	2,381,177	3,611,358	2,222,108	2,305,985	2,327,699	2,403,931	2,480,325	2,557,505	2,635,476	2,714,237	2,798,889
Inventories	1,078,000	1,016,886	1,575,317	1,173,238	1,184,010	1,203,560	1,223,599	1,244,139	1,265,193	1,286,773	1,308,892	1,331,564
Other	6,000	117,006	216,046	148,679	150,968	154,742	158,610	162,576	166,640	170,806	175,076	179,453
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	11,460,000	14,372,425	20,934,409	21,242,515	23,319,655	25,527,674	27,750,112	29,931,737	32,068,888	34,159,796	36,201,585	38,628,368
Non-Current Assets												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	212,000	250,465	363,620	276,956	284,484	292,217	300,160	308,321	316,703	325,314	334,160	343,247
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	288,255,000	291,500,985	294,989,892	295,211,249	295,430,925	294,392,505	293,320,910	292,215,311	291,074,856	289,898,675	288,685,876	287,435,541
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	288,467,000	291,751,451	295,353,512	295,488,205	295,715,409	294,684,722	293,621,071	292,523,631	291,391,559	290,223,990	289,020,035	287,778,787
TOTAL ASSETS	299,927,000	306,123,876	316,287,922	316,730,720	319,035,063	320,212,396	321,371,183	322,455,368	323,460,447	324,383,786	325,221,620	326,407,155
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	2,460,000	3,088,461	7,633,874	5,214,656	5,296,943	5,374,005	5,507,026	5,643,418	5,783,266	5,926,657	6,073,681	6,224,954
Borrowings	262,000	696,210	702,502	748,473	758,132	768,285	778,963	790,201	802,034	814,501	826,784	839,442
Provisions	1,846,000	1,849,161	1,849,161	1,849,161	1,849,161	1,849,161	1,849,161	1,849,161	1,849,161	1,849,161	1,849,161	1,849,161
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	4,568,000	5,633,832	10,185,537	7,812,290	7,904,236	7,991,451	8,135,150	8,282,780	8,434,461	8,590,320	8,813,627	9,064,557
Non-Current Liabilities												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	2,137,000	6,718,981	6,016,479	5,798,572	5,040,440	4,272,156	3,493,192	2,702,992	1,900,958	1,086,457	695,672	405,231
Provisions	106,000	144,139	144,139	144,139	144,139	144,139	144,139	144,139	144,139	144,139	144,139	144,139
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	2,243,000	6,863,120	6,160,618	5,942,710	5,184,579	4,416,294	3,637,331	2,847,130	2,045,096	1,230,595	839,811	549,369
TOTAL LIABILITIES	6,811,000	12,496,952	16,346,155	13,755,000	13,088,814	12,407,745	11,772,482	11,129,911	10,479,558	9,820,915	9,153,438	8,913,926
Net Assets	293,116,000	293,626,924	299,941,767	302,975,720	305,946,249	307,804,652	309,598,701	311,325,458	312,980,889	314,562,871	316,068,182	317,493,229
EQUITY												
Retained Earnings	267,378,000	267,888,924	274,203,767	277,237,720	280,208,249	282,066,652	283,860,701	285,587,458	287,242,889	288,824,871	290,330,182	291,755,229
Revaluation Reserves	25,738,000	25,738,000	25,738,000	25,738,000	25,738,000	25,738,000	25,738,000	25,738,000	25,738,000	25,738,000	25,738,000	25,738,000
Council Equity Interest	293,116,000	293,626,924	299,941,767	302,975,720	305,946,249	307,804,652	309,598,701	311,325,458	312,980,889	314,562,871	316,068,182	317,493,229
Minority Equity Interest	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	293,116,000	293,626,924	299,941,767	302,975,720	305,946,249	307,804,652	309,598,701	311,325,458	312,980,889	314,562,871	316,068,182	317,493,229

c. Cash Flow Statement

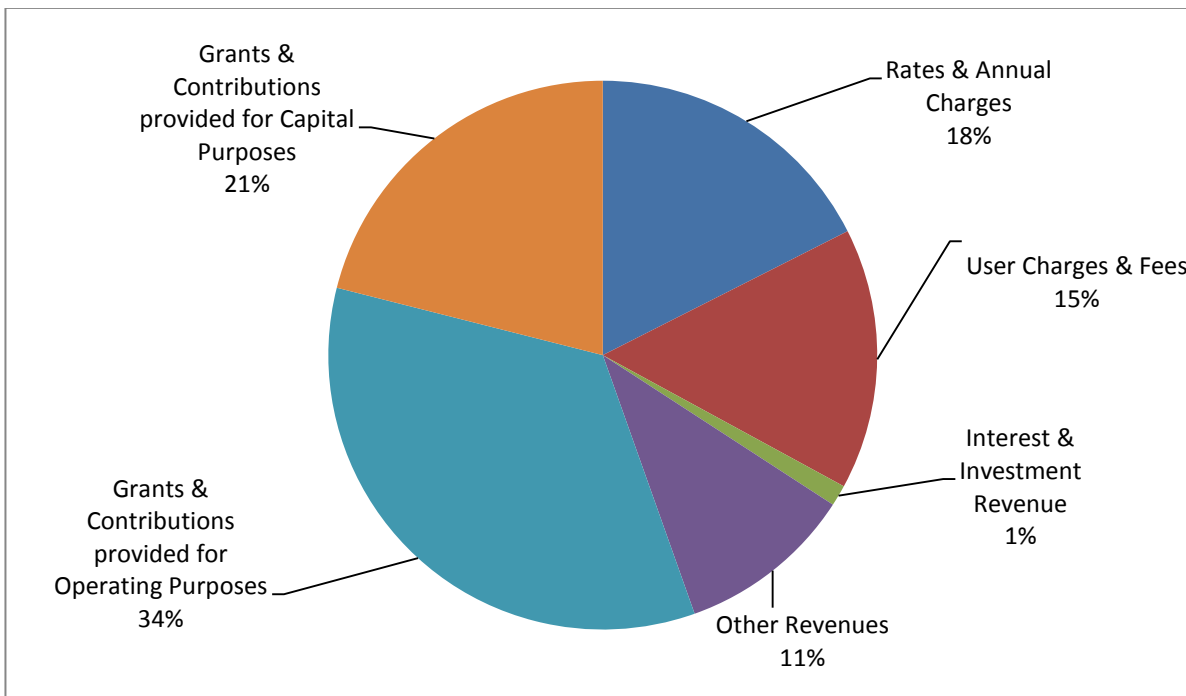
Walgett Shire Council												
10 Year Financial Plan for the Years ending 30 June 2023												
CASH FLOW STATEMENT - GENERAL FUND												
Scenario: Base Case												
	Past Year	Current Year	Projected Years									
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	-	5,411,211	5,572,257	5,727,366	5,884,746	6,046,458	6,212,622	6,383,360	6,558,797	6,739,065	6,924,296	7,114,627
User Charges & Fees	-	4,703,362	4,880,393	4,332,939	4,213,508	4,318,846	4,426,817	4,537,487	4,650,924	4,767,197	4,886,377	5,008,537
Interest & Investment Revenue Received	-	374,026	306,904	403,774	364,663	391,671	401,169	412,933	424,371	436,109	448,160	455,433
Grants & Contributions	-	11,055,692	17,204,921	11,384,236	10,963,473	10,203,878	10,408,933	10,669,156	10,935,885	11,209,282	11,489,514	11,776,752
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	550,702	2,556,581	1,351,141	697,152	713,233	732,629	750,947	769,723	788,968	808,695	828,914
Payments:												
Employee Benefits & On-Costs	-	(8,122,941)	(3,740,247)	(3,852,567)	(3,930,440)	(4,068,005)	(4,210,385)	(4,357,749)	(4,510,270)	(4,668,130)	(4,831,514)	(5,000,617)
Materials & Contracts	-	(5,334,328)	(11,182,058)	(9,892,690)	(8,320,325)	(8,620,548)	(8,964,288)	(9,316,621)	(9,677,760)	(10,047,928)	(10,427,348)	(10,816,252)
Borrowing Costs	-	(245,875)	(411,715)	(395,244)	(393,055)	(359,408)	(325,267)	(290,601)	(256,377)	(220,558)	(184,106)	(146,732)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	(1,419,582)	(1,965,193)	(1,978,322)	(2,027,780)	(2,078,475)	(2,130,437)	(2,183,698)	(2,238,290)	(2,294,247)	(2,351,604)	(2,410,394)
Net Cash provided (or used in) Operating Activities	-	6,972,266	13,221,844	7,080,633	7,451,942	6,547,650	6,551,793	6,605,215	6,657,003	6,709,759	6,762,471	6,810,268
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	-	997,500	235,000	240,875	246,897	253,069	259,396	265,881	272,528	279,341	286,325	293,483
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Disposal Groups	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Received from Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(9,668,601)	(8,086,302)	(4,982,769)	(4,970,165)	(3,879,606)	(3,920,607)	(4,011,407)	(4,104,478)	(4,199,875)	(4,297,657)	(4,397,883)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Contributions Paid to Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	-	(8,671,101)	(7,851,302)	(4,741,894)	(4,723,268)	(3,626,537)	(3,661,211)	(3,745,526)	(3,831,950)	(3,920,534)	(4,011,332)	(4,104,401)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	5,500,000	-	540,000	-	-	-	-	-	-	-	-
Proceeds from Finance Leases	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	-	(483,809)	(696,210)	(711,937)	(748,473)	(758,132)	(768,285)	(778,963)	(790,201)	(802,034)	(814,501)	(390,784)
Repayment of Finance Lease Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Minority Interests	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	-	5,016,191	(696,210)	(171,937)	(748,473)	(758,132)	(768,285)	(778,963)	(790,201)	(802,034)	(814,501)	(390,784)
Net Increase/(Decrease) in Cash & Cash Equivalents	-	3,317,357	4,674,332	2,166,802	1,980,201	2,162,982	2,122,298	2,080,725	2,034,853	1,987,192	1,936,638	2,315,083
plus: Cash, Cash Equivalents & Investments - beginning of year	-	2,540,000	5,857,357	10,531,689	12,698,491	14,678,692	16,841,674	18,963,972	21,044,697	23,079,550	25,066,742	27,003,379
Cash & Cash Equivalents - end of the year	2,540,000	5,857,357	10,531,689	12,698,491	14,678,692	16,841,674	18,963,972	21,044,697	23,079,550	25,066,742	27,003,379	29,318,462
Cash & Cash Equivalents - end of the year	2,540,000	5,857,357	10,531,689	12,698,491	14,678,692	16,841,674	18,963,972	21,044,697	23,079,550	25,066,742	27,003,379	29,318,462
Investments - end of the year	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Cash, Cash Equivalents & Investments - end of the year	7,540,000	10,857,357	15,531,689	17,698,491	19,678,692	21,841,674	23,963,972	26,044,697	28,079,550	30,066,742	32,003,379	34,318,462
Representing:												
- External Restrictions	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749
- Internal Restrictions	2,011,726	2,611,726	2,611,726	2,611,726	2,611,726	2,611,726	2,611,726	2,611,726	2,611,726	2,611,726	2,611,726	
- Unrestricted	(1,351,475)	1,365,882	6,040,214	8,207,016	10,187,217	12,350,199	14,472,497	16,553,222	18,588,075	20,575,267	22,511,904	24,826,987
	7,540,000	10,857,357	15,531,689	17,698,491	19,678,692	21,841,674	23,963,972	26,044,697	28,079,550	30,066,742	32,003,379	34,318,462

d. Notes, and Key Matters of General Interest

- The Long Term Financial Plan has been completed based on currently known and available information, and on the basis that it will be updated after further analysis of Council's assets, and alignment of expenditure when results from Asset Management Plans, and the Community Strategic Plan become available. Therefore this is just the start of a long process to capture Council's true financial state, to communicate this to the Councillors and to the public, and to put in place measures to ensure and maintain Councils financial sustainability into the future.
- The Income Statement indicates grant funds as two separate items, those being for operational purposes and that of capital purpose for renewal or purchase of Infrastructure, Property, Plant & Equipment. It is assumed that certain levels of grant funds used for both operational and renewal or purchase of I,PP&E are a key component in ensuring a sustainable financial position. With the majority of these items being recurrent grants, Council needs to be mindful in modeling a scale of operations to suit a possible decline in specific non recurrent grant funds.
- Council's balance sheet is representative only as a measure of current liquidity. Where Council is in a sound position in terms of meeting liabilities, a positive net asset position. Revaluation of assets is completed as a cost of replacement scenario, rather than an indicative market value, whilst this improves Council's asset basis on the balance sheet, the result is an increase in depreciable expense. A long term goal of Council is to have a balanced budget inclusive of this depreciable expense, thereby reducing the overall effect of said revaluations as they occur. This is a key aspect of maintaining longevity in Council's financial position.
- Council has increased its level of borrowings for replacement of assets, by way of loan. Both standard loans and specific purpose loans under the LIRS (Local Infrastructure Renewal Scheme) arrangement where if successful in application, the State Government will grant the first 4% interest repayable on the loan. This is measurable by key performance indicators such as Debt Service Ratio, which shows Council undertaking large scope of works in the public interest and funding them via long term loan liability, falling well within current accepted benchmarking percentages.
- A number of Road upgrades and other new assets such as a new aged care facility have been included in the plan which is shown to be fully funded through external grants. Although grants become available periodically, grants have not necessarily been sourced to cover these asset projects, and if come the time, no grant is available, then the project will be delayed until such funds do become available. It is also noted that extra maintenance and operational costs associated with any new asset have not been included in the operating statement at this time.

5. Key Risk Factors

a) Grant Funding

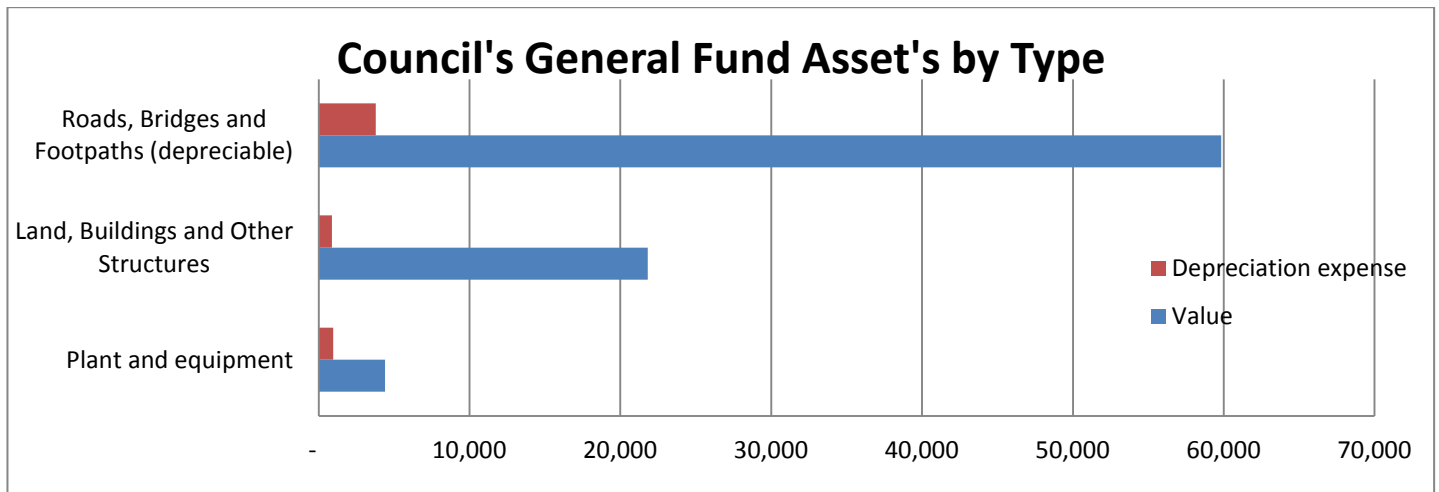


The majority of grant income comprises of operating grants (Untied), that being the Financial Assistance Grant, along with Capital Grants – non recurrent from Government Agencies for ongoing operations and maintenance or renewal of infrastructure, also Operating Grants for Specific Purposes for renewal or replacement (Road Infrastructure –flood damage).

Both State and Federal Government have an ongoing interest to ensure that regional Shires are well serviced, as they often play a part in wider population strategies, and national income sustainability. However to be so reliant on handouts makes accurate financial planning difficult, and leaves the provision of ongoing Council services at the mercy of government policy change.

b) Over Committing Council with the Purchase of new assets

Council's General Fund (i.e. not including Water or Sewer's) Asset register is currently sitting at \$306 million. Out of these assets \$204 million relate to land and land structures. The remaining balance of \$97m will have to be replaced at sometime in the future. An estimated cost in the form of depreciation is charged to the accounts each year and the asset balance reduced accordingly. This charge is currently \$4.3m per year, or 7% of the total depreciable asset cost.



If Council builds or buys new assets, the total asset cost increases, along with the depreciation expense reducing the asset value over time. On top of this cost, other operational and maintenance costs are added to council's expenses on a yearly basis (e.g. a new toilet block needs cleaning and needs to be kept in working order to benefit the community). On average, it has been estimated that there is an increase in operational and maintenance spend of 0.5% the cost of every new asset added to Council's asset register.

Based on Council's current asset register, for Council to become fully sustainable by fully funding its depreciation charge Council's rates revenue, and this would mean a 59% increase in everyone in the Shire's general yearly rates bill. In the 2011/2012 year Walgett's residential average general rates bill was \$448. This would increase to \$712 if the Shire were to fund all its **currently held** assets.

Currently Council is only funding part of its depreciation expense, and when an asset comes up for renewal (for example the Walgett Depot), Council has to labour to find adequate sources of finance to pay for it. If grants are not available, then Council must fund the works itself. This can be in one hit during the year (or years) of construction, or over a longer period with an external loan. The issue with funding assets in arrears is that it is difficult to forward plan, especially over a 10 year time period. However when Council continues to purchase or build brand new assets, it is certain that less capital will be available in the years to come to share around the ever increasing number of assets.

The asset management plans currently being developed will allow more accurate management of assets and the renewal funding required in future years.

c.i Legislative compliance for Risk management in the community

This risk is related to Council's commitment to keep the Shire's public areas in a safe and orderly manner, minimizing any risks of harm to any persons (including employees) or property within the Shire. This includes (but is not limited to) the following:

- Maintaining Council run assets (such as public parks, halls and sporting facilities) to a standard which minimizes the risk of harm due to natural deterioration or vandalism of the asset.
- Maintaining vegetation around the Shire to minimize the risk of harmful bush fire.
- Maintain public roads and footpaths to a safe level
- Ensuring public order and safety services are well resourced and managed (e.g. dog catchers)
- Maintaining stormwater assets (including the levee), to ensure the risk of harmful flooding is kept at a minimum
- Ensuring Council has enough resources to foresee and deal with any environmental planning issues, and dealing with environmental legislation changes.

If funds are limited to the extent that any of the above cannot fully take place, the financial implications for Council would come in the form of litigation and fines for breach of legislation, and even administration.

c.ii Legislative compliance for Governance





Council must comply with numerous administrative legislations, code of conduct, Local Government Act, and it must be heading towards complying with best practice guidelines in how it administers Council assets. If any of the prescribed legislations are breached on a continued basis, Council may again face financial penalties and administration.

Therefore Council must not underestimate its responsibilities to comply with legislation, and must prioritise funds to service these responsibilities above any new asset or asset improvements.

6. Scenario's – Base Case

Sensitivity Analysis

This is the investigation into how projected performance varies along with changes in the key assumptions on which the projections are based. In Council's analysis we have varied key assumptions, and found the following to be the most sensitive, with results as follows:

- **General Government Grant and Contributions income**
 -  Our findings have indicated that if this income source did not increase in line with inflation, and instead only increased by 1.5%, Council would experience financial hardship. In the 2013/14 year Council's income would fall by approximately 176K leading to unrestricted cash deficits and therefore over-committing its cash funds, and this figure would be compounded further in the following years.
- **Changes in employee expenses**
 -  Employee expenses have been assumed to increase by 3.5% per annum. If this increased to 4%, Council would have short term cash flow difficulties, if it increased to 5% per annum there would be unrestricted cash deficits into the mid-term.
- **Increase in Asset renewal cost due to legislative change**
 -  Council has not met depreciation expense in the past, however a revised budget scenario shows Council meeting approx. 25% of its depreciation expense in 2013/14 with a view to increase this percentage figure progressively in future years.
- **Application for Special Rate Variation**
 -  Council has resolved to establish a Betterment Reserve to fund upgrading of Rural Local Roads to prevent future damage from local flooding. It is proposed to increase the General Rates by 3% (approx. 140K pa) and to apply for State and Federal funds to match this amount to allow a program of works to proceed over the next 10 years. An initial program identifying projects to be undertaken in the first 5 years has been identified by Council. An application has been made to IPART for a 3% increase in 2013/14, this amount will be quarantined by transfer to reserve.

Scenario – Worst Case

The following profit and loss and cash flow schedules have been adapted from the Base case scenario with the following factors in place:

- Council has been unsuccessful in its bid for the LIRS scheme (which grants the first 4% interest in infrastructure backlog capital projects). Therefore interest for these projects has been increased to 7%, this is based on the fact these projects cannot be delayed due to their current condition.
- Council has been unable to sell its property or land which it has forecast to sell in the 2013/14 year, the 2014/15 and 2015/16 years.
- Council has found no alternative to disposing of its waste but to construct a new tip to service both Lightning Ridge and Walgett. The cost of this tip is to be \$6m payable over 2 years 2013/14 year which is to be funded from revenue.
- No extra income is obtained from any source other than that existing in the base case scenario.

Results

- Net operating result before Grants & Contributions provided for Capital Purposes has projected a deficit in 2013/2014, 2014/15 and 2015/16 respectively due to Council's revenue funding major projects.
- The cash flow statement shows Council showing significant decreases in cash and cash equivalents for the years mentioned a deficit result.

Strategy to mitigate losses

- Council would need to revisit all capital expenditure, and see if any alternatives could be taken. This could see a drop in service level.
- All operations would need to be analysed to see where efficiencies could be made (as will be happening, and could result in the 3% savings in expenditure as shown in scenario – best case).
- All donations and grants Council awards to the community would need to be revisited

Other factors which could be included in an unfavourable situation, but Council is still in the process of quantifying:

- Any asset renewals after 2016/17. This information will be gathered from the asset management plans, once they have been updated onto Council's asset management system. It is highly likely that the asset renewal figures will be much higher than what Council is able to afford. Once quantified Council will go through the process of identifying assets which do not add value to the community strategic plan's objectives and goals. These assets will then either be removed, or replaced with less burdening assets.

Walgett Shire Council												
10 Year Financial Plan for the Years ending 30 June 2023												
INCOME STATEMENT - GENERAL FUND												
Scenario: Worst Case	Past Year	Current Year	Projected Years									
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	5,196,000	5,330,771	5,577,183	5,730,429	5,887,894	6,049,693	6,215,945	6,386,774	6,562,306	6,742,671	6,928,001	7,118,433
User Charges & Fees	4,708,000	4,840,018	4,894,491	4,136,853	4,240,275	4,346,281	4,454,939	4,566,312	4,680,470	4,797,482	4,917,419	5,040,354
Interest & Investment Revenue	396,000	300,409	393,500	403,338	413,421	423,756	434,350	445,209	456,339	467,748	479,442	491,428
Other Revenues	410,000	365,864	3,306,570	684,100	701,203	718,733	736,701	755,119	773,997	793,347	813,180	833,510
Grants & Contributions provided for Operating Purposes	10,488,000	7,500,377	10,932,231	10,090,636	10,195,859	9,373,865	9,608,211	9,848,417	10,094,627	10,346,993	10,605,668	10,870,809
Grants & Contributions provided for Capital Purposes	3,572,000	3,317,143	6,693,197	755,374	774,258	793,615	813,455	833,791	854,636	876,002	897,902	920,350
Other Income:												
Net gains from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	24,770,000	21,654,583	31,797,172	21,800,731	22,212,910	21,705,943	22,263,602	22,835,622	23,422,375	24,024,242	24,641,611	25,274,884
Expenses from Continuing Operations												
Employee Benefits & On-Costs	6,253,000	8,113,121	3,669,108	3,797,526	3,930,440	4,068,005	4,210,385	4,357,749	4,510,270	4,668,130	4,831,514	5,000,617
Borrowing Costs	188,000	252,774	410,879	395,038	392,157	358,498	324,345	289,666	255,429	219,595	183,129	146,263
Materials & Contracts	8,519,000	5,996,535	15,146,343	11,197,814	11,383,975	8,721,832	9,068,137	9,423,099	9,786,935	10,159,866	10,542,121	10,933,933
Depreciation & Amortisation	4,675,000	5,361,647	4,290,807	4,398,077	4,508,029	4,620,730	4,736,248	4,854,654	4,976,021	5,100,421	5,227,932	5,358,630
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	2,834,000	1,419,582	1,965,193	1,978,322	2,027,780	2,078,475	2,130,437	2,183,698	2,238,290	2,294,247	2,351,604	2,410,394
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	21,000	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	22,490,000	21,143,659	25,482,329	21,766,778	22,242,380	19,847,540	20,469,552	21,108,866	21,766,944	22,442,260	23,136,299	23,849,837
Operating Result from Continuing Operations	2,280,000	510,924	6,314,843	33,953	(29,471)	1,858,403	1,794,050	1,726,756	1,655,431	1,581,982	1,505,312	1,425,047
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	2,280,000	510,924	6,314,843	33,953	(29,471)	1,858,403	1,794,050	1,726,756	1,655,431	1,581,982	1,505,312	1,425,047
Net Operating Result before Grants and Contributions provided for Capital Purposes	(1,292,000)	(2,806,219)	(378,354)	(721,421)	(803,729)	1,064,788	980,595	892,965	800,795	705,979	607,409	504,697

Walgett Shire Council												
10 Year Financial Plan for the Years ending 30 June 2023												
CASH FLOW STATEMENT - GENERAL FUND												
Scenario: Worst Case												
	Past Year	Current Year	Projected Years									
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	-	5,411,211	5,572,257	5,727,366	5,884,746	6,046,458	6,212,622	6,383,360	6,558,797	6,739,065	6,924,296	7,114,627
User Charges & Fees	-	4,703,362	4,880,393	4,332,939	4,213,508	4,318,846	4,426,817	4,537,487	4,650,924	4,767,197	4,886,377	5,008,537
Interest & Investment Revenue Received	-	374,026	306,904	430,201	399,353	399,838	401,074	412,934	424,371	436,109	448,160	455,433
Grants & Contributions	-	11,055,692	17,204,921	11,384,236	10,963,473	10,203,878	10,408,933	10,669,156	10,935,885	11,209,282	11,489,514	11,776,752
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	550,702	2,556,581	1,351,141	697,152	713,233	732,629	750,947	769,723	788,968	808,695	828,914
Payments:												
Employee Benefits & On-Costs	-	(8,122,941)	(3,740,247)	(3,852,567)	(3,930,440)	(4,068,005)	(4,210,385)	(4,357,749)	(4,510,270)	(4,668,130)	(4,831,514)	(5,000,617)
Materials & Contracts	-	(5,334,328)	(11,182,058)	(12,157,933)	(11,320,325)	(9,355,305)	(8,964,288)	(9,316,621)	(9,677,760)	(10,047,928)	(10,427,348)	(10,816,252)
Borrowing Costs	-	(245,875)	(411,715)	(395,244)	(393,055)	(359,408)	(325,267)	(290,601)	(256,377)	(220,558)	(184,106)	(146,732)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	(1,419,582)	(1,965,193)	(1,978,322)	(2,027,780)	(2,078,475)	(2,130,437)	(2,183,698)	(2,238,290)	(2,294,247)	(2,351,604)	(2,410,394)
Net Cash provided (or used in) Operating Activities	-	6,972,266	13,221,844	4,841,816	4,486,632	5,821,060	6,551,698	6,605,216	6,657,003	6,709,759	6,762,471	6,810,268
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	-	997,500	235,000	240,875	246,897	253,069	259,396	265,881	272,528	279,341	286,325	293,483
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Disposal Groups	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Received from Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(9,668,601)	(8,086,302)	(4,982,769)	(4,970,165)	(3,879,606)	(3,920,607)	(4,011,407)	(4,104,478)	(4,199,875)	(4,297,657)	(4,397,883)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Contributions Paid to Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	-	(8,671,101)	(7,851,302)	(4,741,894)	(4,723,268)	(3,626,537)	(3,661,211)	(3,745,526)	(3,831,950)	(3,920,534)	(4,011,332)	(4,104,401)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	5,500,000	-	540,000	-	-	-	-	-	-	-	-
Proceeds from Finance Leases	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	-	(483,809)	(696,210)	(711,937)	(748,473)	(758,132)	(768,285)	(778,963)	(790,201)	(802,034)	(814,501)	(390,784)
Repayment of Finance Lease Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Minority Interests	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	-	5,016,191	(696,210)	(171,937)	(748,473)	(758,132)	(768,285)	(778,963)	(790,201)	(802,034)	(814,501)	(390,784)
Net Increase/(Decrease) in Cash & Cash Equivalents	-	3,317,357	4,674,332	(72,014)	(985,109)	1,436,392	2,122,203	2,080,726	2,034,853	1,987,192	1,936,638	2,315,083
plus: Cash, Cash Equivalents & Investments - beginning of year	-	2,540,000	5,857,357	10,531,689	10,459,674	9,474,565	10,910,957	13,033,160	15,113,886	17,148,738	19,135,930	21,072,568
Cash & Cash Equivalents - end of the year	2,540,000	5,857,357	10,531,689	10,459,674	9,474,565	10,910,957	13,033,160	15,113,886	17,148,738	19,135,930	21,072,568	23,387,651
Cash & Cash Equivalents - end of the year	2,540,000	5,857,357	10,531,689	10,459,674	9,474,565	10,910,957	13,033,160	15,113,886	17,148,738	19,135,930	21,072,568	23,387,651
Investments - end of the year	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Cash, Cash Equivalents & Investments - end of the year	7,540,000	10,857,357	15,531,689	15,459,674	14,474,565	15,910,957	18,033,160	20,113,886	22,148,738	24,135,930	26,072,568	28,387,651
Representing:												
- External Restrictions	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749
- Internal Restrictions	2,011,726	2,611,726	2,611,726	2,611,726	2,611,726	2,611,726	2,611,726	2,611,726	2,611,726	2,611,726	2,611,726	2,611,726
- Unrestricted	(1,351,475)	1,365,882	6,040,214	5,968,199	4,983,090	6,419,482	8,541,685	10,622,411	12,657,263	14,644,455	16,581,093	18,896,176
	7,540,000	10,857,357	15,531,689	15,459,674	14,474,565	15,910,957	18,033,160	20,113,886	22,148,738	24,135,930	26,072,568	28,387,651

Scenario - Best case

The following profit and loss and cash flow schedules have been adapted from the Base case scenario with the following factors in place:

- Extra revenue is found through the sale of council owned assets, over and above those already included, to the sum of \$300,000 in the 2013/14 and 2014/15 years respectively.
- Council has received additional Flood Damage Grant funds in 2014/15 year of approximately 4M, which is used to fund existing program of works, with no additional expenditure.

Results

- The result reflects that Council is in a stable position to fund more Capital renewals and engage in a delivery of higher service to the Community.
- Although large incomes from Flood Damage Grant Funds offset the reliance on Council's revenue for funding, the future years in the plan show a gradual increase in expenditure required to maintain that level of service delivery.

Measures which could be taken

- Council is dependent on grant income for the replacement of its assets, it should be a priority to seek out these grants and take full advantage of them, but only for the RENEWAL of assets.
- Council is constantly looking for where efficiencies can be made in operations. With a full management team in place, Council will be focusing on where these savings can be made, with no loss to service level.
- It is not in Council's interest to propose a future rate variation, however where it becomes apparent that a service level needs to be increased, and the funding cannot be found through reduction of other services provided by Council, or donations made by Council, then Council will consider the option of applying for a special rate variation.

Walgett Shire Council												
10 Year Financial Plan for the Years ending 30 June 2023												
INCOME STATEMENT - GENERAL FUND												
Scenario: Best Case	Past Year	Current Year	Projected Years									
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	5,196,000	5,330,771	5,577,183	5,730,429	5,887,894	6,049,693	6,215,945	6,386,774	6,562,306	6,742,671	6,928,001	7,118,433
User Charges & Fees	4,708,000	4,840,018	4,894,491	4,136,853	4,240,275	4,346,281	4,454,939	4,566,312	4,680,470	4,797,482	4,917,419	5,040,354
Interest & Investment Revenue	396,000	300,409	393,500	403,338	413,421	423,756	434,350	445,209	456,339	467,748	479,442	491,428
Other Revenues	410,000	365,864	3,306,570	684,100	701,203	718,733	736,701	755,119	773,997	793,347	813,180	833,510
Grants & Contributions provided for Operating Purposes	10,488,000	7,500,377	10,932,231	14,090,636	14,295,859	13,576,365	13,915,774	14,263,668	14,620,260	14,985,766	15,360,411	15,744,421
Grants & Contributions provided for Capital Purposes	3,572,000	3,317,143	6,693,197	755,374	774,258	793,615	813,455	833,791	854,636	876,002	897,902	920,350
Other Income:												
Net gains from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	24,770,000	21,654,583	31,797,172	25,800,731	26,312,910	25,908,443	26,571,164	27,250,874	27,948,008	28,663,015	29,396,354	30,148,495
Expenses from Continuing Operations												
Employee Benefits & On-Costs	6,253,000	8,113,121	3,669,108	3,797,526	3,930,440	4,068,005	4,210,385	4,357,749	4,510,270	4,668,130	4,831,514	5,000,617
Borrowing Costs	188,000	252,774	410,879	395,038	392,157	358,498	324,345	289,666	255,429	219,595	183,129	146,263
Materials & Contracts	8,519,000	5,996,535	15,146,343	8,197,814	8,383,975	8,721,832	9,068,137	9,423,099	9,786,935	10,159,866	10,542,121	10,933,933
Depreciation & Amortisation	4,675,000	5,361,647	4,290,807	4,398,077	4,508,029	4,620,730	4,736,248	4,854,654	4,976,021	5,100,421	5,227,932	5,358,630
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	2,834,000	1,419,582	1,965,193	1,978,322	2,027,780	2,078,475	2,130,437	2,183,698	2,238,290	2,294,247	2,351,604	2,410,394
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	21,000	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	22,490,000	21,143,659	25,482,329	18,766,778	19,242,380	19,847,540	20,469,552	21,108,866	21,766,944	22,442,260	23,136,299	23,849,837
Operating Result from Continuing Operations	2,280,000	510,924	6,314,843	7,033,953	7,070,529	6,060,903	6,101,612	6,142,008	6,181,064	6,220,755	6,260,055	6,298,659
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	2,280,000	510,924	6,314,843	7,033,953	7,070,529	6,060,903	6,101,612	6,142,008	6,181,064	6,220,755	6,260,055	6,298,659
Net Operating Result before Grants and Contributions provided for Capital Purposes	(1,292,000)	(2,806,219)	(378,354)	6,278,579	6,296,271	5,267,288	5,288,157	5,308,216	5,326,428	5,344,753	5,362,152	5,378,309

Walgett Shire Council												
10 Year Financial Plan for the Years ending 30 June 2023												
CASH FLOW STATEMENT - GENERAL FUND												
Scenario: Best Case	Past Year	Current Year	Projected Years									
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	-	5,411,211	5,572,257	5,727,366	5,884,746	6,046,458	6,212,622	6,383,360	6,558,797	6,739,065	6,924,296	7,114,627
User Charges & Fees	-	4,703,362	4,880,393	4,332,939	4,213,508	4,318,846	4,426,817	4,537,487	4,650,924	4,767,197	4,886,377	5,008,537
Interest & Investment Revenue Received	-	374,026	306,904	356,884	319,701	343,221	351,536	362,059	372,225	382,659	393,374	399,277
Grants & Contributions	-	11,055,692	17,204,921	15,198,359	15,058,826	14,401,615	14,711,613	15,079,403	15,456,388	15,842,798	16,238,868	16,644,840
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	550,702	2,556,581	1,356,949	697,298	713,382	732,782	751,104	769,883	789,133	808,863	829,087
Payments:												
Employee Benefits & On-Costs	-	(8,122,941)	(3,740,247)	(3,852,567)	(3,930,440)	(4,068,005)	(4,210,385)	(4,357,749)	(4,510,270)	(4,668,130)	(4,831,514)	(5,000,617)
Materials & Contracts	-	(5,334,328)	(11,182,058)	(9,892,690)	(8,320,325)	(8,620,548)	(8,964,288)	(9,316,621)	(9,677,760)	(10,047,928)	(10,427,348)	(10,816,252)
Borrowing Costs	-	(245,875)	(411,715)	(395,244)	(393,055)	(359,408)	(325,267)	(290,601)	(256,377)	(220,558)	(184,106)	(146,732)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	(1,419,582)	(1,965,193)	(1,978,322)	(2,027,780)	(2,078,475)	(2,130,437)	(2,183,698)	(2,238,290)	(2,294,247)	(2,351,604)	(2,410,394)
Net Cash provided (or used in) Operating Activities	-	6,972,266	13,221,844	10,853,673	11,502,478	10,697,087	10,804,993	10,964,744	11,125,521	11,289,990	11,457,207	11,622,372
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	-	997,500	235,000	240,875	246,897	253,069	259,396	265,881	272,528	279,341	286,325	293,483
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Disposal Groups	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Received from Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(9,668,601)	(8,086,302)	(4,982,769)	(4,970,165)	(3,879,606)	(3,920,607)	(4,011,407)	(4,104,478)	(4,199,875)	(4,297,657)	(4,397,883)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Contributions Paid to Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	-	(8,671,101)	(7,851,302)	(4,741,894)	(4,723,268)	(3,626,537)	(3,661,211)	(3,745,526)	(3,831,950)	(3,920,534)	(4,011,332)	(4,104,401)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	5,500,000	-	540,000	-	-	-	-	-	-	-	-
Proceeds from Finance Leases	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	-	(483,809)	(696,210)	(711,937)	(748,473)	(758,132)	(768,285)	(778,963)	(790,201)	(802,034)	(814,501)	(390,784)
Repayment of Finance Lease Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Minority Interests	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	-	5,016,191	(696,210)	(171,937)	(748,473)	(758,132)	(768,285)	(778,963)	(790,201)	(802,034)	(814,501)	(390,784)
Net Increase/(Decrease) in Cash & Cash Equivalents	-	3,317,357	4,674,332	5,939,843	6,030,737	6,312,418	6,375,498	6,440,255	6,503,370	6,567,422	6,631,374	7,127,187
plus: Cash, Cash Equivalents & Investments - beginning of year	-	2,540,000	5,857,357	10,531,689	16,471,531	22,502,268	28,814,686	35,190,184	41,630,439	48,133,809	54,701,231	61,332,605
Cash & Cash Equivalents - end of the year	2,540,000	5,857,357	10,531,689	16,471,531	22,502,268	28,814,686	35,190,184	41,630,439	48,133,809	54,701,231	61,332,605	68,459,793
Cash & Cash Equivalents - end of the year	2,540,000	5,857,357	10,531,689	16,471,531	22,502,268	28,814,686	35,190,184	41,630,439	48,133,809	54,701,231	61,332,605	68,459,793
Investments - end of the year	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Cash, Cash Equivalents & Investments - end of the year	7,540,000	10,857,357	15,531,689	21,471,531	27,502,268	33,814,686	40,190,184	46,630,439	53,133,809	59,701,231	66,332,605	73,459,793
Representing:												
- External Restrictions	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749	6,879,749
- Internal Restrictions	2,011,726	2,611,726	2,611,726	2,611,726	2,611,726	2,611,726	2,611,726	2,611,726	2,611,726	2,611,726	2,611,726	2,611,726
- Unrestricted	(1,351,475)	1,365,882	6,040,214	11,980,056	18,010,793	24,323,211	30,698,709	37,138,964	43,642,334	50,209,756	56,841,130	63,968,318
	7,540,000	10,857,357	15,531,689	21,471,531	27,502,268	33,814,686	40,190,184	46,630,439	53,133,809	59,701,231	66,332,605	73,459,793

7. Financial Strategy

a. Overview

It is clear that any decisions made by Council today have large impacts on Council in the future. One purpose of the Long Term Financial Plan is to ensure Council and the Community is aware of the financial impacts in the future. This is especially true for any new assets which are proposed for Council to take ownership over, even when they are given a full grant to be constructed.

b. Financial Indicators

Council will proceed with implementing the following financial targets using the following indicators, which have been recommended by the IPWEA (Institute of Public Works Engineering Australia) in their Australian Infrastructure Financial Management Guidelines. At the time of the Long Term Financial Plan being established Council has been unable to provide all of the Ratio's indicated below, this will be addressed in conjunction with future development of the Long Term Financial Plan.

1) Operating Surplus Ratio

'The operating Result (net of capital revenues) expressed as a percentage of total operating income'

This ratio is calculated as follows:
$$\frac{\text{Surplus/Deficit before capital revenues}}{\text{Total Operating Income}}$$

This ratio shows us how sufficient Council's income is to meet its expenditures, a suitable target for Council would be 5% which would provide some free funds in case of any unexpected expenditures.

2) Net financial liabilities ratio

'The significance of net amount owed by an entity compared with its operating income for the period'

This ratio is calculated as follows:
$$\frac{\text{Total liabilities less financial assets}}{\text{Total Operating Income}}$$

This ratio shows how capable Council is in meeting its financial obligations, and should not exceed 100% of operating income.

3) Asset sustainability ratio

'The ratio of asset replacement expenditure relative to depreciation for a period. Measures whether assets are being replaced at a rate they are wearing out'

This ratio is calculated as follows:
$$\frac{\text{Capital replacement expenditure}}{\text{Depreciation expense}}$$

If a ratio is 100% on average, then Council is ensuring its value of existing physical assets is being maintained.

4) Asset renewal funding ratio

'The ratio of net present value (NPV) of asset renewal funding accommodated over a 10 year period in a LTFP relative to the NPV of projected asset renewal expenditures identified in an Asset Management Plan for the same period'.

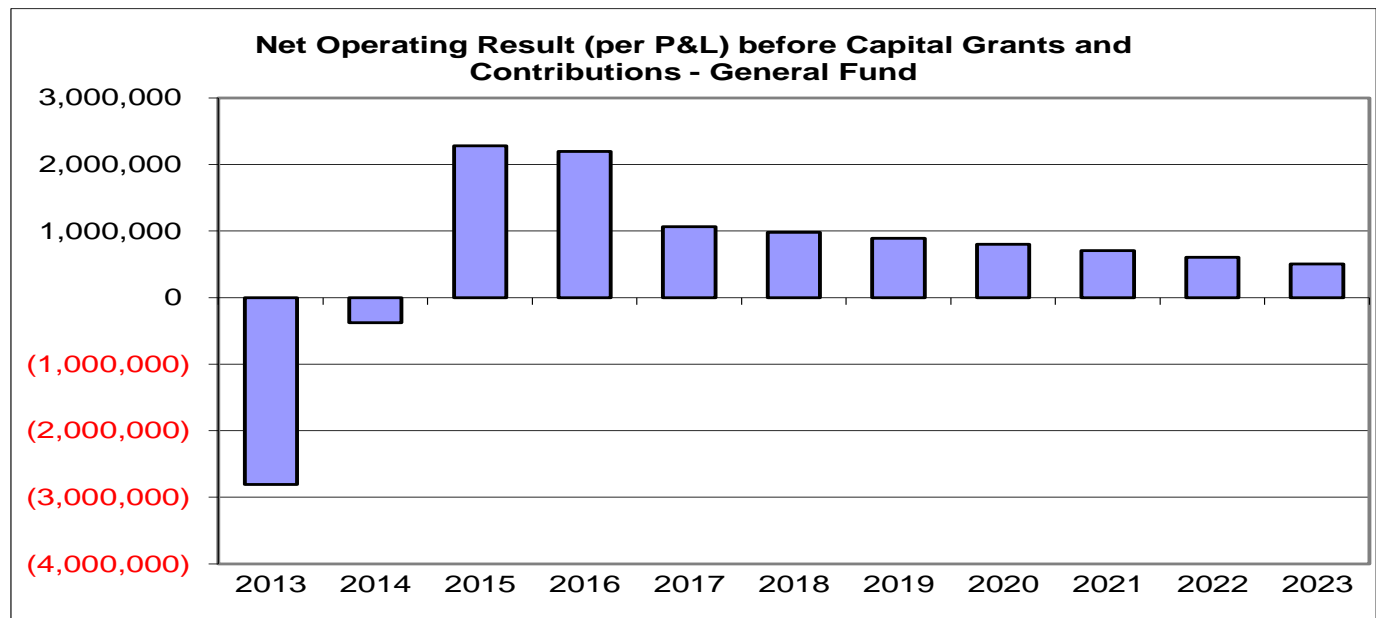
This is a long term financial target and is calculated as follows:

NPV of Asset Renewal expenditure as set out in LTFP
NPV of projected asset renewal expenditure needed as per the Asset Management Plans

This ratio is a measure of the ability of Council to fund its projected asset renewals/replacements into the future, and a target should be 100%.

c. Results

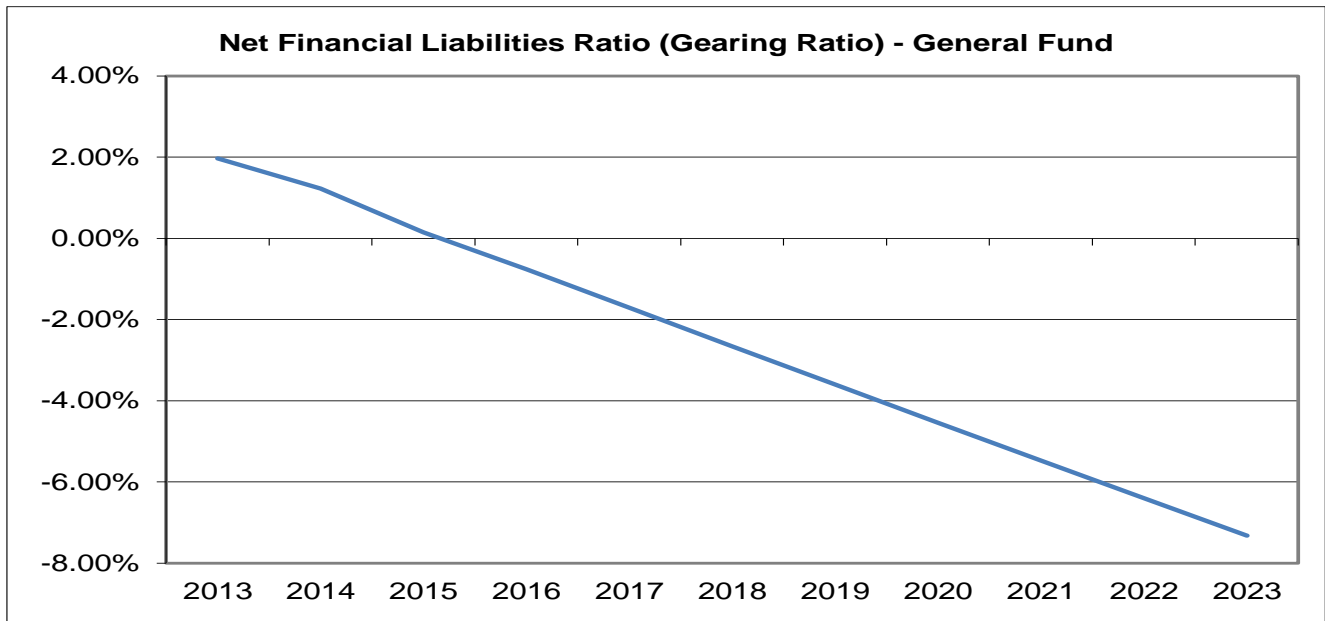
1) Operating Surplus Ratio



This ratio reflects Council in a better situation compared to the past, this is largely due to a cost saving initiative and a reduction in Capital works in order to fund current operations in a more conservative approach.

It is noted that current results are to be monitored in an ongoing fashion, there are many implicating factors that Council is unable to forecast, which will see an aim toward the future for future development of this Long Term Financial Plan with consideration to Asset Management Plans accordingly.

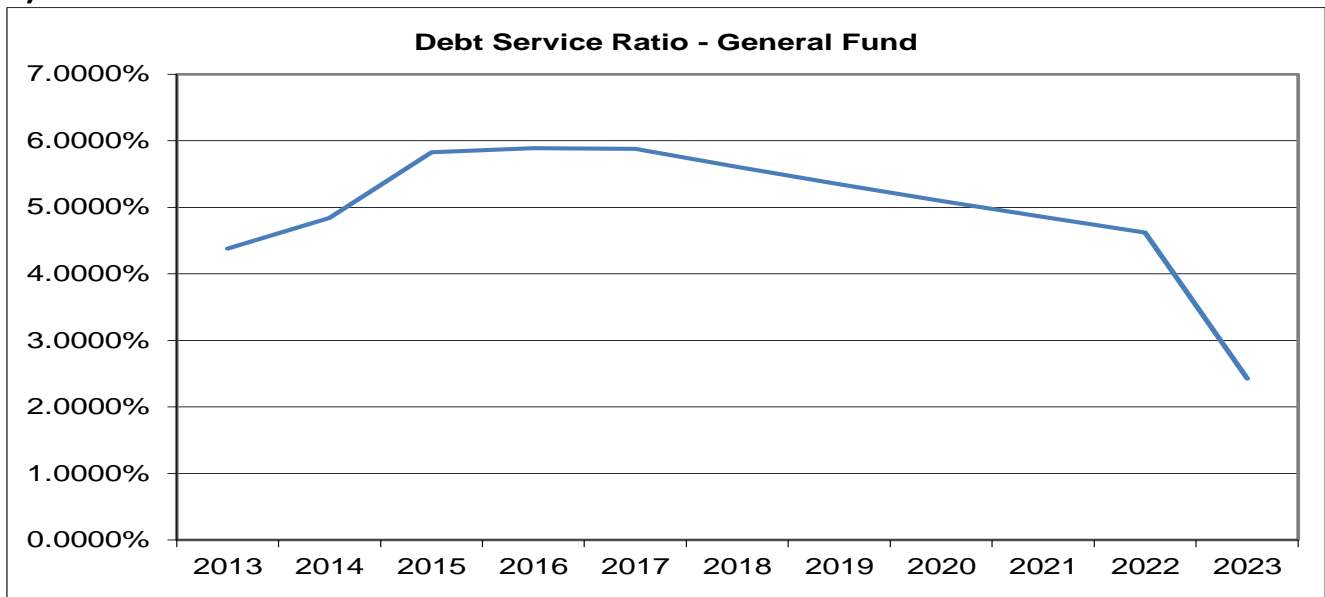
2) Net Financial Liabilities Ratio



This chart shows that Council is in a healthy position to pay its debts.

As the result fall's the better the ratio becomes, however the Long Term Financial Plan currently omits a lot of expenditure which is required for the renewal of its assets. This information will be added once the asset management plans are reconciled to the long term financial plan.

3) Debt Service Ratio



This Ratio projects that Council will have a reducing Debt Service Ratio over the course of the Long Term Financial Plan, this will be a positive trend in future years.

8. Water Fund

a. Key issues of interest

There are a number of issues arising within the Water fund in the coming years

i) Water billing

This is where Council is changing the structure of its pricing of water from an access charge, to a user pays charge where a portion of the bill will be based on the actual consumption measured from water meter readings, which are currently planned to take place three times a year. There will still be a portion of the bill which is an access fee, so even if water is not connected to your property, but a water mains pipe runs closer than 225 from the property, an access fee will be charged.

ii) Water Pricing

The pricing for the 2013/14 year has remained unchanged from the prior year, from 2014/15 onward the pricing is set to increase with a rate of 2.5% to meet inflation. Council has also undergone cost examination for the Water Fund, resulting in expenditure savings, this has allowed Council to retain existing billing structure and reduce the burden on rate payers. Council will review this billing structure annually.

iii) New Water Treatments plant

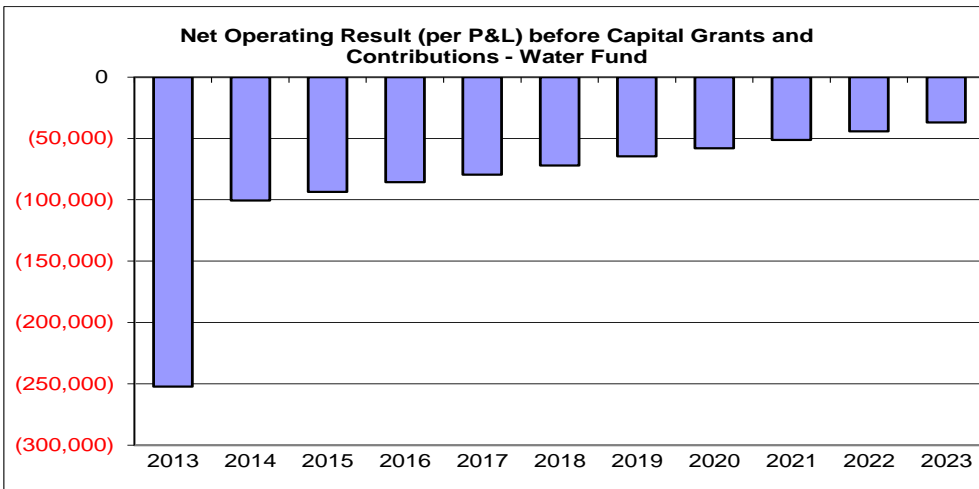
Walgett is receiving a new 1.5 mega litre a day treatment plant constructed which includes an upgrade to the water infrastructure in Walgett in the consecutive 2years. This should increase efficiencies in the water fund in coming years as less maintenance should be required in the new plant. There are also current plans to replace a lot of the water mains within Walgett which have reached the end of the current useful lives.

iv) New Bore

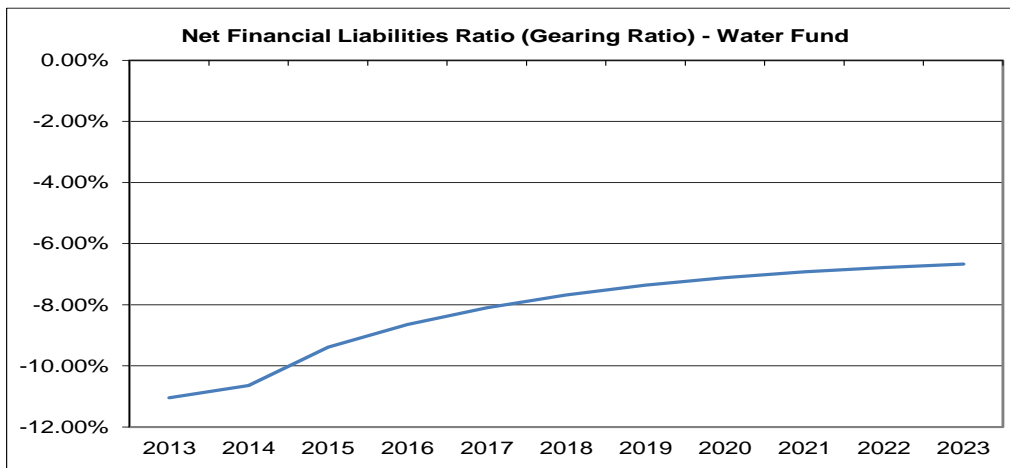
Lightning Ridge has recently received a new bore which will act as the new primary bore, leaving the existing bore as a backup. This is a useful new asset for the Lightning Ridge community, also from a financial perspective it is important to note that this asset also comes with additional costs for the Lightning Ridge water fund.

The Long Term Financial Plan has been compiled on a consolidated basis, due to the interdependency of the funds. It is noted that capital expenditure after the first four years has only been estimated in the absence of the financial information in the Water asset management plan. The asset management plan will be reconciled to the water plan in the coming year.

b. Financial Indicator results



It is clear that currently the Water fund fall's well below its target of 0%. This shows that the current water rates cannot fund the future replacement of the infrastructure. However it is clear that the grant received for the new treatment plant in Walgett is part replacement and part upgrade, and therefore funds some of the depreciation expense for future years. This however is a one off grant and Council cannot rely on such grants to pay for all its infrastructure renewals. This will mean Council has to improve the performance of the Water Fund, which is reflected in the graph for future years.



It is clear that the Water fund is able to meet all its liabilities on time. This is mainly due to a lot of the administration expenses being paid by the general fund, and then passed on to the water fund through an internal distribution method, and therefore no liability is generated.

c. Water Statements

Walgett Shire Council 10 Year Financial Plan for the Years ending 30 June 2022											
INCOME STATEMENT - WATER FUND	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Scenario: Base Case	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations											
Revenue:											
Rates & Annual Charges	1,335,484	1,375,549	1,409,938	1,445,187	1,481,316	1,518,349	1,556,308	1,595,216	1,635,096	1,675,973	1,717,873
User Charges & Fees	11,789	12,393	12,703	13,021	13,346	13,680	14,022	14,373	14,732	15,100	15,478
Interest & Investment Revenue	114,427	20,525	21,039	21,564	22,104	22,656	23,223	23,803	24,398	25,008	25,633
Other Revenues	288,399	256,231	262,637	269,203	275,933	282,831	289,902	297,149	304,578	312,193	319,997
Grants & Contributions provided for Capital Purposes	4,310,000	-	80,000	40,000	40,000	41,000	42,025	43,076	44,153	45,256	46,388
Total Income from Continuing Operations	6,060,099	1,664,699	1,786,317	1,788,975	1,832,699	1,878,516	1,925,479	1,973,616	2,022,957	2,073,531	2,125,369
Expenses from Continuing Operations											
Employee Benefits & On-Costs	339,574	406,131	420,345	435,057	450,284	466,044	482,356	499,238	516,711	534,796	553,514
Borrowing Costs	5,546	4,603	3,660	2,715	1,866	1,151	678	267	60	-	-
Materials & Contracts	1,338,473	1,062,147	1,076,694	1,091,604	1,106,887	1,122,553	1,138,609	1,155,068	1,171,937	1,189,229	1,206,953
Depreciation & Amortisation	443,496	443,496	454,583	465,948	477,597	489,537	501,775	514,319	527,177	540,357	553,866
Total Expenses from Continuing Operations	2,127,089	1,916,377	1,955,282	1,995,324	2,036,634	2,079,284	2,123,418	2,168,892	2,215,886	2,264,382	2,314,333
Net Operating Result for the Year	3,933,010	(251,677)	(168,965)	(206,350)	(203,935)	(200,768)	(197,939)	(195,276)	(192,929)	(190,851)	(188,964)
Net Operating Result before Grants and Contributions provided for											
Capital Purposes	(376,990)	(251,677)	(248,965)	(246,350)	(243,935)	(241,768)	(239,964)	(238,351)	(237,082)	(236,108)	(235,351)

Walgett Shire Council 10 Year Financial Plan for the Years ending 30 June 2022											
BALANCE SHEET - WATER FUND	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS											
Current Assets											
Cash & Cash Equivalents	680,798	484,807	266,539	268,112	320,793	387,273	464,351	553,824	655,166	766,903	888,092
Receivables	281,956	290,415	297,675	305,117	312,745	320,564	328,578	336,792	345,212	353,843	362,689
Total Current Assets	962,754	775,222	564,214	573,229	633,538	707,837	792,929	890,616	1,000,378	1,120,745	1,250,780
Non-Current Assets											
Receivables	94,939	97,787	100,232	102,737	105,306	107,938	110,637	113,403	116,238	119,144	122,122
Infrastructure, Property, Plant & Equipment	17,860,535	17,778,039	17,802,956	17,572,008	17,294,411	17,009,874	16,718,224	16,419,283	16,112,868	15,798,793	15,476,866
Total Non-Current Assets	17,955,474	17,875,826	17,903,187	17,674,745	17,399,717	17,117,813	16,828,861	16,532,686	16,229,106	15,917,937	15,598,988
TOTAL ASSETS	18,918,228	18,651,048	18,467,401	18,247,974	18,033,255	17,825,650	17,621,790	17,423,302	17,229,484	17,038,682	16,849,769
LIABILITIES											
Current Liabilities											
Payables	3,784	3,003	3,044	3,086	3,129	3,174	3,219	3,266	3,313	3,362	3,412
Borrowings	14,722	14,722	13,120	10,827	6,882	5,966	3,259	936	-	-	-
Total Current Liabilities	18,506	17,725	16,164	13,913	10,011	9,140	6,478	4,202	3,313	3,362	3,412
Non-Current Liabilities											
Borrowings	55,712	40,990	27,870	17,043	10,161	4,195	936	-	-	-	-
Total Non-Current Liabilities	55,712	40,990	27,870	17,043	10,161	4,195	936	-	-	-	-
TOTAL LIABILITIES	74,218	58,715	44,034	30,956	20,172	13,335	7,414	4,202	3,313	3,362	3,412
Net Assets	18,844,010	18,592,333	18,423,367	18,217,018	18,013,083	17,812,315	17,614,376	17,419,101	17,226,171	17,035,320	16,846,356
EQUITY											
Retained Earnings	12,824,010	12,572,333	12,403,367	12,197,018	11,993,083	11,792,315	11,594,376	11,399,101	11,206,171	11,015,320	10,826,356
Revaluation Reserves	6,020,000	6,020,000	6,020,000	6,020,000	6,020,000	6,020,000	6,020,000	6,020,000	6,020,000	6,020,000	6,020,000
Total Equity	18,844,010	18,592,333	18,423,367	18,217,018	18,013,083	17,812,315	17,614,376	17,419,101	17,226,171	17,035,320	16,846,356

Walgett Shire Council 10 Year Financial Plan for the Years ending 30 June 2022											
CASH FLOW STATEMENT - WATER FUND	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Scenario: Base Case	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities											
Receipts:											
Rates & Annual Charges	1,324,589	1,364,242	1,400,233	1,435,239	1,471,120	1,507,898	1,545,595	1,584,235	1,623,841	1,664,437	1,706,048
User Charges & Fees	11,789	12,393	12,703	13,021	13,346	13,680	14,022	14,373	14,732	15,100	15,478
Interest & Investment Revenue Received	114,427	20,525	21,039	21,564	22,104	22,656	23,223	23,803	24,398	25,008	25,633
Grants & Contributions	4,310,000	-	80,000	40,000	40,000	41,000	42,025	43,076	44,153	45,256	46,388
Other	288,399	256,231	262,637	269,203	275,933	282,831	289,902	297,149	304,578	312,193	319,997
Payments:											
Employee Benefits & On-Costs	(339,574)	(406,131)	(420,345)	(435,057)	(450,284)	(466,044)	(482,356)	(499,238)	(516,711)	(534,796)	(553,514)
Materials & Contracts	(1,337,533)	(1,062,928)	(1,076,653)	(1,091,562)	(1,106,844)	(1,122,508)	(1,138,564)	(1,155,021)	(1,171,890)	(1,189,180)	(1,206,903)
Borrowing Costs	(5,546)	(4,603)	(3,660)	(2,715)	(1,866)	(1,151)	(678)	(267)	(60)	-	-
Net Cash provided (or used in) Operating Activities	4,366,551	179,730	275,954	249,693	263,508	278,362	293,169	308,110	323,041	338,018	353,128
Cash Flows from Investing Activities											
Payments:											
Purchase of Infrastructure, Property, Plant & Equipment	(5,858,031)	(361,000)	(479,500)	(235,000)	(200,000)	(205,000)	(210,125)	(215,378)	(220,763)	(226,282)	(231,939)
Net Cash provided (or used in) Investing Activities	(5,858,031)	(361,000)	(479,500)	(235,000)	(200,000)	(205,000)	(210,125)	(215,378)	(220,763)	(226,282)	(231,939)
Cash Flows from Financing Activities											
Payments:											
Repayment of Borrowings & Advances	(14,722)	(14,722)	(14,722)	(13,120)	(10,827)	(6,882)	(5,966)	(3,259)	(936)	-	-
Net Cash Flow provided (used in) Financing Activities	(14,722)	(14,722)	(14,722)	(13,120)	(10,827)	(6,882)	(5,966)	(3,259)	(936)	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(1,506,202)	(195,992)	(218,268)	1,573	52,681	66,480	77,078	89,473	101,342	111,737	121,189
plus: Cash, Cash Equivalents & Investments - beginning of year	2,187,000	680,798	484,807	266,539	268,112	320,793	387,273	464,351	553,824	655,166	766,903

9. Sewer Fund

a. Key Issues of interest

i. Overall

Council Sewer Fund has undergone investigation regarding levels of expenditure and the impact of this results in a marginal profit. This will be allocated to a reserve for future capital works expenditure, or to fund contingency based items (unforeseen) should they arise.

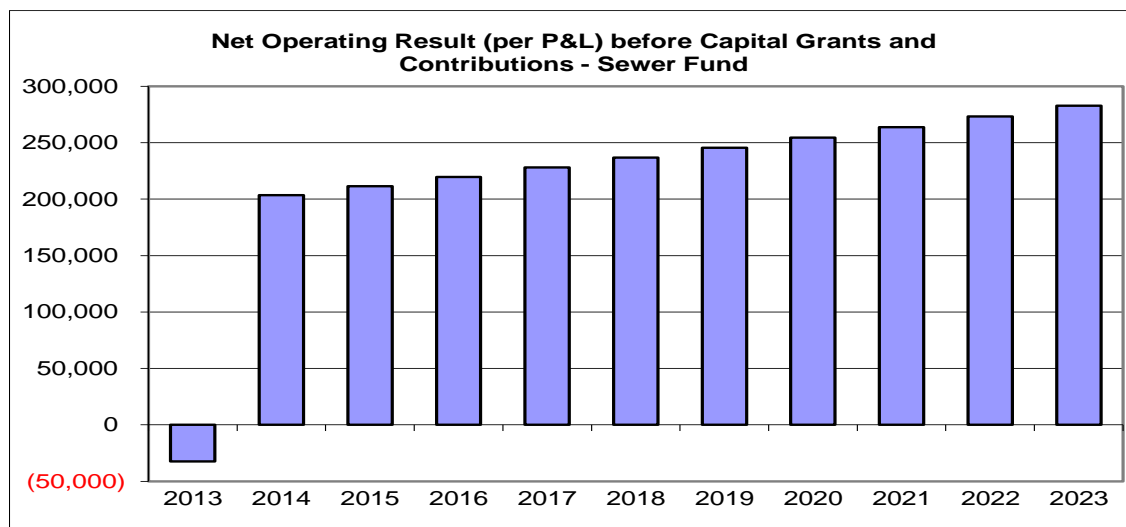
ii. Namoi Village Sewer

Council has received a grant to install a sewer network into Namoi Village. This includes some upgrades to the Walgett infrastructure to be able to cope with the extra load. This work will be commenced in the 2013/14 year, and continue until completion which may carry over to future years.

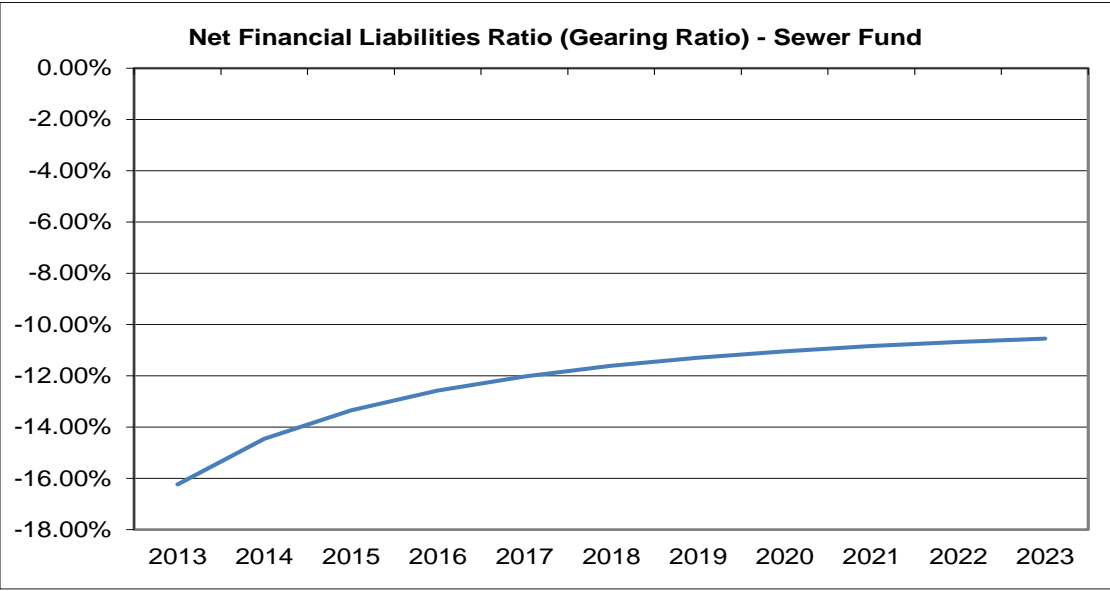
iii. Sewer Revaluation

All Water and Sewer infrastructure has been revalued at this stage. At this point in time approx. 63% of depreciable amounts are being funded by operating revenues (excluding capital income). This will however be subject to change in line with the next revaluation of assets (at cost of replacement), thereby reducing the level to which depreciable expense is met.

b. Financial Indicator Results



The Sewer fund has resulted in a marginal profit before capital grants and contributions, also is meeting depreciation 100%



It is clear that the Sewer fund is able to meet all its liabilities on time. This is mainly due to a lot of the administration expenses being paid by the general fund, and then passed on to the water fund through an internal distribution method, and therefore no liability is generated.

c. Statements

Walgett Shire Council												
10 Year Financial Plan for the Years ending 30 June 2023												
INCOME STATEMENT - SEWER FUND												
Scenario: Base Case	Past Year	Current Year	Projected Years									
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	746,000	725,209	741,800	760,345	779,354	798,837	818,808	839,279	860,261	881,767	903,811	926,407
User Charges & Fees	-	85,083	93,350	95,684	98,076	100,528	103,041	105,617	108,257	110,964	113,738	116,581
Interest & Investment Revenue	85,000	14,326	16,700	17,118	17,545	17,984	18,434	18,895	19,367	19,851	20,347	20,856
Other Revenues	-	-	-	-	-	-	-	-	-	-	-	-
Grants & Contributions provided for Operating Purposes	11,000	-	-	-	-	-	-	-	-	-	-	-
Grants & Contributions provided for Capital Purposes	-	-	3,655,000	-	-	-	-	-	-	-	-	-
Other Income:												
Net gains from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	842,000	824,618	4,506,850	873,146	894,975	917,349	940,283	963,790	987,885	1,012,582	1,037,897	1,063,844
Expenses from Continuing Operations												
Employee Benefits & On-Costs	147,000	265,604	35,000	36,225	37,493	38,805	40,163	41,569	43,024	44,530	46,088	47,701
Borrowing Costs	-	1,000	-	-	-	-	-	-	-	-	-	-
Materials & Contracts	560,000	407,017	352,725	358,245	363,903	369,702	375,647	381,740	387,985	394,387	400,948	407,674
Depreciation & Amortisation	168,000	183,446	184,192	188,797	193,517	198,355	203,314	208,396	213,606	218,946	224,420	230,031
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	76,500	78,413	80,373	82,382	84,442	86,553	88,717	90,934	93,208	95,538
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	875,000	857,067	648,417	661,680	675,286	689,244	703,566	718,258	733,332	748,797	764,665	780,944
Operating Result from Continuing Operations	(33,000)	(32,449)	3,858,433	211,466	219,689	228,105	236,717	245,532	254,552	263,785	273,232	282,900
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	(33,000)	(32,449)	3,858,433	211,466	219,689	228,105	236,717	245,532	254,552	263,785	273,232	282,900
Net Operating Result before Grants and Contributions provided for Capital Purposes	(33,000)	(32,449)	203,433	211,466	219,689	228,105	236,717	245,532	254,552	263,785	273,232	282,900

Walgett Shire Council												
10 Year Financial Plan for the Years ending 30 June 2023												
BALANCE SHEET - SEWER FUND												
Scenario: Base Case												
	Past Year	Current Year	Projected Years									
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS												
Current Assets												
Cash & Cash Equivalents	2,194,000	1,721,901	2,018,239	2,324,443	2,641,238	2,968,876	3,307,615	3,657,719	4,019,458	4,393,109	4,778,953	5,177,282
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	164,000	159,851	163,508	167,596	171,786	176,081	180,483	184,995	189,620	194,360	199,219	204,200
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	2,358,000	1,881,752	2,181,747	2,492,039	2,813,024	3,144,957	3,488,098	3,842,714	4,209,077	4,587,469	4,978,173	5,381,481
Non-Current Assets												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	88,000	71,244	72,874	74,696	76,564	78,478	80,440	82,451	84,512	86,625	88,790	91,010
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	11,579,000	12,031,554	15,588,362	15,487,715	15,384,552	15,278,810	15,170,425	15,059,330	14,945,457	14,828,738	14,709,100	14,586,472
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	11,667,000	12,102,799	15,661,237	15,562,412	15,461,116	15,357,288	15,250,864	15,141,780	15,029,969	14,915,362	14,797,890	14,677,482
TOTAL ASSETS	14,025,000	13,984,551	17,842,984	18,054,450	18,274,140	18,502,245	18,738,962	18,984,494	19,239,046	19,502,831	19,776,063	20,058,963
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	8,000	-	-	-	-	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	8,000	-	-	-	-	-	-	-	-	-	-	-
Non-Current Liabilities												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	-	-	-	-	-
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	8,000	-	-	-	-	-	-	-	-	-	-	-
Net Assets	14,017,000	13,984,551	17,842,984	18,054,450	18,274,140	18,502,245	18,738,962	18,984,494	19,239,046	19,502,831	19,776,063	20,058,963
EQUITY												
Retained Earnings	9,104,000	9,071,551	12,929,984	13,141,450	13,361,140	13,589,245	13,825,962	14,071,494	14,326,046	14,589,831	14,863,063	15,145,963
Revaluation Reserves	4,913,000	4,913,000	4,913,000	4,913,000	4,913,000	4,913,000	4,913,000	4,913,000	4,913,000	4,913,000	4,913,000	4,913,000
Council Equity Interest	14,017,000	13,984,551	17,842,984	18,054,450	18,274,140	18,502,245	18,738,962	18,984,494	19,239,046	19,502,831	19,776,063	20,058,963
Minority Equity Interest	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	14,017,000	13,984,551	17,842,984	18,054,450	18,274,140	18,502,245	18,738,962	18,984,494	19,239,046	19,502,831	19,776,063	20,058,963

Walgett Shire Council												
10 Year Financial Plan for the Years ending 30 June 2023												
CASH FLOW STATEMENT - SEWER FUND												
Scenario: Base Case	Past Year	Current Year	Projected Years									
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	-	746,113	736,513	754,435	773,296	792,629	812,444	832,756	853,574	874,914	896,787	919,206
User Charges & Fees	-	85,083	93,350	95,684	98,076	100,528	103,041	105,617	108,257	110,964	113,738	116,581
Interest & Investment Revenue Received	-	14,326	16,700	17,118	17,545	17,984	18,434	18,895	19,367	19,851	20,347	20,856
Grants & Contributions	-	-	3,655,000	-	-	-	-	-	-	-	-	-
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Employee Benefits & On-Costs	-	(265,604)	(35,000)	(36,225)	(37,493)	(38,805)	(40,163)	(41,569)	(43,024)	(44,530)	(46,088)	(47,701)
Materials & Contracts	-	(407,017)	(352,725)	(358,245)	(363,903)	(369,702)	(375,647)	(381,740)	(387,985)	(394,387)	(400,948)	(407,674)
Borrowing Costs	-	(1,000)	-	-	-	-	-	-	-	-	-	-
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	(76,500)	(78,413)	(80,373)	(82,382)	(84,442)	(86,553)	(88,717)	(90,934)	(93,208)	(95,538)
Net Cash provided (or used in) Operating Activities	-	171,901	4,037,338	394,354	407,149	420,251	433,667	447,405	461,472	475,878	490,627	505,730
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Disposal Groups	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Received from Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(636,000)	(3,741,000)	(88,150)	(90,354)	(92,613)	(94,928)	(97,301)	(99,734)	(102,227)	(104,783)	(107,402)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Contributions Paid to Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	-	(636,000)	(3,741,000)	(88,150)	(90,354)	(92,613)	(94,928)	(97,301)	(99,734)	(102,227)	(104,783)	(107,402)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Finance Leases	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	-	(8,000)	-	-	-	-	-	-	-	-	-	-
Repayment of Finance Lease Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Minority Interests	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	-	(8,000)	-	-	-	-	-	-	-	-	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	-	(472,099)	296,338	306,204	316,795	327,638	338,739	350,104	361,739	373,651	385,845	398,328
plus: Cash, Cash Equivalents & Investments - beginning of year	-	2,194,000	1,721,901	2,018,239	2,324,443	2,641,238	2,968,876	3,307,615	3,657,719	4,019,458	4,393,109	4,778,953
Cash & Cash Equivalents - end of the year	2,194,000	1,721,901	2,018,239	2,324,443	2,641,238	2,968,876	3,307,615	3,657,719	4,019,458	4,393,109	4,778,953	5,177,282
Cash & Cash Equivalents - end of the year	2,194,000	1,721,901	2,018,239	2,324,443	2,641,238	2,968,876	3,307,615	3,657,719	4,019,458	4,393,109	4,778,953	5,177,282
Investments - end of the year	-	-	-	-	-	-	-	-	-	-	-	-
Cash, Cash Equivalents & Investments - end of the year	2,194,000	1,721,901	2,018,239	2,324,443	2,641,238	2,968,876	3,307,615	3,657,719	4,019,458	4,393,109	4,778,953	5,177,282
Representing:												
- External Restrictions	-	-	-	-	-	-	-	-	-	-	-	-
- Internal Restrictions	-	-	-	-	-	-	-	-	-	-	-	-
- Unrestricted	2,194,000	1,721,901	2,018,239	2,324,443	2,641,238	2,968,876	3,307,615	3,657,719	4,019,458	4,393,109	4,778,953	5,177,282
	2,194,000	1,721,901	2,018,239	2,324,443	2,641,238	2,968,876	3,307,615	3,657,719	4,019,458	4,393,109	4,778,953	5,177,282