

KIAMA MUNICIPAL COUNCIL

LONG TERM FINANCIAL PLAN 2022/23 – 2032/2033

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## 1. Executive summary

Kiama Municipal Council's Long Term Financial Plan (LTFP) contains a set of long-range financial projections based on a set of assumptions and covers a 10-year time period from 2022/2023 to 2032/2033.

The projections as documented in this plan show that Council is not achieving the Office of Local Government 'Fit for the Future' benchmarks in a number of areas, particularly relating to its Operating position and cashflow over much of the life of the Plan. These issues have been recognised by the organisation and response strategies put in place, developed in consultation with the Office of Local Government, Audit Office, T-Corp as well as Council's Audit Risk and Improvement Committee.

In February 2022 Council endorsed the State of the Organisation (SOO) Report which highlighted a number of core challenges facing the business and which affect the financial and future sustainability of the organisation.

A Strategic Improvement Plan (SIP) was developed in direct response to the issues raised in the SOO document and aims to deliver key business improvements that are required in the immediate and longer term. Key actions from the SIP have been incorporated into this LTFP, or will be in future revisions following more detailed analysis and consideration. Critical Strategic Aims of the SIP are:

1. Before August 2023, ensure the Office of Local Government ratios for sustainability are met and ensure the organisation is positioned to repay the TCorp debt and secure refinancing as per the conditions of the loan.
2. To proactively ensure the Office of Local Government does not need to issue performance orders to Council.
3. To ensure the business of Blue Haven is established correctly with separate ledgers to enable long term business decisions to be considered.
4. Within three years complete a business transformation program of work that improves the administration and cultural performance of the organization in all spheres of work.
5. To restore community confidence and trust in the systems and processes of local government and ensure that Kiama Municipal Council is positioned to be sustainable into the future, delivering the services and facilities required to support the community.

Actions within the SIP are grouped under the following Key Issues, with the first two (2) being directly relevant to this Plan:

1. Financial sustainability
2. Assets, sales, leases, joint ventures, depreciation and whole of life costing impacting on cash flow
3. Governance and Risk
4. Organisational capability, culture and performance

Strategic Improvement Actions underway at the time of preparing this Plan, will directly inform actions to revise this Plan over its first few years, with the clear intent being, as stated above, to meet all benchmarks by August 2023.

## 1.1 Structure

The Long Term Financial Plan is structured using the draft 2021/2022 financial results and forecast 2022/2023 financial position applying a series of assumptions to these numbers for forward financial years. In addition, asset renewal and maintenance have a direct correlation to Council's Asset Management Plans.

Consolidated Financial models and statements have been prepared for all of Council's functions and businesses. For the purposes of improved transparency and understanding, and as identified in Council's adopted Strategic Improvement Plan, separate models and statements have also been provided for the Blue Haven Aged Care business and associated assets, extracted from the higher-level consolidated figures.

This iteration of the Long Term Financial Plan presents financial forecasts associated with the following assumptions:

- 50 new assessments per year
- population growth 1.1% per year (Department of Planning)
- Continuation of Stormwater Levy
- an inflation forecast of between 2.5% and 3% is applied to most sources of income
- depreciation, asset renewal and asset maintenance aligned and integrated with Asset Management Plans

Details of all assumptions and indices applied in this Plan are provided in Section 4.

## 1.2 Sensitivity analysis

Long term financial plans are inherently uncertain given the lengthy period of time which they are required to cover and the assumptions that are required to be made. Some of these assumptions have a relatively limited impact if they are wrong; others can have a major impact on future financial plans. If the assumptions are found to be inaccurate then it will be necessary for Council to reconsider.

At the time of preparing this LTFP, Council's 2020/21 financial accounts remain incomplete and under Audit Office review. This poses a degree of uncertainty and risk on the parameters and input figures used to develop this plan. Any changes required to the previous year's financial statements resulting from the finalised audit may result in amendments being made to this Plan.

As referenced above, actions undertaken as part of Council's Strategic Improvement Plan aimed to improve Council's financial sustainability will, when adopted and implemented, directly result in changes to this plan.

Council utilises the Long Term Financial Plan as a management tool and will review and update relevant sections and projections of the Long Term Financial Plan on an annual basis. In addition, Quarterly budget review amendments that have a permanent impact are processed into the model to assess the effect on the Plan.

## 2. Introduction

### 2.1 Purpose of the Long Term Financial Plan (LTFP)

The Long Term Financial Plan (LTFP) exists primarily to facilitate the delivery of the objectives and strategies expressed in the Community Strategic Plan. The LTFP is not an end in itself but is a means of ensuring the objectives of the integrated planning framework are matched by an appropriate resource plan.

The LTFP will link to the Delivery Program 2022-2026 and the Operational Plans 2022-2023 under the broader Theme of “Financially Sustainable Council”. Under this theme, a Strategic goal is included in the plan that *“Public funds and assets are managed strategically, transparently and efficiently. Council will: be financially sustainable and has the skills, systems and staff to manage public funds and assets on behalf of our community”*.

Identified actions under this goal include:

#### Delivery Program 2022-2026

- Ensuring Council is financially able to meet increases in demand for its public infrastructure and assets
- Strategic asset management planning
- Maximised income from Council business units
- Improved financial sustainability through increased revenue and funding sources
- Improved financial reporting and legislative compliance
- Identification of Council owned land and property for future use or disposal opportunities

#### Operational Plan 2022-2023

- A review of Council’s income generating assets to maximise current opportunities
- Working with external consultants to separate the Financial data for Blue Haven to facilitate Business Unit Reporting and analysis.
- A focus on grant opportunities with a more controlled strategic plan around Council’s operational grants to ensure all available opportunities are taken up
- Continual review of Council’s depreciation expenditure
- Better reporting to Managers, including monthly reporting and the development of dashboards.
- Review of Development Contributions Scheme
- Achieve planned land asset sales to maximize income

It is important to acknowledge that any significant changes to the financial strategies expressed in this document will have a consequent impact on Council’s ability to deliver the outcomes expressed in the Delivery Program and the Operational Plans.

In addition to acting as a resource plan, the LTFP further endeavours to:

1. Establish a prudent and sound financial framework, combining and integrating financial strategies to achieve a planned outcome.
2. Establish a financial framework against which Council’s strategies, policies, and financial performance can be measured.
3. Ensure that Council complies with sound financial management principles and plans for the long term financial sustainability of Council.
4. Allow Council to meet its obligations under the Guiding Principles for Councils (Section 8A) and Principles of Sound Financial Management (Section 8B) of the Local Government Act 1993 as detailed in Section 3.2.

This LTFP represents a comprehensive approach to documenting and integrating the

various financial strategies of Council. The development of the long term financial projections represents the output of several strategy areas, that when combined, produce the financial direction of Council as shown below:



Figure 1: Integrated Strategic Approach

## 2.2 Objectives of the Long Term Financial Plan

The objectives that this LTFP is designed to achieve are:

- to maintain a sustainable operational surplus
- an ability to maintain funding of asset renewal requirements
- to provide financial targets for the next 10 years
- to allow various assumptions to be modelled
- to ensure that external conditions are considered for example changes in interest rates and population growth
- an enhanced funding level for capital works from external sources
- to progress Council towards maintaining a position of financial sustainability in the long term
- rate and fee increases that are both manageable and sustainable
- investment and funding strategies which promote intergenerational equity

Kiama Municipal Council has challenges in meeting the OLG benchmarks for financial sustainability on an annual and ongoing basis. Through this Plan, Council will remain committed to the principles of financial sustainability and good financial management. This will include long term and whole of life considerations that ensure we endeavor not to increase future costs through delayed asset maintenance or unreasonably transfer costs to future generations.

Available funds are a cornerstone of Council’s financial sustainability and while usage was appropriate in the short term, the Financial Strategy requires these funds to be re-established over time to return to our former position to ensure we are prepared for any unplanned events in the future. Council recognises that as a large provider of essential services, leadership and economic impact in the municipality our obligation is to strive to continue to provide our high level of services and works while continuing to improve Council’s financial position.

For the purposes of this Plan, financial sustainability is defined by the following hierarchy of needs approach.

- **Long Term Sustainability**
  - Spending more on asset renewals than consumption



- Fully funding replacement gap
- Meeting community service needs
- **Medium term Sustainability**
  - Operating surplus achieved net of abnormal items and capital funding
- **Critical, Short term Sustainability**
  - Working Capital
  - Cash Liquidity
  - Debt levels

It is necessary to state the importance of meeting community needs both now and in the future in terms of operational services. Council could achieve financial sustainability by ignoring this need and placing all of its emphasis on cash liquidity and asset management. Future community service needs are frequently not documented in such a compelling manner as infrastructure requirements and need to be considered in conjunction with asset management strategies.

### **2.3 Key outcomes of the LTFP**

The challenge of financial sustainability is one faced by the majority of NSW councils and Kiama Municipal Council is certainly not immune from this issue. Council's current financial position as presented in this Plan demonstrates an asset rich, cash poor operating environment that is not sustainable in the medium or long term. The main challenges and outcomes of this plan are to:

- address the underlying recurrent operational deficit
- return Council to a positive cashflow position
- retain the effective delivery of services within a financially constrained environment

In preparing the 2022-2023 to 2032-2033 LTFP, each of the above challenges has been considered and where sufficient information is available, incorporated into the Plan. Progressive delivery of identified Strategic Improvement Plan actions will support fully addressing these challenges and delivery of these desired outcomes.

In summary, this LTFP presents a financial plan for Kiama Municipal Council and its community that will still need to be supported by business reviews, service transformation and operational efficiencies if Council is to be sustainable.

### **2.4 Sustainability review**

The previous LTFP developed in 2018/19 presented a Strategic Scenario built around the approved Special Rate Variation and presented a balanced result dependent on successful delivery of the Blue Haven Bonaira project and increasing income derived from its operation.

As documented in the 2022 State of the Organisation Report referenced above, not all objectives of the previous plan have been achieved, resulting in far less positive outlook as presented in this Plan. Many factors have contributed to this, including costs blow outs associated with building projects, rising operational costs, staffing shortages and retention issues, COVID and natural disasters.

Kiama Municipal Council is structured around two distinct businesses, one being the aged care residential facility known as Blue Haven and the other being the traditional local government services. The matters facing KMC are not unusual to local governments, cash flow, asset management, governance issues are all issues that councils experience, however the added complexity of the aged care business presents an unusual circumstance.

Much good work has been done in the past by many involved in the business, however, many of the matters that are impacting on the business have occurred across the span of time to

arrive at their current state. In short summary there are three fundamental matters immediately affecting the business and future:

1. Financial sustainability – cash flow, liquidity, and financial management
2. Organisational capability, culture and performance – investment in people, systems, performance management and culture has been weak
3. Risk and governance – risk exposure created by lack of strategic direction, policy, poor decision making and lack of resources and revenue.

Given the suite of challenges facing the organisation there is a need to ensure that strategic decisions are made to help guide the future sustainability of the business. To this end, Council has developed and adopted a formal Strategic Improvement Plan (SIP) and aims to deliver key business improvements that are required in the immediate and longer term.

Key actions from the SIP have been incorporated into this LTFP, or will be in future revisions following more detailed analysis and consideration. The Critical Strategic Aims of the SIP are:

1. Before August 2023, ensure the Office of Local Government ratios for sustainability are met and ensure the organisation is positioned to repay the TCorp debt and secure refinancing as per the conditions of the loan.
2. To proactively ensure the Office of Local Government does not need to issue performance orders to Council.
3. To ensure the business of Blue Haven is established correctly with separate ledgers to enable long term business decisions to be considered.
4. Within three years complete a business transformation program of work that improves the administration and cultural performance of the organization in all spheres of work.
5. To restore community confidence and trust in the systems and processes of local government and ensure that Kiama Municipal Council is positioned to be sustainable into the future, delivering the services and facilities required to support the community.

Actions within the SIP are grouped under the following Key Issues, with the first two (2) being directly relevant to this Plan:

5. Financial sustainability
6. Assets, sales, leases, joint ventures, depreciation and whole of life costing impacting on cash flow
7. Governance and Risk
8. Organisational capability, culture and performance

Council is committed to realising all identified opportunities for improvement and working with the community and staff to identify further opportunities. This is demonstrated by the 2022/2023 budget focusing on the following key priorities:

- a review of Council's income generating assets to maximise current opportunities
- Working with external consultants to separate the Financial data for Blue Haven to facilitate Business Unit Reporting and analysis.
- a focus on grant opportunities with a more controlled strategic plan around Council's operational grants to ensure all available opportunities are taken up
- continual review of Council's depreciation Expenditure
- better reporting to Managers, including monthly reporting and the development of dashboards.

Now and in the future, Council will be continually undergoing a comprehensive sustainability review process. This review involves analysing services provided so that it is clear *what services are provided and how the services are delivered in a financially sustainable way*. The purpose is to ensure that Council's services are affordable and reflect the local community needs and expectations..

### 3 Link between LTFP and Council's planning framework

#### 3.1 Workforce strategy

In order to deliver our Delivery Program and contribute to the Community Strategic Plan, Council requires a clear workforce resourcing strategy that sets out what type of organisation we need to be and how we plan to get there.

The Workforce Strategy is to be fully integrated with the Long Term Financial Plan. This integration includes:

- compulsory superannuation guarantee rate increase
- vested sick leave
- Long Service Leave liability
- learning and development
- organisational development

##### 3.1.1 Compulsory superannuation guarantee rate increase

The Federal government has changed the phasing of the increases in the superannuation guarantee levy as per the table below. The impact of this change has been factored into the Long Term Financial Plan.

Year	Rate
2020-21	9.50%
2021-22	10.00%
2022-23	10.50%
2023-24	11.00%
2024-25	11.50%
2025 & onwards	12.00%

**Table 1: Superannuation Guarantee Levy**

##### 3.1.2 Vested sick leave

Staff employed by Council prior to or on 3 November 1993, who have not previously waived their right to this provision, continue to have an entitlement for the payment of unused sick leave arising out of the termination of employment. A provision for vested sick leave of \$446,000 has been included as a liability in the Balance Sheet. For the purpose of the forecast, payments from the provision have been estimated when the eligible employee reaches the age of 65.

##### 3.1.3 Long service leave liability

Long Service Leave entitlements are governed primarily by the Long Service Leave Act 1955. Kiama Municipal Council has not actively required employees to take long service leave as it falls due however if the amount of liability becomes excessive it is likely that employees will be encouraged to keep balances within reasonable limits. A provision of \$4.8 million has been included as a liability in the Balance Sheet. For the purpose of the forecast, payments from the provision have been estimated when the eligible employee reaches the age of 65.

##### 3.1.4 Learning and development

Council provides extensive learning and development opportunities; there are education and training opportunities for people of all ages. A yearly expenditure on learning and development has been included in the salaries and wages expense in the Income Statement in this Plan.

### **3.1.5 Workers compensation**

Due to Council's focus on workplace safety, commitment to performing safety observations, reporting near misses and implementing many safe workplace policies Council's workers compensation premiums have been reduced dramatically in recent years. These savings have already been factored into the Long Term Financial Plan and Council is committed to maintaining a commitment to a safe workplace and ensuring that the workers compensation premium remains stable.

## **3.2 Strategic Asset Management Plan (SAMP)**

Kiama Municipal Council is responsible for a large and diverse asset base. These assets include roads, bridges, footpaths, drains, libraries, holiday parks, convention centre, leisure centre, halls, parks, sporting facilities, and fleet, land and information communication technology- related assets. Council manages its assets in accordance with the Guiding Principles for councils (Section 8A) and Principles of sound financial management (Section 8B) under the Local Government Act 1993.

Over time Kiama Municipal Council has progressively added to its assets, which has consequently added depreciation, operation and maintenance costs to an already large existing and ageing asset base.

In order to manage this asset base, the Strategic Asset Management Plan (SAMP) has been developed which is designed to address plans and priorities considering asset life cycles and risk. Such strategies and plans ensure that their content addresses priorities in line with organisational objectives and adopted community levels of service. Finance and expenditure is also planned and controlled in line with these priorities. Technical levels of service that related to compliance requirements in legislation are also maintained. A specific body of asset management work is also underway for Blue Haven Bonaira and Terralong facilities to document and address maintenance, renewal and depreciation.

Council's Strategic Asset Management Plan (SAMP) analyses groups of assets generally in the following categories:

- Community buildings and facilities, including libraries, halls, leisure centre, surf clubs
- Administration buildings including Depots
- Information and Communication Technology (ICT)
- Library collection
- Cemeteries
- Parks and recreational assets including playgrounds, sports facilities and ocean baths
- Transport assets including roads, bridges, footpaths, cycleways, car parks, traffic facilities, guardrails and retaining walls
- Stormwater drainage and culverts
- Street lighting
- Waste facility assets
- Commercial assets – holiday parks
- Commercial assets – investment properties
- Land (development)

### 3.2.1 Non-cash operating expenses

Council's major non-cash operating expense is depreciation. Council's property, plant and equipment are depreciated using the straight line method which allocates an assets cost over its estimated useful life. Council has considerable stocks of assets with long but finite lives. These estimated useful lives are expected to remain constant over the life of this Plan and are provided in the table below.

Progressive reviews of asset lives and condition are conducted on a scheduled basis with major reviews of road, stormwater and community land assets undertake in the last two years. Reviews of buildings and recreational assets are underway. The result of these reviews has typically resulted in an increase in depreciation expense, through reviewed valuations and useful life.

The straight line method of depreciation is consistent with Council's Asset Accounting Policy and ensures that there will be no major peaks or troughs in depreciation expense from year to year as this method ensures a uniform rate of depreciation of property, plant and equipment. For the model, the growth in the depreciation expense is linked to the annual investment in infrastructure, property, plant and equipment.

<b>Plant and equipment</b>	
Office equipment, furniture & fittings	2 to 50 years
Vehicles, Heavy plant / road marking equipment	5 to 8 years
Other plant and equipment	5 to 40 years
<b>Other equipment</b>	
Playground equipment	5 to 15 years
Benches, seats etc.	10 to 25 years
<b>Buildings</b>	
Buildings: masonry	50 to 200 years
Buildings: other	20 to 40 years
<b>Stormwater drainage</b>	
Culverts	50 to 100 years
Drains	80 to 120 years
Flood control structures	20 to 120 years
<b>Transportation assets</b>	
Sealed roads: surface	12 to 30 years
Sealed roads: structure	80 to 100 years
Unsealed roads	20 years
Bridge: concrete	100 years
Bridge: other	55 years
Kerb, gutter and paths	40 to 190 years
<b>Other infrastructure</b>	
Bulk earthworks	Infinite
Swimming pools	50 to 100 years
Other open space / recreational assets	15 to 95 years

**Table 2: Estimated Useful Lives for Each Asset Category**

### 3.2.2 Infrastructure, property, plant and equipment revaluations

Council's infrastructure, property, plant and equipment are valued at fair value per Australian Accounting Standard 116 Property, Plant and Equipment and the Local Government Code of Accounting Practice and Financial Reporting. The Local Government Code of Accounting

Practice and Financial Reporting states that a comprehensive revaluation of each asset should be performed at a minimum every five years, however councils need to ensure that revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Previous years' and planned revaluations are as follows:

Asset Type	Year												Notes	
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026		
Plant & Equip														Only Annual
Office Equip														Only Annual
Operational Land				✓									✓	
Land Under Roads								✓					✓	
Community Land		✓				✓							✓	
Buildings								✓						
Non specialised buildings				✓				✓						
Other Structures		✓		✓				✓						
Roads	✓					✓						✓		
Bridges & Culverts							✓						✓	
Footpath	✓								✓					
Bulk Earthworks						✓						✓		
Stormwater	✓						✓						✓	
Swimming Pools								✓						
Open Space/Recreational Assets								✓						
Library Books														Only Annual
Other Community								✓						
Investment Property							✓						✓	
Loan Licences for Blue Haven							✓						✓	

**Table 3: Asset Revaluation timetable**

As infrastructure, property, plant and equipment are already valued at fair value as opposed to historical cost the periodic revaluations to fair value are not likely to result in a material changes to forward estimates. Therefore, it is not necessary to factor in any changes in infrastructure, property, plant and equipment values due to revaluations in this Plan.

### 3.2.3 Infrastructure supplied by developers

Council becomes liable for maintenance of assets and spaces provided and paid for by the developers of residential estates one year after they are created. There are a number of areas that have potential for future growth and potential for new residential estates to be built. Council may become liable for maintenance of assets and spaces provided by private developers of these residential estates:

- 1) Spring Creek
- 2) Cedar Grove
- 3) Kiama
- 4) Jamberoo
- 5) Gerringong

Maintenance costs that may arise from future developments have not been quantified. When the costs are quantified, they will be included in future updates of the Long Term Financial Plan.

Due to environmental and conservation constraints of the Kiama LGA there are only limited opportunities for large scale residential and commercial developments. There has been and will continue to be increased infill development. It is expected that the developments mentioned above will eventuate; however, the estimated future increase in the number of rate assessments, as outlined below in 'financial assumptions' has been estimated conservatively with these environmental and conservation constraints in mind.

## 4 Macro view of Council's financial position

The Long Term Financial Plan is structured on a specific **Base Case Scenario** financial outlook associated with the following assumptions:

- a rate peg of 2.5% is applied to rating income for all years in the plan
- 50 new assessments per year
- population growth 1.1% per year (Department of Planning)
- Continuation of Stormwater Levy in 2017/2018
- Pensioner Rebate increase of 1.5% per year
- an inflation forecast of 2.5% is applied to most sources of income
- depreciation, asset renewal and asset maintenance aligned and integrated with Asset Management Plans

Council has been conservative with income projections in order to not spend outside of Council's means when forecasting its financial future.

The following financial statements portray the projected financial position of Kiama Municipal Council over the next ten years for these Scenarios:

- Income Statement
- Balance Sheet
- Cash Flow Statement

A number of financial performance indicators or otherwise known as ratios have been calculated to further portray the projected financial results for each Scenario.

The statements are prepared based on current knowledge and service levels and will no doubt be affected by various events which will occur in future years. It is important that the long term financial outlook is revisited and updated on an annual basis and as the situation is considered highly variable.

### 4.1 Financial performance indicators

The financial performance indicators are intended to be indicative of the financial health and presence of good business management practices at Kiama Municipal Council.

#### 4.1.1 Underlying operating result

Definition:	The issue for Council is whether underlying operating surpluses are being achieved. This indicator is calculated by taking the income from continuing operations less grants and contributions provided for capital purposes less expenses from continuing operations.
Analysis:	Ideally Council would be operating with a small surplus. Although not currently breaking even, Council is committed to improving its financial position in the short term to at least breaking even on a consistent basis.

## **Fit for the Future Benchmarks**

### **4.1.2 Operating performance ratio**

Definition:	This ratio measures a council's achievement of containing operating expenditure within operating revenue.  Ratio = Operating revenue excluding capital grants and contributions – operating expenses / Operating revenue excluding capital grants and contributions.
Analysis:	The Code of Accounting Practice and Financial Reporting uses a benchmark for the operating performance ratio of greater than 0%.

### **4.1.3 Own source operating revenue ratio**

Definition:	It is the degree of reliance on external funding sources such as operating grants and contributions. A council's financial flexibility improves the higher the level of its own source revenue.  Ratio = rates, utilities and charges / total operating revenue (inclusive of capital grants and contributions).
Analysis:	NSW Treasury Corporation uses a benchmark for the Own Source Revenue Ratio of greater than 60%.

### **4.1.4 Building and Infrastructure Asset Renewal Ratio**

Definition:	A ratio of 100% indicates that expenditure on asset renewals matches the cost of asset deterioration for the year. A ratio of below 100% indicates an increasing infrastructure backlog as existing assets are deteriorating faster than they are being renewed. A renewals ratio above 100% indicates a diminishing backlog.  Ratio = asset renewals (building and infrastructure / depreciation, amortisation and impairment (building and infrastructure)
Analysis:	NSW Treasury Corporation uses a benchmark for the Building and Asset Renewal Ratio of greater than 100%.

### **4.1.5 Infrastructure Backlog Ratio**

Definition:	This ratio measures the estimated cost to bring assets to a satisfactory condition divided by total infrastructure, building, other structure and depreciable land improvement assets.  Ratio = estimated cost to bring assets to a satisfactory condition / total (WDV) of infrastructure, buildings, other structures and depreciable land improvement assets.
Analysis:	NSW Treasury Corporation uses a benchmark for the Infrastructure Backlog Ratio of less than 2%.

### **4.1.6 Asset Maintenance Ratio**

Definition:	This ratio reflects the actual asset maintenance expenditure relative to the required asset maintenance. The ratio provides a measure of the rate of asset
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	degradation (or renewal) as it shows whether a council is fulfilling all maintenance requirements, or allowing some assets to degrade. Ratio = actual asset maintenance / required asset maintenance.
Analysis:	NSW Treasury Corporation uses a benchmark for the Asset Maintenance Ratio of greater than 100%.

#### 4.1.7 Debt Service Ratio

Definition:	This ratio assesses the appropriate and affordable level of debt servicing by councils. Ratio = cost of debt service (interest expense and principal repayments) / total continuing operating revenue (exc. Capital grants and contributions)
Analysis:	NSW Treasury Corporation uses a benchmark for the Debt Service Ratio of greater than 0% and less than or equal to 20%.

#### 4.1.8 Real Operating Expenditure

Definition:	This ratio is to ensure that councils seek cost savings which can be invested into infrastructure and ultimately passed on to ratepayers and other community users of council services. Ratio = operating expenditure / population.
Analysis:	NSW Treasury Corporation uses a benchmark for the Real Operating Expenditure Ratio of a decrease in Real Operating Expenditure per capita over time.

### TCorp Benchmarks

#### 4.1.9 Cash expense cover ratio

Definition:	This liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow. Ratio = current year's cash and cash equivalents / total expenses – depreciation – interest costs.
Analysis:	NSW Treasury Corporation uses a benchmark for the cash expense ratio of greater than 3.

#### 4.1.10 Debt service cover ratio

Definition:	This ratio measures the availability of cash to service debt including interest, principal and lease payments. Ratio = operating results before interest and depreciation (EBITDA) / principal repayments (from the Statement of Cash Flows) + borrowing interest costs (from the Income Statement).
Analysis:	Council uses a benchmark for the Debt Service Cover Ratio of greater than zero, but less than 20%.

#### 4.1.11 Interest service cover ratio

Definition:	This ratio is the financial ratio used to measure the organisation’s ability to pay the interest on its debt.  Ratio = EBIT / interest expense
Analysis:	Council uses a benchmark for the Interest Service Cover Ratio of greater than 3.

## 4.2 Financial assumptions

The financial assumptions used are as follows:

### 4.2.1 Operating rates

The rate peg is 1.6% for financial year 2022/2023 as set by the Independent Pricing and Regulatory Tribunal (IPART). At the time of preparing this Plan, Council has resolved to apply for a one off Additional Special Rate Variation (ASV) of 0.9% to bring to rate peg increase to 2.5%.

**Assumption:** The entire ASV rate peg of 2.5% is applied to rating income for financial year 2022/2023 and then continued at this rate for the life of the plan – this assumes that an equivalent ASV will be applied for and approved for the life of the Plan. If this is not approved, indexation would need to be varied to apply 1.6%.

### 4.2.2 User charges and fees

Council has and continues to review all discretionary fees and charges to ensure full cost recovery where appropriate is achieved. The average increase for user charges and fees in the 2022/23 budget is 2.83%. Considering that the Reserve Bank of Australia has a target band of inflation of between 4% and 5%, the following conservative inflation rates have been used:

**Assumption:** 2.5% increase

### 4.2.3 Interest and investments

Interest revenue has been calculated as an average of the opening and closing cash positions for the year in question and then multiplied by the expected rate of return on investments.

National Australia Bank has provided interest rate forecasts. The model has taken the conservative assumption of 2.5% across all years for both scenarios.

### 4.2.4 Other revenues

Considering that the Reserve Bank of Australia has a target band of inflation of between 4% and 5%, the following inflation rate has been used:

**Assumption:** 2.5% increase

#### **4.2.5 Grants and contributions**

The LTFP has the Financial Assistance Grant (FAG) frozen at current levels. Considering that the Reserve Bank of Australia has a target band of inflation of between 4% and 5%, the following inflation rate has been used for other operating grants and contributions:

**Assumption:** 2.5% increase

An analysis of Council's Grants and Contributions was conducted as part of the preparation of the Long Term Financial Plan to determine whether or not the grants were recurrent or of a one-off nature.

#### **4.2.6 Grants and contributions provided for capital purposes**

Grants and contributions provided for capital purposes have been included in revenue on the Income Statement in this Plan.

Subsequently, on the Income Statements below where the net operating result for the year is displayed, grants and contributions provided for capital purposes have been excluded to give a net operating result before grants and contributions provided for capital purposes.

#### **4.2.7 Net gains for the disposal of assets**

Net gains from the disposal of assets can be challenging to forecast as it can vary widely from year to year. For this reason this plan only includes the following potential asset disposals:

**Assumption:** Sales of Akuna Street, Irvine Street and Noorinan Street properties in 2022/23 with an estimated total return of \$14.410 million in 2022/23

Early in the life of this Plan, Council plans to develop a strategic liquidity plan that explores other strategic land holdings options for land held and managed by Council for operational purposes, the LTFP would then to be re-run in line with proposed divestments or operational efficiencies.

#### **4.2.8 Employee costs**

In line with the Workforce Strategy, Council's focus will be on continuous improvement and ensuring sustainability into the future. Increase to the different employee related costs range from 2% (for leave entitlements, workers compensation, etc) to 4% (for wages in the first few years of the Plan). This higher wages indexation allows for 2% award increases and salary system grade and step movements as part of the annual performance review system.

The Federal government has changed the phasing of the increases in the superannuation guarantee levy. The impact of this change has been factored into the Long Term Financial Plan with increases matching the wages indexations referenced above.

#### 4.2.9 Materials and contracts

In both Scenarios an increase of between 2.2% and 2.5% is applied to various materials and contract related indices, noting that the average Local Government Cost Index (LGCI) for the past five years is 3.7%,

**Assumption:** 2.5-3% for all financial years.

#### 4.2.10 Other expenses

In both Scenarios an increase of 2.5% is applied, noting that the average Local Government Cost Index (LGCI) for the past five years is 3.7%.

**Assumption:** 2.5% for financial year 2022/23 onwards

#### 4.2.11 Asset Renewals and New Assets

Expenditure includes the completion of works listed in the Forward Capital Works Program (as included in the Delivery Program and Operations Plan. Total annual expenditure for Asset Renewal is generally set to meet the value of annual depreciation. Total planned capital expenditure for each program area from 2022/23 to 2025/26 is as follows (noting aforementioned absences of planned asset management planning for Blue Haven which is currently underway):

Capital budget Program								
Program / Project	2022-23 Program Draft Budget		2023-24 Program Draft Budget		2024-25 Program Draft Budget		2025-26 Program Draft Budget	
	New	Renewal	New	Renewal	New	Renewal	New	Renewal
Blue Haven	-	690,000	-	280,000	-	280,000	-	430,000
Buildings & Facilities	808,000	1,760,000	50,000	1,130,000	50,000	580,000	50,000	1,080,000
Carparks	-	30,500	150,000	100,000	150,000	100,000	-	250,000
Commercial - Holiday Parks	-	2,983,800	-	3,139,600	-	950,000	-	915,000
Commercial Business	25,000	175,000		600,000		1,100,000	25,000	100,000
Footpaths & cycleways	2,233,185	450,000	970,000	400,000	895,000	400,000	245,000	750,000
ICT	100,000	750,000	200,000	640,000	200,000	640,000	100,000	740,000
Plant & Equipment	-	2,360,500	-	1,770,000	-	1,770,000	-	1,770,000
Waste Services	-	220,000	-	610,000	-	610,000	-	110,000
Playgrounds	-	125,000	100,000	200,000	100,000	200,000	-	300,000
Recreation and Open Space	2,355,000	1,350,560	295,000	445,000	295,000	345,000	255,000	735,000
Roads and Bridges	160,000	1,840,032	-	2,000,000	-	2,000,000	-	2,750,000
Stormwater Assets	165,000	425,000	-	650,000	-	350,000	-	850,000
Traffic Facilities	150,000	-	150,000	-	150,000	-	87,500	200,000
<b>Totals</b>	<b>5,996,185</b>	<b>13,160,392</b>	<b>1,927,500</b>	<b>11,964,600</b>	<b>1,852,500</b>	<b>9,325,000</b>	<b>762,500</b>	<b>10,980,000</b>
<b>Grand Totals</b>		<b>19,156,577</b>		<b>13,892,100</b>		<b>11,177,500</b>		<b>11,742,500</b>

**Table 4: 2022-2026 Capital Budget**

#### **4.2.12 Long Term Operating Environment**

The long term operating environment over the next 10 years is uncertain. In a worst-case scenario another Global Financial Crisis (GFC) may occur, potentially triggered by global factors such as military conflict or pandemic impacts. In a GFC the Council is affected most by the reduction in value of its investments. Council's investments are already held at their fair value. This is a conservative approach that takes into consideration the uncertainty of the long term operating environment.

#### **4.2.13 Future Borrowing Interest Rates**

It is apparent that interest rate trends are unfavourable in the short term with increasing pressure on the Reserve Bank to raise rates to support a slowing of inflation. The scale and impact of expected increases of interest rates is not clear. To reduce this uncertainty all of the Council's loans are on a fixed interest rate rather than a floating interest rate.

#### **4.2.14 Cash and Cash Equivalents**

Any surplus cash will be invested in line with Council's Investment Policy. These investments will be limited to short term deposits which are classified as cash equivalents rather than investments.

#### **4.2.15 Investment Properties**

The Office of Local Government has determined that investment properties are to be valued at fair value in all cases. Also, that full revaluations should be done every three years with a desktop valuation performed each year between the full revaluations. In context of the volatility of current markets, a conservative annual growth rate of 0% has been used as an estimate in the value of the investment properties.

As referenced under 4.2.7 above, Council plans to develop a strategic liquidity plan that explores other strategic land holdings options through repurposing existing operational lands.

#### **4.2.16 Rates Receivable**

The rates receivable amount moves in line with total rating income for each year.

#### **4.2.17 Depreciation**

Depreciation moves in line with the increase or disposals in total infrastructure, property, plant and equipment. The annual depreciation for 2022/23 is \$11.186M and for the purpose of forward planning forecast to increase at a rate of 1%.

#### **4.2.18 Provisions**

In line with the Workforce Strategy, Council has a commitment to pay employee entitlements. Included in Provisions is a liability to pay Annual Leave, Long Service Leave and Sick Leave. It is expected that Annual Leave will be taken within the year that it is earned however the payments of accrued Long Service and Vested Sick Leave entitlements have been factored in when the employee reaches the age of 65.

#### 4.2.19 Unexpected/Abnormal Events

During the next 10 years it is possible that some unexpected or abnormal events may occur. As these events are unknown they cannot be quantified at this time; as events of this nature occur and become quantifiable they will be incorporated annually into the Long Term Financial Plan.

#### 4.2.20 Local Government Elections

To cover the cost of local government elections \$160,000 has been included in financial years 2024/2025, 2028/2029 and 2032/2033. Council has established an internal reserve with an annual transfer of \$40,000 to cover election expenses.

#### 4.2.21 Asset Backlog

The LTFP assumes that Council's capital and maintenance programs are sufficient in addressing and decreasing the backlog which is already less than the 2% benchmark. Maintenance programs are aimed at achieving 96-105% of the required asset maintenance each year and that the SAMP favours asset renewals which are greater than the depreciation expense incurred.

### 4.3 Scenario

#### 4.3.1 Introduction

The Long Term Financial Plan shows the financial results of applying the following assumptions:

- a rate peg of 2.5% is applied to rating income for all years in the plan
- 50 new assessments per year
- population growth 1.1% per year (Department of Planning)
- Continuation of Stormwater Levy in 2017/2018
- Pensioner Rebate increase of 1.5% per year
- an inflation forecast of 2.5% is applied to most sources of income
- depreciation, asset renewal and asset maintenance aligned and integrated with Asset Management Plans

#### 4.3.2 Financial results

The underlying consolidated operating result for Council shows a significant surplus of over \$8.9 million in 2022/23 and \$522k in 2023/24 and an average deficit of around \$5 million each year for the remainder of the Plan. This Scenario is not sustainable and includes Council's Blue Haven Aged Care business.

The operating result for Blue Haven alone presents a deficit for the full 10 years of the Plan. Omitted from this scenario is allocations related to the asset management plan for Blue Haven which is currently under preparation.

The Consolidated cash flow forecasts for Council show a surplus cash position in 2022/23 thanks to the planned sale of Council land. In 2023/24 there is a significant reduction in the surplus cash position due to the paydown of the TCorp Loan with the balance of Restricted Reserves. All subsequent years of the ten-year plan present reducing cash balances until 2028/29 when it results in a negative cash position for the remainder of the Plan. **This presents an unsustainable cash position in the longer term.**

The cashflow position of Blue Haven alone also presents significant surplus or neutral cash position for the life of the Plan from 2023/24, after a modest surplus in 2022/23. This result doesn't factor in the asset management plan or any payback to Kiama Municipal Council for past loans (the Bonaira project build).

## 5 Long term borrowing strategies

### 5.1 Background to Council’s current debt portfolio

The table below outlines Council’s position in respect of all interest bearing loans.

Council loans and borrowing costs			
Description	Bank	Loan amount	Operational borrowing costs
Leisure Centre and road resealing (LIRS LOAN)	NAB	2,553,031	11,407
Road Resealing (LIRS LOAN)	NAB	2,025,000	29,647
Surf Beach Holiday Park Redevelopment	NAB	5,000,000	98,349
Loan infrastructure loan	TCorp	4,000,000	86,166
Blue Haven Bonaira loan	TCorp	15,000,000	456,152
Blue Haven Bonaira loan	TCorp	15,000,000	456,152
Blue Haven Bonaira loan	TCorp	15,000,000	456,152
<b>Total</b>		<b>58,578,031</b>	<b>1,594,024</b>

**Table 5: Current debt portfolio**

The majority of these loans will mature within the first two (2) years of this Plan, leaving minimal interest charges (operational borrowing costs) from 2024/25 onwards.

### 5.2 Future loan strategies

#### 5.2.1 What is Council's philosophy on debt?

Many NSW councils are debt averse and view the achievement of a low level of debt or even debt free status as a primary goal. Others see the use of loan funding as being a critical component of the funding mix to deliver much needed infrastructure to the community.

The use of loans to fund capital expenditure can be an effective mechanism to link the payment for the asset (via debt redemption payments) to the successive councils' populations who receive benefits over the life of that asset. This matching concept is frequently referred to as 'inter-generational equity'.

Recently Council has borrowed significantly to support the investment of major infrastructure projects such as the KACCOE. Council’s forward program is aimed at repaying these debts in a sustainable way with no immediate plans for further significant loans.

#### 5.2.2 Measuring what level of debt is appropriate

The 2006 Allen Inquiry into the Financial Sustainability of NSW Local Government gave significant consideration to the role of borrowings as a funding option for NSW councils. The Allen Inquiry's suggestion of using debt has been used by Council however it is not Council's strategy to use excessive levels of debt.

#### 5.2.3 Future Borrowings

The Long Term Financial Plan proposes to pay down the TCorp Blue Haven loan in August 2023 with \$28million of Restricted Reserves and take out a principal and interest loan of \$17million for the remainder of the debt over 10 years.

## 6 Long term restricted asset usage strategies

Councils in NSW have traditionally operated with Restricted Asset funds that are amounts of money set aside for specific purposes in later years. In general, these funds do not have bank accounts of their own but are a theoretical split up of the accumulated cash surplus that a council has on hand.

### 6.1 Background

Local Governments continue to be challenged by a tightening cash position through increasing demands for cash for daily operations, restricted rate income levels, increasing demands for expenditure on new infrastructure and the maintenance and rehabilitation of existing infrastructure. Kiama Municipal Council is certainly subject to these same pressures, exacerbated by slow growth in population and limited development activity, significant environmental responsibilities and an added responsibility as a high quality tourist destination.

In response to these pressures Kiama Municipal Council has established a Restricted Assets Policy to detail the type and level of internal restrictions that Council should set aside out of available funds to meet cash outgoings that will provide strategic direction and support for Council and delivery of services to the community. The Policy is reviewed annually to ensure it remains current and is made available on Council's website.

The **Objectives** set out in the Policy are that:

1. Reserves are accounts established and held within Council's Restricted Assets for the purpose of:
  - reducing business risk
  - improved financial management
  - improved strategic capacity
  - meeting asset renewal needs
  - meeting statutory obligations and other external requirements.
2. The balance held in reserve accounts are restricted to the defined purpose for which the reserve fund was established.
3. Changes to the purpose for which a reserve is held can be achieved in accordance with the requirements set out in the *Local Government Act 1993*.

**Restricted Assets** refer to funds that are kept restricted (ie cannot be used for general purpose) as they are either subject to some form of external legislative or contractual obligation, or are kept for the purpose of covering Council commitments that are expected to arise in the future.

**Externally Restricted Assets** are those that relate to funds that are subject to external legislative or contractual obligations.

**Internally Restricted Assets** are assets restricted by resolution of Council. Internal restrictions are established by Council to cover commitments / obligations that are expected to arise in the future and where it is prudent for Council to hold dedicated cash in restrictions to cover those obligations.



## 6.2 Nature and purpose of current restricted assets

The more material current restricted asset funds held by Kiama Municipal Council are detailed below and current balances provided to Council on a monthly basis as part of the Statement of Investments reporting:

### 6.2.1 Externally Restricted Cash Assets

#### Deposits, Retentions and Bonds

Purpose: An external restriction is placed on deposits, retentions and bonds held by Council.

Source of Funds: Any person or company that has paid a deposit, retention monies or bond to Council.

#### Bonds held for Developer's Works

Purpose: An external restriction is placed on bonds held by Council.

Source of Funds: Any developer that has paid a bond to Council

#### Section 94/94a Developer Contributions

Purpose: Section 94 of the *Environmental Planning & Assessment Act 1979* enables Council to levy contributions as a consequence of development. These contributions are essential in providing quality facilities and services to an expanding local population. The Act requires Council to set these funds aside to be used specifically for the provision of these facilities and services.

Source of Funds: Developer Contributions as levied in accordance with Council's adopted Section 7.11/7.12 Plan.

#### Specific Purpose Unexpended Grants

Purpose: An external restriction is placed on grant funding that has been received for a specific purpose that has not been spent by the end of the financial year.

Source of Funds: Grant funding that is for a specific purpose is provided to Council from various sources.

#### Domestic Waste Management

Purpose: By virtue of Section 496 of the *Local Government Act 1993* (as amended), Council must levy a separate charge for domestic waste management services, which include garbage and recycling services. Under the legislation Council cannot finance these services from ordinary rates so the charge must be sufficient to recover reasonable costs of providing these services. Council is obliged to set these funds aside and use them for their specific purpose.

Source of Funds: Domestic Waste Services & Management Levy.

### **Loan Restrictions - T-Corp**

- Purpose: Proceeds from the sales of Independent Living Units at Blue Haven Bonaira are restricted under the loan agreement with NSW Treasury Corporation
- Source of Funds: Proceeds from sale of Independent Living Units at Blue Haven Bonaira. Note this does not include the existing village located on Terralong Street or the Aged Care Home on Bonaira Street

### **Unspent Loan Funding**

- Purpose: To restrict the use of cash which has been borrowed externally for a specific purpose but not yet spent.
- Source of Funds: Funds borrowed from banks.

### **Crown Holiday Parks**

- Purpose: Net profits from Holiday Parks on Crown Land are retained for reinvestment back into Council infrastructure on Crown Land.
- Source of Funds: Surplus from the Holiday Parks on Crown Land.

### **Blue Haven Terralong ILU**

- Purpose: By virtue of Section 20 of the *Retirement Villages Regulation 2017* recurrent charges from village residents can only be spent on items prescribed within the act and reported within the annual budget of each village.
- Source of Funds: Maintenance Levy charges from residents a Blue Haven Terralong Village

### **Blue Haven Bonaira ILU**

- Purpose: By virtue of Section 20 of the *Retirement Villages Regulation 2017* recurrent charges from village residents can only be spent on items prescribed within the act and reported within the annual budget of each village.
- Source of Funds: Maintenance Levy charges from residents a Blue Haven Bonaira Village

### **Blue Haven Aged Care Home**

- Purpose: Kiama Municipal Council as an approved aged care provider is required to comply prudential standards, which are set out in the Fees and Payments Principles 2014 (No.2) (the Principles). A minimum liquidity is determined defined by expected payments due in the following 12 months in accordance with the Aged Care Act 1997 and the liquidity management policy
- Source of Funds: Accommodation payments for the Aged Care Home

### **Community Bus**

Purpose: Funds held available for the renewal of assets held under the Transport for New South Wales program. All unspent funds are to be returned if the program were not to continue

Source of Funds: Funding from client contributions

## **6.2.2 Internally Restricted Cash Assets**

### **Carry Over Works**

Purpose: Capital works projects that carry over from the previous financial year

Source of Funds: Multiple sources including Grant Funding, Loans and General revenue

### **Energy Efficiency**

Purpose: The Revolving Energy Fund Reserve has been set up to provide capital to projects which will reduce Kiama Council's billed energy use, and work towards achieving greenhouse gas emissions reduction from the organisation.

Source of Funds: Savings from energy efficient projects

### **Blue Haven Home Care Packages**

Purpose: Unspent funds from client home care packages

Source of Funds: Surplus funds from Department of Health Funding and client contributions

### **Waste and Sustainability**

Purpose: To fund programs aligned with better waste recycling across the Local Government Area. These include items relating to household bulky waste and a cardboard bailer

Source of Funds: General Revenue

### **Waste Business Unit**

Purpose: Dividend paid to Council to maintain and replace plant and equipment for the Minnamurra Recycling and Waste Depot

Source of Funds: Waste Business Unit surplus funds

### **Employee Leave Entitlements**

Purpose: To provide funds for employee leave entitlements which have been accrued but not yet paid.

Source of Funds: General revenue.

**Council Election Reserve**

Purpose: To provide funds for the Local Government Elections which are conducted every four years.

Source of Funds: Funds provided annually from general revenue.

**Plant Replacement**

Purpose: To fund plant replacements as scheduled and required.

Source of Funds: Plant hire charges.

**Land Development Reserve**

Purpose: Revenue generating investments/activities that provide a commercial rate of return whether in short, medium or long term. All profits/returns generated from investments/activities be returned to the reserve

Source of Funds: Land sales, investment activities

**Risk Improvement Incentive**

Purpose: Deposits from Insurance company for Incentives to improve Councils risk profile,  
WHS incentive payment -Payment received from State Cover to promote WHS practices. Payment allocation for WHS improvements.

Source of Funds: StateCover incentive payments

## **7 Rating and Annual Charge Strategies**

### **7.1 Assessment of Current Rating Levels**

Comparison of rating between councils is affected by the rating and charging strategies they have each adopted. Some councils rely solely on the ordinary rate for rate income while others levy special rates and annual charges for specific purposes that supplement ordinary rate income.

Income from ordinary rates, special rates and drainage services are subject to State government rate pegging while domestic waste management service annual charges are limited to recovering the reasonable cost of providing those services.

Councils may choose a mix of ordinary and special rates and vary those from year to year, however the annual increase in total rate income from all rates is not to exceed the percentage specified by IPART each year.

The NSW Office of Local Government (OLG) publishes annual comparative information on council rating, financial indicators, service costs and service performance. The information is separated into 11 groups of similar councils based on size and character. Kiama Municipal Council is placed within OLG category 4.

### **7.2 Rates and Annual Charges Income**

#### **7.2.1 Rate Pegging and Additional Special Variation**

Councils are subject to rate pegging in New South Wales restricting total rate income to the prior year's notional income plus a percentage increase as allowed by the Independent Pricing and Regulatory Tribunal (IPART). This has been factored into this Plan as has an Additional Special Rate Variation factored in for 2022/23 only: refer to Financial Assumptions.

#### **7.2.2 Potential Future Special Rate Variation**

In context of the poor operating result under both scenarios modelled in this Plan and considering the identified Strategic Improvement Plan actions, Council must remain focused on cost reduction and revenue generation opportunities in the near future. These options will include consideration of further property divestment strategies, operational efficiencies and exploration of a future SRV application following further analysis of options.

### **7.3 Future Rating and Annual Charge Options**

#### **7.3.1 Ordinary Rates**

In order to assess the adequacy of rate income to fund Council activities into the future it is necessary to estimate future rate income. This has been performed in this Plan. It is at Council's discretion whether the full rate peg is applied.

#### **7.3.2 Annual Charges**

##### *Stormwater Management Services Annual Charges*

The maximum amount of individual annual charges for stormwater management services is regulated. Council, will continue to levy the stormwater levy for the life of this Plan.

## Appendix 1 - Financial Statements

### Income Statement – Consolidated - Base Case

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2032												
INCOME STATEMENT - CONSOLIDATED												
	Actuals	Current Year	Projected Years									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Income from Continuing Operations</b>												
<b>Revenue:</b>												
Rates & Annual Charges	25,411,000	26,218,230	26,918,549	27,417,361	28,102,795	28,805,364	29,525,499	30,263,636	31,020,227	31,795,733	32,590,626	33,405,392
User Charges & Fees	21,543,000	22,449,982	22,305,072	22,819,097	23,386,098	23,967,275	24,562,981	25,173,581	25,799,446	26,440,958	27,098,509	27,772,499
Other Revenues	5,011,000	5,655,674	7,234,848	7,421,677	7,612,664	7,807,902	8,007,489	8,211,522	8,420,100	8,633,327	8,851,308	9,074,150
Grants & Contributions provided for Operating Purposes	14,625,000	18,746,973	16,716,840	17,052,762	17,479,081	17,916,058	18,363,959	18,823,058	19,293,635	19,775,975	20,270,375	20,777,134
Grants & Contributions provided for Capital Purposes	4,746,000	3,608,183	6,195,773	6,195,773	6,195,773	6,195,773	6,211,293	6,226,578	6,242,444	6,258,628	6,275,135	6,291,972
Interest & Investment Revenue	247,000	131,469	741,250	761,205	788,994	823,290	859,161	896,683	935,931	976,990	1,019,945	1,064,886
<b>Other Income:</b>												
Net Gains from the Disposal of Assets	-	760,344	14,410,312	5,200,000	-	-	-	-	-	-	-	-
<b>Total Income from Continuing Operations</b>	<b>82,757,000</b>	<b>77,570,855</b>	<b>94,522,646</b>	<b>86,867,874</b>	<b>83,565,404</b>	<b>85,515,662</b>	<b>87,530,382</b>	<b>89,595,057</b>	<b>91,711,783</b>	<b>93,881,612</b>	<b>96,105,898</b>	<b>98,386,032</b>
<b>Expenses from Continuing Operations</b>												
Employee Benefits & On-Costs	35,526,000	35,425,239	38,340,233	38,793,399	40,088,618	41,427,308	42,809,575	44,238,193	45,714,723	47,240,779	48,818,031	50,448,204
Borrowing Costs	1,617,000	1,626,974	1,826,775	1,113,946	522,259	538,180	471,233	402,593	332,215	261,698	206,053	152,934
Materials & Contracts	26,195,000	28,853,279	33,031,137	33,894,861	34,776,462	35,680,135	36,606,435	37,555,930	38,529,199	39,526,840	40,549,462	41,597,693
Depreciation & Amortisation	11,314,000	10,462,639	11,186,282	11,311,289	11,424,402	11,538,646	11,654,032	11,770,572	11,888,278	12,007,161	12,127,233	12,248,505
Other Expenses	926,000	938,350	1,201,869	1,232,507	1,264,218	1,297,039	1,331,008	1,366,167	1,402,556	1,440,218	1,479,199	1,519,544
<b>Total Expenses from Continuing Operations</b>	<b>76,742,000</b>	<b>77,306,480</b>	<b>85,586,296</b>	<b>86,346,003</b>	<b>88,075,959</b>	<b>90,481,307</b>	<b>92,872,284</b>	<b>95,333,455</b>	<b>97,866,971</b>	<b>100,476,696</b>	<b>103,179,977</b>	<b>105,966,879</b>
<b>Operating Result from Continuing Operations</b>	<b>6,015,000</b>	<b>264,375</b>	<b>8,936,350</b>	<b>521,871</b>	<b>(4,510,555)</b>	<b>(4,965,645)</b>	<b>(5,341,901)</b>	<b>(5,738,398)</b>	<b>(6,155,188)</b>	<b>(6,595,084)</b>	<b>(7,074,080)</b>	<b>(7,580,847)</b>
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Profit/(Loss) from Discontinued Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the Year</b>	<b>6,015,000</b>	<b>264,375</b>	<b>8,936,350</b>	<b>521,871</b>	<b>(4,510,555)</b>	<b>(4,965,645)</b>	<b>(5,341,901)</b>	<b>(5,738,398)</b>	<b>(6,155,188)</b>	<b>(6,595,084)</b>	<b>(7,074,080)</b>	<b>(7,580,847)</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>	<b>1,269,000</b>	<b>(3,343,808)</b>	<b>2,740,577</b>	<b>(5,673,902)</b>	<b>(10,706,328)</b>	<b>(11,161,418)</b>	<b>(11,553,194)</b>	<b>(11,964,976)</b>	<b>(12,397,632)</b>	<b>(12,853,712)</b>	<b>(13,349,215)</b>	<b>(13,872,819)</b>



## Balance Sheet - Consolidated - Base Case

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2032												
BALANCE SHEET - CONSOLIDATED												
	Actuals	Current Year	Projected Years									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash & Cash Equivalents	5,246,000	19,292,791	30,701,751	14,374,871	10,195,929	12,922,367	12,764,632	4,792,524	-	-	-	-
Investments	36,627,000	34,263,762	34,263,762	20,156,818	19,186,847	11,580,942	5,779,056	5,709,162	5,167,167	4,448,670	4,448,670	4,448,670
Receivables	3,232,000	3,078,910	3,091,812	3,130,411	3,139,281	3,140,387	3,160,483	3,237,108	3,315,819	3,396,674	3,479,731	3,565,050
Inventories	246,000	297,400	353,267	361,141	369,195	377,434	385,862	394,484	403,304	412,326	421,555	430,995
Contract assets	1,218,000	1,218,000	1,218,000	1,218,000	1,218,000	1,218,000	1,218,000	1,218,000	1,218,000	1,218,000	1,218,000	1,218,000
<b>Total Current Assets</b>	<b>46,569,000</b>	<b>58,150,863</b>	<b>69,628,592</b>	<b>39,241,240</b>	<b>34,109,252</b>	<b>29,239,131</b>	<b>23,308,033</b>	<b>15,351,278</b>	<b>10,104,290</b>	<b>9,475,669</b>	<b>9,567,955</b>	<b>9,662,715</b>
<b>Non-Current Assets</b>												
Investments	4,784,000	3,354,942	3,354,942	3,354,942	3,128,606	1,353,826	-	-	-	-	-	-
Receivables	233,000	445,799	407,201	416,985	427,410	438,095	449,048	460,274	471,781	483,575	495,665	508,056
Infrastructure, Property, Plant & Equipment	511,761,000	515,135,525	514,134,132	516,714,943	516,468,042	516,671,896	516,995,214	517,441,538	518,014,494	518,717,793	519,555,230	520,530,688
Investment Property	139,078,000	139,078,000	139,078,000	139,078,000	139,078,000	139,078,000	139,078,000	139,078,000	139,078,000	139,078,000	139,078,000	139,078,000
Intangible Assets	5,409,000	5,409,000	5,409,000	5,409,000	5,409,000	5,409,000	5,409,000	5,409,000	5,409,000	5,409,000	5,409,000	5,409,000
Right of use assets	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000
<b>Total Non-Current Assets</b>	<b>661,433,000</b>	<b>663,591,266</b>	<b>662,551,275</b>	<b>665,141,870</b>	<b>664,679,058</b>	<b>663,118,817</b>	<b>662,099,262</b>	<b>662,556,812</b>	<b>663,141,275</b>	<b>663,856,368</b>	<b>664,705,894</b>	<b>665,693,744</b>
<b>TOTAL ASSETS</b>	<b>708,002,000</b>	<b>721,742,128</b>	<b>732,179,868</b>	<b>704,383,110</b>	<b>698,788,310</b>	<b>692,357,948</b>	<b>685,407,295</b>	<b>677,908,090</b>	<b>673,245,565</b>	<b>673,332,037</b>	<b>674,273,849</b>	<b>675,356,459</b>
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
Bank Overdraft	-	-	-	-	-	-	-	-	3,405,543	11,657,404	19,433,529	28,010,767
Payables	40,289,000	99,025,646	101,487,745	101,823,833	102,521,229	103,163,597	103,749,573	104,273,552	104,737,998	105,154,821	106,477,155	107,735,982
Contract liabilities	3,931,000	2,885,244	2,967,472	2,991,243	3,058,753	3,128,035	3,199,139	3,272,111	3,347,001	3,423,860	3,502,740	3,583,694
Lease liabilities	99,000	99,000	-	-	-	-	-	-	-	-	-	-
Borrowings	1,219,000	1,214,229	28,809,427	2,118,294	2,411,884	2,466,880	2,523,477	2,581,723	2,156,375	1,746,405	1,799,524	1,854,258
Provisions	7,404,000	7,711,180	7,711,180	7,711,180	7,711,180	7,711,180	7,711,180	7,711,180	7,711,180	7,711,180	7,711,180	7,711,180
<b>Total Current Liabilities</b>	<b>52,942,000</b>	<b>110,935,299</b>	<b>140,975,824</b>	<b>114,644,550</b>	<b>115,703,046</b>	<b>116,469,693</b>	<b>117,183,370</b>	<b>117,838,566</b>	<b>121,358,097</b>	<b>129,693,669</b>	<b>138,924,127</b>	<b>148,895,881</b>
<b>Non-Current Liabilities</b>												
Payables	88,192,000	47,665,308	47,836,599	47,967,540	48,236,682	48,472,198	48,673,247	48,838,966	48,968,473	49,060,863	49,645,820	50,191,781
Lease liabilities	78,000	78,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000
Borrowings	52,520,000	51,095,892	22,286,465	20,168,170	17,756,287	15,289,407	12,765,929	10,184,206	8,027,831	6,281,426	4,481,903	2,627,645
Provisions	768,000	460,820	460,820	460,820	460,820	460,820	460,820	460,820	460,820	460,820	460,820	460,820
<b>Total Non-Current Liabilities</b>	<b>141,558,000</b>	<b>99,300,020</b>	<b>70,760,884</b>	<b>68,773,529</b>	<b>66,630,789</b>	<b>64,399,425</b>	<b>62,076,996</b>	<b>59,660,992</b>	<b>57,634,124</b>	<b>55,980,109</b>	<b>54,765,543</b>	<b>53,457,246</b>
<b>TOTAL LIABILITIES</b>	<b>194,500,000</b>	<b>210,235,319</b>	<b>211,736,709</b>	<b>183,418,080</b>	<b>182,333,835</b>	<b>180,869,118</b>	<b>179,260,365</b>	<b>177,499,559</b>	<b>178,992,221</b>	<b>185,673,778</b>	<b>193,689,670</b>	<b>202,353,127</b>
<b>Net Assets</b>	<b>513,502,000</b>	<b>511,506,810</b>	<b>520,443,159</b>	<b>520,965,030</b>	<b>516,454,476</b>	<b>511,488,831</b>	<b>506,146,929</b>	<b>500,408,531</b>	<b>494,253,344</b>	<b>487,658,259</b>	<b>480,584,180</b>	<b>473,003,332</b>
<b>EQUITY</b>												
Retained Earnings	205,928,000	203,932,810	212,869,159	213,391,030	208,880,476	203,914,831	198,572,929	192,834,531	186,679,344	180,084,259	173,010,180	165,429,332
Revaluation Reserves	302,166,000	302,166,000	302,166,000	302,166,000	302,166,000	302,166,000	302,166,000	302,166,000	302,166,000	302,166,000	302,166,000	302,166,000
Other Reserves	5,408,000	5,408,000	5,408,000	5,408,000	5,408,000	5,408,000	5,408,000	5,408,000	5,408,000	5,408,000	5,408,000	5,408,000
Council Equity Interest	513,502,000	511,506,810	520,443,159	520,965,030	516,454,476	511,488,831	506,146,929	500,408,531	494,253,344	487,658,259	480,584,180	473,003,332
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Equity</b>	<b>513,502,000</b>	<b>511,506,810</b>	<b>520,443,159</b>	<b>520,965,030</b>	<b>516,454,476</b>	<b>511,488,831</b>	<b>506,146,929</b>	<b>500,408,531</b>	<b>494,253,344</b>	<b>487,658,259</b>	<b>480,584,180</b>	<b>473,003,332</b>





Statement of Cash Flows - Consolidated - Base Case

Kiama Municipal Council 10 Year Financial Plan for the Years ending 30 June 2032 CASH FLOW STATEMENT - CONSOLIDATED												
	Actuals	Current Year	Projected Years									
	2021/22	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>												
<b>Receipts:</b>												
Rates & Annual Charges	25,199,000	26,566,394	26,929,975	27,423,776	28,111,721	28,814,514	29,534,877	30,273,249	31,030,080	31,805,832	32,600,978	33,416,002
User Charges & Fees	21,843,000	18,037,149	22,296,675	22,819,126	23,386,110	23,967,268	24,562,955	25,173,535	25,799,378	26,440,868	27,098,395	27,772,360
Investment & Interest Revenue Received	510,000	(18,876)	663,524	787,862	850,480	894,455	913,304	896,317	935,557	976,606	1,019,551	1,064,482
Grants & Contributions	19,894,000	21,809,118	23,016,442	23,238,009	23,707,126	24,144,909	24,609,158	25,084,390	25,571,701	26,071,116	26,582,935	27,107,467
Bonds & Deposits Received	27,000	27,093,000	23,869,847	23,869,847	31,482,989	31,482,989	31,482,989	31,482,989	31,482,989	31,482,989	38,408,443	38,408,443
Other	3,086,000	3,784,195	3,757,469	3,715,750	3,814,038	3,914,260	4,016,452	4,120,654	4,226,904	4,335,244	4,445,713	4,558,353
<b>Payments:</b>												
Employee Benefits & On-Costs	(35,966,000)	(35,566,819)	(38,353,994)	(38,785,591)	(40,080,499)	(41,418,864)	(42,800,794)	(44,230,184)	(45,706,434)	(47,232,200)	(48,809,152)	(50,439,014)
Materials & Contracts	(25,900,000)	(22,653,955)	(31,660,263)	(33,773,070)	(34,616,078)	(35,515,988)	(36,438,436)	(37,383,988)	(38,353,221)	(39,346,729)	(40,365,122)	(41,409,023)
Borrowing Costs	(1,665,000)	(1,963,851)	(1,866,332)	(1,143,523)	(544,944)	(561,379)	(494,959)	(426,858)	(357,029)	(273,680)	(206,053)	(152,934)
Bonds & Deposits Refunded	-	(9,521,456)	(19,827,826)	(19,827,826)	(26,962,018)	(26,962,018)	(26,962,018)	(26,962,018)	(26,962,018)	(26,962,018)	(32,401,368)	(32,401,368)
Other	5,523,000	(934,130)	(427,752)	(1,256,656)	(1,228,378)	(1,260,009)	(1,292,745)	(1,329,713)	(1,365,012)	(1,401,550)	(1,439,371)	(1,478,520)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>12,551,000</b>	<b>26,630,768</b>	<b>8,397,765</b>	<b>7,067,703</b>	<b>7,920,546</b>	<b>7,500,137</b>	<b>7,130,782</b>	<b>6,698,372</b>	<b>6,302,895</b>	<b>5,896,477</b>	<b>6,934,949</b>	<b>6,446,248</b>
<b>Cash Flows from Investing Activities</b>												
<b>Receipts:</b>												
Sale of Investment Securities	-	3,792,296	-	14,106,944	1,196,306	9,380,685	7,155,712	69,894	541,995	718,497	-	-
Sale of Infrastructure, Property, Plant & Equipment	588,000	1,138,344	23,382,000	5,200,000	-	-	-	-	-	-	-	-
<b>Payments:</b>												
Purchase of Investment Securities	(65,000)	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	(2,112,000)	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(10,947,000)	(16,085,738)	(19,156,577)	(13,892,100)	(11,177,500)	(11,742,500)	(11,977,350)	(12,216,897)	(12,461,234)	(12,710,460)	(12,964,669)	(13,223,963)
Purchase of Intangible Assets	(1,000)	-	-	-	-	-	-	-	-	-	-	-
Contributions Paid to Joint Ventures & Associates	59,000	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	(29,337,000)	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(41,815,000)</b>	<b>(11,155,098)</b>	<b>4,225,423</b>	<b>5,414,844</b>	<b>(9,981,194)</b>	<b>(2,361,815)</b>	<b>(4,821,638)</b>	<b>(12,147,003)</b>	<b>(11,919,239)</b>	<b>(11,991,963)</b>	<b>(12,964,669)</b>	<b>(13,223,963)</b>
<b>Cash Flows from Financing Activities</b>												
<b>Receipts:</b>												
Other Financing Activity Receipts	22,086,000	-	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>												
Repayment of Borrowings & Advances	(1,395,000)	(1,428,879)	(1,214,229)	(28,809,427)	(2,118,294)	(2,411,884)	(2,466,880)	(2,523,477)	(2,581,723)	(2,156,375)	(1,746,405)	(1,799,524)
Repayment of lease liabilities (principal repayments)	(127,000)	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>20,564,000</b>	<b>(1,428,879)</b>	<b>(1,214,229)</b>	<b>(28,809,427)</b>	<b>(2,118,294)</b>	<b>(2,411,884)</b>	<b>(2,466,880)</b>	<b>(2,523,477)</b>	<b>(2,581,723)</b>	<b>(2,156,375)</b>	<b>(1,746,405)</b>	<b>(1,799,524)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(8,700,000)</b>	<b>14,046,791</b>	<b>11,408,959</b>	<b>(16,326,880)</b>	<b>(4,178,941)</b>	<b>2,726,438</b>	<b>(157,735)</b>	<b>(7,972,108)</b>	<b>(8,198,067)</b>	<b>(8,251,860)</b>	<b>(7,776,125)</b>	<b>(8,577,239)</b>
<b>plus: Cash &amp; Cash Equivalents - beginning of year</b>	<b>13,946,000</b>	<b>5,246,000</b>	<b>19,292,791</b>	<b>30,701,751</b>	<b>14,374,871</b>	<b>10,195,929</b>	<b>12,922,367</b>	<b>12,764,632</b>	<b>4,792,524</b>	<b>(3,405,543)</b>	<b>(11,657,404)</b>	<b>(19,433,529)</b>
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>5,246,000</b>	<b>19,292,791</b>	<b>30,701,751</b>	<b>14,374,871</b>	<b>10,195,929</b>	<b>12,922,367</b>	<b>12,764,632</b>	<b>4,792,524</b>	<b>(3,405,543)</b>	<b>(11,657,404)</b>	<b>(19,433,529)</b>	<b>(28,010,767)</b>
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>5,246,000</b>	<b>19,292,791</b>	<b>30,701,751</b>	<b>14,374,871</b>	<b>10,195,929</b>	<b>12,922,367</b>	<b>12,764,632</b>	<b>4,792,524</b>	<b>(3,405,543)</b>	<b>(11,657,404)</b>	<b>(19,433,529)</b>	<b>(28,010,767)</b>
<b>Investments - end of the year</b>	<b>41,411,000</b>	<b>37,618,704</b>	<b>37,618,704</b>	<b>23,511,759</b>	<b>22,315,453</b>	<b>12,934,768</b>	<b>5,779,056</b>	<b>5,709,162</b>	<b>5,167,167</b>	<b>4,448,670</b>	<b>4,448,670</b>	<b>4,448,670</b>
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	<b>46,657,000</b>	<b>56,911,495</b>	<b>68,320,454</b>	<b>37,886,630</b>	<b>32,511,383</b>	<b>25,857,136</b>	<b>18,543,688</b>	<b>10,501,686</b>	<b>1,761,624</b>	<b>(7,208,734)</b>	<b>(14,984,859)</b>	<b>(23,562,097)</b>
<b>Representing:</b>												
- External Restrictions	35,759,000	45,157,678	45,157,678	17,369,000	17,369,000	17,369,000	17,369,000	17,369,000	17,369,000	17,369,000	17,369,000	17,369,000
- Internal Restrictions	10,418,000	10,418,000	10,459,721	10,509,139	12,926,358	12,926,358	12,926,358	12,926,358	12,926,358	12,926,358	12,926,358	12,926,358
- Unrestricted	480,000	1,335,817	12,703,055	10,008,491	2,216,025	(4,438,222)	(11,751,670)	(19,793,672)	(28,533,734)	(37,504,092)	(45,280,217)	(53,857,455)
	<b>46,657,000</b>	<b>56,911,495</b>	<b>68,320,454</b>	<b>37,886,630</b>	<b>32,511,383</b>	<b>25,857,136</b>	<b>18,543,688</b>	<b>10,501,686</b>	<b>1,761,624</b>	<b>(7,208,734)</b>	<b>(14,984,859)</b>	<b>(23,562,097)</b>



**Income Statement – Blue Haven – Base Case**

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2032												
INCOME STATEMENT - NEW AGED CARE FACILITY (BLUE HA	Actuals	Current Year	Projected Years									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Income from Continuing Operations</b>												
<b>Revenue:</b>												
Rates & Annual Charges	-	-	-	-	-	-	-	-	-	-	-	-
User Charges & Fees	5,097,000	5,566,854	5,843,406	5,949,365	6,098,099	6,250,552	6,406,816	6,566,986	6,731,161	6,899,440	7,071,926	7,248,724
Other Revenues	3,673,000	5,543,523	5,124,531	5,227,022	5,331,562	5,438,194	5,546,957	5,657,897	5,771,054	5,886,476	6,004,205	6,124,289
Grants & Contributions provided for Operating Purposes	11,024,000	12,483,618	13,542,612	13,881,178	14,228,207	14,583,912	14,948,510	15,322,223	15,705,278	16,097,910	16,500,358	16,912,867
Grants & Contributions provided for Capital Purposes	1,473,000	-	-	-	-	-	-	-	-	-	-	-
Interest & Investment Revenue	26,000	0	221,250	225,905	232,682	239,663	246,853	254,258	261,886	269,742	277,835	286,170
<b>Other Income:</b>												
Net Gains from the Disposal of Assets	59,000	-	-	-	-	-	-	-	-	-	-	-
Fair value increment on investment properties	8,818,000	-	-	-	-	-	-	-	-	-	-	-
<b>Total Income from Continuing Operations</b>	<b>30,170,000</b>	<b>23,593,995</b>	<b>24,731,800</b>	<b>25,283,470</b>	<b>25,890,551</b>	<b>26,512,320</b>	<b>27,149,136</b>	<b>27,801,363</b>	<b>28,469,379</b>	<b>29,153,568</b>	<b>29,854,324</b>	<b>30,572,050</b>
<b>Expenses from Continuing Operations</b>												
Employee Benefits & On-Costs	12,249,000	12,704,181	12,311,452	12,680,795	13,061,219	13,453,056	13,856,647	14,272,347	14,700,517	15,141,533	15,595,779	16,063,652
Borrowing Costs	1,440,000	1,374,198	1,369,345	685,117	408,297	449,031	403,303	356,184	307,632	257,603	206,053	152,934
Materials & Contracts	7,108,000	9,170,522	10,630,017	10,895,768	11,168,162	11,447,366	11,733,550	12,026,889	12,327,561	12,635,750	12,951,644	13,275,435
Depreciation & Amortisation	1,257,000	1,411,008	1,257,149	1,283,972	1,296,811	1,309,780	1,322,877	1,336,106	1,349,467	1,362,962	1,376,591	1,390,357
<b>Total Expenses from Continuing Operations</b>	<b>22,054,000</b>	<b>24,659,909</b>	<b>25,567,963</b>	<b>25,545,652</b>	<b>25,934,489</b>	<b>26,659,232</b>	<b>27,316,378</b>	<b>27,991,526</b>	<b>28,685,178</b>	<b>29,397,848</b>	<b>30,130,067</b>	<b>30,882,378</b>
<b>Operating Result from Continuing Operations</b>	<b>8,116,000</b>	<b>(1,065,914)</b>	<b>(836,163)</b>	<b>(262,182)</b>	<b>(43,939)</b>	<b>(146,912)</b>	<b>(167,242)</b>	<b>(190,163)</b>	<b>(215,798)</b>	<b>(244,280)</b>	<b>(275,743)</b>	<b>(310,329)</b>
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Profit/(Loss) from Discontinued Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the Year</b>	<b>8,116,000</b>	<b>(1,065,914)</b>	<b>(836,163)</b>	<b>(262,182)</b>	<b>(43,939)</b>	<b>(146,912)</b>	<b>(167,242)</b>	<b>(190,163)</b>	<b>(215,798)</b>	<b>(244,280)</b>	<b>(275,743)</b>	<b>(310,329)</b>
Net Operating Result before Grants and Contributions provided for Capital Purposes	6,643,000	(1,065,914)	(836,163)	(262,182)	(43,939)	(146,912)	(167,242)	(190,163)	(215,798)	(244,280)	(275,743)	(310,329)



### Balance Sheet – Blue Haven – Base Case

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2032												
BALANCE SHEET - NEW AGED CARE FACILITY (BLUE HAVEN)	Actuals	Current Year	Projected Years									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash & Cash Equivalents	-	11,977,903	12,595,035	-	564,538	511,808	302,463	-	-	-	583,996	977,020
Investments	19,886,000	19,886,000	19,886,000	5,779,056	5,779,056	5,779,056	5,779,056	5,709,162	5,167,167	4,448,670	4,448,670	4,448,670
Receivables	318,000	190,813	190,520	195,283	200,165	205,170	210,299	215,556	220,945	226,469	232,130	237,934
<b>Total Current Assets</b>	<b>20,204,000</b>	<b>32,054,715</b>	<b>32,671,556</b>	<b>5,974,339</b>	<b>6,543,760</b>	<b>6,496,034</b>	<b>6,291,817</b>	<b>5,924,718</b>	<b>5,388,112</b>	<b>4,675,139</b>	<b>5,264,797</b>	<b>5,663,623</b>
<b>Non-Current Assets</b>												
Infrastructure, Property, Plant & Equipment	57,313,000	56,795,992	56,228,843	55,224,871	54,208,060	53,328,280	52,444,003	51,555,269	50,662,121	49,764,605	48,862,768	47,956,661
Investment Property	134,970,000	134,970,000	134,970,000	134,970,000	134,970,000	134,970,000	134,970,000	134,970,000	134,970,000	134,970,000	134,970,000	134,970,000
Intangible Assets	5,409,000	5,409,000	5,409,000	5,409,000	5,409,000	5,409,000	5,409,000	5,409,000	5,409,000	5,409,000	5,409,000	5,409,000
<b>Total Non-Current Assets</b>	<b>197,692,000</b>	<b>197,174,992</b>	<b>196,607,843</b>	<b>195,603,871</b>	<b>194,587,060</b>	<b>193,707,280</b>	<b>192,823,003</b>	<b>191,934,269</b>	<b>191,041,121</b>	<b>190,143,605</b>	<b>189,241,768</b>	<b>188,335,661</b>
<b>TOTAL ASSETS</b>	<b>217,896,000</b>	<b>229,229,707</b>	<b>229,279,398</b>	<b>201,578,210</b>	<b>201,130,819</b>	<b>200,203,314</b>	<b>199,114,820</b>	<b>197,858,987</b>	<b>196,429,233</b>	<b>194,818,743</b>	<b>194,506,565</b>	<b>193,999,284</b>
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
Payables	31,749,000	86,187,368	86,772,471	86,989,158	87,490,306	87,931,338	88,310,750	88,627,005	88,878,524	89,063,689	90,136,334	91,139,269
Contract liabilities	3,198,000	1,666,394	1,804,198	1,806,243	1,851,399	1,897,684	1,945,126	1,993,754	2,043,598	2,094,688	2,147,055	2,200,732
Borrowings	-	-	27,788,678	1,218,899	1,503,426	1,549,154	1,596,273	1,644,826	1,694,854	1,746,405	1,799,524	1,854,258
Provisions	728,000	728,000	728,000	728,000	728,000	728,000	728,000	728,000	728,000	728,000	728,000	728,000
<b>Total Current Liabilities</b>	<b>35,675,000</b>	<b>88,581,762</b>	<b>117,093,348</b>	<b>90,742,300</b>	<b>91,573,131</b>	<b>92,106,176</b>	<b>92,580,150</b>	<b>92,993,585</b>	<b>93,344,976</b>	<b>93,632,782</b>	<b>94,810,913</b>	<b>95,922,258</b>
<b>Non-Current Liabilities</b>												
Payables	88,165,000	47,657,860	47,820,806	47,951,747	48,220,889	48,456,405	48,657,454	48,823,173	48,952,680	49,045,070	49,630,027	50,175,988
Borrowings	44,631,000	44,631,000	16,842,322	15,623,423	14,119,997	12,570,843	10,974,569	9,329,744	7,634,889	5,888,484	4,088,961	2,234,703
<b>Total Non-Current Liabilities</b>	<b>132,796,000</b>	<b>92,288,860</b>	<b>64,663,128</b>	<b>63,575,170</b>	<b>62,340,886</b>	<b>61,027,248</b>	<b>59,632,023</b>	<b>58,152,917</b>	<b>56,587,569</b>	<b>54,933,554</b>	<b>53,718,988</b>	<b>52,410,691</b>
<b>TOTAL LIABILITIES</b>	<b>168,471,000</b>	<b>180,870,622</b>	<b>181,756,476</b>	<b>154,317,470</b>	<b>153,914,018</b>	<b>153,133,424</b>	<b>152,212,173</b>	<b>151,146,502</b>	<b>149,932,546</b>	<b>148,566,336</b>	<b>148,529,901</b>	<b>148,332,949</b>
<b>Net Assets</b>	<b>49,425,000</b>	<b>48,359,086</b>	<b>47,522,922</b>	<b>47,260,740</b>	<b>47,216,802</b>	<b>47,069,890</b>	<b>46,902,647</b>	<b>46,712,485</b>	<b>46,496,687</b>	<b>46,252,407</b>	<b>45,976,664</b>	<b>45,666,335</b>
<b>EQUITY</b>												
Retained Earnings	21,657,000	20,591,086	19,754,922	19,492,740	19,448,802	19,301,890	19,134,647	18,944,485	18,728,687	18,484,407	18,208,664	17,898,335
Revaluation Reserves	27,768,000	27,768,000	27,768,000	27,768,000	27,768,000	27,768,000	27,768,000	27,768,000	27,768,000	27,768,000	27,768,000	27,768,000
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	49,425,000	48,359,086	47,522,922	47,260,740	47,216,802	47,069,890	46,902,647	46,712,485	46,496,687	46,252,407	45,976,664	45,666,335
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Equity</b>	<b>49,425,000</b>	<b>48,359,086</b>	<b>47,522,922</b>	<b>47,260,740</b>	<b>47,216,802</b>	<b>47,069,890</b>	<b>46,902,647</b>	<b>46,712,485</b>	<b>46,496,687</b>	<b>46,252,407</b>	<b>45,976,664</b>	<b>45,666,335</b>



Cash Flow Statement – Blue Haven – Base Case

Kiama Municipal Council												
10 Year Financial Plan for the Years ending 30 June 2032												
CASH FLOW STATEMENT - NEW AGED CARE FACILITY (BLUE	Actuals	Current Year	Projected Years									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>												
<b>Receipts:</b>												
User Charges & Fees	-	5,221,838	5,842,739	5,960,223	6,109,229	6,261,960	6,418,509	6,578,971	6,743,445	6,912,032	7,084,832	7,261,953
Investment & Interest Revenue Received	-	0	221,250	225,905	232,682	239,663	246,853	254,258	261,886	269,742	277,835	286,170
Grants & Contributions	-	11,424,215	13,681,375	13,867,601	14,257,352	14,613,785	14,979,130	15,353,608	15,737,449	16,130,885	16,534,157	16,947,511
Bonds & Deposits Received	-	27,093,000	23,869,847	23,869,847	31,482,989	31,482,989	31,482,989	31,482,989	31,482,989	31,482,989	38,408,443	38,408,443
Other	-	1,548,645	1,538,879	1,551,729	1,564,387	1,576,839	1,589,068	1,601,060	1,612,797	1,624,262	1,635,436	1,646,301
<b>Payments:</b>												
Employee Benefits & On-Costs	-	(12,714,720)	(12,311,189)	(12,680,665)	(13,061,084)	(13,452,916)	(13,856,503)	(14,272,197)	(14,700,362)	(15,141,372)	(15,595,613)	(16,063,480)
Materials & Contracts	-	(8,805,422)	(10,338,599)	(10,914,999)	(11,151,802)	(11,430,574)	(11,716,316)	(12,009,199)	(12,309,404)	(12,617,113)	(12,932,514)	(13,255,798)
Borrowing Costs	-	(1,374,198)	(1,369,345)	(685,117)	(408,297)	(449,031)	(403,303)	(356,184)	(307,632)	(257,603)	(206,053)	(152,934)
Bonds & Deposits Refunded	-	(9,521,456)	(19,827,826)	(19,827,826)	(26,962,018)	(26,962,018)	(26,962,018)	(26,962,018)	(26,962,018)	(26,962,018)	(32,401,368)	(32,401,368)
<b>Net Cash provided (or used in) Operating Activities</b>	-	12,871,903	1,307,133	1,366,698	2,063,437	1,880,696	1,778,409	1,671,288	1,559,150	1,441,803	2,805,156	2,676,797
<b>Cash Flows from Investing Activities</b>												
<b>Receipts:</b>												
Sale of Investment Securities	-	-	-	14,106,944	-	-	-	69,894	541,995	718,497	-	-
Sale of Infrastructure, Property, Plant & Equipment	-	16,000	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>												
Purchase of Infrastructure, Property, Plant & Equipment	-	(910,000)	(690,000)	(280,000)	(280,000)	(430,000)	(438,600)	(447,372)	(456,319)	(465,446)	(474,755)	(484,250)
<b>Net Cash provided (or used in) Investing Activities</b>	-	(894,000)	(690,000)	13,826,944	(280,000)	(430,000)	(438,600)	(377,478)	85,676	253,051	(474,755)	(484,250)
<b>Cash Flows from Financing Activities</b>												
<b>Payments:</b>												
Repayment of Borrowings & Advances	-	-	-	(27,788,678)	(1,218,899)	(1,503,426)	(1,549,154)	(1,596,273)	(1,644,826)	(1,694,854)	(1,746,405)	(1,799,524)
<b>Net Cash Flow provided (used in) Financing Activities</b>	-	-	-	(27,788,678)	(1,218,899)	(1,503,426)	(1,549,154)	(1,596,273)	(1,644,826)	(1,694,854)	(1,746,405)	(1,799,524)
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	-	11,977,903	617,133	(12,595,035)	564,538	(52,730)	(209,345)	(302,463)	0	0	583,996	393,024
<b>plus: Cash &amp; Cash Equivalents - beginning of year</b>	-	-	11,977,903	12,595,035	-	564,538	511,808	302,463	0	0	0	583,996
<b>Cash &amp; Cash Equivalents - end of the year</b>	-	<b>11,977,903</b>	<b>12,595,035</b>	<b>-</b>	<b>564,538</b>	<b>511,808</b>	<b>302,463</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>583,996</b>	<b>977,020</b>
Cash & Cash Equivalents - end of the year	-	11,977,903	12,595,035	-	564,538	511,808	302,463	0	0	0	583,996	977,020
Investments - end of the year	19,886,000	19,886,000	19,886,000	5,779,056	5,779,056	5,779,056	5,779,056	5,709,162	5,167,167	4,448,670	4,448,670	4,448,670
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	<b>19,886,000</b>	<b>31,863,903</b>	<b>32,481,035</b>	<b>5,779,056</b>	<b>6,343,594</b>	<b>6,290,864</b>	<b>6,081,519</b>	<b>5,709,162</b>	<b>5,167,167</b>	<b>4,448,670</b>	<b>5,032,666</b>	<b>5,425,689</b>
<b>Representing:</b>												
- External Restrictions	24,608,000	34,006,678	34,006,678	6,218,000	6,218,000	6,218,000	6,218,000	6,218,000	6,218,000	6,218,000	6,218,000	6,218,000
- Internal Restrictions	690,000	690,000	690,000	690,000	690,000	690,000	690,000	690,000	690,000	690,000	690,000	690,000
- Unrestricted	(5,412,000)	(2,832,775)	(2,215,643)	(1,128,944)	(564,406)	(617,136)	(826,481)	(1,198,838)	(1,740,833)	(2,459,330)	(1,875,334)	(1,482,311)
	<b>19,886,000</b>	<b>31,863,903</b>	<b>32,481,035</b>	<b>5,779,056</b>	<b>6,343,594</b>	<b>6,290,864</b>	<b>6,081,519</b>	<b>5,709,162</b>	<b>5,167,167</b>	<b>4,448,670</b>	<b>5,032,666</b>	<b>5,425,689</b>



