

DRAFT

**2020 - 2030
LONG TERM
FINANCIAL PLAN**

DRAFT

This updated Long Term Financial Plan 2020-2030 was adopted by Council at its Ordinary Meeting held Thursday XXXX 2020, following consideration of any comments or submissions received from public exhibition and consultation with the community.

Contents

1. Key Financial Sustainability Objectives	3
2. Key Items of Operating Revenue and Expenditure	4
3. Special Rate Variation and Rates Harmonisation.....	5
4. Planned Scenario.....	5
Rates and User Fees & Charges	5
Expiry of the Special Rate Variation pertaining to properties in the former Tumut Shire	5
Employee Costs and Organisational Structure.....	5
Materials & Contracts and Other Inputs	6
Population Growth Projections.....	6
Indexation	6
Asset Ownership & Management.....	6
Asset Renewal.....	6
Depreciation	6
Natural Disasters	6
External Factors.....	7
Interest Rates	7
External Borrowings.....	7
Planned Scenario – Primary Financial Reports	8
5. Unsustainable Scenario	12
Assumptions	12
Implications.....	12
Unsustainable Scenario – Primary Financial Reports.....	13
6. Sensitivity Analysis	15
Employee Costs.....	15
Interest Rates	15
Capital Works Programs	15
Grant Programs	15
Rates Income	15
Cost Shifting	15
Energy Costs	15
Insurance and Workers Compensation	16
Superannuation	16
7. Indicators	16
Operating Performance Ratio – Benchmark > 0%.....	16
Own Source Revenue – Benchmark > 60%	16
Unrestricted Current Ratio – Benchmark >1.5.....	16
Debt Service Cover Ratio – Benchmark >2.....	16
Rates and Annual Charges Outstanding – Benchmark <10%	16
Cash Expenses Cover Ratio – Benchmark >3 months.....	16
8. Capital Works Program	17

Introduction

The Long-Term Financial Plan (LTFP) is a planning and decision-making tool that shows the long-term financial impacts of Council's decisions based on a set of assumptions. It is a requirement under the Integrated Planning and Reporting framework for NSW Local Government. Snowy Valleys Council's LTFP is an important and central part of Council's strategic planning process that spans a rolling 10-year period and is a document that is intended to remain flexible. The LTFP is reviewed and updated at least annually. However, in the current uncertain economic environment, Council will review the LTFP as necessary.

The three key elements of the LTFP correspond to Council's primary financial reporting documents, namely the income statement, the statement of financial position and the statement of cash flows. The income statement (or profit and loss statement) details Council's operating revenue and expenditure associated with ongoing activities with a focus on the operating result which shows whether Council is spending more or less than it earns. The statement of financial position (or balance sheet) details changes in Council's assets and liabilities. The statement of cash flows details where Council plans to generate and spend its cash in operating (ongoing) activities and capital programs (renewals, upgrades and new assets).

The key focus of this updated LTFP is Council's General Fund which includes all activities except for water supply and sewerage businesses, which are accounted for separately under National Competition Policy requirements. Two scenarios are considered:

- a planned scenario; and
- an unsustainable scenario.

Financial modelling has also been completed for Council's Water Supply and Sewerage Funds. Only one scenario each for the Water Supply and Sewerage Funds is included in this updated LTFP at this stage. Further modelling work will be undertaken in the near future as noted in Council's Road to Sustainability Plan February 2020.

1. Key Financial Sustainability Objectives

Council recognises that the principles of sound financial management in the NSW Local Government Act (section 8B) emphasise two key elements:

- Responsible and sustainable spending (aligning general revenue and expenses and achieving a small operating surplus); and
- Responsible and sustainable infrastructure investment (adequate provision in maintenance and renewal).

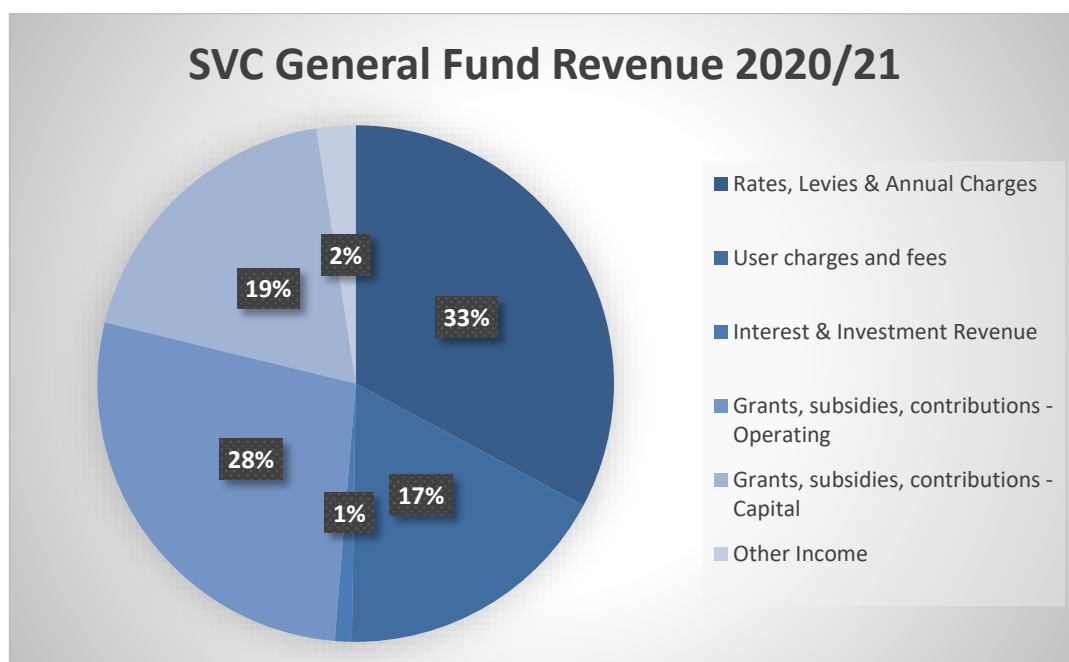
Assumptions informing the planned scenario for the General Fund have been developed with the primary aim of achieving an operating surplus over the 10-year period.

Council also ensures it provides sufficient funding for renewal of existing assets based on an analysis of actual renewal requirements as set out in its Service Management Plans. Because its assets are in good condition, Council proposes to keep its renewal program stable, but may revise this forecast following a needs analysis in consultation with users.

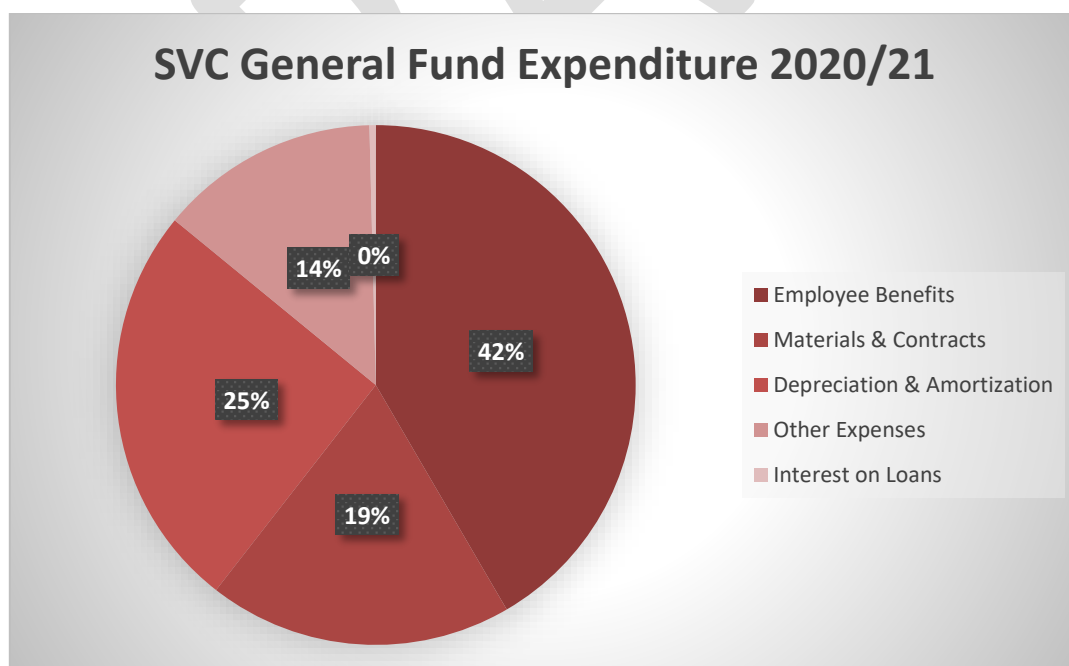
In addition to the above, Council aims to maintain sufficient cash, manage its debtors, to maintain its debt within acceptable limits and to keep the typical residential bill for water and sewerage services as low as possible and stable over the long term. Initial modelling has been undertaken to assess the need for changes. It is expected that further revisions will be necessary following further analysis.

2. Key Items of Operating Revenue and Expenditure

The following charts summarise the key areas of revenue and expenditure associated with operational programs in Council's 2020/21 budget for the General Fund:



Council receives 50% of its revenue from rates, levies, annual charges and user charges and fees. Rates include approximately \$640K from the special rate variation in the former Tumut Shire area. 47% of revenue results from operational and capital grants, which for 2020/21 include a \$5M grant from Softwoods funding. The remaining 3% of revenue are from investment returns and other income streams.



Council expenditure on employee benefits comprises 42% of total expenditure. Materials, contracts and other expenses that are used in direct inputs to operations make up 33% and depreciation 25%. Interest payments on outstanding loans are below 1% of total expenditure.

3. Special Rate Variation and Rates Harmonisation

A Special Rate Variation (SRV) applied to residential and business land in the former Tumut Shire and was to expire in 2020. However, due to Council deciding in August 2019 to postpone rates harmonisation, the rates freeze effected for the merged Council by Ministerial determination continues to maintain the rate path for each “parcel of land” in the amalgamated Councils. The SRV applying in the former Tumut Shire area will be reversed as part of the rates harmonisation process during the 2020/21 financial year.

From 2021/22 onwards, the expiry of the SRV will result in a reduction of revenues of approximately \$640,000 per year, a gap that Council intends to bridge via the actions in Council's Road to Sustainability Plan as well as the pursuit of alternative revenue streams and a review of service levels.

In February 2020 Council endorsed the Snowy Valleys Council Rates Options Study containing various options for rates harmonisation for the purpose of seeking community feedback. Community consultation will inform Council's decision-making for harmonising its rates beginning 1 July 2021.

4. Planned Scenario

The assumptions that inform the Planned Scenario are detailed below. The primary financial reports for the three scenarios follow the discussion of assumptions. It is noted that the assumptions relate to Council's General Fund only, and separate modelling for the Water Supply and Sewerage Funds will be undertaken in the near future. It is also important to remember that the LTFP is subject to uncertainties and change including changes due to uncontrollable events such as legislative changes, natural disasters and economic shocks.

Rates and User Fees & Charges

Rates, Fees and Charges are assumed to increase in line with CPI. Council harmonised its utilities charges prior to July 2019 and with the exception of CPI no further changes to these have been assumed.

Expiry of the Special Rate Variation pertaining to properties in the former Tumut Shire

As noted above, it is assumed that Council's rate revenues will decrease by approximately \$640,000 from 2021/22 when the existing SRV for the former Tumut Shire is wound back under the rates harmonisation project.

Employee Costs and Organisational Structure

Council's current organisational structure budget reflects all current positions. It is based on the re-structured administration that was put in place in November 2019. Further organisational structure reviews are expected and will have an impact on future planning.

Employee costs make up 39% of consolidated Council ongoing expenses (General Fund 42%, Water Supply Fund 23%, Sewerage Fund 28%). The overall salaries and wages budget is \$16.5M for the financial year 2020/21. Cost decreases result from the recent restructure and from a shift in accounting for some employees (primarily those working in the Infrastructure Works division) from operational activities to capital activities, particularly grant-funded construction projects. Cost increases result from mandated wage increases under the Local Government Award and staff moving through the Award structure. Historically Award increases have been higher than CPI and the allowable increase in rates revenue under the rating peg. Further wage increases are required resulting from the statutory increase in superannuation contributions from 9.5% to 12% by 2025/26.

The Planned Scenario also provides for an efficiency component whereby all positions will be subject to review upon vacancy and a consistent vacancy rate is assumed. The planned scenario assumes that these shifts can be sustained in the long-term.

Materials & Contracts and Other Inputs

Materials and contracts make up 22% and other operational inputs 13% of Council ongoing expenses. These costs are assumed to increase in line with CPI, however, some items may have movements outside CPI. Council's Road to Sustainability Plan outlines the need for a review of Council's procurement processes to identify opportunities to generate savings. This has been incorporated into the LTFP as ongoing savings from day-to-day operations.

Population Growth Projections

Population growth is forecast to be less than 1%. Due to the minor forecast, the LTFP has been prepared based on a no-net population change basis.

Indexation

Base indexation of assumed CPI of 2.5% has been used in the determination of future years with a reduced figure of 2.2% for materials & contracts and 2% for other expenditure.

Asset Ownership & Management

Council is seeking to maximise the useful life of all assets and will achieve this by adequately funding maintenance and renewals. Council continues to manage assets in accordance with its adopted Asset Management Plans. Council owned/controlled assets will receive priority spending and Council will continue to review circumstances that have an impact on strategy, including condition assessment protocols, determining remaining asset lives and service levels.

Asset Renewal

The forecast expenditure is sufficient to meet the cost of predicted asset renewals. Decreasing expenditure in this area would risk declining levels of asset conditions, leading to more costly replacements and/or reductions in service levels. Council is fully utilising the revenue from Roads to Recovery and other State and Commonwealth grants to fund renewals and maintenance activities. A key assumption in the LTFP is that capital works are linked to external grant funding. Should the level of grant funding decrease in future years, Council may need to identify additional income sources and/or reduce the service levels provided.

Depreciation

Depreciation makes up 26% of consolidated Council operating expenses (General Fund 25%, Water Supply Fund 31%, Sewerage Fund 26%). The forecast assumes no significant valuation movements that would affect the current charges for depreciation and the method for applying useful lives. While there is potential to reduce depreciation by disposing of underutilised assets, such a move would need to be considered in consultation with users.

Council's transport network is being revalued in the financial year 2019/20. At this stage there is no indication whether this will result in a change to depreciation expenses.

Natural Disasters

The LTFP assumes that Natural Disaster impacts will be funded for public infrastructure from State / Commonwealth natural disaster arrangements. However, the recent bushfire crisis has shown that in the case of a major disaster, these funding arrangements are inadequate to cover all costs to Council. No allowance has been made for future disaster events. Funding is not received for Water and Sewer Infrastructure, Public Open Space and Recreational Facilities, damage to which has to be funded from available reserves or is covered under insurance arrangements.

External Factors

In the past few years financial assistance grants have been partially prepaid. While this has a negative effect (reduction in income) on the operating budget of the following year, the fact that it has occurred on a regular basis has resulted in minimal impact against forecast income. The planned scenario is making the assumption that all grant funding will be received during the financial year it has been allocated.

Interest Rates

Due to the recent and ongoing economic uncertainty a conservative approach has been taken for 2020/21 for interest on investments. For the following years, a figure of 2.5% has been assumed.

External Borrowings

Council currently holds a number of external loans against water, sewerage, caravan park and building assets, with no future loans forecast within the LTFP. Loans will be considered in future plans where required.

DRAFT

Planned Scenario – Primary Financial Reports

Following are the reports for Council's General Fund, Water Supply Fund and Sewerage Fund and a consolidated model incorporating all three.



General Fund Income Statement

Account Description	Planned Scenario									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Income										
Rates, Levies & Annual Charges	12,696,663	12,374,575	12,683,939	13,001,038	13,326,064	13,659,215	14,000,696	14,350,713	14,709,481	15,077,218
User charges and fees	6,732,563	7,095,627	7,273,018	7,454,843	7,641,214	7,832,245	8,028,051	8,228,752	8,434,471	8,645,333
Interest & Investment Revenue	410,500	298,156	329,441	340,027	368,197	395,695	442,928	511,187	587,147	664,065
Grants, subsidies, contributions - Operating	10,637,799	10,903,744	11,176,338	11,455,746	11,742,140	12,035,693	12,336,585	12,645,000	12,961,125	13,285,153
Grants, subsidies, contributions - Capital	7,250,116	6,680,000	1,710,000	1,710,000	1,730,000	1,740,000	1,760,000	1,760,000	1,760,000	1,760,000
Other Income	944,771	1,483,390	1,525,350	1,570,065	1,618,201	1,670,651	1,728,609	1,793,684	1,868,037	1,954,577
Total Income	38,672,412	38,835,493	34,698,086	35,531,720	36,425,816	37,333,499	38,296,870	39,289,336	40,320,261	41,386,346
Expenses										
Employee Benefits	14,397,997	13,992,508	14,342,321	14,700,879	15,068,401	15,445,111	15,831,238	16,227,019	16,632,695	17,048,512
Materials & Contracts	6,556,259	6,599,989	6,644,011	6,688,327	6,732,938	6,777,847	6,823,055	6,868,565	6,914,378	6,960,497
Depreciation & Amortization	8,788,000	9,007,700	9,232,893	9,463,715	9,700,308	9,942,815	10,191,386	10,446,170	10,707,325	10,975,008
Other Expenses	4,736,193	5,008,414	4,790,519	4,713,871	4,638,449	4,564,234	4,491,206	4,419,347	4,348,637	4,279,059
Interest on Loans	137,014	94,200	83,614	77,096	70,721	64,403	58,408	53,184	47,643	42,679
Total Expenses	34,615,463	34,702,811	35,093,358	35,643,887	36,210,816	36,794,409	37,395,293	38,014,285	38,650,678	39,305,755
Operating Result - Surplus/(Deficit)	4,056,949	4,132,682	(395,271)	(112,168)	215,000	539,090	901,577	1,275,051	1,669,584	2,080,591
Surplus/(Deficit) after Capital Grants	(3,193,167)	(2,547,318)	(2,105,271)	(1,822,168)	(1,515,000)	(1,200,910)	(858,423)	(484,949)	(90,416)	320,591

General Fund Balance Sheet

Account Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Current Assets										
Cash and cash equivalents	6,267,920	6,288,166	6,308,742	6,329,652	6,350,901	6,372,494	6,394,434	6,416,726	6,439,375	6,462,386
Current Investments	11,926,249	13,177,660	13,601,098	14,727,876	15,827,814	17,717,128	20,447,476	23,485,899	26,562,610	30,240,407
Current Receivables	1,537,500	1,575,938	1,615,336	1,655,719	1,697,112	1,739,540	1,783,029	1,827,604	1,873,294	1,920,127
Total Current Assets	19,731,669	21,041,763	21,525,176	22,713,247	23,875,827	25,829,162	28,624,938	31,730,230	34,875,280	38,622,920
Non Current Assets										
Infrastructure, Property, Plant and Equipment	488,023,776	490,513,576	489,576,684	488,320,469	487,418,854	486,065,539	484,233,153	482,553,982	481,230,158	479,715,150
Total Non Current Assets	488,023,776	490,513,576	489,576,684	488,320,469	487,418,854	486,065,539	484,233,153	482,553,982	481,230,158	479,715,150
Total Assets	507,755,445	511,555,339	511,101,859	511,033,716	511,294,681	511,894,700	512,858,091	514,284,212	516,105,438	518,338,070
Current Liabilities										
Current Payables	2,667,420	2,726,103	2,786,078	2,847,371	2,910,013	2,974,034	3,039,462	3,106,331	3,174,670	3,244,513
Current Borrowings	540,762	271,207	174,118	177,447	167,881	172,524	88,931	94,158	99,699	105,566
Current Provisions	5,971,650	6,120,941	6,273,965	6,430,814	6,591,584	6,756,374	6,925,283	7,098,415	7,275,876	7,457,773
Total Current Liabilities	9,179,832	9,118,251	9,234,160	9,455,632	9,669,479	9,902,932	10,053,677	10,298,904	10,550,245	10,807,851
Non Current Liabilities										
Non Current Borrowings	1,948,808	1,677,601	1,503,483	1,326,036	1,158,155	985,631	896,700	802,542	702,843	597,277
Non Current Provisions	171,175	175,454	179,841	184,337	188,945	193,669	198,511	203,473	208,560	213,774
Total Non Current Liabilities	2,119,983	1,853,055	1,683,324	1,510,373	1,347,100	1,179,300	1,095,210	1,006,015	911,403	811,051
Total Liabilities	11,299,815	10,971,307	10,917,484	10,966,005	11,016,579	11,082,231	11,148,887	11,304,919	11,461,647	11,618,902
Net Assets	496,455,630	500,584,033	500,184,375	500,067,711	500,278,103	500,812,469	501,709,204	502,979,293	504,643,790	506,719,168
Equity										
Council equity	496,455,630	500,584,033	500,184,375	500,067,711	500,278,103	500,812,469	501,709,204	502,979,293	504,643,790	506,719,168
Total Equity	496,455,630	500,584,033	500,184,375	500,067,711	500,278,103	500,812,469	501,709,204	502,979,293	504,643,790	506,719,168
Total Equity	496,455,630	500,584,033	500,184,375	500,067,711	500,278,103	500,812,469	501,709,204	502,979,293	504,643,790	506,719,168

General Fund Cash Flow

Account Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Cash Flows from Operating Activities										
Receipts:										
Rates, Levies & Annual Charges	12,696,663	12,374,575	12,683,939	13,001,038	13,326,064	13,659,215	14,000,696	14,350,713	14,709,481	15,077,218
User charges and fees	6,732,563	7,095,627	7,273,018	7,454,843	7,641,214	7,832,245	8,028,051	8,228,752	8,434,471	8,645,333
Interest & Investment Revenue	410,500	298,156	329,441	340,027	368,197	395,695	442,928	511,187	587,147	664,065
Grants, subsidies, contributions - Operating	10,637,799	10,903,744	11,176,338	11,455,746	11,742,140	12,035,693	12,336,585	12,645,000	12,961,125	13,285,153
Grants, subsidies, contributions - Capital	7,250,116	6,680,000	1,710,000	1,710,000	1,730,000	1,740,000	1,760,000	1,760,000	1,760,000	1,760,000
Other Income	944,771	1,483,390	1,525,350	1,570,065	1,618,201	1,670,651	1,728,609	1,793,684	1,868,037	1,954,577
Payments:										
Employee Benefits	(14,252,347)	(13,843,217)	(14,189,297)	(14,544,029)	(14,907,630)	(15,280,321)	(15,662,329)	(16,053,887)	(16,455,234)	(16,866,615)
Materials and Contracts	(6,556,259)	(6,599,989)	(6,644,011)	(6,688,327)	(6,732,938)	(6,777,847)	(6,823,055)	(6,868,565)	(6,914,378)	(6,960,497)
Other Expenses	(4,736,193)	(5,008,414)	(4,790,519)	(4,713,871)	(4,638,449)	(4,564,234)	(4,491,206)	(4,419,347)	(4,348,637)	(4,279,059)
Net cash provided (or used in) operating activities	13,127,613	13,383,873	9,074,259	9,585,492	10,146,799	10,711,098	11,320,280	11,947,538	12,602,012	13,280,175
Cash Flows from Investing Activities										
Payments:										
Purchase of infrastructure, plant and equipment	(16,410,950)	(11,497,500)	(8,296,000)	(8,207,500)	(8,798,693)	(8,589,500)	(8,359,000)	(8,767,000)	(9,383,500)	(9,460,000)
Net cash provided (or used in) investing activities	(16,410,950)	(11,497,500)	(8,296,000)	(8,207,500)	(8,798,693)	(8,589,500)	(8,359,000)	(8,767,000)	(9,383,500)	(9,460,000)
Cash Flows from Financing Activities										
Payments:										
Repayment of Borrowings and Advances	(625,444)	(634,962)	(354,821)	(251,214)	(248,168)	(232,284)	(230,932)	(142,115)	(141,801)	(142,378)
Net cash provided (or used in) financing activities	(625,444)	(634,962)	(354,821)	(251,214)	(248,168)	(232,284)	(230,932)	(142,115)	(141,801)	(142,378)
Net (increase) / decrease in cash	(3,908,781)	1,251,411	423,438	1,126,778	1,099,938	1,889,314	2,730,348	3,038,423	3,076,711	3,677,797



Water Fund Income Statement

Account Description	Planned Scenario									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Income										
Rates, Levies & Annual Charges	1,040,265	1,066,272	1,092,928	1,120,252	1,148,258	1,176,964	1,206,388	1,236,548	1,267,462	1,299,148
User charges and fees	3,024,000	3,099,600	3,177,090	3,256,517	3,337,930	3,421,378	3,506,913	3,594,586	3,684,450	3,776,562
Interest & Investment Revenue	30,000	102,228	78,158	84,147	14,358	18,645	40,887	89,215	74,187	99,144
Grants, subsidies, contributions - Operating	56,000	57,400	58,835	60,306	61,814	63,359	64,943	66,566	68,231	69,936
Grants, subsidies, contributions - Capital	10,000	360,250	3,010,506	4,010,769	11,038	11,314	1,261,597	11,887	12,184	12,489
Other Income	6,300	6,458	6,619	6,784	6,954	7,128	7,306	7,489	7,676	7,868
Total Income	4,166,565	4,692,207	7,424,137	8,538,776	4,580,352	4,698,789	6,088,034	5,006,291	5,114,190	5,265,147
Expenses										
Employee Benefits	883,467	1,041,387	1,067,421	1,094,107	1,121,460	1,149,496	1,178,233	1,207,689	1,237,882	1,268,829
Materials & Contracts	1,161,750	1,187,309	1,213,429	1,240,125	1,267,407	1,295,290	1,323,787	1,352,910	1,382,674	1,413,093
Depreciation & Amortization	1,167,000	1,196,175	1,226,079	1,256,731	1,288,150	1,320,353	1,353,362	1,387,196	1,421,876	1,457,423
Other Expenses	388,000	412,700	427,893	445,171	465,185	488,809	517,222	552,012	595,323	650,045
Total Expenses	3,784,217	3,976,589	4,035,967	4,102,947	4,198,918	4,305,713	4,421,645	4,545,236	4,679,833	4,828,366
Operating Result - Surplus/(Deficit)	382,348	715,618	3,388,171	4,435,828	381,434	393,076	1,666,389	461,054	434,357	436,781
Surplus/(Deficit) after Capital Grants	372,348	355,368	377,664	425,060	370,396	381,762	404,792	449,167	422,173	424,292

Water Fund Balance Sheet

Account Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Current Assets										
Cash and cash equivalents	1,827,275	1,792,707	1,757,275	1,720,956	1,683,730	1,645,574	1,606,463	1,566,374	1,525,284	1,483,166
Current Investments	4,089,118	3,126,339	3,365,898	574,324	745,815	1,635,478	3,568,595	2,967,490	3,965,754	4,908,640
Current Receivables	1,382,725	1,417,293	1,452,725	1,489,044	1,526,270	1,564,426	1,603,537	1,643,626	1,684,716	1,726,834
Total Current Assets	7,299,118	6,336,339	6,575,898	3,784,324	3,955,815	4,845,478	6,778,595	6,177,490	7,175,754	8,118,640
Non Current Assets										
Infrastructure, Property, Plant and Equipment	51,377,000	52,465,825	54,992,746	61,566,014	61,522,865	60,942,511	60,639,149	61,661,953	61,055,077	60,502,653
Total Non Current Assets	51,377,000	52,465,825	54,992,746	61,566,014	61,522,865	60,942,511	60,639,149	61,661,953	61,055,077	60,502,653
Total Assets	58,676,118	58,802,164	61,568,644	65,350,338	65,478,680	65,787,989	67,417,744	67,839,443	68,230,831	68,621,293
Current Liabilities										
Current Borrowings	589,572	621,691	654,134	253,093	83,766	36,634	39,356	42,969	46,318	49,928
Total Current Liabilities	589,572	621,691	654,134	253,093	83,766	36,634	39,356	42,969	46,318	49,928
Non Current Liabilities										
Non Current Borrowings	2,270,198	1,648,507	994,373	741,280	657,514	620,880	581,524	538,555	492,237	442,309
Total Non Current Liabilities	2,270,198	1,648,507	994,373	741,280	657,514	620,880	581,524	538,555	492,237	442,309
Total Liabilities	2,859,770	2,270,198	1,648,507	994,373	741,280	657,514	620,880	581,524	538,555	492,237
Net Assets	55,816,348	56,531,966	59,920,137	64,355,965	64,737,400	65,130,475	66,796,864	67,257,919	67,692,276	68,129,056
Equity										
Council equity	55,816,348	56,531,966	59,920,137	64,355,965	64,737,400	65,130,475	66,796,864	67,257,919	67,692,276	68,129,056
Total Equity	55,816,348	56,531,966	59,920,137	64,355,965	64,737,400	65,130,475	66,796,864	67,257,919	67,692,276	68,129,056

Water Fund Cash Flow

Account Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Cash Flows from Operating Activities										
Receipts:										
Rates, Levies & Annual Charges	1,040,265	1,066,272	1,092,928	1,120,252	1,148,258	1,176,964	1,206,388	1,236,548	1,267,462	1,299,148
User charges and fees	3,024,000	3,099,600	3,177,090	3,256,517	3,337,930	3,421,378	3,506,913	3,594,586	3,684,450	3,776,562
Interest & Investment Revenue	30,000	102,228	78,158	84,147	14,358	18,645	40,887	89,215	74,187	99,144
Grants, subsidies, contributions - Operating	56,000	57,400	58,835	60,306	61,814	63,359	64,943	66,566	68,231	69,936
Grants, subsidies, contributions - Capital	10,000	360,250	3,010,506	4,010,769	11,038	11,314	1,261,597	11,887	12,184	12,489
Other Income	6,300	6,458	6,619	6,784	6,954	7,128	7,306	7,489	7,676	7,868
Payments:										
Employee Benefits	(883,467)	(1,041,387)	(1,067,421)	(1,094,107)	(1,121,460)	(1,149,496)	(1,178,233)	(1,207,689)	(1,237,882)	(1,268,829)
Materials and Contracts	(1,161,750)	(1,187,309)	(1,213,429)	(1,240,125)	(1,267,407)	(1,295,290)	(1,323,787)	(1,352,910)	(1,382,674)	(1,413,093)
Other Expenses	(388,000)	(412,700)	(427,893)	(445,171)	(465,185)	(488,809)	(517,222)	(552,012)	(595,323)	(650,045)
Net cash provided (or used in) operating activities	1,733,348	2,050,812	4,715,394	5,759,373	1,726,300	1,765,193	3,068,792	1,893,680	1,898,312	1,933,180
Cash Flows from Investing Activities										
Payments:										
Purchase of infrastructure, plant and equipment	(1,431,000)	(2,285,000)	(3,753,000)	(7,830,000)	(1,245,000)	(740,000)	(1,050,000)	(2,410,000)	(815,000)	(905,000)
Net cash provided (or used in) investing activities	(1,431,000)	(2,285,000)	(3,753,000)	(7,830,000)	(1,245,000)	(740,000)	(1,050,000)	(2,410,000)	(815,000)	(905,000)
Cash Flows from Financing Activities										
Payments:										
Repayment of Borrowings and Advances	(745,230)	(728,591)	(722,835)	(720,947)	(309,809)	(135,530)	(85,675)	(84,785)	(85,048)	(85,294)
Net cash provided (or used in) financing activities	(745,230)	(728,591)	(722,835)	(720,947)	(309,809)	(135,530)	(85,675)	(84,785)	(85,048)	(85,294)
Net (increase) / decrease in cash	(442,882)	(962,779)	239,559	(2,791,574)	171,491	889,663	1,933,117	(601,105)	998,264	942,886



Sewerage Fund Income Statement

Account Description	Planned Scenario									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Income										
Rates, Levies & Annual Charges	4,260,860	4,367,382	4,476,566	4,588,480	4,703,192	4,820,772	4,941,291	5,064,824	5,191,444	5,321,230
User charges and fees	201,200	206,230	211,386	216,670	222,087	227,639	233,330	239,164	245,143	251,271
Interest & Investment Revenue	30,000	153,351	171,332	158,593	174,408	190,318	203,107	211,180	230,325	249,850
Grants, subsidies, contributions - Operating	11,500	0	0	0	0	0	0	0	0	0
Grants, subsidies, contributions - Capital	50,000	1,186,250	5,052,531	53,845	1,555,191	56,570	1,557,985	59,434	4,060,920	62,443
Other Income	10,900	11,118	11,396	11,681	11,973	12,272	12,579	12,893	13,216	13,546
Total Income	4,564,460	5,924,330	9,923,211	5,029,269	6,666,851	5,307,572	6,948,292	5,587,495	9,741,048	5,898,341
Expenses										
Employee Benefits	1,215,399	1,432,652	1,468,468	1,505,180	1,542,809	1,581,379	1,620,914	1,661,437	1,702,973	1,745,547
Materials & Contracts	1,541,000	1,574,902	1,609,550	1,644,960	1,681,149	1,718,134	1,755,933	1,794,564	1,834,044	1,874,393
Depreciation & Amortization	1,138,000	1,166,450	1,195,611	1,225,502	1,256,139	1,287,543	1,319,731	1,352,724	1,386,542	1,421,206
Other Expenses	257,544	263,983	270,582	277,347	284,280	291,387	298,672	306,139	313,792	321,637
Interest on Loans	156,000	117,982	102,680	89,158	78,960	73,043	66,851	60,370	53,587	47,566
Total Expenses	4,307,943	4,555,968	4,646,891	4,742,146	4,843,338	4,951,487	5,062,101	5,175,234	5,290,939	5,410,349
Operating Result - Surplus/(Deficit)	256,517	1,368,362	5,276,320	287,123	1,823,513	356,085	1,886,191	412,261	4,450,110	487,992
Surplus/(Deficit) after Capital Grants	206,517	182,112	223,789	233,278	268,323	299,515	328,206	352,827	389,189	425,549

Sewerage Fund Balance Sheet

Account Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Current Assets										
Cash and cash equivalents	2,497,075	2,483,827	2,470,248	2,456,329	2,442,062	2,427,439	2,412,449	2,397,086	2,381,338	2,365,196
Current Investments	6,134,021	6,853,287	6,343,702	6,976,318	7,612,714	8,124,273	8,447,209	9,213,016	9,994,008	6,140,764
Current Receivables	529,925	543,173	556,752	570,671	584,938	599,561	614,551	629,914	645,662	661,804
Total Current Assets	9,161,021	9,880,287	9,370,702	10,003,318	10,639,714	11,151,273	11,474,209	12,240,016	13,021,008	9,167,764
Non Current Assets										
Infrastructure, Property, Plant and Equipment	67,221,000	67,564,550	73,028,939	72,413,437	73,317,298	73,034,756	74,465,024	73,972,300	77,495,758	81,684,552
Total Non Current Assets	67,221,000	67,564,550	73,028,939	72,413,437	73,317,298	73,034,756	74,465,024	73,972,300	77,495,758	81,684,552
Total Assets	76,382,021	77,444,837	82,399,641	82,416,755	83,957,012	84,186,029	85,939,233	86,212,316	90,516,766	90,852,316
Current Liabilities										
Current Borrowings	305,546	321,516	270,008	283,256	127,069	132,986	139,179	145,660	152,442	159,540
Total Current Liabilities	305,546	321,516	270,008	283,256	127,069	132,986	139,179	145,660	152,442	159,540
Non Current Liabilities										
Non Current Borrowings	2,664,122	2,342,606	2,072,598	1,789,342	1,662,273	1,529,287	1,390,108	1,244,448	1,092,006	932,466
Total Non Current Liabilities	2,664,122	2,342,606	2,072,598	1,789,341	1,662,272	1,529,287	1,390,107	1,244,448	1,092,006	932,466
Total Liabilities	2,969,668	2,664,122	2,342,606	2,072,597	1,789,341	1,662,273	1,529,286	1,390,108	1,244,448	1,092,006
Net Assets	73,412,353	74,780,715	80,057,035	80,344,158	82,167,671	82,523,756	84,409,947	84,822,208	89,272,318	89,760,310
Equity										
Council equity	73,412,353	74,780,715	80,057,035	80,344,158	82,167,671	82,523,756	84,409,947	84,822,208	89,272,318	89,760,310
Total Equity	73,412,353	74,780,715	80,057,035	80,344,158	82,167,671	82,523,756	84,409,947	84,822,208	89,272,318	89,760,310
Total Equity	73,412,353	74,780,715	80,057,035	80,344,158	82,167,671	82,523,756	84,409,947	84,822,208	89,272,318	89,760,310

Sewerage Fund Cash Flow

Account Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Cash Flows from Operating Activities										
Receipts:										
Rates, Levies & Annual Charges	4,260,860	4,367,382	4,476,566	4,588,480	4,703,192	4,820,772	4,941,291	5,064,824	5,191,444	5,321,230
User charges and fees	201,200	206,230	211,386	216,670	222,087	227,639	233,330	239,164	245,143	251,271
Interest & Investment Revenue	30,000	153,351	171,332	158,593	174,408	190,318	203,107	211,180	230,325	249,850
Grants, subsidies, contributions - Operating	11,500	0	0	0	0	0	0	0	0	0
Grants, subsidies, contributions - Capital	50,000	1,186,250	5,052,531	53,845	1,555,191	56,570	1,557,985	59,434	4,060,920	62,443
Other Income	10,900	11,118	11,396	11,681	11,973	12,272	12,579	12,893	13,216	13,546
Payments:										
Employee Benefits	(1,215,399)	(1,432,652)	(1,468,468)	(1,505,180)	(1,542,809)	(1,581,379)	(1,620,914)	(1,661,437)	(1,702,973)	(1,745,547)
Materials and Contracts	(1,541,000)	(1,574,902)	(1,609,550)	(1,644,960)	(1,681,149)	(1,718,134)	(1,755,933)	(1,794,564)	(1,834,044)	(1,874,393)
Other Expenses	(257,544)	(263,983)	(270,582)	(277,347)	(284,280)	(291,387)	(298,672)	(306,139)	(313,792)	(321,637)
Net cash provided (or used in) operating activities	1,550,517	2,652,794	6,574,611	1,601,782	3,158,612	1,716,671	3,272,773	1,825,356	5,890,239	1,956,764
Cash Flows from Investing Activities										
Payments:										
Purchase of infrastructure, plant and equipment	(730,000)	(1,510,000)	(6,660,000)	(610,000)	(2,160,000)	(1,005,000)	(2,750,000)	(860,000)	(4,910,000)	(5,610,000)
Net cash provided (or used in) investing activities	(730,000)	(1,510,000)	(6,660,000)	(610,000)	(2,160,000)	(1,005,000)	(2,750,000)	(860,000)	(4,910,000)	(5,610,000)
Cash Flows from Financing Activities										
Payments:										
Repayment of Borrowings and Advances	(446,402)	(423,528)	(424,196)	(359,166)	(362,216)	(200,112)	(199,837)	(199,549)	(199,247)	(200,008)
Net cash provided (or used in) financing activities	(446,402)	(423,528)	(424,196)	(359,166)	(362,216)	(200,112)	(199,837)	(199,549)	(199,247)	(200,008)
Net (increase) / decrease in cash	374,115	719,266	(509,585)	632,616	636,396	511,559	322,936	765,807	780,992	(3,853,244)

SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2020 - 2030



Consolidated Income Statement (General + Water + Sewerage Funds)

Consolidated Income Statement (General + Water + Sewerage Funds)								Planned Scenario		
Account Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Income										
Rates, Levies & Annual Charges	17,997,788	17,808,228	18,253,434	18,709,770	19,177,514	19,656,952	20,148,376	20,652,085	21,168,387	21,697,597
User charges and fees	9,957,763	10,401,457	10,661,494	10,928,031	11,201,232	11,481,262	11,768,294	12,062,501	12,364,064	12,673,165
Interest & Investment Revenue	470,500	553,735	578,932	582,767	556,963	604,659	686,922	811,582	891,660	1,013,059
Grants, subsidies, contributions - Operating	10,705,299	10,961,144	11,235,173	11,516,052	11,803,953	12,099,052	12,401,528	12,711,567	13,029,356	13,355,090
Grants, subsidies, contributions - Capital	7,310,116	8,226,500	9,773,038	5,774,613	3,296,229	1,807,884	4,579,582	1,831,321	5,833,104	1,834,932
Other Income	961,971	1,500,966	1,543,365	1,588,530	1,637,128	1,690,051	1,748,494	1,814,066	1,888,929	1,975,991
Total Income	47,403,437	49,452,030	52,045,434	49,099,764	47,673,019	47,339,860	51,333,196	49,883,122	55,175,500	52,549,834
Expenses										
Employee Benefits	16,496,863	16,466,546	16,878,210	17,300,165	17,732,669	18,175,986	18,630,386	19,096,145	19,573,549	20,062,888
Materials & Contracts	9,259,009	9,362,200	9,466,990	9,573,411	9,681,494	9,791,271	9,902,775	10,016,039	10,131,096	10,247,983
Depreciation & Amortization	11,093,000	11,370,325	11,654,583	11,945,948	12,244,596	12,550,711	12,864,479	13,186,091	13,515,743	13,853,637
Other Expenses	5,381,737	5,685,097	5,488,994	5,436,389	5,387,914	5,344,430	5,307,100	5,277,497	5,257,752	5,250,741
Interest on Loans	477,014	351,201	287,438	233,067	206,397	189,210	174,300	158,983	143,309	129,221
Total Expenses	42,707,623	43,235,368	43,776,215	44,488,980	45,253,071	46,051,609	46,879,039	47,734,755	48,621,450	49,544,470
Operating Result - Surplus/(Deficit)	4,695,814	6,216,661	8,269,219	4,610,784	2,419,947	1,288,251	4,454,156	2,148,367	6,554,050	3,005,364
Surplus/(Deficit) after Capital Grants	(2,614,302)	(2,009,839)	(1,503,818)	(1,163,830)	(876,282)	(519,633)	(125,425)	317,046	720,946	1,170,432

Consolidated Balance Sheet

Account Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Current Assets										
Cash and cash equivalents	10,592,270	10,564,699	10,536,264	10,506,937	10,476,693	10,445,506	10,413,346	10,380,186	10,345,997	10,310,748
Current Investments	22,149,388	23,157,286	23,310,698	22,278,518	24,186,343	27,476,879	32,463,280	35,666,405	40,522,372	41,289,811
Current Receivables	3,450,150	3,536,404	3,624,814	3,715,434	3,808,320	3,903,528	4,001,116	4,101,144	4,203,673	4,308,765
Total Current Assets	36,191,808	37,258,389	37,471,776	36,500,889	38,471,356	41,825,913	46,877,742	50,147,736	55,072,042	55,909,324
Non Current Assets										
Infrastructure, Property, Plant and Equipment	606,621,776	610,543,951	617,598,368	622,299,920	622,259,017	620,042,805	619,337,326	618,188,235	619,780,992	621,902,355
Total Non Current Assets	606,621,776	610,543,951	617,598,368	622,299,920	622,259,017	620,042,805	619,337,326	618,188,235	619,780,992	621,902,355
Total Assets	642,813,584	647,802,340	655,070,143	658,800,809	660,730,373	661,868,718	666,215,069	668,335,971	674,853,034	677,811,679
Current Liabilities										
Current Payables	2,667,420	2,726,103	2,786,078	2,847,371	2,910,013	2,974,034	3,039,462	3,106,331	3,174,670	3,244,513
Current Borrowings	1,435,880	1,214,414	1,098,260	713,796	378,716	342,144	267,466	282,787	298,459	315,034
Current Provisions	5,971,650	6,120,941	6,273,965	6,430,814	6,591,584	6,756,374	6,925,283	7,098,415	7,275,876	7,457,773
Total Current Liabilities	10,074,950	10,061,458	10,158,302	9,991,981	9,880,314	10,072,552	10,232,212	10,487,533	10,749,005	11,017,319
Non Current Liabilities										
Non Current Borrowings	6,883,128	5,668,714	4,570,454	3,856,658	3,477,942	3,135,798	2,868,332	2,585,545	2,287,086	1,972,052
Non Current Provisions	171,175	175,454	179,841	184,337	188,945	193,669	198,511	203,474	208,561	213,775
Total Non Current Liabilities	7,054,303	5,844,168	4,750,295	4,040,995	3,666,887	3,329,467	3,066,842	2,789,019	2,495,647	2,185,827
Total Liabilities	17,129,253	15,905,627	14,908,597	14,032,976	13,547,201	13,402,018	13,299,054	13,276,552	13,244,651	13,203,146
Net Assets	625,684,331	631,896,714	640,161,547	644,767,834	647,183,173	648,466,700	652,916,015	655,059,419	661,608,382	664,608,533
Equity										
Council equity	625,684,331	631,896,714	640,161,547	644,767,834	647,183,173	648,466,700	652,916,015	655,059,419	661,608,382	664,608,533
Total Equity	625,684,331	631,896,714	640,161,547	644,767,834	647,183,173	648,466,700	652,916,015	655,059,419	661,608,382	664,608,533
Total Equity	625,684,331	631,896,714	640,161,547	644,767,834	647,183,173	648,466,700	652,916,015	655,059,419	661,608,382	664,608,533

Consolidated Cash Flow

Account Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Cash Flows from Operating Activities										
Receipts:										
Rates, Levies & Annual Charges	17,997,788	17,808,228	18,253,434	18,709,770	19,177,514	19,656,952	20,148,376	20,652,085	21,168,387	21,697,597
User charges and fees	9,957,763	10,401,457	10,661,494	10,928,031	11,201,232	11,481,262	11,768,294	12,062,501	12,364,064	12,673,165
Interest & Investment Revenue	470,500	553,735	578,932	582,767	556,963	604,659	686,922	811,582	891,660	1,013,059
Grants, subsidies, contributions - Operating	10,705,299	10,961,144	11,235,173	11,516,052	11,803,953	12,099,052	12,401,528	12,711,567	13,029,356	13,355,090
Grants, subsidies, contributions - Capital	7,310,116	8,226,500	9,773,038	5,774,613	3,296,229	1,807,884	4,579,582	1,831,321	5,833,104	1,834,932
Other Income	961,971	1,500,966	1,543,365	1,588,530	1,637,128	1,690,051	1,748,494	1,814,066	1,888,929	1,975,991
Payments:										
Employee Benefits	(16,351,213)	(16,317,255)	(16,725,186)	(17,143,316)	(17,571,899)	(18,011,196)	(18,461,476)	(18,923,013)	(19,396,088)	(19,880,991)
Materials and Contracts	(9,259,009)	(9,362,200)	(9,466,990)	(9,573,411)	(9,681,494)	(9,791,271)	(9,902,775)	(10,016,039)	(10,131,096)	(10,247,983)
Other Expenses	(5,381,737)	(5,685,097)	(5,488,994)	(5,436,389)	(5,387,914)	(5,344,430)	(5,307,100)	(5,277,497)	(5,257,752)	(5,250,741)
Net cash provided (or used in) operating activities	16,411,478	18,087,478	20,364,264	16,946,647	15,031,711	14,192,962	17,661,845	15,666,573	20,390,563	17,170,119
Cash Flows from Investing Activities										
Payments:										
Purchase of infrastructure, plant and equipment	(18,571,950)	(15,292,500)	(18,709,000)	(16,647,500)	(12,203,693)	(10,334,500)	(12,159,000)	(12,037,000)	(15,108,500)	(15,975,000)
Net cash provided (or used in) investing activities	(18,571,950)	(15,292,500)	(18,709,000)	(16,647,500)	(12,203,693)	(10,334,500)	(12,159,000)	(12,037,000)	(15,108,500)	(15,975,000)
Cash Flows from Financing Activities										
Payments:										
Repayment of Borrowings and Advances	(1,817,076)	(1,787,081)	(1,501,852)	(1,331,327)	(920,193)	(567,926)	(516,444)	(426,449)	(426,096)	(427,680)
Net cash provided (or used in) financing activities	(1,817,076)	(1,787,081)	(1,501,852)	(1,331,327)	(920,193)	(567,926)	(516,444)	(426,449)	(426,096)	(427,680)
Net (increase) / decrease in cash	(3,977,548)	1,007,898	153,412	(1,032,180)	1,907,825	3,290,536	4,985,401	3,203,125	4,855,967	767,439

5. Unsustainable Scenario

The Unsustainable Scenario shows the implications of a 'do nothing' approach on Council's financial performance over the next 10 years.

Assumptions

The key assumptions contrasting to the planned scenario are:

- Revenue fees and charges – reduced private work income due to lack of available contracts and/or non-competitiveness
- Revenue other – Council is unable to source additional income
- Employee costs – reduced capitalisation opportunities due to staff being utilised in operations rather than capital works
- Materials and contracts – rise in costs due to reduced savings from day-to-day operations and rising inflation
- Other expenses – rising costs due to reduced savings from day-to-day operations and rising inflation

Implications

The Unsustainable Scenario shows an operating deficit after capital grants for all 10 years. The importance of the implications of an ongoing operating deficit forecast in this scenario cannot be overstated. Over 10 years the cumulative deficit reaches \$30M. This scenario fails to meet the key principle of financial sustainability to achieve a balanced result.

The Planned Scenario outlines that Council's sustainability cannot be maintained if grant funding reduces. Over the longer term, as assets which are currently in good condition deteriorate, Council will need to increase its investment in renewals and to do so it will need to draw on its operating income and its reserves unless additional grant funding can be sourced. The Unsustainable Scenario shows no room to achieve this.

Without taking measures to increase revenue and decrease expenditure, Council will not be able to afford the provision of the level of services and infrastructure it currently provides to the community. Such a course of action will also fail to meet the key principle of financial sustainability regarding intergenerational equity.

Based on feedback received from the community as part of the Service Level Review project, Council does not believe that the community will be willing to accept reduced service levels or declining infrastructure.

Unsustainable Scenario – Primary Financial Reports

Following are the reports for Council's General Fund and the consolidated model. Note that the Water Supply Fund and Sewerage Fund do not change under this scenario.



General Fund Income Statement

Account Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Income										
Rates, Levies & Annual Charges	12,696,663	12,374,575	12,683,939	13,001,038	13,326,064	13,659,215	14,000,696	14,350,713	14,709,481	15,077,218
User charges and fees	6,732,563	6,900,877	7,073,399	7,250,234	7,431,490	7,617,277	7,807,709	8,002,902	8,202,974	8,408,049
Interest & Investment Revenue	410,500	298,156	270,457	239,141	217,845	188,051	169,891	164,375	157,884	143,371
Grants, subsidies, contributions - Operating	10,637,799	10,903,744	11,176,338	11,455,746	11,742,140	12,035,693	12,336,585	12,645,000	12,961,125	13,285,153
Grants, subsidies, contributions - Capital	7,250,116	5,680,000	1,710,000	1,710,000	1,730,000	1,740,000	1,760,000	1,760,000	1,760,000	1,760,000
Other Income	944,771	983,390	1,012,850	1,044,753	1,079,756	1,118,744	1,162,905	1,213,838	1,273,694	1,345,376
Total Income	38,672,412	37,140,743	33,926,983	34,700,911	35,527,294	36,358,981	37,237,787	38,136,827	39,065,158	40,019,166
Expenses										
Employee Benefits	14,397,997	14,435,246	14,796,127	15,166,031	15,545,181	15,933,811	16,332,156	16,740,460	17,158,972	17,587,946
Materials & Contracts	6,556,259	6,700,497	6,847,908	6,998,562	7,152,530	7,309,886	7,470,703	7,635,059	7,803,030	7,974,697
Depreciation & Amortization	8,788,000	9,007,700	9,232,893	9,463,715	9,700,308	9,942,815	10,191,386	10,446,170	10,707,325	10,975,008
Other Expenses	4,736,193	5,129,779	5,037,805	5,086,294	5,135,250	5,184,677	5,234,579	5,284,962	5,335,830	5,387,187
Interest on Loans	137,014	94,200	83,614	77,096	70,721	64,403	58,408	53,184	47,643	42,679
Total Expenses	34,615,463	35,367,422	35,998,347	36,791,697	37,603,990	38,435,592	39,287,232	40,159,835	41,052,799	41,967,517
Operating Result - Surplus/(Deficit)	4,056,949	1,773,321	(2,071,364)	(2,090,786)	(2,076,696)	(2,076,611)	(2,049,445)	(2,023,008)	(1,987,641)	(1,948,350)
Surplus/(Deficit) after Capital Grants	(3,193,167)	(3,906,679)	(3,781,364)	(3,800,786)	(3,806,696)	(3,816,611)	(3,809,445)	(3,783,008)	(3,747,641)	(3,708,350)

General Fund Balance Sheet

Account Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Current Assets										
Cash and cash equivalents	6,267,920	6,288,166	6,308,742	6,329,652	6,350,901	6,372,494	6,394,434	6,416,726	6,439,375	6,462,386
Current Investments	11,926,249	10,818,299	9,565,644	8,713,804	7,522,047	6,795,660	6,574,986	6,315,350	5,734,836	5,383,691
Current Receivables	1,537,500	1,575,938	1,615,336	1,655,719	1,697,112	1,739,540	1,783,029	1,827,604	1,873,294	1,920,127
Total Current Assets	19,731,669	18,682,402	17,489,722	16,699,175	15,570,060	14,907,694	14,752,448	14,559,681	14,047,506	13,766,204
Non Current Assets										
Infrastructure, Property, Plant and Equipment	488,023,776	490,513,576	489,576,684	488,320,469	487,418,854	486,065,539	484,233,153	482,553,982	481,230,158	479,715,150
Total Non Current Assets	488,023,776	490,513,576	489,576,684	488,320,469	487,418,854	486,065,539	484,233,153	482,553,982	481,230,158	479,715,150
Total Assets	507,755,445	509,195,978	507,066,405	505,019,644	502,988,914	500,973,232	498,985,601	497,113,663	495,277,664	493,481,354
Current Liabilities										
Current Payables	2,667,420	2,726,103	2,786,078	2,847,371	2,910,013	2,974,034	3,039,462	3,106,331	3,174,670	3,244,513
Current Borrowings	540,762	271,207	174,118	177,447	167,881	172,524	88,931	94,158	99,699	105,566
Current Provisions	5,971,650	6,120,941	6,273,965	6,430,814	6,591,584	6,756,374	6,925,283	7,098,415	7,275,876	7,457,773
Total Current Liabilities	9,179,832	9,118,251	9,234,160	9,455,632	9,669,479	9,902,932	10,053,677	10,298,904	10,550,245	10,807,851
Non Current Liabilities										
Non Current Borrowings	1,948,808	1,677,601	1,503,483	1,326,036	1,158,155	985,631	896,700	802,542	702,843	597,277
Non Current Provisions	171,175	175,454	179,841	184,337	188,945	193,669	198,511	203,473	208,560	213,774
Total Non Current Liabilities	2,119,983	1,853,055	1,683,324	1,510,373	1,347,100	1,179,300	1,095,210	1,006,015	911,403	811,051
Total Liabilities	11,299,815	10,971,307	10,917,484	10,966,005	11,016,579	11,082,231	11,148,887	11,304,919	11,461,647	11,618,902
Net Assets	496,455,630	498,224,672	496,148,921	494,053,639	491,972,336	489,891,001	487,836,714	485,808,744	483,816,016	481,862,452
Equity										
Council equity	496,455,630	498,224,671	496,148,921	494,053,639	491,972,336	489,891,001	487,836,714	485,808,744	483,816,016	481,862,452
Total Equity	496,455,630	498,224,671	496,148,921	494,053,639	491,972,336	489,891,001	487,836,714	485,808,744	483,816,016	481,862,452
Total Equity	496,455,630	498,224,671	496,148,921	494,053,639	491,972,336	489,891,001	487,836,714	485,808,744	483,816,016	481,862,452

General Fund Cash Flow

Account Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Cash Flows from Operating Activities										
Receipts:										
Rates, Levies & Annual Charges	12,696,663	12,374,575	12,683,939	13,001,038	13,326,064	13,659,215	14,000,696	14,350,713	14,709,481	15,077,218
User charges and fees	6,732,563	6,900,877	7,073,399	7,250,234	7,431,490	7,617,277	7,807,709	8,002,902	8,202,974	8,408,049
Interest & Investment Revenue	410,500	298,156	270,457	239,141	217,845	188,051	169,891	164,375	157,884	143,371
Grants, subsidies, contributions - Operating	10,637,799	10,903,744	11,176,338	11,455,746	11,742,140	12,035,693	12,336,585	12,645,000	12,961,125	13,285,153
Grants, subsidies, contributions - Capital	7,250,116	5,680,000	1,710,000	1,710,000	1,730,000	1,740,000	1,760,000	1,760,000	1,760,000	1,760,000
Other Income	944,771	983,390	1,012,850	1,044,753	1,079,756	1,118,744	1,162,905	1,213,838	1,273,694	1,345,376
Payments:										
Employee Benefits	(14,252,347)	(14,285,955)	(14,643,104)	(15,009,182)	(15,384,411)	(15,769,021)	(16,163,247)	(16,567,328)	(16,981,511)	(17,406,049)
Materials and Contracts	(6,556,259)	(6,700,497)	(6,847,908)	(6,998,562)	(7,152,530)	(7,309,886)	(7,470,703)	(7,635,059)	(7,803,030)	(7,974,697)
Other Expenses	(4,736,193)	(5,129,779)	(5,037,805)	(5,086,294)	(5,135,250)	(5,184,677)	(5,234,579)	(5,284,962)	(5,335,830)	(5,387,187)
Net cash provided (or used in) operating activities	13,127,613	11,024,512	7,398,166	7,606,874	7,855,104	8,095,397	8,369,258	8,649,479	8,944,787	9,251,234
Cash Flows from Investing Activities										
Payments:										
Purchase of infrastructure, plant and equipment	(16,410,950)	(11,497,500)	(8,296,000)	(8,207,500)	(8,798,693)	(8,589,500)	(8,359,000)	(8,767,000)	(9,383,500)	(9,460,000)
Net cash provided (or used in) investing activities	(16,410,950)	(11,497,500)	(8,296,000)	(8,207,500)	(8,798,693)	(8,589,500)	(8,359,000)	(8,767,000)	(9,383,500)	(9,460,000)
Cash Flows from Financing Activities										
Payments:										
Repayment of Borrowings and Advances	(625,444)	(634,962)	(354,821)	(251,214)	(248,168)	(232,284)	(230,932)	(142,115)	(141,801)	(142,378)
Net cash provided (or used in) financing activities	(625,444)	(634,962)	(354,821)	(251,214)	(248,168)	(232,284)	(230,932)	(142,115)	(141,801)	(142,378)
Net (increase) / decrease in cash	(3,908,781)	(1,107,950)	(1,252,655)	(851,840)	(1,191,757)	(726,387)	(220,674)	(259,636)	(580,514)	(351,145)

SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2020 - 2030



Consolidated Income Statement (General + Water + Sewerage Funds)

Account Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Unustainable Scenario										
Income										
Rates, Levies & Annual Charges	17,997,788	17,808,228	18,253,434	18,709,770	19,177,514	19,656,952	20,148,376	20,652,085	21,168,387	21,697,597
User charges and fees	9,957,763	10,206,707	10,461,875	10,723,422	10,991,507	11,266,295	11,547,952	11,836,651	12,132,567	12,435,881
Interest & Investment Revenue	470,500	553,735	519,948	481,881	406,611	397,014	413,885	464,770	462,396	492,365
Grants, subsidies, contributions - Operating	10,705,299	10,961,144	11,235,173	11,516,052	11,803,953	12,099,052	12,401,528	12,711,567	13,029,356	13,355,090
Grants, subsidies, contributions - Capital	7,310,116	7,226,500	9,773,038	5,774,613	3,296,229	1,807,884	4,579,582	1,831,321	5,833,104	1,834,932
Other Income	961,971	1,000,966	1,030,865	1,063,218	1,098,683	1,138,144	1,182,790	1,234,220	1,294,586	1,366,790
Total Income	47,403,437	47,757,280	51,274,332	48,268,956	46,774,497	46,365,342	50,274,113	48,730,613	53,920,396	51,182,654
Expenses										
Employee Benefits	16,496,863	16,909,285	17,332,017	17,765,317	18,209,450	18,664,686	19,131,303	19,609,586	20,099,826	20,602,321
Materials & Contracts	9,259,009	9,462,707	9,670,887	9,883,646	10,101,086	10,323,310	10,550,423	10,782,533	11,019,748	11,262,183
Depreciation & Amortization	11,093,000	11,370,325	11,654,583	11,945,948	12,244,596	12,550,711	12,864,479	13,186,091	13,515,743	13,853,637
Other Expenses	5,381,737	5,806,461	5,736,280	5,808,812	5,884,715	5,964,873	6,050,473	6,143,113	6,244,945	6,358,869
Interest on Loans	477,014	351,201	287,438	233,067	206,397	189,210	174,300	158,983	143,309	129,221
Total Expenses	42,707,623	43,899,979	44,681,205	45,636,790	46,646,245	47,692,791	48,770,979	49,880,305	51,023,571	52,206,232
Operating Result - Surplus/(Deficit)	4,695,814	3,857,300	6,593,127	2,632,165	128,252	(1,327,449)	1,503,135	(1,149,692)	2,896,825	(1,023,577)
Surplus/(Deficit) after Capital Grants	(2,614,302)	(3,369,200)	(3,179,911)	(3,142,448)	(3,167,977)	(3,135,334)	(3,076,447)	(2,981,013)	(2,936,279)	(2,858,509)

Consolidated Balance Sheet

Account Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Current Assets										
Cash and cash equivalents	10,592,270	10,564,699	10,536,264	10,506,937	10,476,693	10,445,506	10,413,346	10,380,186	10,345,997	10,310,748
Current Investments	22,149,388	20,797,925	19,275,244	16,264,446	15,880,576	16,555,411	18,590,790	18,495,856	19,694,598	16,433,095
Current Receivables	3,450,150	3,536,404	3,624,814	3,715,434	3,808,320	3,903,528	4,001,116	4,101,144	4,203,673	4,308,765
Total Current Assets	36,191,808	34,899,028	33,436,322	30,486,817	30,165,589	30,904,445	33,005,252	32,977,187	34,244,268	31,052,608
Non Current Assets										
Infrastructure, Property, Plant and Equipment	606,621,776	610,543,951	617,598,368	622,299,920	622,259,017	620,042,805	619,337,326	618,188,235	619,780,992	621,902,355
Total Non Current Assets	606,621,776	610,543,951	617,598,368	622,299,920	622,259,017	620,042,805	619,337,326	618,188,235	619,780,992	621,902,355
Total Assets	642,813,584	645,442,979	651,034,689	652,786,737	652,424,606	650,947,250	652,342,578	651,165,422	654,025,260	652,954,963
Current Liabilities										
Current Payables	2,667,420	2,726,103	2,786,078	2,847,371	2,910,013	2,974,034	3,039,462	3,106,331	3,174,670	3,244,513
Current Borrowings	1,435,880	1,214,414	1,098,260	713,796	378,716	342,144	267,466	282,787	298,459	315,034
Current Provisions	5,971,650	6,120,941	6,273,965	6,430,814	6,591,584	6,756,374	6,925,283	7,098,415	7,275,876	7,457,773
Total Current Liabilities	10,074,950	10,061,458	10,158,302	9,991,981	9,880,314	10,072,552	10,232,212	10,487,533	10,749,005	11,017,319
Non Current Liabilities										
Non Current Borrowings	6,883,128	5,668,714	4,570,454	3,856,658	3,477,942	3,135,798	2,868,332	2,585,545	2,287,086	1,972,052
Non Current Provisions	171,175	175,454	179,841	184,337	188,945	193,669	198,511	203,474	208,561	213,775
Total Non Current Liabilities	7,054,303	5,844,168	4,750,295	4,040,995	3,666,887	3,329,467	3,066,842	2,789,019	2,495,647	2,185,827
Total Liabilities	17,129,253	15,905,627	14,908,597	14,032,976	13,547,201	13,402,018	13,299,054	13,276,552	13,244,651	13,203,146
Net Assets	625,684,331	629,537,353	636,126,093	638,753,762	638,877,406	637,545,232	639,043,525	637,888,870	640,780,608	639,751,817
Equity										
Council equity	625,684,331	629,537,353	636,126,093	638,753,762	638,877,406	637,545,232	639,043,525	637,888,870	640,780,608	639,751,817
Total Equity	625,684,331	629,537,353	636,126,093	638,753,762	638,877,406	637,545,232	639,043,525	637,888,870	640,780,608	639,751,817
Total Equity	625,684,331	629,537,353	636,126,093	638,753,762	638,877,406	637,545,232	639,043,525	637,888,870	640,780,608	639,751,817

Consolidated Cash Flow

Account Description	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Cash Flows from Operating Activities										
Receipts:										
Rates, Levies & Annual Charges	17,997,788	17,808,228	18,253,434	18,709,770	19,177,514	19,656,952	20,148,376	20,652,085	21,168,387	21,697,597
User charges and fees	9,957,763	10,206,707	10,461,875	10,723,422	10,991,507	11,266,295	11,547,952	11,836,651	12,132,567	12,435,881
Interest & Investment Revenue	470,500	553,735	519,948	481,881	406,611	397,014	413,885	464,770	462,396	492,365
Grants, subsidies, contributions - Operating	10,705,299	10,961,144	11,235,173	11,516,052	11,803,953	12,099,052	12,401,528	12,711,567	13,029,356	13,355,090
Grants, subsidies, contributions - Capital	7,310,116	7,226,500	9,773,038	5,774,613	3,296,229	1,807,884	4,579,582	1,831,321	5,833,104	1,834,932
Other Income	961,971	1,000,966	1,030,865	1,063,218	1,098,683	1,138,144	1,182,790	1,234,220	1,294,586	1,366,790
Payments:										
Employee Benefits	(16,351,213)	(16,759,993)	(17,178,993)	(17,608,468)	(18,048,680)	(18,499,897)	(18,962,394)	(19,436,454)	(19,922,365)	(20,420,424)
Materials and Contracts	(9,259,009)	(9,462,707)	(9,670,887)	(9,883,646)	(10,101,086)	(10,323,310)	(10,550,423)	(10,782,533)	(11,019,748)	(11,262,183)
Other Expenses	(5,381,737)	(5,806,461)	(5,736,280)	(5,808,812)	(5,884,715)	(5,964,873)	(6,050,473)	(6,143,113)	(6,244,945)	(6,358,869)
Net cash provided (or used in) operating activities	16,411,478	15,728,118	18,688,172	14,968,029	12,740,016	11,577,262	14,710,823	12,368,514	16,733,338	13,141,178
Cash Flows from Investing Activities										
Payments:										
Purchase of infrastructure, plant and equipment	(18,571,950)	(15,292,500)	(18,709,000)	(16,647,500)	(12,203,693)	(10,334,500)	(12,159,000)	(12,037,000)	(15,108,500)	(15,975,000)
Net cash provided (or used in) investing activities	(18,571,950)	(15,292,500)	(18,709,000)	(16,647,500)	(12,203,693)	(10,334,500)	(12,159,000)	(12,037,000)	(15,108,500)	(15,975,000)
Cash Flows from Financing Activities										
Payments:										
Repayment of Borrowings and Advances	(1,817,076)	(1,787,081)	(1,501,852)	(1,331,327)	(920,193)	(567,926)	(516,444)	(426,449)	(426,096)	(427,680)
Net cash provided (or used in) financing activities	(1,817,076)	(1,787,081)	(1,501,852)	(1,331,327)	(920,193)	(567,926)	(516,444)	(426,449)	(426,096)	(427,680)
Net (increase) / decrease in cash	(3,977,548)	(1,351,463)	(1,522,681)	(3,010,798)	(383,870)	674,835	2,035,379	(94,934)	1,198,742	(3,261,503)

6. Sensitivity Analysis

Both the planned and unsustainable scenarios have been evaluated in relation to their sensitivity to changes in the assumptions.

Employee Costs

Council's ability to realise the savings proposed in relation to employee costs has a major impact on future performance. A key issue is the level of capitalisation (allocating employees to capital works programs rather than operational) and the level of resourcing required for civil contracting activities.

Future increases (indexation) of employee costs due to award increases and progression of staff through the salary system are critical components of the modelling. Employee costs increasing by an average of 3.5% rather than the assumed 2.5% results in an additional \$1.8M to employee costs by the end of the 10-year period.

Interest Rates

Council has very low levels of borrowings and the existing loans are at fixed rates with interest payments decreasing over time. However, the interest received on investments can have an impact on operating results. Further, utilising reserves for major capital investments decreases the available investment assets from which interest is received.

Capital Works Programs

A significant increase in Council's capital works programs over what is proposed in the updated LTFP will reduce its reserves. In particular, if Council embarked on adding new capital projects resulting in additional assets, not only would the reserves decrease, but operational costs would increase both for maintenance and depreciation.

Grant Programs

Council relies heavily on external funding for its operations and capital works renewal program. If such grants were reduced or discontinued, Council would have to generate considerably more revenues from other sources. It has been assumed that Government funding remains at current levels, however, should such funding decrease as a consequence of current economic stimulus spending, Council's operating result would significantly worsen.

Rates Income

Rates Income is restricted to rate pegging as set each financial year by the Independent Pricing & Regulatory Tribunal (IPART). If rate pegging was abolished, Council would have greater flexibility to achieve financial sustainability.

Cost Shifting

Over the years other levels of government have shifted costs associated, among other, with emergency services, weed management, food safety regulation, road safety programs and collection of fire and emergency services levy to local government without funding. It is likely that this trend will continue into the future and negatively affect Council's operating results.

Energy Costs

Increased energy costs are occurring with Council continually looking at ways to minimise future costs. Solar panels and geothermal heating/cooling for the Riverina Highlands building have resulted in savings with further projects being investigated.

Insurance and Workers Compensation

Forecasting insurance premiums is difficult. Premiums are influenced by a number of issues, including the occurrence of natural disasters, economic uncertainty and climate change. Workers compensation premiums can increase at any time following a rise in claims or with major open cases. Council's risk management committee is committed to reducing premiums and claims through increased risk mitigation, awareness and work place safety programs.

Superannuation

Council is responsible to fund investment shortfalls in the defined benefits member scheme until all staff in the scheme have retired. Given the current economic circumstances, it is likely that Council will be called upon to fund investment shortfalls in this scheme. However, no additional allowance has been made in the financial forecast at this stage.

7. Indicators

Council's key objectives include the achievement of an operating surplus over the planning cycle and adequate funding of asset renewals. This is achieved under the Planned Scenario. Other considerations include the achievement of industry benchmarks that Council has to report on as part of its annual report.

The following ratios are anticipated to occur under the Planned Scenario:

Operating Performance Ratio – Benchmark > 0%

This ratio measures financial sustainability and indicates Council's capacity to meet its ongoing expenditure by comparing revenues with operating expenses (excluding capital grants and contributions). In the planned scenario, Council does not reach the benchmark until 2029/30.

Own Source Revenue – Benchmark > 60%

This ratio indicates Council's ability to control its own operating performance and financial sustainability. It compares operating revenues gained from sources other than grants and contributions to its total operating revenues. Council meets this benchmark in 8 out of 10 years.

Unrestricted Current Ratio – Benchmark >1.5

This ratio indicates Council's ability to meet short term obligations as they fall due. Council meets this ratio throughout the period of the LTFP.

Debt Service Cover Ratio – Benchmark >2

This ratio indicates the proportion of operating revenues being utilised for interest and principal repayments on loans. Council is well within the benchmark over the entire period of the LTFP.

Rates and Annual Charges Outstanding – Benchmark <10%

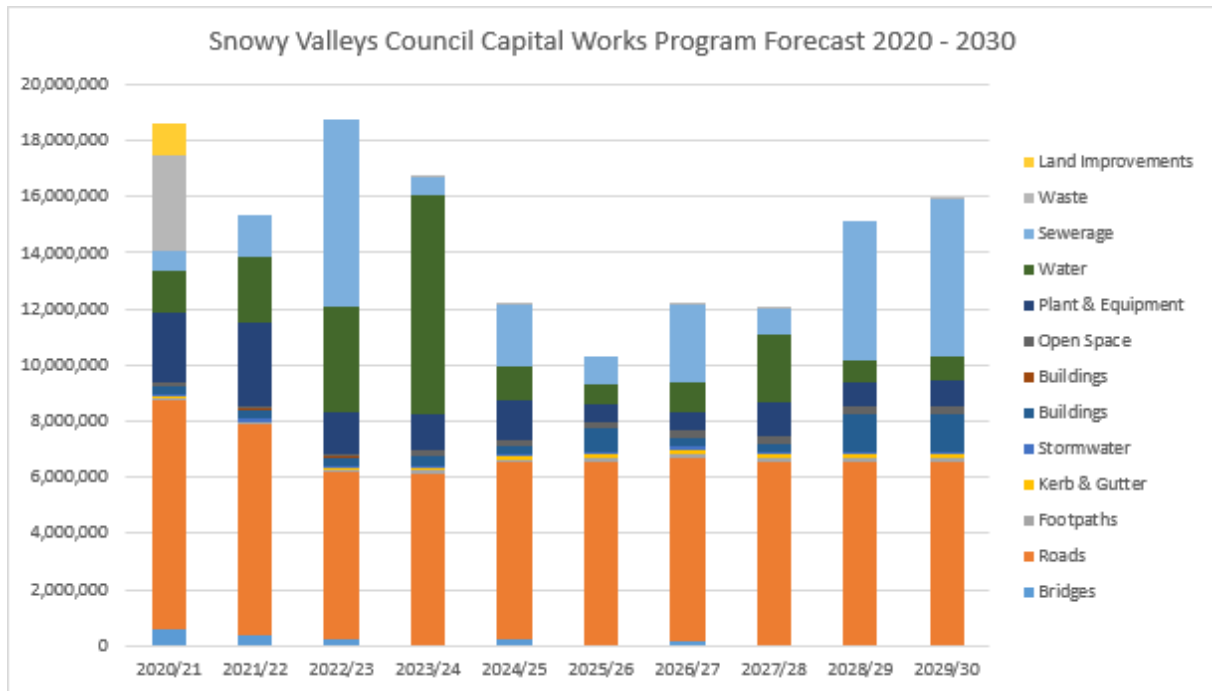
This ratio assesses the impact of uncollected rates and charges on liquidity and the adequacy of recovery efforts. It is expected to be achieved over the entire period of the LTFP. However, the current economic situation may have an effect on rates and charges collection in the next one to two years.

Cash Expenses Cover Ratio – Benchmark >3 months

This ratio indicates Council's liquidity. It determines the number of months a Council can continue paying for its immediate expenses without additional cash flow. The ratio is expected to be achieved over the period of the LTFP.

8. Capital Works Program

The capital works program for 2020/21 is included in the operational budget paper. The chart below shows the planned capital expenditure over the next ten years.



Council's Strategic Asset Management Plan contains further information on Council's asset portfolio.



LONG TERM FINANCIAL PLAN

2020 - 2030

P: 1300 ASK SVC (1300 275 782)

Tumut Office
76 Capper Street
Tumut NSW 2720

Tumbarumba Office
Bridge Street
Tumbarumba NSW 2653

E: info@svc.nsw.gov.au www.svc.nsw.gov.au