

SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2021 – 2031
(October 2021)

Council Ordinary Meeting 21 October 2021

**FOR PUBLIC
EXHIBITION**

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This updated Long Term Financial Plan 2021-2031 was adopted by Council at its Ordinary Meeting held XXXX, following consideration of comments or submissions received from public exhibition and consultation with the community.

SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2021 – 2031
(October 2021)

Table of Contents

Updated Long-Term Financial Plan October 2021	3
Introduction	3
1. Key Financial Sustainability Objectives	3
2. Key Items of Operating Revenue and Expenditure	4
3. Rates Harmonisation	5
4. Special Rate Variation	5
5. Baseline Scenario	6
Rates and User Fees & Charges	6
Grants and other External Funding	6
Employee Costs and Organisational Structure	6
Materials & Contracts and Other Inputs	6
Population Growth Projections	7
Indexation	7
Asset Ownership, Management and Renewal	7
Depreciation	7
Service Levels	7
Natural Disasters	7
External Factors	8
Interest Rates	8
External Borrowings	8
Implications	8
Baseline Scenario – Primary Financial Reports	9
6. SRV Scenario	14
Assumptions	14
Implications	14
SRV Scenario – Primary Financial Reports	15
7. Sensitivity Analysis	18
Employee Costs	18
Interest Rates	18
Capital Works Programs	18
Grant Programs	18
Rates Income	18
Cost Shifting	18
Energy Costs	18
Insurance and Workers Compensation	18
Superannuation	19
8. Indicators	19
Operating Performance Ratio – Benchmark > 0%	19
Own Source Revenue – Benchmark > 60%	19
Unrestricted Current Ratio – Benchmark >1.5	19
Debt Service Cover Ratio – Benchmark >2	19
Rates and Annual Charges Outstanding – Benchmark <10%	19
Cash Expenses Cover Ratio – Benchmark >3 months	19
9. Capital Works Program	20

SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2021 – 2031
(October 2021)

Updated Long-Term Financial Plan October 2021

Council's current Long-Term Financial Plan (LTFP) has been reviewed to inform the community engagement around the potential introduction of a Special Rate Variation (SRV) from 2022/23. The updated LTFP is provided for public exhibition to assist the community in their understanding of matters relevant to long-term financial sustainability.

The Integrated Planning & Reporting (IP&R) documents were adopted by Council in June 2021. Council is currently preparing its new Community Strategic Plan, Resourcing Strategy, Delivery Program and Operational Plan for adoption by the newly elected Council for the next IP&R cycle beginning 2022/23. Specifically, Council's Delivery Program expired at the end of 2020/21, but due to the delayed Council election is currently being relied on for service delivery. The Delivery Plan is not being updated at this stage as it needs to be informed by the Community Strategic Plan. The Long-Term Financial Plan forms part of the Resourcing Strategy and is required to be updated prior to a possible application for a Special Rate Variation (SRV) to IPART.

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 (IP&R) 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.

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 wastewater businesses, which are accounted for separately under National Competition Policy requirements. The LTFP has been updated in October 2021 specifically to address the consequences of a potential introduction of an SRV. A baseline scenario is provided and an SRV scenario outlines the changes that will be achieved from the baseline scenario if an SRV is introduced.

Council's Water Supply and Wastewater Funds are included for information, but these have not been updated from the previously adopted LTFP (Council 17 June 2021).

1. Key Financial Sustainability Objectives

Council recognises that the principles of sound financial management in the NSW Local Government Act (chapter 3, section 8B) emphasise two key elements:

- Responsible and sustainable spending (aligning general revenue and expenses and achieving a small operating surplus); and

SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2021 – 2031
(October 2021)

- Responsible and sustainable infrastructure investment (adequate provision in maintenance and renewal).

Assumptions informing the SRV scenario for the general fund have been developed with the primary aim of achieving an operating surplus in the long-term.

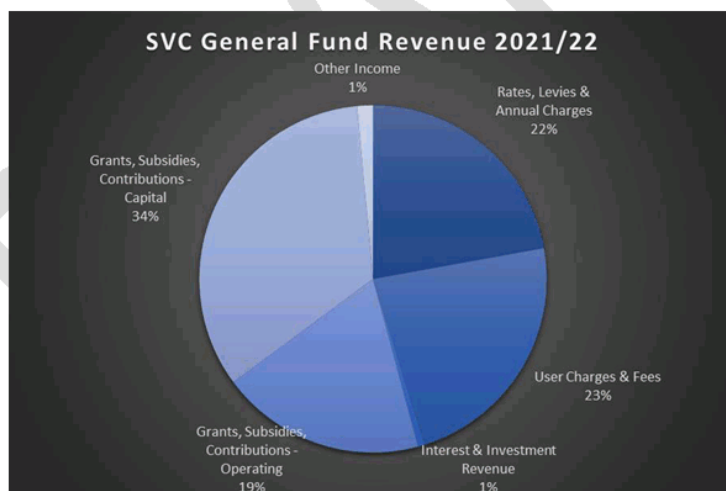
Council also ensures it provides sufficient funding for renewal of existing assets based on an analysis of renewal requirements as set out in its Service Management Plans. Because its assets are in good condition, Council proposes to keep its renewal program stable, but may revise this forecast following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

In addition to the above, Council aims to maintain sufficient cash, manage its debtors, maintain its debt within acceptable limits and to keep the typical residential bill for water and wastewater services as low as possible and stable over the long term. Initial modelling has been undertaken to assess the need for changes.

2. Key Items of Operating Revenue and Expenditure

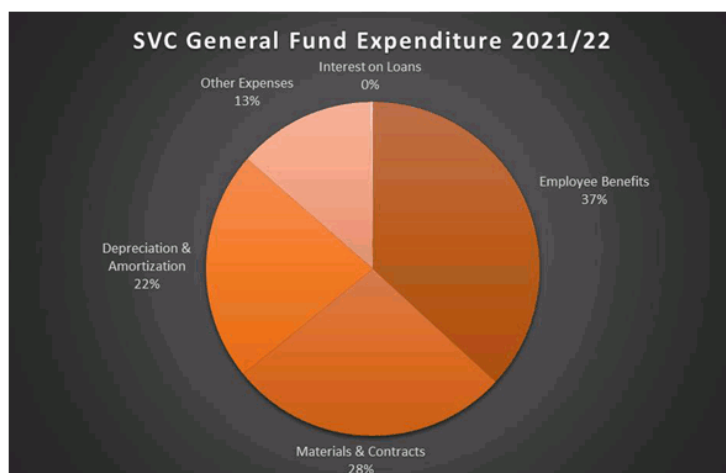
This section is unchanged from the previously adopted LTFP. The annual budget 2021/22 will be reviewed quarterly and presented to Council in the Quarterly Budget Reviews.

The following charts summarise the key areas of revenue and expenditure associated with operational programs in Council's 2021/22 budget for the **General Fund**:



Council expects to receive 45% of its revenue from rates, levies, annual charges and user charges and fees. 53% of revenue is expected to result from operational and capital grants, which for 2021/22 includes \$9.9M grant from Softwoods and \$9.5 in bushfire recovery / economic stimulus funding. The remaining 2% of revenue are from investment returns and other income streams.

SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2021 – 2031
(October 2021)



Council expenditure on employee benefits is expected to comprise 37% of total expenditure. Materials, contracts, and other expenses that are used in direct inputs to operations will make up 41% and depreciation 22%. Interest payments on outstanding loans are below 1% of total expenditure.

3. Rates Harmonisation

Council approved the structure of its harmonised rates across its local government area after extensive community consultation. From the financial year 2021/22 Council levies general rates within four rating categories, residential, business, farmland, and mining. Details are available in the Revenue Policy and on Council's website.

4. Special Rate Variation

A Special Rate Variation (SRV) applied to residential and business land in the former Tumut Shire and expired on 30 June 2020. To date no additional SRV has been imposed. However, it is evident that Council is unable to continue to provide services at current levels, maintain and renew its infrastructure and continue to replace ageing community assets within the currently available revenues without posting ongoing operational deficits.

The SRV scenario (second below) includes a proposed new and permanent SRV from 2022/23 onwards to allow Council to:

- maintain current service levels,
- fund ongoing maintenance,
- fund renewal of infrastructure assets,
- increase capacity to renew deteriorating assets,
- ensure and improve financial sustainability,
- deliver key priorities in the Community Strategic Plan and Delivery Program, and
- reduce reliance on external grant funding for asset renewals.

The SRV scenario includes a compounded SRV of 32.25% including the IPART rate peg introduced in two steps of 15% over two years. Each step is made up of the IPART prescribed 2.5% rate peg plus 12.5% additional increase in the financial years 2022/23 and

SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2021 – 2031
(October 2021)

2023/24. The baseline scenario has been forecast without an SRV. Council believes that an SRV is unavoidable unless service levels are considerably reduced across the Council area.

Between July and September 2021 Council undertook extensive community engagement around a potential SRV to establish community understanding and willingness to accept an SRV to allow Council to return to a sustainable operating model. A report outlining this engagement and the feedback received is presented to Council at its ordinary meeting on 21 October 2021. A further phase of community engagement will be undertaken following this meeting to allow Council to make an informed decision prior to Council's submission to the Independent Pricing & Regulatory Tribunal (IPART).

5. Baseline Scenario

The assumptions that inform the baseline scenario are detailed below. The baseline scenario extrapolates from the 2021/22 operational budget. The primary financial reports for the scenario follow the discussion of assumptions. It is 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 increase in line with assumed CPI. However, in the future Council utilities charges may change at a different rate depending on service level plans and infrastructure needs.

Commercial works revenue is included in fees & charges revenue, albeit at a reduced level from year 3 due to ongoing uncertainty over commercial works contracts.

Grants and other External Funding

Operational grant funding is assumed to remain at current levels. Council will pursue funding with a preference for operational funding. Any new and upgrade proposals to service levels and asset infrastructure are reviewed prior to funding submission and recommendations are based on whole-of-life costing, community benefit and affordability in the long-term. Financially unsustainable projects will not be pursued.

Employee Costs and Organisational Structure

Council's 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 37% of consolidated Council ongoing expenses. The overall salaries and wages budget is \$17.9M for the financial year 2021/22. Cost decreases resulted from a 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. Statutory increase in superannuation contributions come into effect during the next 5 years.

Materials & Contracts and Other Inputs

Materials and contracts make up 28% and other operational inputs 12% of Council ongoing expenses. These costs are assumed to increase in line with CPI.

SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2021 – 2031
(October 2021)

Population Growth Projections

Overall 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% has been used except for employee expenses to which an assumed index of 2.5% has been applied.

Asset Ownership, Management and Renewal

Council is seeking to maximise the useful life of all assets and aims to achieve this by adequately funding maintenance and renewals. Council continues to manage assets in accordance with its adopted Asset Management Plans within budget constraints. Council owned/controlled assets 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.

The forecast expenditure is insufficient to meet the cost of predicted asset renewals risking declining levels of asset conditions leading to more costly replacements, reductions in service levels and a backlog of renewals. 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 at least partially linked to external grant funding. Council may need to identify additional income sources and/or reduce the service levels provided should the level of grant funding decrease in future years,

Depreciation

Depreciation makes up 22% of consolidated Council operating expenses. By the end of the 10-year forecast period, depreciation is expected to rise to 24%. The forecast assumes no significant valuation movements that would affect the current charges and the method for applying useful lives. There is potential to reduce depreciation by disposing of underutilised assets, and such a move will need to be considered in consultation with users.

Council's stormwater drainage assets were being revalued in the financial year 2020/21. This did not result in a change to depreciation expenses.

Service Levels

Council is currently undertaking a comprehensive service level review and preparing new and updated Service Management Plans (SMP). Corporate overhead costs and, where applicable, identified direct costs will be recovered from all services, capital projects and commercial works to avoid cross-subsidisation of services.

All services are being evaluated for community benefit, delivery costs, full-cost recovery, community service obligations and alternative delivery options. In engagement with the community, Council will identify services the private sector may be better placed to efficiently deliver and low-value services for reduction, divesting and rationalisation. Services that promise highest value to the community and are financially sustainable will be prioritised and those services that draw excessively on Council resources will be considered for reduction. Maintenance management systems and plans are aligned with preferred service levels and funding opportunities.

Natural Disasters

The LTFP assumes that Natural Disaster impacts on public infrastructure will be funded 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 and result in cash flow management issues. No allowance has been made for future disaster events, however, if Council achieves its financial sustainability goals, it will be much better placed to respond should a major disaster affect the area. The

SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2021 – 2031
(October 2021)

baseline scenario leaves no room for this. Disaster funding is not received for Water and Wastewater Infrastructure, Public Open Space and Recreational Facilities, damage to which must be funded from available reserves or be 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. All scenarios assume that all grant funding will be received during the financial year it has been allocated.

Interest Rates

Due to the ongoing economic uncertainty a conservative approach has been taken for the initial two years. For the following years, a slightly higher return has been assumed.

External Borrowings

Council currently holds several external loans against water, wastewater, caravan park and building assets. At this stage only one future loan is forecast within the LTFP (Water Fund). Loans will be considered in future where required and beneficial to Council's cash flow management.

Implications

The baseline 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 the next 10 years the general fund cumulative deficit \$40 million and the consolidated cumulative deficit reaches \$35 million. General fund cash holdings reduce by \$16 million, to well below the level of cash required for ongoing operations. It will also result in deteriorating infrastructure assets due to the inability to fund required renewals. This scenario fails to meet the key principle of financial sustainability to achieve a balanced result.

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 replacements and to do so, it will need to draw on its operating income and its reserves unless additional grant funding can be sourced. The baseline 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 where Council is unable to maintain its infrastructure assets as required.

SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2021 – 2031
(October 2021)

Baseline Scenario – Primary Financial Reports

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

DRAFT

SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2021 – 2031
(October 2021)

Income Statement - General Fund											
Base Case	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Income from continuing operations											
Rates and annual charges	9,581	9,757	9,997	10,243	10,448	10,657	10,870	11,088	11,310	11,536	11,766
User charges and fees	13,205	12,927	13,186	13,450	13,719	13,995	14,273	14,558	14,849	15,146	15,449
Interest and investment revenue	289	350	767	765	480	472	466	460	456	454	452
Other revenues	4,368	4,141	4,224	4,308	4,394	4,482	4,572	4,663	4,757	4,852	4,949
Grants and contributions - Operating	25,335	10,740	10,955	11,174	11,398	11,625	11,858	12,095	12,337	12,584	12,835
Grants and contributions - Capital	10,343	17,875	7,710	1,744	1,779	1,814	1,851	1,888	1,926	1,964	2,003
Net gain from the disposal of assets	(6)	-	-	-	-	-	-	-	-	-	-
Share of interest in joint ventures	-	-	-	-	-	-	-	-	-	-	-
Total Income	63,115	55,791	46,839	41,684	42,218	43,045	43,889	44,752	45,634	46,535	47,455
Expenses from continuing operations											
Employee benefits and oncosts	18,582	13,987	14,337	14,695	15,063	15,439	15,825	16,221	16,627	17,042	17,465
Borrowing costs	155	94	80	83	73	66	59	53	48	42	36
Materials and contracts	28,723	9,174	9,357	9,544	9,735	9,930	10,129	10,331	10,538	10,748	10,963
Depreciation and amortisation	8,151	8,789	9,724	10,184	10,388	10,596	10,808	11,024	11,244	11,469	11,699
Impairment	-	-	-	-	-	-	-	-	-	-	-
Other expenses	165	7,613	7,765	7,921	8,079	8,241	8,406	8,574	8,745	8,920	9,098
Net loss from the disposal of assets	2,284	-	-	-	-	-	-	-	-	-	-
Total Expenses	58,080	39,657	41,272	42,426	43,338	44,272	45,227	46,203	47,202	48,222	49,264
Net Operating Result	5,055	16,133	5,567	(742)	(1,120)	(1,227)	(1,338)	(1,451)	(1,567)	(1,687)	(1,809)
Net operating result before grants and contributions provided for capital purposes	(5,289)	(1,742)	(2,143)	(2,486)	(2,899)	(3,042)	(3,189)	(3,339)	(3,493)	(3,651)	(3,813)
Statement of Financial Position - General Fund											
Base Case	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Current assets											
Cash and investments	13,075	33,342	33,242	19,017	18,618	18,275	17,987	17,818	17,676	17,596	17,518
Receivables	11,598	7,647	7,815	7,887	8,147	8,309	8,476	8,645	8,818	8,994	9,174
Inventories	92	137	140	143	146	149	152	155	158	161	164
Other	344	344	344	344	344	344	344	344	344	344	344
Total current assets	25,109	41,470	41,541	27,490	27,254	27,078	26,959	26,962	26,996	27,095	27,201
Non-current assets											
Investments	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Receivables	11	12	13	13	13	13	14	14	14	14	15
Inventories	147	113	115	117	120	122	125	127	130	132	135
Infrastructure, property, plant and equipment	542,516	575,295	594,957	622,835	637,104	651,597	666,232	681,000	695,999	711,143	726,493
Investment property	340	340	340	340	340	340	340	340	340	340	340
Intangible assets	448	-	-	-	-	-	-	-	-	-	-
Joint venture investments	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	548,462	580,761	600,424	628,305	642,577	657,072	671,710	686,481	701,483	716,629	731,982
Total Assets	573,571	622,231	641,965	655,795	669,831	684,150	696,668	713,443	728,479	743,725	759,183
Current liabilities											
Payables	3,764	1,954	1,997	2,042	2,087	2,134	2,182	2,230	2,280	2,331	2,383
Income received in advance	8,629	8,629	8,629	8,629	8,629	8,629	8,629	8,629	8,629	8,629	8,629
Borrowings	200	273	279	273	191	197	149	100	106	112	118
Provisions	5,030	3,916	4,014	4,115	4,218	4,323	4,431	4,542	4,655	4,772	4,891
Total current liabilities	17,623	14,772	14,920	15,058	15,125	15,283	15,390	15,501	15,670	15,843	16,021
Non-current liabilities											
Payables	-	-	-	-	-	-	-	-	-	-	-
Borrowings	2,411	(273)	(279)	(273)	(191)	(197)	(149)	(100)	(106)	(112)	(118)
Provisions	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158
Total non-current liabilities	4,569	1,885	1,879	1,886	1,967	1,961	2,009	2,058	2,052	2,046	2,040
Total Liabilities	22,192	16,657	16,799	16,944	17,092	17,244	17,400	17,559	17,722	17,890	18,061
NET ASSETS	551,359	605,574	625,167	638,851	652,739	666,906	681,269	695,884	710,757	725,835	741,122
Equity											
Accumulated surplus	476,965	493,099	498,666	497,924	496,804	495,576	494,239	492,787	491,220	489,534	487,724
Revaluation reserves	74,394	112,475	126,501	140,927	155,935	171,330	187,030	203,097	219,537	236,301	253,397
TOTAL EQUITY	551,359	605,574	625,167	638,851	652,739	666,906	681,269	695,884	710,757	725,835	741,122
Statement of Cash Flows - General Fund											
Base Case	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Cash flows from operating activities											
Receipts:											
Rates and annual charges	9,581	9,757	9,997	10,243	10,448	10,657	10,870	11,088	11,310	11,536	11,766
User charges and fees	8,277	16,878	13,018	13,278	13,559	13,830	14,107	14,389	14,677	14,970	15,269
Investment revenue and interest	289	350	767	765	480	472	466	460	456	454	452
Grants and contributions	35,678	28,615	18,665	12,918	13,176	13,440	13,709	13,983	14,263	14,548	14,839
Other	4,368	4,142	4,224	4,308	4,395	4,482	4,572	4,664	4,757	4,852	4,949
Payments:											
Employee benefits and on-costs	(18,989)	(12,873)	(14,435)	(14,798)	(15,166)	(15,545)	(15,933)	(16,332)	(16,740)	(17,159)	(17,588)
Materials and contracts	(27,207)	(10,995)	(9,319)	(9,505)	(9,695)	(9,889)	(10,086)	(10,288)	(10,494)	(10,703)	(10,917)
Borrowing costs	(115)	(94)	(80)	(83)	(73)	(66)	(59)	(53)	(48)	(42)	(36)
Other	(500)	(7,613)	(7,765)	(7,921)	(8,079)	(8,241)	(8,406)	(8,574)	(8,745)	(8,920)	(9,098)
Net cash provided (or used) in operating activities	11,343	28,167	15,064	9,210	9,046	9,142	9,238	9,336	9,435	9,535	9,637
Cash flows from investing activities											
Receipts:											
Sale of investments	13,503	-	-	-	-	-	-	-	-	-	-
Sale of real estate assets	-	-	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant and equipment	(2,290)	-	-	-	-	-	-	-	-	-	-
Other	158	448	-	-	-	-	-	-	-	-	-
Payments:											
Purchase of investments	(5,003)	-	-	-	-	-	-	-	-	-	-
Purchase of real estate assets	-	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant and equipment	(8,672)	(28,074)	(15,086)	(23,357)	(9,377)	(9,503)	(9,545)	(9,577)	(9,704)	(9,742)	(9,841)
Other	-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used) in investing activities	(2,305)	(27,626)	(15,086)	(23,357)	(9,377)	(9,503)	(9,545)	(9,577)	(9,704)	(9,742)	(9,841)
Cash flows from financing activities											
Receipts:											
New loans	-	-	-	-	-	-	-	-	-	-	-
Payments:											
Loan repayments	(105)	(190)	(273)	(279)	(273)	(191)	(197)	(149)	(100)	(106)	(112)
Net cash provided (or used) in financing activities	(105)	(190)	(273)	(279)	(273)	(191)	(197)	(149)	(100)	(106)	(112)
Net increase / (decrease) in cash	8,933	351	(296)	(14,425)	(604)	(593)	(504)	(390)	(369)	(313)	(316)

**SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2021 – 2031
(October 2021)**

Income Statement - Water Fund											
Base Case	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Income from continuing operations											
Rates and annual charges	955	1,602	1,634	1,667	1,700	1,734	1,769	1,804	1,840	1,877	1,915
User charges and fees	2,999	3,000	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515	3,585
Interest and investment revenue	55	30	100	44	-	-	-	-	-	-	-
Other revenues	569	-	-	-	-	-	-	-	-	-	-
Grants and contributions - Operating	-	-	-	-	-	-	-	-	-	-	-
Grants and contributions - Capital	365	66	-	-	-	-	-	-	-	-	-
Net gain from the disposal of assets	6	-	-	-	-	-	-	-	-	-	-
Share of interest in joint ventures	-	-	-	-	-	-	-	-	-	-	-
Total Income	4,949	4,698	4,794	4,832	4,884	4,981	5,081	5,183	5,286	5,392	5,500
Expenses from continuing operations											
Employee benefits and oncosts	675	974	998	1,023	1,049	1,075	1,102	1,130	1,158	1,187	1,217
Borrowing costs	170	138	34	8	2	-	-	-	-	-	-
Materials and contracts	2,148	759	774	789	805	821	838	854	871	889	907
Depreciation and amortisation	1,318	1,167	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-
Other expenses	320	1,389	1,417	1,445	1,474	1,503	1,533	1,564	1,595	1,627	1,660
Net loss from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	4,631	4,427	3,223	3,266	3,330	3,400	3,473	3,548	3,625	3,703	3,783
Net Operating Result	318	271	1,572	1,566	1,554	1,581	1,608	1,634	1,661	1,689	1,717
Net operating result before grants and contributions provided for capital purposes	(47)	205	1,572	1,566	1,554	1,581	1,608	1,634	1,661	1,689	1,717
Statement of Financial Position - Water Fund											
Base Case	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Current assets											
Cash and investments	7,255	5,012	2,215	(4,108)	(3,871)	(3,117)	(2,646)	(3,509)	(2,749)	(2,052)	(2,142)
Receivables	241	269	275	280	286	292	297	303	309	316	322
Inventories	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total current assets	7,496	5,281	2,490	(3,828)	(3,585)	(2,825)	(2,349)	(3,206)	(2,440)	(1,737)	(1,820)
Non-current assets											
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, property, plant and equipment	49,212	52,276	57,767	67,382	70,481	73,088	76,041	80,393	83,196	86,128	89,914
Investment property	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-
Joint venture investments	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	49,212	52,276	57,767	67,382	70,481	73,088	76,041	80,393	83,196	86,128	89,914
Total Assets	56,708	57,557	60,257	63,555	66,895	70,263	73,692	77,187	80,796	84,391	88,094
Current liabilities											
Payables	91	53	52	54	55	56	57	58	60	61	62
Income received in advance	-	-	-	-	-	-	-	-	-	-	-
Borrowings	624	502	(54)	(40)	-	-	-	-	-	-	-
Provisions	-	273	280	287	294	301	309	316	324	332	341
Total current liabilities	715	828	278	300	348	357	366	375	384	393	403
Non-current liabilities											
Payables	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,649	(502)	-	54	40	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	1,649	(502)	54	80	-	-	-	-	-	-	-
Total Liabilities	2,364	326	332	340	348	357	366	375	384	393	403
NET ASSETS	54,344	57,231	59,925	63,215	66,547	69,906	73,326	76,813	80,372	83,998	87,691
Equity											
Accumulated surplus	52,436	53,824	54,893	56,513	58,107	59,689	61,296	62,931	64,592	66,281	67,998
Revaluation reserves	1,825	3,408	5,031	6,701	8,440	10,217	12,030	13,882	15,780	17,717	19,693
TOTAL EQUITY	54,261	57,231	59,925	63,215	66,547	69,906	73,326	76,813	80,372	83,998	87,691
Statement of Cash Flows - Water Fund											
Base Case	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Cash flows from operating activities											
Reception:											
Rates and annual charges	955	1,602	1,634	1,667	1,700	1,734	1,769	1,804	1,840	1,877	1,915
User charges and fees	2,977	2,972	3,055	3,116	3,178	3,242	3,306	3,373	3,440	3,509	3,579
Investment revenue and interest	55	30	100	44	-	-	-	-	-	-	-
Grants and contributions	365	66	-	-	-	-	-	-	-	-	-
Other	569	-	-	-	-	-	-	-	-	-	-
Payments:											
Employee benefits and on-costs	(675)	(1,247)	(1,009)	(1,030)	(1,056)	(1,083)	(1,110)	(1,137)	(1,166)	(1,195)	(1,225)
Materials and contracts	(2,120)	(797)	(774)	(788)	(804)	(820)	(836)	(853)	(870)	(888)	(905)
Borrowing costs	(170)	(138)	(34)	(8)	(2)	-	-	-	-	-	-
Other	(320)	(1,389)	(1,417)	(1,445)	(1,474)	(1,503)	(1,533)	(1,564)	(1,595)	(1,627)	(1,660)
Net cash provided (or used) in operating activities	1,636	1,099	1,559	1,555	1,542	1,570	1,596	1,622	1,649	1,676	1,703
Cash flows from investing activities											
Reception:											
Sale of investments	-	-	-	-	-	-	-	-	-	-	-
Sale of real estate assets	-	-	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant and equipment	6	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Payments:											
Purchase of investments	-	-	-	-	-	-	-	-	-	-	-
Purchase of real estate assets	-	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant and equipment	(600)	(2,635)	(3,868)	(7,945)	(1,360)	(830)	(1,140)	(2,500)	(905)	(995)	(1,810)
Other	-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used) in investing activities	(594)	(2,635)	(3,868)	(7,945)	(1,360)	(830)	(1,140)	(2,500)	(905)	(995)	(1,810)
Cash flows from financing activities											
Reception:											
New loans	-	-	-	-	-	-	-	-	-	-	-
Payments:											
Loan repayments	(443)	(471)	(502)	54	40	-	-	-	-	-	-
Net cash provided (or used) in financing activities	(443)	(471)	(502)	54	40	-	-	-	-	-	-
Net increase / (decrease) in cash	599	(2,007)	(2,811)	(6,336)	222	740	456	(878)	744	681	(107)

**SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2021 – 2031
(October 2021)**

Income Statement - Sewer Fund											
Base Case	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Income from continuing operations											
Rates and annual charges	4,090	4,408	4,496	4,586	4,678	4,771	4,867	4,964	5,063	5,165	5,268
User charges and fees	575	277	283	288	294	300	306	312	318	325	331
Interest and investment revenue	81	90	181	109	119	113	121	117	113	46	-
Other revenues	191	-	-	-	-	-	-	-	-	-	-
Grants and contributions - Operating	15	-	-	-	-	-	-	-	-	-	-
Grants and contributions - Capital	400	-	-	-	-	-	-	-	-	-	-
Net gain from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-
Share of interest in joint ventures	-	-	-	-	-	-	-	-	-	-	-
Total Income	5,352	4,715	4,960	4,983	5,091	5,184	5,294	5,393	5,494	5,536	5,599
Expenses from continuing operations											
Employee benefits and oncosts	633	1,090	1,117	1,145	1,174	1,203	1,233	1,264	1,295	1,328	1,361
Borrowing costs	136	123	159	152	145	136	128	118	109	99	88
Materials and contracts	2,547	775	791	807	823	839	856	873	891	908	927
Depreciation and amortisation	1,643	810	1,546	1,583	1,615	1,653	1,687	1,736	1,789	1,824	1,861
Impairment	-	-	-	-	-	-	-	-	-	-	-
Other expenses	192	1,519	1,549	1,580	1,612	1,644	1,677	1,710	1,745	1,779	1,815
Net loss from the disposal of assets	21	-	-	-	-	-	-	-	-	-	-
Total Expenses	5,172	4,317	5,163	5,267	5,368	5,476	5,581	5,702	5,828	5,939	6,051
Net Operating Result	180	398	(203)	(284)	(277)	(291)	(287)	(309)	(334)	(403)	(452)
Net operating result before grants and contributions provided for capital purposes	(220)	398	(203)	(284)	(277)	(291)	(287)	(309)	(334)	(403)	(452)
Statement of Financial Position - Sewer Fund											
Base Case	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Current assets											
Cash and investments	10,410	9,066	5,458	5,949	5,651	6,069	5,845	5,627	2,314	(468)	476
Receivables	290	358	365	373	380	388	395	403	411	420	428
Inventories	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total current assets	10,700	9,424	5,823	6,323	6,031	6,457	6,240	6,030	2,726	(48)	904
Non-current assets											
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, property, plant and equipment	65,974	69,348	74,693	75,893	77,930	79,272	81,305	83,345	88,512	93,142	94,033
Intangible assets	-	-	-	-	-	-	-	-	-	-	-
Joint venture investments	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	65,974	69,348	74,693	75,893	77,930	79,272	81,305	83,345	88,512	93,142	94,033
Total Assets	76,674	78,773	80,517	82,216	83,961	85,729	87,545	89,376	91,238	93,094	94,938
Current liabilities											
Payables	22	30	30	31	32	32	33	34	34	35	36
Income received in advance	-	-	-	-	-	-	-	-	-	-	-
Borrowings	322	145	153	161	170	179	189	199	210	221	233
Provisions	-	305	313	321	329	337	345	354	363	372	381
Total current liabilities	344	480	496	512	530	548	567	586	607	628	650
Non-current liabilities											
Payables	-	-	-	-	-	-	-	-	-	-	-
Borrowings	2,343	(145)	(153)	(161)	(170)	(179)	(189)	(199)	(210)	(221)	(233)
Provisions	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	2,343	(145)	(153)	(161)	(170)	(179)	(189)	(199)	(210)	(221)	(233)
Total Liabilities	2,467	335	343	352	360	369	378	388	397	407	417
NET ASSETS	73,987	78,438	80,174	81,863	83,600	85,360	87,166	88,988	90,841	92,687	94,521
Equity											
Accumulated surplus	67,841	68,259	68,036	67,753	67,476	67,184	66,897	66,588	66,254	65,851	65,398
Revaluation reserves	6,146	10,199	12,137	14,110	16,125	18,176	20,269	22,400	24,567	26,836	29,122
TOTAL EQUITY	73,987	78,438	80,174	81,863	83,600	85,360	87,166	88,988	90,841	92,687	94,521
Statement of Cash Flows - Sewer Fund											
Base Case	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Cash flows from operating activities											
Receipts:											
Rates and annual charges	4,090	4,408	4,496	4,586	4,678	4,771	4,867	4,964	5,063	5,165	5,268
User charges and fees	623	209	275	281	287	292	298	304	310	316	323
Investment revenue and interest	81	90	181	109	119	113	121	117	113	46	-
Grants and contributions	415	-	-	-	-	-	-	-	-	-	-
Other	191	-	-	-	-	-	-	-	-	-	-
Payments:											
Employee benefits and on-costs	(633)	(1,395)	(1,125)	(1,153)	(1,182)	(1,211)	(1,241)	(1,273)	(1,304)	(1,337)	(1,370)
Materials and contracts	(2,552)	(768)	(790)	(806)	(822)	(838)	(855)	(872)	(890)	(908)	(926)
Borrowing costs	(136)	(123)	(159)	(152)	(145)	(136)	(128)	(118)	(109)	(99)	(88)
Other	(192)	(1,519)	(1,549)	(1,580)	(1,612)	(1,644)	(1,677)	(1,710)	(1,745)	(1,779)	(1,815)
Net cash provided (or used) in operating activities	1,887	842	1,329	1,285	1,323	1,347	1,385	1,411	1,438	1,465	1,392
Cash flows from investing activities											
Receipts:											
Sale of investments	-	-	-	-	-	-	-	-	-	-	-
Sale of real estate assets	-	-	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant and equipment	(21)	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Payments:											
Purchase of investments	-	-	-	-	-	-	-	-	-	-	-
Purchase of real estate assets	-	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant and equipment	(465)	(2,559)	(4,808)	(658)	(1,476)	(775)	(1,448)	(1,458)	(4,570)	(3,995)	(245)
Other	-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used) in investing activities	(486)	(2,559)	(4,808)	(658)	(1,476)	(775)	(1,448)	(1,458)	(4,570)	(3,995)	(245)
Cash flows from financing activities											
Receipts:											
New loans	-	-	-	-	-	-	-	-	-	-	-
Payments:											
Loan repayments	(70)	(73)	(145)	(153)	(161)	(170)	(179)	(189)	(199)	(210)	(221)
Net cash provided (or used) in financing activities	(70)	(73)	(145)	(153)	(161)	(170)	(179)	(189)	(199)	(210)	(221)
Net increase / (decrease) in cash	1,331	(1,790)	(3,623)	475	(314)	402	(241)	(235)	(3,330)	(2,800)	925

**SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2021 – 2031
(October 2021)**

Income Statement - Consolidated											
Base Case	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Income from continuing operations											
Rates and annual charges	17,051	19,144	19,572	20,009	20,410	20,818	21,234	21,659	22,092	22,534	22,985
User charges and fees	16,905	16,273	16,598	16,930	17,269	17,614	17,967	18,326	18,693	19,066	19,448
Interest and investment revenue	435	410	1,050	933	628	628	646	643	654	602	576
Other revenues	5,218	4,221	4,305	4,391	4,479	4,569	4,660	4,753	4,848	4,945	5,044
Grants and contributions - Operating	25,350	10,740	10,955	11,174	11,398	11,625	11,858	12,095	12,337	12,584	12,835
Grants and contributions - Capital	11,740	19,053	8,844	2,901	2,959	3,018	3,078	3,140	3,203	3,267	3,332
Net gain from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-
Share of interest in joint ventures	-	-	-	-	-	-	-	-	-	-	-
Total Income	76,699	69,841	61,325	56,340	57,143	58,273	59,444	60,616	61,827	62,999	64,220
Expenses from continuing operations											
Employee benefits and oncosts	20,246	16,677	17,094	17,521	17,959	18,408	18,868	19,340	19,824	20,319	20,827
Borrowing costs	473	367	302	254	224	202	188	172	157	140	123
Materials and contracts	34,453	12,384	12,632	12,884	13,142	13,405	13,673	13,946	14,225	14,510	14,800
Depreciation and amortisation	11,172	10,826	11,270	11,767	12,003	12,249	12,495	12,760	13,033	13,294	13,560
Impairment	-	-	-	-	-	-	-	-	-	-	-
Other expenses	1,290	11,582	11,813	12,049	12,280	12,536	12,787	13,043	13,304	13,570	13,841
Net loss from the disposal of assets	2,305	-	-	-	-	-	-	-	-	-	-
Total Expenses	69,939	51,835	53,110	54,476	55,619	56,801	58,011	59,261	60,542	61,833	63,151
Net Operating Result	6,760	18,006	8,214	1,863	1,523	1,472	1,433	1,355	1,285	1,166	1,069
Net operating result before grants and contributions provided for capital purposes	(4,980)	(1,047)	(630)	(1,038)	(1,436)	(1,546)	(1,646)	(1,785)	(1,918)	(2,101)	(2,263)
Statement of Financial Position - Consolidated											
Base Case	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Current assets											
Cash and investments	33,017	47,499	41,665	22,300	22,526	24,185	24,487	24,199	22,369	21,281	23,212
Receivables	12,129	8,274	8,455	8,640	8,812	8,989	9,168	9,352	9,519	9,730	9,924
Inventories	92	137	140	143	146	149	152	155	158	161	164
Other	344	344	344	344	344	344	344	344	344	344	344
Total current assets	45,582	56,254	50,604	31,427	31,828	33,667	34,352	34,050	32,410	31,516	33,644
Non-current assets											
Investments	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Receivables	11	12	13	13	13	13	14	14	14	14	15
Inventories	147	113	115	117	120	122	125	127	130	132	135
Infrastructure, property, plant and equipment	657,702	700,257	731,278	770,506	790,494	809,582	830,373	852,122	875,821	899,086	919,646
Intangible assets	340	340	340	340	340	340	340	340	340	340	340
Joint venture investments	448	-	-	-	-	-	-	-	-	-	-
Total non-current assets	663,648	705,722	736,743	775,976	795,967	815,057	835,852	857,603	881,304	904,573	925,136
Total Assets	709,230	761,976	787,347	807,403	827,795	848,724	870,203	891,653	913,714	936,089	958,780
Current liabilities											
Payables	5,877	2,037	2,080	2,126	2,174	2,222	2,272	2,322	2,374	2,427	2,481
Income received in advance	8,629	8,629	8,629	8,629	8,629	8,629	8,629	8,629	8,629	8,629	8,629
Borrowings	1,285	1,066	532	554	361	376	337	298	315	333	352
Provisions	5,130	4,670	4,786	4,906	5,029	5,154	5,283	5,415	5,551	5,689	5,832
Total current liabilities	18,921	16,401	16,027	16,216	16,192	16,381	16,321	16,665	16,869	17,078	17,293
Non-current liabilities											
Payables	-	-	-	-	-	-	-	-	-	-	-
Borrowings	6,284	(1,066)	(532)	(554)	(361)	(376)	(337)	(298)	(315)	(333)	(352)
Provisions	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158
Total non-current liabilities	8,442	1,092	1,626	1,604	1,797	1,782	1,821	1,860	1,843	1,825	1,806
Total Liabilities	27,363	17,493	17,653	17,819	17,989	18,163	18,342	18,524	18,712	18,903	19,100
NET ASSETS	681,867	744,483	769,694	789,584	809,806	830,560	851,861	873,129	895,002	917,185	939,680
Equity											
Accumulated surplus	800,084	619,205	626,914	628,831	630,394	631,866	633,299	634,654	635,939	637,105	638,174
Revaluation reserves	81,783	125,278	142,780	160,753	179,411	195,694	218,363	238,474	259,063	280,080	301,506
TOTAL EQUITY	681,867	744,483	769,694	789,584	809,806	830,560	851,661	873,128	895,002	917,185	939,680
Statement of Cash Flows - Consolidated											
Base Case	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Cash flows from operating activities											
<i>Receipts:</i>											
Rates and annual charges	17,051	19,144	19,572	20,009	20,410	20,818	21,234	21,659	22,092	22,534	22,985
User charges and fees	12,003	20,128	16,418	16,746	17,096	17,438	17,787	18,143	18,506	18,876	19,253
Investment revenue and interest	435	410	1,050	933	628	628	646	643	654	602	576
Grants and contributions	37,090	29,793	19,799	14,075	14,356	14,644	14,936	15,235	15,540	15,851	16,168
Other	5,218	4,222	4,305	4,392	4,479	4,569	4,660	4,754	4,849	4,946	5,045
<i>Payments:</i>											
Employee benefits and on-costs	(20,752)	(16,217)	(17,211)	(17,641)	(18,082)	(18,534)	(18,997)	(19,472)	(19,959)	(20,458)	(20,970)
Materials and contracts	(32,914)	(14,236)	(12,593)	(12,843)	(13,100)	(13,362)	(13,629)	(13,901)	(14,179)	(14,463)	(14,752)
Borrowing costs	(473)	(367)	(302)	(254)	(224)	(202)	(188)	(172)	(157)	(140)	(123)
Other	(1,625)	(11,582)	(11,813)	(12,049)	(12,280)	(12,536)	(12,787)	(13,043)	(13,304)	(13,570)	(13,841)
Net cash provided (or used) in operating activities	16,033	31,296	19,226	13,368	13,274	13,462	13,663	13,845	14,042	14,178	14,341
Cash flows from investing activities											
<i>Receipts:</i>											
Sale of investments	13,503	-	-	-	-	-	-	-	-	-	-
Sale of real estate assets	-	-	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant and equipment	(2,305)	-	-	-	-	-	-	-	-	-	-
Other	158	448	-	-	-	-	-	-	-	-	-
<i>Payments:</i>											
Purchase of investments	(5,003)	-	-	-	-	-	-	-	-	-	-
Purchase of real estate assets	-	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant and equipment	(10,837)	(36,665)	(24,227)	(32,439)	(12,739)	(11,693)	(13,242)	(14,059)	(15,844)	(15,227)	(12,361)
Other	-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used) in investing activities	(4,484)	(36,217)	(24,227)	(32,439)	(12,739)	(11,693)	(13,242)	(14,059)	(15,844)	(15,227)	(12,361)
Cash flows from financing activities											
<i>Receipts:</i>											
New loans	-	-	-	-	-	-	-	-	-	-	-
<i>Payments:</i>											
Loan repayments	(801)	(875)	(1,066)	(532)	(554)	(361)	(376)	(337)	(298)	(315)	(333)
Net cash provided (or used) in financing activities	(801)	(875)	(1,066)	(532)	(554)	(361)	(376)	(337)	(298)	(315)	(333)
Net increase / (decrease) in cash	10,748	(5,795)	(6,067)	(19,603)	(19)	1,408	45	(552)	(2,101)	(1,365)	1,647

SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2021 – 2031
(October 2021)

6. SRV Scenario

Based on feedback received from the community as part of the Service Level Review and Rates Harmonisation and further feedback during the initial engagement around a potential SRV, Council does not believe that the community is willing to accept vastly reduced service levels or declining infrastructure.

The SRV scenario shows a path that allows Council to increase its revenues via increased rates and reduce its expenditure through efficiency gains and cost savings with moderate adjustments to service levels. It assumes that these shifts can be sustained in the long-term. Council's Road to Sustainability Plan outlines several actions Council is taking to achieve its objective of delivering sustainable best value to the community.

The SRV scenario represents Council's preferred long-term path to financial sustainability.

Assumptions

The key assumptions contrasting to the baseline scenario are:

- Introduction of a permanent SRV under S508A of the *Local Government Act* of 38.06% (compounded and including the IPART rate peg of 2.5%) over two years
- Efficiency savings through staff savings of \$600K annually from 2022/23 with some savings effected during 2021/22

Council may consider other saving options over the longer term, such as:

- Selling, disposing, or repurposing buildings, structures or land that could be suitable for alternative management, are underutilised or no longer needed.
- Ceasing of services or transition of services to someone else to provide
- Review of frequency, quality and quantity of services provided to the community
- Transfer of a larger portion of the cost of services and facilities to the direct users/beneficiaries rather than the general ratepayer

Implications

The SRV scenario shows a return to operating profits for the general fund from year 2023/24. It allows Council to increase its asset replacement reserves to make sure services can be delivered into the future. The SRV scenario meets the key principles of sound financial management. It returns operations to a surplus in the long-term, invests responsibly in infrastructure and avoids burdening future generations with excessive costs or extensive reductions to services.

However, while this scenario shows reduced reliance on external grant funding, Council continues to rely on external funding for infrastructure renewals. External funding will still be required to fully fund required renewals in the general fund. Council considers the ongoing level of additional funding achievable.

SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2021 – 2031
(October 2021)

SRV Scenario – Primary Financial Reports

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

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**SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2021 – 2031
(October 2021)**

Income Statement - General Fund - SRV											
SRV Scenario	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Income from continuing operations											
Rates and annual charges	9,581	9,757	11,346	13,211	15,475	13,744	14,019	14,300	14,586	14,877	15,175
User charges and fees	13,205	12,927	13,186	13,450	13,719	13,993	14,273	14,558	14,849	15,146	15,449
Interest and investment revenue	289	350	776	804	578	641	708	778	854	933	1,017
Other revenues	4,368	4,141	4,224	4,308	4,394	4,482	4,572	4,663	4,757	4,852	4,949
Grants and contributions - Operating	25,335	10,740	10,955	11,174	11,398	11,625	11,858	12,095	12,337	12,584	12,835
Grants and contributions - Capital	10,343	17,875	7,710	1,744	1,779	1,814	1,851	1,888	1,926	1,964	2,003
Net gain from the disposal of assets	(6)	-	-	-	-	-	-	-	-	-	-
Share of interest in joint ventures	-	-	-	-	-	-	-	-	-	-	-
Total Income	63,115	55,791	48,196	44,690	45,342	46,300	47,280	48,282	49,308	50,358	51,428
Expenses from continuing operations											
Employees benefits and oncosts	18,582	13,987	14,337	14,695	15,063	15,439	15,825	16,221	16,627	17,042	17,468
Borrowing costs	155	94	88	81	73	66	60	53	48	42	36
Materials and contracts	28,723	9,074	8,757	9,084	9,278	9,476	9,677	9,883	10,092	10,306	10,524
Depreciation and amortisation	8,151	8,789	9,724	10,184	10,388	10,596	10,808	11,024	11,244	11,469	11,699
Impairment	-	-	-	-	-	-	-	-	-	-	-
Other expenses	165	7,613	7,765	7,921	8,079	8,241	8,406	8,574	8,745	8,920	9,098
Net loss from the disposal of assets	2,284	-	-	-	-	-	-	-	-	-	-
Total Expenses	50,060	39,557	40,672	41,966	42,881	43,818	44,776	45,755	46,756	47,780	48,825
Net Operating Result	5,055	16,233	7,524	2,724	2,461	2,482	2,505	2,528	2,552	2,577	2,603
Net operating result before grants and contributions provided for capital purposes	(5,289)	(1,642)	(186)	980	682	668	654	640	627	613	600
Statement of Financial Position - General Fund											
SRV Scenario	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Current assets											
Cash and investments	13,075	33,777	35,179	23,878	27,040	30,387	33,921	37,710	41,665	45,827	50,139
Receivables	7,681	7,647	8,270	8,987	9,167	9,350	9,537	9,728	9,922	10,121	10,323
Inventories	430	137	140	145	148	151	154	157	160	163	167
Other	9	9	9	9	9	9	9	9	9	9	9
Total current assets	21,196	41,570	43,598	33,019	36,364	39,897	43,621	47,604	51,757	56,120	60,637
Non-current assets											
Investments	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Receivables	12	12	13	14	15	15	15	16	16	16	17
Inventories	353	113	115	119	121	124	126	129	131	134	137
Infrastructure, property, plant and equipment	541,297	573,761	593,423	621,300	655,570	650,083	664,497	679,466	694,465	709,609	724,958
Investment property	340	340	340	340	340	340	340	340	340	340	340
Intangible assets	448	-	-	-	-	-	-	-	-	-	-
Joint venture investments	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	547,450	579,226	598,891	626,774	641,046	655,542	670,179	684,950	699,933	715,099	730,452
Total Assets	568,646	620,797	642,489	659,793	677,410	695,439	713,800	732,554	751,709	771,219	791,089
Current liabilities											
Payables	3,014	1,954	1,997	2,051	2,087	2,143	2,191	2,240	2,290	2,341	2,393
Income received in advance	8,629	8,629	8,629	8,629	8,629	8,629	8,629	8,629	8,629	8,629	8,629
Borrowings	190	273	279	273	191	197	149	100	106	112	118
Provisions	5,205	3,916	4,084	4,115	4,218	4,323	4,431	4,542	4,655	4,772	4,891
Total current liabilities	17,038	14,772	14,920	15,067	15,134	15,292	15,400	15,510	15,680	15,854	16,032
Non-current liabilities											
Payables	-	-	-	-	-	-	-	-	-	-	-
Borrowings	(190)	(273)	(279)	(273)	(191)	(197)	(149)	(100)	(106)	(112)	(118)
Provisions	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158
Total non-current liabilities	1,968	1,885	1,879	1,885	1,967	1,963	2,009	2,058	2,052	2,046	2,040
Total Liabilities	19,004	16,657	16,799	16,953	17,101	17,253	17,409	17,569	17,732	17,900	18,071
NET ASSETS	549,642	604,139	625,690	642,841	660,309	678,186	696,391	714,985	733,977	753,319	773,018
Equity											
Accumulated surplus	476,638	492,872	500,396	508,120	505,581	508,083	510,568	513,096	515,648	518,225	520,828
Revelation reserves	73,003	111,266	125,294	138,720	154,728	170,122	185,823	201,889	218,329	235,094	252,190
TOTAL EQUITY	549,642	604,139	625,690	642,841	660,309	678,186	696,391	714,985	733,977	753,319	773,018
Statement of Cash Flows - General Fund											
SRV Scenario	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Cash flows from operating activities											
Reception:											
Rates and annual charges	9,581	9,757	11,346	13,211	15,475	13,744	14,019	14,300	14,586	14,877	15,175
User charges and fees	12,194	12,961	12,563	12,732	13,539	13,810	14,086	14,367	14,655	14,948	15,247
Investment revenue and interest	289	350	776	804	578	641	708	778	854	933	1,017
Grants and contributions	35,678	28,615	18,665	12,918	13,176	13,440	13,709	13,983	14,263	14,548	14,839
Other	4,369	4,341	4,225	4,309	4,395	4,482	4,572	4,664	4,757	4,852	4,949
Payments:											
Employee benefits and on-costs	(19,161)	(12,701)	(14,435)	(14,796)	(15,166)	(15,545)	(15,933)	(16,332)	(16,740)	(17,159)	(17,588)
Materials and contracts	(28,501)	(9,601)	(8,719)	(9,040)	(9,238)	(9,434)	(9,635)	(9,839)	(10,048)	(10,261)	(10,478)
Borrowing costs	(155)	(94)	(88)	(81)	(73)	(66)	(60)	(53)	(48)	(42)	(36)
Other	(165)	(7,613)	(7,765)	(7,921)	(8,079)	(8,241)	(8,406)	(8,574)	(8,745)	(8,920)	(9,098)
Net cash provided (or used) in operating activities	34,129	25,816	16,567	12,137	12,607	12,831	13,060	13,294	13,533	13,777	14,026
Cash flows from investing activities											
Reception:											
Sale of investments	13,503	-	-	-	-	-	-	-	-	-	-
Sale of real estate assets	-	-	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant and equipment	(2,290)	-	-	-	-	-	-	-	-	-	-
Other	158	448	-	-	-	-	-	-	-	-	-
Payments:											
Purchase of investments	(5,003)	-	-	-	-	-	-	-	-	-	-
Purchase of real estate assets	-	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant and equipment	(8,672)	(28,074)	(15,086)	(23,357)	(9,377)	(9,503)	(9,545)	(9,577)	(9,704)	(9,742)	(9,841)
Other	-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used) in investing activities	(2,305)	(27,626)	(15,086)	(23,357)	(9,377)	(9,503)	(9,545)	(9,577)	(9,704)	(9,742)	(9,841)
Cash flows from financing activities											
Reception:											
New loans	-	-	-	-	-	-	-	-	-	-	-
Payments:											
Loan repayments	(105)	(190)	(273)	(279)	(273)	(191)	(197)	(149)	(100)	(106)	(112)
Net cash provided (or used) in financing activities	(105)	(190)	(273)	(279)	(273)	(191)	(197)	(149)	(100)	(106)	(112)
Net increase / (decrease) in cash	11,719	(2,000)	1,208	(11,499)	2,957	3,137	3,316	3,568	3,729	3,929	4,074

SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2021 – 2031
(October 2021)

Income Statement - Consolidated SRV											
Consolidated SRV	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Income from continuing operations											
Rates and annual charges	17,051	19,144	19,572	21,392	23,436	23,905	24,383	24,871	25,368	25,875	26,399
User charges and fees	16,905	16,273	16,596	16,930	17,269	17,614	17,967	18,326	18,693	19,066	19,448
Interest and investment revenue	435	410	1,059	975	729	800	892	965	1,056	1,086	1,141
Other revenues	5,218	4,221	4,305	4,391	4,479	4,569	4,660	4,753	4,848	4,945	5,044
Grants and contributions - Operating	25,350	10,740	10,955	11,174	11,398	11,625	11,858	12,095	12,337	12,584	12,835
Grants and contributions - Capital	11,740	19,053	8,844	2,901	2,959	3,018	3,078	3,140	3,203	3,267	3,332
Net gain from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-
Share of interest in joint ventures	-	-	-	-	-	-	-	-	-	-	-
Total Income	76,699	69,841	61,334	57,764	60,270	61,531	62,838	64,150	65,505	66,824	68,193
Expenses from continuing operations											
Employee benefits and oncosts	20,246	16,677	17,094	17,521	17,959	18,408	18,868	19,340	19,824	20,319	20,827
Borrowing costs	473	367	302	254	224	202	188	172	157	140	123
Materials and contracts	34,453	12,284	12,032	12,424	12,685	12,950	13,221	13,498	13,780	14,067	14,361
Depreciation and amortisation	11,172	10,826	11,270	11,767	12,003	12,249	12,495	12,760	13,033	13,294	13,560
Impairment	-	-	-	-	-	-	-	-	-	-	-
Other expenses	1,290	11,582	11,813	12,049	12,290	12,536	12,787	13,043	13,304	13,570	13,841
Net loss from the disposal of assets	2,305	-	-	-	-	-	-	-	-	-	-
Total Expenses	69,939	51,735	52,510	54,016	55,162	56,346	57,560	58,812	60,097	61,391	62,712
Net Operating Result	6,760	18,106	8,823	3,748	5,107	5,185	5,278	5,338	5,408	5,433	5,481
Net operating result before grants and contributions provided for capital purposes	(4,980)	(947)	(21)	847	2,149	2,167	2,200	2,198	2,205	2,166	2,149
Statement of Financial Position - Consolidated											
Consolidated SRV	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Current assets											
Cash and investments	33,017	47,934	43,766	27,330	31,119	36,472	40,599	44,272	46,549	49,700	56,021
Receivables	8,212	8,274	8,910	9,640	9,833	10,028	10,230	10,435	10,643	10,856	11,075
Inventories	430	137	140	145	148	151	154	157	160	163	167
Other	9	9	9	9	9	9	9	9	9	9	9
Total current assets	41,668	56,354	52,825	37,124	41,109	46,661	50,992	54,873	57,355	60,728	67,270
Non-current assets											
Investments	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Receivables	12	12	13	14	15	15	15	16	16	16	17
Inventories	353	113	115	119	121	124	126	129	131	134	137
Infrastructure, property, plant and equipment	656,483	696,723	729,742	768,972	788,960	808,048	828,839	850,588	874,287	897,552	918,112
Investment property	340	340	340	340	340	340	340	340	340	340	340
Intangible assets	448	-	-	-	-	-	-	-	-	-	-
Joint venture investments	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	662,636	704,188	735,210	774,445	794,436	813,526	834,321	856,072	879,774	903,042	923,605
Total Assets	704,304	760,542	788,035	811,569	835,545	860,187	885,313	910,945	937,129	963,771	990,875
Current liabilities											
Payables	3,127	2,037	2,080	2,135	2,183	2,231	2,281	2,332	2,384	2,437	2,491
Income received in advance	8,629	8,629	8,629	8,629	8,629	8,629	8,629	8,629	8,629	8,629	8,629
Borrowings	1,276	1,066	532	554	561	576	587	598	615	633	652
Provisions	5,303	4,670	4,786	4,906	5,029	5,154	5,283	5,415	5,551	5,689	5,832
Total current liabilities	18,334	16,401	16,027	16,225	16,201	16,390	16,531	16,675	16,879	17,088	17,304
Non-current liabilities											
Payables	-	-	-	-	-	-	-	-	-	-	-
Borrowings	3,662	(1,066)	(532)	(554)	(561)	(576)	(587)	(598)	(615)	(633)	(652)
Provisions	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158	2,158
Total non-current liabilities	5,820	1,092	1,626	1,604	1,797	1,782	1,821	1,860	1,843	1,825	1,806
Total Liabilities	24,154	17,493	17,653	17,829	17,998	18,173	18,351	18,534	18,721	18,913	19,110
NET ASSETS	680,150	743,049	770,382	793,741	817,547	842,015	866,962	892,411	918,408	944,858	971,765
Equity											
Accumulated surplus	480,807	496,912	506,084	514,417	519,524	524,709	529,988	535,325	540,733	546,166	551,648
Revelation reserves	199,343	244,137	261,298	279,324	298,023	317,306	336,974	357,085	377,674	398,691	420,117
TOTAL EQUITY	680,150	743,049	770,382	793,741	817,547	842,015	866,962	892,411	918,408	944,858	971,765
Statement of Cash Flows - Consolidated											
Consolidated SRV	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Cash flows from operating activities											
Receipts:											
Rates and annual charges	17,051	19,144	19,572	21,392	23,436	23,905	24,383	24,871	25,368	25,875	26,399
User charges and fees	15,920	16,211	15,963	16,200	17,076	17,448	17,766	18,121	18,484	18,854	19,231
Investment revenue and interest	435	410	1,059	975	729	800	892	965	1,056	1,086	1,141
Grants and contributions	37,090	29,793	19,799	14,075	14,356	14,644	14,936	15,235	15,540	15,851	16,166
Other	5,219	4,221	4,306	4,393	4,479	4,569	4,660	4,754	4,849	4,946	5,045
Payments:											
Employee benefits and on-costs	(20,925)	(16,044)	(17,211)	(17,641)	(18,082)	(18,534)	(18,997)	(19,472)	(19,959)	(20,450)	(20,970)
Materials and contracts	(34,206)	(12,941)	(11,993)	(12,376)	(12,643)	(12,907)	(13,177)	(13,453)	(13,734)	(14,020)	(14,312)
Borrowing costs	(473)	(367)	(302)	(254)	(224)	(202)	(188)	(172)	(157)	(140)	(123)
Other	(1,290)	(11,582)	(11,813)	(12,049)	(12,290)	(12,536)	(12,787)	(13,043)	(13,304)	(13,570)	(13,841)
Net cash provided (or used) in operating activities	18,819	28,945	19,381	14,733	16,838	17,155	17,488	17,806	18,143	18,423	18,790
Cash flows from investing activities											
Receipts:											
Sale of investments	13,503	-	-	-	-	-	-	-	-	-	-
Sale of real estate assets	-	-	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant and equipment	(2,305)	-	-	-	-	-	-	-	-	-	-
Other	158	448	-	-	-	-	-	-	-	-	-
Payments:											
Purchase of investments	(5,000)	-	-	-	-	-	-	-	-	-	-
Purchase of real estate assets	-	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant and equipment	(10,837)	(36,665)	(24,227)	(32,439)	(12,739)	(11,693)	(13,242)	(14,059)	(15,844)	(15,227)	(12,361)
Other	-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used) in investing activities	(4,484)	(36,217)	(24,227)	(32,439)	(12,739)	(11,693)	(13,242)	(14,059)	(15,844)	(15,227)	(12,361)
Cash flows from financing activities											
Receipts:											
New loans	-	-	-	-	-	-	-	-	-	-	-
Payments:											
Loan repayments	(801)	(875)	(1,066)	(532)	(554)	(561)	(576)	(587)	(598)	(615)	(633)
Net cash provided (or used) in financing activities	(801)	(875)	(1,066)	(532)	(554)	(561)	(576)	(587)	(598)	(615)	(633)
Net increase / (decrease) in cash	13,534	(8,148)	(5,912)	(18,238)	3,545	5,101	3,670	3,410	2,001	2,580	6,037

SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2021 – 2031
(October 2021)

7. Sensitivity Analysis

Both the baseline and SRV scenario have been evaluated in relation to their sensitivity to changes in the assumptions.

Employee Costs

Council's ability to contain rises in 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 1% higher than the assumed rate results in an additional \$9 million and \$8 million respectively to employee costs by the end of the 10-year period for the baseline and SRV scenario respectively.

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 has 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 reserves and cash holdings. If Council embarked on adding new capital projects resulting in additional assets, not only will the reserves decrease, but operational costs will 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 are reduced or discontinued, Council will have to generate considerably more revenues from other sources. It has been assumed that Government funding remains stable, however, should such funding decrease because 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 fire and emergency services to local government without funding. It is likely that this trend will continue 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 Council buildings have resulted in savings with further projects being investigated.

Insurance and Workers Compensation

Forecasting insurance premiums is difficult. Considerable increases in insurance premiums are possible, influenced by several issues, particularly the occurrence of natural disasters, economic uncertainty and climate change.

SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2021 – 2031
(October 2021)

Workers' compensation premiums can increase at any time following a rise in claims or with major open cases. Council's safety, risk & quality committee is committed to reducing premiums and claims through increased risk mitigation, awareness and workplace safety programs.

Superannuation

Council is responsible to fund investment shortfalls in the defined benefits member scheme until all staff in the scheme have retired. Council has been advised to expect to be called upon to fund investment shortfalls in this scheme due to the current economic environment. However, no additional allowance has been made in the financial forecast at this stage as the extend of the funding requirement is unclear.

8. 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 SRV Scenario. Other considerations include the achievement of industry benchmarks that Council must report on as part of its annual report.

The following ratios are anticipated to occur under the SRV scenario (comment included where divergent for the baseline 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 SRV scenario, Council reaches the benchmark by 2023/24. Under the baseline scenario, Council is unable to reach this benchmark.

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 9 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. However, in the baseline scenario, Council assets quickly deplete, and Council is unable to meet this ratio from about 2025/26.

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, economic factors may influence rates and charges collection in the earlier years of the forecast.

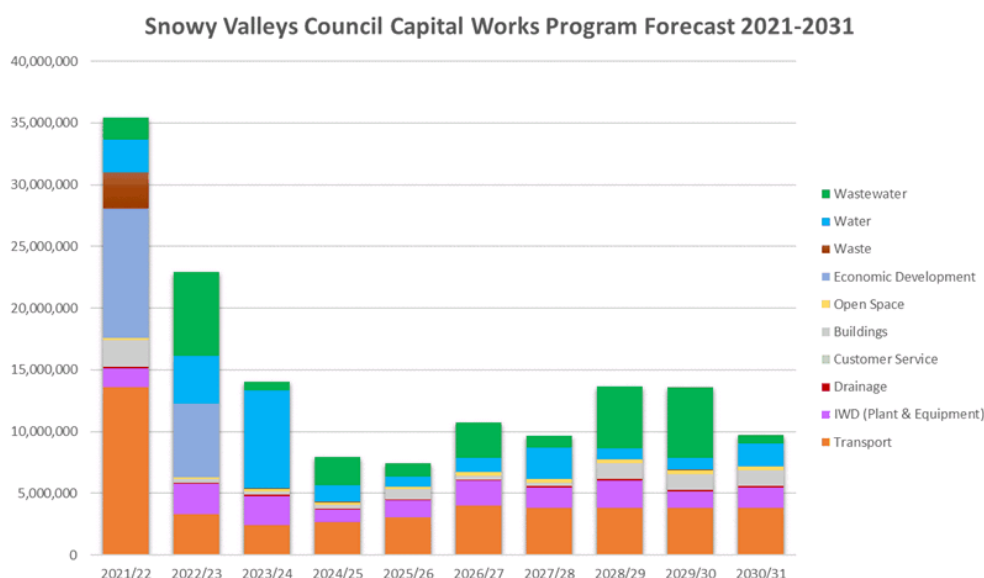
Cash Expenses Cover Ratio – Benchmark >3 months

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. But under the baseline scenario Council is unable to meet this ratio from year 2027/28.

SNOWY VALLEYS COUNCIL – UPDATED LONG TERM FINANCIAL PLAN 2021 – 2031
(October 2021)

9. Capital Works Program

The capital works program for 2021/22 is included in the operational plan and budget paper. The chart below shows the planned capital expenditure over the next ten years, however, this is forecast requires regular updating due to changes to the works program and available funding opportunities. It will be updated in line with the Community Strategic Plan and Delivery Program.



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