

LONG TERM FINANCIAL PLAN

2023-2033

**REVISED
DRAFT**
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Shire Council

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Introduction

The Integrated Planning and Reporting Framework requires every NSW council to undertake strategic planning that is based on community engagement and ensures that its activities are informed by long term plans for their finances, assets, and workforces.

The Integrated Planning and Reporting framework is designed so that the council and community both have a clear picture of:

1. Where we want to go (Community Strategic Plan);
2. How we plan to get there (Delivery Program, Operating Plan and Resourcing Strategy, including the Long-Term Financial Plan); and
3. How we will measure our progress (quarterly and annual reporting and the End of Term Report).

The planning and reporting process ensures that Council's planning is aligned with the community's vision for the future, and that the planning process and the implementation of the Delivery Program is transparent and those charged with its delivery held accountable.



The Long-Term Financial Plan (LTFP) is an important part of Council's strategic planning process. The LTFP is where Council projects the financial implications of delivering the community's vision for the future; and the aspirations and goals of the community are tested against financial realities. It outlines the pressures and economic drivers behind Council's expected long-term future. Expected growth rates are aligned with community expectations of service delivery and community projects and the social outcomes outlined in the Community Strategic Plan.

Council will seek to answer the following questions with the LTFP:

- Can we survive the pressures of the future?
- What are the opportunities for future income and economic growth?
- Can we afford what the community wants?
- What efficiencies are we aiming for?
- How can we achieve the anticipated outcomes?

When developing the LTFP, consideration is given to:

- Planning assumptions used to develop the plan;
- Projected income and expenditure, balance sheet and cash flow statement;
- Sensitivity analysis (factors/assumptions most likely to affect the plan);
- Financial modelling for different scenarios; and
- Methods of monitoring financial performance.

The LTFP must be for a minimum of 10 years and is updated annually as part of the development of the Operational Plan. The LTFP is also reviewed in detail as part of the four-yearly review of the Delivery Program as part of the Community Strategic Plan.

The objectives of the Kempsey Shire Council LTFP are to:

- Respond to the changing aspirations and needs of the Macleay Valley, particularly as they are identified and prioritised in the Community Strategic Plan;
- Reflect the true financial position based on the current service levels;
- Ensure the financial sustainability of Council's services for the community;
- Support the implementation of Council's Community Strategic Plan and Delivery Program as an integral component of Council's Resourcing Strategy;
- Guide our future Operational Plan and Council's ability to invest in new services and infrastructure, and maintain existing assets; and
- Address Council's legislative requirements for integrated planning and reporting.

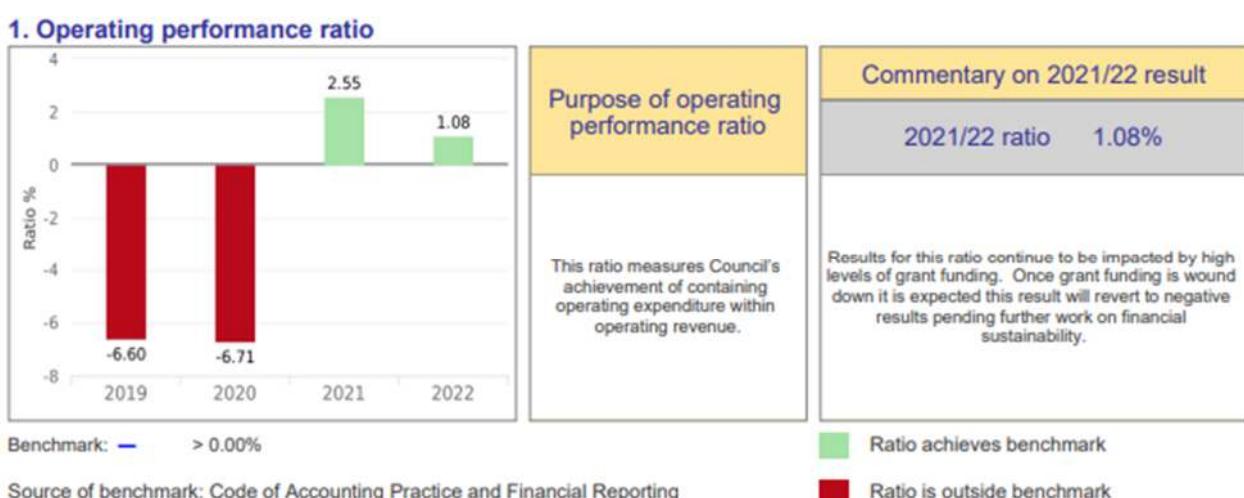
Current and Historical Financial Position

In March 2013 NSW Treasury Corporation issued a report on the independent assessment of Kempsey Shire Council's financial capacity and its future sustainability.

The report observed that Council was in a weak and deteriorating operating position. This observation was largely a factor of consecutive operating deficits that had been posted (when capital grants and contributions were excluded). Additionally, NSW Treasury Corporation noted that there had been an increase in the Infrastructure Backlog and that the Asset Maintenance was consistently below benchmark.

Since the time of the NSW Treasury Corporation report, a 37.54% cumulative increase in rates has been implemented. The rate rise was approved by the Independent Pricing and Regulatory Tribunal (IPART) to sustain service levels to the community and to meet infrastructure maintenance costs (particularly the road network). This, along with lower operating expenditure levels as Council embarked on organisational transformation, resulted in an improved operating performance over the 2016-17 and 2017-18 financial years. However, the Operating Performance Ratio deteriorated in 2018-19 and 2019-20 due in part to timing of the receipt of operating grants and cost increases associated with historical staff competency assessments, as well as Council adequately resourcing critical functions, such as asset management.

The Operating Performance Ratio improved in 2020-21 and 2021-22 and exceeded the benchmark as detailed below. This improved result was principally due to the timing of operating grant funding relating to Natural Disaster Recovery, rather than any permanent underlying financial improvements. Additionally, these results are consolidated for all three funds consequently, the stronger operating result in the Sewer Fund offsets the General Fund deficit result.



Source: 2021-22 Annual Report. Note: 2022-23 results not yet audited or available.

Note: The above chart reflects the consolidated result for all three funds (General, Water and Sewer).

Audited Financial Position

Council's audited financial reports for the year ended 30 June 2022 provide the starting point for reviewing the LTFP. The following tables summarise Council's most recently audited financial position:

Income Statement	2021-22	2020-21 Restated
	\$'000	\$'000
Income	116,248	99,686
Expenses	85,360	78,688
Net Operating Result for the Year	30,888	20,998
Net Operating Result before Grants and Contributions provided for Capital purposes	(3,644)	(769)

Statement of Financial Position	2021-22	2020-21 Restated
	\$'000	\$'000
Total Assets	1,326,197	1,221,977
Total Liabilities	107,088	92,752
Total Equity	1,219,109	1,129,225

Statement of Cash Flows	2021-22	2020-21 Restated
	\$'000	\$'000
Cash, Cash Equivalents and Investments - Opening Balance	87,987	55,068
Cash, Cash Equivalents and Investments - Closing Balance	104,720	87,987
Movement for Year	16,733	32,919

Note: The above tables reflect consolidated financial results. Note: 2022-23 audited financial results not yet available.

Financial Performance Indicators

Included within the audited Financial Statements are the following ratios which indicate Council's performance compared to the previous year, together with the associated benchmarks.

Indicator	2021-22	2020-21 Restated	Benchmark
Operating performance ratio	1.1%	2.6%	> 0%
Own source operating revenue ratio	57.5%	63.7%	> 60%
Unrestricted current ratio	3.18	2.61	> 1.5
Debt service cover ratio	4.04	4.70	> 2.0
Rates and annual charges outstanding ratio	9.6%	8.3%	< 10%
Cash expense cover ratio (in months)	13.24	10.17	> 3.0
Building and infrastructure renewal ratio	37.3%	37.3%	> 100%
Infrastructure backlog ratio	8.6%	8.8%	< 2%
Asset maintenance	96.5%	94.1%	> 100%

Note: The above indicators reflect consolidated results.

Consistently achieving a positive operating performance ratio is one of Council's major challenges. This is made even more difficult due to the asset maintenance ratio being below benchmark which means more operating costs are required to meet this target which in turn will further negatively impact the operating performance ratio.

Significant financial improvements are needed in the future to ensure Council is financially sustainable on a longer-term basis. Current forecasts within the LTFP are consistent with historical financial performance trends, where operating expenditure exceeds operating revenue in the General Fund, and the Net Operating Result excluding Capital Grants and Contributions is in a deficit position. These financial outcomes cannot be sustained, and a range of measures are required to return the financial result to a surplus position that will enable Council to build longer term financial strength.

Financial sustainability is a key issue for a number of NSW councils regardless of their size or location (urban vs regional vs rural), and 38% of Councils reported deficits in the 2021-22 year¹.

Longer Term Financial Position

The outlook of Council's Long-Term Financial Plan highlights continued significant challenges ahead for Council and requires a holistic improvement program to be implemented for Council to achieve financial sustainability. Council's longer term financial goals are:

- Modest operating surpluses to insulate Council from unforeseen events.
- The provision of current service levels and where appropriate, increased service levels to meet community expectations.
- Reduce or eliminate the infrastructure backlog.
- Maintain adequate levels of debt/equity funding.
- A program of activity that see Council's assets appropriately leveraged for the long-term benefit of the Macleay Valley community.
- Ensure appropriate levels of cash reserves are maintained for future projects and asset renewal management.
- Ensure appropriate investment in the maintenance of assets.

On a consolidated basis, operating surpluses are forecast for the initial three years of the LTFP before deficits are recorded from 2026-27 onwards. The increasing deficits are principally the result of the General Fund operating performance.

The LTFP forecasts accumulated Net Operating results (excluding Capital Grants and Contributions) for the next 10 years from 2023-24 to 2032-33 as follows:

- Consolidated: \$38M deficit, driven by General and Sewer Funds. The 2023-24 year has a capital program of \$117M across all three funds and close to \$700M over the next 10 years, requiring \$358M in new loans to fund the 10-year program.
- General Fund: \$79M deficit. Given current and forecast rate pegs, combined with increasing costs, it will not be possible for the General Fund to return to surplus, which is consistent with actual historical financial results. While a number of financial sustainability initiatives are being implemented, a Special Rate Variation (SRV), which would allow Council to raise rates above rate peg, is the only realistic way to return the General Fund to a surplus position without substantial service reductions and significant reductions in

¹ Excludes IPP&E fair value movements through the income statement (as per LG Debits and Credits March 2023)

asset maintenance. Significant reductions in asset maintenance would be a short-term financial solution only and would result in substantially greater asset maintenance spend in future years.

- Water Fund: \$15M surplus. Water fund has a sustainable revenue base and can afford to fund its \$92M Capital program over the next 10 years.
- Sewer Fund²: \$26M surplus. Sewer fund is forecasting a sizeable capital program nearing \$250M over the next 10 years. The Sewer fund has been steadily increasing rates and charges in recent years to fund this large capital program. Recently, this program has been re-estimated resulting in a significant increase in these forecasts. This level of expenditure would require significant borrowings of about \$170M, but to meet the loan repayments, rates would still need to be increased by another 40% over the next 5 years. This would put Council's rates for sewer among, if not the highest in NSW. Council is currently reviewing options for the Sewer Fund, including additional funding options from the State and / or Federal governments.

Financial Sustainability

In response to ongoing net operating deficits, and as an outcome from the organisational transformation that commenced in 2018, Council developed a Financial Sustainability Strategy to deliver long term financial sustainability. This strategy and the associated Financial Sustainability Roadmap were adopted by Council in April 2019.

The key objectives of the adopted Financial Sustainability Strategy were:

1. To provide Council and the Executive Leadership Team with a program that will deliver financial sustainability for Kempsey Shire Council; and
2. To achieve financial sustainability for Council through:
 - the integration and alignment of service and financial outcomes through the Long-Term Financial Plan, the Community Strategic Plan and Delivery Program;
 - enabling a culture of innovation, financial literacy, and accountability to ensure decision making at every level is aligned to positive community outcomes;
 - working with the community on determining service level expectations and agreed associated funding sources; and
 - the development of better practices, enabling systems and processes.

Council's Financial Sustainability Strategy and Financial Sustainability Roadmap identified 28 key initiatives designed to deliver long term financial sustainability and were organised into three core themes as summarised below.

² Sewer Fund financial forecasts are currently in the process of being reviewed. This review will include the timing and funding sources of the large capital expenditure program and as a result sewer access fees in future years. This review will be completed prior to the preparation of the 2024-2034 Long Term Financial Plan. Consequently, no changes to Sewer Fund financial forecasts have been included in this version of the Long Term Financial Plan.

Figure 1: Financial Sustainability Strategy core themes



Strong progress in implementing the various financial improvement initiatives was achieved across the following key categories of the financial sustainability strategy and associated roadmap:

- Financial
- Asset management
- Information systems
- Strategic alignment
- Service delivery

Updates on the progress of implementing the Financial Sustainability Strategy were reported to Council on a quarterly basis. A number of financial sustainability initiatives were progressed to the point of being either complete or have become part of normal operations and where continuous improvement in these areas is now a normal part of business-as-usual activity. There are longer term initiatives that continue to progress as planned, such as asset management capability and water and sewer business planning and strategic alignment initiatives.

These initiatives delivered a number of significant foundational financial improvements, including the following:

- Implementation of a new finance system.
- Substantially improved budgeting and forecasting processes.
- Significantly improved financial management reporting to budget owners, the Executive Leadership Team and Council, enabling improved financial understanding, budget management and decision making.
- Implementation of asset management improvements, including strategy, increasing internal capability and systems to improve asset data capture and reporting.
- Implementation of a Project Management Office, including the development of a project management framework to assist in project prioritisation, governance and reporting related to project delivery and the establishment of a team of skilled project managers to deliver Council's significant capital program in a more efficient and cost effective manner.
- A range of process improvements and training leveraging existing technologies.
- Engagement of an external investment advisor to better manage Council's cash and investments.

- Improved management of Council's commercial businesses resulting in Kempsey Regional Saleyards being leased to a private operator and significant capital and operating expenditure, and therefore, revenue improvements to the Council's Macleay Valley Coast Holiday Parks.
- Financial and environmental benefits have been recognised through:
 - Renegotiation of cheaper electricity contracts with locked in long term fixed prices.
 - Savings from rooftop solar projects at Council's Civic Centre and Slim Dusty Centre.
 - The replacement of streetlights with LED globes that use less energy and last longer.
- Significantly increased integration in Council's annual strategic planning processes.
- Development of master plans and key strategies.
- Establishment of a highly functioning internal audit function and Audit, Risk & Improvement Committee.
- A service review framework and toolkit has been developed and is in the process of being implemented.

Additionally, the implementation of the organisational transformation program, which was endorsed by Council in 2017 and commenced with the recruitment of the new Executive Leadership Team in 2018, over the past 6 years has delivered significant operational performance improvements, including:

- Stronger working relationships with the elected council representatives.
- Increased community satisfaction with council's performance and services.
- Increased employee engagement outcomes and improved organisational culture (as recognised with being awarded the Employer of Choice at the 2019 and 2021 Macleay Valley Business Awards).
- Greater financial management understanding and awareness.
- Improved risk management and corporate governance.
- Significantly improved work, health and safety outcomes – resulting in our employees being safer and lower costs through workers compensation claims and premiums.
- Better asset management practices leading to improved financial performance, better asset decision making, a decrease in risk, an improvement in service outcomes, and therefore maximising the assets contribution to the community.
- Technology improvements across the organisation.
- A 25% reduction in Executive Leadership Team positions (five reduced to four) and 38% reduction in Senior Leadership Team positions (18 reduced to 13).

Despite these improvements being implemented and cost savings in a number of areas being achieved, Council is still forecasting General Fund operating deficits into the future.

This can be attributed to two primary factors:

- those operating items impacting ongoing **financial sustainability**; and
- the inclusion of capital and operating expenditure to address the **asset backlog**.

The factors impacting ongoing **financial sustainability** are:

- Costs growing at a faster rate than income. This is due to the following factors:
 - Council's rate revenue within the General Fund is pegged each financial year with the rate peg representing the maximum percentage amount councils may increase their general income in any given financial year. Councils must not increase their general income by more than the rate peg unless IPART approves a special variation. Rate pegs

have been historically low with councils across NSW and peak Local Government Industry bodies for many years expressing concern around the methodology of rate pegging. As detailed in the following sections of the LTFP, we have conservatively assumed a rate peg of 2.5% over the remainder of the 10-year LTFP. It is to be noted that IPART are currently reviewing the Rate Peg methodology and recently released a draft report recommending simplification of the method, and ways to more accurately reflect the changes in costs that Councils incur in providing their services. Council's Executive Leadership Team members have participated in and contributed to this review.

- Labour costs represent approximately 42% of council's total General Fund costs, and even without any growth in underlying employee numbers, increase at a rate greater than the rate peg. Council's labour costs increase in line with the new Local Government (State) Award which came into effect on 1 July 2023. Council has used the proposed Award increases of 4.5%, 3.5% and 3.0% over the three years of the Award and added 0.5% to each year for salary progression and then assumed 3.0% per annum over the remaining life of the LTFP, all in excess of the future rate peg. The LTFP also includes a \$1,000 one off payment to staff in both the 2024-25 and 2025-26 financial years, in line with the new Award as well as the legislated increases in the Superannuation Guarantee Charges (SGC)
- Other costs growing at rates significantly in excess of the rate peg in recent years with a continued outlook for high inflation in coming years. The LTFP assumes a CPI for 2023-24 of 6.3% as published by the RBA in November 2022³ and 2024-25 of 3.5% which is slightly more conservative than the RBA forecast of 4.2%.
- The absence of, and limited opportunity to develop, own source revenue streams. While Council has several commercial businesses, these are:
 - either loss making or have limited ability to generate operating surpluses (e.g., Kempsey Airport, Kempsey Regional Saleyards, Slim Dusty Centre, Commercial Waste operations); or
 - require funds to be ringfenced with profits maintained in reserves with restrictions as to how those funds can be used (e.g., Macleay Valley Coast Holiday Parks and Domestic Waste Operations).
- The need for continued greater investment in key functions such as asset management, project management resourcing, strategic planning, risk management, internal audit, community engagement, information technology and cyber security. Historically, limited funds were allocated to these functions. Appropriate funding has been included within the LTFP in relation to these important corporate governance related functions. However, this results in an increased operating cost base going forward.
- Increasing borrowing costs due to the combination of both forecast increased borrowings and the increasing cost of debt due to the recent run of interest rate increases. Given the projected future operating deficits, Council will not generate sufficient cash flows to fund all its projected capital expenditure and consequently, a portion of the annual capital program will need to be funded through loan borrowings. The LTFP forecasts General Fund borrowings of approximately \$157M over the 10-year period. This level of borrowings combined with higher borrowing / interest rates results in projected annual borrowing costs increasing from around \$0.3M in 2023-24 to \$7.3M in 2032-33.

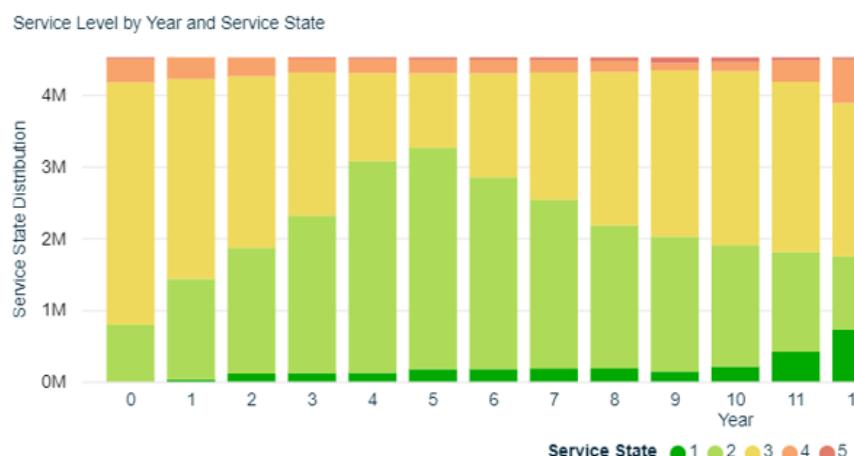
The inclusion of increased capital and operating costs in the LTFP to address the identified **asset backlog** relates to:

³ The latest RBA forecast in February 2023 showed CPI impacting the 2023-24 at 6.7% and 3.6% for the 2024-25 year. No changes in CPI have been made to the final LTFP.

- Improved asset management systems and data which has enabled the more accurate identification and quantification of those assets requiring repair and / or replacement.
- Addressing the asset backlog will maintain Council's assets in a 'stable' condition. This approach will not significantly improve the overall quality of Council's assets but will result in them being maintained and prevent further deterioration. The projected asset condition based on addressing the backlog is depicted in the chart below.
- Addressing the backlog increases required expenditure by \$7.0M in annual capital asset replacement and \$0.1M in annual repairs and maintenance costs. If the backlog is not addressed, these assets will deteriorate even further and cost even more to repair or replace in the future.
- In order to fund the backlog, Council will need to take out new loans as the current financial operating result does not generate sufficient cash flow to fund these costs.

Additional expenditure has been included in the LTFP to address asset backlog. The below graphs show the predicted condition that sealed roads will be in over the next twelve years compared to if no investment was made in addressing the backlog.

Sealed roads with backlog investment.

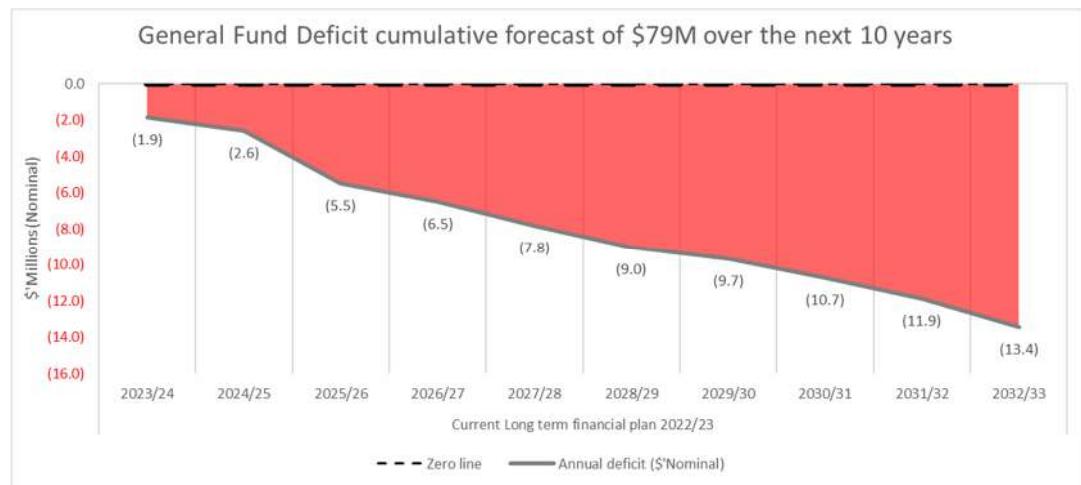


Note: Service State 1 = Very good, whereas Service State 5 = Very poor

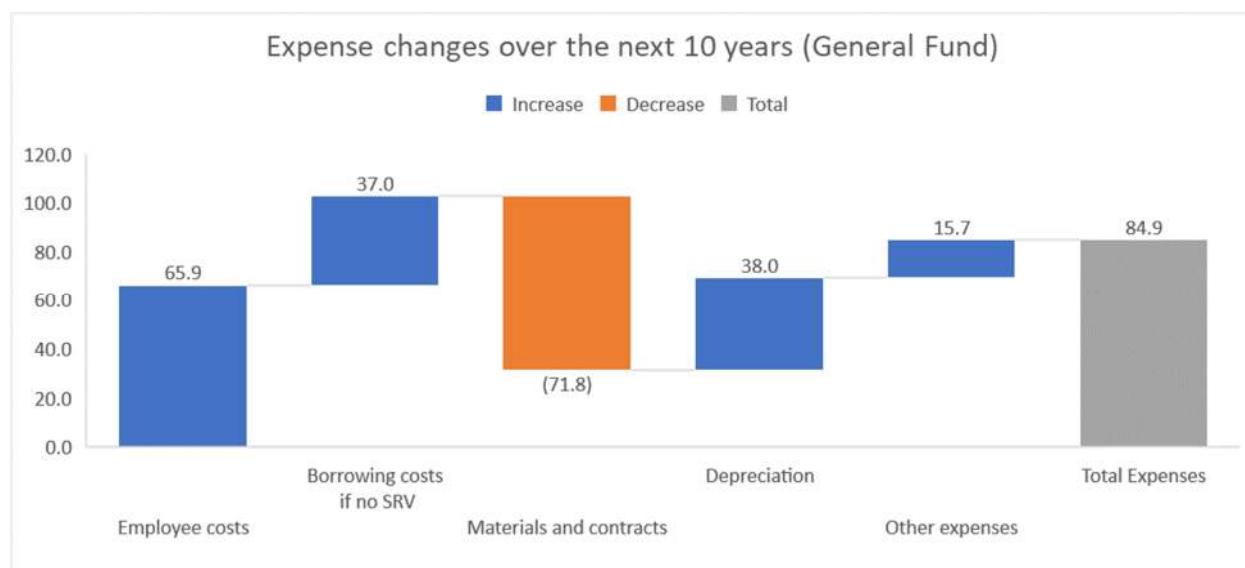
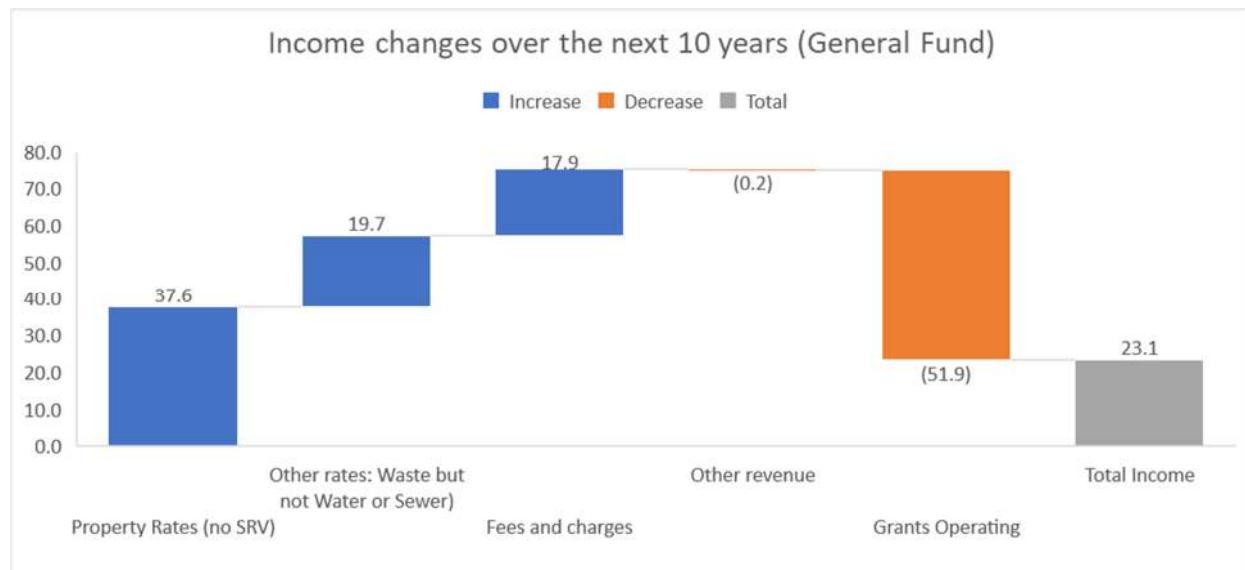
Sealed roads without backlog investment

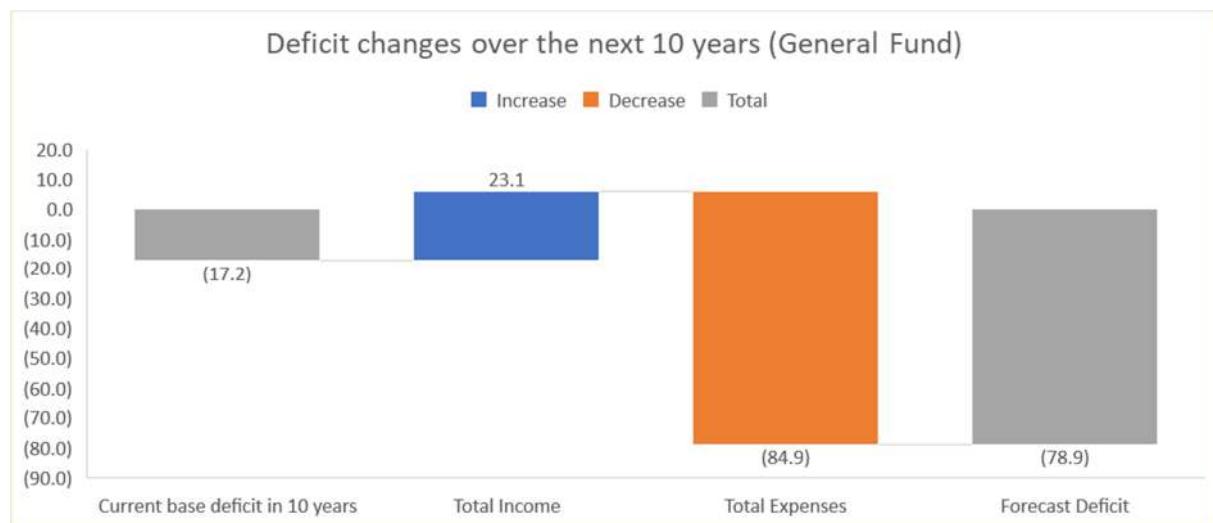


The graph below shows the General Fund forecast deficit over the next 10 years.



The three graphs below show how income is only increasing by \$23.1M over the next 10 years from current levels whilst expenditure is increasing by \$84.9M. The 10-year deficit therefore increases from current deficit levels of (\$17.2M) to (\$78.9M). This is not sustainable without corrective action.





Continuing to forecast General Fund operating deficits into the future is not sustainable. To address these projected deficits a revised ‘Financial Sustainability Program’ was developed and adopted as a critical part of the 2021-22 LTFP. This focuses on the critical items that will deliver the step change in performance needed to return Council’s General Fund to a financially sustainable position. The revised Financial Sustainability Program remains aligned to the key objectives of the Financial Sustainability Strategy adopted by Council in 2019, as detailed earlier within this document.

The revised Financial Sustainability Program is largely focused on the General Fund given the large operating deficits forecast for that fund going forward. Additionally, the development of the Integrated Water Cycle Management (IWCM) plan, which is currently being developed, will address the future planning, including financial sustainability, needed in relation to the Water and Sewer funds.

Appendix 1 contains the detailed Financial Sustainability Program actions which have been reported on a quarterly basis to Council over the course of the 2022-23 financial year. The Financial Sustainability Program actions have been organised in accordance with the three core themes from the Financial Sustainability Strategy adopted in April 2019 (as noted in the chart on page 9), being:

1. Delivering best value to our community;
2. Striving to deliver better practices; and
3. Excellence in financial management.

Some actions from the adopted Financial Sustainability Strategy were carried forward and included within the revised Financial Sustainability Program, where they were identified as a priority future action to address Council’s financial sustainability issues.

Given the importance of the LTFP as a key component of Council’s Integrated Planning & Reporting document suite, which is reviewed and updated annually, it is considered more appropriate to include financial sustainability strategies, initiatives, and actions within the LTFP going forward rather than within a separate strategy document. Consequently, future LTFPs will continue to incorporate Council’s latest Financial Sustainability Program.

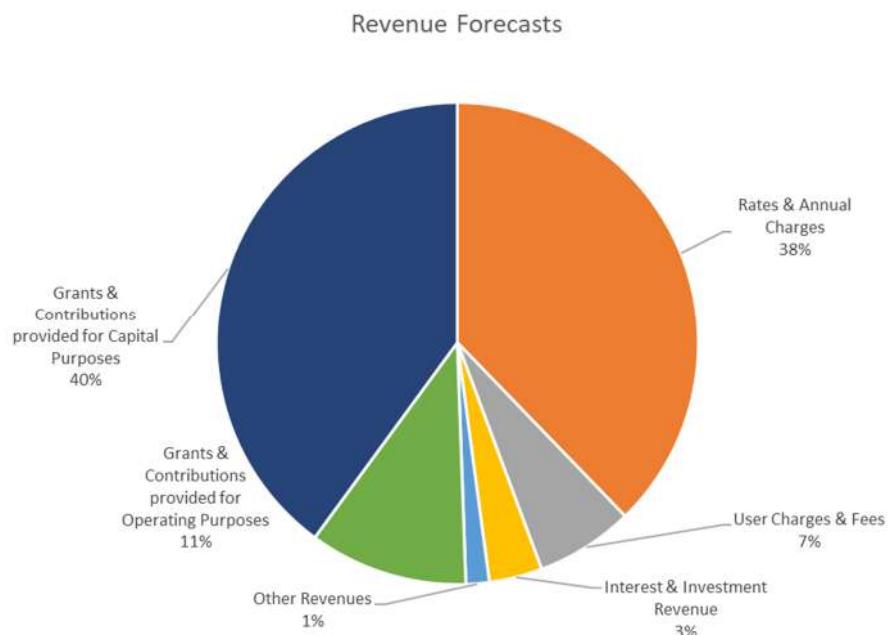
Assumptions

In seeking to project future financial position outcomes, the review of the LTFP included several options for consideration. Each of the options has been built on the same underlying planning assumptions as detailed below:

Planning Assumption	Assumption Basis
Population	Population growth within the local government area has been forecast to remain static over the life of the LTFP. This is a conservative financial planning assumption for the purpose of the LTFP and is consistent with IPART population growth factor assumptions.
Economic Growth	Economic growth within the local government area has been forecast to remain static over the life of the LTFP. This is a conservative financial planning assumption for the purpose of the LTFP.
Inflation	The LTFP assumes a CPI for 2023-24 of 6.3% published by the RBA in November 2022 and 2024-25 of 3.5% which is slightly more conservative than the RBA forecast of 4.2%. Beyond 2025-26 a standard 2.5% CPI rate has been applied across the remaining years of the LTFP.
Interest Rate Movements	Borrowing costs have used a long-term average of 6% for all new loans. Existing loans are forecast at their existing fixed rates. Interest on investments is assumed to be 1.5% less than borrowing costs (based on historical experience) at 4.5%.

Revenue Forecasts and Assumptions

The following chart shows the composition of Council's revenue for 2023-24 and provides an indication of the reliance on the various revenue streams.



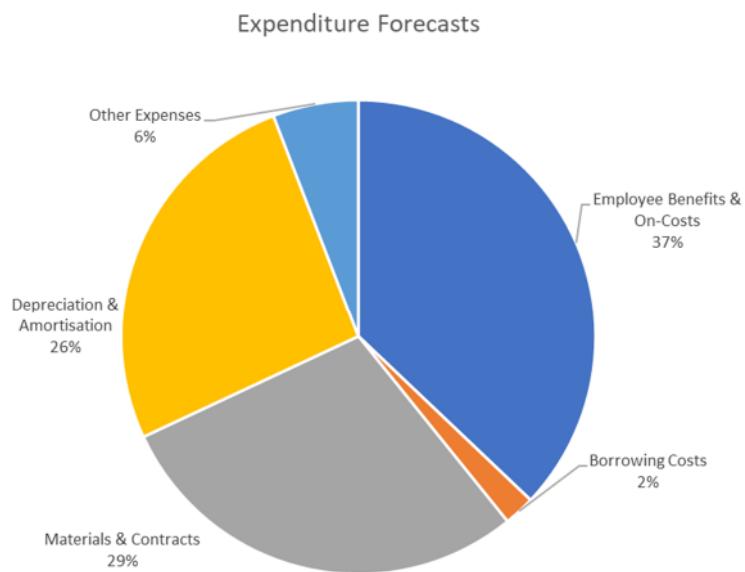
Key revenue related assumptions within the LTFP include the following:

Revenue area	Assumption Basis
Rates and Annual Charges	Rating is a major component of Council's revenue base, comprising of approximately 38% of Council's revenue. It has been assumed that a continuation of the Environmental Levy Special Rate Variation, which is due to expire 30 June 2028, is approved.
(i) General Fund	In 2023-24 the LTFP includes the approved rate peg of 3.7%. From 2024-25 onwards, a rate peg amount of 2.5% has been assumed. The "SRV Options" section and Appendix 6 assume a Special Rate Variation (SRV) over a three-year timeframe starting from 2024-25. These options show what price increases would be required to bring the General Fund Net Operating Result (excluding Capital Grants and Contributions) from a deficit back to an average \$0.5M surplus.
(ii) Water Fund	An increase of CPI of 6.3% for the 2023-24 year, 3.5% for the 2024-25 year and then 2.5% thereafter.
(iii) Sewage Fund ⁴	An increase of 13.3% (6.3% CPI and 7% real price increases) in the 2023-24 year and then 5.0% (including CPI) year on year for the following 4 years and then reverts to 2.5% CPI increases thereafter.
User Charges and Fees	Council annually establishes its fees and charges in accordance with the provisions of the <i>Local Government Act 1993</i> . A review of fees and charges has been undertaken with most fees and charges increasing at or around the CPI assumption of 6.3%. Some fees and charges remained at 2023-24 levels due to legislative or other reasons, while certain categories of fees and charges increased by greater than CPI to reflect the cost of providing the

Revenue area	Assumption Basis
service. Grants – Operating and Capital	Council receives general purpose Financial Assistance Grants from the Commonwealth Government along with other grants and subsidies specific to programs. The LTFP assumes that the Federal Government Financial Assistance Grants and the Roads to Recovery Program will continue indefinitely based on the current arrangements. Other specific project grant income is included in the LTFP according to the year that the grant is forecast to be received and expended.
Interest on Investments	Interest on investments will vary depending on the amount of Council investments held at any point in time. The LTFP calculates the interest on investments based on an average of the beginning and ending investment balance in any one year. An assumed interest rate of 4.5% for all years has been applied for all years in the LTFP.
Other Revenues	Other revenue income has been budgeted based on increases in line with the CPI forecast.

Expenditure Forecasts and Assumptions

The following chart shows the composition of Council's expenditure for 2023-24. Much of Council's expenditure is regular and on-going.



Key expenditure related assumptions within the LTFP include the following:

Expenditure area	Assumption Basis
Employee Costs	Employee costs cover wages, all leave types, training, superannuation, and associated costs. The LTFP assumes growth in employee costs in accordance with the new Local Government (State) Award taking effect on 1 July 2023. Council has used the new Award increases of 4.5%, 3.5% and 3.0% for the next three years and then added 0.5% for salary progression in each year, then 2.5% + 0.5% salary progression per annum over the remaining life of the LTFP. It also includes a \$1,000 one off payment to staff in the 2024-25 and 2025-26 financial years in line with the new Award.
Materials and Contracts	Materials and contracts costs cover all materials used in operational activities and major ongoing operational contracts, such as the domestic waste contract. These costs have been increased at CPI. In prior years, the first year of the LTFP had not had any CPI increase applied. This enforced an efficiency target on Council to find savings across all ten years of the LTFP. Due to recent inflationary increases, an efficiency target is not realistic for 2023-24 and therefore CPI has been applied.

Expenditure area	Assumption Basis
Depreciation	<p>Council is required to revalue its assets on a five-year rolling program. Additionally, on an annual basis Council is required to undertake an assessment of the fair value of its assets in accordance with Australian Accounting Standards. This fair value assessment will impact depreciation to the extent that asset values increase or decrease. For the 2023-24 financial year the depreciation has been indexed using the latest available values and the outer years have assumed a 3.4% depreciation increase each year to account for increased replacement costs which are a factor in the asset revaluations. New asset depreciation has also been factored in to the LTFP. Improvements in the accuracy of our asset management data means Council has and will continue to refine its depreciation budget.</p>
Borrowing Costs	<p>Borrowing costs for each of Council's current loans have been calculated for each year and included in the LTFP. Borrowing costs for new loans assume an average long-term standard interest rate of 6%.</p>
Other Expenses	<p>Generally, other expenses have been budgeted to increase in line with the CPI forecast.</p>

Scenarios and Sensitivities

Long-term financial plans are inherently uncertain as they contain a wide range of assumptions that are influenced by market forces beyond Council's control (for example interest rates and inflation). While some assumptions have a relatively limited impact if they are wrong, others could have a major impact on future financial plans.

Sensitivity analysis looks at "what if" scenarios. For example, what happens to Council's financial position if salary and wages increases are 1% higher than forecast, growth is half that forecast, or investment returns are 1% less than forecast in plan.

Should the assumptions be inaccurate, Council will need to reconsider the current strategies on expenditure and revenue and realign the LTFP to fund any changes in expenses or revenues.

The following includes key areas of assumptions for potential impact in the 2023-33 LTFP.

Rates and Annual Charges

Rates and annual charges make up approximately 38% of the consolidated budgeted 2023-24 operating revenue for Council. Council is generally limited to a maximum increase for Rate and Annual Charges in line with the rate peg limit determined by the Independent Pricing and Regulatory Tribunal (IPART) unless approval is given for a Special Rate Variation (SRV) for General Fund rate income.

Grants and Contributions

Council relies on income from both grants and contributions. The Federal Government Financial Assistance Grants and the Roads to Recovery grant programs combined constitute approximately 10% of Council's general fund revenue (excluding Capital Grant revenue).

Money provided under the Roads to Recovery Program is not intended to replace council spending on roads but to assist councils in their local road construction or maintenance.

The LTFP has been prepared with the assumption that the Federal Government Financial Assistance Grants and the Roads to Recovery Program will continue indefinitely based on the current arrangements.

Employee Expenses

Employee costs make up 37% of the consolidated projected 2023-24 operating expenditure. This is reflective of the service-based nature of a significant proportion of Council's activities as well as the construction and maintenance of the considerable infrastructure owned and operated by Council.

Council's ability to engage the necessary workforce to achieve the community's expectations are affected by internal and external forces. These include:

- Rising cost of employment
- Skills shortage
- Staff turnover
- Attraction and retention of quality staff
- Projected superannuation increases
- Movements in rates of pay being determined through industry wide award negotiations
- Award salary increases above CPI and rate pegging

- Changes in service levels.

Any significant changes in expenditure related to employee expenses will have a significant impact on Councils LTFP. Council will need to quickly adapt its original planned operations and offset a movement in this area.

Materials and Contracts

Materials and contracts make up a significant portion of projected 2023-24 operating expenditure. This is reflective of the considerable number of assets maintained by the Council and places the Council under considerable pressure from rising material costs including fuel. Any major unplanned events that increase these costs will also impact on the LTFP. Local government expenditure usually includes relatively high levels of materials and contracts expenditure. This places the Council under considerable pressure if things such as oil prices rise which impacts on both fuel and material prices. In addition, any new assets constructed or acquired will also increase material and contracts expenditure due to increased maintenance requirements

Council Capital Works Program

The capital works program reflected in the LTFP is particularly sensitive to changes in the construction index. The construction index measures changes over time in the price of new construction, other than houses. Given that the renewal and construction of new infrastructure forms a substantial proportion of the budget any variations in the underlying pressures have the potential to significantly impact on Councils LTFP and/or the ability to deliver the capital works program. Many construction projects budgets have almost doubled since they were set a couple of years ago. This is most pronounced in the revised Sewer Fund capital program which has almost doubled from prior estimates of \$120M to \$244M.

SRV Options

Two SRV Options have been included within Appendix 6 of the LTFP. The base case and the two SRV options are detailed in the table below and relate to the General Fund only. Percentage increases have been rounded to one decimal place.

Description	Base case	SRV Option 1	SRV Option 2
What will this address?	<ul style="list-style-type: none"> Asset backlog is addressed at current levels of service⁵ Reduce expenditure by \$500k per annum by finding future savings through service reviews and business improvement initiatives. 	<ul style="list-style-type: none"> Base case + Financial sustainability through an approved SRV to raise property rates. 	<ul style="list-style-type: none"> Option 1 + Reduce expenditure by a further \$500k per annum by finding future savings through service reviews and business improvement initiatives (\$1M in total)
Rationale	<ul style="list-style-type: none"> If the asset backlog is not addressed, Council's assets will deteriorate even more over time and cost a lot more in the future when the assets are in an even worse condition. Currently asset replacement times have been pushed out as Council has not had the financial capacity or resources to replace assets in line with recommended asset replacement times. Council is committed to finding \$500k per annum in future savings to reduce the impact of the SRV. 	<ul style="list-style-type: none"> Base case + Council has to be financially sustainable to be able to keep providing its current levels of service. 	<ul style="list-style-type: none"> Option 1+ Council is committed to finding and additional \$500k per annum in future savings to reduce the impact of the SRV.
Financial outcome	\$79M in cumulative deficits over the 10-year forecast period	Moderate surplus of \$0.5M on average over the 2025-26 to 2032-33 period	
Annual rate peg increase	2.5%	2.5%	2.5%
SRV increase year 1: 2024-25	0.0%	5.4%	5.4%
Rate peg + SRV increase year 1	2.5%	7.9%	7.9%
SRV increase years 2 & 3: 2025-26 & 2026-27	0%	12.5%	11.2%
Rate peg + SRV increase years 2 & 3	2.5%	15.0%	13.7%
Cumulative increase after 3 years⁶	7.7%	42.7%	39.5%

⁵ Our current adopted Strategic Asset Management Plan (SAMP) is not based on recommended asset replacement times but on extended replacement times as Council currently cannot afford to replace assets at the recommended times, meaning that Council's assets will still be slowly going backwards under this scenario.

⁶ Note the cumulative price change after 3 years is not simply 3 x annual rate increases. This is due to the impacts of year-on-year compounding which means the cumulative increase is greater than simply the addition of three annual increases.

Impact on average general (property) rates bills from the 2023-24 year for Base case and SRV Options 1 and 2

	Base Case - Rate peg only													
	2023-24		2024-25			2025-26			2026-27			SRV Total		
	Average bill	% Increase	Average bill	\$ Increase	% Increase	Average bill	\$ Increase	% Increase	Average bill	\$ Increase	% Increase	Average bill	\$ Increase	% Increase
Business Urban	\$ 3,483	3.7%	\$ 3,570	\$ 87	2.5%	\$ 3,660	\$ 89	2.5%	\$ 3,751	\$ 91	2.5%	\$ 3,751	\$ 268	7.7%
Business Other	\$ 2,514	3.7%	\$ 2,577	\$ 63	2.5%	\$ 2,642	\$ 64	2.5%	\$ 2,708	\$ 66	2.5%	\$ 2,708	\$ 193	7.7%
Residential	\$ 1,274	3.7%	\$ 1,306	\$ 32	2.5%	\$ 1,338	\$ 33	2.5%	\$ 1,372	\$ 33	2.5%	\$ 1,372	\$ 98	7.7%
Farmland	\$ 2,332	3.7%	\$ 2,390	\$ 58	2.5%	\$ 2,450	\$ 60	2.5%	\$ 2,511	\$ 61	2.5%	\$ 2,511	\$ 179	7.7%
	SRV Option 1 - (including rate peg)													
	2023-24		2024-25			2025-26			2026-27			SRV Total		
	Average bill	% Increase	Average bill	\$ Increase	% Increase	Average bill	\$ Increase	% Increase	Average bill	\$ Increase	% Increase	Average bill	\$ Increase	% Increase
Business Urban	\$ 3,483	3.7%	\$ 3,759	\$ 275	7.9%	\$ 4,322	\$ 564	15.0%	\$ 4,971	\$ 648	15.0%	\$ 4,971	\$ 1,487	42.7%
Business Other	\$ 2,514	3.7%	\$ 2,713	\$ 199	7.9%	\$ 3,120	\$ 407	15.0%	\$ 3,588	\$ 468	15.0%	\$ 3,588	\$ 1,074	42.7%
Residential	\$ 1,274	3.7%	\$ 1,374	\$ 101	7.9%	\$ 1,581	\$ 206	15.0%	\$ 1,818	\$ 237	15.0%	\$ 1,818	\$ 544	42.7%
Farmland	\$ 2,332	3.7%	\$ 2,516	\$ 184	7.9%	\$ 2,893	\$ 377	15.0%	\$ 3,327	\$ 434	15.0%	\$ 3,327	\$ 996	42.7%
	SRV Option 2 - (including rate peg)													
	2023-24		2024-25			2025-26			2026-27			SRV Total		
	Average bill	% Increase	Average bill	\$ Increase	% Increase	Average bill	\$ Increase	% Increase	Average bill	\$ Increase	% Increase	Average bill	\$ Increase	% Increase
Business Urban	\$ 3,483	3.7%	\$ 3,758	\$ 275	7.9%	\$ 4,273	\$ 515	13.7%	\$ 4,858	\$ 585	13.7%	\$ 4,858	\$ 1,375	39.5%
Business Other	\$ 2,514	3.7%	\$ 2,713	\$ 199	7.9%	\$ 3,084	\$ 371	13.7%	\$ 3,506	\$ 422	13.7%	\$ 3,506	\$ 992	39.5%
Residential	\$ 1,274	3.7%	\$ 1,374	\$ 101	7.9%	\$ 1,562	\$ 188	13.7%	\$ 1,776	\$ 214	13.7%	\$ 1,776	\$ 503	39.5%
Farmland	\$ 2,332	3.7%	\$ 2,516	\$ 184	7.9%	\$ 2,860	\$ 344	13.7%	\$ 3,252	\$ 392	13.7%	\$ 3,252	\$ 920	39.5%

Appendix 1

General Fund Financial Sustainability Program – Key Initiatives

#	Theme	Program	Initiative(s)	Outcome(s)	Responsible Department
1	Delivering Best Value to our Community	Asset management	Implementation of actions identified within Council's adopted Strategic Asset Management Plan (SAMP)	Better asset management practices that lead to improved financial performance, better asset decision making, a decrease in risk, an improvement in service outcomes, and therefore maximising the assets contribution to the community	Strategic & Asset Planning
2	Delivering Best Value to our Community	Service reviews	Development and implementation of a prioritised service review framework	A service review process that ensures service delivery is undertaken in the most efficient and effective manner, demonstrating value for money to the community	Corporate Performance
3	Excellence in Financial Management	Treasury management	<ol style="list-style-type: none"> Establish and adopt a Restricted Assets Policy Develop a Debt Policy outlining how debt will be used, linking intergenerational equity and the consumption of assets across the useful life Develop an Investment Strategy that outlines how Council will invest available resources 	<ol style="list-style-type: none"> An appropriate level of cash and reserves is available to fund working capital requirements and internally restricted reserves are supported by Council resolutions to ensure optimal use of available cash The use of debt is understood and accepted by Council and the community as a way of funding long term assets that are consumed by current and future residents, thereby balancing asset costs across generations Investment strategy is developed that maximises the investment returns to Council 	Financial Services
4	Excellence in Financial Management	Grants	Grant funding strategy, policy and framework is developed to clearly align with long-term financial sustainability objectives	All grant applications are prioritised, align with adopted Delivery Programs and Operational Plans, consider impact on the LTFP, and are approved by ELT, and where required Council, prior to submission	Financial Services
5	Striving to Deliver Better Practices	Own source revenue	Investigate opportunities for new and increased own source revenue streams	New or increased own source revenue streams are identified and subject to assessment and appropriate approval processes implemented to increase income and reduce the operating deficit	Commercial Business

#	Theme	Program	Initiative(s)	Outcome(s)	Responsible Department
6	Excellence in Financial Management	Corporate governance	Audit, Risk & Improvement Committee (ARIC) scope is extended to include an increased focus on longer term financial sustainability outcomes	ARIC plays an active governance role in the delivery of Council's Financial Sustainability Program	Director Corporate & Commercial and Internal Audit
7	Delivering Best Value to our Community	Community surveys	Future community surveys have an expanded focus on financial sustainability and associated impacts	Community survey feedback provides meaningful input into the development of future of Financial Sustainability Programs	Corporate Performance
8	Excellence in Financial Management	Financial management	Continuous improvements are made to Council's budgeting and forecasting processes	Surplus budgets are progressively worked towards; the capital program is sized appropriately to meet the capability and capacity of the workforce; and asset renewal and maintenance is prioritised over new builds within the budget in accordance with the SAMP	Corporate Performance
9	Striving to Deliver Better Practices	Innovation portal	Develop and implement an innovation portal to allow capture and refinement of business improvement initiatives from staff across the organisation, inclusive of cost reduction opportunities.	Innovation is seen as a key attribute across Council, staff are empowered to identify and nominate improvement opportunities and the improvements are delivering value across the organisation.	Corporate Performance
10	Delivering Best Value to our Community	Procurement & Contract Management	<ol style="list-style-type: none"> 1. Develop a procurement strategy to support sustainable service delivery, reduction in third party costs and improved supplier relationships 2. Implement a contract management framework to support sustainable service delivery, reduction in third party costs and improved supplier relationships 	Improved supplier relationships and management, and reduced procurement and contract management risks, while driving down third party spend	Financial Services
11	Delivering Best Value to our Community	Development Contribution Plans	Develop rolling program of review and refinement of Developer Contribution Plans to ensure future development pays for growth related infrastructure.	Developer Contribution Plans are in place, up to date and balance the future costs of asset provision between the existing and future populations	Strategic & Asset Planning

#	Theme	Program	Initiative(s)	Outcome(s)	Responsible Department
12	Striving to Deliver Better Practices	Project Management	Embed the Project Management Office (PMO) and improve project management outcomes across the organisation	Improved project management resulting in the delivery of projects on time, within budget and to the quality standard required	Corporate Performance
13	Delivering Best Value to our Community	Organisational structure	Undertake a review of the organisational structure	Council's organisational structure balances the objectives of delivering services to the community at the cost, quality, and frequency they desire, and support the health, well-being, and overall engagement of Council's employees, while being financially affordable	Organisational Development
14	Delivering Best Value to our Community	Special Rate Variation (SRV)	Commence planning for a SRV application to IPART to address Council's underlying financial sustainability issues	A detailed SRV report, detailing available options including potential rate rises and/or service reductions is reported to Council	Corporate Performance

Notes:

1. These Financial Sustainability Program actions do not have specific Operational Plan actions, but rather fall within the financial sustainability related action *"Implement financial sustainability strategies, initiatives and actions as detailed within the Long-Term Financial Plan"*.
2. There are a number of other initiatives that are in the process of being delivered as part of existing business as usual activities. Other initiatives may be introduced into the Financial Sustainability Program as and when they are identified as being a priority.

Appendix 2

Ratios

Kempsey Shire Council 10 Year Financial Plan for the Years ending 30 June 2033 KEY PERFORMANCE INDICATORS - CONSOLIDATED Scenario: Proposed	Current Year 2022/23	Projected Years										
		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	
		Within green benchmark (green min and/or green max) Within amber benchmark (amber min and/or amber max) Not within benchmark (amber min and/or amber max)										
Council's Target Benchmarks												
New Note 13 Ratios												
Operating Performance Ratio 1)	Snapshot	2.41%	5.96%	6.27%	1.93%	-0.51%	-4.40%	-7.52%	-7.97%	-8.21%	-8.59%	-9.29%
Own Source Operating Revenue Ratio 1)	Snapshot	57.05%	53.26%	65.29%	71.69%	72.22%	72.18%	78.40%	79.62%	79.69%	79.74%	79.78%
Unrestricted Current Ratio	Snapshot	1.28	0.35	-2.16	-3.39	-4.46	-5.56	-6.07	-6.60	-7.03	-7.42	-7.72
Debt Service Cover Ratio 1)	Snapshot	4.24	4.78	4.65	2.91	2.09	1.54	1.29	1.29	1.26	1.23	1.18
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	Snapshot	8.90%	8.94%	8.89%	8.87%	8.85%	8.83%	8.83%	8.83%	8.83%	8.83%	8.83%
Cash Expense Cover Ratio 1)	Snapshot	3.47	3.36	3.45	3.18	2.94	2.66	2.45	1.79	1.74	1.69	1.63

Appendix 3

Income Statement

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2033

INCOME STATEMENT - CONSOLIDATED

	Actuals	Current Year						Projected Years					
		2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Income from Continuing Operations													
Revenue:													
Rates & Annual Charges	45,871	47,618	52,127	53,981	55,773	57,632	59,559	61,065	62,608	64,190	65,812	67,474	
User Charges & Fees	17,915	19,560	20,951	21,653	22,184	22,729	23,289	23,840	24,406	24,986	25,580	26,189	
Other Revenues	2,300	2,109	2,154	2,229	2,285	2,342	2,400	2,460	2,522	2,585	2,649	2,716	
Grants & Contributions provided for Operating Purposes	14,844	20,575	15,196	13,866	14,212	14,567	14,927	15,304	15,687	16,079	16,481	16,893	
Grants & Contributions provided for Capital Purposes	34,532	33,916	55,146	29,310	18,535	18,361	19,018	9,768	8,198	8,278	8,360	8,444	
Interest & Investment Revenue	786	3,091	4,921	3,360	2,681	2,881	2,840	3,663	3,799	3,800	3,715	3,598	
Total Income from Continuing Operations	116,248	126,869	150,496	124,399	115,671	118,512	122,033	116,101	117,220	119,918	122,597	125,313	
Expenses from Continuing Operations													
Employee Benefits & On-Costs	26,520	29,513	33,240	34,940	36,306	36,911	38,018	39,159	40,334	41,544	42,790	44,074	
Borrowing Costs	1,895	2,091	1,889	2,566	5,083	8,267	12,425	16,223	17,023	17,143	17,323	17,494	
Materials & Contracts	26,014	32,018	25,894	22,338	23,592	24,173	24,779	25,563	25,874	26,516	27,172	28,193	
Depreciation & Amortisation	23,667	23,153	23,415	24,280	25,150	26,050	26,940	27,860	28,811	29,796	30,814	31,867	
Impairment of receivables	59	-	-	-	-	-	-	-	-	-	-	-	
Other Expenses	2,737	3,939	5,229	5,006	5,131	5,259	5,391	5,526	5,664	5,805	5,950	6,099	
Net Losses from the Disposal of Assets	4,123	-	-	-	-	-	-	-	-	-	-	-	
Revaluation decrement/impairment of IPPE	345	-	-	-	-	-	-	-	-	-	-	-	
Total Expenses from Continuing Operations	85,360	90,713	89,667	89,130	95,263	100,659	107,552	114,331	117,706	120,803	124,049	127,726	
Net Operating Result for the Year	30,888	36,156	60,829	35,269	20,408	17,852	14,481	1,771	(486)	(885)	(1,452)	(2,413)	
Net Operating Result before Grants and Contributions provided for Capital Purposes	(3,644)	2,240	5,683	5,959	1,872	(509)	(4,537)	(7,997)	(8,684)	(9,163)	(9,812)	(10,857)	

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2033

INCOME STATEMENT - GENERAL FUND

Base Case	Actuals	Current Year		Projected Years								
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	27,414	28,249	30,193	31,036	31,829	32,641	33,474	34,328	35,202	36,099	37,019	37,961
User Charges & Fees	8,211	8,461	9,071	9,389	9,623	9,864	10,110	10,363	10,622	10,888	11,160	11,439
Other Revenues	1,915	2,085	2,128	2,202	2,258	2,314	2,372	2,431	2,492	2,554	2,618	2,684
Grants & Contributions provided for Operating Purposes	14,466	20,077	14,815	13,470	13,805	14,150	14,499	14,866	15,238	15,619	16,009	16,410
Grants & Contributions provided for Capital Purposes	27,876	30,306	50,395	18,225	9,199	6,556	6,595	6,635	6,676	6,718	6,761	6,805
Interest & Investment Revenue	638	2,125	2,733	1,946	1,585	1,660	1,661	1,674	1,673	1,661	1,659	1,608
Total Income from Continuing Operations	80,520	91,303	109,336	76,268	68,299	67,186	68,711	70,297	71,903	73,539	75,226	76,905
Expenses from Continuing Operations												
Employee Benefits & On-Costs	21,060	23,249	25,651	26,926	27,981	28,434	29,287	30,166	31,071	32,003	32,963	33,952
Borrowing Costs	17	356	306	861	2,134	3,251	4,153	4,785	5,331	5,907	6,569	7,253
Materials & Contracts	16,132	21,479	14,675	12,335	13,339	13,628	13,971	14,485	14,519	14,877	15,242	15,965
Depreciation & Amortisation	13,762	13,695	14,941	15,477	16,008	16,557	17,125	17,713	18,320	18,948	19,598	20,271
Impairment of receivables	59	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	2,737	3,939	5,229	5,006	5,131	5,259	5,391	5,526	5,664	5,805	5,950	6,099
Net Losses from the Disposal of Assets	3,335	-	-	-	-	-	-	-	-	-	-	-
Revaluation decrement/impairment of IPPE	345	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	57,447	62,718	60,802	60,605	64,593	67,130	69,926	72,674	74,904	77,540	80,323	83,540
Net Operating Result for the Year	23,073	28,585	48,534	15,662	3,706	56	(1,215)	(2,377)	(3,001)	(4,002)	(5,098)	(6,634)
Net Operating Result before Grants and Contributions provided for Capital Purposes	(4,803)	(1,722)	(1,861)	(2,562)	(5,493)	(6,500)	(7,810)	(9,012)	(9,677)	(10,719)	(11,858)	(13,439)

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2033

INCOME STATEMENT - WATER FUND

Base Case	Actuals	Current Year		Projected Years								
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	5,294	5,448	5,895	6,101	6,254	6,410	6,570	6,735	6,903	7,076	7,253	7,434
User Charges & Fees	8,162	9,327	9,917	10,264	10,521	10,784	11,054	11,330	11,613	11,904	12,201	12,506
Other Revenues	147	19	20	21	21	22	23	23	24	24	25	25
Grants & Contributions provided for Operating Purposes	268	290	234	243	249	255	262	268	275	282	289	296
Grants & Contributions provided for Capital Purposes	2,299	1,214	3,829	8,755	3,251	870	892	914	937	960	984	1,009
Interest & Investment Revenue	83	493	1,061	554	704	1,120	1,080	1,048	1,040	1,061	1,086	1,116
Total Income from Continuing Operations	16,253	16,791	20,957	25,939	21,000	19,462	19,880	20,318	20,792	21,306	21,838	22,386
Expenses from Continuing Operations												
Employee Benefits & On-Costs	2,813	3,038	3,879	4,095	4,254	4,333	4,463	4,597	4,735	4,877	5,023	5,174
Borrowing Costs	1,079	1,004	924	1,131	2,101	2,486	2,327	2,171	2,038	1,918	1,793	1,658
Materials & Contracts	4,688	5,583	5,854	5,507	5,645	5,821	5,966	6,115	6,268	6,425	6,585	6,750
Depreciation & Amortisation	5,802	5,627	4,357	4,527	4,702	4,883	5,049	5,221	5,398	5,581	5,771	5,967
Impairment of receivables	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	740	-	-	-	-	-	-	-	-	-	-	-
Revaluation decrement/impairment of IPPE	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	15,122	15,251	15,015	15,260	16,703	17,523	17,806	18,104	18,439	18,801	19,172	19,549
Net Operating Result for the Year	1,131	1,540	5,941	10,678	4,297	1,939	2,074	2,213	2,353	2,505	2,666	2,837
Net Operating Result before Grants and Contributions provided for Capital Purposes	(1,168)	325	2,112	1,923	1,047	1,069	1,182	1,299	1,416	1,545	1,681	1,828

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2033

INCOME STATEMENT - SEWER FUND

	Actuals	Current Year						Projected Years					
		2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Income from Continuing Operations													
Revenue:													
Rates & Annual Charges	13,163	13,921	16,039	16,844	17,691	18,580	19,515	20,003	20,503	21,015	21,541	22,079	
User Charges & Fees	1,542	1,773	1,963	2,000	2,040	2,081	2,124	2,147	2,171	2,194	2,219	2,244	
Other Revenues	238	5	5	6	6	6	6	6	6	6	7	7	
Grants & Contributions provided for Operating Purposes	110	209	147	154	158	162	166	170	174	179	183	188	
Grants & Contributions provided for Capital Purposes	4,357	2,396	922	2,330	6,085	10,935	11,532	2,219	586	600	615	631	
Interest & Investment Revenue	65	473	1,127	860	392	100	100	942	1,086	1,078	970	874	
Total Income from Continuing Operations	19,475	18,776	20,203	22,193	26,371	31,865	33,442	25,487	24,525	25,073	25,534	26,022	
Expenses from Continuing Operations													
Employee Benefits & On-Costs	2,647	3,226	3,709	3,918	4,071	4,144	4,268	4,396	4,528	4,664	4,804	4,948	
Borrowing Costs	799	731	659	575	848	2,530	5,945	9,267	9,654	9,318	8,961	8,582	
Materials & Contracts	5,194	4,955	5,365	4,496	4,608	4,724	4,842	4,963	5,087	5,214	5,344	5,478	
Depreciation & Amortisation	4,103	3,832	4,116	4,276	4,440	4,609	4,765	4,927	5,094	5,266	5,445	5,629	
Impairment of receivables	-	-	-	-	-	-	-	-	-	-	-	-	
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-	
Net Losses from the Disposal of Assets	48	-	-	-	-	-	-	-	-	-	-	-	
Revaluation decrement/impairment of IPPE	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenses from Continuing Operations	12,791	12,744	13,849	13,265	13,967	16,007	19,820	23,553	24,363	24,462	24,554	24,638	
Net Operating Result for the Year	6,684	6,032	6,354	8,928	12,404	15,857	13,622	1,934	162	611	980	1,385	
Net Operating Result before Grants and Contributions provided for Capital Purposes	2,327	3,637	5,432	6,599	6,319	4,922	2,091	(285)	(424)	11	365	754	

Appendix 4

Financial Position

Kempsey Shire Council 10 Year Financial Plan for the Years ending 30 June 2033													
BALANCE SHEET - CONSOLIDATED													
Base Case	Actuals		Current Year		Projected Years								
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	
ASSETS													
Current Assets													
Cash & Cash Equivalents	36,712	20,000	20,000	20,000	20,000	20,000	20,000	20,000	15,000	15,000	15,000	15,000	
Investments	68,008	86,148	66,577	61,883	68,838	69,828	70,479	71,065	74,742	73,642	72,715	71,808	
Receivables	25,726	14,008	15,820	13,512	13,477	14,088	14,491	13,846	13,996	14,324	14,660	15,003	
Inventories	530	951	769	684	692	709	727	751	759	778	797	829	
Contract assets and contract cost assets	2,240	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	
Other	430	449	393	356	361	369	379	391	396	406	416	431	
Total Current Assets	133,646	123,742	105,746	98,621	105,554	107,180	108,261	108,238	107,079	106,336	105,774	105,257	
Non-Current Assets													
Investments	-	-	-	-	-	-	-	-	-	-	-	-	
Receivables	18	206	266	129	94	84	86	88	89	91	93	95	
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	
Contract assets and contract cost assets	-	54	54	54	54	54	54	54	54	54	54	54	
Infrastructure, Property, Plant & Equipment	1,191,116	1,228,107	1,321,985	1,393,263	1,458,509	1,544,206	1,621,346	1,635,183	1,637,456	1,640,191	1,642,079	1,644,908	
Intangible Assets	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	
Right of use assets	39	39	39	39	39	39	39	39	39	39	39	39	
Total Non-Current Assets	1,192,551	1,229,784	1,323,722	1,394,863	1,460,074	1,545,761	1,622,903	1,636,742	1,639,017	1,641,753	1,643,643	1,646,473	
TOTAL ASSETS	1,326,197	1,353,526	1,429,467	1,493,484	1,565,629	1,652,941	1,731,164	1,744,980	1,746,096	1,748,090	1,749,417	1,751,731	
LIABILITIES													
Current Liabilities													
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-	
Payables	10,704	12,781	12,062	11,886	12,574	13,362	14,076	14,573	14,899	15,343	15,795	16,392	
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-	
Contract liabilities	26,545	19,350	24,861	12,336	9,320	8,860	9,062	8,379	8,389	8,551	8,717	8,888	
Lease liabilities	15	-	-	-	-	-	-	-	-	-	-	-	
Borrowings	4,391	4,593	4,493	5,943	7,881	10,187	11,787	11,742	12,743	13,855	15,064	15,873	
Employee benefit provisions	5,593	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810	
Other provisions	-	-	-	-	-	-	-	-	-	-	-	-	
Total Current Liabilities	47,248	42,534	47,226	35,975	35,585	38,220	40,735	40,504	41,840	43,559	45,387	46,964	
Non-Current Liabilities													
Payables	-	681	594	536	544	557	571	590	597	613	628	651	
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-	
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-	
Lease liabilities	43	58	58	58	58	58	58	58	58	58	58	58	
Borrowings	51,769	47,176	57,683	97,740	149,859	216,672	277,885	290,143	290,400	291,545	292,482	295,608	
Employee benefit provisions	1,094	877	877	877	877	877	877	877	877	877	877	877	
Other provisions	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	
Total Non-Current Liabilities	59,840	55,726	66,147	106,145	158,272	225,098	286,325	298,602	298,867	300,027	300,978	304,128	
TOTAL LIABILITIES	107,088	98,260	113,373	142,120	193,857	263,318	327,060	339,105	340,707	343,586	346,365	351,092	
Net Assets	1,219,109	1,255,265	1,316,095	1,351,363	1,371,771	1,389,623	1,404,104	1,405,875	1,405,389	1,404,504	1,403,052	1,400,639	
EQUITY													
Retained Earnings	526,981	563,137	623,967	659,235	679,643	697,495	711,976	713,747	713,261	712,376	710,924	708,511	
Revaluation Reserves	692,128	692,128	692,128	692,128	692,128	692,128	692,128	692,128	692,128	692,128	692,128	692,128	
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-	
Council Equity Interest	1,219,109	1,255,265	1,316,095	1,351,363	1,371,771	1,389,623	1,404,104	1,405,875	1,405,389	1,404,504	1,403,052	1,400,639	
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-	-	-	
Total Equity	1,219,109	1,255,265	1,316,095	1,351,363	1,371,771	1,389,623	1,404,104	1,405,875	1,405,389	1,404,504	1,403,052	1,400,639	

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2033

BALANCE SHEET - GENERAL FUND	Actuals		Current Year		Projected Years								
	Base Case		2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000
ASSETS													
Current Assets													
Cash & Cash Equivalents	14,837	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Investments	44,054	52,105	40,289	35,216	35,282	35,794	36,045	35,780	35,868	35,861	35,802	35,466	
Receivables	19,815	8,991	10,535	7,891	7,314	7,262	7,433	7,605	7,784	7,966	8,152	8,343	
Inventories	530	951	769	684	692	709	727	751	759	778	797	829	
Contract assets and contract cost assets	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	
Other	420	443	387	349	355	363	372	384	389	399	409	424	
Total Current Assets	81,680	69,514	59,004	51,164	50,667	51,152	51,600	51,544	51,824	52,028	52,184	52,085	
Non-Current Assets													
Investments	-	-	-	-	-	-	-	-	-	-	-	-	
Receivables	18	206	266	129	94	84	86	88	89	91	93	95	
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	
Contract assets and contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-	
Infrastructure, Property, Plant & Equipment	883,127	917,598	989,906	1,021,470	1,041,251	1,055,173	1,064,240	1,071,315	1,077,820	1,084,987	1,091,490	1,099,174	
Intangible Assets	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	
Right of use assets	39	39	39	39	39	39	39	39	39	39	39	39	
Total Non-Current Assets	884,562	919,221	991,590	1,023,017	1,042,762	1,056,674	1,065,743	1,072,820	1,079,327	1,086,495	1,093,000	1,100,686	
TOTAL ASSETS	966,242	988,735	1,050,594	1,074,181	1,093,428	1,107,826	1,117,343	1,124,364	1,131,150	1,138,523	1,145,184	1,152,771	
LIABILITIES													
Current Liabilities													
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-	
Payables	10,535	12,637	11,917	11,687	12,221	12,735	13,184	13,655	14,011	14,488	14,975	15,609	
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-	
Contract liabilities	26,534	19,100	24,721	12,015	8,721	7,849	7,997	8,151	8,307	8,468	8,632	8,800	
Lease liabilities	15	-	-	-	-	-	-	-	-	-	-	-	
Borrowings	1,440	1,490	1,081	1,707	2,314	2,878	3,245	3,734	4,278	4,908	5,604	6,422	
Employee benefit provisions	5,593	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810	
Other provisions	-	-	-	-	-	-	-	-	-	-	-	-	
Total Current Liabilities	44,117	39,037	43,529	31,219	29,066	29,272	30,236	31,349	32,406	33,674	35,021	36,641	
Non-Current Liabilities													
Payables	-	681	594	536	544	557	571	590	597	613	628	651	
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-	
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-	
Lease liabilities	43	58	58	58	58	58	58	58	58	58	58	58	
Borrowings	15,720	14,230	23,149	43,442	61,128	75,251	85,005	93,272	101,994	112,086	122,482	135,060	
Employee benefit provisions	1,094	877	877	877	877	877	877	877	877	877	877	877	
Other provisions	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	
Total Non-Current Liabilities	23,791	22,780	31,612	51,848	69,541	83,677	93,446	101,730	110,460	120,567	130,979	143,580	
TOTAL LIABILITIES	67,908	61,817	75,142	83,066	98,608	112,949	123,681	133,079	142,866	154,241	165,999	180,221	
Net Assets	898,334	926,919	975,452	991,114	994,821	994,877	993,662	991,285	988,284	984,282	979,184	972,550	
EQUITY													
Retained Earnings	402,958	431,543	480,076	495,738	499,445	499,501	498,286	495,909	492,908	488,906	483,808	477,174	
Revaluation Reserves	495,376	495,376	495,376	495,376	495,376	495,376	495,376	495,376	495,376	495,376	495,376	495,376	
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-	
Council Equity Interest	898,334	926,919	975,452	991,114	994,821	994,877	993,662	991,285	988,284	984,282	979,184	972,550	
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-	-	-	
Total Equity	898,334	926,919	975,452	991,114	994,821	994,877	993,662	991,285	988,284	984,282	979,184	972,550	

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2033

BALANCE SHEET - WATER FUND Base Case	Actuals 2021/22 \$'000	Current Year		Projected Years									
		2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	
ASSETS													
Current Assets													
Cash & Cash Equivalents	13,013	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Investments	13,399	20,560	15,605	15,151	20,255	19,900	19,636	19,854	20,697	21,643	22,676	23,849	
Receivables	2,935	3,219	3,438	3,561	3,647	3,737	3,830	3,926	4,024	4,125	4,228	4,333	
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	
Contract assets and contract cost assets	216	162	162	162	162	162	162	162	162	162	162	162	
Other	5	5	5	5	5	5	6	6	6	6	6	6	
Total Current Assets	29,568	28,946	24,210	23,879	29,069	28,805	28,634	28,947	29,888	30,936	32,072	33,351	
Non-Current Assets													
Investments	-	-	-	-	-	-	-	-	-	-	-	-	
Receivables	-	-	-	-	-	-	-	-	-	-	-	-	
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	
Contract assets and contract cost assets	-	54	54	54	54	54	54	54	54	54	54	54	
Infrastructure, Property, Plant & Equipment	183,055	183,483	197,438	224,550	231,051	230,234	229,325	228,349	227,301	226,179	225,004	223,721	
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	
Right of use assets	-	-	-	-	-	-	-	-	-	-	-	-	
Total Non-Current Assets	183,055	183,537	197,492	224,604	231,105	230,288	229,379	228,403	227,355	226,233	225,058	223,775	
TOTAL ASSETS	212,623	212,483	221,702	248,483	260,174	259,093	258,013	257,350	257,244	257,169	257,130	257,126	
LIABILITIES													
Current Liabilities													
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-	
Payables	102	84	91	123	139	134	129	124	120	116	112	107	
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-	
Contract liabilities	-	16	44	97	38	12	12	13	13	13	14	14	
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowings	1,678	1,758	1,982	2,563	2,990	3,148	2,872	2,456	2,576	2,701	2,836	2,600	
Employee benefit provisions	-	-	-	-	-	-	-	-	-	-	-	-	
Other provisions	-	-	-	-	-	-	-	-	-	-	-	-	
Total Current Liabilities	1,780	1,858	2,117	2,783	3,167	3,294	3,013	2,593	2,709	2,830	2,961	2,721	
Non-Current Liabilities													
Payables	-	-	-	-	-	-	-	-	-	-	-	-	
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-	
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-	
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowings	23,654	21,897	24,915	40,352	47,362	44,214	41,342	38,886	36,310	33,609	30,773	28,173	
Employee benefit provisions	-	-	-	-	-	-	-	-	-	-	-	-	
Other provisions	-	-	-	-	-	-	-	-	-	-	-	-	
Total Non-Current Liabilities	23,654	21,897	24,915	40,352	47,362	44,214	41,342	38,886	36,310	33,609	30,773	28,173	
TOTAL LIABILITIES	25,434	23,755	27,032	43,135	50,528	47,508	44,355	41,478	39,019	36,439	33,734	30,894	
Net Assets	187,189	188,729	194,670	205,348	209,646	211,585	213,658	215,872	218,224	220,730	223,395	226,232	
EQUITY													
Retained Earnings	63,049	64,589	70,530	81,208	85,506	87,445	89,518	91,732	94,084	96,590	99,255	102,092	
Revaluation Reserves	124,140	124,140	124,140	124,140	124,140	124,140	124,140	124,140	124,140	124,140	124,140	124,140	
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-	
Council Equity Interest	187,189	188,729	194,670	205,348	209,646	211,585	213,658	215,872	218,224	220,730	223,395	226,232	
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-	-	-	
Total Equity	187,189	188,729	194,670	205,348	209,646	211,585	213,658	215,872	218,224	220,730	223,395	226,232	

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2033

BALANCE SHEET - SEWER FUND Base Case	Actuals	Current Year	Projected Years									
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
ASSETS												
Current Assets												
Cash & Cash Equivalents	8,862	10,000	10,000	10,000	10,000	10,000	10,000	10,000	5,000	5,000	5,000	5,000
Investments	10,555	13,483	10,683	11,517	13,301	14,134	14,798	15,431	18,177	16,137	14,237	12,493
Receivables	2,976	1,798	1,847	2,060	2,516	3,089	3,229	2,314	2,189	2,234	2,280	2,327
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Contract assets and contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Other	5	1	1	1	1	1	1	1	1	1	1	1
Total Current Assets	22,398	25,282	22,531	23,578	25,818	27,224	28,027	27,747	25,367	23,372	21,518	19,821
Non-Current Assets												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Contract assets and contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	124,934	127,026	134,640	147,242	186,208	258,799	327,781	335,520	332,335	329,025	325,586	322,012
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	124,934	127,026	134,640	147,242	186,208	258,799	327,781	335,520	332,335	329,025	325,586	322,012
TOTAL ASSETS	147,332	152,307	157,171	170,820	212,026	286,023	355,808	363,266	357,702	352,398	347,104	341,833
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	67	60	54	76	214	493	764	795	768	739	709	677
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	11	234	96	224	562	999	1,053	215	68	70	72	74
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,273	1,345	1,430	1,674	2,577	4,162	5,669	5,552	5,889	6,246	6,624	6,851
Employee benefit provisions	-	-	-	-	-	-	-	-	-	-	-	-
Other provisions	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	1,351	1,640	1,579	1,973	3,352	5,653	7,486	6,562	6,725	7,055	7,405	7,602
Non-Current Liabilities												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	12,395	11,049	9,619	13,946	41,369	97,207	151,538	157,986	152,096	145,851	139,226	132,375
Employee benefit provisions	-	-	-	-	-	-	-	-	-	-	-	-
Other provisions	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	12,395	11,049	9,619	13,946	41,369	97,207	151,538	157,986	152,096	145,851	139,226	132,375
TOTAL LIABILITIES	13,746	12,689	11,199	15,919	44,721	102,861	159,024	164,548	158,822	152,906	146,631	139,977
Net Assets	133,586	139,618	145,972	154,901	167,305	183,162	196,784	198,719	198,881	199,492	200,472	201,857
EQUITY												
Retained Earnings	60,974	67,006	73,360	82,289	94,693	110,550	124,172	126,107	126,269	126,880	127,860	129,245
Revaluation Reserves	72,612	72,612	72,612	72,612	72,612	72,612	72,612	72,612	72,612	72,612	72,612	72,612
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	133,586	139,618	145,972	154,901	167,305	183,162	196,784	198,719	198,881	199,492	200,472	201,857
Total Equity	133,586	139,618	145,972	154,901	167,305	183,162	196,784	198,719	198,881	199,492	200,472	201,857

Appendix 5

Cash Flow Statement

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2033

CASH FLOW STATEMENT - CONSOLIDATED

	Actuals	Current Year	Projected Years									
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	45,397	47,254	51,832	53,859	55,658	57,512	59,435	60,970	62,511	64,090	65,709	67,369
User Charges & Fees	18,553	18,771	20,664	21,511	22,075	22,617	23,174	23,729	24,292	24,868	25,460	26,066
Investment & Interest Revenue Received	646	3,136	4,920	3,395	2,673	2,877	2,838	3,664	3,799	3,800	3,715	3,599
Grants & Contributions	56,665	49,092	74,964	32,864	29,961	32,133	34,057	25,316	24,033	24,488	24,975	25,474
Other	8,479	12,484	1,872	2,743	2,407	2,361	2,376	2,436	2,497	2,559	2,623	2,689
Payments:												
Employee Benefits & On-Costs	(27,705)	(29,386)	(33,227)	(34,934)	(36,301)	(36,909)	(38,014)	(39,154)	(40,329)	(41,539)	(42,785)	(44,069)
Materials & Contracts	(24,877)	(30,112)	(26,761)	(22,959)	(23,503)	(24,031)	(24,623)	(25,367)	(25,785)	(26,350)	(27,006)	(27,943)
Borrowing Costs	(1,862)	(1,875)	(1,719)	(2,093)	(4,565)	(7,700)	(11,957)	(16,023)	(16,870)	(16,962)	(17,137)	(17,264)
Bonds & Deposits Refunded	(163)	-	-	-	-	-	-	-	-	-	-	-
Other	(3,938)	(3,400)	(5,230)	(5,028)	(5,110)	(5,243)	(5,368)	(5,500)	(5,644)	(5,781)	(5,926)	(6,069)
Net Cash provided (or used in) Operating Activities	71,195	65,963	87,314	49,358	43,295	43,618	41,917	30,071	28,503	29,173	29,629	29,853
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	-	19,571	5,528	-	355	264	265	-	2,047	1,960	2,079
Payments:												
Purchase of Investment Securities	(3,288)	(18,140)	-	(834)	(6,955)	(1,345)	(914)	(851)	(3,677)	(947)	(1,033)	(1,173)
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(58,424)	(60,144)	(117,292)	(95,558)	(90,397)	(111,746)	(104,080)	(41,697)	(31,084)	(32,531)	(32,702)	(34,695)
Net Cash provided (or used in) Investing Activities	(65,601)	(78,284)	(97,721)	(90,865)	(97,352)	(112,737)	(104,730)	(42,284)	(34,761)	(31,431)	(31,774)	(33,789)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	15,000	46,000	60,000	77,000	73,000	24,000	13,000	15,000	16,000	19,000
Payments:												
Repayment of Borrowings & Advances	(4,635)	(4,391)	(4,593)	(4,493)	(5,943)	(7,881)	(10,187)	(11,787)	(11,742)	(12,743)	(13,855)	(15,064)
Net Cash Flow provided (used in) Financing Activities	(4,649)	(4,391)	10,407	41,507	54,057	69,119	62,813	12,213	1,258	2,257	2,145	3,936
Net Increase/(Decrease) in Cash & Cash Equivalents	945	(16,712)	-	-	-	-	-	-	0	(5,000)	(0)	0
plus: Cash & Cash Equivalents - beginning of year	35,767	36,712	20,000	20,000	20,000	20,000	20,000	20,000	20,000	15,000	15,000	15,000
Cash & Cash Equivalents - end of the year	36,712	20,000	20,000	20,000	20,000	20,000	20,000	20,000	15,000	15,000	15,000	15,000
 Cash & Cash Equivalents - end of the year	 36,712	 20,000	 20,000	 20,000	 20,000	 20,000	 20,000	 20,000	 15,000	 15,000	 15,000	 15,000
Investments - end of the year	68,008	86,148	66,577	61,883	68,838	69,828	70,479	71,065	74,742	73,642	72,715	71,808
Cash, Cash Equivalents & Investments - end of the year	104,720	106,148	86,577	81,883	88,838	89,828	90,479	91,065	89,742	88,642	87,715	86,808
 Representing:												
- External Restrictions	95,226	94,043	67,363	67,743	75,387	76,603	77,692	79,250	78,563	78,212	78,105	78,314
- Internal Restrictions	8,119	5,215	5,215	5,215	5,366	5,514	5,652	5,793	5,938	6,086	6,238	6,394
- Unrestricted	1,375	6,890	13,999	8,926	8,085	7,711	7,135	6,022	5,242	4,344	3,372	2,100
	104,720	106,148	86,577	81,883	88,838	89,828	90,479	91,065	89,742	88,642	87,715	86,808

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2033

CASH FLOW STATEMENT - GENERAL FUND	Actuals	Projected Years										
		Current Year										
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	
Base Case		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	-	28,133	30,105	30,998	31,793	32,604	33,436	34,289	35,163	36,059	36,977	
User Charges & Fees	-	8,093	8,993	9,348	9,593	9,833	10,079	10,331	10,589	10,854	11,125	
Investment & Interest Revenue Received	-	2,170	2,732	1,981	1,577	1,656	1,659	1,675	1,673	1,661	1,659	
Grants & Contributions	-	43,402	69,787	21,349	20,322	19,997	21,214	21,627	22,041	22,467	22,904	
Other	-	12,238	1,855	2,719	2,381	2,335	2,349	2,408	2,468	2,530	2,593	
Payments:												
Employee Benefits & On-Costs	-	(23,122)	(25,639)	(26,920)	(27,976)	(28,432)	(29,283)	(30,161)	(31,066)	(31,998)	(32,958)	
Materials & Contracts	-	(19,614)	(15,543)	(12,955)	(13,251)	(13,488)	(13,816)	(14,290)	(14,431)	(14,713)	(15,077)	
Borrowing Costs	-	(79)	(136)	(443)	(1,768)	(2,957)	(3,950)	(4,609)	(5,145)	(5,693)	(6,348)	
Other	-	(3,400)	(5,230)	(5,028)	(5,110)	(5,243)	(5,368)	(5,500)	(5,644)	(5,781)	(6,069)	
Net Cash provided (or used in) Operating Activities	-	47,820	66,923	21,049	17,562	16,306	16,320	15,769	15,647	15,386	14,950	
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	-	11,816	5,074	-	-	-	265	-	7	59	
Payments:												
Purchase of Investment Securities	-	(8,051)	-	-	(66)	(512)	(251)	-	(88)	-	-	
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	
Purchase of Infrastructure, Property, Plant & Equipment	-	(48,166)	(87,249)	(47,041)	(35,788)	(30,479)	(26,192)	(24,788)	(24,825)	(26,115)	(26,101)	
Net Cash provided (or used in) Investing Activities	-	(56,217)	(75,434)	(41,968)	(35,855)	(30,991)	(26,442)	(24,523)	(24,913)	(26,108)	(26,042)	
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	10,000	22,000	20,000	17,000	13,000	12,000	13,000	15,000	16,000	
Payments:												
Repayment of Borrowings & Advances	-	(1,440)	(1,490)	(1,081)	(1,707)	(2,314)	(2,878)	(3,245)	(3,734)	(4,278)	(4,908)	
Net Cash Flow provided (used in) Financing Activities	-	(1,440)	8,510	20,919	18,293	14,686	10,122	8,755	9,266	10,722	11,092	
Net Increase/(Decrease) in Cash & Cash Equivalents	-	(9,837)	-	-	-	-	-	-	0	-	-	
plus: Cash & Cash Equivalents - beginning of year	-	14,837	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Cash & Cash Equivalents - end of the year	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
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Cash & Cash Equivalents - end of the year	14,837	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Investments - end of the year	44,054	52,105	40,289	35,216	35,282	35,794	36,045	35,780	35,868	35,861	35,802	
Cash, Cash Equivalents & Investments - end of the year	58,891	57,105	45,289	40,216	40,282	40,794	41,045	40,780	40,868	40,861	40,802	
Representing:												
- External Restrictions	49,397	45,000	26,075	26,075	26,831	27,569	28,258	28,965	29,689	30,431	31,192	
- Internal Restrictions	8,119	5,215	5,215	5,215	5,366	5,514	5,652	5,793	5,938	6,086	6,238	
- Unrestricted	1,375	6,890	13,999	8,926	8,085	7,711	7,135	6,022	5,242	4,344	3,372	
	58,891	57,105	45,289	40,216	40,282	40,794	41,045	40,780	40,868	40,861	40,466	

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2033

CASH FLOW STATEMENT - WATER FUND	Actuals	Projected Years										
		Current Year										
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	
Base Case		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	-	5,453	5,833	6,073	6,233	6,389	6,548	6,712	6,880	7,052	7,228	
User Charges & Fees	-	9,033	9,761	10,173	10,453	10,714	10,982	11,257	11,538	11,827	12,122	
Investment & Interest Revenue Received	-	493	1,061	554	704	1,120	1,080	1,048	1,040	1,061	1,086	
Grants & Contributions	-	1,525	4,089	9,049	3,443	1,101	1,153	1,182	1,212	1,242	1,273	
Other	-	19	20	21	21	22	23	23	24	24	25	
Payments:												
Employee Benefits & On-Costs	-	(3,038)	(3,879)	(4,095)	(4,254)	(4,333)	(4,463)	(4,597)	(4,735)	(4,877)	(5,023)	
Materials & Contracts	-	(5,547)	(5,853)	(5,508)	(5,644)	(5,819)	(5,965)	(6,114)	(6,267)	(6,424)	(6,584)	
Borrowing Costs	-	(1,058)	(918)	(1,098)	(2,086)	(2,492)	(2,334)	(2,177)	(2,043)	(1,923)	(1,798)	
Net Cash provided (or used in) Operating Activities	-	6,880	10,115	15,167	8,870	6,702	7,024	7,334	7,649	7,982	8,329	
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	-	4,955	454	-	355	264	-	-	-	-	
Payments:												
Purchase of Investment Securities	-	(7,161)	-	-	(5,105)	-	-	(217)	(843)	(947)	(1,033)	
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	
Purchase of Infrastructure, Property, Plant & Equipment	-	(6,055)	(18,312)	(31,639)	(11,203)	(4,067)	(4,141)	(4,244)	(4,350)	(4,459)	(4,685)	
Net Cash provided (or used in) Investing Activities	-	(13,216)	(13,357)	(31,185)	(16,307)	(3,712)	(3,876)	(4,462)	(5,193)	(5,406)	(5,628)	
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	5,000	18,000	10,000	-	-	-	-	-	-	
Payments:												
Repayment of Borrowings & Advances	-	(1,677)	(1,758)	(1,982)	(2,563)	(2,990)	(3,148)	(2,872)	(2,456)	(2,576)	(2,701)	
Net Cash Flow provided (used in) Financing Activities	-	(1,677)	3,242	16,018	7,437	(2,990)	(3,148)	(2,872)	(2,456)	(2,576)	(2,701)	
Net Increase/(Decrease) in Cash & Cash Equivalents	-	(8,013)	-	-	-	(0)	0	0	-	(0)	(0)	
plus: Cash & Cash Equivalents - beginning of year	-	13,013	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Cash & Cash Equivalents - end of the year	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Cash & Cash Equivalents - end of the year	13,013	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Investments - end of the year	13,399	20,560	15,605	15,151	20,255	19,900	19,636	19,854	20,697	21,643	22,676	
Cash, Cash Equivalents & Investments - end of the year	26,412	25,560	20,605	20,151	25,255	24,900	24,636	24,854	25,697	26,643	27,676	
Representing:												
- External Restrictions	7,777	25,560	20,605	20,151	25,255	24,900	24,636	24,854	25,697	26,643	27,676	
- Internal Restrictions	-	-	-	-	-	-	-	-	-	-	-	
- Unrestricted	18,635	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
	26,412	25,560	20,605	20,151	25,255	24,900	24,636	24,854	25,697	26,643	27,676	

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2033

CASH FLOW STATEMENT - SEWER FUND

	Actuals	Current Year		Projected Years								
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	-	13,668	15,894	16,789	17,633	18,519	19,451	19,969	20,468	20,980	21,505	22,042
User Charges & Fees	-	1,645	1,909	1,990	2,029	2,069	2,112	2,141	2,164	2,188	2,212	2,237
Investment & Interest Revenue Received	-	473	1,127	860	392	100	100	942	1,086	1,078	970	874
Grants & Contributions	-	4,165	1,088	2,466	6,196	11,036	11,690	2,507	780	779	798	818
Other	-	226	(3)	4	4	4	4	5	5	5	6	6
Payments:												
Employee Benefits & On-Costs	-	(3,226)	(3,709)	(3,918)	(4,071)	(4,144)	(4,268)	(4,396)	(4,528)	(4,664)	(4,804)	(4,948)
Materials & Contracts	-	(4,951)	(5,365)	(4,496)	(4,608)	(4,724)	(4,842)	(4,963)	(5,087)	(5,214)	(5,344)	(5,478)
Borrowing Costs	-	(738)	(665)	(552)	(710)	(2,251)	(5,674)	(9,236)	(9,681)	(9,346)	(8,991)	(8,614)
Net Cash provided (or used in) Operating Activities	-	11,263	10,276	13,141	16,863	20,610	18,573	6,968	5,207	5,806	6,350	6,936
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	-	2,800	-	-	-	-	-	-	2,040	1,901	1,744
Payments:												
Purchase of Investment Securities	-	(2,928)	-	(834)	(1,784)	(833)	(664)	(634)	(2,746)	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(5,923)	(11,730)	(16,878)	(43,406)	(77,200)	(73,747)	(12,665)	(1,909)	(1,956)	(2,005)	(2,056)
Net Cash provided (or used in) Investing Activities	-	(8,851)	(8,931)	(17,712)	(45,190)	(78,033)	(74,411)	(13,299)	(4,655)	83	(105)	(312)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	-	6,000	30,000	60,000	60,000	12,000	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	-	(1,274)	(1,345)	(1,430)	(1,674)	(2,577)	(4,162)	(5,669)	(5,552)	(5,889)	(6,246)	(6,624)
Net Cash Flow provided (used in) Financing Activities	-	(1,274)	(1,345)	4,570	28,326	57,423	55,838	6,331	(5,552)	(5,889)	(6,246)	(6,624)
Net Increase/(Decrease) in Cash & Cash Equivalents	-	1,138	0	-	-	-	-	0	(5,000)	0	0	(0)
plus: Cash & Cash Equivalents - beginning of year	-	8,862	10,000	10,000	10,000	10,000	10,000	10,000	10,000	5,000	5,000	5,000
Cash & Cash Equivalents - end of the year	-	10,000	10,000	10,000	10,000	10,000	10,000	10,000	5,000	5,000	5,000	5,000
Cash & Cash Equivalents - end of the year												
Investments - end of the year	8,862	10,000	10,000	10,000	10,000	10,000	10,000	10,000	5,000	5,000	5,000	5,000
Cash, Cash Equivalents & Investments - end of the year	10,555	13,483	10,683	11,517	13,301	14,134	14,798	15,431	18,177	16,137	14,237	12,493
Cash, Cash Equivalents & Investments - end of the year	19,417	23,483	20,683	21,517	23,301	24,134	24,798	25,431	23,177	21,137	19,237	17,493
Representing:												
- External Restrictions	4,727	23,483	20,683	21,517	23,301	24,134	24,798	25,431	23,177	21,137	19,237	17,493
- Internal Restrictions	-	-	-	-	-	-	-	-	-	-	-	-
- Unrestricted	14,690	0	0	0	0	0	0	0	0	0	0	0
	19,417	23,483	20,683	21,517	23,301	24,134	24,798	25,431	23,177	21,137	19,237	17,493

Appendix 6

SRV Option 1: Financial Statements – General Fund

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2033

INCOME STATEMENT - GENERAL FUND

Scenario: Option 1: Base case + 5.4% SRV on top of 2.5% rate peg (total of 7.90%) in 2024-25 then 12.5% SRV on top of 2.5% rate peg (total of 15%) in 2025-26 and 2026-27 (42.7% cumulative over 3 years) to achieve a \$0.5M average ongoing surplus.

	Actuals	Current Year		Projected Years									
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations													
Revenue:													
Rates & Annual Charges	27,414	28,249	30,193	32,267	36,168	40,628	41,660	42,719	43,803	44,915	46,055	47,223	
User Charges & Fees	8,211	8,461	9,071	9,389	9,623	9,864	10,110	10,363	10,622	10,888	11,160	11,439	
Other Revenues	1,915	2,085	2,128	2,202	2,258	2,314	2,372	2,431	2,492	2,554	2,618	2,684	
Grants & Contributions provided for Operating Purposes	14,466	20,077	14,815	13,470	13,805	14,150	14,499	14,866	15,238	15,619	16,009	16,410	
Grants & Contributions provided for Capital Purposes	27,876	30,306	50,395	18,225	9,199	6,556	6,595	6,635	6,676	6,718	6,761	6,805	
Interest & Investment Revenue	638	2,125	2,733	1,946	1,585	1,660	1,661	1,674	1,673	1,661	1,659	1,608	
Total Income from Continuing Operations	80,520	91,303	109,336	77,499	72,639	75,172	76,897	78,688	80,504	82,354	84,262	86,167	
Expenses from Continuing Operations													
Employee Benefits & On-Costs	21,060	23,249	25,651	26,926	27,981	28,434	29,287	30,166	31,071	32,003	32,963	33,952	
Borrowing Costs	17	356	306	861	2,075	2,955	3,331	3,452	3,444	3,426	3,396	3,414	
Materials & Contracts	16,132	21,479	14,675	12,335	13,339	13,628	13,971	14,485	14,519	14,877	15,242	15,965	
Depreciation & Amortisation	13,762	13,695	14,941	15,477	16,008	16,557	17,125	17,713	18,320	18,948	19,598	20,271	
Impairment of receivables	59	-	-	-	-	-	-	-	-	-	-	-	
Other Expenses	2,737	3,939	5,229	5,006	5,131	5,259	5,391	5,526	5,664	5,805	5,950	6,099	
Net Losses from the Disposal of Assets	3,335	-	-	-	-	-	-	-	-	-	-	-	
Revaluation decrement/impairment of IPPE	345	-	-	-	-	-	-	-	-	-	-	-	
Total Expenses from Continuing Operations	57,447	62,718	60,802	60,605	64,534	66,834	69,105	71,341	73,017	75,059	77,150	79,701	
Operating Result from Continuing Operations	23,073	28,585	48,534	16,894	8,105	8,338	7,793	7,347	7,487	7,296	7,112	6,467	
Net Operating Result for the Year	23,073	28,585	48,534	16,894	8,105	8,338	7,793	7,347	7,487	7,296	7,112	6,467	
Net Operating Result before Grants and Contributions provided for Capital Purposes	(4,803)	(1,722)	(1,861)	(1,331)	(1,094)	1,782	1,198	712	811	578	351	(338)	

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2033

BALANCE SHEET - GENERAL FUND

Scenario: Option 1: Base case + 5.4% SRV on top of 2.5% rate peg (total of 7.90%) in 2024-25 then 12.5% SRV on top of 2.5% rate peg (total of 15%) in 2025-26 and 2026-27 (42.7% cumulative over 3 years) to achieve a \$0.5M average ongoing surplus.

	Actuals	Current Year	Projected Years									
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS												
Current Assets												
Cash & Cash Equivalents	14,837	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Investments	44,054	52,105	40,289	35,370	35,640	35,230	35,693	35,604	35,927	35,287	35,939	35,632
Receivables	19,815	8,991	10,535	8,021	7,771	8,099	8,290	8,485	8,686	8,888	9,101	9,315
Inventories	530	951	769	684	692	709	727	751	759	778	797	829
Contract assets and contract cost assets	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024
Other	420	443	387	349	355	363	372	384	389	399	409	424
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	81,680	69,514	59,004	51,449	51,482	51,424	52,105	52,248	52,784	52,376	53,270	53,224
Non-Current Assets												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	18	206	266	129	94	84	86	88	89	91	93	95
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Contract assets and contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	883,127	917,598	989,906	1,021,470	1,041,251	1,055,173	1,064,240	1,071,315	1,077,820	1,084,987	1,091,490	1,099,174
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378
Right of use assets	39	39	39	39	39	39	39	39	39	39	39	39
Total Non-Current Assets	884,562	919,221	991,590	1,023,017	1,042,762	1,056,674	1,065,743	1,072,820	1,079,327	1,086,495	1,093,000	1,100,686
TOTAL ASSETS	966,242	988,735	1,050,594	1,074,465	1,094,244	1,108,098	1,117,848	1,125,068	1,132,111	1,138,871	1,146,269	1,153,909
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	10,535	12,637	11,917	11,740	12,380	12,933	13,221	13,517	13,685	13,941	14,216	14,607
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	26,534	19,100	24,721	12,015	8,721	7,849	7,997	8,151	8,307	8,468	8,632	8,800
Lease liabilities	15	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,440	1,490	1,081	1,680	2,178	2,492	2,596	2,776	2,967	3,169	3,409	3,690
Employee benefit provisions	5,593	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810
Total Current Liabilities	44,117	39,037	43,529	31,245	29,089	29,085	29,623	30,254	30,769	31,387	32,067	32,908
Non-Current Liabilities												
Payables	-	681	594	536	544	557	571	590	597	613	628	651
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	43	58	58	58	58	58	58	58	58	58	58	58
Borrowings	15,720	14,230	23,149	42,469	56,291	61,798	63,203	62,427	61,460	60,292	59,883	60,192
Employee benefit provisions	1,094	877	877	877	877	877	877	877	877	877	877	877
Other provisions	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934
Total Non-Current Liabilities	23,791	22,780	31,612	50,875	64,704	70,225	71,643	70,885	69,927	68,773	68,379	68,712
TOTAL LIABILITIES	67,908	61,817	75,142	82,120	93,793	99,309	101,266	101,139	100,696	100,160	100,446	101,620
Net Assets	898,334	926,919	975,452	992,346	1,000,451	1,008,789	1,016,582	1,023,929	1,031,415	1,038,711	1,045,823	1,052,290
EQUITY												
Retained Earnings	402,958	431,543	480,076	496,970	505,075	513,413	521,206	528,553	536,039	543,335	550,447	556,914
Revaluation Reserves	495,376	495,376	495,376	495,376	495,376	495,376	495,376	495,376	495,376	495,376	495,376	495,376
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	898,334	926,919	975,452	992,346	1,000,451	1,008,789	1,016,582	1,023,929	1,031,415	1,038,711	1,045,823	1,052,290
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	898,334	926,919	975,452	992,346	1,000,451	1,008,789	1,016,582	1,023,929	1,031,415	1,038,711	1,045,823	1,052,290

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2033

CASH FLOW STATEMENT - GENERAL FUND

Scenario: Option 1: Base case + 5.4% SRV on top of 2.5% rate peg (total of 7.90%) in 2024-25 then 12.5% SRV on top of 2.5% rate peg (total of 15%) in 2025-26 and 2026-27 (42.7% cumulative over 3 years) to achieve a \$0.5M average ongoing surplus.

	Actuals	Current Year	Projected Years									
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	-	28,133	30,105	32,173	35,991	40,425	41,613	42,670	43,754	44,865	46,003	47,170
User Charges & Fees	-	8,093	8,993	9,348	9,593	9,833	10,079	10,331	10,589	10,854	11,125	11,404
Investment & Interest Revenue Received	-	2,170	2,732	1,980	1,576	1,660	1,659	1,674	1,672	1,663	1,656	1,609
Grants & Contributions	-	43,402	69,787	21,349	20,322	19,997	21,214	21,627	22,041	22,467	22,904	23,351
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	12,238	1,855	2,719	2,381	2,335	2,349	2,408	2,468	2,530	2,593	2,658
Payments:												
Employee Benefits & On-Costs	-	(23,122)	(25,639)	(26,920)	(27,976)	(28,432)	(29,283)	(30,161)	(31,066)	(31,998)	(32,958)	(33,947)
Materials & Contracts	-	(19,614)	(15,543)	(12,955)	(13,251)	(13,488)	(13,816)	(14,290)	(14,431)	(14,713)	(15,077)	(15,716)
Borrowing Costs	-	(79)	(136)	(463)	(1,788)	(2,839)	(3,301)	(3,464)	(3,459)	(3,445)	(3,399)	(3,402)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	(3,400)	(5,230)	(5,028)	(5,110)	(5,243)	(5,368)	(5,500)	(5,644)	(5,781)	(5,926)	(6,069)
Net Cash provided (or used in) Operating Activities	-	47,820	66,923	22,203	21,738	24,248	25,147	25,295	25,923	26,442	26,922	27,057
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	-	11,816	4,919	-	410	-	88	-	640	-	307
Payments:												
Purchase of Investment Securities	-	(8,051)	-	-	(270)	-	(463)	-	(322)	-	(652)	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(48,166)	(87,249)	(47,041)	(35,788)	(30,479)	(26,192)	(24,788)	(24,825)	(26,115)	(26,101)	(27,955)
Net Cash provided (or used in) Investing Activities	-	(56,217)	(75,434)	(42,122)	(36,058)	(30,069)	(26,655)	(24,700)	(25,148)	(25,475)	(26,753)	(27,648)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	10,000	21,000	16,000	8,000	4,000	2,000	2,000	2,000	3,000	4,000
Payments:												
Repayment of Borrowings & Advances	-	(1,440)	(1,490)	(1,081)	(1,680)	(2,178)	(2,492)	(2,596)	(2,776)	(2,967)	(3,169)	(3,409)
Net Cash Flow provided (used in) Financing Activities	-	(1,440)	8,510	19,919	14,320	5,822	1,508	(596)	(776)	(967)	(169)	591
Net Increase/(Decrease) in Cash & Cash Equivalents	-	(9,837)	-	-	-	-	0	(0)	0	0	0	0
plus: Cash & Cash Equivalents - beginning of year	-	14,837	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Cash & Cash Equivalents - end of the year	14,837	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Cash & Cash Equivalents - end of the year	14,837	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Investments - end of the year	44,054	52,105	40,289	35,370	35,640	35,230	35,693	35,604	35,927	35,287	35,939	35,632
Cash, Cash Equivalents & Investments - end of the year	58,891	57,105	45,289	40,370	40,640	40,230	40,693	40,604	40,927	40,287	40,939	40,632
Representing:												
- External Restrictions	49,397	45,000	26,075	26,075	26,831	27,569	28,258	28,965	29,689	30,431	31,192	31,972
- Internal Restrictons	8,119	5,215	5,215	5,366	5,514	5,652	5,793	5,938	6,086	6,238	6,394	
- Unrestricted	1,375	6,890	13,999	9,080	8,442	7,147	6,783	5,847	5,300	3,770	3,509	2,267
	58,891	57,105	45,289	40,370	40,640	40,230	40,693	40,604	40,927	40,287	40,939	40,632

SRV Option 2: Financial Statements – General Fund

<p>Kempsey Shire Council 10 Year Financial Plan for the Years ending 30 June 2033 INCOME STATEMENT - GENERAL FUND Scenario: Option 2: Base case + additional \$500k lower expenditure/savings + 5.4% SRV on top of 2.5% rate peg (total of 7.90%) in 2024-25 then 11.19% SRV on top of 2.5% rate peg (total of 13.69%) in 2025-26 and 2026-27 (39.46% cumulative over 3 years) to achieve a \$0.5M average ongoing surplus.</p>																	
2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	Actuals	Current Year	Projected Years			
												\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations																	
Revenue:																	
Rates & Annual Charges	27,414	28,249	30,193	32,267	35,846	39,891	40,905	41,944	43,010	44,102	45,221	46,368					
User Charges & Fees	8,211	8,461	9,071	9,389	9,623	9,864	10,110	10,363	10,622	10,888	11,160	11,439					
Other Revenues	1,915	2,085	2,128	2,202	2,258	2,314	2,372	2,431	2,492	2,554	2,618	2,684					
Grants & Contributions provided for Operating Purposes	14,466	20,077	14,815	13,470	13,805	14,150	14,499	14,866	15,238	15,619	16,009	16,410					
Grants & Contributions provided for Capital Purposes	27,876	30,306	50,395	18,225	9,199	6,556	6,595	6,635	6,676	6,718	6,761	6,805					
Interest & Investment Revenue	638	2,125	2,733	1,946	1,585	1,660	1,661	1,674	1,673	1,661	1,659	1,608					
Total Income from Continuing Operations	80,520	91,303	109,336	77,499	72,316	74,435	76,142	77,914	79,711	81,541	83,428	85,313					
Expenses from Continuing Operations																	
Employee Benefits & On-Costs	21,060	23,249	25,651	26,380	27,416	27,852	28,688	29,548	30,435	31,348	32,288	33,257					
Borrowing Costs	17	356	306	861	2,015	2,838	3,217	3,342	3,338	3,323	3,298	3,261					
Materials & Contracts	16,132	21,479	14,675	12,335	13,339	13,628	13,971	14,485	14,519	14,877	15,242	15,965					
Depreciation & Amortisation	13,762	13,695	14,941	15,477	16,008	16,557	17,125	17,713	18,320	18,948	19,598	20,271					
Impairment of receivables	59	-	-	-	-	-	-	-	-	-	-	-					
Other Expenses	2,737	3,939	5,229	5,006	5,131	5,259	5,391	5,526	5,664	5,805	5,950	6,099					
Net Losses from the Disposal of Assets	3,335	-	-	-	-	-	-	-	-	-	-	-					
Revaluation decrement/Impairment of IPPE	345	-	-	-	-	-	-	-	-	-	-	-					
Total Expenses from Continuing Operations	57,447	62,718	60,802	60,059	63,909	66,135	68,391	70,613	72,275	74,301	76,377	78,853					
Operating Result from Continuing Operations	23,073	28,585	48,534	17,440	8,407	8,300	7,751	7,300	7,435	7,239	7,051	6,460					
Net Operating Result for the Year	23,073	28,585	48,534	17,440	8,407	8,300	7,751	7,300	7,435	7,239	7,051	6,460					
Net Operating Result before Grants and Contributions provided for Capital Purposes	(4,803)	(1,722)	(1,861)	(785)	(792)	1,744	1,156	665	760	522	290	(345)					

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2033

BALANCE SHEET - GENERAL FUND

Scenario: Option 2: Base case + additional \$500k lower expenditure/savings + 5.4% SRV on top of 2.5% rate peg (total of 7.90%) in 2024-25 then 11.19% SRV on top of 2.5% rate peg (total of 13.69%) in 2025-26 and 2026-27 (39.46% cumulative over 3 years) to achieve a \$0.5M average ongoing surplus.

	Actuals	Current Year	Projected Years									
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS												
Current Assets												
Cash & Cash Equivalents	14,837	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Investments	44,054	52,105	40,289	34,886	34,482	34,109	34,590	34,519	34,858	34,234	33,886	33,680
Receivables	19,815	8,991	10,535	8,019	7,733	8,017	8,206	8,400	8,599	8,799	9,005	9,218
Inventories	530	951	769	684	692	709	727	751	759	778	797	829
Contract assets and contract cost assets	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024	2,024
Other	420	443	387	349	355	363	372	384	389	399	409	424
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	81,680	69,514	59,004	50,963	50,286	50,222	50,920	51,078	51,629	51,234	51,121	51,174
Non-Current Assets												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	18	206	266	129	94	84	86	88	89	91	93	95
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Contract assets and contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	883,127	917,598	989,906	1,021,470	1,041,251	1,055,173	1,064,240	1,071,315	1,077,820	1,084,987	1,091,490	1,099,174
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378
Right of use assets	39	39	39	39	39	39	39	39	39	39	39	39
Total Non-Current Assets	884,562	919,221	991,590	1,023,017	1,042,762	1,056,674	1,065,743	1,072,820	1,079,327	1,086,495	1,093,000	1,100,686
TOTAL ASSETS	966,242	988,735	1,050,594	1,073,980	1,093,048	1,106,896	1,116,662	1,123,897	1,130,955	1,137,729	1,144,121	1,151,860
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	10,535	12,637	11,917	11,708	12,309	12,838	13,126	13,422	13,590	13,845	14,100	14,492
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	26,534	19,100	24,721	12,015	8,721	7,849	7,997	8,151	8,307	8,468	8,632	8,800
Lease liabilities	15	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,440	1,490	1,081	1,653	2,123	2,434	2,533	2,710	2,896	3,094	3,303	3,578
Employee benefit provisions	5,593	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810	5,810
Total Current Liabilities	44,117	39,037	43,529	31,186	28,963	28,932	29,466	30,093	30,603	31,217	31,845	32,680
Non-Current Liabilities												
Payables	-	681	594	536	544	557	571	590	597	613	628	651
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	43	58	58	58	58	58	58	58	58	58	58	58
Borrowings	15,720	14,230	23,149	41,496	54,373	59,939	61,406	60,696	59,800	58,706	57,403	57,825
Employee benefit provisions	1,094	877	877	877	877	877	877	877	877	877	877	877
Other provisions	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934
Total Non-Current Liabilities	23,791	22,780	31,612	49,901	62,786	68,365	69,846	69,155	68,266	67,187	65,899	66,345
TOTAL LIABILITIES	67,908	61,817	75,142	81,088	91,749	97,297	99,312	99,247	98,870	98,404	97,745	99,025
Net Assets	898,334	926,919	975,452	992,892	1,001,299	1,009,599	1,017,350	1,024,650	1,032,086	1,039,325	1,046,376	1,052,836
EQUITY												
Retained Earnings	402,958	431,543	480,076	497,516	505,923	514,223	521,974	529,274	536,710	543,949	551,000	557,460
Revaluation Reserves	495,376	495,376	495,376	495,376	495,376	495,376	495,376	495,376	495,376	495,376	495,376	495,376
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	898,334	926,919	975,452	992,892	1,001,299	1,009,599	1,017,350	1,024,650	1,032,086	1,039,325	1,046,376	1,052,836
Total Equity	898,334	926,919	975,452	992,892	1,001,299	1,009,599	1,017,350	1,024,650	1,032,086	1,039,325	1,046,376	1,052,836

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2033

CASH FLOW STATEMENT - GENERAL FUND

Scenario: Option 2: Base case + additional \$500k lower expenditure/savings + 5.4% SRV on top of 2.5% rate peg (total of 7.90%) in 2024-25 then 11.19% SRV on top of 2.5% rate peg (total of 13.69%) in 2025-26 and 2026-27 (39.46% cumulative over 3 years) to achieve a \$0.5M average ongoing surplus.

	Actuals	Current Year		Projected Years									
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities													
Receipts:													
Rates & Annual Charges	-	28,133	30,105	32,173	35,683	39,707	40,859	41,897	42,961	44,052	45,170	46,316	
User Charges & Fees	-	8,093	8,993	9,348	9,593	9,833	10,079	10,331	10,589	10,854	11,125	11,404	
Investment & Interest Revenue Received	-	2,170	2,732	1,982	1,578	1,660	1,659	1,674	1,672	1,663	1,660	1,608	
Grants & Contributions	-	43,402	69,787	21,349	20,322	19,997	21,214	21,627	22,041	22,467	22,904	23,351	
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-	
Other	-	12,238	1,855	2,719	2,381	2,335	2,349	2,408	2,468	2,530	2,593	2,658	
Payments:													
Employee Benefits & On-Costs	-	(23,122)	(25,639)	(26,379)	(27,411)	(27,850)	(28,683)	(29,544)	(30,430)	(31,343)	(32,283)	(33,252)	
Materials & Contracts	-	(19,614)	(15,543)	(12,955)	(13,251)	(13,488)	(13,816)	(14,290)	(14,431)	(14,713)	(15,077)	(15,716)	
Borrowing Costs	-	(79)	(136)	(483)	(1,748)	(2,721)	(3,186)	(3,352)	(3,352)	(3,341)	(3,320)	(3,247)	
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-	
Other	-	(3,400)	(5,230)	(5,036)	(5,110)	(5,243)	(5,369)	(5,500)	(5,645)	(5,781)	(5,926)	(6,069)	
Net Cash provided (or used in) Operating Activities	-	47,820	66,923	22,719	22,038	24,229	25,106	25,250	25,874	26,388	26,846	27,053	
Cash Flows from Investing Activities													
Receipts:													
Sale of Investment Securities	-	-	11,816	5,403	404	373	-	71	-	624	349	205	
Payments:													
Purchase of Investment Securities	-	(8,051)	-	-	-	-	(481)	-	(339)	-	-	-	
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase of Infrastructure, Property, Plant & Equipment	-	(48,166)	(87,249)	(47,041)	(35,788)	(30,479)	(26,192)	(24,788)	(24,825)	(26,115)	(26,101)	(27,955)	
Net Cash provided (or used in) Investing Activities	-	(56,217)	(75,434)	(41,638)	(35,385)	(30,106)	(26,673)	(24,717)	(25,164)	(25,491)	(25,752)	(27,750)	
Cash Flows from Financing Activities													
Receipts:													
Proceeds from Borrowings & Advances	-	-	10,000	20,000	15,000	8,000	4,000	2,000	2,000	2,000	2,000	4,000	
Payments:													
Repayment of Borrowings & Advances	-	(1,440)	(1,490)	(1,081)	(1,653)	(2,123)	(2,434)	(2,533)	(2,710)	(2,896)	(3,094)	(3,303)	
Net Cash Flow provided (used in) Financing Activities	-	(1,440)	8,510	18,919	13,347	5,877	1,566	(533)	(710)	(896)	(1,094)	697	
Net Increase/(Decrease) in Cash & Cash Equivalents	-	(9,837)	-	-	-	-	(0)	0	0	0	(0)	0	
plus: Cash & Cash Equivalents - beginning of year	-	14,837	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Cash & Cash Equivalents - end of the year	14,837	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Cash & Cash Equivalents - end of the year	14,837	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Investments - end of the year	44,054	52,105	40,289	34,886	34,482	34,109	34,590	34,519	34,858	34,234	33,886	33,680	
Cash, Cash Equivalents & Investments - end of the year	58,891	57,105	45,289	39,886	39,482	39,109	39,590	39,519	39,858	39,234	38,886	38,680	
Representing:													
- External Restrictions	49,397	45,000	26,075	26,075	26,831	27,569	28,258	28,965	29,689	30,431	31,192	31,972	
- Internal Restrictons	8,119	5,215	5,215	5,215	5,366	5,514	5,652	5,793	5,938	6,086	6,238	6,394	
- Unrestricted	1,375	6,890	13,999	8,596	7,285	6,027	5,680	4,762	4,232	2,717	1,455	314	
	58,891	57,105	45,289	39,886	39,482	39,109	39,590	39,519	39,858	39,234	38,886	38,680	

Appendix 7

Ratio Explanations

Ratio	Description
Operating Performance	The purpose of this ratio is to measure a council's achievement in containing operating expenditure within operating revenue.
Own Source Revenue	This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A Council's financial flexibility improves the higher the level of its own source revenue.
Unrestricted Current Ratio	This ratio is designed to represent Council's ability to meet short term obligations as they fall due.
Debt Service Cover	This ratio measures the availability of operating cash to service debt including interest, principal, and lease payments.
Rates and annual charges outstanding percentage	This ratio assesses the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.
Cash Expenses Cover	This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash flow.