SHIRE OF
STRATHBOGIE

2011
LONG TERM
FINANCIAL PLAN

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1. Executive Summary

1.1 Introduction

Strathbogie Shire is a vibrant and progressive rural municipality located approximately two hours from the Melbourne CBD along the Hume Highway. We have diverse and picturesque communities served by townships such as Euroa, Nagambie, Violet Town, Avenel, Longwood, Ruffy and Strathbogie with a population of approximately 9,800.

Strathbogie Shire has a rural economic base of wool, grain and cattle production, extensive vineyards and a range of intensive cool climate horticultural enterprises. The region is also known as Victoria's Thoroughbred Homeland due to its ever expanding horse industry. Thoroughbred breeding studs are the cornerstone of this important industry, with prestigious Melbourne Cup winners bred and trained in the Shire.

1.2 Independent Verification

To ensure rigour has been brought to account in establishing a long term financial plan, Council has relied on the use of a long term financial planning tool provided by CT Management to undertake the financial modelling required over the longer term. The CT Management tool is used by numerous Councils within Victoria and brings external expertise in long term financial planning to Council's plan.

As an additional assurance on Council's long term financial planning, CT Management have also independently reviewed Council's use of their model to ensure the model has been used appropriately and the predicted future financial results are rigorous and can be relied upon to predict future trends.

In undertaking the asset modelling required to effectively financially plan over the longer term, Council has utilised long term modelling software provided by Moloney Asset Management Systems. This software is utilised by a majority of Councils across Victoria.

1.3 Long Term Financial Plan - Purpose

The purpose of the Long Term Financial Plan (the plan) is to set out Council's objectives and recommendations for ensuring that Council's finances remain sustainable in the long term.

Ultimately, Council's finances are sustainable in the long term only if they are strong enough to allow the Council to manage likely developments and unexpected financial shocks over the long term financial planning period without having to introduce substantial or disruptive revenue (or expenditure) adjustments during that period.

The functions undertaken by local government in Australia have evolved with a generally expanded scope. Council services now generally include a range of social and human services in addition to the physical infrastructure of roads and waste as community expectations have grown and diversified over time.

More equitable funding arrangements with other spheres of government are warranted, but may go only part way to putting Council finances onto a sustainable basis. This is more likely to occur after Council has made a substantial start towards securing its own long term financial future.

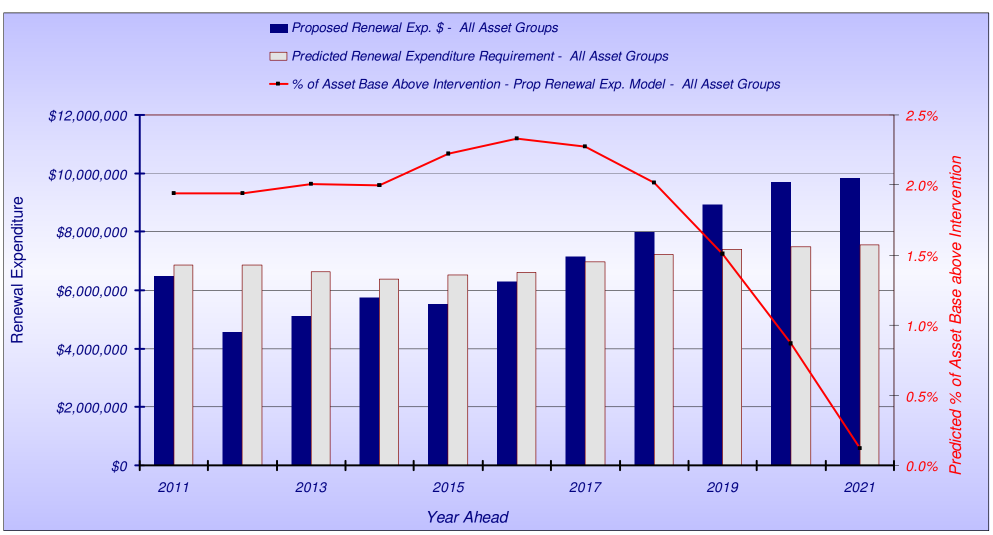
The plan expresses in financial terms the activities that Council proposes to undertake over the short, medium and long term and will guide the future strategies and actions of Council to ensure that it continues to operate in a sustainable manner.

In order for a situation to be sustainable both present and future needs are required to be satisfied. Extending this definition to financial sustainability requires the Council to manage its resources so that its financial commitments can easily be met both now and in the future. It ensures equality between generations of ratepayers in that each generation is responsible for the costs of the resources that they consume.

1.4 Long Term Financial Plan – Strathbogie Shire

The Long Term Financial Plan has recently undertaken a significant review due to changing economic times combined with increased financial support from the State Government. The State Government will contribute $1 million a year over the next four years towards the Shire roads and bridges which will assist in bridging the infrastructure gap. There is also $1.877 million (spread over four years) towards community infrastructure which also assists the Shire in the maintenance of the assets used by the community. This increase in State Government funding has real benefit to the small rural Shires.

In addition to the additional funding from the State Government, Council officers have spent considerable time modelling renewal of assets. One of the key industry indicators for asset management is to achieve a percentage of 3% or less for the assets outside of intervention (the most effective point to renew an asset) level. This modelling has demonstrated that Council can reduce the proposed rate increases from those predicted in the Rating Strategy and still maintain an acceptable percentage of assets outside of intervention. The graph shown below indicates that this percentage is less than 2.5% over the next ten years and reduces to less than 0.5% at the 10 year mark.



The 2011 Long Term Financial Plan will see a substantial reduction in the rate raises the Council has to pass onto its community over the next two years. The Council will still, however, need to review its Differential Rating structure (included in the review of the Rating Strategy as part of the 2012/13 Budget) to ensure that equitable and sustainable rates are charged against property owners. This may include a variety of differentials to spread the rating burden across all sectors of the Shire, whilst reducing the impact on residents. It is a matter of course that these changes will be put to public scrutiny under the Section 223 of the Local Government Act 1989 process.

Rate revenue increases proposed in the plan are:

2012 / 13	2013 / 14	2014 / 15	2015 / 16	2016 / 21
7.00%	7.00%	7.00%	6.00%	6.00%

Fees and charges are predicted to rise by CPI. This means that the garbage charge (with a 4% predicted increase), when combined with the increase in rates, will see the average percentage increase in our community's rate bills for 2012/13 be **less than 7%.**

It is pleasing to report that even with the reduction in the rate increases proposed in the plan and based on today's facts and economic data the Council has budgeted for an operating surplus in the current financial year and expects under the plan to continue to achieve an operating surplus over the course of the plan. The proposed capital renewal funding allowed for in the plan will exceed annual demand requirements from 2017 onwards. It is also pleasing to report that from 2017 Council will be reducing the cumulative total renewal gap and this gap will disappear completely during 2021 based on current asset and financial modelling.

External confirmation of Council's financial sustainability is provided by the Victorian Auditor-General each year. The Auditor-General is an independent body appointed by the State Government to undertake the financial audits of Victorian Local Government Authorities. As part of their report to Parliament each year on these audits, the Auditor General undertakes a financial sustainability risk assessment of all Victorian Local Governments.

This assessment uses independently audited financial statements and assessment criteria determined by the Auditor General.

The Auditor General provided a financial sustainability low risk assessment for Strathbogie Shire in 2010 and Council's expectation is that this assessment will continue in 2011 when the report is presented to Parliament.

The 2011 Long Term Financial Plan indicates that Council can reduce the expected future rate increase impact on its community whilst maintaining a financially sustainable outlook over the planning period.

With asset renewal now tracking as required over the 10 years, future plans will concentrate on improving Council's short term liquidity and cash positions. These two key areas are currently positioned at the lower end of an acceptable range and improvement over the next few years will result in Council being in a more robust financial position. Further analysis of these indicators is included at section 2.2 of the plan.

1.5 Key Assumptions and Qualifications

The preparation of any long term financial planning involves a range of underlying assumptions and qualifications. The reader of the plan should consider the following:

- All operating statement figures are indexed on a yearly basis. The exceptions to this are:
    - Debt interest and redemption – calculated using current loan repayment schedules
- An allowance has been made for a 1.5% increase in rates revenue per annum due to new properties. This additional revenue is indexed per annum.
- An allowance of approximately $500,000 for the written down value of infrastructure replaced has been included and is thereafter indexed.
- The basis for capital renewal has been modelled from the Moloney Asset Management System and is based on current asset condition information. Council regularly updates this information and any change in condition information will result in a need to review the plan.
- Developer income contributions have not been factored into the calculations.
- The CT Management Long Term Financial Planning model has been used and relied upon to generate long term financial modelling.
- The long term financial plan is based on current day circumstances and does not include possible transactions such as future changes in interest rates, calls from Council's superannuation scheme, etc.
- The long term financial plan will require review on a regular basis as circumstances change due to economic circumstances or as asset condition assessment data is received.
- A very conservative position has been taken with regard to capital expense grants from other levels of government.
- The Plan is based on present day asset service levels and responsibilities. Changes in these levels or responsibilities will require the plan to be reviewed.
- Grant revenue is predicted to rise by 3%.
- Expenses have been inflated with a variety of indices ranging up to 5%.
- Fees and charges income has been inflated with an index of 3%.
- Waste management charges have been inflated with an index of 4%.
- Interest on investment income assumes no material change to interest rates.

1.6 Strategic Planning Framework

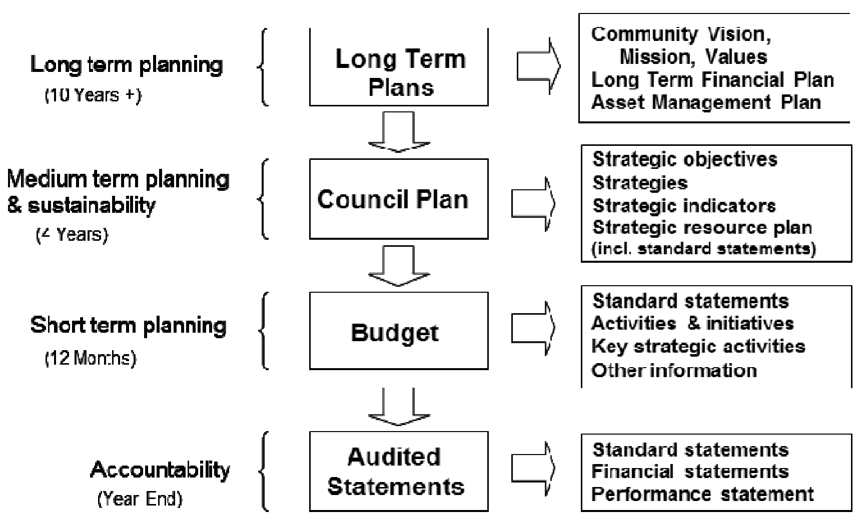
The Strategic Resource Plan, included in the Council Plan and updated annually in conjunction with the preparation of the budget, summarises the financial and non-financial impacts of the objectives and strategies and determines the sustainability of these objectives and strategies.

The purpose of the SRP is to:

- Establish a financial framework over the next 4 years to ensure Council's strategic objectives, as expressed in its Council Plan, are achieved;
- Provide an assessment of the resources (financial and non-financial) required to accomplish the objectives and strategies included in the Council Plan (non-financial resources are assumed to include human resources and Council's asset base, which are all referred to in various parts of the SRP);
- Establish a basis to measure Council's adherence to its policies and strategies; and
- Assist Council to comply with sound financial management principles, in accordance with the *Local Government Act (1989)* and to plan for the long-term financial sustainability of the municipality.

While compliance with the legislation can be achieved with the development of long-term (**four-year**) financial statements, the 10-year approach adopted by Council is more comprehensive.

A 10-year time frame more fully supports strategic asset management as many of Council's assets have long lives.



1.7 Long Term Financial Plan - Objectives

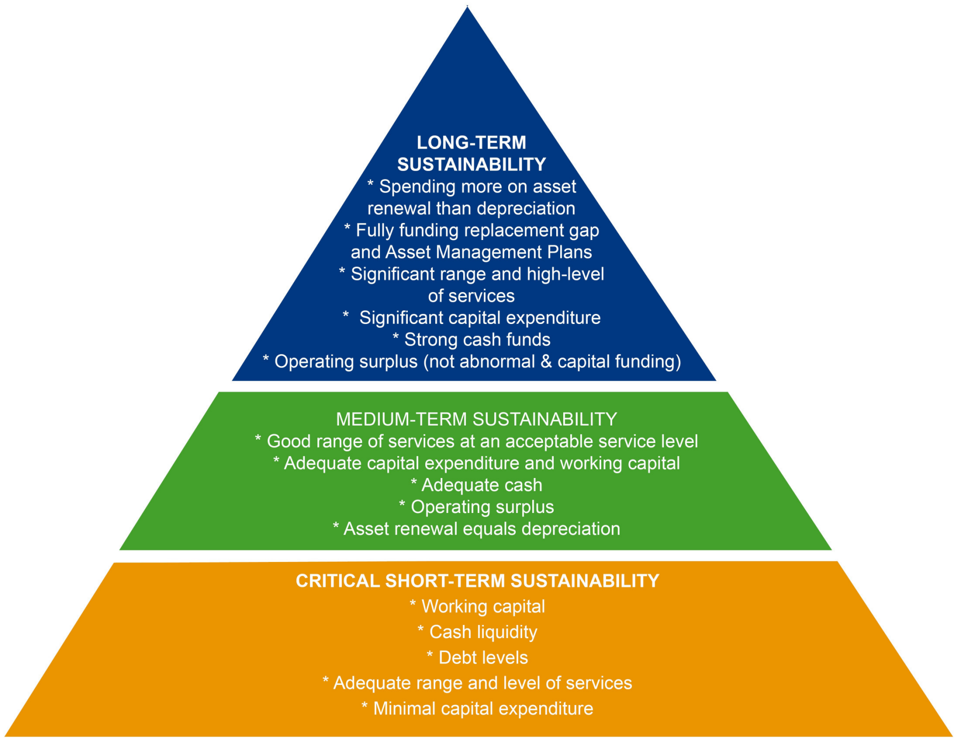
The objective of a long term financial plan is to assist a Council set its future financial direction. Longer-term planning is essential to assess revenue raising needs and capacity, to vary service levels and undertake major capital works while ensuring that a Council remains financially sustainable in the long-term.

Strathbogie Shire Council's long term financial plan is intended to achieve the following objectives in the 10-year time frame:

- Provide a financial strategic direction for the Council
- Maintain the existing range and level of service provision and develop the capacity to grow and add new services;
- Develop a strong cash position, ensuring Council remains financially sustainable in the long-term;
- Achieve operating statement surpluses with the exclusion of all non-operational items such as granted assets and capital income;
- Maintain debt levels below prudential guidelines;
- Continue to pursue recurrent grant funding and strategic capital funds from the state and federal government; and
- Ensure critical renewal is funded annually over the timeframe of the plan.

The plan includes a number of key strategic areas and these are demonstrated in the diagram below.

What is financial sustainability? The following diagram explains the goals that Council is striving to achieve to ensure the long term sustainability of the shire. Whilst it is difficult for any small rural Council to reach all the long term sustainability goals, Council continues to improve its sustainability each year and this plan aims to address most of the long term sustainability goals over the next 10 years.



1.8 Key Strategic Financial Direction

The long term financial plan includes a number of key strategies which provide direction in the preparation of future budgets. Underpinning the long term financial plan is the review of strategy in the following areas:

- Borrowings;
- Asset management;
- Capital investment;
- Reserve funding;
- Service levels;
- Revenue raising; and
- Rating

The major challenges Council, as a small rural council, face over the next 10 years include:

- Renewing existing assets;
- Continuing to meet community expectations for service levels; and
- Maintaining a prudent and sound financial position

The strategic financial direction provided by the plan is:

- Building community wealth through the achievement of operating surpluses and the growth of cash holdings;
- Maintaining stable and predictable rate increases;
- Identifying appropriate levels of debt;
- The management of current and future liabilities;
- Maintaining a responsible and sustainable asset management program;
- Ensuring the continuation and effective delivery of essential community services; and
- Providing a framework to deliver responsible financial budgets.

2. Financial Sustainability – Strathbogie Shire Council

2.1 Introduction

Councils with sustainability issues may develop infrastructure backlogs due to service expansions, moderate operating cost growth, minimal revenue growth giving rise to persistent underlying operating deficits and constraints on renewal expenditure.

The use of financial indicators that assess the comparative financial position of each Council in Victoria provides a valuable source of information in establishing financial sustainability.

To be effective, it is essential those indicators:

- measure those factors which define financial sustainability;
- be relatively few in number; and
- be based on information that is readily available and reliable.

It is important to put indicator results in context and to understand that they only give an indication of where to start looking for the reasons behind differences. Although the indicators provide a robust ready assessment of financial performance and sustainability, they need to be interpreted in the context of a Council's operating environment.

It is particularly important to consider trend data, both historic and that projected from a Council's long-term financial plan in decision-making and in reviewing financial performance.

This section includes:

- Analysis of Council's financial sustainability from the perspective of the Victorian Auditor General (VAGO); and
- Analysis of Council's long term financial plan KPI's.

2.2 Victorian Auditor-General's Office Indicators

The Victoria Auditor General's Office (VAGO) in late 2007 prepared a report on Local Government which outlines for the first time a detailed analysis on the financial sustainability of Councils and Regional Library corporations.

The report indicates that to be financially sustainable, Councils should have the capacity to meet current and future expenditure as it falls due. They should also be able to absorb foreseeable changes and risks materialising, without significantly changing their revenue and expenditure policies.

Insight into the financial sustainability of councils is obtained from analysis of financial sustainability indicators over a five-year period. The six indicators applied to councils are underlying result, liquidity, indebtedness, self-financing, capital replacement and renewal gap.

Financial sustainability should be viewed from both a short- and long-term perspective. The shorter-term indicators involve the council's ability to maintain a positive operating cash flow and adequate cash holdings, and to generate an operating surplus over time. These are the underlying result and liquidity indicators.

The longer-term indicators signify whether there is adequate funding available to cover long-term debt and for spending on asset replacement to enable the council to maintain the quality of service delivery, meet community expectations and the demand for services. The long-term indicators are indebtedness, self-financing, capital replacement and renewal gap.

The results published in the February 2011 Victorian Auditor-General's Report – Acquittal Report Annex B: Local Government indicated the following results for Strathbogie Shire.

Indicator	VAGO Target	2009/10 Results
Underlying Result	> 0	1.32
Liquidity	> 1.5	1.54
Indebtedness	< 40	28.59
Self Financing	> 20	25.11
Capital Replacement	> 1	1.21
Renewal Gap	> 1	0.59

The overall sustainability assessment provided by the Victorian Auditor-General is at low risk of financial sustainability issues.

It is expected that the 2010/11 results will show further improvement in these indictors.

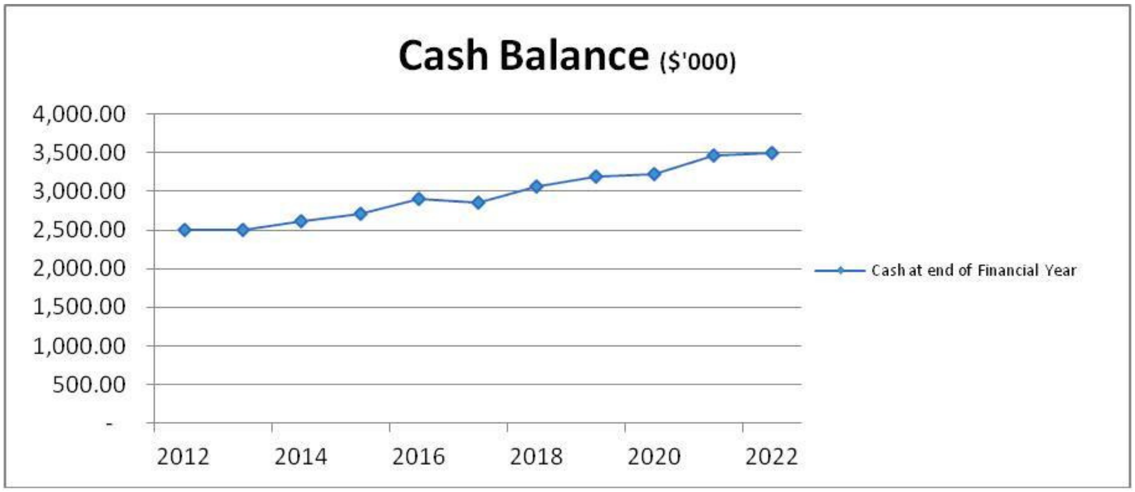
Strategic Actions

That Strathbogie Shire Council:

1. Benchmark with other Victorian Councils and those within the small shire council category; and
2. Maintains a liquidity ratio greater than 1.5 over the life of the Long Term Financial Plan.

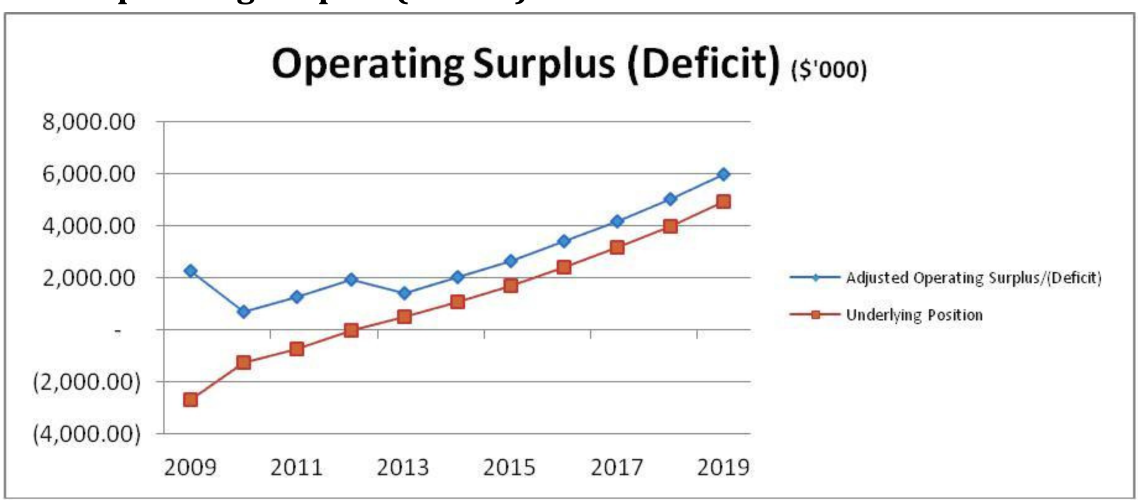
2.2 Long Term Financial Plan Indicators

2.2.1 Cash Balance



Council continues to monitor its cash position closely. While the trend remains positive for the duration of the Long Term Financial Plan, Council recognises the importance of continuing to focus on efficiencies designed to support improving Council's cash position. However in the short to medium term Council will continue to invest all available cash reserves into Council's infrastructure renewal program.

2.2.2 Operating Surplus (Deficit)

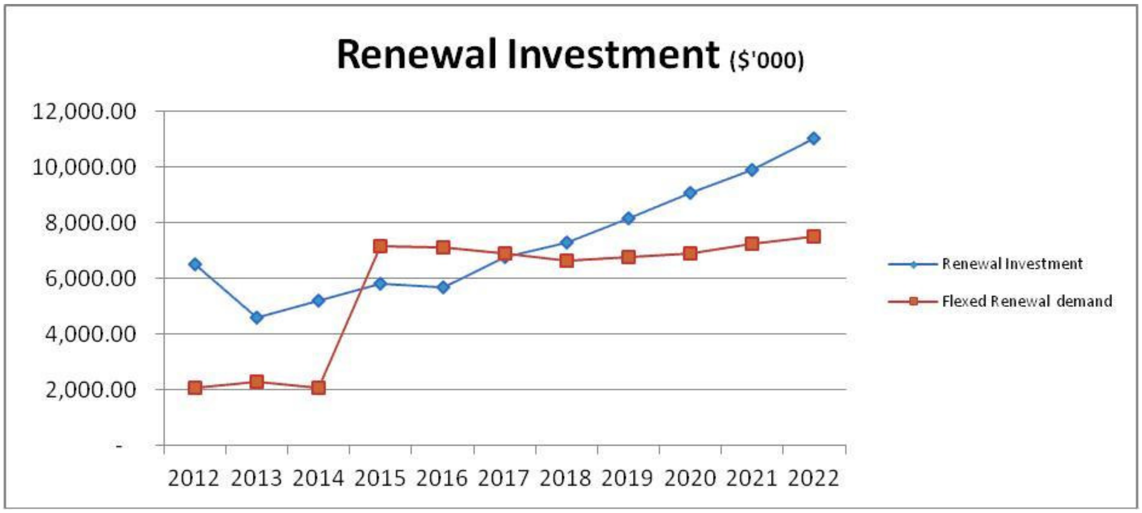


The Long Term Financial Plan focuses on achieving operating surpluses each year for the duration of the plan. The above graphical presentation demonstrates this achievement.

More important however is Council's commitment to achieve and subsequently maintain an underlying operating surplus. The underlying operating surplus excludes items such as Capital Grants and non cash Contributions, and is an important measure of Council's long term sustainability.

The consistent improvement in Council's underlying operating surplus ensures operating revenues are sufficient to fully support Council's operating expenditure, ensuring ongoing service delivery to the Community.

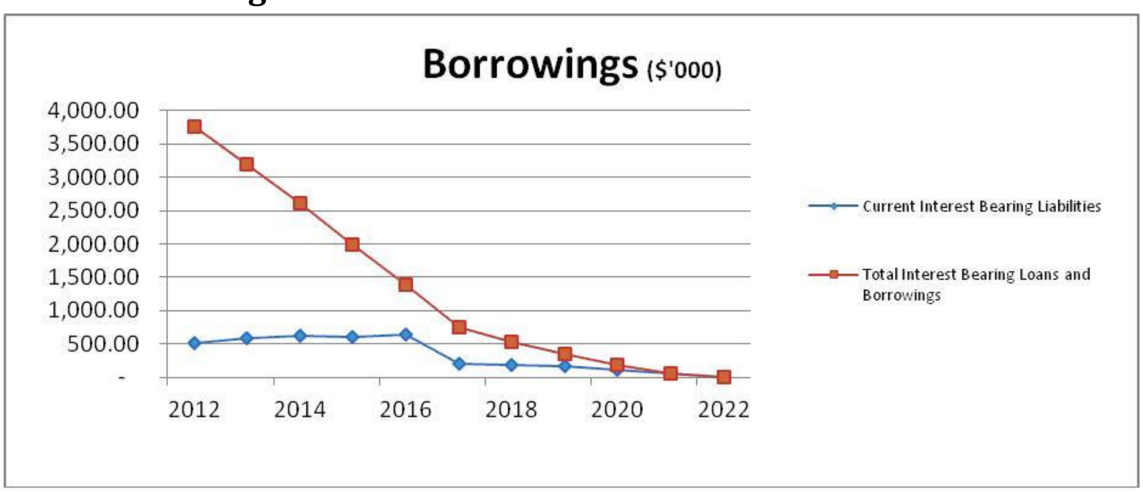
2.2.3 Renewal Investment



One of Council's most important obligations is to maintain Community infrastructure. The Long Term Financial Plan provides the necessary investment to meet infrastructure renewal demand by 2017. Beyond this date surplus available renewal investment can be directed toward addressing the infrastructure renewal backlog. The current infrastructure renewal modelling in conjunction with Council's Long Term Financial Plan, addresses fully the accumulated renewal gap by 2022.

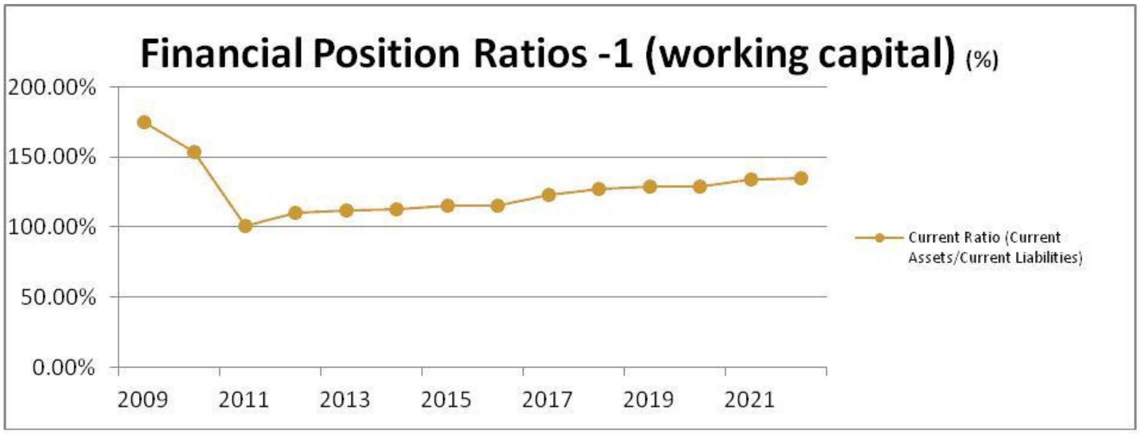
Additionally as part of Council's commitment to maintaining Community infrastructure, the current budget provides resources for a full infrastructure condition assessment, the results of which can be applied to updated asset management planning and refined Long Term Financial Plans.

2.2.4 Borrowings



In appropriate circumstances debt is an acceptable strategy to deliver multi generational assets and services to the Community. Fortunately current Council planning requires minimum new borrowings and a clear commitment to debt reduction. The Long Term Financial Plan provides for continued interest and principal repayments achieving full repayment of all interest bearing loan liabilities by June 2022.

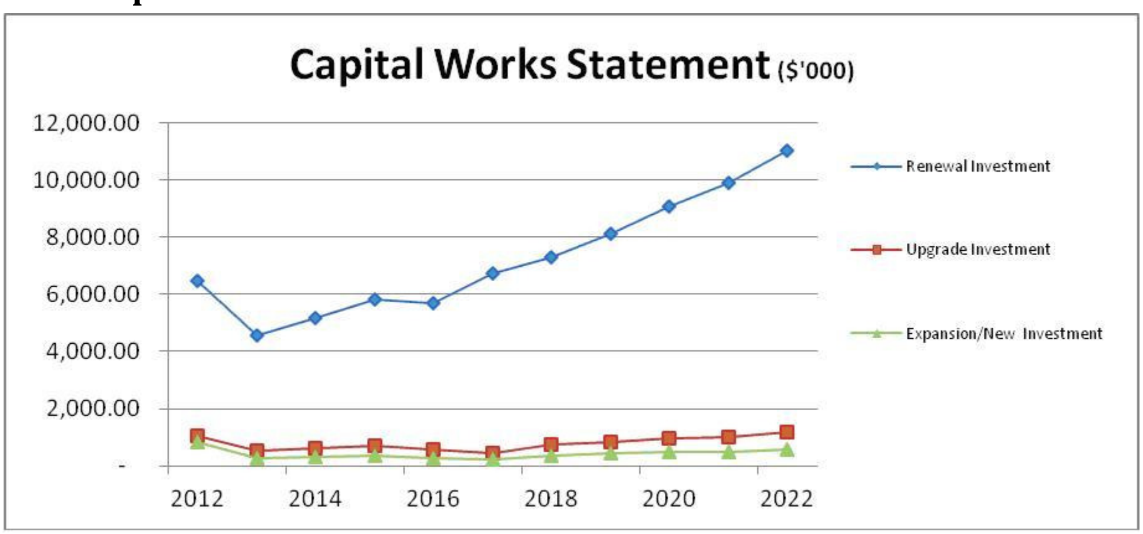
2.2.5 Financial Position Ratios



The working capital ratio is an important indicator measuring Council's capacity to satisfy its short term operating obligations. The current Long Term Financial Plan demonstrates consistent growth in this measure but identifies the need to monitor closely current cash reserves, and the necessity to embrace opportunities when they become available to improve Council's long term cash position.

The working capital ratio includes almost all employee benefit liabilities including Long Service Leave provisions. While this is in accordance with International Accounting Standard conventions, it is acknowledged Long Service Leave entitlements are paid gradually over longer periods of time, reducing the short term need to access Long Service Leave cash reserves. In accordance with the Local Government Act Council maintains a separate term deposit investment specifically for Long Service Leave entitlements.

2.2.6 Capital Works Statement



The Long Term Financial Plan provides for significant investment in Capital Works. In the short to medium term Council must focus on satisfying infrastructure renewal demand and this is achieved over the life of this plan. Importantly from the year 2022, the plan allows for greater consideration and delivery to the Community of both upgraded and new Community Assets, as by this date Council will have satisfied all accumulated infrastructure renewal shortfall.

3. Long Term Borrowing Strategies

3.1 Introduction

Borrowings do not replace the need to generate additional income. When borrowings are taken on it results in two major implications for Council's long term financial sustainability. These are:

- Interest expenses will be incurred which will have an unfavourable impact on the annual operating result; and
- A liability is incurred which will require repayment.

Well managed Councils operating in a financially sustainable way are also likely to need access to debt at times. An operating surplus does not mean that the amount or timing of cash receipts will be sufficient to meet all outlays when they need to be made. This is particularly relevant to larger projects.

However, additional debt should not be used to allow Council to acquire things it otherwise could not afford. Generally, there is no specific amount of debt that is right for Council and a Council with high debt levels may be more or less financially sustainable than one with low levels of debt. Other factors in the internal and external environment need to be identified and quantified before a suitable level of debt can be decided upon.

Section 2.2.4 of the plan indicates Council's interest-bearing liabilities, i.e. the 2011 forecast and future projections.

One of the major environment factors with regard to debt is the level of aversion to debt by both Council and the community. There exists a fallacy in some sectors that to be financially sound, debt must be minimised.

"… some local governments generally have an aversion to using debt as a means of financing infrastructure, even where it has a sound income stream, due to the lack of knowledge and understanding regarding commercially acceptable levels and applications of debt. This is largely a result of the policy approach of both Australian and State Governments to minimise debt, which has often come at the expense of large infrastructure upgrades. However, changes to council borrowing are also curbed by statutory restrictions on the borrowing limits and ability to use assets as security."[1]

Well managed Councils operating in a financially sustainable manner (i.e. its operating revenue is sufficient to meet the cost of providing services) is likely to need access to debt at times.[2]

[1] Price Waterhouse Coopers National Financial Sustainability Study of Local Government – Commissioned by the Australian Local Government Association

[2] SA Financial Sustainability Program – Information Paper 10 February 2007

3.2 Borrowing Strategy

Strathbogie Shire Council's financial ratios are well within the Victorian Government's Prudential Guidelines. All borrowings by individual Councils are assessed under a borrowings assessment policy adopted by the Local Government Division.

Council's debt levels are low enough to provide opportunity to use debt as a means of financing new capital including where the life of the asset exceeds a generation.

Strathbogie Shire Council is well within the Victorian Government's Prudential Guidelines as at 30 June 2010 and will remain within these guidelines in 2010/11.

In establishing an appropriate level of debt, Council has regard for the following:

- Level of debt servicing as a proportion of rate revenue;
- Ability to raise revenue in addition to rates;
- Level of realisable assets to support the indebtedness;
- Community needs; and
- Growth within the municipality;

Strategic Actions

That Strathbogie Shire Council, based on compliance with the State Government Prudential Guidelines, borrows funds for capital expansion projects that provide intergenerational equity.

4. Reserves

4.1 Introduction

Reserves are either 'statutory' or 'discretionary' in nature. Statutory reserves relate to Council held cash and investments that must be expended on a specific purpose as directed by legislation or other funding body and include car parking and open space reserves. Discretionary reserves relate to those equity funds (which are cash backed) that can be used at Council's discretion, even though they may be earmarked for a specific purpose.

There is a current danger with holding reserve balances and not having adequate policy framework for the use of the reserves. This is because the funds could be inappropriately spent or used to overcome annual budget shortfalls and hide an underlying financial deficiency.

Potential impacts on reserves are Council's ability to collect maximum developer contributions due to the complexity of the work required and administration of funds which meets legislative requirements.

Interest earnings on cash reserves are usually set below that of interest payments on debt. In holding significant cash reserves and not using the funds to reduce debt, Council is paying a premium on its funds.

4.2 Reserves held by Council

Council's statutory reserve at 30 June 2010 is shown below:

Open space reserve $52,450

5. Revenue Strategies

5.1 Rate Revenue

Rate revenue presently comprises approximately 53% of Council's total income and is the major single source of income where Council has control. While rate income is of significant importance to Council's long term sustainability, sight of more strategic expenditure decisions which lower the cost of providing core services should never be lost.

Restricting the increase in per property rates to around the CPI would be insufficient to fund underlying cost increases on a no-policy-change basis.[3]

The major external influence on rate revenue is the community's reaction to rate increases and the resultant influence that has on Councillors. The community normally reacts negatively to any increase in rates above CPI. However, the MAV has indicated that Councils that only increase their rate revenue by CPI are going backwards financially. This is supported by Price Waterhouse Coopers when they noted:

> "The following factors were found to contribute to the financial position of 'unsustainable' councils: …….
>
> - ratepayer pressure for rates increases below those necessary to fund increasing service levels

A sizable proportion of Councils have scope to increase their rating effort. Some commentators have observed that 'unofficial rate pegging' occurs across a number of councils where electoral demands mean that rises greater than CPI can be unusual and need strong justification. Hence, efforts to substantially increase rate revenue are likely to be significantly constrained by community expectations. Overall, there is significant merit in councils regularly benchmarking their degree of rate effort utilising the MAV approach of testing whether their rate levels relative to local income and rates elsewhere are high or low.[4]

Sectors of the community may view rate revenue as a user pays system where individual services are expected in return for rate payments. This view does not recognise rate revenue is a property or wealth tax in the same way as land tax or other types of taxes such as income tax which are contributed to the various levels of government which then use the funds to meet the overall community needs. Local governments have contributed to this perception by marketing measures such as demonstrating where rates are being spent rather than focusing on the overall community needs.

A potential threat to Council's ability to raise sufficient rate revenue is the power of the State Government to impose rate capping or some other form of rate minimisation. Whilst currently not being used by the State Government, the potential always exists and it is incumbent on Councils to demonstrate their commitment to efficiency in service provision and infrastructure maintenance and is not raising rates to cover inefficiencies.

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[3] Rising to The Challenge – Towards Financially Sustainable Local Government in South Australia – Financial Sustainability Review Board August 2005

[4] Price Waterhouse Coopers National Financial Sustainability Study of Local Government – Commissioned by the Australian Local Government Association – page 128

Council has in place a comprehensive rating strategy which provides the community with clarity on how and why Council has set rating levels.

A key decision of Council during the term of the Long Term Financial Plan is to determine the level of rate increase that will address funding needs to cover service provision, the capital works program and Council's ongoing financial sustainability.

One of the key determinates in setting rating levels over the term of the plan is ensuring that Council's asset renewal program meets community expectations. One of the major benchmarks in this is to ensure that no more than 3% of the whole asset system is outside an acceptable condition at any one point in time (recognised industry indictor). This is explained more fully at Section 6 of this plan.

The Long Term Financial Plan estimates rate revenue increases of 7% in 2012/13 reducing to 6% as follows:

2012 / 13	2013 / 14	2014 / 15	2015 / 16	2016 / 21
7.00%	7.00%	7.00%	6.00%	6.00%

5.2 Other Revenue

5.2.1 Waste Service Charges

Council levies waste service charges under section 162 of the Local Government Act (1989). The Long Term Financial Plan assumes cost recovery of all costs associated with waste management including the establishment and operation costs of transfer stations, the remediation and operating costs of landfill sites, and all other all other costs associated with waste disposal and recycling activities.

Council is currently in discussion with the EPA ensuring all EPA guidelines are satisfied in relation the closure and remediation of the Violet Town Landfill site. The Long Term Financial Plan assumes an indexation of 4% which will be adjusted if necessary once EPA obligations are confirmed. No material movement is anticipated.

5.2.2 Grant Revenue

Grant Revenue incorporates a broad source of Government funding including funding from the Victorian Grants Commission, Roads to Recovery, Department of Human Services, Regional Development Victoria, Department of Planning and Community Development and many other supportive Government Agencies.

The Long Term Financial Plan assumes Grant Revenue trending downward in relation to total revenue assumptions within the plan. However it is important to recognise all small and regional Councils continue to rely on State and Federal funding support to ensure their long term sustainability. The indexation factor applied within the plan is 3%.

5.2.3 Fees & Charges Revenue

Fees and charges are an important source of revenue to Council and include Statutory Charges such as planning and building fees, and health and animal registrations. As with grant revenue, fees and charges as a percentage of total revenue are trending downwards.

Council recognises this is an area requiring constant review as it balances the real cost of providing the service against the capacity of the Community to pay. The indexation factor applied within the plan is up to 4%.

6. Asset Management

6.1 Introduction

Assets deliver important services to local communities.

Asset management is a more critical responsibility for Councils than for other spheres of government and sound asset management is the key to the financial sustainability of every Council.[5]

As detailed by Price Waterhouse Coopers:

> "One of the major financial problems facing councils throughout Australia is the infrastructure renewals backlog. The renewals backlog is often driven by the difference in growth rates between operating expenditure and operating income. Between 1999 and 2005, operating revenue grew by a total of 4.2%, which was outstripped by a 7.6% increase in expenditure, resulting in a deferral in capital expenditure and a growing infrastructure backlog." [6]

Linking asset management to Council's strategic financial direction is fundamental to achieving the goal of long-term financial sustainability.

6.2 Asset Condition Assessment

Monitoring asset condition and performance relates to the ability of the asset to meet targeted levels of service. Asset condition reflects the physical state of the asset and the functional level of service it is capable of providing. Monitoring asset condition and performance throughout the asset life cycle is important in order to identify underperforming assets or those which are about to fail – that is, assets at the critical renewal level where if reinvestment is not funded the cost of future renewal will exponentially increase along with the risk of the asset being below accepted safety standards .

The Asset Management System not only records asset condition and asset defects/inspection details; it is also capable of providing financial management and year-end accounting and valuation data.

The Asset renewal model which Council uses to effectively plan future capital works programs, looks at all Council's physical assets (such as roads, bridges, buildings, playgrounds, etc) and models when these assets are to be renewed or restored to their original condition or capacity. In plain English, Council is planning to replace all its assets at an optimal time, when the asset's condition has enough condition left in it to be restored or replaced. This point is called the "intervention level", and this level varies for all assets.

Our current predictive modelling has shown that with the 7% rate rise in each of the next 3 financial years, and with the all the other forms of income, Council can start to make a reduction in the cumulative total renewal gap in 2017/18, and by 2021/22, there will be no renewal gap at all.

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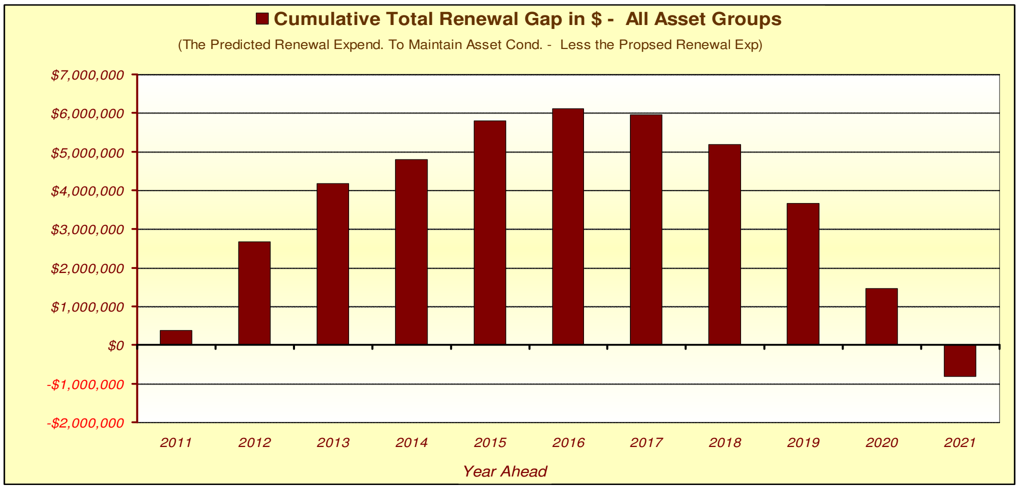
[5] SA Financial Sustainability Program – Information Paper 6 August 2006

[6] Price Waterhouse Coopers National Financial Sustainability Study of Local Government – Commissioned by the Australian Local Government Association

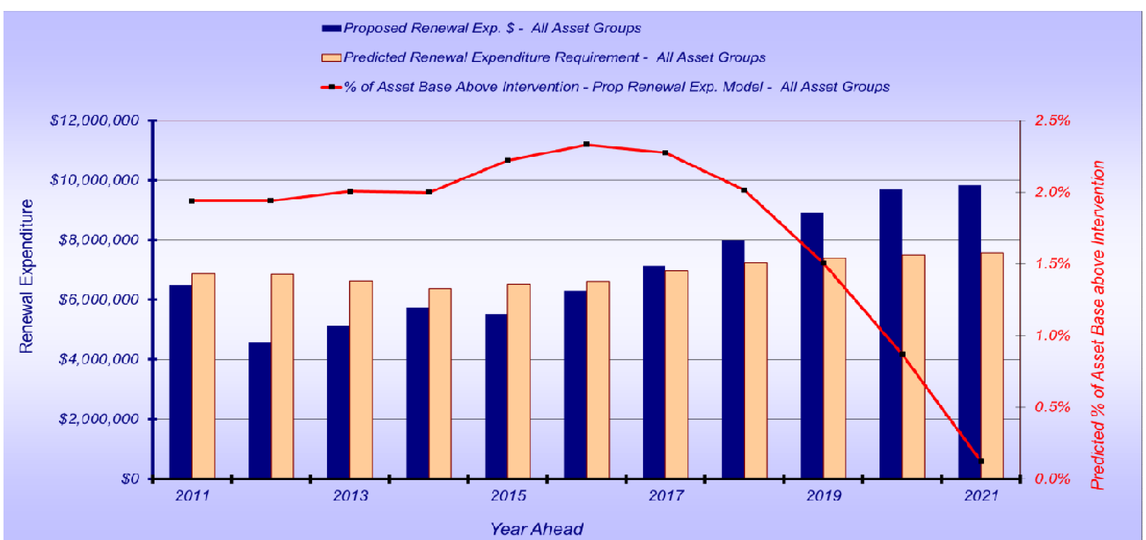
Graph 1 below shows the peak requirement of Renewal Gap in 2016/17 and then reducing from 2017/18 down to no gap at 2021/22.



This Council does have the ability to fund infrastructure replacement whilst also maintaining its current service levels.

Council has fully participated in the MAV STEP program for Asset Management. One of the key industry indicators for Asset Management is to achieve a percentage of 3% or less for the percentage of assets outside intervention level. In simple terms, this means that it is desirable that no more than 3% of the whole asset system be outside an acceptable condition, at any one point in time.

Graph 2 below shows (by the red line), that the peak of unacceptability (that is predicted % outside intervention level), is on 2.3% in 2015/16 (still well below the industry standard of 3%), and that in 2021/22, it has reduced to 0.2%.



The Council remains extremely confident of reaching all desired targets for Asset Renewal. Assets deliver important services to our local communities and the asset and financial long term planning indicate that Council is and will continue to provide high levels of service and demonstrate appropriate stewardship of its assets.

Appendix 1 – Income Statement

Long Term Financial Plan

Period start	1 Jul 11	1 Jul 12	1 Jul 13	1 Jul 14	1 Jul 15	1 Jul 16	1 Jul 17	1 Jul 18	1 Jul 19	1 Jul 20	1 Jul 21
Period end	30 Jun 12	30 Jun 13	30 Jun 14	30 Jun 15	30 Jun 16	30 Jun 17	30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22
Income Statement											
Revenue from Operating Activities											
Rate and Charge Revenue	**13,033.00**	14,067.19	15,186.33	16,397.54	17,562.95	18,813.18	20,154.51	21,593.64	23,137.81	24,794.79	26,572.90
Operating (Recurrent) Grants	**5,065.00**	6,297.99	6,486.93	6,681.53	6,881.98	7,088.44	7,301.09	7,520.12	7,745.73	7,978.10	8,217.44
Capital (Non-Recurrent) Grants	**4,684.00**	2,483.00	2,498.00	2,513.00	1,465.00	1,508.95	1,554.22	1,600.85	1,648.87	1,698.34	1,749.29
Contributions (Cash)	**250.00**	-	-	-	-	-	-	-	-	-	-
User Charges	**1,124.00**	1,157.72	1,204.03	1,252.19	1,302.28	1,354.37	1,408.54	1,464.89	1,523.48	1,584.42	1,647.80
Statutory Fees and Fines	**248.00**	255.44	263.10	271.00	279.13	287.50	296.12	305.01	314.16	323.58	333.29
Total Revenue from Operating Activities	**24,404.00**	24,261.33	25,638.39	27,115.26	27,491.33	29,052.44	30,714.48	32,484.50	34,370.05	36,379.23	38,520.71
Revenue from Outside of Operating Activities											
Interest Revenue	**198.00**	198.00	198.00	198.00	198.00	198.00	198.00	198.00	198.00	198.00	198.00
Other Revenue Outside of Operating Activities	**44.00**	45.76	47.59	49.49	51.47	53.53	55.67	57.90	60.22	62.63	65.13
Total Revenue from Outside Operating Activities	**242.00**	243.76	245.59	247.49	249.47	251.53	253.67	255.90	258.22	260.63	263.13
Total Revenue	**24,646.00**	24,505.09	25,883.98	27,362.76	27,740.80	29,303.97	30,968.16	32,740.41	34,628.27	36,639.85	38,783.84
Operating Expenses from Ordinary Activities											
Employee Benefits Paid	**(9,026.00)**	(9,477.30)	(9,856.39)	(10,250.65)	(10,660.67)	(11,087.10)	(11,530.58)	(11,991.81)	(12,471.48)	(12,970.34)	(13,489.15)
Materials & Consumables	**(8,603.00)**	(8,947.12)	(9,305.00)	(9,677.20)	(10,064.29)	(10,466.86)	(10,885.54)	(11,320.96)	(11,773.80)	(12,244.75)	(12,734.54)
Bad and Doubtful Debts	**(2.00)**	(1.47)	(2.13)	(2.30)	(2.44)	(2.48)	(2.61)	(2.76)	(2.92)	(3.09)	(3.26)
Depreciation	**(4,345.00)**	(4,434.00)	(4,470.00)	(4,520.00)	(4,655.60)	(4,795.27)	(4,939.13)	(5,087.30)	(5,239.92)	(5,397.12)	(5,559.03)
Other Operating Expenses	**(158.00)**	(162.74)	(167.62)	(172.65)	(177.83)	(183.17)	(188.66)	(194.32)	(200.15)	(206.15)	(212.34)
Other Expenses	-	(2.04)	(2.10)	(2.16)	(2.23)	(2.30)	(2.36)	(2.44)	(2.51)	(2.58)	(2.66)
Interest on Borrowings (Finance Costs)	**(232.00)**	(249.12)	(209.80)	(168.30)	(126.36)	(83.60)	(51.77)	(35.12)	(21.76)	(10.29)	(1.48)
Total Operating Expenses	**(22,366.00)**	(23,273.79)	(24,094.97)	(24,878.46)	(25,778.04)	(26,712.93)	(27,696.49)	(28,734.38)	(29,816.19)	(30,942.13)	(32,114.58)
Net Surplus/(Deficit) from Operations	**2,280.00**	1,231.30	1,789.01	2,484.29	1,962.77	2,591.04	3,271.67	4,006.03	4,812.08	5,697.72	6,669.26
Adjustments											
Net Gain/(Loss) on Disposal of Property Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-
Share of Net Profit/(Loss) of Associated Entity	**(15.00)**	-	-	-	-	-	-	-	-	-	-
Unrealised Gain/(Loss on investment in Associates)	-	3.69	3.80	3.91	4.03	4.15	4.28	4.41	4.54	4.67	4.81
Written down value & Infrastructure Replaced	-	(528.93)	(541.48)	(554.76)	(570.10)	(583.26)	(598.97)	(617.53)	(638.86)	(663.16)	(688.60)
Total Adjustments	(15.00)	(525.24)	(537.68)	(550.85)	(566.07)	(579.11)	(594.69)	(613.12)	(634.32)	(658.49)	(683.79)
Adjusted Operating Surplus/(Deficit)	**2,265.00**	706.06	1,251.33	1,933.44	1,396.70	2,011.93	2,676.98	3,392.91	4,177.76	5,039.24	5,985.48
Underlying Position	**(2,669.00)**	(1,248.01)	(705.19)	(24.80)	501.80	1,086.24	1,721.73	2,409.59	3,167.75	4,004.06	4,924.79

Appendix 2 – Balance Sheet

Long Term Financial Plan											
Period start	1 Jul 11	1 Jul 12	1 Jul 13	1 Jul 14	1 Jul 15	1 Jul 16	1 Jul 17	1 Jul 18	1 Jul 19	1 Jul 20	1 Jul 21
Period end	30 Jun 12	30 Jun 13	30 Jun 14	30 Jun 15	30 Jun 16	30 Jun 17	30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22
Balance Sheet											
Current Assets											
Cash and Cash Equivalents	**2,499.00**	2,498.92	2,611.66	2,707.45	2,900.69	2,854.10	3,066.67	3,198.37	3,227.85	3,464.22	3,499.99
Receivables	**1,472.00**	2,130.74	2,304.71	2,440.73	2,483.11	2,607.98	2,762.29	2,920.79	3,089.15	3,259.56	3,458.88
Inventory	**120.00**	124.80	129.79	134.98	140.38	146.00	151.84	157.91	164.23	170.80	177.63
Other Current Assets	**193.00**	193.00	193.00	193.00	193.00	193.00	193.00	193.00	193.00	193.00	193.00
Total Current Assets	**4,284.00**	4,947.46	5,239.16	5,476.16	5,717.19	5,801.08	6,173.80	6,470.07	6,674.22	7,087.58	7,329.50
Non Current Assets											
Property Plant and Equipment	**188,358.00**	193,937.81	200,318.47	207,565.81	214,520.72	222,415.05	231,369.77	241,409.02	252,657.57	264,943.64	278,791.93
Investment in Associates	**123.00**	126.69	130.49	134.41	138.44	142.59	146.87	151.27	155.81	160.49	165.30
Other Financial Assets	**2.00**	2.06	2.12	2.19	2.25	2.32	2.39	2.46	2.53	2.61	2.69
Total Non Current Assets	**188,483.00**	194,066.56	200,451.08	207,702.40	214,661.41	222,559.96	231,519.03	241,562.75	252,815.92	265,106.73	278,959.92
Total Assets	**192,767.00**	199,014.02	205,690.24	213,178.56	220,378.59	228,361.04	237,692.83	248,032.82	259,490.14	272,194.31	286,289.41
Current Liabilities											
Payables	**1,180.00**	1,620.65	1,722.30	1,794.08	1,865.94	1,935.14	2,017.46	2,098.41	2,182.20	2,263.12	2,359.40
Trust Funds	**346.00**	356.38	367.07	378.08	389.43	401.11	413.14	425.54	438.30	451.45	465.00
Current Employee Benefits	**1,846.00**	1,846.00	1,919.84	1,996.63	2,076.50	2,159.56	2,245.94	2,335.78	2,429.21	2,526.38	2,627.43
Current Interest Bearing Liabilities	**516.00**	589.61	624.83	597.67	640.43	210.19	189.45	165.44	119.24	63.28	0.00
Total Current Liabilities	**3,888.00**	4,412.64	4,634.04	4,766.47	4,972.30	4,706.00	4,866.00	5,025.16	5,168.95	5,304.23	5,451.82
Non Current Liabilities											
Non Current Employee benefits	**202.00**	202.00	210.08	218.48	227.22	236.31	245.76	255.59	265.82	276.45	287.51
Non Current Provisions	**68.00**	70.04	72.14	74.31	76.53	78.83	81.20	83.63	86.14	88.72	91.39
Non Current Interest Bearing Loans and Borrowings	**3,247.00**	2,610.54	1,985.71	1,388.04	747.60	537.41	347.96	182.52	63.28	-	-
Total Non Current Liabilities	**3,517.00**	2,882.58	2,267.93	1,680.82	1,051.36	852.55	674.92	521.74	415.24	365.18	378.90
Total Liabilities	**7,405.00**	7,295.22	6,901.97	6,447.30	6,023.66	5,558.55	5,540.91	5,546.91	5,584.19	5,669.40	5,830.72
Net Assets	**185,362.00**	191,718.80	198,788.26	206,731.26	214,354.93	222,802.49	232,151.92	242,485.92	253,905.94	266,524.91	280,458.70
Equity											
Accumulated Surplus	**67,866.00**	68,572.06	69,823.39	71,756.83	73,153.53	75,165.46	77,842.44	81,235.35	85,413.11	90,452.34	96,437.82
Asset Revaluation Reserve	**117,496.00**	123,146.74	128,964.87	134,974.43	141,201.40	147,637.02	154,309.48	161,250.57	168,492.84	176,072.57	184,020.88
Total Equity	**185,362.00**	191,718.80	198,788.26	206,731.26	214,354.93	222,802.49	232,151.92	242,485.92	253,905.94	266,524.91	280,458.70

Appendix 3 – Cash Flow

Long Term Financial Plan

Period start	1 Jul 11	1 Jul 12	1 Jul 13	1 Jul 14	1 Jul 15	1 Jul 16	1 Jul 17	1 Jul 18	1 Jul 19	1 Jul 20	1 Jul 21
Period end	30 Jun 12	30 Jun 13	30 Jun 14	30 Jun 15	30 Jun 16	30 Jun 17	30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22
Cash Flow Statement											
Cash flows from Operating Activities											
Cash Receipts from Operating Activities	**26,233.00**	23,844.88	25,707.88	27,224.43	27,695.98	29,176.62	30,811.24	32,579.14	34,457.00	36,466.34	38,581.27
Cash Payments in the Course of Operating Activities	**(19,375.00)**	(18,151.31)	(19,232.36)	(20,033.91)	(20,836.34)	(21,673.55)	(22,528.30)	(23,432.22)	(24,367.95)	(25,346.90)	(26,346.59)
Net Cash flows from Operating Activities	6,858.00	5,693.57	6,475.52	7,190.52	6,859.64	7,503.07	8,282.94	9,146.93	10,089.05	11,119.44	12,234.68
Cash flows from Investing Activities											
Payment for Property Plant and Equipment and Infrastructure	**(8,937.00)**	(5,392.00)	(6,089.00)	(6,843.00)	(6,500.00)	(7,400.00)	(8,400.00)	(9,400.00)	(10,500.00)	(11,400.00)	(12,800.00)
Proceeds from Property Plant and Equipment and Infrastructure	**263.00**	500.00	515.00	530.45	546.36	562.75	579.64	597.03	614.94	633.39	652.39
Proceeds from/(to) investments	-	-	-	-	-	-	-	-	-	-	-
Net Cash flows from Investing Activities	(8,674.00)	(4,892.00)	(5,574.00)	(6,312.55)	(5,953.64)	(6,837.25)	(7,820.36)	(8,802.97)	(9,885.06)	(10,766.61)	(12,147.61)
Cash flows from Financing Activities											
Trust Funds and Deposits / Movement (to) / from Reserves	-	10.38	10.69	11.01	11.34	11.68	12.03	12.39	12.77	13.15	13.54
Proceeds/(Payments) from/for Financial Assets	-	(0.06)	(0.06)	(0.06)	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)	(0.08)	(0.08)
Proceeds from Interest Bearing Loans and Borrowings	**1,290.00**	-	-	-	-	-	-	-	-	-	-
Repayments of Interest Bearing Loans and Borrowings	**(488.00)**	(562.85)	(589.61)	(624.83)	(597.67)	(640.43)	(210.19)	(189.45)	(165.44)	(119.24)	(63.28)
Finance Costs	**(232.00)**	(249.12)	(209.80)	(168.30)	(126.36)	(83.60)	(51.77)	(35.12)	(21.76)	(10.29)	(1.48)
Net Cash flows from Financing Activities	570.00	(801.65)	(788.78)	(782.18)	(712.76)	(712.42)	(250.00)	(212.26)	(174.50)	(116.46)	(51.30)
Net Change in Cash Held	(1,246.00)	(0.08)	112.74	95.79	193.24	(46.59)	212.58	131.70	29.48	236.37	35.77
Cash at Beginning of the Financial Year		2,499.00	2,498.92	2,611.66	2,707.45	2,900.69	2,854.10	3,066.67	3,198.37	3,227.85	3,464.22
Cash at End of the Financial Year		2,498.92	2,611.66	2,707.45	2,900.69	2,854.10	3,066.67	3,198.37	3,227.85	3,464.22	3,499.99

Appendix 4 – Capital Works

Long Term Financial Plan											
Period start	1 Jul 11	1 Jul 12	1 Jul 13	1 Jul 14	1 Jul 15	1 Jul 16	1 Jul 17	1 Jul 18	1 Jul 19	1 Jul 20	1 Jul 21
Period end	30 Jun 12	30 Jun 13	30 Jun 14	30 Jun 15	30 Jun 16	30 Jun 17	30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22
Capital Works Statement Based on Adopted Budget											
Land	**623.00**	-	-	-	-	-	-	-	-	-	-
Buildings	**505.00**	274.00	720.00	1,430.00	1,768.00	2,081.00	2,304.00	2,530.00	3,484.00	2,487.00	2,510.00
Roads	**5,157.00**	3,553.00	3,533.00	3,646.00	3,012.00	3,550.00	4,311.00	4,908.00	4,860.00	6,707.00	8,246.00
Footpaths	**40.00**	13.00	43.00	37.00	35.00	34.00	36.00	39.00	41.00	109.00	52.00
Bridges	**327.00**	545.00	484.00	417.00	385.00	432.00	441.00	610.00	766.00	463.00	519.00
Drainage	**133.00**	1.00	2.00	3.00	5.00	7.00	10.00	13.00	17.00	21.00	29.00
Furniture & Equipment	**246.00**	296.00	297.00	298.00	294.00	294.00	294.00	294.00	324.00	294.00	325.00
Plant & Machinery	**1,331.00**	710.00	1,010.00	1,012.00	1,001.00	1,002.00	1,004.00	1,006.00	1,008.00	1,319.00	1,119.00
Total Capital Works	**8,362.00**	5,392.00	6,089.00	6,843.00	6,500.00	7,400.00	8,400.00	9,400.00	10,500.00	11,400.00	12,800.00
Represented by:											
Renewal Investment	**6,483.00**	4,583.20	5,175.65	5,816.55	5,675.90	6,752.45	7,290.60	8,140.90	9,076.20	9,887.85	11,047.85
Upgrade Investment	**1,063.00**	539.20	608.90	684.30	549.40	431.70	739.60	839.40	949.20	1,008.10	1,168.10
Expansion/New Investment	**816.00**	269.60	304.45	342.15	274.70	215.85	369.80	419.70	474.60	504.05	584.05
Total Capital Works	**8,362.00**	5,392.00	6,089.00	6,843.00	6,500.00	7,400.00	8,400.00	9,400.00	10,500.00	11,400.00	12,800.00
Renewal Demand	**7,137.5**	7,125.0	6,891.0	6,637.3	6,770.4	6,879.6	7,253.0	7,517.1	7,688.7	7,793.8	7,855.1
Renewal Gap = Not Funded	**654.5**	2,541.8	1,715.4	820.7	1,094.5	127.2	(37.6)	(623.8)	(1,387.5)	(2,094.1)	(3,192.7)
Accumulated Renewal Gap	**899.6**	3,441.4	5,156.8	5,977.5	7,072.0	7,199.2	7,161.5	6,537.8	5,150.3	3,056.2	(136.5)

Appendix 5 – Dashboard

Long Term Financial Plan												
Period start	1 Jul 10	1 Jul 11	1 Jul 12	1 Jul 13	1 Jul 14	1 Jul 15	1 Jul 16	1 Jul 17	1 Jul 18	1 Jul 19	1 Jul 20	1 Jul 21
Period end	30 Jun 11	30 Jun 12	30 Jun 13	30 Jun 14	30 Jun 15	30 Jun 16	30 Jun 17	30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22
Scenario Variables												
Rate Revenue Flexed (% Revenue Growth Applied)			8.50%	8.50%	8.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Materials & Services Flexed (Escalation Assumption)			4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Employee Costs - Growth Escalation Flexed (Escalation Assumption)			4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
New Debt - include current and non current portions of these facilities $'000			-	-	-	-	-	-	-	-	-	-
Flexed Renewal demand $'000			2,058.16	2,262.00	2,050.88	7,137.52	7,125.04	6,891.04	6,637.28	6,770.40	6,879.60	7,252.96
Key Metrics												
12.03.01 Auditor General Ratios												
Underlying Result Ratio		-13.71%	-8.16%	-5.39%	-2.36%	-0.26%	1.83%	3.85%	5.80%	7.73%	9.63%	11.52%
Liquidity		110.19%	112.12%	113.06%	114.89%	114.98%	123.27%	126.88%	128.75%	129.12%	133.62%	134.44%
Indebtedness		24.42%	18.62%	13.62%	9.38%	5.49%	4.17%	3.09%	2.23%	1.66%	1.37%	1.33%
Self-financing		35.22%	26.14%	27.98%	29.23%	26.36%	27.24%	28.40%	29.62%	30.83%	32.06%	33.27%
Investment Gap		205.68%	121.61%	136.22%	151.39%	139.62%	154.32%	170.07%	184.77%	200.38%	211.22%	230.26%
12.03.02 Income Statement Summary												
Rate and Charge Revenue		13,033.00	14,067.19	15,186.33	16,397.54	17,562.95	18,813.18	20,154.51	21,593.64	23,137.81	24,794.79	26,572.90
Operating (Recurrent) Grants		5,065.00	6,297.99	6,486.93	6,681.53	6,881.98	7,088.44	7,301.09	7,520.12	7,745.73	7,978.10	8,217.44
Capital (Non-Recurrent) Grants		4,684.00	2,483.00	2,498.00	2,513.00	1,465.00	1,508.95	1,554.22	1,600.85	1,648.87	1,698.34	1,749.29
Total Revenue from Operating Activities		24,404.00	24,261.33	25,638.39	27,115.26	27,491.33	29,052.44	30,714.48	32,484.50	34,370.05	36,379.23	38,520.71
Employee Benefits Paid		(9,026.00)	(9,477.30)	(9,856.39)	(10,250.65)	(10,660.67)	(11,087.10)	(11,530.58)	(11,991.81)	(12,471.48)	(12,970.34)	(13,489.15)
Materials & Consumables		(8,603.00)	(8,947.12)	(9,305.00)	(9,677.20)	(10,064.29)	(10,466.86)	(10,885.54)	(11,320.96)	(11,773.80)	(12,244.75)	(12,734.54)
Depreciation		(4,345.00)	(4,434.00)	(4,470.00)	(4,520.00)	(4,655.60)	(4,795.27)	(4,939.13)	(5,087.30)	(5,239.92)	(5,397.12)	(5,559.03)
Total Operating Expenses		(22,366.00)	(23,273.79)	(24,094.97)	(24,878.46)	(25,778.04)	(26,712.93)	(27,696.49)	(28,734.38)	(29,816.19)	(30,942.13)	(32,114.58)
Adjusted Operating Surplus/(Deficit)		2,265.00	706.06	1,251.33	1,933.44	1,396.70	2,011.93	2,676.98	3,392.91	4,177.76	5,039.24	5,985.48
Underlying Operating Position		(2,669.00)	(1,776.94)	(1,246.67)	(579.56)	(68.30)	502.98	1,122.76	1,792.06	2,528.89	3,340.90	4,236.19
12.03.03 Balance Sheet Summary												
Cash and Cash Equivalents		2,499.00	2,498.92	2,611.66	2,707.45	2,900.69	2,854.10	3,066.67	3,198.37	3,227.85	3,464.22	3,499.99
Unrestricted cash		1,112.00	1,018.31	1,140.19	1,191.84	1,339.61	1,246.18	1,410.52	1,492.53	1,470.84	1,654.50	1,635.97
Closing Infrastructure Assets		132,232.00	135,369.87	138,690.55	142,525.44	145,816.02	149,741.87	154,381.32	159,715.01	165,790.06	172,150.04	179,693.69
Total interest bearing loans and borrowings		3,763.00	3,200.15	2,610.54	1,985.71	1,388.04	747.60	537.41	347.96	182.52	63.28	0.00
Accumulated Surplus		67,866.00	68,572.06	69,823.39	71,756.83	73,153.53	75,165.46	77,842.44	81,235.35	85,413.11	90,452.34	96,437.82
Statutory Reserves		-	-	-	-	-	-	-	-	-	-	-
12.03.04 Cash Flow Summary												
Net Cash flows from Operating Activities		-	5,693.57	6,475.52	7,190.52	6,859.64	7,503.07	8,282.94	9,146.93	10,089.05	11,119.44	12,234.68
Net Cashflows from Investing Activities		-	(4,892.00)	(5,574.00)	(6,312.55)	(5,953.64)	(6,837.25)	(7,820.36)	(8,802.97)	(9,885.06)	(10,766.61)	(12,147.61)
Net Cashflows from Financing Activities		-	(801.65)	(788.78)	(782.18)	(712.76)	(712.42)	(250.00)	(212.26)	(174.50)	(116.46)	(51.30)
12.03.05 Capital Works												
Total Capital Works		8,362.00	5,392.00	6,089.00	6,843.00	6,500.00	7,400.00	8,400.00	9,400.00	10,500.00	11,400.00	12,800.00
Renewal Investment		6,483.00	4,583.20	5,175.65	5,816.55	5,675.90	6,752.45	7,290.60	8,140.90	9,076.20	9,887.85	11,047.85
Upgrade Investment		1,063.00	539.20	608.90	684.30	549.40	431.70	739.60	839.40	949.20	1,008.10	1,168.10
Expansion/New Investment		816.00	269.60	304.45	342.15	274.70	215.85	369.80	419.70	474.60	504.05	584.05
Renewal Demand		7,137.52	7,125.04	6,891.04	6,637.28	6,770.40	6,879.60	7,252.96	7,517.12	7,688.72	7,793.76	7,855.12
Renewal Gap = Not Funded		654.52	2,541.84	1,715.39	820.73	1,094.50	127.15	(37.64)	(623.78)	(1,387.48)	(2,094.09)	(3,192.73)
Accumulated Renewal Gap		899.56	3,441.40	5,156.79	5,977.52	7,072.02	7,199.17	7,161.53	6,537.75	5,150.27	3,056.18	(136.55)
12.03.06 KPI's												
Community Satisfaction Rating for Overall Performance		60.00%	61.00%	62.00%	63.00%	64.00%	65.00%	66.00%	67.00%	68.00%	69.00%	70.00%
End												