

MidCoastCouncil



**long term
financial plan**

2017-2027

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Mid-Coast Council

Long Term Financial Plan 2017-2027

Contents

Introduction	3
Objectives and Structure of the Plan.....	4
SECTION 1	5
Current Financial Position of Council	5
SECTION 2	7
Policy Context.....	7
Historical Circumstances & Actions.....	7
Existing Special Rate Variations	7
Asset Management	8
Performance Measures	9
SECTION 3	10
Scenarios.....	10
2017/2018 Base Case Scenario.....	10
Revenue Assumptions	10
Expenditure Assumptions.....	12
Special Rate Variation Scenario.....	13
SECTION 4	14
Modelling	14
Special Rate Variation Scenario - 2017/2018 Budget.....	14
Sensitivity Analysis	15
Scenario 1 - 2017-2018 Budget - Base Case (incl removal of expiring Environmental Levies) - 10 Year Financial Projections.....	16
Scenario 2 - 2017-2018 Budget - Special Rate Variation - 10 Year Financial Projections	20
Scenario 3 - 2016-2017 Budget - Base Case (Consolidated Pre-Merger Budget) - 10 Year Financial Projections.....	24
Scenario 4 - 2016-2017 Budget - Special Rate Variation (Consolidated Pre-Merger Budget) - 10 Year Financial Projections.....	28

Introduction

On 12 May 2016 the NSW Government proclaimed the creation of Mid-Coast Council. This was the result of the amalgamation of the former Gloucester Shire Council, Great Lakes Council and Greater Taree City Council.

The new Council is operating under a period of administration until local government elections take place in September 2017.

After these elections have been completed the new Council will be required to prepare the full suite of Integrated Planning and Reporting documents that will guide the Council during its 3 year term.

Those documents are:

A **Community Strategic Plan** which identifies the long term aspirations our communities want to see delivered in the Mid-Coast Council area. The Strategic Plan stretches across 20 years, identifying the outcomes and long term strategic responses needed to achieve the agreed directions. It demands strong leadership from Council in working with others to grow our area into the future.

A **3 year Delivery Program** which links the 'planning' in the long term Strategic Plan with the 'implementing' in the annual **Operational Plan**. It is the strategic document that guides the organisation's work program over the term of Council. The Delivery Program sets out clear priorities, ongoing activities and specific actions Council will undertake, within its responsibilities and capacity, towards achieving the community's outcomes.

An annual **Operational Plan** which is the 'implementing' part of Council's key strategic documents, and outlines all of Council's services. All services deliver a range of ongoing service activities, and may also identify specific tasks to be undertaken in the year ahead. Both ongoing activities and specific tasks contribute to the implementation of Council's Delivery Program.

A **Resourcing Strategy** which outlines Council's capacity to manage assets and deliver services over the next ten years. The Strategy includes three key elements - a Workforce Management Plan, an Asset Management Plan, and a Long Term Financial Plan. To prepare the Resourcing Strategy, Council determines its capacity and how to effectively manage its finances, the

sustainability of its workforce, and the overall cost and condition of its community assets.

At the present time Council is only required to prepare an Operational Plan that reflects the objectives of the former councils Delivery Programs.

However it is necessary to understand the financial positions of the former councils and how that translates for the current and future financial sustainability of the new Council.

This is extremely important for the new organisation given that the purpose of a Long Term Financial Plan is to provide a framework to assist future decision making that will secure the financial sustainability of the organisation and ensure adequate funds are generated into the future to achieve desirable outcomes for the community.

It contains guiding philosophies to promote a consistent financial direction spanning multiple financial years and council terms.

The Plan will be reviewed and updated annually as part of the development of the annual Operational Plan and multi-year Delivery Program.

This is the first Long Term Financial Plan developed by Mid-Coast Council and covers a ten year timeframe commencing in the 2017/2018 financial year.

Objectives and Structure of the Plan

The objectives of the Long Term Financial Plan are to:

- Provide a transparent account of Council's financial position to the community
- Analyse the cumulative financial effects of Council's high level plans and policies
- Identify the financial opportunities and challenges confronting Council
- Provide a basis for sound and strategic decision making
- Achieve a balanced budget over the long term, and
- Meet the requirements of the Office of Local Government's (OLG) Integrated Planning and Reporting Framework

The Plan has been structured in four main sections.

Section 1 - Provides a brief introduction to the Plan, the objectives it aims to meet and the service structure and costs of Council.

Section 2 - Details the policy context within which the Long Term Financial Plan has been developed. It provides an overview of other strategies, plans, policies and other documents which have implications for the long term financial future of the Council.

Section 3 - Details the financial scenarios developed by Council. A number of scenarios have been developed using the 2016/2017 and 2017/2018 budgets as the starting position.

For 2016/2017 a Base Case or 'Business as Usual' scenario and a Special Rate Variation scenario have been developed.

These models are based on a consolidation of the 3 pre-merger budgets with the application of common indexation factors.

For 2017/2018 2 scenarios have been developed:

1. "Base Case" (or Business as Usual) - this scenario shows the financial results of delivering the current levels of service whilst working under existing special variation approvals and the anticipated rate pegging limits over the next ten years.

2. Special Rate Variation Proposal - this scenario shows the financial results that would be achieved through a successful section 508A Special Rate Variation to the Independent Pricing and Regulatory Tribunal (IPART) for a 4 year permanent increase. The proposed increases are:

- 2017/2018 - 11.00%
- 2018/2019 - 5.00%
- 2019/2020 - 5.00%
- 2020/2021 - 5.00%

This Section sets out:

- the assumptions by which each scenario was created
- the value added by each scenario
- the financial outcomes which result from the application of the relevant assumptions
- any opportunities and threats which may make the scenario sensitive to variation

Section 4 - Draws conclusions from the financial modelling and proposes methods for resolving financial shortfalls.

SECTION 1

Current Financial Position of Council

As mentioned above Mid-Coast Council was created on 12 May 2016, being an amalgamation of 3 former councils.

Final audited financial statements were prepared for each of those councils for a financial period of 1 July 2015 to 12 May 2016.

The consolidated financial position for that financial period is shown below. It should be noted that different accounting treatments applied to some of these income and expenditure items. For example rates are recognised for the full 12 month period while annual charges are accrued on a pro-rata basis.

The major sources of income were:

Rates & Annual Charges	81,652,000
User Charges & Fees	11,311,000
Interest & Investment Revenue	3,045,000
Other Revenues	5,960,000
Grants & Contributions - Operating Purposes	35,680,000
Grants & Contributions - Capital Purposes	24,694,000
Other Income	237,000
Total Operating Income	156,619,000

The break-up of the operating expenditure was:

Employee Benefits & On-costs	40,686,000
Borrowing Costs	3,786,000
Materials & Contracts	30,297,000
Depreciation & Amortisation	39,650,000
Other Expenses	13,998,000
Total Operating Expenses	128,417,000

The net operating surplus for this financial period was \$34.162 million with a net

operating surplus before capital grants and contributions of \$9.469 million.

While the 2015/2016 financial period was a shortened period the 2017/2018 financial period will be an extended one commencing on 13 May 2016 and ending on 30 June 2017 (approximately 13 ½ months).

The same recognition issues will be encountered in preparing those financial reports which makes comparison between the financial periods difficult.

At the time of the announcement of the amalgamation each of the former councils had completed their 2016/2017 Operational Plans (which includes the annual budget). Those individual budgets were adopted by the new council and cover a traditional 12 month financial period (1 July 2016 to 30 June 2017).

The projected consolidated income statement for 2016/2017 is shown below.

Income	
Rates & Annual Charges	86,526,000
User Charges & Fees	12,976,000
Other Revenues	3,294,000
Grants & Contributions - Operating Purposes	28,428,000
Grants & Contributions - Capital Purposes	12,922,000
Other Income	2,117,000
Total Operating Income	158,675,000
Expenses	
Employee Benefits & On-Costs	49,816,000
Borrowing Costs	3,657,000
Materials & Contracts	46,744,000
Depreciation & Amortisation	41,050,000
Other Expenses	17,010,000
Total Operating Expenses	158,277,000

This results in a net operating surplus of \$398,000 for the financial year with a net operating deficit before capital grants & contributions of \$12.524 million.

Council has also completed its 2017/2018 budget. It is this budget on which this Long Term Financial Plan has been developed.

It represents the first opportunity to develop a single budget for the new organisation. This budget includes the reallocation of savings that have been identified or achieved through the merger process to asset capital renewal works.

The projected consolidated income statement for 2017/2018 is shown below.

Income	
Rates & Annual Charges	88,733,000
User Charges & Fees	14,698,000
Other Revenues	3,355,000
Grants & Contributions - Operating Purposes	28,576,000
Grants & Contributions - Capital Purposes	4,528,000
Other Income	3,392,000
Total Operating Income	143,282,000
Expenses	
Employee Benefits & On-Costs	51,472,000
Borrowing Costs	3,370,000
Materials & Contracts	39,876,000
Depreciation & Amortisation	44,284,000
Other Expenses	17,207,000
Total Operating Expenses	156,209,000

This results in a net operating deficit of \$12,927,000 for the financial year with a net operating deficit before capital grants & contributions of \$17.455 million.

Council's projected budget position for 2017/2018 is for a balanced budget. This takes into account the removal of non-cash items and the use of accumulated savings and reserves to fund services from the projected operating result.

SECTION 2

Policy Context

Historical Circumstances & Actions

Mid-Coast Council was created by the NSW State Government on 12 May 2016.

It was an amalgamation of the former Gloucester Shire Council, Great Lakes Council and Greater Taree City Council.

The Local Government (Council Amalgamations) Proclamation 2016 set out the initial parameters for the amalgamation including timeframes for the development of Integrated Planning & Reporting documents and providing guidance on rating structures to give effect to the Government's policy on rate paths of new councils.

Additional guidance provided that the Operational Plan (including the budget) for 2016/2017 would be a consolidated version of the plans developed by the former councils.

These individual budgets reflected the services and levels provided by those former councils. They were also based on the existing staff structures and adopted plans of those entities.

As such the adopted 2016/2017 budget provided for no harmonisation of the budgets or identification of duplications or savings that were anticipated to arise from the amalgamation process.

Each of the former councils also had an adopted Long Term Financial Plan developed to reflect their individual circumstances. Indexation factors were based on each council's assessment of the external environment.

Existing Special Rate Variations

Each of the former councils had an existing special rate variation within their rate structures.

Gloucester Shire Council had received approval for a 3 X 13% permanent increase in its general income base covering the period from 2015/2016 to 2017/2018.

Great Lakes Council had received approval for a 13.92% increase in 2013/2014. This amount included a temporary 6% Environmental / Dredging Levy that would expire after 7 years (2019/2020). The balance of the increase was a permanent addition to council's general income base.

Greater Taree City Council had received approval for a 7.30% increase in 2014/2015 (including the rate peg of 2.30%). This included a temporary 5.00% Environmental Levy that would expire after 5 years (2018/2019).

In addition both Great Lakes Council and Greater Taree City Council had lodged special rate variation applications with the IPART that would have taken effect in 2016/2017 if approved. Gloucester Shire Council had also given notice to their community that they would be seeking a second 3 X 13% variation at the expiry of the existing approval.

All of these applications were targeted at addressing infrastructure renewal works and infrastructure backlogs.

The announcement of the amalgamation preceded the IPART's determination of these applications and as a result no determination was made in respect of the Great Lakes & Greater Taree applications.

Asset Management

Council's Asset Management Strategy specifies what is required to improve Council's asset management capability and meet its objectives, while its asset management plans set the parameters around the condition of assets to be modelled and costed.

The costs identified in Council's Asset Management Plans are capital costs such as for new assets, renewals, rehabilitation and non-capital expenditure such as maintenance, operating costs and depreciation.

Prior to the amalgamation all 3 of the former councils had been refining their asset information and had adopted Asset Management Strategies and Plans. They had also identified that there was a shortfall in funding to address annual asset renewal requirements and to decrease the accumulated backlog.

After the amalgamation Council engaged Morrison Low to undertake a high-level external review of Council's infrastructure asset position.

This review concluded that Council had a combined asset backlog of approximately \$180M, and was underfunding asset renewal works for roads and bridges by approximately \$5 million annually.

The external review also recommended a high level asset strategy targeting sealed roads and bridges. That strategy is to:

- Continue to maintain assets across Mid-Coast Council in their current condition
- Ensure that condition 3 roads do not deteriorate into condition 4 & 5
- Prioritise the renewal of roads in condition 4 & 5 based on risk and economic benefit considerations
- Pursue additional grant funding for regional roads and major transport routes
- Seek a Special Variation to fund the annual \$5 million gap in renewal program funding for the sealed road and bridge network

Council staff are currently undertaking condition-based reviews of the entire road network and external consultants have been engaged to conduct inspections and testing of many of Council's bridges.

Reviews are also being undertaken of Council's combined building asset base and recreation assets. This is resulting in a harmonised data on which to base infrastructure decisions and will provide more reliable figures of the quantum of backlog and maintenance and renewal requirements.

Performance Measures

To assess its long term financial sustainability, Council will refer to a series of performance indicators. These indicators are based Council's financial strategies as identified in the Long Term Financial Plan and provide a benchmark for Council's performance.

Council, as part of its financial reporting obligations (Note 13 and Special Schedule 7), prepares a number of performance indicators based on its audited financial statements. This LTFP continues to calculate these indicators.

New South Wales Treasury Corporation (TCorp) have also developed a set of benchmarks which they have utilised in assessing the financial performance and forecasts of councils.

The NSW Office of Local Government has also developed a set of seven (7) measures under the Fit for the Future Program. Council will be required to report its performance against these benchmarks and as such these measures will be calculated and reported.

There is a large degree of commonality between the various sets of benchmarks. As Council harmonises its financial systems and processes it will settle on a set of measures and benchmarks that will provide the most value.

For the purposes of this LTFP the following performance ratios have been calculated.

Operating Performance Ratio

This ratio is a core measure of a Council's financial sustainability. It measures a Council's achievement of containing operating expenditure within operating revenue. It is important to distinguish that this ratio is focussing on operating performance and hence capital grants and contributions, fair value adjustments and reversal of revaluation decrements are excluded.

The benchmark is that Council should record a breakeven operating position or better over a 3 year period.

Own Source Operating Revenue Ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding source such as operating grants and contributions. A council's financial flexibility improves the higher the level of its own source revenue. The benchmark is for own source revenue to be greater than 60% over a three year period.

Unrestricted Current Ratio

This ratio is a measure of Council's ability to meet its financial obligations such as paying for goods and services supplied. It assesses the level of liquidity and the ability to satisfy obligations as they fall due in the short term. A ratio of 1.5:1 and 2:1 is satisfactory and shows that Council has sufficient liquid assets on hand to meet its short term liabilities.

Debt Service Cover Ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments. The benchmark is greater than 2.

Debt Service Ratio

This ratio assesses the degree to which revenues from continuing operations are committed to the repayment of debt. The ratio is generally higher for councils in growth areas where loans have been required to fund infrastructure such as roads. The Office of Local Government accepted that a benchmark of <10% is satisfactory, 10% to 20% is fair and >20% is of concern.

SECTION 3

Scenarios

Current Situation

As previously discussed Council is required to maintain the 3 individual rating structures that applied to the former councils for 2017/2018 and beyond.

This means that the rate peg of 1.5% will apply to the former Great Lakes and Greater Taree City Council areas while the previously approved 13% special variation will apply to the former Gloucester Shire Council area.

As also indicated, Council is considering applying for a special variation to its general income to guarantee the future of its existing environmental levies and to fund additional infrastructure works. This variation would take effect from 1 July 2017 if approved.

This Long Term Financial Plan contains a number of scenarios and reflects the 'Business as Usual' situation that Council will operate in during 2017/2018 and the position that would apply from 2017/2018 should a special rate variation application to the IPART be successful.

2016/2017

To understand the financial situation of the newly created Mid-Coast Council a Long Term Financial Plan was developed that represented Day 1 of operations.

This LTFP was based on the 3 adopted budgets for the former councils and applied a common set of indexation across a ten year period. Those 3 individual models were then consolidated to obtain a 10 year view of Mid-Coast Council's financial position.

A second scenario based on the proposed special rate variation was also developed.

These models were based on the individual continuation of existing services and service levels of the former councils. There were no adjustments made for merger savings or costs.

2017/2018

Following the completion of the draft 2017/2018 budget, 2 LTFP models were developed. These scenarios were:

1. Base Case removing Environmental Levies from General Income when they expire.
2. Special Rate Variation Scenario

2017/2018 Base Case Scenario

The two Base Case scenarios have been developed on the premise of carrying on business as usual. It reflects Council's modelling of its future financial position based on the draft 2017/2018 budget.

The projections made in this scenario include adjustments made to ensure that time specific projects only impact on the model for the appropriate period (i.e. a three year funded project only impacts on the model for three years and is not projected out for the entire duration of the model.)

The model has been prepared at the lowest accounting level within each of the 3 general ledger systems currently in operation. At this level, certain accounts are coded for manual adjustment rather than global percentage increases. It is therefore not possible to simply multiply the previous year's base by a percentage and achieve the same outcomes as presented.

A number of assumptions have been made for the indexation of the various revenue and expenditure items that form Council's budget. These assumptions are outlined below:

Revenue Assumptions

Rates and Annual Charges - based on the assumption that for the duration of the Plan the rating pegging limit will generally reflect the OLG & IPART advised index of 2.5%.

This index has been applied from 2018/2019. In 2017/2018 the announced rate peg of 1.5% is used for the former Great Lakes & Greater Taree City Councils while a 13% increase has been

applied to the rating structure of the former Gloucester Shire Council.

Council currently has 2 Special Variation approvals for an Environmental Levy within its combined rates structure. The former Greater Taree City Council had an approval for a 5% levy which is due to expire at the end of 2018/2019, while the former Great Lakes Council had a 6% levy which is due to expire at the end of the 2019/2020 financial year.

The expenditure of these levies is strictly linked to projects with specific environmental outcomes. The approvals requires that Council will reduce its general income for the 2019/2020 and 2020/2021 rating years by the original approved amount and cumulative proportion of any increases during that period.

The Base Case model shows the impact of the reduction of both of these levies at the relevant time. This reduction in income is also accompanied by a reduction in expenditure on environmental programs. However it is not a matching reduction as there are some functions undertaken in these areas that must continue and will have to be funded from general income.

A small annual allowance has been made for the **growth in rateable properties** across the duration of the Plan. For 2017/2018 a growth amount of \$40,000 per annum has been incorporated into the Plan.

Growth in rateable assessments has remained slow for a considerable period of time. While there is some movement in the property development area which may indicate that activity is starting to increase there is not enough evidence of a significant change at this point in time that warrants a larger projected increase.

Annual Charges have been projected to increase by 2.5% in 2017/2018 and then 3% for the balance of the Plan.

In relation to Waste Management Charges it is proposed to freeze the charges for a period of three years (2017/2018 to 2019/2020) and then resume indexation at 3% per annum. A review of the reasonable cost to provide services and the accumulated funds held in relation to this

function will be conducted over the next 12 months as waste management service levels are harmonised across the 3 former areas.

User Charges & Fees and Charges - These revenues for the next twelve months are detailed in Council's Fees and Charges Schedule and Statement of Revenue Policy, both of which form part of Council's Delivery Program and Operational Plan. The Base Case model generally provides for an increase of 3.0% per annum for discretionary fees and charges across the life of the Plan. These fees represent a small component of the total.

Regulatory fees and charges, being set by State Government, have shown little movement and are indexed to increase by 0.5% per annum.

General and Specific Purpose Operating Grants - These grants represent a significant proportion of Council's operating revenue. They include the Financial Assistance Grant from the Commonwealth Government which is affected by movements in the Consumer Price Index and Estimated Resident Population.

As a merged council, the NSW Grants Commission has advised that Council will continue to receive a Financial Assistance Grant (FAG) allocation equivalent to that which would have been allocated to the former councils had the merger not occurred.

The Federal Government has recently advised through the 2017 Budget that indexation of the FAG would recommence, having been frozen for the past 3 years.

The amount estimated for 2017/2018 is the same as received in 2016/2017 after which time it is projected that the FAG will recommence growth at a rate of 1% per annum from 2018/2019.

This is considered to be a reasonable position given the NSW Grants Commission's position of reallocating FAG funding from regional councils to smaller rural councils.

Some operational grants have been increased on a case by case basis where the continuation of funding is highly likely.

Interest of Investments - This scenario assumes that Council will continue to have a level of invested funds similar to that currently under investment. It is anticipated that there will be modest growth in interest income across the 10 years of the Plan due to a slow rise in interest rates and some growth over time in the quantum of invested funds held. Discussions with Council's financial institutions indicate a market expectation of a flat yield curve for a number of years.

Expenditure Assumptions

Employee Benefits & On-costs - Employee costs for 2017/18 and future years have been indexed to take into account anticipated Local Government Award movements and Salary System Performance Review progressions. The Plan reflects an annualised wage increase of 2.75% for 2017/2018 and beyond. This consists of 2 components being 2.0% Award increase which has been based on assessment of costs and current inflation and 0.75% Enterprise Agreement increases. This lower figure reflects the percentage of staff who have "topped-out" in their respective salary systems and are only eligible for Award increases.

This scenario is based on the current staff structures for Council and existing salary systems. A Mid-Coast Council salary system will be developed in the future which may have an impact on this expenditure item. It is not possible to forecast the impact of that salary system at this point in time.

Council's commitment to meet its Superannuation obligations was to increase from 1 July 2013 following the previous Commonwealth Government's decision to increase the superannuation guarantee from 9% to 12% by 2019/20. However the 2014/2015 Federal Budget froze those increases. The current requirements see superannuation paid at a rate of 9.5% until 1 July 2021 at which time it will increase by 0.5% per year until it reaches 12%.

Council has also reviewed its commitment for those staff who are members of the Local Government Retirement Superannuation Scheme - a defined benefits scheme. This has led to a reduction in the overall superannuation cost as older staff retire and the commitment by Council to this scheme falls away and new staff are engaged under the current 9.5% arrangements.

The total amount of superannuation payable is indexed to grow at 2.5% per annum in line with wages growth.

Borrowings –

The Base Case provides that Council will continue to fund relevant capital works and projects from loan borrowings. In 2017/2018 this is projected to be \$2.382 million. The amount of borrowings is projected to reduce to around \$1.6 million in 2018/2019 and settle between \$1.6 - \$1.8 million per annum for the term of the plan.

The interest rate forecast to be payable on borrowings for 2017/2018 is 3.50% rising to 3.70% for 2019/2020, 4.00% for 2021/2022, 4.25% for 2022/2023, 4.50% for 2023/2024, 5.00% from 2025/2026.

Debt ratios indicate that Council has capacity to make greater use of debt funding particularly in the mid to later years of the LTFP. Council is looking at its capital works program to identify projects that would be suitable for funding from this source.

Materials & Contracts – This is one of the largest items on Council's Income Statement. It covers all materials used in operational activities along with major ongoing operational contracts such as the domestic waste collection contract.

Budgets in the operational plan reflect all known information in relation to contracts and the Plan assumes a 2.5% increase in these expenses across the life of the Plan. Actual cost increases may in fact be greater than the inflation index.

Depreciation & Amortisation – The former councils had completed the process of valuing all of their assets classes at fair value.

Mid-Coast Council is now going through a process of reviewing all of its asset information and harmonising the policies and practices that impact on recording and measurement of asset information.

For the purposes of this plan the asset values and depreciation of the former councils have been consolidated and projected forward at a rate of 0.45% growth per year. This recognises the general growth in the asset base over time.

However it is expected that there will be changes to the underlying depreciation expense moving forward as data is reviewed and a common set of policies and processes are applied. Proposed changes to accounting standards, valuation and depreciation methods are also likely to impact on the current estimate of depreciation across the term of the Plan.

Other Expenses – This category includes a number of utility expense items including electricity costs, water and sewerage charges, waste charges etc. In general the Plan provides that these utility expenses will increase by 5.0% for the life of the Plan. Other general expenses are projected to increase by 2.5% per annum.

Special Rate Variation Scenario

This scenario is based on a successful application to the IPART for a section 508A Special Rate Variation commencing in 2017/2018. Council is considering applying for a 4 year approval to permanently increase its general income by the following:

- 2017/2018 - 11.00%
- 2018/2019 - 5.00%
- 2019/2020 - 5.00%
- 2020/2021 - 5.00%

This scenario assumes that the rate peg for 2017/2018 is 1.5% and 2.5% for the remaining period of the Plan.

This scenario is represented as a layer added to the Base Case. The nature of this proposed Special Rate Variation requires that Council foregoes the final year of the former Gloucester Shire

Council's approved SRV of 13% and to remove both Environmental Levies from the rating structure in 2017/2018.

Should the application be successful a 6% Environmental Levy would be applied across the entire Mid-Coast Council area in 2017/2018. This amount would be a permanent addition to the rate base. At the same time an amount equivalent to a 2.5% increase would be allocated to infrastructure renewals works. A further 2.5% per annum would be added in the following 3 years.

As such the budget development assumptions outlined above for the Base Case are equally applicable to this scenario. The points of difference lie in the following areas:

Borrowings - There are no additional borrowings proposed to occur as part of the Special Rate Variation.

SECTION 4

Modelling

During the development of, and community consultation on the Delivery Program, two budget scenarios were discussed, being:

- Base Case
- Special Rate Variation

It is important to understand that the deficits discussed below refer to Council's net operating result forecast on the Income Statement not the budget position.

The figures below are based on the draft 2017/2018 budget which is a consolidated budget for the new organisation and includes savings and efficiencies that have been achieved to date or anticipated to occur due to harmonisation activities.

Additional models based on the 2016/2017 budget are included in the next section for reference and as an indicator of the starting financial position of Mid-Coast Council.

The consolidated financial reports resulting from the modelling are included at the end of this Plan. Further discussion of the projected operating result over the 10 year timeframe of the Plan is included below.

Base Case Scenario - 2017/2018 Budget

The Base Case model indicates that Council will record operating deficits for each year of the 10 year Plan.

The future deficits are large and Council needs to address how it will continue to deal with this level of deficit for that period.

As mentioned above there are some areas where a conservative approach has been taken in forecasting revenue items and further work is required to confirm the

quantum of Council's depreciation expense as the 3 former asset methodologies are harmonised and asset condition assessment and useful lives are reviewed.

However Council will continue to make savings and / or cut expenditure from other areas of the organisation where able to reinforce its strong financial position. The net operating results, based on Council's base case position, is as follows

	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Base Case Surplus / (Deficit) ('000's)	(12,926)	(10,597)	(11,098)	(11,821)	(11,597)	(10,711)	(10,240)	(10,226)	(10,807)	(10,289)

Special Rate Variation Scenario - 2017/2018 Budget

The Special Rate Variation model indicates that Council will record a positive operating result in 2026/2027 should the application to the IPART be successful

The operating result is projected to improve each year across the term of the LTFP.

The comments provided above in respect of confirming aspects of Council's asset information is also applicable to this scenario.

Council will continue to make savings and / or cut expenditure from the organisation where able to reinforce its strong financial position. The budget results, based on Council's special rate variation proposal, are as follows:

	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Surplus / (Deficit) ('000's)	(10,941)	(6,773)	(4,990)	(2,848)	(2,403)	(1,288)	(583)	(330)	(665)	104

Sensitivity Analysis

Long term financial plans are inherently uncertain. They contain a wide range of assumptions, including assumptions about interest rates and the potential effect of inflation on revenues and expenditure. Some of these assumptions have a relatively limited impact if they are wrong, others can have a major impact on future financial plans. If the assumptions above are found to be inaccurate then it will be necessary for Council to reconsider current strategies on expenditure and revenue and realign the Plan to fund any changes in costs or revenues.

At the present time growth in rate revenue is projected to increase at the rate of 2.5% per annum. It should be noted that the 'rate peg' as announced by the IPART for the last couple of years has not matched this estimate. This has an impact on Council's long term forecasts and should this trend continue into the future it will be necessary to revise this major driver of the Plan.

By way of example each 0.1% of rate peg below the estimate equates to \$66,000. Over the life of the Plan this equates to in excess of \$660,000.

Council is also awaiting the announcement of a new Local Government Award. As indicated in this Plan the 2017/2018 budget has been prepared on the basis of an Award increase of 2.0%. A higher amount will have an impact on this Plan as wages are a major component of Council's cost structure.

Council will also review and update relevant sections and projections of the Long Term Financial Plan on an annual basis.

SECTION 4

Scenario 1 - 2017-2018 Budget - Base Case (incl removal of expiring Environmental Levies) - 10 Year Financial Projections Income Statement

MidCoast Council
10 Year Financial Plan for the Years ending 30 June 2027
INCOME STATEMENT - GENERAL FUND

Scenario: 2017/2018 Budget - Base Case	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations										
Revenue:										
Rates & Annual Charges	88,733,245	90,460,641	90,735,499	90,640,305	93,445,498	96,347,327	98,765,073	101,243,262	103,783,406	106,387,054
User Charges & Fees	14,698,404	15,064,214	15,440,622	15,827,945	16,226,508	16,636,647	17,058,707	17,493,043	17,940,022	18,400,021
Interest & Investment Revenue	3,355,008	3,358,041	3,361,077	3,364,116	3,367,158	3,370,203	3,373,252	3,376,303	3,379,357	3,382,415
Other Revenues	3,391,924	3,464,731	3,539,723	3,616,965	3,696,524	3,778,470	3,862,874	3,949,810	4,039,354	4,131,585
Grants & Contributions provided for Operating Purposes	28,576,266	28,752,867	28,991,258	29,231,023	29,472,527	29,718,522	30,037,660	30,378,807	30,725,175	31,076,865
Grants & Contributions provided for Capital Purposes	4,527,647	3,179,937	3,257,165	3,336,276	3,417,318	3,500,336	3,585,379	3,672,497	3,761,740	3,853,160
Total Income from Continuing Operations	143,282,494	144,280,431	145,325,343	146,016,631	149,625,534	153,351,505	156,682,944	160,113,721	163,629,055	167,231,099
Expenses from Continuing Operations										
Employee Benefits & On-Costs	51,472,614	52,831,599	54,284,468	55,129,594	56,645,658	58,203,413	59,804,007	61,448,617	63,138,454	64,874,762
Borrowing Costs	3,369,706	2,606,014	2,228,181	1,623,659	1,216,255	1,311,301	772,512	699,844	645,879	618,728
Materials & Contracts	39,875,998	38,304,196	38,063,870	38,570,240	39,532,206	40,518,225	41,528,902	42,564,851	43,626,704	44,715,111
Depreciation & Amortisation	44,283,722	44,482,999	44,683,172	44,884,247	45,086,226	45,289,114	45,492,915	45,697,633	45,903,272	46,109,837
Other Expenses	17,207,040	16,652,605	17,164,063	17,629,940	18,742,548	18,740,038	19,324,146	19,928,637	21,121,310	21,201,997
Total Expenses from Continuing Operations	156,209,080	154,877,413	156,423,755	157,837,679	161,222,892	164,062,091	166,922,482	170,339,582	174,435,619	177,520,435
Operating Result from Continuing Operations	(12,926,586)	(10,596,982)	(11,098,411)	(11,821,048)	(11,597,358)	(10,710,586)	(10,239,538)	(10,225,861)	(10,806,564)	(10,289,336)
Net Operating Result for the Year	(12,926,586)	(10,596,982)	(11,098,411)	(11,821,048)	(11,597,358)	(10,710,586)	(10,239,538)	(10,225,861)	(10,806,564)	(10,289,336)
Net Operating Result before Grants and Contributions provided for Capital Purposes	(17,454,233)	(13,776,919)	(14,355,576)	(15,157,324)	(15,014,676)	(14,210,922)	(13,824,917)	(13,898,357)	(14,568,304)	(14,142,496)

Balance Sheet

MidCoast Council
10 Year Financial Plan for the Years ending 30 June 2027
BALANCE SHEET - GENERAL FUND

Scenario: 2017/2018 Budget - Base Case	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS										
Current Assets										
Cash & Cash Equivalents	17,962,620	9,368,667	7,741,655	5,228,459	4,645,056	4,748,415	8,858,902	11,685,142	14,811,300	17,311,274
Investments	91,265,211	91,265,211	91,265,211	91,265,211	91,265,211	91,265,211	91,265,211	91,265,211	91,265,211	91,265,211
Receivables	10,083,250	10,102,198	10,208,399	10,301,521	10,526,633	10,759,593	10,986,674	11,218,941	11,457,395	11,700,724
Inventories	5,242,513	5,201,892	5,195,636	5,209,684	5,234,485	5,259,906	5,285,963	5,312,672	5,340,048	5,368,109
Other	673,853	648,786	651,955	663,853	688,275	699,847	718,617	737,926	764,466	778,222
Total Current Assets	125,227,448	116,586,754	115,062,856	112,668,727	112,359,660	112,732,972	117,115,368	120,219,892	123,638,421	126,423,540
Non-Current Assets										
Investments	21,777,789	21,777,789	21,777,789	21,777,789	21,777,789	21,777,789	21,777,789	21,777,789	21,777,789	21,777,789
Receivables	413,557	421,546	422,884	422,529	435,462	448,841	460,005	471,448	483,178	495,202
Inventories	1,421,004	1,421,004	1,421,004	1,421,004	1,421,004	1,421,004	1,421,004	1,421,004	1,421,004	1,421,004
Infrastructure, Property, Plant & Equipment	1,906,161,637	1,894,534,224	1,875,786,002	1,858,919,645	1,841,897,517	1,826,956,418	1,810,191,701	1,795,292,164	1,779,807,446	1,765,737,207
Investments Accounted for using the equity method	172,000	172,000	172,000	172,000	172,000	172,000	172,000	172,000	172,000	172,000
Investment Property	17,295,000	17,295,000	17,295,000	17,295,000	17,295,000	17,295,000	17,295,000	17,295,000	17,295,000	17,295,000
Total Non-Current Assets	1,947,240,987	1,935,621,563	1,916,874,679	1,900,007,967	1,882,998,772	1,868,071,053	1,851,317,499	1,836,429,406	1,820,956,417	1,806,898,202
TOTAL ASSETS	2,072,468,435	2,052,208,317	2,031,937,535	2,012,676,694	1,995,358,433	1,980,804,024	1,968,432,867	1,956,649,298	1,944,594,838	1,933,321,742
LIABILITIES										
Current Liabilities										
Bank Overdraft	-	-	-	-	-	-	-	-	-	-
Payables	14,983,055	13,855,954	13,668,968	13,859,545	14,163,308	14,393,732	14,561,652	14,889,601	15,200,856	15,451,336
Borrowings	10,450,536	10,729,936	9,395,626	7,811,301	5,879,685	4,110,169	3,728,969	3,416,932	3,104,750	1,871,935
Provisions	16,329,027	16,329,027	16,329,027	16,329,027	16,329,027	16,329,027	16,329,027	16,329,027	16,329,027	16,329,027
Total Current Liabilities	41,762,618	40,914,918	39,393,621	37,999,873	36,372,020	34,832,929	34,619,648	34,635,561	34,634,634	33,652,298
Non-Current Liabilities										
Payables	291,505	291,505	291,505	291,505	291,505	291,505	291,505	291,505	291,505	291,505
Borrowings	46,476,773	37,661,337	30,010,264	23,964,219	19,871,168	17,566,437	15,648,099	14,074,477	12,827,510	12,826,084
Provisions	13,656,973	13,656,973	13,656,973	13,656,973	13,656,973	13,656,973	13,656,973	13,656,973	13,656,973	13,656,973
Total Non-Current Liabilities	60,425,251	51,609,815	43,958,741	37,912,697	33,819,646	31,514,915	29,596,576	28,022,955	26,775,988	26,774,562
TOTAL LIABILITIES	102,187,869	92,524,733	83,352,362	75,912,570	70,191,666	66,347,844	64,216,225	62,658,516	61,410,621	60,426,860
Net Assets	1,970,280,566	1,959,683,584	1,948,585,173	1,936,764,125	1,925,166,767	1,914,456,180	1,904,216,642	1,893,990,781	1,883,184,217	1,872,894,881
EQUITY										
Retained Earnings	1,114,165,566	1,103,568,584	1,092,470,173	1,080,649,125	1,069,051,767	1,058,341,180	1,048,101,642	1,037,875,781	1,027,069,217	1,016,779,881
Revaluation Reserves	856,115,000	856,115,000	856,115,000	856,115,000	856,115,000	856,115,000	856,115,000	856,115,000	856,115,000	856,115,000
Council Equity Interest	1,970,280,566	1,959,683,584	1,948,585,173	1,936,764,125	1,925,166,767	1,914,456,180	1,904,216,642	1,893,990,781	1,883,184,217	1,872,894,881
Total Equity	1,970,280,566	1,959,683,584	1,948,585,173	1,936,764,125	1,925,166,767	1,914,456,180	1,904,216,642	1,893,990,781	1,883,184,217	1,872,894,881

Cash Flow Statement

MidCoast Council
10 Year Financial Plan for the Years ending 30 June 2027
CASH FLOW STATEMENT - GENERAL FUND

Scenario: 2017/2018 Budget - Base Case	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	88,633,986	90,388,035	90,723,946	90,644,307	93,327,589	96,225,356	98,663,449	101,139,098	103,676,638	106,277,616
User Charges & Fees	14,627,866	15,049,237	15,425,211	15,812,087	16,210,190	16,619,855	17,041,426	17,475,260	17,921,721	18,381,188
Interest & Investment Revenue Received	3,359,888	3,355,457	3,361,592	3,368,770	3,348,209	3,349,710	3,349,853	3,354,486	3,356,632	3,360,234
Grants & Contributions	35,660,423	32,035,956	32,220,622	32,539,213	32,861,435	33,189,878	33,587,438	34,013,582	34,448,546	34,890,995
Other	3,550,378	3,432,544	3,489,022	3,560,944	3,651,795	3,732,493	3,812,978	3,898,302	3,986,325	4,076,988
Payments:										
Employee Benefits & On-Costs	(51,418,511)	(53,533,383)	(54,284,468)	(55,129,594)	(56,645,658)	(58,203,413)	(59,804,007)	(61,448,617)	(63,138,454)	(64,874,762)
Materials & Contracts	(39,671,116)	(38,473,782)	(37,981,382)	(38,446,900)	(39,271,421)	(40,404,853)	(41,333,547)	(42,363,743)	(43,343,249)	(44,578,341)
Borrowing Costs	(3,408,199)	(2,645,749)	(2,270,125)	(1,659,565)	(1,244,605)	(1,330,473)	(783,333)	(708,717)	(653,216)	(624,536)
Other	(17,206,428)	(16,653,255)	(17,163,981)	(17,629,631)	(18,741,914)	(18,739,738)	(19,323,659)	(19,928,136)	(21,120,621)	(21,201,640)
Net Cash provided (or used in) Operating Activities	34,128,287	32,955,058	33,520,437	33,059,630	33,495,621	34,438,815	35,210,598	35,431,514	35,134,321	35,707,743
Cash Flows from Investing Activities										
Receipts:										
Sale of Infrastructure, Property, Plant & Equipment	2,899,800	2,323,597	1,990,983	2,317,120	2,581,977	3,070,335	2,378,727	2,815,257	2,222,025	2,711,025
Payments:										
Purchase of Infrastructure, Property, Plant & Equipment	(40,286,874)	(35,336,574)	(28,153,048)	(30,259,577)	(30,636,334)	(33,331,544)	(31,179,300)	(33,534,872)	(32,671,038)	(34,684,553)
Net Cash provided (or used in) Investing Activities	(37,387,074)	(33,012,977)	(26,162,065)	(27,942,457)	(28,054,357)	(30,261,209)	(28,800,573)	(30,719,615)	(30,449,013)	(31,973,528)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	2,382,350	1,813,991	1,644,043	1,664,747	1,686,125	1,704,929	1,710,121	1,742,802	1,757,273	1,770,000
Payments:										
Repayment of Borrowings & Advances	(10,562,511)	(10,257,876)	(10,557,576)	(9,295,116)	(7,710,792)	(5,779,176)	(4,009,660)	(3,628,460)	(3,316,423)	(3,004,241)
Repayment of Finance Lease Liabilities	(88,144)	(92,150)	(71,851)	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(8,268,305)	(8,536,035)	(8,985,384)	(7,630,369)	(6,024,667)	(4,074,247)	(2,299,539)	(1,885,658)	(1,559,150)	(1,234,241)
Net Increase/(Decrease) in Cash & Cash Equivalents	(11,527,093)	(8,593,953)	(1,627,012)	(2,513,196)	(583,403)	103,360	4,110,486	2,826,241	3,126,158	2,499,974
plus: Cash, Cash Equivalents & Investments - beginning of year	29,489,713	17,962,620	9,368,667	7,741,655	5,228,459	4,645,056	4,748,415	8,858,902	11,685,142	14,811,300
Cash & Cash Equivalents - end of the year	17,962,620	9,368,667	7,741,655	5,228,459	4,645,056	4,748,415	8,858,902	11,685,142	14,811,300	17,311,274
Cash & Cash Equivalents - end of the year	17,962,620	9,368,667	7,741,655	5,228,459	4,645,056	4,748,415	8,858,902	11,685,142	14,811,300	17,311,274
Investments - end of the year	113,043,000	113,043,000	113,043,000	113,043,000	113,043,000	113,043,000	113,043,000	113,043,000	113,043,000	113,043,000
Cash, Cash Equivalents & Investments - end of the year	131,005,620	122,411,667	120,784,655	118,271,459	117,688,056	117,791,415	121,901,902	124,728,142	127,854,300	130,354,274
Representing:										
- External Restrictions	39,246,294	39,423,930	39,491,561	39,116,551	39,369,419	40,263,198	41,459,885	42,948,048	44,700,567	46,778,118
- Internal Restrictions	44,710,442	38,671,680	40,005,495	40,245,908	40,463,180	40,663,687	42,265,784	42,809,955	44,239,350	45,529,063
- Unrestricted	47,048,884	44,316,056	41,287,598	38,908,999	37,855,456	36,864,530	38,176,232	38,970,139	38,914,383	38,047,093
	131,005,620	122,411,667	120,784,655	118,271,459	117,688,056	117,791,415	121,901,902	124,728,142	127,854,300	130,354,274

Financial Performance Indicators

MidCoast Council
10 Year Financial Plan for the Years ending 30 June 2027
FINANCIAL PERFORMANCE INDICATORS - GENERAL FUND

Scenario: 2017/2018 Budget - Base Case	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Operating Performance Ratio	-12.58%	-9.76%	-10.10%	-10.62%	-10.27%	-9.48%	-9.03%	-8.88%	-9.11%	-8.66%
Own Source Operating Revenue Ratio	76.90%	77.87%	77.81%	77.70%	78.02%	78.34%	78.54%	78.73%	78.92%	79.11%
Unrestricted Current Ratio	3.94	3.68	3.82	3.95	4.21	4.50	4.71	4.80	4.90	5.19
Debt Service Cover Ratio	2.15	2.57	2.53	2.87	3.50	4.57	6.78	7.51	8.07	8.99
Debt Service Ratio	10.59%	9.81%	9.67%	8.18%	6.53%	5.05%	3.33%	2.95%	2.64%	2.36%

Scenario 2 - 2017-2018 Budget - Special Rate Variation - 10 Year Financial Projections

Income Statement

MidCoast Council
10 Year Financial Plan for the Years ending 30 June 2027
INCOME STATEMENT - GENERAL FUND

Scenario: 2017/2018 Budget - Special Rate Variation	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations										
Revenue:										
Rates & Annual Charges	91,191,840	94,788,119	98,564,675	102,530,535	105,632,984	108,839,500	111,569,550	114,367,851	117,236,110	120,176,075
User Charges & Fees	14,698,404	15,064,214	15,440,622	15,827,945	16,226,508	16,636,647	17,058,707	17,493,043	17,940,022	18,400,021
Interest & Investment Revenue	3,355,008	3,358,041	3,361,077	3,364,116	3,367,158	3,370,203	3,373,252	3,376,303	3,379,357	3,382,415
Other Revenues	3,391,924	3,464,731	3,539,723	3,616,965	3,696,524	3,778,470	3,862,874	3,949,810	4,039,354	4,131,585
Grants & Contributions provided for Operating Purposes	28,576,266	28,752,867	28,991,258	29,231,023	29,472,527	29,718,522	30,037,660	30,378,807	30,725,175	31,076,865
Grants & Contributions provided for Capital Purposes	4,527,647	3,179,937	3,257,165	3,336,276	3,417,318	3,500,336	3,585,379	3,672,497	3,761,740	3,853,160
Total Income from Continuing Operations	145,741,089	148,607,908	153,154,520	157,906,861	161,813,019	165,843,677	169,487,421	173,238,310	177,081,758	181,020,120
Expenses from Continuing Operations										
Employee Benefits & On-Costs	51,472,614	52,831,599	54,284,468	55,777,291	57,311,166	58,887,223	60,506,622	62,170,554	63,880,245	65,636,951
Borrowing Costs	3,369,706	2,606,014	2,228,181	1,623,659	1,216,255	1,311,301	772,512	699,844	645,879	618,728
Materials & Contracts	40,349,190	38,807,593	39,784,752	40,776,863	41,794,724	42,837,410	43,906,172	45,001,661	46,124,545	47,275,513
Depreciation & Amortisation	44,283,722	44,482,999	44,683,172	44,884,247	45,086,226	45,289,114	45,492,915	45,697,633	45,903,272	46,109,837
Other Expenses	17,207,040	16,652,605	17,164,063	17,693,066	18,807,289	18,806,436	19,392,245	19,998,481	21,192,945	21,275,470
Total Expenses from Continuing Operations	156,682,272	155,380,810	158,144,637	160,755,125	164,215,660	167,131,484	170,070,466	173,568,173	177,746,885	180,916,499
Operating Result from Continuing Operations	(10,941,183)	(6,772,902)	(4,990,117)	(2,848,264)	(2,402,641)	(1,287,807)	(583,045)	(329,863)	(665,127)	103,621
Net Operating Result for the Year	(10,941,183)	(6,772,902)	(4,990,117)	(2,848,264)	(2,402,641)	(1,287,807)	(583,045)	(329,863)	(665,127)	103,621
Net Operating Result before Grants and Contributions provided for Capital Purposes	(15,468,830)	(9,952,839)	(8,247,282)	(6,184,541)	(5,819,958)	(4,788,142)	(4,168,424)	(4,002,359)	(4,426,867)	(3,749,539)

Balance Sheet

MidCoast Council
10 Year Financial Plan for the Years ending 30 June 2027
BALANCE SHEET - GENERAL FUND

Scenario: 2018/2018 Budget - Special Rate Variation	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS										
Current Assets										
Cash & Cash Equivalents	18,930,621	11,330,097	11,037,167	10,554,547	12,103,892	14,391,171	20,738,325	25,855,247	31,327,397	36,230,001
Investments	91,265,211	91,265,211	91,265,211	91,265,211	91,265,211	91,265,211	91,265,211	91,265,211	91,265,211	91,265,211
Receivables	10,194,262	10,297,807	10,561,901	10,836,129	11,077,458	11,327,332	11,571,748	11,821,778	12,078,438	12,340,423
Inventories	5,254,727	5,214,885	5,240,053	5,265,606	5,291,821	5,318,676	5,346,202	5,374,417	5,403,337	5,432,980
Other	679,427	654,715	672,224	690,116	715,203	727,448	746,909	766,925	794,191	808,691
Total Current Assets	126,324,247	118,762,716	118,776,556	118,611,608	120,453,585	123,029,838	129,668,395	135,083,578	140,868,573	146,077,305
Non-Current Assets										
Investments	21,777,789	21,777,789	21,777,789	21,777,789	21,777,789	21,777,789	21,777,789	21,777,789	21,777,789	21,777,789
Receivables	424,820	441,371	458,750	476,998	491,294	506,069	518,663	531,573	544,806	558,370
Inventories	1,421,004	1,421,004	1,421,004	1,421,004	1,421,004	1,421,004	1,421,004	1,421,004	1,421,004	1,421,004
Infrastructure, Property, Plant & Equipment	1,907,133,856	1,898,310,384	1,884,333,990	1,874,351,435	1,864,385,203	1,856,676,399	1,847,324,783	1,840,023,676	1,832,327,347	1,826,240,208
Investments Accounted for using the equity method	172,000	172,000	172,000	172,000	172,000	172,000	172,000	172,000	172,000	172,000
Investment Property	17,295,000	17,295,000	17,295,000	17,295,000	17,295,000	17,295,000	17,295,000	17,295,000	17,295,000	17,295,000
Total Non-Current Assets	1,948,224,469	1,939,417,548	1,925,458,533	1,915,494,227	1,905,542,291	1,897,848,261	1,888,509,240	1,881,221,043	1,873,537,946	1,867,464,371
TOTAL ASSETS	2,074,548,716	2,058,180,264	2,044,235,090	2,034,105,835	2,025,995,876	2,020,878,099	2,018,177,635	2,016,304,620	2,014,406,520	2,013,541,676
LIABILITIES										
Current Liabilities										
Payables	15,077,933	14,018,418	14,048,745	14,398,124	14,715,473	14,959,749	15,141,869	15,484,375	15,810,551	16,076,327
Borrowings	10,450,536	10,729,936	9,395,626	7,811,301	5,879,685	4,110,169	3,728,969	3,416,932	3,104,750	1,871,935
Provisions	16,329,027	16,329,027	16,329,027	16,329,027	16,329,027	16,329,027	16,329,027	16,329,027	16,329,027	16,329,027
Total Current Liabilities	41,857,496	41,077,382	39,773,398	38,538,453	36,924,185	35,398,946	35,199,865	35,230,334	35,244,329	34,277,290
Non-Current Liabilities										
Payables	291,505	291,505	291,505	291,505	291,505	291,505	291,505	291,505	291,505	291,505
Borrowings	46,476,773	37,661,337	30,010,264	23,964,219	19,871,168	17,566,437	15,648,099	14,074,477	12,827,510	12,826,084
Provisions	13,656,973	13,656,973	13,656,973	13,656,973	13,656,973	13,656,973	13,656,973	13,656,973	13,656,973	13,656,973
Total Non-Current Liabilities	60,425,251	51,609,815	43,958,741	37,912,697	33,819,646	31,514,915	29,596,576	28,022,955	26,775,988	26,774,562
TOTAL LIABILITIES	102,282,747	92,687,197	83,732,139	76,451,150	70,743,831	66,913,861	64,796,442	63,253,290	62,020,316	61,051,852
Net Assets	1,972,265,969	1,965,493,067	1,960,502,950	1,957,654,686	1,955,252,045	1,953,964,238	1,953,381,193	1,953,051,331	1,952,386,203	1,952,489,825
EQUITY										
Retained Earnings	1,116,150,969	1,109,378,067	1,104,387,950	1,101,539,686	1,099,137,045	1,097,849,238	1,097,266,193	1,096,936,331	1,096,271,203	1,096,374,825
Revaluation Reserves	856,115,000	856,115,000	856,115,000	856,115,000	856,115,000	856,115,000	856,115,000	856,115,000	856,115,000	856,115,000
Council Equity Interest	1,972,265,969	1,965,493,067	1,960,502,950	1,957,654,686	1,955,252,045	1,953,964,238	1,953,381,193	1,953,051,331	1,952,386,203	1,952,489,825
Total Equity	1,972,265,969	1,965,493,067	1,960,502,950	1,957,654,686	1,955,252,045	1,953,964,238	1,953,381,193	1,953,051,331	1,952,386,203	1,952,489,825

Cash Flow Statement

MidCoast Council
10 Year Financial Plan for the Years ending 30 June 2027
CASH FLOW STATEMENT - GENERAL FUND

Scenario: 2017/2018 Budget - Special Rate Variation	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	90,989,240	94,636,958	98,405,937	102,363,840	105,502,580	108,704,722	111,454,799	114,250,231	117,115,550	120,052,501
User Charges & Fees	14,627,866	15,049,237	15,425,211	15,812,087	16,210,190	16,619,855	17,041,426	17,475,260	17,921,721	18,381,188
Interest & Investment Revenue Received	3,340,955	3,340,851	3,334,843	3,337,093	3,343,051	3,344,131	3,344,138	3,348,631	3,350,633	3,354,089
Grants & Contributions	35,660,423	32,035,956	32,220,622	32,539,213	32,861,435	33,189,878	33,587,438	34,013,582	34,448,546	34,890,995
Other	3,559,165	3,439,223	3,501,537	3,577,978	3,652,927	3,733,653	3,814,167	3,899,521	3,987,575	4,078,270
Payments:										
Employee Benefits & On-Costs	(51,418,511)	(53,533,383)	(54,284,468)	(55,777,291)	(57,311,166)	(58,887,223)	(60,506,622)	(62,170,554)	(63,880,245)	(65,636,951)
Materials & Contracts	(40,106,591)	(38,974,771)	(39,605,220)	(40,592,875)	(41,528,897)	(42,718,918)	(43,705,568)	(44,795,171)	(45,835,573)	(47,133,086)
Borrowing Costs	(3,408,199)	(2,645,749)	(2,270,125)	(1,659,565)	(1,244,605)	(1,330,473)	(783,333)	(708,717)	(653,216)	(624,536)
Other	(17,206,283)	(16,653,246)	(17,163,609)	(17,692,602)	(18,806,638)	(18,806,118)	(19,391,740)	(19,997,962)	(21,192,237)	(21,275,094)
Net Cash provided (or used in) Operating Activities	36,038,064	36,695,075	39,564,728	41,907,878	42,678,877	43,849,506	44,854,706	45,314,821	45,262,754	46,087,376
Cash Flows from Investing Activities										
Receipts:										
Sale of Infrastructure, Property, Plant & Equipment	2,899,800	2,323,597	1,990,983	2,317,120	2,581,977	3,070,335	2,378,727	2,815,257	2,222,025	2,711,025
Payments:										
Purchase of Infrastructure, Property, Plant & Equipment	(41,228,651)	(38,083,160)	(32,863,257)	(37,077,248)	(37,686,842)	(40,558,315)	(38,586,740)	(41,127,498)	(40,453,480)	(42,661,556)
Net Cash provided (or used in) Investing Activities	(38,328,851)	(35,759,563)	(30,872,274)	(34,760,128)	(35,104,865)	(37,487,980)	(36,208,013)	(38,312,241)	(38,231,455)	(39,950,531)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	2,382,350	1,813,991	1,644,043	1,664,747	1,686,125	1,704,929	1,710,121	1,742,802	1,757,273	1,770,000
Payments:										
Repayment of Borrowings & Advances	(10,562,511)	(10,257,876)	(10,557,576)	(9,295,116)	(7,710,792)	(5,779,176)	(4,009,660)	(3,628,460)	(3,316,423)	(3,004,241)
Repayment of Finance Lease Liabilities	(88,144)	(92,150)	(71,851)	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(8,268,305)	(8,536,035)	(8,985,384)	(7,630,369)	(6,024,667)	(4,074,247)	(2,299,539)	(1,885,658)	(1,559,150)	(1,234,241)
Net Increase/(Decrease) in Cash & Cash Equivalents	(10,559,092)	(7,600,523)	(292,931)	(482,620)	1,549,345	2,287,280	6,347,154	5,116,922	5,472,150	4,902,605
plus: Cash, Cash Equivalents & Investments - beginning of year	29,489,713	18,930,621	11,330,097	11,037,167	10,554,547	12,103,892	14,391,171	20,738,325	25,855,247	31,327,397
Cash & Cash Equivalents - end of the year	18,930,621	11,330,097	11,037,167	10,554,547	12,103,892	14,391,171	20,738,325	25,855,247	31,327,397	36,230,001
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Cash & Cash Equivalents - end of the year	18,930,621	11,330,097	11,037,167	10,554,547	12,103,892	14,391,171	20,738,325	25,855,247	31,327,397	36,230,001
Investments - end of the year	113,043,000	113,043,000	113,043,000	113,043,000	113,043,000	113,043,000	113,043,000	113,043,000	113,043,000	113,043,000
Cash, Cash Equivalents & Investments - end of the year	131,973,621	124,373,097	124,080,167	123,597,547	125,146,892	127,434,171	133,781,325	138,898,247	144,370,397	149,273,001
<hr/>										
Representing:										
- External Restrictions	39,246,294	39,423,930	39,491,561	39,116,551	39,369,419	40,263,198	41,459,885	42,948,048	44,700,567	46,778,118
- Internal Restrictions	44,710,442	38,671,680	40,005,495	40,327,603	40,626,043	40,907,105	42,589,057	43,212,289	44,642,037	45,932,148
- Unrestricted	48,016,884	46,277,487	44,583,110	44,153,392	45,151,429	46,263,868	49,732,383	52,737,910	55,027,792	56,562,735
	131,973,621	124,373,097	124,080,167	123,597,547	125,146,892	127,434,171	133,781,325	138,898,247	144,370,397	149,273,001

Financial Performance Indicators

MidCoast Council
10 Year Financial Plan for the Years ending 30 June 2027
FINANCIAL PERFORMANCE INDICATORS - GENERAL FUND

Scenario: 2017/2018 Budget - Special Rate Variation	Projected Years									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Operating Performance Ratio	-10.95%	-6.84%	-5.50%	-4.00%	-3.67%	-2.95%	-2.51%	-2.36%	-2.55%	-2.12%
Own Source Operating Revenue Ratio	77.29%	78.51%	78.94%	79.38%	79.67%	79.97%	80.16%	80.34%	80.52%	80.70%
Unrestricted Current Ratio	3.98	3.75	3.93	4.14	4.51	4.91	5.24	5.44	5.66	6.11
Debt Service Cover Ratio	2.30	2.87	3.01	3.69	4.53	5.90	8.80	9.79	10.63	11.86
Debt Service Ratio	10.39%	9.50%	9.13%	7.51%	5.99%	4.64%	3.06%	2.71%	2.43%	2.17%

Scenario 3 - 2016-2017 Budget - Base Case (Consolidated Pre-Merger Budget) - 10 Year Financial Projections

Income Statement

Mid Coast Council
10 Year Financial Plan for the Years ending 30 June 2026
INCOME STATEMENT - CONSOLIDATED

Scenario: 2016/2017 Day 1 Combined LTFP - Base Case	Projected Years									
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations										
Revenue:										
Rates & Annual Charges	86,371,761	88,334,342	90,851,037	91,863,114	92,409,928	94,879,393	97,017,113	99,225,490	101,474,859	103,778,925
User Charges & Fees	12,975,425	13,250,120	13,591,495	13,931,122	14,288,864	14,663,722	15,041,213	15,431,313	15,829,168	16,222,045
Interest & Investment Revenue	3,295,358	3,399,753	3,502,801	3,619,632	3,730,376	3,845,171	3,969,160	4,092,488	4,215,307	4,352,775
Other Revenues	4,175,997	4,342,327	4,461,579	4,610,220	4,758,754	4,912,575	5,028,785	5,148,480	5,273,701	5,316,419
Grants & Contributions provided for Operating Purposes	28,370,841	28,368,910	28,609,832	28,851,184	29,093,982	29,338,975	29,583,449	29,896,051	30,243,096	30,595,219
Grants & Contributions provided for Capital Purposes	12,981,753	5,096,350	5,295,610	7,499,627	5,748,358	5,553,203	5,860,434	5,810,111	5,892,287	5,997,027
Total Income from Continuing Operations	148,171,135	142,791,803	146,312,353	150,374,898	150,030,263	153,193,039	156,500,154	159,603,932	162,928,419	166,262,410
Expenses from Continuing Operations										
Employee Benefits & On-Costs	49,651,082	50,922,351	51,940,380	53,408,044	54,469,589	56,052,619	57,683,898	59,365,631	61,137,872	62,907,623
Borrowing Costs	3,893,085	3,727,858	3,303,779	2,852,840	2,352,439	1,931,054	1,598,164	1,421,408	1,300,886	1,191,287
Materials & Contracts	41,827,885	42,234,467	43,373,998	43,112,693	43,584,631	44,259,287	45,448,249	46,476,903	47,956,125	49,197,201
Depreciation & Amortisation	43,284,878	43,479,660	43,675,319	43,871,857	44,069,281	44,267,593	44,466,797	44,666,897	44,867,898	45,069,804
Other Expenses	13,337,349	13,409,351	13,845,542	14,270,095	14,919,666	15,155,581	15,586,763	16,072,854	16,839,201	17,099,992
Total Expenses from Continuing Operations	151,994,280	153,773,688	156,139,018	157,515,529	159,395,606	161,666,134	164,783,870	168,003,693	172,101,982	175,465,908
Operating Result from Continuing Operations	(3,823,145)	(10,981,885)	(9,826,664)	(7,140,630)	(9,365,344)	(8,473,094)	(8,283,716)	(8,399,761)	(9,173,563)	(9,203,498)
Net Operating Result for the Year	(3,823,145)	(10,981,885)	(9,826,664)	(7,140,630)	(9,365,344)	(8,473,094)	(8,283,716)	(8,399,761)	(9,173,563)	(9,203,498)
Net Operating Result before Grants and Contributions provided for Capital Purposes	(16,804,898)	(16,078,235)	(15,122,274)	(14,640,257)	(15,113,702)	(14,026,298)	(14,144,150)	(14,209,872)	(15,065,851)	(15,200,525)

Balance Sheet

Mid Coast Council
10 Year Financial Plan for the Years ending 30 June 2026
BALANCE SHEET - CONSOLIDATED

Scenario: 2016/2017 Day 1 Combined LTFP - Base Case	Projected Years									
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS										
Current Assets										
Cash & Cash Equivalents	4,556,697	4,104,414	3,860,675	3,608,128	3,672,456	3,567,114	3,938,163	6,864,201	7,957,954	10,615,959
Investments	70,967,651	70,008,010	68,375,751	69,662,071	70,894,794	71,432,068	72,630,505	75,924,197	78,561,638	80,535,401
Receivables	14,679,847	13,969,168	14,288,475	14,726,541	14,814,483	15,101,402	15,411,537	15,690,621	16,000,074	16,228,273
Inventories	4,006,609	4,024,438	4,053,006	4,055,617	4,084,087	4,105,849	4,136,441	4,165,987	4,203,780	4,228,131
Other	830,150	838,464	861,782	858,286	882,404	895,728	920,011	943,345	977,878	999,326
Total Current Assets	95,040,952	92,944,495	91,439,689	92,910,642	94,348,223	95,102,161	97,036,657	103,588,351	107,701,323	112,607,089
Non-Current Assets										
Investments	13,246,372	12,245,292	10,948,947	10,905,272	10,635,373	10,544,683	10,544,683	10,544,683	10,544,683	10,544,683
Receivables	599,715	610,088	625,090	617,704	632,897	648,470	664,433	680,796	697,567	714,759
Inventories	718,840	718,840	718,840	718,840	718,840	718,840	718,840	718,840	718,840	718,840
Infrastructure, Property, Plant & Equipment	1,911,774,630	1,896,002,861	1,880,659,209	1,864,682,992	1,846,384,485	1,831,654,110	1,817,192,294	1,799,651,927	1,784,519,847	1,768,634,459
Investments Accounted for using the equity method	167,000	167,000	167,000	167,000	167,000	167,000	167,000	167,000	167,000	167,000
Investment Property	17,195,000	17,195,000	17,195,000	17,195,000	17,195,000	17,195,000	17,195,000	17,195,000	17,195,000	17,195,000
Total Non-Current Assets	1,943,701,557	1,926,939,081	1,910,314,086	1,894,286,808	1,875,733,595	1,860,928,104	1,846,482,250	1,828,958,246	1,813,842,938	1,797,974,742
TOTAL ASSETS	2,038,742,509	2,019,883,576	2,001,753,775	1,987,197,450	1,970,081,819	1,956,030,265	1,943,518,907	1,932,546,597	1,921,544,261	1,910,581,831
LIABILITIES										
Current Liabilities										
Payables	17,964,644	16,746,241	17,098,227	17,458,666	17,365,893	17,873,685	18,132,037	18,263,323	18,766,323	19,044,281
Borrowings	10,982,740	10,812,106	11,030,499	9,813,089	8,260,628	6,365,565	4,616,085	4,258,495	3,976,339	3,094,389
Provisions	16,708,142	17,058,142	17,408,142	17,783,142	18,158,142	18,533,142	18,908,142	19,283,142	19,658,142	20,033,142
Total Current Liabilities	45,655,526	44,616,489	45,536,868	45,054,897	43,784,663	42,772,392	41,656,265	41,804,960	42,400,804	42,171,812
Non-Current Liabilities										
Payables	130,427	117,539	104,651	91,763	78,875	65,987	53,099	40,211	27,323	14,435
Borrowings	56,450,484	49,625,361	40,414,733	33,493,898	27,026,732	22,473,432	19,374,805	16,666,449	14,254,720	12,737,667
Provisions	14,723,858	14,723,858	14,723,858	14,723,858	14,723,858	14,723,858	14,723,858	14,723,858	14,723,858	14,723,858
Total Non-Current Liabilities	71,304,769	64,466,758	55,243,242	48,309,519	41,829,465	37,263,277	34,151,761	31,430,517	29,005,900	27,475,960
TOTAL LIABILITIES	116,960,295	109,083,247	100,780,110	93,364,416	85,614,128	80,035,669	75,808,026	73,235,478	71,406,704	69,647,772
Net Assets	1,921,782,215	1,910,800,329	1,900,973,665	1,893,833,035	1,884,467,691	1,875,994,596	1,867,710,881	1,859,311,120	1,850,137,557	1,840,934,059
EQUITY										
Retained Earnings	1,070,333,215	1,059,351,329	1,049,524,665	1,042,384,035	1,033,018,691	1,024,545,596	1,016,261,881	1,007,862,120	998,688,557	989,485,059
Revaluation Reserves	851,449,000	851,449,000	851,449,000	851,449,000	851,449,000	851,449,000	851,449,000	851,449,000	851,449,000	851,449,000
Council Equity Interest	1,921,782,215	1,910,800,329	1,900,973,665	1,893,833,035	1,884,467,691	1,875,994,596	1,867,710,881	1,859,311,120	1,850,137,557	1,840,934,059
Total Equity	1,921,782,215	1,910,800,329	1,900,973,665	1,893,833,035	1,884,467,691	1,875,994,596	1,867,710,881	1,859,311,120	1,850,137,557	1,840,934,059

Cash Flow Statement

Mid Coast Council
10 Year Financial Plan for the Years ending 30 June 2026
CASH FLOW STATEMENT - CONSOLIDATED

Scenario: 2016/2017 Day 1 Combined LTFP - Base Case	Projected Years									
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	86,253,683	88,221,034	90,710,252	91,819,733	92,365,495	94,740,208	96,893,750	99,098,199	101,345,083	103,645,980
User Charges & Fees	12,981,483	13,227,865	13,568,596	13,907,560	14,264,619	14,638,773	15,015,540	15,404,893	15,801,980	16,194,065
Interest & Investment Revenue Received	3,272,858	3,372,229	3,465,387	3,596,464	3,725,972	3,815,729	3,943,444	4,057,273	4,182,682	4,321,838
Grants & Contributions	44,593,793	34,386,458	33,863,424	36,142,875	34,942,687	34,903,271	35,378,079	35,686,187	36,090,554	36,543,571
Other	4,574,923	4,306,379	4,385,408	4,492,647	4,633,244	4,807,754	4,956,143	5,075,283	5,195,496	5,324,893
Payments:										
Employee Benefits & On-Costs	(49,301,682)	(51,312,067)	(51,590,380)	(53,033,044)	(54,094,589)	(55,677,619)	(57,308,898)	(58,990,631)	(60,762,872)	(62,532,623)
Materials & Contracts	(41,889,094)	(42,136,546)	(43,108,161)	(43,027,556)	(43,350,673)	(44,088,958)	(45,173,150)	(46,209,295)	(47,573,974)	(48,953,925)
Borrowing Costs	(3,894,076)	(3,763,764)	(3,352,318)	(2,896,976)	(2,396,696)	(1,966,978)	(1,625,057)	(1,438,316)	(1,315,726)	(1,204,496)
Bonds & Deposits Refunded	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Other	(13,337,535)	(13,408,997)	(13,845,178)	(14,269,721)	(14,919,282)	(15,155,186)	(15,586,356)	(16,072,436)	(16,838,772)	(17,099,551)
Net Cash provided (or used in) Operating Activities	43,204,353	32,842,591	34,047,029	36,681,982	35,120,777	35,966,995	36,443,495	36,561,156	36,074,452	36,189,753
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	1,054,417	3,700,874	4,792,434	161,461	997,783	335,270	-	-	-	247,970
Sale of Infrastructure, Property, Plant & Equipment	2,880,359	2,354,533	2,733,490	1,998,865	2,369,087	2,491,811	2,676,127	2,002,057	2,965,068	2,080,443
Payments:										
Purchase of Investment Securities	(1,641,842)	(1,740,154)	(1,863,830)	(1,404,105)	(1,960,608)	(781,855)	(1,198,437)	(3,293,692)	(2,637,441)	(2,221,733)
Purchase of Infrastructure, Property, Plant & Equipment	(44,128,567)	(30,614,371)	(30,960,627)	(29,552,505)	(28,443,084)	(31,669,201)	(32,702,029)	(29,277,536)	(32,614,441)	(31,239,426)
Net Cash provided (or used in) Investing Activities	(41,835,633)	(26,299,117)	(25,298,533)	(28,796,285)	(27,036,821)	(29,623,975)	(31,224,338)	(30,569,171)	(32,286,814)	(31,132,745)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	9,437,655	3,813,991	1,644,043	2,784,917	1,686,125	1,704,929	1,410,121	1,442,802	1,457,273	1,470,000
Payments:										
Repayment of Borrowings & Advances	(10,002,980)	(10,725,751)	(10,548,229)	(10,854,347)	(9,705,752)	(8,153,291)	(6,258,228)	(4,508,749)	(4,151,158)	(3,869,002)
Repayment of Finance Lease Liabilities	(80,132)	(83,997)	(88,050)	(68,814)	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(645,457)	(6,995,757)	(8,992,235)	(8,138,245)	(8,019,627)	(6,448,362)	(4,848,107)	(3,065,947)	(2,693,885)	(2,399,002)
Net Increase/(Decrease) in Cash & Cash Equivalents	723,264	(452,283)	(243,739)	(252,548)	64,328	(105,342)	371,049	2,926,038	1,093,752	2,658,005
plus: Cash, Cash Equivalents & Investments - beginning of year	3,833,433	4,556,697	4,104,414	3,860,675	3,608,128	3,672,456	3,567,114	3,938,163	6,864,201	7,957,954
Cash & Cash Equivalents - end of the year	4,556,697	4,104,414	3,860,675	3,608,128	3,672,456	3,567,114	3,938,163	6,864,201	7,957,954	10,615,959
Cash & Cash Equivalents - end of the year	4,556,697	4,104,414	3,860,675	3,608,128	3,672,456	3,567,114	3,938,163	6,864,201	7,957,954	10,615,959
Investments - end of the year	84,214,023	82,253,302	79,324,698	80,567,342	81,530,167	81,976,752	83,175,188	86,468,880	89,106,321	91,080,084
Cash, Cash Equivalents & Investments - end of the year	88,770,720	86,357,716	83,185,373	84,175,470	85,202,623	85,543,865	87,113,351	93,333,081	97,064,275	101,696,043
Representing:										
- External Restrictions	50,902,516	50,159,602	47,830,746	48,187,889	49,044,918	48,282,470	47,956,745	50,180,499	51,891,523	54,062,180
- Internal Restrictions	29,233,918	27,342,534	25,192,986	25,722,758	25,283,113	25,669,440	26,029,108	27,899,165	27,664,553	28,575,185
- Unrestricted	8,634,286	8,855,581	10,161,642	10,264,823	10,874,592	11,591,956	13,127,499	15,253,418	17,508,199	19,058,678
	88,770,720	86,357,716	83,185,373	84,175,470	85,202,623	85,543,865	87,113,351	93,333,081	97,064,275	101,696,043

Financial Performance Indicators

Mid Coast Council
10 Year Financial Plan for the Years ending 30 June 2026
FINANCIAL PERFORMANCE INDICATORS

Scenario: 2016/2017 Day 1 Combined LTFP - Base Case	Projected Years									
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Operating Performance Ratio	-12.43%	-11.68%	-10.72%	-10.25%	-10.48%	-9.50%	-9.39%	-9.24%	-9.59%	-9.48%
Own Source Operating Revenue Ratio	72.09%	76.56%	76.83%	75.83%	76.78%	77.22%	77.35%	77.63%	77.82%	77.99%
Unrestricted Current Ratio	1.99	1.99	1.92	2.01	2.14	2.29	2.51	2.71	2.78	2.94
Debt Service Cover Ratio	2.17	2.14	2.29	2.33	2.60	3.19	4.06	5.38	5.70	6.14
Debt Service Ratio	10.94%	11.15%	10.43%	10.17%	8.79%	7.15%	5.41%	3.95%	3.54%	3.21%

Scenario 4 - 2016-2017 Budget - Special Rate Variation (Consolidated Pre-Merger Budget) - 10 Year Financial Projections

Income Statement

Mid Coast Council
10 Year Financial Plan for the Years ending 30 June 2026
INCOME STATEMENT - CONSOLIDATED

Scenario: 2016/2017 Day 1 Combined LTFP - SRV	Projected Years									
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations										
Revenue:										
Rates & Annual Charges	86,371,761	90,821,613	95,168,653	99,642,350	104,236,197	107,001,319	109,442,087	111,961,089	114,528,848	117,159,264
User Charges & Fees	12,975,425	13,250,120	13,591,495	13,931,122	14,288,864	14,663,722	15,041,213	15,431,313	15,829,168	16,222,045
Interest & Investment Revenue	3,295,358	3,399,753	3,502,801	3,619,632	3,730,376	3,845,171	3,969,160	4,092,488	4,215,307	4,352,775
Other Revenues	4,175,997	4,342,327	4,461,579	4,610,220	4,758,754	4,912,575	5,028,785	5,148,480	5,273,701	5,316,419
Grants & Contributions provided for Operating Purposes	28,370,841	28,368,910	28,609,832	28,851,184	29,093,982	29,338,975	29,583,449	29,896,051	30,243,096	30,595,219
Grants & Contributions provided for Capital Purposes	12,981,753	5,096,350	5,295,610	7,499,627	5,748,358	5,553,203	5,860,434	5,810,111	5,892,287	5,997,027
Total Income from Continuing Operations	148,171,135	145,279,074	150,629,970	158,154,134	161,856,532	165,314,965	168,925,129	172,339,531	175,982,407	179,642,749
Expenses from Continuing Operations										
Employee Benefits & On-Costs	49,651,082	50,978,988	51,998,575	53,467,839	54,944,797	56,540,895	58,185,602	59,881,132	61,667,549	63,450,725
Borrowing Costs	3,893,085	3,727,858	3,303,779	2,852,840	2,352,439	1,931,054	1,598,164	1,421,408	1,300,886	1,191,287
Materials & Contracts	41,827,885	42,834,304	44,005,731	44,965,821	46,390,328	47,130,705	48,385,136	49,483,050	51,034,356	52,349,465
Depreciation & Amortisation	43,284,878	43,479,660	43,675,319	43,871,857	44,069,281	44,267,593	44,466,797	44,666,897	44,867,898	45,069,804
Other Expenses	13,337,349	13,409,351	13,845,542	14,270,095	14,968,578	15,205,754	15,638,231	16,125,652	16,893,363	17,155,556
Total Expenses from Continuing Operations	151,994,280	154,430,162	156,828,945	159,428,453	162,725,423	165,076,002	168,273,930	171,578,139	175,764,053	179,216,837
Operating Result from Continuing Operations	(3,823,145)	(9,151,089)	(6,198,975)	(1,274,318)	(868,891)	238,964	651,199	761,392	218,354	425,912
Net Operating Result for the Year	(3,823,145)	(9,151,089)	(6,198,975)	(1,274,318)	(868,891)	238,964	651,199	761,392	218,354	425,912
Net Operating Result before Grants and Contributions provided for Capital Purposes	(16,804,898)	(14,247,439)	(11,494,584)	(8,773,945)	(6,617,249)	(5,314,239)	(5,209,235)	(5,048,719)	(5,673,933)	(5,571,116)

Balance Sheet

Mid Coast Council
10 Year Financial Plan for the Years ending 30 June 2026
BALANCE SHEET - CONSOLIDATED

Scenario: 2016/2017 Day 1 Combined LTFP - SRV	Projected Years									
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS										
Current Assets										
Cash & Cash Equivalents	4,556,697	4,278,412	4,348,148	4,517,682	5,122,697	5,557,856	6,026,358	6,356,960	6,648,986	6,856,482
Investments	70,967,651	69,977,948	67,593,658	67,686,635	67,121,677	65,898,195	65,693,012	69,581,398	71,538,791	74,140,041
Receivables	14,679,847	14,121,337	14,553,360	15,199,273	15,515,642	15,825,871	16,160,490	16,464,952	16,800,700	17,056,651
Inventories	4,006,609	4,111,359	4,142,222	4,171,564	4,209,296	4,234,145	4,267,883	4,300,675	4,341,806	4,369,578
Other	830,150	846,190	869,841	891,257	923,936	938,251	963,528	987,905	1,023,519	1,046,463
Total Current Assets	95,040,952	93,335,245	91,507,229	92,466,410	92,893,248	92,454,318	93,111,272	97,691,890	100,353,802	103,469,215
Non-Current Assets										
Investments	13,246,372	12,119,012	10,398,162	9,593,041	8,289,949	7,148,296	6,192,282	5,938,722	5,173,008	4,758,786
Receivables	599,715	630,120	657,804	686,788	717,138	734,817	752,938	771,514	790,553	810,070
Inventories	718,840	718,840	718,840	718,840	718,840	718,840	718,840	718,840	718,840	718,840
Infrastructure, Property, Plant & Equipment	1,911,774,630	1,897,711,381	1,886,814,330	1,878,230,241	1,870,689,994	1,866,925,254	1,863,641,628	1,857,497,324	1,853,984,624	1,849,947,517
Investments Accounted for using the equity method	167,000	167,000	167,000	167,000	167,000	167,000	167,000	167,000	167,000	167,000
Investment Property	17,195,000	17,195,000	17,195,000	17,195,000	17,195,000	17,195,000	17,195,000	17,195,000	17,195,000	17,195,000
Total Non-Current Assets	1,943,701,557	1,928,541,353	1,915,951,136	1,906,590,910	1,897,777,921	1,892,889,207	1,888,667,689	1,882,288,400	1,878,029,025	1,873,597,213
TOTAL ASSETS	2,038,742,509	2,021,876,598	2,007,458,365	1,999,057,320	1,990,671,169	1,985,343,525	1,981,778,961	1,979,980,290	1,978,382,827	1,977,066,429
LIABILITIES										
Current Liabilities										
Payables	17,964,644	16,908,466	17,344,331	17,993,737	18,133,992	18,653,634	18,923,867	19,067,639	19,583,594	19,878,174
Borrowings	10,982,740	10,812,106	11,030,499	9,813,089	8,260,628	6,365,565	4,616,085	4,258,495	3,976,339	3,094,389
Provisions	16,708,142	17,058,142	17,408,142	17,783,142	18,158,142	18,533,142	18,908,142	19,283,142	19,658,142	20,033,142
Total Current Liabilities	45,655,526	44,778,714	45,782,971	45,589,968	44,552,762	43,552,342	42,448,095	42,609,276	43,218,075	43,005,706
Non-Current Liabilities										
Payables	130,427	117,539	104,651	91,763	78,875	65,987	53,099	40,211	27,323	14,435
Borrowings	56,450,484	49,625,361	40,414,733	33,493,898	27,026,732	22,473,432	19,374,805	16,666,449	14,254,720	12,737,667
Provisions	14,723,858	14,723,858	14,723,858	14,723,858	14,723,858	14,723,858	14,723,858	14,723,858	14,723,858	14,723,858
Total Non-Current Liabilities	71,304,769	64,466,758	55,243,242	48,309,519	41,829,465	37,263,277	34,151,761	31,430,517	29,005,900	27,475,960
TOTAL LIABILITIES	116,960,295	109,245,472	101,026,214	93,899,487	86,382,227	80,815,619	76,599,856	74,039,793	72,223,975	70,481,665
Net Assets	1,921,782,215	1,912,631,126	1,906,432,151	1,905,157,833	1,904,288,942	1,904,527,906	1,905,179,105	1,905,940,497	1,906,158,852	1,906,584,763
EQUITY										
Retained Earnings	1,070,333,215	1,061,182,126	1,054,983,151	1,053,708,833	1,052,839,942	1,053,078,906	1,053,730,105	1,054,491,497	1,054,709,852	1,055,135,763
Revaluation Reserves	851,449,000	851,449,000	851,449,000	851,449,000	851,449,000	851,449,000	851,449,000	851,449,000	851,449,000	851,449,000
Council Equity Interest	1,921,782,215	1,912,631,126	1,906,432,151	1,905,157,833	1,904,288,942	1,904,527,906	1,905,179,105	1,905,940,497	1,906,158,852	1,906,584,763
Total Equity	1,921,782,215	1,912,631,126	1,906,432,151	1,905,157,833	1,904,288,942	1,904,527,906	1,905,179,105	1,905,940,497	1,906,158,852	1,906,584,763

Cash Flow Statement

Mid Coast Council
10 Year Financial Plan for the Years ending 30 June 2026
CASH FLOW STATEMENT - CONSOLIDATED

Scenario: 2016/2017 Day 1 Combined LTFP - SRV	Projected Years									
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	86,253,683	90,566,162	94,923,716	99,389,702	103,976,084	106,845,353	109,301,524	111,816,167	114,381,000	117,007,795
User Charges & Fees	12,981,483	13,227,865	13,568,596	13,907,560	14,264,619	14,638,773	15,015,540	15,404,893	15,801,980	16,194,065
Interest & Investment Revenue Received	3,272,858	3,342,064	3,444,032	3,561,401	3,669,398	3,806,362	3,933,253	4,046,544	4,171,402	4,309,979
Grants & Contributions	44,593,793	34,386,458	33,863,424	36,142,875	34,942,687	34,903,271	35,378,079	35,686,187	36,090,554	36,543,571
Other	4,574,923	4,311,692	4,393,352	4,501,207	4,681,076	4,809,502	4,957,934	5,077,119	5,197,378	5,326,320
Payments:										
Employee Benefits & On-Costs	(49,301,682)	(51,368,704)	(51,648,575)	(53,092,839)	(54,569,797)	(56,165,895)	(57,810,602)	(59,506,132)	(61,292,549)	(63,075,725)
Materials & Contracts	(41,889,094)	(42,729,069)	(43,738,130)	(44,725,250)	(46,035,603)	(46,953,707)	(48,103,430)	(49,208,406)	(50,644,858)	(52,095,703)
Borrowing Costs	(3,894,076)	(3,763,764)	(3,352,318)	(2,896,976)	(2,396,696)	(1,966,978)	(1,625,057)	(1,438,316)	(1,315,726)	(1,204,496)
Bonds & Deposits Refunded	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Other	(13,337,535)	(13,408,055)	(13,845,154)	(14,269,696)	(14,968,169)	(15,205,334)	(15,637,799)	(16,125,207)	(16,892,907)	(17,155,086)
Net Cash provided (or used in) Operating Activities	43,204,353	34,514,649	37,558,944	42,467,984	43,513,598	44,661,346	45,359,441	45,702,849	45,446,275	45,800,720
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	1,054,417	4,167,717	6,361,778	2,976,436	4,817,375	4,220,557	3,534,268	937,381	2,830,755	1,531,326
Sale of Infrastructure, Property, Plant & Equipment	2,880,359	2,354,533	2,733,490	1,998,865	2,369,087	2,491,811	2,676,127	2,002,057	2,965,068	2,080,443
Payments:										
Purchase of Investment Securities	(1,641,842)	(2,050,654)	(2,256,638)	(2,264,292)	(2,949,326)	(1,855,422)	(2,373,071)	(4,572,207)	(4,022,433)	(3,718,355)
Purchase of Infrastructure, Property, Plant & Equipment	(44,128,567)	(32,268,773)	(35,335,601)	(36,871,214)	(39,126,092)	(42,634,771)	(43,880,155)	(40,673,532)	(44,233,753)	(43,087,637)
Net Cash provided (or used in) Investing Activities	(41,835,633)	(27,797,177)	(28,496,972)	(34,160,205)	(34,888,956)	(37,777,825)	(40,042,831)	(42,306,301)	(42,460,363)	(43,194,222)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	9,437,655	3,813,991	1,644,043	2,784,917	1,686,125	1,704,929	1,410,121	1,442,802	1,457,273	1,470,000
Payments:										
Repayment of Borrowings & Advances	(10,002,980)	(10,725,751)	(10,548,229)	(10,854,347)	(9,705,752)	(8,153,291)	(6,258,228)	(4,508,749)	(4,151,158)	(3,869,002)
Repayment of Finance Lease Liabilities	(80,132)	(83,997)	(88,050)	(68,814)	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(645,457)	(6,995,757)	(8,992,235)	(8,138,245)	(8,019,627)	(6,448,362)	(4,848,107)	(3,065,947)	(2,693,885)	(2,399,002)
Net Increase/(Decrease) in Cash & Cash Equivalents	723,264	(278,285)	69,737	169,534	605,016	435,159	468,503	330,601	292,026	207,496
plus: Cash, Cash Equivalents & Investments - beginning of year	3,833,433	4,556,697	4,278,412	4,348,148	4,517,682	5,122,697	5,557,856	6,026,358	6,356,960	6,648,986
Cash & Cash Equivalents - end of the year	4,556,697	4,278,412	4,348,148	4,517,682	5,122,697	5,557,856	6,026,358	6,356,960	6,648,986	6,856,482
Cash & Cash Equivalents - end of the year	4,556,697	4,278,412	4,348,148	4,517,682	5,122,697	5,557,856	6,026,358	6,356,960	6,648,986	6,856,482
Investments - end of the year	84,214,023	82,096,960	77,991,820	77,279,676	75,411,626	73,046,491	71,885,294	75,520,120	76,711,799	78,898,827
Cash, Cash Equivalents & Investments - end of the year	88,770,720	86,375,371	82,339,968	81,797,358	80,534,324	78,604,347	77,911,653	81,877,080	83,360,785	85,755,309
Representing:										
- External Restrictions	50,902,516	50,159,602	47,830,746	48,187,889	49,044,918	48,282,470	47,956,745	50,180,499	51,891,523	54,062,180
- Internal Restrictions	29,233,918	27,402,534	25,312,986	25,902,758	25,723,113	26,369,440	26,989,108	29,119,165	29,144,553	30,315,185
- Unrestricted	8,634,286	8,813,236	9,196,237	7,706,711	5,766,293	3,952,438	2,965,801	2,577,417	2,324,709	1,377,944
	88,770,720	86,375,371	82,339,968	81,797,358	80,534,324	78,604,347	77,911,653	81,877,080	83,360,785	85,755,309

Financial Performance Indicators

Mid Coast Council
10 Year Financial Plan for the Years ending 30 June 2026
FINANCIAL PERFORMANCE INDICATORS

Scenario: 2016/2017 Day 1 Combined LTFP - SRV	Projected Years									
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Operating Performance Ratio	-12.43%	-10.16%	-7.91%	-5.82%	-4.24%	-3.33%	-3.19%	-3.03%	-3.34%	-3.21%
Own Source Operating Revenue Ratio	72.09%	76.96%	77.49%	77.02%	78.47%	78.89%	79.02%	79.28%	79.47%	79.63%
Unrestricted Current Ratio	1.99	1.99	1.88	1.90	1.93	1.97	2.07	2.16	2.13	2.18
Debt Service Cover Ratio	2.17	2.27	2.55	2.75	3.30	4.05	5.20	6.92	7.43	8.04
Debt Service Ratio	10.94%	10.94%	10.09%	9.61%	8.08%	6.57%	4.97%	3.63%	3.25%	2.94%