

# LONG TERM FINANCIAL PLAN

# 2022-2032



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# Introduction

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

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

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

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



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

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

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

When developing the LTFP, consideration is given to:

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

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

The objectives of the Kempsey Shire Council LTFP are to:

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

# Current and Historical Financial Position

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

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

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

The Operating Performance Ratio improved in 2020-21 and exceeded the benchmark as detailed below. This improved result was principally due to the timing of operating grant funding relating to Natural Disaster Recovery, rather than any permanent underlying financial improvements.

## 1. Operating performance ratio



**Source:** 2020-21 Annual Report.

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

## Audited Financial Position

Council's audited financial reports for the year ended 30 June 2021 provide the starting point for reviewing the LTFP. The following tables summarise Council's most recently audited financial position:

Income Statement	2020-21	2019-20 Restated
	\$'000	\$'000
Income	99,686	89,837
Expenses	78,577	83,291
Net Operating Result for the Year	21,109	6,546
Net Operating Result before Grants and Contributions provided for Capital purposes	(658)	(8,125)

Statement of Financial Position	2020-21	2019-20 Restated
	\$'000	\$'000
Total Assets	1,217,785	1,157,782
Total Liabilities	92,752	57,222
Total Equity	1,125,033	1,100,560

Statement of Cash Flows	2020-21	2019-20
	\$'000	\$'000
Cash, Cash Equivalents and Investments - Opening Balance	55,068	53,259
Cash, Cash Equivalents and Investments - Closing Balance	87,987	55,068
Movement for Year	32,919	1,809

**Note:** The above tables reflect consolidated financial results.

## Financial Performance Indicators

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

Indicator	2020-21	2019-20 Restated	Benchmark
Operating performance ratio	2.7%	(6.7)%	> 0%
Own source operating revenue ratio	63.7%	67.2%	> 60%
Unrestricted current ratio	2.72	1.69	> 1.5
Debt service cover ratio	4.70	3.75	> 2.0
Rates and annual charges outstanding ratio	8.3%	10.3%	< 10%
Cash expense cover ratio	10.17	10.76	> 3.0
Building and infrastructure renewal ratio	37.5%	77.8%	> 100%
Infrastructure backlog ratio	8.9%	9.8%	< 2%
Asset maintenance	94.1%	86.9%	> 100%

**Note:** The above indicators reflect consolidated results.

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

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

Financial sustainability is a key issue for a number of NSW councils regardless of their size or location (urban vs regional vs rural). Reported financial results have deteriorated across the sector over the past three years with the State wide General Fund operating result (before capital grants and contributions) declining from a \$49M surplus (2018-19) to a \$332M deficit<sup>1</sup> (2020-21). It should be noted that the impacts of COVID-19 will have contributed to this deteriorating result.

## Longer Term Financial Position

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

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

On a consolidated basis, modest operating surpluses are initially forecast within the 10-year LTFP before deficits are recorded from 2024-25 onwards due to escalating losses in the General Fund. Higher fees and charges, as detailed within Council's Revenue Policy and Schedule of Fees and Charges, have been forecast to generate additional cash reserves, which along with additional borrowings are required to fund a large capital program focussed on renewing long-life aging Water and Sewer infrastructure across the region. The LTFP forecasts accumulated General Fund Net Operating Deficits of \$41M (excluding Capital Grants and Contributions) from 2022-23 to 2031-32. This forecast result is consistent with actual historical financial results and represents current operating revenue and expenditure levels.

The 2022-23 year has an unusually large capital program across all three funds. Further to the large capital program in Water and Sewer, General Fund has a number of large grant funded projects, which have been driven by recovery funding from the bushfires, floods and COVID-19.

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<sup>1</sup> Excludes IPP&E fair value movements through the income statement (as per LG Debits and Credits April 2021)  
Kempsey Shire Council | Long Term Financial Plan 2022-2032

## Financial Sustainability

In response to ongoing net operating deficits, Council developed a Financial Sustainability Strategy to deliver a step change to the underpinning fundamentals of Council and deliver long term financial sustainability. This strategy and the associated Financial Sustainability Roadmap were adopted by Council in April 2019.

The key objectives of the adopted Financial Sustainability Strategy were to:

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

Council's Financial Sustainability Strategy and Financial Sustainability Roadmap identified 28 key initiatives designed to deliver long term financial sustainability and were organised into 3 core themes as summarised below.

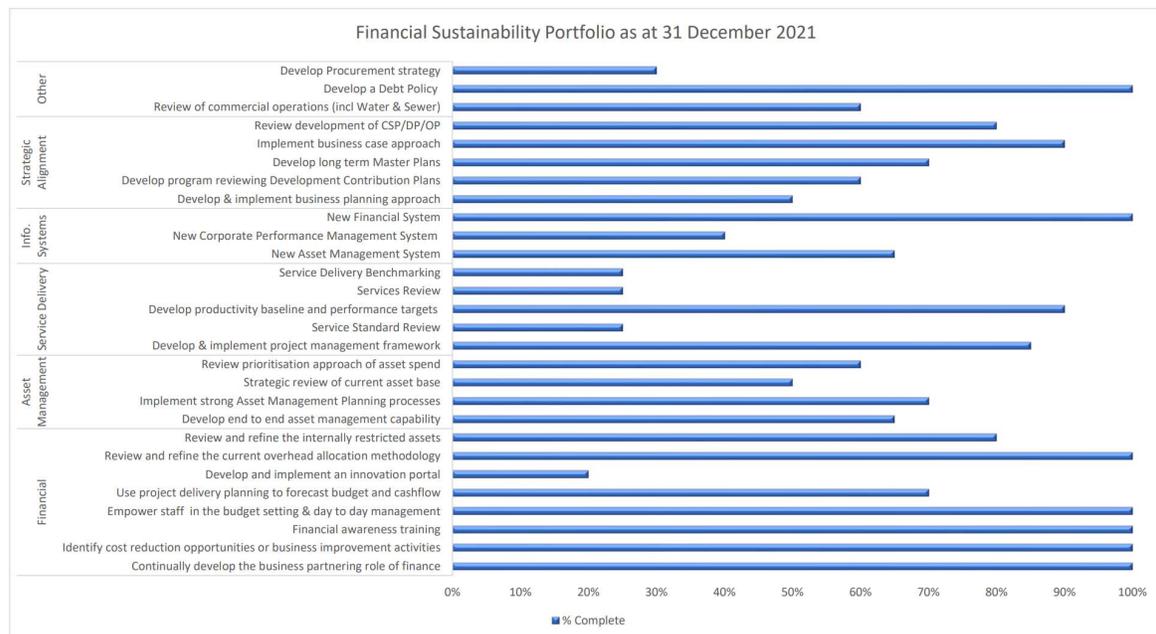
**Figure 1: Financial Sustainability Strategy core themes**



A financial sustainability program steering committee, chaired by the General Manager, was established to oversee the implementation of the strategy and the roadmap initiatives. Strong progress in implementing the various financial improvement initiatives has been made since the strategy was adopted across the following key categories of the financial sustainability strategy and associated roadmap:

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

Updates on the progress of implementing the Financial Sustainability Strategy have been reported to Council on a quarterly basis. A number of financial sustainability initiatives have progressed to the point of being either complete or have become part of normal operations and where continuous improvement in these areas is now a normal part of business-as-usual activity. There are longer term initiatives that continue to progress as planned, such as asset management capability and water and sewer business planning and strategic alignment initiatives, including the next term of council's IP&R documents (of which this document is part of). The picture below depicts the status of these initiatives as at 31 December 2021, as reported to the February 2022 Ordinary Meeting of Council.



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

- Implementation of a new finance system.
- Substantially improved budgeting and forecasting processes.
- Significantly improved financial management reporting to budget owners, the Executive Leadership Team and Council, enabling improved financial understanding, budget management and decision making.
- Implementation of asset management improvements, including strategy, increasing internal capability and systems to improve asset data capture and reporting.
- Implementation of a Project Management Office, including the development of a project management framework to assist in project prioritisation, governance and reporting related to project delivery and the establishment of a team of skilled project managers to deliver Council's significant capital program.
- A range of process improvements and training leveraging existing technologies.
- Engagement of an external investment advisor to better manage Council's cash and investments.
- Improved management of Council's commercial businesses resulting in Kempsey Regional Saleyards being leased to a private operator and significant capital and operating improvements to the Council's Macleay Valley Coast Holiday Parks.
- Significantly increased integration in Council's annual strategic planning processes.

- Development of master plans and key strategies.
- Establishment of a highly functioning internal audit function and Audit, Risk & Improvement Committee.

Additionally, the implementation of the organisational transformation program, that was endorsed by Council in 2017 and commenced with the recruitment of the new Executive Leadership Team in 2018, over the past 5 years has delivered significant operational performance improvements, including:

- Stronger working relationships with the elected council representatives.
- Increased community satisfaction with council's performance and services.
- Increased employee engagement outcomes and improved organisational culture (as recognised with being awarded the Employer of Choice at the 2019 and 2021 Macleay Valley Business Awards).
- Greater financial management understanding and awareness.
- Improved risk management and corporate governance.
- Significantly improved work, health and safety outcomes – resulting in our employees being safer and lower costs through workers compensation claims and premiums.
- Better asset management practices leading to improved financial performance, better asset decision making, a decrease in risk, an improvement in service outcomes, and therefore maximising the assets contribution to the community.
- Technology improvements across organisation.
- A 40% reduction in Executive Leadership Team positions (five reduced to three) and 38% reduction in Senior Leadership Team positions (18 reduced to 13).

Despite these improvements being implemented and cost savings in a number of areas being achieved, Council is still forecasting General Fund operating deficits into the future. This can be attributed to several key factors such as:

- Costs growing at a faster rate than income. This is due to the following factors:
  - Council's rate revenue within the General Fund is pegged each financial year with the rate peg representing the maximum percentage amount councils may increase their general income in any given financial year. Councils must not increase their general income by more than the rate peg unless IPART approves a special variation. Rate pegs have been historically low with councils across NSW and peak Local Government Industry bodies for many years expressing concern around the methodology of rate pegging. Of particular note, the announced rate peg for 2022-23 was only 0.7% (0.8% for Kempsey Shire Council inclusive of a 0.1% population growth rate). In response to widespread industry feedback on the inappropriateness and significant detrimental impacts of the announced rate peg for 2022-23, Councils were permitted to submit an Additional Special Variation (ASV) to IPART to adjust the rate peg to the greater of the budget assumption in council's 2021-22 LTFP, or 2.5%. Given the impact of the lower rate peg on Council's forward financial position, Council submitted an ASV for an additional 1.2% and if successful, this will increase the rate peg to 2% for 2022-23. The outcome of this application will be known after this paper is published. The LTFP and budget for 2022-23 assumes that the application will be successful. As detailed in the following sections of the LTFP, we have conservatively assumed a rate peg of 2.5% over the remainder of the 10-year LTFP.
  - Labour costs represent 36% of council's total costs, and even without any growth in underlying employee numbers, increase at a rate greater than the rate peg. Council's labour costs are forecast in line with the Local Government (State) Award 2020 and

then at 3% over the life of the LTFP, both in excess of the future rate peg.

- Other costs growing at rates significantly in excess of the rate peg in recent years with a continued outlook for high inflation in coming years. The All Groups CPI (ABS Cat No 6401.0) for the year ended 30 June 2021 was 3.8%. CPI for 2021-22 is forecast to be 4.2%, with the 2022-23 forecast at 4.5%. The CPI rates compare unfavourably to the approved rate pegs for these years of 2% and 0.7%, respectively.
- The absence of, and limited opportunity to develop, own source revenue streams. While Council has several commercial businesses, these are:
  - either loss making or have limited ability to generate operating surpluses (e.g. Kempsey Airport, Kempsey Regional Saleyards, Slim Dusty Centre, Commercial Waste operations); or
  - require funds to be ringfenced with profits maintained in reserves with restrictions as to how those funds can be used (e.g. Macleay Valley Coast Holiday Parks and Domestic Waste Operations).
- The need for continued greater investment in key functions such as asset management, project management resourcing, strategic planning, risk management, internal audit, community engagement, information technology and cyber security. Historically, limited funds were allocated to these functions. Appropriate funding has been included within the LTFP in relation to these important corporate governance related functions. However, this results in an increased operating cost base going forward.
- Increasing borrowing costs due to the combination of both forecast increased borrowings and the increasing cost of debt as interest rates shift upwards. Given the projected future operating deficits, Council will not generate sufficient cash flows to fund all of its projected capital expenditure and consequently, a portion of the annual capital program will need to be funded through loan borrowings. The LTFP forecasts General Fund borrowings of approximately \$50M over the 10-year period. This level of borrowings combined with higher borrowing / interest rates results in projected annual borrowing costs increasing from around \$356k in 2022-23 to \$2.3M in 2031-32.

Continuing to forecast General Fund operating deficits into the future is not sustainable. To address these projected deficits a revised 'Financial Sustainability Program' has been developed to focus on the critical items that will deliver the step change in performance needed to return Council's General Fund to a financially sustainable position. The revised Financial Sustainability Program remains aligned to the key objectives of the Financial Sustainability Strategy adopted by Council in 2019, as detailed earlier within this document.

The revised Financial Sustainability Program is largely focused on the General Fund given the large operating deficits forecast for that fund going forward. As detailed in the financial forecasts attached as appendices to this LTFP, both the Water and Sewer Funds are projecting operating surpluses over the next 10 years. Additionally, the development of the Integrated Water Cycle Management (IWCM) plan, which is currently being developed, will address the future planning, including financial sustainability, needed in relation to these two funds.

Appendix 1 contains the detailed Financial Sustainability Program actions which will be reported on a quarterly basis to Council. The Financial Sustainability Program actions have been organised in accordance with the three core themes from the Financial Sustainability Strategy adopted in April 2019 (as noted in the chart on page 8), being:

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

Some actions from the adopted Financial Sustainability Strategy have been carried forward and

included within the revised Financial Sustainability Program, where they have been identified as a priority future action to address Council’s financial sustainability issues.

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

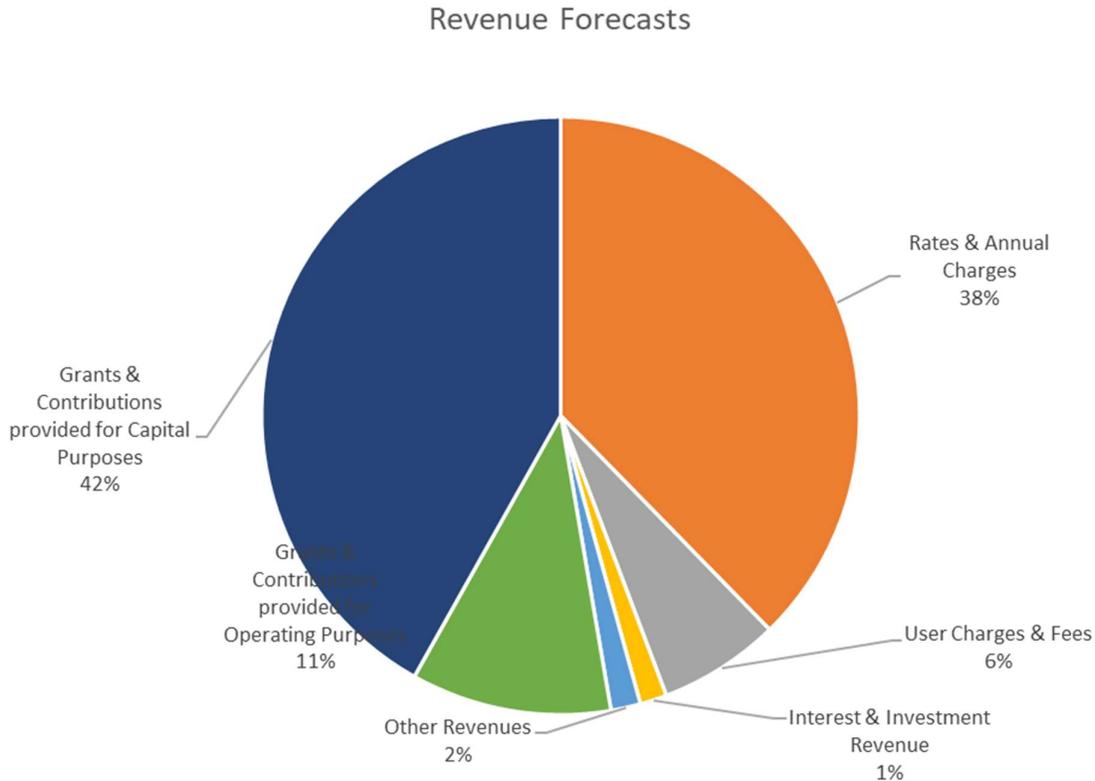
## Assumptions

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

Planning Assumption	Assumption Basis
Population	Population growth within the local government area has been forecast to remain static over the life of the LTFP. This is a conservative financial planning assumption for the purpose of the LTFP and is consistent with IPART population growth factor assumptions.
Economic Growth	Economic growth within the local government area has been forecast to remain static over the life of the LTFP. This is a conservative financial planning assumption for the purpose of the LTFP.
Inflation	<p>The LTFP assumes a CPI range published by the RBA for 2023-24 and 2024-25 of 4.3% and 2.9% respectively. Beyond 2024-25 a standard 2.5% CPI rate has been applied across the remaining years of the LTFP.</p> <p>Wages beyond the three-year period of the Local Government (State) Award 2020 have been forecast to grow by 3.0% year on year for all ten years.</p> <p>Rates have been forecast to grow at 2.5% for all years after the 2022-23 year.</p> <p>Discretionary fees and charges have been forecast to increase at CPI.</p>
Interest Rate Movements	While there is an expectation that interest rates will increase in the medium term, borrowing costs have been estimated at between 4% and 6% for all new loans. Existing loans are forecast at their existing rate.

## Revenue Forecasts and Assumptions

The following chart shows the composition of Council’s revenue for 2022-23 and provides an indication of the reliance on the various revenue streams.



Key revenue related assumptions within the LTFP include the following:

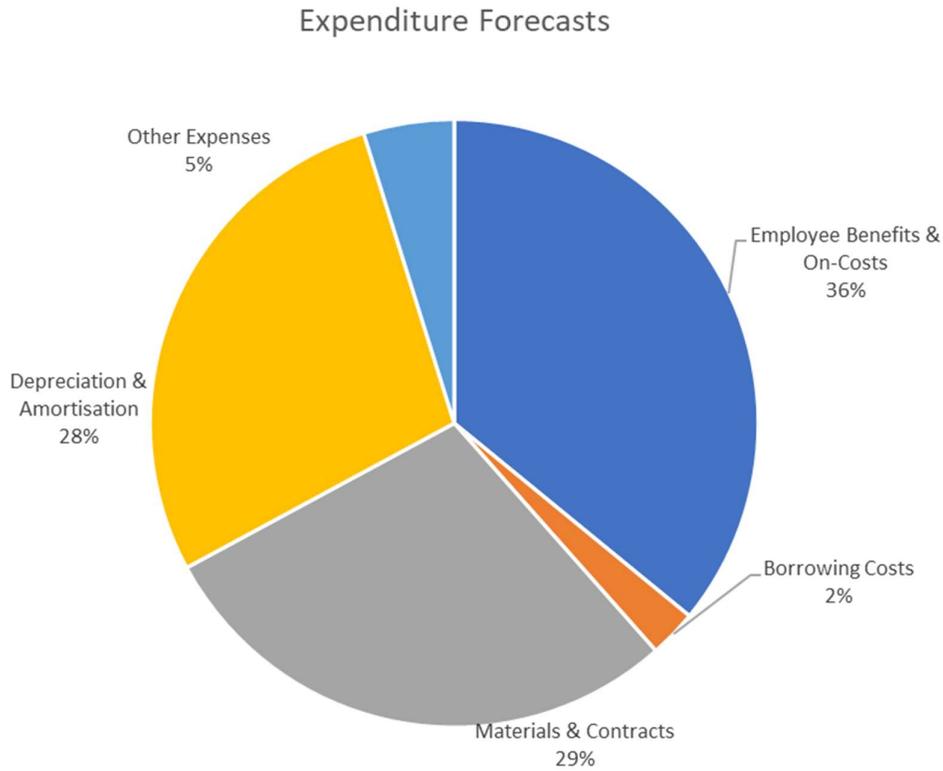
Revenue area	Assumption Basis
Rates and Annual Charges	Rating is a major component of Council’s revenue base, comprising of approximately 38% of Council’s revenue. It has been assumed that a continuation of the Environmental Levy Special Rate Variation, which is due to expire 30 June 2028, is approved.
(i) General Fund	<p>In 2022-23 the LTFP assumes Council will be granted a 2% rate peg once the additional special variation (ASV) of 1.2% is approved by IPART. From 2023-24 onwards, a rate peg amount of 2.5% has been assumed.</p> <p>Scenarios 1 and 2 assume Special Rate Variations (SRV) over a one and three-year timeframe starting from 2024-25. The scenarios are illustrative only and show what price increases would be required to bring the General Fund Net Operating Result (excluding Capital Grants and Contributions) from a deficit back to varying levels of surplus.</p> <p>Scenario 3 shows the impact of a one-year SRV if Council were to keep capital expenditure to at least 1.5 times depreciation levels. This is to illustrate the impact on rate increases if Council attempts to reduce our infrastructure backlog.</p>
(ii) Water Fund	An increase of 2.75% (which is lower than current CPI forecasts of 4.2%) has been assumed in the 2022-23 year and continues with CPI increases thereafter.
(iii) Sewage	An increase of 5.5% has been assumed for the 2022-23 year and then reverts to

Revenue area	Assumption Basis
Fund	CPI increases thereafter.
User Charges and Fees	Council annually establishes its fees and charges in accordance with the provisions of the <i>Local Government Act 1993</i> . A review of fees and charges has been undertaken with most fees and charges increasing at or around the CPI assumption of 2.75% <sup>2</sup> . Some fees and charges remained at 2021-22 levels due to legislative or other reasons, while certain categories of fees and charges increased by greater than CPI to reflect the cost of providing the service.
Grants – Operating and Capital	Council receives general purpose Financial Assistance Grants from the Commonwealth Government along with other grants and subsidies specific to programs. The LTFP assumes that the Federal Government Financial Assistance Grants and the Roads to Recovery Program will continue indefinitely based on the current arrangements. Other specific project grant income is included in the LTFP according to the year that the grant is forecast to be received and expended.
Interest on Investments	Interest on investments will vary depending on the amount of Council investments at any point in time. The LTFP calculates the interest on investments based on an average of the beginning and ending investment balance in any one year. An assumed interest rate of 1.3%, increasing to 3.3% over the ten-year life of the LTFP, has been applied to all of Council's investments.
Other Revenues	Other revenue income has been budgeted based on increases in line with the CPI forecast.

<sup>2</sup> Council assumed a CPI rate for 2022-23 of 2.75% when setting the draft fees and charges. Since the draft fees and charges were placed on public exhibition, the RBA has forecast CPI for the 2022-23 year to be 5.5%. Given these fees and charges were publicly exhibited at the lower rate and taking into consideration increased cost of living pressures the fees and charges have not been increased to reflect the higher forecast CPI rate for 2022-23.

## Expenditure Forecasts and Assumptions

The following chart shows the composition of Council's expenditure for 2022-23. Much of Council's expenditure is regular and on-going.



Key expenditure related assumptions within the LTFP include the following:

Expenditure area	Assumption Basis
Employee Costs	Employee costs cover wages, all leave types, training, superannuation, and associated costs. The LTFP assumes growth in employee costs in accordance with the Local Government (State) Award 2020 plus 0.5% for salary progression for the 2022-23 and 2023-24 financial years and then 3.0% per annum over the remaining life of the LTFP.
Materials and Contracts	Materials and contracts costs cover all materials used in operational activities and major ongoing operational contracts, such as the domestic waste contract. These costs have been held at 2021-22 cost level in the 2022-23 year and then CPI has been applied for the remaining years. Holding these costs steady in the 2022-23 year enforces an efficiency target on Council to find savings across all ten years.
Depreciation	Council is required to revalue its assets on a five-year rolling program and as a result the LTFP assumes a CPI depreciation increase each year to account for increased replacement costs which are a factor in the asset revaluations. New asset depreciation has also been factored in to the LTFP. Improvements in the accuracy of our asset management data means Council has and will continue to refine its depreciation budget.
Borrowing Costs	Borrowing costs for each of Council's current loans have been calculated for each year and included in the LTFP. Borrowing costs for new loans assume an interest rate ranging from 4% to 6%.
Other Expenses	Generally, other expenses have been budgeted to increase in line with the CPI forecast.

# Scenarios and Sensitivities

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

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

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

The following includes key areas of assumptions for potential impact in the 2022-32 LTFP.

## Rates and Annual Charges

Rates and annual charges make up approximately 38% of the budgeted 2022-23 operating revenue for Council. Council is generally limited to a maximum increase for Rate and Annual Charges in line with the rate peg limit determined by the Independent Pricing and Regulatory Tribunal (IPART) unless approval is given for a Special Rate Variation (SRV) for General Fund rate income.

## Grants and Contributions

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

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

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

## Employee Expenses

Employee costs make up 36% of the projected 2022-23 operating expenditure. This is reflective of the service-based nature of a significant proportion of Councils activities as well as the construction and maintenance of the considerable infrastructure owned and operated by Council.

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

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

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

## **Materials and Contracts**

Materials and contracts make up a significant portion of projected 2022-23 operating expenditure. This is reflective of the considerable number of assets maintained by the Council and places the Council under considerable pressure from rising material costs including fuel. Any major unplanned events that increase these costs will also impact on the LTFP. Local government expenditure usually includes relatively high levels of materials and contracts expenditure. This places the Council under considerable pressure if things such as oil prices rise which impacts on both fuel and material prices. In addition, any new assets constructed or acquired will also increase material and contracts expenditure due to increased maintenance requirements.

## **Council Capital Works Program**

The capital works program reflected in the LTFP is particularly sensitive to changes in the construction index. The construction index measures changes over time in the price of new construction, other than houses. Given that the renewal and construction of new infrastructure forms a substantial proportion of the budget any variations in the underlying pressures have the potential to significantly impact on Councils LTFP and/or the ability to deliver the capital works program.

## **Scenarios**

Several scenarios have been included within Appendix 6 of the LTFP. These scenarios, as detailed in the table below, relate to the General Fund and are projections only.

Scenario	Description	Rationale
<b>Proposed case</b>	Proposed case as per budget and LTFP assumptions	Scenario representing the current best estimate of actual revenue and expenditure forecasts. This is based on a 2.0% rate peg and assumes Council will be successful in its ASV submission.
<b>Scenario 1</b>	Uses the proposed case as the base case and assumes a one-off Special Rate Variation (SRV) of 21% plus a 2.5% rate peg, totalling a 23.5% increase in the 2024-25 year. Rate increases then return to a 2.5% assumed rate peg increase thereafter.	Represents a one-off rate increase required to return the General Fund from the current proposed position to an average surplus of \$1.5M in the years after the SRV.
<b>Scenario 2</b>	Uses the proposed case as the base case and assumes a 3-year Special Rate Variation (SRV) of 9% plus a 2.5% rate peg, totalling a 11.5% increase per annum starting in the 2024-25 financial year and finishing at the end of the 2026-27 financial year. Rate increases then return to a 2.5% assumed rate peg increase thereafter.	Represents rate increases over a 3-year period to return the General Fund from the current proposed position to an average surplus of \$1.5M in the years after the SRV.  The scenarios equate to a rate sensitivity of about 2.5% for every \$0.5M in deficit or surplus when compared to Scenario 1.
<b>Scenario 3</b>	Uses the proposed case as the base case but increases capital expenditure to a minimum of 1.5 times the forecast depreciation levels. A one-off Special Rate Variation (SRV) is then calculated and equates to 26% plus a 2.5% rate peg, totalling a 28.5% increase in the 2024-25 year. Rate increases then return to a 2.5% assumed rate peg increase thereafter.	Represents estimated capital expenditure required if Council intends to reduce its infrastructure backlog over the next 10 years. The increased capital expenditure amounts to \$44M in this scenario.  The projected increased capital expenditure requires Council to increase borrowings to fund the spend. This in turn increases total borrowing costs in the income statement and worsens the deficit. Consequently, the rate increase in this scenario is greater than that assumed in scenario 1.  The rate increase represents a one-off rate increase required to return the General Fund from the current proposed position to an average surplus of \$1.5M in the years after the SRV.

The scenarios have been included in the LTFP for illustrative purposes only to demonstrate the increase that would be required, outside of other financial improvement strategies, to reduce the forecast General Fund operating deficit back to a modest budget position.

As detailed above, it is expected that Council's Financial Sustainability Program will deliver efficiencies and operating expenditure reductions in future years, however, the extent of these are difficult to accurately quantify. Several other strategies to address the Operating Deficit will continue to be

investigated over the course of 2022-23 before any of the scenarios are recommended.

If Council were to proceed with any of the SRV scenarios a significant amount of community engagement would be carried out as part of any Special Rate Variation application process.

# Appendix 1

## General Fund Financial Sustainability Program – Key Initiatives

#	Theme	Program	Initiative(s)	Outcome(s)	2022-23 DP/OP Action	Timing	Responsible Department
1	Delivering Best Value to our Community	Asset management	Implementation of actions identified within Council's adopted Strategic Asset Management Plan (SAMP)	Better asset management practices that lead to improved financial performance, better asset decision making, a decrease in risk, an improvement in service outcomes, and therefore maximising the assets contribution to the community	LE.OP22 <sup>1</sup>	2022-26	Strategic & Asset Planning
2	Delivering Best Value to our Community	Service reviews	Development and implementation of a prioritised service review framework	A service review process that ensures service delivery is undertaken in the most efficient and effective manner, demonstrating value for money to the community	LE.OP16	2022-23	Corporate Performance
3	Excellence in Financial Management	Treasury management	<ol style="list-style-type: none"> <li>1. Establish and adopt a Restricted Assets policy</li> <li>2. Develop a Debt Policy outlining how debt will be used, linking intergenerational equity and the consumption of assets across the useful life</li> <li>3. Develop an Investment Strategy that outlines</li> </ol>	<ol style="list-style-type: none"> <li>1. An appropriate level of cash and reserves is available to fund working capital requirements and internally restricted reserves are supported by Council resolutions to ensure optimal use of available cash</li> <li>2. The use of debt is understood and</li> </ol>	LE.OP22 <sup>1</sup>	2022-23	Financial Services

#	Theme	Program	Initiative(s)	Outcome(s)	2022-23 DP/OP Action	Timing	Responsible Department
			how Council will invest available resources	accepted by Council and the community as a way of funding long term assets that are consumed by current and future residents, thereby balancing asset costs across generations 3. Investment strategy is developed that maximises the investment returns to Council			
4	Excellence in Financial Management	Grants	Grant funding strategy, policy and framework is developed to clearly align with long-term financial sustainability objectives	All grant applications are prioritised, align with adopted Delivery Programs and Operational Plans, consider impact on the LTFP and are approved by ELT, and where required Council, prior to submission	LE.OP22 <sup>1</sup>	2022-23	Financial Services
5	Striving to Deliver Better Practices	Own source revenue	Investigate opportunities for new and increased own source revenue streams	New or increased own source revenue streams are identified and subject to assessment and appropriate approval processes implemented to increase income and reduce the operating deficit	LE.OP22 <sup>1</sup>	2022-23	Commercial Business
6	Excellence in Financial Management	Corporate governance	Audit, Risk & Improvement Committee (ARIC) scope is extended to include an increased	ARIC plays an active governance role in the delivery of Council's Financial Sustainability	LE.OP15	2022-23	Director Corporate & Commercial and Internal

#	Theme	Program	Initiative(s)	Outcome(s)	2022-23 DP/OP Action	Timing	Responsible Department
			focus on longer term financial sustainability outcomes	Program			Audit
7	Delivering Best Value to our Community	Community surveys	Future community surveys have an expanded focus on financial sustainability and associated impacts	Community survey feedback provides meaningful input into the development of future of Financial Sustainability Programs	LE.OP22 <sup>1</sup>	2022-23	Corporate Performance
8	Excellence in Financial Management	Financial management	Continuous improvements are made to Council's budgeting and forecasting processes	Surplus budgets are progressively worked towards; the capital program is sized appropriately to meet the capability and capacity of the workforce; and asset renewal and maintenance is prioritised over new builds within the budget in accordance with the SAMP	LE.OP22 <sup>1</sup>	2022-23	Corporate Performance
9	Striving to Deliver Better Practices	Innovation portal	Develop and implement an innovation portal to allow capture and refinement of business improvement initiatives from staff across the organisation, inclusive of cost reduction opportunities.	Innovation is seen as a key attribute across Council, staff are empowered to identify and nominate improvement opportunities and the improvements are delivering value across the organisation.	LE.OP22 <sup>1</sup>	2023-24	Corporate Performance
10	Delivering Best Value to our Community	Procurement & Contract Management	1. Develop a procurement strategy to support sustainable service delivery, reduction in 3rd party	Improved supplier relationships and management, and reduced procurement and contract management risks, while	LE.OP11	2022-23	Financial Services

#	Theme	Program	Initiative(s)	Outcome(s)	2022-23 DP/OP Action	Timing	Responsible Department
			costs and improved supplier relationships 2. Implement a contract management framework to support sustainable service delivery, reduction in 3rd party costs and improved supplier relationships	driving down 3 <sup>rd</sup> party spend			
11	Delivering Best Value to our Community	Development Contribution Plans	Develop rolling program of review and refinement of Developer Contribution Plans to ensure future development pays for growth related infrastructure.	Developer Contribution Plans are in place, up to date and balance the future costs of asset provision between the existing and future populations	LE.OP22 <sup>1</sup>	2022-23	Strategic & Asset Planning
12	Striving to Deliver Better Practices	Project Management	Embed the Project Management Office (PMO) and improve project management outcomes across the organisation	Improved project management resulting in the delivery of projects on time, within budget and to the quality standard required	LE.OP22 <sup>1</sup>	2022-23	Corporate Performance
13	Delivering Best Value to our Community	Organisational structure	Undertake a review of the organisational structure	Council's organisational structure balances the objectives of delivering services to the community at the cost, quality and frequency they desire, and support the health, well-being and overall engagement of Council's employees, while being	LE.OP22 <sup>1</sup>	2022-23	Organisational Development

#	Theme	Program	Initiative(s)	Outcome(s)	2022-23 DP/OP Action	Timing	Responsible Department
				financially affordable			
14	Delivering Best Value to our Community	Special Rate Variation (SRV)	Commence planning for a SRV application to IPART to address Council's underlying financial sustainability issues	A detailed SRV report, detailing available options including potential rate rises and/or service reductions is reported to Council	LE.OP22 <sup>1</sup>	2022-23	Corporate Performance

Notes:

1. These Financial Sustainability Program actions do not have specific Operational Plan actions, but rather fall within the financial sustainability related action, LE.OP22: *Implement financial sustainability strategies, initiatives and actions as detailed within the Long Term Financial Plan.*
2. There are a number of other initiatives that are in the process of being delivered as part of existing business as usual activities. Other initiatives may be introduced into the Financial Sustainability Program as and when they are identified as being a priority.

# Appendix 2

## Ratios

**Kempsey Shire Council**  
**10 Year Financial Plan for the Years ending 30 June 2032**  
**KEY PERFORMANCE INDICATORS - CONSOLIDATED**  
**Scenario: Proposed**

		Current Year 2021/22	Projected Years									
			2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Council's Target Benchmarks</b>												
<b>New Note 13 Ratios</b>												
Operating Performance Ratio 1)	Snapshot											
	Actual Ratio	1.58%	2.28%	1.73%	-0.74%	-2.32%	-4.36%	-4.24%	-4.36%	-3.81%	-3.72%	-3.59%
Own Source Operating Revenue Ratio 1)	Snapshot											
	Actual Ratio	56.31%	51.57%	72.71%	73.28%	79.74%	79.80%	79.94%	80.05%	80.15%	80.26%	80.37%
Unrestricted Current Ratio	Snapshot											
	Actual Ratio	2.31	0.88	-1.82	-2.65	-3.43	-4.45	-4.86	-5.24	-5.49	-5.73	-5.99
Debt Service Cover Ratio 1)	Snapshot											
	Actual Ratio	3.86	4.19	3.40	2.63	2.14	1.79	1.81	1.88	2.05	2.04	2.03
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	Snapshot											
	Actual Ratio	8.89%	8.82%	8.81%	8.79%	8.78%	8.78%	8.78%	8.78%	8.78%	8.78%	8.78%
Cash Expense Cover Ratio 1)	Snapshot											
	Actual Ratio	1.41	1.39	1.38	1.29	1.22	1.14	1.12	1.10	1.09	1.06	1.03

1) **different** Calculation to TCorp's calculation for same ratio

## Appendix 3

### Income Statement

#### Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2032

#### INCOME STATEMENT - CONSOLIDATED

Scenario: Proposed

	Actuals	Current Year	Projected Years									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income from Continuing Operations</b>												
<b>Revenue:</b>												
Rates & Annual Charges	43,428	45,780	47,532	49,069	51,125	52,457	53,768	55,112	56,490	57,902	59,350	60,834
User Charges & Fees	17,313	18,651	19,385	20,219	20,805	21,377	21,912	22,460	23,021	23,597	24,186	24,791
Other Revenues	2,193	2,270	2,024	2,049	2,108	2,166	2,220	2,276	2,333	2,391	2,451	2,512
Grants & Contributions provided for Operating Purposes	14,377	18,525	13,672	11,890	12,135	12,237	12,656	12,857	13,178	13,508	13,846	14,192
Grants & Contributions provided for Capital Purposes	21,767	33,673	52,797	15,620	15,485	7,536	7,600	7,665	7,731	7,800	7,870	7,941
Interest & Investment Revenue	608	577	1,830	1,964	1,697	1,833	2,140	1,950	2,055	2,141	2,316	2,479
<b>Total Income from Continuing Operations</b>	<b>99,686</b>	<b>119,476</b>	<b>137,240</b>	<b>100,811</b>	<b>103,355</b>	<b>97,607</b>	<b>100,297</b>	<b>102,320</b>	<b>104,809</b>	<b>107,339</b>	<b>110,019</b>	<b>112,750</b>
<b>Expenses from Continuing Operations</b>												
Employee Benefits & On-Costs	25,378	27,569	29,641	30,366	31,277	32,215	33,182	34,177	35,202	36,259	37,346	38,467
Borrowing Costs	2,145	2,303	2,091	2,983	4,865	6,496	8,175	8,004	7,833	7,698	7,585	7,447
Materials & Contracts	22,838	27,761	23,655	22,236	23,301	23,427	24,305	24,397	25,345	25,601	26,366	27,089
Depreciation & Amortisation	22,991	23,088	23,153	24,007	24,835	25,663	26,608	27,504	28,232	28,960	29,720	30,510
Other Expenses	2,470	3,728	3,976	4,126	4,245	4,362	4,471	4,583	4,697	4,815	4,935	5,059
Net Losses from the Disposal of Assets	2,755	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>78,577</b>	<b>84,448</b>	<b>82,516</b>	<b>83,718</b>	<b>88,523</b>	<b>92,163</b>	<b>96,740</b>	<b>98,665</b>	<b>101,310</b>	<b>103,333</b>	<b>105,952</b>	<b>108,571</b>
<b>Net Operating Result for the Year</b>	<b>21,109</b>	<b>35,028</b>	<b>54,725</b>	<b>17,093</b>	<b>14,831</b>	<b>5,444</b>	<b>3,556</b>	<b>3,655</b>	<b>3,499</b>	<b>4,006</b>	<b>4,067</b>	<b>4,178</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>	<b>(658)</b>	<b>1,355</b>	<b>1,928</b>	<b>1,474</b>	<b>(654)</b>	<b>(2,092)</b>	<b>(4,043)</b>	<b>(4,010)</b>	<b>(4,233)</b>	<b>(3,794)</b>	<b>(3,803)</b>	<b>(3,763)</b>

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2032

INCOME STATEMENT - GENERAL FUND

Scenario: Proposed

	Actuals Current Year		Projected Years									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income from Continuing Operations</b>												
<b>Revenue:</b>												
Rates & Annual Charges	26,313	27,293	28,163	28,867	29,539	30,278	31,035	31,810	32,606	33,421	34,256	35,113
User Charges & Fees	8,518	8,314	8,286	8,642	8,893	9,137	9,366	9,600	9,840	10,086	10,338	10,596
Other Revenues	1,892	2,246	2,000	2,044	2,103	2,161	2,215	2,270	2,327	2,385	2,445	2,506
Grants & Contributions provided for Operating Purposes	13,763	18,165	13,173	11,514	11,748	11,840	12,249	12,439	12,750	13,069	13,395	13,730
Grants & Contributions provided for Capital Purposes	17,656	28,709	43,113	10,430	6,073	6,103	6,130	6,159	6,188	6,217	6,248	6,279
Interest & Investment Revenue	457	446	1,180	1,046	1,067	1,015	1,046	1,060	1,180	1,248	1,365	1,456
<b>Total Income from Continuing Operations</b>	<b>68,599</b>	<b>85,172</b>	<b>95,915</b>	<b>62,543</b>	<b>59,423</b>	<b>60,533</b>	<b>62,041</b>	<b>63,338</b>	<b>64,890</b>	<b>66,426</b>	<b>68,047</b>	<b>69,681</b>
<b>Expenses from Continuing Operations</b>												
Employee Benefits & On-Costs	20,257	21,849	23,041	23,611	24,319	25,049	25,800	26,574	27,372	28,193	29,039	29,910
Borrowing Costs	230	407	356	306	774	846	1,240	1,462	1,680	1,892	2,097	2,290
Materials & Contracts	14,467	17,902	13,736	11,996	12,764	12,600	13,207	13,022	13,686	13,650	14,116	14,533
Depreciation & Amortisation	13,520	13,643	13,695	14,105	14,539	14,940	15,416	15,907	16,333	16,750	17,190	17,652
Other Expenses	2,470	3,728	3,976	4,126	4,245	4,362	4,471	4,583	4,697	4,815	4,935	5,059
Net Losses from the Disposal of Assets	2,324	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>53,268</b>	<b>57,529</b>	<b>54,805</b>	<b>54,143</b>	<b>56,642</b>	<b>57,796</b>	<b>60,135</b>	<b>61,549</b>	<b>63,767</b>	<b>65,300</b>	<b>67,377</b>	<b>69,444</b>
<b>Net Operating Result for the Year</b>	<b>15,331</b>	<b>27,643</b>	<b>41,110</b>	<b>8,400</b>	<b>2,781</b>	<b>2,737</b>	<b>1,906</b>	<b>1,790</b>	<b>1,123</b>	<b>1,125</b>	<b>670</b>	<b>237</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>	<b>(2,325)</b>	<b>(1,066)</b>	<b>(2,003)</b>	<b>(2,030)</b>	<b>(3,292)</b>	<b>(3,366)</b>	<b>(4,225)</b>	<b>(4,369)</b>	<b>(5,065)</b>	<b>(5,092)</b>	<b>(5,578)</b>	<b>(6,042)</b>

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2032

INCOME STATEMENT - WATER FUND

Scenario: Proposed	Actuals	Current Year	Projected Years									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income from Continuing Operations</b>												
<b>Revenue:</b>												
Rates & Annual Charges	4,954	5,289	5,448	5,683	5,848	6,008	6,159	6,313	6,470	6,632	6,798	6,968
User Charges & Fees	7,299	8,641	9,327	9,728	10,010	10,285	10,542	10,806	11,076	11,353	11,636	11,927
Other Revenues	159	19	19	-	-	-	-	-	-	-	-	-
Grants & Contributions provided for Operating Purposes	502	221	290	230	237	243	250	256	262	269	275	282
Grants & Contributions provided for Capital Purposes	2,367	1,677	5,568	834	859	882	904	927	950	974	998	1,023
Interest & Investment Revenue	76	74	290	602	477	642	576	537	500	476	466	460
<b>Total Income from Continuing Operations</b>	<b>15,357</b>	<b>15,921</b>	<b>20,941</b>	<b>17,077</b>	<b>17,429</b>	<b>18,061</b>	<b>18,430</b>	<b>18,838</b>	<b>19,258</b>	<b>19,703</b>	<b>20,174</b>	<b>20,661</b>
<b>Expenses from Continuing Operations</b>												
Employee Benefits & On-Costs	2,592	2,926	3,381	3,459	3,563	3,670	3,780	3,894	4,010	4,131	4,255	4,382
Borrowing Costs	1,040	1,089	1,004	1,800	2,289	2,410	2,254	2,091	1,930	1,792	1,668	1,539
Materials & Contracts	4,324	5,205	5,295	5,471	5,629	5,784	5,929	6,077	6,229	6,385	6,544	6,708
Depreciation & Amortisation	5,682	5,621	5,627	5,874	6,045	6,212	6,383	6,558	6,738	6,923	7,113	7,309
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	330	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>13,968</b>	<b>14,842</b>	<b>15,306</b>	<b>16,603</b>	<b>17,527</b>	<b>18,076</b>	<b>18,346</b>	<b>18,620</b>	<b>18,907</b>	<b>19,231</b>	<b>19,580</b>	<b>19,938</b>
<b>Net Operating Result for the Year</b>	<b>1,389</b>	<b>1,078</b>	<b>5,635</b>	<b>474</b>	<b>(98)</b>	<b>(16)</b>	<b>84</b>	<b>219</b>	<b>351</b>	<b>473</b>	<b>594</b>	<b>723</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>	<b>(978)</b>	<b>(598)</b>	<b>68</b>	<b>(361)</b>	<b>(956)</b>	<b>(898)</b>	<b>(820)</b>	<b>(708)</b>	<b>(599)</b>	<b>(501)</b>	<b>(404)</b>	<b>(300)</b>

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2032

INCOME STATEMENT - SEWER FUND

Scenario: Proposed

	Actuals Current Year		Projected Years									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income from Continuing Operations</b>												
<b>Revenue:</b>												
Rates & Annual Charges	12,161	13,198	13,921	14,519	15,738	16,171	16,575	16,989	17,414	17,849	18,296	18,753
User Charges & Fees	1,496	1,696	1,773	1,849	1,903	1,955	2,004	2,054	2,105	2,158	2,212	2,267
Other Revenues	142	5	5	5	5	6	6	6	6	6	6	6
Grants & Contributions provided for Operating Purposes	112	140	209	146	150	154	158	162	166	170	175	179
Grants & Contributions provided for Capital Purposes	1,744	3,287	4,117	4,355	8,553	551	565	579	594	609	624	639
Interest & Investment Revenue	75	58	361	316	153	176	518	352	375	417	485	563
<b>Total Income from Continuing Operations</b>	<b>15,730</b>	<b>18,383</b>	<b>20,385</b>	<b>21,191</b>	<b>26,502</b>	<b>19,013</b>	<b>19,826</b>	<b>20,143</b>	<b>20,661</b>	<b>21,210</b>	<b>21,798</b>	<b>22,408</b>
<b>Expenses from Continuing Operations</b>												
Employee Benefits & On-Costs	2,529	2,793	3,219	3,296	3,394	3,496	3,601	3,709	3,820	3,935	4,053	4,175
Borrowing Costs	875	806	731	878	1,801	3,240	4,681	4,451	4,224	4,014	3,821	3,618
Materials & Contracts	4,047	4,654	4,623	4,770	4,908	5,043	5,169	5,298	5,431	5,566	5,705	5,848
Depreciation & Amortisation	3,789	3,824	3,832	4,029	4,251	4,511	4,809	5,039	5,161	5,287	5,416	5,549
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	101	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>11,341</b>	<b>12,077</b>	<b>12,405</b>	<b>12,972</b>	<b>14,354</b>	<b>16,291</b>	<b>18,260</b>	<b>18,497</b>	<b>18,635</b>	<b>18,802</b>	<b>18,995</b>	<b>19,189</b>
<b>Net Operating Result for the Year</b>	<b>4,389</b>	<b>6,307</b>	<b>7,980</b>	<b>8,220</b>	<b>12,148</b>	<b>2,722</b>	<b>1,567</b>	<b>1,646</b>	<b>2,025</b>	<b>2,408</b>	<b>2,803</b>	<b>3,219</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>	<b>2,645</b>	<b>3,020</b>	<b>3,863</b>	<b>3,864</b>	<b>3,595</b>	<b>2,171</b>	<b>1,001</b>	<b>1,067</b>	<b>1,432</b>	<b>1,799</b>	<b>2,179</b>	<b>2,580</b>

# Appendix 4

## Financial Position

Kempsey Shire Council  
10 Year Financial Plan for the Years ending 30 June 2032

BALANCE SHEET - CONSOLIDATED

Scenario: Proposed

	Actuals		Projected Years									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash & Cash Equivalents	35,767	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Investments	52,220	85,303	77,354	62,438	65,618	60,573	54,159	57,808	60,779	67,331	73,329	79,630
Receivables	21,217	11,461	12,374	10,655	10,778	10,936	11,207	11,484	11,769	12,067	12,370	12,679
Inventories	508	839	708	650	684	684	712	711	741	746	769	790
Contract assets	4,327	4,325	4,325	4,325	4,325	4,325	4,325	4,325	4,325	4,325	4,325	4,325
Contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Other	412	281	246	232	243	244	253	254	264	267	275	282
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>114,461</b>	<b>109,709</b>	<b>102,508</b>	<b>85,799</b>	<b>89,148</b>	<b>84,262</b>	<b>78,155</b>	<b>82,082</b>	<b>85,378</b>	<b>92,236</b>	<b>98,567</b>	<b>105,207</b>
<b>Non-Current Assets</b>												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	54	255	306	119	97	98	100	101	103	105	107	109
Contract assets	-	12	12	12	12	12	12	12	12	12	12	12
Infrastructure, Property, Plant & Equipment	1,103,229	1,139,584	1,223,730	1,285,351	1,327,429	1,367,793	1,373,943	1,369,464	1,366,042	1,360,127	1,354,411	1,347,924
Right of use assets	41	41	41	41	41	41	41	41	41	41	41	41
<b>Total Non-Current Assets</b>	<b>1,103,324</b>	<b>1,139,893</b>	<b>1,224,089</b>	<b>1,285,523</b>	<b>1,327,579</b>	<b>1,367,943</b>	<b>1,374,096</b>	<b>1,369,618</b>	<b>1,366,198</b>	<b>1,360,285</b>	<b>1,354,571</b>	<b>1,348,086</b>
<b>TOTAL ASSETS</b>	<b>1,217,785</b>	<b>1,249,602</b>	<b>1,326,597</b>	<b>1,371,322</b>	<b>1,416,727</b>	<b>1,452,205</b>	<b>1,452,251</b>	<b>1,451,700</b>	<b>1,451,576</b>	<b>1,452,521</b>	<b>1,453,137</b>	<b>1,453,293</b>
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
Payables	9,779	11,039	10,260	10,156	10,535	10,792	11,137	11,280	11,640	11,824	12,133	12,429
Contract liabilities	12,989	12,306	14,854	6,025	5,351	4,663	4,776	4,834	4,923	5,014	5,108	5,203
Lease liabilities	31	-	-	-	-	-	-	-	-	-	-	-
Borrowings	4,635	4,391	5,389	6,166	7,539	8,995	9,409	9,102	8,343	8,877	9,437	10,029
Provisions	6,692	7,074	7,074	7,074	7,074	7,074	7,074	7,074	7,074	7,074	7,074	7,074
<b>Total Current Liabilities</b>	<b>34,126</b>	<b>34,811</b>	<b>37,578</b>	<b>29,420</b>	<b>30,499</b>	<b>31,525</b>	<b>32,396</b>	<b>32,290</b>	<b>31,980</b>	<b>32,789</b>	<b>33,752</b>	<b>34,735</b>
<b>Non-Current Liabilities</b>												
Payables	-	845	739	694	727	731	758	761	791	799	823	845
Lease liabilities	40	71	71	71	71	71	71	71	71	71	71	71
Borrowings	56,160	51,769	71,380	107,214	136,675	165,680	161,271	157,169	153,826	149,949	145,512	140,482
Provisions	2,426	2,044	2,044	2,044	2,044	2,044	2,044	2,044	2,044	2,044	2,044	2,044
<b>Total Non-Current Liabilities</b>	<b>58,626</b>	<b>54,729</b>	<b>74,234</b>	<b>110,023</b>	<b>139,517</b>	<b>168,525</b>	<b>164,144</b>	<b>160,045</b>	<b>156,731</b>	<b>152,862</b>	<b>148,449</b>	<b>143,442</b>
<b>TOTAL LIABILITIES</b>	<b>92,752</b>	<b>89,541</b>	<b>111,812</b>	<b>139,443</b>	<b>170,016</b>	<b>200,050</b>	<b>196,540</b>	<b>192,335</b>	<b>188,711</b>	<b>185,651</b>	<b>182,201</b>	<b>178,178</b>
<b>Net Assets</b>	<b>1,125,033</b>	<b>1,160,061</b>	<b>1,214,786</b>	<b>1,231,879</b>	<b>1,246,711</b>	<b>1,252,155</b>	<b>1,255,711</b>	<b>1,259,366</b>	<b>1,262,864</b>	<b>1,266,870</b>	<b>1,270,937</b>	<b>1,275,115</b>
<b>EQUITY</b>												
Retained Earnings	491,901	526,929	581,654	598,747	613,579	619,023	622,579	626,234	629,732	633,738	637,805	641,983
Revaluation Reserves	633,132	633,132	633,132	633,132	633,132	633,132	633,132	633,132	633,132	633,132	633,132	633,132
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	1,125,033	1,160,061	1,214,786	1,231,879	1,246,711	1,252,155	1,255,711	1,259,366	1,262,864	1,266,870	1,270,937	1,275,115
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Equity</b>	<b>1,125,033</b>	<b>1,160,061</b>	<b>1,214,786</b>	<b>1,231,879</b>	<b>1,246,711</b>	<b>1,252,155</b>	<b>1,255,711</b>	<b>1,259,366</b>	<b>1,262,864</b>	<b>1,266,870</b>	<b>1,270,937</b>	<b>1,275,115</b>

Kempsey Shire Council  
10 Year Financial Plan for the Years ending 30 June 2032

BALANCE SHEET - GENERAL FUND

Scenario: Proposed

	Actuals		Projected Years									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash & Cash Equivalents	8,567	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Investments	37,861	44,728	31,066	26,639	26,165	25,581	25,813	29,731	31,927	36,083	39,330	42,536
Receivables	17,262	6,977	7,600	5,676	5,545	5,664	5,803	5,945	6,091	6,248	6,405	6,565
Inventories	508	839	708	650	684	684	712	711	741	746	769	790
Contract assets	4,247	4,247	4,247	4,247	4,247	4,247	4,247	4,247	4,247	4,247	4,247	4,247
Contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Other	379	276	242	227	238	239	248	249	258	261	269	276
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>68,824</b>	<b>62,067</b>	<b>48,863</b>	<b>42,438</b>	<b>41,879</b>	<b>41,415</b>	<b>41,823</b>	<b>45,883</b>	<b>48,265</b>	<b>52,585</b>	<b>56,020</b>	<b>59,414</b>
<b>Non-Current Assets</b>												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	54	255	306	119	97	98	100	101	103	105	107	109
Contract assets	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	787,470	821,660	875,979	890,548	894,122	904,383	909,902	911,181	913,666	913,813	914,316	914,185
Right of use assets	41	41	41	41	41	41	41	41	41	41	41	41
<b>Total Non-Current Assets</b>	<b>787,565</b>	<b>821,956</b>	<b>876,326</b>	<b>890,708</b>	<b>894,260</b>	<b>904,521</b>	<b>910,043</b>	<b>911,323</b>	<b>913,811</b>	<b>913,959</b>	<b>914,464</b>	<b>914,335</b>
<b>TOTAL ASSETS</b>	<b>856,389</b>	<b>884,024</b>	<b>925,189</b>	<b>933,146</b>	<b>936,139</b>	<b>945,936</b>	<b>951,866</b>	<b>957,207</b>	<b>962,076</b>	<b>966,544</b>	<b>970,484</b>	<b>973,749</b>
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
Payables	9,539	10,914	10,112	9,972	10,312	10,537	10,888	11,037	11,403	11,592	11,906	12,208
Contract liabilities	12,696	11,967	14,370	5,602	4,550	4,581	4,692	4,748	4,835	4,924	5,015	5,108
Lease liabilities	31	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,500	1,440	1,490	1,109	1,200	1,465	1,657	1,736	1,943	2,160	2,388	2,629
Provisions	6,692	7,074	7,074	7,074	7,074	7,074	7,074	7,074	7,074	7,074	7,074	7,074
<b>Total Current Liabilities</b>	<b>30,458</b>	<b>31,395</b>	<b>33,047</b>	<b>23,757</b>	<b>23,136</b>	<b>23,657</b>	<b>24,311</b>	<b>24,596</b>	<b>25,255</b>	<b>25,750</b>	<b>26,384</b>	<b>27,019</b>
<b>Non-Current Liabilities</b>												
Payables	-	845	739	694	727	731	758	761	791	799	823	845
Lease liabilities	40	71	71	71	71	71	71	71	71	71	71	71
Borrowings	17,160	15,720	14,230	23,122	23,922	30,457	33,800	37,063	40,120	42,961	45,572	47,944
Provisions	2,426	2,044	2,044	2,044	2,044	2,044	2,044	2,044	2,044	2,044	2,044	2,044
<b>Total Non-Current Liabilities</b>	<b>19,626</b>	<b>18,680</b>	<b>17,085</b>	<b>25,930</b>	<b>26,764</b>	<b>33,303</b>	<b>36,673</b>	<b>39,939</b>	<b>43,026</b>	<b>45,874</b>	<b>48,510</b>	<b>50,904</b>
<b>TOTAL LIABILITIES</b>	<b>50,084</b>	<b>50,076</b>	<b>50,131</b>	<b>49,688</b>	<b>49,900</b>	<b>56,959</b>	<b>60,984</b>	<b>64,535</b>	<b>68,281</b>	<b>71,624</b>	<b>74,894</b>	<b>77,923</b>
<b>Net Assets</b>	<b>806,305</b>	<b>833,948</b>	<b>875,058</b>	<b>883,458</b>	<b>886,239</b>	<b>888,976</b>	<b>890,882</b>	<b>892,672</b>	<b>893,794</b>	<b>894,920</b>	<b>895,590</b>	<b>895,826</b>
<b>EQUITY</b>												
Retained Earnings	377,338	404,981	446,091	454,491	457,272	460,009	461,915	463,705	464,827	465,953	466,623	466,859
Revaluation Reserves	428,967	428,967	428,967	428,967	428,967	428,967	428,967	428,967	428,967	428,967	428,967	428,967
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	806,305	833,948	875,058	883,458	886,239	888,976	890,882	892,672	893,794	894,920	895,590	895,826
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Equity</b>	<b>806,305</b>	<b>833,948</b>	<b>875,058</b>	<b>883,458</b>	<b>886,239</b>	<b>888,976</b>	<b>890,882</b>	<b>892,672</b>	<b>893,794</b>	<b>894,920</b>	<b>895,590</b>	<b>895,826</b>

Kempsey Shire Council  
10 Year Financial Plan for the Years ending 30 June 2032

BALANCE SHEET - WATER FUND

Scenario: Proposed

	Actuals	Current Year	Projected Years									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash & Cash Equivalents	17,283	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Investments	7,101	22,527	27,653	18,942	21,843	19,619	18,512	17,471	16,900	16,933	17,034	17,183
Receivables	2,661	2,987	3,190	3,327	3,424	3,518	3,606	3,696	3,789	3,883	3,980	4,080
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Contract assets	24	12	12	12	12	12	12	12	12	12	12	12
Contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Other	29	4	4	4	5	5	5	5	5	5	5	5
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>27,098</b>	<b>26,530</b>	<b>31,859</b>	<b>23,286</b>	<b>26,284</b>	<b>24,154</b>	<b>23,135</b>	<b>22,184</b>	<b>21,705</b>	<b>21,833</b>	<b>22,032</b>	<b>22,280</b>
<b>Non-Current Assets</b>												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Contract assets	-	12	12	12	12	12	12	12	12	12	12	12
Infrastructure, Property, Plant & Equipment	197,933	197,633	216,343	234,929	233,969	232,930	230,722	228,418	226,044	223,599	221,080	218,511
Right of use assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>197,933</b>	<b>197,645</b>	<b>216,355</b>	<b>234,941</b>	<b>233,981</b>	<b>232,942</b>	<b>230,734</b>	<b>228,430</b>	<b>226,056</b>	<b>223,611</b>	<b>221,092</b>	<b>218,523</b>
<b>TOTAL ASSETS</b>	<b>225,031</b>	<b>224,175</b>	<b>248,214</b>	<b>258,227</b>	<b>260,265</b>	<b>257,095</b>	<b>253,869</b>	<b>250,614</b>	<b>247,762</b>	<b>245,444</b>	<b>243,123</b>	<b>240,803</b>
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
Payables	165	79	97	109	113	111	109	107	105	104	103	101
Contract liabilities	93	31	95	17	18	18	19	19	20	20	21	21
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,787	1,678	2,395	2,868	3,153	3,309	3,472	3,201	2,789	2,914	3,042	3,180
Provisions	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>2,045</b>	<b>1,788</b>	<b>2,587</b>	<b>2,995</b>	<b>3,283</b>	<b>3,439</b>	<b>3,600</b>	<b>3,328</b>	<b>2,915</b>	<b>3,038</b>	<b>3,166</b>	<b>3,302</b>
<b>Non-Current Liabilities</b>												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	25,332	23,655	41,260	50,391	52,238	48,929	45,457	42,256	39,466	36,552	33,510	30,330
Provisions	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>25,332</b>	<b>23,655</b>	<b>41,260</b>	<b>50,391</b>	<b>52,238</b>	<b>48,929</b>	<b>45,457</b>	<b>42,256</b>	<b>39,466</b>	<b>36,552</b>	<b>33,510</b>	<b>30,330</b>
<b>TOTAL LIABILITIES</b>	<b>27,377</b>	<b>25,443</b>	<b>43,846</b>	<b>53,386</b>	<b>55,522</b>	<b>52,368</b>	<b>49,057</b>	<b>45,583</b>	<b>42,381</b>	<b>39,590</b>	<b>36,676</b>	<b>33,633</b>
<b>Net Assets</b>	<b>197,654</b>	<b>198,732</b>	<b>204,367</b>	<b>204,841</b>	<b>204,743</b>	<b>204,728</b>	<b>204,812</b>	<b>205,030</b>	<b>205,381</b>	<b>205,854</b>	<b>206,448</b>	<b>207,170</b>
<b>EQUITY</b>												
Retained Earnings	60,726	61,804	67,439	67,913	67,815	67,800	67,884	68,102	68,453	68,926	69,520	70,242
Revaluation Reserves	136,928	136,928	136,928	136,928	136,928	136,928	136,928	136,928	136,928	136,928	136,928	136,928
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	197,654	198,732	204,367	204,841	204,743	204,728	204,812	205,030	205,381	205,854	206,448	207,170
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Equity</b>	<b>197,654</b>	<b>198,732</b>	<b>204,367</b>	<b>204,841</b>	<b>204,743</b>	<b>204,728</b>	<b>204,812</b>	<b>205,030</b>	<b>205,381</b>	<b>205,854</b>	<b>206,448</b>	<b>207,170</b>

Kempsey Shire Council  
10 Year Financial Plan for the Years ending 30 June 2032

BALANCE SHEET - SEWER FUND

Scenario: Proposed

	Actuals		Current Year				Projected Years					
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash & Cash Equivalents	9,917	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Investments	7,258	18,048	18,635	16,857	17,610	15,373	9,833	10,606	11,952	14,316	16,964	19,912
Receivables	1,294	1,497	1,584	1,652	1,809	1,754	1,798	1,843	1,889	1,936	1,984	2,034
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Contract assets	66	66	66	66	66	66	66	66	66	66	66	66
Contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Other	4	1	1	1	1	1	1	1	1	1	1	1
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>18,539</b>	<b>21,112</b>	<b>21,786</b>	<b>20,076</b>	<b>20,986</b>	<b>18,693</b>	<b>13,197</b>	<b>14,015</b>	<b>15,407</b>	<b>17,818</b>	<b>20,515</b>	<b>23,512</b>
<b>Non-Current Assets</b>												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Contract assets	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	117,826	120,291	131,409	159,874	199,337	230,480	233,318	229,865	226,331	222,715	219,015	215,228
Right of use assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>117,826</b>	<b>120,291</b>	<b>131,409</b>	<b>159,874</b>	<b>199,337</b>	<b>230,480</b>	<b>233,318</b>	<b>229,865</b>	<b>226,331</b>	<b>222,715</b>	<b>219,015</b>	<b>215,228</b>
<b>TOTAL ASSETS</b>	<b>136,365</b>	<b>141,403</b>	<b>153,195</b>	<b>179,949</b>	<b>220,323</b>	<b>249,173</b>	<b>246,516</b>	<b>243,880</b>	<b>241,738</b>	<b>240,534</b>	<b>239,530</b>	<b>238,741</b>
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
Payables	75	46	50	75	110	145	140	136	131	128	124	120
Contract liabilities	200	308	389	405	783	64	65	67	68	70	72	74
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,348	1,273	1,505	2,189	3,186	4,221	4,279	4,164	3,611	3,804	4,006	4,221
Provisions	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>1,623</b>	<b>1,628</b>	<b>1,944</b>	<b>2,668</b>	<b>4,080</b>	<b>4,430</b>	<b>4,484</b>	<b>4,367</b>	<b>3,810</b>	<b>4,001</b>	<b>4,202</b>	<b>4,414</b>
<b>Non-Current Liabilities</b>												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	13,668	12,394	15,890	33,701	60,515	86,293	82,014	77,850	74,239	70,435	66,429	62,208
Provisions	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>13,668</b>	<b>12,394</b>	<b>15,890</b>	<b>33,701</b>	<b>60,515</b>	<b>86,293</b>	<b>82,014</b>	<b>77,850</b>	<b>74,239</b>	<b>70,435</b>	<b>66,429</b>	<b>62,208</b>
<b>TOTAL LIABILITIES</b>	<b>15,291</b>	<b>14,022</b>	<b>17,834</b>	<b>36,369</b>	<b>64,595</b>	<b>90,723</b>	<b>86,499</b>	<b>82,216</b>	<b>78,049</b>	<b>74,437</b>	<b>70,631</b>	<b>66,622</b>
<b>Net Assets</b>	<b>121,074</b>	<b>127,381</b>	<b>135,361</b>	<b>143,580</b>	<b>155,728</b>	<b>158,451</b>	<b>160,017</b>	<b>161,664</b>	<b>163,689</b>	<b>166,097</b>	<b>168,899</b>	<b>172,118</b>
<b>EQUITY</b>												
Retained Earnings	53,837	60,144	68,124	76,343	88,491	91,214	92,780	94,427	96,452	98,860	101,662	104,881
Revaluation Reserves	67,237	67,237	67,237	67,237	67,237	67,237	67,237	67,237	67,237	67,237	67,237	67,237
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	121,074	127,381	135,361	143,580	155,728	158,451	160,017	161,664	163,689	166,097	168,899	172,118
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Equity</b>	<b>121,074</b>	<b>127,381</b>	<b>135,361</b>	<b>143,580</b>	<b>155,728</b>	<b>158,451</b>	<b>160,017</b>	<b>161,664</b>	<b>163,689</b>	<b>166,097</b>	<b>168,899</b>	<b>172,118</b>

# Appendix 5

## Cash Flow Statement

Kempsey Shire Council  
 10 Year Financial Plan for the Years ending 30 June 2032  
 CASH FLOW STATEMENT - CONSOLIDATED  
 Scenario: Proposed

	Actuals	Current Year	Projected Years									
	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000
<b>Cash Flows from Operating Activities</b>												
Receipts:												
Rates & Annual Charges	44,654	44,809	47,412	48,958	50,979	52,365	53,678	55,020	56,396	57,806	59,251	60,732
User Charges & Fees	17,571	18,802	19,183	20,049	20,686	21,261	21,803	22,348	22,907	23,479	24,066	24,668
Investment & Interest Revenue Received	648	513	1,841	1,990	1,692	1,834	2,139	1,936	2,047	2,126	2,305	2,468
Grants & Contributions	40,601	50,812	68,532	20,404	27,099	19,182	20,348	20,568	20,981	21,381	21,790	22,210
Bonds & Deposits Received	894	-	-	-	-	-	-	-	-	-	-	-
Other	1,233	12,969	1,898	2,524	2,159	2,157	2,207	2,266	2,321	2,379	2,438	2,499
Payments:												
Employee Benefits & On-Costs	(25,909)	(27,371)	(29,628)	(30,361)	(31,270)	(32,209)	(33,175)	(34,170)	(35,195)	(36,251)	(37,339)	(38,459)
Materials & Contracts	(32,169)	(25,974)	(24,447)	(22,602)	(23,114)	(23,451)	(24,163)	(24,431)	(25,191)	(25,602)	(26,255)	(26,989)
Borrowing Costs	(2,002)	(2,143)	(2,096)	(2,780)	(4,810)	(6,330)	(8,113)	(7,946)	(7,776)	(7,645)	(7,536)	(7,403)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	(2,679)	(3,575)	(4,004)	(4,136)	(4,215)	(4,346)	(4,443)	(4,567)	(4,668)	(4,795)	(4,907)	(5,031)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>42,842</b>	<b>68,842</b>	<b>78,690</b>	<b>34,046</b>	<b>39,204</b>	<b>30,463</b>	<b>30,281</b>	<b>31,024</b>	<b>31,822</b>	<b>32,878</b>	<b>33,813</b>	<b>34,695</b>
<b>Cash Flows from Investing Activities</b>												
Receipts:												
Sale of Investment Securities	15,433	-	13,661	14,917	473	5,046	6,647	1,042	571	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	835	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of Investment Securities	(30,668)	(33,083)	(5,713)	-	(3,654)	-	(233)	(4,691)	(3,542)	(6,552)	(5,997)	(6,302)
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(33,547)	(59,392)	(107,247)	(85,573)	(66,858)	(65,970)	(32,700)	(22,965)	(24,749)	(22,983)	(23,939)	(23,956)
Deferred Debtors & Advances Made	(67)	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(48,014)</b>	<b>(92,475)</b>	<b>(99,299)</b>	<b>(70,657)</b>	<b>(70,039)</b>	<b>(60,924)</b>	<b>(26,286)</b>	<b>(26,615)</b>	<b>(27,720)</b>	<b>(29,535)</b>	<b>(29,936)</b>	<b>(30,258)</b>
<b>Cash Flows from Financing Activities</b>												
Receipts:												
Proceeds from Borrowings & Advances	26,500	-	25,000	42,000	37,000	38,000	5,000	5,000	5,000	5,000	5,000	5,000
Payments:												
Repayment of Borrowings & Advances	(3,605)	(4,634)	(4,391)	(5,389)	(6,166)	(7,539)	(8,995)	(9,409)	(9,102)	(8,343)	(8,877)	(9,437)
Repayment of lease liabilities (principal repayments)	(39)	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>22,856</b>	<b>(4,634)</b>	<b>20,609</b>	<b>36,611</b>	<b>30,834</b>	<b>30,461</b>	<b>(3,995)</b>	<b>(4,409)</b>	<b>(4,102)</b>	<b>(3,343)</b>	<b>(3,877)</b>	<b>(4,437)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>17,684</b>	<b>(28,267)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>(0)</b>	<b>-</b>	<b>0</b>	<b>(0)</b>	<b>0</b>
plus: Cash & Cash Equivalents - beginning of year	18,083	35,767	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>35,767</b>	<b>7,500</b>										
<b>Cash &amp; Cash Equivalents - end of the year</b>												
Cash & Cash Equivalents - end of the year	35,767	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Investments - end of the year	52,220	85,303	77,354	62,438	65,618	60,573	54,159	57,808	60,779	67,331	73,329	79,630
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	<b>87,987</b>	<b>92,803</b>	<b>84,854</b>	<b>69,938</b>	<b>73,118</b>	<b>68,073</b>	<b>61,659</b>	<b>65,308</b>	<b>68,279</b>	<b>74,831</b>	<b>80,829</b>	<b>87,130</b>
<b>Representing:</b>												
- External Restrictions	65,522	64,195	67,309	59,159	63,418	59,547	53,452	53,749	55,103	58,093	61,452	65,172
- Internal Restrictions	12,670	9,842	8,802	5,215	5,366	5,514	5,652	5,793	5,938	6,086	6,238	6,394
- Unrestricted	9,795	18,765	8,743	5,564	4,334	3,012	2,555	5,767	7,259	10,652	13,139	15,564
	<b>87,987</b>	<b>92,803</b>	<b>84,854</b>	<b>69,938</b>	<b>73,118</b>	<b>68,073</b>	<b>61,659</b>	<b>65,308</b>	<b>68,279</b>	<b>74,831</b>	<b>80,829</b>	<b>87,130</b>

Kempsey Shire Council  
10 Year Financial Plan for the Years ending 30 June 2032  
CASH FLOW STATEMENT - GENERAL FUND

Scenario: Proposed	Actuals	Current Year	Projected Years									
	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000
<b>Cash Flows from Operating Activities</b>												
<b>Receipts:</b>												
Rates & Annual Charges	-	26,617	28,116	28,829	29,502	30,237	30,993	31,768	32,562	33,376	34,211	35,066
User Charges & Fees	-	8,750	8,289	8,602	8,865	9,110	9,340	9,574	9,813	10,058	10,310	10,567
Investment & Interest Revenue Received	-	381	1,190	1,072	1,062	1,016	1,045	1,046	1,172	1,233	1,353	1,445
Grants & Contributions	-	45,390	58,216	14,903	16,975	17,967	18,468	18,642	19,007	19,357	19,716	20,084
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	12,945	1,874	2,518	2,153	2,152	2,202	2,260	2,315	2,373	2,432	2,493
<b>Payments:</b>												
Employee Benefits & On-Costs	-	(21,652)	(23,028)	(23,606)	(24,313)	(25,042)	(25,794)	(26,567)	(27,364)	(28,185)	(29,031)	(29,902)
Materials & Contracts	-	(16,118)	(14,476)	(12,311)	(12,524)	(12,569)	(13,009)	(12,998)	(13,472)	(13,590)	(13,943)	(14,369)
Borrowing Costs	-	(105)	(385)	(136)	(756)	(710)	(1,169)	(1,395)	(1,614)	(1,831)	(2,040)	(2,238)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	(3,575)	(4,004)	(4,136)	(4,215)	(4,346)	(4,443)	(4,567)	(4,668)	(4,795)	(4,907)	(5,031)
<b>Net Cash provided (or used in) Operating Activities</b>	-	52,633	55,792	15,735	16,749	17,815	17,634	17,762	17,750	17,995	18,100	18,115
<b>Cash Flows from Investing Activities</b>												
<b>Receipts:</b>												
Sale of Investment Securities	-	-	13,661	4,428	473	585	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>												
Purchase of Investment Securities	-	(6,867)	-	-	-	-	(233)	(3,918)	(2,196)	(4,155)	(3,248)	(3,205)
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(47,834)	(68,013)	(28,674)	(18,114)	(25,200)	(20,936)	(17,186)	(18,818)	(16,896)	(17,693)	(17,521)
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Investing Activities</b>	-	(54,700)	(54,352)	(24,246)	(17,641)	(24,616)	(21,169)	(21,105)	(21,014)	(21,052)	(20,941)	(20,726)
<b>Cash Flows from Financing Activities</b>												
<b>Receipts:</b>												
Proceeds from Borrowings & Advances	-	-	-	10,000	2,000	8,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>Payments:</b>												
Repayment of Borrowings & Advances	-	(1,500)	(1,440)	(1,490)	(1,109)	(1,200)	(1,465)	(1,657)	(1,736)	(1,943)	(2,160)	(2,388)
Repayment of lease liabilities (principal repayments)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flow provided (used in) Financing Activities</b>	-	(1,500)	(1,440)	8,510	891	6,800	3,535	3,343	3,264	3,057	2,840	2,612
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	-	(3,567)	0	-	(0)	0	(0)	(0)	0	(0)	(0)	0
plus: Cash & Cash Equivalents - beginning of year	-	8,567	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>Cash &amp; Cash Equivalents - end of the year</b>	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<hr/>												
Cash & Cash Equivalents - end of the year	8,567	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Investments - end of the year	37,861	44,728	31,066	26,639	26,165	25,581	25,813	29,731	31,927	36,083	39,330	42,536
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	<b>46,428</b>	<b>49,728</b>	<b>36,066</b>	<b>31,639</b>	<b>31,165</b>	<b>30,581</b>	<b>30,813</b>	<b>34,731</b>	<b>36,927</b>	<b>41,083</b>	<b>44,330</b>	<b>47,536</b>
<b>Representing:</b>												
- External Restrictions	23,963	21,120	18,521	20,860	21,465	22,055	22,607	23,172	23,751	24,345	24,953	25,577
- Internal Restrictions	12,670	9,842	8,802	5,215	5,366	5,514	5,652	5,793	5,938	6,086	6,238	6,394
- Unrestricted	9,795	18,765	8,743	5,564	4,334	3,012	2,555	5,767	7,239	10,652	13,139	15,564
	<b>46,428</b>	<b>49,728</b>	<b>36,066</b>	<b>31,639</b>	<b>31,165</b>	<b>30,581</b>	<b>30,813</b>	<b>34,731</b>	<b>36,927</b>	<b>41,083</b>	<b>44,330</b>	<b>47,536</b>

Kempsey Shire Council  
10 Year Financial Plan for the Years ending 30 June 2032  
CASH FLOW STATEMENT - WATER FUND  
Scenario: Proposed

	Actuals	Current Year	Projected Years									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>												
<b>Receipts:</b>												
Rates & Annual Charges	-	5,121	5,428	5,653	5,826	5,988	6,139	6,293	6,450	6,611	6,777	6,946
User Charges & Fees	-	8,483	9,144	9,620	9,934	10,211	10,473	10,735	11,004	11,279	11,561	11,850
Investment & Interest Revenue Received	-	74	290	602	477	642	576	537	500	476	466	460
Grants & Contributions	-	1,835	5,921	987	1,096	1,126	1,154	1,183	1,213	1,243	1,274	1,306
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	19	19	-	-	-	-	-	-	-	-	-
<b>Payments:</b>												
Employee Benefits & On-Costs	-	(2,926)	(3,381)	(3,459)	(3,563)	(3,670)	(3,780)	(3,894)	(4,010)	(4,131)	(4,255)	(4,382)
Materials & Contracts	-	(5,182)	(5,296)	(5,469)	(5,628)	(5,783)	(5,927)	(6,076)	(6,227)	(6,383)	(6,543)	(6,706)
Borrowing Costs	-	(1,174)	(985)	(1,790)	(2,287)	(2,414)	(2,258)	(2,094)	(1,933)	(1,795)	(1,671)	(1,542)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Operating Activities</b>	-	<b>6,250</b>	<b>11,140</b>	<b>6,144</b>	<b>5,855</b>	<b>6,101</b>	<b>6,377</b>	<b>6,685</b>	<b>6,995</b>	<b>7,300</b>	<b>7,609</b>	<b>7,931</b>
<b>Cash Flows from Investing Activities</b>												
<b>Receipts:</b>												
Sale of Investment Securities	-	-	-	8,710	-	2,224	1,107	1,042	571	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>												
Purchase of Investment Securities	-	(15,426)	(5,126)	-	(2,901)	-	-	-	-	(33)	(101)	(149)
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(5,321)	(24,336)	(24,460)	(5,086)	(5,172)	(4,175)	(4,254)	(4,365)	(4,478)	(4,594)	(4,739)
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Investing Activities</b>	-	<b>(20,747)</b>	<b>(29,462)</b>	<b>(15,749)</b>	<b>(7,987)</b>	<b>(2,948)</b>	<b>(3,068)</b>	<b>(3,213)</b>	<b>(3,794)</b>	<b>(4,511)</b>	<b>(4,696)</b>	<b>(4,888)</b>
<b>Cash Flows from Financing Activities</b>												
<b>Receipts:</b>												
Proceeds from Borrowings & Advances	-	-	20,000	12,000	5,000	-	-	-	-	-	-	-
<b>Payments:</b>												
Repayment of Borrowings & Advances	-	(1,786)	(1,678)	(2,395)	(2,868)	(3,153)	(3,309)	(3,472)	(3,201)	(2,789)	(2,914)	(3,042)
Repayment of lease liabilities (principal repayments)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flow provided (used in) Financing Activities</b>	-	<b>(1,786)</b>	<b>18,322</b>	<b>9,605</b>	<b>2,132</b>	<b>(3,153)</b>	<b>(3,309)</b>	<b>(3,472)</b>	<b>(3,201)</b>	<b>(2,789)</b>	<b>(2,914)</b>	<b>(3,042)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	-	<b>(16,283)</b>	-	-	-	-	0	0	(0)	-	0	0
plus: Cash & Cash Equivalents - beginning of year	-	17,283	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<b>Cash &amp; Cash Equivalents - end of the year</b>	-	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<hr/>												
Cash & Cash Equivalents - end of the year	17,283	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Investments - end of the year	7,101	22,527	27,653	18,942	21,843	19,619	18,512	17,471	16,900	16,933	17,034	17,183
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	<b>24,384</b>	<b>23,527</b>	<b>28,653</b>	<b>19,942</b>	<b>22,843</b>	<b>20,619</b>	<b>19,512</b>	<b>18,471</b>	<b>17,900</b>	<b>17,933</b>	<b>18,034</b>	<b>18,183</b>
<b>Representing:</b>												
- External Restrictions	24,384	23,527	28,653	19,942	22,843	20,619	19,512	18,471	17,900	17,933	18,034	18,183
- Internal Restrictions	-	-	-	-	-	-	-	-	-	-	-	-
- Unrestricted	-	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
	<b>24,384</b>	<b>23,527</b>	<b>28,653</b>	<b>19,942</b>	<b>22,843</b>	<b>20,619</b>	<b>19,512</b>	<b>18,471</b>	<b>17,900</b>	<b>17,933</b>	<b>18,034</b>	<b>18,183</b>

Kempsey Shire Council  
10 Year Financial Plan for the Years ending 30 June 2032  
CASH FLOW STATEMENT - SEWER FUND

Scenario: Proposed	Actuals	Current Year					Projected Years					
	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000
<b>Cash Flows from Operating Activities</b>												
Receipts:												
Rates & Annual Charges	-	13,070	13,668	14,476	15,650	16,140	16,546	16,959	17,383	17,818	18,264	18,720
User Charges & Fees	-	1,569	1,750	1,827	1,887	1,940	1,989	2,039	2,090	2,142	2,196	2,251
Investment & Interest Revenue Received	-	58	361	316	153	176	518	352	375	417	485	563
Grants & Contributions	-	3,586	4,395	4,515	9,028	88	725	743	761	781	800	820
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	5	5	5	5	6	6	6	6	6	6	6
Payments:												
Employee Benefits & On-Costs	-	(2,793)	(3,219)	(3,296)	(3,394)	(3,496)	(3,601)	(3,709)	(3,820)	(3,935)	(4,053)	(4,175)
Materials & Contracts	-	(4,673)	(4,675)	(4,822)	(4,962)	(5,099)	(5,227)	(5,357)	(5,491)	(5,628)	(5,769)	(5,913)
Borrowing Costs	-	(864)	(726)	(855)	(1,766)	(3,207)	(4,686)	(4,456)	(4,229)	(4,018)	(3,825)	(3,623)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Operating Activities</b>	-	<b>9,958</b>	<b>11,758</b>	<b>12,166</b>	<b>16,600</b>	<b>6,547</b>	<b>6,270</b>	<b>6,577</b>	<b>7,076</b>	<b>7,582</b>	<b>8,103</b>	<b>8,650</b>
<b>Cash Flows from Investing Activities</b>												
Receipts:												
Sale of Investment Securities	-	-	-	1,778	-	2,237	5,540	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of Investment Securities	-	(10,790)	(587)	-	(752)	-	-	(773)	(1,346)	(2,364)	(2,648)	(2,948)
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(6,237)	(14,898)	(32,440)	(43,659)	(35,597)	(7,589)	(1,525)	(1,566)	(1,608)	(1,651)	(1,696)
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Investing Activities</b>	-	<b>(17,027)</b>	<b>(15,485)</b>	<b>(30,662)</b>	<b>(44,411)</b>	<b>(33,361)</b>	<b>(2,049)</b>	<b>(2,298)</b>	<b>(2,912)</b>	<b>(3,972)</b>	<b>(4,300)</b>	<b>(4,643)</b>
<b>Cash Flows from Financing Activities</b>												
Receipts:												
Proceeds from Borrowings & Advances	-	-	5,000	20,000	30,000	30,000	-	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	-	(1,348)	(1,273)	(1,505)	(2,189)	(3,186)	(4,221)	(4,279)	(4,164)	(3,611)	(3,804)	(4,006)
Repayment of lease liabilities (principal repayments)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flow provided (used in) Financing Activities</b>	-	<b>(1,348)</b>	<b>3,727</b>	<b>18,495</b>	<b>27,811</b>	<b>26,814</b>	<b>(4,221)</b>	<b>(4,279)</b>	<b>(4,164)</b>	<b>(3,611)</b>	<b>(3,804)</b>	<b>(4,006)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	-	<b>(8,417)</b>	-	-	-	-	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>
plus: Cash & Cash Equivalents - beginning of year	-	9,917	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
<b>Cash &amp; Cash Equivalents - end of the year</b>	-	<b>1,500</b>										
<b>Cash &amp; Cash Equivalents - end of the year</b>	9,917	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
<b>Investments - end of the year</b>	7,258	18,048	18,635	16,857	17,610	15,373	9,833	10,606	11,952	14,316	16,964	19,912
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	<b>17,175</b>	<b>19,548</b>	<b>20,135</b>	<b>18,357</b>	<b>19,110</b>	<b>16,873</b>	<b>11,333</b>	<b>12,106</b>	<b>13,452</b>	<b>15,816</b>	<b>18,464</b>	<b>21,412</b>
<b>Representing:</b>												
- External Restrictions	4,870	19,548	20,135	18,357	19,110	16,873	11,333	12,106	13,452	15,816	18,464	21,412
- Internal Restrictions	12,305	-	-	-	-	-	-	-	-	-	-	-
- Unrestricted	-	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
	<b>17,175</b>	<b>19,548</b>	<b>20,135</b>	<b>18,357</b>	<b>19,110</b>	<b>16,873</b>	<b>11,333</b>	<b>12,106</b>	<b>13,452</b>	<b>15,816</b>	<b>18,464</b>	<b>21,412</b>

# Appendix 6

## Scenario Financial Statements – General Fund

### Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2032

#### INCOME STATEMENT - GENERAL FUND

Scenario: 1-Proposed + one off 21% SRV on top of 2.5% rate peg (total of 23.5% increase) starting in 2024-25 to achieve a \$1.5M average ongoing surplus

	Actuals		Projected Years									
	Current Year		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income from Continuing Operations</b>												
<b>Revenue:</b>												
Rates & Annual Charges	26,313	27,293	28,163	28,867	34,347	35,206	36,086	36,988	37,913	38,861	39,832	40,828
User Charges & Fees	8,518	8,314	8,286	8,642	8,893	9,137	9,366	9,600	9,840	10,086	10,338	10,596
Other Revenues	1,892	2,246	2,000	2,044	2,103	2,161	2,215	2,270	2,327	2,385	2,445	2,506
Grants & Contributions provided for Operating Purposes	13,763	18,165	13,173	11,514	11,748	11,840	12,249	12,439	12,750	13,069	13,395	13,730
Grants & Contributions provided for Capital Purposes	17,656	28,709	43,113	10,430	6,073	6,103	6,130	6,159	6,188	6,217	6,248	6,279
Interest & Investment Revenue	457	446	1,180	1,046	1,067	1,015	1,046	1,060	1,180	1,248	1,365	1,456
<b>Total Income from Continuing Operations</b>	<b>68,599</b>	<b>85,172</b>	<b>95,915</b>	<b>62,543</b>	<b>64,231</b>	<b>65,462</b>	<b>67,092</b>	<b>68,516</b>	<b>70,197</b>	<b>71,866</b>	<b>73,623</b>	<b>75,396</b>
<b>Expenses from Continuing Operations</b>												
Employee Benefits & On-Costs	20,257	21,849	23,041	23,611	24,319	25,049	25,800	26,574	27,372	28,193	29,039	29,910
Borrowing Costs	230	407	356	306	774	742	708	672	638	604	570	534
Materials & Contracts	14,467	17,902	13,736	11,996	12,764	12,600	13,207	13,022	13,686	13,650	14,116	14,533
Depreciation & Amortisation	13,520	13,643	13,695	14,105	14,539	14,940	15,416	15,907	16,333	16,750	17,190	17,652
Other Expenses	2,470	3,728	3,976	4,126	4,245	4,362	4,471	4,583	4,697	4,815	4,935	5,059
Net Losses from the Disposal of Assets	2,324	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>53,268</b>	<b>57,529</b>	<b>54,805</b>	<b>54,143</b>	<b>56,642</b>	<b>57,692</b>	<b>59,603</b>	<b>60,759</b>	<b>62,725</b>	<b>64,012</b>	<b>65,850</b>	<b>67,688</b>
<b>Net Operating Result for the Year</b>	<b>15,331</b>	<b>27,643</b>	<b>41,110</b>	<b>8,400</b>	<b>7,589</b>	<b>7,769</b>	<b>7,489</b>	<b>7,757</b>	<b>7,472</b>	<b>7,853</b>	<b>7,773</b>	<b>7,708</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>	<b>(2,325)</b>	<b>(1,066)</b>	<b>(2,003)</b>	<b>(2,030)</b>	<b>1,516</b>	<b>1,667</b>	<b>1,359</b>	<b>1,599</b>	<b>1,285</b>	<b>1,636</b>	<b>1,525</b>	<b>1,429</b>

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2032

INCOME STATEMENT - GENERAL FUND

Scenario: 2-Proposed + 9% SRV on top of 2.5% rate peg (total of 11.5% increase per annum) starting in 2024-25 for 3 years to achieve a \$1.5M average ongoing surplus

	Actuals		Projected Years											
	Current Year		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income from Continuing Operations</b>														
<b>Revenue:</b>														
Rates & Annual Charges			26,313	27,293	28,163	28,867	31,046	33,465	36,091	36,993	37,918	38,866	39,838	40,834
User Charges & Fees			8,518	8,314	8,286	8,642	8,893	9,137	9,366	9,600	9,840	10,086	10,338	10,596
Other Revenues			1,892	2,246	2,000	2,044	2,103	2,161	2,215	2,270	2,327	2,385	2,445	2,506
Grants & Contributions provided for Operating Purposes			13,763	18,165	13,173	11,514	11,748	11,840	12,249	12,439	12,750	13,069	13,395	13,730
Grants & Contributions provided for Capital Purposes			17,656	28,709	43,113	10,430	6,073	6,103	6,130	6,159	6,188	6,217	6,248	6,279
Interest & Investment Revenue			457	446	1,180	1,046	1,067	1,015	1,046	1,060	1,180	1,248	1,365	1,456
<b>Total Income from Continuing Operations</b>			<b>68,599</b>	<b>85,172</b>	<b>95,915</b>	<b>62,543</b>	<b>60,930</b>	<b>63,720</b>	<b>67,097</b>	<b>68,521</b>	<b>70,202</b>	<b>71,871</b>	<b>73,629</b>	<b>75,401</b>
<b>Expenses from Continuing Operations</b>														
Employee Benefits & On-Costs			20,257	21,849	23,041	23,611	24,319	25,049	25,800	26,574	27,372	28,193	29,039	29,910
Borrowing Costs			230	407	356	306	774	742	708	672	638	604	570	534
Materials & Contracts			14,467	17,902	13,736	11,996	12,764	12,600	13,207	13,022	13,686	13,650	14,116	14,533
Depreciation & Amortisation			13,520	13,643	13,695	14,105	14,539	14,940	15,416	15,907	16,333	16,750	17,190	17,652
Other Expenses			2,470	3,728	3,976	4,126	4,245	4,362	4,471	4,583	4,697	4,815	4,935	5,059
Net Losses from the Disposal of Assets			2,324	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses from Continuing Operations</b>			<b>53,268</b>	<b>57,529</b>	<b>54,805</b>	<b>54,143</b>	<b>56,642</b>	<b>57,692</b>	<b>59,603</b>	<b>60,759</b>	<b>62,725</b>	<b>64,012</b>	<b>65,850</b>	<b>67,688</b>
<b>Net Operating Result for the Year</b>			<b>15,331</b>	<b>27,643</b>	<b>41,110</b>	<b>8,400</b>	<b>4,288</b>	<b>6,028</b>	<b>7,494</b>	<b>7,762</b>	<b>7,477</b>	<b>7,859</b>	<b>7,778</b>	<b>7,714</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>			<b>(2,325)</b>	<b>(1,066)</b>	<b>(2,003)</b>	<b>(2,030)</b>	<b>(1,785)</b>	<b>(75)</b>	<b>1,364</b>	<b>1,604</b>	<b>1,290</b>	<b>1,641</b>	<b>1,531</b>	<b>1,435</b>

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2032

INCOME STATEMENT - GENERAL FUND

Actuals Current Year

Projected Years

Scenario: 3-Proposed + increase Capital spend to minimum of 1.5x depreciation.

Equates to a 26% SRV on top of 2.5% rate peg (totalling 28.5.5% increase per annum) starting in 2024-25 for 1 year to achieve a \$1.5M average ongoing surplus

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income from Continuing Operations</b>												
<b>Revenue:</b>												
Rates & Annual Charges	26,313	27,293	28,163	28,867	35,551	36,439	37,350	38,284	39,241	40,222	41,228	42,258
User Charges & Fees	8,518	8,314	8,286	8,642	8,893	9,137	9,366	9,600	9,840	10,086	10,338	10,596
Other Revenues	1,892	2,246	2,000	2,044	2,103	2,161	2,215	2,270	2,327	2,385	2,445	2,506
Grants & Contributions provided for Operating Purposes	13,763	18,165	13,173	11,514	11,748	11,840	12,249	12,439	12,750	13,069	13,395	13,730
Grants & Contributions provided for Capital Purposes	17,656	28,709	43,113	10,430	6,073	6,103	6,130	6,159	6,188	6,217	6,248	6,279
Interest & Investment Revenue	457	446	1,180	1,046	1,067	1,015	1,046	1,060	1,180	1,248	1,365	1,456
<b>Total Income from Continuing Operations</b>	<b>68,599</b>	<b>85,172</b>	<b>95,915</b>	<b>62,543</b>	<b>65,434</b>	<b>66,695</b>	<b>68,356</b>	<b>69,812</b>	<b>71,525</b>	<b>73,227</b>	<b>75,019</b>	<b>76,826</b>
<b>Expenses from Continuing Operations</b>												
Employee Benefits & On-Costs	20,257	21,849	23,041	23,611	24,319	25,049	25,800	26,574	27,372	28,193	29,039	29,910
Borrowing Costs	230	407	356	306	774	742	1,301	1,631	2,675	2,579	2,477	2,371
Materials & Contracts	14,467	17,902	13,736	11,996	12,764	12,600	13,207	13,022	13,686	13,650	14,116	14,533
Depreciation & Amortisation	13,520	13,643	13,695	14,105	14,539	14,940	15,416	15,907	16,333	16,750	17,190	17,652
Other Expenses	2,470	3,728	3,976	4,126	4,245	4,362	4,471	4,583	4,697	4,815	4,935	5,059
Net Losses from the Disposal of Assets	2,324	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>53,268</b>	<b>57,529</b>	<b>54,805</b>	<b>54,143</b>	<b>56,642</b>	<b>57,692</b>	<b>60,196</b>	<b>61,717</b>	<b>64,762</b>	<b>65,987</b>	<b>67,758</b>	<b>69,525</b>
<b>Net Operating Result for the Year</b>	<b>15,331</b>	<b>27,643</b>	<b>41,110</b>	<b>8,400</b>	<b>8,793</b>	<b>9,003</b>	<b>8,160</b>	<b>8,094</b>	<b>6,763</b>	<b>7,240</b>	<b>7,261</b>	<b>7,302</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>	<b>(2,325)</b>	<b>(1,066)</b>	<b>(2,003)</b>	<b>(2,030)</b>	<b>2,719</b>	<b>2,900</b>	<b>2,030</b>	<b>1,936</b>	<b>575</b>	<b>1,023</b>	<b>1,013</b>	<b>1,023</b>

## Appendix 7

### Ratio Explanations

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