

CORPORATE & BUSINESS SYSTEMS

ATTACHMENT E

**2 BIRIPI WAY, TAREE OFFICE RELOCATION
INVESTIGATIONS UPDATE**

ORDINARY MEETING

6 FEBRUARY 2019

Addendum to MidCoast Council LTFP - Biripi Way Scenario

This addendum to the 2018-2028 Long Term Financial Plan for MidCoast Council has been prepared to model the impact on Council's financial position and sustainability of the draft Financing Strategy for the proposed 2 Biripi Way Way Taree Office Relocation Project.

The Biripi Way scenario specifically focusses on the impact of additional borrowings with the draft Financing Strategy proposing that Council borrow approximately \$8 million for the project. It is not a detailed model considering operational costs and savings from the proposed relocation and operation of this site but focusses on the impact of the capital cost and funding.

This scenario is a further expansion of the \$100 million Road Program scenario developed as part of the original 2018-2028 Long Term Financial Plan which was noted by Council at its Ordinary Meeting held on 28 November 2018. That LTFP modelled 2 General Fund scenarios - a Base Case and a \$100 million Road Program scenario. Single scenarios were modelled for the Water and Sewerage Funds.

The \$100 million Road Program scenario became reality following the State Government's announcement in June 2018 that it would provide \$50 million in funding matched by Council. By using that scenario as the base for developing the 2 Biripi Way scenario the cumulative impact of additional borrowings above those proposed in that scenario can be assessed.

This addendum should be read in conjunction with the balance of the 2018-2028 Long Term Financial Plan (November 2018) which discusses the various assumptions on which the broader Plan has been developed.

2 Biripi Way Financing Strategy

The Financing Strategy developed for the 2 Biripi Way Office Relocation project estimated that the cost to fit-out and relocate to the building would be \$20 million. Council considered 3 funding options all of which involved a combination of property disposals, use of existing cash reserves and borrowings with rental streams from the lease of existing buildings directed to meet loan repayments.

Council settled on an option that proposed the following:

Sale of existing Properties	\$4.8 million
Cash Reserves	\$7.2 million
Loans (repayments met from rental income)	<u>\$8.0 million</u>
Total	<u>\$20 million</u>

A copy of the Public Copy of the draft Financing Strategy is attached that provides more detail.

This scenario has been developed by:

- Adding \$20 million in capital expenditure - being the estimated cost of fit-out and relocation
- Introducing loan income of \$8 million.
- Including principal and interest repayments across the life of the plan based on a term of 20 years with quarterly repayments at a fixed interest rate of 4.5%. First payment to be made on 31 December 2019.
- Including annual rental from the lease of existing Council Administration Buildings and other property of an amount equivalent to the loan repayments.
- Including utilisation of cash reserves totalling \$7.2 million.
- Including Proceeds from Property Sales of \$4.8 million.

The interest rate chosen for this model (4.5%) is the same rate as utilised in the \$100 million Road Program scenario. This provides consistency across the models. This is a conservative estimate of the rate at which Council may be able to access funds from financial institutions. Rates obtained

during 2017/2018 are lower than those modelled across the LTFP. Sensitivity analysis utilising various interest rates for this project are included below to assess the impact on Council's debt performance indicators.

Rental income figures have been estimated based on information provided in reports by Knight Frank Newcastle, who were engaged to provide advice on property options. The net rental income has been modelled at a level that matches the loan repayment commitments. Based on the commercial-in-confidence estimates of rental income, previously provided to Council, there is a surplus of projected rental income associated with the modelled repayments. The upper limit at which time loan repayments may exceed projected rental income is when interest rates exceed 5% on the proposed level of borrowing.

2 alternate interest rates were modelled using rates of 4.00% and 5.00% while keeping the principal (\$8 million), term (20 years) and repayment frequency (quarterly) fixed. Rental income was also included only match the repayments.

The outcome of those models from an Operating Profit/Loss perspective and debt ratios are included below. The projected results under the \$100 million Road Program scenario are also included for comparison. These results are for the General Fund only and are not consolidated with the Water and Sewer Funds.

Projected Operating Profit / (Loss)

Interest Rate	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
\$100m Scenario	6,343	10,956	12,228	(2,823)	(2,486)	(3,127)	(2,204)
4.00%	6,064	11,058	12,346	(2,686)	(2,332)	(2,954)	(2,012)
4.50%	6,064	11,084	12,373	(2,661)	(2,306)	(2,929)	(1,986)
5.00%	6,064	11,108	12,396	(2,638)	(2,283)	(2,905)	(1,963)

The Debt Service Cover Ratio and Debt Service Ratio are the same for all 3 interest rate scenarios as follows:

Projected Debt Service Cover Ratio & Debt Service Ratio

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Biripi Way Scenario							
Debt Service Cover Ratio	2.40	2.50	2.64	2.92	3.48	3.60	3.87
Debt Service Ratio	10.42%	10.02%	9.64%	8.51%	6.99%	6.45%	5.98%
\$100m Road Program Scenario							
Debt Service Cover Ratio	2.48	2.60	2.76	3.06	3.69	3.84	4.15
Debt Service Ratio	10.11%	9.52%	9.14%	8.03%	6.50%	5.98%	5.52%

The OLG benchmark for the Debt Service Cover Ratio is greater than 2.00 while a Debt Service Ratio below 10% is considered satisfactory by the OLG. A ratio between 10% and 20% is considered to be fair.

As identified, the debt ratios are the same for the 3 interest rate scenarios. This occurs due to the exact matching of the rental income against the loan repayments rather than bringing the estimated total of the net rental income to account in all scenarios.

It is also identified above that estimated net rental income is insufficient to meet loan repayments on \$8 million when interest rates exceed 5.00%. Should this estimated maximum net rental income be included in each scenario then an improved Operating Result is achieved and the debt indicators are improved.

Alternatively this provides the opportunity to increase the amount borrowed by Council such that the estimated maximum net rental income covers the loan repayments, where Council is able to borrow at a lower interest rate. This is shown below.

Interest Rate	Amount able to be Borrowed
3.50%	\$9.10 million
4.00%	\$8.70 million
4.50%	\$8.30 million
4.75%	\$8.15 million
5.00%	\$8.00 million

However rental income streams are a risk within this model. There has been a significant discounting of the gross rental returns contained within the Knight Frank reports to take into account vacancy periods, lease incentives to attract tenants, agent fees, asset owner building responsibilities etc so as to arrive at the net rental income streams contained within the model. While the above indicates that there is some flexibility within the modelled figures to meet loan repayments from a lower than anticipated estimated net rental income stream in a low interest rate environment, any shortfall in rental income required to match loan repayments will subsequently need to be found from operational savings.

As indicated above operational savings and costs have not been modelled in this scenario. The draft Financing Strategy makes the following comments in respect of this issue:

11 Operational Savings / Efficiencies

It needs to be recognised that operational savings and efficiencies will not, in the first instance, provide the large sums of funding required to proceed with this project. However, they are an important aspect of the longer term success of the proposed relocation. Assumptions have been made in the Business Case of the level of savings and efficiencies that may be achieved from this project. They have not been subject to further consideration in this Financing Strategy.

The Business Case identified that there would be savings in operating and maintenance expenditures on administration buildings as a result of a move to a single site compared with operating a 'campus' model. These savings would be realised over time as the former offices were sold or leased.

In the short to medium term Council will incur additional expenditure as the new facility comes on-line. At this point in time it is difficult to estimate with any certainty the level of savings in operational expenditure arising from the proposed relocation to the 2 Biripi Way site. There are a number of options around a property usage / disposal strategy that impact on this aspect. Should Council choose to retain its existing administrative properties and seek a commercial return then this will go some way to off-setting the new costs incurred through the operation of the Biripi Way location. Any increase in operational and maintenance expenditure will need to be accommodated and considered within Council's existing budget structure.

Opportunities exist for operational savings to be achieved as identified in the Business Case through operational efficiencies. The operation of 4 legacy computer systems contributes to inefficiency in

operations and the migration to a single computer system, currently underway, will contribute to improved efficiencies which will enable a realignment of resourcing levels.

The principal financial reports follow for the General Fund 2 Biripi Way scenario and on a consolidated basis.

Mid-Coast Council
10 Year Financial Plan for the Years ending 30 June 2028
INCOME STATEMENT - GENERAL FUND

Scenario: General Purpose Biripi Way Scenario	Projected Years									
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations										
Revenue:										
Rates & Annual Charges	93,630,535	97,232,635	101,016,210	103,541,615	106,130,156	108,783,409	111,502,995	114,290,569	117,147,834	120,076,530
User Charges & Fees	11,670,163	11,942,106	12,221,728	12,509,254	12,804,919	13,108,960	13,421,624	13,743,165	14,073,845	14,413,931
Interest & Investment Revenue	3,331,303	3,338,871	3,346,458	3,354,065	3,361,690	3,369,334	3,376,997	3,384,680	3,392,381	3,400,102
Other Revenues	12,234,090	12,314,581	13,254,586	13,595,549	13,946,503	14,307,744	14,679,574	15,062,303	15,456,254	15,861,755
Grants & Contributions provided for Operating Purposes	34,057,379	34,353,117	34,715,355	35,082,661	35,457,889	35,909,799	36,387,363	36,873,908	37,369,649	37,874,809
Grants & Contributions provided for Capital Purposes	14,164,941	19,942,910	24,030,339	24,118,684	9,207,954	9,298,160	9,389,314	9,481,426	9,574,506	9,668,567
Total Income from Continuing Operations	169,088,411	179,124,220	188,584,677	192,201,827	180,909,110	184,777,406	188,757,866	192,836,051	197,014,469	201,295,694
Expenses from Continuing Operations										
Employee Benefits & On-Costs	55,855,627	57,670,935	59,545,241	61,480,461	63,478,576	65,541,630	67,671,733	69,871,065	72,141,874	74,486,485
Borrowing Costs	2,987,557	3,300,362	3,428,556	3,581,621	3,391,913	2,861,951	2,504,765	2,160,472	1,822,666	1,483,454
Materials & Contracts	33,948,641	34,701,479	35,478,410	35,950,473	36,838,053	37,747,674	38,679,887	39,635,250	40,614,343	41,617,175
Depreciation & Amortisation	48,103,043	48,067,507	48,283,811	48,501,088	48,719,342	48,938,580	49,158,803	49,380,018	49,602,228	49,825,438
Other Expenses	30,642,664	29,320,337	30,764,252	30,315,642	31,142,325	31,993,910	33,671,240	33,775,185	34,706,651	35,666,573
Total Expenses from Continuing Operations	171,537,532	173,060,620	177,500,269	179,829,285	183,570,210	187,083,744	191,686,428	194,821,989	198,887,763	203,079,125
Operating Result from Continuing Operations	(2,449,120)	6,063,601	11,084,408	12,372,543	(2,661,100)	(2,306,338)	(2,928,562)	(1,985,937)	(1,873,294)	(1,783,431)
Net Operating Result for the Year	(2,449,120)	6,063,601	11,084,408	12,372,543	(2,661,100)	(2,306,338)	(2,928,562)	(1,985,937)	(1,873,294)	(1,783,431)
Net Operating Result before Grants and Contributions provided for Capital Purposes	(16,614,061)	(13,879,309)	(12,945,931)	(11,746,141)	(11,869,053)	(11,604,499)	(12,317,876)	(11,467,363)	(11,447,800)	(11,451,999)

Mid-Coast Council
10 Year Financial Plan for the Years ending 30 June 2028
BALANCE SHEET - GENERAL FUND

Scenario: General Purpose Biripi Way Scenario	Projected Years									
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS										
Current Assets										
Cash & Cash Equivalents	-	-	7,438,818	17,800,789	28,674,884	42,459,565	55,140,751	68,734,402	82,365,085	95,797,642
Investments	65,953,315	63,282,119	63,282,119	63,282,119	63,282,119	63,282,119	63,282,119	63,282,119	63,282,119	63,282,119
Receivables	17,031,281	17,922,005	19,030,271	19,419,129	18,260,934	18,689,565	19,124,024	19,571,081	20,029,000	20,497,539
Inventories	4,223,134	1,653,007	1,680,569	1,697,315	1,728,802	1,761,070	1,794,140	1,828,031	1,862,764	1,898,339
Other	1,654,109	1,639,525	1,696,398	1,696,999	1,740,899	1,786,002	1,852,829	1,879,957	1,928,884	1,979,148
Total Current Assets	88,861,840	84,496,657	93,128,176	103,896,352	113,687,638	127,978,321	141,193,863	155,295,590	169,467,852	183,454,787
Non-Current Assets										
Investments	17,292,543	16,592,173	16,592,173	16,592,173	16,592,173	16,592,173	16,592,173	16,592,173	16,592,173	16,592,173
Receivables	448,072	464,844	482,460	494,243	506,320	518,699	531,388	544,394	557,726	571,391
Inventories	2,561,181	358,015	358,015	358,015	358,015	358,015	358,015	358,015	358,015	358,015
Infrastructure, Property, Plant & Equipment	2,015,908,444	2,040,597,621	2,047,530,826	2,053,873,517	2,032,142,639	2,008,587,120	1,986,083,472	1,963,400,230	1,941,226,749	1,919,765,131
Investments Accounted for using the equity method	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Investment Property	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000
Total Non-Current Assets	2,054,410,241	2,076,212,652	2,083,163,473	2,089,517,946	2,067,799,146	2,044,256,006	2,021,765,046	1,999,094,811	1,976,934,662	1,955,486,710
TOTAL ASSETS	2,143,272,080	2,160,709,309	2,176,291,649	2,193,414,298	2,181,486,784	2,172,234,327	2,162,958,909	2,154,390,401	2,146,402,514	2,138,941,496
LIABILITIES										
Current Liabilities										
Payables	22,084,449	22,382,494	22,565,908	22,611,260	22,349,624	22,722,658	23,408,302	23,642,591	24,135,394	24,646,523
Income received in advance	918,449	931,990	978,851	1,002,999	1,027,843	1,053,404	1,079,704	1,106,763	1,134,605	1,163,252
Borrowings	11,748,270	11,586,080	11,188,046	10,475,644	8,790,735	8,504,820	8,289,941	8,081,259	7,663,384	6,991,456
Provisions	18,365,676	19,718,776	21,071,876	22,424,976	23,778,076	25,131,176	26,484,276	27,837,376	29,190,476	30,543,576
Total Current Liabilities	53,116,844	54,619,339	55,804,680	56,514,878	55,946,278	57,412,058	59,262,222	60,667,989	62,123,859	63,344,807
Non-Current Liabilities										
Payables	437,105	437,105	437,105	437,105	437,105	437,105	437,105	437,105	437,105	437,105
Borrowings	51,749,576	61,620,709	64,933,300	68,973,208	60,275,394	51,863,495	43,666,476	35,678,138	28,107,675	21,209,140
Provisions	13,855,525	13,855,525	13,855,525	13,855,525	13,855,525	13,855,525	13,855,525	13,855,525	13,855,525	13,855,525
Total Non-Current Liabilities	66,042,206	75,913,339	79,225,930	83,265,838	74,568,024	66,156,125	57,959,105	49,970,768	42,400,305	35,501,770
TOTAL LIABILITIES	119,159,050	130,532,678	135,030,610	139,780,716	130,514,302	123,568,184	117,221,328	110,638,757	104,524,164	98,846,577
Net Assets	2,024,113,031	2,030,176,631	2,041,261,039	2,053,633,582	2,050,972,482	2,048,666,143	2,045,737,582	2,043,751,644	2,041,878,350	2,040,094,919
EQUITY										
Retained Earnings	2,024,113,031	2,030,176,631	2,041,261,039	2,053,633,582	2,050,972,482	2,048,666,143	2,045,737,582	2,043,751,644	2,041,878,350	2,040,094,919
Revaluation Reserves	-	-	-	-	-	-	-	-	-	-
Total Equity	2,024,113,031	2,030,176,631	2,041,261,039	2,053,633,582	2,050,972,482	2,048,666,143	2,045,737,582	2,043,751,644	2,041,878,350	2,040,094,919

Mid-Coast Council
10 Year Financial Plan for the Years ending 30 June 2028
CASH FLOW STATEMENT - GENERAL FUND

Scenario: General Purpose Biripi Way Scenario	Projected Years									
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	93,497,868	97,052,242	100,826,729	103,415,143	106,000,521	108,650,534	111,366,798	114,150,968	117,004,742	119,929,860
User Charges & Fees	11,926,979	11,924,676	12,203,806	12,490,826	12,785,969	13,089,473	13,401,584	13,722,557	14,052,651	14,392,134
Interest & Investment Revenue Received	3,327,076	3,314,648	3,291,803	3,307,230	3,314,943	3,308,123	3,321,277	3,326,189	3,333,126	3,340,600
Grants & Contributions	48,169,691	53,733,194	58,333,357	59,159,121	46,012,806	45,157,722	45,723,976	46,301,711	46,889,591	47,487,848
Other	11,140,582	13,558,605	14,203,061	14,806,116	15,318,934	15,509,204	15,876,484	16,254,722	16,644,050	17,044,794
Payments:										
Employee Benefits & On-Costs	(55,798,958)	(57,646,667)	(59,520,184)	(61,454,590)	(63,451,864)	(65,514,049)	(67,643,256)	(69,841,662)	(72,111,516)	(74,455,141)
Materials & Contracts	(32,677,059)	(34,889,312)	(34,999,726)	(35,955,167)	(36,492,176)	(37,391,738)	(38,122,016)	(39,449,792)	(40,226,285)	(41,217,786)
Borrowing Costs	(2,991,149)	(3,257,126)	(3,415,672)	(3,566,911)	(3,437,810)	(2,900,399)	(2,541,950)	(2,196,706)	(1,857,979)	(1,516,919)
Other	(30,647,311)	(29,320,949)	(30,761,865)	(30,315,617)	(31,140,482)	(31,992,018)	(33,668,436)	(33,774,047)	(34,704,598)	(35,664,464)
Net Cash provided (or used in) Operating Activities	45,947,719	54,469,312	60,161,308	61,886,150	48,910,841	47,916,853	47,714,460	48,493,939	49,023,782	49,340,927
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	11,641,918	3,371,567	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	4,800,000	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	2,176,900	1,857,667	2,149,020	2,197,577	2,722,235	2,221,127	2,336,157	2,027,925	2,280,925	2,409,925
Payments:										
Purchase of Infrastructure, Property, Plant & Equipment	(58,861,764)	(74,207,488)	(57,786,068)	(57,049,262)	(30,376,258)	(27,655,485)	(28,957,533)	(28,731,194)	(29,685,686)	(30,747,833)
Net Cash provided (or used in) Investing Activities	(45,042,946)	(64,178,254)	(55,637,048)	(54,851,685)	(27,654,023)	(25,434,358)	(26,621,376)	(26,703,269)	(27,404,761)	(28,337,908)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	10,100,000	22,000,000	15,000,000	15,000,000	-	-	-	-	-	-
Payments:										
Repayment of Borrowings & Advances	(10,912,624)	(12,219,207)	(12,085,442)	(11,672,494)	(10,382,723)	(8,697,814)	(8,411,899)	(8,197,020)	(7,988,338)	(7,570,463)
Repayment of Finance Lease Liabilities	(92,150)	(71,851)	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(904,774)	9,708,942	2,914,558	3,327,506	(10,382,723)	(8,697,814)	(8,411,899)	(8,197,020)	(7,988,338)	(7,570,463)
Net Increase/(Decrease) in Cash & Cash Equivalents	0	-	7,438,818	10,361,971	10,874,095	13,784,681	12,681,185	13,593,651	13,630,683	13,432,556
plus: Cash, Cash Equivalents & Investments - beginning of year	0	0	0	7,438,818	17,800,789	28,674,884	42,459,565	55,140,751	68,734,402	82,365,085
Cash & Cash Equivalents - end of the year	0	0	7,438,818	17,800,789	28,674,884	42,459,565	55,140,751	68,734,402	82,365,085	95,797,642
Cash & Cash Equivalents - end of the year	0	0	7,438,818	17,800,789	28,674,884	42,459,565	55,140,751	68,734,402	82,365,085	95,797,642
Investments - end of the year	83,245,858	79,874,292	79,874,292	79,874,292	79,874,292	79,874,292	79,874,292	79,874,292	79,874,292	79,874,292
Cash, Cash Equivalents & Investments - end of the year	83,245,858	79,874,292	87,313,110	97,675,081	108,549,176	122,333,857	135,015,043	148,608,694	162,239,377	175,671,933

Mid-Coast Council
10 Year Financial Plan for the Years ending 30 June 2028
FINANCIAL PERFORMANCE INDICATORS - GENERAL FUND

Scenario: General Purpose Biripi Way Scenario	Projected Years									
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Operating Performance Ratio	-10.72%	-8.72%	-7.87%	-6.99%	-6.91%	-6.61%	-6.87%	-6.25%	-6.11%	-5.98%
Own Source Operating Revenue Ratio	71.48%	69.69%	68.85%	69.20%	75.31%	75.53%	75.75%	75.96%	76.17%	76.38%
Unrestricted Current Ratio	1.28	1.04	1.19	1.41	1.63	1.82	1.95	2.10	2.24	2.36
Debt Service Cover Ratio	2.46	2.40	2.50	2.64	2.92	3.48	3.60	3.87	4.07	4.40
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	5.63%	5.64%	5.64%	5.63%	5.63%	5.63%	5.63%	5.63%	5.63%	5.63%
Cash Expense Cover Ratio	0.00	0.00	0.63	1.49	2.37	3.48	4.40	5.37	6.30	7.17
Debt Service Ratio	9.62%	10.42%	10.02%	9.64%	8.51%	6.99%	6.45%	5.98%	5.54%	5.00%

Mid-Coast Council
10 Year Financial Plan for the Years ending 30 June 2028
INCOME STATEMENT - CONSOLIDATED

Scenario: Consolidated Biripi Way Scenario	Projected Years									
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations										
Revenue:										
Rates & Annual Charges	145,277,775	149,575,612	154,070,488	158,293,630	162,634,235	167,095,619	171,681,195	176,394,473	181,239,062	186,218,677
User Charges & Fees	40,782,823	41,921,833	43,095,817	44,371,315	45,686,565	47,042,819	48,441,366	49,883,539	51,370,711	52,904,297
Interest & Investment Revenue	3,936,303	3,946,371	3,956,521	3,966,754	3,977,071	3,987,475	3,997,967	4,008,548	4,019,222	4,029,989
Other Revenues	12,471,090	12,558,223	13,505,059	13,853,044	14,211,220	14,579,887	14,959,351	15,349,932	15,751,956	16,165,758
Grants & Contributions provided for Operating Purposes	38,536,379	38,944,092	39,421,105	39,906,054	40,441,820	41,018,327	41,623,605	42,241,056	42,870,976	43,513,669
Grants & Contributions provided for Capital Purposes	14,164,941	19,942,910	24,030,339	24,118,684	9,207,954	9,298,160	9,389,314	9,481,426	9,574,506	9,668,567
Total Income from Continuing Operations	255,169,311	266,889,042	278,079,329	284,509,481	276,158,865	283,022,287	290,092,799	297,358,975	304,826,433	312,500,958
Expenses from Continuing Operations										
Employee Benefits & On-Costs	76,119,181	78,441,078	80,834,637	83,302,093	85,845,748	88,467,981	91,171,243	93,958,063	96,831,047	99,792,887
Borrowing Costs	13,701,936	12,561,208	12,289,228	12,240,473	11,600,842	10,486,428	9,468,490	8,494,020	7,614,734	6,875,780
Materials & Contracts	54,775,458	57,148,966	60,835,835	59,531,833	63,369,697	62,482,309	64,032,588	65,711,468	67,339,917	68,968,338
Depreciation & Amortisation	78,959,021	79,694,884	80,701,872	81,729,601	82,778,569	83,849,286	84,942,278	86,058,079	87,197,241	88,360,326
Other Expenses	34,169,273	32,846,946	34,290,861	33,842,251	34,668,934	35,520,519	37,197,849	37,301,794	38,233,260	39,193,182
Total Expenses from Continuing Operations	257,724,869	260,693,082	268,952,433	270,646,251	278,263,790	280,806,525	286,812,448	291,523,424	297,216,200	303,190,514
Operating Result from Continuing Operations	(2,555,557)	6,195,960	9,126,896	13,863,230	(2,104,925)	2,215,763	3,280,351	5,835,550	7,610,233	9,310,443
Net Operating Result for the Year	(2,555,557)	6,195,960	9,126,896	13,863,230	(2,104,925)	2,215,763	3,280,351	5,835,550	7,610,233	9,310,443
Net Operating Result before Grants and Contributions provided for Capital Purposes	(16,720,498)	(13,746,950)	(14,903,443)	(10,255,454)	(11,312,879)	(7,082,398)	(6,108,963)	(3,645,875)	(1,964,273)	(358,124)

Mid-Coast Council
10 Year Financial Plan for the Years ending 30 June 2028
BALANCE SHEET - CONSOLIDATED

Scenario: Consolidated Biripi Way Scenario	Projected Years									
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS										
Current Assets										
Cash & Cash Equivalents	27,885,526	16,658,748	22,621,638	24,456,910	35,677,954	45,288,466	64,939,168	85,432,655	117,205,598	152,174,924
Investments	75,440,495	72,769,299	72,769,299	72,769,299	72,769,299	72,421,080	70,838,643	70,838,643	70,838,643	70,838,643
Receivables	28,066,594	29,160,295	30,508,564	31,229,536	30,449,595	31,246,423	32,090,463	32,966,850	33,900,873	34,870,279
Inventories	4,699,499	2,160,951	2,302,702	2,230,863	2,377,699	2,319,878	2,366,905	2,418,991	2,468,388	2,517,265
Other	1,654,109	1,639,525	1,696,398	1,696,999	1,740,899	1,786,002	1,852,829	1,879,957	1,928,884	1,979,148
Total Current Assets	137,746,222	122,388,817	129,898,602	132,383,607	143,015,446	153,061,849	172,088,008	193,537,096	226,342,386	262,380,259
Non-Current Assets										
Investments	17,805,364	17,104,993	17,104,993	17,104,993	17,104,993	17,086,171	17,000,633	17,000,633	17,000,633	17,000,633
Receivables	448,072	464,844	482,460	494,243	506,320	518,699	531,388	544,394	557,726	571,391
Inventories	2,561,181	358,015	358,015	358,015	358,015	358,015	358,015	358,015	358,015	358,015
Infrastructure, Property, Plant & Equipment	2,912,535,523	2,944,715,321	2,951,985,465	2,962,891,642	2,935,239,538	2,909,876,312	2,877,686,189	2,845,928,886	2,807,806,392	2,769,533,886
Investments Accounted for using the equity method	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Investment Property	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000
Intangible Assets	2,188,000	2,188,000	2,188,000	2,188,000	2,188,000	2,188,000	2,188,000	2,188,000	2,188,000	2,188,000
Total Non-Current Assets	2,953,738,140	2,983,031,174	2,990,318,933	3,001,236,892	2,973,596,866	2,948,227,196	2,915,964,225	2,884,219,928	2,846,110,766	2,807,851,925
TOTAL ASSETS	3,091,484,361	3,105,419,990	3,120,217,535	3,133,620,499	3,116,612,311	3,101,289,045	3,088,052,232	3,077,757,024	3,072,453,152	3,070,232,184
LIABILITIES										
Current Liabilities										
Bank Overdraft	-	-	-	-	-	-	-	-	-	-
Payables	27,784,548	28,269,998	28,732,225	28,603,878	28,564,086	28,721,770	29,399,891	29,641,162	30,157,549	30,698,271
Income received in advance	918,449	931,990	978,851	1,002,999	1,027,843	1,053,404	1,079,704	1,106,763	1,134,605	1,163,252
Borrowings	20,569,634	20,692,177	21,224,718	21,334,337	19,168,296	18,667,604	17,845,110	14,904,355	13,546,801	13,267,315
Provisions	26,579,801	27,932,901	29,286,001	30,639,101	31,992,201	33,345,301	34,698,401	36,051,501	37,404,601	38,757,701
Total Current Liabilities	75,852,433	77,827,066	80,221,795	81,580,314	80,752,426	81,788,080	83,023,106	81,703,781	82,243,556	83,886,539
Non-Current Liabilities										
Payables	437,105	437,105	437,105	437,105	437,105	437,105	437,105	437,105	437,105	437,105
Borrowings	199,153,909	204,918,945	208,194,864	206,376,080	192,300,705	173,726,022	155,973,833	141,162,399	127,708,519	114,534,125
Provisions	13,918,399	13,918,399	13,918,399	13,918,399	13,918,399	13,918,399	13,918,399	13,918,399	13,918,399	13,918,399
Total Non-Current Liabilities	213,509,413	219,274,449	222,550,369	220,731,585	206,656,210	188,081,527	170,329,337	155,517,903	142,064,023	128,889,629
TOTAL LIABILITIES	289,361,846	297,101,515	302,772,164	302,311,898	287,408,636	269,869,607	253,352,443	237,221,685	224,307,580	212,776,168
Net Assets	2,802,122,515	2,808,318,475	2,817,445,371	2,831,308,601	2,829,203,675	2,831,419,438	2,834,699,789	2,840,535,339	2,848,145,573	2,857,456,016
EQUITY										
Retained Earnings	2,341,988,515	2,348,184,475	2,357,311,371	2,371,174,601	2,369,069,675	2,371,285,438	2,374,565,789	2,380,401,339	2,388,011,573	2,397,322,016
Revaluation Reserves	460,134,000	460,134,000	460,134,000	460,134,000	460,134,000	460,134,000	460,134,000	460,134,000	460,134,000	460,134,000
Total Equity	2,802,122,515	2,808,318,475	2,817,445,371	2,831,308,601	2,829,203,675	2,831,419,438	2,834,699,789	2,840,535,339	2,848,145,573	2,857,456,016

Mid-Coast Council
10 Year Financial Plan for the Years ending 30 June 2028
CASH FLOW STATEMENT - CONSOLIDATED

Scenario: Consolidated Biripi Way Scenario	Projected Years									
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	144,655,178	149,324,448	153,808,625	157,998,421	162,330,465	166,783,036	171,359,539	176,063,477	180,898,451	185,868,169
User Charges & Fees	40,896,691	41,755,727	42,924,542	44,183,001	45,492,293	46,842,400	48,234,605	49,670,234	51,150,653	52,677,273
Interest & Investment Revenue Received	3,917,326	3,958,714	3,908,219	3,947,587	3,928,207	3,941,112	3,927,836	3,928,409	3,904,451	3,903,525
Grants & Contributions	53,029,708	58,310,789	63,025,391	63,968,456	50,977,361	50,251,358	50,944,952	51,653,212	52,374,880	53,110,269
Other	11,814,347	13,795,531	14,446,628	15,056,509	15,576,347	15,773,836	16,148,538	16,534,409	16,931,585	17,340,398
Payments:										
Employee Benefits & On-Costs	(76,062,512)	(78,416,810)	(80,809,580)	(83,276,221)	(85,819,036)	(88,440,401)	(91,142,767)	(93,928,660)	(96,800,689)	(99,761,543)
Materials & Contracts	(51,871,043)	(57,154,634)	(60,201,191)	(59,575,493)	(62,864,433)	(62,164,429)	(63,410,945)	(65,456,884)	(66,884,858)	(68,501,944)
Borrowing Costs	(13,791,366)	(12,544,311)	(12,267,681)	(12,271,913)	(11,699,630)	(10,612,080)	(9,590,928)	(8,610,596)	(7,708,127)	(6,959,960)
Other	(34,173,920)	(32,847,558)	(34,288,474)	(33,842,226)	(34,667,091)	(35,518,627)	(37,195,045)	(37,300,656)	(38,231,207)	(39,191,073)
Net Cash provided (or used in) Operating Activities	78,414,409	86,181,898	90,546,478	96,188,122	83,254,483	86,856,204	89,275,786	92,552,945	95,635,138	98,485,113
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	11,641,918	3,371,567	-	-	-	367,041	1,667,974	-	-	-
Sale of Real Estate Assets	-	4,800,000	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	2,176,900	1,857,667	2,149,020	2,197,577	2,722,235	2,221,127	2,336,157	2,027,925	2,280,925	2,409,925
Payments:										
Purchase of Infrastructure, Property, Plant & Equipment	(75,868,632)	(113,325,488)	(90,541,068)	(94,841,262)	(58,514,258)	(60,758,485)	(55,054,533)	(56,335,194)	(51,331,686)	(52,471,833)
Net Cash provided (or used in) Investing Activities	(62,049,814)	(103,296,254)	(88,392,048)	(92,643,685)	(55,792,023)	(58,170,317)	(51,050,402)	(54,307,269)	(49,050,761)	(50,061,908)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	10,100,000	27,000,000	25,000,000	20,000,000	5,000,000	-	-	-	-	-
Payments:										
Repayment of Borrowings & Advances	(21,209,654)	(21,040,571)	(21,191,540)	(21,709,165)	(21,241,416)	(19,075,375)	(18,574,683)	(17,752,189)	(14,811,434)	(13,453,880)
Repayment of Finance Lease Liabilities	(92,150)	(71,851)	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(11,201,804)	5,887,578	3,808,460	(1,709,165)	(16,241,416)	(19,075,375)	(18,574,683)	(17,752,189)	(14,811,434)	(13,453,880)
Net Increase/(Decrease) in Cash & Cash Equivalents	5,162,792	(11,226,778)	5,962,891	1,835,271	11,221,044	9,610,513	19,650,701	20,493,487	31,772,944	34,969,326
plus: Cash, Cash Equivalents & Investments - beginning of year	22,722,734	27,885,526	16,658,748	22,621,638	24,456,910	35,677,954	45,288,466	64,939,168	85,432,655	117,205,598
Cash & Cash Equivalents - end of the year	27,885,526	16,658,748	22,621,638	24,456,910	35,677,954	45,288,466	64,939,168	85,432,655	117,205,598	152,174,924
Cash & Cash Equivalents - end of the year	27,885,526	16,658,748	22,621,638	24,456,910	35,677,954	45,288,466	64,939,168	85,432,655	117,205,598	152,174,924
Investments - end of the year	93,245,858	89,874,292	89,874,292	89,874,292	89,874,292	89,507,250	87,839,277	87,839,277	87,839,277	87,839,277
Cash, Cash Equivalents & Investments - end of the year	121,131,384	106,533,039	112,495,930	114,331,202	125,552,246	134,795,717	152,778,444	173,271,931	205,044,875	240,014,201

Mid-Coast Council
10 Year Financial Plan for the Years ending 30 June 2028
FINANCIAL PERFORMANCE INDICATORS

Scenario: Consolidated Biripi Way Scenario	Projected Years									
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Operating Performance Ratio	-6.94%	-5.57%	-5.87%	-3.94%	-4.24%	-2.59%	-2.18%	-1.27%	-0.67%	-0.12%
Own Source Operating Revenue Ratio	79.35%	77.94%	77.18%	77.50%	82.02%	82.22%	82.41%	82.61%	82.79%	82.98%
Unrestricted Current Ratio	0.96	0.48	0.60	0.57	0.80	0.89	1.21	1.54	1.90	2.33
Debt Service Cover Ratio	2.17	2.33	2.33	2.47	2.53	2.95	3.15	3.46	4.14	4.67
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	6.89%	6.85%	6.84%	6.84%	6.85%	6.85%	6.86%	6.86%	6.87%	6.87%
Cash Expense Cover Ratio	1.70	1.21	1.57	1.67	2.27	2.82	3.85	4.91	6.59	8.35
Debt Service Ratio	15.42%	14.47%	13.97%	13.81%	13.03%	11.43%	10.57%	9.64%	8.03%	7.09%