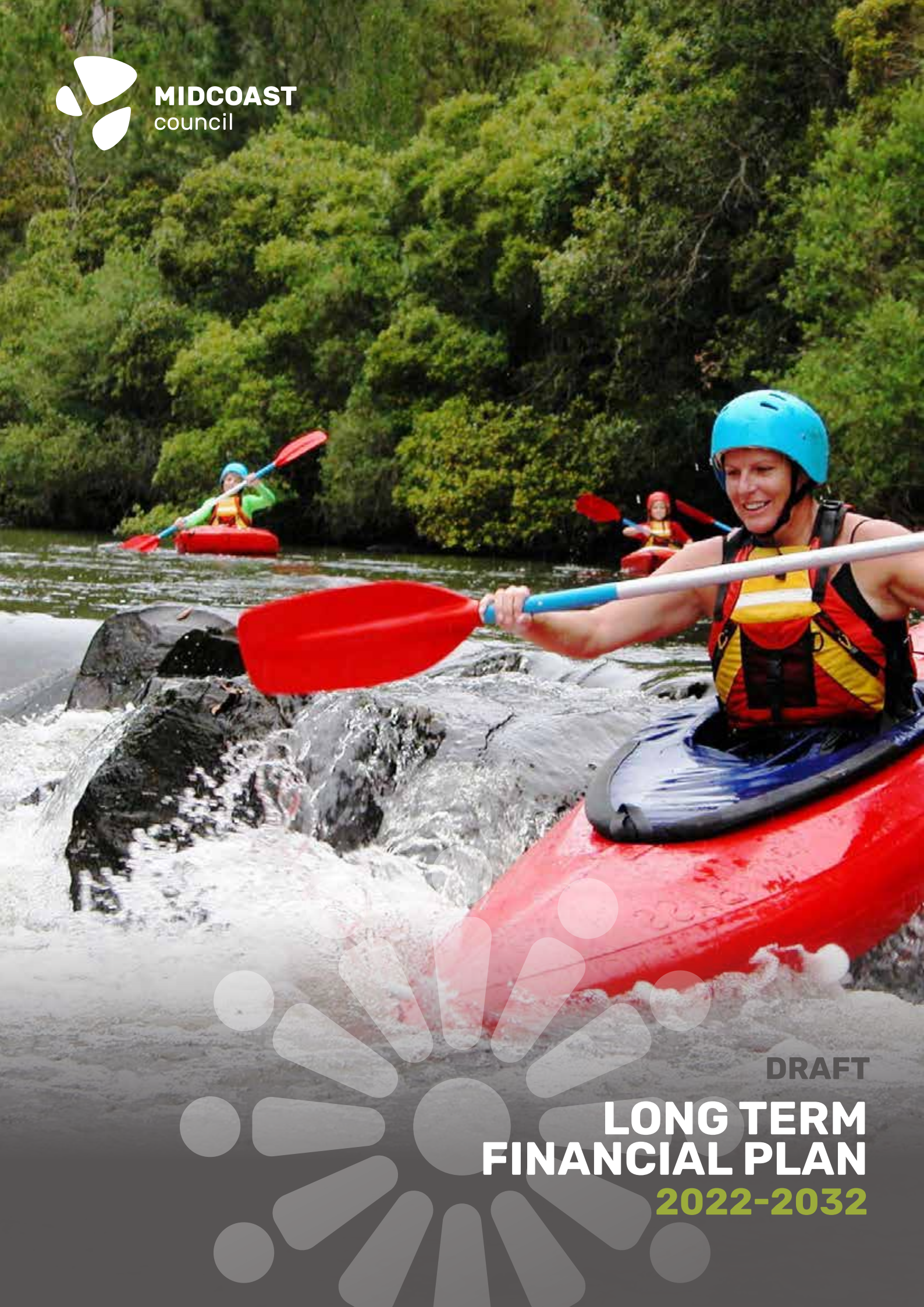




MIDCOAST
council



DRAFT

**LONG TERM
FINANCIAL PLAN**
2022-2032

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Introduction

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

This was followed by a further Proclamation that took effect on 1 July 2017 that saw the former MidCoast County Council (MidCoast Water) dissolved with its functions and responsibilities transferred to Mid-Coast Council.

The new Council operated under a period of administration until local government elections took place in September 2017.

That election saw 11 new Councillors elected to Mid-Coast Council for an initial period of 3 years. That period was extended due to the COVID-19 pandemic with elections eventually held in December 2021.

At the December 2021 election a new Council was elected and they will serve a shortened term through to September 2024.

Each new Council is required to prepare the full suite of Integrated Planning and Reporting documents that will guide the Council during its term.

Those documents are:

- A Community Strategic Plan which identifies the long term aspirations our communities want to see delivered in the Mid-Coast Council area. The Strategic Plan stretches across 20 years, identifying the outcomes and long term strategic responses needed to achieve the agreed directions. It demands strong leadership from Council in working with others to grow our area into the future.
- A 4 year Delivery Program which links the 'planning' in the long term Strategic Plan with the 'implementing' in the annual Operational Plan. It is the strategic document that guides the organisation's work program over the term of Council. The Delivery Program sets out clear priorities, ongoing activities and specific actions Council will undertake, within its responsibilities and capacity, towards achieving the community's outcomes.
- An annual Operational Plan which is the 'implementing' part of Council's key strategic documents, and outlines all of Council's services. All services deliver a range of ongoing service activities, and may also identify specific tasks to be undertaken in the year ahead. Both ongoing activities and specific tasks contribute to the implementation of Council's Delivery Program.
- A Resourcing Strategy which outlines Council's capacity to manage assets and deliver services over the next ten years. The Strategy includes three key elements - a Workforce Management Plan, an Asset Management Plan, and a Long Term Financial Plan. To prepare the Resourcing Strategy, Council determines its capacity and how to effectively manage its finances, the sustainability of its workforce, and the overall cost and condition of its community assets.

The Long Term Financial Plan contains guiding philosophies to promote a consistent financial direction spanning multiple financial years and council terms.

The Plan is reviewed and updated annually as part of the development of the annual Operational Plan and multi-year Delivery Program. Other scenarios are also developed and considered where proposals are likely to have a major impact on the Council's overall financial sustainability.

This is the third major review of the Long Term Financial Plan developed by Mid-Coast Council and covers a ten year timeframe commencing in the 2021/2022 financial year.

Objectives and Structure of the Plan

The objectives of the Long Term Financial Plan are to:

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

The Plan has been structured in five main sections.

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

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

Section 3 - Details the financial scenarios developed by Council. A single scenario for General Fund has been developed using the 2021/2022 budget as the starting position. The draft 2022-2023 budget has been included in the modelling with all indexation projected forward based on this draft budget. A single scenario for both the water and sewer funds has been developed.

This Section sets out:

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

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

Section 5 – Provides the principal Financial Statements (Income Statement, Balance Sheet, Cash Flow Statement, Financial Performance Indicators) on a Consolidated basis as well as for each of the 3 Funds operated by Council. These cover the 10 year period from 2021/2022 to 2031/2032.

Section 1

Current Financial Position of Council

As mentioned above Mid-Coast Council was created on 12 May 2016, being an amalgamation of 3 former councils. Responsibility for the provision of water and sewerage services was transferred to Council from 1 July 2017 following the dissolution of the former MidCoast County Council (Midcoast Water).

Council is required to produce Consolidated Financial Reports that comply with Australian Accounting Standards, the Local Government Act 1993 and associated Regulations and the Office of Local Government's Code of Accounting Practice and Financial Reporting.

Council is also required to prepare Special Purpose Financial Reports that provide relevant stakeholders and users with financial information about its Water and Sewer operations.

To enable this separate reporting (and to comply with legislative requirements) Council operates 3 Funds – a General Fund, Water Fund and Sewer Fund.

The Consolidated result is the sum of the individual fund results. The Fund results for the financial period to 30 June 2021 are set out in the tables below.

This indicates that the General Fund recorded a deficit Net Operating Result before Capital Grants & Contributions. The modelling conducted over the term of this Long Term Financial Position (set out in Section 5) confirms that this is a long term trend. The Financial Performance Indicators that flow from this modelling highlight that Council will not meet the OLG Operating Performance Ratio benchmark.

The Operating Performance Ratio is the key indicator for long term financial sustainability. Action is required over the term of this Long Term Financial Plan to address this position.

The Water and Sewer Funds recorded positive (or surplus) Net Operating Results before Capital Grants & Contributions during 2020-2021. This is projected to continue across the term of the Long Term Financial Plan. However those funds have large capital works programs to be delivered over a long period of time and this will require careful management of ongoing budgets to ensure that funding is available when required.

Table 1: Income Statement by Fund at 30 June 2021

	General Fund	Water Fund	Sewer Fund
Income from Continuing Operations	\$'000	\$'000	\$'000
Rates & Annual Charges	106,176	13,082	38,022
User Charges & Fees	24,137	28,016	3,264
Interest & Investment Revenue	1,771	91	882
Other Revenues	3,925	63	268
Operating Grants & Contributions	31,341	520	483
Capital Grants & Contributions	41,619	11,422	4,967
Other Income	5,136	0	0
Total Income from Operations	214,105	53,194	47,886
Expenses from Continuing Operations			
Employee Benefits & On-Costs	72,103	7,122	5,667
Materials & Services	55,494	12,882	13,542
Borrowing Costs	2,242	5,237	3,852
Depreciation, Amortisation & Impairments	55,992	13,713	10,450
Other Expenses	9,121	330	115
Net Losses from Disposal of Assets	8,867	781	598
Total Expenses from Continuing Operations	203,819	40,065	34,224
Net Operating Result for the Year	10,286	13,129	13,662
Net Operating Result before Capital Grants & Contributions	(31,333)	1,707	8,695

Table 2: Statement of Financial Position by Fund at 30 June 2021

	General Fund	Water Fund	Sewer Fund
Assets	\$'000	\$'000	\$'000
Current Assets			
Cash & Cash Equivalents	18,197	28,792	24,403
Investments	52,050	2,500	27,000
Receivables	29,122	10,793	8,528
Inventories	5,322	0	0
Other	798	0	0
Non-current Assets held for Sale	0	1,375	1,375
Total Current Assets	105,489	43,460	61,306
Non-Current Assets			
Investments	86,360	3,000	33,250
Receivables	664	0	0
Inventories	1,034	0	0
Infrastructure, property, plant & equipment	2,539,419	558,100	552,384
Investments – Equity Method	298	0	0
Investment property	21,855	1,155	1,155
Right of Use Assets	2,608	0	0
Total Non-Current Assets	2,652,238	562,255	556,789
TOTAL ASSETS	2,757,727	605,715	618,095
Liabilities			
Current Liabilities			
Payables	26,080	2,047	1,573
Contract Liabilities	14,028	0	0
Lease Liabilities	588	0	0
Borrowings	9,668	4,914	5,662
Employee Benefit Provision	20,971	3,414	3,414
Provisions	300	0	0
Total Current Liabilities	71,635	10,375	10,649
Non-Current Liabilities			
Lease Liabilities	2,267	0	0
Borrowings	48,081	76,202	50,357
Employee Benefit Provision	417	70	70
Provisions	14,687	0	0
Total Non-Current Liabilities	65,452	76,272	61,076
TOTAL LIABILITIES	137,087	86,647	61,076
Net Assets	2,620,640	519,068	557,019

	General Fund	Water Fund	Sewer Fund
Equity			
Accumulated Surplus	2,091,735	435,049	424,212
Revaluation Reserves	528,905	84,019	132,807
Council Equity Interest	2,620,640	519,068	557,019
Total Equity	2,620,640	519,068	557,019

Section 2

Policy Context

Historical Circumstances & Actions

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

It was an amalgamation of the former Gloucester Shire Council, Great Lakes Council and Greater Taree City Council. On 1 July 2017 the former Mid Coast County Council (Midcoast Water) was dissolved and its functions were assumed by MidCoast Council.

Since the mergers, Long Term Financial Plans have been prepared to assess the combined position of the new Council on Day 1 of operations (by remodelling the existing LTFPs and using common indexation factors) and an LTFP that modelled a proposed special rate variation.

The next review of the LTFP consisted of a General Fund Base Case and a scenario that modelled the impact of a \$100 million road program which was funded on a 50 / 50 basis with the State Government. It also included a Base Case scenario for both the water and sewer funds that was prepared drawing information from the 'Future Directions (2018 - 2048) Financial Plan' for the Water Services Division.

A further scenario of the General Fund LTFP was later developed to model a funding strategy associated with the development of a new Council Administration Centre located at Biripi Way, Taree.

The latest review of the LTFP was conducted in June/July 2021 which reduced the indexation assumptions being projected across the model. This was based on the prevailing economic conditions that had been and were being experienced at the time.

Existing Special Rate Variations at Merger

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

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

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

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

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

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

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

2016/2017 Special Rate Variation

During 2016/2017 Council received approval to lodge an application with IPART for a special rate variation. A section 508A multi-year special variation application was prepared that sought to address several issues. The application sought approval to increase general income by the following amounts (including an assumed rate peg of 2.5%):

2017/2018 - 11%

2018/2019 - 5%

2019/2020 - 5%

2020/2021 - 5%

The application also sought to harmonise the existing environmental levies (and extend into the former Gloucester area) at 6% of general income and raise funds for infrastructure works on the sealed rural road network (2.5% per year for 4 years).

Council was successful with its application with a 1% reduction to the amount sought in the first year i.e. 10% approved.

In conjunction with this application Council was pursuing opportunities to source additional funding from the NSW Government to address Council's significant road infrastructure backlog. A proposal to partner with the NSW Government whereby Council would match any funding provided was developed. The proposal was that Council would borrow funds and utilise the revenue generated from the road component of the special rate variation to meet the repayments.

These discussions were subsequently successful with the State Government providing \$50 million of funding over 5 years for capital works projects targeting the Regional Road network. Council is required to contribute a matching amount and this is being met from the annual borrowings. The repayment of these borrowings are being met with funds raised through the Special Rate Variation (which raises an annual amount of \$7.338 million per annum).

2021/2022 Additional Special Variation

On 13 December 2021 the Independent Pricing & Regulatory Tribunal (IPART) announced that the rate peg for the 2022-2023 rating period would be 0.7%. It also introduced a population factor and provided MidCoast Council with an additional 0.2% increase to provide a total rate peg increase of 0.9%. This represented the lowest rate announced in many years and will have a significant financial impact on all councils and their ability to deliver services to their communities.

Sector wide lobbying to the Minister for Local Government has resulted in an Additional Special Variation process being introduced. The IPART will accept and assess a one-off round of special variation applications for 2022-2023. The additional round is only for councils that can demonstrate a financial need i.e. without the additional special variation (ASV) the council will not meet their 2021-2022 Long Term Financial Plan (LTFP) obligations in 2022-2023. The ASV would be the lower of 2.5% or the council's assumed 2022-2023 rate peg as exhibited in its LTFP (both including population factor).

Council had projected a rate peg of 2.25% in its July 2021 review of the LTFP and as such has lodged an ASV with the IPART so as to be able to continue to fund essential services to the MidCoast community. Council has requested that this be a permanent increase to its general income. The shortfall in ongoing rate revenue from the lower rate peg across the life of that LTFP was approximately \$14 million.

Asset Management

Council's Asset Management Strategy has been developed in accordance with the Integrated Planning and Reporting Framework Guidelines and provides the basis for consistent and effective asset management across all asset classes. The Integrated Planning and Reporting (IP & R) Framework encourages and supports the review of each of Council's resourcing strategies aligned with the review of the Community Strategic Plan and at other times as required.

The Strategy also includes an Asset Management Improvement Plan (developed with assistance from Morrison Low), which details a program of tasks and nominated resources as part of our commitment to reach a core level of asset management practice across the organisation by 2023. It includes outcomes from Council's service delivery practices, financial sustainability indicators, asset management maturity and the objectives and strategies identified in the Community Strategic Plan. The Asset Management Strategy enables Council to show the link between the Community Strategic Plan and the day-to-day management of our assets by providing;

- a basis for the management of building, recreation, roads & transport, stormwater drainage, water & sewer assets;
- identify future assets that will be required to meet the needs of the community in future years;
- providing strategic objectives to allow us to fulfil our Asset Management Policy, and
- identify actions to achieve the objectives of the Improvement Plan.

The financial information contained in the Asset Management Strategy has been developed based on a review of asset data by Morrison Low. The overarching asset management financial model was developed using asset values from current asset registers and then aligned with Note C1-7 Infrastructure, property, plant and equipment and Report on Infrastructure Assets (formerly Special Schedule 7) of the Annual Financial Statements 2020/2021. The model also considered the following assumptions;

- Capital Works Program based on LTFP Business as usual scenario
- Capital Works Program in LTFP split into renewals and new assets
- Capital funding split on asset values
- Where better information is available this has been used
- Works programs split into
 - New assets
 - Renewal projects

The Asset Management Strategy highlights that Council has a shortfall in funding that is required to meet the maintenance and renewal requirements of its asset base. This shortfall is commonly known as the funding gap. In order to respond to the funding gap during the term of the Strategy Council will focus on establishing community agreed levels of service and prioritising funding towards those asset classes. The urgent need is to ensure that asset funding is based on risk, criticality and affordability.

It is important to note that the figures contained within this LTFP are based on existing funding levels and allocations ie a Business as Usual scenario. The information modelled within the Asset Management Strategy is at a level that does not allow for its detailed modelling within the current LTFP.

The development of detailed Asset Management Plans for each asset class and sub-class will provide information at the required level to develop separate scenarios that will allow for comparison.

The Asset Management Strategy does contain an external analysis of Council's current asset position that it confirms and supports other reports that highlight the challenges that Council faces in ensuring that it meets its financial and asset sustainability responsibilities over the short, medium and long term.

Performance Measures

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

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

Operating Performance Ratio

This ratio is a core measure of a Council's financial sustainability. It measures Council's ability to contain operating expenditure within operating revenue.

It is important to note that this ratio focusses on operating performance and hence capital grants and contributions, fair value adjustments and reversal of revaluation decrements are excluded.

The ratio is calculated as follows:

$$\frac{(\text{Operating revenue excluding capital grants \& contributions} - \text{operating expenses})}{\text{operating revenue excluding capital grants \& contributions}}$$

The OLG benchmark is that Council should record a breakeven operating position or better (over 0%).

Own Source Operating Revenue Ratio

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.

The ratio is calculated as follows:

$$\frac{\text{Rates \& Annual Charges}}{\text{Income from Continuing Operations}}$$

The OLG benchmark is for own source revenue to be greater than 60%.

Unrestricted Current Ratio

This ratio is a measure of Council's ability to meet its financial obligations such as paying for goods and services supplied. It assesses the level of liquidity and the ability to satisfy obligations as they fall due in the short term.

The ratio is calculated as follows:

Current assets less all external restrictions / current liabilities less specific purpose liabilities.

The OLG determines that a ratio of greater than 1.5:1 is satisfactory and shows that Council has sufficient liquid assets on hand to meet its short term liabilities.

Debt Service Cover Ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments.

The ratio is calculated as follows:

Operating results before capital excluding interest and depreciation / Principal repayments (source: Statement of Cash Flows) + borrowing costs (source: Income Statement)

The OLG benchmark is greater than 2.

Debt Service Ratio

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

Cash Expense Cover Ratio

This ratio is a measure of Council's liquidity and indicates the number of months that Council can continue to pay its immediate expenses without additional cashflow.

The ratio is calculated as follows:

Current year cash & cash equivalents / monthly average payments for operating and investing activities.

The OLG benchmark is for greater than 3 months.

Section 3

Scenarios

Current Situation

This Long Term Financial Plan is being prepared at a time where economic conditions are changing rapidly. Leading into and through the COVID-19 pandemic period (2020-2022), economic conditions could be described as being a low interest rate, inflation, wage growth environment. The June/July 2021 review of the LTFP reflected this environment with a reduction in revenue and expenditure assumptions which were informed by experienced and forecast economic projections eg the Reserve Bank of Australia projecting that there would be no increase to the official cash rate until mid 2024.

April / May 2022 has seen a quarterly Consumer Price Index figure of 5.1% announced and the Reserve Bank has increased the official cash rate by 25 basis points to 0.35%. Economists are predicting a period of volatility as the global economy recovers from the impacts of the COVID-19 pandemic and deals with increasing global tension particularly with the current invasion of Ukraine by Russia.

This will mean that this LTFP will require frequent revision as better information becomes available.

2021/2022 General Fund Base Case Scenario

The Base Case scenario has been developed on the premise of carrying on business as usual. It reflects Council's modelling of its future financial position based on the draft 2022/202319 budget.

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

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

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

Revenue Assumptions

Ordinary Rates - based on the assumption that following the expiry of the current special rate variation and for the remaining duration of the Plan the rating pegging limit will generally reflect the OLG & IPART advised index of 2.5%.

This index has been applied from 2023/2024 with the 2022/2023 rate income projected to increase by the announced rate peg of 0.9%.

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

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

Annual Charges for Waste Management Services have been projected to increase by 2.0% across the duration of the Plan.

Stormwater Levy charges are projected to increase by 0.25% per annum. It is not anticipated that there will be an increase in the legislated charge and the indexation is based on growth in rateable properties.

User Charges & Fees and Charges - These revenues for the next twelve months are detailed in Council's Fees and Charges Schedule and Statement of Revenue Policy, both of which form part of Council's Delivery Program and Operational Plan. The Base Case model generally provides for an increase of between 2.0% and 2.5% per annum for discretionary fees and charges across the life of the Plan. These fees represent a small component of the total.

Regulatory fees and charges, being set by State Government, have shown little movement and are indexed to increase by 0.25% per annum.

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

The amount estimated for 2022/2023 has been indexed to grow based on information provided by the NSW Grants Commission. From 2023/2024 an indexation figure of 0.2% has been applied consistently over the life of the plan.

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

Operational grants have been increased by 1.5% across the life of the plan.

Interest of Investments - This scenario assumes that Council will continue to have a level of invested funds similar to that currently under investment. It is anticipated that there will be modest growth in interest income across the 10 years of the Plan due to a rise in interest rates and some growth over time in the quantum of invested funds held. An increase of 0.3% for 2023/2024 and 0.4% for 2024/2025 have been projected given recent increases in interest rates before a standard 0.2% being applied across the balance of the model. Discussions with Council's financial institutions indicate a market expectation of an increasing yield curve for a period of time, noting that this appears to be the start of a cycle of higher interest rates.

Capital Grants & Contributions - Council has generally taken a very conservative approach to its estimation of capital grants and contributions on the basis that there is no guarantee that these funds will be received from year to year. Council's budget has also included non-cash contributions that are received each year (like developer contributed infrastructure and RFS equipment)..

An indexation factor of between 0.5% and 1.0% has been applied to these items across the duration of the Plan.

Expenditure Assumptions

Employee Benefits & On-costs - Employee costs for 2022/2023 and future years have been indexed to take into account anticipated Local Government Award movements and Salary

System Performance Review progressions. The Plan reflects an annualised wage increase of 2.20% for 2022/2023 and beyond. This consists of 2 components being 2.00% Award increase which has been based on assessment of costs and current inflation and 0.20% Enterprise Agreement increases.

This scenario is based on the current staff structures for Council and existing salary systems.

Council's commitment to meet its Superannuation obligations continues to increase as it meets its obligations under the Commonwealth Government's decision to increase the superannuation guarantee from 9% to 12%.

The total amount of superannuation payable is indexed to grow at 2.50% per annum in 2023/2024, 2024/2025 and 2025/2026 before returning to 2.20% in line with wages growth. This reflects the additional 0.5% contribution to superannuation required to lift superannuation to 12.0%

Borrowings – The Base Case provides that Council will continue to meet its contribution to the \$100million Road Program from loan borrowings. In 2022/2023 this is projected to be \$8.625 million with a further \$16.01 million required in 2023/2024. There are no borrowings projected after these and Council focus on paying down existing debt.

The interest rate forecast to be payable on borrowings for 2022/2023 is 2.50% rising to 3.00% for 2023/2024.

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

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

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

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

For the purposes of this plan the asset values and depreciation of the former councils have been consolidated and projected forward at a rate of 0.25% growth per year. This recognises the general growth in the asset base over time.

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

Other Expenses – This category includes a number of utility expense items including electricity costs, water and sewerage charges, waste charges etc. In general the Plan provides that these utility expenses will increase by 2.5%, insurances by 5.0% and contracts by 3.0% per annum for the life of the Plan. Other general expenses are projected to increase by 2.5% per annum.

2021/2022 Water Fund Base Case Scenario

The Water Fund Base Case has been developed on a Business as Usual basis. Capital expenditure has been forecast across the 10 year horizon of this Plan based on the current reviews of detail contained within the 30 year Integrated Water Cycle Management plan.

Indexation has been applied to the 2018/2019 draft budget as follows:

- Annual Charges: 2.0% for the duration of the Plan
- User Charges: 2.0% for the duration of the Plan
- Fees & Charges: 2.0% for the duration of the Plan
- Interest: 0.2% for the duration of the Plan
- Other Revenues: 1.0% for the duration of the Plan
- Operating Grants: 1.5% for the duration of the Plan
- Employee Costs: 2.2% for the duration of the Plan
- Materials & Contracts: 1.0% to 1.2% for the duration of the Plan
- Other Expenses: 1.2% for the duration of the Plan
- Depreciation: 0.25% for the duration of the Plan
- Interest on Borrowings: Actual repayments

2021/2022 Sewer Fund Base Case Scenario

The Sewer Fund Base Case has been developed on a Business as Usual basis. Capital expenditure has been forecast across the 10 year horizon based on the current reviews of detail contained within the 30 year Integrated Water Cycle Management plan.

Indexation has been applied to the 2022/2023 draft budget as follows:

- Annual Charges: 2.0% for the duration of the Plan
- User Charges: 1.5% for the duration of the Plan
- Interest: 0.2% for the duration of the Plan
- Fees & Charges: 2.0% for the duration of the Plan
- Other Revenues: 1.0% for the duration of the Plan
- Operating Grants: 1.0% for the duration of the Plan
- Employee Costs: 2.2% for the duration of the Plan
- Materials & Contracts: 1.0% to 1.2% for the duration of the Plan
- Other Expenses: 1.2% for the duration of the Plan
- Depreciation: 0.25% for the duration of the Plan
- Interest on Borrowings: Actual repayments

Section 4

Modelling

Consolidated Fund Result

The Consolidated Fund Result for MidCoast Council indicates that over the 10 year life of this Long Term Financial Plan that Council will generate surplus Operating Results before Capital Grants and Contributions from 2026/2027 onwards. The average surplus over the 10 year period is approximately \$2.2 million.

It is important to note that the Consolidated Result is the aggregate of the results of the 3 Funds. However legislation requires that Water and Sewer operations are kept separate and are not available for use in the General Fund. As such the results of the individual Funds are important in considering the long-term financial sustainability of the organisation.

Commentary on the results of modelling of the 3 Funds is provided below.

General Fund Base Case Scenario

The General Fund Base Case model indicates that Council will continue to record Operating Deficits before capital grants and contribution across the time horizon of this Plan.

The projected General Fund deficits average \$16.7 million per year and are increasing in size across the LTFP time horizon. This result is reflected in the key Financial Performance Indicator of financial sustainability – the Operating Performance Ratio. The benchmark required is 0% with the preference being a continued reasonable surplus.

The Fit for the Future benchmark set for this ratio is greater than 0% on a rolling 3 year average.

Council faces a challenge to address this issue and return the General Fund to a surplus position.

While not modelled the Financial Projections that are contained within the Asset Management Strategy align with the results of the LTFP modelling.

There are a number of areas that Council will need to review and change. A body of work is required to ensure that asset data is accurate and compete, service reviews will be required and significant engagement and conversations with the community will be required to set service levels that are affordable and deliverable and meet community expectations.

Water Fund Base Case Scenario

The Water Fund base case indicates that it will record increasing surpluses over the 10 year timeframe of the LTFP. These will be required to fund the large and ongoing capital works program that is envisaged within the Integrated Water Cycle Management Plan.

That Plan is currently under review and any amendments will need to be reflected in future LTFPs.

While the results of the modelling appear to indicate that longer term financial sustainability is not a significant concern, the Water Fund continues to pay down large borrowings taken out for previous capital works projects and there are large scale future projects that will need commencement during the life of this Plan. That needs to be considered in conjunction with significant increases in prices of materials and contractors that are being experienced which

means that prior estimates of the cost to deliver projects may be understated by a material amount. This may impact on the ability to deliver the desired capital works program in the desired timeframe.

Sewer Fund Base Case Scenario

The Sewer Fund base case indicates that it will record increasing surpluses over the 10 year timeframe of the LTFP. These will be required to fund the large and ongoing capital works program that is envisaged within the Integrated Water Cycle Management Plan.

That Plan is currently under review and any amendments will need to be reflected in future LTFPs.

While the results of the modelling appear to indicate that longer term financial sustainability is not a significant concern, the Sewer Fund continues to pay down large borrowings taken out for previous capital works projects and there are large scale future projects that will need commencement during the life of this Plan. That needs to be considered in conjunction with significant increases in prices of materials and contractors that are being experienced which means that prior estimates of the cost to deliver projects may be understated by a material amount. This may impact on the ability to deliver the desired capital works program in the desired timeframe.

Sensitivity Analysis

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

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

By way of example each 0.1% of rate peg below the estimate equates to approximately \$87,000. Over the life of the Plan this equates to in excess of \$900,000.

As highlighted earlier in this LTFP, economic conditions are becoming more volatile at present with price, wage and monetary indexes increasing in response to global and national influences. This will necessitate more regular reviews of the LTFP where significant movements occur during a financial period.

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

Section 5

2021-2022 Consolidated Budget – 10 Year Financial Projections

Income Statement

MidCoast Council 10 Year Financial Plan for the Years ending 30 June 2032 INCOME STATEMENT - CONSOLIDATED											
Scenario: Base Case	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	Projected Years					
	\$	\$	\$	\$	\$	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
						\$	\$	\$	\$	\$	\$
Income from Continuing Operations											
Revenue:											
Rates & Annual Charges	160,015,773	163,940,335	167,662,700	171,470,217	175,364,857	179,348,636	183,423,620	187,591,923	191,855,706	196,217,183	200,678,620
User Charges & Fees	56,188,498	56,246,275	57,177,977	58,128,896	59,099,166	60,089,325	61,099,789	62,130,981	63,183,337	64,257,916	65,354,039
Other Revenues	4,483,992	4,671,632	4,764,673	4,859,574	4,956,373	5,055,108	5,155,818	5,258,542	5,363,320	5,470,194	5,579,205
Grants & Contributions provided for Operating Purposes	46,813,723	35,968,087	36,185,981	35,730,927	35,926,210	36,142,836	36,362,523	36,585,328	36,811,303	37,040,501	37,189,179
Grants & Contributions provided for Capital Purposes	35,814,928	43,027,386	43,587,508	20,674,568	19,745,181	19,755,848	19,766,566	19,777,340	19,788,166	19,799,046	19,809,982
Interest & Investment Revenue	2,408,216	3,000,209	3,007,953	3,017,466	3,023,501	3,029,548	3,035,607	3,041,678	3,047,761	3,053,857	3,059,965
Other Income:											
Other Income	2,041,700	2,103,600	2,118,975	2,137,213	2,161,162	2,185,553	2,210,393	2,235,693	2,261,462	2,287,707	2,314,440
Total Income from Continuing Operations	307,766,830	308,957,523	314,505,767	296,018,861	300,276,450	305,606,853	311,054,316	316,621,485	322,311,054	328,126,405	333,985,430
Expenses from Continuing Operations											
Employee Benefits & On-Costs	79,096,852	85,771,909	89,162,368	92,386,635	94,475,435	96,436,119	98,489,053	100,563,458	102,737,192	104,958,765	107,130,091
Borrowing Costs	9,513,785	8,893,172	8,048,004	7,713,214	6,839,767	6,104,872	5,506,552	4,917,329	4,326,994	3,733,531	3,117,133
Materials & Contracts	83,010,371	80,901,637	83,164,301	86,141,985	87,372,140	89,426,749	91,583,410	94,659,068	96,199,218	98,549,644	100,419,951
Depreciation & Amortisation	84,323,567	80,301,300	80,500,496	80,700,190	80,796,382	80,578,076	80,679,271	80,880,969	81,083,172	81,285,880	81,489,094
Other Expenses	10,779,025	10,250,112	10,495,135	10,746,148	11,003,299	11,266,742	11,536,631	11,813,126	12,096,390	12,386,591	12,683,901
Net Losses from the Disposal of Assets	923,500	923,500	923,500	923,500	923,500	923,500	923,500	923,500	923,500	923,500	923,500
Total Expenses from Continuing Operations	267,647,100	267,041,630	272,293,803	278,611,670	281,410,524	284,736,058	288,718,418	293,757,451	297,366,466	301,837,912	305,763,670
Operating Result from Continuing Operations	40,119,730	41,915,893	42,211,964	17,407,191	18,865,926	20,870,796	22,335,898	22,864,034	24,944,589	26,288,493	28,221,759
Net Operating Result before Grants and Contributions provided for Capital Purposes	4,304,802	(1,111,493)	(1,375,545)	(3,267,377)	(879,255)	1,114,948	2,569,332	3,086,694	5,156,423	6,489,447	8,411,777

Balance Sheet

MidCoast Council
10 Year Financial Plan for the Years ending 30 June 2032
BALANCE SHEET - CONSOLIDATED

Scenario: Base Case	Current Year	Projected Years									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS											
Current Assets											
Cash & Cash Equivalents	46,176,830	29,517,257	23,221,639	29,868,221	45,300,370	77,292,047	107,770,976	140,040,518	178,164,305	206,313,387	218,046,633
Investments	128,796,675	128,796,675	128,796,675	125,604,490	125,604,490	125,604,490	125,604,490	125,604,490	125,604,490	125,604,490	125,604,490
Receivables	37,951,162	36,835,954	37,778,377	35,870,055	36,438,031	37,172,486	37,915,077	38,674,757	39,458,880	40,228,516	40,983,957
Inventories	4,393,898	4,285,555	4,334,241	4,399,231	4,424,260	4,468,094	4,514,226	4,581,322	4,613,300	4,663,757	4,703,210
Other	1,297,227	1,189,318	1,234,658	1,294,068	1,319,359	1,360,865	1,404,454	1,466,113	1,497,814	1,545,464	1,583,813
Non-current assets classified as "held for sale"	687,500	687,500	687,500	687,500	687,500	687,500	687,500	687,500	687,500	687,500	687,500
Total Current Assets	219,303,293	201,312,259	196,053,090	197,723,565	213,774,010	246,585,482	277,896,723	311,054,701	350,026,289	379,043,115	391,609,603
Non-Current Assets											
Investments	74,398,382	74,398,382	74,398,382	73,130,158	73,130,158	73,130,158	73,130,158	73,130,158	73,130,158	73,130,158	73,130,158
Receivables	301,794	314,426	320,688	327,076	333,592	340,238	347,017	353,932	360,985	368,179	375,517
Inventories	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318
Infrastructure, Property, Plant & Equipment	3,684,067,156	3,733,122,392	3,782,296,668	3,780,758,567	3,768,460,908	3,744,258,044	3,724,497,261	3,703,595,819	3,679,767,733	3,666,817,687	3,672,321,900
Investment Property	24,165,000	24,165,000	24,165,000	24,165,000	24,165,000	24,165,000	24,165,000	24,165,000	24,165,000	24,165,000	24,165,000
Right of use assets	2,488,000	1,865,000	1,242,000	619,000	100,000	-	-	-	-	-	-
Investments Accounted for using the equity method	298,000	298,000	298,000	298,000	298,000	298,000	298,000	298,000	298,000	298,000	298,000
Non-current assets classified as "held for sale"	2,062,500	2,062,500	2,062,500	2,062,500	2,062,500	2,062,500	2,062,500	2,062,500	2,062,500	2,062,500	2,062,500
Total Non-Current Assets	3,789,900,150	3,838,345,018	3,886,902,556	3,883,479,619	3,870,669,476	3,846,373,258	3,826,619,255	3,805,724,727	3,781,903,694	3,768,960,841	3,774,472,393
TOTAL ASSETS	4,009,203,442	4,039,657,277	4,082,955,646	4,081,203,184	4,084,443,485	4,092,958,740	4,104,515,978	4,116,779,428	4,131,929,983	4,148,003,956	4,166,081,996
LIABILITIES											
Current Liabilities											
Payables	31,399,556	30,813,554	31,334,707	31,908,913	32,212,247	32,672,606	33,163,308	33,806,195	34,210,922	34,747,933	35,212,416
Contract liabilities	9,381,386	7,862,119	8,333,389	5,405,519	5,311,746	5,338,327	5,365,269	5,392,581	5,420,267	5,448,333	5,466,295
Borrowings	19,510,153	18,015,360	18,915,240	17,954,564	14,972,210	13,436,612	13,421,901	12,388,613	12,953,055	12,811,161	9,385,647
Provisions	30,475,509	32,544,110	34,622,307	36,710,311	38,808,338	40,916,608	43,035,347	45,164,784	47,305,156	49,456,703	51,619,670
Total Current Liabilities	90,766,604	89,235,143	93,205,643	91,979,308	91,304,541	92,364,153	94,985,825	96,752,173	99,889,400	102,464,130	101,684,027
Non-Current Liabilities											
Lease liabilities	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000
Borrowings	163,760,489	153,808,848	150,903,608	132,949,044	117,976,834	104,540,222	91,118,321	78,729,708	65,776,654	52,965,493	43,579,846
Provisions	14,974,619	14,995,663	15,016,808	15,038,055	15,059,407	15,080,866	15,102,434	15,124,114	15,145,909	15,167,820	15,189,851
Total Non-Current Liabilities	181,590,108	171,659,511	168,775,416	150,842,099	135,891,241	122,476,088	109,075,755	96,708,822	83,777,563	70,988,313	61,624,697
TOTAL LIABILITIES	272,356,712	260,894,654	261,981,059	242,821,407	227,195,782	214,840,241	204,061,580	193,460,995	183,666,963	173,452,443	163,308,724
Net Assets	3,736,846,730	3,778,762,623	3,820,974,587	3,838,381,778	3,857,247,704	3,878,118,499	3,900,454,398	3,923,318,432	3,948,263,020	3,974,551,513	4,002,773,273
EQUITY											
Retained Earnings	2,991,115,730	3,033,031,623	3,075,243,587	3,092,650,778	3,111,516,704	3,132,387,499	3,154,723,398	3,177,587,432	3,202,532,020	3,228,820,513	3,257,042,273
Revaluation Reserves	745,731,000	745,731,000	745,731,000	745,731,000	745,731,000	745,731,000	745,731,000	745,731,000	745,731,000	745,731,000	745,731,000
Council Equity Interest	3,736,846,730	3,778,762,623	3,820,974,587	3,838,381,778	3,857,247,704	3,878,118,499	3,900,454,398	3,923,318,432	3,948,263,020	3,974,551,513	4,002,773,273
Total Equity	3,736,846,730	3,778,762,623	3,820,974,587	3,838,381,778	3,857,247,704	3,878,118,499	3,900,454,398	3,923,318,432	3,948,263,020	3,974,551,513	4,002,773,273

Cash Flow Statement

MidCoast Council
10 Year Financial Plan for the Years ending 30 June 2032
CASH FLOW STATEMENT - CONSOLIDATED

Scenario: Base Case	Current Year 2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$	Projected Years					
						2026/27 \$	2027/28 \$	2028/29 \$	2029/30 \$	2030/31 \$	2031/32 \$
Cash Flows from Operating Activities											
Receipts:											
Rates & Annual Charges	166,209,154	163,709,737	167,476,219	171,279,598	175,170,006	179,149,460	183,220,021	187,383,801	191,642,959	195,999,708	200,456,310
User Charges & Fees	56,801,276	56,548,459	56,988,053	57,926,655	58,892,915	59,878,973	60,885,254	61,912,179	62,960,182	64,030,278	65,121,907
Investment & Interest Revenue Received	2,203,092	2,966,070	2,991,039	3,011,434	2,937,178	2,889,952	2,900,391	2,902,161	2,896,865	2,930,920	2,955,922
Grants & Contributions	78,764,345	72,271,672	73,670,460	49,242,405	49,392,147	49,656,973	49,887,491	50,121,185	50,358,103	50,598,300	50,754,762
Other	6,612,666	6,908,026	6,748,007	7,380,414	7,065,725	7,169,016	7,293,079	7,419,583	7,548,577	7,680,033	7,815,828
Payments:											
Employee Benefits & On-Costs	(77,886,655)	(83,688,218)	(86,994,632)	(90,207,484)	(92,284,620)	(94,233,381)	(96,274,132)	(98,336,085)	(100,497,092)	(102,705,659)	(104,863,693)
Materials & Contracts	(81,291,483)	(81,275,904)	(82,868,124)	(85,760,305)	(87,196,742)	(89,152,840)	(91,296,572)	(94,262,473)	(95,983,694)	(98,237,202)	(100,163,474)
Borrowing Costs	(9,497,759)	(8,970,669)	(8,087,017)	(7,818,865)	(6,939,828)	(6,185,427)	(5,578,153)	(4,989,708)	(4,395,648)	(3,805,619)	(3,189,933)
Other	(10,827,126)	(10,275,276)	(10,488,991)	(10,739,851)	(10,996,845)	(11,260,126)	(11,529,850)	(11,806,175)	(12,089,266)	(12,379,289)	(12,676,416)
Net Cash provided (or used in) Operating Activities	131,087,509	118,193,897	119,435,013	94,314,001	96,039,936	97,912,599	99,507,530	100,344,470	102,440,986	104,111,470	106,211,215
Cash Flows from Investing Activities											
Receipts:											
Sale of Investment Securities	964,943	-	-	4,460,409	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	1,530,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Payments:											
Purchase of Infrastructure, Property, Plant & Equipment	(147,184,263)	(124,907,036)	(125,225,271)	(74,712,589)	(64,153,223)	(52,448,712)	(57,091,989)	(56,153,027)	(53,428,586)	(64,509,333)	(83,166,808)
Net Cash provided (or used in) Investing Activities	(144,689,320)	(123,407,036)	(123,725,271)	(68,752,180)	(62,653,223)	(50,948,712)	(55,591,989)	(54,653,027)	(51,928,586)	(63,009,333)	(81,666,808)
Cash Flows from Financing Activities											
Receipts:											
Proceeds from Borrowings & Advances	8,625,000	8,625,000	16,010,000	-	-	-	-	-	-	-	-
Payments:											
Repayment of Borrowings & Advances	(20,238,358)	(20,071,434)	(18,015,360)	(18,915,240)	(17,954,564)	(14,972,210)	(13,436,612)	(13,421,901)	(12,388,613)	(12,953,055)	(12,811,161)
Net Cash Flow provided (used in) Financing Activities	(11,613,358)	(11,446,434)	(2,005,360)	(18,915,240)	(17,954,564)	(14,972,210)	(13,436,612)	(13,421,901)	(12,388,613)	(12,953,055)	(12,811,161)
Net Increase/(Decrease) in Cash & Cash Equivalents	(25,215,170)	(16,659,574)	(6,295,618)	6,646,582	15,432,149	31,991,677	30,478,929	32,269,542	38,123,787	28,149,083	11,733,246
plus: Cash & Cash Equivalents - beginning of year	71,392,000	46,176,830	29,517,257	23,221,639	29,868,221	45,300,370	77,292,047	107,770,976	140,040,518	178,164,305	206,313,387
Cash & Cash Equivalents - end of the year	46,176,830	29,517,257	23,221,639	29,868,221	45,300,370	77,292,047	107,770,976	140,040,518	178,164,305	206,313,387	218,046,633
Cash & Cash Equivalents - end of the year	46,176,830	29,517,257	23,221,639	29,868,221	45,300,370	77,292,047	107,770,976	140,040,518	178,164,305	206,313,387	218,046,633
Investments - end of the year	203,195,057	203,195,057	203,195,057	198,734,648	198,734,648	198,734,648	198,734,648	198,734,648	198,734,648	198,734,648	198,734,648
Cash, Cash Equivalents & Investments - end of the year	249,371,887	232,712,314	226,416,696	228,602,868	244,035,018	276,026,694	306,505,624	338,775,166	376,898,952	405,048,035	416,781,281

Financial Performance Indicators

MidCoast Council
10 Year Financial Plan for the Years ending 30 June 2032
FINANCIAL PERFORMANCE INDICATORS - CONSOLIDATED

Scenario: Base Case	Current Year	Projected Years									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Operating Performance Ratio	1.92%	-0.07%	-0.17%	-0.85%	0.02%	0.71%	1.20%	1.35%	2.01%	2.40%	2.97%
Own Source Operating Revenue Ratio	73.15%	74.43%	74.64%	80.95%	81.46%	81.71%	81.96%	82.20%	82.44%	82.68%	82.93%
Unrestricted Current Ratio	2.51	2.31	2.25	1.84	1.73	1.62	1.49	1.36	1.22	1.08	1.10
Debt Service Cover Ratio	3.33	3.07	3.38	3.23	3.54	4.21	4.73	4.90	5.47	5.54	5.90
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	7.60%	7.90%	7.90%	7.89%	7.89%	7.89%	7.89%	7.88%	7.88%	7.88%	7.88%
Cash Expense Cover Ratio	2.77	1.73	1.35	1.68	2.52	4.30	5.93	7.54	9.49	10.76	11.20
Debt Service Ratio	12.14%	11.58%	10.22%	10.24%	9.36%	7.80%	6.88%	6.53%	5.84%	5.72%	5.35%

Indicator Description	Target / Benchmark
Operating Performance Ratio	>0.00%
Own Source Operating Revenue Ratio	>60%
Unrestricted Current Ratio	> 1.5 x
Debt Service Cover Ratio	>2. x
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	<10%
Cash Expense Cover Ratio	> 3 months
Debt Service Ratio	N/A

2021-2022 General Fund Budget – 10 Year Financial Projections

Income Statement

MidCoast Council 10 Year Financial Plan for the Years ending 30 June 2032 INCOME STATEMENT - GENERAL FUND

Scenario: Base Case	Current Year					Projected Years					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from Continuing Operations											
Revenue:											
Rates & Annual Charges	108,355,195	110,175,413	112,822,480	115,533,192	118,309,091	121,151,755	124,062,802	127,043,888	130,096,711	133,223,008	136,424,561
User Charges & Fees	23,588,298	23,973,575	24,274,644	24,582,444	24,896,862	25,218,183	25,546,565	25,882,169	26,225,161	26,576,328	26,934,712
Other Revenues	4,482,992	4,670,632	4,763,663	4,858,554	4,955,343	5,054,068	5,154,767	5,257,480	5,362,248	5,469,111	5,578,111
Grants & Contributions provided for Operating Purposes	45,856,723	35,011,087	35,214,626	34,745,002	34,925,496	35,127,111	35,331,562	35,538,903	35,749,181	35,962,448	36,094,955
Grants & Contributions provided for Capital Purposes	32,564,928	31,277,386	34,837,508	11,924,568	10,995,181	11,005,848	11,016,566	11,027,340	11,038,166	11,049,046	11,059,982
Interest & Investment Revenue	1,534,674	2,168,862	2,174,943	2,182,790	2,187,156	2,191,530	2,195,913	2,200,305	2,204,706	2,209,115	2,213,533
Other Income:											
Other Income	2,041,700	2,103,600	2,118,975	2,137,213	2,161,162	2,185,553	2,210,393	2,235,693	2,261,462	2,287,707	2,314,440
Total Income from Continuing Operations	218,424,510	209,380,554	216,206,839	195,963,763	198,430,291	201,934,048	205,518,569	209,185,778	212,937,633	216,776,763	220,620,294
Expenses from Continuing Operations											
Employee Benefits & On-Costs	64,253,736	71,014,471	74,167,749	77,149,617	78,990,686	80,698,188	82,492,372	84,302,333	86,205,805	88,151,170	90,040,212
Borrowing Costs	1,630,817	1,649,269	1,444,706	1,769,158	1,524,691	1,298,941	1,089,077	889,943	711,100	549,477	390,126
Materials & Contracts	55,942,514	51,389,378	53,471,657	56,267,019	57,312,893	59,181,241	61,149,639	64,035,011	65,382,830	67,538,858	69,212,677
Depreciation & Amortisation	57,163,567	57,501,300	57,643,496	57,786,047	57,824,955	57,549,220	57,592,843	57,736,825	57,881,167	58,025,870	58,170,934
Other Expenses	10,347,373	9,386,215	9,620,871	9,861,393	10,107,927	10,360,626	10,619,641	10,885,132	11,157,261	11,436,192	11,722,097
Total Expenses from Continuing Operations	189,338,007	190,940,633	196,348,479	202,833,233	205,761,152	209,088,215	212,943,572	217,849,244	221,338,162	225,701,568	229,536,046
Operating Result from Continuing Operations	29,086,503	18,439,921	19,858,360	(6,869,470)	(7,330,861)	(7,154,167)	(7,425,003)	(8,663,465)	(8,400,528)	(8,924,804)	(8,915,752)
Net Operating Result for the Year	29,086,503	18,439,921	19,858,360	(6,869,470)	(7,330,861)	(7,154,167)	(7,425,003)	(8,663,465)	(8,400,528)	(8,924,804)	(8,915,752)
Net Operating Result before Grants and Contributions provided for Capital Purposes											
	(3,478,425)	(12,837,465)	(14,979,149)	(18,794,038)	(18,326,042)	(18,160,015)	(18,441,569)	(19,690,805)	(19,438,694)	(19,973,851)	(19,975,734)

Balance Sheet

MidCoast Council 10 Year Financial Plan for the Years ending 30 June 2032 BALANCE SHEET - GENERAL FUND

Scenario: Base Case	Current Year					Projected Years					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS											
Current Assets											
Cash & Cash Equivalents	-	210,769	8,652,430	7,641,050	12,475,206	17,335,720	22,236,697	26,133,246	31,094,587	35,305,391	39,894,747
Investments	81,817,207	81,817,207	81,817,207	81,817,207	81,817,207	81,817,207	81,817,207	81,817,207	81,817,207	81,817,207	81,817,207
Receivables	22,194,154	21,196,612	21,913,408	19,713,176	19,954,513	20,293,303	20,639,021	20,987,497	21,348,330	21,713,528	22,079,337
Inventories	4,285,890	4,181,857	4,229,434	4,293,304	4,317,201	4,359,890	4,404,865	4,470,792	4,501,588	4,550,850	4,589,095
Other	1,297,227	1,189,318	1,234,658	1,294,068	1,319,359	1,360,865	1,404,454	1,466,113	1,497,814	1,545,464	1,583,813
Total Current Assets	109,594,478	108,595,763	117,847,138	114,758,806	119,883,487	125,166,987	130,502,245	134,874,854	140,259,526	144,932,440	149,964,200
Non-Current Assets											
Investments	55,627,850	55,627,850	55,627,850	55,627,850	55,627,850	55,627,850	55,627,850	55,627,850	55,627,850	55,627,850	55,627,850
Receivables	301,794	314,426	320,688	327,076	333,592	340,238	347,017	353,932	360,985	368,179	375,517
Inventories	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318	2,119,318
Infrastructure, Property, Plant & Equipment	2,589,667,656	2,608,801,392	2,631,496,168	2,619,550,710	2,601,737,978	2,584,137,470	2,566,711,617	2,549,477,819	2,532,425,238	2,515,558,702	2,498,854,575
Investment Property	21,855,000	21,855,000	21,855,000	21,855,000	21,855,000	21,855,000	21,855,000	21,855,000	21,855,000	21,855,000	21,855,000
Right of use assets	2,488,000	1,865,000	1,242,000	619,000	100,000	-	-	-	-	-	-
Investments Accounted for using the equity method	298,000	298,000	298,000	298,000	298,000	298,000	298,000	298,000	298,000	298,000	298,000
Total Non-Current Assets	2,672,357,618	2,690,880,986	2,712,959,024	2,700,396,954	2,682,071,738	2,664,377,877	2,646,958,802	2,629,731,919	2,612,686,391	2,595,827,049	2,579,130,260
TOTAL ASSETS	2,781,952,096	2,799,476,749	2,830,806,162	2,815,155,759	2,801,955,225	2,789,544,863	2,777,461,047	2,764,606,773	2,752,945,918	2,740,759,488	2,729,094,460
LIABILITIES											
Current Liabilities											
Payables	25,182,358	24,367,072	24,894,832	25,474,422	25,777,702	26,218,637	26,681,937	27,298,125	27,675,697	28,187,085	28,627,605
Contract liabilities	9,381,386	7,862,119	8,333,389	5,405,519	5,311,746	5,338,327	5,365,269	5,392,581	5,420,267	5,448,333	5,466,295
Borrowings	8,293,344	7,186,888	8,081,563	7,728,091	7,372,621	6,797,966	6,483,218	5,314,496	5,449,991	4,856,667	2,058,170
Provisions	23,161,372	24,793,797	26,426,223	28,058,649	29,691,075	31,323,500	32,955,926	34,588,352	36,220,778	37,853,203	39,485,629
Total Current Liabilities	66,018,460	64,209,876	67,736,007	66,666,681	68,153,143	69,678,430	71,486,350	72,593,553	74,766,732	76,345,289	75,637,698
Non-Current Liabilities											
Lease liabilities	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000	2,855,000
Borrowings	48,453,973	49,330,804	57,259,241	49,531,150	42,158,529	35,360,563	28,877,345	23,562,849	18,112,859	13,256,192	11,198,022
Provisions	14,898,161	14,914,645	14,931,130	14,947,615	14,964,099	14,980,584	14,997,069	15,013,554	15,030,038	15,046,523	15,063,008
Total Non-Current Liabilities	66,207,134	67,100,449	75,045,371	67,333,765	59,977,628	53,196,147	46,729,414	41,431,403	35,997,897	31,157,715	29,116,030
TOTAL LIABILITIES	132,225,593	131,310,325	142,781,378	134,000,446	128,130,772	122,874,577	118,215,764	114,024,956	110,764,629	107,503,004	104,753,728
Net Assets	2,649,726,503	2,668,166,424	2,688,024,784	2,681,155,314	2,673,824,453	2,666,670,286	2,659,245,283	2,650,581,817	2,642,181,289	2,633,256,485	2,624,340,732
EQUITY											
Retained Earnings	2,120,821,503	2,139,261,424	2,159,119,784	2,152,250,314	2,144,919,453	2,137,765,286	2,130,340,283	2,121,676,817	2,113,276,289	2,104,351,485	2,095,435,732
Revaluation Reserves	528,905,000	528,905,000	528,905,000	528,905,000	528,905,000	528,905,000	528,905,000	528,905,000	528,905,000	528,905,000	528,905,000
Council Equity Interest	2,649,726,503	2,668,166,424	2,688,024,784	2,681,155,314	2,673,824,453	2,666,670,286	2,659,245,283	2,650,581,817	2,642,181,289	2,633,256,485	2,624,340,732
Total Equity	2,649,726,503	2,668,166,424	2,688,024,784	2,681,155,314	2,673,824,453	2,666,670,286	2,659,245,283	2,650,581,817	2,642,181,289	2,633,256,485	2,624,340,732

Cash Flow Statement

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

Scenario: Base Case	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	Projected Years					
	\$	\$	\$	\$	\$	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Cash Flows from Operating Activities											
Receipts:											
Rates & Annual Charges	111,087,590	110,105,991	112,721,522	115,429,807	118,203,220	121,043,338	123,951,776	126,930,191	129,980,278	133,103,773	136,302,456
User Charges & Fees	23,925,566	23,946,564	24,253,537	24,560,865	24,874,819	25,195,656	25,523,543	25,858,640	26,201,114	26,551,708	26,909,586
Investment & Interest Revenue Received	1,511,236	2,117,185	2,096,741	2,167,548	2,120,394	2,134,448	2,138,225	2,146,330	2,144,992	2,151,940	2,153,745
Grants & Contributions	74,557,345	62,314,672	66,699,105	42,256,480	42,391,433	42,641,248	42,856,530	43,074,760	43,295,981	43,520,247	43,660,538
Other	6,611,666	6,907,026	6,746,997	7,379,393	7,064,695	7,167,975	7,292,028	7,418,522	7,547,505	7,678,950	7,814,735
Payments:											
Employee Benefits & On-Costs	(63,705,920)	(69,312,687)	(72,467,685)	(75,448,428)	(77,288,347)	(78,994,674)	(80,787,655)	(82,596,389)	(84,498,606)	(86,442,689)	(88,330,421)
Materials & Contracts	(56,436,942)	(52,064,766)	(53,191,746)	(55,901,780)	(57,154,113)	(58,924,129)	(60,879,779)	(63,655,577)	(65,184,653)	(67,243,950)	(68,973,923)
Borrowing Costs	(1,523,103)	(1,650,174)	(1,409,923)	(1,801,018)	(1,555,157)	(1,328,006)	(1,115,877)	(915,502)	(732,051)	(570,963)	(409,272)
Other	(10,395,475)	(9,411,379)	(9,614,727)	(9,855,096)	(10,101,473)	(10,354,010)	(10,612,860)	(10,878,182)	(11,150,136)	(11,428,890)	(11,714,612)
Net Cash provided (or used in) Operating Activities	85,631,963	72,952,430	75,833,820	48,787,772	48,555,470	48,581,847	48,365,931	47,382,794	47,604,424	47,320,127	47,412,832
Cash Flows from Investing Activities											
Receipts:											
Sale of Investment Securities	964,943	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	1,530,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Payments:											
Purchase of Infrastructure, Property, Plant & Equipment	(105,322,223)	(74,012,036)	(77,715,271)	(43,217,589)	(37,493,223)	(37,848,712)	(38,166,989)	(38,503,027)	(38,828,586)	(39,159,333)	(39,466,808)
Net Cash provided (or used in) Investing Activities	(102,827,280)	(72,512,036)	(76,215,271)	(41,717,589)	(35,993,223)	(36,348,712)	(36,666,989)	(37,003,027)	(37,328,586)	(37,659,333)	(37,966,808)
Cash Flows from Financing Activities											
Receipts:											
Proceeds from Borrowings & Advances	8,625,000	8,625,000	16,010,000	-	-	-	-	-	-	-	-
Payments:											
Repayment of Borrowings & Advances	(9,626,683)	(8,854,625)	(7,186,888)	(8,081,563)	(7,728,091)	(7,372,621)	(6,797,966)	(6,483,218)	(5,314,496)	(5,449,991)	(4,856,667)
Net Cash Flow provided (used in) Financing Activities	(1,001,683)	(229,625)	8,823,112	(8,081,563)	(7,728,091)	(7,372,621)	(6,797,966)	(6,483,218)	(5,314,496)	(5,449,991)	(4,856,667)
Net Increase/(Decrease) in Cash & Cash Equivalents	(18,197,000)	210,769	8,441,661	(1,011,380)	4,834,156	4,860,514	4,900,977	3,896,549	4,961,342	4,210,803	4,589,357
plus: Cash & Cash Equivalents - beginning of year	18,197,000	-	210,769	8,652,430	7,641,050	12,475,206	17,335,720	22,236,697	26,133,246	31,094,587	35,305,391
Cash & Cash Equivalents - end of the year	-	210,769	8,652,430	7,641,050	12,475,206	17,335,720	22,236,697	26,133,246	31,094,587	35,305,391	39,894,747
Cash & Cash Equivalents - end of the year	-	210,769	8,652,430	7,641,050	12,475,206	17,335,720	22,236,697	26,133,246	31,094,587	35,305,391	39,894,747
Investments - end of the year	137,445,057	137,445,057	137,445,057	137,445,057	137,445,057	137,445,057	137,445,057	137,445,057	137,445,057	137,445,057	137,445,057
Cash, Cash Equivalents & Investments - end of the year	137,445,057	137,655,826	146,097,487	145,086,107	149,920,264	154,780,777	159,681,754	163,578,303	168,539,644	172,750,448	177,339,804

Financial Performance Indicators

MidCoast Council
10 Year Financial Plan for the Years ending 30 June 2032
FINANCIAL PERFORMANCE INDICATORS - GENERAL FUND

Scenario: Base Case	Current Year	Projected Years									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Operating Performance Ratio	-1.87%	-7.21%	-8.26%	-10.21%	-9.78%	-9.51%	-9.48%	-9.94%	-9.63%	-9.71%	-9.53%
Own Source Operating Revenue Ratio	64.10%	68.34%	67.60%	76.18%	76.86%	77.15%	77.45%	77.74%	78.03%	78.31%	78.63%
Unrestricted Current Ratio	2.51	2.31	2.25	1.84	1.73	1.62	1.49	1.36	1.22	1.08	1.10
Debt Service Cover Ratio	4.91	4.41	5.11	4.14	4.43	4.69	5.10	5.28	6.50	6.43	7.35
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	6.59%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.76%	6.76%
Cash Expense Cover Ratio	0.00	0.02	0.72	0.61	0.97	1.33	1.67	1.91	2.24	2.48	2.75
Debt Service Ratio	7.08%	6.47%	5.22%	5.84%	5.38%	4.95%	4.42%	4.05%	3.25%	3.17%	2.72%

Indicator Description	Target / Benchmark
Operating Performance Ratio	>0.00%
Own Source Operating Revenue Ratio	>60%
Unrestricted Current Ratio	> 1.5 x
Debt Service Cover Ratio	>2. x
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	<10%
Cash Expense Cover Ratio	> 3 months
Debt Service Ratio	N/A

2021-2022 Water Fund Budget – 10 Year Financial Projections

Income Statement

MidCoast Council 10 Year Financial Plan for the Years ending 30 June 2032 INCOME STATEMENT - WATER FUND

Scenario: Base Case	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	Projected Years					
	\$	\$	\$	\$	\$	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
						\$	\$	\$	\$	\$	\$
Income from Continuing Operations											
Revenue:											
Rates & Annual Charges	13,500,578	14,129,488	14,412,078	14,700,319	14,994,326	15,294,212	15,600,096	15,912,098	16,230,340	16,554,947	16,886,046
User Charges & Fees	29,306,000	30,003,500	30,600,820	31,210,086	31,831,538	32,465,419	33,111,977	33,771,467	34,444,146	35,130,279	35,830,135
Other Revenues	1,000	1,000	1,010	1,020	1,030	1,041	1,051	1,062	1,072	1,083	1,094
Grants & Contributions provided for Operating Purposes	495,000	495,000	502,425	509,961	517,611	525,375	533,256	541,254	549,373	557,614	565,978
Grants & Contributions provided for Capital Purposes	2,250,000	7,250,000	4,250,000	4,250,000	4,250,000	4,250,000	4,250,000	4,250,000	4,250,000	4,250,000	4,250,000
Interest & Investment Revenue	169,689	166,365	166,698	167,031	167,365	167,700	168,035	168,371	168,708	169,046	169,384
Total Income from Continuing Operations	45,722,267	52,045,353	49,933,030	50,838,418	51,761,870	52,703,747	53,664,416	54,644,253	55,643,640	56,662,968	57,702,636
Expenses from Continuing Operations											
Employee Benefits & On-Costs	7,264,398	8,182,915	8,218,714	8,255,300	8,292,692	8,330,905	8,369,960	8,409,874	8,450,666	8,492,355	8,534,962
Borrowing Costs	4,508,652	4,227,995	3,940,105	3,625,641	3,322,787	3,064,434	2,828,489	2,586,533	2,330,647	2,061,728	1,777,718
Materials & Contracts	13,977,006	14,184,547	14,267,692	14,351,734	14,436,683	14,522,548	14,609,339	14,697,067	14,785,741	14,875,372	14,965,970
Depreciation & Amortisation	13,800,000	12,900,000	12,932,250	12,964,581	12,996,992	13,029,485	13,062,058	13,094,713	13,127,450	13,160,269	13,193,170
Other Expenses	307,008	772,683	781,955	791,339	800,835	810,445	820,170	830,012	839,972	850,052	860,253
Net Losses from the Disposal of Assets	728,500	728,500	728,500	728,500	728,500	728,500	728,500	728,500	728,500	728,500	728,500
Total Expenses from Continuing Operations	40,585,565	40,996,640	40,869,216	40,717,095	40,578,488	40,486,317	40,418,517	40,346,699	40,262,976	40,168,276	40,060,572
Operating Result from Continuing Operations	5,136,702	11,048,713	9,063,814	10,121,323	11,183,382	12,217,430	13,245,899	14,297,553	15,380,664	16,494,693	17,642,065
Net Operating Result for the Year	5,136,702	11,048,713	9,063,814	10,121,323	11,183,382	12,217,430	13,245,899	14,297,553	15,380,664	16,494,693	17,642,065
Net Operating Result before Grants and Contributions provided for Capital Purposes	2,886,702	3,798,713	4,813,814	5,871,323	6,933,382	7,967,430	8,995,899	10,047,553	11,130,664	12,244,693	13,392,065

Balance Sheet

MidCoast Council
10 Year Financial Plan for the Years ending 30 June 2032
BALANCE SHEET - WATER FUND

Scenario: Base Case	Current Year					Projected Years					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS											
Current Assets											
Cash & Cash Equivalents	20,857,002	8,955,569	12,613,559	22,227,171	31,738,333	41,602,993	51,024,047	61,529,965	76,888,082	88,430,832	83,742,794
Investments	3,860,294	3,860,294	3,860,294	3,860,294	3,860,294	3,860,294	3,860,294	3,860,294	3,860,294	3,860,294	3,860,294
Receivables	9,189,014	9,434,811	9,618,021	9,820,586	10,026,830	10,237,395	10,451,401	10,670,765	10,900,092	11,129,046	11,342,807
Inventories	107,280	102,776	103,875	104,985	106,108	107,242	108,389	109,548	110,720	111,904	113,101
Non-current assets classified as "held for sale"	343,750	343,750	343,750	343,750	343,750	343,750	343,750	343,750	343,750	343,750	343,750
Total Current Assets	34,357,340	22,697,200	26,539,498	36,356,786	46,075,315	56,151,674	65,787,882	76,514,322	92,102,939	103,875,826	99,402,747
Non-Current Assets											
Investments	1,639,706	1,639,706	1,639,706	1,639,706	1,639,706	1,639,706	1,639,706	1,639,706	1,639,706	1,639,706	1,639,706
Infrastructure, Property, Plant & Equipment	569,096,500	586,903,000	587,002,250	582,094,169	578,518,677	576,460,693	576,030,134	575,356,921	570,750,971	570,812,202	587,990,533
Investment Property	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000
Non-current assets classified as "held for sale"	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250
Total Non-Current Assets	572,922,456	590,728,956	590,828,206	585,920,125	582,344,633	580,286,649	579,856,090	579,182,877	574,576,927	574,638,158	591,816,488
TOTAL ASSETS	607,279,796	613,426,156	617,367,704	622,276,912	628,419,948	636,438,323	645,643,972	655,697,199	666,679,865	678,513,984	691,219,235
LIABILITIES											
Current Liabilities											
Payables	3,211,536	3,281,972	3,280,320	3,278,675	3,278,762	3,284,980	3,292,868	3,300,062	3,306,905	3,312,694	3,317,355
Borrowings	5,193,157	5,345,830	5,440,641	5,275,666	4,445,682	4,293,837	4,502,624	4,661,468	4,928,638	5,209,518	4,557,107
Provisions	3,657,069	3,875,156	4,098,042	4,325,831	4,558,632	4,796,554	5,039,710	5,288,216	5,542,189	5,801,750	6,067,020
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	12,061,761	12,502,958	12,819,003	12,880,172	12,283,076	12,375,371	12,835,203	13,249,746	13,777,732	14,323,962	13,941,483
Non-Current Liabilities											
Borrowings	70,975,104	65,629,274	60,188,633	54,912,967	50,467,285	46,173,448	41,670,824	37,009,356	32,080,718	26,871,200	22,314,093
Provisions	38,229	40,509	42,839	45,220	47,654	50,141	52,683	55,280	57,935	60,649	63,422
Total Non-Current Liabilities	71,013,333	65,669,783	60,231,472	54,958,187	50,514,939	46,223,589	41,723,507	37,064,636	32,138,653	26,931,849	22,377,515
TOTAL LIABILITIES	83,075,094	78,172,741	73,050,475	67,838,359	62,798,014	58,598,959	54,558,709	50,314,383	45,916,385	41,255,811	36,318,997
Net Assets	524,204,702	535,253,415	544,317,229	554,438,552	565,621,934	577,839,364	591,085,263	605,382,816	620,763,480	637,258,173	654,900,238
EQUITY											
Retained Earnings	440,185,702	451,234,415	460,298,229	470,419,552	481,602,934	493,820,364	507,066,263	521,363,816	536,744,480	553,239,173	570,881,238
Revaluation Reserves	84,019,000	84,019,000	84,019,000	84,019,000	84,019,000	84,019,000	84,019,000	84,019,000	84,019,000	84,019,000	84,019,000
Council Equity Interest	524,204,702	535,253,415	544,317,229	554,438,552	565,621,934	577,839,364	591,085,263	605,382,816	620,763,480	637,258,173	654,900,238
Total Equity	524,204,702	535,253,415	544,317,229	554,438,552	565,621,934	577,839,364	591,085,263	605,382,816	620,763,480	637,258,173	654,900,238

Cash Flow Statement

MidCoast Council 10 Year Financial Plan for the Years ending 30 June 2032 CASH FLOW STATEMENT - WATER FUND

Scenario: Base Case	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	Projected Years					
	\$	\$	\$	\$	\$	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Cash Flows from Operating Activities											
Receipts:											
Rates & Annual Charges	14,406,026	14,117,304	14,406,603	14,694,735	14,988,630	15,288,402	15,594,170	15,906,054	16,224,175	16,548,658	16,879,632
User Charges & Fees	30,031,731	29,806,156	30,449,116	31,046,815	31,665,002	32,295,552	32,938,713	33,594,738	34,263,882	34,946,410	35,642,589
Investment & Interest Revenue Received	155,115	174,473	160,607	153,660	154,099	153,972	154,803	153,796	148,266	153,154	172,946
Grants & Contributions	2,745,000	6,495,000	3,502,425	3,509,961	3,517,611	3,525,375	3,533,256	3,541,254	3,549,373	3,557,614	3,565,978
Other	1,000	1,000	1,010	1,020	1,030	1,041	1,051	1,062	1,072	1,083	1,094
Payments:											
Employee Benefits & On-Costs	(6,803,872)	(7,946,791)	(7,985,948)	(8,017,413)	(8,049,571)	(8,082,436)	(8,116,025)	(8,150,352)	(8,185,434)	(8,221,288)	(8,257,931)
Materials & Contracts	(13,138,963)	(14,135,490)	(14,262,675)	(14,346,662)	(14,431,555)	(14,517,364)	(14,604,098)	(14,691,769)	(14,780,385)	(14,869,957)	(14,960,496)
Borrowing Costs	(4,551,288)	(4,262,246)	(3,975,363)	(3,661,525)	(3,357,582)	(3,093,755)	(2,856,809)	(2,616,230)	(2,361,392)	(2,094,235)	(1,812,077)
Other	(307,008)	(772,683)	(781,955)	(791,339)	(800,835)	(810,445)	(820,170)	(830,012)	(839,972)	(850,052)	(860,253)
Net Cash provided (or used in) Operating Activities	22,537,741	23,476,724	21,513,820	22,589,253	23,686,829	24,760,342	25,824,891	26,908,541	28,019,586	29,171,387	30,371,481
Cash Flows from Investing Activities											
Receipts:											
Payments:											
Purchase of Infrastructure, Property, Plant & Equipment	(25,525,000)	(30,185,000)	(12,510,000)	(7,535,000)	(8,900,000)	(10,450,000)	(12,110,000)	(11,900,000)	(8,000,000)	(12,700,000)	(29,850,000)
Net Cash provided (or used in) Investing Activities	(25,525,000)	(30,185,000)	(12,510,000)	(7,535,000)	(8,900,000)	(10,450,000)	(12,110,000)	(11,900,000)	(8,000,000)	(12,700,000)	(29,850,000)
Cash Flows from Financing Activities											
Receipts:											
Payments:											
Repayment of Borrowings & Advances	(4,947,739)	(5,193,157)	(5,345,830)	(5,440,641)	(5,275,666)	(4,445,682)	(4,293,837)	(4,502,624)	(4,661,468)	(4,928,638)	(5,209,518)
Net Cash Flow provided (used in) Financing Activities	(4,947,739)	(5,193,157)	(5,345,830)	(5,440,641)	(5,275,666)	(4,445,682)	(4,293,837)	(4,502,624)	(4,661,468)	(4,928,638)	(5,209,518)
Net Increase/(Decrease) in Cash & Cash Equivalents	(7,934,998)	(11,901,433)	3,657,990	9,613,612	9,511,163	9,864,660	9,421,054	10,505,917	15,358,118	11,542,749	(4,688,037)
plus: Cash & Cash Equivalents - beginning of year	28,792,000	20,857,002	8,955,569	12,613,559	22,227,171	31,738,333	41,602,993	51,024,047	61,529,965	76,888,082	88,430,832
Cash & Cash Equivalents - end of the year	20,857,002	8,955,569	12,613,559	22,227,171	31,738,333	41,602,993	51,024,047	61,529,965	76,888,082	88,430,832	83,742,794
Cash & Cash Equivalents - end of the year	20,857,002	8,955,569	12,613,559	22,227,171	31,738,333	41,602,993	51,024,047	61,529,965	76,888,082	88,430,832	83,742,794
Investments - end of the year	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000
Cash, Cash Equivalents & Investments - end of the year	26,357,002	14,455,569	18,113,559	27,727,171	37,238,333	47,102,993	56,524,047	67,029,965	82,388,082	93,930,832	89,242,794

Financial Performance Indicators

MidCoast Council
10 Year Financial Plan for the Years ending 30 June 2032
FINANCIAL PERFORMANCE INDICATORS - WATER FUND

Scenario: Base Case	Current Year	Projected Years									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Operating Performance Ratio	8.32%	10.11%	12.13%	14.17%	16.13%	17.95%	19.68%	21.38%	23.08%	24.75%	26.42%
Own Source Operating Revenue Ratio	94.00%	85.12%	90.48%	90.64%	90.79%	90.94%	91.09%	91.23%	91.37%	91.52%	91.65%
Unrestricted Current Ratio	3.20	1.90	2.26	3.30	4.68	5.86	6.74	7.72	9.06	9.91	10.04
Debt Service Cover Ratio	2.32	2.30	2.41	2.56	2.79	3.30	3.60	3.73	3.91	4.03	4.16
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	8.22%	8.76%	8.74%	8.74%	8.74%	8.74%	8.74%	8.74%	8.74%	8.74%	8.74%
Cash Expense Cover Ratio	8.41	3.33	4.68	8.27	11.93	16.13	19.95	23.98	29.93	34.27	32.31
Debt Service Ratio	21.75%	21.03%	20.33%	19.46%	18.10%	15.50%	14.41%	14.07%	13.61%	13.34%	13.07%

Indicator Description	Target / Benchmark
Operating Performance Ratio	>0.00%
Own Source Operating Revenue Ratio	>60%
Unrestricted Current Ratio	> 1.5 x
Debt Service Cover Ratio	>2. x
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	<10%
Cash Expense Cover Ratio	> 3 months
Debt Service Ratio	N/A

2021-2022 Sewer Fund Budget – 10 Year Financial Projections

Income Statement

MidCoast Council 10 Year Financial Plan for the Years ending 30 June 2032 INCOME STATEMENT - SEWER FUND

Scenario: Base Case	Current Year 2021/22	2022/23	2023/24	2024/25	2025/26	Projected Years					
	\$	\$	\$	\$	\$	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Income from Continuing Operations											
Revenue:											
Rates & Annual Charges	38,160,000	39,635,434	40,428,143	41,236,706	42,061,440	42,902,668	43,760,722	44,635,936	45,528,655	46,439,228	47,368,013
User Charges & Fees	3,294,200	2,269,200	2,302,513	2,336,365	2,370,765	2,405,723	2,441,246	2,477,346	2,514,030	2,551,309	2,589,193
Grants & Contributions provided for Operating Purposes	462,000	462,000	468,930	475,964	483,103	490,350	497,705	505,171	512,748	520,440	528,246
Grants & Contributions provided for Capital Purposes	1,000,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Interest & Investment Revenue	703,853	664,982	666,312	667,645	668,980	670,318	671,658	673,002	674,348	675,696	677,048
Total Income from Continuing Operations	43,620,053	47,531,616	48,365,898	49,216,679	50,084,288	50,969,059	51,871,332	52,791,455	53,729,781	54,686,673	55,662,499
Expenses from Continuing Operations											
Employee Benefits & On-Costs	7,578,717	6,574,523	6,775,905	6,981,717	7,192,057	7,407,025	7,626,722	7,851,252	8,080,722	8,315,240	8,554,917
Borrowing Costs	3,374,316	3,015,908	2,663,193	2,318,415	1,992,289	1,741,497	1,588,986	1,440,853	1,285,247	1,122,326	949,289
Materials & Contracts	13,090,851	15,327,712	15,424,951	15,523,232	15,622,564	15,722,961	15,824,432	15,926,991	16,030,647	16,135,414	16,241,304
Depreciation & Amortisation	13,360,000	9,900,000	9,924,750	9,949,562	9,974,436	9,999,372	10,024,370	10,049,431	10,074,555	10,099,741	10,124,991
Other Expenses	124,643	91,214	92,309	93,416	94,537	95,672	96,820	97,982	99,157	100,347	101,551
Net Losses from the Disposal of Assets	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000
Total Expenses from Continuing Operations	37,723,528	35,104,357	35,076,108	35,061,342	35,070,884	35,161,526	35,356,330	35,561,508	35,765,328	35,968,069	36,167,052
Operating Result from Continuing Operations	5,896,525	12,427,259	13,289,790	14,155,337	15,013,405	15,807,533	16,515,002	17,229,946	17,964,453	18,718,604	19,495,447
Net Operating Result for the Year	5,896,525	12,427,259	13,289,790	14,155,337	15,013,405	15,807,533	16,515,002	17,229,946	17,964,453	18,718,604	19,495,447
Net Operating Result before Grants and Contributions provided for Capital Purposes	4,896,525	7,927,259	8,789,790	9,655,337	10,513,405	11,307,533	12,015,002	12,729,946	13,464,453	14,218,604	14,995,447

Balance Sheet

MidCoast Council
10 Year Financial Plan for the Years ending 30 June 2032
BALANCE SHEET - SEWER FUND

Scenario: Base Case	Current Year					Projected Years					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS											
Current Assets											
Cash & Cash Equivalents	25,319,828	20,350,919	1,955,651	-	1,086,830	18,353,334	34,510,232	52,377,308	70,181,635	82,577,165	94,409,091
Investments	43,119,174	43,119,174	43,119,174	39,926,989	39,926,989	39,926,989	39,926,989	39,926,989	39,926,989	39,926,989	39,926,989
Receivables	6,567,994	6,204,531	6,246,948	6,336,293	6,456,688	6,641,788	6,824,654	7,016,495	7,210,457	7,385,942	7,561,813
Inventories	728	922	931	941	951	962	972	982	992	1,003	1,014
Non-current assets classified as "held for sale"	343,750	343,750	343,750	343,750	343,750	343,750	343,750	343,750	343,750	343,750	343,750
Total Current Assets	75,351,474	70,019,296	51,666,454	46,607,973	47,815,208	65,266,821	81,606,597	99,665,524	117,663,823	130,234,849	142,242,657
Non-Current Assets											
Investments	17,130,826	17,130,826	17,130,826	15,862,602	15,862,602	15,862,602	15,862,602	15,862,602	15,862,602	15,862,602	15,862,602
Infrastructure, Property, Plant & Equipment	525,303,000	537,418,000	563,798,250	579,113,688	588,204,252	583,659,880	581,755,510	578,761,079	576,591,524	580,446,783	585,476,792
Investment Property	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000	1,155,000
Non-current assets classified as "held for sale"	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250	1,031,250
Total Non-Current Assets	544,620,076	556,735,076	583,115,326	597,162,540	606,253,104	601,708,733	599,804,362	596,809,931	594,640,376	598,495,635	603,525,644
TOTAL ASSETS	619,971,550	626,754,372	634,781,780	643,770,513	654,068,312	666,975,554	681,410,959	696,475,455	712,304,200	728,730,484	745,768,301
LIABILITIES											
Current Liabilities											
Payables	3,005,663	3,164,510	3,159,555	3,155,816	3,155,783	3,168,989	3,188,503	3,208,008	3,228,321	3,248,153	3,267,455
Borrowings	6,023,652	5,482,642	5,393,036	4,950,807	3,153,907	2,344,809	2,436,059	2,412,649	2,574,426	2,744,976	2,770,370
Provisions	3,657,069	3,875,156	4,098,042	4,325,831	4,558,632	4,796,554	5,039,710	5,288,216	5,542,189	5,801,750	6,067,020
Total Current Liabilities	12,686,383	12,522,309	12,650,633	12,432,454	10,868,322	10,310,352	10,664,273	10,908,873	11,344,936	11,794,879	12,104,846
Non-Current Liabilities											
Borrowings	44,331,412	38,848,770	33,455,734	28,504,927	25,351,020	23,006,211	20,570,152	18,157,503	15,583,077	12,838,101	10,067,731
Provisions	38,229	40,509	42,839	45,220	47,654	50,141	52,683	55,280	57,935	60,649	63,422
Total Non-Current Liabilities	44,369,641	38,889,279	33,498,573	28,550,147	25,398,674	23,056,352	20,622,835	18,212,783	15,641,012	12,898,750	10,131,153
TOTAL LIABILITIES	57,056,025	51,411,588	46,149,206	40,982,601	36,266,995	33,366,704	31,287,107	29,121,656	26,985,949	24,693,629	22,235,998
Net Assets	562,915,525	575,342,784	588,632,574	602,787,912	617,801,317	633,608,850	650,123,852	667,353,798	685,318,251	704,036,856	723,532,303
EQUITY											
Retained Earnings	430,108,525	442,535,784	455,825,574	469,980,912	484,994,317	500,801,850	517,316,852	534,546,798	552,511,251	571,229,856	590,725,303
Revaluation Reserves	132,807,000	132,807,000	132,807,000	132,807,000	132,807,000	132,807,000	132,807,000	132,807,000	132,807,000	132,807,000	132,807,000
Council Equity Interest	562,915,525	575,342,784	588,632,574	602,787,912	617,801,317	633,608,850	650,123,852	667,353,798	685,318,251	704,036,856	723,532,303
Total Equity	562,915,525	575,342,784	588,632,574	602,787,912	617,801,317	633,608,850	650,123,852	667,353,798	685,318,251	704,036,856	723,532,303

Cash Flow Statement

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

Scenario: Base Case	Current Year 2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$	Projected Years					
						2026/27 \$	2027/28 \$	2028/29 \$	2029/30 \$	2030/31 \$	2031/32 \$
Cash Flows from Operating Activities											
Receipts:											
Rates & Annual Charges	40,715,538	39,486,442	40,348,094	41,155,055	41,978,157	42,817,720	43,674,074	44,547,556	45,438,507	46,347,277	47,274,222
User Charges & Fees	2,843,979	2,795,740	2,285,400	2,318,975	2,353,094	2,387,765	2,422,998	2,458,802	2,495,185	2,532,159	2,569,732
Investment & Interest Revenue Received	536,741	674,412	733,691	690,227	662,684	601,532	607,363	602,035	603,607	625,825	629,231
Grants & Contributions	1,462,000	3,462,000	3,468,930	3,475,964	3,483,103	3,490,350	3,497,705	3,505,171	3,512,748	3,520,440	3,528,246
Payments:											
Employee Benefits & On-Costs	(7,376,864)	(6,428,741)	(6,540,999)	(6,741,643)	(6,946,702)	(7,156,271)	(7,370,452)	(7,589,344)	(7,813,052)	(8,041,681)	(8,275,341)
Materials & Contracts	(11,715,578)	(15,075,648)	(15,413,703)	(15,511,863)	(15,611,074)	(15,711,347)	(15,812,694)	(15,915,127)	(16,018,656)	(16,123,295)	(16,229,054)
Borrowing Costs	(3,423,369)	(3,058,248)	(2,701,731)	(2,356,323)	(2,027,088)	(1,763,666)	(1,605,468)	(1,457,976)	(1,302,206)	(1,140,422)	(968,584)
Other	(124,643)	(91,214)	(92,309)	(93,416)	(94,537)	(95,672)	(96,820)	(97,982)	(99,157)	(100,347)	(101,551)
Net Cash provided (or used in) Operating Activities	22,917,804	21,764,743	22,087,374	22,936,976	23,797,637	24,570,410	25,316,708	26,053,135	26,816,976	27,619,956	28,426,902
Cash Flows from Investing Activities											
Receipts:											
Sale of Investment Securities	-	-	-	4,460,409	-	-	-	-	-	-	-
Payments:											
Purchase of Infrastructure, Property, Plant & Equipment	(16,337,040)	(20,710,000)	(35,000,000)	(23,960,000)	(17,760,000)	(4,150,000)	(6,815,000)	(5,750,000)	(6,600,000)	(12,650,000)	(13,850,000)
Net Cash provided (or used in) Investing Activities	(16,337,040)	(20,710,000)	(35,000,000)	(19,499,591)	(17,760,000)	(4,150,000)	(6,815,000)	(5,750,000)	(6,600,000)	(12,650,000)	(13,850,000)
Cash Flows from Financing Activities											
Receipts:											
Payments:											
Repayment of Borrowings & Advances	(5,663,936)	(6,023,652)	(5,482,642)	(5,393,036)	(4,950,807)	(3,153,907)	(2,344,809)	(2,436,059)	(2,412,649)	(2,574,426)	(2,744,976)
Net Cash Flow provided (used in) Financing Activities	(5,663,936)	(6,023,652)	(5,482,642)	(5,393,036)	(4,950,807)	(3,153,907)	(2,344,809)	(2,436,059)	(2,412,649)	(2,574,426)	(2,744,976)
Net Increase/(Decrease) in Cash & Cash Equivalents	916,828	(4,968,909)	(18,395,268)	(1,955,651)	1,086,830	17,266,503	16,156,899	17,867,076	17,804,327	12,395,530	11,831,926
plus: Cash & Cash Equivalents - beginning of year	24,403,000	25,319,828	20,350,919	1,955,651	0	1,086,830	18,353,334	34,510,232	52,377,308	70,181,635	82,577,165
Cash & Cash Equivalents - end of the year	25,319,828	20,350,919	1,955,651	0	1,086,830	18,353,334	34,510,232	52,377,308	70,181,635	82,577,165	94,409,091
Cash & Cash Equivalents - end of the year	25,319,828	20,350,919	1,955,651	0	1,086,830	18,353,334	34,510,232	52,377,308	70,181,635	82,577,165	94,409,091
Investments - end of the year	60,250,000	60,250,000	60,250,000	55,789,591	55,789,591	55,789,591	55,789,591	55,789,591	55,789,591	55,789,591	55,789,591
Cash, Cash Equivalents & Investments - end of the year	85,569,828	80,600,919	62,205,651	55,789,591	56,876,421	74,142,924	90,299,823	108,166,898	125,971,226	138,366,756	150,198,682

Financial Performance Indicators

MidCoast Council

10 Year Financial Plan for the Years ending 30 June 2032

FINANCIAL PERFORMANCE INDICATORS - SEWER FUND

Scenario: Base Case	Current Year	Projected Years									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Operating Performance Ratio	11.95%	18.88%	20.48%	22.03%	23.49%	24.75%	25.78%	26.76%	27.75%	28.72%	29.69%
Own Source Operating Revenue Ratio	96.65%	89.56%	89.73%	89.89%	90.05%	90.21%	90.37%	90.52%	90.67%	90.82%	90.97%
Unrestricted Current Ratio	7.48	7.18	5.30	4.84	6.12	9.36	11.47	13.95	15.95	17.07	18.39
Debt Service Cover Ratio	2.41	2.33	2.65	2.87	3.27	4.75	6.06	6.30	6.77	6.93	7.11
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	10.04%	10.70%	10.68%	10.68%	10.68%	10.68%	10.68%	10.68%	10.68%	10.68%	10.68%
Cash Expense Cover Ratio	10.73	7.96	0.78	0.00	0.44	7.90	15.21	22.86	30.46	35.42	40.00
Debt Service Ratio	21.21%	21.01%	18.57%	17.25%	15.23%	10.53%	8.30%	8.03%	7.51%	7.37%	7.22%

Indicator Description	Target / Benchmark
Operating Performance Ratio	>0.00%
Own Source Operating Revenue Ratio	>60%
Unrestricted Current Ratio	> 1.5 x
Debt Service Cover Ratio	>2. x
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	<10%
Cash Expense Cover Ratio	> 3 months
Debt Service Ratio	N/A



MIDCOAST
council

Yalawanyi Ganya
2 Biripi Way
PO Box 482
Taree 2430
Mon-Fri 8.30am - 4.30pm
Tel: (02) 7955 7777