
FINANCIAL SUSTAINABILITY REVIEW

EDWARD RIVER COUNCIL

APRIL 2023

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EXECUTIVE SUMMARY

BACKGROUND

This report presents the outcomes of an independent Financial Sustainability Review, commissioned by the Edward River Council (Council), following a strategic objective set by Council to plan for its long term sustainability and to determine whether its current position is appropriate to meet the current and future needs of the organisation and community it serves.

The primary objective of the Financial Sustainability Review is to facilitate sustainable long-term planning and avert potential issues emerging in the future. Although Council's recent financial performance has produced operating surpluses and cash has accumulated, there are apprehensions that an underlying financial or infrastructure deficit could prompt a high reliance on unknown external funding sources, such as grants, in the future.

To address these concerns, Council commissioned AEC Group (AEC) to undertake an independent review of its financial sustainability. This report presents the findings of the review and provides effective strategies to improve Council's financial sustainability and guarantee that they comply with the Local Government Act 1993. The report also analyses the potential impacts of the findings on Council's future financial position, as well as the local community and stakeholders, to ensure Council's sustainable and efficient operation in the future.

PURPOSE & APPROACH

AEC's approach to delivering upon the Terms of Reference is guided by the following definition of financial sustainability:

Financial sustainability is the ability of an entity to maintain financial capital and infrastructure capital over the long term. Maintaining financial capital is concerned with the ability to sustain availability of cash into the future to meet the service and infrastructure needs of the entity. Maintaining infrastructure capital is concerned with the entity's ability to provide physical assets over the long term to meet the service requirements and demand.

Sustainability for local government includes the ability to manage likely developments (built development and socio-demographic development) and unexpected financial shocks in the future.

The AEC approach to assessing financial sustainability includes two fundamental tests:

- Test 1 - **Maintaining Fiscal Capital** - Can Council demonstrate capacity to access cash as required for current and future needs of services and infrastructure?
- Test 2 - **Maintaining Infrastructure Capital** - Can Council demonstrate capacity to provide infrastructure at an acceptable level of performance as required by current and future services?

To be sustainable, Council must satisfy both tests.

KEY FINDINGS

- The Edward River Community Strategic Plan 2022-2050 (CSP) identifies the community's main priorities and aspirations for the future. Council has adopted a Delivery Program which outlines what it intends to do towards achieving the goals as identified in the Community Strategic Plan over the course of its term of office and contains all of the principal activities to be undertaken by Council. Council also has adopted, or is in the process of adopting, strategies that must be funded and included in the Long Term Financial Plan (LTFP). Council's historical financial performance does not reflect the desired operations as outlined in the CSP, the Delivery Program and other adopted plans and strategies.

Maintaining Fiscal Capital – Historical Performance

- Council has reported consolidated operating surpluses for four of the past five financial years and has accumulated cash, cash equivalents and investments. However, if adjustments for asset valuation

movements were removed, and other non-recurrent impacts such as prepayment of operating grants are also removed, Council would have reported significant operating deficits in the General Fund.

- Water, sewer and waste management services have historically been profitable, however, there are future risks to profitability and availability of sufficient cash due to the need to increase maintenance and required investments in renewal and replacement of infrastructure (e.g., sewer treatment plant and waste landfill).
- At the end of 2021/22, Council had total cash, cash equivalents and investments of \$50.116 million, of which \$14.305 million is externally restricted, \$7.879 million is internally restricted and a further \$5.007 million held in reserve for commitments in reported liabilities (mostly contracted grant liabilities). The residual amount of \$22.925M is considered unrestricted.
- Internal reserves have been created by historical Council resolutions. It is AEC's observation that the list of internal reserves have been held with the same balance for many years without any clear, current reason for maintaining them.

Maintaining Infrastructure Capital – Historical Performance

- The replacement cost of assets controlled by Council totals \$602.9 million, with the net carrying amount (the written down value) being \$428.2 million. Each year, services provided by the Council consume approximately \$9.9 million in value of the controlled assets (as indicated by the depreciation expense).
- In the past five financial years Council has generally achieved or exceeded the thresholds for the building and infrastructure renewals ratio, infrastructure backlog ratio and the asset maintenance ratio. However, it should be noted that the infrastructure backlog ratio and asset maintenance ratio are based on targets that Council establishes for itself. This review raises concern with the historical approach to calculating the infrastructure backlog and the maintenance targets.
- As at 30 June 2022, Council estimated that \$8.2 million is required to be spent on renewing and replacing assets to bring the assets to a satisfactory standard – often referred to as the value of the infrastructure backlog. The water supply network is estimated to have a backlog of assets of \$0.8 million, with backlogs of \$0.7 million for the sewerage network and \$4.1 million for roads. However, this assessment is based on predominantly qualitative information rather than based on evidence from current condition assessments. Based on financial consumption of assets, there is an indication that the condition of the assets is in a poorer state and that the infrastructure backlog is significantly larger at \$22 million.
- The target expenditure on maintenance of assets is \$6.1 million compared to actual expenditure in 2021/22 of \$5.9 million. However, the target maintenance is set based on historical expenditure on maintenance, not based on a costing of planned maintenance, including a cost estimate of reactive maintenance. Of note, expenditure for water supply network and buildings is significantly below the required maintenance.
- The Asset Management Policy provides Council with the framework to manage assets and enable it to deliver services to the community in an affordable and sustainable manner. The current policy commits Council to a number of actions that are not effective.
- Council's asset management maturity is below the target core maturity for all asset management functions. To ensure financial sustainability, Council needs to improve performance in asset related governance and management, skills and processes, data and systems and asset management strategy.
- Council's Asset Management Steering Committee has not met for an extended length of time and the charter for this internal committee is not clear.

Edward River Village Project

- Construction of the Edward River Village (the Village), a new retirement development in Deniliquin, has been initiated by Council. Stage 1 of the project is scheduled to be completed by August 2023. To

understand the impact to Council's financial sustainability, AEC conducted a review of Council's financial planning for the Village.

- At an expected entry price of \$485,000 and with 100% occupancy, the Village will be financially independent with the capacity to return a significant dividend to the General Fund in future years.
- The need to reduce the entry price and delays in achieving full occupancy are realistic scenarios that will impact the project's financial assessment, requiring additional borrowings to fund the construction and impacting on the profitability and cash generation in the short to medium term (in the first five to ten years). However, the Village will still be able to operate without subsidy from the General Fund in the medium to long term, as long as near full occupancy is maintained and the operating cost structure of the Village is kept to a minimum.

Forecast Financial Position

- AEC completed a review of the LTFP adopted by Council and prepared an independent forecast of Council's long term projections over the same planning horizon to compare and contrast with the adopted financial position. The forecast position is based on current planned budget for 2023/24, consultation with Council officers on future budget requirements and includes operating costs (and revenue) that AEC could identify from adopted strategies, plans and projects.
- The forecast position includes costs of projected asset renewals based on an assessment completed by AEC, following consultation with Council's relevant officers and modelling based on asset financial data and other asset condition reports as provided by Council.
- The General Fund is projected to produce a net operating deficit (excluding capital grants and contributions) of \$2.884 million in 2023/24 which improves across the ten-year period to a \$1.411 million loss in 2032/33. While the operating position for the General Fund improves over the ten-year period, the operating loss in 2032/33 of \$1.411 million is still significant. The operating losses in the General Fund are resulting in cash deficits, which Council will need to address to prevent deterioration of Council's unrestricted cash.
- Available cash in the General Fund is projected to deteriorate across the ten-year period, due to the demand for asset renewals and the operating deficit produced within the General Fund. The General Fund needs to produce approximately \$1.788 million more in cash per year to avoid the deterioration of cash balance across the ten years.
- The Water Fund is projected to provide an operating surplus (excluding capital grants and contributions) which improves over the ten-year period.
- The Sewer Fund is projected to provide an operating surplus (excluding capital grants and contributions) which improves over the ten-year period.
- The Water Fund and Sewer Fund continue to increase cash within their respective reserves. However, it should be noted that the renewal of the Sewer Treatment Plant is not projected to occur within the next ten years. If required, a \$25 million investment in the renewal of the plant would produce a significantly different scenario.
- The Village Fund produces strong operating surpluses during the first five years from 2023/24 to 2027/28, which includes the revenue received through entry contracts from residents occupying the units. From 2028/29, the Village Fund will produce deficits, indicating insufficient revenue to fund the operating costs and interest payment on borrowings required for Stage One construction. In 2030/31, it is anticipated that revenue will be received through deferred management fees which are projected to increase, resulting in positive net operating result when the village reaches a mature steady state.
- The Village Fund stays in a positive cash position, although this includes borrowings necessary to fund Stage 1 development. The cash position improves in the later years of the forecast period due to the deferred management fees anticipated to begin in 2030/31 which significantly improves the cash generation for the facility.

- The Waste Fund is projected to provide an operating surplus (excluding capital grants and contributions) which improves over the ten-year period. Sufficient cash is generated to address asset requirements based on current planned investments.

Strategies to Achieve a Financially Sustainable Council

AEC recommend the following strategies for improving Council's long-term financial sustainability:

1. Improve the operating position of the general fund, via a Special Rate Variation (SRV) to increase the rate revenue by 7% for six consecutive years and a review of user charges, particularly waste (including the domestic waste charge), to ensure full cost pricing is achieved.
2. Create a Waste Fund to separate the financial planning and reporting for the waste management functions, including the domestic waste collection.
3. Enhance the asset related governance and financial controls to integrate the Project Management Framework, Asset Management Planning and LTFP. The LTFP should be a living resource plan that is adjusted as required to ensure Council decisions are informed by the impact upon the long term financial sustainability.
4. Review of existing cash reserves to assess whether they are still required.
5. Introduce productivity measures to the Operational Plan and Annual Budget (e.g., \$/KM graded, \$/KM roads resealed, \$/KM road re-sheeting, annual food safety inspections completed, hectares of open space maintained, library opening hours, etc.) which can be benchmarked with other comparable Councils and monitored to ensure Council delivery of services and infrastructure is efficient. Council should seek to achieve productivity savings to limit the increase in rates required through the SRV.
6. Introduce a service planning approach as part of the development of Integrated Planning and Reporting Framework, including defining a list of services and development of a Service Review Program targeting services with highest potential for improved productivity and efficiencies. Review and develop defined performance expectations in the Service statements, including the activity able to be achieved with current funding e.g., library opening hours, KMs of road resealed, KMs of road re-sheet, KMs of grading, meters or kerb replaced, operating hours/sessions for swimming pool, etc.
7. Pursue a path of improving the asset management maturity, as outlined in the Asset Management Strategy, in particular improved asset management leadership and governance (including culture), asset condition assessments, improved accuracy, and use of asset registers, whole of life planning and determining the optimal timing for renewal treatments.
8. Market and promote the Village with aim to achieving the target entry price on the Village residential units with aim to fill the units as soon as possible – the realisation of capital revenue through initial contracts and then collection of deferred management fees is essential for the village to establish a stable financial position and to avoid short term impacts that the Village may have on Council's financial position.
9. Seek opportunities to encourage and facilitate economic and population growth to increase the economy of scale in provision of local government services and infrastructure, noting that this requires resourcing.

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1. INTRODUCTION

1.1 BACKGROUND

Edward River Council (Council) was formed in May 2016, following the amalgamation of the former Conargo Shire Council and Deniliquin Council. The Local Government Area (LGA) covers approximately 8,881km² and includes the town of Deniliquin and the six rural villages of Blighty, Booroorban, Conargo, Mayrung, Pretty Pine and Wanganella.

Edward River LGA shares its boundaries with Murray River Council to the south, Hay Shire Council to the North and Murrumbidgee and Berrigan Shire Councils to the east. The LGA is strategically located in the South-West Riverina region linked by highways to Adelaide, Sydney and Melbourne.

The region is home to 8,851 people, with a medium age of 47 years, and a high percentage of the people being born in Australia (82.4%) compared to the NSW average (65.5%), and of this, a higher percentage number of people who identify as Indigenous Australians (4%) compared to the NSW average (2.9%). The Edward River region has maintained a stable population in recent years.

The Edward River region supports both dryland and irrigated agriculture. Whilst changes to water allocation and availability in recent years have detrimentally impacted primary production in the region, agriculture and related industries and services remain integral to sustaining the local economy. Agricultural land is mainly used for sheep and cattle grazing and rice, wheat and canola growing, with some forestry.

Due to the natural beauty, punctuated by the Edward River (Kolety), tourism is a key industry in the Edward River region. The Edward River, Murray Valley Regional Park and iconic Hay Plains are key attractions for many tourists and offer the local and visiting community a rich natural environment for recreation. The region hosts a range of events throughout the year, with the Deniliquin Ute Muster being the most significant attracting 20,000 people annually.

Council has 5,011 rateable properties comprised of 3,623 residential properties, 875 farmland properties and 513 business properties.

1.2 PURPOSE OF THIS REPORT

This report presents the outcomes of an independent Financial Sustainability Review, commissioned by Council, following a strategic objective set by the Council to plan for the long term sustainability of Council, and whether Council's current position is appropriate to meet the current and future needs of the organisation and community it serves.

The Local Government Act 1993 necessitates that councils adhere to the principles of sound financial management, which include responsible and sustainable spending, investment in infrastructure for the benefit of the local community, effective financial and asset management, and consideration of achieving intergenerational equity.

The primary objective of the Financial Sustainability Review is to facilitate sustainable, long-term planning and avert potential issues from emerging in the future. Although Council's recent financial performance has produced operating surpluses and cash has accumulated, there are apprehensions that an underlying financial or infrastructure deficit could prompt a high reliance on unknown external funding sources, such as grants, in the future.

To address these concerns, Council commissioned AEC Group (AEC) to undertake an independent review of the financial sustainability of the organisation. This report presents the findings of the review and provides effective strategies to improve Council's financial sustainability and ensure compliance with the Local Government Act 1993. The report also analyses the potential impacts of the findings on Council's future financial position, as well as the local community and stakeholders, to ensure sustainable and efficient operation in the future.

The Financial Sustainability Review terms of reference are to:

- Document factors contributing to Edward River Council's current financial position.

- Conduct a review of assets including the asset management strategy, asset management plans, asset condition and depreciation, and identify the key levers for asset management.
- Assess Council's current financial settings and management oversight strategies from an efficiency, effectiveness, governance, sustainability and performance management perspective.
- Identify potential opportunities for Council to increase revenue and reduce costs including through, but not limited to:
 - Rates, fees and charges including any future special rate variations.
 - Council management, operations, service delivery models, capital program, identified funded and unfunded projects, procurement, monitoring and governance systems.
 - Broader Council planning and strategy activities (e.g., CSP, Delivery Program, Operational Plan and resourcing strategy).
- Develop recommended options for Council's deliberation, noting the potential risks and benefits of each with consideration of Council's adopted risk appetite statements, plus a recommended implementation strategy and timeframe that aligns with the current and future Delivery Programs.
- Produce a clear and concise Financial Sustainability Review final report, plus a summary report of findings suitable for public release.

1.3 APPROACH

AEC's approach to delivering upon the Terms of Reference is guided by the following definition of financial sustainability:

Financial sustainability is the ability of an entity to maintain financial capital and infrastructure capital over the long term. Maintaining financial capital is concerned with the ability to sustain availability of cash into the future to meet the service and infrastructure needs of the entity. Maintaining infrastructure capital is concerned with the entity's ability to provide physical assets over the long term to meet the service requirements and demand.

Sustainability for local government includes the ability to manage likely developments (built development and socio-demographic development) and unexpected financial shocks in the future.

The AEC approach to assessing financial sustainability includes two fundamental tests:

- **Test 1 - Maintaining Fiscal Capital** – Can Council demonstrate capacity to access cash as required for current and future needs of services and infrastructure?
- **Test 2 - Maintaining Infrastructure Capital** – Can Council demonstrate capacity to provide infrastructure at an acceptable level of performance as required by current and future services?

To be sustainable, Council must satisfy both tests.

AEC's review of Council's financial sustainability was undertaken in the following stages:

1. **Data Collection and Analysis:** A review of the current and historical financial performance of Council, identifying key drivers and root-cause of the financial performance, incorporating:
 - The current Delivery Program and 2022/2023 Operational Plan, the draft 2023/24 Operational Plan and budget
 - The current Long-Term Financial Plan (LTFP), and underlying workings and assumptions, including pricing policies
 - Integration points with current plans, policies and strategies endorsed by Council
 - Historical financial performance, including review of 2021/2022 Financial Statements and internal and external audit results
 - Historical and contextual information from key internal stakeholders to understand context and drivers of current state, and
 - Undertake benchmarking against other Office of Local Government Group 10 councils.

2. **Strategy Gap Analysis:** A review of the integration of the LTFP with other plans, updating financial forecasts, assessing financial sustainability goals, evaluating performance against key measures, and identifying challenges and opportunities, incorporating:
 - Review the integration of the LTFP with other corporate plans and strategies and identify any material omissions in the LTFP (including capital works),
 - Update the long-term financial forecast and key financial indicators, including findings from the analysis, and identify any strategy gaps,
 - Provide an independent assessment of Council's current and projected financial position against the following financial sustainability goals:
 - Operating Position – the ability to generate sufficient revenue and manage service and infrastructure costs to produce sufficient cash from operations
 - Availability of Cash – the ability to maintain sufficient cash (or access cash in reserves) to meet the funding needs of operations, investments, and financing (borrowings)
 - Investment in Assets – the ability to renew or replace assets to maintain the desired level of service of current assets and the provision of new assets to meet demand for growth in services,
 - Assess the forward projections of Council's financial performance against the key performance measures set by the NSW Office of Local Government (including an assessment of Council's capacity to service borrowings),
 - Identify challenges and opportunities (including efficiencies and savings) for consideration in the development of forward options, and
 - Document the strategic vision for Council's financial position and establish target financial indicators to measure the future state.

The assessment also included a review of Council's approach to strategically reviewing services and service levels, the implementation of productivity and efficiency reviews, asset management maturity, governance, prioritisation and decision-making frameworks, and Council's investment in, and capacity to accommodate and encourage, growth and economic development in the LGA.
3. **Options Analysis:** Involved developing and assessing strategic options, engaging stakeholders, and selecting the options to serve as the foundation for Council's Financial Sustainability.
4. **Strategy:** Development of a Financial Sustainability Strategy to support:
 - Improvement to the operating position,
 - Increasing the availability of cash,
 - Investment in assets,
 - Enhanced strategic service planning,
 - Enhanced productivity and efficiency,
 - Investment and development of the local economy, and
 - Enhanced governance, prioritisation and decision-making.

1.4 STAKEHOLDER ENGAGEMENT

A Stakeholder Engagement Plan was prepared to determine the engagement required for project success. The plan identified the following outcomes which, when combined, assisted in the successful delivery of the Financial Sustainability Review:

- The required information to inform the strategies has been gathered; and
- Local Elected Members (Councillors) and the Executive Management Team have confidence in the proposed strategies and direction.

The Stakeholder Engagement Plan incorporates stakeholder identification, engagement framework, and the stakeholder engagement plan, combining key stakeholder, method, and timing of engagement.

Significant engagement was undertaken with Councillors, both the Executive and Leadership Teams, as well as key Council personnel, to gain a shared understanding of Council's historical financial performance, the desired financial performance, the gaps and the root cause, and to discuss opportunities for improvement and strategies to address the identified performance gaps, in addition to also working with Council's Audit Risk and Improvement Committee (ARIC) throughout the project.



The workshops and discussions were used as the basis of establishing Council's desired future financial position, informed through vision, strategic planning, service demand projections and projected asset demands. Strategic options were identified as well as operational improvements to support the implementation of the Financial Sustainability Strategy.

See Appendix A for details of the Stakeholder Engagement Plan, including the engagement completed throughout the project.

2. OVERVIEW OF SERVICE DELIVERY AND PROVISION OF INFRASTRUCTURE

This section provides an overview of the Council's service delivery decisions, infrastructure managed by the Council, and other key service strategies. Decisions regarding the range and levels of services provided is a key determinant of Council's financial sustainability, including decisions made on the provision of infrastructure and other assets, and the management approach to acquiring, operating, maintaining, renewing/replacing and/or disposing of the assets.

2.1 STRATEGIC OBJECTIVES

The Edward River Community Strategic Plan 2022-2050 outlines the strategic objectives that guide the provision of services and infrastructure by Council. It serves as a vision for Council's planned achievements.

Table 2.1 Strategic Objectives

Strategic Outcome	Strategic Objective	Supporting Documents, Plans or Strategies
Shaping the future - Protect and enhance both our natural and built environment as we grow.	1.1 Pristine natural environment 1.2 Quality built environment 1.3 Enhanced Active and Passive Open Spaces 1.4 Sustainable Waste Management	<ul style="list-style-type: none"> Edward River at Deniliquin Floodplain Risk Management Study & Plan 2017 Edward River Council Drainage and Flood Mitigation Asset Management Plan Edward River Council DRAFT Energy Strategy 2022 Edward River Council Disability Inclusion Action Plan 2017 Edward River Council Deniliquin Large Lot Residential Strategy 2019 Edward River Council Disability Inclusion Action Plan 2017 Edward River Council Open Space Strategy 2018 Edward River Council Memorial Park Masterplan 2019 Edward River Council Open Space Asset Management Plan Edward River Council Transport Asset Management Plan Edward River Council Recreation Strategy 2019 Deniliquin Public Space Strategy 2018 Deniliquin Masterplan 2018 Peppin Heritage Centre Deniliquin Masterplan Edward River Council Waste Strategy 2019-2049 Edward River Council Deniliquin Landfill – Future Costs Report 2012
An open and connected community - Build capacity and access to freight, transport, information, and cultural links within and beyond our region.	2.1 Transport and freight links 2.2 Communications and technology links 2.3 Cultural and personal links	<ul style="list-style-type: none"> Edward River Council Advocacy Strategy 2019 Edward River Council Economic Development Strategy 2018-2021 Deniliquin Regional Airport Master Plan 2011
Encouraging growth through partnerships - Invest in, promote, and celebrate living, working, and visiting the Edward River experience.	3.1 Education 3.2 Economic Development 3.3 The Edward River Experience 3.4 Health	<ul style="list-style-type: none"> Edward River Council Advocacy Strategy 2019 Edward River Council Economic Development Strategy 2018-2021 Edward River Council Tourism Development Plan 2020-2022 Agribusiness Masterplan 2019 – 2024

Strategic Outcome	Strategic Objective	Supporting Documents, Plans or Strategies
Delivering community assets and services - Develop and maintain public infrastructure that supports local businesses to grow and attract new investment.	4.1 Vibrant villages and towns 4.2 Reliable Water and Sewerage 4.3 Friendly and Supportive Customer service	<ul style="list-style-type: none"> Edward River Council Asset Management Strategy Edward River Council Asset Management Plans, including: Edward River Council Water Asset Management Plan Edward River Council Sewer Asset Management Plan
Accountable leadership and responsive administration - Councillors are leaders in the community who are informed and responsive to the community's expectations. Each outcome is supported by a number of targets which, together, will seek to achieve the community goals over the life of Edward River 2050.	5.1 Collaborative and Engaged 5.2 Financially sustainable 5.3 Professional Workplace culture	<ul style="list-style-type: none"> Edward River Community Strategic Plan 2022-2050 Resourcing Strategy, including: Workforce Management Strategy Long-Term Financial Plan Asset Management Strategy and Plans <ul style="list-style-type: none"> Delivery Program Operational Plan Annual Report

Source: Edward River Community Strategic Plan 2022-2050.

2.2 DELIVERY PROGRAM

The Edward River Council Combined Delivery Program and Operational Plan (the Delivery Program) lays out the principal activities and projects that Council will undertake over the four years of the current elected term to achieve the vision and strategic objectives outlined in the Community Strategic Plan.

2.2.1 Planned Services

The Delivery Program outlines the projects and services to be delivered by each of the business units and service areas – see Table 2.2 below for an outline of the services provided. The measures also provide an insight into the levels of service required and to be funded through the Annual Budget and Long-Term Financial Plan.

Table 2.2 Organisation of Planned Services

Fund	Directorate	Department	Service Area (as per current financial system)
General Fund	Office of CEO	Office of General Manager	Civic Functions Mayoral Expenses Councillor Expenses Office of the General Manager
General Fund	Corporate	Community and Economic Development	Donations & Contributions Youth Services Community Services Aged & Disabled Library Museum Arts Multi Arts Centre Tourism Long Paddock Economic & Business Development Edward River Village
		Development Services	Health Services Animal Control Heritage Services Town Planning Building Control
		Finance	Director Corporate Services Corporate Services Other Support Services - CS
		Governance and Communications	Election Expenses Governance

Fund	Directorate	Department	Service Area (as per current financial system)
		Information Management	Information Management
		People and Customer Services	Human Resources
General Fund	Infrastructure	Engineering and Assets	Engineering Services Director Infrastructure Town Hall Swimming Pool Crown Reserves Old Estates Building Medical Centre Crossing Cafe Caravan Park Aerodrome Rental Council Properties - Rentals Murray Valley Industry Park Road Safety Aerodrome Roads to Recovery
		Operations	Works Administration & Depot Plant/ Fleet Department Noxious Weeds Rural Fire Service SES - Rescue Squad Rural Fire Service - Non-Reimbursable Waste Management Cemeteries Environmental Protection Urban Drainage Civic Centre Other Council Buildings Parks & Gardens Sporting Grounds Public Halls Band Hall Other Sport & Rec Sports Stadium Private Works Stock Marketing Centre Roads Administration Urban Roads - Urban Sealed Urban Roads - Unsealed Kerb & Gutter Footpaths Roadside Amenities Road Furniture Boat Ramps Street Lighting Other Transport & Communications Roads Administration & Traffic Facilities Regional Roads Maintenance RMCC - State Roads Quarries and Gravel Pits Rural Roads - Sealed Rural Roads - Unsealed Bridge Maintenance - Rural Roads Flood and Storm Repairs
		Projects	Project Management Office
Water Fund	Infrastructure	Water	Water Administration Water Pumping Stations Water Treatment Works Water Mains Water - Other
Sewer Fund	Infrastructure	Sewer	Sewer Administration Sewer Treatment Works Sewer Pump Stations Sewer - Other
Edward River Village Fund	Office of CEO		Edward River Village

Source: Edward River Annual Budget 2023 & 2024.

2.2.2 Service Costs

The 2023/24 proposed budget to deliver the operational services outlined in the Delivery Program is outlined in Table 2.3. It should be noted that the 2023/24 Budget includes non-recurrent activities such as grant funded activities and other non-recurrent activities. Service areas with the highest cost base (excluding depreciation) in 2023/24 are Corporate Services (\$2 million), Engineering Services (\$1.3 million), Information Technology (\$1.2 million) and Rural Roads Unsealed (\$1.14 million).

Appendix D outlines the net cost of each service within the service areas (including revenue), as planned by Council for the 2023/24 Annual Budget.

Table 2.3 Operational Cost of Services – 2023/24 Budget

Service	Employee Benefits and On-costs	Materials and Services	Borrowing Costs	Depreciation, Amortisation, and Impairment of Non-financial Assets	Other Expenses	Total Expenses from Continuing Operations	Total Expenses Excluding Depreciation
General Fund							
Donations & Contributions	57,000	20,000	0	0	134,000	211,000	211,000
Youth Services	0	8,000	0	0	0	8,000	8,000
Community Services	0	10,000	0	0	0	10,000	10,000
Aged & Disabled	0	2,000	0	0	0	2,000	2,000
Library	243,246	82,519	0	47,167	0	372,932	325,765
Museum	47,369	33,000	0	0	0	80,369	80,369
Arts	0	0	0	0	1,500	1,500	1,500
Multi Arts Centre	0	14,582	0	42,955	0	57,537	14,582
Tourism	179,880	143,087	0	90,400	0	413,366	322,966
Long Paddock	0	0	0	0	21,000	21,000	21,000
Economic & Business Development	348,518	35,613	0	0	0	384,130	384,130
Health Services	189,462	3,200	0	0	0	192,662	192,662
Animal Control	215,027	40,800	0	1,143	0	256,970	255,827
Heritage Services	0	5,000	0	0	17,500	22,500	22,500
Town Planning	409,396	30,500	0	0	0	439,895	439,895
Building Control	173,965	800	0	0	0	174,765	174,765
Engineering Services	1,214,061	84,500	0	124,879	0	1,423,440	1,298,561
Director Infrastructure	294,415	50,000	0	0	0	344,415	344,415
Town Hall	0	17,918	0	49,803	0	67,721	17,918
Swimming Pool	0	318,277	0	100,213	0	418,490	318,277
Crown Reserves	0	6,000	0	0	0	6,000	6,000
Old Estates Building	0	2,000	0	0	0	2,000	2,000
Medical Centre	0	9,084	0	47,000	0	56,084	9,084
Crossing Cafe	0	4,459	0	0	0	4,459	4,459
Caravan Park	2,000	1,500	0	37,673	0	41,173	3,500
Council Properties - Rentals	0	2,700	0	528	0	3,228	2,700
Murray Valley Industry Park	0	12,010	0	6,551	0	18,561	12,010
Road Safety	0	25,000	0	0	0	25,000	25,000
Aerodrome	29,654	54,480	43,107	62,310	0	189,551	127,241
Director Corporate Services	294,409	50,000	0	0	0	344,409	344,409
Corporate Services	1,061,114	921,983	0	522,380	10,000	2,515,477	1,993,097
Other Support Services - CS	0	66,080	0	0	0	66,080	66,080
Governance	0	72,500	0	0	0	72,500	72,500
Information Technology	389,484	792,347	0	261,298	0	1,443,129	1,181,831
Civic Functions	4,000	21,000	0	0	0	25,000	25,000
Mayoral Expenses	32,065	35,300	0	0	0	67,365	67,365
Councillor Expenses	0	254,675	0	0	0	254,675	254,675
Office of the General Manager	385,205	89,600	0	0	0	474,805	474,805
Works Administration & Depot	285,388	44,595	0	206	0	330,189	329,983
Plant/ Fleet Department	231,842	-1,580,650	0	1,204,269	0	-144,539	-1,348,808
Noxious Weeds	161,832	94,000	0	0	0	255,832	255,832
Rural Fire Service	37,500	188,000	0	111,358	410,000	746,858	635,500
SES - Rescue Squad	0	31,068	0	0	16,000	47,068	47,068

Service	Employee Benefits and On-costs	Materials and Services	Borrowing Costs	Depreciation, Amortisation, and Impairment of Non-financial Assets	Other Expenses	Total Expenses from Continuing Operations	Total Expenses Excluding Depreciation
Rural Fire Service - Non-Reimbursable	0	0	0	0	62,500	62,500	62,500
Waste Management	394,050	-705,324	125,000	183,784	0	-2,490	-186,274
Cemeteries	69,000	57,800	0	7,076	0	133,876	126,800
Environmental Protection	2,000	2,000	0	0	0	4,000	4,000
Urban Drainage	41,000	35,000	0	523,110	0	599,110	76,000
Civic Centre	0	0	0	47,462	0	47,462	0
Other Council Buildings	60,000	287,546	0	69,540	0	417,086	347,546
Parks & Gardens	284,011	325,182	0	167,163	12,000	788,355	621,192
Sporting Grounds	79,875	64,500	0	4,910	0	149,285	144,375
Public Halls	0	24,249	0	6,563	0	30,812	24,249
Band Hall	6,000	3,660	0	6,624	0	16,284	9,660
Other Sport & Rec	10,000	82,763	0	347,274	0	440,037	92,763
Sports Stadium	0	57,283	0	0	0	57,283	57,283
Private Works	50,000	100,000	0	0	0	150,000	150,000
Stock Marketing Centre	14,000	61,175	0	19,193	0	94,368	75,175
Roads Administration	144,119	0	0	4,682,333	0	4,826,452	144,119
Urban Roads - Urban Sealed	141,000	241,000	0	0	0	382,000	382,000
Kerb & Gutter	24,000	17,400	0	0	0	41,400	41,400
Footpaths	14,000	18,800	0	354,395	0	387,195	32,800
Roadside Amenities	0	0	0	3,771	0	3,771	0
Boat Ramps	18,000	24,000	0	8,056	0	50,056	42,000
Street Lighting	0	90,000	0	0	0	90,000	90,000
Other Transport & Communications	1,000	4,000	0	0	0	5,000	5,000
Roads Administration & Traffic Facilities	45,000	67,000	0	0	0	112,000	112,000
Regional Roads Maintenance	160,000	540,000	0	0	0	700,000	700,000
RMCC - State Roads	160,000	235,000	0	0	0	395,000	395,000
Quarries and Gravel Pits	4,100	8,947	0	0	0	13,047	13,047
Rural Roads - Sealed	160,000	260,000	0	0	0	420,000	420,000
Rural Roads - Unsealed	525,000	615,000	0	0	0	1,140,000	1,140,000
Bridge Maintenance - Rural Roads	1,000	4,150	0	75,806	0	80,956	5,150
Human Resources	1,069,773	31,000	0	0	0	1,100,773	1,100,773
FUND TOTAL	9,763,758	4,649,657	168,107	9,217,194	684,500	24,483,216	15,266,022
WATER FUND							
Water Administration	316,618	236,030	0	868,167	0	1,420,815	552,648
Water Pumping Stations	8,000	19,000	0	0	0	27,000	27,000
Water Treatment Works	275,000	590,000	0	0	0	865,000	865,000
Water - Other	17,500	68,000	0	0	0	85,500	85,500
FUND TOTAL	617,118	913,030	0	868,167	0	2,398,315	1,530,148
SEWER FUND							
Sewer Administration	56,911	37,063	0	797,793	0	891,767	93,974
Sewer Treatment Works	250,000	353,000	0	0	0	603,000	603,000
Sewer Pump Stations	60,000	145,000	0	0	0	205,000	205,000
FUND TOTAL	366,911	535,063	0	797,793	0	1,699,767	901,974
VILLAGE FUND							
Edward River Village	5,000	35,000	85,150	0	0	125,150	125,150
FUND TOTAL	5,000	35,000	85,150	0	0	125,150	125,150
GRAND TOTAL	10,752,787	6,132,750	253,257	10,883,154	684,500	28,706,448	17,823,294

Source: Council 2023/24 Budget

Note: The costs reported in the table include internal recoveries for Fleet. Therefore, credit balances in the materials and services costs reflect the impact of the internal recoveries from other services.

2.2.3 Overview of Assets and Infrastructure

The table below shows the infrastructure and assets managed by Council. Given the merger, and based on current services, there is an opportunity for the Council to assess its stock of assets and rationalise where possible.

Table 2.4 Assets Managed by Council

Asset Class	Asset Type
Buildings	<ul style="list-style-type: none"> • Specialised Buildings • Non-Specialised Buildings • Other Structures
Parks, Reserves and Cemeteries	<ul style="list-style-type: none"> • BBQs • Gardens • Park Furniture • Playgrounds • Services • Sporting Infrastructure • Structures • Watering and Irrigation Infrastructure
Transport	<ul style="list-style-type: none"> • Bridge • Fences and Posts • Footpath • Internal Roads and Carparks • Kerb and Channel • Other Assets • Regional Road • Rural Access Road • Rural Collector Road • Rural Link Road • Rural Track • Signs • Urban Access Road • Urban Collector Road • Urban Link Road • Boat Ramps
Stormwater Drainage	<ul style="list-style-type: none"> • Detention Basins • Lagoons • Pipes • Pits • Culverts • Pump Stations • Gross Pollutant Traps
Water	<ul style="list-style-type: none"> • Reticulation Mains • Trunk mains • Pump Stations • Reservoirs • Water Treatment Plant
Sewer	<ul style="list-style-type: none"> • Gravity Mains • Pump Stations • Rising Mains • Sewer Manholes • Wastewater Treatment Plant

Source: Council

2.2.4 Financial Overview of Assets and Infrastructure

The replacement cost of assets controlled by Council totals \$603 million, with the net carrying amount (i.e., written down value after accumulated depreciation/consumption of assets) being \$428 million. Each year, services provided to the community depreciate/consume \$9.9 million of the value of Council's assets.

At 30 June 2022, Council estimated that \$8.2 million is required to be spent on renewing and replacing assets to bring current assets to a satisfactory standard – often referred to as the value of the infrastructure backlog. The infrastructure backlog is estimated to be \$4.1 million for the road network, \$0.8 million for the water supply network and \$0.7 million for the sewerage network. The required expenditure on asset maintenance was estimated to be \$6.1 million, compared to actual expenditure in 2021/22 of \$5.9 million. Of note, expenditure for the water supply network and buildings is significantly below the required maintenance. Analysis on the estimates for the reported infrastructure backlog and required asset maintenance is provided later in this report, including an assessment of the confidence in the reported amounts.

The financial status of Council's assets is shown in the Report on Infrastructure Assets, a special schedule attached to the Annual Financial Statements. The relevant information from this report is presented in the table below with the Consumption Ratio added.

Table 2.5 Overview of Asset Financial Measures by Asset Category (as at 30 June 2022)

Asset Category	Estimated Cost to Bring Assets to Satisfactory Standard \$'000	2021/22 Estimated Cost to Bring to the Agreed Level of Service Set by Council \$'000	2021/22 Required Maintenance \$'000	2021/22 Actual Maintenance \$'000	Net Carrying Amount \$'000	Gross Replacement Cost (GRC) \$'000	Consumption Ratio
Buildings – non-specialised	264	264	144	131	12,623	16,964	74.4%
Buildings – specialised	801	801	514	467	37,883	60,478	62.6%
Sub total	1,065	1,065	658	598	50,506	77,442	65.2%
Other structures	107	107	35	37	17,901	19,723	90.8%
Sub total	107	107	35	37	17,901	19,723	90.8%
Sealed roads	3,923	3,923	1,234	1,092	184,184	247,599	74.4%
Unsealed roads	523	523	1,173	1,051	-	-	-
Bridges	69	69	69	69	7,284	10,748	67.8%
Footpaths and kerb & gutter	397	397	73	78	19,743	28,596	69.0%
Other road assets	-	-	-	-	3,892	4,848	80.3%
Bulk earthworks	-	-	-	-	33,842	33,276	101.7%
Other road assets (including bulk earth works)	-	-	-	-	-	-	-
Sub total	4,912	4,912	2,549	2,290	248,945	325,067	76.6%
Water supply network	773	773	959	941	37,530	64,787	57.9%
Sub total	773	773	959	941	37,530	64,787	57.9%
Sewerage network	649	649	761	720	32,325	59,793	54.1%
Sub total	649	649	761	720	32,325	59,793	54.1%
Stormwater Drainage	363	363	69	93	26,671	38,539	69.2%
Sub total	363	363	69	93	26,671	38,539	69.2%
Swimming pools	66	66	312	319	4,535	5,488	82.6%
Other open space/recreational	277	277	770	870	9,747	12,030	81.0%
Sub total	343	343	1,082	1,189	14,282	17,518	81.5%
Total - all assets	8,212	8,212	6,113	5,868	428,160	602,869	71.0%

Source: Council Annual Financial Statements 2021/22, Report on Infrastructure assets as at 30 June 2022.

2.2.5 Asset Condition

The condition of Council's assets is shown in the Report on Infrastructure Assets, a special schedule attached to the Annual Financial Statements, and is summarised in the table below.

Table 2.6 Summary of Asset Condition (as at 30 June 2022)

Asset Category	Assets in condition as a percentage of gross replacement cost				
	1	2	3	4	5
Buildings – non-specialised	13.0%	50.0%	30.0%	7.0%	0.0%
Buildings – specialised	18.0%	41.0%	27.0%	13.0%	1.0%
Sub total	16.9%	43.0%	27.7%	11.7%	0.8%
Other structures	24.0%	51.0%	17.0%	8.0%	0.0%
Sub total	24.0%	51.0%	17.0%	8.0%	0.0%
Sealed roads	12.0%	26.0%	55.0%	6.0%	1.0%
Unsealed roads	23.0%	28.0%	27.0%	22.0%	0.0%
Bridges	14.0%	54.0%	32.0%	0.0%	0.0%
Footpaths and kerb & gutter	6.0%	27.0%	61.0%	5.0%	1.0%
Other road assets	33.0%	30.0%	37.0%	0.0%	0.0%
Bulk earthworks	24.0%	1.0%	75.0%	0.0%	0.0%
Other road assets (including bulk earth works)	0.0%	0.0%	0.0%	0.0%	0.0%
Sub total	13.1%	24.5%	56.5%	5.0%	0.8%
Water supply network	6.0%	27.0%	47.0%	16.0%	4.0%
Sub total	6.0%	27.0%	47.0%	16.0%	4.0%
Sewerage network	23.0%	28.0%	13.0%	18.0%	18.0%
Sub total	23.0%	28.0%	13.0%	18.0%	18.0%
Stormwater Drainage	32.0%	32.0%	26.0%	8.0%	2.0%
Sub total	32.0%	32.0%	26.0%	8.0%	2.0%
Swimming pools	21.0%	57.0%	19.0%	3.0%	0.0%
Other open space / recreational	45.0%	25.0%	14.0%	15.0%	1.0%
Sub total	37.5%	35.0%	15.6%	11.2%	0.7%
Total - all assets	16.1%	29.1%	43.1%	8.8%	2.9%

Source: Edward River Council Annual Financial Statements 2021/22, Report on Infrastructure assets as at 30 June 2022.

2.3 EDWARD RIVER VILLAGE

Construction of the Edward River Village (the Village), a new retirement development in Deniliquin, has been initiated by Council. Stage 1 of the project is scheduled to be completed by August 2023.

To understand the impact to Council's financial sustainability, AEC conducted a review of Council's financial planning for the Village. The assessment was completed by establishing a separate fund for the Village to clearly demonstrate its impact on the consolidated position.

The development of the Village will be in five stages, with a total of 32 dwellings constructed over five years, as outlined in the table below.

Table 2.7 Edward River Village Construction and Sales Revenue Projections

	Year 1	Year 2	Year 3	Year 4	Year 5
Number of dwellings constructed (32 in total)	6	6	6	6	8
Total number of dwellings	6	12	18	24	32
Annual sales revenue (at an entry fee of \$485,000)	\$2,910,000	\$2,910,000	\$2,910,000	\$2,910,000	\$3,880,000
Cumulative sales revenue	\$2,910,000	\$5,820,000	\$8,730,000	\$11,640,000	\$15,520,000

Source: Council's project financial modelling for Edward River Village.

During the assessment, early concerns were raised regarding the sales rate and price for each dwelling and the assumption that construction and sales would take place within the same year. Council has received expressions of interest that provide confidence that sufficient demand exists for all units to be occupied. Separate financial advice obtained by Council noted that the Village will not be exempt from Goods and Services Tax (GST), requiring GST to be included in construction costs (GST had previously been excluded).

The table below outlines the assumptions utilised by AEC in the assessment of the project.

Table 2.8 Edward River Village Assessment Assumptions

Item	Assumption
Entry price	\$485,000
Occupancy rate	100%
Grant funding	\$1,000,000
Peak debt funding	\$2,510,734
Cash	\$13,392,278
Total construction cost	\$16,903,011
Annual accumulating DMF (capped at 35% over 7 years)	5%
Weekly management fee	\$130
Annual operating costs	\$200,731

Source: Edward River Village project modelling, and other details sourced from Council.

The following tables and figures provide the Profit and Loss, Cashflow and Balance Sheet for the Village as a separate fund, and detail the following:

- The Village is profitable for the first 5 years due to the income from the sale of the dwellings / units (assuming the entry price and full occupancy is achieved).
- Years 2029 and 2030 run at a loss due to the Deferred Management Fee (5% of sale price) not projected to occur until 2031.
- The weekly management fee of \$130 per week is the only income projected for Year 6 and 7.
- The closing cash balance continues to rise, reaching \$1.6 million by 2033, and to over \$10 million by 2043.
- Liabilities reduce to zero over time, with the initial borrowings repaid by 2043.

Council should consider:

- Scenarios where delays in achieving full occupancy may occur and impacts on the project's financial viability should be considered as possible. Therefore strategies to mitigate these scenarios should be considered, including requiring additional borrowings to fund construction and impacting on the profitability and cash generation in the short to medium term (i.e., in the first 5-10 years).. However, the Village will still be able to operate without subsidy from the General Fund through the medium to long term, as long as near full occupancy is maintained and operating costs of the Village are kept to a minimum.
- Where possible, and without placing the General Fund at risk of availability to cash, an internal loan from the General Fund should be considered to fund any debt for construction.
- Once the Village maintains acceptable cash, meeting a threshold that Council will need to establish in Dividend Policy, dividend payments to the General Fund should be made.
- Not realising the target entry price will also affect the Deferred Management Fee, which is calculated based on a percentage of the entry price.

Overall, AEC's independent assessment should assist Council to make informed decisions and ensure the Village project's long-term sustainability.

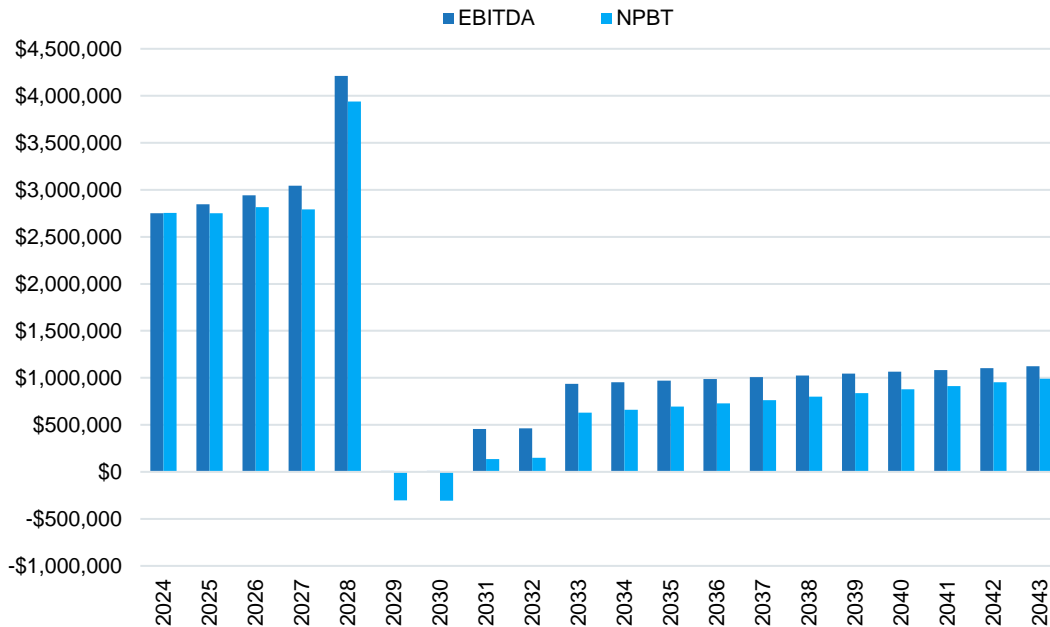


Table 2.9 Edward River Village Profit and Loss (10 Years)

Project Profit & Loss	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Operating Revenue	\$ 2,950,560	\$ 3,050,942	\$ 3,154,160	\$ 3,260,286	\$ 4,433,989	\$ 238,835	\$ 243,611	\$ 694,174	\$ 708,057	\$ 1,185,914
Labour, Materials and Services Costs	\$ 200,731	\$ 205,749	\$ 210,893	\$ 216,165	\$ 221,569	\$ 227,109	\$ 232,786	\$ 238,606	\$ 244,571	\$ 250,685
EBITDA	\$ 2,749,829	\$ 2,845,193	\$ 2,943,267	\$ 3,044,120	\$ 4,212,419	\$ 11,726	\$ 10,825	\$ 455,568	\$ 463,486	\$ 935,229
Depreciation Charges	\$ -	\$ 54,183	\$ 87,574	\$ 148,734	\$ 184,630	\$ 233,222	\$ 239,053	\$ 245,029	\$ 251,155	\$ 257,433
EBIT	\$ 2,749,829	\$ 2,791,011	\$ 2,855,693	\$ 2,895,386	\$ 4,027,789	\$ (221,496)	\$ (228,227)	\$ 210,539	\$ 212,331	\$ 677,795
Interest Expense (borrowings)	\$ -	\$ 51,848	\$ 49,353	\$ 110,977	\$ 105,162	\$ 99,086	\$ 92,736	\$ 86,101	\$ 79,167	\$ 71,921
Interest Revenue/(Expense) on Cash Holdings	\$ 5,674	\$ 13,211	\$ 10,682	\$ 8,648	\$ 15,660	\$ 18,230	\$ 14,017	\$ 13,444	\$ 16,655	\$ 24,692
Operating Surplus/(Deficit) (or NPBT)	\$ 2,755,503	\$ 2,752,374	\$ 2,817,022	\$ 2,793,058	\$ 3,938,287	\$ (302,351)	\$ (306,947)	\$ 137,882	\$ 149,820	\$ 630,566

Source – AEC Project Financial Feasibility Assessment (Unpublished)

Figure 2.1 Edward River Village Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and Operating Surplus / (Deficit) (20 years)



Source – AEC Project Financial Feasibility Assessment (Unpublished)

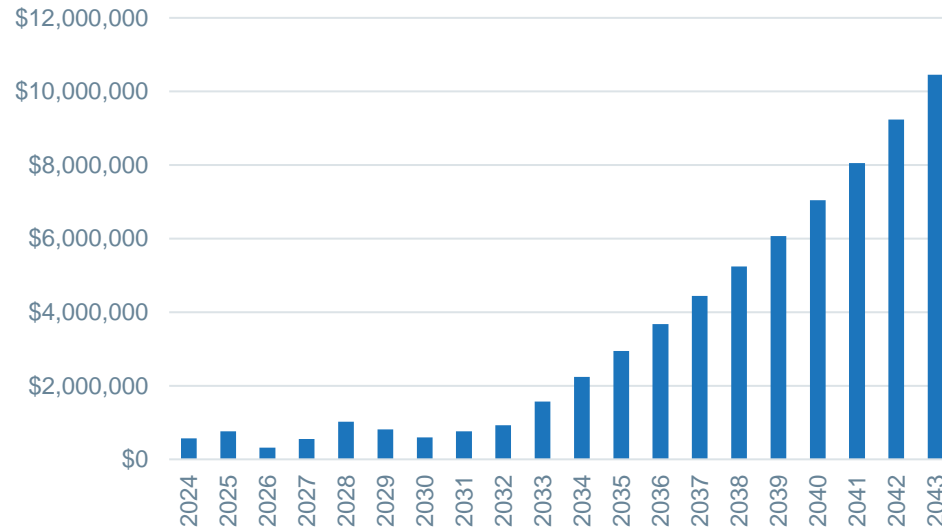


Table 2.10 Edward River Village Cashflow (10 Years)

Project Cash Flow Statement (after financing)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Cash Flows from Operational Activities										
Operating Revenue	\$ 2,950,560	\$ 3,050,942	\$ 3,154,160	\$ 3,260,286	\$ 4,433,989	\$ 238,835	\$ 243,611	\$ 694,174	\$ 708,057	\$ 1,185,914
Capital Revenue	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labour, Materials and Services Costs	\$ (200,731)	\$ (205,749)	\$ (210,893)	\$ (216,165)	\$ (221,569)	\$ (227,109)	\$ (232,786)	\$ (238,606)	\$ (244,571)	\$ (250,685)
Interest Expense	\$ 5,674	\$ (38,636)	\$ (38,672)	\$ (102,328)	\$ (89,502)	\$ (80,855)	\$ (78,719)	\$ (72,657)	\$ (62,512)	\$ (47,229)
Net Cash Flows from Operations	\$ 3,755,503	\$ 2,806,557	\$ 2,904,595	\$ 2,941,792	\$ 4,122,917	\$ (69,129)	\$ (67,894)	\$ 382,911	\$ 400,975	\$ 887,999
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ (4,334,606)	\$ (2,562,911)	\$ (4,717,728)	\$ (2,574,201)	\$ (3,518,074)	\$ -	\$ -	\$ (71,321)	\$ (73,104)	\$ (74,932)
Net Cash Flows from Investing Activities	\$ (4,334,606)	\$ (2,562,911)	\$ (4,717,728)	\$ (2,574,201)	\$ (3,518,074)	\$ -	\$ -	\$ (71,321)	\$ (73,104)	\$ (74,932)
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ 1,152,173	\$ -	\$ 1,427,337	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ (55,435)	\$ (57,930)	\$ (129,212)	\$ (135,026)	\$ (141,102)	\$ (147,452)	\$ (154,087)	\$ (161,021)	\$ (168,267)
Net Cash Flows from Financing Activities	\$ 1,152,173	\$ (55,435)	\$ 1,369,407	\$ (129,212)	\$ (135,026)	\$ (141,102)	\$ (147,452)	\$ (154,087)	\$ (161,021)	\$ (168,267)
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ 573,070	\$ 188,210	\$ (443,725)	\$ 238,380	\$ 469,817	\$ (210,231)	\$ (215,346)	\$ 157,503	\$ 166,849	\$ 644,801
Opening Cash Balance	\$ -	\$ 573,070	\$ 761,280	\$ 317,555	\$ 555,935	\$ 1,025,752	\$ 815,521	\$ 600,175	\$ 757,677	\$ 924,527
Closing Cash Balance	\$ 573,070	\$ 761,280	\$ 317,555	\$ 555,935	\$ 1,025,752	\$ 815,521	\$ 600,175	\$ 757,677	\$ 924,527	\$ 1,569,327

Source – AEC Project Financial Feasibility Assessment (Unpublished)

Figure 2.2 Closing Cash Balance After Financing (20 Years)



Source – AEC Project Financial Feasibility Assessment (Unpublished)

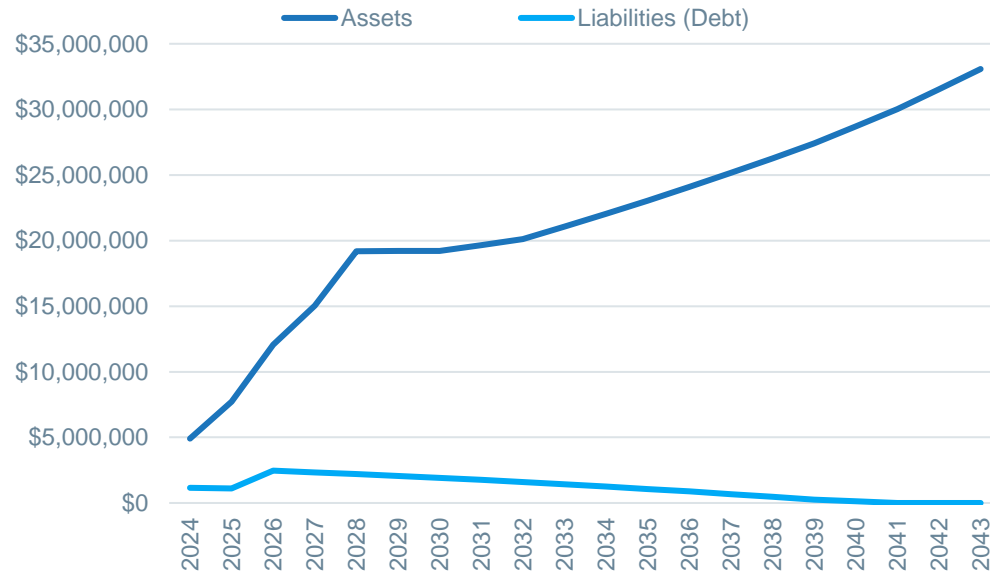


Table 2.11 Edward River Village Balance Sheet (10 Years)

Project Balance Sheet	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Assets										
Current - Cash	\$ 573,070	\$ 761,280	\$ 317,555	\$ 555,935	\$ 1,025,752	\$ 815,521	\$ 600,175	\$ 757,677	\$ 924,527	\$ 1,569,327
Non-Current - Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Current - Infrastructure, Property, Plant & Equipment	\$ 4,334,606	\$ 6,951,700	\$ 11,755,647	\$ 14,475,004	\$ 18,170,323	\$ 18,391,359	\$ 18,612,090	\$ 18,903,685	\$ 19,198,227	\$ 19,495,681
Total Assets	\$ 4,907,676	\$ 7,712,980	\$ 12,073,202	\$ 15,030,939	\$ 19,196,075	\$ 19,206,880	\$ 19,212,265	\$ 19,661,362	\$ 20,122,753	\$ 21,065,008
Liabilities										
Current - Borrowings	\$ 55,435	\$ 57,930	\$ 129,212	\$ 135,026	\$ 141,102	\$ 147,452	\$ 154,087	\$ 161,021	\$ 168,267	\$ 175,839
Non-Current - Borrowings	\$ 1,096,738	\$ 1,038,808	\$ 2,336,934	\$ 2,201,908	\$ 2,060,805	\$ 1,913,354	\$ 1,759,266	\$ 1,598,245	\$ 1,429,978	\$ 1,254,139
Total Liabilities	\$ 1,152,173	\$ 1,096,738	\$ 2,466,145	\$ 2,336,934	\$ 2,201,908	\$ 2,060,805	\$ 1,913,354	\$ 1,759,266	\$ 1,598,245	\$ 1,429,978
Net Assets	\$ 3,755,503	\$ 6,616,242	\$ 9,607,057	\$ 12,694,006	\$ 16,994,168	\$ 17,146,075	\$ 17,298,912	\$ 17,902,096	\$ 18,524,508	\$ 19,635,030

Source – AEC Project Financial Feasibility Assessment (Unpublished)

Figure 2.3 Edward River Village Asset and Liabilities (20 Years)



Source – AEC Project Financial Feasibility Assessment (Unpublished)

2.4 OTHER KEY STRATEGIES AND PLANS

2.4.1 Asset Management Strategy

An Asset Management Strategy has been developed to enable Council to demonstrate how the asset portfolios will meet the current and future service delivery needs of the community and to ensure the integration of Council's asset management practices with the long-term strategic plans. The strategy outlines an asset management improvement plan detailing a program of work required to bring Council to a minimum 'core' level of asset maturity and competence.

2.4.2 Waste Management Strategy

The adopted strategy outlines how Council will work towards the ambitious targets set out in the New South Wales 20 Year Waste Strategy for waste diverted from landfill and increased recycling and resource recovery. The challenges outlined in the strategy include:

- The New South Wales Government has established state-wide landfill diversion targets. Although these targets are not mandatory, Council has recognised the need to act towards their achievement, as is reflected in the Community Strategic Plan as a priority for the Edward River community. Improved landfill diversion would have the added benefit of prolonging the life of the Deniliquin landfill and deferring the capital expenditure required to develop a new site for landfill.
- The Deniliquin landfill is reaching critical capacity whilst serving as the main licenced waste disposal site for the Edward River LGA. The extension of Deniliquin landfill to the South-West and North-West is prohibited by the close proximity to residents.
- Council does not currently provide additional kerbside services that support source separation of comingled recyclables or food and garden organics. Relatively small volumes of paper and cardboard recycling are captured via a self-haul drop off point at all waste facilities, and comingled recycling can be dropped off at the Blighty and Deniliquin Community Recycling centres.
- Landfills can pose a wide range of risks to the environment, human health and amenity. Council's unlicensed landfill facilities include Blighty, Boooroban, Conargo, Pretty Pine and Wanganella, with all sites requiring operational plans to mitigate environmental risks through provisions for improved site management, and site closure and rehabilitation. At present, the rural landfills are unlicensed, insufficiently resourced and may create a higher risk in a changing future regulatory landscape.
- There will be additional costs to households associated with the introduction of additional kerbside services to divert recyclables, food and garden organics from Deniliquin Landfill.
- Potential solutions outlined in the strategy include:
 - Immediate potential to extend the landfill to the North-East and gain additional disposal capacity for at least ten years that could be increased through landfill diversion activities. Further extension to the North-East may be possible, however extension to the South West and North West is precluded by the close proximity to residents. Immediate capacity gains might be realised though operational improvements in consultation with the Environmental Protection Authority.
 - The risk for rural landfills can be minimised through better practice landfill design, operation, management and rehabilitation. The rationalisation of the rural landfills would enable Council to channel limited resources into better managing a smaller number of waste facilities, reduce the risk of environmental harm, and adequately plan for long-term controls and measures.
 - The introduction of additional kerbside services to divert recyclables and food and garden organics could, if supported by residents, significantly reduce the quantity of waste disposed at Deniliquin landfill.

2.4.3 Growth Strategy

Council is in the process of developing a Growth Strategy and, once adopted, will need to review the resourcing strategies (Workforce Management Strategy, Long-Term Financial Plan, and Asset Management Strategy and Plans) to ensure the impact on the future demand for services is well understood.

3. ASSESSMENT OF FINANCIAL PERFORMANCE

3.1 BACKGROUND

AEC's analysis of the historical and projected financial performance of Council, and the underlying drivers of financial performance, was based on the review of evidence in the form of audited financial statements, complimented through additional contextual information gained through engagement with Council's key staff.

Historically, Council has reported a consolidated position as well as three fund types that are included in the consolidated position:

- Water Fund – Provision of water network services to properties within the serviceable areas and funded through the water access charge, consumption charge and other water fees.
- Sewer Fund - Provision of sewer network services to properties within the serviceable areas and funded through the sewerage access charge and other sewerage fees.
- General Fund – All other services and infrastructure provided by Council not funded by water or sewerage revenue. Revenue for the general fund is predominantly general rate revenue and grant funding, as well as revenue earned from fees and charges for services provided (e.g., aerodrome, saleyards).

While analysis of Council's consolidated position is provided below, greater emphasis is placed on the analysis of the individual fund types that determine the consolidated position.

3.2 OPERATING POSITION

Council is required to prepare financial statements to report the operating result in two ways:

- Operating result from continuing operations, and
- Net operating result for the year before grants and contributions provided for capital purposes.

It is generally considered more appropriate to consider the operating result excluding the grants received for capital purposes, as such revenue is not able to be used to fund operating expenditure. However, a major expense contributing to the operating result is depreciation, and Council receives significant grants for capital purposes that are used to renew depreciating assets. Furthermore, while the policy positions of State and Federal governments will almost certainly impact on the quantum and the recurrent nature of capital grants, sources of grant funding for capital such as Roads to Recovery, Regional Roads and Block Grant, which are used by Council to renew depreciating assets, have been established for some time and likely to continue into the future. Therefore, from an assessment of whether Council can fund all operating expenses, particularly when depreciation is a major expense item, some caution needs to be applied when just considering the financial position excluding all capital grants.

3.2.1 Consolidated Operating Position

Table 3.1 below outlines the reported consolidated income statement for Council from 2017/18 to 2021/22. The consolidated position is determined by the aggregate net operating result of the three fund types.

Table 3.1 – Income Statement – Consolidated

	Note	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000
Income from continuing operations						
Rates and annual charges		12,520	12,736	13,074	13,232	13,716
User charges and fees		4,006	4,437	6,373	4,415	4,934
Interest and investment revenue		1,047	1,173	912	396	356
Other revenues		436	470	504	448	620
Grants and contributions provided for operating purposes	1	9,115	10,165	8,584	9,905	11,202
Grants and contributions provided for capital purposes		634	10,020	8,220	3,215	8,767
Other income						
Net gains from disposal of assets		-	-	-	449	-
Reversal of revaluation decrements on IPPE previously expensed	2	-	-	-	1,931	7,062
Share of interests in joint ventures and associates using the equity method		20	72	-	50	-
Total income from continuing operations		27,778	39,073	37,667	34,041	46,657
Expenses from continuing operations						
Employee benefits and on-costs		8,371	8,734	9,155	9,356	9,551
Borrowing costs		148	143	10	-	-
Materials and contracts		4,145	5,127	8,687	7,214	7,234
Depreciation and amortisation	3	7,964	8,801	26,180	9,918	9,886
Other expenses		3,521	3,260	2,060	1,480	789
Net losses from the disposal of assets		266	1,208	2,598	-	194
Revaluation decrement/impairment of PPE		-	-	-	-	-
Share of interests in joint ventures and associates using the equity method		-	-	10	-	-
Total expenses from continuing operations		24,415	27,273	48,700	27,968	27,654
Operating result from continuing operations		3,363	11,800	(11,033)	6,073	19,003
Net operating result for the year before grants and contributions provided for capital purposes		2,729	1,780	(19,253)	2,858	10,236

Source – Council Published Financial Statements

Council has produced a net operating surplus in four of the five past financial years. The deficit in the 2019/20 financial year was due to a significant increase in depreciation when Council was required to recognise additional depreciation due to an asset revaluation decrement (see Note 3 above in Table 3.1). The carrying value of Council's assets was found to be too high and was reduced during the revaluation, causing a decrement in the asset revaluation reserve. Where there is an insufficient balance in the revaluation reserve, the residual amount must be recognised on the income statement, causing the operating deficit.

The significant net operating surplus in 2021/22 is a result of the prepayment of the Financial Assistance Grant (\$3.234 million – see Note 1 above) from the Federal Government and the reversal of the revaluation decrement (\$7.062 million – see Note 2 above) – outlined below in the General Fund. Removing these two items would see Council having reported a small, consolidated net operating loss rather than a considerable operating surplus.

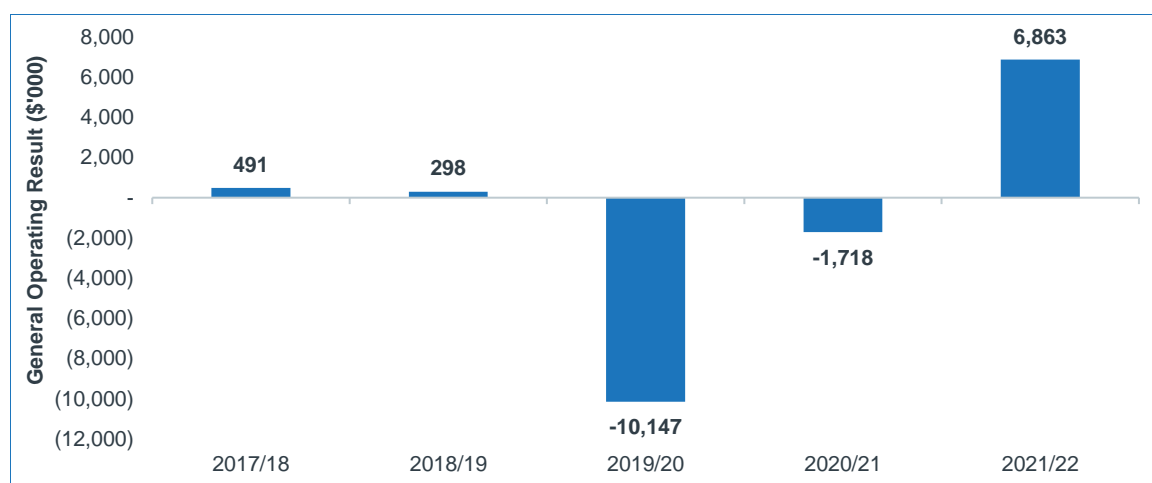
3.2.2 General Fund

Table 3.2 and Figure 3.1 below outline Council's income statement for the General Fund from 2017/18 to 2021/22.

Table 3.2 – Income Statement – General Fund

	Note	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000
Income from continuing operations						
Rates and annual charges		8,351	8,632	8,763	8,814	9,201
User charges and fees	4	1,471	2,158	4,971	2,269	3,072
Interest and investment revenue	5	695	831	541	258	262
Other revenues		436	470	504	448	620
Grants and contributions provided for operating purposes	1	9,221	10,098	8,500	8,680	11,133
Grants and contributions provided for capital purposes		563	9,898	8,220	4,314	8,767
Other income						
Net gains from disposal of assets		-	-	-	449	-
Reversal of revaluation decrements on IPPE previously expensed	6	-	-	-	-	5,023
Share of interests in joint ventures and associates using the equity method		20	72	-	50	-
Total income from continuing operations		20,757	32,159	31,499	25,282	38,078
Expenses from continuing operations						
Employee benefits and on-costs		7,650	7,744	8,284	8,429	8,633
Borrowing costs		105	103	10	-	-
Materials and contracts		2,027	2,804	3,795	4,408	4,462
Depreciation and amortisation		6,695	7,355	7,556	8,369	8,372
Other expenses		2,997	2,772	4,118	1,480	789
Net losses from the disposal of assets	2	229	1,185	2,495	-	192
Revaluation decrement/impairment of PPE	3	-	-	7,158	-	-
Share of interests in joint ventures and associates using the equity method		-	-	10	-	-
Total expenses from continuing operations		19,703	21,963	33,426	22,686	22,448
Operating result from continuing operations		1,054	10,196	(1,927)	2,596	15,630
Net operating result for the year before grants and contributions provided for capital purposes		491	298	(10,147)	(1,718)	6,863

Source – Council Published Financial Statements

Figure 3.1 – Net Operating Result (before grants and contributions for capital) – General Fund

Source – Council Published Financial Statements

The General Fund's net operating position has fluctuated significantly over the past five years, most notably impacted by accounting recognition of events such as losses on disposal of assets, asset revaluation decrements and the reversal of asset revaluation decrements – see Note 2, Note 3 and Note 6 in Table 3.2.

Such adjustments can be an indication that the asset management approach requires improvement. Losses on disposal of assets can indicate assets are being renewed or replaced before reaching their end of useful life, and therefore have carrying amount (fair value) that needs to be “disposed” when the asset is renewed or replaced. As outlined later in this report, Council's asset management approach is currently immature and requires improvement, which may be the cause of fluctuations in the reported net operating position.

The significant improvement in the General Fund's net operating position for 2021/22 was due to:

- The prepayment of the Financial Assistance Grant being amended to a 75% prepayment in 2021/22 vs 50% in prior years.
- Continued increase in the sale of properties and development in the Council area, increasing operating revenue from regulatory fees and inspections.
- An increase in private works completed.
- An increase in Transport of New South Wales Road Maintenance Council Contract ordered works.
- Reversal of revaluation decrements on infrastructure, property, plant and equipment previously expensed due to revaluation of assets.

If the net operating result was adjusted for the additional prepayment of Financial Assistance Grant (\$3.234 million) and the reversal of revaluation decrement (\$7.062 million), the General Fund would have produced a net operating deficit of \$3.433 million.

In discussion with Council officers, there was anecdotal evidence that due to workforce constraints and other limitations there were governance and administrative matters, as well as service activities and asset maintenance activities, not being completed, and therefore a significant amount of expenditure that should be considered recurrent costs have not been recognised in the historical financial statements.

Furthermore, AEC observed in discussion with Council officers that recent grant funding (both operating and capital) received and payments for contracted works (such as Transport of New South Wales Road Maintenance Council Contract) have resulted in the reallocation of Council's workforce and plant from recurrent activities to activities funded by grants and payment for contracted works. It is likely that if such resources were allocated to necessary recurrent activities, then operating expenditure would have been higher than reported.

In conclusion, it is important to note that the nature of local governments in regional New South Wales includes limited ability to recruit professional staff and limited availability of contractors, which necessitates flexibility in funding arrangements and the reallocation of the workforce and plant between contracted, capital and operating activities.

If the accounting adjustments for movements in asset values and the prepayment of Financial Assistance Grants were normalised, it is highly likely that Council would have produced operating deficits similar to that produced in 2020/21 (a deficit of \$1.718 million) would be incurred.

3.2.3 Water Fund

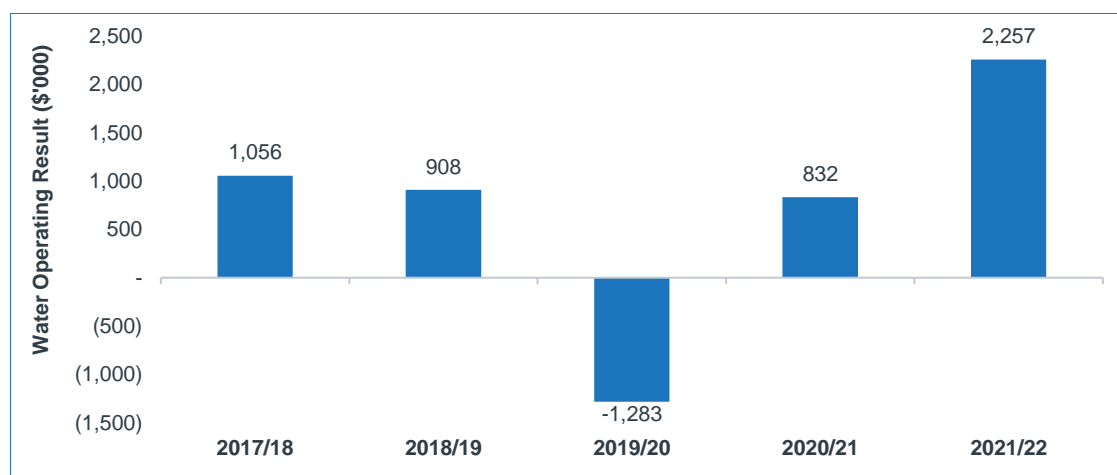
Table 3.3 and Figure 3.2 below outlines the reported income statement for the Water Fund from 2017/18 to 2021/22.

The Water Fund has experienced fluctuations in the net operating result due to asset valuation adjustments – a decrement in 2019/20 and a reversal of the decrement in 2021/22. If the asset revaluation impacts are removed, 2019/20 would have produced a net operating surplus of \$0.525 million and 2021/22 would have produced a net operating surplus of \$0.218 million. However, it is of significant note that, with the revaluation adjustments removed, there is an almost linear deterioration of the net operating surplus, from \$1.056 million in 2017/18 to \$0.218 million in 2021/22, suggesting that operating revenues are not keeping pace with operating costs. This deterioration in the is consistent with the deterioration in water user charges and fees (see Note 3 in Table 3.3 below).

Table 3.3 – Income Statement – Water Fund

INCOME STATEMENT - WATER FUND		Note	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000
Income from continuing operations							
Rates and annual charges			1,241	1,279	1,362	1,396	1,429
User charges and fees	3		2,181	2,298	1,860	1,851	1,613
Interest and investment revenue			221	192	217	65	52
Other revenues			-	-	-	-	-
Grants and contributions provided for operating purposes			34	34	51	62	37
Grants and contributions provided for capital purposes			36	56	-	-	-
Other income							
Net gains from disposal of assets			-	-	-	-	-
Reversal of revaluation decrements on IPPE previously expensed	2		-	-	-	318	2,039
Share of interests in joint ventures and associates using the equity method			-	-	-	-	-
Total income from continuing operations			3,713	3,859	3,490	3,692	5,170
Expenses from continuing operations							
Employee benefits and on-costs			417	542	503	528	547
Borrowing costs			-	-	-	-	-
Materials and contracts			1,209	1,280	1,336	1,558	1,577
Depreciation and amortisation			657	752	751	774	789
Other expenses			301	298	272	-	-
Net losses from the disposal of assets			37	23	103	-	-
Revaluation decrement/impairment of PPE	1		-	-	1,808	-	-
Share of interests in joint ventures and associates using the equity method			-	-	-	-	-
Total expenses from continuing operations			2,621	2,895	4,773	2,860	2,913
Operating result from continuing operations			1,092	964	(1,283)	832	2,257
Net operating result for the year before grants and contributions provided for capital purposes			1,056	908	(1,283)	832	2,257

Source – Council Published Financial Statements

Figure 3.2 – Net Operating Result (before grants and contributions for capital) – Water Fund

Source – Council Published Financial Statements

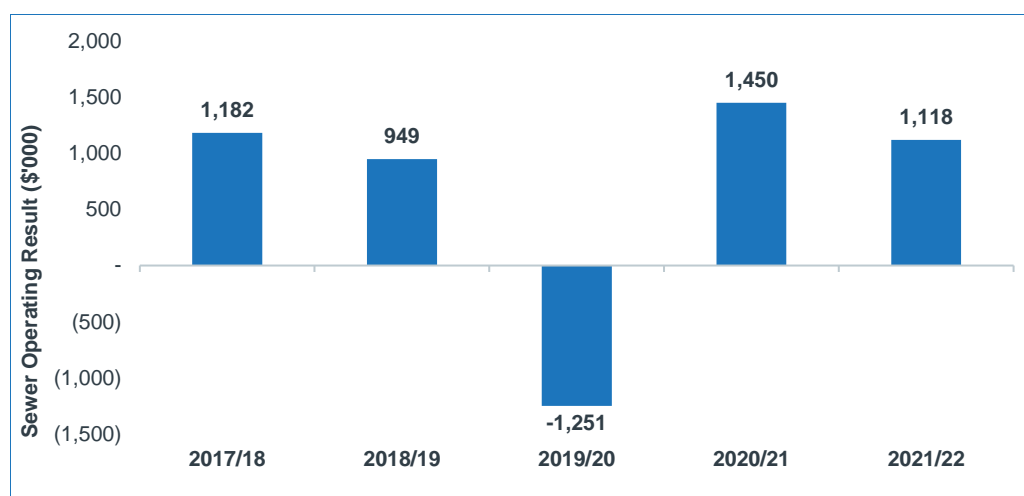
3.2.4 Sewerage Fund

Table 3.4 and Figure 3.3 below outline the reported income statement for the Sewerage Fund from 2017/18 to 2021/22.

Table 3.4 – Income Statement – Sewerage Fund

INCOME STATEMENT – SEWERAGE FUND	Note	2017/18	2018/19	2019/20	2020/21	2021/22
		\$'000	\$'000	\$'000	\$'000	\$'000
<u>Income from continuing operations</u>						
Rates and annual charges		2,755	2,825	2,949	3,022	3,086
User charges and fees		354	356	283	295	249
Interest and investment revenue		131	150	154	54	42
Other revenues		-	-	-	-	-
Grants and contributions provided for operating purposes		33	33	33	64	32
Grants and contributions provided for capital purposes		35	66	-	-	-
<u>Other income</u>						
Net gains from disposal of assets		-	-	-	-	-
Reversal of revaluation decrements on IPPE previously expensed		-	-	-	296	-
Share of interests in joint ventures and associates using the equity method		-	-	-	-	-
Total income from continuing operations		3,308	3,430	3,419	3,731	3,409
<u>Expenses from continuing operations</u>						
Employee benefits and on-costs		304	448	368	399	371
Borrowing costs		43	40	-	-	-
Materials and contracts		909	1,043	1,099	1,232	1,195
Depreciation and amortisation		612	694	675	650	725
Other expenses		223	190	127	-	-
Net losses from the disposal of assets		-	-	-	-	-
Revaluation decrement/impairment of PPE	1	-	-	2,401	-	-
Share of interests in joint ventures and associates using the equity method		-	-	-	-	-
Total expenses from continuing operations		2,091	2,415	4,670	2,281	2,291
Operating result from continuing operations		1,217	1,015	(1,251)	1,450	1,118
Net operating result for the year before grants and contributions provided for capital purposes		1,182	949	(1,251)	1,450	1,118

Source – Council Published Financial Statements

Figure 3.3 – Net Operating Result (before grants and contributions for capital) – Sewerage Fund

Source – Council Published Financial Statements

The reported net operating result for the Sewerage Fund is a relatively stable surplus of between \$1.118 million and \$1.450 million over the past five financial years. The deficit in 2019/20 was due to an asset revaluation decrement of \$2.401 million (see Note 1 in Table 3.4 above). It is notable that, similar to the Water Fund, there has been a deterioration in the user charges and fees for the Sewerage Fund.

3.3 AVAILABILITY OF CASH

The following sections provide analysis of Council's historical performance in generating and using cash for operating, investing and financing activities. Council does not produce a cashflow by fund type in the financial statements and therefore the following analysis is on a consolidated basis.

3.3.1 Cashflow

Table 3.5 below outlines the reported consolidated cashflows for financial years from 2017/18 to 2021/22. The cash generated from operating activities fluctuated significantly over the period, most notably due to grants and contributions (see Note 1 in Table 3.5). The fluctuations in grants received differs from the Income Statement due to accounting standards that require Council to recognise the grants provided for specific purposes to be aligned with the delivery of the service or asset acquisition that the grant has been provided for. In the Statement of Cashflows, the grant is recognised when received. It is therefore important that Council accounts for grants within constrained reserves to ensure the cash received is quarantined for the purposes of the grant.

Total cash, cash equivalents and investments increased over the five year period. This is further analysed in Section 3.3.2 Cash Restrictions to identify which funding types and what service areas have accumulated cash and what is the unrestricted component of the cash that Council has accumulated.

Figure 3.4 highlights the consolidated cash flows for operating, investing and financing activities. Both the cash flows generated from operating activities and the cash flows used in investing activities fluctuate. The fluctuation is due to grant funding received and used in investment on assets, as well as the annual completion of other investments in the annual capital works plan.

Where grant funding has not been used in full, it will accumulate in the Specific Purpose Unexpended Grants reserve, which is further analysed in Section 3.3.2 Cash Restrictions.

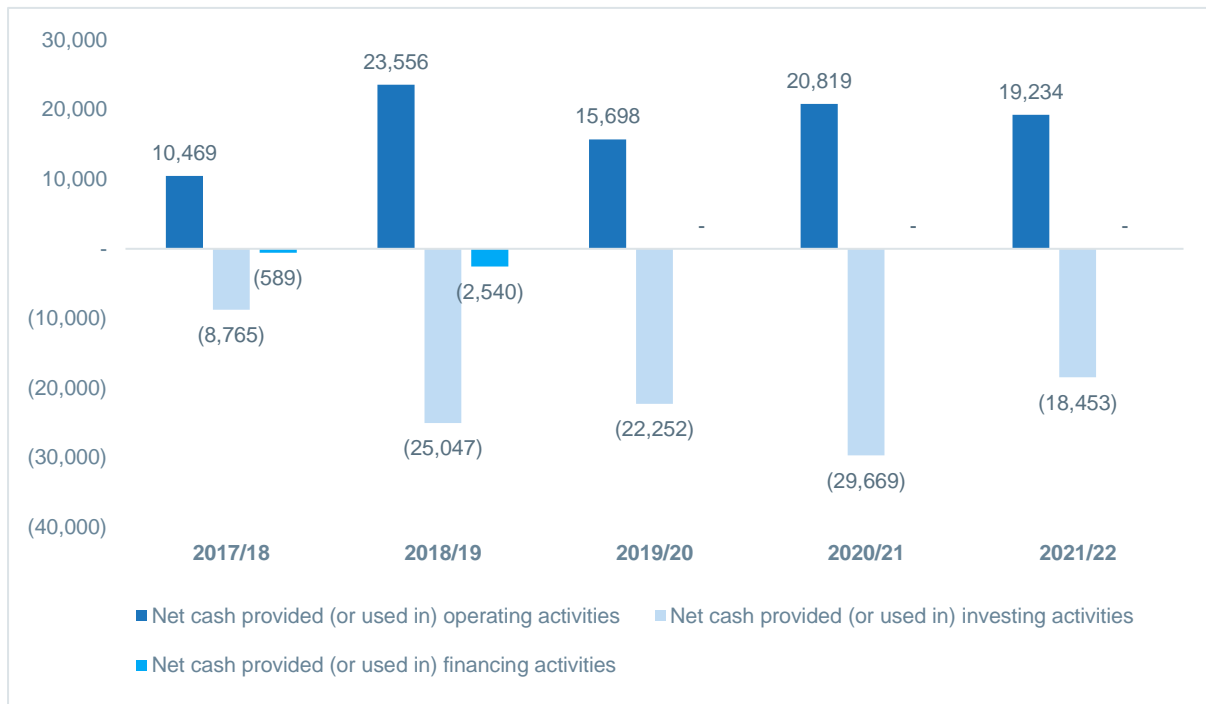
Figure 3.5 highlights what proportion of the cash that has been accumulating is managed from within readily accessible cash accounts and what is used in investments – investments return a higher return than cash within readily accessible bank accounts. Forward planning of the use of Council's cash enables the interest earned from cash to be maximised by investing responsibly. Investments have increased from \$20.755 million at the end of 2017/18 to \$42.500 million at the end of 2021/22.

Table 3.5 – Statement of Cash Flows - Consolidated

	Note	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000
Cash Flows from operating activities						
Receipts:						
Rates and annual charges		11,954	13,103	12,880	13,754	13,894
User charges and fees		2,928	4,409	7,725	4,422	5,071
Investment and interest revenue received		1,151	1,085	1,029	512	331
Grants and contributions	1	10,155	20,185	13,126	18,100	18,709
Bonds, deposits and retention amounts received		-	39	218	-	-
Other		2,757	1,189	(87)	2,516	2,734
Payments:						
Employee benefits and on-costs		(8,931)	(8,691)	(8,962)	(9,094)	(9,763)
Materials and contracts		(4,874)	(4,700)	(6,689)	(7,959)	(7,763)
Borrowing costs		(148)	(143)	(10)	-	-
Bonds, deposits and retention amounts refunded		(5)	-	-	(163)	(65)
Other		(4,518)	(2,920)	(3,532)	(1,269)	(3,914)
Net cash provided (or used in) operating activities		10,469	23,556	15,698	20,819	19,234
Cash Flows from investing activities						
Receipts:						
Redemption of term deposits		-	-	-	-	250
Sale of investments		9,250	-	-	-	-
Sale of infrastructure, property, plant and equipment		444	160	330	718	201
Sale of interests in joint ventures and associates (CMCC)		-	-	-	84	-
Payments:						
Purchase of investment securities		(9,005)	(8,259)	(2,736)	-	-
Acquisition of term deposits		-	-	-	(11,000)	-
Purchase of infrastructure, property, plant and equipment		(9,454)	(16,948)	(19,846)	(18,306)	(18,563)
Purchase of intangible assets		-	-	-	(1,165)	(341)
Contributions paid to joint ventures and associates		-	-	-	-	-
Net cash provided (or used in) investing activities		(8,765)	(25,047)	(22,252)	(29,669)	(18,453)
Cash Flows from financing activities						
Receipts:						
Proceeds from borrowings		-	-	-	-	-
Payments:						
Repayment of borrowings and advances		(589)	(2,540)	-	-	-
Net cash provided (or used in) financing activities		(589)	(2,540)	-	-	-
Net increase/(decrease) in cash and cash equivalents		1,115	(4,031)	(6,554)	(8,850)	781
Cash and cash equivalents - beginning of year		22,372	23,487	19,456	15,685	6,835
Cash and cash equivalents - end of the year		23,487	19,456	12,902	6,835	7,616
Investments on hand - end of year		20,755	29,014	31,750	42,750	42,500
Total cash, cash equivalents and investments		44,242	48,470	44,652	49,585	50,116

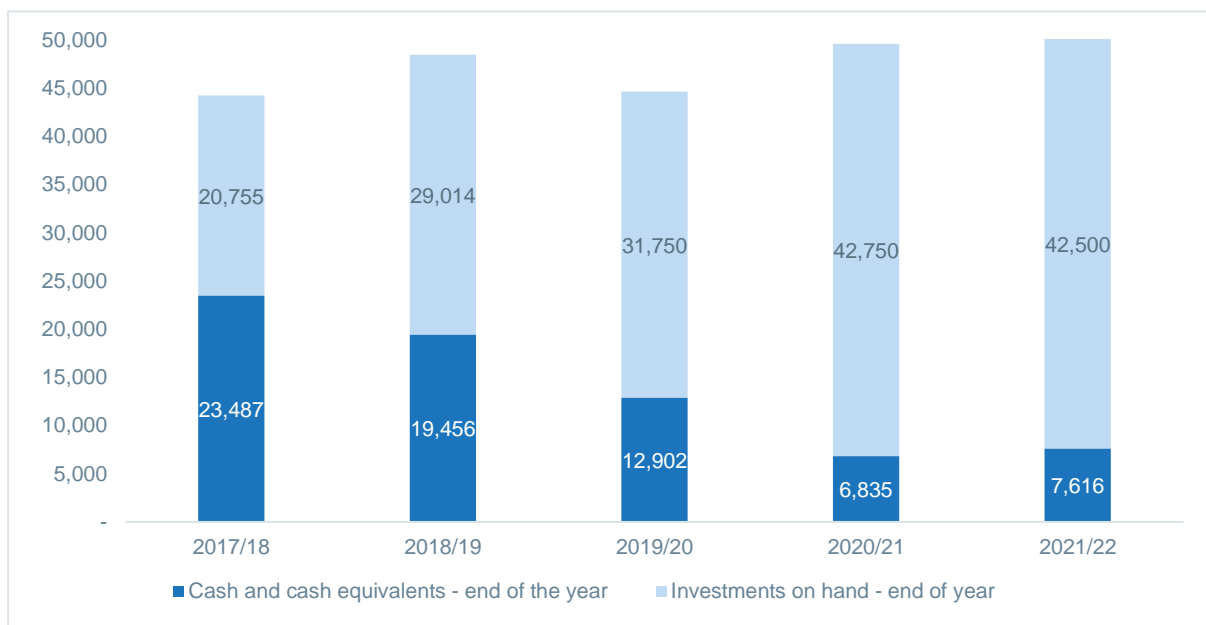
Source – Council Published Financial Statements

Figure 3.4 – Cash Flows for Operating, Investing and Financing Activities - Consolidated



Source – Council Published Financial Statements

Figure 3.5 – Cash Flows for Operating, Investing and Financing Activities - Consolidated



Source – Council Published Financial Statements

3.3.2 Cash restrictions

Table 3.6 below outlines the balance of cash held within the different reserves and what cash is unrestricted.

Table 3.6 – Cash Reserves – Consolidated – as at end of 2021/22

	2021/22 \$'000
Externally Restricted - Liabilities	
Specific purpose unexpended grants - general fund	4,553
Other - unexpended merger funds	454
External restrictions - included in liabilities	5,007
Externally Restricted - other	
Developer contributions - general	39
Water fund	7,486
Sewer fund	5,361
Conargo milestones / interpretative	37
Conargo Oval M&R	20
Deniliquin band committee	20
Deniliquin community gardens	3
EPA waste	36
Library reserve	0
Regional arts	3
Domestic waste management	1,300
External restrictions - other	14,305
Internally Restricted	
Plant and vehicle replacement	1,799
Infrastructure replacement	2,300
Employees leave entitlement	693
Deposits, retentions and bonds	323
Airport industrial land	20
Asset management	14
Airport runway development	187
Blighty-upgrade power	70
Building maintenance	50
Cemetery upgrade	9
Depot office and gates upgrade	41
Dog trail	3
Election reserve	12
Fencing Conargo	7
Gravel pits	14
Human resources	18
Internal audit	6
Land development fund	385
Landscaping plans	90
Recreation reserves / village landscaping	1,113
Risk management	44
Wanganella hall community	5
Shire - entrance signage	5
Tourism/industry promotion	13
Town planning plans, surveys and studies	103
Waste facilities	63
Water infrastructure	57
Website development	2
Seniors living precinct	0
Conargo and Pretty Pine rural landfills	0
Deniliquin town hall and civic precinct redevelopment	300
North Depot Redevelopment	133
Total internal allocations	7,879
Total internal and external restrictions	22,184
Total cash, cash equivalents and investments	50,116
Externally restricted cash	14,305
Internally restricted cash	7,879
External restrictions - included in liabilities	5,007
Unrestricted and unallocated cash, cash equivalents and investments	22,925

Source – Council Published Financial Statements



At the end of 2021/22, Council had total cash, cash equivalents and investments of \$50.116 million, of which \$14.305 million is externally restricted, \$7.879 million is internally restricted and a further \$5.007 million is held in reserve for commitments in reported liabilities (mostly contracted grant liabilities). The residual amount of \$22.925 million is considered unrestricted. It should be noted that the amount considered to be unrestricted would include the cash necessary to complete capital works funded by general revenue in the prior year – Council should create an internal restricted reserve for incomplete works that Council approves to be carried over from prior year (revote).

Internal reserves have been created by historical Council resolutions. It is AEC’s observation that the list of internal reserves has been held with the same balance for many years without any clear, current reason for maintaining them.

3.4 INVESTMENT IN ASSETS

The following sections outline Council’s historical approach to investing in assets and performance measures achieved from 2016/17 to 2021/22. Asset management is a core discipline and an essential management approach to ensuring Council’s investment in assets delivers on both the sustainability of physical assets and fiscal capital (that is, Council’s ability to access cash). The following analysis outlines Council’s current approach to asset management, followed by analysis of Council’s performance of investing in assets by fund type.

3.4.1 Asset Management Strategy

Council has published the Asset Management Strategy (Draft) – AEC could not verify if this was adopted by Council and has assumed the version published was prepared in 2018. The Strategy was developed to establish a plan to meet legislative responsibilities and to improve Council’s maturity in the delivery of assets and infrastructure.

The table below outlines the key asset management objectives outlined in the Asset Management Strategy, with observations made by AEC on whether each objective has been achieved by Council.

Table 3.7 – AEC Observations on Achievement of Asset Management Objectives

Asset Management Objectives	AEC Observations
<p>Ensure that Council’s infrastructure is provided economically with the appropriate level of service to the community and in consideration of the environment determined by reference to Council’s financial sustainability.</p>	<ul style="list-style-type: none"> • Council developed Asset Management Plans in 2018 with intent to direct economic management of assets with reference to financial planning, however, the Asset Management Plans are not used other than being a reference for planning renewals. • Environmental consideration in asset management planning is not considered in the current plans. • Council does not maintain or reference documented levels of service established through community engagement. • There is a lack of integration of the LTFP with the Asset Management Plans, limiting the use as a reference for Council’s financial sustainability. • There is a lack of integration with Council’s broader Integrated Planning and Reporting Framework with the Asset Management Plans.
<p>Safeguard Council’s assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets.</p>	<ul style="list-style-type: none"> • At the operational level, AEC observed good intent and recent development to improve the operation and management of assets – for example, the life of the aged sewer treatment plant is being extended through good day to day operations and augmenting the current asset. • There is a lack of staffing resources and maturity in asset management processes, skills and systems (as outlined later in this report). • AEC analysis indicates Council is not currently investing sufficiently in renewing assets, with evidence of a larger backlog in renewals than currently reported. • Council advised AEC that the current practice is to use annual depreciation as a benchmark for funding asset

Asset Management Objectives	AEC Observations
	renewals (except for the road reseal program), due to the inability to plan for renewals based on condition and performance (due to lack of data and processes). AEC also observed that current capital works planned is insufficient when compared to depreciation expense.
Adopt the long term financial plan as the basis for all service and budget funding decisions.	<ul style="list-style-type: none"> There is a lack of integration of the LTFP with asset planning, and the LTFP is not maintained current to reflect decisions made by Council. i.e., is not used as an effective decision making and future planning tool.
Meet legislative requirements for all Council's operations.	<ul style="list-style-type: none"> No issues were observed with legislative requirements.
Ensure resources and operational capabilities are identified and responsibility for asset management is allocated.	<ul style="list-style-type: none"> There is a lack of staffing resources and maturity in asset management processes, skills and systems (as outlined later in this report). There is a lack of clearly defined accountability for asset management across the key areas of leadership, systems/processes and the management of asset portfolios.
Provide high level oversight of financial and asset management responsibilities through Asset Management Steering Committee reporting to council on development and implementation of Asset Management Strategy, Asset Management Plan and Long Term Financial Plan.	<ul style="list-style-type: none"> The Asset Management Steering Committee has not been meeting. The Asset Management Strategy has mostly not been implemented.

Source - Council Asset Management Strategy, AEC observations

3.4.2 Asset Management Policy

The Asset Management Policy provides Council with the framework to manage assets and enable it to deliver services to the community in an affordable and sustainable manner. The policy commits Council to the following actions to deliver the objectives of the policy:

- The preparation of an Asset Management Strategy that will provide a road map for the delivery of the objectives under the policy.
- The preparation of Asset Management Plans for all infrastructure categories, informed by community input, and local government financial reporting frameworks.
- Using Asset Management Plans as a core input into the development of maintenance programs, operational plans, capital works programs, annual budgets and the Long Term Financial Plan.
- To the formation and maintenance of a cross functional Asset Management Steering Committee (AMSC) to maintain, coordinate, advise and facilitate the implementation of the adopted Asset Management Strategy.
- To engaging with all stakeholders, especially the community, to determine levels of service and asset performance. Customer satisfaction will be monitored to ensure service levels are appropriate.
- To build internal capacity to undertake asset management and financial functions. Training to be provided for staff and Councillors.
- Identifying funding to support and maintain our infrastructure.
- Ensuring accounts and related business processes will be structured to recognise lifecycle costs.
- Levels of service shall be defined with due regard to available resources, community standards as determined in the Community Strategic Plan and risks associated with those levels of service.
- Asset management principles shall be integrated within Council's existing planning, operational and reporting processes.
- An inspection regime shall be implemented as part of the asset management process to ensure defined levels of service are maintained and to identify asset renewal priorities.
- The asset management system shall be fully integrated with Council's information management systems.

3.4.3 Asset Management Maturity

To assess Council's current maturity in achieving the commitments listed above, as well as objectives established in the Asset Management Strategy, AEC facilitated a self-assessed maturity assessment with the Asset Management Steering Committee, utilising Council's NAMS+ subscription. The figure below outlines the results of the self-assessment.

Figure 3.6 – Asset Management Maturity Self-Assessment



Source – Edward River Council NAMS+ (subscription access)

The Asset Management Steering Committee assessed Council’s current maturity across all functions as being below core maturity – the committee has also set core maturity as the target maturity.

It is notable that asset-related governance and management has been scored by the committee as being at the lowest maturity. Governance and management is responsible for establishing the strategy, policy and setting the plans for performance of other functions, including providing sufficient resources. It is therefore reasonable to expect that if the governance and management functions of Council have a low maturity, other asset management functions are also likely to be in a state of low maturity.

To ensure Council is investing in a sustainable manner, allocating sufficient funding to the renewal of assets at the appropriate time, prioritising critical assets and managing risks within an acceptable tolerance, Council requires a core maturity in skills and processes and data and systems. The committee has self-assessed skills and processes and data and systems as being at the lowest maturity, which indicates Council lacks quantitative evidence in the planning and allocation of funding for the investment in assets.

3.4.4 Reported Condition of Assets

In preparing the Annual Financial Statements, Council is required to complete the Special Schedules, which includes the Report on Infrastructure Assets. Figure 3.7 below is an extract from the 2021/22 Annual Financial Statements.

Figure 3.7 – Report on Infrastructure Assets – Extract

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard		Estimated cost to bring to the agreed level of service set by Council		2021/22 Required maintenance \$ '000	2021/22 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000					1	2	3	4	5
Buildings	Buildings – non-specialised	264	264	144	131	12,623	16,964	13.0%	50.0%	30.0%	7.0%	0.0%		
	Buildings – specialised	801	801	514	467	37,883	60,478	18.0%	41.0%	27.0%	13.0%	1.0%		
	Sub-total	1,065	1,065	658	598	50,506	77,442	16.9%	43.0%	27.7%	11.7%	0.8%		
Other structures	Other structures	107	107	35	37	17,901	19,723	24.0%	51.0%	17.0%	8.0%	0.0%		
	Sub-total	107	107	35	37	17,901	19,723	24.0%	51.0%	17.0%	8.0%	0.0%		
Roads	Sealed roads	3,923	3,923	1,234	1,092	184,184	247,599	12.0%	26.0%	55.0%	6.0%	1.0%		
	Unsealed roads	523	523	1,173	1,051	-	-	23.0%	28.0%	27.0%	22.0%	0.0%		
	Bridges	69	69	69	69	7,284	10,748	14.0%	54.0%	32.0%	0.0%	0.0%		
	Footpaths and kerb and gutter	397	397	73	78	19,743	28,596	6.0%	27.0%	61.0%	5.0%	1.0%		
	Other road assets	-	-	-	-	3,892	4,848	33.0%	30.0%	37.0%	0.0%	0.0%		
	Bulk earthworks	-	-	-	-	33,842	33,276	24.0%	1.0%	75.0%	0.0%	0.0%		
	Other road assets (incl. bulk earth works)	-	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%		
	Sub-total	4,912	4,912	2,549	2,290	248,945	325,067	13.1%	24.5%	56.5%	5.0%	0.8%		
Water supply network	Water supply network	773	773	959	941	37,530	64,787	6.0%	27.0%	47.0%	16.0%	4.0%		
	Sub-total	773	773	959	941	37,530	64,787	6.0%	27.0%	47.0%	16.0%	4.0%		
Sewerage network	Sewerage network	649	649	761	720	32,325	59,793	23.0%	28.0%	13.0%	18.0%	18.0%		
	Sub-total	649	649	761	720	32,325	59,793	23.0%	28.0%	13.0%	18.0%	18.0%		
Stormwater drainage	Stormwater drainage	363	363	69	93	26,671	38,539	32.0%	32.0%	26.0%	8.0%	2.0%		
	Sub-total	363	363	69	93	26,671	38,539	32.0%	32.0%	26.0%	8.0%	2.0%		
Open space / recreational assets	Swimming pools	66	66	312	319	4,535	5,488	21.0%	57.0%	19.0%	3.0%	0.0%		
	Other open space/ recreational	277	277	770	870	9,747	12,030	45.0%	25.0%	14.0%	15.0%	1.0%		
	Sub-total	343	343	1,082	1,189	14,282	17,518	37.5%	35.0%	15.6%	11.2%	0.7%		
Total – all assets		8,212	8,212	6,113	5,868	428,160	602,869	16.1%	29.1%	43.1%	8.8%	2.9%		

(*) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Source – Annual Financial Statements 2021/22

AEC has reviewed the preparation of the Report on Infrastructure Assets as at 30 June 2022 and completed analysis to inform the assessment as to whether Council has been investing in assets in a sustainable manner. The following observations were made as part of the review:

- Reported condition of the assets is determined by a qualitative assessment, relying upon opinion of officers involved in the management of the assets.
- Council's asset register and the asset data within the GIS system only have condition data for one-third of all assets, with the condition data reflecting condition assessments undertaken in 2018/19.
- Other data and information from asset condition assessments are within reports provided by asset inspectors, which have not been transferred into the asset register or GIS system.
- Council engaged Britten Holdings to complete condition assessments of the sealed road network and to provide a planned treatment of asset renewals – the latest report is dated March 2019 – but the condition data has not been transferred into the asset register or GIS system.
- The estimated cost to bring assets to satisfactory standard is based on opinion of officers involved in the preparation of the report, not based on a quantitative assessment of Council's asset register.
- Required maintenance is based on historical expenditure, not on a cost of required and planned maintenance.

Due to only one-third of assets having a condition score in the asset register and due to the condition score on the one-third of assets being 4-5 years old, AEC undertook analysis based on the financial valuations of the assets. Using the accumulated depreciation and the current replacement cost of assets, as provided in the asset register, AEC assessed the quantum and value of assets that are in different stages of the useful life. The analysis provided a different perspective on Council's assets than that provided in the Report on Infrastructure Assets (Figure 3.6 above). The analysis by AEC indicates that:

- Council has a total of \$21.958 million in assets that have no carrying value (assets have been fully depreciated), significantly different to the \$8.212 million reported above as cost to bring assets to satisfactory standard. It should be noted that the assets held with not value may include assets that have been disposed of but not correctly reflected in the asset register. Given the maturity of the asset data, it is difficult to provide a confident opinion on what an accurate estimate of the backlog is.

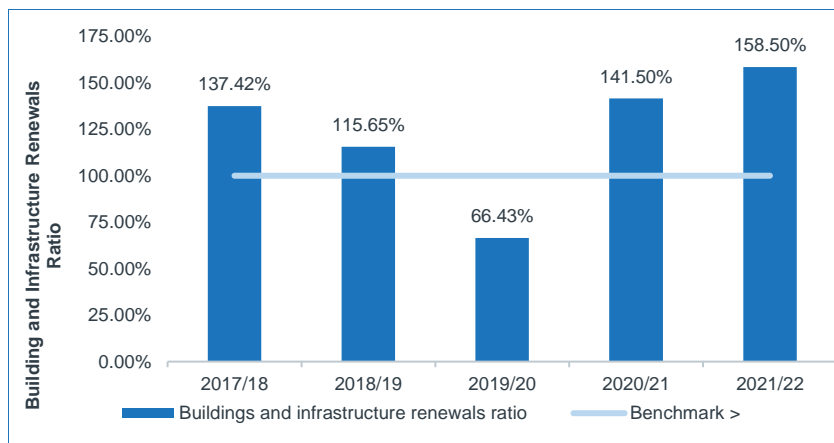
- Council’s current investment in asset renewals is not sustainable given the current program funding is insufficient to fund assets likely to require renewal in the next 10 years – this is based on the financials indicating the value of assets that will reach end of economic life (no carrying value) within the next ten years.
- The consumption ratio of assets (carrying value divided by replacement cost) provides a different profile and proportion of assets nearing end of life than that provided in the Report on Infrastructure Assets (assets in condition as a percentage of gross replacement cost).

3.4.5 Performance Measure – Building and Infrastructure Renewals Ratio

Figure 3.8 below outlines the Council’s consolidated historical performance based on the building and infrastructure renewals ratio. The ratio is calculated by the value of asset renewals on buildings and infrastructure divided by the depreciation of buildings and infrastructure. If the ratio is above 100%, the cost of renewals in the financial year exceeds the estimate of the value of the assets consumed within the year (that is, depreciation expense). Over the long term, the average building and infrastructure renewal need to be at least 100% to indicate that Council is replacing assets at the same rate as the assets are being consumed.

The building and infrastructure renewals ratio indicated that Council has completed asset renewals in total that is significantly more than the depreciation expense.

Figure 3.8 – Building and Infrastructure Renewals Ratio – Consolidated

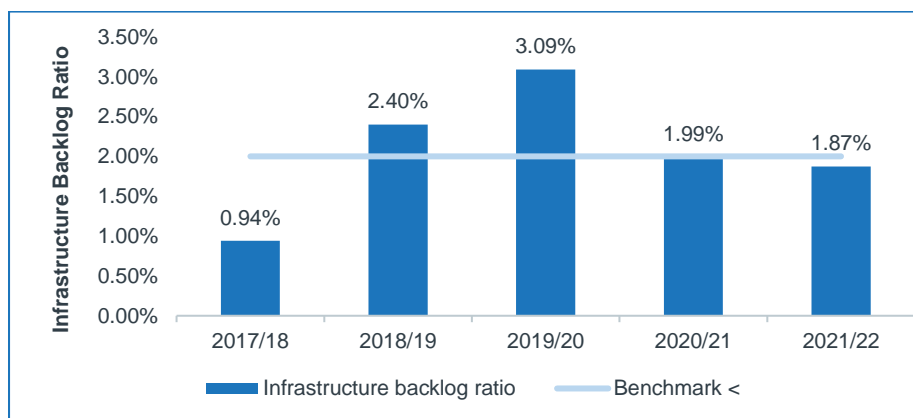


Source – Annual Financial Statements

3.4.6 Performance Measure – Infrastructure Backlog Ratio

The infrastructure backlog ratio is calculated by dividing the total estimated cost to bring assets back to satisfactory standard by the total gross replacement cost of assets. A target of below 2% is the established benchmark. The reported ratio for Council has fluctuated across the previous five financial years, most likely due to a difference in the measurements used rather than being indicative of the investment made to reducing the actual backlog.

Figure 3.9 – Building and Infrastructure Renewals Ratio – Consolidated

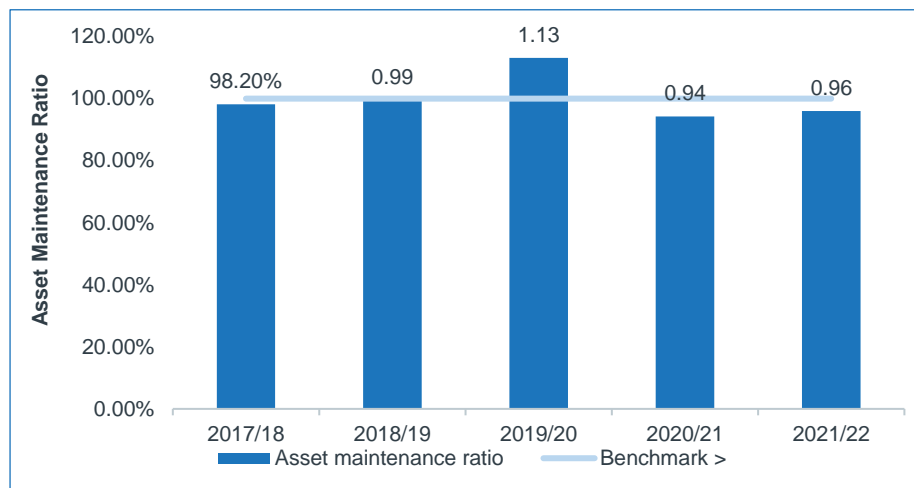


Source – Annual Financial Statements

3.4.7 Performance Measure – Asset Maintenance Ratio

The asset maintenance ratio is calculated by dividing the actual maintenance spend for the reported financial year by the total cost of planned asset maintenance (as outlined in the Asset Management Plans). Figure 3.10 indicates that Council’s actual expenditure on maintenance has been reasonably consistent with the planned maintenance. However, as indicated earlier, the planned spend on maintenance used by Council is the historical expenditure and not the total cost of planned maintenance.

Figure 3.10 – Asset Maintenance Ratio – Consolidated



Source – Annual Financial Statements

4. BENCHMARKING

Benchmarking of the financial performance of the Council and other relevant statistical information was undertaken for comparison purposes. Benchmarking was based on time series data published by the NSW Office of Local Government (Your Council Report, 2020/21), completing a comparison across the Group 10 Councils (23 councils including Edward River). The time series data was used to compare rates and charges, operational revenue and expenses, net operating position, and other variables between the councils.

The benchmarking exercise revealed that Edward River Council had the fifth highest residential rates, ninth highest farmland rates, and fifth highest business rates within the Group 10 councils. However, Council had the second-lowest rating effort in the group, and its average domestic waste annual charge was the tenth highest within the group. Despite having higher rates and charges, the lowest rating effort indicates that Council may not be maximising its revenue potential.

In terms of operational revenue and expenses, Council ranked eleventh and twelfth, respectively, in the group. Council's net operating result before capital was the sixth highest, and it was one of only eight councils reporting a surplus, while the other 15 reported a deficit.

Council's spend on maintaining its assets is below average, despite having a relatively longer road network compared to the other councils within the group.

Whilst the benchmarking is useful for assessing how Council compares with other similar councils, caution should be exercised when drawing any conclusions based on the observations above. Whilst the councils used for the benchmarking are within the same NSW Office of Local Government Group, there are significant variations regarding population, demographics, geographical area and size, range and level of service provided, as well as the service delivery model, which impact on comparative analysis.

See Appendix B for the complete benchmarking analysis and graphical representation completed.

5. FORECAST OF COUNCIL'S FINANCIAL POSITION

5.1 BACKGROUND

Council adopted the 2022/23 – 2031/32 Long Term Financial Plan (LTFP) as part of the Resourcing Strategy to support the Community Strategic Plan. The LTFP provides analysis on the following three scenarios:

- **Base Case Model** – Continuation of Council's Normal Business. Council's operating expenditure exceeds income, resulting in a projected negative operating position, contributed by significant deficits in the General Fund and operating surpluses for the Water and Sewer Funds. Cash Expense Cover Ratio falls below the benchmark (three months cover) in the 2027/28 financial year and continues to deteriorate. Building and Infrastructure Renewals ratio is lower than the benchmark – meeting the benchmark is assessed to deteriorate cash at bank.
- **Alternative Scenario 1** – Efficiency Savings. The operating deficits are projected to improve under this scenario to produce a positive operating performance ratio in 2030/31. The cash expense cover ratio stays above the benchmark and continues to improve throughout the ten years.
- **Alternative Scenario 2** – Major Projects. This includes the efficiency savings of Alternative Scenario 1, with the addition of two proposed capital projects being kerbside collection for food organics and garden organics (FOGO) and the construction of the sewerage treatment plant. The operating performance ratio improves over the ten years but remains negative throughout the ten-year period. Cash expense cover ratio falls below the benchmark in 2025/26 but improves thereafter and stays above the benchmark.

5.2 APPROACH

AEC completed a review of the LTFP adopted by Council and prepared an independent forecast of Council's long term financial position over the same planning horizon to compare and contrast with the adopted projected financial position.

With a good understanding of the adopted LTFP, AEC developed an independent forecast of the same period based on the following approach:

- Development of templates and configuration to replicate the structure of Council's income statement, balance sheet and the statement of cash flows.
- Development of a separate fund type for waste management (extracted from General Fund) and a separate fund type for the Retirement Village.
- Review of financial modelling for the Retirement Village and confirmation from Council on assumptions and planned operations of the facility.
- Review of internal overhead allocations and recalculation using the AEC Overhead Allocation Tool to ensure reasonable overheads are costed to each of the fund types and reflected in the full cost price of the services. This also ensures general rates do not subsidise overhead expenses for services that should be funded through separate charges or fees set at the full cost price.
- Using the proposed 2023/24 Budget as the base, adjustments were made to project forward the cost of ongoing operational activities over the ten-year forecast, including the removal of non-recurrent expenditure items and including expenditure that need to be added in future years for commitments (such as future local government elections and periodic maintenance costs).
- A capital works plan was developed across the forecast period based on a reasonable approach to sustainable asset renewals (without increasing the current levels of service) and including investment in new or upgraded assets where they were supported by adopted strategies and plans (for example, the Waste Management Strategy).

- Capital grants were only included where there was a high likelihood that Council would receive the grants provided for capital purposes.
- Operational grants were included only where the grant was recurrent in nature.
- Additional operating expenditure and depreciation were included for asset upgrades and new assets.

5.3 FORECAST POSITION – OPERATING RESULT

The forecast consolidated operating result and result by fund type is summarised in Table 5.1, with the result excluding capital revenue and contributions summarised in Table 5.2 – see Appendix F for the detailed Income Statement for the consolidated position and for each fund type. Table 5.1 indicates that Council will produce positive operating results from continuing operations throughout the forecast period, with the operating result remaining positive if considered excluding grants and contributions for capital purposes. However, if considered at individual fund type level, the following observations can be made:

- The General Fund is projected to produce a net operating deficit (excluding capital grants and contributions) of \$2.884 million in 2023/24 which improves across the ten-year period to a \$1.411 million loss in 2032/33.
- The Water Fund is projected to provide an operating surplus (excluding capital grants and contributions) of which improves over the ten-year period.
- The Sewer Fund is projected to provide an operating surplus (excluding capital grants and contributions) of which improves over the ten-year period.
- The Village Fund produces strong operating surpluses during the first five years from 2023/24 to 2027/28, which includes the revenue received through entry contracts from residents occupying the units. From 2028/29, the Village fund will produce deficits, indicating insufficient revenue to fund the operating costs and interest payment on borrowings required for Stage One construction. In 2030/31, it is anticipated that revenue will be received through deferred management fees which are projected to increase, resulting in positive net operating results when the village reaches a mature steady state.
- The Waste Fund is projected to provide an operating surplus (excluding capital grants and contributions) which improves over the ten-year period.

While the operating position for the General Fund improves over the ten-year period, the operating loss in 2032/33 of \$1.411 million is significant. The operating losses in the General Fund are resulting in cash deficits, as outlined in the next section. Council will need to address the operating losses in the General Fund to prevent deterioration of Council's unrestricted cash.

Table 5.1 – Forecast Net Operating Result from Continuing Operations (\$'000)

Fund	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Consolidated	19,003	11,093	5,245	4,891	2,830	3,265	4,587	718	818	1,823	2,164	2,994
General	15,630	9,003	(814)	(629)	(2,540)	(2,254)	(2,149)	(2,004)	(2,080)	(1,705)	(1,572)	(1,411)
Water	2,257	455	738	884	933	966	1,014	1,073	1,132	1,194	1,257	1,318
Sewer	1,118	1,081	1,547	1,771	1,778	1,842	1,930	2,022	2,114	2,210	2,309	2,412
Village	-	431	3,711	2,697	2,483	2,527	3,591	(593)	(586)	(133)	(108)	377
Waste	-	123	63	168	176	184	201	220	238	257	278	298

Source – AEC Forecast

Table 5.2 – Net Operating Result For The Year Before Grants And Contributions Provided For Capital Purposes (\$'000)

Fund	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Consolidated	10,236	774	2,055	3,107	2,740	3,173	4,493	621	719	1,722	2,060	2,888
General	6,863	(651)	(2,884)	(2,326)	(2,540)	(2,254)	(2,149)	(2,004)	(2,080)	(1,705)	(1,572)	(1,411)
Water	2,257	420	703	848	896	928	975	1,033	1,091	1,152	1,214	1,274
Sewer	1,118	1,031	1,497	1,720	1,725	1,788	1,875	1,965	2,056	2,151	2,248	2,350
Village	-	(149)	2,676	2,697	2,483	2,527	3,591	(593)	(586)	(133)	(108)	377
Waste	-	123	63	168	176	184	201	220	238	257	278	298

Source – AEC Forecast

5.4 FORECAST POSITION – CASH BALANCES AND RESERVES

The forecast net annual increase/(decrease) in cash and cash equivalents is outlined in Table 5.3 below. Table 5.4 outlines the forecast end of year total cash, cash equivalents and investments for the consolidated position and by fund type. Detailed Statement of Cash Flows and a Balance Sheet for the consolidated position and by fund type is provided in the Appendix, as well as detailed projection of cash reserve balances.

The following observations can be made in regard to cash balances for the forecast period:

- Available cash in the General Fund is projected to deteriorate across the ten-year period, due to the demand for asset renewals and the operating deficit produced within the General Fund. The General Fund needs to produce approximately \$1.788 million more in cash per year to avoid the deterioration of cash balance across the ten years.
- The Water Fund and Sewer Fund continue to increase cash within their respective reserves. However, it should be noted that the renewal of the Sewer Treatment Plant is not projected to occur within the next ten years. If required, a \$25 million-investment in the renewal of the plant would produce a significantly different scenario.
- The Village Fund stays in a positive cash position, although this includes borrowings necessary to fund Stage 1 development. The cash position improves in the later years of the forecast period due to the deferred management fees anticipated to begin in 2030/31 which significantly improves the cash generation of for the facility.

Table 5.3 – Net Annual Increase/(Decrease) in Cash and Cash Equivalents (\$'000)

Fund	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Consolidated	781	3,256	331	(1,251)	(826)	347	(416)	749	1,650	1,851	1,014	157
General	N/A	2,012	(1,980)	(2,366)	(1,942)	(1,931)	(3,525)	(1,901)	(1,140)	(1,364)	(2,187)	(3,346)
Water	N/A	(561)	811	926	(179)	381	1,008	1,020	1,083	1,055	941	1,201
Sewer	N/A	1,067	1,374	273	250	1,648	1,710	1,775	1,839	1,907	1,977	2,050
Village	N/A	431	485	145	1,281	(119)	6	(549)	(554)	(188)	(179)	290
Waste	N/A	307	(359)	(229)	(236)	368	385	404	422	441	462	(38)

Source – AEC Forecast

Note – Cash by fund type not available for 2021/22

Table 5.4 – Total Cash, Cash Equivalents and Investments at End of Year (\$'000)

Fund	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Consolidated	50,116	53,372	53,703	52,452	51,626	51,973	51,557	52,306	53,956	55,807	56,821	56,978
General	35,906	37,918	35,938	33,572	31,630	29,699	26,174	24,273	23,133	21,769	19,582	16,236
Water	7,486	6,925	7,736	8,662	8,483	8,864	9,872	10,892	11,975	13,030	13,971	15,172
Sewer	5,361	6,428	7,802	8,075	8,325	9,973	11,683	13,458	15,297	17,204	19,181	21,231
Village	-	431	916	1,061	2,342	2,223	2,229	1,680	1,126	938	759	1,049
Waste	N/A	307	247	352	360	368	385	404	422	441	462	482

Source – AEC Forecast. Note – Cash for waste not able to be calculated for waste fund for 2021/22.

6. VISION FOR A FINANCIALLY SUSTAINABLE COUNCIL

Council will be financially sustainable if it can deliver the Community Strategic Plan and Delivery Program commitments whilst demonstrating capacity to maintain financial capital and infrastructure capital over the short (1-4 years), medium (4-10 years) and long term (10-25 years).

Council can demonstrate capacity to deliver financial sustainability through the following:

- **Operating position** – the ability to generate sufficient revenue and control the cost of services and infrastructure to produce sufficient cash from operations to meet investment and financing requirements.
- **Availability of Cash** – the ability to maintain sufficient cash (or access to cash) to meet the needs of operations, investments and financing (borrowings).
- **Investment in Assets** – the ability to renew or replace assets to maintain the desired level of service and the provision of new assets to meet demand for growth in services.

A financially sustainable Council can invest in developing and growing the local economy, and can withstand, react and adapt to unplanned shocks. Good governance, effective decision-making frameworks and robust financial management practices are required to support the implementation of a financial sustainability strategy.

This section outlines the criteria that the Council needs to meet to achieve a financially sustainable position.

6.1 RESOURCING CAPACITY TO DELIVER THE COMMUNITY STRATEGIC PLAN

The LTFP of the Council needs to enable the delivery of strategies identified within the Community Strategic Plan and the delivery of commitments within the Delivery Program.

The Edward River Community Strategic Plan 2022-2050 identifies the following existing strategies to be delivered:

- Edward River Council Disability Inclusion Action Plan
- Edward River Council Advocacy Strategy
- Edward River Council Economic Development Strategy
- Agribusiness Masterplan
- Edward River Council Tourism Development Plan
- Edward River Council Deniliquin Large Lot Residential Strategy
- Edward River Council Open Space Strategy
- Edward River Council Memorial Park Masterplan
- Edward River Council Recreation Strategy
- Deniliquin Public Space Strategy
- Deniliquin Masterplan
- Peppin Heritage Centre Deniliquin Masterplan
- Edward River at Deniliquin Floodplain Risk Management Study & Plan
- Edward River Council DRAFT Energy Strategy
- Edward River Council Waste Strategy
- Edward River Council Deniliquin Landfill
- Deniliquin Regional Airport Master Plan

The LTFP should include the funding required for the implementation of actions associated with the above strategies, including impact of future demand for services. Furthermore, other strategies or plans proposed to be adopted in the future should be assessed using the LTFP and, if material, should be reflected in a revised LTFP. The associated resourcing and asset requirements for the planning horizon (including forecast increases/decreases and other changes in service demand) should also be included in the Workforce Management Plan and Asset Management Strategy and Asset Management Plans.

Council is in the process of developing a Growth Strategy, and once adopted, will need to review the resourcing strategies to ensure the impact on the future demand for services is well understood.

6.2 STRATEGIC OPTIONS

AEC Recommend the following strategies for improving Council's long-term financial sustainability.

1. Improve the operating position of the general fund through a Special Rate Variation (SRV) to increase the rate revenue by 7% for six consecutive years and review user charges, particularly waste (including the domestic waste charge), to ensure full cost pricing is achieved.
2. Create a Waste Fund to enable waste management (including domestic waste management) to be separately planned and reported, and to assist in setting a reasonable full cost price for the domestic waste management charge.
3. Enhance the governance and financial controls to integrate the Project Management Framework, Asset Management Planning and LTFP – the LTFP should be a living resource plan that is adjusted as required to ensure Council decisions are informed by impact upon long term financial sustainability.
4. Review of existing cash reserves to assess whether they are still required.
5. Introduce productivity measures to the Operational Plan and Annual Budget (e.g., \$/KM graded, \$/KM roads resealed, \$/KM road re-sheeting, annual food safety inspections completed, hectares of open space maintained, library opening hours, etc.) which can be benchmarked with other comparable Councils and monitored to ensure Council delivery of services and infrastructure is efficient. Council should seek to achieve productivity savings to limit the increase in rates required through the SRV.
6. Introduce a service planning approach as part of the development of Integrated Planning and Reporting Framework, including defining a list of services and development of a Service Review Program targeting services with highest potential for improved productivity and efficiencies. Review and develop defined performance expectations in the Service statements, including the activity able to be achieved with current funding e.g., library opening hours, KMs of road resealed, KMs of road re-sheet, KMs of grading, meters or kerb replaced, operating hours/sessions for swimming pool, etc.
7. Pursue a path of improving the asset management maturity, as outlined in the Asset Management Strategy, in particular improved asset management leadership and governance (including culture), asset condition assessments, improved accuracy, and use of asset registers, whole of life planning and determining the optimal timing for renewal treatments.
8. Market and promote the Village with aim to achieving the target entry price on the Village residential units with aim to fill the units as soon as possible – the realisation of capital revenue through initial contracts and then collection of deferred management fees is essential for the village to establish a stable financial position and to avoid short term impacts that the Village may have on Council's financial position.
9. Seek opportunities to encourage and facilitate economic and population growth to increase the economy of scale in provision of local government services and infrastructure, noting that this requires resourcing.

6.2.1 Improving the Operating Position of the General Fund

Council has been experiencing underlying operating deficits, which are primarily due to a historical deficit (or structural deficit) within the General Fund. To measure this, one-off adjustments and non-recurrent grant programs should be excluded from the historical audited operating result. It has been noted that the reported net operating position of the General Fund has fluctuated over the past five financial years, with losses on disposal of assets and asset revaluation decrements impacting significantly on the reported result. Council should improve the accuracy and completeness of the asset register and consistency in the valuation approach to avoid future asset valuation adjustments continuing to impact on the reported operating position.

In discussions with Council officers, it has been observed that workforce constraints and other limitations have resulted in governance and administrative matters, as well as service activities and asset maintenance activities, not being completed. This has led to a significant amount of expenditure that should ordinarily be considered as recurrent costs not being recognised in the historical financial statements.

Additionally, recent grant funding and payments for contracted works have resulted in the reallocation of workforce and plant from recurrent activities to activities funded by grants and payments. This may have led to less operating expenditure on necessary recurrent activities than would have occurred otherwise.

It is important to note that local governments in regional NSW have limitations on their ability to recruit workforce and limited availability of contractors, which necessitates flexibility in funding arrangements and reallocation of workforce and plant between contracted, capital, and operating activities. However, the historical financial statements indicate that if the accounting adjustments for movements in asset values and adjustments to prepayment of Financial Assistance Grants were taken into account, Council would have produced operating deficits similar to that produced in 2020/21.

To improve the operating position of the General Fund, an SRV is required to increase rate revenue by 7% (including rate peg) for six consecutive years. User charges, particularly waste (including the domestic waste charge), should also be reviewed to ensure full cost pricing is achieved.

6.2.2 Create a Waste Fund

Given the importance and impact of waste management, including funding the Waste Management Strategy and the need to comply with price setting requirements for the domestic waste management charge, there is a need to create a separate Waste Fund to assist in separating from the General Fund the financial planning and reporting for waste management.

Council should also create a separate reserve for waste management collection to enable reasonable price setting for the domestic waste management charge, including enabling the long term full cost pricing for domestic waste collection.

While Council has commissioned a recent review of the domestic waste management charge, a more detailed review is required to cost the different waste streams and calculate the full cost price of processing and disposal of the different waste streams. This will enable Council to include a more accurate calculation of the reasonable costs of domestic waste management, including an appropriate charge from landfill management to domestic waste collection for the disposal of waste to landfill (or other waste processing).

6.2.3 Enhancing Governance and Financial Controls

To enhance the governance and financial controls, integrating the Project Management Framework, Asset Management Planning, and LTFP is a strategic option that ensures effective management of assets through their lifecycle. The LTFP should be a living resource plan that is adjusted as required to ensure that Council decisions are informed by the impact upon long-term financial sustainability. To implement this option, the best practice provided by the NSW Office of Local Government in the IP&R Guidelines should be followed, which recommends making the projected income and expenditure spreadsheet of the LTFP available at council meetings to inform resourcing decisions.

By aligning project management and asset management activities, organisations can optimise resource allocation and improve efficiencies, resulting in reduced costs and improved outcomes. Operations involved during the project planning and design stages should focus on risk identification, contingency planning, stakeholder management, scope management, design reviews, and quality management to mitigate potential risks and ensure successful project delivery.

The integration of the Project Management Framework, Asset Management Planning, and LTFP would also provide a holistic view of the Council's financial position, ensuring that all decisions are made in consideration of long-term financial sustainability. By implementing this strategic option, councillors can make fully informed decisions, and understand the importance of the Resourcing Strategy documents to that decision-making. This approach will ensure that Councils can mitigate potential risks and manage assets effectively, resulting in long-term financial sustainability.

6.2.4 Review Cash Reserves

Council should conduct a comprehensive review of internal reserves to assess their necessity and potential to release the cash back to unrestricted cash. This review would involve analysing the purpose of each internal reserve, the amount held, and the length of time the balance has been maintained. Council would need to determine if the reserves are still relevant and required for their intended purpose or if they could be put to better use elsewhere.

The use of a reserve to restrict cash for carried forward (revote) capital works and operational projects is a common practice. Council currently reports cash necessary to complete carried forward projects within the unrestricted cash balance which is not correct.

The review would also include an analysis of the cash flow requirements for ongoing operations, investments, and financing activities. This analysis would ensure that the council maintains sufficient cash reserves to meet its financial obligations and strategic goals.

If the review determines that some of the internal reserves can be released back to unrestricted cash, Council will need to consider how best to allocate these funds. This could involve investing in new infrastructure projects, funding community initiatives, or reducing debt levels.

Implementing this strategic option would allow Council to optimise its financial resources, ensuring that cash reserves are utilised effectively to meet current and future needs. It would also support Council in remaining financially sustainable and able to deliver essential services and programs to the community.

6.2.5 Introduce Productivity Measures

A strategic option to improve the efficiency and productivity of the council's operations is to introduce productivity measures into the Operational Plan and Annual Budget. These measures could include metrics such as the cost per kilometre of grading, the cost per kilometre of resealing, or other relevant measures that can provide insights into the efficiency of Council's operations. By including these measures in the annual budget, Council can set specific targets for improving productivity and can monitor progress towards those targets. Council and Management can discuss the impact of resourcing decisions on levels of service by informed consideration of the activity costs of programs (e.g. reducing the funding to grading program will result in X kilometres less of roads graded, with likely impact on road performance being ..., etc.).

To implement this strategy, the council should start by conducting a thorough review of its current operations to identify areas where productivity measures could be implemented – through service reviews. This might involve analysing data on the cost and duration of various tasks, such as road maintenance or park upkeep, and identifying specific areas where improvements could be made. Once these areas have been identified, the council can work to develop specific productivity measures and set targets for improvement.

By introducing productivity measures into the Operational Plan and Annual Budget, Council can improve the transparency and accountability of its operations. This can help to build trust with the community and demonstrate the council's commitment to responsible resource management. Additionally, by improving productivity, the council can potentially reduce costs and free up resources to invest in other important areas, such as infrastructure or community services. Overall, this strategy can help to ensure that the council is operating in a cost-effective and efficient manner, while also delivering high-quality services to the community.

Process improvements are another key strategy for achieving productivity savings. Council can review existing processes and identify areas for improvement, such as reducing duplication, eliminating unnecessary steps, and automating manual processes. By streamlining processes, Council can improve efficiency, reduce waste, and achieve cost savings. For instance, implementing digital workflows and automation tools can reduce the time and resources required to complete certain tasks, freeing up staff to focus on more valuable activities.

Investing in employee training and development is also critical for achieving productivity savings. By providing staff with the skills and knowledge they need to perform their jobs more effectively, Council can improve productivity, reduce errors, and increase employee engagement. This may include training on new technologies, process improvement methodologies, or management and leadership skills. In addition, investing in employee development can help retain top talent and attract new talent, which can bring long-term benefits to the organisation.

Collaboration and partnerships with other organisations or neighbouring councils can also be explored to achieve productivity savings. By sharing resources and expertise, Council can achieve economies of scale, reduce costs, and improve service delivery. This may include joint procurement initiatives, shared services arrangements, or collaborative capital projects. Regular review and monitoring of these initiatives is crucial to ensure that the desired outcomes are being achieved and that resources are being used efficiently.

6.2.6 Introduce a Service Planning Approach

The sustainability of local government relies heavily on service planning, which involves making informed decisions about the range and levels of services provided, and ensuring they are financially sustainable and aligned with community needs and expectations. Councils that have strong control over the direction of financial sustainability understand the current range and levels of service, make decisions when required to adjust service levels, and require management to report on performance, productivity, and efficiency of services provided.

To implement a service planning approach, Council should enhance their Integrated Planning and Reporting Framework (IP&R), to include a Service Catalogue and Service Review Program. The Service Catalogue should define the range of services provided by Council and the associated service levels, costs, and performance indicators. This can provide a clear understanding of the services Council provides and ensure that service delivery is aligned with community needs and expectations.

The Service Review Program involves regularly reviewing each service in the Service Catalogue to evaluate its performance and identify areas for improvement. Council can also engage stakeholders in the service planning process by consulting with the community and other stakeholders to identify service priorities and gather feedback on service performance.

By adopting a service planning approach, Council can improve transparency and accountability in service delivery, better understand service performance, enhance stakeholder engagement, and increase efficiency and effectiveness in service delivery. It is important for Council to regularly review and update its service planning approach to ensure it remains aligned with community needs and strategic objectives. This can include investing in staff training and development, infrastructure and technology, and other resources needed to support service delivery.

Council should develop a comprehensive Service Catalogue that defines the range of services provided and performance expectations, including activities that can be achieved with current funding. The service catalogue should cover all services provided by Council, such as library services, road maintenance, swimming pool operations, waste management, and community services.

The development of a service catalogue will provide clear performance expectations for both Council's employees and the community, improved transparency, enabling ratepayers to see how their rates are being spent and the level of service they are receiving, improved planning through identification of areas where service levels need to be improved and to plan for future service needs.

To implement the service catalogue, Council should identify all services provided and define the performance expectations for each service, including activities that can be achieved with current funding. The catalogue should also include the associated costs, performance indicators, and service levels.

Council should also regularly review and update the service catalogue to ensure it remains current and reflects changes in service needs and funding levels. This will help Council to continuously improve its service delivery and ensure that it is meeting the needs of the community.

6.2.7 Improve Asset Management Maturity

To ensure the efficient and effective delivery of services to the community, Council should pursue a path of improving its asset management maturity, as outlined in the Asset Management Strategy, particularly focusing on improved asset management leadership and governance (including culture), asset condition assessments, improved accuracy, and use of asset registers, whole of life planning, and determining the optimal timing for renewal treatments. To achieve this goal, the following strategic options should be considered:

- Develop a roadmap for improving asset management maturity: Council should use its self-assessment of asset management maturity and the strategic improvements identified in its Asset Management Strategy, including improved leadership and governance, asset management system and asset portfolios, to develop a roadmap for improving asset management maturity. This roadmap will help align asset management with strategic objectives.
- Invest further in asset management information systems: Council should invest in asset management information systems to support effective asset management. Utilising all functions within the recently implemented system to ensure efficient and consistent processes across the organisation, Council should also implement data controls to ensure that data becomes information to enable wisdom and knowledge from it. This will help manage the asset lifecycle, from acquisition to disposal, and enable Council to track the condition of its assets and plan for maintenance and renewal activities, ensuring that assets are managed in a cost-effective manner.
- Adopt a risk-based approach to asset management: Council should adopt a risk-based approach to asset management to ensure that resources are allocated to the assets that require the most attention. Conducting risk assessments of assets to identify their criticality and likelihood of failure, and prioritising maintenance and renewal activities based on the level of risk posed by each asset will assist with ensuring long-term sustainability. Providing an enhanced ability to plan for maintenance and renewal activities, which can improve the reliability and longevity of assets and reduce long-term costs.

By achieving these best practices, Council can achieve significant benefits and ensure the long-term sustainability of its asset base.

6.2.8 Target Sale Price for the Village Dwellings

To maximise revenue and ensure the long-term sustainability of the Edward River Village project, Council should leverage as much as possible from the sales and marketing strategy to achieve the target sales price and fill the units quickly. This strategy includes a detailed analysis of the target market and the competition, as well as a comprehensive plan for advertising and promoting the development to potential buyers.

Council should also be aware of the impact any potential delays or changes in the sale price will have upon the short term financial performance of the facility, with contingency plans (such as access to additional borrowings) in place to mitigate any negative impact on the project's financial sustainability.

6.2.9 Encourage and facilitate economic and population growth

Council is currently in the planning stages to develop and implement a Growth Strategy to facilitate economic and population growth. To ensure this is successful, Council should pursue the following objectives:

- Facilitate growth in local economy, targeting growth in industries that will grow employment opportunities within the region – increased employment opportunities encourages population growth. Council should develop the strategy with aim to leverage from current economic strengths, encourage new industries to replace imported goods and services and encourage development of value adding economic activity to increase the value of exports out of the region.
- Consider opportunities to enhance the liveability of the region to encourage migration into the region and retain the existing population that resides within the region – this is likely to be multi-faceted targeting different groups, but in particular families that result in flow on economic development.

This strategy should identify key opportunities for growth and set out a clear roadmap for achieving these objectives. It should include a range of initiatives, such as attracting new businesses, supporting existing businesses, creating new jobs, and improving the overall liveability of the area. The strategy should also identify any barriers to growth and set out plans to address them. This will help to increase the economy of scale in the provision of local government services and infrastructure, as the population grows and demand for services increases.

Council should invest in infrastructure that will support economic and population growth. This may include new roads, public transport, community facilities, and other infrastructure that will improve the liveability of the area and



make it more attractive to businesses and residents. Council should also work with the state and federal governments to secure funding for major infrastructure projects that will have a significant impact on the local economy.

7. CHALLENGES, OPPORTUNITIES AND RISKS

7.1 CHALLENGES AND OPPORTUNITIES

As Council implements the financial sustainability strategies outlined in the previous section, it is likely to confront the following list of challenges and opportunities.

7.1.1 Challenges

- **Volatility in the economic environment** – During the preparation of this Financial Sustainability Strategy, the Australian economy was experiencing high volatility, with high inflation and supply chain issues, the continuation of which is likely to increase the cost of services and the cost of construction/acquisition of assets, as well as potentially delay the delivery of capital works, increase borrowing costs and potentially limit the availability of funding from external sources (e.g., grants).
- **Balancing demands for capital expenditure** – Council will need to balance the demands for new or upgraded assets to address population and economic growth, to comply with changes in regulatory requirements and/or to address changing community demands with the need to appropriately fund the renewal and replacement of deteriorating assets and infrastructure.
- **Productivity improvements limited by legislation** – For example, constraints on staff reduction in rural areas.
- **Policy changes from other levels of Government** – changes to policies and strategies set by the State and Federal Governments is likely to impact upon Council's financial sustainability, therefore requiring strong advocacy and engagement with key stakeholders to protect the interests of the Council and its community.
- **Capacity of the Council** – Council faces challenges in attracting and retaining skilled resources due to the geographical location of the council as well as significant competition by main employers in the area. Council will need to invest in its ability attract, develop and retain skilled resourcing.

7.1.2 Opportunities

- **Innovation and Technological Advancement** – Council can improve long term sustainability through enhanced productivity and efficiencies achieved through adopting innovation and technological advancements, which will require Council to maintain effective relationships and professional networks with industry leaders.
- **Regional Economic Development** – Economic development opportunities are outlined in the Regional Economic Development Strategy. Council can maximise the realised benefit through advocating and pursuing the Council's interests, as well as more broadly the community's economic and socio-demographic interests.
- **Enhancements to Project Management** – considering the large annual investment in the capital works program and other projects, significant improvements in Council sustainability may be achieved through implementation of the project management framework, including better decision making in the selection, prioritisation and initiation of projects, consideration and comparison of whole-of-life costs, as well as in the more efficient delivery of projects.
- **Development of a Service Catalogue and Service Review Program** – through the development of a service catalogue, integrated with resource planning, and the engagement of Council and the community in strategic service planning, Council sustainability is likely to be improved through the continued review, prioritisation and rationalisation of the range and levels of services and infrastructure provided to meet community demands and community affordability.
- **Asset Recycling and Rationalisation** – through the process of developing the Asset Management Plans, Council is likely to be presented with opportunities to recycle under-utilised assets (e.g., buildings

and land) to obtain better utilisation and improve overall sustainability by reducing the cost of under-utilised assets and achieving commercial returns through asset recycling.

- **Stormwater Charge** – Council could consider the application of an annual Stormwater charge in accordance with the Local Government Act 1993, and the associated Regulations and guidelines issued by the NSW Office of Local Government, to all applicable properties in the local government area. Revenue from this charge will need to be applied to an enhanced stormwater management program.

7.2 SIGNIFICANT RISKS

The risks outlined below present a significant threat to the successful achievement of the Financial Sustainability Strategy.

- **Economic Conditions** - Council is impacted by the volatility of economic conditions. This has been experienced most significantly during the recent COVID-19 outbreak, where the income earned by Council for a range of services was significantly reduced. As such, any further impacts leading to significant change from the market assumptions adopted (will require further revision by Council of planned investments and service expenditure).
- **Funding Development** -The NSW Government regulates a cap on the per lot contributions paid and limits the types of infrastructure that a council can levy for development. This limitation has required Council to use other funding sources (including funding set aside for asset renewal) to provide infrastructure Council is responsible to provide for new development. This is particularly important for areas of greenfield development, which impact on the demands for Council infrastructure such as community centres, libraries and recreational facilities.
- **Certainty of Revenue Streams** - Uncertainty in the projection of revenue streams is a significant concern for Council sustainability. While Council controls most of its annual operating revenue, Council has historically relied upon grants.
- **Expenditure Estimates** - A key risk to the accuracy of the long-term forecast of operating and capital expenditure is the accuracy of cost estimates and actual inflation in future years being above assumptions used in the forecast.
- **Impairment and Early Deterioration of Assets** - While renewals are planned through the asset management planning process, the actual deterioration and performance of assets may deteriorate faster than projected or be impacted through natural disasters or other unforeseen events, bringing forward the need to renew and replace assets. This will require either re-prioritisation across the capital works plan, or additional cash investment.

8. IMPLEMENTATION ACTION PLAN

The following table outlines the task required to implement financial sustainability strategies. Responsibility for each task and the required timeframe for the task to be completed will need to be completed by Council.

Strategy	Task	Responsibility	2023/24				2024/25			
			1	2	3	4	1	2	3	4
1. Improve the operating position of the general fund	<p>1.1 Increase rate revenue by 7% over six consecutive years.</p> <ul style="list-style-type: none"> Refine the LTFP to determine the increase in rate revenue required and adopt the new LTFP with at least one SRV scenario included. Develop rate model to determine impact of SRV on ratepayers. Complete a capacity-to-pay assessment. Undertake community engagement to present options and collect feedback. Council to consider and make resolution to submit expression of interest to IPART for an SRV. IPART to be notified of Council resolution. Prepare and submit SRV application (Council resolution) <p>1.2 Pursue operational and capital works efficiencies and productivity improvements through implementing service review findings and implementing asset management strategy objectives.</p> <p>1.3 Develop and implement a Workforce Management Plan that includes strategies to plan for an efficient and productive workforce including culture, recruitment, retention, development and performance reporting.</p>									
2. Create a Waste Fund	<p>2.1 Undertake necessary changes in Council’s financial reporting and planning to separate out the waste management functions.</p> <p>2.2 Create a reserve for domestic waste collection separate from other waste management functions to assist in the financial planning and price setting for the domestic waste management charge.</p>									
3. Enhance the governance and financial controls	<p>3.1 Review the Project Management Framework and identify and develop the integration points with Asset Management Planning and Long-Term Financial Plan</p> <p>3.2 Place greater emphasis and importance on the Integrated Planning and Reporting Framework to guide financially sustainable decision making and planning.</p> <p>3.3 Develop a new Asset Management Strategy that acknowledges the current maturity and sets objectives and tasks for Council to improve in timely</p>									



Strategy	Task	Responsibility	2023/24				2024/25			
			1	2	3	4	1	2	3	4
	<p>manner. The Strategy should address governance and leadership, the asset management system and management of the asset portfolios.</p> <p>3.4 Implement governance arrangement to ensure the LTFP is a living resource plan that is adjusted as required to ensure Council decisions are informed by impact upon long term financial sustainability.</p>									
4. Review the cash reserves and ensure reserves are still required.	<p>4.1 Review the reserves for justification for retaining reserve.</p> <p>4.2 Council to make a resolution to update the reserves required.</p> <p>4.3 Council to make a new reserve for “Incomplete Capital Works” to restrict cash required to complete revoked works (carried forward projects).</p>									
5. Introduce productivity measures to the Operational Plan and Annual Budget	<p>5.1 Identify relevant productivity measures (e.g., \$/KM graded, \$/KM roads resealed, \$/KM road re-sheeting, annual food safety inspections completed, hectares of open space maintained, library opening hour etc), benchmarked with other comparable Councils and through the service reviews implement improvement strategies to ensure Council delivery of services and infrastructure is efficient.</p> <p>5.2 Monitor and review productivity measures.</p> <p>5.3 Include the measures in the Operational Plan and Annual Budget</p>									
6. Introduce a service planning approach as part of the development of Integrated Planning and Reporting Framework	<p>6.1 Define the list of services in a Service Catalogue</p> <p>6.2 Through the Service Review Program targeting services with highest potential for improved productivity and efficiencies.</p> <p>6.3 Review and develop defined performance expectations in the Service Catalogue, including the activity able to be achieved with current funding.</p>									
7. Pursue a path of improving the asset management maturity, as outlined in the Asset Management Strategy	<p>7.1 Develop a revised Asset Management Strategy.</p> <p>7.2 Implement strategies to improve the asset management leadership and governance.</p> <p>7.3 Implement strategies to improve the asset management systems.</p> <p>7.4 Implement strategies to improve the management of asset portfolios.</p>									
8. Achieve the target entry price on the Village residential	<p>8.1 Continue to implement and leverage the marketing strategy to achieve or exceed the target entry price.</p>									



Strategy	Task	Responsibility	2023/24				2024/25			
			1	2	3	4	1	2	3	4
units and fill the units as soon as possible	8.2 Prepare mitigating strategies (such as access to additional borrowings) should the target entry price not be achieved. 8.3 Plan and implement cost effective operations to minimise the operating costs of the Village.									
9. Council should seek opportunities to encourage and facilitate economic and population growth to increase the economy of scale in provision of local government services and infrastructure.	9.1 Deliver the Growth Strategy 9.2 Assign appropriate resources to implement council controlled actions in Growth Strategy									

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APPENDIX A: STAKEHOLDER ENGAGEMENT

STAKEHOLDER IDENTIFICATION

Stakeholder identification was completed to ensure those who have an interest in, or may be impacted by any changes proposed, were sufficiently engaged. Stakeholder groups included Councillors, Executive Management Team, Leadership Team, and key Council staff. Community Engagement was not included during this stage.

Project Steering Committee and Project Sponsor

The steering committee and project sponsor play a crucial role in the project. The steering committee is responsible for overseeing the project, providing guidance and support, and ensuring that the project aligns with the organisation's objectives. The project sponsor is responsible for providing leadership and support to the project, being the primary decision-makers with accountability for the project's success.

The steering committee includes Council's Executive Management Team, with the additional roles of Project Sponsor being Council's Chief Executive Officer (CEO) and Project Lead being Council's Acting Chief Financial Officer (CFO).

Council's Elected Members

Edward River Council is governed by nine elected Councillors, which are elected to represent the entire Edward River Council LGA (rather than individual wards or divisions). The Councillors set the long-term direction of Council and ensure that money and other resources are used effectively, to enable long term financial sustainability.

Council's Executive Management

Edward River Council is led by a CEO, and comprises of two individual directorates, the Corporate Services directorate and the Infrastructure directorate. The Executive Management Team was also the Project Steering Committee.

Key Council Staff

Council's Executive Management identified the Leadership Team as other key Council stakeholders to be engaged as part of the project.

Stakeholders External to Council

Council's Elected Members and Executive Team determined the external stakeholders to be engaged in the Financial Sustainability Review, which included the committee members of the Audit, Risk and Improvement Committee (ARIC), which is an advisory committee. The role of ARIC is to review and provide independent advice to Council regarding the following aspects of operations:

- Compliance,
- Risk management,
- Fraud control,
- Financial management,
- Governance,
- Implementation of the strategic plan, delivery program and strategies,
- Service reviews,
- Collection of performance measurement data, and
- Internal audit.

ENGAGEMENT FRAMEWORK

The method of engagement included a combination of face-to-face meetings and online meetings via MS Teams. Prior to engaging with stakeholders, AEC reviewed previous plans and/or strategies to help inform engagement.

The information gathered during the engagement was used to verify the desktop analysis and inform the Preliminary Findings & Work-in-progress report.

Council is committed to engagement practices of delivering communication, and the framework AEC followed for engagement with external stakeholders was aligned to the International Association of Public Participation (IAP2) principles of the Public Participation Spectrum.

The table below outlines the different levels of input and influence external stakeholders and the community (not applicable to this plan) may have over a particular project.

Figure 8.1 IAP2’s Spectrum of Public Participation

Increasing impact on the decision ----->					
	Inform	Consult	Involve	Collaborate	Empower
Public Participation Goal	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives opportunities and/ or solutions	To obtain public feedback on analysis, alternatives and/or decisions	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution	To place final decision making in the hands of the public
Promise to the Public	We will keep you informed	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced decision	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible	We will implement what you decide

STAKEHOLDER ENGAGEMENT PLAN

This section outlines the stakeholder groups, their interest, influence, level, and method of engagement within the project, as well as the date for the engagement.

Stakeholder group	Interest	Influence	Level of Engagement	Engagement Method	Date
Project Steering Committee	Advisors to Project team (including AEC)	Advice	Collaborate	<ul style="list-style-type: none"> Online Inception Meeting Fortnightly Project meetings 	13/02/2023 1/03/2023 (1 of 4) (Week 3 meeting) 15/03/2023 (2 of 4) (Week 5 meeting) 31/03/2023 (3 of 4) (Week 7 meeting) 21/04/2023 (4 of 4) (Week 10 meeting)
Councillors	Owner of Financial Sustainability Review Provide approval of the Strategies and recommendation	Decision Making	Empower	<ul style="list-style-type: none"> Onsite Councillor Briefing – Project startup Online Councillor Briefing to seek feedback on preliminary findings and work-in-progress report Onsite & online Councillor Briefing to present Draft Report (may become online meeting, and the final report be an onsite meeting) Online Councillor Briefing to present Final Report 	21/02/2023 (online) 21/03/2023 (online) 04/04/2023 (onsite & online) 18/04/2023 (onsite)
Audit, risk and improvement committee (ARIC)	To provide independent advice to Council regarding compliance, risk management, financial management, governance, implementation of the strategic plan, delivery program and strategies, service reviews, collection of performance measurement data by the Council, and internal audit.	Advice	Collaborate	<ul style="list-style-type: none"> Online meeting with chair Online attendance at March 2023 meeting ARIC meeting – FSR Overview - Historical Financials, Benchmarking & Preliminary findings, including an overview of the Edward Village Financials. ARIC Presentation of Final Report 	28/02/2023 (online) 16/03/2023 (online) 11/05/2023 (online)
Executive Management Team	Responsible to implement the Strategies and recommendations	Advice	Collaborate	<ul style="list-style-type: none"> Online Inception Meeting Onsite Executive Management Briefing – Project startup Online Councillor Briefing to seek feedback on preliminary findings and work-in-progress Onsite & online presentation of Key Findings, LTFP & AMS (with Steering Committee) Onsite & online Councillor Briefing to present Key Findings Onsite Councillor Briefing to present Final Report 	13/02/2023 20/02/2023 21/03/2023 03/04/2023 04/04/2023 21/04/2023
Staff in Identified Key Roles	Input into understanding current sustainability. Identification of options Implementing the outcomes	Advice	Collaborate	<ul style="list-style-type: none"> Meetings on site (see schedule) Ongoing meetings, discussions, emails etc as required 	21/02/2023 As required

APPENDIX B: BENCHMARKING REPORT

Benchmarking of the financial performance of the Council and other relevant statistical information was undertaken for comparison purposes. Benchmarking was based on time series data published by the NSW Office of Local Government (OLG) (Your Council Report, 2020/21), completing a comparison across the Group 10 Councils (23 councils including Edward River), as detailed below:

Berrigan	Gwydir	Temora
Bland	Junee	Tenterfield
Blayney	Kyogle	Upper Lachlan
Cobar	Lachlan	Uralla
Dungog	Liverpool Plains	Walgett
Forbes	Narrandera	Warrumbungle
Edward River	Narromine	Wentworth
Glen Innes Severn	Oberon	

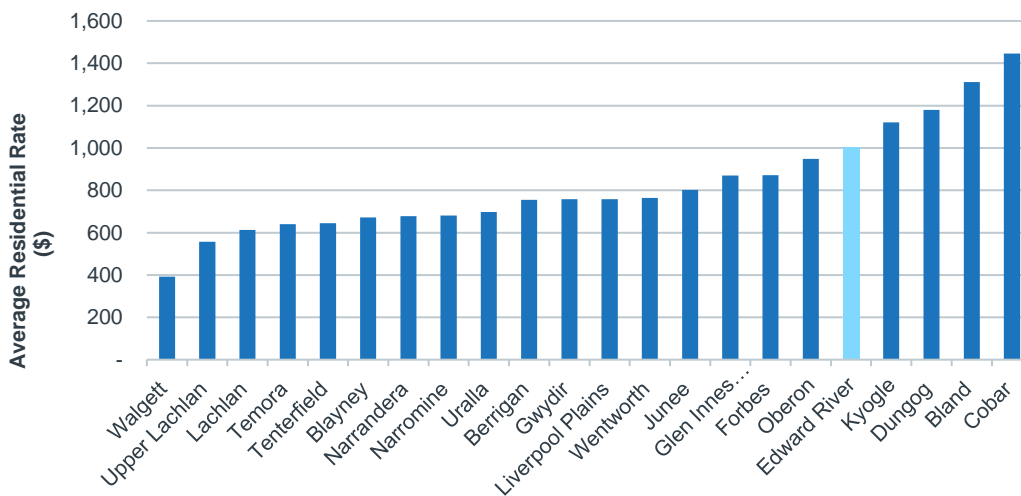
BENCHMARKING RATES & CHARGES

Key findings from the following graphs identify that Edward River Council have the fifth highest residential rates, the ninth highest farmland rates and the fifth highest business rates within Group 10 Councils.

The rating effort is based on the land value divided by the total rate income, and Edward River Council has the second lowest rating effort within the group, while the average Domestic Waste Annual Charge is the tenth highest within the Group.

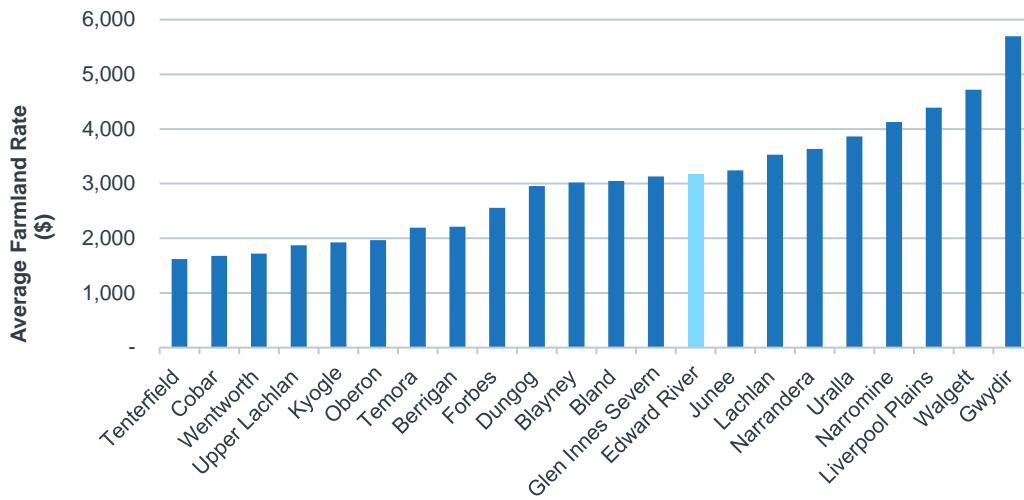
For the outstanding rates and charges ratio, Council is ranked in the middle of the Group.

Figure App-B.1 Average Residential Rate across Group 10 Councils (as per NSW OLG classification)



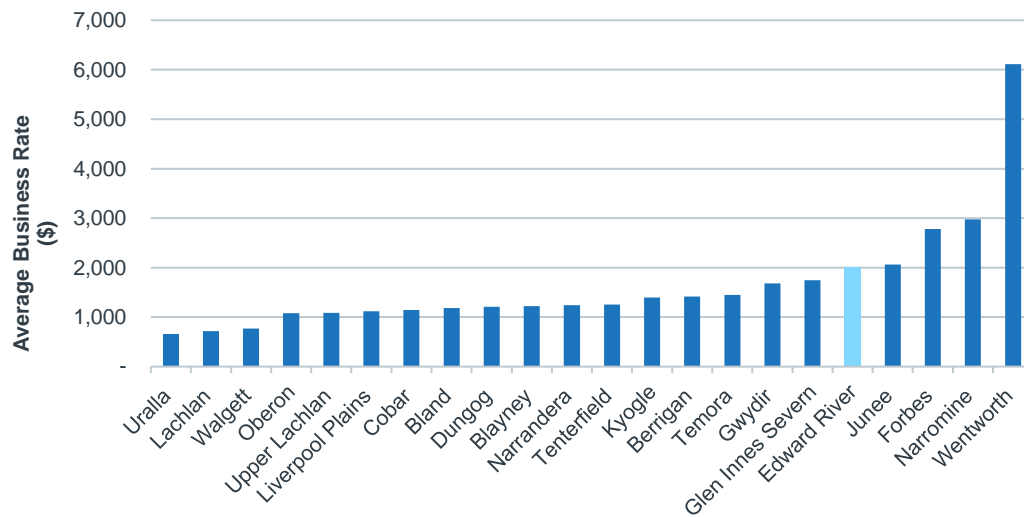
Source: OLG Time Series Data (2020/21)

Figure App-B.2 Average Farmland Rate across Group 10 Councils (as per NSW OLG classification)



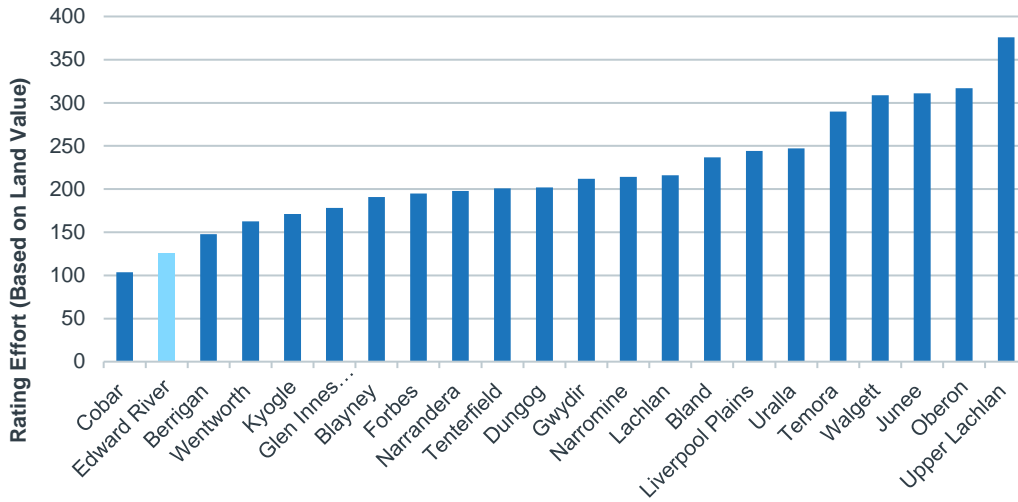
Source: OLG Time Series Data (2020/21)

Figure App-B.3 Average Business Rate across Group 10 Councils (as per NSW OLG classification)



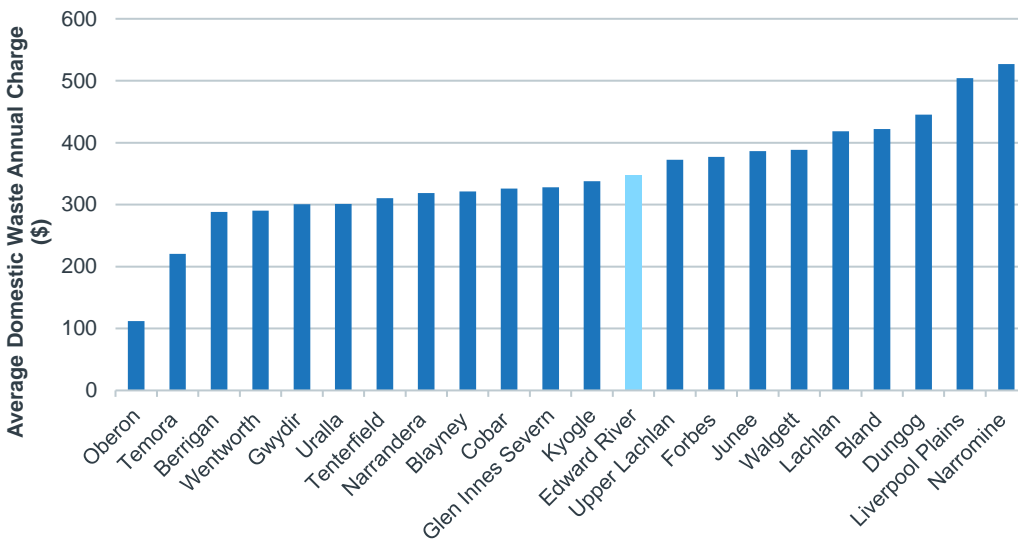
Source: OLG Time Series Data (2020/21)

Figure App-B.4 Rating Effort (Based on land value) across Group 10 Councils (as per NSW OLG classification)



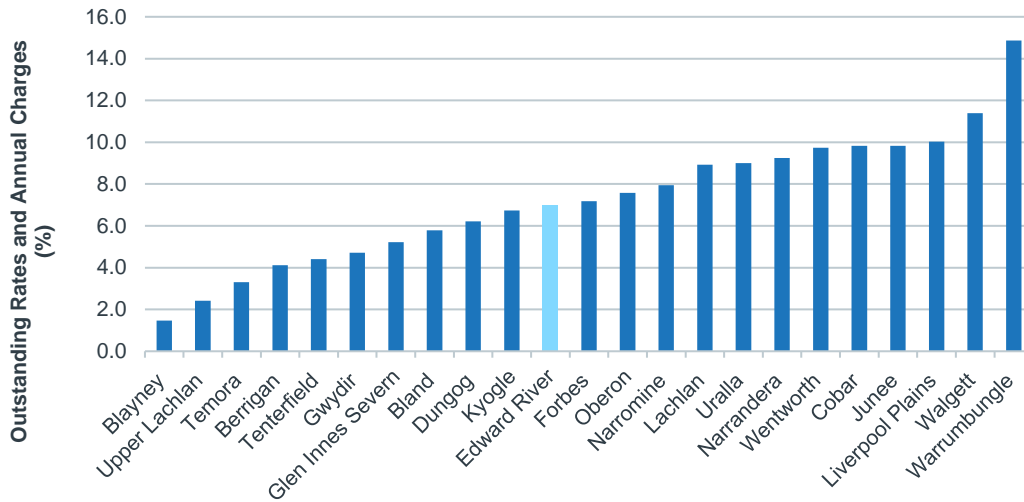
Source: OLG Time Series Data (2020/21)

Figure App-B.5 Average Domestic Waste Annual charge across Group 10 Councils (as per NSW OLG classification)



Source: OLG Time Series Data (2020/21)

Figure App-B.6 Outstanding Rates and Charges Ratio across Group 10 Councils (as per NSW OLG classification)



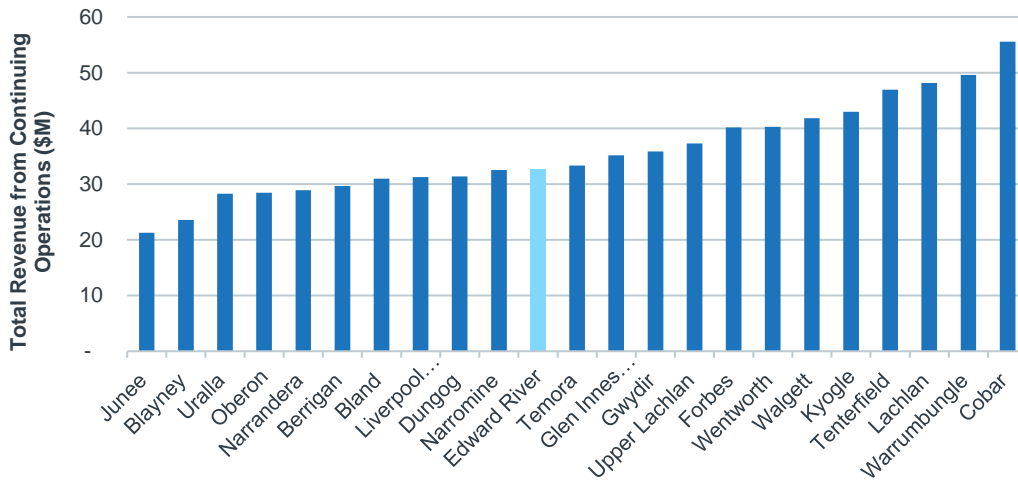
Source: OLG Time Series Data (2020/21)

BENCHMARKING OPERATIONAL REVENUE, EXPENSES & NET OPERATING POSITION

Key findings from the following graphs identify that Edward River Council is eleventh in the group for revenue generated from operations, and twelfth for expenses incurred from continuing operations within Group 10 Councils.

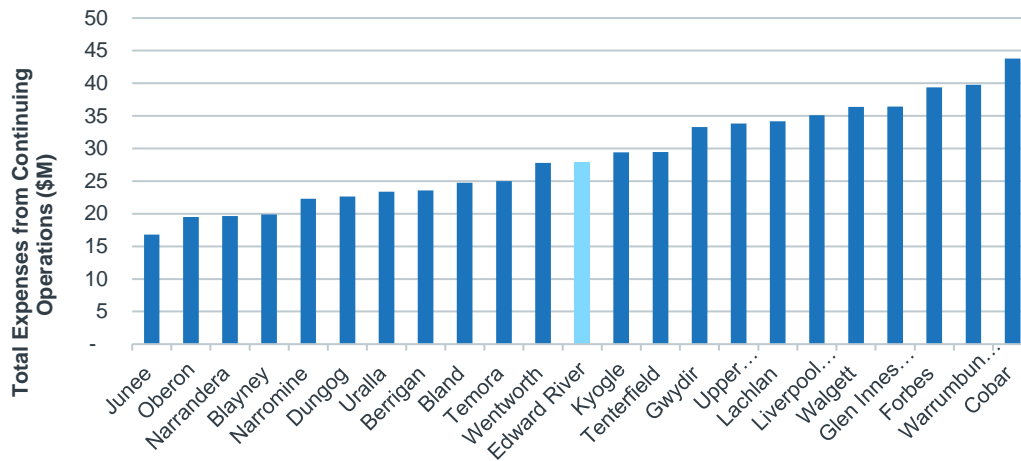
Council’s net operating result before capital is the sixth highest in the group, and Edward River Council is one of 8 councils reporting a surplus, the other 15 are reporting a deficit.

Figure App-B.7 Revenue Generated from Operations across Group 10 Councils (as per NSW OLG classification)



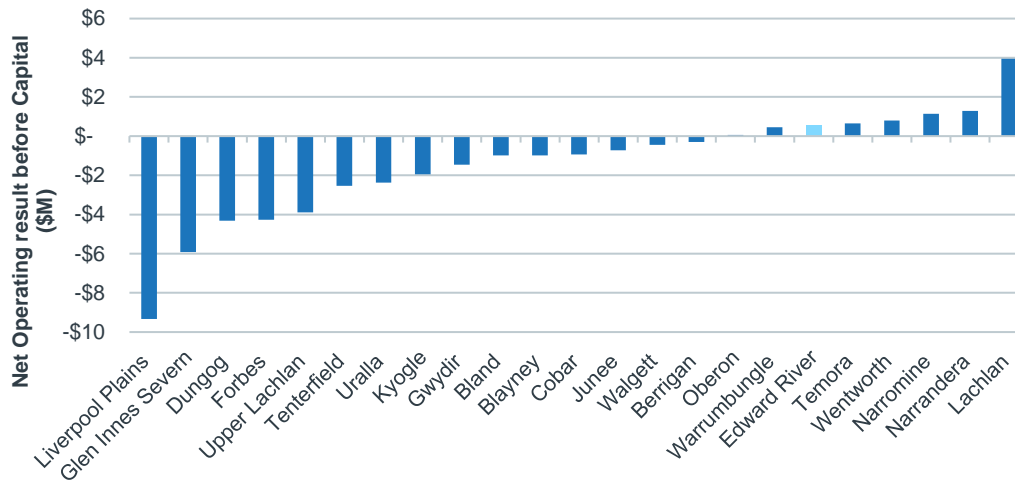
Source: OLG Time Series Data (2020/21)

Figure 0.1 Expenses from Continuing Operations across Group 10 Councils (as per NSW OLG classification)



Source: OLG Time Series Data (2020/21)

Figure 0.2 Net Operating Position (before Capital grants) across Group 10 Councils (as per NSW OLG classification)



Source: OLG Time Series Data (2020/21)

BENCHMARKING COMPARISONS & CORRELATION COEFFICIENT

AEC Group have taken the benchmarking information for the Group 10 Councils and extended the analysis to compare different variables, an example being FTE compared to Population. In doing this the correlation coefficient was also used as a tool for understanding the relationship between two variables. However, it is important to note that just because two variables are correlated does not necessarily mean that one causes the other.

The following graphs visualise the relationship between variables, when benchmarking Edward River Council with other Councils within Group 10. A positive correlation coefficient means that the two variables move in the same direction; as one increases, so does the other. A negative correlation coefficient means that the two variables move in opposite directions; as one variable increases, the other variable decreases.

Based on the measurement, we can also indicate the strength of the data relationship between the two variables, and the following table identifies this relevant to the graphs.

Table 0.1 Evaluating the Strength of Association between Variables

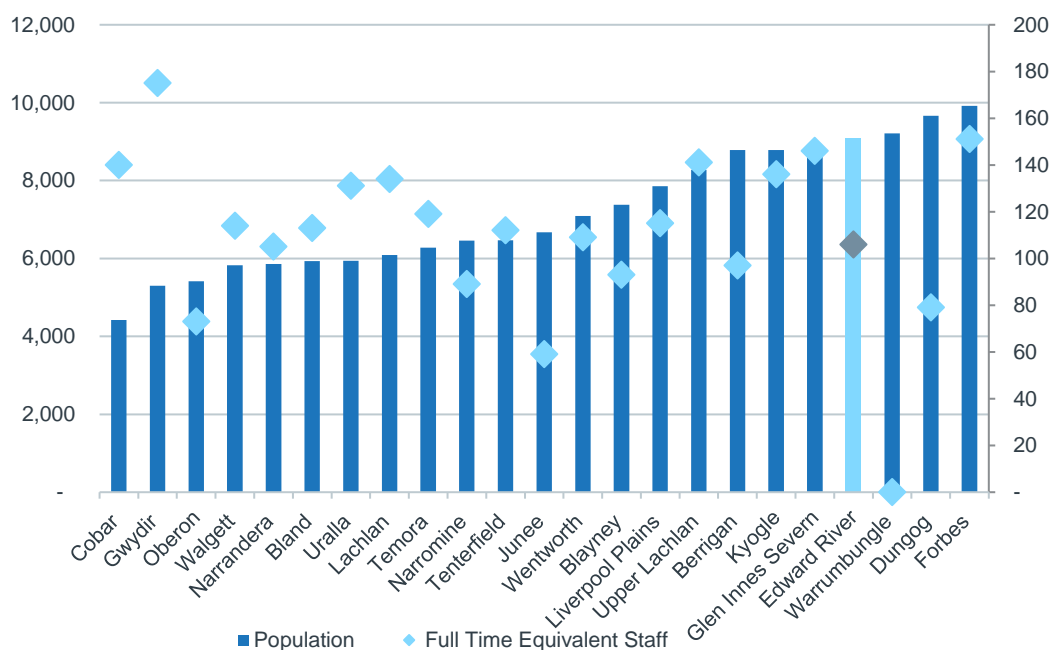
Comparison	Correlation Coefficient	Strength of Relationship
Population vs FTEs	-0.01	very weak
Total Operating Revenue vs FTEs	0.56	moderate
Population vs Total Operating Revenue	-0.05	very weak
Population vs Total Operating Expenses	0.14	very weak
Net operating result vs Total Road Length	0.41	moderate
Road length vs FTEs	0.41	moderate
Socio-Economic Index Rating vs Rates Outstanding %	-0.42	moderate
Asset Maintenance Expenditure vs Road Length	0.30	weak

Source: AEC (unpublished).

Population & FTE (Full-time equivalent) Employee Comparison

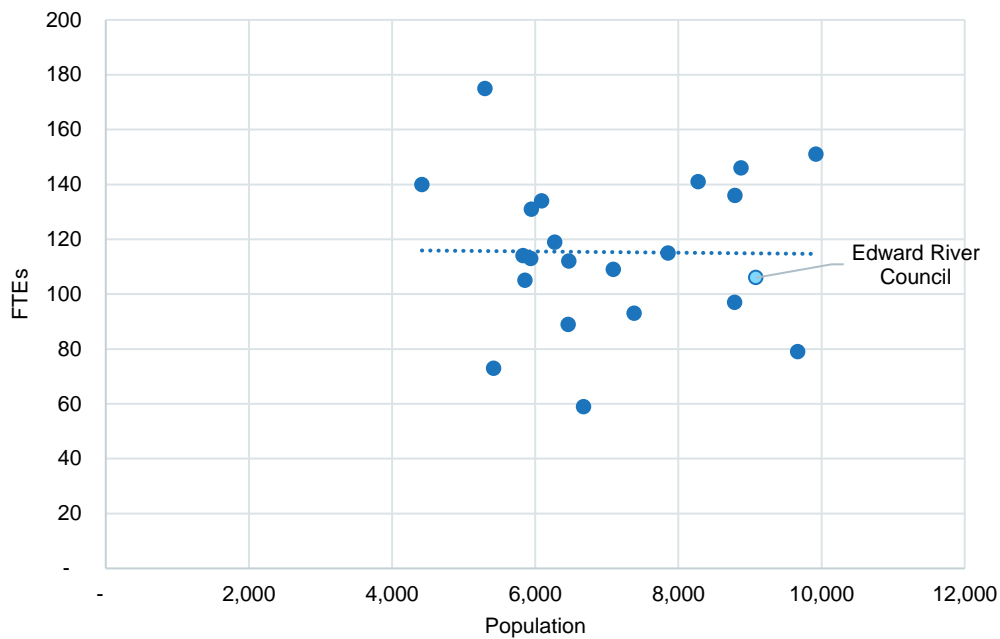
Edward River Council has the fourth largest population within the Group but ranks eighth in terms of full-time equivalent (FTE) count. However, there is a very weak correlation (low correlation coefficient) between population and FTE count, as evidenced by the lack of a visible trend or pattern in the scatter graph depicted in the Figure below. Even with the lack of a trend, some outliers have been identified, including Cobar and Gwydir with high FTE counts but low populations, as well as Junee and Dungog with low FTE counts compared to population. It should be noted that FTE data for Warrumbungle was not available.

Figure 0.3 Population versus FTEs across Group 10 Councils (as per NSW OLG classification)



Source: OLG Time Series Data (2020/21)

Figure 0.4 Population versus FTEs across Group 10 Councils (as per NSW OLG classification)

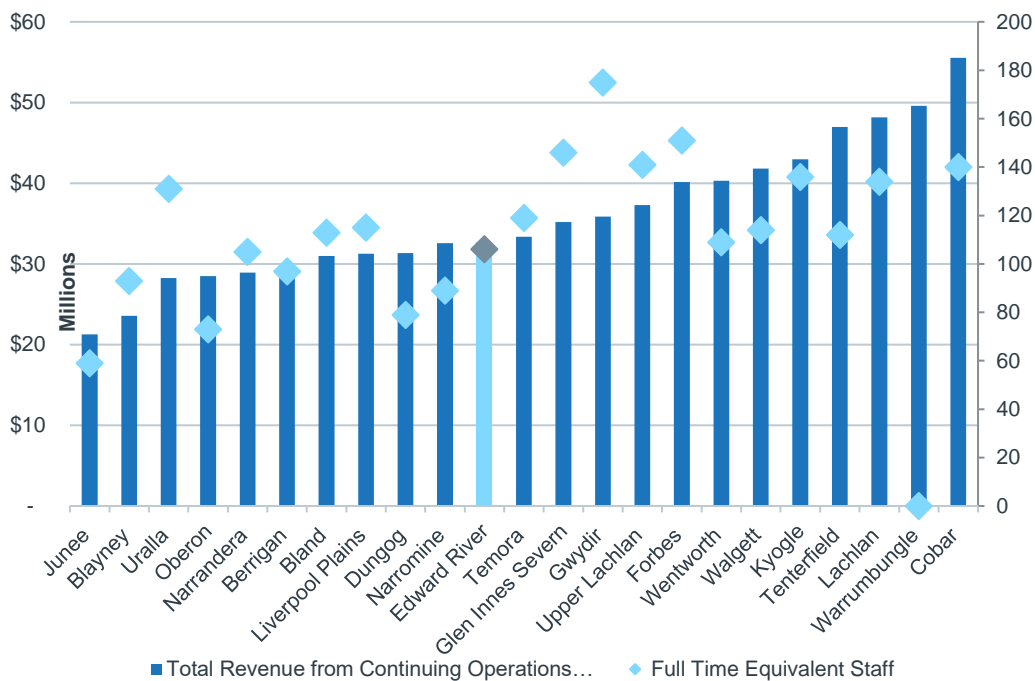


Source: OLG Time Series Data (2020/21)

Operating Revenue & FTE Comparison

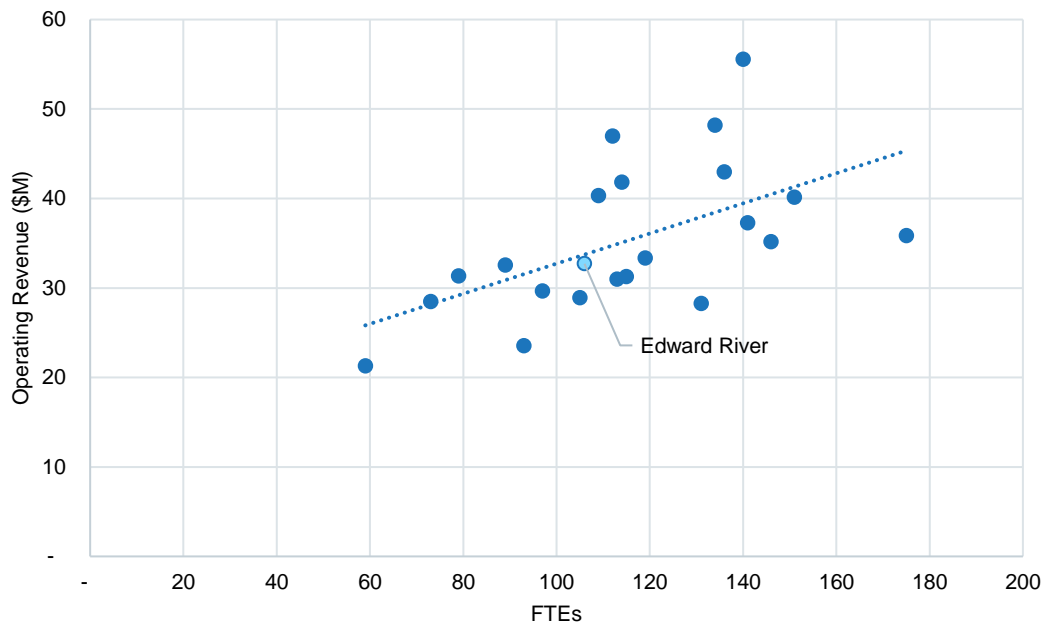
Edward River Council ranks thirteenth in the group for operating revenue but has the eighth lowest FTE count. A positive correlation (correlation coefficient of 0.56) between operating revenue and FTE exists, indicating that an increase in operating revenue is associated with a tendency for FTEs to rise across the group. This relationship is moderately strong, as evidenced by the clear upward trend in the scatter graph depicted in the Figure below.

Figure 0.5 Operating Revenue (\$M) versus FTE across Group 10 Councils (as per NSW OLG classification)



Source: OLG Time Series Data (2020/21)

Figure 0.6 Operating Revenue (\$M) versus FTE across Group 10 Councils (as per NSW OLG classification)

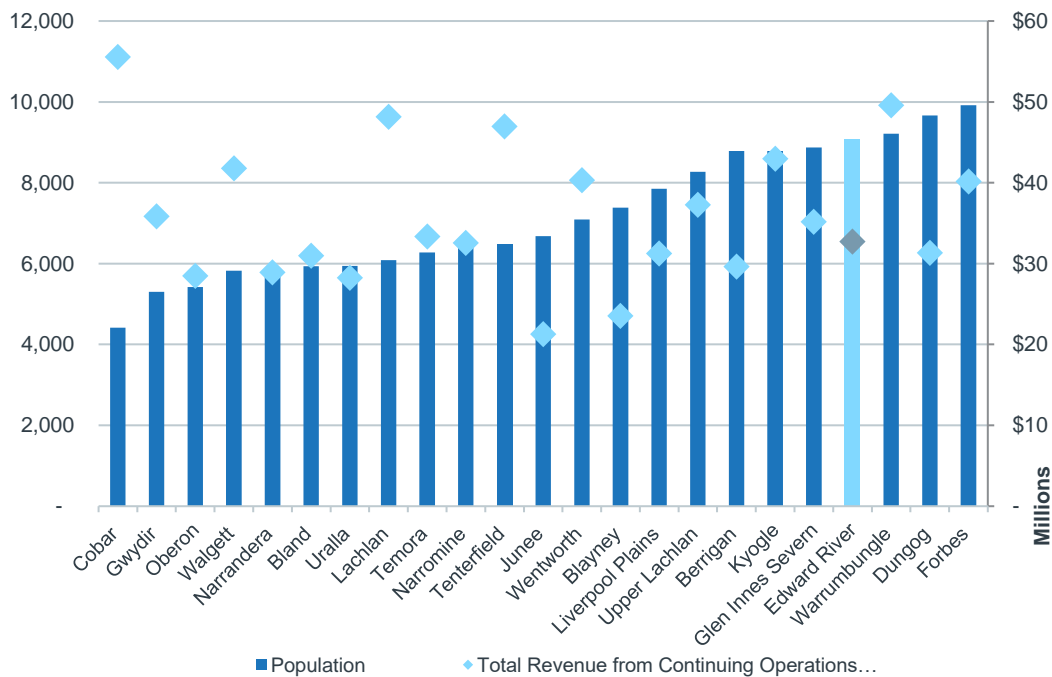


Source: OLG Time Series Data (2020/21)

Population vs Total Operating Revenue

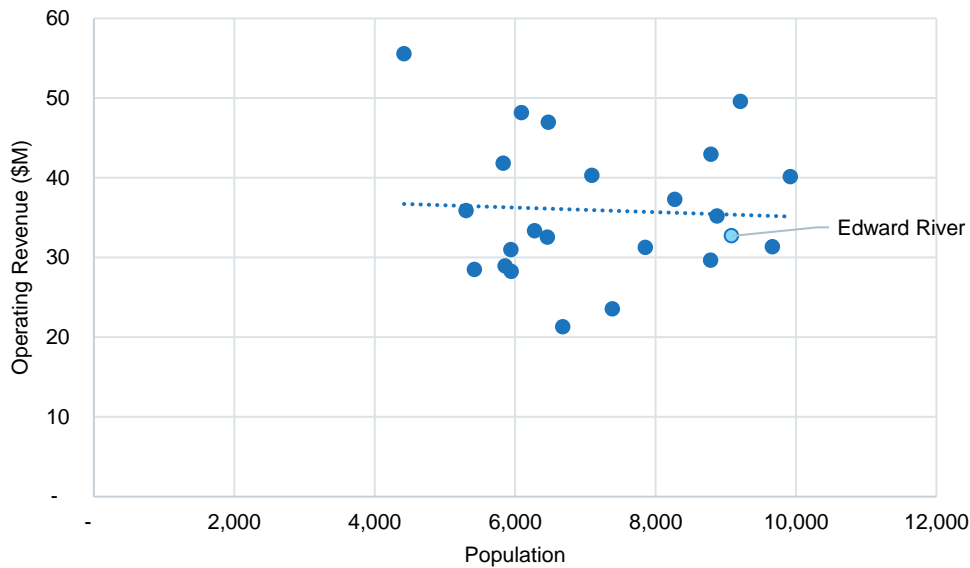
Despite having the fourth highest population within the group, Edward River Council's operating revenue is only the twelfth highest in the group. A negative correlation (correlation coefficient of -0.05) exists between population and operating revenue, indicating that the relationship between population and operating revenue is very weak, and other factors may also be at play, as evidenced by the scatter graph in the Figure below which shows no obvious trend.

Figure 0.7 Population versus Operating expenses (\$M) across Group 10 Councils (as per NSW OLG classification)



Source: OLG Time Series Data (2020/21)

Figure 0.8 Population versus Operating expenses (\$M) across Group 10 Councils (as per NSW OLG classification)

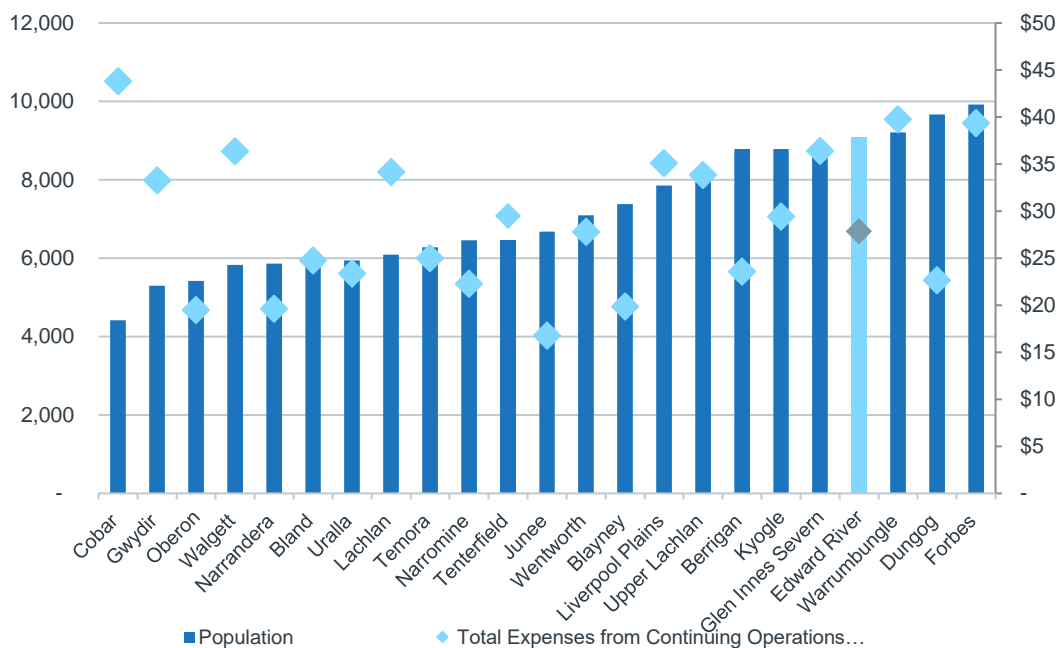


Source: OLG Time Series Data (2020/21)

Population & Total Operating Expenses Comparison

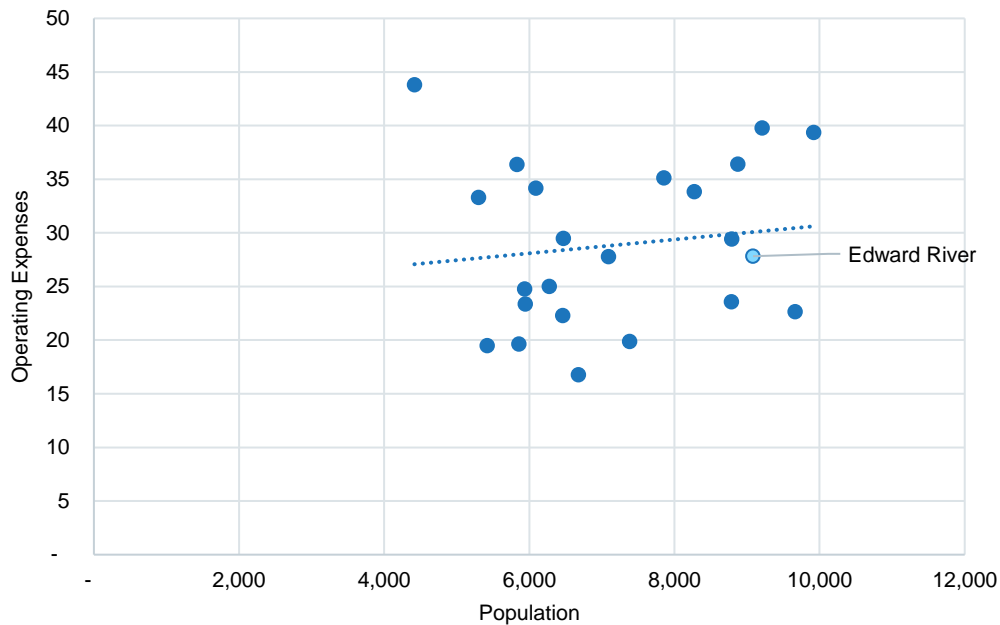
Despite having the fourth highest population within the group, Edward River Council's operating expenses are slightly below the average of the group. A positive correlation (correlation coefficient of 0.14) exists between population and operating expenses, indicating that an increase in population is associated with a tendency for operating expenses to rise. However, this relationship is very weak, as evidenced by the slight upward trend in the scatter graph in the Figure below.

Figure 0.9 Population versus Operating expenses (\$M) across Group 10 Councils (as per NSW OLG classification)



Source: OLG Time Series Data (2020/21)

Figure 0.10 Population versus Operating expenses (\$M) across Group 10 Councils (as per NSW OLG classification)



Source: OLG Time Series Data (2020/21)

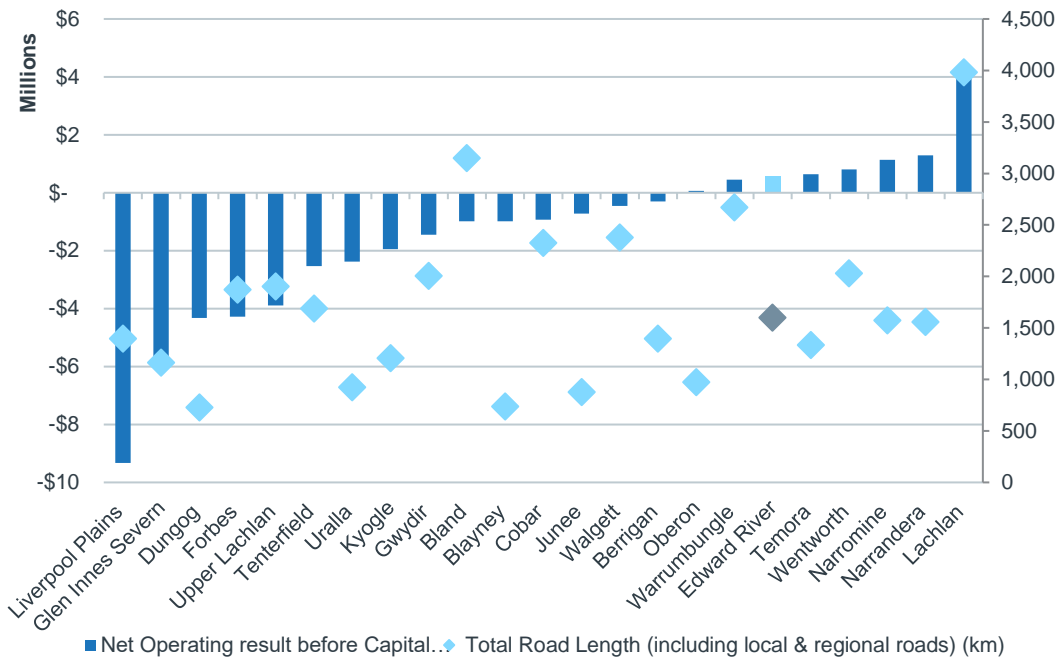
Net operating result vs Total Road Length

Edward River Council has the sixth largest net operating result of the group, with only eight councils recording a surplus, while being positioned eleventh in the group based on road length.

There is a positive correlation (correlation coefficient of 0.41) between net operating results and road length, which means that within the group, councils with longer roads tend to have better net operating results. This relationship is moderate, as evidenced by the clear upward trend in the scatter graph in the Figure below.

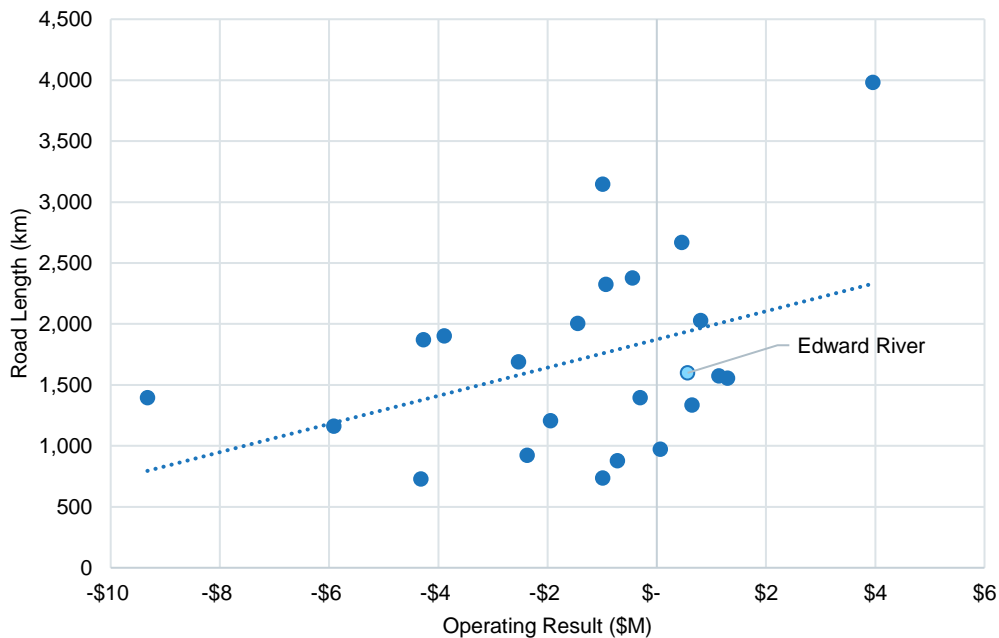
In the case of Edward River Council, despite its lower road length ranking, its relatively strong net operating result may suggest that the council has effectively managed its financial resources. However, it is important to note that the positive correlation between net operating results and road length does not necessarily imply a connecting relationship. Other factors, such as infrastructure condition, may also affect a council's net operating result.

Figure 0.11 Net Operating Result versus Road Length across Group 10 Councils (as per NSW OLG classification)



Source: OLG Time Series Data (2020/21)

Figure 0.12 Net Operating Result versus Road Length across Group 10 Councils (as per NSW OLG classification)



Source: OLG Time Series Data (2020/21)

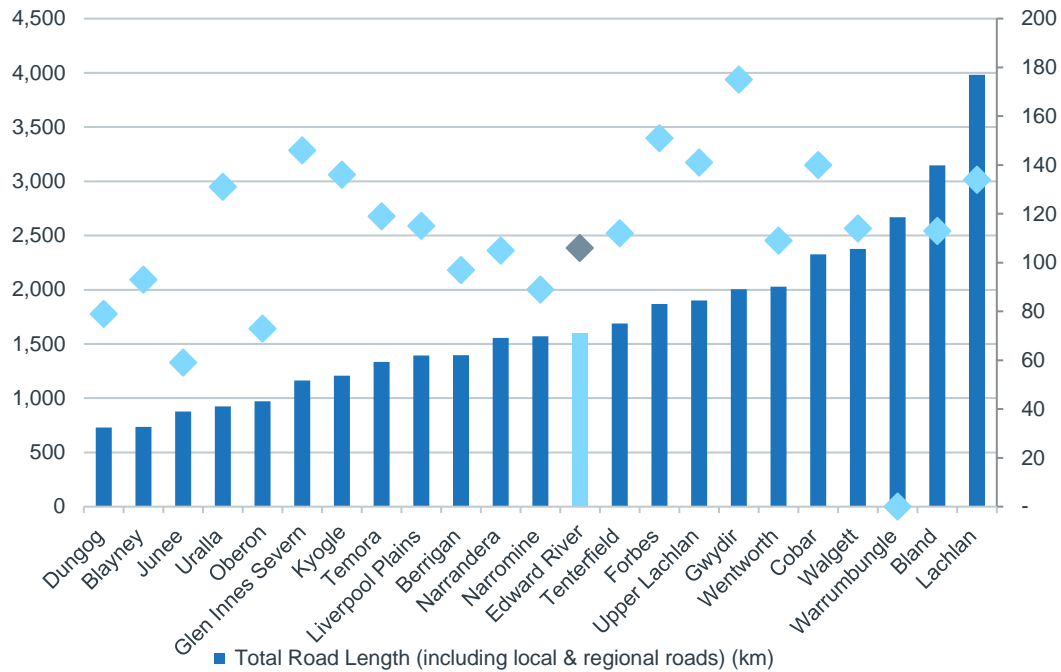
Total Road Length vs FTE

Edward River Council is positioned eleventh in the group based on road length; however, it is positioned fifteenth for FTEs. There is a positive correlation (correlation coefficient of 0.41) between road length and FTEs, which

means that within the group, councils with longer roads tend to have more FTE staff. This relationship is moderate, as evidenced by the clear upward trend in the scatter graph in the Figure below.

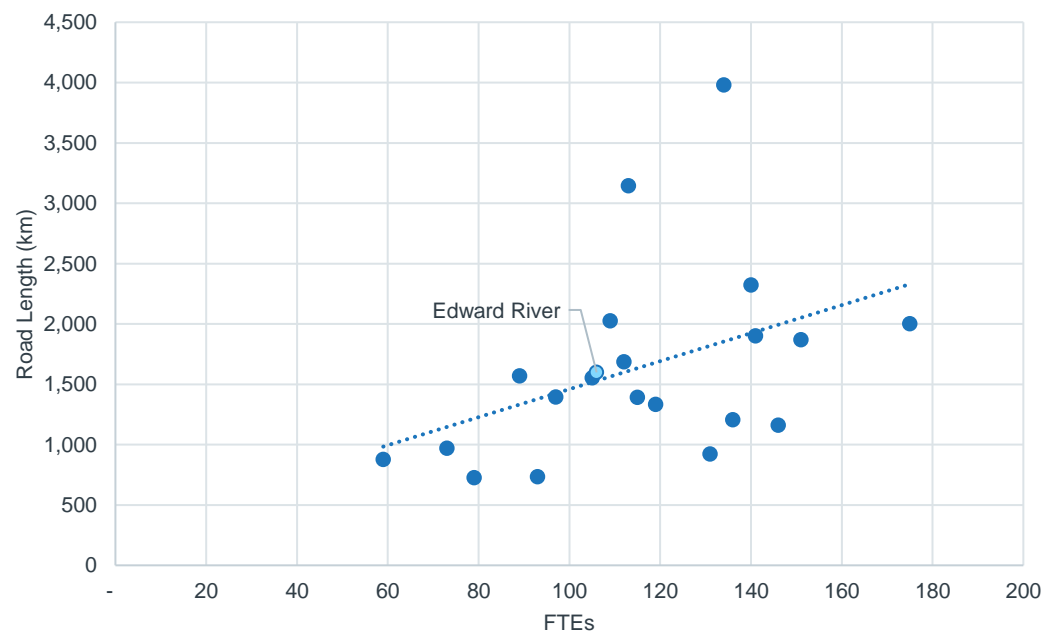
However, other factors such as the size and complexity of the council's operations, its budget constraints, and its service delivery model may also play a role in determining its staffing levels.

Figure 0.13 Total Road Length versus FTE across Group 10 Councils (as per NSW OLG classification)



Source: OLG Time Series Data (2020/21)

Figure 0.14 Total Road Length versus FTE across Group 10 Councils (as per NSW OLG classification)

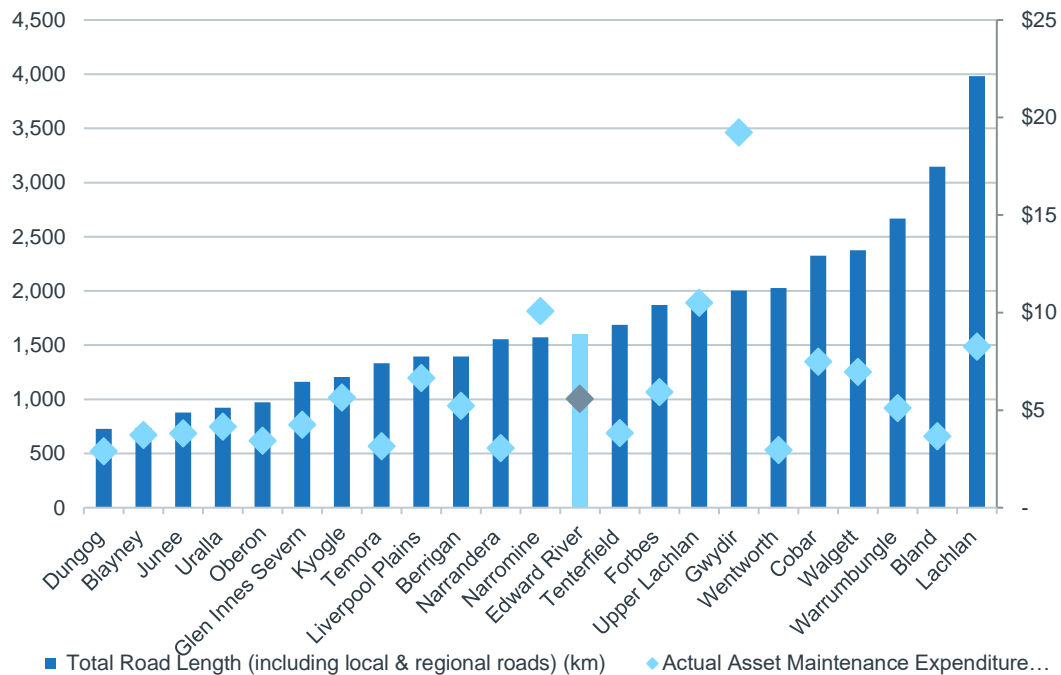


Source: OLG Time Series Data (2020/21)

Asset Maintenance Expenditure vs Road Length

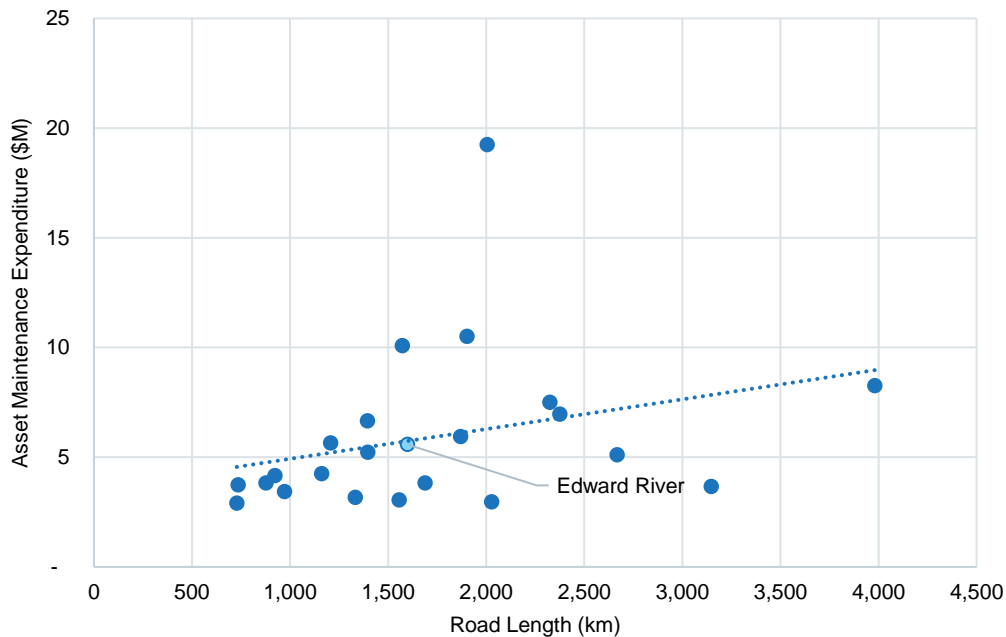
Edward River Council is positioned fourteenth in the group, indicating that Council's spending on maintaining its assets is below the average of the group. On the other hand, it is positioned eleventh in the group based on road length, implying that it has a relatively longer road network compared to other councils in the group. There is a positive correlation (correlation coefficient of 0.30) between asset maintenance expenditure and road length within the group, which means that councils with longer roads tend to have higher asset maintenance expenditure, on average. This relationship is weak, as evidenced by the upward trend, albeit with a low gradient, in the scatter graph in the Figure below

Figure 0.15 Asset Maintenance Expenditure versus Road Length across Group 10 Councils (as per NSW OLG classification)



Source: OLG Time Series Data (2020/21)

Figure 0.16 Asset Maintenance Expenditure versus Road Length across Group 10 Councils (as per NSW OLG classification)



Source: OLG Time Series Data (2020/21)

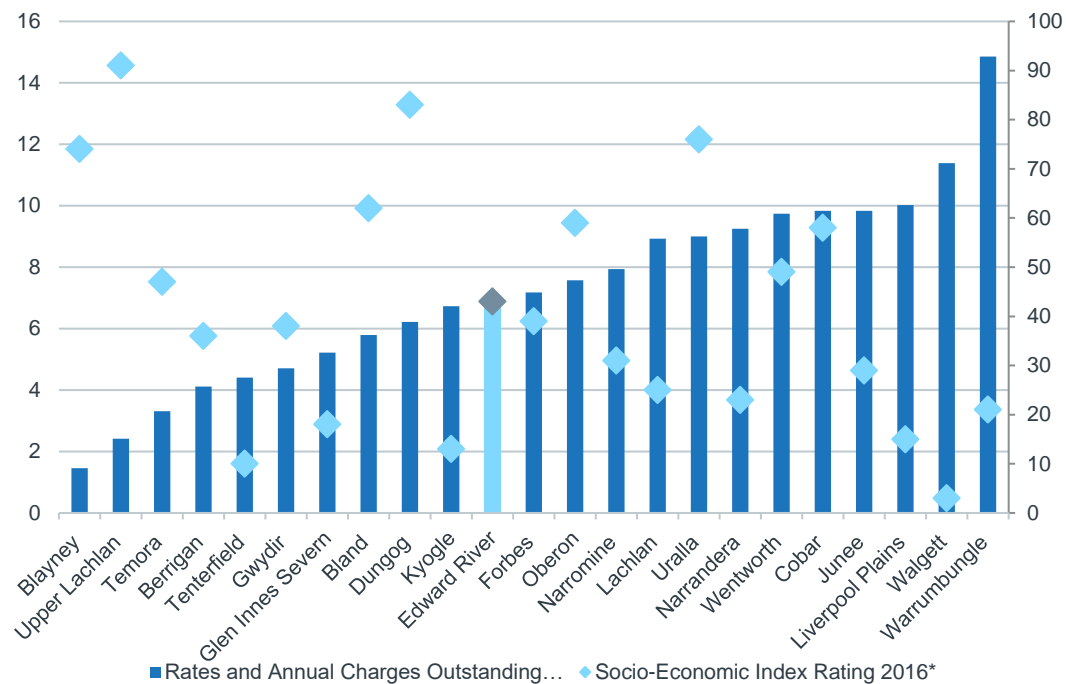
Socio-Economic Index Rating vs Rates Outstanding %

The Socio-Economic Index (SEI) rating is based on census data, and is a measure used to classify geographical areas based on their socio-economic characteristics, including a range of demographic, social and economic factors such as income, education, employment, and occupation. The SEI rating assigns a numerical value to each area, with higher values indicating higher levels of socio-economic advantage and lower values indicating lower levels of advantage. With an SEI rating of 43, Council has the tenth highest rating in the group.

Edward River has the thirteenth highest outstanding rates percentage at 7%, but this is just below the average percentage within the group.

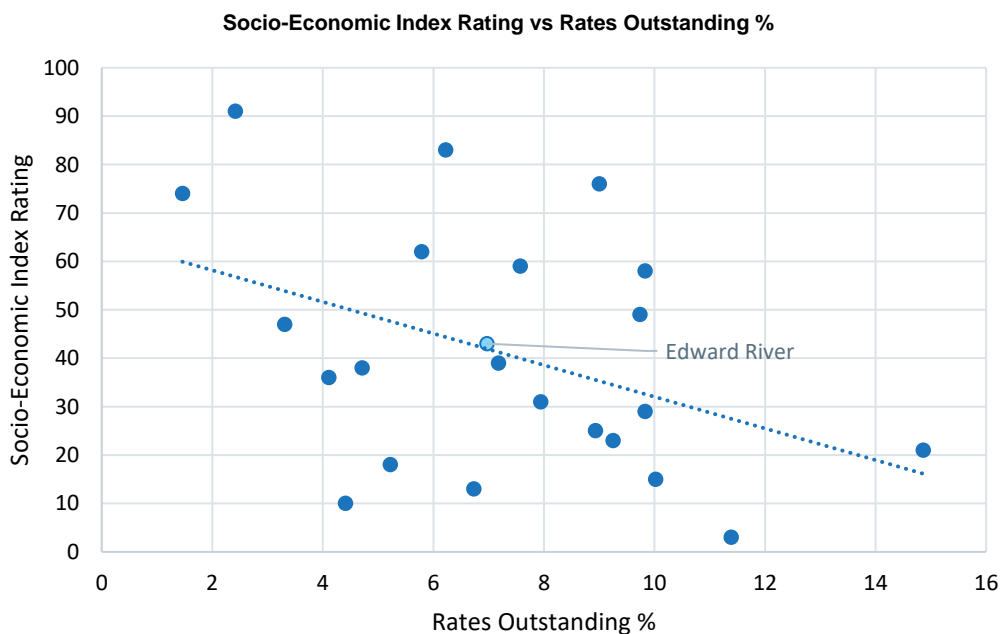
There is a negative correlation (correlation coefficient of -0.42) between SEI and Rates Outstanding, which means that within the group, areas with lower SEI ratings tend to have higher rates outstanding percentages, while areas with higher SEI ratings tend to have lower rates outstanding percentages. This suggests that socio-economic factors may play a role in an area's ability to pay rates on time. This relationship is moderate, as evidenced by the clear upward trend in the scatter graph in the Figure below. However, it's important to note that other factors may also influence rates outstanding percentages.

Figure 0.17 SEI Rating versus Rates Outstanding across Group 10 Councils (as per NSW OLG classification)



Source: OLG Time Series Data (2020/21)

Figure 0.18 SEI Rating versus Rates Outstanding across Group 10 Councils (as per NSW OLG classification)



Source: OLG Time Series Data (2020/21)

Whilst the benchmarking above is useful for assessing how Council compares with other similar councils, caution should be exercised when drawing any conclusions based on the observations above. Whilst the councils used for the benchmarking are within the same NSW Office of Local Government Group, there are significant variations regarding population, demographics, geographical area and size, range and level of service provided, as well as the service delivery model, which impact on comparative analysis.



APPENDIX D: NET COST OF SERVICES

SERVICE	Rates and annual charges	User charges and fees	Other revenue	Grants and contributions provided for operating purposes	Grants and contributions provided for capital purposes	Interest and investment revenue	Net gains from the disposal of assets	Internal revenue	Total income from continuing operations	Employee benefits and on-costs	Materials and services	Borrowing costs	Depreciation, amortisation and impairment of non-financial assets	Other expenses	Internal expenses	Total expenses from continuing operations	Net Operating Result
GENERAL FUND																	
Donations & Contributions	0	0	0	0	0	0	0	0	0	57,000	20,000	0	0	134,000	555	211,555	211,555
Youth Services	0	0	0	-7,000	0	0	0	0	-7,000	0	8,000	0	0	0	58	8,058	1,058
Community Services	0	0	-4,500	0	0	0	0	0	-4,500	0	10,000	0	0	0	72	10,072	5,572
Education	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aged & Disabled	0	0	0	0	0	0	0	0	0	0	2,000	0	0	0	14	2,014	2,014
Library	0	-8,009	-100	-87,000	0	0	0	0	-95,109	243,246	82,519	0	47,167	0	285,243	658,175	563,066
Museum	0	0	-7,000	0	0	0	0	0	-7,000	47,369	33,000	0	0	0	46,871	127,240	120,240
Arts	0	0	0	0	0	0	0	0	0	0	0	0	0	1,500	0	1,500	1,500
Other Cultural Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Multi Arts Centre	0	0	0	0	0	0	0	0	0	0	14,582	0	42,955	0	105	57,642	57,642
Tourism	0	-500	-61,500	0	0	0	0	0	-62,000	179,880	143,087	0	90,400	0	146,347	559,714	497,714
Long Paddock	0	0	0	-14,000	0	0	0	0	-14,000	0	0	0	0	21,000	0	21,000	7,000
Old Tourism Office	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic & Business Development	0	0	0	-5,000	0	0	0	0	-5,000	348,518	35,613	0	0	0	311,382	695,512	690,512
Drought Communities Program	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Health Services	0	-7,428	0	-3,000	0	0	0	0	-10,428	189,462	3,200	0	0	0	153,428	346,091	335,663
Animal Control	0	-4,737	-15,000	0	0	0	0	0	-29,737	215,027	40,800	0	1,143	0	129,361	386,331	356,594
Heritage Services	0	0	0	-12,500	0	0	0	0	-12,500	0	5,000	0	0	17,500	36	22,536	10,036
Town Planning	0	-232,273	-500	-15,000	0	0	0	0	-247,773	409,396	30,500	0	0	0	366,104	806,000	558,227
Building Control	0	-4,715	0	0	0	0	0	0	-4,715	173,965	800	0	0	0	153,299	328,065	323,350
Engineering Services	0	0	0	0	0	0	0	-1,912,234	-1,912,234	1,214,061	84,500	0	124,879	0	814,617	2,238,057	325,822
Director Infrastructure	0	0	0	0	0	0	0	-516,406	-516,406	294,415	50,000	0	0	0	186,598	531,013	14,607
Town Hall	0	0	0	0	0	0	0	0	0	0	17,918	0	49,803	0	129	67,850	67,850
Swimming Pool	0	0	-100,000	0	0	0	0	0	-100,000	0	318,277	0	100,213	0	2,294	420,784	320,784
Crown Reserves	0	-3,703	0	0	0	0	0	0	-3,703	0	6,000	0	0	0	43	6,043	2,340
Old Estates Bldg	0	0	0	0	0	0	0	0	0	0	2,000	0	0	0	14	2,014	2,014
Medical Centre	0	-108,460	0	0	0	0	0	0	-108,460	0	9,084	0	47,000	0	65	56,149	-52,311
Crossing Cafe	0	-36,977	0	0	0	0	0	0	-36,977	0	4,459	0	0	0	32	4,492	-32,486
Hot Fire Training Center	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Caravan Park	0	-114,086	0	0	0	0	0	0	-114,086	2,000	1,500	0	37,673	0	25	41,198	-72,887
Aerodrome Rental	0	-144,318	0	0	0	0	0	0	-144,318	0	0	0	0	0	0	0	-144,318
Council Properties - Rentals	0	-68,949	0	0	0	0	0	0	-68,949	0	2,700	0	528	0	19	3,247	-65,701
Murray Valley Industry Park	0	-37,000	0	0	0	0	0	0	-37,000	0	12,010	0	6,551	0	87	18,648	-18,352
Road Safety	0	0	0	0	0	0	0	0	0	0	25,000	0	0	0	180	25,180	25,180
Aerodrome	0	-9,587	-5,000	0	0	0	0	0	-14,587	29,654	54,480	43,107	62,310	0	10,416	199,966	185,380
Roads to Recovery	0	0	0	-963,170	0	0	0	0	-963,170	0	0	0	0	0	0	0	-963,170
Director Corporate Services	0	0	0	0	0	0	0	-431,790	-431,790	294,409	50,000	0	0	0	186,598	531,007	99,217
Corporate Services	-8,160,825	-46,641	-65,000	-4,659,797	0	-1,192,545	0	-2,923,715	17,048,524	1,061,114	921,983	0	522,380	10,000	736,955	3,252,432	13,796,092
Other Support Services - CS	0	0	0	0	0	0	0	-57,432	-57,432	0	66,080	0	0	0	307	66,387	8,955
Election Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Governance Special Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Governance	0	0	0	0	0	0	0	-210,762	-210,762	0	72,500	0	0	0	1,126	73,626	-137,137
Information Technology	0	0	0	0	0	0	0	-1,602,665	-1,602,665	389,484	792,347	0	261,298	0	302,504	1,745,634	142,968



SERVICE	Rates and annual charges	User charges and fees	Other revenue	Grants and contributions provided for operating purposes	Grants and contributions provided for capital purposes	Interest and investment revenue	Net gains from the disposal of assets	Internal revenue	Total income from continuing operations	Employee benefits and on-costs	Materials and services	Borrowing costs	Depreciation, amortisation and impairment of non-financial assets	Other expenses	Internal expenses	Total expenses from continuing operations	Net Operating Result
Civic Functions	0	0	0	-20,000	0	0	0	0	-20,000	4,000	21,000	0	0	0	180	25,180	5,180
Mayoral Expenses	0	0	0	0	0	0	0	0	0	32,065	35,300	0	0	0	29,913	97,277	97,277
Councillor Expenses	0	0	0	0	0	0	0	0	0	0	254,675	0	0	0	1,836	256,511	256,511
Office of the General Manager	0	0	0	0	0	0	0	-617,707	-617,707	385,205	89,600	0	0	0	157,249	632,054	14,347
Edward River Council Merger	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Section 355 Committees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Works Administration & Depot	0	0	0	0	0	0	0	-31,214	-31,214	285,388	44,595	0	206	0	222,172	552,361	521,147
Plant/ Fleet Department	0	-7,304	-110,000	0	0	0	-235,000	0	-352,304	231,842	-1,580,650	0	1,204,269	0	402,431	257,892	-94,411
Noxious Weeds	0	0	0	-62,000	0	0	0	0	-62,000	161,832	94,000	0	0	0	188,024	453,856	391,856
Rural Fire Service	0	0	0	-185,000	0	0	0	0	-185,000	37,500	188,000	0	111,358	410,000	1,626	748,484	563,484
SES - Rescue Squad	0	0	0	0	0	0	0	0	0	0	31,068	0	0	16,000	224	47,292	47,292
Rural Fire Service - Non Reimbursable	0	0	0	0	0	0	0	0	0	0	0	0	0	62,500	0	62,500	62,500
Cemeteries	0	-160,000	0	0	0	0	0	0	-160,000	69,000	57,800	0	7,076	0	914	134,790	-25,210
Environmental Protection	-90,000	0	0	0	0	0	0	0	-90,000	2,000	2,000	0	0	0	29	4,029	-85,971
Urban Drainage	0	0	0	0	0	0	0	0	0	41,000	35,000	0	523,110	0	548	599,657	599,657
Public Conveniences	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Civic Centre	0	0	0	0	0	0	0	-137,281	-137,281	0	0	0	0	0	0	0	0
Other Council Buildings	0	0	0	0	0	0	0	0	0	60,000	287,546	0	69,540	0	2,505	419,592	419,592
Parks & Gardens	0	-4,382	-7,000	0	0	0	0	0	-11,382	284,011	325,182	0	167,163	12,000	683,378	1,471,733	1,460,351
Sporting Grounds	0	-940	0	0	0	0	0	0	-940	79,875	64,500	0	4,910	0	1,041	150,326	149,386
Public Halls	0	-20,864	0	0	0	0	0	0	-20,864	0	24,249	0	6,563	0	175	30,987	10,122
Band Hall	0	0	0	0	0	0	0	0	0	6,000	3,660	0	6,624	0	70	16,354	16,354
Other Sport & Rec	0	0	0	0	0	0	0	0	0	10,000	82,763	0	347,274	0	669	440,705	440,705
Sports Stadium	0	0	0	0	0	0	0	0	0	0	57,283	0	0	0	413	57,696	57,696
Private Works	0	-225,262	0	0	0	0	0	0	-225,262	50,000	100,000	0	0	0	1,081	151,081	-74,181
Stock Marketing Centre	0	-151,709	0	0	0	0	0	0	-151,709	14,000	61,175	0	19,193	0	542	94,910	-56,799
Roads Administration	0	0	0	-1,800,040	0	0	0	0	-1,800,040	144,119	0	0	4,682,333	0	2,362,417	7,188,869	5,388,829
Urban Roads - Urban Sealed	0	0	0	0	0	0	0	0	0	141,000	241,000	0	0	0	2,754	384,754	384,754
Urban Roads - Unsealed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kerb & Gutter	0	0	0	0	0	0	0	0	0	24,000	17,400	0	0	0	298	41,698	41,698
Footpaths	0	0	0	0	0	0	0	0	0	14,000	18,800	0	354,395	0	236	387,431	387,431
PAMPS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Roadside Amenities	0	0	0	0	0	0	0	0	0	0	0	0	3,771	0	0	3,771	3,771
Road Furniture	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Boat Ramps	0	0	0	0	0	0	0	0	0	18,000	24,000	0	8,056	0	303	50,359	50,359
Street Lighting	0	0	0	-40,000	0	0	0	0	-40,000	0	90,000	0	0	0	649	90,649	50,649
Other Transport & Communications	0	-5,764	0	0	0	0	0	0	-5,764	1,000	4,000	0	0	0	36	5,036	-728
Roads Administration & Traffic Facilities	0	0	0	-115,000	0	0	0	0	-115,000	45,000	67,000	0	0	0	807	112,807	-2,193
Regional Roads Maintenance	0	0	0	-1,530,000	0	0	0	0	-1,530,000	160,000	540,000	0	0	0	5,046	705,046	-824,954
RMCC - State Roads	0	-395,000	0	0	0	0	0	0	-395,000	160,000	235,000	0	0	0	2,848	397,848	2,848
Quarries and Gravel Pits	0	0	0	0	0	0	0	0	0	4,100	8,947	0	0	0	94	13,141	13,141
Rural Roads - Sealed	0	0	0	0	0	0	0	0	0	160,000	260,000	0	0	0	3,028	423,028	423,028
Rural Roads - Unsealed	0	0	0	0	0	0	0	0	0	525,000	615,000	0	0	0	8,218	1,148,218	1,148,218
Bridge Maintenance - Rural Roads	0	0	0	0	0	0	0	0	0	1,000	4,150	0	75,806	0	37	80,993	80,993
Flood and Storm Repairs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Corporate Services Support	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Human Resources	0	0	-105,000	0	0	0	0	-2,145,369	-2,250,369	1,069,773	31,000	0	0	0	554,983	1,655,757	-594,612
Oncosts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



SERVICE	Rates and annual charges	User charges and fees	Other revenue	Grants and contributions provided for operating purposes	Grants and contributions provided for capital purposes	Interest and investment revenue	Net gains from the disposal of assets	Internal revenue	Total income from continuing operations	Employee benefits and on-costs	Materials and services	Borrowing costs	Depreciation, amortisation and impairment of non-financial assets	Other expenses	Internal expenses	Total expenses from continuing operations	Net Operating Result
Disbursements Project Management Office	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
FUND TOTAL	-8,250,825	-1,798,608	-480,600	-9,528,507	0	-1,192,545	-235,000	10,586,576	32,072,661	9,369,708	5,354,981	43,107	9,033,409	684,500	8,481,661	32,967,367	894,706
WATER FUND																	
Water Administration	-1,633,972	-2,052,414	0	0	-35,000	-250,036	0	0	-3,971,422	316,618	236,030	0	868,167	0	538,714	1,959,529	-2,011,893
Water Pumping Stations	0	0	0	0	0	0	0	0	0	8,000	19,000	0	0	0	195	27,195	27,195
Water Treatment Works	0	0	0	0	0	0	0	0	0	275,000	590,000	0	0	0	6,236	871,236	871,236
Water Mains	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Water - Other	0	0	0	0	0	0	0	0	0	17,500	68,000	0	0	0	616	86,116	86,116
FUND TOTAL	-1,633,972	-2,052,414	0	0	-35,000	-250,036	0	0	-3,971,422	617,118	913,030	0	868,167	0	545,761	2,944,076	-1,027,346
SEWER FUND																	
Sewer Administration	-3,389,165	-215,987	0	0	-50,000	-181,441	0	0	-3,836,594	56,911	37,063	0	797,793	0	338,225	1,229,992	-2,606,602
Sewer Treatment Works	0	0	0	0	0	0	0	0	0	250,000	353,000	0	0	0	4,347	607,347	607,347
Sewer Pump Stations	0	0	0	0	0	0	0	0	0	60,000	145,000	0	0	0	1,478	206,478	206,478
Sewer - Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FUND TOTAL	-3,389,165	-215,987	0	0	-50,000	-181,441	0	0	-3,836,594	366,911	535,063	0	797,793	0	344,049	2,043,816	-1,792,777
SEWER FUND																	
Waste Management	-220,000	-157,285	-4,550	0	0	-47,392	0	0	-429,227	394,050	-705,324	125,000	183,784	0	272,711	270,221	-159,006
Domestic Waste Management	-1,430,000	0	0	0	0	0	0	0	-1,430,000	24,615	1,378,000	0	0	0	0	1,402,615	-27,385
FUND TOTAL	-1,650,000	-157,285	-4,550	0	0	-47,392	0	0	-1,859,227	418,665	672,676	125,000	183,784	0	272,711	1,672,836	-186,391
EDWARD RIVER VILLAGE FUND																	
Edward River Village	0	-7,000	0	0	0	0	0	0	-7,000	5,000	35,000	85,150	0	0	288	125,438	118,438
FUND TOTAL	0	-7,000	0	0	0	0	0	0	-7,000	5,000	35,000	85,150	0	0	288	125,438	118,438
GRAND TOTAL	13,273,962	-4,074,009	-480,600	-9,528,507	-85,000	-1,624,022	-235,000	10,586,576	39,887,677	10,358,737	6,838,074	128,257	10,699,369	684,500	9,371,760	38,080,698	-1,806,979

APPENDIX E: NSW OFFICE OF LOCAL GOVERNMENT FINANCIAL SUSTAINABILITY INDICATORS

Ratio	Purpose	Benchmark
Operating performance ratio	This ratio measures Council's achievement of containing operating expenditure within operating revenue.	> 0.00%
Own source operating revenue	This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.	> 60.00%
Unrestricted current ratio	To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.	> 1.50x
Debt service current ratio	This ratio measures the availability of operating cash to service debt including interest, principal and lease payments.	> 2.00x
Rates and annual charges outstanding percentage	To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.	< 10.00%
Cash expense cover ratio	This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.	> 3.00 months
Buildings and infrastructure renewals ratio	To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.	>= 100.00%
Infrastructure backlog ratio	This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.	< 2.00%
Asset maintenance ratio	Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.	> 100.00%
Cost to bring assets to agreed service level	This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.	N/A



APPENDIX F: FORECAST OF COUNCIL'S FINANCIAL STATEMENTS AND CASH RESERVES

Table A-F.1 - Forecast of Council's Income Statement - Consolidated

	ACTUAL		FORWARD PLAN									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from continuing operations												
Rates and annual charges	13,716	13,953	14,924	15,314	15,714	16,124	16,545	16,978	17,419	17,875	18,341	18,822
User charges and fees	4,934	3,868	4,224	4,335	4,448	4,563	4,682	4,804	4,928	5,057	5,189	5,323
Other revenue	620	567	3,441	3,561	3,678	3,793	4,984	803	821	1,284	1,316	1,805
Grants and contributions provided for operating purposes	11,202	12,954	9,502	9,714	9,931	10,153	10,381	10,614	10,853	11,099	11,350	11,608
Grants and contributions provided for capital purposes	8,767	10,319	3,190	1,784	90	92	94	97	99	101	104	106
Interest and investment revenue	356	321	1,912	1,919	1,924	1,945	1,979	2,028	2,070	2,113	2,164	2,214
Other income	7,062	-	-	-	-	-	-	-	-	-	-	-
Net gains from the disposal of assets	-	477	235	241	247	253	259	266	273	279	286	293
Internal Revenue	-	2,186	10,587	10,851	11,123	11,401	11,686	11,978	12,277	12,584	12,899	13,221
Rental income	-	-	-	-	-	-	-	-	-	-	-	-
Total income from continuing operations	46,657	44,645	48,015	47,719	47,155	48,324	50,610	47,568	48,740	50,392	51,649	53,392
Expenses from continuing operations												
Employee benefits and on-costs	9,551	10,197	11,964	12,275	12,639	12,970	13,314	13,647	13,987	14,337	14,697	15,063
Materials and services	7,234	9,991	9,131	8,490	9,069	9,180	9,490	9,716	10,173	10,188	10,440	10,691
Borrowing costs	-	230	315	307	465	448	431	413	394	374	354	333
Depreciation, amortisation and impairment of non-financial assets	9,886	10,263	11,030	11,168	11,301	11,337	11,387	11,389	11,390	11,392	11,410	11,411
Other expenses	789	686	685	702	719	737	756	774	794	814	834	855
Internal expenditure	-	2,185	9,645	9,886	10,132	10,387	10,645	10,911	11,184	11,464	11,750	12,045
Net losses from the disposal of assets	194	-	-	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	27,654	33,552	42,770	42,828	44,325	45,059	46,023	46,850	47,922	48,569	49,485	50,398
Operating result from continuing operations	19,003	11,093	5,245	4,891	2,830	3,265	4,587	718	818	1,823	2,164	2,994
Net operating result for the year before grants and contributions provided for capital purposes	10,236	774	2,055	3,107	2,740	3,173	4,493	621	719	1,722	2,060	2,888

Table A-F.2 - Forecast of Council's Income Statement – General Fund

	ACTUAL	BUDGET	FORWARD PLAN									
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Income from continuing operations												
Rates and annual charges	9,201	7,884	8,251	8,474	8,702	8,937	9,179	9,427	9,681	9,943	10,211	10,487
User charges and fees	3,072	1,520	1,799	1,844	1,890	1,937	1,985	2,035	2,086	2,138	2,191	2,246
Other revenue	620	563	485	505	518	531	544	558	572	586	601	616
Grants and contributions provided for operating purposes	11,133	12,947	9,502	9,714	9,931	10,153	10,381	10,614	10,853	11,099	11,350	11,608
Grants and contributions provided for capital purposes	8,767	9,654	2,070	1,697	-	-	-	-	-	-	-	-
Interest and investment revenue	262	212	1,446	1,417	1,406	1,408	1,409	1,410	1,412	1,413	1,415	1,416
Other income	5,023	-	-	-	-	-	-	-	-	-	-	-
Net gains from the disposal of assets	-	477	235	241	247	253	259	266	273	279	286	293
Internal Revenue	-	2,186	10,587	10,851	11,123	11,401	11,686	11,978	12,277	12,584	12,899	13,221
Rental income	-	-	-	-	-	-	-	-	-	-	-	-
Total income from continuing operations	38,078	35,443	34,375	34,743	33,817	34,620	35,443	36,288	37,154	38,042	38,953	39,887
Expenses from continuing operations												
Employee benefits and on-costs	8,633	8,977	10,531	10,802	11,126	11,420	11,724	12,017	12,317	12,625	12,941	13,264
Materials and services	4,462	8,162	6,304	5,917	6,318	6,306	6,479	6,639	7,028	6,973	7,153	7,331
Borrowing costs	-	43	136	131	126	120	114	108	101	94	87	80
Depreciation, amortisation and impairment of non-financial assets	8,372	8,549	9,051	9,126	9,157	9,157	9,157	9,158	9,158	9,159	9,176	9,176
Other expenses	789	686	685	702	719	737	756	774	794	814	834	855
Internal expenditure	-	23	8,482	8,694	8,911	9,134	9,362	9,596	9,836	10,082	10,334	10,592
Net losses from the disposal of assets	192	-	-	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	22,448	26,440	35,189	35,372	36,357	36,874	37,592	38,292	39,234	39,747	40,525	41,298
Operating result from continuing operations	15,630	9,003	(814)	(629)	(2,540)	(2,254)	(2,149)	(2,004)	(2,080)	(1,705)	(1,572)	(1,411)
Net operating result for the year before grants and contributions provided for capital purposes	6,863	(651)	(2,884)	(2,326)	(2,540)	(2,254)	(2,149)	(2,004)	(2,080)	(1,705)	(1,572)	(1,411)

Table A-F.3 - Forecast of Council's Income Statement – Water Fund

	ACTUAL	BUDGET	FORWARD PLAN									
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Income from continuing operations												
Rates and annual charges	1,429	1,434	1,634	1,675	1,717	1,760	1,804	1,849	1,895	1,942	1,991	2,041
User charges and fees	1,613	1,924	2,052	2,108	2,165	2,223	2,283	2,345	2,408	2,473	2,540	2,608
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-
Grants and contributions provided for operating purposes	37	-	-	-	-	-	-	-	-	-	-	-
Grants and contributions provided for capital purposes	-	35	35	36	37	38	39	40	41	42	43	44
Interest and investment revenue	52	52	245	257	271	269	274	290	305	322	338	352
Other income	2,039	-	-	-	-	-	-	-	-	-	-	-
Net gains from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-	-	-
Total income from continuing operations	5,170	3,445	3,966	4,076	4,190	4,290	4,400	4,524	4,649	4,779	4,912	5,045
Expenses from continuing operations												
Employee benefits and on-costs	547	428	617	635	652	669	686	703	720	738	757	776
Materials and services	1,577	865	1,195	1,127	1,160	1,194	1,224	1,256	1,288	1,321	1,355	1,390
Borrowing costs	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation, amortisation and impairment of non-financial assets	789	794	870	871	872	873	874	875	876	877	878	879
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-
Internal expenditure	-	903	546	559	573	588	602	617	633	649	665	682
Net losses from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	2,913	2,990	3,228	3,192	3,257	3,324	3,386	3,451	3,517	3,585	3,655	3,727
Operating result from continuing operations	2,257	455	738	884	933	966	1,014	1,073	1,132	1,194	1,257	1,318
Net operating result for the year before grants and contributions provided for capital purposes	2,257	420	703	848	896	928	975	1,033	1,091	1,152	1,214	1,274

Table A-F.4 - Forecast of Council's Income Statement – Sewer Fund

	ACTUAL	BUDGET	FORWARD PLAN									
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Income from continuing operations												
Rates and annual charges	3,086	3,122	3,389	3,474	3,561	3,650	3,741	3,835	3,930	4,029	4,129	4,233
User charges and fees	249	303	216	222	228	234	240	246	252	259	266	273
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-
Grants and contributions provided for operating purposes	32	7	-	-	-	-	-	-	-	-	-	-
Grants and contributions provided for capital purposes	-	50	50	51	53	54	55	57	58	59	61	62
Interest and investment revenue	42	44	190	211	215	220	245	271	298	325	354	385
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Net gains from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-	-	-
Total income from continuing operations	3,409	3,526	3,845	3,958	4,057	4,158	4,281	4,409	4,538	4,672	4,810	4,953
Expenses from continuing operations												
Employee benefits and on-costs	371	367	367	377	388	397	407	418	428	439	450	461
Materials and services	1,195	440	787	631	676	694	710	726	743	760	778	796
Borrowing costs	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation, amortisation and impairment of non-financial assets	725	736	800	826	854	854	854	854	854	854	854	854
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-
Internal expenditure	-	902	344	353	361	371	380	389	399	409	419	430
Net losses from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	2,291	2,445	2,298	2,187	2,279	2,316	2,351	2,387	2,424	2,462	2,501	2,541
Operating result from continuing operations	1,118	1,081	1,547	1,771	1,778	1,842	1,930	2,022	2,114	2,210	2,309	2,412
Net operating result for the year before grants and contributions provided for capital purposes	1,118	1,031	1,497	1,720	1,725	1,788	1,875	1,965	2,056	2,151	2,248	2,350

Table A-F.5 - Forecast of Council's Income Statement – Waste Fund

	ACTUAL	BUDGET	FORWARD PLAN									
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Income from continuing operations												
Rates and annual charges	1,513	1,650	1,691	1,734	1,777	1,821	1,867	1,913	1,961	2,010	2,061	1,513
User charges and fees	121	157	161	165	169	174	178	182	187	192	196	121
Other revenue	4	5	5	5	5	5	5	5	5	6	6	4
Grants and contributions provided for operating purposes	-	-	-	-	-	-	-	-	-	-	-	-
Grants and contributions provided for capital purposes	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment revenue	13	25	20	16	13	18	24	30	36	43	50	13
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Net gains from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-	-	-
Total income from continuing operations	1,651	1,837	1,877	1,920	1,964	2,018	2,074	2,130	2,189	2,251	2,313	1,651
Expenses from continuing operations												
Employee benefits and on-costs	424	419	430	441	452	464	475	487	499	512	525	424
Materials and services	438	773	690	707	725	743	761	780	800	820	840	438
Borrowing costs	125	125	125	125	125	125	125	125	125	125	125	125
Depreciation, amortisation and impairment of non-financial assets	184	184	184	184	184	184	184	184	184	184	184	184
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-
Internal expenditure	357	273	280	287	294	301	309	316	324	332	341	357
Net losses from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	1,528	1,774	1,709	1,744	1,780	1,817	1,854	1,892	1,932	1,973	2,015	1,528
Operating result from continuing operations	123	63	168	176	184	201	220	238	257	278	298	123
Net operating result for the year before grants and contributions provided for capital purposes	123	63	168	176	184	201	220	238	257	278	298	123

Table A-F.6 - Forecast of Council's Income Statement – Village Fund

	ACTUAL	BUDGET	FORWARD PLAN									
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Income from continuing operations												
Rates and annual charges	-	-	-	-	-	-	-	-	-	-	-	-
User charges and fees	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	2,951	3,051	3,155	3,257	4,435	240	244	693	709	1,183
Grants and contributions provided for operating purposes	-	-	-	-	-	-	-	-	-	-	-	-
Grants and contributions provided for capital purposes	-	580	1,035	-	-	-	-	-	-	-	-	-
Interest and investment revenue	-	-	6	14	16	35	33	33	25	17	14	11
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Net gains from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-	-	-
Total income from continuing operations	-	580	3,992	3,065	3,171	3,292	4,468	273	269	710	723	1,194
Expenses from continuing operations												
Employee benefits and on-costs	-	1	30	31	32	32	33	34	35	36	37	37
Materials and services	-	86	72	125	208	261	334	334	334	334	334	334
Borrowing costs	-	62	54	51	214	203	192	180	168	155	142	128
Depreciation, amortisation and impairment of non-financial assets	-	-	125	161	234	269	318	318	318	318	318	318
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-
Internal expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Net losses from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	-	149	281	368	688	765	877	866	855	843	831	817
Operating result from continuing operations	-	431	3,711	2,697	2,483	2,527	3,591	(593)	(586)	(133)	(108)	377
Net operating result for the year before grants and contributions provided for capital purposes	-	(149)	2,676	2,697	2,483	2,527	3,591	(593)	(586)	(133)	(108)	377

Table A-F.7 - Forecast of Council's Statement of Cashflows – Consolidated

STATEMENT OF CASH FLOWS - CONSOLIDATED	ACTUAL	BUDGET	FORWARD PLAN									
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Cash Flows from operating activities												
<i>Receipts:</i>												
Rates and annual charges	13,894	13,953	14,924	15,314	15,714	16,124	16,545	16,978	17,419	17,875	18,341	18,822
User charges and fees	5,071	3,868	4,224	4,335	4,448	4,563	4,682	4,804	4,928	5,057	5,189	5,323
Investment and interest revenue received	331	321	1,912	1,919	1,924	1,945	1,979	2,028	2,070	2,113	2,164	2,214
Grants and contributions	18,709	18,809	12,692	11,498	10,021	10,245	10,475	10,711	10,952	11,200	11,454	11,714
Bonds, deposits and retention amounts received	-	-	-	-	-	-	-	-	-	-	-	-
Internal revenue	-	2,186	10,587	10,851	11,123	11,401	11,686	11,978	12,277	12,584	12,899	13,221
Other	2,734	1,044	3,676	3,802	3,925	4,046	5,243	1,069	1,094	1,563	1,602	2,098
<i>Payments:</i>												
Employee benefits and on-costs	(9,763)	(10,197)	(11,964)	(12,275)	(12,639)	(12,970)	(13,314)	(13,647)	(13,987)	(14,337)	(14,697)	(15,063)
Materials and services	(7,763)	(9,991)	(9,131)	(8,490)	(9,069)	(9,180)	(9,490)	(9,716)	(10,173)	(10,188)	(10,440)	(10,691)
Borrowing costs	-	(230)	(315)	(307)	(465)	(448)	(431)	(413)	(394)	(374)	(354)	(333)
Bonds, deposits and retention amounts refunded	(65)	-	-	-	-	-	-	-	-	-	-	-
Internal expenses	-	(2,185)	(9,645)	(9,886)	(10,132)	(10,387)	(10,645)	(10,911)	(11,184)	(11,464)	(11,750)	(12,045)
Other	(3,914)	(686)	(685)	(702)	(719)	(737)	(756)	(774)	(794)	(814)	(834)	(855)
Net cash provided (or used in) operating activities	19,234	16,892	16,275	16,059	14,131	14,602	15,974	12,107	12,208	13,215	13,574	14,405
Cash Flows from investing activities												
<i>Receipts:</i>												
Sale of investments	250	-	-	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant and equipment	201	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-	-	-
<i>Payments:</i>												
Purchase of investment securities	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant and equipment	(18,563)	(13,636)	(19,083)	(17,181)	(18,332)	(13,929)	(16,049)	(11,002)	(10,186)	(10,975)	(12,153)	(13,823)
Purchase of intangible assets	(341)	-	-	-	-	-	-	-	-	-	-	-
Purchase of real estate assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred debtors and advances made	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used in) investing activities	(18,453)	(13,636)	(19,083)	(17,181)	(18,332)	(13,929)	(16,049)	(11,002)	(10,186)	(10,975)	(12,153)	(13,823)
Cash Flows from financing activities												
<i>Receipts:</i>												
New Residential Accommodation Bonds	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from borrowings	-	-	3,262	-	3,687	-	-	-	-	-	-	-
<i>Payments:</i>												
Repayment of borrowings and advances	-	-	(123)	(129)	(312)	(326)	(341)	(356)	(372)	(389)	(407)	(425)
Principal component of lease payments	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of Residential Accommodation Bonds	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used in) financing activities	-	-	3,139	(129)	3,375	(326)	(341)	(356)	(372)	(389)	(407)	(425)
Net increase/(decrease) in cash and cash equivalents	781	3,256	331	(1,251)	(826)	347	(416)	749	1,650	1,851	1,014	157
Cash and cash equivalents - beginning of year	6,835	7,616	10,872	11,203	9,952	9,126	9,473	9,057	9,806	11,456	13,307	14,321
Cash and cash equivalents - end of the year	7,616	10,872	11,203	9,952	9,126	9,473	9,057	9,806	11,456	13,307	14,321	14,478
Investments on hand - end of year	42,500	42,500	42,500	42,500	42,500	42,500	42,500	42,500	42,500	42,500	42,500	42,500
Total cash, cash equivalents and investments	50,116	53,372	53,703	52,452	51,626	51,973	51,557	52,306	53,956	55,807	56,821	56,978



Table A-F.8 - Forecast of Council’s Statement of Cashflows – General Fund

STATEMENT OF CASH FLOWS - CONSOLIDATED	ACTUAL	BUDGET	FORWARD PLAN									
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Cash Flows from operating activities												
<i>Receipts:</i>												
Rates and annual charges		7,884	8,251	8,474	8,702	8,937	9,179	9,427	9,681	9,943	10,211	10,487
User charges and fees		1,520	1,799	1,844	1,890	1,937	1,985	2,035	2,086	2,138	2,191	2,246
Investment and interest revenue received		212	1,446	1,417	1,406	1,408	1,409	1,410	1,412	1,413	1,415	1,416
Grants and contributions		18,137	11,572	11,411	9,931	10,153	10,381	10,614	10,853	11,099	11,350	11,608
Bonds, deposits and retention amounts received		-	-	-	-	-	-	-	-	-	-	-
Internal revenue		2,186	10,587	10,851	11,123	11,401	11,686	11,978	12,277	12,584	12,899	13,221
Other		1,040	720	746	765	784	803	824	845	865	887	909
<i>Payments:</i>												
Employee benefits and on-costs		(8,977)	(10,531)	(10,802)	(11,126)	(11,420)	(11,724)	(12,017)	(12,317)	(12,625)	(12,941)	(13,264)
Materials and services		(8,162)	(6,304)	(5,917)	(6,318)	(6,306)	(6,479)	(6,639)	(7,028)	(6,973)	(7,153)	(7,331)
Borrowing costs		(43)	(136)	(131)	(126)	(120)	(114)	(108)	(101)	(94)	(87)	(80)
Bonds, deposits and retention amounts refunded		-	-	-	-	-	-	-	-	-	-	-
Internal expenses		(23)	(8,482)	(8,694)	(8,911)	(9,134)	(9,362)	(9,596)	(9,836)	(10,082)	(10,334)	(10,592)
Other		(686)	(685)	(702)	(719)	(737)	(756)	(774)	(794)	(814)	(834)	(855)
Net cash provided (or used in) operating activities	-	13,088	8,237	8,497	6,617	6,903	7,008	7,154	7,078	7,454	7,604	7,765
Cash Flows from investing activities												
<i>Receipts:</i>												
Sale of investments		-	-	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant and equipment		-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts		-	-	-	-	-	-	-	-	-	-	-
<i>Payments:</i>												
Purchase of investment securities		-	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant and equipment		(11,076)	(12,221)	(10,794)	(8,487)	(8,759)	(10,454)	(8,973)	(8,132)	(8,728)	(9,697)	(11,013)
Purchase of intangible assets		-	-	-	-	-	-	-	-	-	-	-
Purchase of real estate assets		-	-	-	-	-	-	-	-	-	-	-
Deferred debtors and advances made		-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used in) investing activities	-	(11,076)	(12,221)	(10,794)	(8,487)	(8,759)	(10,454)	(8,973)	(8,132)	(8,728)	(9,697)	(11,013)
Cash Flows from financing activities												
<i>Receipts:</i>												
New Residential Accommodation Bonds		-	-	-	-	-	-	-	-	-	-	-
Proceeds from borrowings		-	2,070	-	-	-	-	-	-	-	-	-
<i>Payments:</i>												
Repayment of borrowings and advances		-	(66)	(69)	(72)	(75)	(79)	(82)	(86)	(90)	(94)	(98)
Principal component of lease payments		-	-	-	-	-	-	-	-	-	-	-
Repayment of Residential Accommodation Bonds		-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used in) financing activities	-	-	2,004	(69)	(72)	(75)	(79)	(82)	(86)	(90)	(94)	(98)
Net increase/(decrease) in cash and cash equivalents	-	2,012	(1,980)	(2,366)	(1,942)	(1,931)	(3,525)	(1,901)	(1,140)	(1,364)	(2,187)	(3,346)
Cash and cash equivalents - beginning of year		2,039	4,051	2,071	(295)	(2,237)	(4,168)	(7,693)	(9,594)	(10,734)	(12,098)	(14,285)
Cash and cash equivalents - end of the year	2,039	4,051	2,071	(295)	(2,237)	(4,168)	(7,693)	(9,594)	(10,734)	(12,098)	(14,285)	(17,631)
Investments on hand - end of year	33,867	33,867	33,867	33,867	33,867	33,867	33,867	33,867	33,867	33,867	33,867	33,867
Total cash, cash equivalents and investments	35,906	37,918	35,938	33,572	31,630	29,699	26,174	24,273	23,133	21,769	19,582	16,236



Table A-F.9 - Forecast of Council’s Statement of Cashflows – Water Fund

STATEMENT OF CASH FLOWS - CONSOLIDATED	ACTUAL	BUDGET	FORWARD PLAN									
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Cash Flows from operating activities												
<i>Receipts:</i>												
Rates and annual charges		1,434	1,634	1,675	1,717	1,760	1,804	1,849	1,895	1,942	1,991	2,041
User charges and fees		1,924	2,052	2,108	2,165	2,223	2,283	2,345	2,408	2,473	2,540	2,608
Investment and interest revenue received		52	245	257	271	269	274	290	305	322	338	352
Grants and contributions		35	35	36	37	38	39	40	41	42	43	44
Bonds, deposits and retention amounts received		-	-	-	-	-	-	-	-	-	-	-
Internal revenue		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
<i>Payments:</i>												
Employee benefits and on-costs		(428)	(617)	(635)	(652)	(669)	(686)	(703)	(720)	(738)	(757)	(776)
Materials and services		(865)	(1,195)	(1,127)	(1,160)	(1,194)	(1,224)	(1,256)	(1,288)	(1,321)	(1,355)	(1,390)
Borrowing costs		-	-	-	-	-	-	-	-	-	-	-
Bonds, deposits and retention amounts refunded		-	-	-	-	-	-	-	-	-	-	-
Internal expenses		(903)	(546)	(559)	(573)	(588)	(602)	(617)	(633)	(649)	(665)	(682)
Other		-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used in) operating activities	-	1,249	1,608	1,755	1,805	1,839	1,888	1,948	2,008	2,071	2,135	2,197
Cash Flows from investing activities												
<i>Receipts:</i>												
Sale of investments		-	-	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant and equipment		-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts		-	-	-	-	-	-	-	-	-	-	-
<i>Payments:</i>												
Purchase of investment securities		-	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant and equipment		(1,810)	(797)	(829)	(1,984)	(1,458)	(880)	(928)	(925)	(1,016)	(1,194)	(996)
Purchase of intangible assets		-	-	-	-	-	-	-	-	-	-	-
Purchase of real estate assets		-	-	-	-	-	-	-	-	-	-	-
Deferred debtors and advances made		-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used in) investing activities	-	(1,810)	(797)	(829)	(1,984)	(1,458)	(880)	(928)	(925)	(1,016)	(1,194)	(996)
Cash Flows from financing activities												
<i>Receipts:</i>												
New Residential Accommodation Bonds		-	-	-	-	-	-	-	-	-	-	-
Proceeds from borrowings		-	-	-	-	-	-	-	-	-	-	-
<i>Payments:</i>												
Repayment of borrowings and advances		-	-	-	-	-	-	-	-	-	-	-
Principal component of lease payments		-	-	-	-	-	-	-	-	-	-	-
Repayment of Residential Accommodation Bonds		-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used in) financing activities	-	-	-	-	-	-	-	-	-	-	-	-
Net increase/(decrease) in cash and cash equivalents	-	(561)	811	926	(179)	381	1,008	1,020	1,083	1,055	941	1,201
Cash and cash equivalents - beginning of year		2,095	1,534	2,345	3,271	3,092	3,473	4,481	5,501	6,584	7,639	8,580
Cash and cash equivalents - end of the year	2,095	1,534	2,345	3,271	3,092	3,473	4,481	5,501	6,584	7,639	8,580	9,781
Investments on hand - end of year	5,391	5,391	5,391	5,391	5,391	5,391	5,391	5,391	5,391	5,391	5,391	5,391
Total cash, cash equivalents and investments	7,486	6,925	7,736	8,662	8,483	8,864	9,872	10,892	11,975	13,030	13,971	15,172



Table A-F.10 - Forecast of Council’s Statement of Cashflows – Sewer Fund

STATEMENT OF CASH FLOWS - CONSOLIDATED	ACTUAL	BUDGET	FORWARD PLAN									
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Cash Flows from operating activities												
<i>Receipts:</i>												
Rates and annual charges		3,122	3,389	3,474	3,561	3,650	3,741	3,835	3,930	4,029	4,129	4,233
User charges and fees		303	216	222	228	234	240	246	252	259	266	273
Investment and interest revenue received		44	190	211	215	220	245	271	298	325	354	385
Grants and contributions		57	50	51	53	54	55	57	58	59	61	62
Bonds, deposits and retention amounts received		-	-	-	-	-	-	-	-	-	-	-
Internal revenue		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
<i>Payments:</i>												
Employee benefits and on-costs		(367)	(367)	(377)	(388)	(397)	(407)	(418)	(428)	(439)	(450)	(461)
Materials and services		(440)	(787)	(631)	(676)	(694)	(710)	(726)	(743)	(760)	(778)	(796)
Borrowing costs		-	-	-	-	-	-	-	-	-	-	-
Bonds, deposits and retention amounts refunded		-	-	-	-	-	-	-	-	-	-	-
Internal expenses		(902)	(344)	(353)	(361)	(371)	(380)	(389)	(399)	(409)	(419)	(430)
Other		-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used in) operating activities	-	1,817	2,347	2,597	2,632	2,696	2,784	2,876	2,968	3,064	3,163	3,266
Cash Flows from investing activities												
<i>Receipts:</i>												
Sale of investments		-	-	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant and equipment		-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts		-	-	-	-	-	-	-	-	-	-	-
<i>Payments:</i>												
Purchase of investment securities		-	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant and equipment		(750)	(973)	(2,324)	(2,382)	(1,048)	(1,074)	(1,101)	(1,129)	(1,157)	(1,186)	(1,216)
Purchase of intangible assets		-	-	-	-	-	-	-	-	-	-	-
Purchase of real estate assets		-	-	-	-	-	-	-	-	-	-	-
Deferred debtors and advances made		-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used in) investing activities	-	(750)	(973)	(2,324)	(2,382)	(1,048)	(1,074)	(1,101)	(1,129)	(1,157)	(1,186)	(1,216)
Cash Flows from financing activities												
<i>Receipts:</i>												
New Residential Accommodation Bonds		-	-	-	-	-	-	-	-	-	-	-
Proceeds from borrowings		-	-	-	-	-	-	-	-	-	-	-
<i>Payments:</i>												
Repayment of borrowings and advances		-	-	-	-	-	-	-	-	-	-	-
Principal component of lease payments		-	-	-	-	-	-	-	-	-	-	-
Repayment of Residential Accommodation Bonds		-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used in) financing activities	-	-	-	-	-	-	-	-	-	-	-	-
Net increase/(decrease) in cash and cash equivalents	-	1,067	1,374	273	250	1,648	1,710	1,775	1,839	1,907	1,977	2,050
Cash and cash equivalents - beginning of year		2,119	3,186	4,560	4,833	5,083	6,731	8,441	10,216	12,055	13,962	15,939
Cash and cash equivalents - end of the year	2,119	3,186	4,560	4,833	5,083	6,731	8,441	10,216	12,055	13,962	15,939	17,989
Investments on hand - end of year	3,242	3,242	3,242	3,242	3,242	3,242	3,242	3,242	3,242	3,242	3,242	3,242
Total cash, cash equivalents and investments	5,361	6,428	7,802	8,075	8,325	9,973	11,683	13,458	15,297	17,204	19,181	21,231



Table A-F.11 - Forecast of Council’s Statement of Cashflows – Waste Fund

STATEMENT OF CASH FLOWS - CONSOLIDATED	ACTUAL	BUDGET	FORWARD PLAN									
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Cash Flows from operating activities												
<i>Receipts:</i>												
Rates and annual charges		1,513	1,650	1,691	1,734	1,777	1,821	1,867	1,913	1,961	2,010	2,061
User charges and fees		121	157	161	165	169	174	178	182	187	192	196
Investment and interest revenue received		13	25	20	16	13	18	24	30	36	43	50
Grants and contributions		-	-	-	-	-	-	-	-	-	-	-
Bonds, deposits and retention amounts received		-	-	-	-	-	-	-	-	-	-	-
Internal revenue		-	-	-	-	-	-	-	-	-	-	-
Other		4	5	5	5	5	5	5	5	5	6	6
<i>Payments:</i>												
Employee benefits and on-costs		(424)	(419)	(430)	(441)	(452)	(464)	(475)	(487)	(499)	(512)	(525)
Materials and services		(438)	(773)	(690)	(707)	(725)	(743)	(761)	(780)	(800)	(820)	(840)
Borrowing costs		(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Bonds, deposits and retention amounts refunded		-	-	-	-	-	-	-	-	-	-	-
Internal expenses		(357)	(273)	(280)	(287)	(294)	(301)	(309)	(316)	(324)	(332)	(341)
Other		-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used in) operating activities	-	307	247	352	360	368	385	404	422	441	462	482
Cash Flows from investing activities												
<i>Receipts:</i>												
Sale of investments		-	-	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant and equipment		-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts		-	-	-	-	-	-	-	-	-	-	-
<i>Payments:</i>												
Purchase of investment securities		-	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant and equipment		-	(606)	(581)	(596)	-	-	-	-	-	-	(520)
Purchase of intangible assets		-	-	-	-	-	-	-	-	-	-	-
Purchase of real estate assets		-	-	-	-	-	-	-	-	-	-	-
Deferred debtors and advances made		-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used in) investing activities	-	-	(606)	(581)	(596)	-	-	-	-	-	-	(520)
Cash Flows from financing activities												
<i>Receipts:</i>												
New Residential Accommodation Bonds		-	-	-	-	-	-	-	-	-	-	-
Proceeds from borrowings		-	-	-	-	-	-	-	-	-	-	-
<i>Payments:</i>												
Repayment of borrowings and advances		-	-	-	-	-	-	-	-	-	-	-
Principal component of lease payments		-	-	-	-	-	-	-	-	-	-	-
Repayment of Residential Accommodation Bonds		-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used in) financing activities	-	-	-	-	-	-	-	-	-	-	-	-
Net increase/(decrease) in cash and cash equivalents	-	307	(359)	(229)	(236)	368	385	404	422	441	462	(38)
Cash and cash equivalents - beginning of year		1,363	1,670	1,311	1,082	846	1,214	1,599	2,003	2,425	2,866	3,328
Cash and cash equivalents - end of the year	1,363	1,670	1,311	1,082	846	1,214	1,599	2,003	2,425	2,866	3,328	3,290
Investments on hand - end of year		-	-	-	-	-	-	-	-	-	-	-
Total cash, cash equivalents and investments	1,363	1,670	1,311	1,082	846	1,214	1,599	2,003	2,425	2,866	3,328	3,290



Table A-F.12 - Forecast of Council’s Statement of Cashflows – Village Fund

STATEMENT OF CASH FLOWS - CONSOLIDATED	ACTUAL	BUDGET	FORWARD PLAN									
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Cash Flows from operating activities												
<i>Receipts:</i>												
Rates and annual charges	-	-	-	-	-	-	-	-	-	-	-	-
User charges and fees	-	-	-	-	-	-	-	-	-	-	-	-
Investment and interest revenue received	-	-	6	14	16	35	33	33	25	17	14	11
Grants and contributions	-	580	1,035	-	-	-	-	-	-	-	-	-
Bonds, deposits and retention amounts received	-	-	-	-	-	-	-	-	-	-	-	-
Internal revenue	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	2,951	3,051	3,155	3,257	4,435	240	244	693	709	1,183
<i>Payments:</i>												
Employee benefits and on-costs	(1)	(30)	(30)	(31)	(32)	(32)	(33)	(34)	(35)	(36)	(37)	(37)
Materials and services	(86)	(72)	(72)	(125)	(208)	(261)	(334)	(334)	(334)	(334)	(334)	(334)
Borrowing costs	(62)	(54)	(54)	(51)	(214)	(203)	(192)	(180)	(168)	(155)	(142)	(128)
Bonds, deposits and retention amounts refunded	-	-	-	-	-	-	-	-	-	-	-	-
Internal expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used in) operating activities	-	431	3,836	2,858	2,717	2,796	3,909	(275)	(268)	185	210	695
Cash Flows from investing activities												
<i>Receipts:</i>												
Sale of investments	-	-	-	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-	-	-
<i>Payments:</i>												
Purchase of investment securities	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant and equipment	-	(4,486)	(2,653)	(4,883)	(2,664)	(3,641)	-	-	(74)	(76)	(78)	
Purchase of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of real estate assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred debtors and advances made	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used in) investing activities	-	-	(4,486)	(2,653)	(4,883)	(2,664)	(3,641)	-	-	(74)	(76)	(78)
Cash Flows from financing activities												
<i>Receipts:</i>												
New Residential Accommodation Bonds	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from borrowings	-	-	1,192	-	3,687	-	-	-	-	-	-	-
<i>Payments:</i>												
Repayment of borrowings and advances	-	-	(57)	(60)	(240)	(251)	(262)	(274)	(286)	(299)	(313)	(327)
Principal component of lease payments	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of Residential Accommodation Bonds	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used in) financing activities	-	-	1,135	(60)	3,447	(251)	(262)	(274)	(286)	(299)	(313)	(327)
Net increase/(decrease) in cash and cash equivalents	-	431	485	145	1,281	(119)	6	(549)	(554)	(188)	(179)	290
Cash and cash equivalents - beginning of year	-	-	431	916	1,061	2,342	2,223	2,229	1,680	1,126	938	759
Cash and cash equivalents - end of the year	-	431	916	1,061	2,342	2,223	2,229	1,680	1,126	938	759	1,049
Investments on hand - end of year	-	-	-	-	-	-	-	-	-	-	-	-
Total cash, cash equivalents and investments	-	431	916	1,061	2,342	2,223	2,229	1,680	1,126	938	759	1,049

APPENDIX G: FORECAST OF COUNCIL’S CAPITAL WORKS PLAN – SUSTAINABLE APPROACH

Asset Class	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
PLANNED CAPITAL EXPENDITURE											
Bridges	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Buildings - non-specialised	250,000	209,654	143,426	0	0	33,670	0	43,459	25,139	54,650	236,175
Buildings - specialised	250,000	2,851,409	2,637,104	3,390,401	2,850,835	5,000,806	884,338	115,430	575,711	689,313	1,791,033
Footpath	150,000	154,620	154,620	154,620	154,620	154,620	154,620	154,620	154,620	154,620	154,620
Furniture & Fittings	0	48,720	23,720	23,720	23,720	23,720	23,720	23,720	23,720	55,737	23,720
Information Technology	0	75,000	63,000	225,000	94,900	0	225,000	63,000	0	319,900	0
Landfill	0	585,527	548,114	548,114	0	0	0	0	0	0	402,642
Land Improvements - depreciable	0	116,690	116,690	6,690	6,690	6,690	6,690	6,690	6,690	6,690	6,690
Levees	0	0	2,000,000	0	0	0	0	0	0	0	0
Library Books	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Office Equipment	40,000	88,410	73,410	73,410	73,410	73,410	73,410	73,410	73,410	73,410	73,410
Other Assets	100,000	649,989	0	0	0	0	0	0	0	0	0
Other Open Space/Recreational Assets	1,245,000	157,920	157,920	157,920	157,920	157,920	157,920	157,920	157,920	157,920	157,920
Other road assets	300,000	46,625	46,625	46,625	46,625	46,625	46,625	46,625	46,625	46,625	46,625
Other Structures	200,000	0	170,000	170,000	0	0	0	0	0	0	0
Plant & Equipment	1,688,000	1,614,720	1,784,520	1,642,920	1,536,320	1,536,320	1,536,320	1,536,320	1,536,320	1,636,670	1,536,320
Roads	6,363,000	9,818,000	4,993,000	6,093,000	4,993,000	4,993,000	4,243,000	4,243,000	4,243,000	4,243,000	4,243,000
Sewerage Network	750,000	940,000	2,190,000	2,190,000	940,000	940,000	940,000	940,000	940,000	940,000	940,000
Stormwater Drainage	350,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Swimming Pools	0	21,690	21,690	21,690	21,690	21,690	21,690	21,690	21,690	21,690	21,690
Water Supply Network	1,810,000	770,000	780,485	1,824,251	1,307,939	770,000	792,379	770,000	825,326	946,265	770,000
TOTAL EXPENSES	13,636,000	18,438,974	16,194,324	16,858,361	12,497,669	14,048,471	9,395,711	8,485,884	8,920,170	9,636,489	10,693,844
New	300,000	4,468,006	4,933,601	4,782,001	2,405,401	3,202,202	15,000	15,000	15,000	147,367	15,000
Upgrade	0	625,527	1,838,114	1,838,114	40,000	40,000	40,000	40,000	40,000	40,000	442,642
Renewal	13,336,000	13,345,441	9,422,609	10,238,245	10,052,268	10,806,269	9,340,711	8,430,884	8,865,170	9,449,122	10,236,202
TOTAL EXPENSES	13,636,000	18,438,974	16,194,324	16,858,361	12,497,669	14,048,471	9,395,711	8,485,884	8,920,170	9,636,489	10,693,844

APPENDIX H: FORECAST OF COUNCIL’S FINANCIAL STATEMENTS AND CASH RESERVES

RESERVES - CONSOLIDATED	ACTUAL	BUDGET	FORWARD PLAN									
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Externally Restricted - Liabilities												
Specific purpose unexpended grants - general fund	4,553	89	89	89	89	89	89	89	89	89	89	89
Other - unexpended merger funds	454	454	454	454	454	454	454	454	454	454	454	454
External restrictions - included in liabilities	5,007	543	543	543	543	543	543	543	543	543	543	543
Externally Restricted - other												
Developer contributions - general	39	39	39	39	39	39	39	39	39	39	39	39
Water fund	7,486	6,927	7,737	8,663	8,483	8,863	9,870	10,888	11,971	13,026	13,966	15,168
Sewer fund	5,361	6,427	7,801	8,074	8,324	9,971	11,680	13,453	15,293	17,201	19,179	21,230
Conargo milestones / interpretative	37	37	37	37	37	37	37	37	37	37	37	37
Conargo Oval M&R	20	20	20	20	20	20	20	20	20	20	20	20
Deniliquin band committee	20	20	20	20	20	20	20	20	20	20	20	20
Deniliquin community gardens	3	3	3	3	3	3	3	3	3	3	3	3
EPA waste	36	36	36	36	36	36	36	36	36	36	36	36
Library reserve	0	0	0	0	0	0	0	0	0	0	0	0
Regional arts	3	3	3	3	3	3	3	3	3	3	3	3
Domestic waste management	1,300	1,300	1,227	1,255	1,282	1,310	1,338	1,368	1,398	1,428	1,460	1,492
External restrictions - other	14,305	14,812	16,924	18,150	18,246	20,301	23,046	25,867	28,820	31,813	34,763	38,048
Internally Restricted												
Plant and vehicle replacement	1,799	1,562	1,190	626	202	-114	-439	-771	-1,112	-1,461	-1,945	-2,312
Infrastructure replacement	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Employees leave entitlement	693	693	693	693	693	693	693	693	693	693	693	693
Deposits, retentions and bonds	323	323	323	323	323	323	323	323	323	323	323	323
Airport industrial land	20	20	20	20	20	20	20	20	20	20	20	20
Asset management	14	14	14	14	14	14	14	14	14	14	14	14
Airport runway development	187	187	187	187	187	187	187	187	187	187	187	187
Blighty-upgrade power	70	70	70	70	70	70	70	70	70	70	70	70
Building maintenance	50	50	50	50	50	50	50	50	50	50	50	50
Cemetery upgrade	9	9	9	9	9	9	9	9	9	9	9	9
Depot office and gates upgrade	41	41	41	41	41	41	41	41	41	41	41	41



RESERVES - CONSOLIDATED	ACTUAL	BUDGET	FORWARD PLAN									
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Dog trail	3	3	3	3	3	3	3	3	3	3	3	3
Election reserve	12	12	12	12	12	12	12	12	12	12	12	12
Fencing Conargo	7	7	7	7	7	7	7	7	7	7	7	7
Gravel pits	14	14	14	14	14	14	14	14	14	14	14	14
Human resources	18	18	18	18	18	18	18	18	18	18	18	18
Internal audit	6	6	6	6	6	6	6	6	6	6	6	6
Land development fund	385	385	385	385	385	385	385	385	385	385	385	385
Landscaping plans	90	90	90	90	90	90	90	90	90	90	90	90
Recreation reserves / village landscaping	1,113	1,113	1,113	1,113	1,113	1,113	1,113	1,113	1,113	1,113	1,113	1,113
Risk management	44	44	44	44	44	44	44	44	44	44	44	44
Wanganella hall community	5	5	5	5	5	5	5	5	5	5	5	5
Shire - entrance signage	5	5	5	5	5	5	5	5	5	5	5	5
Tourism/industry promotion	13	13	13	13	13	13	13	13	13	13	13	13
Town planning plans, surveys and studies	103	103	103	103	103	103	103	103	103	103	103	103
Waste facilities	63	370	85	-171	-435	-95	262	637	1,029	1,440	1,870	1,799
Water infrastructure	57	57	57	57	57	57	57	57	57	57	57	57
Website development	2	2	2	2	2	2	2	2	2	2	2	2
Seniors living precinct	0	431	916	1,060	2,340	2,220	2,225	1,675	1,121	932	754	1,044
Conargo and Pretty Pine rural landfills	0	0	0	0	0	0	0	0	0	0	0	0
Deniliquin town hall and civic precinct redevelopment	300	300	300	300	300	300	300	300	300	300	300	300
North Depot Redevelopment	133	133	133	133	133	133	133	133	133	133	133	133
Total internal allocations	7,879	8,380	8,207	7,532	8,125	8,028	8,066	7,558	7,055	6,928	6,695	6,548
Total internal and external restrictions	22,184	23,192	25,130	25,683	26,371	28,330	31,112	33,425	35,875	38,741	41,458	44,596
Total cash, cash equivalents and investments	50,116	53,372	53,703	52,452	51,626	51,973	51,557	52,306	53,956	55,807	56,821	56,978
Externally restricted cash	14,305	14,812	16,924	18,150	18,246	20,301	23,046	25,867	28,820	31,813	34,763	38,048
Internally restricted cash	7,879	8,380	8,207	7,532	8,125	8,028	8,066	7,558	7,055	6,928	6,695	6,548
External restrictions - included in liabilities	5,007	543	543	543	543	543	543	543	543	543	543	543
Unrestricted and unallocated cash, cash equivalents and investments	22,925	29,637	28,030	26,226	24,712	23,100	19,902	18,338	17,538	16,523	14,820	11,839

APPENDIX I: ASSET RENEWAL ASSUMPTIONS

Renewal Program	Description
Reseal Program	Calculation - 762.5Kms of sealed road * 1 treatment each 20 years * 1,000 to convert to meters * 6m width * unit rate of \$6.5/m ² <i>NOTE - Britten Holdings report (March 2019) recommends approx. \$2M per year required.</i>
Heavy Patching Program - Local	Calculation - 762.5Kms of sealed road * 1000 to convert to meters * 6m width * heavy patching to 1.5% of roads * 5% of road requires patching * unit rate \$60/m ²
Road Reconstruction - Local	Britten Holdings report (March 2019) provided a list of roads for future reconstruction but did not provide costings, assumed requirement for rehabilitation of \$1.5M (or 2kms) for 5 years and then 750,000 thereafter (or 1km) - @\$750,000 per km
Kerb and Gutter Replacement Program	1km of kerb and gutter per year @ \$350/m
Resheet Program	843kms, resheet all roads every 20 years, @\$35,000 per km
Relining Program	Given age of sewerage assets, and lack of asset condition data, assumed that 600 meters per year relined (or \$450,000 assuming @ \$750/m) required for next 10 years.
Manhole Replacement	Recent failure of manholes and current quantum of manholes that will be fully depreciated within the 10-year forecast. Assumed to cost \$150,000 per manhole to replace. Replace two manholes a year.
Water pipe replacements	Unit rate \$1,000/meter pipe replaced. Asset renewals based on consumption condition forecast. ERC current program is \$400K, increasing this would be ideal for the network, but unsure if \$800K per year is required, but not data is available.
Dosing system	Dosing system is currently identified as backlog, Replacement required based on the age of the assets. The equipment is not today's standard, or best practice, and replacement would enable operational efficiencies, however they are not currently experiencing any breakdowns. Assumed replaced of system over 2 years
Hydrants renewal	Water Hydrants are currently replaced on an ad hoc basis, there is no program. \$1M identified in backlog, due to the criticality of the assets, a program should be developed to eliminate the backlog

APPENDIX J: FORECAST OF COUNCIL’S FINANCIAL AND INFRASTRUCTURE KEY PERFORMANCE INDICATORS

Indicator	Target	Fund	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Local Government Industry Indicators													
Operating Performance Ratio	Greater than 0%	TARGET	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		Consolidated	0.88%	4.08%	6.27%	5.32%	6.09%	8.42%	0.75%	0.92%	2.89%	3.46%	4.90%
		General	-4.46%	-9.73%	-7.83%	-8.30%	-7.29%	-6.84%	-6.30%	-6.38%	-5.25%	-4.81%	-4.30%
		Water	12.32%	17.88%	20.99%	21.57%	21.83%	22.36%	23.04%	23.68%	24.32%	24.93%	25.47%
		Sewer	29.66%	39.45%	44.02%	43.08%	43.57%	44.37%	45.15%	45.89%	46.63%	47.34%	48.05%
Village	0.00%	90.50%	87.99%	78.30%	76.76%	80.37%	-217.22%	-217.84%	-18.73%	-14.94%	31.57%		
Waste	7.45%	3.43%	8.95%	9.17%	9.37%	9.96%	10.61%	11.17%	11.74%	12.35%	12.88%		
Own Source Operating Revenue Ratio	Greater than 60%	TARGET	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%
		Consolidated	47.31%	73.44%	75.78%	78.64%	78.69%	79.20%	77.36%	77.40%	77.65%	77.70%	77.94%
		General	35.36%	66.10%	66.93%	70.42%	70.46%	70.50%	70.53%	70.57%	70.61%	70.65%	70.68%
		Water	98.98%	99.12%	99.12%	99.12%	99.11%	99.11%	99.12%	99.12%	99.12%	99.12%	99.13%
		Sewer	98.38%	98.70%	98.71%	98.69%	98.70%	98.72%	98.71%	98.72%	98.74%	98.73%	98.75%
Village	0.00%	74.07%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%		
Waste	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%		
Unrestricted Current Ratio	Greater than 1.5	TARGET	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
		Consolidated	-0.16	-0.43	-0.82	-0.94	-1.19	-1.67	-1.98	-2.17	-2.33	-2.61	-3.07
		General	-0.38	-0.73	-1.06	-1.53	-1.78	-2.32	-2.49	-2.53	-2.67	-2.93	-3.47
		Water	-44.08	-44.08	-44.08	-44.07	-44.06	-44.05	-44.04	-44.04	-44.03	-44.03	-44.03
		Sewer	-20.54	-20.54	-20.54	-20.54	-20.53	-20.52	-20.51	-20.52	-20.52	-20.52	-20.53
Village	N/A	15.27	16.84	9.33	8.48	8.14	5.87	3.77	3.00	2.32	3.08		
Waste	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01		
Debt Service Cover Ratio	Greater than 2.0	TARGET	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
		Consolidated	90.77	34.47	34.07	16.59	17.23	19.01	14.01	14.15	15.49	15.95	17.07
		General	346.79	29.19	30.50	21.00	22.48	22.93	23.72	23.34	25.40	26.26	27.21
		Water	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt
		Sewer	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt
Village	6.95	34.56	25.75	5.98	6.16	8.61	-0.61	-0.59	0.41	0.46	1.53		
Waste	5.31	4.16	5.06	5.18	5.30	5.49	5.70	5.90	6.12	6.35	6.58		
Debt Service Ratio	Less than 15%	TARGET	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
		Consolidated	0.7%	1.3%	1.3%	2.2%	2.1%	2.0%	2.2%	2.1%	2.0%	2.0%	1.9%
		General	0.2%	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.7%	0.7%
		Water	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt
		Sewer	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt	No Debt
Village	0.0%	3.8%	3.6%	14.3%	13.8%	10.2%	166.3%	168.8%	63.9%	62.9%	38.1%		
Waste	7.6%	6.8%	6.7%	6.5%	6.4%	6.2%	6.0%	5.9%	5.7%	5.6%	5.4%		



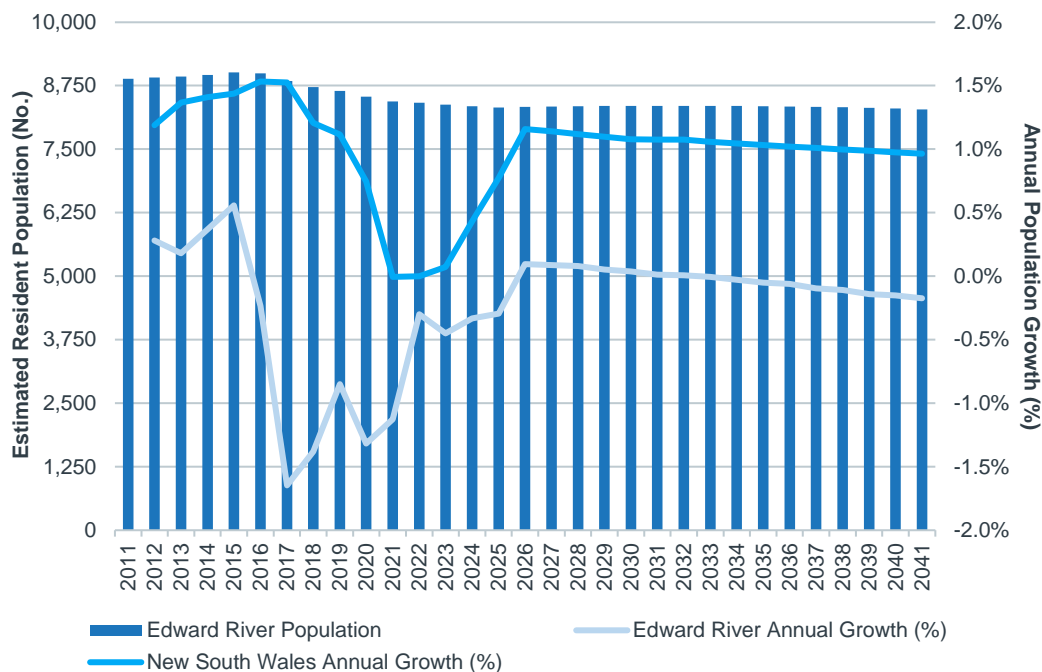
Indicator	Target	Fund	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	
Infrastructure Asset Performance Indicators														
Infrastructure Renewals Ratio	Greater than 100%	TARGET	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
		Consolidated	135.76%	130.21%	87.39%	95.96%	97.32%	109.41%	91.37%	84.23%	92.74%	98.53%	115.97%	
		General	131.15%	140.57%	86.59%	82.78%	91.80%	115.57%	91.26%	81.74%	90.15%	94.84%	119.68%	
		Water	220.67%	87.02%	90.38%	223.01%	162.27%	95.66%	100.95%	100.29%	110.46%	130.51%	107.62%	
		Sewer	88.12%	121.71%	120.75%	119.82%	122.82%	125.89%	129.03%	132.26%	135.57%	138.96%	142.43%	
		Village	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	29.46%	30.19%	30.95%
		Waste	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Infrastructure Backlog Ratio	Less than 2%	TARGET	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
		Consolidated	1.76%	1.16%	1.39%	1.43%	1.47%	1.30%	1.44%	1.70%	1.82%	1.84%	1.61%	
		General	1.70%	0.98%	1.21%	1.51%	1.64%	1.39%	1.53%	1.81%	1.96%	2.03%	1.75%	
		Water	2.17%	2.47%	2.69%	-0.07%	-1.43%	-1.34%	-1.36%	-1.36%	-1.57%	-2.17%	-2.31%	
		Sewer	2.17%	1.61%	1.07%	0.55%	-0.03%	-0.68%	-1.39%	-2.16%	-2.98%	-3.86%	-4.80%	
		Village	0.00%	1.31%	2.22%	2.80%	3.83%	4.63%	6.31%	8.11%	9.51%	10.99%	12.52%	
		Waste	0.00%	4.21%	5.43%	4.91%	5.49%	5.61%	6.95%	8.36%	9.83%	11.36%	12.98%	
Asset Maintenance Ratio	Greater than 100%	TARGET	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
		Consolidated	95.99%	96.04%	96.11%	96.22%	96.35%	96.49%	96.63%	96.75%	96.86%	96.96%	97.05%	
		General	95.07%	95.07%	95.07%	95.07%	95.07%	95.07%	95.07%	95.07%	95.07%	95.07%	95.07%	
		Water	98.12%	98.12%	98.12%	98.12%	98.12%	98.12%	98.12%	98.12%	98.12%	98.12%	98.12%	
		Sewer	134.78%	134.78%	134.78%	134.78%	134.78%	134.78%	134.78%	134.78%	134.78%	134.78%	134.78%	
		Village	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
		Waste	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
Cost to bring assets to agreed service level	No Benchmark	TARGET												
		Consolidated	1.24%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	
		General	1.28%	1.28%	1.28%	1.28%	1.28%	1.28%	1.28%	1.28%	1.28%	1.28%	1.28%	
		Water	1.19%	1.19%	1.19%	1.19%	1.19%	1.19%	1.19%	1.19%	1.19%	1.19%	1.19%	
		Sewer	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%	
		Village	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
		Waste	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

APPENDIX K: SOCIO-ECONOMIC PROFILE

Population

The Edward River LGA population reduced slightly over the past decade from around 8,900 in 2011 to around 8,400 in 2021 (ABS 2022a; ABS 2022b; NSW Department of Planning and Environment, 2022). Between 2016 and 2021, the population decreased at an average rate of 1.3% per year coinciding with a period of higher unemployment (with unemployment of 7%-8% compared with to 5% between 2007 and 2013). It is possible that residents left the region in search of work (DoEWR, 2022). Looking ahead, it is expected that the Edward River LGA population will remain relatively stable over the next 20 years, with projections estimating around 8,300 residents in 2041.

Figure - Historic and Projected Population, Edward River LGA



Source: New South Wales Department of Planning and Environment (2022), ABS (2022a), ABS (2022b).

Gross Regional Product

In 2020-21, the Edward River LGA had a Gross Regional Product (GRP) of more than \$680 million. Over the past ten years, the Edward River LGA's GRP increased slightly from \$613 million in 2010-11 to \$681 million in 2020-21, at an average growth rate of 1.1% per year. Compared to the rest of New South Wales, Edward River's annual GRP growth was slower over the last decade than for the rest of New South Wales (1.1% vs 2.2%). However, the gap between Edward River LGA's growth rate and the state's growth rate did narrow in the five years leading up to 2020-21 (1.4% vs 1.7%).

The Agriculture, Forestry and Fishing Industry was the largest contributor to GRP in 2020-21, generating Gross Value Add (GVA) of \$73 million, comprising 11.6% of the region's total GVA. The Electricity, Gas, Water and Waste Services industry and the Health Care and Social Assistance industry followed, representing 11.4% and 11.0% of the region's total GVA, respectively.

Employment

In 2020-21, Edward River LGA provided around 4,200 jobs, an increase from the 3,800 jobs recorded in 2010-11 (AEC, unpublished). The Healthcare and Social Assistance industry was the largest employer in the region, making up 17.2% of all jobs in 2020-21. Agriculture, Forestry and Fishing, as well as Retail Trade, followed, accounting for 13.3% and 9.4% of jobs, respectively.

Over the last ten years, the Education and Training industry has seen the most substantial growth in employment, with a 41.3% increase. The Construction and Healthcare and Social Assistance industries followed, with increases of 40.6% and 31.4%, respectively. Employment in the Agriculture, Forestry and Fishing industry in Edward River LGA decreased by 8.3% over the decade leading up to 2020-21. Interestingly, New South Wales recorded a 10.3% increase in employment in the same industry over the same period.

Unemployment

Edward River has experienced fluctuating levels of unemployment over the past decade. While the average unemployment rate from 2011 to 2021 in New South Wales was 5.2%, the rate in Edward River was higher at 6.9% (DoEWR, 2022). Unemployment in the Edward River LGA peaked in 2014 and 2018 and has trended downward since then, with the exception of a spike from the end of 2020 to mid to late 2021.

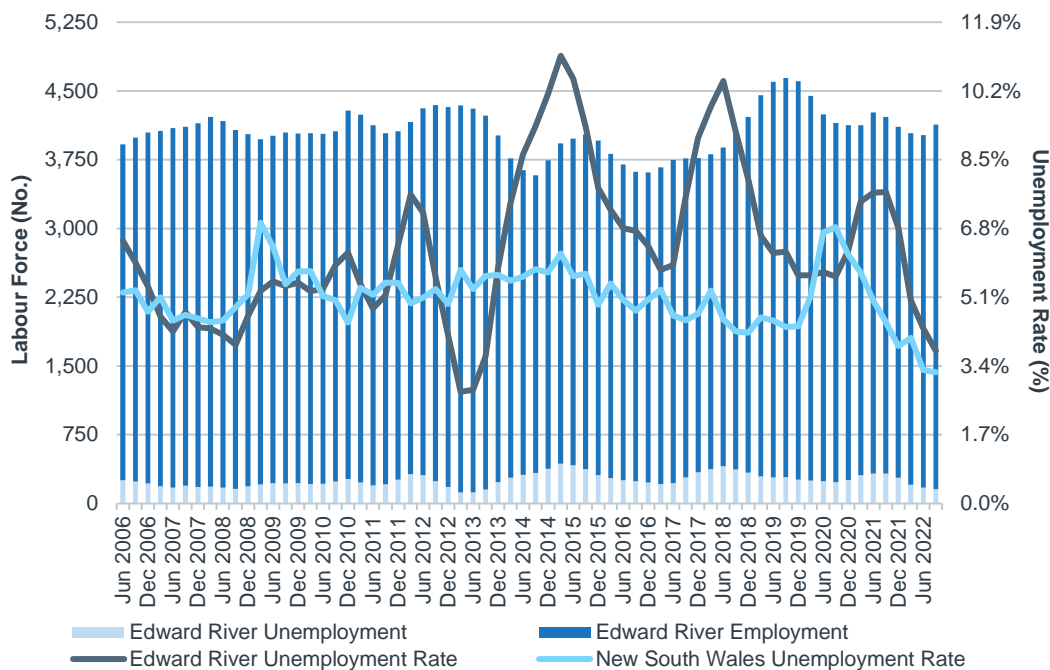
The higher average unemployment rate experienced in Edward River compared to the State average could be attributed to factors such as droughts, which may have reduced employment opportunities in the Agriculture, Forestry and Fishing industry since 2010. Rice is a primary agricultural product of the Edward River LGA, as it is home to SunRice, the largest rice mill in the Southern Hemisphere (Edward River Council, 2020). Unfortunately, SunRice had to reduce its operations in 2014 and 2018 due to unforeseen circumstances. Additionally, the Deniliquin abattoir, one of the largest employers in Deniliquin, ceased operations in 2018, which also impacted employment opportunities in the region (ABC, 2014; ABC, 2018, Sheep Central, 2019).

The unemployment rate for the Edward River LGA in the September quarter 2022 was 3.8%, signalling that employment conditions in the region may have improved.

Labour Force

The labour force in Edward River has remained relatively steady between 2006 and 2022. The number of people in the labour force has fluctuated over time, with a low of 3,600 people in late 2014 and a peak of 4,600 people in late 2019. In late 2022, the labour force was 4,100 people.

Figure 0.1 Labour Market, Edward River 2006 to 2022



Note: 2022 includes data from January to September 2022.
Source: DoEWR, 2022

Weekly Household Incomes

According to the Australian Bureau of Statistics (ABS) data, the average weekly household income in Edward River LGA was \$1,600 in 2021, which is \$700 less than the average weekly household income in New South Wales

(\$2,300). The lower average household income in Edward River LGA may be attributed to various factors, including a smaller proportion of workers being employed in industries such as Professional, Scientific and Technical Services and Financial and Insurance Services, which typically have higher wages. Instead, more people in the LGA are employed in the Agriculture, Forestry and Fishing, and Healthcare and Social Assistance industries (Source: ABS 2022c, DoEWR 2022, AEC (unpublished)).

Vacancy Rates

According to the ABS, the vacancy rate in the Edward River LGA remains relatively high at 12.4% in 2021 (vs 11.9% in 2006), with the New South Wales average vacant rate being 8.9% in 2021 (vs 9.5% in 2006).

Residential Building Approvals

According to the ABS, the number of residential building approvals in the Edward River LGA dropped from 14 approvals in 2016-17 to just 5 approvals in 2017-18 but has since recovered to 12 approvals in 2021-22. The number of approvals tends to trend in line with population movements in the region. Higher recent approvals could also be aided by the support initiatives for residential home building, including the Federal HomeBuilder grant, and the low interest rates over the same period, with New South Wales also recording high volumes of residential building approvals in 2020-21 and 2021-22.

Tourism Profile

Tourism is an essential economic driver in the Edward River LGA, with various promotional activities and events held in the region, including the Play on the Plains Festival and the Deniliquin Ute Muster, with the latter attracting 20,000 people annually.

Noted tourism statistics for Deniliquin include:

- From 2009-10 to 2018-19, visitation to Deniliquin fluctuated between a peak of 442,000 visitors in 2016-17 and a low of 152,000 visitors in 2013-14.
- The COVID-19 pandemic has affected visitation to the region since 2019-20, with an average of 224,000 visitors per year from 2019-20 to 2021-22 compared to an average of 304,000 visitors per year from 2014-15 to 2018-19.
- In 2021-22, Deniliquin and the surrounding region attracted 213,000 visitors, down from the pre-pandemic visitation level of 282,000 in 2018-19.
- In 2021-22, the largest proportion of visitors to Deniliquin came for a holiday (25.3%), followed by medical reasons (19.2%) and shopping and visiting relatives (16.2% each).
- In 2021-22, visitors to Deniliquin stayed for an average of 2.6 days.
- In 2021-22, the most common activity undertaken by visitors in Deniliquin was eating or dining out (23.9%), followed by sightseeing, looking around, and visiting friends and relatives (10.8% each).
- In 2021-22, just under half of visitors (48.9%) stayed overnight, with 50.7% being day visitors and the remaining being international visitors.
- In 2021-22, spending by each visitor in Deniliquin averaged approximately \$170 per day/night, totalling \$33.4 million for the year.