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Our City Our future

Fairfield City
Celebrating diversity

2020/21 - 2029/30 LONG TERM FINANCIAL PLAN

Fairfield Adventure Park, Fairfield

INTEGRATED **PLANNING** AND **REPORTING** FRAMEWORK

Contents


Wave Pool Concept, Aquatopia

EXECUTIVE SUMMARY

Council has developed this Long Term Financial Plan (LTFP) to outline the steps it will take to address the major financial challenges and opportunities which will impact on the way it does business over the next 10 years. The main objectives of the LTFP are to achieve Council's financial sustainability and to inform Council's decisions about the services and new initiatives it will deliver. The LTFP is updated each year to provide a rolling 10 year outlook.

The impacts of COVID-19 have been included in this LTFP. In less than six months, the coronavirus has gripped the world taking a terrible toll on families and pushing many nations' healthcare systems to the edge. Meanwhile, actions being taken to limit the virus's spread including social distancing, travel bans and forced lockdowns are leaving whole industries in financial ruin and crippling economic activity.

Governments around the world have undertaken massive fiscal and monetary actions aimed at supporting their citizens through cash handouts and tax relief while providing cheap funding to the banking sector to maintain the liquidity critical to eventual recovery. While these actions have proven successful in largely staving off global financial panic, there is little doubt that more economic pain is in the offing as these measures are wound back. Optimistically, the IMF is predicting economies to stage a recovery in 2021 barring multiple waves of the virus and intermittent lockdowns & bans. The LTFP has used the assumption that there will be significant impacts in the 2020/21 year with a staged recovery thereafter, but it is difficult to accurately predict time frames and the full extent at this time as the pandemic continues to evolve.

In summary, this LTFP demonstrates that Fairfield City Council is in a stable financial position over the next 10 years. With the exception of the 2020/21 year heavily impacted from the effects of COVID, it is projected to

- deliver operating surpluses each year,
- meet all "Fit for the Future' benchmarks as set by the State Government, and
- achieve its own financial sustainability benchmarks.

This puts Council in a very good position to continue to deliver services that are important for its community and to introduce new initiatives that are identified as priorities in the Fairfield City Plan.

Since 2009-10 Council has implemented an ongoing program of productivity improvements, cost containments and revenue opportunities. The savings that have been achieved combined with a special rate variation (SRV) in 2014-15 have significantly improved Council's financial sustainability as well as its ability to deliver priority services and initiatives for the community. The purpose of the SRV was to achieve two outcomes - to enable Council to address its asset backlog thus ensuring the condition of its assets remain stable over the next 10 years, and to support a number of new capital initiatives which are delivering new and improved facilities to the community.

The preparation of the LTFP commenced with a detailed (internal) analysis of the 2020/21 budget. Next, a review of external influences such as population growth, inflation, interest rates and economic growth were considered when assessing the future years, assuming that there will be significant impacts from COVID in the 2020/21 year with a staged recovery thereafter.

The outcomes from the internal analysis and review of external influences have been combined to project the future.

The key objectives when developing this LTFP are:

- Balanced Budgets / Operational Surpluses
- Continuous Financial Improvement
- Achievement of Financial Sustainability Benchmarks
- Achievement of Fit For The Future Benchmarks prescribed by the State Government.

Salaries and wages represent 43.8% of total costs. The industry award claim continues to match or exceed the Independent Pricing and Regulatory Tribunal (IPART) rates cap for Council's each year. Council will need a range of strategies to manage this gap without adversely impacting service levels or financial sustainability. It is noted that the LTFP projections indicate continued achievement of all of the aforementioned benchmarks despite this gap.

Significant initiatives taken by Council to reduce its reliance on rates and remain financially sustainable while delivering priority services to the community include:

- The Sustainable Resource Centre commercial operations,
- Property Development Fund (PDF), Councils commercial property business and
- Council's efficiency program including service and service level reviews

Summary of Financial Forecasts

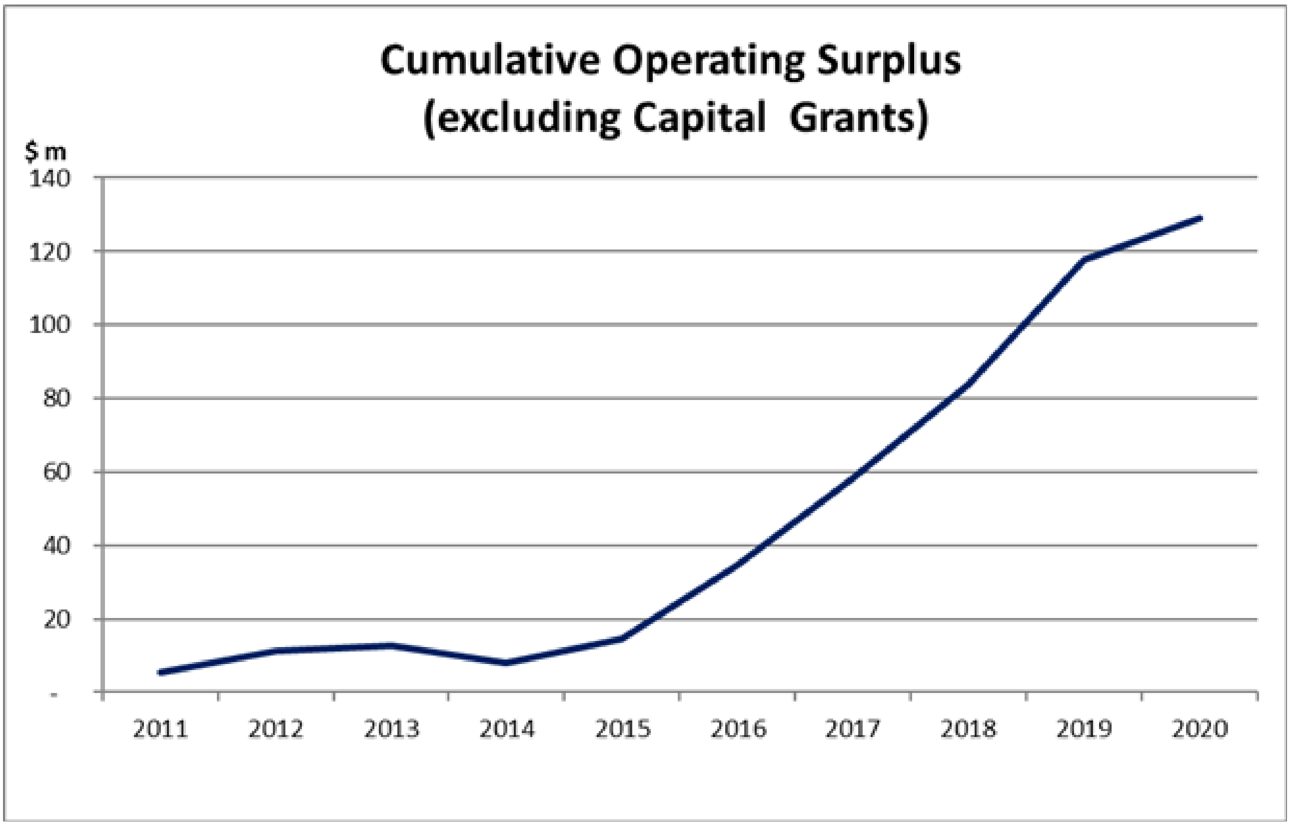
Presented below are extracts from the 10 year LTFP projections and the expected performance against various benchmarks across the 10 year horizon

Key Financial Measures	Financial Year ($'000)										
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Net Operating Results	28,319	12,006	25,096	26,913	27,832	28,012	28,512	29,017	29,650	30,628	31,543
Net Operating Result (Before Capita	250	-3,021	1,412	2,756	3,191	2,879	2,876	2,868	2,978	3,422	3,793
Cash & Cash Equivalent	20,717	9,609	10,670	13,863	17,496	20,727	23,790	26,743	29,636	32,819	36,873
Cash, Cash Equivalent & Investment	127,544	116,436	117,497	120,690	124,323	127,554	130,617	133,570	136,463	139,646	143,700
Net Assets	2,086,004	2,098,010	2,123,107	2,150,020	2,177,852	2,205,865	2,234,377	2,263,395	2,293,045	2,323,673	2,355,216

The table above shows that Council is forecast to achieve stated goals, with the exception of the 2020/2021 year due to the impact of COVID. A positive net operating result is expected in each year of the LTFP as well as a better than breakeven net operating result before capital grants. Cash and cash equivalents decline in the 2020/2021 year due to significant capital spend and reduced revenue from COVID impacts, but will then increase to sufficient levels. Council's net asset base also continues to grow across the LTFP period.

The State Government released financial benchmarks as part of its 'Fit for the Future' package for all NSW Councils. These benchmarks are incorporated into this document and into Council's ongoing monitoring of its financial performance and outlook.

The Key Financial Indicators are displayed in the tables below. They confirm that the key objectives of balanced budgets/operational surpluses, continuous financial improvement, achievement of financial sustainability benchmarks and achievement of Fit For The Future (FFTF) benchmarks will be achieved.
This 10 year forecast builds on the strength of Council's performance over the last 10 years that has delivered consistent operating surpluses (refer graph below).



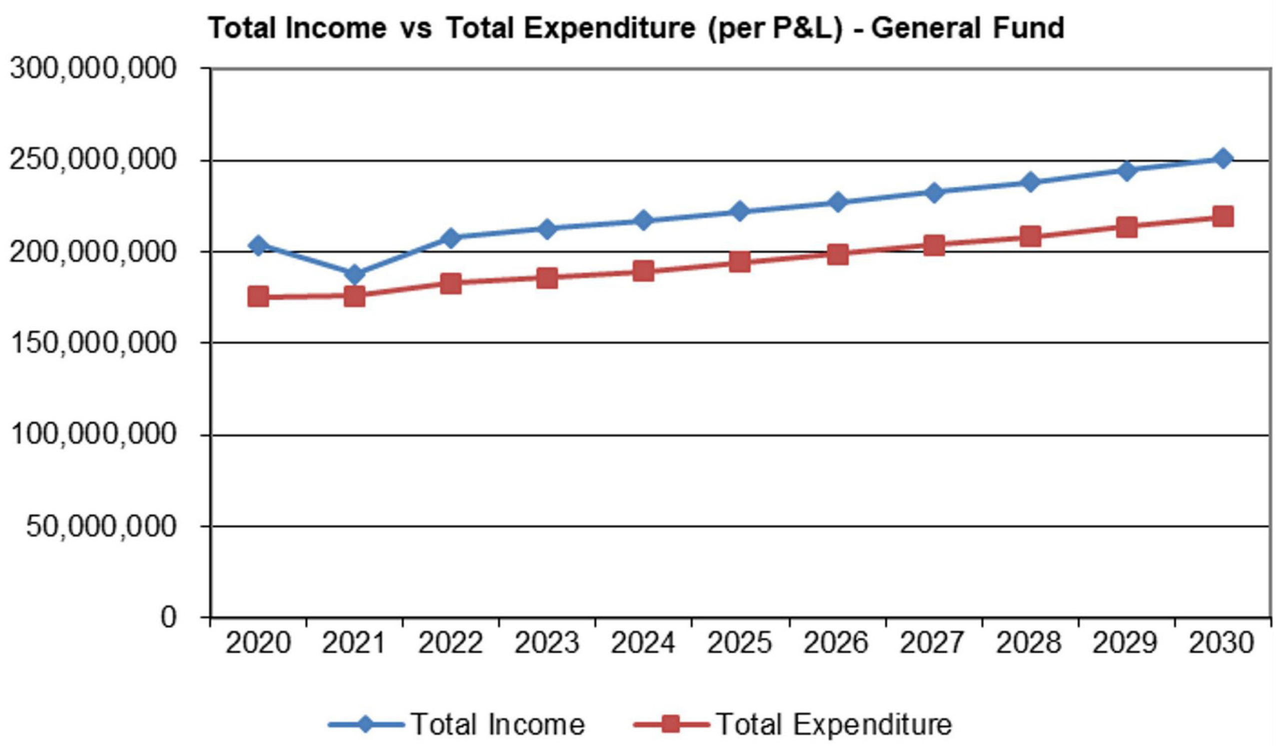
Key Performance Indicators

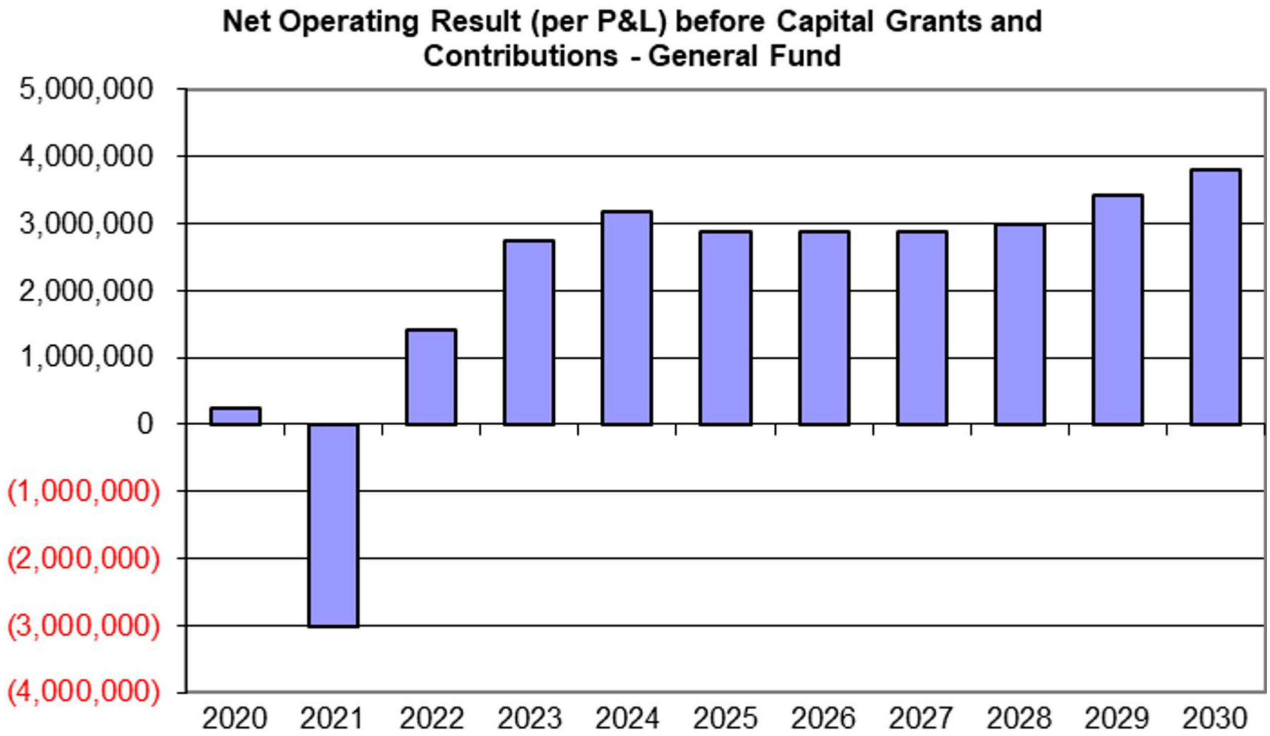
(See Appendix for an explanation of the Indicators)

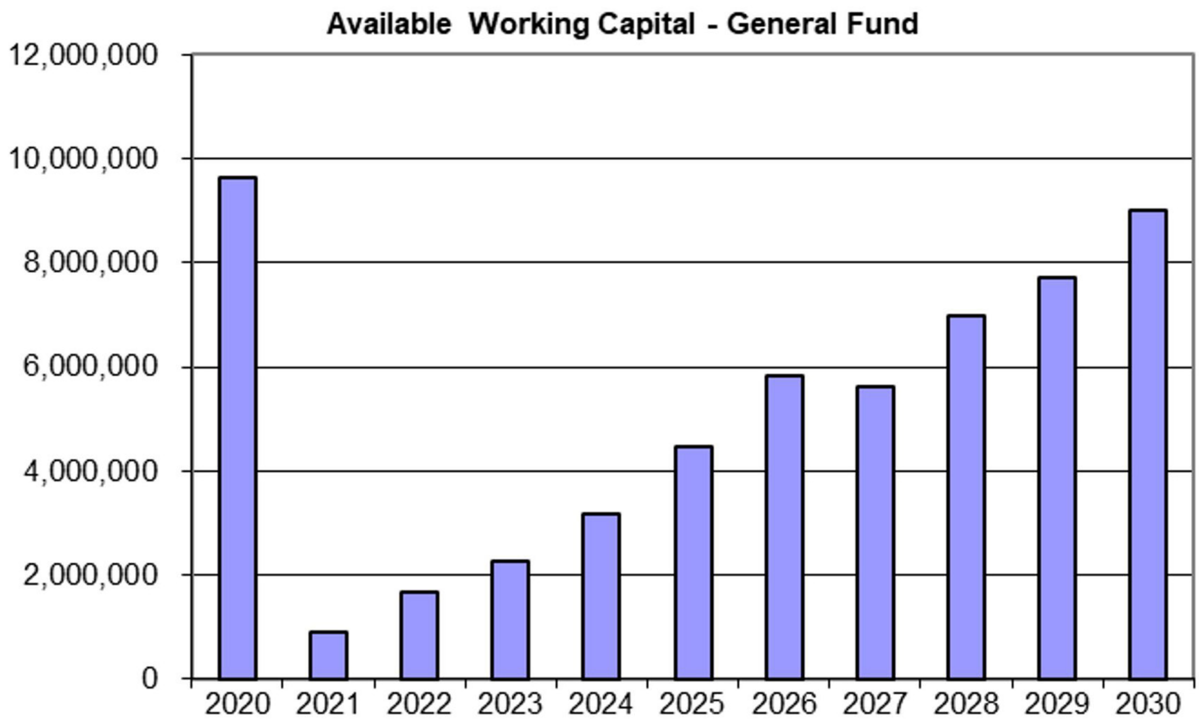
- Within benchmark
- Not w ithin benchmark

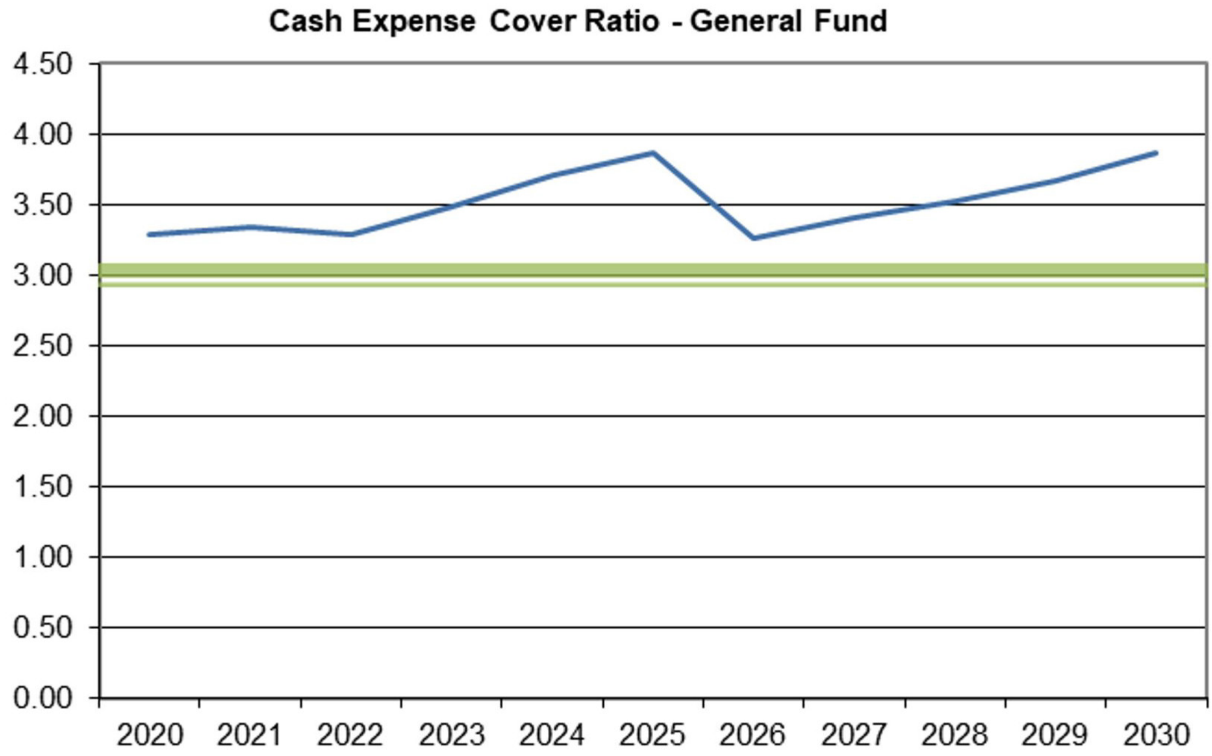
Council's Key Performance Indicators	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Operating Performance Ratio	0.47%	-1.90%	0.52%	1.23%	1.43%	1.24%	1.21%	1.17%	1.20%	1.37%	1.50%
Own Source Operating Revenue Ratio	76.18%	81.93%	78.96%	79.35%	79.34%	79.35%	79.39%	79.46%	79.49%	79.57%	79.65%
Unrestricted Current Ratio	3.23	3.16	3.11	3.30	3.37	3.39	3.42	3.15	3.21	3.57	4.21
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	3.39%	3.41%	3.41%	3.41%	3.41%	3.41%	3.41%	3.41%	3.41%	3.41%	3.41%
Building & Infrastructure Asset Renewal Ratio	102.48%	102.91%	103.27%	102.94%	103.09%	102.61%	102.23%	100.96%	102.35%	102.00%	102.00%
Infrastructure Backlog Ratio	1.87	1.85	1.84	1.80	1.78	1.76	1.80	1.82	1.80	1.80	1.80
Asset Maintenance Ratio	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
Debt Service Ratio	0.08%	0.49%	0.83%	0.81%	0.62%	0.60%	0.59%	0.58%	0.56%	0.55%	0.53%
Real Operating Expenditure per Capita Ratio	629.21	625.56	617.02	611.04	605.12	602.70	600.29	599.25	597.89	597.00	597.00

The financial trends over the 10 years of the LTFP are represented in the Graphs below further indicate achievement of the stated objectives.




Net Operating Result (per P&L) before Capital Grants and Contributions - General Fund
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
(1,000,000)
(2,000,000)
(3,000,000)
(4,000,000)
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030


Available Working Capital - General Fund
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
0
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030



Council's future position has been forecast on the basis of a continuance of "normal operations" as amended for SRV initiatives and underpinned by conservative assumptions and initiatives/efficiencies underway or achievable. This demonstrates a sound financial foundation and a readiness for future challenges. Hence Council could be expected to withstand adverse impacts or shocks outside of these assumptions as has been necessary during COVID. A focus on continuous improvement has the potential to deliver an upside to these projections, these initiatives are detailed in the Productivity Improvement, Revenue Opportunities, Cost Containment Strategies section of this document.


Deerbush Park Concept, Fairfield Showground

FIT FOR THE FUTURE ANALYSIS

In 2015 the NSW State Government provided a self-assessment tool that measured retrospectively over a period of three years from audited published financial statements and generated a series of benchmarks or ratios. These benchmarks provided a recommended or 'hurdle' result that generated a 'Yes' or 'No' outcome whether the Council met the Fit for the Future Benchmarks. The projected outcomes for each of the Fit for the Future measures are achieved, with the exception of the COVID affected 2020/2021 year, as noted in the Key Performance Indicators table above.

Council identified in previous LTFP's a series of interventions and cost containment actions that are continuing to deliver efficiencies. Significant structural reform has been undertaken in recent years which have achieved a reduction of 4.5% in employee costs and 7.6% in improved revenues and reduction of costs. The impact of this structural reform has reduced the pressure to find significant financial savings in the short to medium term (i.e. said intervention initiatives). However, continuous improvement in financial results remains a goal for Council and future initiatives are detailed in the Productivity Improvement, Revenue Opportunities, Cost Containment Strategies section of this document.

Previous financial results and projections had been adversely affected by the introduction of new accounting standards regarding asset revaluations, the related impacts on depreciation expense and application of the depreciation methodology. As a result, there has been an ongoing review of depreciation in line with the improvement in asset management plans over several years, culminating in a change of policy from 2015/16. The application of this policy improves projected financial outcomes.

Special Schedule 7 is a reporting requirement that has limitations caused by a lack of consistency of data across Councils or appropriate consistent auditing standards. This view is supported and recognized in the guidance provided in the description of the ratios where it was noted "*It is acknowledged, that the reliability of infrastructure data within NSW local government is mixed. However, as asset management practices within councils improve, it is anticipated that infrastructure reporting data reliability and quality will increase*". Fairfield Council as part of its Integrated Planning and Reporting improvements has a rigorous approach to asset management and uses these principles to model the optimum expenditure to enable Council to address its asset backlog and ensure the condition of its assets remain stable over the next 10 years compared to the benchmark requirement of less than 2%. This approach addresses any asset backlog percentage by:

- Measuring the cost to bring the asset to a satisfactory condition as prescribed by the Office of Local Government as condition 3.
- Recommending to consult with the community to determine the asset condition that is considered acceptable to deliver the required level of service. This may mean, for example, that an asset in condition 4 (poor) may still deliver the required level of service and thus not form part of the asset backlog. This consultation is anticipated to deliver a significant reduction in the asset backlog.
- The Special Rate Variation (SRV) granted by IPART for Council commencing July 2014 included a recognition that Asset Management Plans addressing Asset backlog was a priority for Fairfield Council and this results in an additional $40m over 10 years to be spent on asset upgrades.

Other initiatives have been pursued to further improve Council's long term financial position.

- The Property Development Fund (PDF) provides opportunity to extract value from Council's commercial assets. Examples of the value of PDF include:
  - $14m net return from a 41 lot sub-division at Diamond Crescent in 2015/16
  - the development of a commercial retail Centre of Dutton Plaza in Cabramatta in 2016/17 with projected gross retail incomes of $3m
  - an additional 9 lot sub-division in Smithfield completed in 2019/20
  - Investigating opportunities for commercial Council land holdings throughout the LGA including Prairiewood and Fairfield CBD

INTEGRATED PLANNING AND REPORTING

The Local Government Integrated Planning and Reporting (IPR) Framework is a legislative requirement for all NSW councils. Councils are required to develop a series of long, medium and short term plans to ensure councils are more community focused, responsive and sustainable in the long term.

*The red box above identifies the document you are reading and where it sits in the Framework.

What are the Plans in the Framework?

Fairfield City Council's IPR Framework is made up of a number of plans including:

- Fairfield City Plan (10 years) *Community Strategic Plan*
- Delivery Program (4 years)
- Operational Plan (1 year)

These plans are informed by a Resourcing Strategy (10 years) that is made up of:

- Long Term Financial Plan (money)
- Asset Management Policy, Strategy and Plans (assets)
- Workforce Management Plan (people)

About the Resourcing Strategy

The resourcing strategy is the point at which Council reviews what money (Long Term Financial Plan), assets (Asset Management Strategy) and people (Workforce Management Plan) that are available to deliver the services, major programs and projects to the community. The resourcing strategy determines what Council as a stakeholder is able to deliver of the community's vision, priorities and needs as set out in the 2016-2026 Fairfield City Plan (City Plan).

About the Long Term Financial Plan

Council's 2020/21 to 2029/2030 Long Term Financial Plan (LTFP) provides a forecast of Council's financial position for the next 10 years. The LTFP examines different options to improve Council's financial position while continuing to work towards the vision, priorities and needs identified by the Community in the Fairfield City Plan. The LTFP is also a way for Council to identify financial issues at an earlier stage and the impact of these over the longer term.

Details of the LTFP forms the basis for each Delivery Program and links to the Asset Management Strategy and Workforce Management through its funding allocated to all asset and staffing requirements which are listed in the service budgets included at a high level in the Delivery Program and in detail in the Operational Plan.

The LTFP is updated each year in the development of the Operational Plan to review assumptions and any changes in forecasted expenditure. Service budgets are then reviewed by Council and updated into the Operational Plan.

Canley Vale Station, Canley Vale

INTRODUCTION

The increasing demands for services, growth in the cost of labour and materials, combined with a legislated cap in revenue generated from rates, has created a challenging financial environment for all councils including Fairfield City Council.

At the centre of Council's future financial sustainability will be the ability to adapt and respond to the challenges faced in delivering services more efficiently, reducing expenditure, and delivering opportunities to generate additional revenue sources.

Council's LTFP is a requirement under the Integrated Planning and Reporting (IP&R) Framework for NSW Local Government and form parts of the Resourcing Strategy, along with the Strategic Asset Management Plan and the Workforce Plan.

The LTFP provides a framework by which Council can assess its revenue building capacity to meet the activities and level of services outlined in the Delivery Program and ultimately achieving the community vision. It also:

- Establishes transparency and accountability of Council to the community;
- Provides an opportunity for early identification of financial issues and any likely impacts in the longer term;
- Provides a mechanism to solve financial problems as a whole, see how various plans fit together, and understand the impact of certain decisions on other plans or strategies;
- Provides a means of measuring Council's success in implementing strategies; and
- Confirms that Council can remain sustainable in the longer term.

The LTFP is a decision making and problem solving tool. It is not intended that the LTFP is set in concrete – it is a guide for future action. Financial planning over a ten year horizon is difficult and obviously relies on a variety of assumptions that may be subject to change during this period. Changes in these assumptions, external influences on operations such as economic impacts and decisions made by Council across the last 12 months are all reasons why revised projections for future years may differ from previous projections. To assist in understanding the influences affecting those previous projections, this document includes a comparison of the 2020/21 income statement from last year's LTFP and the 2020/21 income statement in this LTFP projection.

The 10 year LTFP is informed by decision making during the finalisation of the Delivery Program (4 year horizon). It is updated annually as part of the development of the Operational Plan (one year budget). It is also reassessed in detail as part of the four-yearly review of the suite of IP&R documents. The first year of each LTFP mirrors the annual budget for that current year and this flow on effect streamlines the annual budget process.

The preparation of the LTFP commenced with a detailed analysis of the 2020/21 budget. An internal analysis was conducted to:

- remove the impacts of income and expenditure items considered unique to the 2020/21 year and not of a recurring nature (COVID);
- consider efficiencies already achieved or beginning to be achieved from structural reviews and projects recently undertaken by Council or in progress;
- review items outlined in the SRV application to ensure all had been incorporated into both the budget and the subsequent years of the LTFP; and
- ensure actions and plans contained in other Council internal and published documents – such as Asset Management Plans, Workforce Management Plan, Service Statements, Operational Plan, Community Strategic Plan and Delivery Program – had been appropriately included in future projections.

Next, a review of external influences such as population growth, inflation, interest rates and economic growth were considered when assessing the future years of the LTFP. COVID poses a significant disrupter to the LTFP as the depth and length of the economic impacts and recovery are still unknown and likely to evolve over time.

The outcomes from the internal analysis and review of external influences have then been combined to project the future. Council's future position has then been forecast on the basis of a continuance of "normal operations" as amended for SRV initiatives and as affected by the external influences. Council's "Normal operations" are documented in the annual Operational Plans. Levels of service however may not remain the same given changes in community expectations in future years of the Plan.

PLANNING ASSUMPTIONS

Global Economic Conditions

In less than six months, the coronavirus has gripped the world taking a terrible toll on families and pushing many nations' healthcare systems to the edge. Meanwhile, actions being taken to limit the virus's spread including social distancing, travel bans and forced lockdowns are leaving whole industries in financial ruin and crippling economic activity.

Governments around the world have undertaken massive fiscal and monetary actions aimed at supporting their citizens through cash handouts and tax relief while providing cheap funding to the banking sector to maintain the liquidity critical to eventual recovery. While these actions have proven successful in largely staving off global financial panic, there is little doubt that more economic pain is in the offing as these measures are wound back.

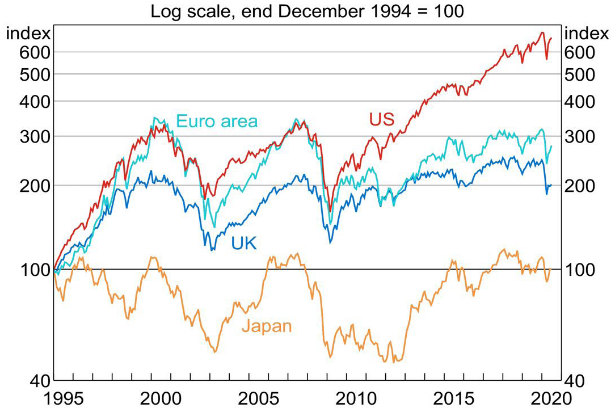
The International Monetary Fund (IMF) is projecting the economic output of the world's advanced economies to plummet by 8% during 2020 with much of that drop showing up in the June quarter after the initial wave of the virus has traversed the globe. Optimistically, the IMF is predicting economies to stage a recovery in 2021 barring multiple waves of the virus and intermittent lockdowns & bans.

(real GDP, annual percent change)		PROJECTIONS	
	2019	2020	2021
World Output	2.9	-4.9	5.4
Advanced Economies	1.7	-8.0	4.8
United States	2.3	-8.0	4.5
Euro Area	1.3	-10.2	6.0
Germany	06	-7.8	5.4
France	1.5	-12.5	7.3
Italy	0.3	-12.8	6.3
Spain	2.0	-12.8	6.3
Japan	0.7	-5.8	2.4
United Kingdom	1.4	-10.2	6.3
Canada	1.7	-8.4	4.9
Other Advanced Economies	1.7	-4.8	4.2

The stimulus measures taken by advanced nations have provided share markets with a, possibly false, sense of confidence with drops well short of GFC levels. Meanwhile central banks have slashed official interest rates, some going negative, and flooded the monetary system with cash to encourage spending and ease financial stress.

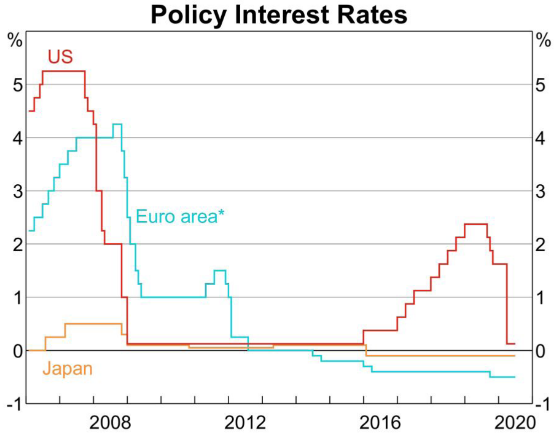
Advanced Economies' Share Price Indices

Log scale, end December 1994 = 100



Sources: Bloomberg; RBA

Policy Interest Rates



* Main refinancing rate until the introduction of 3-year LTROs in December 2011; deposit facility rate thereafter

Source: Central banks

Asia

Though still affected by the coronavirus pandemic, several Asian countries have started to reopen their economies and are making efforts to resume work and production. However, in the absence of a medical solution (e.g. the development, production, and use of effective medicines and vaccines), the strength of the recovery remains highly uncertain.

Asia's economic growth in the first quarter of 2020 was better than expectations due to early stabilization of the virus in some countries. But, economists have revised downward their projections for 2020 for most of the countries in the region on account of weaker global conditions and more protracted containment measures in several emerging economies.

The International Monetary Fund is projecting that only a very small number of economies in Asia and the Pacific will have economic growth this year, including China by +1.0%. Most economies in the region are expected to contract in 2020, and some quite sharply—Korea by around 2%, India by 4.5%, Japan by 5.8%, and some other economies by even more, given their dependence on tourism and/or commodities.

United States

In the US, although fiscal and monetary policy was successful in protecting the finances of people and businesses, lockdowns in much of the country failed to stifle the virus. As large sections of the country did not follow expert advice regarding face masks and social distancing while coming out of lockdown, the number of cases are rising rapidly. Meanwhile, due to the surging cases, economic activity is once again at risk, potentially requiring further massive fiscal expenditure.

Without new action by Congress, there will be a historically large fiscal contraction in August and, soon thereafter, a shift in the regulatory environment that could lead to increased financial stress for millions of households and their creditors.

Economists are projecting the US economy to contract by 8% during 2020 because of the virus lockdowns to date. However, if the economy remains weak for a prolonged period, there could be disruption of other industries due to overall weak demand which, in turn, could unleash a more traditional recession.

Europe

The European Union passed a landmark agreement to provide significant support to member countries with a €750bln stimulus package. The allocation of funds will be determined by the individual countries' economic harm stemming from the coronavirus pandemic.

Although economists are projecting the Euro Area's GDP to contract by 10% this year, the stimulus package is expected to go a long way in stemming a worst-case scenario. The markets took the news positively, both in regard to virus related support and the precedence the nations set for establishing a common fiscal policy.

Synthetic Pitch,
Fairfield Showground

Australian Economic Conditions

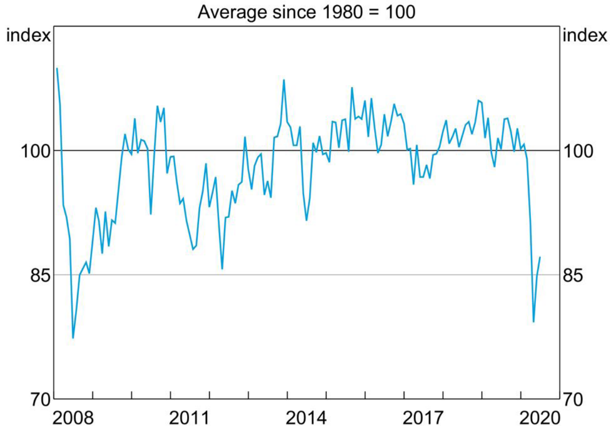
Australia has been lauded as a world leader in its handling of the coronavirus crisis, but it has not come without economic pain.

Actions taken to limit the virus's spread, particularly lockdowns, have resulted in financial stress among households and businesses. While government stimulus plans such as JobKeeper have helped households make ends meet, consumers remain anxious regarding job security prospects and the possibility of a cut to the benefits before their jobs can support them again.

Consequently, consumer sentiment has dropped to levels not seen since the GFC while key businesses surveys are reporting drops in conditions, confidence and capacity utilisation well below GFC-era responses.

Consumer Sentiment*

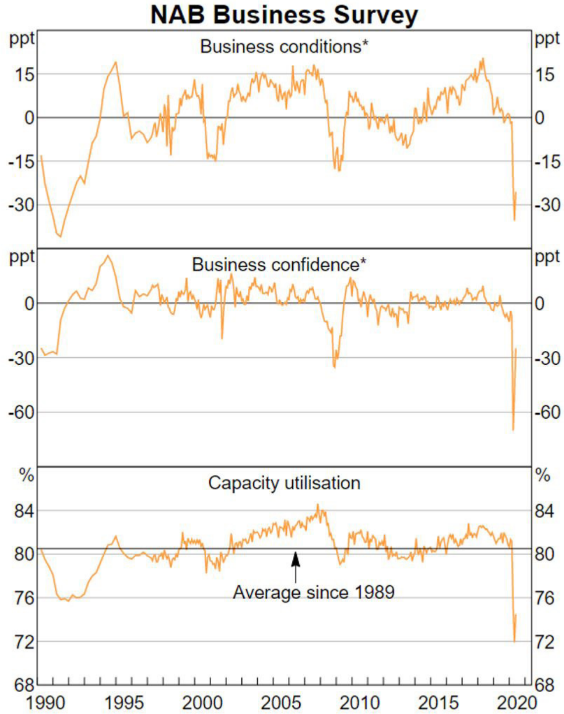
Average since 1980 = 100



* Average of the ANZ-Roy Morgan and Westpac-Melbourne Institute consumer sentiment measure of respondents' perceptions of their personal finances relative to the previous year; ANZ-Roy Morgan index rescaled to have the same average as the Westpac-Melbourne Institute index since 1996

Sources: ANZ-Roy Morgan; RBA; Westpac and Melbourne Institute

NAB Business Survey



* Net balance; deviation from average since 1989

Sources: NAB; RBA

With April and May being the months with the most stringent restrictions in place, the June quarter GDP is expected to reveal a contraction of 8%pa, in line with IMF's expectations for the average of the world's advanced economies.

Modest recovery is expected in the upcoming 2020/21 financial year, but unemployment is projected to remain stubbornly high for several years:

Long Term Forecasts July 2020	Current	1 2020/21 Forecast	2 2021/22 Forecast	3 2022/23 Forecast	4 2023/24 Forecast	5 2024/25 Forecast	6 2025/26 Forecast	7 2026/27 Forecast	8 2027/28 Forecast	9 2028/29 Forecast	10 2029/30 Forecast
ECONOMIC FORECASTS											
World GDP (w/June Qtr forecast)	-4.9% (fcst)	5.40%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%
Australian GDP (w/June Qtr forecast)	-8.0% (fcst)	-2.50%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Australian CPI (w/June Qtr forecast)	-0.40% (fcst)	1.25%	1.00%	1.50%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%
Australian Unemployment Rate	7.40%	8.75%	6.50%	6.25%	6.00%	5.75%	5.50%	5.25%	5.25%	5.25%	5.25%
Australian Wage Growth	2.10%	1.25%	2.00%	2.00%	2.50%	3.00%	3.00%	3.25%	3.25%	3.50%	3.50%
AUSTRALIAN INTEREST RATES											
RBA Cash Rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	1.00%	1.00%	1.00%
90 Day Bank Bill	0.10%	0.21%	0.33%	0.45%	0.64%	0.89%	1.12%	1.30%	1.41%	1.52%	1.63%
Approx performance over 90day Bank Bill (ex-growth)	1.10%	0.80%	0.70%	0.70%	0.70%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Forecast Investment Returns (yield, ex-growth)	1.20%	1.01%	1.03%	1.15%	1.34%	1.49%	1.72%	1.90%	2.01%	2.12%	2.23%

Sources: International Monetary Fund; Reuters; Reserve Bank of Australia; Commonwealth Budget forecasts

ASSET MANAGEMENT, CAPITAL EXPENDITURE AND DEPRECIATION

An asset revaluation required under the Fair Value Accounting Standard every five years was undertaken in the 2019/20 year using replacement cost data. Compounded CPI has been assumed in the 2024/25 and 2029/30 years to derive the revaluation required in those years. The depreciation impact follows in the year after revaluation.

Asset Management

Council's assets are considered to be in a comparatively good condition with only 1.8% of all assets falling into the poor (condition 4) and 0.4% in the very poor (condition 5) categories as a percentage of replacement cost (per Special Schedule No. 7 2019 Published Financial Statements). The table below shows the comparative asset conditions for neighbouring and other comparable Councils.

	Fairfield City Council 2019	Blacktown City Council 2019	Cumberland Council 2019	Liverpool City Council 2019	Parramatta City Council 2019	Penrith City Council 2019
1 (Excellent)	35.00%	28.10%	40.60%	34.20%	29.00%	25.70%
2 (Good)	37.20%	45.50%	30.20%	36.80%	43.10%	29.70%
3 (Average)	25.70%	25.00%	24.50%	23.10%	24.40%	32.30%
4 (Poor)	1.80%	0.70%	4.20%	2.40%	1.80%	8.10%
5 (Very Poor)	0.40%	0.60%	0.50%	3.50%	1.70%	4.20%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

The Special Rate Variation (SRV) included recognition that Asset Management Plans addressing Asset backlog was a priority for Council. This will result in an additional $42m over 10 years being spent on asset upgrades.

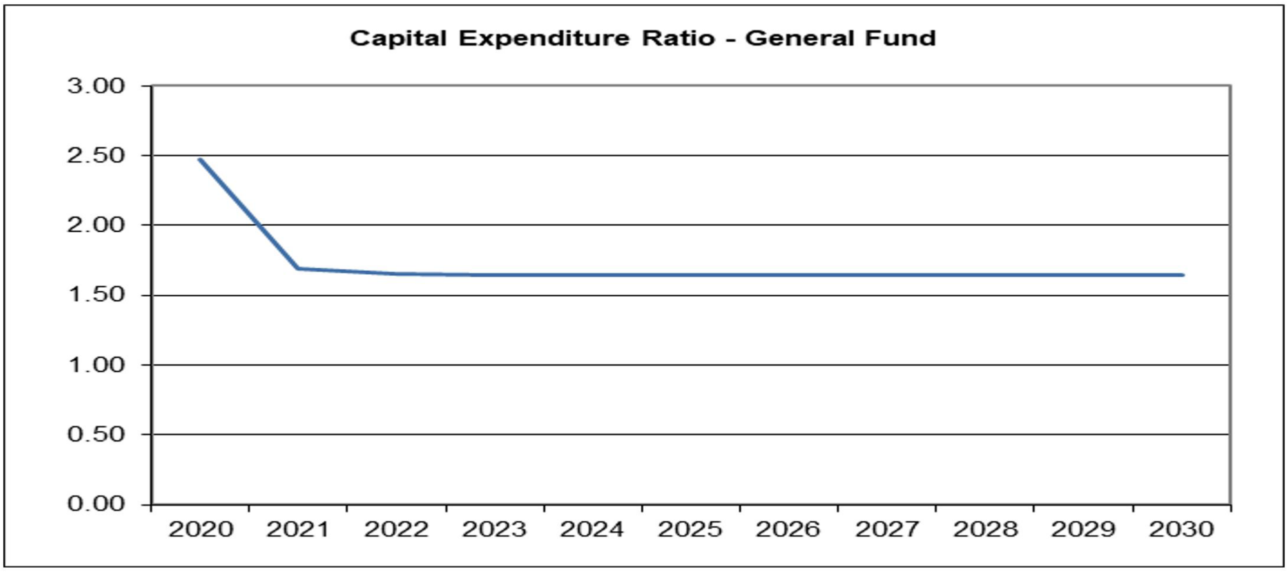
Capital Expenditure

Council undertakes a number of major works programs each year with the specific locations or tasks listed in the annual Operational Plan. The Major Programs are:

- Disability Upgrades – Access Improvement Program
- CCTV Camera renewal
    - Road Renewal / Upgrade
    - Road Rehabilitation
    - Roads to Recovery
    - Roads and Maritime Services Repair
    - Road & Maritime Services 3*3 Grant
- Building Assets Renewal / Upgrade
- Footpath Renewal / Upgrade / New
- Emergency Asset Failure
- Open Space Land Acquisition & Embellishment
- Open Space Asset Renewal / Upgrade
- Traffic Management Renewal / Upgrade / New
    - Local Area and Traffic Management
    - Pedestrian Access and Mobility Plan
    - Blackspot
- Plant and Equipment Replacement
    - Construction
    - Sustainable Resource Centre
    - Waste Services
- Existing Stormwater Management
- Information and Communication Technology
- Flood Mitigation
- Stormwater Levy
- Better Waste and recycling fund - Part
- Place Management and Economic Development - Part
- Fleet Renewal Program
- Upgrade of pools plant and equipment
- Special Rate Variation (SRV) initiatives
    - Drainage Upgrade
    - Kerbs and Gutters
    - Community Building Upgrades
    - Footpath Connections
    - Sports Ground Renovation and Upgrade
    - Open Space Upgrade

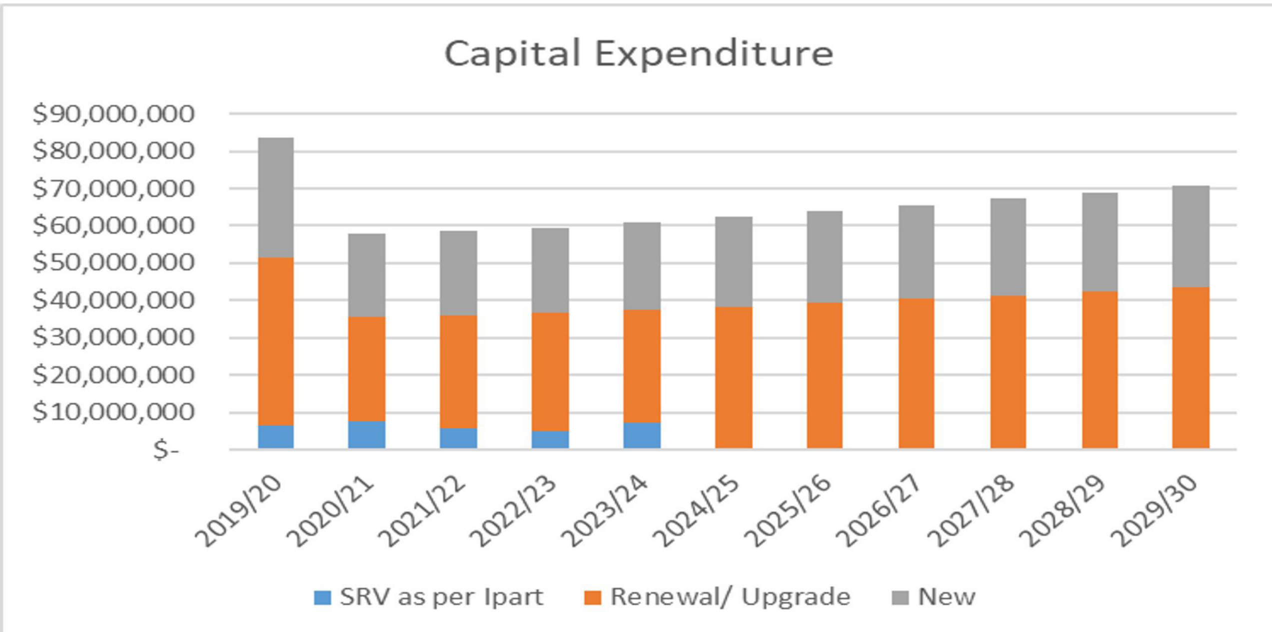
The capital expenditure programme over the life of the LTFP is consistent with the exception of increases in 2018/19 for the Regional Multicultural and Sporting Complex at Fairfield Showground ($7.55m), the Smithfield Road upgrade (grant funding of $4.4m), in the 2020/21 the Hughes St Car Park construction and Aquatopia capital works and $18m in both the 2019/20 and 2027/28 years relating to commercial developments as part of the property development fund. The capital expenditure ratio represents the capital spend in relation to depreciation expense.

The capital expenditure programme over the life of the LTFP is consistent with the exception of increases in 2020/21 for the Smithfield Road upgrade. The capital expenditure ratio represents the capital spend in relation to depreciation expense. A ratio of 1.00 means that capital expenditure equals depreciation, indicating that the asset base is being maintained. A ratio above 1.00 is targeted due to the mix of renewal and new capital activity.



The total (new and renewal) capital expenditure by asset class planned over the life of the LTFP is outlined in the table below. The graphs that follow show different dissections of this expenditure.

Total Assets	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Buildings	$ 8,818,976	$ 6,689,664	$ 6,756,561	$ 6,858,313	$ 7,029,357	$ 7,205,090	$ 7,385,217	$ 7,569,848	$ 5,890,209	$ 6,037,464	$ 6,188,401
Property Development Funds	$ 22,596,665	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$16,186,428	$ 16,591,089	$17,005,866
Footpaths	$ 3,932,698	$ 4,235,645	$ 4,278,002	$ 4,342,428	$ 4,450,726	$ 4,561,994	$ 4,676,044	$ 4,792,945	$ 3,729,460	$ 3,822,697	$ 3,918,264
Open Space	$ 11,312,768	$ 8,909,366	$ 8,998,459	$ 9,133,976	$ 9,361,772	$ 9,595,817	$ 9,835,712	$10,081,605	$ 7,844,644	$ 8,040,760	$ 8,241,779
Other Assets	$ 8,577,983	$ 10,913,026	$11,022,156	$11,188,149	$11,467,177	$11,753,856	$12,047,703	$12,348,896	$ 9,608,855	$ 9,849,076	$10,095,303
Plant	$ 5,460,861	$ 4,302,152	$ 4,345,173	$ 4,407,109	$ 4,520,611	$ 4,633,625	$ 4,749,466	$ 4,868,203	$ 3,788,019	$ 3,882,719	$ 3,979,787
Roads	$ 17,813,758	$ 17,463,531	$17,638,166	$17,903,795	$18,350,308	$18,809,065	$19,279,291	$19,761,274	$15,376,535	$ 15,760,948	$16,154,972
Stormwater Drainage	$ 5,257,491	$ 5,425,830	$ 5,480,088	$ 5,562,618	$ 5,701,348	$ 5,843,881	$ 5,989,978	$ 6,139,727	$ 4,777,411	$ 4,896,846	$ 5,019,267
TOTAL	$ 83,771,200	$ 57,939,214	$58,518,606	$59,396,389	$60,881,298	$62,403,329	$63,963,412	$65,562,497	$67,201,560	$ 68,881,599	$70,603,639



Depreciation

Council's financial results have contained a significant increase in depreciation expense as illustrated below.

Depreciation Exp.	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
- Buildings	5.7	5.7	6	6.1	10	9.5	6.3	8.5	6.4	7.3
- Infrastructure	11.3	13.6	13.6	14.2	14.7	16.3	16.4	17.2	18.3	17.6
- Other Assets	5	5	5	5.1	4.6	4.3	5.8	5	4.4	4.7
Total Depreciation	22	24.3	24.6	25.4	29.3	30.1	28.5	30.7	29.1	29.6

Note: Depreciation expense history, expressed in $ (millions)

This has been caused by:
- introduction of new accounting standards regarding asset revaluations
- the related impacts on depreciation expense
- application of the revised depreciation methodology since 2016

The Building asset category is the most significant contributor to the increase in the expense over the 2008 to 2017 period.

Over this 10 year period building additions of $64M have occurred, whilst net revaluations of $102.6M occurred in the 2 valuation years of 2008 and 2013. These significant increases in the $ base on which the depreciation expense is calculated is the reason for the expense increase.

The current depreciation calculation for annual deprecation charges is affected by the assessment of 'useful life' and 'asset condition'.
- Roads, bridges and footpath revaluations were performed by FCC based on the assessment of asset conditions and application of estimated useful lives to the components therein.
- Buildings revaluations were informed by an independent expert who applied useful lives in accordance with their knowledge for the components involved.

Comparison of FCC's financial statements to other councils in the Sydney metropolitan area indicated significant differences in useful life estimations. Differences in all aspects impacting on depreciation were noted – level of componentisation, useful lives and asset conditions. As shown in the table below, Fairfield Council currently ranks favourably in terms of depreciation and average asset life which is conservative. The current depreciation policy introduced in 2015/16 is used as the basis for the LTFP.

Published Financial Statements 30 June 2019

$000's	Infrastructure excluding Land (Depreciable Fair Value)	Depreciation Expense	%	Average # Years to fully Depreciate assets
Blacktown	2,452,857	68,979	2.81%	35.6
Fairfield	1,218,263	29,591	2.43%	41.2
Parramatta	1,785,456	45,898	2.57%	38.9
Cumberland	1,565,053	31,249	2.00%	50.1
Penrith	1,312,592	27,720	2.11%	47.4
Liverpool	2,081,788	38,713	1.86%	53.8

PRODUCTIVITY IMPROVEMENTS, REVENUE OPPORTUNITIES, COST CONTAINMENT STRATEGIES

Council's on-going service delivery, which includes Major Programs, makes up 95% of its annual budget. This is supplemented with specific projects undertaken each year.

Council operates a number of service oriented businesses. One of the demands for these services is staffing to meet regulatory or service standards. This creates ongoing pressures for Council's budget in terms of cost containment of employment expenses.

A number of factors have influenced Council in recent years to ensure a consistent and effective program is in place to achieve efficiencies in our service delivery. Some of these relate to unexpected increases in building material and contractor costs due to a buyout property market, a significant and ongoing reduction ($2m) in the Federal Assistance Grants (FAG's), growth in electricity charges and increasing employee costs. There is also growing pressure on Council's depreciation charges resulting from restating Councils substantial infrastructure, property, plant and equipment (currently $1.9 billion) in terms of estimated fair values.

Identification and implementation of efficiency measures assist in maintaining levels of service across the organisation. Deeper savings potentially arise from changes to services and their level of service.

Services And Service Levels Review

Part of Council's approach to financial sustainability is to understand the value of Council's services and the levels at which they are provided. The Integrated Planning and Reporting Framework requires Council to identify and commit to the services it will deliver during its term of office.

As part of the process of developing the Draft Delivery Program, Council reviewed its external services to ensure they continue to meet the priorities of the community identified in the Fairfield City Plan.

To assist in the service review Council prepared a table using a modelling technique known as Simultaneous Multi-Attribute Trade Off (SIMALTO) grid. The SIMALTO grid helped to identify and compare any changes to services (increases and decreases) and the resulting budget impact. The SIMALTO grid is just one tool that helped Council review its services. The technique assisted in identifying the mix of services and service levels.

Service level reviews address changes in scope and level of service. Efficiencies identify the other improvements in operations which reduce costs, improve productivity and allow more to be done with existing resources.

Council is committed to holding fees and charges to an affordable level and providing services and facilities because of the nature and needs of our community. Rates are maintained at an affordable level, discounted accommodation for a range of Non-Government Organisations (NGO's) to serve the community and provision of facilities for youth including a new water park, Adventure Park and study spaces in libraries. Council also has a commitment to commercial revenue opportunities to reduce reliance on rates. This includes the Sustainable Resource Centre (SRC), Dutton Lane commercial development as well as new proposed property development projects.

Council has a proud record of delivering productivity improvements, cost containment and improved revenue opportunities. A number of achievements in recent years continue to deliver benefits. These have been measured and monitored since 2008 and have resulted in approximately $5.7M per annum in improvements to the operating result. Such initiatives include:

- Withdrawal of management of the Fairfield City Farm (2009)
- Structural change for salaries and wages (2010 - current) – 4.5% or $3.3m p.a.
- Christmas closure of non-essential services (2010-ongoing)
- Sustainable Resource Centre commercial operations uplift in profits and reduced landfill costs for Council operations
- Printing, stores just in time changes and light fleet rationalization - $0.3m p.a.
- Energy and waste minimisation programme (2010-2013)
- Revised operational arrangements for Council's multi-storey car parks using self-management and efficiencies (2012) - $1m p.a.
- Waste recycling resource change (2016) - $0.6m

p.a.
- Diamond Crescent 41 lot subdivision (2015/16) - $7.3m
- Dutton Plaza Retail development (2016/17) - $2.4m net p.a.
- In-house preparation of Fit for the Future (FFF) submissions
- Revaluation and depreciation of Council infrastructure assets accounting treatment review where re-assessment of useful lives resulted in less expense (2016) - $3.6m p.a.
- Council insurances tender 2019/20 - $0.5m p.a.
- Councils investment policy revision 2018/19 - $0.4m p.a.

Fairfield City Council remains committed to an ongoing program of initiatives to achieve further financial benefits for our community. These productivity improvements and cost containment enable Council to maximise the services it can deliver and the value for each rate dollar for ratepayers.

Council's Integrated Planning and Reporting (IP&R) documents identify many of the initiatives that will be undertaken in coming years to achieve further savings and efficiencies. In addition, there are a number of actions in various strategies, service plans and individual work plans that will also contribute. Council needs to work on a range of efficiencies to manage expenses responsibly moving forward and to look for sustainable revenue sources.

Efficiencies identify the other improvements in operations which reduce costs, improve productivity and allow more to be done with existing resources. The organisation has been working on efficiencies for a number of years. This has generated savings and productivity improvements. As part of this process, the following priority areas for the organisation have emerged:
- Process improvement and reengineering
- People development and service alignment including multi-skilling
- New and improved systems
- Continued procurement reviews
- Continuous improvement in asset management practices
- Identifying new sustainable revenue sources

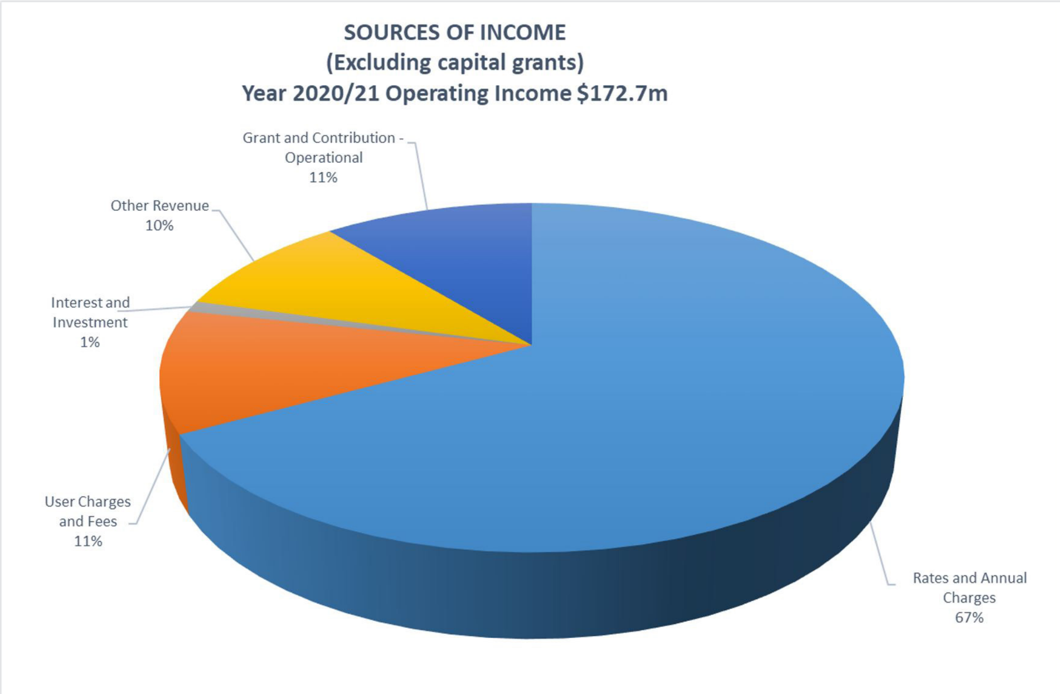
Council's Long Term Financial Plan has identified a trend of expenses increasing at a faster rate than revenue. Without intervention, this would have resulted in forecasting deficits unless the rate of increase was matched or revenues increase faster than expenses. In order to address this issue, Council continues to work on a range of efficiencies to manage expenses responsibly moving forward and to look for sustainable revenue sources.

The identified issue is a two sided equation – productivity and cost containment – and efficiencies also need to examine revenue options. Some examples of programs relating to improved revenue streams (ongoing and one off returns) are:
- Property Development Fund –various smaller subdivisions – one off capital return on investment through land sales
- Strategic Portfolio Area – Commercial Opportunities – coordinated approach to identifying, assessing and implementing proposals with appropriate return on investment and risk profiles.
- Commercial development to generate on-going revenue – project forecast to return 7% return on investment
- Sustainable Resource Centre – commercial operation to recycle road materials. Generates profits and reduces landfill costs for Council operations.
- Review Council's investment policy and strategy to improve returns – maintain strong cash flow management
- Staff leave management including Christmas shutdowns and productivity improvements from structural alignments and technology
- Continued focus on Asset Management to contain depreciation expenses
- Procurement efficiencies
- Review appropriateness of user fee and charges

Initiatives under consideration:
- Opportunities for shared services or resource sharing
- Review service levels and core versus optional services
- Fully cost subsidies for Council's services so that future decisions can be made concerning the level of subsidy
- Review resourcing models including use of contract services
- Business case assessment of the subsidy level, utilisation and alternate delivery models for community services

The management of Councils efficiency program is included in the Council's Delivery Programme.

REVENUE FORECASTS



Rates and Annual Charges

The rate peg for 2021/22 has been handed down and will be 2.0% and this has been incorporated into Year 1.

Given population growth in the Fairfield Local Government Area is not forecast to be significant, no changes to rates and annual charges have been included for population increase. Future years' rate peg is expected to align to CPI, with annual changes as per the table below.

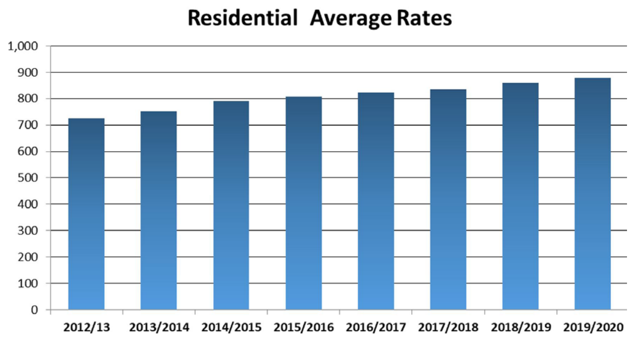
RATES AND ANNUAL CHARGES	2021-22	2022-23	2023-24	2024-25	THERE AFTER
Rate Peg	2.00%	2.50%	2.50%	2.50%	2.50%

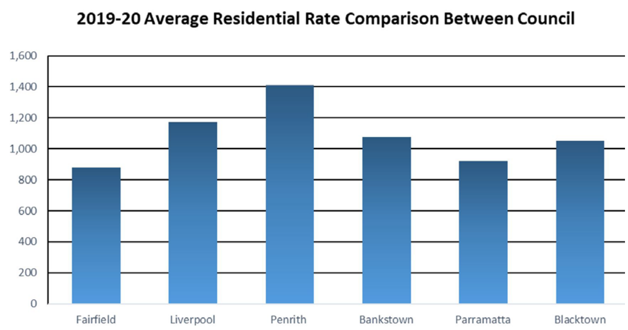
Stormwater levies are also expected to align to CPI.

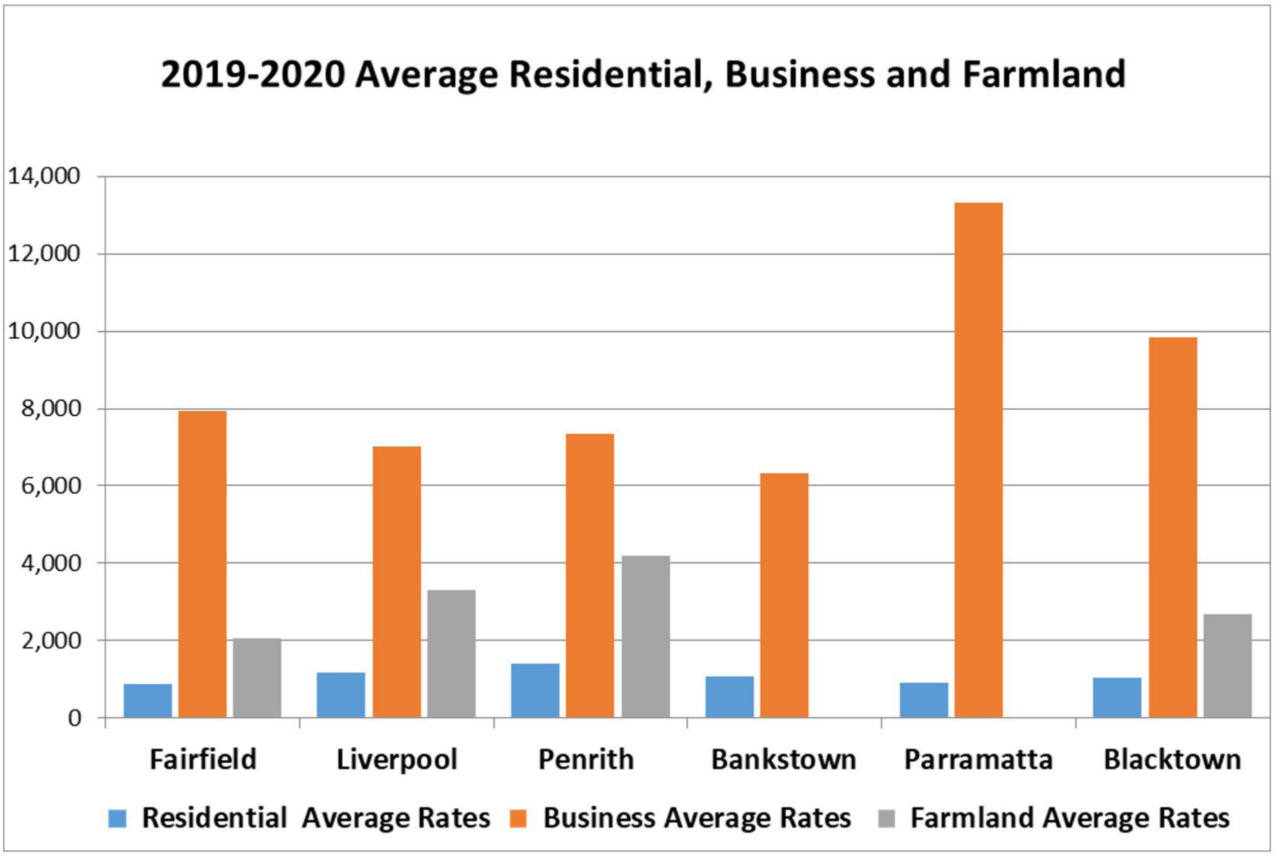
The pensioner rate rebate has been retained throughout the life of the LTFP. The NSW State Government has committed to 50% funding of pensioner rebates on rates for one year, but has not firmly committed beyond this point. The LTFP has assumed continued commitment.

The LTFP does not include any impacts from the NSW Government Fire and Emergency Services Levy (FESL). An announcement was made on 30 May 2017 declaring the indefinite deferral of the Fire and Emergency Services Levy's introduction. The future administration of the FESL is yet to be finalised by the NSW State government.

The below graphs summarise the average residential, business and farmland rates between Fairfield and neighbouring Councils.







User Charges and Fees

Most fees and charges are expected to align with CPI and hence increases are consistent with the rate peg table shown above.

Interest and Investment Revenue

Interest rates have been at historical lows. This has meant that as longer term investments matured, re-investment has been at lower than the historical rates. Interest rates are projected to remain stable with marginal increases during the LTFP. A review of the Investment Policy to maximise returns on investment within Council's risk profile was undertaken in 2018/19 to ensure that the LTFP returns from investments are achievable.

Other Revenues

PROPERTY RENTAL

Property rental is expected to stabilize from due to the operation of Dutton Plaza in Cabramatta. This development will generate a long term net income stream of $2.4m p.a. rental income, with a CPI increase in each subsequent year.

Potential additional Property Development Fund investments are expected to be commenced within the LTFP subject to a positive return on investment. This will be financed through new borrowings or proceeds from the PDF, with projected returns of approximately 7% p.a. as the hurdle rate. A conservative approach to the LTFP has been taken where the income from sales or operation as determined by Council for the project has been simply assumed to offset the financing cost. There is potential improvement to the LTFP for a successful project to deliver returns in excess of the financing cost.

Projects in the Property Development Fund (PDF) assume the profit on sale of assets to be discounted for the purposes of the LTFP.

COMMERCIAL ACTIVITIES

Fees for the commercial waste service, childcare centres, leisure centres and showground are expected to increase in line with CPI. Ability to increase fees for these activities, beyond the CPI, is limited due to the price sensitive nature of customers and the necessity for Council to provide market competitive prices.

Grants and Contributions Provided for Operating Purposes

GRANTS AND SUBSIDIES

Most grants and subsidies have been assumed to increase in line with CPI.

Indexation for the Federal Assistance Grants has been restored following the three year CPI freeze (2014/15, 2015/16 and 2016/17). CPI increases have been assumed for the remainder of the LTFP period. However, the NSW State Government distribution of the Federal Assistance Grants has seen Council experience several years of a 5% reduction ($2m reduction over 3 years since 2014/15). Further reductions of 5% are possible during the LTFP.

It has been assumed that other operational grants relating to Child Care will continue unchanged, and hence increased by CPI throughout the LTFP. Similarly, other grant funded programmes have been assumed to continue with no changes.

Grants and Contributions Provided for Capital Purposes

Significant known successful grants such as the Liveability Grant Scheme have been incorporated as “one-offs” in the LTFP. Future years assume continuation of capital grants at the current modest levels and hence CPI increases have been applied throughout the Plan.

External restrictions are maintained over the life of the LTFP because of the collection of some capital grants which currently do not have a forecasted project to apply such funds. S94 and S94A contributions are examples.

Section 94A collection is quite consistent, apart from the odd major development which would provide a one off large lump sum payment into the account. However, in recent times Section 94A expenditure has been cyclical. Funds are collected and once there are significant funds available, those funds are allocated to major projects. Once those funds are spent, the account is generally allowed to build up to a point where another significant project can be funded through Section 94A. Additionally, the Plan does not contain a list of projects for funds to be allocated, just a list of community infrastructure categories for which funds can be spent. As a result, Section 94A expenditure can be opportunistic.

Section 94 collection is linked to a number of factors such as the residential approvals and as a result the collection of Section 94 funds is generally harder to anticipate. Expenditure of S94 is just as difficult to anticipate on a yearly basis. Projects identified in the Section 94 Plan are generally only funded once the total amount required is collected. This can take a number of years, particularly in the case of land acquisition for open space where the cost is high. Additionally, for acquisition of open space, there are many other factors that impact on the timing of expenditure of funds, such as identification of appropriate sites for open space, whether the existing owner is willing to sell, etc. Expenditure for open space acquisition is sometimes opportunistic.

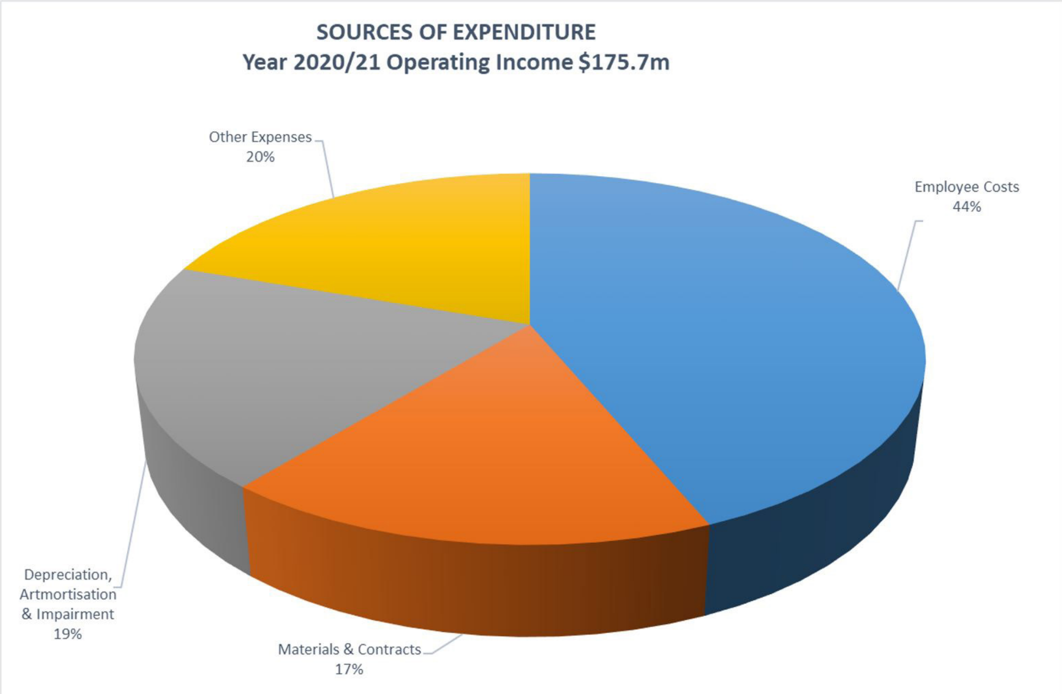
Net Gain from Disposal of Assets

No large sales of assets are anticipated. It has been assumed that proceeds from disposal from any assets will equate to or marginally exceed written down values, and hence a small profit on disposal has been included. These are typically related to plant replacement major programmes.

Income from Joint Ventures and Associated Entities

Council holds an interest in the Civic Risk Mutual (formerly Westpool) self-insurance consortium (joint venture). In 2019/20 Council resolved to place its insurances with Jardine Lloyd Thompson (JLT) and pay annual insurance premiums. Accordingly, no income or loss from this joint venture has been included in the LTFP.

EXPENDITURE FORECASTS



Employee Benefits and On-Costs

Increases in employee costs consist of three components:

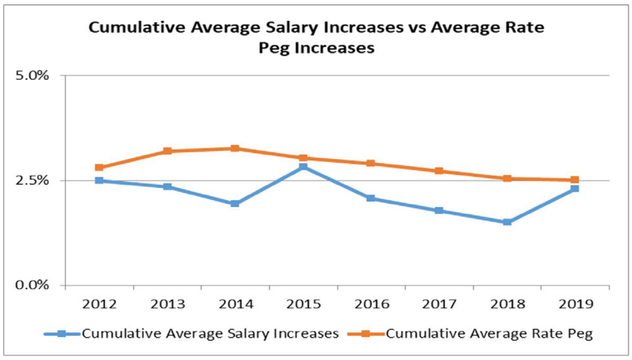
- award increases
- movements within the salary system as part of the annual performance review process
- increases in liabilities for untaken long service and annual leave.

Recent analysis forecasted Council's future salary obligations. It compared the annual salary system increase (the Local Government State Award increase and the annual performance progressions for staff) versus the annual rate peg increase. The analysis illustrated that for Council to maintain the salary and wages costs to the level of rate peg increases it must intervene.

As a result of previously implemented structural changes, there has been a 4.5% improvement in wages in the base year of the LTFP. These initiatives included:

- Structural savings - 3 major organisational restructures and multiple group restructures including review of vacant positions and 'churn' generated savings.
- Enterprise Agreement 2000 negotiation
- Paid out sick leave agreement negotiation
- Concessional leave negotiation
- Time in lieu changes - no longer 'cashed out', monitoring, preservation, maximum accruals and expiry limits
- Leave management - Annual leave under 8 weeks and LSL as per Award leads to savings from salary creep
- Forced Christmas closures and skeleton staff periods
- Changed staffing models - Children Services (trainees and mobilisation of workforce), seasonal contractor and agencies where appropriate
- Library, Leisure Centres staffing rosters and overtime savings.
- In-sourced Car Park management with Council staff and rosters

The success of these interventions has delivered cumulative average wages growth below the cumulative average rate peg as seen in the graph below.



Wages have been estimated to increase by award and an allowance for performance:

EMPLOYEE BENEFITS/ON-COSTS	2021-22	2022-23	2023-24	2024-25	THERE AFTER
Annual Increase	2.00%	2.00%	2.50%	3.00%	3.0%

Cost savings from “employee churn” have been included in forecasts. Assuming a 5% staff turnover, $2.6m savings are expected to be achieved in 2020/21 from the time period between an employee leaving and the position being filled.

Minimal growth in employee entitlements have been projected over the life of the LTFP as an outcome of the directive that Managers must manage their staff leave balances so that leave is (at least) being taken over the year at the same rate it is accrued.

One significant change to employee benefits arising from government policy changes relates to the superannuation Guarantee Charge (SGC). The LTFP has included the proposed increase by 0.5% each year from 2021/22 to 2025/26 which will increase the SGC from 9.5% to 12% (refer table below).

Financial Year	Guarantee Charge (SGC)
	Rate (%)
2019/20	9.5%
2020/21	9.5%
2021/22	10.0%
2022/23	10.5%
2023/24	11.0%
2024/25	11.5%
2025/26	12.0%
2026/27	12.0%
2027/28	12.0%
2028/29	12.0%

Penalty rates, workers compensation and other on-costs are also projected to remain consistent across the LTFP. Further, staff training is expected to continue at similar levels to those currently experienced.

The employee cost forecasts build in current Enterprise Agreement conditions, however it is noted that these are currently the subject of an industrial negotiation.
Casuals, agency staff and overtime are expected to remain at current levels. No one-off redundancies and related ongoing cost savings have been built into projections as there are no structural changes currently resolved.

A programme of initiatives were identified to explore from the Workforce Management Plan for salary and wages savings and productivity improvements. As part of this process, the following priority areas for the organisation have emerged:

- Reduction of overtime. Consideration of flexible rosters to maximise coverage where needed
- Critical overview of Performance Review System
- Improved time recording to ensure that all leave taken is captured accurately
- Continued targeting of annual leave and Long Service Leave (LSL) to reduce that liability including forced Christmas closures and skeleton staff periods
- Review use of casuals to cover leave
- Focus on mobility – move staff around the organisation and increase cross-training and multi-skilling for seasonal opportunities to match workloads and staff
- 42% of staff are currently aged 46 and over and 16% are 56 and over. This presents a risk as a large portion of the workforce may potentially be retiring around similar times. This may result in a loss of knowledge and experience. There is an opportunity to offer opportunities for flexibility for employees. This includes transitioning to casual basis and reduced hours as a move towards partial retirement (without total loss of income) and replace those “lost” hours with younger people which may suit this generation to gain experience.
- Whilst a turnover rate reduction from 11.4% to 7.6% is a positive due to reduced costs of hiring and training new people there is a potential negative. New people can help improve processes by challenging current practices
- Service reviews to include staffing levels to match customer needs and seasonal workloads
- Focusing on streamlining processes, using technology, automating where possible
- Opportunities for shared services or resource sharing
- Review service levels and core versus optional services

Borrowing Costs

Councillors have indicated that debt can be used where commercial opportunities are available to deliver an acceptable rate of return including funding costs. An additional Property Development Fund investment is expected to be commenced during the LTFP. This will be financed through new borrowings, with projected returns of approximately 7% p.a.

Materials and Contracts

Expenditure on materials, contracts and other operating costs has been generally based on CPI increases. A continued focus on the efficiencies programme and new procurement efficiencies have been forecast to deliver benefits of a magnitude sufficient to restrict expenditure increases to CPI only. It is noted that crude oil prices have reduced to stable levels in recent years. As this affects asphalt costs under the roads programme, a potential benefit may arise which will help offset any above CPI cost increases.

Conversely, Council was a foundation partner to a waste disposal contract which initially increased waste disposal costs but with the foresight that considerable cost savings would be achieved in the longer term, and these are now being achieved. This contract was initially with State Government but has since been transferred to the private sector. The expiry of this contract is towards the end of the life of the LTFP, and hence minimal impacts from the current position outside of CPI increases have been built into the Plan. This contract is noted with respect to the future, for if upon expiry negotiation cannot deliver a similar contracted cost, a significant expenditure increase is likely to arise. The waste reserve currently has a balance in excess of $40m, this allows Council to offset any market increased costs of waste disposal that are above the current contract pricing until the domestic waste charges and cost savings or efficiencies can be identified. Councils Waste Strategy will address this challenge.

With respect to the Sustainable Resource Centre, it is noted that there is significant competition in the market and Council has constraints that commercial operators do not. There is a risk that feed stock, crushing contracts, sales and hence the return on investment to Council may reduce with competition. However, at this stage no significant change to the financial outcomes for the Centre has been projected.

The most recent NSW state government election result means that it is likely that there will be changes to energy prices and the partial privatisation of poles creates cost risks. As there has not been anything concrete announced regarding anticipated cost impacts arising from the implementation of this programme, no expenditure changes outside of CPI increases have been included in projections. The success of the LED street lighting conversion programme for approximately 1,800 street lights funded in part through a Commonwealth grant will be explored further and prioritised on the return on investment (ROI) basis.

As it is not possible to predict natural disasters or other localised events, no uninsured losses have been budgeted, nor have any increased Emergency response components. An announcement was made on 30 May 2017 regarding the NSW Government Fire and Emergency Services Levy (FESL). The NSW Government has announced the indefinite deferral of the Fire and Emergency Services Levy's introduction – FESL will now not proceed.

Depreciation and Amortisation

Refer to the Asset Management, Capital Expenditure and Depreciation section above.

Other Expenses

Consistent with other expenditure lines, most items have been projected to increase by CPI only.

Comments in relation to energy prices noted in the Materials and Contracts section above have been equally applied here – i.e. no movements outside of CPI increases have been projected. No significant changes to utility costs such as network, telephone, water and gas have been included in the Plan.

Pooling resources and buying power under State contracts deliver cost saving benefits to Council. It should be noted that Council resolved during 2019/20 to leave WSROC (Western Sydney Regional Organisation of Councils) and Civic Risk Mutual (self-insurance) consortiums.

Council elections have been assumed to continue every 4 years, at a current cost of approximately $1M per election. The first of these has been included for the 2021/22 year as due to COVID the election was postponed for 12 months from September 2020 to September 2021.

2020/21 PROJECTION – CHANGES FROM PREVIOUS LTFP

	Previous LTFP 2020/21 $	Current LTFP 2020/21 $	Variance 2018/19 $	Key Factors influencing revised 2018/19 projection v previous LTFP
Income from Continuing Operations				
Revenue:				
Rates & Annual Charges	114,112	115,707	1,595	Actual Rate peg 2.6% compared to 1.5% forecast
User Charges & Fees	18,025	19,609	1,584	Children and Family Services operating grants moved as part of user fees and charges.
Interest & Investment Revenue	2,594	1,804	(790)	RBA cash rate has reduced by 0.50% since the briefing in February and 1.25% during
Other Revenues	20,750	16,505	(4,245)	COVID-19 includes impact of property income reduction, projected reduction in carpark income, reduction in regulatory enforcement income, reduction in income from the SRC, and reduced income for hall hire and permit income (road opening, occupation of footpaths, etc).
Grants & Contributions provided for Operating Purposes	21,354	18,852	(2,502)	Federal Asistance Grants (FAG) reductions and Children and Family Services operating grants moved as part of user fees and charges.
Grants & Contributions provided for Capital Purposes	7,303	15,026	7,723	Liveability grants as part of the Western Sydney City Deal (WSCD)
Other Income:	-	-	-	
Net gains from the disposal of assets	425	250	(175)	
Joint Ventures & Associated Entities	-	-	-	
Total Income from Continuing Operations	**184,563**	**187,753**	**3,190**	
Expenses from Continuing Operations				
Employee Benefits & On-Costs	78,307	76,894	(1,413)	Lower award increase (1.5%), financial benefit of staff leave reduction initiatives, reduced casual hours in line with reduced revenue, reduced overtime, and includes financial impact of revised opening dates for Community Business Hub and Hughes St Carpark.
Borrowing Costs	20	302	282	
Materials & Contracts	29,086	30,114	1,028	Change in account classification, net $1m saving with other Expenses.
Depreciation & Amortisation	32,962	34,156	1,194	Depreciation impact of infrastructure revaluation and change to accounting standards.
Impairment	-	-	-	
Other Expenses	36,283	34,282	(2,001)	Change in account classification, net $1m saving with other Expenses.
Interest & Investment Losses	-	-	-	
Net Losses from the Disposal of Assets	-	-	-	
Joint Ventures & Associated Entities	-	-	-	
Total Expenses from Continuing Operations	**176,658**	**175,748**	**(910)**	
Operating Result from Continuing Operations	**7,905**	**12,005**	**4,100**	
Discontinued Operations - Profit/(Loss)	-	-	-	
Net Profit/(Loss) from Discontinued Operations	**-**	**-**	-	
Net Operating Result for the Year	**7,905**	**12,005**	**4,100**	
Net Operating Result before Grants and Contributions provided for Capital Purposes	**602**	**(3,021)**	(3,623)	

SENSITIVITY ANALYSIS

The LTFP contains a number of assumptions based on various sources. Accordingly variations in these assumptions during the life of the plan may have a significant impact on the Council's future financial plans.

The LTFP is therefore updated annually in conjunction with the preparation of the Operational Plan.

Key drivers in the estimates provided in the LTFP and the impact of a 1% plus or minus movement are provided below.

Effect of 1% variance in key assumptions on the LTFP				
			Impact	
Drivers	Assumption	Impact	**2020/21**	**Total 10 Years**
Inflation	1%	Revenue	$1,877,549	$22,404,472
		Expenses	$1,757,488	$19,712,362
		Net Result	$120,060	$2,692,111
Rate Peg (Inflation exceeds rate peg by 1%)			-$1,037,014	-$10,204,285
Rate Revenue and Annual Charges	1%		$1,157,074	$12,896,396
Fees and Charges and Operating Grants	1%		$384,614	$4,136,127
Employee Costs	1%		-$768,944	-$8,776,903
Materials and Contracts and Other Expenses	1%		-$643,963	-$7,086,979
Interest on Investments	10% Movement on Balances Invested (Assumes Same Rate)		$180,405	$2,742,994
	1% change to Interest Rate		$1,170,154	$7,628,043

Risk Assessment

Council's risk management strategy comprises the annual update of the LTFP. This is done in conjunction with the preparation of the Operational Plan where key assumptions and forecasts are reviewed and adjusted where necessary. The revised LTFP is also submitted to Council for adoption with the new Operational Plan and Delivery Program. The impact of significant variances or changes to the LTFP is identified with proposals for any necessary mitigating corrective action.

In addition, to determine whether there may be any emerging trends that may impact on the LTFP, monthly financial reports are submitted to Council as well as Quarterly Budget Review Statement. Monitoring and reporting against Council's Financial Sustainability Indicators forms part of the quarterly review.

Fairfield Showground

Income Statement

Fairfield City Council												
10 Year Financial Plan for the Years ending 30 June 2030												
INCOME STATEMENT - GENERAL FUND	Actuals	Current Year	Projected Years									
Scenario: < Enter Scenario Name on Cover Sheet >	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	$	$	$	$	$	$	$	$	$	$	$	$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	113,840,000	115,007,017	115,707,432	118,986,211	121,635,651	124,346,449	127,120,064	129,957,993	133,034,355	136,184,175	139,588,780	143,078,498
User Charges & Fees	18,238,000	19,686,640	19,609,232	19,135,789	19,406,188	19,680,471	19,958,699	20,258,076	20,645,841	21,058,754	21,690,520	22,449,682
Interest & Investment Revenue	4,224,000	2,767,004	1,804,051	2,324,405	2,347,366	2,374,426	2,604,921	2,844,086	3,191,895	3,249,462	3,311,400	3,377,932
Other Revenues	25,919,000	17,043,805	16,505,390	23,393,726	24,978,572	25,603,040	26,243,117	26,899,194	27,571,671	28,398,824	29,392,781	30,421,529
Grants & Contributions provided for Operating Purposes	20,266,000	20,559,603	18,852,171	19,966,615	19,668,541	20,152,141	20,647,712	21,074,436	21,518,960	22,056,934	22,608,359	23,173,572
Grants & Contributions provided for Capital Purposes	16,426,000	28,069,116	15,026,592	23,684,195	24,157,880	24,641,039	25,133,861	25,636,540	26,149,269	26,672,258	27,205,703	27,749,820
Other Income:												
Net gains from the disposal of assets	215,000	425,000	250,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Fair value increment on investment properties	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of revaluation decrements on IPPE previously expensed	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of impairment losses on receivables	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	759,000	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	**199,887,000**	**203,558,185**	**187,754,868**	**207,940,941**	**212,644,198**	**217,247,566**	**222,158,374**	**227,120,325**	**232,561,991**	**238,070,407**	**244,247,543**	**250,701,033**
Expenses from Continuing Operations												
Employee Benefits & On-Costs	74,943,000	75,917,788	76,894,447	80,582,828	82,067,334	83,949,671	86,256,140	88,630,820	91,036,162	93,513,620	96,065,435	98,693,795
Borrowing Costs	11,000	20,994	301,500	554,332	531,531	188,075	164,108	139,536	114,343	88,514	62,033	34,882
Materials & Contracts	29,606,000	32,307,344	30,114,194	30,450,414	30,907,181	31,609,506	32,399,759	33,209,771	34,040,032	34,891,025	35,763,287	36,657,387
Depreciation & Amortisation	29,672,000	33,462,869	34,156,581	35,010,493	35,885,755	36,782,897	37,702,454	38,645,020	39,611,149	40,601,432	41,616,469	42,656,882
Impairment of investments	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of receivables	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	31,852,000	33,529,734	34,282,104	36,246,640	36,338,952	36,885,155	37,623,461	37,982,727	38,743,006	39,325,399	40,112,563	41,115,373
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation decrement/impairment of IPPE	-	-	-	-	-	-	-	-	-	-	-	-
Fair value decrement on investment properties	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	**166,084,000**	**175,238,729**	**175,748,826**	**182,844,707**	**185,730,753**	**189,415,304**	**194,145,922**	**198,607,874**	**203,544,692**	**208,419,990**	**213,619,787**	**219,158,319**
Operating Result from Continuing Operations	**33,803,000**	**28,319,456**	**12,006,042**	**25,096,234**	**26,913,445**	**27,832,262**	**28,012,452**	**28,512,451**	**29,017,299**	**29,650,417**	**30,627,756**	**31,542,714**
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Operating Result for the Year	**33,803,000**	**28,319,456**	**12,006,042**	**25,096,234**	**26,913,445**	**27,832,262**	**28,012,452**	**28,512,451**	**29,017,299**	**29,650,417**	**30,627,756**	**31,542,714**
Net Operating Result before Grants and Contributions provided for Capital Purposes	**17,377,000**	**250,340**	**(3,020,550)**	**1,412,039**	**2,755,565**	**3,191,223**	**2,878,591**	**2,875,911**	**2,868,030**	**2,978,159**	**3,422,053**	**3,792,894**

Balance Sheet

Fairfield City Council												
10 Year Financial Plan for the Years ending 30 June 2030												
BALANCE SHEET - GENERAL FUND	Actuals	Current Year	Projected Years									
Scenario: < Enter Scenario Name on Cover Sheet >	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	$	$	$	$	$	$	$	$	$	$	$	$
ASSETS												
Current Assets												
Cash & Cash Equivalents	32,953,000	20,717,416	9,609,323	10,669,985	13,863,401	17,495,725	20,727,352	23,789,783	26,743,400	29,635,554	32,819,069	36,873,319
Investments	52,227,000	74,778,900	74,778,900	74,778,900	74,778,900	74,778,900	74,778,900	74,778,900	74,778,900	74,778,900	74,778,900	74,778,900
Receivables	12,872,000	7,766,051	7,402,977	8,227,282	8,455,495	8,631,615	8,809,700	8,989,964	9,183,196	9,393,621	9,636,472	9,894,447
Inventories	577,000	1,019,958	950,679	961,294	975,713	997,885	1,022,833	1,048,404	1,074,615	1,101,480	1,129,017	1,157,243
Other	1,259,000	1,316,768	1,287,585	1,333,597	1,344,578	1,369,544	1,400,108	1,423,490	1,455,294	1,483,956	1,517,137	1,555,066
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	99,888,000	105,599,093	94,029,465	95,971,058	99,418,088	103,273,670	106,738,893	110,030,541	113,235,405	116,393,511	119,880,595	124,258,975
Non-Current Assets												
Investments	54,600,000	32,048,100	32,048,100	32,048,100	32,048,100	32,048,100	32,048,100	32,048,100	32,048,100	32,048,100	32,048,100	32,048,100
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	1,927,089,000	1,976,287,331	1,999,809,964	2,022,833,077	2,045,858,711	2,069,472,112	2,093,687,987	2,118,521,379	2,143,987,727	2,170,102,855	2,196,882,985	2,224,344,739
Investments Accounted for using the equity method	7,707,000	7,707,000	7,707,000	7,707,000	7,707,000	7,707,000	7,707,000	7,707,000	7,707,000	7,707,000	7,707,000	7,707,000
Investment Property	13,921,000	13,921,000	13,921,000	13,921,000	13,921,000	13,921,000	13,921,000	13,921,000	13,921,000	13,921,000	13,921,000	13,921,000
Intangible Assets	487,000	487,000	487,000	487,000	487,000	487,000	487,000	487,000	487,000	487,000	487,000	487,000
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	2,003,804,000	2,030,450,431	2,053,973,064	2,076,996,177	2,100,021,811	2,123,635,212	2,147,851,087	2,172,684,479	2,198,150,827	2,224,265,955	2,251,046,085	2,278,507,839
TOTAL ASSETS	2,103,692,000	2,136,049,524	2,148,002,529	2,172,967,235	2,199,439,899	2,226,908,882	2,254,589,980	2,282,715,020	2,311,386,232	2,340,659,466	2,370,926,680	2,402,766,814
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	23,138,000	9,387,178	9,502,121	9,857,817	9,964,664	10,149,870	10,373,226	10,561,425	10,794,091	11,012,299	11,255,166	11,523,907
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	113,000	507,646	902,722	925,523	948,899	972,866	997,438	1,022,631	1,048,460	1,074,941	1,102,092	561,441
Provisions	18,918,000	10,846,277	11,000,574	11,156,550	11,314,200	11,475,796	11,643,754	11,818,307	11,999,694	12,188,157	12,383,952	12,939,361
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	42,169,000	20,741,102	21,405,417	21,939,890	22,227,763	22,598,532	23,014,418	23,402,363	23,842,245	24,275,398	24,741,210	25,024,709
Non-Current Liabilities												
Payables	-	7,680,558	7,733,580	7,865,485	7,956,744	8,063,347	8,176,125	8,280,584	8,394,668	8,505,076	8,620,618	8,741,554
Income received in advance	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	59,000	9,550,909	8,654,291	7,728,768	6,779,869	5,807,003	4,809,565	3,786,934	2,738,474	1,663,533	561,441	-
Provisions	3,779,000	12,072,500	12,198,742	12,326,359	12,455,346	12,587,561	12,724,981	12,867,797	13,016,204	13,170,401	13,330,597	13,785,023
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	3,838,000	29,303,966	28,586,613	27,920,613	27,191,958	26,457,911	25,710,671	24,935,315	24,149,346	23,339,010	22,512,656	22,526,576
TOTAL LIABILITIES	46,007,000	50,045,068	49,992,031	49,860,503	49,419,722	49,056,443	48,725,088	48,337,678	47,991,591	47,614,408	47,253,865	47,551,285
Net Assets	2,057,685,000	2,086,004,456	2,098,010,498	2,123,106,732	2,150,020,177	2,177,852,439	2,205,864,891	2,234,377,342	2,263,394,641	2,293,045,058	2,323,672,815	2,355,215,528
EQUITY												
Retained Earnings	851,177,000	879,496,456	891,502,498	916,598,732	943,512,177	971,344,439	999,356,891	1,027,869,342	1,056,886,641	1,086,537,058	1,117,164,815	1,148,707,528
Revaluation Reserves	1,206,508,000	1,206,508,000	1,206,508,000	1,206,508,000	1,206,508,000	1,206,508,000	1,206,508,000	1,206,508,000	1,206,508,000	1,206,508,000	1,206,508,000	1,206,508,000
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	2,057,685,000	2,086,004,456	2,098,010,498	2,123,106,732	2,150,020,177	2,177,852,439	2,205,864,891	2,234,377,342	2,263,394,641	2,293,045,058	2,323,672,815	2,355,215,528
Minority Equity Interest	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	2,057,685,000	2,086,004,456	2,098,010,498	2,123,106,732	2,150,020,177	2,177,852,439	2,205,864,891	2,234,377,342	2,263,394,641	2,293,045,058	2,323,672,815	2,355,215,528

Cash Flow Statement

Fairfield City Council												
10 Year Financial Plan for the Years ending 30 June 2030												
CASH FLOW STATEMENT - GENERAL FUND	Actuals	Current Year					Projected Years					
Scenario: < Enter Scenario Name on Cover Sheet >	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	$	$	$	$	$	$	$	$	$	$	$	$
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	112,930,000	115,667,669	115,682,679	118,870,339	121,542,020	124,250,649	127,022,044	129,857,701	132,925,636	136,072,860	139,468,461	142,955,171
User Charges & Fees	18,238,000	19,686,640	19,609,232	19,135,789	19,406,188	19,680,471	19,958,699	20,258,076	20,645,841	21,058,754	21,690,520	22,449,682
Interest & Investment Revenue Received	4,146,000	3,049,812	1,785,542	2,313,414	2,334,379	2,356,524	2,588,751	2,828,762	3,177,060	3,234,914	3,295,318	3,357,583
Grants & Contributions	36,692,000	48,628,719	33,878,763	43,650,810	43,826,421	44,793,180	45,781,573	46,710,976	47,668,229	48,729,192	49,814,062	50,923,392
Bonds & Deposits Received	296,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Other	37,005,000	21,256,295	16,844,683	22,679,072	24,839,765	25,523,151	26,161,403	26,816,557	27,483,645	28,295,639	29,267,335	30,287,760
Payments:												
Employee Benefits & On-Costs	(74,494,000)	(75,939,076)	(76,482,889)	(80,235,925)	(81,758,812)	(83,627,956)	(85,916,440)	(88,278,099)	(90,669,956)	(93,133,456)	(95,670,815)	(97,644,172)
Materials & Contracts	(28,555,000)	(38,735,269)	(30,078,786)	(30,182,749)	(30,856,363)	(31,492,738)	(32,253,459)	(33,101,417)	(33,887,709)	(34,755,440)	(35,604,226)	(36,473,653)
Borrowing Costs	(11,000)	(20,994)	(301,500)	(554,332)	(531,531)	(188,075)	(164,108)	(139,536)	(114,343)	(88,514)	(62,033)	(34,882)
Bonds & Deposits Refunded	-	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)
Other	(43,011,000)	(33,529,734)	(34,265,062)	(36,229,428)	(36,321,740)	(36,867,685)	(37,605,642)	(37,964,739)	(38,724,658)	(39,306,776)	(40,093,568)	(41,095,903)
Net Cash provided (or used in) Operating Activities	63,236,000	60,164,061	46,772,662	59,546,991	62,580,327	64,527,522	65,672,822	67,088,281	68,603,745	70,207,174	72,205,055	74,824,978
Cash Flows from Investing Activities												
Receipts:												
Sale of Infrastructure, Property, Plant & Equipment	962,000	1,535,000	510,000	935,000	935,000	935,000	935,000	935,000	935,000	935,000	935,000	935,000
Payments:												
Purchase of Investment Securities	(5,600,000)	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	(47,000)	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(62,826,000)	(83,771,200)	(57,939,214)	(58,518,606)	(59,396,389)	(60,881,298)	(62,403,329)	(63,963,412)	(65,562,497)	(67,201,560)	(68,881,599)	(70,603,636)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	81,000	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(67,430,000)	(82,236,200)	(57,429,214)	(57,583,606)	(58,461,389)	(59,946,298)	(61,468,329)	(63,028,412)	(64,627,497)	(66,266,560)	(67,946,599)	(69,668,636)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	10,000,000	-	-	-	-	-	-	-	-	-
Proceeds from Finance Leases	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	(252,000)	(113,445)	(501,542)	(902,722)	(925,523)	(948,899)	(972,866)	(997,438)	(1,022,631)	(1,048,460)	(1,074,941)	(1,102,092)
Net Cash Flow provided (used in) Financing Activities	(252,000)	(113,445)	9,498,458	(902,722)	(925,523)	(948,899)	(972,866)	(997,438)	(1,022,631)	(1,048,460)	(1,074,941)	(1,102,092)
Net Increase/(Decrease) in Cash & Cash Equivalents	(4,446,000)	(22,185,584)	(1,158,094)	1,060,663	3,193,415	3,632,324	3,231,627	3,062,431	2,953,618	2,892,154	3,183,515	4,054,250
plus: Cash, Cash Equivalents & Investments - beginning of ye	37,399,000	32,953,000	10,767,416	9,609,323	10,669,985	13,863,401	17,495,725	20,727,352	23,789,783	26,743,400	29,635,554	32,819,069
Cash & Cash Equivalents - end of the year	**32,953,000**	**10,767,416**	**9,609,323**	**10,669,985**	**13,863,401**	**17,495,725**	**20,727,352**	**23,789,783**	**26,743,400**	**29,635,554**	**32,819,069**	**36,873,319**
Cash & Cash Equivalents - end of the year	32,953,000	10,767,416	9,609,323	10,669,985	13,863,401	17,495,725	20,727,352	23,789,783	26,743,400	29,635,554	32,819,069	36,873,319
Investments - end of the year	106,827,000	106,827,000	106,827,000	106,827,000	106,827,000	106,827,000	106,827,000	106,827,000	106,827,000	106,827,000	106,827,000	106,827,000
Cash, Cash Equivalents & Investments - end of the year	**139,780,000**	**117,594,416**	**116,436,323**	**117,496,985**	**120,690,401**	**124,322,725**	**127,554,352**	**130,616,783**	**133,570,400**	**136,462,554**	**139,646,069**	**143,700,319**
Representing:												
- External Restrictions	108,090,000	92,560,695	98,811,853	100,120,910	100,274,679	102,366,698	104,562,181	106,433,389	107,145,823	108,681,718	110,025,503	111,569,037
- Internal Restricitons	23,552,000	15,675,091	16,479,893	15,979,626	18,566,852	19,243,759	19,012,592	18,875,645	21,335,273	21,393,890	22,553,973	23,818,059
- Unrestricted	8,138,000	9,358,630	1,144,577	1,396,449	1,848,870	2,712,268	3,979,579	5,307,749	5,089,304	6,386,946	7,066,593	8,313,223
	139,780,000	**117,594,416**	**116,436,323**	**117,496,985**	**120,690,401**	**124,322,725**	**127,554,352**	**130,616,783**	**133,570,400**	**136,462,554**	**139,646,069**	**143,700,319**

Appendix

Operating Performance Ratio – The operating performance ratio measures council's achievement of containing operating expenditure within operating revenue. Total continuing operating revenue (excl. Capital Grants & Contributions) - Operating Expenses / Total continuing operating revenue (excl. Capital Grants & Contributions)

Own Source Operating Revenue Ratio – The own source revenue ratio measures fiscal flexibility as it indicates the extent of external funding sources such as operating and capital grants and contributions received by councils. Total continuing operating revenue (less ALL Grants & Contributions) / Total continuing operating revenue.

Unrestricted Current Ratio – The unrestricted current ratio measures the adequacy of working capital and the ability of a council to satisfy its obligations in the short term. Current Assets less all External Restrictions / Current Liabilities less Specific Purpose Liabilities.

Building & Infrastructure Renewals Ratio – The building and infrastructure asset renewal ratio assesses the rate at which assets are being renewed against the rate at which they are depreciating. Renewal is defined as the replacement of existing assets to equivalent capacity or performance capability, as opposed to the acquisition of new assets. Asset renewals (building and infrastructure) / Depreciation, amortisation and impairment (building and infrastructure).

Infrastructure Backlog Ratio – The infrastructure backlog ratio shows the infrastructure backlog as a total value of a council's infrastructure. Estimated cost to bring assets to a satisfactory condition / Total (WDV) of infrastructure, buildings, other structures and depreciable land improvement assets.

Asset Maintenance Ratio – The asset maintenance ratio compares councils' actual asset maintenance against the estimated required annual asset maintenance. It indicates if a council is investing enough funds within the year to stop the infrastructure backlog from growing. Actual Asset Maintenance / Required Asset Maintenance.

Capital Expenditure Ratio - This ratio shows whether a Council earns more from its' main activities or spends more to maintain or expand these activities. Annual Capital Expenditure / Annual Depreciation

Debt Service Ratio – The debt service ratio indicates the proportion of revenue from ordinary activities utilised for debt repayment. It is generally higher for councils which have acquired funding for infrastructure development. Cost of debt service (interest expense & principal repayments) / Total continuing operating revenue (exc. capital grants and contributions).

Rates & Annual Charges Coverage Ratio – The purpose of the Rates & Annual Charges Coverage Ratio is to assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.

Real Operating Expenditure per Capita over time – Real Operating Expenditure (deflated by CPI) divided by Population. This is assessed on a joint consideration of the direction and magnitude of their improvement or deterioration in real expenditure per capita.

Koonoona Park, Villawood

Fairfield City Council's 2020/21 - 2029/30 Long Term
Financial Plan is available for viewing at Council's website:
www.fairfieldcity.nsw.gov.au/ipr

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