



AGENDA APPENDIX
Council Meeting
Wednesday 25 September 2013

AGENDA ITEM FOR SEPARATE DISTRIBUTION TO COUNCILLORS AND EXECUTIVE LEADERSHIP TEAM DUE TO DOCUMENT SIZE.

THE ITEM IS ACCESSIBLE VIA THE COUNCIL WEBSITE OR BY CONTACTING COUNCIL ON 03 5662 9200.

D.1 FINANCIAL PERFORMANCE REPORT JULY - AUG 2013

Appendix 1 – Financial Performance Report – August 2013

FINANCIAL PERFORMANCE REPORT

AUGUST 2013

The Financial Performance Report covers the 2 month period from July 2013 to August 2013.

OVERVIEW

Income Statement

Annual year to date performance:

- Operating result: \$1.321 million deficit which is \$449,000 unfavourable compared the year to date budget projection of \$872,000 deficit. Recurrent income is materially behind year to date budgets due to delay in receiving Victoria Grants Commission allocation
- Underlying result: \$1.375 million deficit which is \$503,000 unfavourable compared with year to date budget projection of a \$872,000 underlying deficit

Balance Sheet

Projected year end result:

- Underlying working capital ratio 1.45 to 1 (original budget 1.44 to 1)

Cash Flow Statement

Projected year end result:

- Cash assets: \$8.43 million (original budget \$7.64 million)

Financial carry forwards – Impact on projected results

- The projected financial outcome for 2013/14 is a \$2.434 million surplus. This is \$1.224 million favourable than the original \$1.210 million surplus. This has been largely impacted by the net \$949,000 carry forward of income grants and unexpended grant funded expenditure from 2012/13 brought to account in July.
- Similarly, the \$764,000 increase in capital expenditure when compared to the original budget can be largely attributed to unexpended capital budgets at 30 June 2013 (\$542,000) being brought forward
- The longer term financial performance indicators show that the financial plan (adjusted for budget carry forward and other budget adjustments) is financially sustainable.

The balance of this Financial Performance Report is broken down to the following sections:

- Section 1 Year to date financial performance and projected financial results (including financial carry forwards).
- Section 2 Annual year to date financial analysis.
- Section 3 Long Term Financial Plan analysis.

SECTION 1 YEAR TO DATE FINANCIAL PERFORMANCE AND PROJECTED FINANCIAL RESULTS

This section discusses variations in year to date performance and budget projections. The information is presented in the budgeted financial statements format.

YEAR TO DATE FINANCIAL PERFORMANCE AND PROJECTED FINANCIAL RESULTS

South Gippsland Shire Council								
INCOME STATEMENT								
For the Period Ending 31 August 2013								
	Y.T.D. Actual \$'000	Y.T.D. Budget \$'000	Y.T.D. Variance \$'000	Note	Original Budget \$'000	Projected Budget \$'000	Projected Variance \$'000	Note
REVENUE								
Rates and charges	5,815	6,036	(221)		33,924	33,924	0	
Operating grants	725	1,748	(1,023)	1	9,205	12,430	3,225	A
Reimbursements	74	103	(29)		373	373	0	
Contributions	42	56	(14)		60	100	40	
Interest	77	89	(12)		589	589	0	
User charges	256	349	(93)		3,031	3,026	(5)	
Statutory fees	109	87	22		519	526	7	
Net gain / (loss) on disposal of assets	(7)	(69)	62		372	395	23	
Other income	154	103	51		931	931	0	
TOTAL REVENUE	7,245	8,502	(1,257)		49,004	52,294	3,290	
EXPENSES								
Employee costs	3,136	3,265	129		21,133	21,113	20	
Materials and consumables	3,225	3,737	512		19,843	20,631	(788)	B
Depreciation	1,573	1,550	(23)		9,300	9,300	0	
Other expenses	686	822	136		3,286	3,502	(216)	
Borrowing cost expenses	0	0	0		195	195	0	
TOTAL EXPENSES	8,620	9,374	754		53,757	54,741	(984)	
UNDERLYING RESULT	(1,375)	(872)	(503)		(4,753)	(2,447)	2,306	
Capital grants/contributions	54	0	54		4,659	3,577	(1,082)	C
Donated / Granted Assets	0	0	0		1,304	1,304	0	
SURPLUS / (DEFICIT)	(1,321)	(872)	(449)		1,210	2,434	1,224	

NOTES: MATERIAL VARIATIONS IN YEAR TO DATE FINANCIAL PERFORMANCE

NOTE 1

Income: Operating grants - \$1.023 million behind

- \$1.017 million Victoria Grants Commission allocation: - delay in receiving grant.

NOTES: MATERIAL VARIATIONS PROJECTED BUDGET TO ORIGINAL BUDGET

NOTE A

Income: Operating grants - \$3.225 million favourable

- \$3.102 million grants originally expected to be received in 2012/13 have had budgets carried forward into this financial year.
- Additional \$135,000 grant for Stoney Creek Dollar Road.

NOTE B

Expenditure: Materials and Consumables - \$788,000 unfavourable

- \$750,000 expenditure originally budgeted to be spent in 2012/13 on grant funded expenditure have had budgets carried forward into this financial year.
- \$29,000 additional expenditure for Community Strengthening
- \$40,000 additional expenditure;- Black Spur bridge investigation
- \$25,000 additional expenditure on Korumburra Bena Football netball club lighting
- \$61,000 additional expenditure on plant maintenance;- insurances
- \$26,000 less expenditure on Corner Inlet Seawall maintenance project

NOTE C

Income: Capital grants - \$984,000 unfavourable

- \$1.25 million LGIP grant budgeted to be received in 2013/14 actually recognised as revenue in 2012/13
- \$115,000 for Meeniyah Netball court redevelopment
- \$53,000 capital grant for Outtrim Moyarra Road

South Gippsland Shire Council
BALANCE SHEET
For the Period Ending 31 August 2013

	Y.T.D. Actual \$'000	Original Budget \$'000	Projected Budget \$'000	Projected Variance \$'000	Note
ASSETS					
CURRENT ASSETS					
Cash assets	9,555	7,638	8,431	793	
Receivables	39,850	3,566	4,345	779	
Other financial assets	0	3,750	1,700	(2,050)	1
Assets held for resale	0	0	0	0	
Inventories	274	317	219	(98)	
Other	0	320	113	(207)	
	49,679	15,591	14,808	(783)	
NON CURRENT ASSETS					
Receivables	-	-	-		
Investments	1,277	478	603	125	
Fixed Assets	97,173	143,492	140,916	(2,576)	2
Roads Streets & Bridges	368,887	384,323	382,432	(1,891)	3
	467,337	528,293	523,951	(4,342)	
TOTAL ASSETS	517,016	543,884	538,759	(5,125)	
LIABILITIES					
CURRENT LIABILITIES					
Payables	5,035	4,944	3,399	(1,545)	4
Prepaid Income	27,859	0	0	0	
Trust funds	520	369	529	160	
Provisions	5,581	4,953	5,606	653	
Interest Bearing Liabilities	134	514	514	0	
	39,129	10,780	10,048	(732)	
NON CURRENT LIABILITIES					
Provisions	255	321	1,003	682	
Interest Bearing Liabilities		2,997	2,997	0	
	255	3,318	4,000	682	
TOTAL LIABILITIES	39,384	14,098	14,048	(50)	
NET ASSETS	477,632	529,786	524,711	(5,075)	
REPRESENTED BY					
Accumulated Surplus	192,731	195,164	193,599	(1,565)	
Reserves	284,201	334,622	331,112	(3,510)	
TOTAL EQUITY	476,932	529,786	524,711	(5,075)	

NOTES: MATERIAL VARIATIONS PROJECTED BUDGET TO ORIGINAL BUDGET

NOTE 1

Current Assets: Other Financial Assets \$2.050 million unfavourable

- \$2.05 million financial assets (investments with maturity above 3 months) reclassified as cash and cash equivalents.

NOTE 2

Non Current Assets: Fixed Assets \$2.576 million unfavourable

- \$2.576 million unfavourable projection predominantly due to no asset revaluation adjustments made in previous year.

NOTE 3

Non Current Assets: Roads Streets & bridges \$1.891 million unfavourable

- \$1.891 million unfavourable projection predominantly due to asset revaluation adjustments being less than anticipated.

NOTE 4

Current Liabilities: Payables \$1.545 million favourable

- \$1.545 million favourable projection fluctuate year to year depending level of accounts payable the preceding year.

South Gippsland Shire Council
CASH FLOW STATEMENT
For the Period Ending 31 August 2013

	Y.T.D. Actual \$'000	Original Budget \$'000	Projected Budget \$'000	Projected Variance \$'000	Note
<u>CASH INFLOWS FROM OPERATIONS</u>					
Rates	(3,625)	33,924	33,924	0	
Grants	785	13,865	16,008	2,143	1
Statutory fees and fines	97	519	524	5	
User fees and other fines	1,638	3,006	2,996	(10)	
Interest received	119	589	589	0	
Contributions	42	60	100	40	
Rents	20	329	329	0	
Reimbursements	84	373	406	33	
Other	129	627	601	(26)	
Total Revenue from Operations	(611)	53,292	55,477	2,185	
<u>CASH OUTFLOWS FROM OPERATIONS</u>					
Employee costs	3,117	21,043	21,277	234	
Payments to suppliers	1,385	19,844	21,494	1,650	2
Bad & Doubtful debts	0	0	1	1	
Other	594	3,285	3,037	(248)	
Total Expenses from Operations	5,096	44,172	45,809	1,637	
Net Cash provided by operating activities	(5,707)	9,120	9,668	548	
<u>CASHFLOWS FROM INVESTING ACTIVITIES</u>					
Payments for property, equipment & infrastructure assets	(445)	(15,247)	(15,358)	(111)	
Proceeds from sales of property, plant & equipment	23	924	947	23	
Purchase of Investments	0	0	0	0	
Net Cash used in investing activities	(422)	(14,323)	(14,411)	(88)	
<u>CASHFLOWS FROM FINANCING ACTIVITIES</u>					
Debt Redemption	-	(623)	(623)	-	
Proceeds from borrowings	4,000	4,000	4,000	-	
Finance costs	-	(195)	(195)	-	
Trust Funds	(8)	-	-	-	
Net Cash provided by by (used in) financing activities	3,992	3,182	3,182	0	
Net increase (decrease) in cash held	(2,137)	(2,021)	(1,561)	460	
Cash at beginning of the year	9,992	9,659	9,992	333	
Cash at the end of the period	7,855	7,638	8,431	793	

NOTES: MATERIAL VARIATIONS PROJECTED BUDGET TO ORIGINAL BUDGET

NOTE 1

Cash inflows from operations: Grants \$2.143 million favourable

- Net positive impact of adjustments made to projected budgets for operating and capital grants. Favourable adjustments include additional grants for \$3.102 million grants originally expected to be received in 2012/13 have had budgets carried forward into this financial year.
- Additional \$135,000 grant for Stoney Creek Dollar Road.
- \$1.250 million LGIP grant budgeted to be received in 2013/14 actually recognised as revenue in 2012/13
- \$115,000 grant for Meeniyan Netball court redevelopment
- \$53,000 capital grant for Outtrim Moyarra Road

NOTE 2

Cash outflows from operations: Payment to suppliers \$1.65 million unfavourable

- 750,000 expenditure originally budgeted to be spent in 2012/13 on grant funded expenditure have had budgets carried forward into this financial year.
- \$900,000 of 30 June 2013 accounts payables actually paid to suppliers in 2013/14
- \$29,000 additional expenditure for Community Strengthening
- \$40,000 additional expenditure;- Black Spur bridge investigation
- \$25,000 additional expenditure on Korumburra Bena Football netball club lighting
- \$61,000 additional expenditure on plant maintenance;- insurances
- \$26,000 less expenditure on Corner Inlet Seawall maintenance project

FINANCIAL CARRY FORWARDS

Financial carried forwards from 2012/13 to 2013/14 are listed below:

COST CENTRE	DRAFT REVISED BUDGET
Income	
2450 - Floods - 22 March 2011	(1,759,062)
2451 - Foster Mirboo Road Major Slip 21 June 2011	(80,928)
2456 - Storm Damage 05/09/2012	(233,874)
2480 - Severe Rain Event 21 July 2011	(781,463)
3375 - Community Building	42,500
8040 - Plant / Fleet - Fleet Purchases	(23,195)
8095 - Korumburra Bena Football/Netball Lighting	(39,387)
8096 - Meeniyen Mechanics Institute Refurbishment	(56,650)
8097 - Community Hall Projects	(232,244)
9820 - Local Government Infrastructure Program (LGIP)	1,250,000
Income Total	(1,914,303)
Expenditure	
1602 - Retail	(45,420)
1670 - Other - CCHV - Capital Projects	(50,000)
1675 - Coal Creek Feasibility / Business Plan	41,009
2110 - Grants Office	191,561
2115 - Sustainability Services	25,027
2230 - Assets	(48,123)
2280 - Landfills Operations	38,880
2375 - Assets Management	(3,000)

COST CENTRE

DRAFT REVISED
BUDGET

2410 - Strategic Planning	(191,759)
2425 - Biodiversity	(5,000)
2452 - Storm Damage 25/05/2012	4,373
2453 - Storm Damage 03/06/2012	393,220
2454 - Severe Rain Event 21 June 2012	330,640
2455 - Environmental Services	133,759
3213 - Community Register Project	3,321
3290 - Aged and Disability Services Management	24,046
3310 - Recreation Facilities	23,730
3360 - Supported Playgroups	3,483
3365 - Early Years Services	(396)
3375 - Community Building	28,791
3376 - Advancing Country Towns	43,332
3410 - Parks and Gardens	(29,664)
4105 - Executive Management	(17,231)
6020 - Gravel Roads	(40,000)
6040 - Sealed Roads	(80,000)
8030 - Information Services	35,840
8040 - Plant / Fleet - Fleet Purchases	22,034
8050 - Plant / Fleet - Plant Purchases	296,862
8095 - Korumburra Bena Football/Netball Lighting	1,787
8096 - Meeniyah Mechanics Institute Refurbishment	3,010
8097 - Community Hall Projects	(7,189)
8157 - Roads - Stabilisation Program	90,251

COST CENTRE

DRAFT REVISED
BUDGET

8271 - Dredging Toora Channel	(1,045)
8772 - Roads - Reseals (Partially funded R2R)	(70,000)
8774 - Roads - Reseal Preparation	(40,000)
8841 - Footpaths - Renewal	(1,979)
8885 - Corner Inlet Tourism - Great Southern Rail Trail	222,281
9088 - Resheets	(70,000)
9415 - Guard Rails - Wild Dog Valley Road (Amiets Bridge) - Wild Dog Valley	(30,554)
9425 - Buildings - Child Care Hub - Korumburra	64,726
9510 - Recreation - Public Jetty Upgrade - Port Welshpool	61,030
9515 - Recreation - McIndoe Park Rotunda Extension - Leongatha	23,304
9570 - Recreation - Footpath Existing to CBD - Venus Bay	(12,941)
9577 - Recreation - TP Taylor Reserve Redevelopment, Sandy Point	34,250
9704 - Black Spur - Advancing Country Towns	(7,702)
9706 - Bridge - Goads Road Bridge Replacement - Dumbalk North (CRandB)	(4,768)
9709 - Bridge - Agnes River Bridge Replacement - Agnes (CRandB)	(988)
9721 - Drainage - Rehabilitation Program (LGIP)	(807)
9748 - Roads - Kongwak Inverloch Rd - Kongwak (R2R)	(61,603)
9762 - Roads - Station Street Rehabilitation - Korumburra (R2R)	(729)
9764 - Roads - Lower Franklin Road Rehabilitation - Foster (LGIP)	141,763
9811 - Roads - Mossvale Park Flood Recovery Project - Berrys Creek	51,106
9815 - Roads - Stony Creek Dollar Road Improvements -	3,325

COST CENTRE

DRAFT REVISED
BUDGET

Stony Creek

9816 - Buildings - Neighbourhood Safer Place - Sandy Point (8,888)

Expenditure Total 1,506,955

TOTAL

(407,348)

This translates to a net \$949,000 increase in the operating result (budgets carried forward for income grants and unexpended capital funds).

Similarly the capital expenditure budget has been increased by \$542,000 to account for capital works that were budgeted to be completed by 30 June but were not actually completed.

The overall net cash impact is \$407,000.

SECTION 2 ANNUAL YEAR TO DATE FINANCIAL ANALYSIS

This section analyses the implications of the year to date performance, the projected outcome for the financial year end as well as commentary on the 'financial' Key Strategic Activities (KSA).

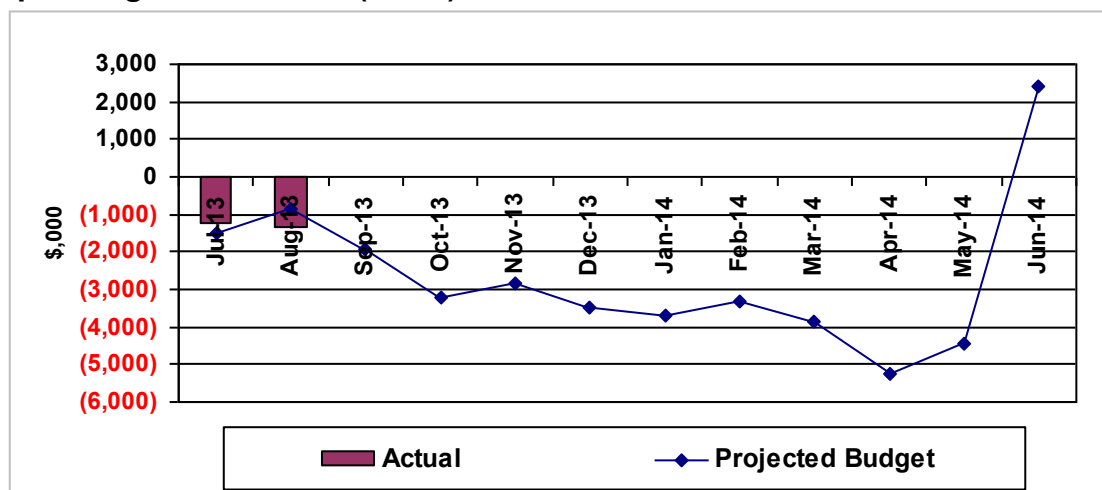
OPERATING PERFORMANCE

Operating Budget \$0.87 million Deficit for the period Jul-13 to Aug-13

Operating Result \$1.32 million Deficit for the period Jul-13 to Aug-13

The operational result varies by \$0.45 million to the projected year to date budget. Variation is due to timing of actual costs to year to date budgets.

Operating Performance (\$'000)



CAPITAL PERFORMANCE

Capital Budget \$1.80 million for the period Jul-13 to Aug-13

Actual Expenditure \$0.46 million for the period Jul-13 to Aug-13

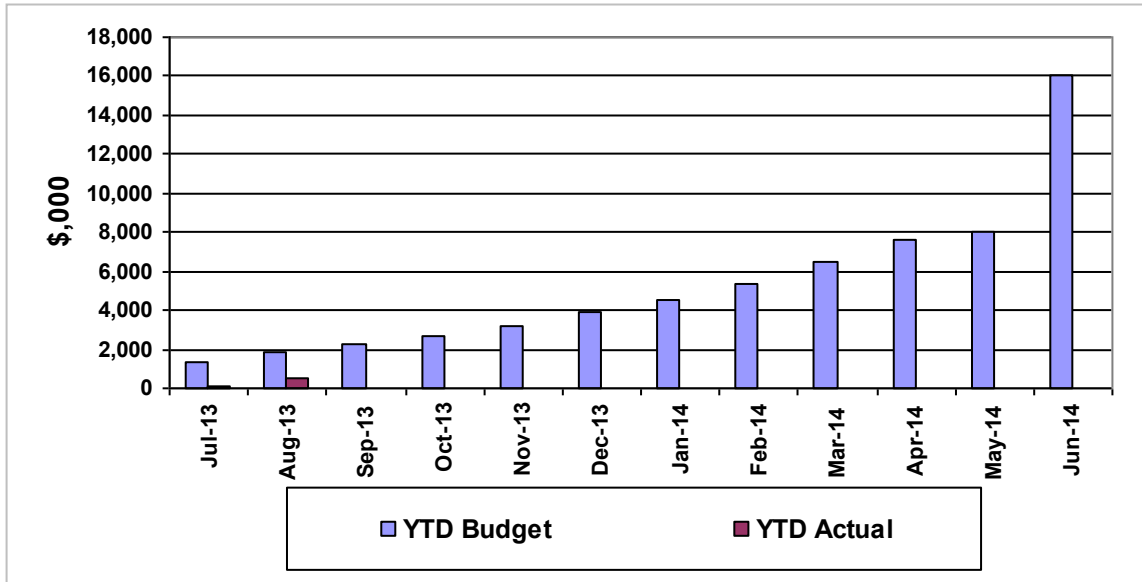
Capital Expenditure \$1.34 million behind year to date budgets

The Capital Works Program is running behind year to date budgets. \$2.69 million funding for capital works program was carried forward from 2012/13 to 2013/14 (for projects that were not completed by 30 June 2013).

\$945,000 relates to budgeted cash flow estimates not being spread over the financial year and instead allocated to July to be fully spent. This cash flow error will be corrected for future reports. The majority of the remaining variance is due to carry

forward budgets from last year and delays in project progress due to inclement weather conditions.

Capital Performance (\$'000)



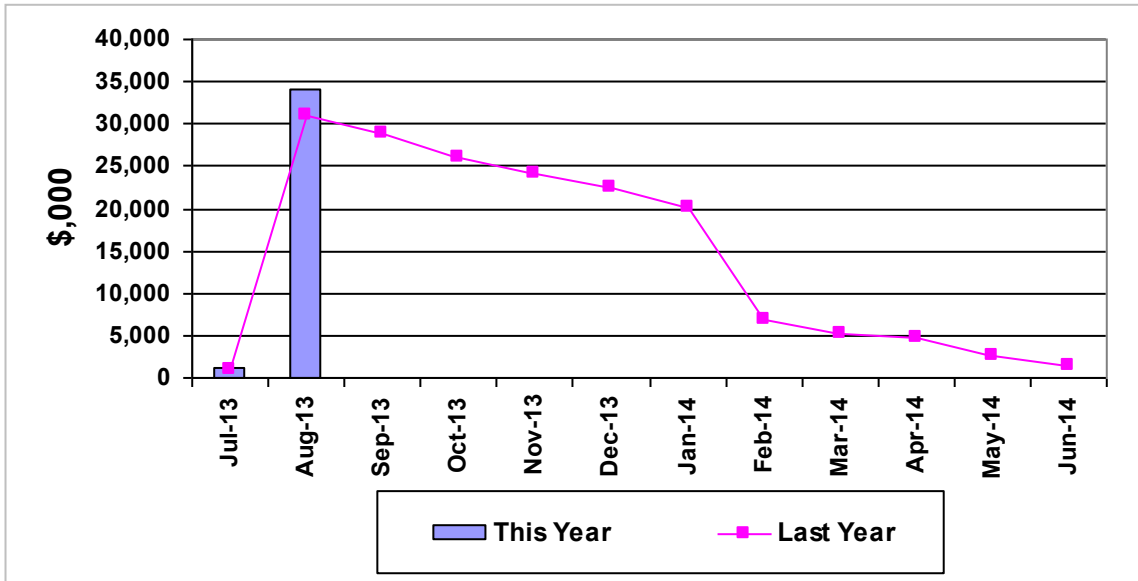
RATE DEBTORS

Outstanding 13/14 \$34.19 million as at Aug-13

Outstanding 12/13 \$30.93 million as at May-12

The outstanding rates as at 31 Aug 2013 have parity to last year. It is to be expected that the current years outstanding rates are slightly higher than last year because the amount of rates we are dealing with increase each year.

Rate Debtors (\$,000)



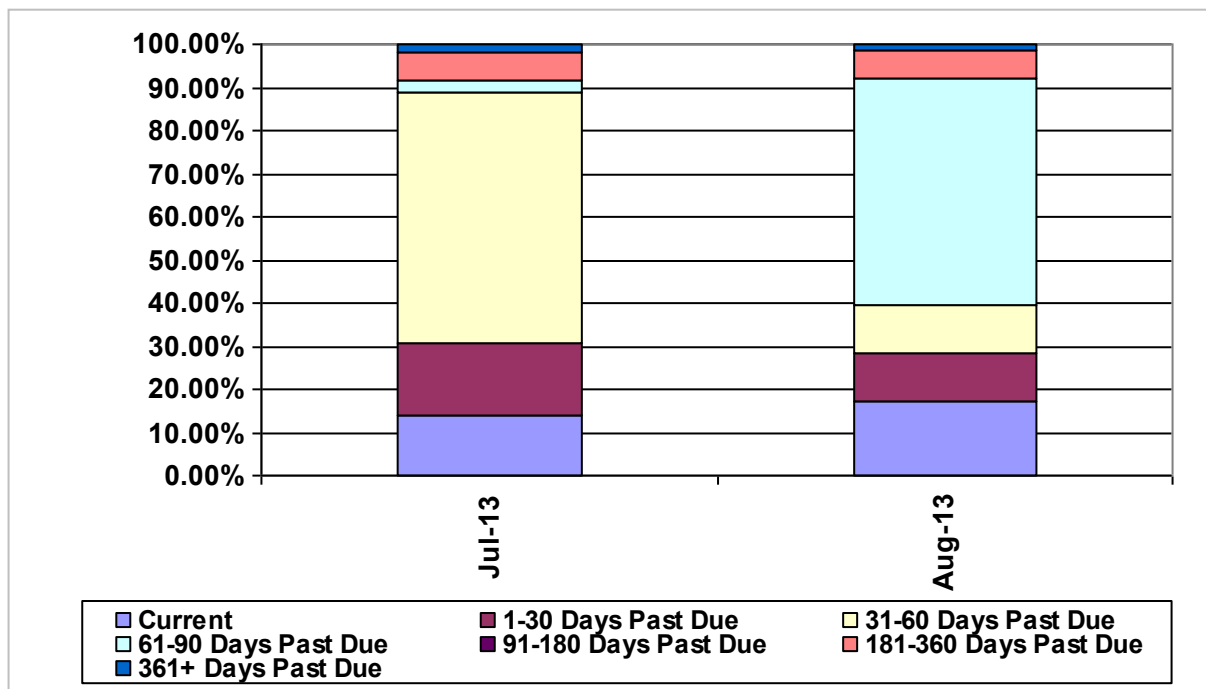
OTHER SUNDRY DEBTORS

Outstanding 13/14 \$ 0.95 million as at Aug-13

Outstanding 12/13 \$ 0.25 million as at Aug-12

The 61-90 Days Past Due is high due to a South Gippsland Water invoice for \$467,500 being for the sale of 20-22 Pioneer Street Foster showing as not paid. This remains unsettled due to the plan being held up at the Land Registry.

Other Sundry Debtors



FINANCIAL KEY STRATEGIC ACTIVITY (KSA)

Council uses a series of financial performance, funding and borrowing capacity indicators to set and assess its annual financial performance. The indicators used are the weighted average of 5 key financial ratios being indebtedness, underlying working capital ratio, self-financing, investment gap and underlying result.

The net financial impact of the financial carry forward budget changes to the projected result for 2013/14 has had a favourable financial impact on the financial KSA. The current status is comfortably above the 98% target.

Target	Current Status
>98%	122%

SECTION 3 – LONG TERM FINANCIAL PLAN ANALYSIS

This section benchmarks and strategically analyses the financial impact of the year's projected financial results against the adopted Annual Budget, Long Term Financial Plan and the Financial Strategy's key performance indicators.

The Long Term Financial Plan analysis report normally compares the current 2013/14 Budget and Long Term Financial Plan forecasts to the original plan (the Annual Budget & Long Term Financial Plan was adopted for 2013/14 on 26 June 2013).

The lines in the following graphs are as follows

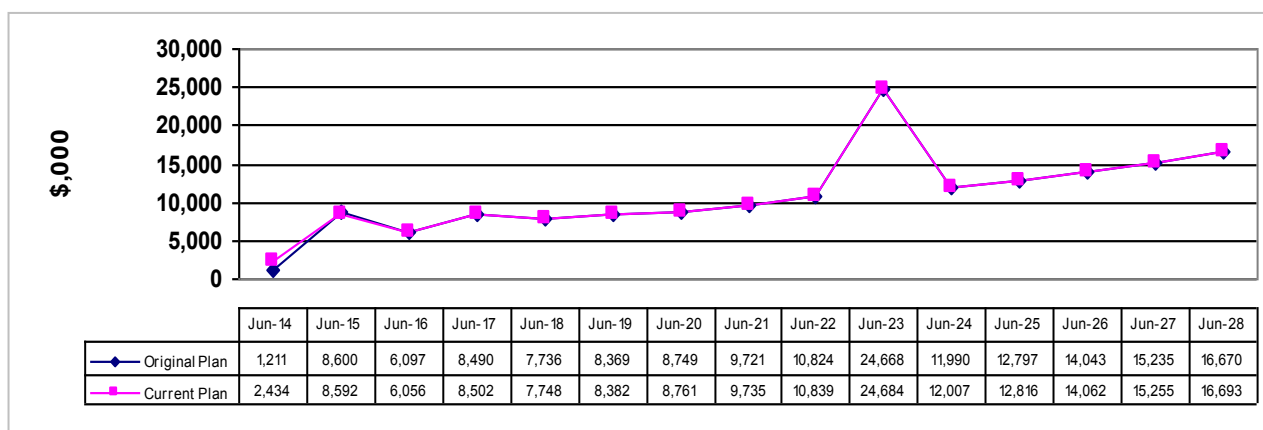
- Original plan – Blue line –original 2013/14 Budget and Long Term Financial Plan
- Current Plan – Purple line - 2013/14 Budget and Long Term Financial Plan

OPERATING RESULT (INCLUDING GAIN /LOSS ON ASSET DISPOSALS)

As expected so early in the new financial year, the current plan's projected operating results for the current plan correlates closely with the original plan. The favourable financial impact of the 'financial carry forwards' can be seen in the slightly strengthened projected operating result for 2013/14.

The positive flow on impact of strengthening operating outcomes can be readily seen in the underlying operating, cash and working capital ratios that are discussed later in this report.

Operating Result (\$,000)

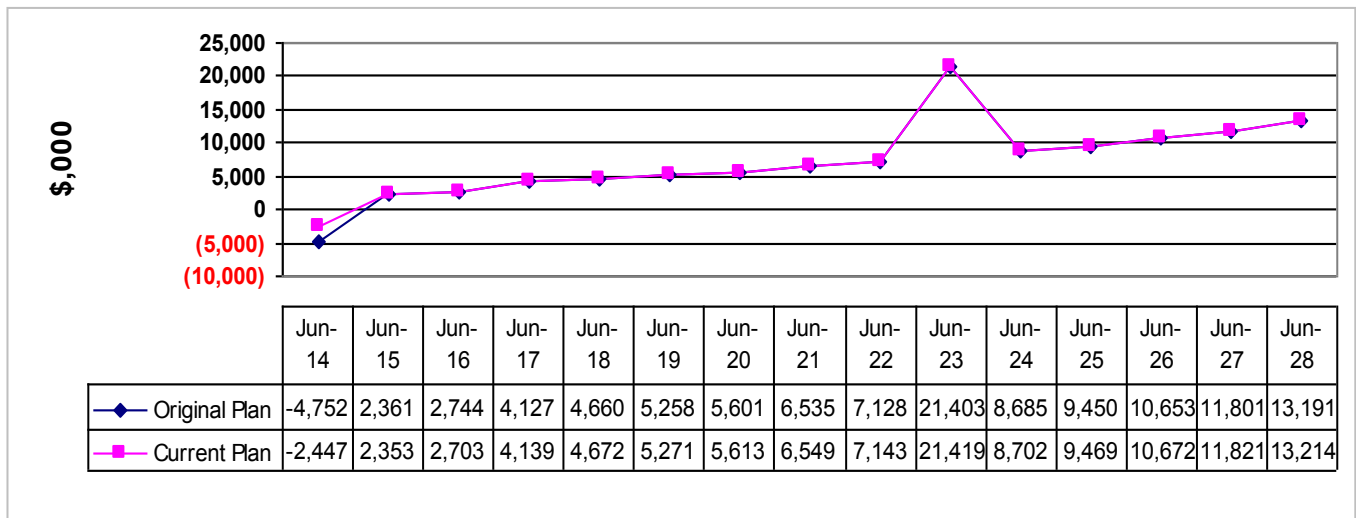


OPERATING RESULT BEFORE CAPITAL FUNDING

The operating result before capital funding is sometimes referred to as the underlying financial result. Capital grants and contributions that artificially improve the operating result are removed to disclose the true underlying financial result.

The underlying result shows more clearly the income sources relative to the expenses for the recurrent operating activities of Council. The current plan underlying result mirrors the operating result outcomes discussed immediately above.

Operating Result before Capital Funding (\$,000)

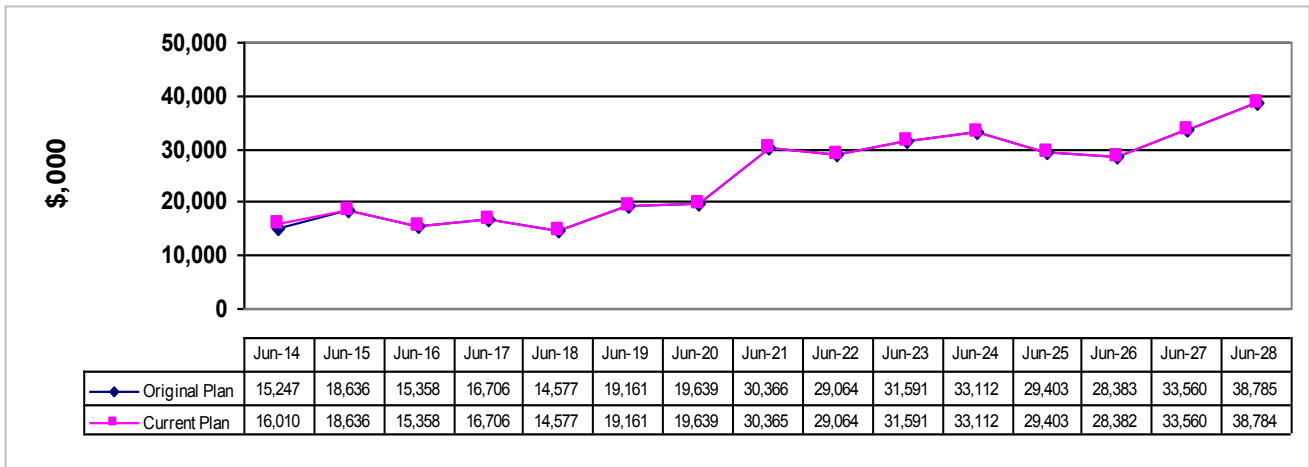


CAPITAL EXPENDITURE

The 2013/14 budget was adjusted to take into account the financial ramifications of carrying forward funds for projects that are not expected to be completed by 30 June 2013. In total, \$2.69 million funds were carried forward from 2012/13 (this includes \$2.15 million identified during the 2013/14 budget development process and an additional \$542,000 identified at financial year end).

As expected so early in the new financial year, the current plan's projected capital works program for the current plan correlates closely with the original plan. The expenditure in later years is heavily reliant of significant developer contributions.

Capital Expenditure (\$,000)

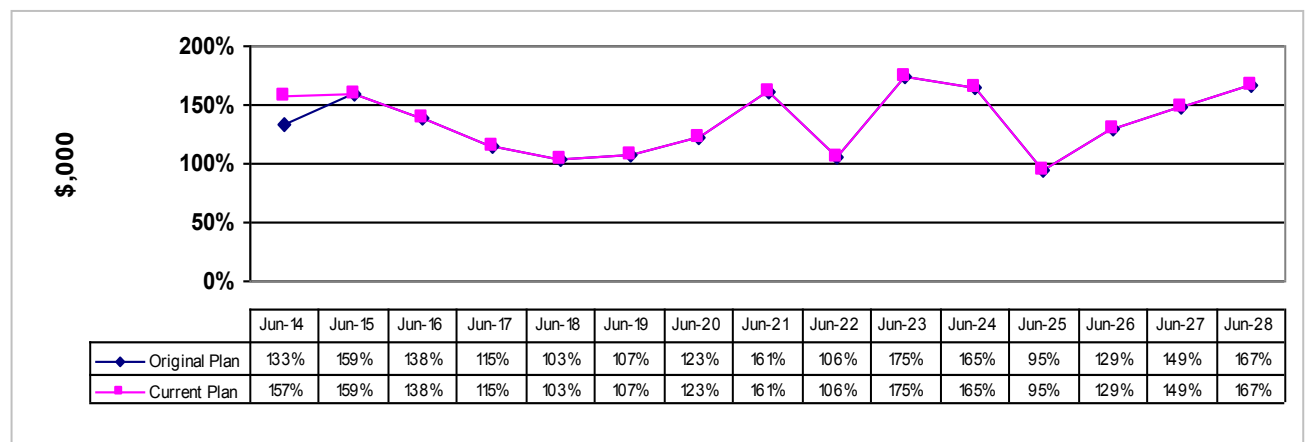


SUSTAINABILITY INDEX FOR CAPITAL ASSETS

The sustainability index expresses as a percentage the amount of expenditure incurred on capital renewal and upgrade infrastructure works relative to the amount of depreciation on infrastructure assets that are expensed to the Income Statement. The impact of carrying forward significant amounts of capital renewal expenditure from 2012/13 to the following financial year is evident in the 2013/14 sustainability indicator.

As expected so early in the financial year, the current plan’s sustainability index correlates closely when benchmarked with the original Long Term Financial Plan. The strategic target is to exceed 95%. There are no asset renewals funding gaps for all major classes of assets in the current plan’s draft budget.

Sustainability Index

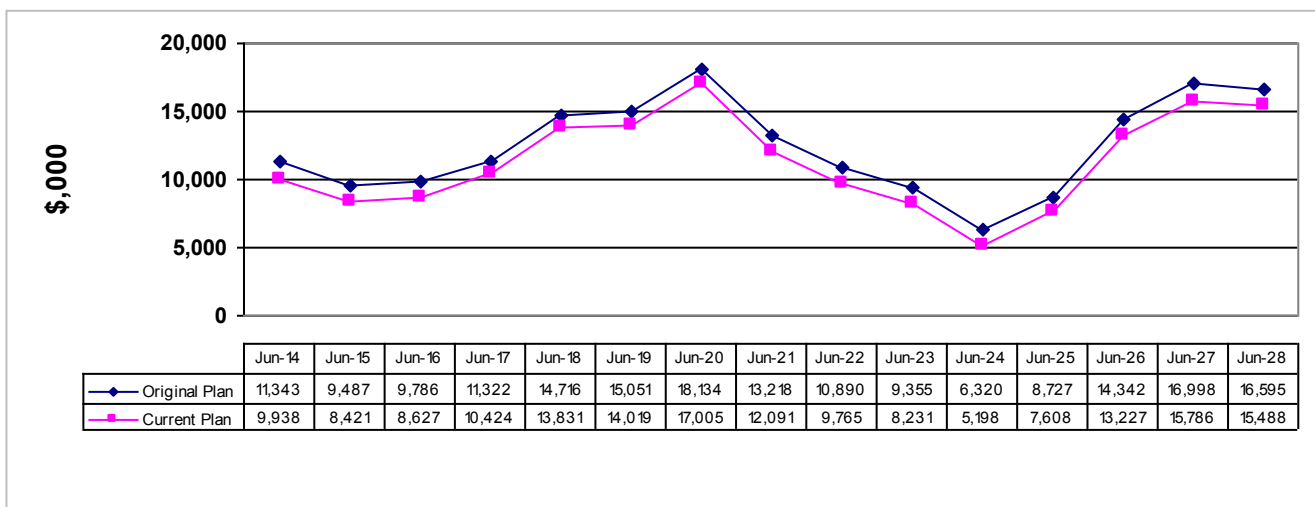


UNDERLYING LIQUIDITY

The current plan's forecast underlying cash position is somewhat weaker than the original plan. The reason is due to the change of mix of accounts receivables and accounts payable at financial year end to budget forecasts. This variation is not unexpected and does not present as a strategic concern.

Due to the inherent volatility of debtors and creditors on cash position at any point in time the underlying cash is always assessed in conjunction with the underlying working capital ratio.

Underlying Liquidity (\$,000)

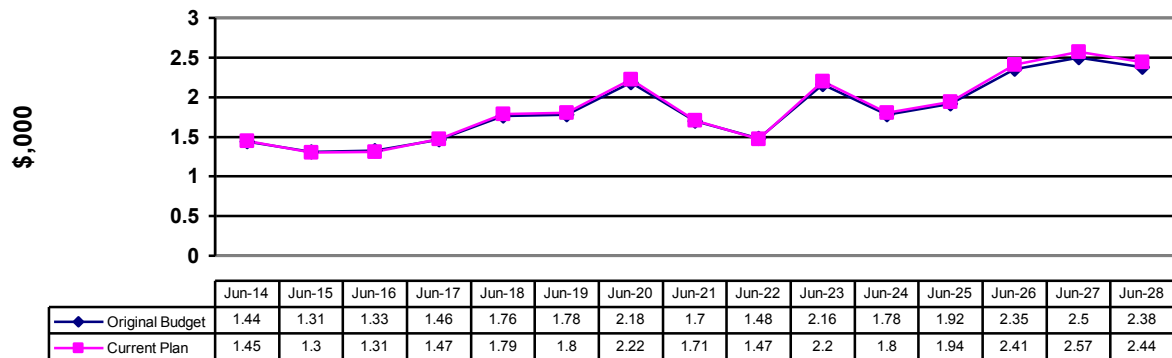


UNDERLYING WORKING CAPITAL RATIO

The underlying working capital ratio assesses the relationships between current assets and liabilities in the Balance Sheet after excluding cash backed reserves. It is a very important strategic financial indicator. Again, as expected so early in the new financial year the current plan's underlying working capital ratio correlates closely to the original plan.

The underlying working capitals are projected to somewhat weaker in the immediate years and not achieve the strategic target of 1.50 till 2017/18. This means that in the preceding years, it has very limited financial capacity to accommodate unforeseen strategic opportunities or unavoidable costs. In the later years it will exceed the 1 to 1.50 target.

Underlying Working Capital Ratio



CONCLUSION

The table below shows several key financial performance indicators targets set when the 2013/14 Budget and Long Term Financial Plan were adopted. Ratios coloured red indicate either short term / immediate sustainability concerns, yellow denotes medium risk and green low risk.

2013/14 Original Budget	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Financial performance															
Underlying result	-9.70%	-4.37%	-4.95%	6.33%	7.47%	8.01%	8.16%	8.94%	9.34%	22.87%	10.30%	10.67%	11.46%	12.10%	12.95%
Underlying Working Capital	1.44	1.31	1.33	1.46	1.76	1.78	2.18	1.71	1.48	2.16	1.78	1.92	2.35	2.50	2.38
Funding capacity															
Self-financing	16.99%	25.49%	26.84%	30.19%	29.08%	30.12%	30.47%	32.16%	32.86%	33.32%	34.81%	35.17%	35.91%	36.45%	37.10%
Sustainability Index	133%	159%	138%	115%	102%	107%	123%	161%	106%	175%	165%	95%	129%	145%	167%
Borrowing capacity															
Indebtedness	8.27%	6.58%	5.14%	3.74%	2.41%	1.19%	1.26%	1.33%	1.40%	1.23%	1.54%	1.60%	1.67%	1.72%	1.76%
Total Debt as a % of Rate revenue	10.35%	8.17%	6.35%	4.60%	2.96%	1.44%	0.80%	0.80%	0.80%	0.80%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt servicing costs as a % of Total revenue	0.37%	0.28%	0.24%	0.18%	0.13%	0.68%	0.83%	0.80%	0.80%	0.80%	0.00%	0.00%	0.00%	0.00%	0.00%

The table on the following page shows the current status of key financial indicators. The majority of indicators remain within strategic thresholds targets. It correlates very closely with the original plan.

The underlying working capital ratio in the immediate years indicates that Council in those years has less financial capacity to accommodate unforeseen strategic opportunities or unavoidable cost events that may arise in that period of time.

Longer term the financial plan is financially sustainable.

Proposed Budget	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Financial performance															
Underlying result	-4.68%	-4.36%	-4.08%	-6.95%	-7.49%	-8.03%	-8.18%	-8.96%	-9.36%	-22.89%	-10.32%	-10.70%	-11.48%	-12.12%	-12.91%
Underlying Working Capital	1.45	1.30	1.21	1.47	1.79	1.80	2.22	1.71	1.47	2.28	1.80	1.94	2.41	2.57	2.44
Funding capacity															
Self-financing	18.47%	25.46%	26.47%	30.21%	29.11%	30.14%	30.49%	32.18%	32.88%	33.34%	34.83%	35.19%	35.93%	36.48%	37.12%
Sustainability Index	157%	159%	138%	115%	103%	107%	123%	161%	186%	175%	165%	95%	129%	149%	167%
Borrowing capacity															
Indebtedness	8.96%	8.17%	6.65%	5.17%	3.78%	2.47%	2.48%	2.47%	2.49%	2.09%	2.52%	2.53%	2.55%	2.56%	2.58%
Total Debt as a % of Rate revenue	10.35%	8.17%	6.35%	4.61%	2.96%	1.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt servicing costs as a % of Total revenue	0.35%	0.20%	0.24%	0.18%	0.13%	0.08%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%