



**SNOWY MONARO**  
REGIONAL COUNCIL

# **BUSINESS PAPER**

**Administrator Delegations Meeting**  
**7 June 2017**

## **CONFLICTS OF INTEREST**

A conflict of interest arises when the Administrator or Council staff are influenced, or are seen to be influenced, in carrying out their duties by personal interests. Conflicts of interest can be pecuniary or non-pecuniary in nature.

A pecuniary interest is an interest that a person has in a matter because of a reasonable likelihood or expectation of a financial gain or loss.

A non-pecuniary interest can arise as a result of a private or personal interest, which does not relate to money. Examples include friendship, membership of an association or involvement or interest in an activity.

The Administrator or staff member who considers they may have a conflict of interest should read Council Policy.

The responsibility of determining whether or not the Administrator or Council employee has a pecuniary or non-pecuniary interest in a matter, is the responsibility of that individual. It is not the role of the Administrator or General Manager, or another Council employee to determine whether or not a person may have a conflict of interest.

Should you be unsure as to whether or not you have a conflict of interest you should err on the side of caution and either declare a conflict of interest or, you should seek the advice of the Director General of Local Government.

The contact number for the Director General of Local Government is 4428 4100.

## **COUNCIL CODE OF CONDUCT**

The Council Code of Conduct is a requirement of Section 440 of the Local Government Act 1993, which requires all councils to have a code of conduct to be observed by the Administrator, members of staff and delegates of the Council attending a Council meeting or a meeting of a committee of Council.

The code of conduct sets out the responsibilities of the Administrator and Council employees attending a Council meeting or a meeting of a committee of Council. The code also sets out how complaints against a Council employee, the Administrator or General Manager are to be made.

## **COUNCIL CODE OF MEETING PRACTICE**

The Council Code of Meeting Practice is a requirement of Section 360(3) of the Local Government Act 1993, which requires all councils to have a code of meeting practice. The code of meeting practice is to be observed by the Administrator, members of staff, delegates of the Council and members of the public attending a Council or a meeting of a committee of Council.

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### **Acknowledgement of Owners of Land**

Council wishes to show our respect to the First Custodians of this land the Ngarigo, Ngannawal and Walgalu people and their Ancestors past and present who pass on this duty of custodianship of the land to us the current custodians.

We are proud to be Australian and celebrate the diverse backgrounds and cultures that make up our Nation – our Land.

**ADMINISTRATOR DELEGATIONS MEETING  
TO BE HELD IN HEAD OFFICE, 81 COMMISSIONER STREET, COOMA NSW 2630**

**ON WEDNESDAY 7 JUNE 2017  
COMMENCING AT 10.30AM**

**BUSINESS PAPER**

- 1. OPENING OF THE MEETING**
- 2. PUBLIC FORUM**
- 3. APOLOGIES/REQUESTS OF LEAVE OF ABSENCE**
- 4. DECLARATIONS OF PECUNIARY INTERESTS/CONFLICT OF INTEREST**  
(Declarations also to be made prior to discussions on each item)
- 5. MATTERS DEALT WITH BY EXCEPTION**
- 6. ADOPTION OF MINUTES FROM PREVIOUS COUNCIL MEETING**
  - 6.1 Administrator Delegations Meeting held on 29 May 2017
  - 6.2 Closed Session of the Administrator Delegations Meeting held on 29 May 2017
- 7. BUSINESS ARISING OUT OF THE MINUTES**
- 8. DELEGATE'S REPORT (IF ANY)**
- 9. ADOPTION OF COMMITTEE MINUTES/RECOMMENDATIONS**  
Nil
- 10. CORPORATE BUSINESS - KEY DIRECTION 1. SUSTAINING OUR ENVIRONMENT FOR LIFE**  
Nil
- 11. CORPORATE BUSINESS - KEY DIRECTION 2. EXPANDING CONNECTIONS WITHIN THE REGION AND BEYOND**  
Nil
- 12. CORPORATE BUSINESS - KEY DIRECTION 3. STRENGTHENING OUR LOCAL ECONOMY**  
Nil
- 13. CORPORATE BUSINESS - KEY DIRECTION 4. CREATING SAFER, HEALTHIER AND THRIVING COMMUNITY**
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<b>14. CORPORATE BUSINESS - KEY DIRECTION 5. ENHANCING OUR HEALTHY, ACTIVE LIFESTYLE</b>	
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<b>15. CORPORATE BUSINESS - KEY DIRECTION 6. MANAGING DEVELOPMENT AND SERVICE DELIVERY TO RETAIN THE THINGS WE VALUE</b>	
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<b>19. MOTIONS OF URGENCY</b>	
Nil	
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<b>21. QUESTIONS TAKEN ON NOTICE</b>	
<b>22. CONFIDENTIAL MATTERS</b>	

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### 13.1 MOU WITH SOUTH EAST ARTS

Record No:

Responsible Officer: Director Service Planning

Key Direction: 4. Creating a Safer, Healthier and Thriving Community

Delivery Plan Strategy: DP4.4 Continued participation in, and access to the arts, local galleries, museums and historic sites.

Operational Plan Action: OP4.15 Promote awareness and support delivery of arts and cultural initiatives, including public arts assets, throughout the Region.

Attachments: 1. Draft MOU [↓](#)

Cost Centre

Project

Further Operational Plan Actions:

#### EXECUTIVE SUMMARY

South East Arts has provided a draft MOU for Council's consideration. This MOU will be in place until September 2020. A request has also been made for Council to confirm its contribution to SE Arts. In 2016 the Administrator agreed to contribute the recommended minimum as set out in the schedule attached to the MOU. For 2017/18, that amount would be \$16,346.

The following officer's recommendation is submitted for Council's consideration.

#### OFFICER'S RECOMMENDATION

That Council

- A. Agree to be a signatory to the MOU with South East Arts
- B. Contribute \$16,346 for the 2017/18 financial year

#### BACKGROUND

Prior to the Council merger in May 2016, each of the former Councils was a financial member and contributor to South East Arts. In 2016, Snowy Monaro Regional Council continued its membership and provided a financial contribution based on the population-based schedule as shown in the draft MOU.

SE Arts has provided a revised draft MOU which is attached.

#### QUADRUPLE BOTTOM LINE REPORTING

##### 1. Social

South East Arts is established to work collaboratively with member councils to deliver regional and locally relevant strategic arts and cultural priorities. Positive social outcomes are achieved through participation in arts and cultural activities.

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13.1 MOU WITH SOUTH EAST ARTS

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**2. Environmental**

There are no adverse environmental effects of participating with the MOU

**3. Economic**

An annual contribution is paid by each member Council based on the population of the Council area, as shown in the schedule included in the MOU. For the 2017/18 financial year the expected contribution will be \$16,346 with CPI based increments for the following years.

**4. Civic Leadership**

Council is displaying Civic Leadership by collaborating with other Councils and Regional entities to achieve better outcomes.

**Determination by Administrator**

Approved by Administrator Dean Lynch in accordance with *Section 226 dot point one (1) or two (2) of the Local Government Act 1993.*

Signature: .....

Date:

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Final Draft – May 2017



## Memorandum of Understanding between

South East Arts (NSW) Inc

And

Bega Valley Shire Council  
Eurobodalla Shire Council  
Snowy Monaro Regional Council

Final Draft – May 2017

### 1. Statement of understanding

This Memorandum of Understanding (MoU) is made between the following partner organisations:

- South East Arts (NSW) Inc
- Eurobodalla Shire Council of 89 Vulcan St, Moruya NSW (ESC)
- Bega Valley Shire Council of Zingel Place, Bega NSW (BVSC)
- Snowy Monaro Regional Council of Commissioner St, Cooma NSW (SMRC)

This MoU sets out the objectives and management arrangements of the partnership between the organisations. It is not a legal document although it outlines the partnership's governance structure. The parties agree to work together in good faith.

This document is a statement of understanding and is not intended to create binding or legal obligations on any party.

### 2. Commencement and Term

The memorandum of understanding will commence from the date of this signed document and continue until the NSW local government elections in September 2020.

### 3. Authorisation

The signing of this MoU is not a formal undertaking. It implies that the signatories will strive to reach the objectives stated in the MoU, to the best of their ability.

Organisation	Name and Title	Signature	Date
South East Arts (NSW) Inc	Andrew Gray General Manager		
Eurobodalla Shire Council	Kathy Arthur Director – Community, Arts and Recreation		
Bega Valley Shire Council	Anthony Basford Director – Community, Relations and Leisure		
Snowy Monaro Regional Council	Peter Smith Director - Environment and Sustainability		

### 4. Intention

The intention of this MoU is to strengthen the current partnership between parties by implementing a formal level of cooperation between the regional Councils and South East Arts. This strategic partnership will achieve cooperative arrangements and establish a framework to deliver greater efficiencies and progress strategies for the parties and the communities they represent.

South East Arts (NSW) Inc. ABN: 91 633 041 645

Final Draft – May 2017

It should be noted that each party is its own entity and will continue as independent organisations supporting and servicing their communities.

The Councils acknowledge the funding support and commitment to South East Arts by the State Government through Create NSW, with a current triennial commitment to South East Arts until Dec 2018.

It is acknowledged that the on-going viability of South East Arts and its aims and objectives are contingent upon continuing support of this partnership of Local and State governments.

## 5. Preamble

This MoU recognises the importance of the continued development of strong, resilient, unique and creative communities in the far south coast region. The MoU outlines each partners' commitment to working together to achieve improved creative arts outcomes, enriched services and programming outcomes, magnified economic results and focused advocacy.

Key to achieving outcomes will be a commitment to the following objectives:

- Identifying and responding to issues that are of a regional nature i.e. the partnership will offer opportunity for regional south coast advocacy, strategic planning and implementation.
- Building a dynamic relationship between our population centres.
- Working within the NSW Government framework.
- Building on current partnership and collaboration arrangements.
- Inter-governmental collaboration.

In order to develop a meaningful partnership, time needs to be dedicated to developing a model that works for all parties and their communities and ensures key outcomes are achieved.

## 6. Goals and objectives

The purpose of this MoU is to:

- Clarify roles and accountabilities for South East Arts and the member Councils
- Define clearly the scope and standards of services to be provided

By clarifying the roles and accountabilities, the MoU will help in building on a partnership approach to:

- Enhance existing cultural services and activities within the region
- Develop new cultural services and activities in the region.
- Introduce cultural considerations as an integral part of the management and development plans for the region's natural and built environment.
- Foster an informed and skilled arts community as the basis of an involved, productive and creative community.

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- Conserve and enhance the region’s cultural heritage in its physical and social manifestations.
- Advocate on significant creative arts issues
- Plan for a more sustainable future for the creative arts economy
- Establish partnerships for cultural development with the community, the private sector and government agencies.

## 7. Approach and Operational Framework

The Partnership will:

- Identify opportunities for joint initiatives and cooperation focused on long term sustainability
- Implement projects through effective collaboration and resource sharing to optimise opportunities and improve outcomes for the community.
- Strengthen strategic collaboration and develop cooperative arrangements in areas such as regional planning, training, tourism, economic development, benchmarking, advocacy and asset management.
- Stimulate innovation and pursue opportunities for greater efficiencies and regional impact.
- Examine areas for economic growth (tourism, business development, related infrastructure).

## 8. Roles and Responsibilities

The Partnership group is accountable for:

- fostering collaboration.
- planning collaboratively to avoid duplication and maximize participation in activities/events.
- maintaining at all times the focus of the Partnership on the agreed scope, outcomes and benefits.
- monitoring and managing the factors outside the Partnership’s control that are critical to its success.

The membership of the Partnership will commit to:

- attending scheduled meetings
- championing the Partnership
- sharing relevant communications and information between the Partnership
- making timely decisions and taking action so as to not hold up agreed projects
- notifying members of the Partnership, as soon as practical, if any matter arises which may be deemed to affect the development of the Partnership.
- Collaborative annual program development.

Members of the Partnership agree:

South East Arts (NSW) Inc. ABN: 91 633 041 645

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Final Draft – May 2017

- that each member will be provided with complete, accurate and meaningful information in a timely manner
- to be given reasonable time to make key decisions
- to be informed of potential risks and issues that could impact on an agreed project, as they arise
- to open and honest discussions
- to jointly seek external funding opportunities where appropriate.
- to participate in feedback on formal evaluation of annual activities.

#### **South East Arts Undertakings**

1. South East Arts undertakes to provide, develop and evaluate the core services as identified in **Schedule 1** to the communities of the three member Councils.
2. When requested, South East Arts undertakes to collaboratively develop an annual work program (Financial Year) with each member Council as identified in a **Schedule 2** document to take into account particular priorities and needs, ensuring the resulting agreements are complementary to and supportive of South East Arts' strategic regional planning and those of the member Councils.
3. South East Arts will be an effective and committed advocate for increasing State and Federal government resources for the cultural development of the region.
4. South East Arts will supply member Councils with an annual report and audited financial statements, including performance review of programs and other updates as required.
5. South East Arts will ensure that delivery of core services is not compromised when additional contracts are negotiated on a fee for service basis.

#### **Member Council Undertakings**

1. The Councils will confirm an annual financial contribution in May for each year of this MOU, taking into consideration the Regional Arts NSW recommended levels (see Attachment A) and local resource allocations.
2. The Councils will each nominate a representative to serve as a member of the South East Arts Board of management.
3. The Councils will each nominate a member of their respective staff for necessary and direct liaison with the General Manager of South East Arts.

### **9. Meetings**

The South East Arts General Manager will organise scheduled (3 times per year) meetings with senior Council representatives for planning and reporting purposes

- All meetings will be chaired by the General Manager South East Arts.
- Meeting agendas and minutes will be provided by the General Manager South East Arts

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- Meetings will be held as determined, with location of meetings on a rotating basis across the region.
- If required, subgroup meetings will be arranged outside of these times at a time convenient to subgroup members.

### 10. Review and evaluation

The General Manager South East Arts will provide an annual report to Councils and other updates as required.

The Councils and South East Arts agree to review the terms of this Memorandum of Understanding in March 2020.

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#### **Schedule 1**

##### **Ongoing core services provided by South East Arts to our member Councils:**

- Work collaboratively with member councils to deliver regional and locally relevant strategic arts and cultural priorities
- Create and maintain an on-line regional database of artists, creative practitioners and arts organisations
- Link Councils to regional, State and National networks relevant to the arts, culture and funding
- Provide cultural development expertise, advice, support and training to the communities and artists
- Identify opportunities for regional touring of visual and performing arts product and create partnerships with Councils and community groups to co-present
- Administer the annual Country Arts Support Program (CASP) small grants funding for the region
- Actively promote and market the arts and culture of the south east throughout the region and beyond
- Provide training and capacity building for community organisations and artists in a range of areas including funding, arts business and promotion/marketing
- Maintain, update and distribute relevant information to the arts and cultural sector including research and cultural data of the region
- Develop and participate in arts networks within the region and link to the cultural sector at a state and national level
- Assist with the development of creative industries and cultural tourism opportunities in the region to support economic development
- Participate in scheduled (3 times per year) meetings with senior Council representatives for planning and reporting purposes
- Provide an evaluation report of projects undertaken as part of the yearly planning process

South East Arts (NSW) Inc. ABN: 91 633 041 645

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Final Draft – May 2017

## Attachment A

### GUIDE TO MINIMUM LOCAL GOVERNMENT CONTRIBUTIONS TO REGIONAL ARTS DEVELOPMENT ORGANISATIONS IN NSW

This model is not a 'per capita' based aggregate but works on incremental population groups.

It is suggested that the recommended contributions are a **MINIMUM** from which to commence negotiations, however, Regional Arts Development Organisations (RADOs) sensitivity to local issues such as *disadvantaged* local government areas, or consideration of the *scale* and *level* of work RADOs do for a local government area, can be accommodated in the model. For example:

- In some local government areas, where there is little arts infrastructure and the RADO undertakes local arts projects that, in other regions, are usually provided by local councils or shires, the contribution needs to reflect this higher level of arts development service delivery.

And, for example,

- Some local government areas in the state comprise a much lower than average per capita income and employment level, or a much smaller than average rate base from which to draw upon. These factors need to be considered in the context of ability to pay contributions.

*It is expected that Local Government contributors to Regional Arts Development Organisations will index their annual contributions to accommodate a CPI increase as follows.*

Population	Suggested minimum contributions with CPI for year				
	2015/16(3.5% estimated)	2016/17(3.5) estimated	2017/18(3.5%) estimated	2018/19(3.5%) estimated	2019/20(3.5%) estimated
1 - 5,000	\$3,814	\$3,947	\$4,086	\$4,229	\$4,377
5001 - 10,000	\$7,630	\$7,897	\$8,173	\$8,460	\$8,756
10,001 - 15,000	\$11,444	\$11,845	\$12,259	\$12,688	\$13,132
15,001 - 25,000	\$15,259	\$15,793	\$16,346	\$16,918	\$17,510
25,001 - 30,000	\$19,073	\$19,741	\$20,431	\$21,147	\$21,887
30,000 - 40,000	\$22,888	\$23,689	\$24,518	\$25,376	\$26,265
40,001 and above	\$30,517	\$31,585	\$32,691	\$33,835	\$35,019

Original draft approved by the RANSW Board of Directors (with changes) on 6<sup>th</sup> December 2002.....

*Modified March 2005:*

*Modified May 2005:*

*Modified May 2006*

*Modified May 2007*

*Modified Feb 2011*

*Modified Dec 2014*

South East Arts (NSW) Inc. ABN: 91 633 041 645

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## 13.2 AUSTIN BECK - CADET LEADING SEAMAN - SPONSORSHIP REQUEST

Record No:

Responsible Officer:	General Manager
Author:	Acting Executive Assistant
Key Direction:	4. Creating a Safer, Healthier and Thriving Community
Delivery Plan Strategy:	DP4.2 Support activities, events and celebrations that promote cultural diversity and inclusiveness.
Operational Plan Action:	OP4.9 Support and facilitate cultural diversity by ensuring decision making frameworks and processes are accessible and culturally sensitive.
Attachments:	1. Letter from Austin Beck <a href="#">↓</a>
Cost Centre Project	7010 Tourism – Natural Account 63151
Further Operational Plan Actions:	

### EXECUTIVE SUMMARY

Austin Beck is a year 11 student at SMGS and a Cadet Leading Seaman in the local region Australian Navy Cadet unit, TS ORIIION and has asked Council for a financial donation toward the exchange program he is part of to be a representative and ambassador for the local community.

The following officer's recommendation is submitted for Council's consideration.

#### OFFICER'S RECOMMENDATION

That Council  
Agree to a financial donation to Austin Beck in the sum of \$200 from the account 7010 - 63151 – Donations Community Assistance Scheme.

### BACKGROUND

Council annually grants monetary or in-kind sponsorship support towards events held within the Shire in accordance with policy GOV 011 Donations to Community Groups, Individuals and Towards Events (ED/07/15973) adopted on 16 March 2010.

### QUADRUPLE BOTTOM LINE REPORTING

#### 1. Social

Council's policy in this area (GOV 011) seeks to recognise Council's role in supporting community and cultural development. The policy's stated objectives are to have:

- a. a strong sense of community throughout the Shire
-

13.2 AUSTIN BECK - CADET LEADING SEAMAN - SPONSORSHIP REQUEST

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- b. a community that has the capacity to meet its own needs
- c. a community environment that encourages cultural and artistic expression

Council does not consider any applications or requests submitted that have been specifically intended for corporate organisations.

## 2. Environmental

This event will not have any environmental impact.

## 3. Economic

### Tourism Budget:

Natural Account	Budget	Budget Variance	Available
63151 – Donations Community Assistance Scheme	\$6,000	\$1,800	\$4,200

## 4. Civic Leadership

Decisions to provide sponsorship to community groups, individuals and towards events must be considered in a transparent process. The granting of financial assistance must be by specific formal resolution of Council.

Council makes decisions regarding donations and sponsorships to community groups, individuals and events in accordance with Council's Policy GOV011. The current relevant section of the policy is as follows: -

### **3.2. Donations/Sponsorship towards Economic Development and Tourism**

*Annual donations will be called for in January for the following financial year however Council may consider applications for financial assistance as they are received. Those seeking financial assistance should address the items included in Council's application and intended recipients of financial assistance shall be informed in writing of Council's decision.*

*All applications for financial assistance must state the purpose for which the funds will be used.*

*Donations by Council will be made from the General Fund and must be either:*

- *fixed dollar amounts*
- *rebates on Council provided services such as water, rates or facility hire*

*Council may make donations towards specific aspects of an event however Council must not commit to cover the full cost of any aspect of an event. For example Council will not commit to meet the total costs of:*

- *advertising*
  - *public liability insurance*
  - *equipment hire*
-

*Financial assistance may include:*

- *fixed dollar amount donations*
- *up to 50% rebate of water supply minimum availability charge*
- *up to 50% rebate of sewerage minimum availability charge*
- *up to 50% rebate of waste management charge (tip or domestic)*
- *other financial assistance as resolved by Council*

*Council provides support to activities that can demonstrate that they will have a positive impact on the economic and social development of the Shire. To encourage sustainability, Council will consider financial assistance on a sliding scale from inauguration of the community event. Once the event is established Council will withdraw financial assistance. This does not limit events and festivals from applying for annual in-kind assistance*

**Determination by Administrator**

Approved by Administrator Dean Lynch in accordance with *Section 226 dot point one (1) or two (2) of the Local Government Act 1993.*

Signature: .....

Date:

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AUSTRALIAN NATIONAL BUSKING CHAMPIONSHIPS INC.

Mr. Joseph Vescio  
General Manager  
Snowy Monaro Regional Council  
PO Box 714  
Cooma NSW 2630

Registered address  
36 Kiah Ave.  
Cooma, 2630

**Councils 2017-18 Budget and Financial Plan  
Request for Council Funding to Support  
The Australian National Busking championships in Cooma**

ANBC Inc. in conjunction with Cooma Rotary Club will be holding the 6<sup>th</sup> Australian National Busking Championships in Cooma November 21-27. This year there are four (4) additional Regional Championships being held in NSW, VIC. and QLD which will culminate in a Final Competition in Cooma.

Two additional events are planned for 2018 in Muswellbrook and Inverell and we are in preliminary discussions with 5 additional towns of which there are 2 in QLD and NSW and 1 in Victoria. It is relevant that that two of these are with Councils and one is with the Chamber of commerce.

Last year the finals consisted of over 160 buskers from COOMA, ACT, SA, VIC, QLD and Regional NSW this year we expect to increase this number.

The ANBC has brought immense social, cultural and financial benefits to Cooma. Three Cooma Businesses hosting busker locations outside their premises last year reported that it was their highest turnover of the year. Accommodation and food outlets all reported success to ANBC.

Councils financial contribution and in kind support to date has been critical in building this event, and ANBC are planning that in the near future we will attract external financial backing, however we are still in need of Councils support to make 2017 a success.

Your favourable consideration to again making a financial contribution to the 2017 event is requested. If you require further information please contact Allan Spencer or Graham French.

Yours sincerely



Allan Spencer  
President, ANBC Inc.



Graham French  
Sec./Treasurer, ANBC Inc

RECEIVED  
27 APR 2017

BY: .....

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## 15.1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

Record No:

Responsible Officer:	Director Service Delivery
Author:	Personal Assistant to Deputy Director Service Delivery
Key Direction:	6. Managing Development and Service Delivery to Retain the Things We Value
Delivery Plan Strategy:	DP6.6 Ensure that the Region's Local Water Utility is financially sustainable in the long term including investment in new and replacement infrastructure.
Operational Plan Action:	OP6.12 Implement the current Strategic Business Plan for water and sewer to comply with the NSW Office of Water Guidelines.
Attachments:	1. Financial Plans for Water Supply and Sewerage Incorporating Pricing Strategy <a href="#">↓</a>
Cost Centre	13-2010 and 14-2110
Project	
Further Operational Plan Actions:	

### EXECUTIVE SUMMARY

A workshop was held on 1 March 2017 with the Consultant and council staff to review the draft Financial Plans for Water Supply and Sewerage incorporating the pricing strategy.

The Consultant has now finalised the draft document and is available for public exhibition.

The following officer's recommendation is submitted for Council's consideration.

#### OFFICER'S RECOMMENDATION

That Council approve the Draft Financial Plans for Water Supply and Sewerage Incorporating Pricing Strategy for public exhibition for a period of 28 days.

### BACKGROUND

Best Practice Guidelines requires the Financial Plan to be reviewed annually. This draft financial Plan is a comprehensive plan incorporating the Special Schedules and the 30 year Capital Works program for the whole region.

Different options have been modelled and a very conservative option with minimal capital works was selected for the pricing strategy.

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**QUADRUPLE BOTTOM LINE REPORTING**

**1. Social**

Provision of drinking water quality water supply and treatment and disposal of sewerage provides for the social wellbeing of the community

**2. Environmental**

All operational and capital works are undertaken with and Environmental assessment to ensure any adverse effects are mitigated.

**3. Economic**

The financial plan is a vital document which models the required levels of income for the financial viability of the water and sewer department.

**4. Civic Leadership**

Council's adoption of the plan will enable forward planning for the operations and capital works program and delivery of efficient water supply and sewerage services to the community.

**Determination by Administrator**

Approved by Administrator Dean Lynch in accordance with *Section 226 dot point one (1) or two (2) of the Local Government Act 1993.*

Signature: .....

Date:

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# Snowy Monaro Regional Council

## Financial Plans for Water Supply and Sewerage Incorporating Pricing Strategy



**April 2017**

**ECM: 3001233**



**Snowy Monaro Regional Council**

Services	Council provides the essential water and sewerage services to some 8,500 properties in the Snowy Mountains and Monaro regions of NSW.
Vision	A trusted community partner.



## Snowy Monaro Regional Council

### Financial Plan for Water Supply and Sewerage

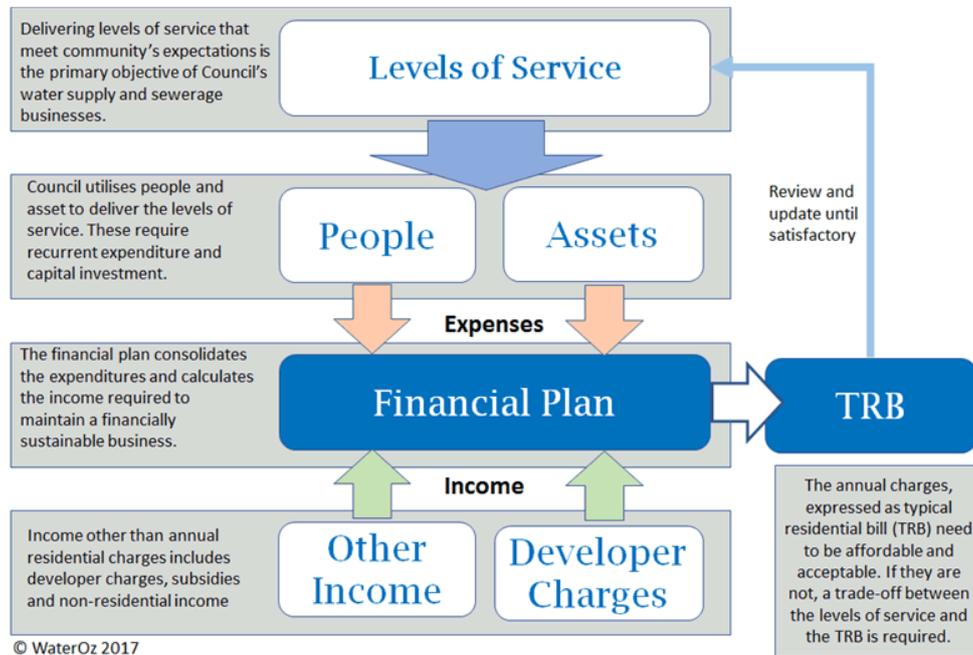
#### Incorporating Pricing Strategy

#### Document Control

<b>Revision</b>	<b>3</b>	<b>Date</b>	<b>11 April 2017</b>
Author	GAZ		
Authorised	G. Azar		
Document	W1128_SMRC_Finplan_WS&S_Rev3.docx		

This revision supersedes previous versions of this document.

The financial planning process is described in the following chart



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## 1 INTRODUCTION

Snowy Monaro Regional Council (SMRC) is the local water utility responsible for delivering water supply and sewerage services in its Local Government Area. SMRC was created in May 2016 by a merger of the former Cooma-Monaro Shire Council (CMSC), Snowy River Shire Council (SRSC) and Bombala Council (BC).

These financial plans are a component of SMRC's water supply and sewerage planning strategy, part of the NSW Government best-practice management framework for local water utilities.

This report contains:

- ❑ Two 30-year financial plans, one for the water supply fund and one for the sewerage fund, commencing July 2016.
- ❑ Pricing Strategy for water supply and sewerage.

### Financial Plans

The NSW Financial Planning Model (FINMOD) was used for preparing the plans, using input data provided by SMRC. Some of the data used for the financial plans were calculated by adding data from the former councils.

The plans set out the long term (30 years) price path SMRC will need to levy to fund recurrent costs and capital investment required for delivering the levels of service set out in Council's strategic business plan. The price path is provided as typical residential bill (TRB).

The projections in these financial plans, including the TRB, are in 2016/17 dollars. They need to be adjusted annually for movements in the consumer price index (CPI).

Local water utilities are required to review and update their financial plans annually.

### Pricing Strategy

The pricing strategy examines options for a tariff structure that will generate the required income, as identified by the financial plans, while maintaining best-practice pricing principles. Council requested that a two-step usage charge be maintained in the future.

It is suggested that Council adopt a medium-term (3-5 years) tariff and price path based on the outcomes of this pricing strategy.

### Typical Residential Bill

Water supply TRB: the bill paid by a residential customer who uses the average residential water consumption and is not a pensioner.

Sewerage TRB: the annual sewerage bill paid by a residential customer who is not a pensioner.

## 2 SUMMARY AND RECOMMENDATION

### 2.1 Financial Plans

#### 2.1.1 Water Supply

The long term financial modelling of the water supply scheme included five cases, with different capital works programs, operation maintenance and administration (OMA) costs, and growth.

All cases indicate that Council needs to increase the water supply charges.

#### 2.1.2 Sewerage

The long term financial modelling of the sewerage scheme included five cases, with different capital works programs, operation maintenance and administration (OMA) costs, and growth.

The modelling indicates that the charges may be reduced, or remain at their current levels.

### 2.2 Pricing Strategy

Having been created in May 2015, SMRC maintained four different tariff in 2016/17. The objectives of the pricing strategy are to introduce a uniform tariff across Council, that complies with the best-practice management guidelines, while maintaining long-term financial sustainability.

#### 2.2.1 Water Supply

Three options were reviewed for the water supply. Option 1 is complying with the best-practice guidelines requiring that 75% of the residential income is generated from usage charges. The other options have lower percentage, and may be considered transitional, with the full 75% achieved in subsequent years. The three options are shown in the following table.

	Option 1	Option 2	Option 3
<b>Tariff</b>			
Access Charge 20 mm (\$/a)	\$135	\$160	\$185
Usage Charge (\$/kL) Step 1	\$3.50	\$3.30	\$3.00
Usage Charge \$/kL) step 2 <sup>2</sup>	\$4.50	\$4.40	\$4.30
<b>Revenue Split</b>			
<b>Residential</b>			
Share of residential income from usage charges	75%	70%	66%
TRB for usage of:			
▪ 138 kL (15/16 avg.)	\$618	\$615	\$613
▪ 188 kL (14/15 avg)	\$793	\$780	\$768

It is recommended to adopt Option 1, which is compliant. The impact on customers is discussed in Section 8.3.

### 2.2.2 Sewerage

The proposed sewerage residential charge is \$900 per assessment, including vacant assessments.

The recommended non-residential tariff is access charge proportional to the square of size of the water meter, with 20 mm is the base (that is, the access charge for a 20 mm meter size is \$900). In addition, the non-residential tariff will include a volume charge of \$1.10 per kL, with the volume calculated a 60% of the water consumption.

### 2.3 Capital Works Programs

A number of alternative capital works programs have been modelled. The main projects that have been included / excluded are:

- ❑ Water supply: Jindabyne Filtration Plant, backlog villages (Numeralla and Michelago).
- ❑ Sewerage: Upgrades of Bombala and Adaminaby STPs, backlog villages (Numeralla, Michelago and Bredbo).

The table below shows the capital works program envelope, from the base case which is the minimum program used for modelling to full capital works program.

	Water Supply		Sewerage	
	Base Case	Full	Base Case	Full
30-year capital works \$M	104	136	77	101

Refer to Table 13 on page 19 for further details.

### 2.4 Review

The capital works program and financial plans should be reviewed annually. This is a requirement of the best-practice management framework, and is important for Council to ensure that early action can be taken if the financial performance of the water supply and/or sewerage businesses varies from the projections.

### 3 SUMMARY OF DATA INPUT

#### 3.1 Historical Financial Statements

Financial statements (Special Schedules 3 to 6) were provided for 2015/16 for:

- The former CMSC.
- The former SRSC.
- The former BC.

These statements were consolidated by WaterOz to generate synthetic Special Schedules for the entity that is now SMRC.

The consolidated financial statements are included in Appendix A.

#### 3.2 Financial Data

The financial data parameters used in the model are summarised in Table 1. The values used in the plans were nominated by Council.

The values recommended by DPI Water are also shown. However, the DPI Water values have not been updated for a number of years, and they do not reflect the prevailing low interest environment.

**Table 1: Financial Data**

Parameter	DPI Water	Used in these Plans
Inflation rate	2.5% p.a.	2.5% p.a.
Borrowing interest rate	6.5% p.a.	3.9% p.a.
Investment interest rate	5.5% p.a.	2.7% p.a.
Term of new loans	20 years	20 years
Average life of new system assets	70 years	70 years

Source: *Email from Council 09Feb17.*

#### 3.3 Assessments

##### 3.3.1 Starting Number of Assessments

While the numbers of assessments are listed in Special Schedule 3 (water supply) and 5 (sewerage), Council advised that these may be incorrect.

The number of assessment at the commencement of the plans (July 2016) was taken as shown in Table 2.

**Table 2: Number of Assessments**

Service	Residential	Non-Residential	TOTAL	Residential Vacant
	Including vacant lots			
Water Supply	7,480	938	8,418	323
Sewerage	6,856	727	7,626	226

Source: SMRC-provided spreadsheet Pricing modelling data SMRC Rev 7 March 2017.

### 3.3.2 Growth Projections

The historical data in the Special Schedules regarding new assessments in 2015/16 is inconsistent, as discussed below.

- ❑ CMSC listed no new assessments, but recorded developer charges income of \$45,000 and \$41,000 in the water supply and the sewerage funds respectively. This income indicates approximately 5-6 new ETs.
- ❑ SRSC reported 11 new ETs in each fund, but recorded developer charges income of nearly \$240,000 in each fund. The income indicates growth of 25-32 new ETs.

BC reported no growth and no developer charges income.

SMRC advised that the projected developer charges income is \$125,000 pa (Source: SMRC email 20Mar17). On the basis of this projected income and the developer charges listed in Table 4, the annual growth projections were taken as:

- ❑ Residential: 23 assessments.
- ❑ Non-residential: 1 assessment.

These were taken for the entire planning period.

### 3.3.3 Backlog Assessments

Backlog is the provision of water supply and/or sewerage services to existing development that is not currently serviced. Backlog assessments are added as paying customers, but unlike growth assessments, backlog assessments do not pay developer charges.

The backlog assessments are shown in Table 3. It was assumed that customers in the backlog areas would commence paying charges when the design for the project commences. Investment in backlog projects was included in some, but not all, cases. Refer to Table 13 and Table 14.

**Table 3: Backlog Assessments**

Village	Water Supply		Sewerage	
	Year	No.	Year	No.
Bredbo	-	-	2020/21	135
Michelago	2020/21	66	2020/21	66
Numeralla	2022/23	46	2023/24	46

Source: Capital Works Program and email from SMRC 17Feb17.

Investment in the provision of services to Dalgety (Sewerage), Four Mile (water supply) and Anglers Reach (water supply) is not included in the 30-year capital works program. These projects are therefore not included in any of the cases of the financial plan.

### 3.4 Developer Charge

For assessing the developer charges for new development, it was assumed that each new residential and non-residential assessment is 1 ET (equivalent tenement). The developer charges used in FINMOD are shown in Table 4. The financial modelling assumes that these will be CPI-adjusted annually.

**Table 4: Developer Charge per ET**

Developer Charge per ET	Water Supply	Sewerage
2016/17	\$5,123	\$5,278

Sources: *Advise by Council as average of reduced charges (mark up of draft plan).*

These charges were assumed to continue for the planning period, CPI adjusted.

### 3.5 Sanity Check of Depreciation of System Assets Depreciation

Table 5 shows the calculated asset lives based on their current values and depreciation. The average lives of system assets for both water supply and sewerage assets are close to the standard recommended by DPI Water of 70 years.

The depreciation does not affect the TRB calculation which is based on cash transactions.

**Table 5: System Asset Values**

Item	Water Supply	Sewerage
Current Replacement Cost (A)	\$157,373 K	\$152,169 k
Written Down Current Cost (B)	\$78,992 K	\$77,994 k
2015/16 Depreciation (C)	\$2,166 K	\$2,421 k
Estimated Average Life of Assets (years) (A/C)	72	62
Estimated Remaining Life of Assets (years) (B/C)	36	32

### 3.6 Plant and Equipment

#### 3.6.1 Depreciation

The values of existing plant and equipment at the commencement of the planning period (July 2016), and the depreciation in 2015/16 are shown in Table 6.

**Table 6: Plant and equipment**

Plant & Equipment	Written Down Cost (\$'000)	Annual Depreciation (\$'000)	Remaining Life (years)
Water Supply	1319	92	14
Sewerage	1587	91	17

DPI Water recommends depreciating existing plant and equipment over seven years. The plan was adjusted to depreciate the existing plant and equipment over approximately 7 years. The depreciation does not affect the TRB calculation which is based on cash transactions.

### 3.6.2 Plant and Equipment Expenditure

Council provided plant and equipment expenditure schedules for the 30-year planning horizon. The average annual expenditures on plant and equipment are \$164,000 and \$242,000 for the water supply and sewerage funds respectively.

### 3.7 Existing Loans

The existing loans are shown in Table 7.

**Table 7: Existing Loans (\$'000)**

Existing Loans	Former CMSC	Former SRSC	Former BC	SMRC (Input to FINMOD)
Water Supply	0	502	0	502
Sewerage	139	2,017	0	2,156

Source: *Historical Financial Statements 4 and 6.*

Loan payment schedules were provided for the former SRSC, which were entered into FINMOD. It was assumed that the remaining loan for the former CMSC will be paid in 2016/17.

### 3.8 Capital Works Programs

Water supply and wastewater businesses are capital intensive. The capital works programs are a critical input to the financial plans.

The capital works programs are typically divided into three categories:

- ❑ Improved levels of service (also referred to as subsidised scheme): Works required for improving services to existing development, such as providing reticulated wastewater to unserved villages or improvements to drinking water quality.
- ❑ Growth: Works required to service new development.
- ❑ Renewals: Replacement of assets that have reached the end of their economic life

Council provided capital works projections. For the water supply, the program included only 29 years. This was amended by repeating year 29 in year 30.

The summary of capital works programs is shown in Table 8. The full programs include:

- ❑ Water supply: Jindabyne Filtration Plant, backlog villages (Numeralla and Michelago).
- ❑ Sewerage: Upgrades of Bombala and Adaminaby STPs, backlog villages (Numeralla, Michelago and Bredbo).

The base case capital works programs exclude these projects.

For the pricing, Council adopted Case 2, which includes some of the projects (refer Table 13 and Table 14).

Appendices B and C include yearly summary of Case 2 capital works program

**Table 8: 30 Year Capital Works Program (2016/17 \$'000)**

Group	Water Supply		Sewerage		
	Base Case and Case 2	Full	Base Case	Case 2	Full
Improved LOS	27,731	48,281	7,013	12,149	22,069
Growth	16,756	27,706	18,982	20,392	22,872
Renewals	60,322	60,322	50,835	55,674	55,674
<b>Total</b>	<b>103,894</b>	<b>136,309</b>	<b>76,830</b>	<b>88,215</b>	<b>100,615</b>

Source: Council's spreadsheets *Capex SMRC Water 30 year program FINAL Revised 7Feb2017* and *Capex SMRC Sewer 30 year program FINAL Revised 7Feb2017*.

### 3.9 Sanity Check for Capital Investment for Renewals

#### Introduction

The purpose of the sanity check is to compare the capital investment for renewals to the depreciation of system assets. It was assumed that the existing system assets will be depreciated at the same amount (i.e. 2015/16 annual depreciation, CPI adjusted) over the next 30 years.

This sanity check only applies to existing assets. The depreciation of future assets is not included, and it is assumed that all the renewal investment over the next 30 years applies to the existing assets.

#### Data

Table 9 summarises SMRC's water supply and sewerage system assets status and the requirement for renewal investment.

**Table 9: Renewal Investment Sanity Check**

Item	Water Supply	Sewerage
Current Replacement Cost (CRC) <sup>1</sup>	\$157,373 K	\$152,169 k
Written Down Current Cost (WDCC) <sup>1</sup>	\$78,992 K	\$77,994 k
Current Financial Status (WDCC/CRC)	50%	51%

Item	Water Supply	Sewerage
Annual Depreciation (2015/16) <sup>1</sup>	\$2,166 K	\$2,421 k
Estimated 30 Year Depreciation	\$64,980 K	\$72,630 k
30 Year Renewals <sup>2</sup>	\$60,322 k	\$55,674 k

Sources: <sup>1</sup>2015/16 synthetic Special Schedules for Water and Sewerage, <sup>2</sup>Capital Works Programs (Case 2).

### Analysis

**Water Supply:** The 30-year investment in water supply asset renewals is of similar order to the estimated depreciation in that period. The WDCC indicates that the assets are in average condition. According to this analysis, the WDCC of the existing assets in 30 years would be less than 47% of the CRC, indicating some deterioration. It is recommended that Council monitor carefully the condition of the assets and, if necessary, increase the renewal budget over the next 30 years to ensure that delivery of the levels of service is not compromised.

**Sewerage:** The 30-year investment in sewerage asset renewals is significantly less than estimated depreciation in that period. The WDCC indicates that the assets are in average condition. According to this analysis, the WDCC of the existing assets in 30 years would be just over 40% of the CRC, indicating poor condition. It is recommended that Council consider increasing the renewal budget over the next 30 years to ensure that delivery of the levels of service is not compromised.

**Disclaimer:** This analysis is based on accounting values only and is not a substitute to asset analysis that is typically prepared as part of a Total Asset Management Plan.

## 3.10 Operation, Maintenance and Administration Costs

By default, FINMOD increases the operations, maintenance and administration (OMA) costs in line with growth. These costs are adjusted annually for inflation. These defaults can be overridden by estimates based on future changes to the operation and/ or labour required.

The default was used for the base case. Other cases use high OMA costs - see notes to Table 13 and Table 14.

## 3.11 Capital Works Grants

### 3.11.1 Water Supply

Council received grants for two projects in 2016/17, which is the first year of projections:

- ❑ Nimmitabel Dam (remaining balance): \$2.9 million
- ❑ Bombala WTP M&E upgrade: \$0.5 million

In addition, \$300,000 are expected to be received as grants for upgrading fluoridation plants in four water supply systems.

### 3.11.2 Sewerage

No grants were included in the base case.

### 3.12 Contributions

Other than developer charges, no other contributions are forecast.

### 3.13 Pensioner Assessments

The proportion of pensioner assessments are calculated by FINMOD based on the grants for pensioner rebates in 2015/16. The calculated number of pensioner assessments were 1164 and 1122 (15.3% and 16.3% of residential assessments) in the water supply and sewerage funds respectively.

The percentages of pensioner assessments are lower than typical values in country towns. The data provided by Council from the customer database are similar. These percentages were therefore adopted for the planning period.

### 3.14 Revenue Split

The proportion of income that is generated from non-residential customers has a significant impact on the outcomes, as typical residential bills are affected by the contribution of non-residential customers to the total income. The historical income splits are shown in Table 10.

**Table 10: Revenue Split**

Component	Water Supply	Sewerage
Residential Revenue	68.36%	74.06%
Non-residential Revenue	31.64%	25.94%*
Extra Charges	0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Source: *Synthetic Historical Financial Statements*.

\* The non-residential income is made of 23.93% of access and usage charges and 2.01% of trade waste charges.

The values in Table 10 were assumed to remain for the planning period.

### 3.15 Typical Residential Bill for Water Supply

The water supply typical residential bill (TRB) is the bill paid by a residential customer who uses the average residential water consumption and is not a pensioner i.e. annual charges plus average water usage charge.

The current TRB was estimated based on the current charges and on the average residential consumption per property. The calculation is shown in Table 11.

**Table 11: 2016/17 Water Supply TRB**

1	6a&b.	Residential Income (estimate 2016/17)	Access (\$'000)	2,861
2			User charges (\$'000)	2,364
3	15a.	Assessments	Residential (occupied)	7,175
4			Residential (vacant)	305
5	11b	Total amount of pensioner rebates (\$'000)		102
<b>Calculation of Typical Residential Bill:</b>				
6	Access Charge by vacant residential assessments (\$'000)			117
7	Total charges excl. vacant assessments (\$'000) [1+2-6]			5,108
8	Total charges adjusted for pensioner rebates (\$'000) [7+5]			5,210
<b>Typical Residential Bill [8 ÷ 3]</b>				<b>\$726</b>

Sources: SMRC's spreadsheet TRB Calculation for 2016 based on SS and 2017 based on estimate income

The TRB stated in the 2015-16 NSW Water Supply and Sewerage Benchmarking Report (Draft) is \$698. The calculation in Table 11 is considered more accurate and has been used for the financial plan.

### 3.16 Typical Residential Bill for Sewerage

SMRC charges a fixed annual sewerage charge to residential customers, with the exception of the former CMSC where there is a lower charge for vacant assessments.

The 2016/17 sewerage TRB estimate is \$914, as calculated in Table 12.

**Table 12: 2016/17 Sewerage TRB**

Income from occupied <sup>1</sup>	\$'000	\$6,013
Add pensioner subsidy <sup>2</sup>	\$'000	\$98
Total	\$'000	\$6,111
occupied assessments		6,685
TRB		\$914

Source: <sup>1</sup> Table 26 on page 45. <sup>2</sup> 1122 assessments (Section 3.13) \* \$87.50 per assessment.

The TRB for sewerage is the annual charge per assessment. In the financial plan it was assumed that vacant assessments will pay the full annual charge.

## 4 FINANCIAL MODELLING INTRODUCTION

### 4.1 Methodology

The main output of the financial plan is the TRB for the next 30 years. The purpose of the modelling is to identify the lowest TRB that:

- Allows Council to fund the operation, maintenance and administration (OMA) expenses and the capital investment of the schemes.
- Maintains the financial sustainability of the water supply and the sewerage funds.

The TRB is used as a measure of affordability, and it sets the price path Council needs to set in order to meet the levels of service.

FINMOD provides detailed financial statements for each fund. The financial statements for the Case 2 are included in the appendices to this report (see Appendices D and E). Sensitivity analysis cases have been developed to identify the impact of different variables on the TRB. A summary of the outcomes is provided in this plan.

The financial outcomes (e.g. TRB, cash and investment) are shown in 2016/17 dollars. The figures shown in this plan need to be CPI-adjusted annually to reflect inflation.

The financial modelling provides target TRB and annual income. Developing tariff options that would generate the required income is covered in Sections 8 and 9.

### 4.2 Modelling Parameters

The following modelling parameters were used.

- Target minimum cash in each fund is \$1 million.
- As a minimum, TRB is to be increased with CPI. If required, further increases are introduced.
- TRB increases, if required, are implemented gradually over 3-4 years.
- Borrowing is taken when required, to keep the TRB at the lowest sustainable level.

## 5 WATER SUPPLY FINANCIAL MODEL

### 5.1 Financial Data

As of June 2016, the water supply fund had cash and investments of \$10.9 million and outstanding borrowings of \$0.5 million.

### 5.2 Modelling Cases Water Supply

The modelled cases are shown in Table 13. The blank cells are default values.

**Table 13: Water Supply Modelling Cases**

Case	OMA Cost <sup>1</sup>	Jindabyne WFP <sup>2</sup>	Backlog Villages <sup>3</sup>	Grant <sup>4</sup>	30-yr Capex \$M	Interest Rate <sup>5</sup>	Growth Rate <sup>6</sup>
Base (1)					104.8		
2	High				104.8		
3	High	Yes	Yes	Yes	136.3		
4	High		Yes		120.8		
5	High	Yes			120.3	High	Low

Notes to Table 13 (blank cells are default):

- Default:* Historical values (from Special Schedule 3 2011/16), adjusted for CPI and growth.  
*High:* Increase by 30% for year 1 to 10, and by 20% from year 11 to 20. These increases have been used to override the FINMOD default values to: operations, maintenance, energy and engineering supervision (Source: *Emails from Council 09Feb17 and 14 February 2017*). FINMOD defaults have been used to the other line items in the OMA group, including administration, chemical and other expenses.
- Default:* No Jindabyne water filtration plant (JWFP).  
*Yes:* Investment JWFP (\$15.5 million over 9 years from 2025/26).
- Default:* No backlog water projects (investigation only).  
*Yes:* Investment in Numeralla water supply (\$6.2 million over three years starting 2022/23); Michelago water supply (\$10.2 million over three years starting 2020/21).
- Default:* No grants for capital works.  
*Yes:* 50% grant for JWFP.
- Default:* Interest rates as per Table 1 (borrowing 3.9%, investment 2.7%)  
*High:* Borrowing rate 6.5%, deposit rate 5.5%.
- Default:* as per section 3.3.2 (23 residential and 1 non-residential pa).  
*Low:* 10 new residential assessments and 1 new non-residential assessments pa.

### 5.3 Water Supply - Base Case

The base case is described in Table 13. The forecast 30-year capital works program is \$103.9 million.

While this case provides only moderate increase to the TRB, it does not meet Council preferred levels of service including Jindabyne WFP and providing reticulated water to backlog villages within the 30-year planning period.

### 5.3.1 Water Supply Base Case - Capital Works and Growth

The capital works and growth projections for the Base Case Scenario are shown in Figure 1.

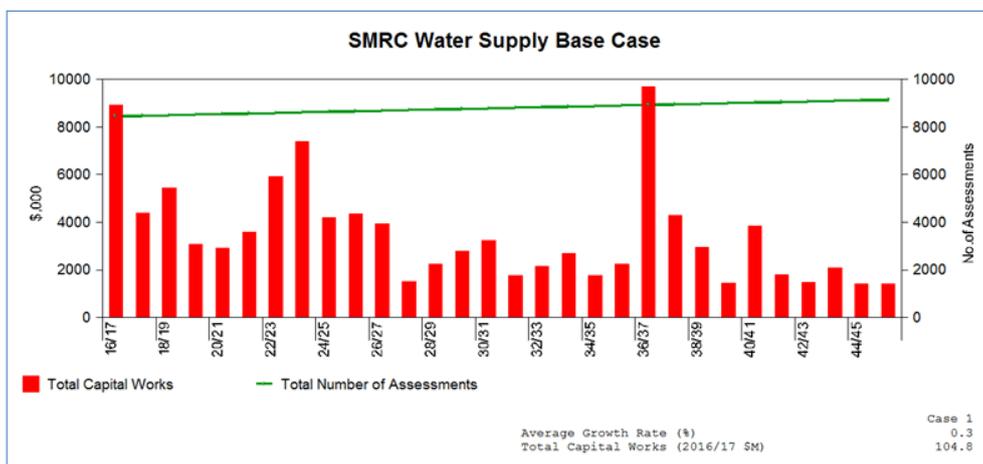


Figure 1: Water Supply Capital Works and Growth – Base Case

### 5.3.2 Water Supply Base Case - Outcomes

The Base Case outcomes are summarised below and shown in Figure 2.

- ❑ Typical residential bill: The financial modelling indicates that the TRB will need to rise from the current \$726 to approximately \$860 (plus CPI). The model envisages that this increase will be implemented over four years from 2017/18.
- ❑ Cash and investment: Cash reserves may be reduced to as low as 0.4 M for one year only, and be maintained above 1.0 million (CPI adjusted) for the remaining years.
- ❑ Borrowings: The model shows that some borrowing will be required, mostly towards the end of the planning period. Total new loans of \$9.1 million are envisaged over the 30-year planning period. This level of borrowing is not high relative to the total value of the capital works and the income of the business.

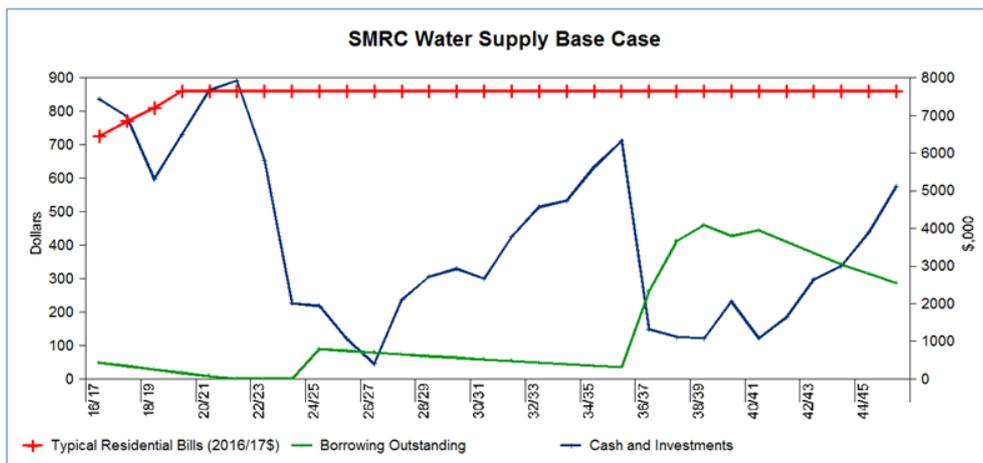


Figure 2: Water Supply Results- Base Case

### 5.4 Water Supply Case 2

This case is defined in Table 13. It is similar to the base case, but with override of the OMA costs (refer note 1 to Table 13).

#### 5.4.1 Water Supply Case 2 - Capital Works and Growth

The capital works and growth projections for Case 2 are the same as the those in the Base Case, as shown in Figure 1.

#### 5.4.2 Water Supply Case 2 - Outcomes

Case 2 outcomes are summarised below and shown in Figure 3.

- ❑ Typical residential bill: The financial modelling indicates that the TRB will need to rise from the current \$726 to approximately \$950 (plus CPI). The model envisages that this increase will be implemented over four years from 2017/18.
- ❑ Cash and investment: Cash is maintained at a minimum level of \$1 million (CPI adjusted).
- ❑ Borrowings: The model indicates that borrowing, estimated at \$12.7 million over the 30-year planning period, would be required.

Preferred Case

Case 2 was adopted as the basis for the proposed tariff structure (Section 8).

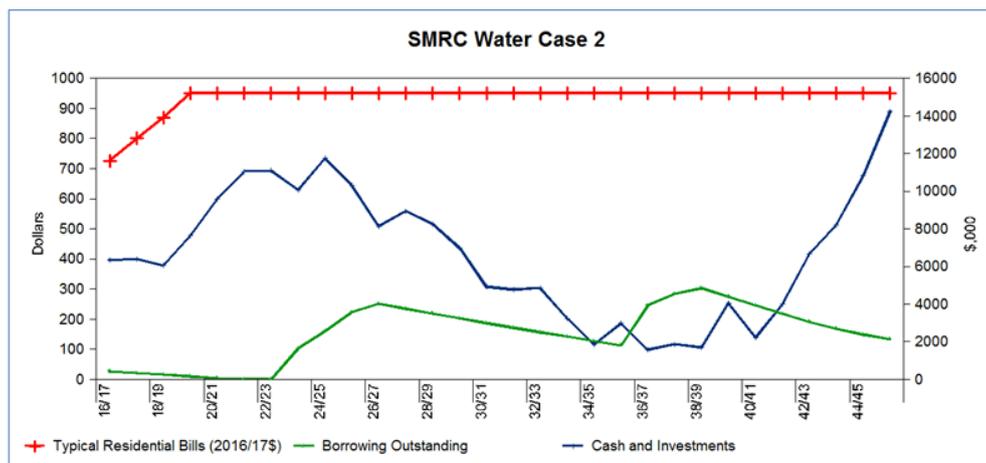


Figure 3: Water Supply Results- Case 2

### 5.5 Water Supply Case 3

This case is defined in Table 13. It is similar to Case 2, but includes also capital investment in

- ❑ Servicing backlog villages (\$16.9 million),
- ❑ Jindabyne Water filtration plant (\$15.5 million), with 50% subsidy for JWFP.

The forecast 30-year capital works program is \$136.2 million.

#### 5.5.1 Water Supply Case 3 - Capital Works and Growth

The capital works, subsidy and growth projections for Case 3 are shown in Figure 4. The growth projections include the additional connections in Michelago and Numeralla.

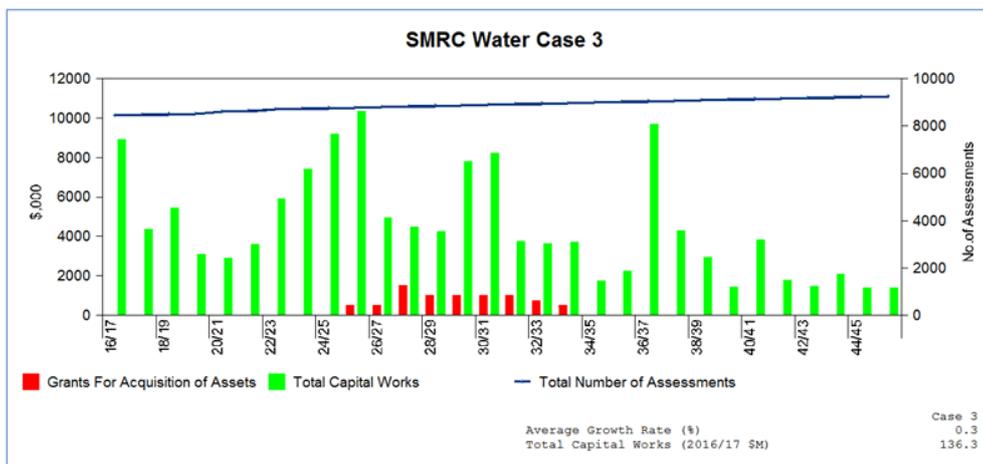


Figure 4: Water Supply Capital Works and Growth – Case 3

5.5.2 Water Supply Case 3 - Outcomes

Case 3 outcomes are summarised below and shown in Figure 5.

- ❑ Typical residential bill: The financial modelling indicates that the TRB will need to rise from the current \$726 to approximately \$1060 (plus CPI). The model envisages that this increase will be implemented over four years from 2017/18.
- ❑ Cash and investment: Cash is maintained at a minimum level of \$1 million (CPI adjusted).
- ❑ Borrowings: The estimated borrowing in the 30-year planning period is \$25.7 million.

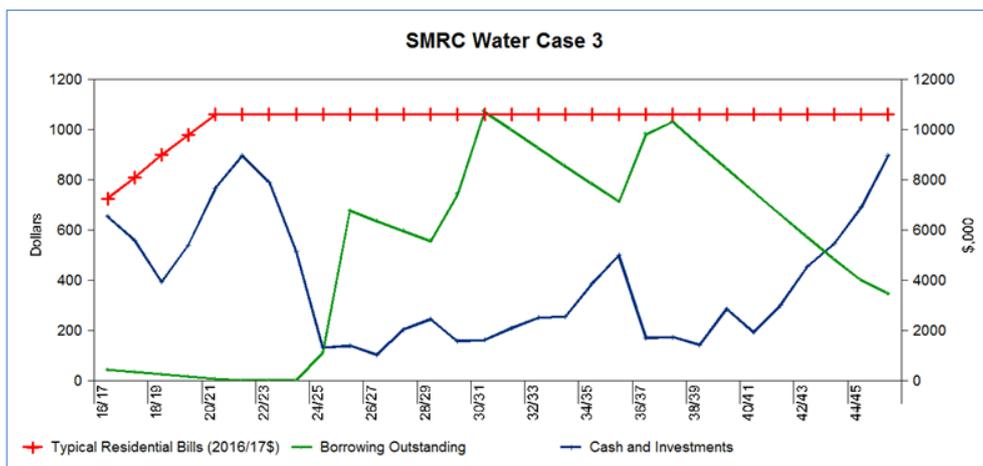


Figure 5: Water Supply Results- Case 3

5.6 Water Supply Case 4

This case is defined in Table 13. This case includes capital investment in servicing backlog villages (\$16.9 million). The forecast 30-year capital works program is \$120.7 million.

5.6.1 Water Supply Case 4 - Capital Works and Growth

The capital works and growth projections for Case 4 are shown in Figure 6.

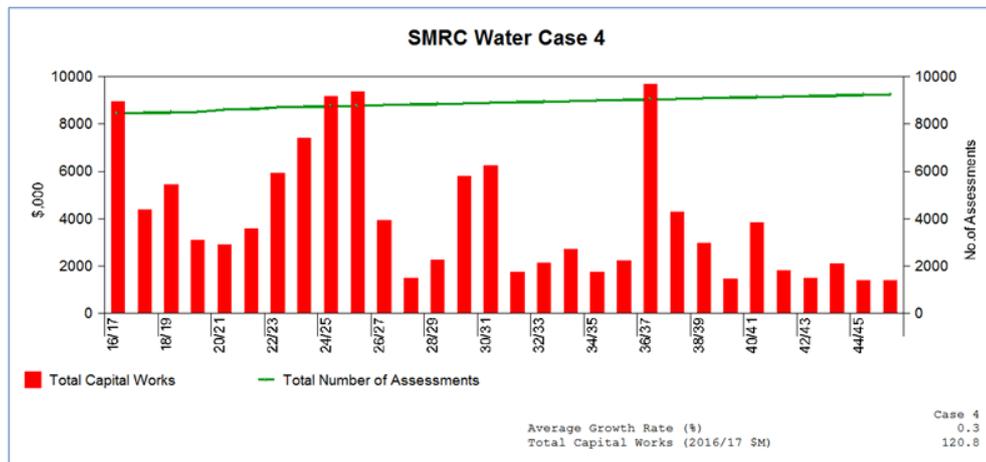


Figure 6: Water Supply Capital Works and Growth – Case 4

### 5.6.2 Water Supply Case 4 - Outcomes

Case 4 outcomes are summarised below and shown in Figure 7.

- ❑ Typical residential bill: The financial modelling indicates that the TRB will need to rise from the current \$726 to approximately \$980 (plus CPI). The model envisages that this increase will be implemented over four years from 2017/18.
- ❑ Cash and investment: Cash is may be reduced to \$0.4 for two of the years (CPI adjusted).
- ❑ Borrowings: The estimated borrowing in the 30-year planning period is \$16.6 million.

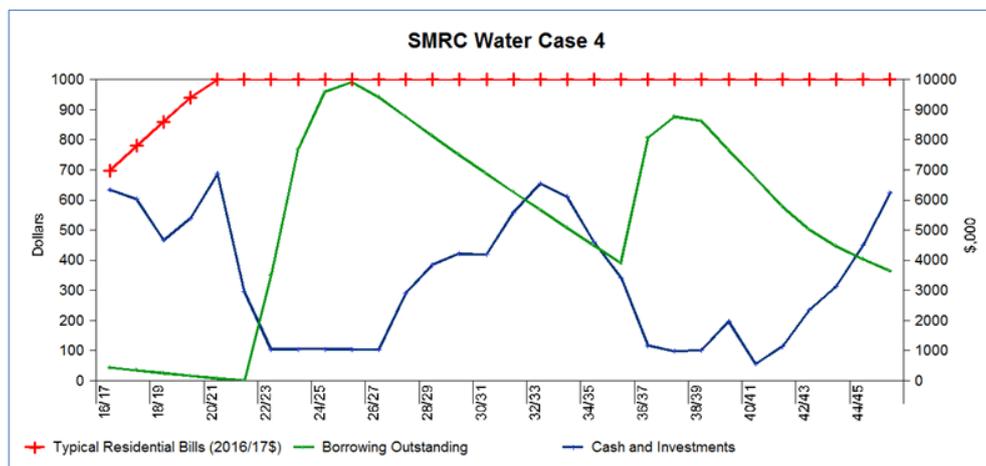


Figure 7: Water Supply Results- Case 4

### 5.7 Water Supply Case 5

This case is defined in Table 13. It includes investment of \$15.5 million in the Jindabyne Water Filtration Plant, without subsidy. It also includes high interest rates and low growth rates.

#### 5.7.1 Water Supply Case 5 - Capital Works and Growth

The capital works and growth projections for Case 5 are similar to Case 2, shown in Figure 8.

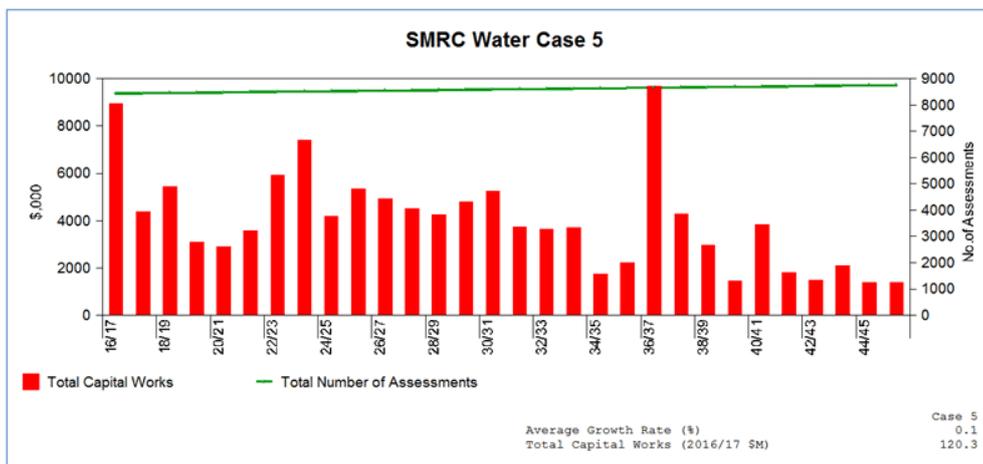


Figure 8: Water Supply Capital Works and Growth – Case 5

5.7.2 Water Supply Case 5 - Outcomes

Case 5 outcomes are summarised below and shown in Figure 9.

- Typical residential bill: The TRB will need to increase 10 \$1050 (CPI adjusted).
- Cash and investment: Cash is maintained may need to be reduced to around \$0.8k for some of the year.
- Borrowings: The estimated borrowing in the 30-year planning period is \$8.0 million.

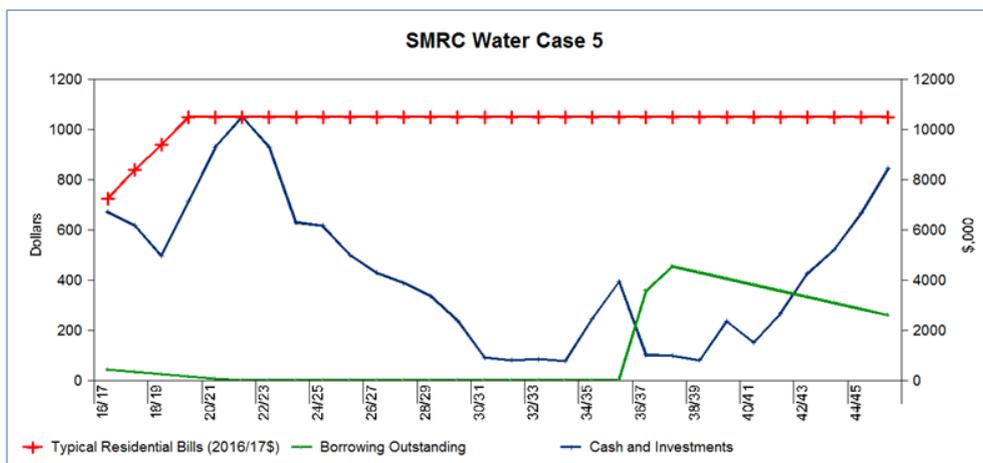


Figure 9: Water Supply Results- Case 5

## 5.8 Water Supply Financial Modelling Summary

### 5.8.1 TRB

This section compares the outcomes of the five cases. Figure 10 compares the TRB of the five cases.

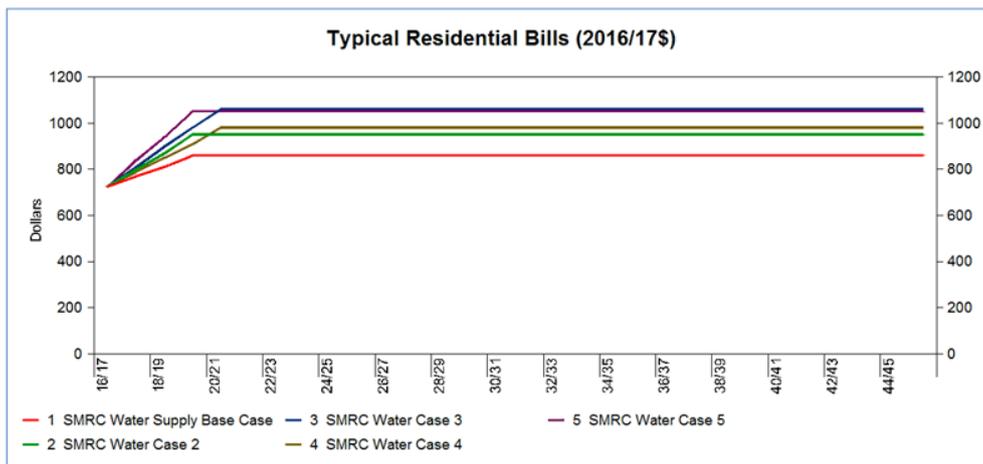


Figure 10: Water Supply Case Comparison - TRB

### 5.8.2 Cash and Investment

For the TRB comparison to be meaningful, the net cash at the end of the 30-year planning period needs to be similar. Figure 11 compares the cash for the five cases.

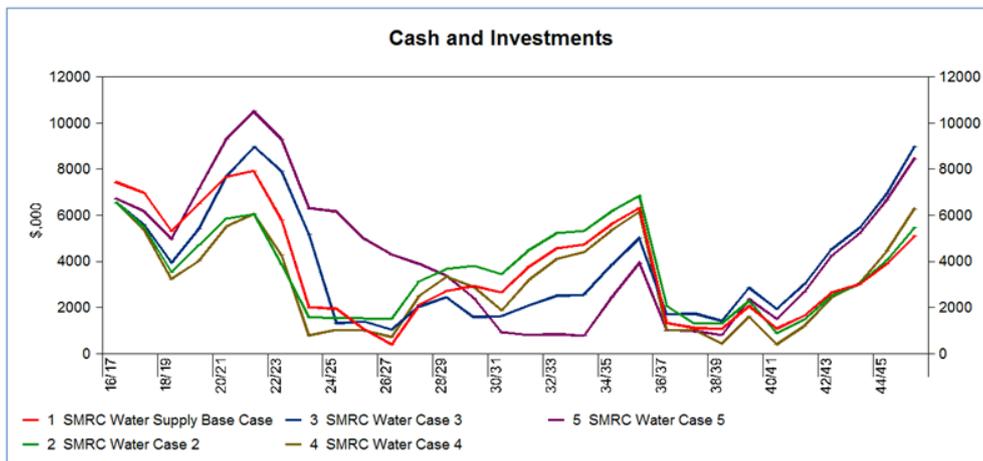


Figure 11: Water Supply Case Comparison - Cash and Investment

5.8.3 Borrowings

Figure 12 shows a comparison of the borrowings.

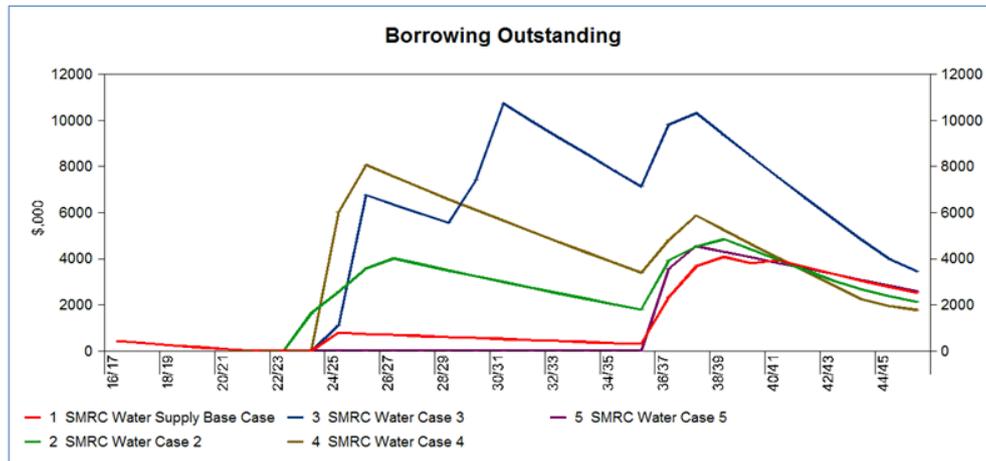


Figure 12: Water Supply Case Comparison - Borrowing

## 6 SEWERAGE FINANCIAL MODEL

### 6.1 Financial Data

As of June 2016, the sewerage fund had cash and investments of \$13.2 million and outstanding borrowings of \$2.2 million.

### 6.2 Modelling Cases Sewerage

The modelled cases are shown in Table 14. The blank cells are default values.

**Table 14: Sewerage Modelling Cases**

Case	OMA Cost <sup>1</sup>	Bombala / Adaminaby <sup>2</sup>	Backlog Villages <sup>3</sup>	Grants <sup>4</sup>	30-yr Capex \$M	Interest Rate <sup>5</sup>	Growth Rate <sup>6</sup>
Base					73.4		
2	High	Yes		Yes	88.2		
3	High	Yes			88.2		
4	High	Yes	Yes	Yes	100.6		
5	High	Yes			88.2	High	Low

Notes to Table 14 (blank cells are default):

- Default:* Historical values (from Special Schedule 3 2011/16), adjusted for CPI and growth.  
*High:* Increase by 30% for year 1 to 10, and by 20% from year 11 to 20. These increases have been used to override the FINMOD default values to: operations, maintenance, energy and engineering supervision (Source: *Emails from Council 09Feb17 and 14Feb17*). FINMOD defaults have been used to the other line items in the OMA group, including administration, chemicals and other expenses.
- Default:* No investment in Adaminaby and Bombala STPs.  
*Yes:* Investment in Adaminaby STP (\$4 million over 8 years starting 2015/16); investment in Bombala STP (\$7 million over 5 years starting 2015/16).
- Default:* no investment in sewerage system in backlog projects (investigation only).  
*Yes:* Investment in Bredbo sewerage (\$4.2 million over two years starting 2020/21); Michelago sewerage (\$8.2 million over two years starting 2020/21); Numeralla sewerage (\$4.2 million over two years starting 2023/24) (refer also to Table 3).
- Default:* No grant.  
*Yes:* 30% State grant for Adaminaby STP; 80% grant for Bombala STP (30% State, 50% Federal).
- Default:* Interest rates as per Table 1 (borrowing 3.9%, investment 2.7%)  
*High:* Borrowing rate 6.5%, deposit rate 5.5%.
- Default:* as per section 3.3.2 (23 residential and 1 non-residential pa).  
*Low:* 10 new residential assessments and 1 new non-residential assessments pa.

### 6.3 Sewerage Charges TRB Reduction

The sewerage modelling shows show potential reduction to the sewerage TRB.

Where possible, it is proposed to commence the reduction in 2017/18. This is discussed further in Section 9.

### 6.4 Sewerage – Base Case

The base case is defined in Table 14. The 30-year capital works program is \$76.8 million.

This case shows that Council may reduce the TRB, but it this case not meet Council preferred levels of service including upgrades of Bombala and Adaminaby STPs and providing reticulated sewerage to backlog villages within the 30-year planning period.

#### 6.4.1 Sewerage Base Case - Capital Works and Growth

The capital works and growth projections for the Base Case Scenario are shown in Figure 13.

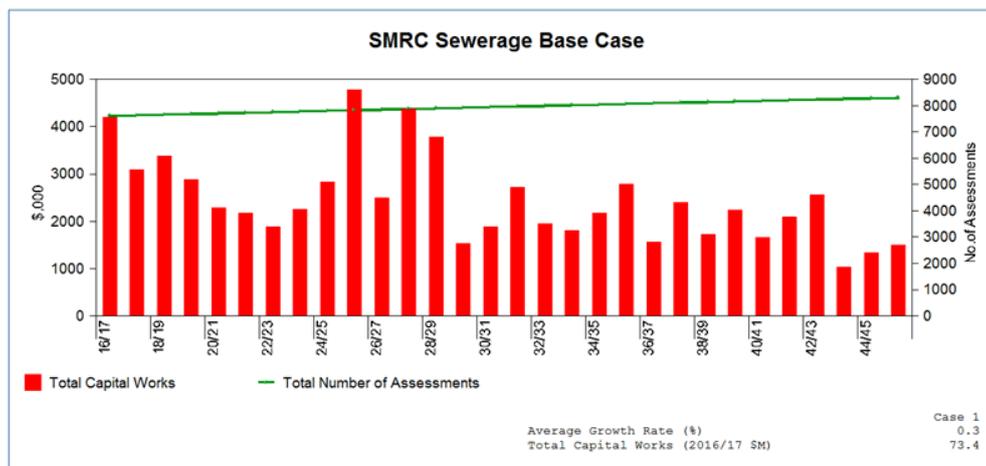


Figure 13: Sewerage Capital Works and Growth – Base Case

#### 6.4.2 Sewerage Base Case - Outcomes

The Base Case outcomes are summarised below and shown in Figure 14.

- ❑ Typical residential bill: It is proposed to reduce the charges to a TRB of \$690 (+CPI adjustment) in 2017/18. This TRB can be maintained (CPI adjusted annually) for the planning period.
- ❑ Cash and investment: The modelling indicates that the cash reserves remain above \$1 million in throughout the planning period.
- ❑ Borrowings: No new borrowings are required.

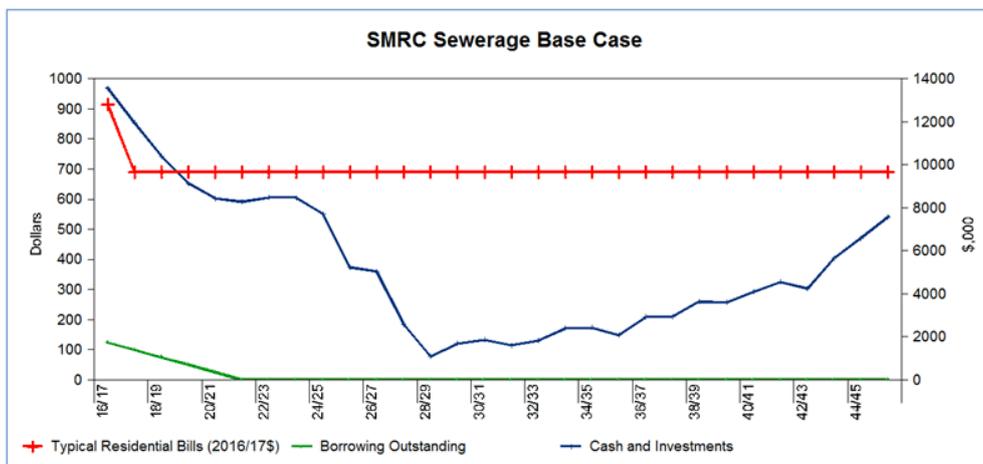


Figure 14: Sewerage Results- Base Case

### 6.5 Sewerage – Case 2

This case is defined in Table 14. It includes investment in Bombala and Adaminaby STPs with a total grant of \$6.8 million. The 30-year capital works program is \$87.8 million.

This case also includes higher OMA costs (refer to Note 1 to Table 14).

Preferred Case

Case 2 was adopted as the basis for the proposed tariff structure (Section 9).

#### 6.5.1 Sewerage Case 2 - Capital Works and Growth

The capital works program, including the expected grants, and growth projections for Case 2 Scenario are shown in Figure 15.

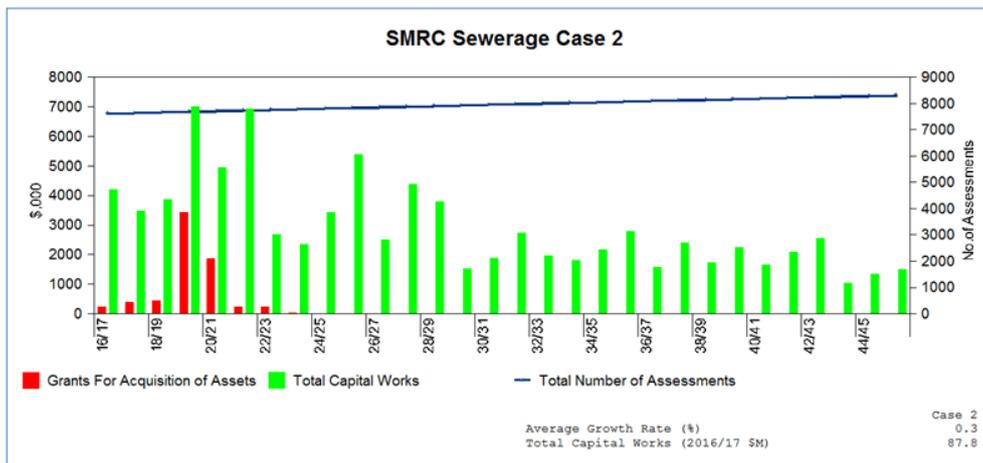


Figure 15: Sewerage Capital Works and Growth – Case 2

### 6.5.2 Sewerage Case 2 - Outcomes

This case outcomes are summarised below and shown in Figure 16.

- ❑ Typical residential bill: It is proposed to reduce the TRB to \$865 in 2017/18. Assuming that the CPI adjustment is 2%, The 2017/18 would be \$880, showing a small reduction from the current TRB of \$914. This TRB can be maintained, CPI adjusted, for approximately 23 years, and then reduced further to \$750.
- ❑ Cash and investment: The modelling indicates that the cash reserves may need to be as low as \$700 for three years. They remain above \$1 million in all other years.
- ❑ Borrowings: No new borrowings are required.

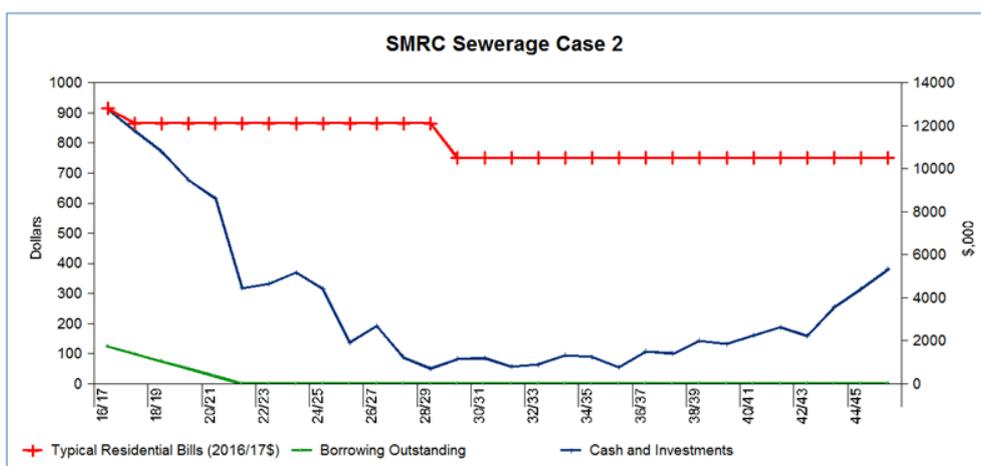


Figure 16: Sewerage Results – Case 2

### 6.5.3 Sewerage Case 2 - Required Income

The financial statements for this case are included in Appendix C. The income stream from these statements is used for the pricing strategy.

Table 15: Income from Charges (2016/17 \$'000)

	2016/17	2017/18	2018/19	2019/20
Rates & Service Availability Charges	8125	7776	7803	7834
▪ Residential	6141	5877	5897	5921
▪ Non-Residential	1984	1899	1906	1913

## 6.6 Sewerage – Case 3

This case is defined in Table 14. It is similar to Case 2, except that no subsidy is assumed for Bombala and Adaminaby STPs. The 30-year capital works program is \$87.8 million.

### 6.6.1 Sewerage Case 3 - Capital Works and Growth

The capital works and growth projections for Case 3 are the same as in Case 2, but no grants are assumed, as shown in Figure 17.

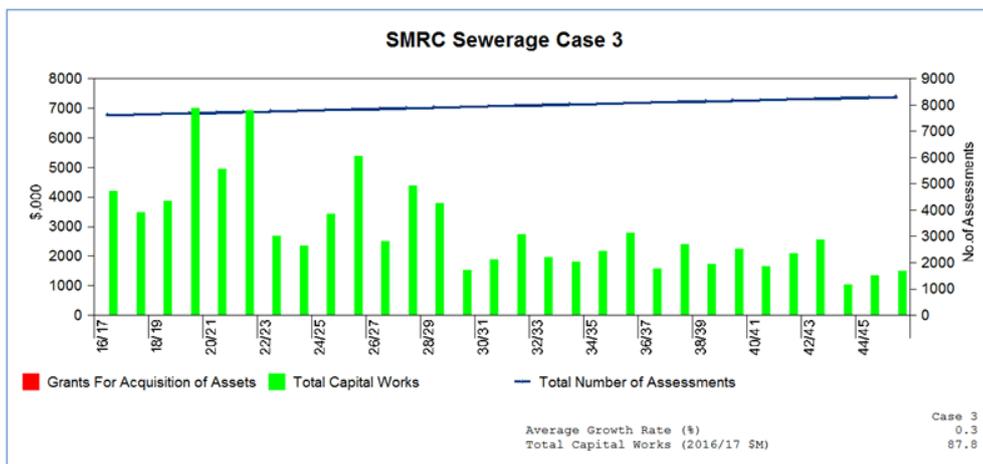


Figure 17: Sewerage Capital Works and Growth – Case 3

### 6.6.2 Sewerage Case 3 - Outcomes

This case outcomes are summarised below and shown in Figure 18.

- ❑ Typical residential bill: It is proposed to maintain the current TRB of \$914, CPI adjusted for approximately 13 year. The TRB may be reduced to \$770 (CPI adjusted after that).
- ❑ Cash and investment: The modelling indicates that the cash reserves may be reduced to 0.8 million for one year, and remain above the target of \$1 million in other years.
- ❑ Borrowings: Borrowings of \$2.6 million are required in the planning period.

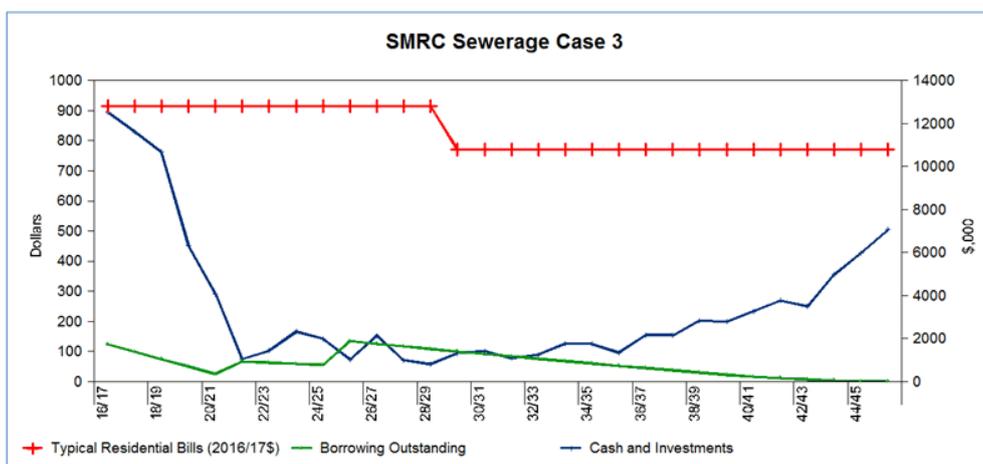


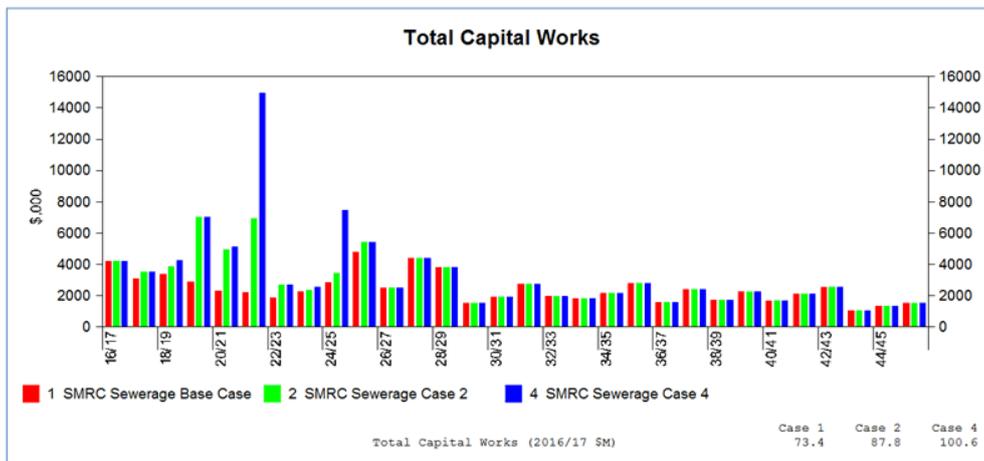
Figure 18: Sewerage Results - Case 3

### 6.7 Sewerage – Case 4

This case is defined in Table 14. It is similar to Case 2, but it includes backlog sewerage to villages (refer to note 3 to Table 14).

**6.7.1 Sewerage Case 4 - Capital Works and Growth**

The capital works for Case 4, compared to the other cases, is shown in Figure 19. The growth is the same as in the previous cases.

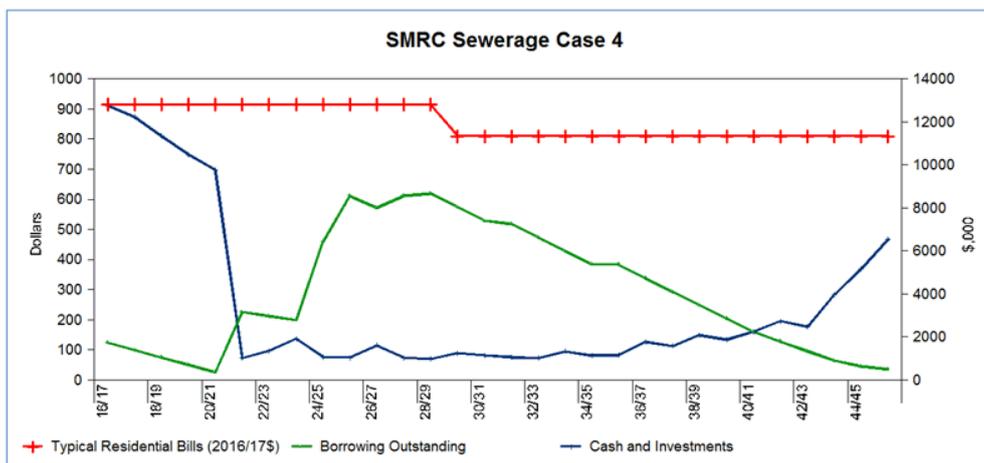


**Figure 19: Sewerage Capital Works and Growth – Case 4**

**6.7.2 Sewerage Case 4 - Outcomes**

This case outcomes are summarised below and shown in Figure 18.

- Typical residential bill: The TRB can be maintained at the current level (\$914, CPI adjusted) for approximately 12 years, and may be reduced. It may be possible to reduce it after that time to \$810 (CPI adjusted).
- Cash and investment: The modelling indicates that the cash reserves are above \$1 M.
- Borrowings: Borrowings of \$16.0 million are required in the planning period.



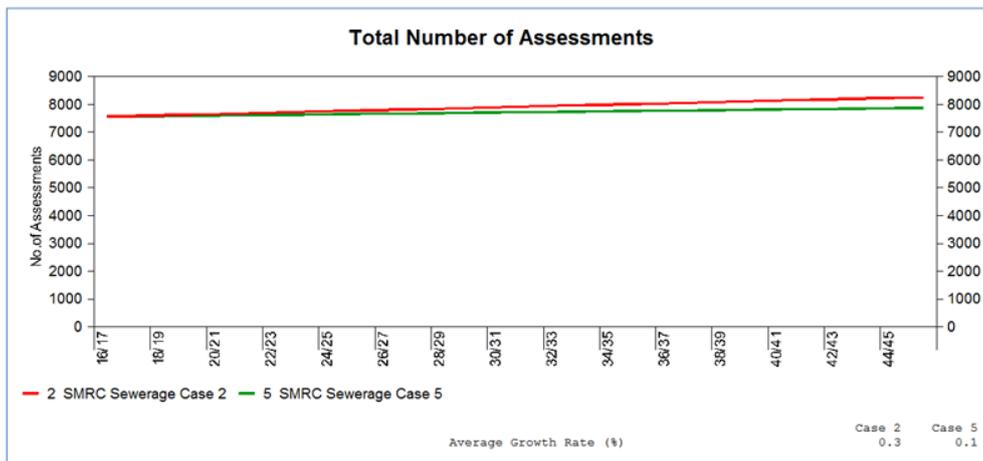
**Figure 20: Sewerage Results- Case 4**

**6.8 Sewerage – Case 5**

This case is defined in Table 14. It includes capital works for Bombala and Adaminaby STPs without grants. In addition, low growth rates and high interest rates are assumed).

**6.8.1 Sewerage Case 5 - Capital Works and Growth**

The capital works program for this case is the same as Case 3 (refer Figure 17). Figure 21. shows the growth forecast of Case 5, compared to Case 2.

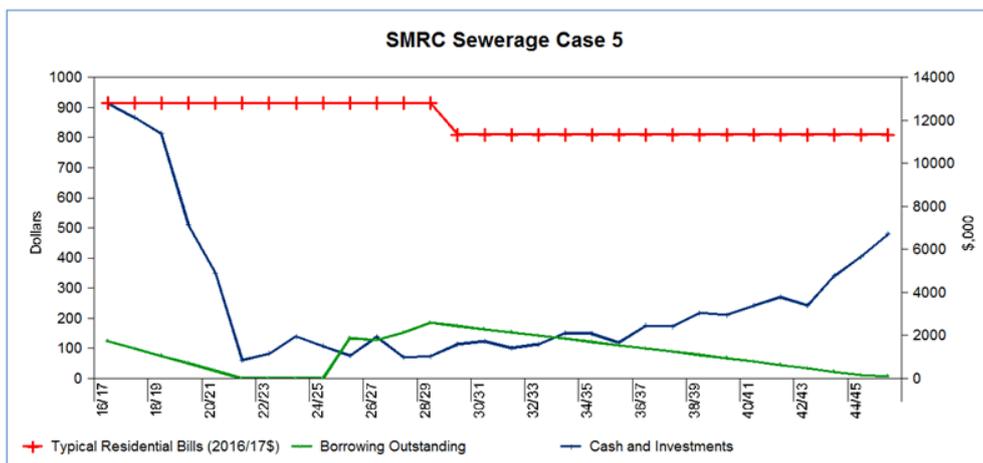


**Figure 21: Sewerage Capital Works and Growth – Case 5**

**6.8.2 Sewerage Case 5 - Outcomes**

This case outcomes are summarised below and shown in Figure 22.

- Typical residential bill: The TRB is similar to Case 4: the current TRB (\$907, CPI adjusted) can be maintained for approximately 12 years. It may be possible to reduce it after that time to \$810 (CPI adjusted).
- Cash and investment: Cash is at a minimum level of \$1 million (CPI adjusted).
- Borrowings: Borrowings of \$3.8 million are required in the planning period.



**Figure 22: Sewerage Results - Case 5**

## 6.9 Sewerage Financial Modelling Summary

### 6.9.1 TRB

This section compares the outcomes of the five cases. Figure 23 compares the TRB of the five cases.

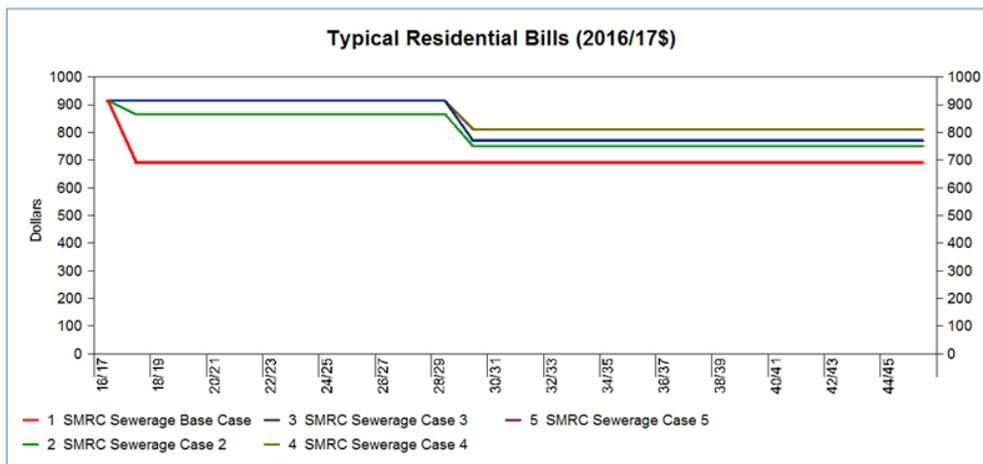


Figure 23: Sewerage Case Comparison - TRB

### 6.9.2 Cash and Investment

For the TRB comparison to be meaningful, the net cash at the end of the 30-year planning period needs to be similar. Figure 24 compares the cash for the five cases.

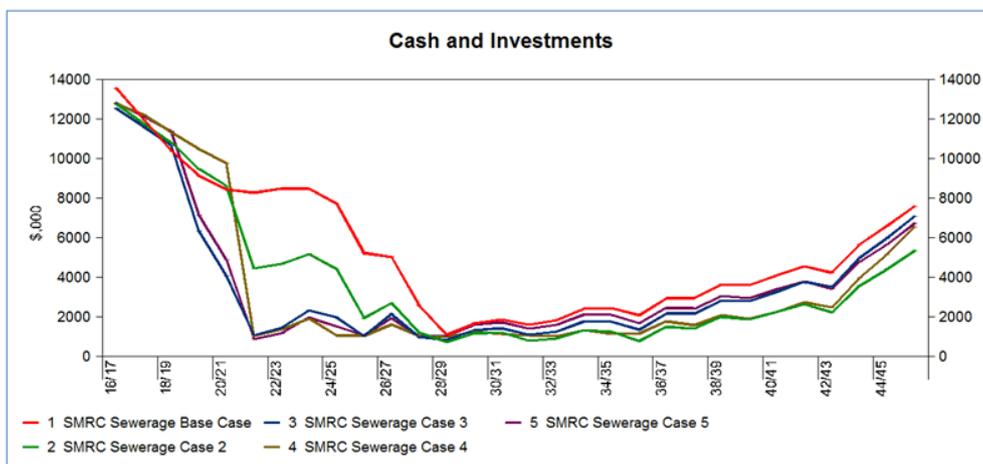


Figure 24: Sewerage Case Comparison - Cash and Investment

6.9.3 Borrowings

Figure 25 shows a comparison of the borrowings. In all cases the loans are expected to be paid off, or have a balance of less than \$1 million, at the end of the 30-year planning period.

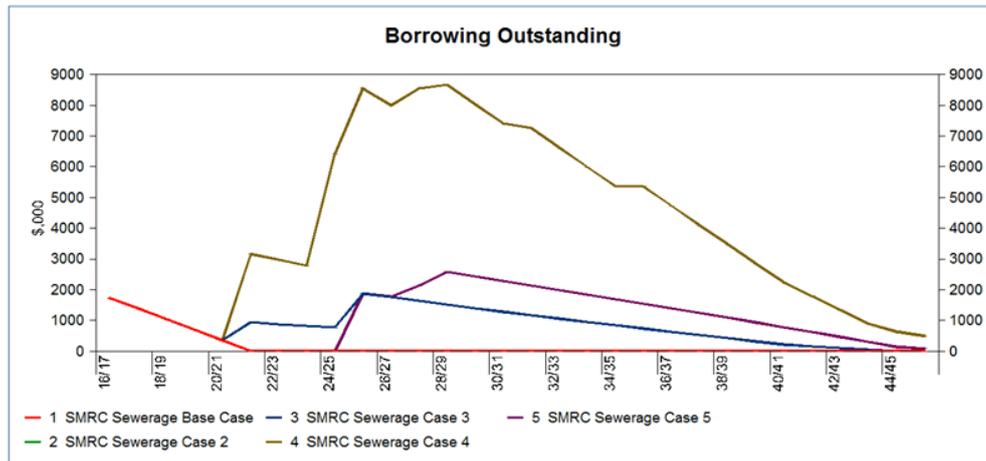


Figure 25: Sewerage Case Comparison - Borrowing

## 7 PRICING STRATEGY - INTRODUCTION

### 7.1 Background

Having merged in May 2016, SMRC maintained the tariff structures of the three former councils for their respective areas in 2016/17 (with different tariffs for Bombala and Delegate).

SMRC now wishes to introduce a uniform tariff across Council area. Invariably in such a process there would be 'winners and losers'. That is, some customers would enjoy lower bills while others would experience higher prices.

The objectives of this part of the project is to identify a tariff structure that would:

- Generate the revenue identified in the financial plans (Case 2), consistent with the price paths and to financial sustainability of the water supply and sewerage funds.
- Comply with best-practice management requirements.

### 7.2 Pricing Principles

The pricing principles recommended by the NSW Government as part of the best-practice management framework are summarised below.

#### 7.2.1 Water Supply

The following principles are aimed at encouraging customers to use water efficiently and minimise wastage of valuable water resources and associated infrastructure.

- Two-part tariff comprising:
  - Access charge proportional to square of the meter size (this refers mainly to commercial customers).
  - Usage charge per kL for all water use (i.e. no free allowance).
- Residential water usage charge recover at least 75% of residential revenue.
- Bill at least three times each year.
- Include both water access charges and water usage charges in each bill.
- Eliminate cross-subsidies.

Sources: *Best-Practice Management of Water Supply and Sewerage Guidelines (2007)* and *Circular LWU (11 March 2011)*.

While DPI Water encourages a uniform usage charge, SMRC requested to maintain the current two-step usage charge with higher charge for usage above 300 kL pa. The two-step tariff applies to both residential and non-residential customers.

#### 7.2.2 Sewerage

Best-practice sewerage pricing structure includes:

- Uniform annual sewerage bill for residential customers.
- Two-part sewerage tariff for non-residential customers.
  - Access charge based on square of meter size.
  - Usage charge by discharge factor if not measured.

- ❑ Eliminate cross-subsidies.

### 7.3 Current Tariff

#### 7.3.1 Water Supply Residential

SMRC maintained the tariff that prevailed in the former councils in 2016/17. Table 16 lists the current residential tariffs.

**Table 16: 2016/17 Water Supply Residential tariff**

	Former Cooma	Former Snowy	Bombala	Delegate
Access Charge pa	\$347	\$372	\$590	\$452
Usage charge per kL <sup>1</sup>				
- Step 1	\$1.70	\$2.36	\$1.40	
- Step 2	\$2.68	\$3.59	\$1.90	
TRB for annual consumption (20 mm meter):				
138 kL (15/16 avg.)	\$582	\$698	\$783	\$645
188 kL (14/15 avg)	\$667	\$816	\$853	\$715
300 kL	\$857	\$1,080	\$1,010	\$872
400 kL	\$1,125	\$1,439	\$1,200	\$1,062

Notes:

- a) The highest TRB for each consumption category is shaded.
- b) Usage charge: for the former Cooma and Bombala areas Step 1 is for consumption of up to 300 kL/a and step 2 is for consumption above 300 kL/a. For the former Snowy area, Step 1 is for the first 100 kL per billing period (three billing periods per year). For the purpose of the analysis it was assumed that for the former Snowy area, Step 1 is 300 kL/a.

#### 7.3.2 Water Supply Non-Residential Tariff

Key features of the non-residential tariff are shown in Table 17.

**Table 17: 2016/17 Water Supply Non-Residential**

	Former Cooma	Former Snowy	Bombala	Delegate
Access Charge pa				
	\$277	\$372	\$590	\$452
20 mm	\$347	\$372	\$590	\$452
25 mm	\$541	\$579		
32 mm	\$887	\$951		
40 mm	\$1,386	\$1,485		
50 mm	\$2,166	\$2,322		
65 mm		\$3,921		

	Former Cooma	Former Snowy	Bombala	Delegate
80 mm	\$5,544	\$5,943		
100 mm	\$8,663	\$9,285		
150 mm		\$20,889		
Usage charge per kL				
- Step 1	\$1.70	\$2.36	\$1.40	
- Step 2	\$1.70	\$3.59	\$1.90	

### 7.3.3 Sewerage Tariff

The current sewerage tariffs are described in Table 18 and Table 19.

**Table 18: 2016/17 Sewerage tariff – Access Charge**

	Former Cooma	Former Snowy	Bombala	Delegate
Residential Access Charge pa	\$902	\$954	\$675	\$548
Non-Residential access charge pa, based on meter size	20mm	\$891	\$649	\$548
	25 mm	\$1,389		
	32 mm	\$2,277		
	40 mm	\$3,561		
	50 mm	\$5,562		
	65 mm	\$9,399		
	80 mm	\$14,241		
	100 mm	\$22,251		
150 mm	\$50,064			

Note: The former Cooma area the non-residential access charge is based on the annual discharge from \$963 for up to 100 kL to \$22,787 for discharge of more than 8,000 kL.

**Table 19: 2016/17 Sewerage tariff – Usage Charge**

	Former Cooma	Former Snowy	Bombala	Delegate
Usage charge per kL	Included in access - refer to Note above	\$3.23	\$0.25	\$0.95
Discharge factor		0.75 for meter size 20-32 mm, 0.6 for larger meters	0.95-1.85	

## 7.4 Water Supply Usage Charge Share

As mentioned in Section 7.2.1, one of the best-practice management principles is a tariff that generate 75% of the residential income from usage charges. This is designed to reduce wastage of water through meaningful pricing signals.

For local water utilities with less than 4,000 connected properties, the requirement is to generate 50% of the residential income from usage charges. The three former councils each had less than 4,000 connections, but the merged SMRC has more than 4,000 connections.

Table 20 shows that Cooma and Snowy achieved close to the 50% target. However, SMRC is far from the target of 75%, and significant structural changes to the tariff are required to achieve the target.

**Table 20: Share of Usage Charges 2015/16**

Item	Cooma	Snowy	Bombala	SMRC
Income from access \$'000	1133	1176	400	2709
Income from usage \$'000	1050	1054	141	2245
<b>Share of usage charges</b>	<b>48%</b>	<b>47%</b>	<b>26%</b>	<b>45%</b>
Target share	50%	50%	50%	75%

## 7.5 Water Supply Revenue Split

The current split between residential and non-residential customer is shown in Table 21.

**Table 21: Revenue Split 2015/16**

Item	Cooma	Snowy	Bombala	SMRC
Residential income \$'000	2183	2230	541	4954
No-residential income \$'000	1132	1002	159	2293
<b>Total charges income</b>	<b>3315</b>	<b>3232</b>	<b>700</b>	<b>7247</b>
Residential income share	66%	69%	77%	68%

Change to the share of residential would mean that one group would be paying higher share. Based on the information in Table 21, the target revenue split between residential and non-residential customers would be approximately 68% -32%. This would mean that non-residential customers in Bombala would be paying higher share than they have been paying in the past.

## 7.6 Input Data

### 7.6.1 Council's Data

Council has provided 2015/16 data on:

- Number of assessments by category.
- Consumption data for residential and non-residential customers., by meter size.

These are the main input parameters for the water supply pricing model.

The data used for the modelling is included in Appendix F.

### 7.6.2 Pricing Principles

The following best-practice principles are the input parameters for the modelling:

- Access charge is proportional to the square of the meter size.
- Vacant assessments pay the full access charges.

As discussed earlier, SMRC wishes to adopt a two-step usage charge to all customers, with a higher charge applied to consumption above 300 kL/a.

### 7.6.3 Assumptions

The following assumptions are also part of the input data.

- 2017/18 (current) number of assessment estimated by including 0.4% growth rate for 2015/16 assessments (0.2% pa, similar to the growth projection in the financial plan).
- Water consumption per assessment, or more accurately per consumption group (refer Appendix E), in 2017/18 will be the same as 2015/16.
- Pensioner assessments will remain the same as 2015/16.

## 7.7 Objectives

The purpose of the pricing modelling is to propose a tariff that meets the following objectives

- Uniform tariff across SMRC, possibly with staged implementation.
- Meet best-practice pricing principles (refer Section 7.2).
- Provides financial sustainability, generating the income targets listed in Table 22.

## 8 PRICING – WATER SUPPLY

### 8.1 Water supply Income Targets

#### 8.1.1 Modelling Targets

The required income targets requested by Council are for case 2. For description of this cases refer to Table 13.

The required rated incomes identified by the financial plan (Case 2) are listed in Table 22.

**Table 22: Income from Charges (2017/18 \$'000)**

Item	2015/16 Actuals <sup>1</sup>	2016/17 Estimated <sup>2</sup>	2017/18 Target <sup>2</sup>	2018/19 Target <sup>2,3</sup>
Income from charges	7,609	7,853	8,270	8,721
Real change from previous year		+3.2%	+5.3%	+5.5%

<sup>1</sup>Synthetic financial statement (appendix A) adjusted up by 5.0% to bring to 2016/17 \$.

<sup>2</sup>FINMOD output adjusted up by 2.5% to bring to 2017/18 \$. <sup>3</sup>2018/19 target will need to be CPI adjusted.

#### 8.1.2 Adopted Target

The income from water charges is obviously subject to weather-dependent water sales. The required high income from usage charges will increase this volatility.

The modelling was carried out on the assumption that the water demand in 2017/18 will be similar to the 2016/16 demand.

It is therefore recommended to adopt a target that is 5% higher than the modelling outcomes, in order to provide a buffer against lower-than-modelled water sales.

The 2017 target is therefore (\$8,270 x 1.05)=\$8,684k

### 8.2 Water Supply Tariff Options

As indicated by the financial plan outcomes, and summarised in Table 22, SMRC water supply scheme needs to increase the income, and consequently the charges to its customers.

Three options were developed to assess the impact on water rates on customer groups. The options developed for water pricing model are:

- Option 1 - Best-practice compliance (residential income from usage charges is 75%).
- Option 2 - Residential income from usage charges is 70%.
- Option 3 - Residential income from usage charges is 65%.

Options 2 and 3 can be acceptable as interim steps, demonstrating movement from the current 45% towards the target of 75%.

The options outcomes are summarised in Table 23. In addition to the option, the table shows the impact of applying the 2016/17 tariff in SRSC across SMRC.

Table 23: 2017/18 Water Supply Tariff Options

	Current <sup>1</sup>	Option 1	Option 2	Option 3
<b>1 Tariff</b>				
Access Charge 20 mm (\$/a)	\$372	\$135	\$160	\$185
Usage Charge (\$/kL) Step 1	\$2.36	\$3.50	\$3.30	\$3.00
Usage Charge \$/kL step 2 <sup>2</sup>	\$3.59	\$4.50	\$4.40	\$4.30
<b>2 Expected Income 2017/18 \$'000</b>				
<b>Residential</b>				
▪ Access	2,669	1,450	1,718	1,987
▪ Usage	2,884	4,284	4,043	3,801
<b>Non-Residential</b>				
▪ Access	895	325	385	445
▪ Usage	2,012	2,634	2,551	2,467
<b>Total Charges Income</b>	<b>8,481</b>	<b>8,693</b>	<b>8,697</b>	<b>8,700</b>
Target Charges Income	8,684			
<b>3 Revenue Split</b>				
<b>Residential</b>				
▪ Access	52%	25%	30%	34%
▪ Usage	48%	75%	70%	66%
<b>Group</b>				
▪ Residential	66%	66%	66%	67%
▪ Non-residential	34%	34%	34%	33%
<b>4 TRB for 20 mm meter</b>				
<b>Usage kL/a<sup>3</sup></b>				
▪ 15	\$407	\$188	\$210	\$232
▪ 138	\$698	\$618	\$615	\$613
▪ 188	\$816	\$793	\$780	\$768
▪ 300	\$1,080	\$1,185	\$1,150	\$1,115
▪ 400	\$1,439	\$1,635	\$1,590	\$1,545
<b>5 TRB for 80 mm meter</b>				
<b>Usage kL/a<sup>3</sup></b>				
▪ 200	\$6,424	\$2,860	\$3,220	\$3,580
▪ 300	\$6,660	\$3,210	\$3,550	\$3,890
▪ 400	\$7,019	\$3,660	\$3,990	\$4,320
▪ 500	\$7,378	\$4,110	\$4,430	\$4,750
▪ 4000	\$19,943	\$19,860	\$19,830	\$19,800

<sup>1</sup>Current is applying the 2016/17 former SRSC tariff to SMRC. <sup>2</sup>Step 2 is for usage above 300 kL/a. <sup>3</sup>Shaded box is the highest bill in each group.

### 8.3 Discussion – Water Supply Tariff

#### 8.3.1 Tariff Options

As all the options are designed to generate similar income, they have different impact on customers with different demand and connection sizes.

Section 4 of Table 23 demonstrates that for water supply customers with average water usage there is only a small difference between the three pricing options. However, residential customers (or commercial with 20 mm meter) who use average, or lower than average, water demand would pay lower bills than the bills based on the former SMRC tariff.

Section 5 of Table 23 shows that non-residential customers with an 80 mm meter would generally pay lower bills than bills based on the former SMRC tariff, until their annual usage reaches 4000 kL.

The impact of the three options on different customers' groups is shown in Table 24.

**Table 24: Impact on customer Groups**

Customer Groups	Option 1	Option 2	Option 3
Residential with average consumption	Generally even		
Low consumption (holiday houses, vacant lots)	Low		High
High water users	High		Low
Non-residential with average consumption	Low		High

Note: High means high bills.

Given that the difference between the options for the majority of customers is marginal, it is recommended to adopt Option 1, Full Compliance. The advantage of this action is that a structural change to the tariff is taken only once and does not have to be revisited again next year and beyond, ie. 'biting the bullet'.

Further, the impact on non-residential customers is lower than that of the other options. This sector, especially in the former CMSC, is likely to feel the greater impact compared to their current bills.

This recommendation comes with following provisos:

- ❑ Council may have an issue with specific customer groups (eg. customers with high water usage), which may encourage a different decision.
- ❑ No allowance was made to reduction in consumption as a result of the higher usage charges. If this is likely, the tariffs need to be increased to avoid fall in income.
- ❑ This tariff is based on Case 2 of the financial plan. If Council adopts other cases, a different tariff may be required.

### 8.3.2 Total TRB

The issue of the total increase to the bill is probably more important than the decision which tariff option is to be adopted for 2017/18.

Table 25 consolidates data from Table 16 and Table 23, showing the TRB paid by customers, with 20 mm connection and using average demand.

The data shows that, with one exception, all customer groups in Table 25 would pay higher TRB, with the maximum increase of 22%.

**Table 25: Proposed and Current TRB (with expected change)**

Annual Demand	2017/18	2016/17			
	SMRC Option 1	Former Cooma	Former Snowy	Bombala	Delegate
138 kL (15/16 avg.)	\$618	\$582 (+6%)	\$698 (-11%)	\$783 (-21%)	\$645 (-4%)
188 kL (14/15 avg)	\$793	\$667 (+19%)	\$816 (-3%)	\$853 (-7%)	\$715 (+11%)

Further, as shown in the financial plan, additional increases to the TRB will be required in the following years.

The need to increase the charges is driven mainly by the significant capital works program. For Case 2, the forecast 30-year capital works program is around \$100 million, or on average \$3.3 million pa. Additional income is required to fund this program, as well as the anticipated increase in the operation expenditures.

## 9 PRICING STRATEGY - SEWERAGE

### 9.1 Existing Tariff and Income

Sewerage tariff is simpler than water supply tariff, in that residential customers pay a flat annual charge.

The estimated yield from the current charges is given in Table 26. The former Cooma area is the only one with a reduced access charge for vacant assessments.

**Table 26: Sewerage Estimated Yield 2016/17**

Item	Former Cooma	Former Snowy	Former Bombala		SMRC
			Bombala	Delegate	
Access Charge pa	\$902	\$954	\$675	\$548	
Access charge vacant	\$643				
Residential assessments <sup>1</sup>	2,858	3,145 <sup>2</sup>	482 <sup>2</sup>	200 <sup>2</sup>	6,856
Vacant assessments <sup>1</sup>	171				
Total Res. Income \$'000	\$2,688	\$3,000	\$325	\$110	\$6,123
% Residential					75.60%
Total Charges Income \$'000					\$8,098

<sup>1</sup>SMRC-provided spreadsheet Pricing modelling data SMRC Rev 7 March 2017. <sup>2</sup>Including vacant assessments.

if Council was to maintain the same income shown above in 2017/18, the CPI adjusted (2.5%) value would be \$8,300k. This compares with FINMOD value shown in Table 27 (\$8,328k).

### 9.2 Sewerage Income Targets

The target income for 2017/18 is shown in Table 27.

**Table 27: Income from Sewerage Charges (2017/18 \$'000)**

Item	2015/16 Actuals <sup>1</sup>	2016/17 Estimated <sup>2</sup>	2017/18 Target <sup>2</sup>
Income from Charges (\$'000)	7,788	8,328	7,970
Change from previous year		+7%	-4.3%

Sources: <sup>1</sup>Synthetic financial statement (appendix A) adjusted up by 5.0% to bring to 2017/18\$. <sup>2</sup>Table 26. <sup>2</sup>FINMOD modelling - Section 6.5.3 on page 30 adjusted by 2.5% CPI to bring to 2017/18\$.

It is therefore recommended to target income of \$8.0 million from charges. In real terms this would mean a reduction of approximately 4.3%.

### 9.3 Sewerage Residential Tariff

#### 9.3.1 Proposed Residential Tariff

The proposed tariff is based on a uniform charge to all residential assessments, including vacant assessment, bringing the Cooma area in line with the rest of the Shire.

The proposed TRB for sewerage is given in Table 28

**Table 28: 2017/18 Sewerage TRB**

Item	Value
Target income \$'000	\$8,000
% residential	75.60%
Residential income \$'000	\$6,048
Pensioner rebates	\$98
Residential income + rebates	\$6,146
Residential assessments	6856
TRB	\$896

The TRB is the access charge to be applied.

It is proposed to levy a charge of \$900 for residential assessment in 2017/18.

The rounding up, together with previous rounding up, will act as a safety factor, or a contingency, to cover minor variations in future conditions.

#### 9.3.2 Impact on Residential Customers

Table 29 shows the impact of the proposed 2017/18 charge the residential customers. The default position, given in row 2, is that the 2016/17 charges would be increased by 2.5%.

Row 4 shows that the biggest benefit would be had by customers in the former SRSC, with some benefits to occupied dwellings in the former CMSC. Customers in the former BC, and vacant assessments in the former CMSC would experience significant increase to the charges.

**Table 29: Sewerage Tariff - Impact on Residential Customers**

No	Item	Former Cooma	Former Snowy	Former Bombala		
				Bombala	Delegate	
1	2016/17	Annual Charge	\$902	\$954	\$675	\$548
		Annual Charge Vacant	\$643			
2	2017/18 default <sup>1</sup>	Annual Charge	\$925	\$978	\$692	\$562
		Annual Charge Vacant	\$659			
3	<b>Proposed 2017/18 Charge</b>		<b>\$900</b>			
4	Change <sup>2</sup>	Annual Charge	-2.7%	-8.0%	30.1%	60.2%
		Annual Charge Vacant	36.6%			

<sup>1</sup> 2016/17 charges with 2.5% CPI adjustment. <sup>2</sup> Change from 2017/18 default.

## 9.4 Sewerage Non-Residential Tariff

### 9.4.1 Current Revenue Split

The revenue split is the proportion of charges income derived from residential and non-residential customers.

Table 30 show the historical revenue split.

**Table 30: 2015/16 Sewerage Revenue Split (Excl. Trade Wastes)**

Item	Former Cooma	Former Snowy	Former Bombala	SMRC
Residential Income \$'000 <sup>1</sup>	2,718	2,484	404	5,606
Non-residential Income \$'000 <sup>1</sup>	513	1,220	78	1,811
Proportion of Non-residential	15.9%	32.9%	16.2%	24.4%

Source: <sup>1</sup>*Synthetic Financial Statements (Appendix A)*.

The pricing strategy is based on:

- A uniform tariff across SMRC
- Maintaining the historical revenue split.

It can be seen immediately observed from Table 30 that, non-residential customers in the former SRSC have been a larger share of the charges income than the non-residential customers in the other form councils.

It is therefore to be expected that, adopting uniform revenue split, the new tariff will have the impact of lower charges to former SRSC customers and higher charges to non-residential customers in the other former councils.

### 9.4.2 Non-Residential Income Target

The target for non-residential is:

- Rates and Charges Income (Section 9.2): \$8.0 million
- Non-residential share (Table 30: 24.4%)
- Required non-residential income: \$1.952 million

### 9.4.3 Non-Residential Tariff Option 1

The pricing principles, listed in Section 7.2.2, require that the non-residential sewerage tariff is a two-part tariff, with access charge based on the size of the meter and usage charge is per kL based on a discharge factor (if not measured).

Table 31 details the tariff option with the access charge for a residential customer with a 20 mm water connection is the same as the residential access charge.

The discharge factor used is 0.6, which is the factor used by the former SRSC for customers with meters larger than 32 mm diameter.

Table 31: Non-Residential Tariff Option 1

	Meter size (mm)	No.	Access	Income
Access Charge	Vacant	3	\$900	\$2,700
	20	455	\$900	\$409,500
	25	91	\$1,406	\$127,946
	32	32	\$2,304	\$73,728
	40	42	\$3,600	\$151,200
	50	50	\$5,625	\$281,250
	80	17	\$14,400	\$244,800
	100 <sup>1</sup>	16	\$22,500	\$360,000
	Total access			\$1,651,124
	Volume Charge	Water Consumption kL	Discharge Factor	Charge per kL
482,716 <sup>2</sup>		0.6	\$1.10	\$318,592
<b>Forecast Non-residential Income</b>				<b>\$1,969,716</b>
Target				\$1,952,000

<sup>1</sup>Council reported this as a category of 100 mm and above. It was assumed that all customers in this category have 100 mm meter. <sup>2</sup>Based on 2015/16 usage, reduced by 5% as a contingency against demand fluctuations.

#### 9.4.4 Non-Residential Tariff Options

Other options could be based on lower access charge and higher usage charge.

The average demand of a non-residential customer with a 20 mm connection is approximately 210 kL pa. It is therefore possible to develop a tariff where an average non-residential customer pays a similar sewerage charge to a residential customer.

Table 32 lists three options with a different balance between access and usage charge.

Table 32: Non-Residential Sewerage Pricing Options

Item	Option 1	Option 2	Option 3
Access Charge 20 mm	\$900	\$850	\$670
Volume Charge per kL	\$1.10	\$2.20	\$3.20
Bill for 20 mm using 200 kL	\$1,032	\$1,114	\$1,054
Forecast Yield \$'000	\$1,970	\$1,959	\$1,959
Required income \$'000	\$1,952		

Note: To avoid a vacant non-residential assessment paying less than a vacant residential assessment, the access charge for a vacant assessment should remain \$900 for Options 2 and 3. There could be an anomaly whereby a connected non-residential customer with very small (or zero) water consumption may pay less than a vacant assessment.

#### 9.4.5 Non-Residential Tariff Recommendation

It is recommended to adopt Option 1 for the following reasons:

- ❑ This option, with lower usage charge than the other options, is less sensitive to demand fluctuations and therefore provides higher certainty.
- ❑ The Options 2 and 3, with higher usage charges, would have more significant impact on customers in the former CMSC and BC with high water use.

#### 9.4.6 Impact on Non-Residential Customers

Given the variability across the non-residential customers, different customers would have a different impact. Table 33 and Table 34 show the impact of two groups of non-residential customers, using the average water usage for this meter size. The column for Bombala is for the town of Bombala only in the former BC. The Delegate charge is different, but was not included in the comparison table.

Table 33 indicates that the majority of small non-residential customers will enjoy a reduction in the sewerage charge.

**Table 33: Impact on Non-Residential Sewerage - 20 mm**

	Former Cooma	Former Snowy	Bombala	SMRC
Access	\$1,540	\$891	\$649	\$900
Usage kL	216	216	216	216
Discharge factor	0	0.75	1	0.6
Usage charge per kL		\$3.23	\$0.25	\$1.10
Usage charge	\$0	\$523	\$216	\$143
Total	\$1,540	\$1,414	\$865	\$1,043

Table 34 shows that large non-residential customers in the former SMSC will enjoy a reduction in the sewerage charge, while customers in the other part of Council will experience a significant increase.

**Table 34: Impact on Non-Residential Sewerage - 50 mm**

	Former Cooma	Former Snowy	Bombala	SMRC
Access	\$2,497	\$5,562	\$649	\$5,625
Usage kL	1703	1703	1703	1703
Discharge factor	0	0.6	1	0.6
Usage charge per kL		\$3.23	\$0.25	\$1.10
Usage charge	\$0	\$3,300	\$1,703	\$1,124
Total	\$2,497	\$8,862	\$2,352	\$6,749

Snowy Monaro Regional Council Financial Plans for Water Supply and Sewerage



# Appendix A

## Synthetic Financial Statements

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15.1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

ATTACHMENT 1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

SNOWY MONARO REGIONAL COUNCIL					
Special Schedule 3 Income Statement for Water Supply Page 1 Expenses					
				2015/16	
				SMRC	
	Cooma	Snowy	Bombala		
<b>A</b>	<b>Expenses and income</b>				
	<b>Expenses</b>				
<b>1.</b>	<b>Management expenses</b>				
a.	Administration	515	339	125	979
b.	Engineering and supervision	386	271	0	657
<b>2.</b>	<b>Operation and maintenance expenses</b>				
	<b>– dams and weirs</b>				
a.	Operation expenses	0	0	0	0
b.	Maintenance expenses	0	0	3	3
	<b>– Mains</b>				
c.	Operation expenses	265	5	0	270
d.	Maintenance expenses	6	276	144	426
	<b>– Reservoirs</b>				
e.	Operation expenses	48	47	0	95
f.	Maintenance expenses	50	13	2	65
	<b>– Pumping stations</b>				
g.	Operation expenses (excluding energy)	19	98	4	121
h.	Energy costs	15	196	31	242
i.	Maintenance expenses	18	40	10	68
	<b>– Treatment</b>				
j.	Operation expenses (excluding chemics)	115	77	201	393
k.	Chemical costs	70	51	0	121
l.	Maintenance expenses	95	27	28	150
	<b>– Other</b>				
m.	Operation expenses	163	133	0	296
n.	Maintenance expenses	21	73	0	94
o.	Purchase of water	0	0	0	0
<b>3.</b>	<b>Depreciation expenses</b>				
a.	System assets	1039	845	282	2166
b.	Plant and equipment	27	65	0	92
<b>4.</b>	<b>Miscellaneous expenses</b>				
a.	Interest expenses	0	34	0	34
b.	Revaluation decrements	0	0	0	0
c.	Other expenses	42	0	1	43
d.	Impairment – system assets	0	0	0	0
e.	Impairment – plant and equipment	0	0	0	0
f.	Aboriginal Communities Water and Sewerage	0	0	0	0
g.	Tax equivalents dividends (actually paid)	0	0	0	0
<b>5.</b>	<b>Total expenses</b>	<b>2894</b>	<b>2590</b>	<b>831</b>	<b>6315</b>

15.1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

ATTACHMENT 1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

SNOWY MONARO REGIONAL COUNCIL					
Special Schedule 3 Income Statement for Water Supply Page 2 Income					
				2015/16	
		Cooma	Snowy	Bombala	SMRC
	<b>Income</b>				
6.	<b>Residential charges</b>				
	a. Access (including rates)	1133	1176	400	2709
	b. Usage charges	1050	1054	141	2245
7.	<b>Non-residential charges</b>				
	a. Access (including rates)	412	308	82	802
	b. Usage charges	720	694	77	1491
8.	<b>Extra charges</b>	0	0	0	0
9.	<b>Interest income</b>	135	73	46	254
10.	<b>Other income</b>	142	218	0	360
10a.	<b>Aboriginal Communities Water</b>	0	0	0	0
11.	<b>Grants</b>				
	a. Grants for acquisition of asse	3180	0	33	3213
	b. Grants for pensioner rebates	34	12	10	56
	c. Other grants	3	0	0	3
12.	<b>Contributions</b>				
	a. Developer charges	45	237	0	282
	b. Developer provided assets	0	0	0	0
	c. Other contributions	0	0	0	0
13.	<b>Total income</b>	6854	3772	789	11415
14.	<b>Gain (or loss) on disposal of a</b>	-140	12	0	-128
15.	<b>Operating result</b>	3820	1194	-42	4972
15a.	<b>Operating result (less grants t</b>	640	1194	-75	1759
	<b>Number of assessments</b>				
	a. Residential (occupied)	3,268	3,297	757	7322
	b. Residential (unoccupied, ie. v	109	146	28	283
	c. Non-residential (occupied)	477	314	152	943
	d. Non-residential (unoccupied, i	-	5	2	7
	<b>Number of ETs for which deve</b>	-	11	-	11

15.1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

ATTACHMENT 1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

SNOWY MONARO REGIONAL COUNCIL				
Special Schedule 4 Balance Sheet for Water Supply				
				30-Jun-16
	Cooma	Snowy	Bomballa	SMRC
<b>ASSETS</b>				
<b>25. Cash and investments</b>				
a. Developer charges	142	1005	40	1187
b. Special purpose grants	0	0	0	0
c. Accrued leave	185	0	0	185
d. Unexpended loans	0	0	0	0
e. Sinking fund	0	0	0	0
f. Other	4525	3914	2501	10940
<b>26. Receivables</b>				
a. Specific purpose grants	0	12	0	12
b. Rates and availability charges	78	1175	49	1302
c. User charges	23	177	9	209
d. Other	0	45	0	45
<b>27. Inventories</b>	61	0	0	61
<b>28. Property, plant and equipment</b>				
a. System assets	44087	23940	11438	79465
b. Plant and equipment	245	1074	0	1319
<b>29. Other assets</b>	0	0	0	0
<b>30. Total assets</b>	49346	31342	14037	94725
<b>LIABILITIES</b>				
<b>31. Bank overdraft</b>	0	0	0	0
<b>32. Creditors</b>	99	123	2	224
<b>33. Borrowings</b>	0	502	0	502
b. Advances	0	0	0	0
c. Finance leases	0	0	0	0
<b>34. Provisions</b>				
a. Tax equivalents	0	0	0	0
b. Dividend	0	0	0	0
c. Other	280	0	0	280
<b>35. Total liabilities</b>	379	625	2	1006
<b>36. NET ASSETS COMMITTED</b>	48967	30717	14035	93719
<b>EQUITY</b>				
<b>37. Accumulated surplus</b>	24575	21089	4554	50218
<b>38. Asset revaluation reserve</b>	24392	9628	9481	43501
<b>39. TOTAL EQUITY</b>	48967	30717	14035	93719
<b>Note to system assets:</b>				
<b>40. Current replacement cost of system assets</b>	86316	50649	20408	157373
<b>41. Accumulated current cost depreciation</b>	-42702	-26709	-8970	-78381
<b>42. Written down current cost of system assets</b>	43614	23940	11438	78992

15.1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

ATTACHMENT 1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

SNOWY MONARO REGIONAL COUNCIL					
Special Schedule 5 Income Statement for Sewerage Page 1 Expenses					
				2015/16	
				SMRC	
	Cooma	Snowy	Bombala		
<b>A</b>	<b>Expenses and income</b>				
	<b>Expenses</b>				
<b>1.</b>	<b>Management expenses</b>				
a.	Administration	387	289	31	707
b.	Engineering and supervision	187	140	0	327
<b>2.</b>	<b>Operation and maintenance expenses</b>				
	<b>– mains</b>				
a.	Operation expenses	315	4	0	319
b.	Maintenance expenses	22	99	7	128
	<b>– Pumping stations</b>				
c.	Operation expenses (excluding energy costs)	74	126	29	229
d.	Energy costs	43	71	22	136
e.	Maintenance expenses	2	151	48	201
	<b>– Treatment</b>				
f.	Operation expenses (excl. chemical, energy, ef	336	364	0	700
g.	Chemical costs	67	41	0	108
h.	Energy costs	146	84	3	233
i.	Effluent management	51	64	0	115
j.	Biosolids management	1	117	0	118
k.	Maintenance expenses	61	208	188	457
	<b>– Other</b>				
l.	Operation expenses	0	320	0	320
m.	Maintenance expenses	3	6	0	9
<b>3.</b>	<b>Depreciation expenses</b>				
a.	System assets	850	1208	363	2421
b.	Plant and equipment	50	41	0	91
<b>4.</b>	<b>Miscellaneous expenses</b>				
a.	Interest expenses	13	121	0	134
b.	Revaluation decrements	0	0	0	0
c.	Other expenses	46	0	0	46
d.	Impairment – system assets	0	0	0	0
e.	Impairment – plant and equipment	0	0	0	0
f.	Aboriginal Communities Water and Sew	0	0	0	0
g.	Tax equivalents dividends (actually paid)	0	0	0	0
<b>5.</b>	<b>Total expenses</b>	<b>2654</b>	<b>3454</b>	<b>691</b>	<b>6799</b>

15.1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

ATTACHMENT 1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

SNOWY MONARO REGIONAL COUNCIL					
Special Schedule 5 Income Statement for Sewerage Page 2 Income					
				2015/16	
	Income	Cooma	Snowy	Bombala	SMRC
6.	Residential charges (including rates)	2718	2484	404	5606
7.	Non-residential charges				
	a. Access (including rates)	513	843	75	1431
	b. Usage charges	0	377	3	380
8.	Trade waste charges				
	a. Annual fees	0	71	23	94
	b. Usage charges	0	58	0	58
	c. Excess mass charges	0	0	0	0
	d. Re-inspection fees	0	0	0	0
9.	Extra charges	0	0	0	0
10.	Interest income	166	92	43	301
11.	Other income	113	90	1	204
11a.	Aboriginal Communities Water and	0	0	0	0
12.	Grants				
	a. Grants for acquisition of assets	0	0	0	0
	b. Grants for pensioner rebates	34	11	9	54
	c. Other grants	1	0	0	1
13.	Contributions				
	a. Developer charges	41	239	0	280
	b. Developer provided assets	0	0	0	0
	c. Other contributions	0	0	0	0
14.	<b>Total income</b>	3586	4265	558	8409
15.	Gain (or loss) on disposal of asset	-3	-22	0	-25
16.	<b>Operating result</b>	929	789	-133	1585
16a.	Operating result (less grants for ac	929	789	-133	1585
	<b>Number of assessments</b>				
	a. Residential (occupied)	2,854	2,957	683	6494
	b. Residential (unoccupied, ie. vacant	193	87	125	405
	c. Non-residential (occupied)	394	244	-	638
	d. Non-residential (unoccupied, ie. vac	-	1	-	1
					0
	<b>Number of ETs for which develop</b>	-	11	-	11

15.1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

ATTACHMENT 1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

SNOWY MONARO REGIONAL COUNCIL					
Special Schedule 6 Balance Sheet for Sewerage					
				30-Jun-16	
	Cooma	Snowy	Bombala	SMRC	
<b>ASSETS</b>					
26.	<b>Cash and investments</b>				
	a. Developer charges	0	559	23	582
	b. Special purpose grants	0	0	0	0
	c. Accrued leave	95	0	0	95
	d. Unexpended loans	0	0	0	0
	e. Sinking fund	0	0	0	0
	f. Other	5420	5462	2297	13179
27.	<b>Receivables</b>				
	a. Specific purpose grants	0	11	0	11
	b. Rates and availability charges	240	1472	34	1746
	c. User charges	0	27	0	27
	d. Other	0	203	0	203
28.	<b>Inventories</b>				
		35	0	0	35
29.	<b>Property, plant and equipment</b>				
	a. System assets	32250	32382	13264	77896
	b. Plant and equipment	288	1238	61	1587
30.	<b>Other assets</b>				
		0	0	0	0
31.	<b>Total assets</b>				
		38328	41354	15679	95361
<b>LIABILITIES</b>					
32.	<b>Bank overdraft</b>				
		0	0	0	0
33.	<b>Creditors</b>				
		71	63	0	134
34.	<b>Borrowings</b>				
		139	2017	0	2156
	b. Advances	0	0	0	0
	c. Finance leases	0	0	0	0
35.	<b>Provisions</b>				
	a. Tax equivalents	0	0	0	0
	b. Dividend	0	0	0	0
	c. Other	98	0	0	98
36.	<b>Total liabilities</b>				
		308	2080	0	2388
37.	<b>NET ASSETS COMMITTED</b>				
		38020	39274	15679	92973
<b>EQUITY</b>					
38.	<b>Accumulated surplus</b>				
		19166	24401	4015	47582
39.	<b>Asset revaluation reserve</b>				
		18854	14873	11664	45391
40.	<b>TOTAL EQUITY</b>				
		38020	39274	15679	92973
<b>Note to system assets:</b>					
41.	<b>Current replacement cost of syste</b>	56932	65878	29359	152169
42.	<b>Accumulated current cost deprecia</b>	-24584	-33496	-16095	-74175
43.	<b>Written down current cost of syste</b>	32348	32382	13264	77994

Snowy Monaro Regional Council Financial Plans for Water Supply and Sewerage



## Appendix B

### Water Supply

### Capital Works Program

### Case 2

Water Supply 30-year capital works program







SNOWY MONARO REGIONAL COUNCIL - STRATEGIC ACTION PLANNING					WATER SUPPLY SYSTEM - 30-Year Capital Works Program																																
CAPITAL WORKS IN 2016/2017('000)					0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30		
	SUBSIDY	ILOS	GROWTH	RENEW	Check	Total	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2034/36	2034/37	2034/38	2034/39	2034/40	2034/41	2034/42	2034/43	2034/44	2034/45	2034/46	
<b>Water Reservoirs</b>																																					
Dalgety Intake		0%	0%	100%	100%	40			40																												
Roof and access structures		0%	0%	100%	100%	0																															
Dalgety township		0%	0%	100%	100%	0																															
Roof and access structures		0%	0%	100%	100%	95			25																		70										
<b>Water Treatment</b>																																					
Chlorination System		100%	0%	0%	100%	0																															
Filtration System		0%	0%	100%	100%	200																															
Dalgety - Filtration backwash		100%	0%	0%	100%	0																															
<b>DELEGATE</b>																																					
Water Mains Renewal/ Replacement		50%		50%	100%	775	145	215	415																												
Water Meters		50%		50%	100%	245	245																														
WTP Upgrade		100%			100%	600		600																													
Weir and Intake Upgrade		100%			100%	1250		100	400	750																											
Water PS Refurbishment and Upgrade		100%			100%	0																															
Additional New Reservoir - Drought Security		100%			100%	0																															
WWCM - (Not capworks)		100%			100%	0																															
<b>EAST JINDABYNE</b>																																					
<b>Water Mains</b>																																					
Rising Mains and Trunk mains		0%	0%	100%	100%	238																															
Reticulation Mains		0%	0%	100%	100%	680	200																														
<b>Water Pump Stations</b>																																					
Intake Pumping Station - Lake Jindabyne (Old Kosciusko Road)																																					
Civil Works		0%	0%	100%	100%	250							250																								
M&E (incl PLC)		0%	0%	100%	100%	500																															
Building		0%	0%	100%	100%	0																															
<b>Water Reservoirs</b>																																					
Kunama		0%	0%	100%	100%	0																															
Roof and access structures		0%	0%	100%	100%	235																															
East Jindabyne township		0%	100%	0%	100%	570																															
Roof and access structures		0%	0%	100%	100%	50	50																														
<b>Water Treatment</b>																																					
Chlorination System		0%	0%	100%	100%	200																															
Fluoridation System		70		0%	100%	200																															
Lime Dosing System		100%	0%	0%	100%	150																															
<b>EUCUMBENE COVE</b>																																					
<b>Water Mains</b>																																					
Rising Mains and Trunk Mains		100%	0%	0%	100%	400																															
Reticulation Mains		0%	100%	0%	100%	350																															
<b>Water pump Stations</b>																																					
Intake Pumping Station - Eucumbene Dam																																					
Civil Works		100%	0%	0%	100%	15																															
M&E		100%	0%	0%	100%	112																															
Building		0%	0%	100%	100%	0																															
<b>Water Reservoirs</b>																																					
Eucumbene Cove Village		0%	0%	100%	100%	0																															
Roof and access structures		0%	0%	100%	100%	0																															
<b>Water Treatment</b>																																					
Eucumbene Cove Chlorination System		0%	0%	100%	100%	25																															
<b>JINDABYNE</b>																																					
<b>Water Mains</b>																																					
Rising Mains																																					
Rising main (duplication) BWZ pump station to BWZ reservoir		0%	100%	0%	100%	820																															
Rising main (duplication) LV pumping station to LV reservoir		0%	100%	0%	100%	422																															
Trunk and Reticulation Mains		0%	0%	100%	100%	1,000																															
Reticulation mains (general)		0%	0%	100%	100%	7,050																															
Trunk/main connecting to BWZ Reservoir		0%	100%	0%	100%	299																															
Trunk main (duplication) - link BWZ to Jindabyne HZ/LZ		0%	100%	0%	100%	567																															
Reticulation main (duplication) Ready Cutting Road and Gippsland Street		0%	100%	0%	100%	430																															
Jindabyne - New trunk mains connecting to the reservoir LV		0%	100%	0%	100%	120																															
Jindabyne - Trunk main to connect High zone reservoir LV		0%	100%	0%	100%	0																															
Jindabyne - Trunk main BWZ reservoir to Barry Way		0%	100%	0%	100%	300																															
<b>Water Pump Stations</b>																																					
Intake Pumping Station (HZ/LZ) - Lake Jindabyne (Copper Tom Point)																																					
Civil Works		0%	0%	100%	100%	1,850																															
M&E		0%	0%	100%	100%	300																															
Jindabyne - HZ/LZ Intake Extension (Civil Works)		0%	0%	100%	100%	250																															
Intake Pumping Station (BWZ) - Lake Jindabyne (Copper Tom Point)																																					
Civil Works		0%	0%	100%	100%	0																															
M&E		0%	100%	0%	100%	1,200																															
Jindabyne - Intake (BWZ)		0%			100%	0																															
High Lift Pumping Station (HZ/LZ) - Lake Jindabyne (Copper Tom Point)		0%	0%	100%	100%	600																															
Civil Works		0%	0%	100%	100%	153																															
M&E		0%	0%	100%	100%	0																															
Building		0%	0%	100%	100%	0																															
Lakewood Pumping Station																																					
Civil Works		0%	0%	100%	100%	67																															
M&E		0%	0%	100%	100%	180																															
Building		0%	0%	100%	100%	10																															
High Country Estate Pumping Station (Camuhens Road)																																					
Civil Works		0%	0%	100%	100%	13																															







Snowy Monaro Regional Council Financial Plans for Water Supply and Sewerage



**Appendix C**  
**Sewerage**  
**Capital Works Program**  
**Case 2**



Sewerage 30-year capital works program







Snowy Monaro Regional Council Financial Plans for Water Supply and Sewerage



**Appendix D**  
**Water Supply**  
**FINMOD Outputs**  
**Case 2**

15.1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

ATTACHMENT 1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

FINMOD  
WaterOz

Snowy Monaro Regional Council : SMRC Water Case 2  
Operating Statement

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41
<b>EXPENSES</b>																									
Management Expenses	1884	1886	1896	1902	1905	1906	1914	1916	1922	1922	1922	1922	1922	1922	1922	1922	1922	1922	1922	1922	1922	1922	1922	1922	1922
Administration	1006	1009	1012	1015	1018	1021	1024	1027	1030	1033	1036	1039	1042	1045	1048	1051	1054	1057	1060	1063	1066	1069	1072	1075	1078
Engineering and Supervision	878	879	880	881	883	884	885	887	888	889	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906
Operation and Maintenance Expenses	3093	3099	3104	3109	3116	3119	3125	3130	3135	3141	3147	3152	3157	3162	3167	3172	3177	3182	3187	3192	3197	3202	3207	3212	3217
Operation Expenses	1569	1572	1574	1577	1580	1582	1585	1587	1590	1593	1595	1598	1601	1604	1607	1610	1613	1616	1619	1622	1625	1628	1631	1634	1637
Maintenance Expenses	1076	1079	1082	1084	1087	1089	1092	1095	1098	1100	1103	1106	1109	1112	1115	1118	1121	1124	1127	1130	1133	1136	1139	1142	1145
Energy Costs	324	324	324	324	324	324	324	324	324	324	324	324	324	324	324	324	324	324	324	324	324	324	324	324	324
Chemical Costs	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124
Purchase of Water	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	2525	2556	2625	2660	2683	2713	2685	2647	2693	2729	2754	2754	2764	2776	2783	2783	2783	2786	2792	2799	2916	2949	2956	2959	2985
System Assets	2315	2335	2376	2396	2412	2428	2467	2516	2540	2580	2608	2610	2615	2627	2631	2634	2636	2639	2642	2653	2771	2805	2807	2810	2841
Plant & Equipment	214	221	253	265	271	285	218	125	153	149	145	144	149	149	148	149	148	147	145	146	145	144	149	149	148
Interest Expenses	31	25	20	14	8	3	0	65	103	143	162	152	141	131	122	113	102	93	84	75	161	186	199	180	165
Other Expenses	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44
<b>TOTAL EXPENSES</b>	<b>7681</b>	<b>7612</b>	<b>7689</b>	<b>7723</b>	<b>7752</b>	<b>7784</b>	<b>7763</b>	<b>7793</b>	<b>7893</b>	<b>7978</b>	<b>7730</b>	<b>7730</b>	<b>7736</b>	<b>7750</b>	<b>7752</b>	<b>7756</b>	<b>7755</b>	<b>7756</b>	<b>7763</b>	<b>7770</b>	<b>7982</b>	<b>8048</b>	<b>8078</b>	<b>8073</b>	<b>8095</b>
<b>REVENUES</b>																									
Rates & Service Availability Charges	3712	3953	4212	4516	4442	4375	4315	4265	4226	4193	4165	4146	4123	4107	4093	4085	4076	4075	4071	4070	4071	4074	4075	4081	4086
Residential	2865	3140	3430	3764	3778	3790	3804	3815	3827	3840	3854	3866	3881	3895	3906	3920	3931	3948	3959	3971	3984	3996	4007	4021	4033
Non-Residential	847	814	781	754	664	585	516	454	401	352	311	274	242	213	188	165	146	128	113	99	87	77	69	60	53
User Charges	3945	4115	4296	4519	4367	4230	4111	4006	3917	3839	3772	3715	3666	3622	3584	3555	3525	3506	3491	3476	3462	3457	3447	3443	3441
Sales of Water - Residential	2375	2601	2642	3119	3132	3142	3153	3161	3172	3183	3194	3204	3217	3227	3236	3248	3258	3270	3280	3291	3302	3313	3321	3332	3343
Sales of Water - Non-Residential	1574	1514	1453	1400	1235	1088	959	845	744	657	578	508	449	396	348	307	271	239	210	185	163	144	127	111	96
Extra Charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Income	252	159	115	105	131	143	112	59	34	34	33	53	71	74	69	79	92	95	105	114	50	24	21	33	16
Other Revenues	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394
Grants	59	58	57	56	54	53	52	51	50	49	48	47	46	45	44	43	42	42	41	40	39	38	37	36	35
Grants for Acquisition of Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pensioner Rebate Subsidy	56	55	54	53	52	50	49	48	48	46	45	44	43	42	41	40	39	38	37	36	35	34	34	34	34
Other Grants	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Contributions	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123
Developer Charges	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123
Developer Provided Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Contributions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>8465</b>	<b>8779</b>	<b>9175</b>	<b>9694</b>	<b>9492</b>	<b>9299</b>	<b>9094</b>	<b>8885</b>	<b>8731</b>	<b>8617</b>	<b>8521</b>	<b>8458</b>	<b>8411</b>	<b>8356</b>	<b>8298</b>	<b>8271</b>	<b>8249</b>	<b>8230</b>	<b>8218</b>	<b>8213</b>	<b>8138</b>	<b>8107</b>	<b>8097</b>	<b>8109</b>	<b>8096</b>
<b>OPERATING RESULT</b>	<b>884</b>	<b>1167</b>	<b>1486</b>	<b>1970</b>	<b>1739</b>	<b>1515</b>	<b>1331</b>	<b>1092</b>	<b>838</b>	<b>639</b>	<b>791</b>	<b>728</b>	<b>675</b>	<b>606</b>	<b>546</b>	<b>515</b>	<b>494</b>	<b>474</b>	<b>455</b>	<b>443</b>	<b>156</b>	<b>60</b>	<b>19</b>	<b>37</b>	<b>1</b>
<b>OPERATING RESULT (Less Grants for Acq of Assets)</b>	<b>884</b>	<b>1167</b>	<b>1486</b>	<b>1970</b>	<b>1739</b>	<b>1515</b>	<b>1331</b>	<b>1092</b>	<b>838</b>	<b>639</b>	<b>791</b>	<b>728</b>	<b>675</b>	<b>606</b>	<b>546</b>	<b>515</b>	<b>494</b>	<b>474</b>	<b>455</b>	<b>443</b>	<b>156</b>	<b>60</b>	<b>19</b>	<b>37</b>	<b>1</b>

Values in 2016/17 \$'000

Printed: 10/04/2017

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FINMOD  
WaterOz

## Snowy Monaro Regional Council : SMRC Water Case 2 Cashflow Statement

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/23	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	
<b>Receipts</b>																										
<b>Cashflow From Operating Activities</b>																										
Rates and Charges	7661	8088	8507	9037	8609	8605	8431	8276	8144	8032	7938	7853	7789	7731	7677	7640	7605	7583	7562	7546	7536	7530	7523	7523	7527	7527
Interest Income	252	159	115	105	131	143	112	56	34	33	33	53	71	74	69	79	92	95	105	114	50	24	21	33	33	16
Other Revenues	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	394
Grants	59	58	57	56	54	53	52	51	51	50	48	47	46	45	45	43	42	42	41	40	39	39	38	37	36	36
Contributions	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123
<b>Total Receipts from Operations</b>	<b>8465</b>	<b>8779</b>	<b>9175</b>	<b>9694</b>	<b>9259</b>	<b>9094</b>	<b>8885</b>	<b>8731</b>	<b>8617</b>	<b>8521</b>	<b>8456</b>	<b>8411</b>	<b>8356</b>	<b>8298</b>	<b>8271</b>	<b>8249</b>	<b>8230</b>	<b>8218</b>	<b>8218</b>	<b>8213</b>	<b>8138</b>	<b>8107</b>	<b>8097</b>	<b>8109</b>	<b>8096</b>	<b>8096</b>
<b>PAYMENTS</b>																										
<b>Management</b>																										
Operations (plus WC Inc)	1684	1888	1892	1896	1902	1905	1909	1914	1918	1922	1858	1862	1866	1872	1875	1879	1883	1887	1892	1896	1900	1903	1908	1913	1917	1917
Interest Expenses	3125	3131	3135	3141	3147	3151	3158	3161	3166	3173	2946	2950	2953	2960	2964	2970	2975	2979	2984	2989	2993	2998	3004	3009	3013	3013
Other Expenses	31	25	20	14	8	3	0	65	103	143	162	152	141	131	122	113	102	93	84	75	161	186	199	180	165	
<b>Total Payments from Operations</b>	<b>5084</b>	<b>5088</b>	<b>5091</b>	<b>5094</b>	<b>5101</b>	<b>5102</b>	<b>5111</b>	<b>5184</b>	<b>5231</b>	<b>5282</b>	<b>5009</b>	<b>5007</b>	<b>5004</b>	<b>5006</b>	<b>5006</b>	<b>5004</b>	<b>5004</b>	<b>5003</b>	<b>5004</b>	<b>5004</b>	<b>5099</b>	<b>5132</b>	<b>5155</b>	<b>5147</b>	<b>5140</b>	
<b>Net Cash from Operations</b>	<b>3381</b>	<b>3691</b>	<b>4083</b>	<b>4599</b>	<b>4390</b>	<b>4197</b>	<b>3983</b>	<b>3701</b>	<b>3500</b>	<b>3336</b>	<b>3512</b>	<b>3450</b>	<b>3407</b>	<b>3350</b>	<b>3292</b>	<b>3265</b>	<b>3245</b>	<b>3227</b>	<b>3214</b>	<b>3209</b>	<b>3039</b>	<b>2976</b>	<b>2941</b>	<b>2963</b>	<b>2957</b>	
<b>Cashflow from Capital Activities</b>																										
<b>Receipts</b>																										
Proceeds from Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>PAYMENTS</b>																										
Acquisition of Assets	9080	4499	5825	3257	3038	3789	6017	7521	4486	4354	4048	1618	2828	2862	3374	1960	2237	2815	2059	2226	9805	4386	3328	1617	3855	
<b>Net Cash from Capital Activities</b>	<b>-9080</b>	<b>-4499</b>	<b>-5825</b>	<b>-3257</b>	<b>-3039</b>	<b>-3789</b>	<b>-6017</b>	<b>-7521</b>	<b>-4486</b>	<b>-4354</b>	<b>-4048</b>	<b>-1618</b>	<b>-2828</b>	<b>-2862</b>	<b>-3374</b>	<b>-1960</b>	<b>-2237</b>	<b>-2815</b>	<b>-2059</b>	<b>-2226</b>	<b>-9805</b>	<b>-4386</b>	<b>-3328</b>	<b>-1617</b>	<b>-3855</b>	
<b>Cashflow from Financing Activities</b>																										
<b>Receipts</b>																										
New Loans Required	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>PAYMENTS</b>																										
Principal Loan Payments	74	77	81	84	87	89	0	56	94	136	162	164	166	168	171	173	175	177	181	183	207	308	335	341	346	
<b>Net Cash from Financing Activities</b>	<b>-74</b>	<b>-77</b>	<b>-81</b>	<b>-84</b>	<b>-87</b>	<b>-89</b>	<b>0</b>	<b>1626</b>	<b>973</b>	<b>1065</b>	<b>541</b>	<b>-164</b>	<b>-166</b>	<b>-168</b>	<b>-171</b>	<b>-173</b>	<b>-175</b>	<b>-177</b>	<b>-181</b>	<b>-183</b>	<b>2174</b>	<b>706</b>	<b>420</b>	<b>-341</b>	<b>-346</b>	
<b>TOTAL NET CASH</b>	<b>-5773</b>	<b>-885</b>	<b>-1823</b>	<b>1259</b>	<b>1285</b>	<b>339</b>	<b>-2034</b>	<b>-2194</b>	<b>-23</b>	<b>47</b>	<b>5</b>	<b>1688</b>	<b>613</b>	<b>221</b>	<b>-252</b>	<b>1132</b>	<b>833</b>	<b>235</b>	<b>974</b>	<b>801</b>	<b>-4592</b>	<b>-714</b>	<b>34</b>	<b>1005</b>	<b>-1345</b>	
<b>Current Year Cash</b>																										
Cash & Investments @Year Start	12312	6380	5361	3452	4598	5718	5908	3779	1546	1486	1496	1465	3057	3591	3708	3373	4395	5099	5204	6028	6862	2020	1273	1275	2224	
Cash & Investments @Year End	6539	5495	3538	4711	5861	6056	3873	1985	1523	1533	1501	3133	3670	3802	3457	4505	5227	5334	6178	6828	2070	1305	1307	2280	880	
<b>Capital Works Funding</b>																										
Internal Funding for New Works (\$'000)	6621	1353	2880	1421	1087	1157	2696	3493	1683	2719	2066	127	334	846	197	282	140	265	230	804	4243	635	161	155	2161	
Internal Funding for Renewals	2315	3025	2567	1665	1824	2419	3225	1908	1194	134	974	1371	1916	1941	3049	1466	2001	2431	1520	1422	1454	1941	1489	1291	1686	
New Loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2441	1012	755	0	0	
Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Capital Works</b>	<b>8636</b>	<b>4379</b>	<b>5447</b>	<b>3086</b>	<b>2911</b>	<b>3576</b>	<b>5921</b>	<b>7084</b>	<b>3954</b>	<b>4054</b>	<b>3744</b>	<b>1498</b>	<b>2250</b>	<b>2790</b>	<b>3246</b>	<b>1748</b>	<b>2141</b>	<b>2696</b>	<b>1750</b>	<b>2226</b>	<b>8139</b>	<b>3588</b>	<b>2405</b>	<b>1446</b>	<b>3827</b>	

15.1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

ATTACHMENT 1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

FINMOD  
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Snowy Monaro Regional Council : SMRC Water Case 2  
Statement of Financial Position

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41
<b>Assets and Investments</b>																									
Receivables	6340	6243	5751	7079	8681	9762	9578	8474	9947	8265	6360	6813	6147	5063	3491	3294	3277	2119	1188	1063	965	1117	990	2301	1231
Inventories	1612	1617	1621	1625	1630	1634	1639	1644	1648	1653	1658	1662	1667	1671	1676	1681	1685	1690	1694	1698	1703	1707	1712	1717	1721
	63	63	64	64	64	65	65	65	65	65	65	65	65	65	64	65	65	66	66	66	67	67	67	67	67
<b>Property, Plant &amp; Equipment</b>																									
System Assets (1)	89322	91234	94403	94970	95296	96352	99663	104327	106315	107920	109196	109045	107899	108066	108642	107802	107237	107245	106501	105907	112781	114215	114574	113214	114162
Plant & Equipment	88073	90117	93188	93879	94377	95526	98980	103866	105514	107287	108619	107507	107141	107304	107915	107033	106538	106594	105703	105274	112200	113672	113815	112451	113438
	1249	1117	1215	1091	921	826	684	661	601	633	580	542	758	762	723	768	699	655	798	633	581	543	759	763	724
Other Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL ASSETS</b>	<b>97337</b>	<b>99157</b>	<b>101838</b>	<b>103738</b>	<b>105674</b>	<b>107613</b>	<b>110946</b>	<b>114710</b>	<b>117675</b>	<b>117902</b>	<b>117281</b>	<b>116588</b>	<b>115778</b>	<b>114865</b>	<b>113873</b>	<b>112841</b>	<b>112264</b>	<b>111124</b>	<b>109449</b>	<b>109535</b>	<b>115515</b>	<b>117105</b>	<b>117343</b>	<b>117298</b>	<b>117181</b>
<b>LIABILITIES</b>																									
Bank Overdraft	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Creditors	230	230	231	232	233	233	234	235	236	236	237	237	238	238	239	240	240	241	242	242	243	244	244	244	245
Borrowings	428	340	251	162	71	0	0	1626	2560	3562	4017	3755	3488	3245	2985	2749	2507	2288	2032	1800	3930	4540	4849	4390	3837
Provisions	288	289	289	290	291	292	292	293	294	295	295	286	297	298	296	300	300	301	302	303	303	304	305	306	307
<b>TOTAL LIABILITIES</b>	<b>946</b>	<b>860</b>	<b>772</b>	<b>683</b>	<b>584</b>	<b>525</b>	<b>526</b>	<b>2154</b>	<b>3069</b>	<b>4003</b>	<b>4549</b>	<b>4289</b>	<b>4033</b>	<b>3762</b>	<b>3533</b>	<b>3288</b>	<b>3047</b>	<b>2610</b>	<b>2576</b>	<b>2344</b>	<b>4476</b>	<b>5088</b>	<b>5388</b>	<b>4841</b>	<b>4489</b>
<b>NET ASSETS COMMITTED</b>	<b>96391</b>	<b>98298</b>	<b>101067</b>	<b>103054</b>	<b>105079</b>	<b>107288</b>	<b>110420</b>	<b>112596</b>	<b>114585</b>	<b>113809</b>	<b>112732</b>	<b>112300</b>	<b>111745</b>	<b>111093</b>	<b>110340</b>	<b>109553</b>	<b>108217</b>	<b>106314</b>	<b>104873</b>	<b>107190</b>	<b>111039</b>	<b>112018</b>	<b>111945</b>	<b>112357</b>	<b>112691</b>
<b>EQUITY</b>																									
Accumulated Operating Result	51102	51022	51264	51984	52455	52691	52736	52842	52096	51467	51003	50487	49931	49316	48662	47990	47314	46635	45952	45274	44326	43305	42268	41274	40268
Asset Revaluation Reserve	45488	47690	49999	52447	54974	57578	60280	63150	66237	69451	72801	76277	79803	83405	87103	90915	94791	98745	102800	106921	111128	115725	120499	125398	130355
<b>TOTAL EQUITY</b>	<b>96590</b>	<b>97549</b>	<b>98854</b>	<b>100886</b>	<b>102259</b>	<b>103552</b>	<b>104716</b>	<b>105668</b>	<b>106462</b>	<b>107078</b>	<b>107975</b>	<b>108621</b>	<b>109269</b>	<b>109822</b>	<b>110307</b>	<b>110764</b>	<b>111168</b>	<b>111529</b>	<b>111864</b>	<b>112156</b>	<b>112145</b>	<b>112296</b>	<b>112261</b>	<b>112336</b>	<b>112340</b>
<b>(1) Notes to System Assets</b>																									
Current Replacement Cost	167928	169281	172161	173562	174666	175827	178522	182015	183705	186428	188495	188622	188955	189805	190001	190284	190424	190688	190915	191722	199962	202300	202462	202617	204778
Less: Accumulated Depreciation	79855	79164	78973	79704	80292	80301	79543	78145	78195	79141	79876	81115	81814	82501	82082	83251	83886	84094	85216	86448	87765	88629	89647	90165	91341
Written Down Current Cost	88073	90117	93188	93879	94377	95526	98980	103866	105514	107287	108619	107507	107141	107304	107915	107033	106538	106594	105703	105274	112200	113672	113815	112451	113438

15.1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

ATTACHMENT 1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

FINMOD  
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Snowy Monaro Regional Council : SMRC Water Case 2  
Performance Indicators

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	
Total Residential Bills	726	800	870	950	950	950	950	950	950	950	950	950	950	950	950	950	950	950	950	950	950	950	950	950	950	950
Average Residential Bills (2016/17\$)	698	763	831	909	910	910	911	910	910	911	912	912	912	912	913	913	913	914	914	915	915	915	915	915	915	916
Mgmt Cost / Assessment (2016/17\$)	223	223	223	223	223	223	222	222	222	222	214	214	213	214	214	213	214	213	214	213	213	213	213	213	213	213
OMA Cost per Assessment (2016/17\$)	590	589	588	588	588	587	586	586	585	585	549	549	548	548	548	547	547	546	546	545	545	544	544	544	543	543
Operating Sales Margin (%)	8.07	11.99	15.35	19.60	17.27	15.01	13.57	12.45	10.42	8.71	10.84	9.83	8.94	8.00	7.29	6.69	6.18	5.80	5.36	4.99	3.30	2.74	2.45	2.45	2.27	1.85
Economic Real Rate of Return (%)	0.74	1.13	1.47	1.98	1.70	1.43	1.22	1.05	0.85	0.69	0.84	0.76	0.69	0.61	0.55	0.51	0.47	0.44	0.41	0.38	0.24	0.19	0.17	0.17	0.16	0.13
Debt Service Ratio	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.01	0.02	0.03	0.04	0.04	0.04	0.04	0.04	0.03	0.03	0.03	0.03	0.03	0.05	0.06	0.07	0.06	0.06	
Debt/Equity Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.02	0.03	0.04	0.03	0.03	0.03	0.03	0.02	0.02	0.02	0.02	0.02	0.04	0.04	0.04	0.04	0.04	
Interest Cover	29.52	47.00	75.33	142.47	214.33	572.33	0.00	17.86	9.17	5.48	5.88	5.80	5.78	5.64	5.46	5.58	5.83	6.12	6.42	6.90	1.97	1.32	1.10	1.20	1.01	
Return on capital (%)	0.94	1.20	1.48	1.91	1.65	1.41	1.20	1.01	0.80	0.66	0.81	0.75	0.71	0.64	0.59	0.56	0.53	0.51	0.45	0.47	0.27	0.21	0.19	0.19	0.14	
Cash and Investments (2016/17\$'000)	6539	5495	3538	4711	5861	6056	3874	1886	1524	1534	1502	3134	3671	3802	3457	4505	5227	5335	6179	6829	2070	1305	1307	2280	880	
Debt outstanding (2016/17\$'000)	426	340	251	162	71	0	0	1626	2560	3562	4017	3755	3498	3245	2985	2749	2507	2268	2032	1800	3930	4540	4649	4390	3837	
Net Debt (2016/17\$'000)	0	0	0	0	0	0	0	40	1036	2028	2515	621	0	0	0	0	0	0	0	0	0	1860	3235	3542	2110	3057

Snowy Monaro Regional Council Financial Plans for Water Supply and Sewerage



**Appendix E**  
**Sewerage**  
**FINMOD Outputs**  
**Case 2**

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## Snowy Monaro Regional Council Sewerage : SMRC Sewerage Case 2 Operating Statement

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41
<b>EXPENSES</b>																									
Management Expenses	1164	1167	1170	1174	1177	1188	1191	1192	1197	1200	1165	1173	1176	1177	1182	1185	1185	1192	1196	1198	1201	1205	1206	1211	1214
Administration	727	729	731	733	735	737	739	741	743	745	747	749	751	753	755	757	759	761	763	765	767	769	771	773	775
Engineering and Supervision	437	438	439	441	442	451	452	454	455	456	422	424	425	426	427	428	430	431	432	433	434	436	437	438	439
Operation and Maintenance Expenses	4071	4086	4085	4099	4106	4187	4196	4205	4214	4225	3915	3924	3932	3940	3945	3957	3966	3973	3982	3990	3995	4007	4017	4024	4033
Operation Expenses	2405	2410	2415	2421	2426	2474	2479	2484	2490	2495	2308	2312	2317	2322	2327	2332	2336	2341	2346	2351	2356	2360	2365	2370	2375
Maintenance Expenses	1062	1065	1067	1070	1073	1093	1096	1098	1101	1104	1021	1024	1026	1028	1031	1033	1036	1038	1040	1043	1045	1048	1050	1052	1055
Energy Costs	493	484	485	497	488	508	510	511	512	514	475	476	478	479	480	481	482	484	485	486	487	488	490	491	492
Chemical Costs	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111
Depreciation	2734	2784	2826	2936	3017	3090	3137	3145	3054	3066	3076	3124	3142	3146	3156	3153	3161	3166	3164	3170	3177	3154	3154	3159	3171
System Assets	2505	2522	2545	2626	2671	2750	2766	2784	2803	2833	2856	2887	2917	2921	2925	2927	2933	2934	2936	2946	2956	2962	2964	2966	2973
Plant & Equipment	229	272	281	310	346	340	365	361	231	235	222	227	225	227	231	226	228	226	228	224	222	192	191	194	188
Interest Expenses	119	99	78	57	35	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47
<b>TOTAL EXPENSES</b>	<b>8135</b>	<b>8186</b>	<b>8208</b>	<b>8313</b>	<b>8385</b>	<b>8526</b>	<b>8565</b>	<b>8592</b>	<b>8482</b>	<b>8541</b>	<b>8208</b>	<b>8269</b>	<b>8287</b>	<b>8313</b>	<b>8333</b>	<b>8342</b>	<b>8362</b>	<b>8373</b>	<b>8387</b>	<b>8405</b>	<b>8424</b>	<b>8413</b>	<b>8425</b>	<b>8441</b>	<b>8466</b>
<b>REVENUES</b>																									
Rates & Service Availability Charges	8125	7776	7603	7834	7866	7890	7916	7942	7974	8000	8025	8066	8096	8122	8151	8179	8207	8235	8263	8291	8319	8347	8375	8403	8431
Residential	6141	5877	5897	5921	5940	5963	5983	6002	6027	6046	6068	6092	6111	6130	6149	6168	6187	6206	6225	6244	6263	6282	6301	6320	6339
Non-Residential	1984	1899	1906	1913	1920	1927	1933	1940	1948	1954	1961	1969	1975	1981	1987	1993	1999	2005	2011	2017	2023	2029	2035	2041	2047
Trade Waste Charges	167	159	160	161	161	162	162	163	163	164	165	165	166	166	166	166	166	166	166	166	166	166	166	166	166
Other Sales and Charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Extra Charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Income	355	323	280	254	221	151	107	114	105	63	52	37	19	36	38	33	32	39	36	30	40	41	48	46	52
Other Revenues	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234
Grants	285	434	483	3466	1903	275	286	76	47	46	45	45	42	42	41	40	35	39	36	38	37	36	35	34	33
Grants for Acquisition of Assets	230	380	430	3415	1853	225	240	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pensioner Rebate Stipend	54	53	51	50	50	49	46	47	46	45	44	43	42	41	40	39	38	37	37	36	35	35	34	33	32
Other Grants	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Contributions	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127
Developer Charges	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127
Developer Provided Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Contributions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>9269</b>	<b>9029</b>	<b>9075</b>	<b>12054</b>	<b>10486</b>	<b>8820</b>	<b>8816</b>	<b>8641</b>	<b>8635</b>	<b>8620</b>	<b>8638</b>	<b>8654</b>	<b>8662</b>	<b>7597</b>	<b>7628</b>	<b>7643</b>	<b>7667</b>	<b>7700</b>	<b>7729</b>	<b>7747</b>	<b>7780</b>	<b>7807</b>	<b>7836</b>	<b>7860</b>	<b>7895</b>
<b>OPERATING RESULT</b>	<b>1134</b>	<b>843</b>	<b>866</b>	<b>3741</b>	<b>2102</b>	<b>294</b>	<b>251</b>	<b>50</b>	<b>143</b>	<b>79</b>	<b>430</b>	<b>386</b>	<b>366</b>	<b>-717</b>	<b>-707</b>	<b>-688</b>	<b>-696</b>	<b>-674</b>	<b>-658</b>	<b>-659</b>	<b>-644</b>	<b>-606</b>	<b>-589</b>	<b>-561</b>	<b>-571</b>
<b>OPERATING RESULT (less Grants for Acq of Assets)</b>	<b>904</b>	<b>462</b>	<b>436</b>	<b>326</b>	<b>249</b>	<b>69</b>	<b>11</b>	<b>19</b>	<b>143</b>	<b>79</b>	<b>430</b>	<b>386</b>	<b>366</b>	<b>-717</b>	<b>-707</b>	<b>-688</b>	<b>-696</b>	<b>-674</b>	<b>-658</b>	<b>-659</b>	<b>-644</b>	<b>-606</b>	<b>-589</b>	<b>-561</b>	<b>-571</b>

15.1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

ATTACHMENT 1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

FINMOD  
WaterOz

Snowy Monaro Regional Council Sewerage : SMRC Sewerage Case 2  
Cashflow Statement

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41
<b>Receipts</b>																									
<b>Cashflow From Operating Activities</b>																									
Rates and Charges	8292	7935	7963	7994	8021	8052	8078	8106	8138	8164	8194	8226	8252	7166	7195	7218	7242	7269	7296	7321	7346	7373	7394	7419	7448
Interest Income	355	323	280	254	221	151	107	114	105	63	52	37	19	36	39	33	32	39	38	33	40	41	48	48	52
Other Revenues	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234
Grants	285	434	483	3466	1903	275	289	78	47	46	45	43	42	42	41	40	39	38	38	38	37	36	35	34	33
Contributions	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127
Total Receipts from Operations	9269	9029	9075	12054	10466	8920	8816	8841	8835	8820	8838	8854	8862	7957	7926	7943	7967	7990	7999	7979	7947	7907	7856	7860	7895
<b>PAYMENTS</b>																									
Management	1164	1167	1170	1174	1177	1188	1191	1195	1197	1200	1168	1173	1176	1175	1182	1185	1188	1192	1195	1196	1201	1205	1208	1211	1214
Operations (plus WC Inc)	4121	4131	4138	4150	4160	4238	4248	4256	4265	4276	3966	3976	3984	3992	4001	4010	4018	4026	4034	4044	4052	4061	4071	4078	4087
Interest Expenses	119	99	78	57	35	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47
Total Payments from Operations	5451	5443	5433	5428	5419	5487	5486	5499	5510	5523	5182	5196	5207	5218	5229	5241	5254	5265	5276	5289	5300	5313	5325	5336	5349
Net Cash from Operations	3818	3586	3642	6626	5067	3333	3330	3143	3125	3096	3456	3458	3455	2379	2397	2402	2412	2434	2452	2458	2480	2495	2511	2524	2546
<b>Cashflow from Capital Activities</b>																									
<b>Receipts</b>																									
Proceeds from Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>PAYMENTS</b>																									
Acquisition of Assets	4489	3972	4014	7368	5361	8954	3002	2816	3757	5486	2640	4862	3939	1896	2313	2757	2281	1958	2490	2885	1712	2530	1870	2605	2082
Net Cash from Capital Activities	-4489	-3972	-4014	-7368	-5361	-8954	-3002	-2816	-3757	-5486	-2640	-4862	-3939	-1896	-2313	-2757	-2281	-1958	-2490	-2885	-1712	-2530	-1870	-2605	-2082
<b>Cashflow from Financing Activities</b>																									
<b>Receipts</b>																									
New Loans Required	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>PAYMENTS</b>																									
Principal Loan Payments	424	297	308	320	332	345	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash from Financing Activities	-424	-297	-308	-320	-332	-345	-2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL NET CASH	-1095	-682	-681	-1062	-627	-3966	327	627	-631	-2389	816	-1405	-463	480	84	-355	131	476	-38	-427	768	-35	641	-80	464
Current Year Cash	-1095	-682	-681	-1062	-627	-3967	327	627	-631	-2390	817	-1405	-463	480	84	-355	132	476	-38	-427	768	-35	641	-80	464
Cash & Investments @Year Start	13856	12450	11481	10537	9243	8406	4331	4545	5045	4306	1889	2021	1157	897	1138	1192	817	928	1388	1297	849	1578	1505	2094	1964
Cash & Investments @Year End	12761	11768	10800	9474	8616	4440	4658	5171	4414	1916	2897	1216	704	1166	1222	838	949	1402	1330	870	1617	1543	2146	2013	2429
<b>Capital Works Funding</b>																									
Internal Funding for New Works (\$'000)	1408	812	1151	2255	1235	5264	926	1229	1304	2073	1604	2884	1386	261	300	102	405	108	119	721	643	439	127	118	485
Internal Funding for Renewals	2560	2295	2280	1331	1847	1435	1508	1096	2127	3313	889	1484	2389	127C	1587	2625	1547	1691	2046	2063	923	1955	1590	2119	1160
New Loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants	230	380	430	3415	225	240	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Capital Works	4198	3487	3861	7001	4935	6925	2674	2356	3432	5386	2493	4378	3785	1531	1887	2727	1952	1797	2165	2784	1566	2394	1717	2237	1655

15.1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

ATTACHMENT 1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

FINMOD  
WaterOz

Snowy Monaro Regional Council Sewerage : SMRC Sewerage Case 2  
Statement of Financial Position

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41
<b>Assets and Investments</b>																									
Receivables	12761	11768	10800	9474	8616	4440	4658	5171	4414	1916	2687	1216	704	1166	1223	838	949	1402	1330	870	1617	1543	2146	2013	2429
Inventories	2043	2050	2056	2062	2069	2075	2082	2088	2095	2101	2108	2114	2121	2127	2133	2140	2146	2152	2159	2166	2172	2179	2185	2192	2198
	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36
<b>Property, Plant &amp; Equipment</b>																									
System Assets (1)	83165	84322	85465	86955	92162	95986	95824	95164	95661	98251	97765	99504	100277	99002	98133	97706	96801	95571	94873	94560	93071	92426	91123	90560	89436
Plant & Equipment	81536	82500	83816	88191	90456	94632	94540	94112	94740	97292	96930	98411	98279	97885	96850	96651	95671	94534	93763	93601	92211	91644	90397	89668	88350
	1649	1821	1649	1667	1706	1354	1284	1052	1120	958	859	1086	988	1114	1282	1055	1130	1037	1106	959	860	782	725	882	1088
Other Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL ASSETS</b>	<b>96025</b>	<b>98176</b>	<b>96358</b>	<b>101431</b>	<b>102884</b>	<b>102537</b>	<b>102600</b>	<b>102459</b>	<b>102405</b>	<b>102304</b>	<b>102319</b>	<b>102873</b>	<b>103137</b>	<b>102332</b>	<b>101523</b>	<b>100718</b>	<b>99931</b>	<b>99160</b>	<b>98396</b>	<b>97631</b>	<b>96896</b>	<b>96163</b>	<b>95490</b>	<b>94791</b>	<b>94102</b>
<b>LIABILITIES</b>																									
Bank Overdraft	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Creditors	138	139	139	139	140	140	140	140	141	142	142	143	143	143	144	144	145	145	146	146	146	146	147	148	148
Borrowings	1732	1383	1051	705	365	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	101	101	102	102	102	103	103	103	103	103	104	104	105	105	105	106	106	106	106	107	107	107	108	108	108
<b>TOTAL LIABILITIES</b>	<b>1971</b>	<b>1633</b>	<b>1292</b>	<b>946</b>	<b>597</b>	<b>244</b>	<b>242</b>	<b>243</b>	<b>244</b>	<b>245</b>	<b>246</b>	<b>247</b>	<b>248</b>	<b>248</b>	<b>249</b>	<b>250</b>	<b>251</b>	<b>251</b>	<b>252</b>	<b>253</b>	<b>254</b>	<b>255</b>	<b>256</b>	<b>257</b>	
<b>NET ASSETS COMMITTED</b>	<b>96054</b>	<b>96542</b>	<b>97066</b>	<b>100485</b>	<b>102287</b>	<b>102293</b>	<b>102357</b>	<b>102216</b>	<b>102162</b>	<b>102059</b>	<b>102373</b>	<b>102626</b>	<b>102890</b>	<b>102694</b>	<b>101274</b>	<b>100468</b>	<b>99680</b>	<b>99009</b>	<b>98144</b>	<b>97378</b>	<b>96642</b>	<b>95928</b>	<b>95235</b>	<b>94635</b>	<b>93845</b>
<b>EQUITY</b>																									
Accumulated Operating Result	48716	48371	48057	50626	51483	50532	49550	48391	47354	46278	45579	44853	44125	42332	40592	38904	37280	35677	34148	32657	31217	29850	28533	27256	26020
Asset Revaluation Reserve	47338	48172	49009	49658	50784	51762	52808	53826	54805	55783	56795	57774	58765	59753	60683	61565	62421	63232	63996	64721	65425	66078	66702	67279	67825
<b>TOTAL EQUITY</b>	<b>96054</b>	<b>96542</b>	<b>97066</b>	<b>100485</b>	<b>102287</b>	<b>102294</b>	<b>102358</b>	<b>102217</b>	<b>102162</b>	<b>102061</b>	<b>102374</b>	<b>102627</b>	<b>102890</b>	<b>102695</b>	<b>101275</b>	<b>100469</b>	<b>99680</b>	<b>99009</b>	<b>98144</b>	<b>97378</b>	<b>96642</b>	<b>95928</b>	<b>95235</b>	<b>94635</b>	<b>93845</b>
<b>(1) Notes to System Assets</b>																									
Current Replacement Cost	157611	158803	160384	166054	169143	174632	175798	177656	178362	180435	182038	184933	186329	186590	186890	186992	187398	187504	187624	188345	188988	189428	189555	189672	190168
Less: Accumulated Depreciation	76075	70302	76568	77863	78686	80000	81259	82546	83622	83142	85108	86522	87050	88701	90038	90341	91727	92970	93860	94744	95777	97784	99158	100004	101818
Written Down Current Cost	81536	82500	83816	88191	90456	94632	94540	94112	94740	97292	96930	98411	98279	97885	96850	96651	95671	94534	93763	93601	92211	91644	90397	89668	88350

15.1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

ATTACHMENT 1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

FINMOD  
WaterOz

Snowy Monaro Regional Council Sewerage : SMRC Sewerage Case 2  
Performance Indicators

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41
Total Residential Bills	907	865	865	865	865	865	865	865	865	865	865	865	865	865	865	865	865	865	865	865	865	865	865	865	865
Average Residential Bills (2016/17\$)	893	852	852	852	852	853	853	852	854	854	854	854	854	854	854	854	854	854	854	854	854	854	854	854	854
Mgmt Cost / Assessment (2016/17\$)	153	153	153	153	153	154	153	154	153	154	149	148	149	148	148	148	149	148	148	149	148	149	149	148	148
OMA Cost per Assessment (2016/17\$)	688	688	687	686	686	686	686	685	684	683	648	648	647	646	646	646	645	645	644	644	643	642	642	642	641
Operating Sales Margin (%)	7.68	2.86	2.68	1.54	0.75	-0.81	-1.13	-1.11	0.44	0.19	4.40	4.05	4.02	-9.95	-9.83	-9.61	-9.54	-9.30	-9.07	-8.96	-8.84	-8.33	-8.18	-8.04	-7.95
Economic Real Rate of Return (%)	0.80	0.28	0.26	0.14	0.07	-0.07	-0.10	-0.10	0.04	0.02	0.38	0.35	0.35	-0.76	-0.76	-0.75	-0.75	-0.75	-0.74	-0.73	-0.74	-0.70	-0.70	-0.69	-0.70
Debt Service Ratio	0.06	0.05	0.04	0.04	0.04	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debt/Equity Ratio	0.02	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest Cover	8.60	5.69	6.59	6.75	8.05	5.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Return on capital (%)	1.04	0.58	0.54	0.62	0.45	0.11	0.04	0.02	0.14	0.08	0.42	0.37	0.35	-0.70	-0.70	-0.69	-0.70	-0.68	-0.67	-0.67	-0.66	-0.63	-0.62	-0.61	-0.61
Cash and Investments (2016/17\$'000)	12761	11768	10800	9474	8616	4440	4659	5172	4415	1918	2687	1217	704	1167	1223	838	949	1402	1330	870	1617	1543	2146	2013	2429
Debt outstanding (2016/17\$'000)	1732	1393	1051	705	355	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Debt (2016/17\$'000)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Snowy Monaro Regional Council Financial Plans for Water Supply and Sewerage



## Appendix F

### Pricing Input Data

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15.1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

ATTACHMENT 1 FINANCIAL PLANS FOR WATER SUPPLY AND SEWERAGE INCORPORATING PRICING STRATEGY

Water Supply Data

Consumption per Assessment			
Current Consumption Range (kL)	Number of Assessments	Current Ave Consumption (kL/Assessment)	Total Consumption (kL)
Vacant	323		4,388
0 to 99	3,142	45	139,987
100 to 199	2,344	145	339,994
200 to 299	1,199	245	293,283
300 to 399	508	341	173,274
400 to 499	223	442	98,584
500 to 599	100	538	53,839
600 to 699	47	646	30,366
700 to 999	77	804	61,882
1000 to 1999	80	1,387	110,961
2000 to 4999	46	3,091	142,184
5000 to 9999	19	7,084	134,593
10000 to 19999	13	13,083	170,075
20000 to 149999	2	78,791	157,582
	<b>8,123</b>		<b>1,910,991</b>

Current water Assessments.						
Service Connection Size	Residential		Non Residential		Residential	Non Residential
	Assessments	Average Consumption (kL/Assessment)	Assessments	Average Consumption (kL/Assessment)	Total Consumption (kL)	Total Consumption (kL)
Vacant Lots	305		18			
20	6,003	164	596	192	982,843	114,279
25	578	179	130	360	103,657	46,775
32	50	242	36	770	12,113	27,724
40	301	160	50	1,062	48,148	53,084
50	127	385	65	1,563	48,843	101,573
65	0	0	2	23,753	0	47,506
80	54	135	19	72	7,270	1,363
100	5	438	18	11,810	2,192	212,574
Snowy only 150mm	6	949	2	13,070		
Snowy only other	51		2			
	<b>8,418</b>	<b>7,480</b>	<b>938</b>		<b>1,205,066</b>	<b>604,878</b>

Sewerage Data

<b>Number of sewage assessments according to water connection size.</b>			
<b>Service Connection Size</b>	<b>Non-Residential Sewerage Assessments</b>	<b>Average Consumption (kL/Assessment)</b>	<b>Total Consumption (kL)</b>
Vacant	3		65
20	455	216.80	98,646
25	91	342.88	31,202
32	32	820.63	26,260
40	42	1,179.83	49,553
50	50	1,703.16	85,158
80	17	4,514.24	76,742
100 and above	16	8,781.00	140,496
	706		508,122
<b>Sewerage Billing Data</b>			
<b>Residential</b>		<b>Non-Residential</b>	
No. of Assessments	No. of vacant lots	No. of Assessments	No. of vacant lots
<b>6,628</b>	<b>228</b>	<b>703</b>	<b>24</b>
Tota Residential	6,856	10%	<b>7,583</b>
Total non-res	727		

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## 16.1 BOCO ROCK COMMUNITY ENHANCEMENT FUND

Record No:

Responsible Officer:	Director Corporate & Community Services
Author:	Finance Manager
Key Direction:	7. Providing Effective Civic Leadership and Citizen Participation
Delivery Plan Strategy:	DP7.6 Increase and improve Council's financial sustainability.
Operational Plan Action:	OP7.18 Effective management of Council funds to ensure financial sustainability.
Attachments:	1. Summary of Boco Rock Community Enhancement Fund Recipients <a href="#">↓</a>
Cost Centre	W750 3020
Project	Boco Rock Community Enhancement Fund
Further Operational Plan Actions:	

### EXECUTIVE SUMMARY

This report summarises the projects that have been funded through the Boco Rock Community Enhancement to date.

The following officer's recommendation is submitted for Council's consideration.

#### OFFICER'S RECOMMENDATION

That Council receive and note the information in the report on the acquittals of projects for the Boco Rock Community Enhancement Fund and that any project that has not finalised their acquittal, be asked to finalise their project or provide a plan for finalisation. If these are not acquitted or a satisfactory plan provided, the funds are to be returned to Council. The plan of acquittal should be provided within 30 days and if the plan is not provided or satisfactory to Council, funds are to be returned by 31 July 2017.

### BACKGROUND

At the Council meeting held on the 24<sup>th</sup> May 2017 a request for the following was resolved "That a reconciliation of all acquittals be provided to the Administrator of the Boco Rock Projects funded to date by the next Administrators Delegations meeting". The attached document summarises the status of each of the projects for which funding has been awarded and dispersed.

### QUADRUPLE BOTTOM LINE REPORTING

#### 1. Social

There are no social implications as a result of the recommendation. This report is information only.

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**2. Environmental**

There are no Environmental implications as a result of the recommendation. This report is information only.

**3. Economic**

There are no Economic implications as a result of the recommendation. This report is information only.

**4. Civic Leadership**

Council Resolution 86/17 (I)

**Determination by Administrator**

Approved by Administrator Dean Lynch in accordance with *Section 226 dot point one (1) or two (2) of the Local Government Act 1993.*

Signature: .....

Date:

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Summary of Boco Rock Community Enhancement Projects

Funding Round	Name of Organisation	\$ Amount	Purpose	Acquittal	Notes
2015	Anembo District Bush Fire Brig	\$4,150	Anembo Lawnmower		
2015	Bredbo Community Progress Asso	\$1,600	Doing up the Rec Ground Shed		
2015	Lions Club of Cooma Inc	\$2,000	Footpath from Bowling Club to Aboriginal Reserve		
2015	Cooma Rodeo Club Inc	\$7,000	All Purpose Sand Arena Cooma Showground		
2015	Cooma Squash Club Inc	\$1,800	Front Wall Repair		
2015	Cooma Universities Centre	\$22,000	Fast Internet Access for CUC Students		
2015	Nimmitabel Advancement Group I	\$14,783	Caravan Park Facilities Upgrade	8/06/2016	
2015	Nimmitabel & District Garden C	\$6,558	Nimmitabel Beautification through tree planting		
2015	Nimmitabel Country Women's Ass	\$2,000	repairs to CWA Hall		
2015	Nimmitabel Lions Club	\$12,400	Lake Williams Cycle path		
2015	Snowy Mountains Mountain Bike	\$1,007	Tools for club working bee		
2015 - Round 1	Bibbenluke hall Committee	\$3,520	Cont towards Installation of water tank	1/06/2016	Photo & clippings
2015 - Round 1	Bombala & District Historical Society	\$4,875	Cont towards Storage covers for Bombala newspapers 1876-1985	16/02/2016	Photos & invoices
2015 - Round 1	Parish of Southern Monaro	\$15,000	Cont towards upgrade of facilities at St Mathias Parish hall		
2015 - Round 1	Friends of Bombala Railway	\$4,830	Cont towards motorised spot sprayer	29/03/2016	Invoice & photos
2015 - Round 1	Monaro Family Support Services	\$2,000	Cont to Scallywags Activity group		extension requested
2015 - Round 1	Monaro country Lavender Co-op	\$1,257	Cont towards equipment to maintain Railway land precinct	21/04/2016	Photos & invoices
2015 - Round 1	Bungarby Memorial Hall Committee	\$1,455	Cont towards static display of early history of Bungarby District, the Hall and WW1 Soldiers		Reminder sent
2015 - Round 2	Bombala & District Country Music Association	\$2,000	Cont towards promotional activities	29/03/2016	Press clippings & invoices
2015 - Round 2	Bombala Tennis Club	\$9,088	Cont towards resurfacing of hard courts at Bombala Tennis Club	5/03/2016	Photo & invoices
2015 - Round 2	Delegate Tennis Club	\$17,750	Cont towards replacement of the surface at the four tennis courts at the Delegate Tennis club		part of council managed upgrade
2016	Cooma ShowP&A Inc	\$5,000	Joint venture with CURLFC (Stallions) to purchase and install a permanent PA system for the showground and Multi Function Centre	Coming	Installed & working. Acquittal paperwork and report has been promised shortly.
2016	Cooma Universities Centre	\$5,200	Upgrade of Video conferencing facilities, Support for Mentoring and MOOCS programs.	YES	
2016	Monaro Early Intervention Service Inc	\$10,627	Software, hardware and training in such to operate new costing system to meet new Govt legislation	YES	
2016	Nimmitabel Advancement Group Inc	\$13,264	Nimmitabel Park - Children's playground equipment	Coming	
2016	Cooma Public School Breakfast Club facilitated by St Andrews Uniting Church	\$2,000	Funds to go towards purchase of provisions for healthy breakfasts twice a week - all students are welcome to attend.	YES	A fantastic terrific project - numbers of students coming for breakfast has risen. Is still a service being provided due to the success of the project.
2016	Cooma Gymnastics Club Inc	\$2,000	Funds towards the purchase of Gymnastics curriculums, pathways and Lesson plans.	YES	The club has blossomed with a great increase in student numbers.
2016	Pioneers Memorial Hall	\$2,000	To replace 50 year old stove/oven in Hall used for catering functions.	Coming	Very happy and lots of baking been happening.



Summary of Boco Rock Community Enhancement Projects

Funding Round	Name of Organisation	\$ Amount	Purpose	Acquittal	Notes
2016	CWA Bredbo Branch	\$570.79	Purchase pots and pans for Community Hall kitchen	YES	
2016	Nimmitabel Preschool	\$2,000	Educational activities and educational equipment costs for the children who attend the Nimmitabel Preschool. This includes purchasing items for craft activities, food for cooking lessons, items for educational activities, play equipment for health and fitness lessons and educational resources (books and basic IT equipment).	YES	
2016	Shannons Flat Community Hall Committee	\$1,485	Installation of already purchased flat pack kitchen	YES	Some photos included in acquittal.
2016	Cooma Country Club (Bowlo)	\$1,800	Support for funding towards to costs of materials for new fire safety equipment and disabled door access.	YES	Have some photos on file.
2016	Snowy Mountains MTB Club	\$15,000	Funds towards the professional development of a strategic master plan for mountain bike riding in and around Cooma.	YES	Originally \$27,500 applied for. Council advised that a masterplan be developed – cost \$20,000. \$15,000 allocated from Boco Rock. Balance of funding achieved from other source. The completed Trail Master Plan has now been submitted to NSW Government for funding consideration.
2016	Nimmitabel Lions Club	\$8,200	Supply and installation of tables, bench seating and shade shelters at Nimmitabel Playground Park		Not complete. They ran out of labour some time ago... However a positive recent update is that there is a new incoming President (Ant Waldren) who is already making very positive moves to complete this project and a series of working bees have been arranged commencing 27 <sup>th</sup> May.
2016	Nimmitabel Mens Shed	\$1,999	Purchasing materials for restoration works of the Nimmitabel Train Station		Not complete - run out of Volunteer labour.
2016	Geldmacher House Museum Committee	\$1,364	Repairs and painting of ceiling and leaky roof.		Not complete - run out of Volunteer labour.
2016 - Round 3	Bombala & District Historic Engine Society	\$20,000	Cont towards construction of additional shed to house restored engines		Long delay in getting heritage approval, project now on track
2016 - Round 3	Delegate Sportsground Committee	\$9,818	Cont towards purchase of equipment to assist with maintenance of community recreational/neighbourhood safer place facility		
2016 - Round 3	Creewah bushfire Brigade	\$1,975	Cont to Split cycle heater for community meeting room		
2016 - Round 3	Bombala Golf club	\$7,408	Cont towards purchase of equipment to assist with maintenance of recreational venue	8/09/2016	Photo & invoices
2016 - Round 3	Delegate School of Arts	\$5,500	Cont towards Indigenous mural interpreting the Bundian Way		Report will be in early next week
2016 - Round 3	Bombala & District Netball Association	\$12,685	Cont towards upgrade to community owned recreational facility		Reminder sent
2016 - Round 3	Bombala Exhibition Ground Management Committee	\$4,040	Cont towards stormwater drainage at community recreational facility		Reminder sent



16.1 BOCO ROCK COMMUNITY ENHANCEMENT FUND  
 ATTACHMENT 1 SUMMARY OF BOCO ROCK COMMUNITY ENHANCEMENT FUND RECIPIENTS

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Summary of Boco Rock Community Enhancement Projects

Funding Round	Name of Organisation	\$ Amount	Purpose	Acquittal	Notes
2016 - Round 3	Delegate Progress Association	\$6,615	Cont towards purchase of equipment for community run Arts Centre at Delegate		Report will be in early ne
2016 - Round 3	Bombala & District Historical Society	\$5,357	Cont towards covers to protect old newspapers telling the history of the area	3/05/2017	Invoice photos and pres

	<b>TOTAL</b>	\$282,980			
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16.1 BOCO ROCK COMMUNITY ENHANCEMENT FUND  
ATTACHMENT 1 SUMMARY OF BOCO ROCK COMMUNITY ENHANCEMENT FUND RECIPIENTS

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