

Please Quote
Council Ref:

[eltr]

Your Ref No:

For Enquiries
Please Contact: Mrs Teena Fox

Telephone Direct (02) 6670 2604

L27M36

3 March 2006

Director General
Department of Local Government
Locked Bag 3015
NOWRA NSW 2541

Attention: Grahame Gibbs

Dear Sir

Tweed Shire Council - Water & Sewer Loan Borrowing Program

I refer to recent discussions with Mr Grahame Gibbs and Council's Chief Financial Officer Mr Michael Chorlton relating to loan funding for the Water Supply and Sewerage Programmes.

Current cash flow analysis indicates that Council's Water and Sewer Funds will require loan funding to meet its capital works program commencing the 2007/2008 financial year. The Water Fund is of particular importance as Council is planning to call for tenders in October this calendar year for the construction of Bray Park Filtration Plant. The current estimate for this Contract is \$44 million. As can be seen from the table below, the commitment to this expenditure will necessitate a total loan of \$29 million.

Prior to the calling of tenders, Council requires some form of surety that it will receive approval from the Department for the loan program to negate the risk to Council of letting contracts without the approval to borrow.

Listed below is the short term borrowings required to fund Water & Sewer programs from 2007/2008 to 2010/2011 inclusive.

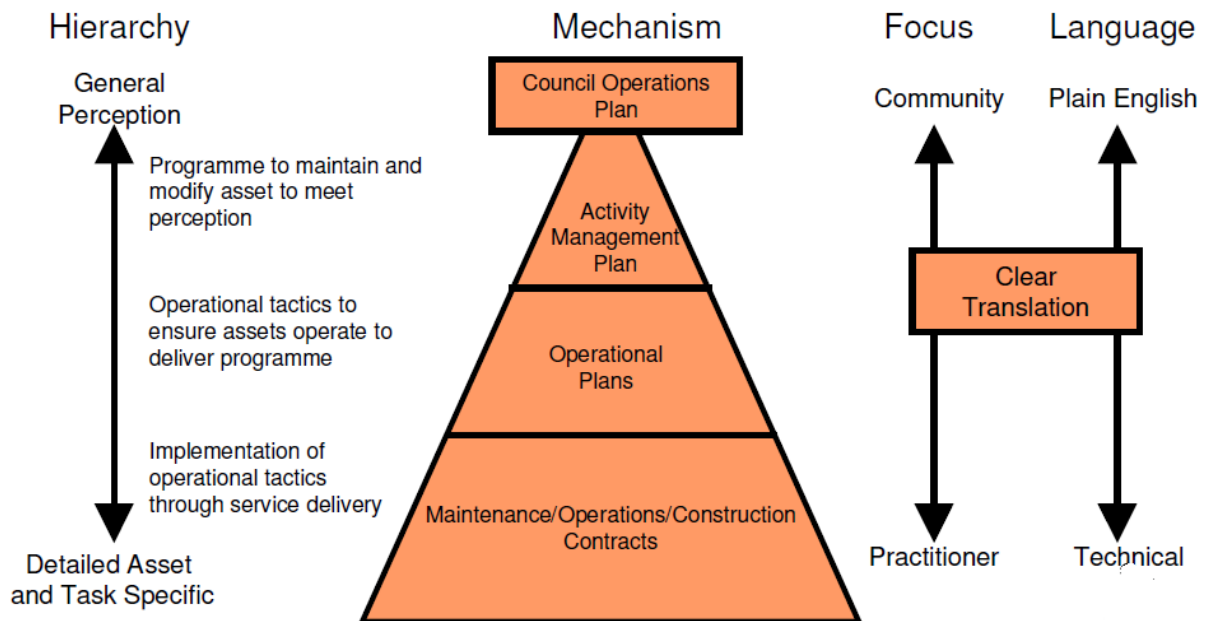
	2007/2008	2008/2009	2009/2010	2010/2011
Water Fund	\$25,500,000	\$3,500,000		
Sewer Fund	\$6,500,000	\$1,800,000	\$4,200,000	\$600,000

Your concurrence and approval is sought for the loan programme listed above and your advice would be appreciated at your earliest convenience.

Yours sincerely

Mike Rayner
Acting General Manager

Linkages from High Level Documents Ensure Outcomes Addressed



The Activity Management Plans will have the following key attributes:

- a) Is outcomes focused;
- b) Enables the Council to readily substantiate that it has met its legal obligations and enables it to satisfy all Audit requirements.
- c) Provides a clear statement for the elected/appointed representatives of the local strategic approach towards the provision of the Water Supply and Sewerage service, and of the levels of that service that it is aiming to provide (ie a strategic plan) for the particular asset.
- d) Produces an output that enables the public to easily and readily see and understand what the Council's strategic and management approach to the activity is.
- e) Produces an improvement plan in a form that can be easily integrated with the Council's overall controls for management of the particular activity.
- f) Is consistent with the Management Plans for all other Council activities.
- g) Expresses the forecasted future capital costs in terms of 'backlog / maintenance' of existing levels of service, 'increased levels of service, and 'growth' in order to support the Council's Development Servicing Plan as a routine step in the process.

- h) Can be gradually enhanced and developed, in stages, until the desired level of 'Advanced Asset Management Planning' is reached.

SEWER FUND 30 YEAR FINANCIAL PLAN (\$'000)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total
EXPENDITURE																															
Operating Expenditure	8,460	9,089	10,254	10,964	11,415	11,930	12,470	12,884	13,313	13,759	14,233	14,745	15,273	15,823	16,387	16,969	17,569	18,187	18,823	19,478	20,152	20,800	21,515	22,262	23,043	23,850	24,681	25,547	482,824		
Capital Works	7,183	18,607	34,258	47,021	15,921	9,364	12,089	12,035	9,489	7,091	3,870	4,118	13,673	10,789	10,786	4,426	5,266	8,958	4,581	5,186	4,832	10,359	5,088	17,949	14,948	5,480	5,612	5,746	9,481	6,017	310,619
Asset Replacement	3,171	9,689	9,522	9,259	7,350	6,310	7,122	7,044	2,937	3,559	3,157	3,223	3,322	4,141	4,722	3,624	3,728	3,398	4,044	4,152	4,261	4,371	4,878	4,504	4,707	4,620	4,935	5,050	5,166	151,463	
Other	2,847	8,336	21,751	14,437	3,917	2,854	4,712	4,722	1,747	3,572	553	723	10,174	9,865	5,876	607	1,339	4,470	431	923	455	5,666	478	12,826	10,703	516	527	540	582	565	131,876
Loan Repayments	1,225	572	2,985	3,677	5,054	199	264	270	4,805	160	166	171	177	183	188	194	200	206	213	219	225	232	238	245	251	256	265	272	279	286	27,280
Loan Repayment adjustment	2,426	362	413	457	568	745	828	938	1,065	1,136	1,211	1,130	638	801	640	683	728	776	827	882	940	1,002	1,068	1,139	925	484	392	219		23,221	
TOTAL EXPENDITURE	18,069	28,049	43,919	37,516	26,687	20,974	24,226	24,751	22,829	20,880	18,123	18,733	28,377	25,965	26,511	20,715	22,139	26,432	23,918	24,221	30,426	25,851	39,385	36,966	27,988	28,958	29,707	34,166	31,564	610,630	
REVENUES																															
Operating Income	15,651	16,714	16,988	16,756	16,225	17,058	17,671	18,189	17,776	18,332	18,839	19,586	20,464	20,805	21,313	21,760	22,382	23,408	23,993	24,833	25,647	26,549	27,094	27,616	27,815	28,077	28,875	29,673	30,507	31,040	672,146
Grants for capital purpose	663	5																													
Developer Charges	3,045	3,098	3,882	3,911	3,868	3,572	4,070	4,054	4,077	4,112	4,130	4,179	4,184	4,218	4,244	4,268	4,278	4,291	4,190	4,196	4,219	4,237	4,252	4,254	4,280	4,281	4,299	4,313	3,100	3,108	120,244
Derivatives																															
TOTAL INCOME	19,359	19,817	20,870	23,623	20,434	22,012	23,924	24,963	23,963	22,444	22,969	23,765	24,648	25,023	25,567	26,028	26,860	27,699	28,183	29,029	30,785	31,347	31,871	32,095	32,359	33,174	33,986	33,007	34,148	812,488	
Transfer to/from Reserves	1,281	(8,232)	(23,049)	(13,693)	1,747	4,037	(302)	102	1,124	1,565	4,646	5,032	(3,729)	(943)	(954)	5,313	4,722	1,268	5,509	5,111	5,645	360	5,496	(7,514)	(4,871)	4,360	4,316	4,279	(559)	2,883	
RESERVE BALANCE	46,421	37,189	14,140	447	2,184	3,231	2,929	3,031	4,155	5,719	10,565	15,597	11,868	10,926	9,972	15,285	20,006	21,274	26,783	31,894	37,539	37,899	43,394	35,880	31,008	35,369	39,685	43,964	43,405	45,988	
Balance of Loans	6,075	5,713	5,300	7,989	12,922	13,524	14,869	16,484	15,418	14,282	13,071	11,303	10,702	10,062	9,380	8,652	7,876	7,049	6,168	5,228	4,226	3,158	2,020	1,095	811	219	0	0	0	0	

SEWER FUND 30 YEAR CAPITAL WORKS PROGRAM (\$'000)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total	
Programs																																
Equipment Purchases	235	440	356	162	168	175	181	188	194	201	208	215	222	229	236	244	251	259	267	275	283	291	299	308	316	325	333	342	351	360	7,913	
Sewer Pump Stations Elec Upgr	167	592	237	464	221	228	235	242	249	257	264	271	279	287	294	302	310	318	326	334	342	350	358	366	374	383	391	399	407	416	9,662	
SPS Gas Tight Lids Replace	70	74	77	80	83	86	89	92	96	99	102	106	110	113	117	121	124	128	132	135	139	143	147	151	155	159	163	167	171	175	3,450	
SPS Mech Replace	298	709	215	644	28	29	200	31	32	261	60	36	37	38	39	41	42	43	44	46	47	48	50	51	53	54	55	57	58	60	3,405	
SPS Mech Upgrade	980	935	210	60	52	54	56	58	60	62	64	66	68	70	72	74	76	78	80	83	86	88	91	92	95	97	100	102	105	108	3,175	
SPS Reliability Upgrade	45	47	49	51	53	55	57	59	62	64	66	68	71	73	75	78	80	83	86	88	91	94	96	99	102	105	108	110	113	116	122	2,496
SPS Overflow Buiding	50	51	53	55	57	59	62	64	66	68	71	73	75	78	80	83	86	88	91	94	96	99	102	105	108	110	113	116	119	122	2,446	
SPS Receive Access Chamber	50	51	53	55	57	59	62	64	66	68	71	73	75	78	80	83	86	88	91	94	96	99	102	105	108	110	113	116	119	122	2,496	
SPS Other	100	568	370	459	313	317	321	326	330	335	339	344	349	354	359	364	369	374	379	384	389	394	399	404	409	414	419	424	429	434	9,325	
Sewer Rising Mains New	475	1,543	589	2,541	55	57	59	60	537	2,394	66	68	70	72	74	76	78	79	81	83	85	88	90	272	94	96	100	102	104	10,183		
SRM Replacement	605	2,774	583	2,833	287	286	305	314	324	333	343	353	363	373	383	393	403	413	424	434	445	455	466	476	487	498	508	519	530	541	12,418	
SRM Upgrade	195	420	21	436	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	2,092	
SRM 2018 Gollan Drive	2,700																														3,492	
SRM Other	85	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	2,570	
Gravily Sewer Relining	275	1,303	347	308	308	308	308	308	308	308	308	308	308	308	308	308	308	308	308	308	308	308	308	308	308	308	308	308	308	308	9,280	
Gravily Sewer Coating	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	4,280	
Gravily Sewer Upgrade	650	1,21	27	28	29	30	31	32	33	35	36	37	38	39	40	41	42	43	44	46	47	48	50	51	53	54	55	57	58	60	1,914	
Gravily Sewer New	50	115	21	162	22	23	24	25	26	27	28	29	30	31	32	33	34	35	37	38	39	40	41	42	43	44	45	47	48	50	2,140	
Gravily Sewer Replacement	1,045	867	854	882	910	939	967	997	1,026	1,056	1,086	1,116	1,147	1,178	1,209	1,240	1,272	1,304	1,336	1,368	1,400	1,433	1,465	1,498	1,531	1,564	1,597	1,630	1,663	35,578		
Sewerage Treatment Plants	520	280	800	291	302	313	324	336	348	360	372	384	397	410	423	436	449	463	477	491	505	519	534	549	564	579	594	609	625	641	13,373	
Two Hds STP Eff Quality Upgr	1,100	870	150	500	2,400</																											