



2023-33

# Long Term Financial Plan



Randwick City Council  
a sense of community

February 2024

Randwick City Council  
Version 2024  
© Randwick City Council 2024

1300 722 542  
council@randwick.nsw.gov.au  
randwick.nsw.gov.au

Randwick City Council  
30 Frances Street  
Randwick NSW 2031



# Preface

One of the main components of the Council's strategic planning process is the Long Term Financial Plan (LTFP). A variety of economic factors that are expected to have an impact on our financial performance are taken into account in the 10-year financial plan. This is to explain how the Council will fulfil its service commitments to our community both now and in the future.

LTFP allows for a variety of assumptions, sensitivity analyses, and risk management procedures to:

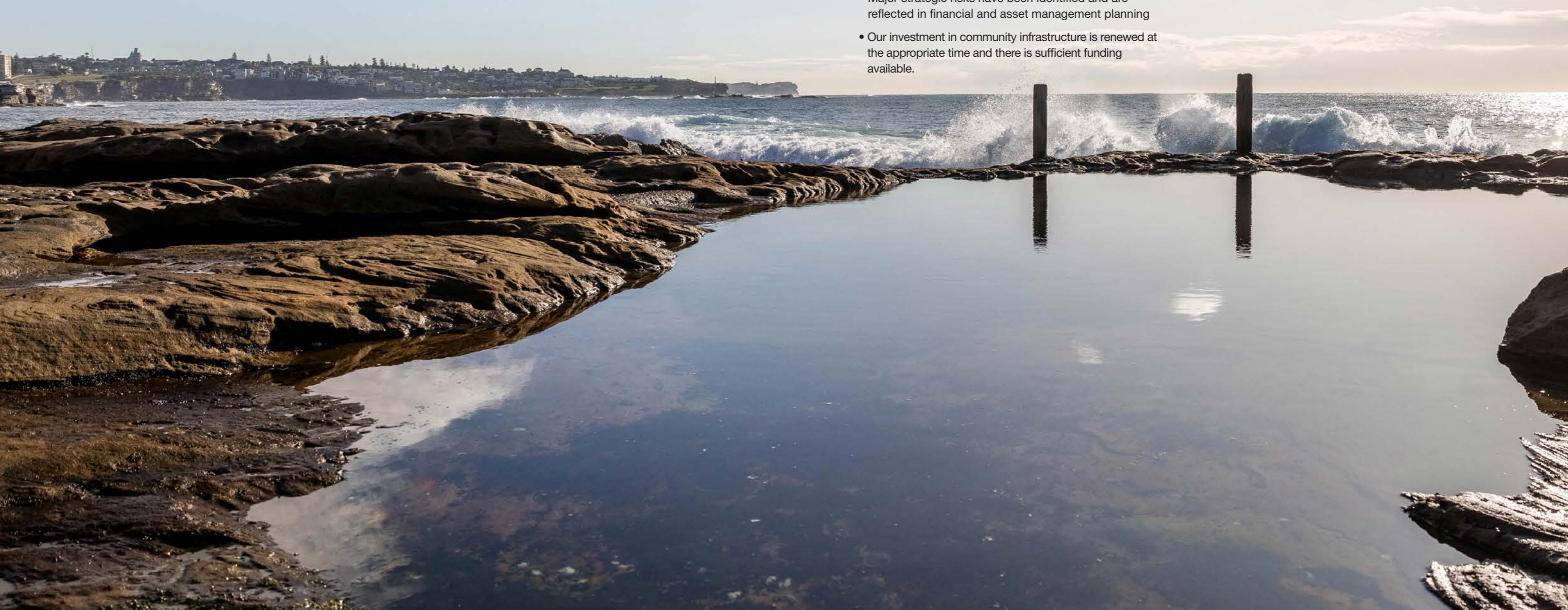
- evaluate the financial viability of providing the service levels specified in the Delivery Program;
- enable the quantification and discussion of the costs of long-term strategic decisions;
- assess the risk associated with potential future strategic directions;
- permit scenario testing of various policies and service levels; and
- enable testing of the sensitivity and robustness of our key assumptions.

In order to achieve our financial strategy, the LTFP has been developed with the following objectives over the 10-year time frame:

- Achieving a fully funded operating position resulting in a balanced budget or surplus bottom-line position, including repayment of debt and depreciation over the 10-year period
- Maintaining strong financial performance, liquidity, and asset performance within our established benchmarks ensuring financial sustainability and the ability to respond to unexpected events
- Ensuring Council funds are invested in highly rated and low risk investment categories ensuring capital preservation and sound investment returns
- Major strategic risks have been identified and are reflected in financial and asset management planning
- Our investment in community infrastructure is renewed at the appropriate time and there is sufficient funding available.

The financial management objectives provide the framework for the development of Council's LTFP and support consistent and informed decision-making by Council.

In our forecasting through to 2033, we consider a variety of economic factors that are expected to have an impact on our financial performance as well as make predictions about the community's service delivery levels. The LTFP is designed as a flexible and continually revised model that is amended through formal budget reviews, quarterly budget review statements, and year to date performance monitoring. This will ensure that the LTFP remains current and relevant.



# Contents

<b>Part 1. Introduction</b>	<b>2</b>	<b>Part 5. Long Term Financial Plan</b>	<b>30</b>
Our Strategic Planning Framework	4	Scenario 1 – Balanced Budget	32
Our Vision and Mission	5	Income Statement	34
Our Values	5	Statement of Financial Position	36
		Cashflow statement	38
<b>Part 2. Randwick City</b>	<b>6</b>	Scenario 2 – Excluding Environment Levy	40
People	8	Income Statement	42
Services	9	Statement of Financial Position	44
Infrastructure	9	Cashflow statement	46
Technology	10	Performance statement	48
Economic environment	11		
Socioeconomics – rates affordability	12	<b>Part 6. Sensitivity analysis</b>	<b>50</b>
Economic conditions, unforeseen events and other impacts	14	Sensitivity analysis	52
		Sensitivity analysis Scenario One	53
<b>Part 3. Principles and strategies</b>	<b>16</b>	Sensitivity analysis Scenario Two	54
Legislated Principles	18	Sensitivity analysis Scenario Three	55
Financial Strategy	19		
		<b>Part 7. Monitoring financial performance</b>	<b>56</b>
<b>Part 4. Financial assumptions</b>	<b>20</b>	Monitoring financial performance	58
Projection considerations	22	Performance Statement	60
Financial planning assumptions	23		
Risk assessment	26	<b>Appendices</b>	<b>64</b>
		Appendix A	66
		Appendix B	68

# Part 1. Introduction

- Our Strategic Planning Framework
- Our Vision and Mission
- Our Values



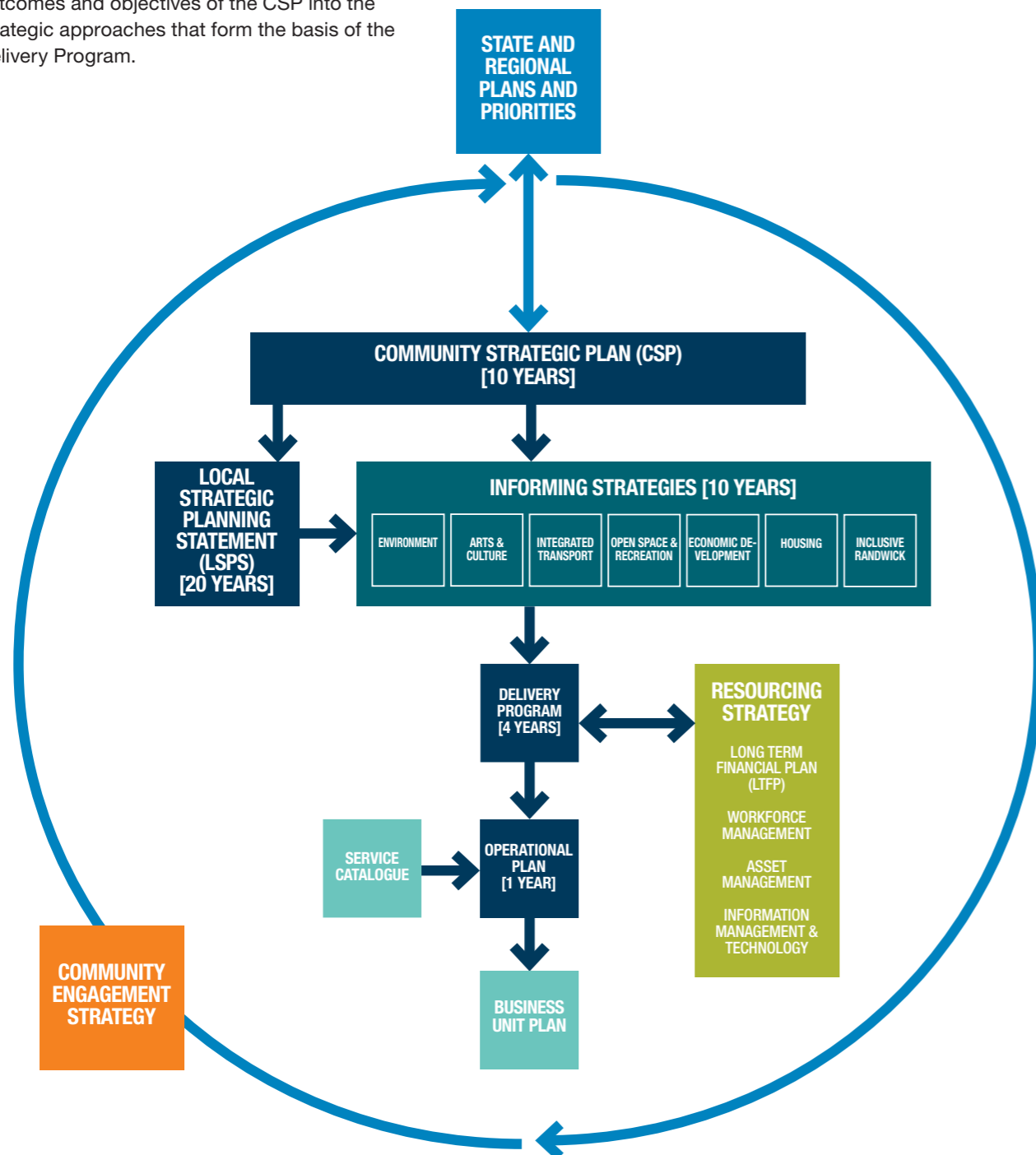
# Our Strategic Planning Framework

The Community Strategic Plan (CSP) captures our community's long term needs and aspirations. The Resourcing Strategy supports the CSP, by setting out how we will resource what Council provides in a sustainable way. This will help Council achieve a sustainable service provision for the local community, meeting the commitments outlined in the Delivery Program and contributing towards the community vision.

The Resourcing Strategy is a critical enabling strategy when it comes to translating the strategic outcomes and objectives of the CSP into the strategic approaches that form the basis of the Delivery Program.

It details how Council will provide the resources required to deliver on its commitment to the community whilst maintaining the long-term sustainability of the organisation.

The long-term financial strategy allows us to provide services and develop financial resilience so we can weather shocks in the future. It outlines how we will pay for responsibilities like capital project funding, service upkeep, debt repayment, and infrastructure renewal.



# Our Vision and Mission

The vision for Randwick City focuses on three key areas – our unique coastal environment, our strong sense of community and the sustainability of our natural and built environment.

## Coastal

Randwick City's beautiful beaches, bays, ocean pools and coastline will be protected and enhanced to continue their important role in the social, mental and physical health of the Randwick City community. Access to our coastline will be enhanced with a continuous Coastal Walkway, our beaches will be clean and safe and we'll support our community to share and benefit from our beautiful natural resources.

## Community

Our strong sense of community will continue. Our culturally diverse community will be supported with opportunities to connect and engage with each other through quality shared public spaces as well as through well-designed private housing with high quality urban amenity. A diverse range of social infrastructure will meet the social and cultural needs of our community, fostering greater connectedness and well-being. We'll support improved public transport and a City that is easy to walk and cycle and connected with adjoining LGAs.

## Sustainable

We'll focus on our natural environment and open spaces by protecting and increasing native habitat and providing enhanced access for physical recreation. We will support our community to transition to net zero emissions and reduce pollution and waste.

# Our Values

Values underpin the culture that drives management and staff in pursuing the Council's outcomes and in sustaining high levels of organisational performance. Our values are:

-  **INTEGRITY:** Ensuring transparency and honesty in all our activities
-  **CUSTOMER FOCUS:** Delivering prompt, courteous and helpful service and being responsive to people's changing needs
-  **ACCOUNTABILITY:** Accepting our responsibility for the provision of quality services and information which meet agreed standards
-  **RESPECT:** Treating everyone with courtesy, dignity and fairness regardless of our own feelings about the person or the issue
-  **EXCELLENCE:** Being recognised for providing services, programs and information which consistently meet and exceed standards through the use of best known practices and innovation



# Part 2. Randwick City

- People
- Services
- Infrastructure
- Technology
- Economic environment
- Socioeconomics – rates affordability
- Economic conditions, unforeseen events and other impacts



## People

There are a lot of people who either live, work, study or visit Randwick City each day. The estimated resident population of Randwick City in 2021 was 135,275<sup>1</sup>. In addition to this, there is an increasing number of people who come to Randwick City as tourists each year, along with the increasing number of people who either work or study here. These growing numbers will continue to put strain on both our existing services and infrastructure into the future.

### Demographic and employment

State Government planning directives have designated employment targets to 2036 between 9,200 to 12,700 additional jobs in the Randwick Strategic Centre (encompasses UNSW, the hospitals and mixed-use precincts of Kensington, Kingsford, Randwick Junction and The Spot). Maroubra Junction, along with Eastgardens, is to cater for between 1,100 to 2,100<sup>2</sup> additional jobs.

Age profiling indicates young adults (aged 20-30 years) tend to be concentrated in Kensington (5,460 persons), Kingsford (5,535 persons) and Coogee-Clovelly (4,024 persons).

Between 2006-2016, young adults had the highest growth rate at 10.28 per cent, this was followed closely by youth at 9.97 per cent and retirees at 9.16 per cent.

Age projections suggest the growth rate for young adults will not be as strong towards 2036 and will drop to about 7 per cent.

The growth rate of retirees will rise to 10.61 per cent to 2036. This suggests a diverse population structure for the future in Randwick LGA. Spaces that cater to a diversity of people will be valuable.

Based on past trends, total student enrolments and international student enrolments at UNSW may continue to grow. Therefore, it is likely town centres in Randwick LGA will have to accommodate more student needs.

1. Data by Region, Australian Bureau of Statistics, Region summary: Randwick  
2. Eastern City District Plan



## Services

The results of previous community satisfaction surveys have shown that the Randwick City community has a consistently high level of satisfaction with the current level of services provided by Council.

The modelling undertaken in this plan demonstrates the funding requirements that will be needed to maintain this level of satisfaction in the provision of services, including library, arts, culture, open space, recreation, transport, parking, planning, enforcement, environment, infrastructure, waste, and other municipal services, across Randwick City into the future.

Details of the services and the service standards can be found in Council's 2022-26 Delivery Program.

## Infrastructure

The results of previous community satisfaction surveys highlight the importance that the community places on the condition of the City's infrastructure. Overall, the community is satisfied with the condition of Randwick City's infrastructure. To ensure that this continues the financial management of the City's infrastructure will be guided by Council's 2022-32 Asset Management Plans.

Our asset management framework enables the realisation of community outcomes for this generation and the next. This enables confidence in the management of our infrastructure.

The Asset Management plans will guide the funding requirements for our roads, footpaths, kerb and gutters, buildings, retaining walls, open space, lines and signs, and stormwater drainage to ensure that they are provided to the community in a satisfactory condition. The modelling undertaken in this LTFP demonstrates how the required funding will be provided.

### OUR COMMUNITY

**135,275<sup>1</sup>**

Estimated resident population (2021)

**37.2 yrs<sup>1</sup>**

Median age (2021)

**1.8%<sup>2</sup>**

Aboriginal & Torres Strait Islanders (2021)

**59,765<sup>2</sup>**

Private dwellings (2021)

**170,115<sup>3</sup>**

Forecasted population 2041

**3,723<sup>1</sup>**

Persons per square km (2021)

**39.4%<sup>1</sup>**

Born overseas (2021)

**2.36<sup>2</sup>**

Average household size (persons per dwelling) (2021)

### SOURCES

1. Data by Region, Australian Bureau of Statistics, Region summary: Randwick.
2. Randwick Profile.id - Randwick City Council Community Profile (2021 Census, Australian Bureau of Statistics).
3. NSW Department of Planning, Industry and Environment, Population, Household and Implied Dwelling Projections by LGA.



## Technology

To succeed in the twenty-first century economy, Randwick City needs to be productive, accessible, and liveable.

Our community outcomes are enhanced through accessibility to an expanded and integrated information set. The use of accurate, secure, and complete information sets fosters confidence and trust in our expanding use of data.

By taking advantage of technological progress, Council and the community can make it more prosperous, sustainable, accessible, and safe. Real time data and smart technology will lead to better utilisation of infrastructure; clean energy and energy efficiency; improvements in services and better benchmarking of our performance. The implementation of Council's IM&T Strategy has been incorporated into the modelling in this plan.

## Economic environment

Our economy is part of a complex and diverse network of activities that extends well beyond the boundaries of Randwick City.

### Business properties

There are more than 2,093 properties across Randwick City which are rated as 'Business' and account for around 4 per cent of the City's total rateable properties.

### Businesses and industry

There are 13,711 businesses in Randwick City with the largest subcategory within this being the Professional, Scientific and Technical Services industry.

The dominant employers across Randwick City are Health Care, Social Assistance, Education and Training.

### Gross Regional Product

Randwick City's Gross Regional Product (GRP) was \$9.99 billion in June 2021. Our city represents 2 per cent of the GRP of the Greater Sydney region (NIEIR).

### Workers

There were 59,663 jobs located in Randwick City in the year ending 30 June 2021. Over 1.43 per cent of jobs in NSW are in Randwick City.

### Tourism

In the 5 years up to 2021/22, the average number of international visitors to Randwick City was 65,460. The average length of stay for international visitors

was 55.7 days, higher than the average for New South Wales. Total visitors' nights in Randwick Council were 838,040 nights with 336,913 being international visitors' nights (Tourism Research Australia). This large number of visitors utilise different services within the local economy but also utilise Council's services and infrastructure.

### Education institutions

Randwick City is home to the University of New South Wales (UNSW) and its 59,000 plus enrolled students. Randwick City is also home to NIDA and Randwick TAFE Campus, which both service thousands more students. These students utilise Council's services and infrastructure but also patronise local Randwick City businesses.

Social infrastructure that supports the development of spaces and activities acts to bring students and the local community together. Attractive town centres that cater to the diversity of residents, workers and students are critical in supporting the local economy, noting disposable incomes will vary greatly.

### Sporting facilities

Randwick City is home to regional sporting facilities such as Heffron Park, Chiefly Sports Reserve, Des Renford Leisure Centre and the Heffron Centre of Excellence. These sporting facilities bring thousands of children and their parents into the city every week who also utilise Council's services and infrastructure and patronise local Randwick City businesses.

### OUR ECONOMY

**\$9.99b<sup>4</sup>**

Gross regional product (June 2021)

**59,663<sup>4</sup>**

Local jobs (June 2021)

**3.4%<sup>5</sup>**

Unemployment rate (Sept 2022)

**13,711<sup>6</sup>**

Businesses (June 2022)

**8.1%<sup>2</sup>**

Attending university (2021)

**\$2,311<sup>2</sup>**

Median weekly household income (2021)

**69,075<sup>4</sup>**

Employed residents (June 2021)

**43.3%<sup>2</sup>**

University qualified (Bachelor or higher) (2021)

**44.8%<sup>2</sup>**

Households renting (2021)

### SOURCES

1. Data by Region, Australian Bureau of Statistics, Region summary: Randwick.
2. Randwick Profile.id - Randwick City Council Community Profile (2021 Census, Australian Bureau of Statistics).
3. NSW Department of Planning, Industry and Environment, Population, Household and Implied Dwelling Projections by LGA.

4. Randwick Economy.id - Randwick City Council Economic Profile (National Institute of Economic and Industry Research (NIEIR).
5. The Labour Market Information Portal SALM September Quarter 2022.
6. Australian Bureau of Statistics 8165.0 Counts of Australian Businesses June 2018 to June 2022.

# Socioeconomics – rates affordability

When preparing the plan, many factors are taken into consideration and a vast array of statistics and research are analysed. With rates, annual charges and user fees making up over 80 per cent of Council’s total revenue, it is important that capacity to pay is one of those factors.

## Residential properties

In the 2022-23 financial year there were over 51,232 properties across Randwick City that was rated as Residential. They include single dwellings, social housing, and multi-unit dwellings.

## Housing tenure

In Randwick City, 48.7% of households were purchasing or fully owned their home, 38.6% were renting privately, and 6.1% were in social housing in 2021 (ABS). The median weekly rent was \$600.

## Household incomes

According to the 2021 Census, the median weekly income of households across Randwick City was \$2,305. The number of residents receiving government pensions and allowances is decreasing over time and this correlates with the reducing number of rates rebates that are being granted by Council each year.

Randwick City Council's Gross Regional Product (GRP) represents 1.51% of the state's GSP (Gross State Product). Randwick City's GRP was \$10.00 billion in the year ending June 2022, growing 1.8% since the previous year. Headline GRP is a measure of size or net wealth generated by the local economy.



## Outstanding rates, annual charges

On 30 June 2023, 2.8% of rates and annual charges levied remained outstanding. This is considerably under the industry benchmark of 5%. This is an important consideration in setting options for funding within this plan and is one of the indicators of our ratepayer’s capacity and willingness to pay for the services of the Council.

## Indexes

The Index of Relative Socio-Economic Disadvantage (IRSED) is based on the 2016 and 2021 Census and is useful in identifying geographic areas that are relatively disadvantaged. An area with an IRSED of 1000 is considered average while a lower score indicates that the area is experiencing more disadvantage. With an average IRSED of 1059 Randwick City is considered to have a slightly higher than average level of socio-economic advantage (Randwick City, Index of Relative Socio-economic Disadvantage, 2016).

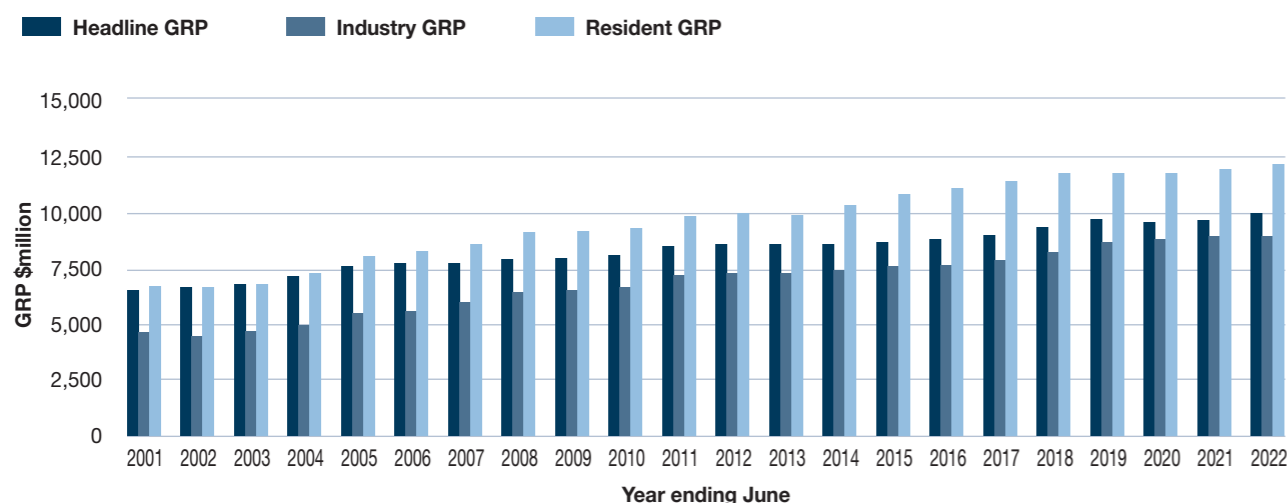
Residential individual income is an indicator of socio-economic status, skills, and occupations as it helps to evaluate the economic opportunities of our community. In Randwick City, the 'highest group' quartile is the largest group, comprising 38% of the resident workers. This is above average in comparison to the state. (Australian Bureau of Statistics (ABS) – Census, 2016)

## Hardship and concessions

The Council has a Pensioner Concession Policy, Financial Hardship Policy and Pensioner Rates Policy to assist those experiencing difficulties with paying rates. In addition to the \$250 statutory pensioner rebate on rates, the Council also provides an additional \$100 rebate each year. Members of the community who are also eligible welfare recipients can also receive exemptions on residential parking permits and concessions on a range of other user fees and charges that Council applies.

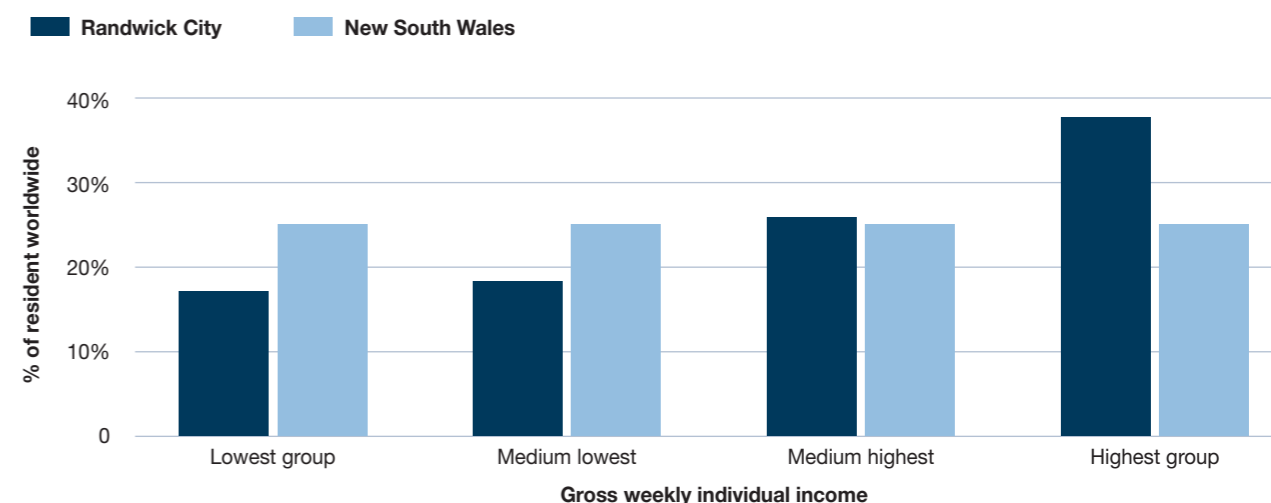


## Randwick City - Gross Regional Product



Source: National Institute of Economic and Industry Research (NIEIR) @2022. 2023 Compiled and presented in economy.id by .id (informed decisions).

## Resident workers field of qualification, 2021



Source: Australian Bureau of Statistics, Census of Population and Housing, 2021 Compiled and presented in economy.id by .id (informed decisions).

## Economic conditions, unforeseen events and other impacts

### Inflation

Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by households for a fixed basket of goods and services. CPI affects almost all Australians and is primarily used as a macro-economic indicator of goods and services price inflation faced by all consumer households.

The annual CPI figure has reached its highest in more than three decades since 1990 at 7% as of 31 March 2023.

High inflation is damaging as it erodes our living standards and puts pressure on household budgets. The Reserve Bank of Australia (RBA) is determined to bring down inflation by raising interest rates. The RBA Economic Outlook from February 2023 forecasts inflation to reduce to 6.75% by year ending in June 2023 and 3.5% by year ending in June 2024.

The high inflation environment is expected to affect Council's budget and LTFP in the immediate future. Council is sustainable and can withstand the current inflationary environment for the next few years assuming no other unforeseen events occur.

### Interest Rate

The official cash rate has increased substantially in a short period of time – 12 times from 0.10% to 4.1% as of 6 June 2023. The RBA is determined to bring down the high inflation, supporting expectations that interest rates will continue to rise and stay elevated for longer than anticipated.

Council drew down a \$33.5m loan back in November 2021 fixed for 10 years at 2.22%, well below the current interest rate that Council achieves on its investments. The loan was for funding of the Heffron Centre and various infrastructure projects.

Further interest rate increases and the current interest rate environment is expected to increase Council's investment income in Council's budget and LTFP in the immediate future.

### Rate pegging

The rate peg determines the maximum percentage amount by which a council may increase its general income for the year. The rate peg is mainly based on the Local Government Cost Index (LGCI). The LGCI measures price changes over the previous year for the goods and labour an average council will use. The rate peg applies to general income in total, and not to individual ratepayers' rates.

As long as general income remains within the set maximum increase, councils may increase categories of rates by higher or lower than the rate peg.

Rating income is the primary revenue source for the funding of Council's services and infrastructure commitments, with ~75% of total revenue coming from rates and annual charges.

Generally, communities expect councils to take on increasing financial responsibilities resulting from growth, increased infrastructure requirements and more service demands and expectations. Many of the major costs within the Council have increased more than rate pegging. More wages and salaries, fuel, materials, labour in infrastructure are used to maintain Council's assets. The Council has addressed this through ongoing efficiencies and costs savings, however, this has become increasingly challenging in the current inflationary environment.

A general observation is that rate pegging has constrained the capacity of NSW councils to raise total revenue so that they can keep pace with cost increases and service expansions to meet community expectations.

IPART has announced a rate peg of 3.7% for the 2023/24 financial year.

### COVID Pandemic

After three years of COVID Pandemic, over 70% of the Australian population has been infected. Since the end of 2022, Australia and the world have opened up and most Australians have moved on. The long-term goal is to manage COVID like the flu and other respiratory illnesses.

Although COVID is anticipated to last a very long time, it is not anticipated to have future financial effects on the LTFP or the budget of the Council.

### Cost shifting

Cost shifting is one of the most significant problems faced by councils in NSW. Along with rate capping, cost shifting undermines the financial sustainability of the local government sector by forcing councils to assume responsibility for more infrastructure and services, without sufficient corresponding revenue. Cost shifting occurs when the responsibility for, or merely the cost of providing a certain service, concession, asset or regulatory function is shifted from one sphere of government to another, without the corresponding funding or revenue raising ability required to deliver that new responsibility. Some examples of cost shifting include the cost of operating public libraries, collection of Emergency Services Levies, transfer of property and heritage sites, processing development applications and cost of pensioner rebates on council rates. Cost shifting forces Councils to divert ratepayers funds away from the much needed local infrastructure projects. The LTFP assumes the current cost will increase annually by CPI, but no growth in cost shifting in the life of the LTFP.



# Part 3. Principles and strategies

- Legislated Principles
- Financial Strategy



## Legislated Principles

In September 2016, the Local Government Amendment (Governance and Planning) Act 2016 commenced. This legislated the approach that councils should adopt in relation to their financial management.

“A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community.”

*(Source: a definition of financial sustainability set out in the NSW Treasury Corporation (TCorp) 2013 report 'Financial Sustainability of the New South Wales Local Government Sector' and reiterated in the IPART methodology)*

### Legislated principles of sound financial management

Section 8B of the Local Government Act 1993 states that the following principles of sound financial management apply to councils.

- (a) Council spending should be responsible and sustainable, aligning general revenue and expenses.
- (b) Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.
- (c) Councils should have effective financial and asset management, including sound policies and processes for the following:
  - (i) performance management and reporting,
  - (ii) asset maintenance and enhancement,
  - (iii) funding decisions,
  - (iv) risk management practices.
- (d) Councils should have regard to achieving intergenerational equity, including ensuring the following:
  - (i) policy decisions are made after considering their financial effects on future generations,
  - (ii) the current generation funds the cost of its services.

## Financial Strategy

Our Financial Strategy:

- **Deliver operating surpluses** – Ensure that each financial year the budget has a healthy before capital revenue operating surplus, combined with strong budget management and control, to help deliver an operating surplus for Council.
- **Fund existing service levels** – Ensure existing service levels that Council currently provides continue to be fully funded when preparing budgets and making financial decisions.
- **Fund infrastructure renewals** – The funding allocated to annual capital works programs should be equivalent to at least 20 per cent of the total revenue budget. This target ensures the Council maintains a disciplined approach to funding infrastructure renewals.

- **Ensure financial stability** – Council can support its financial stability by maintaining a strong cash position, ensuring its ability to generate its own operating revenue, and having sufficient assets to cover its liabilities.
- **Financial legacy** – Ensure that every financial decision that is made, by both the Council and Council management, creates and safeguards the financial legacy of Randwick City Council – a legacy of being prudent and responsible.



# Part 4. Financial assumptions

- Projection considerations
- Financial planning assumptions
- Risk assessment



## Projection considerations

- Cash and investments** – The forecasted balances of cash and investments have considered the planned movements of various reserves such as plant replacement, domestic waste, employee leave entitlements, information technology, Randwick Environmental Park, affordable housing, and development contributions reserves. Cash levels have been forecasted to ensure that adequate operational liquidity is maintained.
- Receivables** – Randwick City Council has continually had one of the lowest levels of outstanding rates and annual charges amongst all New South Wales councils. These low levels assist with Council’s liquidity, and it has been assumed that these low levels will continue across the period of the plan.
- Inventories and other assets** – The inventory that Council holds at its Works Depot, DRLC and Community Nursery has remained stable over the past ten years. These levels have been forecasted to continue over the life of the plan.
- Infrastructure, property, plant, and equipment** – Randwick City is the custodian of infrastructure, property plant and equipment valued at \$1.9 billion. The financial management of these assets are guided by the 2022-32 Asset Management Plans and the asset renewals and upgrades that have been identified in those plans have been funded in this LTFP.
- Provisions** – Council has made provisions for payment of employee leave entitlements which predominately consists of annual leave and long service leave. The balance of these provisions is influenced by the Annual and Long Service Leave Management Policy, retirements and leave plans. When determining the value of the provisions, factors such as wage and salary increases, cash rate forecasts, and factors affecting discounting rates have been taken into consideration.
- Borrowings** – External borrowings of \$33.5 million were committed for the 2020-22 Works Program for the purpose of funding the major works, including Heffron Centre. Council secured borrowings under the State Government’s Low-Cost Loan Initiative in November 2021. Council will only borrow in the form, and from financial institutions, mandated in the Borrowing Order issued under s624 of the Local Government Act 1993. The security for these loans will be secured against Council’s rating income as required under s229 of the Local Government (General) Regulation. Council considers borrowing in accordance with its Investment Policy. Council may borrow for capital projects identified in the Resourcing Strategy or to fund income producing assets.



## Financial planning assumptions

In preparing our budget, consideration was given to a range of economic and political factors that affect our finances. This impacts our capability to maintain existing levels of service and financial sustainability.

Financial planning assumptions play a significant role in managing finances and allocating resources to serve the community effectively. Councils must make assumptions about factors such as population growth, revenue sources, inflation, and economic trends to develop sound financial plans. These assumptions assist the Council in areas of resource allocation, long-term financial sustainability, infrastructure planning, revenue forecasting, debt management, risk management and performance monitoring.

Based on information sources (including from the RBA and ABS in the 1st Quarter 2023), we have now made assumptions in putting together our long-term plan and its balanced budget.

Table 1 provides a list of assumptions on which the LTFP is based. Detailed explanatory notes for each can be found in **Appendix A**.



**Table 1 - Financial assumptions (%)**

	YEAR 1 2023-24	YEAR 2 2024-25	YEAR 3 2025-26	YEAR 4 2026-27	YEAR 5 2027-28	YEAR 6 2028-29	YEAR 7 2029-30	YEAR 8 2030-31	YEAR 9 2031-32	YEAR 10 2032-33
Consumer Price Index	5.00%	3.30%	2.75%	2.50%	2.50%	2.40%	2.30%	2.30%	2.40%	2.40%
Rate Pegging Limit	3.70%	5.00%	3.30%	2.70%	2.70%	2.70%	2.60%	2.60%	2.70%	2.70%
Domestic Waste	4.00%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	2.50%	2.50%
User Fees and Charges (Weighted at 75% Employee Costs and 25% CPI)	4.0%	4.2%	3.7%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Investment Return Rates	3.60%	3.03%	2.76%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Other Revenues	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI
Employee Costs - Award	4.50%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Employee Costs - TRP	4.50%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Employee Costs - Step increases	0.54%	0.54%	0.54%	0.54%	0.54%	0.54%	0.54%	0.54%	0.54%	0.54%
Employee Costs - Super	11.00%	11.50%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Materials and Contracts (M&C)	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI
Other Expenses	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI
Principal Loan Repayments	\$3.13M	\$3.20M	\$3.27M	\$3.34M	\$3.42M	\$3.50M	\$3.57M	\$3.65M	\$1.86M	-
Interest Loan Repayments*	\$0.63M	\$0.56M	\$0.48M	\$0.41M	\$0.34M	\$0.26M	\$0.18M	\$0.10M	\$0.02M	-

\*The Council Loan borrowings are fixed at 2.22% over the duration of the loan





## Risk assessment

Council is aware that risk is present in all aspects of its operations and planning. According to our Enterprise Risk Framework, the LTFP has identified several risks related to some important areas that could have an effect on the Council's financial viability, cash flow, or negatively impact revenue, which would have an impact on service delivery.

As part of the governance framework, the Council will regularly monitor existing and developing risks through initiatives like internal audit programmes, business continuity risk assessments, Audit and Risk and Improvement Committees (ARIC), and continuing financial performance reporting.

### Risk Matrix

Determine the risk using the below risk matrix

	CONSEQUENCE				
LIKELIHOOD	Insignificant	Minor	Moderate	Major	Catastrophic
Almost certain	Medium (10)	High (15)	High (35)	Extreme (65)	Extreme (100)
Likely	Medium (8)	Medium (12)	High (28)	High (52)	Extreme (80)
Possible	Low (6)	Medium (9)	High (21)	High (39)	Extreme (60)
Unlikely	Low (4)	Low (6)	Medium (14)	High (26)	High (40)
Rare	Low (2)	Low (3)	Medium (7)	Medium (13)	High (20)

### Likelihood

RATING	DEFINITION	PROBABILITY
Almost certain	Is expected to occur in most circumstances	More than 80%
Likely	Will probably occur in most circumstances	Between 50% to 80%
Possible	Might occur at some time	Between 20% to 50%
Unlikely	Could occur at some time	Between 5% to 20%
Rare	May occur only in exceptional circumstances	Less than 5%

The Council's Risk Analysis identifies and assesses all the risks involved and the severity of their impact. This assists in:

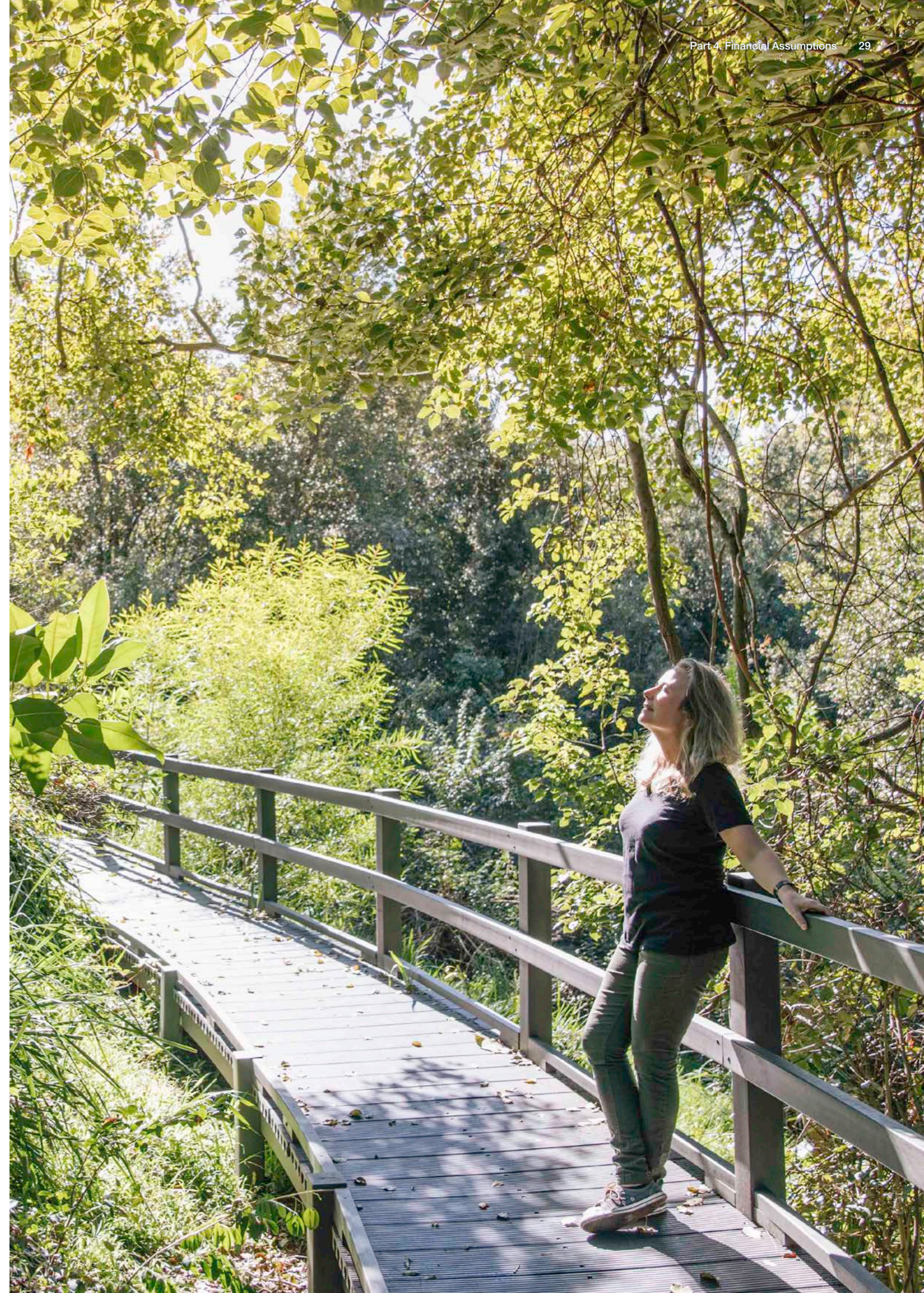
- the awareness of the risks
- enables the level of risk that Council is willing to accept and the level the entire Council is willing to accept

- recognising the Council's ability to control and reduce risk
- providing an essential tool for use in any review of Council's Enterprise Risk Management Framework

### Risk Analysis

RISK	LIKELIHOOD	CONSEQUENCE	RATING	ANALYSIS	MITIGATIONS
<b>ECONOMIC AND EXTERNAL FACTORS</b>					
<b>Interest rate fluctuations</b>	Likely	Minor	Medium	Interest rates are below benchmarks resulting in lower returns.	Council frequently monitors its cash management forecasting requirements and actively seeks increasing returns and investments. This will also include continuous monitoring of debtors and creditors to ensure cash is being utilised in the most efficient manner. The Council will diversify investment holdings with high quality institutions ensuring optimal investment rates.
<b>Inflation and movements in the Consumer Price Index</b>	Likely	Minor	Medium	Inflation is significantly higher than anticipated impacting cost of services provided to the community.	The Council will focus on procurement practices which provides certainty, governance, reduction of costs and risks, and continuously monitoring value.
<b>Community infrastructure needs and expectations</b>	Likely	Moderate	High	The community expectations exceed the Council's financial capacity in delivering the services resulting in an unsustainable outcome and potential burden to future generations.	Continuous review of service levels with community engagement and consultation. Prioritising and aligning our services to meet the needs of the community. Improved standards and prioritisation of allocation of scarce resources across Council through regular financial monitoring.
<b>Changes to Levies and government policies</b>	Possible	Moderate	High	Council relies on external funding for its operations and capital works renewal program. If there was a reduction in funding there is a potential reduction in service delivery and infrastructure maintenance.	Council will maximise funding from State and Federal Governments. The plan includes recurrent and capital grants that have already been awarded. The Council diversifies its revenue streams to reduce dependence on general rates. It has been assumed that Government funding remains at current levels.
<b>Changes in rate pegs</b>	Possible	Major	High	If the amount is less than what is forecasted, the income shortfall will need to be recovered through alternative income streams or a reduction in expenditure to mitigate for the variance.	Council would have to generate considerably more revenues from other sources and/or increase rates above the rate pegging limit.

RISK	LIKELIHOOD	CONSEQUENCE	RATING	ANALYSIS	MITIGATIONS
<b>OTHER RISK AREAS</b>					
<b>Infrastructure asset management and asset renewal</b>	Possible	Moderate	High	Ensuring the value of existing stock of physical assets is maintained, reducing backlogs and overall degradation of assets will affect Council's ability to provide services and remain sustainable.	Continuously monitoring asset management plans through a strong capital governance framework as key inputs into future asset maintenance and renewal expenditures.
<b>Changes in fees and charges and other revenue sources</b>	Possible	Minor	Medium	The decline of deregulated revenues increase the reliance on rates and may impact services being delivered.	Investigating new services for the Council and minimise financial impacts or ratepayers. The Council holds a strong financial position to reprioritise in the short to medium term.
<b>Workforce management</b>	Unlikely	Major	High	Future employee awards may increase employee costs beyond predicted levels. Vacancy rates and staff turnover are higher than expected. Skills shortage and impacts on service delivery due to capability and capacity.	Improved leave management planning and professional development opportunities implemented across Council.
<b>Climate change</b>	Possible	Moderate	High	The effects of climate change are being transmitted directly through weather events as well as indirectly through changing legislation, policies, insurance risk, products, technology, investment and consumer preferences. This can result in cost increases exceeding standard CPI, representing a financial risk to the LTFP.	Council will maintain adequate insurance coverage and continue to monitor the external environment and embed future cost increases into budgets. Ensuring a financial position that can withstand financial shock is a core objective.
<b>The Council will continuously monitor these and emerging risks as part of the governance framework through areas such as Internal Audit Programs, Business Continuity Risk assessments, Audit and Risk and Improvement Committees and ongoing financial performance reporting.</b>					



# Part 5. Long Term Financial Plan

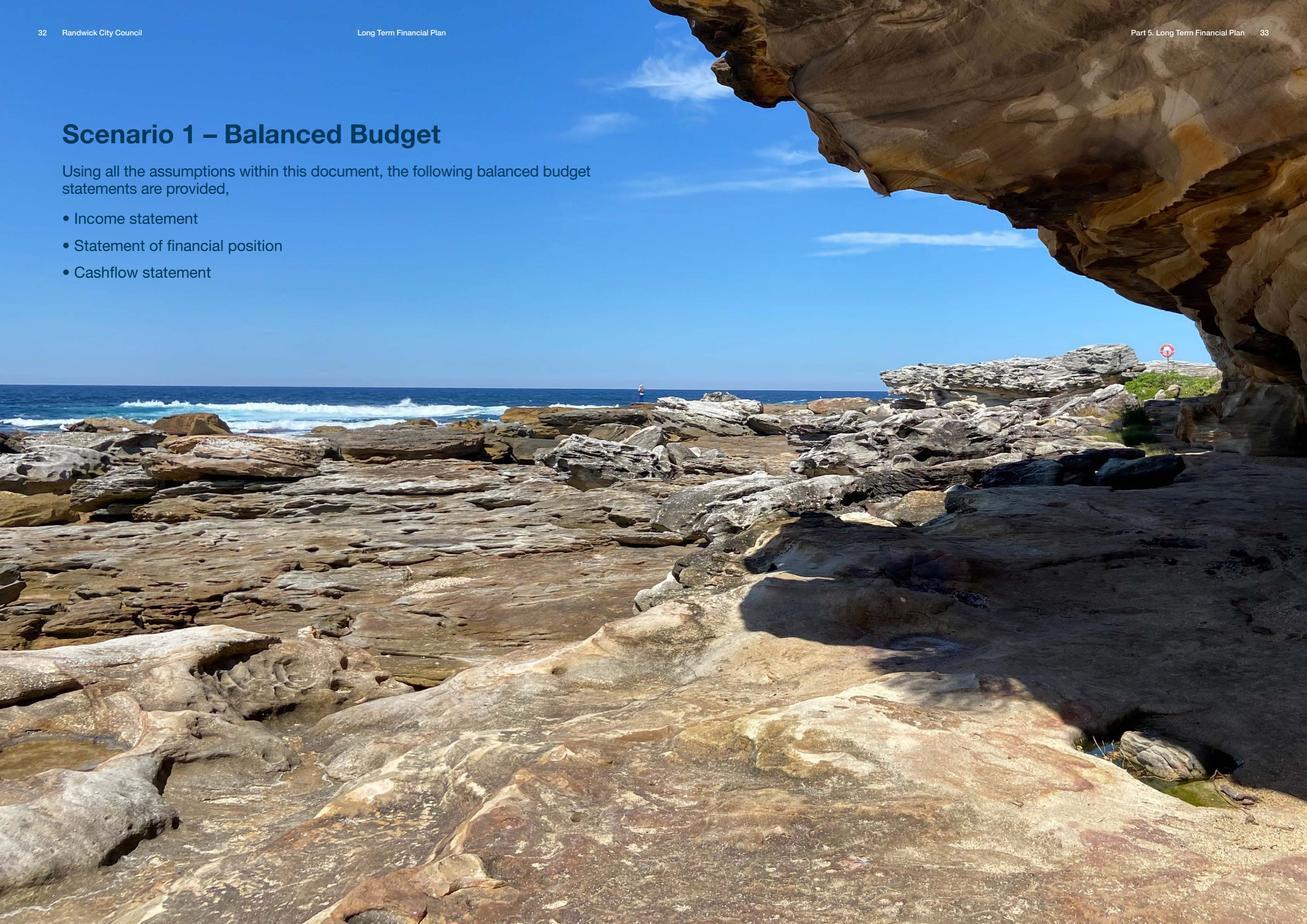
To ensure financial sustainability, Council has frameworks in place to effectively manage its limited resources to achieve best value for our community. Our LTFP provides a tool to demonstrate the long-term financial performance of Council based upon current service provision. It provides a base upon which Council can assess the long-term financial impacts of decisions made. The plan extends for a period of ten years and uses the 2023-24 budget as the base year.



## Scenario 1 – Balanced Budget

Using all the assumptions within this document, the following balanced budget statements are provided,

- Income statement
- Statement of financial position
- Cashflow statement



## LONG TERM FINANCIAL PLAN 2023-33, BALANCED BUDGET

## Income Statement

	YEAR 1 2023-24	YEAR 2 2024-25	YEAR 3 2025-26	YEAR 4 2026-27	YEAR 5 2027-28	YEAR 6 2028-29	YEAR 7 2029-30	YEAR 8 2030-31	YEAR 9 2031-32	YEAR 10 2032-33
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Income from Continuing Operations</b>										
Rates & Annual Charges	141,279	148,546	153,606	158,177	162,888	167,737	172,611	177,630	182,659	187,830
User Charges & Fees	22,204	23,136	23,993	24,688	25,404	26,141	26,899	27,679	28,482	29,308
Interest & Investment Revenue	4,429	2,421	2,264	2,380	2,549	2,495	2,449	2,507	2,493	2,492
Other Revenue	6,311	6,519	6,698	6,866	7,037	7,206	7,372	7,541	7,722	7,908
Grants & Contributions provided for Operating Purposes	7,330	7,572	7,781	7,975	8,174	8,371	8,563	8,760	8,970	9,186
Grants & Contributions provided for Capital Purposes	5,780	3,000	3,083	3,160	3,239	3,316	3,393	3,471	3,554	3,639
Other Income	3,510	3,626	3,726	3,819	3,915	4,009	4,101	4,195	4,296	4,429
<b>Other Income:</b>										
Heffron Centre - Income <sup>^</sup>	845	1,061	1,081	1,082	1,114	1,147	1,182	1,217	1,253	1,253
<b>Total Income from Continuing Operations</b>	<b>191,689</b>	<b>195,882</b>	<b>202,231</b>	<b>208,146</b>	<b>214,320</b>	<b>220,422</b>	<b>226,569</b>	<b>232,999</b>	<b>239,429</b>	<b>246,044</b>
<b>Expenses from Continuing Operations</b>										
Employee Benefits & On-Costs	82,711	87,020	90,513	92,694	95,512	98,416	101,407	104,490	107,667	110,940
Borrowing Costs	625	560	480	410	340	260	180	100	20	-
Materials & Contracts	65,736	67,905	69,773	71,517	75,305	75,064	76,791	78,557	80,442	82,373
Depreciation & Amortisation	29,986	29,983	30,157	30,329	30,491	30,667	30,845	31,023	31,203	31,383
Heffron Centre - Depreciation <sup>^</sup>	864	1,061	1,081	1,082	1,114	1,147	1,182	1,217	1,253	1,280
Other Expenses	5,628	5,814	5,974	6,123	6,276	6,427	6,574	6,726	6,887	7,052
Heffron Centre - Expenses <sup>^</sup>	144	226	231	236	241	247	253	259	264	271
<b>Total Expenses from Continuing Operations</b>	<b>185,695</b>	<b>192,569</b>	<b>198,208</b>	<b>202,391</b>	<b>207,279</b>	<b>212,228</b>	<b>217,232</b>	<b>222,372</b>	<b>227,736</b>	<b>233,299</b>
<b>Operating Result from Continuing Operations</b>	<b>5,994</b>	<b>3,313</b>	<b>4,023</b>	<b>5,755</b>	<b>7,040</b>	<b>8,194</b>	<b>9,337</b>	<b>10,628</b>	<b>11,693</b>	<b>12,745</b>
<b>Net Operating Result for the Year</b>	<b>5,994</b>	<b>3,313</b>	<b>4,023</b>	<b>5,755</b>	<b>7,040</b>	<b>8,194</b>	<b>9,337</b>	<b>10,628</b>	<b>11,693</b>	<b>12,745</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>214</b>	<b>313</b>	<b>940</b>	<b>2,595</b>	<b>3,802</b>	<b>4,878</b>	<b>5,945</b>	<b>7,157</b>	<b>8,139</b>	<b>9,105</b>

<sup>^</sup> **Heffron Park** - Gymnastics Facility and Indoor Multi-purpose Facility Business Plan - Final Report, Aug 2017 - Prepared by: Otium Planning Group Pty Ltd.

\* **Belgravia Tender Submission** - on Gymnastics Facility and Indoor Multi-purpose Facility - Future Rent Income.

## LONG TERM FINANCIAL PLAN 2023-33, BALANCED BUDGET

## Statement of Financial Position

	YEAR 1 2023-24	YEAR 2 2024-25	YEAR 3 2025-26	YEAR 4 2026-27	YEAR 5 2027-28	YEAR 6 2028-29	YEAR 7 2029-30	YEAR 8 2030-31	YEAR 9 2031-32	YEAR 10 2032-33
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash & Cash Equivalents	15,540	7,129	5,245	7,329	6,898	10,162	15,226	21,590	27,295	35,862
Investments	61,661	65,561	68,161	62,761	58,061	56,361	52,561	47,661	46,061	37,761
Receivables	10,049	10,466	10,824	11,148	11,420	11,681	12,022	12,311	12,617	12,935
Inventories	667	689	708	725	744	761	779	797	816	836
Other	801	835	865	891	916	943	970	998	1,027	1,057
<b>Total Current Assets</b>	<b>88,717</b>	<b>84,679</b>	<b>85,802</b>	<b>82,854</b>	<b>78,038</b>	<b>79,908</b>	<b>81,557</b>	<b>83,357</b>	<b>87,816</b>	<b>88,451</b>
<b>Non-Current Assets</b>										
Receivables	542	569	588	604	620	637	654	671	689	707
Infrastructure, Property, Plant & Equipment	1,923,646	1,950,588	1,970,010	1,993,588	2,020,510	2,041,616	2,063,718	2,087,286	2,111,927	2,141,758
Investments accounted for using the equity method	7	7	7	7	7	7	7	7	7	7
Right of Use assets	212	203	193	184	175	165	156	146	137	127
<b>Total Non-Current Assets</b>	<b>1,924,408</b>	<b>1,951,367</b>	<b>1,970,799</b>	<b>1,994,383</b>	<b>2,021,311</b>	<b>2,042,426</b>	<b>2,064,534</b>	<b>2,088,110</b>	<b>2,112,759</b>	<b>2,142,600</b>
<b>TOTAL ASSETS</b>	<b>2,013,124</b>	<b>2,036,045</b>	<b>2,056,601</b>	<b>2,077,237</b>	<b>2,099,349</b>	<b>2,122,334</b>	<b>2,146,091</b>	<b>2,171,467</b>	<b>2,200,575</b>	<b>2,231,050</b>
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Payables	18,829	19,577	20,235	20,793	21,365	21,947	22,534	23,137	23,767	24,414
Payables - Heffron Centre <sup>^</sup>	394	604	618	632	646	661	677	692	708	724
Borrowing	3,129	3,199	3,270	3,343	3,418	3,494	3,572	3,652	1,856	-
Provisions	20,714	21,489	22,295	22,927	23,577	24,247	24,838	25,549	26,282	27,038
<b>Total Current Liabilities</b>	<b>43,066</b>	<b>44,869</b>	<b>46,419</b>	<b>47,694</b>	<b>49,007</b>	<b>50,349</b>	<b>51,620</b>	<b>53,030</b>	<b>52,614</b>	<b>52,176</b>
<b>Non-Current Liabilities</b>										
Payables - Heffron Centre	18,143	17,539	16,921	16,289	15,642	14,981	14,305	13,612	13,596	12,888
Borrowing	25,805	22,676	19,477	16,207	12,789	9,295	5,723	2,071	-	-
Provisions	277	288	300	309	318	328	338	348	359	370
<b>Total Non-Current Liabilities</b>	<b>44,225</b>	<b>40,503</b>	<b>36,698</b>	<b>32,805</b>	<b>28,750</b>	<b>24,604</b>	<b>20,365</b>	<b>16,031</b>	<b>13,955</b>	<b>13,258</b>
<b>TOTAL LIABILITIES</b>	<b>87,291</b>	<b>85,372</b>	<b>83,117</b>	<b>80,499</b>	<b>77,756</b>	<b>74,953</b>	<b>71,985</b>	<b>69,061</b>	<b>66,569</b>	<b>65,434</b>
<b>Net Assets</b>	<b>1,925,834</b>	<b>1,950,673</b>	<b>1,973,485</b>	<b>1,996,738</b>	<b>2,021,593</b>	<b>2,047,381</b>	<b>2,074,106</b>	<b>2,102,405</b>	<b>2,134,006</b>	<b>2,165,616</b>
<b>EQUITY</b>										
Retained Earnings	833,107	837,711	842,307	848,650	856,295	865,108	875,079	886,356	900,113	913,582
Revaluation Reserve	1,092,727	1,112,962	1,131,177	1,148,088	1,165,298	1,182,273	1,199,027	1,216,050	1,233,894	1,252,034
<b>Total Equity</b>	<b>1,925,834</b>	<b>1,950,673</b>	<b>1,973,485</b>	<b>1,996,738</b>	<b>2,021,593</b>	<b>2,047,381</b>	<b>2,074,106</b>	<b>2,102,405</b>	<b>2,134,006</b>	<b>2,165,616</b>

<sup>^</sup> **Heffron Park** - Gymnastics Facility and Indoor Multi-purpose Facility Business Plan - Final Report, Aug 2017 - Prepared by Otium Planning Group Pty Ltd.

## LONG TERM FINANCIAL PLAN 2023-33, BALANCED BUDGET

## Cash Flow Statement

	YEAR 1 2023-24	YEAR 2 2024-25	YEAR 3 2025-26	YEAR 4 2026-27	YEAR 5 2027-28	YEAR 6 2028-29	YEAR 7 2029-30	YEAR 8 2030-31	YEAR 9 2031-32	YEAR 10 2032-33
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
<b>Receipts:</b>										
Rates & Annual Charges	141,108	148,280	153,422	158,021	162,728	167,573	172,449	177,463	182,482	187,648
User Charges & Fees	22,243	23,150	23,980	24,681	25,396	26,133	26,888	27,667	28,472	29,298
Investment & Interest Revenue Received	4,435	2,400	2,248	2,391	2,557	2,494	2,455	2,516	2,491	2,512
Grants & Contributions	13,099	10,557	10,850	11,122	11,401	11,675	11,944	12,218	12,511	12,811
Bonds, Deposits & Retention amounts received	322	351	323	262	270	278	286	294	302	311
Other - Heffron Centre <sup>^</sup>	845	1,061	1,081	1,082	1,114	1,147	1,182	1,217	1,253	1,253
Other	10,593	10,938	11,248	11,545	11,833	12,117	12,395	12,680	12,984	13,295
<b>Payments:</b>										
Employee Benefits & On-Costs	(82,093)	(86,162)	(89,621)	(91,996)	(94,792)	(97,674)	(100,743)	(103,703)	(106,855)	(110,104)
Materials & Contracts	(65,795)	(68,072)	(69,953)	(71,706)	(73,498)	(75,264)	(76,997)	(78,768)	(80,656)	(82,592)
Borrowing Costs	(625)	(560)	(480)	(410)	(340)	(260)	(180)	(100)	(20)	-
Other - Heffron Centre <sup>^</sup>	(220)	(226)	(231)	(236)	(241)	(247)	(253)	(259)	(264)	(264)
Other	(5,512)	(5,746)	(5,917)	(6,066)	(6,218)	(6,371)	(6,521)	(6,671)	(6,828)	(6,992)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>38,401</b>	<b>35,973</b>	<b>36,950</b>	<b>38,690</b>	<b>40,209</b>	<b>41,600</b>	<b>42,904</b>	<b>44,555</b>	<b>45,872</b>	<b>47,176</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts:</b>										
Sale of Investment Securities	70,790	51,000	51,000	58,000	57,000	52,500	52,000	52,000	46,000	50,000
Sale of Infrastructure, Property, Plant & Equipment	3,174	1,288	1,182	3,558	2,919	873	2,885	2,236	1,086	1,092
<b>Payments:</b>										
Purchase of Investment Securities	(57,250)	(54,900)	(53,600)	(52,600)	(52,300)	(50,800)	(48,200)	(47,100)	(44,400)	(41,700)
Purchase of Infrastructure, Property, Plant & Equipment	(48,808)	(37,969)	(33,599)	(41,661)	(44,196)	(36,753)	(40,276)	(40,983)	(40,288)	(45,419)
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(32,094)</b>	<b>(40,581)</b>	<b>(35,018)</b>	<b>(32,703)</b>	<b>(36,577)</b>	<b>(34,180)</b>	<b>(33,592)</b>	<b>(33,847)</b>	<b>(37,602)</b>	<b>(36,028)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts:</b>										
Borrowings and advances	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>										
Heffron Centre - advances <sup>^</sup>	(394)	(604)	(618)	(632)	(646)	(661)	(677)	(692)	(708)	(724)
Borrowings and advances	(3,129)	(3,199)	(3,199)	(3,270)	(3,418)	(3,494)	(3,572)	(3,652)	(1,856)	(1,856)
<b>Net Cash provided (or used in) Financing Activities</b>	<b>(3,523)</b>	<b>(3,803)</b>	<b>(3,817)</b>	<b>(3,902)</b>	<b>(4,064)</b>	<b>(4,156)</b>	<b>(4,249)</b>	<b>(4,344)</b>	<b>(2,564)</b>	<b>(2,581)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>2,784</b>	<b>(8,411)</b>	<b>(1,884)</b>	<b>2,085</b>	<b>(432)</b>	<b>(3,264)</b>	<b>5,064</b>	<b>6,364</b>	<b>5,705</b>	<b>8,567</b>
plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	12,756	15,540	7,129	5,245	7,329	6,898	10,162	15,226	21,590	27,295
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>15,540</b>	<b>7,129</b>	<b>5,245</b>	<b>7,329</b>	<b>6,898</b>	<b>10,162</b>	<b>15,226</b>	<b>21,590</b>	<b>27,295</b>	<b>35,862</b>

<sup>^</sup> **Heffron Park** - Gymnastics Facility and Indoor Multi-purpose Facility Business Plan - Final Report, Aug 2017 - Prepared by Otium Planning Group Pty Ltd.

\* **Belgravia Tender Submission** - on Gymnastics Facility and Indoor Multi-purpose Facility - Future Rent Income.

## Scenario 2 – Excluding Environmental Levy

Using the given assumptions within this document, the following budget statements are provided:

- Income statement
- Statement of financial position
- Cashflow statement
- Performance statement

### Environmental Levy (SRV to cease on 30 June 2024)

Environmental Levy was first approved by Council in 2004. Due to its success and ongoing community support, the levy was extended for another five years in 2009, in 2014 and again in 2019.

Council adopted its Environment Strategy in December 2020. This long-term strategy sets clear targets for desired environmental outcomes and is only achievable through adequate resourcing. The Environment Levy provides this resourcing; however, the current approval expires on 30 June 2024. Should Council not decide to extend the levy, this will have a significant impact on Council's long term financial plan. In the absence of finding alternative income streams, Council would need to move towards reducing services, projects, initiatives and infrastructure levels.

Based upon our assessment of risks, we have measured the likelihood of Council not proceeding with Environment Levy to be low due to community support of this program.





**LONG TERM FINANCIAL PLAN 2023-33, EXCLUDING ENVIRONMENTAL LEVY  
FROM 1 JULY 2024**

## Income Statement

	YEAR 1 2023-24	YEAR 2 2024-25	YEAR 3 2025-26	YEAR 4 2026-27	YEAR 5 2027-28	YEAR 6 2028-29	YEAR 7 2029-30	YEAR 8 2030-31	YEAR 9 2031-32	YEAR 10 2032-33
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Income from Continuing Operations</b>										
Rates & Annual Charges	141,279	142,963	147,839	152,254	156,805	161,490	166,202	171,054	175,906	180,894
User Charges & Fees	22,204	23,136	23,993	24,688	25,404	26,141	26,899	27,679	28,482	29,308
Interest & Investment Revenue	4,429	2,421	2,264	2,380	2,549	2,495	2,449	2,507	2,493	2,492
Other Revenue	6,311	6,519	6,698	6,866	7,037	7,206	7,372	7,541	7,722	7,908
Grants & Contributions provided for Operating Purposes	7,330	7,572	7,781	7,975	8,174	8,371	8,563	8,760	8,970	9,186
Grants & Contributions provided for Capital Purposes	5,780	3,000	3,083	3,160	3,239	3,316	3,393	3,471	3,554	3,639
Other Income	3,510	3,626	3,726	3,819	3,915	4,009	4,101	4,195	4,296	4,429
<b>Other Income:</b>										
Heffron Centre - Income <sup>^</sup>	845	1,061	1,081	1,082	1,114	1,147	1,182	1,217	1,253	1,253
<b>Total Income from Continuing Operations</b>	<b>191,689</b>	<b>190,299</b>	<b>196,464</b>	<b>202,223</b>	<b>208,237</b>	<b>214,175</b>	<b>220,160</b>	<b>226,423</b>	<b>232,675</b>	<b>239,108</b>
<b>Expenses from Continuing Operations</b>										
Employee Benefits & On-Costs	82,711	87,020	90,513	92,694	95,512	98,416	101,407	104,490	107,667	110,940
Borrowing Costs	625	560	480	410	340	260	180	100	20	-
Materials & Contracts	65,736	67,905	69,773	71,517	73,305	75,064	76,791	78,557	80,442	82,373
Depreciation & Amortisation	29,986	29,983	30,157	30,329	30,491	30,667	30,845	31,023	31,203	31,383
Heffron Centre - Depreciation <sup>^</sup>	864	1,061	1,081	1,082	1,114	1,147	1,182	1,217	1,253	1,280
Other Expenses	5,628	5,814	5,974	6,123	6,276	6,427	6,574	6,726	6,887	7,052
Heffron Centre - Expenses <sup>^</sup>	144	226	231	236	241	247	253	259	264	271
<b>Total Expenses from Continuing Operations</b>	<b>185,695</b>	<b>192,569</b>	<b>198,208</b>	<b>202,391</b>	<b>207,279</b>	<b>212,228</b>	<b>217,232</b>	<b>222,372</b>	<b>227,736</b>	<b>233,299</b>
<b>Operating Result from Continuing Operations</b>	<b>5,994</b>	<b>(2,270)</b>	<b>(1,745)</b>	<b>(168)</b>	<b>958</b>	<b>1,947</b>	<b>2,928</b>	<b>4,052</b>	<b>4,939</b>	<b>5,809</b>
<b>Net Operating Result for the Year</b>	<b>5,994</b>	<b>(2,270)</b>	<b>(1,745)</b>	<b>(168)</b>	<b>958</b>	<b>1,947</b>	<b>2,928</b>	<b>4,052</b>	<b>4,939</b>	<b>5,809</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>214</b>	<b>(5,270)</b>	<b>(4,827)</b>	<b>(3,328)</b>	<b>(2,281)</b>	<b>(1,370)</b>	<b>(465)</b>	<b>581</b>	<b>1,385</b>	<b>2,169</b>

<sup>^</sup> **Heffron Park** - Gymnastics Facility and Indoor Multi-purpose Facility Business Plan - Final Report, Aug 2017 - Prepared by: Otium Planning Group Pty Ltd.

\* **Belgravia Tender Submission** - on Gymnastics Facility and Indoor Multi-purpose Facility - Future Rent Income.

**LONG TERM FINANCIAL PLAN 2023-33, EXCLUDING ENVIRONMENTAL LEVY  
FROM 1 JULY 2024**

## Statement of Financial Position

	YEAR 1 2023-24	YEAR 2 2024-25	YEAR 3 2025-26	YEAR 4 2026-27	YEAR 5 2027-28	YEAR 6 2028-29	YEAR 7 2029-30	YEAR 8 2030-31	YEAR 9 2031-32	YEAR 10 2032-33
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash & Cash Equivalents	15,540	1,546	1,022	990	1,021	989	1,590	1,118	1,314	1,181
Investments	61,661	65,561	61,055	51,861	40,636	35,995	30,254	25,613	22,772	16,231
Receivables	10,049	10,466	10,802	11,114	11,365	11,617	11,952	12,242	12,544	12,868
Inventories	667	689	708	725	744	761	779	797	816	836
Other	801	835	865	891	916	943	970	998	1,027	1,057
<b>Total Current Assets</b>	<b>88,717</b>	<b>79,096</b>	<b>74,452</b>	<b>65,581</b>	<b>54,682</b>	<b>50,305</b>	<b>45,545</b>	<b>40,768</b>	<b>38,474</b>	<b>32,172</b>
<b>Non-Current Assets</b>										
Receivables	542	569	588	604	620	637	654	671	689	707
Infrastructure, Property, Plant & Equipment	1,923,646	1,950,588	1,970,010	1,993,588	2,020,510	2,041,616	2,063,718	2,087,286	2,111,927	2,141,758
Investments accounted for using the equity method	7	7	7	7	7	7	7	7	7	7
Right of Use assets	212	203	193	184	175	165	156	146	137	127
<b>Total Non-Current Assets</b>	<b>1,924,408</b>	<b>1,951,367</b>	<b>1,970,799</b>	<b>1,994,383</b>	<b>2,021,311</b>	<b>2,042,426</b>	<b>2,064,534</b>	<b>2,088,110</b>	<b>2,112,759</b>	<b>2,142,600</b>
<b>TOTAL ASSETS</b>	<b>2,013,124</b>	<b>2,030,462</b>	<b>2,045,251</b>	<b>2,059,964</b>	<b>2,075,993</b>	<b>2,092,731</b>	<b>2,110,079</b>	<b>2,128,878</b>	<b>2,151,233</b>	<b>2,174,772</b>
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Payables	18,829	19,577	20,235	20,793	21,365	21,947	22,534	23,137	23,767	24,414
Payables - Heffron Centre <sup>^</sup>	394	604	618	632	646	661	677	692	708	724
Borrowing	3,129	3,199	3,270	3,343	3,418	3,494	3,572	3,652	1,856	-
Provisions	20,714	21,489	22,295	22,927	23,577	24,247	24,838	25,549	26,282	27,038
<b>Total Current Liabilities</b>	<b>43,066</b>	<b>44,869</b>	<b>46,419</b>	<b>47,694</b>	<b>49,007</b>	<b>50,349</b>	<b>51,620</b>	<b>53,030</b>	<b>52,614</b>	<b>52,176</b>
<b>Non-Current Liabilities</b>										
Payables - Heffron Centre	18,143	17,539	16,921	16,289	15,642	14,981	14,305	13,612	13,596	12,888
Borrowing	25,805	22,676	19,477	16,207	12,789	9,295	5,723	2,071	-	-
Provisions	277	288	300	309	318	328	338	348	359	370
<b>Total Non-Current Liabilities</b>	<b>44,225</b>	<b>40,503</b>	<b>36,698</b>	<b>32,805</b>	<b>28,750</b>	<b>24,604</b>	<b>20,365</b>	<b>16,031</b>	<b>13,955</b>	<b>13,258</b>
<b>TOTAL LIABILITIES</b>	<b>87,291</b>	<b>85,372</b>	<b>83,117</b>	<b>80,499</b>	<b>77,756</b>	<b>74,953</b>	<b>71,985</b>	<b>69,061</b>	<b>66,569</b>	<b>65,434</b>
<b>Net Assets</b>	<b>1,925,834</b>	<b>1,945,090</b>	<b>1,962,134</b>	<b>1,979,465</b>	<b>1,998,237</b>	<b>2,017,778</b>	<b>2,038,094</b>	<b>2,059,817</b>	<b>2,084,664</b>	<b>2,109,338</b>
<b>EQUITY</b>										
Retained Earnings	833,107	832,128	830,957	831,377	832,939	835,505	839,067	843,767	850,770	857,304
Revaluation Reserve	1,092,727	1,112,962	1,131,177	1,148,088	1,165,298	1,182,273	1,199,027	1,216,050	1,233,894	1,252,034
<b>Total Equity</b>	<b>1,925,834</b>	<b>1,945,090</b>	<b>1,962,134</b>	<b>1,979,465</b>	<b>1,998,237</b>	<b>2,017,778</b>	<b>2,038,094</b>	<b>2,059,817</b>	<b>2,084,664</b>	<b>2,109,338</b>

<sup>^</sup> **Heffron Park** - Gymnastics Facility and Indoor Multi-purpose Facility Business Plan - Final Report, Aug 2017 - Prepared by Otium Planning Group Pty Ltd.

**LONG TERM FINANCIAL PLAN 2023-33, EXCLUDING ENVIRONMENTAL LEVY  
FROM 1 JULY 2024**

# Cash Flow Statement

	YEAR 1 2023-24	YEAR 2 2024-25	YEAR 3 2025-26	YEAR 4 2026-27	YEAR 5 2027-28	YEAR 6 2028-29	YEAR 7 2029-30	YEAR 8 2030-31	YEAR 9 2031-32	YEAR 10 2032-33
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
<b>Receipts:</b>										
Rates & Annual Charges	141,108	142,697	147,655	152,098	156,645	161,326	166,040	170,887	175,728	180,712
User Charges & Fees	22,243	23,150	23,980	24,681	25,396	26,133	26,888	27,667	28,472	29,298
Investment & Interest Revenue Received	4,435	2,400	2,270	2,403	2,578	2,503	2,461	2,515	2,495	2,506
Grants & Contributions	13,099	10,557	10,850	11,122	11,401	11,675	11,944	12,218	12,511	12,811
Bonds, Deposits & Retention amounts received	322	351	323	262	270	278	286	294	302	311
Other - Heffron Centre <sup>^</sup>	845	1,061	1,081	1,082	1,114	1,147	1,182	1,217	1,253	1,253
Other	10,593	10,938	11,248	11,545	11,833	12,117	12,395	12,680	12,984	13,295
<b>Payments:</b>										
Employee Benefits & On-Costs	(82,093)	(86,162)	(89,621)	(91,996)	(94,792)	(97,674)	(100,743)	(103,703)	(106,855)	(110,104)
Materials & Contracts	(65,795)	(68,072)	(69,953)	(71,706)	(73,498)	(75,264)	(76,997)	(78,768)	(80,656)	(82,592)
Borrowing Costs	(625)	(560)	(480)	(410)	(340)	(260)	(180)	(100)	(20)	-
Other - Heffron Centre <sup>^</sup>	(220)	(226)	(231)	(236)	(241)	(247)	(253)	(259)	(264)	(264)
Other	(5,512)	(5,746)	(5,917)	(6,066)	(6,218)	(6,371)	(6,521)	(6,671)	(6,828)	(6,992)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>38,401</b>	<b>30,390</b>	<b>31,205</b>	<b>32,779</b>	<b>34,147</b>	<b>35,362</b>	<b>36,501</b>	<b>37,978</b>	<b>39,122</b>	<b>40,234</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts:</b>										
Sale of Investment Securities	70,790	51,000	51,000	58,000	57,000	52,500	52,000	52,000	46,000	50,000
Sale of Infrastructure, Property, Plant & Equipment	3,174	1,288	1,182	3,558	2,919	873	2,885	2,236	1,086	1,092
<b>Payments:</b>										
Purchase of Investment Securities	(57,250)	(54,900)	(46,494)	(48,806)	(45,775)	(47,859)	(46,259)	(47,359)	(43,159)	(43,459)
Purchase of Infrastructure, Property, Plant & Equipment	(48,808)	(37,969)	(33,599)	(41,661)	(44,196)	(36,753)	(40,276)	(40,983)	(40,288)	(45,419)
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(32,094)</b>	<b>(40,581)</b>	<b>(27,912)</b>	<b>(28,909)</b>	<b>(30,052)</b>	<b>(31,239)</b>	<b>(31,650)</b>	<b>(34,106)</b>	<b>(36,361)</b>	<b>(37,787)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Payments:</b>										
Heffron Centre - advances <sup>^</sup>	(394)	(604)	(618)	(632)	(646)	(661)	(677)	(692)	(708)	(724)
Borrowings and advances	(3,129)	(3,199)	(3,199)	(3,270)	(3,418)	(3,494)	(3,572)	(3,652)	(1,856)	(1,856)
<b>Net Cash provided (or used in) Financing Activities</b>	<b>(3,523)</b>	<b>(3,803)</b>	<b>(3,817)</b>	<b>(3,902)</b>	<b>(4,064)</b>	<b>(4,156)</b>	<b>(4,249)</b>	<b>(4,344)</b>	<b>(2,564)</b>	<b>(2,581)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>2,784</b>	<b>(13,994)</b>	<b>(524)</b>	<b>(32)</b>	<b>31</b>	<b>(32)</b>	<b>601</b>	<b>(472)</b>	<b>196</b>	<b>(133)</b>
plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	12,756	15,540	1,546	1,022	990	1,021	989	1,590	1,118	1,314
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>15,540</b>	<b>1,546</b>	<b>1,022</b>	<b>990</b>	<b>1,021</b>	<b>989</b>	<b>1,590</b>	<b>1,118</b>	<b>1,314</b>	<b>1,181</b>

<sup>^</sup> **Heffron Park** - Gymnastics Facility and Indoor Multi-purpose Facility Business Plan - Final Report, Aug 2017 - Prepared by Otium Planning Group Pty Ltd.

\* **Belgravia Tender Submission** - on Gymnastics Facility and Indoor Multi-purpose Facility - Future Rent Income.

## LONG TERM FINANCIAL PLAN 2023-33, EXCLUDING ENVIRONMENTAL LEVY FROM 1 JULY 2024

# Performance Statement

	TARGET	YEAR 1 2023-24	YEAR 2 2024-25	YEAR 3 2025-26	YEAR 4 2026-27	YEAR 5 2027-28	YEAR 6 2028-29	YEAR 7 2029-30	YEAR 8 2030-31	YEAR 9 2031-32	YEAR 10 2032-33
<b>BUDGET PERFORMANCE</b>											
<b>1. Operating Performance Ratio</b> Measures the extent to which a council has succeeded in containing operating expenditure within operating revenue.	>0%	✔ 0.12%	✘ -2.81%	✘ -2.50%	✘ -1.67%	✘ -1.11%	✘ -0.65%	✘ -0.21%	✔ 0.26%	✔ 0.60%	✔ 0.92%
<b>2. Own Source Operating Revenue Ratio</b> Measures fiscal flexibility. It is the degree of reliance on external funding sources.	>= 60%	✔ 93.16%	✔ 94.44%	✔ 94.47%	✔ 94.49%	✔ 94.52%	✔ 94.54%	✔ 94.57%	✔ 94.60%	✔ 94.62%	✔ 94.64%
<b>OPERATIONAL LIQUIDITY</b>											
<b>3. Unrestricted Current Ratio</b> Represents a council's ability to meet short-term obligations as they fall due.	>= 1.5	✔ 2.83	✔ 2.34	✔ 2.04	✔ 1.68	✘ 1.29	✘ 1.08	✘ 0.88	✘ 0.60	✘ 0.47	✘ 0.30
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b> Expressed as a percentage of total rates and charges available for collection in the financial year.	< 5%	✔ 3.8%	✔ 3.9%	✔ 3.9%	✔ 3.9%	✔ 3.9%	✔ 3.9%	✔ 3.9%	✔ 3.9%	✔ 3.9%	✔ 3.8%
<b>5. Cash Expense Cover Ratio</b> Liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.	>= 3	✔ 5.87	✔ 4.89	✔ 4.38	✔ 3.64	✘ 2.79	✘ 2.41	✘ 2.02	✘ 1.65	✘ 1.47	✘ 1.03
<b>LIABILITY AND DEBT MANAGEMENT</b>											
<b>6. Debt Service Cover Ratio</b> Measures the availability of operating cash to service loan repayments.	2.00x	✔ 8.44 x	✔ 6.72 x	✔ 7.02 x	✔ 7.45 x	✔ 7.60 x	✔ 7.87 x	✔ 8.14 x	✔ 8.45 x	✔ 17.38 x	✔ 18.07 x
<b>ASSET MANAGEMENT</b>											
<b>7. Building and Infrastructure Renewals Ratio</b> Assesses the rate at which these assets are being renewed against the rate at which they are depreciating.	>= 100%	✔ 100.3%	✔ 102.2%	✔ 100.0%	✔ 101.2%	✔ 101.1%	✔ 101.3%	✔ 100.6%	✔ 100.7%	✔ 100.3%	✔ 101.3%
<b>8. Infrastructure Backlog Ratio</b> Ratio shows what proportion the infrastructure backlog is against the total value of a council's infrastructure.	<= 2%	✔ 0.48%	✔ 0.48%	✔ 0.48%	✔ 0.48%	✔ 0.48%	✔ 0.48%	✔ 0.48%	✔ 0.48%	✔ 0.49%	✔ 0.49%
<b>9. Asset Maintenance Ratio</b> Ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing.	>= 1	✔ 1.83	✔ 1.86	✔ 1.90	✔ 1.91	✔ 1.92	✔ 1.93	✔ 1.94	✔ 1.96	✔ 1.98	✔ 1.99
<b>10. Capital Expenditure Ratio</b> Annual capital expenditure divided by annual depreciation.	>= 1	✔ 1.48	✔ 1.22	✔ 1.04	✔ 1.21	✔ 1.31	✔ 1.13	✔ 1.17	✔ 1.20	✔ 1.21	✔ 1.36

# Part 6. Sensitivity analysis

- Sensitivity analysis
- **Sensitivity analysis Scenario One**  
Expenditure: Increase in Employee Award
- **Sensitivity analysis Scenario Two**  
Revenue: Reduced Rate Pegging (IPART)
- **Sensitivity analysis Scenario Three**  
Expenditure: Increase Materials and Contracts (CPI)



# Sensitivity analysis

Our assumptions in Part 4 of this plan are current informed estimates based on a range of reasonably reliable sources; nevertheless, long term financial plans are inherently uncertain. They contain a wide range of assumptions about interest rates and the potential effect of inflation on revenues and expenditures which are largely outside our control.

A sensitivity analysis is a useful tool for the council to evaluate the potential impact of changes to key assumptions and inputs on their financial projections. The purpose of a sensitivity analysis is to identify the critical assumptions and inputs that have the most significant impact on the council's financial performance. By conducting a sensitivity analysis, councils can assess the risks associated with changes to these assumptions and inputs and adjust their financial plans accordingly.

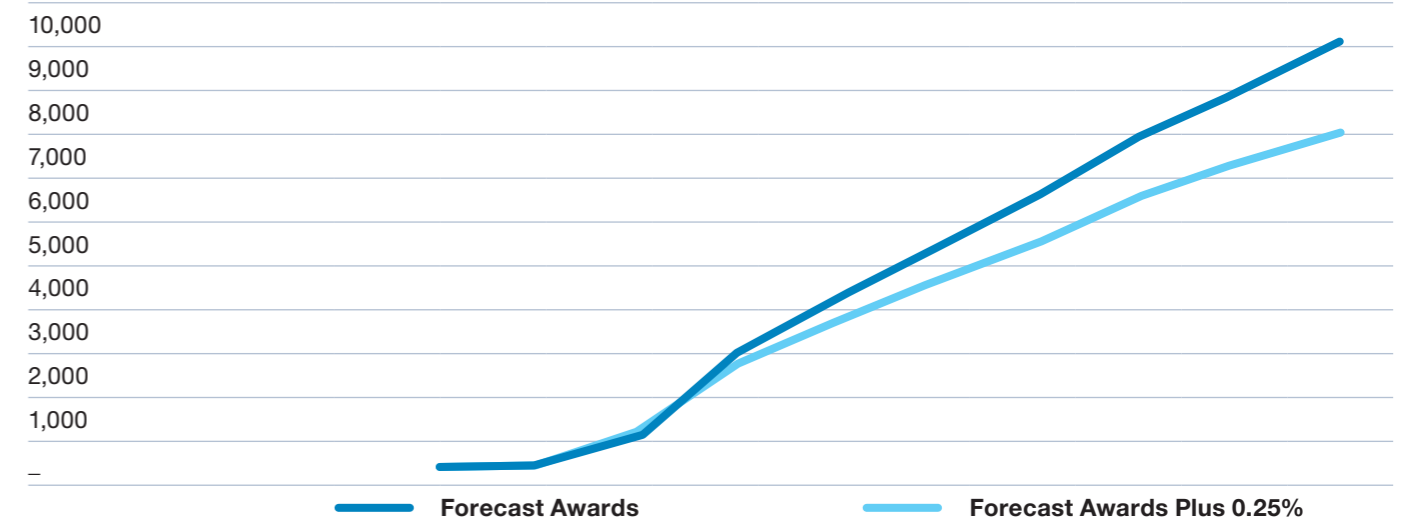
The analysis is typically performed by adjusting the assumptions and inputs within a range of values and observing the corresponding impact on the financial projections. This allows councils to make informed decisions based on a range of potential outcomes, rather than relying on a single set of assumptions.

To assess the sensitivity of our baseline balanced budget, we have assessed the following scenarios:

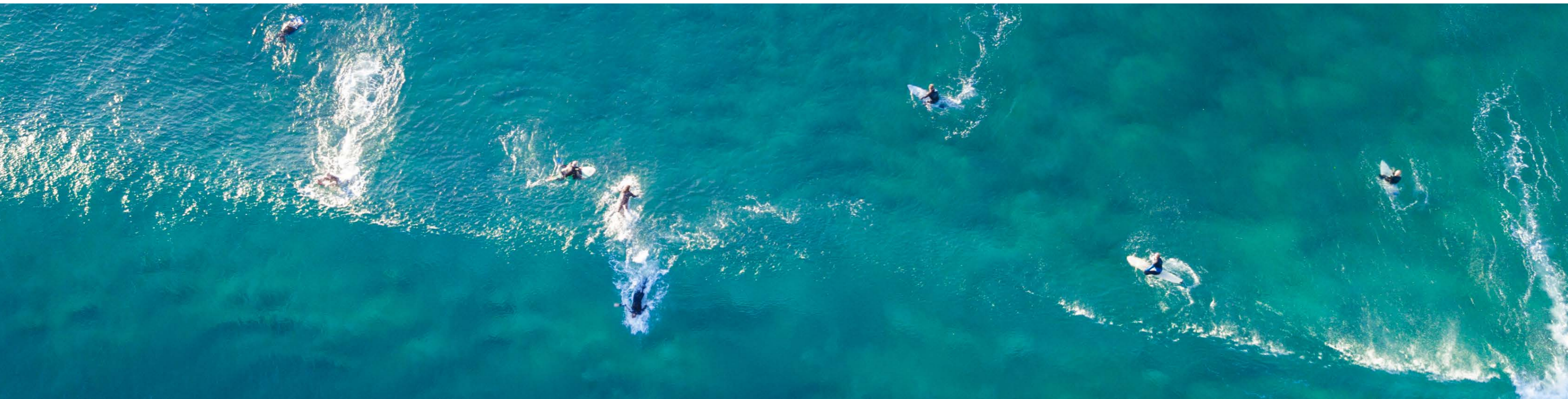
# Sensitivity analysis Scenario One

## INCREASE AWARDS BY 0.25% (2026-2033)

	YEAR 1 2023-24	YEAR 2 2024-25	YEAR 3 2025-26	YEAR 4 2026-27	YEAR 5 2027-28	YEAR 6 2028-29	YEAR 7 2029-30	YEAR 8 2030-31	YEAR 9 2031-32	YEAR 10 2032-33
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Forecast Awards	214	313	940	2,595	3,802	4,878	5,945	7,157	8,139	9,105
Forecast Awards Plus 0.25%	214	313	940	2,375	3,348	4,176	4,981	5,915	6,602	7,257



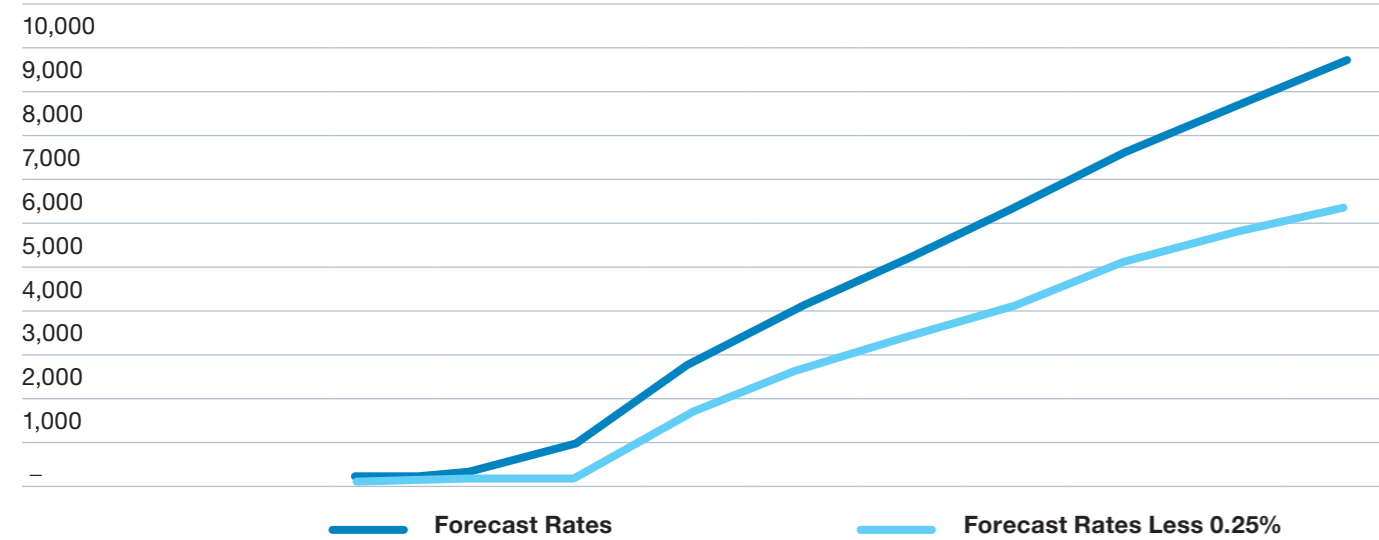
Gap Forecasted Awards vs Awards Plus 0.25% and its impact on Net Operating Result before Capital (\$'000)



# Sensitivity analysis Scenario Two

## REDUCED RATE PEGGING (2024-2033)

	YEAR 1 2023-24	YEAR 2 2024-25	YEAR 3 2025-26	YEAR 4 2026-27	YEAR 5 2027-28	YEAR 6 2028-29	YEAR 7 2029-30	YEAR 8 2030-31	YEAR 9 2031-32	YEAR 10 2032-33
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Forecast Rate Peg	214	313	940	2,595	3,802	4,878	5,945	7,157	8,139	9,105
Forecast Rate Peg Less 0.25%	214	59	92	1,451	2,347	3,096	3,823	4,680	5,287	5,861

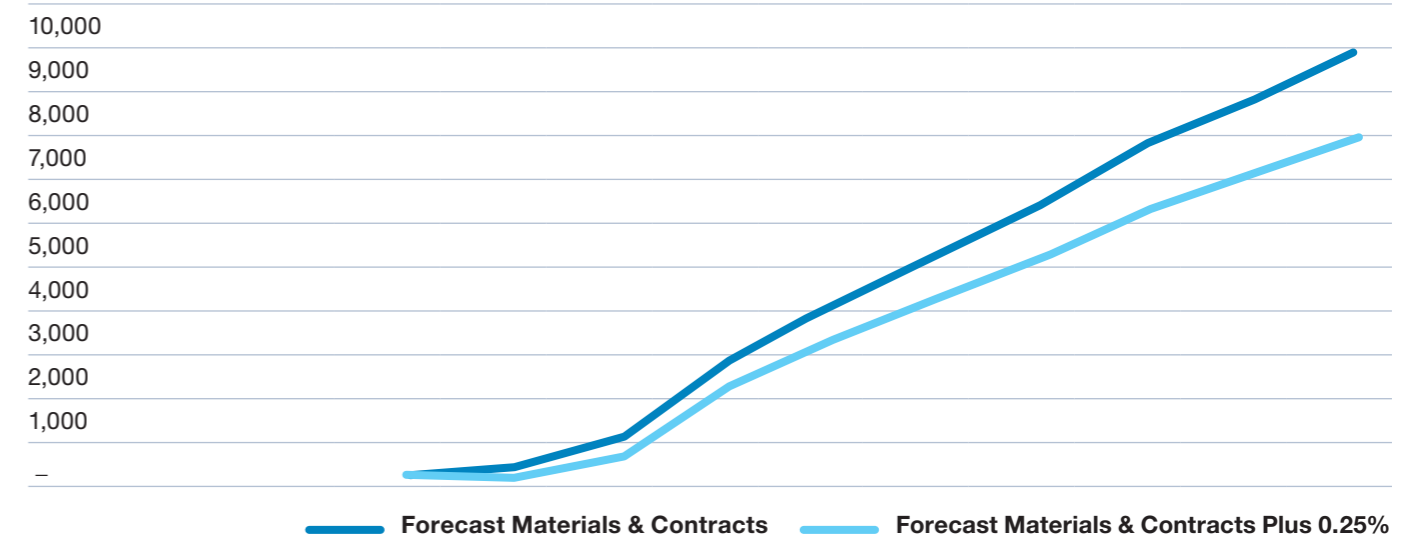


Gap Forecasted Rates vs Rates Less 0.25% and its impact on Net Operating Result before Capital (\$'000)

# Sensitivity analysis Scenario Three

## INCREASE MATERIALS & CONTRACTS BY 0.25% (2024-2033)

	YEAR 1 2023-24	YEAR 2 2024-25	YEAR 3 2025-26	YEAR 4 2026-27	YEAR 5 2027-28	YEAR 6 2028-29	YEAR 7 2029-30	YEAR 8 2030-31	YEAR 9 2031-32	YEAR 10 2032-33
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Forecast CPI	214	313	940	2,595	3,802	4,878	5,945	7,157	8,139	9,105
Forecast CPI increase by 0.25%	214	149	601	2,072	3,086	3,959	4,815	5,807	6,556	7,280



Gap Forecasted CPI vs CPI Plus 0.25% and its impact on Net Operating Result before Capital (\$'000)



# Part 7. Monitoring financial performance

- Monitoring financial performance
- Performance Statement





## Monitoring financial performance

A number of key performance indicators are used to help determine our sustainability. These indicators, provide a snapshot of the state of Council's current financial position and comparative results relating to each model.

Our balanced budget has been developed to ensure that it meets financial obligations, and provides the benchmarks for an array of financial indicators which have either been internally or externally prescribed. There are a few factors which affect the value and size of certain revenue, operating expenditure, and or capital expenditure each financial year. The impact of these variations are:

- Budget control - Annual budgets are set to meet the financial indicator benchmarks. Budgets are monitored internally on an on-going basis using Council's financial information systems. Monthly Financial Reports and Quarterly Budget Reviews are reported by Council. They illustrate the progress against adopted budgets.
- Financial performance indicators – our balanced budget implementation will meet a set of financial performance and asset management indicators.



## LONG TERM FINANCIAL PLAN 2023-33, BALANCED BUDGET

## Performance Statement

	TARGET	YEAR 1 2023-24	YEAR 2 2024-25	YEAR 3 2025-26	YEAR 4 2026-27	YEAR 5 2027-28	YEAR 6 2028-29	YEAR 7 2029-30	YEAR 8 2030-31	YEAR 9 2031-32	YEAR 10 2032-33
<b>BUDGET PERFORMANCE</b>											
<b>1. Operating Performance Ratio</b> Measures the extent to which a council has succeeded in containing operating expenditure within operating revenue.	>0%	✔ 0.12%	✔ 0.16%	✔ 0.47%	✔ 1.27%	✔ 1.80%	✔ 2.25%	✔ 2.66%	✔ 3.12%	✔ 3.45%	✔ 3.76%
<b>2. Own Source Operating Revenue Ratio</b> Measures fiscal flexibility. It is the degree of reliance on external funding sources.	>= 60%	✔ 93.16%	✔ 94.60%	✔ 94.63%	✔ 94.65%	✔ 94.67%	✔ 94.70%	✔ 94.72%	✔ 94.75%	✔ 94.77%	✔ 94.79%
<b>OPERATIONAL LIQUIDITY</b>											
<b>3. Unrestricted Current Ratio</b> Represents a council's ability to meet short-term obligations as they fall due.	>= 1.5	✔ 2.83	✔ 2.59	✔ 2.52	✔ 2.39	✔ 2.22	✔ 2.23	✔ 2.25	✔ 2.16	✔ 2.35	✔ 2.53
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b> Expressed as a percentage of total rates and charges available for collection in the financial year.	< 5%	✔ 3.8%	✔ 3.8%	✔ 3.8%	✔ 3.8%	✔ 3.8%	✔ 3.7%	✔ 3.7%	✔ 3.7%	✔ 3.7%	✔ 3.7%
<b>5. Cash Expense Cover Ratio</b> Liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.	>= 3	✔ 5.87	✔ 5.30	✔ 5.18	✔ 4.83	✔ 4.35	✔ 4.34	✔ 4.31	✔ 4.29	✔ 4.46	✔ 4.36
<b>LIABILITY AND DEBT MANAGEMENT</b>											
<b>6. Debt Service Cover Ratio</b> Measures the availability of operating cash to service loan repayments.	2.00x	✔ 8.44 x	✔ 8.21 x	✔ 8.58 x	✔ 9.06 x	✔ 9.22 x	✔ 9.54 x	✔ 9.85 x	✔ 10.2 x	✔ 20.98 x	✔ 21.81 x
<b>ASSET MANAGEMENT</b>											
<b>7. Building and Infrastructure Renewals Ratio</b> Assesses the rate at which these assets are being renewed against the rate at which they are depreciating.	>= 100%	✔ 100.3%	✔ 102.2%	✔ 100.0%	✔ 101.2%	✔ 101.1%	✔ 101.3%	✔ 100.6%	✔ 100.7%	✔ 100.3%	✔ 101.3%
<b>8. Infrastructure Backlog Ratio</b> Ratio shows what proportion the infrastructure backlog is against the total value of a council's infrastructure.	<= 2%	✔ 0.48%	✔ 0.48%	✔ 0.48%	✔ 0.48%	✔ 0.48%	✔ 0.48%	✔ 0.48%	✔ 0.48%	✔ 0.49%	✔ 0.49%
<b>9. Asset Maintenance Ratio</b> Ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing.	>= 1	✔ 1.83	✔ 1.86	✔ 1.90	✔ 1.91	✔ 1.92	✔ 1.93	✔ 1.94	✔ 1.96	✔ 1.98	✔ 1.99
<b>10. Capital Expenditure Ratio</b> Annual capital expenditure divided by annual depreciation.	>= 1	✔ 1.48	✔ 1.22	✔ 1.04	✔ 1.21	✔ 1.31	✔ 1.13	✔ 1.17	✔ 1.20	✔ 1.21	✔ 1.36

The Council uses the following ratios in assessing sustainability for:

- Budget Performance
- Operational Liquidity
- Liability and Debt Management
- Asset Management

These ratios are further defined and explained below:

CRITERIA	KEY FINANCIAL INDICATORS	DEFINITION	PURPOSE OF INDICATOR
<b>Sustainability and Budget Performance</b>	Performance Ratio	This ratio measures the extent to which operating revenue raised covers operating expenses. It is an indicator of continued capacity to meet ongoing expenditure commitments.	A percentage greater than zero over the long term means council is expecting to generate sustainable levels of revenue with an ability to fund proposed capital expenditure and repayments. The aim is for the council to produce consistently positive underlying surpluses over the coming years.
	Own source operating revenue ratio	The ratio compares own source funds against total income.	The measurement indicates the level of fiscal flexibility by the council. Councils with a higher own source revenue have a greater ability to control or manage their own operating performance and financial sustainability.
<b>Operational Liquidity</b>	Unrestricted Current Ratio	The unrestricted current ratio is specific to local government and represents a Council's ability to meet short term obligations as they fall due.	This ratio measures the extent to which the council has liquid assets available to meet short term financial obligations. If the current ratio is too high over a sustained period, this may indicate the Council may not be efficiently using its current assets and indicate inefficiencies in working capital management.
	Rates, annual charges, interest and extra charges outstanding percentage	This ratio assesses the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.	This ratio assesses the impact of uncollected rates and annual charges on liquidity and the efficiency of Council's debt recovery.
	Cash expense cover ratio	This liquidity ratio indicates the number of months a council can continue paying its immediate expenses without additional cash flow.	This ratio commonly demonstrates the Council's ability to show a sufficient ability to pay, and the ratio should be greater than 3. The ratio is commonly used by lenders to see if existing borrowers are in financial difficulty, and to determine whether they should loan money to new loan applicants.
<b>Liability and Debt Management</b>	Debt service cover ratio	This measure indicates whether the council has excessive debt servicing costs relative to operating revenue.	This ratio measures the extent to which operating revenues are committed to interest expenses. A higher ratio may indicate a greater capacity to borrow for infrastructure and/or repay debt at an accelerated pace. A smaller ratio may indicate a constrained financial ability and limited capacity to manage unforeseen events.
<b>Asset Management</b>	Building and infrastructure renewals ratio	This ratio is to measure the rate assets are being renewed against the rate at which they are depreciating.	The ratio assesses whether the asset renewal expenditure is sufficient to maintain assets in the long term. If capital expenditure on renewing or replacing existing assets is at least equal to depreciation on average over time, then a council is ensuring the value of its existing stock of physical assets is maintained.
	Infrastructure Backlog Ratio	This ratio measures the estimated cost to bring assets to a satisfactory condition.	The ratio measures the proportion of assets backlog against the total value of Council's infrastructure assets. Increasing backlogs may affect Council's ability to provide services and remain sustainable.

CRITERIA	KEY FINANCIAL INDICATORS	DEFINITION	PURPOSE OF INDICATOR
	Asset maintenance ratio	This ratio measures whether council assets are being adequately maintained to avoid increasing its infrastructure backlog.	This ratio assesses the actual maintenance costs versus the required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds within the year to stop the infrastructure backlog from growing. The ratio also provides a measure of asset degradation.
	Capital expenditure ratio	This indicates the extent to which a council is forecasting to expand its asset base with capital expenditure spent on both new assets, and also the replacement and renewal of existing assets.	This ratio measures the extent to which capital expenditure is covered by depreciation. A ratio above one indicates there is an investment in long term asset growth and that the Council is willing to invest more than depreciation, thereby expanding its asset base for the duration of the financial model.



# Appendices

- Appendix A
- Appendix B



# Appendix A

## Financial planning assumptions

The LTFP utilises the current adopted budget as the base and a number of internal and external assumptions to project revenue and expenditure for the following 10 years. Consideration was given to a range of economic factors and policies that affect our finances. This impacts our capability to maintain our existing levels of community service and long-term financial sustainability.

The financial forecast contains details of the assumptions used to estimate growth rates, price increases, general rates and charges increases. These assumptions have been estimated based on industry publications and historical trends. The major expense categories for Council's operating budget and specific assumptions underpinning the LTFP are:

## Revenue Assumptions

### • Rates and Charges

Rates and Charges are a major source of the Council's Revenue, representing around 80% of revenue. The amount of rates income a council may levy is limited by rate pegging. Rate pegging refers to the process in which the State Government determines annually the allowable rates increase. This allowable increase is generally announced annually in December by the Independent Pricing and Regulatory Tribunal (IPART). The rate peg for 2023-24 is 3.7%, which included a zero-population factor and we have anticipated an increase to 5.0% in the later years of the financial plan based on guidelines and previous year averages from IPART.

### • User Fees and Charges

Many of the services provided by Council are 'user pays' and the Council is working towards a cost recovery model. Randwick Council strives to increase sustainability and diversify Council's revenue base to reduce the dependence on rates. Revenue raised from fees and charges of Council's services and the use of facilities can be divided into two categories:

1. Statutory and regulatory fees and charges which are set by regulation or another authority and which Council has no discretion to increase; and
2. Other fees and charges which are set by Council such as aquatic centres, leases, childcare and venue hire, are determined by applying applicable pricing policies. The Consumer Price Index (CPI) has been used to project the council's revenue for future years from User Fees and Charges.

User charges relates mainly to the recovery of service delivery costs through the charging of fees. The CPI has been chosen as the relevant factor in modelling these expenses over the term of the Plan. The key principle for determining the level of user charges has been to ensure that increases are generally consistent with cost increases and in 2023-24 user fees and charges are escalated in the financial plan by 5%.

### • Grants

The Council receives grants across some service areas with the core revenue stream being the Financial Assistance Grants. The Council recognises the importance of actively pursuing and maintaining grant funding from all available sources. In preparing the LTFP, the Council assumed that grant funding will continue to be received. Should these grants and subsidies be reduced, there is an inherent level of risk on the council's ability to provide the same level of service. Other operating grants received for specific project related purposes have been included in the year we anticipate they will be received.

### • Contributions

Council receives contributions from developers. These contributions represent funds to enable council to provide the necessary infrastructure and infrastructure improvements to accommodate development growth. The contributions are for specific purposes and transferred to a restrictive reserve until utilised for a specific purpose through a capital works program.

### • Investments

The Council's Investment Strategy is to undertake investment of surplus funds, maximising earnings from authorised investments, whilst ensuring the security of Council funds. These externally and internally restricted reserves are generally related to grant funds held for specific purposes, developer contributions, and money set aside for funding future projects and employee leave entitlements. Interest income is based on predicted cash flows, cash balances and investment returns. The LTFP investment income has been based on rates being achieved on a portfolio balance of term deposit, Floating Rate Notes (FRNs), and at call accounts. The Council monitors cash flow on a daily basis. Council also aims to ensure there is sufficient liquidity to meet all reasonable anticipated cash flow requirements when they are required.

## Expenditure Assumptions

### • Employee Costs

Employee costs include all labour related expenditure including; wages and salaries and on-costs for both casual employees and permanent employees. Employee costs are one of the largest expenditure assumptions which represent approximately 45% of overall expenses which includes a combination of wages and salaries, superannuation, workers compensation, leave entitlements, training and other statutory obligations.

The 2023-33 year includes an increase for employee costs that mainly reflects the salary increase for staff based on recent local government award increases and increments based on salary movements that exists within the Council's grading system. These increases are highlighted in our financial assumptions table. The superannuation guarantee charge increased to 11% and will remain at this rate until 30 June 2024. From 1 July 2024, it will increase by 0.5% each year until it reaches 12% in 2025-26.

No material change is expected in existing staff numbers and employee working hours.

### • Material and Services

Material costs and services include items required for the maintenance and repairs of Council buildings, roads, drains and footpaths. Other associated costs included under this category are utilities and purchases of consumable items for a range of services. Materials and contracts are used in the creation and maintenance of infrastructure and to provide recurring operational services. The CPI has been chosen as the relevant factor in modelling these expenses over the term of the plan. These costs are kept to within CPI levels year on year through competitive tenders, reviewing opportunities to reduce costs and increase efficiencies and contract management. As these contracts are renewed, economic and market conditions will influence price. For services and materials not supplied under contract; a long-term percentage increase has been applied within the financial plan.

### • Depreciation and amortisation

Depreciation of Council's infrastructure assets is determined from information contained within the asset management strategies and plans. Depreciation is a non-cash measure which determines the monetary value of an asset decreasing over time due to wear, tear and obsolescence. The Council uses straight line depreciation for its fixed assets and frequently monitors the useful life, residual values and serviceability levels. As such, assets are systematically revalued to comply with adopted accounting standards.

### • Other expenses

Other expenses include administration costs such as audit costs, licenses, bank charges, insurances, fire services levy, councillor allowances, sponsorships and elections and other costs associated with the day-to-day running of Council. The CPI has been chosen as the relevant factor in modelling this expense over the term of the plan.



## Appendix B

This section provides a glossary of Key Terms and Definitions used throughout the document.

### Asset Management Plan:

The Asset Management Plan outlines the extent of works necessary to bring our assets to an acceptable condition as defined by the community. It details the cost of those works, and does this within the context of Council's Integrated Planning & Reporting (IP&R) Framework.

### Assets:

An asset is a resource that is owned or controlled by a council and will provide a benefit in current and future periods. In the balance sheet, they are divided into current assets, which can be converted to cash in one year or less; and non-current or long-term assets, which cannot.

### Balance Sheet:

A statement detailing the assets and liabilities of the council, often referred to as a statement of financial position. The assets and liabilities are generally measured at their 'fair value' which may be different to the historic cost. For example, long life infrastructure assets, such as roads, are measured at the current estimated cost to replace, adjusted to reflect the current condition of the asset while land and non-specialised buildings are usually recorded at market value.

### Balanced Budget:

A balanced budget is a situation in financial planning or the budgeting process where total expected revenues are equal to total planned spending. This term is most frequently applied to Council and government budgeting. The term "budget surplus" is often used in conjunction with a balanced budget. A budget surplus occurs when revenues exceed expenses, and the surplus amount represents the difference between the two.

### Capital expenditure:

Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months. Capital expenditure includes renewal, expansion and upgrade. There are normally two forms of capital expenditures: (1) expenses to maintain levels of operation present within the Council and (2) expenses that will enable an increase in future growth.

### Capital grants:

Monies received generally tied to the specific projects for which they are granted, which are often upgrade and/or expansion or new investment proposals.

### Capital renewal expenditure:

Expenditure on an existing asset, which returns the service potential.

### Cash Flow from operating activities:

Cash flow from operating activities (CFO) indicates the amount of money the council brings in from its ongoing, regular business activities, such as rates and annual charges, grants and user charges. It is the first section depicted on a council's cash flow statement.

### Cash Flow Statement:

This statement provides details of the cash receipts and payments of council for the year. The statement separates cash flows into operating activities, such as the receipt of rates or payment of staff, investing activities, such as capital works and the purchase of assets and financing activities, such as the receipt of borrowed funds or the repayment of loans.

### Cash flows from Financing activities:

Cash flow from financing activities (CFF) is a section of the council's cash flow statement, for a council this will normally include loans received and loans repaid, including the cash flows associated with any finance leases.

### Cash flow from Investing activities:

Cash flow from investing activities (CFI) is one of the sections on the cash flow statement that reports how much cash has been generated or spent from various investment-related activities in a specific period. Investing activities include purchases of assets, investments in securities, or the sale of securities or assets.

### Community Strategic Plan:

The Community Strategy Plan describes the community's vision and aspirations for a period of ten or more years. Creation of the CSP is led by the Mayor and Councillors and through engagement with the community. This is the community's plan for its future. Council will have a custodial role in engaging, refining and preparing the plan on behalf of its community.

### Current assets:

An asset that can be converted to cash within one year. Usually cash, short-term investments or accounts receivable.

### Current liabilities:

An obligation or liability that is due to be settled, or paid, within one year.

### Depreciation:

Reflects a council's use of its physical assets through a systematic reduction in their value over time, usually to reflect wear and tear.

### Equity:

Also called net assets, is the Council's claim to assets after the liabilities are paid off. The equity of a council can be calculated by subtracting the council liabilities from the council assets. Equity is commonly referred to as net assets or residual equity.

### Income Statement:

Also known as statement of comprehensive income detailing the income and expenditure of the council. This is presented on an 'accrual' basis, that records revenue when it is earned and expenses when they are incurred, regardless of the timing of the receipt or payment of cash.

### Infrastructure assets:

Physical assets of the council which can include physical structures or facilities, systems and networks that provide or support essential public services.

### Level of service:

The defined service quality for a particular asset against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.

### Liquidity:

The ease with which assets can be converted into cash.

### Long Term Financial Plan:

The Long Term Financial Plan outlines the future finances of Council's operations taking into consideration key elements such as rate movements, service levels to our community major infrastructure, assets replacement and renewals as well as borrowings and cash reserves.

### Maintenance expenditure:

Repairs and maintenance expense is the cost incurred to ensure that an asset continues to operate. This may involve bringing performance levels up to their original level from when an asset was originally acquired, or merely maintaining the current performance level of an asset.

### Operating expenditure:

An operating expense is an expense a business incurs through its normal business operations. Often abbreviated as OPEX, operating expenses include salaries and wages, repairs and maintenance, fuel, consumables and utilities.

### Residual value:

The net amount which Council expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

### Resourcing Strategy:

The Resourcing Strategy underpins our Integrated Planning and Reporting Framework. As the name suggests, the Resourcing Strategy demonstrates how Council will resource through time, money, people and assets, its contribution towards the community's aspirations as outlined in its Delivery Program.

### Risk management:

Risk management is focused on anticipating what might not go to plan and putting in place actions to reduce uncertainty to a tolerable level. Risk management is the process of planning, organizing, directing, and controlling resources needed to minimize the risks and uncertainties exposed.

## Quarterly Budget Review Statement

The QBRS presents a summary of Council's financial position at the end of each quarter. It is the mechanism whereby councillors and the community are informed of Council's progress against the management plan/ operational plan (original budget) and the last revised budget along with recommended changes and reasons for major variances.



Randwick City Council  
30 Frances Street  
Randwick NSW 2031

**1300 722 542**  
**[council@randwick.nsw.gov.au](mailto:council@randwick.nsw.gov.au)**  
**[randwick.nsw.gov.au](http://randwick.nsw.gov.au)**

