



DRAFT LONG TERM FINANCIAL PLAN 2025-2034

BROKEN HILL
CITY COUNCIL

**AUSTRALIA'S FIRST
HERITAGE LISTED CITY**

QUALITY CONTROL

KEY DIRECTION	4. Our Leadership		
OBJECTIVE	4.1 Openness and transparency in decision making		
STRATEGY	4.1.1 Support the organisation to operate within its legal framework		
FUNCTION	Financial Management		
FILE REFERENCE	25/30	EDRMS NUMBER	D25/19418
RESPONSIBLE OFFICER	Director Finance and Commercial		
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ORGANISATION	Broken Hill City Council		
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INTRODUCTION

MESSAGE FROM YOUR MAYOR

Council is aiming to continue to deliver a surplus in the 2025/26 financial year as it implements adjustments in line with the Long Term Financial Plan presented to you within.

Our financial modelling continues to be impacted by a series of factors we cannot control such as inflation, increased costs for goods and services and the recently imposed tariffs, however with strong fiscal management Council is able to ensure the city maintains a balanced budget.

In an effort to limit the burden on ratepayers, Council's rate increase continues to be no higher than the rate peg. However, as operational costs have increased beyond this amount, Council will again be forced to focus on finding internal efficiencies and more cost-effective methods of service delivery in the years ahead.

Ongoing reviews of assets also continue to unearth significant costs to renew and maintain ageing plant, buildings, and other infrastructure at a level that outpaces their deterioration.

Council will continue to focus on optimising the quantity and standard city assets to increase the liveability of our city ahead of expected increases in population.

Although population growth is a positive for the future of the city, it will place extra stress on Council's services without significantly increasing rates income. As a result, Council will have to plan carefully for the future.

In the short term, Council will continue to push ahead with delivering millions of dollars in roads, footpaths, public amenities, and other major projects such as the new library and airport upgrades.



Our ongoing commitment to long term asset renewal and improving the city's liveability will provide a boost to the economy and bolster our ability to attract and retain individuals and families who move to the region for employment.

Although we currently find ourselves in a challenging financial environment as a Council, Broken Hill is entering a period of significant growth and development, and I feel privileged to be Mayor at this exciting time.

Our city's future remains bright, and I look forward to joining my fellow Councillors in working with staff to further consolidate our long-term financial position.

Mayor Tom Kennedy

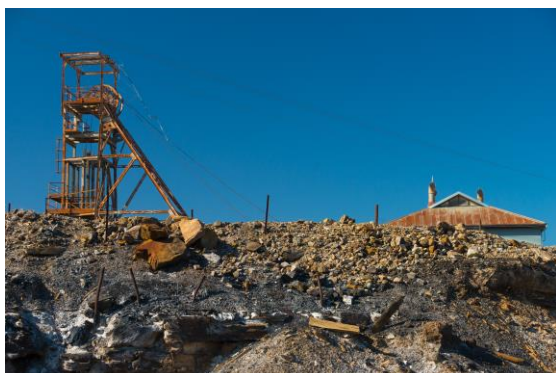
OVERVIEW

A Long Term Financial Plan (LTFP) is one of the three key Resourcing Strategies required by the NSW Integrated Planning and Reporting legislation. Local Government operations are vital to its community, and it is important stakeholders can understand the financial implications arising from its Community Strategic Plan, Delivery Program, and annual Operational Plan.

The Integrated Planning and Reporting Guidelines support preparation of the LTFP for Local Government in NSW issued by the Division of Local Government.

The LTFP includes:

- Projected income and expenditure.
- Balance sheet.
- Cash flow statement.
- Planning assumptions used to develop the plan.
- Sensitivity analysis used to highlight factors most likely to affect the plan.
- Financial modelling for different scenarios.
- Methods of monitoring financial performance.



The LTFP contains a core set of assumptions. These assumptions are based on Consumer Price Index (CPI) forecasts, interest rate expectations, employee award increases, loan repayment schedules and other special income and costs.

Broken Hill City Council's revised LTFP covers the period 2025/26 to 2034/35. It recognises Council's current and future financial capacity, to continue delivering high quality services, facilities, and infrastructure to the community, while commencing new initiatives and projects to achieve the goals set down in the Broken Hill 2040 Community Strategic Plan.

Financial planning over a 10-year time horizon is difficult and relies on a variety of assumptions that will undoubtedly change during the period. The LTFP is therefore closely monitored and regularly revised, to reflect these changing circumstances.

This revision takes into consideration a number of significant decisions which have been implemented to improve Council's financial sustainability over the past year.

A number of scenarios and sensitivities were considered during the development of the LTFP to demonstrate Council's sensitivity to internal and external drivers.

“The Long Term Financial Plan is the point where long-term community aspirations and goals are tested against financial realities.”

DLG Manual, 2013

The aims of Council's LTFP are to:

- Set out the assumptions upon which Council's Financial Plans and budgets have been structured.
- Identify the Key Performance Indicators upon which Council can benchmark its financial performance.
- Set the framework so that the impact of future policy decisions can be identified.
- Evaluate the impact of future scenarios upon Council's financial position.
- Provide a basis for future informed decision making.
- Identify issues which impact upon the financial sustainability of Council, including known opportunities and threats.

Achieve a balanced budget on a funding basis over time, acknowledging that efficient service delivery and urgent asset renewal are current priorities where working fund deficits are forecast.

- Seek to avoid working fund deficits, by reducing operating costs in real terms, or expanding the revenue base of Council.



FINANCIAL POSITION

Council faces several challenges in terms of financial sustainability. Our Council administers the largest regional centre in the western half of New South Wales.

Based on Council's most recent economic and data projections, Council is estimating that between 2023 and 2046, the population for Broken Hill City is forecast to increase by 197 persons (1.10% growth), at an average annual change of 0.10%.

Whilst this information is based on the current state of play, with the looming commencement of major mining and renewable industries along with Council economic growth plan, Council is boldly predicting and planning for City growth much larger.

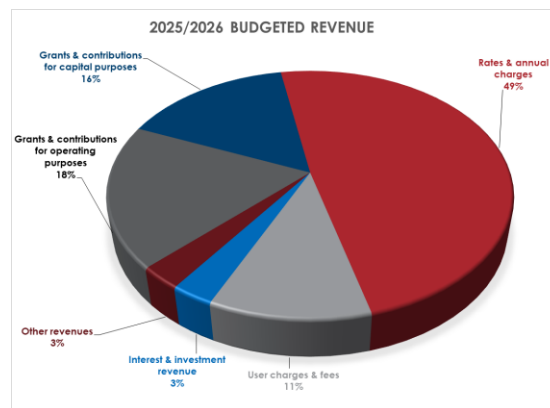
As a result of these latest trends and projections, this plan has been formulated on the prospect of job growth and further housing development for the city as well as a growing population base. On this basis, the City must plan to maintain service standards and increase services in some areas to ensure long term liveability and investment attractiveness of the City.

Council currently operates on an annual income of around \$30 million, with a substantial percentage being derived from government grants which cannot be guaranteed into the future. The graph below shows sources of income.

In 2013, the Division of Local Government appointed New South Wales Treasury Corporation (TCorp) to undertake an assessment of the financial sustainability of all New South Wales councils.

The report by TCorp, which considered both historic financial information and a 10-year financial forecast, determined Council to be in a very unstable financial position and unsustainable. Overall, the financial sustainability of Council was assessed as 'Very Weak.' A rating of 'Very Weak' was given to only five New South Wales councils and can be described as follows:

- A Local Government with limited capacity to meet its financial commitments in the short to medium



term and a limited capacity long term.

- It has a record of reporting significant operating deficits. It is highly unlikely to be able to address its operating deficits, manage unforeseen financial shocks and any adverse changes in its business without the need for structural reform and major revenue and/or expense adjustments.
- The expense adjustments are likely to result in significant changes to the range of and/or quality of services offered, and it may need the assistance from higher levels of government.
- It has difficulty in managing its core business risks.

Council has since achieved significant improvement and taken steps in the right direction towards becoming financially sustainable. Since Council received the report, it has undertaken the following key actions.

Council undertook a major review of its 10-year LTFP in FY2015, with the aim to guide Council towards achieving a balanced budget, through cost reduction strategies, whilst prioritising service delivery and asset renewals.

In December 2014, Council resolved to cease operations of a financially unsustainable aged care facility – the Shorty O'Neil Village.

In October 2016, Council successfully transitioned out of community services avoiding the loss of block funding by the introduction of the National Disability Insurance Scheme (NDIS).

In November 2016, the Office of Local Government initiated a review of all western councils, with the view to reassess their ongoing financial sustainability.

Due to the actions taken since the initial review in 2013 and the significant improvements made, TCorp have made the assessment that Council now has a Financial Sustainability Ratio of 'Weak' with an outlook of positive, with further improvements likely based on key planning assumptions.

A rating of 'Weak' can be described as follows:

- A local government with acceptable capacity to meet its financial commitments in the short to medium term and a limited capacity in the long term.
- It has a record of reporting moderate to significant operating deficits with a recent operating deficit being significant. It is unlikely to be able to address its operating deficits, manage unforeseen financial shocks and any adverse changes in its business, without the need for significant revenue and/or expense adjustments.
- The expense adjustments would result in significant changes to the range and/or quality of services offered.
- It may experience difficulty in managing core business risks.

Whilst this has been a significant improvement, Council still has a lot of hard work and tough decisions ahead of it

before it can be deemed financially sustainable in the long-term.

The effects of the COVID-19 pandemic tested much of the observations described above and provided evidence that Council must adjust its services as a result of unforeseen financial shocks.

Council must now review its service levels with the community and understand the priority areas and not only the capacity, but the desire of paying for these services.

The strength of Local Government is important when considering the quality of life for residents within a community and our community cannot afford major revenue adjustments in the form of high rating increases, for the purpose of balancing the bottom line. It is therefore important that we only spend what we can afford; what our community can afford.

Local Government decisions impact not only the current generation but the next. To ensure services and infrastructure adapt to the changing needs of our generations, we must ensure our financial position, and our asset management practices are strong.

It is clear that to continue to meet the needs of current and future residents of Broken Hill; that Council must address financial and ongoing asset sustainability.

FINANCIAL PRINCIPLES AND ASSUMPTIONS

Broken Hill City Council remains committed to operating within a financially sustainable framework, to ensure that its community and other stakeholders can rely upon the ongoing provision of a full and diverse range of quality community services, facilities, and infrastructure.

The Council plans to maintain its financial position and performance, to ensure resilience and maintain capacity to adapt and respond to emerging community needs in a measured and equitable manner.

The following are the key principles employed in the financial planning and modelling process:

- Financially sustainable.
- Maintain diversity of income sources.
- Return the Council to surplus in a sustainable manner.
- Maintain tight control over expenditure and staff numbers.
- Deliver best value services, facilities, and infrastructure.
- Effective and efficient utilisation of funding sources to fund capital works and asset acquisitions.
- Prudent financial investment.
- Consider appropriate use of debt for capital purposes.

The Long Term Financial Plan continues the Council's commitment to maintain tight control over its financial position and performance, an achievement that has been continually demonstrated through reducing or eliminating annual operating deficits.

The funds generated from operations are used to maintain current services and programs and to fund delivery of the Council's capital renewal program, however, the suitability of utilising debt should be considered for appropriate projects and initiatives.

The Operational Plan and forward projections have been set to allow for the delivery of appropriate levels of service, incorporating asset optimisation and to adequately allow for all known and anticipated changes over the coming ten-year period.

Unexpected cost pressures will always arise, along with increasing service demands.

However, in responding to these challenges, the Council will continue to underpin its quality

of services with a value for money approach through competitive procurement processes, internal controls, and the completion of business improvement programs, incorporating customer feedback; to ensure effectiveness and efficiency.

For the 'Balanced Scenario' of the long-term financial model, revenue and expenditure projections are generally based on stable overall cost increases over the long term of 2-3% per annum. Council closely monitors this assumption considering the economy's response to the instability in international relations contributing to a highly inflationary economic environment. As such the balanced scenario has been adjusted in the short term to allow for these added costs with a return to the 2-3% range projected from 2026 onwards. Elements of revenue and expenditure that are subject to wider fluctuation have been modelled accordingly (refer to Assumptions).

As noted above, the annual operational budget plans for a surplus in 2026, which combined with the Council's interest earnings and capital contributions, provide funding for ongoing capital works projects and programs that are designed and constructed to provide Broken Hill with renewed and revitalised infrastructure.

The Council will continue to prudently manage its cash reserves and investments, to ensure that appropriate financial reserves are available to meet the Council's liabilities and commitments, as they fall due and manage cash flow demands to ensure responsible financial management control.

While externally restricted reserves will be maintained in accordance with legislative requirements, several internally restricted reserves are used to ensure that funds are set aside to directly support capital commitments of the Council.

The Council closely monitors its financial performance and publishes several key financial indicators within its quarterly budget reviews, to demonstrate its financial health and sustainability.

ASSUMPTIONS

The Council's 2025/26 financial year budget (as detailed in the Operational Plan and included in the attached plan) forms the basis of the financial projections within the Long Term Financial Plan. While relevant adjustments have been made in the plan's short to medium term, in respect of the current financial climate, the underlying Income Statement and Balance Sheet, are taken to represent "business-as-usual." The underlying income and expenditure form the basis of the later years in the plan, having been escalated by appropriate indices, with appropriate adjustments.

Broadly, the Plan utilises forecast annual CPI and wages growth as an indicative guide to annual income and expenditure movements. Appropriate adjustments are made where income or expenditure items are known to escalate on a different basis. Where new initiatives/projects that will impact operating revenue and/or expenditure are anticipated, additional adjustments are made to long term projections in the model.

Significant adjustments include:

- Allowances for asset maintenance growth, as a result of understanding the cost to maintain the city's assets at an appropriate standard.
- Adjustments to staff resourcing to coincide with a transition from a program of service delivery and maintenance to an increase in capital renewal.
- Adjustments in respect of several Council's revenue-generating facilities and services.

The Capital Program is forecast over the ten-year timeframe of the plan. In later years, where specific projects may not have yet been fully identified, provisional sums are included reflecting historical works patterns and in line with renewal requirements, identified as part of the Asset Management Strategy and T-Corp Ratios.

The plan also reflects the fast tracking of certain capital projects and programs through accessing low-cost borrowings, through the Office of Local Government's Stimulus package. This purpose of these funds is to leverage additional grant money and effectively turning \$10 million into \$20-\$30 million of capital projects.

As capital projects are forecast to be completed, corresponding income and expenditure (including depreciation) impacts, are factored into future financial results.

Other assumptions relating to specific income and expenditure types are included within this Long Term Financial Plan.

In preparing the plan, the Council undertakes a wide range of sensitivity testing and scenario modelling, to ensure the most effective and realistic balanced scenario.

REVENUE ASSUMPTIONS

Item	Assumption	Comment
Rate Increase	4.4 %.	Including catch up of revenue not raised in 2024-25
Waste Management Charges	CPI	Annual charges will increase in line with operating expenses.
Statutory Charges	CPI	Statutory charges are expected to increase in line with CPI.
User Fees and Charges	CPI	Statutory charges are expected to increase in line with CPI.
Investment Interest	5%	Interest is calculated on the forecast cash and investment balances.
Interest on overdue rates	10.5%	6% above the Reserve Bank cash rate. (Section 566(3) of the <i>Local Government Act 1993</i>)
Other revenues	CPI	Other revenues consist of program fees and sundry income items.
Operating grants	CPI	Operating grants include the financial assistance grant and the public library funding agreement.

EXPENDITURE ASSUMPTIONS

Item	Assumption	Comment
Employee Benefits and on-costs	4.5%	Employee costs increase in accordance with the current industrial agreement and relevant legislation
Borrowing Costs	N/A	All Council loans are fixed and are based on actual interest repayments.
Materials, contracts, and other expenses	CPI	These increase in line with CPI or current supplier agreements.

OUR PROGRESS TOWARDS FINANCIAL SUSTAINABILITY

Since the adoption of the Balanced Scenario LTFP in 2014, Council has made several decisions that have improved our financial outlook. This section outlines some of those improvements.

IMPROVING EFFICIENCY OF COUNCIL OPERATIONS

Although operational efficiencies alone are unlikely to provide the level of additional funding required to achieve financial sustainability, there is scope to improve Council's financial position, by undertaking a full review of operations. This includes reviewing the organisational structure and business systems, exploring opportunities for out-sourcing activities, building capacity to take on more capital works internally, and improving project management capabilities.

At the March 2017 Ordinary Council Meeting, Council adopted a Service Review Framework and methodology. During this term of Council, management will oversee more than 65 internal and external service reviews, to generate efficiencies and savings throughout the organisation. This review is not all about financial savings, it is about ensuring Council is delivering the services that the Community requires, at the level the Community expects. In some instances, this may mean further resources are dedicated to some areas, where other areas may have resources reduced. Most importantly, it will ensure that all services are delivered in the most effective and efficient way possible.

In October 2017, Council adopted a Smart Community Framework to improve quality of life, prosperity, and sustainability for its community, by using technology in optimising processes, solving challenges proactively, building intelligence and productivity and facilitating proactive and meaningful engagement, between all stakeholders.

Council has successfully implemented several technologies to increase efficiency and sustainability throughout the city.

Examples such as smart solar and wind lighting - which has enabled Council to remove the lighting for Sturt Park, Patton Park, and the Administrative Centre Grounds, from the electrical grid. This has not only enabled a financial savings but is a sustainable option for the community. Further implementation of similar technologies is planned through the reporting period.



IMPROVING ASSET MANAGEMENT

Council is in the process of undertaking a review of all infrastructure assets, to ensure that it is providing services and infrastructure that meets the community needs and is within the community's ability to pay. As a result of this process, it is anticipated that Council will generate significant replacement savings and associated running costs.

During this year's review of the LTFP, the 'Balanced' scenario will see Council continuing to budget for a greater than, or equal to, 110% asset renewal. This is a direct impact of the prior year's decisions in improving Council's financial position and beginning to understand the renewal requirement to reduce the backlog. This enables Council to continually renew and maintain assets as they are required, as well as ensuring quality infrastructure is in place, for future generations. The ongoing success of this is dependent on ensuring that we are only renewing required and utilised assets.

REVIEW OF COMMUNITY EXPECTATIONS AND SERVICE LEVELS

It is imperative that service level reviews occur throughout the 2025/2026 financial year, with consultation with the community.

It is expected that a detailed plan of community expectations and priorities, will be achieved and factored into service levels and capital expenditure, throughout further reviews of the LTFP. This is a significant piece of work that will be required to ensure the future financial sustainability of Council and balancing the budget within the reporting period. Council is approaching the crossroads, where a decision will need to be made regarding asset rationalisation, or a special rate variation (SRV); COVID-19 has made this more important than ever. If either one of these solutions is not adopted, the Council will be in financial peril.

IMPROVING FINANCIAL CONTROL

Improving staff understanding and capacity, systems controls, procedures and reporting for Council's finance function, has been imperative to achieve improvements in Council's financial position.

Savings have been generated throughout the year, as a result of a concerted effort by staff to reduce expenditure.

Continued improvement of procurement practices has facilitated improved governance, resulting in greater value for money.

An internal audit function was implemented in the 2018/19 financial year to ensure greater governance and transparency and has already achieved a number of process improvements and identified lost revenue opportunities.

INCREASING INCOME

Throughout the past year, Council has proactively sought private works including Transport for NSW contracts. Increasing our income in this area, allows more effective use of Council resources; contributing to an improved financial position.

Improved capacity to bid for State and Federal funding has resulted in competitive grants being awarded to Council.

Council is also currently reviewing all fees and charges, to ensure appropriate costs recovery and additional areas of revenue generation.

CASHFLOW MANAGEMENT

Close monitoring in relation to the timing of expenditure and level of cash reserves throughout the year, has resulted in efficiencies; generating savings.

RECRUITMENT SUCCESS

Recruiting staff with requisite leadership, experience and technical skills is becoming increasingly across Local Government in general. Throughout the year, Council has been successful in attracting a number of professional staff and sourcing talent from within to fill key positions, resulting in, improved efficiencies and continuing to move Council towards financial sustainability.

The importance of key positions within the organisational structure, on the financial fortunes of a Council, cannot be underestimated.

THE BALANCED SCENARIO REVIEWED

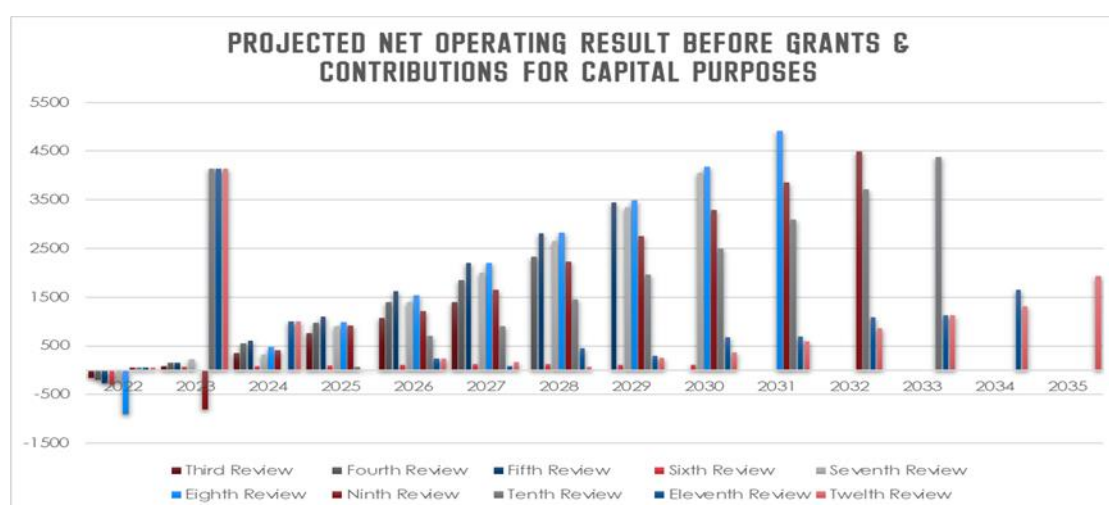
On 25 June 2014, Council endorsed a Balanced Scenario to ensure financial sustainability and to strengthen Council to serve the community of Broken Hill, into the future.

The Balanced Scenario incorporated organisational efficiencies, decreasing expenditure, and increasing revenue to achieve a surplus operating position, by the end of the Plan.

As outlined in this review, considerable progress has been made in relation to Council's financial position since the 2014

This has strengthened Council's financial position; however, further improvements can only be made by adjusting service levels to the community, to a more realistic and feasible level.

The following chart demonstrates the improvement in Council's financial position, over the previous ten reviews. Council is still anticipating to break-even in 2026 with project surpluses in ongoing years.

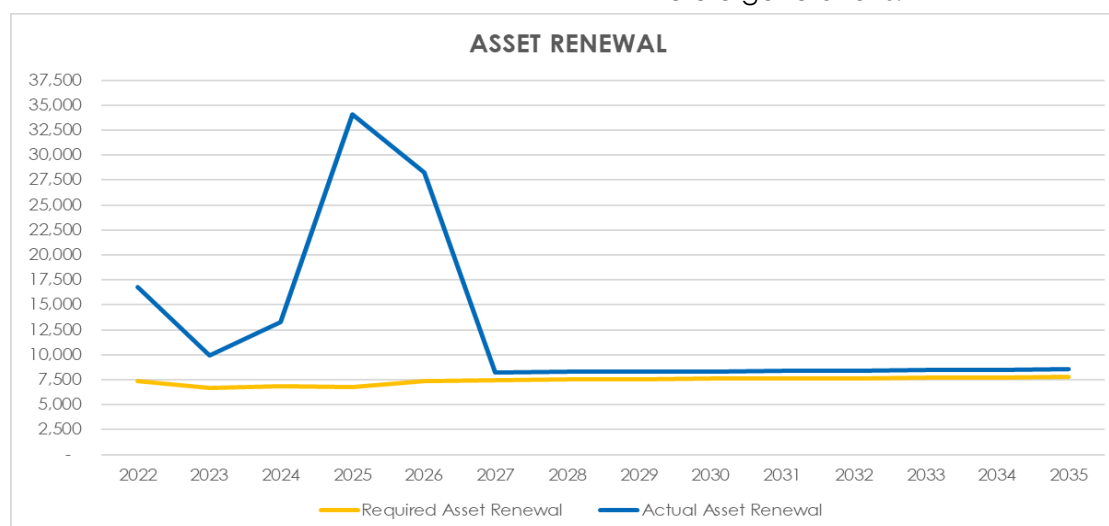


review.

Over the 10 year period, Council will spend in excess of \$87m on infrastructure renewals and upgrades. This will cover the required amount to meet Infrastructure renewal, from ongoing consumption of assets, as well as investing in reducing the Infrastructure backlog, due to Infrastructure replacement

neglect, due to insufficient cash reserves and operating practices during the past decade.

This is a significant step forward for Council in achieving sustainable assets, reducing ongoing operational maintenance costs and ensuring quality Infrastructure, for future generations.



The Balanced Scenario, adopted 25 June 2014, decreases operating expenditure, and increases revenue, to achieve a surplus operating position by the end of the planning period.

This scenario has been reviewed, considering strategies implemented over the past ten years to deal with changing economic conditions. Council is still expected to achieve a surplus in 2026.

To achieve this result, the Balanced Scenario assumes that Council:

1. Undertakes additional operational changes to generate productivity improvements and efficiency gains thus reducing employment costs and materials and contracts costs.
2. Undertakes service level reviews to determine the communities service needs and what they are willing to pay; and
3. Undertakes a review of assets held and where appropriate adopts a optimisation strategy to reduce overall operating costs.



Successful implementation of the plan will result in all financial indicators (excluding extra-ordinary items and other than the operating indicator) being maintained within the Office of Local Government benchmarks throughout the planning period.

A review of asset management plans to align with updated financial projections has been undertaken along with revised asset valuations to better analyse Council's asset ratios.

Based upon planned asset expenditure, cash, and investments, Council's available funds for asset renewals over the planning period under the balanced scenario is equal to or greater than the 100% of the rate of asset consumption via depreciation.

Key Aspects of the proposed (Balanced) scenario are:

- Surplus from 2026.
- Maintain and grow Council's permanent workforce by building capacity to take on more capital works internally, and increasing private contract works.
- Ensure a healthy cash reserve to weather any unforeseen financial shocks.
- Ensure an appropriate rate of asset renewals is maintained so the city's infrastructure backlog is continually reduced.

LONG TERM FINANCIAL PLAN - 2026-2035

INCOME STATEMENT

\$ '000	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Actual	Revised Budget Q2	Proposed Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Income from Continuing Operations												
Revenue:												
Rates & annual charges	21,002	21,814	22,718	23,627	24,336	25,066	25,692	26,335	26,993	27,668	28,359	29,068
User charges & fees	5,183	4,795	5,133	5,256	5,382	5,512	5,644	5,779	5,918	6,060	6,205	6,354
Interest & investment revenue	1,958	1,470	1,365	407	432	569	633	704	806	927	1,057	1,382
Other revenues	1,389	685	1,367	1,400	1,433	1,468	1,503	1,539	1,576	1,614	1,653	1,692
Grants & contributions for operating purposes	8,446	7,977	8,701	9,166	9,587	9,996	10,295	10,501	10,711	10,926	11,144	11,367
Grants & contributions for capital purposes	5,604	18,265	7,390	3,197	3,343	3,486	3,590	3,662	3,735	3,810	3,886	3,964
Other Income:												
Net gains from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Net share of interests in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL INCOME FROM CONTINUING OPERATIONS	43,582	55,006	46,673	43,052	44,513	46,095	47,358	48,520	49,740	51,004	52,305	53,828
Expenses from Continuing Operations												
Employee benefits & costs	15,847	16,488	17,573	18,232	18,915	19,388	19,873	20,370	20,879	21,401	21,829	22,266
Borrowing costs	812	693	699	634	576	533	487	445	411	376	339	301
Materials & contracts	12,072	11,593	11,804	12,087	12,377	12,924	13,445	13,767	14,098	14,436	15,003	15,363
Depreciation & amortisation	6,855	6,809	7,380	7,453	7,473	7,494	7,527	7,560	7,593	7,627	7,660	7,694
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	1,249	1,154	1,150	1,178	1,206	1,235	1,265	1,295	1,326	1,358	1,391	1,424
Net losses from disposal of assets	136	-	-	-	-	-	-	-	-	-	-	-
Net share of interests in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES FROM CONTINUING OPERATIONS	36,971	36,737	38,606	39,584	40,548	41,574	42,596	43,437	44,307	45,198	46,222	47,047
OPERATING RESULT FOR THE YEAR	6,611	18,269	8,068	3,468	3,965	4,521	4,762	5,083	5,433	5,806	6,083	6,781
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS & CONTRIBUTIONS FOR CAPITAL PURPOSES	1,007	4	678	271	622	1,035	1,172	1,421	1,698	1,996	2,197	2,817
NET OPERATING RESULT FOR THE YEAR EXCLUDING EXTRAORDINARY ITEMS BEFORE GRANTS & CONTRIBUTIONS FOR CAPITAL PURPOSES	1,007	4	678	271	622	1,035	1,172	1,421	1,698	1,996	2,197	2,817
Assumptions												
Rate Peg	3.70%	4.50%	4.00%	4.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
General Index	7.80%	4.10%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Employee Cost Index	3.25%	3.25%	4.50%	3.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.00%	2.00%
Grant Index	2.00%	2.00%	5.00%	5.35%	4.59%	4.26%	3.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Investment Interest rate	5.00%	5.00%	4.50%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.50%
Overdue rates interest rate	9.00%	9.00%	10.50%	10.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Efficiency gain on Materials & Contracts	-2.00%	-2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

LONG TERM FINANCIAL PLAN – 2026-2035

STATEMENT OF FINANCIAL POSITION

\$ '000	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Actual	Revised Budget Q2	Proposed Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Assets												
Current Assets:												
Cash & cash equivalents	17,056	353	3,061	7,114	11,626	13,720	16,014	19,387	23,340	27,629	32,159	37,343
Investments	16,093	14,831	5,331	5,331	5,331	5,331	5,331	5,331	5,331	5,331	5,331	5,331
Receivables	5,540	5,355	5,355	5,406	5,601	5,690	5,722	5,827	5,658	5,517	5,559	5,574
Inventories	90	94	96	98	101	103	105	108	111	113	116	119
Other	382	398	407	417	427	437	448	458	469	481	492	504
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CURRENT ASSETS	39,161	21,031	14,250	18,367	23,086	25,281	27,620	31,111	34,909	39,072	43,658	48,871
Non-Current Assets:												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, property, plant & equipment	353,467	380,755	364,283	361,830	359,578	360,327	361,080	361,836	362,595	363,358	364,124	364,894
Investments accounted for using the equity method	803	866	803	803	803	803	803	803	803	803	803	803
Investment property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT ASSETS	354,270	381,621	365,086	362,633	360,381	361,130	361,883	362,639	363,398	364,161	364,927	365,697
TOTAL ASSETS	393,431	402,652	379,337	381,000	383,466	386,411	389,503	393,750	398,307	403,233	408,585	414,568
Liabilities												
Current Liabilities:												
Payables	4,678	4,914	4,914	4,999	5,062	5,153	5,250	5,339	5,343	5,023	5,081	5,112
Income Received in Advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract Liabilities	7,670											
Borrowings	1,859	2,467	2,452	2,451	2,151	2,084	2,084	1,281	1,015	1,015	1,015	1,015
Provisions	5,121	4,813	4,813	4,810	4,826	4,852	4,917	5,001	5,031	5,010	4,899	4,897
TOTAL CURRENT LIABILITIES	19,328	12,194	12,179	12,260	12,039	12,089	12,251	11,622	11,389	11,048	10,995	11,024
Non-Current Liabilities:												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	16,016	15,813	13,883	11,895	10,134	8,411	6,657	5,647	4,870	4,058	3,210	2,322
Provisions	10,139	12,312	12,312	12,794	13,230	13,558	13,706	13,656	13,442	13,359	13,072	13,175
TOTAL NON-CURRENT LIABILITIES	26,155	28,125	26,195	24,689	23,365	21,969	20,363	19,303	18,312	17,418	16,282	15,497
TOTAL LIABILITIES	45,483	40,320	38,375	36,949	35,404	34,058	32,614	30,925	29,701	28,466	27,276	26,521
NET ASSETS	347,948	362,332	340,962	344,051	348,062	352,353	356,889	362,825	368,606	374,766	381,309	388,046
Equity												
Retained earnings	127,598	156,071	120,612	123,701	127,712	132,003	136,539	142,475	148,256	154,416	160,959	167,696
Revaluation reserves	220,350	206,261	220,350	220,350	220,350	220,350	220,350	220,350	220,350	220,350	220,350	220,350
Council equity interest	347,948	362,332	340,962	344,051	348,062	352,353	356,889	362,825	368,606	374,766	381,309	388,046
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EQUITY	347,948	362,332	340,962	344,051	348,062	352,353	356,889	362,825	368,606	374,766	381,309	388,046
Assumptions												
General Index	7.80%	4.10%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
No impact from revaluation of assets												
No restricted cash												

LONG TERM FINANCIAL PLAN - 2026-2035

STATEMENT OF CASH FLOWS

\$ '000	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Actual	Revised Budget Q2	Proposed Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash Flows from Operating Activities												
Receipts:												
Rates & annual charges	20,641	21,160	22,036	22,918	23,605	24,314	24,921	25,544	26,183	26,838	27,509	28,196
User charges & fees	5,292	4,652	4,979	5,099	5,221	5,346	5,474	5,606	5,740	5,878	6,019	6,164
Investment & interest revenue received	1,502	1,942	1,722	486	428	565	630	700	803	923	1,053	1,378
Grants & contributions	10,829	19,903	11,928	12,363	12,930	13,481	13,886	14,164	14,447	14,736	15,030	15,331
Bonds, deposits & retention amounts received	4	-	-	-	-	-	-	-	-	-	-	-
Other	2,509	664	1,326	1,358	1,390	1,424	1,458	1,493	1,529	1,565	1,603	1,641
Payments:												
Employee benefits & costs	(15,696)	(15,994)	(17,046)	(17,685)	(18,348)	(18,807)	(19,277)	(19,759)	(20,253)	(20,759)	(21,174)	(21,598)
Materials & contracts	(11,980)	(11,245)	(11,450)	(11,725)	(12,006)	(12,537)	(13,041)	(13,354)	(13,675)	(14,003)	(14,552)	(14,902)
Borrowing costs	(650)	(693)	(699)	(634)	(576)	(533)	(487)	(445)	(411)	(376)	(339)	(301)
Bonds, deposits & retention amounts refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	(2,674)	(1,120)	(1,116)	(1,142)	(1,170)	(1,198)	(1,227)	(1,256)	(1,286)	(1,317)	(1,349)	(1,381)
NET CASH PROVIDED (OR USED IN) OPERATING ACTIVITIES	9,777	19,269	11,681	11,038	11,474	12,056	12,337	12,693	13,077	13,485	13,800	14,528
Cash Flows from Investing Activities												
Receipts:												
Sale of investment securities	27,010	-	9,500	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant & equipment	446	-	-	-	-	-	-	-	-	-	-	-
Deferred debtors receipts	-	-	-	-	-	-	-	-	-	-	-	-
Other investing activity receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of investment securities	(20,500)	-	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant & equipment	(13,273)	(34,097)	(18,196)	(5,000)	(5,220)	(8,243)	(8,280)	(8,316)	(8,353)	(8,389)	(8,426)	(8,463)
Deferred debtors & advances made	-	-	-	-	-	-	-	-	-	-	-	-
NET CASH PROVIDED (OR USED IN) INVESTING ACTIVITIES	(6,317)	(34,097)	(8,696)	(5,000)	(5,220)	(8,243)	(8,280)	(8,316)	(8,353)	(8,389)	(8,426)	(8,463)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from borrowings & advances	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of borrowings & advances	(1,803)	(1,874)	(1,924)	(1,984)	(1,742)	(1,719)	(1,763)	(1,004)	(771)	(806)	(843)	(881)
NET CASH PROVIDED (OR USED IN) FINANCING ACTIVITIES	(1,803)	(1,874)	(1,924)	(1,984)	(1,742)	(1,719)	(1,763)	(1,004)	(771)	(806)	(843)	(881)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	1,657	(16,703)	1,061	4,053	4,512	2,094	2,295	3,373	3,953	4,289	4,531	5,183
plus: CASH & CASH EQUIVALENTS - beginning of year	15,399	17,056	2,000	3,061	7,114	11,626	13,720	16,014	19,387	23,340	27,629	32,159
CASH & CASH EQUIVALENTS - end of year	17,056	353	3,061	7,114	11,626	13,720	16,014	19,387	23,340	27,629	32,159	37,343
Additional Information												
plus: Investments on hand - end of year	16,093	14,831	5,331	5,331	5,331	5,331	5,331	5,331	5,331	5,331	5,331	5,331
TOTAL CASH, CASH EQUIVALENTS & INVESTMENTS - end of year	33,149	15,184	8,392	12,446	16,957	19,051	21,345	24,718	28,671	32,960	37,491	42,674

Assumptions

Rates & charges recovery rate	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%
Debtor recovery rate	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%
General Index	7.80%	4.10%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Investment Interest rate	5.00%	5.00%	5.00%	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.50%
Overdue rates interest rate	9.00%	9.00%	10.50%	10.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

LONG TERM FINANCIAL PLAN - 2026-2035

FINANCIAL RATIOS

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Actual	Revised Budget Q2	Proposed Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Operating Ratio												
This ratio measures Council's ability to contain operating expenditure within operating revenue	2.65%	0.01%	1.72%	0.68%	1.51%	2.43%	2.68%	3.17%	3.69%	4.23%	4.54%	5.65%
Benchmark - Greater than 0%												
(operating revenue excl. capital grants and contributions - operating expenses) / operating revenue excluding capital grants and contributions												
Cash Expense Cover Ratio												
This ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow	13.06	6.23	7.03	8.36	9.77	10.21	10.70	11.59	12.62	13.70	14.75	16.03
Benchmark - Greater than 3.0 months												
(current year's cash and cash equivalents / (total expenses - depreciation - interest costs) * 12												
Current Ratio												
This ratio represents Council's ability to meet debt payments as they fall due. It should be noted that Council's externally restricted assets will not be available as operating funds and as such can significantly impact Council's ability to meet its liabilities.	2.03	1.72	1.17	1.50	1.92	2.09	2.25	2.68	3.07	3.54	3.97	4.43
Benchmark - Greater than 1.5												
current assets / current liabilities												
Unrestricted Current Ratio												
To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.	2.84	1.89	1.17	1.61	2.17	2.40	1.93	2.35	2.74	3.13	3.56	4.03
Benchmark - Greater than 1.5												
current assets less all external activities/ current liabilities, less specific purpose liabilities												
Own Source Operating Revenue												
This ratio measures the level of Council's fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. Council's financial flexibility improves the higher the level of its own source revenue	67.76%	52.29%	65.53%	71.28%	70.95%	70.75%	70.68%	70.81%	70.96%	71.11%	71.26%	71.52%
Benchmark - Greater than 60%												
rates, utilities and charges / total operating revenue (inclusive of capital grants and contributions)												
Debt Service Cover Ratio												
This ratio measures the availability of cash to service debt including interest, principal, and lease payments	3.37	2.92	3.34	3.19	3.74	4.02	4.08	6.50	8.21	8.46	8.62	9.14
Benchmark - Greater than 2.0												
operating result before interest and depreciation (EBITDA) / principal repayments + borrowing interest costs												
Interest Cover Ratio												
This ratio indicates the extent to which Council can service its interest bearing debt and take on additional borrowings. It measures the burden of the current interest expense upon Council's operating cash	10.68	10.83	12.53	13.18	15.04	17.01	18.87	21.18	23.61	26.60	30.04	35.88
Benchmark - Greater than 4.0												
operating result before interest and depreciation (EBITDA) / interest expense												
Capital Expenditure Ratio												
This ratio indicates the extent to which Council is forecasting to expand its asset base with capital expenditure spent on both new assets and replacement and renewal of existing assets	1.94	5.01	2.47	0.67	0.70	1.10	1.10	1.10	1.10	1.10	1.10	1.10
Benchmark - Greater than 1.1												
annual capital expenditure / annual depreciation												

IMPROVING OUR FINANCIAL POSITION FURTHER

Whilst significant improvements have been made over the past number of years, Council still has a long way to go in ensuring a strong financial position.

Council is committed to assisting the community achieve the objectives outlined in the community's Broken Hill 2040 Community Strategic Plan. This includes addressing current goals, while planning to meet the requirements for the future. To do this, Council must be strong.

A strong Council is one that has the financial capacity to meet its short and long-term needs; a Council that can withstand financial shocks without burdening the community with increased rates or reduced services. Council is carrying out and will continue to review the following initiatives to maximise the ability to meet the community's needs in service provision.

Council has updated the 2026 Operating and Long Term Financial Plan, with the most current and best available information, but it is subject to change due to the dynamic economic crisis, created by the global diplomatic unrest and subsequent financial effects.

The current plan may be impacted due to the unpredictability of the short to midterm financial conditions due to the volatility in global trade and economic conditions means this cannot be guaranteed.

The Council also acknowledges that planned deliverables and actions may be impacted or need to be reprioritised, new priorities may also emerge.

Council will engage with the community using the principles outlined in our Community Engagement Strategy, to ensure that changing and emerging priorities are identified.

IMPROVING EFFICIENCY OF COUNCIL OPERATIONS

Council will adopt a continuous improvement approach to achieving greater efficiency in service delivery.



This will include monitoring of performance, targeted reviews of current processes and procedures, the introduction of innovative technology and an emphasis on staffing capacity development.

IMPROVING ASSET MANAGEMENT

Council currently manages a large number of assets, some of which may be surplus to community needs. Undertaking a review and possible rationalisation of assets, will assist in reducing operational costs.

REVIEW OF COMMUNITY EXPECTATIONS AND SERVICE LEVELS

Council needs to ensure that it is providing services and infrastructure that meets community needs and is within the community's ability to pay.

To ascertain community expectations, service level reviews are being undertaken.

INCREASING STATE AND FEDERAL FUNDING

Council needs to continue to aggressively pursue all avenues for State and Federal grants which may improve its position. This includes lobbying Local Members and Government Ministers for additional funding.

INCREASING PRIVATE WORKS, TRANSPORT NSW CONTRACTS AND CAPITAL WORK DELIVERY

Council has over several years invested heavily in the development of additional capacity for its roads and trades teams to enable Council to take on more capital works internally and attract more private works and contracts through Transport NSW. Increasing our income in this area, allows more effective use of Council resources; contributing to an improved financial position and future growth of Council's workforce.

LONG TERM WASTE STRATEGY AND INDUSTRY DEVELOPMENT

Broken Hill City Council is engaged in the process of developing a 3-year waste management strategy, which will inform our long-term goals in alignment with the Community Strategic Plan.

This strategy encompasses a few key areas, with a focus on developing a circular waste economy in the Broken Hill Region, starting with key producers and ending with final consumers, with the end goal of diverting as much waste as possible from waste management facilities, by advocating for the usage of long lifespan products, repurposing of otherwise obsolete equipment, and collaboration between industries to achieve optimal outcomes for all areas of the Broken Hill community.

The strategy is being developed to align with the NSW Waste and Sustainable Materials Strategy 2041, which places great emphasis on reducing the total amount of waste initially produced, prior to waste processing steps. The targets of this strategy include:

- 80% average recovery rate from all waste streams by 2030
- Reduce total waste generation per person by 10% by 2030
- Halve the amount of organic waste sent to landfill by 2030

The viability of processes such as recyclable material processing, energy creation, and the establishment of a local industry centred around these processes is being examined. BHCC believes there is potential for additional revenue streams within its existing waste management processes, and by properly implementing and utilising these streams, overhead expenses created by the waste management centre can be reduced.

INCREASING RATE REVENUE

To maintain services at their expected level, the community may consider if an increase in rates is appropriate. This option will not be imposed without significant community consultation and consideration of affordability.

SCENARIOS AND SENSITIVITY

Long term planning is critical for effective delivery of Local Government services, perhaps more critical than many other organisations due to Council's role in infrastructure provision. At Broken Hill, Council manages over \$250m in infrastructure assets with varying lifecycles, all requiring investment to ensure continued service to our community.

When planning for the long term, we rely on assumptions and we rely on strategies being successful. For example, Council is reliant on grants and contributions for 20% of its overall income and our plan assumes that these grants will continue into the future. We assume, that we will be successful in our strategies to reduce costs. We assume, our rate base will remain the same and we assume, that we will not be faced with any financial shocks.

Long term planning provides decision makers and stakeholders in our community, with a view of how our goals can be achieved, but what if things don't go as planned?

Our plan is sensitive to a number of internal and external drivers including Council decisions, operational performance, the external economic environment, State and Federal Government decisions including changes to legislation.

The following examples demonstrate some of Council's main sensitivities and outline the impact of various scenarios on Council's long term financial position.

SCENARIO 2 – 4% Rate Peg from 2027 to 2030

This scenario follows the same assumptions as the 'Balanced Scenario' but assumes the 2026 rate peg of 4% is maintained until 2030 and reduces to 2.5% in the longer term. Wages growth is also maintained at 3.75%.

This model does not alter Council's return to surplus in 2026 and sees a continuing surplus in ongoing years due to the rate peg increases matching inflation.

Key Aspects of this Scenario

- Surplus in 2026
- Continuing surplus from 2026 onwards

LONG TERM FINANCIAL PLAN - 2026-2035 - SCENARIO 2 - 4% RATE PEG 2027-2030

INCOME STATEMENT

\$ '000	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Actual	Revised Budget Q2	Proposed Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Income from Continuing Operations												
Revenue:												
Rates & annual charges	21,002	21,814	22,718	23,627	24,572	25,555	26,577	27,241	27,922	28,620	29,336	30,069
User charges & fees	5,183	4,795	5,133	5,256	5,382	5,512	5,644	5,779	5,918	6,060	6,205	6,354
Interest & investment revenue	1,958	1,470	1,365	407	432	577	650	732	848	981	1,126	1,480
Other revenues	1,389	685	1,367	1,400	1,433	1,468	1,503	1,539	1,576	1,614	1,653	1,692
Grants & contributions for operating purposes	8,446	7,977	8,701	9,166	9,587	9,996	10,295	10,501	10,711	10,926	11,144	11,367
Grants & contributions for capital purposes	5,604	18,265	7,390	3,197	3,343	3,486	3,590	3,662	3,735	3,810	3,886	3,964
Other Income:												
Net gains from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Net share of interests in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL INCOME FROM CONTINUING OPERATIONS	43,582	55,006	46,673	43,052	44,750	46,592	48,259	49,455	50,711	52,011	53,350	54,926
Expenses from Continuing Operations												
Employee benefits & costs	15,847	16,488	17,573	18,232	18,915	19,625	20,361	20,870	21,391	21,926	22,365	22,812
Borrowing costs	812	693	699	634	576	533	487	445	411	376	339	301
Materials & contracts	12,072	11,593	11,804	12,087	12,377	12,924	13,445	13,767	14,098	14,436	15,003	15,363
Depreciation & amortisation	6,855	6,809	7,380	7,453	7,473	7,494	7,527	7,560	7,593	7,627	7,660	7,694
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	1,249	1,154	1,150	1,178	1,206	1,235	1,265	1,295	1,326	1,358	1,391	1,424
Net losses from disposal of assets	136	-	-	-	-	-	-	-	-	-	-	-
Net share of interests in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES FROM CONTINUING OPERATIONS	36,971	36,737	38,606	39,584	40,548	41,811	43,083	43,937	44,819	45,723	46,757	47,594
OPERATING RESULT FOR THE YEAR	6,611	18,269	8,068	3,468	4,202	4,781	5,176	5,518	5,892	6,289	6,593	7,333
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS & CONTRIBUTIONS FOR CAPITAL PURPOSES	1,007	4	678	271	858	1,296	1,585	1,856	2,156	2,478	2,706	3,369
NET OPERATING RESULT FOR THE YEAR EXCLUDING EXTRAORDINARY ITEMS BEFORE GRANTS & CONTRIBUTIONS FOR CAPITAL PURPOSES	1,007	4	678	271	858	1,296	1,585	1,856	2,156	2,478	2,706	3,369
Assumptions												
Rate Peg	3.70%	4.50%	4.00%	4.00%	4.00%	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%
General Index	7.80%	4.10%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Employee Cost Index	3.25%	3.25%	4.50%	3.75%	3.75%	3.75%	3.75%	2.50%	2.50%	2.50%	2.00%	2.00%
Grant Index	2.00%	2.00%	5.00%	5.35%	4.59%	4.26%	3.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Investment interest rate	5.00%	5.00%	4.50%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.50%
Overdue rates interest rate	9.00%	9.00%	10.50%	10.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Efficiency gain on Materials & Contracts	-2.00%	-2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

LONG TERM FINANCIAL PLAN - 2026-2035 - SCENARIO 2 - 4% RATE PEG 2027-2030

STATEMENT OF FINANCIAL POSITION

\$ '000	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Actual	Revised Budget Q2	Proposed Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Assets												
Current Assets:												
Cash & cash equivalents	17,056	353	3,061	7,114	11,856	14,202	16,898	20,694	25,094	29,853	34,879	40,601
Investments	16,093	14,831	5,331	5,331	5,331	5,331	5,331	5,331	5,331	5,331	5,331	5,331
Receivables	5,540	5,355	5,355	5,406	5,601	5,690	5,722	5,827	5,658	5,517	5,559	5,574
Inventories	90	90	90	90	90	90	90	90	90	90	90	90
Other	382	382	382	382	382	382	382	382	382	382	382	382
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CURRENT ASSETS	39,161	21,011	14,219	18,324	23,260	25,695	28,423	32,324	36,555	41,173	46,242	51,978
Non-Current Assets:												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, property, plant & equipment	353,467	380,755	364,283	361,830	359,578	360,327	361,080	361,836	362,595	363,358	364,124	364,894
Investments accounted for using the equity method	803	866	803	803	803	803	803	803	803	803	803	803
Investment property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT ASSETS	354,270	381,621	365,086	362,633	360,381	361,130	361,883	362,639	363,398	364,161	364,927	365,697
TOTAL ASSETS	393,431	402,633	379,305	380,957	383,641	386,825	390,306	394,963	399,953	405,334	411,169	417,675
Liabilities												
Current Liabilities:												
Payables	4,678	4,914	4,914	4,999	5,062	5,153	5,250	5,339	5,343	5,023	5,081	5,112
Income Received in Advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract Liabilities	7,670	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,859	2,467	2,452	2,451	2,151	2,084	2,084	1,281	1,015	1,015	1,015	1,015
Provisions	5,121	4,813	4,813	4,810	4,826	4,852	4,917	5,001	5,031	5,010	4,899	4,897
TOTAL CURRENT LIABILITIES	19,328	12,194	12,179	12,260	12,039	12,089	12,251	11,622	11,389	11,048	10,995	11,024
Non-Current Liabilities:												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	16,016	15,813	13,883	11,895	10,134	8,411	6,657	5,647	4,870	4,058	3,210	2,322
Provisions	10,139	12,312	12,312	12,794	13,230	13,558	13,706	13,656	13,442	13,359	13,072	13,175
TOTAL NON-CURRENT LIABILITIES	26,155	28,125	26,195	24,689	23,365	21,969	20,363	19,303	18,312	17,418	16,282	15,497
TOTAL LIABILITIES	45,483	40,320	38,375	36,949	35,404	34,058	32,614	30,925	29,701	28,466	27,276	26,521
NET ASSETS	347,948	362,313	340,931	344,008	348,237	352,767	357,692	364,039	370,252	376,868	383,892	391,154
Equity												
Retained earnings	127,598	156,052	120,581	123,658	127,887	132,417	137,342	143,689	149,902	156,518	163,542	170,804
Revaluation reserves	220,350	206,261	220,350	220,350	220,350	220,350	220,350	220,350	220,350	220,350	220,350	220,350
Council equity interest	347,948	362,313	340,931	344,008	348,237	352,767	357,692	364,039	370,252	376,868	383,892	391,154
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EQUITY	347,948	362,313	340,931	344,008	348,237	352,767	357,692	364,039	370,252	376,868	383,892	391,154

Assumptions

General Index
No impact from revaluation of assets

3.25% 3.25% 4.50% 3.75% 3.75% 3.75% 3.75% 3.75% 2.50% 2.50% 2.50% 2.00% 2.00%

LONG TERM FINANCIAL PLAN - 2026-2035 - SCENARIO 2 - 4% RATE PEG 2027-2030

STATEMENT OF CASH FLOWS

\$ '000	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Actual	Revised Budget Q2	Proposed Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash Flows from Operating Activities												
Receipts:												
Rates & annual charges	20,641	21,160	22,036	22,918	23,835	24,788	25,780	26,424	27,085	27,762	28,456	29,167
User charges & fees	5,292	4,652	4,979	5,099	5,221	5,346	5,474	5,606	5,740	5,878	6,019	6,164
Investment & interest revenue received	1,502	1,942	1,722	486	428	573	645	729	844	978	1,122	1,476
Grants & contributions	10,829	19,903	11,928	12,363	12,930	13,481	13,886	14,164	14,447	14,736	15,030	15,331
Bonds, deposits & retention amounts received	4	-	-	-	-	-	-	-	-	-	-	-
Other	2,509	664	1,326	1,358	1,390	1,424	1,458	1,493	1,529	1,565	1,603	1,641
Payments:												
Employee benefits & costs	(15,696)	(15,994)	(17,046)	(17,685)	(18,348)	(19,036)	(19,750)	(20,244)	(20,750)	(21,268)	(21,694)	(22,128)
Materials & contracts	(11,980)	(11,245)	(11,450)	(11,725)	(12,006)	(12,537)	(13,041)	(13,354)	(13,675)	(14,003)	(14,552)	(14,902)
Borrowing costs	(650)	(693)	(699)	(634)	(576)	(533)	(487)	(445)	(411)	(376)	(339)	(301)
Bonds, deposits & retention amounts refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	(2,674)	(1,120)	(1,116)	(1,142)	(1,170)	(1,198)	(1,227)	(1,256)	(1,286)	(1,317)	(1,349)	(1,381)
NET CASH PROVIDED (OR USED IN) OPERATING ACTIVITIES	9,777	19,269	11,681	11,038	11,704	12,308	12,739	13,117	13,523	13,955	14,296	15,066
Cash Flows from Investing Activities												
Receipts:												
Sale of investment securities	27,010	-	9,500	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant & equipment	446	-	-	-	-	-	-	-	-	-	-	-
Deferred debtors receipts	-	-	-	-	-	-	-	-	-	-	-	-
Other investing activity receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of investment securities	(20,500)	-	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant & equipment	(13,273)	(34,097)	(18,196)	(5,000)	(5,220)	(8,243)	(8,280)	(8,316)	(8,353)	(8,389)	(8,426)	(8,463)
Deferred debtors & advances made	-	-	-	-	-	-	-	-	-	-	-	-
NET CASH PROVIDED (OR USED IN) INVESTING ACTIVITIES	(6,317)	(34,097)	(8,696)	(5,000)	(5,220)	(8,243)	(8,280)	(8,316)	(8,353)	(8,389)	(8,426)	(8,463)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from borrowings & advances	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of borrowings & advances	(1,803)	(1,874)	(1,924)	(1,984)	(1,742)	(1,719)	(1,763)	(1,004)	(771)	(806)	(843)	(881)
NET CASH PROVIDED (OR USED IN) FINANCING ACTIVITIES	(1,803)	(1,874)	(1,924)	(1,984)	(1,742)	(1,719)	(1,763)	(1,004)	(771)	(806)	(843)	(881)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	1,657	(16,703)	1,061	4,053	4,742	2,346	2,696	3,796	4,399	4,759	5,027	5,722
plus: CASH & CASH EQUIVALENTS - beginning of year	15,399	17,056	2,000	3,061	7,114	11,856	14,202	16,898	20,694	25,094	29,853	34,879
CASH & CASH EQUIVALENTS - end of year	17,056	353	3,061	7,114	11,856	14,202	16,898	20,694	25,094	29,853	34,879	40,601
Additional Information												
plus: Investments on hand - end of year	16,093	14,831	5,331	5,331	5,331	5,331	5,331	5,331	5,331	5,331	5,331	5,331
TOTAL CASH, CASH EQUIVALENTS & INVESTMENTS - end of year	33,149	15,184	8,392	12,446	17,187	19,533	22,230	26,026	30,425	35,184	40,210	45,932

Assumptions												
Rates & charges recovery rate	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%
Debtor recovery rate	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%
General Index	7.80%	4.10%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Investment Interest rate	5.00%	5.00%	5.00%	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.50%
Overdue rates interest rate	9.00%	9.00%	10.50%	10.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
No restricted cash												

LONG TERM FINANCIAL PLAN - 2026-2035 - SCENARIO 2 - 4% RATE PEG 2027-2030

FINANCIAL RATIOS

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Actual	Revised Budget Q2	Proposed Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Operating Ratio												
<i>This ratio measures Council's ability to contain operating expenditure within operating revenue</i>	2.65%	0.01%	1.72%	0.68%	2.07%	3.01%	3.55%	4.05%	4.59%	5.14%	5.47%	6.61%
Benchmark - Greater than 0%												
<i>(operating revenue excl. capital grants and contributions - operating expenses) / operating revenue excluding capital grants and contributions</i>												
Cash Expense Cover Ratio												
<i>This ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow</i>	13.06	6.23	7.03	8.36	9.85	10.31	10.86	11.86	13.01	14.22	15.39	16.80
Benchmark - Greater than 3.0 months												
<i>(current year's cash and cash equivalents / (total expenses - depreciation - interest costs) * 12</i>												
Current Ratio												
<i>This ratio represents Council's ability to meet debt payments as they fall due. It should be noted that Council's externally restricted assets will not be available as operating funds and as such can significantly impact Council's ability to meet its liabilities.</i>	2.03	1.72	1.17	1.49	1.93	2.13	2.32	2.78	3.21	3.73	4.21	4.72
Benchmark - Greater than 1.5												
<i>current assets / current liabilities</i>												
Unrestricted Current Ratio												
<i>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</i>	30.09	1.89	1.17	1.60	2.19	2.44	2.00	2.46	2.89	3.32	3.80	4.31
Benchmark - Greater than 1.5												
<i>current assets less all external activities/ current liabilities, less specific purpose liabilities</i>												
Own Source Operating Revenue												
<i>This ratio measures the level of Council's fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. Council's financial flexibility improves the higher the level of its own source revenue</i>	67.76%	52.29%	65.53%	71.28%	71.11%	71.07%	71.23%	71.36%	71.51%	71.67%	71.83%	72.09%
Benchmark - Greater than 60%												
<i>rates, utilities and charges / total operating revenue (inclusive of capital grants and contributions)</i>												
Debt Service Cover Ratio												
<i>This ratio measures the availability of cash to service debt including interest, principal, and lease payments</i>	3.37	2.92	3.34	3.19	3.84	4.14	4.27	6.80	8.59	8.87	9.06	9.61
Benchmark - Greater than 2.0												
<i>operating result before interest and depreciation (EBITDA) / principal repayments + borrowing interest costs</i>												
Interest Cover Ratio												
<i>This ratio indicates the extent to which Council can service its interest bearing debt and take on additional borrowings. It measures the burden of the current interest expense upon Council's operating cash</i>	10.68	10.83	12.53	13.18	15.45	17.50	19.72	22.15	24.73	27.88	31.54	37.72
Benchmark - Greater than 4.0												
<i>operating result before interest and depreciation (EBITDA) / interest expense</i>												
Capital Expenditure Ratio												
<i>This ratio indicates the extent to which Council is forecasting to expand its asset base with capital expenditure spent on both new assets and replacement and renewal of existing assets</i>	1.94	5.01	2.47	0.67	0.70	1.10	1.10	1.10	1.10	1.10	1.10	1.10
Benchmark - Greater than 1.1												
<i>annual capital expenditure / annual depreciation</i>												

SCENARIO 3 – 2% rate peg 2027 to 2030

This scenario is based on the same expenditure assumptions in line with the previous two scenarios however, Rates revenue is projected using a 2% rate peg combined with wages growth remaining steady at 3.75% until 2034. As you will see below, this model does not alter Council's surplus in 2026 but sees a return to regular deficits as the rate peg fails to keep pace with inflation and consequential increases in award wages.

Key Aspects to this Scenario

- Surplus in 2026
- Council incurs regular deficits
- Some key financial ratios & OLG benchmarks will not be met.

LONG TERM FINANCIAL PLAN - 2026-2035 - SCENARIO 3 - 2% RATE PEG 2027-2030
INCOME STATEMENT

\$ '000	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Actual	Revised Budget Q2	Proposed Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Income from Continuing Operations												
Revenue:												
Rates & annual charges	21,002	21,814	22,718	23,172	23,636	24,109	24,591	25,205	25,836	26,481	27,144	27,822
User charges & fees	5,183	4,795	5,133	5,256	5,382	5,512	5,644	5,779	5,918	6,060	6,205	6,354
Interest & investment revenue	1,958	1,470	1,365	405	417	533	568	604	671	753	844	1,085
Other revenues	1,389	685	1,367	1,400	1,433	1,468	1,503	1,539	1,576	1,614	1,653	1,692
Grants & contributions for operating purposes	8,446	7,977	8,701	9,166	9,587	9,996	10,295	10,501	10,711	10,926	11,144	11,367
Grants & contributions for capital purposes	5,604	18,265	7,390	3,197	3,343	3,486	3,590	3,662	3,735	3,810	3,886	3,964
Other Income:												
Net gains from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Net share of interests in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL INCOME FROM CONTINUING OPERATIONS	43,582	55,006	46,673	42,596	43,799	45,102	46,191	47,291	48,447	49,644	50,876	52,285
Expenses from Continuing Operations												
Employee benefits & costs	15,847	16,488	17,573	18,232	18,915	19,388	19,873	20,370	20,879	21,401	21,829	22,266
Borrowing costs	812	693	699	634	576	533	487	445	411	376	339	301
Materials & contracts	12,072	11,593	11,804	12,087	12,377	12,924	13,445	13,767	14,098	14,436	15,003	15,363
Depreciation & amortisation	6,855	6,809	7,380	7,453	7,473	7,494	7,527	7,560	7,593	7,627	7,660	7,694
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	1,249	1,154	1,150	1,178	1,206	1,235	1,265	1,295	1,326	1,358	1,391	1,424
Net losses from disposal of assets	136	-	-	-	-	-	-	-	-	-	-	-
Net share of interests in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES FROM CONTINUING OPERATIONS	36,971	36,737	38,606	39,584	40,548	41,574	42,596	43,437	44,307	45,198	46,222	47,047
OPERATING RESULT FOR THE YEAR	6,611	18,269	8,068	3,012	3,250	3,527	3,595	3,854	4,140	4,447	4,654	5,237
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS & CONTRIBUTIONS FOR CAPITAL PURPOSES	1,007	4	678	(184)	(93)	41	5	192	405	636	768	1,273
NET OPERATING RESULT FOR THE YEAR EXCLUDING EXTRAORDINARY ITEMS BEFORE GRANTS & CONTRIBUTIONS FOR CAPITAL PURPOSES	1,007	4	678	(184)	(93)	41	5	192	405	636	768	1,273
Assumptions												
Rate Peg	3.70%	4.50%	4.00%	2.00%	2.00%	2.00%	2.00%	2.50%	2.50%	2.50%	2.50%	2.50%
General Index	7.80%	4.10%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Employee Cost Index	3.25%	3.25%	4.50%	3.75%	3.75%	3.75%	2.50%	2.50%	2.50%	2.50%	2.00%	2.00%
Grant Index	2.00%	2.00%	5.00%	5.35%	4.59%	4.26%	3.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Investment Interest rate	5.00%	5.00%	4.50%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.50%
Overdue rates interest rate	9.00%	9.00%	10.50%	10.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Efficiency gain on Materials & Contracts	-2.00%	-2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

STATEMENT OF FINANCIAL POSITION

\$ '000	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Actual	Revised Budget Q2	Proposed Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Assets												
Current Assets:												
Cash & cash equivalents	17,056	353	3,061	6,673	10,493	11,622	12,783	14,961	17,657	20,622	23,759	27,437
Investments	16,093	14,831	5,331	5,331	5,331	5,331	5,331	5,331	5,331	5,331	5,331	5,331
Receivables	5,540	5,355	5,355	5,406	5,601	5,690	5,722	5,827	5,658	5,517	5,559	5,574
Inventories	90	90	90	90	90	90	90	90	90	90	90	90
Other	382	382	382	382	382	382	382	382	382	382	382	382
Non-current assets classified as 'held for sale'	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CURRENT ASSETS	39,161	21,011	14,219	17,883	21,897	23,115	24,308	26,591	29,118	31,942	35,122	38,814
Non-Current Assets:												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, property, plant & equipment	353,467	380,755	364,283	361,830	359,578	360,327	361,080	361,836	362,595	363,358	364,124	364,894
Investments accounted for using the equity method	803	866	803	803	803	803	803	803	803	803	803	803
Investment property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT ASSETS	354,270	381,621	365,086	362,633	360,381	361,130	361,883	362,639	363,398	364,161	364,927	365,697
TOTAL ASSETS	393,431	402,633	379,305	380,516	382,277	384,245	386,191	389,230	392,516	396,103	400,049	404,511
Liabilities												
Current Liabilities:												
Payables	4,678	4,914	4,914	4,999	5,062	5,153	5,250	5,339	5,343	5,023	5,081	5,112
Income Received in Advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract Liabilities	7,670											
Borrowings	1,859	2,467	2,452	2,451	2,151	2,084	2,084	1,281	1,015	1,015	1,015	1,015
Provisions	5,121	4,813	4,813	4,810	4,826	4,852	4,917	5,001	5,031	5,010	4,899	4,897
TOTAL CURRENT LIABILITIES	19,328	12,194	12,179	12,260	12,039	12,089	12,251	11,622	11,389	11,048	10,995	11,024
Non-Current Liabilities:												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	16,016	15,813	13,883	11,895	10,134	8,411	6,657	5,647	4,870	4,058	3,210	2,322
Provisions	10,139	12,312	12,312	12,794	13,230	13,558	13,706	13,656	13,442	13,359	13,072	13,175
TOTAL NON-CURRENT LIABILITIES	26,155	28,125	26,195	24,689	23,365	21,969	20,363	19,303	18,312	17,418	16,282	15,497
TOTAL LIABILITIES	45,483	40,320	38,375	36,949	35,404	34,058	32,614	30,925	29,701	28,466	27,276	26,521
NET ASSETS	347,948	362,313	340,931	343,567	346,874	350,187	353,577	358,305	362,815	367,637	372,772	377,990
Equity												
Retained earnings	127,598	156,052	120,581	123,217	126,524	129,837	133,227	137,955	142,465	147,287	152,422	157,640
Revaluation reserves	220,350	206,261	220,350	220,350	220,350	220,350	220,350	220,350	220,350	220,350	220,350	220,350
Council equity interest	347,948	362,313	340,931	343,567	346,874	350,187	353,577	358,305	362,815	367,637	372,772	377,990
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EQUITY	347,948	362,313	340,931	343,567	346,874	350,187	353,577	358,305	362,815	367,637	372,772	377,990
Assumptions												
General Index												
No impact from revaluation of assets	3.25%	3.25%	4.50%	3.75%	3.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.00%	2.00%
No restricted cash												

LONG TERM FINANCIAL PLAN - 2026-2035 - SCENARIO 3 - 2% RATE PEG 2027-2030

STATEMENT OF CASH FLOWS

\$ '000	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Actual	Revised Budget Q2	Proposed Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash Flows from Operating Activities												
Receipts:												
Rates & annual charges	20,641	21,160	22,036	22,477	22,927	23,385	23,853	24,449	25,061	25,687	26,329	26,987
User charges & fees	5,292	4,652	4,979	5,099	5,221	5,346	5,474	5,606	5,740	5,878	6,019	6,164
Investment & interest revenue received	1,502	1,942	1,722	486	414	530	565	601	667	750	840	1,081
Grants & contributions	10,829	19,903	11,928	12,363	12,930	13,481	13,886	14,164	14,447	14,736	15,030	15,331
Bonds, deposits & retention amounts received	4	-	-	-	-	-	-	-	-	-	-	-
Other	2,509	664	1,326	1,358	1,390	1,424	1,458	1,493	1,529	1,565	1,603	1,641
Payments:												
Employee benefits & costs	(15,696)	(15,994)	(17,046)	(17,685)	(18,348)	(18,807)	(19,277)	(19,759)	(20,253)	(20,759)	(21,174)	(21,598)
Materials & contracts	(11,980)	(11,245)	(11,450)	(11,725)	(12,006)	(12,537)	(13,041)	(13,354)	(13,675)	(14,003)	(14,552)	(14,902)
Borrowing costs	(650)	(693)	(699)	(634)	(576)	(533)	(487)	(445)	(411)	(376)	(339)	(301)
Bonds, deposits & retention amounts refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	(2,674)	(1,120)	(1,116)	(1,142)	(1,170)	(1,198)	(1,227)	(1,256)	(1,286)	(1,317)	(1,349)	(1,381)
NET CASH PROVIDED (OR USED IN) OPERATING ACTIVITIES	9,777	19,269	11,681	10,597	10,782	11,091	11,204	11,499	11,820	12,161	12,407	13,022
Cash Flows from Investing Activities												
Receipts:												
Sale of investment securities	27,010	-	9,500	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant & equipment	446	-	-	-	-	-	-	-	-	-	-	-
Deferred debtors receipts	-	-	-	-	-	-	-	-	-	-	-	-
Other investing activity receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of investment securities	(20,500)	-	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant & equipment	(13,273)	(34,097)	(18,196)	(5,000)	(5,220)	(8,243)	(8,280)	(8,316)	(8,353)	(8,389)	(8,426)	(8,463)
Deferred debtors & advances made	-	-	-	-	-	-	-	-	-	-	-	-
NET CASH PROVIDED (OR USED IN) INVESTING ACTIVITIES	(6,317)	(34,097)	(8,696)	(5,000)	(5,220)	(8,243)	(8,280)	(8,316)	(8,353)	(8,389)	(8,426)	(8,463)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from borrowings & advances	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of borrowings & advances	(1,803)	(1,874)	(1,924)	(1,984)	(1,742)	(1,719)	(1,763)	(1,004)	(771)	(806)	(843)	(881)
NET CASH PROVIDED (OR USED IN) FINANCING ACTIVITIES	(1,803)	(1,874)	(1,924)	(1,984)	(1,742)	(1,719)	(1,763)	(1,004)	(771)	(806)	(843)	(881)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	1,657	(16,703)	1,061	3,612	3,819	1,129	1,161	2,178	2,695	2,965	3,138	3,678
plus: CASH & CASH EQUIVALENTS - beginning of year	15,399	17,056	2,000	3,061	6,673	10,493	11,622	12,783	14,961	17,657	20,622	23,759
CASH & CASH EQUIVALENTS - end of year	17,056	353	3,061	6,673	10,493	11,622	12,783	14,961	17,657	20,622	23,759	27,437
Additional Information												
plus: Investments on hand - end of year	16,093	14,831	5,331	5,331	5,331	5,331	5,331	5,331	5,331	5,331	5,331	5,331
TOTAL CASH, CASH EQUIVALENTS & INVESTMENTS - end of year	33,149	15,184	8,392	12,005	15,824	16,953	18,114	20,292	22,988	25,953	29,091	32,768

Assumptions												
Rates & charges recovery rate	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%
Debtor recovery rate	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%	97.00%
General Index	7.80%	4.10%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Investment Interest rate	5.00%	5.00%	5.00%	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.50%
Overdue rates interest rate	9.00%	9.00%	10.50%	10.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
No restricted cash												

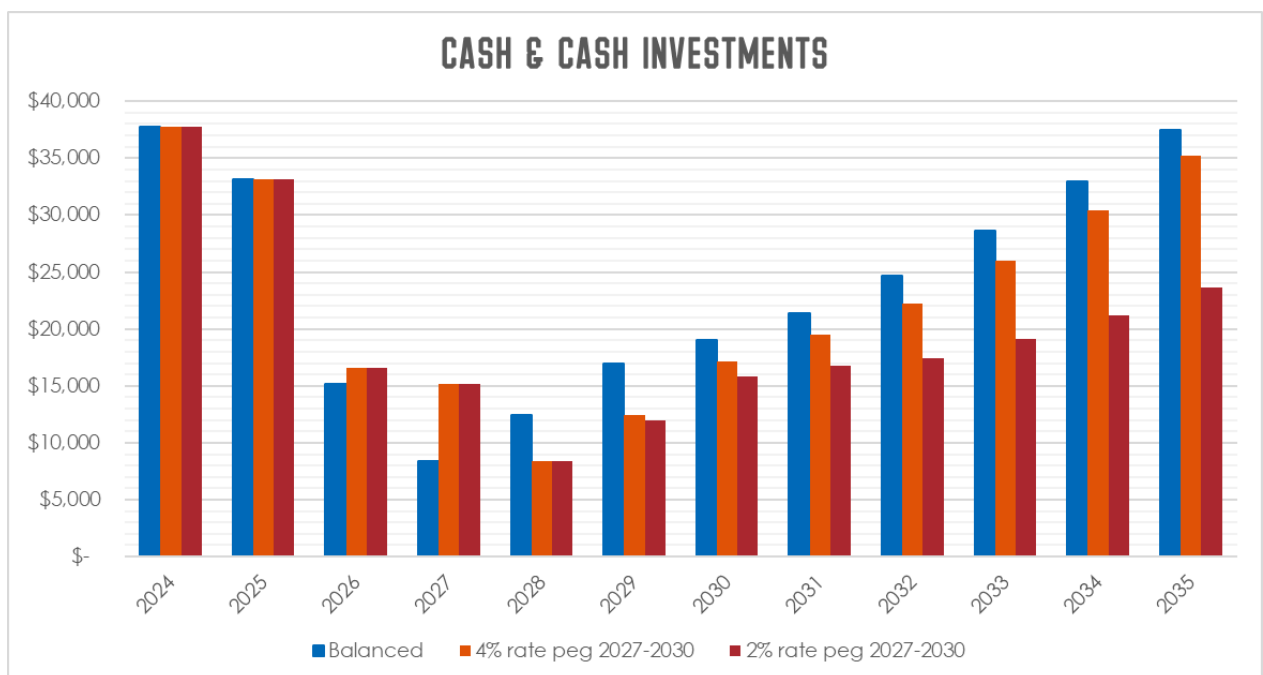
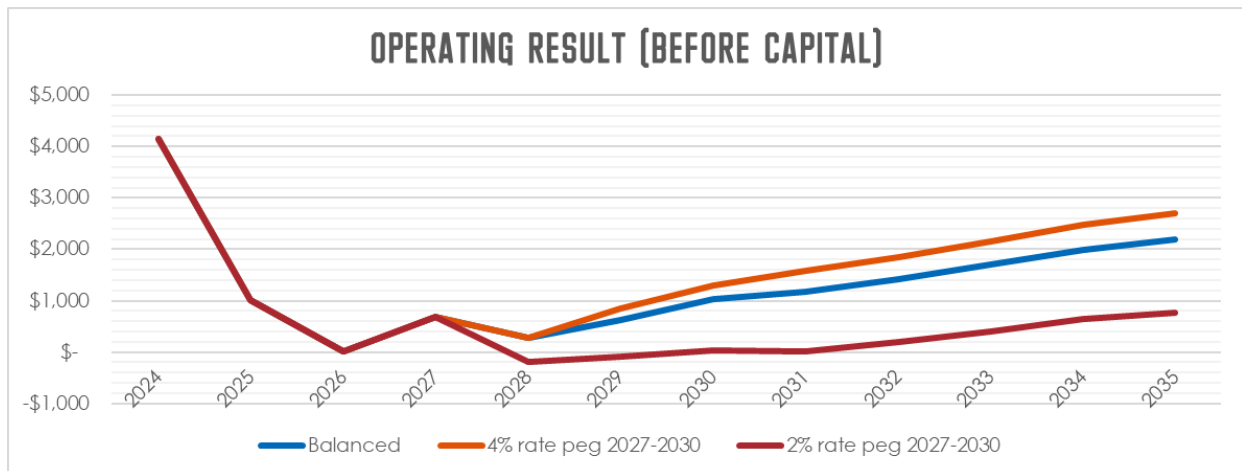
LONG TERM FINANCIAL PLAN - 2026-2035 - SCENARIO 3 - 2% RATE PEG 2027-2030

FINANCIAL RATIOS

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Actual	Revised Budget Q2	Proposed Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Operating Ratio												
<i>This ratio measures Council's ability to contain operating expenditure within operating revenue</i>	2.65%	0.01%	1.72%	-0.47%	-0.23%	0.10%	0.01%	0.44%	0.91%	1.39%	1.63%	2.64%
Benchmark - Greater than 0%												
<i>(operating revenue excl. capital grants and contributions - operating expenses) / operating revenue excluding capital grants and contributions</i>												
Cash Expense Cover Ratio												
<i>This ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow</i>	13.06	6.23	7.03	8.19	9.35	9.46	9.58	10.09	10.74	11.44	12.12	12.99
Benchmark - Greater than 3.0 months												
<i>(current year's cash and cash equivalents / (total expenses - depreciation - interest costs) * 12</i>												
Current Ratio												
<i>This ratio represents Council's ability to meet debt payments as they fall due. It should be noted that Council's externally restricted assets will not be available as operating funds and as such can significantly impact Council's ability to meet its liabilities.</i>	2.03	1.72	1.17	1.46	1.82	1.91	1.98	2.29	2.56	2.89	3.19	3.52
Benchmark - Greater than 1.5												
<i>current assets / current liabilities</i>												
Unrestricted Current Ratio												
<i>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</i>	30.09	1.89	1.17	1.55	2.04	2.16	1.66	1.95	2.22	2.48	2.79	3.11
Benchmark - Greater than 1.5												
<i>current assets less all external activities/ current liabilities, less specific purpose liabilities</i>												
Own Source Operating Revenue												
<i>This ratio measures the level of Council's fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. Council's financial flexibility improves the higher the level of its own source revenue</i>	67.76%	52.29%	65.53%	70.98%	70.48%	70.11%	69.94%	70.05%	70.18%	70.32%	70.46%	70.68%
Benchmark - Greater than 60%												
<i>rates, utilities and charges / total operating revenue (inclusive of capital grants and contributions)</i>												
Debt Service Cover Ratio												
<i>This ratio measures the availability of cash to service debt including interest, principal, and lease payments</i>	3.37	2.92	3.34	3.02	3.43	3.58	3.56	5.65	7.11	7.31	7.42	7.84
Benchmark - Greater than 2.0												
<i>operating result before interest and depreciation (EBITDA) / principal repayments + borrowing interest costs</i>												
Interest Cover Ratio												
<i>This ratio indicates the extent to which Council can service its interest bearing debt and take on additional borrowings. It measures the burden of the current interest expense upon Council's operating cash</i>	10.68	10.83	12.53	12.46	13.80	15.14	16.48	18.42	20.47	22.98	25.83	30.76
Benchmark - Greater than 4.0												
<i>operating result before interest and depreciation (EBITDA) / interest expense</i>												
Capital Expenditure Ratio												
<i>This ratio indicates the extent to which Council is forecasting to expand its asset base with capital expenditure spent on both new assets and replacement and renewal of existing assets</i>	1.94	5.01	2.47	0.67	0.70	1.10	1.10	1.10	1.10	1.10	1.10	1.10
Benchmark - Greater than 1.1												
<i>annual capital expenditure / annual depreciation</i>												

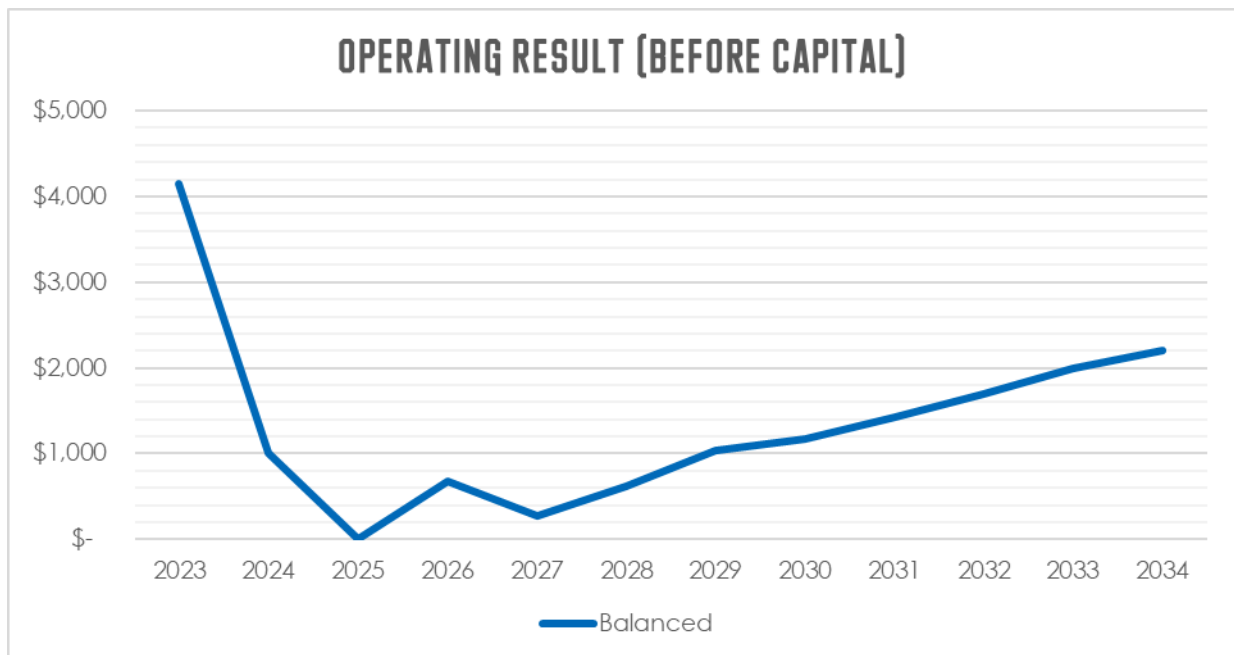
OPERATING RESULT AND CASH RESERVES

The below graph illustrates the three scenarios and how they each effect Council's operating surplus, as well as cash reserves for capital investment and renewal.

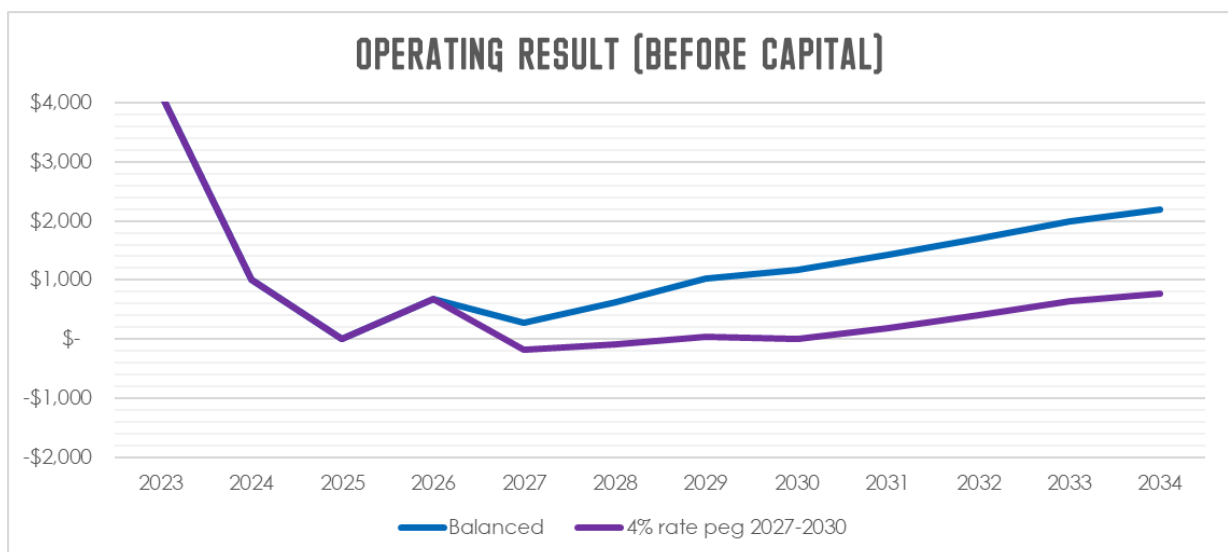


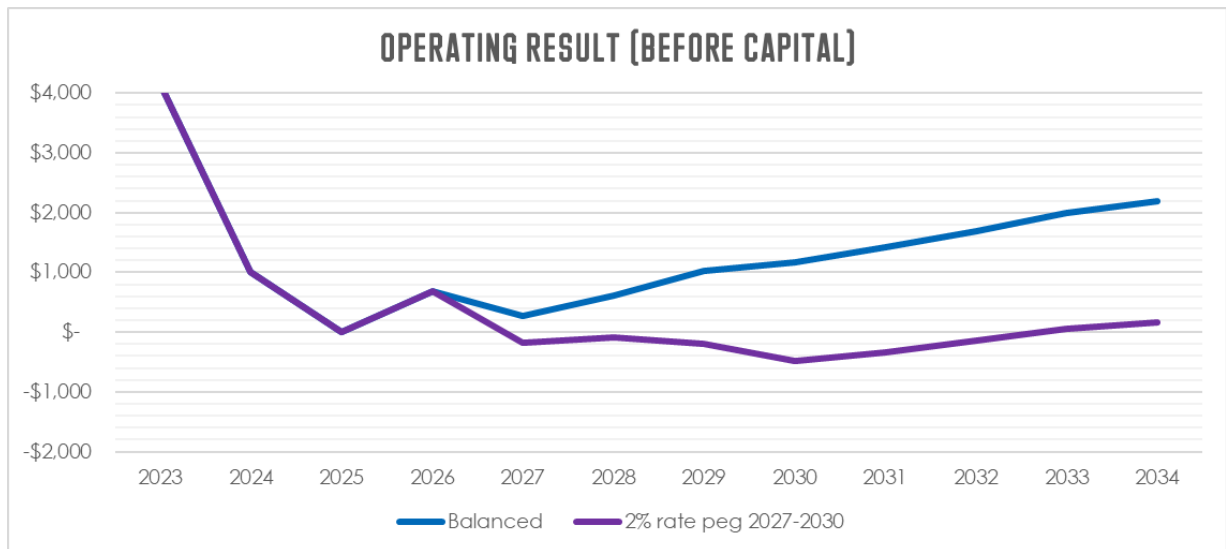
SENSITIVITY ANALYSIS

The LTFP Balanced Scenario (proposed) is demonstrated below.



The below section illustrates the financial effect on Council's result if assumptions were to change as detailed in scenarios 2 and 3.





MEASURING PERFORMANCE

Council will continue to report on and monitor its financial performance based on standard financial indicators.

These indicators include:

Operating Ratio

This measures the capacity of Council to contain its operating expenditure within its operating revenue, allowing for asset renewals funded through depreciation. The minimum benchmark for this ratio, as advised by TCorp and the Local Government Accounting Code for NSW, is greater than 0%. The current operating ratio based on the proposed 2025/2026 budget is 1.72. It is forecast that this ratio will reduce in 2027 due to the expenditure of cash reserves on several large capital projects causing a reduction in investment income but will improve in following years.

Cash Expense Ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cashflow. The minimum benchmark for this ratio as advised by TCorp and the Local Government Accounting Code for NSW, is greater than 3 months. The current cash expense ratio based on the proposed 2025/2026 budget is 7.03 months.

Current Ratio

This ratio represents Council's ability to meet debt repayments as they fall due. It should be noted that Council's externally restricted assets will not be available as operating funds and as such can significantly impact Council's ability to meet its liabilities. The minimum benchmark for this ratio as advised by TCorp and the Local Government Accounting Code for NSW, is greater than 1.5. The current ratio based on the proposed 2025/2026 budget is 1.17 due to the expenditure of cash reserves on several large capital projects causing a reduction in investments at the end of 2026 but will improve in following years.

Unrestricted Current Ratio

This ratio measures the adequacy of working capital and its ability to satisfy the obligations in the short term, for the unrestricted activities of Council.

The minimum benchmark for this ratio as advised by TCorp and the Local Government Accounting Code for NSW is greater than 1.5. The unrestricted current ratio based on the proposed 2025/2026 budget is 1.17 due to the expenditure of cash reserves on several large capital projects causing a reduction in investments at the end of 2026 but will improve in following years.

Own Source Operating Revenue Ratio

This ratio measures fiscal flexibility. It is the degree of reliance that Council places on external funding sources, such as operating grants and contributions to fund its day-to-day operations. The minimum benchmark for this ratio as advised by TCorp and the Local Government Accounting Code for NSW is greater than 60%. The own source operating revenue ratio is above the benchmark for 2025/2026.

Debt Service Cover Ratio

This ratio measures the availability of operating cash to service debt including interest, principal, and lease payments. The minimum benchmark for this ratio as advised by TCorp and the Local Government Accounting Code for NSW is greater than 2. The debt service cover ratio based on the proposed 2025/2026 budget is 3.34.

Interest Cover Ratio

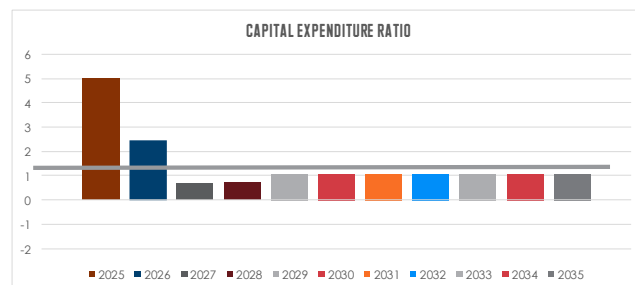
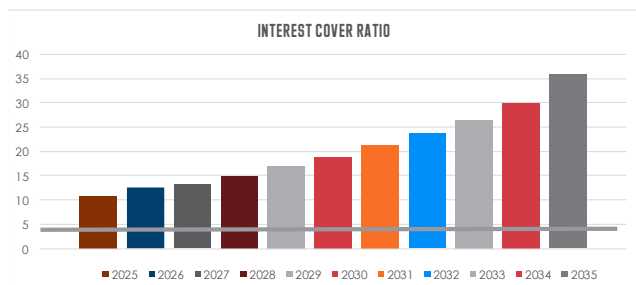
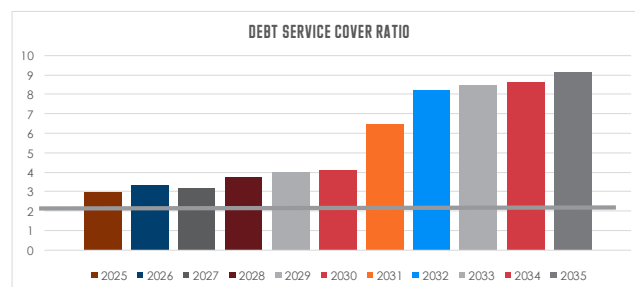
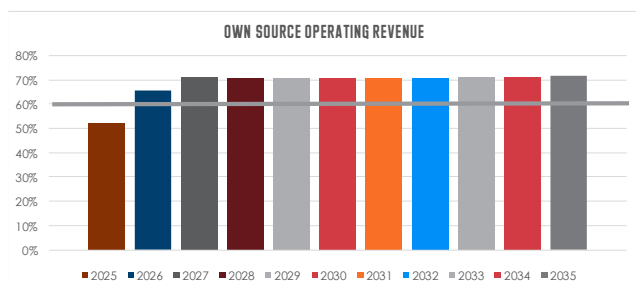
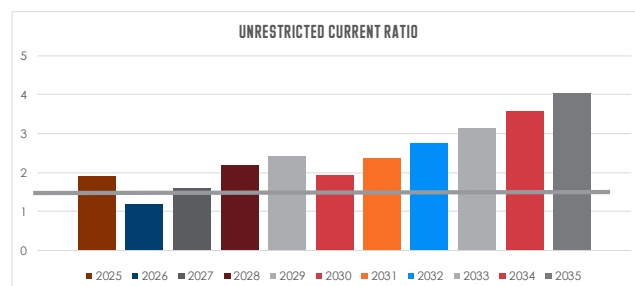
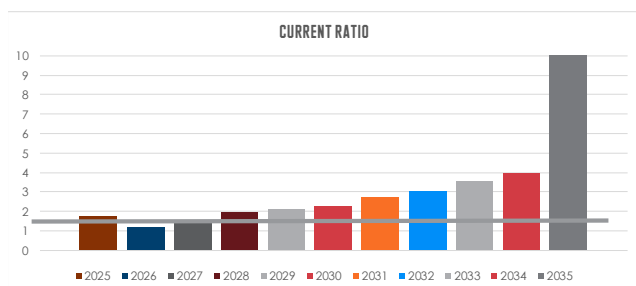
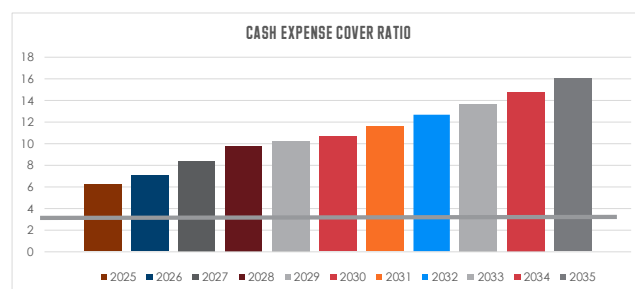
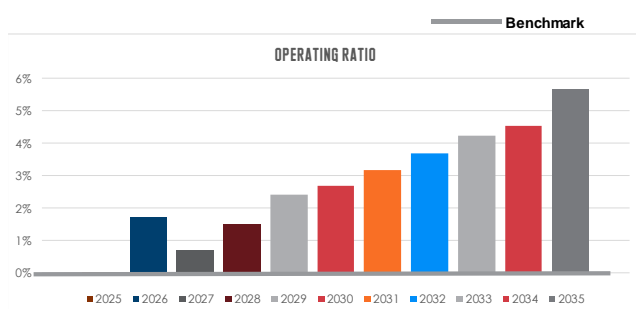
This ratio indicates the extent to which Council can service its interest-bearing debt and take on additional borrowings. It measures the burden of the current interest expense, upon Council's operating cash. The minimum benchmark for this ratio as advised by TCorp and the Local Government Accounting Code for NSW is greater than 4. The interest cover ratio based on the proposed 2025/2026 budget is 12.53.

Capital Expenditure Ratio

This ratio assesses the extent to which a Council is expanding its asset base through capital expenditure, on both new assets and the replacement and renewal of existing assets. The minimum benchmark for this ratio as advised by TCorp and the Local Government Accounting Code for NSW is greater than 1.10.

The capital expenditure ratio, based on the proposed budget for 2025/2026, is 2.47.

We will also ensure compliance with the accounting and reporting requirements of the Local Government Code of Accounting Practice, including annual auditing of accounts and provision of information to the community and the Division of Local Government.



QUARTERLY REPORTING

Performance regarding Operational Plan budgets will be monitored and reported to Council each quarter. Reports will include budget variations and reviews.

ANNUAL REPORTING

Council will prepare annual reports to the community, in accordance with the requirements of the *Local Government Act 1993* and the Integrated Planning and Reporting Guidelines. The report will include a summary of financial performance and achievements against delivering the outcomes of the Operational Plan and Delivery Program.

REVIEW OF THE LONG TERM FINANCIAL PLAN

The LTFP will be reviewed annually, in conjunction with the review of the Operational Plan 2025/2026 and Delivery Program 2025/2029 and financial projections will be revised and updated.



CONCLUSION

The Balanced Scenario is ambitious but achievable, affordable, and significantly improves the financial position of Council allowing Council to continue to meet the expectations of the community, maintain service levels and stimulates the local economy to assist in the economic recovery of businesses and retain and grow local employment.

Council is committed to long-term financial sustainability and intergenerational equity, where each generation 'pays their way,' rather than any generation 'living off their assets' and leaving it to future generations to address the issue of replacing worn out infrastructure, without the necessary funds to do so. This will be particularly challenging in future years as Council runs relatively low on unrestricted reserves due to the lack of own sourced revenue streams enjoyed by city and large regional councils.

However, the organisation itself is sustainable and financially viable and with the use of internal restrictions and low-cost borrowings, as well as prudent and responsible budgeting, planning and financial management, the Council will be able to rebuild its reserves, continue to deliver quality services to the community and replace and renew assets now and into the future, ensuring the same level of service for each generation.



It is proposed that further community engagement be carried out to discuss service level expectations and affordability to maintain or provide additional services. These reviews began in 2016/2017 and will continue through the current term of Council. It is expected significant efficiencies will be found through this process, as well as ensuring service delivery meets community expectations, within the financial constraints in which Council operates.

Council must develop strategies during 2025/26, to ensure the forecast efficiency gains and productivity improvements are realised, and this will be monitored annually.

Council remains committed to ensuring internal efficiencies are realised, before considering increasing the financial burden on the community, through special rate variations.



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