



**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	23/153	EDRMS NUMBER	D24/21018
RESPONSIBLE OFFICER	Director Finance and Commercial		
REVIEW DATE	June 2025		
ORGANISATION	Broken Hill City Council		
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INTRODUCTION

MESSAGE FROM YOUR MAYOR

Council is again aiming to break even in the 2024/25 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 and increased costs for goods and services, however with strong fiscal management Council is able to ensure the city maintains a balance 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, airport upgrades, new



netball courts, and upgrades to the O'Neil Sporting Complex.

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 2024/25 to 2033/34. 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.

The LTFP was first adopted 25 June 2014.

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.

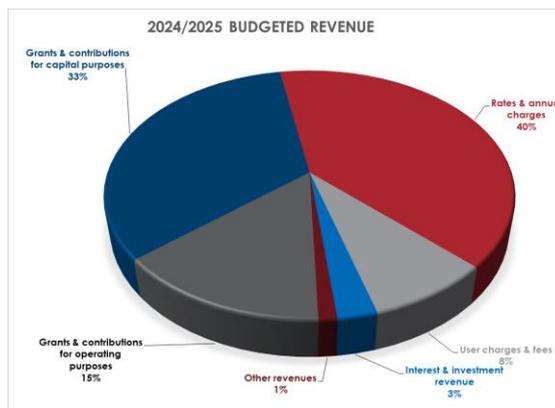
As a result of these latest trends and projections, this plan has been formulated on the prospect of job growth and further housing development for the City as well as a growing population base. On this basis, the City must plan to maintain service standards and increase services in some areas to ensure 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 very 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. In order 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 in order 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 (as evidenced by the COVID-19 pandemic), 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 easing of Covid-19 restrictions, continued Ukraine war and 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 breakeven result in 2025 with a surplus planned for 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 2024/25 financial year budgets (as detailed in the Operational Plan and included in the attached plan) form 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, returning to Pre-COVID-19 level of activity.

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	4.5 %.	.4% below IPART Rate Peg
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	9%	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	3.25%	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 2024/2025 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

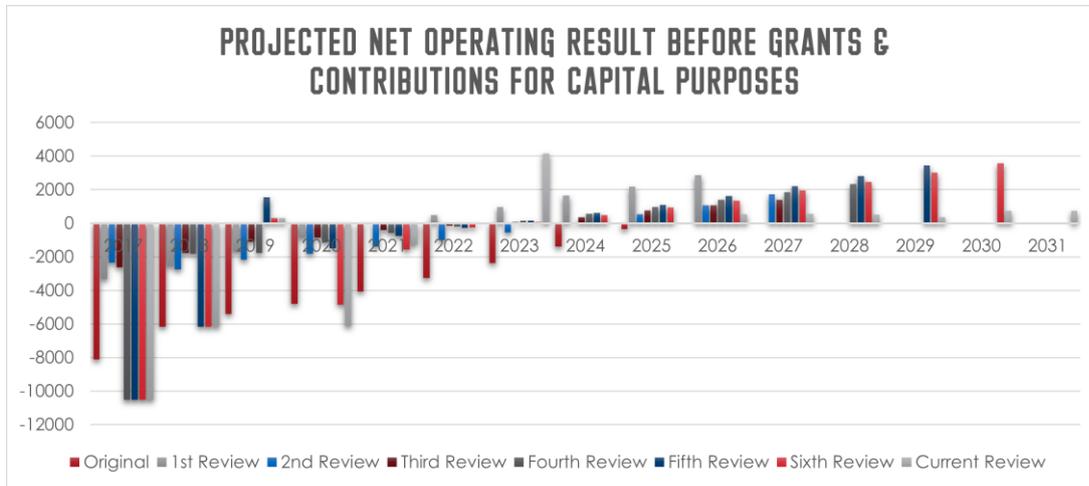
On 25 June 2014, Council endorsed a Balanced Scenario to ensure financial sustainability and to strengthen Council to serve the community of Broken Hill, into the future.

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, significant progress has been made in relation to Council's financial position since the 2014 review.

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.

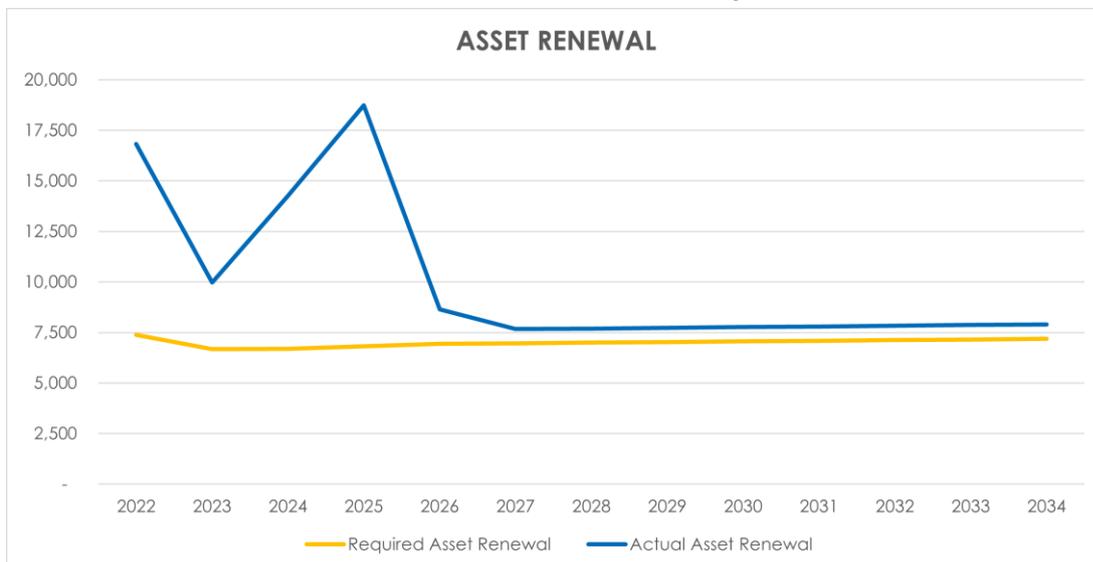
The following chart demonstrates the improvement in Council's financial position, over the previous six reviews. Council is still anticipating to breakeven in 2025.



Over the 10 year period, Council will spend in excess of \$89m 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 eight years and strategies to deal with the impacts of COVID-19. Council is still expected to achieve a break-even operating result in 2023/2024 and beyond.

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 rationalisation strategy to reduce overall operating costs.
4. Utilises the \$10 million borrowed from T-Corp as part of the Office of Local Government Stimulus package to assist in fast tracking community infrastructure projects and kick start the local economy post COVID-19.

The Scenario is based on a 2.0% annual efficiency gain for materials, contracts and other expenditure up to 2025 which is offset by an underlying CPI index. Therefore the annual efficiency gain does not absorb the indexation.

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 are currently being undertaken along with revised asset valuations to better analyse Council's asset ratios.

Based upon planned asset expenditure and 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:

- Breakeven from 2024 onwards.
- 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.
- Meet all key financial and OLG benchmarks apart from the Operational Ratio for 2024-25.



LONG TERM FINANCIAL PLAN - 2025-2034 - BALANCED SCENARIO

INCOME STATEMENT

\$ '000	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actual	Revised Budget Q2	Proposed Budget	Forecast								
Income from Continuing Operations												
Revenue:												
Rates & annual charges	19,678	20,950	21,986	22,535	23,099	23,676	24,268	24,875	25,497	26,134	26,788	27,457
User charges & fees	4,454	4,335	4,632	5,094	5,221	5,352	5,486	5,623	5,763	5,908	6,055	6,207
Interest & investment revenue	1,303	1,383	1,470	1,029	425	625	570	802	666	929	819	1,084
Other revenues	4,873	1,025	685	709	727	745	763	783	802	822	843	864
Grants & contributions for operating purposes	10,617	7,136	7,977	8,136	8,380	8,548	8,719	8,893	9,071	9,252	9,437	9,626
Grants & contributions for capital purposes	3,134	26,264	18,364	4,000	4,120	4,202	4,286	4,372	4,460	4,549	4,640	4,733
Other Income:												
Net gains from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Net share of interests in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL INCOME FROM CONTINUING OPERATIONS	44,059	61,093	55,113	41,504	41,972	43,149	44,093	45,348	46,259	47,594	48,582	49,971
Expenses from Continuing Operations												
Employee benefits & costs	15,492	15,485	16,389	16,799	17,219	17,650	18,091	18,543	19,007	19,482	19,969	20,368
Borrowing costs	842	745	693	629	567	509	466	420	378	344	309	272
Materials & contracts	12,346	10,893	11,651	11,844	11,928	12,227	12,782	13,102	13,429	13,765	14,109	14,462
Depreciation & amortisation	6,675	6,700	6,809	6,933	6,968	6,999	7,029	7,060	7,091	7,123	7,154	7,185
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	1,032	980	1,203	1,014	1,040	1,066	1,092	1,120	1,148	1,176	1,206	1,236
Net losses from disposal of assets	395	-	-	-	-	-	-	-	-	-	-	-
Net share of interests in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES FROM CONTINUING OPERATIONS	36,782	34,803	36,745	37,220	37,722	38,450	39,461	40,244	41,053	41,890	42,747	43,524
OPERATING RESULT FOR THE YEAR	7,277	26,290	18,368	4,284	4,250	4,699	4,632	5,103	5,206	5,704	5,835	6,447
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS & CONTRIBUTIONS FOR CAPITAL PURPOSES	4,143	26	4	284	130	497	346	731	747	1,155	1,195	1,714
NET OPERATING RESULT FOR THE YEAR EXCLUDING EXTRAORDINARY ITEMS BEFORE GRANTS & CONTRIBUTIONS FOR CAPITAL PURPOSES	4,143	26	4	284	130	497	346	731	747	1,155	1,195	1,714
Assumptions												
Rate Peg	2.30%	3.70%	4.90%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
General Index	2.50%	7.80%	4.10%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Employee Cost Index	4.00%	3.25%	3.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.00%
Grant Index	2.00%	2.00%	2.00%	2.00%	3.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Investment Interest rate	1.50%	5.00%	5.00%	5.00%	3.00%	3.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Overdue rates interest rate	6.00%	9.00%	9.00%	8.00%	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%	-2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

LONG TERM FINANCIAL PLAN - 2025-2034 - BALANCED SCENARIO

STATEMENT OF FINANCIAL POSITION

\$ '000	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actual	Revised Budget Q2	Proposed Budget	Forecast								
Assets												
Current Assets:												
Cash & cash equivalents	15,399	1,691	6,778	2,001	8,626	4,289	10,876	6,964	14,413	11,228	18,770	16,156
Investments	22,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328
Receivables	3,911	5,222	5,067	5,067	5,067	5,067	5,067	5,067	5,067	5,067	5,067	5,067
Inventories	134	158	164	170	174	179	183	188	193	197	202	207
Other	1,068	545	567	587	602	617	632	648	664	681	698	715
Non-current assets classified as 'held for sale'	-	-	-	608	-	-	-	-	-	-	-	-
TOTAL CURRENT ASSETS	42,840	17,944	22,905	18,761	24,797	20,480	27,086	23,194	30,665	27,501	35,065	32,474
Non-Current Assets:												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, property, plant & equipment	332,915	384,239	396,175	385,949	386,646	387,346	388,049	388,755	389,465	390,177	390,892	391,611
Investments accounted for using the equity method	866	866	866	866	866	866	866	866	866	866	866	866
Investment property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT ASSETS	333,781	385,105	397,041	386,815	387,512	388,212	388,915	389,621	390,331	391,043	391,758	392,477
TOTAL ASSETS	376,621	403,049	419,946	405,576	412,309	408,692	416,002	412,816	420,995	418,544	426,823	424,951
Liabilities												
Current Liabilities:												
Payables	4,683	2,080	4,941	4,941	4,941	4,941	4,941	4,941	4,941	4,941	4,941	4,941
Income Received in Advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract Liabilities	10,264											
Borrowings	1,803	2,452	2,467	2,452	2,451	2,151	2,084	2,084	1,281	1,015	1,015	1,015
Provisions	4,768	4,004	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534
TOTAL CURRENT LIABILITIES	21,518	8,536	11,942	11,927	11,926	11,626	11,559	11,559	10,756	10,490	10,490	10,490
Non-Current Liabilities:												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	17,875	17,687	15,813	13,883	11,895	10,134	8,411	6,657	5,647	4,870	4,058	3,210
Provisions	9,980	12,906	13,249	13,249	13,249	13,249	13,249	13,249	13,249	13,249	13,249	13,249
TOTAL NON-CURRENT LIABILITIES	27,855	30,593	29,062	27,132	25,143	23,383	21,660	19,906	18,896	18,119	17,307	16,458
TOTAL LIABILITIES	49,373	39,130	41,004	39,059	37,069	35,009	33,219	31,465	29,652	28,609	27,797	26,948
NET ASSETS	327,248	363,920	378,942	366,518	375,240	373,683	382,783	381,351	391,343	389,935	399,026	398,002
Equity												
Retained earnings	120,987	157,659	172,681	160,257	168,979	167,422	176,522	175,090	185,082	183,674	192,765	191,741
Revaluation reserves	206,261	206,261	206,261	206,261	206,261	206,261	206,261	206,261	206,261	206,261	206,261	206,261
Council equity interest	327,248	363,920	378,942	366,518	375,240	373,683	382,783	381,351	391,343	389,935	399,026	398,002
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EQUITY	327,248	363,920	378,942	366,518	375,240	373,683	382,783	381,351	391,343	389,935	399,026	398,002
Assumptions												
General Index	2.50%	7.80%	4.10%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
No impact from revaluation of assets												
No restricted cash												

LONG TERM FINANCIAL PLAN - 2025-2034 - BALANCED SCENARIO

STATEMENT OF CASH FLOWS

\$ '000	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actual	Revised Budget Q2	Proposed Budget	Forecast								
Cash Flows from Operating Activities												
Receipts:												
Rates & annual charges	20,453	20,322	21,326	21,859	22,406	22,966	23,540	24,129	24,732	25,350	25,984	26,634
User charges & fees	4,201	4,205	4,493	4,941	5,065	5,191	5,321	5,454	5,591	5,730	5,874	6,020
Investment & interest revenue received	874	1,942	1,942	650	669	622	567	799	663	925	815	1,081
Grants & contributions	21,987	33,400	26,341	12,136	12,500	12,750	13,005	13,265	13,531	13,801	14,077	14,359
Bonds, deposits & retention amounts received	339	-	-	-	-	-	-	-	-	-	-	-
Other	7,457	994	664	688	705	723	741	759	778	798	817	838
Payments:												
Employee benefits & costs	(15,226)	(15,020)	(15,898)	(16,295)	(16,703)	(17,120)	(17,548)	(17,987)	(18,436)	(18,897)	(19,370)	(19,757)
Materials & contracts	(14,386)	(10,566)	(11,301)	(11,489)	(11,570)	(11,860)	(12,399)	(12,709)	(13,026)	(13,352)	(13,686)	(14,028)
Borrowing costs	(677)	(745)	(693)	(629)	(567)	(509)	(466)	(420)	(378)	(344)	(309)	(272)
Bonds, deposits & retention amounts refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	(890)	(951)	(1,167)	(984)	(1,008)	(1,034)	(1,060)	(1,086)	(1,113)	(1,141)	(1,170)	(1,199)
NET CASH PROVIDED (OR USED IN) OPERATING ACTIVITIES	24,132	33,580	25,707	10,877	11,497	11,729	11,701	12,204	12,342	12,870	13,032	13,675
Cash Flows from Investing Activities												
Receipts:												
Sale of investment securities	6,000	12,000	-	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant & equipment	123	320	-	-	-	-	-	-	-	-	-	-
Deferred debtors receipts	-	-	-	-	-	-	-	-	-	-	-	-
Other investing activity receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of investment securities	(19,510)	-	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant & equipment	(9,966)	(58,344)	(18,745)	(8,644)	(7,665)	(7,699)	(7,732)	(7,766)	(7,801)	(7,835)	(7,869)	(7,904)
Deferred debtors & advances made	-	-	-	-	-	-	-	-	-	-	-	-
NET CASH PROVIDED (OR USED IN) INVESTING ACTIVITIES	(23,353)	(46,024)	(18,745)	(8,644)	(7,665)	(7,699)	(7,732)	(7,766)	(7,801)	(7,835)	(7,869)	(7,904)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from borrowings & advances	1,141	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of borrowings & advances	(1,686)	(1,264)	(1,874)	(1,924)	(1,984)	(1,742)	(1,719)	(1,763)	(1,004)	(771)	(806)	(843)
NET CASH PROVIDED (OR USED IN) FINANCING ACTIVITIES	(545)	(1,264)	(1,874)	(1,924)	(1,984)	(1,742)	(1,719)	(1,763)	(1,004)	(771)	(806)	(843)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	234	(13,708)	5,087	310	1,848	2,289	2,250	2,675	3,537	4,264	4,357	4,928
plus: CASH & CASH EQUIVALENTS - beginning of year	15,165	15,399	1,691	1,691	6,778	2,001	8,626	4,289	10,876	6,964	14,413	11,228
CASH & CASH EQUIVALENTS - end of year	15,399	1,691	6,778	2,001	8,626	4,289	10,876	6,964	14,413	11,228	18,770	16,156
Additional Information												
plus: Investments on hand - end of year	22,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328
TOTAL CASH, CASH EQUIVALENTS & INVESTMENTS - end of year	37,727	12,019	17,106	12,329	18,954	14,617	21,204	17,292	24,741	21,556	29,098	26,484

Assumptions	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
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	2.50%	7.80%	4.10%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Investment Interest rate	1.50%	5.00%	5.00%	5.00%	5.00%	3.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Overdue rates interest rate	6.00%	9.00%	9.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

LONG TERM FINANCIAL PLAN - 2025-2034 - BALANCED SCENARIO

FINANCIAL RATIOS

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actual	Revised Budget Q2	Proposed Budget	Forecast								
Operating Ratio												
<i>This ratio measures Council's ability to contain operating expenditure within operating revenue</i>	10.12%	0.07%	0.01%	0.76%	0.34%	1.27%	0.87%	1.78%	1.79%	2.68%	2.72%	3.79%
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>	10.55	5.27	7.02	4.99	7.53	5.67	7.96	6.33	8.84	7.51	9.90	8.81
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>	1.99	2.10	1.92	1.57	2.08	1.76	2.34	2.01	2.85	2.62	3.34	3.10
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>	5.59	-1.21	2.37	1.71	2.39	1.97	2.76	1.66	2.50	2.26	2.91	2.67
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>	68.79%	45.33%	52.21%	70.76%	70.22%	70.45%	70.50%	70.75%	70.75%	71.00%	71.02%	71.27%
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>	4.77	3.72	2.92	3.07	3.00	3.56	3.59	3.76	5.94	7.73	7.76	8.22
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>	13.85	10.02	10.83	12.48	13.52	15.71	16.83	19.56	21.73	25.08	28.03	33.67
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>	1.49	8.71	2.75	1.25	1.10	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>												

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 2025 Operating and Long Term Financial Plan, with the most current and best available information, but it is subject to change due to the dynamic health and economic crisis, created by the COVID-19 pandemic, global diplomatic unrest and subsequent financial effects.

The current plan is based on a return to pre-COVID conditions however the unpredictability of the short to midterm financial conditions due to the Ukraine war and high inflation 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 new 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, re-purposing 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 it's 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 in 2026

This scenario follows the same assumptions as the 'Balanced Scenario' but assumes the 2026 rate peg only reduces to 4% because of a lag in the expected reduction in inflation until 2027 and beyond.

This model does not alter Council's breakeven point of 2025 and sees a higher surplus in ongoing years due to the rate peg increases matching inflation.

Key Aspects of this Scenario

- Breakeven remains at 2025.
- Higher surplus from 2026 onwards

LONG TERM FINANCIAL PLAN - 2025-2034 - SCENARIO 2 - 4% RATE PEG IN 2026

INCOME STATEMENT

\$ '000	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actual	Revised Budget Q2	Proposed Budget	Forecast								
Income from Continuing Operations												
Revenue:												
Rates & annual charges	19,678	20,950	21,986	22,865	23,437	24,023	24,623	25,239	25,870	26,517	27,180	27,859
User charges & fees	4,454	4,335	4,632	5,094	5,221	5,352	5,486	5,623	5,763	5,908	6,055	6,207
Interest & investment revenue	1,303	1,383	1,470	1,030	436	637	594	828	704	969	871	1,139
Other revenues	4,873	1,025	685	709	727	745	763	783	802	822	843	864
Grants & contributions for operating purposes	10,617	7,136	7,977	8,136	8,380	8,548	8,719	8,893	9,071	9,252	9,437	9,626
Grants & contributions for capital purposes	3,134	26,264	18,364	4,000	4,120	4,202	4,286	4,372	4,460	4,549	4,640	4,733
Other Income:												
Net gains from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Net share of interests in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL INCOME FROM CONTINUING OPERATIONS	44,059	61,093	55,113	41,835	42,321	43,506	44,472	45,737	46,670	48,016	49,026	50,428
Expenses from Continuing Operations												
Employee benefits & costs	15,492	15,485	16,389	16,799	17,219	17,650	18,091	18,543	19,007	19,482	19,969	20,368
Borrowing costs	842	745	693	629	567	509	466	420	378	344	309	272
Materials & contracts	12,346	10,893	11,651	11,844	11,928	12,227	12,782	13,102	13,429	13,765	14,109	14,462
Depreciation & amortisation	6,675	6,700	6,809	6,933	6,968	6,999	7,029	7,060	7,091	7,123	7,154	7,185
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	1,032	980	1,203	1,014	1,040	1,066	1,092	1,120	1,148	1,176	1,206	1,236
Net losses from disposal of assets	395	-	-	-	-	-	-	-	-	-	-	-
Net share of interests in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES FROM CONTINUING OPERATIONS	36,782	34,803	36,745	37,220	37,722	38,450	39,461	40,244	41,053	41,890	42,747	43,524
OPERATING RESULT FOR THE YEAR	7,277	26,290	18,368	4,615	4,599	5,057	5,011	5,493	5,617	6,127	6,279	6,904
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS & CONTRIBUTIONS FOR CAPITAL PURPOSES	4,143	26	4	615	479	854	725	1,121	1,157	1,578	1,639	2,171
NET OPERATING RESULT FOR THE YEAR EXCLUDING EXTRAORDINARY ITEMS BEFORE GRANTS & CONTRIBUTIONS FOR CAPITAL PURPOSES	4,143	26	4	615	479	854	725	1,121	1,157	1,578	1,639	2,171
Assumptions												
Rate Peg	2.30%	3.70%	4.90%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
General Index	2.50%	7.80%	4.10%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Employee Cost Index	4.00%	3.25%	3.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.00%
Grant Index	2.00%	2.00%	2.00%	2.00%	3.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Investment Interest rate	1.50%	5.00%	5.00%	5.00%	3.00%	3.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Overdue rates interest rate	6.00%	9.00%	9.00%	8.00%	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%	-2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

LONG TERM FINANCIAL PLAN - 2025-2034 - SCENARIO 2 - 4% RATE PEG IN 2026

STATEMENT OF FINANCIAL POSITION

\$ '000	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actual	Revised Budget Q2	Proposed Budget	Forecast								
Assets												
Current Assets:												
Cash & cash equivalents	15,399	1,691	6,778	2,321	8,971	4,956	11,590	8,010	15,527	12,685	20,315	18,057
Investments	22,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328
Receivables	3,911	5,222	5,067	5,067	5,067	5,067	5,067	5,067	5,067	5,067	5,067	5,067
Inventories	134	158	164	170	174	179	183	188	193	197	202	207
Other	1,068	545	567	587	602	617	632	648	664	681	698	715
Non-current assets classified as 'held for sale'	-	-	-	608	-	-	-	-	-	-	-	-
TOTAL CURRENT ASSETS	42,840	17,944	22,905	19,081	25,142	21,147	27,800	24,240	31,778	28,958	36,610	34,375
Non-Current Assets:												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, property, plant & equipment	332,915	384,239	396,175	385,949	386,646	387,346	388,049	388,755	389,465	390,177	390,892	391,611
Investments accounted for using the equity method	866	866	866	866	866	866	866	866	866	866	866	866
Investment property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT ASSETS	333,781	385,105	397,041	386,815	387,512	388,212	388,915	389,621	390,331	391,043	391,758	392,477
TOTAL ASSETS	376,621	403,049	419,946	405,896	412,654	409,359	416,716	413,862	422,109	420,001	428,368	426,852
Liabilities												
Current Liabilities:												
Payables	4,683	2,080	4,941	4,941	4,941	4,941	4,941	4,941	4,941	4,941	4,941	4,941
Income Received in Advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract Liabilities	10,264											
Borrowings	1,803	2,452	2,467	2,452	2,451	2,151	2,084	2,084	1,281	1,015	1,015	1,015
Provisions	4,768	4,004	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534
TOTAL CURRENT LIABILITIES	21,518	8,536	11,942	11,927	11,926	11,626	11,559	11,559	10,756	10,490	10,490	10,490
Non-Current Liabilities:												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	17,875	17,687	15,813	13,883	11,895	10,134	8,411	6,657	5,647	4,870	4,058	3,210
Provisions	9,980	12,906	13,249	13,249	13,249	13,249	13,249	13,249	13,249	13,249	13,249	13,249
TOTAL NON-CURRENT LIABILITIES	27,855	30,593	29,062	27,132	25,143	23,383	21,660	19,906	18,896	18,119	17,307	16,458
TOTAL LIABILITIES	49,373	39,130	41,004	39,059	37,069	35,009	33,219	31,465	29,652	28,609	27,797	26,948
NET ASSETS	327,248	363,920	378,942	366,838	375,585	374,350	383,497	382,397	392,456	391,391	400,571	399,903
Equity												
Retained earnings	120,987	157,659	172,681	160,577	169,324	168,089	177,236	176,136	186,195	185,130	194,310	193,642
Revaluation reserves	206,261	206,261	206,261	206,261	206,261	206,261	206,261	206,261	206,261	206,261	206,261	206,261
Council equity interest	327,248	363,920	378,942	366,838	375,585	374,350	383,497	382,397	392,456	391,391	400,571	399,903
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EQUITY	327,248	363,920	378,942	366,838	375,585	374,350	383,497	382,397	392,456	391,391	400,571	399,903

Assumptions	2.50%	7.80%	4.10%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
General Index												
No impact from revaluation of assets												
No restricted cash												

LONG TERM FINANCIAL PLAN - 2025-2034 - SCENARIO 2 - 4% RATE PEG IN 2026

STATEMENT OF CASH FLOWS

\$ '000	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actual	Revised Budget Q2	Proposed Budget	Forecast								
Cash Flows from Operating Activities												
Receipts:												
Rates & annual charges	20,453	20,322	21,326	22,179	22,734	23,302	23,885	24,482	25,094	25,721	26,364	27,023
User charges & fees	4,201	4,205	4,493	4,941	5,065	5,191	5,321	5,454	5,591	5,730	5,874	6,020
Investment & interest revenue received	874	1,942	1,942	650	686	634	591	824	701	965	867	1,136
Grants & contributions	21,987	33,400	26,341	12,136	12,500	12,750	13,005	13,265	13,531	13,801	14,077	14,359
Bonds, deposits & retention amounts received	339	-	-	-	-	-	-	-	-	-	-	-
Other	7,457	994	664	688	705	723	741	759	778	798	817	838
Payments:												
Employee benefits & costs	(15,226)	(15,020)	(15,898)	(16,295)	(16,703)	(17,120)	(17,548)	(17,987)	(18,436)	(18,897)	(19,370)	(19,757)
Materials & contracts	(14,386)	(10,566)	(11,301)	(11,489)	(11,570)	(11,860)	(12,399)	(12,709)	(13,026)	(13,352)	(13,686)	(14,028)
Borrowing costs	(677)	(745)	(693)	(629)	(567)	(509)	(466)	(420)	(378)	(344)	(309)	(272)
Bonds, deposits & retention amounts refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	(890)	(951)	(1,167)	(984)	(1,008)	(1,034)	(1,060)	(1,086)	(1,113)	(1,141)	(1,170)	(1,199)
NET CASH PROVIDED (OR USED IN) OPERATING ACTIVITIES	24,132	33,580	25,707	11,197	11,842	12,076	12,070	12,583	12,741	13,281	13,464	14,119
Cash Flows from Investing Activities												
Receipts:												
Sale of investment securities	6,000	12,000	-	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant & equipment	123	320	-	-	-	-	-	-	-	-	-	-
Deferred debtors receipts	-	-	-	-	-	-	-	-	-	-	-	-
Other investing activity receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of investment securities	(19,510)	-	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant & equipment	(9,966)	(58,344)	(18,745)	(8,644)	(7,665)	(7,699)	(7,732)	(7,766)	(7,801)	(7,835)	(7,869)	(7,904)
Deferred debtors & advances made	-	-	-	-	-	-	-	-	-	-	-	-
NET CASH PROVIDED (OR USED IN) INVESTING ACTIVITIES	(23,353)	(46,024)	(18,745)	(8,644)	(7,665)	(7,699)	(7,732)	(7,766)	(7,801)	(7,835)	(7,869)	(7,904)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from borrowings & advances	1,141	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of borrowings & advances	(1,686)	(1,264)	(1,874)	(1,924)	(1,984)	(1,742)	(1,719)	(1,763)	(1,004)	(771)	(806)	(843)
NET CASH PROVIDED (OR USED IN) FINANCING ACTIVITIES	(545)	(1,264)	(1,874)	(1,924)	(1,984)	(1,742)	(1,719)	(1,763)	(1,004)	(771)	(806)	(843)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	234	(13,708)	5,087	630	2,193	2,636	2,619	3,053	3,936	4,675	4,788	5,372
plus: CASH & CASH EQUIVALENTS - beginning of year	15,165	15,399	1,691	1,691	6,778	2,321	8,971	4,956	11,590	8,010	15,527	12,685
CASH & CASH EQUIVALENTS - end of year	15,399	1,691	6,778	2,321	8,971	4,956	11,590	8,010	15,527	12,685	20,315	18,057
Additional Information												
plus: Investments on hand - end of year	22,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328
TOTAL CASH, CASH EQUIVALENTS & INVESTMENTS - end of year	37,727	12,019	17,106	12,649	19,299	15,284	21,918	18,338	25,855	23,013	30,643	28,385
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	2.50%	7.80%	4.10%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Investment Interest rate	1.50%	5.00%	5.00%	5.00%	5.00%	3.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Overdue rates interest rate	6.00%	9.00%	9.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
No restricted cash												

LONG TERM FINANCIAL PLAN - 2025-2034 - SCENARIO 2 - 4% RATE PEG IN 2026

FINANCIAL RATIOS

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actual	Revised Budget Q2	Proposed Budget	Forecast								
Operating Ratio												
<i>This ratio measures Council's ability to contain operating expenditure within operating revenue</i>	10.12%	0.07%	0.01%	1.62%	1.25%	2.17%	1.80%	2.71%	2.74%	3.63%	3.69%	4.75%
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>	8.77	3.37	5.24	3.37	5.95	4.25	6.60	5.13	7.69	6.51	8.95	8.00
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>	1.99	2.10	1.92	1.60	2.11	1.82	2.41	2.10	2.95	2.76	3.49	3.28
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>	1.91	1.90	2.17	1.75	2.42	2.05	2.84	1.75	2.61	2.40	3.06	2.85
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>	68.79%	45.33%	52.21%	70.99%	70.46%	70.69%	70.76%	71.00%	71.01%	71.26%	71.29%	71.53%
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>	4.77	3.72	2.92	3.20	3.14	3.71	3.76	3.94	6.24	8.11	8.16	8.63
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>	13.85	10.02	10.83	13.00	14.13	16.41	17.65	20.49	22.82	26.30	29.46	35.34
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>	1.49	8.71	2.75	1.25	1.10	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 – Continued High Inflation with Reduced Rate Peg

This scenario is based on the same expenditure assumptions in line with the previous two scenarios, however, Rates revenue is projected using the standard forecast 2.5% rate peg as advised by IPART combined with inflation remaining steady at 4% until 2034. As you will see below, this model does not alter Council's breakeven point of 2025 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

- Breakeven remains at 2025.
- Council incurs regular deficits.
- Some key financial ratios & OLG benchmarks will not be met.

LONG TERM FINANCIAL PLAN - 2025-2034 - SCENARIO 3 - RATE PEG DECREASED AND HIGHER INFLATION/WAGES

INCOME STATEMENT

\$ '000	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actual	Revised Budget Q2	Proposed Budget	Forecast								
Income from Continuing Operations												
Revenue:												
Rates & annual charges	19,678	20,950	21,986	22,535	23,099	23,676	24,268	24,875	25,497	26,134	26,788	27,457
User charges & fees	4,454	4,335	4,632	5,117	5,322	5,535	5,756	5,986	6,226	6,475	6,734	7,003
Interest & investment revenue	1,303	1,383	1,470	1,029	603	892	693	962	783	1,077	919	1,200
Other revenues	4,873	1,025	685	712	741	771	801	833	867	901	937	975
Grants & contributions for operating purposes	10,617	7,136	7,977	8,136	8,380	8,548	8,719	8,893	9,071	9,252	9,437	9,626
Grants & contributions for capital purposes	3,134	26,264	18,364	4,000	4,120	4,202	4,286	4,372	4,460	4,549	4,640	4,733
Other Income:												
Net gains from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Net share of interests in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL INCOME FROM CONTINUING OPERATIONS	44,059	61,093	55,113	41,531	42,265	43,624	44,524	45,923	46,903	48,389	49,455	50,995
Expenses from Continuing Operations												
Employee benefits & costs	15,492	15,485	16,389	16,922	17,472	18,040	18,626	19,232	19,857	20,502	21,168	21,856
Borrowing costs	842	745	693	629	567	509	466	420	378	344	309	272
Materials & contracts	12,346	10,893	11,651	11,902	12,162	12,649	13,405	13,681	14,228	14,797	15,389	16,005
Depreciation & amortisation	6,675	6,700	6,809	6,933	6,968	6,999	7,029	7,060	7,091	7,123	7,154	7,185
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	1,032	980	1,203	1,019	1,060	1,102	1,146	1,192	1,240	1,290	1,341	1,395
Net losses from disposal of assets	395	-	-	-	-	-	-	-	-	-	-	-
Net share of interests in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES FROM CONTINUING OPERATIONS	36,782	34,803	36,745	37,405	38,229	39,299	40,673	41,585	42,794	44,055	45,362	46,714
OPERATING RESULT FOR THE YEAR	7,277	26,290	18,368	4,126	4,036	4,325	3,851	4,338	4,109	4,333	4,093	4,281
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS & CONTRIBUTIONS FOR CAPITAL PURPOSES	4,143	26	4	126	(84)	123	(435)	(34)	(351)	(215)	(547)	(452)
NET OPERATING RESULT FOR THE YEAR EXCLUDING EXTRAORDINARY ITEMS BEFORE GRANTS & CONTRIBUTIONS FOR CAPITAL PURPOSES	4,143	26	4	126	(84)	123	(435)	(34)	(351)	(215)	(547)	(452)
Assumptions												
Rate Peg	2.30%	3.70%	4.90%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
General Index	2.50%	7.80%	4.10%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Employee Cost Index	4.00%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Grant Index	2.00%	2.00%	2.00%	2.00%	3.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Investment Interest rate	1.50%	5.00%	5.00%	5.00%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Overdue rates interest rate	6.00%	9.00%	9.00%	8.00%	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%	-2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

LONG TERM FINANCIAL PLAN - 2025-2034 - SCENARIO 3 - RATE PEG DECREASED AND HIGHER INFLATION/WAGES

STATEMENT OF FINANCIAL POSITION

\$ '000	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actual	Revised Budget Q2	Proposed Budget	Forecast								
Assets												
Current Assets:												
Cash & cash equivalents	15,399	1,691	6,778	1,847	8,238	3,781	9,734	5,717	12,209	8,656	14,879	11,487
Investments	22,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328
Receivables	3,911	5,222	5,067	5,067	5,067	5,067	5,067	5,067	5,067	5,067	5,067	5,067
Inventories	134	158	164	171	178	185	192	200	208	216	225	234
Other	1,068	545	567	590	614	638	664	690	718	747	776	808
Non-current assets classified as 'held for sale'	-	-	-	608	-	-	-	-	-	-	-	-
TOTAL CURRENT ASSETS	42,840	17,944	22,905	18,611	24,424	19,999	25,985	22,002	28,529	25,013	31,275	27,923
Non-Current Assets:												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, property, plant & equipment	332,915	384,239	396,175	385,949	386,646	387,346	388,049	388,755	389,465	390,177	390,892	391,611
Investments accounted for using the equity method	866	866	866	866	866	866	866	866	866	866	866	866
Investment property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT ASSETS	333,781	385,105	397,041	386,815	387,512	388,212	388,915	389,621	390,331	391,043	391,758	392,477
TOTAL ASSETS	376,621	403,049	419,946	405,426	411,936	408,211	414,900	411,624	418,860	416,056	423,033	420,400
Liabilities												
Current Liabilities:												
Payables	4,683	2,080	4,941	4,941	4,941	4,941	4,941	4,941	4,941	4,941	4,941	4,941
Income Received in Advance	-	-	-	-	-	-	-	-	-	-	-	-
Contract Liabilities	10,264											
Borrowings	1,803	2,452	2,467	2,452	2,451	2,151	2,084	2,084	1,281	1,015	1,015	1,015
Provisions	4,768	4,004	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534
TOTAL CURRENT LIABILITIES	21,518	8,536	11,942	11,927	11,926	11,626	11,559	11,559	10,756	10,490	10,490	10,490
Non-Current Liabilities:												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	17,875	17,687	15,813	13,883	11,895	10,134	8,411	6,657	5,647	4,870	4,058	3,210
Provisions	9,980	12,906	13,249	13,249	13,249	13,249	13,249	13,249	13,249	13,249	13,249	13,249
TOTAL NON-CURRENT LIABILITIES	27,855	30,593	29,062	27,132	25,143	23,383	21,660	19,906	18,896	18,119	17,307	16,458
TOTAL LIABILITIES	49,373	39,130	41,004	39,059	37,069	35,009	33,219	31,465	29,652	28,609	27,797	26,948
NET ASSETS	327,248	363,920	378,942	366,367	374,867	373,202	381,681	380,159	389,207	387,447	395,236	393,452
Equity												
Retained earnings	120,987	157,659	172,681	160,106	168,606	166,941	175,420	173,898	182,946	181,186	188,975	187,191
Revaluation reserves	206,261	206,261	206,261	206,261	206,261	206,261	206,261	206,261	206,261	206,261	206,261	206,261
Council equity interest	327,248	363,920	378,942	366,367	374,867	373,202	381,681	380,159	389,207	387,447	395,236	393,452
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EQUITY	327,248	363,920	378,942	366,367	374,867	373,202	381,681	380,159	389,207	387,447	395,236	393,452
Assumptions												
General Index	2.50%	7.80%	4.10%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

LONG TERM FINANCIAL PLAN - 2025-2034 - SCENARIO 3 - RATE PEG DECREASED AND HIGHER INFLATION/WAGES

STATEMENT OF CASH FLOWS

\$ '000	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actual	Revised Budget Q2	Proposed Budget	Forecast								
Cash Flows from Operating Activities												
Receipts:												
Rates & annual charges	20,453	20,322	21,326	21,859	22,406	22,966	23,540	24,129	24,732	25,350	25,984	26,634
User charges & fees	4,201	4,205	4,493	4,964	5,162	5,369	5,583	5,807	6,039	6,281	6,532	6,793
Investment & interest revenue received	874	1,942	1,942	650	661	889	690	959	780	1,074	915	1,197
Grants & contributions	21,987	33,400	26,341	12,136	12,500	12,750	13,005	13,265	13,531	13,801	14,077	14,359
Bonds, deposits & retention amounts received	339	-	-	-	-	-	-	-	-	-	-	-
Other	7,457	994	664	691	719	747	777	808	841	874	909	946
Payments:												
Employee benefits & costs	(15,226)	(15,020)	(15,898)	(16,414)	(16,948)	(17,499)	(18,067)	(18,655)	(19,261)	(19,887)	(20,533)	(21,200)
Materials & contracts	(14,386)	(10,566)	(11,301)	(11,545)	(11,797)	(12,269)	(13,003)	(13,271)	(13,801)	(14,353)	(14,928)	(15,525)
Borrowing costs	(677)	(745)	(693)	(629)	(567)	(509)	(466)	(420)	(378)	(344)	(309)	(272)
Bonds, deposits & retention amounts refunded				-	-	-	-	-	-	-	-	-
Other	(890)	(951)	(1,167)	(989)	(1,028)	(1,069)	(1,112)	(1,157)	(1,203)	(1,251)	(1,301)	(1,353)
NET CASH PROVIDED (OR USED IN) OPERATING ACTIVITIES	24,132	33,580	25,707	10,723	11,108	11,375	10,947	11,466	11,280	11,545	11,346	11,578
Cash Flows from Investing Activities												
Receipts:												
Sale of investment securities	6,000	12,000	-	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant & equipment	123	320	-	-	-	-	-	-	-	-	-	-
Deferred debtors receipts	-	-	-	-	-	-	-	-	-	-	-	-
Other investing activity receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of investment securities	(19,510)	-	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant & equipment	(9,966)	(58,344)	(18,745)	(8,644)	(7,665)	(7,699)	(7,732)	(7,766)	(7,801)	(7,835)	(7,869)	(7,904)
Deferred debtors & advances made	-	-	-	-	-	-	-	-	-	-	-	-
NET CASH PROVIDED (OR USED IN) INVESTING ACTIVITIES	(23,353)	(46,024)	(18,745)	(8,644)	(7,665)	(7,699)	(7,732)	(7,766)	(7,801)	(7,835)	(7,869)	(7,904)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from borrowings & advances	1,141	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of borrowings & advances	(1,686)	(1,264)	(1,874)	(1,924)	(1,984)	(1,742)	(1,719)	(1,763)	(1,004)	(771)	(806)	(843)
NET CASH PROVIDED (OR USED IN) FINANCING ACTIVITIES	(545)	(1,264)	(1,874)	(1,924)	(1,984)	(1,742)	(1,719)	(1,763)	(1,004)	(771)	(806)	(843)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	234	(13,708)	5,087	156	1,459	1,934	1,496	1,936	2,475	2,938	2,670	2,831
plus: CASH & CASH EQUIVALENTS - beginning of year	15,165	15,399	1,691	1,691	6,778	1,847	8,238	3,781	9,734	5,717	12,209	8,656
CASH & CASH EQUIVALENTS - end of year	15,399	1,691	6,778	1,847	8,238	3,781	9,734	5,717	12,209	8,656	14,879	11,487
Additional Information												
plus: Investments on hand - end of year	22,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328	10,328
TOTAL CASH, CASH EQUIVALENTS & INVESTMENTS - end of year	37,727	12,019	17,106	12,175	18,566	14,109	20,062	16,045	22,537	18,984	25,207	21,815
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	2.50%	7.80%	4.10%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Investment Interest rate	1.50%	5.00%	5.00%	5.00%	5.00%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Overdue rates interest rate	6.00%	9.00%	9.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
No restricted cash												

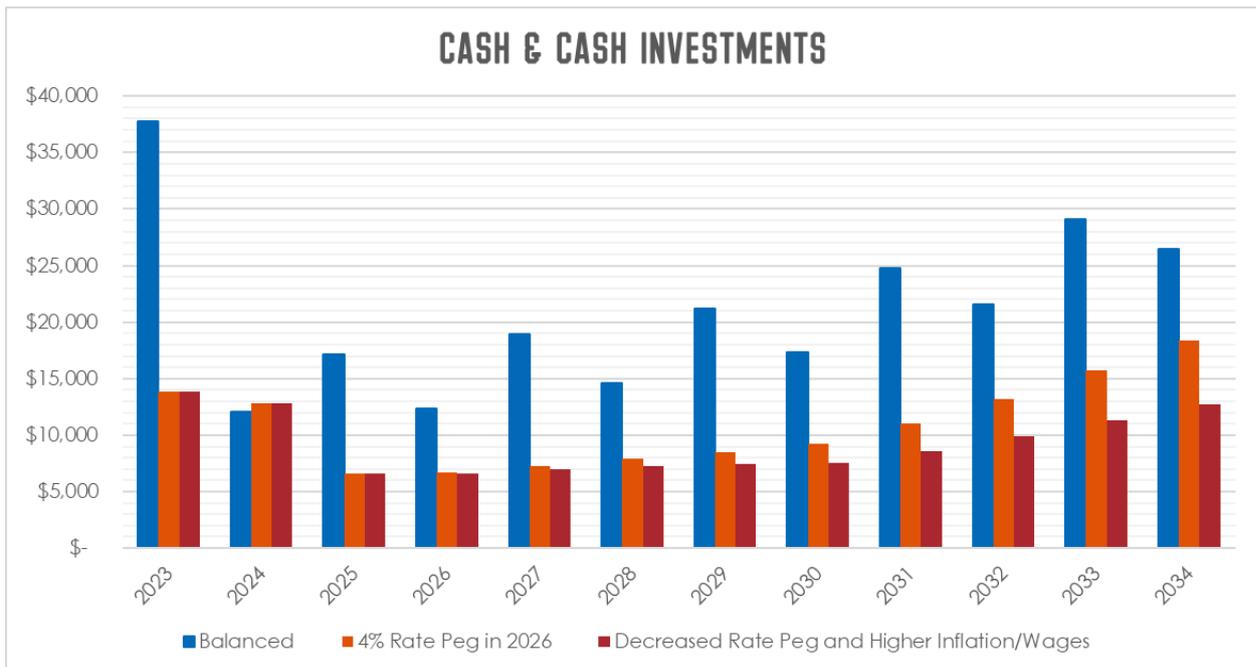
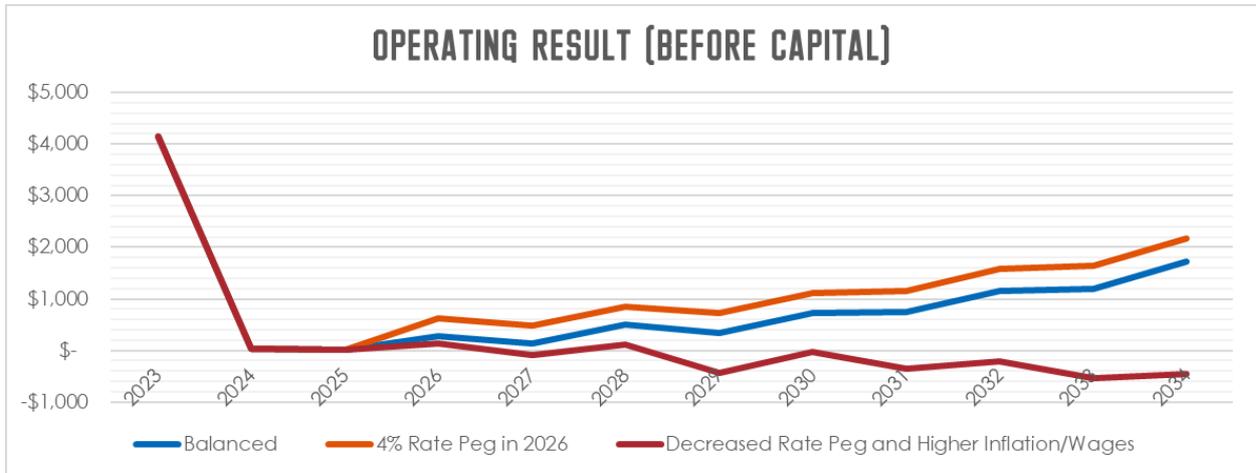
LONG TERM FINANCIAL PLAN - 2025-2034 - SCENARIO 3 - RATE PEG DECREASED AND HIGHER INFLATION/WAGES

FINANCIAL RATIOS

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actual	Revised Budget Q2	Proposed Budget	Forecast								
Operating Ratio												
<i>This ratio measures Council's ability to contain operating expenditure within operating revenue</i>	10.12%	0.07%	0.01%	0.33%	-0.22%	0.31%	-1.08%	-0.08%	-0.83%	-0.49%	-1.22%	-0.98%
<small>Benchmark - Greater than 0% (operating revenue excl. capital grants and contributions - operating expenses) / operating revenue excluding capital grants and contributions</small>												
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>	10.55	5.27	7.02	4.90	7.26	5.33	7.26	5.65	7.66	6.23	7.98	6.67
<small>Benchmark - Greater than 3.0 months (current year's cash and cash equivalents / (total expenses - depreciation - interest costs) * 12</small>												
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>	1.99	2.10	1.92	1.56	2.05	1.72	2.25	1.90	2.65	2.38	2.98	2.66
<small>Benchmark - Greater than 1.5 current assets / current liabilities</small>												
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>	5.59	-1.21	2.37	1.69	2.34	1.91	2.63	1.55	2.30	2.01	2.55	2.23
<small>Benchmark - Greater than 1.5 current assets less all external activities / current liabilities, less specific purpose liabilities</small>												
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>	68.79%	45.33%	52.21%	70.78%	70.42%	70.77%	70.79%	71.11%	71.15%	71.48%	71.54%	71.84%
<small>Benchmark - Greater than 60% rates, utilities and charges / total operating revenue (inclusive of capital grants and contributions)</small>												
Debt Service Cover Ratio												
<i>This ratio measures the availability of cash to service debt including interest, principal, and lease payments</i>	4.77	3.72	2.92	3.01	2.92	3.39	3.23	3.41	5.15	6.50	6.20	6.28
<small>Benchmark - Greater than 2.0 operating result before interest and depreciation (EBITDA) / principal repayments + borrowing interest costs</small>												
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>	13.85	10.02	10.83	12.23	13.14	14.98	15.16	17.74	18.83	21.09	22.39	25.72
<small>Benchmark - Greater than 4.0 operating result before interest and depreciation (EBITDA) / interest expense</small>												
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>	1.49	8.71	2.75	1.25	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
<small>Benchmark - Greater than 1.1 annual capital expenditure / annual depreciation</small>												

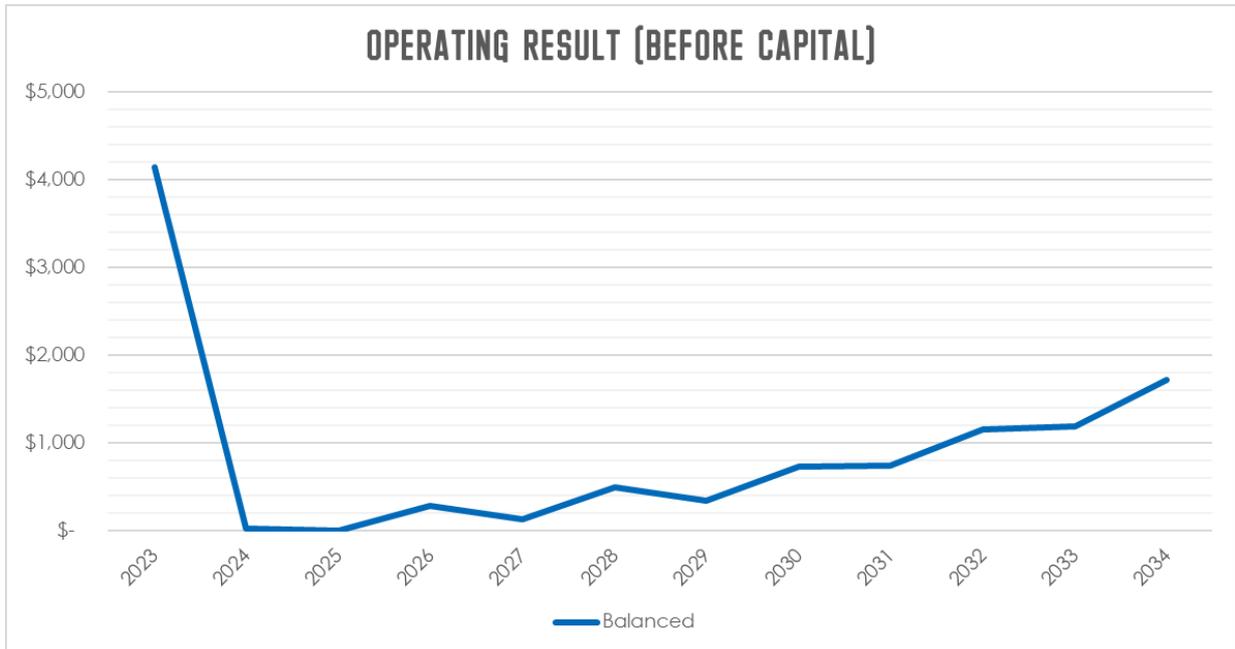
OPERATING RESULT AND CASH RESERVES

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.

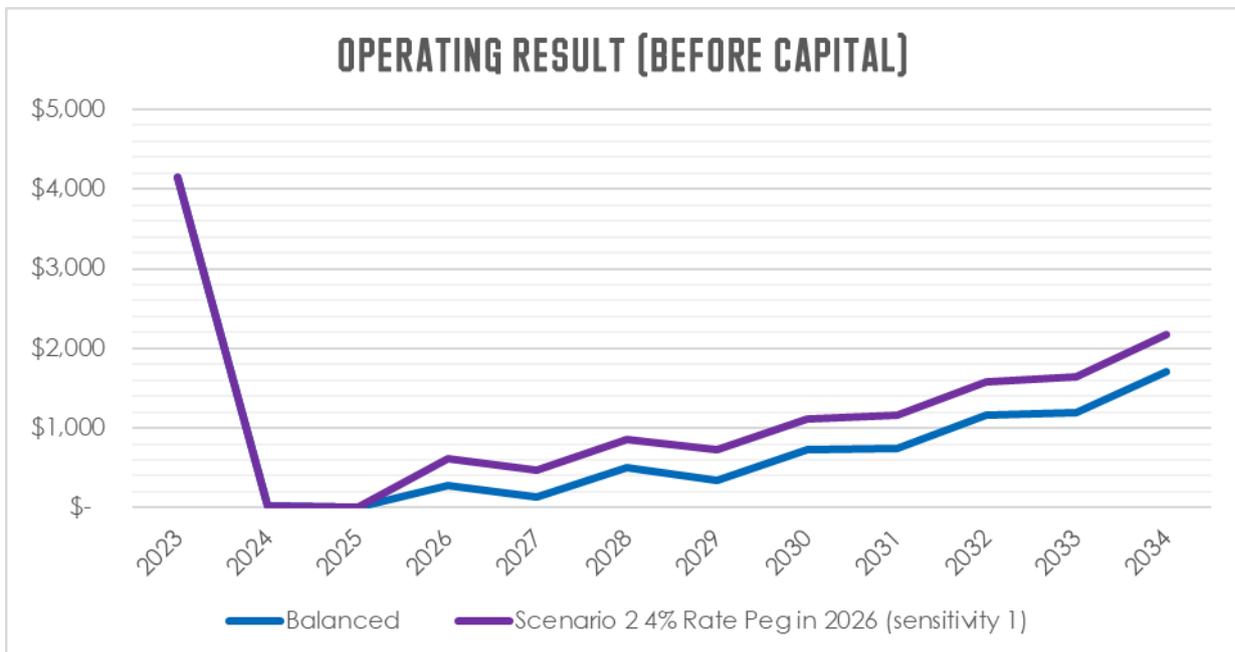


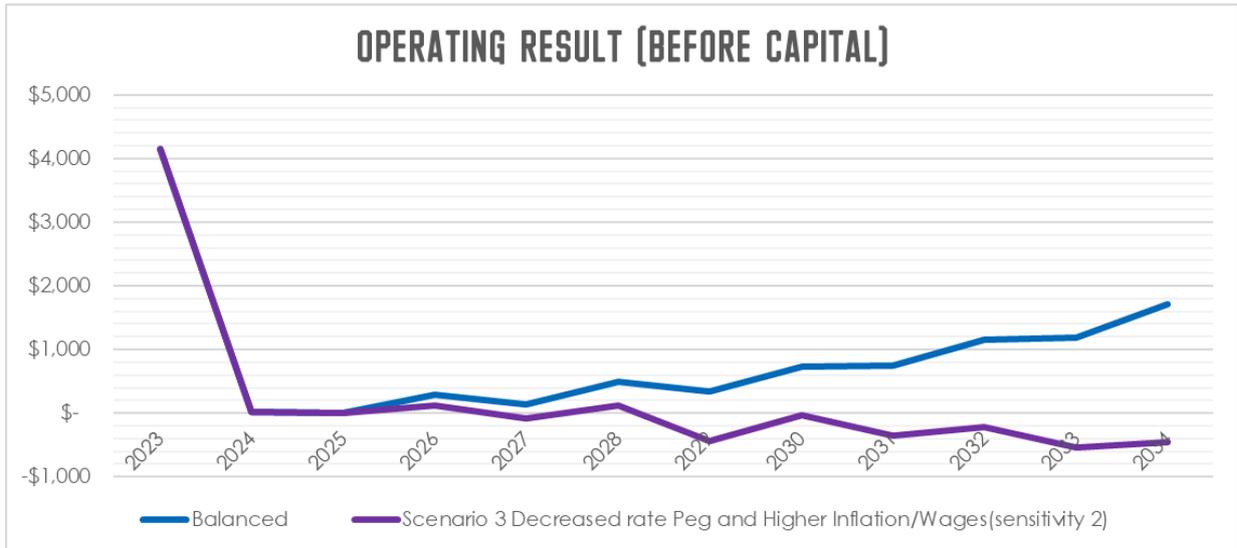
SENSITIVITY ANALYSIS

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 2024/2025 budget, is 0.00. It is forecast that this ratio will be similar in 2025 and increase 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 2024/2025 budget, is 7.02 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 2024/2025 budget, is 1.92.

- **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 TCorp and the Local Government Accounting Code for NSW, is greater than 1.5. The unrestricted current ratio, based on the proposed 2024/2025 budget, is 2.37.

- **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 below the benchmark for 2024/2025 due to the receipt of large capital grants for the library and airport projects.

- **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 2024/2025 budget, is 2.92.

- **Interest Cover Ratio**

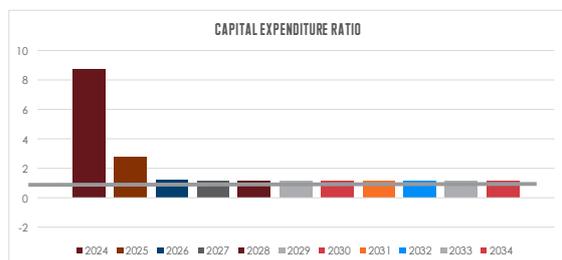
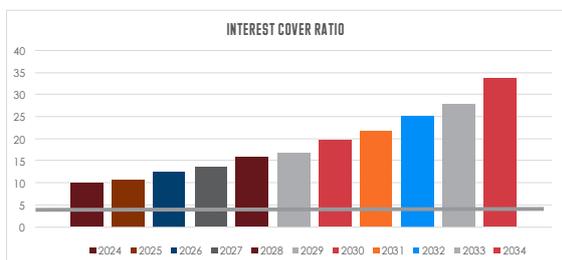
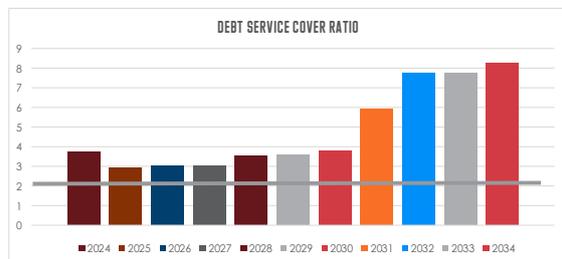
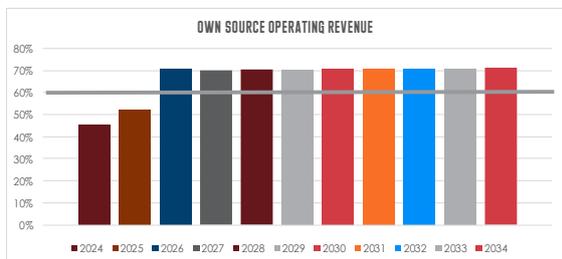
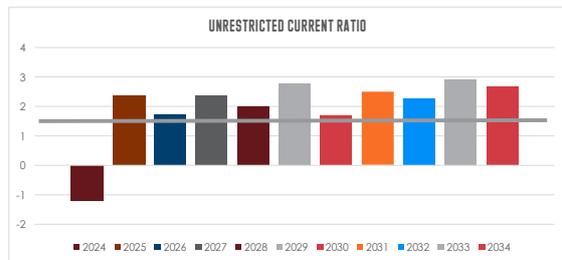
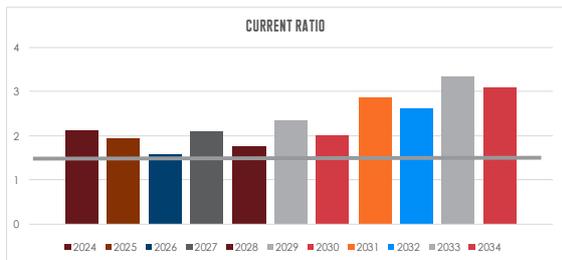
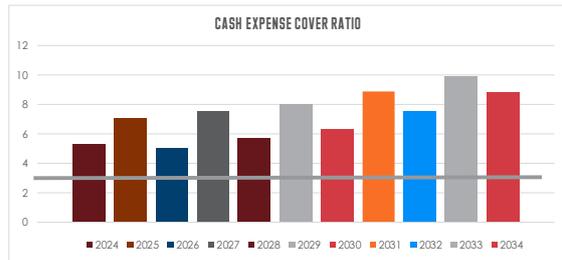
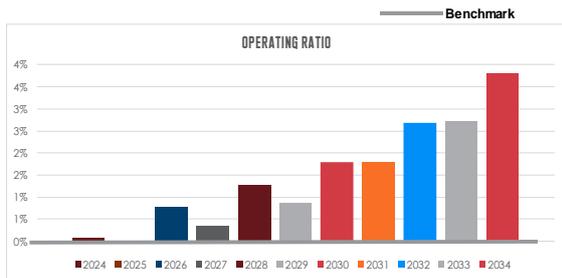
This ratio indicates the extent to which Council can service its interest-bearing debt and take on additional borrowing. It measures the burden of the current interest expense, upon Council's operating cash. The minimum benchmark for this ratio, as advised by TCorp and the Local Government Accounting Code for NSW, is greater than 4. The interest cover ratio, based on the proposed 2024/2025 budget, is 10.83.

• **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 2024/2025, is - 2.75.

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 in regard to 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 2024/2025 and Delivery Program 2022/2026 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. Council is currently relatively low on un-restricted reserves and has been operating with continuous deficits until 2023.

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 2024/25, 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.



CITY COUNCIL

www.brokenhill.nsw.gov.au