

STRATHFIELD MUNICIPAL COUNCIL



LONG TERM FINANCIAL PLAN 2026 – 2035

June 2025

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1 Executive Summary

1.1 Who We Are

The Strathfield local government area is in the Inner West of Sydney about 10.5km from the Sydney CBD and halfway between Parramatta and the centre of Sydney.

The original people of Strathfield were the Wangal Aboriginal people who lived alongside the Parramatta River for at least 20,000 years. The Wangal People were among the first to encounter British settlers in 1788.

Strathfield is a very diverse local government area. Profile ID forecast population to increase from 45,930 in 2020-2021 to 48,649 in 2026-2027. With 0.4% of the population identifying as Aboriginal; 11.7% of the population identify their country of origin as India, 9.8% China, 6.8% Nepal, 5.3% Korea, 2.7% from Sri Lanka and 36.2% born in Australia.

1.2 What Are the Challenges We Face

All councils are required to complete a Long Term Financial Plan (LTFP) as part of the Resourcing Strategy that informs the Delivery Program. Financial planning supports the delivery and realisation of Council's vision, as set out in the Community Strategic Plan, while ensuring Council's continued financial sustainability.

The LTFP addresses challenging questions:

- How financially resilient are we?
- Can we afford what the community is asking for?
- What are the opportunities for new revenue and economic growth?
- How to phase delivery of strategic initiatives over time?

The average operating performance ratio of NSW councils has been steadily declining. Councils have been faced with a range of challenges, including:

- natural disasters
- COVID 19
- low unemployment rate
- high inflationary economic environment impacting the cost-of-service delivery
- rising costs to maintain, repair, replace or improve community assets and infrastructure
- projected wages growth
- increased regulatory demands on local government
- State government and cost shifting.

These challenges mean that it becomes impossible for a Council to keep expenditure contained without there being a significant impact on service delivery to the community.

1.3 What we know

In 2022, Strathfield Council ('Council') undertook a thorough review of its financial sustainability, with the following findings:

1. Council operates a General Fund and Domestic waste function.
2. The General Fund financial position was at that time unsustainable at the levels of expenditure and income due to a range of issues. These included:
 - a. The long-term impacts of rate capping and expenses uncapped driven by economic conditions.
 - b. The annual inflation rate in Australia climbed to a peak of 7.8% by the end of 2022.
3. State government cost shifting, for items such as internal audit and risk committee requirements and the emergency service levy, along with grant-funded construction projects, adding to Councils' operational expenses. The NSW Local Government Association's 2023 report on cost shifting illustrates residents in metropolitan councils such as Strathfield have had to absorb up to \$456.60 per rate payer, per annum to balance the impact of cost shifting.
4. Council undertook data collection of its major asset classes and undertook analysis to validate the condition of those assets. Unfortunately, the asset condition had worsened since 2019 with the backlog ratio increasing from 0.25% to 4.21%. The backlog ratio is the cost to bring all assets to a satisfactory condition as a proportion of the total asset value. The Office of Local Government has set a benchmark for this ratio at less than 2%. This meant that Council needs to spend more on renewing its assets.
5. Council's decisions on assets, services and rating options and legislative restrictions/changes, had also contributed to Council's gradually declining financial sustainability.
6. In 2022 the LTFP base case forecasted the following:
 - a. An average general fund deficit for a 10-year forecast period of \$13.0m per annum
 - b. Having insufficient money to maintain the current service levels and asset renewals
 - c. A negative cash position by 2027
 - d. Severe under funding for expected growth and expansion of services.
7. In simple terms, Council was not collecting enough money each year to adequately cover the increasing cost of normal operations and maintenance of community infrastructure.
8. Council addressed this issue through the following:
 - a. A comprehensive organisational review of services and operations which identified significant savings that have been implemented, with a plan to implement a further estimated \$1.3m savings per annum for 10 years.
 - b. Council needs and intends to spend around \$12.1m per year to reduce the asset backlog ratio to 3.1% over the next 10 years and improve the safety and condition of Council assets.
 - c. Implementation of a Special Rate Variation and change to a minimum rate structure both of which have been approved by the Independent Pricing and Regulatory Authority (IPART) and commenced in 2023-2024.
 - d. Forward fund essential infrastructure renewals through loan(s) to the amount of \$42m to be acquired to minimise a sudden increase in rates to the rate payer.

1.4 Where are we now

Council has commenced implementation of the IPART approved Special Rate Variation as follows:

Table 1: Four-year SRV

	2023-2024	2024-2025	2025-2026	2026-2027	Compound
Actual/Estimated rate peg	3.7%	5.0%	6.9%	*2.5%	19.31%
Domestic waste transfer	20.3%	n/a	n/a	n/a	20.3%
Multi-year SRV (total including domestic waste transfer and rate peg)	35.1%	14.11%	17.5%	7.5%	94.73%
Minimum Amount	\$1,040	\$1,200	\$1,282.80	\$1,314.87	

* This is an estimate of the IPART rate peg for 2026-2027.

Note: the rate peg will not be applied over and above the SRV amounts outlined above

¹ During 2023-2024, IPART issued an amended SRV instrument to Council which increased the allowable increase in year 2024-2025 from 13.0% to 14.11%. This adjustment is specific to the newly ratable crown land which increases the total allowable rate increase for 2024-2025 from 13.0% to 14.11%.

It is important to note that the additional 1.11% increase relates only to the newly ratable parcels of crown land and does not apply across the entire ratepayer base. The increase in rates experienced by the rest of the LGA will still be in line with IPART's original issued Special Rate Variation instrument.

1.5 What are our scenarios

In its current state, Council has considered three scenarios as part of completing the review of its LTTP for 2026-2035:

Scenario 1 - Base Case (Realistic)

Continue providing a level of service within the existing budget allocation, including:

- Revised renewal spends from the asset management review
- Implementing the savings identified in Council's Improvement Program

This will enable Council to deliver current services, improve asset condition and have adequate resources to become operational and financially sustainable over the longer-term. This scenario addresses Council's ongoing core deficits in the General Fund and its cash position, ensuring Council is more resilient and responsive to shocks and unexpected events in the future.

Scenario 2 - High Growth (Optimistic)

Continue providing a level of service within the existing budget allocation, whilst achieving a higher level of growth, resulting in higher income

Expected to generate a higher rate yield, through higher levels of growth in the rate base. This would result in a corresponding improvement to the base case.

Scenario 3 - Low Growth (Pessimistic)

Continue to provide a level of service within the existing budget allocation, whilst achieving a lower-than-expected level of growth, and a higher than anticipated level of inflation.

This scenario would reduce the expected operating surplus and defer Council's achievement of the realisation of the expected surplus (per the base case) beyond 2027.

1.6 What is the approach

Council proposes to implement Scenario 1 – Realistic to implement the Delivery Program 2025-2029.

Under this scenario the following actions will need to be taken:

- Implement the recommendations from Council's Improvement Program. These improvements will reduce the size of the funding shortfall with an estimated net benefit of some \$1.3m per annum over the life of the LTFP.
- Improve the safety and condition of Council assets through the allocation of at least \$12.1m per annum for the asset renewal program, including loaning funds of \$42m for this purpose. This will enable Council to get on top of its asset backlog faster and ensure assets are fit for purpose for community use.
- Continue to implement the IPART approved SRV as outlined in table 1 on page 5.

A key outcome of this financial strategy is to continue the path of improving Council's financial sustainability, in terms of operating result and cash position, fit for purpose assets, productivity and efficiency process gains, and a more equitable rating structure.

2 Introduction

The NSW Local Government Act requires councils to have:

- a Community Strategic Plan (of at least ten years)
- a Delivery Program (four years)
- an Operational Plan (one year)
- a Resourcing Strategy containing:
 - Long-Term Financial Plan (LTFP, ten years)
 - Workforce Management Plan
 - Asset Management Strategy.

The Resourcing Strategy details how Council will provide the resources needed to achieve the objectives of the Community Strategic Plan and Delivery Program. The Delivery Program sets out the activities that Council will undertake in this term of Council to meet the community aspirations detailed in the Community Strategic Plan. The Operational Plan incorporates all the actions Council will undertake in the financial year.

The LTFP must be for a minimum of ten years and include the following:

- A consolidated and General Fund position
- the planning assumptions used to develop the plan
- projected income and expenditure statement, Balance Sheet, and cash-flow statement
- sensitivity analysis and testing
- financial modelling for different scenarios
- methods of monitoring financial performance.

2.1 Our Future 2035

The 'Strathfield 2035' Community Strategic plan was developed in consultation with the community. It focuses on six themes that were identified by the community as important to the future of Strathfield. The five themes are:

1. connectivity
2. community wellbeing
3. celebrating culture and place
4. liveable neighbourhoods
5. responsible leadership
6. future growth.

The Community Strategic Plan was placed on exhibition during March – April 2025 adopted by Council on 25 May 2025.

2.2 Purpose of the LTFP

The LTFP acts as a tool for Council and the community to use in deciding what resources Council needs to apply to deliver on the outcomes contained in *Strathfield 2035*, through its Delivery Program. The LTFP seeks to answer the following questions:

- Can we survive the financial pressures of the future?
- What are the opportunities for future income and economic growth?
- Can we afford what the community wants?
- How can we go about achieving these outcomes?

2.3 Long Term Financial Plan (LTFP)

Council has a long-term financial forecasting model. This provides a budgetary projection (from a profit and loss perspective) for a ten-year period for a Consolidated and General Fund Position. The model was used to prepare this LTFP and will be reviewed on an annual basis.

The model has been informed by the existing Asset Management Planning documents and the Workforce Management Plan and by a range of assumptions based on the best available data to guide forward projections. This forms the basis for the ten-year projections presented in this LTFP.

This LTFP has been reviewed and updated to align with the updated four-year Delivery Program 2025-2029 and Operational Plan for 2025-2026 for Strathfield Council.

3 Long Term Financial Sustainability

3.1 How do we define long term financial sustainability

A financially sustainable council is one that can fund ongoing service delivery and renew and replace assets without imposing excessive debt or rate increases on future generations. This definition has been translated into four key financial sustainability principles:

- Council must achieve a **fully funded operating position** reflecting that it collects enough revenue to fund operational expenditure, repayment of debt and depreciation.
- Council must **maintain sufficient cash reserves** to ensure it can meet its short-term working capital requirements.
- Council must have a **fully funded capital program**, where the source of funding is identified and secured for both capital renewal and new capital works.
- Council must **maintain its asset base**, by renewing identified ageing infrastructure, and ensuring cash reserves are set aside for those works yet to be identified.

3.2 How financially sustainable is Council currently

The most recent Audited Consolidated Financial Statements, as at 30 June 2024, resulted in a \$7.5m operating deficit (excluding capital income). The consolidated estimated operating deficit (excluding capital income) for 2025 based on Council's March Quarterly Budget Review Statement is \$5.9m.

The following performance indicators reported in the Annual Statements as at 30 June 2024 measure Council's broader financial performance and position. These indicators have been used to review Council's LTFP forecasts as part of assessing the long-term financial health of the organisation and its capacity to fund the delivery program.

Table 2: 2023-2024 Performance Indicators

Ratio	Calculation	What is being measured	Benchmark	2023-2024 actual ratio
Operating performance ratio	Total operating revenue less revenue for capital purposes less total operating expenditure	Is the council sustainable in terms of its operating result?	>0.00%	(11.57%)
Own source operating revenue	Total continuing operating revenue excluding all grants and contributions divided by Total continuing operating revenue inclusive of all grants and contributions	The 'own source operating revenue ratio' measures a council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions	>60.00%	65.14%
Unrestricted current ratio	Current assets less external restrictions divided by current liabilities	How much unrestricted current assets are available to cover current liabilities	>1.50x	5.13x

Ratio	Calculation	What is being measured	Benchmark	2023-2024 actual ratio
Cash expense cover ratio	Current year's cash and cash equivalents plus term deposits divided by monthly payments from cash flow operating and financing activities	How many months' worth of cash is at hand to cover monthly payments	>3 months	17.30 months
Debt service cover ratio	Operating result before capital excluding interest and depreciating/impairment/amortisation divided by principal repayments plus borrowing costs	Whether there is sufficient funds to cover debt servicing obligations	>2x	0.0
Buildings and Infrastructure renewals ratio	Asset renewal expenditure divided by depreciation	Is asset renewal expenditure sufficient to maintain assets in the long term?	>=100%	110.15%
Infrastructure backlog ratio	Estimated cost to bring assets to satisfactory condition divided by net carrying amount of infrastructure assets	Measures ratio of renewal backlog against net carrying value of assets and reflects success of strategy to invest in asset renewals	<2%	10.29%
Asset maintenance ratio	Actual maintenance costs divided by required maintenance costs	Measures the level of maintenance required to maintain current Assets	>100%	106.79%

4 Financial Management in Council

4.1 Regulatory environment

Council operates in a highly regulated environment driven by legislation and state strategies such as:

- Local Government Act 1993
 - The Act defines the scope and boundaries of Council's role and the way it must conduct its business.
- NSW State Plan
 - The State Plan: A new direction for NSW which defines the overarching goals and outcomes that the NSW Government has set for the state and which should shape public policy.
- A Metropolis of Three Cities - the Greater Sydney Region Plan
 - The plan sets out a long-term future for the Sydney Metropolitan Region, aligning land use, transport and infrastructure planning to reshape Greater Sydney as three unique but connected cities.

4.2 Financial environment - the state of Council's finances

Council's consolidated operating results (excluding capital) for 2020-2021, 2021-2022, 2022-2023 and 2023-2024 have been deficits of \$5.5m, \$5.6m, \$9.6m and \$7.5m respectively.

As at 30 June 2024, Council had cash, cash equivalents and investment balance of \$62.5m. Total carrying value of infrastructure and land assets was \$504.4m, while the total liabilities were only \$34.3m.

Most of the key financial ratios outlined in Table 2 are within industry benchmarks, however Council is below the benchmark for the Operating performance and Infrastructure backlog ratios. These are the most critical ratios and will need to be addressed as part of becoming a sustainable council.

Council has a sound base and an ability to borrow for key infrastructure if required. The fundamental issue faced by Strathfield and other NSW councils is the restriction on the rate at which revenue can be increased. While Council is able to borrow to fund new works and asset renewal backlog, it is only able to increase revenues to service the additional debt or increase services to community by applying for an SRV.

4.3 Financial environment - balancing the budget

Factors impacting budget management include employee costs, inflation, cost shifting, growth in regulatory and compliance requirements and impacts from climate change. Utilities including electricity, street lighting and water/sewerage have been increased primarily by CPL. Where previously approved by the Council, other items of expenditure in this category, including contributions to other level of governments and authorities and sporting groups, have been indexed annually by the Local Government Cost Index (LGCI).

Employee costs are a significant area of expenditure each year, with the full staff equivalent (including full-time equivalent permanent staff and casuals) being 243.71. This LTFP has factored in known and predicted award increases and continued increased superannuation contributions, the impact of Worker's Compensation, employee leave entitlements and staff progressing through the salary system.

Council's Community Strategic Plan and Delivery Program identifies several actions to deliver community aspirations that will enhance the liveability of the Strathfield LGA.

Population growth also has a significant influence on the funding of additional services and asset provision.

Some initiatives are funded by state and federal government grants; however, these grants do not include the ongoing renewal, operation and maintenance costs which will need to be met by council and are included in the LTFP. Additionally, some grant funding from either state and federal governments require matching funds from Council which puts additional financial pressure on Council.

4.4 Financial management principles

The updated 2025-2035 LTFP, is underpinned by the following principles:

- Council must achieve a **fully funded operating position** reflecting that it collects enough revenue to fund operational expenditure, repayment of debt and depreciation.
- Council must **maintain sufficient cash reserves** to ensure it can meet its short-term working capital requirements.
- Council must have a **fully funded capital program**, where the source of funding is identified and secured for both capital renewal and new capital works.
- Council must **maintain its asset base**, by renewing identified ageing infrastructure, and ensuring cash reserves are set aside for those works yet to be identified.

Councils' objectives for a sustainable council are:

- to maintain its existing service levels to residents.
- to ensure community assets are fit for purpose with a timely asset renewal program.
- to continually look for ways to structurally realign resources and/or increase income and efficiency opportunities.
- to achieve financial capacity to fund recurrent operations, asset renewals and unexpected events.

In conjunction with these principles and objectives, Council's LTFP is guided by several policies and strategies that are outlined below.

4.5 Rating income strategy

Rating income is generated by a levy on properties within the council area to provide local government services. Council continually reviews its rating structure to ensure it is fair, equitable, simple, and efficient, where each rating category and property will contribute to the rate levy according to the demands placed on Council's limited resources.

With rate capping, almost all NSW councils will be faced with having to apply for a special rate variation at some point. Councils go through cycles of SRVs, largely for the reasons set out earlier in this paper.

Council applied to the IPART for approval to increase rates through an SRV, and in doing so undertook thorough community consultation prior to making the application in 2023.

Council reviewed its rating structure and introduced a minimum structure and included business subcategories for industrial areas and Strathfield CBD. The purpose of the revised structure was to ensure over the longer term that all rate categories pay a fair and equitable share of rates.

The minimum rate for 2025-2026 and recent years, as approved by the IPART, is shown in the table below.

Table 3 Minimum rates

Year	Minimum Rate
2023-2024	\$1,040.00
2024-2025	\$1,200.00
2025-2026	\$1,282.80

Revenue is be raised by way of residential and business rates, based on land values of all rateable properties in the Council area. Council's Rating Structure is based on an ad-valorem rate subject to a minimum.

The method of ad valorem (rate per dollar multiplied by land value) and minimum rate is used to determine what rates are paid by each property owner. If the valuation multiplied by the rate per dollar falls below the minimum rate, the minimum rate will be charged.

The rating structure comprises:

- Ordinary Rate - Residential
- Ordinary Rate - Business General
- Ordinary Rate - Business Strathfield CBD
- Ordinary Rate - Business North
- Ordinary Rate - Business South

Council's rates base for the last financial year 2023-2024 was \$27.2m, comprises of:

- Residential rates with a yield of \$18.8m
- Business rates with a yield of \$8.3m

4.6 Domestic Waste Management Charges

Council charges a Domestic Waste Management charge to owners of rateable properties. This covers the cost of general garbage, recycling and household clean-up and includes the full cost of administration, service provision, state government charges and tipping fees.

All Councils in NSW are required to introduce a Food Organics and Garden Organics (FOGO) by 2030. Council has commenced planning for the rollout of the weekly FOGO service and has included estimated costs in the LTFP from 2028. These include capital and operating costs.

A review has been undertaken in developing the 2025-2026 budget given the required introduction of FOGO by 2030 and the annual charge for 2025-2026 has been set at \$615. Further analysis and finalisation of the FOGO service requirements may require a modest increase over and above the most recent annual costs in future years. The annual domestic waste charge is included with the annual rates notice.

4.7 Investment principles

All council investment must comply with Council's Investment Policy objectives and strategies.

Council's policy objectives are:

- to ensure the security of Council funds by adopting appropriate credit risk and diversification limits
- to ensure that Council's investments comply with legislative guidelines
- to maximise earnings subject to those limits, Council's liquidity requirements and its investment time horizon.

Council's strategies in relation to its investments are:

- to meet Council's cash flow expectations
- to maximise the returns of Council's investments within Investment Policy constraints and otherwise acceptable risk tolerances
- to set medium/long term strategic asset allocations for the investment portfolio
- to identify the most appropriate funds/investments for the investment portfolio
- to be able to measure the performance of individual investment relative to appropriate benchmarks
- to improve reporting on Council's investments and their performance.

Council has control over the interest it earns on General Fund revenues and reserves, but developer contribution interest on investments must be used for the purpose to which the contribution relates. The interest Council earns on General Fund revenue is untied and forms part of Council's consolidated revenue for distribution across services that are not funded by restricted funds.

4.8 Loans and borrowings

In addition to the funds received from the SRV, to effectively address the existing asset backlog, Council has committed to borrowings of up to \$42m for asset renewals and a further \$2m for the remediation works at Council's Golf Driving Range.

An initial drawdown of \$7m occurred in 2023-2024 with a further \$5.85m in 2024-2025. It is proposed that a \$13m loan will be entered into during 2025-2026 and new loans totaling \$16.15m in 2026-2027. The \$2m loan for remediation works at the Driving Range is scheduled for late 2024-2025.

This strategic financial decision is critical for several reasons:

- **Addressing the Asset Backlog:** The asset backlog represents essential infrastructure and maintenance projects that require immediate attention. By securing early borrowings, Council can promptly initiate these projects, ensuring that critical infrastructure is maintained and improved without further delays and reducing long term cost with earlier intervention.
- **Maintaining Cash Flow and Liquidity:** Without the loan, Council would not have sufficient funds to cover the costs associated with the asset backlog while also maintaining day-to-day operations. Borrowing early in the LTFP allows Council to remain cash positive, ensuring that it can meet all financial obligations and maintain liquidity throughout the plan period.
- **Meeting Performance Benchmarks:** Council has established performance benchmarks that are crucial for maintaining financial health and operational efficiency. By utilising borrowings, Council can ensure that it meets these benchmarks, demonstrating fiscal responsibility and effective management to stakeholders and the community.
- **Sustainable Financial Management:** Incorporating borrowings into the LTFP allows for the spreading of significant investment costs over time, reducing the immediate financial burden. This approach helps in maintaining a balanced budget and supports sustainable financial management practices.
- **Avoiding Financial Strain:** Without the planned borrowings, Council would face substantial financial strain, risking the inability to fund necessary projects and maintain essential services. This could lead to a deterioration of infrastructure, negatively impacting the community and increasing future costs.

The decision to borrow early within the LTFP framework is a prudent and necessary step to ensure that Council can effectively manage its financial resources, address the asset backlog, maintain liquidity, and meet performance benchmarks. This approach aligns with the long-term strategic goals of maintaining a high standard of service delivery and infrastructure for the community.

4.9 Cash reserves and restrictions

Council has several cash reserves that are either a legislative requirement (externally restricted) or were made through a Council decision (internally restricted).

Establishing cash reserves is a financial management strategy to provide funds for future expenditures that could not otherwise be financed during a single year without having a material impact on the budget. For

example, local government elections occur every four years, so Council sets aside one quarter of the estimated cost of this activity each financial year.

The balance of cash reserves as at 30 June 2024 is \$62.544m comprising:

- externally restricted reserves \$37.695m
- internally restricted reserves \$24.785m
- unrestricted cash \$0.064m

Council's external reserves are made up of unexpended grants, developer contributions, stormwater, and domestic waste management.

Council's internal reserves are Plant and Vehicle replacement, employees leave entitlements, deposits, retentions and bonds, bus shelters, election, future major expenditure, park scape improvements, risk management, technology, and Financial Assistance Grant – paid in advance.

4.10 Developer contributions

The Environmental Planning and Assessment Act (1979) enables Council to levy contributions for public amenities and services required because of development.

Council's adopted Developer Contributions Plan (section 7.11 and 7.12 Developer Contribution Plan) provides funds for council-wide application in the areas of:

- roads
- parking
- open space
- community facilities.

The Contributions Plan contains detailed schedules of works for which development contributions are required. A balance of \$28.418m is held, as at 30 June 2024.

Council has been be formulating a new Developer Contributions plan during 2024-2025 which is to be based upon a section 7.12 levy and introduced during 2025-2026. This would likely result in a higher than 1% levy to be put in place to provide adequate funding for community infrastructure, in particular with regard to future development associated with the Homebush Transit Oriented Development precinct.

4.11 Discretionary and regulatory fees and charges

Council can raise revenues by adopting a fee or charge for services or facilities. Fees and charges are reviewed on an annual basis in conjunction with the preparation of the annual budget.

The fees and charges which Council can charge can be split into two categories:

1. Regulatory fees – these fees are generally determined by state government legislation, and primarily relate to building, development, or compliance activities. Council has no control over the calculation or any annual increases of these fees and charges.
2. Discretionary fees – Council has the capacity to determine the charge or fee for discretionary works or services such as the use of community facilities and access to community services.

4.12 Disposal of Council assets policy

All asset disposal is required to comply with the Disposal of Council Assets Policy. Prior to disposal, assessment needs to be made to ensure no other section of Council has a need for the asset and there is no legal requirement to maintain the asset. Items of historical or cultural significance should be retained and properly archived.

4.13 Asset management

Strathfield Council is the custodian of assets with a gross replacement value of \$735.5m and a depreciated value of approximately \$504.4m, as at 30 June 2024.

As custodian of these assets, Council is responsible for establishing and implementing optimal asset management strategies and practices in line with Council's Policy and Procedures, that enable the assets to be sustained and related levels of service acceptable to the community to be provided at the minimal Life Cycle Cost (LCC) whilst controlling exposure to risk and loss.

Table 4 Asset values and annual depreciation as at 30 June 2024

Asset Class	Current Gross Replacement Cost (\$'000)	Net Replacement Costs \$,000	Annual Depreciation (\$'000)
Buildings	90,791	67,051	1,227
Roads	217,327	126,025	2,619
Bridges	11,106	7,916	91
Footpaths	45,684	28,748	534
Bulk earthworks	38,830	38,830	-
Car Parks	7,654	5,938	73
Stormwater	129,696	58,592	931
Open space & recreation	43,694	33,035	2,153
Land (Operational & Community)	127,936	127,936	-
Non-infrastructure assets & WLP	22,826	10,340	1,820
TOTAL	735,544	504,411	9,448

As part of Council's sustainability review, the asset management strategy was reviewed through the updating of its asset data for buildings, roads, bridges, footpaths and kerb and gutter. This review demonstrated that the asset condition has worsened since 2019, with the backlog ratio increasing from 0.25% to 4.21%. This has further increased to 6.69% for the year ended 30 June 2023 and 10.29% for the year ended 30 June 2024. To reduce the growing infrastructure backlog and improve the safety and condition of community assets, Council has committed to significantly increasing its capital investment. Over the next 10 years, Council plans to invest an average of \$12.2 million annually in renewing existing infrastructure, alongside an additional \$6.2 million each year on new assets. This brings the total average annual capital investment to approximately \$20 million over the 10-year Long-Term Financial Plan period.

4.14 Workforce Plan

The purpose of Council's workforce plan is to ensure that Council has the right number of people with the right skills in the right positions at the right time to meet its service delivery objectives. It also helps to anticipate and mitigate workforce-related risks, improve organizational efficiency, and support the overall strategic vision of Council. It is a separate document that is developed in line with the goals set out in the LTFP.

4.15 Long Term Financial Plan Assumptions

The LTFP model requires Council to identify all material items of revenue and expenditure and determine the external and internal influences that could significantly impact on Council's finances.

In preparing the LTFP, the following underpinning principles have been adopted:

- Population growth
- Increase in inflation
- Interest rate movements
- Revenue and expenditure
- Improvements - cost reductions, income increases, new resources and efficiency improvements.

4.15.1 Population forecasts

Population growth also has a significant influence on asset provision and long-term financial sustainability. Profile ID forecast average population increase of 1% annually, with the population expected to increase from 45,930 in 2020-2021 to 48,649 in 2026-2027.

4.15.2 Inflation

The annual inflation rate is trending at approximately 2.4% (per March 2025 quarter), which is down from 3.6% (per March 2024 quarter) and within the RBA's targeted long-term average of 2-3% and the decision to cut interest rates reflects growing confidence that inflation is under control.

The LTFP has modelled inflation in accordance with the following table.

Table 5 Inflation

Year	2026-2027	2027-2028	2028-2029	2029-2030 onwards
CPI	2.5%	2.5%	2.5%	2.5%

4.15.3 Interest rate movements

The current Reserve Bank of Australia (RBA) cash rate is 3.85% (May 2025)

Council has used an average of 3.0% as the interest rate on investments over the life of this LTFP. However, as the RBA continues to keep inflation under control, interest rates are expected to remain steady or reduce slightly. Loans for new debt has been modelled at between 5.0% -5.2% per annum.

4.15.4 Revenue and expenditure assumptions

The following table outlines Council's planning assumptions by revenue and expenditure types. These assumptions have been reviewed by a lending authority to ensure reliability for capacity to repay new borrowings.

Note: The assumptions included in the following tables are those which could have a material impact on Council's finances.

Table 6 Revenue and expenditure assumptions for the Base Case (Realistic) scenario

Year	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	Onwards
Rate peg	2.5%	3.0%	3.0%	2.5%	2.5%	2.5%
Annual charges	3.0%	3.0%	3.0%	3.0%	3.0%	3.0% till 2033-2034 then 2.4%
Fees and charges	3.5%	3.5%	3.5%	3.5%	3.5%	3.5% till 3032-3033 then 2.4%
Employee benefits and costs	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%
Materials and contracts	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other expenditure	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

4.15.5 Improvements

Council has completed an organisational service review to identify improvement opportunities that can guide Council with a productivity improvement plan and cost savings and/or increased income.

This review and its associated improvement plan focus on cost containment strategies and productivity improvements that have been utilised by Council in the past and present, as well as opportunities for improvement in the future.

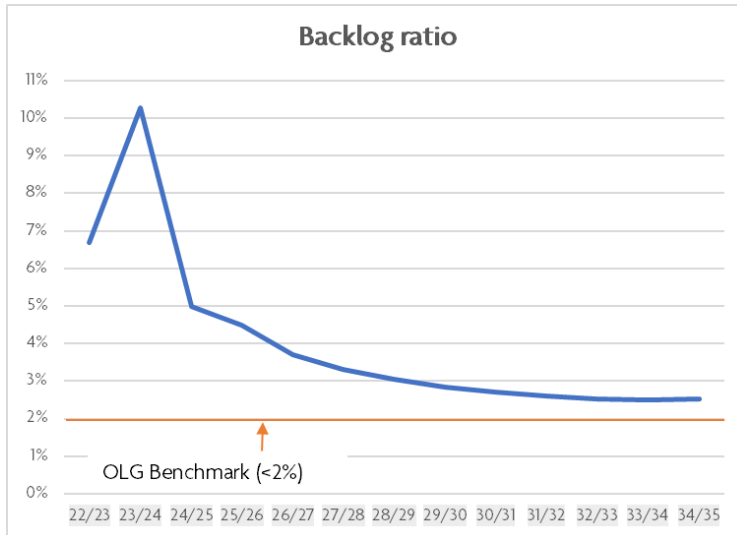
In addition, Council has identified further net benefits of \$1.3 million annually to be implemented as part of the SRV process and included in this revised LTFP. The following improvements include:

- review of community bus service – ceased in 2025
- driving range business plan to improve return
- investment portfolio review
- maximise revenue from property portfolio.

Potential future improvements have also been identified; however, these require further research, analysis and consideration by Council. Some examples of these are a procurement review, non- core service review, evaluation of environmental levy. Council will also create a comprehensive service review program that will drive further productivity and efficiency gains.

4.15.6 Council's asset renewal program

The annual investment of \$12.2m in the asset renewal program has a positive impact on the backlog log ratio as detailed in the following graph:



As of 30 June 2024, the Council's asset renewal backlog stands at 10.29%, equivalent to an estimated \$38.1m required to bring assets up to a satisfactory standard. The LTFP includes an adopted annual asset renewal program, with an average annual spend of \$12.2m over the plan's duration. This investment aims to prevent the current renewal backlog from increasing and to reduce it to a manageable level over the next ten years resulting in the backlog at the end of 2035 reducing to approximately 3%. Without this annual expenditure on asset renewals, the asset renewal backlog will be significantly higher. Moreover, assets would likely reach critical failure points and require removal from service well before the 10-year mark.

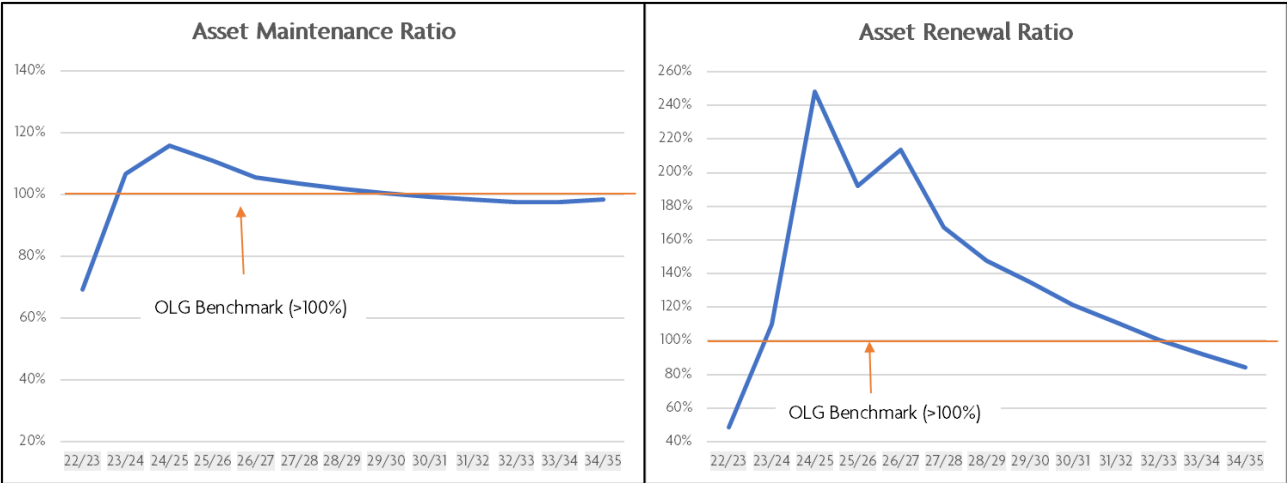
The asset renewal works encompass a wide range of infrastructure and facilities, including:

- **Buildings:** Upgrading and maintaining community centers, libraries, and other public buildings to ensure safety, functionality, and compliance with current standards.
- **Roads:** Repairing and resurfacing roads to improve safety, extend their lifespan, and enhance the overall transportation network.
- **Footpaths:** Rehabilitating and renewing footpaths to ensure accessibility, safety, and ease of use for pedestrians.
- **Parks and Recreational Facilities:** Renewing playgrounds, sports fields, and other recreational areas to maintain usability and meet community needs.
- **Bridges and Culverts:** Ensuring structural integrity and safety by performing necessary repairs and maintenance.
- **Stormwater Pits and Pipes:** Repairing and upgrading stormwater infrastructure to prevent flooding, ensure proper drainage, and maintain the efficiency of the stormwater management system.

The table below shows the annual LTFP commitment for asset maintenance and asset renewal expenditure as well as the asset renewal ratios:

Nominal Year	Asset Renewal Ratio	Renewals of Assets (\$,000)	Maintenance Ratio	Asset Maintenance Expenditure (\$'000)	Cost to Satisfactory (\$'000)	Backlog Ratio (All Classes)
2025-2026	192%	19,440	111%	\$6,293	\$19,521	4%
2026-2027	213%	22,274	106%	\$6,356	\$17,726	4%
2027-2028	168%	16,342	104%	\$6,420	\$16,755	3%
2028-2029	148%	15,792	102%	\$6,484	\$16,046	3%
2029-2030	135%	14,460	101%	\$6,549	\$15,510	3%
2030-2031	122%	13,614	99%	\$6,614	\$15,169	3%
2031-2032	111%	12,633	99%	\$6,680	\$14,994	3%
2032-2033	101%	11,811	98%	\$6,747	\$14,982	3%
2033-2034	92%	11,000	98%	\$6,848	\$15,119	3%
2034-2035	84%	10,265	99%	\$7,020	\$15,395	3%

The graphs below show the asset maintenance and asset renewal ratios:



5 LTFP Scenarios

Council operates two separate funds, the General Fund and the Domestic Waste Fund. The following scenarios relate to General Fund operations.

5.1 Scenario 1 - Base Case (Realistic)

The Base Case (Realistic) scenario outlines what would happen if Council did nothing apart from implement the Improvement Plan benefits and continues to implement the SRV as approved by the IPART. It provides for the following:

- Sufficient cash flow to maintain current service levels
- Council to return to a positive general fund position by 2026-2027
- Achieve a fully funded operating position
- Continue to deliver services and maintain essential infrastructure as required
- Achieve sufficient cash reserves
- Secure continued service delivery.

This scenario will enable Council to address its ongoing core deficits in the General Fund and its cash position, ensuring Council is more resilient and responsive to shocks and unexpected events in the future.

5.1.1 Sensitivity analysis

The LTFP contains several assumptions based on various sources such as population growth, inflation, and wage markets. Variations in these assumptions during the life of the plan may have a significant impact on Council's future financial plans. The assumptions in the Base Case (Realistic) scenario have been tested for sensitivity to both favourable and unfavourable fluctuations in revenues and expenditure, with reference to rates income and employee costs.

A 1% increase in total operating costs is \$661,090 and this represents 1.35% of rates and annual charges.

5.2 Scenario 2 - High Growth (Optimistic)

The Optimistic scenario focuses on continuing to provide a level of service within the existing budget allocation, whilst achieving a higher level of growth, resulting in higher income.

Expected to generate a higher rate yield, through higher levels of growth in the rate base. This would result in a corresponding improvement to the base case.

5.3 Scenario 2 - Low Growth (Pessimistic)

The Low Growth scenario focuses on continuing to provide a level of service within the existing budget allocation, whilst achieving a lower-than-expected level of growth, and a higher than anticipated level of inflation.

This scenario would reduce the expected operating surplus and defer Council's achievement of the realisation of the expected surplus (per the base case) beyond 2026-2027.

5.4 Sensitivity analysis

There are several risks associated with any LTFP predictions.

Risk can be minimised by regular review of the LTFP assumptions, incorporation of risk assessment in all The following is a range of identified external risks that may also impact on the LTFP should they eventuate as they could result in a significant change in operating revenue or expenditure and the need to review service levels:

- Budget reductions in state and federal governments may impact future funding provisions of grants and contributions.
- Continued increased cost-shifting from other levels of government may adversely impact current expenditure levels of Council.
- Climate change and its effect on council assets (roads, drainage, footpaths).
- Global issues impacting cost and supply of materials.
- Major Project reviews, and modelling of scenarios.

6 Financial Statements

The following presents 10-year financial forecasts for the Council's consolidated and General Fund positions under three scenarios: Base Case (Realistic), High-Growth (Optimistic), and Low-Growth (Pessimistic). These forecasts include the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Cash Flow Statement and the General Fund Income Statement for all three scenarios.

6.1 Scenario One - Base Case (Realistic)

Following are the consolidated income statement, consolidated balance sheet and cash flow statement for Council and the general fund income statement for this scenario.

6.1.1 Consolidated - Income Statement

	Budget 2025-2026	Forecast 2026-2027	Forecast 2027-2028	Forecast 2028-2029	Forecast 2029-2030	Forecast 2030-2031	Forecast 2031-2032	Forecast 2032-2033	Forecast 2033-2034	Forecast 2034-2035
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income										
Rates and annual charges	48,891	52,919	55,889	59,061	61,964	64,997	68,166	71,476	75,409	79,438
User fees and charges	6,606	6,771	7,008	7,253	7,507	7,770	8,042	8,323	8,523	8,728
Other revenue	3,540	3,629	3,719	3,812	3,907	4,005	4,105	4,208	4,313	4,421
Grants and contributions provided for operating purposes	2,135	2,188	2,232	2,277	2,322	2,369	2,416	2,464	2,514	2,564
Grants and contributions provided for capital purposes	16,738	17,156	5,615	5,615	5,615	5,615	5,615	5,615	5,615	5,615
Interest and investment income	3,370	3,454	2,333	2,164	2,060	2,046	2,111	2,261	2,498	2,832
Other income	1,677	1,750	1,794	2,135	2,194	2,255	2,318	2,382	2,443	2,505
Proceeds from sale of assets	500	513	200	329	250	275	150	175	200	-
Total income from continuing operations	83,457	88,380	78,790	82,646	85,820	89,332	92,923	96,904	101,515	106,104
Expenditure										
Employee benefits and on-costs	26,533	27,196	28,012	28,713	29,430	30,166	30,920	31,693	32,486	33,298
Materials and services	25,681	26,323	27,069	28,783	29,958	31,179	32,397	33,716	35,243	36,838
Borrowing costs	1,455	2,178	2,405	2,218	2,021	1,814	1,596	1,367	1,127	906
Depreciation and amortization	10,700	10,967	11,990	12,547	13,024	13,488	13,921	14,327	14,698	15,065
Other expenses	1,390	1,425	1,460	1,497	1,534	1,573	1,612	1,652	1,694	1,736
Written down value of assets sold/disposed	350	359	0	0	-	-	-	-	-	-
Total expenditure from continuing operations	66,109	68,448	70,936	73,758	75,967	78,220	80,447	82,755	85,247	87,843
Operating result from continuing operations	17,348	19,932	7,854	8,888	9,853	11,113	12,476	14,149	16,268	18,261
Net operating result before capital grants and contributions – Surplus/ (Deficit)	610	2,776	2,239	3,273	4,238	5,498	6,861	8,534	10,653	12,646

Note: minor rounding adjustments have been made in modelling the data presented below, these adjustments are immaterial.

6.1.2 Consolidated - Balance Sheet

	Budget 2025-2026	Forecast 2026-2027	Forecast 2027-2028	Forecast 2028-2029	Forecast 2029-2030	Forecast 2030-2031	Forecast 2031-2032	Forecast 2032-2033	Forecast 2033-2034	Forecast 2034-2035
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets										
Cash & Cash Equivalents	29,965	34,754	29,142	25,662	25,198	27,352	32,350	40,261	51,411	66,557
Investments	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
Receivables	5,930	6,484	6,848	7,236	7,584	7,947	8,326	8,721	9,192	9,685
Inventories	65	65	65	65	65	65	65	65	65	65
Other assets	390	390	390	390	390	390	390	390	390	390
Total current assets	59,350	64,693	59,445	56,353	56,237	58,755	64,131	72,437	84,057	99,697
Non-current assets										
Investments	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Infrastructure Property & Equip	588,232	634,770	659,815	682,224	701,583	718,382	732,751	744,800	754,646	762,664
Intangible Assets	1,870	1,870	1,870	1,870	1,870	1,870	1,870	1,870	1,870	1,870
Total Non-Current Assets	610,102	656,640	681,685	704,094	723,453	740,252	754,621	766,670	776,516	784,534
Total Assets	669,452	721,333	741,130	760,447	779,690	799,006	818,752	839,107	860,574	884,231
Current liabilities										
Payables	16,427	16,427	16,427	16,427	16,427	16,427	16,427	16,427	16,427	16,427
Contract Liabilities	8,732	8,732	8,732	8,732	8,732	8,732	8,732	8,732	8,732	8,732
Borrowings	3,470	3,648	3,836	4,033	4,240	4,457	4,686	4,927	4,230	3,384
Provisions	3,785	3,785	3,785	3,785	3,785	3,785	3,785	3,785	3,785	3,785
Total current liabilities	32,414	32,592	32,780	32,977	33,184	33,401	33,630	33,871	33,174	32,328
Non-current liabilities										
Borrowings	31,050	43,551	39,716	35,683	31,444	26,986	22,300	17,373	13,143	10,380
Provisions	458	458	458	458	458	458	458	458	458	458
Total non-current liabilities	31,508	44,009	40,174	36,141	31,902	27,444	22,758	17,831	13,601	10,838
Total Liabilities	63,922	76,602	72,953	69,118	65,085	60,846	56,388	51,702	46,775	43,166
Net assets	605,530	644,731	668,176	691,329	714,605	738,161	762,364	787,405	813,798	841,065
Equity										
Accumulated surplus	277,400	297,332	320,778	343,930	367,206	390,762	414,965	440,006	466,400	493,666
IPPE revaluation reserve	328,130	347,399	347,399	347,399	347,399	347,399	347,399	347,399	347,399	347,399
Total Equity	605,530	644,731	668,176	691,329	714,605	738,161	762,364	787,405	813,798	841,065

Note: minor rounding adjustments have been made in modelling the data presented below, these adjustments are immaterial.

6.1.3 Consolidated - Cashflow Statement

	Budget 2025-2026	Forecast 2026-2027	Forecast 2027-2028	Forecast 2028-2029	Forecast 2029-2030	Forecast 2030-2031	Forecast 2031-2032	Forecast 2032-2033	Forecast 2033-2034	Forecast 2034-2035
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total own source revenue	63,098	67,969	70,379	74,037	77,285	80,711	84,363	88,254	92,716	97,431
Grants and Contributions	2,135	2,188	2,232	2,277	2,322	2,369	2,416	2,464	2,514	2,564
Other Income from Continuing Operations	500	512	200	329	250	275	150	175	200	-0
Employee Benefits	(26,533)	(27,196)	(28,012)	(28,713)	(29,430)	(30,166)	(30,920)	(31,693)	(32,486)	(33,298)
Materials and Contracts	(25,681)	(26,323)	(27,439)	(28,618)	(29,781)	(30,990)	(32,248)	(33,556)	(35,071)	(36,657)
Other Expenses from Continuing Operations	(1,740)	1(,784)	(1,091)	(1,662)	(1,711)	(1,761)	(1,761)	(1,813)	(1,865)	(1,918)
Cashflow from operating activities	11,779	15,367	16,269	17,650	18,935	20,437	21,999	23,832	26,007	28,123
Purchase of IPP&E	(32,463)	(37,831)	(21,442)	(20,692)	(18,961)	(17,844)	(16,563)	(15,483)	(14,419)	(13,456)
Cashflow from investing activities	(32,463)	(37,831)	(21,442)	(20,692)	(18,961)	(17,844)	(16,563)	(15,483)	(14,419)	(13,456)
Proceeds from Grants and Contributions - Capital purposes	16,738	17,156	5,615	5,615	5,615	5,615	5,615	5,615	5,615	5,615
Proceeds from Borrowings	23,000	16,150	-	-	-	-	-	-	-	-
Loan repayments	(3,038)	(6,053)	(6,053)	(6,053)	(6,053)	(6,053)	(6,053)	(6,053)	(6,053)	(5,136)
Cashflow from financing activities	36,700	27,253	(438)	(438)	(438)	(438)	(438)	(438)	(438)	(479)
Net change in cash	16,017	4,789	(5,611)	(3,480)	(464)	2,155	4,998	7,911	11,150	15,146
Cash held at the beginning of the year	13,948	29,965	34,754	29,142	25,662	25,198	27,352	32,350	40,261	51,411
Investments held on hand	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000
Total cash and cash equivalents & Investments	72,965	77,754	72,142	68,662	68,198	70,352	75,350	83,261	94,411	109,557

Note: minor rounding adjustments have been made in modelling the data presented below, these adjustments are immaterial.

6.1.4 General Fund - Income Statement

	Budget 2025-2026	Forecast 2026-2027	Forecast 2027-2028	Forecast 2028-2029	Forecast 2029-2030	Forecast 2030-2031	Forecast 2031-2032	Forecast 2032-2033	Forecast 2033-2034	Forecast 2034-2035
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income										
Rates and annual charges	38,073	41,629	43,965	46,461	48,695	51,026	53,458	55,996	59,016	62,182
User fees and charges	6,531	6,694	6,929	7,171	7,422	7,682	7,951	8,229	8,426	8,629
Other revenue	3,490	3,577	3,667	3,758	3,852	3,949	4,047	4,149	4,252	4,359
Grants and contributions provided for operating purposes	2,135	2,188	2,232	2,277	2,322	2,369	2,416	2,464	2,514	2,564
Grants and contributions provided for capital purposes	16,738	17,156	5,615	5,615	5,615	5,615	5,615	5,615	5,615	5,615
Interest and investment income	3,370	3,454	2,285	2,083	1,955	1,895	1,902	1,979	2,125	2,345
Other income	1,677	1,750	1,794	1,806	1,851	1,897	1,945	1,993	2,043	2,094
Proceeds from sale of assets	500	513	-	-	-	-	-	-	-	-
Total income from continuing operations	72,514	76,962	66,486	69,171	71,713	74,432	77,334	80,425	83,991	87,788
Expenditure										
Employee benefits and on-costs	25,079	25,706	26,477	27,139	27,817	28,513	29,226	29,956	30,705	31,473
Materials and services	17,182	17,612	17,970	18,863	19,785	20,746	21,700	22,747	23,996	25,307
Borrowing costs	1,455	2,178	2,405	2,218	2,021	1,814	1,596	1,367	1,127	906
Depreciation and amortization	10,700	10,967	11,222	11,690	12,113	12,514	12,884	13,232	13,555	13,856
Other expenses	1,390	1,425	1,460	1,497	1,534	1,573	1,612	1,652	1,694	1,736
Written down value of assets sold/disposed	350	359	-	-	-	-	-	-	-	-
Total expenditure from continuing operations	56,156	58,246	59,535	61,407	63,270	65,159	67,018	68,954	71,076	73,279
Operating result from continuing operations	16,358	18,716	6,952	7,764	8,442	9,273	10,316	11,470	12,916	14,509
Net operating result before capital grants and contributions – Surplus/ (Deficit)	(380)	1,559	1,337	2,149	2,827	3,658	4,701	5,855	7,301	8,894

Note: minor rounding adjustments have been made in modelling the data presented below, these adjustments are immaterial.

6.2 Scenario Two – High Growth (Optimistic)

Following are the consolidated income statement, consolidated balance sheet and cash flow statement for Council and the general fund income statement for this scenario.

6.2.1 Consolidated - Income Statement

	Budget 2025-2026	Forecast 2026-2027	Forecast 2027-2028	Forecast 2028-2029	Forecast 2029-2030	Forecast 2030-2031	Forecast 2031-2032	Forecast 2032-2033	Forecast 2033-2034	Forecast 2034-2035
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income										
Rates and annual charges	48,891	52,919	56,248	59,826	63,413	67,205	71,212	75,160	79,431	83,609
User fees and charges	6,606	6,771	6,940	7,114	7,292	7,474	7,661	7,852	8,010	8,170
Other revenue	3,540	3,629	3,719	3,812	3,907	4,005	4,105	4,208	4,313	4,399
Grants and contributions provided for operating purposes	2,135	2,188	2,243	2,299	2,357	2,415	2,476	2,538	2,589	2,640
Grants and contributions provided for capital purposes	16,738	17,156	5,615	5,615	5,615	5,615	5,615	5,615	5,615	5,615
Interest and investment income	3,370	3,454	2,333	2,171	2,080	2,092	2,204	2,424	2,752	3,194
Other income	1,677	1,750	1,793	2,125	2,181	2,238	2,297	2,356	2,415	2,465
Proceeds from sale of assets	500	513	200	329	250	275	150	175	200	-
Total income from continuing operations	83,457	88,380	79,092	83,291	87,095	91,320	95,720	100,329	105,325	110,092
Expenditure										
Employee benefits and on-costs	26,533	27,196	28,012	28,853	29,718	30,461	31,223	32,003	32,803	33,623
Materials and services	25,681	26,323	27,069	28,782	29,954	31,175	32,394	33,712	35,068	36,474
Borrowing costs	1,455	2,178	2,405	2,218	2,021	1,814	1,596	1,367	1,127	906
Depreciation and amortization	10,700	10,967	11,990	12,547	13,024	13,488	13,921	14,327	14,698	15,065
Other expenses	1,390	1,425	1,460	1,497	1,534	1,573	1,612	1,652	1,694	1,727
Written down value of assets sold/disposed	350	359	-	-	-	-	-	-	-	-
Total expenditure from continuing operations	66,109	68,448	70,936	73,895	76,252	78,511	80,746	83,062	85,390	87,796
Operating result from continuing operations	17,348	19,932	8,155	9,396	10,843	12,809	14,974	17,268	19,935	22,296
Net operating result before capital grants and contributions – Surplus/ (Deficit)	610	2,775	2,540	3,781	5,228	7,194	9,359	11,653	14,320	16,681

Note: minor rounding adjustments have been made in modelling the data presented below, these adjustments are immaterial.

6.2.2 Consolidated - Balance Sheet

	Budget 2025-2026	Forecast 2026-2027	Forecast 2027-2028	Forecast 2028-2029	Forecast 2029-2030	Forecast 2030-2031	Forecast 2031-2032	Forecast 2032-2033	Forecast 2033-2034	Forecast 2034-2035
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets										
Cash & Cash Equivalents	29,965	34,754	29,379	26,332	26,741	30,462	37,814	48,730	63,466	82,610
Investments	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
Receivables	5,930	6,484	6,913	7,374	7,840	8,333	8,856	9,365	9,916	10,447
Inventories	65	65	65	65	65	65	65	65	65	65
Other assets	390	390	390	390	390	390	390	390	390	390
Total current assets	59,350	64,692	59,747	57,162	58,036	62,250	70,125	81,550	96,837	116,512
Non-current assets										
Investments	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Infrastructure Property & Equip	588,232	634,770	659,815	682,224	701,583	718,382	732,751	744,800	754,646	762,664
Intangible Assets	1,870	1,870	1,870	1,870	1,870	1,870	1,870	1,870	1,870	1,870
Total Non-Current Assets	610,102	656,640	681,685	704,094	723,453	740,252	754,621	766,670	776,516	784,534
Total Assets	669,452	721,332	741,432	761,256	781,489	802,502	824,746	848,220	873,353	901,046
Current liabilities										
Payables	16,427	16,427	16,427	16,427	16,427	16,427	16,427	16,427	16,427	16,427
Contract Liabilities	8,732	8,732	8,732	8,732	8,732	8,732	8,732	8,732	8,732	8,732
Borrowings	3,470	3,648	3,836	4,033	4,240	4,457	4,686	4,927	4,230	3,384
Provisions	3,785	3,785	3,785	3,785	3,785	3,785	3,785	3,785	3,785	3,785
Total current liabilities	32,414	32,592	32,780	32,977	33,184	33,401	33,630	33,871	33,174	32,328
Non-current liabilities										
Borrowings	31,050	43,551	39,716	35,683	31,444	26,986	22,300	17,373	13,143	10,380
Provisions	458	458	458	458	458	458	458	458	458	458
Total non-current liabilities	31,508	44,009	40,174	36,141	31,902	27,444	22,758	17,831	13,601	10,838
Total Liabilities	63,922	76,602	72,953	69,118	65,085	60,846	56,388	51,702	46,775	43,166
Net assets	605,530	644,731	668,478	692,138	716,404	741,656	768,357	796,518	826,578	857,880
Equity										
Accumulated surplus	277,400	297,332	321,079	344,739	369,005	394,257	420,959	449,119	479,179	510,482
IPPE revaluation reserve	328,130	347,399	347,399	347,399	347,399	347,399	347,399	347,399	347,399	347,399
Total Equity	605,530	644,731	668,478	692,138	716,404	741,656	768,357	796,518	826,578	857,880

Note: minor rounding adjustments have been made in modelling the data presented below, these adjustments are immaterial.

6.2.3 Consolidated - Cashflow Statement

	Budget 2025-2026	Forecast 2026-2027	Forecast 2027-2028	Forecast 2028-2029	Forecast 2029-2030	Forecast 2030-2031	Forecast 2031-2032	Forecast 2032-2033	Forecast 2033-2034	Forecast 2034-2035
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total own source revenue	63,098	67,969	70,605	74,587	78,408	82,522	86,956	91,492	96,370	101,305
Grants and Contributions	2,135	2,188	2,243	2,299	2,357	2,415	2,476	2,538	2,589	2,640
Other Income from Continuing Operations	500	512	200	329	250	275	150	175	200	-
Employee Benefits	(26,533)	(27,196)	(28,012)	(28,853)	(29,718)	(30,461)	(31,223)	(32,003)	(32,803)	(33,623)
Materials and Contracts	(25,681)	(26,323)	(27,439)	(28,618)	(29,781)	(30,990)	(32,248)	(33,556)	(34,900)	(36,300)
Other Expenses from Continuing Operations	(1,740)	(1,784)	(1,091)	(1,661)	(1,707)	(1,757)	(1,758)	(1,809)	(1,862)	(1,902)
Cashflow from operating activities	11,779	15,367	16,506	18,084	19,808	22,003	24,354	26,837	29,594	32,121
Purchase of IPP&E	(32,463)	(37,831)	(21,442)	(20,692)	(18,961)	(17,844)	(16,563)	(15,483)	(14,419)	(13,456)
Cashflow from investing activities	(32,463)	(37,831)	(21,442)	(20,692)	(18,961)	(17,844)	(16,563)	(15,483)	(14,419)	(13,456)
Proceeds from Grants and Contributions – Capital purposes	16,738	17,156	5,615	5,615	5,615	5,615	5,615	5,615	5,615	5,615
Proceeds from Borrowings	23,000	16,150	-	-	-	-	-	-	-	-
Loan repayments	(3,038)	(6,053)	(6,053)	(6,053)	(6,053)	(6,053)	(6,053)	(6,053)	(6,053)	(5,136)
Cashflow from financing activities	36,700	27,253	(438)	(438)	(438)	(438)	(438)	(438)	(438)	479
Net change in cash	16,017	4,789	(5,374)	(3,047)	409	3,721	7,352	10,916	14,736	19,143
Cash held at the beginning of the year	13,948	29,965	34,754	29,379	26,332	26,741	30,462	37,814	48,730	63,466
Investments held on hand	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000
Total cash and cash equivalents & Investments	72,965	77,754	72,379	69,332	69,741	73,462	80,814	91,730	106,466	125,610

Note: minor rounding adjustments have been made in modelling the data presented below, these adjustments are immaterial.

6.2.4 General Fund - Income Statement

	Budget 2025-2026	Forecast 2026-2027	Forecast 2027-2028	Forecast 2028-2029	Forecast 2029-2030	Forecast 2030-2031	Forecast 2031-2032	Forecast 2032-2033	Forecast 2033-2034	Forecast 2034-2035
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income										
Rates and annual charges	38,073	41,629	44,383	47,347	50,336	53,503	56,858	60,126	63,664	67,077
User fees and charges	6,531	6,694	6,862	7,033	7,209	7,389	7,574	7,763	7,919	8,077
Other revenue	3,490	3,577	3,667	3,758	3,852	3,949	4,047	4,149	4,252	4,337
Grants and contributions provided for operating purposes	2,135	2,188	2,243	2,299	2,357	2,415	2,476	2,538	2,589	2,640
Grants and contributions provided for capital purposes	16,738	17,156	5,615	5,615	5,615	5,615	5,615	5,615	5,615	5,615
Interest and investment income	3,370	3,454	2,285	2,092	1,981	1,954	2,018	2,178	2,431	2,778
Other income	1,677	1,750	1,793	1,806	1,851	1,897	1,945	1,993	2,043	2,084
Proceeds from sale of assets	500	513	-	-	-	-	-	-	-	-
Total income from continuing operations	72,514	76,962	66,847	69,951	73,201	76,723	80,533	84,362	88,512	92,609
Expenditure										
Employee benefits and on-costs	25,079	25,706	26,477	27,271	28,090	28,792	29,512	30,249	31,006	31,781
Materials and services	17,182	17,612	17,970	18,861	19,779	20,741	21,694	22,741	23,869	25,048
Borrowing costs	1,455	2,178	2,405	2,218	2,021	1,814	1,596	1,367	1,127	906
Depreciation and amortization	10,700	10,967	11,222	11,690	12,113	12,514	12,884	13,232	13,555	13,856
Other expenses	1,390	1,425	1,460	1,497	1,534	1,573	1,612	1,652	1,694	1,727
Written down value of assets sold/disposed	350	359	-	-	-	-	-	-	-	-
Total expenditure from continuing operations	56,156	58,246	59,535	61,537	63,537	65,433	67,298	69,242	71,250	73,319
Operating result from continuing operations	16,358	18,716	7,313	8,414	9,664	11,290	13,235	15,120	17,263	19,290
Net operating result before capital grants and contributions – Surplus/ (Deficit)	(380)	1,559	1,698	2,799	4,049	5,675	7,620	9,505	11,648	13,675

Note: minor rounding adjustments have been made in modelling the data presented below, these adjustments are immaterial.

6.3 Scenario Three – Low Growth (Pessimistic)

Following are the consolidated income statement, consolidated balance sheet and cash flow statement for Council and the general fund income statement for this scenario.

6.3.1 Consolidated - Income Statement

	Budget 2025-2026	Forecast 2026-2027	Forecast 2027-2028	Forecast 2028-2029	Forecast 2029-2030	Forecast 2030-2031	Forecast 2031-2032	Forecast 2032-2033	Forecast 2033-2034	Forecast 2034-2035
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income										
Rates and annual charges	38,073	52,919	55,769	58,587	61,466	64,474	67,617	70,899	74,638	78,561
User fees and charges	6,531	6,771	6,908	7,047	7,259	7,477	7,701	7,932	8,092	8,256
Other revenue	3,490	3,629	3,719	3,812	3,907	4,005	4,105	4,208	4,313	4,421
Grants and contributions provided for operating purposes	2,135	2,188	2,232	2,277	2,322	2,369	2,416	2,464	2,514	2,564
Grants and contributions provided for capital purposes	16,738	17,156	5,615	5,615	5,615	5,615	5,615	5,615	5,615	5,615
Interest and investment income	3,370	3,454	1,944	1,788	1,672	1,625	1,640	1,723	1,875	2,100
Other income	1,677	1,750	1,793	2,121	2,178	2,237	2,297	2,358	2,418	2,477
Proceeds from sale of assets	500	513	200	329	250	275	150	175	200	-
Total income from continuing operations	72,514	88,380	78,180	81,577	84,670	88,076	91,541	95,375	99,665	103,994
Expenditure										
Employee benefits and on-costs	25,079	27,196	28,012	28,853	29,718	30,461	31,223	32,003	32,803	33,623
Materials and services	17,182	26,323	27,068	28,780	29,952	31,173	32,392	33,711	35,237	36,832
Borrowing costs	1,455	2,178	2,405	2,218	2,021	1,814	1,596	1,367	1,127	906
Depreciation and amortization	10,700	10,967	11,990	12,547	13,024	13,488	13,921	14,327	14,698	15,065
Other expenses	1,390	1,425	1,460	1,497	1,534	1,573	1,612	1,652	1,694	1,736
Written down value of assets sold/disposed	350	359	-	-	-	-	-	-	-	-
Total expenditure from continuing operations	56,156	68,448	70,935	73,894	76,250	78,509	80,744	83,060	85,559	88,163
Operating result from continuing operations	16,358	19,932	7,245	7,683	8,420	9,567	10,797	12,315	14,106	15,831
Net operating result before capital grants and contributions – Surplus/ (Deficit)	(380)	2,775	1,630	2,068	2,805	3,952	5,182	6,700	8,491	10,216

Note: minor rounding adjustments have been made in modelling the data presented below, these adjustments are immaterial.

6.3.2 Consolidated - Balance Sheet

	Budget 2025-2026	Forecast 2026-2027	Forecast 2027-2028	Forecast 2028-2029	Forecast 2029-2030	Forecast 2030-2031	Forecast 2031-2032	Forecast 2032-2033	Forecast 2033-2034	Forecast 2034-2035
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets										
Cash & Cash Equivalents	29,965	34,753	28,535	23,884	21,989	22,600	25,920	31,999	40,991	53,711
Investments	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
Receivables	5,930	6,484	6,847	7,200	7,546	7,907	8,284	8,677	9,144	9,634
Inventories	65	65	65	65	65	65	65	65	65	65
Other assets	390	390	390	390	390	390	390	390	390	390
Total current assets	59,350	64,692	58,837	54,539	52,990	53,962	57,659	64,132	73,590	86,800
Non-current assets										
Investments	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Infrastructure Property & Equip	588,232	634,770	659,815	682,224	701,583	718,382	732,751	744,800	754,646	762,664
Intangible Assets	1,870	1,870	1,870	1,870	1,870	1,870	1,870	1,870	1,870	1,870
Total Non-Current Assets	610,102	656,640	681,685	704,094	723,453	740,252	754,621	766,670	776,516	784,534
Total Assets	669,452	721,332	740,522	758,632	776,443	794,214	812,280	830,802	850,106	871,334
Current liabilities										
Payables	16,427	16,427	16,427	16,427	16,427	16,427	16,427	16,427	16,427	16,427
Contract Liabilities	8,732	8,732	8,732	8,732	8,732	8,732	8,732	8,732	8,732	8,732
Borrowings	3,470	3,648	3,836	4,033	4,240	4,457	4,686	4,927	4,230	3,384
Provisions	3,785	3,785	3,785	3,785	3,785	3,785	3,785	3,785	3,785	3,785
Total current liabilities	32,414	32,592	32,780	32,977	33,184	33,401	33,630	33,871	33,174	32,328
Non-current liabilities										
Borrowings	31,050	43,551	39,716	35,683	31,444	26,986	22,300	17,373	13,143	10,380
Provisions	458	458	458	458	458	458	458	458	458	458
Total non-current liabilities	31,508	44,009	40,174	36,141	31,902	27,444	22,758	17,831	13,601	10,838
Total Liabilities	63,922	76,602	72,953	69,118	65,085	60,846	56,388	51,702	46,775	43,166
Net assets	605,530	644,730	667,568	689,515	711,358	733,368	755,892	779,100	803,331	828,168
Equity										
Accumulated surplus	277,400	297,332	320,169	342,116	363,959	385,969	408,493	431,701	455,932	480,769
IPPE revaluation reserve	328,130	347,399	347,399	347,399	347,399	347,399	347,399	347,399	347,399	347,399
Total Equity	605,530	644,730	667,568	689,515	711,358	733,368	755,892	779,100	803,331	828,168

Note: minor rounding adjustments have been made in modelling the data presented below, these adjustments are immaterial.

6.3.3 Consolidated - Cashflow Statement

	Budget 2025-2026	Forecast 2026-2027	Forecast 2027-2028	Forecast 2028-2029	Forecast 2029-2030	Forecast 2030-2031	Forecast 2031-2032	Forecast 2032-2033	Forecast 2033-2034	Forecast 2034-2035
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total own source revenue	63,098	67,969	69,770	73,003	76,137	79,456	82,983	86,727	90,869	95,325
Grants and Contributions	2,135	2,188	2,232	2,277	2,322	2,369	2,416	2,464	2,514	2,564
Other Income from Continuing Operations	500	512	200	329	250	275	150	175	200	-0
Employee Benefits	(26,533)	(27,196)	(28,012)	(28,853)	(29,718)	(30,461)	(31,223)	(32,003)	(32,803)	(33,623)
Materials and Contracts	(25,681)	(26,323)	(27,439)	(28,618)	(29,781)	(30,990)	(32,248)	(33,556)	(35,071)	(36,657)
Other Expenses from Continuing Operations	(1,740)	(1,784)	(1,089)	(1,659)	(1,706)	(1,756)	(1,756)	(1,807)	(1,860)	(1,912)
Cashflow from operating activities	11,779	15,367	15,662	16,480	17,504	18,893	20,322	22,000	23,849	25,697
Purchase of IPP&E	(32,463)	(37,831)	(21,442)	(20,692)	(18,961)	(17,844)	16,563	(15,483)	(14,419)	(13,456)
Cashflow from investing activities	(32,463)	(37,831)	(21,442)	(20,692)	(18,961)	(17,844)	-16,563	(15,483)	(14,419)	(13,456)
Proceeds from Grants and Contributions – Capital purposes	16,738	17,156	5,615	5,615	5,615	5,615	5,615	5,615	5,615	5,615
Proceeds from Borrowings	23,000	16,150	-	-	-	-	-	-	-	-
Loan repayments	(3,038)	(6,053)	(6,053)	(6,053)	(6,053)	(6,053)	(6,053)	(6,053)	(6,053)	(5,136)
Cashflow from financing activities	36,700	27,253	(438)	(438)	(438)	(438)	(438)	(438)	(438)	479
Net change in cash	16,017	4,789	-6,218	(4,651)	(1,895)	611	3,321	6,079	8,991	12,720
Cash held at the beginning of the year	13,948	29,965	34,753	28,535	23,884	21,989	22,600	25,920	31,999	40,991
Investments held on hand	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000
Total cash and cash equivalents & Investments	72,965	77,753	71,535	66,884	64,989	65,600	68,920	74,999	83,991	96,711

Note: minor rounding adjustments have been made in modelling the data presented below, these adjustments are immaterial.

6.3.4 General Fund - Income Statement

	Budget 2025-2026	Forecast 2026-2027	Forecast 2027-2028	Forecast 2028-2029	Forecast 2029-2030	Forecast 2030-2031	Forecast 2031-2032	Forecast 2032-2033	Forecast 2033-2034	Forecast 2034-2035
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income										
Rates and annual charges	38,073	41,629	43,959	46,226	48,448	50,767	53,187	55,712	58,708	61,855
User fees and charges	6,531	6,694	6,829	6,967	7,176	7,392	7,614	7,842	8,000	8,162
Other revenue	3,490	3,577	3,667	3,758	3,852	3,949	4,047	4,149	4,252	4,359
Grants and contributions provided for operating purposes	2,135	2,188	2,232	2,277	2,322	2,369	2,416	2,464	2,514	2,564
Grants and contributions provided for capital purposes	16,738	17,156	5,615	5,615	5,615	5,615	5,615	5,615	5,615	5,615
Interest and investment income	3,370	3,454	1,904	1,724	1,595	1,517	1,493	1,525	1,611	1,756
Other income	1,677	1,750	1,793	1,806	1,851	1,897	1,945	1,993	2,043	2,094
Proceeds from sale of assets	500	513	-	-	-	-	-	-	-	-
Total income from continuing operations	72,514	76,962	65,999	68,373	70,860	73,506	76,317	79,300	82,744	86,405
Expenditure										
Employee benefits and on-costs	25,079	25,706	26,477	27,271	28,090	28,792	29,512	30,249	31,006	31,781
Materials and services	17,182	17,612	17,968	18,858	19,777	20,738	21,691	22,738	23,987	25,298
Borrowing costs	1,455	2,178	2,405	2,218	2,021	1,814	1,596	1,367	1,127	906
Depreciation and amortization	10,700	10,967	11,222	11,690	12,113	12,514	12,884	13,232	13,555	13,856
Other expenses	1,390	1,425	1,460	1,497	1,534	1,573	1,612	1,652	1,694	1,736
Written down value of assets sold/disposed	350	359	-	-	-	-	-	-	-	-
Total expenditure from continuing operations	56,156	58,246	59,532	61,534	63,534	65,430	67,296	69,239	71,367	73,578
Operating result from continuing operations	16,358	18,715	6,467	6,839	7,326	8,076	9,021	10,061	11,377	12,827
Net operating result before capital grants and contributions – Surplus/ (Deficit)	(380)	1,559	852	1,224	1,711	2,461	3,406	4,446	5,762	7,212

Note: minor rounding adjustments have been made in modelling the data presented below, these adjustments are immaterial.