



Attachment 2 to Item 4.2.2.

Draft 2024-2034 Long Term Financial Plan

Date of meeting: 9 April 2024

Location: Council Chambers

Time: 6:30pm

HAWKESBURY CITY COUNCIL

LONG TERM FINANCIAL PLAN 2024-2034 **DRAFT** RESOURCING STRATEGY



www.hawkesbury.nsw.gov.au



STATEMENT OF COMMITMENT TO FIRST NATIONS PEOPLES

Council acknowledges the Darug and Darkinjung peoples as the Traditional Custodians of the land throughout the Hawkesbury.

Council recognises the continuing connection of First Nations people to their Country and respects the cultures and histories of Aboriginal and Torres Strait Islander peoples as the first peoples of this land.

OUR COMMUNITY'S VISION

We see the Hawkesbury as a vibrant and collaborative community living in harmony with our history and environment, whilst valuing our diversity, striving for innovation, a strong economy and retaining our lifestyle and identity.

Community Strategic Plan - The Hawkesbury 2042





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INTRODUCTION

The Community Strategic Plan - The Hawkesbury 2042 (CSP) details the long-term community vision and aspirations for the Hawkesbury region. To achieve these goals, we need to ensure that Council has adequate resources (money, assets and people) to fulfill its role and deliver on its actions and objectives.

The **Resourcing Strategy** explains to our community how we intend to perform all our functions and lead the delivery of strategies set out in the CSP. The Resourcing Strategy details how Council will allocate and manage resources to deliver the objectives and projects under its responsibility into the future.

The Resourcing Strategy consists of three components:

- Long-Term Financial Plan (this document)
- Asset Management Strategy and Plans
- Workforce Management Strategy

The **Long-Term Financial Plan (LTFP)** is a 10-year rolling plan that informs decision-making and demonstrates how the objectives of the Community Strategic Plan and commitments of the Delivery Program and Operational Plan will be resourced and funded.

The LTFP captures financial implications of asset management and workforce planning. For example, by identifying how additional assets will be funded, or existing assets renewed or upgraded and what provisions are made for changes to service levels.

The LTFP is a tool to aid decision making, priority setting and problem solving. It is a guide for future action, to be reviewed and updated annually, and addresses:

- how council will survive future financial pressures
- opportunities for future income and economic growth
- whether council can afford what the community requests
- how council can achieve outcomes agreed with the community.

The development of a Long Term Financial Plan (LTFP) is a requirement under the Integrated Planning and Reporting Framework (IP&R) and forms part of the Resourcing Strategy, also including the Workforce Management Strategy (WMS) and the Asset Management Plan Strategy and Plans (AMS and AMP).

Over recent years, financial sustainability in local government has received heightened attention and has become a greater challenge to maintain due to:

- increased demand for services from the community
- the diversion of resources away from local government due to cost shifting
- constraints over major income streams due to rate pegging
- constraints over income streams subject to relatively static statutory fees
- dependence on grant income
- caps placed on development contributions

- ageing infrastructure and escalating expenditure required for asset maintenance and renewals
- natural disasters and the COVID-19 Pandemic
- a range of reviews undertaken by the Independent Pricing and Regulatory Tribunal.

The LTFP is an important part of Council's strategic planning process. This is the point where long-term community aspirations and goals, outlined within the CSP, are tested against financial realities.

The LTFP provides a dynamic framework in which Council maintains financial sustainability in the delivery of its core functions and assists in measuring the performance of implementing objectives within the CSP. The LTFP also:

- establishes greater transparency and accountability of Council to the community
- provides an opportunity for early identification of financial issues and any likely impacts in the longer term
- provides a mechanism to address financial constraints as a whole,
- provides a 'big picture' on how various plans fit together,
- identifies the impact of decisions on other plans or strategies.

The LTFP spans a period of ten years and includes the following:

- background
- current financial performance
- projected financial performance in 2024/2025
- maintaining financial sustainability
- planning assumptions used to develop the Plan
- revenue and expenditure forecasts, including risk assessment
- consideration of asset management and its impact on the LTFP
- outline of potential scenarios
- projected financial statements and financial performance measures
- methods of monitoring financial performance
- methods and timings for subsequent reviews.

Due to the transformational projects, mostly funded by the Western Sydney Infrastructure Grants Program and being in their preliminary stages, the impacts of these works is unable to be built into the LTFP. Once consultation and designs are to an appropriate completion, reviews will be undertaken to determine the most appropriate operating models for these new and upgraded assets. Subsequently the net operating costs and the asset maintenance and renewal costs will be incorporated into future versions of the LTFP. The capital costs and assumed depreciation has been incorporated into this version.

FLOOD RECOVERY AND COMMUNITY RESILIENCE

The Hawkesbury community has faced several natural disasters in recent years, including floods, bushfires, and the COVID-19 Pandemic. In March and July 2022, floods hit the area again, causing widespread damage. These floods were the largest to impact upon the Hawkesbury in 44 years and compounded the effects on our community, environment and infrastructure of the previous flooding through 2020 and 2021. The remarkable strength, generosity and support shown throughout these testing times is a testament to the values and resilience of our people.

Funding received under State and Federal Government grant programs is being added to Council's Budget and works program, to accelerate the recovery of infrastructure in our region in the coming years. This includes damaged parks and recreation spaces, roads, bridges and drainage infrastructure.

The projected timing of the completion of these works has been incorporated into the LTFP.

WESTERN SYDNEY INFRASTRUCTURE GRANTS PROGRAM

In 2022, the NSW Government created the Western Sydney Infrastructure Grants Program (formerly WestInvest), which provided 15 Western Sydney Councils a total of \$2 billion - consisting of \$400 million of guaranteed funding and \$1.6 billion of competitive funding to deliver transformational infrastructure.

Hawkesbury City Council has received \$98 million in funding, contributing to a total of \$113 million to deliver significant recreation, culture and amenity projects for the Hawkesbury community.

The 2024/2025 year will see significant milestones in these city shaping projects. \$37 million, including complementary funding is allocated this year, with works focusing on community and stakeholder engagement on all projects, detailed design and the early stages of construction.

As designs, scoping and service delivery decisions are made, the cost of operating, maintaining and renewing these assets will be incorporated into Council's Resourcing Strategy.



BACKGROUND

GEOGRAPHY AND DEMOGRAPHY

Council is a peri-urban council on the north-western periphery of the Metropolitan Region and is the largest local government area within Sydney. It straddles the divide between urban metropolitan councils to its east and rural councils to its west. While the southeast corner of the Local Government Area (LGA) is predominantly urban, the remainder of LGA forms a much larger rural hinterland. In comparison with adjoining metropolitan councils, Council has a relatively smaller, but growing, population of 67,862 persons spread over an area of 2,776km². As a result, it is required to maintain a large asset holding serving a dispersed population.

The Hawkesbury is dominated by the Hawkesbury-Nepean River System and the escarpment of the Blue Mountains to its west. The topography of the area varies widely, with 70% of the LGA located in National Parks with significant world heritage values and riparian and wetland communities. The LGA contains substantial areas of bushland which are prone to bushfire while at the same time most of its urban areas are affected by flooding or flood evacuation constraints. The LGA also has a productive rural hinterland with more than three-quarters of its agricultural output exported beyond its borders. The Richmond RAAF Base is also located in the Hawkesbury.

These physical characteristics have impacted and continue to impact on the development of the Hawkesbury. The combination of topography, flooding, evacuation constraints, bushfire risk, airport noise, agricultural land and environmental values has meant that the majority of the LGA is 'highly constrained' with significant implications for future urban development.

In comparison with its neighbouring urban councils, the Hawkesbury has a large land area and road network but a relatively smaller and decentralised rating base. Council is required to provide core services and local facilities to outlying areas with small population catchments. Given that population density is an important driver of sustainability, these relative differentials result in higher per unit service costs and per-capita asset management costs.

Blacktown City Council IPR	The Hills Shire Council IPR	Penrith City Council IPR	Hawkesbury City Council IPR
\$10,513	\$11,042	\$12,901	\$20,630
of Assets Per Resident	of Assets Per Resident	of Assets Per Resident	of Assets Per Resident

The table above demonstrates that each resident in the Hawkesbury has to support a relatively greater proportion of infrastructure assets.

CHALLENGES

Constraints on revenue growth arising from limited development potential, rate pegging and caps on statutory fees and charges together with escalating cost indices, cost shifting, and increasing compliance costs will mean that Council will continue to have a revenue shortfall resulting in a significant constraint on the ability to fund the maintenance and renewal of its assets and sustain current levels of service into the future.

Like many NSW councils, and due to some specific attributes Council faces a number of challenges in maintaining long-term financial sustainability.

The new rate-peg methodology including a growth factor presents low growth councils like Hawkesbury with the challenge of limited allowance for growth. For the 2024/2025 Council was granted a rate-peg increase of 4.5%, but no allowance for growth. This methodology will disadvantage Council on an ongoing basis as the annual growth will continue to be minimal. Whilst development has commenced in Vineyard, is ongoing at Redbank and in the pipeline for Glossodia, growth will continue to be minimal when compared to growing LGA's including the Blacktown, The Hills and Camden Local Government Areas.

In addition to constraints on revenue, Council is faced with the added challenge of the need to significantly invest in emergency planning, management and resilience. Council requested the Minister for Local Government to amend legislative provisions to allow Council to levy an Emergency Management Charge to fund an increased investment in emergency planning, management and resilience. Unfortunately, Council's request was rejected, which means the additional investment will need to be funded from current levels of funding and diverting funds from other core Council services and works.

During the new four-year Delivery Program, there are a number of strategic challenges that will also need to be addressed, including:

- Redbank development
- Vineyard Precinct development
- Jacaranda development
- NSW Local Infrastructure Contributions Review
- NSW Waste and Sustainable Materials Strategy, including the mandating of Food and Garden Organics services
- NSW Planning Reform Action Plan (including Planning Portal)
- IPART Review of Cemeteries (internment costs and pricing)

The Redbank, Vineyard and Jacaranda developments present a challenge in terms of uncertainty around the timing of development and the associated asset delivery and maintenance implications.

The various NSW State Government and IPART reviews and reforms currently underway or not yet finalised have impacted on the ability to accurately capture the applicable financial implications in Council's Budget and the LTFP, as well as presenting challenges regarding the unknown future obligations that Council may be accountable to deliver against.

This LTFP has been prepared within the context of these challenges and includes sensitivity analysis regarding some of these challenges and other relevant variables.

CURRENT FINANCIAL PERFORMANCE

Council generates revenue through the levying of general rates and annual charges, user fees, investment income, grants, and other income sources.

The revenue generated from the various sources is used to deliver operational programs in line with the adopted CSP. Council’s operating budgets are expended in maintaining the infrastructure in the Hawkesbury such as parks, recreational facilities, roads, bridges, community buildings and community facilities, and in delivering services and programs in line with Council’s adopted Plans.

These funds are also required to deliver essential services to the community, including waste management services, and community and cultural services. Other services provided include city planning and support services. Apart from direct service delivery, Council also supports other bodies, including emergency services and recreational services by way of contributions and donations. Some expenditure items include employee costs, materials, contractors, legal expenses, utilities, contributions, and insurance.





Capital expenditure is incurred on road works, footpaths, drainage, bridge construction, the sewer network, park improvement, recreation, building works, plant replacement program, and on other assets including library resources, and IT equipment.



The following are extracts from the NSW Audit Offices' report on Council's General Purpose Financial Statements as at 30 June 2023:

INCOME STATEMENT

Operating Result

	2023	2022*	Variance
	\$m	\$m	%
Rates and annual charges revenue	71.6	69.1	 3.6
Grants and contributions revenue	83.0	51.9	 59.9
Operating result from continuing operations	47.1	42.1	 11.9
Net operating result before capital grants and contributions	15.6	21.5	 27.4

Rates and annual charges revenue (\$71.6 million) increased by \$2.5 million (3.6 per cent) in 2022–2023, mostly due to rate peg increase of 2.5 per cent.

Grants and contributions revenue (\$83.0 million) increased by \$31.1 million (59.9 per cent) in 2022–2023 due to:

- increase of \$9.4 million of developer contributions recognised during the year
- increase of \$25.3 million of grants recognised received for Roads and Bridges.

Council's operating result from continuing operations (\$47.1 million including depreciation, amortisation and impairment expense of \$24.5 million) was \$5.0 million higher than the 2021–22 result.

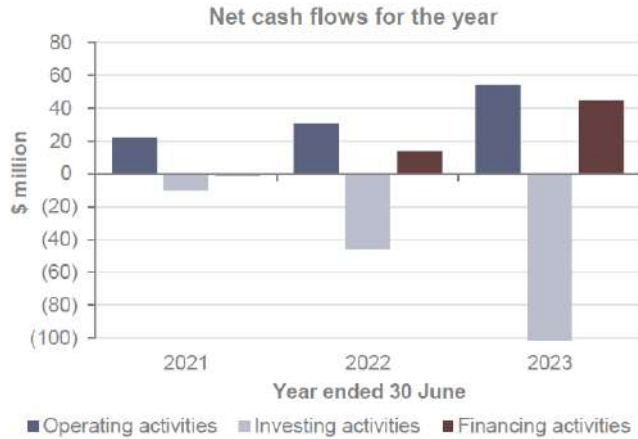
The net operating result before capital grants and contributions (\$15.6 million) was \$5.9 million lower than the 2021–2022 result.

STATEMENT OF CASH FLOWS

Cash inflows from operating activities in 2022-23 increased inflows in grants and contributions by \$46.4 million while also increased in outflows in payments for materials and services by \$24.3 million

Cash outflows from investing activities increased significantly due to an increase in payments for PPE by \$45.1 million

Cash inflows from financing activities increased \$31.3 million mainly due to proceeds from borrowings.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	103.2	83.7	<ul style="list-style-type: none"> Externally restricted balances comprise mainly of developer contributions and specific purpose unexpended loans - LCLI
Restricted and allocated cash, cash equivalents and investments:			<ul style="list-style-type: none"> Internal allocations are determined by council policies or decisions, which are subject to change.
• External restrictions	64.2	46.4	
• Internal allocations	31.6	17.2	

Debt

At 30 June 2023, Council had:

- \$62.5 million in borrowings (\$16.3 million in 2021-22)
- \$0.8 million in approved overdraft facility with nil drawn down.

PERFORMANCE

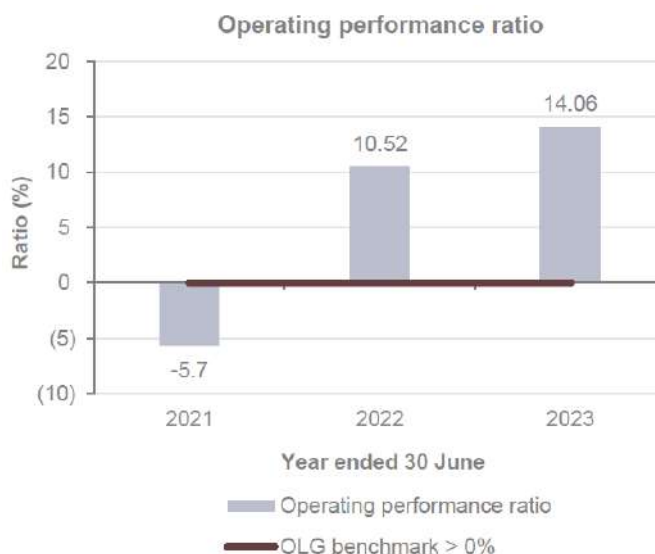
Performance Measures

The following section provides an overview of Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating Performance Ratio

Council exceeded the benchmark for the current reporting period.

The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.

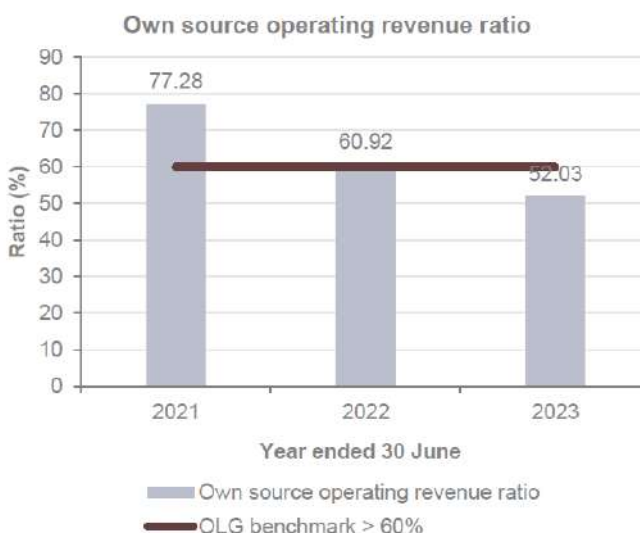


Own Source Operating Revenue Ratio

The Council did not meet the benchmark for the current reporting period.

The ratio declined from the previous year, as a result of the unbudgeted grants and prepaid grants.

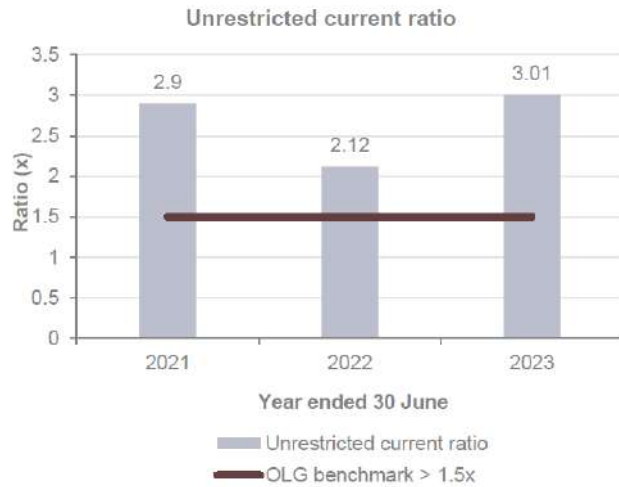
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted Current Ratio

Council exceeded the OLG benchmark for the current reporting period.

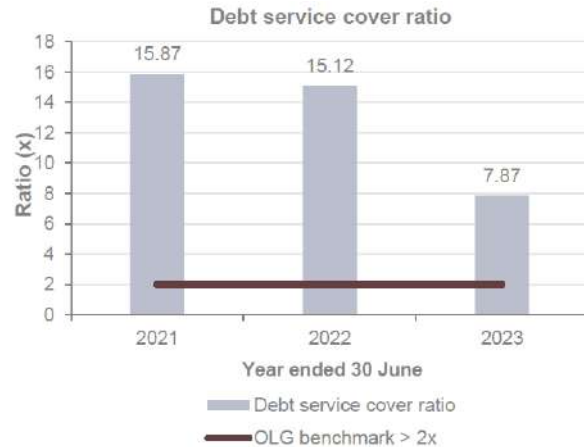
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt Service Cover Ratio

Council exceeded the OLG benchmark for the current reporting period.

The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



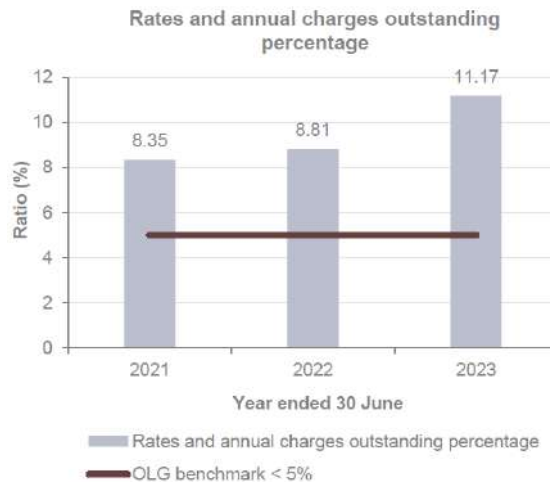
Rates and Annual Charges Outstanding Percentage

Council did not meet the OLG benchmark for the current reporting period.

The ratio deteriorated as outstanding rates and annual charges increased to support the community's recovery relating to flooding events over the last three years.

The ratio does not account for payment arrangements and the impact of Council not taking legal action on pensioners.

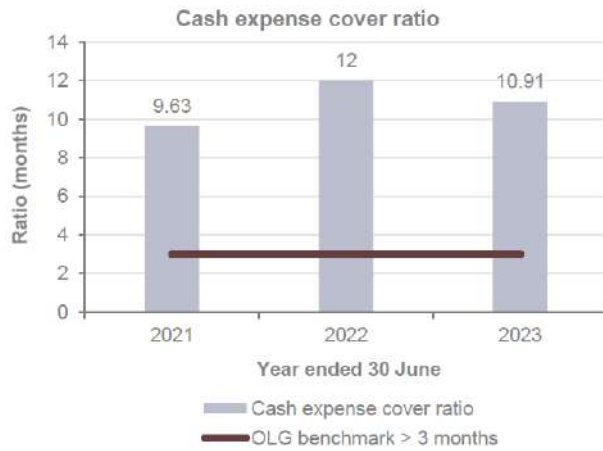
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



Cash Expense Cover Ratio

Council exceeded the OLG benchmark for the current reporting period.

This liquidity ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.



PROJECTED FINANCIAL PERFORMANCE IN 2024/2025

The projected financial performance as included in the 2024/2025 Operational Plan is as follows:

INCOME STATEMENT – CONSOLIDATED

Income Type	Original Budget 2023/2024 (\$'000)	Draft Budget 2024/2025 (\$'000)
Income from Continuing Operations		
REVENUE		
Rates and Annual Charges	-76,696	-83,285
User Charges and Fees	-9,162	-10,606
Other Revenue	-1,874	-1,980
Grants and Contributions provided for Operating Purposes	-19,179	-63,535
Grants and Contributions provided for Capital Purposes	-30,509	-55,993
Interest and Investment Income	-3,393	-3,942
Other Income	-3,307	-3,576
Total Income from Continuing Operations	-144,120	-222,917
EXPENSES FROM CONTINUING OPERATIONS		
Employee Benefits and On-Costs	37,133	39,730
Materials and Services	37,584	39,579
Borrowing Costs	3,144	3,034
Depreciation and Amortisation and Impairment	24,622	26,778
Other Expenses	6,125	6,477
Total Expenses from Continuing Operations	108,608	115,598
Net Operating Result for the Year	-35,512	-107,319
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	-5,003	-51,326
SOURCE OF CAPITAL FUNDING (EXCLUDING RESERVES)		
Proceeds from the sale of capital assets	-1,728	-1,657
Depreciation	-24,622	-26,778
Grants and Contributions – Capital	-30,509	-55,993
	-56,859	-84,428
APPLICATION OF CAPITAL FUNDING		
New Assets		
Land, Building and Land Improvements	6,919	13,142
Roads, Bridges, Footpaths and Drainage	14,959	12,214
Sewer Infrastructure	2,916	600
Parks Assets and Other Structures	7,268	19,899
Renewal of Assets		
Land, Building and Land Improvements	2,536	6,342
Roads, Bridges, Footpaths and Drainage	13,298	63,277
Sewer Infrastructure	1,710	1,924
Parks Assets and Other Structures	5,939	8,134
Other Assets	914	582
Plant and Equipment	5,565	4,165
	62,024	130,279
Net Capital Expenditure	5,165	45,851
Retained (surplus)/deficit from prior years		
Transfer to/(from) Reserves	-162	5,475
Retained (surplus)/deficit available for general funding purpose	0	0

FINANCIAL PERFORMANCE MEASURES

Performance Measure	Benchmark	2020/2021 Actual Results	2021/2022 Actual Result	2022/23 Actual Result	2023/2024 Original Budget	2024/2025 Draft Budget
Operating Performance	0	-0.08	0.15	0.21	0.05	0.33
Own Source Revenue	>60%	75.3%	58.1%	49.5%	62.9%	43.3%
Building and Infrastructure Asset Renewal	>100%	78.6%	63.7%	125.5%	132.6%	416.6%
Infrastructure Backlog	<2%	2.1%	2.1%	3.4%	2.1%	9.31%
Asset Maintenance	>100%	98.04%	91.7%	102.4%	102.1%	100.5%
Debt Service	>0%<20%	0.1%	2.8%	3.42%	4.3%	2.9%



PROJECTED FINANCIAL PERFORMANCE MEASURES EXPLAINED

In combination, the financial performance measures are used to assess a council's ability to generate sufficient revenue to enable it to maintain asset renewal and maintenance at an optimum level and to use debt funding to spread the burden of the cost of long-lived assets and its infrastructure backlog over a period of time to achieve intergenerational equity.

In this context, intergenerational equity means the consideration of the financial effects of Council decisions on future generations. Council's financial management strategies are aimed at achieving equity between generations of ratepayers whereby the mechanisms to fund specific capital expenditure and operations consider the ratepayers who benefit from the expenditure and therefore on a user pay basis who should pay for the costs associated with such expenditure. Funding long-lived infrastructure assets works through a program of borrowings over a number of years achieves intergenerational equity.

An explanation of Council's projected performance against each ratio and what it means in terms of future sustainability is provided below.

Operating Performance Ratio – Council's Operating Performance Ratio (OPR) is projected to meet the benchmark in 2024/2025. This is due to significant grant funding under Disaster Recovery Funding Arrangements associated with capital recovery of assets impacted by floods, included in operating revenue.

This ratio is a main indicator of Council's sustainability into the future and it is therefore critical that strategies are implemented to continue to meet this ratio.

Own Source Revenue Ratio – Council's Own Source Revenue Ratio is projected to continue to meet the relevant benchmark. These grant funding sources are for specific purposes that are not on-going and it is projected that Council will meet this benchmark in the short term. This indicates that Council can rely on self-generated income, of which it has control over.

Asset Renewal Ratio – Council's Asset Renewal Ratio is projected to meet the benchmark in 2024/2025. This ratio is significantly impacted by the delivery of asset renewal impacted by flood restoration works.

Infrastructure Backlog Ratio – Council's Infrastructure Backlog Ratio is projected to not meet the benchmark in 2024/2025, as a result of the damage arising from floods. The recovery from the flood damage will take several years to complete, which should bring this ratio back within the benchmark.

Asset Maintenance Ratio – Council's Asset Maintenance Ratio is projected to meet the benchmark in 2024/2025, meaning that Council is maintaining assets at the level required to keep assets functional and safe. Additional funding for roads maintenance from the Regional and Local Road Repair Program has assisted with meeting this benchmark.

Debt Service Ratio – Council's Debt Service Ratio is projected to continue to be met.

MAINTAINING FINANCIAL SUSTAINABILITY

Council's aim is to remain financially sustainable in the long term, whilst achieving the objectives of the CSP The Hawkesbury 2042, through the Delivery Program 2022-2026. Council also aims to maintain service levels in line with the community's expectations and address its infrastructure requirements.

Council's LTFP is based on the continued implementation of a number of financial sustainability strategies commenced in 2017/2018 and service sustainability reviews undertaken in line with the requirements of the Integrated Planning and Reporting Framework:

- improve strategic capacity
- continuous improvement in financial position
- meeting all the sustainability ratios over the LTFP period
- addressing the infrastructure backlog
- intergenerational equity through the use of debt financing
- aiming for progressive increased level of funding for asset maintenance and renewal and optimal asset intervention methods
- aiming for progressively achieving full cost recovery for the provision of services
- maintaining a fair and equitable rating structure
- maintaining affordability of Council's services
- considering revenue generating opportunities
- maintaining or improving service levels in all service areas.
- Undertaking service reviews

ADDITIONAL REVENUE

The on-going financial sustainability of Council requires additional revenue to be available to renew and maintain infrastructure assets as required and to be able to sustain current service levels meeting the community's expectations.

A number of revenue generating strategies can be applied to inject an on-going increased revenue stream to sustain the required asset management funding and maintain service levels in line with the community's expectations.

Borrowings Program – A borrowings program has been incorporated to be undertaken over a period of time with the primary aim of targeting infrastructure renewal. The availability of loan funds will enable works to be brought forward, therefore bringing assets to satisfactory standard sooner resulting in increased community satisfaction and facilitating optimal asset intervention methods. The use of debt financing results in costs being spread over a number of years, therefore achieving inter-generational equity. A Borrowings Program of any magnitude is dependent on the availability of additional funding to service the debt.

Stormwater Management Charge – The continuation of a Stormwater Management Charge of \$25 per property generates funding to enable maintenance and renewal works relating to stormwater infrastructure. This strategy will generate \$545,534 in 2024/2025 that will be invested in the management of stormwater asset management.

Drainage Management Charge – The Drainage Management Charge is levied on property applicable to the Redbank development to recover ongoing maintenance and renewal costs, and legislative obligations in regard to the drainage infrastructure in this area. Funding collected under this charge will be applied specifically to works and maintenance in the collection area. This strategy will generate \$164,400 in 2024/2025.

Return on Businesses – This strategy is aimed at ensuring that Council receives a return on assets invested in non-core services operating as a business. Council operates a Waste Management Facility (WMF) and a Sewerage Program. An annual dividend payment based on a 12% rate of return on the value of those assets has been implemented for the WMF. This strategy generates \$621,000 each year.

Property Strategy – This Strategy is aimed at undertaking a comprehensive review of Council’s property and asset holdings with a view to rationalising under-utilised and/or under-performing assets. The Strategy will also look at strategic investment opportunities.

CONTAINMENT OF COSTS AND EFFICIENCY IMPROVEMENTS

Council is continually seeking cost savings and efficiencies through on-going process improvements, increased use of technology, best value for money procurement processes, resource sharing and partnerships.

A number of areas where a specific targeted approach to cost reductions and efficiency improvements can be applied are outlined below.

Review of Operations – A review of current service models and resourcing of operational activities including roads, parks and waste will identify areas to be investigated for potential efficiencies to reduce the cost per unit of works and consequently be able to deliver more works with available funding.

Service Reviews – In accordance with the requirements of the Integrated Planning and Reporting Framework, over the next four years Council will select a number of areas to be subject to a service review.

Project Management Framework – Council is in the process of implementing an organisation wide Project Management Framework. The objective of the Framework is to ensure projects are delivered in a consistent and cost effective manner, within a robust governance framework.



ASSET MANAGEMENT STRATEGY AND PLANS

The Asset Management Strategy within the Resourcing Strategy have informed the funding requirements to achieve a certain level of asset conditions and this has been built within the LTFP. The scenarios within the LTFP and AMS link directly and the funding of asset renewal and maintenance is a significant driving factor behind them.

The main impact on the various scenarios is additional revenue required to improve the infrastructure backlog and result in enhanced service levels generated by safe and functional use of infrastructure assets.

The Asset Management Plans are currently in development and will inform future updates to this LTFP from 2025/2026.

CAPACITY BUILDING

Council will continue to work in partnership with other councils and other levels of government to support its strategic capacity. This LTFP includes continued participation in the Western City Parkland initiative, Resilient Sydney Partnership and Western Sydney Regional Organisation of Councils (WSROC).



ELEMENTS OF THE PLAN

STRATEGIC PLANNING ASSUMPTIONS

Council's LTFP and associated scenarios and resulting financial models have been based on a number of key assumptions.

SERVICE LEVELS

The LTFP is based on the assumption that the current service levels relating to services are maintained within the limits of available funding. Funding allocation has been guided by community feedback received through the Community Survey.

INFRASTRUCTURE

The LTFP is based on the assumption that no major new capital works are undertaken in the next ten years other than those funded by Grants, Contribution Plans, Voluntary Planning Agreements and/or Reserves. Capital projects proposed to be undertaken in 2024/2025 are mainly focused on asset renewal, flood recovery and grant funded works.

POPULATION GROWTH AND DEMOGRAPHIC CHANGES

The LTFP is based on the existing local government area boundaries and the assumption that Council's projected population movement over the next ten years will not be significant. This may result in an increasingly older population placing increased pressure on existing infrastructure and services. The growth factor used in this LTFP is 1% as a result of the Redbank and Vineyard developments.

Council currently has some development areas – Redbank at North Richmond, Jacaranda Ponds at Glossodia, Pitt Town development area and the Vineyard development area. Due to uncertainties around timing and the status of planning documents at this time, the impact of growth in Pitt Town and Glossodia has not been included in this LTFP.

It is to be noted that new capital works required because of a new development, would be funded through developer contributions by way of Developer Contribution Plans or Voluntary Planning Agreements. Any additional demands on existing assets and services would be funded through an increased rates base and special rates aimed at covering additional costs specific to the development area. It is noted that a \$16.5M loan has been drawn down under the Low Loan Cost Initiative to accelerate the provision of infrastructure in the Vineyard Development area.

The impacts of these developments will continue to be factored in future reviews of the LTFP.

REVENUE FORECASTS

GENERAL RATES

Council's rating strategy and structure is reviewed every year as part of the annual Operational Plan process. The LTFP is based on the rating structure as incorporated within the 2024/2025 Draft Operational Plan.

Council's proposed rating structure provides for three different categories of ordinary rates: residential, farmland and business. The rate type applicable to a particular property is determined on the basis of the property's rating categorisation. All properties are categorised in accordance with the provisions set out in the Local Government Act 1993.

The LTFP is based on the assumption that Council's rating structure remains unchanged over the next ten years. Any changes in the rating structure would not impact on the total revenue but merely redistribute the income amongst the different categories and sub-categories thereof. Council's rating income or notional yield may be increased from one year to the next up to the rate-pegging limit as determined by IPART.

The LTFP includes three scenarios in regard to rates revenue. Scenarios 1 and 2 are based on an increase of 4.5% in rates peg in 2024/2025 with an assumed 2.5% rate peg in future years. Scenario 3 is based on an increase of 4.5% in rates in 2024/2025, and an assumed rate peg of 3.0% in future years.

DOMESTIC WASTE CHARGES

Council's Domestic Waste Management Program is self-funded by way of an externally restricted reserve. The Local Government Act 1993 limits annual domestic waste management charges to an amount sufficient to recover the costs of providing the service.

The LTFP includes the reviewed 10 Year Plan in relation to Domestic Waste. As more information regarding the regulations around the compulsory provision of Food Organics Garden Organics (FOGO) collection by 2030 is known, various scenarios are likely to be included in future versions of the LTFP.

SEWERAGE CHARGES

In accordance with legislative requirements, Council maintains an externally restricted reserve for the Sewerage Program. All funds received through annual sewerage charges are quarantined to fund on-going program operational costs, and asset renewal and replacement. This LTFP has been prepared on a consolidated basis including the sewerage function, but financial performance measures are based on General funds only, excluding the sewerage function.

The LTFP includes the reviewed 10 Year Plan in relation to Sewer. Council is awaiting advice regarding funding potential for the restoration of Rising Main Cand is continuing to pursue options for divestment of this function. The requirements around the Nutrient Offset Framework to be applied by 2028 are not known at the time of preparing this LTFP. Once further information has been received regarding these issues, various scenarios are likely to be included in future versions of the LTFP.

SULLAGE CHARGES

Council maintains an internally restricted reserve to fund its Sullage Program. All funds received in relation to sullage charges are quarantined to fund the operational cost of running the Program, as well as provide for a contingency to manage any external shocks.

The revenue from annual sullage charges included in this LTFP reflects funding required ensuring the sustainability of the Sullage Program over the next ten years, taking into account the expected demand for the service.

STORMWATER MANAGEMENT SERVICE AND DRAINAGE MANAGEMENT CHARGES

Council maintains an externally restricted reserve to fund its Stormwater Management Program. All funds received in relation to stormwater management charges are quarantined to fund the provision of an enhanced program to deliver new stormwater infrastructure and fund the ongoing renewal, maintenance and monitoring costs of this additional infrastructure. The revenue from annual stormwater charges included in this LTFP reflects funding that can be generated, in line with legislation over the next ten years.

The previously discussed Stormwater Charge does not apply to North Richmond (Redbank) area. A Drainage Management Charge applies to the Redbank Development Area, proposed to be \$150 per lot for the 2024/2025 financial year.

This amount will be reviewed on an annual basis to ensure that maintenance costs associated with the contemporary stormwater management infrastructure within the area are recovered. The maintenance required within the Redbank Development Area is greater than the current maintenance required across the remaining Local Government Area, with specific costs associated with the management of the Key Line Drainage System.

INTEREST ON INVESTMENTS

Council's investment portfolio consists of term deposits, Floating Rate Notes, on-call accounts and a TCorp Growth Fund. The portfolio size varies from one year to another as reflected in the cash flow statement applicable to the different scenarios modelled. All Council's investments are made in accordance with the Minister's Order and Council's adopted Investment Policy.

As there is a high-risk element relating to interest income due to interest rates being subject to external market fluctuations, interest rates have been maintained at a conservative level.

USER CHARGES, FEES, OTHER INCOME AND OTHER REVENUE

Council generates in the vicinity of \$16 million each year through User Charges, Fees, Other Income and Other Revenue. Activities subject to user fees and charges include Building and Development Activities, Animal Management, Parking Patrol, Pool Income and Rental Income. The revenue projections relating to these items are based on appropriate assumptions regarding increases in statutory fees, recent trends, expected trends, cost recovery and local and general economic conditions over the next ten years.

GRANTS AND CONTRIBUTIONS

Council receives a significant amount of funding each year from other levels of government through operating and capital grants and contributions. Council's financial planning approach with regards to grants and contributions has generally been that known, regular and certain grants are budgeted for, while one-off grants and contributions are accounted for in Council's budgets when certain to be received.

In line with this approach, the LTFP mainly reflects known and certain grants, which are budgeted to increase slightly or remain static. The main grants included are the Financial Assistance Grant (FAG), Regional Roads funding, completion of currently approved grant programs and the Roads to Recovery Grant. Grant funding levels in future years will be significantly reduced as a result of the completion of the Liveability Program, Bushfire Grants, Western Sydney Infrastructure Grants Program and Flood Grants.

NET GAINS FROM DISPOSAL OF ASSETS

This LTFP assumes that all assets are disposed at their written down value.

RESTRICTED ASSETS

Council has a number of internally and externally restricted reserves aimed at quarantining funds in line with legislative requirements or for specific uses in the future. In relation to externally restricted reserves, the LTFP reflects projected reserve movements and balances as determined by the programs' respective ten-year plans. Internally restricted reserves over the next ten years are projected in line with the expected timing of the specific expenditure the reserves are aimed at funding.



EXPENDITURE FORECASTS

STAFF COSTS

The LTFP assumes annual increase in staff costs of 3.5% for 2024/2025 and 3% in future years including an allowance for an award increase of 2.5%, step progressions, superannuation increases in line with the current legislation, and potential changes to the current staff establishment.

BORROWING COSTS

The LTFP includes debt servicing costs for current borrowings under the Low-Cost Loans Initiative, Sewer Loan and Council's Infrastructure Renewal Borrowing Program.

MATERIALS AND CONTRACTS

Financial projections relating to materials and contracts have been based on a combination of service levels requirements, asset management requirements, predicted CPI increases, known specific increases and one-off expenditure if known.

OTHER EXPENSES

Financial projections relating to other expenses have been based on a combination of service levels requirements, predicted CPI increases, specific increases and one-off expenditure if known.

DEPRECIATION

Depreciation estimates in outer years has been based on an increase of 1.75% on the written down value of assets. Condition audits, future asset revaluations, and actual maintenance and renewal expenditure undertaken will have an impact on Council's infrastructure assets useful lives and consequently impact on depreciation charges and Council's operating result.

RISK ASSESSMENT

The LTFP and the financial models contained within are based on a number of key assumptions.

The projected income and expenditure could be impacted by the following:

- variations in underlying planning assumptions
- changes to legislation and/or relevant regulations
- future Council resolutions
- major unplanned projects
- service levels reviews arising from a community consultation process.

Should any of the above situations arise resulting in an impact on the LTFP, those impacts will be considered in future annual reviews of the Plan.

CERTAINTY OF REVENUE STREAMS

Projections of revenue streams over the next ten years are based on historic trends, planned pricing methodologies, known and recurrent grants, current statutory prices, and the assumption of the continuation of rate pegging in each of the ten years. Pricing methodologies are aimed at providing services in a sustainable manner, with the community's capacity to pay taken into consideration.

A major risk contained within the LTFP relates to the assumed rate peg limits for years 2 to 10. Any reduction will have an impact on the services and asset management functions that can be delivered.

ACCURACY OF EXPENDITURE ESTIMATES

Projections of operating expenditure over the next ten years are based on a combination of CPI assumptions, specific increases and one-off expenditure where known. In the case of infrastructure maintenance costs, expenditure required to maintain service levels is based on asset management projections. Capital expenditure estimates mainly relate to infrastructure renewal, based on the service levels required and Council's current asset condition data.

If any of the assumptions in relation to the projected expenditure vary, then Council can modify service provision and asset management practices in order to recover any negative impacts.

ASSET MANAGEMENT

Council is strongly committed to delivering high quality assets and services to the community and complying with legislative requirements. We aim to achieve sustainable, resilient and well managed assets across the Hawkesbury. Implementation of the Asset Management Strategy will lead to:

- data driven decision making
- service focused assets
- sustainable lifecycle and project management
- asset resilience and performance
- effective risk management.

The levels of funding available strongly impact upon our ability to achieve these outcomes. Therefore, the LTFP contains scenarios indicating the impact of different funding levels for asset renewal and is strongly linked to the Asset Management Strategy.

POTENTIAL SCENARIOS AND FINANCIAL MODELS

Council's Long-Term Financial Plan has been reviewed. The reviewed LTFP is based on the Draft 2022-2026 Delivery Program. Sensitivity analysis has been undertaken regarding a number of matters that can significantly impact on Council's ability to maintain its current service levels and financial sustainability in future years.

A critical assumption in Council's LTFP is the allowable increase in rating income from one year to the next (rate-peg). The rate-peg announced for 2024/2025 for Council is 4.5%. The level of rating income will be a major driver of services, programs and works delivered by Council over the next ten years, and Council's capacity to maintain financial sustainability.

The CPI is another variable that will have a significant impact on the LTFP. For 2024/2025 an inflation factor of 5% for asset and information technology costs and 2.5% for remaining costs has been included in budget estimates. Scenario 1 assumes that CPI remains higher than historical averages due to recent economic conditions at 3% for outer years. Scenarios 2 and 3 assume that CPI returns to the historic average of 2.5% from 2025/2026.

The Transport for NSW funding towards the operation of the Lower Portland Ferry is due to cease in 2023/2024. Council is currently working with The Hills Council to lobby the NSW Government to continue this funding. It is not financially viable for Council to continue to operate this service and hence has also been considered as a variable for modelling.

The costs associated with the implementation of Food and Garden Organic waste collection as mandated by the NSW Government will have a significant negative impact on the Operational Result in all scenarios. The planned implementation is in the 2027/2028 financial year.

This LTFP includes assumptions and financial modelling for three potential scenarios:

- **Scenario 1 - Decline Model**
- **Scenario 2 - Improve Model**
- **Scenario 3 - Resolve Model**

SCENARIO 1 – DECLINE MODEL

This scenario is based on the following assumptions:

- **Rate Peg of 2.5% from 2025/2026 to 2033/2034**
- **Inflation Rate of 3.0% from 2025/2026 to 2033/2034**
- **Asset Renewal based on Decline Scenario of the AMS, funded by additional income generation above current Business As Usual activities.**
- **Lower Portland Ferry service retained but no longer funded by NSW State Government**

Under this scenario, Council will experience operating deficits in relation to the General Fund from \$0.9M in 2026/2027 peaking at \$9.1M deficit in 2027/2028 as a result of the implementation of FOGO, before reducing to a \$2.6M deficit in 2033/2034.

Council is projected to have a \$162M infrastructure backlog as at 2033/2034 as a result of insufficient funding of infrastructure renewal, which will result in continuing deterioration of the condition of community infrastructure and therefore, reduced service levels.

Based on this scenario Council would not be considered as financially sustainable and is therefore not the optimal long-term model to pursue.

Financial modelling has been undertaken based on the assumptions above. A projected Income Statement, Capital Budget Statement, Balance Sheet and Cash Flow Statement and the resulting Financial Performance Measures are included as Attachment 2 – Decline Model.

SCENARIO 2 – IMPROVE MODEL

This scenario is based on the following assumptions:

- **Rate-Peg of 2.5% from 2025/2026 to 2033/2034.**
- **Inflation Rate of 2.5% from 2025/2026 to 2033/2034.**
- **Asset Renewal based on Improve Scenario of the AMS, funded by additional income generation above current Business As Usual activities.**
- **Lower Portland Ferry service retained and partly funded by NSW State Government**

Under this scenario, Council will continue to have positive Operating Performance Results in most years in relation to the General Fund, with surpluses ranging from \$61.7M in 2025/2026 to \$12.4M in 2033/2034. The surplus in 2025/2026 is continuation of Disaster Recovery Funding Arrangements for flood recovery works. These surpluses are contingent on Council generating \$12M of additional recurring income from 2025/26.

Council is projected to have a \$51M funding gap in regard to the funding of infrastructure renewal, which will result in improvements in some areas, but overall continuing deterioration of the condition of community infrastructure and therefore reduced service levels. It is projected that the infrastructure backlog will be addressed across 20 years and meet the ratio in 2043/2044. The infrastructure renewal and asset maintenance benchmarks are projected to be met.

Financial modelling has been undertaken based on the assumptions above. A projected Income Statement, Capital Budget Statement, Balance Sheet and Cash Flow Statement and the resulting Financial Performance Measures are included as Attachment 3 – Improve Model.

SCENARIO 3 – RESOLVE MODEL

This scenario is based on the following assumptions:

- **Rate-Peg of 3.0% from 2025/2026 to 2033/2034.**
- **Inflation Rate of 2.5% from 2025/2026 to 2033/2034.**
- **Asset Renewal based on the Resolve Scenario of the AMS, funded by additional income generation above current Business As Usual activities.**
- **Lower Portland Ferry service taken over by the NSW State Government**

Under this scenario, Council will continue to have positive Operating Performance Results, with surpluses in relation to the General Fund, ranging from \$66.7M in 2025/2026 to \$23.1M in 2033/2034. The surplus in 2025/2026 is continuation of Disaster Recovery Funding Arrangements for flood recovery works. These surpluses are contingent on Council generating \$16.8M of additional recurring income from 2025/2026.

This scenario also indicates that Council will have enhanced capacity to endure any financial shocks, including macro-economic conditions, natural disasters and pandemics. It also provides opportunity for Council to maintain and potentially enhance services to the community and provide for new assets.

Council is projected to have a nil funding gap in regard to the funding of infrastructure renewal. This scenario will provide significant improvements to Council's asset portfolio. The infrastructure backlog reduces from 9.3% to 0% over the 10 years, meeting the benchmark in 2031/2032. The infrastructure renewal and asset maintenance benchmarks are projected to be met.

Financial modelling has been undertaken based on the assumptions above. A projected Income Statement, Capital Budget Statement, Balance Sheet and Cash Flow Statement and the resulting Financial Performance Measures are included as Attachment 4 – Resolve Model.



MONITORING FINANCIAL PERFORMANCE

MANAGEMENT REPORTING

The annual budget adopted by Council each financial year is subject to rigorous monitoring during the year. Council's Managers are required to review their respective actual financial results against monthly targets and provide explanations for variances above the threshold and comment on the planned corrective action if required. The monthly variance reports are reviewed by Council's Senior Leadership Team and Executive Leadership Team.

QUARTERLY BUDGET REVIEWS

Council is required to review its annual budget position on a quarterly basis. A Quarterly Budget Review Statement is prepared including any budget variations required and submitted for Council adoption. The Quarterly Budget Reviews assist in maintaining financial projections in line with actual results on an ongoing basis during the financial year and provide a realistic platform on which future budgets are based.

ANNUAL BUDGETING PROCESS

Each year Council undertakes a rigorous process to prepare its budget estimates for the following year. The process involves budget submissions by each respective Manager, and a comprehensive review by Council's Leadership Team. The allocation of funds is based on service levels, Council Resolutions, Councillor input, continued implementation of financial sustainability strategies, asset renewal priorities and continuous improvement. The annual budget prepared for each respective financial year forms the basis upon which future years within the LTFP are reviewed.

REVIEWING THE PLAN

The LTFP is reviewed on an annual basis to ensure assumptions underpinning the Plan are still relevant and to reflect the latest financial results, the impacts of any Council resolutions and changes in trends.



ATTACHMENT 1 – SUSTAINABILITY MEASURES EXPLAINED

OPERATING PERFORMANCE RATIO

**Total continuing operating revenue (exc. capital grants and contributions)
less operating expenses**

Total continuing operating revenue (exc. capital grants and contributions)

DESCRIPTION AND RATIONALE FOR CRITERIA

- TCorp in their review of financial sustainability of local government found that operating performance was a core measure of financial sustainability.
- Ongoing operating deficits are unsustainable and they are one of the key financial sustainability challenges facing the sector as a whole. While operating deficits are acceptable over a short period, consistent deficits will not allow Councils to maintain or increase their assets and services or execute their infrastructure plans.
- The Operating Performance Ratio is an important measure as it provides an indication of how a Council generates revenue and allocates expenditure (e.g. asset maintenance, staffing costs). It is an indication of continued capacity to meet on-going expenditure requirements.

DESCRIPTION AND RATIONALE FOR BENCHMARK

- TCorp recommended that all Councils should be at least break even operating position or better, as a key component of financial sustainability. Consistent with this recommendation the benchmark for this criteria is greater than or equal to break even.

OWN SOURCE REVENUE RATIO

Total continuing operating revenue less all grants and contributions

Total continuing operating revenue inclusive of capital grants and contributions

DESCRIPTION AND RATIONALE FOR CRITERIA

- Own source revenue measures the degree of reliance on external funding sources (e.g. grants and contributions). This ratio measures fiscal flexibility and robustness. Financial flexibility increases as the level of own source revenue increases. It also gives councils greater ability to manage external shocks or challenges.
- Councils with higher own source revenue have greater ability to control or manage their own operating performance and financial sustainability.

DESCRIPTION AND RATIONALE FOR BENCHMARK

- TCorp has used a benchmark for own source revenue of greater than 60 per cent of total operating revenue. All Councils should aim to meet or exceed this benchmark over a three year period.
- It is acknowledged that many councils have limited options in terms of increasing its own source revenue, especially in rural areas. However, 60 per cent is considered the lowest level at which councils have the flexibility necessary to manage external shocks and challenges.

BUILDING AND INFRASTRUCTURE ASSET RENEWAL RATIO

Asset renewals (building and infrastructure)

Depreciation, amortisation and impairment (building and infrastructure)

DESCRIPTION AND RATIONALE FOR CRITERIA

- The building and infrastructure renewals ratio represents the replacement or refurbishment of existing assets to an equivalent capacity or performance, as opposed to the acquisition of new assets or the refurbishment of old assets that increase capacity or performance. The ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration.
- This is a consistent measure that can be applied across councils of different sizes and locations. A higher ratio is an indicator of strong performance.

DESCRIPTION AND RATIONALE FOR BENCHMARK

- Performance of less than one hundred percent indicates that a Council's existing assets are deteriorating faster than they are being renewed and that potentially council's infrastructure backlog is worsening. Councils with consistent asset renewals deficits will face degradation of building and infrastructure assets over time.

INFRASTRUCTURE BACKLOG RATIO

Estimated cost to bring assets to a satisfactory condition

Total (WDV) of infrastructure, buildings, other structures and depreciable land improvement assets

DESCRIPTION AND RATIONALE FOR CRITERIA

- The infrastructure backlog ratio indicates the proportion of backlog against the total value of the Council's infrastructure assets. It is a measure of the extent to which asset renewal is required to maintain or improve service delivery in a sustainable way. This measures how councils are managing their infrastructure which is so critical to effective community sustainability.
- It is acknowledged, that the reliability of infrastructure data within NSW local government is mixed. However, as asset management practices within councils improve, it is anticipated that infrastructure reporting data reliability and quality will increase.
- This is a consistent measure that can be applied across councils of different sizes and locations. A low ratio is an indicator of strong performance.

DESCRIPTION AND RATIONALE FOR BENCHMARK

- High infrastructure backlog ratios and an inability to reduce this ratio in the near future indicate an underperforming Council in terms of infrastructure management and delivery. Councils with increasing infrastructure backlogs will experience added pressure in maintaining service delivery and financing current and future infrastructure demands.
- TCorp adopted a benchmark of less than two per cent to be consistently applied across councils. The application of this benchmark reflects the State Government's focus on reducing infrastructure backlogs.

ASSET MAINTENANCE RATIO

Actual asset maintenance

Required asset maintenance

DESCRIPTION AND RATIONALE FOR CRITERIA

- The asset maintenance ratio reflects the actual asset maintenance expenditure relative to the required asset maintenance as measured by an individual council.
- The ratio provides a measure of the rate of asset degradation (or renewal) and therefore has a role in informing asset renewal and capital works planning.

DESCRIPTION AND RATIONALE FOR BENCHMARK

- The benchmark adopted is greater than one hundred percent, which implies that asset maintenance expenditure exceeds the council identified requirements. This benchmark is consistently adopted by the NSW Treasury Corporation (TCORP). A ratio of less than one hundred percent indicates that there may be a worsening infrastructure backlog.

DEBT SERVICE RATIO

Cost of debt service (interest expense and principal repayments)

Total continuing operating revenue (exc. capital grants and contributions)

DESCRIPTION AND RATIONALE FOR CRITERIA

- Prudent and active debt management is a key part of Councils' approach to both funding and managing infrastructure and services over the long term.
- Prudent debt usage can also assist in smoothing funding costs and promoting intergenerational equity. Given the long life of many council assets it is appropriate that the cost of these assets should be equitably spread across the current and future generations of users and ratepayers. Effective debt usage allows councils to do this.
- Inadequate use of debt may mean that councils are forced to raise rates that are higher than necessary to fund long life assets or inadequately fund asset maintenance and renewals. It is also a strong proxy indicator of a council's strategic capacity.
- Council's effectiveness in this area is measured by the Debt Service Ratio.

DESCRIPTION AND RATIONALE FOR BENCHMARK

- As outlined above, it is appropriate for Councils to hold some level of debt given their role in the provision and maintenance of key infrastructure and services for their community. It is considered reasonable for Councils to maintain a Debt Service Ratio of greater than zero and less than or equal to 20 per cent.
- Councils with low or zero debt may incorrectly place the funding burden on current ratepayers when in fact it should be spread across generations, who also benefit from the assets. Likewise high levels of debt generally indicate a weakness in financial sustainability and/or poor balance sheet management.

ATTACHMENT 2 - DECLINE MODEL PROJECTIONS

DECLINE SCENARIO INCOME STATEMENT - CONSOLIDATED
for the Long Term Financial Plan 2024/2025 to 2033/2034

	DRAFT Budget 2024/25	PROJECTED 2025/26	PROJECTED 2026/27	PROJECTED 2027/28	PROJECTED 2028/29	PROJECTED 2029/30	PROJECTED 2030/31	PROJECTED 2031/32	PROJECTED 2032/33	PROJECTED 2033/34
\$'000										
Income										
Rates & Annual Charges	83,285	90,134	96,164	100,408	104,574	108,642	112,639	116,772	121,039	125,458
User Charges & Fees	10,606	11,242	11,879	12,110	12,572	13,050	13,547	14,062	14,594	15,134
Other Revenue	1,980	2,075	2,155	2,238	2,357	2,413	2,500	2,601	2,696	2,844
Grants & Contributions - Operating	63,535	60,319	8,963	9,114	9,621	9,457	9,574	9,807	9,944	10,597
Grants & Contributions - Capital	55,993	39,810	54,359	27,125	15,741	15,780	15,680	15,792	15,907	12,745
Interest & Investment Income	3,942	4,198	4,171	3,993	3,912	3,932	4,203	4,511	4,839	5,187
Other Income	3,576	3,719	3,868	4,023	4,185	4,352	4,527	4,708	4,897	5,093
Total Income from Continuing Operations	222,917	211,498	181,560	159,012	152,961	157,627	162,669	168,255	173,916	177,059
Expenses										
Employee Costs	39,730	41,060	41,828	43,411	44,363	45,610	46,945	48,320	49,735	51,237
Materials & Services	39,579	40,121	41,615	51,725	53,547	55,239	58,522	60,556	64,105	66,233
Borrowing Costs	3,034	2,914	3,137	3,235	3,191	3,014	2,851	2,644	2,425	2,201
Depreciation & Amortisation	26,778	28,732	30,244	31,081	31,266	31,007	30,871	30,777	30,731	30,637
Other Expenses	6,477	6,735	6,959	7,192	7,432	7,680	7,936	8,201	8,475	8,758
Total Expenses from Continuing Operations	115,597	119,562	123,784	136,643	139,799	142,550	147,125	150,498	155,471	159,067
Net Operating Result for the Year	107,319	91,936	57,776	22,369	13,162	15,077	15,544	17,757	18,445	17,992
Net Operating Result before Capital Items	51,326	52,125	3,417	(4,756)	(2,579)	(703)	(136)	1,964	2,558	5,247

DECLINE SCENARIO PROJECTED STATEMENT OF FINANCIAL POSITION - CONSOLIDATED
for the Long Term Financial Plan 2024/2025 to 2033/2034

\$'000	AMENDED Budget 2023/24	DRAFT Budget 2024/25	PROJECTED 2025/26	PROJECTED 2026/27	PROJECTED 2027/28	PROJECTED 2028/2029	PROJECTED 2029/2030	PROJECTED 2030/2031	PROJECTED 2031/2032	PROJECTED 2032/2033
Current Assets										
Cash & Cash Equivalents	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Investments	40,770	42,901	46,151	67,363	71,113	83,702	89,483	106,232	128,932	134,655
Receivables	68,412	68,412	68,412	68,412	68,412	68,412	68,412	68,412	68,412	68,412
Inventories	436	436	436	436	436	436	436	436	436	436
Other	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270
	114,387	116,518	119,768	140,981	144,731	157,319	163,101	179,850	202,549	208,273
Non-Current Assets										
Investments	3,018	3,018	3,283	3,548	3,813	4,078	4,343	4,608	4,873	5,138
Infrastructure Property, Plant & Equipment	1,714,794	1,817,623	1,908,917	1,947,501	1,965,895	1,963,344	1,967,572	1,961,997	1,952,806	1,960,985
Investment Property	48,091	48,136	48,286	48,436	48,586	48,736	48,886	49,036	49,186	49,336
Intangible Assets	343	497	597	697	797	897	997	1,097	1,197	1,297
Other	11,419	11,892	12,433	12,965	13,527	14,079	14,663	15,237	15,844	16,441
	1,777,665	1,881,166	1,973,516	2,013,147	2,032,618	2,031,134	2,036,461	2,031,974	2,023,906	2,033,197
TOTAL ASSETS	1,892,052	1,997,684	2,093,284	2,154,128	2,177,349	2,188,453	2,199,562	2,211,824	2,226,455	2,241,470
Current Liabilities										
Payables	20,550	20,550	20,550	20,550	20,550	20,550	20,550	20,550	20,550	20,550
Borrowings	12,359	12,494	12,974	13,475	13,917	14,245	12,964	13,210	13,435	13,673
Provisions	14,004	14,004	14,004	14,004	14,004	14,004	14,004	14,004	14,004	14,004
	46,913	47,048	47,528	48,029	48,471	48,799	47,518	47,764	47,989	48,227
Non-Current Liabilities										
Payables	0	0	0	0	0	0	0	0	0	0
Borrowings	55,790	52,228	43,611	45,386	44,812	41,524	38,276	34,781	30,347	25,674
Provisions	11,362	11,362	11,362	11,362	11,362	11,362	11,362	11,362	11,362	11,362
	67,152	63,590	54,973	56,748	56,174	52,886	49,638	46,143	41,709	37,036
TOTAL LIABILITIES	114,065	110,638	102,501	104,777	104,645	101,685	97,156	93,907	89,698	85,263
NET ASSETS	1,777,987	1,887,046	1,990,783	2,049,351	2,072,704	2,086,768	2,102,406	2,117,917	2,136,757	2,156,207
Equity										
Accumulated Surplus	660,663	769,722	873,459	932,027	955,380	969,444	985,082	1,000,592	1,019,433	1,038,883
IPPE Revaluation Reserve	1,117,324	1,117,324	1,117,324	1,117,324	1,117,324	1,117,324	1,117,324	1,117,324	1,117,324	1,117,324
TOTAL EQUITY	1,777,987	1,887,046	1,990,783	2,049,351	2,072,704	2,086,768	2,102,406	2,117,917	2,136,757	2,156,207

DECLINE SCENARIO CASHFLOW STATEMENT - CONSOLIDATED
for the Long Term Financial Plan 2024/2025 to 2033/2034

	DRAFT Budget	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	PROJECTED
\$'000											
Cash Flows from Operating Activities											
Receipts											
Rates & Annual Charges	83,285	90,134	96,164	100,408	104,574	108,642	112,639	116,772	121,039	125,458	
User Charges & Fees	10,606	11,242	11,879	12,110	12,572	13,050	13,547	14,062	14,594	15,134	
Investment & Interest Revenue Received	3,942	3,933	3,906	3,728	3,647	3,667	3,938	4,246	4,574	4,922	
Grants & Contributions	119,528	100,129	63,322	36,239	25,362	25,237	25,253	25,599	25,851	23,342	
Other	5,556	5,794	6,024	6,261	6,542	6,765	7,027	7,310	7,593	7,938	
Payments											
Employee Benefits & On-Costs	(39,730)	(41,060)	(41,828)	(43,411)	(44,363)	(45,610)	(46,945)	(48,320)	(49,735)	(51,237)	
Materials & Contracts	(39,579)	(40,121)	(41,615)	(51,725)	(53,547)	(55,239)	(58,522)	(60,556)	(64,105)	(66,233)	
Borrowing Costs	(2,599)	(2,816)	(3,006)	(3,072)	(2,996)	(2,815)	(2,614)	(2,394)	(2,169)	(1,931)	
Other Expenses	(6,477)	(6,735)	(6,959)	(7,192)	(7,432)	(7,680)	(7,936)	(8,201)	(8,475)	(8,758)	
Net Cash provided (or used in) Operating Activities	134,532	120,501	87,886	53,348	44,359	46,018	46,387	48,519	49,167	48,634	
Cash Flows from Investing Activities											
Receipts											
Sale of Infrastructure, Property, Plant & Equipment	1,657	801	651	818	693	781	712	835	749	807	
Payments											
Purchases of Infrastructure, Property, Plant & Equipment	(130,279)	(120,817)	(89,610)	(50,287)	(29,517)	(36,069)	(26,119)	(22,444)	(39,757)	(32,064)	
Net Cash provided (or used in) Investing Activities	(128,623)	(120,016)	(88,959)	(49,469)	(28,824)	(35,289)	(25,408)	(21,609)	(39,008)	(31,257)	
Cash Flows from Financing Activities											
Receipts											
Proceeds from Borrowings & Advances	0	7,000	7,000	5,000	2,500	750	750	0	0	0	
Payments											
Repayment of Borrowings & Advances	(3,779)	(4,235)	(4,715)	(5,129)	(5,446)	(5,698)	(4,980)	(4,210)	(4,435)	(4,673)	
Net Cash provided (or used in) Financing Activities	(3,779)	2,765	2,285	(129)	(2,946)	(4,948)	(4,230)	(4,210)	(4,435)	(4,673)	
Net Increase / (Decrease) in Cash & Cash Equivalents	2,131	3,250	21,212	3,750	12,589	5,781	16,749	22,700	5,724	12,704	
plus: Cash, Cash Equivalents & Investments - beginning of year	44,270	46,401	49,651	70,863	74,613	87,202	92,983	109,732	132,432	138,155	
Cash & Cash Equivalents - end of year	46,401	49,651	70,863	74,613	87,202	92,983	109,732	132,432	138,155	150,859	

DECLINE SCENARIO FINANCIAL PERFORMANCE MEASURES - GENERAL FUND
for the Long Term Financial Plan 2024/2025 to 2033/2034

Performance Measure	Benchmark	DRAFT Budget 2024/25	PROJECTED 2025/26	PROJECTED 2026/27	PROJECTED 2027/28	PROJECTED 2028/29	PROJECTED 2029/30	PROJECTED 2030/31	PROJECTED 2031/32	PROJECTED 2032/33	PROJECTED 2033/34
Operating Performance	0%	0.327	0.314	-0.010	-0.081	-0.065	-0.051	-0.050	-0.037	-0.036	-0.020
Own Source Revenue	>60%	43.3%	49.4%	61.9%	74.9%	81.7%	82.4%	82.9%	83.2%	83.6%	85.4%
Asset Renewal	>100%	416.6%	312.4%	60.0%	58.0%	56.5%	53.3%	53.3%	53.5%	53.6%	53.8%
Infrastructure Backlog	< or = 2%	9.3%	9.2%	9.5%	9.3%	10.6%	11.2%	11.8%	12.5%	13.0%	13.6%
Asset Maintenance	>100%	100.5%	98.6%	96.7%	94.9%	93.1%	93.0%	92.1%	91.2%	90.2%	89.2%
Debt Service	>0% < 20%	2.9%	2.8%	4.6%	4.8%	4.8%	4.7%	3.4%	3.0%	2.9%	2.8%

ATTACHMENT 3 - IMPROVE MODEL PROJECTIONS

IMPROVE SCENARIO INCOME STATEMENT - CONSOLIDATED
for the Long Term Financial Plan 2024/2025 to 2033/2034

	DRAFT Budget 2024/25	PROJECTED 2025/26	PROJECTED 2026/27	PROJECTED 2027/28	PROJECTED 2028/29	PROJECTED 2029/30	PROJECTED 2030/31	PROJECTED 2031/32	PROJECTED 2032/33	PROJECTED 2033/34
Income										
Rates & Annual Charges	83,285	102,181	108,636	113,320	117,940	122,480	126,964	131,603	136,392	141,353
User Charges & Fees	10,606	11,203	11,797	11,983	12,396	12,822	13,263	13,718	14,185	14,658
Other Revenue	1,980	2,066	2,137	2,210	2,318	2,362	2,437	2,525	2,606	2,739
Grants & Contributions - Operating	63,535	60,290	8,904	9,025	9,499	9,299	9,380	9,577	9,675	10,288
Grants & Contributions - Capital	55,993	39,805	54,347	27,106	15,715	15,748	15,639	15,744	15,850	12,679
Interest & Investment Income	3,942	4,186	4,278	4,219	4,256	4,395	4,547	4,749	5,076	5,424
Other Income	3,576	3,701	3,831	3,966	4,105	4,249	4,398	4,553	4,713	4,878
Total Income from Continuing Operations	222,917	223,433	193,932	171,829	166,230	171,355	176,629	182,468	188,498	192,019
Expenses										
Employee Costs	39,730	41,060	41,828	43,411	44,363	45,610	46,945	48,320	49,735	51,237
Materials & Services	39,579	40,033	41,546	51,679	53,524	54,742	57,797	59,594	62,895	64,765
Borrowing Costs	3,034	2,914	3,137	3,234	3,190	3,013	2,849	2,642	2,422	2,198
Depreciation & Amortisation	26,778	28,732	30,453	31,493	31,878	31,819	31,895	32,010	32,159	32,261
Other Expenses	6,477	6,723	6,935	7,154	7,381	7,614	7,855	8,104	8,361	8,627
Total Expenses from Continuing Operations	115,597	119,461	123,899	136,970	140,335	142,797	147,341	150,670	155,573	159,088
Net Operating Result for the Year	107,319	103,971	70,033	34,858	25,895	28,558	29,288	31,798	32,925	32,931
Net Operating Result before Capital Items	51,326	64,167	15,686	7,752	10,180	12,810	13,649	16,054	17,076	20,252

IMPROVE SCENARIO CAPITAL BUDGET STATEMENT - CONSOLIDATED

for the Long Term Financial Plan 2024/2025 to 2033/2034

	DRAFT Budget	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
\$'000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2033/34
Net Operating Result (excl. Capital Grants)	51,326	64,167	15,686	7,752	10,180	12,810	13,649	16,054	17,076	20,252	20,252
Capital Funding and Expenditure											
Source of Capital Funding (excluding reserves)											
Proceeds from the sale of capital assets	1,657	801	651	818	693	781	712	835	749	807	807
Depreciation	26,778	28,732	30,453	31,493	31,878	31,819	31,895	32,010	32,159	32,261	32,261
Grants & Contributions provided for Capital Purposes	55,993	39,805	54,347	27,106	15,715	15,748	15,639	15,744	15,850	12,679	12,679
Application of Capital Funding											
New Assets	84,428	69,338	85,450	59,418	48,286	48,347	48,246	48,589	48,758	45,747	45,747
Renewal of Assets	45,855	50,483	48,370	30,379	10,273	17,608	7,524	3,117	20,787	13,942	13,942
Other Assets	79,632	78,030	29,644	27,399	27,032	26,522	26,366	25,373	24,997	25,393	25,393
Plant & Equipment	627	641	632	662	652	684	674	707	697	732	732
	4,165	3,704	3,441	4,767	4,929	5,320	5,755	6,570	6,675	6,821	6,821
	130,279	132,858	82,087	63,207	42,887	50,134	40,319	35,767	53,156	46,887	46,887
Net Capital Expenditure	(45,851)	(63,520)	3,364	(3,789)	5,399	(1,787)	7,927	12,822	(4,397)	(1,140)	(1,140)
Net Reserve Transfers & Capital Movements	(5,475)	(646)	(19,049)	(3,963)	(15,579)	(11,023)	(21,575)	(28,876)	(12,678)	(19,112)	(19,112)
Retained surplus/(deficit) available for general funding purposes	0	0	0	0	0	0	0	0	0	0	0

IMPROVE SCENARIO PROJECTED STATEMENT OF FINANCIAL POSITION - CONSOLIDATED
for the Long Term Financial Plan 2024/2025 to 2033/2034

	AMENDED Budget 2023/24	DRAFT Budget 2024/25	PROJECTED 2025/26	PROJECTED 2026/27	PROJECTED 2027/28	PROJECTED 2028/2029	PROJECTED 2029/2030	PROJECTED 2030/2031	PROJECTED 2031/2032	PROJECTED 2032/2033
Current Assets										
Cash & Cash Equivalents	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Investments	40,770	42,901	46,145	67,344	71,075	83,636	89,644	106,960	131,609	139,840
Receivables	68,412	68,412	68,412	68,412	68,412	68,412	68,412	68,412	68,412	68,412
Inventories	436	436	436	436	436	436	436	436	436	436
Other	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270
	114,387	116,518	119,762	140,962	144,692	157,254	163,262	180,577	205,226	213,458
Non-Current Assets										
Investments	3,018	3,018	3,283	3,548	3,813	4,078	4,343	4,608	4,873	5,138
Infrastructure Property, Plant & Equipment	1,714,794	1,817,623	1,920,958	1,971,810	2,002,712	2,012,919	2,030,400	2,038,000	2,040,901	2,061,050
Investment Property	48,091	48,136	48,286	48,436	48,586	48,736	48,886	49,036	49,186	49,336
Intangible Assets	343	497	597	697	797	897	997	1,097	1,197	1,297
Other	11,419	11,892	12,433	12,965	13,527	14,079	14,663	15,237	15,844	16,441
	1,777,665	1,881,166	1,985,557	2,037,456	2,069,435	2,080,709	2,099,289	2,107,978	2,112,000	2,133,262
TOTAL ASSETS	1,892,052	1,997,684	2,105,319	2,178,418	2,214,127	2,237,963	2,262,551	2,288,555	2,317,227	2,348,719
Current Liabilities										
Payables	20,550	20,550	20,550	20,550	20,550	20,550	20,550	20,550	20,550	20,550
Borrowings	12,359	12,494	12,974	13,475	13,917	14,245	12,964	13,210	13,435	13,673
Provisions	14,004	14,004	14,004	14,004	14,004	14,004	14,004	14,004	14,004	14,004
	46,913	47,048	47,528	48,029	48,471	48,799	47,518	47,764	47,989	48,227
Non-Current Liabilities										
Payables	0	0	0	0	0	0	0	0	0	0
Borrowings	55,790	52,228	43,611	45,386	44,812	41,524	38,276	34,781	30,347	25,674
Provisions	11,362	11,362	11,362	11,362	11,362	11,362	11,362	11,362	11,362	11,362
	67,152	63,590	54,973	56,748	56,174	52,886	49,638	46,143	41,709	37,036
TOTAL LIABILITIES	114,065	110,638	102,501	104,777	104,645	101,685	97,156	93,907	89,698	85,263
NET ASSETS	1,777,987	1,887,046	2,002,818	2,073,641	2,109,482	2,136,278	2,165,395	2,194,648	2,227,529	2,261,456
Equity										
Accumulated Surplus	660,663	769,722	885,494	956,317	992,158	1,018,954	1,048,071	1,077,324	1,110,205	1,144,132
IPPE Revaluation Reserve	1,117,324	1,117,324	1,117,324	1,117,324	1,117,324	1,117,324	1,117,324	1,117,324	1,117,324	1,117,324
TOTAL EQUITY	1,777,987	1,887,046	2,002,818	2,073,641	2,109,482	2,136,278	2,165,395	2,194,649	2,227,529	2,261,456

IMPROVE SCENARIO CASHFLOW STATEMENT - CONSOLIDATED
for the Long Term Financial Plan 2024/2025 to 2033/2034

	DRAFT Budget	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
\$'000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2033/34
Cash Flows from Operating Activities											
<i>Receipts</i>											
Rates & Annual Charges	83,285	102,181	108,636	113,320	117,940	122,480	126,964	131,603	136,392	141,353	141,353
User Charges & Fees	10,606	11,203	11,797	11,983	12,396	12,822	13,263	13,718	14,185	14,658	14,658
Investment & Interest Revenue Received	3,942	3,921	4,013	3,954	3,991	4,130	4,282	4,484	4,811	5,159	5,159
Grants & Contributions	119,528	100,095	63,251	36,132	25,215	25,046	25,020	25,321	25,525	22,967	22,967
Other	5,556	5,768	5,969	6,176	6,424	6,611	6,836	7,078	7,319	7,617	7,617
<i>Payments</i>											
Employee Benefits & On-Costs	(39,730)	(41,060)	(41,828)	(43,411)	(44,363)	(45,610)	(46,945)	(48,320)	(49,735)	(51,237)	(51,237)
Materials & Contracts	(39,579)	(40,033)	(41,546)	(51,679)	(53,524)	(54,742)	(57,797)	(59,594)	(62,895)	(64,765)	(64,765)
Borrowing Costs	(2,599)	(2,816)	(3,006)	(3,072)	(2,996)	(2,815)	(2,614)	(2,394)	(2,169)	(1,931)	(1,931)
Other Expenses	(6,477)	(6,723)	(6,935)	(7,154)	(7,381)	(7,614)	(7,855)	(8,104)	(8,361)	(8,627)	(8,627)
Net Cash provided (or used in) Operating Activities	134,532	132,536	100,351	66,248	57,702	60,309	61,153	63,791	65,073	65,194	65,194
Cash Flows from Investing Activities											
<i>Receipts</i>											
Sale of Infrastructure, Property, Plant & Equipment	1,657	801	651	818	693	781	712	835	749	807	807
<i>Payments</i>											
Purchases of Infrastructure, Property, Plant & Equipment	(130,279)	(132,858)	(82,087)	(63,207)	(42,887)	(50,134)	(40,319)	(35,767)	(53,156)	(46,887)	(46,887)
Net Cash provided (or used in) Investing Activities	(128,623)	(132,057)	(81,436)	(62,389)	(42,194)	(49,353)	(39,608)	(34,932)	(52,406)	(46,080)	(46,080)
Cash Flows from Financing Activities											
<i>Receipts</i>											
Proceeds from Borrowings & Advances	0	7,000	7,000	5,000	2,500	750	750	0	0	0	0
<i>Payments</i>											
Repayment of Borrowings & Advances	(3,779)	(4,235)	(4,715)	(5,129)	(5,446)	(5,698)	(4,980)	(4,210)	(4,435)	(4,673)	(4,673)
Net Cash provided (or used in) Financing Activities	(3,779)	2,765	2,285	(129)	(2,946)	(4,948)	(4,230)	(4,210)	(4,435)	(4,673)	(4,673)
Net Increase / (Decrease) in Cash & Cash Equivalents	2,131	3,244	21,200	3,730	12,562	6,008	17,315	24,649	8,231	14,441	14,441
plus: Cash, Cash Equivalents & Investments - beginning of year	44,270	46,401	49,645	70,844	74,575	87,136	93,144	110,460	135,109	143,340	143,340
Cash & Cash Equivalents - end of year	46,401	49,645	70,844	74,575	87,136	93,144	110,460	135,109	143,340	157,781	157,781

IMPROVE SCENARIO FINANCIAL PERFORMANCE MEASURES - GENERAL FUND
for the Long Term Financial Plan 2024/2025 to 2033/2034

Performance Measure	Benchmark	DRAFT Budget											
		2024/25	PROJECTED 2025/26	PROJECTED 2026/27	PROJECTED 2027/28	PROJECTED 2028/29	PROJECTED 2029/30	PROJECTED 2030/31	PROJECTED 2031/32	PROJECTED 2032/33	PROJECTED 2033/34		
Operating Performance	0%	0.327	0.363	0.090	0.025	0.038	0.052	0.052	0.063	0.063	0.063	0.063	0.076
Own Source Revenue	>60%	43.3%	52.3%	64.6%	77.1%	83.5%	84.1%	84.5%	84.8%	85.2%	85.2%	85.2%	86.9%
Asset Renewal	>100%	416.6%	370.4%	112.6%	107.8%	106.2%	105.9%	105.5%	102.4%	100.1%	100.1%	100.1%	99.6%
Infrastructure Backlog	< or = 2%	9.3%	8.0%	7.3%	6.7%	6.2%	5.7%	5.2%	4.8%	4.4%	4.4%	4.4%	4.0%
Asset Maintenance	>100%	100.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.1%	100.1%	100.1%	100.1%	100.1%
Debt Service	>0%<20%	2.9%	2.6%	4.1%	4.3%	4.4%	4.3%	3.1%	2.7%	2.6%	2.6%	2.6%	2.5%

ATTACHMENT 4 – RESOLVE MODEL PROJECTIONS

RESOLVE SCENARIO INCOME STATEMENT - CONSOLIDATED
for the Long Term Financial Plan 2024/2025 to 2033/2034

	DRAFT Budget 2024/25	PROJECTED 2025/26	PROJECTED 2026/27	PROJECTED 2027/28	PROJECTED 2028/29	PROJECTED 2029/30	PROJECTED 2030/31	PROJECTED 2031/32	PROJECTED 2032/33	PROJECTED 2033/34
Income										
Rates & Annual Charges	83,285	107,181	114,154	119,387	124,591	129,749	134,889	140,223	145,749	151,489
User Charges & Fees	10,606	11,203	11,797	11,983	12,396	12,822	13,263	13,718	14,185	14,658
Other Revenue	1,980	2,066	2,137	2,210	2,318	2,362	2,437	2,525	2,606	2,739
Grants & Contributions - Operating	63,535	60,290	8,904	9,025	9,499	9,299	9,380	9,577	9,675	10,288
Grants & Contributions - Capital	55,993	39,805	54,347	27,106	15,715	15,748	15,639	15,744	15,850	12,679
Interest & Investment Income	3,942	4,186	4,350	4,361	4,470	4,680	4,903	5,164	5,444	5,745
Other Income	3,576	3,701	3,831	3,966	4,105	4,249	4,398	4,553	4,713	4,878
Total Income from Continuing Operations	222,917	228,433	199,520	178,038	173,094	178,909	184,911	191,504	198,223	202,476
Expenses										
Employee Costs	39,730	41,060	41,828	43,411	44,363	45,610	46,945	48,320	49,735	51,237
Materials & Services	39,579	40,033	41,434	51,446	53,164	54,248	57,151	58,792	61,932	63,638
Borrowing Costs	3,034	2,914	3,137	3,234	3,190	3,013	2,849	2,642	2,422	2,198
Depreciation & Amortisation	26,778	28,732	30,540	31,667	32,136	32,160	32,323	32,544	32,852	33,143
Other Expenses	6,477	6,723	6,935	7,154	7,381	7,614	7,855	8,104	8,361	8,627
Total Expenses from Continuing Operations	115,597	119,461	123,874	136,911	140,234	142,645	147,123	150,402	155,303	158,843
Net Operating Result for the Year	107,319	108,971	75,646	41,127	32,861	36,265	37,787	41,102	42,920	43,633
Net Operating Result before Capital Items	51,326	69,167	21,299	14,021	17,146	20,517	22,148	25,358	27,070	30,954

RESOLVE SCENARIO CAPITAL BUDGET STATEMENT - CONSOLIDATED

for the Long Term Financial Plan 2024/2025 to 2033/2034

	DRAFT Budget 2024/25	PROJECTED 2025/26	PROJECTED 2026/27	PROJECTED 2027/28	PROJECTED 2028/29	PROJECTED 2029/30	PROJECTED 2030/31	PROJECTED 2031/32	PROJECTED 2032/33	PROJECTED 2033/34
\$'000										
Net Operating Result (excl. Capital Grants)	51,326	69,167	21,299	14,021	17,146	20,517	22,148	25,358	27,070	30,954
Capital Funding and Expenditure										
<i>Source of Capital Funding (excluding reserves)</i>										
Proceeds from the sale of capital assets	1,657	801	651	818	693	781	712	835	749	807
Depreciation	26,778	28,732	30,540	31,667	32,136	32,160	32,323	32,544	32,852	33,143
Grants & Contributions provided for Capital Purposes	55,993	39,805	54,347	27,106	15,715	15,748	15,639	15,744	15,850	12,679
<i>Application of Capital Funding</i>										
New Assets	84,428	69,338	85,538	59,591	48,544	48,688	48,674	49,124	49,452	46,629
Renewal of Assets	45,855	50,483	48,370	30,379	10,273	17,917	9,060	6,699	25,244	19,289
Other Assets	79,632	83,030	34,644	32,399	32,032	31,522	31,366	31,373	31,997	32,393
Plant & Equipment	627	641	632	662	652	684	674	707	697	732
	4,165	3,704	4,142	5,758	5,740	5,320	5,755	5,826	5,905	6,057
	130,279	137,858	87,788	69,197	48,698	55,443	46,855	44,605	63,843	58,471
Net Capital Expenditure	(45,851)	(68,520)	(2,250)	(9,606)	(154)	(6,755)	1,818	4,518	(14,391)	(11,842)
Net Reserve Transfers & Capital Movements										
	(5,475)	(646)	(19,049)	(4,415)	(16,992)	(13,762)	(23,967)	(29,876)	(12,678)	(19,112)
Retained surplus/(deficit) available for general funding purposes	0	0	0	0	0	0	0	0	0	0

RESOLVE SCENARIO PROJECTED STATEMENT OF FINANCIAL POSITION - CONSOLIDATED
for the Long Term Financial Plan 2024/2025 to 2033/2034

	AMENDED Budget 2023/24	DRAFT Budget 2024/25	PROJECTED 2025/26	PROJECTED 2026/27	PROJECTED 2027/28	PROJECTED 2028/2029	PROJECTED 2029/2030	PROJECTED 2030/2031	PROJECTED 2031/2032	PROJECTED 2032/2033
Current Assets										
Cash & Cash Equivalents	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Investments	40,770	42,901	46,145	67,344	71,527	85,502	94,249	113,955	139,604	147,836
Receivables	68,412	68,412	68,412	68,412	68,412	68,412	68,412	68,412	68,412	68,412
Inventories	436	436	436	436	436	436	436	436	436	436
Other	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270
	114,387	116,518	119,762	140,962	145,144	159,119	167,866	187,573	213,222	221,453
Non-Current Assets										
Investments	3,018	3,018	3,283	3,548	3,813	4,078	4,343	4,608	4,873	5,138
Infrastructure Property, Plant & Equipment	1,714,794	1,817,623	1,925,958	1,962,423	2,019,142	2,034,902	2,057,351	2,071,060	2,082,263	2,112,407
Investment Property	48,091	48,136	48,286	48,436	48,586	48,736	48,886	49,036	49,186	49,336
Intangible Assets	343	343	343	343	343	343	343	343	343	343
Other	11,419	11,892	12,433	12,965	13,527	14,079	14,663	15,237	15,844	16,441
	1,777,665	1,881,166	1,990,557	2,048,069	2,085,865	2,102,692	2,126,240	2,141,037	2,153,363	2,184,619
TOTAL ASSETS	1,892,052	1,997,684	2,110,319	2,189,031	2,231,009	2,261,811	2,294,106	2,328,610	2,366,585	2,406,072
Current Liabilities										
Payables	20,550	20,550	20,550	20,550	20,550	20,550	20,550	20,550	20,550	20,550
Borrowings	12,359	12,494	12,974	13,475	13,917	14,245	12,964	13,210	13,435	13,673
Provisions	14,004	14,004	14,004	14,004	14,004	14,004	14,004	14,004	14,004	14,004
	46,913	47,048	47,528	48,029	48,471	48,799	47,518	47,764	47,989	48,227
Non-Current Liabilities										
Payables	0	0	0	0	0	0	0	0	0	0
Borrowings	55,790	52,228	43,611	45,386	44,812	41,524	38,276	34,781	30,347	25,674
Provisions	11,362	11,362	11,362	11,362	11,362	11,362	11,362	11,362	11,362	11,362
	67,152	63,590	54,973	56,748	56,174	52,886	49,638	46,143	41,709	37,036
TOTAL LIABILITIES	114,065	110,638	102,501	104,777	104,645	101,685	97,156	93,907	89,698	85,263
NET ASSETS	1,777,987	1,887,046	2,007,818	2,084,254	2,126,364	2,160,126	2,196,950	2,234,703	2,276,887	2,320,809
Equity										
Accumulated Surplus	660,663	769,722	890,494	966,930	1,009,040	1,042,802	1,079,626	1,117,379	1,159,563	1,203,485
IPPE Revaluation Reserve	1,117,324	1,117,324	1,117,324	1,117,324	1,117,324	1,117,324	1,117,324	1,117,324	1,117,324	1,117,324
TOTAL EQUITY	1,777,987	1,887,046	2,007,818	2,084,254	2,126,364	2,160,126	2,196,950	2,234,704	2,276,887	2,320,809

RESOLVE SCENARIO CASHFLOW STATEMENT - CONSOLIDATED
for the Long Term Financial Plan 2024/2025 to 2033/2034

	DRAFT Budget 2024/25	PROJECTED 2025/26	PROJECTED 2026/27	PROJECTED 2027/28	PROJECTED 2028/29	PROJECTED 2029/30	PROJECTED 2030/31	PROJECTED 2031/32	PROJECTED 2032/33	PROJECTED 2033/34
\$'000										
Cash Flows from Operating Activities										
<i>Receipts</i>										
Rates & Annual Charges	83,285	107,181	114,154	119,387	124,591	129,749	134,889	140,223	145,749	151,489
User Charges & Fees	10,606	11,203	11,797	11,983	12,396	12,822	13,263	13,718	14,185	14,658
Investment & Interest Revenue Received	3,942	3,921	4,085	4,096	4,205	4,415	4,638	4,899	5,179	5,480
Grants & Contributions	119,528	100,095	63,251	36,132	25,215	25,046	25,020	25,321	25,525	22,967
Other	5,556	5,768	5,969	6,176	6,424	6,611	6,836	7,078	7,319	7,617
<i>Payments</i>										
Employee Benefits & On-Costs	(39,730)	(41,060)	(41,828)	(43,411)	(44,363)	(45,610)	(46,945)	(48,320)	(49,735)	(51,237)
Materials & Contracts	(39,579)	(40,033)	(41,434)	(51,446)	(53,164)	(54,248)	(57,151)	(58,792)	(61,932)	(63,638)
Borrowing Costs	(2,599)	(2,816)	(3,006)	(3,072)	(2,996)	(2,815)	(2,614)	(2,394)	(2,169)	(1,931)
Other Expenses	(6,477)	(6,723)	(6,935)	(7,154)	(7,381)	(7,614)	(7,855)	(8,104)	(8,361)	(8,627)
Net Cash provided (or used in) Operating Activities	134,532	137,536	106,052	72,690	64,926	68,357	70,080	73,629	75,760	76,778
Cash Flows from Investing Activities										
<i>Receipts</i>										
Sale of Infrastructure, Property, Plant & Equipment	1,657	801	651	818	693	781	712	835	749	807
<i>Payments</i>										
Purchases of Infrastructure, Property, Plant & Equipment	(130,279)	(137,858)	(87,788)	(69,197)	(48,698)	(55,443)	(46,855)	(44,605)	(63,843)	(58,471)
Net Cash provided (or used in) Investing Activities	(128,623)	(137,057)	(87,138)	(68,379)	(48,005)	(54,662)	(46,144)	(43,770)	(63,094)	(57,664)
Cash Flows from Financing Activities										
<i>Receipts</i>										
Proceeds from Borrowings & Advances	0	7,000	7,000	5,000	2,500	750	750	0	0	0
<i>Payments</i>										
Repayment of Borrowings & Advances	(3,779)	(4,235)	(4,715)	(5,129)	(5,446)	(5,698)	(4,980)	(4,210)	(4,435)	(4,673)
Net Cash provided (or used in) Financing Activities	(3,779)	2,765	2,285	(129)	(2,946)	(4,948)	(4,230)	(4,210)	(4,435)	(4,673)
Net Increase / (Decrease) in Cash & Cash Equivalents	2,131	3,244	21,200	4,182	13,975	8,747	19,706	25,649	8,231	14,441
plus: Cash, Cash Equivalents & Investments - beginning of year	44,270	46,401	49,645	70,844	75,027	89,002	97,749	117,455	143,104	151,336
Cash & Cash Equivalents - end of year	46,401	49,645	70,844	75,027	89,002	97,749	117,455	143,104	151,336	165,776

RESOLVE SCENARIO FINANCIAL PERFORMANCE MEASURES - GENERAL FUND
for the Long Term Financial Plan 2024/2025 to 2033/2034

Performance Measure	Benchmark	DRAFT Budget 2024/25	PROJECTED 2025/26	PROJECTED 2026/27	PROJECTED 2027/28	PROJECTED 2028/29	PROJECTED 2029/30	PROJECTED 2030/31	PROJECTED 2031/32	PROJECTED 2032/33	PROJECTED 2033/34
Operating Performance	0%	0.327	0.382	0.130	0.070	0.086	0.102	0.106	0.119	0.121	0.135
Own Source Revenue	>60%	43.3%	53.4%	65.7%	78.0%	84.2%	84.8%	85.3%	85.6%	86.0%	87.7%
Asset Renewal	>100%	416.6%	394.6%	134.5%	128.3%	125.9%	125.1%	124.2%	124.7%	125.4%	123.9%
Infrastructure Backlog	< or = 2%	9.3%	7.5%	6.3%	5.2%	4.3%	3.4%	2.5%	1.7%	0.8%	0.0%
Asset Maintenance	>100%	100.5%	100.5%	100.5%	100.5%	100.5%	100.5%	100.5%	100.5%	100.5%	100.5%
Debt Service	>0%<20%	2.9%	2.5%	4.0%	4.1%	4.1%	4.0%	2.9%	2.5%	2.4%	2.3%



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