



Attachment 3 to Item 10.2.1.

Draft Long Term Financial Plan 2025-2035

Date of meeting: 8 April 2025
Location: Council Chambers
Time: 6:30pm

HAWKESBURY CITY COUNCIL

LONG TERM FINANCIAL PLAN 2025-2035

RESOURCING STRATEGY



STATEMENT OF COMMITMENT TO FIRST NATIONS PEOPLES

Council acknowledges the Dharug and Darkinjung people 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

Our Hawkesbury 2045:

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 and a strong economy, to preserve and enhance our lifestyle and identity.





Image: Deerubbin Park, Cornwallis

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INTRODUCTION

The Community Strategic Plan – Our Hawkesbury 2045 (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 implement the Principal Activities, projects and actions in the Delivery Program 2025–2029 and annual Operational Plans.

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.

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 2025/2026
- 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 2025/2026 year will see significant milestones in these city shaping projects. \$38 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.



Image: Peel Park, North Richmond

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 68,156 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 2025/2026 Council was granted a rate-peg increase of 3.9%, 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 Delivery Program 2025–2029, 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 (FOGO) services
- NSW Planning Reform Action Plan (including Planning Portal)

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 the Delivery Program and Operational Plan 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 the services, principal activities and actions 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 2024:

INCOME STATEMENT

Operating Result

	2024	2023	Variance
	\$m	\$m	%
Rates and annual charges revenue	77.2	71.6	 7.8
Grants and contributions revenue	103	83.0	 24.2
Operating result from continuing operations	54.6	47.1	 16.0
Net operating result before capital grants and contributions	13.9	15.6	 11.0

Rates and annual charges revenue (\$77.2 million) increased by \$5.6 million (7.8%) in 2023–24 due to rate peg increase of 3.7% as well as an increase in annual charges levied of \$3.2 million.

Grants and contributions revenue (\$103 million) increased by \$20.2 million (24.2%) in 2023–24 mainly due to:

- increase of \$16.8 million of special purpose grants and non-developer contributions – cash recognised during the year
- increase of \$7.7 million of other contributions – non-cash recognised during the year.

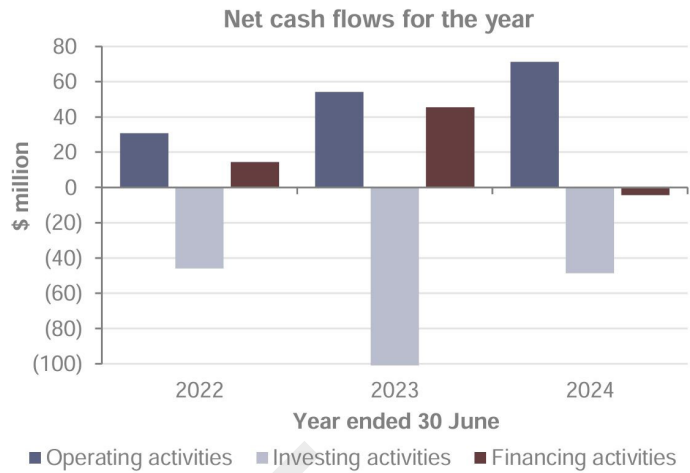
Council's operating result from continuing operations (\$54.6 million including depreciation, amortisation and impairment expense of \$27.8 million) was \$7.5 million higher than the 2022–23 result. This was as a result of total income increasing by \$27.0 million, offset by total expenses increasing by \$19.5 million.

The net operating result before capital grants and contributions (\$13.9 million) was \$1.7 million lower than the 2022–23 result. This took into account capital grants and contributions increased by \$9.2 million, offsetting the increase in operating result from continuing operations.

STATEMENT OF CASH FLOWS

Cash balances increased by \$18.2 million, mainly due to the:

- cash inflows from operating activities of \$71.2 million, offset by
- cash outflows of \$48.7 million from investing activities and cash outflows of \$4.3 from financing activities.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	103	103	Externally restricted balances comprise mainly of developer contributions, unexpected loans and grants, water and sewer funds.
Restricted and allocated cash, cash equivalents and investments:			The increase in external restrictions relates to an increase in developer contributions - general of \$8.9 million and specific purpose unexpected grants - general fund of \$12.9 million.
• External restrictions	82.6	64.2	Internal allocations are determined by council policies or decisions, which are subject to change.
• Internal allocations	17.2	31.6	The decrease in internal allocations is mainly driven by a decrease in infrastructure projects allocation of \$13.4 million.

Debt

At 30 June 2024, Council had:

- \$58.9 million in borrowings (\$62.5 million in 2022–23)
- \$800,000 in approved overdraft facility with nil drawn down.

PERFORMANCE

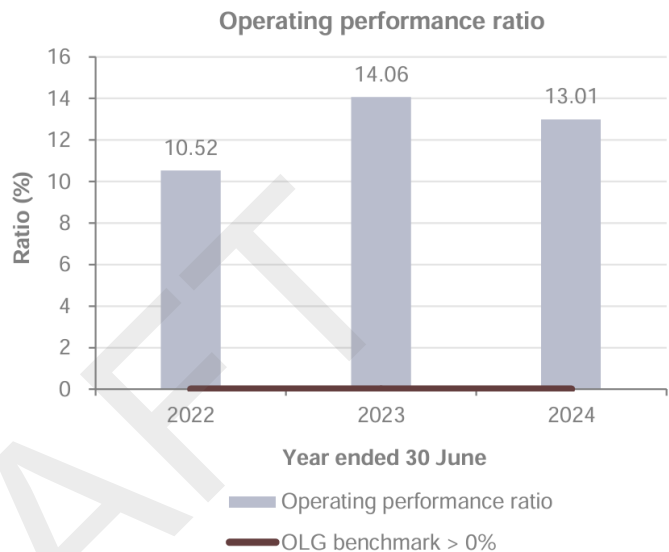
Performance Measures

The following section provides an overview of Council's 2023/2024 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 met 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

Council did not meet the benchmark for the current reporting period. Council relies on external funding sources and receives a large portion of its revenue from grants and contributions.

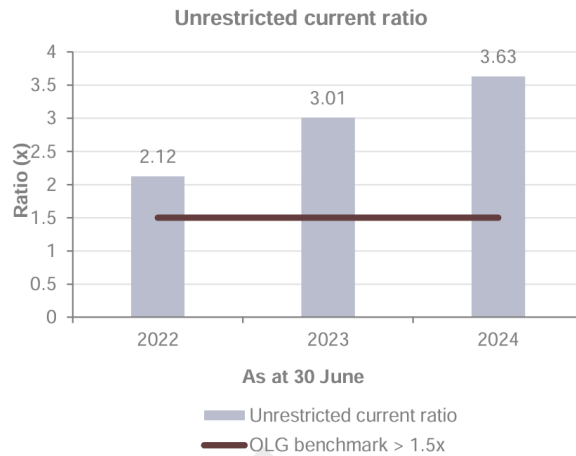
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted Current Ratio

Council met the benchmark for the current reporting period.

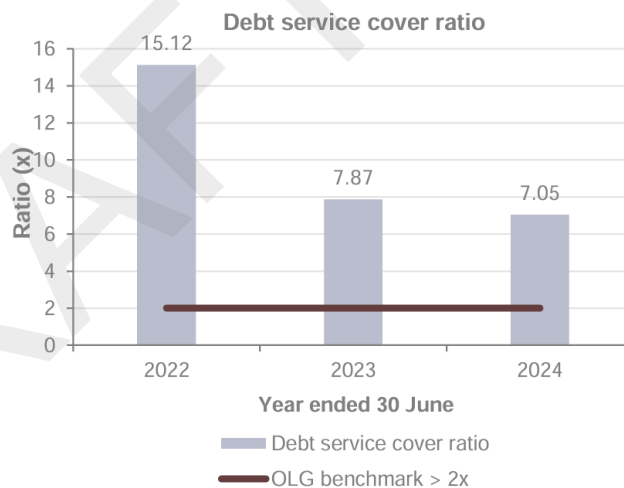
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt Service Cover Ratio

Council met the benchmark for the current reporting period.

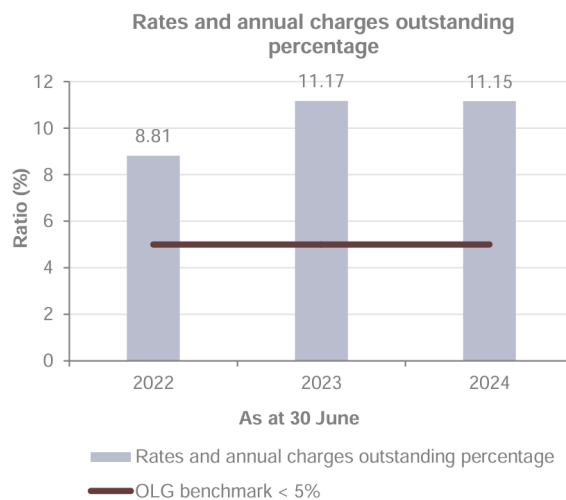
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and Annual Charges Outstanding Percentage

Council did not meet the benchmark for the current reporting period. Management advised the ratio remains stable as outstanding rates and annual charges increased to support the community's recovery relating to flooding events over the last three years.

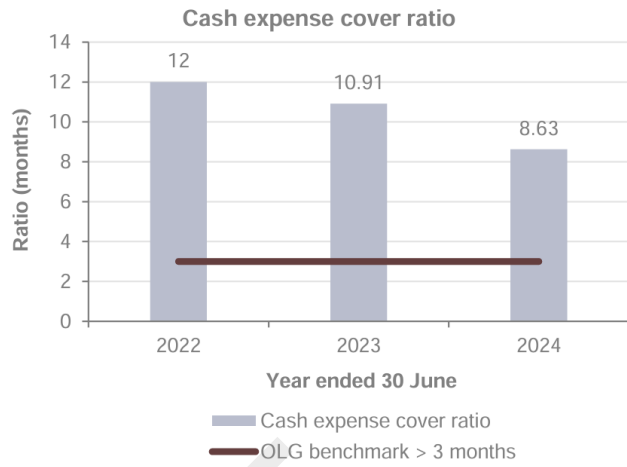
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



Cash Expense Cover Ratio

Council met the 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 2025/2026

The projected financial performance as included in the 2025/2026 Operational Plan is as follows:

INCOME STATEMENT – CONSOLIDATED

Income Type	Original Budget 2024/2025 (\$'000)	Draft Budget 2025/2026 (\$'000)
Income from Continuing Operations		
REVENUE		
Rates and Annual Charges	-83,285	-89,476
User Charges and Fees	-10,606	-9,711
Other Revenue	-1,980	-1,766
Grants and Contributions provided for Operating Purposes	-63,535	-41,573
Grants and Contributions provided for Capital Purposes	-55,993	-60,680
Interest and Investment Income	-3,942	-4,117
Other Income	-3,576	-3,840
Total Income from Continuing Operations	-222,917	-211,162
EXPENSES FROM CONTINUING OPERATIONS		
Employee Benefits and On-Costs	39,730	40,719
Materials and Services	39,579	39,968
Borrowing Costs	3,034	2,602
Depreciation and Amortisation and Impairment	26,778	31,498
Other Expenses	6,477	6,597
Total Expenses from Continuing Operations	115,598	121,383
Net Operating Result for the Year	-107,319	-89,779
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	-51,326	-29,099
SOURCE OF CAPITAL FUNDING (EXCLUDING RESERVES)		
Proceeds from the sale of capital assets	-1,657	-2,067
Depreciation	-26,778	-31,498
Grants and Contributions - Capital	-55,993	-60,680
	-84,428	-94,244
APPLICATION OF CAPITAL FUNDING		
New Assets		
Land, Building and Land Improvements	13,142	18,495
Roads, Bridges, Footpaths and Drainage	12,214	8,537
Sewer Infrastructure	600	0
Parks Assets and Other Structures	19,899	16,928
Renewal of Assets		
Land, Building and Land Improvements	6,342	1,435
Roads, Bridges, Footpaths and Drainage	63,277	49,708
Sewer Infrastructure	1,924	755
Parks Assets and Other Structures	8,134	1,259
Other Assets	582	1,986
Plant and Equipment	4,165	4,275
	130,279	103,378
Net Capital Expenditure	45,851	9,134
Retained (surplus)/deficit from prior years		
Transfer to/(from) Reserves	5,475	19,965
Retained (surplus)/deficit available for general funding purposes	0	0

FINANCIAL PERFORMANCE MEASURES

Performance Measure	Benchmark	2021/2022 Actual Results	2022/2023 Actual Result	2023/24 Actual Result	2024/2025 Amended Budget	2025/2026 Draft Budget
Operating Performance	0	0.155	0.213	0.155	0.253	0.197
Own Source Revenue	>60%	58.1%	49.5%	46.1%	44.9%	48.5%
Building and Infrastructure Asset Renewal	>100%	150.0%	125.5%	212.0%	385.2%	203.8%
Infrastructure Backlog	<2%	2.1%	3.4%	3.1%	4.4%	4.7%
Asset Maintenance	>100%	91.7%	102.4%	96.4%	122.8%	119.6%
Debt Service	>0%<20%	2.8%	3.4%	2.6%	3.1%	3.2%

*Measures as reported in Council's Audited Financial Statements.



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 2025/2026. 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 2025/2026. This ratio is significantly impacted by the delivery of asset renewal impacted by grant funded flood restoration works. In future years Council is unlikely to meet the benchmark without significant increases in renewal spending.

Infrastructure Backlog Ratio – Council's Infrastructure Backlog Ratio is projected to not meet the benchmark in 2025/2026. This has arisen from delays in capital renewals arising from natural disasters and historic levels of underfunding of asset renewal.

Asset Maintenance Ratio – Council's Asset Maintenance Ratio is projected to meet the benchmark in 2025/2026, 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 through the Delivery Program 2025-2029. 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 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 ongoing 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 \$547,601 in 2025/2026 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 \$265,320 in 2025/2026.

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.

Rates Revenue – This Strategy is aimed at undertaking a comprehensive review of Council’s rating revenue approach and options to increase future funding from this source.

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.

Service Reviews – In accordance with the requirements of the Integrated Planning and Reporting Framework, Council will select a number of areas to be subject to a service review during the Delivery Program 2025-2029.

Internal Audit – Internal audits will be guided by an annual Audit Plan and will focus on key governance, financial, and operational risks. The program is designed to provide independent assurance, promote accountability, and ensure compliance with statutory obligations.

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.

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 2025/2026 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 was drawn down in 2021/2022 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 2025/2026 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. Scenario 1 is based on an increase of 3.9% in rates peg across the 10 year strategy. Scenario 2 is based on an increase of 2.5% in rates peg across the 10 year strategy. Scenario 3 is based on an increase of 3% in rates peg across the 10 year strategy.

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 \$220 per lot for the 2025/2026 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% for 2025/2026 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 Delivery Program 2025-2029. 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 2025/2026 for Council is 3.9%. 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 2025/2026 an inflation factor of 4% for asset and information technology costs and 3% 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 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.

The scenarios are based on asset modelling and assumptions in outer years. Each scenario relies on the calculated unfunded renewal figures, taken to be the required amount of funding necessary to return assets to condition 1 - Excellent (New asset or an asset recently rehabilitated back to new condition. Little to no wear and fully functional.)

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 3.9% from 2025/2026 to 2034/2035**
- **Inflation Rate of 3.0% from 2025/2026 to 2034/2035**
- **Asset Renewal based on Decline Scenario of the AMS, funded by additional income generation above current Business As Usual activities.**

Under this scenario, Council will experience operating deficits from \$9.8M in 2027/2028, before reducing to a \$7.1M deficit in 2034/2035.

Council is projected to have \$169M in unfunded renewals at 2034/2035 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 2034/2035.**
- **Inflation Rate of 2.5% from 2025/2026 to 2034/2035.**
- **Asset Renewal based on Improve Scenario of the AMS, funded by additional income generation above current Business As Usual activities.**

Under this scenario, Council will continue to have positive Operating Performance Results in most years, with surpluses ranging from \$29.1M in 2025/2026 to \$3.3M in 2034/2035. The surplus in 2025/2026 is a continuation of Disaster Recovery Funding Arrangements for flood recovery works. These surpluses are contingent on Council generating approximately \$12.7M of additional recurring income from 2026/27.

Council is projected to have a \$59M 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 2044/2045. 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 2034/2035.**
- **Inflation Rate of 2.5% from 2025/2026 to 2034/2035.**
- **Asset Renewal based on the Resolve Scenario of the AMS, funded by additional income generation above current Business As Usual activities.**

Under this scenario, Council will continue to have positive Operating Performance Results, with surpluses ranging from \$29.1M in 2025/2026 to \$6.5M in 2034/2035. The surplus in 2025/2026 is continuation of Disaster Recovery Funding Arrangements for flood recovery works. These surpluses are contingent on Council generating \$21M of additional recurring income from 2026/2027.

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.

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 2025/2026 to 2034/2035

	DRAFT Budget 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	PROJECTED 2034/35
Income										
Rates & Annual Charges	89,476	94,661	99,946	104,909	110,078	113,970	118,001	122,326	126,635	131,096
User Charges & Fees	9,711	10,253	10,507	11,173	11,863	12,585	10,336	10,761	11,189	11,636
Other Revenue	1,766	1,834	1,904	1,977	2,053	2,132	2,214	2,300	2,388	2,480
Grants & Contributions - Operating	41,573	59,993	8,844	8,991	9,152	9,324	9,497	9,676	9,860	10,076
Grants & Contributions - Capital	60,680	66,768	64,677	32,044	22,891	23,269	23,657	24,058	24,471	24,895
Interest & Investment Income	4,117	3,767	3,550	3,238	2,873	2,482	2,294	2,091	1,888	1,666
Other Income	3,840	3,994	4,154	4,320	4,493	4,673	4,860	5,055	5,257	5,468
Total Income from Continuing Operations	211,162	241,270	193,583	166,653	163,404	168,435	170,860	176,267	181,689	187,319
Expenses										
Employee Costs	40,719	42,044	43,551	44,466	45,777	47,127	48,517	49,947	51,420	52,937
Materials & Services	39,968	40,674	50,545	51,702	53,640	56,028	68,484	71,588	74,396	77,377
Borrowing Costs	2,602	2,806	2,894	2,842	2,661	2,487	2,270	2,039	1,804	1,569
Depreciation & Amortisation	31,498	32,958	34,688	35,391	35,254	35,076	34,947	34,875	34,754	34,732
Other Expenses	6,597	6,817	7,045	7,281	7,525	7,777	2,698	2,779	2,863	2,949
Total Expenses from Continuing Operations	121,383	125,299	138,724	141,682	144,858	148,495	156,915	161,228	165,237	169,564
Net Operating Result for the Year	89,779	115,971	54,859	24,971	18,546	19,941	13,944	15,038	16,452	17,755
Net Operating Result before Capital Items	29,099	49,203	(9,819)	(7,073)	(4,345)	(3,328)	(9,713)	(9,020)	(8,019)	(7,141)

DECLINE SCENARIO CAPITAL BUDGET STATEMENT - CONSOLIDATED

for the Long Term Financial Plan 2025/2026 to 2034/2035

	DRAFT Budget 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	PROJECTED 2034/35
Net Operating Result (excl. Capital Grants)	29,099	49,203	(9,819)	(7,073)	(4,345)	(3,328)	(9,713)	(9,020)	(8,019)	(7,141)
Capital Funding and Expenditure										
Source of Capital Funding (excluding reserves)										
Proceeds from the sale of capital assets	2,067	662	719	665	751	668	757	645	764	600
Depreciation	31,498	32,958	34,688	35,391	35,254	35,076	34,947	34,875	34,754	34,732
Grants & Contributions provided for Capital Purposes	60,680	66,768	64,677	32,044	22,891	23,269	23,657	24,058	24,471	24,895
	94,244	100,388	100,085	68,100	58,896	59,013	59,361	59,578	59,989	60,227
Application of Capital Funding										
New Assets	43,960	65,611	54,072	27,198	7,589	3,158	20,168	11,888	20,489	17,232
Renewal of Assets	53,157	67,773	17,128	16,150	14,094	13,929	13,524	13,540	13,925	13,942
Other Assets	1,986	681	691	2,501	511	602	534	545	557	570
Plant & Equipment	4,275	2,547	2,936	2,538	3,483	3,511	3,605	4,833	4,950	4,144
	103,378	136,612	74,827	48,387	25,678	21,200	37,830	30,805	39,922	35,887
Net Capital Expenditure	(9,134)	(36,224)	25,258	19,713	33,218	37,813	21,530	28,772	20,067	24,340
Net Reserve Transfers & Capital Movements	19,965	12,979	15,439	12,640	28,873	34,485	11,817	19,753	12,048	17,200
Retained surplus/(deficit) available for general funding purposes	0	0	0	0	0	0	0	0	0	0

DECLINE SCENARIO PROJECTED STATEMENT OF FINANCIAL POSITION - CONSOLIDATED
for the Long Term Financial Plan 2025/2026 to 2034/2035

\$'000	AMENDED Budget 2024/25	DRAFT Budget 2025/26	PROJECTED 2026/27	PROJECTED 2027/28	PROJECTED 2028/2029	PROJECTED 2029/2030	PROJECTED 2030/2031	PROJECTED 2031/2032	PROJECTED 2032/2033	PROJECTED 2033/2034
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	54,025	70,211	85,955	103,679	116,190	142,117	171,653	179,241	194,783	202,396
Receivables	73,465	73,465	73,465	73,465	73,465	73,465	73,465	73,465	73,465	73,465
Inventories	338	338	338	338	338	338	338	338	338	338
Other	1,731	1,731	1,731	1,731	1,731	1,731	1,731	1,731	1,731	1,731
	133,059	149,245	164,989	182,713	195,224	221,151	250,687	258,275	273,817	281,430
Non-Current Assets										
Investments	8,873	8,873	9,138	9,403	9,668	9,933	10,198	10,463	10,728	10,993
Infrastructure Property, Plant & Equipment	1,774,672	1,843,926	1,946,749	1,986,046	1,996,391	1,986,154	1,971,526	1,973,726	1,968,962	1,973,422
Investment Property	46,173	46,813	46,963	47,113	47,263	47,413	47,563	47,713	47,863	48,013
Intangible Assets	654	745	845	945	1,045	1,145	1,245	1,345	1,445	1,545
Other	5,496	7,391	7,972	8,563	10,964	11,375	11,877	12,310	12,756	13,213
	1,835,868	1,907,748	2,011,666	2,052,070	2,065,330	2,056,020	2,042,408	2,045,557	2,041,753	2,047,186
TOTAL ASSETS	1,968,926	2,056,992	2,176,655	2,234,783	2,260,554	2,277,170	2,293,096	2,303,832	2,315,570	2,328,616
Current Liabilities										
Payables	21,342	21,342	21,342	21,342	21,342	21,342	21,342	21,342	21,342	21,342
Borrowings	54,505	54,640	55,120	55,621	56,063	56,391	55,110	55,356	55,581	55,819
Provisions	10,835	10,835	10,835	10,835	10,835	10,835	10,835	10,835	10,835	10,835
	86,682	86,817	87,297	87,798	88,240	88,568	87,287	87,533	87,758	87,996
Non-Current Liabilities										
Payables	0	0	0	0	0	0	0	0	0	0
Borrowings	22,925	19,363	10,746	12,521	11,947	8,659	5,411	1,916	(2,518)	(7,191)
Provisions	10,606	10,606	10,606	10,606	10,606	10,606	10,606	10,606	10,606	10,606
	33,531	29,969	21,352	23,127	22,553	19,265	16,017	12,522	8,088	3,415
TOTAL LIABILITIES	120,213	116,786	108,649	110,925	110,793	107,833	103,304	100,055	95,846	91,411
NET ASSETS	1,848,713	1,940,206	2,068,006	2,123,858	2,149,761	2,169,337	2,189,792	2,203,777	2,219,724	2,237,205
Equity										
Accumulated Surplus	728,857	820,350	948,150	1,004,002	1,029,905	1,049,481	1,069,936	1,083,920	1,099,868	1,117,349
IPPE Revaluation Reserve	1,119,856	1,119,856	1,119,856	1,119,856	1,119,856	1,119,856	1,119,856	1,119,856	1,119,856	1,119,856
TOTAL EQUITY	1,848,713	1,940,206	2,068,006	2,123,858	2,149,761	2,169,337	2,189,792	2,203,777	2,219,724	2,237,205

DECLINE SCENARIO CASHFLOW STATEMENT - CONSOLIDATED
for the Long Term Financial Plan 2025/2026 to 2034/2035

	DRAFT Budget	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	
\$'000											
Cash Flows from Operating Activities											
<i>Receipts</i>											
Rates & Annual Charges	89,476	94,661	99,946	104,909	110,078	113,970	118,001	122,326	126,635	131,096	
User Charges & Fees	9,711	10,253	10,507	11,173	11,863	12,585	10,336	10,761	11,189	11,636	
Investment & Interest Revenue Received	4,117	3,767	3,550	3,238	2,873	2,482	2,294	2,091	1,888	1,666	
Grants & Contributions	102,253	126,761	73,522	41,035	32,043	32,592	33,154	33,734	34,331	34,972	
Other	5,606	5,828	6,058	6,298	6,547	6,806	7,075	7,355	7,646	7,948	
<i>Payments</i>											
Employee Benefits & On-Costs	(40,719)	(42,044)	(43,551)	(44,466)	(45,777)	(47,127)	(48,517)	(49,947)	(51,420)	(52,937)	
Materials & Contracts	(39,968)	(40,674)	(50,545)	(51,702)	(53,640)	(56,028)	(68,484)	(71,588)	(74,396)	(77,377)	
Borrowing Costs	(2,602)	(2,806)	(2,894)	(2,842)	(2,661)	(2,487)	(2,270)	(2,039)	(1,804)	(1,569)	
Other Expenses	(6,587)	(6,817)	(7,045)	(7,281)	(7,525)	(7,777)	(2,688)	(2,779)	(2,863)	(2,949)	
Net Cash provided (or used in) Operating Activities	121,276	148,929	89,547	60,362	53,800	55,017	48,891	49,913	51,205	52,487	
Cash Flows from Investing Activities											
<i>Receipts</i>											
Sale of Infrastructure, Property, Plant & Equipment	2,067	662	719	665	751	668	757	645	764	600	
<i>Payments</i>											
Purchases of Infrastructure, Property, Plant & Equipment	(103,378)	(136,612)	(74,827)	(48,387)	(25,678)	(21,200)	(37,830)	(30,805)	(39,922)	(35,887)	
Net Cash provided (or used in) Investing Activities	(101,311)	(135,950)	(74,108)	(47,722)	(24,927)	(20,532)	(37,074)	(30,160)	(39,157)	(35,287)	
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	16,186	15,744	17,724	12,511	25,927	29,537	7,587	15,543	7,613	12,527	
plus: Cash, Cash Equivalents & Investments - beginning of year	59,793	75,979	91,723	109,448	121,959	147,885	177,422	185,009	200,552	208,165	
Cash & Cash Equivalents - end of year	75,979	91,723	109,448	121,959	147,885	177,422	185,009	200,552	208,165	220,691	

DECLINE SCENARIO FINANCIAL PERFORMANCE MEASURES - GENERAL FUND
for the Long Term Financial Plan 2025/2026 to 2034/2035

Performance Measure	Benchmark	DRAFT Budget 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	PROJECTED 2034/35
Operating Performance	0%	0.197	0.290	-0.105	-0.079	-0.055	-0.045	-0.093	-0.085	-0.075	-0.066
Own Source Revenue	>60%	48.5%	44.5%	59.4%	73.5%	79.0%	79.3%	79.2%	79.5%	79.8%	80.1%
Asset Renewal	>100%	203.2%	236.2%	47.4%	47.7%	43.9%	44.2%	44.4%	44.6%	44.8%	44.8%
Infrastructure Backlog	< or = 2%	8.7%	9.1%	10.3%	11.3%	12.2%	13.0%	13.5%	-14.4%	15.0%	15.7%
Asset Maintenance	>100%	119.6%	117.4%	115.1%	112.9%	110.8%	110.8%	109.8%	108.6%	107.5%	106.4%
Debt Service	>0% < 20%	3.2%	3.1%	4.8%	4.8%	4.6%	3.3%	3.0%	2.9%	2.8%	2.7%

ATTACHMENT 3 - IMPROVE MODEL PROJECTIONS

IMPROVE SCENARIO INCOME STATEMENT - CONSOLIDATED
for the Long Term Financial Plan 2025/2026 to 2034/2035

	DRAFT Budget 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	PROJECTED 2034/35
Income										
Rates & Annual Charges	89,476	106,680	112,116	117,244	121,231	124,875	128,640	132,686	136,699	140,853
User Charges & Fees	9,711	10,217	10,432	11,057	11,702	12,375	10,075	10,445	10,815	11,199
Other Revenue	1,766	1,826	1,888	1,952	2,019	2,087	2,158	2,232	2,307	2,386
Grants & Contributions - Operating	41,573	59,993	8,844	8,991	9,150	9,319	9,492	9,671	9,855	10,066
Grants & Contributions - Capital	60,680	66,768	64,677	32,044	22,891	23,269	23,657	24,058	24,471	24,895
Interest & Investment Income	4,117	3,767	3,550	3,238	2,873	2,482	2,294	2,091	1,888	1,666
Other Income	3,840	3,975	4,115	4,259	4,408	4,563	4,723	4,889	5,060	5,238
Total Income from Continuing Operations	211,162	253,225	205,622	178,785	174,273	178,970	181,040	186,071	191,095	196,304
Expenses										
Employee Costs	40,719	41,870	43,193	43,915	45,022	46,157	47,320	48,513	49,736	50,990
Materials & Services	39,968	40,591	50,374	51,437	53,275	55,555	67,895	70,875	73,550	76,387
Borrowing Costs	2,602	2,807	2,897	2,846	2,667	2,494	2,279	2,050	1,816	1,584
Depreciation & Amortisation	31,498	32,958	34,902	35,821	35,904	35,925	35,992	36,112	36,180	36,344
Other Expenses	6,597	6,806	7,022	7,245	7,476	7,714	7,921	8,166	8,422	8,678
Total Expenses from Continuing Operations	121,383	125,032	138,388	141,264	144,343	147,845	156,106	160,236	164,035	168,126
Net Operating Result for the Year	89,779	128,193	67,234	37,521	29,930	31,126	24,934	25,836	27,060	28,177
Net Operating Result before Capital Items	29,099	61,426	2,556	5,477	7,039	7,857	1,276	1,778	2,589	3,282

IMPROVE SCENARIO CAPITAL BUDGET STATEMENT - CONSOLIDATED
for the Long Term Financial Plan 2025/2026 to 2034/2035

	DRAFT Budget 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	PROJECTED 2034/35
Net Operating Result (excl. Capital Grants)	29,099	61,426	2,556	5,477	7,039	7,857	1,276	1,778	2,589	3,282
Capital Funding and Expenditure										
<i>Source of Capital Funding (excluding reserves)</i>										
Proceeds from the sale of capital assets	2,067	662	719	665	751	668	757	645	764	600
Depreciation	31,498	32,958	34,902	35,821	35,904	35,925	35,992	36,112	36,180	36,344
Grants & Contributions provided for Capital Purposes	60,680	66,768	64,677	32,044	22,891	23,269	23,657	24,058	24,471	24,895
	94,244	100,388	100,298	68,530	59,546	59,862	60,406	60,815	61,415	61,839
<i>Application of Capital Funding</i>										
New Assets	43,960	65,611	54,072	27,198	7,589	3,158	20,168	11,888	20,489	17,232
Renewal of Assets	53,157	79,995	29,716	29,130	26,129	25,964	25,559	25,574	25,960	25,976
Other Assets	1,986	681	691	2,501	511	602	534	545	557	570
Plant & Equipment	4,275	2,547	2,936	2,538	3,483	3,511	3,605	4,833	4,950	4,144
	103,378	148,834	87,416	61,367	37,713	33,235	49,865	42,840	51,956	47,922
Net Capital Expenditure	(9,134)	(48,446)	12,883	7,163	21,833	26,627	10,541	17,975	9,459	13,917
Net Reserve Transfers & Capital Movements	19,965	12,979	15,439	12,640	28,873	34,485	11,817	19,763	12,048	17,200
Retained surplus/(deficit) available for general funding purposes	0	0	0	0	0	0	0	0	0	0

IMPROVE SCENARIO PROJECTED STATEMENT OF FINANCIAL POSITION - CONSOLIDATED
for the Long Term Financial Plan 2025/2026 to 2034/2035

\$'000	AMENDED Budget 2024/25	DRAFT Budget 2025/26	PROJECTED 2026/27	PROJECTED 2027/28	PROJECTED 2028/2029	PROJECTED 2029/2030	PROJECTED 2030/2031	PROJECTED 2031/2032	PROJECTED 2032/2033	PROJECTED 2033/2034
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	54,025	70,211	85,955	103,679	116,190	142,117	171,653	179,241	194,783	202,396
Receivables	73,465	73,465	73,465	73,465	73,465	73,465	73,465	73,465	73,465	73,465
Inventories	338	338	338	338	338	338	338	338	338	338
Other	1,731	1,731	1,731	1,731	1,731	1,731	1,731	1,731	1,731	1,731
	133,059	149,245	164,989	182,773	195,224	221,151	250,687	258,275	273,817	281,430
Non-Current Assets										
Investments	8,873	8,873	9,138	9,403	9,668	9,933	10,198	10,463	10,728	10,993
Infrastructure Property, Plant & Equipment	1,774,672	1,843,926	1,958,971	2,010,643	2,033,539	2,034,686	2,031,243	2,044,433	2,050,466	2,065,535
Investment Property	46,173	46,813	46,963	47,113	47,263	47,413	47,563	47,713	47,863	48,013
Intangible Assets	654	745	845	945	1,045	1,145	1,245	1,345	1,445	1,545
Other	5,496	7,391	7,972	8,563	10,964	11,375	11,877	12,310	12,756	13,213
	1,835,868	1,907,748	2,023,889	2,076,667	2,102,478	2,104,552	2,102,126	2,116,264	2,123,257	2,139,299
TOTAL ASSETS	1,968,926	2,056,992	2,188,878	2,259,380	2,297,702	2,325,703	2,352,813	2,374,539	2,397,075	2,420,729
Current Liabilities										
Payables	21,342	21,342	21,342	21,342	21,342	21,342	21,342	21,342	21,342	21,342
Borrowings	54,505	54,640	55,120	55,621	56,063	56,391	55,110	55,356	55,581	55,819
Provisions	10,835	10,835	10,835	10,835	10,835	10,835	10,835	10,835	10,835	10,835
	86,682	86,817	87,297	87,798	88,240	88,568	87,287	87,533	87,758	87,996
Non-Current Liabilities										
Payables	0	0	0	0	0	0	0	0	0	0
Borrowings	22,925	19,363	10,746	12,521	11,947	8,659	5,411	1,916	(2,518)	(7,191)
Provisions	10,606	10,606	10,606	10,606	10,606	10,606	10,606	10,606	10,606	10,606
	33,531	29,969	21,352	23,127	22,553	19,265	16,017	12,522	8,088	3,415
TOTAL LIABILITIES	120,213	116,786	108,649	110,925	110,793	107,833	103,304	100,055	95,846	91,411
NET ASSETS	1,848,713	1,940,206	2,080,229	2,148,455	2,186,909	2,217,870	2,249,509	2,274,484	2,301,229	2,329,318
Equity										
Accumulated Surplus	728,857	820,350	960,373	1,028,599	1,067,053	1,088,014	1,129,653	1,154,627	1,181,373	1,209,462
IPPE Revaluation Reserve	1,119,856	1,119,856	1,119,856	1,119,856	1,119,856	1,119,856	1,119,856	1,119,856	1,119,856	1,119,856
TOTAL EQUITY	1,848,713	1,940,206	2,080,229	2,148,455	2,186,909	2,217,870	2,249,509	2,274,484	2,301,229	2,329,318

IMPROVE SCENARIO CASHFLOW STATEMENT - CONSOLIDATED
for the Long Term Financial Plan 2025/2026 to 2034/2035

	DRAFT Budget 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	PROJECTED 2034/35
\$'000										
Cash Flows from Operating Activities										
Receipts										
Rates & Annual Charges	89,476	106,680	112,116	117,244	121,231	124,875	128,640	132,686	136,699	140,853
User Charges & Fees	9,711	10,217	10,432	11,057	11,702	12,375	10,075	10,445	10,815	11,199
Investment & Interest Revenue Received	4,117	3,767	3,550	3,238	2,873	2,482	2,294	2,091	1,888	1,666
Grants & Contributions	102,253	126,761	73,522	41,035	32,041	32,588	33,150	33,729	34,326	34,962
Other	5,606	5,801	6,003	6,211	6,427	6,650	6,881	7,120	7,368	7,624
Payments										
Employee Benefits & On-Costs	(40,719)	(41,870)	(43,193)	(43,915)	(45,022)	(46,157)	(47,320)	(48,513)	(49,736)	(50,990)
Materials & Contracts	(39,968)	(40,591)	(50,374)	(51,437)	(53,275)	(55,555)	(67,896)	(70,875)	(73,550)	(76,387)
Borrowing Costs	(2,602)	(2,807)	(2,897)	(2,846)	(2,667)	(2,494)	(2,279)	(2,050)	(1,816)	(1,584)
Other Expenses	(6,597)	(6,806)	(7,022)	(7,245)	(7,476)	(7,714)	(2,621)	(2,686)	(2,753)	(2,822)
Net Cash provided (or used in) Operating Activities	121,276	161,152	102,136	73,343	65,834	67,051	60,926	61,948	63,240	64,521
Cash Flows from Investing Activities										
Receipts										
Sale of Infrastructure, Property, Plant & Equipment	2,067	662	719	665	751	668	757	645	764	600
Payments										
Purchases of Infrastructure, Property, Plant & Equipment	(103,378)	(148,834)	(87,416)	(61,367)	(37,713)	(33,235)	(49,865)	(42,840)	(51,956)	(47,922)
Net Cash provided (or used in) Investing Activities	(101,311)	(148,172)	(86,697)	(60,703)	(36,962)	(32,567)	(49,108)	(42,195)	(51,192)	(47,322)
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	16,186	15,744	17,724	12,511	25,927	29,537	7,587	15,543	7,613	12,527
plus: Cash, Cash Equivalents & Investments - beginning of year	59,793	75,979	91,723	109,448	121,959	147,885	177,422	185,009	200,552	208,165
Cash & Cash Equivalents - end of year	75,979	91,723	109,448	121,959	147,885	177,422	185,009	200,552	208,165	220,691

IMPROVE SCENARIO FINANCIAL PERFORMANCE MEASURES - GENERAL FUND
for the Long Term Financial Plan 2025/2026 to 2034/2035

Performance Measure	Benchmark	DRAFT Budget 2025/26	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
			2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Operating Performance	0%	0.197	0.341	0.002	0.022	0.033	0.037	-0.009	-0.006	0.000	0.004
Own Source Revenue	>60%	48.5%	47.3%	62.0%	75.5%	80.4%	80.6%	80.5%	80.7%	80.9%	81.1%
Asset Renewal	>100%	203.2%	280.8%	90.0%	90.0%	82.5%	82.4%	82.3%	82.0%	81.8%	81.4%
Infrastructure Backlog	< or = 2%	8.7%	9.0%	10.2%	11.2%	12.1%	12.9%	13.4%	14.2%	14.8%	15.6%
Asset Maintenance	>100%	119.6%	117.4%	115.1%	112.9%	110.8%	110.8%	109.8%	108.6%	107.5%	106.4%
Debt Service	>0%<20%	3.2%	2.9%	4.4%	4.4%	4.3%	3.1%	2.8%	2.7%	2.6%	2.5%

ATTACHMENT 4 - RESOLVE MODEL PROJECTIONS

RESOLVE SCENARIO INCOME STATEMENT - CONSOLIDATED
for the Long Term Financial Plan 2025/2026 to 2034/2035

	DRAFT Budget 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	PROJECTED 2034/35
Income										
Rates & Annual Charges	89,476	115,170	120,861	126,252	125,191	128,834	132,600	136,645	140,658	144,812
User Charges & Fees	9,711	10,217	10,432	11,057	11,702	12,375	10,075	10,445	10,815	11,199
Other Revenue	1,766	1,826	1,888	1,952	2,019	2,087	2,158	2,232	2,307	2,386
Grants & Contributions - Operating	41,573	59,993	8,844	8,991	9,150	9,319	9,492	9,671	9,855	10,066
Grants & Contributions - Capital	60,680	66,768	64,677	32,044	22,891	23,269	23,657	24,058	24,471	24,895
Interest & Investment Income	4,117	3,767	3,550	3,238	2,873	2,482	2,294	2,091	1,888	1,666
Other Income	3,840	3,975	4,115	4,259	4,408	4,563	4,723	4,889	5,060	5,238
Total Income from Continuing Operations	211,162	261,715	214,367	187,793	178,233	182,930	184,999	190,031	195,055	200,263
Expenses										
Employee Costs	40,719	41,870	43,193	43,915	45,022	46,157	47,320	48,513	49,736	50,990
Materials & Services	39,968	40,591	50,374	51,437	53,275	55,555	67,895	70,875	73,550	76,387
Borrowing Costs	2,602	2,807	2,897	2,846	2,667	2,494	2,279	2,050	1,816	1,584
Depreciation & Amortisation	31,498	32,958	35,051	36,120	36,355	36,438	36,565	36,744	36,871	37,092
Other Expenses	6,597	6,806	7,022	7,245	7,476	7,714	2,621	2,686	2,753	2,822
Total Expenses from Continuing Operations	121,383	125,032	138,537	141,563	144,795	148,357	156,679	160,868	164,726	168,874
Net Operating Result for the Year	89,779	136,684	75,830	46,230	33,438	34,573	28,320	29,163	30,329	31,389
Net Operating Result before Capital Items	29,099	69,916	11,153	14,186	10,547	11,304	4,663	5,105	5,858	6,494

RESOLVE SCENARIO PROJECTED STATEMENT OF FINANCIAL POSITION - CONSOLIDATED
for the Long Term Financial Plan 2025/2026 to 2034/2035

	AMENDED Budget 2024/25	DRAFT Budget 2025/26	PROJECTED 2026/27	PROJECTED 2027/28	PROJECTED 2028/2029	PROJECTED 2029/2030	PROJECTED 2030/2031	PROJECTED 2031/2032	PROJECTED 2032/2033	PROJECTED 2033/2034
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	54,025	70,211	85,955	103,679	116,190	142,117	171,653	179,241	194,783	202,396
Receivables	73,465	73,465	73,465	73,465	73,465	73,465	73,465	73,465	73,465	73,465
Inventories	338	338	338	338	338	338	338	338	338	338
Other	1,731	1,731	1,731	1,731	1,731	1,731	1,731	1,731	1,731	1,731
	133,059	149,245	164,989	182,713	195,224	221,151	250,687	258,275	273,817	281,430
Non-Current Assets										
Investments	8,873	8,873	9,138	9,403	9,668	9,933	10,198	10,463	10,728	10,993
Infrastructure Property, Plant & Equipment	1,774,672	1,843,926	1,967,461	2,027,730	2,059,334	2,063,990	2,063,994	2,080,570	2,089,930	2,108,268
Investment Property	46,173	46,813	46,963	47,113	47,263	47,413	47,563	47,713	47,863	48,013
Intangible Assets	654	745	845	945	1,045	1,145	1,245	1,345	1,445	1,545
Other	5,496	7,391	7,972	8,563	10,964	11,375	11,877	12,310	12,756	13,213
	1,835,668	1,907,748	2,032,379	2,093,754	2,128,274	2,133,855	2,134,876	2,152,401	2,162,721	2,182,031
TOTAL ASSETS	1,968,926	2,056,992	2,197,368	2,276,467	2,323,498	2,355,006	2,385,564	2,410,676	2,436,538	2,463,462
Current Liabilities										
Payables	21,342	21,342	21,342	21,342	21,342	21,342	21,342	21,342	21,342	21,342
Borrowings	54,505	54,640	55,120	55,621	56,063	56,391	55,110	55,356	55,581	55,819
Provisions	10,835	10,835	10,835	10,835	10,835	10,835	10,835	10,835	10,835	10,835
	86,682	86,817	87,297	87,798	88,240	88,568	87,287	87,533	87,758	87,996
Non-Current Liabilities										
Payables	0	0	0	0	0	0	0	0	0	0
Borrowings	22,925	19,363	10,746	12,521	11,947	8,659	5,411	1,916	(2,518)	(7,191)
Provisions	10,606	10,606	10,606	10,606	10,606	10,606	10,606	10,606	10,606	10,606
	33,531	29,969	21,352	23,127	22,553	19,265	16,017	12,522	8,088	3,415
TOTAL LIABILITIES	120,213	116,786	108,649	110,925	110,793	107,833	103,304	100,055	95,846	91,411
NET ASSETS	1,848,713	1,940,206	2,088,719	2,165,542	2,212,705	2,247,173	2,282,260	2,310,621	2,340,692	2,372,051
Equity										
Accumulated Surplus	728,857	820,350	968,863	1,045,686	1,092,849	1,127,317	1,162,404	1,190,764	1,220,836	1,252,195
IPPE Revaluation Reserve	1,119,856	1,119,856	1,119,856	1,119,856	1,119,856	1,119,856	1,119,856	1,119,856	1,119,856	1,119,856
TOTAL EQUITY	1,848,713	1,940,206	2,088,719	2,165,542	2,212,705	2,247,173	2,282,260	2,310,621	2,340,692	2,372,051

RESOLVE SCENARIO CASHFLOW STATEMENT - CONSOLIDATED
for the Long Term Financial Plan 2025/2026 to 2034/2035

	DRAFT Budget	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
\$'000											
Cash Flows from Operating Activities											
Receipts											
Rates & Annual Charges	89,476	115,170	120,861	126,252	125,191	128,834	128,834	132,600	136,645	140,658	144,812
User Charges & Fees	9,711	10,217	10,432	11,057	11,702	12,375	12,375	10,075	10,445	10,815	11,199
Investment & Interest Revenue Received	4,117	3,767	3,550	3,238	2,873	2,482	2,091	2,294	2,588	2,924	3,266
Grants & Contributions	102,253	126,761	73,522	41,035	32,041	32,588	33,150	33,150	33,729	34,326	34,962
Other	5,606	5,801	6,003	6,211	6,427	6,650	6,881	6,881	7,120	7,368	7,624
Payments											
Employee Benefits & On-Costs	(40,719)	(41,870)	(43,193)	(43,915)	(45,022)	(46,157)	(46,157)	(47,320)	(48,513)	(49,736)	(50,990)
Materials & Contracts	(39,968)	(40,591)	(50,374)	(51,437)	(53,275)	(55,555)	(55,555)	(67,895)	(70,875)	(73,550)	(76,387)
Borrowing Costs	(2,602)	(2,807)	(2,897)	(2,846)	(2,667)	(2,494)	(2,494)	(2,279)	(2,050)	(1,816)	(1,584)
Other Expenses	(6,597)	(6,806)	(7,022)	(7,245)	(7,476)	(7,714)	(7,714)	(2,621)	(2,686)	(2,753)	(2,822)
Net Cash provided (or used in) Operating Activities	121,276	169,642	110,881	82,350	69,794	71,011	71,011	64,885	65,907	67,199	68,481
Cash Flows from Investing Activities											
Receipts											
Sale of Infrastructure, Property, Plant & Equipment	2,067	662	719	665	751	668	668	757	645	764	600
Payments											
Purchases of Infrastructure, Property, Plant & Equipment	(103,378)	(157,325)	(96,161)	(70,375)	(41,672)	(37,194)	(37,194)	(53,824)	(46,800)	(55,916)	(51,881)
Net Cash provided (or used in) Investing Activities	(101,311)	(156,663)	(95,442)	(69,710)	(40,921)	(36,526)	(36,526)	(53,068)	(46,154)	(55,151)	(51,281)
Cash Flows from Financing Activities											
Receipts											
Proceeds from Borrowings & Advances	0	7,000	7,000	5,000	2,500	750	750	750	0	0	0
Payments											
Repayment of Borrowings & Advances	(3,779)	(4,235)	(4,715)	(5,129)	(5,446)	(5,698)	(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)	(4,948)	(4,230)	(4,210)	(4,435)	(4,673)
Net Increase / (Decrease) in Cash & Cash Equivalents	16,186	15,744	17,724	12,511	25,927	29,537	29,537	7,587	15,543	7,613	12,527
plus: Cash, Cash Equivalents & Investments - beginning of year	59,793	75,979	91,723	109,448	121,959	147,885	147,885	177,422	185,009	200,552	208,165
Cash & Cash Equivalents - end of year	75,979	91,723	109,448	121,959	147,885	177,422	177,422	185,009	200,552	208,165	220,691

RESOLVE SCENARIO FINANCIAL PERFORMANCE MEASURES - GENERAL FUND
for the Long Term Financial Plan 2025/2026 to 2034/2035

Performance Measure	Benchmark	DRAFT Budget 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	PROJECTED 2034/35
Operating Performance	0%	0.197	0.372	0.065	0.082	0.056	0.060	0.014	0.016	0.021	0.024
Own Source Revenue	>60%	48.5%	49.1%	63.6%	76.8%	80.9%	81.1%	80.9%	81.1%	81.3%	81.5%
Asset Renewal	>100%	203.2%	311.8%	119.2%	118.6%	94.0%	93.8%	93.5%	93.0%	92.6%	92.0%
Infrastructure Backlog	< or = 2%	8.7%	8.9%	10.1%	11.1%	12.1%	12.8%	13.4%	14.2%	14.8%	15.5%
Asset Maintenance	>100%	119.6%	117.4%	115.1%	112.9%	110.8%	110.8%	109.8%	108.6%	107.5%	106.4%
Debt Service	>0%<20%	3.2%	2.8%	4.1%	4.1%	4.1%	3.0%	2.7%	2.6%	2.5%	2.5%

DRAFT



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