

Long-Term Financial Plan

2023 - 2033



northern
beaches
council

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Executive Summary

The Council's Long-Term Financial Plan (LTFP) is reviewed and updated each year as a rolling 10-year projection of Council's income and expenditure, assets and liabilities and cashflow. Updates have been made and include revised assumptions and indexation along with financial modelling for 2 scenarios.

In recent years the COVID-19 pandemic placed significant pressure on Council's income and expenditure and to a lesser extent events such as storms. This resulted in the re-prioritisation of many programs and capital expenditure projects to ensure Council had the capacity to respond to the pandemic. Rebuilding working capital and focusing on reducing the infrastructure renewal backlog are a priority.

While the 2023/24 budget is balanced and financial performance benchmarks met a number of key factors may challenge our ability to continue to sustain the same level of service:

- the impact of high inflation
- \$3.1 million increase in the Emergency Services Levy; and
- the constraints on rates income under the current rate peg methodology.

The Asset Management Plan (AMP) identifies a level of unfunded works which total \$151 million over 10 years, including \$48 million required to renew existing infrastructure and \$18 million to maintain existing assets. This is further exacerbated by current high inflation and the \$3.1 million per year recurring reduction in the capital expenditure program to fund the increase in the Emergency Services Levy. Further investment in upgrading legacy IT systems is also required.

To deliver the funding needed to progress these projects funding options will need to be explored with the community. The Long-Term Financial Plan explores an alternative scenario to strengthen our position in the future and address the funding gap for the renewal and maintenance of existing assets (\$14 million per year).

The 2 scenarios considered in the LTFP are:

- Scenario 1 'Delivery Program Model'
 - rates income increases based on the rate peg in each year - this option demonstrates a sound financial position in terms of liquidity and retaining a balanced budget position – however there are flags of an emerging financial sustainability issue especially regarding asset renewal and operating performance. The unfunded items within the Asset Management Plan will not be addressed nor the lag between the rate peg and inflation levels and the impact of the recent increase in the Emergency Services Levy. The operating result is weak, moving from small surpluses to deficits in years where larger projects occur including new software implementation costs (23/24 to 25/26) and elections (24/25, 28/29 and 32/33). This model is consistent with the Delivery Program 2023-2027.
- Scenario 2 'Alternative Model' - rates income increases based on the rate peg in each year with the exception of an additional increase of 7.7% in 2024/25 (year 2) - which results in \$14 million more income in that year (which is retained in future years). The additional income is then utilised to maintain and renew existing assets. This produces a stronger operating result and asset management ratios.

Introduction

The Long-Term Financial Plan forms part of our 10 year Resourcing Strategy, supporting Council's achievement of long-term goals in the Community Strategic Plan 2040. It ensures that we can sustainably deliver our related programs in our Delivery Program and Operational Plan.

What is the Long-Term Financial Plan?

The Long-Term Financial Plan (LTFP) explains how we will deliver services and assets now and in the future.

In forecasting to 2033, we considered a range of economic factors likely to affect our performance and finances and also make assumptions about how levels of service delivery to the community may change over time.

The Long-Term Financial Plan is important because it:

- assesses the financial sustainability of delivering service levels defined in the Delivery Program
- allows the costs of long-term strategic decisions to be quantified and debated
- determines the risk of future strategic directions

- allows scenario testing of different policies and service levels
- enables testing of sensitivity and robustness of key assumptions.

The LTFP has been developed based on fully funding the infrastructure renewal program, as well as additional maintenance costs and depreciation that result from major facilities upgrades.

A key element of the Resourcing Strategy

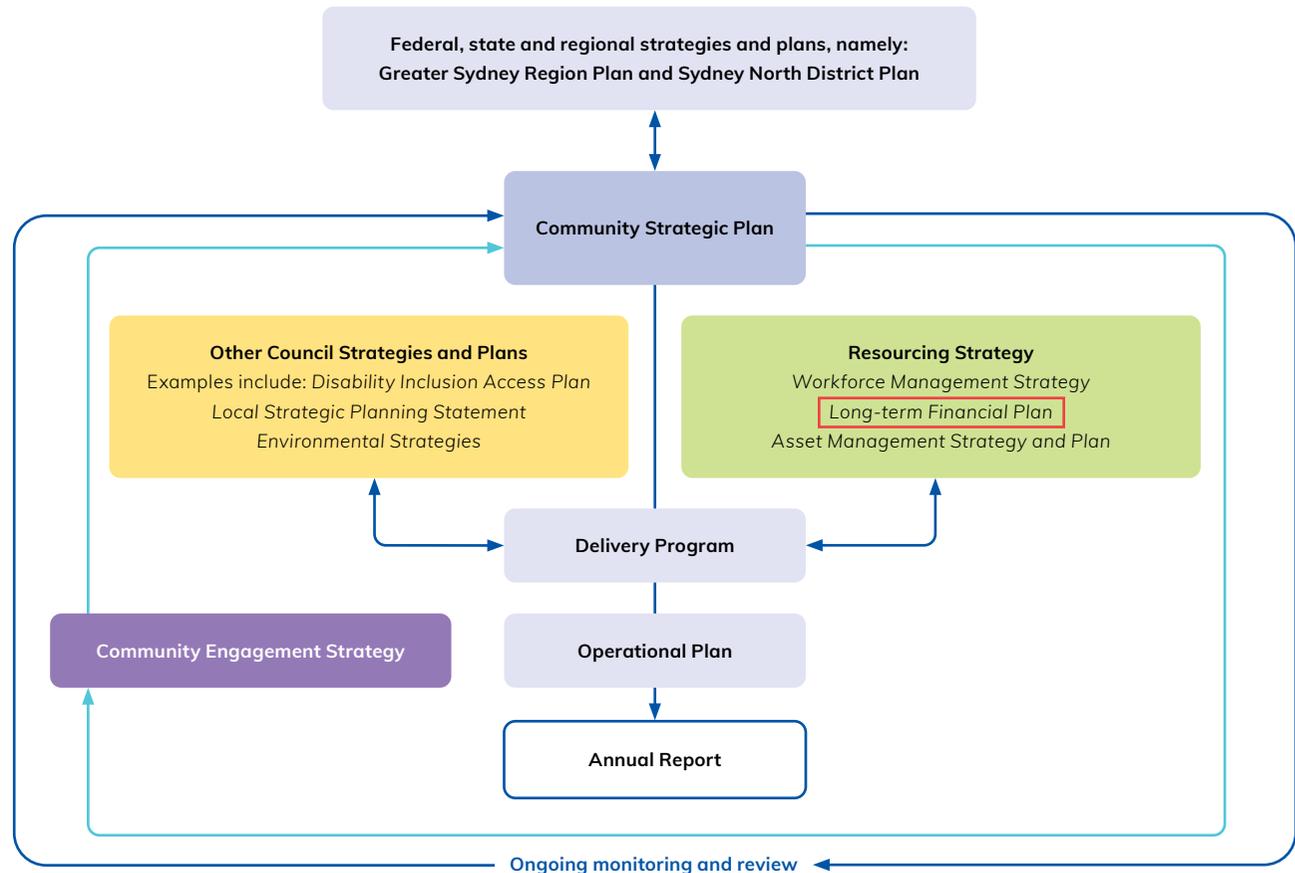
The LTFP is a key part of our 10-year Resourcing Strategy within our integrated planning and reporting framework. The Community Strategic Plan 2040 (CSP) captures our community's long term needs and aspirations. The Resourcing Strategy supports the CSP, by setting out how we will resource what Council provides in a sustainable way. It is made up of three interrelated elements:

- The long-term financial plan enables us to deliver services and build financial resilience to be able to withstand future shocks. It sets out how we will fund commitments such as infrastructure renewal, maintaining services, paying down debt and funding capital projects.
- The workforce management strategy shapes the capacity and capability of our workforce to deliver quality services and outcomes. It sets out priorities for developing and enabling staff.
- Our asset management strategy sets out how we will maintain facilities and assets and create new ones. It covers assets such as land and infrastructure for stormwater, transport, parks and recreation, buildings and is supported by an asset management plan.

The Resourcing Strategy plans ahead, anticipating the changing demographics and needs of our community, along with other trends and challenges that may impact the services we deliver. Together all elements of the Resourcing Strategy ensure our commitments for services and capital works are achievable in our four year Delivery Program and annual Operational Plan.

While other elements of the Resourcing Strategy are reviewed every four years with a new Council, the LTFP and asset management plan are reviewed annually to ensure financial planning for the annual Operational Plan and Budget are sound.

Figure 1
Integrated planning and reporting framework



Strategic alignment

The community is at the centre of what drives us, starting with the community vision captured in the Community Strategic Plan 2040: Northern Beaches - a safe, diverse, inclusive and connected community that lives in balance with our extraordinary coastal and bushland environment.

This is supported by Council's Purpose:

Partnering with the community to protect, improve and create our future.

The Community Strategic Plan captures our community's goals across environmental, social, economic and civic leadership outcomes. The Long-Term Financial Plan addresses the outcome of Good Governance, specifically Goal 19: 'Our Council is transparent and trusted to make decisions that reflect the values of the community', including our financial planning and accountability.

Our lead strategies and plans set out what Council will do to meet our community's needs and priorities.

They address our functions such as urban planning, environment, transport, community services, arts and events, childcare, libraries, sportsfields, open space and the local economy. These have implications for our service levels as well as resourcing through our finances, facilities and other assets.

The Resourcing Strategy considers these priorities as well as service levels, constraints, external pressures and risks over the coming 10 years. These are factored into the planning for our workforce, assets and finances so associated costs are considered. The LTFP then sets out how we will fund commitments such as delivering our services, renewing our infrastructure, paying down debt, and funding new capital projects.

The LTFP provides the financial horizon for the Delivery Program, paired with capital works planned in the Asset Management Plan. These are then devolved into the annual Operational Plan and its budget across all services. The LTFP is renewed each year to ensure the four-year and annual plans are based on current and robust financial planning.

Figure 2
Strategic line of sight



Principles and objectives

Financial management principles and objectives provide the framework for the development of Council's Long-Term Financial Plan and support consistent and informed decision-making by Council.

Under the Local Government Act 1993, councils must apply sound financial management principles that require responsible and sustainable spending and investment and ensure future decisions consider intergenerational effects and equity. These principles are applied in the Council's financial and asset management funding decisions and risk management practices.

Principles of sound financial management

The following principles of sound financial management apply to councils and are prescribed under the Local Government Act 1993 (section 8B):

- a) Council spending should be responsible and sustainable, aligning general revenue and expenses.
- b) Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.
- c) Councils should have effective financial and asset management, including sound policies and processes for the following:
 - i performance management and reporting
 - ii asset maintenance and enhancement
 - iii funding decisions
 - iv risk management practices.
- d) Councils should have regard to achieving intergenerational equity, including ensuring:
 - i policy decisions are made after considering their financial effects on future generations
 - ii the current generation funds the cost of its services.

These financial principles above are consistent with and support Council's Asset Management Policy.

Financial objectives

Financial objectives provide the framework for the development of Council's Long-Term Financial Plan and annual budget.

The objectives enable consistent and informed decision-making by Council including funding options for infrastructure projects such as borrowings which impact our present and future financial position. These financial objectives are also consistent with our Asset Management Policy.

The financial objectives are:

1. Financial sustainability

Generate sufficient income to fund ongoing services, renew and replace assets, meet future commitments, and maintain sufficient cash levels to support liquidity needs and unplanned events. To do this we will:

- integrate asset management, long-term financial and strategic resource planning to ensure Council's long-term financial sustainability
- continually seek time, cost and quality service improvements and efficiencies and opportunities to increase income
- consider lifecycle costs in decisions relating to new and upgraded services and assets
- maintain sufficient cash and investments to ensure short-term working capital requirements are met
- limit the use of loan funds in the main to income producing assets and new infrastructure projects where intergenerational equity considerations justify spreading the cost between generations of ratepayers who benefit from the expenditure
- maintain a sound financial position, reflected in Council's performance ratios.

2. Safeguard financial legacy

Create and safeguard our financial legacy by making prudent and responsible decisions that consider the financial impact on future generations. To do this we will:

- ensure the current generation covers the cost of its services through a fully funded operating budget
- aim to achieve equity between generations of ratepayers where the mechanisms to fund specific capital expenditure and operations consider the ratepayers who benefit from the expenditure and should pay.

3. Deliver a balanced budget

Council must achieve a fully funded operating position reflecting that Council collects enough revenue to fund operational expenditure, the repayment of debt and depreciation. To do this we will:

- have a fully funded capital program, where the source of funding is identified and secured for both capital renewal and new capital works
- manage the immediate and ongoing financial impacts of shocks like the COVID-19 pandemic and weather events, to safeguard long-term financial sustainability
- maintain an unrestricted current ratio of greater than 1.5 to ensure the required level of cash is maintained to meet operational requirements as well as build cash reserves for contingencies that may arise.

Strengthening this position over the years of the LTFP is a priority.

4. Fund current service levels

The operating budget is designed to deliver current services and service levels. To do this we will:

- maintain existing service levels to the community
- any changes to future service levels will be determined in consultation with the community.

5. Fund infrastructure renewal

A disciplined approach is undertaken in fully using depreciation for the renewal of assets, informed by asset management plans and the prioritisation of assets in poor condition. To do this we will:

- fully use depreciation for the renewal of assets and provide the appropriate level of funding for their scheduled and reactive Maintenance - Council prioritise asset renewal over new assets
- continually monitor asset conditions to minimise the likelihood of infrastructure backlogs

- link the Asset Management Plan to the Long-Term Financial Plan
- when funding is available
 - provide well-maintained community assets that are fit for purpose and provide best possible community benefit
 - focus adaptation and mitigation investment on critical assets and infrastructure to ensure they are resilient to natural disasters and climate change impacts.

6. Responsible funding of new community assets

Surplus funds and other funding sources are sought to meet additional infrastructure needs of the community in a prudent, ethical and responsible manner. To do this we will:

- achieve operating surpluses (excluding grants and contributions provided for capital purposes) which can be used to provide new assets when there are insufficient development contributions or grant funding

- fund capital expenditure in a prudent, ethical and responsible manner. Council will seek and accept external funding contributions to a project where the acceptance of the funding will not compromise Council's principles or objectives
- When funding is available, ensure the community has access to the required infrastructure to meet community needs within a framework of LGA-wide priorities
- ensure asset management decisions consider sustainability and adaptability, based on full life cycle costs through acquisition, operation, maintenance, renewal, adaptation and disposal.

Borrowing policy

Borrowings, where appropriate and financially responsible, can be an important funding source for income-generating projects and the delivery of significant new infrastructure to support intergenerational equity. The following is to be considered before entering a new loan arrangement.

- Borrowings should only be used as the last resort to finance projects of the highest priority to Council which are unable to be funded from income.
- The use of loan funds will, in the main, be limited to income producing assets and new infrastructure projects where intergenerational equity considerations justify spreading the cost between generations of ratepayers who benefit from the expenditure.

- Loans are not a funding source for operating expenditure.
- The total amount of loan borrowings must be sustainable in terms of ability to meet future repayments and budgetary obligations. The funding source to meet repayments must be identified before entering any new loan arrangement.
- The term of any loan is not to exceed the expected economic life of the asset being funded.

Council also maintains an overdraft facility of \$5 million as an integral and prudent part of cash management in responding to unexpected events without the need for the early redemption of term deposits.

Northern Beaches context

When preparing the Long-Term Financial Plan, many factors are taken into consideration and a vast array of research and statistics are analysed to forecast the likely revenue that will be available to meet the community's long-term objectives.

The Northern Beaches local government area (LGA) covers 254km² of urban and natural environment and is located to the north of the Sydney CBD. There is 80km of coastline and several national parks in the area, as well as four coastal lagoons, Manly Dam and many other Council reserves. Apart from housing there are also large areas for commercial and retail, light industry and rural land uses.

Community¹

The population is 264,481 people (Estimated Resident Population 2021) living across 105,016 dwellings.

Other characteristics include:

- median age of 41 years
- the largest group is aged 35-49, with almost 56,022 people and comprising 21% of our population
- an ageing population: those aged 60+ years will grow by almost 36% by 2041, another 22,000 people
- living arrangements include 37% of the population as couples with children, 26% couples without children, 22% single, 9% single parents and 3% in group living situations such as nursing homes
- 4% of residents have a disability that needs assistance, and 11% provide unpaid assistance to a person with disability, long term illness or elderly.

Economy²

Our local economy features over 32,327 local businesses. Other characteristics include:

- 58% of our working population work full time, 32% part time
- 54% of working residents work locally
- 110,244 local jobs with 20% in health care and social assistance, 12% retail, 10% education and training, 9% professional and scientific industries, 8% in construction and 7% in manufacturing
- healthcare and social assistance is our fastest growing industry
- Gross Regional Product of over \$18 billion a year, at June 2021.

¹ Community data obtained from ID Planning
- Northern Beaches Community Profile
<https://profile.id.com.au/northern-beaches>

² Economy data obtained from ID Economy
- Northern Beaches Economic Profile
<https://economy.id.com.au/northern-beaches>

Council's role and partners

Council provides a range of services and facilities to the community and local businesses across social services, arts, culture and events, a theatre and museum, libraries, childcare, environment and waste management, parks and recreation, beaches and pools, planning and place management, local transport networks, economic development, cemeteries, holiday facilities, customer service and community engagement. We work together with the State Government on some of these functions to ensure our community's needs are recognised – such as planning and development, social and affordable housing, community safety, public transport and major roads, natural hazards and emergency management.

Some of the key agencies and other bodies we work with are listed here.

NSW Government:

- Department of Planning and Environment
- Greater Cities Commission
- Infrastructure NSW
- Department of Primary Industries
- Office of Local Government
- Office of Sport
- Destination NSW
- Transport for NSW
- Department of Education
- Department of Communities and Justice
- Rural Fire Service and Fire and Rescue
- Police and State Emergency Service

Not for Profits:

- Aboriginal Heritage Office
- Surf Life Saving Northern Beaches
- Community housing providers
- Community Northern Beaches
- Disability advocates
- Charities, churches and shelters
- Easylink Community Transport
- Cycling NSW
- Pedestrian Council of Australia
- Green Building Council of Australia

Other:

- Local resident associations
- Cultural and sporting groups
- Local businesses
- Chambers of Commerce
- Kimbriki Environmental Enterprises
- Utility providers
- TAFE and universities
- Sydney Coastal Councils
- Cities Power Partnership
- Resilient Cities Network

We also partner with our community, community groups and others to deliver the best outcomes. This includes the use of our facilities by community groups, schools and not for profit organisations such as community centres and hubs, creative art spaces, sportsfields, surf club and sports club buildings, aquatic centres, the Coastal Environment Centre.

This may involve the charging of a fee, or a subsidised lease for exclusive use. Various open spaces are hired for filming, sporting or major events as the Northern Beaches has many stunning locations.

Council manages \$2.5 billion of land assets, \$3.2 billion of infrastructure assets and \$125 million of other assets such as IT equipment, plant and fleet. Our infrastructure assets include the stormwater network, transport network (local roads, paths, cycleways, bus shelters, wharves, bridges, retaining walls), sportsfields and other parks and recreation assets, some foreshore and coastal

protection structures and a wide range of buildings and public amenities. Each year Council plans ahead and invests significantly into our assets to ensure that they meet the needs of our changing community, are well maintained, accessible, safe and operational, and upgraded when needed.

While around 56% of Council's income is sourced from rates and annual charges, our services and infrastructure works are also funded from grants, development contributions, interest on investments, dividends from Kimbriki and fees and charges. At times new major assets are provided by Council, often with the assistance of Government grants, such as at Dee Why PCYC, Church Point carpark, new surf club buildings, the 36 km Coast Walk and many recent cycleways and road improvements. We also work together with bodies such as sports clubs, Surf Life Saving and the Rural Fire Service to fund upgrades to related buildings where needed.

Financial issues and risks

An analysis of financial issues and risks that impact Council's ability to meet its objectives has been undertaken.

Risks

- Regulatory financial management restrictions placed on Council and its ability to raise revenue, limit Council's ability to forward plan with certainty, when the largest funding source is reliant on the annual rate peg announcement
- Currently costs are escalating greater than the annual rate peg. The 3.7% rate peg announced by the IPART for the 2023/24 financial year is considerably lower than the current inflation rate. IPART is currently reviewing the volatility and lag issues with the rate peg methodology
- Ongoing economic instability results in further uncertainty in estimating costs and setting prices

- Natural hazards - Pressures from climate change, population growth and increased property values will drive increased exposure to our entire community, from a safety, wellbeing, and financial perspective unless we take active steps to limit these risks. The LGA is particularly vulnerable to natural hazards including bushfire, flooding, landslip, coastal erosion and storms. As the climate changes, exposure to natural hazards such as heatwaves, heavy rainfall, severe bushfire conditions, storm surges, sea-level rise and flooding will increase. Efforts to increase resilience in the community and natural and built environments are needed along with measures to reduce carbon emissions and increase efficiencies in managing energy, water and waste
 - Political decisions at the State and Commonwealth level that change policy and legislation that Council operates under
 - Many projects are funded through grants. It is often not possible to submit grant applications several years in advance, and a lack of grant funding may severely affect the ability of Council to deliver a project. Grants that are not recurring in nature or secured are not included in the LTFP for this reason.
- Issues**
- The most significant financial consideration is the pressure the COVID-19 pandemic placed on Council's income and expenditure between 2020 and 2022 and to a lesser extent events such as storms. This resulted in the re-prioritisation of many programs and capital expenditure projects to ensure Council had the capacity to respond to the pandemic. Rebuilding working capital and focusing on reducing the infrastructure renewal backlog are a priority
 - The Asset Management Plan (AMP) identifies a level of unfunded works which total \$151 million over 10 years for:
 - Unfunded renewal of existing infrastructure \$48 million
 - Unfunded new infrastructure \$84 million
 - Unfunded maintenance and operational expense requirements \$19 million (\$18 million relates to existing assets)
 - The asset renewal gap will increase by a further \$3.1 million per year (\$35 million over 10 years) as a result of the recently announced increase in the NSW Government's Emergency Services Levy. In the 2023/24 financial year the levy will increase by \$3.1 million, comprising a \$1.5 million (19.5%) increase in the levy to \$9.3 million, and \$1.6 million through the removal of the levy subsidy.

Further investment in upgrading legacy IT systems is also required, which has required reprioritisation of future programs. To deliver the funding needed to progress these projects funding options will need to be explored with the community. Resourcing options to address the funding gap for the renewal and maintenance of existing assets (\$14 million per year) is explored in a scenario in this LTFP.

Risk management

Council has a cautious risk appetite for financial risks and will manage risks that have the potential to adversely impact on its long-term sustainable future.

Council's activities expose it to a variety of risks which are considered in preparing the LTFP. Council recognises the importance of a risk framework to strengthen its capacity to effectively identify, understand and capitalise on challenges and pursue opportunities. Council has different levels of risk that it is prepared to accept before mitigation action is deemed to be necessary.

Council has a cautious risk appetite for financial risks and its preference is for safe options that are very low risk, tightly controlled, and which only pursue a potential for reward when it safely outweighs the risk/s taken. Council manages its budgets and financial commitments prudently to remain within its approved annual and long-term plans. Budgets are considered through effective short, medium and long-term financial planning and investment strategies and long-term asset management plans to maintain a disciplined approach to financial sustainability.

The risk of Council's financial position becoming unsustainable has been identified as a Strategic Risk Area for the organisation. There are likely causes, both external and internal, that could lead to this situation without the presence of risk controls. Controls are in place to mitigate this risk including the preparation of this LTFP informed by Council's Asset Management Plan.

However, long term planning in a dynamic environment has some level of uncertainty. Risks such as changes in legislative requirements and economic risks have been discussed in the previous section. These risks could materially change the outcome and projected results of this plan. The Sensitivity Analysis within this LTFP tests the impact of inherent economic risks.

Current financial position

Council's financial results over the past three financial years largely reflect the impact of COVID-19 pandemic restrictions on operations and the support measures in place for the community.

This was partially offset by COVID-19 economic stimulus grants for capital expenditure. The net cost to Council of the COVID-19 pandemic to 30 June 2022 was \$41 million.

Council adjusted funding for expenditure programs to provide capacity to respond to the pandemic and retain our long term strong and sustainable position. While Council didn't meet the Operating Performance ratio benchmark of more than 0% in the first two financial years following the COVID-19 pandemic, all other financial and asset performance ratios were met and the loans of the former Councils continued to be repaid.

Along with COVID-19, other significant events placing pressure on Council include storms, flooding and bushfire threats. The restoration of working capital funds is a priority over the Long-Term Financial Plan along with continuing to repay loans taken out by the former Councils. Strengthening of working capital will ensure Council maintains sufficient funding for unexpected events and future opportunities.

High inflation and price volatility, combined with the lag in the rate peg, are resulting in a growing divergence between costs and rates income. This reduces Council's capacity to address unfunded elements of the Asset Management Plan.

Council's Financial Statements provide a summary of Council's financial performance and are available on our website.

Forecasting future budgets

In planning for the financial year 2023/24, and beyond, we have made assumptions on factors outside of our control such as inflation, wage increases and the rate peg.

In other words, our current budget and long-term outlook is based on the most likely scenarios.

To illustrate how further negative movements in these factors could affect our budgets in coming years, we have included a separate sensitivity analysis.

Revenue forecasts

In determining the likely revenue that will be available to meet the community's long-term objectives, we have considered the following:

Capacity for rating

Income from rates is a major component of Council's revenue base. The community's capacity and willingness to pay rates and whether there is potential for changes to the rate path are an important consideration when determining a rating structure.

In making that judgement, Council considers information related to:

- the potential to reduce the reliance on rates through increased revenues from other sources
- the projected impact of the rate peg
- changes in rating revenues from changing demographics and industry makeup
- opportunities for a special variation to general income
- any need to increase the reliance on rating due to a reduction of revenues from other sources such as a decline in grants and subsidies.

No change in the rating categories and sub-categories is proposed, nor the method of rating. The Alternative Model explores an application to the IPART for a Special Rate Variation to address unfunded renewal and maintenance requirements of the Asset Management Plan.

Socio-economic analysis and rates affordability

The following analysis assists in assessing the community's capacity and willingness to pay rates.

Residential properties

In the 2022/23 financial year, there were 96,074 properties across Northern Beaches Council rated as 'Residential'.

These properties include single dwellings, social housing and multi-unit dwellings.

Housing tenure

In the Northern Beaches, 68% of households were purchasing (with a mortgage) or fully owned their home, 24.5% were renting privately, and 1.6% were in social housing in 2021 (ABS).

The median monthly mortgage repayment across the Northern Beaches was \$2,750 and the median weekly rent was \$650³.

³ Australian Bureau of Statistics, Census of Population and Housing 2021
www.abs.gov.au/census/find-census-data/quickstats/2021/LGA15990

Household income

According to the 2021 Census the median weekly income of households across the Northern Beaches was \$2,592 which was \$515 more than the Greater Sydney area⁴.

Employment status

In December 2022, the Northern Beaches had an unemployment rate of 2.4% (3,749 people)⁵, lower than the Greater Sydney rate of 3.5%⁶.

Index of Relative Socio-Economic Disadvantage (IRSED)

The Index of Relative Socio-Economic Disadvantage (IRSED) is based on the 2021 Census and is useful in identifying geographic areas that are relatively disadvantaged. The index is derived from attributes that reflect disadvantage such as low income, low educational attainment, high unemployment, and jobs in relatively unskilled occupations.

An area with an IRSED of 1,000 is considered average while a lower score indicates that the area is experiencing more disadvantage.

The IRSED for the Northern Beaches is higher than the average at 1,089. This indicates relatively lower levels of socio-economic disadvantage as compared to other LGAs.

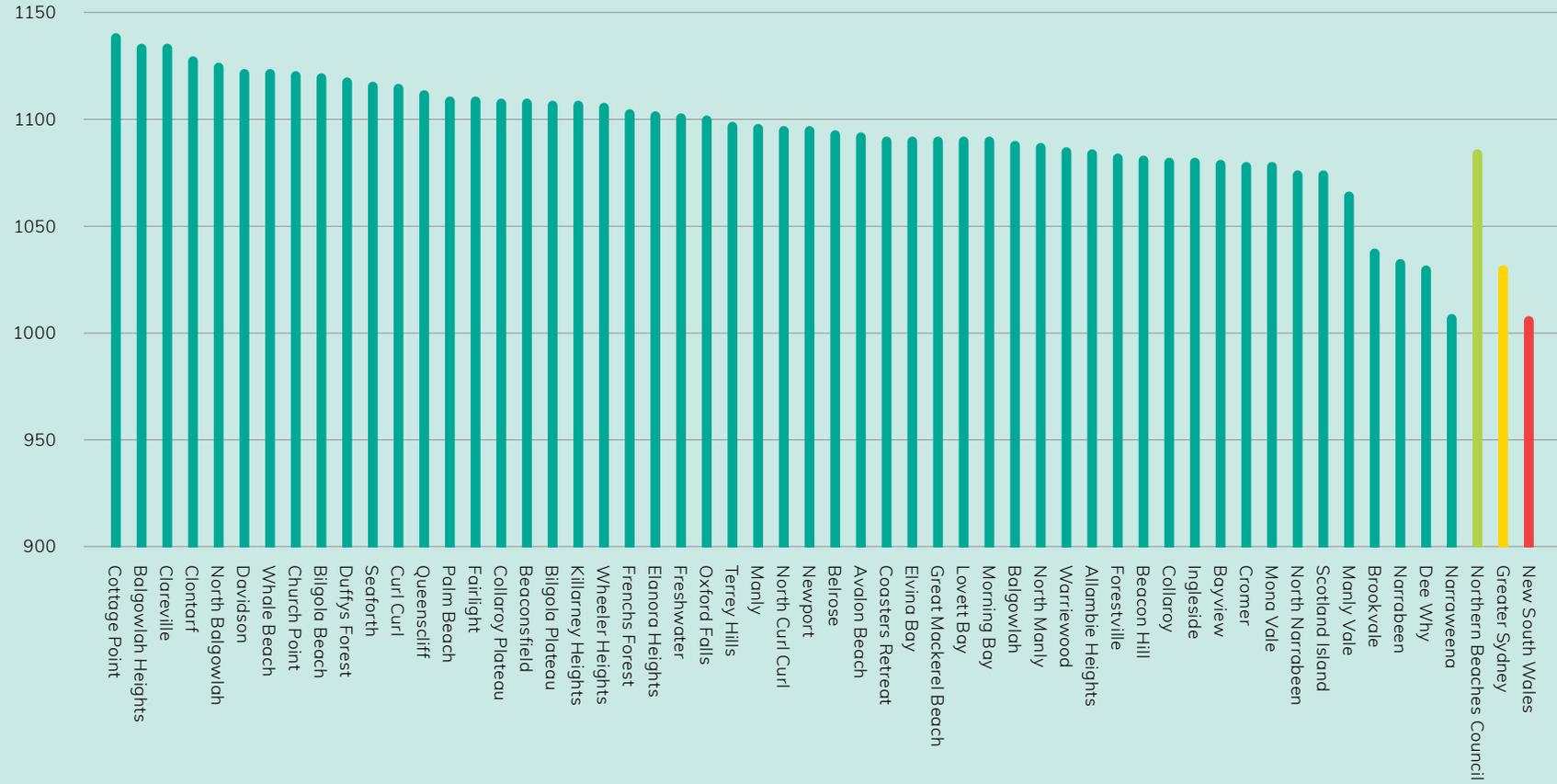
The IRSED index by suburb is outlined on the following page. Whilst there is some variation across the LGA, no areas fall below 1,000.

⁴ Australian Bureau of Statistics, Census of Population and Housing 2021
www.abs.gov.au/census/find-census-data/quickstats/2021/LGA15990

⁵ Jobs and Skills Australia, Small Area Labour Markets December 2022
www.jobsandskills.gov.au/work/small-area-labour-markets#downloads

⁶ Australian Bureau of Statistics, Labour Force Australia'
– Detailed (table 16b) January 2023
[www.abs.gov.au/statistics/labour/employment-and-unemployment/
labour-force-australia-detailed/latest-release](http://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release)

Figure 3
Index of Relative Socio-Economic Disadvantage (IRSED) 2021



Source: Australia Bureau of Statistics,
Socio-Economic Indexes for Areas (SEIFA), Australia 2021

Outstanding rates and annual charges

On 30 June 2022, 3.63% of rates and annual charges levied remained outstanding. This remains well under the industry benchmark of 5%. This is an important consideration in setting options for funding within this plan and is one of the indicators of our ratepayers' capacity and willingness to pay for the services of the Council.

Financial hardship and rebates

Council understands that individual ratepayers may experience financial hardship and has options available to provide support through the Rates and Annual Charges Hardship Policy. Rebates are also available to eligible pensioners.

Rate peg and Special Rate Variations

The maximum amount councils can collect in income from rates is determined each year by the Independent Pricing and Regulatory Tribunal (IPART) through their rate peg methodology. The current approach to determining the rate peg means variations can occur when there is economic instability, as we have recently experienced. A council can apply to IPART for a Special Variation (SRV) to the rate peg – which enables a Council to establish an increase in rates income above the rate peg. An alternative scenario is included in this LTFP to explore this option to provide additional funding for the renewal and maintenance of existing assets.

Fees and charges

A number of the services we provide are offered on a user pays basis.

In preparing the Long-Term Financial Plan, possible future income from fees and charges, including opportunities to reduce reliance on other forms of income, has been considered.

Grants and subsidies

Council receives an annual Financial Assistance Grant allocation from the Commonwealth as well as grants for specific programs. In preparing the Long-Term Financial Plan we have assumed we will continue to receive grants that are recurring. Should these grants and subsidies be reduced, our ability to provide the same level of service will be impacted.

The Financial Assistance Grant has been paid partially in advance for a number of years, with the advance payment for the following year generally occurring in the last quarter. We have assumed this will continue.

Borrowings

There are no anticipated new borrowings over the 10-year period of the Long-Term Financial Plan.

Refinancing of two existing loans which have an initial 10-year term will be undertaken over the next two years. The residual at maturity of the initial term was based on repayments over a term of 20 years. The refinancing of these loans is consistent with the loan documentation and planning undertaken at their initiation.

An internal loan of \$4.6 million (\$2.2m 2023/24, \$2.4m 2024/25) from the Mona Vale Cemetery Internal Cash Reserve is proposed to part fund the Enterprise Resource Planning system replacement.

The loan will be repaid to the Mona Vale Cemetery Internal Cash Reserve over six years with the equivalent interest the funds would have earned over the same period.

Cash reserves

Detailed modelling has been undertaken to manage Council's restricted cash reserves including development contributions, domestic waste and the Kimbriki landfill remediation reserves.

Working capital needs to be maintained at sufficient levels to provide against unforeseen and unbudgeted expenditures. This includes storm events, the need to undertake works unbudgeted in the current financial year which may impact on services to the community, the safety of the community and the protection of community assets. The events of the last few years now mean Council needs to rebuild working capital. Future operating surpluses have been utilised to reinstate working capital levels.

Expenditure forecasts

In developing expenditure forecasts, new expenditure items and ongoing commitments have been considered. This has included costs for capital and recurrent expenditures such as maintenance costs and capital renewals for infrastructure assets. Consideration has also been given to appropriate phasing of when the costs are expected to be incurred including expenditure for planning, construction, implementation and ongoing maintenance.

Increased maintenance expenditure has been included within the plan for new assets.

The Asset Management Plan identifies a level of unfunded works. To deliver the funding needed to progress these projects funding options will need to be explored with the community.

Financial modelling

The development process for the Long-Term Financial Plan has included financial modelling taking account of different scenarios. This has been presented in the sensitivity analysis.

Financial planning assumptions

In preparing the budget, consideration was given to a range of economic and political factors that affect our finances. This impacts our capability to maintain existing levels of service and long-term financial sustainability.

Based on reputable sources such as Deloitte Access Economics, we have made assumptions in putting together this year's budget and long-term financial outlook. The assumptions are detailed below:

Market driven planning assumptions

As part of undertaking financial modelling, key assumptions that underpin the estimates must be made. The following assumptions have been used in the modelling contained in the Long-Term Financial Plan.

Growth

Demographic trends and projections influence planning for housing, jobs, infrastructure, facilities and other services.

The Northern Beaches population is projected to increase to over 290,000 people in 2033, at an average of 0.8% per annum, or approximately 2,100 extra persons per year⁷.

Inflation (Consumer Price Index (CPI))

Inflation has been assumed as follows:

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Consumer Price Index (CPI)	3.4%	2.5%	2.5%	2.5%	2.5%	2.4%	2.3%	2.3%	2.4%	2.4%

Source: Deloitte Access Economics Business Outlook - September Quarter 2022 - Underlying CPI

⁷ Source: ID Forecast – March 2023
<https://forecast.id.com.au/northern-beaches>

Income assumptions

Rates

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Rate peg - Scenario 1: Delivery Program Model	3.70%	4.0%	3.0%	2.8%	2.8%	2.7%	2.6%	2.6%	2.7%	2.7%
Rate peg + SRV - Scenario 2: Alternative Model		4.0% + 7.7%								
Rates and annual charges growth	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%

2023/24 is based on the IPART's rate peg of 3.7%.

Subsequent years are an estimation of the Rate Peg, based on 40% of costs being Employee Costs and 60% being Other Expenses. Scenario 2 also includes an additional amount to close the asset renewal and maintenance gap and address the impact of recent high inflation, which would form the basis of an SRV application.

Rates growth represents the average annual growth in income (measured over five years) due to supplementary valuations and anticipated population growth. This is also applied to annual charges for domestic waste and stormwater.

Scenario 1, the Delivery Program Model, is the primary model and is the basis upon which the Delivery Program and budget is prepared. It assumes that rates income will increase by the rate peg each year.

Scenario 2, the Alternative Model, explores the revenue implications of addressing the current gap between preferred and actual asset renewal and maintenance outlined in Council's Asset Management Plan. It is illustrative only of the revenue implications if Council was to increase its asset maintenance and asset renewal service levels without reducing service levels elsewhere. Should the need arise, Council would engage the community to further develop Scenario 2.

Annual Charges - Domestic Waste Management Charge

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Waste charge	9.9%	6.1%	2.5%	2.5%	2.4%	2.4%	2.3%	2.3%	2.4%	2.4%

We calculate the domestic waste management charges (DWMC) to ensure the income generated can fund the costs associated with providing the service including provisions for the future replacement of bins.

This also includes planning for future improvements to the service and capacity to respond to unplanned events such as a storm.

It has been assumed that costs and therefore the DWMC will primarily increase in line with underlying inflation, with adjustments for items such as known contract 'rise and fall' factors including fuel and changes to the Waste Levy.

Annual Charges - Stormwater Management Services Charge

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Stormwater charge	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

We have assumed there is no change in the stormwater management services charge, as the charge is capped by legislation and has not changed since it was introduced.

User Fees and Charges

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Fees and charges – statutory	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Fees and charges – Kimbriki	CPI	CPI								
Fees and charges – parking areas	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Fees and charges – non-statutory	5.60%	3.30%	3.30%	3.00%	3.00%	2.90%	2.90%	2.90%	2.90%	2.90%

User fees and charges that are controlled by other levels of government under legislation are assumed to not change. We have also assumed there is no change in income from pay and display beach parking and car parks due to the high elasticity of demand and volatility in this income stream. Kimbriki income is assumed to increase by CPI.

Non-statutory charges such as childcare fees and venue hire, are determined by applying our Pricing Policy which incorporates the Local Government Competitive Neutrality Guidelines. Projected income growth is based on 75% of related costs being employee costs and 25% being other expenses (CPI).

Other Revenues

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Fines	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other revenues	CPI									

Other revenue principally comprises income from fines, sale of recycled materials and licences. CPI has been used to project future

income from other revenues except for fines. Fines are set by the State Government and are not forecast to increase.

Grants and Contributions - Operating Purposes

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Financial Assistance Grant	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Grants and Contributions – Operating (recurring)	CPI									

Council receives a number of operational grants from various government agencies. The largest of these being the Financial Assistance Grant (FAG) (\$8.6m) and we have assumed that this will continue (and be paid partially in advance).

In August 2022 the NSW Local Government Grants Commission advised that “given the current economic environment, the CPI may not increase going forward”. Based on this advice we assume there will be no increase in this grant.

We have also assumed we will continue to receive other operating grants in relation to ongoing operations e.g, salary grants and that these will increase annually in line with CPI. Other operating grants received for specific project related purposes have been included in the year we anticipate they will be received.

Grants and Contributions - Capital Purposes

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Development contributions	CPI									
Other grants and contributions - capital	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Local infrastructure contributions are a significant source of capital revenue. Predicting the amount of revenues received from this source is extremely difficult as it is essentially market driven and depends on the timing of developments. We have assumed \$6 million in contributions in

the 2023/24 financial year and these will increase annually in line with CPI with some adjustments for the expected timing of Warriewood Valley s7.11 payments.

We have also assumed we will continue to receive other capital grants in relation

to ongoing programs for road resheeting, however we have not assumed any further growth in this income. Other capital grants received for specific project related purposes have been included in the year we anticipate they will be received only where the grant funding has been confirmed.

Interest and Investment Revenues

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Return on investment portfolio	4.40%	3.80%	3.85%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%

We have used information provided by our investment advisor and Deloitte Access Economics to determine forecast projections for interest on investments based on forecast cash balances over the 10-year period.

Other Income

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Other income	CPI									

Other income comprises rental income from leased properties. CPI has been used to project future income.

Gain/(Loss) on disposal of assets

Gains or losses on the disposal of assets are predominantly received from the sale of plant and fleet. Future years are based on the plant and fleet replacement program. Infrastructure-related disposals are based on the Asset Management Plan for the renewal program.

Expenditure assumptions

The following table outlines the financial planning assumptions by expenditure types. This includes a brief description as to how we have determined the assumption and impact of external influences.

Employee Benefits and On Costs

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Industry Award base increase	3.70%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Industry Award step increase	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Super guarantee levy	11.00%	11.50%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%

The Local Government State Award provides for an annual increase as well as salary band step increases. The current Award expires on 30 June 2023. As the new Award is not yet available, the 2023/24 increase is based on the forecast Wage Price Index of 3.7%. We have assumed increases will be 2.5% per annum over the remainder of the Long-Term Financial Plan.

Other assumptions relating to employee costs in the Long-Term Financial Plan include:

- No change in existing employee working hours.
- A stable vacancy rate in establishment permanent positions in each financial year.

- The average increase as a result of award based salary band step increases will be 0.63% per annum.
- Superannuation expenditure based on the statutory contribution rate incrementally increasing to 12% by 2025/26.

Borrowing Costs

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Interest rate on loans	6.55%	6.10%	6.00%	5.70%	5.70%	5.60%	5.60%	5.60%	5.60%	5.60%
Tip remediation discount	3.85%	3.85%	3.85%	3.85%	3.85%	3.85%	3.85%	3.85%	3.85%	3.85%

Council's borrowing costs over the 10-year period comprise a number of components:

- Interest incurred on borrowings - where borrowings have already been undertaken the interest rate identified in the Loan Agreement has been used. For variable loans or new borrowings the proposed interest rate has been calculated based on the forecast 10-year swap rate along with a 2% loan margin based on advice from Council's investment advisor.
- Lease interest charges - rates on these borrowings are forecast in accordance with the lease documents.
- Tip remediation discount - this relates to the remediation of the waste landfill site at Kimbriki. The remediation model was last updated in 2022.

Materials and Services

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Materials and services	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI
Fuel - petrol price at pump (cents per litre) (Sept 2022)	182.43	173.47	174.22	176.28	178.18	179.95	181.52	183.14	184.76	186.39

Materials and services including domestic waste management costs and other expenses which represent the principal costs used to deliver services to the community are forecast to increase in line with the CPI. While the rate of growth projected is uneven it is forecast to average 2.5% per annum.

Fuel is indexed by the forecast change in the petrol price at pump published by Deloitte Access Economics.

Depreciation and amortisation

The depreciation methodology can be found in the Notes to the Financial Statements.

The depreciation expense assumed in the Long-Term Financial Plan has been calculated in accordance with this methodology. Estimates have also been included for the projected depreciation cost of new assets which have been identified within the proposed Capital Works Program along with the impact of revaluations.

Other Expenses

Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Other expenses	CPI									

Other expenses primarily relate to statutory charges (including the Emergency Services Levy and Waste Disposal Levy) and grants

and donations provided by Council. These are generally forecast to increase in line with CPI.

Future and ongoing financial challenges, opportunities and efficiency savings

The most significant financial consideration is the pressure the COVID-19 pandemic placed on Council's income and expenditure in the past three years. Council experienced a significant impact to operational income while also supporting small businesses and the community through this challenging time. The cost over this period was \$41 million and has resulted in the re-prioritisation of many programs and capital expenditure projects to ensure Council had the capacity to respond to the pandemic. Inflation is currently considerably higher than growth in rates income, which is placing further pressure on future years.

Infrastructure investment is informed by the Asset Management Plan 2022-2032. However, the plan identified a need to invest more funds into both the renewal, operation and maintenance of existing assets along with new assets. Further, there is a growing gap between the costs to maintain assets and services and the funding available to Council.

Council is focused on continuing to achieve efficiency savings and reinvesting those into our community. This includes efficiencies achieved through the introduction of new systems and processes and the optimisation of plant and fleet. This builds on savings achieved in each year since the formation of Northern Beaches Council.

We continue to work across the organisation to provide efficiency improvements and contain costs. Ongoing savings are anticipated through projects such as the advancement of technology and the efficiencies and improved customer experience it presents and the optimisation of resources and assets. Funds that may be made available through such projects could be used in a number of ways including supporting the rebuilding of working capital, improvements in services, accelerating the renewal of aging infrastructure or reducing rates. As savings are achieved opportunities will be considered and changes to the Long-Term Financial Plan applied.

Sensitivity analysis

Although the assumptions listed in the previous section are our current informed estimate based on a range of reliable sources, long-term financial plans are inherently uncertain.

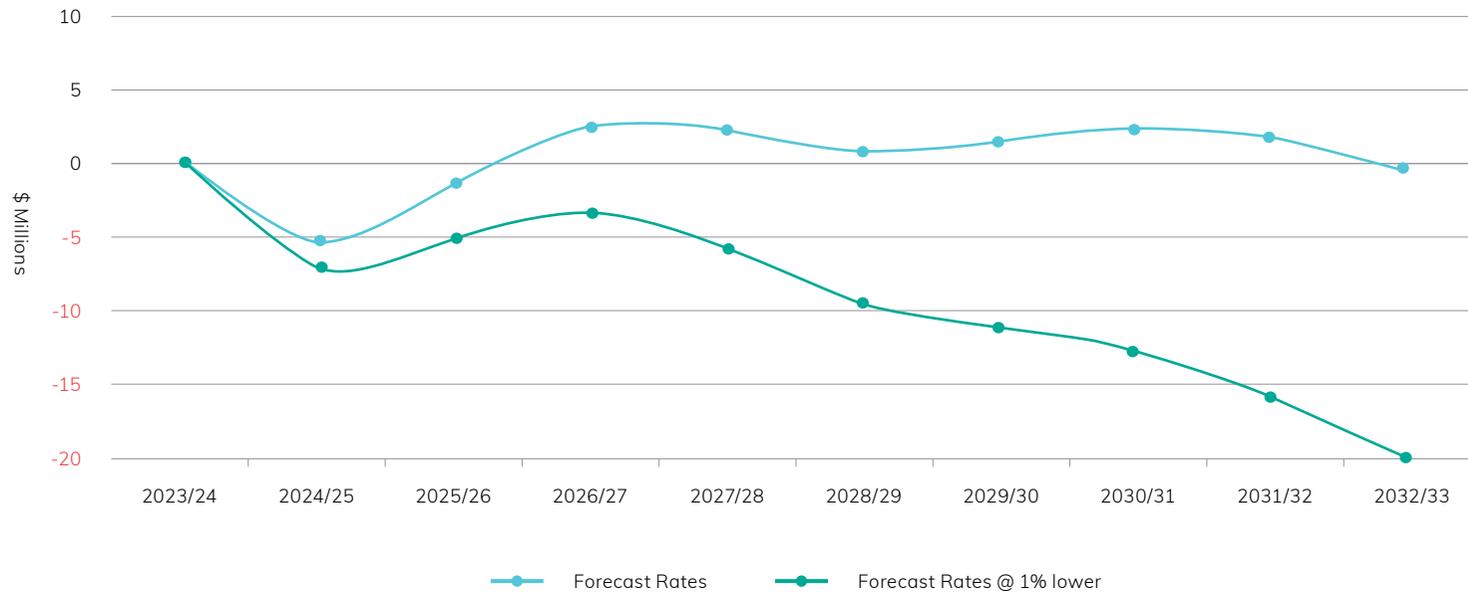
They contain a wide range of assumptions about interest rates and the potential effect of inflation on revenues and expenditures which are largely outside our control.

Developing our LTFP includes financial modelling taking into account the impact on our finances if trends worsen. Modelling has been developed on 'Scenario 1 - Delivery Program Model', as this is the base case for the Council's 2023/24 budget.

Rates

Rates comprise 42% of our total income. Rates are capped by the State Government and we can only increase rates if we apply for a special increase. If the rate peg is 1% pa lower than forecast from 2024/25 the budget would remain in deficit and this would continue to grow.

Surplus/(Deficit) before Capital Grants and Contributions

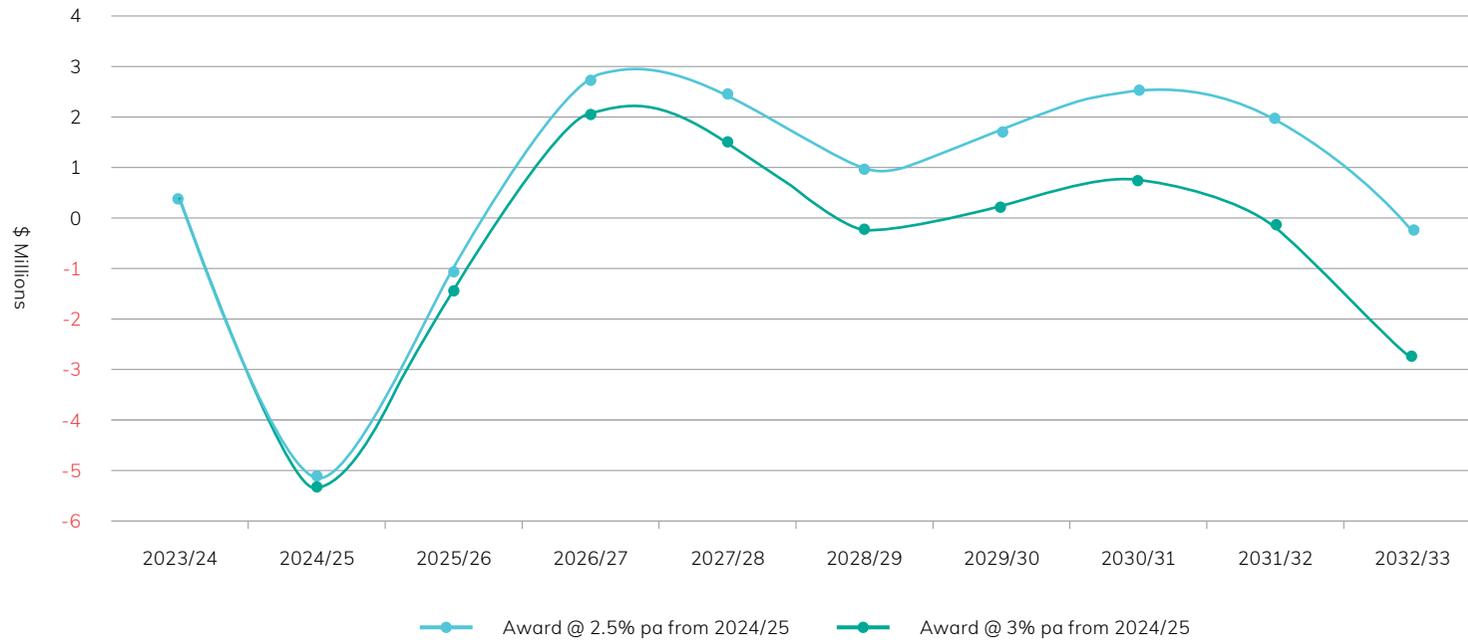


Employee costs

Salary growth is largely subject to the NSW Local Government Award. The current Award expires on 30 June 2023 and we have assumed an annual increase

of 3.7% in 2023/24 and 2.5% for each year afterwards before step increases. If the Award increase was 0.5% pa higher the budget would still remain in surplus for each year of the Long-Term Financial Plan except for 2024/25, 2025/26, 2028/29, 2031/32 and 2032/33.

Surplus/(Deficit) before Capital Grants and Contributions

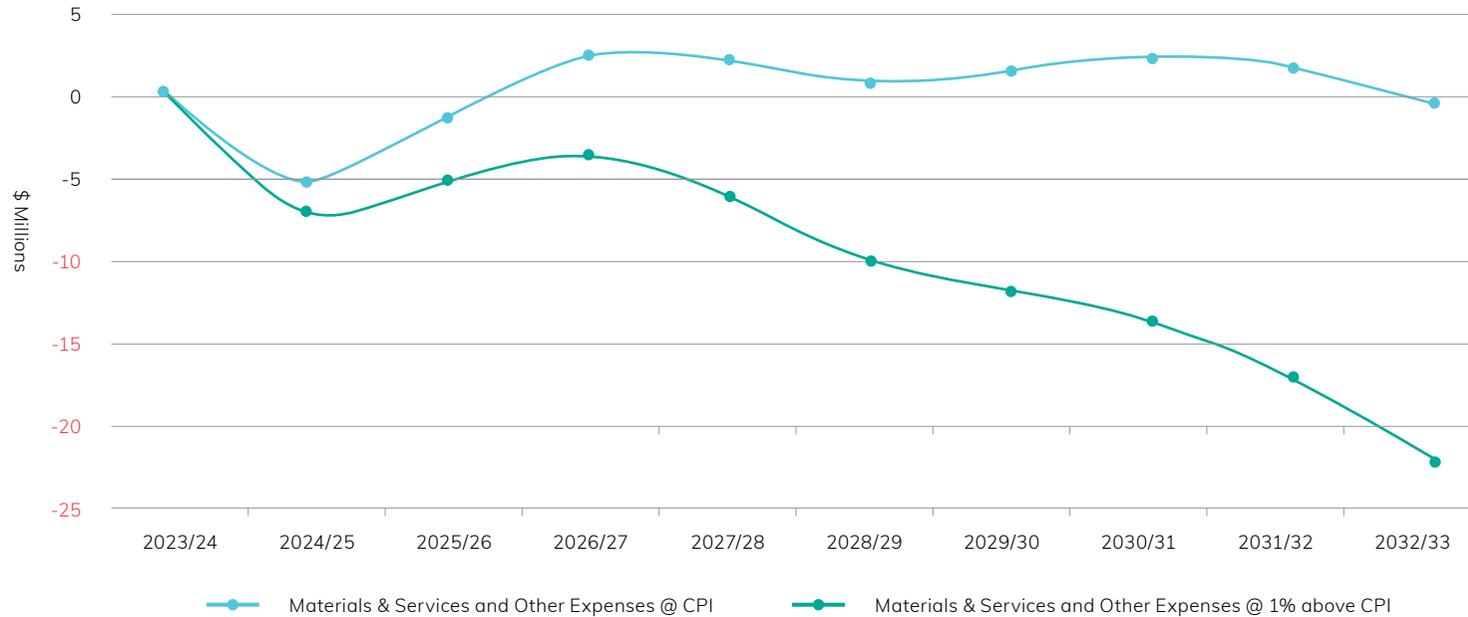


Materials, services and other expenses
 Fluctuating market conditions could affect the price of certain materials and services.

The chart shows the impact of a 1% per annum increase in materials, services and other expenses above the CPI.

The budget would fall into deficit each year from 2024/25 if no corresponding change in income or expenditure is made.

Surplus/(Deficit) before Capital Grants and Contributions



Scenario modelling

The Long-Term Financial Plan is a rolling 10-year projection of Council's income and expenditure, assets and liabilities and cashflow.

Updates have been made alongside the revision of Council's Delivery Program and Operational Plan. This includes revised assumptions, indexation and financial modelling for two scenarios.

- Scenario 1 - Delivery Program Model - this option is based on rates income increases based on the rate peg in each year. This option demonstrates responsible investment in the ongoing renewal of infrastructure assets – however the unfunded items within the Asset Management Plan will not be addressed. Results are weaker especially regarding asset renewal and operating performance. This model is consistent with the 2023/24 Budget.
- Scenario 2 - Alternative Model - this option applies an increase in rates income in the 2024/25 financial year (year 2), which results in \$14 million more income in that year. The additional income is then utilised to maintain and renew existing assets. This produces a stronger operating result and asset renewal ratio.

It is important to note Kimbriki's financial performance and position is consolidated with Council's position. This includes cash and investments which are held for operational purposes, future capital expenditure and the future remediation of the landfill site. These funds are held for the management of the facility and are governed by an independent Board. If Kimbriki's financial position was excluded the Council's performance against most benchmarks would be weaker.

Financial forecast 2023/24 to 2032/33 - Scenario 1 - Delivery Program Model

Income Statement

Scenario 1 - Delivery Program Model

	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Income from continuing operations													
Rates and annual charges	218,169	225,941	234,465	246,480	258,045	265,975	273,487	281,327	289,142	296,915	304,862	313,327	322,080
User charges and fees	79,105	79,722	91,618	96,837	99,350	101,841	104,028	106,477	108,904	111,419	114,003	116,688	119,197
Other revenues	14,994	22,343	19,023	20,788	21,072	21,363	21,661	21,967	22,267	22,562	22,864	23,186	23,516
Grants and contributions provided for operating purposes	19,460	27,165	28,134	27,461	17,298	18,289	17,481	18,702	17,619	18,826	18,061	19,287	18,543
Grants and contributions provided for capital purposes	26,544	43,952	33,116	32,289	18,096	11,446	10,556	8,247	9,623	9,033	10,122	10,313	10,463
Interest and investment revenue	1,363	1,238	6,840	6,691	5,313	5,282	4,909	5,213	5,348	5,327	5,670	5,935	6,175
Other Income	6,154	6,736	6,264	6,442	6,603	6,768	6,937	7,111	7,281	7,449	7,620	7,803	7,990
Net gain from the disposal of assets	-	960	1,301	395	266	324	324	304	305	253	402	289	362
Total income from continuing operations	365,789	408,057	420,762	437,384	426,044	431,290	439,383	449,348	460,489	471,784	483,604	496,828	508,326

Income Statement (continued)

Scenario 1 – Delivery Program Model

	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Expenses from continuing operations													
Employee benefits and on-costs	139,118	134,560	146,642	157,090	162,258	168,059	173,305	178,715	184,293	190,045	195,975	202,092	208,400
Materials and services	150,209	142,766	160,650	173,272	173,175	173,228	170,165	175,983	180,427	184,258	187,089	193,144	198,357
Borrowing costs	2,605	2,624	2,616	2,593	2,509	2,447	2,417	2,403	2,392	2,135	2,182	2,232	2,066
Depreciation, amortisation and impairment for non-financial assets	47,406	45,508	47,399	49,646	52,610	54,101	56,598	57,358	58,042	59,349	59,922	60,688	62,295
Other expenses	24,781	20,969	21,555	22,088	22,540	23,067	23,608	24,162	24,708	25,243	25,790	26,375	26,973
Net loss from the disposal of assets	1,579	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	365,698	346,427	378,862	404,689	413,091	420,903	426,093	438,622	449,862	461,029	470,959	484,531	498,091
Operating result - Surplus / (Deficit)	91	61,630	41,900	32,695	12,953	10,387	13,290	10,726	10,627	10,755	12,645	12,298	10,235
Operating result before grants and contributions provided for capital purposes	(26,453)	17,678	8,784	406	(5,144)	(1,060)	2,735	2,479	1,004	1,722	2,523	1,985	(228)

	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Assets													
Current assets													
Cash and cash equivalents	10,661	6,552	6,552	6,708	6,875	7,061	7,261	7,487	7,744	8,033	8,340	8,664	9,006
Investments	135,751	150,625	152,395	110,673	105,196	103,472	114,906	121,523	123,931	122,386	132,816	138,406	144,201
Receivables	15,993	24,936	24,936	25,108	25,568	25,974	26,391	26,810	27,218	27,619	28,053	28,501	28,962
Inventories	378	397	397	410	421	431	442	453	464	475	486	497	509
Prepayments	2,028	2,975	2,975	3,076	3,153	3,232	3,313	3,395	3,477	3,557	3,639	3,726	3,816
Total current assets	164,811	185,485	187,255	145,976	141,212	140,170	152,313	159,669	162,834	162,069	173,333	179,795	186,494
Non-current Assets													
Investments	826	760	760	786	805	826	846	687	528	369	210	52	0
Receivables	1,087	1,007	1,007	1,008	1,049	1,082	1,114	1,146	1,178	1,210	1,243	1,278	1,313
Infrastructure, property, plant and equipment	5,062,151	5,218,499	5,399,280	5,562,562	5,667,979	5,772,673	5,870,886	5,975,480	6,076,688	6,187,510	6,291,970	6,402,548	6,514,569
Investment property	5,835	6,155	6,155	6,475	6,795	7,115	7,435	7,755	8,075	8,395	8,715	9,035	9,355
Right of use assets	10,475	9,110	7,732	6,470	5,209	3,947	2,686	1,424	163	108	54	0	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	5,080,374	5,235,531	5,414,933	5,577,301	5,681,837	5,785,643	5,882,966	5,986,492	6,086,632	6,197,592	6,302,191	6,412,912	6,525,238
Total assets	5,245,185	5,421,016	5,602,188	5,723,277	5,823,050	5,925,813	6,035,279	6,146,161	6,249,466	6,359,661	6,475,524	6,592,707	6,711,732

	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Liabilities													
Current liabilities													
Payables	44,606	45,393	41,113	41,653	42,232	42,753	43,332	43,927	44,513	45,090	45,681	46,311	46,957
Contract liabilities	26,546	24,206	24,009	4,702	2,661	2,746	2,826	2,908	2,990	3,074	3,161	3,250	3,342
Lease liabilities	1,269	1,238	1,231	1,269	1,307	1,347	1,388	1,430	63	66	70	-	-
Borrowings	5,033	4,770	3,206	2,121	1,787	743	789	840	522	549	576	877	272
Employee benefit provisions	37,044	35,553	35,553	37,078	38,228	39,413	40,636	41,897	43,197	44,538	45,920	47,346	48,817
Provisions	762	759	759	792	817	1,014	916	7,658	974	1,004	5,945	5,917	1,168
Total current liabilities	115,260	111,919	105,872	87,614	87,031	88,016	89,887	98,660	92,259	94,321	101,353	103,702	100,555
Non-current liabilities													
Payables	200	150	100	50	-	-	-	-	-	-	-	-	-
Contract liabilities	9,815	7,466	7,460	5,949	5,860	5,772	5,684	5,596	5,508	5,419	5,331	5,243	5,155
Lease liabilities	9,474	8,237	6,941	5,673	4,365	3,018	1,630	200	-	-	-	-	-
Borrowings	17,293	12,538	9,377	7,257	5,470	4,727	3,938	3,098	2,575	2,027	1,450	573	301
Employee benefit provisions	2,432	761	761	794	819	844	871	898	926	955	985	1,016	1,047
Provisions	44,150	43,404	46,325	48,217	50,153	51,995	54,043	49,453	51,661	53,683	50,876	48,212	50,216
Total non-current liabilities	83,364	72,556	70,964	67,939	66,668	66,357	66,166	59,244	60,670	62,084	58,642	55,043	56,719
Total liabilities	198,624	184,475	176,836	155,553	153,699	154,373	156,053	157,904	152,929	156,406	159,996	158,745	157,274
Net assets	5,046,561	5,236,541	5,425,352	5,567,723	5,669,351	5,771,439	5,879,226	5,988,257	6,096,537	6,203,255	6,315,528	6,433,962	6,554,458

Balance sheet (continued)

Scenario 1 – Delivery Program Model

	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Equity													
Accumulated surplus	4,867,332	4,928,924	4,934,535	4,962,207	4,975,623	4,986,392	4,999,940	5,011,905	5,024,138	5,036,165	5,051,125	5,065,133	5,078,151
IPP&E revaluation surplus	179,229	307,617	490,818	605,516	693,728	785,047	879,286	976,352	1,072,399	1,167,090	1,264,403	1,368,829	1,476,307
Total equity	5,046,561	5,236,541	5,425,352	5,567,723	5,669,351	5,771,439	5,879,226	5,988,257	6,096,537	6,203,255	6,315,528	6,433,962	6,554,458



	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Cash flows from operating activities													
Receipts:													
Rates and annual charges	218,524	226,388	234,754	246,349	257,733	265,730	273,250	281,083	288,900	296,675	304,615	313,064	321,810
User charges and fees	82,123	84,291	98,128	100,908	103,595	106,191	108,497	111,057	113,597	116,219	118,913	121,715	124,344
Interest received	2,123	1,182	6,784	6,770	5,279	5,251	4,854	5,165	5,309	5,296	5,615	5,887	6,125
Grants and contributions	58,012	56,649	51,187	39,062	33,451	29,922	28,230	27,150	27,450	28,073	28,404	29,829	29,242
Bonds, deposits and retentions received	7,356	7,098	8,729	7,098	7,098	7,098	7,098	7,098	7,098	7,098	7,098	7,098	7,098
Other	37,697	45,656	41,713	45,369	41,366	41,996	41,555	42,739	43,787	44,959	44,742	45,966	46,710
Payments:													
Payments to employees	(134,939)	(137,235)	(146,020)	(155,511)	(161,068)	(166,832)	(172,040)	(177,410)	(182,947)	(188,656)	(194,544)	(200,616)	(206,878)
Payments for materials and services	(164,584)	(156,463)	(167,170)	(188,515)	(184,487)	(185,141)	(182,247)	(187,366)	(199,237)	(195,895)	(199,325)	(211,824)	(216,251)
Borrowing costs	(1,429)	(1,142)	(1,075)	(965)	(660)	(524)	(415)	(326)	(233)	(163)	(132)	(100)	(50)
Bonds, deposits and retentions refunded	(6,416)	(5,466)	(5,466)	(7,098)	(7,098)	(7,098)	(7,098)	(7,098)	(7,098)	(7,098)	(7,098)	(7,098)	(7,098)
Other	(28,449)	(30,930)	(25,135)	(21,820)	(22,261)	(22,831)	(23,315)	(23,861)	(24,406)	(24,940)	(25,480)	(26,048)	(26,638)
Net Cash flows from operating activities	70,018	90,028	96,428	71,648	72,948	73,763	78,369	78,231	72,219	81,568	82,808	77,873	78,415
Cash flows from investing activities													
Receipts:													
Sale of investments	367,193	338,038	317,657	341,696	305,458	301,704	295,345	296,841	297,751	305,005	295,729	299,567	298,857
Proceeds from sale of PPE	2,539	3,734	2,046	2,675	2,662	3,238	3,236	3,042	3,046	2,528	4,023	2,894	3,616

Cashflow statement (continued)

Scenario 1 – Delivery Program Model

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	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Payments:													
Purchase of investment securities	(355,613)	(352,829)	(319,427)	(300,000)	(300,000)	(300,000)	(306,800)	(303,300)	(300,000)	(303,300)	(306,000)	(305,000)	(304,600)
Payments for PPE	(73,150)	(76,755)	(90,600)	(111,308)	(77,426)	(75,337)	(67,772)	(72,321)	(70,395)	(83,421)	(75,501)	(74,221)	(74,850)
Net cash flows from investing activities	(59,031)	(87,812)	(90,324)	(66,937)	(69,307)	(70,395)	(75,990)	(75,737)	(69,598)	(79,188)	(81,748)	(76,760)	(76,977)
Cash flows from financing activities													
Receipts:													
Proceeds from borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments:													
Repayment of borrowings	(5,130)	(5,018)	(4,724)	(3,206)	(2,121)	(1,787)	(743)	(789)	(840)	(522)	(549)	(576)	(877)
Lease liabilities (principal repayments)	(1,241)	(1,269)	(1,261)	(1,228)	(1,231)	(1,269)	(1,307)	(1,347)	(1,388)	(1,430)	(63)	(66)	(70)
Dividends paid to minority interest	(154)	(38)	(118)	(120)	(123)	(126)	(129)	(132)	(135)	(139)	(142)	(145)	(149)
Net cash flows from financing activities	(6,525)	(6,325)	(6,104)	(4,554)	(3,475)	(3,181)	(2,179)	(2,269)	(2,364)	(2,091)	(753)	(788)	(1,096)
Net change in cash and cash equivalents	4,462	(4,109)	(0)	156	167	186	200	226	257	289	307	325	342
Cash and cash equivalents at beginning of year	6,199	10,661	6,552	6,552	6,708	6,875	7,061	7,261	7,487	7,744	8,033	8,340	8,664
Cash and cash equivalents at end of year	10,661	6,552	6,552	6,708	6,875	7,061	7,261	7,487	7,744	8,033	8,340	8,664	9,006
Investments at year end	136,577	151,385	153,155	111,459	106,002	104,298	115,752	122,211	124,460	122,755	133,025	138,458	144,201
Cash, cash equivalents and investments at end of year	147,238	157,937	159,707	118,167	112,876	111,359	123,014	129,698	132,204	130,788	141,365	147,122	153,208
Net change in cash, cash equivalents and investments		10,699	1,770	(41,540)	(5,291)	(1,518)	11,655	6,684	2,506	(1,416)	10,577	5,758	6,085

	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Total Cash and Investments	147,238	157,937	159,707	118,167	112,876	111,359	123,014	129,698	132,204	130,788	141,365	147,122	153,208
Represented by:													
Externally Restricted													
Developer Contributions	29,542	36,457	40,636	25,622	20,702	16,464	20,121	17,710	18,018	17,652	18,207	16,551	18,180
Unexpended Grants - not tied to liability	262	566	201	-	-	-	-	-	-	-	-	-	-
Domestic Waste Management	364	3,401	6,979	8,076	8,947	11,369	14,521	17,864	21,386	11,065	15,016	19,260	23,827
Other externally restricted reserves	604	722	421	652	889	1,133	275	413	558	710	870	507	681
Total Externally Restricted	30,771	41,146	48,238	34,349	30,538	28,967	34,916	35,987	39,962	29,428	34,093	36,317	42,688
Internally Restricted													
Deposits, Retentions & Bonds	13,749	15,380	15,380	15,380	15,380	15,380	15,380	15,380	15,380	15,380	15,380	15,380	15,380
Employee Leave Entitlement	7,633	7,026	7,026	7,026	7,277	7,534	7,797	8,068	8,345	8,628	8,919	9,218	9,523
Kimbriki Landfill Remediation	12,153	13,597	15,930	18,048	20,651	23,417	26,031	28,914	25,234	28,220	31,365	29,766	28,249
Unexpended Grants - tied to liability	34,095	28,600	29,407	8,645	6,603	6,693	6,762	6,835	6,914	6,998	7,087	7,183	7,284
Other	15,769	15,582	16,579	13,534	12,165	11,258	12,086	15,826	17,214	19,160	17,228	18,367	17,346
Total Internally Restricted	83,399	80,184	84,320	62,632	62,075	64,281	68,056	75,023	73,086	78,386	79,979	79,913	77,782
Total Restricted Cash	114,170	121,330	132,558	96,981	92,613	93,248	102,972	111,010	113,048	107,814	114,073	116,230	120,470
Total Unrestricted Cash	33,068	36,607	27,149	21,186	20,264	18,111	20,042	18,688	19,156	22,974	27,292	30,892	32,738

Capital budget statement

Scenario 1 - Delivery Program Model

	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Capital Funding													
Working Capital	7,508	7,785	17,212	6,004	4,086	4,222	404	3,063	1,232	351	355	360	175
Depreciation	23,569	22,098	36,402	36,888	35,203	39,611	41,951	43,707	44,956	45,628	45,745	46,839	47,948
Capital grants and contributions													
Grants and contributions	19,194	29,262	22,012	25,948	11,042	4,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913
Externally restricted reserves													
- Developer contributions	10,094	8,038	8,129	22,689	12,308	9,280	5,310	9,260	7,859	7,952	8,106	10,490	7,348
- Domestic Waste	-	-	-	-	-	-	-	-	-	14,048	-	-	-
- Other	1,207	1,797	2,338	1,967	1,956	1,945	3,045	2,044	2,033	2,023	2,013	2,533	1,993
Internally restricted reserves													
- Merger savings fund	1,375	1,893	684	892	-	-	-	-	-	-	-	-	-
- Other	8,718	4,005	2,398	5,035	3,943	5,834	6,687	3,902	4,347	3,290	7,216	4,216	6,262
Income from sale of assets													
- Plant and equipment	2,276	1,995	1,992	2,675	2,662	3,238	3,236	3,042	3,046	2,528	4,023	2,894	3,616
Total funding	73,941	76,872	91,167	102,098	71,200	69,043	62,546	66,931	65,386	77,734	69,372	69,243	69,254

Capital budget statement (continued)

Scenario 1 - Delivery Program Model

	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Capital Expenditure													
Buildings	16,107	21,091	17,098	19,147	13,483	12,539	9,660	10,030	10,273	10,509	10,754	11,014	11,277
Community Land	2,954	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	115	730	111	169	36	36	36	36	36	36	36	36	36
Land Improvements	-	-	14,462	5,439	2,144	4,561	740	3,395	1,560	675	675	675	675
Land Under Roads	159	-	-	-	-	-	-	-	-	-	-	-	-
Library Books	1,361	868	684	718	799	750	770	963	987	1,010	1,033	1,057	1,082
Office Equipment	1,042	1,995	3,302	2,411	2,210	2,606	2,494	2,533	2,559	2,608	2,658	2,687	2,752
Open Space / Recreational	10,116	9,387	11,715	23,780	11,093	11,407	8,100	10,152	8,777	7,798	8,819	11,755	8,547
Other Assets	43	696	422	892	-	-	-	-	-	-	-	-	-
Other Structures	2,074	3,419	3,047	6,082	2,423	1,530	402	941	959	977	995	1,014	1,035
Plant & Equipment	5,039	3,545	4,436	7,389	6,529	9,150	9,998	6,997	7,728	19,948	11,255	7,155	9,886
Road, Bridges & Footpaths	24,852	26,574	25,255	27,216	23,382	16,625	19,572	19,919	20,307	21,761	21,239	21,339	21,019
Stormwater Drainage	6,111	5,505	9,420	7,786	7,823	9,050	9,365	10,309	10,525	10,720	10,969	10,782	11,176
Swimming Pools	1,007	345	1,216	1,069	1,280	791	1,410	1,657	1,675	1,692	940	1,728	1,770
Tip Asset	2,960	2,718	-	-	-	-	-	-	-	-	-	-	-
Total expenditure	73,941	76,872	91,167	102,098	71,200	69,043	62,546	66,931	65,386	77,734	69,372	69,243	69,254

Statement of borrowings

The Long-Term Financial Plan recognises debt as an important source of funds for large capital projects.

There are no anticipated new borrowings over the 10 year period of the Long-Term Financial Plan, however Council will continue to review the need to borrow for major infrastructure projects. Spreading these costs over a number of years facilitates intergenerational equity and smooths out long-term expenditure peaks and troughs.



	OLG Benchmark	Result 2020/21	Result 2021/22	Forecast 2022/23	Budget 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28	Year 6 2028/29	Year 7 2029/30	Year 8 2030/31	Year 9 2031/32	Year 10 2032/33
Budget Performance														
Operating Performance Ratio	> 0%	(7.3%)	4.5%	2.0%	0.02%	(1.3%)	(0.3%)	0.6%	0.5%	0.2%	0.3%	0.5%	0.4%	(0.1%)
measures the extent to which a council has succeeded in containing operating expenditure within operating revenue.		✘	✔	✔	✔	✘	✘	✔	✔	✔	✔	✔	✔	✘
Own Source Operating Revenue Ratio	> 60%	87.4%	82.5%	85.4%	86.3%	91.7%	93.1%	93.6%	94.0%	94.1%	94.1%	94.2%	94.0%	94.3%
measures fiscal flexibility. It is the degree of reliance on external funding sources.		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Operational Liquidity														
Unrestricted Current Ratio	> 1.5x	1.69x	1.90x	2.01x	2.24x	2.28x	2.28x	2.35x	2.14x	2.43x	2.56x	2.41x	2.42x	2.61x
represents a council's ability to meet short-term obligations as they fall due.		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	< 5%	3.9%	3.6%	3.6%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
expressed as a percentage of total rates and charges available for collection in the financial year.		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Cash Expense Cover Ratio	> 3mths	5.1mths	5.6mths	5.5mths	3.8mths	3.6mths	3.5mths	3.8mths	3.9mths	3.8mths	3.8mths	4.0mths	4.0mths	4.0mths
liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔

	OLG Benchmark	Result 2020/21	Result 2021/22	Forecast 2022/23	Budget 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28	Year 6 2028/29	Year 7 2029/30	Year 8 2030/31	Year 9 2031/32	Year 10 2032/33
Liability and Debt Management														
Debt Service Cover Ratio	> 2x	2.8x	7.3x	8.0x	9.1x	10.8x	13.1x	19.5x	19.5x	19.0x	23.8x	23.7x	23.1x	21.8x
measures the availability of operating cash to service loan repayments.		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Asset Management														
Building and Infrastructure Renewals Ratio	> 100%	117.2%	112.7%	117.9%	108.9%	91.2%	95.0%	98.3%	98.0%	99.1%	98.2%	95.8%	96.4%	94.8%
assesses the rate at which these assets are being renewed against the rate at which they are depreciating.		✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗
Infrastructure Backlog Ratio	< 2%	1.50%	1.53%	1.33%	1.26%	1.22%	1.19%	1.16%	1.12%	1.09%	1.06%	1.04%	1.01%	0.99%
ratio shows what proportion the infrastructure backlog is against the total net carrying amount of a council's infrastructure.		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Asset Maintenance Ratio	> 100%	106.5%	100.6%	100.5%	100.5%	100.5%	100.5%	100.5%	100.5%	100.5%	100.5%	100.5%	100.5%	100.5%
ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing.		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cost to bring assets to agreed service level	N/A	1.24%	1.26%	1.10%	1.05%	1.02%	0.99%	0.97%	0.94%	0.92%	0.89%	0.87%	0.85%	0.83%
ratio shows what proportion the infrastructure backlog is against the total gross replacement cost of a council's infrastructure.		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Financial forecast 2023/24 to 2032/33 - Scenario 2 - Alternative Model

Income statement

Scenario 2 - Alternative Model

	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Income from continuing operations													
Rates and annual charges	218,169	225,941	234,465	246,480	272,485	280,861	288,803	297,085	305,339	313,548	321,942	330,884	340,126
User charges and fees	79,105	79,722	91,618	96,837	99,350	101,841	104,028	106,477	108,904	111,419	114,003	116,688	119,197
Other revenues	14,994	22,343	19,023	20,788	21,074	21,365	21,663	21,969	22,270	22,565	22,867	23,189	23,519
Grants and contributions provided for operating purposes	19,460	27,165	28,134	27,461	17,298	18,289	17,481	18,702	17,619	18,826	18,061	19,287	18,543
Grants and contributions provided for capital purposes	26,544	43,952	33,116	32,289	18,096	11,446	10,556	8,247	9,623	9,033	10,122	10,313	10,463
Interest and investment revenue	1,363	1,238	6,840	6,691	5,368	5,357	4,994	5,408	5,682	5,800	6,211	6,531	6,896
Other Income	6,154	6,736	6,264	6,442	6,603	6,768	6,937	7,111	7,281	7,449	7,620	7,803	7,990
Net gain from the disposal of assets	-	960	1,301	395	266	324	324	304	305	253	402	289	362
Total income from continuing operations	365,789	408,057	420,762	437,384	440,540	446,252	454,785	465,304	477,023	488,892	501,227	514,984	527,096

Income statement (continued)

Scenario 2 - Alternative Model

	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Expenses from continuing operations													
Employee benefits and on-costs	139,118	134,560	146,642	157,090	162,258	168,059	173,305	178,715	184,293	190,045	195,975	202,092	208,400
Materials and services	150,209	142,766	160,650	173,272	176,265	176,383	173,461	179,692	184,294	188,377	191,466	197,700	203,150
Borrowing costs	2,605	2,624	2,616	2,593	2,509	2,447	2,417	2,403	2,392	2,135	2,182	2,232	2,066
Depreciation, amortisation and impairment for non-financial assets	47,406	45,508	47,399	49,646	54,121	55,679	58,212	58,612	59,333	60,698	61,650	62,479	63,831
Other expenses	24,781	20,969	21,555	22,088	22,540	23,067	23,608	24,162	24,708	25,243	25,790	26,375	26,973
Net loss from the disposal of assets	1,579	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	365,698	346,427	378,862	404,689	417,693	425,637	431,003	443,585	455,020	466,498	477,064	490,878	504,421
Operating result from continuing operations	91	61,630	41,900	32,695	22,847	20,616	23,783	21,719	22,003	22,394	24,163	24,106	22,675
Operating result before grants and contributions provided for capital purposes	(26,453)	17,678	8,784	406	4,751	9,169	13,227	13,471	12,380	13,361	14,041	13,793	12,212

	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Assets													
Current assets													
Cash and cash equivalents	10,661	6,552	6,552	6,708	6,851	6,940	7,050	7,197	7,394	7,651	7,959	8,322	8,746
Investments	135,751	150,625	152,395	110,673	105,713	104,383	116,194	126,100	132,076	134,060	145,845	152,839	162,161
Receivables	15,993	24,936	24,936	25,108	26,149	26,574	27,009	27,452	27,885	28,310	28,765	29,236	29,723
Inventories	378	397	397	410	421	431	442	453	464	475	486	497	509
Prepayments	2,028	2,975	2,975	3,076	3,153	3,232	3,313	3,395	3,477	3,557	3,639	3,726	3,816
Total current assets	164,811	185,485	187,255	145,976	142,287	141,560	154,007	164,598	171,296	174,053	186,694	194,620	204,955
Non-current assets													
Investments	826	760	760	786	805	826	846	687	528	369	210	52	0
Receivables	1,087	1,007	1,007	1,008	1,127	1,162	1,196	1,231	1,265	1,299	1,335	1,372	1,411
Infrastructure, property, plant and equipment	5,062,151	5,218,499	5,399,280	5,562,562	5,676,532	5,789,915	5,896,916	6,008,127	6,115,915	6,233,452	6,346,508	6,465,859	6,585,090
Investment property	5,835	6,155	6,155	6,475	6,795	7,115	7,435	7,755	8,075	8,395	8,715	9,035	9,355
Right of use assets	10,475	9,110	7,732	6,470	5,209	3,947	2,686	1,424	163	108	54	0	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	5,080,374	5,235,531	5,414,933	5,577,301	5,690,468	5,802,965	5,909,079	6,019,225	6,125,946	6,243,624	6,356,821	6,476,318	6,595,856
Total assets	5,245,185	5,421,016	5,602,188	5,723,277	5,832,755	5,944,525	6,063,086	6,183,823	6,297,242	6,417,676	6,543,515	6,670,939	6,800,811

	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Liabilities													
Current liabilities													
Payables	44,606	45,393	41,113	41,653	42,408	42,935	43,520	44,120	44,711	45,294	45,890	46,526	47,178
Contract liabilities	26,546	24,206	24,009	4,702	2,661	2,746	2,826	2,908	2,990	3,074	3,161	3,250	3,342
Lease liabilities	1,269	1,238	1,231	1,269	1,307	1,347	1,388	1,430	63	66	70	-	-
Borrowings	5,033	4,770	3,206	2,121	1,787	743	789	840	522	549	576	877	272
Employee benefit provisions	37,044	35,553	35,553	37,078	38,228	39,413	40,636	41,897	43,197	44,538	45,920	47,346	48,817
Provisions	762	759	759	792	817	1,014	916	7,658	974	1,004	5,945	5,917	1,168
Total current liabilities	115,260	111,919	105,872	87,614	87,208	88,199	90,075	98,853	92,457	94,525	101,563	103,917	100,776
Non-current liabilities													
Payables	200	150	100	50	-	-	-	-	-	-	-	-	-
Contract liabilities	9,815	7,466	7,460	5,949	5,860	5,772	5,684	5,596	5,508	5,419	5,331	5,243	5,155
Lease liabilities	9,474	8,237	6,941	5,673	4,365	3,018	1,630	200	-	-	-	-	-
Borrowings	17,293	12,538	9,377	7,257	5,470	4,727	3,938	3,098	2,575	2,027	1,450	573	301
Employee benefit provisions	2,432	761	761	794	819	844	871	898	926	955	985	1,016	1,047
Provisions	44,150	43,404	46,325	48,217	50,153	51,995	54,043	49,453	51,661	53,683	50,876	48,212	50,216
Total non-current liabilities	83,364	72,556	70,964	67,939	66,668	66,357	66,166	59,244	60,670	62,084	58,642	55,043	56,719
Total liabilities	198,624	184,475	176,836	155,553	153,876	154,555	156,240	158,097	153,127	156,609	160,205	158,960	157,495
Net assets	5,046,561	5,236,541	5,425,352	5,567,723	5,678,879	5,789,970	5,906,846	6,025,726	6,144,115	6,261,067	6,383,310	6,511,978	6,643,316

Balance sheet (continued)

Scenario 2 - Alternative Model

	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Equity													
Accumulated surplus	4,867,332	4,928,924	4,934,535	4,962,207	4,984,824	5,004,205	5,026,384	5,047,753	5,069,610	5,091,342	5,115,621	5,139,127	5,162,246
IPP&E revaluation surplus	179,229	307,617	490,818	605,516	694,055	785,765	880,463	977,973	1,074,505	1,169,725	1,267,689	1,372,851	1,481,070
Total equity	5,046,561	5,236,541	5,425,352	5,567,723	5,678,879	5,789,970	5,906,846	6,025,726	6,144,115	6,261,067	6,383,310	6,511,978	6,643,316

Cashflow statement

Scenario 2 - Alternative Model

	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Cash flows from operating activities													
Receipts:													
Rates and annual charges	218,524	226,388	234,754	246,349	271,838	280,147	288,098	296,373	304,629	312,840	321,227	330,151	339,386
User charges and fees	82,123	84,291	98,128	100,908	103,595	106,191	108,497	111,057	113,597	116,219	118,913	121,715	124,344
Interest received	2,123	1,182	6,784	6,770	5,250	5,323	4,935	5,352	5,633	5,759	6,151	6,477	6,837
Grants and contributions	58,012	56,649	51,187	39,062	33,451	29,922	28,230	27,150	27,450	28,073	28,404	29,829	29,242
Bonds, deposits and retentions received	7,356	7,098	8,729	7,098	7,098	7,098	7,098	7,098	7,098	7,098	7,098	7,098	7,098
Other	37,697	45,656	41,713	45,369	42,912	43,373	42,933	43,732	44,626	45,680	45,622	46,796	47,211
Payments:													
Payments to employees	(134,939)	(137,235)	(146,020)	(155,511)	(161,068)	(166,832)	(172,040)	(177,410)	(182,947)	(188,656)	(194,544)	(200,616)	(206,878)
Payments for materials and services	(164,584)	(156,463)	(167,170)	(188,515)	(187,887)	(188,612)	(185,872)	(191,445)	(203,490)	(200,427)	(204,140)	(216,836)	(221,523)
Borrowing costs	(1,429)	(1,142)	(1,075)	(965)	(660)	(524)	(415)	(326)	(233)	(163)	(132)	(100)	(50)
Bonds, deposits and retentions refunded	(6,416)	(5,466)	(5,466)	(7,098)	(7,098)	(7,098)	(7,098)	(7,098)	(7,098)	(7,098)	(7,098)	(7,098)	(7,098)
Other	(28,449)	(30,930)	(25,135)	(21,820)	(22,261)	(22,831)	(23,315)	(23,861)	(24,406)	(24,940)	(25,480)	(26,048)	(26,638)
Net cash flows from operating activities	70,018	90,028	96,428	71,648	85,170	86,158	91,052	90,621	84,859	94,385	96,021	91,369	91,932

Cashflow statement (continued)

Scenario 2 - Alternative Model

	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Cash flows from investing activities													
Receipts:													
Sale of investments	367,193	338,038	317,657	341,696	304,941	301,310	294,968	293,552	294,183	301,476	294,374	298,163	295,330
Proceeds from sale of PPE	2,539	3,734	2,046	2,675	2,662	3,238	3,236	3,042	3,046	2,528	4,023	2,894	3,616
Payments:													
Purchase of investment securities	(355,613)	(352,829)	(319,427)	(300,000)	(300,000)	(300,000)	(306,800)	(303,300)	(300,000)	(303,300)	(306,000)	(305,000)	(304,600)
Payments for PPE	(73,150)	(76,755)	(90,600)	(111,308)	(89,155)	(87,435)	(80,168)	(81,500)	(79,527)	(92,741)	(87,356)	(86,275)	(84,757)
Net cash flows from investing activities	(59,031)	(87,812)	(90,324)	(66,937)	(81,553)	(82,887)	(88,763)	(88,205)	(82,298)	(92,037)	(94,959)	(90,218)	(90,412)

Cashflow statement (continued)

Scenario 2 - Alternative Model

	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Cash flows from financing activities													
Receipts:													
Proceeds from borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments:													
Repayment of borrowings	(5,130)	(5,018)	(4,724)	(3,206)	(2,121)	(1,787)	(743)	(789)	(840)	(522)	(549)	(576)	(877)
Lease liabilities (principal repayments)	(1,241)	(1,269)	(1,261)	(1,228)	(1,231)	(1,269)	(1,307)	(1,347)	(1,388)	(1,430)	(63)	(66)	(70)
Dividends paid to minority interest	(154)	(38)	(118)	(120)	(123)	(126)	(129)	(132)	(135)	(139)	(142)	(145)	(149)
Net cash flows from financing activities	(6,525)	(6,325)	(6,104)	(4,554)	(3,475)	(3,181)	(2,179)	(2,269)	(2,364)	(2,091)	(753)	(788)	(1,096)
Net change in cash and cash equivalents	4,462	(4,109)	(0)	156	142	89	110	147	197	257	308	363	424
Cash and cash equivalents at beginning of year	6,199	10,661	6,552	6,552	6,708	6,851	6,940	7,050	7,197	7,394	7,651	7,959	8,322
Cash and cash equivalents at end of year	10,661	6,552	6,552	6,708	6,851	6,940	7,050	7,197	7,394	7,651	7,959	8,322	8,746
Investments at year end	136,577	151,385	153,155	111,459	106,519	105,209	117,040	126,788	132,605	134,429	146,054	152,891	162,161
Cash, cash equivalents and investments at end of year	147,238	157,937	159,707	118,167	113,369	112,148	124,090	133,984	139,998	142,080	154,013	161,213	170,908
Net change in cash, cash equivalents and investments		10,699	1,770	(41,540)	(4,798)	(1,221)	11,941	9,895	6,014	2,081	11,934	7,200	9,694

	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Total Cash and Investments	147,238	157,937	159,707	118,167	113,369	112,148	124,090	133,984	139,998	142,080	154,013	161,213	170,908
Represented by:													
Externally Restricted													
Developer Contributions	29,542	36,457	40,636	25,622	20,702	16,464	20,121	17,710	18,018	17,652	18,207	16,551	18,180
Unexpended Grants - not tied to liability	262	566	201	-	-	-	-	-	-	-	-	-	-
Domestic Waste Management	364	3,401	6,979	8,076	8,947	11,369	14,521	17,864	21,386	11,065	15,016	19,260	23,827
Other externally restricted reserves	604	722	421	652	889	1,133	275	413	558	710	870	507	681
Total Externally Restricted	30,771	41,146	48,238	34,349	30,538	28,967	34,916	35,987	39,962	29,428	34,093	36,317	42,688
Internally Restricted													
Deposits, Retentions & Bonds	13,749	15,380	15,380	15,380	15,380	15,380	15,380	15,380	15,380	15,380	15,380	15,380	15,380
Employee Leave Entitlement	7,633	7,026	7,026	7,026	7,277	7,534	7,797	8,068	8,345	8,628	8,919	9,218	9,523
Kimbriki Landfill Remediation	12,153	13,597	15,930	18,048	20,651	23,417	26,031	28,914	25,234	28,220	31,365	29,766	28,249
Unexpended Grants - tied to liability	34,095	28,600	29,407	8,645	6,603	6,693	6,762	6,835	6,914	6,998	7,087	7,183	7,284
Other	15,769	15,582	16,579	13,534	12,165	11,258	12,086	15,826	17,214	19,160	17,228	18,367	17,346
Total Internally Restricted	83,399	80,184	84,320	62,632	62,075	64,281	68,056	75,023	73,086	78,386	79,979	79,913	77,782
Total Restricted Cash	114,170	121,330	132,558	96,981	92,613	93,248	102,972	111,010	113,048	107,814	114,073	116,230	120,470
Total Unrestricted Cash	33,068	36,607	27,149	21,186	20,756	18,900	21,118	22,975	26,951	34,265	39,941	44,983	50,438

Capital budget statement

Scenario 2 - Alternative Model

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	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Capital Funding													
Working Capital	7,508	7,785	17,212	6,004	4,086	4,222	404	3,063	1,232	351	355	360	175
Special Rate Variation	-	-	-	-	10,731	10,885	11,149	8,216	8,167	8,332	10,631	10,804	8,845
Depreciation	23,569	22,098	36,402	36,888	35,203	39,611	41,951	43,707	44,956	45,628	45,745	46,839	47,948
Capital grants and contributions:													
Grants and contributions	19,194	29,262	22,012	25,948	11,042	4,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913
Externally restricted reserves:													
- Developer contributions	10,094	8,038	8,129	22,689	12,308	9,280	5,310	9,260	7,859	7,952	8,106	10,490	7,348
- Domestic Waste	-	-	-	-	-	-	-	-	-	14,048	-	-	-
- Other	1,207	1,797	2,338	1,967	1,956	1,945	3,045	2,044	2,033	2,023	2,013	2,533	1,993
Internally restricted reserves:													
- Merger savings fund	1,375	1,893	684	892	-	-	-	-	-	-	-	-	-
- Other	8,718	4,005	2,398	5,035	3,943	5,834	6,687	3,902	4,347	3,290	7,216	4,216	6,262
Income from sale of assets:													
- Plant and equipment	2,276	1,995	1,992	2,675	2,662	3,238	3,236	3,042	3,046	2,528	4,023	2,894	3,616
Total funding	73,941	76,872	91,167	102,098	81,931	79,928	73,694	75,147	73,553	86,066	80,002	80,047	78,099

Capital budget statement (continued)

Scenario 2 - Alternative Model

	Result 2020/21 \$ '000	Result 2021/22 \$ '000	Forecast 2022/23 \$ '000	Budget 2023/24 \$ '000	Year 2 2024/25 \$ '000	Year 3 2025/26 \$ '000	Year 4 2026/27 \$ '000	Year 5 2027/28 \$ '000	Year 6 2028/29 \$ '000	Year 7 2029/30 \$ '000	Year 8 2030/31 \$ '000	Year 9 2031/32 \$ '000	Year 10 2032/33 \$ '000
Capital Expenditure													
Buildings	16,107	21,091	17,098	19,147	19,700	18,838	13,377	13,832	14,166	14,496	16,965	17,320	15,544
Community Land	2,954	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	115	730	111	169	36	36	36	36	36	36	36	36	36
Land Improvements	-	-	14,462	5,439	2,144	4,561	740	3,395	1,560	675	675	675	675
Land Under Roads	159	-	-	-	-	-	-	-	-	-	-	-	-
Library Books	1,361	868	684	718	899	852	875	1,071	1,097	1,123	1,148	1,175	1,203
Office Equipment	1,042	1,995	3,302	2,411	2,210	2,606	2,494	2,533	2,559	2,608	2,658	2,687	2,752
Open Space / Recreational	10,116	9,387	11,715	23,780	11,935	12,268	8,981	11,053	9,698	8,739	9,780	12,737	9,550
Other Assets	43	696	422	892	-	-	-	-	-	-	-	-	-
Other Structures	2,074	3,419	3,047	6,082	2,616	1,728	1,778	1,363	1,173	1,195	1,218	1,243	1,269
Plant & Equipment	5,039	3,545	4,436	7,389	6,529	9,150	9,998	6,997	7,728	19,948	11,255	7,155	9,886
Road, Bridges & Footpaths	24,852	26,574	25,255	27,216	26,749	20,036	24,628	22,889	23,323	24,822	24,345	24,495	24,224
Stormwater Drainage	6,111	5,505	9,420	7,786	7,823	9,050	9,365	10,309	10,525	10,720	10,969	10,782	11,176
Swimming Pools	1,007	345	1,216	1,069	1,292	803	1,423	1,670	1,688	1,705	954	1,743	1,784
Tip Asset	2,960	2,718	-	-	-	-	-	-	-	-	-	-	-
Total expenditure	73,941	76,872	91,167	102,098	81,931	79,928	73,694	75,147	73,553	86,066	80,002	80,047	78,099

Statement of borrowings

The Long-Term Financial Plan recognises debt as an important source of funds for large capital projects.

There are no anticipated new borrowings over the 10 year period of the Long-Term Financial Plan, however Council will continue to review the need to borrow for major infrastructure projects. Spreading these costs over a number of years facilitates intergenerational equity and smooths out long-term expenditure peaks and troughs.



	OLG Benchmark	Result 2020/21	Result 2021/22	Forecast 2022/23	Budget 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28	Year 6 2028/29	Year 7 2029/30	Year 8 2030/31	Year 9 2031/32	Year 10 2032/33
Budget Performance														
Operating Performance Ratio	> 0%	(7.3%)	4.5%	2.0%	0.02%	1.1%	2.1%	2.9%	2.9%	2.6%	2.8%	2.8%	2.7%	2.3%
measures the extent to which a council has succeeded in containing operating expenditure within operating revenue.		✘	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Own Source Operating Revenue Ratio	> 60%	87.4%	82.5%	85.4%	86.3%	92.0%	93.3%	93.8%	94.2%	94.3%	94.3%	94.4%	94.2%	94.5%
measures fiscal flexibility. It is the degree of reliance on external funding sources.		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Operational Liquidity														
Unrestricted Current Ratio	> 1.5x	1.69x	1.90x	2.01x	2.24x	2.29x	2.30x	2.38x	2.22x	2.59x	2.78x	2.63x	2.66x	2.93x
represents a council's ability to meet short-term obligations as they fall due.		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	< 5%	3.9%	3.6%	3.6%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
expressed as a percentage of total rates and charges available for collection in the financial year.		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Cash Expense Cover Ratio	> 3mths	5.1mths	5.6mths	5.5mths	3.8mths	3.6mths	3.5mths	3.8mths	4.0mths	4.0mths	4.1mths	4.3mths	4.3mths	4.5mths
liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔

	OLG Benchmark	Result 2020/21	Result 2021/22	Forecast 2022/23	Budget 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28	Year 6 2028/29	Year 7 2029/30	Year 8 2030/31	Year 9 2031/32	Year 10 2032/33
Liability and Debt Management														
Debt Service Cover Ratio	> 2x	2.8x	7.3x	8.0x	9.1x	13.3x	15.9x	23.4x	23.3x	22.9x	28.7x	28.5x	28.0x	26.5x
measures the availability of operating cash to service loan repayments.		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Asset Management														
Building and Infrastructure Renewals Ratio	> 100%	117.2%	112.7%	117.9%	108.9%	116.8%	119.8%	122.0%	115.2%	115.5%	114.4%	116.1%	116.4%	110.5%
assesses the rate at which these assets are being renewed against the rate at which they are depreciating.		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Infrastructure Backlog Ratio	< 2%	1.50%	1.53%	1.33%	1.26%	1.21%	1.16%	1.12%	1.08%	1.04%	1.00%	0.97%	0.94%	0.91%
ratio shows what proportion the infrastructure backlog is against the total net carrying amount of a council's infrastructure.		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Asset Maintenance Ratio	> 100%	106.5%	100.6%	100.5%	100.5%	106.9%	106.9%	107.0%	107.6%	107.7%	108.0%	108.3%	108.4%	108.6%
ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing.		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cost to bring assets to agreed service level	N/A	1.24%	1.26%	1.10%	1.05%	1.01%	0.98%	0.94%	0.91%	0.88%	0.85%	0.82%	0.80%	0.77%
ratio shows what proportion the infrastructure backlog is against the total gross replacement cost of a council's infrastructure.		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Performance monitoring

Council monitors its performance against financial health check performance indicators. The statement of performance measures is in accordance with Local Government Code of Accounting Practice and Financial Reporting and the benchmarks set by the NSW Office of Local Government.

Indicator	Measure	Definition	Benchmarks
Operating Performance Ratio	Measures a council's ability to contain operating expenditure within operating revenue.	Operating revenue (excluding capital grants and contributions less operating expenses)/Operating revenue (excluding capital grants and contributions)	> 0%
Own Source Operating Revenue Ratio	Measures the level of a council's fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.	Total operating revenue (inclusive of capital grants and contributions) / Total operating revenue	> 60%
Unrestricted Current Ratio	This ratio is specific to local government and is designed to assess the adequacy of working capital and the ability to satisfy obligations in the short term for unrestricted activities of council.	Current assets less all external restrictions/current liabilities less specific purpose liabilities	> 1.5x
Rates and Annual Charges Outstanding Percentage	To assess the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.	Rates, Annual and Extra Charges Outstanding / Rates, Annual and Extra Charges Collectible	< 5.0%
Cash Expense Cover Ratio	This liquidity ratio indicates the number of months a council can continue to pay for its immediate expenses without additional cash inflow.	Current year's cash and cash equivalents/Payments from cashflow of operating and financing activities multiplied by 12	> 3 months
Debt Service Cover Ratio	The availability of operating cash to service debt including interest, principal and lease payments.	Operating Result before capital grants excluding interest and depreciation / Principal Repayments (from the Statement of Cash Flows + Borrowing Interest Costs (from the Income Statement))	> 2x
Building and Infrastructure Renewals Ratio	Compares the proportion spent on infrastructure asset renewals and the assets deterioration.	Asset renewals/Depreciation of building and infrastructure assets	> 100%
Infrastructure Backlog Ratio	This ratio shows what proportion the backlog is against total value of a council's infrastructure.	Estimated cost to bring assets to a satisfactory condition/ total infrastructure assets (carrying value)	< 2%
Asset Maintenance Ratio	Compares actual versus required annual asset maintenance.	Actual maintenance / Required asset maintenance	> 100%
Cost to Bring Assets to Agreed Service Level	This ratio shows what proportion the backlog is against total replacement value of a council's infrastructure.	Estimated cost to bring assets to a satisfactory condition/ total infrastructure assets (replacement cost)	N/A





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