Draft Long-Term Financial Plan

2025 – 2035

2025/247169 - April 2025

northern beaches council

Contents

Executive summary

Like many councils in NSW, Northern Beaches Council is facing growing pressure to its financial sustainability as increases in income, under the NSW rate peg system, have not reflected the rising costs of materials, contracts, and construction.

High inflation, severe weather events, the COVID-19 pandemic and significant increases in costs like the Emergency Services Levy and insurance, alongside constraints on rates income is placing significant pressure on Council's ability to maintain infrastructure and services at the required level.

The Council has undertaken a number of measures to assist in offsetting cost pressures in recent years and will continue to seek further opportunities. But these measures alone are unable to fully offset the impact of recent high inflation levels.

Sydney's inflation over the 4 years to 30 June 2024 was almost double the increase in rates income, which is equivalent to an accumulative variance of 10.2%, or $19 million in rates income. This gap grows to $24 million (12.6%) when measured against inflation on infrastructure construction costs. This gap is now built into Council's ongoing rates income, meaning rates will be permanently lower without intervention.

The Asset Management Plans require an additional investment of $15.1 million per year to maintain and renew existing assets, along with $10.4 million per year to uplift service levels and provide high priority new assets required by the community.

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. In January 2025 Council adopted a revised 2024-2034 LTFP, which outlined these challenges and pathways towards a more sustainable future. The LTFP informed the Council's decision to apply to the IPART for a Special Variation to phase in an increase in rates over the next 3 years. IPART are currently assessing Council's Special Variation application.

In this LTFP, updates have been made and include revised assumptions and indexation to 2035 along with financial modelling for 2 scenarios:

- Scenario 1 'Delivery Program Model' – This model is consistent with the draft Delivery Program 2025-2029 and Council's Special Variation application to IPART. This model addresses the infrastructure funding gap, expands environmental and natural risk reduction programs, provides capacity to manage an increasing number of natural disasters and improves services. Rates income increases above the rate peg by $16 million (8.3%) from the 2025/26 financial year, an extra $19 million (8.3%) in 2026/27, followed by $22 million (8.4%) in 2027/28.

- Scenario 2 'Alternative Model' – Under this model rates only increase by the rate peg, meaning the funding gap created when rate increases were only half the inflation rate, will remain unresolved. This model shows income levels are no longer sufficient to fund operating expenses, invest in the ongoing renewal of infrastructure assets required by the Asset Management Plans and provide the necessary working capital to manage unexpected events, a scenario which is not sustainable and without intervention will continue to reduce services to the community.

1. Introduction

The Long-Term Financial Plan forms part of our ten-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 ahead, we consider 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 seeks to fully fund 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.

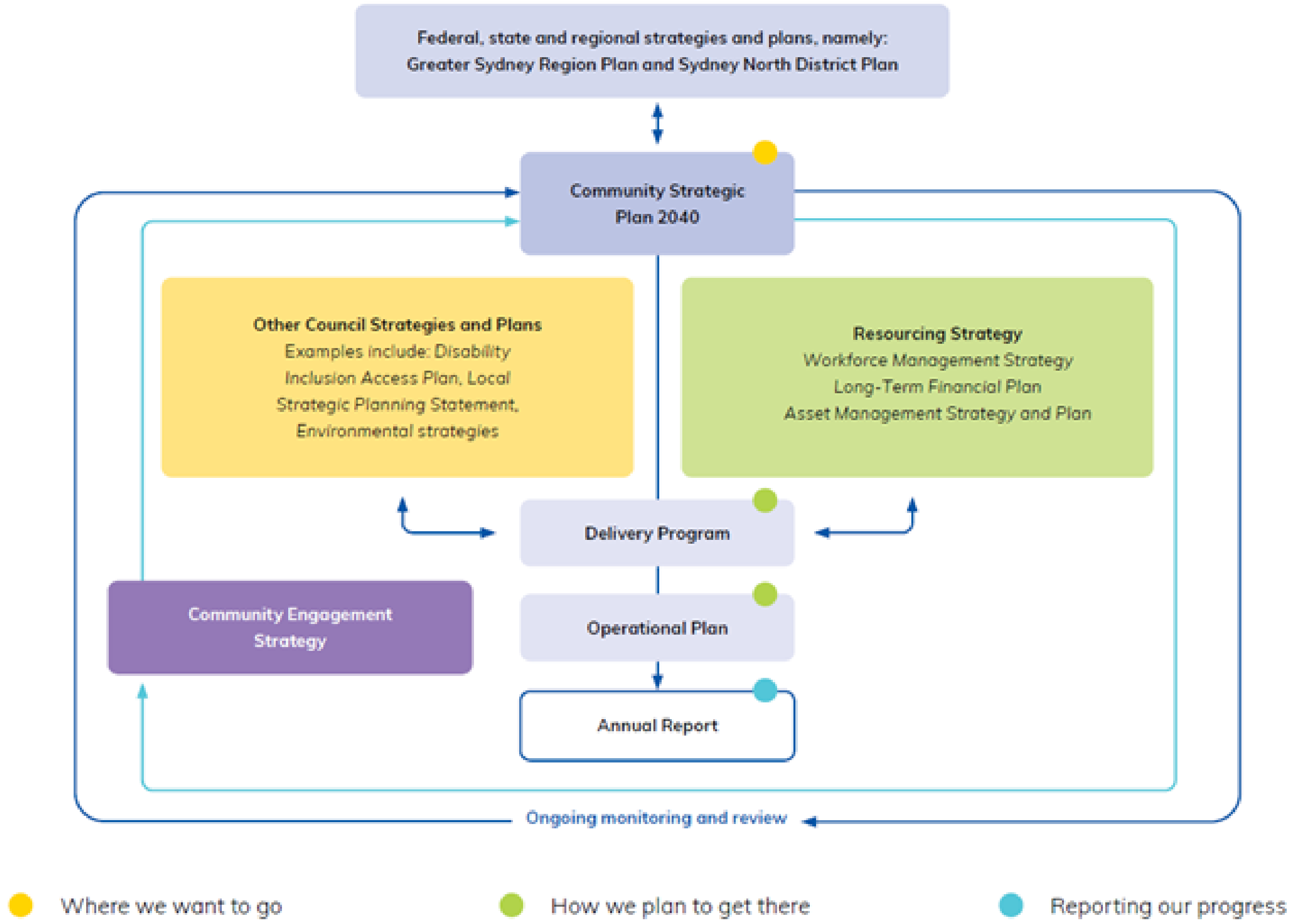
It is comprised of three interrelated elements:

- The LTFP enables us to understand the funding required 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 for you. It sets out priorities for developing and enabling staff.
- Our Asset Management Strategy sets out how we will maintain our facilities and other assets, and create new ones. It covers assets such as infrastructure for stormwater, transport, parks and recreation, buildings and is supported by Asset Management Plans.

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 that 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 Plans are reviewed annually to ensure financial planning for the annual Operational Plan and Budget are sound.

Figure 1. Integrated Planning and Reporting Framework



2. Strategic alignment

The community is at the centre of what drives us, starting with the long-term 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.***

Figure 2 – Strategic line of sight

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, and its 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 Plans. 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.

3. 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* (the Act), councils must apply sound financial management principles that require responsible and sustainable spending and investment and ensure that 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 Act (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:
   a. performance management and reporting,
   b. asset maintenance and enhancement,
   c. funding decisions,
   d. risk management practices.

d) Councils should have regard to achieving intergenerational equity, including ensuring the following:
   a. policy decisions are made after considering their financial effects on future generations,
   b. the current generation funds the cost of its services.

These financial principles 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.

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
- 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.

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 a 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
- continuously review our services to assess the efficiency, effectiveness, and relevance of the services provided, ensuring they meet community needs, align with strategic goals, manage resources responsibly, and adapt to evolving circumstances while fostering transparency and accountability.

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 – i.e. prioritise asset renewal needs over new assets
- continually monitor asset conditions to minimise the likelihood of infrastructure backlogs
- link the Asset Management Plans to the LTFP
- 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.

4. 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 254km^2 of urban and natural environment and is located to the north of the Sydney CBD. There is 80 km 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.

4.1 Community[1]

The population is 270,772 people (Estimated Resident Population 2024) living across 105,016 dwellings.

Other characteristics include:

- the largest age group is 45-49 years old, with over 20,500 people and comprising 8% of our population
- an ageing population: those aged 60+ years will grow by 21% by 2031, another 13,000 people
- living arrangements include 37% of the population as couples with children, 26% couples, 22% single, 9% single parents and 3% in group living situations such as nursing homes
- 4% of residents have a disability that needs daily assistance, and 11% provide unpaid assistance to a person with disability, long term illness or elderly.

4.2 Economy[2]

Our local economy features over 33,400 local businesses and:

- 58% of our working population work full time, 41% part time
- 54% of working residents work locally
- 116,671 local jobs with 15% in healthcare and social assistance, 14% in construction and 12% in retail
- healthcare and social assistance is our fastest growing industry
- Gross Regional Product was estimated at over $21 billion in 2023.

[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

4.3 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, early learning services, 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 NSW Government on some of these functions to ensure our community's needs are recognised – such as in planning and development, social and affordable housing, community safety, public transport and major roads, natural hazards and emergency management.

Some of key agencies and other bodies we work with include:

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
- LocalKind 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 and 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 provides many stunning locations.

Council manages $2.5 billion of land assets, $3.9 billion of infrastructure assets and $0.2 billion of others such as IT equipment, plant and fleet, Kimbriki assets and work-in-progress. 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 to understand investment levels required to ensure our assets meet the needs of our changing community, are well maintained, accessible, safe and operational, and upgraded when needed.

While around 60% of Council's income is sourced from rates and annual charges from property ratepayers, our services and infrastructure works are also funded from grants, statutory contributions, interest on investments, dividends from the Kimbriki waste facility and fees and charges. At times new major assets are provided by Council, often with the assistance of Government grants. 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.

4.4 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
- Ongoing economic instability results in further uncertainty in estimating costs and setting prices
- 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 manage these risks. The Northern Beaches area is particularly vulnerable to natural hazards including bush fire, flooding, landslip, coastal erosion and storms. As the climate changes, exposure to natural hazards such as heatwaves, heavy rainfall, severe bush fire 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.
- Many projects are funded through grants. It is often not possible to submit grant applications several years in advance, and a subsequent failure to receive grant funding may severely affect the ability of the Council to deliver a project. Grants that are not recurring in nature or secured are not included in the LTFP for this reason.
- Political decisions at the State and Commonwealth level that change policy and legislation that Council operates under could negatively impact on our revenue generating capability, transfer greater service delivery responsibility to Council or result in population growth with insufficient planning and funding.
- A number of State and Federal Government inquiries are underway. The outcomes from these inquiries may lead to changes that impact Council.

Issues

- The key financial issue in recent years has been the growing disparity between rates income and costs, largely due to flaws in the calculation of the rate peg during the recent period of high inflation. To address this, IPART has introduced a revised rate peg methodology and recommended that councils resolve the issues stemming from the previous approach through the Special Variation process.
- Other recent issues that placed pressure on Council's budget include the COVID-19 pandemic, storms and increases in the Emergency Services Levy. This resulted in the re-prioritisation of many programs and capital expenditure projects to ensure Council had the capacity to respond to these issues. Rebuilding working capital and focusing on reducing the infrastructure renewal backlog are a priority.
- The Asset Management Plans identify infrastructure challenges that will require an additional investment of $15.1 million per year to renew and maintain existing assets along with an additional $10.4 million per year to invest in service uplifts and new assets.

Category	10 yr gap ($m)*
Renewal Gap	$117
Maintenance Gap	$34
Uplift in Service Gap	$67
New Asset Gap	$37
Total unfunded Asset Management Plans	**$255m**

* 10 year gap is expressed in present values (as at 30 June 2023)

- To address these issues and meet growing expectations, Council explored options with the community and resolved in January 2025 to apply to IPART for a Special Variation to rates.

5. 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 Plans.

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.

6. Current financial position

Council's financial results in recent years largely reflect the impact of COVID-19 pandemic restrictions on operations, the support measures in place for the community and the recovery process. The net cost to Council of the COVID-19 pandemic was $41 million.

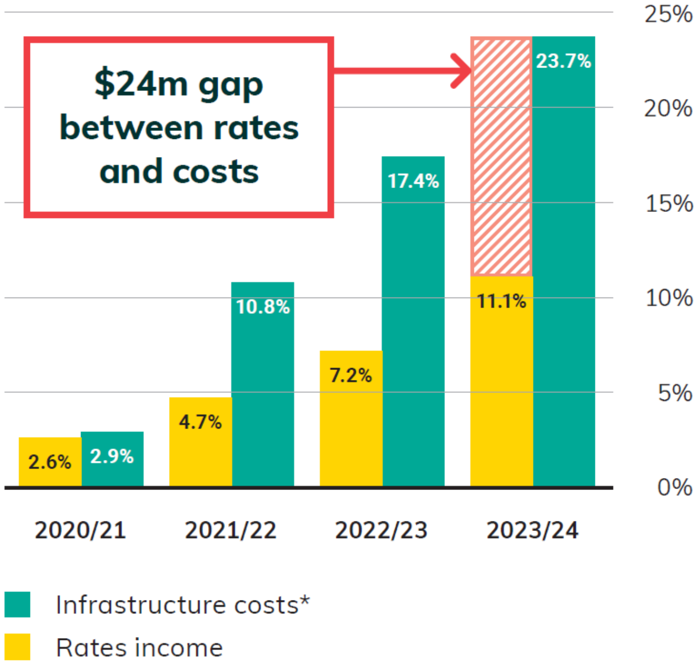
Other significant events placing pressure on Council include storms, flooding and bushfire threats. In the past 6 years the Northern Beaches experienced 8 natural disasters at a cost of $16 million, of which $10 million has been recovered to 31 March 2025, from the Federal Government Disaster Recovery Funding Arrangements.

In 2023/24 the Emergency Services Levy increased by $3 million to $9 million, equivalent to a $30 increase per ratepayer. The Council was required to reduce infrastructure spending by $3 million per year to fund this cost increase.

High inflation and price volatility, combined with the historical lag in the rate peg, are resulting in a growing divergence between costs and rates income, with Sydney's inflation over the 4 years to 30 June 2024 being almost double the increase in rates income. The growing divergence between CPI and rates income is equivalent to a cumulative gap of $19 million (10.2%) in rates income.

When the rates income is compared to the cost of infrastructure indicated by the Producer Price Index for Roads and Bridge Construction, the gap grows to $24 million (12.6%) over the same period.[3] This gap is now built into Council's ongoing rates income, meaning the rate base will be permanently lower without intervention. This reduces Council's capacity to address unfunded elements of its Asset Management Plan.

Increases in infrastructure inflation* vs rates income



*Measured by the Producer Price Index (PPI) Roads & Bridges accumulative

[3] 4 year period from July 2020 to 30 June 2024 – Sydney CPI 21.3%, NSW Producer Price Index Roads and Bridges 23.7%, rates increase 11.1%

Key financial and asset management performance ratios are weakening. Income levels are no longer sufficient to fund operating expenses, invest in the ongoing renewal of infrastructure assets required by the Asset Management Plans and provide the necessary working capital to manage unexpected events. Council is well on the way to addressing this situation, but is dependent on a favourable decision from IPART regarding its application for a Special Variation to increase rates over 3 years from 1 July 2025.

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 were excluded Council's performance against most benchmarks would be weaker.

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

7. Forecasting future budgets

In planning for the financial year 2025/26, 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.

7.1. Revenue forecasts

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

7.1.1 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 cap
- 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 for the 2025/26 year, nor the method of rating. Scenario 1 is consistent with Council's application to IPART for a Special Variation to rates to address unfunded requirements of the Asset Management Plan, environmental and natural risk reduction programs and improvements to services and assets.

Socio-economic analysis and rates affordability

The following analysis assists in undertaking this assessment of the community's capacity and willingness to pay rates.

Residential properties

In the 2024/25 financial year, there are 96,581 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 Council area, 68.0% of households were purchasing 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 $3,124 and the median weekly rent was $650[4].

Household income and employment status

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 area.

In December 2024 Northern Beaches had an unemployment rate of 2.8% (4,437 people), lower than the Greater Sydney rate of 4.1%[5].

Wellbeing Index

The annual SGS Cities and Regions Wellbeing Index measures the economic wellbeing of local government areas based on a range of criteria. In 2024 Northern Beaches was ranked as the highest in the nation for overall wellbeing. The Northern Beaches was one of the highest performing regions in terms of income and wealth with the report stating, "The relationships between a region's economic resources and labour market trends is no doubt related to key measures of financial security, such as individual and household income and wealth."[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.

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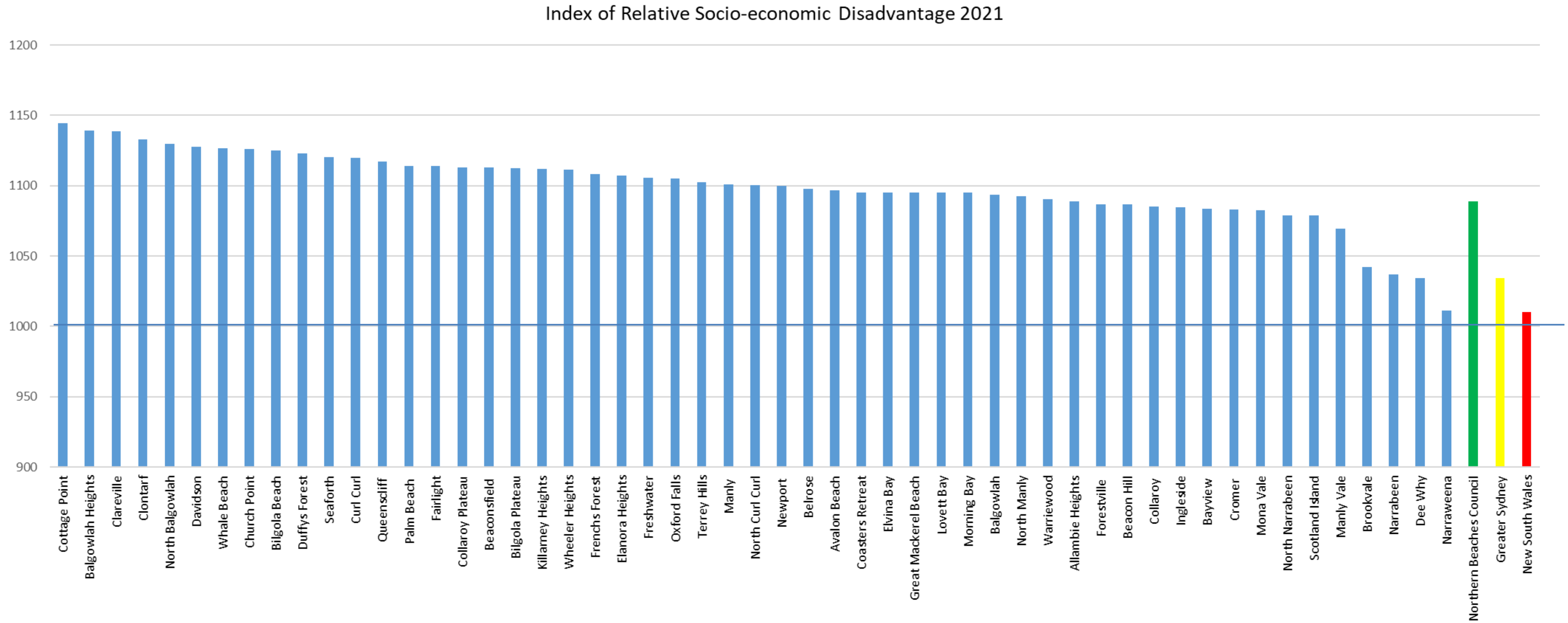
[4] Australian Bureau of Statistics, Census of Population and Housing 2021 https://www.abs.gov.au/census/find-census-data/quickstats/2021/LGA15990

[5] Jobs and Skills Australia, Small Area Labour Markets, June quarter 2024 https://www.jobsandskills.gov.au/data/small-area-labour-markets

[6] SGS Cities and Regions Wellbeing Index, May 2024 https://sgsep.com.au/assets/main/SGS-Economics-and-Planning_SGS-Cities-and-Regions-Wellbeing-Index_2024_Website.pdf

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. An analysis undertaken by Morrison Low[7] shows 93% of Local Government Areas in Australia are more disadvantaged compared to the Northern Beaches.

The IRSED index by suburb is illustrated below. Whilst there is some variation across the LGA, no area falls below 1,000.



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

[7] Morrison Low, 'Capacity to Pay Report Northern Beaches', Dec 2024, p14

Capacity to pay report

To assess the affordability of a rate increase within the Northern Beaches, Council engaged an independent analysis by Morrison Low. The analysis considered a wide range of socio-economic factors and other data and evaluated the general financial capacity of ratepayers to pay the proposed rate changes. It also considers the financial vulnerability and exposure of different community groups within the local government area.

Overall, the report found that there is capacity to absorb the additional rates payable proposed under the Special Variation proposed under Scenario 1 in this LTFP, particularly if this is supported by an appropriate hardship policy.

Morrison Low's '*Capacity to Pay Report - Northern Beaches Council December 2024*' was presented to Council at an Extraordinary Meeting on 28 January 2025 and is available on Council's website.

Outstanding rates and annual charges

On 30 June 2024, 3.83% of rates and annual charges levied remained outstanding which 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 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.

Concessions are also available to eligible pensioners.

Rate peg and Special 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.

A council can apply to IPART for a Special Variation (SV) to the rate peg – which enables a Council to establish an increase in rates income above the rate peg. Scenario 1 in this LTFP is consistent with Council's 2025 Special Variation application to IPART to address financial sustainability issues and provide capacity to respond to shocks and opportunities and invest in new community assets and improved services. More information on Council's Special Variation application is available on our website https://yoursay.northernbeaches.nsw.gov.au/funding-our-future.

Willingness to pay

In August 2024 Council conducted a random telephone survey of residents living in the Northern Beaches to identify community priorities, overall level of satisfaction with Council performance, residents' satisfaction with the services and facilities, their experience of contact with Council as well as the support for paying more to improve the level of services, facilities and infrastructure.

The survey found the top 5 priority areas for Council to focus on are roads, development and planning, environment and sustainability, traffic management/road safety and improve/maintain services and facilities.

Council also surveyed the community as to its support to pay more for improvements in the environment, facilities, infrastructure, user services and maintenance. Over 60% of residents surveyed indicated that they are at least somewhat supportive of paying more for such improvements demonstrating that a level of willingness exists in the community to fund improvements moving forward.

7.1.2 Fees and charges

A number of the services we provide are offered on a user pays basis. In preparing the LTFP, possible future income from fees and charges, including opportunities to reduce reliance on other forms of income, has been considered.

7.1.3 Grants and subsidies

Council receives an annual Financial Assistance Grant allocation from the Commonwealth as well as grants for specific programs. We have assumed we will continue to receive grants of this nature 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.

7.2. Borrowings

No new external borrowing is proposed.

7.3. 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 the safety of the community, service delivery and the protection of community assets. The events of the last few years now mean Council needs to rebuild working capital. Future operating surpluses are required to reinstate working capital levels.

7.4. 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 Plans identify a level of unfunded works. To deliver the funding needed to progress these projects, Special Variation to rates options were explored with the community between November 2024 and January 2025 and considered by Council at an Extraordinary Meeting on 28 January 2025. Scenario 1 within the model incorporates the expenditure program that was presented in 'Option 3 Improve Services'.

More information on the expenditure program is available within the Delivery Program.

7.5. Financial modelling

The development process for the LTFP has included financial modelling taking account of different scenarios. This has been presented in the sensitivity analysis.

8. 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.

Council has made assumptions in putting together this year's budget and long-term financial outlook. The assumptions are detailed below:

8.1 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 289,000 people in 2035, at an average of 0.6% per annum, or approximately 1,600 extra persons per year.[8]

Inflation (Consumer Price Index (CPI))

Inflation has been assumed as follows:

Year	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Consumer Price Index (CPI)	**2.90%**	2.50%	2.50%	2.40%	2.30%	2.30%	2.40%	2.50%	2.50%	2.50%

Source: Deloitte Access Economics Business Outlook – Underlying CPI – September 2024 quarter update.

[8] Source: .id – March 2025 https://forecast.id.com.au/northern-beaches

8.2 Income assumptions

Rates

Year	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Scenario 1: Delivery Program Model - Special variation	3.8% + 8.3%	3.4% + 8.3%	3.1% + 8.4%	3.0%	3.0%	3.0%	3.0%	3.1%	3.2%	3.2%
Scenario 2: Alternative Model – Rate peg only	3.8%	3.4%	3.1%							
Rates and annual charges growth	0.08%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%

2025/26 is based on IPART's rate peg of 3.8%.

Subsequent years are an estimation of the Rate Peg, based on IPART's methodology. Specifically, 40% of costs being Employee Costs, 18% being the Producer Price Index (Roads and Bridges) and 42% being CPI with an estimate for the Emergency Services Levy adjustment factor.

Scenario 1 also includes an additional amount through a Special Variation to rates to close the asset renewal and maintenance gap, strengthen working capital and invest in new assets and services.

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.

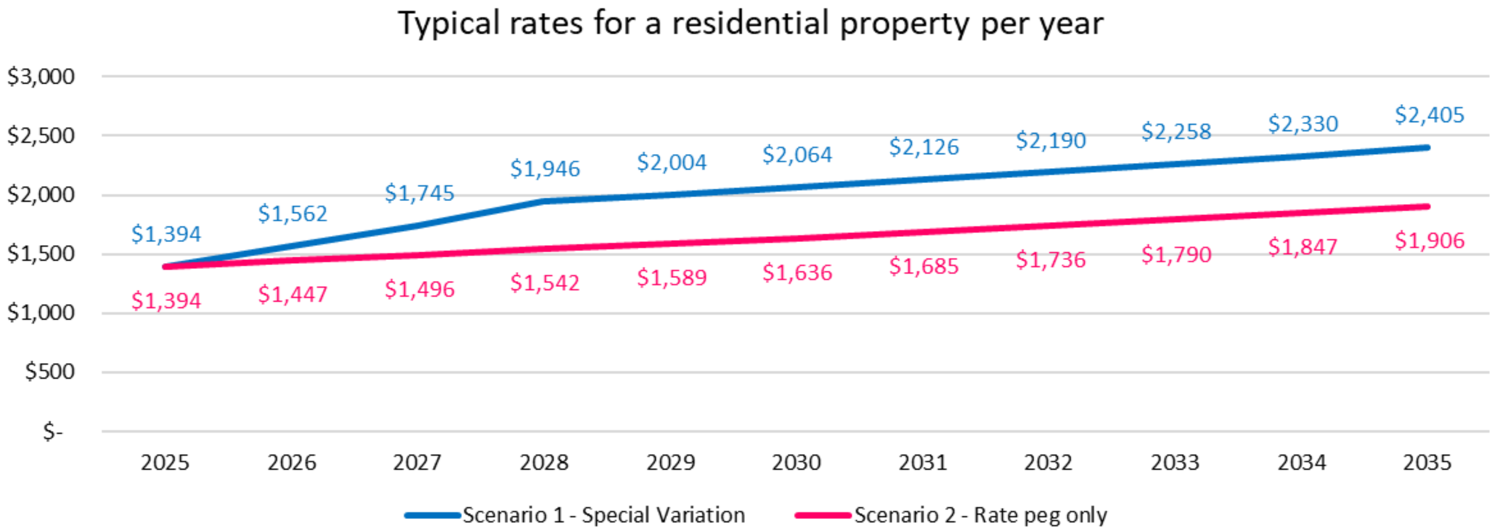
Scenario 1 is the primary model and is the basis upon which the Delivery Program and budget was prepared. It assumes that rates income will increase by the rate peg each year along with an additional amount over the next 3 years to fund an increase in expenditure to meet asset maintenance gaps, provide new services and improve working capital levels.

Scenario 2, is the alternative model and assumes that rates income will increase by the rate peg only each year.

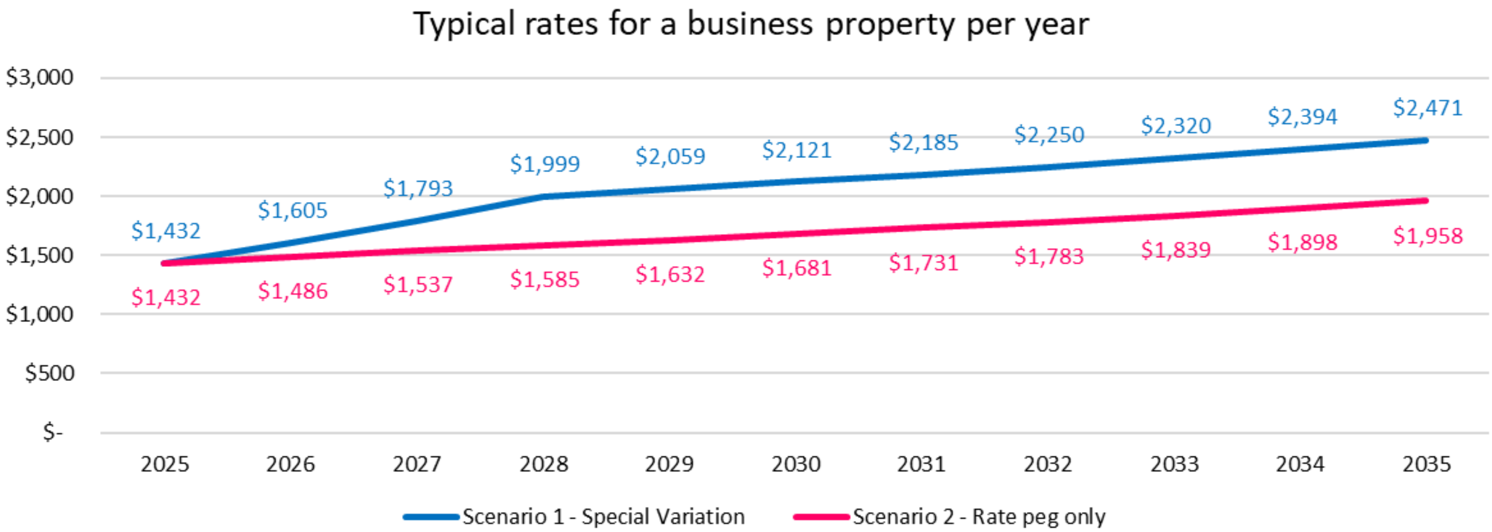
More information on the progress of Council's Special Variation to Rates is available on the 'Funding our Future' engagement page: https://yoursay.northernbeaches.nsw.gov.au/funding-our-future

Typical rates

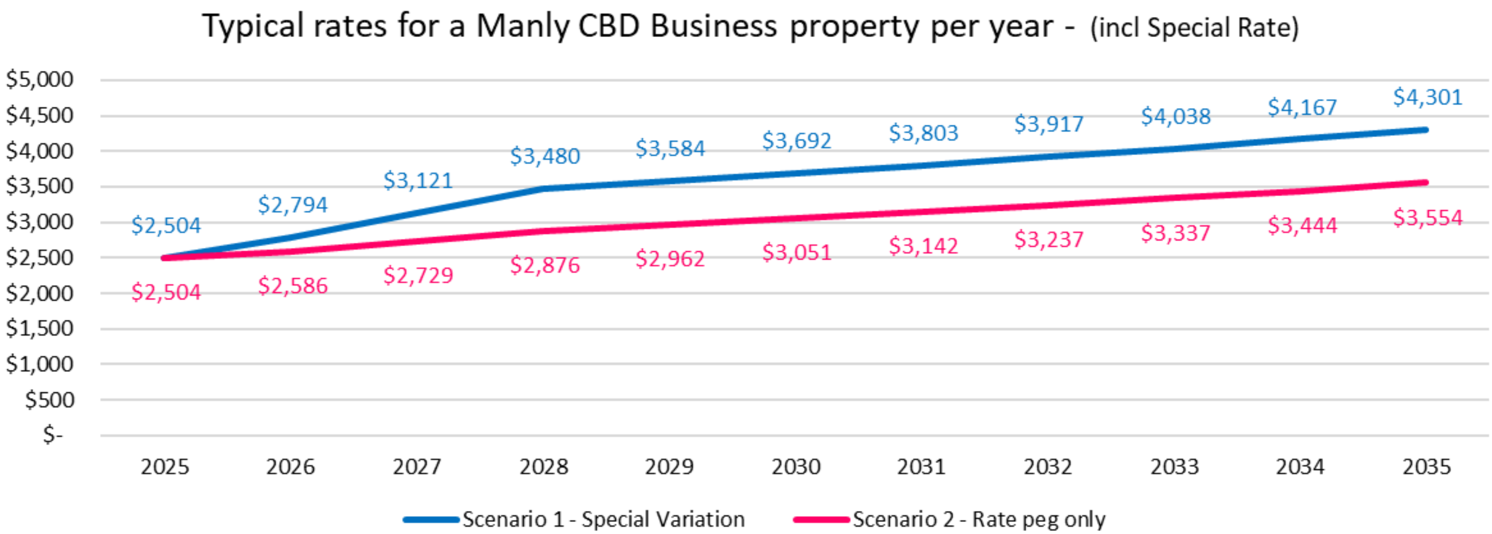
The below table outlines the impact on a typical (median) ratepayer, by major rating categories, as a consequence of the proposed rates increases.



The typical rate is based on the median (midpoint) 2022 residential land value of $1.34 million.



The typical rate is based on the median (midpoint) 2022 business land value of $0.28 million.



The typical rate is based on the median (midpoint) 2022 Manly CBD business land value of $0.33 million and includes a Manly business centre improvement special rate.

Annual charges - domestic waste management charge

Year	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Waste charge	2.2%	2.5%	2.4%	2.4%	0.0%	2.3%	2.4%	2.4%	2.5%	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.

The NSW Government passed legislation in February 2025 to mandate food and garden organics collection and processing. This will lead to changes in the cost structure in the future. Council is considering options and undertaking pilot models which will help inform the service design and the extent of additional costs in a future iteration of the LTFP.

Annual charges – stormwater management services charge

Year	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
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 in 2006/07.

User fees and charges

Year	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Fees and charges – statutory	**CPI**	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI
Fees and charges – Kimbriki & community centres	**CPI**	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI
Fees and charges – Parking Areas	**0%**	0%	0%	0%	0%	0%	0%	0%	0%	0%
Fees and charges – non-statutory	**3.1%**	3.0%	3.0%	2.9%	2.9%	2.9%	2.9%	3.0%	3.0%	3.0%

User fees and charges that are controlled by other levels of government under legislation are assumed to increase by CPI. We have also assumed Kimbriki and community centre hire income will increase by CPI. No growth in income from pay and display beach parking and car parks is forecast due to the high elasticity of demand and volatility in this income stream.

Non-statutory charges such as childcare and aquatic centre fees, 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	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Fines	**0%**	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other revenues	**CPI**	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	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 NSW Government and are not forecast to increase.

Grants and contributions - operating purposes

Year	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Grants and Contributions - Operating (recurring)	**CPI**	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI

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

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	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Development contributions	**CPI**	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	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 $7.2 million in contributions in the 2025/26 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 outside of the 5 year Roads to Recovery funding agreement which ends 30 June 2029. 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	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Return on investment portfolio	**4.15%**	3.30%	3.20%	3.10%	3.00%	2.90%	2.90%	2.90%	2.90%	3.30%

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	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Other income	**CPI**	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	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 Plans for the renewal program.

8.3 Expenditure assumptions

Employee benefits and on costs

Year	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Industry Award base increase	3.00%	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	**12.00%**	12.00%	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, which expires on 30 June 2026 provides for an increase of 3.0% in 2025/26.

We have assumed increases will be 2.5% per annum over the remainder of the LTFP.

Other assumptions 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	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Interest rate on loans	**5.80%**	5.80%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Tip remediation discount	**3.60%**	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%

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

- Interest on loans - 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 are forecast in accordance with the lease documents.
- Tip remediation discount - this relates to the remediation of the waste landfill site at Kimbriki. The discount rate is utilised to adjust the landfill remediation provision each year so that it reflects the present value of the estimated future expenditure to remediate the site.

Materials and services

Year	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Materials and services	**CPI**	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI
Fuel - Petrol price at pump (cents per litre) (Sept 2024)	179.61	181.03	183.57	185.94	188.06	190.16	192.44	194.94	197.65	202.59

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

Year	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Depreciation – Producer Price Index (Roads and Bridges)	**CPI + 0.3%**	CPI + 0.3%	CPI + 0.3%	CPI + 0.3%	CPI + 0.3%	CPI + 0.3%	CPI + 0.3%	CPI + 0.3%	CPI + 0.3%	CPI + 0.3%

Depreciation is forecast to increase by the Producer Price Index (Roads and Bridges). The index is estimated as CPI + 0.3%, being the 10 year average of the difference between the CPI and the PPI.

The depreciation methodology can be found in the Notes to the Financial Statements. The depreciation expense assumed in the LTFP 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	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Other expenses	**CPI**	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	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. However, the Emergency Services Levy is forecast to increase by 8.5% per year, which is the average increase in the levy over the past 5 years.

8.4 Future and ongoing financial challenges, opportunities and efficiency savings

Like many councils in NSW, Council is facing growing pressure to its financial sustainability as increases in income, under the NSW rate peg system, have not reflected the rising costs of materials, contracts and construction, with Sydney's inflation over the 4 years to 30 June 2024 being almost double the increase in rates income. When compared to infrastructure inflation[9] over the same period, the divergence between costs and rates income is equivalent to a cumulative gap of $24 million (12.6%) in rates income over the same period.

Infrastructure investment is informed by the Asset Management Plans. However, there is a growing gap between the costs to maintain assets and services and the funding available to Council. The Plans require an additional investment of $15.1 million per year to maintain and renew existing assets, along with $10.4 million per year to uplift services levels and provide high priority new assets required by the community.

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 service rationalisation, workforce management, property rationalisation, fleet optimisation and energy efficiency projects. The Productivity Journey and Improvement Plan 2024 outlines the Council's future improvement initiatives and is available on the Council's website at https://yoursay.northernbeaches.nsw.gov.au/funding-our-future.

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.

[9] The cost of infrastructure is indicated by the Producer Price Index for Roads and Bridge Construction – 23.7% accumulative increase from 2021 to 2024 compared to 11.1% increase in rates income.

9. Sensitivity analysis

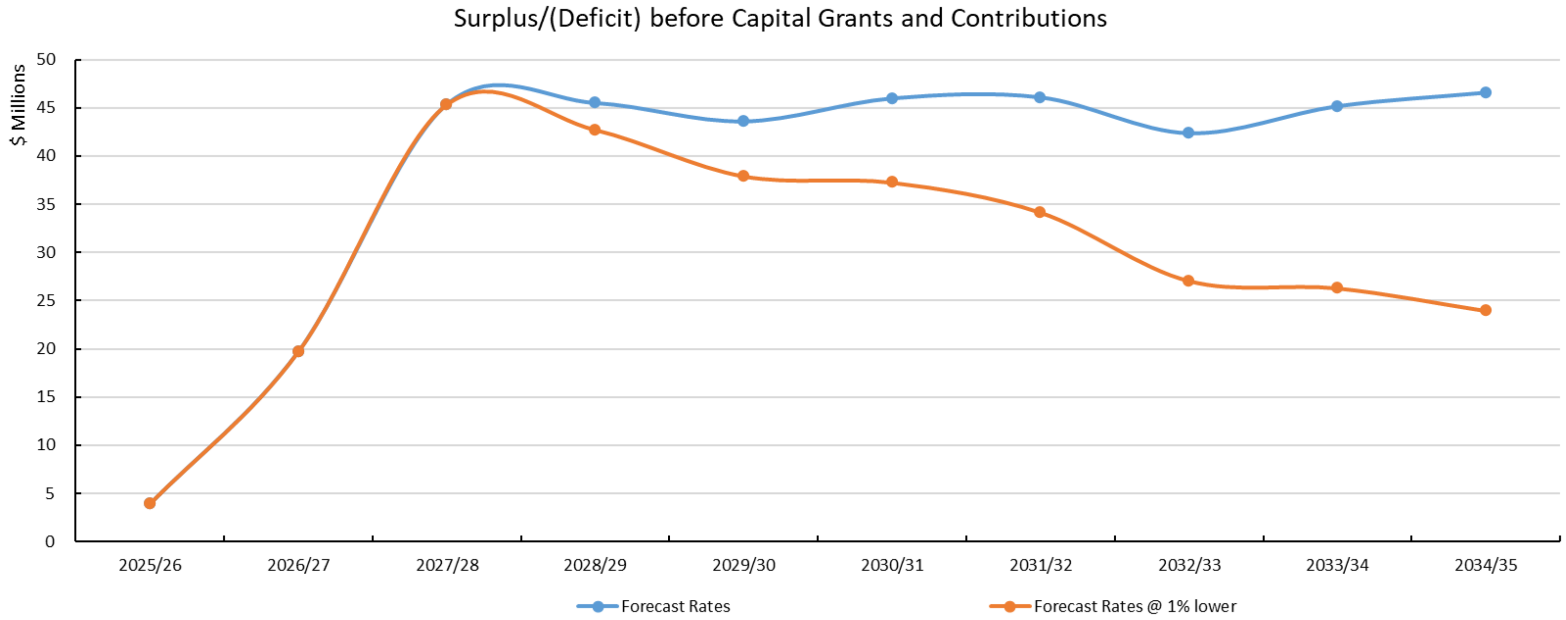
Although the assumptions listed in the previous section are our current informed estimate based on a range of reliable sources, Long-Term Financial Plans are inherently uncertain.

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 to demonstrate the impact on our finances if trends worsen. Modelling analyses ‘Scenario 1 – Delivery Program Model’, as this is the base case for the Council’s 2025/26 budget.

9.1 Rates

Rates comprise 44% of our total income (2024/25 Original Budget). Rates are capped by the NSW Government and we can only increase rates if we apply for a Special Variation through IPART.

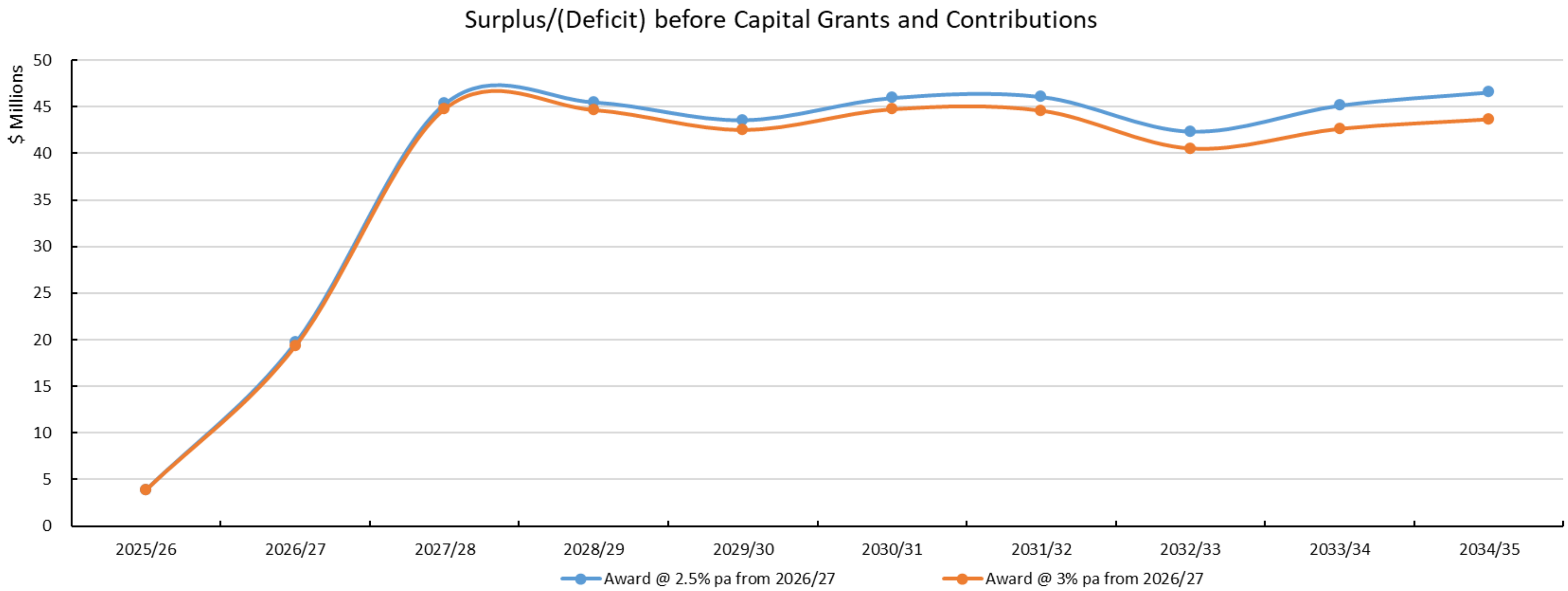
If, after the Special Variation is phased in over 3 years, the rate peg is 1.0% pa lower than forecast from year 4 the budget would remain in surplus but is quickly tracking towards a future deficit position.



9.2 Employee costs

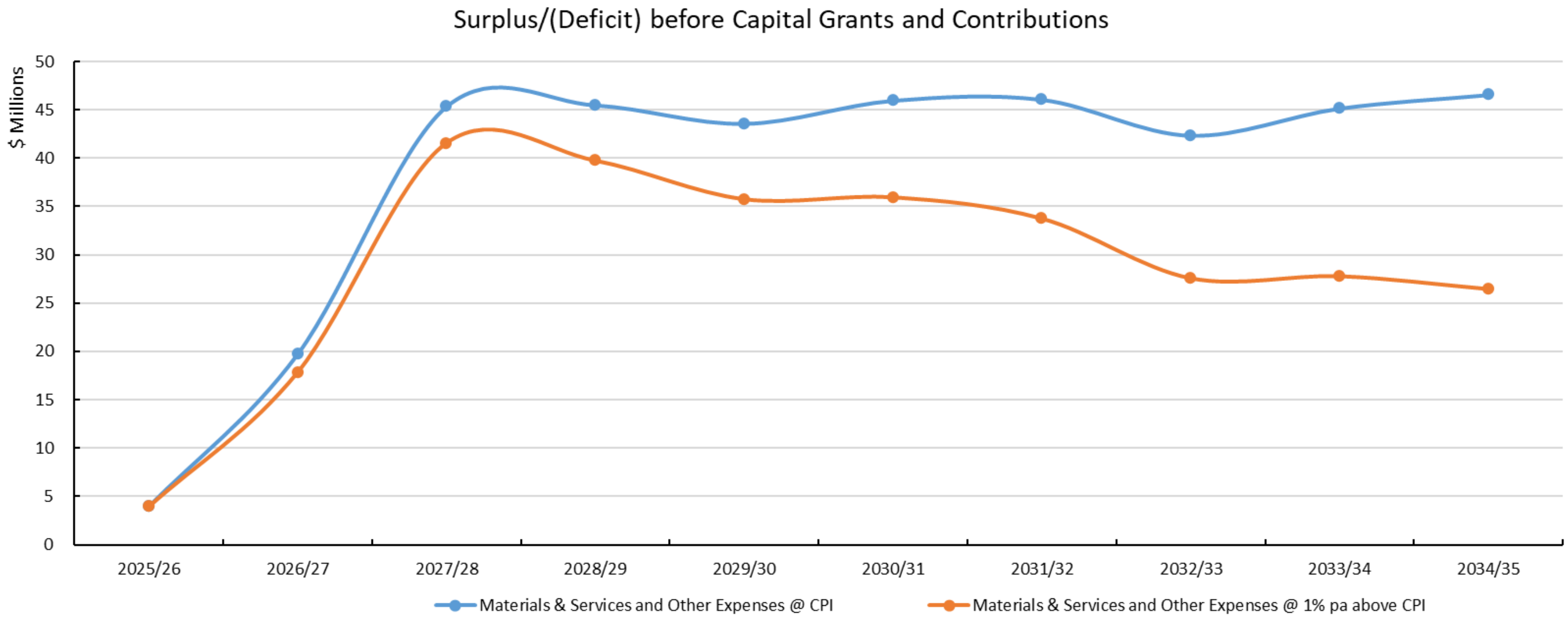
Salary growth is largely subject to the NSW Local Government Award. The current Award expires on 30 June 2026 and we have assumed an annual Award increase of 2.5% in 2026/27 and for each year afterwards before step increases.

If the future Award increase was an additional 0.5% higher each year the budget would remain in surplus for each year of the Long-Term Financial Plan, but the result would be weaker, growing to a $2.9 million difference in the result by 2034/35.



9.3 Materials, services and other expenses

Fluctuating market conditions could affect the price of certain materials and services. The chart shows the impact of a 1.0% per annum increase in materials, services and other expenses above the CPI. The budget remains in surplus each year, but the position quickly weakens if no corresponding change in income or expenditure is made.



10. 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, Operational Plan and Asset Management Plans. This includes revised assumptions, indexation and financial modelling for scenarios.

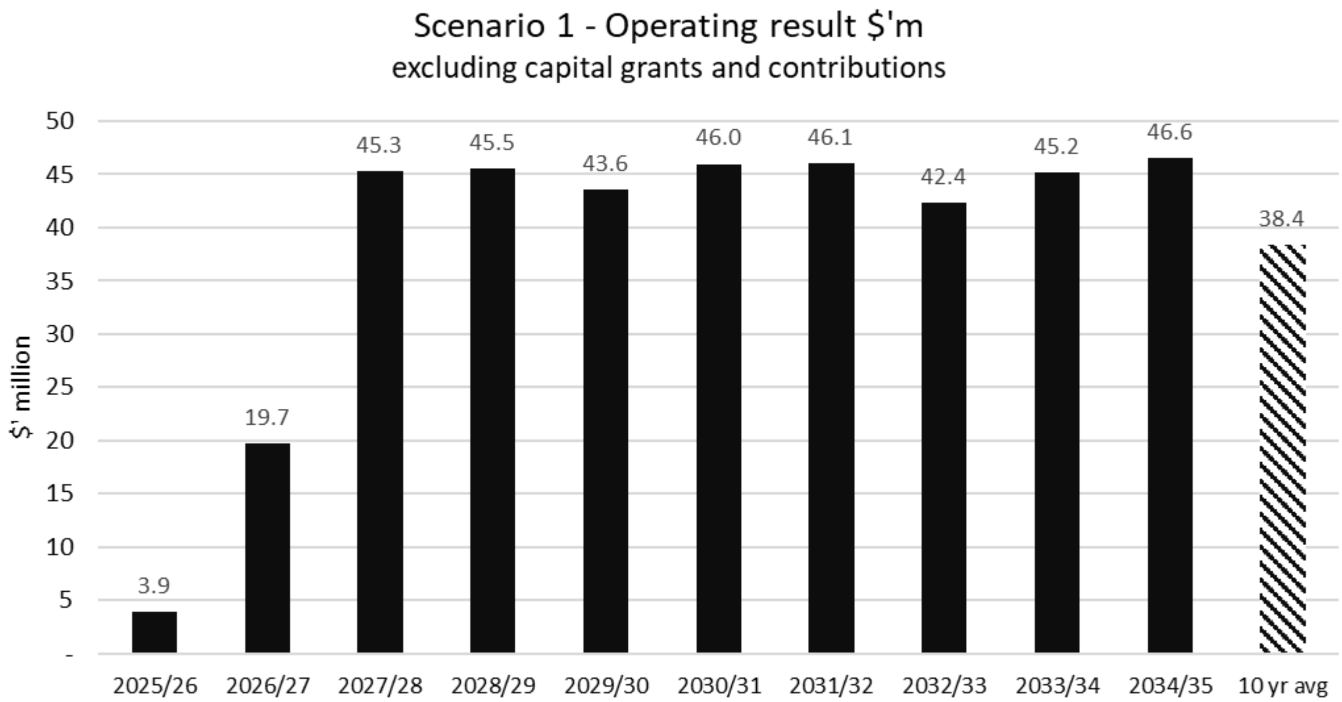
Scenario 1: Delivery Program model – Special variation (8.3% p.a. over 2 years and 8.4% in year 3 + rate peg)

- This is the primary model and is consistent with the draft Delivery Program 2025-2029.
- The model addresses the maintenance and renewal funding gap for existing assets outlined in the Asset Management Plans and provides funding to support environmental and natural risk reduction programs.
- Infrastructure expenditure is increased and working capital is strengthened to provide the capacity to respond to unexpected events. This produces a stronger operating result and asset management ratios.
- This model also provide capacity to deliver larger renewal projects in future years such as the renewal of the Warringah Aquatic Centre.
- To provide funding for this model, rates income increases over a 3-year period, providing an additional $57 million in income per year by the 3rd year (which is retained in future years and equivalent to a 29% cumulative increase above the forecast rate peg).
- This model primarily offsets the impact of higher inflation levels in recent years and the increase in the Emergency Services Levy.

Scenario 2: Alternative model – rate peg only

- Under this model, rates increase based on the rate peg in each year, which is intended to be a CPI for local government. As a result, the funding gap created over the 4 year period, during which rate increases were only half the inflation rate, will remain unresolved.
- Income levels are not sufficient to fund operating expenses, invest in the ongoing renewal of infrastructure assets and provide the necessary working capital to manage unexpected events. Performance benchmarks are weakening or not met, especially regarding asset management and operating performance.
- This is not sustainable and will continue to reduce services to the community.

10.1 Scenario 1: Delivery Program model - Special variation



Scenario 1: Delivery Program model – Special variation

Income statement

Financial year:	Result 2022/23 $ '000	Result 2023/24 $ '000	Forecast 2024/25 $ '000	Budget 2025/26 $ '000	Year 2 2026/27 $ '000	Year 3 2027/28 $ '000	Year 4 2028/29 $ '000	Year 5 2029/30 $ '000	Year 6 2030/31 $ '000	Year 7 2031/32 $ '000	Year 8 2032/33 $ '000	Year 9 2033/34 $ '000	Year 10 2034/35 $ '000
Income from continuing operations													
Rates and annual charges	234,424	246,432	259,642	285,258	313,127	343,593	353,936	362,987	373,809	385,102	397,006	409,661	422,688
User charges and fees	91,876	99,931	104,275	104,607	106,887	109,429	111,817	114,352	116,953	119,672	122,530	125,507	128,567
Other revenues	20,086	21,620	22,658	21,313	21,627	21,950	22,265	22,574	22,890	23,228	23,588	23,957	24,335
Grants and contributions provided for operating purposes	31,496	26,529	25,587	21,004	20,866	20,991	20,158	21,686	21,120	22,692	22,194	23,814	23,344
Grants and contributions provided for capital purposes	33,917	29,218	36,482	24,339	20,148	12,434	11,774	11,236	12,301	12,516	12,745	12,980	11,271
Interest and investment revenue	7,085	11,083	10,238	8,231	5,491	6,037	6,612	6,145	6,516	7,060	6,605	5,991	6,684
Other Income	6,392	6,915	6,993	7,069	7,246	7,427	7,605	7,780	7,959	8,150	8,354	8,563	8,777
Net gain from the disposal of assets	167	-	432	503	571	306	317	331	424	837	482	568	696
Total income from continuing operations	**425,443**	**441,728**	**466,308**	**472,323**	**495,962**	**522,168**	**534,484**	**547,091**	**561,973**	**579,258**	**593,505**	**611,042**	**626,363**
Expenses from continuing operations													
Employee benefits and on-costs	146,153	159,331	172,184	178,517	184,707	188,391	194,176	200,255	206,097	212,417	219,075	225,940	232,919
Materials and services	157,273	163,471	178,271	185,365	185,394	189,367	193,183	198,319	202,496	209,628	214,666	219,310	224,172
Borrowing costs	2,738	2,689	2,605	3,037	2,641	2,560	2,472	2,407	2,381	2,351	2,319	2,285	2,252
Depreciation, amortisation and impairment for non-financial assets	46,821	48,975	53,170	54,594	58,393	59,144	61,150	63,690	63,664	65,626	69,981	71,172	73,019
Other expenses	20,765	22,569	21,552	22,548	24,975	24,944	26,236	27,605	29,070	30,654	32,366	34,202	36,170
Net loss from the disposal of assets	-	545	-	-	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	**373,750**	**397,580**	**427,781**	**444,060**	**456,109**	**464,406**	**477,218**	**492,276**	**503,706**	**520,676**	**538,407**	**552,909**	**568,532**
Operating result - Surplus / (Deficit)	**51,693**	**44,148**	**38,526**	**28,263**	**39,853**	**57,762**	**57,265**	**54,816**	**58,266**	**58,582**	**55,098**	**58,134**	**57,831**
Operating result before grants and contributions provided for capital purposes	**17,776**	**14,930**	**2,044**	**3,924**	**19,705**	**45,328**	**45,492**	**43,580**	**45,965**	**46,066**	**42,352**	**45,153**	**46,559**

Scenario 1: Delivery Program model – Special variation

Balance sheet

As at 30 June:	Result 2023 $ '000	Result 2024 $ '000	Forecast 2025 $ '000	Budget 2026 $ '000	Year 2 2027 $ '000	Year 3 2028 $ '000	Year 4 2029 $ '000	Year 5 2030 $ '000	Year 6 2031 $ '000	Year 7 2032 $ '000	Year 8 2033 $ '000	Year 9 2034 $ '000	Year 10 2035 $ '000
ASSETS													
Current assets													
Cash and cash equivalents	6,605	17,541	11,841	10,344	11,351	10,579	11,142	10,589	11,163	11,805	11,319	11,315	11,520
Investments	175,623	182,096	161,722	146,277	148,669	168,273	191,605	181,759	200,089	218,132	201,645	179,660	178,107
Receivables	20,844	25,958	23,966	25,428	23,598	24,689	25,319	25,902	26,556	27,229	27,879	28,556	29,292
Inventories	372	392	403	415	425	436	447	457	467	479	491	503	515
Prepayments	3,364	4,984	5,129	5,277	5,409	5,544	5,677	5,808	5,942	6,084	6,236	6,392	6,552
Total current assets	**206,808**	**230,971**	**203,061**	**187,741**	**189,452**	**209,522**	**234,190**	**224,515**	**244,216**	**263,729**	**247,571**	**226,425**	**225,986**
Non-Current Assets													
Investments	678	577	477	357	237	117	-	-	-	-	-	-	-
Receivables	1,012	952	1,067	1,196	1,336	1,490	1,535	1,581	1,628	1,677	1,729	1,784	1,841
Infrastructure, property, plant and equipment	5,413,807	5,643,257	5,843,075	6,015,573	6,176,000	6,332,917	6,491,936	6,684,328	6,848,426	7,028,882	7,249,077	7,486,005	7,711,686
Investment property	6,320	6,565	6,810	7,055	7,300	7,545	7,790	8,035	8,280	8,525	8,770	9,015	9,260
Right of use assets	7,811	6,544	5,209	3,947	2,686	1,424	163	108	54	0	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	**5,429,628**	**5,657,895**	**5,856,638**	**6,028,129**	**6,187,559**	**6,343,493**	**6,501,423**	**6,694,052**	**6,858,389**	**7,039,084**	**7,259,576**	**7,496,804**	**7,722,787**
Total assets	**5,636,436**	**5,888,866**	**6,059,698**	**6,215,870**	**6,377,011**	**6,553,014**	**6,735,613**	**6,918,567**	**7,102,605**	**7,302,813**	**7,507,147**	**7,723,229**	**7,948,774**

Scenario 1: Delivery Program model – Special variation

Balance sheet (continued)

As at 30 June:	Result 2023 $ '000	Result 2024 $ '000	Forecast 2025 $ '000	Budget 2026 $ '000	Year 2 2027 $ '000	Year 3 2028 $ '000	Year 4 2029 $ '000	Year 5 2030 $ '000	Year 6 2031 $ '000	Year 7 2032 $ '000	Year 8 2033 $ '000	Year 9 2034 $ '000	Year 10 2035 $ '000
LIABILITIES													
Current liabilities													
Payables	47,806	55,607	52,263	53,222	54,264	55,356	56,204	57,054	57,926	58,843	59,812	60,811	61,838
Contract Liabilities	27,619	20,102	5,057	5,135	5,325	5,481	5,635	5,793	5,956	6,129	6,313	6,502	6,692
Lease Liabilities	1,241	1,279	1,307	1,347	1,388	1,430	63	66	70	-	-	-	-
Borrowings	3,340	2,178	2,449	1,583	1,675	1,773	1,506	1,585	1,669	1,756	1,849	1,618	(0)
Employee benefit provisions	34,754	35,901	35,919	36,856	38,000	39,181	40,398	41,653	42,947	44,282	45,659	47,079	48,543
Provisions	1,060	1,193	1,193	1,401	8,463	1,352	1,394	6,621	1,518	6,771	4,990	1,717	1,770
Total current liabilities	**115,820**	**116,260**	**98,188**	**99,544**	**109,114**	**104,573**	**105,199**	**112,773**	**110,087**	**117,782**	**118,622**	**117,727**	**118,843**
Non-current liabilities													
Payables	100	50	-	-	-	-	-	-	-	-	-	-	-
Contract Liabilities	8,239	10,053	9,518	6,293	6,200	6,106	6,013	5,919	5,826	5,732	5,639	5,545	5,452
Lease Liabilities	6,996	5,717	4,365	3,018	1,630	200	137	70	-	-	-	-	-
Borrowings	9,185	6,984	15,015	13,432	11,757	9,984	8,477	6,892	5,224	3,467	1,618	(0)	-
Employee benefit provisions	1,843	2,001	2,001	2,054	2,118	2,184	2,252	2,323	2,395	2,470	2,547	2,627	2,709
Provisions	45,094	45,433	46,342	48,257	43,262	45,511	47,528	44,452	46,618	43,435	42,172	44,083	45,921
Total non-current liabilities	**71,457**	**70,238**	**77,242**	**73,053**	**64,967**	**63,984**	**64,407**	**59,656**	**60,063**	**55,105**	**51,976**	**52,255**	**54,081**
Total liabilities	**187,277**	**186,498**	**175,430**	**172,598**	**174,081**	**168,557**	**169,606**	**172,429**	**170,149**	**172,887**	**170,599**	**169,982**	**172,924**
Net assets	**5,449,159**	**5,702,368**	**5,884,269**	**6,043,272**	**6,202,930**	**6,384,457**	**6,566,007**	**6,746,139**	**6,932,456**	**7,129,926**	**7,336,548**	**7,553,247**	**7,775,849**
EQUITY													
Accumulated Surplus	4,980,559	5,024,590	5,062,962	5,091,071	5,130,806	5,188,450	5,245,597	5,300,295	5,358,442	5,416,906	5,471,886	5,529,901	5,587,614
IPP&E Revaluation Surplus	468,600	677,778	821,306	952,201	1,072,124	1,196,007	1,320,410	1,445,844	1,574,013	1,713,020	1,864,663	2,023,346	2,188,236
Total equity	**5,449,159**	**5,702,368**	**5,884,269**	**6,043,272**	**6,202,930**	**6,384,457**	**6,566,007**	**6,746,139**	**6,932,456**	**7,129,926**	**7,336,548**	**7,553,247**	**7,775,849**

Scenario 1: Delivery Program model – Special variation

Cashflow statement

Financial year:	Result 2022/23 $ '000	Result 2023/24 $ '000	Forecast 2024/25 $ '000	Budget 2025/26 $ '000	Year 2 2026/27 $ '000	Year 3 2027/28 $ '000	Year 4 2028/29 $ '000	Year 5 2029/30 $ '000	Year 6 2030/31 $ '000	Year 7 2031/32 $ '000	Year 8 2032/33 $ '000	Year 9 2033/34 $ '000	Year 10 2034/35 $ '000
Cash flows from operating activities													
Receipts:													
Rates and annual charges	234,281	245,463	259,126	284,003	311,917	342,265	353,550	362,590	373,399	384,680	396,557	409,183	422,195
User charges and fees	96,268	104,315	109,882	110,739	113,156	115,847	118,379	121,061	123,814	126,692	129,711	132,861	136,099
Interest received	4,873	9,052	10,089	8,092	5,305	5,802	6,511	6,104	6,420	6,963	6,568	5,961	6,613
Grants and contributions	76,799	48,521	46,315	42,091	44,369	33,666	32,157	33,158	33,662	35,471	35,200	37,074	34,868
Bonds, deposits and retentions received	7,741	8,143	6,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742
Other	41,346	44,656	48,120	46,300	47,021	47,609	48,101	52,427	50,308	51,717	56,216	58,105	57,149
Payments:													
Payments to employees	(145,037)	(156,343)	(172,035)	(177,333)	(183,261)	(186,900)	(192,638)	(198,669)	(204,461)	(210,730)	(217,335)	(224,146)	(231,069)
Payments for materials and services	(176,928)	(182,311)	(200,534)	(209,762)	(209,502)	(221,146)	(218,441)	(226,407)	(235,639)	(237,421)	(250,338)	(253,504)	(253,057)
Borrowing costs	(1,064)	(924)	(696)	(1,039)	(869)	(739)	(601)	(484)	(404)	(319)	(231)	(139)	(46)
Bonds, deposits and retentions refunded	(5,571)	(5,867)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)
Other	(22,019)	(21,914)	(24,636)	(22,411)	(24,769)	(24,729)	(26,026)	(27,400)	(28,863)	(30,437)	(32,139)	(33,973)	(35,940)
Net Cash flows from operating activities	**110,689**	**92,791**	**74,632**	**80,680**	**103,368**	**111,676**	**120,991**	**122,380**	**118,237**	**126,617**	**124,209**	**131,422**	**136,812**

Scenario 1: Delivery Program model – Special variation

Cashflow statement (continued)

Financial year:	Result 2022/23 $ '000	Result 2023/24 $ '000	Forecast 2024/25 $ '000	Budget 2025/26 $ '000	Year 2 2026/27 $ '000	Year 3 2027/28 $ '000	Year 4 2028/29 $ '000	Year 5 2029/30 $ '000	Year 6 2030/31 $ '000	Year 7 2031/32 $ '000	Year 8 2032/33 $ '000	Year 9 2033/34 $ '000	Year 10 2034/35 $ '000
Cash flows from investing activities													
Receipts:													
Sale of investments	272,227	269,831	318,300	314,500	305,500	304,100	294,100	306,900	300,000	302,650	302,200	303,980	307,500
Proceeds from sale of IPPE	2,167	2,513	2,223	2,292	2,246	2,041	2,221	2,304	2,194	2,850	2,270	2,980	3,060
Payments:													
Purchase of investment securities	(297,123)	(276,178)	(297,826)	(298,935)	(307,772)	(323,584)	(317,315)	(297,054)	(318,330)	(320,693)	(285,713)	(281,995)	(305,947)
Payments for IPPE	(81,973)	(73,302)	(109,983)	(96,197)	(99,323)	(91,857)	(96,145)	(132,016)	(99,745)	(108,908)	(141,484)	(154,399)	(139,452)
Net Cash flows from investing activities	**(104,702)**	**(77,136)**	**(87,287)**	**(78,340)**	**(99,349)**	**(109,300)**	**(117,139)**	**(119,865)**	**(115,880)**	**(124,101)**	**(122,727)**	**(129,434)**	**(134,839)**
Cash flows from financing activities													
Receipts:													
Proceeds from borrowings	-	2,500	12,850	-	-	-	-	-	-	-	-	-	-
Payments:													
Repayment of borrowings	(4,783)	(5,863)	(4,549)	(2,449)	(1,583)	(1,675)	(1,773)	(1,506)	(1,585)	(1,669)	(1,756)	(1,849)	(1,618)
Lease liabilities (principal repayments)	(1,238)	(1,241)	(1,231)	(1,269)	(1,307)	(1,347)	(1,388)	(1,430)	(63)	(66)	(70)	-	-
Dividends paid to minority interest	(58)	(115)	(115)	(119)	(122)	(125)	(128)	(131)	(134)	(138)	(141)	(145)	(148)
Net Cash flows from financing activities	**(6,079)**	**(4,719)**	**6,955**	**(3,836)**	**(3,012)**	**(3,147)**	**(3,290)**	**(3,068)**	**(1,783)**	**(1,873)**	**(1,967)**	**(1,993)**	**(1,766)**
Net change in cash and cash equivalents	**(92)**	**10,936**	**(5,700)**	**(1,497)**	**1,007**	**(771)**	**563**	**(553)**	**574**	**643**	**(486)**	**(5)**	**206**
Cash and cash equivalents at beginning of year	6,697	6,605	17,541	11,841	10,344	11,351	10,579	11,142	10,589	11,163	11,805	11,319	11,315
Cash and cash equivalents at end of year	**6,605**	**17,541**	**11,841**	**10,344**	**11,351**	**10,579**	**11,142**	**10,589**	**11,163**	**11,805**	**11,319**	**11,315**	**11,520**
Investments at year end	176,301	182,673	162,199	146,634	148,906	168,390	191,605	181,759	200,089	218,132	201,645	179,660	178,107
Cash, cash equivalents and investments at end of year	***182,906***	***200,214***	***174,040***	***156,978***	***160,257***	***178,969***	***202,747***	***192,348***	***211,252***	***229,937***	***212,964***	***190,974***	***189,627***
Net change in cash, cash equivalents and investments		***17,308***	***(26,174)***	***(17,062)***	***3,278***	***18,713***	***23,778***	***(10,399)***	***18,904***	***18,686***	***(16,973)***	***(21,990)***	***(1,347)***

Scenario 1: Delivery Program model – Special variation

Cash and investments statement

As at 30 June:	Result 2023 $ '000	Result 2024 $ '000	Forecast 2025 $ '000	Budget 2026 $ '000	Year 2 2027 $ '000	Year 3 2028 $ '000	Year 4 2029 $ '000	Year 5 2030 $ '000	Year 6 2031 $ '000	Year 7 2032 $ '000	Year 8 2033 $ '000	Year 9 2034 $ '000	Year 10 2035 $ '000
Total Cash and Investments	**182,906**	**200,214**	**174,040**	**156,978**	**160,257**	**178,969**	**202,747**	**192,348**	**211,252**	**229,937**	**212,964**	**190,974**	**189,627**
Represented by:													
Externally Restricted													
Developer Contributions	43,446	47,386	35,322	25,493	20,626	21,739	23,298	22,147	22,069	21,339	21,472	17,213	19,225
Unexpended Grants - not tied to liability	597	573	0	0	0	0	0	0	0	0	0	0	0
Domestic Waste Management	7,626	13,176	15,896	17,359	19,009	21,884	24,993	12,837	14,969	17,383	20,025	22,966	26,184
Other externally restricted reserves	618	1,130	1,238	986	328	562	804	932	1,068	681	832	991	1,105
Total Externally Restricted	**52,286**	**62,264**	**52,455**	**43,839**	**39,963**	**44,185**	**49,095**	**35,916**	**38,105**	**39,402**	**42,329**	**41,171**	**46,513**
Internally Restricted													
Deposits, Retentions & Bonds	17,550	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527
Employee Leave Entitlement	7,111	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580
Kimbriki Landfill Remediation	15,418	18,207	20,660	23,214	25,601	20,955	23,455	26,059	23,508	26,160	23,662	23,004	25,733
Unexpended Grants - tied to liability	31,960	26,118	10,280	7,173	7,236	7,299	7,363	7,426	7,488	7,555	7,626	7,703	7,779
Special Variation - future works fund	-	-	-	4,514	14,177	28,815	42,729	36,751	49,963	62,491	41,267	16,355	1,651
Other	18,794	17,152	13,286	10,899	9,939	12,306	14,324	16,481	17,380	15,225	16,075	16,111	15,730
Total Internally Restricted	**90,833**	**88,585**	**71,334**	**72,907**	**84,060**	**96,483**	**114,978**	**113,824**	**125,447**	**138,539**	**115,738**	**90,280**	**78,000**
Total Restricted Cash	**143,119**	**150,849**	**123,789**	**116,746**	**124,023**	**140,668**	**164,073**	**149,739**	**163,552**	**177,941**	**158,067**	**131,450**	**124,514**
Total Unrestricted Cash	**39,787**	**49,365**	**50,251**	**40,232**	**36,233**	**38,301**	**38,674**	**42,609**	**47,699**	**51,996**	**54,897**	**59,524**	**65,114**
Unrestricted cash breakdown:													
Unrestricted - Northern Beaches	**30,792**	**42,971**	**45,241**	**35,523**	**31,724**	**33,801**	**32,899**	**35,401**	**38,649**	**41,224**	**42,366**	**45,016**	**48,779**
Unrestricted - Kimbriki	**8,995**	**6,394**	**5,010**	**4,709**	**4,509**	**4,500**	**5,776**	**7,207**	**9,050**	**10,773**	**12,532**	**14,508**	**16,334**

Scenario 1: Delivery Program model – Special variation

Capital budget statement

Financial year:	Result 2022/23 $ '000	Result 2023/24 $ '000	Forecast 2024/25 $ '000	Budget 2025/26 $ '000	Year 2 2026/27 $ '000	Year 3 2027/28 $ '000	Year 4 2028/29 $ '000	Year 5 2029/30 $ '000	Year 6 2030/31 $ '000	Year 7 2031/32 $ '000	Year 8 2032/33 $ '000	Year 9 2033/34 $ '000	Year 10 2034/35 $ '000
Capital Funding													
Working Capital	16,118	5,645	5,015	3,438	3,144	3,150	3,257	1,564	1,571	1,578	1,586	1,594	1,598
Depreciation	32,322	31,876	34,277	41,135	44,127	43,140	44,556	45,370	45,479	46,737	47,927	48,978	50,427
Capital grants and contributions													
Grants and contributions	20,265	12,791	28,851	17,185	10,884	5,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350
Externally restricted reserves													
- Developer contributions	8,088	14,527	21,323	16,161	14,659	6,633	7,529	9,698	9,636	10,490	9,848	14,413	6,500
- Domestic Waste	-	-	-	-	-	-	-	14,048	-	-	-	-	-
- Other	2,347	1,757	1,965	2,397	2,806	1,917	1,904	2,012	2,000	2,518	1,976	1,964	2,006
Internally restricted reserves													
- Special rate variation	8	2	227	6,239	15,456	26,452	29,827	50,196	30,666	33,350	69,418	75,055	65,939
- Borrowings	-	-	9,935	515	-	-	-	-	-	-	-	-	-
- Other	1,595	4,357	6,288	6,835	6,000	3,173	3,499	3,474	4,848	8,035	5,110	6,065	6,571
Income from sale of assets													
- Plant and equipment	2,112	2,513	2,103	2,292	2,246	2,041	2,221	2,304	2,194	2,850	2,270	2,980	3,060
Total funding	**82,856**	**73,468**	**109,983**	**96,197**	**99,323**	**91,857**	**96,145**	**132,016**	**99,745**	**108,908**	**141,484**	**154,399**	**139,452**

Scenario 1: Delivery Program model – Special variation

Capital budget statement (continued)

Financial year:	Result 2022/23 $ '000	Result 2023/24 $ '000	Forecast 2024/25 $ '000	Budget 2025/26 $ '000	Year 2 2026/27 $ '000	Year 3 2027/28 $ '000	Year 4 2028/29 $ '000	Year 5 2029/30 $ '000	Year 6 2030/31 $ '000	Year 7 2031/32 $ '000	Year 8 2032/33 $ '000	Year 9 2033/34 $ '000	Year 10 2034/35 $ '000
Capital Expenditure													
Buildings	15,413	9,681	25,963	12,960	23,193	13,919	19,649	36,383	12,960	18,459	55,893	55,794	27,739
Community Land	838	160	2,740	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	74	65	178	36	36	36	36	36	36	36	36	36	36
Land Improvements	-	-	4,474	3,637	3,548	3,572	1,996	2,022	2,049	2,076	2,104	2,134	2,160
Land Under Roads	-	-	-	-	-	-	-	-	-	-	-	-	-
Library Books	685	707	799	752	771	790	809	829	849	870	892	914	937
Office Equipment	2,904	2,569	3,122	2,608	2,500	2,563	2,624	2,687	2,752	2,821	2,891	2,963	3,037
Open Space / Recreational	10,501	14,008	17,100	18,423	13,653	11,366	10,263	14,312	18,886	16,859	11,411	16,669	9,992
Other Assets	163	357	135	630	73	-	-	-	-	-	-	-	-
Other Structures	2,302	1,606	6,588	3,829	5,537	7,011	3,586	2,608	3,407	2,633	2,676	2,720	2,762
Plant & Equipment	3,275	6,673	8,029	7,524	7,731	5,234	6,116	20,121	6,164	11,006	7,533	9,053	9,860
Road, Bridges & Footpaths	24,323	23,385	31,848	34,249	28,393	28,726	32,035	33,406	34,349	35,066	38,335	39,948	44,353
Stormwater Drainage	8,485	8,686	7,197	10,528	11,501	15,544	16,666	16,836	16,627	16,606	17,174	21,563	35,902
Swimming Pools	1,109	620	1,811	1,020	2,388	3,097	2,364	2,777	1,667	2,477	2,540	2,606	2,674
Other Kimbriki Assets	12,785	4,951	-	-	-	-	-	-	-	-	-	-	-
Total expenditure	**82,856**	**73,468**	**109,983**	**96,197**	**99,323**	**91,857**	**96,145**	**132,016**	**99,745**	**108,908**	**141,484**	**154,399**	**139,452**

Scenario 1: Delivery Program model – Special variation

Statement of borrowings

The Long-Term Financial Plan recognises debt can be an important source of funds for large capital projects. Spreading these costs over a number of years facilitates inter-generational equity and smooths out long term expenditure peaks and troughs, where financially sustainable.

When Council seeks a loan, these are sourced from authorised financial institutions licensed by the Australian Prudential Regulatory Authority (APRA) to carry on banking business (Authorised Deposit Taking Institutions or NSW Treasury Corporation) and secured over rates income.

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

Scenario 1: Delivery Program model – Special variation

Statement of performance measures

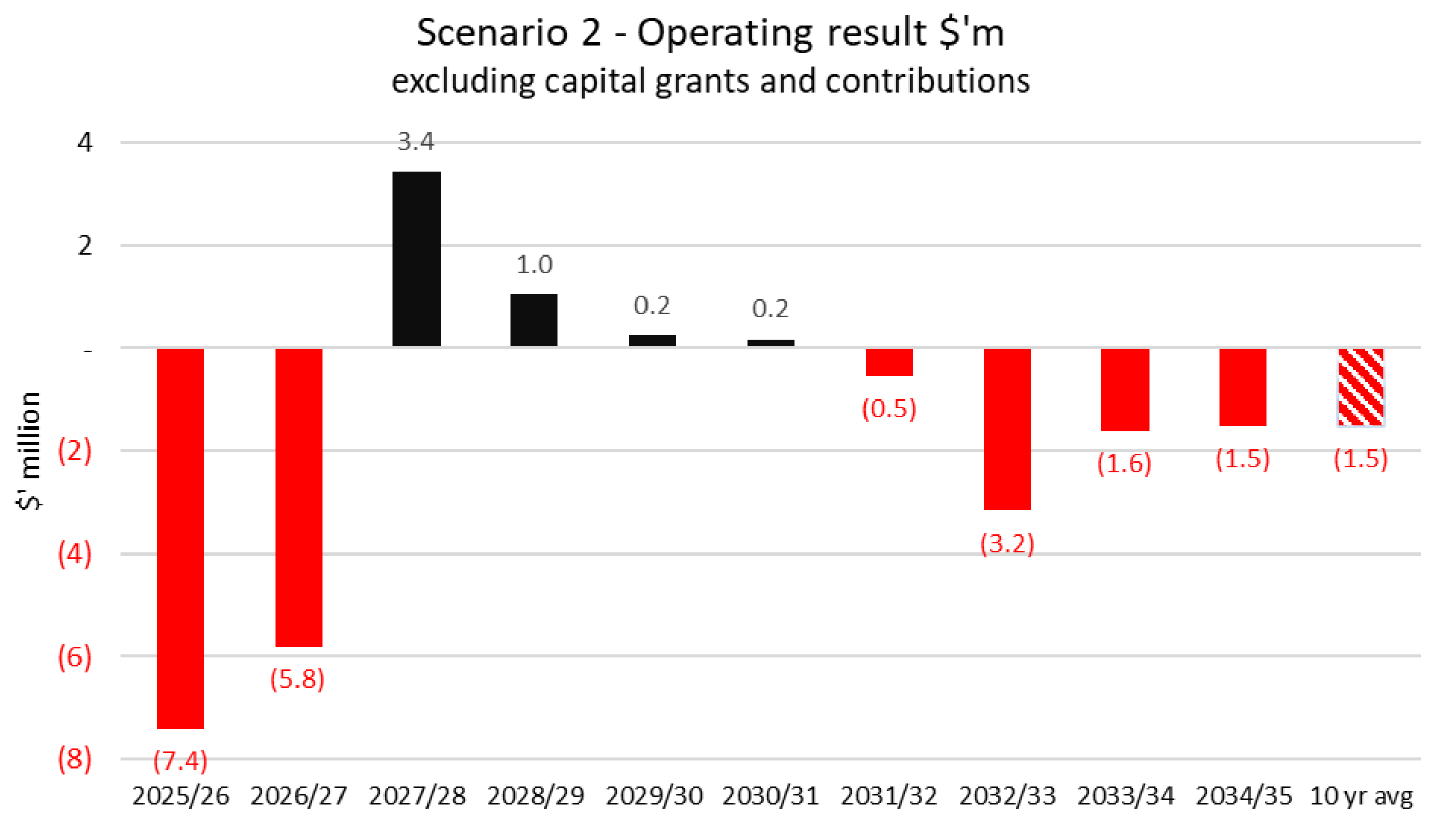
	OLG Benchmark	Result 2022/23	Result 2023/24	Forecast 2024/25	Budget 2025/26	Year 2 2026/27	Year 3 2027/28	Year 4 2028/29	Year 5 2029/30	Year 6 2030/31	Year 7 2031/32	Year 8 2032/33	Year 9 2033/34	Year 10 2034/35
Budget Performance														
Operating Performance Ratio	> 0%	4.5%	3.7%	0.4%	0.8%	4.0%	8.9%	8.7%	8.1%	8.3%	8.0%	7.2%	7.5%	7.5%
measures the extent to which a council has succeeded in containing operating expenditure within operating revenue.		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Own Source Operating Revenue Ratio	> 60%	84.6%	87.4%	86.7%	90.4%	91.7%	93.6%	94.0%	94.0%	94.0%	93.9%	94.1%	94.0%	94.5%
measures fiscal flexibility. It is the degree of reliance on external funding sources.		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Operational Liquidity														
Unrestricted Current Ratio	> 1.5x	1.92x	2.18x	2.49x	2.34x	2.13x	2.54x	2.84x	2.62x	3.01x	2.97x	2.72x	2.51x	2.42x
represents a council's ability to meet short-term obligations as they fall due.		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	< 5%	3.6%	3.8%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
expressed as a percentage of total rates and charges available for collection in the financial year.		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cash Expense Cover Ratio	> 3mths	6.1mths	6.4mths	5.1mths	4.5mths	4.5mths	4.9mths	5.4mths	5.0mths	5.3mths	5.6mths	5.0mths	4.4mths	4.3mths
liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Liability and Debt Management														
Debt Service Cover Ratio	> 2x	7.7x	6.9x	8.1x	11.2x	19.1x	25.3x	25.7x	28.0x	28.2x	28.4x	28.1x	28.7x	31.5x
measures the availability of operating cash to service loan repayments.		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Scenario 1: Delivery Program model – Special variation

Statement of performance measures (continued)

	OLG Benchmark	Result 2022/23	Result 2023/24	Forecast 2024/25	Budget 2025/26	Year 2 2026/27	Year 3 2027/28	Year 4 2028/29	Year 5 2029/30	Year 6 2030/31	Year 7 2031/32	Year 8 2032/33	Year 9 2033/34	Year 10 2034/35
Asset Management														
Building and Infrastructure Renewals Ratio *assesses the rate at which these assets are being renewed against the rate at which they are depreciating.*	> 100%	130.8% ✓	94.6% ✗	96.0% ✗	122.2% ✓	124.9% ✓	133.4% ✓	141.0% ✓	174.3% ✓	136.6% ✓	135.5% ✓	195.1% ✓	198.7% ✓	176.5% ✓
Infrastructure Backlog Ratio *ratio shows what proportion the infrastructure backlog is against the total net carrying amount of a council's infrastructure.*	< 2%	1.49% ✓	1.52% ✓	1.53% ✓	1.53% ✓	1.52% ✓	1.53% ✓	1.53% ✓	1.52% ✓	1.53% ✓	1.53% ✓	1.52% ✓	1.50% ✓	1.49% ✓
Asset Maintenance Ratio *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.*	> 100%	109.7% ✓	98.1% ✗	94.2% ✗	97.4% ✗	98.5% ✗	100.7% ✓	100.3% ✓	100.4% ✓	100.6% ✓	100.5% ✓	100.6% ✓	100.6% ✓	100.7% ✓
Cost to bring assets to agreed service level *ratio shows what proportion the infrastructure backlog is against the total gross replacement cost of a council's infrastructure.*		1.22% ✓	1.17% ✓	1.19% ✓	1.19% ✓	1.20% ✓	1.22% ✓	1.23% ✓	1.24% ✓	1.25% ✓	1.26% ✓	1.27% ✓	1.27% ✓	1.27% ✓

10.2 Scenario 2: Alternative model - Rate peg only



Scenario 2: Alternative model – Rate peg only

Income statement

Financial year:	Result 2022/23 $ '000	Result 2023/24 $ '000	Forecast 2024/25 $ '000	Budget 2025/26 $ '000	Year 2 2026/27 $ '000	Year 3 2027/28 $ '000	Year 4 2028/29 $ '000	Year 5 2029/30 $ '000	Year 6 2030/31 $ '000	Year 7 2031/32 $ '000	Year 8 2032/33 $ '000	Year 9 2033/34 $ '000	Year 10 2034/35 $ '000
Income from continuing operations													
Rates and annual charges	234,424	246,432	259,642	268,901	277,850	286,437	295,018	302,254	311,204	320,568	330,419	340,889	351,659
User charges and fees	91,876	99,931	104,275	104,607	106,887	109,429	111,817	114,352	116,953	119,672	122,530	125,507	128,567
Other revenues	20,086	21,620	22,658	21,313	21,625	21,945	22,260	22,569	22,885	23,222	23,582	23,951	24,329
Grants and contributions provided for operating purposes	31,496	26,529	25,587	21,004	20,866	20,991	20,158	21,686	21,120	22,692	22,194	23,814	23,344
Grants and contributions provided for capital purposes	33,917	29,218	36,482	24,339	20,148	12,434	11,774	11,236	12,301	12,516	12,745	12,980	11,271
Interest and investment revenue	7,085	11,083	10,238	8,007	4,754	4,725	4,871	4,568	4,566	4,720	4,833	4,890	5,934
Other Income	6,392	6,915	6,993	7,069	7,246	7,427	7,605	7,780	7,959	8,150	8,354	8,563	8,777
Net gain from the disposal of assets	167	-	432	503	571	306	317	331	424	837	482	568	696
Total income from continuing operations	**425,443**	**441,728**	**466,308**	**455,742**	**459,946**	**463,694**	**473,819**	**484,775**	**497,412**	**512,377**	**525,139**	**541,162**	**554,577**
Expenses from continuing operations													
Employee benefits and on-costs	146,153	159,331	172,184	177,437	182,869	185,616	191,409	197,382	203,542	209,894	216,447	223,204	230,072
Materials and services	157,273	163,471	178,271	181,190	177,864	177,324	182,057	186,026	188,933	194,979	200,434	205,033	208,904
Borrowing costs	2,738	2,689	2,605	3,037	2,641	2,560	2,472	2,407	2,381	2,351	2,319	2,285	2,252
Depreciation, amortisation and impairment for non-financial assets	46,821	48,975	53,170	54,594	57,257	57,383	58,832	59,876	61,017	62,526	63,991	65,067	67,423
Other expenses	20,765	22,569	21,552	22,548	24,975	24,944	26,236	27,605	29,070	30,654	32,366	34,202	36,170
Net loss from the disposal of assets	-	545	-	-	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	**373,750**	**397,580**	**427,781**	**438,805**	**445,605**	**447,826**	**461,006**	**473,296**	**484,942**	**500,404**	**515,558**	**529,790**	**544,821**
Operating result - Surplus / (Deficit)	**51,693**	**44,148**	**38,526**	**16,937**	**14,341**	**15,868**	**12,813**	**11,479**	**12,470**	**11,973**	**9,581**	**11,372**	**9,757**
Operating result before grants and contributions provided for capital purposes	**17,776**	**14,930**	**2,044**	**(7,402)**	**(5,807)**	**3,434**	**1,040**	**243**	**168**	**(543)**	**(3,164)**	**(1,609)**	**(1,515)**

Scenario 2: Alternative model – Rate peg only

Balance sheet

As at 30 June:	Result 2023 $ '000	Result 2024 $ '000	Forecast 2025 $ '000	Budget 2026 $ '000	Year 2 2027 $ '000	Year 3 2028 $ '000	Year 4 2029 $ '000	Year 5 2030 $ '000	Year 6 2031 $ '000	Year 7 2032 $ '000	Year 8 2033 $ '000	Year 9 2034 $ '000	Year 10 2035 $ '000
ASSETS													
Current assets													
Cash and cash equivalents	6,605	17,541	11,841	10,830	10,738	11,022	11,240	11,409	11,688	11,892	11,589	11,924	11,731
Investments	175,623	182,096	161,722	141,277	134,669	137,673	146,505	140,959	145,389	150,332	153,845	155,360	167,807
Receivables	20,844	25,958	23,897	24,816	22,322	22,832	23,352	23,857	24,396	24,953	25,543	26,158	26,813
Inventories	372	392	403	415	425	436	447	457	467	479	491	503	515
Prepayments	3,364	4,984	5,129	5,277	5,409	5,544	5,677	5,808	5,942	6,084	6,236	6,392	6,552
Total current assets	**206,808**	**230,971**	**202,992**	**182,615**	**173,563**	**177,508**	**187,221**	**182,490**	**187,882**	**193,739**	**197,703**	**200,337**	**213,418**
Non-Current Assets													
Investments	678	577	477	357	237	117	-	-	-	-	-	-	-
Receivables	1,012	952	988	1,026	1,061	1,093	1,126	1,160	1,195	1,231	1,269	1,309	1,351
Infrastructure, property, plant and equipment	5,413,807	5,643,257	5,843,075	6,009,141	6,154,778	6,286,111	6,416,251	6,559,939	6,693,822	6,841,374	6,993,787	7,156,436	7,315,864
Investment property	6,320	6,565	6,810	7,055	7,300	7,545	7,790	8,035	8,280	8,525	8,770	9,015	9,260
Right of use assets	7,811	6,544	5,209	3,947	2,686	1,424	163	108	54	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	**5,429,628**	**5,657,895**	**5,856,559**	**6,021,526**	**6,166,061**	**6,296,291**	**6,425,330**	**6,569,243**	**6,703,351**	**6,851,130**	**7,003,826**	**7,166,760**	**7,326,475**
Total assets	**5,636,436**	**5,888,866**	**6,059,551**	**6,204,141**	**6,339,625**	**6,473,799**	**6,612,551**	**6,751,733**	**6,891,232**	**7,044,869**	**7,201,529**	**7,367,098**	**7,539,893**

Scenario 2: Alternative model – Rate peg only

Balance sheet (continued)

As at 30 June:	Result 2023 $ '000	Result 2024 $ '000	Forecast 2025 $ '000	Budget 2026 $ '000	Year 2 2027 $ '000	Year 3 2028 $ '000	Year 4 2029 $ '000	Year 5 2030 $ '000	Year 6 2031 $ '000	Year 7 2032 $ '000	Year 8 2033 $ '000	Year 9 2034 $ '000	Year 10 2035 $ '000
LIABILITIES													
Current liabilities													
Payables	47,806	55,607	52,263	53,023	53,835	54,662	55,488	56,316	57,165	58,059	59,002	59,975	60,975
Contract Liabilities	27,619	20,102	5,057	5,135	5,325	5,481	5,635	5,793	5,956	6,129	6,313	6,502	6,692
Lease Liabilities	1,241	1,279	1,307	1,347	1,388	1,430	63	66	70	-	-	-	-
Borrowings	3,340	2,178	2,449	1,583	1,675	1,773	1,506	1,585	1,669	1,756	1,849	1,618	-
Employee benefit provisions	34,754	35,901	35,919	36,856	38,000	39,181	40,398	41,653	42,947	44,282	45,659	47,079	48,543
Provisions	1,060	1,193	1,193	1,401	8,463	1,352	1,394	6,621	1,518	6,771	4,990	1,717	1,770
Total current liabilities	**115,820**	**116,260**	**98,188**	**99,346**	**108,686**	**103,878**	**104,483**	**112,035**	**109,326**	**116,998**	**117,813**	**116,891**	**117,979**
Non-current liabilities													
Payables	100	50	-	-	-	-	-	-	-	-	-	-	-
Contract Liabilities	8,239	10,053	9,518	6,293	6,200	6,106	6,013	5,919	5,826	5,732	5,639	5,545	5,452
Lease Liabilities	6,996	5,717	4,365	3,018	1,630	200	137	70	-	-	-	-	-
Borrowings	9,185	6,984	15,015	13,432	11,757	9,984	8,477	6,892	5,224	3,467	1,618	-	-
Employee benefit provisions	1,843	2,001	2,001	2,054	2,118	2,184	2,252	2,323	2,395	2,470	2,547	2,627	2,709
Provisions	45,094	45,433	46,342	48,257	43,262	45,511	47,528	44,452	46,618	43,435	42,172	44,083	45,921
Total non-current liabilities	**71,457**	**70,238**	**77,242**	**73,053**	**64,967**	**63,984**	**64,407**	**59,656**	**60,063**	**55,105**	**51,976**	**52,255**	**54,081**
Total liabilities	**187,277**	**186,498**	**175,430**	**172,399**	**173,653**	**167,863**	**168,890**	**171,691**	**169,389**	**172,103**	**169,789**	**169,146**	**172,061**
Net assets	**5,449,159**	**5,702,368**	**5,884,121**	**6,031,742**	**6,165,972**	**6,305,936**	**6,443,660**	**6,580,042**	**6,721,844**	**6,872,766**	**7,031,740**	**7,197,952**	**7,367,833**
EQUITY													
Accumulated Surplus	4,980,559	5,024,590	5,062,962	5,079,745	5,093,968	5,109,718	5,122,413	5,133,774	5,146,125	5,157,980	5,167,443	5,178,697	5,188,335
IPP&E Revaluation Surplus	468,600	677,778	821,158	951,997	1,072,004	1,196,218	1,321,248	1,446,269	1,575,719	1,714,786	1,864,297	2,019,256	2,179,498
Total equity	**5,449,159**	**5,702,368**	**5,884,121**	**6,031,742**	**6,165,972**	**6,305,936**	**6,443,660**	**6,580,042**	**6,721,844**	**6,872,766**	**7,031,740**	**7,197,952**	**7,367,833**

Scenario 2: Alternative model – Rate peg only

Cashflow statement

Financial year:	Result 2022/23 $ '000	Result 2023/24 $ '000	Forecast 2024/25 $ '000	Budget 2025/26 $ '000	Year 2 2026/27 $ '000	Year 3 2027/28 $ '000	Year 4 2028/29 $ '000	Year 5 2029/30 $ '000	Year 6 2030/31 $ '000	Year 7 2031/32 $ '000	Year 8 2032/33 $ '000	Year 9 2033/34 $ '000	Year 10 2034/35 $ '000
Cash flows from operating activities													
Receipts:													
Rates and annual charges	234,281	245,463	259,172	268,413	277,526	286,131	294,713	301,940	310,881	320,235	330,065	340,512	351,270
User charges and fees	96,268	104,315	109,882	110,739	113,156	115,847	118,379	121,061	123,814	126,692	129,711	132,861	136,099
Interest received	4,873	9,052	10,191	7,996	4,721	4,677	4,812	4,534	4,512	4,664	4,777	4,834	5,857
Grants and contributions	76,799	48,521	46,315	42,091	44,369	33,666	32,157	33,158	33,662	35,471	35,200	37,074	34,868
Bonds, deposits and retentions received	7,741	8,143	6,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742
Other	41,346	44,656	48,120	45,321	44,833	43,935	44,167	46,357	46,083	47,131	48,059	49,380	49,251
Payments:													
Payments to employees	(145,037)	(156,343)	(172,035)	(176,253)	(181,422)	(184,124)	(189,871)	(195,796)	(201,906)	(208,208)	(214,707)	(221,410)	(228,222)
Payments for materials and services	(176,928)	(182,311)	(200,682)	(204,931)	(199,732)	(204,986)	(201,411)	(206,164)	(214,404)	(215,503)	(225,760)	(228,932)	(228,664)
Borrowing costs	(1,064)	(924)	(696)	(1,039)	(869)	(739)	(601)	(484)	(404)	(319)	(231)	(139)	(46)
Bonds, deposits and retentions refunded	(5,571)	(5,867)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)
Other	(22,019)	(21,914)	(24,636)	(22,411)	(24,769)	(24,729)	(26,026)	(27,400)	(28,863)	(30,437)	(32,139)	(33,973)	(35,940)
Net Cash flows from operating activities	**110,689**	**92,791**	**74,632**	**69,926**	**77,813**	**69,678**	**76,320**	**77,207**	**73,376**	**79,727**	**74,974**	**80,207**	**84,473**

Scenario 2: Alternative model – Rate peg only

Cashflow statement (continued)

Financial year:	Result 2022/23 $ '000	Result 2023/24 $ '000	Forecast 2024/25 $ '000	Budget 2025/26 $ '000	Year 2 2026/27 $ '000	Year 3 2027/28 $ '000	Year 4 2028/29 $ '000	Year 5 2029/30 $ '000	Year 6 2030/31 $ '000	Year 7 2031/32 $ '000	Year 8 2032/33 $ '000	Year 9 2033/34 $ '000	Year 10 2034/35 $ '000
Cash flows from investing activities													
Receipts:													
Sale of investments	272,227	269,831	318,300	319,500	314,500	320,700	308,600	302,600	313,900	315,750	282,200	280,480	293,500
Proceeds from sale of IPPE	2,167	2,513	2,223	2,292	2,246	2,041	2,221	2,304	2,194	2,850	2,270	2,980	3,060
Payments:													
Purchase of investment securities	(297,123)	(276,178)	(297,826)	(298,935)	(307,772)	(323,584)	(317,315)	(297,054)	(318,330)	(320,693)	(285,713)	(281,995)	(305,947)
Payments for IPPE	(81,973)	(73,302)	(109,983)	(89,958)	(83,867)	(65,405)	(66,317)	(81,820)	(69,079)	(75,557)	(72,066)	(79,344)	(73,513)
Net Cash flows from investing activities	**(104,702)**	**(77,136)**	**(87,287)**	**(67,101)**	**(74,892)**	**(66,248)**	**(72,811)**	**(73,970)**	**(71,314)**	**(77,650)**	**(73,309)**	**(77,878)**	**(82,900)**
Cash flows from financing activities													
Receipts:													
Proceeds from borrowings	-	2,500	12,850	-	-	-	-	-	-	-	-	-	-
Payments:													
Repayment of borrowings	(4,783)	(5,863)	(4,549)	(2,449)	(1,583)	(1,675)	(1,773)	(1,506)	(1,585)	(1,669)	(1,756)	(1,849)	(1,618)
Lease liabilities (principal repayments)	(1,238)	(1,241)	(1,231)	(1,269)	(1,307)	(1,347)	(1,388)	(1,430)	(63)	(66)	(70)	-	-
Dividends paid to minority interest	(58)	(115)	(115)	(119)	(122)	(125)	(128)	(131)	(134)	(138)	(141)	(145)	(148)
Net Cash flows from financing activities	**(6,079)**	**(4,719)**	**6,955**	**(3,836)**	**(3,012)**	**(3,147)**	**(3,290)**	**(3,068)**	**(1,783)**	**(1,873)**	**(1,967)**	**(1,993)**	**(1,766)**
Net change in cash and cash equivalents	**(92)**	**10,936**	**(5,700)**	**(1,011)**	**(92)**	**284**	**218**	**169**	**279**	**203**	**(303)**	**335**	**(194)**
Cash and cash equivalents at beginning of year	6,697	6,605	17,541	11,841	10,830	10,738	11,022	11,240	11,409	11,688	11,892	11,589	11,924
Cash and cash equivalents at end of year	**6,605**	**17,541**	**11,841**	**10,830**	**10,738**	**11,022**	**11,240**	**11,409**	**11,688**	**11,892**	**11,589**	**11,924**	**11,731**
Investments at year end	176,301	182,673	162,199	141,634	134,906	137,790	146,505	140,959	145,389	150,332	153,845	155,360	167,807
Cash, cash equivalents and investments at end of year	***182,906***	***200,214***	***174,040***	***152,464***	***145,644***	***148,812***	***157,745***	***152,368***	***157,077***	***162,224***	***165,434***	***167,284***	***179,537***
Net change in cash, cash equivalents and investments		***17,308***	***(26,174)***	***(21,576)***	***(6,820)***	***3,168***	***8,933***	***(5,377)***	***4,709***	***5,146***	***3,210***	***1,850***	***12,253***

Scenario 2: Alternative model – Rate peg only

Cash and investments statement

As at 30 June:	Result 2023 $ '000	Result 2024 $ '000	Forecast 2025 $ '000	Budget 2026 $ '000	Year 2 2027 $ '000	Year 3 2028 $ '000	Year 4 2029 $ '000	Year 5 2030 $ '000	Year 6 2031 $ '000	Year 7 2032 $ '000	Year 8 2033 $ '000	Year 9 2034 $ '000	Year 10 2035 $ '000
Total Cash and Investments	**182,906**	**200,214**	**174,040**	**152,464**	**145,644**	**148,812**	**157,745**	**152,368**	**157,077**	**162,224**	**165,434**	**167,284**	**179,537**
Represented by:													
Externally Restricted													
Developer Contributions	43,446	47,386	35,322	25,493	20,626	21,739	23,298	22,147	22,069	21,339	21,472	17,213	19,225
Unexpended Grants - not tied to liability	597	573	-	-	-	-	-	-	-	-	-	-	-
Domestic Waste Management	7,626	13,176	15,896	17,359	19,009	21,884	24,993	12,837	14,969	17,383	20,025	22,966	26,184
Other externally restricted reserves	618	1,130	1,238	986	328	562	804	932	1,068	681	832	991	1,105
Total Externally Restricted	**52,286**	**62,264**	**52,455**	**43,839**	**39,963**	**44,185**	**49,095**	**35,916**	**38,105**	**39,402**	**42,329**	**41,171**	**46,513**
Internally Restricted													
Deposits, Retentions & Bonds	17,550	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527
Employee Leave Entitlement	7,111	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580
Kimbriki Landfill Remediation	15,418	18,207	20,660	23,214	25,601	20,955	23,455	26,059	23,508	26,160	23,662	23,004	25,733
Unexpended Grants - tied to liability	31,960	26,118	10,280	7,173	7,236	7,299	7,363	7,426	7,488	7,555	7,626	7,703	7,779
Special Variation - future works fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	18,794	17,152	13,286	10,899	9,939	12,306	14,324	16,481	17,380	15,225	16,075	16,111	15,730
Total Internally Restricted	**90,833**	**88,585**	**71,334**	**68,393**	**69,883**	**67,668**	**72,249**	**77,073**	**75,484**	**76,048**	**74,471**	**73,925**	**76,349**
Total Restricted Cash	**143,119**	**150,849**	**123,789**	**112,231**	**109,846**	**111,853**	**121,344**	**112,988**	**113,589**	**115,450**	**116,800**	**115,095**	**122,862**
Total Unrestricted Cash	**39,787**	**49,365**	**50,251**	**40,232**	**35,798**	**36,959**	**36,401**	**39,380**	**43,488**	**46,774**	**48,634**	**52,189**	**56,675**
Unrestricted cash breakdown:													
Unrestricted - Northern Beaches	**30,792**	**42,971**	**45,241**	**35,523**	**31,289**	**32,459**	**30,626**	**32,173**	**34,438**	**36,001**	**36,102**	**37,681**	**40,341**
Unrestricted - Kimbriki	**8,995**	**6,394**	**5,010**	**4,709**	**4,509**	**4,500**	**5,776**	**7,207**	**9,050**	**10,773**	**12,532**	**14,508**	**16,334**

Scenario 2: Alternative model – Rate peg only

Capital budget statement

Financial year:	Result 2022/23 $ '000	Result 2023/24 $ '000	Forecast 2024/25 $ '000	Budget 2025/26 $ '000	Year 2 2026/27 $ '000	Year 3 2027/28 $ '000	Year 4 2028/29 $ '000	Year 5 2029/30 $ '000	Year 6 2030/31 $ '000	Year 7 2031/32 $ '000	Year 8 2032/33 $ '000	Year 9 2033/34 $ '000	Year 10 2034/35 $ '000
Capital Funding													
Working capital	16,118	5,645	5,015	3,438	3,144	3,150	3,257	1,564	1,571	1,578	1,586	1,594	1,598
Depreciation	32,322	31,876	34,277	41,135	44,127	43,140	44,556	45,370	45,479	46,737	47,927	48,978	50,427
Capital grants and contributions													
Grants and contributions	20,265	12,791	28,851	17,185	10,884	5,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350
Externally restricted reserves													
- Developer contributions	8,088	14,527	21,323	16,161	14,659	6,633	7,529	9,698	9,636	10,490	9,848	14,413	6,500
- Domestic waste	-	-	-	-	-	-	-	14,048	-	-	-	-	-
- Other	2,347	1,757	1,965	2,397	2,806	1,917	1,904	2,012	2,000	2,518	1,976	1,964	2,006
Internally restricted reserves													
- Special rate variation	8	2	227	-	-	-	-	-	-	-	-	-	-
- Borrowings	-	-	9,935	515	-	-	-	-	-	-	-	-	-
- Other	1,595	4,357	6,288	6,835	6,000	3,173	3,499	3,474	4,848	8,035	5,110	6,065	6,571
Income from sale of assets													
- Plant and equipment	2,112	2,513	2,103	2,292	2,246	2,041	2,221	2,304	2,194	2,850	2,270	2,980	3,060
Total funding	**82,856**	**73,468**	**109,983**	**89,958**	**83,867**	**65,405**	**66,317**	**81,820**	**69,079**	**75,557**	**72,066**	**79,344**	**73,513**
Capital Expenditure													
Buildings	15,413	9,681	25,963	11,429	20,816	8,994	11,622	10,158	10,699	10,964	11,238	11,519	11,807
Community Land	838	160	2,740	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	74	65	178	36	36	36	36	36	36	36	36	36	36
Land Improvements	-	-	4,474	3,637	3,548	3,572	1,996	2,022	2,049	2,076	2,104	2,134	2,160
Land Under Roads	-	-	-	-	-	-	-	-	-	-	-	-	-
Library Books	685	707	799	752	771	790	809	829	849	870	892	914	937
Office Equipment	2,904	2,569	3,122	2,608	2,500	2,563	2,624	2,687	2,752	2,821	2,891	2,963	3,037
Open Space / Recreational	10,501	14,008	17,100	18,069	12,130	8,622	7,447	9,678	10,349	11,755	8,547	10,041	8,588
Other Assets	163	357	135	630	73	-	-	-	-	-	-	-	-
Other Structures	2,302	1,606	6,588	3,617	3,858	3,941	959	977	1,812	1,014	1,035	1,057	1,080
Plant & Equipment	3,275	6,673	8,029	7,524	7,731	5,234	6,116	20,121	6,164	11,006	7,533	9,053	9,860
Road, Bridges & Footpaths	24,323	23,385	31,848	32,051	22,635	20,889	22,581	22,993	22,572	22,637	24,973	28,411	23,234
Stormwater Drainage	8,485	8,686	7,197	8,814	8,360	9,532	10,452	10,627	10,856	10,649	11,046	11,399	10,911
Swimming Pools	1,109	620	1,811	791	1,410	1,232	1,675	1,693	941	1,730	1,772	1,817	1,863
Other Kimbriki Assets	12,785	4,951	-	-	-	-	-	-	-	-	-	-	-
Total expenditure	**82,856**	**73,468**	**109,983**	**89,958**	**83,867**	**65,405**	**66,317**	**81,820**	**69,079**	**75,557**	**72,066**	**79,344**	**73,513**

Scenario 2: Alternative model – Rate peg only
Statement of borrowings

The Long-Term Financial Plan recognises debt can be an important source of funds for large capital projects. Spreading these costs over a number of years facilitates inter-generational equity and smooths out long term expenditure peaks and troughs, where financially sustainable.

When Council seeks a loan, these are sourced from authorised financial institutions licensed by the Australian Prudential Regulatory Authority (APRA) to carry on banking business (Authorised Deposit Taking Institutions or NSW Treasury Corporation) and secured over rates income.

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

Scenario 2: Alternative model – Rate peg only

Statement of performance measures

	OLG Benchmark	Result 2022/23	Result 2023/24	Forecast 2024/25	Budget 2025/26	Year 2 2026/27	Year 3 2027/28	Year 4 2028/29	Year 5 2029/30	Year 6 2030/31	Year 7 2031/32	Year 8 2032/33	Year 9 2033/34	Year 10 2034/35
Budget Performance														
Operating Performance Ratio *measures the extent to which a council has succeeded in containing operating expenditure within operating revenue.*	> 0%	4.5% ✓	3.7% ✓	0.4% ✓	(1.8%) ✗	(1.4%) ✗	0.7% ✓	0.2% ✓	0.0% ✓	(0.0%) ✗	(0.3%) ✗	(0.7%) ✗	(0.4%) ✗	(0.4%) ✗
Own Source Operating Revenue Ratio *measures fiscal flexibility. It is the degree of reliance on external funding sources.*	> 60%	84.6% ✓	87.4% ✓	86.7% ✓	90.0% ✓	91.1% ✓	92.8% ✓	93.3% ✓	93.2% ✓	93.3% ✓	93.1% ✓	93.3% ✓	93.2% ✓	93.8% ✓
Operational Liquidity														
Unrestricted Current Ratio *represents a council's ability to meet short-term obligations as they fall due.*	> 1.5x	1.92x ✓	2.18x ✓	2.48x ✓	2.27x ✓	1.91x ✓	2.07x ✓	2.15x ✓	2.06x ✓	2.21x ✓	2.07x ✓	2.08x ✓	2.18x ✓	2.28x ✓
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage *expressed as a percentage of total rates and charges available for collection in the financial year.*	< 5%	3.6% ✓	3.8% ✓	3.8% ✓	3.9% ✓	3.9% ✓	3.9% ✓	3.9% ✓	3.9% ✓	3.9% ✓	3.9% ✓	3.9% ✓	3.9% ✓	3.9% ✓
Cash Expense Cover Ratio *liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.*	> 3mths	6.1mths ✓	6.4mths ✓	5.1mths ✓	4.4mths ✓	4.2mths ✓	4.2mths ✓	4.4mths ✓	4.2mths ✓	4.1mths ✓	4.2mths ✓	4.1mths ✓	4.1mths ✓	4.3mths ✓
Liability and Debt Management														
Debt Service Cover Ratio *measures the availability of operating cash to service loan repayments.*	> 2x	7.7x ✓	6.9x ✓	8.1x ✓	9.2x ✓	12.8x ✓	15.0x ✓	14.7x ✓	16.0x ✓	16.0x ✓	16.0x ✓	15.5x ✓	15.9x ✓	17.6x ✓

Scenario 2: Alternative model – Rate peg only

Statement of performance measures (continued)

	OLG Benchmark	Result 2022/23	Result 2023/24	Forecast 2024/25	Budget 2025/26	Year 2 2026/27	Year 3 2027/28	Year 4 2028/29	Year 5 2029/30	Year 6 2030/31	Year 7 2031/32	Year 8 2032/33	Year 9 2033/34	Year 10 2034/35
Asset Management														
Building and Infrastructure Renewals Rati *assesses the rate at which these assets are being renewed against the rate at which they are depreciating.*	> 100%	130.8% ✔	94.6% ✖	96.0% ✖	109.2% ✔	99.5% ✖	94.1% ✖	94.7% ✖	93.7% ✖	93.0% ✖	91.9% ✖	94.9% ✖	92.1% ✖	87.4% ✖
Infrastructure Backlog Ratio *ratio shows what proportion the infrastructure backlog is against the total net carrying amount of a council's infrastructure.*	< 2%	1.49% ✔	1.52% ✔	1.59% ✔	1.58% ✔	1.60% ✔	1.61% ✔	1.63% ✔	1.65% ✔	1.67% ✔	1.68% ✔	1.69% ✔	1.70% ✔	1.71% ✔
Asset Maintenance Ratio *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.*	> 100%	109.7% ✔	98.1% ✖	94.2% ✖	94.2% ✖	94.3% ✖	94.3% ✖	94.3% ✖	94.3% ✖	94.3% ✖	94.3% ✖	94.4% ✖	94.4% ✖	94.4% ✖
Cost to bring assets to agreed service level *ratio shows what proportion the infrastructure backlog is against the total gross replacement cost of a council's infrastructure.*		1.22% ✔	1.17% ✔	1.23% ✔	1.24% ✔	1.26% ✔	1.27% ✔	1.29% ✔	1.31% ✔	1.33% ✔	1.35% ✔	1.36% ✔	1.38% ✔	1.39% ✔

11. 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% [10]
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%

[10] While the OLG's benchmark for the Operating Performance Ratio is 0%, Northern Beaches Council requires a stronger ratio within a range of 4% to 6% to ensure adequate funds are available to respond to natural disasters, unexpected shocks, failure of infrastructure, unexpected cost shifting from other levels of government, and to set aside funding for future needs including the remediation of the Kimbriki landfill site. The Northern Beaches area is particularly vulnerable to natural hazards including bush fire, flooding, landslip, coastal erosion and storms. Additional funding above this level provides the capacity to invest in improvements to community infrastructure.

Indicator	Measure	Definition	Benchmarks
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