



Long-Term Financial Plan

2024 - 2034

2024/430271 - 14 June 2024

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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 labour, materials, contracts, and construction.

High inflation, severe weather events, the COVID-19 pandemic and significant increases in costs like the Emergency Services Levy, insurance and gas, 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 including fee reviews, achieving efficiency gains and cost savings. This includes \$0.4 million in the development of the 2024/25 budget along with over \$2 million in the previous two financial years. While opportunities are continuously sought, these measures alone are unable to fully offset the impact of recent high inflation levels.

Sydney's inflation over the 3 years to 30 June 2023 was more than double the increase in rates income, which is equivalent to an accumulative variance of 9.7%, or \$18.1 million in rates income. This gap is now built into Council's ongoing rates income, meaning the rate base 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. Updates have been made and include revised assumptions and indexation along with financial modelling for 2 scenarios.

The LTFP 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.

The LTFP explores an alternative scenario to strengthen our position in the future and address the funding gap for the renewal and maintenance of existing assets (\$15.1 million per year). Further engagement would be undertaken with the community to develop this option should Council choose to explore it.

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 to 2034, we considered a range of economic factors likely to affect our performance and finances and also make assumptions about how levels of service delivery to the community may change over time.

The Long-Term Financial Plan is important because it:

- assesses the financial sustainability of delivering service levels defined in the Delivery Program
- allows the costs of long-term strategic decisions to be quantified and debated
- determines the risk of future strategic directions
- allows scenario testing of different policies and service levels
- enables testing of sensitivity and robustness of key assumptions

The LTFP 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.

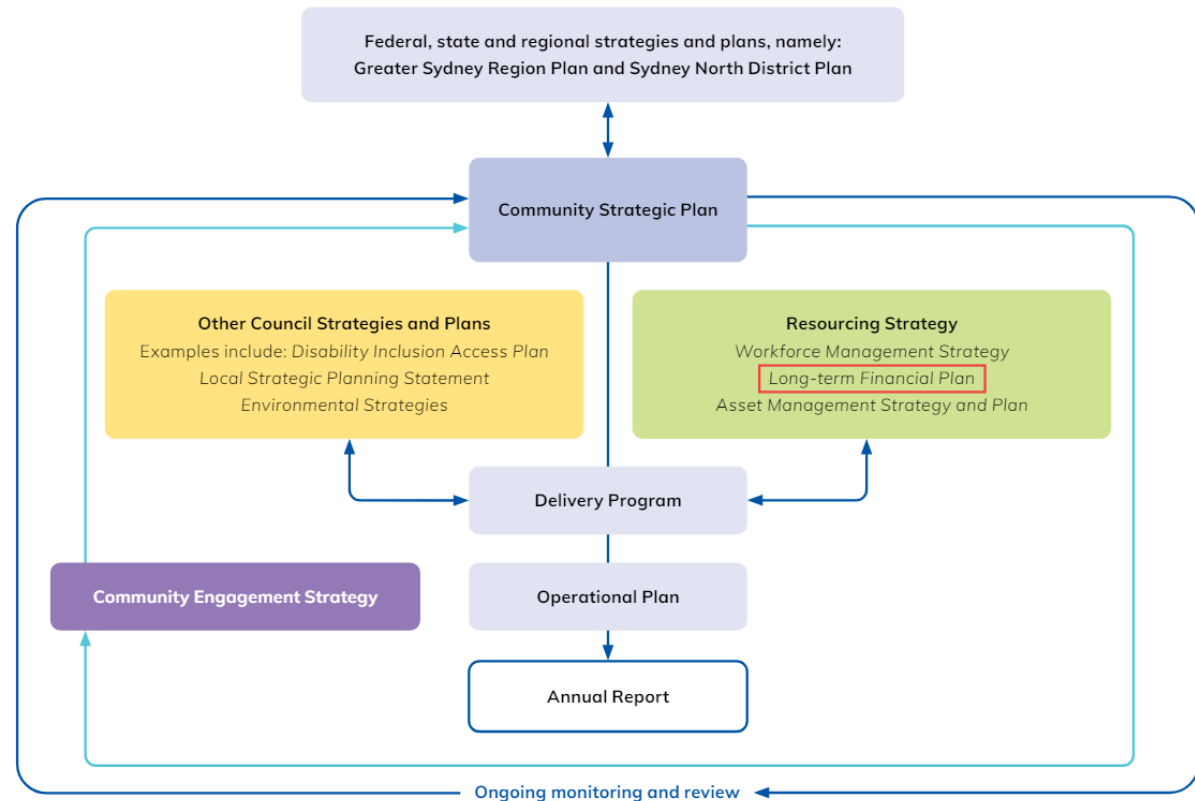
It is comprised of three interrelated elements:

- The LTFP enables us to 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
- any changes to future service levels will be determined in consultation with the community.

5. Fund infrastructure renewal:

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

To do this we will:

- fully use depreciation for the renewal of assets and provide the appropriate level of funding for their scheduled and reactive maintenance – 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 254km² 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 Community¹

The population is 267,921 people (Estimated Resident Population 2023) 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 26% by 2034, another 16,100 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 Economy²

Our local economy features over 33,100 local businesses and:

- 58% of our working population work full time, 32% part time
- 54% of working residents work locally
- 110,747 local jobs with 15% in healthcare and social assistance, 13% in retail and 12% in construction
- healthcare and social assistance is our fastest growing industry
- Gross Regional Product was estimated at almost \$20 billion in 2022.

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, childcare, environment and waste management, parks and recreation, beaches and pools, planning and place management, local transport networks, economic development, cemeteries, holiday facilities, customer

service and community engagement. We work together with the State Government on some of these functions to ensure our community's needs are recognised – such as 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, \$3.5 billion of infrastructure assets and \$0.1 billion of others such as IT equipment, plant and fleet. Our infrastructure assets include the stormwater network, transport network (local roads, paths, cycleways, bus shelters, wharves, bridges, retaining walls), sportsfields and other parks and recreation assets, some foreshore and coastal protection structures and a wide range of buildings and

public amenities. Each year Council plans ahead 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 57% 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, such as Narrabeen Lagoon pedestrian and cycle bridge, new surf club buildings, footpaths and many recent cycleways. 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 most significant financial consideration is the gap that has occurred in recent years between rates income and costs. The new IPART rate peg will not address the historical lag between the rate peg and inflation that caused such a significant gap during recent high inflation periods. IPART suggested councils consider addressing the lag through the Special Rate Variation process.
- This occurred alongside other issues that placed pressure on Council's budget during this period including 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, funding options will need to be explored with the community. Resourcing options to address the funding gap for the renewal and maintenance of existing assets (\$15.1 million per year) is explored in the alternative scenario in this LTFP.

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 over the past four financial 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 5 years the Northern Beaches experienced 7 natural disasters at a cost of \$14 million, of which \$7 million has been recovered to date 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 \$90 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. Inflation increased by 16.8% over the last 3 years – more than double the 7.2% increase in rates income, which is

equivalent to an accumulative gap of \$18.1 million in rates income.³ This reduces Council's capacity to address unfunded elements of the Asset Management Plans.

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.

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

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

³ 3 year period from July 2020 to 30 June 2023

7. Forecasting future budgets

In planning for the financial year 2024/25, 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, nor the method of rating. The Alternative Model explores an application to the IPART for a Special Rate Variation to address unfunded renewal and maintenance requirements of the Asset Management Plan.

Socio-economic analysis and rates affordability

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

Residential properties

In the 2023/24 financial year, there are 96,354 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% 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 \$650⁴.

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 September 2023 Northern Beaches had an unemployment rate of 2.3% (3,633 people), lower than the Greater Sydney rate of 3.4%⁵.

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, September quarter 2023
<https://www.jobsandskills.gov.au/data/small-area-labour-markets>

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)

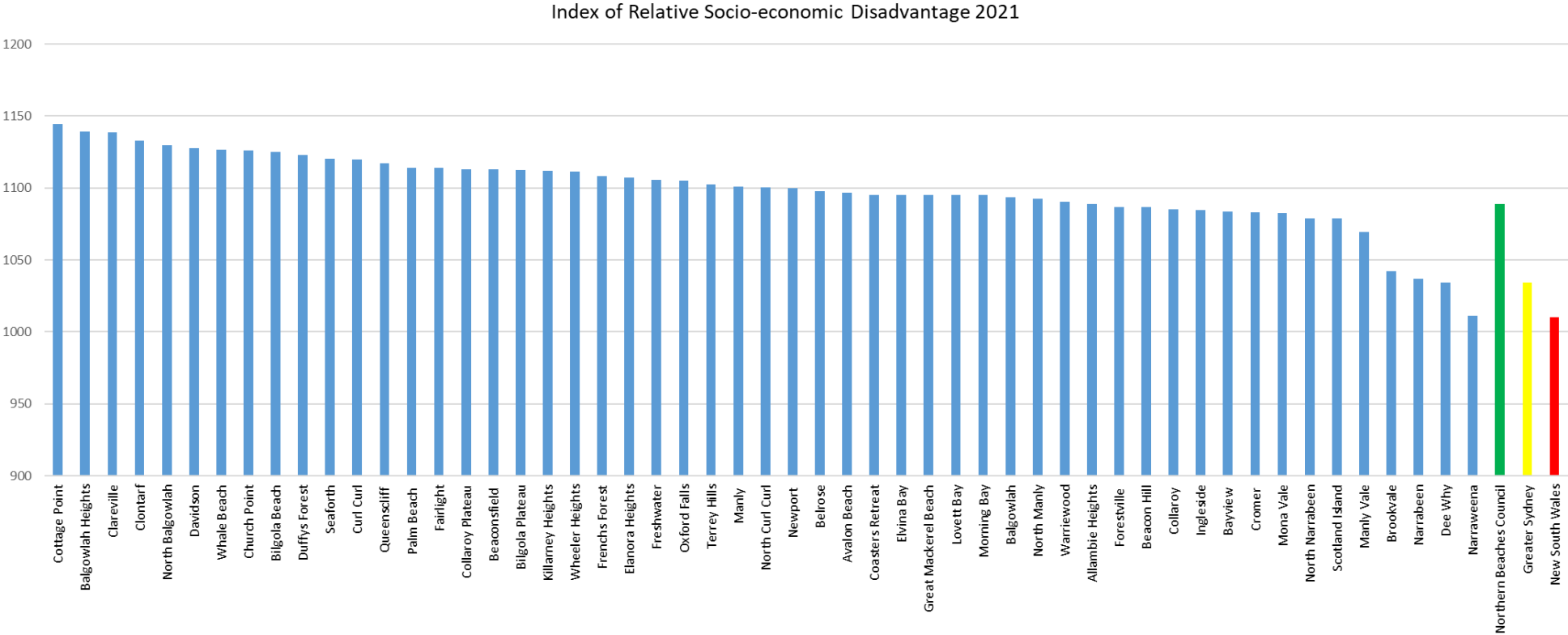
The Index of Relative Socio-Economic Disadvantage (IRSED) is based on the 2021 Census and is useful in identifying geographic areas that are relatively disadvantaged. The index is derived from attributes that reflect disadvantage such as low income, low educational attainment, high unemployment, and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

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.

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

Outstanding rates and annual charges

On 30 June 2023, 3.57% 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 the Council.

Financial hardship and rebates

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

Concessions are also available to eligible pensioners.

Rate peg and Special Rate Variations

The maximum amount councils can collect in income from rates is determined each year by the Independent Pricing and Regulatory Tribunal (IPART) through their rate peg methodology.

A council can apply to IPART for a Special Variation (SRV) to the rate peg – which enables a Council to establish an increase in rates income above the rate peg. An alternative scenario is included in this LTFP to explore this option to provide additional funding for the renewal and maintenance of existing assets.

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. In preparing the LTFP 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

External borrowing is proposed in 2024/25 and 2025/26 to part fund infrastructure projects:

External loan	\$'000
2024/25 Warriewood Valley Community Centre	10,450
2025/26 Manly Life Saving Club (\$1.0m) and Warringah Recreation Centre (\$1.5m)	2,500

Refinancing of an existing loan which has an initial 10-year term will also be undertaken. The residual at maturity of the initial term was based on repayments over a term of 20 years. The refinancing of this loan is consistent with the loan documentation and planning undertaken at its initiation and was endorsed by Council at their meeting on 27 June 2023.

Refinance external loan	\$'000
2024/25 Former Manly Council Loan CBA 48	2,400

An internal loan from the Mona Vale Cemetery Internal Cash Reserve was endorsed by Council at their meeting on 27 June 2023 to part fund the Enterprise Resource Planning system replacement. The loan will be repaid to this internally restricted reserve over 10 years with the equivalent interest the funds would have earned over the same period:

Internal loan	\$'000
2024/25 ERP Project – internal loan from the Mona Vale Cemetery Internally Restricted Cash Reserve	2,400

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 on services to the community, the safety of the community and the protection of community assets. The events of the last few years now mean Council needs to rebuild working capital. Future operating surpluses 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 options will need to be explored with the community.

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.

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

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 296,000 people in 2034, at an average of 0.9% per annum, or approximately 2,500 extra persons per year.⁷

Inflation (Consumer Price Index (CPI))

Inflation has been assumed as follows:

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Consumer Price Index (CPI)	3.2%	2.5%	2.5%	2.5%	2.4%	2.4%	2.4%	2.4%	2.5%	2.5%

Source: Deloitte Access Economics Business Outlook – September Quarter 2023 – Underlying CPI

⁷ Source: .id – March 2024 <https://forecast.id.com.au/northern-beaches>

8.2 Income assumptions

Rates

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Rate peg - Scenario 1: Delivery Program Model	4.9%	3.4%	3.40%	2.80%	2.70%	2.70%	2.70%	2.70%	2.80%	2.80%
Rate peg + SRV - Scenario 2: Alternative Model		3.4% + 10.3%								
Rates and annual charges growth	0.01%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%

2024/25 is based on the IPART's rate peg of 4.9%.

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

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

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

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

Annual Charges - Domestic Waste Management Charge

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Waste charge	5.6%	4.9%	0.8%	2.6%	2.4%	2.3%	2.3%	2.3%	2.4%	2.4%

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

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.

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

Annual Charges – Stormwater Management Services Charge

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Stormwater charge	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

We have assumed there is no change in the Stormwater Management Services Charge, as the charge is capped by legislation and has not changed since it was introduced.

User Fees and Charges

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
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	5.60%	3.00%	3.00%	3.00%	2.90%	2.90%	2.90%	2.90%	3.00%	3.00%

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	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
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 State Government and are not forecast to increase.

Grants and Contributions - Operating Purposes

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
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	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
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 \$7.7 million in contributions in the 2024/25 financial year and these will increase annually in line with CPI with some adjustments for the expected timing of Warriewood Valley s7.11 payments.

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

Interest and Investment Revenues

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Return on investment portfolio	4.65%	3.55%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%

We have used information provided by our Investment Advisors 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	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
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	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Industry Award base increase	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Industry Award step increase	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Super guarantee levy	11.50%	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 3.5% in 2024/25 along with an additional award lump sum payment of the greater of \$1,000 or 0.5% of each permanent employee's annual salary.

The current Award increase is 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	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
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	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Materials and services	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI
Fuel - Petrol price at pump (cents per litre) (Sept 2023)	188.99	188.74	191.92	195.03	197.80	200.20	202.62	205.28	207.82	207.82

Materials and services, including Domestic Waste Management costs and other expenses which represent the principal costs used to deliver services to the community, are forecast to increase in line with the CPI. While the rate of growth projected is uneven it is

forecast to average 2.5% per annum. Fuel is indexed by the forecast change in the petrol price at pump published by Deloitte Access Economics.

Depreciation and Amortisation

The depreciation methodology can be found in the Notes to the Financial Statements. The depreciation expense assumed in the 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	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
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.

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 labour, materials, contracts, and construction, with Sydney's inflation over the 3 years to 30 June 2023 being more than double the increase in rates income.

Infrastructure investment is informed by the Asset Management Plans 2024-2034. 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 projects such as the advancement of technology and the efficiencies and improved customer experience it presents and the optimisation of resources and assets. Funds that may be made available through such projects could be used in a number of ways including supporting the rebuilding of working capital, improvements in services, accelerating the renewal of aging infrastructure or reducing rates. As savings are achieved opportunities will be considered and changes to the Long-Term Financial Plan applied.

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.

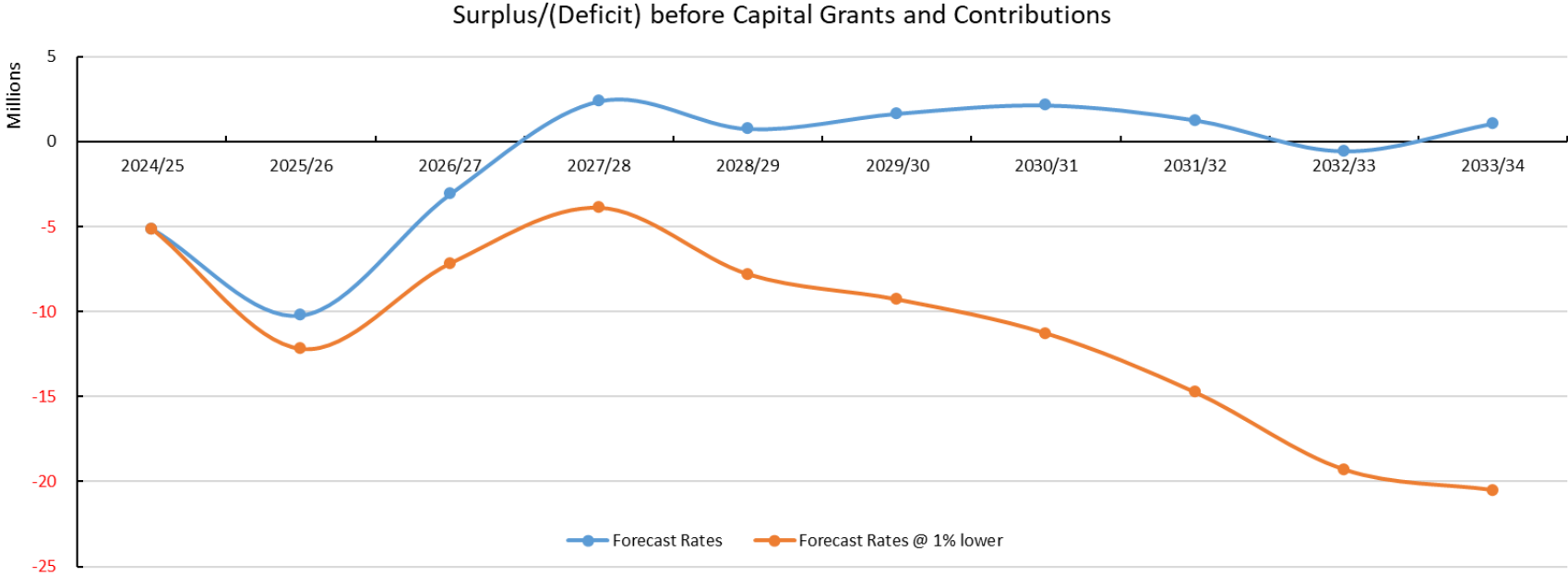
They contain a wide range of assumptions about interest rates and the potential effect of inflation on revenues and expenditures which are largely outside our control. Developing our LTFP includes

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 2024/25 budget.

9.1 Rates

Rates comprise 43% of our total income. Rates are capped by the State Government and we can only increase rates if we apply for a special rate variation through IPART.

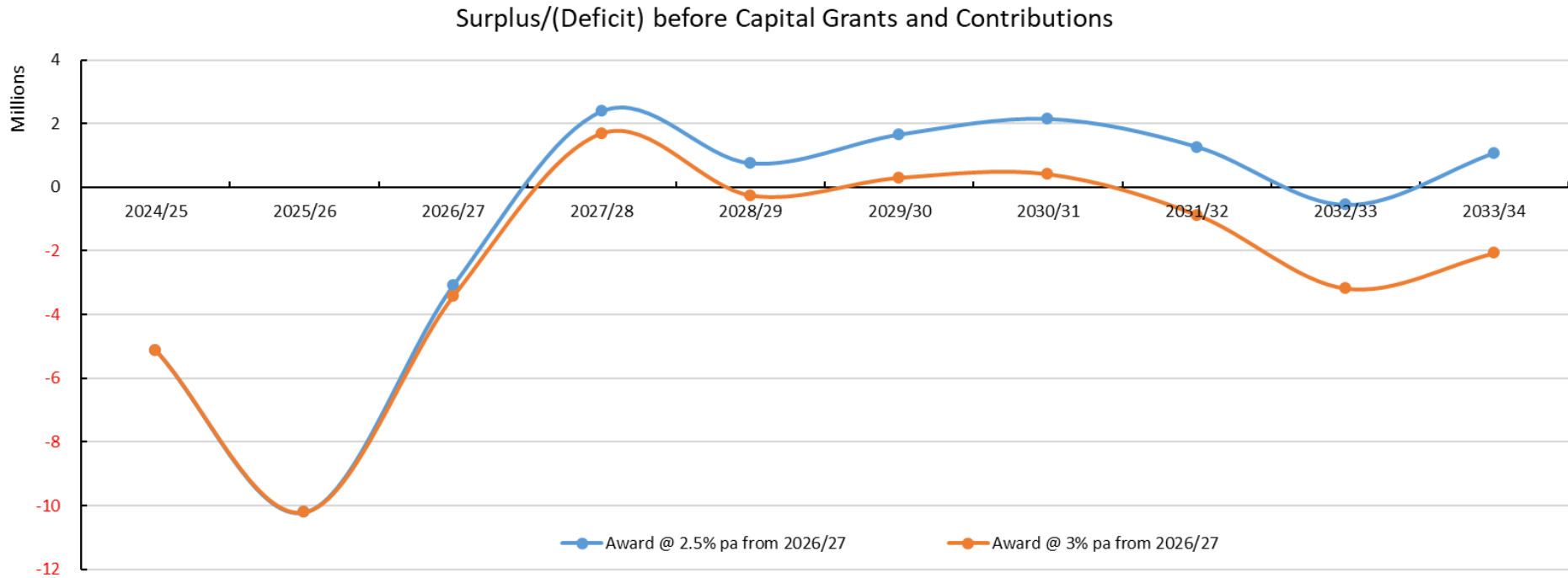
If the rate peg is 1.0% pa lower than forecast from year 2 the budget would remain in deficit and this would continue to grow.



9.2 Employee Costs

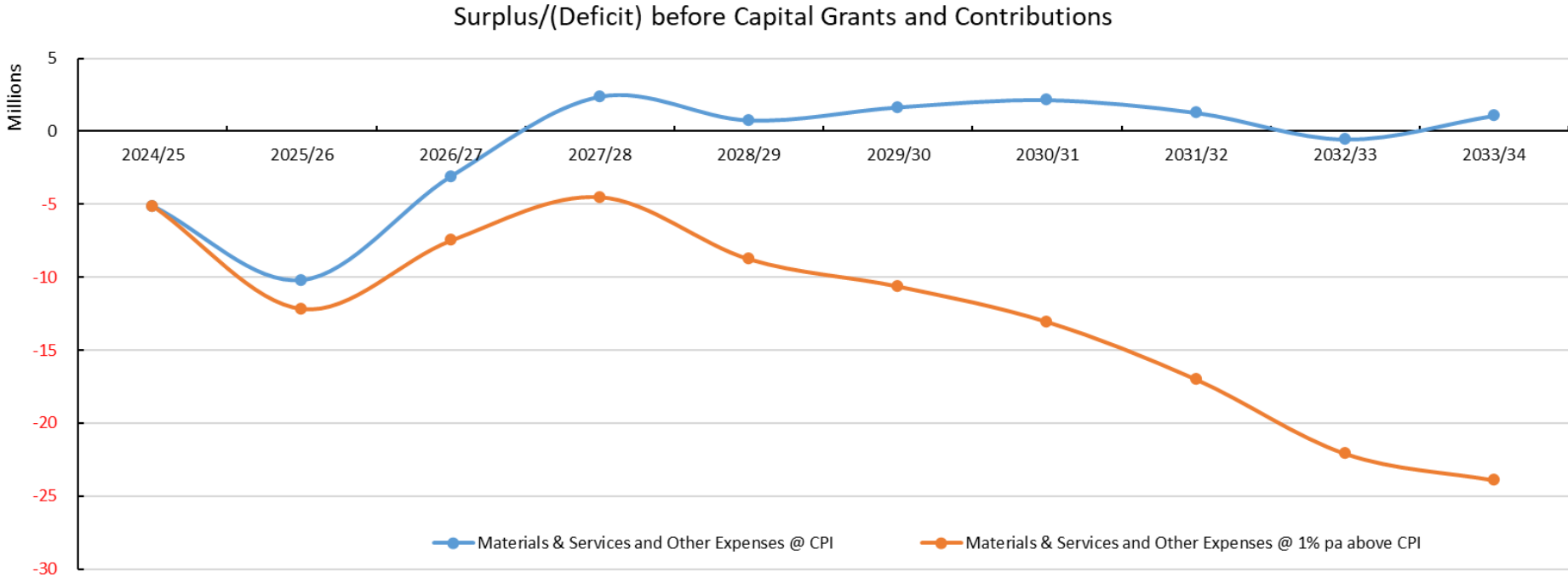
Salary growth is largely subject to the NSW Local Government Award. The current Award expires on 30 June 2026 and we have assumed an annual Award increase of 2.5% in 2026/27 and for each year afterwards before step increases.

If the future Award increase was 0.5% pa higher the budget remain in deficit or only marginally in surplus for each year of the Long-Term Financial Plan from 2028/29.



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 deficit each year 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 two scenarios.

Scenario 1: Delivery Program Model

- This model is consistent with the draft Delivery Program 2024-2028, with rates increases based on the rate peg in each year.
- 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 without the intervention explored in Scenario 2 will continue to reduce services to the community.

Scenario 2: Alternative Model

- This model addresses the maintenance and renewal funding gap for existing assets outlined in the Asset Management Plans, which is \$15.1 million per annum as at 30 June 2023.
- 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.
- To provide funding for this model, rates income increases \$20 million from the 2025/26 financial year (which is retained in future years and equivalent to a 10.3% increase above the forecast rate peg in that year).
- It is important to note this scenario does not provide additional funding for the \$10.4 million per annum funding gap associated with new assets and service uplifts proposed in the Asset Management Plans. Nor does it cover aspirational projects and programs and natural risk reduction measures which could add a further \$16.5 million per annum in costs.

10.1 Scenario 1: Delivery Program Model

Scenario 1: Delivery Program Model Income statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Forecast 2023/24 \$ '000	Budget 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Income from continuing operations													
Rates and annual charges	225,941	234,424	246,515	259,113	269,123	277,032	285,025	292,876	300,907	309,121	317,636	326,687	335,952
User charges and fees	79,722	91,876	98,462	101,855	104,159	106,420	108,943	111,312	113,875	116,506	119,208	122,047	125,005
Other revenues	22,343	20,086	19,678	20,684	20,986	21,301	21,623	21,940	22,264	22,597	22,937	23,300	23,673
Grants and contributions provided for operating purposes	27,165	31,496	25,377	22,502	20,132	19,571	20,832	19,989	21,361	20,980	22,376	22,042	23,485
Grants and contributions provided for capital purposes	43,952	33,917	27,073	32,343	24,889	15,775	10,969	10,303	9,776	10,847	11,070	11,299	11,534
Interest and investment revenue	1,238	7,085	10,594	8,411	4,753	4,357	4,412	4,696	4,513	4,706	4,877	4,989	5,104
Other Income	6,736	6,392	6,472	6,785	6,949	7,123	7,301	7,476	7,656	7,839	8,027	8,228	8,434
Net gain from the disposal of assets	960	167	401	392	595	622	433	420	351	467	734	524	590
Total income from continuing operations	408,057	425,443	434,572	452,085	451,586	452,201	459,537	469,013	480,703	493,063	506,865	519,117	533,777
Expenses from continuing operations													
Employee benefits and on-costs	134,560	146,153	158,920	170,968	176,187	180,105	183,969	189,711	195,632	201,738	208,035	214,530	221,227
Materials and services	142,766	157,273	168,864	177,914	182,542	178,406	180,717	185,254	189,235	192,502	198,667	204,046	208,876
Borrowing costs	2,624	2,738	2,596	2,436	2,942	2,879	2,955	2,579	2,533	2,527	2,288	2,240	1,996
Depreciation, amortisation and impairment for non-financial assets	45,508	46,821	49,380	52,149	53,905	56,257	56,134	57,469	58,379	59,247	60,901	62,304	63,178
Other expenses	20,969	20,765	22,774	21,398	21,333	21,866	22,413	22,951	23,502	24,066	24,643	25,260	25,891
Net loss from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	346,427	373,750	402,534	424,866	436,909	439,513	446,188	457,964	469,280	480,079	494,535	508,379	521,168
Operating result - Surplus / (Deficit)	61,630	51,693	32,038	27,219	14,677	12,688	13,349	11,049	11,423	12,983	12,330	10,738	12,608
Operating result before grants and contributions provided for capital purposes	17,678	17,776	4,965	(5,125)	(10,212)	(3,087)	2,380	746	1,648	2,137	1,260	(561)	1,075

Scenario 1: Delivery Program Model Balance sheet

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Forecast 2023/24 \$ '000	Budget 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
ASSETS													
Current assets													
Cash and cash equivalents	6,697	6,605	10,314	10,569	10,906	11,038	11,553	11,717	12,068	12,167	12,322	12,754	12,824
Investments	150,625	175,623	167,479	142,144	119,610	116,139	117,365	125,518	119,538	124,908	129,601	132,514	135,461
Receivables	24,791	20,844	18,693	19,301	19,707	20,161	20,587	21,022	21,443	21,896	22,359	22,849	23,353
Inventories	397	372	372	384	394	403	413	423	434	444	455	466	478
Prepayments	2,975	3,364	3,364	3,472	3,558	3,647	3,739	3,828	3,920	4,014	4,111	4,213	4,319
Total current assets	185,485	206,808	200,222	175,870	154,176	151,389	153,657	162,509	157,402	163,429	168,847	172,796	176,434
Non-Current Assets													
Investments	760	678	678	540	397	255	113	0	-	-	-	-	-
Receivables	1,007	1,012	1,012	1,062	1,098	1,135	1,167	1,198	1,231	1,264	1,298	1,334	1,372
Infrastructure, property, plant and equipment	5,218,499	5,413,807	5,539,790	5,701,953	5,833,408	5,949,728	6,059,137	6,165,312	6,290,060	6,403,819	6,525,950	6,650,862	6,784,753
Investment property	6,155	6,320	6,320	6,485	6,650	6,815	6,980	7,145	7,310	7,475	7,640	7,805	7,970
Right of use assets	9,110	7,811	6,470	5,209	3,947	2,686	1,424	163	108	54	0	-	-
Total non-current assets	5,235,531	5,429,628	5,554,270	5,715,248	5,845,500	5,960,619	6,068,821	6,173,818	6,298,709	6,412,612	6,534,888	6,660,001	6,794,094
Total assets	5,421,016	5,636,436	5,754,492	5,891,117	5,999,676	6,112,007	6,222,479	6,336,327	6,456,111	6,576,040	6,703,735	6,832,797	6,970,529

**Scenario 1: Delivery Program Model
Balance sheet (continued)**

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Forecast 2023/24 \$ '000	Budget 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
LIABILITIES													
Current liabilities													
Payables	45,393	47,806	47,910	48,897	49,545	50,290	51,042	51,791	52,560	53,350	54,160	55,016	55,895
Contract Liabilities	24,206	27,619	17,068	3,592	3,652	3,751	3,864	3,976	4,092	4,212	4,334	4,465	4,600
Lease Liabilities	1,238	1,241	1,269	1,307	1,347	1,388	1,430	63	66	70	-	-	-
Borrowings	4,770	3,340	2,098	2,596	1,594	1,883	1,990	1,732	1,821	1,914	2,480	1,766	1,851
Employee benefit provisions	35,553	34,754	34,754	36,799	37,758	38,930	40,139	41,386	42,672	43,998	45,365	46,775	48,229
Provisions	759	1,060	1,060	1,123	1,321	7,892	1,273	1,312	6,171	1,430	6,306	4,654	1,618
Total current liabilities	111,919	115,820	104,159	94,314	95,217	104,134	99,738	100,261	107,383	104,973	112,646	112,676	112,193
Non-current liabilities													
Payables	150	100	50	-	-	-	-	-	-	-	-	-	-
Contract Liabilities	7,466	8,239	12,604	10,147	7,208	7,117	7,026	6,935	6,844	6,753	6,663	6,572	6,481
Lease Liabilities	8,237	6,996	5,673	4,365	3,018	1,630	200	137	70	-	-	-	-
Borrowings	12,538	9,185	7,280	15,134	16,040	14,157	12,167	10,435	8,614	6,700	4,219	2,453	602
Employee benefit provisions	761	1,843	1,843	1,952	2,003	2,066	2,131	2,197	2,266	2,337	2,410	2,485	2,563
Provisions	43,404	45,094	40,465	42,452	44,241	39,607	41,719	43,609	40,769	42,803	39,868	38,718	40,509
Total non-current liabilities	72,556	71,457	67,914	74,050	72,510	64,577	63,242	63,313	58,563	58,593	53,160	50,228	50,155
Total liabilities	184,475	187,277	172,073	168,364	167,727	168,711	162,980	163,574	165,945	163,566	165,806	162,904	162,348
Net assets	5,236,541	5,449,159	5,582,419	5,722,753	5,831,949	5,943,296	6,059,498	6,172,753	6,290,166	6,412,474	6,537,929	6,669,893	6,808,181
EQUITY													
Accumulated Surplus	4,928,924	4,980,559	4,972,784	4,997,545	5,012,237	5,025,616	5,040,660	5,053,833	5,068,261	5,084,569	5,100,901	5,115,836	5,133,568
IPP&E Revaluation Surplus	307,617	468,600	609,635	725,209	819,712	917,680	1,018,838	1,118,920	1,221,905	1,327,905	1,437,028	1,554,058	1,674,612
Total equity	5,236,541	5,449,159	5,582,419	5,722,753	5,831,949	5,943,296	6,059,498	6,172,753	6,290,166	6,412,474	6,537,929	6,669,893	6,808,181

Scenario 1: Delivery Program Model
Cashflow statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Forecast 2023/24 \$ '000	Budget 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Cash flows from operating activities													
Receipts:													
Rates and annual charges	226,388	234,281	246,410	258,610	268,849	276,748	284,783	292,637	300,661	308,868	317,376	326,411	335,668
User charges and fees	84,398	96,268	103,682	107,755	110,290	112,682	115,353	117,865	120,578	123,363	126,224	129,224	132,355
Interest received	1,182	4,873	10,533	8,401	4,753	4,322	4,374	4,646	4,488	4,659	4,830	4,944	5,057
Grants and contributions	56,687	76,799	61,204	39,282	42,489	35,602	32,033	30,510	31,363	32,060	33,696	33,590	35,285
Bonds, deposits and retentions received	7,098	7,741	9,912	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742
Other	45,656	41,346	41,261	45,084	45,142	43,608	43,755	43,801	46,046	45,799	47,030	47,785	49,050
Payments:													
Payments to employees	(137,235)	(145,037)	(158,533)	(168,477)	(175,018)	(178,676)	(182,495)	(188,191)	(194,065)	(200,123)	(206,369)	(212,811)	(219,455)
Payments for materials and services	(158,507)	(176,928)	(185,656)	(204,094)	(206,085)	(199,446)	(207,050)	(204,180)	(210,379)	(217,533)	(219,105)	(229,512)	(232,583)
Borrowing costs	(1,142)	(1,064)	(956)	(664)	(1,084)	(932)	(923)	(771)	(640)	(545)	(446)	(313)	(213)
Bonds, deposits and retentions refunded	(5,466)	(5,571)	(5,571)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)
Other	(28,886)	(22,019)	(20,197)	(21,000)	(21,153)	(21,606)	(22,145)	(22,684)	(23,227)	(23,784)	(24,353)	(24,951)	(25,574)
Net Cash flows from operating activities	90,173	110,689	102,089	64,898	68,183	72,302	67,685	73,632	74,824	72,766	78,883	74,366	79,590

Scenario 1: Delivery Program Model
Cashflow statement (continued)

	Result 2021/22	Result 2022/23	Forecast 2023/24	Budget 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Year 6 2029/30	Year 7 2030/31	Year 8 2031/32	Year 9 2032/33	Year 10 2033/34
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Cash flows from investing activities													
Receipts:													
Sale of investments	338,038	272,227	302,602	323,300	319,100	301,000	306,000	295,700	306,600	298,600	302,300	302,800	303,000
Proceeds from sale of PPE	3,734	2,167	2,732	2,183	2,778	2,847	3,238	2,900	2,177	2,857	4,138	2,902	3,095
Payments:													
Purchase of investment securities	(352,829)	(297,123)	(319,427)	(297,826)	(296,424)	(297,386)	(307,084)	(303,740)	(300,620)	(303,970)	(306,993)	(305,713)	(305,947)
Payments for PPE	(76,755)	(81,973)	(79,793)	(99,263)	(91,775)	(75,566)	(65,924)	(64,776)	(80,701)	(68,129)	(76,048)	(71,298)	(77,754)
Net Cash flows from investing activities	(87,812)	(104,702)	(93,887)	(71,606)	(66,321)	(69,105)	(63,770)	(69,916)	(72,544)	(70,642)	(76,603)	(71,309)	(77,605)
Cash flows from financing activities													
Receipts:													
Proceeds from borrowings	-	-	-	10,450	2,500	-	-	-	-	-	-	-	-
Payments:													
Repayment of borrowings	(5,018)	(4,783)	(3,147)	(2,098)	(2,596)	(1,594)	(1,883)	(1,990)	(1,732)	(1,821)	(1,914)	(2,480)	(1,766)
Lease liabilities (principal repayments)	(1,269)	(1,238)	(1,231)	(1,269)	(1,307)	(1,347)	(1,388)	(1,430)	(63)	(66)	(70)	-	-
Dividends paid to minority interest	(38)	(58)	(115)	(119)	(122)	(125)	(128)	(131)	(134)	(138)	(141)	(145)	(148)
Net Cash flows from financing activities	(6,325)	(6,079)	(4,494)	6,964	(1,525)	(3,066)	(3,399)	(3,552)	(1,930)	(2,025)	(2,125)	(2,625)	(1,914)
Net change in cash and cash equivalents	(3,964)	(92)	3,709	256	337	131	516	164	351	99	155	432	70
Cash and cash equivalents at beginning of year	10,661	6,697	6,605	10,314	10,569	10,906	11,038	11,553	11,717	12,068	12,167	12,322	12,754
Cash and cash equivalents at end of year	6,697	6,605	10,314	10,569	10,906	11,038	11,553	11,717	12,068	12,167	12,322	12,754	12,824
Investments at year end	140,541	151,332	168,157	142,684	120,008	116,394	117,478	125,518	119,538	124,908	129,601	132,514	135,461
Cash, cash equivalents and investments at end of year	147,238	157,937	178,471	153,253	130,914	127,432	129,032	137,235	131,606	137,075	141,923	145,267	148,285
Net change in cash, cash equivalents and investments		10,699	20,534	(25,218)	(22,339)	(3,482)	1,600	8,204	(5,629)	5,469	4,848	3,345	3,017

Scenario 1: Delivery Program Model
Cash and investments statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Forecast 2023/24 \$ '000	Budget 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Total Cash and Investments	147,238	157,937	178,471	153,253	130,914	127,432	129,032	137,235	131,606	137,075	141,923	145,267	148,285
Represented by:													
Externally restricted													
Developer Contributions	36,457	43,446	41,133	32,718	20,549	18,681	19,754	21,154	19,537	19,335	18,483	18,483	14,085
Unexpended Grants - not tied to liability	566	597	0	0	0	0	0	0	0	0	0	0	0
Domestic Waste Management	3,401	7,626	10,658	12,158	13,598	14,736	16,878	19,255	7,840	10,714	13,860	17,341	21,018
Other externally restricted reserves	722	618	1,057	1,080	1,242	260	398	549	712	889	550	755	975
Total Externally restricted	41,146	52,286	52,849	45,955	35,389	33,678	37,030	40,958	28,090	30,938	32,892	36,579	36,078
Internally restricted													
Deposits, Retentions & Bonds	15,380	17,550	17,550	17,550	17,550	17,550	17,550	17,550	17,550	17,550	17,550	17,550	17,550
Employee Leave Entitlement	7,026	7,111	7,111	7,362	7,619	7,883	8,153	8,430	8,714	9,005	9,303	9,608	9,922
Kimbriki Landfill Remediation	13,597	15,418	17,906	20,253	22,534	24,713	20,474	22,793	25,233	22,983	25,486	23,288	22,763
Unexpended Grants - tied to liability	28,600	31,960	26,775	10,891	8,118	8,187	8,261	8,341	8,426	8,518	8,615	8,718	8,828
Other	15,582	18,794	17,839	13,319	11,668	9,254	9,859	10,658	12,192	12,849	9,629	9,825	9,478
Total Internally restricted	80,184	90,833	87,180	69,375	67,488	67,586	64,296	67,771	72,115	70,903	70,582	68,990	68,540
Total restricted cash	121,330	143,119	140,029	115,330	102,877	101,264	101,327	108,729	100,205	101,841	103,475	105,569	104,619
Total unrestricted cash	25,908	14,818	38,442	37,923	28,037	26,168	27,705	28,506	31,402	35,234	38,448	39,699	43,666

Scenario 1: Delivery Program Model Capital budget statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Forecast 2023/24 \$ '000	Budget 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Capital Funding													
Working Capital	7,785	16,118	6,604	3,731	1,538	1,544	2,550	1,557	1,564	1,571	1,578	1,397	1,400
Depreciation	22,098	32,322	33,684	32,196	41,000	42,990	43,154	44,545	45,272	45,470	46,727	47,917	48,950
Capital grants and contributions													
Grants and contributions	29,262	20,265	15,788	24,676	17,692	6,548	3,913	1,913	1,913	1,913	1,913	1,913	1,913
Externally restricted reserves													
- Developer contributions	8,038	8,088	15,509	17,298	18,122	11,469	6,503	7,529	10,028	9,636	10,490	9,848	14,413
- Domestic Waste	-	-	-	-	-	-	-	-	14,048	-	-	-	-
- Other	1,797	2,347	1,667	2,055	2,009	3,156	2,037	2,024	2,012	2,000	2,518	1,976	1,964
Internally restricted reserves													
- Merger savings fund	1,893	343	373	518	343	-	-	-	-	-	-	-	-
- Borrowings	-	-	-	9,935	2,015	1,000	-	-	-	-	-	-	-
- Other	4,005	1,260	3,437	6,670	6,278	6,012	4,529	4,307	3,688	4,682	8,684	5,345	6,020
Income from sale of assets													
- Plant and equipment	1,995	2,112	2,732	2,183	2,778	2,847	3,238	2,900	2,177	2,857	4,138	2,902	3,095
Total funding	76,872	82,856	79,793	99,263	91,775	75,566	65,924	64,776	80,701	68,129	76,048	71,298	77,754
Capital Expenditure													
Buildings	21,091	15,413	11,475	21,755	13,004	14,956	8,994	9,922	10,158	10,699	10,964	11,238	11,519
Community Land	-	838	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	730	74	72	169	36	36	36	36	36	36	36	36	36
Land Improvements	-	-	6,088	3,371	2,917	2,940	2,964	1,988	2,014	2,039	2,066	2,095	2,123
Library Books	868	685	718	799	752	771	790	809	829	849	870	892	914
Office Equipment	1,995	2,904	3,281	2,410	2,608	2,500	2,563	2,624	2,687	2,752	2,821	2,891	2,963
Open Space / Recreational	9,387	10,501	15,375	13,980	17,938	9,350	8,492	7,447	10,008	10,349	11,755	8,547	10,041
Other Assets	696	163	411	419	343	-	-	-	-	-	-	-	-
Other Structures	3,419	2,302	2,066	6,652	5,847	3,598	3,941	959	977	995	1,014	1,035	1,057
Plant & Equipment	3,545	3,275	6,188	8,758	8,809	8,956	7,809	7,601	20,118	7,478	12,943	8,401	9,105
Road, Bridges & Footpaths	26,574	24,323	24,699	29,149	29,683	21,689	19,572	21,264	21,556	21,135	21,200	23,346	26,780
Stormwater Drainage	5,505	8,485	8,646	10,122	9,047	9,360	9,532	10,452	10,627	10,856	10,649	11,046	11,399
Swimming Pools	345	1,109	775	1,680	791	1,410	1,232	1,675	1,693	941	1,730	1,772	1,817
Other Kimbriki Assets	2,718	12,785	-	-	-	-	-	-	-	-	-	-	-
Total expenditure	76,872	82,856	79,793	99,263	91,775	75,566	65,924	64,776	80,701	68,129	76,048	71,298	77,754

Scenario 1: Delivery Program Model
Statement of borrowings

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

New borrowings are anticipated over the 10 year period of the Long-Term Financial Plan to fund major infrastructure 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.

Proposed new borrowings

Financial year	Loan amount	Proposed term	Repayment funding source	Purpose of loan
2024/25 (Year 1)	\$10,450,000	10 years	The funding currently utilised to repay existing loans is sufficient to fund the repayment schedule for this loan as several existing loans are coming to the end of their term.	To assist with the construction of the Warriewood Community Centre.
2025/26 (Year 2)	\$2,500,000	10 years		To assist with the construction of Manly Lifesaving Club and Warringah Recreation Centre.

Loans are proposed to be 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.

Scenario 1: Delivery Program Model Statement of performance measures

OLG Benchmark	Result 2021/22	Result 2022/23	Forecast 2023/24	Budget 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Year 6 2029/30	Year 7 2030/31	Year 8 2031/32	Year 9 2032/33	Year 10 2033/34	
Budget Performance														
Operating Performance Ratio <i>measures the extent to which a council has succeeded in containing operating expenditure within operating revenue.</i>	> 0%	4.5%	4.5%	1.1%	(1.3%)	(2.5%)	(0.8%)	0.5%	0.1%	0.3%	0.4%	0.1%	(0.2%)	0.1%
		✓	✓	✓	✗	✗	✗	✓	✓	✓	✓	✓	✗	✓
Own Source Operating Revenue Ratio <i>measures fiscal flexibility. It is the degree of reliance on external funding sources.</i>	> 60%	82.5%	84.6%	87.9%	87.9%	90.0%	92.2%	93.1%	93.5%	93.5%	93.5%	93.4%	93.6%	93.4%
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Operational Liquidity														
Unrestricted Current Ratio <i>represents a council's ability to meet short-term obligations as they fall due.</i>	> 1.5x	1.90x	1.92x	2.17x	2.30x	2.09x	1.81x	1.95x	2.04x	1.97x	2.12x	1.96x	1.99x	2.10x
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage <i>expressed as a percentage of total rates and charges available for collection in the financial year.</i>	< 5%	3.6%	3.6%	3.5%	3.5%	3.4%	3.5%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cash Expense Cover Ratio <i>liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.</i>	> 3mths	5.6mths	6.1mths	5.7mths	4.6mths	3.8mths	3.7mths	3.7mths	3.9mths	3.6mths	3.7mths	3.7mths	3.7mths	3.7mths
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Liability and Debt Management														
Debt Service Cover Ratio <i>measures the availability of operating cash to service loan repayments.</i>	> 2x	7.3x	7.7x	9.9x	10.9x	8.4x	12.5x	12.7x	13.3x	14.7x	14.7x	15.3x	13.6x	17.6x
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Scenario 1: Delivery Program Model
Statement of performance measures (continued)

	OLG Benchmark	Result 2021/22	Result 2022/23	Forecast 2023/24	Budget 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Year 6 2029/30	Year 7 2030/31	Year 8 2031/32	Year 9 2032/33	Year 10 2033/34
Asset Management														
Building and Infrastructure Renewals Ratio	> 100%	112.7%	130.8%	103.0%	98.1%	100.1%	96.1%	93.1%	94.5%	93.6%	91.6%	92.0%	90.4%	89.8%
<i>assesses the rate at which these assets are being renewed against the rate at which they are depreciating.</i>		✓	✓	✓	✗	✓	✗	✗	✗	✗	✗	✗	✗	✗
Infrastructure Backlog Ratio	< 2%	1.53%	1.49%	1.64%	1.63%	1.64%	1.66%	1.68%	1.71%	1.73%	1.75%	1.77%	1.79%	1.80%
<i>ratio shows what proportion the infrastructure backlog is against the total net carrying amount of a council's infrastructure.</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Asset Maintenance Ratio	> 100%	100.6%	109.7%	99.6%	92.5%	92.5%	92.6%	92.6%	92.6%	92.7%	92.7%	92.7%	92.7%	92.7%
<i>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.</i>		✓	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Cost to bring assets to agreed service level		1.26%	1.22%	1.35%	1.35%	1.36%	1.38%	1.40%	1.43%	1.45%	1.47%	1.49%	1.50%	1.51%
<i>ratio shows what proportion the infrastructure backlog is against the total gross replacement cost of a council's infrastructure.</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

10.2 Scenario 2: Alternative Model

Scenario 2: Alternative Model Income statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Forecast 2023/24 \$ '000	Budget 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Income from continuing operations													
Rates and annual charges	225,941	234,424	246,515	259,113	289,397	298,009	306,603	315,053	323,697	332,543	341,706	351,448	361,424
User charges and fees	79,722	91,876	98,462	101,855	104,159	106,420	108,943	111,312	113,875	116,506	119,208	122,047	125,005
Other revenues	22,343	20,086	19,678	20,684	20,989	21,304	21,626	21,943	22,268	22,600	22,941	23,304	23,676
Grants and contributions provided for operating purposes	27,165	31,496	25,377	22,502	20,132	19,571	20,832	19,989	21,361	20,980	22,376	22,042	23,485
Grants and contributions provided for capital purposes	43,952	33,917	27,073	32,343	24,889	15,775	10,969	10,303	9,776	10,847	11,070	11,299	11,534
Interest and investment revenue	1,238	7,085	10,594	8,411	4,860	4,534	4,682	5,047	4,955	5,232	5,491	5,705	5,911
Other Income	6,736	6,392	6,472	6,785	6,949	7,123	7,301	7,476	7,656	7,839	8,027	8,228	8,434
Net gain from the disposal of assets	960	167	401	392	595	622	433	420	351	467	734	524	590
Total income from continuing operations	408,057	425,443	434,572	452,085	471,969	473,357	481,388	491,544	503,939	517,013	531,554	544,596	560,059
Expenses from continuing operations													
Employee benefits and on-costs	134,560	146,153	158,920	170,968	176,187	180,105	183,969	189,711	195,632	201,738	208,035	214,530	221,227
Materials and services	142,766	157,273	168,864	177,914	188,337	184,348	186,808	191,491	195,623	199,044	205,367	210,914	215,916
Borrowing costs	2,624	2,738	2,596	2,436	2,942	2,879	2,955	2,579	2,533	2,527	2,288	2,240	1,996
Depreciation, amortisation and impairment for non-financial assets	45,508	46,821	49,380	52,149	55,034	57,459	57,413	58,826	59,818	60,771	62,515	64,011	64,984
Other expenses	20,969	20,765	22,774	21,398	21,333	21,866	22,413	22,951	23,502	24,066	24,643	25,260	25,891
Net loss from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	346,427	373,750	402,534	424,866	443,834	446,657	453,558	465,559	477,108	488,146	502,848	516,954	530,014
Operating result - Surplus / (Deficit)	61,630	51,693	32,038	27,219	28,135	26,700	27,830	25,985	26,831	28,867	28,705	27,643	30,045
Operating result before grants and contributions provided for capital purposes	17,678	17,776	4,965	(5,125)	3,246	10,925	16,861	15,682	17,055	18,021	17,635	16,343	18,511

Scenario 2: Alternative Model Balance sheet

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Forecast 2023/24 \$ '000	Budget 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
ASSETS													
Current assets													
Cash and cash equivalents	6,697	6,605	10,314	10,569	10,318	10,371	10,318	10,308	10,297	10,283	10,263	10,236	10,199
Investments	150,625	175,623	167,479	142,144	121,184	119,914	123,903	134,491	131,201	139,081	146,417	152,332	158,007
Receivables	24,791	20,844	18,693	19,301	20,540	21,027	21,481	21,944	22,394	22,877	23,371	23,894	24,431
Inventories	397	372	372	384	394	403	413	423	434	444	455	466	478
Prepayments	2,975	3,364	3,364	3,472	3,558	3,647	3,739	3,828	3,920	4,014	4,111	4,213	4,319
Total current assets	185,485	206,808	200,222	175,870	155,994	155,362	159,854	170,995	168,246	176,699	184,616	191,142	197,434
Non-Current Assets													
Investments	760	678	678	540	397	255	113	0	-	-	-	-	-
Receivables	1,007	1,012	1,012	1,062	1,207	1,248	1,283	1,318	1,353	1,390	1,427	1,467	1,508
Infrastructure, property, plant and equipment	5,218,499	5,413,807	5,539,790	5,701,953	5,845,256	5,973,827	6,095,904	6,215,153	6,353,401	6,481,102	6,617,628	6,757,447	6,906,749
Investment property	6,155	6,320	6,320	6,485	6,650	6,815	6,980	7,145	7,310	7,475	7,640	7,805	7,970
Right of use assets	9,110	7,811	6,470	5,209	3,947	2,686	1,424	163	108	54	0	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	5,235,531	5,429,628	5,554,270	5,715,248	5,857,458	5,984,831	6,105,704	6,223,779	6,362,173	6,490,021	6,626,695	6,766,720	6,916,228
Total assets	5,421,016	5,636,436	5,754,492	5,891,117	6,013,451	6,140,193	6,265,559	6,394,774	6,530,419	6,666,720	6,811,312	6,957,861	7,113,662

Scenario 2: Alternative Model Balance sheet (continued)

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Forecast 2023/24 \$ '000	Budget 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
LIABILITIES													
Current liabilities													
Payables	45,393	47,806	47,910	48,897	49,788	50,542	51,301	52,058	52,834	53,631	54,449	55,314	56,202
Contract Liabilities	24,206	27,619	17,068	3,592	3,652	3,751	3,864	3,976	4,092	4,212	4,334	4,465	4,600
Lease Liabilities	1,238	1,241	1,269	1,307	1,347	1,388	1,430	63	66	70	-	-	-
Borrowings	4,770	3,340	2,098	2,596	1,594	1,883	1,990	1,732	1,821	1,914	2,480	1,766	1,851
Employee benefit provisions	35,553	34,754	34,754	36,799	37,758	38,930	40,139	41,386	42,672	43,998	45,365	46,775	48,229
Provisions	759	1,060	1,060	1,123	1,321	7,892	1,273	1,312	6,171	1,430	6,306	4,654	1,618
Total current liabilities	111,919	115,820	104,159	94,314	95,460	104,386	99,997	100,527	107,657	105,255	112,936	112,974	112,499
Non-current liabilities													
Payables	150	100	50	-	-	-	-	-	-	-	-	-	-
Contract Liabilities	7,466	8,239	12,604	10,147	7,208	7,117	7,026	6,935	6,844	6,753	6,663	6,572	6,481
Lease Liabilities	8,237	6,996	5,673	4,365	3,018	1,630	200	137	70	-	-	-	-
Borrowings	12,538	9,185	7,280	15,134	16,040	14,157	12,167	10,435	8,614	6,700	4,219	2,453	602
Employee benefit provisions	761	1,843	1,843	1,952	2,003	2,066	2,131	2,197	2,266	2,337	2,410	2,485	2,563
Provisions	43,404	45,094	40,465	42,452	44,241	39,607	41,719	43,609	40,769	42,803	39,868	38,718	40,509
Total non-current liabilities	72,556	71,457	67,914	74,050	72,510	64,577	63,242	63,313	58,563	58,593	53,160	50,228	50,155
Total liabilities	184,475	187,277	172,073	168,364	167,970	168,963	163,240	163,840	166,219	163,847	166,095	163,202	162,654
Net assets	5,236,541	5,449,159	5,582,419	5,722,753	5,845,481	5,971,229	6,102,319	6,230,933	6,364,200	6,502,872	6,645,216	6,794,659	6,951,007
EQUITY													
Accumulated Surplus	4,928,924	4,980,559	4,972,784	4,997,545	5,025,360	5,052,631	5,081,949	5,109,769	5,139,228	5,170,961	5,203,122	5,234,316	5,268,751
IPP&E Revaluation Surplus	307,617	468,600	609,635	725,209	820,121	918,598	1,020,370	1,121,164	1,224,972	1,331,912	1,442,095	1,560,343	1,682,256
Total equity	5,236,541	5,449,159	5,582,419	5,722,753	5,845,481	5,971,229	6,102,319	6,230,933	6,364,200	6,502,872	6,645,216	6,794,659	6,951,007

Scenario 2: Alternative Model Cashflow statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Forecast 2023/24 \$ '000	Budget 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Cash flows from operating activities													
Receipts:													
Rates and annual charges	226,388	234,281	246,410	258,610	288,291	297,697	306,338	314,789	323,427	332,265	341,421	351,144	361,111
User charges and fees	84,398	96,268	103,682	107,755	110,290	112,682	115,353	117,865	120,578	123,363	126,224	129,224	132,355
Interest received	1,182	4,873	10,533	8,401	4,735	4,490	4,635	4,989	4,921	5,177	5,436	5,650	5,855
Grants and contributions	56,687	76,799	61,204	39,282	42,489	35,602	32,033	30,510	31,363	32,060	33,696	33,590	35,285
Bonds, deposits and retentions received	7,098	7,741	9,912	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742
Other	45,656	41,346	41,261	45,084	46,894	45,411	45,609	45,706	48,004	47,811	49,098	49,912	51,238
Payments:													
Payments to employees	(137,235)	(145,037)	(158,533)	(168,477)	(175,018)	(178,676)	(182,495)	(188,191)	(194,065)	(200,123)	(206,369)	(212,811)	(219,455)
Payments for materials and services	(158,507)	(176,928)	(185,656)	(204,094)	(213,709)	(207,298)	(215,193)	(212,601)	(219,090)	(226,535)	(228,407)	(239,139)	(242,533)
Borrowing costs	(1,142)	(1,064)	(956)	(664)	(1,084)	(932)	(923)	(771)	(640)	(545)	(446)	(313)	(213)
Bonds, deposits and retentions refunded	(5,466)	(5,571)	(5,571)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)
Other	(28,886)	(22,019)	(20,197)	(21,000)	(21,153)	(21,606)	(22,145)	(22,684)	(23,227)	(23,784)	(24,353)	(24,951)	(25,574)
Net Cash flows from operating activities	90,173	110,689	102,089	64,898	81,736	87,370	83,212	89,612	91,270	89,689	96,299	92,305	98,069

Scenario 2: Alternative Model Cashflow statement (continued)

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Forecast 2023/24 \$ '000	Budget 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Cash flows from investing activities													
Receipts:													
Sale of investments	338,038	272,227	302,602	323,300	319,100	301,000	306,000	295,700	306,600	298,600	302,300	302,800	303,000
Proceeds from sale of PPE	3,734	2,167	2,732	2,183	2,778	2,847	3,238	2,900	2,177	2,857	4,138	2,902	3,095
Payments:													
Purchase of investment securities	(352,829)	(297,123)	(319,427)	(297,826)	(297,997)	(299,588)	(309,847)	(306,175)	(303,310)	(306,480)	(309,636)	(308,715)	(308,675)
Payments for PPE	(76,755)	(81,973)	(79,793)	(99,263)	(104,342)	(88,510)	(79,257)	(78,495)	(94,818)	(82,656)	(90,996)	(86,694)	(93,612)
Net Cash flows from investing activities	(87,812)	(104,702)	(93,887)	(71,606)	(80,461)	(84,252)	(79,866)	(86,070)	(89,351)	(87,678)	(94,194)	(89,707)	(96,191)
Cash flows from financing activities													
Receipts:													
Proceeds from borrowings	-	-	-	10,450	2,500	-	-	-	-	-	-	-	-
Payments:													
Repayment of borrowings	(5,018)	(4,783)	(3,147)	(2,098)	(2,596)	(1,594)	(1,883)	(1,990)	(1,732)	(1,821)	(1,914)	(2,480)	(1,766)
Lease liabilities (principal repayments)	(1,269)	(1,238)	(1,231)	(1,269)	(1,307)	(1,347)	(1,388)	(1,430)	(63)	(66)	(70)	-	-
Dividends paid to minority interest	(38)	(58)	(115)	(119)	(122)	(125)	(128)	(131)	(134)	(138)	(141)	(145)	(148)
Net Cash flows from financing activities	(6,325)	(6,079)	(4,494)	6,964	(1,525)	(3,066)	(3,399)	(3,552)	(1,930)	(2,025)	(2,125)	(2,625)	(1,914)
Net change in cash and cash equivalents	(3,964)	(92)	3,709	256	(251)	52	(53)	(10)	(11)	(14)	(20)	(27)	(37)
Cash and cash equivalents at beginning of year	10,661	6,697	6,605	10,314	10,569	10,318	10,371	10,318	10,308	10,297	10,283	10,263	10,236
Cash and cash equivalents at end of year	6,697	6,605	10,314	10,569	10,318	10,371	10,318	10,308	10,297	10,283	10,263	10,236	10,199
Investments at year end	140,541	151,332	168,157	142,684	121,581	120,169	124,016	134,491	131,201	139,081	146,417	152,332	158,007
Cash, cash equivalents and investments at end of year	147,238	157,937	178,471	153,253	131,899	130,540	134,334	144,799	141,498	149,364	156,680	162,568	168,206
Net change in cash, cash equivalents and investments		10,699	20,534	(25,218)	(21,354)	(1,359)	3,794	10,465	(3,301)	7,866	7,316	5,888	5,638

Scenario 2: Alternative Model
Cash and investments statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Forecast 2023/24 \$ '000	Budget 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Total Cash and Investments	147,238	157,937	178,471	153,253	131,899	130,540	134,334	144,799	141,498	149,364	156,680	162,568	168,206
Represented by:													
Externally Restricted													
Developer Contributions	36,457	43,446	41,133	32,718	20,549	18,681	19,754	21,154	19,537	19,335	18,483	18,483	14,085
Unexpended Grants - not tied to liability	566	597	-	-	-	-	-	-	-	-	-	-	-
Domestic Waste Management	3,401	7,626	10,658	12,158	13,598	14,736	16,878	19,255	7,840	10,714	13,860	17,341	21,018
Other externally restricted reserves	722	618	1,057	1,080	1,242	260	398	549	712	889	550	755	975
Total Externally Restricted	41,146	52,286	52,849	45,955	35,389	33,678	37,030	40,958	28,090	30,938	32,892	36,579	36,078
Internally Restricted													
Deposits, Retentions & Bonds	15,380	17,550	17,550	17,550	17,550	17,550	17,550	17,550	17,550	17,550	17,550	17,550	17,550
Employee Leave Entitlement	7,026	7,111	7,111	7,362	7,619	7,883	8,153	8,430	8,714	9,005	9,303	9,608	9,922
Kimbriki Landfill Remediation	13,597	15,418	17,906	20,253	22,534	24,713	20,474	22,793	25,233	22,983	25,486	23,288	22,763
Unexpended Grants - tied to liability	28,600	31,960	26,775	10,891	8,118	8,187	8,261	8,341	8,426	8,518	8,615	8,718	8,828
Other	15,582	18,794	17,839	13,319	11,668	9,254	9,859	10,658	12,192	12,849	9,629	9,825	9,478
Total Internally Restricted	80,184	90,833	87,180	69,375	67,488	67,586	64,296	67,771	72,115	70,903	70,582	68,990	68,540
Total Restricted Cash	121,330	143,119	140,029	115,330	102,877	101,264	101,327	108,729	100,205	101,841	103,475	105,569	104,619
Total Unrestricted Cash	25,908	14,818	38,442	37,923	29,022	29,276	33,008	36,070	41,294	47,523	53,205	56,999	63,588

Scenario 2: Alternative Model

Capital budget statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Forecast 2023/24 \$ '000	Budget 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Capital Funding													
Working Capital	7,785	16,118	6,604	3,731	1,538	1,544	2,550	1,557	1,564	1,571	1,578	1,397	1,400
Depreciation	22,098	32,322	33,684	32,196	41,000	42,990	43,154	44,545	45,272	45,470	46,727	47,917	48,950
Capital grants and contributions													
Grants and contributions	29,262	20,265	15,788	24,676	17,692	6,548	3,913	1,913	1,913	1,913	1,913	1,913	1,913
Externally restricted reserves													
- Developer contributions	8,038	8,088	15,509	17,298	18,122	11,469	6,503	7,529	10,028	9,636	10,490	9,848	14,413
- Domestic Waste	-	-	-	-	-	-	-	-	14,048	-	-	-	-
- Other	1,797	2,347	1,667	2,055	2,009	3,156	2,037	2,024	2,012	2,000	2,518	1,976	1,964
Internally restricted reserves													
- Merger savings fund	1,893	343	373	518	343	-	-	-	-	-	-	-	-
- Borrowings	-	-	-	9,935	2,015	1,000	-	-	-	-	-	-	-
- Other	4,005	1,260	3,437	6,670	6,278	6,012	4,529	4,307	3,688	4,682	8,684	5,345	6,020
Income from sale of assets													
- Plant and equipment	1,995	2,112	2,732	2,183	2,778	2,847	3,238	2,900	2,177	2,857	4,138	2,902	3,095
Total funding	76,872	82,856	79,793	99,263	91,775	75,566	65,924	64,776	80,701	68,129	76,048	71,298	77,754
Capital Expenditure													
Buildings	21,091	15,413	11,475	21,755	15,379	17,402	11,513	12,514	12,825	13,444	13,788	14,147	14,515
Community Land	-	838	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	730	74	72	169	36	36	36	36	36	36	36	36	36
Land Improvements	-	-	6,088	3,371	2,917	2,940	2,964	1,988	2,014	2,039	2,066	2,095	2,123
Library Books	868	685	718	799	752	771	790	809	829	849	870	892	914
Office Equipment	1,995	2,904	3,281	2,410	2,608	2,500	2,563	2,624	2,687	2,752	2,821	2,891	2,963
Open Space / Recreational	9,387	10,501	15,375	13,980	18,485	9,913	9,072	8,044	10,622	10,981	12,405	9,216	10,731
Other Assets	696	163	411	419	343	-	-	-	-	-	-	-	-
Other Structures	3,419	2,302	2,066	6,652	8,402	6,229	6,652	3,748	3,847	3,948	4,053	4,165	4,281
Plant & Equipment	3,545	3,275	6,188	8,758	8,809	8,956	7,809	7,601	20,118	7,478	12,943	8,401	9,105
Road, Bridges & Footpaths	26,574	24,323	24,699	29,149	33,850	25,981	23,992	25,812	26,237	25,952	26,156	28,451	32,038
Stormwater Drainage	5,505	8,485	8,646	10,122	11,018	11,390	11,623	12,604	12,841	13,135	12,993	13,461	13,886
Swimming Pools	345	1,109	775	1,680	1,744	2,392	2,243	2,715	2,764	2,043	2,864	2,940	3,020
Other Kimbriki Assets	2,718	12,785	-	-	-	-	-	-	-	-	-	-	-
Total expenditure	76,872	82,856	79,793	99,263	104,342	88,510	79,257	78,495	94,818	82,656	90,996	86,694	93,612

Scenario 2: Alternative Model Statement of borrowings

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

New borrowings are anticipated over the 10 year period of the Long-Term Financial Plan to fund major infrastructure 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.

Proposed new borrowings

Financial year	Loan amount	Proposed term	Repayment funding source	Purpose of loan
2024/25 (Year 1)	\$10,450,000	10 years	The funding currently utilised to repay existing loans is sufficient to fund the repayment schedule for this loan as several existing loans are coming to the end of their term.	To assist with the construction of the Warriewood Community Centre.
2025/26 (Year 2)	\$2,500,000	10 years		To assist with the construction of Manly Lifesaving Club and Warringah Recreation Centre.

Loans are proposed to be 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.

Scenario 2: Alternative Model Statement of performance measures

OLG Benchmark	Result 2021/22	Result 2022/23	Forecast 2023/24	Budget 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Year 6 2029/30	Year 7 2030/31	Year 8 2031/32	Year 9 2032/33	Year 10 2033/34	
Budget Performance														
Operating Performance Ratio <i>measures the extent to which a council has succeeded in containing operating expenditure within operating revenue.</i>	> 0%	4.5%	4.5%	1.1%	(1.3%)	0.6%	2.3%	3.5%	3.2%	3.4%	3.5%	3.3%	3.0%	3.3%
		✔	✔	✔	✘	✔	✔	✔	✔	✔	✔	✔	✔	✔
Own Source Operating Revenue Ratio <i>measures fiscal flexibility. It is the degree of reliance on external funding sources.</i>	> 60%	82.5%	84.6%	87.9%	87.9%	90.4%	92.5%	93.4%	93.8%	93.8%	93.8%	93.7%	93.9%	93.7%
		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Operational Liquidity														
Unrestricted Current Ratio <i>represents a council's ability to meet short-term obligations as they fall due.</i>	> 1.5x	1.90x	1.92x	2.17x	2.30x	2.11x	1.87x	2.05x	2.18x	2.12x	2.32x	2.18x	2.25x	2.40x
		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage <i>expressed as a percentage of total rates and charges available for collection in the financial year.</i>	< 5%	3.6%	3.6%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Cash Expense Cover Ratio <i>liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.</i>	> 3mths	5.6mths	6.1mths	5.7mths	4.6mths	3.8mths	3.8mths	3.8mths	4.0mths	3.8mths	3.9mths	4.0mths	4.0mths	4.1mths
		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Liability and Debt Management														
Debt Service Cover Ratio <i>measures the availability of operating cash to service loan repayments.</i>	> 2x	7.3x	7.7x	9.9x	10.9x	11.1x	15.9x	16.0x	16.9x	18.6x	18.7x	19.6x	17.5x	22.7x
		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔

Scenario 2: Alternative Model Statement of performance measures (continued)

OLG Benchmark	Result 2021/22	Result 2022/23	Forecast 2023/24	Budget 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Year 6 2029/30	Year 7 2030/31	Year 8 2031/32	Year 9 2032/33	Year 10 2033/34	
Asset Management														
Building and Infrastructure Renewals Ratio <i>assesses the rate at which these assets are being renewed against the rate at which they are depreciating.</i>	> 100%	112.7%	130.8%	103.0%	98.1%	128.1%	123.7%	120.5%	121.7%	120.8%	118.7%	118.9%	117.3%	116.6%
		✔	✔	✔	✘	✔	✔	✔	✔	✔	✔	✔	✔	✔
Infrastructure Backlog Ratio <i>ratio shows what proportion the infrastructure backlog is against the total net carrying amount of a council's infrastructure.</i>	< 2%	1.53%	1.49%	1.64%	1.63%	1.57%	1.52%	1.48%	1.44%	1.40%	1.37%	1.34%	1.31%	1.28%
		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Asset Maintenance Ratio <i>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.</i>	> 100%	100.6%	109.7%	99.7%	92.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		✔	✔	✘	✘	✔	✔	✔	✔	✔	✔	✔	✔	✔
Cost to bring assets to agreed service level <i>ratio shows what proportion the infrastructure backlog is against the total gross replacement cost of a council's infrastructure.</i>		1.26%	1.22%	1.35%	1.35%	1.31%	1.27%	1.24%	1.22%	1.19%	1.17%	1.14%	1.12%	1.10%
		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔

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%
Own Source Operating Revenue Ratio	Measures the level of a council's fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.	Total operating revenue (inclusive of capital grants and contributions) / Total operating revenue	> 60%
Unrestricted Current Ratio	This ratio is specific to local government and is designed to assess the adequacy of working capital and the ability to satisfy obligations in the short term for unrestricted activities of council.	Current assets less all external restrictions/current liabilities less specific purpose liabilities	> 1.5x
Rates and Annual Charges Outstanding Percentage	To assess the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.	Rates, Annual and Extra Charges Outstanding / Rates, Annual and Extra Charges Collectible	< 5.0%
Cash Expense Cover Ratio	This liquidity ratio indicates the number of months a council can continue to pay for its immediate expenses without additional cash inflow.	Current year's cash and cash equivalents/Payments from cashflow of operating and financing activities multiplied by 12	> 3 months

Indicator	Measure	Definition	Benchmarks
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