



2026-36

Draft Long Term Financial Plan



Randwick City Council
a sense of community

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Randwick City Council
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Preface

One of the main components of the Council's strategic planning process is the Long Term Financial Plan (LTFP). A range of economic factors expected to impact Council's financial performance are incorporated into the 10-year financial plan. The plan explains how Council will fulfil its service commitments to the community both now and into the future.

LTFP allows for a variety of assumptions, sensitivity analyses, and risk management procedures to:

- evaluate the financial viability of providing the service levels specified in the Delivery Program;
- enable the quantification and discussion of the costs of long-term strategic decisions;
- assess the risk associated with potential future strategic directions;
- permit scenario testing of various policies and service levels; and
- enable testing of the sensitivity and robustness of our key assumptions.

In order to achieve our financial strategy, the LTFP has been developed with the following objectives over the 10-year time frame:

- Achieving a fully funded operating position resulting in a balanced budget or surplus bottom-line position, including repayment of debt and depreciation over the 10-year period.
- Maintaining strong financial performance, liquidity, and asset performance within our established benchmarks ensuring financial sustainability and the ability to respond to unexpected events.
- Ensuring Council funds are invested in highly rated and low risk investment categories ensuring capital preservation and sound investment returns.
- Major strategic risks have been identified and are reflected in financial and asset management planning.
- Our investment in community infrastructure is renewed at the appropriate time and there is sufficient funding available.

The financial management objectives provide the framework for the development of Council's LTFP and support consistent and informed decision-making by Council.

In our forecasting through to 2036, we consider a variety of economic factors that are expected to have an impact on our financial performance as well as make predictions about the community's service delivery levels. The LTFP is designed as a flexible and continually revised model that is amended through formal budget reviews, quarterly budget review statements, and year to date performance monitoring. This will ensure that the LTFP remains current and relevant.





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Part 1. Introduction

- Our Strategic Planning Framework
- Our Vision and Mission
- Our Values



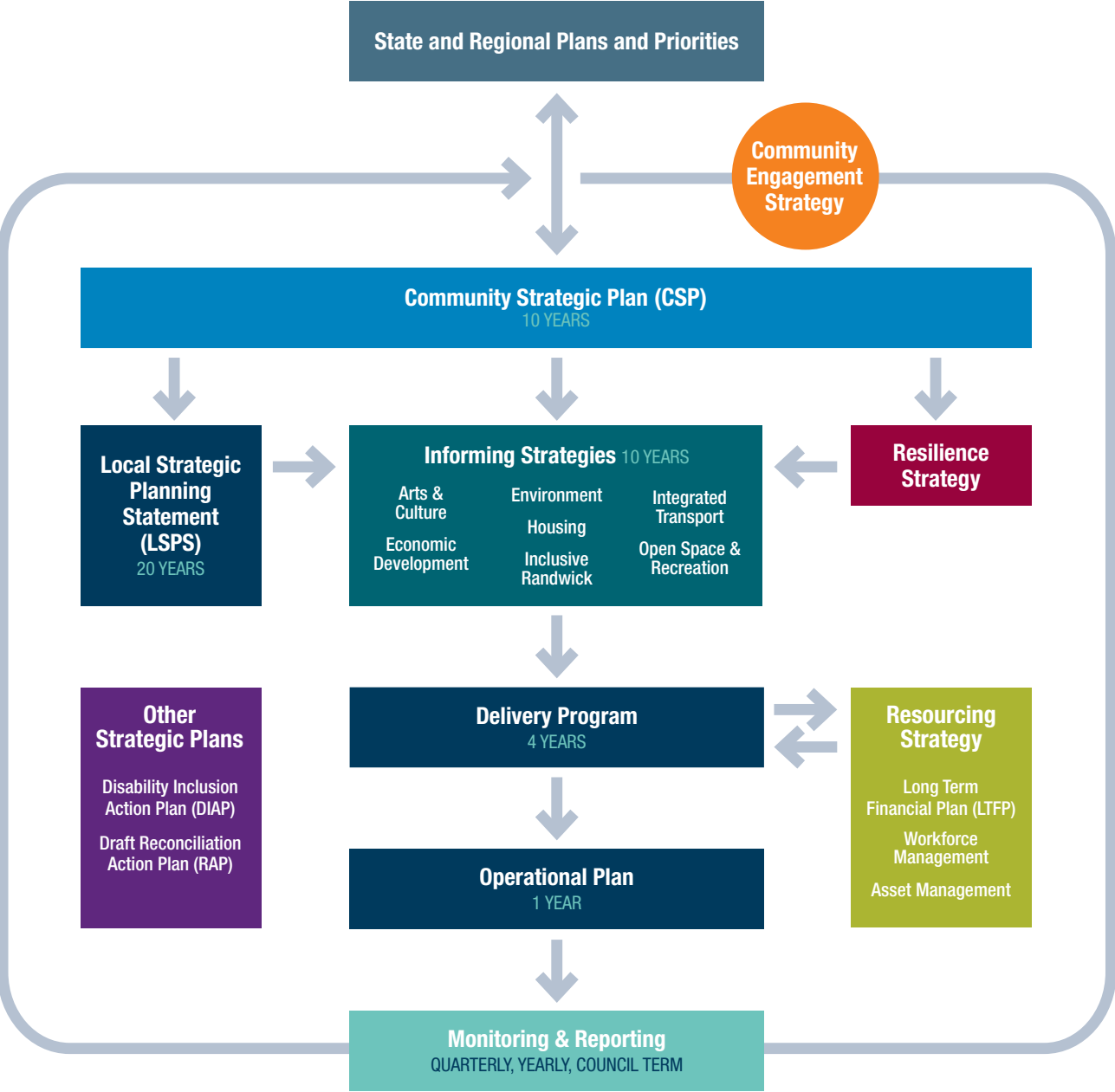
Our Strategic Planning Framework

The Community Strategic Plan (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. This will help Council achieve a sustainable service provision for the local community, meeting the commitments outlined in the Delivery Program and contributing towards the community vision.

The Resourcing Strategy is a critical enabling strategy when it comes to translating the strategic outcomes and objectives of the CSP into the strategic approaches that form the basis of the Delivery Program.

It details how Council will provide the resources required to deliver on its commitment to the community whilst maintaining the long-term sustainability of the organisation.

The long-term financial strategy allows us to provide services and develop financial resilience so we can weather shocks in the future. It outlines how we will pay for responsibilities like capital project funding, service upkeep, debt repayment, and infrastructure renewal.



Our Vision and Mission

The vision for Randwick City focuses on three key areas – our unique coastal environment, our strong sense of community and the sustainability of our natural and built environment.

Coastal

Randwick City’s beautiful beaches, bays, ocean pools and coastline will be protected and enhanced to continue their important role in the social, mental and physical health of the Randwick City community. Access to our coastline will continue to be enhanced through the development of a continuous Coastal Walkway, our beaches will be clean and safe and we’ll support our community to share and benefit from our beautiful natural resources.

Community

Our strong sense of community will continue. Our culturally diverse community will be supported with opportunities to connect and engage with each other through quality shared public spaces as well as through well-designed private housing with high quality urban amenity. A diverse range of social infrastructure will meet the social and cultural needs of our community, fostering greater connectedness and well-being. We’ll support improved public transport and a City that is easy to walk and cycle and connected with adjoining LGAs.

Sustainable

We’ll focus on our natural environment and open spaces by protecting and increasing native habitat and providing enhanced access for physical recreation. We will support our community to transition to net zero emissions and reduce pollution and waste.

Our Values

Values underpin the culture that drives management and staff in pursuing the Council’s outcomes and in sustaining high levels of organisational performance. Our values are:

-  **INTEGRITY:** Ensuring transparency and honesty in all our activities
-  **CUSTOMER FOCUS:** Delivering prompt, courteous and helpful service and being responsive to people’s changing needs
-  **ACCOUNTABILITY:** Accepting our responsibility for the provision of quality services and information which meet agreed standards
-  **RESPECT:** Treating everyone with courtesy, dignity and fairness regardless of our own feelings about the person or the issue
-  **EXCELLENCE:** Being recognised for providing services, programs and information which consistently meet and exceed standards through the use of best known practices and innovation



Part 2. Randwick City

- People
- Services
- Infrastructure
- Technology
- Economic environment
- Socioeconomics – rates affordability
- Economic conditions, unforeseen events and other impacts



People

There are a lot of people who either live, work, study or visit Randwick City each day. The estimated resident population of Randwick City in 2024 was 144,598¹. In addition to this, there is an increasing number of people who come to Randwick City as tourists each year, along with the increasing number of people who either work or study here. These growing numbers will continue to put strain on both our existing services and infrastructure into the future.

Demographic and employment

State Government planning directives have designated employment targets to 2036 between 9,200 to 12,700 additional jobs in the Randwick Strategic Centre (encompasses UNSW, the hospitals and mixed-use precincts of Kensington, Kingsford, Randwick Junction and The Spot). Maroubra Junction, along with Eastgardens, is to cater for between 1,100 to 2,100² additional jobs.

Age profiling indicates young adults (aged 20-30 years) tend to be concentrated in Kensington (5,460 persons), Kingsford (5,535 persons) and Coogee-Clovelly (4,024 persons).

Between 2006-2016, young adults had the highest growth rate at 10.28 per cent, this was followed closely by youth at 9.97 per cent and retirees at 9.16 per cent.

Age projections suggest the growth rate for young adults will not be as strong towards 2036 and will drop to about 7 per cent.

The growth rate of retirees will rise to 10.61 per cent to 2036. This suggests a diverse population structure for the future in the Randwick LGA. Spaces that cater to a diversity of people will be valuable.

Based on past trends, total student enrolments and international student enrolments at UNSW may continue to grow. Therefore, it is likely town centres in the Randwick LGA will have to accommodate more student needs.

Services

The results of previous community satisfaction surveys have shown that the Randwick City community has a consistently high level of satisfaction with the current level of services provided by Council.

The modelling undertaken in this plan demonstrates the funding requirements that will be needed to maintain this level of satisfaction in the provision of services, including library, arts, culture, open space, recreation, transport, parking, planning, enforcement, environment, infrastructure, waste, and other municipal services, across Randwick City into the future.

Details of the services and the service standards can be found in Council's 2025-29 Delivery Program.

Infrastructure

The results of previous community satisfaction surveys highlight the importance that the community places on the condition of the City's infrastructure. Overall, the community is satisfied with the condition of Randwick City's infrastructure. To ensure that this continues the financial management of the City's infrastructure will be guided by Council's 2025-35 Asset Management Plans.

Our asset management framework enables the realisation of community outcomes for this generation and the next. This enables confidence in the management of our infrastructure.

The Asset Management plans will guide the funding requirements for our roads, footpaths, kerb and gutters, buildings, retaining walls, open space, lines and signs, and stormwater drainage to ensure that they are provided to the community in a satisfactory condition. The modelling undertaken in this LTFP demonstrates how the required funding will be provided.

1. Randwick Profile.id - Randwick City Council Community Profile (ABS ERP 2023)
2. Eastern City District Plan



OUR COMMUNITY

144,598¹

Estimated resident population (2024)

37yrs¹

Median age (2021)

1.8%²

Aboriginal & Torres Strait Islanders (2021)

59,765²

Private dwellings (2021)

154,745³

Forecasted population 2041

3,866¹

Persons per square km (2024)

40%²

Born overseas (2021)

2.36²

Average household size (persons per dwelling) (2021)

SOURCES

1. Data by Region, Australian Bureau of Statistics, Region summary: Randwick.

2. Randwick Profile.id - Randwick City Council Community Profile (2021 Census, Australian Bureau of Statistics).

3. NSW Department of Planning, Industry and Environment, Population, Household and Implied Dwelling Projections by LGA.

Technology

To succeed in the twenty-first century economy, Randwick City needs to be productive, accessible, and liveable.

Our community outcomes are enhanced through accessibility to an expanded and integrated information set. The use of accurate, secure, and complete information sets fosters confidence and trust in our expanding use of data.

By taking advantage of technological progress, Council and the community can make it more prosperous, sustainable, accessible, and safe. Real time data and smart technology will lead to better utilisation of infrastructure; clean energy and energy efficiency; improvements in services and better benchmarking of our performance. The implementation of Council's Information Management and Technology (IMT) Strategy has been incorporated into the modelling in this plan.

Economic environment

Our economy is part of a complex and diverse network of activities that extends well beyond the boundaries of Randwick City.

Business properties

There are more than 2,111 properties across Randwick City which are rated as 'Business' and account for around 4 per cent of the City's total rateable properties.

Businesses and industry

There are 14,366 businesses in Randwick City with the largest subcategory within this being the Professional, Scientific and Technical Services industry.

The dominant employers across Randwick City are Health Care, Social Assistance, Education and Training.

Gross Regional Product

Randwick City's Gross Regional Product (GRP) was \$10.55 billion in 2024. Our city represents 2 per cent of the GRP of the Greater Sydney region (NIEIR).

Workers

There were 60,063 jobs located in Randwick City in the year ending 30 June 2024. Over 1.43 per cent of jobs in NSW are in Randwick City.

Tourism

In the 5 years up to 2023/24, the average number of international visitors to Randwick City was 22,878. The

average length of stay for international visitors was 43.7 days, higher than the average for New South Wales. This large number of visitors utilise different services within the local economy but also utilise Council's services and infrastructure.

Education institutions

Randwick City is home to the University of New South Wales (UNSW) and its 52,326 plus enrolled students. Randwick City is also home to NIDA and Randwick TAFE Campus, which both service thousands more students. These students utilise Council's services and infrastructure but also patronise local Randwick City businesses.

Social infrastructure that supports the development of spaces and activities acts to bring students and the local community together. Attractive town centres that cater to the diversity of residents, workers and students are critical in supporting the local economy, noting disposable incomes will vary greatly.

Sporting facilities

Randwick City is home to regional sporting facilities such as Heffron Park, Chifley Sports Reserve, Des Renford Leisure Centre and the Heffron Centre of Excellence. These sporting facilities bring thousands of children and their parents into the city every week who also utilise Council's services and infrastructure and patronise local Randwick City businesses.

OUR ECONOMY

\$10.55b²

Gross regional product (2024)

60,063²

Local jobs (June 2024)

4.8%²

Unemployment rate (Sept 2025)

14,366²

Businesses (June 2025)

8.1%¹

Attending university (2021)

\$2,311¹

Median weekly household income (2021)

81,067²

Employed residents (June 2024)

43%¹

University qualified (Bachelor or higher) (2021)

45%¹

Households renting (2021)

SOURCES

- 1. ABS Regional Population Growth, Local Government Areas Australia.
- 2. Randwick Economy.id – Randwick City Council Economic Profile (National Institute of Economic and Industry Research (NIEIR)).

Socioeconomics – rates affordability

When preparing the plan, many factors are taken into consideration and a vast array of statistics and research are analysed. With rates, annual charges and user fees making up over 80 per cent of Council’s total revenue, it is important that capacity to pay is one of those factors.

Residential properties

In the 2025-26 financial year there were over 51,792 properties across Randwick City that were rated as Residential. They include single dwellings, social housing, and multi-unit dwellings.

Housing tenure

In Randwick City, 49% of households were purchasing or fully owned their home, 45% were renting privately, and 6% were in social housing in 2021 (ABS). The median weekly rent for a house in June 2024 was \$1,495.

Household incomes

According to the 2021 Census, the median weekly income of households across Randwick City was \$2,311. The number of residents receiving government pensions and allowances is decreasing over time and this correlates with the reducing number of rates rebates that are being granted by Council each year.

Randwick City Council's Gross Regional Product (GRP) represents 1.34% of the state's GSP (Gross State Product). Randwick City’s GRP was \$10.55 billion in the year ending June 2024, growing 5.5% since 2022. Headline GRP is a measure of size or net wealth generated by the local economy.



Outstanding rates, annual charges

On 30 June 2026, 2.68% of rates and annual charges levied remained outstanding. This is considerably 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 ratepayer’s capacity and willingness to pay for the services of the Council.

Indexes

The Index of Relative Socio-Economic Disadvantage (IRSD) is based on the 2016 and 2021 Census and is useful in identifying geographic areas that are relatively disadvantaged. An area with an IRSD of 1000 is considered average while a lower score indicates that the area is experiencing more disadvantage. With an average IRSD of 1059 Randwick City is considered to have a slightly higher than average level of socio-economic advantage (Randwick City, Index of Relative Socio-Economic Disadvantage, 2021).

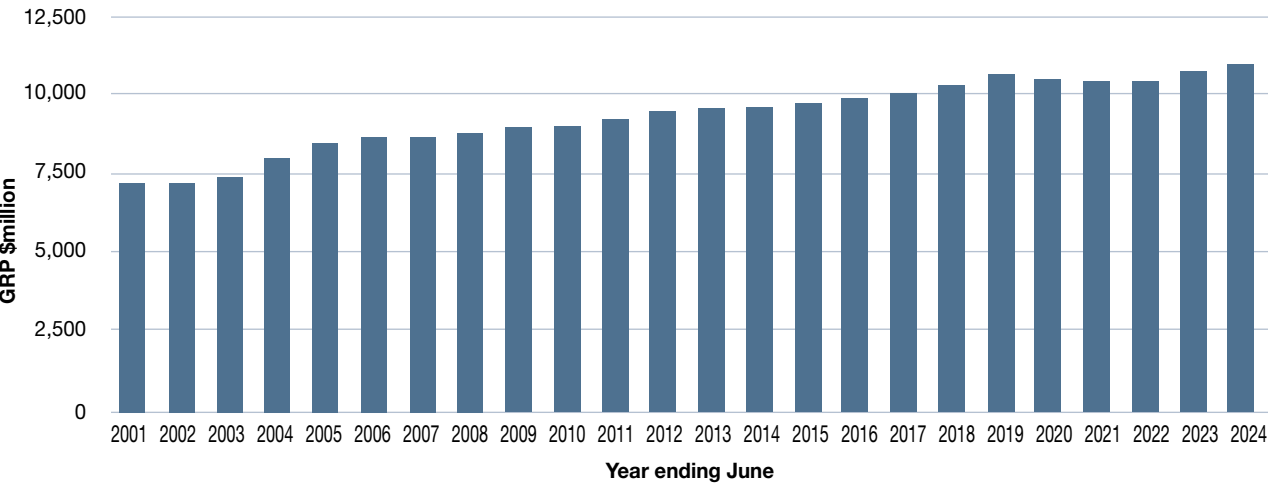
Residential individual income is an indicator of socio-economic status, skills, and occupations as it helps to evaluate the economic opportunities of our community. In Randwick City, the 'highest group' quartile is the largest group, comprising 29.2% of the resident workers. This is above average in comparison to the state. (Australian Bureau of Statistics (ABS) – Census, 2021)

Hardship and concessions

The Council has a Pensioner Concession Policy, Financial Hardship Policy and Pensioner Rates Policy to assist those experiencing difficulties with paying rates. In addition to the \$250 statutory pensioner rebate on rates, the Council also provides an additional \$100 rebate each year. Members of the community who are also eligible welfare recipients can also receive exemptions on residential parking permits and concessions on a range of other user fees and charges that Council applies.

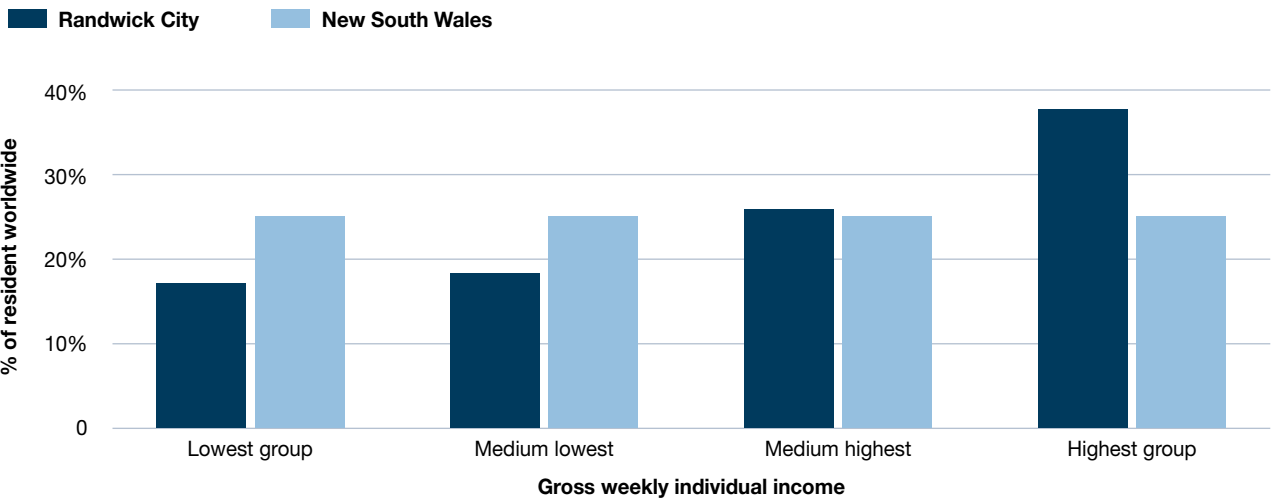


Randwick City - Gross Regional Product



Source: National Institute of Economic and Industry Research (NIEIR) @2025 Compiled and presented in economy.id by .id (informed decisions).

Resident workers individual income quartiles, 2021



Source: Australian Bureau of Statistics, Census of Population and Housing, 2021 Compiled and presented in economy.id by .id (informed decisions).

Economic conditions, unforeseen events and other impacts

Inflation

Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by households for a fixed basket of goods and services. CPI affects almost all Australians and is primarily used as a macro-economic indicator of goods and services price inflation faced by all consumer households.

Inflation has continued to ease, and underlying inflation is expected to return to the 2-3% range. The labour market has been surprisingly strong. The global economic outlook is uncertain due to new trade policies and international tensions.

High inflation is damaging as it erodes our living standards and puts pressure on household budgets. The Reserve Bank of Australia (RBA) is determined to bring down inflation by raising interest rates. The RBA Statement of Monetary Policy from March 2026 forecasts inflation to reduce to remain above the 2-3% target range for a sustained period.

Council is sustainable and can withstand the current inflationary environment for the next few years assuming no other unforeseen events occur.

Interest Rate

The official cash rate was increased by 25 basis points to 4.35% in May 2026. As of 28 July 2026, ASX Interbank Cash Rate Futures indicate a 22% probability of another 0.25% increase to 4.6% at the August meeting.

Council drew down a \$33.5m loan back in November 2021 fixed for 10 years at 2.22%, well below the current interest rate that Council achieves on its investments. The loan was for funding of the Heffron Centre and various infrastructure projects.

Rate pegging

The rate peg determines the maximum percentage amount by which a council may increase its general income for the year. The rate peg is mainly based on the Local Government Cost Index (LGCI). The LGCI measures price changes over the previous year for the goods and labour an average council will use. The rate peg applies to general income in total, and not to individual ratepayers' rates.

As long as general income remains within the set maximum increase, councils may increase categories of rates by higher or lower than the rate peg.

Rating income is the primary revenue source for the funding of Council's services and infrastructure commitments, with ~71% of total revenue coming from rates and annual charges in the 2026-27 draft budget.

Generally, communities expect councils to take on increasing financial responsibilities resulting from growth, increased infrastructure requirements and more service demands and expectations. Many of the major costs within the Council have increased more than rate pegging. More wages and salaries, fuel, materials, labour in infrastructure are used to maintain Council's assets. The Council has addressed this through ongoing efficiencies and cost savings, however, this has become increasingly challenging in the current inflationary environment.

A general observation is that rate pegging has constrained the capacity of NSW councils to raise total revenue so that they can keep pace with cost increases and service expansions to meet community expectations.

IPART has announced a rate peg of 5% for the 2026/27 financial year for the Council.

Cost shifting

Cost shifting is one of the most significant problems faced by councils in NSW. Along with rate capping, cost shifting undermines the financial sustainability of the local government sector by forcing councils to assume responsibility for more infrastructure and services, without sufficient corresponding revenue. Cost shifting occurs when the responsibility for, or merely the cost of providing a certain service, concession, asset or regulatory function is shifted from one sphere of government to another, without the corresponding funding or revenue raising ability required to deliver that new responsibility. Some examples of cost shifting include the cost of operating public libraries, collection of Emergency Services Levies, transfer of property and heritage sites, processing development applications and cost of pensioner rebates on council rates. Cost shifting forces Councils to divert ratepayers funds away from the much needed local infrastructure projects. The LTFP assumes the current cost will increase annually by CPI, but no growth in cost shifting in the life of the LTFP.



Part 3. Principles and strategies

- Legislated Principles
- Financial Strategy



Legislated Principles

In September 2016, the Local Government Amendment (Governance and Planning) Act 2016 commenced. This legislated the approach that councils should adopt in relation to their financial management.

“A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community.”

(Source: a definition of financial sustainability set out in the NSW Treasury Corporation (TCorp) 2013 report ‘Financial Sustainability of the New South Wales Local Government Sector’ and reiterated in the IPART methodology)

Legislated principles of sound financial management

Section 8B of the Local Government Act 1993 states that the following principles of sound financial management apply to councils.

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

Financial Strategy

Our Financial Strategy:

- **Deliver operating surpluses** – Ensure that each financial year the budget has a healthy before capital revenue operating surplus, combined with strong budget management and control, to help deliver an operating surplus for Council.
- **Fund existing service levels** – Ensure existing service levels that Council currently provides continue to be fully funded when preparing budgets and making financial decisions.
- **Fund infrastructure renewals** – The funding allocated to annual capital works programs should be equivalent to an average of at least 20% of the total revenue budget, over the life of the LTFP. This target ensures the Council maintains a disciplined approach to funding infrastructure

renewals.

- **Ensure financial stability** – Council can support its financial stability by maintaining a strong cash position, ensuring its ability to generate its own operating revenue, and having sufficient assets to cover its liabilities.
- **Financial legacy** – Ensure that every financial decision that is made, by both the Council and Council management, creates and safeguards the financial legacy of Randwick City Council – a legacy of being prudent and responsible.



Part 4. Financial assumptions

- Projection considerations
- Financial planning assumptions
- Risk assessment



Projection considerations

- **Cash and investments** – The forecasted balances of cash and investments have considered the planned movements of various reserves such as plant replacement, domestic waste, employee leave entitlements, affordable housing, and development contributions reserves. Cash levels have been forecasted to ensure that adequate operational liquidity is maintained.
- **Receivables** – Randwick City Council has continually had one of the lowest levels of outstanding rates and annual charges amongst all New South Wales councils. These low levels assist with Council’s liquidity, and it has been assumed that these low levels will continue across the period of the plan.
- **Inventories and other assets** – The inventory that Council holds at its Works Depot, DRLC and Community Nursery has remained stable over the past ten years. These levels have been forecasted to continue over the life of the plan.
- **Infrastructure, property, plant, and equipment** – Randwick City is the custodian of infrastructure, property plant and equipment valued at \$2.25 billion. The financial management of these assets is guided by the 2025-35 Asset Management Plans and the asset renewals and upgrades that have been identified in those plans have been funded in this LTFP.
- **Provisions** – Council has made provisions for payment of employee leave entitlements which predominantly consists of annual leave and long service leave. The balance of these provisions is influenced by the Annual and Long Service Leave Management Policy, retirements and leave plans. When determining the value of the provisions, factors such as wage and salary increases, cash rate forecasts, and factors affecting discounting rates have been taken into consideration.
- **Borrowings** – External borrowings of \$33.5 million were committed for the 2020-22 Works Program for the purpose of funding the major works, including The Heffron Centre. Council secured borrowings under the State Government’s Low-Cost Loan Initiative in November 2021.

Council will only borrow in the form, and from financial institutions, mandated in the Borrowing Order issued under s624 of the Local Government Act 1993. The security for these loans will be secured against Council’s rating income as required under s229 of the Local Government (General) Regulation.

Council considers borrowing in accordance with its Investment Policy. Council may borrow for capital projects identified in the Resourcing Strategy or to fund income producing assets.



Financial planning assumptions

In preparing our 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 financial sustainability.

Financial planning assumptions play a significant role in managing finances and allocating resources to serve the community effectively. Councils must make assumptions about factors such as population growth, revenue sources, inflation, and economic trends to develop sound financial plans. These assumptions assist the Council in areas of resource allocation, long-term financial sustainability, infrastructure planning, revenue forecasting, debt management, risk management and performance monitoring.

Based on information sources (including from the RBA and ABS in the 1st Quarter 2026), we have now made assumptions in putting together our long-term plan and its balanced budget.

Table 1 provides a list of assumptions on which the LTFP is based. Detailed explanatory notes for each can be found in **Appendix A**. Glossary of key terms and definitions can be found in **Appendix B**.



LONG TERM FINANCIAL PLAN 2026-36, BALANCED BUDGET

Table 1 - Financial assumptions (%)

	YEAR 1 2026-27	YEAR 2 2027-28	YEAR 3 2028-29	YEAR 4 2029-30	YEAR 5 2030-31	YEAR 6 2031-32	YEAR 7 2032-33	YEAR 8 2033-34	YEAR 9 2034-35	YEAR 10 2035-36
Consumer Price Index (CPI)	2.95%	2.90%	2.80%	2.70%	2.60%	2.50%	2.50%	2.50%	2.50%	2.50%
Rate Pegging Limit	5.00%	4.90%	4.80%	4.60%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Domestic Waste	8.00%	8.00%	8.50%	7.00%	6.50%	4.00%	4.00%	4.00%	4.00%	4.00%
User Fees and Charges	3.85%	4.35%	4.30%	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%	3.90%
Investment Return Rates	3.80%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Other Revenues	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI
Employee Costs - Award	4.50%	4.00%	4.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Employee Costs - TRP	4.50%	4.00%	4.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Employee Costs - Step increases	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Employee Costs - Super	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Materials and Contracts (M&C)	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI
Other Expenses	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI
Principal Loan Repayments	\$3.34M	\$3.42M	\$3.49M	\$3.57M	\$3.65M	\$1.86M	-	-	-	-
Interest Loan Repayments*	\$0.41M	\$0.34M	\$0.26M	\$0.18M	\$0.10M	\$0.02M	-	-	-	-

*The Council Loan borrowings are fixed at 2.22% over the duration of the loan



Risk assessment

Council is aware that risk is present in all aspects of its operations and planning. According to our Enterprise Risk Framework, the LTFP has identified several risks related to some important areas that could have an effect on the Council's financial viability, cash flow, or negatively impact revenue, which would have an impact on service delivery.

As part of the governance framework, the Council will regularly monitor existing and developing risks through initiatives like internal audit programmes, business continuity risk assessments, Audit and Risk and Improvement Committees (ARIC), and continuing financial performance reporting.

Risk Matrix

Determine the risk using the below risk matrix

	CONSEQUENCE				
LIKELIHOOD	Insignificant	Minor	Moderate	Major	Catastrophic
Almost certain	Medium (10)	High (15)	High (35)	Extreme (65)	Extreme (100)
Likely	Medium (8)	Medium (12)	High (28)	High (52)	Extreme (80)
Possible	Low (6)	Medium (9)	High (21)	High (39)	Extreme (60)
Unlikely	Low (4)	Low (6)	Medium (14)	High (26)	High (40)
Rare	Low (2)	Low (3)	Medium (7)	Medium (13)	High (20)

Likelihood

RATING	DEFINITION	PROBABILITY
Almost certain	Is expected to occur in most circumstances	More than 80%
Likely	Will probably occur in most circumstances	Between 50% to 80%
Possible	Might occur at some time	Between 20% to 50%
Unlikely	Could occur at some time	Between 5% to 20%
Rare	May occur only in exceptional circumstances	Less than 5%

The Council's Risk Analysis identifies and assesses all the risks involved and the severity of their impact. This assists in:

- the awareness of the risks
- enables the level of risk that Council is willing to accept

- recognising the Council's ability to control and reduce risk
- providing an essential tool for use in any review of Council's Enterprise Risk Management Framework

Risk Analysis

RISK	LIKELIHOOD	CONSEQUENCE	RATING	ANALYSIS	MITIGATIONS
ECONOMIC AND EXTERNAL FACTORS					
Interest rate fluctuations	Likely	Minor	Medium	Interest rates and available cash balances may be lower than forecast, reducing interest returns.	Council frequently monitors its cash management forecasting requirements and actively seeks increasing returns and investments. This will also include continuous monitoring of debtors and creditors to ensure cash is being utilised in the most efficient manner. The Council will diversify investment holdings with high quality institutions ensuring optimal investment rates.
Inflation and movements in the Consumer Price Index	Likely	Minor	Medium	Inflation is significantly higher than anticipated impacting cost of services provided to the community.	The Council will focus on procurement practices which provides certainty, governance, reduction of costs and risks, and continuously monitoring value.
Community infrastructure needs and expectations	Likely	Moderate	High	The community expectations exceed the Council's financial capacity in delivering the services resulting in an unsustainable outcome and potential burden to future generations.	Continuous review of service levels with community engagement and consultation. Prioritising and aligning our services to meet the needs of the community. Improved standards and prioritisation of allocation of scarce resources across Council through regular financial monitoring.
Changes to Levies and government policies	Possible	Moderate	High	Council relies on external funding for its operations and capital works renewal program. If there was a reduction in funding there is a potential reduction in service delivery and infrastructure maintenance.	Council will maximise funding from State and Federal Governments. The plan includes recurrent and capital grants that have already been awarded. The Council diversifies its revenue streams to reduce dependence on general rates. It has been assumed that Government funding remains at current levels.
Changes in rate pegs	Possible	Major	High	If the amount is less than what is forecasted, the income shortfall will need to be recovered through alternative income streams or a reduction in expenditure to mitigate for the variance.	Consideration of a special rate variation, alternative revenue and efficiencies, service adjustments or expenditure reprioritisation.
Technology and cybersecurity	Possible	Major	High	Council relies on technology to deliver services, collect revenue, process payments and protect sensitive information. Cyber incidents, data breaches, system failures or technology costs above forecast may disrupt services, cause financial loss and require significant unplanned expenditure.	Maintain cybersecurity controls, system backups, access controls, staff training and tested incident-response and business-continuity plans. Technology investment will be prioritised through the IMT Strategy, risk assessments and annual budget process.
Capital projects and construction costs	Likely	Moderate	High	Construction-cost escalation, supply constraints, project delays, scope changes, unforeseen site conditions and contractor risks may increase costs or delay delivery of the capital works program. Funding pressures may require projects to be deferred or reprioritised.	Apply project governance, procurement and contract-management controls, supported by reliable cost estimates and appropriate contingencies. Project costs and funding will be regularly monitored, with scope, timing and priorities adjusted where required.

OTHER RISK AREAS					
Infrastructure asset management and asset renewal	Possible	Moderate	High	Ensuring the value of existing stock of physical assets is maintained, reducing backlogs and overall degradation of assets will affect Council's ability to provide services and remain sustainable.	Continuously monitoring asset management plans through a strong capital governance framework as key inputs into future asset maintenance and renewal expenditures.
Changes in fees and charges and other revenue sources	Possible	Minor	Medium	The decline of deregulated revenues increase the reliance on rates and may impact services being delivered.	Investigating new services for the Council to minimise financial impacts on ratepayers. The Council holds a strong financial position to reprioritise in the short to medium term.
Workforce management	Unlikely	Major	High	Future employee awards may increase employee costs beyond predicted levels. Vacancy rates and staff turnover are higher than expected. Skills shortage and impacts on service delivery due to capability and capacity.	Improved leave management planning and professional development opportunities implemented across Council.
Climate change	Almost certain	Moderate	High	The effects of climate change are being transmitted directly through weather events as well as indirectly through changing legislation, policies, insurance risk, products, technology, investment and consumer preferences. This can result in cost increases exceeding standard CPI, representing a financial risk to the LTFP.	Council will maintain adequate insurance coverage and continue to monitor the external environment and embed future cost increases into budgets. Ensuring a financial position that can withstand financial shock is a core objective.
Workforce Injury Management	Possible	Moderate	High	Ensuring the safety of our workforce is a priority at Council however, accidents happen and injuries with time off work and high medical or surgery costs can negatively impact Council's claims history and claims experience. Increased premiums due to other external factors can also impact the premium and these are outside the control of Council.	Continuous improvement in safety initiatives and education of all staff, including new staff, in safety practices and reviewing work tasks to improve processes and procedures. Monitoring of best practice and implementation of new ways of working. In addition to proactive management of injury claims assist in the mitigation of this risk.

The Council will continuously monitor these and emerging risks as part of the governance framework through areas such as Internal Audit Programs, Business Continuity Risk assessments, Audit and Risk and Improvement Committees and ongoing financial performance reporting.



Part 5. Long Term Financial Plan 2026-36

To ensure financial sustainability, Council has frameworks in place to effectively manage its limited resources to achieve best value for our community. Our LTFP provides a tool to demonstrate the long-term financial performance of Council based upon current service provision. It provides a base upon which Council can assess the long-term financial impacts of decisions made. The plan extends for a period of ten years and uses the 2026-27 budget as the base year.



Balanced Budget

Using all the assumptions within this document, the following balanced budget statements are provided:

- Income Statement
- Statement of Financial Position
- Cash Flow Statement



LONG TERM FINANCIAL PLAN 2026-36, BALANCED BUDGET

Income Statement

	YEAR 1 2026-27	YEAR 2 2027-28	YEAR 3 2028-29	YEAR 4 2029-30	YEAR 5 2030-31	YEAR 6 2031-32	YEAR 7 2032-33	YEAR 8 2033-34	YEAR 9 2034-35	YEAR 10 2035-36
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Income from Continuing Operations										
Revenue:										
Rates & Annual Charges	165,764	175,625	186,029	196,253	206,764	216,182	226,027	236,318	247,074	258,317
User Charges & Fees	26,269	27,031	27,788	28,538	29,281	30,012	30,762	31,532	32,320	33,128
Interest & Investment Revenue	6,506	5,387	5,452	5,571	5,855	6,252	5,936	6,373	6,828	7,252
Other Revenue	8,658	8,909	9,158	9,406	9,650	9,892	10,139	10,392	10,652	10,918
Grants & Contributions provided for Operating Purposes	8,528	8,775	9,021	9,264	9,505	9,743	9,986	10,236	10,492	10,754
Grants & Contributions provided for Capital Purposes	12,638	13,005	13,369	13,730	14,087	14,439	14,800	15,170	15,549	15,938
Other Income	6,034	6,208	6,382	6,555	6,725	6,893	7,066	7,242	7,423	7,609
Total Income from Continuing Operations	234,397	244,940	257,199	269,317	281,867	293,413	304,716	317,263	330,338	343,916
Expenses from Continuing Operations										
Employee Benefits & On-Costs	96,498	101,168	106,065	110,668	115,471	120,482	125,711	131,167	136,860	142,800
Borrowing Costs	401	336	260	182	102	21	-	-	-	-
Materials & Contracts	80,839	85,863	90,356	92,120	95,357	98,667	103,514	105,702	109,438	113,329
Depreciation & Amortisation	30,358	31,238	32,113	32,980	33,837	36,375	39,103	42,036	45,189	48,578
Other Expenses	6,502	6,691	6,878	7,064	7,248	7,429	7,615	7,805	8,000	8,200
Net Losses from the Disposal of Assets	4,500	5,698	5,857	6,015	6,172	6,592	7,043	7,526	8,045	8,602
Total Expenses from Continuing Operations	219,098	230,994	241,529	249,029	258,187	269,566	282,986	294,236	307,532	321,509
Operating Result from Continuing Operations	15,299	13,946	15,670	20,288	23,680	23,847	21,730	23,027	22,806	22,407
Net Operating Result for the Year	15,299	13,946	15,670	20,288	23,680	23,847	21,730	23,027	22,806	22,407
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	2,661	941	2,301	6,558	9,593	9,408	6,930	7,857	7,257	6,469

LONG TERM FINANCIAL PLAN 2026-36, BALANCED BUDGET

Statement of Financial Position

	YEAR 1 2026-27	YEAR 2 2027-28	YEAR 3 2028-29	YEAR 4 2029-30	YEAR 5 2030-31	YEAR 6 2031-32	YEAR 7 2032-33	YEAR 8 2033-34	YEAR 9 2034-35	YEAR 10 2035-36
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
ASSETS										
Current Assets										
Cash & Cash Equivalents	12,691	12,844	13,125	13,794	14,730	13,985	15,015	16,086	17,085	17,995
Investments	102,226	103,768	105,582	111,290	118,669	113,201	121,529	130,269	138,278	145,408
Receivables	14,135	14,690	15,240	15,808	16,460	17,130	17,485	18,207	18,954	19,705
Inventories	580	596	613	630	646	662	679	696	713	731
Other	1,353	1,437	1,510	1,542	1,596	1,653	1,735	1,774	1,837	1,905
Total Current Assets	130,984	133,336	136,070	143,064	152,100	146,630	156,443	167,031	176,867	185,744
Non-Current Assets										
Investments	25,000	25,000	26,000	27,000	29,000	27,000	29,000	31,000	33,000	35,000
Receivables	759	789	818	849	884	919	939	977	1,017	1,058
Infrastructure, Property, Plant & Equipment	2,250,724	2,351,853	2,360,893	2,423,890	2,471,456	2,598,296	2,608,708	2,679,133	2,730,649	2,846,706
Right of Use assets	218	215	211	208	204	200	197	193	190	186
Total Non-Current Assets	2,276,702	2,377,857	2,387,922	2,451,946	2,501,543	2,626,416	2,638,844	2,711,304	2,764,856	2,882,950
TOTAL ASSETS	2,407,686	2,511,192	2,523,992	2,595,010	2,653,643	2,773,046	2,795,286	2,878,335	2,941,723	3,068,694
LIABILITIES										
Current Liabilities										
Payables	24,008	24,599	25,196	25,785	26,380	26,980	27,586	28,198	28,817	29,443
Income received in advance	1,049	1,079	1,110	1,140	1,169	1,199	1,228	1,259	1,291	1,323
Lease liabilities	3	3	3	3	3	3	3	3	3	3
Borrowings	3,418	3,494	3,572	3,652	1,856	-	-	-	-	-
Provisions	26,209	27,160	28,110	29,060	30,010	30,961	31,911	32,861	33,811	34,762
Total Current Liabilities	54,688	56,336	57,991	59,640	59,419	59,143	60,729	62,322	63,923	65,530
Non-Current Liabilities										
Income received in advance	20,059	19,102	18,122	17,110	16,073	14,992	13,886	12,755	11,599	10,417
Lease liabilities	222	219	215	212	208	205	202	198	195	191
Borrowings	12,575	9,081	5,508	1,856	-0	-	-	-	-	-
Provisions	890	922	954	987	1,019	1,051	1,083	1,116	1,148	1,180
Total Non-Current Liabilities	33,745	29,323	24,800	20,165	17,301	16,248	15,171	14,069	12,942	11,789
TOTAL LIABILITIES	88,433	85,659	82,791	79,805	76,720	75,390	75,900	76,391	76,864	77,319
Net Assets	2,319,253	2,425,534	2,441,201	2,515,205	2,576,923	2,697,656	2,719,387	2,801,944	2,864,859	2,991,375
EQUITY										
Retained Earnings	1,023,456	1,037,402	1,053,070	1,073,360	1,097,038	1,120,887	1,142,618	1,165,646	1,188,453	1,210,863
Revaluation Reserve	1,295,797	1,388,132	1,388,132	1,441,845	1,479,885	1,576,769	1,576,769	1,636,298	1,676,406	1,780,512
Total Equity	2,319,253	2,425,534	2,441,201	2,515,205	2,576,923	2,697,656	2,719,387	2,801,944	2,864,859	2,991,375

LONG TERM FINANCIAL PLAN 2026-36, BALANCED BUDGET

Cash Flow Statement

	YEAR 1 2026-27	YEAR 2 2027-28	YEAR 3 2028-29	YEAR 4 2029-30	YEAR 5 2030-31	YEAR 6 2031-32	YEAR 7 2032-33	YEAR 8 2033-34	YEAR 9 2034-35	YEAR 10 2035-36
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts:										
Rates & Annual Charges	165,449	175,321	185,708	195,938	206,439	215,892	225,724	236,000	246,742	257,970
User Charges & Fees	25,309	26,020	26,755	27,473	28,191	28,879	29,603	30,346	31,108	31,889
Investment & Interest Revenue Received	7,548	5,934	5,420	5,513	5,716	6,058	6,091	6,159	6,606	7,045
Grants & Contributions	21,166	21,779	22,389	22,994	23,592	24,181	24,786	25,406	26,041	26,692
Bonds, Deposits & Retention amounts received	464	464	464	464	464	464	464	464	464	464
Other	14,686	14,375	15,398	15,818	16,234	16,644	17,062	17,491	17,930	18,380
Payments:										
Employee Benefits & On-Costs	(95,385)	(100,059)	(104,949)	(109,561)	(114,358)	(119,364)	(124,587)	(130,037)	(135,723)	(141,656)
Materials & Contracts	(78,122)	(85,880)	(90,373)	(92,137)	(95,373)	(98,683)	(103,531)	(105,719)	(109,455)	(113,347)
Borrowing Costs	(401)	(336)	(260)	(182)	(102)	(21)	-	-	-	-
Other	(6,511)	(6,775)	(6,954)	(7,094)	(7,302)	(7,484)	(7,696)	(7,842)	(8,063)	(8,265)
Net Cash provided (or used in) Operating Activities	54,202	50,843	53,599	59,228	63,500	66,566	67,917	72,269	75,649	79,171
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts:										
Sale of Investment Securities	58,097	64,904	64,635	61,921	62,959	84,603	63,252	68,254	74,665	80,751
Sale of Infrastructure, Property, Plant & Equipment	1,284	1,424	1,464	1,504	1,543	1,648	1,761	1,882	2,011	2,150
Payments:										
Purchase of Investment Securities	(63,551)	(66,447)	(67,449)	(68,628)	(72,338)	(77,135)	(73,580)	(78,994)	(84,675)	(89,881)
Purchase of Infrastructure, Property, Plant & Equipment	(46,145)	(47,154)	(48,474)	(49,783)	(51,077)	(74,571)	(58,319)	(62,340)	(66,653)	(71,280)
Net Cash provided (or used in) Investing Activities	(50,315)	(47,272)	(49,824)	(54,987)	(58,913)	(65,455)	(66,887)	(71,198)	(74,651)	(78,260)
CASH FLOWS FROM FINANCING ACTIVITIES										
Payments:										
Borrowings and advances	(3,343)	(3,418)	(3,494)	(3,572)	(3,652)	(1,856)	-	-	-	-
Net Cash provided (or used in) Financing Activities	(3,343)	(3,418)	(3,494)	(3,572)	(3,652)	(1,856)	0	-	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	544	154	281	669	936	(745)	1,030	1,071	998	911
plus: Cash & Cash Equivalents - beginning of year	12,147	12,691	12,845	13,126	13,795	14,730	13,985	15,015	16,087	17,085
Cash & Cash Equivalents - end of the year	12,691	12,845	13,126	13,795	14,730	13,985	15,015	16,087	17,085	17,996

Part 6.

Alternate financial modelling and sensitivity analysis

A. Alternate financial modelling

B. • Sensitivity analysis

Scenario One

Expenditure:
Increase in
Employee Award

• Sensitivity analysis

Scenario Two

Revenue:
Reduced Rate
Pegging (IPART)



A - Alternate financial modelling

Long term financial forecasts are inherently uncertain and depend on assumptions about future revenue, expenditure and economic conditions. To assess the financial resilience of the LTFP, Council has modelled a planned, optimistic and conservative scenarios.

The planned scenario represent Councils current forecast and is reflected in the financial statements in PART 5. The optimistic and conservative

scenarios are the combined impact of changes to two significant assumptions- employee award increases and future rate pegs.

These scenarios are not predictions. They demonstrate how Councils financial position may change if key assumptions are more or less favourable than forecast. All other assumptions, service levels and capital expenditure remain unchanged.

Scenario assumptions

ASSUMPTION	PLANNED SCENARIO	OPTIMISTIC SCENARIO	CONSERVATIVE SCENARIO
Rate peg	Current LTFP assumption	0.25% above forecast	0.25% below forecast
Employee award increase	Current LTFP assumption	0.25% below forecast	0.25% above forecast
Other income and expenditure	Current LTFP assumptions	No change	No change
Service levels and capital program	Current LTFP assumptions	No change	No change

Scenario adjustments apply from 2027-28. The 2026-27 adopted budget remains unchanged.

Impact on Net Operating Result Before Capital Contribution

	YEAR 1 2026-27	YEAR 2 2027-28	YEAR 3 2028-29	YEAR 4 2029-30	YEAR 5 2030-31	YEAR 6 2031-32	YEAR 7 2032-33	YEAR 8 2033-34	YEAR 9 2034-35	YEAR 10 2035-36
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Planned scenario	2,661	941	2,301	6,558	9,593	9,408	6,930	7,857	7,257	6,469
Optimistic scenario*	2,661	1,476	3,420	8,312	12,036	12,599	10,930	12,731	13,076	13,307
Conservative scenario*	2,661	407	1,182	4,805	7,150	6,220	2,935	2,989	1,447	-357

Scenario outcomes

Under the planned scenario, Council maintains a positive operating result before capital grants and contributions in each year of the Plan. This supports the continued delivery of services, renewal of infrastructure and management of future financial pressures.

Under the optimistic scenario, higher rate revenue and lower employee-cost growth strengthen Council’s financial position and provide additional capacity to respond to emerging priorities and unforeseen pressures.

Under the conservative scenario, Council maintains positive operating results before capital grants and contributions through to 2034–35, followed by a modest deficit in the final year. This demonstrates Council’s overall financial resilience while highlighting the need for continued monitoring and timely corrective action if actual conditions vary from the Plan’s assumptions.

The projected results are accounting outcomes after allowing for depreciation and do not represent unrestricted cash available for discretionary expenditure. Council will review the LTFP annually and monitor performance through monthly financial reporting and the Quarterly Budget Review Statement process.



B - Sensitivity analysis

Our assumptions in Part 4 of this plan are current informed estimates based on a range of reasonably reliable sources; nevertheless, 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.

A sensitivity analysis is a useful tool for the council to evaluate the potential impact of changes to key assumptions and inputs on their financial projections. The purpose of a sensitivity analysis is to identify the critical assumptions and inputs that have the most significant impact on the council's

financial performance. By conducting a sensitivity analysis, councils can assess the risks associated with changes to these assumptions and inputs and adjust their financial plans accordingly.

The analysis is typically performed by adjusting the assumptions and inputs within a range of values and observing the corresponding impact on the financial projections. This allows councils to make informed decisions based on a range of potential outcomes, rather than relying on a single set of assumptions.

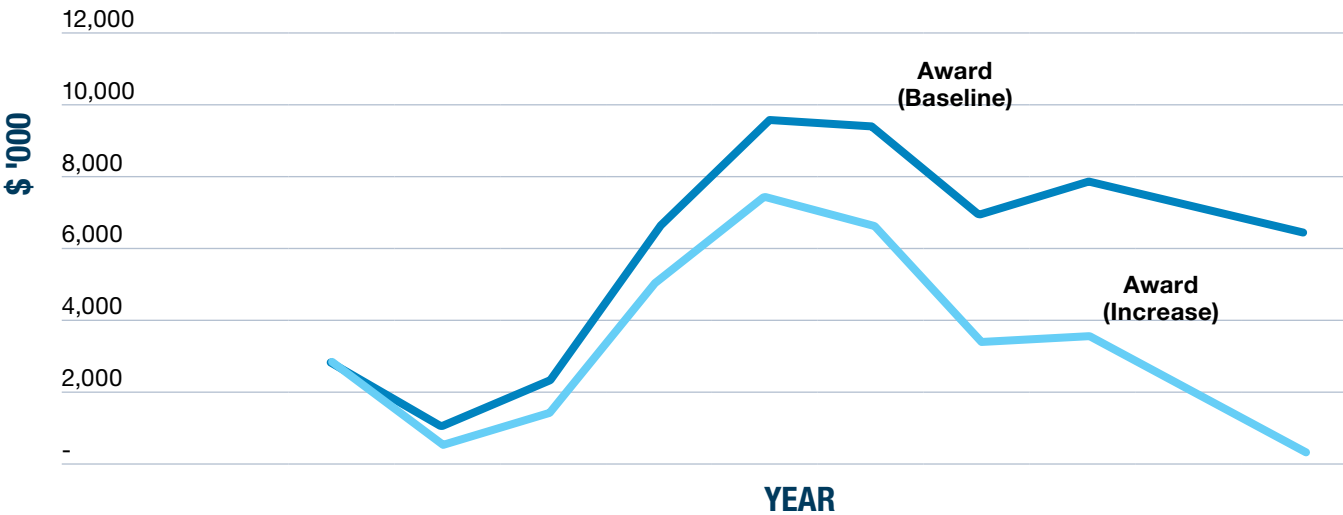
To assess the sensitivity of our baseline balanced budget, we have assessed the following scenarios:

Scenario One: Sensitivity analysis

AWARD INCREASES BY 0.50% (2026-2036)

Impact on Net Operating Result Before Capital Grants and Contributions

	YEAR 1 2026-27	YEAR 2 2027-28	YEAR 3 2028-29	YEAR 4 2029-30	YEAR 5 2030-31	YEAR 6 2031-32	YEAR 7 2032-33	YEAR 8 2033-34	YEAR 9 2034-35	YEAR 10 2035-36
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Employee Expenses (Baseline) *	2,661	941	2,301	6,558	9,593	9,408	6,930	7,857	7,257	6,469
Employee Expenses (Increased)	2,661	459	1,287	4,964	7,369	6,499	3,279	3,400	1,929	198



Gap Award (Baseline) vs Award (Increased)
Net Operating Result before Capital Contributions (\$'000)

* From 2027/28, baseline is identical across all scenarios; each sensitivity tests one variable in isolation.



Scenario Two: Sensitivity analysis

REDUCE RATE PEGGING BY 0.50% (2026-2036)

Impact on Net Operating Result Before Capital Grants and Contributions

	YEAR 1 2026-27	YEAR 2 2027-28	YEAR 3 2028-29	YEAR 4 2029-30	YEAR 5 2030-31	YEAR 6 2031-32	YEAR 7 2032-33	YEAR 8 2033-34	YEAR 9 2034-35	YEAR 10 2035-36
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Rates (Baseline)*	2,661	941	2,301	6,558	9,593	9,408	6,930	7,857	7,257	6,469
Rates (Reduced)	2,661	369	1,078	4,645	6,934	5,943	2,596	2,585	976	-899



Gap Rates (Baseline) vs Rates (Decreased)

Net Operating Result before Capital Contributions (\$'000)

* From 2027/28, baseline is identical across all scenarios; each sensitivity tests one variable in isolation.



Part 7. Monitoring financial performance

- Monitoring financial performance
- Performance Statement



Monitoring financial performance

A number of key performance indicators are used to help determine our sustainability. These indicators provide a snapshot of the state of Council's current financial position and comparative results relating to each model.

Our balanced budget has been developed to ensure that it meets financial obligations, and provides the benchmarks for an array of financial indicators which have either been internally or externally prescribed. There are few factors which affect the value and size of certain revenue, operating expenditure, and or capital expenditure each financial year. The impact of these variations are:

- Budget control - Annual budgets are set to meet the financial indicator benchmarks. Budgets are monitored internally on an on-going basis using Council's financial information systems. Monthly Financial Reports and Quarterly Budget Reviews are reported to Council. They illustrate the progress against adopted budgets.
- Financial performance indicators – our balanced budget implementation will meet a set of financial performance and asset management indicators.



LONG TERM FINANCIAL PLAN 2026-36, BALANCED BUDGET

Performance Statement

	TARGET	YEAR 1 2026-27	YEAR 2 2027-28	YEAR 3 2028-29	YEAR 4 2029-30	YEAR 5 2030-31	YEAR 6 2031-32	YEAR 7 2032-33	YEAR 8 2033-34	YEAR 9 2034-35	YEAR 10 2035-36
BUDGET PERFORMANCE											
1. Operating Performance Ratio Measures the extent to which a council has succeeded in containing operating expenditure within operating revenue.	>0%	✔ 3.23%	✔ 2.86%	✔ 3.35%	✔ 4.92%	✔ 5.89%	✔ 5.74%	✔ 4.82%	✔ 5.09%	✔ 4.86%	✔ 4.60%
2. Own Source Operating Revenue Ratio Measures fiscal flexibility. It is the degree of reliance on external funding sources.	≥60%	✔ 90.97%	✔ 91.11%	✔ 91.29%	✔ 91.46%	✔ 91.63%	✔ 91.76%	✔ 91.87%	✔ 91.99%	✔ 92.12%	✔ 92.24%
OPERATIONAL LIQUIDITY											
3. Unrestricted Current Ratio Represents a council's ability to meet short-term obligations as they fall due.	≥1.5	✔ 2.34	✔ 2.31	✔ 2.29	✔ 2.21	✔ 2.24	✔ 2.55	✔ 2.49	✔ 2.44	✔ 2.21	✔ 1.94
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage Expressed as a percentage of total rates and charges available for collection in the financial year.	< 5%	✔ 3.0%	✔ 3.0%	✔ 3.0%	✔ 3.0%	✔ 3.0%	✔ 3.0%	✔ 3.0%	✔ 3.0%	✔ 3.0%	✔ 3.0%
5. Cash Expense Cover Ratio Liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.	≥3	✔ 7.42	✔ 7.08	✔ 6.88	✔ 6.99	✔ 7.21	✔ 6.65	✔ 6.87	✔ 7.15	✔ 7.30	✔ 7.38
LIABILITY AND DEBT MANAGEMENT											
6. Debt Service Cover Ratio Measures the availability of operating cash to service loan repayments.	2.00x	✔ 10.13	✔ 10.18	✔ 10.80	✔ 12.18	✔ 13.24	✔ 27.91	-	-	-	-
ASSET MANAGEMENT											
7. Building and Infrastructure Renewals Ratio Assesses the rate at which these assets are being renewed against the rate at which they are depreciating.	≥100%	✔ 122.5%	✔ 120.6%	✔ 118.7%	✔ 116.6%	✔ 114.5%	✔ 112.3%	✔ 110.1%	✔ 108.0%	✔ 105.9%	✔ 103.9%
8. Infrastructure Backlog Ratio Ratio shows what proportion the infrastructure backlog is against the total value of a council's infrastructure.	≤2%	✔ 0.56%	✔ 0.56%	✔ 0.57%	✔ 0.57%	✔ 0.58%	✔ 0.58%	✔ 0.60%	✔ 0.59%	✔ 0.60%	✔ 0.60%
9. Asset Maintenance Ratio Ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing.	≥1	✔ 1.39	✔ 1.38	✔ 1.37	✔ 1.35	✔ 1.34	✔ 1.89	✔ 1.43	✔ 1.47	✔ 1.52	✔ 1.57
10. Capital Expenditure Ratio Annual capital expenditure divided by annual depreciation.	≥1	✔ 1.52	✔ 1.52	✔ 1.52	✔ 1.52	✔ 1.52	✔ 2.06	✔ 1.50	✔ 1.49	✔ 1.48	✔ 1.48

The Council uses the following ratios in assessing sustainability for:

- Budget Performance
- Operational Liquidity
- Liability and Debt Management
- Asset Management

These ratios are further defined and explained below:

CRITERIA	KEY FINANCIAL INDICATORS	DEFINITION	PURPOSE OF INDICATOR
Sustainability and Budget Performance	Operating Performance Ratio	This ratio measures the extent to which operating revenue raised covers operating expenses. It is an indicator of continued capacity to meet ongoing expenditure commitments.	A percentage greater than zero over the long term means council is expecting to generate sustainable levels of revenue with an ability to fund proposed capital expenditure and repayments. The aim is for the council to produce consistently positive underlying surpluses over the coming years.
	Own source operating revenue ratio	The ratio compares own source funds against total income.	The measurement indicates the level of fiscal flexibility by the council. Councils with a higher own source revenue have a greater ability to control or manage their own operating performance and financial sustainability.
Operational Liquidity	Unrestricted Current Ratio	The unrestricted current ratio is specific to local government and represents a Council's ability to meet short term obligations as they fall due.	This ratio measures the extent to which the council has liquid assets available to meet short term financial obligations. If the current ratio is too high over a sustained period, this may indicate the Council may not be efficiently using its current assets and indicate inefficiencies in working capital management.
	Rates, annual charges, interest and extra charges outstanding percentage	This ratio assesses the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.	This ratio assesses the impact of uncollected rates and annual charges on liquidity and the efficiency of Council's debt recovery.
	Cash expense cover ratio	This liquidity ratio indicates the number of months a council can continue paying its immediate expenses without additional cash flow.	This ratio commonly demonstrates the Council's ability to show a sufficient ability to pay, and the ratio should be greater than 3. The ratio is commonly used by lenders to see if existing borrowers are in financial difficulty, and to determine whether they should loan money to new loan applicants.
Liability and Debt Management	Debt service cover ratio	This measure indicates whether the council has excessive debt servicing costs relative to operating revenue.	This ratio measures the extent to which operating revenues are committed to loan principal and interest servicing. A higher ratio may indicate a greater capacity to borrow for infrastructure and/or repay debt at an accelerated pace. A smaller ratio may indicate a constrained financial ability and limited capacity to manage unforeseen events.
Asset Management	Building and infrastructure renewals ratio	This ratio is to measure the rate assets are being renewed against the rate at which they are depreciating.	The ratio assesses whether the asset renewal expenditure is sufficient to maintain assets in the long term. If capital expenditure on renewing or replacing existing assets is at least equal to depreciation on average over time, then a council is ensuring the value of its existing stock of physical assets is maintained.
	Infrastructure Backlog Ratio	This ratio measures the estimated cost to bring assets to a satisfactory condition.	The ratio measures the proportion of assets backlog against the total value of Council's infrastructure assets. Increasing backlogs may affect Council's ability to provide services and remain sustainable.

CRITERIA	KEY FINANCIAL INDICATORS	DEFINITION	PURPOSE OF INDICATOR
	Asset maintenance ratio	This ratio measures whether council assets are being adequately maintained to avoid increasing its infrastructure backlog.	This ratio assesses the actual maintenance costs versus the required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds within the year to stop the infrastructure backlog from growing. The ratio also provides a measure of asset degradation.
	Capital expenditure ratio	This indicates the extent to which a council is forecasting to expand its asset base with capital expenditure spent on both new assets, and also the replacement and renewal of existing assets.	This ratio measures the extent to which capital expenditure is covered by depreciation. A ratio above one indicates there is an investment in long term asset growth and that the Council is willing to invest more than depreciation, thereby expanding its asset base for the duration of the financial model.



Appendices

- Appendix A
- Appendix B



Appendix A

Financial planning assumptions

The LTFP utilises the current adopted budget as the base and a number of internal and external assumptions to project revenue and expenditure for the following 10 years. Consideration was given to a range of economic factors and policies that affect our finances. This impacts our capability to maintain our existing levels of community service and long-term financial sustainability.

The financial forecast contains details of the assumptions used to estimate growth rates, price increases, general rates and charges increases. These assumptions have been estimated based on industry publications and historical trends. The major expense categories for Council’s operating budget and specific assumptions underpinning the LTFP are:

Revenue Assumptions

- **Rates and Charges**

Rates and Charges are a major source of the Council’s Revenue, representing around 71% of revenue. The amount of rates income a council may levy is limited by rate pegging. Rate pegging refers to the process in which the State Government determines annually the allowable rates increase. This allowable increase is generally announced annually in December by the Independent Pricing and Regulatory Tribunal (IPART). The rate peg for 2026-27 is 5%, which included a 1.9% population factor and we have anticipated a decrease in the later years of the financial plan based on movements in the CPI and the Award.

- **User Fees and Charges**

Many of the services provided by Council are ‘user pays’ and the Council is working towards a cost recovery model. Randwick Council strives to increase sustainability and diversify Council’s revenue base to reduce the dependence on rates. Revenue raised from fees and charges of Council’s services and the use of facilities can be divided into two categories:

1. Statutory and regulatory fees and charges which are set by regulation or another authority and which Council has no discretion to increase; and
2. Other fees and charges which are set by Council such as aquatic centres, leases, childcare and venue hire, are determined by applying applicable pricing policies. The Consumer Price Index (CPI) and the Council continuity of services have been used to project the council’s revenue for future years from User Fees and Charges.

User charges relates mainly to the recovery of service delivery costs through the charging of fees. The CPI and the Award have been chosen as the relevant factors in modelling these expenses over the term of the Plan. The key principle for determining the level of user charges has been to ensure that increases are generally consistent with cost increases and in 2026-27 user fees and charges are escalated in the financial plan by 3.85%.

- **Grants**

The Council receives grants across some service areas with the core revenue stream being the Financial Assistance Grants. The Council recognises the importance of actively pursuing and maintaining grant funding from all available sources. In preparing the LTFP, the Council assumed that grant funding will continue to be received. Should these grants and subsidies be reduced, there is an inherent level of risk on the council’s ability to provide the same level of service. Other operating grants received for specific project related purposes have been included in the year we anticipate they will be received.

- **Contributions**

Council receives contributions from developers. These contributions represent funds to enable council to provide the necessary infrastructure and infrastructure improvements to accommodate development growth. The contributions are for specific purposes and transferred to a restrictive reserve until utilised for a specific purpose through a capital works program.

- **Investments**

The Council’s Investment Strategy is to undertake investment of surplus funds, maximising earnings from authorised investments, whilst ensuring the security of Council funds. These externally and internally restricted reserves are generally related to grant funds held for specific purposes, developer contributions, and money set aside for funding future projects and employee leave entitlements. Interest income is based on predicted cash flows, cash balances and investment returns. The LTFP investment income has been based on rates being achieved on a portfolio balance of term deposit, Floating Rate Notes (FRNs), and at call accounts. The Council monitors cash flow on a daily basis. Council also aims to ensure there is sufficient liquidity to meet all reasonable anticipated cash flow requirements when they are required.

Expenditure Assumptions

- **Employee Costs**

Employee costs include all labour related expenditure including; wages and salaries and on-costs for both casual employees and permanent employees. Employee costs are one of the largest expenditure assumptions which represent approximately 44% of overall expenses which include a combination of wages and salaries, superannuation, workers compensation, leave entitlements, training and other statutory obligations.

The 2026-27 year includes an increase for employee costs that reflects the salary increase for staff based on local government award increases and increments based on salary movements within the Council’s grading system. These increases are highlighted in our financial assumptions table.

No material change is expected in existing staff numbers and employee working hours.

- **Materials and Services**

Material costs and services include items required for the maintenance and repairs of Council buildings, roads, drains and footpaths. Other associated costs included under this category are utilities and purchases of consumable items for a range of services. Materials and contracts are used in the creation and maintenance of infrastructure and to provide recurring operational services. The CPI has been chosen as the relevant factor in modelling these expenses over the term of the plan. These costs are kept to within CPI levels year on year through competitive tenders, reviewing opportunities to reduce costs and increase efficiencies as well as contract management. Domestic waste expenses are based on the assumptions and service levels outlined in the Domestic Waste Strategy over the planning period. As these contracts are renewed, economic and market conditions will influence price. For services and materials not supplied under contract; a long-term percentage increase has been applied within the financial plan.

- **Depreciation and amortisation**

Depreciation of Council’s infrastructure assets is determined from information contained within the asset management strategies and plans. Depreciation is a non-cash measure which determines the monetary value of an asset decreasing over time due to wear, tear and obsolescence. The Council uses straight line depreciation for its fixed assets and frequently monitors the useful life, residual values and serviceability levels. As such, assets are systematically revalued to comply with adopted accounting standards.

- **Other expenses**

Other expenses include administration costs such as audit costs, licenses, bank charges, insurances, fire services levy, councillor allowances, sponsorships, elections and other costs associated with the day-to-day running of Council. The CPI has been chosen as the relevant factor in modelling this expense over the term of the plan.



Appendix B

This section provides a glossary of Key Terms and Definitions used throughout the document.

Asset Management Plan:
The Asset Management Plan outlines the extent of works necessary to bring our assets to an acceptable condition as defined by the community. It details the cost of those works, and does this within the context of Council’s Integrated Planning & Reporting (IP&R) Framework.

Assets:
An asset is a resource that is owned or controlled by a council and will provide a benefit in current and future periods. In the balance sheet, they are divided into current assets, which can be converted to cash in one year or less; and non-current or long-term assets, which cannot.

Balance Sheet:
A statement detailing the assets and liabilities of the council, often referred to as a statement of financial position. The assets and liabilities are generally measured at their ‘fair value’ which may be different to the historic cost. For example, long life infrastructure assets, such as roads, are measured at the current estimated cost to replace, adjusted to reflect the current condition of the asset while land and non-specialised buildings are usually recorded at market value.

Balanced Budget:
A balanced budget is a situation in financial planning or the budgeting process where total expected revenues are equal to total planned spending. This term is most frequently applied to Council and government budgeting. The term "budget surplus" is often used in conjunction with a balanced budget. A budget surplus occurs when revenues exceed expenses, and the surplus amount represents the difference between the two.

Capital expenditure:
Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months. Capital expenditure includes renewal, expansion and upgrade. There are normally two forms of capital expenditures: (1) expenses to maintain levels of operation present within the Council and (2) expenses that will enable an increase in future growth.

Capital grants:
Monies received generally tied to the specific projects for which they are granted, which are often upgrade and/or expansion or new investment proposals.

Capital renewal expenditure:
Expenditure on an existing asset, which returns the service potential.

Cash Flow from operating activities:
Cash flow from operating activities (CFO) indicates the amount of money the council brings in from its ongoing, regular business activities, such as rates and annual charges, grants and user charges. It is the first section depicted on a council's cash flow statement.

Cash Flow Statement:
This statement provides details of the cash receipts and payments of council for the year. The statement separates cash flows into operating activities, such as the receipt of rates or payment of staff, investing activities, such as capital works and the purchase of assets and financing activities, such as the receipt of borrowed funds or the repayment of loans.

Cash flows from Financing activities:
Cash flow from financing activities (CFF) is a section of the council’s cash flow statement, for a council this will normally include loans received and loans repaid, including the cash flows associated with any finance leases.

Cash flow from Investing activities:
Cash flow from investing activities (CFI) is one of the sections on the cash flow statement that reports how much cash has been generated or spent from various investment-related activities in a specific period. Investing activities include purchases of assets, investments in securities, or the sale of securities or assets.

Community Strategic Plan:
The Community Strategic Plan describes the community’s vision and aspirations for a period of ten or more years. Creation of the CSP is led by the Mayor and Councillors and through engagement with the community. This is the community’s plan for its future. Council will have a custodial role in engaging, refining and preparing the plan on behalf of its community.

Current assets:
An asset that can be converted to cash within one year. Usually cash, short-term investments or accounts receivable.

Current liabilities:
An obligation or liability that is due to be settled, or paid, within one year.

Depreciation:
Reflects a council’s use of its physical assets through a systematic reduction in their value over time, usually to reflect wear and tear.

Equity:
Also called net assets, is the Council's claim to assets after the liabilities are paid off. The equity of a council can be calculated by subtracting the council liabilities from the council assets. Equity is commonly referred to as net assets or residual equity.

Income Statement:
Also known as statement of comprehensive income detailing the income and expenditure of the council. This is presented on an ‘accrual’ basis, that records revenue when it is earned and expenses when they are incurred, regardless of the timing of the receipt or payment of cash.

Infrastructure assets:
Physical assets of the council which can include physical structures or facilities, systems and networks that provide or support essential public services.

Level of service:
The defined service quality for a particular asset against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.

Liquidity:
The ease with which assets can be converted into cash.

Long Term Financial Plan:
The Long Term Financial Plan outlines the future finances of Council's operations taking into consideration key elements such as rate movements, service levels to our community major infrastructure, assets replacement and renewals as well as borrowings and cash reserves.

Maintenance expenditure:
Repairs and maintenance expense is the cost incurred to ensure that an asset continues to operate. This may involve bringing performance levels up to their original level from when an asset was originally acquired, or merely maintaining the current performance level of an asset.

Operating expenditure:
An operating expense is an expense a business incurs through its normal business operations. Often abbreviated as OPEX, operating expenses include salaries and wages, repairs and maintenance, fuel, consumables and utilities.

Residual value:
The net amount which Council expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

Resourcing Strategy:
The Resourcing Strategy underpins our Integrated Planning and Reporting Framework. As the name suggests, the Resourcing Strategy demonstrates how Council will resource through time, money, people and assets, its contribution towards the community's aspirations as outlined in its Delivery Program.

Risk management:
Risk management is focused on anticipating what might not go to plan and putting in place actions to reduce uncertainty to a tolerable level. Risk management is the process of planning, organising, directing, and controlling resources needed to minimise the risks and uncertainties exposed.

Quarterly Budget Review Statement

The QBRS presents a summary of Council’s financial position at the end of each quarter. It is the mechanism whereby councillors and the community are informed of Council’s progress against the management plan/operational plan (original budget) and the last revised budget along with recommended changes and reasons for major variances.



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