

Long Term Financial Plan

2025 - 2036

PART ONE



Introduction

Council's Long-Term Financial Plan (LTFP) forecasts the financial capacity of Tamworth Regional Council to meet the objectives adopted in the Community Strategic Plan. It is vital for informing both Council and our community about the long-term financial position of our organisation. Council's Long-Term Financial Plan covers a period of 10 years and will be updated annually following the adoption of each of Council's Annual Operational Plans.

Estimates, projections and assumptions have been used to develop a picture of how Council's finances will progress over each of the next 10 years by quantifying revenue growth, expenditure commitments, and funding capacity. This provides various results and performance indicators in relation to Council's financial sustainability, which is the degree to which revenues can meet commitments to operations, services and infrastructure.

Council's financial structure is divided into three separate funds: General, Water and Sewer. These funds are subject to legislative restrictions, and subsidisation between funds is not permitted. They operate as three separate businesses with appropriate inter-entity charging where required to ensure full and accurate cost absorption.

The Long-Term Financial Plan is presented using three of the main statements provided in the annual financial reports:

- **Income Statement** - this statement shows the operating result and change in net assets from operations for the year;
- **Balance Sheet** – this discloses the assets, liabilities and equity of Council
- **Cash Flow Statement** – this statement presents the cash flows associated with Council's operating, financing and investing activities

The Long-Term Financial Plan is an important component of Council's strategic planning tools. It is where the community's long-term vision and aspirations are tested against financial realities. Council can use the plan to model different scenarios to understand the longer-term impacts of financial decisions made now.

Tamworth Regional Council adopted an overarching strategic document, Blueprint100 on May 26, 2020. The purpose of Blueprint100 is to guide the development of the Tamworth Region to 2041. Long Term Financial Plans are living documents and the forecasts for the years outlined in this plan will change as Council progresses the strategies encompassed within Blueprint100.

Parameters and Principles

In preparing Council's Long-Term Financial Plan the following principles have been adopted. Council will:

- maintain a cash balance that can meet short term commitments;
- maintain service levels to the community as defined in the Community Strategic Plan;
- maintain sufficient reserves for identified commitments;
- review operating expenditure and improve efficiency;
- pursue cost recovery on fees for service, and
- maximise investment returns within statutory guidelines.

Council has several policies in place that support these principles, which are outlined in the Annual Operational Plan each year. The main focus of these parameters is financial sustainability.

Financial Sustainability

A financially sustainable Council is one that has the ability to fund ongoing service delivery and the renewal and replacement of assets without incurring excessive debt or rate increases. A key indicator for this is the net operating result before capital grants and contributions which can be found in the final line of the Income Statement. This shows the degree to which operating revenues can cover commitments for operating costs and asset renewals. A focus on achieving a positive or surplus result will enable Council to adopt capital programs and asset management plans, sustainable organisational structures and annual budgets within a prudent long term financial framework. Longer term economic modelling is critical to the success of meeting the needs of the community it serves. Council has established the following financial objectives and strategies to ensure its continuing sustainability:

- maintain service levels where possible and fund other recurrent obligations such as loan repayments, plant replacement and employee leave entitlements;
- pursue strategic management objectives identified in the Community Strategic Plan;
- preserve the investment of the community in the many assets to which Council is custodian, and
- protect itself against financial setbacks, and where possible, unknown contingencies.

Tamworth Regional Council's approach to improved financial sustainability includes a continuous review of our efficiency and effectiveness and catering for what Council "can do" in keeping with the overall aim of fiscal responsibility. However, the constraints on Council's ability to raise general fund income and limited recurrent government funding, combined with inflationary pressures on the costs of labour, plant and materials, are so significant that they are potentially leading to:

- a widening gap between the amount of funding needed and the amount of funding available for the maintenance and renewal of assets; and
- a lack of capacity to provide new facilities or increase current service levels without a consideration for offsets or funding options.

Council needs to balance these financial responsibilities with the various desires of the community to ensure the maximum benefit is returned from resource allocation.

Measuring Financial Sustainability

A review, undertaken by the Independent Pricing and Regulatory Tribunal (IPART) into the Revenue Framework for Local Government, identified a number of performance indicators which measure Council's financial performance and position. The indicators measure both recurrent operations and capital sustainability. Council's results against these indicators are outlined under the section financial performance.

Ratio	Calculation	What is Being Measured	Sustainable Target
Operating Performance Ratio (%)	Operating revenue (excluding capital income) less operating expenditure divided by operating revenue	The ability to contain operating expenditure within operating revenue	Greater than equal break even average (0%) over three years
Unrestricted Current Ratio (%)	Unrestricted current assets (excludes externally restricted assets) less unrestricted current liabilities	The ability to meet short term financial obligations such as loans, payroll and leave entitlements (measures liquidity)	> 1:1 Sustainable < 1:1 Unsustainable
Own Source Revenue Ratio (%)	Operating revenue (excluding capital grants and contributions) divided by operating revenue (inclusive of capital grants and contributions)	The degree of fiscal flexibility and the degree of reliance on external funding sources	Greater than 60% average over three years
Debt Service Ratio (%)	Loan interest and principal divided by operating revenue	The level of discretionary revenue required to repay the principal and interest on loans	Greater than 0% and less than or equal to 20% over three years
Debt Service Cover Ratio	Operating result before capital excluding interest and depreciation/impairment/amortisation divided by principal repayments and borrowing costs	The availability of operating cash to service debt including interest, principal and lease payments	Greater than or equal to two
Building and Infrastructure Renewal Ratio (%)	Asset renewal expenditure divided by depreciation compared to the estimated annualized rate of decline	The rate that assets are being renewed	Greater than 100% average over three years

Planning Scenarios

It is mentioned above that the Long-Term Financial Plan is a modelling tool as well as a guide for Council. By developing and applying different scenarios, Council and the community can understand the different implications of different scenarios over the longer-term. The Office of Local Government recommends that Council develop at least three scenarios – a planned scenario, a conservative scenario and an optimistic scenario.

Due to Council only being part way through an approved two-year Special Variation rating increase, only one scenario is being considered in this document. Council considered alternative scenarios as part of the special variation application process.

PLANNING ASSUMPTIONS COMMON TO ALL FUNDS

The tables in this section document four factors that apply to and are assumed for all Funds as follows:

- Key Factors
- Revenue Factors
- Expenditure Factors
- Internal Employee Costs and Overheads Factors

KEY FACTORS	Budget 2025/2026	Projected 2026/2027	Projected 2027/2028	Projected 2028/2029	Projected 2029/2030	Projected 2030/2031	Projected 2031/2032	Projected 2032/2033	Projected 2033/2034	Projected 2034/2035
Inflation (CPI)	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Interest Rates (borrowings)	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Interest Rates (investments)	4.75%	4.25%	4.25%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

REVENUE FACTORS	Budget 2025/2026	Projected 2026/2027	Projected 2027/2028	Projected 2028/2029	Projected 2029/2030	Projected 2030/2031	Projected 2031/2032	Projected 2032/2033	Projected 2033/2034	Projected 2034/2035
Rate Peg (scenario 1)	15.0%	3.0%	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Water Annual Charges	3.8%	3.0%	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Water Consumption Charges	3.8%	3.0%	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Sewer Annual Charges	0.0%	3.0%	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Waste Annual Charges	3.8%	3.0%	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Waste User Charges (Gate Fees)	2.5%	3.0%	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Financial Assistance Grants - General	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Financial Assistant Grants - Roads	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Government Grants (misc.)	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Airport fees	3.8%	3.0%	3.0%	3.0%	2.5%	2.5%	2.50%	2.50%	2.50%	2.50%
Developer Contributions	2.4%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

EXPENDITURE FACTORS	Budget 2025/2026	Projected 2026/2027	Projected 2027/2028	Projected 2028/2029	Projected 2029/2030	Projected 2030/2031	Projected 2031/2032	Projected 2032/2033	Projected 2033/2034	Projected 2034/2035
Electricity	2.50%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
General materials increase	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Plant and Fleet – internal charges	5.0%	3.0%	3.0%	3.0%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Telephone/ communication costs	2.50%	2.5%	2.5%	2.5%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Waste Collection Services (contract)	7.50%	7.50%	7.50%	7.50%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Insurance premiums	2.50%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

INTERNAL EMPLOYEE COSTS AND OVERHEADS FACTORS	Budget 2025/2026	Projected 2026/2027	Projected 2027/2028	Projected 2028/2029	Projected 2029/2030	Projected 2030/2031	Projected 2031/2032	Projected 2032/2033	Projected 2033/2034	Projected 2034/2035
Wages (Industry Award increases)	4.0%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Training (% of total wages)	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
Superannuation Contributions (% of total wages)	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Workers Compensation (% of total wages)	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%

Consolidated Funds Planning Scenario

CURRENT FUNDS - PROJECTED BUDGET FORECAST

The Consolidated Fund is simply a compilation of the General, Water and Sewer Funds.

Individual planning scenarios for each of the funds are documented separately within this Long-Term Financial Plan in the following order:

- Consolidated Fund
- General Fund
- Water Fund
- Sewer Fund

Projected Statement of Income and Expenditure

The Income Statement shows the total operating income and expenses for the year by type based on accrual accounting principles. The operating result therefore shows if the income received is sufficient to pay for both operating expenses and asset renewal (as reflected in depreciation costs).

The net operating result before capital income provided on the last row of each income and expenditure statement is considered the more relevant measure of sustainability as it excludes income that can only be used for the acquisition of new assets.

These statements are produced for the Consolidated Fund and for each fund separately.

CONSOLIDATED INCOME STATEMENT	Budget 2025/2026 \$	Projected 2026/2027 \$	Projected 2027/2028 \$	Projected 2028/2029 \$	Projected 2029/2030 \$	Projected 2030/2031 \$	Projected 2031/2032 \$	Projected 2032/2033 \$	Projected 2033/2034 \$	Projected 2034/2035 \$
<i>Income from Continuing Operations</i>										
Rates & Annual Charges	101,683,423	104,520,568	107,462,931	110,464,700	113,219,553	116,043,175	118,937,286	121,905,371	124,945,826	128,093,556
User Charges & Fees	50,416,108	51,086,567	55,008,873	56,570,629	57,848,373	59,180,061	60,566,502	61,967,851	63,380,371	64,850,201
Other Revenue	8,050,310	9,999,883	10,770,858	11,349,054	11,629,531	11,917,019	12,211,695	12,513,737	12,823,330	13,140,664
Grants & Contributions - Operating Purposes	25,430,247	26,583,580	27,388,955	27,760,343	26,920,024	27,418,547	28,022,068	28,471,832	28,981,092	29,510,655
Grants & Contributions - Capital Purposes	41,901,069	29,032,184	7,898,372	12,993,173	7,231,187	7,375,810	7,523,324	7,673,794	7,827,272	7,983,819
Interest & Investment Revenue	9,155,809	9,021,402	9,285,595	9,669,582	9,702,841	9,829,512	9,959,442	11,054,555	12,535,464	13,876,177
Total Income from Continuing Operations	236,636,966	230,244,184	217,815,584	228,807,481	226,551,509	231,764,124	237,220,315	243,587,140	250,493,355	257,455,071
<i>Expenses from Continuing Operations</i>										
Employee Benefits & On-Costs	73,578,661	74,795,470	76,686,365	77,787,455	79,727,019	81,720,195	83,763,200	85,857,280	88,003,712	90,203,805
Borrowing Costs	3,631,309	6,185,035	6,646,906	6,158,965	5,716,911	5,304,321	4,945,961	4,699,637	4,387,494	4,046,106
Materials & Contracts	55,421,094	56,614,684	62,066,435	63,289,096	65,054,264	65,574,096	68,329,635	69,377,300	71,493,125	72,096,777
Depreciation & Amortisation	47,556,540	48,128,080	50,031,267	50,328,447	50,563,603	50,847,462	51,158,889	51,222,043	51,261,580	51,301,253
Other Expenses	3,331,365	3,262,702	3,381,898	3,506,721	3,594,633	3,685,277	3,778,749	3,875,147	3,974,576	4,077,026
Total Expenses from Continuing Operations	183,518,969	188,985,971	198,812,871	201,070,684	204,656,430	207,131,350	211,976,435	215,031,408	219,120,487	221,724,967
Operating Result from Continuing Operations	53,117,997	41,258,213	19,002,713	27,736,797	21,895,079	24,632,774	25,243,880	28,555,733	31,372,867	35,730,104
Net Operating Result before Capital Grants and Contributions Surplus/(Deficit)	11,216,928	12,226,029	11,104,341	14,743,624	14,663,892	17,256,964	17,720,556	20,881,939	23,545,595	27,746,285

CONSOLIDATED BALANCE SHEET	Budget 2025/2026 \$	Projected 2026/2027 \$	Projected 2027/2028 \$	Projected 2028/2029 \$	Projected 2029/2030 \$	Projected 2030/2031 \$	Projected 2031/2032 \$	Projected 2032/2033 \$	Projected 2033/2034 \$	Projected 2034/2035 \$
ASSETS										
Current Assets										
Cash & Cash Equivalents	4,058,090	4,130,074	4,101,516	4,372,452	4,551,817	4,716,690	5,333,565	6,093,130	6,882,055	7,670,679
Investments	153,885,662	156,533,701	154,338,442	165,257,373	172,676,911	180,296,173	203,952,642	233,021,553	263,097,863	293,194,805
Receivables	19,064,408	18,626,534	19,344,102	20,047,887	20,445,337	21,014,952	21,641,840	22,271,880	22,927,590	24,107,284
Inventories	21,090,615	21,209,608	21,468,915	21,551,023	21,590,681	21,665,138	21,751,637	21,853,110	21,905,619	21,983,219
Contract Assets	10,892,000	10,892,000	10,892,000	10,892,000	10,892,000	10,892,000	10,892,000	10,892,000	10,892,000	10,892,000
Other	877,910	912,072	992,145	1,018,116	1,031,617	1,055,285	1,083,081	1,115,018	1,132,574	1,157,341
Non-current assets "held for sale"	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total Current Assets	209,918,686	212,353,988	211,187,119	223,188,852	231,238,364	239,690,238	264,704,766	295,296,691	326,887,700	359,055,329
Non-Current Assets										
Investments	36,406,993	36,976,668	36,727,429	39,636,650	41,265,850	43,559,042	48,958,995	55,248,917	61,862,185	68,757,605
Receivables	606,626	648,101	674,120	697,803	715,156	732,942	751,173	769,871	789,024	808,873
Contract Assets	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Infrastructure, Property, Plant & Equipment	2,630,678,203	2,672,840,136	2,680,793,722	2,687,995,929	2,689,434,663	2,697,896,027	2,688,336,285	2,675,840,698	2,664,466,970	2,657,340,493
Investment Property	25,155,000	25,155,000	25,155,000	25,155,000	25,155,000	25,155,000	25,155,000	25,155,000	25,155,000	25,155,000
Intangible Assets	2,979,000	2,979,000	2,979,000	2,979,000	2,979,000	2,979,000	2,979,000	2,979,000	2,979,000	2,979,000
Right of Use Assets	4,570,000	4,570,000	4,570,000	4,570,000	4,570,000	4,570,000	4,570,000	4,570,000	4,570,000	4,570,000
Total Non-Current Assets	2,700,400,823	2,743,173,905	2,750,904,271	2,761,039,382	2,764,124,670	2,774,897,011	2,770,755,453	2,764,568,485	2,759,827,178	2,759,615,970
TOTAL ASSETS	2,910,319,508	2,955,527,893	2,962,091,390	2,984,228,234	2,995,363,034	3,014,587,249	3,035,460,219	3,059,865,176	3,086,714,878	3,118,671,299

CONSOLIDATED BALANCE SHEET (Cont.)	Budget 2025/2026 \$	Projected 2026/2027 \$	Projected 2027/2028 \$	Projected 2028/2029 \$	Projected 2029/2030 \$	Projected 2030/2031 \$	Projected 2031/2032 \$	Projected 2032/2033 \$	Projected 2033/2034 \$	Projected 2034/2035 \$
LIABILITIES										
Current Liabilities										
Payables	29,164,074	29,882,035	31,694,779	32,298,397	32,854,681	33,435,699	34,291,973	35,047,358	35,720,086	36,352,714
Contract Liabilities	18,647,503	15,621,022	9,804,851	11,108,440	9,099,917	9,269,476	9,470,922	9,626,638	9,800,605	9,981,074
Borrowings	11,158,512	11,049,812	11,336,272	10,215,221	7,069,461	6,342,180	5,978,731	6,290,104	5,985,496	5,834,662
Employee Benefit Provisions	12,326,244	12,460,766	12,598,652	12,717,538	12,839,397	12,964,303	13,092,331	13,223,560	13,358,070	13,495,942
Provisions	1,661,637	1,725,123	1,788,609	1,852,096	1,915,582	1,979,068	2,042,554	2,106,041	2,169,527	2,233,013
Total Current Liabilities	72,957,969	70,738,758	67,223,163	68,191,692	63,779,038	63,990,726	64,876,511	66,293,700	67,033,783	67,897,405
Non-Current Liabilities										
Lease Liabilities	4,710,000	4,710,000	4,710,000	4,710,000	4,710,000	4,710,000	4,710,000	4,710,000	4,710,000	4,710,000
Borrowings	97,966,604	103,413,740	93,767,762	86,477,541	79,408,080	73,065,900	67,087,169	60,797,065	54,811,570	49,451,909
Employee Benefit Provisions	400,231	404,599	409,076	412,937	416,893	420,949	425,106	429,367	433,735	438,211
Provisions	18,789,151	19,507,030	20,224,909	20,942,787	21,660,666	22,378,545	23,096,424	23,814,302	24,532,181	25,250,060
Total Non-Current Liabilities	121,865,987	128,035,369	119,111,747	112,543,265	106,195,640	100,575,394	95,318,699	89,750,734	84,487,486	79,850,180
TOTAL LIABILITIES	194,823,956	198,774,127	186,334,910	180,734,957	169,974,678	164,566,120	160,195,210	156,044,434	151,521,269	147,747,585
NET ASSETS	2,715,495,553	2,756,753,766	2,775,756,479	2,803,493,276	2,825,388,356	2,850,021,129	2,875,265,009	2,903,820,742	2,935,193,609	2,970,923,714
EQUITY										
Retained Earnings	1,501,088,553	1,542,346,766	1,561,349,479	1,589,086,276	1,610,981,356	1,635,614,129	1,660,858,009	1,689,413,742	1,720,786,609	1,756,516,714
Revaluation Reserves	1,213,742,000	1,213,742,000	1,213,742,000	1,213,742,000	1,213,742,000	1,213,742,000	1,213,742,000	1,213,742,000	1,213,742,000	1,213,742,000
Council Equity Interest	2,714,830,553	2,756,088,766	2,775,091,479	2,802,828,276	2,824,723,356	2,849,356,129	2,874,600,009	2,903,155,742	2,934,528,609	2,970,258,714
Minority Equity Interest	665,000	665,000	665,000	665,000	665,000	665,000	665,000	665,000	665,000	665,000
TOTAL EQUITY	2,715,495,553	2,756,753,766	2,775,756,479	2,803,493,276	2,825,388,356	2,850,021,129	2,875,265,009	2,903,820,742	2,935,193,609	2,970,923,714

CONSOLIDATED CASH FLOW STATEMENT	Budget 2025/2026 \$	Projected 2026/2027 \$	Projected 2027/2028 \$	Projected 2028/2029 \$	Projected 2029/2030 \$	Projected 2030/2031 \$	Projected 2031/2032 \$	Projected 2032/2033 \$	Projected 2033/2034 \$	Projected 2034/2035 \$
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	101,552,873	104,444,339	107,384,396	110,384,429	113,137,871	115,959,453	118,851,472	121,817,391	124,855,670	128,000,742
User Charges & Fees	50,361,312	51,013,576	54,479,859	56,345,086	57,661,670	58,985,855	60,364,676	61,763,525	63,174,011	64,635,848
Interest & Investment Revenue Received	9,060,041	8,982,584	9,238,033	9,521,290	9,639,805	9,688,129	9,775,996	10,874,048	12,337,062	13,645,643
Grants & Contributions	71,211,262	52,620,901	29,511,363	42,045,711	32,155,422	34,962,234	35,744,932	36,299,730	36,980,586	37,673,142
Other	7,749,127	9,844,940	10,753,906	11,200,932	11,630,911	11,850,540	12,141,990	12,444,490	12,752,731	13,067,485
Payments:										
Employee Benefits & On-Costs	(73,371,465)	(74,630,436)	(76,488,021)	(77,629,164)	(79,542,935)	(81,531,509)	(83,569,797)	(85,659,042)	(87,800,518)	(89,995,531)
Materials & Contracts	(66,198,722)	(64,076,260)	(68,896,523)	(69,912,359)	(67,081,420)	(67,737,832)	(70,348,217)	(71,632,201)	(76,629,080)	(80,838,212)
Borrowing Costs	(2,742,027)	(5,385,993)	(5,887,666)	(5,396,725)	(4,961,236)	(4,543,719)	(4,183,645)	(3,936,356)	(3,625,124)	(3,282,742)
Other	(3,498,551)	(3,275,058)	(3,335,575)	(3,478,289)	(3,566,687)	(3,653,720)	(3,745,508)	(3,839,957)	(3,942,820)	(4,042,446)
Net Cash provided (or used in) Operating Activities	(73,371,465)	(74,630,436)	(76,488,021)	(77,629,164)	(79,542,935)	(81,531,509)	(83,569,797)	(85,659,042)	(87,800,518)	(89,995,531)
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	3,982,686	-	7,259,598	2,153,837	1,013,439	7,151,365	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	5,766,644	3,625,927	2,474,149	2,435,635	2,396,980	2,358,075	1,234,693	873,124	834,409	407,527
Payments:										
Purchase of Investment Securities	(5,338,365)	(3,217,713)	(4,815,100)	(15,981,989)	(10,062,176)	(17,063,819)	(29,056,422)	(35,358,832)	(36,689,578)	(36,992,362)
Purchase of Infrastructure, Property, Plant & Equipment	(139,671,494)	(86,028,311)	(52,347,461)	(53,006,185)	(52,027,058)	(59,190,717)	(40,251,114)	(36,907,624)	(35,168,320)	(35,504,972)
Net Cash provided (or used in) Investing Activities	(135,260,529)	(85,620,097)	(47,428,815)	(64,398,702)	(58,678,815)	(66,745,096)	(68,072,843)	(71,393,331)	(71,023,490)	(72,089,807)

CONSOLIDATED CASH FLOW STATEMENT (Cont.)	Budget 2025/2026 \$	Projected 2026/2027 \$	Projected 2027/2028 \$	Projected 2028/2029 \$	Projected 2029/2030 \$	Projected 2030/2031 \$	Projected 2031/2032 \$	Projected 2032/2033 \$	Projected 2033/2034 \$	Projected 2034/2035 \$
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	51,045,000	17,312,000	1,690,295	2,925,000	0	0	0	0	0	0
Payments:										
Repayment of Borrowings & Advances	(9,869,878)	(11,158,512)	(11,049,812)	(11,336,272)	(10,215,221)	(7,069,461)	(6,342,180)	(5,978,731)	(6,290,104)	(5,985,496)
Net Cash Flow provided (used in) Financing Activities	41,175,122	6,153,488	(9,359,517)	(8,411,272)	(10,215,221)	(7,069,461)	(6,342,180)	(5,978,731)	(6,290,104)	(5,985,496)
Net Increase/(Decrease) in Cash & Cash Equivalents	38,442	71,984	(28,559)	270,936	179,365	164,873	616,875	759,565	788,924	788,625
plus: Cash, Cash Equivalents & Investments - beginning of year	4,019,648	4,058,090	4,130,074	4,101,516	4,372,452	4,551,817	4,716,690	5,333,565	6,093,130	6,882,055
Cash & Cash Equivalents - end of the year	4,058,090	4,130,074	4,101,516	4,372,452	4,551,817	4,716,690	5,333,565	6,093,130	6,882,055	7,670,679
Investments - end of the year	190,292,655	193,510,368	191,065,871	204,894,024	213,942,761	223,855,215	252,911,638	288,270,469	324,960,048	361,952,410
Cash, Cash Equivalents & Investments - end of the year	194,350,745	197,640,443	195,167,387	209,266,476	218,494,578	228,571,905	258,245,203	294,363,600	331,842,102	369,623,089
Representing:										
- External Restrictions	177,832,293	182,771,069	181,287,842	190,992,013	197,503,120	204,219,532	228,946,019	260,083,267	291,992,386	323,837,824
- Internal Restrictions	7,561,247	8,308,737	11,850,433	14,445,677	18,660,987	21,320,684	25,565,796	29,733,473	34,724,124	39,935,943
- Unrestricted	8,957,206	6,560,636	2,029,112	3,828,786	2,330,471	3,031,689	3,733,389	4,546,860	5,125,592	5,849,323
TOTAL	194,350,745	197,640,443	195,167,387	209,266,476	218,494,578	228,571,905	258,245,203	294,363,600	331,842,102	369,623,089

General Fund Planning Scenarios

The General Fund scenario is based on an increase of 15% (inclusive of 3.8% Rate Peg) from 2025/2026. The 2024/2025 increase was the initial year of an approved Special Rate Variation, to be rolled out over 2 years, and was based on a rate rise of 18.5% (inclusive of 4.9% rate peg). For the three years from 2026/2027 to 2028/2029, an increase of 3% has been allowed, with a 2.5% increase for all years thereafter.

The results of this scenario can then be used as a base for the analysis of other potential scenarios.

SCENARIO – WHAT WE CAN DO NOW

Some of the key points of this scenario for the General Fund are as follows:

- asset expenditure is based on existing funding levels, the 2025-2029 Delivery Program and Asset Management Plans (planned expenditure only);
- the base year of 2024/2025 is from the 31 December 2024 Budget Review with 2025/2026 to 2034/2035 projections based on assumptions;
- existing services are maintained at current levels of service;
- in-built savings of \$1,600,000 are included to cater savings occurring from vacant positions as a result of timing differences between termination and recruitment of employees and for cumulative minor budget savings across the array of Divisions within Council
- budget projections allow for the full employment of all current Council staff positions and plant items;
- projected unrestricted cash results for General Fund are at a level sufficient to maintain an acceptable unrestricted cash balance.
- a conservative level of Developer Contribution works have been included to offset expected revenues from Developer Contributions Plans.
- very conservative level of population growth for the region.

Major Projects Scheduled

➤ SKYWALK

In 2025/26 construction of the Tamworth Regional Skywalk will continue with construction anticipated to be completed by mid-2026. The Skywalk is an elevated platform that will extend from the top of Brisbane Street through the natural bushland of Victoria Park up to the Oxley Scenic Lookout giving excellent views towards the Liverpool Ranges. Total construction cost is \$18 million with \$14.3 million coming from the NSW Governments Regional Tourism Activation Fund, the remaining \$3,700,000 is coming from Council.

➤ AQUATIC CENTRE

Included in the LTFP is the construction and operation of an indoor multi-activity aquatic hall, along with a sport and health hub to the west of the Tamworth Regional Hockey Centre on Jack Smyth Drive. Total construction cost is set at \$45 million. The facility will be constructed with the assistance of grant funds; \$9 million from the Federal Government Growing Regions Program Round 2 and \$15 million from the state's NSW Government Centre of Excellence scheme. Construction of the long-awaited facility will commence in the 2025/26 financial year and it is anticipated that the centre will be operational from the 2027/28 financial year. Along with casual recreational swimming the centre will provide programs for Learn to Swim as well as water exercise classes and a 24/7 commercial gym.

➤ ORGANIC RECYLING FACILITY

NSW has a state wide mandate for Food Organics and Garden Organics (FOGO) recycling, to reduce food waste and stop food waste going to landfill. The NSW Parliament has passed legislation to mandate FOGO collection services for households by July 2030, and for businesses and institutions, in stages, from July 2026. Council currently undertakes source separation of Garden Organics (GO) and operates a modest Composting Facility at the Forest Road Landfill Site. In anticipation of this mandate coming in to effect, Council has developed an Organics Recycling Strategy for the processing of organic waste in the region. This strategy included investigating the development of a regional scale Organics Recycling Facility compared with options to improve the processing capability of the existing Composting Facility.

In July 2024, Council resolved to accept the organics recycling strategy and enter into a contract for Design and Construction of the facility at Gidley Appleby Road. Construction of this facility is scheduled to commence in 2025/26, subject to a target price being met and a Capital Expenditure Review approval. If approved the facility is expected to commence operating in 2027/2028. More accurate financial information will be able to be determined once construction details are finalised and as the facility gets closer to commencing operations.

➤ INFORMATION AND COMMUNICATION TECHNOLOGY PLAN

Council started developing the Technology Strategy (also known as Technology Blueprint) to provide clear direction and support Council to deliver against its community strategic vision as depicted in Blueprint100 and Community Strategic Plan, in particular around focus area 5 "Support the community through improved digital services that meet the community's need" and all aspects of focus area 9, in particular "Provide customer services that are proactive, available, helpful, and accessible to everyone in the region".

The implementation of this program is well underway and will continue for the next few years. Council is investing in excess of \$10m towards this program, by far the largest financial investment in technology at Tamworth Regional Council in 20 years. The ultimate objectives are to upgrade our IT infrastructure and introduce contemporary solutions and tools to enable various

functions in Council to effectively deliver services to the community who should ultimately reap the benefits in the form of better experience dealing with Council and quality services received. The other aspect of this program is to address the increasing cybersecurity and data breach incidents risk which will, if not mitigated, expose Council to huge financial and reputational risk, in addition to be in direct breach of relevant federal and state regulations.

Major Projects Unscheduled

In addition to projects captured in this plan, Tamworth Regional Council is currently considering several other major projects. The timing and instigation of these projects will need to be considered in conjunction with current undertakings outlined in this long-term financial plan as well as the future priorities set by the community. As more detailed financial information becomes available and suitable feasibility studies undertaken, each project will be presented to the community and council for endorsement. If formally adopted, projects will be incorporated into the Long-Term Financial Plan which is reviewed every year.

➤ RAY WALSH HOUSE

In 2022, Council's administrative headquarters, Ray Walsh House (RWH), was vacated due to the failure of the air conditioning system which was unable to be repaired or serviced due to the presence of friable asbestos. At the time of writing, an expressions of interest process is underway to help inform options for the site. This Long-Term Financial Plan contains no costing scenario's for possible options for RWH.

➤ TAMWORTH GLOBAL GATEWAY PARK

Council has been developing a 246 hectare landholding on the outskirts of the western side of the city of Tamworth, bounded by the Oxley Highway, Goddard Lane, Goonan and Marathon Street. To date gross income from Phase 1 land sales exceeds \$15.8 million. With only 5 remaining lots available for sale, work needs to commence on the development of Phase 2. A Business Case Study is being prepared, which will outline forecast development costs and estimated sales proceeds. In the LTFP, income streams have been matched to loan repayments, noting that the timing of income streams cannot be reliably determined.

GENERAL FUND - PROJECTED BUDGET FORECAST

Projected Statement of Income and Expenditure

The Income Statement shows the total operating income and expenses for the year by type based on accrual accounting principles. The operating result therefore shows if the income received is sufficient to pay for both operating expenses and asset renewal (as reflected in depreciation costs).

The net operating result before capital income provided on the last row of each income and expenditure statement is considered the more relevant measure of sustainability as it excludes income that can only be used for the acquisition of new assets.

The General Fund result is in surplus for all financial years. This is primarily due to increased rates and annual charges on the Special Rates Variation, approved from 2024/2025 financial year, which now provides a sustainable financial result.

GENERAL FUND INCOME STATEMENT	Budget 2025/2026 \$	Projected 2026/2027 \$	Projected 2027/2028 \$	Projected 2028/2029 \$	Projected 2029/2030 \$	Projected 2030/2031 \$	Projected 2031/2032 \$	Projected 2032/2033 \$	Projected 2033/2034 \$	Projected 2034/2035 \$
<i>Income from Continuing Operations</i>										
Rates & Annual Charges	71,162,183	73,294,457	75,515,014	77,777,623	79,715,299	81,701,315	83,736,879	85,824,954	87,963,398	90,186,568
User Charges & Fees	30,575,675	31,490,220	34,877,163	35,888,152	36,648,834	37,450,533	38,293,736	39,138,267	39,980,046	40,864,868
Other Revenue	7,955,448	9,902,225	10,670,320	11,245,553	11,523,442	11,808,278	12,100,235	12,399,491	12,706,229	13,020,634
Grants & Contributions - Operating Purposes	25,061,747	26,205,785	27,001,622	27,363,221	26,512,974	27,001,321	27,594,411	28,033,484	28,531,785	29,050,115
Grants & Contributions - Capital Purposes	36,195,569	25,130,174	3,897,514	8,891,074	3,025,398	3,085,906	3,147,622	3,210,577	3,274,790	3,340,286
Interest & Investment Revenue	3,566,046	3,366,674	3,451,245	3,584,313	3,648,621	3,770,871	3,900,204	4,036,944	4,481,431	4,872,741
Total Income from Continuing Operations	174,516,668	169,389,535	155,412,878	164,749,936	161,074,568	164,818,225	168,773,087	172,643,717	176,937,679	181,335,212
<i>Expenses from Continuing Operations</i>										
Employee Benefits & On-Costs	66,694,054	67,778,017	69,493,484	70,414,744	72,169,990	73,974,240	75,823,596	77,719,186	79,662,166	81,653,720
Borrowing Costs	2,184,959	4,982,903	5,729,893	5,528,252	5,387,001	5,078,231	4,774,219	4,479,380	4,182,468	3,897,044
Materials & Contracts	29,919,461	31,848,345	36,256,129	37,961,583	38,162,456	39,016,089	40,086,431	41,429,276	41,820,022	42,678,417
Depreciation & Amortisation	33,200,558	33,665,486	35,513,083	35,606,109	35,679,409	35,803,577	35,857,865	35,897,269	35,936,806	35,976,479
Other Expenses	2,744,487	2,631,908	2,703,898	2,777,975	2,850,026	2,924,017	3,000,005	3,078,047	3,158,202	3,240,445
Total Expenses from Continuing Operations	134,743,519	140,906,659	149,696,487	152,288,663	154,248,882	156,796,155	159,542,117	162,603,158	164,759,664	167,446,105
Operating Result from Continuing Operations	39,773,149	28,482,876	5,716,391	12,461,273	6,825,686	8,022,070	9,230,970	10,040,558	12,178,015	13,889,107
Net Operating Result before Capital Grants and Contributions	3,577,580	3,352,702	1,818,877	3,570,199	3,800,288	4,936,164	6,083,348	6,829,981	8,903,225	10,548,821
Surplus/(Deficit)										

GENERAL FUND BALANCE SHEET	Budget 2025/2026 \$	Projected 2026/2027 \$	Projected 2027/2028 \$	Projected 2028/2029 \$	Projected 2029/2030 \$	Projected 2030/2031 \$	Projected 2031/2032 \$	Projected 2032/2033 \$	Projected 2033/2034 \$	Projected 2034/2035 \$
ASSETS										
Current Assets										
Cash & Cash Equivalents	1,296,212	1,311,428	1,326,512	1,459,176	1,506,001	1,631,456	1,806,210	1,977,871	2,168,605	2,394,080
Investments	45,434,505	45,967,848	46,496,568	51,146,671	52,787,984	57,185,408	63,310,824	69,327,843	76,013,422	83,916,716
Receivables	12,456,067	12,836,511	13,404,813	13,955,275	14,200,409	14,614,031	15,081,029	15,547,186	16,034,916	16,567,434
Inventories	21,090,615	21,209,608	21,468,915	21,551,023	21,590,681	21,665,138	21,751,637	21,853,110	21,905,619	21,983,219
Contract Assets	10,892,000	10,892,000	10,892,000	10,892,000	10,892,000	10,892,000	10,892,000	10,892,000	10,892,000	10,892,000
Other	873,281	907,603	987,428	1,013,517	1,026,692	1,050,458	1,077,909	1,109,937	1,127,140	1,151,991
Non-current assets "held for sale"	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total Current Assets	92,092,680	93,174,998	94,626,235	100,067,661	102,053,767	107,088,491	113,969,609	120,757,946	128,191,702	136,955,440
Non-Current Assets										
Investments	18,079,877	18,292,112	18,502,507	20,352,935	21,006,067	22,755,946	25,193,450	27,587,819	30,248,229	33,393,209
Receivables	606,626	648,101	674,120	697,803	715,156	732,942	751,173	769,871	789,023	808,873
Infrastructure, Property, Plant & Equipment	1,917,917,967	1,954,032,494	1,950,038,264	1,954,318,017	1,950,984,097	1,947,284,268	1,943,190,876	1,940,446,345	1,938,410,467	1,937,039,587
Investment Property	25,155,000	25,155,000	25,155,000	25,155,000	25,155,000	25,155,000	25,155,000	25,155,000	25,155,000	25,155,000
Intangible Assets	294,000	294,000	294,000	294,000	294,000	294,000	294,000	294,000	294,000	294,000
Right of Use Assets	4,570,000	4,570,000	4,570,000	4,570,000	4,570,000	4,570,000	4,570,000	4,570,000	4,570,000	4,570,000
Total Non-Current Assets	1,966,623,471	2,002,991,707	1,999,233,890	2,005,387,755	2,002,724,320	2,000,792,156	1,999,154,498	1,998,823,034	1,999,466,719	2,001,260,668
TOTAL ASSETS	2,058,716,151	2,096,166,705	2,093,860,125	2,105,455,416	2,104,778,088	2,107,880,647	2,113,124,108	2,119,580,980	2,127,658,421	2,138,216,108

GENERAL FUND BALANCE SHEET (Cont.)	Budget 2025/2026 \$	Projected 2026/2027 \$	Projected 2027/2028 \$	Projected 2028/2029 \$	Projected 2029/2030 \$	Projected 2030/2031 \$	Projected 2031/2032 \$	Projected 2032/2033 \$	Projected 2033/2034 \$	Projected 2034/2035 \$
LIABILITIES										
Current Liabilities										
Payables	26,748,657	27,548,966	29,263,679	29,927,800	30,345,354	30,971,382	31,674,983	32,472,252	32,988,891	33,659,496
Contract Liabilities	18,377,195	15,400,788	9,578,732	10,876,289	8,861,512	9,026,168	9,222,610	9,373,218	9,541,973	9,717,120
Borrowings	7,088,480	6,529,650	6,656,772	6,812,972	6,620,521	5,801,102	5,448,418	5,706,210	5,100,887	4,685,170
Employee Benefit Provisions	12,326,244	12,460,766	12,598,652	12,717,538	12,839,397	12,964,303	13,092,331	13,223,560	13,358,070	13,495,942
Provisions	1,661,637	1,725,123	1,788,609	1,852,096	1,915,582	1,979,068	2,042,554	2,106,041	2,169,527	2,233,013
Total Current Liabilities	66,202,211	63,665,293	59,886,444	62,186,694	60,582,366	60,742,023	61,480,896	62,881,281	63,159,347	63,790,741
Non-Current Liabilities										
Lease Liabilities	4,710,000	4,710,000	4,710,000	4,710,000	4,710,000	4,710,000	4,710,000	4,710,000	4,710,000	4,710,000
Borrowings	77,777,794	88,560,144	83,593,666	79,705,694	73,085,173	67,284,071	61,835,653	56,129,443	51,028,556	46,343,387
Employee Benefit Provisions	400,231	404,599	409,076	412,937	416,893	420,949	425,106	429,367	433,735	438,211
Provisions	18,789,151	19,507,030	20,224,909	20,942,787	21,660,666	22,378,545	23,096,424	23,814,302	24,532,181	25,250,060
Total Non-Current Liabilities	101,677,177	113,181,773	108,937,651	105,771,418	99,872,733	94,793,565	90,067,183	85,083,112	80,704,472	76,741,658
TOTAL LIABILITIES	167,879,388	176,847,066	168,824,095	167,958,112	160,455,099	155,535,588	151,548,079	147,964,393	143,863,819	140,532,399
NET ASSETS	1,890,836,763	1,919,319,639	1,925,036,030	1,937,497,303	1,944,322,989	1,952,345,059	1,961,576,029	1,971,616,587	1,983,794,602	1,997,683,709
EQUITY										
Retained Earnings	1,047,192,763	1,075,675,639	1,081,392,030	1,093,853,303	1,100,678,989	1,108,701,059	1,117,932,029	1,127,972,587	1,140,150,602	1,154,039,709
Revaluation Reserves	842,979,000	842,979,000	842,979,000	842,979,000	842,979,000	842,979,000	842,979,000	842,979,000	842,979,000	842,979,000
Council Equity Interest	1,890,171,763	1,918,654,639	1,924,371,030	1,936,832,303	1,943,657,989	1,951,680,059	1,960,911,029	1,970,951,587	1,983,129,602	1,997,018,709
Minority Equity Interest	665,000	665,000	665,000	665,000	665,000	665,000	665,000	665,000	665,000	665,000
TOTAL EQUITY	1,890,836,763	1,919,319,639	1,925,036,030	1,937,497,303	1,944,322,989	1,952,345,059	1,961,576,029	1,971,616,587	1,983,794,602	1,997,683,709

GENERAL FUND CASH FLOW STATEMENT	Budget 2025/2026 \$	Projected 2026/2027 \$	Projected 2027/2028 \$	Projected 2028/2029 \$	Projected 2029/2030 \$	Projected 2030/2031 \$	Projected 2031/2032 \$	Projected 2032/2033 \$	Projected 2033/2034 \$	Projected 2034/2035 \$
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	71,052,491	73,266,908	75,486,325	77,748,390	79,690,264	81,675,656	83,710,580	85,797,977	87,935,770	90,157,845
User Charges & Fees	30,840,558	31,372,378	34,440,744	35,757,883	36,550,817	37,347,232	38,185,086	39,029,446	39,871,580	40,750,856
Interest & Investment Revenue Received	3,474,308	3,331,354	3,407,286	3,439,732	3,588,767	3,632,750	3,720,102	3,859,864	4,286,543	4,645,807
Grants & Contributions	65,087,013	48,379,395	25,117,954	37,541,141	27,537,027	30,250,785	30,937,165	31,393,665	31,974,204	32,564,382
Other	7,660,457	9,748,463	10,655,924	11,100,048	11,527,924	11,744,978	12,033,789	12,333,584	12,639,053	12,950,965
Payments:										
Employee Benefits & On-Costs	(66,486,858)	(67,612,983)	(69,295,140)	(70,256,453)	(71,985,906)	(73,785,554)	(75,630,193)	(77,520,948)	(79,458,972)	(81,445,446)
Materials & Contracts	(37,708,165)	(36,146,135)	(40,053,184)	(41,998,638)	(39,859,304)	(40,650,044)	(41,760,865)	(43,133,547)	(46,590,503)	(50,847,346)
Borrowing Costs	(1,283,056)	(4,172,058)	(4,958,982)	(4,754,464)	(4,621,217)	(4,311,947)	(4,005,807)	(3,710,051)	(3,413,809)	(3,127,871)
Other	(2,911,673)	(2,644,264)	(2,657,575)	(2,749,543)	(2,822,080)	(2,892,461)	(2,966,765)	(3,042,857)	(3,126,446)	(3,205,866)
Net Cash provided (or used in) Operating Activities	69,725,074	55,523,058	32,143,353	45,828,097	39,606,294	43,011,396	44,223,093	45,007,134	44,117,420	42,443,326
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	3,982,686	0	0	0	0	0	0	0	0	0
Sale of Infrastructure, Property, Plant & Equipment	5,766,644	3,625,927	2,474,149	2,435,635	2,396,980	2,358,075	1,234,693	873,124	834,409	407,527
Payments:										
Purchase of Investment Securities	-	(745,577)	(739,115)	(6,500,531)	(2,294,445)	(6,147,303)	(8,562,920)	(8,411,389)	(9,345,989)	(11,048,274)
Purchase of Infrastructure, Property, Plant & Equipment	(125,201,920)	(68,611,713)	(29,023,948)	(37,898,764)	(32,849,031)	(32,476,192)	(30,919,011)	(31,848,790)	(29,708,895)	(26,476,217)
Net Cash provided (or used in) Investing Activities	(115,452,590)	(65,731,363)	(27,288,914)	(41,963,660)	(32,746,496)	(36,265,420)	(38,247,238)	(39,387,055)	(38,220,475)	(37,116,964)

GENERAL FUND CASH FLOW STATEMENT (Cont.)	Budget 2025/2026 \$	Projected 2026/2027 \$	Projected 2027/2028 \$	Projected 2028/2029 \$	Projected 2029/2030 \$	Projected 2030/2031 \$	Projected 2031/2032 \$	Projected 2032/2033 \$	Projected 2033/2034 \$	Projected 2034/2035 \$
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	54,305,208	18,127,052	1,690,295	2,925,000	0	0	0	0	0	0
Payments:										
Repayment of Borrowings & Advances	(8,658,971)	(7,903,532)	(6,529,650)	(6,656,772)	(6,812,972)	(6,620,521)	(5,801,102)	(5,448,418)	(5,706,210)	(5,100,887)
Net Cash Flow provided (used in) Financing Activities	45,646,237	10,223,520	(4,839,355)	(3,731,772)	(6,812,972)	(6,620,521)	(5,801,102)	(5,448,418)	(5,706,210)	(5,100,887)
Net Increase/(Decrease) in Cash & Cash Equivalents	(81,279)	15,216	15,084	132,664	46,825	125,455	174,753	171,661	190,734	225,475
plus: Cash, Cash Equivalents & Investments - beginning of year	1,377,491	1,296,212	1,311,428	1,326,512	1,459,176	1,506,001	1,631,456	1,806,210	1,977,871	2,168,605
Cash & Cash Equivalents - end of the year	1,296,212	1,311,428	1,326,512	1,459,176	1,506,001	1,631,456	1,806,210	1,977,871	2,168,605	2,394,080
Investments - end of the year	63,514,383	64,259,960	64,999,075	71,499,606	73,794,051	79,941,354	88,504,273	96,915,662	106,261,651	117,309,925
Cash, Cash Equivalents & Investments - end of the year	64,810,595	65,571,387	66,325,586	72,958,782	75,300,052	81,572,810	90,310,483	98,893,533	108,430,256	119,704,005
Representing:										
- External Restrictions	48,292,142	50,702,014	52,446,041	54,684,319	54,308,594	57,220,437	61,011,299	64,613,199	68,580,540	73,918,739
- Internal Restrictions	7,561,247	8,308,737	11,850,433	14,445,677	18,660,987	21,320,684	25,565,796	29,733,473	34,724,124	39,935,943
- Unrestricted	8,957,206	6,560,636	2,029,112	3,828,786	2,330,471	3,031,689	3,733,389	4,546,860	5,125,592	5,849,323
TOTAL	64,810,595	65,571,387	66,325,586	72,958,782	75,300,052	81,572,810	90,310,483	98,893,533	108,430,256	119,704,005

SENSITIVITY ANALYSIS AND RISK ASSESSMENT – GENERAL FUND

An important component of modelling is being able to understand which factors in the model are the most sensitive to variance. By testing different variables in the LTFP, Council and the community can understand what the financial impact might be if the variables change. The variables tested in the sensitivity analysis are based on the planning assumptions.

Council has undertaken a basic sensitivity analysis to determine factors likely to be sensitive to variables and known major risks. These are listed and described below.

FACTORS

Interest Rates	<p>Estimates of interest rates are used to calculate the cost of new loans and the revenue from cash investments. There are many factors that impact on the rates for both borrowers and lenders.</p> <p>Council's General Fund borrowings are forecast to increase from \$39 million in 2024/2025 to \$95 million in 2026/2027. As most existing loans are generally fixed for at least five years these loans are protected, in the short to medium term, from any rate increases.</p> <p>Based on estimated cash held at the beginning of financial year 2025/2026, a 1% decrease in investment interest rates would indicate an unfavourable effect to income in the order of \$680,000.</p>
Employee Costs	<p>Employee costs are one of the major components of Council's operational costs and total an estimated \$67m for the 2025/2026 financial year. A 1% increase in wages would result in an increase of \$667k in total wage costs. The type of expenditure includes workers compensation which continues to increase annually. Recent changes to workers compensation calculation formula have negated savings made in this area.</p>
Materials & Contracts	<p>Operational Materials & Contracts are estimated to be \$30m in the 2025/2026 financial year. Increases to this expenditure type generally approximates the inflation rate, except for items such as electricity/insurance which historically have tended to increased greater than the underlying inflation rate.</p> <p>A 1% increase/decrease to materials & contracts would equate to \$300,000.</p>
Workforce Levels	<p>Workforce levels have been assumed to remain the same over the next 10 years. At any point in time there will be outstanding leave entitlements owed to the employees of Tamworth Regional Council. These future entitlements to employee leave create a liability for Council that needs to be met at some point of time in the future. Council does not maintain cash reserves to fully extinguish the leave liabilities because, as a going concern, Council does not expect to pay these liabilities in full at any one point in time. However, given the size of the liability and the potential for large payments on termination or resignation of employees, it is prudent to have an appropriate level of cash reserves to meet future employee leave liabilities. Council has strategies to proactively manage leave taken in service to reduce the accumulation of future leave liabilities.</p>
Operational Costs and Revenues - General	<p>While most of Council's operating costs and revenue streams are reasonably predictable and controllable, there are a number of areas which are subject to uncertain external factors such as; airport, sporting and entertainment facilities and funding from other levels of government.</p> <p>Any significant decreases to the net operating result, reduces the ability to fund asset renewals. Council needs to ensure the ongoing net costs of any new assets or</p>

facilities are fully considered before approving them, even where the asset is provided at no cost. This was one of the objectives of the Integrated Planning and Reporting Framework reforms, especially the requirement to consider assets on a 'whole of life basis' from acquisition to disposal.

Rate-Pegging	Councils are currently limited by rate-pegging legislation when determining income from rates. Increases outside this limit require approval through a special rate variation process to the Independent Pricing and Regulatory Tribunal (IPART). While IPART is generally receptive of genuine cases for rate variations, it is a difficult decision for council to make, a difficult assignment to undertake, and difficult for the public to understand, accept and show support for an increase. To maintain existing service levels within rate pegging limits, Council will have limited capacity to absorb any increased operational costs, unfavourable budget results or additional commitments.
Cost Shifting	Cost-shifting describes the situation where the responsibility for, or merely the costs of, providing a certain service, concession, asset or regulatory function, are "shifted" from a higher level of government on to a lower level of government without the provision of corresponding funding or the conferral of corresponding and adequate revenue raising capacity. Cost-shifting has been a major concern for local governments for many years. The overall cost to local governments due to cost-shifting is significant. In most cases where cost-shifting has occurred, Council has not been provided additional funds or the opportunity to generate additional funds to cover costs of providing the service.
Payments from Other Levels of Government	Grants from other levels of government are a significant source of revenue for Local Government. Council is also awarded significant contract works each year on State Roads which helps maintain existing workforce and plant resource levels. This model relies on the existing levels of government funding being available into the future and in most cases to increase annually by the Consumer Price Index.
International Flight Training Tamworth	The International Flight Training Tamworth (IFTT) is now tenanted and student numbers are anticipated to increase annually. Work is being undertaken to ensure that the facility is operating at full capacity. Council is availing itself of opportunities to source grant funds for future improvements at the site. The LTFP is forecasting that the IFTT will be contributing positively to General Fund by 2028/29.

Water Fund Planning Scenarios

The Water Fund scenario is based on a 3.8% increase for 2025/2026 to annual charges and consumption revenue and 3% for years 2026/2027 to 2028/2029 and 2.5% thereafter.

SCENARIO – WHAT WE CAN DO NOW

Some of the key points of this scenario for the Water Fund are as follows:

- asset expenditure is based on the existing 20 Year Capital Works Program, the 2025/2029 Delivery Program and Asset Management Plans (planned expenditure only);
- the base year of 2024/2025 is from the 31 December 2024 Budget Review with 2025/2026 to 2034/2035 projections based on assumptions;
- existing services are maintained at current levels of service;
- budget projections allow for the full employment of all current Council staff positions and plant items;
- projected unrestricted cash results for Water Fund are at a level sufficient to maintain an acceptable unrestricted cash balance.
- Developer Contribution works have been included for new works relating to rate base growth.
- a very conservative level of rate base growth as the region continues to provide attractive facilities and opportunities for residents and businesses alike.

WATER FUND - PROJECTED BUDGET FORECAST

Projected Statement of Income and Expenditure

The Income Statement shows the total operating income and expenses for the year by type based on accrual accounting principles. The operating result therefore shows if the income received is sufficient to pay for both operating expenses and asset renewal (as reflected in depreciation costs).

The net operating result before capital income provided on the last row of each income and expenditure statement is considered the more relevant measure of sustainability as it excludes income that can only be used for the acquisition of new assets.

The Water Fund has a negative net operating result before capital income result for the first eight years of the model but moves into a slight surplus from 2033/2034. This indicates that insufficient funds are being generated for asset renewal.

Further review is required of operating income and expenditure to ascertain whether charges will need to be raised in future years, to ensure that assets are being maintained in satisfactory condition.

The more sizeable deficits in 2025/2026 and 2026/2027 are due to significant non-recurrent operating expenditure for a Water Safety & Consequence Review.

It is important to note that actual operating results in this fund can be affected by the impact of climatic conditions and dam levels on water consumption income estimates.

WATER FUND INCOME STATEMENT	Budget 2025/2026 \$	Projected 2026/2027 \$	Projected 2027/2028 \$	Projected 2028/2029 \$	Projected 2029/2030 \$	Projected 2030/2031 \$	Projected 2031/2032 \$	Projected 2032/2033 \$	Projected 2033/2034 \$	Projected 2034/2035 \$
<i>Income from Continuing Operations</i>										
Rates & Annual Charges	9,420,694	9,703,556	9,994,909	10,295,008	10,552,383	10,816,193	11,086,598	11,363,763	11,647,857	11,939,053
User Charges & Fees	15,577,302	15,252,615	15,705,707	16,172,500	16,576,813	16,991,233	17,416,014	17,851,414	18,297,699	18,755,142
Other Revenue	1,462	1,506	1,552	1,598	1,638	1,679	1,721	1,764	1,808	1,853
Grants & Contributions - Operating Purposes	192,500	198,275	204,223	210,350	215,609	220,999	226,524	232,187	237,992	243,942
Grants & Contributions - Capital Purposes	4,702,500	2,868,750	2,936,529	3,005,872	3,076,813	3,138,349	3,201,116	3,265,139	3,330,441	3,397,051
Interest & Investment Revenue	1,603,540	1,675,223	1,777,803	1,947,085	1,764,847	1,702,020	1,344,106	1,549,760	1,808,544	1,976,248
Total Income from Continuing Operations	31,497,998	29,699,925	30,620,723	31,632,413	32,188,102	32,870,472	33,276,078	34,264,026	35,324,341	36,313,288
<i>Expenses from Continuing Operations</i>										
Employee Benefits & On-Costs	3,891,607	3,949,624	4,048,362	4,149,572	4,253,312	4,359,644	4,468,635	4,580,351	4,694,860	4,812,232
Borrowing Costs	702,501	629,241	542,535	479,186	416,619	361,592	268,529	278,329	224,383	149,062
Materials & Contracts	15,814,533	15,924,561	15,768,028	16,070,613	16,390,890	16,805,987	17,232,766	17,671,607	18,122,896	18,586,292
Depreciation & Amortisation	7,667,835	7,695,742	7,717,743	7,725,531	7,823,787	7,897,387	8,066,713	8,081,766	8,081,766	8,081,766
Total Expenses from Continuing Operations	332,322	357,145	383,827	412,510	412,559	412,609	412,661	412,713	412,767	412,794
Operating Result from Continuing Operations	28,408,798	28,556,313	28,460,495	28,837,412	29,297,166	29,837,219	30,449,304	31,024,767	31,536,673	32,042,146
Net Operating Result before Capital Grants and Contributions Surplus/(Deficit)	3,089,200	1,143,612	2,160,228	2,795,001	2,890,936	3,033,253	2,826,774	3,239,260	3,787,668	4,271,142

WATER FUND BALANCE SHEET	Budget 2025/2026 \$	Projected 2026/2027 \$	Projected 2027/2028 \$	Projected 2028/2029 \$	Projected 2029/2030 \$	Projected 2030/2031 \$	Projected 2031/2032 \$	Projected 2032/2033 \$	Projected 2033/2034 \$	Projected 2034/2035 \$
ASSETS										
Current Assets										
Cash & Cash Equivalents	855,376	886,328	990,840	935,613	909,628	726,259	843,306	1,029,291	1,226,063	1,391,088
Investments	28,534,240	29,566,728	33,053,127	31,210,840	30,343,994	24,227,066	28,131,569	34,335,811	40,899,860	46,404,872
Receivables	3,556,789	3,509,535	3,613,922	3,721,457	3,814,466	3,909,727	4,007,368	4,107,447	4,210,027	4,315,169
Other	2,445	2,466	2,446	2,496	2,545	2,608	2,672	2,739	2,807	2,877
Total Current Assets	32,948,851	33,965,057	37,660,335	35,870,407	35,070,633	28,865,661	32,984,914	39,475,288	46,338,757	52,114,006
Non-Current Assets										
Investments	4,825,443	5,000,047	5,589,634	5,278,084	5,131,491	4,097,054	4,757,347	5,806,550	6,916,600	7,847,556
Infrastructure, Property, Plant & Equipment	365,404,310	363,708,568	360,067,825	363,587,086	365,983,503	375,021,034	371,741,535	366,126,292	360,572,712	356,878,202
Intangible Assets	1,296,000	1,296,000	1,296,000	1,296,000	1,296,000	1,296,000	1,296,000	1,296,000	1,296,000	1,296,000
Total Non-Current Assets	371,525,753	370,004,615	366,953,459	370,161,170	372,410,994	380,414,088	377,794,882	373,228,842	368,785,312	366,021,758
TOTAL ASSETS	404,474,604	403,969,672	404,613,794	406,031,578	407,481,627	409,279,749	410,779,796	412,704,130	415,124,069	418,135,764

WATER FUND BALANCE SHEET (Cont.)	Budget 2025/2026 \$	Projected 2026/2027 \$	Projected 2027/2028 \$	Projected 2028/2029 \$	Projected 2029/2030 \$	Projected 2030/2031 \$	Projected 2031/2032 \$	Projected 2032/2033 \$	Projected 2033/2034 \$	Projected 2034/2035 \$
LIABILITIES										
Current Liabilities										
Payables	1,398,910	1,402,307	1,385,369	1,405,074	1,423,639	1,450,534	1,477,931	1,506,323	1,535,451	1,566,008
Contract Liabilities	143,796	90,097	92,263	94,480	96,718	98,684	100,690	102,737	104,826	106,958
Borrowings	1,598,242	1,501,333	1,399,140	1,461,690	1,263,992	1,356,130	1,345,365	1,398,946	1,292,135	1,149,492
Total Current Liabilities	3,140,948	2,993,737	2,876,771	2,961,244	2,784,349	2,905,348	2,923,986	3,008,006	2,932,413	2,822,457
Non-Current Liabilities										
Borrowings	15,276,745	13,775,412	12,376,272	10,914,582	9,650,590	8,294,460	6,949,095	5,550,149	4,258,014	3,108,522
Total Non-Current Liabilities	15,276,745	13,775,412	12,376,272	10,914,582	9,650,590	8,294,460	6,949,095	5,550,149	4,258,014	3,108,522
TOTAL LIABILITIES	18,417,693	16,769,149	15,253,043	13,875,826	12,434,939	11,199,808	9,873,081	8,558,155	7,190,427	5,930,979
NET ASSETS	386,056,911	387,200,523	389,360,751	392,155,752	395,046,688	398,079,941	400,906,715	404,145,975	407,933,643	412,204,785
EQUITY										
Retained Earnings	191,530,911	192,674,523	194,834,751	197,629,752	200,520,688	203,553,941	206,380,715	209,619,975	213,407,643	217,678,785
Revaluation Reserves	194,526,000	194,526,000	194,526,000	194,526,000	194,526,000	194,526,000	194,526,000	194,526,000	194,526,000	194,526,000
TOTAL EQUITY	386,056,911	387,200,523	389,360,751	392,155,752	395,046,688	398,079,941	400,906,715	404,145,975	407,933,643	412,204,785

WATER FUND CASH FLOW STATEMENT	Budget 2025/2026 \$	Projected 2026/2027 \$	Projected 2027/2028 \$	Projected 2028/2029 \$	Projected 2029/2030 \$	Projected 2030/2031 \$	Projected 2031/2032 \$	Projected 2032/2033 \$	Projected 2033/2034 \$	Projected 2034/2035 \$
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	9,398,769	9,684,524	9,975,306	10,274,816	10,535,066	10,798,443	11,068,404	11,345,114	11,628,742	11,919,460
User Charges & Fees	15,279,442	15,309,885	15,625,788	16,090,164	16,505,498	16,918,135	17,341,088	17,774,616	18,218,981	18,674,456
Interest & Investment Revenue Received	1,599,511	1,671,725	1,774,200	1,943,374	1,761,664	1,698,758	1,340,762	1,546,333	1,805,031	1,972,647
Grants & Contributions	4,947,312	3,025,282	3,142,436	3,217,945	3,294,162	3,360,876	3,429,199	3,498,917	3,570,057	3,642,649
Other	(1,444)	2,065	772	795	942	966	990	1,015	1,040	1,066
Payments:										
Employee Benefits & On-Costs	(3,891,607)	(3,949,624)	(4,048,362)	(4,149,572)	(4,253,312)	(4,359,644)	(4,468,635)	(4,580,351)	(4,694,860)	(4,812,232)
Materials & Contracts	(17,858,525)	(17,943,325)	(17,845,522)	(17,494,668)	(16,365,802)	(16,773,473)	(17,199,337)	(17,637,233)	(18,087,548)	(18,549,997)
Borrowing Costs	(710,776)	(636,426)	(549,284)	(485,476)	(423,190)	(367,274)	(274,625)	(284,377)	(230,672)	(154,871)
Other	(332,322)	(357,145)	(383,827)	(412,510)	(412,559)	(412,609)	(412,661)	(412,713)	(412,767)	(412,794)
Net Cash provided (or used in) Operating Activities	8,430,360	6,806,961	7,691,507	8,984,869	10,642,469	10,864,177	10,825,185	11,251,319	11,798,003	12,280,384
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	0	0	0	2,153,837	1,013,439	7,151,365	0	0	0	0
Payments:										
Purchase of Investment Securities	(2,059,130)	(1,207,093)	(4,075,985)	-	-	-	(4,564,795)	(7,253,445)	(7,674,100)	(6,435,968)
Purchase of Infrastructure, Property, Plant & Equipment	(4,477,778)	(3,970,675)	(2,009,676)	(9,794,792)	(10,220,204)	(16,934,918)	(4,787,214)	(2,466,523)	(2,528,186)	(4,387,256)
Net Cash provided (or used in) Investing Activities	(6,536,908)	(5,177,768)	(6,085,661)	(7,640,955)	(9,206,765)	(9,783,553)	(9,352,009)	(9,719,968)	(10,202,286)	(10,823,224)

WATER FUND CASH FLOW STATEMENT (Cont.)	Budget 2025/2026 \$	Projected 2026/2027 \$	Projected 2027/2028 \$	Projected 2028/2029 \$	Projected 2029/2030 \$	Projected 2030/2031 \$	Projected 2031/2032 \$	Projected 2032/2033 \$	Projected 2033/2034 \$	Projected 2034/2035 \$
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Cash Flows from Financing Activities

Receipts:

Proceeds from Borrowings & Advances	0	0	0	0	0	0	0	0	0	0
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Payments:

Repayment of Borrowings & Advances	(1,840,654)	(1,598,242)	(1,501,333)	(1,399,140)	(1,461,690)	(1,263,992)	(1,356,130)	(1,345,365)	(1,398,946)	(1,292,135)
Net Cash Flow provided (used in) Financing Activities	(1,840,654)	(1,598,242)	(1,501,333)	(1,399,140)	(1,461,690)	(1,263,992)	(1,356,130)	(1,345,365)	(1,398,946)	(1,292,135)
Net Increase/(Decrease) in Cash & Cash Equivalents	52,798	30,951	104,512	(55,227)	(25,986)	(183,368)	117,046	185,986	196,772	165,025
plus: Cash, Cash Equivalents & Investments - beginning of year	802,578	855,376	886,328	990,840	935,613	909,628	726,259	843,306	1,029,291	1,226,063
Cash & Cash Equivalents - end of the year	855,376	886,328	990,840	935,613	909,628	726,259	843,306	1,029,291	1,226,063	1,391,088
Investments - end of the year	33,359,683	34,566,776	38,642,761	36,488,924	35,475,485	28,324,120	32,888,915	40,142,361	47,816,460	54,252,428
Cash, Cash Equivalents & Investments - end of the year	34,215,059	35,453,103	39,633,601	37,424,538	36,385,113	29,050,380	33,732,221	41,171,652	49,042,523	55,643,516

Representing:

- External Restrictions	20,533,886	22,874,750	26,782,880	23,831,657	22,190,907	13,171,213	15,738,943	19,633,098	23,748,321	28,094,763
- Internal Restrictions	12,963,050	11,648,050	11,671,050	12,196,050	12,446,133	13,756,352	15,528,831	18,662,308	22,034,122	23,946,866
- Unrestricted	718,123	930,303	1,179,671	1,396,831	1,748,073	2,122,815	2,464,447	2,876,246	3,260,080	3,601,887
TOTAL	34,215,059	35,453,103	39,633,601	37,424,538	36,385,113	29,050,380	33,732,221	41,171,652	49,042,523	55,643,516

SENSITIVITY ANALYSIS AND RISK ASSESSMENT – WATER FUND

An important component of modelling is being able to understand which factors in the model are the most sensitive to variance. By testing different variables in the LTFP, Council and the community can understand what the financial impact might be if the variables change. The variables tested in the sensitivity analysis are based on the planning assumptions.

Council has undertaken a basic sensitivity analysis to determine factors likely to be sensitive to variables and known major risks. These are listed and described below.

FACTORS

<i>Chaffey Dam and Dungowan Dam</i>	<p>The Department of Climate Change, recently announced, via government gazette, the handover of a pipeline linking Chaffey Dam to Dungowan Dam. Vesting orders have not been received for the pipeline as yet, delaying commissioning and the amount to be capitalised. Any future entries for estimated depreciation or operational costs have not been included in this model. Financial transactions will be included in future Long-Term Financial Plan iterations, when final information relating to the handover is received.</p> <p>Capitalised value is expected to be in the order of \$30m-\$50m.</p>
<i>Water User Charges /Consumption Income</i>	<p>Based on the 2025/2026 financial year, water user charges and fees, predominately from water consumption, equate to approximately 60% of total income before capital.</p> <p>These figures can be significantly impacted by climatic conditions and dam levels.</p> <p>Total estimated income from water user charges is approximately \$16m. A fluctuation of 10% to this figure equates to \$1.6m, which can have similar affects to operating results.</p>
<i>Interest Rates</i>	<p>At the beginning of financial year 2025/2026, Water Fund borrowings are estimated to be \$19m. As most existing loans are generally fixed for at least five years and there are no new loans anticipated, a change in interest rates will mainly affect investment income.</p> <p>Based on the estimated cash held at the beginning of the 2025/2026 financial year, a 1% decrease in investment interest rates would indicate an unfavourable effect to income in the order of \$321,000.</p>
<i>Materials & Contracts</i>	<p>Operational materials & contracts are estimated to be \$16m for the 2025/2026 financial year. This expenditure type approximates the inflation rate, except for items such as electricity/insurance which historically increased greater than the underlying inflation rate.</p> <p>A 1% increase/decrease to materials & contracts would equate to \$160,000.</p>

Sewer Fund Planning Scenarios

The Sewer Fund scenario is based on a 0.0% increase for 2025/2026 in annual charges and consumption revenue and 3% for years 2026/2027 to 2028/2029 and 2.5% thereafter.

The results of this scenario are then used to discuss other potential scenarios.

SCENARIO – WHAT WE CAN DO NOW

This scenario was constructed on a no change basis to existing funding levels and existing levels of service provided in current operations. Some of the key points of this scenario for the Sewer Fund are as follows:

- asset expenditure is based on the existing 20 Year Capital Works Program, the 2025-2029 Delivery Program and Asset Management Plans (planned expenditure only);
- the base year of 2024/2025 is from the 31 December 2024 Budget Review with 2025/2026 to 2034/2035 projections based on assumptions;
- existing services are maintained at current levels of service;
- budget projections allow for the full employment of all current Council staff positions and plant items;
- projected unrestricted cash results for Sewer Fund are at a level sufficient to maintain an acceptable unrestricted cash balance.
- Developer Contribution works have been included for new works relating to rate base growth.
- a very conservative level of rate base growth as the region continues to provide attractive facilities and opportunities for residents and businesses alike.

SEWER FUND - PROJECTED BUDGET FORECAST

Projected Statement of Income and Expenditure

The Income Statement shows the total operating income and expenses for the year by type based on accrual accounting principles.

The operating result therefore shows if the income received is sufficient to pay for both operating expenses and asset renewal (as reflected in depreciation costs).

The net operating result before capital grants and contributions provided on the last row of each income and expenditure statement is considered the more relevant measure of sustainability as it excludes income that can only be used for the acquisition of new assets.

The Sewer Fund result is in a very healthy surplus for all years of the model. This supports the decision of 0.0% increase for the 2025/2026 financial year.

Further review of the operations and Asset Management Plans are required, as the Sewer Fund is generating abnormally high levels of cash and performance ratios, over the term of this Long-Term Financial Plan.

SEWER FUND INCOME STATEMENT	Budget 2025/2026 \$	Projected 2026/2027 \$	Projected 2027/2028 \$	Projected 2028/2029 \$	Projected 2029/2030 \$	Projected 2030/2031 \$	Projected 2031/2032 \$	Projected 2032/2033 \$	Projected 2033/2034 \$	Projected 2034/2035 \$
<i>Income from Continuing Operations</i>										
Rates & Annual Charges	21,100,546	21,522,555	21,953,008	22,392,069	22,951,871	23,525,667	24,113,809	24,716,654	25,334,571	25,967,935
User Charges & Fees	4,263,131	4,343,732	4,426,003	4,509,977	4,622,726	4,738,295	4,856,752	4,978,171	5,102,625	5,230,191
Other Revenue	93,400	96,152	98,986	101,903	104,451	107,062	109,738	112,482	115,294	118,176
Grants & Contributions - Operating Purposes	176,000	179,520	183,110	186,772	191,441	196,227	201,133	206,161	211,315	216,598
Grants & Contributions - Capital Purposes	1,003,000	1,033,260	1,064,329	1,096,227	1,128,976	1,151,555	1,174,586	1,198,078	1,222,041	1,246,482
Interest & Investment Revenue	4,330,022	4,269,867	4,308,194	4,351,116	4,463,591	4,492,123	4,811,919	5,525,923	6,264,845	7,027,189
Total Income from Continuing Operations	30,966,099	31,445,086	32,033,630	32,638,064	33,463,056	34,210,929	35,267,937	36,737,469	38,250,691	39,806,571
<i>Expenses from Continuing Operations</i>										
Employee Benefits & On-Costs	2,993,000	3,067,829	3,144,519	3,223,139	3,303,718	3,386,311	3,470,968	3,557,743	3,646,686	3,737,853
Borrowing Costs	1,087,648	863,253	626,125	364,459	87,508	-	-	-	-	-
Materials & Contracts	9,687,100	8,841,778	10,042,278	9,256,900	10,500,918	9,752,020	11,010,439	10,276,417	11,550,207	10,832,068
Depreciation & Amortisation	6,688,147	6,766,852	6,800,441	6,996,807	7,060,407	7,146,498	7,234,311	7,243,008	7,243,008	7,243,008
Other Expenses	254,556	273,649	294,173	316,236	332,048	348,650	366,083	384,387	403,606	423,786
Total Expenses from Continuing Operations	20,710,451	19,813,361	20,907,536	20,157,541	21,284,599	20,633,479	22,081,801	21,461,555	22,843,507	22,236,716
Operating Result from Continuing Operations	10,255,648	11,631,725	11,126,094	12,480,523	12,178,457	13,577,451	13,186,137	15,275,914	15,407,184	17,569,856
Net Operating Result before Capital Grants and Contributions	9,252,648	10,598,465	10,061,765	11,384,296	11,049,481	12,425,896	12,011,551	14,077,836	14,185,143	16,323,374
Surplus/(Deficit)										

SEWER FUND BALANCE SHEET	Budget 2025/2026 \$	Projected 2026/2027 \$	Projected 2027/2028 \$	Projected 2028/2029 \$	Projected 2029/2030 \$	Projected 2030/2031 \$	Projected 2031/2032 \$	Projected 2032/2033 \$	Projected 2033/2034 \$	Projected 2034/2035 \$
ASSETS										
Current Assets										
Cash & Cash Equivalents	1,906,502	1,932,319	1,784,164	1,977,663	2,136,188	2,358,974	2,684,050	3,085,968	3,487,386	3,885,511
Investments	79,916,916	80,999,124	74,788,748	82,899,862	89,544,933	98,883,699	112,510,250	129,357,899	146,184,581	162,873,217
Receivables	4,176,552	3,095,539	3,140,418	3,186,207	3,245,514	3,306,246	3,368,495	3,432,299	3,090,173	3,224,681
Contract Assets	0	0	0	0	0	0	0	0	0	0
Other	2,184	2,003	2,271	2,103	2,380	2,219	2,500	2,342	2,626	2,473
Total Current Assets	86,002,155	86,028,986	79,715,601	88,065,835	94,929,015	104,551,138	118,565,294	135,878,509	152,764,767	169,985,883
Non-Current Assets										
Investments	13,501,673	13,684,508	12,635,288	14,005,631	15,128,292	16,706,042	19,008,199	21,854,548	24,697,355	27,516,840
Receivables	5,772,839	5,772,839	4,957,787	4,142,735	3,327,683	2,512,631	1,697,579	882,527	475,001	-
Inventories	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Infrastructure, Property, Plant & Equipment	347,355,926	355,099,074	370,687,633	370,090,826	372,467,063	375,590,725	373,403,874	369,268,061	365,483,791	363,422,704
Intangible Assets	1,389,000	1,389,000	1,389,000	1,389,000	1,389,000	1,389,000	1,389,000	1,389,000	1,389,000	1,389,000
Total Non-Current Assets	368,024,438	375,950,421	389,674,708	389,633,192	392,317,038	396,203,398	395,503,652	393,399,136	392,050,147	392,333,544
TOTAL ASSETS	454,026,593	461,979,407	469,390,309	477,699,027	487,246,053	500,754,536	514,068,946	529,277,645	544,814,914	562,319,426

SEWER FUND BALANCE SHEET (Cont.)	Budget 2025/2026 \$	Projected 2026/2027 \$	Projected 2027/2028 \$	Projected 2028/2029 \$	Projected 2029/2030 \$	Projected 2030/2031 \$	Projected 2031/2032 \$	Projected 2032/2033 \$	Projected 2033/2034 \$	Projected 2034/2035 \$
LIABILITIES										
Current Liabilities										
Payables	1,016,507	930,762	1,045,731	965,523	1,085,687	1,013,783	1,139,059	1,068,783	1,195,743	1,127,211
Contract Liabilities	126,513	130,137	133,856	137,672	141,687	144,624	147,621	150,682	153,806	156,996
Borrowings	3,596,790	3,833,881	4,095,412	2,755,611	0	0	0	0	0	0
Total Current Liabilities	4,739,810	4,894,780	5,275,000	3,858,806	1,227,375	1,158,407	1,286,681	1,219,465	1,349,550	1,284,207
Non-Current Liabilities										
Borrowings	10,684,904	6,851,023	2,755,611	0	0	0	0	0	0	0
Total Non-Current Liabilities	10,684,904	6,851,023	2,755,611	-						
TOTAL LIABILITIES	15,424,714	11,745,803	8,030,611	3,858,806	1,227,375	1,158,407	1,286,681	1,219,465	1,349,550	1,284,207
NET ASSETS	438,601,879	450,233,604	461,359,698	473,840,221	486,018,678	499,596,129	512,782,266	528,058,180	543,465,364	561,035,220
EQUITY										
Retained Earnings	262,364,879	273,996,604	285,122,698	297,603,221	309,781,678	323,359,129	336,545,266	351,821,180	367,228,364	384,798,220
Revaluation Reserves	176,237,000	176,237,000	176,237,000	176,237,000	176,237,000	176,237,000	176,237,000	176,237,000	176,237,000	176,237,000
TOTAL EQUITY	438,601,879	450,233,604	461,359,698	473,840,221	486,018,678	499,596,129	512,782,266	528,058,180	543,465,364	561,035,220

SEWER FUND CASH FLOW STATEMENT	Budget 2025/2026 \$	Projected 2026/2027 \$	Projected 2027/2028 \$	Projected 2028/2029 \$	Projected 2029/2030 \$	Projected 2030/2031 \$	Projected 2031/2032 \$	Projected 2032/2033 \$	Projected 2033/2034 \$	Projected 2034/2035 \$
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	21,101,613	21,492,906	21,922,766	22,361,222	22,912,541	23,485,354	24,072,488	24,674,301	25,291,158	25,923,437
User Charges & Fees	4,241,312	4,331,313	4,413,327	4,497,039	4,605,355	4,720,488	4,838,501	4,959,463	5,083,450	5,210,536
Interest & Investment Revenue Received	4,330,022	4,269,867	4,308,194	4,351,116	4,463,591	4,492,123	4,811,919	5,525,923	6,264,845	7,027,189
Grants & Contributions	1,176,938	1,216,224	1,250,973	1,286,625	1,324,233	1,350,573	1,378,568	1,407,148	1,436,325	1,466,111
Other	90,114	94,413	97,210	100,090	102,044	104,596	107,210	109,891	112,638	115,454
Payments:										
Employee Benefits & On-Costs	(2,993,000)	(3,067,829)	(3,144,519)	(3,223,139)	(3,303,718)	(3,386,311)	(3,470,968)	(3,557,743)	(3,646,686)	(3,737,853)
Materials & Contracts	(10,632,032)	(9,986,801)	(10,997,817)	(10,419,053)	(10,856,314)	(10,314,316)	(11,388,015)	(10,861,421)	(11,951,029)	(11,440,869)
Borrowing Costs	(1,091,995)	(867,871)	(631,048)	(369,717)	(91,046)	-	-	-	-	-
Net Cash provided (or used in) Operating Activities	(254,556)	(273,649)	(294,173)	(316,236)	(332,048)	(348,650)	(366,083)	(384,387)	(403,606)	(423,786)
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	0	0	7,259,598	0	0	0	0	0	0	0
Deferred Debtors Receipts	4,015,052	1,940,052	815,052	815,052	815,052	815,052	815,052	815,052	815,052	407,526
Payments:										
Purchase of Investment Securities	(3,279,235)	(1,265,043)	-	(9,481,458)	(7,767,732)	(10,916,516)	(15,928,708)	(19,693,998)	(19,669,489)	(19,508,121)
Purchase of Infrastructure, Property, Plant & Equipment	(9,991,796)	(13,445,923)	(21,313,837)	(5,312,629)	(8,957,822)	(9,779,607)	(4,544,889)	(2,592,311)	(2,931,239)	(4,641,498)
Deferred Debtors & Advances Made	(3,260,208)	(815,052)								
Net Cash provided (or used in) Investing Activities	(12,516,187)	(13,585,966)	(13,239,187)	(13,979,035)	(15,910,502)	(19,881,072)	(19,658,545)	(21,471,257)	(21,785,676)	(23,742,093)

SEWER FUND CASH FLOW STATEMENT (Cont.)	Budget 2025/2026 \$	Projected 2026/2027 \$	Projected 2027/2028 \$	Projected 2028/2029 \$	Projected 2029/2030 \$	Projected 2030/2031 \$	Projected 2031/2032 \$	Projected 2032/2033 \$	Projected 2033/2034 \$	Projected 2034/2035 \$
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	0	0	0	0	0	0	0	0	0	0
Payments:										
Repayment of Borrowings & Advances	(3,385,305)	(3,596,790)	(3,833,881)	(4,095,412)	(2,755,611)	0	0	0	0	0
Net Cash Flow provided (used in) Financing Activities	(3,385,305)	(3,596,790)	(3,833,881)	(4,095,412)	(2,755,611)	0	0	0	0	0
Net Increase/(Decrease) in Cash & Cash Equivalents	66,923	25,817	(148,155)	193,499	158,525	222,786	325,076	401,918	401,418	398,125
plus: Cash, Cash Equivalents & Investments - beginning of year	1,839,579	1,906,502	1,932,319	1,784,164	1,977,663	2,136,188	2,358,974	2,684,050	3,085,968	3,487,386
Cash & Cash Equivalents - end of the year	1,906,502	1,932,319	1,784,164	1,977,663	2,136,188	2,358,974	2,684,050	3,085,968	3,487,386	3,885,511
Investments - end of the year	93,418,590	94,683,633	87,424,035	96,905,493	104,673,225	115,589,741	131,518,449	151,212,447	170,881,936	190,390,057
Cash, Cash Equivalents & Investments - end of the year	95,325,091	96,615,952	89,208,199	98,883,156	106,809,413	117,948,716	134,202,499	154,298,415	174,369,323	194,275,568
Representing:										
- External Restrictions	19,808,263	21,103,510	23,024,386	25,058,797	21,739,986	18,202,758	19,520,724	21,461,653	23,504,182	25,652,853
- Internal Restrictions	74,236,043	73,968,561	64,194,613	71,609,665	82,400,234	96,865,530	111,379,874	129,287,731	146,944,045	164,469,650
- Unrestricted	1,280,785	1,543,881	1,989,200	2,214,694	2,669,193	2,880,428	3,301,901	3,549,031	3,921,096	4,153,065
TOTAL	95,325,091	96,615,952	89,208,199	98,883,156	106,809,413	117,948,716	134,202,499	154,298,415	174,369,323	194,275,568

SENSITIVITY ANALYSIS AND RISK ASSESSMENT – SEWER FUND

An important component of modelling is being able to understand which factors in the model are the most sensitive to variance. By testing different variables in the LTFP, Council and the community can understand what the financial impact might be if the variables change. The variables tested in the sensitivity analysis are based on the planning assumptions.

Council has undertaken a basic sensitivity analysis to determine factors likely to be sensitive to variables and known major risks. These are listed and described below.

FACTORS

Sewer Usage Charges	Sewer user charges and fees, equate to 13% of total income before capital. Total estimated income from sewer user charges is approximately \$4m. Fluctuation of 10% to this figure equates to \$400k, which can have similar affects to operating results.
Interest Rates	<p>At the beginning of the 2025/2026 financial year, Sewer Fund borrowings are estimated to be \$18m. As most existing loans are generally fixed for at least five years and there are no new loans anticipated, a change in interest rates will mainly affect investment income.</p> <p>Based on estimated cash held at the beginning of financial year 2025/2026, a 1% decrease in investment interest rates would have an unfavourable effect to income in the order of \$920,000.</p>
Materials & Contracts	<p>Operational materials & contracts equate to an estimated \$10m in the 2025/2026 financial year. Increases to this expenditure type approximate the inflation rate, except for items such as electricity/insurance which historically have increased greater than the underlying inflation rate.</p> <p>A 1% increase/decrease to materials & contracts would equate to \$100,000.</p>

Financial Performance

Note: Minor variations occur between the Long Term Financial Plan and 2025-2029 Delivery Program Performance indicators primarily due to differing Income Statement classifications of Internal Rates & Charges.

OPERATING PERFORMANCE

This ratio measures Council's ability to contain operating expenditure within operating revenue. The ratio is a measure of sustainability and compares the operating result before capital income to total operating revenue (before capital). The benchmark is a greater than or equal to break even average over three years.

The Consolidated Fund ratio is positive each year, primarily due to the General and Sewer Fund having positive operating performance ratios, partially offset by Water Fund which has a negative operating performance ratio until 2033/2034.

The General Fund has a positive operating ratio due to the recent approved Special Rates Variation which has significantly increased operating income.

In order to remain sustainable and deliver on planned works, the organisation must be especially vigilant in controlling the operating budget and disciplined in not introducing any new items without considering offsets or funding options. The financial results within this LTFP indicate that Council has limited capacity to fund expenditure on further new assets without a corresponding detrimental effect on funding available for renewal on existing assets.

The Water Fund has a negative operating performance ratio through years 2025/2026 to 2032/2033. The larger negative results in 2025/2026 and 2026/2027 are due to large non-recurrent operating expenditure on a Water Safety & Consequence Review. Operating results in this fund can be affected by the impact of climatic conditions and dam levels on water consumption income estimates.

The Sewer Fund has a very high operating ratio in order to service loans required for infrastructure and to fund future asset renewal. The high ratio supports the decision for a 0.0% increase to annual charges for 2025/2026.

OPERATING PERFORMANCE RATIO	Budget 2025/2026	Projected 2026/2027	Projected 2027/2028	Projected 2028/2029	Projected 2029/2030	Projected 2030/2031	Projected 2031/2032	Projected 2032/2033	Projected 2033/2034	Projected 2034/2035
Consolidated Fund	5.76%	6.08%	5.29%	6.83%	6.69%	7.69%	7.71%	8.85%	9.70%	11.12%
General Fund	2.59%	2.32%	1.20%	2.29%	2.40%	3.05%	3.67%	4.03%	5.13%	5.93%
Water Fund	-6.02%	-6.43%	-2.80%	-0.74%	-0.64%	-0.35%	-1.24%	-0.08%	1.43%	2.66%
Sewer Fund	30.88%	34.85%	32.49%	36.09%	34.17%	37.59%	35.23%	39.61%	38.31%	42.33%

UNRESTRICTED CURRENT RATIO

This ratio measures 'liquidity' by assessing the adequacy of working capital to meet unrestricted obligations in the short term. Short- term debts include loans, accounts payable and employee entitlements due within 12 months. A sustainable ratio is greater than 1:1. The result is above 1:1 for all years.

All funds are above 1:1, indicating a strong short-medium term financial position

UNRESTRICTED CURRENT RATIO	Budget 2025/2026	Projected 2026/2027	Projected 2027/2028	Projected 2028/2029	Projected 2029/2030	Projected 2030/2031	Projected 2031/2032	Projected 2032/2033	Projected 2033/2034	Projected 2034/2035
Consolidated Fund	1.25	1.21	1.15	1.26	1.32	1.43	1.55	1.64	1.79	1.92
General Fund	1.25	1.21	1.15	1.25	1.32	1.42	1.54	1.63	1.78	1.92
Water Fund	5.49	5.37	5.72	5.85	6.47	6.81	7.53	8.53	10.06	11.29
Sewer Fund	16.81	16.06	13.14	19.96	71.96	88.96	91.75	111.42	113.20	132.37

OWN SOURCE OPERATING REVENUE RATIO

This ratio measures the fiscal flexibility and the degree of reliance on external funding sources such as operating grants and contributions.

Consolidated Fund - The ratio is well above the three-year industry benchmark, of greater than 60% average over three years.

General Fund – The ratio for 2025/2026 is just above benchmark due to Council receiving a high level of capital grants for projects, including the new Aquatic Centre. The ratio for all other years is well above benchmark which reflects the increased own-source income from the approved Special Rates Variation.

Water and Sewer Funds - This ratio should always be high given the nature of water and sewer funds being able to raise annual charges in a manner to support a sustainable business operation. The ratios for both funds are both well above the industry benchmark.

OWN SOURCE OPERATING REVENUE RATIO	Budget 2025/2026	Projected 2026/2027	Projected 2027/2028	Projected 2028/2029	Projected 2029/2030	Projected 2030/2031	Projected 2031/2032	Projected 2032/2033	Projected 2033/2034	Projected 2034/2035
Consolidated Fund	71.55%	75.84%	83.80%	82.19%	84.93%	84.99%	85.02%	85.16%	85.31%	85.44%
General Fund	64.90%	69.69%	80.12%	77.99%	81.66%	81.75%	81.78%	81.90%	82.02%	82.14%
Water Fund	84.46%	89.67%	89.74%	89.83%	89.77%	89.78%	89.70%	89.79%	89.90%	89.97%
Sewer Fund	96.19%	96.14%	96.11%	96.07%	96.05%	96.06%	96.10%	96.18%	96.25%	96.32%

DEBT SERVICE RATIO (%)

The Debt-Service Ratio shows Council's level of commitment to loan repayments. The debt-service ratio is calculated by dividing the amount of loan principal and interest by operating revenue. The industry benchmark is an average of greater than 0% and less than or equal to 20% over three years.

The Consolidated, General, Water and Sewer Funds are all above 20% over the three years 2025/2026 to 2027/2028.

General Fund is high due to significant planned loan raising funds for the Aquatic Centre, Organics Recycling Facility, Skywalk and Blueprint Technology projects.

Water Fund is high due to borrowings for the Automatic Meter Reader program.

Sewer Fund Debt Service Ratio is high in early years but reduces in later years to 0% as all loans will be fully paid.

DEBT SERVICE RATIO	Budget 2025/2026	Projected 2026/2027	Projected 2027/2028	Projected 2028/2029	Projected 2029/2030	Projected 2030/2031	Projected 2031/2032	Projected 2032/2033	Projected 2033/2034	Projected 2034/2035
Consolidated Fund	6.93%	8.75%	8.57%	8.22%	7.29%	5.45%	4.82%	4.42%	4.29%	3.90%
General Fund	7.89%	9.13%	8.23%	7.94%	7.77%	7.25%	6.35%	5.80%	5.63%	4.95%
Water Fund	9.56%	8.36%	7.44%	6.61%	6.50%	5.51%	5.44%	5.28%	5.11%	4.41%
Sewer Fund	15.02%	14.75%	14.49%	14.22%	8.85%	0.00%	0.00%	0.00%	0.00%	0.00%

DEBT SERVICE COVER RATIO

The Debt-Service Cover ratio measures the availability of operating cash to service debt including interest, principal and lease payments. The debt-service cover ratio is calculated by dividing the operating result (before interest and depreciation) by the amount of loan principal and interest payments.

The industry benchmark for the ratio is greater than or equal to two. The Consolidated, General and Sewer Funds meet the industry benchmarks for all years.

The Water Fund is below benchmark due to a negative operating performance result and a loan draw down for the automatic meter reader program.

To maintain positive results, Council needs to be vigilant to achieving planned operating results in the case of the General and Sewer Funds.

In the case of the Water Fund, review is required of operating revenue and the major components for the operating expenditure, particularly depreciation and materials.

DEBT SERVICE COVER RATIO	Budget 2025/2026	Projected 2026/2027	Projected 2027/2028	Projected 2028/2029	Projected 2029/2030	Projected 2030/2031	Projected 2031/2032	Projected 2032/2033	Projected 2033/2034	Projected 2034/2035
Consolidated Fund	4.62	3.84	3.83	4.07	4.45	5.93	6.54	7.19	7.42	8.28
General Fund	3.59	3.26	3.51	3.67	3.68	3.92	4.42	4.75	4.96	5.60
Water Fund	-0.29	0.39	0.79	1.06	1.01	1.15	0.96	1.11	1.30	1.60
Sewer Fund	3.81	4.09	3.92	4.20	6.40	0.00	0.00	0.00	0.00	0.00

BUILDING AND INFRASTRUCTURE RENEWAL RATIO (%)

This ratio shows the rate that assets are being renewed compared to the estimated annualised rate of decline. This ratio provides an indication of Council's ability to renew its building and infrastructure compared with their depreciation. Ideally the ratio should be greater than 100%, however the timing of required works will not always align with annualised depreciation.

For a Council to be able to afford an asset renewal ratio of 100%, it must consistently record operating surpluses before capital.

Areas within General Fund where annual renewal is unable to be fully funded to the required levels are Buildings, Stormwater Drainage and Entertainment Venues. Council will review useful lives of assets and renewal requirements.

The figures across all funds indicate that significant additional expenditure may be required on asset renewal.

BUILDING AND INFRASTRUCTURE RENEWAL RATIO	Budget 2025/2026	Projected 2026/2027	Projected 2027/2028	Projected 2028/2029	Projected 2029/2030	Projected 2030/2031	Projected 2031/2032	Projected 2032/2033	Projected 2033/2034	Projected 2034/2035
Consolidated Fund	102.81%	98.40%	75.73%	81.42%	62.71%	64.92%	62.80%	57.68%	58.96%	67.40%
General Fund	120.20%	92.88%	70.22%	103.58%	67.73%	71.33%	70.34%	70.39%	71.07%	73.32%
Water Fund	55.70%	54.78%	43.81%	46.00%	55.93%	47.05%	42.74%	28.85%	29.46%	50.93%
Sewer Fund	84.09%	166.84%	131.03%	29.93%	49.56%	57.44%	53.37%	36.50%	40.39%	60.13%

UNRESTRICTED CASH RESULT

Unrestricted cash is the amount of cash and investments that can be used for any purpose. The cash result shows how much the balance has been increased or decreased by in each financial year. It reflects the amount of untied revenues that have not been used to fund operating costs or internal reserves for asset renewals and leave provisions. Ideally the result should be positive to ensure a satisfactory level of accumulated cash is maintained.

For General Fund, the model shows that a minor surplus each year, given the total size of the General Fund Budget.

Water Fund and Sewer Funds also both return a modest cash surplus each year to maintain a satisfactory accumulated unrestricted cash balance, with any cash excesses available to be transferred to internal reserves for asset renewal.

The projected results for General Fund are reliant on a number of factors including; operating budgets being vigilantly achieved each year; and new unfunded costs not being added.

For Water Fund year to year results can be affected by the volatile nature of the accuracy of water consumption estimates, due to climatic conditions and dam levels.

UNRESTRICTED CASH RESULT	Budget 2025/2026	Projected 2026/2027	Projected 2027/2028	Projected 2028/2029	Projected 2029/2030	Projected 2030/2031	Projected 2031/2032	Projected 2032/2033	Projected 2033/2034	Projected 2034/2035
General Fund	\$357,788	\$354,762	\$509,271	\$520,338	\$414,229	\$440,165	\$400,836	\$483,948	\$469,934	\$532,796
Water Fund	\$316,045	\$215,248	\$368,508	\$302,823	\$423,496	\$441,205	\$409,934	\$481,506	\$455,265	\$414,331
Sewer Fund	\$369,267	\$389,022	\$371,778	\$347,507	\$389,903	\$340,773	\$355,730	\$377,993	\$307,663	\$364,193