

Bayside 2023
Resourcing Strategy
2022/23

Long Term Financial Plan



Telephone Interpreter Services - 131 450

Τηλεφωνικές Υπηρεσίες Διερμηνέων

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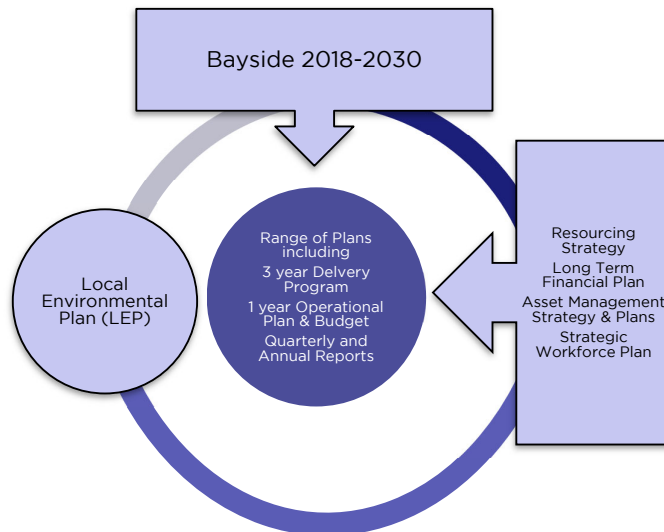
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Executive Summary

In planning for our City’s future and the Council’s contribution to the outcomes in the Community Strategic Plan, Council considers resourcing capability and future resourcing needs. Council has developed an overarching Resourcing Strategy which demonstrates how Council will be resourced for the next twelve years. The Resourcing Strategy supports the integration between our finance, workforce, assets and technology.

Key components of Council’s resourcing capability are its assets, its financial position and outlook, existing and potential technologies and human resourcing. While we have separately documented how each of the key resourcing components will contribute to our resourcing, Council considers each component simultaneously in its overarching Resourcing Strategy as part of our long term planning.

The Integrated Planning and Reporting (IP&R) framework encourages and supports the review of each of Council’s resourcing strategies aligned with the review of the Community Strategic Plan and at other times as required.



The Long Term Financial Plan can be read in conjunction with Council’s suite of resourcing strategies. This suite includes:

- ▶ [The Long Term Financial Plan](#)
- ▶ [The Strategic Workforce Plan](#)
- ▶ [The Asset Management Strategy](#)

The Long Term Financial Plan is a decision-making and problem-solving tool. It is intended as a guide for future action. The Long Term Financial Plan is an important part of Council’s strategic planning process. This is the point where long term community aspirations and goals are tested against financial realities.

The strategies from the Long Term Financial Plan will guide the delivery of actions by Council to achieve the following outcomes of the Council Plan.

- ▶ Council needs to resolve the ‘Income Gap’ that is reflected in all the scenarios included in the revised LTFP. This issue is not unique to Bayside Council and is the result of the continuous impact of the Rate Peg regime in NSW since 1977.
- ▶ While Council has been investing significantly in new assets since being formed in September 2016, these have mainly been funded by external sources, including developer contributions and grants and there is no funding source to provide for the increased maintenance, operating and future renewal of these assets.
- ▶ Bayside Council is forecast to continue to have a high level of high-density residential housing development over the LTFP period and this will increase pressure to upgrade and expand the existing asset base to provide services to its community.
- ▶ The former Rockdale City Council had existing Infrastructure Levies that provide a funding source for renewal of infrastructure assets, but these funds can only be expended in specific areas where levied.
- ▶ The former City of Botany Bay Council did not have the equivalent funding source that could be used to fund the required asset maintenance and future renewal.

Long Term Financial Sustainability

How do we Define Long Term 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 imposing excessive debt or rate increases on future generations. This definition has been translated into four key financial sustainability principles:

- ▶ Council must achieve a **fully funded operating position** reflecting that Council collects enough revenue to fund operational expenditure, repayment of debt and depreciation,
- ▶ Council must **maintain sufficient cash reserves** to ensure that it can meet its short term working capital requirements,
- ▶ Council must have a **fully funded capital program**, where the source of funding is identified and secured for both capital renewal and new capital works,
- ▶ Council must **maintain its asset base**, by renewing ageing infrastructure which is identified, and by ensuring cash reserves are set aside for those works which are yet to be identified.
- ▶ Council must endeavour to ensure that intergenerational equity principles are maintained in its decision making.

It is important to note that while these principles represent financial sustainability, in the current environment, most Council's will find it difficult to obtain this level of sustainability as the major ongoing challenge for all NSW councils is the need to provide adequate levels of for the maintenance and renewal of existing ageing infrastructure.

This has been previously highlighted in several previous studies such as the 2006 Local Government and Shires Association's Independent Inquiry into the Financial Sustainability of NSW Local Government and more recently the 2013 report released by NSW Treasury Corporation (TCorp) in regard to financial sustainability of all NSW councils.

The TCorp review identified an infrastructure renewal backlog of \$7.2 billion across all NSW councils. These studies have identified the need for NSW councils to significantly increase funding for the renewal of existing infrastructure. They have further identified that if funding is not increased in the immediate term, then the infrastructure renewal

backlog will continue to increase at a level which may become too great to address without serious ramifications on service delivery.

The backlog in asset renewal is a direct result of councils in NSW not being able to cash fund depreciation. Depreciation represents the average loss of service potential for the asset over its economic life. Current asset renewal funding is based on the actual renewals program and this is often modified to fit within budgetary restraints. This means that as assets are consumed funds are not being put aside to replace the asset at the end of its useful life. This is not a result of poor management; councils simply cannot afford to fund depreciation without compromising existing levels of service. As rates are pegged to a basket of CPI indexes by IPART many councils struggle to keep up with their asset renewal requirements and other cost increases progressively erode the funding base.

Deferring asset renewals compounds the asset renewal problem, as the older assets get, the more they cost a council to maintain. This in part is being addressed through the implementation of Integrated Planning and Reporting, moving a council's focus away from simply maintaining assets to managing an assets life cycle. This framework allows councils to clearly demonstrate to the community the long-term financial ramifications of not renewing assets.

How is Long Term Financial Sustainability Measured?

A recent review undertaken by the Independent Pricing and Regulatory Tribunal (IPART) into the Revenue Framework for Local Government identified a number of key performance indicators which measure the financial performance and position of NSW councils. The indicators measure both recurrent operations and capital sustainability.

Council will review its Long Term Financial Plan against these indicators as part of assessing the long term financial health of the organisation and its capacity to fund the proposed Delivery Program.

Achieving long term financial sustainability

One of the biggest challenges facing Council is beginning to address Council's long term financial sustainability, specifically addressing future deficit operating results excluding capital and reserve movements, as well as a forecasted asset expenditure funding shortfall of more than \$158 million over the next 10 years.

This term of Council has already begun to implement some actions to address this shortfall, however, it is extremely unlikely that the overall long term funding shortfall will be addressed in its entirety without Council contemplating some form of increase in rates revenue as an alternative to significantly decreasing much needed services provided to the community.

One of the main factors contributing to this issue is that Council's depreciation expense has continued to increase faster over the past few years. This is partly because Council has been delivering new assets, which are more functional, environmentally friendly, and aesthetically pleasing. This however comes at a higher cost to operate and results in higher maintenance and depreciation costs.

The importance of analysing the depreciation expense is that it identifies the value of the funding shortfall for the investment Council is required to make to renew its infrastructure assets, which is some \$108 million over the 10-year Long Term Financial Plan (LTFP).

In addition to the asset renewal funding shortfall, there is also a funding gap of around \$50 million for the maintenance of Infrastructure Assets throughout the Bayside Local Government Area (LGA).

Combined, this is a total funding shortfall of more than \$158 million over the next 10 years. This funding shortfall is significant and a serious challenge for Council to address to ensure ongoing long term financial sustainability is achieved and for Council to continue to provide valued services required by the community (at an appropriate level); and achieve Council's asset maintenance and renewal financial requirements.

The options available for Council to address this financial challenge include:

- ▶ Increasing revenue
- ▶ Reducing expenditure
- ▶ Reviewing current asset holdings.

It has been noted by the current Council, that whilst there are a number of options available to consider in addressing the overall long term funding shortfall, it is unlikely it will be able to be addressed without some form of Special Rate Variation to increase rates.

Bayside (NSW)

Bayside Council is in Sydney's southern and south-eastern suburbs - between 7 and 12 kilometres south of the Sydney CBD. The local government area is highly urbanised and predominantly residential with sizeable industrial areas, parkland/reserves and small suburban commercial areas. Housing density is high to low.

Bayside includes the suburbs of Arncliffe, Banksia, Banksmeadow, Bardwell Park, Bardwell Valley, Bexley, Bexley North, Botany, Brighton Le Sands, Carlton (part), Daceyville, Dolls Point, Eastgardens, Eastlakes, Hillsdale, Kingsgrove (part), Kogarah (part), Kyeemagh, Mascot, Monterey, Pagewood, Ramsgate (part), Ramsgate Beach,

Rockdale, Rosebery (part), Sandringham, Sans Souci (part), Turrella and Wolli Creek.

The forecast population of Bayside Council area for 2022 is 193,182 (Profile ID). Population density as at 30 June 2020 was 36.35 persons per hectare (Profile ID). Bayside council is expecting that significant population growth due to the urban renewal being experienced in parts of Bayside will continue over the course of the long-term financial plan period, with forecast population to be 212,836 (10.17% increase) by 2036 (Source: Profile ID Population Forecast)

Regulatory Environment

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

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.

Socio-economics

When preparing the plan, many factors are taken into consideration noting that rates, annual charges and user fees and charges make up a significant portion of Council's total revenue so capacity to pay is one of those important factors.

Residential Properties

In the 2022-23 financial year there are 67,339 properties across Bayside rated as 'Residential'. These properties include single dwellings, social housing, and multi-unit dwellings.

Housing Tenure

In Bayside, 55% of households were purchasing or fully owned their home, 32.4% renting privately, and 4.2% in social housing in 2016.

The median monthly mortgage repayment across Bayside was \$1,936 which was \$186 more than the Greater Sydney area. 54.1% of renting households were paying \$450 or more per week in rent in 2016.

Household Incomes

According to the 2016 Census in the Bayside Council area, 22.0% of the local workers earned \$1,750 or more per week. Analysis of the individual income levels in Bayside Council area in 2016 compared to New South Wales shows that there was a higher proportion earning a high income (those earning \$1,750 per week or more) and a lower proportion of low income persons (those earning less than \$500 per week).

Overall, 22.0% of the local workers earned a high income, and 13.5% earned a low income, compared with 20.5% and 17.2% respectively for New South Wales.

Indexes

The Bayside Council area SEIFA Index of Disadvantage measures the relative level of socio-economic disadvantage based on a range of Census characteristics.

It is a good place to start to get a general view of the relative level of disadvantage in one area compared to others and is used to advocate for an area based on its level of disadvantage. SEIFA Index of Disadvantage for the Bayside Council area in 2016 was 1002 which is slightly higher than the average 1000.0

Concessions

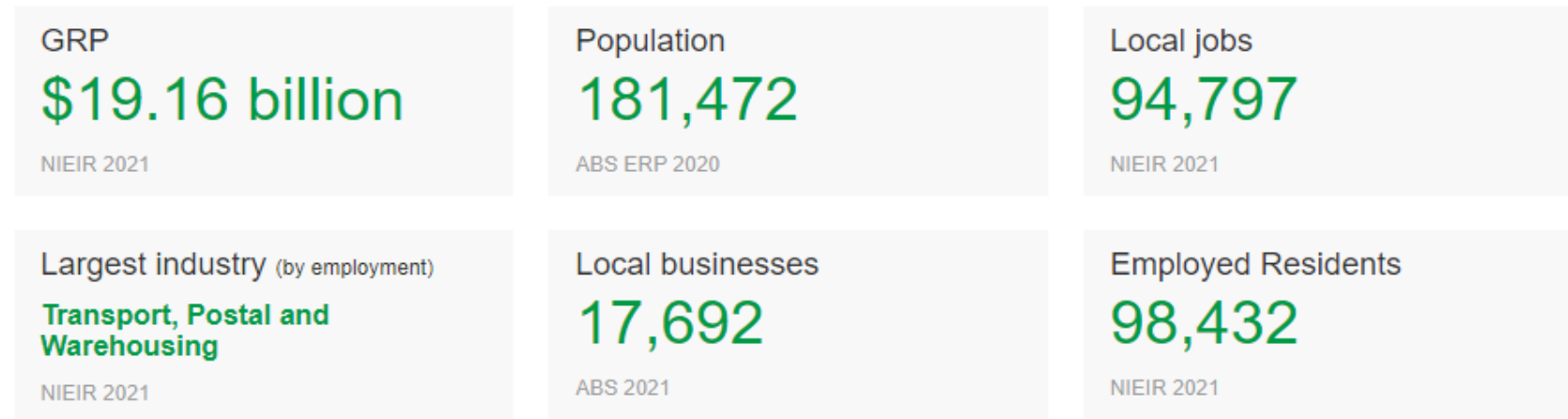
There are concessions available for rates and annual charges for eligible ratepayers who receive an aged or disability support pension under the provisions of the Local Government Act 1993.

Council recognises that from time to time certain ratepayers may have difficulty in paying their Council rates and charges. The Local Government Act allows Council to provide a range of assistance to these ratepayers in circumstances detailed in our Hardship Policy.

Economic Environment

The Bayside Council economy is part of a complex and diverse network of activities.

Key Statistics



Business Properties and Industry

There are 4,798 properties across Bayside which are rated as 'Business' and account for around 26 per cent of the Council's total rateable properties. The construction industry had the largest number of total registered businesses in the Bayside Council area, comprising 18% of all total registered businesses, compared to 17% in New South Wales (ABS).

Gross Regional Product

Bayside Council's Gross Regional Product (GRP) was \$19.16 billion in the 2020-21 financial year. This represents 3.02 per cent of the GRP of the state of NSW.

Workers

In the Bayside Council area, Transport, Postal and Warehousing is the largest employer, generating 18,621 Full Time Equivalents (FTE's) in 2020-21.

Financial Objectives

In addition to the legislated principles of sound financial management, Bayside Council has five financial objectives that it applies to its financial planning, control and management.

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 provide continue to be fully funded when preparing budgets and making financial decisions.

Fund infrastructure renewals

The funding allocated to annual capital works programs is as per the Asset Management Program. This will ensure that Council meets the infrastructure renewals ratio benchmark each year.

Ensure financial stability

Council can guarantee 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 Bayside Council - a legacy of being prudent and responsible.

This is reflected in Council's commitment to maintain a conservative risk/return portfolio.

Future Revenue Assumptions

The base year figures that have been used for operating revenue are those contained within the 2022-23 budget.

In preparing the 2023-2032 Long Term Financial Plan, the following underpinning principles have been used:

- ▶ Budgets will aim to maintain assets to at least the same condition as they were at the start of each financial year,
- ▶ Management will continually look for ways to structurally realign resources and/or increase income opportunities without changes to service standards,
- ▶ Services and Infrastructure in any new areas will be provided when they are needed,
- ▶ Council will continue to improve its capacity to fund its recurrent operations and renew critical infrastructure through sustainable financial decision making.

Rates

Council has an IPART approved minimum rate harmonisation path in place for a period of four years commencing 2021-22 and ending in 2024/25 with minimum rates being harmonised per the following table:

Year	Minimum ordinary rate – parcels of land within the Former Botany Bay Area	Minimum ordinary rate – parcels of land within the Former Rockdale Area
2021-22	\$626.26	\$783.89
2022-23	\$689.89	\$803.49
2023-24	\$771.53	\$823.57
2024-25	\$844.16	\$844.16

Nb: the harmonisation of rates does not result in an increase in permissible rate revenue.

Council's ability to align rating revenues with the increased cost of providing local government services has been restrained by rate pegging (since 1977), a legislative instrument whereby the maximum increase in rating revenues is currently set by IPART. For the rating year commencing 1st July 2022, IPART approved a rate peg limit of 2.5%.

The number of properties subject to rating in 2022-23 is as follows:

Category	# of Properties	Average Rate p.a. excluding Special Rate Variations
Residential - minimum	40,649	\$759
Residential - ad valorem	26,690	\$1,215
Business - minimum	2,069	\$728
Business - ad valorem	2,729	\$7,705
Farmland - ad valorem	5	\$1,396
Total	72,142	

Special Rates

Special Rates include Special Local Area Rates, Community Safety Levies, Community Building Levies and Infrastructure Levies.

Special rates are levied on identified residential and business properties to cover the cost of any works, services, facilities or activities carried out and for the benefit of specific local areas.

User fees and charges

Council receives 6% of its annual operating revenue through user fees and charges, set under S610D of the Local Government Act 1993.

This revenue is received through fees and charges applied through areas of Council such as the Bexley Aquatic Centre, the various childcare centres, commercial trade waste and the hire of community facilities such as Council's sports fields and community halls. Some of these are set by statutory regulations and future increases are difficult to predict but have been assumed at the CPI index.

Annual Charges

Section 496 of the Act requires Council to levy a domestic waste management service charge on each residential parcel of land for which the service is available, regardless of whether or not the garbage and recycling collection service is used. This charge will be recovered via the domestic waste admin fee. Almost a quarter of Council's revenue is received through the levying of annual charges.

Section 502 of the Act then allows Council to levy users of the service an annual waste charge dependent upon the number of waste bins being utilised. As required under s504 of the Local Government Act 1993 the domestic waste management charges are calculated so not to exceed the reasonable cost to the council of providing those services. Therefore, the increases in these charges included in the plan are consistent with the increases applied to the operating expenditure incurred by the service.

It is important to note that until such time as the services provided to residents of the new Council are harmonised, the waste fees applicable to each residential parcel of land will vary.

There has been no increase assumed for the stormwater management annual charge. This charge is determined under clause 125AA of the Local Government (General) Regulation 2005 and has remained at the same level since its inception. Overall increases have been set at the CPI factor.

Operating grants and contributions

Bayside Council has demonstrated a moderate degree of reliance on external funding sources such as grants and contributions. There has been no inclusion of any additional grants or contributions in the plan with only those non-speculative, existing, and recurring grants and contributions being included with a very modest increase assumed across the period of the plan.

Capital grants and contributions

Council receives development contributions from property developers which are used to fund community facilities and infrastructure.

The contribution a developer pays for a major new development is capped by NSW legislation. The section 7.11 (formerly S94) contributions received, and the infrastructure to be funded that are contained within this plan, are consistent with Council's Section 7.11 Development Contributions Plan (2019).

Various grants are received by Council throughout financial years for capital projects. These grants are predominately for road construction and the number and value are determined by State or Federal Government programs. Due to the nature of their unpredictability, capital grants contained in the plan are minimal.

Gains from disposals of assets

Gains from the sale of Council's plant and fleet assets are included in the plan. These disposals are in accordance with Council's Plant Replacement Strategy.

Future Expenditure Assumptions

The base year figures that have been used for operating expenditure in this plan are those contained within the forecasted 2022-23 budget.

Employee costs

Expenditure relating to the Council workforce accounts for over 40 per cent of total operating expenditure and is therefore one of the largest investments that Council makes on an annual basis.

The forecasted wage percentage increase is based on the Local Government Award 2020 and has been forecasted using historical averages. Council's superannuation expense is aligned to the payments required under the Superannuation Guarantee (Administration) Act 1992. The Act sees the percentage rate grow from 10% in 2021-22 to 12% in 2025-26. This increase has been incorporated into the plan.

Materials and contracts

The Reserve Bank of Australia (RBA) has an inflation target of 2.5 per cent. On average the RBA has been achieving this over the last ten years however the most recent headline CPI rate as at March 2022 is 5.1 per cent and higher inflation rates are expected to continue in the short term

Depreciation

Depreciation for Council's assets is a non-cash expense that reflects the utilisation of Council's assets and the degradation of their capacity to provide functionality over time.

Depreciation expense is an indicator used by the Office of Local Government to determine the level of asset renewals that councils should be undertaking. Bayside Council uses a straight line method of

depreciation which is very commonly applied to local government infrastructure.

Other expenses

Increases in the range of levies imposed by the State Government are hard to predict. Levies such as the State Emergency Services Levy, Fire Brigade Levy and Sydney Regional Development Fund contribution have grown steadily of the past and have been forecast to continue. Continuing efforts from the Sustaining Our City Program in the area of water and energy conservation are having a positive impact on the consumption rates. However, the price per unit continues to rise and is proving reasonably unpredictable.

New and discontinued operations

There are no discontinued operations at this time.

Balance Sheet Projections

The base year figures that have been used for all balance sheet items including cash and investments are those included in the audited financial reports for the 2020-21 year.

Cash and investments

Council has a number of cash reserves both externally and internally restricted. The forecasted balances of cash and investments have been taken into account the planned transaction of various reserves such as plant replacement, domestic waste reserve, employee leave entitlements, ICT reserve, stormwater management, section 7.11 contributions reserve and others. Cash levels have been forecasted to ensure that adequate operational liquidity is maintained.

The balance of cash reserves which are considered funding sources in the budgeting process are based on the forecasted balances as at 30 June 2022 \$444m.

Inventories and other assets

The inventory that Council holds at its Works Depot, Aquatic Centre, and Community Nursery have 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

Bayside Council has approximately \$1.5B worth of infrastructure, property plant and equipment. The financial management of these assets are guided by the 2022 revised Asset Management Plans and

the asset renewals and upgrades that have been identified in these plans remain unfunded in this plan. The asset base maintained by council has been subject to a program of revaluation cycles since the Council was proclaimed in September 2016 and improved asset data information will be used to inform future updates to Council's long term financial plan and strategic asset management.

Provisions

Council has made provisions for payment of employee leave entitlements which predominately consist of annual leave and long service leave. The balance of these provisions is governed by the Leave Policy and have been forecasted in line with its objectives. 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

Bayside Council currently has very low levels of external borrowing and is proposing to undertake borrowings from Treasury NSW for park upgrade project in 2021-22. The new borrowing is included in all scenarios. Council reviews its debt service ratio annually to ensure the level of debt is kept within the recommended levels for NSW Councils.

Sensitivity Analysis

Variations to assumptions applied in this plan may occur during the life of the plan and these variations could have a major or significant impact on the results of the financial modelling.

The plan contains a range of assumptions which are obtained from a various number of sources. Council has ensured that these sources are reputable and are the best known available source for that data.

A conservative approach has been taken in the development of the plan, to ensure that the chosen option is more likely to succeed and exposes Council to the least amount of risk. Conservative financial planning is used as a tool to keep pressure on operating budgets, with any surpluses that eventuate being allocated towards infrastructure asset maintenance or capital expenditure.

Cash rates

Cash rates are currently transitioning from their historically low levels and several cash rate increases are currently priced in the markets. It is expected that the RBA will take action to address the current high CPI rates being experienced. The returns on investments in the model are conservative but reflect rates increasing over the early years of the plan and then being on hold.

Increases in cash rates will have a positive impact on Council's investment portfolio, as investment returns are driven higher. An increasing cash rate also has a positive impact on Treasury Bond Yields. These yields are used for discounting Council's employee leave

provisions, therefore increasing yields result in lower discounting rates and leave provisions.

Higher cash rates do result in higher borrowing costs for both owner occupiers and investors which could create a flow on effect in terms of development activity across the City.

Consumer price index

Consumer Price Index (CPI) assumptions are heavily used throughout the plan and is an assumption used on both expenditure and revenue which mitigates any substantial impact on the results of the financial modelling should there be any significant variance. However, historical inflation over the past ten years have shown insignificant fluctuations of the annual CPI figure with the average rate over that period being 1.90 per cent. There is currently a high CPI above the RBA target range and this is expected to continue during the early periods of the plan

Employee Costs

Council has modelled employee costs various rates across the years in the scenarios developed and is anticipating cost living pressures due to general economic conditions and sentiment. Sensitivity has been completed on increases ranging from 2.5% for years commencing from year four of the forecast. Employee costs are a major element of the IPART Local Government Cost calculation, and any increase should be offset by an increase in the approved Rate Peg in future years.

Monitoring Financial Performance

The Primary Model adopted in this plan has been developed to ensure that it meets Council's five financial objectives, and the benchmarks and/or targets for an array of financial indicators which have either been internally or externally prescribed. There are a number of factors which affect the value and size of certain revenue, operating expenditure, and/or capital expenditure each financial year. However, the impact these variations have on the financial indicators are what should be measured.

Financial indicators

The Primary Model has been developed so that its implementation will meet a set of financial indicators:

- ▶ Balanced Budget
- ▶ Operating Performance Ratio
- ▶ Own Source Operating Revenue Ratio
- ▶ Unrestricted Cash
- ▶ Unrestricted Current Ratio
- ▶ Cash Expense Cover Ratio
- ▶ Debt Service Ratio
- ▶ Asset Maintenance Ratio
- ▶ Asset Renewal Ratio

Budget control

While annual budgets aim to meet the financial indicator benchmarks, this is not always achievable as decisions on the resolution of the Income Gap have not yet been determined. Consequently, budget control and monitoring are paramount for Council achieving the outcomes of this plan. Budgets are monitored internally on an ongoing basis using Council's financial information systems. Monthly Financial Reports and Quarterly Budget Reviews are reported by Council and illustrate the progress against its adopted budgets.

Financial Assessment

Council's budget has faced significant pressures including:

- ▶ An increasing burden as a result of cost shifting from other levels of government,
- ▶ Increases in the cost of procuring goods and services have been consistently higher than rate pegging increases as determined by IPART; and
- ▶ Greater competition between councils in the allocation of external funding such as Financial Assistance Grants.

The biggest single financial issue facing Council is the need to maintain and replace ageing assets, while providing new assets to meet the needs and expectations of the community. Council has invested significantly in new and upgraded assets, funded by developer contributions and grants since its formation in September 2016, however these are not able to be used to fund maintenance, operation costs or the renewal to these assets.

All the current scenarios reflect Council's significant long term financial sustainability challenges as follows:

- ▶ **Operating results** before capital revenue in all modelled scenarios is negative
- ▶ **Cash** remains relatively strong; cash balances are utilised to service capital requirements.
- ▶ Council has a longstanding commitment to adopting balanced budgets. To achieve this budget outcome decisions are made around the level of asset maintenance and deferral of renewal to ensure that Council is able to fund the proposed budget. A **balanced budget** is reflected in the Base and Optimistic scenarios. However, the Pessimistic scenario results in a deficit cash budget result.
- ▶ Council does not meet the requirements of the infrastructure asset maintenance ratio in any of the scenarios presented in this plan.
- ▶ The **debt service ratio** represents the percentage of Council's total operating revenue that is attributable to net debt servicing costs. The debt service ratio results remain strong and enables council to undertake the new borrowing indicated in the plan.

Financial Projection Scenarios

Council's LTFP contains long term projections based on specific assumptions. As it is difficult to accurately predict all future trends, alternative scenarios have been modelled to help provide an indication of Council's future financial position under a variety of circumstances. These alternative scenarios are summarised below:

All scenarios use the 2022-23 draft budget as the base, the same global assumptions and forecast capital works program. It is important to note that the operating result before capital revenue is negative in the 2022-23 draft budget and there has been no council decision to provide a solution to identified funding gap that this result is continued in all scenarios over the period of the LTFP.

Scenario One - Base Case

This is the business as usual scenario and includes the amended rate peg of 2.5% and the continuation of the \$1.6m annual improvement program identified in the previous LTFP.

Scenario Two - Best Case (Optimistic)

The same basis as for Scenario 1 and includes forecast improvements to operating revenue (user charges) and operating expenditure over years 2 and 3 of the LTFP where at the end of year 3 the net result is an overall improvement of \$3.5m per annum. In this scenario the improvement is allocated to asset maintenance expenditure and results in a significant improvement in this key performance indicator.

Scenario Three - Worst Case (Pessimistic)

In this scenario the lower rate peg is used across the model and also higher employee costs and materials and contracts are included in the

model resulting significant increases to the operating result before capital revenue.

For Council to achieve financial sustainability, all four financial sustainable principles must be met.

- ▶ Council must achieve a **fully funded operating position** reflecting that Council collects enough revenue to fund operational expenditure, repayment of debt and depreciation,
- ▶ Council must **maintain sufficient cash reserves** to ensure that it can meet its short term working capital requirements,
- ▶ Council must have a **fully funded capital program**, where the source of funding is identified and secured for both capital renewal and new capital works,
- ▶ Council must **maintain its asset base**, by renewing ageing infrastructure, which is identified, and by ensuring cash reserves are set asides for those works which are yet to be identified.

Scenario 1 - Base Case

Assumptions Item	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Rates and Annual Charges	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
User Fees & Charges	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Other Revenues	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Interest on Investments	2.00%	2.25%	2.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Grants	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Employee Costs	2.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Materials & Contracts	3.00%	2.75%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other Expenses	2.75%	2.75%	2.75%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Borrowing Costs New	3.75%	4.00%	4.00%	3.75%	3.50%	3.00%	3.00%	3.00%	3.00%
CPI Reference Rate	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%
NB: 2022-23 is as included in the budget									

Scenario 2 - Pessimistic Case

Assumptions Item	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Rates and Annual Charges	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
User Fees & Charges	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Other Revenues	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Interest on Investments	2.00%	2.25%	2.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Grants	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Employee Costs	3.50%	3.50%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Materials & Contracts	3.00%	2.75%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other Expenses	2.75%	2.75%	2.75%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Borrowing Costs New	3.75%	4.00%	4.00%	3.75%	3.50%	3.00%	3.00%	3.00%	3.00%
CPI Reference Rate	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%
NB: 2022-23 is as included in the budget									

Scenario 3- Optimistic Case

Assumptions Item	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Rates and Annual Charges	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
User Fees & Charges	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Other Revenues	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Interest on Investments	2.00%	2.25%	2.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Grants	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Employee Costs	2.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Materials & Contracts	3.00%	2.75%	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other Expenses	2.75%	2.75%	2.75%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Borrowing Costs New	3.75%	4.00%	4.00%	3.75%	3.50%	3.00%	3.00%	3.00%	3.00%
CPI Reference Rate	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%
NB: 2022-23 is as included in the budget									

Capital Works Program

It is assumed that the capital works program is the same for all scenarios.

Capital Works Program	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Renewal of Assets										
Non-Infrastructure Assets	11,345	6,331	6,837	8,544	4,858	5,313	10,623	4,655	4,205	9,682
Buildings	2,964	4,419	4,702	5,370	7,540	6,925	4,775	4,775	4,775	4,775
Other Structures	650	1,500	340	44	803	983	1,133	133	133	133
Roads	3,998	3,713	2,906	4,123	7,196	5,525	5,525	5,525	5,525	5,525
Bridges	1,150	140	220	99	152	155	128	116	118	121
Footpaths	234	428	160	160	1,320	400	400	400	400	400
Stormwater Drainage	520	439	339	239	1,539	139	139	139	1,539	1,539
Swimming pools & other open spaces	17,705	16,573	13,765	8,317	6,071	4,142	3,919	5,648	5,134	5,134
Total Renewals of Assets	38,566	33,544	29,268	26,896	29,479	23,582	26,642	21,391	21,829	27,309
New Assets										
Non-Infrastructure Assets	275	451	500	500	23,008	26,024	26,364	27,984	30,412	25,789
Buildings	1,066	2,986	998	6,000	3,020	2,750	2,490	2,450	2,546	1,489
Other Structures	1,219	-	-	250	77	46	17	6	12	-
Roads	765	1,250	200	200	530	137	204	204	204	204
Bridges	-	30	-	-	102	102	102	102	102	102
Footpaths	656	3,132	5,000	-	2,636	2,535	2,438	2,448	2,531	2,097
Stormwater Drainage	7,980	205	-	-	1,935	1,791	1,652	1,635	1,699	1,170
Swimming pools & other open spaces	11,304	27,794	43,553	21,318	3,201	3,056	2,919	2,926	3,020	2,414
Total New Assets	23,265	35,848	50,251	28,268	34,509	36,441	36,187	37,755	40,527	33,265
Total Capital Works Program	61,831	69,392	79,519	55,164	63,998	60,023	62,828	59,146	62,356	60,575

Scenario 1 - Base Case

Base Case Income Statement

Bayside Council

10 Year Financial Plan for the Years ending 30 June 2032

INCOME STATEMENT - GENERAL FUND

Scenario: Base Case

	Projected Years									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Revenue:										
Rates & Annual Charges	133,220	136,580	140,031	143,574	147,213	150,950	154,789	158,731	162,780	166,938
User Charges & Fees	10,879	11,122	11,372	19,047	19,456	19,874	20,301	20,737	21,182	21,638
Other Revenues	15,654	15,833	16,207	16,589	16,981	17,383	17,795	18,217	18,650	19,093
Grants & Contributions provided for Operating Purposes	11,096	11,323	11,554	11,791	12,032	12,278	12,530	12,786	13,048	13,315
Grants & Contributions provided for Capital Purposes	21,227	14,848	16,174	17,551	17,909	16,785	19,323	20,312	20,318	20,306
Interest & Investment Revenue	2,453	4,520	4,818	4,919	5,674	5,499	5,465	5,172	4,998	4,769
Other Income:										
Net Gains from the Disposal of Assets	-	308	360	485	305	267	573	284	294	544
Rental Income	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	194,528	194,534	200,515	213,956	219,570	223,037	230,775	236,239	241,271	246,604
Expenses from Continuing Operations										
Employee Benefits & On-Costs	80,675	80,399	83,190	86,076	88,661	90,884	93,159	95,492	97,882	100,333
Borrowing Costs	318	254	100	3	-	-	-	-	-	-
Materials & Contracts	49,371	48,046	50,065	58,081	59,390	60,729	63,076	63,483	64,907	66,364
Depreciation & Amortisation	31,112	33,214	35,992	38,317	40,177	41,760	43,614	45,223	46,658	45,458
Other Expenses	23,868	26,247	26,980	27,733	28,414	29,114	29,832	30,568	31,322	32,095
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	185,345	188,161	196,327	210,210	216,642	222,488	229,681	234,766	240,770	244,250
Operating Result from Continuing Operations	9,183	6,374	4,188	3,746	2,928	549	1,094	1,473	500	2,354
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	9,183	6,374	4,188	3,746	2,928	549	1,094	1,473	500	2,354
Net Operating Result before Grants and Contributions provided for Capital Purposes	(12,044)	(8,474)	(11,987)	(13,805)	(14,981)	(16,235)	(18,229)	(18,839)	(19,818)	(17,952)

Base Cash Flow Statement

Bayside Council

10 Year Financial Plan for the Years ending 30 June 2032

CASH FLOW STATEMENT - GENERAL FUND

Scenario: Base Case

	2022/23	2023/24	2024/25	2025/26	Projected Years		2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	2026/27	2027/28	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	133,074	136,329	139,773	143,309	146,941	150,671	154,502	158,436	162,477	166,628
User Charges & Fees	11,108	11,061	11,309	17,128	19,354	19,769	20,194	20,628	21,071	21,524
Investment & Interest Revenue Received	2,435	4,520	4,786	4,887	5,640	5,465	5,429	5,136	4,961	4,731
Grants & Contributions	30,391	26,109	27,666	27,414	29,838	28,958	31,746	32,989	33,254	33,507
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-
Other	15,911	15,899	16,179	16,468	16,964	17,384	17,750	18,191	18,635	19,078
Payments:										
Employee Benefits & On-Costs	(80,617)	(80,405)	(83,123)	(85,444)	(89,301)	(91,474)	(94,759)	(95,900)	(98,398)	(101,915)
Materials & Contracts	(52,071)	(50,211)	(50,619)	(57,599)	(59,282)	(60,618)	(62,908)	(63,421)	(64,788)	(66,241)
Borrowing Costs	(318)	(254)	(100)	(3)	-	-	-	-	-	-
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-
Other	(23,703)	(25,014)	(26,708)	(27,195)	(28,183)	(28,896)	(29,566)	(30,382)	(31,088)	(31,855)
Net Cash provided (or used in) Operating Activities	36,210	38,035	39,163	38,964	41,971	41,260	42,388	45,677	46,125	45,458
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	-	30,000	45,000	14,000	18,000	19,000	17,000	13,000	14,000	12,000
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	3,859	2,053	2,399	3,234	2,035	1,783	3,821	1,894	1,959	3,628
Payments:										
Purchase of Investment Securities	(5,000)	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(61,831)	(69,392)	(79,519)	(55,164)	(63,988)	(60,023)	(62,828)	(59,146)	(62,356)	(60,575)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(62,971)	(37,338)	(32,121)	(37,930)	(43,953)	(39,240)	(42,007)	(44,253)	(46,397)	(44,947)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-
Payments:										
Repayment of Borrowings & Advances	(3,472)	(3,606)	(3,583)	(121)	-	-	-	-	-	-
Repayment of lease liabilities (principal repayments)	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(3,472)	(3,606)	(3,583)	(121)	-	-	-	-	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(30,234)	(2,910)	3,458	914	(1,982)	2,020	380	1,424	(272)	510
plus: Cash & Cash Equivalents - beginning of year	37,597	7,364	4,454	7,912	8,826	6,844	8,864	9,245	10,669	10,397
Cash & Cash Equivalents - end of the year	7,364	4,454	7,912	8,826	6,844	8,864	9,245	10,669	10,397	10,908
Cash & Cash Equivalents - end of the year	7,364	4,454	7,912	8,826	6,844	8,864	9,245	10,669	10,397	10,908
Investments - end of the year	424,245	394,245	349,245	335,245	317,245	298,245	281,245	268,245	254,245	242,245
Cash, Cash Equivalents & Investments - end of the year	431,608	398,698	357,157	344,070	324,088	307,109	290,489	278,913	264,642	253,152

Base Case Balance Sheet**Bayside Council**

10 Year Financial Plan for the Years ending 30 June 2032

BALANCE SHEET - GENERAL FUND

Scenario: Base Case

	Projected Years									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS										
Current Assets										
Cash & Cash Equivalents	7,363	4,454	7,912	8,825	6,844	8,865	9,245	10,669	10,397	10,908
Investments	420,058	390,058	345,058	331,058	313,058	294,058	277,058	264,058	250,058	238,058
Receivables	14,065	14,168	14,551	16,904	17,298	17,655	18,161	18,618	19,049	19,490
Inventories	179	174	182	211	215	220	229	230	235	241
Contract assets	-	-	-	-	-	-	-	-	-	-
Contract cost assets	-	-	-	-	-	-	-	-	-	-
Other	548	556	577	643	658	673	696	704	721	737
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-
Total Current Assets	442,214	409,410	368,279	357,640	338,073	321,471	305,388	294,279	280,460	269,433
Non-Current Assets										
Investments	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187
Infrastructure, Property, Plant & Equipment	1,530,477	1,566,967	1,610,140	1,626,339	1,649,997	1,668,160	1,686,840	1,700,603	1,716,128	1,730,742
Investment Property	-	-	-	-	-	-	-	-	-	-
Intangible Assets	849	125	0	0	0	0	0	0	0	0
Right of use assets	134	86	38	-	-	-	-	-	-	-
Investments Accounted for using the equity method	332	332	332	332	332	332	332	332	332	332
Other	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	1,535,979	1,571,697	1,614,697	1,630,858	1,654,516	1,672,679	1,691,359	1,705,122	1,720,647	1,735,261
TOTAL ASSETS	1,978,192	1,981,107	1,982,976	1,988,498	1,992,589	1,994,149	1,996,747	1,999,400	2,001,107	2,004,694
LIABILITIES										
Current Liabilities										
Bank Overdraft	-	-	-	-	-	-	-	-	-	-
Payables	28,162	28,277	28,764	29,852	30,255	30,638	31,127	31,432	31,843	32,265
Income received in advance	-	-	-	-	-	-	-	-	-	-
Contract liabilities	3,209	2,638	2,795	2,957	3,018	2,929	3,210	3,336	3,363	3,389
Lease liabilities	48	48	38	-	-	-	-	-	-	-
Borrowings	3,606	3,583	121	-	-	-	-	-	-	-
Provisions	24,032	24,595	25,172	25,762	26,367	26,986	27,620	28,270	28,935	29,616
Total Current Liabilities	59,057	59,141	56,889	58,572	59,639	60,554	61,958	63,037	64,141	65,269
Non-Current Liabilities										
Lease liabilities	86	38	-	-	-	-	-	-	-	-
Borrowings	3,704	121	-	-	-	-	-	-	-	-
Provisions	4,687	4,777	4,868	4,961	5,056	5,153	5,252	5,353	5,456	5,562
Total Non-Current Liabilities	8,477	4,936	4,868	4,961	5,056	5,153	5,252	5,353	5,456	5,562
TOTAL LIABILITIES	67,535	64,076	61,757	63,533	64,695	65,707	67,210	68,391	69,597	70,830
Net Assets	1,910,657	1,917,031	1,921,219	1,924,965	1,927,893	1,928,442	1,929,537	1,931,010	1,931,510	1,933,864
EQUITY										
Retained Earnings	1,824,859	1,831,233	1,835,421	1,839,167	1,842,095	1,842,644	1,843,739	1,845,212	1,845,712	1,848,066
Revaluation Reserves	85,798	85,798	85,798	85,798	85,798	85,798	85,798	85,798	85,798	85,798
Other Reserves	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	1,910,657	1,917,031	1,921,219	1,924,965	1,927,893	1,928,442	1,929,537	1,931,010	1,931,510	1,933,864
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-
Total Equity	1,910,657	1,917,031	1,921,219	1,924,965	1,927,893	1,928,442	1,929,537	1,931,010	1,931,510	1,933,864

Base Case Key Performance Indicators

Performance Indicators

	Target	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Operating Performance Ratio											
Balanced Budget - Cash (\$ 000's)	>=\$0	● 32 ●	● 40 ●	● 76 ●	● 45 ●	● 43 ●	● 65 ●	● 68 ●	● 60 ●	● 34 ●	● 60
Operating Performance Ratio	>0%	● -7% ●	● -5% ●	● -7% ●	● -7% ●	● -8% ●	● -8% ●	● -9% ●	● -9% ●	● -9% ●	● -8%
Own Source Operating Revenue	>60%	● 89% ●	● 92% ●	● 92% ●	● 92% ●	● 92% ●	● 92% ●	● 92% ●	● 91% ●	● 92% ●	● 92%
Operating Liquidity											
Unrestricted Cash (\$ 000's)	>=&\$750k	● 1,018 ●	● 1,059 ●	● 1,135 ●	● 1,180 ●	● 1,223 ●	● 1,288 ●	● 1,356 ●	● 1,416 ●	● 1,450 ●	● 1,511
Unrestricted Current Ratio	>=1.5	● 2.08 ●	● 1.94 ●	● 1.87 ●	● 1.80 ●	● 1.69 ●	● 1.59 ●	● 1.50 ●	● 1.43 ●	● 1.35 ●	● 1.29
Debt Service Ratio											
	>2	● 25 ●	● 20 ●	● 22 ●	● 24 ●	● 28 ●	● 28 ●	● 28 ●	● 29 ●	● 29 ●	● 30
Asset Sustainability Ratio											
Asset Maintenance Ratio	90% to 100%	● 72% ●	● 71% ●	● 70% ●	● 69% ●	● 69% ●	● 68% ●	● 67% ●	● 67% ●	● 66% ●	● 65%
Asset Renewal Ratio	>100%	● 114% ●	● 110% ●	● 88% ●	● 70% ●	● 91% ●	● 65% ●	● 55% ●	● 56% ●	● 57% ●	● 55%

Scenario 2 – Optimistic

Optimistic Income Statement

Bayside Council

10 Year Financial Plan for the Years ending 30 June 2032

INCOME STATEMENT - GENERAL FUND

Scenario: Optimistic Case	Projected Years									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Revenue:										
Rates & Annual Charges	133,220	136,580	140,031	143,574	147,213	150,950	154,789	158,731	162,780	166,938
User Charges & Fees	10,879	12,250	13,162	21,027	21,455	21,892	22,339	22,796	23,263	23,740
Other Revenues	15,654	15,833	16,207	16,589	16,981	17,383	17,795	18,217	18,650	19,093
Grants & Contributions provided for Operating Purposes	11,096	11,323	11,554	11,791	12,032	12,278	12,530	12,786	13,048	13,315
Grants & Contributions provided for Capital Purposes	21,227	14,848	16,174	17,551	17,909	16,785	19,323	20,312	20,318	20,306
Interest & Investment Revenue	2,453	4,520	4,818	4,919	5,674	5,499	5,465	5,172	4,998	4,769
Other Income:										
Net Gains from the Disposal of Assets	-	308	360	485	305	267	573	284	294	544
Rental Income	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	194,528	195,662	202,305	215,937	221,570	225,056	232,814	238,299	243,351	248,707
Expenses from Continuing Operations										
Employee Benefits & On-Costs	80,675	79,249	81,040	83,926	86,511	88,734	91,009	93,342	95,732	98,183
Borrowing Costs	318	254	100	3	-	-	-	-	-	-
Materials & Contracts	49,371	48,046	50,065	58,081	59,390	60,729	63,076	63,483	64,907	66,364
Depreciation & Amortisation	31,112	33,214	35,992	38,317	40,177	41,760	43,614	45,223	46,658	45,458
Other Expenses	23,868	26,247	26,980	27,733	28,414	29,114	29,832	30,568	31,322	32,095
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	185,345	187,011	194,177	208,060	214,492	220,338	227,531	232,616	238,620	242,100
Operating Result from Continuing Operations	9,183	8,651	8,128	7,877	7,077	4,718	5,283	5,683	4,731	6,606
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	9,183	8,651	8,128	7,877	7,077	4,718	5,283	5,683	4,731	6,606
Net Operating Result before Grants and Contributions provided for Capital Purposes	(12,044)	(6,197)	(8,047)	(9,674)	(10,832)	(12,067)	(14,040)	(14,629)	(15,587)	(13,700)

Optimistic Cash Flow Statement

Bayside Council

10 Year Financial Plan for the Years ending 30 June 2032

CASH FLOW STATEMENT - GENERAL FUND

Scenario: Optimistic Case

	2022/23	2023/24	2024/25	2025/26	Projected Years		2028/29	2029/30	2030/31	2031/32
					2026/27	2027/28				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	133,074	136,329	139,773	143,309	146,941	150,671	154,502	158,436	162,477	166,628
User Charges & Fees	11,108	11,907	12,934	19,060	21,348	21,783	22,228	22,682	23,146	23,621
Investment & Interest Revenue Received	2,435	4,520	4,786	4,887	5,640	5,465	5,429	5,136	4,961	4,731
Grants & Contributions	30,391	25,826	27,500	27,366	29,833	28,953	31,741	32,983	33,249	33,502
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-
Other	15,911	15,885	16,171	16,465	16,963	17,384	17,749	18,190	18,635	19,078
Payments:										
Employee Benefits & On-Costs	(80,617)	(79,283)	(80,997)	(83,294)	(87,151)	(89,324)	(92,609)	(93,750)	(96,248)	(99,765)
Materials & Contracts	(52,071)	(49,929)	(50,453)	(57,551)	(59,276)	(60,613)	(62,903)	(63,417)	(64,782)	(66,236)
Borrowing Costs	(318)	(254)	(100)	(3)	-	-	-	-	-	-
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-
Other	(23,703)	(25,064)	(26,752)	(27,195)	(28,183)	(28,896)	(29,566)	(30,382)	(31,088)	(31,855)
Net Cash provided (or used in) Operating Activities	36,210	39,937	42,861	43,045	46,117	45,424	46,571	49,880	50,351	49,704
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	-	30,000	45,000	14,000	18,000	19,000	17,000	13,000	14,000	12,000
Sale of Infrastructure, Property, Plant & Equipment	3,859	2,053	2,399	3,234	2,035	1,783	3,821	1,894	1,959	3,628
Payments:										
Purchase of Investment Securities	(5,000)	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(61,831)	(69,392)	(79,519)	(55,164)	(63,988)	(60,023)	(62,828)	(59,146)	(62,356)	(60,575)
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(62,971)	(37,338)	(32,121)	(37,930)	(43,953)	(39,240)	(42,007)	(44,253)	(46,397)	(44,947)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-
Payments:										
Repayment of Borrowings & Advances	(3,472)	(3,606)	(3,583)	(121)	-	-	-	-	-	-
Repayment of lease liabilities (principal repayments)	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(3,472)	(3,606)	(3,583)	(121)	-	-	-	-	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(30,234)	(1,007)	7,156	4,994	2,164	6,184	4,564	5,627	3,954	4,757
plus: Cash & Cash Equivalents - beginning of year	37,597	7,364	6,356	13,513	18,507	20,671	26,855	31,418	37,046	41,000
Cash & Cash Equivalents - end of the year	7,364	6,356	13,513	18,507	20,671	26,855	31,418	37,046	41,000	45,757
Cash & Cash Equivalents - end of the year	7,364	6,356	13,513	18,507	20,671	26,855	31,418	37,046	41,000	45,757
Investments - end of the year	424,245	394,245	349,245	335,245	317,245	298,245	281,245	268,245	254,245	242,245
Cash, Cash Equivalents & Investments - end of the year	431,608	400,601	362,757	353,752	337,915	325,099	312,663	305,290	295,244	288,001

Optimistic Balance Sheet

Bayside Council

10 Year Financial Plan for the Years ending 30 June 2032

BALANCE SHEET - GENERAL FUND

Scenario: Optimistic Case

	Projected Years									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS										
Current Assets										
Cash & Cash Equivalents	7,363	6,356	13,513	18,507	20,670	26,855	31,418	37,046	41,000	45,757
Investments	420,058	390,058	345,058	331,058	313,058	294,058	277,058	264,058	250,058	238,058
Receivables	14,065	14,466	15,022	17,425	17,824	18,186	18,697	19,159	19,596	20,043
Inventories	179	174	182	211	215	220	229	230	235	241
Contract assets	-	-	-	-	-	-	-	-	-	-
Contract cost assets	-	-	-	-	-	-	-	-	-	-
Other	548	556	577	643	658	673	696	704	721	737
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-
Total Current Assets	442,214	411,610	374,352	367,843	352,425	339,991	328,097	321,198	311,609	304,835
Non-Current Assets										
Investments	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187
Infrastructure, Property, Plant & Equipment	1,530,477	1,566,967	1,610,140	1,626,339	1,649,997	1,668,160	1,686,840	1,700,603	1,716,128	1,730,742
Investment Property	-	-	-	-	-	-	-	-	-	-
Intangible Assets	849	125	0	0	0	0	0	0	0	0
Right of use assets	134	86	38	-	-	-	-	-	-	-
Investments Accounted for using the equity method	332	332	332	332	332	332	332	332	332	332
Other	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	1,535,979	1,571,697	1,614,697	1,630,858	1,654,516	1,672,679	1,691,359	1,705,122	1,720,647	1,735,261
TOTAL ASSETS	1,978,192	1,983,307	1,989,048	1,998,701	2,006,940	2,012,670	2,019,456	2,026,319	2,032,257	2,040,096
LIABILITIES										
Current Liabilities										
Bank Overdraft	-	-	-	-	-	-	-	-	-	-
Payables	28,162	28,199	28,618	29,707	30,109	30,493	30,982	31,287	31,698	32,119
Income received in advance	-	-	-	-	-	-	-	-	-	-
Contract liabilities	3,209	2,638	2,795	2,957	3,018	2,929	3,210	3,336	3,363	3,389
Lease liabilities	48	48	38	-	-	-	-	-	-	-
Borrowings	3,606	3,583	121	-	-	-	-	-	-	-
Provisions	24,032	24,595	25,172	25,762	26,367	26,986	27,620	28,270	28,935	29,616
Total Current Liabilities	59,057	59,063	56,744	58,427	59,494	60,408	61,813	62,892	63,995	65,123
Non-Current Liabilities										
Lease liabilities	86	38	-	-	-	-	-	-	-	-
Borrowings	3,704	121	-	-	-	-	-	-	-	-
Provisions	4,687	4,777	4,868	4,961	5,056	5,153	5,252	5,353	5,456	5,562
Total Non-Current Liabilities	8,477	4,936	4,868	4,961	5,056	5,153	5,252	5,353	5,456	5,562
TOTAL LIABILITIES	67,535	63,999	61,612	63,388	64,550	65,562	67,065	68,245	69,452	70,685
Net Assets	1,910,657	1,919,309	1,927,436	1,935,313	1,942,390	1,947,108	1,952,391	1,958,074	1,962,805	1,969,411
EQUITY										
Retained Earnings	1,824,859	1,833,511	1,841,638	1,849,515	1,856,592	1,861,310	1,866,593	1,872,276	1,877,007	1,883,613
Revaluation Reserves	85,798	85,798	85,798	85,798	85,798	85,798	85,798	85,798	85,798	85,798
Other Reserves	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	1,910,657	1,919,309	1,927,436	1,935,313	1,942,390	1,947,108	1,952,391	1,958,074	1,962,805	1,969,411
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-
Total Equity	1,910,657	1,919,309	1,927,436	1,935,313	1,942,390	1,947,108	1,952,391	1,958,074	1,962,805	1,969,411

Optimistic Key Performance Indicators

Performance Indicator	Target	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Operating Performance Ratio											
Balanced Budget - Cash (\$ 000's)	>=\$0	32	40	76	45	43	65	66	60	34	60
Operating Performance Ratio	>0%	-7%	-4%	-5%	-5%	-5%	-6%	-7%	-7%	-7%	-6%
Own Source Operating Revenue	>60%	89%	92%	92%	92%	92%	93%	92%	91%	92%	92%
Operating Liquidity											
Unrestricted Cash (\$ 000's)	>=&\$750k	1,018	1,059	1,135	1,180	1,223	1,288	1,354	1,415	1,449	1,509
Unrestricted Current Ratio	>=1.5	2.17	2.04	1.99	1.93	1.83	1.75	1.66	1.60	1.54	1.49
Debt Service Ratio											
	>2	25	20	22	24	28	28	28	29	29	30
Asset Sustainability Ratio											
Asset Maintenance Ratio	90% to 100%	72%	71%	70%	69%	69%	68%	67%	67%	66%	65%
Asset Renewal Ratio	>100%	114%	110%	88%	70%	91%	65%	55%	56%	57%	55%

Scenario 3 - Pessimistic

Pessimistic Income Statement

Bayside Council

10 Year Financial Plan for the Years ending 30 June 2032

INCOME STATEMENT - GENERAL FUND

Scenario: Pessimistic Case	Projected Years									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Revenue:										
Rates & Annual Charges	133,220	135,099	138,006	140,978	144,017	147,124	150,301	153,550	156,871	160,267
User Charges & Fees	10,879	11,122	11,372	19,047	19,456	19,874	20,301	20,737	21,182	21,638
Other Revenues	15,654	15,809	16,157	16,513	16,877	17,250	17,630	18,020	18,418	18,826
Grants & Contributions provided for Operating Purposes	11,096	11,319	11,547	11,779	12,016	12,258	12,504	12,756	13,013	13,274
Grants & Contributions provided for Capital Purposes	21,227	14,848	16,174	17,551	17,909	16,785	19,323	20,312	20,318	20,306
Interest & Investment Revenue	2,453	4,520	4,818	4,919	5,674	5,499	5,465	5,172	4,998	4,769
Other Income:										
Net Gains from the Disposal of Assets	-	308	360	485	305	267	573	284	294	544
Rental Income	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	194,528	193,025	198,433	211,272	216,254	219,056	226,098	230,830	235,095	239,625
Expenses from Continuing Operations										
Employee Benefits & On-Costs	80,675	81,175	84,395	87,742	90,378	93,091	95,881	98,756	101,716	104,766
Borrowing Costs	318	254	100	3	-	-	-	-	-	-
Materials & Contracts	49,371	48,039	50,054	58,066	59,375	60,710	63,051	63,454	64,873	66,325
Depreciation & Amortisation	31,112	33,214	35,992	38,317	40,177	41,760	43,614	45,223	46,658	45,458
Other Expenses	23,868	26,242	26,971	27,721	28,401	29,098	29,812	30,544	31,294	32,062
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	185,345	188,923	197,513	211,849	218,331	224,658	232,359	237,977	244,542	248,611
Operating Result from Continuing Operations	9,183	4,102	920	(577)	(2,077)	(5,602)	(6,261)	(7,147)	(9,447)	(8,986)
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	9,183	4,102	920	(577)	(2,077)	(5,602)	(6,261)	(7,147)	(9,447)	(8,986)
Net Operating Result before Grants and Contributions provided for Capital Purposes	(12,044)	(10,746)	(15,255)	(18,128)	(19,986)	(22,387)	(25,585)	(27,459)	(29,765)	(29,292)

Pessimistic Cash Flow Statement**Bayside Council****10 Year Financial Plan for the Years ending 30 June 2032****CASH FLOW STATEMENT - GENERAL FUND**

Scenario: Pessimistic Case	Projected Years									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	133,074	134,958	137,788	140,756	143,790	146,892	150,064	153,307	156,623	160,014
User Charges & Fees	11,108	11,061	11,309	17,128	19,354	19,769	20,194	20,628	21,071	21,524
Investment & Interest Revenue Received	2,435	4,520	4,800	4,892	5,646	5,471	5,435	5,142	4,968	4,738
Grants & Contributions	30,391	26,106	27,658	27,402	29,822	28,937	31,720	32,958	33,219	33,466
Other	15,911	15,875	16,130	16,392	16,860	17,250	17,585	17,994	18,404	18,812
Payments:										
Employee Benefits & On-Costs	(80,617)	(81,163)	(84,318)	(87,100)	(91,017)	(93,669)	(97,468)	(99,151)	(102,218)	(106,333)
Materials & Contracts	(52,071)	(50,203)	(50,625)	(57,591)	(59,273)	(60,604)	(62,892)	(63,399)	(64,762)	(66,210)
Borrowing Costs	(318)	(254)	(100)	(3)	-	-	-	-	-	-
Other	(23,703)	(24,988)	(26,686)	(27,168)	(28,173)	(28,864)	(29,530)	(30,341)	(31,042)	(31,803)
Net Cash provided (or used in) Operating Activities	36,210	35,913	35,956	34,708	37,009	35,182	35,108	37,138	36,263	34,207
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	11,000	30,000	48,000	19,000	20,000	25,000	27,000	22,000	23,000	21,000
Sale of Infrastructure, Property, Plant & Equipment	3,859	2,053	2,399	3,234	2,035	1,783	3,821	1,894	1,959	3,628
Purchase of Infrastructure, Property, Plant & Equipment	(61,831)	(69,392)	(79,519)	(55,164)	(63,988)	(60,023)	(62,828)	(59,146)	(62,356)	(60,575)
Net Cash provided (or used in) Investing Activities	(46,971)	(37,338)	(29,121)	(32,930)	(41,953)	(33,240)	(32,007)	(35,253)	(37,397)	(35,947)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-
Payments:										
Repayment of Borrowings & Advances	(3,472)	(3,606)	(3,583)	(121)	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(3,472)	(3,606)	(3,583)	(121)	-	-	-	-	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(14,234)	(5,032)	3,252	1,658	(4,944)	1,943	3,101	1,885	(1,134)	(1,741)
plus: Cash & Cash Equivalents - beginning of year	37,597	23,364	18,332	21,584	23,241	18,297	20,240	23,341	25,226	24,092
Cash & Cash Equivalents - end of the year	23,364	18,332	21,584	23,241	18,297	20,240	23,341	25,226	24,092	22,351
Cash & Cash Equivalents - end of the year	23,364	18,332	21,584	23,241	18,297	20,240	23,341	25,226	24,092	22,351
Investments - end of the year	408,245	378,245	330,245	311,245	291,245	266,245	239,245	217,245	194,245	173,245
Cash, Cash Equivalents & Investments - end of the year	431,608	396,576	351,828	334,486	309,541	286,484	262,585	242,471	218,336	195,596

Pessimistic Balance Sheet

Bayside Council
10 Year Financial Plan for the Years ending 30 June 2032
BALANCE SHEET - GENERAL FUND

Scenario: Pessimistic Case	Projected Years									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS										
Current Assets										
Cash & Cash Equivalents	23,363	18,332	21,584	23,241	18,297	20,239	23,341	25,226	24,092	22,351
Investments	404,058	374,058	326,058	307,058	287,058	262,058	235,058	213,058	190,058	169,058
Receivables	14,065	14,056	14,400	16,710	17,060	17,370	17,827	18,232	18,609	18,993
Inventories	179	174	182	211	215	220	229	230	235	241
Contract assets	-	-	-	-	-	-	-	-	-	-
Contract cost assets	-	-	-	-	-	-	-	-	-	-
Other	548	556	577	642	657	673	695	704	720	737
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-
Total Current Assets	442,214	407,176	362,800	347,862	323,287	300,560	277,149	257,450	233,714	211,379
Non-Current Assets										
Investments	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187
Infrastructure, Property, Plant & Equipment	1,530,477	1,566,967	1,610,140	1,626,339	1,649,997	1,668,160	1,686,840	1,700,603	1,716,128	1,730,742
Investment Property	-	-	-	-	-	-	-	-	-	-
Intangible Assets	849	125	0	0	0	0	0	0	0	0
Right of use assets	134	86	38	-	-	-	-	-	-	-
Investments Accounted for using the equity method	332	332	332	332	332	332	332	332	332	332
Other	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	1,535,979	1,571,697	1,614,697	1,630,858	1,654,516	1,672,679	1,691,359	1,705,122	1,720,647	1,735,261
TOTAL ASSETS	1,978,192	1,978,873	1,977,497	1,978,720	1,977,803	1,973,239	1,968,508	1,962,571	1,954,361	1,946,640
LIABILITIES										
Current Liabilities										
Bank Overdraft	-	-	-	-	-	-	-	-	-	-
Payables	28,162	28,315	28,825	29,939	30,340	30,750	31,267	31,602	32,044	32,498
Income received in advance	-	-	-	-	-	-	-	-	-	-
Contract liabilities	3,209	2,637	2,794	2,956	3,016	2,927	3,208	3,333	3,359	3,384
Lease liabilities	48	48	38	-	-	-	-	-	-	-
Borrowings	3,606	3,583	121	-	-	-	-	-	-	-
Provisions	24,032	24,595	25,172	25,762	26,367	26,986	27,620	28,270	28,935	29,616
Total Current Liabilities	59,057	59,179	56,950	58,658	59,723	60,664	62,095	63,204	64,338	65,498
Non-Current Liabilities										
Lease liabilities	86	38	-	-	-	-	-	-	-	-
Borrowings	3,704	121	-	-	-	-	-	-	-	-
Provisions	4,687	4,777	4,868	4,961	5,056	5,153	5,252	5,353	5,456	5,562
Total Non-Current Liabilities	8,477	4,936	4,868	4,961	5,056	5,153	5,252	5,353	5,456	5,562
TOTAL LIABILITIES	67,535	64,114	61,818	63,619	64,779	65,817	67,348	68,557	69,794	71,060
Net Assets	1,910,657	1,914,759	1,915,679	1,915,101	1,913,024	1,907,422	1,901,161	1,894,014	1,884,567	1,875,580
EQUITY										
Retained Earnings	1,824,859	1,828,961	1,829,881	1,829,303	1,827,226	1,821,624	1,815,363	1,808,216	1,798,769	1,789,782
Revaluation Reserves	85,798	85,798	85,798	85,798	85,798	85,798	85,798	85,798	85,798	85,798
Other Reserves	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	1,910,657	1,914,759	1,915,679	1,915,101	1,913,024	1,907,422	1,901,161	1,894,014	1,884,567	1,875,580
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-
Total Equity	1,910,657	1,914,759	1,915,679	1,915,101	1,913,024	1,907,422	1,901,161	1,894,014	1,884,567	1,875,580

Pessimistic Key Performance Indicators

Performance Indicator	Target	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Operating Performance Ratio											
Balanced Budget - Cash (\$ 000's)	>=\$0	32	1,300	960	1,086	684	1,124	1,203	1,270	1,354	1,367
Operating Performance Ratio	>0%	-7%	-6%	-9%	-10%	-10%	-11%	-13%	-13%	-14%	-14%
Own Source Operating Revenue	>60%	89%	92%	92%	92%	92%	92%	91%	91%	91%	92%
Operating Liquidity											
Unrestricted Cash (\$ 000's)	>=&\$750k	1,018	281	1,241	2,328	3,011	4,136	5,339	6,609	7,963	9,329
Unrestricted Current Ratio	>=1.5	2.08	1.93	1.84	1.75	1.62	1.50	1.38	1.28	1.17	1.07
Debt Service Ratio											
Debt Service Ratio	>2	24	16	16	17	19	18	17	17	16	15
Asset Sustainability Ratio											
Asset Maintenance Ratio	90% to 100%	72%	71%	70%	69%	69%	68%	67%	67%	66%	65%
Asset Renewal Ratio	>100%	114%	110%	88%	70%	91%	65%	55%	56%	57%	55%