

2025–2035

DRAFT

LONG TERM FINANCIAL PLAN

Contents

Executive Summary.....	2
Integrated planning and reporting	6
Current and Historical Financial Position.....	7
Audited Financial Position.....	8
Financial Performance Indicators	8
Longer Term Financial Position	9
General Fund	9
Water Fund	10
Sewer Fund	11
Financial Sustainability.....	11
Budgeting Assumptions	15
Revenue Forecast Assumptions	15
Expenditure Forecast Assumptions	17
Scenarios and Sensitivities	19
Rates and Annual Charges	19
Grants and Contributions.....	19
Employee Expenses.....	19
Materials and Contracts.....	20
Council Capital Works Program	20
Scenarios	21
Appendix 1 Financial Sustainability Program.....	22
Appendix 2 Ratios	26
Appendix 3 Income Statement	30
Appendix 4 Statement of Financial Position	34
Appendix 5 Cash Flow Statement	38
Appendix 6 Scenarios.....	42
Scenario 1: General Fund – Implement the 7.5% SRV increase in 2025-26 and then rate peg thereafter	42
Scenario 2: General Fund – Implement 3.9% rate peg only in 2025-26 and beyond.....	43
Appendix 7 Ratio Explanations	44

Executive Summary

Introduction

This Long-Term Financial Plan (LTFP) provides the financial forecast of Council over the next ten years¹ (2025-26- to 2034-35) across all three funds – general fund, water fund and sewer fund. Detailed financial forecasts are included for all three funds, as well as at the consolidated level. The financial forecasts include Income Statements, Balance Sheets, Cash Flow Statements and Financial KPIs. The statements can be found in [Appendix 2 through 5](#).

Each fund is required to be ringfenced (i.e. they cannot be used for other purposes) and separately accounted for. Further, income generated in one fund cannot be used to fund expenditure in other funds.

High level overview

Figure 1. Shows the 10-year forecast totals by fund (2025-26 to 2034-35). The capital funding section shows how capex (capital expenditure) is currently forecast to be funded.

Fund	10-year totals (\$'M Nominal)						
	Focus items			Capital Funding			
	Operating Result	Borrowing costs	Capex	Borrowings	Capital Grants	Other cash reserves *	Total Funding
General	(8)	33	398	115	125	158	398
Water	(2)	24	114	37	28	50	114
Sewer	10	20	264	96	52	116	264
Total (Consolidated)	1	76	776	248	204	324	776

* Includes cash from externally and internally restricted reserves held at the beginning of the year plus rates and other income collected during the year.

To note: The Sewer fund has recently secured an additional \$90M in capital grant funding but the above table only shows \$52M.

This is because of the \$90M, \$62M is expected to be received this financial year (2024-25) and the balance of \$28M in the 2025-26 year.

As the above table shows grant funding starting from next financial year, the full \$90M is not visible in the table.

General Fund

- The operating result² over the next 10 years is forecast to be an (\$8M) deficit.
- This includes the assumption that the full approved Special Rate Variation (SRV) increases are applied to general rates albeit over two years, not one year.
- For the 2025-26 year a 7.5% general rate increase has been assumed and not the remaining

¹ The next 10 years refers to the financial years 2025-26 to 2034-25 throughout this document.

² The operating result or surplus or deficit mentioned anywhere in this document (unless otherwise specified) excludes the "Grant and Contributions provided for Capital purposes" line in the income statement as this income is only for capital works and is not operational in nature. Including it would distort the true picture of the operational result.

SRV approved amount of 15%. This has been done to reduce the impact on ratepayers in the 2025-26 year with the hope of finding more savings and efficiencies or revenue during the year to reduce the impact of rate increases in 2026-27 and beyond.

- A 10.59% rates “catchup” assumption has applied in 2026-27 in this LTFP. Council will view the general fund position this time next year may choose to implement a lower increase.
- The operating result for the next three years is forecast as a small surplus but then growing deficits start from 2028-29, increasing from ~\$1M to ~\$4M in year ten.
- Although income (excluding capital grants) is increasing over the ten years, expenditure is increasing even more, which creates a deficit gap that grows over time.
- If expenditure is not reduced or income is not increased, the deficit will continue to grow.
- This means Council must focus on finding ways to return the General Fund to a sustainable operating result i.e. achieving at least small annual operating surpluses to ensure Council is able to fund ongoing operational requirements now and into the future and have a financial buffer to manage any unexpected shocks, such as natural disaster. This is not just a short-term focus; this must be the focus over the next ten years and beyond.
- An additional \$2M in savings or increased revenue per annum needs to be found to return the general fund to a financially sustainable position.
- More detail on the General Fund can be found here: [General Fund](#)

Water Fund

- A (\$2M) operating deficit is forecast for the Water Fund over the next 10 years from 2025-26 to 2024-35.
- The operating result for the next two years is small surplus but then a (\$1.1M) deficit is forecast in 2027-28. In the following years, the deficits slowly reduce, with breakeven being achieved in year 10.
- The main reason for the string of deficits is the impact of taking out \$37M in loans to fund the Stuart McIntyre water treatment plant (WTP), Willawarrin WTP and Crescent Head WTP which are expected to be delivered over the next 3 years. It is important to note that in addition to the \$37M in loans required, Council also currently secured around \$30M in grant funding for these projects. There is a likelihood that additional funding may be secured between now and the end of the year which may be incorporated into the final LTFP in June 2025, prior to being adopted by Council.
- The impact of the new loans means Council will incur higher borrowing costs (interest on the loans) and will receive lower interest on investment income, as cash investment reserves (which are also a source of funding for these projects) start to be depleted.
- The reason that the deficits start to reduce over the ten years that borrowing costs reduce as existing and new loans are paid down during that time.
- At the same time, rates and charges are forecast to increase at CPI. At this point, these increases are enough to keep the water fund in a reasonably financially sustainable position into the future.
- A strong emphasis on cost control and efficiencies will still be required to ensure this forecast position does not change.

Sewer Fund

- A (10M) operating surplus is forecast for the Sewer Fund over the next 10 years.
- The operating surplus is forecast for the first six years and the deficits are forecast in the last four years.
- The early surpluses are mainly due to large cash reserves which are generating high investment income. These cash reserve include about \$90M in external grant funding which has been secured to support the large sewer capital program. The cash is expected

to be received ahead of projects construction and hence interest can be earned on this cash.

- There are two major sewer projects, Stuart's Point Sewer Scheme which is expected to initially bring about 550 homes onto the sewer network and Central Kempsey Sewerage Treatment plant which is replacing three old plants which are at the end of their useful life.
- The reason for the deficits in the last 4 years is due to lower cash reserves - mostly consumed by the large projects – and additional borrowings that will still be required to complete the projects. This combination of lower cash and high loan balances means that investment income is forecast to reduce considerably, whilst borrowing costs are forecast to increase.
- Furthermore, increased depreciation from the new assets created by these major projects starts to put additional pressure on the operating result, mainly in the later years.
- What this means is that although Council has secured a record amount of grant funding to date, more is needed to reduce the need for future borrowings and to keep the fund financially sustainable. This is a key risk and is actively being managed.
- Rate and charges are forecast to increase by CPI over the ten-years, meaning that a strong emphasis on cost control and efficiencies will also be required.

Background and financial challenges

In recent years, Council's General Fund has recorded net operating deficits as rising costs have outpaced revenue growth, which is largely constrained by the rate peg (or allowable rates percentage increase) allowed by the pricing regulator (IPART). Rising costs can be attributed to inflation, wage increases, the increased cost of construction, emerging costs like cyber security and new regulatory and compliance costs.

Council applied to IPART to increase ordinary (property) rates above the approved rate peg for three years. The table below show what was requested what was approved, what could have been implemented and what has been used as an assumption in this LTFP.

Table 1: General rates showing the journey of the SRV to the current LTFP

Item	Year 1 (2024- 25)	Year 2 (2025- 26)	Year 3 (2026- 27)	Cumulative compoundi ng increase (not a sum)
Council SRV submission	7.9%	15.0%	15.0%	42.7%
IPART partial approval	7.9%	15.0%		24.09%
IPART partial approval with rate peg assumption in year 3	7.9%	15.0%	3.38%	28.28%
This LTFP: 7.5% in year 2. Year 3 is rage peg assumption plus catchup of remaining 7.5%.	7.9%	7.5%	10.59%	28.28%

Line 4 in the above table show the basis of the rate increases assumed in this LTFP. Even though IPART approved a 15% SRV increase in year 2, Council is under no obligation to implement the full increase and can choose to not implement it or can partly implement it. Furthermore, IPART allows Councils to carry forward any unimplemented rate rises over a ten-year period allowing Councils to implement 'catchup' increases in outer years. As is illustrated in the table above, an increase of 10.59% in year two is required to bring rates back in line with IPART approved increases. Even at the approved rate levels, deficits start to emerge as the level of rates is not enough to cover costs. Without the increases the deficits will be much larger (see the Scenarios section). This 10.59% is compounding of the catchup of the remaining 7.5% (of the original 15%), plus the rate peg that would be allowed in that year (which is assumed at 3.38% in the LTFP, may be different to what IPART declares as the rate peg for the 2026-27 year).

Financial Sustainability

Council has been implementing a Financial Sustainability Program since 2019. Given the maturity of the Council organisation, this program has focused on implementing several foundational system and process improvements, understanding and addressing key strategic and operational risks, and ensuring an appropriate level of corporate governance exists across all aspects of Council's operations.

These actions have resulted in financial savings of \$8.5M.³ However, these Financial Sustainability Program actions have also resulted in increased expenditure in some situations, where investment has been needed to better manage risk to acceptable levels, or to provide the structures, systems and information to simply manage Council's operations (e.g. asset management).

Council's Financial Sustainability Program ([Appendix 1](#)) has been revised to focus on areas that will have the most beneficial financial impact. An internal steering committee has been established to oversee the delivery of these items, with quarterly updates reported to Council as part of the quarterly Corporate Performance report.

The implementation of the Financial Sustainability Program actions will be a primary focus for the 2025-26 financial year. The non-approval by IPART of the proposed 15% increase to rates in 2026-27, and the resulting impact on future income forecasts, makes the delivery of the Financial Sustainability Program of critical importance in returning the General Fund to a sustainable operating result.

Additional information

It should be noted for clarity that the Environmental Levy, Water and Sewer rates and charges are not subject to, or a part of, the proposed SRV increases. These rates are increasing at CPI, which is 2.4%, 3.2%, and 2.7% for the three years from 2025-26 to 2027-28 years respectively, as forecast and published by the RBA in February 2025. The standard long-term CPI rate assumption of 2.5% has also been applied across the remaining years

Also included in this LTFP are scenarios that show what is forecast to happen if the general rates are not increased by the approved SRV increases. More detail on the Scenarios can be found in the [Scenarios](#) section and [Appendix 6](#).

³ This is \$7M as reported as detailed in last year's LTFP plus and additional \$1.5M savings identified this year.

Integrated planning and reporting

The Integrated Planning and Reporting Framework requires every NSW council to undertake strategic planning that is based on community engagement and ensures that its activities are informed by long term plans for their finances, assets, and workforces.

The Long-Term Financial Plan (LTFP) is an important part of Council's strategic planning process. The LTFP is where Council projects the financial implications of delivering the community's vision for the future; and the aspirations and goals of the community are assessed against financial realities. It outlines the pressures and economic drivers behind Council's expected long-term future.

In developing the Long-Term Financial Plan, due regard must be given to promoting the financial sustainability of the council through:

- the progressive elimination of operating deficits
- the establishment of a clear revenue path for all rates linked to specific expenditure proposals
- ensuring that any proposed increase in services and/or assets is within the financial means of the council including a proposed special rate variation
- ensuring the adequate funding of infrastructure maintenance and renewal
- the use of borrowing, where appropriate and financially responsible, and
- the fair and equitable distribution of the rate burden across all rate payers.

The LTFP must be for a minimum of 10 years and is updated annually as part of the development of the Operational Plan.

Current and Historical Financial Position

The Operating Performance Ratio in the figure below has mostly been below or close the benchmark of breakeven (0%) for years before 2023. The improved result in 2023 was principally due to the timing of the receipt of operating grant funds rather than any permanent underlying financial improvements. Significant operating grant funding relating to Natural Disaster Recovery was received in June 2023. Furthermore, a large portion of the Federal Government Financial Assistance Grant was received in advance. These large injections of revenue overstate the underlying 2022-23 result. The ratios below are the consolidated result for all three funds, which includes the strong operating result in the Sewer Fund.

The figure below is the consolidated result for all three funds (General, Water and Sewer) which is a \$2.37M surplus.

The result is skewed by the surpluses in the Water and Sewer funds and masks the deficit in the General Fund. See the table below for the results by fund.

Figure 2: Consolidated operating performance over the last four years (Source 2023-324 Annual Report)



Table 2- 2023-24 Operating result by fund

Fund	2023-24 \$'M
General ⁴	(3.4)
Water	1.1
Sewer	4.5
Total (Consolidated)	2.4

⁴ This excludes losses on from disposal of assets. The operating performance ratio specifically excludes net losses from the disposal of assets because these losses are considered non-operational or non-recurring items. Including such items could distort the true picture of the ongoing operational result.

Audited Financial Position

The following tables summarise Council's most recently audited financial position: This is mostly included for context and background information.

Income Statement	2023-24 \$'000	2022-23 \$'000
Income	134,362	130,554
Expenses	100,309	92,801
Net Operating Result for the Year	34,053	37,753
Net Operating Result before Grants and Contributions provided for Capital purposes	(4,405)	1,836

Statement of Financial Position	2023-24 \$'000	2022-23 \$'000
Total Assets	1,626,032	1,504,650
Total Liabilities	113,172	116,670
Total Equity	1,512,860	1,387,980

Statement of Cash Flows	2023-24 \$'000	2022-23 \$'000
Cash, Cash Equivalents and Investments - Opening Balance	113,113	104,720
Cash, Cash Equivalents and Investments - Closing Balance	116,812	113,113
Movement for Year	3,699	8,393

Note: The above tables reflect consolidated financial results.

Financial Performance Indicators

Included within the audited Financial Statements are the following ratios which indicate Council's performance compared to the previous year, together with the associated benchmarks.

Indicator	2023-24	2022-23	Benchmark
Operating performance ratio	2.4%	7.7%	> 0%
Own source operating revenue ratio	59.7%	55.5%	> 60%
Unrestricted current ratio	2.19	1.52	> 1.5
Debt service cover ratio	4.40	4.54	> 2.0
Rates and annual charges outstanding ratio	7.5%	8.3%	< 10%
Cash expense cover ratio (in months)	11.28	11.41	> 3.0
Building and infrastructure renewal ratio	62.4%	40.6%	> 100%
Infrastructure backlog ratio	6.2%	7.0%	< 2%
Asset maintenance	94.0%	94.2%	> 100%

Note: The above indicators reflect consolidated results.

Longer Term Financial Position

Council's longer term financial goals are:

- Modest operating surpluses to insulate Council from unforeseen events.
- The provision of current service levels and where appropriate, increased service levels to meet community expectations.
- Reduce or eliminate the infrastructure backlog.
- Maintain adequate levels of debt/equity funding.
- A program of activity that see Council's assets appropriately leveraged for the long-term benefit of the community.
- Ensure appropriate levels of cash reserves are maintained for future projects and asset renewal management.
- Ensure appropriate investment in the maintenance of assets.

General Fund

- The operating result⁵ over the next 10 years is forecast to be an (\$8M) deficit.
- This includes the assumption that the fully approved Special Rate Variation (SRV) increases are applied to general rates over that time.
- For the 2025-26 year a 7.5% general rate increase has been assumed and not the full SRV approved amount of 15%. This has been done to reduce the impact on ratepayers in the 2025-26 year with the hope of finding more savings and efficiencies or revenue during the year, to reduce the impact of rate increases in 2026-27 and beyond.
- The operating result for the next three years is forecast as a small surplus but then growing deficits start from 2028-29, increasing from ~\$1M to ~\$4M in year ten.
- Although income (excluding capital grants) is increasing over the ten years, expenditure is increasing even more which creates a deficit gap that grows over time.
- If expenditure is not reduced or income is not increased, the deficit will continue to grow. This means Council must focus on finding ways to return the General Fund to a sustainable operating result i.e. achieving at least small annual operating surpluses to ensure Council can fund ongoing operational requirements and have a financial buffer to manage any unexpected cost shocks, such as natural disasters or other events that forces Council to allocate unbudgeted resources to. This is not just a short-term focus; this must be the focus over the next ten years and beyond.
- Strategies to achieve this are:
 - Secure grant funding for the existing capital program which will lower the amount of loans required and reduce borrowing costs (interest on loans). This will in turn lower overall expenditure and the deficit.
 - Lobby for, and secure additional operational grant funding to support operational costs, which will increase income and lower the deficit.
 - Improved governance in relation to grant opportunities that create new assets. New assets (not renewals) increase Council's cost base, as they generate additional maintenance and repair costs service, additional depreciation and eventual additional capex when the asset is to be renewed.
 - Continue to look internally for savings and efficiencies across all areas of Council.

⁵ The operating result or surplus or deficit mentioned anywhere in this document (unless otherwise specified) excludes the "Grant and Contributions provided for Capital purposes" line in the income statement as this income is only for capital works and is not operational in nature. Including it distorts the true picture of the operational result.

- Monitor and control spend areas that tend to have high value spend or that pose a financial risk due their sensitivity to changing market or other conditions.
- Ensure fees and charges are set appropriately to recover the costs of the services they provide, as well as look for other revenue opportunities.
- Continue to implement the Financial Sustainability Program (FSP), of which the above strategies are embedded in some of the initiatives. There are additional initiatives in the FSP that focus on longer term financial benefits.
- Since last year's LTFP, an additional \$800k of savings have been included in this year's LTFP. This on top of the \$500k of savings included in last year's LTFP. These were found through a management exercise to find immediate savings without impacting service delivery. Every budget review (quarterly and annually) going forward will seek to find savings without impacting service delivery. Finding additional savings and efficiencies beyond that will require a more measured approach and may include a reduction of services. Also included in this year's LTFP is an increase in the Financial Assistance Grant (FAG) from last year's allowance and additional Roads to Recovery (R2R) grant income. The R2R program has been renewed and increased to \$10.2M over the next five years. This is almost double the funding compared to the last five-year program. The R2R program is also assumed to continue at the same level for the remaining years of the LTFP.
- Even with the above \$1.3M savings and increased income, the (\$8M) deficit over the next 10 years will require about an additional \$2M per annum to be found to return the general fund to a financially sustainable position. This will provide a small buffer against future unknown costs but will not protect Council from large or multiple cost shocks.
- The LTFP also assumes that the Environmental levy will continue after the 2027-28 year when it will expire. Council will need to apply to IPART via the SRV process for this levy to continue. If Council chooses not to do this then a further ~\$1M in savings or other revenue will need to be found to compensate for the loss of revenue.
- The capex program in the general fund is forecast at \$398M over the next ten years. There is a large program of work in the next few years totalling \$124M, of which \$66M is grant funded. This work ranges from disaster recovery on landslips and roads, road renewals, holiday park asset renewals, airport runway renewal, and sporting grounds at Verge/Eden Street. After this peak the forecast drops down to normal historical levels with an increased focus on road infrastructure backlog works which will need to be funded by loans unless additional grant funding can be secured. There is an additional \$16M of capex required in 2033-34 for a new waste management site and for the construction of a new landfill waste cell.
- In summary, even with the full allowable SRV increases and increased external operating grant funding, the General Fund is still very much at risk of increasing deficits over the next 10 years. This is due to expenditure increasing at higher rates than income. Council will need to continue to find cost savings and efficiencies, increased income and or reduce services. This will need to continue not just in the short term, but over the next ten years and beyond if Council wants to avoid increasing rates above the allowable regulated (rate peg) increases. The Capital program has a large peak in the first few years mainly due to grant funded capital works but then drops off to normal levels with a focus on road infrastructure backlog. An additional \$2M in savings or increased revenue per annum needs to be found to return the general fund to a financially sustainable position.

Water Fund

- The below is a repeat of the Executive summary for Water
- A (\$2M) operating deficit is forecast for the Water Fund over the next 10 years from 2025-26 to 2034-35.

- The operating result for the next two years is small surplus but then a (\$1.1M) deficit is forecast in 2027-28. In the following years, the deficits slowly reduce, with breakeven being achieved in year 10.
- The main reason for the string of deficits is the impact of taking out \$37M in loans to fund the Stuart McIntyre water treatment plant (WTP), Willawarrin WTP and Crescent Head WTP which are expected to be delivered over the next 3 years. It is important to note that in addition to the \$37M in loans required, Council also currently secured around \$30M in grant funding for these projects. There is a likelihood that additional funding may be secured between now and the end of the year which may be incorporated into the final LFTP in June 2025, prior to being adopted by Council.
- The impact of the new loans means Council will incur higher borrowing costs (interest on the loans) and will receive lower interest on investment income, as cash investment reserves (which are also a source of funding for these projects) start to be depleted..
- The reason that the deficits start to reduce over the ten years that borrowing costs reduce as existing and new loans are paid down during that time.
- At the same time, rates and charges are forecast to increase at CPI. At this point, these increases are enough to keep the water fund in a reasonably financially sustainable position into the future.
- A strong emphasis on cost control and efficiencies will still be required to ensure this forecast position does not change.

Sewer Fund

- The below is a repeat of the Executive summary for Water
- A (10M) operating surplus is forecast for the Sewer Fund over the next 10 years.
- The operating surplus is forecast for the first six years and the deficits are forecast in the last four years.
- The early surpluses are mainly due to large cash reserves which are generating high investment income. These cash reserve include about \$90M in external grant funding which has been secured to support the large sewer capital program. The cash is expected to be received ahead of projects construction and hence interest can be earned on this cash.
- There are two major sewer projects, Stuart's Point Sewer Scheme which is expected to initially bring about 550 homes onto the sewer network and Central Kempsey Sewerage Treatment plant which is replacing three old plants which are at the end of their useful life.
- The reason for the deficits in the last 4 years is due to lower cash reserves - mostly consumed by the large projects – and additional borrowings that will still be required to complete the projects. This combination of lower cash and high loan balances means that investment income is forecast to reduce considerably, whilst borrowing costs are forecast to increase.
- Furthermore, increased depreciation from the new assets created by these major projects starts to put additional pressure on the operating result, mainly in the later years.
- What this means is that although Council has secured a record amount of grant funding to date, more is needed to reduce the need for future borrowings and to keep the fund financially sustainable. This is a key risk and is actively being managed.
- Rate and charges are forecast to increase by CPI over the ten-years, meaning that a strong emphasis on cost control and efficiencies will also be required.

Financial Sustainability

In response to the historical ongoing net operating deficits, and as an outcome from the

organisational transformation that commenced in 2018, Council developed a Financial Sustainability Strategy to deliver long term financial sustainability. This strategy and the associated Financial Sustainability Roadmap were adopted by Council in April 2019.

Strong progress in implementing the various financial improvement initiatives was achieved across the following key categories of the Financial Sustainability Strategy and associated Roadmap:

- Financial
- Asset management
- Information systems
- Strategic alignment
- Service delivery

Updates on the progress of implementing the Financial Sustainability Strategy are reported to Council on a quarterly basis. Several financial sustainability initiatives were progressed to the point of being either complete or have become part of Council's normal operations and focus on continuous improvement. There are also longer-term initiatives that continue to progress as planned, such as asset management capability and water and sewer business planning and strategic alignment initiatives.

These initiatives have resulted in financial savings of \$8.5M.⁶ to date. However, these Financial Sustainability Program actions have also resulted in increased expenditure in some situations, where investment has been needed to better manage risk to acceptable levels, or to provide the structures, systems and information to simply manage Council's operations (e.g. asset management).

Despite these improvements being implemented, cost savings in several areas being achieved, and the partial SRV approval by IPART, Council is still forecasting General Fund operating deficits into the future.

This can be attributed to three primary factors:

- The lost general rates revenue by the disallowed SRV increase of 15% proposed for the 2026-27 year.
- those operating items (e.g. rates and other income, operating expenditure like labour and the cost of materials and services) impacting ongoing **financial sustainability**; and
- the inclusion of capital and operating expenditure to address the **asset backlog**.

The factors impacting ongoing **financial sustainability** are:

- Costs growing at a faster rate than income. This is due to the following factors:
 - Council's rate revenue within the General Fund is only allowed to increase by a percentage allowed by the pricing regulator (IPAR). This is called the rate peg. Rate pegs have been historically lower than the increased in costs.
 - IPART recently implemented a new Rate Peg methodology which more accurately reflects the changes in costs that Councils incur in providing their services. The 2025-26 rate peg is 3.9% which is the second highest it has ever been. The long-term rate peg is now assumed to be 3.1% in the LTFP which is a weighted mix of CPI and labour increases.
 - Labour costs represent more than 40% of Council's total General Fund costs and have historically grown at a rate higher than the rate peg. Council's labour costs increase in

⁶ This is \$7M as reported as detailed in last year's LTFP plus and additional \$1.5M savings identified this year.

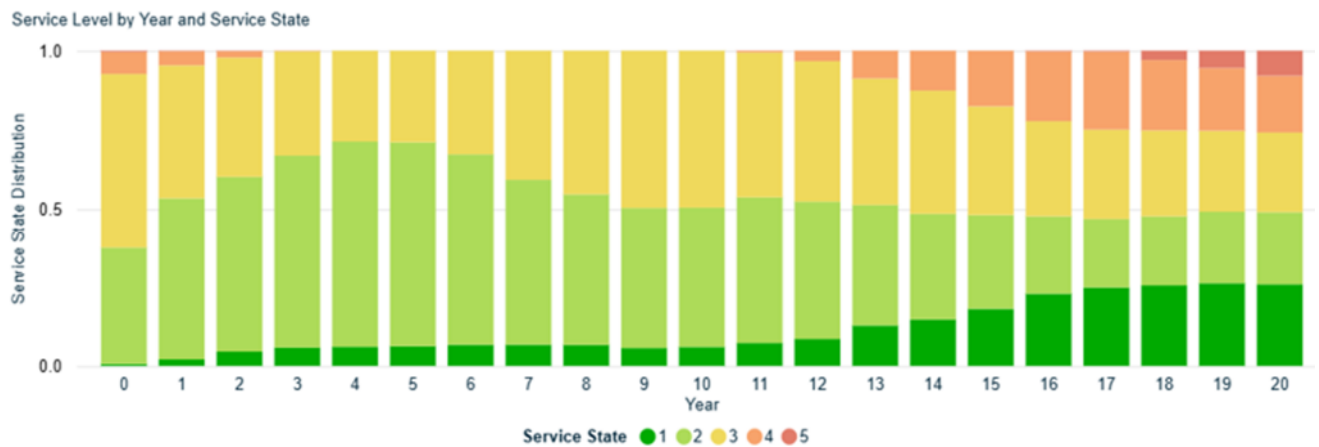
line with the current Local Government (State) Award which came into effect on 1 July 2023. Labour has increased by the Award, being 4.5%, 3.5% and 3.0% over the three years of the Award and added 0.5% to each year for salary progression. Labour is then assumed to increase by 0.5% above CPI over the remaining life of the LTFP.

- Other costs are also growing at rates higher than the long-term rate peg assumption. Insurance, electricity and software licensing are examples of corporate costs. The cost of repairs, construction materials and the cost of replacing assets has also increased sharply in recent years.
- Council also has limited opportunity to develop own source revenue streams. While Council has community assets which are sometimes referred to as commercial business operations, these are:
 - either loss making or have limited ability to generate operating surpluses (e.g., Kempsey Airport, Kempsey Regional Saleyards, Slim Dusty Centre, Commercial Waste operations); or
 - require funds to be ringfenced with profits maintained in reserves with restrictions as to how those funds can be used (e.g., Macleay Valley Coast Holiday Parks and Domestic Waste Operations).
- The need for continued greater investment in key functions such as asset management, project management resourcing, strategic planning, risk management, internal audit, community engagement, information management and cyber security. Historically, limited funds were allocated to these functions. Appropriate funding has been included within the LTFP in relation to these important corporate governance related functions. However, this too results in an increased operating cost base going forward.

The inclusion of increased capital and operating costs in the LTFP to address the identified **asset backlog** relates to:

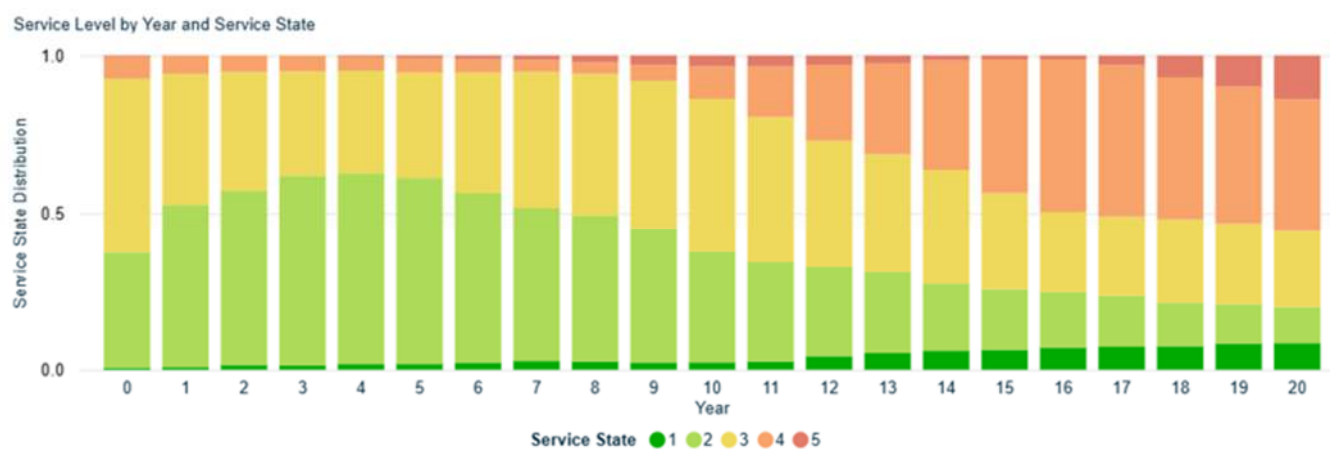
- Improved asset management systems and data which has enabled the more accurate identification and quantification of those assets requiring repair and / or replacement.
- Addressing the asset backlog will maintain Council's assets in a 'stable' condition. This approach will not significantly improve the overall quality of Council's assets but will result in them being maintained and prevent further deterioration. The projected asset condition based on addressing the backlog is depicted in the chart below.
- Addressing the backlog is forecast to need an additional \$7.0M in annual capital asset replacement and \$0.1M in annual repairs and maintenance costs. If the backlog is not addressed, these assets will deteriorate even further and cost even more to repair or replace in the future.
- To fund the backlog, Council will need to take out new loans, as the current financial operating result does not generate sufficient cash flow to fund these costs.
- Additional expenditure has been included in the LTFP to address asset backlog. The below graphs show the predicted sealed roads condition over the next 20 years compared to if no investment was made in addressing the backlog.

Sealed roads with backlog investment.



Note: Service State 1 = Very good, whereas Service State 5 = Very poor

Sealed roads without backlog investment



The revised Financial Sustainability Program is largely focused on the General Fund given the large operating deficits forecast for that fund going forward. The development of the Integrated Water Cycle Management (IWCN) plan, which is currently in progress, will address the future planning, including financial sustainability, needed in relation to the Water and Sewer funds. Additionally, as noted earlier, significant efforts are being made to secure additional grant funding to enable the Sewer Fund capital program to be delivered at the lowest possible cost to Council.

Appendix 1 contains the revised Financial Sustainability Program actions which will be reported on a quarterly basis to Council over the course of the 2025-26 financial year.

Budgeting Assumptions

In seeking to project future financial position outcomes, Council reviewed the following planning assumptions which underpin the LTFP.

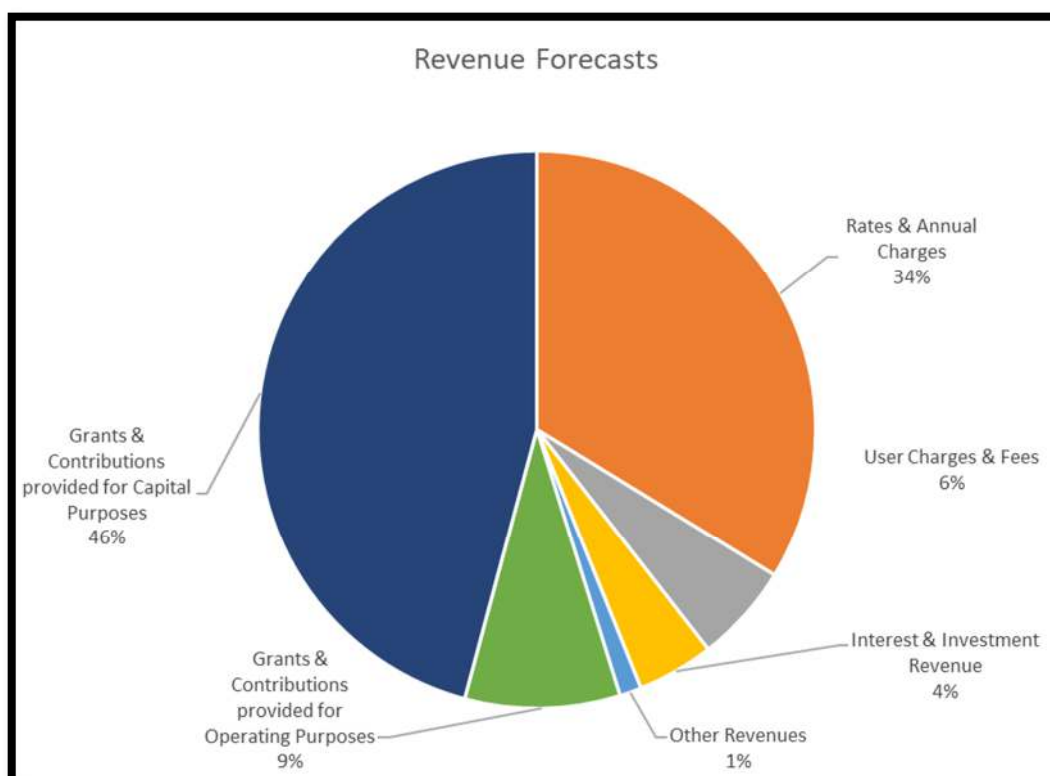
Table 3 - Planning assumptions

Planning Assumption	Assumption Basis
Population	Population growth within the local government area has been forecast at 0% per annum over the life of the LTFP. This is consistent with IPART population growth factor assumptions.
Inflation	The LTFP assumes a CPI of 2.4%, 3.2% and 2.7% for the three years from 2025-26 to 2027-28 as published by the RBA in February 2025. For the remaining years, standard long term CPI assumption of 2.5% has been applied.

Revenue Forecast Assumptions

The following chart shows the composition of Council's revenue for 2025-26 and provides an indication of the reliance on the various revenue streams.

Figure 3 - 2025-26 consolidate revenue splits



Key revenue related assumptions within the LTFP include the following:

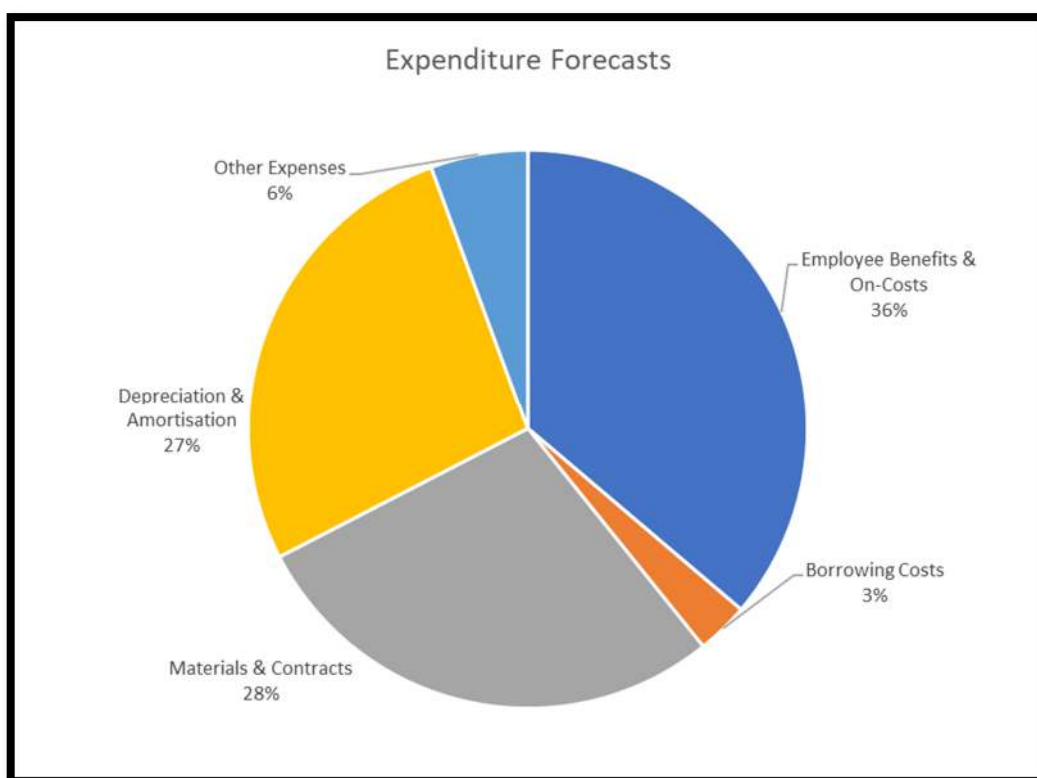
Table 4- Revenue Assumptions

Revenue area	Assumption Basis
Rates and Annual Charges	Rates and annual charges are a major component of Council's revenue base, comprising of approximately 34% of Council's revenue. It has been assumed that a continuation of the Environmental Levy Special Rate Variation, which is due to expire 30 June 2028, is approved.
General Rates	The LTFP includes a 7.5% increase in general rates. This is half of the allowed Special Rate Variation (SRV) increase of 15.0% as discussed earlier. The increase in 2026-27 is currently assumed to be 10.52% . This is a combination (compounded not summed) of the remaining 7.5% and a 3.38% rate peg (assumption) that would normally be allowed by IPART once Council had passed the SRV rate increase years. The new CPI and labour weighted long term rate peg has been used in the years there after)
Water Rates	An increase of CPI – see Table 3 - Planning assumptions
Sewer Rates	An increase of CPI – see Table 3 - Planning assumptions
User Charges and Fees	Council annually establishes its fees and charges in accordance with the provisions of the <i>Local Government Act 1993</i> . A review of fees and charges has been undertaken with most fees and charges increasing at or around the 3.9% which accounts for the cost of labour to provide those services. Other fees have increased by CPI (for example Water and Sewer as mentioned above). Some fees and charges remained at 2023-24 levels due to legislative or other reasons, while certain categories of fees and charges increased by greater than CPI to reflect the cost of providing the service.
Grants – Operating and Capital	Council receives general purpose Financial Assistance Grants from the Commonwealth Government along with other grants and subsidies specific to programs. The LTFP assumes that the Federal Government Financial Assistance Grants and the Roads to Recovery Program will continue indefinitely based on the current arrangements. Other specific project grant income is included in the LTFP according to the year that the grant is forecast to be received and expended.
Interest on Investments	Interest on investments will vary depending on the amount of Council investments held at any point in time. The LTFP calculates the interest on investments based on an average of the beginning and ending investment balance in any one year. An assumed interest rate range of 4.5% for 2025-26 which drops to a low of 3.0% by 2028-29 and remains at 3.0% for the remainder of the years.
Other Revenues	An increase of CPI – see Table 3 - Planning assumptions

Expenditure Forecast Assumptions

The following chart shows the composition of Council's expenditure for 2025-26. Much of Council's expenditure is regular and on-going.

Figure 4 - Consolidated expenses split



Key expenditure related assumptions within the LTFP include the following:

Table 5 - Expenditure assumptions

Expenditure area	Assumption Basis
Employee Costs	Employee costs cover wages, all leave types, training, superannuation, and associated costs. The LTFP assumes growth in employee costs in accordance with the current Local Government (State) Award which took effect on 1 July 2023. Council has used the Award increase of 3.0% and added 0.5% for salary progression for all years.
Materials and Contracts	An increase of CPI – see Table 3 - Planning assumptions.
Depreciation	<p>Council is required to revalue its assets on a five-year rolling program. Additionally, on an annual basis Council is required to undertake an assessment of the fair value of its assets in accordance with Australian Accounting Standards. This fair value assessment will impact depreciation to the extent that asset values increase or decrease.</p> <p>For the 2025-26 financial year the depreciation has been indexed based on the Rawlinson's Australian Construction handbook for various infrastructure types that align to Council's asset classes and the cost to construct in regional areas. These indexes range between 8% to 13% depending on the asset class. For the outer years, an average rate using the</p>

Expenditure area	Assumption Basis
	<p>historical Construction Industry index has been used of 6.2% has been used as a base. But this has been reduced by reduced by 2.5% until 3.0% is reached and then maintained at this level. This is an optimistic view that the cost to replace assets will reduce in line with the expectation of inflation returning to normal levels but remaining at 0.5% above long-term CPI.</p> <p>Council's forecasts are sensitive to these future unknown external factors, and this can cause major impacts on Council's forecasts from one year to the next based on the most current data available at the time.</p>
Borrowing Costs	<p>Borrowing costs for each of Council's current loans have been calculated for each year and included in the LTFP. Borrowing costs for new loans assume 6% in year 1 and trend down to a low of 5% in year 3 and remain there.</p>
Other Expenses	<p>An increase of CPI – see Table 3 - Planning assumptions.</p>

Scenarios and Sensitivities

Long-term financial plans are inherently uncertain as they contain a wide range of assumptions that are influenced by market forces beyond Council's control (for example interest rates and inflation). While some assumptions have a relatively limited impact if they are wrong, others could have a major impact on future financial plans.

Sensitivity analysis looks at "what if" scenarios. For example, what happens to Council's financial position if salary and wages increases are 1% higher than forecast, growth is half that forecast, or investment returns are 1% less than forecast in the plan.

Should the assumptions be inaccurate, Council will need to reconsider the current strategies on expenditure and revenue and realign the LTFP to fund any changes in expenses or revenues.

The following includes key areas of assumptions for potential impact in the 2024-2025 to 2034-2035 LTFP.

Rates and Annual Charges

Council is generally limited to a maximum increase for Rate and Annual Charges in line with the rate peg limit determined by the Independent Pricing and Regulatory Tribunal (IPART) unless approval is given for a Special Rate Variation (SRV) for General Fund rate income.

The rate peg has historically not kept pace with increasing costs due to a lag in the methodology compared to current or forecast inflation, labour and construction costs.

This has reached a point where many Councils are forecasting growing deficits driven by high expenditure forecasts and lower rates revenue. Kempsey Shire Council was in a similar position to this and applied for a Special Rate Variation (SRV), which was only partially approved. The approved increases are factored into our rates revenue in the current LTFP as discussed earlier.

Rates and annual charges make up approximately 34% (including SRV increases) of the consolidated budgeted 2025-26 operating revenue for Council.

Grants and Contributions

Council relies on income from both grants and contributions. The Federal Government Financial Assistance Grants and the Roads to Recovery grant programs combined constitute approximately 17% of Councils general fund revenue (excluding Capital Grant revenue).

Money provided under the Roads to Recovery Program is not intended to replace council spending on roads but to assist councils in their local road construction or maintenance.

The LTFP has been prepared with the assumption that the Federal Government Financial Assistance Grants and the Roads to Recovery Program will continue indefinitely based on the current arrangements.

Any changes to these contributions can have a large positive impact (if grant allowances are increased) or a large negative impact (if the allowances are reduced or withdrawn).

Employee Expenses

Employee costs make up 36% of the consolidated projected 2025-26 operating expenditure. This is reflective of the service-based nature of a significant proportion of Councils activities as well as the construction and maintenance of the considerable infrastructure owned and operated by

Council.

Council's ability to engage the necessary workforce to achieve the community's expectations are affected by internal and external forces. These include:

- Rising costs of employment
- Skills shortage
- Staff turnover
- Attraction and retention of quality staff
- Projected superannuation increases
- Movements in rates of pay being determined through industry wide award negotiations
- Award salary increases above CPI and rate pegging
- Changes in service levels.

Any significant changes in expenditure related to employee expenses will have a significant impact on Councils LTFP. Council will need to quickly adapt its original planned operations and offset a movement in this area.

Materials and Contracts

Materials and contracts make up a significant portion of projected 2025-26 operating expenditure. This is reflective of the considerable number of assets maintained by the Council and places the Council under considerable pressure from rising material costs including fuel. Any major unplanned events that increase these costs will also impact on the LTFP. Local government expenditure usually includes relatively high levels of materials and contracts expenditure. This places the Council under considerable pressure if items such as oil prices rise which impacts on both fuel and material prices. In addition, any new assets constructed or acquired will also increase material and contracts expenditure due to increased maintenance requirements.

Council Capital Works Program

The capital works program reflected in the LTFP is particularly sensitive to changes in the construction index. The construction index measures changes over time in the price of new construction, other than houses. Given that the renewal and construction of new infrastructure forms a substantial proportion of the budget any variations in the underlying pressures have the potential to significantly impact on Councils LTFP and/or the ability to deliver the capital works program. Many construction projects budgets have almost doubled since they were set a couple of years ago. This is most pronounced in the revised Sewer Fund capital program which has more than doubled from prior estimates of \$120M to \$263M. Roads, which is a large component of general fund capex, has seen the construction industry price index increase by about 25% over the last 5 years. This can impact on asset revaluations. This can have a flow on effect by restating current and forecast depreciation. This can pose a significant risk to depreciation and overall profitability.

Scenarios

Three scenarios have been included within [Appendix 6 Scenarios](#) of the LTFP. The base case and these scenarios are detailed in the table below. They are General Fund scenarios only.

Table 6-Types of scenarios

Scenario	Description	Rationale
Base Case	Proposed 10-year budget, using LTFP assumptions mentioned in the “Assumptions section”.	<p>This scenario represents Council’s IPART approved SRV rate increases although the 15% has been split over two years on top of the allowable revenue and the best estimate of expenditure forecasts.</p> <p>The base case shows an increasing deficit trend over the next ten years totalling \$8M.</p>
Scenario 1	This scenario uses the proposed base case above but only applies the 7.5% increase for the 2025-26 year and then budgeted rate peg assumptions thereafter.	<p>This shows what the deficit would look like if Council were to only apply the 7.5% rate increase next year but decide not to apply the remaining SRV rate increase in future years and only apply the rate peg.</p> <p>The scenario shows an increasing deficit trend over the next ten years totalling \$34M.</p>
Scenario 2	This scenario uses the proposed base case above but only applies the 3.9% approved rate peg in the 2025-26 year and then budgeted rate peg assumptions thereafter.	<p>This shows what the deficit would look like, if Council were to not apply any further approved SRV increases and only apply the rate peg.</p> <p>The scenario shows an increasing deficit trend over the next ten years totalling \$47M.</p>

Appendix 1 Financial Sustainability Program

Excellence in Financial Management						
Short to medium benefits (savings or increased revenue)						
#	Initiative	Initiative description	Desired outcome	2025-26 actions and due dates		
1	Cost Savings or Increased revenue	Delivery of identified cost savings or revenue to achieve the financial sustainability target identified in the current long-term financial plan	<p>Continued focus and delivery of cost savings, cost containment and ways to increase revenue to achieve and maintain financial sustainability. This will mean future Special Rate Variations (SRVs) are not required.</p> <p>Specific focus:</p> <p>Continue to look internally for cost savings at every quarterly and annual budget review across all areas of Council.</p> <p>Secure grant funding for the existing capital program which will lower the amount of loans required, reduce borrowing costs (interest on loans) and lower the deficit.</p> <p>Lobby for, and secure additional operational grant funding to support operational costs, which will increase income and lower the deficit.</p>	1.1 - Target of an additional \$2M in annual savings and or revenue identified by 30 June 2026	1.2 - Progress on achievement reported to Council as part of Quarterly Corporate Performance reporting in August, November, February and May	-
2	Scrutiny of Spend	Implement more regular monitoring and reporting on key expenditure areas such as contractor, consultancy, training and overtime expenditure among others	<p>Reduced spending in key focus areas resulting in overall reduction in council operating expenses.</p> <p>Spend areas that tend to have high value spend or that pose a financial risk due their sensitivity to changing market or other conditions are monitored and controlled.</p>	2.1 - Identify key areas for regular monitoring and establish monthly reporting procedures - 30 September 2025	2.2 - Monthly Reporting to Senior Leadership with financial savings reported in the Quarterly Corporate Performance Report to Council in August, November, February and May	-
3	Council business units are reviewed to determine whether structure aligns with Council's strategic priorities and identify potential efficiencies	A desktop review of council business units to identify opportunities for efficiencies and or further costs savings	Business units are efficient and there is alignment with resourcing and corporate goals and priorities	3.1 - Develop project plan, establish project governance and communicate with key stakeholders - 30 September 2025	3.2- Complete the review and report findings to the ELT by 30 June 2026	3.3 - Hold a Councillor and ELT Workshop identify organisational / corporate priorities

Excellence in Financial Management

Short to medium benefits (savings or increased revenue)

#	Initiative	Initiative description	Desired outcome	2025-26 actions and due dates		
4	Resourcing business improvement analyst	Investigate the benefit of employing a temporary resource of a business improvement analyst to look at how we leverage technology, redistribute workload or cease unnecessary processes are identified and acted on to improve organisational productivity	Cost Benefit analysis of investing upfront resources and budget to support financial transformation for Kempsey Shire Council	4.1 - Investigate and provide a report to the ELT for consideration - 30 September 2025	4.2 - Develop project plan, establish project governance and communicate with key stakeholders - 31 December 2025	4.3 - Conduct the work and provide a report back to ELT providing recommendations

Delivering Best Value to our Community

Longer term benefits (mostly productivity and efficiencies)

#	Initiative	Initiative description	Desired outcome	2025-26 actions and due dates		
5	Service Reviews	Deliver service reviews using the Service Review framework	An ongoing commitment to service reviews that meets our Integrated Planning and Reporting requirements and ensures continuous review and refinement of council services to ensure value for money to the community	5.1 - Support the service review program and deliver service reviews agreed as per the Service Review Program - ongoing	5.2 - Service review outcomes reported through the Quarterly Corporate Performance Reports to Council	-
6	Waste Management	Commercial and operational review of waste services (including domestic waste, commercial waste, landfill operations, waste transfer stations)	Waste services meet community needs in a cost-effective manner	6.1 - Undertake a review of the operational and commercial performance of waste services to identify operational and financial improvements - 30 June 2026	6.2 - Report the outcome of the review to Council - 30 June 2026	-
7	Macleay Valley Coast Holiday Parks	MVCHP commercial and financial management	MVCHPs continue to deliver year-on-year revenue growth	7.1 - Where appropriate, revise and exhibit Holiday Park Concept Plans to improve profitability and amenity – ongoing	7.2 - Execute on 2025-26 financial year actions identified in adopted holiday park concept plans - 30 June 2026	7.3 - Commence planning for end of current 10-year management agreement in 2027 - ongoing

Striving to Deliver Better Practices

These actions will not necessarily result in immediate savings, but will have a significant impact on longer term financial sustainability through efficiency or productivity savings

#	Initiative	Initiative description	Desired outcome	2025-26 actions and due dates		
8	Asset Management	Deliver the asset management corporate improvement program	Implementation of actions identified within Council's adopted Strategic Asset Management Plan (SAMP)	8.1 - Improvements to asset management system to enable consistent and accurate data collection including rolling out the maintenance management functionality by 30 June 2026	8.2 - Finalise the bridge asset management plan, progress the building asset management plan and prepare the transport asset management plan - ongoing	-
9	Procurement and Contract Management	Implement a contract management framework to support sustainable service delivery, reduction in third party costs and improved supplier relationships	Improved supplier relationships and management, and reduced procurement and contract management risks, while driving down third party spend	9.1 - Continued embedding of the Procurement and Contract Management Framework (PCMF) within Council - Ongoing	9.2 - Continue to optimise monitoring and reporting delivered to Management, the Executive, Procurement Advisory Committee and ARIC to deliver increased accountability and transparency of procurement processes - ongoing	9.3 - Plan and prepare for the implementation of a new Enterprise Resource Planning (ERP) platform to improve functionality, integration and data quality - 30 June 2026
10	Continuous Improvement Organisational Culture	Cultivate and promote a culture of continuous improvement across the organisation	Staff at all levels have an understanding of and focus on continuous improvement specifically around productivity and lean principles	10.1 - Financial Sustainability is a core KPI in Senior Leader and Manager Professional Development Plans for 2025-26 - 31 August 2025	10.2 - Lean Principle training rolled out across the organisation - 30 June 2026	10.3 - Ongoing organisational awareness campaign focusing on continuous improvement and recognition through staff awards - ongoing
11	Grant Management	Grant funding strategy, policy and framework is developed to clearly align with long-term financial sustainability objectives	<p>All grant applications are prioritised, align with adopted Delivery Programs and Operational Plans, consider impact on the LTFFP, and are approved by ELT, and where required Council, prior to submission.</p> <p>Improved governance in relation to grant opportunities that create new assets. New assets (not renewals) increase Council's cost base, as they generate additional maintenance and repair costs service, additional depreciation and eventual additional capex when the asset is to be renewed.</p>	11.1 - Grants procedures and framework developed to align with the adopted Grants Policy and implemented - 30 September 2025	11.2 - Pulse Grant Management System Implemented and rolled out to the organisation - 31 December 2025	-
12	Treasury Management Policies	a) Establish and adopt a Restricted Assets Policy	a) An appropriate level of cash and reserves is available to fund working capital requirements and internally restricted reserves are supported by Council resolutions to ensure optimal use of available cash	12.1 - Restricted Assets Policy is developed and reported to Council - 30 June 2026	-	-
		b) Develop a Debt Policy outlining how debt will be used, linking intergenerational equity and the consumption of assets across the useful life	b) The use of debt is understood and accepted by Council and the community as a way of funding long term assets that are consumed by current and future residents, thereby balancing asset costs across generations	12.2 - Debt Policy is developed - 30 June 2026	-	-

Previous FSP initiatives that are now part of normal business operations

These previous initiative are now either normal business practice and or are now actions in our Operational Plan 2025-26. These actions will not be separately reported on in the Financial Sustainability program reporting. *Indicates a specific operational plan action exists for this item.

#	Initiative	Initiative description	Desired outcome
1	Slim Dusty Centre*	Operational and business plan review of all SDC functions in cafe, retail, functions and events, gallery and museum	SDC is a vibrant community and cultural facility a and operations and financial impacts optimised
2	Future Loan Borrowings	Obtain access to NSW Treasury Corporation (T-Corp) for future loan borrowings	Council is able to access loan borrowings through T-Corp reducing interest costs (note: every 25bp interest rate reduction equates to \$25,000 saving per annum on \$10M of borrowings)
3	Fees and Charges*	Review appropriateness of fees and charges	Pricing for fees and charges (excluding statutory fees set by NSW State Government) reflects full cost price of services without any significant adverse impacts on access to the services by the community.
4	Sewer Funding Model *	Sewer Funding Model	Secure funding sources for the Sewer Capital program that ensures the financial sustainability of the fund whilst having the lowest possible impact on ratepayers
5	Budgeting and Forecasting	Continuous improvements are made to Council's budgeting and forecasting processes	Surplus budgets are progressively worked towards; the capital program is sized appropriately to meet the capability and capacity of the workforce; and asset renewal and maintenance is prioritised over new builds within the budget in accordance with the SAMP
6	Innovation Portal	Develop and implement an innovation portal to allow capture and refinement of business improvement initiatives from staff across the organisation, inclusive of cost reduction opportunities	Innovation is seen as a key attribute across Council, staff are empowered to identify and nominate improvement opportunities and the improvements are delivering value across the organisation
7	Corporate Governance*	Audit, Risk & Improvement Committee (ARIC) scope is extended to include an increased focus on longer term financial sustainability outcomes	ARIC plays an active governance role in the delivery of Council's Financial Sustainability Program
8	Aquatic Facilities*	Aquatic Strategy	Financially sustainable aquatic facilities
9	Property Portfolio*	Review of property assets	Only properties of strategic or operational value are owned by Council

Notes:

1. A number of these Financial Sustainability Program actions do not have specific Operational Plan actions but rather fall within the financial sustainability related action *"Implement financial sustainability strategies, initiatives and actions as detailed within the Long-Term Financial Plan."*
2. There are several other initiatives that are in the process of being delivered as part of existing business as usual activities. There are several other initiatives that are in the process of being delivered as part of existing business as usual activities. Other initiatives may be introduced into the Financial Sustainability Program as and when they are identified as being a priority and noting that council is recruiting a new CEO and Director of Corporate and Commercial Services at the time of preparing this plan.

Appendix 2 Ratios

Kempsey Shire Council 10 Year Financial Plan for the Years ending 30 June 2035 KEY PERFORMANCE INDICATORS - CONSOLIDATED Scenario: Base Case			Current Year 2024/25	Projected Years									
				2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
				<div> <div> ● Within green benchmark (green min and/or green max) — Within green benchmark </div> <div> ● Within amber benchmark (amber min and/or amber max) ↗ above green maximum and below amber maximum </div> <div> ● Not within benchmark (amber min and/or amber max) ↘ below green minimum and above amber minimum </div> <div> ↑ above amber maximum ↓ below amber minimum </div> </div>									
Council's Target Benchmarks													
New Note 13 Ratios													
Operating Performance Ratio 1)	Snapshot	● —		● —	● —	● —	● —	● —	● —	● —	● —	● —	● —
	Actual Ratio	2.79%		9.82%	7.12%	2.05%	1.32%	0.79%	-1.04%	-2.47%	-4.65%	-4.31%	-5.27%
Own Source Operating Revenue Ratio 1)	Snapshot	● —		● —	● —	● —	● —	● —	● —	● —	● —	● —	● —
	Actual Ratio	40.49%		48.90%	63.80%	78.76%	78.25%	75.34%	76.08%	78.77%	78.97%	79.04%	79.03%
Unrestricted Current Ratio	Snapshot	● —		● —	● —	● —	● —	● —	● —	● —	● —	● —	● —
	Actual Ratio	2.24		2.25	1.91	1.94	1.96	1.52	1.47	1.43	1.37	1.33	1.29
Debt Service Cover Ratio 1)	Snapshot	● —		● —	● —	● —	● —	● —	● —	● —	● —	● —	● —
	Actual Ratio	4.37		5.04	3.49	3.08	3.06	3.30	2.65	2.11	2.00	2.02	1.88
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	Snapshot	● —		● —	● —	● —	● —	● —	● —	● —	● —	● —	● —
	Actual Ratio	8.52%		8.47%	8.55%	8.54%	8.54%	8.54%	8.54%	8.55%	8.55%	8.55%	8.55%
Cash Expense Cover Ratio 1)	Snapshot	● —		● —	● —	● —	● —	● —	● —	● —	● —	● —	● —
	Actual Ratio	4.50		4.62	4.35	4.20	4.06	3.33	3.17	2.96	2.84	2.78	2.66
1) <u>different</u> Calculation to TCorp's calculation for same ratio													
New Special Schedule 7 Ratios													
Building & Infrastructure Asset Renewal Ratio	Snapshot	● —		● —	● —	● —	● —	● —	● —	● —	● —	● —	● —
	Actual Ratio	189.26%		201.66%	161.06%	125.35%	106.82%	143.79%	122.88%	104.37%	95.49%	96.55%	97.60%
Infrastructure Backlog Ratio	Snapshot	● —		● —	● —	● —	● —	● —	● —	● —	● —	● —	● —
	Actual Ratio	0.02		0.02	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.00
Asset Maintenance Ratio	Snapshot	● —		● —	● —	● —	● —	● —	● —	● —	● —	● —	● —
	Actual Ratio	1.00		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00

1. Own Source Operating Revenue Ratio: 2023-24 and 2024-25 results impacted by significant amount of capital grants.
2. Building & Infrastructure Asset Renewal Ratio: drops below target due to a combination of increased depreciation and reduced capex following delivery of major Sewer capital program.

Kempsey Shire Council 10 Year Financial Plan for the Years ending 30 June 2035 KEY PERFORMANCE INDICATORS - GENERAL FUND Scenario: Base case		Current Year 2024/25	Projected Years									
			2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
			<div> <div> ● Within green benchmark (green min and/or green max) → Within green benchmark </div> <div> ● Within amber benchmark (amber min and/or amber max) ↗ above green maximum and below amber maximum </div> <div> ● Not within benchmark (amber min and/or amber max) ↘ below green minimum and above amber minimum </div> <div> ↑ above amber maximum ↓ below amber minimum </div> </div>									
Council's Target Benchmarks												
New Note 13 Ratios												
Operating Performance Ratio 1)	Snapshot	● ↓	● →	● →	● →	● ↓	● ↓	● ↓	● ↓	● ↓	● ↓	● ↓
	Actual Ratio	-4.46%	1.07%	2.25%	0.34%	-1.01%	-1.16%	-0.81%	-1.38%	-2.29%	-2.21%	-4.13%
Own Source Operating Revenue Ratio 1)	Snapshot	● ↓	● ↓	● ↓	● →	● →	● →	● →	● →	● →	● →	● →
	Actual Ratio	49.92%	47.01%	58.34%	70.21%	69.65%	69.90%	70.17%	70.33%	70.42%	70.52%	70.56%
Unrestricted Current Ratio	Snapshot	● →	● →	● →	● →	● →	● →	● →	● →	● →	● →	● →
	Actual Ratio	1.99	1.98	1.72	1.69	1.67	1.68	1.69	1.68	1.68	1.68	1.66
Debt Service Cover Ratio 1)	Snapshot	● →	● →	● →	● →	● →	● →	● →	● →	● →	● →	● →
	Actual Ratio	6.82	6.88	5.88	4.78	3.94	3.72	3.49	3.27	2.96	2.82	2.30
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	Snapshot	● →	● →	● →	● →	● →	● →	● →	● →	● →	● →	● →
	Actual Ratio	9.62%	9.52%	9.53%	9.48%	9.48%	9.48%	9.48%	9.48%	9.48%	9.48%	9.48%
Cash Expense Cover Ratio 1)	Snapshot	● →	● →	● →	● →	● →	● →	● →	● →	● →	● →	● →
	Actual Ratio	3.44	3.49	3.50	3.33	3.15	3.03	2.95	2.86	2.73	2.65	2.49

Kempsey Shire Council 10 Year Financial Plan for the Years ending 30 June 2035 KEY PERFORMANCE INDICATORS - WATER FUND Scenario: Base Case (rolled over from last year's 23/24 LTFP)			Current Year 2024/25	Projected Years									
				2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
				<div><div><div><div><div></div><div>Within green benchmark (green min and/or green max)</div></div><div><div></div><div>Within amber benchmark (amber min and/or amber max)</div></div><div><div></div><div>Not within benchmark (amber min and/or amber max)</div></div></div><div><div><div></div><div>Within green benchmark</div></div><div><div></div><div>above green maximum and below amber maximum</div></div><div><div></div><div>below green minimum and above amber minimum</div></div><div><div></div><div>above amber maximum</div></div><div><div></div><div>below amber minimum</div></div></div></div></div>									
Council's Target Benchmarks													
New Note 13 Ratios													
Operating Performance Ratio 1)	Snapshot	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>↓</div></div>	<div><div></div><div>↓</div></div>	<div><div></div><div>↓</div></div>	<div><div></div><div>↓</div></div>	<div><div></div><div>↓</div></div>	<div><div></div><div>↓</div></div>	<div><div></div><div>↓</div></div>	<div><div></div><div>—</div></div>
	Actual Ratio	9.44%	11.38%	3.71%	-5.79%	-5.26%	-4.48%	-3.61%	-1.52%	-1.67%	-0.74%	0.17%	
Own Source Operating Revenue Ratio 1)	Snapshot	<div><div></div><div>↓</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>
	Actual Ratio	55.68%	68.11%	63.93%	91.57%	94.48%	94.47%	94.46%	94.46%	94.46%	94.46%	94.46%	
Unrestricted Current Ratio	Snapshot	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>
	Actual Ratio	8.61	10.77	2.67	2.47	2.33	1.94	1.78	1.73	1.85	2.02	2.30	
Debt Service Cover Ratio 1)	Snapshot	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>↓</div></div>	<div><div></div><div>↓</div></div>	<div><div></div><div>↓</div></div>	<div><div></div><div>↓</div></div>	<div><div></div><div>↓</div></div>	<div><div></div><div>↓</div></div>	<div><div></div><div>↓</div></div>	<div><div></div><div>↓</div></div>	<div><div></div><div>↓</div></div>
	Actual Ratio	6.66	4.42	2.80	1.11	1.08	1.21	1.24	1.31	1.30	1.43	1.52	
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	Snapshot	<div><div></div><div>↑</div></div>	<div><div></div><div>↑</div></div>	<div><div></div><div>↑</div></div>	<div><div></div><div>↑</div></div>	<div><div></div><div>↑</div></div>	<div><div></div><div>↑</div></div>	<div><div></div><div>↑</div></div>	<div><div></div><div>↑</div></div>	<div><div></div><div>↑</div></div>	<div><div></div><div>↑</div></div>	<div><div></div><div>↑</div></div>	<div><div></div><div>↑</div></div>
	Actual Ratio	11.74%	11.82%	11.83%	11.82%	11.82%	11.82%	11.82%	11.82%	11.82%	11.82%	11.82%	
Cash Expense Cover Ratio 1)	Snapshot	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>	<div><div></div><div>—</div></div>
	Actual Ratio	4.31	4.41	3.49	3.43	3.46	3.51	3.45	3.44	3.34	3.35	3.32	

Kempsey Shire Council 10 Year Financial Plan for the Years ending 30 June 2035 KEY PERFORMANCE INDICATORS - SEWER FUND Scenario: Base Case (rolled over from last year's 23/24 LTFP)		Current Year 2024/25	Projected Years									
			2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
			<div> <div> ● Within green benchmark (green min and/or green max) → Within green benchmark </div> <div> ● Within amber benchmark (amber min and/or amber max) ↗ above green maximum and below amber maximum </div> <div> ● Not within benchmark (amber min and/or amber max) ↘ below green minimum and above amber minimum </div> <div> ↑ above amber maximum ↓ below amber minimum </div> </div>									
Council's Target Benchmarks												
New Note 13 Ratios												
Operating Performance Ratio 1)	Snapshot	● —	● —	● —	● —	● —	● —	● —	● —	● —	● —	● —
	Actual Ratio	19.37%	33.21%	24.69%	14.49%	14.71%	12.17%	0.58%	-7.15%	-15.65%	-14.96%	-14.28%
Own Source Operating Revenue Ratio 1)	Snapshot	● ↓	● ↓	● —	● —	● —	● —	● —	● —	● —	● —	● —
	Actual Ratio	24.03%	43.15%	81.57%	96.68%	93.59%	77.15%	80.22%	95.40%	96.48%	96.48%	96.48%
Unrestricted Current Ratio	Snapshot	● —	● —	● —	● —	● —	● —	● —	● —	● —	● —	● —
	Actual Ratio	11.56	21.34	24.57	37.90	62.23	6.36	3.54	3.39	3.13	2.87	2.61
Debt Service Cover Ratio 1)	Snapshot	● —	● —	● —	● —	● —	● —	● —	● —	● —	● —	● —
	Actual Ratio	4.49	6.38	5.54	5.18	6.50	12.65	2.64	1.27	1.22	1.24	1.26
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	Snapshot	● —	● —	● —	● —	● —	● —	● —	● —	● —	● —	● —
	Actual Ratio	4.97%	4.90%	4.89%	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%
Cash Expense Cover Ratio 1)	Snapshot	● —	● —	● —	● —	● —	● —	● —	● —	● —	● —	● —
	Actual Ratio	8.74	9.37	8.52	8.42	8.44	4.40	3.70	2.88	2.77	2.71	2.66

Appendix 3 Income Statement

Kempsey Shire Council 10 Year Financial Plan for the Years ending 30 June 2035 INCOME STATEMENT - CONSOLIDATED Scenario: Base Case												
	Actuals 2023/24 \$'000	Current Year 2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	Projected Years					
							2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'000
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	52,307	56,298	59,517	62,470	64,304	66,101	67,949	69,850	71,804	73,814	75,880	78,005
User Charges & Fees	19,809	22,195	22,907	23,658	24,346	25,020	25,711	26,423	27,154	27,906	28,678	29,473
Other Revenues	2,739	2,321	2,235	2,306	2,369	2,428	2,489	2,551	2,615	2,680	2,747	2,816
Grants & Contributions provided for Operating Purposes	15,633	16,412	15,858	15,984	16,773	17,891	18,134	18,392	18,742	19,234	19,607	20,239
Grants & Contributions provided for Capital Purposes	38,458	110,216	80,804	38,894	8,982	9,298	14,490	13,436	9,464	9,429	9,665	9,907
Interest & Investment Revenue	5,416	5,352	7,830	8,294	4,485	4,263	3,543	2,431	3,079	3,239	3,062	3,305
Total Income from Continuing Operations	134,362	212,793	189,150	151,606	121,258	125,002	132,316	133,083	132,857	136,302	139,640	143,744
Expenses from Continuing Operations												
Employee Benefits & On-Costs	30,705	33,796	35,367	37,251	38,707	39,942	41,374	42,766	44,264	45,815	47,420	49,081
Borrowing Costs	2,045	2,362	2,942	5,464	5,652	6,001	5,984	7,622	10,127	10,439	10,523	11,424
Materials & Contracts	33,905	34,614	27,559	28,057	28,933	30,552	30,835	30,755	31,234	32,601	32,593	33,983
Depreciation & Amortisation	24,926	24,172	26,344	28,241	30,853	31,715	32,582	33,474	34,381	37,325	38,287	39,476
Impairment of receivables	35	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	2,046	4,771	5,496	5,672	5,825	5,971	6,120	6,273	6,430	6,591	6,755	6,924
Net Losses from the Disposal of Assets	6,647	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	100,309	99,715	97,709	104,684	109,970	114,181	116,894	120,890	126,436	132,771	135,578	140,888
Net Operating Result for the Year	34,053	113,078	91,441	46,921	11,288	10,820	15,422	12,192	6,422	3,531	4,062	2,856
Net Operating Result before Grants and Contributions provided for Capital Purposes	(4,405)	2,862	10,637	8,027	2,306	1,522	932	(1,244)	(3,042)	(5,899)	(5,603)	(7,051)

Kempsey Shire Council
10 Year Financial Plan for the Years ending 30 June 2035
INCOME STATEMENT - GENERAL FUND
Scenario: Base Case

	Actuals	Current Year	Projected Years									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	30,121	32,985	35,644	38,764	39,958	41,147	42,371	43,632	44,931	46,269	47,646	49,066
User Charges & Fees	7,874	9,651	10,068	10,408	10,739	11,072	11,415	11,769	12,134	12,510	12,898	13,297
Other Revenues	2,305	2,291	2,205	2,275	2,337	2,395	2,455	2,516	2,579	2,644	2,710	2,777
Grants & Contributions provided for Operating Purposes	15,275	15,813	15,447	15,560	16,337	17,445	17,677	17,924	18,262	18,742	19,102	19,722
Grants & Contributions provided for Capital Purposes	33,154	32,328	41,861	22,934	6,923	7,096	7,274	7,455	7,642	7,833	8,029	8,229
Interest & Investment Revenue	3,590	3,067	2,928	2,464	1,786	1,706	1,707	1,778	1,771	1,845	1,650	1,859
Total Income from Continuing Operations	92,319	96,135	108,153	92,405	78,080	80,861	82,899	85,074	87,319	89,842	92,035	94,950
Expenses from Continuing Operations												
Employee Benefits & On-Costs	23,998	25,832	27,657	28,331	29,481	30,401	31,506	32,562	33,711	34,901	36,133	37,408
Borrowing Costs	479	861	1,410	1,930	2,379	2,979	3,165	3,486	3,688	4,016	4,276	5,347
Materials & Contracts	19,866	19,935	13,898	14,056	14,591	15,956	15,954	15,601	16,032	16,868	16,565	17,657
Depreciation & Amortisation	16,138	15,255	17,124	17,923	18,636	19,204	19,758	20,328	20,913	21,514	22,134	22,971
Impairment of receivables	35	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	2,046	4,771	5,496	5,672	5,825	5,971	6,120	6,273	6,430	6,591	6,755	6,924
Net Losses from the Disposal of Assets	6,646	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	69,208	66,655	65,584	67,911	70,913	74,510	76,503	78,249	80,773	83,890	85,863	90,307
Net Operating Result for the Year	23,111	29,481	42,568	24,494	7,167	6,351	6,396	6,825	6,545	5,952	6,171	4,644
Net Operating Result before Grants and Contributions provided for Capital Purposes	(10,043)	(2,848)	707	1,560	244	(746)	(878)	(631)	(1,096)	(1,881)	(1,857)	(3,586)

Kempsey Shire Council

10 Year Financial Plan for the Years ending 30 June 2035

INCOME STATEMENT - WATER FUND

Scenario: Base Case

	Actuals 2023/24 \$'000	Current Year 2024/25 \$'000	Projected Years									
			2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'000
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	5,940	6,244	6,394	6,599	6,777	6,946	7,120	7,298	7,481	7,668	7,859	8,056
User Charges & Fees	9,930	10,526	10,772	11,117	11,417	11,702	11,995	12,295	12,602	12,917	13,240	13,571
Other Revenues	120	24	25	25	26	27	27	28	29	30	30	31
Grants & Contributions provided for Operating Purposes	230	305	219	226	232	238	244	250	256	263	269	276
Grants & Contributions provided for Capital Purposes	2,346	13,890	8,333	10,967	1,516	890	912	935	958	982	1,007	1,032
Interest & Investment Revenue	843	1,041	1,077	2,095	763	625	595	584	591	608	622	651
Total Income from Continuing Operations	19,409	32,029	26,820	31,030	20,731	20,429	20,893	21,390	21,917	22,467	23,028	23,617
Expenses from Continuing Operations												
Employee Benefits & On-Costs	3,378	4,071	3,951	4,060	4,203	4,351	4,505	4,664	4,828	4,998	5,175	5,357
Borrowing Costs	915	924	1,041	3,132	2,961	2,791	2,642	2,506	2,363	2,210	2,058	1,915
Materials & Contracts	7,199	6,956	6,638	6,782	6,959	7,069	7,208	7,333	7,229	7,607	7,747	7,888
Depreciation & Amortisation	4,489	4,476	4,752	5,345	6,204	6,356	6,521	6,691	6,857	7,028	7,204	7,385
Impairment of receivables	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	15,981	16,427	16,383	19,318	20,327	20,567	20,876	21,194	21,278	21,844	22,184	22,546
Net Operating Result for the Year	3,428	15,602	10,438	11,711	404	(138)	18	196	639	623	844	1,071
Net Operating Result before Grants and Contributions provided for Capital Purposes	1,082	1,713	2,104	744	(1,112)	(1,028)	(895)	(739)	(319)	(359)	(163)	39

Kempsey Shire Council
10 Year Financial Plan for the Years ending 30 June 2035
INCOME STATEMENT - SEWER FUND
Scenario: Base Case

	Actuals 2023/24 \$'000	Current Year 2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	Projected Years					
							2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'000
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	16,246	17,069	17,478	17,107	17,569	18,008	18,458	18,920	19,393	19,877	20,374	20,884
User Charges & Fees	2,005	2,018	2,067	2,133	2,191	2,245	2,302	2,359	2,418	2,479	2,541	2,604
Other Revenues	314	6	6	6	6	6	6	6	7	7	7	7
Grants & Contributions provided for Operating Purposes	128	294	192	198	203	208	213	219	224	230	236	241
Grants & Contributions provided for Capital Purposes	2,958	63,998	30,609	4,993	543	1,312	6,304	5,045	863	614	629	645
Interest & Investment Revenue	983	1,244	3,825	3,734	1,936	1,932	1,241	70	716	786	790	796
Total Income from Continuing Operations	22,634	84,629	54,177	28,171	22,447	23,712	28,524	26,619	23,621	23,992	24,577	25,177
Expenses from Continuing Operations												
Employee Benefits & On-Costs	3,329	3,893	3,759	4,861	5,024	5,191	5,363	5,541	5,725	5,915	6,112	6,316
Borrowing Costs	651	577	491	402	312	231	177	1,630	4,076	4,213	4,189	4,162
Materials & Contracts	6,840	7,723	7,024	7,219	7,383	7,527	7,673	7,822	7,973	8,126	8,281	8,438
Depreciation & Amortisation	4,299	4,441	4,468	4,973	6,012	6,155	6,303	6,455	6,611	8,783	8,949	9,119
Impairment of receivables	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	1	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	15,120	16,634	15,742	17,455	18,731	19,104	19,516	21,448	24,384	27,037	27,531	28,036
Net Operating Result for the Year	7,514	67,995	38,435	10,716	3,716	4,608	9,009	5,171	(763)	(3,045)	(2,954)	(2,859)
Net Operating Result before Grants and Contributions provided for Capital Purposes	4,556	3,997	7,826	5,723	3,174	3,296	2,704	126	(1,627)	(3,659)	(3,583)	(3,504)

Appendix 4 Statement of Financial Position

Kempsey Shire Council 10 Year Financial Plan for the Years ending 30 June 2035 BALANCE SHEET - CONSOLIDATED Scenario: Base Case												
	Actuals	Current Year	Projected Years									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS												
Current Assets												
Cash & Cash Equivalents	31,919	30,000	30,000	30,000	30,000	30,000	25,000	25,000	25,000	25,000	25,000	25,000
Investments	84,893	153,765	184,640	102,798	100,649	95,338	68,461	70,098	72,499	74,762	77,586	80,437
Receivables	20,100	25,731	22,195	16,638	14,599	15,205	16,340	16,541	16,324	16,733	17,180	17,662
Inventories	512	800	618	628	648	693	698	692	710	741	738	776
Contract assets and contract cost assets	4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680
Other	279	578	481	490	505	534	540	540	553	575	576	602
Total Current Assets	142,383	215,553	242,614	155,234	151,080	146,450	115,720	117,551	119,766	122,491	125,759	129,158
Non-Current Assets												
Receivables	-	43	51	34	21	22	22	22	23	24	24	25
Infrastructure, Property, Plant & Equipment	1,482,624	1,541,216	1,646,869	1,773,972	1,788,200	1,804,226	1,884,458	1,945,835	1,956,839	1,960,057	1,979,518	1,985,224
Intangible Assets	991	991	991	991	991	991	991	991	991	991	991	991
Right of use assets	34	34	34	34	34	34	34	34	34	34	34	34
Total Non-Current Assets	1,483,649	1,542,284	1,647,944	1,775,031	1,789,246	1,805,273	1,885,506	1,946,883	1,957,887	1,961,105	1,980,567	1,986,273
TOTAL ASSETS	1,626,032	1,757,836	1,890,558	1,930,265	1,940,326	1,951,724	2,001,225	2,064,434	2,077,653	2,083,597	2,106,326	2,115,431
LIABILITIES												
Current Liabilities												
Payables	17,355	18,092	16,462	16,930	17,394	18,143	18,553	18,911	19,366	19,968	20,188	20,913
Contract liabilities	23,278	30,631	31,513	20,317	11,560	12,191	12,843	12,942	12,824	13,132	13,407	13,811
Lease liabilities	2	-	-	-	-	-	-	-	-	-	-	-
Borrowings	4,363	4,971	6,487	6,934	6,802	5,982	7,440	9,539	10,497	10,828	11,880	12,651
Employee benefit provisions	7,444	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429
Total Current Liabilities	52,442	61,124	61,891	51,611	43,186	43,745	46,265	48,821	50,116	51,356	52,904	54,805
Non-Current Liabilities												
Lease liabilities	32	34	34	34	34	34	34	34	34	34	34	34
Borrowings	52,814	62,842	103,355	106,421	113,619	113,637	145,197	193,657	199,160	200,332	217,452	221,801
Employee benefit provisions	1,238	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253
Other provisions	6,646	6,646	6,646	6,646	6,646	6,646	6,646	6,646	6,646	6,646	6,646	6,646
Total Non-Current Liabilities	60,730	70,775	111,288	114,354	121,552	121,569	153,129	201,590	207,093	208,265	225,385	229,734
TOTAL LIABILITIES	113,172	131,898	173,179	165,965	164,737	165,315	199,395	250,411	257,209	259,621	278,289	284,538
Net Assets	1,512,860	1,625,938	1,717,379	1,764,300	1,775,588	1,786,409	1,801,831	1,814,023	1,820,445	1,823,975	1,828,037	1,830,893
EQUITY												
Retained Earnings	609,055	722,133	813,574	860,495	871,783	882,604	898,026	910,218	916,640	920,170	924,232	927,088
Revaluation Reserves	903,805	903,805	903,805	903,805	903,805	903,805	903,805	903,805	903,805	903,805	903,805	903,805
Council Equity Interest	1,512,860	1,625,938	1,717,379	1,764,300	1,775,588	1,786,409	1,801,831	1,814,023	1,820,445	1,823,975	1,828,037	1,830,893
Total Equity	1,512,860	1,625,938	1,717,379	1,764,300	1,775,588	1,786,409	1,801,831	1,814,023	1,820,445	1,823,975	1,828,037	1,830,893

Kempsey Shire Council
10 Year Financial Plan for the Years ending 30 June 2035
BALANCE SHEET - GENERAL FUND
Scenario: Base Case

	Actuals 2023/24 \$'000	Current Year 2024/25 \$'000	Projected Years									
			2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'000
ASSETS												
Current Assets												
Cash & Cash Equivalents	7,613	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Investments	53,714	46,639	45,544	35,537	33,320	34,607	35,803	36,630	37,751	39,561	41,407	42,907
Receivables	15,795	10,982	12,380	10,565	9,059	9,413	9,655	9,903	10,169	10,466	10,756	11,077
Inventories	512	800	618	628	648	693	698	692	710	741	738	776
Contract assets and contract cost assets	4,439	4,439	4,439	4,439	4,439	4,439	4,439	4,439	4,439	4,439	4,439	4,439
Other	263	558	463	472	486	516	521	521	534	555	556	582
Total Current Assets	82,336	78,417	78,444	66,641	62,952	64,667	66,117	67,184	68,605	70,762	72,895	74,782
Non-Current Assets												
Receivables	-	43	51	34	21	22	22	22	23	24	24	25
Infrastructure, Property, Plant & Equipment	1,125,266	1,174,202	1,228,055	1,263,978	1,279,846	1,289,404	1,301,069	1,311,013	1,323,343	1,333,109	1,359,228	1,371,706
Intangible Assets	991	991	991	991	991	991	991	991	991	991	991	991
Right of use assets	34	34	34	34	34	34	34	34	34	34	34	34
Total Non-Current Assets	1,126,291	1,175,270	1,229,130	1,265,037	1,280,891	1,290,451	1,302,116	1,312,060	1,324,391	1,334,157	1,360,277	1,372,756
TOTAL ASSETS	1,208,627	1,253,687	1,307,574	1,331,678	1,343,843	1,355,118	1,368,233	1,379,244	1,392,996	1,404,920	1,433,172	1,447,537
LIABILITIES												
Current Liabilities												
Payables	16,944	17,872	16,117	16,597	17,079	17,844	18,119	18,245	18,697	19,309	19,541	20,278
Contract liabilities	17,688	23,425	27,886	18,731	11,318	11,942	12,141	12,349	12,604	12,931	13,202	13,601
Lease liabilities	2	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,085	1,387	1,714	2,073	2,464	2,754	3,148	3,501	3,967	4,422	5,415	6,095
Employee benefit provisions	7,444	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429	7,429
Total Current Liabilities	43,163	50,113	53,147	44,829	38,291	39,970	40,837	41,525	42,698	44,091	45,586	47,403
Non-Current Liabilities												
Lease liabilities	32	34	34	34	34	34	34	34	34	34	34	34
Borrowings	23,145	31,757	40,043	47,970	59,506	62,752	68,604	72,102	78,135	82,714	103,299	111,204
Employee benefit provisions	1,238	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253
Other provisions	6,646	6,646	6,646	6,646	6,646	6,646	6,646	6,646	6,646	6,646	6,646	6,646
Total Non-Current Liabilities	31,061	39,690	47,976	55,903	67,439	70,684	76,536	80,035	86,068	90,646	111,232	119,137
TOTAL LIABILITIES	74,224	89,804	101,122	100,732	105,730	110,654	117,374	121,560	128,766	134,738	156,818	166,540
Net Assets	1,134,403	1,163,884	1,206,452	1,230,946	1,238,113	1,244,464	1,250,860	1,257,685	1,264,230	1,270,182	1,276,354	1,280,997
EQUITY												
Retained Earnings	466,455	495,936	538,504	562,998	570,165	576,516	582,912	589,737	596,282	602,234	608,406	613,049
Revaluation Reserves	667,948	667,948	667,948	667,948	667,948	667,948	667,948	667,948	667,948	667,948	667,948	667,948
Council Equity Interest	1,134,403	1,163,884	1,206,452	1,230,946	1,238,113	1,244,464	1,250,860	1,257,685	1,264,230	1,270,182	1,276,354	1,280,997
Total Equity	1,134,403	1,163,884	1,206,452	1,230,946	1,238,113	1,244,464	1,250,860	1,257,685	1,264,230	1,270,182	1,276,354	1,280,997

Kempsey Shire Council
10 Year Financial Plan for the Years ending 30 June 2035
BALANCE SHEET - WATER FUND
Scenario: Base Case

	Actuals 2023/24 \$'000	Current Year 2024/25 \$'000	Projected Years									
			2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'000
ASSETS												
Current Assets												
Cash & Cash Equivalents	13,565	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Investments	14,003	34,651	51,024	18,687	15,025	13,718	13,091	13,134	13,519	13,827	14,641	15,786
Receivables	3,035	3,555	3,636	3,753	3,849	3,945	4,043	4,144	4,248	4,354	4,463	4,575
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Contract assets and contract cost assets	241	241	241	241	241	241	241	241	241	241	241	241
Other	10	13	12	12	12	12	12	13	12	13	13	13
Total Current Assets	30,854	43,460	59,913	27,693	24,126	22,916	22,388	22,532	23,020	23,435	24,358	25,615
Non-Current Assets												
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	213,197	216,328	244,813	285,826	285,498	283,417	281,278	278,507	275,692	272,782	269,800	266,742
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	213,197	216,328	244,813	285,826	285,498	283,417	281,278	278,507	275,692	272,782	269,800	266,742
TOTAL ASSETS	244,051	259,789	304,726	313,519	309,625	306,334	303,666	301,039	298,711	296,217	294,158	292,357
LIABILITIES												
Current Liabilities												
Payables	216	130	265	253	241	229	219	208	195	185	174	163
Contract liabilities	4,350	1,419	855	1,119	175	113	116	118	121	124	128	131
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,848	2,072	3,170	3,341	3,079	2,678	2,815	2,957	3,110	2,895	2,864	2,845
Employee benefit provisions	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	6,414	3,621	4,291	4,714	3,495	3,020	3,149	3,284	3,427	3,205	3,166	3,139
Non-Current Liabilities												
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	20,049	22,977	56,807	53,466	50,387	47,708	44,894	41,937	38,826	35,931	33,067	30,222
Employee benefit provisions	-	-	-	-	-	-	-	-	-	-	-	-
Other provisions	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	20,049	22,977	56,807	53,466	50,387	47,708	44,894	41,937	38,826	35,931	33,067	30,222
TOTAL LIABILITIES	26,463	26,598	61,098	58,180	53,881	50,728	48,043	45,220	42,253	39,136	36,233	33,361
Net Assets	217,588	233,190	243,628	255,340	255,744	255,605	255,623	255,819	256,458	257,081	257,925	258,996
EQUITY												
Retained Earnings	70,027	85,629	96,067	107,779	108,183	108,044	108,062	108,258	108,897	109,520	110,364	111,435
Revaluation Reserves	147,561	147,561	147,561	147,561	147,561	147,561	147,561	147,561	147,561	147,561	147,561	147,561
Council Equity Interest	217,588	233,190	243,628	255,340	255,744	255,605	255,623	255,819	256,458	257,081	257,925	258,996
Total Equity	217,588	233,190	243,628	255,340	255,744	255,605	255,623	255,819	256,458	257,081	257,925	258,996

Kempsey Shire Council
10 Year Financial Plan for the Years ending 30 June 2035

BALANCE SHEET - SEWER FUND

Scenario: Base Case

	Actuals 2023/24 \$'000	Current Year 2024/25 \$'000	Projected Years									
			2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'000
ASSETS												
Current Assets												
Cash & Cash Equivalents	10,741	10,000	10,000	10,000	10,000	10,000	5,000	5,000	5,000	5,000	5,000	5,000
Investments	17,176	72,474	88,071	48,574	52,304	47,014	19,567	20,334	21,229	21,374	21,538	21,744
Receivables	1,270	11,194	6,180	2,320	1,691	1,847	2,641	2,494	1,906	1,913	1,961	2,010
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Contract assets and contract cost assets	-	-	-	-	-	-	-	-	-	-	-	-
Other	6	7	6	6	6	7	7	7	7	7	7	7
Total Current Assets	29,193	93,675	104,257	60,899	64,001	58,867	27,215	27,835	28,142	28,294	28,506	28,761
Non-Current Assets												
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	144,161	150,685	174,001	224,168	222,856	231,405	302,111	356,316	357,804	354,166	350,490	346,775
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Right of use assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	144,161	150,685	174,001	224,168	222,856	231,405	302,111	356,316	357,804	354,166	350,490	346,775
TOTAL ASSETS	173,354	244,360	278,258	285,068	286,857	290,272	329,326	384,150	385,946	382,460	378,996	375,536
LIABILITIES												
Current Liabilities												
Payables	195	90	79	80	74	70	215	458	474	474	473	472
Contract liabilities	1,240	5,786	2,772	467	67	137	587	474	98	76	78	80
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	1,430	1,513	1,603	1,521	1,259	550	1,478	3,081	3,420	3,511	3,602	3,711
Employee benefit provisions	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	2,865	7,389	4,454	2,068	1,400	756	2,279	4,013	3,991	4,060	4,152	4,262
Non-Current Liabilities												
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	9,620	8,108	6,505	4,985	3,726	3,177	31,699	79,618	82,198	81,688	81,086	80,375
Employee benefit provisions	-	-	-	-	-	-	-	-	-	-	-	-
Other provisions	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	9,620	8,108	6,505	4,985	3,726	3,177	31,699	79,618	82,198	81,688	81,086	80,375
TOTAL LIABILITIES	12,485	15,497	10,959	7,053	5,126	3,933	33,978	83,631	86,190	85,748	85,238	84,637
Net Assets	160,869	228,864	267,299	278,015	281,731	286,340	295,348	300,520	299,756	296,712	293,758	290,899
EQUITY												
Retained Earnings	72,573	140,568	179,003	189,719	193,435	198,044	207,052	212,224	211,460	208,416	205,462	202,603
Revaluation Reserves	88,296	88,296	88,296	88,296	88,296	88,296	88,296	88,296	88,296	88,296	88,296	88,296
Council Equity Interest	160,869	228,864	267,299	278,015	281,731	286,340	295,348	300,520	299,756	296,712	293,758	290,899
Total Equity	160,869	228,864	267,299	278,015	281,731	286,340	295,348	300,520	299,756	296,712	293,758	290,899

Appendix 5 Cash Flow Statement

Kempsey Shire Council 10 Year Financial Plan for the Years ending 30 June 2035 CASH FLOW STATEMENT - CONSOLIDATED Scenario: Base Case												
	Actuals	Current Year	Projected Years									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	52,335	55,630	59,405	62,379	64,224	66,024	67,870	69,769	71,721	73,728	75,792	77,915
User Charges & Fees	19,023	21,617	22,790	23,519	24,222	24,900	25,588	26,296	27,024	27,772	28,541	29,332
Investment & Interest Revenue Received	4,776	6,179	7,776	8,435	4,505	4,230	3,531	2,422	3,067	3,219	3,043	3,289
Grants & Contributions	39,434	128,043	101,751	49,278	19,078	27,586	32,484	32,076	28,669	28,946	29,493	30,471
Bonds & Deposits Received	13	-	-	-	-	-	-	-	-	-	-	-
Other	15,517	7,583	2,048	2,618	2,618	2,379	2,455	2,516	2,577	2,639	2,707	2,770
Payments:												
Employee Benefits & On-Costs	(30,450)	(34,120)	(35,350)	(37,238)	(38,699)	(39,933)	(41,364)	(42,757)	(44,255)	(45,805)	(47,409)	(49,070)
Materials & Contracts	(31,514)	(34,024)	(29,271)	(27,943)	(28,714)	(30,077)	(30,776)	(30,817)	(31,040)	(32,274)	(32,628)	(33,574)
Borrowing Costs	(1,925)	(2,400)	(2,785)	(5,458)	(5,635)	(6,008)	(5,831)	(7,379)	(10,103)	(10,438)	(10,469)	(11,411)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	(10,647)	(5,120)	(5,566)	(5,647)	(5,783)	(5,917)	(6,089)	(6,251)	(6,389)	(6,540)	(6,728)	(6,866)
Net Cash provided (or used in) Operating Activities	56,562	143,389	120,797	69,943	35,817	43,184	47,868	45,876	41,271	41,248	42,343	42,855
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	7,075	1,095	81,842	5,880	6,597	28,074	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	887	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of Investment Securities	(81)	(80,297)	(31,970)	-	(3,730)	(1,287)	(1,197)	(1,637)	(2,401)	(2,263)	(2,824)	(2,851)
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(59,023)	(82,723)	(131,951)	(155,297)	(45,032)	(47,692)	(112,763)	(94,799)	(45,331)	(40,488)	(57,691)	(45,124)
Purchase of Intangible Assets	(111)	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	(17)	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	(8,500)	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(66,845)	(155,944)	(162,826)	(73,456)	(42,883)	(42,382)	(85,886)	(96,436)	(47,732)	(42,751)	(60,515)	(47,975)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	10,000	15,000	47,000	10,000	14,000	6,000	39,000	58,000	16,000	12,000	29,000	17,000
Payments:												
Repayment of Borrowings & Advances	(4,592)	(4,363)	(4,971)	(6,487)	(6,934)	(6,802)	(5,982)	(7,440)	(9,539)	(10,497)	(10,828)	(11,880)
Repayment of lease liabilities (principal repayments)	(7)	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	5,401	10,637	42,029	3,513	7,066	(802)	33,018	50,560	6,461	1,503	18,172	5,120
Net Increase/(Decrease) in Cash & Cash Equivalents	(4,882)	(1,919)	-	(0)	-	0	(5,000)	-	0	(0)	-	0
plus: Cash & Cash Equivalents - beginning of year	36,801	31,919	30,000	30,000	30,000	30,000	30,000	25,000	25,000	25,000	25,000	25,000
Cash & Cash Equivalents - end of the year	31,919	30,000	30,000	30,000	30,000	30,000	25,000	25,000	25,000	25,000	25,000	25,000
Cash & Cash Equivalents - end of the year	31,919	30,000	30,000	30,000	30,000	30,000	25,000	25,000	25,000	25,000	25,000	25,000
Investments - end of the year	84,893	153,765	184,640	102,798	100,649	95,338	68,461	70,098	72,499	74,762	77,586	80,437
Cash, Cash Equivalents & Investments - end of the year	116,812	183,765	214,640	132,798	130,649	125,338	93,461	95,098	97,499	99,762	102,586	105,437
Representing:												
- External Restrictions	101,397	152,082	184,771	113,835	114,581	108,566	76,060	77,421	79,232	80,198	81,666	83,482
- Internal Restrictions	9,042	5,000	5,120	5,382	5,258	5,516	5,390	5,654	5,524	5,796	5,663	5,941
- Unrestricted	6,373	26,683	24,749	13,581	10,809	11,256	12,012	12,023	12,742	13,768	15,257	16,014
116,812	183,765	214,640	132,798	130,649	125,338	93,461	95,098	97,499	99,762	102,586	105,437	

Kempsey Shire Council
10 Year Financial Plan for the Years ending 30 June 2035
CASH FLOW STATEMENT - GENERAL FUND
Scenario: Base Case

	Actuals 2023/24 \$'000	Current Year 2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	Projected Years					
							2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'000
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	-	32,583	35,573	38,681	39,926	41,115	42,339	43,599	44,896	46,233	47,610	49,028
User Charges & Fees	-	9,698	10,025	10,373	10,705	11,038	11,380	11,733	12,097	12,472	12,858	13,257
Investment & Interest Revenue Received	-	3,895	2,874	2,605	1,806	1,672	1,696	1,769	1,759	1,826	1,630	1,842
Grants & Contributions	-	53,143	60,924	31,074	17,254	25,046	25,112	25,548	26,110	26,840	27,350	28,275
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	7,553	2,021	2,592	2,590	2,350	2,425	2,486	2,546	2,607	2,675	2,737
Payments:												
Employee Benefits & On-Costs	-	(26,117)	(27,639)	(28,326)	(29,473)	(30,393)	(31,498)	(32,554)	(33,703)	(34,892)	(36,124)	(37,399)
Materials & Contracts	-	(19,135)	(15,561)	(13,896)	(14,325)	(15,432)	(15,845)	(15,610)	(15,783)	(16,488)	(16,545)	(17,190)
Borrowing Costs	-	(911)	(1,382)	(1,904)	(2,342)	(2,967)	(3,145)	(3,473)	(3,667)	(4,000)	(4,208)	(5,320)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	(5,120)	(5,566)	(5,647)	(5,783)	(5,917)	(6,089)	(6,251)	(6,389)	(6,540)	(6,728)	(6,866)
Net Cash provided (or used in) Operating Activities	-	55,589	61,268	35,554	20,359	26,513	26,374	27,246	27,867	28,057	28,520	28,364
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	7,075	1,095	10,007	2,217	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of Investment Securities	-	-	-	-	-	(1,287)	(1,197)	(826)	(1,122)	(1,810)	(1,845)	(1,500)
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(64,191)	(70,976)	(53,847)	(34,504)	(28,763)	(31,423)	(30,271)	(33,244)	(31,280)	(48,253)	(35,449)
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	-	(57,117)	(69,881)	(43,840)	(32,286)	(30,049)	(32,620)	(31,098)	(34,365)	(33,090)	(50,098)	(36,949)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	10,000	10,000	10,000	14,000	6,000	9,000	7,000	10,000	9,000	26,000	14,000
Payments:												
Repayment of Borrowings & Advances	-	(1,086)	(1,387)	(1,714)	(2,073)	(2,464)	(2,754)	(3,148)	(3,501)	(3,967)	(4,422)	(5,415)
Repayment of lease liabilities (principal repayments)	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	-	8,914	8,613	8,286	11,927	3,536	6,246	3,852	6,499	5,033	21,578	8,585
Net Increase/(Decrease) in Cash & Cash Equivalents	-	7,387	(0)	-	-	0	-	(0)	(0)	-	-	0
plus: Cash & Cash Equivalents - beginning of year	-	7,613	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Cash & Cash Equivalents - end of the year	-	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Cash & Cash Equivalents - end of the year	7,613	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Investments - end of the year	53,714	46,639	45,544	35,537	33,320	34,607	35,803	36,630	37,751	39,561	41,407	42,907
Cash, Cash Equivalents & Investments - end of the year	61,327	61,639	60,544	50,537	48,320	49,607	50,803	51,630	52,751	54,561	56,407	57,907
Representing:												
- External Restrictions	45,912	29,956	30,675	31,575	32,253	32,834	33,401	33,952	34,485	34,997	35,487	35,952
- Internal Restrictions	9,042	5,000	5,120	5,382	5,258	5,516	5,390	5,654	5,524	5,796	5,663	5,941
- Unrestricted	6,373	26,683	24,749	13,581	10,809	11,256	12,012	12,023	12,742	13,768	15,257	16,014
	61,327	61,639	60,544	50,537	48,320	49,607	50,803	51,630	52,751	54,561	56,407	57,907

Kempsey Shire Council
10 Year Financial Plan for the Years ending 30 June 2035
CASH FLOW STATEMENT - WATER FUND
Scenario: Base Case

	Actuals 2023/24 \$'000	Current Year 2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'000
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	-	6,272	6,374	6,572	6,753	6,924	7,097	7,274	7,456	7,643	7,834	8,030
User Charges & Fees	-	9,986	10,709	11,028	11,340	11,629	11,919	12,217	12,523	12,836	13,157	13,486
Investment & Interest Revenue Received	-	1,041	1,077	2,095	763	625	595	584	591	608	622	651
Grants & Contributions	-	15,606	7,991	11,456	809	1,066	1,159	1,188	1,217	1,248	1,279	1,311
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	24	25	25	26	27	27	28	29	30	30	31
Payments:												
Employee Benefits & On-Costs	-	(4,071)	(3,951)	(4,060)	(4,203)	(4,351)	(4,505)	(4,664)	(4,828)	(4,998)	(5,175)	(5,357)
Materials & Contracts	-	(7,095)	(6,676)	(6,819)	(6,998)	(7,109)	(7,248)	(7,374)	(7,273)	(7,650)	(7,792)	(7,934)
Borrowing Costs	-	(908)	(903)	(3,144)	(2,974)	(2,803)	(2,653)	(2,517)	(2,375)	(2,222)	(2,069)	(1,926)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Operating Activities	-	20,856	14,645	17,153	5,516	6,008	6,392	6,737	7,341	7,494	7,886	8,291
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	-	-	32,337	3,663	1,306	627	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of Investment Securities	-	(24,998)	(16,373)	-	-	-	-	(43)	(384)	(308)	(814)	(1,145)
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(7,574)	(33,200)	(46,320)	(5,838)	(4,235)	(4,341)	(3,879)	(3,999)	(4,075)	(4,177)	(4,281)
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	-	(32,572)	(49,573)	(13,982)	(2,175)	(2,929)	(3,714)	(3,922)	(4,383)	(4,383)	(4,991)	(5,427)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	5,000	37,000	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	-	(1,848)	(2,072)	(3,170)	(3,341)	(3,079)	(2,678)	(2,815)	(2,957)	(3,110)	(2,895)	(2,864)
Repayment of lease liabilities (principal repayments)	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	-	3,152	34,928	(3,170)	(3,341)	(3,079)	(2,678)	(2,815)	(2,957)	(3,110)	(2,895)	(2,864)
Net Increase/(Decrease) in Cash & Cash Equivalents	-	(8,565)	-	-	0	(0)	0	-	0	(0)	(0)	0
plus: Cash & Cash Equivalents - beginning of year	-	13,565	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Cash & Cash Equivalents - end of the year	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Cash & Cash Equivalents - end of the year												
Cash & Cash Equivalents - end of the year	13,565	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Investments - end of the year	14,003	34,651	51,024	18,687	15,025	13,718	13,091	13,134	13,519	13,827	14,641	15,786
Cash, Cash Equivalents & Investments - end of the year	27,568	39,651	56,024	23,687	20,025	18,718	18,091	18,134	18,519	18,827	19,641	20,786
Representing:												
- External Restrictions	15,283	44,001	60,374	28,037	24,375	23,068	22,441	22,484	22,869	23,177	23,991	25,136
- Internal Restrictions	-	-	-	-	-	-	-	-	-	-	-	-
- Unrestricted	12,285	(4,350)	(4,350)	(4,350)	(4,350)	(4,350)	(4,350)	(4,350)	(4,350)	(4,350)	(4,350)	(4,350)
27,568	39,651	56,024	23,687	20,025	18,718	18,091	18,134	18,519	18,827	19,641	20,786	

Kempsey Shire Council
10 Year Financial Plan for the Years ending 30 June 2035
CASH FLOW STATEMENT - SEWER FUND
Scenario: Base Case

	Actuals 2023/24 \$'000	Current Year 2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'000
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	-	16,775	17,457	17,126	17,545	17,985	18,435	18,896	19,368	19,852	20,349	20,857
User Charges & Fees	-	1,933	2,056	2,118	2,178	2,233	2,289	2,346	2,405	2,465	2,526	2,590
Investment & Interest Revenue Received	-	1,244	3,825	3,734	1,936	1,932	1,241	70	716	786	790	796
Grants & Contributions	-	59,295	32,836	6,748	1,016	1,473	6,214	5,340	1,341	859	864	885
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	6	2	1	1	2	2	2	2	2	2	2
Payments:												
Employee Benefits & On-Costs	-	(3,932)	(3,760)	(4,852)	(5,023)	(5,189)	(5,361)	(5,540)	(5,724)	(5,914)	(6,111)	(6,314)
Materials & Contracts	-	(7,794)	(7,034)	(7,228)	(7,392)	(7,537)	(7,683)	(7,832)	(7,983)	(8,137)	(8,292)	(8,450)
Borrowing Costs	-	(582)	(499)	(409)	(319)	(238)	(33)	(1,389)	(4,061)	(4,215)	(4,192)	(4,165)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Operating Activities	-	66,944	44,884	17,236	9,942	10,662	15,102	11,893	6,064	5,698	5,936	6,201
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	-	-	-	39,498	-	5,290	27,447	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of Investment Securities	-	(55,298)	(15,597)	-	(3,730)	-	-	(767)	(895)	(145)	(164)	(206)
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	-	(10,957)	(27,774)	(55,131)	(4,691)	(14,694)	(76,999)	(60,649)	(8,088)	(5,133)	(5,262)	(5,393)
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	-	(66,255)	(43,371)	(15,634)	(8,421)	(9,404)	(49,553)	(61,416)	(8,983)	(5,278)	(5,426)	(5,599)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	-	-	-	-	-	30,000	51,000	6,000	3,000	3,000	3,000
Payments:												
Repayment of Borrowings & Advances	-	(1,430)	(1,513)	(1,603)	(1,521)	(1,259)	(550)	(1,478)	(3,081)	(3,420)	(3,511)	(3,602)
Repayment of lease liabilities (principal repayments)	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	-	(1,430)	(1,513)	(1,603)	(1,521)	(1,259)	29,450	49,522	2,919	(420)	(511)	(602)
Net Increase/(Decrease) in Cash & Cash Equivalents	-	(741)	-	-	0	0	(5,000)	-	-	0	(0)	0
plus: Cash & Cash Equivalents - beginning of year	-	10,741	10,000	10,000	10,000	10,000	10,000	5,000	5,000	5,000	5,000	5,000
Cash & Cash Equivalents - end of the year	-	10,000	10,000	10,000	10,000	10,000	5,000	5,000	5,000	5,000	5,000	5,000
Cash & Cash Equivalents - end of the year												
Cash & Cash Equivalents - end of the year	10,741	10,000	10,000	10,000	10,000	10,000	5,000	5,000	5,000	5,000	5,000	5,000
Investments - end of the year	17,176	72,474	88,071	48,574	52,304	47,014	19,567	20,334	21,229	21,374	21,538	21,744
Cash, Cash Equivalents & Investments - end of the year	27,917	82,474	98,071	58,574	62,304	57,014	24,567	25,334	26,229	26,374	26,538	26,744
Representing:												
- External Restrictions	8,645	82,474	98,071	58,574	62,304	57,014	24,567	25,334	26,229	26,374	26,538	26,744
- Internal Restrictions	-	-	-	-	-	-	-	-	-	-	-	-
- Unrestricted	19,272	0	0	(0)	(0)	(0)	0	0	0	0	0	0
27,917	82,474	98,071	58,574	62,304	57,014	24,567	25,334	26,229	26,374	26,538	26,744	

Appendix 6 Scenarios

Scenario 1: General Fund – Implement the 7.5% SRV increase in 2025-26 and then rate peg thereafter

Kempsey Shire Council												
10 Year Financial Plan for the Years ending 30 June 2035												
INCOME STATEMENT - GENERAL FUND												
Scenario: 1: Implement the 7.5% SRV increase in 2025-26 and then rate peg thereafter	Actuals	Current Year	Projected Years									
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	30,121	32,985	35,644	36,835	37,967	39,094	40,255	41,450	42,681	43,949	45,255	45,497
User Charges & Fees	7,874	9,651	10,068	10,408	10,739	11,072	11,415	11,769	12,134	12,510	12,898	13,297
Other Revenues	2,305	2,291	2,205	2,275	2,337	2,395	2,455	2,516	2,579	2,644	2,710	2,777
Grants & Contributions provided for Operating Purposes	15,275	15,813	15,447	15,560	16,337	17,445	17,677	17,924	18,262	18,742	19,102	19,722
Grants & Contributions provided for Capital Purposes	33,154	32,328	41,861	22,934	6,923	7,096	7,274	7,455	7,642	7,833	8,029	8,229
Interest & Investment Revenue	3,590	3,067	2,928	2,247	2,187	1,694	1,673	1,754	1,746	1,795	1,606	1,779
Total Income from Continuing Operations	92,319	96,135	108,153	90,258	76,490	78,796	80,748	82,868	85,044	87,473	89,600	91,302
Expenses from Continuing Operations												
Employee Benefits & On-Costs	23,998	25,832	27,657	28,331	29,481	30,401	31,506	32,562	33,711	34,901	36,133	37,408
Borrowing Costs	479	861	1,410	1,930	3,048	3,232	3,507	3,964	4,297	4,799	5,177	6,359
Materials & Contracts	19,866	19,935	13,898	14,056	14,591	15,956	15,954	15,601	16,032	16,868	16,565	17,657
Depreciation & Amortisation	16,138	15,255	17,124	17,923	18,636	19,204	19,758	20,328	20,913	21,514	22,134	22,971
Other Expenses	2,046	4,771	5,496	5,672	5,825	5,971	6,120	6,273	6,430	6,591	6,755	6,924
Net Losses from the Disposal of Assets	6,646	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	69,208	66,655	65,584	67,911	71,581	74,763	76,845	78,728	81,382	84,673	86,764	91,319
Net Operating Result for the Year	23,111	29,481	42,568	22,347	4,908	4,033	3,902	4,141	3,662	2,800	2,835	(17)
Net Operating Result before Grants and Contributions provided for Capital Purposes	(10,043)	(2,848)	707	(587)	(2,015)	(3,063)	(3,371)	(3,315)	(3,980)	(5,033)	(5,193)	(8,247)
Operating Result (Ten-year total)	(34,097)											
Operating Result (Annual average)	(3,410)											

Scenario 2: General Fund – Implement 3.9% rate peg only in 2025-26 and beyond.

Kempsey Shire Council												
10 Year Financial Plan for the Years ending 30 June 2035												
INCOME STATEMENT - GENERAL FUND												
Scenario: 2 - Implement rate peg only	Actuals	Current Year	Projected Years									
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	30,121	32,985	34,641	35,798	36,897	37,991	39,117	40,278	41,472	42,703	43,970	45,275
User Charges & Fees	7,874	9,651	10,068	10,408	10,739	11,072	11,415	11,769	12,134	12,510	12,898	13,297
Other Revenues	2,305	2,291	2,205	2,275	2,337	2,395	2,455	2,516	2,579	2,644	2,710	2,777
Grants & Contributions provided for Operating Purposes	15,275	15,813	15,447	15,560	16,337	17,445	17,677	17,924	18,262	18,742	19,102	19,722
Grants & Contributions provided for Capital Purposes	33,154	32,328	41,861	22,934	6,923	7,096	7,274	7,455	7,642	7,833	8,029	8,229
Interest & Investment Revenue	3,590	3,067	2,921	2,204	2,115	1,644	1,649	1,697	1,698	1,751	1,549	1,759
Total Income from Continuing Operations	92,319	96,135	107,143	89,178	75,348	77,643	79,587	81,639	83,787	86,183	88,258	91,061
Expenses from Continuing Operations												
Employee Benefits & On-Costs	23,998	25,832	27,657	28,331	29,481	30,401	31,506	32,562	33,711	34,901	36,133	37,408
Borrowing Costs	479	861	1,410	1,930	3,048	3,330	3,702	4,202	4,626	5,166	5,629	6,942
Materials & Contracts	19,866	19,935	13,898	14,056	14,591	15,956	15,954	15,601	16,032	16,868	16,565	17,657
Depreciation & Amortisation	16,138	15,255	17,124	17,923	18,636	19,204	19,758	20,328	20,913	21,514	22,134	22,971
Other Expenses	2,046	4,771	5,496	5,672	5,825	5,971	6,120	6,273	6,430	6,591	6,755	6,924
Net Losses from the Disposal of Assets	6,646	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	69,208	66,655	65,584	67,911	71,581	74,862	77,040	78,965	81,711	85,040	87,216	91,902
Net Operating Result for the Year	23,111	29,481	41,558	21,267	3,767	2,782	2,546	2,674	2,076	1,143	1,042	(841)
Net Operating Result before Grants and Contributions provided for Capital Purposes	(10,043)	(2,848)	(303)	(1,667)	(3,156)	(4,314)	(4,727)	(4,782)	(5,566)	(6,690)	(6,987)	(9,070)
Operating Result (Ten-year total)	(47,263)											
Operating Result (Annual average)	(4,726)											

Appendix 7 Ratio Explanations

Ratio	Description
Operating Performance	The purpose of this ratio is to measure a council's achievement in containing operating expenditure within operating revenue.
Own Source Revenue	This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A Council's financial flexibility improves the higher the level of its own source revenue.
Unrestricted Current Ratio	This ratio is designed to represent Council's ability to meet short term obligations as they fall due.
Debt Service Cover	This ratio measures the availability of operating cash to service debt including interest, principal, and lease payments.
Rates and annual charges outstanding percentage	This ratio assesses the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.
Cash Expenses Cover	This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash flow.
Buildings and infrastructure renewals ratio	To assess the rate at which assets are being renewed relative to the rate at which they are depreciating.
Infrastructure backlog ratio	This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.
Asset maintenance ratio	Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.