

**Resourcing Strategy**

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# **Long Term Financial Plan**

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**2021-31**



**Randwick City Council**  
a sense of community



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# PART 1 Introduction

Executive Summary

Our Vision and Mission

Our values

## Executive Summary

The financial strength and sustainability of Randwick City Council provides a foundation and is an enabler for the Council to provide services and infrastructure desired by the community today and in the future. The plan's principles and strategies will guide decision-making within Randwick City. This will help Council achieve sustainable service provision for the local community, meeting the commitments outlined in the Delivery Program and contributing towards the community vision.





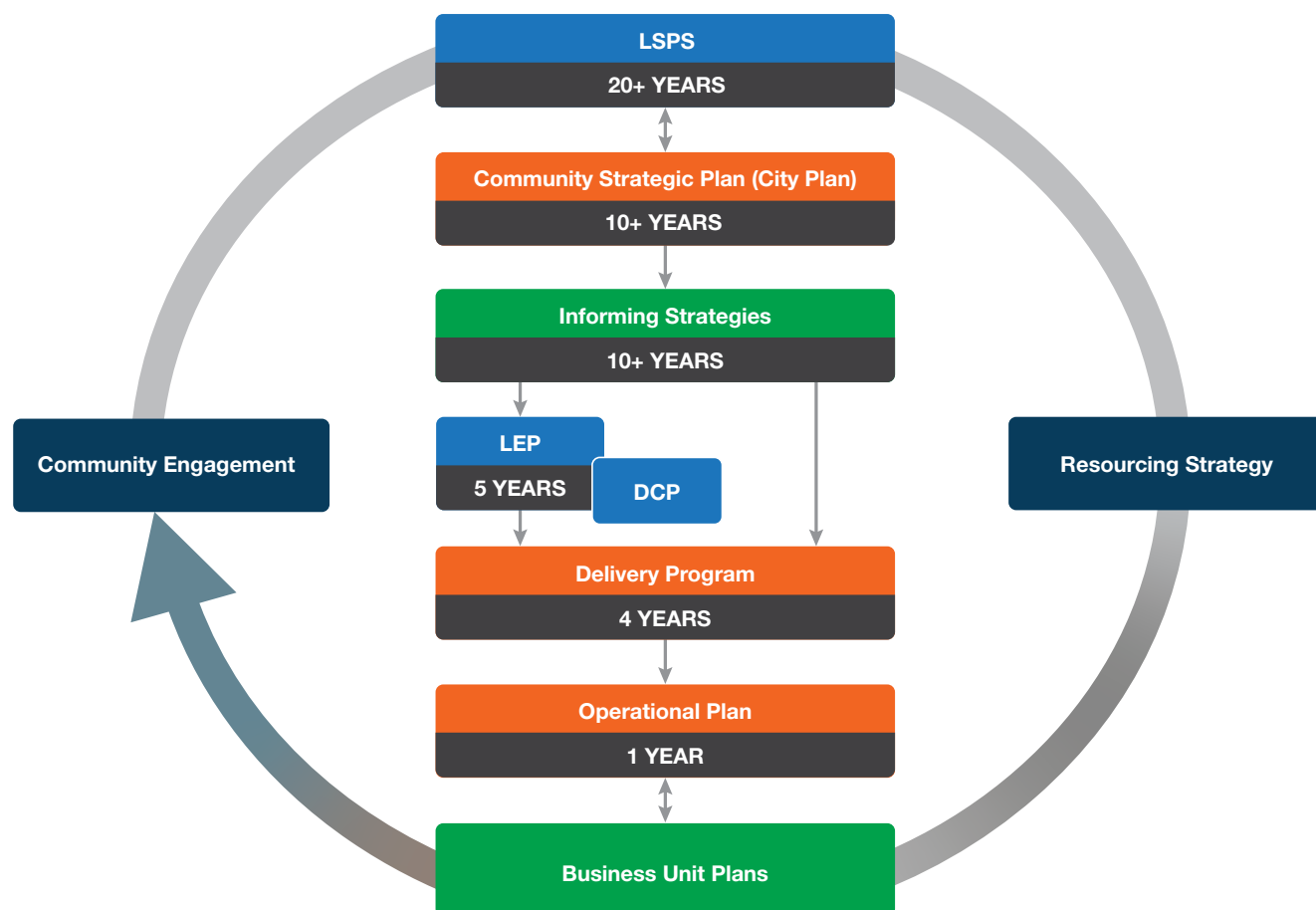
Council's Long Term Financial Plan is a key component of Randwick City's Resourcing Strategy. As the name suggests, the Resourcing Strategy demonstrates how Council will resource through time, money, people, technology and assets, its contribution towards the community's aspirations.

Our plan will guide the delivery of actions by Council to achieve our City Plan's *Outcome 1 – Leadership in sustainability*:

**Direction 1a - Council has a long-term vision based on sustainability.**

**Direction 1b - Council is a leader in the delivery of social, financial, and operational activities.**

Through sound financial planning, proactive asset management and continuous improvement in the application of technology and the development of a strong workforce, Council will maintain its position as an industry leader



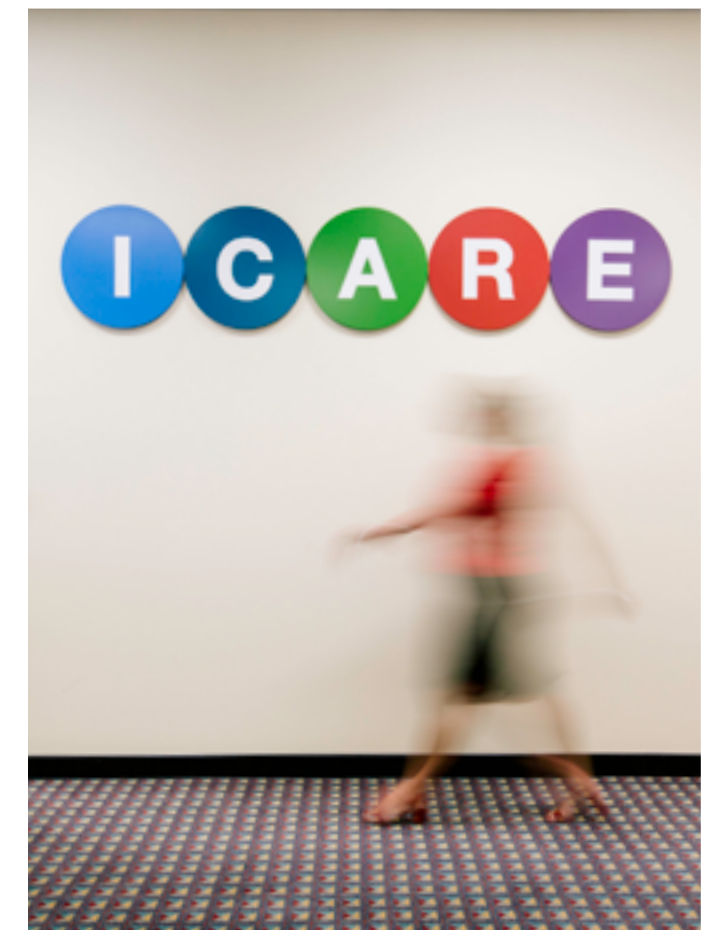
## Our Vision and Mission

Our vision is to build a sense of community. We are achieving this through our mission statement of 'working together to enhance our environment, celebrate our heritage and to value and serve our community'.

## Our Values

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

- Integrity
- Customer focus
- Accountability
- Respect
- Excellence





# PART 2 Randwick City

People, services, infrastructure,  
and technology

Economic environment

Socioeconomics

Rates affordability

COVID impacts

## People

There are a lot of people who either live, work, study or visit Randwick City each day. The estimated resident population of Randwick City in 2021 was 155,649. In addition to this, there is an increasing number of people who come to Randwick City as tourists each year, along with the increasing number of people who either work or study here. These growing numbers will continue to put strain on both our existing services and infrastructure into the future.

### Demographic and employment

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

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

Between 2006-2016, Young Adults have had the highest growth rate at 10.28 per cent, this was followed closely by Youth at 9.97 per cent and Retiree at 9.16 per cent.

Age projections suggest the growth rate for Young Adults will not be as strong towards 2036 and will drop to about seven per cent. The growth rate of Retirees will rise to 10.61 per cent to 2036. This suggests a diverse population structure for the future in Randwick LGA. Spaces that cater to a diversity of people will be valuable.

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



OUR COMMUNITY

155,649<sup>1</sup>  
Population (June 2019)  
(estimated residential)

1.5%<sup>3</sup>  
Aboriginal &  
Torres Strait Islanders

87  
Parks

1%<sup>1</sup>  
Population growth  
2018-2019

48.6%<sup>3</sup>  
Born  
Overseas

15  
Community  
Centres

170,541<sup>5</sup>  
Forecasted  
population 2031

58,000<sup>3</sup>  
Homes

58  
Playgrounds

34 years<sup>3</sup>  
Median age

36%<sup>3</sup>  
Speaks a language  
other than English

19  
Sportsfields

20.3%<sup>1</sup>  
Population  
aged 25-34

3  
Libraries

SOURCES

1. Australian Bureau of Statistics. Regional Population Growth, Australia (3218.0).

2. The Labour Market Information Portal SALM September Quarter 2020.

3. Australian Bureau of Statistics Census of Population and Housing 2016.

4. Randwick Economy.id – National Institute of Economic and Industry Research (NIEIR).

5. NSW Department of Planning, Industry and Environment, Population, Household and Implied Dwelling Projections by LGA (ASGS 2019).



Services

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

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

Details of the services and the service standards can be found in Council’s 2018-22 Delivery Program.

of Randwick City’s infrastructure. To ensure that this continues the financial management of the City’s infrastructure will be guided by Council’s 2018-28 Asset Management Plans.

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

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

Infrastructure

The results of previous community satisfaction surveys highlight the importance that the community places on the condition of the City’s infrastructure. Overall, the community is satisfied with the condition

Technology

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

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

By taking advantage of technological progress, Council and the Randwick City community can make it more prosperous, sustainable, assessable, and safe. Real time information, data and technology will lead to better utilisation of infrastructure; clean energy and energy efficiency; improvements in services and better benchmarking of our performance. The implementation of Council’s Digital Strategy has been incorporated into the modelling in this plan.





Economic Environment

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

Business properties

There are more than 2,091 properties across Randwick City which are rated as ‘Business’ and account for around four per cent of the City’s total rateable properties.

Businesses and industry

There are 14,298 businesses in Randwick City with the largest subcategory within this being the Professional, Scientific and Technical Services industry (ABS, NIEIR).

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



Gross Regional Product

Randwick City’s Gross Regional Product (GRP) was \$9.789 billion in June 2020. Our city represents 2 per cent of the GRP of the Greater Sydney region (NIEIR).

Workers

There were 59,260 jobs located in Randwick City in the year ending 30 June 2020. Over 1.43 per cent of jobs in NSW are in Randwick City (NIEIR).

Tourism

Prior to the pandemic, Council has recorded almost 113,000 international visitors per annum, who stayed at least one night in Randwick City. Similarly, 646,000 annual domestic day trips to the city were recorded (Tourism Research Australia). This large number of visitors utilise different services within the local economy but also utilise Council’s services and infrastructure.

Education institutions

Randwick City is home to the University of New South Wales (UNSW) and its 59,000 plus enrolled students. Randwick City is also home to NIDA and Randwick TAFE Campus, which both service thousands more students. These students utilise Council’s services and infrastructure but also patronise local Randwick City businesses

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

Sporting facilities

Randwick City has regional sporting facilities such as Heffron Park, Chifley Sports Reserve, and the Des Renford Leisure Centre (DRLC). The DRLC is home to the largest Learn to Swim School in Australia. These sporting facilities bring thousands of children and their parents into the city every week who also utilise Council’s services and infrastructure and patronise local Randwick City businesses.



OUR ECONOMY

\$9.789b<sup>4</sup>

Gross Regional Product (June 2020)

38%<sup>3</sup>

University qualified (Bachelor or higher)

\$1.624m<sup>4</sup>

Mean dwelling price (June 2018)

14,298<sup>4</sup>

Businesses (Dec 2020)

13%<sup>3</sup>

Attending University

\$600<sup>3</sup>

Median weekly rent

83,635<sup>4</sup>

Employed residents (June 2020)

5.4<sup>2</sup>

Unemployment rate (Sept 2021)

46.9%<sup>3</sup>

People renting

59,260<sup>4</sup>

Local Jobs (June 2020)

\$1,916<sup>3</sup>

Median weekly household income

SOURCES

1. Australian Bureau of Statistics, Regional Population Growth, Australia (3218.0).
2. The Labour Market Information Portal SALM September Quarter 2020.
3. Australian Bureau of Statistics Census of Population and Housing 2016.
4. Randwick Economy.id – National Institute of Economic and Industry Research (NIEIR).
5. NSW Department of Planning, Industry and Environment, Population, Household and Implied Dwelling Projections by LGA (ASGS 2019).



## Socioeconomics; rates affordability

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

### Residential properties

In the 2021-22 financial year there are over 58,300 properties across Randwick City that are rated as Residential.

They include single dwellings, social housing, and multi-unit dwellings.

### Housing tenure

In Randwick City, 46% of households were purchasing or fully owned their home, 46.9% were

renting privately, and 6.4% were in social housing in 2016 (ABS). Once the results from this year's ABS census have been released they will be incorporated into this plan. The median weekly mortgage repayment across the Randwick City was \$625 and the median weekly rent was \$600.

### Household incomes

According to the 2016 Census the median weekly income of households across Randwick City was \$1,910 which was \$165 more than the Greater Sydney area. The number of residents receiving government pensions and allowances is decreasing over time and this correlates with the reducing number of rates rebates that are being granted by Council each year.



### Indexes

The Index of Relative Socio-Economic Disadvantage (IRSED) is based on the 2016 Census and is useful in identifying geographic areas that are relatively disadvantaged. An area with an IRSED of 1000 is considered average while a lower score indicates that the area is experiencing more disadvantage. With an average IRSED of 1052 Randwick City is considered to have a slightly higher than average level of socio-economic advantage (Randwick City, Index of Relative Socio-economic Disadvantage, 2016).

### Outstanding rates, annual charges

On 30 June 2021, less than 4 per cent of rates and annual charges levied remained outstanding. Despite the pandemic, it is still under the industry benchmark. This is an important consideration in setting options for funding within this plan and is one of the indicators of our ratepayer's capacity and willingness to pay for the services of the Council.

### Hardship and Concessions

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





## COVID Impacts

In 2021-22, NSW Government started a series of new public health orders that have resulted in the closure of council facilities, schools, businesses and other organisations. These stay-at-home orders have been introduced in a bid to stop the spread of the COVID-19 virus.

Council has undertaken economic analysis to understand the impacts of the pandemic on our local economy

PAYROLL INDEX, EASTERN SUBURBS COMPARED TO OTHER AREAS IN SYDNEY, 2020-2021



Source: ABS Labour Force Data, Payroll Data , 2021

UNEMPLOYMENT RATE, RANDWICK LGA, MARCH 2016-MARCH 2021



Source: Department of Education, Skills and Employment, Small Area Labour Market Estimates, 2021

Payroll data indicates wages and work hours have decreased, but do have the ability to bounce back between lock downs.

As a result of the pandemic, the unemployment rate of 6.2% for the total resident workforce in Randwick LGA increased to March 2021. This is below the unemployment rate of Greater Sydney and largely representative of the high level of knowledge intensive workers living within the LGA, who have been able to work from home. Payroll data indicates the current stay at home Public Health Orders may have worsened the position, however as discussed earlier, it is expected this will improve once restrictions are lifted in the coming months.





# PART 3 Principles and Strategies

Legislated Principles

Financial Objectives

## Legislated Principles

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

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

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

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

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





## Financial Objectives

Our financial objectives:

- Deliver operating surpluses**  
 Ensure that each financial year the budget has a healthy before capital revenue operating surplus, combined with strong budget management and control, to help deliver an operating surplus for Council.
- Fund existing service levels**  
 Ensure existing service levels that Council currently provide continue to be fully funded when preparing budgets and making financial decisions.
- Fund infrastructure renewals**  
 The funding allocated to annual capital works programs (including future reserves for this purpose) should be the equivalent to at least 20 per cent of the total revenue budget. This target ensures the Council maintains a disciplined approach to funding infrastructure renewals.
- Ensure financial stability**  
 Council can guarantee its financial stability by maintaining a strong cash position, ensuring its ability to generate its own operating revenue, and having sufficient assets to cover its liabilities.
- Financial legacy**  
 Ensure that every financial decision that is made, by both the Council and Council management, creates and safeguards the financial legacy of Randwick City Council – a legacy of being prudent and responsible.





# PART 4 Financial Assumptions

Projection considerations  
Financial planning assumptions  
Tables - financial assumptions

## Projection Considerations

- The base year figures that have been used for cash and investments are those projected closing balances contained within the 2021-22 budget. All other balance sheet items in this plan have a base year based on the opening balances from the 2021-22 financial year.
- **Cash and investment**  
The forecasted balances of cash and investments have considered the planned movements of various reserves such as plant replacement, domestic waste, employee leave entitlements, ICT, Randwick Environmental Park, affordable housing, and development contributions reserves. Cash levels have been forecasted to ensure that adequate operational liquidity is maintained.
- **Receivables**  
Randwick City Council has continually had one of the lowest levels of outstanding rates and annual charges amongst all New South Wales councils. These low levels assist with Council's liquidity, and it has been assumed that these low levels will continue across the period of the plan.
- **Inventories and other assets -**  
The inventory that Council holds at its Works Depot, DRLC and Community Nursery have remained stable over the past ten years. These levels have been forecasted to continue over the life of the plan.





- **Infrastructure, property, plant, and equipment**  
Randwick City is the custodian of infrastructure, property plant and equipment valued at \$1.87 billion. The financial management of these assets are guided by the 2018-28 Asset Management Plans and the asset renewals and upgrades that have been identified in those plans have been funded in this Long Term Financial Plan.
- **Provisions**  
Council has made provisions for payment of employee leave entitlements which predominately consists of annual leave and long service leave. The balance of these provisions is influenced by the Annual and Long Service Leave Management Policy, retirements and leave plans. When determining the value of the provisions, factors such as wage and salary increases, cash rate forecasts, and factors affecting discounting rates have been taken into consideration.

- **Borrowings**  
External borrowings of \$33.5 million were committed for the 2020-22 Delivery Program for the purpose of funding major works, including Our Community Our Future Program and Heffron Centre. Council will make application to acquire these borrowings under the State Government’s Low-Cost Loan Initiative.  
  
Council will only borrow in the form, and from financial institutions, mandated in the Borrowing Order issued under s624 of the Local Government Act 1993. The security for these loans will be secured against Council’s rating income as required under s229 of the Local Government (General) Regulation.  
  
Council considers borrowing in accordance with its Investment Policy. Council may borrow for capital projects identified in the Resourcing Strategy or to fund income producing assets



## Financial Planning Assumptions

In preparing our budget, consideration was given to a range of economic and political factors that affect our finances. That impacts our capability to maintain existing levels of service and financial sustainability.

While the COVID pandemic has impacted the 2020/21 and 2021/22 financial years due to closure of our Leisure Centre and the costs associated with our Resilient Randwick business and community support initiatives, we do not anticipate the impacts to continue into the 2022/23 financial year or beyond. The financial shock felt by Council throughout the pandemic period was able to be weathered due to a strong financial position built over time.

Based on reliable information sources (*ABS, RBA, and Deloitte Access Economics, accessed online, 17 May 2021*), we have now made assumptions in putting together our long-term plan and its balanced budget.

The tables below provide a list of assumptions on which the Long Term Financial Plan is based. Detailed explanatory notes for each can be found in **Appendix A**





TABLE 1  
Financial Assumptions (%)

|  | YEAR 1<br>2021-22 | YEAR 2<br>2022-23 | YEAR 3<br>2023-24 | YEAR 4<br>2024-25 | YEAR 5<br>2025-26 | YEAR 6<br>2026-27 | YEAR 7<br>2027-28 | YEAR 8<br>2028-29 | YEAR 9<br>2029-30 | YEAR 10<br>2030-31 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Population Growth                        | 0.89%             | 0.89%             | 0.91%             | 0.93%             | 0.93%             | 0.93%             | 0.93%             | 0.95%             | 0.97%             | 0.97%              |
| Consumer Price Index                     | 2.30%             | 1.75%             | 1.70%             | 1.70%             | 1.70%             | 1.70%             | 1.80%             | 1.90%             | 2.00%             | 2.10%              |
| Rate Pegging Limit                       | 2.00%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%              |
| Rate Growth                              | 0.00%             | 0.52%             | 1.20%             | 1.38%             | 1.55%             | 1.55%             | 1.55%             | 1.55%             | 1.55%             | 1.63%              |
| Stormwater Management                    | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%              |
| Domestic Waste                           | 3.20%             | 3.20%             | 3.20%             | 3.20%             | 3.20%             | 3.20%             | 3.20%             | 2.00%             | 2.00%             | 2.00%              |
| User Fees and Charges                    | 2.30%             | 1.75%             | 1.70%             | 1.70%             | 1.70%             | 1.70%             | 1.80%             | 1.90%             | 2.00%             | 2.10%              |
| Investment Return Rates                  | 1.29%             | 1.34%             | 1.35%             | 1.33%             | 1.35%             | 1.35%             | 1.40%             | 1.45%             | 1.50%             | 1.55%              |
| Other Revenues                           | 2.30%             | 1.75%             | 1.70%             | 1.70%             | 1.70%             | 1.70%             | 1.80%             | 1.90%             | 2.00%             | 2.10%              |
| Op Grants and Contributions              | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%              |
| Cap Grants and Contributions             | 0.20%             | 0.20%             | 0.20%             | 0.20%             | 0.20%             | 0.20%             | 0.20%             | 0.20%             | 0.20%             | 0.20%              |
| Employee Costs - Award                   | 2.00%             | 2.00%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%              |
| Employee Costs - TRP                     | 2.00%             | 2.00%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%              |
| Employee Costs - Super                   | 0.50%             | 0.50%             | 0.50%             | 0.50%             | 0.50%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%              |
| Employee Costs - Maintain Service Levels | 0.00%             | 0.51%             | 1.19%             | 1.35%             | 1.50%             | 1.48%             | 1.45%             | 1.43%             | 1.41%             | 1.47%              |
| Materials and Contracts (M&C)            | 2.30%             | 2.90%             | 2.90%             | 2.90%             | 2.90%             | 2.90%             | 2.90%             | 2.90%             | 2.90%             | 2.90%              |
| M&C - Maintain Service Levels            | 0.00%             | 0.51%             | 1.19%             | 1.35%             | 1.50%             | 1.48%             | 1.45%             | 1.43%             | 1.41%             | 1.47%              |
| Other Expenses                           | 2.30%             | 2.90%             | 2.90%             | 2.90%             | 2.90%             | 2.90%             | 2.90%             | 2.90%             | 2.90%             | 2.90%              |

TABLE 2  
Financial Assumptions

|                                  | YEAR 1<br>2021-22 | YEAR 2<br>2022-23 | YEAR 3<br>2023-24 | YEAR 4<br>2024-25 | YEAR 5<br>2025-26 | YEAR 6<br>2026-27 | YEAR 7<br>2027-28 | YEAR 8<br>2028-29 | YEAR 9<br>2029-30 | YEAR 10<br>2030-31 |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Household Growth                 | 260               | 300               | 700               | 800               | 900               | 900               | 900               | 900               | 900               | 950                |
| Development Contributions        | \$4.00M           | \$4.00M           | \$3.50M           | \$2.80M           | \$2.80M           | \$2.80M           | \$2.80M           | \$2.80M           | \$2.80M           | \$2.80M            |
| Affordable Housing Contributions | \$5.00M           | \$2.00M           | \$2.00M           | \$2.00M           | \$2.00M           | \$2.00M           | \$2.00M           | \$2.00M           | \$2.00M           | \$2.00M            |
| Loan Borrowings                  | \$19.00M          | Nil               | Nil               | Nil               | Nil               | Nil               | Nil               | Nil               | Nil               | Nil                |
| Principal Repayments             | \$3.11M           | \$3.17M           | \$3.22M           | \$3.28M           | \$3.34M           | \$3.40M           | \$3.46M           | \$3.53M           | \$3.59M           | \$2.06M            |
| Interest Repayments              | \$0.57M           | \$0.51M           | \$0.45M           | \$0.39M           | \$0.33M           | \$0.27M           | \$0.21M           | \$0.15M           | \$0.09M           | \$0.03M            |
| Depreciation                     | \$28.41M          | \$29.39M          | \$30.55M          | \$31.72M          | \$32.92M          | \$33.89M          | \$34.60M          | \$35.79M          | \$36.61M          | \$37.56M           |



# PART 5

## Our Long Term Financial Plan



### Balanced Budget

To ensure financial sustainability, our long-term financial plan is balanced, by ensuring Council has frameworks in place to effectively manage its limited resources to achieve best value for our community. Our plan provides a tool to demonstrate the long-term financial performance of Council based upon current service provision. It provides a base upon which Council can assess the long-term financial impacts of decisions made. The plan extends for a period of ten years, and uses the 2021-22 budget as the base year for this plan.





## Financial SWOT Assessment

A closer look at our internal strengths and weaknesses, and external opportunities and threats, will determine those factors that are favourable and unfavourable in achieving the outcomes of this plan.

### Strengths

- Randwick City Council has a history of being programmed and disciplined resulting in healthy operating surpluses.
- Timely financial reporting to the Council and to the community.

### Weaknesses

- Now that the Special Rate Variation (SRV) has expired, the Council's rates revenue is restricted by the annual movements in the rate peg.
- The regulatory restrictions placed on Council in relation to financial management and its ability to raise revenue.

### Opportunities

- The advancement of technology and the innovation and efficiencies it can present for Council following the integration of it into operations.
- The opportunity to engage the community in the financial management of the Council and the importance of infrastructure investment and funding to maintain service levels through effective communication and tools such as this plan and other financial reporting mechanisms.

### Threats

- External economic and environmental factors or events that are out of control of Council and its management.
- Political decisions that are made on a State and Federal level that changes policy and legislation that Council must operate under.



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

- Income Statement
- Statement of Financial Position
- Cashflow Statement
- Graph - Balanced Budget (including and excluding Domestic Waste)





## Long Term Financial Plan 2021-31 - BALANCED BUDGET

### Income Statement

|   | YEAR 1<br>2021-22<br>\$ '000 | YEAR 2<br>2022-23<br>\$ '000 | YEAR 3<br>2023-24<br>\$ '000 | YEAR 4<br>2024-25<br>\$ '000 | YEAR 5<br>2025-26<br>\$ '000 | YEAR 6<br>2026-27<br>\$ '000 | YEAR 7<br>2027-28<br>\$ '000 | YEAR 8<br>2028-29<br>\$ '000 | YEAR 9<br>2029-30<br>\$ '000 | YEAR 10<br>2030-31<br>\$ '000 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Income from Continuing Operations</b>  |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Rates & Annual Charges  | 131,977                      | 136,014                      | 140,327                      | 145,445                      | 150,794                      | 156,321                      | 162,033                      | 167,392                      | 172,919                      | 178,711                       |
| User Charges & Fees   | 19,575                       | 20,939                       | 21,317                       | 21,702                       | 22,095                       | 22,495                       | 22,923                       | 23,361                       | 23,828                       | 24,327                        |
| Interest & Investment Revenue   | 842                          | 907                          | 979                          | 982                          | 959                          | 946                          | 1,026                        | 1,022                        | 1,019                        | 1,072                         |
| Other Revenue   | 8,965                        | 9,037                        | 9,108                        | 9,180                        | 9,253                        | 9,328                        | 9,408                        | 9,495                        | 9,587                        | 9,686                         |
| Grants & Contributions provided for Operating Purposes  | 7,215                        | 7,028                        | 7,119                        | 7,212                        | 7,278                        | 7,345                        | 7,412                        | 7,480                        | 7,548                        | 7,617                         |
| Grants & Contributions provided for Capital Purposes  | 12,344                       | 6,080                        | 5,580                        | 4,881                        | 4,882                        | 4,883                        | 4,884                        | 4,885                        | 4,885                        | 4,886                         |
| <i>Other Income:</i>  |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Heffron Centre - Income^  | -                            | 972                          | 1,008                        | 1,045                        | 1,076                        | 1,107                        | 1,139                        | 1,172                        | 1,207                        | 1,239                         |
| <b>Total Income from Continuing Operations</b>  | <b>180,919</b>               | <b>180,975</b>               | <b>185,438</b>               | <b>190,448</b>               | <b>196,337</b>               | <b>202,424</b>               | <b>208,826</b>               | <b>214,807</b>               | <b>220,994</b>               | <b>227,539</b>                |
| <b>Expenses from Continuing Operations</b>  |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Employee Benefits & On-Costs  | 73,925                       | 76,103                       | 78,722                       | 81,009                       | 83,552                       | 86,145                       | 88,819                       | 91,579                       | 94,426                       | 97,438                        |
| Borrowing Costs   | 565                          | 509                          | 452                          | 393                          | 334                          | 273                          | 212                          | 149                          | 86                           | 28                            |
| Materials & Contracts   | 43,668                       | 45,992                       | 47,060                       | 48,794                       | 50,645                       | 52,299                       | 54,013                       | 55,390                       | 57,531                       | 59,193                        |
| Depreciation & Amortisation   | 28,406                       | 29,389                       | 30,545                       | 31,722                       | 32,954                       | 33,940                       | 34,696                       | 35,852                       | 36,677                       | 37,600                        |
| Heffron Centre - Depreciation^  | -                            | 864                          | 864                          | 864                          | 864                          | 864                          | 864                          | 864                          | 864                          | 864                           |
| Other Expenses  | 18,375                       | 18,197                       | 18,727                       | 20,199                       | 19,781                       | 20,383                       | 21,116                       | 22,782                       | 22,473                       | 23,190                        |
| Heffron Centre - Expenses^  | -                            | 216                          | 220                          | 226                          | 231                          | 236                          | 241                          | 247                          | 253                          | 259                           |
| Net Losses from the Disposal of Assets  | -                            | -                            | -                            | -                            | -                            | -                            | 140                          | 218                          | 181                          | 153                           |
| <b>Total Expenses from Continuing Operations</b>  | <b>164,939</b>               | <b>171,270</b>               | <b>176,590</b>               | <b>183,206</b>               | <b>188,361</b>               | <b>194,141</b>               | <b>200,102</b>               | <b>207,082</b>               | <b>212,491</b>               | <b>218,725</b>                |
| <b>Operating Result from Continuing Operations</b>  | <b>15,980</b>                | <b>9,705</b>                 | <b>8,848</b>                 | <b>7,242</b>                 | <b>7,976</b>                 | <b>8,283</b>                 | <b>8,723</b>                 | <b>7,725</b>                 | <b>8,502</b>                 | <b>8,814</b>                  |
| <b>Discontinued Operations</b>  |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Net Profit/(Loss) from Discontinued Operations  | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| <b>Net Operating Result for the Year</b>  | <b>15,980</b>                | <b>9,705</b>                 | <b>8,848</b>                 | <b>7,242</b>                 | <b>7,976</b>                 | <b>8,283</b>                 | <b>8,723</b>                 | <b>7,725</b>                 | <b>8,502</b>                 | <b>8,814</b>                  |
| Net Operating Result for the year before Grants and Contributions provided for Capital Purposes | 3,636                        | 3,625                        | 3,268                        | 2,360                        | 3,094                        | 3,400                        | 3,839                        | 2,840                        | 3,617                        | 3,928                         |

^ Heffron Park - Gymnastics Facility and Indoor Multi-purpose Facility Business Plan - Final Report, Aug 2017 - Prepared by: Otium Planning Group Pty Ltd



## Long Term Financial Plan 2021-31 - BALANCED BUDGET

### Statement of Financial Position

|   | YEAR 1<br>2021-22<br>\$ '000 | YEAR 2<br>2022-23<br>\$ '000 | YEAR 3<br>2023-24<br>\$ '000 | YEAR 4<br>2024-25<br>\$ '000 | YEAR 5<br>2025-26<br>\$ '000 | YEAR 6<br>2026-27<br>\$ '000 | YEAR 7<br>2027-28<br>\$ '000 | YEAR 8<br>2028-29<br>\$ '000 | YEAR 9<br>2029-30<br>\$ '000 | YEAR 10<br>2030-31<br>\$ '000 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>ASSETS</b>                                     |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| <b>Current Assets</b>                             |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Cash & Cash Equivalents                           | 35,022                       | 36,635                       | 36,485                       | 36,347                       | 37,678                       | 40,154                       | 42,182                       | 44,680                       | 48,678                       | 50,249                        |
| Investments                                       | 14,698                       | 16,098                       | 19,048                       | 18,048                       | 16,648                       | 14,248                       | 16,548                       | 12,848                       | 9,148                        | 9,448                         |
| Receivables                                       | 9,747                        | 9,839                        | 9,137                        | 9,333                        | 9,562                        | 9,760                        | 10,074                       | 10,281                       | 10,478                       | 10,791                        |
| Inventories                                       | 617                          | 635                          | 653                          | 672                          | 692                          | 712                          | 733                          | 754                          | 776                          | 798                           |
| Other   | 751                          | 765                          | 778                          | 791                          | 804                          | 818                          | 833                          | 848                          | 865                          | 884                           |
| <b>Total Current Assets</b>                       | <b>60,836</b>                | <b>63,971</b>                | <b>66,101</b>                | <b>65,191</b>                | <b>65,384</b>                | <b>65,692</b>                | <b>70,368</b>                | <b>69,411</b>                | <b>69,945</b>                | <b>72,169</b>                 |
| <b>Non-Current Assets</b>                         |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Receivables                                       | 502                          | 517                          | 536                          | 557                          | 579                          | 602                          | 626                          | 650                          | 676                          | 703                           |
| Infrastructure, Property, Plant & Equipment       | 1,866,970                    | 1,890,371                    | 1,913,526                    | 1,939,288                    | 1,964,422                    | 1,989,676                    | 2,011,424                    | 2,032,884                    | 2,057,535                    | 2,084,216                     |
| Investments accounted for using the equity method | 7                            | 7                            | 7                            | 7                            | 7                            | 7                            | 7                            | 7                            | 7                            | 7                             |
| Right of Use assets                               | 234                          | 231                          | 227                          | 224                          | 220                          | 217                          | 214                          | 210                          | 207                          | 203                           |
| Intangible Assets                                 |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Other   | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| <b>Total Non-Current Assets</b>                   | <b>1,867,713</b>             | <b>1,891,125</b>             | <b>1,914,296</b>             | <b>1,940,076</b>             | <b>1,965,228</b>             | <b>1,990,501</b>             | <b>2,012,270</b>             | <b>2,033,751</b>             | <b>2,058,424</b>             | <b>2,085,129</b>              |
| <b>TOTAL ASSETS</b>                               | <b>1,928,549</b>             | <b>1,955,096</b>             | <b>1,980,397</b>             | <b>2,005,267</b>             | <b>2,030,612</b>             | <b>2,056,194</b>             | <b>2,082,639</b>             | <b>2,103,162</b>             | <b>2,128,369</b>             | <b>2,157,298</b>              |
| <b>LIABILITIES</b>                                |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| <b>Current Liabilities</b>                        |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Payables  | 17,791                       | 18,212                       | 18,661                       | 19,126                       | 19,617                       | 20,121                       | 20,647                       | 21,197                       | 21,597                       | 22,193                        |
| Payables - Heffron Centre^                        |                              | 590                          | 604                          | 618                          | 632                          | 646                          | 661                          | 677                          | 692                          | 708                           |
| Borrowing   | 3,111                        | 3,167                        | 3,224                        | 3,282                        | 3,342                        | 3,402                        | 3,464                        | 3,526                        | 3,590                        | 2,099                         |
| Provisions  | 19,901                       | 20,156                       | 20,696                       | 21,251                       | 21,930                       | 22,631                       | 23,357                       | 24,108                       | 24,784                       | 25,588                        |
| <b>Total Current Liabilities</b>                  | <b>40,803</b>                | <b>42,125</b>                | <b>43,185</b>                | <b>44,278</b>                | <b>45,520</b>                | <b>46,801</b>                | <b>48,129</b>                | <b>49,507</b>                | <b>50,664</b>                | <b>50,588</b>                 |
| <b>Non-Current Liabilities</b>                    |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Payables - Heffron Centre                         | 18,536                       | 17,946                       | 17,342                       | 16,724                       | 16,092                       | 15,446                       | 14,784                       | 14,108                       | 13,416                       | 12,708                        |
| Borrowing   | 29,096                       | 25,929                       | 22,705                       | 19,423                       | 16,081                       | 12,679                       | 9,216                        | 5,689                        | 2,099                        | (0)                           |
| Provisions  | 262                          | 269                          | 277                          | 285                          | 294                          | 305                          | 315                          | 326                          | 337                          | 349                           |
| <b>Total Non-Current Liabilities</b>              | <b>47,894</b>                | <b>44,144</b>                | <b>40,324</b>                | <b>36,432</b>                | <b>32,468</b>                | <b>28,429</b>                | <b>24,315</b>                | <b>20,123</b>                | <b>15,852</b>                | <b>13,056</b>                 |
| <b>TOTAL LIABILITIES</b>                          | <b>88,697</b>                | <b>86,269</b>                | <b>83,509</b>                | <b>80,709</b>                | <b>77,988</b>                | <b>75,230</b>                | <b>72,444</b>                | <b>69,630</b>                | <b>66,516</b>                | <b>63,644</b>                 |
| <b>Net Assets</b>                                 | <b>1,839,852</b>             | <b>1,868,827</b>             | <b>1,896,889</b>             | <b>1,924,557</b>             | <b>1,952,624</b>             | <b>1,980,963</b>             | <b>2,010,194</b>             | <b>2,033,532</b>             | <b>2,061,853</b>             | <b>2,093,654</b>              |
| <b>EQUITY</b>                                     |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Retained Earnings                                 | 792,997                      | 803,670                      | 813,411                      | 822,443                      | 831,209                      | 840,281                      | 849,931                      | 858,660                      | 866,827                      | 878,133                       |
| Revaluation Reserve                               | 1,046,855                    | 1,065,157                    | 1,083,478                    | 1,102,114                    | 1,121,415                    | 1,140,683                    | 1,160,263                    | 1,174,872                    | 1,195,026                    | 1,215,521                     |
| <b>Total Equity</b>                               | <b>1,839,852</b>             | <b>1,868,827</b>             | <b>1,896,889</b>             | <b>1,924,557</b>             | <b>1,952,624</b>             | <b>1,980,963</b>             | <b>2,010,194</b>             | <b>2,033,532</b>             | <b>2,061,853</b>             | <b>2,093,654</b>              |

^ Heffron Park - Gymnastics Facility and Indoor Multi-purpose Facility Business Plan - Final Report, Aug 2017 -  
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## Long Term Financial Plan 2021-31 - BALANCED BUDGET

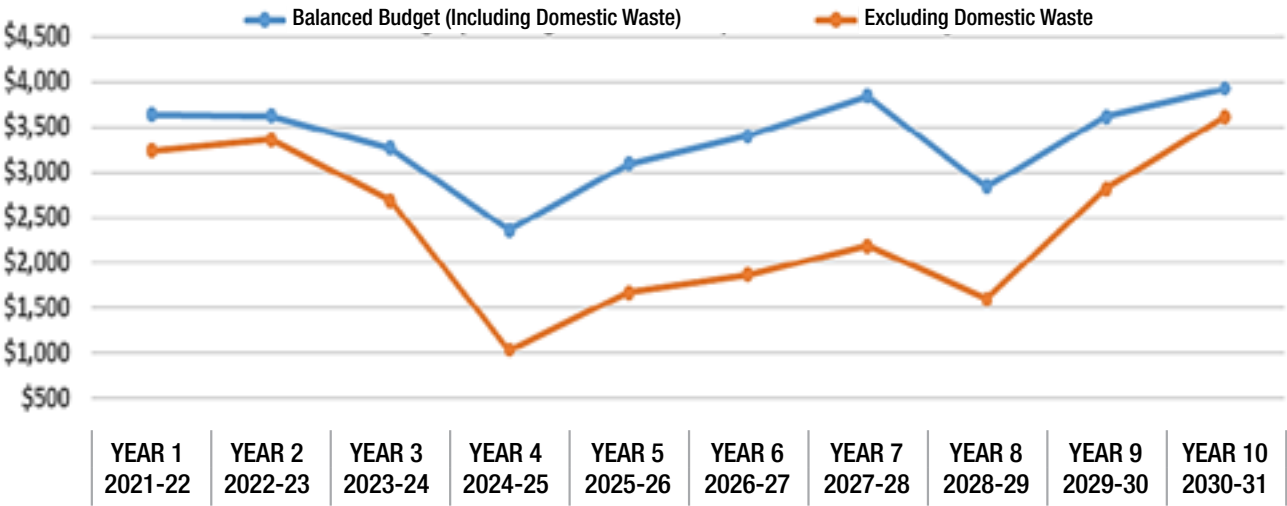
### Cashflow Statement

|   | YEAR 1<br>2021-22<br>\$ '000 | YEAR 2<br>2022-23<br>\$ '000 | YEAR 3<br>2023-24<br>\$ '000 | YEAR 4<br>2024-25<br>\$ '000 | YEAR 5<br>2025-26<br>\$ '000 | YEAR 6<br>2026-27<br>\$ '000 | YEAR 7<br>2027-28<br>\$ '000 | YEAR 8<br>2028-29<br>\$ '000 | YEAR 9<br>2029-30<br>\$ '000 | YEAR 10<br>2030-31<br>\$ '000 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| <b>Cash Flows from Operating Activities</b>                   |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| <i><b>Receipts:</b></i>                                       |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Rates & Annual Charges  | 132,668                      | 136,058                      | 141,174                      | 145,279                      | 150,616                      | 156,137                      | 161,842                      | 167,195                      | 172,716                      | 178,496                       |
| User Charges & Fees   | 20,207                       | 20,963                       | 21,358                       | 21,749                       | 22,148                       | 22,550                       | 22,979                       | 23,416                       | 23,884                       | 24,384                        |
| Investment & Interest Revenue Received                        | 842                          | 866                          | 899                          | 996                          | 981                          | 992                          | 960                          | 1,099                        | 1,095                        | 1,051                         |
| Grants & Contributions  | 19,866                       | 13,100                       | 12,692                       | 12,086                       | 12,153                       | 12,220                       | 12,287                       | 12,355                       | 12,424                       | 12,493                        |
| Bonds, Deposits & Retention amounts received                  | 154                          | 137                          | 136                          | 138                          | 140                          | 143                          | 154                          | 165                          | 177                          | 190                           |
| Other - Heffron Centre^                                       | -                            | 972                          | 1,008                        | 1,045                        | 1,076                        | 1,107                        | 1,139                        | 1,172                        | 1,207                        | 1,239                         |
| Other   | 9,019                        | 9,005                        | 9,077                        | 9,148                        | 9,221                        | 9,295                        | 9,373                        | 9,457                        | 9,547                        | 9,643                         |
| <i><b>Payments:</b></i>                                       |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Employee Benefits & On-Costs                                  | (73,875)                     | (75,800)                     | (78,124)                     | (80,394)                     | (82,802)                     | (85,368)                     | (88,016)                     | (90,748)                     | (93,738)                     | (96,551)                      |
| Materials & Contracts   | (45,235)                     | (45,945)                     | (47,011)                     | (48,744)                     | (50,593)                     | (52,246)                     | (53,958)                     | (55,333)                     | (57,473)                     | (59,134)                      |
| Borrowing Costs   | (565)                        | (509)                        | (452)                        | (393)                        | (334)                        | (273)                        | (212)                        | (149)                        | (86)                         | (28)                          |
| Other - Heffron Centre^                                       | -                            | (216)                        | (220)                        | (226)                        | (231)                        | (236)                        | (241)                        | (247)                        | (253)                        | (259)                         |
| Other   | (19,127)                     | (18,128)                     | (18,654)                     | (20,124)                     | (19,704)                     | (20,304)                     | (21,035)                     | (22,700)                     | (22,490)                     | (23,107)                      |
| <b>Net Cash provided (or used in) Operating Activities</b>    | <b>43,954</b>                | <b>40,504</b>                | <b>41,882</b>                | <b>40,562</b>                | <b>42,672</b>                | <b>44,017</b>                | <b>45,272</b>                | <b>45,683</b>                | <b>47,009</b>                | <b>48,420</b>                 |
| <b>Cash Flows from Investing Activities</b>                   |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| <i><b>Receipts:</b></i>                                       |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Sale of Investment Securities                                 | 64,074                       | 50,000                       | 51,000                       | 51,000                       | 51,000                       | 48,000                       | 51,000                       | 51,500                       | 52,000                       | 52,000                        |
| Sale of Infrastructure, Property, Plant & Equipment           | 1,266                        | 1,501                        | 1,857                        | 1,126                        | 1,843                        | 1,838                        | 1,409                        | 2,165                        | 1,816                        | 1,537                         |
| <i><b>Payments:</b></i>                                       |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Purchase of Investment Securities                             | (34,000)                     | (51,400)                     | (53,950)                     | (50,000)                     | (49,600)                     | (45,600)                     | (53,300)                     | (47,800)                     | (48,300)                     | (52,300)                      |
| Purchase of Infrastructure, Property, Plant & Equipment       | (84,862)                     | (35,236)                     | (37,110)                     | (38,926)                     | (40,611)                     | (41,730)                     | (38,229)                     | (44,846)                     | (44,245)                     | (45,278)                      |
| <b>Net Cash provided (or used in) Investing Activities</b>    | <b>(53,523)</b>              | <b>(35,135)</b>              | <b>(38,203)</b>              | <b>(36,800)</b>              | <b>(37,368)</b>              | <b>(37,491)</b>              | <b>(39,120)</b>              | <b>(38,981)</b>              | <b>(38,729)</b>              | <b>(44,041)</b>               |
| <b>Cash Flows from Financing Activities</b>                   |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| <i><b>Receipts:</b></i>                                       |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Borrowings and advances                                       | 19,000                       | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                            | -                             |
| <i><b>Payments:</b></i>                                       |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Heffron Centre - advances^                                    | -                            | (590)                        | (604)                        | (618)                        | (632)                        | (646)                        | (661)                        | (677)                        | (692)                        | (708)                         |
| Borrowings and advances                                       | (3,111)                      | (3,167)                      | (3,224)                      | (3,282)                      | (3,342)                      | (3,402)                      | (3,464)                      | (3,526)                      | (3,590)                      | (2,099)                       |
| <b>Net Cash provided (or used in) Financing Activities</b>    | <b>15,889</b>                | <b>(3,757)</b>               | <b>(3,828)</b>               | <b>(3,900)</b>               | <b>(3,974)</b>               | <b>(4,049)</b>               | <b>(4,125)</b>               | <b>(4,203)</b>               | <b>(4,282)</b>               | <b>(2,807)</b>                |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b> | <b>6,321</b>                 | <b>1,612</b>                 | <b>(149)</b>                 | <b>(138)</b>                 | <b>1,330</b>                 | <b>2,477</b>                 | <b>2,027</b>                 | <b>2,499</b>                 | <b>3,998</b>                 | <b>1,571</b>                  |
| plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>  | <b>28,702</b>                | <b>35,022</b>                | <b>36,635</b>                | <b>36,485</b>                | <b>36,347</b>                | <b>37,678</b>                | <b>40,154</b>                | <b>42,182</b>                | <b>44,680</b>                | <b>48,678</b>                 |
| <b>Cash &amp; Cash Equivalents - end of the year</b>          | <b>35,022</b>                | <b>36,635</b>                | <b>36,485</b>                | <b>36,347</b>                | <b>37,678</b>                | <b>40,154</b>                | <b>42,182</b>                | <b>44,680</b>                | <b>48,678</b>                | <b>50,249</b>                 |

^ Heffron Park - Gymnastics Facility and Indoor Multi-purpose Facility Business Plan - Final Report, Aug 2017 - Prepared by Otium Planning Group Pty Ltd



Balanced budget  
(including and excluding Domestic Waste)  
Surplus/ (Deficit) before Capital Grants  
and Contributions (\$'000)





# PART 6 Sensitivity Analysis

## Sensitivity Considerations

Scenario 1 - Financial Sustainability

Scenario 2 - Environmental Levy

Scenario 3 - Excluding FAG

Scenario 4 - Excluding Cost Shifting

Other Sensitivities

Sensitivity Analysis Summary

## Sensitivity Considerations

Our assumptions in Part 4 of this plan are currently informed estimates based on a range of reasonably reliable sources; nevertheless, long term financial plans are inherently uncertain. They contain a wide range of assumptions about interest rates and the potential effect of inflation on revenues and expenditures which are largely outside control of Council. In developing our plan, we have included financial simulations that incorporate the impacts on our finances if industry trends become less favourable.

To assess the sensitivity of our baseline balanced budget, we have assessed the strategic risks from within our Enterprise Risk Management Framework, Strategic Alignment, Information Management (inc. Cyber incidents\_IT infrastructure), reputational risk, natural disasters/climate change, property and infrastructure management, increased statutory and/or regulatory requirements, ineffective governance, business continuity and community disruption, effective HR and/or WHS management, environmental management, errors, omissions or civil liability exposure, theft, fraud and/or crime and terrorism. By considering these risks, we can ensure our balanced budget is both strong and sustainable.

The below scenarios provide the impacts for those strategic risks that have the possibility of significantly changing the long-term financial plan projections within the balanced budget model.





### Scenario 1 - Financial Sustainability (Balanced Budget)

Our financial sustainable budget is a Balanced Budget. We use it as a baseline for our sensitivity simulations.

### Scenario 2 – Environmental Levy (SRV to cease on 30 June 2024)

The Environmental Levy was first approved by Council in 2004. Due to its success and ongoing community support, the levy was extended for another five years in 2009, in 2014 and again in 2019.

Council adopted its Environment Strategy in December 2020. This long-term strategy sets clear targets for desired environmental objectives and outcomes and is only achievable through adequate resourcing. The Environment Levy provides this resourcing; however, the current approval expires 30th June 2024. Should Council not decide to extend the levy, this will have a significant impact on Council's long term financial plan. In the absence of finding alternative income streams, Council would need to move towards reducing services, projects, initiatives and infrastructure levels. Our financial modelling for Scenario 2 illustrates the extent of its adverse impact should the levy cease to continue from 1st July 2024.

Based upon our assessment of risks we have measured the likelihood of Council not proceeding with the Environmental Levy to be low due to community support of this program. The consequence of removal of the levy would be a reduction in revenue of \$5.4M (2024-25) to \$6.2M

(2030-31). As discussed, given the limitations on revenue expansion, to bring the budget into a balanced position, Council would have to reduce services and expenditure by an equal amount. This would not be achievable immediately, and therefore would result in a transition cost to Council.

### Scenario 3 – Excluding Financial Assistance Grant

Council has a strong reliance on the \$4M Financial Assistance Grant (FAG) it receives each year. The NSW Grants Commission is considering a new allocation model for the FAG. The minimum allocation per capita is controlled by the Commonwealth, therefore Randwick's current allocation is expected to remain constant. It is noted however, that in a 2013 inquiry, the NSW Grants Commission recommended the Commonwealth Grants Commission remove the minimum entitlement which would see Randwick's entitlement reduced to zero.

Without our FAG grant, this scenario demonstrates the immediate impact on Council's financial sustainability, reducing our operating performance to deficit position. Should this occur, Council would have to consider alternative sources of revenue or equivalent reductions in expenditure to correct these deficits. Based upon our risks assessment, the likelihood of the FAG grant cessation is quite low – as its direct implications that affect Australia-wide councils, not just NSW. Further, a matter of such gravity and significance would see the Commonwealth Government to consult with states, industry, and stakeholders.



### Scenario 4 – The removal of cost shifting

Cost shifting occurs when the responsibility for, or the cost of, providing a service, concession, asset or regulatory function is shifted from one sphere of government to another, without corresponding funding or revenue raising ability required to deliver that new responsibility.

Over the years, decisions have been made by other levels of government which have resulted in cost shifting to Council. This scenario demonstrates the long-term financial impact of this cost shifting by demonstrating the improved financial performance and strength of Council should this cost shifting be removed. This scenario acts as a reminder of the cumulative impacts of individual cost shifting decisions. It is critical that Local Government continues to advocate against any additional forced cost shifting measures. It is also important that Council avoids voluntarily taking responsibility for services and functions that are the responsibility of other spheres of government, without ensuring corresponding funding to resource these community needs.

Based upon our assessment of risks we have measured the likelihood of additional cost shifting is medium. Its adverse impact would normally be gradual, however cumulative over time.

### Other sensitivities - Rates, User Fees, Employee Costs, Contracts and Materials, Cash and Investments

Rates comprise 58% and User Fees and Charges comprise 9% of our total income, respectively. If we reduce them by 0.5% p.a. below baseline, our budget will remain in surplus, for each year of the Long Term Financial Plan.

Similarly, when our Cash and Investments generate no interest per annum, that is at 0%, we would still be in surplus over the 10-year period.

Salary growth is largely subject to the NSW Local Government Award. The current Award will expire on 30th June 2023, and we have assumed an annual increase of 2.5% for each year from 1st July 2023. When we increase employee costs by 0.5%, our budget would remain in surplus for each year of the plan.

Our budget shows we are in a positive financial position; however, fluctuating market conditions could affect the price of certain Contracts and Materials. When contracts and materials are held 0.5% above the Local Government Cost Index (LGCI), our budget remains in surplus for each year of the plan.

When a rare Combined Impact of the above scenarios become a reality, this simultaneous effect still maintains the budget within the surplus territory over the 10-year period. It is highly unlikely that each of the above factors eventuate at the same time.





Sensitivity Analysis - Summary (\$'000)

Surplus / (Deficit) before Capital Grants and Contributions

|  | YEAR 1<br>2021-22 | YEAR 2<br>2022-23 | YEAR 3<br>2023-24 | YEAR 4<br>2024-25 | YEAR 5<br>2025-26 | YEAR 6<br>2026-27 | YEAR 7<br>2027-28 | YEAR 8<br>2028-29 | YEAR 9<br>2029-30 | YEAR 10<br>2030-31 |            |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|------------|
| Financial Sustainability (Balanced Budget) | \$3,636           | \$3,625           | \$3,268           | \$2,360           | \$3,094           | \$3,400           | \$3,839           | \$2,840           | \$3,617           | \$3,928            | Scenario 1 |
| Environment Levy and Management            | \$3,636           | \$3,625           | \$3,268           | -\$3,018          | -\$2,419          | -\$2,251          | -\$1,953          | -\$3,097          | -\$2,469          | -\$2,310           | Scenario 2 |
| Excluding Financial Assistance Grant       | \$3,636           | -\$655            | -\$1,092          | -\$2,083          | -\$1,393          | -\$1,132          | -\$738            | -\$1,783          | -\$1,053          | -\$788             | Scenario 3 |
| Excluding Cost Shifting                    | \$3,636           | \$9,226           | \$9,005           | \$8,238           | \$9,111           | \$9,558           | \$10,137          | \$9,278           | \$10,194          | \$10,646           | Scenario 4 |

Sensitivity Analysis - Summary (\$'000)

Surplus / (Deficit) before Capital Grants and Contributions

|  | YEAR 1<br>2021-22 | YEAR 2<br>2022-23 | YEAR 3<br>2023-24 | YEAR 4<br>2024-25 | YEAR 5<br>2025-26 | YEAR 6<br>2026-27 | YEAR 7<br>2027-28 | YEAR 8<br>2028-29 | YEAR 9<br>2029-30 | YEAR 10<br>2030-31 |          |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|----------|
| Financial Sustainability (Balanced Budget)       | \$3,636           | \$3,625           | \$3,268           | \$2,360           | \$3,094           | \$3,400           | \$3,839           | \$2,840           | \$3,617           | \$3,928            | Baseline |
| Rates (0.5% below Baseline rate)                 | \$3,636           | \$3,145           | \$2,773           | \$1,849           | \$2,562           | \$2,848           | \$3,266           | \$2,244           | \$2,998           | \$3,285            |          |
| User Fees and Charges (0.5% below Baseline rate) | \$3,636           | \$3,526           | \$3,167           | \$2,257           | \$2,989           | \$3,293           | \$3,730           | \$2,729           | \$3,503           | \$3,812            |          |
| Employee Costs (0.5% increase)                   | \$3,636           | \$3,245           | \$2,874           | \$1,955           | \$2,676           | \$2,969           | \$3,395           | \$2,382           | \$3,144           | \$3,440            |          |
| Contracts and Materials (0.5% above LGCI)        | \$3,636           | \$3,395           | \$3,033           | \$2,119           | \$2,838           | \$3,139           | \$3,573           | \$2,568           | \$3,338           | \$3,640            |          |
| Cash and Investments (NIL) (at 0%)               | \$3,636           | \$2,719           | \$2,289           | \$1,378           | \$2,135           | \$2,455           | \$2,813           | \$1,818           | \$2,598           | \$2,856            |          |
| Combined Impact                                  | \$3,636           | \$1,554           | \$1,090           | \$143             | \$852             | \$1,131           | \$1,448           | \$411             | \$1,145           | \$1,353            |          |



# PART 7 Monitoring Financial Performance

Financial performance indicators

Asset management performance indicators

## Financial Performance

- Our balanced budget has been developed to ensure that it meets financial obligations, and the benchmarks for an array of financial indicators which have either been internally or externally prescribed. There are a few factors which affect the value and size of certain revenue, operating expenditure, and/or capital expenditure each financial year. However, the impact these variations have on the financial indicators are what should be measured.
- Budget control - Annual budgets are set to meet the financial indicator benchmarks. Budget control and monitoring are paramount for Council achieving the outcomes of this plan. Budgets are monitored internally on an on-going basis using Council's financial information systems. Monthly Financial Reports and Quarterly Budget Reviews are reported by Council. They illustrate the progress against its adopted budgets.
- Financial indicators – our balanced budget implementation will meet a set of financial performance and asset management indicators – see below.





## Long Term Financial Plan 2021-31 - BALANCED BUDGET

### Performance Measurement Indicators

|  | TARGET  | YEAR 1<br>2021-22<br>\$ '000 | YEAR 2<br>2022-23<br>\$ '000 | YEAR 3<br>2023-24<br>\$ '000 | YEAR 4<br>2024-25<br>\$ '000 | YEAR 5<br>2025-26<br>\$ '000 | YEAR 6<br>2026-27<br>\$ '000 | YEAR 7<br>2027-28<br>\$ '000 | YEAR 8<br>2028-29<br>\$ '000 | YEAR 9<br>2029-30<br>\$ '000 | YEAR 10<br>2030-31<br>\$ '000 |
|--|---------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|
| Budget Performance   |         |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| 1. Operating Performance Ratio   | >0%     | 2.16%                        | 2.07%                        | 1.82%                        | 1.27%                        | 1.62%                        | 1.72%                        | 1.88%                        | 1.35%                        | 1.67%                        | 1.76%                         |
| <i>measures the extent to which a council has succeeded in containing operating expenditure within operating revenue</i>   |         |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| 2. Own Source Operating Revenue Ratio  | >= 60%  | 89.19%                       | 92.76%                       | 93.15%                       | 93.65%                       | 93.81%                       | 93.96%                       | 94.11%                       | 94.24%                       | 94.37%                       | 94.50%                        |
| <i>measures fiscal flexibility. It is the degree of reliance on external funding sources</i>   |         |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
|  |         |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Operational Liquidity  |         |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| 3. Unrestricted Current Ratio  | >= 1.5  | 1.63                         | 2.09                         | 2.09                         | 1.87                         | 1.92                         | 1.83                         | 1.90                         | 1.86                         | 1.84                         | 1.89                          |
| <i>represents a council's ability to meet short-term obligations as they fall due.</i>   |         |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| 4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage  | < 4%    | 3.8%                         | 3.8%                         | 3.1%                         | 3.1%                         | 3.2%                         | 3.2%                         | 3.2%                         | 3.2%                         | 3.2%                         | 3.2%                          |
| <i>expressed as a percentage of total rates and charges available for collection in the financial year</i>   |         |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| 5. Cash Expense Cover Ratio  | >= 3    | 4.20                         | 4.40                         | 4.51                         | 4.26                         | 4.15                         | 4.03                         | 4.22                         | 4.00                         | 3.91                         | 3.95                          |
| <i>liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow</i>  |         |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
|  |         |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Liability and Debt Management  |         |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| 6. Debt Service Cover Ratio  | 2.00x   | 8.72 x                       | 9.12 x                       | 9.32 x                       | 9.38 x                       | 9.9 x                        | 10.23 x                      | 10.5 x                       | 10.51 x                      | 10.94 x                      | 19.46 x                       |
| <i>measures the availability of operating cash to service loan repayments.</i>   |         |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
|  |         |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| Asset Management   |         |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| 7. Building and Infrastructure Renewals Ratio  | >= 100% | 165.3%                       | 115.6%                       | 109.3%                       | 121.9%                       | 111.8%                       | 105.7%                       | 101.7%                       | 109.5%                       | 109.1%                       | 122.7%                        |
| <i>assesses the rate at which these assets are being renewed against the rate at which they are depreciating</i>   |         |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| 8. Infrastructure Backlog Ratio  | <= 2%   | 0.48%                        | 0.48%                        | 0.47%                        | 0.47%                        | 0.47%                        | 0.47%                        | 0.47%                        | 0.47%                        | 0.47%                        | 0.47%                         |
| <i>ratio shows what proportion the infrastructure backlog is against the total value of a council's infrastructure</i>   |         |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| 9. Asset Maintenance Ratio   | >= 1    | 1.74                         | 1.70                         | 1.71                         | 1.72                         | 1.73                         | 1.74                         | 1.75                         | 1.77                         | 1.78                         | 1.80                          |
| <i>ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing.</i> |         |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |
| 10. Capital Expenditure Ratio  | >= 1    | 2.97                         | 1.15                         | 1.16                         | 1.22                         | 1.18                         | 1.18                         | 1.06                         | 1.19                         | 1.12                         | 1.16                          |
| <i>annual capital expenditure divided by annual depreciation</i>   |         |                              |                              |                              |                              |                              |                              |                              |                              |                              |                               |



# Appendix A



## General Assumptions

### Growth

In assessing future growth, our Local Strategic Planning Statement, Vision 2040 (LSPS) contains Population and Dwelling/Household Projections for Randwick City. Our city's population is projected to increase, from 154,265 in 2018, to 180,150 in 2036, at an average of 0.93% per annum, or approximately 1,438 extra persons per year. There was 155,649 in 2019, an increase of 1,384 extra persons, an equivalent of 0.89%.

Similarly, our city's households are projected to increase, from 58,300 in 2018, to 71,800 in 2036, at an average of 1.29% per annum, or approximately 750 extra dwellings per year. Council's Strategic Planning Department has further refined its household forward estimates for 2021-25.

The growth figures below impact the following assumptions: rates growth, developer contributions, etc.

|                   | YEAR 1<br>2021-22 | YEAR 2<br>2022-23 | YEAR 3<br>2023-24 | YEAR 4<br>2024-25 | YEAR 5<br>2025-26 | YEAR 6<br>2026-27 | YEAR 7<br>2027-28 | YEAR 8<br>2028-29 | YEAR 9<br>2029-30 | YEAR 10<br>2030-31 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Population Growth | 0.89%             | 0.89%             | 0.91%             | 0.93%             | 0.93%             | 0.93%             | 0.93%             | 0.95%             | 0.97%             | 0.97%              |
| Household Growth  | 260               | 300               | 700               | 800               | 900               | 900               | 900               | 900               | 900               | 950                |

### Consumer Price Index (CPI)

In formulating the inflationary increase assumption for our long-term plan and balanced budget, we have

utilised inflation projections from reliable sources: ABS, RBA, and Deloitte Access Economics, accessed online, 17 May 2021.

|                      | YEAR 1<br>2021-22 | YEAR 2<br>2022-23 | YEAR 3<br>2023-24 | YEAR 4<br>2024-25 | YEAR 5<br>2025-26 | YEAR 6<br>2026-27 | YEAR 7<br>2027-28 | YEAR 8<br>2028-29 | YEAR 9<br>2029-30 | YEAR 10<br>2030-31 |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Consumer Price Index | 2.30%             | 1.75%             | 1.70%             | 1.70%             | 1.70%             | 1.70%             | 1.80%             | 1.90%             | 2.00%             | 2.10%              |



# Revenue Assumptions

## Rates

The assumed housing growth provided above will result in rate growth below through household rates. The growth figures are also used in conjunction with other relevant considerations in determining our annual charges, materials and contracts.

Rates - Ordinary rates, business rates and special

rates account for 58 per cent of Council's operating revenue and, therefore the main source of our funding. Council's ability to increase rates each year is limited by the rate peg. The assumed rate peg provided for in this plan is based upon ongoing and consistent LG industry figures, and the OLG and IPART allowable margins to date.

|                    | YEAR 1<br>2021-22 | YEAR 2<br>2022-23 | YEAR 3<br>2023-24 | YEAR 4<br>2024-25 | YEAR 5<br>2025-26 | YEAR 6<br>2026-27 | YEAR 7<br>2027-28 | YEAR 8<br>2028-29 | YEAR 9<br>2029-30 | YEAR 10<br>2030-31 |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Rate Pegging Limit | 2.00%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%              |
| Rate Growth        | 0.00%             | 0.51%             | 1.19%             | 1.35%             | 1.50%             | 1.48%             | 1.45%             | 1.43%             | 1.41%             | 1.47%              |

## Annual Charges

Annual charges - Almost a quarter of Council's revenue is received through the levying of annual charges.

There has been no increase assumed for the stormwater management annual charge. This charge

is determined under clause 125AA of the Local Government (General) Regulation 2005 and has remained at the same level per household since its inception; when more households are added through growth there will be a proportional minor adjustment in the figure each year.

|                       | YEAR 1<br>2021-22 | YEAR 2<br>2022-23 | YEAR 3<br>2023-24 | YEAR 4<br>2024-25 | YEAR 5<br>2025-26 | YEAR 6<br>2026-27 | YEAR 7<br>2027-28 | YEAR 8<br>2028-29 | YEAR 9<br>2029-30 | YEAR 10<br>2030-31 |
|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Stormwater Management | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%              |



## Domestic Waste

As required under s504 of the Local Government Act 1993 the domestic waste management charges are calculated so as not to exceed the reasonable cost to the Council of providing those services. Therefore, the increases in these charges included in the plan are consistent with the increases applied to the operating expenditure incurred by the service. Potential short-term savings in the domestic waste charge, as a result of FOGO, is estimated at \$1M per annum. As further certainty regarding the benefits of the recent changes in waste collection and disposal is realised,

Council will review the domestic waste annual charge as part of the 2022/23 Operational plan, with a view of passing on savings where applicable.

In considering changes to the annual charge, Council must consider long term plans for remediation of old land fill sites. For the purposes of this long-term financial plan, the annual charges do not consider this opportunity. Council's Domestic Waste fund is managed on a restricted basis, whereby all income received through annual charges is retained for domestic waste purposes only.

|                | YEAR 1<br>2021-22 | YEAR 2<br>2022-23 | YEAR 3<br>2023-24 | YEAR 4<br>2024-25 | YEAR 5<br>2025-26 | YEAR 6<br>2026-27 | YEAR 7<br>2027-28 | YEAR 8<br>2028-29 | YEAR 9<br>2029-30 | YEAR 10<br>2030-31 |
|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Domestic Waste | 3.20%             | 3.20%             | 3.20%             | 3.20%             | 3.20%             | 3.20%             | 3.20%             | 2.00%             | 2.00%             | 2.00%              |

## User Fees and Charges

User fees and charges - Council receives 9 per cent of its annual operating income through user fees and charges, set under section 610D of the Local Government Act 1993. User fees and charges are reviewed each year. Discretionary fees are set for services such as the DRLC, Moverly Children's

Centre, commercial trade waste, and the hire of community facilities such as sports fields and community halls. The increase in user fees and charges is based on the consumer price index.

|                       | YEAR 1<br>2021-22 | YEAR 2<br>2022-23 | YEAR 3<br>2023-24 | YEAR 4<br>2024-25 | YEAR 5<br>2025-26 | YEAR 6<br>2026-27 | YEAR 7<br>2027-28 | YEAR 8<br>2028-29 | YEAR 9<br>2029-30 | YEAR 10<br>2030-31 |
|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| User Fees and Charges | 2.30%             | 1.75%             | 1.70%             | 1.70%             | 1.70%             | 1.70%             | 1.80%             | 1.90%             | 2.00%             | 2.10%              |



Interest and Investments

The calculation of interest and investment revenue is a combination of the size of Council’s investment portfolio and the return on investment that can be obtained. Council is limited to the conservative investment options prescribed under the Ministerial Investment Order which restricts council investment activity. Cash rates have been provided by Council’s investment advisors CPG and have been combined with the projected portfolio balances across the period of the plan.

|                            | YEAR 1<br>2021-22 | YEAR 2<br>2022-23 | YEAR 3<br>2023-24 | YEAR 4<br>2024-25 | YEAR 5<br>2025-26 | YEAR 6<br>2026-27 | YEAR 7<br>2027-28 | YEAR 8<br>2028-29 | YEAR 9<br>2029-30 | YEAR 10<br>2030-31 |
|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Investment<br>Return Rates | 1.29%             | 1.34%             | 1.35%             | 1.33%             | 1.35%             | 1.35%             | 1.40%             | 1.45%             | 1.50%             | 1.55%              |
| Other<br>Revenues          | 2.30%             | 1.75%             | 1.70%             | 1.70%             | 1.70%             | 1.70%             | 1.80%             | 1.90%             | 2.00%             | 2.10%              |

Other Revenues

Rental income from Council’s commercial and residential properties, regulatory fines and kiosk and merchandise sales at DRLC are the main components of Council’s other revenue. Parking fines, including their monetary value, are set by legislation administered by the NSW Government. Those combined with the behaviour-based nature of fines, create difficulty in forecasting future revenue. Consequently, they have resulted in an assumption of no increase in the revenue growth for the duration of the plan.

Market conditions determine the revenue that will be received from rental properties and sales made at DRLC. As a result, these two revenue streams are assumed to increase in line with the consumer price index.

Operating Grants and Contributions

Randwick City Council has had an own source operating revenue ratio of around 90 per cent for the last decade demonstrating an exceptionally low degree of reliance on external funding sources such as grants and contributions. The largest operating grant that Council receives is the Financial Assistance Grant (FAG). Land values are one of the key measures used by the NSW Grants Commission to allocate these grants to councils across the state. Due to Randwick City having one of the highest average land values in the state it receives the lowest FAG per capita in Australia.

The Commission has been reviewing the grant methodology in line with NSW policy to direct the General-Purpose component of Financial Assistance

|                                | YEAR 1<br>2021-22 | YEAR 2<br>2022-23 | YEAR 3<br>2023-24 | YEAR 4<br>2024-25 | YEAR 5<br>2025-26 | YEAR 6<br>2026-27 | YEAR 7<br>2027-28 | YEAR 8<br>2028-29 | YEAR 9<br>2029-30 | YEAR 10<br>2030-31 |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Op Grants and<br>Contributions | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%              |



Grant (FAG) to councils with greatest relative need. These are largely rural and remote and with small and declining populations. Council will continue to receive the minimum FAG allocation per capita. Recurring operating grants are assumed to continue at current levels with a CPI increase each year. The NSW Government’s contribution to pensioner rates rebates has not been indexed, as their contribution does not increase each year.







Capital Grants and Contributions

Council receives development contributions from property developers which are used to fund community facilities and infrastructure. The contribution a developer pays for a major new development is capped by NSW legislation. The contributions received, and the infrastructure to be funded that are contained within this plan, are consistent with Council’s Development Contributions Plan.

Various grants are received by Council throughout financial years for capital projects. These grants are predominately for road construction and their number and value are determined by State or Federal Government programs. Due to the nature of their unpredictability, capital grants contained in the plan are minimal and only revenue from long running programs such as the Roads to Recovery program have been included.

|                                  | YEAR 1<br>2021-22 | YEAR 2<br>2022-23 | YEAR 3<br>2023-24 | YEAR 4<br>2024-25 | YEAR 5<br>2025-26 | YEAR 6<br>2026-27 | YEAR 7<br>2027-28 | YEAR 8<br>2028-29 | YEAR 9<br>2029-30 | YEAR 10<br>2030-31 |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Development Contributions        | \$4.00M           | \$4.00M           | \$3.50M           | \$2.80M           | \$2.80M           | \$2.80M           | \$2.80M           | \$2.80M           | \$2.80M           | \$2.80M            |
| Affordable Housing Contributions | \$5.00M           | \$2.00M           | \$2.00M           | \$2.00M           | \$2.00M           | \$2.00M           | \$2.00M           | \$2.00M           | \$2.00M           | \$2.00M            |
| Cap Grants and Contributions     | 0.20%             | 0.20%             | 0.20%             | 0.20%             | 0.20%             | 0.20%             | 0.20%             | 0.20%             | 0.20%             | 0.20%              |

Expenditure Assumptions

Employee Costs

Expenditure relating to the Council’s workforce represents 45 per cent of total operating expenditure and is therefore one of the largest investments that Council makes on an annual basis. The strategic objectives and the associated actions and activity contained within the Workforce Plan 2018-22 have been allowed for in this plan. Employee costs are projected in line with the organisation staffing structure and supports existing service levels. These costs are forecasted to increase based on the Local Government Award 2020 and beyond that has been forecasted using historical averages.

Council’s superannuation expense is aligned to the payments required under the Superannuation Guarantee (Administration) Act 1992. The Act sees the percentage rate grow from 9.5 per cent in 2018-19 to 12 per cent in the final year. These legislated provisions are currently being reviewed by the Australian Government. This increase has been incorporated into the plan. The Council is party to an industry defined benefits superannuation plan, which currently requires an additional contribution from Council each year. It is assumed this will continue over the ten years of this plan.

|                              | YEAR 1<br>2021-22 | YEAR 2<br>2022-23 | YEAR 3<br>2023-24 | YEAR 4<br>2024-25 | YEAR 5<br>2025-26 | YEAR 6<br>2026-27 | YEAR 7<br>2027-28 | YEAR 8<br>2028-29 | YEAR 9<br>2029-30 | YEAR 10<br>2030-31 |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Employee Costs (EC) - Award  | 2.00%             | 2.00%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%              |
| EC - TRP                     | 2.00%             | 2.00%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%             | 2.50%              |
| EC - Super                   | 0.50%             | 0.50%             | 0.50%             | 0.50%             | 0.50%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%              |
| EC - Step                    | 0.50%             | 0.50%             | 0.50%             | 0.50%             | 0.50%             | 0.50%             | 0.50%             | 0.50%             | 0.50%             | 0.50%              |
| EC – Maintain Service Levels | 0.00%             | 0.51%             | 1.19%             | 1.35%             | 1.50%             | 1.48%             | 1.45%             | 1.43%             | 1.41%             | 1.47%              |







Materials and contracts

An increase in expenditure on material and contracts has generally been based on the forecasted Local Government Cost Index (LGCI) to maintain existing service levels. Further adjustments have been made to account for costs for new initiatives in areas such as the Digital Strategy, the domestic waste service, in accordance with their respective programs.

Our new assets and renewals are provided by City Services, in accordance with the provisions of their Asset Management Plans and their ongoing works program refinements, including their operating and maintenance figures. City Services are reviewing their new and renewals, and their O&M figures. When those refined figures become available, they will be updated in the next review cycle.

|                               | YEAR 1<br>2021-22 | YEAR 2<br>2022-23 | YEAR 3<br>2023-24 | YEAR 4<br>2024-25 | YEAR 5<br>2025-26 | YEAR 6<br>2026-27 | YEAR 7<br>2027-28 | YEAR 8<br>2028-29 | YEAR 9<br>2029-30 | YEAR 10<br>2030-31 |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Materials & Contracts (M&C)   | 2.30%             | 2.90%             | 2.90%             | 2.90%             | 2.90%             | 2.90%             | 2.90%             | 2.90%             | 2.90%             | 2.90%              |
| M&C - Maintain Service Levels | 0.00%             | 0.51%             | 1.19%             | 1.35%             | 1.50%             | 1.48%             | 1.45%             | 1.43%             | 1.41%             | 1.47%              |
| M&C - Maintain Service Levels | \$28.41M          | \$29.39M          | \$30.55M          | \$31.72M          | \$32.92M          | \$33.89M          | \$34.60M          | \$35.79M          | \$36.61M          | \$37.56M           |
| Depreciation                  | 2.30%             | 2.90%             | 2.90%             | 2.90%             | 2.90%             | 2.90%             | 2.90%             | 2.90%             | 2.90%             | 2.90%              |

Depreciation

Depreciation for Council’s assets is a non-cash expense that reflects the utilisation of Council’s assets and the degradation of their capacity to provide functionality over time. Depreciation expense is an indicator used by the Office of Local Government to determine the level of asset renewals that councils should be undertaking. Randwick City Council uses a straight-line method of depreciation which is very commonly applied to local government infrastructure.

A significant revaluation of the Council’s infrastructure assets was undertaken by City Services in 2019-20 financial year. Its impact and impacts from potential future revaluations have been included in this plan. City Services are also reviewing their up-to-date internal asset revaluation methods, including new and renewal apportionment over different asset classes, to ensure they reasonably re-value their civil infrastructures.

Other Expenses

Other expenses include insurance, utilities and communications, election expenses, streetlighting and a few NSW Government levies. Electricity costs are expected to increase throughout the plan in line with market rates, however an efficiency factor has been applied due to energy saving projects funded by the Environmental Levy.

Increases in the range of levies imposed by the State Government are difficult to predict. Levies such as the State Emergency Services Levy, Fire Brigade Levy and Sydney Region Development. Local government elections to be held in 2021, 2024, and 2028 have been funded in the plan.





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