Strategic Resource Document 2022-2032

SUPPORTING PLAN

Financial Management Strategy 2022-32

April 2022

Document Control

This document was originally adopted by Canterbury-Bankstown Council on 26 June 2018.

Version	Years Covered	Date Adopted
1	2018-2028	26/06/2018
2	2019-2029	25/06/2019
3	2020-2030	23/06/2020
4	2021-2031	22/06/2021
5	2022-2032	28/06/2022

7 destinations

Safe & Strong
A proud inclusive community that unites, celebrates and cares

Safe & Strong documents are guided by the Social Inclusion Lead Strategy. Supporting Plans, Action Plans and Policies cover such themes as being a child friendly City, children's services, community safety and crime prevention, inclusiveness, community services, universal access, reconciliation,ageing, community harmony and youth.

Clean & Green
A cool, clean and sustainable city with healthy waterways and natural areas

Clean & Green documents are guided by the Environmental Sustainability Lead Strategy. Supporting Plans, Action Plans and Policies cover such themes as managing our catchments and waterways, natural resources, hazards and risks, emergency management, biodiversity and corporate sustainability.

Prosperous & Innovative
A smart and evolving city with exciting opportunities for investment and creativity

Prosperous & Innovative documents are guided by the Prosperity and Innovation Lead Strategy. Supporting Plans, Action Plans and Policies cover such themes as revitalising our centres, employment, investment, being SMART and creative, and providing opportunities for cultural and economic growth.

Moving & Integrated
An accessible city with great local destinations and many options to get there

Moving & Integrated documents are guided by the Transport Lead Strategy. Supporting Plans, Action Plans and Policies cover such themes as accessibility, pedestrian and cycling networks, pedestrian and road safety, transport hubs, and asset management.

Healthy & Active
A motivated city that nurtures healthy minds and bodies

Healthy & Active documents are guided by the Health and Recreation Lead Strategy. Supporting Plans, Action Plans and Policies cover such themes as lifelong learning, active and healthy lifestyles, and providing quality sport and recreation infrastructure.

Liveable & Distinctive
A well designed, attractive city which preserves the identity and character of local villages

Liveable & Distinctive documents are guided by the Liveable City Lead Strategy. Supporting Plans, Action Plans and Policies cover such themes as preserving the character and personality of centres, heritage, affordable housing, and well managed development.

Leading & Engaged
A well- governed city with brave and future focused leaders who listen

Leading & Engaged documents are guided by Council's Lead Resourcing Strategies. Supporting Plans, Action Plans and Policies cover such themes as open government, managing assets, improving services, long term funding, operational excellence, monitoring performance, being a good employer, civic leadership, and engaging, educating and communicating with our community.


Have Your Say
WHERE INTERESTING HAPPENS

Vision and values

CBCity 2036 - City Vision

"Canterbury-Bankstown is thriving, dynamic and real".

Our Corporate Vision

"A leading organisation that collaborates and innovates".

Our Corporate Mission

"To provide quality services to our community every day".

WE STICC TO OUR VALUES

We are committed to **safety**

We work as one **team**

We act with **integrity**

We care about our **customers**

We **continuously improve**

Acknowledgement

CBCity acknowledges the traditional custodians of this land, the Darug and the Eora peoples. We recognise and respect their cultural heritage, beliefs and relationship with the land, and pay our respects to their Elders past, present and emerging, and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

Executive Summary

The City of Canterbury-Bankstown Council

Our Vision – from a financial perspective

Council's objective is to ensure we provide the modern services, the infrastructure and the opportunities that our community deserves.

Council will be fiscally responsible in delivering on its objectives and that its decisions continue to ensure that Council remains financially sustainable.

Council's Financial Management Strategy (FMS) provides the required framework, which will both guide Council and ensure that it secures its financial future for generations to come.

Amidst the many challenges our sector is facing, Council's objective is to establish a financial framework, which ensures that it effectively balances the competing demands of growing community expectations and prudent fiscal management decision making.

Council's decision-making will broadly look to:

- effectively engage with our Community to determine our service levels, revenue strategy and more broadly, ensuring that our services remain affordable;
- create a culture within Council that has a strong focus on operational efficiencies at all levels and an associated ethic of continuous improvement to facilitate the provision of required services to the community in a cost-effective manner;
- to understand and manage risk in a transparent and prudent manner and ensure that Council is not unnecessarily risk adverse;
- to ensure that Council has the appropriate assets and that they are fit for purpose to meet community needs. This would also include rationalisation of existing assets where appropriate;
- to undertake workforce planning to ensure Council has the right skills and capabilities in place to meet the community's future needs;
- to undertake planning to develop Council's long-term infrastructure investment requirements and to ensure that this is funded by the optimal mix of internal funding, external grants and contributions, and borrowings;
- to develop a robust capital governance framework to ensure Council makes prudent, consistent and disciplined decisions regarding asset creation and renewal; and
- develop sound financial management practices that ensures maximum returns on investment (at acceptable risk levels), prudent procurement policies, minimise opportunities for fraud and the appropriate use of debt funding.

As the largest Council in NSW, Council will look to develop and utilise its "scale and capacity" to fulfil its vision for the City.

Key Deliverables

Council operates in a highly complex and regulated environment. That said, it is not immune to surrounding economic conditions and/or broader influences, particularly those imposed by both Federal and State Governments.

Council's FMS and LTFP are set in the context of an environment, which accounts for significant growth throughout our City and the consequential impacts that will need to be managed, as a result.

That being the case, we have a duty to our community to consider various financial management strategies, which provides the mechanisms to both manage and accommodate the many pressures we face.

In determining our FMS, Council will pragmatically develop and implement certain key principles and/or deliverables, including:

- Determining a Revenue Policy (i.e. rate structure, pricing policies - fees & charges and borrowing strategy), which:
  - generates an appropriate level of income required to meet Council's ongoing operating expenditure, asset management obligations, planned initiatives and liabilities;
  - is contemporary and robust to appropriately address anticipated growth in housing throughout our city; and
  - ensures that it provides a more equitable approach to setting Council's tax base for all ratepayers (residential and business).

- Developing a clear, equitable and transparent pricing structure, which provides an appropriate return-on-investment for all our community buildings and facilities;
- Determining appropriate funding strategies (including raising adequate Developer Infrastructure Contributions) to deal with service expansion and/or capital initiatives throughout the local government area;
- Determining a clear understanding of the cost of carrying out our services (both core and non-core services), the levels and/or standards of those services and how we resource them (i.e. Council staff or contract); and
- ensuring that Council maintains an adequate base of cash reserves, which supports our liquidity and satisfy the NSW Government/Industry benchmarks.

Being Efficient

That said, Council also recognises any decision it makes must represent value-for-money and remain affordable for our community. In ensuring this, Council will apply reasonable measures, which:

- Establish clear links/relationships for all our strategies as part of Council's Integrated Planning and Reporting Framework;
- Maximise efficiency savings, particularly through its ongoing improvements in business, procurement, and tendering processes; and
- partnering with others, particularly other levels of Government, and investigating alternative funding mechanisms to support the expected growth throughout our City.

Considering our Future

Council's current financial position is sound at present – from a cashflow perspective. That said, it is clear that the cumulative effect of a "do-nothing" approach is not viable and/or a responsible option, in that our current path has clearly been building significant and unmanageable liabilities for future generations.

It is with this mind that Council sought a Special Rate Variation (SRV) in 2021 to address the longer-term financial sustainability issues facing our City. This approach was endorsed and approved by the NSW Government's Independent Pricing and Regulatory Tribunal (IPART) in May 2021. Details regarding the SRV are outlined further in our Strategy.

This FMS, together with Council's Long-Term Financial Plan (LTFP) provides the guidance to ensure that we have the scale and capacity to remain financially sustainable for the long term.

Council will be decisive throughout this term and establish the parameters by which future Councils can continue to build on into the future.

Whilst our issues are great, our journey will be positive and will always be in the public interest.

Understanding the Purpose of Our Strategy

Introduction

For Council to be financially sustainable, both present and future needs are required to be met. In other words, resources need to be managed so that financial commitments can be met both now and into the future whilst also ensuring that the community needs are being met.

The FMS has been prepared to provide Council with a view to the future when developing its Annual Operating Plan and Budget each year.

The strategy has been prepared to guide Council in its financial decision-making ensuring that the following principles are followed :

- the community's finances will be managed responsibly to enhance the wellbeing of residents;
- Council will endeavour to maintain community wealth to ensure that the wealth enjoyed by today's generation may also be enjoyed by tomorrow's generation;
- Council's financial position will be robust enough to recover from unanticipated events, and to absorb the volatility inherent in revenues and expenses; and
- resources will be allocated to those activities that generate community benefit.

Whilst our vision and strategies are important, it's imperative that we develop the right approach to delivering on them. In doing so, we set key measures to ensure that we are clear of the path we need to follow and ultimately fulfil.

Integrated Planning and Reporting

Communities do not exist in isolation – they are part of a larger natural, social, economic and political environment. Council's plans and strategies also do not exist in isolation – land use and infrastructure planning support social, environmental and economic outcomes, and vice-versa – they are all connected and must therefore be integrated.

Under the Local Government Act 1993, Councils are required to develop a hierarchy of plans known as the Integrated Planning and Reporting (IP&R) Framework. IP&R requires councils to draw their various plans together and understand how they interact. It also acknowledges that the City is constantly changing and that decisions made now may have a long 'lead' time before they are realised in the future.

Council's IP&R obligations are detailed in Section 8c of the Local Government Act 1993 which outlines the principles for strategic planning that must be applied to the IP&R Framework.

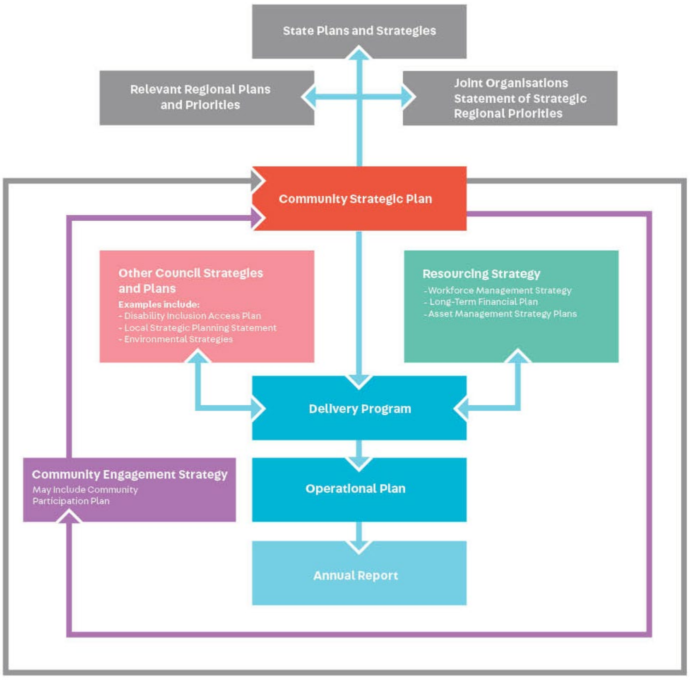
These principles are to:

- identify and prioritise key local community needs and aspirations and consider regional priorities;
- identify strategic goals to meet those needs and aspirations;
- develop activities, and prioritise actions, to work towards the strategic goals;
- ensure that the strategic goals and activities to work towards them may be achieved within Council resources;
- regularly review and evaluate progress towards achieving strategic goals;
- maintain an integrated approach to planning, delivering, monitoring and reporting on strategic goals;
- collaborate with others to maximise achievement of strategic goals;
- manage risks to the local community or area or to the Council effectively and proactively; and
- make appropriate evidence-based adaptations to meet changing needs and circumstances.

Decisions made by Council should:

- recognise diverse local community needs and interests;
- consider social justice principles – access, equity, rights and participation;
- consider the long term and cumulative effects of actions on future generations;
- consider the principles of ecologically sustainable development; and
- be transparent and accountable in decision-making.

The essential elements of the IP&R Framework are:



cb.city/IntegratedPlanning

The Community Strategic Plan
CBCity 2036 guides Canterbury-Bankstown for the next decade and beyond on its journey to be a thriving, dynamic and real city of people who are interested and interesting – unapologetically themselves.

It’s based on thousands of conversations with residents, businesses and government agencies, and interprets their vision into a blueprint to transform Canterbury-Bankstown.

CBCity 2036 is for the people who live, visit and work in Canterbury–Bankstown now and in the future. These people want what everybody wants - to be happy, healthy and safe in a community that:

- provides for their needs;
- values their culture, religion, and heritage;
- respects the environment;
- considers the future; and
- respects the past.

Council’s response to CBCity 2036 can be found in its Delivery Program annual Operational Plans.

The Delivery Program

The Delivery Program examines the important issues facing the Council and outlines the priorities for the Council term to ensure that services continue to meet community expectations in terms of quality and value for money.

The Operational Plan

Annual Operational Plans expand on the priorities in the Delivery Program by identifying the specific services and projects Council will provide annually, and

The Resourcing Strategy

Other supporting strategies and plans ensure that Council's work is integrated and well planned, chief amongst these, being the Resourcing Strategy, which comprises a 10-year Asset Management Plan, 10-year Long Term Financial Plan and a three-year Workforce Strategy. The Resourcing Strategy ensures that Council has all of the resources it needs to deliver on its commitment to the community.

Financial Management Principles

In 2012, the NSW Government defined a "financially sustainable" council as one that, over the long term, is able to generate sufficient funds to provide the level and scope of services and infrastructure agreed with its community through the Integrated Planning and Reporting process.

The Local Government Act 1993 outlines the guiding principles for councils to carry out their functions in a way that facilitates local communities that are strong, healthy and prosperous. The following principles of sound financial management apply to councils-

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

To successfully meet these principles, a council must be financially sustainable over the long term.

Understanding Our Former Councils Financial Position

The merger of Canterbury and Bankstown Councils occurred on 12 May 2016 and the resulting entity was the City of Canterbury Bankstown Council (CBC).

In terms of the benchmarks set in this FMS, the results for both former Councils indicated that significant reform was required to remain financially sustainable in the medium to long term. Before we can look forward, we need to clearly understand the financial positions of each former entity and their LTFPs at the date of the merger.

In developing a strategy for our new City, it's important to understand our past, particularly some of the former Council's more notable financial achievements and the longer-term challenges they faced. It is important to note that at the time of amalgamation:

- both former Council's operational cost-per-capita (as assessed by the Office of Local Government) were amongst the lowest of all metropolitan councils;
- Canterbury City Council (CCC) had zero debt, whilst a minimal amount of debt from the former Bankstown City Council (BCC) was repaid by 30 June 2018;
- in 2014/15 both Council's delivered a combined capital works program of around $45M ($32M for the former BCC and $13M for the former CCC; and
- both Council's Strategic Financial Ratios, met and/or exceeded government/industry benchmarks.

That said, one of the key elements and/or decisions to amalgamate the CCC and BCC Council's was premised on each Council's ability to remain financially sustainable into the future. As part of both former Council's response to the NSW Governments "Fit for the Future" (FFF) program, both Council's clearly indicated the need for reform.

In the main:

- The former CCC required and/or relied on:
    - the continuation – on a permanent basis - of their 2004/05 Special Rate Variation (SRV) - current impact $5.1M p.a., which ended in 2018/19;
    - increasing facility charges (fees & charges) whilst also reducing certain operational servicing levels of around $4.2M per annum;
    - allowing the deterioration of roads, footpaths and parks – equating to around $1.5M per annum; and
    - borrowing $36.5M to address infrastructure backlog issues rather than obtaining further rating income.

- The former BCC required a Special Rate Variation of around $17M per annum. That said, it should be noted that the former BCC had previously realised around $7M of permanent operational savings. The savings were realised by reviewing its processes, reviewing its service levels and delivering efficiencies – making it one of the lowest cost per capita rates amongst all metropolitan Council's.

Quite clearly, both Council's requirements and approach to remain financial sustainable was well documented and indeed formed the basis to preparing their Fit for the Future proposals.

Following the merger:

- the NSW Government introduced a "Rate Freeze" period whereby merged Councils were required to maintain their former Council's rate paths till 30 June 2020 (subsequently extended till 30 June 2021);
- regrettably, this meant that the former CCC Infrastructure Levy ended as a such resulted in a reduction of $5M in rating revenue;
- following representations made to the Minister, Council were advised that it could not change and/or vary the Governments "Rate Freeze" policy and that Council should look to restore and recover any lost rating income through a future/separate SRV process;

Further:

- Council determined to reject the former CCC proposed savings and/or income initiatives – given they were considered unacceptable or unrealistic – particularly reducing operating service levels ($4.2M per annum) and allowing further deterioration of Council's roads, footpaths and parks ($1.5M per annum); and
- also rejected the strategy to borrow a one-off amount of $36.5M to replace existing assets, given that it did not adequately recognise the ongoing funding requirements in addressing cumulative maintenance and backlog issues.

Notwithstanding the above, Council was able to quite early on realise several savings, particularly reviewing our organisational structure and associated indirect costs, as well as specific underperforming external contracts, at the time of amalgamation. These savings totalled around $7.6M.

When added to savings generated by the former BCC, Council have realised savings of around $14.6M per annum. This has been critical to remaining financially sound. It has also been critical in assisting Council to weather the impact of escalating non-discretionary costs – particularly State Government charges and cost shifting – which continue to consume any economies of scale derived from merging and/or transitional savings.

In its current financial state, Council has no capacity to respond to the community's growing expectations in terms of increased levels of services or indeed ensuring it maintains and replaces its assets at a standard which our community expects.

Following extensive engagement, our community have been quite clear in their expectation around improvements to several operating service levels – particularly:

- roadway/gutter cleaning, town centre cleaning and quicker response times to dumped rubbish;
- ensuring the ongoing management and renewal of Council's asset and infrastructure requirements; and
- implementing Council's Leisure and Aquatics Strategic Plan.

In responding to our community's needs and importantly ensuring our long-term financial sustainability, Council applied for an SRV and was supported and approved by the Independent Pricing and regulatory Tribunal (IPART) in May 2021.

By applying its recently approved SRV, Council's ten-year business improvement plan demonstrates a roadmap whereby we will look to establish the financial sustainability required to support our City and importantly avert significant deficits and/or underfunding the replacement of existing assets.

Importantly though, one should note that the current SRV will:

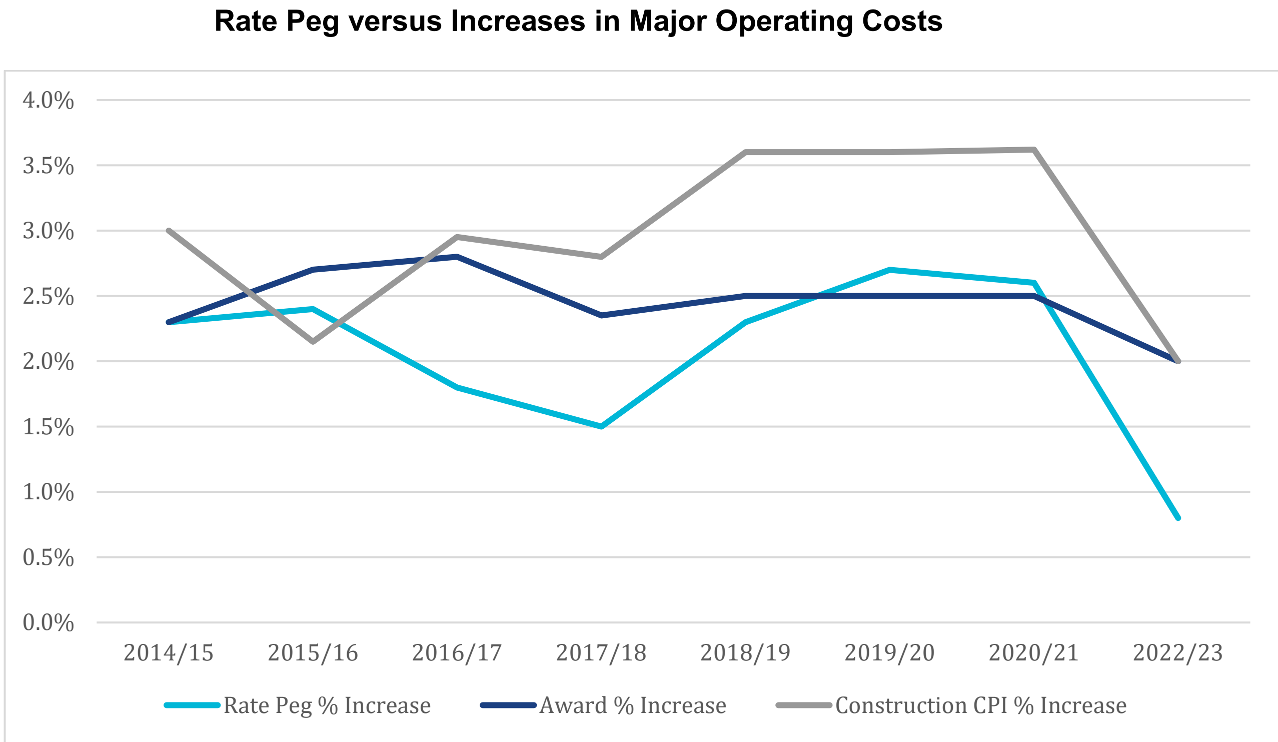
- not provide for broad/expanded services – beyond those identified;
- only looks to maintain our existing asset base at current levels and prevent/suppress ongoing deterioration over a 10-year horizon. Indeed, Council's funding requirements over a 20-year period again presents further ongoing financial challenges, which are highlighted in one of Council's LTFP Scenario's, further in the paper;
- not provide additional funding for new and/or enhanced facilities; and
- not provide the additional funding required to compliment the use of Developer Contributions (Section 7.11 funding) provided to Council.

One major reason for this is to understand and compare Council's ability to increase annual rates and compare it to annual expense-growth.

Council has a heavy reliance on Rates and Annual Charges being its major form of annual income (81%). Council has very little ability to vary its approach and/or increase the level of income from rates under current legislation due to the rate peg. The rate peg determines the maximum percentage amount by which a council may increase its general income for the year (IPART are the regulatory authority which determines and/or controls by what amounts councils' rates are to increase).

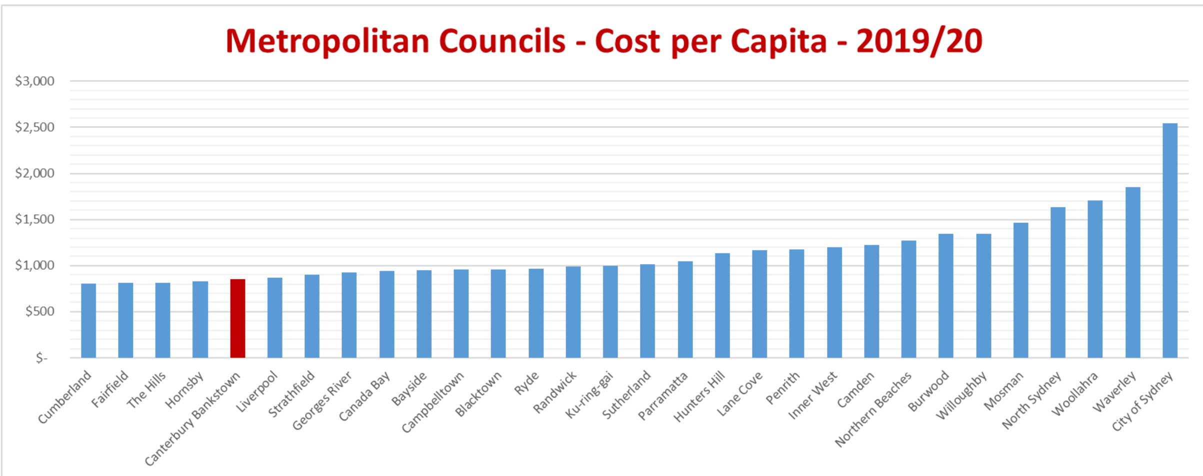
Similarly, Council has very little flexibility to also contain increases to its costs, particularly its non-discretionary ones (e.g. Electricity, state government levies) as well as cost-shifting from other tiers of Government.

Historically, the trends of Council's major expenditure categories compared to IPART's rate increase percentage is telling.



This continued trend provides a significant challenge for Council.

These projections are of further concern, particularly when they are overlayed with how efficient the Council is in providing its services. Councils combined 2019/20 expenditure per head of population is the fifth lowest amongst all metropolitan councils.



Source: NSW Office of Local Government Your Council Website (https://www.yourcouncil.nsw.gov.au/) 2019/20 data for the 30 Greater Sydney Councils.

As shown, Council's ability to either find further efficiencies and/or economies of scale from within its operational budget is not possible, without revising service levels.

Based on these projections, both former Council's long-term assessment under the NSW Governments benchmarks had identified them as "unfit" (i.e. financially unsustainable).

Notwithstanding that both former Council's financial positions were considered sound and stable at the time of amalgamation, it was clear that their current paths would ultimately create significant and unmanageable liabilities for future generations.

Whilst the Government's reform process has ended, the basis of the information presented by the former Council's is still valid and forms an integral part as to how this Council now responds to the challenge of fulfilling its broader objectives and ultimately remaining financially sustainable.

Transitioning Our New Organisation

A large part of our new Council's success to-date has been its strong leadership and approach to transitioning its organisation. Above all, Council's primary focus has been to ensure service continuity and protecting its staff.

In delivering this change, Council has worked through a comprehensive transition plan, focusing on the key areas of finance, governance and legal, IT systems and services, and its people.

Our approach has ensured that all of Council's core enablers have been carefully considered and importantly, implemented the required frameworks, policies and processes to ensure that Council's workforce continues to provide services to our community without disruption.

Whilst plenty has been achieved, our ongoing focus has moved from transition to shaping our new City. Council is developing the right strategies and policies, which will define our community's expectations for our City.

Operationally, we will focus on continually assessing our approach and ways to improve. Importantly, we will continue to work with our staff to building our new identity and culture.

Our Strategy

Policy Statement

City of Canterbury Bankstown Council (CBC) will have sound integrated planning, financial management and operating principles, while maintaining financial sustainability for the longer term.

This will be underpinned by current financial management practices that ensure delegation of integrated planning, financial and operational responsibilities. Further robust practices for budget and financial forecasting, compilation and audit of the financial statements and day to day financial processes will be in place.

CBC's FMS provides a clear direction and context for financial decision making that informs the allocation, management and use of its financial resources. It aims to ensure that Council remains financially sustainable while giving focus to financing key Council / Community priorities through strong and innovative financial management.

Council's key focus areas over the life of this plan are to:

- effectively engage with our Community to determine our service levels, revenue strategy and more broadly, ensuring that our services remain affordable;
- create a culture within Council that has a strong focus on operational efficiencies at all levels and an associated ethic of continuous improvement to facilitate the provision of required services to the community in a cost-effective manner;
- understand and manage risk in a transparent and prudent manner and ensure that Council is not unnecessarily risk adverse;
- ensure that Council has the appropriate assets and that they are fit for purpose to meet community needs. This would also include rationalisation of existing assets where appropriate;
- undertake workforce planning to ensure Council has the right skills and capabilities in place to meet the community's future needs;
- undertake planning to develop Council's long-term infrastructure investment requirements and to ensure that this is funded by the optimal mix of internal funding, external grants and contributions, and borrowings;
- develop a robust capital governance framework to ensure Council makes prudent, consistent and disciplined decisions regarding asset creation and renewal; and
- develop sound financial management practices that ensures maximum returns on investment (at acceptable risk levels), prudent procurement policies, minimise opportunities for fraud and appropriate use of debt funding.

Objectives

The three key objectives of Council's Financial Management Strategy 2022 – 2032 are as follows:

1. To provide Council with the direction and context for consistent and appropriate decision making in the allocation and management of CBC's financial resources to achieve ongoing financial sustainability.

2. To achieve this financial sustainability for Council through:

    - integration and alignment of financial outcomes with the Community Strategic Plan (CBCity 2028), Resourcing Strategy and Councils Delivery and Operational Plans;
    - understanding and managing risks for the community;

- working with the community on determining service level expectations and agreed associated funding sources, having regard to the expected growth throughout our City; and
- development of a Long-Term Financial Plan.

3. To enable Council to have the necessary funds to invest in a growing local economy and ultimately ensure the ongoing existence of a sustainable and liveable community.

Strategic Allocation of Funds and Resources

The FMS guides Council's budgetary framework and informs funding decisions to maintain fiscal discipline and align Council expenditure with funding priorities.

Council's budgetary framework links Council's Revenue Policy with its funding priorities being ordered as follows:

1. Funding Council Liabilities;
2. Funding Council's dedicated reserves in accordance with Council Policy; and
3. Funding Council's Operational and Capital Budgets

Building the Right Financial Capacity

In managing both our expectations and deliverables, we need to ensure we have the financial capacity to be able to deliver on our agreed outcomes.

This requires Council to develop sustainable revenue strategies, which are both equitable and affordable for our community.

In principle, Council's major revenues will reflect the following:

- *General Rates* – establish an appropriate tax-base which will fund essential whole of community services not funded through other sources.

- *Annual Charges* - apply a specific annual charge for managing Council's Domestic Waste Service and the rehabilitation of our tip sites, and a Stormwater Levy to fund new stormwater assets.

- *Grants and Contributions* – seek grant and contribution opportunities from government and other organisations to assist with the delivery of Council services and infrastructure especially in supporting the expected growth throughout the city.

- *Pricing of Goods & Services and Regulatory Charges* – Council will establish relevant pricing policies, fees and charges for user specific services. Council will also recognise its obligation to partially fund and/or subsidise services, where appropriate.

- *Proceeds from the Sale of Assets* – funds from divesting community assets will be restricted and used to construct, upgrade and/or replace agreed facilities, infrastructure and/or equipment, as determined by Council.

- *Cash Investments and Restrictions* – Council will hold cash investments which satisfy its legislative requirements (External Restrictions) and for certain funding policies set by Council (Internal Restrictions), for example - asset replacement reserves as well managing known commitments, liabilities and/or other contingencies.

  When cash is invested, Council will apply a prudent risk management approach in accordance with government requirements.

- *Debt / Loan Borrowings* – where appropriate, Council will utilise debt to fund capital expenditure, subject to it fulfilling agreed economic, social or environmental benefits and not affect existing recurrent operations and/or cashflows.

- *Other General Income Sources* – Council will look to investigate and generate other alternate sources of revenue, as determined by Council.

- *Surpluses from Previous Financial Years* – any cash surpluses of a general fund nature will be restricted and held for strategic priorities, as determined by Council.

Annually, Council will consider and adopt its Revenue Policy in accordance with statutory requirements.

Annexure A provides a summary of specific Financial Management Strategies, designed to support and deliver on Council's key deliverables and objectives.

Serving our Community

Managing Our Operations

Council will plan for the provision of services and assets by setting clear and appropriate priorities, as determined by the community. This will be undertaken within a planning environment focused on retaining a financially sustainable and viable position.

Council's approach will be to establish relevant and appropriate operational strategies to ensure that it is able to have the flexibility and freedom to respond to community demands, as and when appropriate.

In terms of managing its recurrent operational services/programs, Council will:

- establish and manage an effective Workforce Strategy. Council will regularly review its organisational structure and ensure it remains flexible to adapt to delivering required outcomes. Council will continually look to broaden and improve its staff's knowledge, skills and capacity to ensure it meets its required challenges and constraints;
- manage operations determining the required resources to support its long-term service plans and reflect them in its delivery and operational plans;
- plan to absorb any service expansion as part of its ongoing service reviews;

- where appropriate, Council will continue to assess augmenting its core workforce with specialised services through competitive tendering and other collaborative, regional service delivery and industry reform options;
- apply a business partnering approach to managing corporate support functions, with the view to capitalise on economies of scale throughout the organisation and build scale and capacity as growth occurs throughout the city;
- apply, where appropriate, a commercial approach to managing agreed services/functions and other non-core outcomes;
- continually assess its support/overhead cost structure;
- manage issues of "cost shifting", statutory and other non-discretionary costs, as required;
- ensure it provides an appropriate balance and scale of services with respect to its available financial resources/capacity; and
- ensure decisions reflect the agreed social, community and environmental management strategies set by Council.

In setting its priorities, Council will take into consideration both its current and expected population, demographics, density, distribution and growth when developing its long-term service and asset management plans.

In cases where services may also be provided by other levels of government, Council will consult with the appropriate Departments to ensure that it:

- is the most appropriate level of government to provide the service;
- manages any overlap with similar federal or state government provided services; an
- determines the most cost effective and appropriate service delivery option.

Naturally, Council will consult with its community in setting its priorities. As part of any consultation process, Council will:

- adequately reflect the community's key priorities;
- manage community expectations and ensure that the community understands the trade-offs between increasing services and increasing revenue;
- increase awareness of existing services and assets currently provided; and
- inform the community on the implications of not prioritising its services;

Annexure A provides a summary of specific Financial Management Strategies, designed to support and deliver on Council's key deliverables and objectives.

Maintaining Our Assets

Council is the custodian of around $4.9B in public assets throughout our local government area. Our responsibilities and/or obligations to ensuring they appropriately support our services, are fittingly maintained and/or renewed, is of the highest priority.

Council's existing asset base of a good standard and support our existing services well. That said, Council's long-term asset plans raise several warnings, which must be both recognised and addressed. Those issues include:

- the increasing cost of maintaining and renewing our assets;
- funding the annual “renewal gap” – the difference between what we can afford to allocate towards maintaining and renewing our assets and what is actually required. Even with the current SRV this figure is still estimated to be around $10.3M by 2031/32;
- funding the “asset backlog” – funding assets which have deteriorated to the point where they should have already been replaced. Similarly, this figure is currently estimated to be around $52M. Indeed, if Council were to continue funding the replacement of assets at the level prior to the current approved SRV then this would swell to around $350M in 10 years and a staggering amount of $1.0B in 20 years; and
- funding new assets – both to accommodate growth throughout our city and meet growing community expectation.

One way by which Council will look to address both its “renewal gap” and “asset backlog” will be to fund its *Depreciation Expense*.

Depreciation Expense is a non-cash item which aims to broadly account for the level of use/consumption of assets on an annual basis. Whilst the amount is of a non-cash nature, the figure provides an important guide as to the level of funding Council should be preserving on an annual basis in the form of cash reserves for the eventual replacement of assets, as and when required.

At present, Council has:

- identified its level of Depreciation to be around $78M per annum, which means that as a minimum, it should be spending and/or restricting cash of a similar amount for the purposes of replacing its existing assets; and
- has the financial capacity to spend and/or allocate around 51% of depreciation requirements in 2022/23 (which will grow to 87% in 2031/32 when money raised through the SRV is included) to replacing assets each year.

Based on the above, Council will continue to assess its community, operational and investment assets, which support Council agreed services, with the view to:

- reviewing, revising and/or rationalising its asset base to match the service needs and priorities of the community;
- establishing effective renewal strategies and plans based on condition assessments; and
- determining the agreed scale of asset quality demanded by the community.

Council’s LTFP provides a more detailed assessment of required funding options to address the above issues. Separately, a more comprehensive assessment of Council’s asset management issues is outlined in Council’s Asset Management Strategy.

Annexure A provides a summary of specific Financial Management Strategies, designed to support and deliver on Council’s key deliverables and objectives.

Planning for Growth

The South District Plan anticipates the potential for around 50,000 additional dwellings to be built throughout our local government area over the next 15 – 20 years – equating to around 150,000-200,000 additional residents. This would see our City's population grow to around 550,000 residents.

Financing the required new infrastructure and service demands will be challenging.

As Council's plans evolve, it will assess appropriate strategies to fund required capital investment as part of Council's broader Integrated Planning & reporting Framework. Options will include:

- accessing loan borrowing funds;
- Government funding;
- developer contributions;
- public-private partnerships; and
- Voluntary Planning Agreements.

Whilst some general anticipated growth is reflected in Council's LTFP, we will look to continue to revise our projections and its impact, particularly as Council's housing strategies are determined.

Securing a Financial Sustainable Future

Council's approved SRV provides the opportunity to now ensure we address some of the financial challenges we face – and importantly the level of funding required to ensure – as a minimum – that we:

- have adequate funding to deliver on our community's expectations around service; and
- secure adequate funding to maintain assets to current standards and prevent further deterioration over the next ten years.

As a snapshot, Council's SRV will provide:

- a further $4M required to harmonise and improve several operational services – such as street cleaning – including roadway kerb/gutter cleaning, town centre maintenance and various community programs;
- as a minimum, funding of around $31M per annum to ensure we replace, renew and address the deterioration of our existing asset base into the future;
- funding Council's adopted Aquatics Strategy, totalling $170M – Council proposes to borrow up to $85M to fund the program. The annual debt servicing cost equates to around $5M over a 20 years period. The balance of funding will be sourced from, Section 7.11 Contributions, existing asset reserves and general funds.
- allocating additional rating income from growth to compliment the use of Section 7.11 contributions;

- ensure we maintain adequate cash reserves to protect our liabilities and weather unforeseen events, as we have had to endure throughout the COVID pandemic; and
- importantly, ensure we meet required NSW Government financial indicators expected of all councils.

Importantly though, one should note that the current SRV will:

- not provide for broad/expand services – beyond those identified above;
- only looks to maintain our existing asset base at current levels and prevent/surpress ongoing deterioration over a 10-year horizon. Indeed, Council's funding requirements over a 20-year period again presents further ongoing challenges, which are highlighted in one of Council's LTFP Scenario's, further in the paper;
- not provide additional funding for new and/or enhanced facilities; and
- not provide the additional funding required to compliment the use of Developer Contributions (Section 7.11 funding) provided to Council.

Based on the above and in summary, Council's additional funding requirements are defined as follows:

Description	$M/ Annum
Funding Asset Renewals & Backlog	31
Service Enhancements	4
Leisure & Aquatics – Annual Debt Servicing Cost	5
Total Required Funding	**40**

Council's SRV will be gradually raised over a 4-year period, commencing throughout the 2022/23 financial year.

Financial Governance

Council's FMS provides the required framework which will ensure that monetary decisions are made and implemented in meeting its financial goals and outputs.

The strategy will ensure that Council effectively manages its obligations to:

- promote confidence within the community;
- result in better council outputs and outcomes;
- enhance its value and standing;
- meeting required legislative responsibilities;
- deliver on the community's requirements.

Council will continue to ensure that there will be robust and transparent financial management and governance established and maintained to meet accountability to its community and stakeholders, particularly in terms of its stewardship of community assets, both now and in the future.

Indeed, Council's External Audit obligations together with its Internal Audit Program will actively focus on both reviewing and ensuring Council's approach to effectively managing its financial management requirements.

Risk Management

Managing risks is key. Indeed, Council's approach to policymaking will be one based on sound decision-making and prudence.

Council's FMS and LTFP provide the required measures and approach towards managing its exposure to financial risk.

Council's decisions regarding its financial capacity and requirements will be managed within the context of an agreed Enterprise Risk Management framework, which reflects accepted financial performance objectives in ensuring that it remains sustainable, together with agreed cash reserves to manage fluctuation in recurrent operations and contingencies.

It will establish and maintain an effective approach to identifying, assessing, monitoring and managing its organisational risks having regard to the parameters as set out in this strategy.

Measuring Our Performance

Financial Sustainability Definition and Measures

The foundation to financial sustainability is found in the NSW Local Government Act – Chapter 3, which include:

- 8A - Guiding principles for councils
- 8B - Principles of sound financial management
- 8C - Integrated planning and reporting principles that apply to councils

A financially sustainable council, as defined by the NSW Government, is one that over the long term can generate sufficient funds to provide the level and scope of services and infrastructure agreed with its community through the Integrated Planning and Reporting process – (Source: NSW Government, 2012).

The FMS sets the required framework which will guide Council's financial management decision-making. Separately, the strategy sets the parameters within which Council agrees to operate in order to maintain accepted financial outcomes and should be viewed as an enabling strategy that aims to provide financial stability, affordability, focused delivery and value for money into the future.

Broadly, Council has set a series of strategic milestones and/or performance measures to guide it in terms of financial sustainability. Importantly, these measures will be used for broader reporting purposes for Council and its community.

Annexure B outlines each performance indicator, the basis of its measure and Council's benchmark for each indicator.

Long Term Financial Plan (LTFP) and Modelling

Introduction

The LTFP forecasts the financial outcomes for CBC over a ten-year time frame.

Council's LTFP aims to model both its current and future financial capacity to continue delivering high quality services, facilities and infrastructure to the community whilst also establishing dedicated funding to deliver on its vision, as set out in its Community Strategic Plan – 2028 cbcity.

Council's FMS and its LTFP:

- sets its financial policy framework to guide Councils financial decision making and ensure that it can secure its financial future for generations to come;
- forms an integral part of Councils integrated planning and reporting, enabling Council to test long-term community aspirations against the financial realities of funding those aspirations; and
- projects the financial impact of the significant growth expected in the Canterbury Bankstown local government area over the next ten years and helps to identify the additional resources required in continuing to deliver the services and standard of service our community expects.

Council's LTFP forecasts its financial performance and position over a ten (10) year period, particularly:

- utilising financial projections and assumptions to determine its projected annual income and operating expenditure, capital works and asset delivery, acquisitions and disposals of property and the resultant projected cash flows;
- measuring to what extent Council can fund the renewal and maintenance of existing assets, and the provision of new assets as outlined in Councils Asset Management Plan; and
- providing evidence of Councils funding capacity to meet existing service levels and growing community expectations.

As is the case with any long-term projections, they are subject to change, particularly due to:

- a variety of external factors affecting our city, predominantly those outside the control of Council;
- legislative and/or statutory changes, which may impact our operations; and
- any decisions that Council itself may make throughout the period.

That said, Council's LTFP includes a sensitivity analysis to demonstrate potential impacts on the LTFP forecasts due to both known and unknown changes and the long-term nature of the forecasts. In keeping its LTFP contemporary, Council LTFP will be reviewed annually as part of Council's annual budgeting process.

Scenario Modelling

Council has considered several options / scenarios and provided estimated financial paths for each scenario in order to indicate Council's ability to remain financially sustainable over the longer term. These options and scenarios provide key information that Councillors used to both assess and determine its current rating revenue policy and establish the preferred financial path for the City.

That said, and for the purposes of providing a general basis to understanding how Council may approach the matter into the future, the LTFP outlines six (6) potential financial modelling scenarios, which assist in explaining what Council's financial performance and position could potentially looks like over a ten (10) year period.

Whilst the focus of Council's plan is for a ten (10) year period, it is important to understand the longer-term condition of our assets, their replacement and likely impact on our financial position beyond this period. Whilst this will be the subject of ongoing annual reviews of the plan, Council's scenarios also illustrate the projected outcome from the Asset Management Strategy has on our financial position over a twenty (20) year period.

The scenarios utilised are outlined below.

Scenarios

Scenario 1 – Base Case Option

The Base Case Scenario assesses Council's financial performance and position based on:

- continuing with Council's current Revenue and Pricing Policies;
- harmonising former Council rate paths over an eight-year period;
- applying the approved IPART SRV and associated expenditure as outlined in Council's SRV application including;
    - A further $4M required to harmonise and improve several operational services – such as street cleaning – including roadway kerb/gutter cleaning, town centre maintenance and various community programs;
    - as a minimum, funding of around $31M per annum to ensure we replace, renew and address the deterioration of our existing asset base into the future;

- funding Council's adopted Aquatics Strategy, totalling $170M – Council proposes to borrow up to $85M to fund the program. The annual debt servicing cost equates to around $5M over a 20 years period. The balance of funding will be sourced from, Section 7.11 Contributions, existing asset reserves and general funds.
- allocating additional rating income from growth to compliment the use of Section 7.11 contributions;
- ensuring we maintain adequate cash reserves to protect our liabilities and weather unforeseen events, as we have had to endure throughout the COVID pandemic; and
- ensuring we meet required NSW Government financial indicators expected of all councils.

Importantly though, one should note that the current SRV will:

- not provide for broad/expand services – beyond those identified above;
- only looks to maintain our existing asset base at current levels and prevent/suppress ongoing deterioration over a 10-year horizon. Indeed, Council's funding requirements over a 20-year period again presents further ongoing challenges, which are highlighted in one of Council's LTFP Scenario's, further in the paper;
- not provide additional funding for new and/or enhanced facilities; and
- not provide the additional funding required to compliment the use of Developer Contributions (Section 7.11 funding) provided to Council.

Based on the above and in summary, Council's additional funding requirements are defined as follows:

Description	$M/ Annum
Funding Asset Renewals & Backlog	31
Service Enhancements	4
Leisure & Aquatics – Annual Debt Servicing Cost	5
Total Required Funding	**40**

Council's SRV will be gradually raised over a 4-year period, commencing throughout the 2022/23 financial year.

Scenario 2 – Servicing Model Option

The Servicing Model Scenario:

- assumes the same assumptions as the base case option (scenario 1) for asset replacement and maintenance;
- assumes application of Council's approved SRV; and
- shows a sensitivity analysis if council was to apply/divert $2M of the approved SRV from the required $31M for assets to operations for the increased services levels expected by our community for further/increased levels such as for cleaning, dealing with increased growth pressures on council operations, and higher than anticipated cost increases compared to actual rate peg increases.

This scenario shows the impacts on both the capital and operational expenditure with the resultant significant impact on unfunded asset renewals and asset backlog by relocating income differently than scenario 1.

Scenario 3 – Asset Management Model Option

This Asset Management Model Scenario applies the same assumptions as the Base Case Scenario – however adjusts income (Rates) to address the asset maintenance and renewal needs as outlined in Council's Asset Management Strategy using a 20-year time horizon.

This Asset Management Model Scenario reflects a permanent increase to Council Rating Revenues to provide the required asset renewal funding to meet the 20-year asset renewal requirements identified in Council's Asset Management Plan utilising existing Council Reserves to supplement any new funding.

Scenario 4 – Base Case without SRV Model Option

This Base Case without SRV Model Scenario applies the same assumptions as the Base Case Scenario – however income (Rates) is not adjusted to address lost SRV from the former Canterbury City Council, fund the asset renewal and maintenance gaps, and fund proposed borrowings to deliver Council's Leisure and Aquatic Strategy.

This Base Case without SRV Model Scenario highlights the effects on Councils infrastructure by not funding the 10-year asset renewal requirements identified in Council's Asset Management Plan for maintenance and renewals. Under this scenario Council is not adequately funding its asset maintenance/renewal requirements, is unable to meet the service levels expected by our growing community and would not be able to fund its adopted leisure and aquatic strategy.

Scenario 5 – Reduce Services Model Option

The Reduce Services Model Scenario assumes that rather than apply the approved IPART SRV, that Council cut services in order to deliver the $31m required for asset maintenance and renewal requirements outlined in Council's Asset Management Plan over the next 10 years.

Under this scenario Council is unable to meet the service levels expected by our growing community and would not be able to fund its adopted leisure and aquatic strategy.

The $31m cut to operational services, including labour, materials and contracts and other expenses, under this scenario, in order to adequately fund Council's asset maintenance and renewal requirements would have a significant impact on Council's operational service levels. These cuts would be the equivalent of:

- closing all aquatic facilities - $9.7M;
- closing all libraries except BlaKC (close 8 libraries) $5.6M;
- ceasing all City Cleaning operations (litter bins, street cleaning, graffiti) $6.2M;
- not undertaking any civic or community events $1.0M;
- Cease community grants program, aged and disability programs, and youth development programs $1.0M;
- cease mowing in all parks $3.5M;
- not undertake any parks garden works $2.0M; and
- cease mowing all sportsfields $2.1M.

The reduction in $31M of operational services would also see a reduction in staffing levels with approximately 167 full time equivalents positions required to shed from the organisation.

Scenario 6 – SRV for Purpose Model Option

Whilst not having any financial modelling produced for this option, using scenario 4 above as a base Council can easily model various options to accommodate specific SRVs for purpose.

Options may include:

- modelling an SRV for an additional $5m annually to fund Council's leisure and aquatics strategy
- modelling an SRV for an uplift in operational service
- modelling an SRV for new capital works expenditure
- Modelling SRV to fund asset maintenance and renewal costs

As this scenario is based on scenario 4 above it currently does not adequately fund required asset maintenance/renewal requirements as outlined in Council's Assets Management Strategy over the next 10 years.

Financial Modelling

In demonstrating the financial performance and position of each scenario, Council's LTFP will outline each scenario in a format similar to Councils Annual Financial Statements including:

Income Statement
Presents the operating result and change in net assets from operations for the year.

Balance Sheet
Discloses the assets, liabilities and equity of Council.

Cash Flow Statement
Shows the cash flows associated with Council's operating, financing and investing activities.

Performance Indicators
The scenarios provided in this LTFP will be assessed for their financial sustainability utilising the financial indicators outlined in the FMS.

Assumptions

General Observations

Council's LTFP has been prepared in accordance with the Council's legislative requirements, having reference to the Council's Community Strategic Plan CBCity - 2028. The LTFP will assist CBC in its decision making and long-term planning.

As a new City, Council will continue to review, reassess and present new strategies and outcomes for the city. The impact on these changes will require Council to continually review and adjust any material changes to its projections outlined in its LTFP.

In the main, Council's LTFP financial modelling aligns with Council's Operational and Delivery Plan's. Projections beyond this period are based on broader assumptions, which are more of a general nature.

That said, the information provides a guide for our community to understand Council's longer-term performance and approach to remaining financially sustainable.

Understanding our City – Economic Context

Canterbury-Bankstown is a highly urbanised metropolitan environment. It occupies a strategic position within Sydney's primary transport and freight corridors, accessible by air, rail, and road and only 30 minutes from Sydney (Kingsford Smith) Airport and Port Botany.

The City is a gateway to western and southern Sydney, traversed by major state and regional roads including the M5 Motorway, Hume Highway, King Georges Road, Henry Lawson Drive and Canterbury Road, Roberts Road and Stacey Street.

It contains important freight routes, providing a conduit for mineral and agricultural exports from regional NSW to Port Botany. The City is also crossed by two metropolitan rail lines – Bankstown and East Hills (Airport line).

Our local economy is driven by our 30,722 registered local businesses, providing 114,039 local jobs in our City. The largest industry sector supporting our City is in manufacturing. Canterbury-Bankstown produces a gross domestic product of $14.3B.

Sydney Metro Airport Bankstown is one of two leading general aviation airports in NSW. It is a major centre of economic activity operating as the base for NSW Police Air Wing, the NSW National Parks and Wildlife Service, the Royal Flying Doctor Service, NSW Forests, Greater Sydney Area Helicopter Medical Service, and the Aviation Studies program of the University of NSW. Bankstown Airport is a 'trade gateway', connecting Greater Sydney's economy to all part of Australia and the internationally.

For the purposes of formulating its LTFP, Council has assumed no major changes to private sector investment and/or industry throughout the local government area and/or its impact on Council's operations.

Broader Economic Outlook

Where available, Council will apply projected local and national economic indicators (e.g. interest rates and inflation). The current COVID-19 crisis has had a significant impact on the broader economy. Whilst the impact of the COVID-19 crisis is expected to be felt for several years, in the main, Council assumes that the recovery will be relatively swift and that conditions will remain relatively similar to those experienced just prior to the crisis.

That said, Council's LTFP projections have relied on industry specific trends such as, IPART and the Local Government Award, together with other associated cost indicators, applicable to our sector.

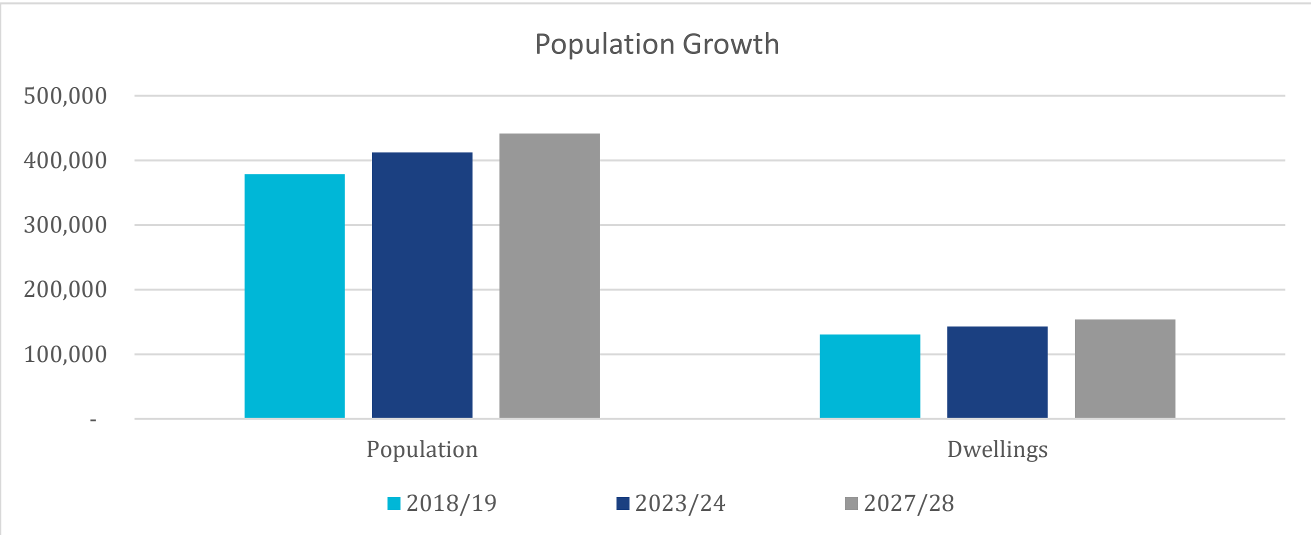
Population Growth

The South District plan anticipates the potential for around 50,000 additional dwellings to be built throughout our local government area over the next 15 – 20 years – equating to around 150,000-200,000 additional residents. This would see our City's population grow to around 550,000 residents.

Council’s financial modelling includes an anticipated increase in income and expenditure associated with the growth in population. Whilst it is anticipated that service priorities will change as the area’s population grows, it is assumed that the range of services will remain consistent to that currently being delivered.

Council’s population growth throughout the term of the plan is as follows:

	2018/19	2023/24	2027/28	Total Change	Annual Change %
Population	378,642	412,308	441,731	63,089	1.7%
Dwellings	130,452	142,899	153,630	23,178	1.8%



Council’s LTFP will continually reflect the impact of any known significant and/or major changes in its operations.

Revenue

Rating Legislation

The Government has introduced several changes to the Local Government Act, including changes relating to the harmonisation of rate paths for newly merged Council's.

By way of background in 2016, the NSW Government mandated that amalgamated Council's must maintain its former Council's rate path (rate freeze) till 30 June 2020 which was extended to 30 June 2021.

As part of its changes, newly merged Council's now have the discretion to harmonise its former Council rate paths up to an 8-year period, commencing 1 July 2021. Council has determined that it will apply the maximum 8-year period for the harmonisation of its residential and business ad valorem rates in order to minimise the harmonisation impact on its ratepayers.

Other rating reforms introduced include changing the rate peg methodology to allow the general income of councils to be varied annually on a total basis considering population growth experienced in our local government area. This is to support the NSW Government's commitment to allow councils to align their rates revenue with population growth. This reform was designed to assist local councils in providing quality services to their communities, including in those areas experiencing population growth.

Further rating and planning reforms have been foreshadowed by the NSW Government. Some of these reforms are currently being engaged on. Reforms not yet implemented by the NSW Government have not been included in Council's LTFP forecasts.

Rating Revenue

Rates including residential rates, business rates and special rates make up over 50 per cent of Council's total operating revenue and is therefore the main source of Council's funding.

The NSW Independent Pricing and Review Tribunal (IPART) determines the maximum percentage amount by which a council may increase its rates income each year through the rate peg. For the first time, the rate peg for 2022-23 included a population factor that varies for each council in NSW depending on how fast its population is growing. IPART has set the 2022-23 rate peg for CBCity at 0.8% being the NSW council rate peg of 0.7% plus the population factor for CBCity of 0.1%.

That said, Council's IPART approved SRV sets the total rates income increases for the following four (4) financial years, as follows:

	Rate Peg	SRV	Total
2022/23	2.5%	7.0%	7.8%
2023/24	2.5%	5.3%	7.8%
2024/25	2.5%	4.9%	7.4%
2025/26	2.5%	4.6%	7.1%

The scenarios in this LTFP have been developed as a guide to generally quantify the estimated increases in revenue required to address the identified funding gaps in the Base Case Scenario and to fund the requirements of CBC's Asset Management Strategy.

The additional funding as outlined in the financial modelling has reflected Council's approved special rate variation (SRV) above the forecast IPART rate pegging limit for the relevant financial years.

The growth in dwellings, as forecast by the NSW Department of Planning and Environment, has been used as the basis to forecast the growth in rating income. The majority of new dwellings are expected to be in the form of residential units.

To calculate the increase in rating income from growth CBC's current and forecast minimum residential rates have been used.

It has been assumed that:

- 25% of every additional rating dollar generated from minimum rates will be required as additional operating costs; and
- the remaining 75% of every additional rating dollar generated from minimum rates will be restricted and utilised for new infrastructure to service that growth.

Council's anticipated rate increases reflected in the plan are as follows:

	IPART Rate Peg Increase	Scenario 1 Increase	Scenario 2 Increase	Scenario 3 Increase	Scenario 4 Increase	Scenario 5 Increase
	%	%*	%*	%*	%*	%*
2022/23	2.5%	5.3%	5.3%	5.3%	-	-
2023/24	2.5%	5.3%	5.3%	5.3%	-	-
2024/25	2.5%	4.9%	4.9%	4.9%	-	-
2025/26	2.5%	4.6%	4.6%	4.6%	-	-
2026/27	2.5%	-	-	1.9%	-	-
2027/28	2.5%	-	-	1.9%	-	-
2028/29	2.5%	-	-	1.9%	-	-
2029/30	2.5%	-	-	1.9%	-	-
2030/31	2.5%	-	-	-	-	-
2031/32	2.5%	-	-	-	-	-
Average Annual Increase - %	**2.5%**	**2.0%**	**2.0%**	**2.8%**	**0.0%**	**0.0%**

* excludes IPART Rate Peg Increase
* % of proposed special rate variation (SRV)

Annual Charges – Domestic Waste

As required under s504 of the Local Government Act 1993 the domestic waste management charges are calculated so not to exceed the reasonable cost to the council of providing those services.

Council annually assess its domestic waste management charges to ensure it recovers a reasonable cost of providing the service, including the provision for the replacement of assets and the rehabilitation of Tip assets.

The domestic waste charge is forecast to increase by 1.1% in 2022/23 and then by 2.5% p.a. over the life of this plan. The growth in dwellings, as forecast by the NSW Department of Planning and Environment, has been used as the basis to forecast the growth in domestic waste management charges.

It is assumed that Council will continue with its current charging structure and operating service model for the purposes of preparing its LTFP.

Separately, the Independent Pricing and Regulatory Tribunal (IPART) is also currently undertaking a review of Domestic Waste Charges (DWC). IPART has released a discussion paper regarding:

- the wide variation in charges;
- whether the DWC is delivering good value for ratepayers;
- the challenges for local councils in purchasing and pricing waste management services; and
- Whether IPART provide some oversight and/or regulate the setting of DWC's for councils.

Further, IPART will also be considering the nature and/or type of costs currently being recovered through the charge (ie. level of administration and education programs), which may be diverted and/or required to be funded from general revenue in the future.

Council will await the outcome of the review and any direction set by the Government. In response to any changes, Council will update its Domestic Waste Management Strategy and DWC pricing policy which will be included in future reviews of Councils Financial Management Strategies.

Annual Charges - Stormwater management annual charge

The stormwater management annual charge is applied in accordance with the prevailing clauses of the Local Government Act 1993 and Regulation.

Council will develop a stormwater management plan to guide the application of funds obtained through the annual levy.

It is assumed that the stormwater management annual charge will continue to be levied on all eligible properties throughout the local government area for the period of the LTFP.

User Charges and Fees

Council has the ability to raise revenues through the adoption of a fee or a charge for services or facilities. Fees and charges are reviewed on an annual basis in conjunction with the preparation of the annual budget.

Some fees and charges are at the discretion of Council whilst others are non-discretion and set by legislation. Changes to the pricing of statutory fees and charges determined by the NSW Government.

Council's strategy will be to establish relevant pricing policies, fees and charges for user specific services and recognise its obligations to partially fund and/or subsidise services, where appropriate.

In the interim, Council's LTFP assumes that user charges and fees will increase at 0.7% for 2022/23, and 2.5% for all future years in this LTFP over the life of this plan.

Interest and Investment Revenue

CBC invests funds that are surplus to its current needs in accordance with the investment options prescribed under the Ministerial Investment Order, which restricts council investment activity, and its own Investment Policy and Strategy.

The size of the investment portfolio and interest rate returns determine the revenue generated from the Council’s cash investment portfolio.

It is assumed that Council will receive an average return an average of 1.75% p.a. on forecast cash and investment portfolio over the life of this plan.

Other Revenue

Generally, all other revenues, such as rental income from investment properties, fines, Lease rental income, and trade waste are expected to increase by 0.7% for 2022/23 and 2.5% p.a. over the life of this plan.

Operational Grants and Contributions

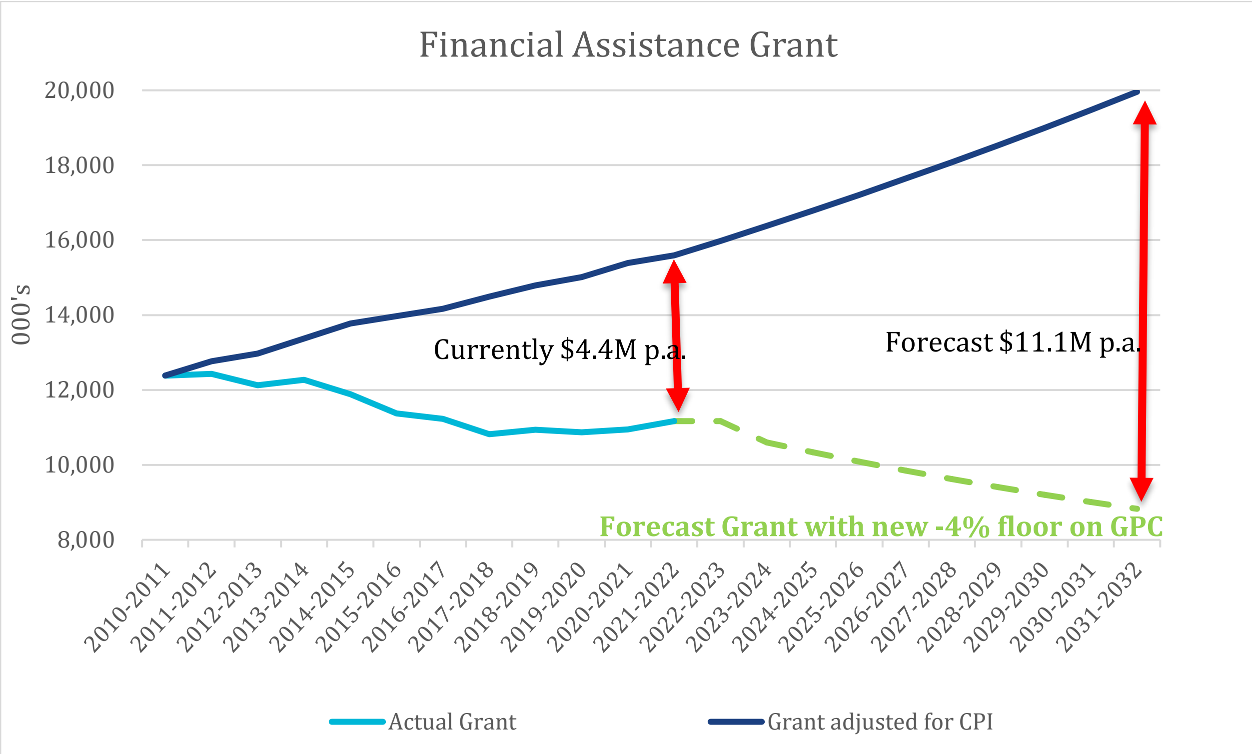
Council receives a number of operational grants from various Government agencies. The largest of these being the Financial Assistance Grant (FAG). This is a Federal “untied” grant which is distributed through the various states by the Local Government Grants Commission.

Over the years, councils have seen a tightening of grant funds allocated to metropolitan councils, particularly due to funds being diverted to regional and rural councils throughout NSW. This is quite evident when assessing Council's largest grant funding stream, the Financial Assistance Grant, which has been declining over the years as illustrated below.

Unlike capital grants and contributions, that add future financial liabilities for Council to manage, restoring operational grants, such as the lost FAG funding, provide Council with a greater ability to meet its financial sustainability obligations.

The Office of Local Government (OLG) has advised council that a new floor/ceiling will be introduced from 2022/23 for the allocation of FAG funding. The result for CBCity will see a redistribution of FAG funding from CBCity to rural and regional councils.

The index freeze and redistribution of FAG funding is estimated to have reduced Council’s FAG Funding allocation in 2022/23 by $4.4M. With the OLGs proposed new floor/ceiling calculation, the reduction in FAG funding is estimated to grow to $11.1M per annum by 2031/32.



That said, Council has assumed that overall operational grants and contributions will increase by 1.5% p.a. over the life of this plan.

Capital Grants and Contributions

Developer infrastructure contributions provide significant funding towards the cost of essential public facilities, amenities and infrastructure provided by Council, reflecting the increased demand generated by increases in resident populations.

Various grants are also received by Council for capital projects. These grants are predominately for road construction, and sport and recreation facilities. The number of grants received, and value are determined by State or Federal Government programs.

Whilst they provide and support the delivery of important infrastructure initiatives, these grants and contributions do not take into account the whole of life operating, maintenance and renewal costs for this new infrastructure.

As a consequence, Council is left with a financial liability that it must manage into the future when there are already constraints on its existing budgets to manage, operate, maintain and renew existing infrastructure. Ultimately, councils are forced to divert and/or allocate funding from maintaining and replacing existing assets to similarly/also maintain new grant-funded infrastructure.

Council is in the process of reviewing its Developer Contribution Plan and the likely income that would be generated from the Plan's, particularly to take into account the expected growth throughout the area.

Council’s LTFP will be revised once the new plans are adopted. In the interim, Council’s LTFP will assume that capital grants and contributions will increase by 1.5% p.a. over the life of this plan.

Operating Expenses

Employee costs

Employee costs are Councils largest operating expense being over 40 per cent of total operating expenditure. In preparing its LTFP, Council has assumed the following:

- Council’s current organisational structure will remain relatively stable and forecast labour resourcing requirements are in-line with those set out in the Workforce Plan;
- The strategic objectives and the associated actions and activity contained within Council’s Workforce Plan have been allowed for in the plan;
- Salary/Wage increases are based on the Local Government Award 2020 and the Local Government (COVID-19) Splinter (Interim) Award 2021;
- The estimated Award increase of 2.5% is applied annually (July each year);
- The estimated Award increase is also used to adjust associated employee costs (e.g. leave balances, superannuation);
- 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 2025/26; and
- Outside the increase outlined above it has been assumed that other employee costs will also increase by 2.5% p.a. over the life of this plan.

Borrowing costs

Council currently has no external debt. Council is scheduled to begin a borrowing program during 2022/23 of up to $85M over the life of the plan for scenarios 1, 2 and 3 to fund its Leisure and Aquatics Strategy. An initial loan of $43M will be required commencing in 2022/23 and be drawn down as required to fund the Canterbury Leisure and Aquatics Facility.

Where appropriate, and in accordance with its FMS, Council will separately utilise debt to fund capital expenditure, subject to it fulfilling agreed economic, social or environmental benefits and not affect existing recurrent operations and/or cash flows.

Materials and Services

Materials and services expenditures are another significant proportion of total operating expenditure. This category includes costs for materials used in operations to deliver services, contracted services provided by external parties, legal costs, audit fees, and tipping fees.

Council has significant infrastructure and facility asset holdings that need to be maintained to a quality standard, whilst providing a broad and diverse range of quality services for its community. Expectations for increasing levels of service and new community facilities and assets will lead to increase in these costs in the future.

It is assumed that materials and contracts will increase by 0.7% for 2022/23 and to 2.5% p.a. by 2023/24 and remain at that level over the life of this plan.

Depreciation

Depreciation of assets is a non-cash expense that systematically allocates the financial benefit of a fixed asset and recognises degradation of its capacity to continue to provide functionality over time. Depreciation provides an approximate indicator of the reduction of the asset's estimated useful life, on the proviso that it is maintained to a standard condition.

Depreciation is based upon each asset's value and an annual rate of depreciation calculated on the estimated useful life for each asset class. Depreciation is not influenced by other factors such as CPI and will only change if asset values or useful lives vary, or assets are acquired or sold. NSW Office of Local Government guidelines require that all assets are revalued to "fair value" within a five-year cycle.

Depreciation is a notional calculation of asset consumption over its useful life. It is not a measure of the required renewal expenditure on an asset in any given year. It does not inherently reflect the actual physical degradation of the asset condition.

Council uses the depreciation charge as a guide towards the funds that should be allocated towards the renewal of assets either on an annual basis or in the provision of internal reserves to be used on renewals in the future capital works program.

CBC's investment in new infrastructure, community facilities and other assets, and the periodic revaluation of existing assets will see the depreciation costs rise over time. The actual depreciation expenditure in future years will be impacted by future asset revaluation methods and timing as stipulated by relevant accounting standards.

This Plan assumes a continuation of present-day depreciation methodology, and accordingly increases in depreciation expense have been modelled based on the funding provided for renewal, upgrade and new assets.

Other Expenses

Other expenses are those which are not part of the day to day operations of Council and generally relate to write downs of financial assets, s356 contributions and levies payable to other levels of government that can significantly change over time.

This category largely includes the majority of non-discretionary costs that Council is required to manage on an annual basis. Some of these non-discretionary costs have increased in the past by more than the prevailing inflation rate.

However, Council's LTFP assumes that other expenses will increase by 0.7% for 2022/23 and 2.5% p.a. over the life of this plan.

Capital Expenditure

In terms of managing its assets, Council has developed the required strategy and plan for each of Council's asset management groups. The strategy and plans will reflect best practice principles in addressing Council's asset management obligations and the need to accurately measure and address the consumption of its assets.

In managing its assets, Council will:

- manage the whole life of an asset, from planning, purchase, operation, maintenance, and disposal at life end using appropriate accounting practices;
- plan to allocate sufficient funds each year for routine maintenance, renewal of infrastructure and unfunded renewals;
- ensure effective renewal and replacement strategies exist for operational plant and equipment to support Council's long-term service plans;
- rely on the IP&R planning process and other relevant demand drivers in determining the replacement, renewal, rationalisation, retirement and creation of new assets;
- apply a transparent prioritisation model for infrastructure projects to support its strategic principles and approach; and
- Utilise dedicated asset reserves to fund specific community outcomes and programs.

For a more detailed assessment of Council's approach to managing its assets can be obtained by reviewing its Asset Management Strategy.

In the main, Council's objective is to fund Council's asset replacement needs, including the need to address both its "renewal gap" and "asset backlog" by funding its Depreciation Expense. A comparison of Depreciation Expense and expenditure on assets included in the plan is as follows:

Year	Scenario 1			Scenario 2			Scenario 3			Scenario 4			Scenario 5		
	Depn Expense	Capex Renewal	Funded	Depn Expense	Capex Renewal	Funded	Depn Expense	Capex Renewal	Funded	Depn Expense	Capex Renewal	Funded	Depn Expense	Capex Renewal	Funded
	$M	$M	%	$M	$M	%	$M	$M	%	$M	$M	%	$M	$M	%
2022/23	77.9	39.6	51%	77.9	39.6	51%	77.9	39.6	51%	77.9	26.6	34%	77.9	26.6	34%
2023/24	77.1	34.5	45%	77.1	34.4	45%	77.1	36.2	47%	77.1	28.6	37%	77.1	42.9	56%
2024/25	77.1	44.3	57%	77.1	44.9	58%	77.1	47.7	62%	77.1	28.9	37%	77.1	50.8	66%
2025/26	76.8	61.2	80%	76.8	62.2	81%	76.8	66.0	86%	76.8	29.2	38%	76.8	59.0	77%
2026/27	77.0	60.3	78%	77.0	52.8	69%	77.0	61.8	80%	77.0	30.0	39%	77.0	60.8	79%
2027/28	76.5	62.1	81%	76.5	52.5	69%	76.5	67.1	88%	76.5	30.6	40%	76.5	61.4	80%
2028/29	76.6	62.2	81%	76.6	50.5	66%	76.6	71.8	94%	76.6	29.6	39%	76.6	60.4	79%
2029/30	76.7	64.4	84%	76.7	50.4	66%	76.7	78.3	102%	76.7	30.7	40%	76.7	61.5	80%
2030/31	76.9	66.0	86%	76.9	49.7	65%	76.9	82.6	107%	76.9	31.1	40%	76.9	62.0	81%
2031/32	78.2	67.7	87%	78.2	48.9	63%	78.2	84.7	108%	78.2	31.6	40%	78.2	62.5	80%

Note: from 2022/23 - Scenarios 2 to 5 focus on fully funding Council's projected asset maintenance gap prior to allocating surplus funding to asset renewals.

Cash Reserves

Council will hold cash investments which satisfy its legislative requirements (External Restrictions) and for certain funding policies set by Council (Internal Restrictions).

Use must be reflected in Council's Operational Plan and/or based on agreed policies. Use must be approved through the appropriate Annual and/or Quarterly Budget process.

Council's LTFP has outlined a series of restrictions to:

- manage both externally imposed statutory or regulatory requirements as well as those set by Council;
- Generally, internally restricted reserves are set aside and utilised for a specific purpose and/or its prudent approach to ensuring that Council is able to meet its liquidity ratio targets, working capital commitments and obligations (liabilities), as required;
- The ongoing management of these reserves are reviewed annually by Council based on legislative requirements, replacement and initiative strategies, known commitments and/or contingencies; and
- Council's Asset Management Plan provides the required time frames and commitments to drawing on required funding from reserves to meet Council's required outcomes.

Council's Financial Management Strategies – Part D, outlines the guiding principles to managing Council's cash reserves.

Sensitivity Analysis

Council's LFTP modelling uses a variety of assumptions (as outlined above) in determining the expected financial forecasts over the life of the plan. While the assumptions of the LTFP are based on the current best estimates obtained from a range of reliable sources, LTFP's are subject to variation, particularly given that the assumptions are outside the control of Council.

Naturally, large variations to the financial forecasting assumptions could have a major or significant impact on the results of the financial modelling. That's said, Council will review its LTFP annually as part of budgeting process to ensure that its financial model remains contemporary and reflects current and/or known conditions, as feasibly possible.

Council has applied a relatively conservative approach in developing this LTFP, so as to ensure that the forecast financial modelling is more likely to succeed and reduces the financial exposure risk for Council.

The official cash rate set by the Reserve Bank are currently at historically low levels. Whilst it is anticipated that the official cash rate will increase over time, it will forecast to remain at a relatively low level throughout the term of this LTFP.
Any increase in the official cash rates will:

- provide a positive impact on Council's investment portfolio as returns for fixed products move higher and floating instruments being directly positively impacted; and
- should also increase bond yields having a positive flow on effect for Council's employee leave provisions as the bond yields are used for discounting Council's future employee leave liabilities.

Inflation assumptions are heavily used throughout the plan and is an assumption used on both income and expenditure projections and as such mitigates any substantial impact on the results of the financial modelling should there be any significant variance.

Many non-discretionary costs have increased at a greater rate than prevailing inflation rates in the past. Examples include utility prices and insurance premiums that have had significant increases above forecast inflation rates at a significant cost impact to council. The LTFP continues to reflect a similar pattern throughout the life of the plan.

As a guide, Annexure C provides an indication of the dollar ($) impact should the income and expenditure assumptions used in the modelling indicates differ to that reflected in the plan.

Scenario Analysis - Summary of Outcomes

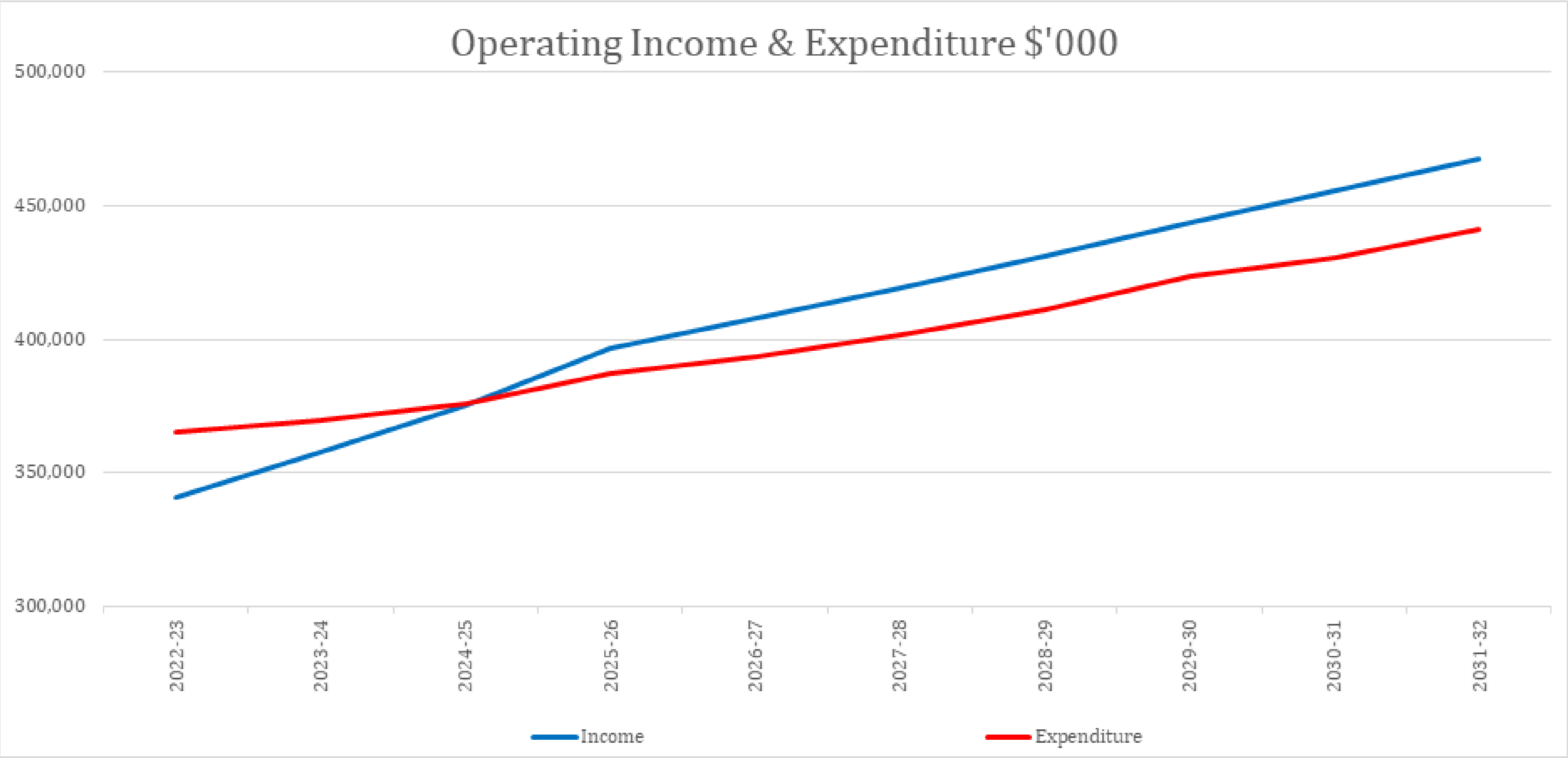
Scenario 1 – Base Case

Performance Indicators

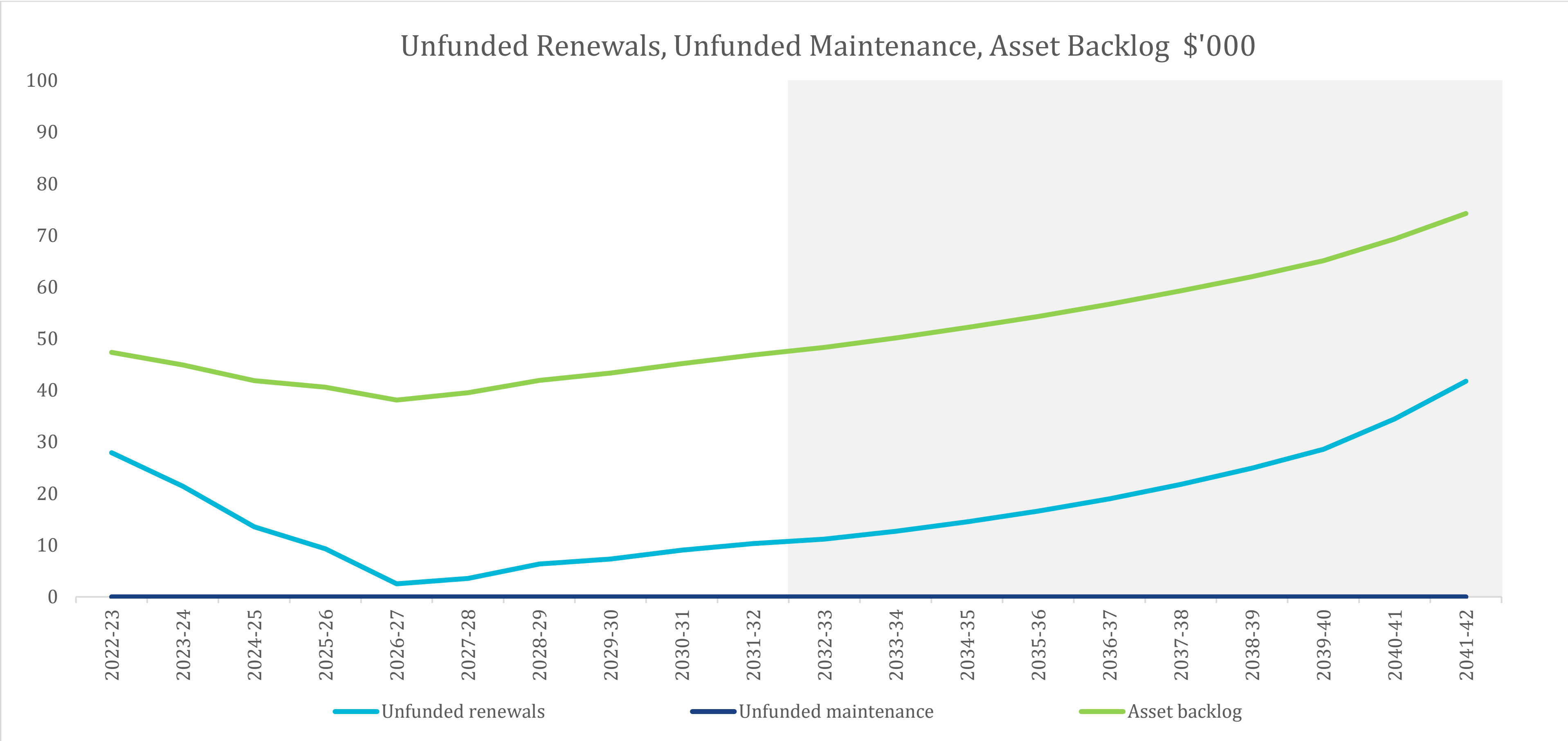
Ratio	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Operating Performance	-7.16%	-3.40%	-0.29%	2.45%	3.57%	4.16%	4.65%	4.52%	5.51%	5.67%
Own Source Revenue	88%	89%	90%	91%	91%	91%	91%	91%	91%	92%
Unrestricted Current Ratio	1.45	1.63	1.74	2.23	2.60	3.01	3.35	3.67	3.97	4.25
Debt Service Ratio	0.43%	0.81%	0.78%	1.25%	1.22%	1.29%	1.25%	1.33%	1.29%	1.26%
Asset Renewals	51%	45%	57%	80%	78%	81%	81%	84%	86%	87%
Infrastructure Backlog	3.80%	4.73%	5.29%	5.65%	5.69%	5.78%	6.00%	6.26%	6.61%	7.02%
Unfunded Asset Renewals	-$ 27,901	-$ 21,425	-$ 13,553	-$ 9,284	-$ 2,519	-$ 3,544	-$ 6,368	-$ 7,328	-$ 9,026	-$ 10,325
Asset Maintenance	89%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Real Opex Exp per capita	$1,013	$1,026	$1,044	$1,074	$1,092	$1,116	$1,141	$1,175	$1,196	$1,224

* Refer Appendix 1

Long Term Projections - Income (Excluding Capital Grants & Contributions) and Operating Expenditure



Asset Management



Canterbury Bankstown Council – Base Case - Income Statement

	2022-23 $'000	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000
Income from continuing operations										
Rates and Annual Charges	274,261	290,278	306,648	326,743	336,402	346,339	356,562	367,083	377,905	387,976
User Charges and Fees	19,118	19,023	19,399	19,884	20,381	20,891	21,413	21,948	22,497	23,059
Interest and Investment Revenue	6,673	6,856	6,993	7,167	7,346	7,530	7,718	7,911	8,108	8,311
Other Revenues	19,202	19,586	19,978	20,477	20,989	21,514	22,052	22,603	23,168	23,747
Grants and Contributions Operating	21,411	21,812	22,208	22,541	22,880	23,223	23,571	23,924	24,283	24,648
Grants and Contributions Capital	23,042	17,815	16,300	16,320	16,340	16,360	16,380	16,401	16,422	16,443
Total Income from continuing operations	**363,706**	**375,370**	**391,527**	**413,132**	**424,338**	**435,857**	**447,696**	**459,870**	**472,383**	**484,184**
Expenses from continuing operations										
Employee Costs	157,401	160,646	164,737	168,855	173,076	177,403	181,837	186,382	191,041	195,817
Borrowing Costs	768	1,413	1,362	2,321	2,229	2,371	2,265	2,415	2,293	2,166
Materials and Contracts	115,040	116,320	118,596	124,187	125,922	130,138	134,497	141,510	143,734	147,757
Depreciation	77,892	77,108	77,100	76,828	76,959	76,483	76,607	76,677	76,910	78,202
Other Expenses	13,963	14,242	14,527	14,890	15,263	15,645	16,036	16,437	16,848	17,269
Total Expenses from continuing operations	**365,064**	**369,730**	**376,322**	**387,081**	**393,449**	**402,040**	**411,241**	**423,421**	**430,826**	**441,211**
Net Operating Result	**(1,357)**	**5,640**	**15,205**	**26,052**	**30,889**	**33,817**	**36,455**	**36,449**	**41,557**	**42,973**
Net Operating Result before Capital	**(24,399)**	**(12,175)**	**(1,095)**	**9,732**	**14,549**	**17,457**	**20,075**	**20,048**	**25,135**	**26,530**

Canterbury Bankstown Council - Base Case - Statement of Financial Position

	2022-23 $'000	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000
Current Assets										
Cash and Investments	353,143	400,391	442,968	511,920	565,557	626,263	681,547	736,750	787,455	838,392
Receivables	17,938	18,297	18,754	20,113	20,960	21,829	22,721	23,637	24,578	25,492
Inventories	739	764	799	808	810	829	848	885	888	909
Other	6,554	6,554	6,554	6,554	6,554	6,554	6,554	6,554	6,554	6,554
Total Current Assets	**378,374**	**426,006**	**469,076**	**539,395**	**593,880**	**655,475**	**711,669**	**767,826**	**819,475**	**871,347**
Non-Current Assets										
Receivables	2,319	2,365	2,425	2,425	2,425	2,425	2,425	2,425	2,425	2,425
Infrastructure, Property, P&E	3,693,016	3,657,952	3,639,072	3,622,559	3,598,194	3,579,455	3,562,794	3,547,987	3,535,132	3,523,831
Investment property	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750
Intangible Assets	432	432	432	432	432	432	432	432	432	432
Other	0	0	0	0	0	0	0	0	0	0
Total Non-Current Assets	**3,703,517**	**3,668,499**	**3,649,678**	**3,633,165**	**3,608,801**	**3,590,062**	**3,573,400**	**3,558,594**	**3,545,739**	**3,534,437**
Total Assets	**4,081,891**	**4,094,505**	**4,118,754**	**4,172,560**	**4,202,681**	**4,245,537**	**4,285,070**	**4,326,420**	**4,365,214**	**4,405,785**
Current Liabilities										
Payables	25,876	26,394	27,053	28,257	28,700	29,649	30,635	32,163	32,743	33,692
Other	20,568	20,744	20,956	21,951	22,116	22,092	22,292	22,284	22,281	22,282
Provisions	62,137	69,599	78,881	80,446	82,050	83,694	85,379	87,106	88,877	90,691
Total Current Liabilities	**108,581**	**116,736**	**126,890**	**130,655**	**132,866**	**135,436**	**138,306**	**141,554**	**143,901**	**146,665**
Non-Current Liabilities										
Payables	450	450	450	450	450	450	450	450	450	450
Borrowings	40,640	39,003	37,313	62,864	59,754	62,538	58,992	61,924	58,129	54,203
Provisions	22,743	23,198	23,778	22,217	22,347	26,033	29,787	28,508	27,193	25,952
Total Non-Current Liabilities	**63,833**	**62,651**	**61,541**	**85,531**	**82,551**	**89,021**	**89,229**	**90,882**	**85,772**	**80,605**
Total Liabilities	**172,414**	**179,388**	**188,432**	**216,186**	**215,418**	**224,457**	**227,535**	**232,436**	**229,673**	**227,270**
Net Assets	**3,909,477**	**3,915,117**	**3,930,322**	**3,956,374**	**3,987,263**	**4,021,080**	**4,057,535**	**4,093,984**	**4,135,541**	**4,178,515**
Equity										
Retained Earnings	3,909,477	3,915,117	3,930,322	3,956,374	3,987,263	4,021,080	4,057,535	4,093,984	4,135,541	4,178,515
Total Equity	**3,909,477**	**3,915,117**	**3,930,322**	**3,956,374**	**3,987,263**	**4,021,080**	**4,057,535**	**4,093,984**	**4,135,541**	**4,178,515**

Canterbury Bankstown Council – Statement of Cash Flows

	2022-23 $'000	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000
Cash Flows from Operating Activities										
Receipts	364,726	374,618	390,559	410,083	423,491	434,988	446,804	458,954	471,442	483,270
Payments	(302,463)	(291,133)	(297,217)	(307,492)	(314,445)	(322,983)	(331,983)	(343,526)	(351,568)	(360,267)
Total Cash Flows from Operations	**62,263**	**83,485**	**93,342**	**102,591**	**109,046**	**112,005**	**114,821**	**115,428**	**119,874**	**123,003**
Cash Flows from Investing Activities										
Purchase / Sale of Investment Securities	1,787	(34,547)	(44,384)	(50,574)	(50,577)	(50,080)	(49,557)	(48,735)	(47,829)	(47,414)
Purchase Infrastructure, Property, P&E	(96,640)	(47,081)	(65,113)	(67,303)	(59,684)	(62,380)	(65,171)	(68,307)	(71,598)	(74,444)
Total Cash Flows from Investing	**(94,854)**	**(81,627)**	**(109,497)**	**(117,877)**	**(110,261)**	**(112,460)**	**(114,728)**	**(117,043)**	**(119,426)**	**(121,857)**
Cash Flows from Financing Activities										
Proceeds from Borrowings (Debt)	**43,000**	-	-	**29,400**	-	**6,000**	-	**6,600**	-	-
Repayment of Borrowings (Debt)	**(774)**	**(1,586)**	**(1,637)**	**(2,724)**	**(2,815)**	**(3,110)**	**(3,216)**	**(3,546)**	**(3,668)**	**(3,795)**
Total Cash Flows from Financing	**42,226**	**(1,586)**	**(1,637)**	**26,676**	**(2,815)**	**2,890**	**(3,216)**	**3,054**	**(3,668)**	**(3,795)**
Opening Cash	**64,567**	**74,203**	**74,475**	**56,684**	**68,074**	**64,043**	**66,478**	**63,354**	**64,794**	**61,573**
Change in Cash	**9,636**	**272**	**(17,791)**	**11,390**	**(4,030)**	**2,435**	**(3,123)**	**1,439**	**(3,221)**	**(2,649)**
Closing Cash	**74,203**	**74,475**	**56,684**	**68,074**	**64,043**	**66,478**	**63,354**	**64,794**	**61,573**	**58,923**

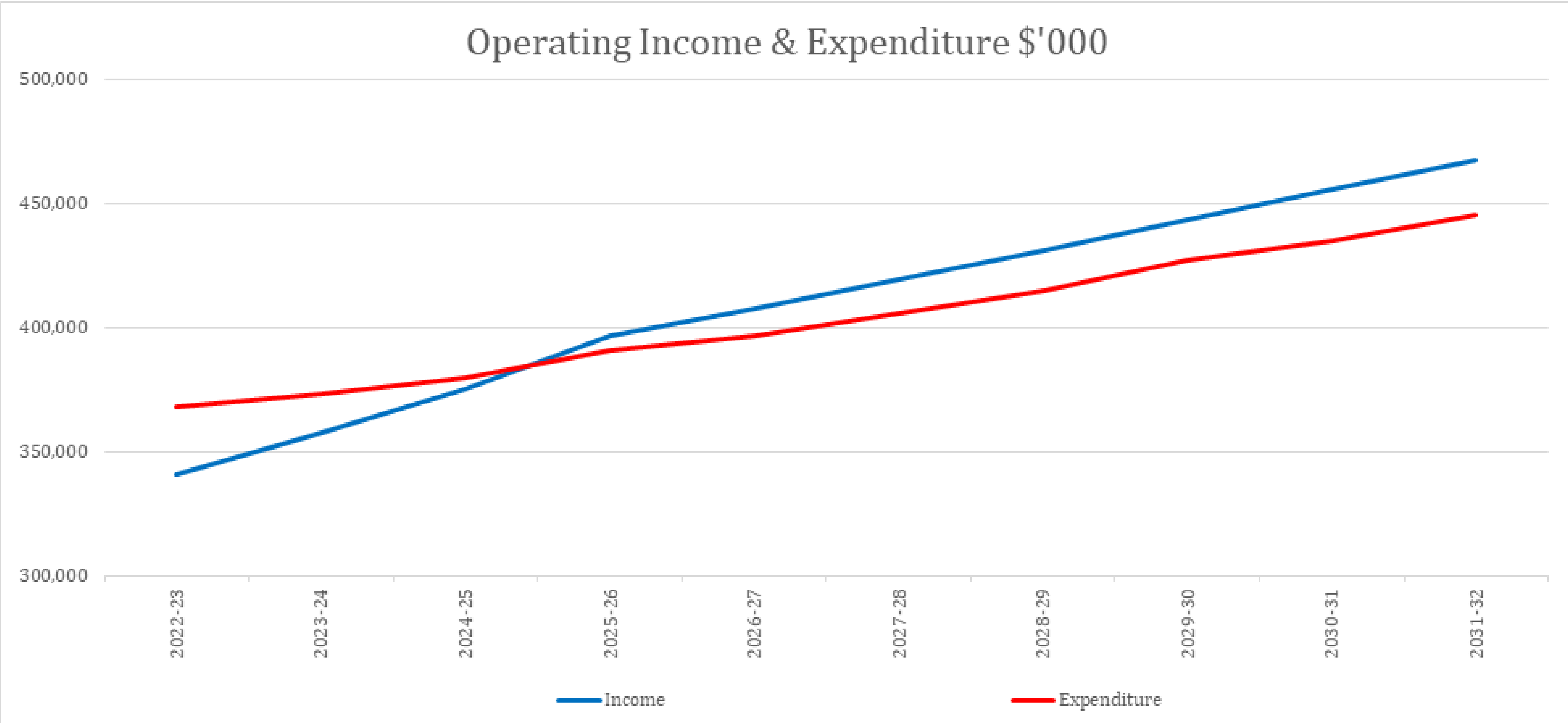
Scenario 2 – Servicing Model

Performance Indicators

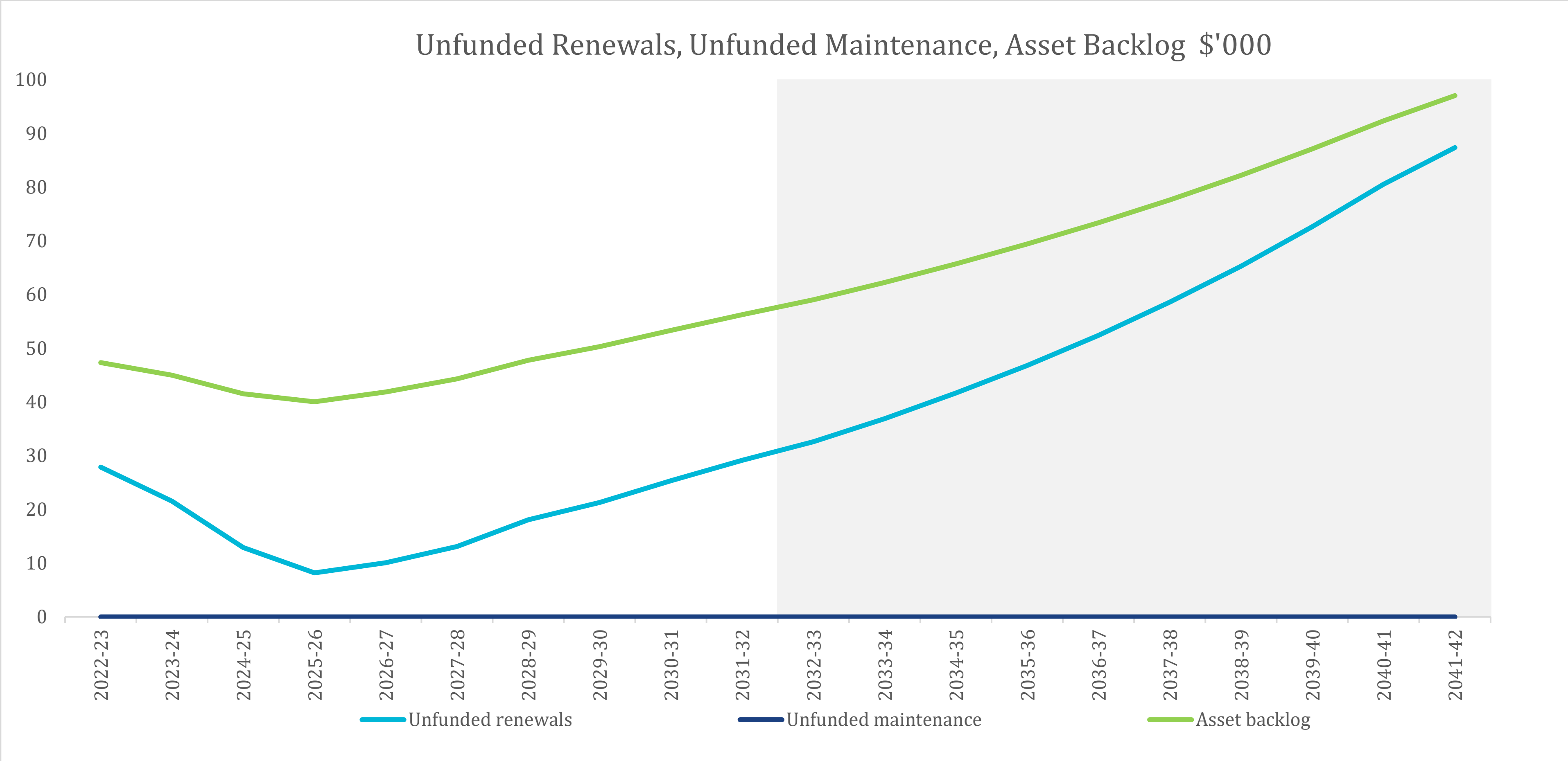
Ratio	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Operating Performance	-8.12%	-4.34%	-1.20%	1.57%	2.69%	3.29%	3.79%	3.65%	4.65%	4.81%
Own Source Revenue	88%	89%	90%	91%	91%	91%	91%	91%	91%	92%
Unrestricted Current Ratio	1.41	1.55	1.61	2.05	2.37	2.73	3.03	3.31	3.57	3.81
Debt Service Ratio	0.43%	0.81%	0.78%	1.25%	1.22%	1.29%	1.25%	1.33%	1.29%	1.26%
Asset Renewals	51%	45%	57%	80%	78%	81%	81%	84%	86%	87%
Infrastructure Backlog	3.80%	4.74%	5.27%	5.58%	5.97%	6.51%	7.28%	8.21%	9.33%	10.63%
Unfunded Asset Renewals	-$ 27,901	-$ 21,527	-$ 12,912	-$8,189	-$ 10,060	-$ 13,113	-$ 18,073	-$ 21,290	-$ 25,363	-$29,161
Asset Maintenance	89%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Real Opex Exp per capita	$1,022	$1,035	$1,054	$1,084	$1,102	$1,126	$1,152	$1,186	$1,206	$1,236

* Refer Appendix 1

Long Term Projections - Income (Excluding Capital Grants & Contributions) and Operating Expenditure



Asset Management



Canterbury Bankstown Council – Servicing Model - Income Statement

	2022-23 $'000	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000
Income from continuing operations										
Rates and Annual Charges	274,261	290,278	306,648	326,743	336,402	346,339	356,562	367,083	377,905	387,976
User Charges and Fees	19,118	19,023	19,399	19,884	20,381	20,891	21,413	21,948	22,497	23,059
Interest and Investment Revenue	6,673	6,856	6,993	7,167	7,346	7,530	7,718	7,911	8,108	8,311
Other Revenues	19,202	19,586	19,978	20,477	20,989	21,514	22,052	22,603	23,168	23,747
Grants and Contributions Operating	21,411	21,812	22,208	22,541	22,880	23,223	23,571	23,924	24,283	24,648
Grants and Contributions Capital	23,042	17,815	16,300	16,320	16,340	16,360	16,380	16,401	16,422	16,443
Total Income from continuing operations	**363,706**	**375,370**	**391,527**	**413,132**	**424,338**	**435,857**	**447,696**	**459,870**	**472,383**	**484,184**
Expenses from continuing operations										
Employee Costs	157,401	160,646	164,737	168,855	173,076	177,403	181,837	186,382	191,041	195,817
Borrowing Costs	768	1,413	1,362	2,321	2,229	2,371	2,265	2,415	2,293	2,166
Materials and Contracts	118,163	119,506	121,855	127,541	129,334	133,633	138,077	145,203	147,492	151,607
Depreciation	77,892	77,108	77,100	76,828	76,959	76,483	76,607	76,677	76,910	78,202
Other Expenses	14,103	14,385	14,672	15,039	15,416	15,801	16,196	16,601	17,016	17,442
Total Expenses from continuing operations	**368,327**	**373,057**	**379,726**	**390,584**	**397,014**	**405,691**	**414,982**	**427,278**	**434,752**	**445,233**
Net Operating Result	**(4,620)**	**2,312**	**11,801**	**22,549**	**27,324**	**30,166**	**32,714**	**32,592**	**37,631**	**38,951**
Net Operating Result before Capital	**(27,662)**	**(15,503)**	**(4,499)**	**6,229**	**10,984**	**13,806**	**16,334**	**16,191**	**21,209**	**22,508**

Canterbury Bankstown Council – Servicing Model - Statement of Financial Position

	2022-23 $'000	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000
Current Assets										
Cash and Investments	353,143	400,391	442,968	508,414	558,500	615,575	667,138	718,507	765,301	812,236
Receivables	17,938	18,297	18,754	20,113	20,960	21,829	22,721	23,637	24,578	25,492
Inventories	739	764	799	831	833	853	872	910	914	936
Other	6,554	6,554	6,554	6,554	6,554	6,554	6,554	6,554	6,554	6,554
Total Current Assets	**378,374**	**426,006**	**469,076**	**535,912**	**586,848**	**644,811**	**697,285**	**749,609**	**797,347**	**845,218**
Non-Current Assets										
Receivables	2,319	2,365	2,425	2,425	2,425	2,425	2,425	2,425	2,425	2,425
Infrastructure, Property, P&E	3,693,016	3,657,952	3,639,072	3,622,559	3,598,195	3,579,456	3,562,794	3,547,988	3,535,133	3,523,831
Investment property	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750
Intangible Assets	432	432	432	432	432	432	432	432	432	432
Other	0	0	0	0	0	0	0	0	0	0
Total Non-Current Assets	**3,703,517**	**3,668,499**	**3,649,678**	**3,633,166**	**3,608,801**	**3,590,062**	**3,573,401**	**3,558,594**	**3,545,739**	**3,534,438**
Total Assets	**4,081,891**	**4,094,505**	**4,118,754**	**4,169,078**	**4,195,649**	**4,234,873**	**4,270,686**	**4,308,203**	**4,343,086**	**4,379,655**
Current Liabilities										
Payables	25,876	26,394	27,053	28,278	28,736	29,704	30,710	32,263	32,858	33,828
Other	20,568	20,744	20,956	21,951	22,116	22,092	22,292	22,284	22,281	22,282
Provisions	65,400	76,190	88,876	90,441	92,045	93,689	95,374	97,101	98,872	100,686
Total Current Liabilities	**111,844**	**123,327**	**136,885**	**140,671**	**142,897**	**145,485**	**148,376**	**151,648**	**154,011**	**156,796**
Non-Current Liabilities										
Payables	450	450	450	450	450	450	450	450	450	450
Borrowings	40,640	39,003	37,313	62,864	59,754	62,538	58,992	61,924	58,129	54,203
Provisions	22,743	23,198	23,778	22,217	22,347	26,033	29,787	28,508	27,193	25,952
Total Non-Current Liabilities	**63,833**	**62,651**	**61,541**	**85,531**	**82,551**	**89,021**	**89,229**	**90,882**	**85,772**	**80,605**
Total Liabilities	**175,677**	**185,978**	**198,426**	**226,202**	**225,448**	**234,506**	**237,605**	**242,530**	**239,783**	**237,401**
Net Assets	**3,906,214**	**3,908,526**	**3,920,327**	**3,942,876**	**3,970,200**	**4,000,366**	**4,033,080**	**4,065,672**	**4,103,303**	**4,142,254**
Equity										
Retained Earnings	3,906,214	3,908,526	3,920,327	3,942,876	3,970,200	4,000,366	4,033,080	4,065,672	4,103,303	4,142,254
Total Equity	**3,906,214**	**3,908,526**	**3,920,327**	**3,942,876**	**3,970,200**	**4,000,366**	**4,033,080**	**4,065,672**	**4,103,303**	**4,142,254**

Canterbury Bankstown Council – Servicing Model - Statement of Cash Flows

	2022-23 $'000	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000
Cash Flows from Operating Activities										
Receipts	364,726	374,618	390,559	410,083	423,491	434,988	446,804	458,954	471,442	483,270
Payments	(305,010)	(294,448)	(300,604)	(310,998)	(317,995)	(326,616)	(335,704)	(347,359)	(355,480)	(364,269)
Total Cash Flows from Operations	**59,716**	**80,170**	**89,955**	**99,086**	**105,496**	**108,372**	**111,100**	**111,595**	**115,962**	**119,001**
Cash Flows from Investing Activities										
Purchase / Sale of Investment Securities	1,787	(34,547)	(44,384)	(50,574)	(50,577)	(50,080)	(49,557)	(48,735)	(47,829)	(47,414)
Purchase Infrastructure, Property, P&E	(96,640)	(47,081)	(65,113)	(67,303)	(59,684)	(62,380)	(65,171)	(68,307)	(71,598)	(74,444)
Total Cash Flows from Investing	**(94,854)**	**(81,627)**	**(109,497)**	**(117,877)**	**(110,261)**	**(112,460)**	**(114,728)**	**(117,043)**	**(119,426)**	**(121,857)**
Cash Flows from Financing Activities										
Proceeds from Borrowings (Debt)	**43,000**	**-**	**-**	**29,400**	**-**	**6,000**	**-**	**6,600**	**-**	**-**
Repayment of Borrowings (Debt)	**(774)**	**(1,586)**	**(1,637)**	**(2,724)**	**(2,815)**	**(3,110)**	**(3,216)**	**(3,546)**	**(3,668)**	**(3,795)**
Total Cash Flows from Financing	**42,226**	**(1,586)**	**(1,637)**	**26,676**	**(2,815)**	**2,890**	**(3,216)**	**3,054**	**(3,668)**	**(3,795)**
Opening Cash	**64,567**	**71,656**	**68,613**	**47,434**	**55,319**	**47,739**	**46,541**	**39,696**	**37,302**	**30,170**
Change in Cash	**7,089**	**(3,043)**	**(21,179)**	**7,885**	**(7,580)**	**(1,198)**	**(6,844)**	**(2,394)**	**(7,133)**	**(6,652)**
Closing Cash	**71,656**	**68,613**	**47,434**	**55,319**	**47,739**	**46,541**	**39,696**	**37,302**	**30,170**	**23,518**

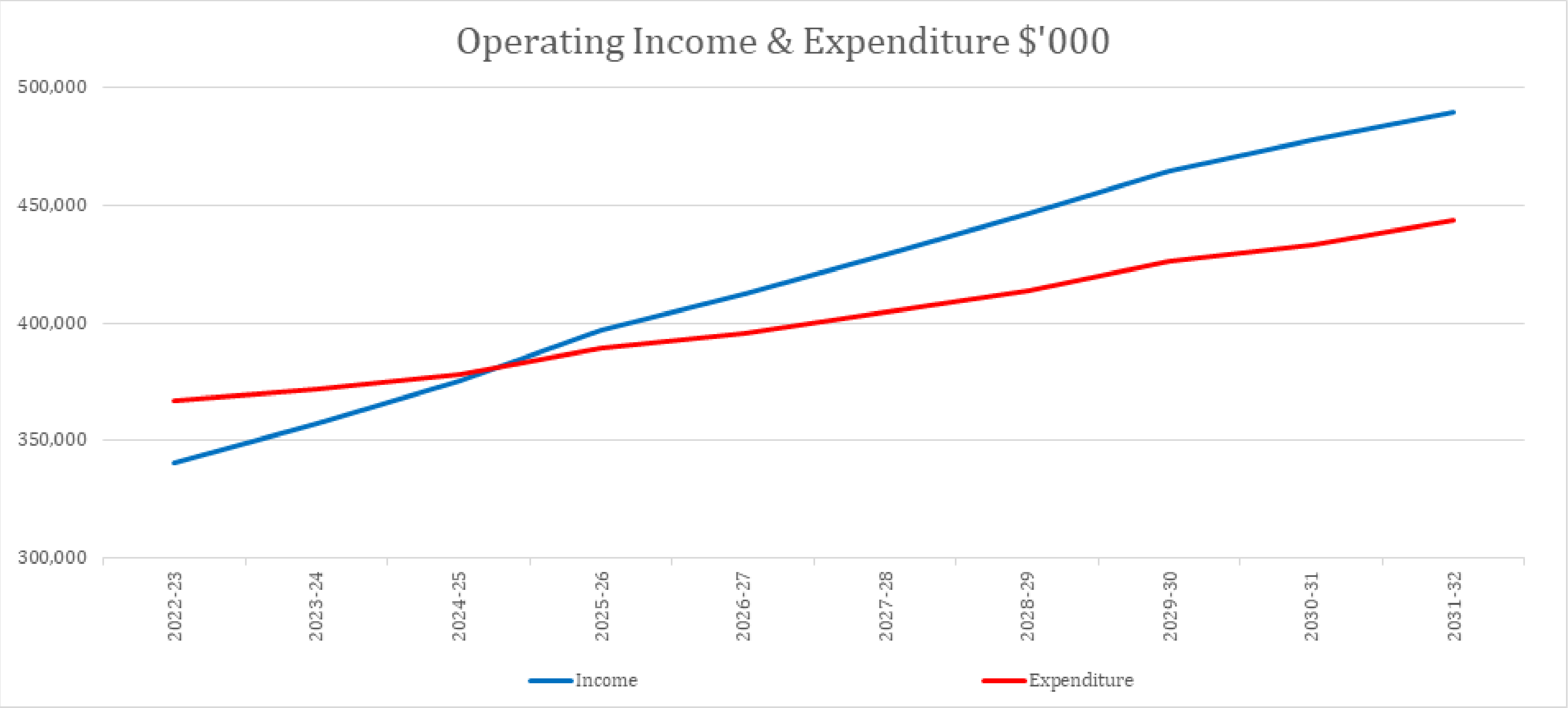
Scenario 3 – Asset Management Model Case

Performance Indicators

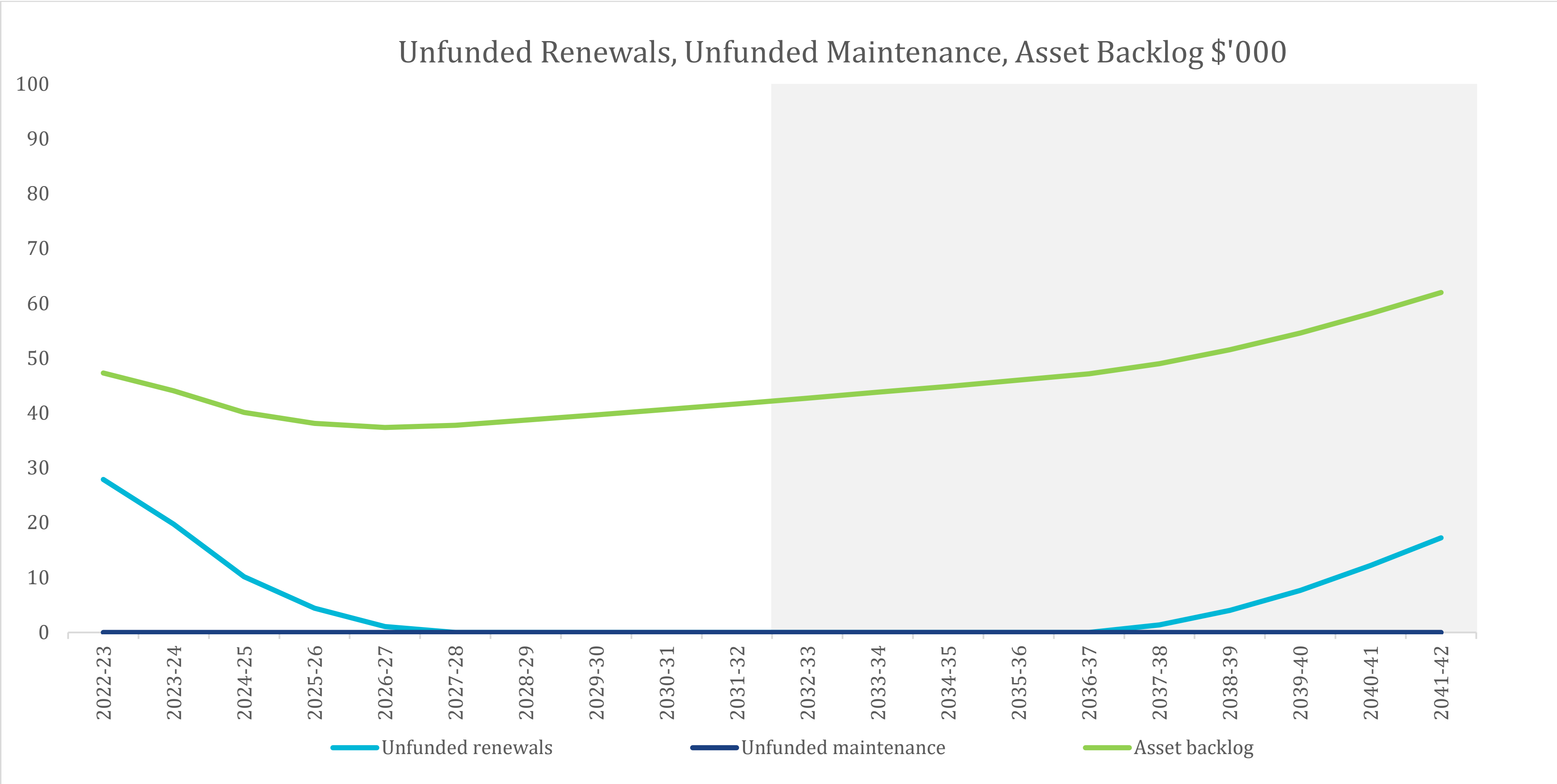
Ratio	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Operating Performance	-7.75%	-3.98%	-0.85%	1.91%	4.09%	5.80%	7.35%	8.27%	9.21%	9.36%
Own Source Revenue	88%	89%	90%	91%	91%	91%	91%	92%	92%	92%
Unrestricted Current Ratio	1.42	1.58	1.66	2.11	2.49	2.93	3.35	3.78	4.19	4.58
Debt Service Ratio	0.43%	0.81%	0.78%	1.25%	1.20%	1.26%	1.21%	1.27%	1.23%	1.20%
Asset Renewals	51%	47%	62%	86%	80%	88%	94%	102%	107%	108%
Infrastructure Backlog	3.80%	4.65%	5.05%	5.18%	5.15%	5.00%	4.76%	4.37%	3.93%	3.54%
Unfunded Asset Renewals	-$27,901	-$ 19,749	-$10,161	-$4,406	-$1,073	$ 1,458	$3,263	$6,607	$7,489	$6,587
Asset Maintenance	89%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Real Opex Exp per capita	$1,019	$1,032	$1,050	$1,080	$1,098	$1,122	$1,148	$1,182	$1,202	$1,231

* Refer Appendix 1

Long Term Projections - Income (Excluding Capital Grants & Contributions) and Operating Expenditure



Asset Management



Canterbury Bankstown Council – Asset Management Model - Income Statement

	2022-23 $'000	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000
Income from continuing operations										
Rates and Annual Charges	274,261	290,278	306,648	326,743	340,916	356,052	371,630	387,815	399,155	409,757
User Charges and Fees	19,118	19,023	19,399	19,884	20,381	20,891	21,413	21,948	22,497	23,059
Interest and Investment Revenue	6,673	6,856	6,993	7,167	7,346	7,530	7,718	7,911	8,108	8,311
Other Revenues	19,202	19,586	19,978	20,477	20,989	21,514	22,052	22,603	23,168	23,747
Grants and Contributions Operating	21,411	21,812	22,208	22,541	22,880	23,223	23,571	23,924	24,283	24,648
Grants and Contributions Capital	23,042	17,815	16,300	16,320	16,340	16,360	16,380	16,401	16,422	16,443
Total Income from continuing operations	**363,706**	**375,370**	**391,527**	**413,132**	**428,852**	**445,570**	**462,764**	**480,602**	**493,633**	**505,965**
Expenses from continuing operations										
Employee Costs	157,401	160,646	164,737	168,855	173,076	177,403	181,837	186,382	191,041	195,817
Borrowing Costs	768	1,413	1,362	2,321	2,229	2,371	2,265	2,415	2,293	2,166
Materials and Contracts	117,040	118,370	120,697	126,341	128,130	132,401	136,816	143,887	146,171	150,255
Depreciation	77,892	77,108	77,100	76,828	76,959	76,483	76,607	76,677	76,910	78,202
Other Expenses	13,963	14,242	14,527	14,890	15,263	15,645	16,036	16,437	16,848	17,269
Total Expenses from continuing operations	**367,064**	**371,780**	**378,423**	**389,234**	**395,657**	**404,303**	**413,561**	**425,798**	**433,262**	**443,708**
Net Operating Result	**(3,357)**	**3,590**	**13,104**	**23,898**	**33,195**	**41,267**	**49,203**	**54,804**	**60,371**	**62,257**
Net Operating Result before Capital	**(26,399)**	**(14,225)**	**(3,196)**	**7,578**	**16,855**	**24,907**	**32,823**	**38,403**	**43,949**	**45,814**

Canterbury Bankstown Council – Asset Management Model - Statement of Financial Position

	2022-23 $'000	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000
Current Assets										
Cash and Investments	353,143	400,391	442,968	509,762	565,489	633,396	701,173	774,457	843,961	914,168
Receivables	17,938	18,297	18,754	20,113	21,186	22,315	23,474	24,674	25,641	26,581
Inventories	739	764	799	822	825	844	864	901	905	926
Other	6,554	6,554	6,554	6,554	6,554	6,554	6,554	6,554	6,554	6,554
Total Current Assets	**378,374**	**426,006**	**469,076**	**537,251**	**594,054**	**663,109**	**732,064**	**806,586**	**877,061**	**948,230**
Non-Current Assets										
Receivables	2,319	2,365	2,425	2,425	2,425	2,425	2,425	2,425	2,425	2,425
Infrastructure, Property, P&E	3,693,016	3,657,952	3,639,072	3,622,559	3,598,195	3,579,456	3,562,794	3,547,988	3,535,133	3,523,831
Investment property	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750
Intangible Assets	432	432	432	432	432	432	432	432	432	432
Other	0	0	0	0	0	0	0	0	0	0
Total Non-Current Assets	353,143	**3,668,499**	**3,649,678**	**3,633,166**	**3,608,801**	**3,590,062**	**3,573,401**	**3,558,594**	**3,545,739**	**3,534,438**
Total Assets	17,938	**4,094,505**	**4,118,754**	**4,170,417**	**4,202,855**	**4,253,172**	**4,305,465**	**4,365,180**	**4,422,800**	**4,482,667**
Current Liabilities										
Payables	25,876	26,394	27,053	28,268	28,722	29,681	30,679	32,218	32,810	33,772
Other	20,568	20,744	20,956	21,951	22,116	22,092	22,292	22,284	22,281	22,282
Provisions	64,137	73,649	85,032	86,597	88,201	89,845	91,530	93,257	95,028	96,842
Total Current Liabilities	**110,581**	**120,786**	**133,042**	**136,817**	**139,040**	**141,619**	**144,501**	**147,760**	**150,120**	**152,897**
Non-Current Liabilities										
Payables	450	450	450	450	450	450	450	450	450	450
Borrowings	40,640	39,003	37,313	62,864	59,754	62,538	58,992	61,924	58,129	54,203
Provisions	22,743	23,198	23,778	22,217	22,347	26,033	29,787	28,508	27,193	25,952
Total Non-Current Liabilities	**63,833**	**62,651**	**61,541**	**85,531**	**82,551**	**89,021**	**89,229**	**90,882**	**85,772**	**80,605**
Total Liabilities	**174,414**	**183,438**	**194,583**	**222,348**	**221,591**	**230,640**	**233,731**	**238,642**	**235,891**	**233,502**
Net Assets	**3,907,477**	**3,911,067**	**3,924,171**	**3,948,069**	**3,981,264**	**4,022,531**	**4,071,734**	**4,126,538**	**4,186,909**	**4,249,166**
Equity										
Retained Earnings	3,907,477	3,911,067	3,924,171	3,948,069	3,981,264	4,022,531	4,071,734	4,126,538	4,186,909	4,249,166
Total Equity	**3,907,477**	**3,911,067**	**3,924,171**	**3,948,069**	**3,981,264**	**4,022,531**	**4,071,734**	**4,126,538**	**4,186,909**	**4,249,166**

Canterbury Bankstown Council – Asset Management Model - Statement of Cash Flows

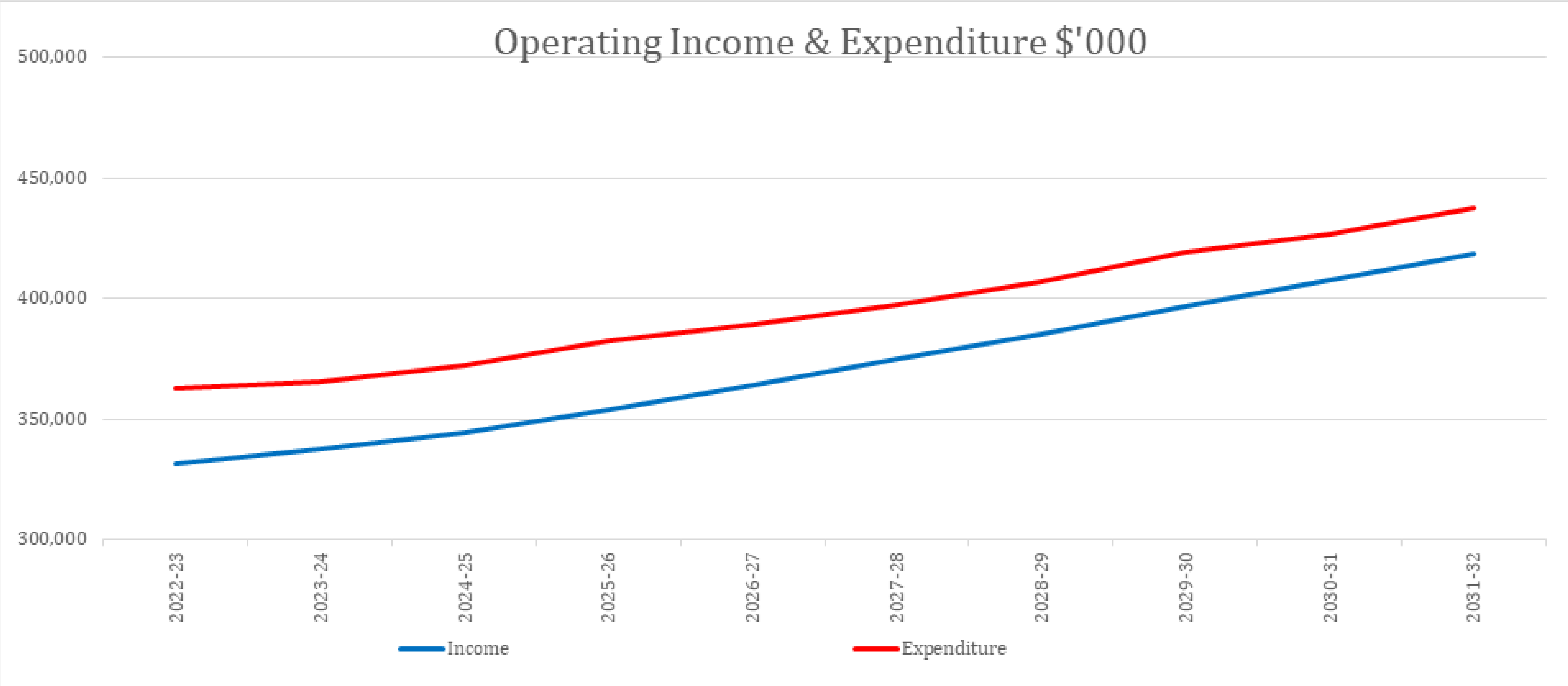
	2022-23 $'000	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000
Cash Flows from Operating Activities										
Receipts	364,726	374,618	390,559	410,083	427,779	444,441	461,605	479,402	492,666	505,025
Payments	(304,063)	(293,173)	(299,308)	(309,650)	(316,643)	(325,236)	(334,291)	(345,893)	(353,994)	(362,752)
Total Cash Flows from Operations	**60,663**	**81,445**	**91,251**	**100,434**	**111,136**	**119,205**	**127,314**	**133,509**	**138,672**	**142,273**
Cash Flows from Investing Activities										
Purchase / Sale of Investment Securities	1,787	(34,547)	(44,384)	(50,574)	(50,577)	(50,080)	(49,557)	(48,735)	(47,829)	(47,414)
Purchase Infrastructure, Property, P&E	(96,640)	(47,081)	(65,113)	(67,303)	(59,684)	(62,380)	(65,171)	(68,307)	(71,598)	(74,444)
Total Cash Flows from Investing	**(94,854)**	**(81,627)**	**(109,497)**	**(117,877)**	**(110,261)**	**(112,460)**	**(114,728)**	**(117,043)**	**(119,426)**	**(121,857)**
Cash Flows from Financing Activities										
Proceeds from Borrowings (Debt)	**43,000**	**-**	**-**	**29,400**	**-**	**6,000**	**-**	**6,600**	**-**	**-**
Repayment of Borrowings (Debt)	**(774)**	**(1,586)**	**(1,637)**	**(2,724)**	**(2,815)**	**(3,110)**	**(3,216)**	**(3,546)**	**(3,668)**	**(3,795)**
Total Cash Flows from Financing	**42,226**	**(1,586)**	**(1,637)**	**26,676**	**(2,815)**	**2,890**	**(3,216)**	**3,054**	**(3,668)**	**(3,795)**
Opening Cash	**64,913**	**72,949**	**71,181**	**51,298**	**60,531**	**58,591**	**68,225**	**77,595**	**97,115**	**112,693**
Change in Cash	**8,036**	**(1,768)**	**(19,883)**	**9,233**	**(1,940)**	**9,635**	**9,369**	**19,521**	**15,578**	**16,621**
Closing Cash	**72,949**	**71,181**	**51,298**	**60,531**	**58,591**	**68,225**	**77,595**	**97,115**	**112,693**	**129,314**

Scenario 4 – Base Case without SRV Model Case

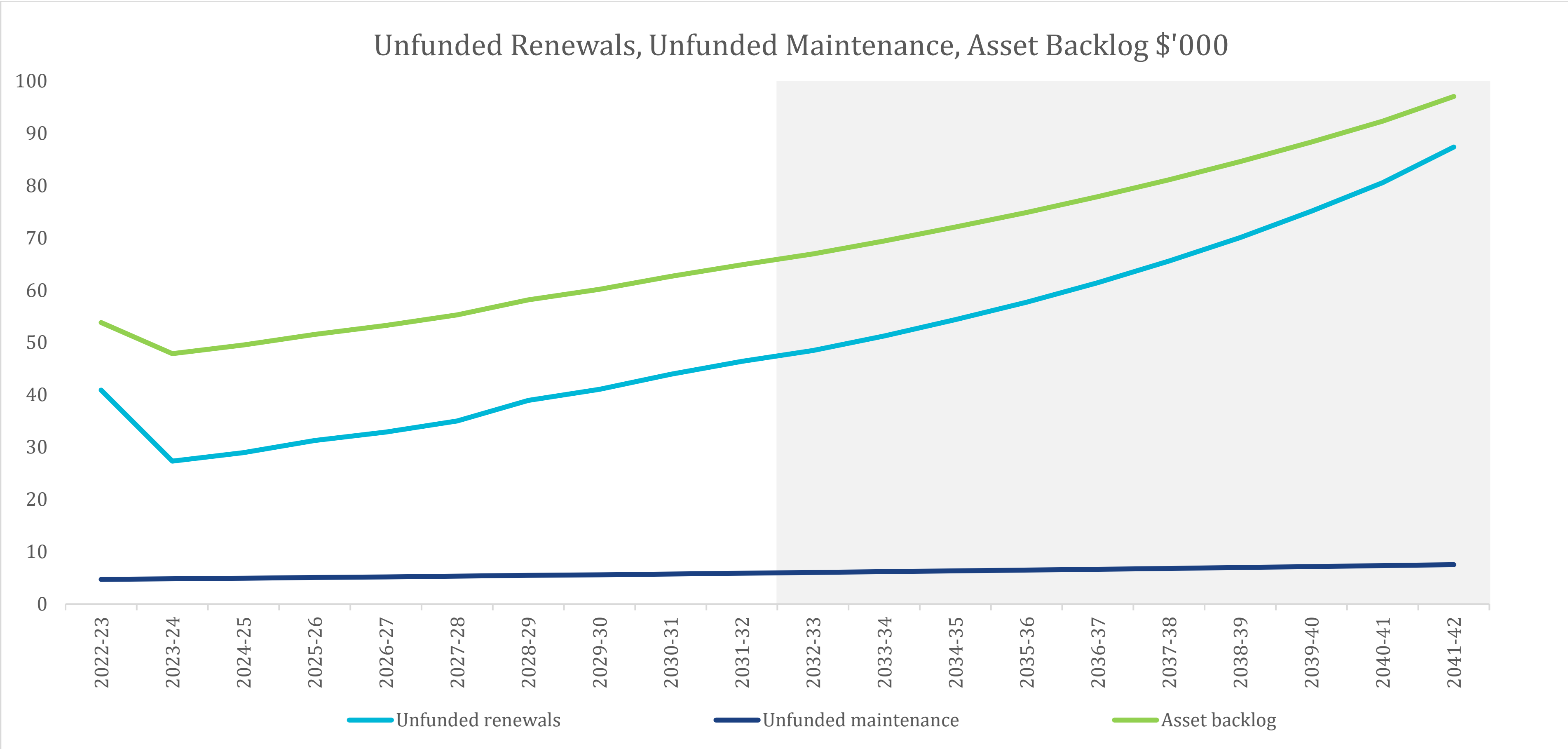
Performance Indicators

Ratio	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Operating Performance	-9.57%	-8.30%	-8.16%	-7.97%	-6.79%	-6.13%	-5.64%	-5.78%	-4.73%	-4.63%
Own Source Revenue	87%	89%	89%	90%	90%	90%	90%	90%	90%	91%
Unrestricted Current Ratio	1.38	1.43	1.31	1.32	1.40	1.50	1.57	1.62	1.64	1.66
Debt Service Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset Renewals	34%	37%	37%	38%	39%	40%	39%	40%	40%	40%
Infrastructure Backlog	4.42%	5.86%	7.38%	9.49%	11.22%	13.04%	15.07%	17.20%	19.47%	21.86%
Unfunded Asset Renewals	-$ 40,901	-$ 27,326	-$ 28,948	-$ 41,268	-$ 32,878	-$ 35,007	-$ 38,957	-$ 41,067	-$ 43,936	-$ 46,430
Asset Maintenance	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%
Real Opex Exp per capita	$1,007	$1,015	$1,034	$1,062	$1,080	$1,104	$1,130	$1,164	$1,185	$1,215

Long Term Projections - Income (Excluding Capital Grants & Contributions) and Operating Expenditure



Asset Management



Canterbury Bankstown Council – Base Case without SRV Model - Income Statement

	2022-23 $'000	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000
Income from continuing operations										
Rates and Annual Charges	264,833	270,287	275,866	284,217	292,812	301,660	310,766	320,142	329,790	338,658
User Charges and Fees	19,118	19,023	19,399	19,884	20,381	20,891	21,413	21,948	22,497	23,059
Interest and Investment Revenue	6,673	6,856	6,993	7,167	7,346	7,530	7,718	7,911	8,108	8,311
Other Revenues	19,202	19,586	19,978	20,477	20,989	21,514	22,052	22,603	23,168	23,747
Grants and Contributions Operating	21,411	21,812	22,208	22,541	22,880	23,223	23,571	23,924	24,283	24,648
Grants and Contributions Capital	23,042	17,815	16,300	16,320	16,340	16,360	16,380	16,401	16,422	16,443
Total Income from continuing operations	**354,278**	**355,379**	**360,744**	**370,606**	**380,748**	**391,178**	**401,900**	**412,929**	**424,268**	**434,866**
Expenses from continuing operations										
Employee Costs	157,401	160,646	164,737	168,855	173,076	177,403	181,837	186,382	191,041	195,817
Borrowing Costs	85	85	85	85	85	85	85	85	85	85
Materials and Contracts	113,610	113,506	116,116	121,876	123,779	128,160	132,682	139,856	142,238	146,418
Depreciation	77,892	77,108	77,100	76,828	76,959	76,483	76,607	76,677	76,910	78,202
Other Expenses	13,963	14,242	14,527	14,890	15,263	15,645	16,036	16,437	16,848	17,269
Total Expenses from continuing operations	**362,951**	**365,587**	**372,565**	**382,534**	**389,161**	**397,776**	**407,246**	**419,436**	**427,122**	**437,790**
Net Operating Result	**(8,673)**	**(10,208)**	**(11,821)**	**(11,928)**	**(8,413)**	**(6,598)**	**(5,346)**	**(6,507)**	**(2,854)**	**(2,924)**
Net Operating Result before Capital	**(31,714)**	**(28,023)**	**(28,121)**	**(28,248)**	**(24,753)**	**(22,958)**	**(21,726)**	**(22,908)**	**(19,276)**	**(19,367)**

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Canterbury Bankstown Council – Base Case without SRV Model - Statement of Financial Position

	2022-23 $'000	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000
Current Assets										
Cash and Investments	350,442	390,096	426,994	431,124	445,409	465,807	479,611	492,356	499,396	505,436
Receivables	17,938	18,297	18,754	19,526	20,320	21,134	21,970	22,829	23,712	24,565
Inventories	739	764	799	792	795	815	836	874	878	900
Other	6,554	6,554	6,554	6,554	6,554	6,554	6,554	6,554	6,554	6,554
Total Current Assets	**375,673**	**415,710**	**453,101**	**457,995**	**473,078**	**494,310**	**508,970**	**522,613**	**530,540**	**537,456**
Non-Current Assets										
Receivables	2,319	2,365	2,425	2,425	2,425	2,425	2,425	2,425	2,425	2,425
Infrastructure, Property, P&E	3,649,816	3,615,756	3,597,680	3,581,970	3,558,410	3,540,475	3,524,617	3,510,615	3,498,564	3,488,067
Investment property	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750
Intangible Assets	432	432	432	432	432	432	432	432	432	432
Other	0	0	0	0	0	0	0	0	0	0
Total Non-Current Assets	**3,660,317**	**3,626,303**	**3,608,286**	**3,592,577**	**3,569,016**	**3,551,081**	**3,535,224**	**3,521,221**	**3,509,170**	**3,498,674**
Total Assets	**4,035,990**	**4,042,013**	**4,061,387**	**4,050,572**	**4,042,094**	**4,045,392**	**4,044,194**	**4,043,834**	**4,039,710**	**4,036,129**
Current Liabilities										
Payables	25,876	26,394	27,053	28,291	28,768	29,749	30,768	32,328	32,940	33,921
Other	18,982	19,107	19,266	19,136	19,006	18,876	18,746	18,616	18,486	18,356
Provisions	65,777	80,912	110,708	112,273	113,877	115,521	117,206	118,933	120,704	122,518
Total Current Liabilities	**110,635**	**126,412**	**157,027**	**159,700**	**161,651**	**164,146**	**166,720**	**169,877**	**172,130**	**174,795**
Non-Current Liabilities										
Payables	450	450	450	450	450	450	450	450	450	450
Borrowings	-	-	-	-	-	-	-	-	-	-
Provisions	22,743	23,198	23,778	22,217	20,202	27,602	29,177	32,167	28,645	25,323
Total Non-Current Liabilities	**23,193**	**23,648**	**24,228**	**22,667**	**20,652**	**28,052**	**29,627**	**32,617**	**29,095**	**25,773**
Total Liabilities	**133,828**	**150,060**	**181,255**	**182,367**	**182,303**	**192,198**	**196,347**	**202,494**	**201,225**	**200,568**
Net Assets	**3,902,162**	**3,891,954**	**3,880,132**	**3,868,204**	**3,859,791**	**3,853,193**	**3,847,847**	**3,841,340**	**3,838,485**	**3,835,561**
Equity										
Retained Earnings	3,902,162	3,891,954	3,880,132	3,868,204	3,859,791	3,853,193	3,847,847	3,841,340	3,838,485	3,835,561
Total Equity	**3,902,162**	**3,891,954**	**3,880,132**	**3,868,204**	**3,859,791**	**3,853,193**	**3,847,847**	**3,841,340**	**3,838,485**	**3,835,561**

Canterbury Bankstown Council – Base Case without SRV Model - Statement of Cash Flows

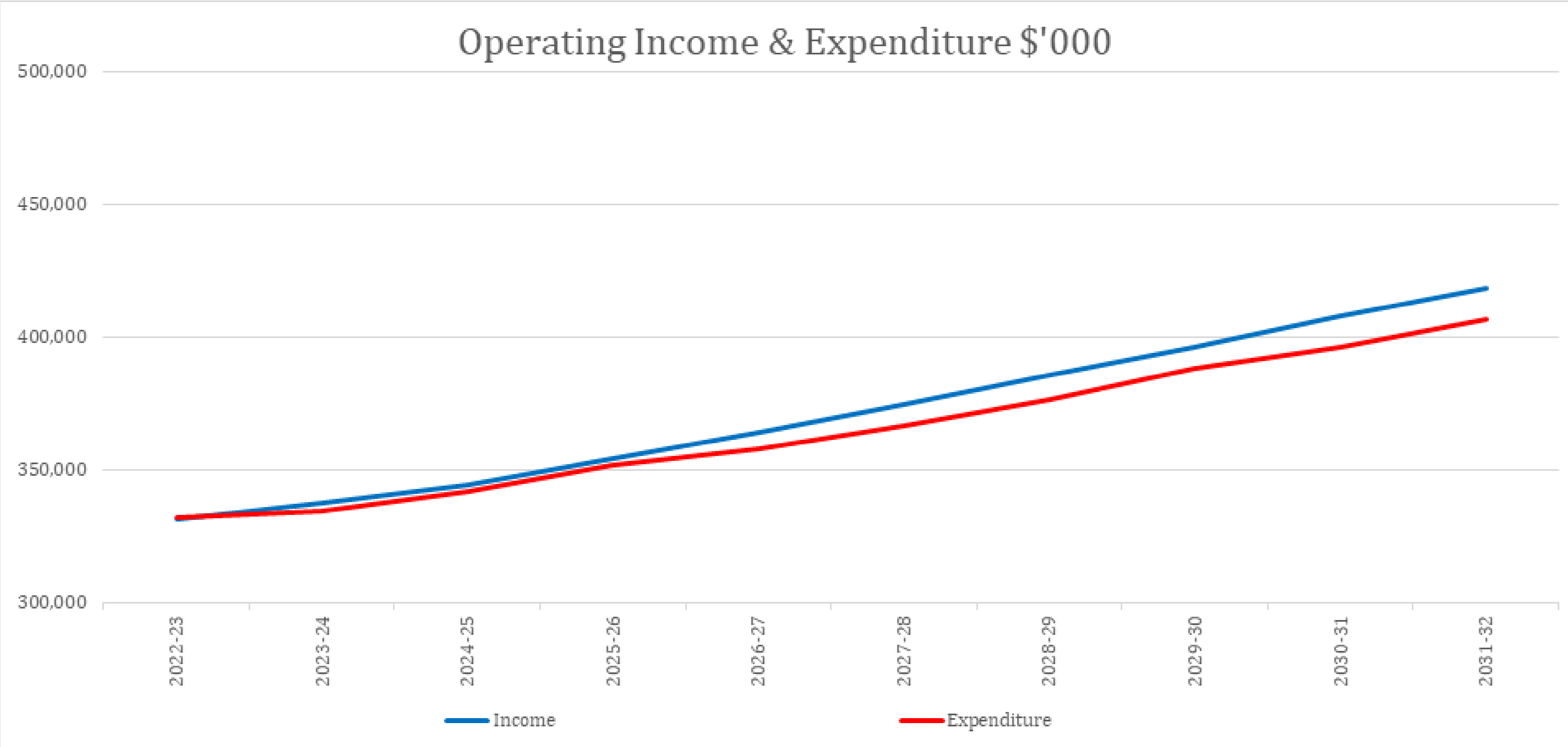
	2022-23 $'000	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000
Cash Flows from Operating Activities										
Receipts	355,769	355,156	360,315	369,834	379,954	390,364	401,064	412,070	423,385	434,013
Payments	(301,319)	(288,595)	(294,670)	(305,132)	(312,269)	(320,974)	(330,136)	(341,841)	(350,042)	(358,897)
Total Cash Flows from Operations	**54,450**	**66,561**	**65,646**	**64,702**	**67,685**	**69,390**	**70,928**	**70,229**	**73,343**	**75,116**
Cash Flows from Investing Activities										
Purchase / Sale of Investment Securities	1,787	(14,547)	(4,384)	9,426	(5,577)	(5,080)	(4,557)	(3,735)	(2,829)	5,586
Purchase Infrastructure, Property, P&E	(53,640)	(47,081)	(65,112)	(67,303)	(59,684)	(62,380)	(65,171)	(68,307)	(71,598)	(74,444)
Total Cash Flows from Investing	**(51,854)**	**(61,627)**	**(69,496)**	**(57,877)**	**(65,261)**	**(67,460)**	**(69,728)**	**(72,043)**	**(74,426)**	**(68,857)**
Cash Flows from Financing Activities										
Proceeds from Borrowings (Debt)	-	-	-	-	-	-	-	-	-	-
Repayment of Borrowings (Debt)	-	-	-	-	-	-	-	-	-	-
Total Cash Flows from Financing	-	-	-	-	-	-	-	-	-	-
Opening Cash	**64,913**	**67,509**	**72,443**	**68,592**	**75,418**	**77,842**	**79,772**	**80,971**	**79,157**	**78,074**
Change in Cash	**2,596**	**4,933**	**(3,851)**	**6,825**	**2,424**	**1,930**	**1,199**	**(1,814)**	**(1,083)**	**6,259**
Closing Cash	**67,509**	**72,443**	**68,592**	**75,418**	**77,842**	**79,772**	**80,971**	**79,157**	**78,074**	**84,333**

Scenario 5 – Reduce Services Model Case

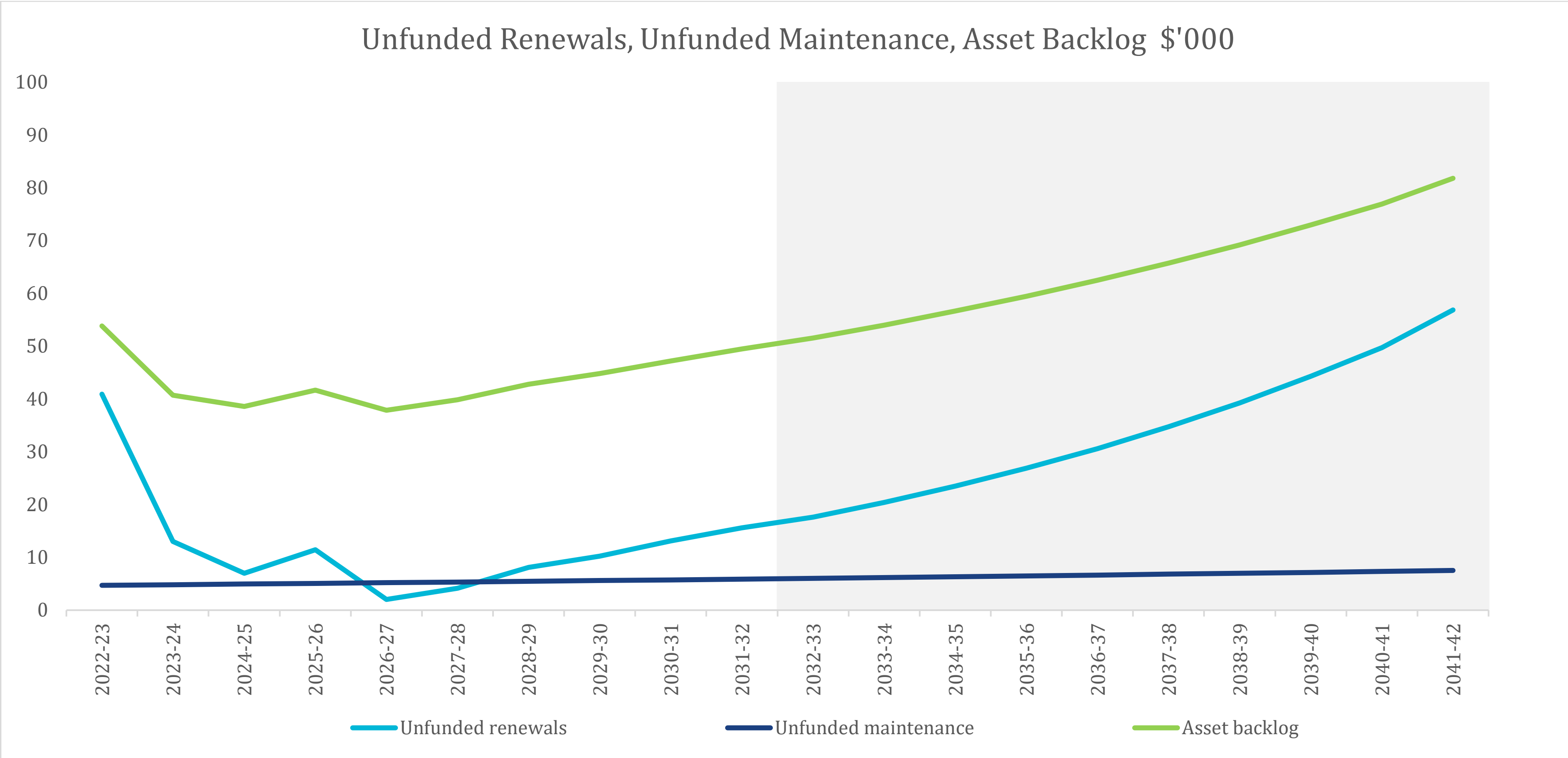
Performance Indicators

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Operating Performance	-0.22%	0.88%	0.83%	0.78%	1.71%	2.14%	2.40%	2.04%	2.87%	2.78%
Own Source Revenue	87%	89%	89%	90%	90%	90%	90%	90%	90%	91%
Unrestricted Current Ratio	1.26	1.69	1.94	2.23	2.61	3.02	3.35	3.64	3.89	4.11
Debt Service Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset Renewals	34%	56%	66%	77%	79%	80%	79%	80%	81%	80%
Infrastructure Backlog	4.64%	5.40%	5.89%	6.59%	6.85%	7.22%	7.78%	8.45%	9.26%	10.19%
Unfunded Asset Renewals	-$ 40,901	-$ 13,024	-$7,011	-$ 11,430	-$2,031	-$ 4,163	-$ 8,111	-$ 10,222	-$ 13,091	-$ 15,585
Asset Maintenance	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%
Real Opex Exp per capita	$921	$929	$948	$976	$994	$1,018	$1,044	$1,078	$1,099	$1,129

Long Term Projections - Income (Excluding Capital Grants & Contributions) and Operating Expenditure



Asset Management



Canterbury Bankstown Council – Reduce Services Model - Income Statement

	2022-23 $'000	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000
Income from continuing operations										
Rates and Annual Charges	264,833	270,287	275,866	284,217	292,812	301,660	310,766	320,142	329,790	338,658
User Charges and Fees	19,118	19,023	19,399	19,884	20,381	20,891	21,413	21,948	22,497	23,059
Interest and Investment Revenue	6,673	6,856	6,993	7,167	7,346	7,530	7,718	7,911	8,108	8,311
Other Revenues	19,202	19,586	19,978	20,477	20,989	21,514	22,052	22,603	23,168	23,747
Grants and Contributions Operating	21,411	21,812	22,208	22,541	22,880	23,223	23,571	23,924	24,283	24,648
Grants and Contributions Capital	23,042	17,815	16,300	16,320	16,340	16,360	16,380	16,401	16,422	16,443
Net gain from Disposal of Assets										
Total Income from continuing operations	**354,278**	**355,379**	**360,744**	**370,606**	**380,748**	**391,178**	**401,900**	**412,929**	**424,268**	**434,866**
Expenses from continuing operations										
Employee Costs	147,069	150,314	154,404	158,523	162,744	167,071	171,505	176,050	180,709	185,485
Borrowing Costs	85	85	85	85	85	85	85	85	85	85
Materials and Contracts	103,278	103,173	105,784	111,544	113,446	117,827	122,350	129,523	131,906	136,085
Depreciation	77,892	77,108	77,100	76,828	76,959	76,483	76,607	76,677	76,910	78,202
Other Expenses	3,631	3,910	4,195	4,558	4,931	5,313	5,704	6,105	6,516	6,937
Total Expenses from continuing operations	**331,954**	**334,590**	**341,568**	**351,537**	**358,164**	**366,779**	**376,249**	**388,439**	**396,125**	**406,793**
Net Operating Result	**22,324**	**20,789**	**19,176**	**19,069**	**22,584**	**24,399**	**25,651**	**24,490**	**28,143**	**28,073**
Net Operating Result before Capital	**(718)**	**2,974**	**2,876**	**2,749**	**6,244**	**8,039**	**9,271**	**8,089**	**11,721**	**11,630**

Canterbury Bankstown Council – Reduce Services Model - Statement of Financial Position

	2022-23 $'000	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000
Current Assets										
Cash and Investments	391,622	432,292	468,385	504,107	549,390	600,785	645,586	689,329	727,363	764,402
Receivables	17,938	18,297	18,754	19,526	20,320	21,134	21,970	22,829	23,712	24,565
Inventories	739	764	799	721	724	744	765	803	807	829
Other	6,554	6,554	6,554	6,554	6,554	6,554	6,554	6,554	6,554	6,554
Total Current Assets	**416,853**	**457,906**	**494,492**	**530,908**	**576,988**	**629,217**	**674,875**	**719,515**	**758,437**	**796,350**
Non-Current Assets										
Receivables	2,319	2,365	2,425	2,425	2,425	2,425	2,425	2,425	2,425	2,425
Infrastructure, Property, P&E	3,649,816	3,615,756	3,597,680	3,581,970	3,558,410	3,540,475	3,524,617	3,510,615	3,498,564	3,488,067
Investment property	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750
Intangible Assets	432	432	432	432	432	432	432	432	432	432
Other	0	0	0	0	0	0	0	0	0	0
Total Non-Current Assets	**3,660,317**	**3,626,303**	**3,608,286**	**3,592,577**	**3,569,016**	**3,551,081**	**3,535,224**	**3,521,221**	**3,509,170**	**3,498,674**
Total Assets	**4,077,170**	**4,084,209**	**4,102,778**	**4,123,485**	**4,146,004**	**4,180,298**	**4,210,099**	**4,240,736**	**4,267,607**	**4,295,024**
Current Liabilities										
Payables	25,876	26,394	27,053	28,291	28,767	29,748	30,768	32,328	32,939	33,920
Other	18,982	19,107	19,266	19,136	19,006	18,876	18,746	18,616	18,486	18,355
Provisions	75,960	61,114	59,108	60,673	62,277	63,921	65,606	67,333	69,103	70,918
Total Current Liabilities	**120,818**	**106,614**	**105,427**	**108,100**	**110,050**	**112,545**	**115,120**	**118,277**	**120,528**	**123,193**
Non-Current Liabilities										
Payables	450	450	450	450	450	450	450	450	450	450
Borrowings	-	-	-	-	-	-	-	-	-	-
Provisions	22,743	23,198	23,778	22,743	20,729	28,128	29,703	32,694	29,171	25,849
Total Non-Current Liabilities	**23,193**	**23,648**	**24,228**	**23,193**	**21,179**	**28,578**	**30,153**	**33,144**	**29,621**	**26,299**
Total Liabilities	**144,011**	**130,262**	**129,655**	**131,293**	**131,229**	**141,124**	**145,273**	**151,421**	**150,149**	**149,492**
Net Assets	**3,933,158**	**3,953,947**	**3,973,123**	**3,992,192**	**4,014,776**	**4,039,175**	**4,064,825**	**4,089,315**	**4,117,458**	**4,145,530**
Equity										
Retained Earnings	3,933,158	3,953,947	3,973,123	3,992,192	4,014,776	4,039,175	4,064,825	4,089,315	4,117,458	4,145,530
Total Equity	**3,933,158**	**3,953,947**	**3,973,123**	**3,992,192**	**4,014,776**	**4,039,175**	**4,064,825**	**4,089,315**	**4,117,458**	**4,145,530**

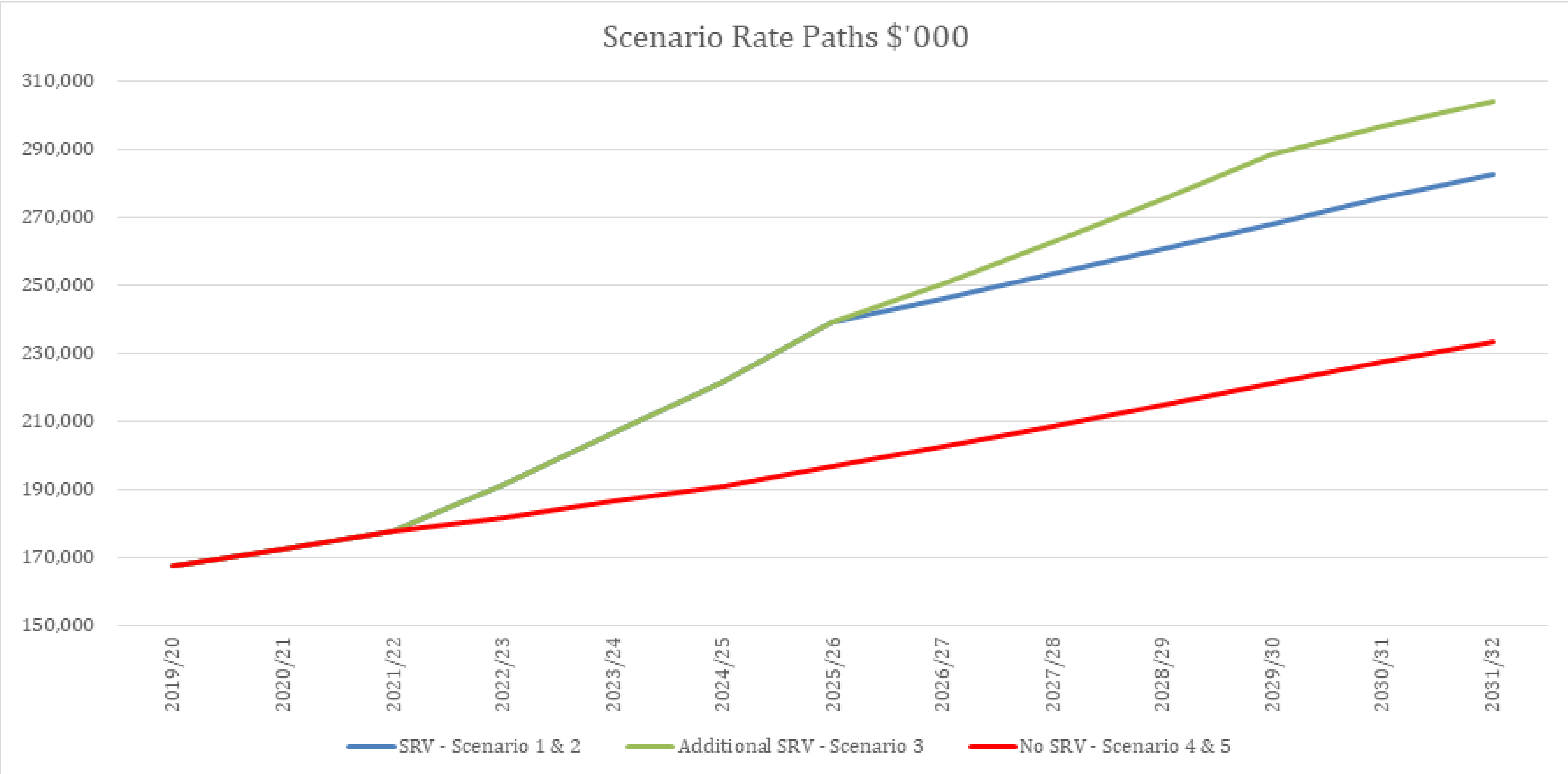
Canterbury Bankstown Council – Reduce Services Model - Statement of Cash Flows

	2022-23 $'000	2023-24 $'000	2024-25 $'000	2025-26 $'000	2026-27 $'000	2027-28 $'000	2028-29 $'000	2029-30 $'000	2030-31 $'000	2031-32 $'000
Cash Flows from Operating Activities										
Receipts	355,769	355,156	360,315	369,834	379,954	390,364	401,064	412,070	423,385	434,013
Payments	(283,030)	(257,599)	(263,672)	(274,064)	(281,273)	(289,977)	(299,138)	(310,844)	(319,047)	(327,899)
Total Cash Flows from Operations	**72,739**	**97,556**	**96,643**	**95,770**	**98,681**	**100,387**	**101,926**	**101,226**	**104,338**	**106,114**
Cash Flows from Investing Activities										
Purchase / Sale of Investment Securities	1,787	(14,547)	(4,384)	9,426	(5,577)	(5,080)	(4,557)	(3,735)	(2,829)	5,586
Purchase Infrastructure, Property, P&E	(53,640)	(47,081)	(65,112)	(67,303)	(59,684)	(62,380)	(65,171)	(68,307)	(71,598)	(74,444)
Total Cash Flows from Investing	**(51,854)**	**(61,627)**	**(69,496)**	**(57,877)**	**(65,261)**	**(67,460)**	**(69,728)**	**(72,043)**	**(74,426)**	**(68,857)**
Cash Flows from Financing Activities										
Proceeds from Borrowings (Debt)	-	-	-	-	-	-	-	-	-	-
Repayment of Borrowings (Debt)	-	-	-	-	-	-	-	-	-	-
Total Cash Flows from Financing	-	-	-	-	-	-	-	-	-	-
Opening Cash	**64,567**	**85,452**	**121,382**	**148,529**	**186,422**	**219,842**	**252,769**	**284,966**	**314,150**	**344,062**
Change in Cash	**20,885**	**35,929**	**27,147**	**37,893**	**33,420**	**32,927**	**32,197**	**29,183**	**29,912**	**37,257**
Closing Cash	**85,452**	**121,382**	**148,529**	**186,422**	**219,842**	**252,769**	**284,966**	**314,150**	**344,062**	**381,318**

Rate Revenue Projections

	IPART Rate Peg Increase $'000	Scenario 1 Increase $'000	Scenario 2 Increase $'000	Scenario 3 Increase $'000	Scenario 4 Increase $'000	Scenario 5 Increase $'000
2022/23	4,092	9,428	9,428	9,428	-	-
2023/24	4,706	10,399	10,399	10,399	-	-
2024/25	4,823	10,625	10,625	10,625	-	-
2025/26	6,457	10,974	10,974	10,974	-	-
2026/27	6,917	-	-	4,514	-	-
2027/28	7,111	-	-	5,086	-	-
2028/29	7,314	-	-	5,113	-	-
2029/30	7,523	-	-	5,287	-	-
2030/31	7,734	-	-	-	-	-
2031/32	6,894	-	-	-	-	-
Average Annual Increase	**6,357**	**4,143**	**4,143**	**6,143**	**-**	**-**

Rate Revenue Projections



Annexure A

Financial Management Strategies 2020-2030

Part A – Operational Performance

<table>
<tr><th>Strategy</th><th>Description</th></tr>
<tr><td>Operational Result (pre-capital)

Council will develop actions, in consultation with its community, to move towards and maintain:

▪ Surplus budgets in the future based on the Net Operating Result (pre-capital).

▪ The basis to this is ensuring that the annual growth in general funded expenses is less than the long-term average general funded revenue growth.

▪ Policy decisions are made having regard to their financial effects on future generations.

▪ The current generation funds the cost of its services.</td><td>The operating result (pre-capital) is considered to be one of the main indicators of the long-term financial sustainability of Council. The operating statement fundamentally represents the net cost of providing services to the community.

It includes all recurrent operational income (excluding capital grants & contributions and proceeds from the sale of assets) and funds:

▪ Agreed service levels – Delivery / Operational Plan
▪ Obligations in terms of employees, contracts and other expenses and commitments
▪ Governance and administrative costs
▪ Asset maintenance – as per Asset Management Strategy
▪ Funding annual Depreciation Expense.
▪ Short and long-term Liabilities – as and when they fall due
▪ Agreed cash restrictions strategies

This needs to be done in conjunction with meeting Councils ratio requirements as these represent a tangible measure of financial sustainability</td></tr>
</table>

Strategy	Description
▪ Alignment of Council services with community expectations will continue to play an important part in determining the future needs and operations of the organisation. ▪ Assuring the right things are done in the most efficient way and being able to measure that performance should provide a sound platform for communicating and planning to meet agreed community expectations. ▪ Council will maintain an ongoing review of its services that seeks to better define service requirements, refine delivery methods and balance service aims against affordability for both the Council and our customers. ▪ Any cash surpluses of a general fund nature will be restricted and held for strategic priorities, as determined by Council	

Part B – Capital Expenditure

Strategy	Description
Capital Expenditure Council will have in place current asset management plans and ensure that Council generates sufficient surpluses to fund depreciation	In managing its assets, Council will: ▪ manage the whole life of an asset, from planning, purchase, operation, maintenance, and disposal at life end using appropriate accounting practices; ▪ plan to allocate sufficient funds each year for routine maintenance, renewal of infrastructure and unfunded renewals; ▪ ensure effective renewal and replacement strategies exist for operational plant and equipment to support Council's long-term service plans; ▪ rely on the IP&R planning process and other relevant demand drivers in determining the replacement, renewal, rationalisation, retirement and creation of new assets; ▪ apply a transparent prioritisation model for infrastructure projects to support its strategic principles and approach; ▪ Utilise dedicated asset reserves to fund specific community outcomes and programs.

Part C – Revenue Policy

Strategy	Description
General Rating Revenue Council will establish an appropriate tax-base which will fund essential whole of community services and asset renewals not funded through other sources. Council's Rate structure will be based on supporting the principles of equity, representation and capacity to pay. Council has an approved IPART special rate variations to support its operations and/or specific initiatives and priorities, as determined through Council's Integrated Planning & Reporting framework. Council's General Rating Revenue will be administered in accordance with its Rates and Charges, Debt Recovery and Hardship Assistance Policy. NSW Government Rate Freeze Policy prohibited Council from varying the former Council's rates paths till 30 June 2021. Council's will re-assess all permissible parameters when setting its Annual Revenue Policy.	*Council Rating Policy – Former Bankstown* Rating Structure: Council will maintain its rate structures based entirely upon property valuations (ad valorem) but with minimum rates applying, where appropriate. ▪ Rating Distribution: No fixed distribution between residential and business properties ▪ Sub-categorisation: New subcategories for all business properties to apply from 1 July 2021 ▪ Special Rate: CBD Infrastructure Improvement Fund – to be removed from 1 July 2022 ▪ Minimum Rates: Minimum rates for both residential and business properties will be Harmonised from 1 July 2021 in accordance with Council's approved Minimum Rates application from IPART ▪ Ad Valorem Rates: Council's Ad Valorem rates for Residential and Business properties will be gradually harmonised over an eight-year period and will have one harmonised rating structure for CBCity from 1 July 2028 ▪ Special Rate Variation: Approved IPART SRV application for cumulative increase of 36.34% over a five year period from 2021-22 to 2025-26 consisting of annual increases of 2% (2021-22), 7.8% (2022-23), 7.8% (2023-24), 7.4% (2024-25) and 7.1% (2025-26) *Council Rating Policy – Former Canterbury* ▪ Rating Structure: Council will maintain its rate structures based entirely upon property valuations (ad valorem) but with minimum rates applying, where appropriate. ▪ Rating Distribution: No fixed distribution between residential and business properties ▪ Sub-categorisation: New subcategories for all business properties to apply from 1 July 2021 ▪ Special Rate: None

Strategy	Description
	▪ Minimum Rates: Minimum rates for both residential and business properties will be harmonised from 1 July 2021 in accordance with Council's approved Minimum Rates application from IPART ▪ Ad Valorem Rates: Council's Ad Valorem rates for Residential and Business properties will be gradually harmonised over an eight-year period and will have one harmonised rating structure for CBCity from 1 July 2028 ▪ Special Rate Variation: Infrastructure and Renewal Levy – Ended 30 June 2019 ▪ Special Rate Variation: Sustainability Levy – 7.5% increase – compounded - 3 years – Ended 30 June 2017 ▪ Special Rate Variation: Approved IPART SRV application for cumulative increase of 36.34% over a five year period from 2021-22 to 2025-26 consisting of annual increases of 2% (2021-22), 7.8% (2022-23), 7.8% (2023-24), 7.4% (2024-25) and 7.1% (2025-26) Council will also need to re-assess its Annual Revenue Policy in light of any legislative changes. The NSW Government has released the final report by IPART on their Review of the Local Government Rating System 2016. Many of the IPART recommendations have yet to be implemented and if implemented may have a significant impact on ratepayers. The introduction of Capital Improved Valuations (CIV) or the reintroduction of the Fire and Emergency Services Levy (FESL) will require substantial changes to Council's Revenue Policy. The Minister for Local Government also asked IPART to recommend a rate peg methodology that allows the general income of councils to be varied annually on a total basis to take into account population growth. This is to support the NSW Government's commitment to allow councils to align their rates revenue with population growth. IPART has now put in place the new rate peg methodology with new methodology applicable from 1 July 2022.
Annual Charges – Domestic Waste Management Charge Council must make and levy an annual charge for the provision of domestic waste management services for	The Domestic Waste charges of the two former Council's applicable at the time of amalgamation were grandfathered with increases applied proportionally to reflect any increased cost of operations. Council has now aligned its Domestic waste services and its Domestic Waste charges from 1 July 2021. *DWM Charge – CBCity*

Strategy	Description
each parcel of rateable land for which the service is available – Section 496 – Local Government Act 1993	▪ Annual DWM Charge – applicable to all Residential properties only *DWM Charge – Former Bankstown* ▪ Trade (Business) Waste Charge – Fee set in accordance with S608 of the Local Government Act 1993 *DWM Charge – Former Canterbury* ▪ Annual DWM Charge – applicable to all Residential properties only ▪ Annual Trade Waste Charge – applicable to all Business properties A review is now being conducted on the Business/Trade services with a view to aligning.
Annual Charges – Stormwater Levy Council has, in accordance with the regulations, levies an annual charge for the provision of stormwater management services for each parcel of rateable land for which the service is available – Section 496A – Local Government Act 1993 The levy will be used to plan, construct and operate required stormwater harvesting and reuse schemes designed to assist in managing health and environmental risks.	Council will use the levy to plan and construct required stormwater assets. The pricing structure set for the levy is as follows: ▪ ***Residential Properties*** ○ Annual Residential Charge of $25.00 per property. ○ Annual Residential Strata Charge of $12.50 per property.

Strategy	Description
	▪ ***Business Properties*** ○ Annual Charge of $25.00 per property plus an additional $25 for each 350 square metres or part of 350 square metres by which the area of the parcel of land exceeds 350 sqm. ▪ ***Mixed Development*** ○ Adopt the dominant Rating category as applied to the parcel of land as determined by the Valuer General and apply to each relevant property. In the event that a mixed development is 50% residential and 50% business, Council will apply a residential charge. ▪ ***Exemptions*** ○ In addition to the exemptions stipulated in the Local Government Act 1993 and the Local Government (General) Regulation 2005, the following exemptions will also apply in managing the service: - Council-owned land; - Bowling and Golf Clubs - where the dominant use is open space; - Properties zoned - Open space 6(a), Private Recreation 6(b), Rural
Pricing of Goods & Services Council will establish relevant pricing policies, fees and charges for user specific services. Council will also recognise its obligations to partially fund and/or subsidise services, where appropriate.	Where appropriate, Council will assess and apply a user pays model in setting its pricing based on the following provisions: ▪ ***Cost of provision***

Strategy	Description
	The cost to Council of providing goods or services is a primary consideration when determining pricing. Council recognises that rational and relevant pricing decisions can only be made when there is a full understanding of the cost to Council – and the community – of resourcing specific service areas. ▪ ***Community Service Obligations*** Council acknowledges that it has an obligation to provide some goods and services as a community service. As a result, Council accepts responsibility for at least partially funding these goods and services from other sources of revenue. This is reflected in varying degrees of pricing subsidy, dependant on the nature of the good or service being provided. Where it is not feasible to collect fees from private beneficiaries for a good or service, which provides a wider community benefit, full subsidy will be applied. Where cost recovery can be achieved but Council recognises an obligation in terms of equity and social justice considerations, and the merit and well-being of the community, an appropriate level of subsidisation will be applied. ▪ ***Private Benefit*** Some goods and services provided by Council are not provided on the basis of wider community benefit and are used by private beneficiaries. Goods or services of a commercial nature will be subject to commercially competitive pricing principles, which reflect market conditions and full cost recovery. Where Council are engaged in providing any commercial/business operations, it will price such services at full cost recovery, to cover both the cost of capital and a commercial rate of return. Council will look to generate an agreed positive return on assets so as to not reduce financial viability.

Strategy	Description
	Where required, Council will ensure compliance with 'competitive neutrality' provisions of the National Competition Policy and categorisation (i.e. category 1 or 2 business activities). ▪ ***Statutory Limitation*** It is acknowledged that certain fees, charges and levies are set by legislation and Council has no control over pricing in these circumstances. ▪ ***Community Considerations*** There are circumstances in which fees and charges levied under this policy may be further subsidised or discounted by Council on the basis of: - ***Ability to Pay –*** Some members of the community may have difficulty accessing Council's services because of a lower ability to pay. Where a fee or charge is discounted on this basis, it must be specified in Council's Schedule of Fees & Charges or approved by Council. - ***Special Community Benefit –*** In certain circumstances the discounting of a fee or charge will assist in attracting a user or level of use which will result in a special benefit to the community. Council acknowledges that some degree of flexibility may be applied when levying a fee or charge where such a benefit is anticipated.
Grants and Contributions (Operational & Capital) Council will actively pursue grant funding and other contributions to assist in the delivery of core services.	▪ Grants and Contributions will form part of the LTFP but will not exceed Council's capacity to service the program beyond the funding term. Continued effort in obtaining and improving Council's success in targeted grant funding is critical to long term financial stability.

Strategy	Description
	▪ In accepting capital grants or seed funding to develop new infrastructure or services, Council will also assess the corresponding whole-of-life costs, including recurrent operating costs, maintenance and renewals to ensure that they do not affect existing operations ▪ Development related capital infrastructure contributions collected (and interest earned on those funds) will form part of Council's Asset Management funding.
Proceeds from the Sale of Assets Council will continually review and rationalise identified community assets where assets are either under-utilised, are surplus or may no longer meet the service expectations of our community.	▪ Funds from divesting of such assets will be restricted and used to provide an opportunity to create or upgrade infrastructure and facilities as identified under Council's Local Area Planning process. Agreed projects, will accordingly be included in the capital expenditure program, as determined by Council. ▪ Similarly, Council will continually review the purchase of new and/or replacement of its operational asset base, including plant, equipment and property, to ensure that it appropriately and effectively supports the provision of services throughout the city. ▪ Proceeds from the Sale of Assets will be restricted, including an equivalent amount of associated depreciation cost (where feasible) to fund Council's ongoing operational asset program.
Cash Investments Council will invest surplus cash in accordance with its Investment Policy.	Council applies a prudent risk management approach to managing its cash investments. The key objectives to managing investments are to ensure:

Strategy	Description
Returns on externally restricted cash will be transferred to restricted assets in each of the funds and treated as capital revenue where required.	▪ That Council effectively secures the investment of funds which are surplus to the City's current operational requirements. ▪ The security of Council's portfolio by limiting associated risk and its exposure to individual institutions and products. ▪ The portfolio generates acceptable and sound returns compared to industry standards and appropriate benchmarks. ▪ That Council obtain prudent and independent investment advice. ▪ That an appropriate delegation process exists to manage Council's funds. ▪ Ensure compliance with relevant parts of the Local Government Act 1993, Regulations, Ministerial Orders and Accounting Standards. Council's Cash Investment Policy provides Council's adopted policy framework and approach to managing its cash investments.
Debt / Loan Borrowings Where appropriate, Council will utilise debt to fund capital expenditure, subject to it fulfilling agreed economic, social or environmental benefits and not affect existing recurrent operations and/or cashflows.	▪ Debt is used as a financial tool to amortise the capital costs over a longer period and is not to be considered a revenue source.

Strategy	Description
	▪ The term of any debt must not exceed the life of the asset it is used to fund. Debt must also not be used to fund on-going operational expenses. ▪ The use of debt for asset renewal or the creation of new long-life assets assists with intergenerational equity through appropriate allocation of the servicing costs. ▪ Debt will be considered as part of the capital budget process and will only be approved where there is evidence of economic, social or environmental benefit from the project and where other sources of funding are not available
Other General Income Sources Council will look to investigate and generate other alternate sources of revenue, as determined by Council	▪ Council generates a number of other regulatory and non-core revenues such as rental income on Council properties and income from fines. ▪ Council will continue to review its pricing and revenue raising opportunities, with the view to provide a recurrent alternate income stream and support its ability to provide the required services and community outcomes.

Part D – Managing Cash Restrictions & Unrestricted Cash

Strategy	Description
Council will hold cash investments which satisfy its legislative requirements (External Restrictions) and for certain funding policies set by Council (Internal Restrictions). Use must be reflected in Council’s Operational Plan and/or based on agreed policies. Use must be approved through the appropriate Annual and/or Quarterly Budget process.	Council will establish a series of restrictions to ▪ manage both externally imposed statutory or regulatory requirements as well as those set by Council ▪ Generally, internally restricted reserves are set aside and utilised for a specific purpose and/or its prudent approach to ensuring that Council is able to meet its liquidity ratio targets, working capital commitments and obligations (liabilities), as required ▪ The ongoing management of these reserves are reviewed annually by Council based on legislative requirements, replacement and initiative strategies, known commitments and/or contingencies. ▪ Council's Asset Management Plan provides the required time frames and commitments to drawing on required funding from reserves to meet Council's required outcomes. ▪ Council’s primary/core reserves are as follows: ***External Restrictions*** ▪ *Liability – Workers Compensation*: required cash deposit to satisfy self-insurance license. ▪ *Contributions – Developer Infrastructure*: restrict contributions received in accordance with Section 7.11 and 7.12 of the EP&A Act and any planning agreements ▪ *Unexpended Grants*: restrict unexpended funds received for specific purpose ▪ *Unexpended Funds – Bankstown Town Centre Improvement Rate*: restrict unexpended funds collected through the Bankstown Town Centre Special Rate (Special Rate discontinued from 1 July 2022) ▪ *Unexpended Funds – Domestic Waste Reserve*: restrict unexpended domestic waste funds to fund future domestic waste operational and capital liabilities

Strategy	Description
	▪ *Unexpended Funds – Stormwater Levy*: restricted unexpended stormwater levy funds to allow Council to undertake significant improvements to the stormwater system and provide a cleaner and safer environment for the benefit of owners, residents and visitors ***Internal Restrictions*** ▪ *Liabilities – Employee Entitlements*: restrict funds equivalent to 40% of total employee entitlements. ▪ *Liabilities – Workers Compensation*: restrict funds required to top up self-insurance license requirements. ▪ *Liabilities – Holding Deposit:* restrict 100% of accrued deposits held for the use of Council facilities/works ▪ *Liabilities – Contingent Insurance:* maintain $1M for any uninsured losses that may eventuate. ▪ *Infrastructure – Asset Categories*: Objective is to restrict net available general funds as a cash equivalent to fund Depreciation Expense and release in accordance with Asset Management Plans. Proceeds from the sale of operational equipment will also be restricted. ▪ *Infrastructure – Asset Categories (SRV)*: Objective is to compliment the above reserves and restrict cash in accordance with Council's approved 2021 SRV to assist in Council's aim to fund its Depreciation Expense and release in accordance with Asset Management Plans. ▪ *Infrastructure – Strategic Priorities*: Funds held for specific initiatives/priorities agreed through Council's IP&R process. Surplus funds from previous years will also transferred to this reserve. ▪ Infrastructure – CCC SRV / Renewal Levy: restrict former CCC SRV amounts for specific infrastructure projects throughout former CCC local government area until 2023/24 when equivalent future funding will annually be restricted within the existing '*Infrastructure – Asset Categories'* reserve outlined above. ▪ Infrastructure – Growth Fund (Strategic Priorities): Council will restrict 75% of the income generated from the growth in Rates Revenue annually to provide funding for assets and infrastructure to support the forecast growth and ensures Council remains financially sustainable over the medium to longer term. Funds will be held for specific initiatives/priorities agreed through Council's IP&R process.

Strategy	Description
	▪ *Operational – Growth Fund (Strategic Priorities):* Council will restrict 25% of the income generated from the growth in Rates Revenue annually to provide funding for operations to support the forecast growth and ensures Council remains financially sustainable over the medium to longer term. Funds will be held for specific initiatives/priorities agreed through Council's IP&R process. ▪ Operational – Operational/Loan Categories (SRV): Objective is to restrict cash in accordance with Council's approved 2021 SRV for operational and borrowing requirements ▪ *Other – Land Investment Fund:* proceeds from land sales and released for agreed renewals and/or initiatives. ▪ Other – Council Elections: restrict 25% per annum of expected cost of conducting Council's elections ▪ *Other – Councillor Ward Funds*: restrict $5K per Ward Councillor and use for asset/infrastructure purposes ▪ *Other – Operational Contingency Reserve*: restrict a minimum of 2% of Operational Costs (excluding Depreciation) to address unexpected fluctuations in managing Council's Annual Budget. Council will establish other restrictions to assist in fulfilling its financial management obligations, as required. ***Unrestricted Working Funds*** ▪ In additional to the above, Council will separately maintain an unrestricted working fund balance equivalent to 2% of operational revenues for contingency purposes.

Annexure B

Financial Indicators

The following financial indicators will be used to determine the financial health of the Council. The indicators will be reviewed annually to show actual performance for each financial year. The financial indicators will also be applied to the 10 year financial projections contained in Council's LTFP to highlight any projected trends in the financial health of the Council.

Local Government Industry Indicators

Ratio	Description	Calculation	Benchmark
Operating Performance Ratio	This ratio serves as an overall measure of financial operating effectiveness. Operating surplus (deficit) divided by total revenue – adjusted (excluding grants and contributions received for capital purposes).	Total continuing operating revenue[1] (exc. capital grants and contributions) less operating expenses divided by Total continuing operating revenue[1] (exc. capital grants and contributions)	Greater than or equal to break-even
Own Source Revenue Ratio	Own source revenue measures the degree of reliance on external funding sources (e.g. grants and contributions). This ratio measures fiscal flexibility and robustness. Financial flexibility increases as the level of own source revenue increases. It also gives councils greater ability to manage external	Total continuing operating revenue[1] less all grants and contributions divided by Total continuing operating revenue[1] inclusive of capital grants and contributions	Greater than 60%

Ratio	Description	Calculation	Benchmark
	shocks or challenges. Councils with a higher own source revenue percentage have a greater ability to control or manage their own operating performance and financial sustainability.		
Unrestricted Current Ratio	Provides an indication that Council is maintaining sufficient cash reserves.	Current assets less all external restrictions divided by Current liabilities less specific purpose liabilities	Greater than 1.5 times
Debt Service Ratio	The ratio measures the availability of operating cash to service debt including interest, principal and lease payments	Cost of debt service (interest expense & principal repayments) divided by Total continuing operating revenue[1] (exc. capital grants and contributions)	Greater than 0% and less than or equal to 10%
Debt Service Cover Ratio	The ratio measures the availability of operating cash to service debt including interest, principal and lease payments.	Operating Result[1] (exc. capital grants and contributions and depreciation) divided by principal repayments and borrowing costs.	Greater than 2 times
Rates, annual charges, interest and extra charges outstanding percentage	The ratio assesses the impact of uncollected rates and annual charges on a council's liquidity and the adequacy of debt recovery efforts.	Rates, annual and extra charges outstanding divided by rates, annual and extra charges collectable.	Less than 5%
Cash Expense Cover Ratio	The ratio indicates the number of months a council can continue paying its expenses without additional cash inflows.	Current years cash and cash equivalents plus all term deposits divided by payments from cash flow of operating and financing activities.	Greater than 3 months.

Ratio	Description	Calculation	Benchmark
Building and Asset Renewal Ratio	Measures the Councils capacity to fund asset replacement requirements. An inability to fund future requirements will result in revenue or expense or debt consequences, or a reduction in service levels. CCBC recognises that capital expenditure on asset renewals can be 'lumpy'. Therefore, CCBC will take into account both actual capital renewal expenditure and any funding transfers to dedicated reserves in the year for future renewals	Asset renewals (building and infrastructure) divided by Depreciation, amortisation and impairment (building and infrastructure)	Greater than 100%

[1] Exclude: fair value adjustments, reversal of revaluation decrements, net gain/loss on sale of assets and net share/loss of interests in joint ventures.

Other Capital Related Indicators

Ratio	Description	Calculation	Benchmark
Infrastructure Backlog Ratio	The infrastructure backlog ratio shows the infrastructure backlog as a total written down value of a council's infrastructure.	Estimated cost to bring assets to a satisfactory condition divided by Total (WDV) of infrastructure, buildings, other structures and depreciable land improvement assets	Less than 2%
Unfunded Renewals	The forecast annual asset renewals budget allocation less total cost of all asset treatments (maintenance and component/asset renewals) due or past due at the date of review.	Annual asset renewal budget less required costs of all asset treatments due.	Greater than zero
Asset Maintenance Ratio	The gap between actual maintenance and required maintenance indicates the difference between what Councils' asset management plan projects should be spent on infrastructure to keep it in its existing condition and what Council actually spends.	Actual asset maintenance divided by Required asset maintenance	Greater than 100%
Capital Expenditure Ratio	This ratio indicates the extent Council is expanding its asset base through capital expenditure on new assets, and the replacement of existing assets.	Annual capital expenditure divided by annual depreciation	Greater than 1 times

Other Corporate Indicators

Ratio	Description	Calculation	Benchmark
Real Operating Expenditure	Provides an indication of Councils operational efficiency over time.	Operating Expenditure divided by Population	A decrease in Real Operating Expenditure per capita over time
Unrestricted Working Funds	Provides an indication of Councils ability to meet short term financial shocks. Unrestricted working funds are Councils funds that are not yet committed for a specific purpose or reserve. Council aims to have a surplus of uncommitted general funds annually during the budget process and maintain a minimum unrestricted working funds balance to provide for situations where emergency funding is required by Council due to major unforeseen circumstances within the LGA.	Current assets less Current liabilities adjusted for restrictions	Greater than or equal to break-even annually for budgeted unrestricted cash Unrestricted working funds greater than 2% of budgeted operating revenue

Annexure C

Sensitivity Analysis

Council's LTFP is based on a range of assumptions used to project future financial trends. In some cases, small changes in an assumption can have a substantial impact on the long term projections contained in the LTFP, whereas changes in other assumptions have a less material impact. As it is not always possible to accurately predict future movements in all of the assumptions used to prepare the LTFP, it is beneficial to conduct sensitivity analysis on the impact of small changes in those assumptions which have the greatest impact on the LTFP.

For the purposes of analysis – a one (1) percent variation from the current estimate Base Case scenario is assessed.

Council has in place dedicated reserves and an unrestricted working capital balance to deal with substantial impacts, as required. These are set out in Annexure C.

Rating Income

	2022/23 $M	2023/24 $M	2024/25 $M	2025/26 $M	2026/27 $M	2027/28 $M	2028/29 $M	2029/30 $M	2030/31 $M	2031/32 $M
Base Case	191.1	206.3	221.7	239.1	246.1	253.2	260.5	268.0	275.7	282.6
Variance - Negative 1%	(1.6)	(1.7)	(1.9)	(2.2)	(4.7)	(7.3)	(10.0)	(12.8)	(15.7)	(18.7)
Variance – Positive 1%	1.6	1.7	1.9	2.2	4.8	7.4	10.3	13.3	16.6	19.9

User Charges and Fees

	2022/23 $M	2023/24 $M	2024/25 $M	2025/26 $M	2026/27 $M	2027/28 $M	2028/29 $M	2029/30 $M	2030/31 $M	2031/32 $M
Base Case	19.1	19.0	19.4	19.9	20.4	20.9	21.4	21.9	22.5	23.1
Variance – Negative 1%	(0.1)	(0.1)	(0.1)	(0.2)	(0.4)	(0.6)	(0.8)	(1.1)	(1.3)	(1.5)
Variance – Positive 1%	0.1	0.1	0.1	0.2	0.4	0.6	0.8	1.1	1.3	1.6

Interest Income

	2022/23 $M	2023/24 $M	2024/25 $M	2025/26 $M	2026/27 $M	2027/28 $M	2028/29 $M	2029/30 $M	2030/31 $M	2031/32 $M
Base Case	6.7	6.9	7.0	7.2	7.3	7.5	7.7	7.9	8.1	8.3
Variance – Negative 1%	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.3)	(0.4)	(0.5)	(0.5)
Variance – Positive 1%	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.4	0.5	0.6

Other Revenues

	2022/23 $M	2023/24 $M	2024/25 $M	2025/26 $M	2026/27 $M	2027/28 $M	2028/29 $M	2029/30 $M	2030/31 $M	2031/32 $M
Base Case	19.2	19.6	20.0	20.5	21.0	21.5	22.1	22.6	23.2	23.7
Variance – Negative 1%	(0.1)	(0.1)	(0.2)	(0.2)	(0.4)	(0.6)	(0.8)	(1.1)	(1.3)	(1.6)
Variance – Positive 1%	0.1	0.1	0.2	0.2	0.4	0.6	0.9	1.1	1.4	1.7

Employee Costs

	2022/23 $M	2023/24 $M	2024/25 $M	2025/26 $M	2026/27 $M	2027/28 $M	2028/29 $M	2029/30 $M	2030/31 $M	2031/32 $M
Base Case	157.4	160.6	164.7	168.9	173.1	177.4	181.8	186.4	191.0	195.8
Variance – Negative 1%	(0.8)	(1.0)	(1.3)	(1.6)	(3.4)	(5.1)	(7.0)	(8.9)	(10.9)	(13.0)
Variance – Positive 1%	0.8	1.0	1.3	1.6	3.4	5.2	7.2	9.3	11.5	13.8

Materials and Contracts

	2022/23 $M	2023/24 $M	2024/25 $M	2025/26 $M	2026/27 $M	2027/28 $M	2028/29 $M	2029/30 $M	2030/31 $M	2031/32 $M
Base Case	110.3	111.5	113.7	117.9	118.2	121.0	123.8	129.2	129.7	132.7
Variance – Negative 1%	(0.5)	(0.5)	(0.8)	(1.1)	(2.3)	(3.6)	(4.9)	(6.2)	(7.6)	(9.0)
Variance – Positive 1%	0.5	0.5	0.8	1.1	2.4	3.6	5.0	6.4	8.0	9.6

Other Expenses

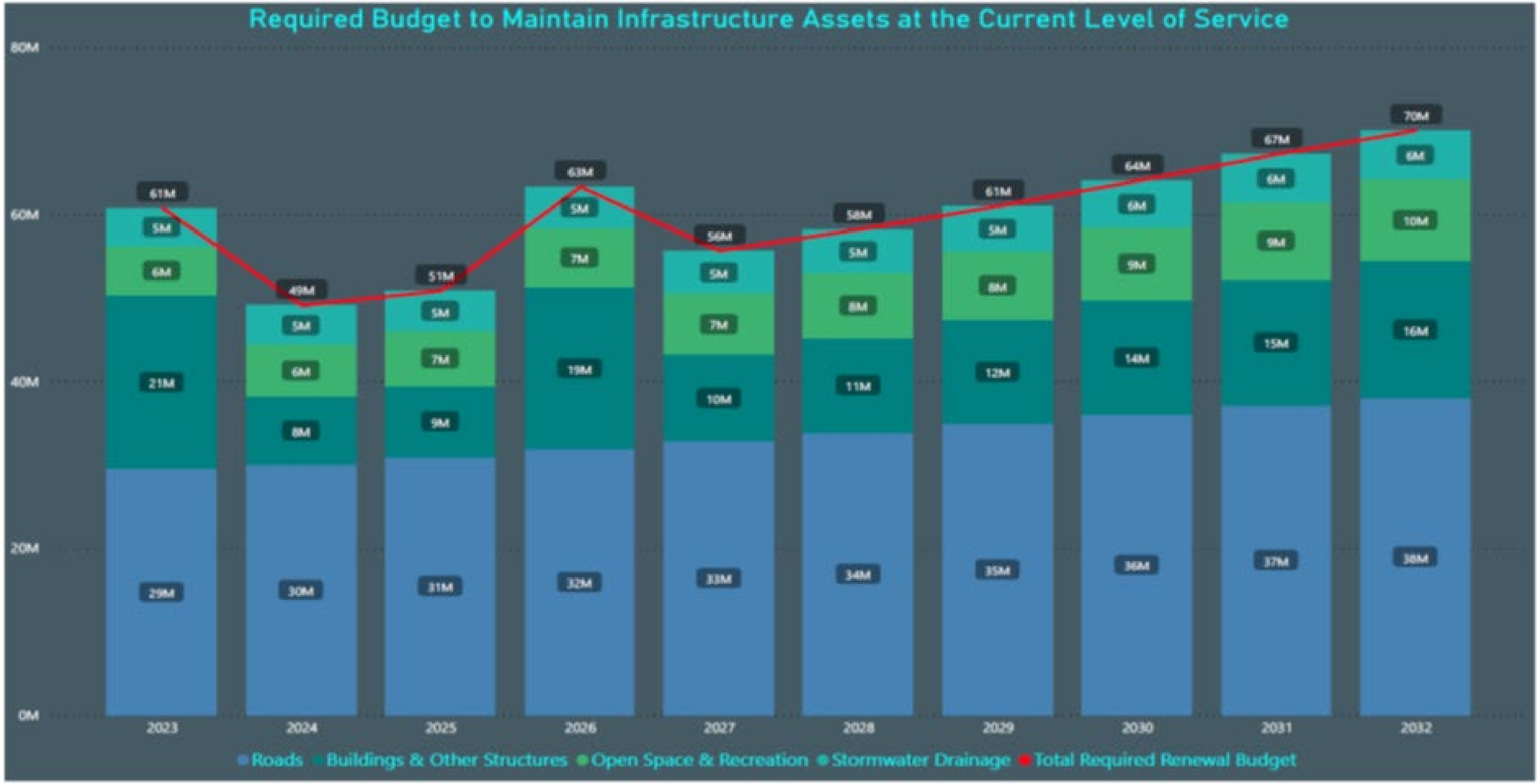
	2022/23 $M	2023/24 $M	2024/25 $M	2025/26 $M	2026/27 $M	2027/28 $M	2028/29 $M	2029/30 $M	2030/31 $M	2031/32 $M
Base Case	14.0	14.2	14.5	14.9	15.3	15.6	16.0	16.4	16.8	17.3
Variance – Negative 1%	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)	(0.5)	(0.6)	(0.8)	(1.0)	(1.1)
Variance – Positive 1%	0.1	0.1	0.1	0.1	0.3	0.5	0.6	0.8	1.0	1.2

Sensitivity Analysis – Net Financial Impact Comparison

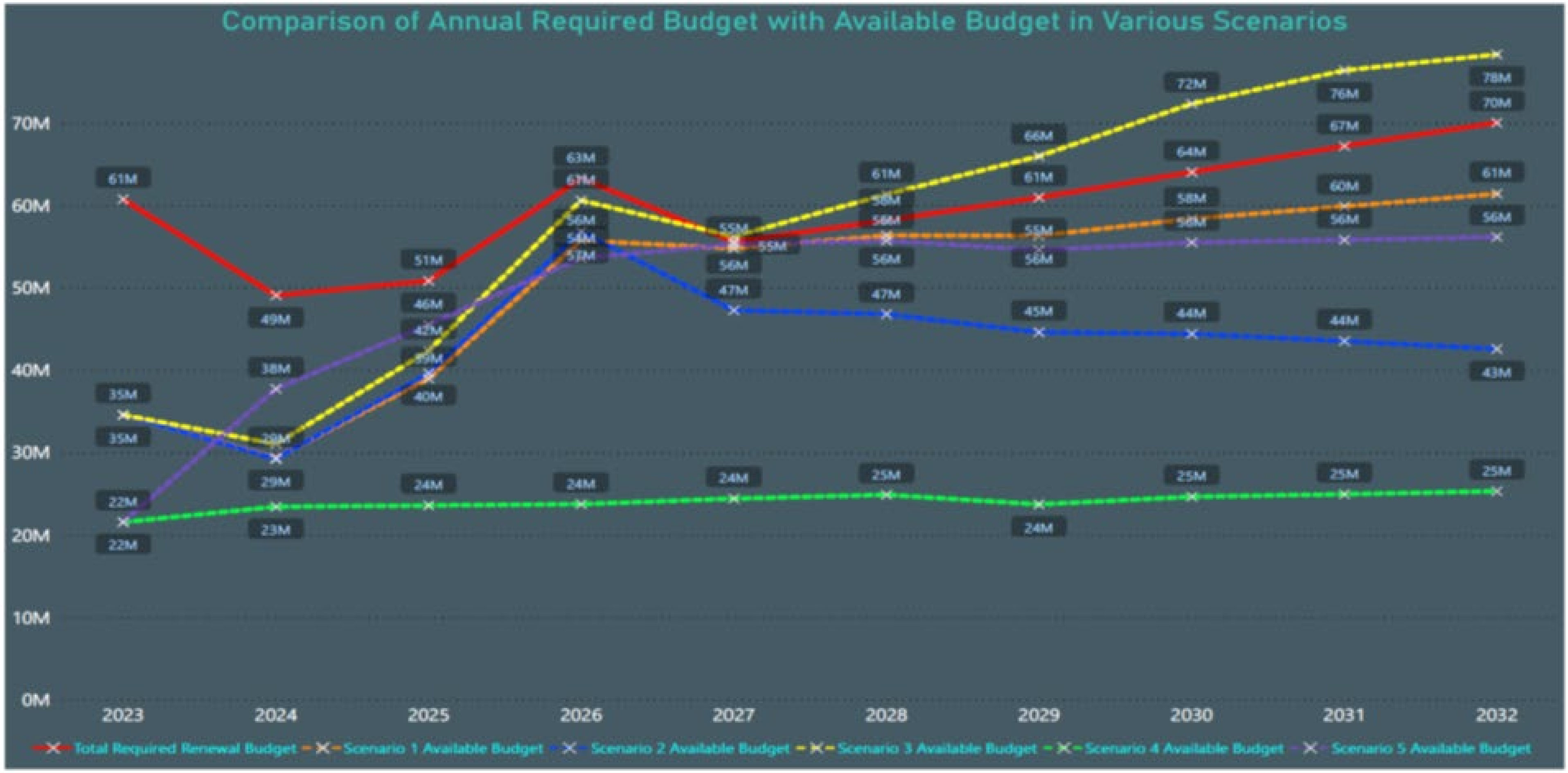
	2022/23 $M	2023/24 $M	2024/25 $M	2025/26 $M	2026/27 $M	2027/28 $M	2028/29 $M	2029/30 $M	2030/31 $M	2031/32 $M
Total Income – Base Case	340.7	357.6	375.2	396.8	408.0	419.5	431.3	443.5	456.0	467.7
Total Expenditure – Base Case	365.1	369.7	376.3	387.1	393.4	402.0	411.2	423.4	430.8	441.2
Net Financial Impact – Base Case	-24.4	-12.2	-1.1	9.7	14.5	17.5	20.1	20.0	25.1	26.5
Total Income – Negative 1%	338.8	355.6	372.9	394.1	402.3	410.8	419.4	428.2	437.1	445.3
Total Expenditure – Positive 1%	366.5	371.3	378.5	390.0	399.5	411.4	424.1	439.9	451.3	465.8
Net Financial Impact – Analysis 1	-27.7	-15.8	-5.6	4.1	2.8	-0.6	-4.7	-11.8	-14.2	-20.4
Total Income – Positive 1%	342.6	359.6	377.5	399.5	413.7	428.4	443.6	459.4	475.8	491.5
Total Expenditure – Negative 1%	363.7	368.1	374.1	384.2	387.4	392.9	398.8	407.5	411.4	418.1
Net Financial Impact – Analysis 2	-21.1	-8.6	3.4	15.4	26.3	35.5	44.8	51.9	64.5	73.4

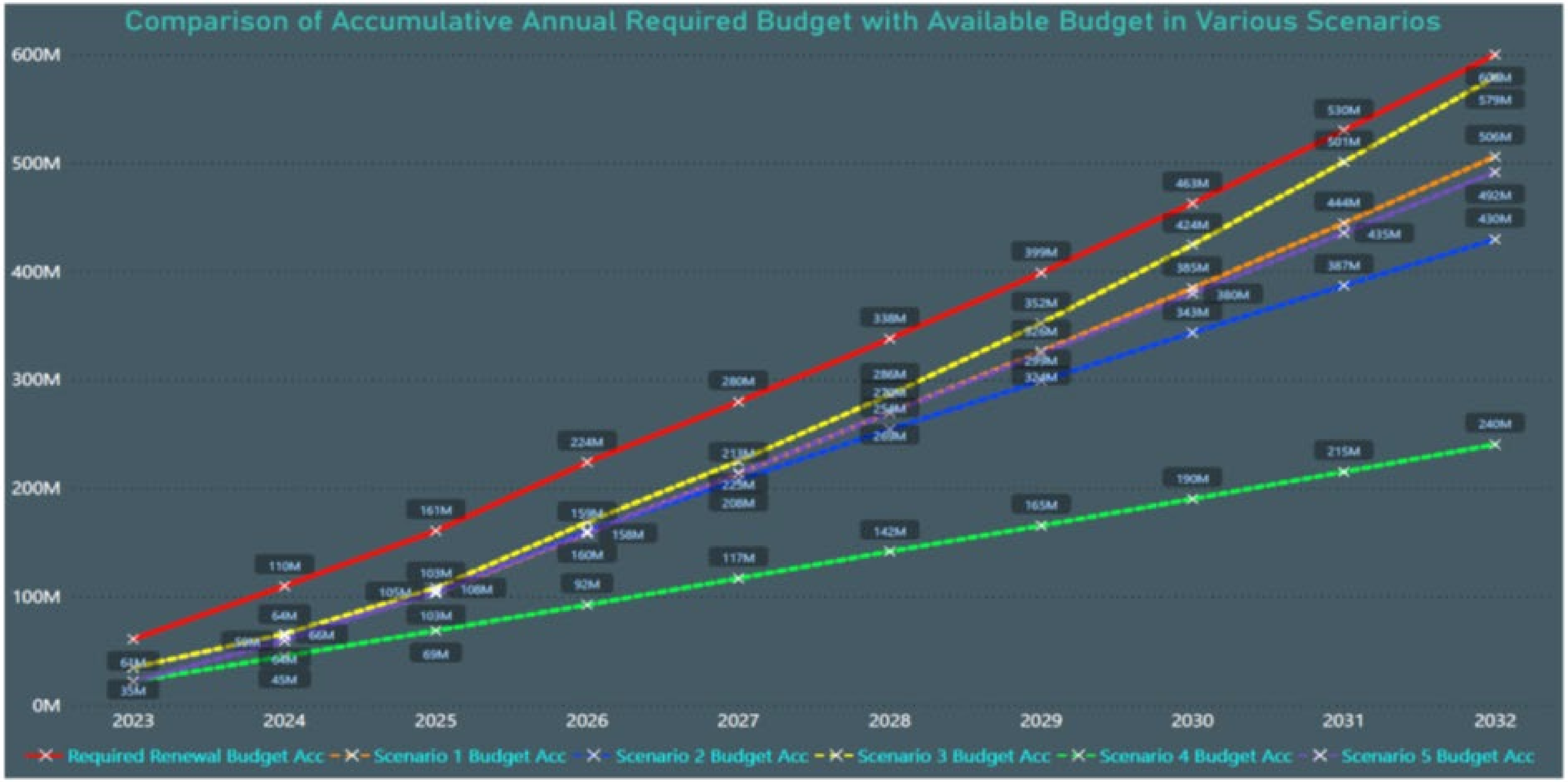
Appendix 1

Asset Management Group		2022 /2023	2023 /2024	2024 /2025	2025 /2026	2026 /2027	2027 /2028	2028 /2029	2029 /2030	2030 /2031	2031 /2032	2032 /2033	2033 /2034	2034 /2035	2035 /2036	2036 /2037	2037 /2038	2038 /2039	2039 /2040	2040 /2041	2041 /2042
Total Assets Renewal Budget		60,752	49,049	50,823	63,306	55,589	58,182	60,971	64,003	67,186	70,031	72,338	75,445	78,819	82,473	86,507	90,831	95,637	100,905	106,562	112,827
Plant & equip		6,721	6,855	6,993	7,132	7,275	7,421	7,569	7,720	7,875	8,032	8,193	8,357	8,524	8,694	8,868	9,046	9,226	9,411	9,599	9,791
Required Add/Transfer to Reserves (match Depn)		51,320	48,529	48,232	47,657	46,973	45,887	47,024	46,021	45,785	46,569	47,393	48,261	49,177	50,214	51,312	52,478	53,723	55,039	56,550	58,916
Total Capex & Required Transfer to Reserves		77,892	77,108	77,100	76,828	76,959	76,483	76,607	76,677	76,910	78,202	79,438	80,825	82,157	83,664	85,240	86,776	88,508	90,206	92,127	94,137
Maintenance Gap		4,707	4,825	4,946	5,070	5,197	5,327	5,460	5,597	5,737	5,880	6,027	6,178	6,332	6,490	6,652	6,818	6,988	7,163	7,342	7,526
											Year 10										Year 20
		Loan $50M																			
Scenario 1 - Base Case Option		SRV $40M																			
Add to infrastructure reserve		39,572	34,480	44,263	61,154	60,344	62,058	62,172	64,395	66,035	67,738	69,366	71,128	72,810	74,572	76,369	78,080	79,941	81,723	81,677	80,861
Surplus/(shortfall) - Capex v Funding - Unfunded Asset Renewals		(27,901)	(21,426)	(13,553)	(9,284)	(2,519)	(3,844)	(6,268)	(7,328)	(9,026)	(10,326)	(11,166)	(12,673)	(14,832)	(16,898)	(19,006)	(21,796)	(24,923)	(28,893)	(34,484)	(41,767)
Reserve Balance - Cumulative Total	17,204	(10,697)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation funded %		51%	45%	57%	80%	78%	81%	81%	84%	86%	87%	87%	88%	89%	89%	90%	90%	90%	91%	89%	86%
		Loan $50M																			
Scenario 2 - Servicing Model Option		SRV $40M																			
Add to infrastructure reserve		39,572	34,377	44,904	62,250	52,803	52,489	50,467	50,433	49,898	48,902	47,899	46,894	45,887	44,365	42,951	41,289	39,606	37,670	35,611	35,255
Surplus/(shortfall) - Capex v Funding - Unfunded Asset Renewals		(27,901)	(21,527)	(12,912)	(8,188)	(10,060)	(13,113)	(18,073)	(21,290)	(25,363)	(29,161)	(32,632)	(36,908)	(41,675)	(46,802)	(52,424)	(58,587)	(65,258)	(72,646)	(80,551)	(87,363)
Reserve Balance - Cumulative Total	17,204	(10,697)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation funded %		51%	45%	58%	81%	69%	69%	66%	66%	65%	63%	60%	58%	56%	53%	50%	48%	45%	42%	39%	37%
		Loan $50M																			
Scenario 3 - Asset Management Model Option		SRV $40M				2nd SRV $20M															
Add to infrastructure reserve		39,572	36,156	47,655	66,032	61,791	67,060	71,803	78,330	82,550	84,651	86,687	88,905	91,016	93,214	95,461	98,501	100,856	102,643	103,926	105,349
Surplus/(shortfall) - Capex v Funding - Unfunded Asset Renewals		(27,901)	(19,749)	(10,161)	(4,406)	(1,073)	1,458	3,263	6,607	7,489	6,587	6,156	5,103	3,673	2,047	86	(1,376)	(4,008)	(7,673)	(12,236)	(17,269)
Reserve Balance - Cumulative Total	17,204		-	-	-	-	1,458	4,722	11,329	18,818	26,406	31,681	36,664	40,337	42,384	42,470	41,094	37,086	29,413	17,177	-
Depreciation funded %		51%	47%	62%	86%	80%	88%	94%	102%	107%	108%	109%	110%	111%	111%	112%	114%	114%	114%	113%	112%
Scenario 4 - Base Case Without SRV Model Opti		SRV NIL & Loan NIL																			
Add to infrastructure reserve		26,572	28,579	28,868	29,171	29,986	30,596	29,583	30,656	31,125	31,633	32,044	32,564	32,980	33,450	33,928	34,298	34,785	35,167	35,577	35,222
Surplus/(shortfall) - Capex v Funding - Unfunded Asset Renewals		(40,901)	(27,326)	(28,948)	(41,268)	(32,878)	(35,007)	(38,957)	(41,067)	(43,936)	(46,430)	(48,486)	(51,237)	(54,363)	(57,717)	(61,447)	(65,578)	(70,079)	(75,150)	(80,584)	(87,396)
Reserve Balance - Cumulative Total	17,204	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation funded %		34%	37%	37%	38%	39%	40%	39%	40%	40%	40%	40%	40%	40%	40%	40%	40%	39%	39%	39%	37%
Scenario 5 - Reduce Services Model Option		SRV NIL & Loan NIL																			
Add to infrastructure reserve		26,572	42,881	50,805	59,008	60,832	61,439	60,429	61,501	61,970	62,479	62,891	63,409	63,826	64,295	64,774	65,144	65,631	66,011	66,424	66,760
Surplus/(shortfall) - Capex v Funding - Unfunded Asset Renewals		(40,901)	(13,024)	(7,011)	(11,430)	(2,031)	(4,163)	(8,111)	(10,222)	(13,091)	(15,585)	(17,640)	(20,392)	(23,517)	(26,873)	(30,601)	(34,733)	(39,233)	(44,305)	(49,737)	(56,858)
Reserve Balance - Cumulative Total	17,204	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation funded %		34%	56%	66%	77%	79%	80%	79%	80%	81%	80%	79%	78%	78%	77%	76%	75%	74%	73%	72%	70%



Required Budget to Maintain Infrastructure Assets at the Current Level of Service
80M
60M
40M
20M
0M
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
61M
49M
51M
63M
56M
58M
61M
64M
67M
70M
29M
30M
31M
32M
33M
34M
35M
36M
37M
38M
21M
8M
9M
19M
10M
11M
12M
14M
15M
16M
6M
6M
7M
7M
7M
8M
8M
9M
9M
10M
5M
5M
5M
5M
5M
5M
5M
6M
6M
6M
Roads
Buildings & Other Structures
Open Space & Recreation
Stormwater Drainage
Total Required Renewal Budget


Comparison of Annual Required Budget with Available Budget in Various Scenarios
70M
60M
50M
40M
30M
20M
10M
0M
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
Total Required Renewal Budget
Scenario 1 Available Budget
Scenario 2 Available Budget
Scenario 3 Available Budget
Scenario 4 Available Budget
Scenario 5 Available Budget


Comparison of Accumulative Annual Required Budget with Available Budget in Various Scenarios
600M
500M
400M
300M
200M
100M
0M
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
Required Renewal Budget Acc
Scenario 1 Budget Acc
Scenario 2 Budget Acc
Scenario 3 Budget Acc
Scenario 4 Budget Acc
Scenario 5 Budget Acc