



SUPPORTING PLAN

# Financial Management Strategy 2023-33

May 2023



## 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	23/06/2022
6	2023-2033	

# 7

## destinations



### Safe & Strong

A proud inclusive community that unites, celebrates and cares

Safe & Strong 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 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 Supporting Plans, Action Plans and Policies cover such themes as revitalising our centres, training, 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 Supporting Plans, Action Plans and Policies cover such themes as accessibility, pedestrian, cycling, and transport networks, pedestrian and road safety, parking and transport asset management.



### Healthy & Active

A motivated city that nurtures healthy minds and bodies

Healthy & Active 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 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 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.



## 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**

A close-up photograph of a person's legs and hands, covered in white body paint with brown patterns. They are standing over a bundle of green leaves tied together, which is smoldering and emitting a small amount of smoke. The background is a dark, forest floor.

## 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

### 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 one of 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 Long-Term Financial Plan (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 Statement of 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 an 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 contracted staff); 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.

## 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.

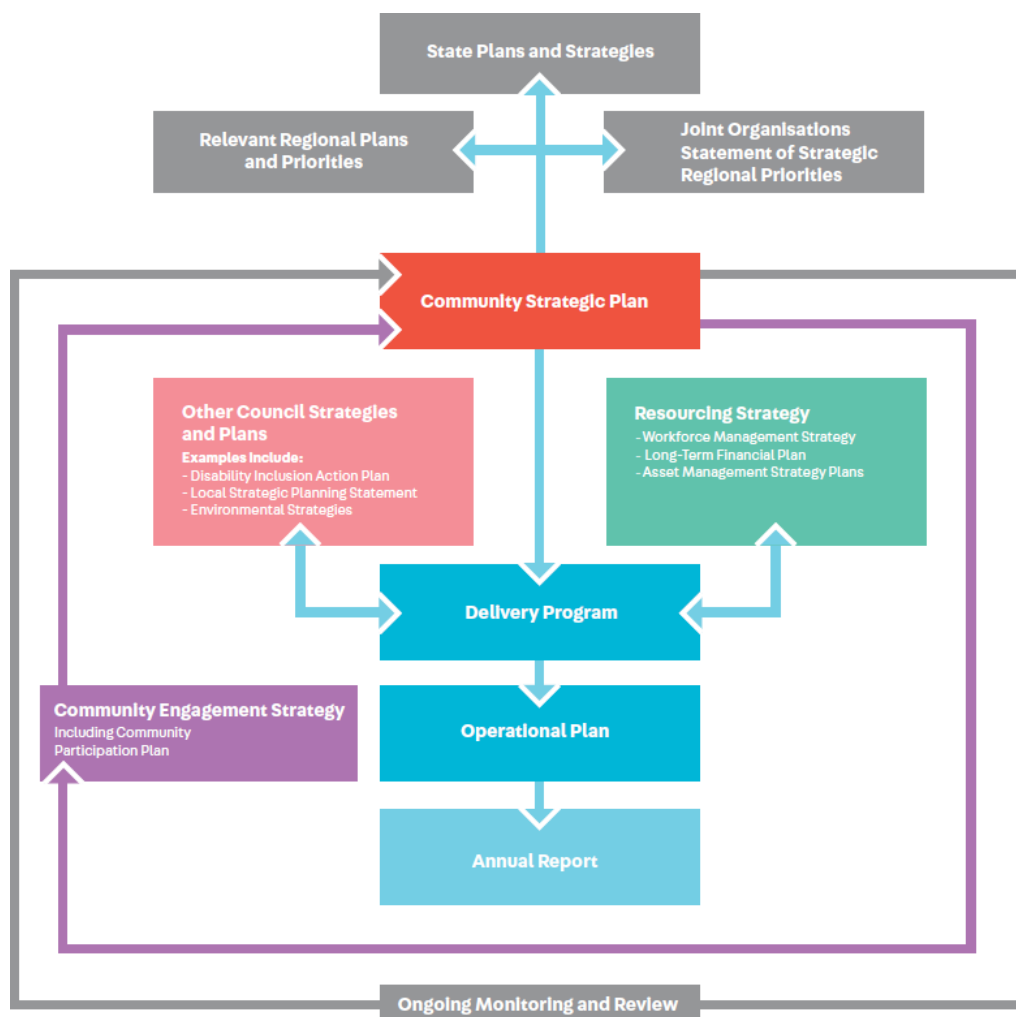
Council's IP&R obligations are detailed in Section 8C of the Local Government Act 1993 which outlines the principles for strategic planning that must be applied to the IP&R Framework.

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 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 Resourcing Strategy, Delivery Program and 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, Financial Management Strategy incorporating 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.

# Our City

With more than 371,000 residents (2022 Estimated Residential Population), Canterbury-Bankstown is one of the most populous local government area (LGA) in New South Wales. The City is located in Sydney's south-western suburbs, between eight and 23 kilometres of the Sydney CBD. The City 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. There are 18 employment land precincts located across the LGA comprising about 986 hectares of employment land, providing an array of opportunities.

It's 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, 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. It is also crossed by three rail lines: the Australian Rail Track Corporation (ARTC) freight line, and the East Hills and Bankstown commuter lines. Under the Sydney Metro Project, stations along the Bankstown Line to Bankstown Station will be converted from heavy rail to rapid transit standard. Construction began in mid 2017.

On the far western border of the City lies Bankstown Airport, 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. In March 2023, a new 'vertical city' campus of the Western Sydney University in the heart of the Bankstown CBD opened, with capacity for 10,000 students and 700 staff, with facilities for the teaching of health, education, manufacturing and IT students.

The Canterbury-Bankstown features two significant health precincts, Canterbury Memorial Hospital and the Bankstown-Lidcombe Hospital. In July 2020, The NSW Government called for proposals to secure a site to provide a new world-class \$1.3 billion Bankstown-Lidcombe Hospital.

- **We are a fast-growing City:** expecting to reach 500,000 people in the next 15 years.
- **We are a diverse City:** with 45 per cent of our population born overseas and nearly 60 per cent speaking any one of around 100 languages and dialects. This is almost double the diversity of Greater Sydney.
- **We are a productive City:** home to over 41,000 businesses and 109,000 local jobs. This results in \$16.7 billion in output making the Canterbury-Bankstown one of the largest economies in NSW and a contributor of 3.4% of Greater Sydney's employment. The City is well placed to capitalise on the growth of knowledge intensive, healthcare and education employment sectors.
- **We are a young City:** nearly 50 per cent of our people are younger than 34 years old. This is a huge opportunity - young people are tech-savvy, innovative and are the future leaders. They are optimistic and excited about the future, and the future of our City.
- **We are a beautiful City:** there are large expanses of native bushland, quality arts and sporting facilities, numerous recreational parklands and reserves, and access to the Georges and Cooks Rivers.

# YOUR CITY



**23** kilometres  
southwest of  
the Sydney CBD



**41** suburbs

AREA

**110**  
square kilometres



**147,000+**  
employed  
residents



**99,000+**  
local  
workers



**\$16.7** billion  
gross regional  
product



**41,000+**  
businesses



**2,000,000+**  
international visitor  
nights (2019/20)

# YOUR ASSETS



**3**  
river catchments



**281**  
playgrounds



**623**  
parks



**75**  
sporting complexes



**17**  
train  
stations



**337**  
community  
buildings



**900+**  
kilometres  
roads



**1,200**  
kilometres  
footpaths



**115**  
kilometres rivers  
and creeks

# YOUR COMMUNITY



**371,726**  
population in 2022

**500,000**  
population by 2036

**36**  
median age

**45%**  
born overseas

**59%**  
speak a language  
other than English  
at home

**20.5%**  
over 60

**23.5%**  
under 18



**1**  
art centre



**113**  
schools



**1**  
university



**2**  
TAFE campuses



**2**  
hospitals



**9**  
libraries



**198**  
water  
quality devices



**680** km+  
drainage  
conduits

# 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.

## 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 (CBCity).

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 financially 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 which 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 to service the borrowings or address 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.

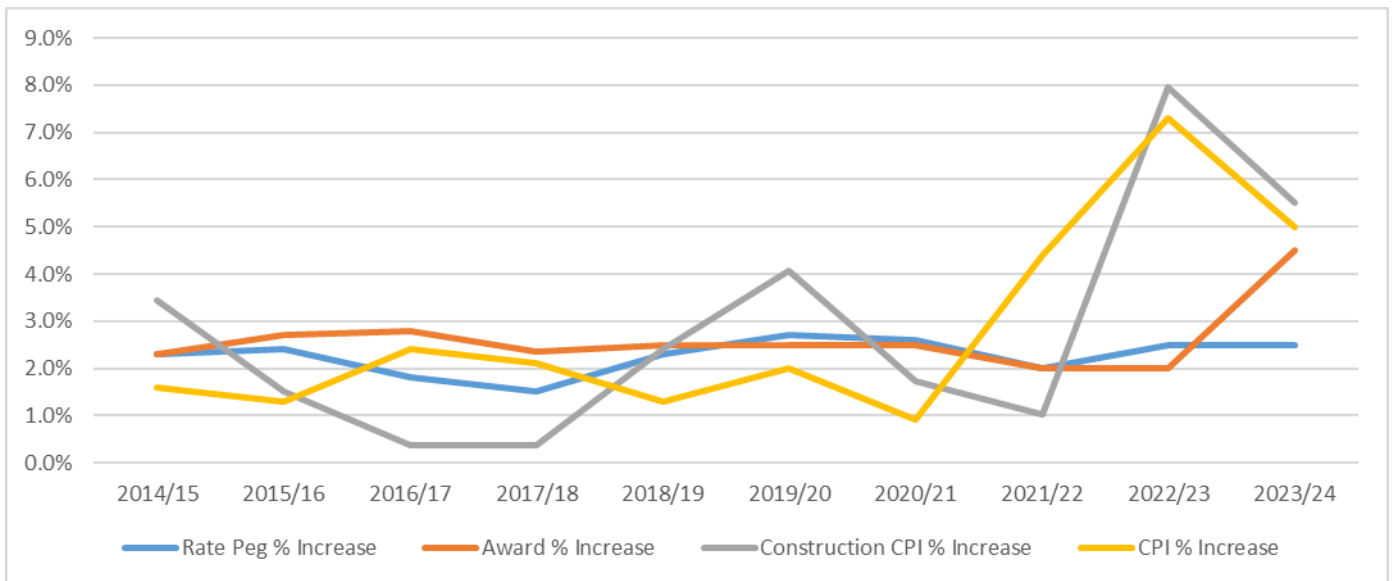
One major reason for this is to understand and compare Council's ability to increase annual rates and compare it to annual expense-growth.

Council has a heavy reliance on Rates and Annual Charges being its major form of annual income (75%). 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 dealing with cost-shifting from other tiers of Government.

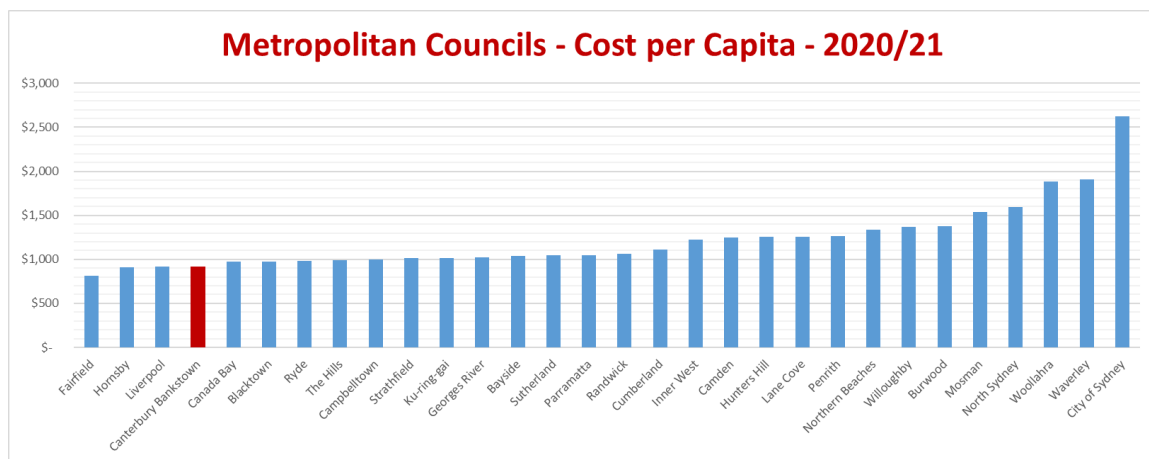
Historically, the trends of Council's major expenditure categories compared to IPART's rate increase percentage is telling.

### Rate Peg versus Increases in Major Operating Costs



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 2020/21 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/>) 2020/21 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 continued 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 (CBCity) 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.

CBCity'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 2023 – 2033 are as follows:

1. To provide Council with the direction and context for consistent and appropriate decision making in the allocation and management of CBCity'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 2036), 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 Financial Management Strategy incorporating 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 Statement of 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 and fair 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

Management Service including 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 and legislative 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 Statement of 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 strategic 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; and
- 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 \$5.6B 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 \$18.9M by 2032/33;
- 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 \$69M. 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 \$476M in 10 years and a staggering amount of \$1.1B 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 \$90M 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 41% of depreciation requirements in 2023/24 (which will grow to 60% in 2032/33 when money raised through the SRV is included) to replace 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 500,000 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 7.11/7.12 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 recent 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/surpass 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:

<b>Description</b>	<b>\$M/ Annum</b>
<b>Funding Asset Renewals &amp; Backlog</b>	31
<b>Service Enhancements</b>	4
<b>Leisure &amp; Aquatics – Annual Debt Servicing Cost</b>	5
<b>Total Required Funding</b>	<b>40</b>

Council's SRV will be gradually raised over a 4-year period, commencing from 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 CBCity 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 – CBCity 2036.

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 look 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 7.11/7.11 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
<b>Funding Asset Renewals &amp; Backlog</b>	31
<b>Service Enhancements</b>	4
<b>Leisure &amp; Aquatics – Annual Debt Servicing Cost</b>	5
<b>Total Required Funding</b>	<b>40</b>

Council's SRV will be gradually raised over a 4-year period, commencing from 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 Council's 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 - 2036. The LTFP will assist CBCity 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 recent 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 has been 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.

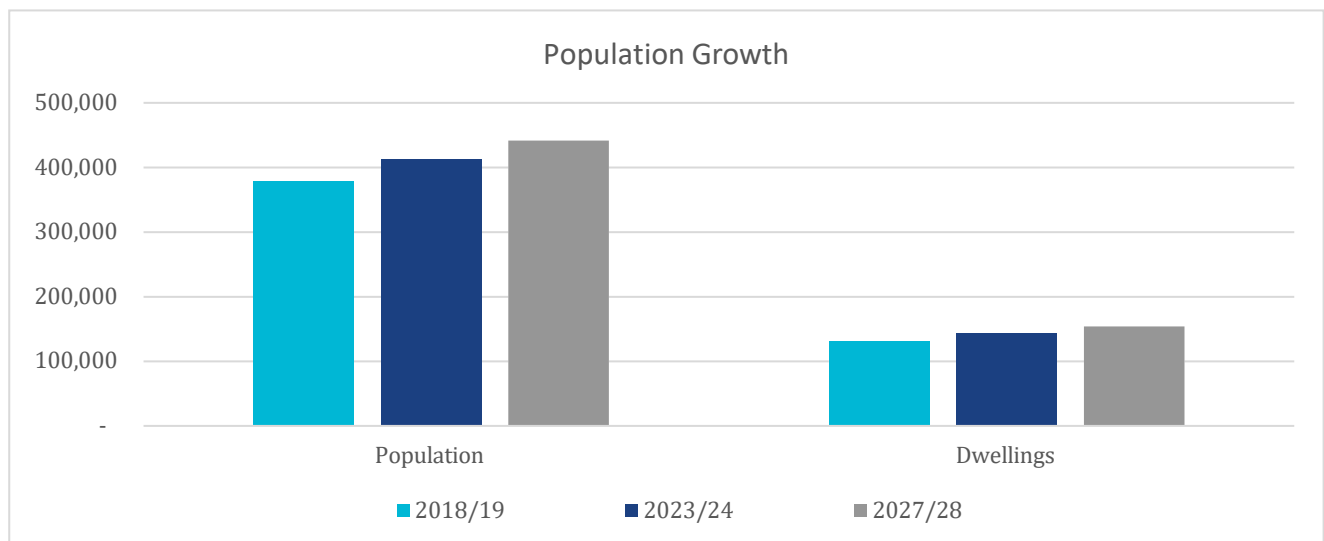
## Population Growth

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 500,000 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 in 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 2023-24 rate peg for CBCity at 3.7% being the NSW Council rate peg of 3.7% plus the population factor for CBCity of 0.0%. Despite the rate peg being set at 3.7% for 2023/24, CBCity is locked in to a rate peg increase in 2023/24 of only 2.5% based on its current SRV IPART approval.

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

	Rate Peg	SRV	Total
<b>2022/23</b>	2.5%	7.0%	7.8%
<b>2023/24</b>	2.5%	5.3%	7.8%
<b>2024/25</b>	2.5%	4.9%	7.4%
<b>2025/26</b>	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 CBCity'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 CBCity'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:

	<b>IPART Rate Peg Increase</b>	<b>Scenario 1 Increase</b>	<b>Scenario 2 Increase</b>	<b>Scenario 3 Increase</b>	<b>Scenario 4 Increase</b>	<b>Scenario 5 Increase</b>
	<b>%</b>	<b>%*</b>	<b>%*</b>	<b>%*</b>	<b>%*</b>	<b>%*</b>
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%	-	-	4.6%	-	-
2027/28	2.5%	-	-	4.4%	-	-
2028/29	2.5%	-	-	4.2%	-	-
2029/30	2.5%	-	-	4.0%	-	-
2030/31	2.5%	-	-	-	-	-
2031/32	2.5%	-	-	-	-	-
2032/33	2.5%	-	-	-	-	-
<b>Average Annual Increase - %</b>	<b>2.5%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>3.2%</b>	<b>0.0%</b>	<b>0.0%</b>

\* 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 3.7% in 2023/24 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) has recently completed a review of Domestic Waste Charges (DWC). Following this review IPART has decided to:

- not publish an indicative 'benchmark' waste peg or report on councils' performance against such a benchmark
- continue making decisions on whether or not to limit DWM annual charges in future years in the context of OLG's regulatory role and commitment to its recommended regulatory approach for DWM annual charges.

In their final report on the review IPART has recommended that OLG:

- update its Council Rating and Revenue Raising Manual to provide further guidance to councils on setting DWM annual charges
- work with the NSW Audit Office to initiate performance audits on a case-by-case basis of any council or councils that may be imposing unjustifiably high DWM annual charges on their communities.

Council will await the OLG response to IPART's review and any direction to council's from the Government in relation to any potential changes. At that time, Council will update its Domestic Waste Management Strategy and DWC pricing policy to be included in future reviews of Councils Financial Management Strategy.

## **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 3.7% for 2023/24, and 2.5% for all future years in this LTFP over the life of this plan.

## Interest and Investment Revenue

CBCITY 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 2.50% 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 2.5% for 2023/24 and 2.5% p.a. over the life of this plan.

## Operational Grants and Contributions

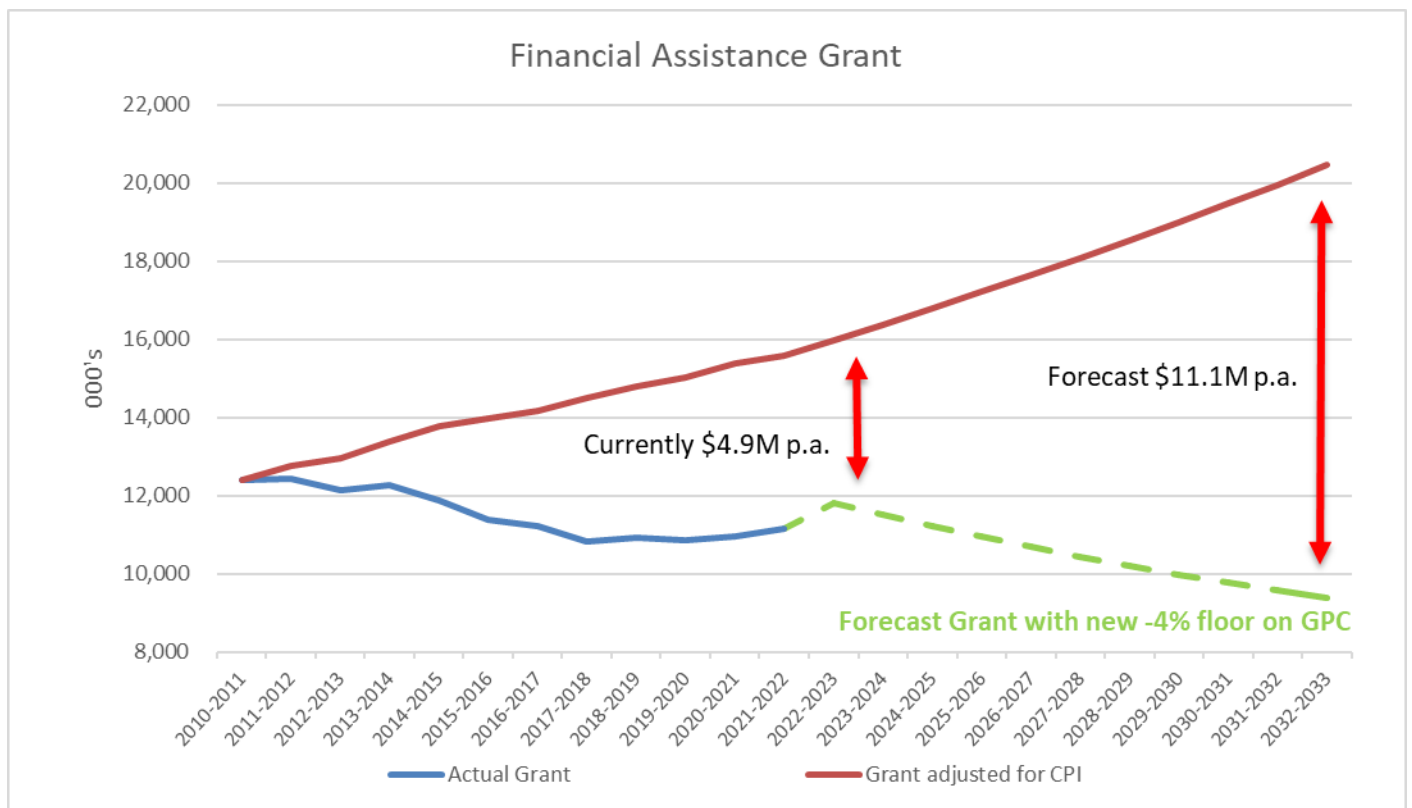
Council receives a number of operational grants from various Government agencies. The largest of these being the Financial Assistance Grant (FAG). This is a Federal "untied" grant which is distributed through the various states by the Local Government Grants Commission.

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 2023/24 by \$4.9M. With the OLGs proposed new floor/ceiling calculation, the reduction in FAG funding is estimated to grow to \$11.1M per annum by 2032/33.



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 2023;
- The estimated Award increase of 2.5% is applied annually (July each year) from the year after the current Local Government Award 2023 expires;
- 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 2023/24 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 \$43.2M will be required commencing in 2023/24 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 2.5% p.a. 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.

CBCity'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 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:

	Scenario 1			Scenario 2			Scenario 3			Scenario 4			Scenario 5		
	Depn Expense	Capex - Renewals	Funded	Depn Expense	Capex - Renewals	Funded	Depn Expense	Capex - Renewals	Funded	Depn Expense	Capex - Renewals	Funded	Depn Expense	Capex - Renewals	Funded
	\$M	\$M	%	\$M	\$M	%	\$M	\$M	%	\$M	\$M	%	\$M	\$M	%
2023/24	90.1	36.7	41%	90.1	33.2	37%	100.1	25.2	25%	90.1	21.6	24%	90.1	50.6	56%
2024/25	92.4	48.6	53%	92.4	45.1	49%	105.1	34.1	32%	92.4	23.1	25%	92.4	52.1	56%
2025/26	94.7	90.5	96%	94.7	87.0	92%	108.3	75.1	69%	94.7	27.9	29%	94.7	56.9	60%
2026/27	97.0	63.0	65%	97.0	59.4	61%	111.5	68.4	61%	97.0	29.0	30%	97.0	58.0	60%
2027/28	99.2	63.6	64%	99.2	59.9	60%	114.8	83.9	73%	99.2	30.4	31%	99.2	61.4	62%
2028/29	100.9	58.9	58%	100.9	55.2	55%	118.3	91.3	77%	100.9	30.8	31%	100.9	61.8	61%
2029/30	104.4	66.7	64%	104.4	62.8	60%	121.8	112.2	92%	104.4	31.7	30%	104.4	62.7	60%
2030/31	107.3	61.9	58%	107.3	57.9	54%	125.5	108.5	86%	107.3	31.9	30%	107.3	62.9	59%
2031/32	109.9	65.3	59%	109.9	61.2	56%	129.3	113.1	87%	109.9	32.2	29%	109.9	63.2	58%
2032/33	112.5	67.8	60%	112.5	63.7	57%	133.1	116.8	88%	112.5	32.8	29%	112.5	63.8	57%

Note: from 2023/24 - 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 LTFP 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 has increased significantly over the last 12 months from its historically low levels. Whilst it is anticipated that the official cash rate will increase over time, it will forecast to remain within a relatively stable range 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 to discount 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

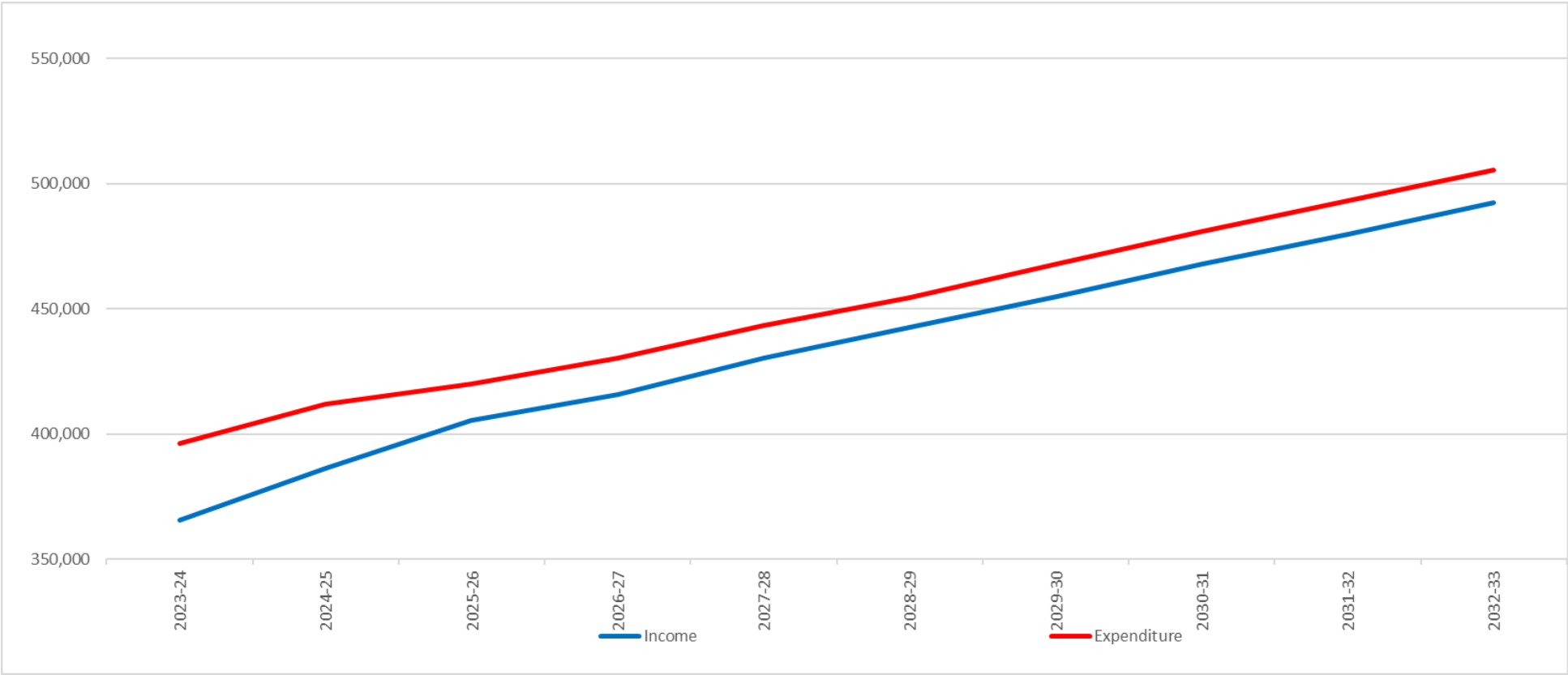
## Scenario 1 – Base Case

### Performance Indicators

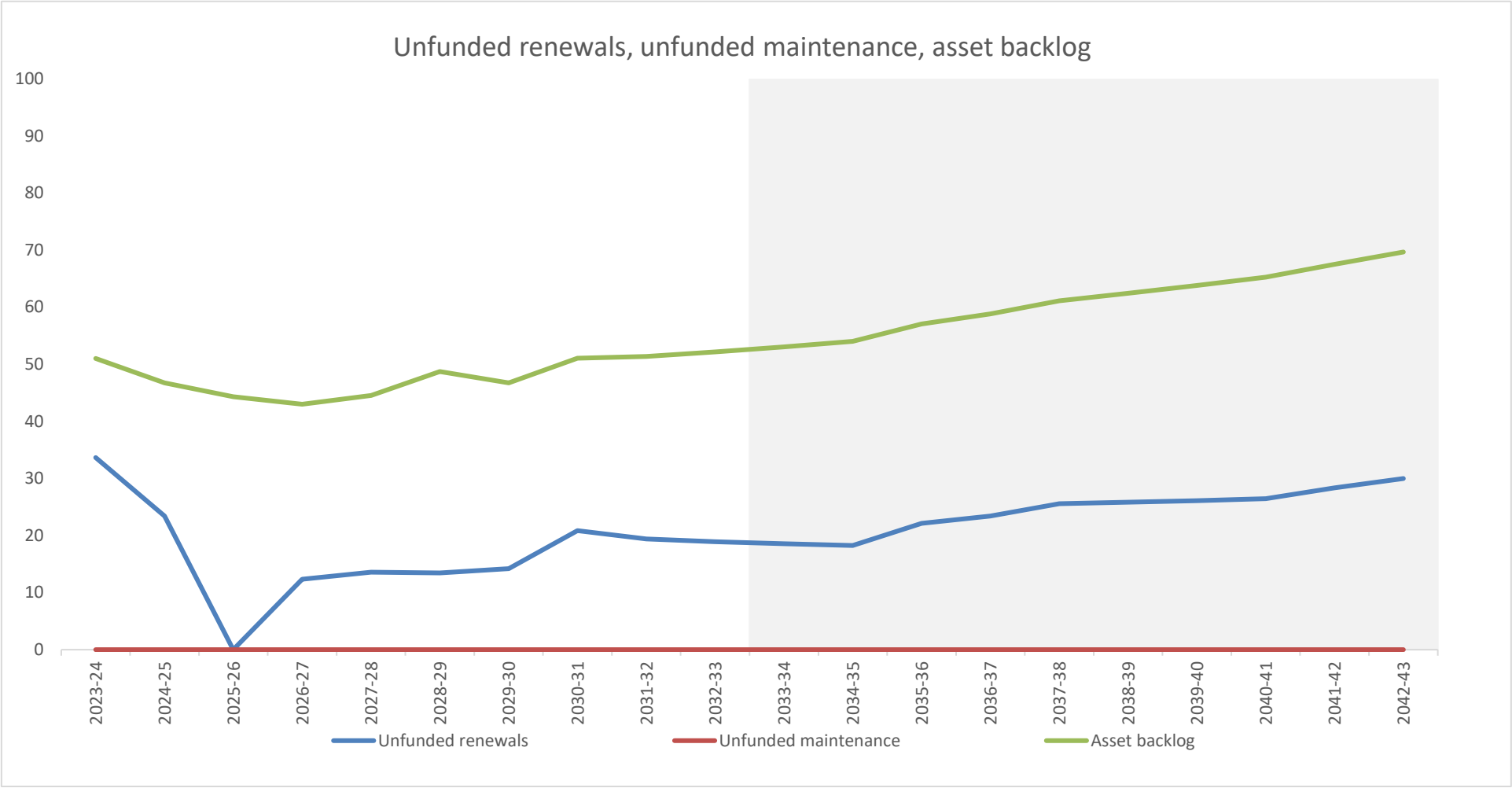
Ratio	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Operating Performance	-8.38%	-6.64%	-3.56%	-3.51%	-2.97%	-2.70%	-2.86%	-2.81%	-2.75%	-2.70%
Own Source Revenue	89%	91%	91%	91%	91%	91%	92%	92%	92%	92%
Unrestricted Current Ratio	1.43	1.63	2.05	2.35	1.99	1.99	2.07	2.21	2.35	2.48
Debt Service Ratio	4.79%	5.37%	6.55%	6.39%	6.58%	6.41%	6.74%	6.56%	6.41%	6.25%
Asset Renewals	41%	53%	96%	65%	64%	58%	64%	58%	59%	60%
Infrastructure Backlog	4.4%	5.4%	4.7%	5.3%	5.9%	6.8%	7.4%	8.4%	9.3%	10.2%
Unfunded Asset Renewals	-\$ 33,670	-\$ 23,419	\$16,820.02	-\$ 12,349	-\$ 13,595	-\$ 13,444	-\$ 14,186	-\$ 20,875	-\$ 19,415	-\$18,913
Asset Maintenance	89.0%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Real Opex Exp per capita	\$1,100	\$1,143	\$1,166	\$1,194	\$1,230	\$1,261	\$1,299	\$1,335	\$1,368	\$1,403

\* Refer Appendix 1

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



Asset Management



## Canterbury-Bankstown Council – Base Case - Income Statement

	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	2032-33 \$'000
<b>Income from continuing operations</b>										
Rates and Annual Charges	291,141	309,147	326,708	334,869	347,822	358,082	368,642	379,503	389,614	400,001
User Charges and Fees	20,753	21,872	22,419	22,979	23,553	24,142	24,746	25,365	25,999	26,649
Interest and Investment Revenue	11,303	11,585	11,875	12,172	12,476	12,787	13,107	13,435	13,770	14,115
Other Revenues	21,234	21,764	22,308	22,866	23,438	24,024	24,625	25,241	25,872	26,519
Grants and Contributions Operating	21,242	21,773	22,317	22,875	23,218	23,566	23,919	24,277	24,642	25,012
Grants and Contributions Capital	21,740	15,756	15,608	15,923	15,923	15,923	15,923	15,923	15,923	15,923
<b>Total Income from continuing operations</b>	<b>387,412</b>	<b>401,897</b>	<b>421,235</b>	<b>431,683</b>	<b>446,430</b>	<b>458,524</b>	<b>470,962</b>	<b>483,744</b>	<b>495,820</b>	<b>508,219</b>
<b>Expenses from continuing operations</b>										
Employee Costs	170,111	176,555	181,132	185,823	190,469	195,231	200,112	205,115	210,244	215,500
Borrowing Costs	1,415	2,144	3,090	2,983	3,107	2,981	3,110	2,964	2,811	2,652
Materials and Contracts	120,898	124,106	126,697	129,687	135,289	139,777	144,420	149,217	153,377	157,670
Depreciation	90,101	92,354	94,663	97,029	99,215	100,948	104,439	107,272	109,879	112,549
Other Expenses	13,782	16,627	14,480	14,842	15,213	15,594	15,983	16,383	16,793	17,212
<b>Total Expenses from continuing operations</b>	<b>396,307</b>	<b>411,786</b>	<b>420,062</b>	<b>430,364</b>	<b>443,293</b>	<b>454,531</b>	<b>468,063</b>	<b>480,951</b>	<b>493,104</b>	<b>505,583</b>
<b>Net Operating Result</b>	<b>(8,896)</b>	<b>(9,889)</b>	<b>1,173</b>	<b>1,319</b>	<b>3,137</b>	<b>3,993</b>	<b>2,898</b>	<b>2,793</b>	<b>2,715</b>	<b>2,635</b>
<b>Net Operating Result before Capital</b>	<b>(30,636)</b>	<b>(25,645)</b>	<b>(14,434)</b>	<b>(14,603)</b>	<b>(12,786)</b>	<b>(11,930)</b>	<b>(13,024)</b>	<b>(13,130)</b>	<b>(13,207)</b>	<b>(13,287)</b>

## Canterbury-Bankstown Council - Base Case - Statement of Financial Position

	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	2032-33 \$'000
<b>Current Assets</b>										
Cash and Investments	387,814	427,921	516,627	591,538	509,429	514,656	531,340	556,046	581,555	607,982
Receivables	41,536	42,574	43,639	44,730	45,780	46,705	47,657	48,633	49,582	50,555
Inventories	685	685	685	685	851	871	891	912	933	955
Other	4,897	4,897	4,897	4,897	4,897	4,897	4,897	4,897	4,897	4,897
<b>Total Current Assets</b>	<b>434,932</b>	<b>476,077</b>	<b>565,847</b>	<b>641,849</b>	<b>560,957</b>	<b>567,129</b>	<b>584,784</b>	<b>610,487</b>	<b>636,966</b>	<b>664,389</b>
<b>Non-Current Assets</b>										
Receivables	2,244	2,300	2,358	2,417	2,417	2,417	2,417	2,417	2,417	2,417
Infrastructure, Property, P&E	4,081,641	4,034,892	3,981,563	3,912,340	4,004,504	4,008,802	3,993,657	3,970,304	3,945,878	3,920,357
Investment property	7,935	7,935	7,935	7,935	7,935	7,935	7,935	7,935	7,935	7,935
Intangible Assets	486	486	486	486	486	486	486	486	486	486
Other	64	64	64	64	64	64	64	64	64	64
<b>Total Non-Current Assets</b>	<b>4,092,370</b>	<b>4,045,677</b>	<b>3,992,405</b>	<b>3,923,242</b>	<b>4,015,405</b>	<b>4,019,704</b>	<b>4,004,559</b>	<b>3,981,205</b>	<b>3,956,779</b>	<b>3,931,258</b>
<b>Total Assets</b>	<b>4,527,302</b>	<b>4,521,755</b>	<b>4,558,253</b>	<b>4,565,091</b>	<b>4,576,362</b>	<b>4,586,832</b>	<b>4,589,343</b>	<b>4,591,693</b>	<b>4,593,746</b>	<b>4,595,647</b>
<b>Current Liabilities</b>										
Payables	32,888	33,710	34,553	35,417	36,633	37,635	38,678	39,761	40,727	41,730
Other	14,682	15,498	15,607	15,922	16,049	16,403	16,552	16,707	16,870	17,040
Provisions	59,541	62,885	69,955	76,695	78,460	80,270	82,125	84,026	85,975	87,972
<b>Total Current Liabilities</b>	<b>107,111</b>	<b>112,093</b>	<b>120,115</b>	<b>128,033</b>	<b>131,142</b>	<b>134,308</b>	<b>137,354</b>	<b>140,494</b>	<b>143,571</b>	<b>146,741</b>
<b>Non-Current Liabilities</b>										
Payables	461	473	484	496	496	496	496	496	496	496
Borrowings	39,003	37,912	64,750	61,873	64,869	68,111	64,604	60,942	57,117	53,122
Contract /Lease Liabilities	12,929	12,799	12,669	12,539	12,539	12,539	12,539	12,539	12,539	12,539
Provisions	22,727	23,295	23,878	24,474	26,569	26,703	26,843	26,987	27,136	27,290
<b>Total Non-Current Liabilities</b>	<b>75,120</b>	<b>74,479</b>	<b>101,781</b>	<b>99,383</b>	<b>104,473</b>	<b>107,850</b>	<b>104,482</b>	<b>100,964</b>	<b>97,288</b>	<b>93,448</b>
<b>Total Liabilities</b>	<b>182,231</b>	<b>186,572</b>	<b>221,896</b>	<b>227,417</b>	<b>235,615</b>	<b>242,157</b>	<b>241,837</b>	<b>241,458</b>	<b>240,860</b>	<b>240,189</b>
<b>Net Assets</b>	<b>4,345,071</b>	<b>4,335,182</b>	<b>4,336,355</b>	<b>4,337,675</b>	<b>4,340,747</b>	<b>4,344,675</b>	<b>4,347,507</b>	<b>4,350,235</b>	<b>4,352,886</b>	<b>4,355,458</b>
Equity										
Retained Earnings	4,345,071	4,335,182	4,336,355	4,337,675	4,340,747	4,344,675	4,347,507	4,350,235	4,352,886	4,355,458
<b>Total Equity</b>	<b>4,345,071</b>	<b>4,335,182</b>	<b>4,336,355</b>	<b>4,337,675</b>	<b>4,340,747</b>	<b>4,344,675</b>	<b>4,347,507</b>	<b>4,350,235</b>	<b>4,352,886</b>	<b>4,355,458</b>

## Canterbury-Bankstown Council – Statement of Cash Flows

	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	2032-33 \$'000
<b>Cash Flows from Operating Activities</b>										
Receipts	388,472	400,896	420,241	430,861	445,380	457,599	470,010	482,768	494,871	507,246
Payments	(302,625)	(313,549)	(319,339)	(327,256)	(341,263)	(350,791)	(360,747)	(370,716)	(380,332)	(390,056)
<b>Total Cash Flows from Operations</b>	<b>85,846</b>	<b>87,347</b>	<b>100,902</b>	<b>103,605</b>	<b>104,117</b>	<b>106,807</b>	<b>109,263</b>	<b>112,052</b>	<b>114,539</b>	<b>117,190</b>
<b>Cash Flows from Investing Activities</b>										
Purchase / Sale of Investment Securities	(23,802)	(40,624)	(91,072)	(77,237)	(65,109)	(61,534)	(68,670)	(62,914)	(65,020)	(67,252)
Purchase Infrastructure, Property, P&E	(57,205)	(47,472)	(40,893)	(27,191)	(45,517)	(46,655)	(47,821)	(49,017)	(50,242)	(51,498)
<b>Total Cash Flows from Investing</b>	<b>(81,007)</b>	<b>(88,096)</b>	<b>(131,964)</b>	<b>(104,428)</b>	<b>(110,626)</b>	<b>(108,189)</b>	<b>(116,491)</b>	<b>(111,931)</b>	<b>(115,262)</b>	<b>(118,751)</b>
<b>Cash Flows from Financing Activities</b>										
Proceeds from Borrowings (Debt)	-	-	29,400	-	6,000	-	6,600	-	-	-
Repayment of Borrowings (Debt)	(1,586)	(1,637)	(2,724)	(2,562)	(2,877)	(3,004)	(3,358)	(3,507)	(3,662)	(3,825)
<b>Total Cash Flows from Financing</b>	<b>(1,586)</b>	<b>(1,637)</b>	<b>26,676</b>	<b>(2,562)</b>	<b>3,123</b>	<b>(3,004)</b>	<b>3,242</b>	<b>(3,507)</b>	<b>(3,662)</b>	<b>(3,825)</b>
<b>Opening Cash</b>	<b>65,756</b>	<b>69,010</b>	<b>66,624</b>	<b>62,238</b>	<b>58,852</b>	<b>55,466</b>	<b>51,080</b>	<b>47,094</b>	<b>43,708</b>	<b>39,322</b>
<b>Change in Cash</b>	<b>3,254</b>	<b>(2,386)</b>	<b>(4,386)</b>	<b>(3,386)</b>	<b>(3,386)</b>	<b>(4,386)</b>	<b>(3,986)</b>	<b>(3,386)</b>	<b>(4,386)</b>	<b>(5,386)</b>
<b>Closing Cash</b>	<b>69,010</b>	<b>66,624</b>	<b>62,238</b>	<b>58,852</b>	<b>55,466</b>	<b>51,080</b>	<b>47,094</b>	<b>43,708</b>	<b>39,322</b>	<b>33,936</b>

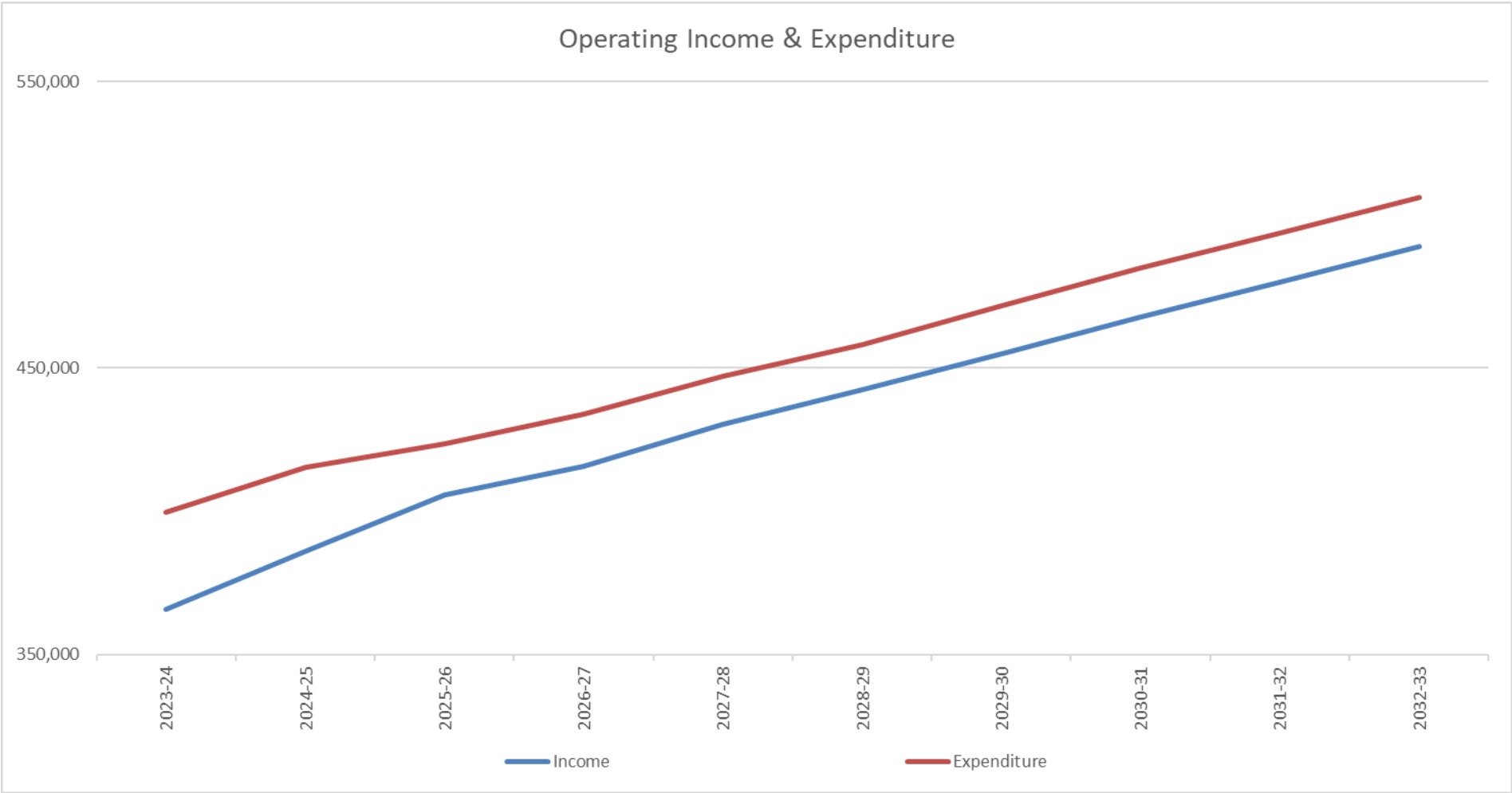
## Scenario 2 – Servicing Model

### Performance Indicators

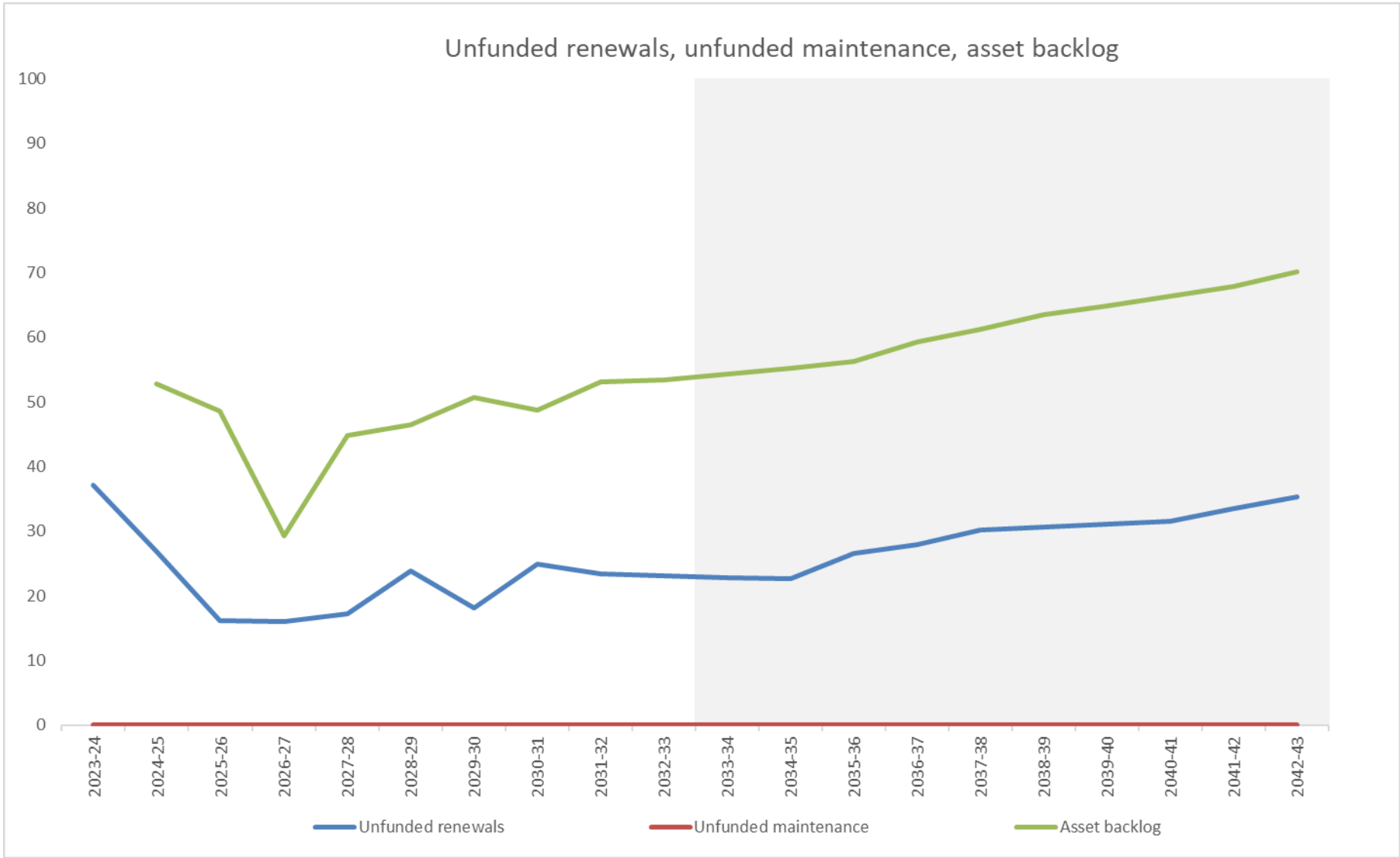
Ratio	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Operating Performance	-9.29%	-7.54%	-4.43%	-4.38%	-3.82%	-3.55%	-3.71%	-3.65%	-3.60%	-3.54%
Own Source Revenue	89%	91%	91%	91%	91%	91%	92%	92%	92%	92%
Unrestricted Current Ratio	1.40	1.57	1.97	2.24	1.99	1.90	1.90	1.95	2.00	2.05
Debt Service Ratio	5.07%	5.65%	6.84%	6.67%	6.87%	6.68%	7.03%	6.84%	6.68%	6.52%
Asset Renewals	37%	49%	92%	61%	60%	55%	60%	54%	56%	57%
Infrastructure Backlog	4.5%	5.7%	5.1%	5.9%	6.6%	7.7%	8.5%	9.6%	10.7%	11.8%
Unfunded Asset Renewals	-\$ 37,176	-\$ 26,881	\$13,302.02	-\$ 15,953	-\$ 17,275	-\$ 23,813	-\$ 18,047	-\$ 24,831	-\$ 23,468	-\$ 23,067
Asset Maintenance	89%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Real Opex Exp per capita	\$1,109	\$1,152	\$1,175	\$1,204	\$1,240	\$1,272	\$1,310	\$1,346	\$1,380	\$1,415

\* Refer Appendix 1

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



Asset Management



## Canterbury-Bankstown Council – Servicing Model - Income Statement

	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	2032-33 \$'000
<b>Income from continuing operations</b>										
Rates and Annual Charges	291,141	309,147	326,708	334,869	347,822	358,082	368,642	379,503	389,614	400,001
User Charges and Fees	20,753	21,872	22,419	22,979	23,553	24,142	24,746	25,365	25,999	26,649
Interest and Investment Revenue	11,303	11,585	11,875	12,172	12,476	12,787	13,107	13,435	13,770	14,115
Other Revenues	21,234	21,764	22,308	22,866	23,438	24,024	24,625	25,241	25,872	26,519
Grants and Contributions Operating	21,242	21,773	22,317	22,875	23,218	23,566	23,919	24,277	24,642	25,012
Grants and Contributions Capital	21,740	15,756	15,608	15,923	15,923	15,923	15,923	15,923	15,923	15,923
<b>Total Income from continuing operations</b>	<b>387,412</b>	<b>401,897</b>	<b>421,235</b>	<b>431,683</b>	<b>446,430</b>	<b>458,524</b>	<b>470,962</b>	<b>483,744</b>	<b>495,820</b>	<b>508,219</b>
<b>Expenses from continuing operations</b>										
Employee Costs	170,111	176,555	181,132	185,823	190,469	195,231	200,112	205,115	210,244	215,500
Borrowing Costs	1,415	2,144	3,090	2,983	3,107	2,981	3,110	2,964	2,811	2,652
Materials and Contracts	124,111	127,402	130,071	133,143	138,816	143,390	148,121	153,009	157,262	161,650
Depreciation	90,101	92,354	94,663	97,029	99,215	100,947	104,438	107,271	109,878	112,549
Other Expenses	13,920	16,793	14,625	14,990	15,365	15,750	16,143	16,547	16,961	17,384
<b>Total Expenses from continuing operations</b>	<b>399,659</b>	<b>415,248</b>	<b>423,580</b>	<b>433,968</b>	<b>446,972</b>	<b>458,300</b>	<b>471,924</b>	<b>484,906</b>	<b>497,157</b>	<b>509,735</b>
<b>Net Operating Result</b>	<b>(12,247)</b>	<b>(13,351)</b>	<b>(2,345)</b>	<b>(2,285)</b>	<b>(542)</b>	<b>224</b>	<b>(963)</b>	<b>(1,162)</b>	<b>(1,337)</b>	<b>(1,516)</b>
<b>Net Operating Result before Capital</b>	<b>(33,987)</b>	<b>(29,107)</b>	<b>(17,952)</b>	<b>(18,207)</b>	<b>(16,465)</b>	<b>(15,699)</b>	<b>(16,885)</b>	<b>(17,085)</b>	<b>(17,260)</b>	<b>(17,439)</b>

## Canterbury-Bankstown Council – Servicing Model - Statement of Financial Position

	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	2032-33 \$'000
<b>Current Assets</b>										
Cash and Investments	384,461	421,106	506,297	577,600	549,910	543,229	547,711	559,914	572,609	585,902
Receivables	41,536	42,574	43,639	44,730	45,780	46,705	47,657	48,633	49,582	50,555
Inventories	685	685	685	685	875	895	916	938	960	983
Other	4,897	4,897	4,897	4,897	4,897	4,897	4,897	4,897	4,897	4,897
<b>Total Current Assets</b>	<b>431,579</b>	<b>469,262</b>	<b>555,517</b>	<b>627,911</b>	<b>601,461</b>	<b>595,726</b>	<b>601,181</b>	<b>614,381</b>	<b>628,048</b>	<b>642,336</b>
<b>Non-Current Assets</b>										
Receivables	2,244	2,300	2,358	2,417	2,417	2,417	2,417	2,417	2,417	2,417
Infrastructure, Property, P&E	4,081,642	4,034,891	3,981,559	3,912,340	3,946,400	3,958,854	3,952,068	3,937,284	3,921,640	3,905,121
Investment property	7,935	7,935	7,935	7,935	7,935	7,935	7,935	7,935	7,935	7,935
Intangible Assets	486	486	486	486	486	486	486	486	486	486
Other	64	64	64	64	64	64	64	64	64	64
<b>Total Non-Current Assets</b>	<b>4,092,371</b>	<b>4,045,676</b>	<b>3,992,402</b>	<b>3,923,242</b>	<b>3,957,301</b>	<b>3,969,755</b>	<b>3,962,970</b>	<b>3,948,185</b>	<b>3,932,542</b>	<b>3,916,023</b>
<b>Total Assets</b>	<b>4,523,950</b>	<b>4,514,939</b>	<b>4,547,919</b>	<b>4,551,153</b>	<b>4,558,762</b>	<b>4,565,481</b>	<b>4,564,151</b>	<b>4,562,566</b>	<b>4,560,589</b>	<b>4,558,359</b>
<b>Current Liabilities</b>										
Payables	32,888	33,710	34,553	35,417	36,648	37,670	38,733	39,837	40,825	41,849
Other	14,682	15,498	15,607	15,922	16,049	16,403	16,552	16,707	16,870	17,040
Provisions	59,541	62,885	69,955	76,695	78,460	80,270	82,125	84,026	85,975	87,972
<b>Total Current Liabilities</b>	<b>107,111</b>	<b>112,093</b>	<b>120,115</b>	<b>128,033</b>	<b>131,157</b>	<b>134,343</b>	<b>137,409</b>	<b>140,570</b>	<b>143,669</b>	<b>146,860</b>
<b>Non-Current Liabilities</b>										
Payables	461	473	484	496	496	496	496	496	496	496
Borrowings	39,003	37,912	64,750	61,873	64,869	68,111	64,604	60,942	57,117	53,122
Contract /Lease Liabilities	12,929	12,799	12,669	12,539	12,539	12,539	12,539	12,539	12,539	12,539
Provisions	22,727	23,295	23,878	24,474	26,569	26,703	26,843	26,987	27,136	27,290
<b>Total Non-Current Liabilities</b>	<b>75,120</b>	<b>74,479</b>	<b>101,781</b>	<b>99,383</b>	<b>104,473</b>	<b>107,850</b>	<b>104,482</b>	<b>100,964</b>	<b>97,288</b>	<b>93,448</b>
<b>Total Liabilities</b>	<b>182,231</b>	<b>186,572</b>	<b>221,896</b>	<b>227,417</b>	<b>235,630</b>	<b>242,192</b>	<b>241,892</b>	<b>241,534</b>	<b>240,958</b>	<b>240,308</b>
<b>Net Assets</b>	<b>4,341,717</b>	<b>4,328,366</b>	<b>4,326,021</b>	<b>4,323,737</b>	<b>4,323,130</b>	<b>4,323,289</b>	<b>4,322,260</b>	<b>4,321,032</b>	<b>4,319,631</b>	<b>4,318,051</b>
Equity										
Retained Earnings	4,341,717	4,328,366	4,326,021	4,323,737	4,323,130	4,323,289	4,322,260	4,321,032	4,319,631	4,318,051
<b>Total Equity</b>	<b>4,341,717</b>	<b>4,328,366</b>	<b>4,326,021</b>	<b>4,323,737</b>	<b>4,323,130</b>	<b>4,323,289</b>	<b>4,322,260</b>	<b>4,321,032</b>	<b>4,319,631</b>	<b>4,318,051</b>

## Canterbury-Bankstown Council – Servicing Model - Statement of Cash Flows

	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	2032-33 \$'000
<b>Cash Flows from Operating Activities</b>										
Receipts	388,472	400,896	420,241	430,861	445,380	457,599	470,010	482,768	494,871	507,246
Payments	(302,625)	(313,549)	(319,339)	(327,256)	(341,263)	(350,791)	(360,747)	(370,716)	(380,332)	(390,056)
<b>Total Cash Flows from Operations</b>	<b>85,846</b>	<b>87,347</b>	<b>100,902</b>	<b>103,605</b>	<b>104,117</b>	<b>106,807</b>	<b>109,263</b>	<b>112,052</b>	<b>114,539</b>	<b>117,190</b>
<b>Cash Flows from Investing Activities</b>										
Purchase / Sale of Investment Securities	(23,802)	(40,624)	(91,072)	(77,237)	(65,109)	(61,534)	(68,670)	(62,914)	(65,020)	(67,252)
Purchase Infrastructure, Property, P&E	(57,205)	(47,472)	(40,893)	(27,191)	(45,517)	(46,655)	(47,821)	(49,017)	(50,242)	(51,498)
<b>Total Cash Flows from Investing</b>	<b>(81,007)</b>	<b>(88,096)</b>	<b>(131,964)</b>	<b>(104,428)</b>	<b>(110,626)</b>	<b>(108,189)</b>	<b>(116,491)</b>	<b>(111,931)</b>	<b>(115,262)</b>	<b>(118,751)</b>
<b>Cash Flows from Financing Activities</b>										
Proceeds from Borrowings (Debt)	-	-	29,400	-	6,000	-	6,600	-	-	-
Repayment of Borrowings (Debt)	(1,586)	(1,637)	(2,724)	(2,562)	(2,877)	(3,004)	(3,358)	(3,507)	(3,662)	(3,825)
<b>Total Cash Flows from Financing</b>	<b>(1,586)</b>	<b>(1,637)</b>	<b>26,676</b>	<b>(2,562)</b>	<b>3,123</b>	<b>(3,004)</b>	<b>3,242</b>	<b>(3,507)</b>	<b>(3,662)</b>	<b>(3,825)</b>
<b>Opening Cash</b>	<b>65,756</b>	<b>69,010</b>	<b>66,624</b>	<b>62,238</b>	<b>58,852</b>	<b>55,466</b>	<b>51,080</b>	<b>47,094</b>	<b>43,708</b>	<b>39,322</b>
<b>Change in Cash</b>	<b>3,254</b>	<b>(2,386)</b>	<b>(4,386)</b>	<b>(3,386)</b>	<b>(3,386)</b>	<b>(4,386)</b>	<b>(3,986)</b>	<b>(3,386)</b>	<b>(4,386)</b>	<b>(5,386)</b>
<b>Closing Cash</b>	<b>69,010</b>	<b>66,624</b>	<b>62,238</b>	<b>58,852</b>	<b>55,466</b>	<b>51,080</b>	<b>47,094</b>	<b>43,708</b>	<b>39,322</b>	<b>33,936</b>

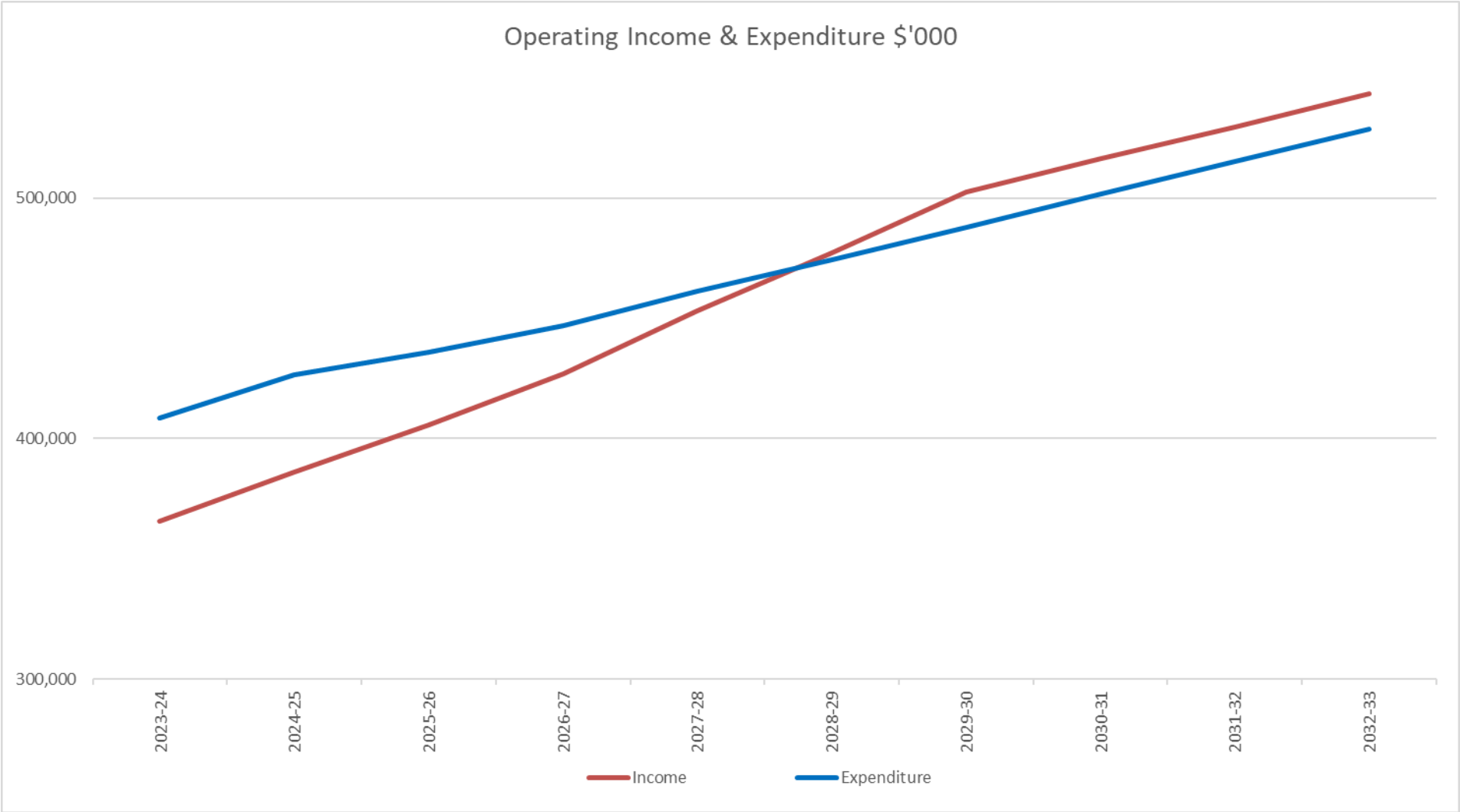
## Scenario 3 – Asset Management Model Case

### Performance Indicators

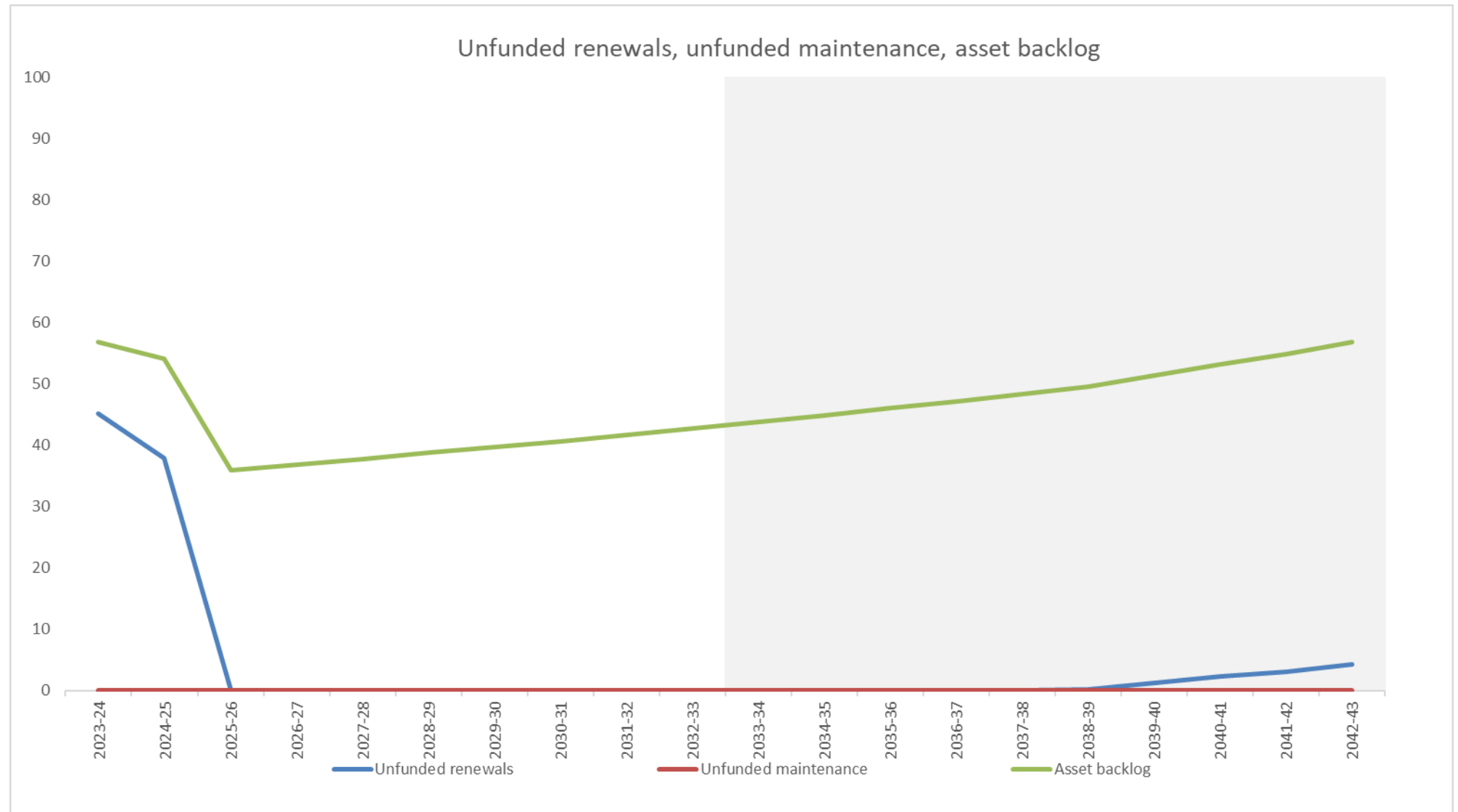
Ratio	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Operating Performance	-11.67%	-10.49%	-7.44%	-4.75%	-1.79%	0.64%	2.90%	2.86%	2.77%	2.69%
Own Source Revenue	89%	91%	91%	91%	92%	92%	92%	92%	93%	93%
Unrestricted Current Ratio	1.32	1.39	1.70	1.98	2.02	2.07	2.29	2.56	2.82	3.08
Debt Service Ratio	5.0%	5.5%	6.7%	5.8%	5.4%	4.7%	4.6%	4.4%	4.3%	4.2%
Asset Renewals	25%	32%	69%	61%	73%	77%	92%	86%	87%	88%
Infrastructure Backlog	4.2%	5.1%	4.5%	4.7%	5.0%	5.4%	5.3%	5.4%	5.5%	5.6%
Unfunded Asset Renewals	-\$ 45,180	-\$37,926	\$1,442	-\$ 6,968	\$6,690	\$12,307	\$31,305	\$25,740	\$28,354	\$30,038
Asset Maintenance	89%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Real Opex Exp per capita	\$1,133	\$1,184	\$1,209	\$1,241	\$1,280	\$1,316	\$1,354	\$1,392	\$1,429	\$1,467

\* Refer Appendix 1

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



## Asset Management



## Canterbury-Bankstown Council – Asset Management Model - Income Statement

	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	2032-33 \$'000
<b>Income from continuing operations</b>										
Rates and Annual Charges	291,141	309,147	326,708	345,869	370,372	392,753	416,026	428,071	439,396	451,028
User Charges and Fees	20,753	21,872	22,419	22,979	23,553	24,142	24,746	25,365	25,999	26,649
Interest and Investment Revenue	11,303	11,585	11,875	12,172	12,476	12,787	13,107	13,435	13,770	14,115
Other Revenues	21,234	21,764	22,308	22,866	23,438	24,024	24,625	25,241	25,872	26,519
Grants and Contributions Operating	21,242	21,773	22,317	22,875	23,218	23,566	23,919	24,277	24,642	25,012
Grants and Contributions Capital	21,740	15,756	15,608	15,923	15,923	15,923	15,923	15,923	15,923	15,923
<b>Total Income from continuing operations</b>	<b>387,412</b>	<b>401,897</b>	<b>421,235</b>	<b>442,683</b>	<b>468,980</b>	<b>493,195</b>	<b>518,345</b>	<b>532,312</b>	<b>545,602</b>	<b>559,246</b>
<b>Expenses from continuing operations</b>										
Employee Costs	170,111	176,555	181,132	185,823	190,469	195,231	200,112	205,115	210,244	215,500
Borrowing Costs	1,415	2,144	3,090	2,983	3,107	2,981	3,110	2,964	2,811	2,652
Materials and Contracts	122,948	126,207	128,851	131,895	137,552	142,096	146,797	151,654	155,875	160,230
Depreciation	100,101	105,101	108,254	111,502	114,847	118,293	121,841	125,497	129,261	133,139
Other Expenses	13,782	16,627	14,480	14,842	15,213	15,594	15,983	16,383	16,793	17,212
<b>Total Expenses from continuing operations</b>	<b>408,357</b>	<b>426,635</b>	<b>435,807</b>	<b>447,044</b>	<b>461,188</b>	<b>474,195</b>	<b>487,843</b>	<b>501,612</b>	<b>514,985</b>	<b>528,733</b>
<b>Net Operating Result</b>	<b>(20,946)</b>	<b>(24,738)</b>	<b>-</b>	<b>-</b>	<b>7,792</b>	<b>18,999</b>	<b>30,502</b>	<b>30,699</b>	<b>30,617</b>	<b>30,512</b>
<b>Net Operating Result before Capital</b>	<b>(42,686)</b>	<b>(40,494)</b>	<b>(30,180)</b>	<b>(20,284)</b>	<b>(8,131)</b>	<b>3,077</b>	<b>14,579</b>	<b>14,777</b>	<b>14,694</b>	<b>14,590</b>

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

	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	2032-33 \$'000
<b>Current Assets</b>										
Cash and Investments	375,764	401,023	473,986	543,213	523,346	534,894	570,264	614,325	658,969	704,284
Receivables	41,536	42,574	43,639	44,730	46,358	47,889	49,476	50,512	51,521	52,556
Inventories	685	685	685	685	866	886	907	928	950	973
Other	4,897	4,897	4,897	4,897	4,897	4,897	4,897	4,897	4,897	4,897
<b>Total Current Assets</b>	<b>422,882</b>	<b>449,179</b>	<b>523,206</b>	<b>593,524</b>	<b>575,466</b>	<b>588,566</b>	<b>625,544</b>	<b>670,662</b>	<b>716,336</b>	<b>762,710</b>
<b>Non-Current Assets</b>										
Receivables	2,244	2,300	2,358	2,417	2,417	2,417	2,417	2,417	2,417	2,417
Infrastructure, Property, P&E	4,081,642	4,034,890	3,981,558	3,912,339	3,946,399	3,958,853	3,952,067	3,937,283	3,921,639	3,905,120
Investment property	7,935	7,935	7,935	7,935	7,935	7,935	7,935	7,935	7,935	7,935
Intangible Assets	486	486	486	486	486	486	486	486	486	486
Other	64	64	64	64	64	64	64	64	64	64
<b>Total Non-Current Assets</b>	<b>4,092,371</b>	<b>4,045,675</b>	<b>3,992,401</b>	<b>3,923,241</b>	<b>3,957,300</b>	<b>3,969,754</b>	<b>3,962,969</b>	<b>3,948,184</b>	<b>3,932,541</b>	<b>3,916,022</b>
<b>Total Assets</b>	<b>4,515,253</b>	<b>4,494,855</b>	<b>4,515,607</b>	<b>4,516,765</b>	<b>4,532,767</b>	<b>4,558,320</b>	<b>4,588,513</b>	<b>4,618,846</b>	<b>4,648,877</b>	<b>4,678,732</b>
<b>Current Liabilities</b>										
Payables	32,888	33,710	34,553	35,417	36,643	37,657	38,711	39,807	40,785	41,800
Other	14,682	15,498	15,607	15,922	16,049	16,403	16,552	16,707	16,870	17,040
Provisions	59,541	62,885	69,955	76,695	78,460	80,270	82,125	84,026	85,975	87,972
<b>Total Current Liabilities</b>	<b>107,111</b>	<b>112,093</b>	<b>120,115</b>	<b>128,033</b>	<b>131,152</b>	<b>134,330</b>	<b>137,387</b>	<b>140,540</b>	<b>143,629</b>	<b>146,811</b>
<b>Non-Current Liabilities</b>										
Payables	461	473	484	496	496	496	496	496	496	496
Borrowings	39,003	37,912	64,750	61,873	64,869	68,111	64,604	60,942	57,117	53,122
Contract /Lease Liabilities	12,929	12,799	12,669	12,539	12,539	12,539	12,539	12,539	12,539	12,539
Provisions	22,727	23,295	23,878	24,474	26,569	26,703	26,843	26,987	27,136	27,290
<b>Total Non-Current Liabilities</b>	<b>75,120</b>	<b>74,479</b>	<b>101,781</b>	<b>99,383</b>	<b>104,473</b>	<b>107,850</b>	<b>104,482</b>	<b>100,964</b>	<b>97,288</b>	<b>93,448</b>
<b>Total Liabilities</b>	<b>182,231</b>	<b>186,572</b>	<b>221,896</b>	<b>227,417</b>	<b>235,625</b>	<b>242,179</b>	<b>241,870</b>	<b>241,504</b>	<b>240,918</b>	<b>240,259</b>
<b>Net Assets</b>	<b>4,333,021</b>	<b>4,308,284</b>	<b>4,293,711</b>	<b>4,289,350</b>	<b>4,297,141</b>	<b>4,316,141</b>	<b>4,346,643</b>	<b>4,377,342</b>	<b>4,407,959</b>	<b>4,438,472</b>
Equity										
Retained Earnings	4,333,021	4,308,284	4,293,711	4,289,350	4,297,142	4,316,141	4,346,643	4,377,343	4,407,959	4,438,472
<b>Total Equity</b>	<b>4,333,021</b>	<b>4,308,284</b>	<b>4,293,711</b>	<b>4,289,350</b>	<b>4,297,142</b>	<b>4,316,141</b>	<b>4,346,643</b>	<b>4,377,343</b>	<b>4,407,959</b>	<b>4,438,472</b>

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

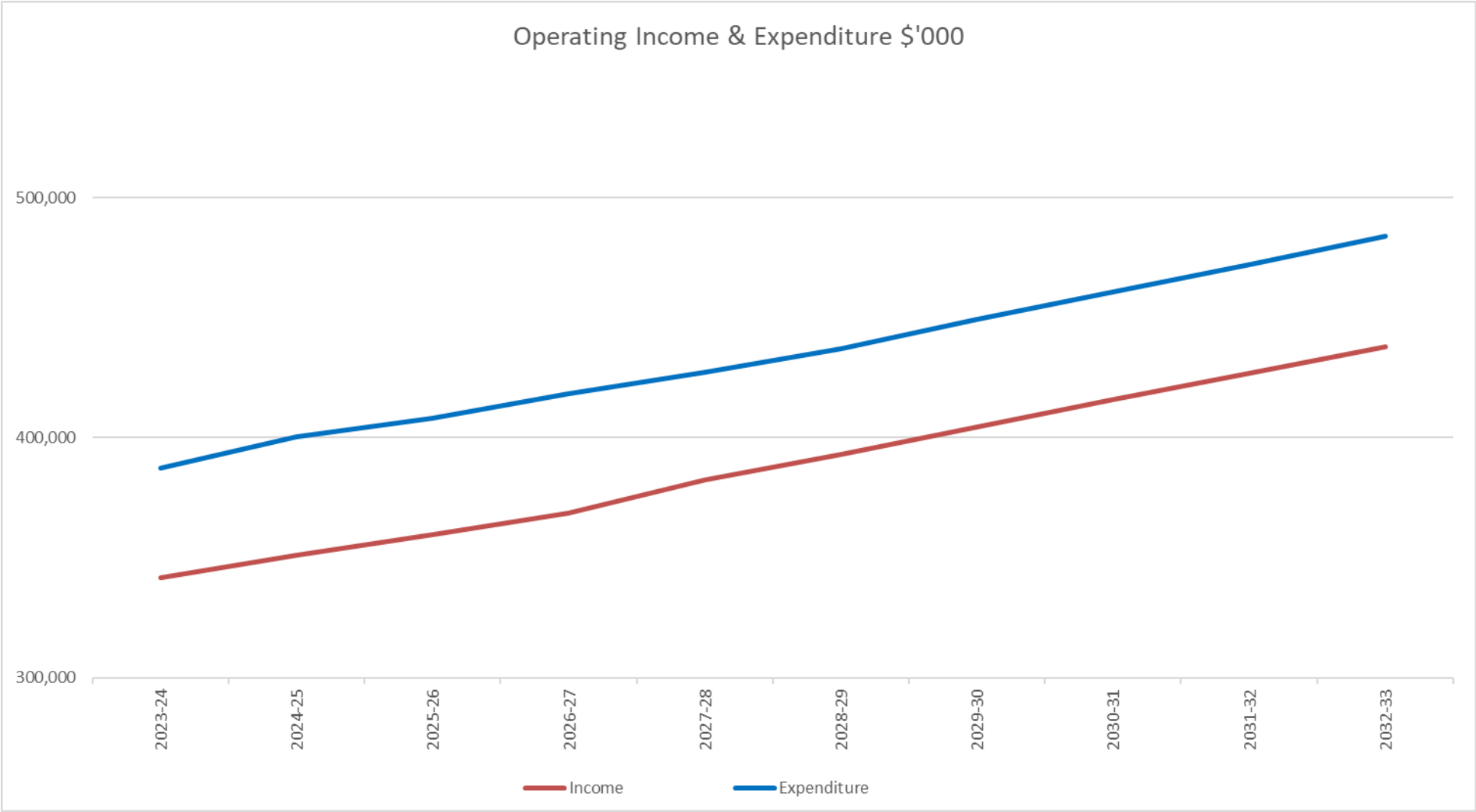
	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	2026-27 \$'000	2027-28 \$'000	2028-29 \$'000	2029-30 \$'000	2030-31 \$'000	2031-32 \$'000	2032-33 \$'000
<b>Cash Flows from Operating Activities</b>										
Receipts	388,472	400,896	420,241	441,311	467,352	491,664	516,758	531,276	544,593	558,211
Payments	(305,948)	(316,742)	(326,834)	(333,065)	(343,531)	(353,099)	(363,114)	(373,140)	(382,818)	(392,605)
<b>Total Cash Flows from Operations</b>	<b>82,523</b>	<b>84,154</b>	<b>93,407</b>	<b>108,246</b>	<b>123,821</b>	<b>138,565</b>	<b>153,644</b>	<b>158,136</b>	<b>161,774</b>	<b>165,606</b>
<b>Cash Flows from Investing Activities</b>										
Purchase / Sale of Investment Securities	(33,854)	(31,243)	(69,424)	(63,265)	(70,347)	(74,160)	(96,521)	(103,415)	(96,315)	(102,327)
Purchase Infrastructure, Property, P&E	(57,205)	(47,472)	(40,893)	(27,191)	(45,517)	(46,655)	(47,821)	(49,017)	(58,242)	(51,498)
<b>Total Cash Flows from Investing</b>	<b>(91,059)</b>	<b>(78,715)</b>	<b>(110,317)</b>	<b>(90,456)</b>	<b>(115,864)</b>	<b>(120,815)</b>	<b>(144,342)</b>	<b>(152,432)</b>	<b>(154,557)</b>	<b>(153,825)</b>
<b>Cash Flows from Financing Activities</b>										
Proceeds from Borrowings (Debt)	-	-	29,400	-	6,000	-	6,600	-	-	-
Repayment of Borrowings (Debt)	(1,586)	(1,637)	(2,724)	(2,562)	(2,877)	(3,004)	(3,358)	(3,507)	(3,662)	(3,825)
<b>Total Cash Flows from Financing</b>	<b>(1,586)</b>	<b>(1,637)</b>	<b>26,676</b>	<b>(2,562)</b>	<b>3,123</b>	<b>(3,004)</b>	<b>3,242</b>	<b>(3,507)</b>	<b>(3,662)</b>	<b>(3,825)</b>
<b>Opening Cash</b>	<b>65,756</b>	<b>55,635</b>	<b>59,436</b>	<b>69,203</b>	<b>84,430</b>	<b>95,511</b>	<b>110,256</b>	<b>122,801</b>	<b>124,998</b>	<b>128,553</b>
<b>Change in Cash</b>	<b>(10,121)</b>	<b>3,802</b>	<b>9,766</b>	<b>15,228</b>	<b>11,080</b>	<b>14,746</b>	<b>12,545</b>	<b>2,197</b>	<b>3,555</b>	<b>7,956</b>
<b>Closing Cash</b>	<b>55,635</b>	<b>59,436</b>	<b>69,203</b>	<b>84,430</b>	<b>95,511</b>	<b>110,256</b>	<b>122,801</b>	<b>124,998</b>	<b>128,553</b>	<b>136,509</b>

## Scenario 4 – Base Case without SRV Model Case

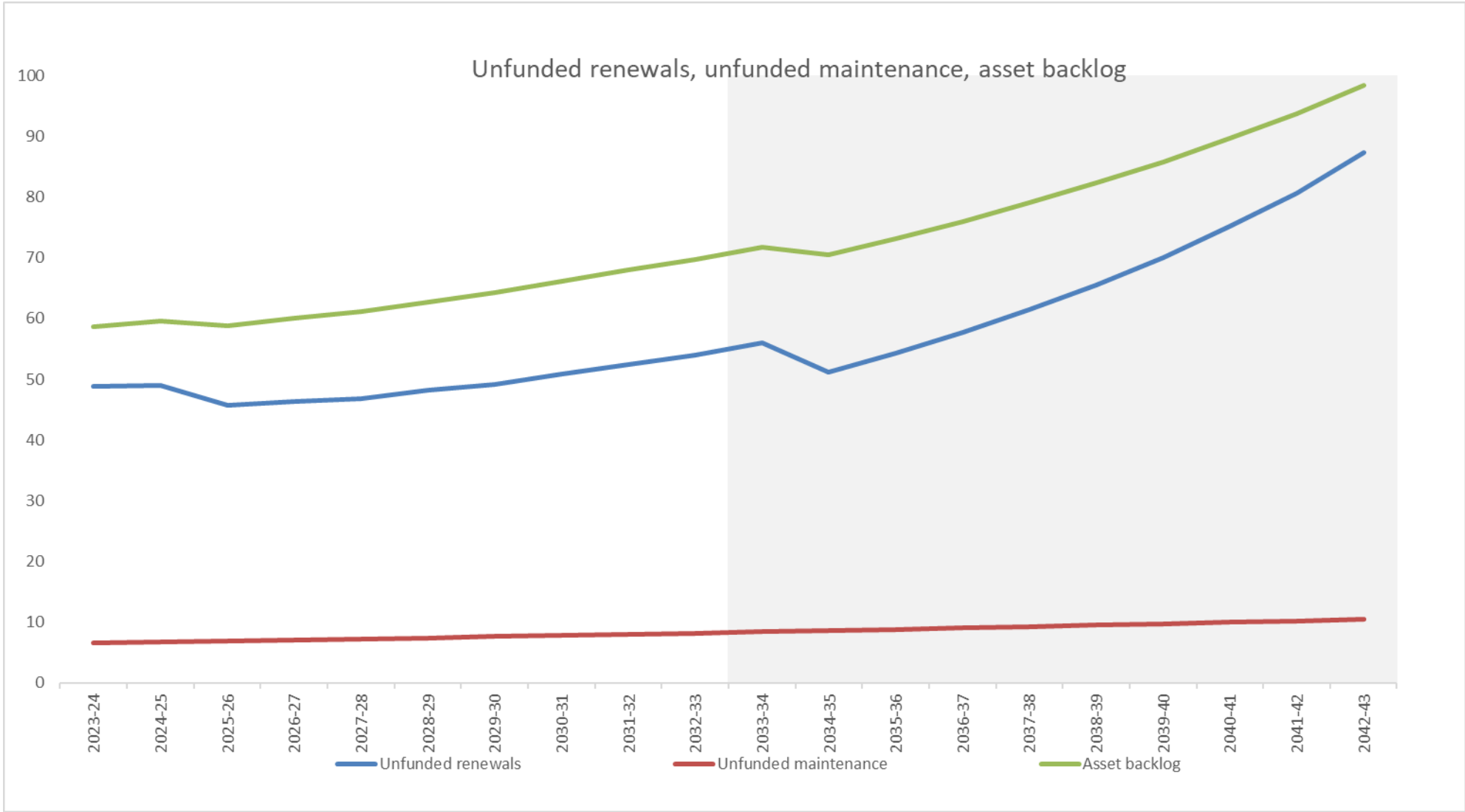
### Performance Indicators

Ratio	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Operating Performance	-13.27%	-14.08%	-13.39%	-13.45%	-11.76%	-11.19%	-11.05%	-10.73%	-10.61%	-10.50%
Own Source Revenue	88%	90%	90%	90%	90%	90%	91%	91%	91%	91%
Unrestricted Current Ratio	1.45	1.66	2.10	2.41	2.05	1.58	1.40	1.29	1.18	1.06
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	24%	25%	29%	30%	31%	31%	30%	30%	29%	29%
Infrastructure Backlog	4.7%	6.8%	8.8%	10.8%	12.9%	15.0%	17.1%	19.4%	21.7%	24.0%
Unfunded Asset Renewals	-\$ 48,785	-\$ 48,925	-\$ 45,763	-\$ 46,368	-\$ 46,815	-\$ 48,157	-\$ 49,192	-\$ 50,859	-\$52,494	-\$53,967
Asset Maintenance	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%
Real Opex Exp per capita	\$1,075	\$1,111	\$1,132	\$1,161	\$1,186	\$1,213	\$1,246	\$1,278	\$1,310	\$1,342

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



Asset Management



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

	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	2032-33 \$'000
<b>Income from continuing operations</b>										
Rates and Annual Charges	267,320	273,995	280,837	287,851	299,628	308,683	318,008	327,603	336,417	345,474
User Charges and Fees	20,753	21,872	22,419	22,979	23,553	24,142	24,746	25,365	25,999	26,649
Interest and Investment Revenue	11,303	11,585	11,875	12,172	12,476	12,787	13,107	13,435	13,770	14,115
Other Revenues	21,234	21,764	22,308	22,866	23,438	24,024	24,625	25,241	25,872	26,519
Grants and Contributions Operating	21,242	21,773	22,317	22,875	23,218	23,566	23,919	24,277	24,642	25,012
Grants and Contributions Capital	21,740	15,756	15,608	15,923	15,923	15,923	15,923	15,923	15,923	15,923
<b>Total Income from continuing operations</b>	<b>363,591</b>	<b>366,745</b>	<b>375,364</b>	<b>384,665</b>	<b>398,236</b>	<b>409,125</b>	<b>420,328</b>	<b>431,844</b>	<b>442,623</b>	<b>453,692</b>
<b>Expenses from continuing operations</b>										
Employee Costs	170,111	176,555	181,132	185,823	190,469	195,231	200,112	205,115	210,244	215,500
Borrowing Costs	87	89	92	94	96	98	100	103	106	109
Materials and Contracts	113,142	114,800	117,559	120,544	122,277	125,334	128,466	131,678	134,969	138,344
Depreciation	90,101	92,354	94,663	97,029	99,215	100,948	104,439	107,272	109,879	112,549
Other Expenses	13,782	16,627	14,480	14,842	15,213	15,594	15,983	16,383	16,793	17,212
<b>Total Expenses from continuing operations</b>	<b>387,223</b>	<b>400,425</b>	<b>407,924</b>	<b>418,332</b>	<b>427,269</b>	<b>437,204</b>	<b>449,099</b>	<b>460,550</b>	<b>471,991</b>	<b>483,714</b>
<b>Net Operating Result</b>	<b>(23,633)</b>	<b>(33,680)</b>	<b>(32,561)</b>	<b>(33,667)</b>	<b>(29,034)</b>	<b>(28,080)</b>	<b>(28,772)</b>	<b>(28,707)</b>	<b>(29,368)</b>	<b>(30,022)</b>
<b>Net Operating Result before Capital</b>	<b>(45,373)</b>	<b>(49,436)</b>	<b>(48,168)</b>	<b>(49,590)</b>	<b>(44,956)</b>	<b>(44,002)</b>	<b>(44,694)</b>	<b>(44,629)</b>	<b>(45,291)</b>	<b>(45,945)</b>

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

	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	2032-33 \$'000
<b>Current Assets</b>										
Cash and Investments	360,799	377,115	432,091	472,014	395,475	338,674	318,510	306,466	294,724	278,979
Receivables	41,536	42,574	43,639	44,730	45,720	46,585	47,475	48,388	49,272	50,179
Inventories	685	685	685	685	838	859	880	902	925	948
Other	4,897	4,897	4,897	4,897	4,897	4,897	4,897	4,897	4,897	4,897
<b>Total Current Assets</b>	<b>407,917</b>	<b>425,271</b>	<b>481,311</b>	<b>522,325</b>	<b>446,929</b>	<b>391,014</b>	<b>371,762</b>	<b>360,653</b>	<b>349,817</b>	<b>335,003</b>
<b>Non-Current Assets</b>										
Receivables	2,244	2,300	2,358	2,417	2,417	2,417	2,417	2,417	2,417	2,417
Infrastructure, Property, P&E	4,041,002	3,994,525	3,914,246	3,847,589	3,898,251	3,928,748	3,921,963	3,907,178	3,891,534	3,879,297
Investment property	7,935	7,935	7,935	7,935	7,935	7,935	7,935	7,935	7,935	7,935
Intangible Assets	486	486	486	486	486	486	486	486	486	486
Other	64	64	64	64	64	64	64	64	64	64
<b>Total Non-Current Assets</b>	<b>4,051,731</b>	<b>4,005,310</b>	<b>3,925,089</b>	<b>3,858,491</b>	<b>3,909,152</b>	<b>3,939,650</b>	<b>3,932,864</b>	<b>3,918,079</b>	<b>3,902,436</b>	<b>3,890,199</b>
<b>Total Assets</b>	<b>4,459,648</b>	<b>4,430,582</b>	<b>4,406,400</b>	<b>4,380,816</b>	<b>4,356,082</b>	<b>4,330,664</b>	<b>4,304,626</b>	<b>4,278,732</b>	<b>4,252,253</b>	<b>4,225,201</b>
<b>Current Liabilities</b>										
Payables	32,888	33,710	34,553	35,417	35,858	36,575	37,315	38,082	38,874	39,693
Other	13,045	13,045	13,045	13,045	13,045	13,045	13,045	13,045	13,045	13,045
Provisions	59,541	62,885	69,955	76,695	78,460	80,270	82,125	84,026	85,975	87,972
<b>Total Current Liabilities</b>	<b>105,474</b>	<b>109,640</b>	<b>117,553</b>	<b>125,157</b>	<b>127,363</b>	<b>129,890</b>	<b>132,485</b>	<b>135,153</b>	<b>137,894</b>	<b>140,710</b>
<b>Non-Current Liabilities</b>										
Payables	461	473	484	496	496	496	496	496	496	496
Borrowings	-	-	-	-	-	-	-	-	-	-
Contract /Lease Liabilities	12,929	12,799	12,669	12,539	12,539	12,539	12,539	12,539	12,539	12,539
Provisions	22,727	23,295	23,878	24,474	26,569	26,703	26,843	26,987	27,136	27,290
<b>Total Non-Current Liabilities</b>	<b>36,117</b>	<b>36,567</b>	<b>37,031</b>	<b>37,510</b>	<b>39,604</b>	<b>39,739</b>	<b>39,878</b>	<b>40,022</b>	<b>40,171</b>	<b>40,326</b>
<b>Total Liabilities</b>	<b>141,592</b>	<b>146,207</b>	<b>154,584</b>	<b>162,667</b>	<b>166,967</b>	<b>169,629</b>	<b>172,363</b>	<b>175,175</b>	<b>178,065</b>	<b>181,035</b>
<b>Net Assets</b>	<b>4,318,056</b>	<b>4,284,376</b>	<b>4,251,816</b>	<b>4,218,149</b>	<b>4,189,115</b>	<b>4,161,035</b>	<b>4,132,263</b>	<b>4,103,557</b>	<b>4,074,188</b>	<b>4,044,166</b>
Equity										
Retained Earnings	4,318,056	4,284,376	4,251,816	4,218,149	4,189,115	4,161,035	4,132,263	4,103,557	4,074,188	4,044,166
<b>Total Equity</b>	<b>4,318,056</b>	<b>4,284,376</b>	<b>4,251,816</b>	<b>4,218,149</b>	<b>4,189,115</b>	<b>4,161,035</b>	<b>4,132,263</b>	<b>4,103,557</b>	<b>4,074,188</b>	<b>4,044,166</b>

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

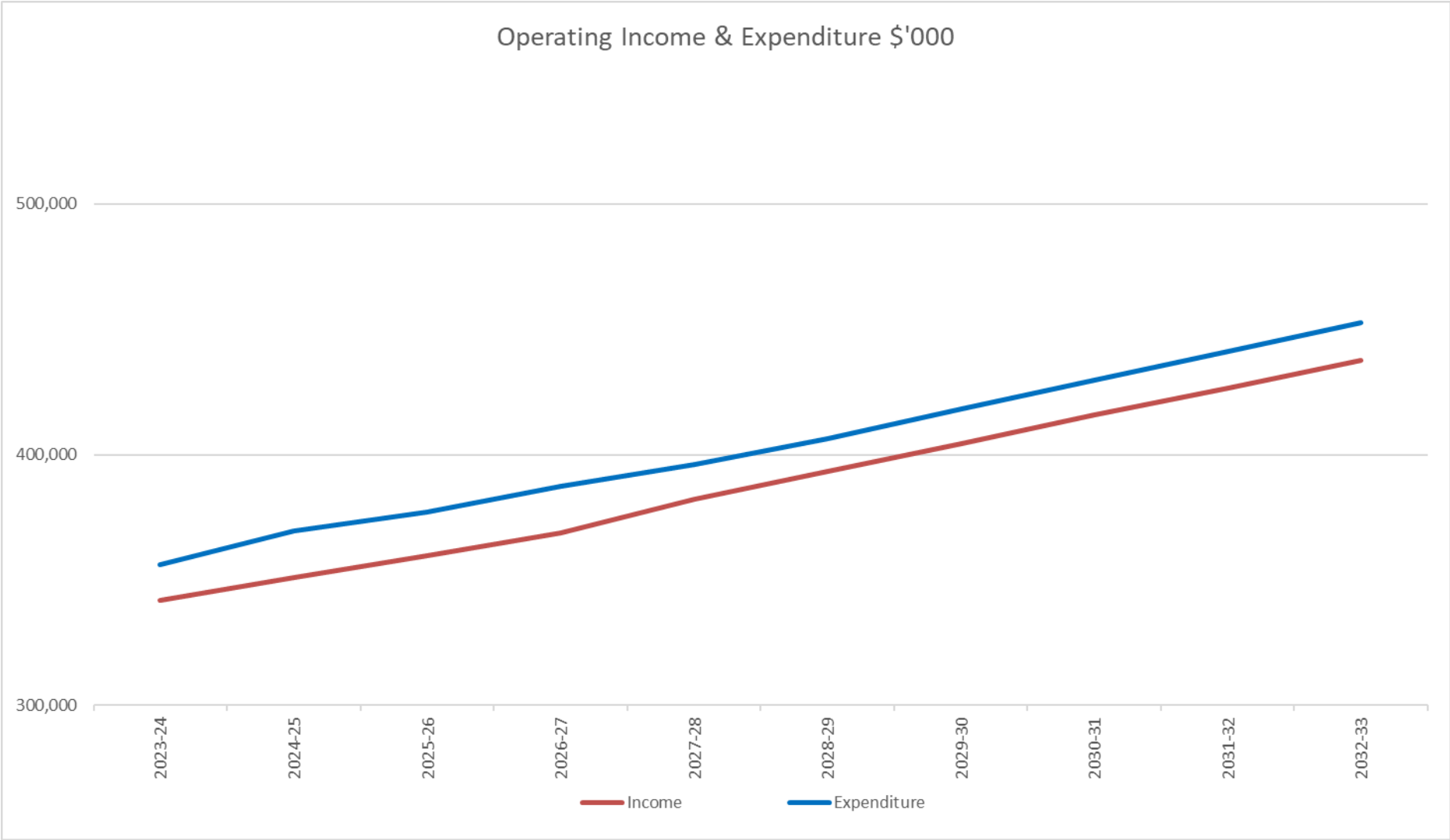
	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	2026-27 \$'000	2027-28 \$'000	2028-29 \$'000	2029-30 \$'000	2030-31 \$'000	2031-32 \$'000	2032-33 \$'000
<b>Cash Flows from Operating Activities</b>										
Receipts	365,194	366,310	374,635	383,900	397,246	408,260	419,438	430,931	441,739	452,785
Payments	(296,776)	(303,599)	(312,520)	(318,838)	(326,001)	(333,751)	(342,087)	(350,633)	(359,394)	(368,372)
<b>Total Cash Flows from Operations</b>	<b>68,417</b>	<b>62,711</b>	<b>62,115</b>	<b>65,062</b>	<b>71,245</b>	<b>74,509</b>	<b>77,350</b>	<b>80,298</b>	<b>82,345</b>	<b>84,413</b>
<b>Cash Flows from Investing Activities</b>										
Purchase / Sale of Investment Securities	(11,454)	(14,302)	(24,268)	(39,706)	(25,998)	(27,577)	(29,260)	(34,393)	(26,701)	(34,869)
Purchase Infrastructure, Property, P&E	(57,205)	(47,472)	(40,893)	(27,191)	(45,517)	(46,655)	(47,821)	(49,017)	(58,242)	(51,498)
<b>Total Cash Flows from Investing</b>	<b>(68,659)</b>	<b>(61,774)</b>	<b>(65,160)</b>	<b>(66,897)</b>	<b>(71,515)</b>	<b>(74,232)</b>	<b>(77,081)</b>	<b>(83,410)</b>	<b>(84,943)</b>	<b>(86,367)</b>
<b>Cash Flows from Financing Activities</b>										
Proceeds from Borrowings (Debt)	-	-	-	-	-	-	-	-	-	-
Repayment of Borrowings (Debt)	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Flows from Financing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Opening Cash</b>	<b>65,756</b>	<b>65,514</b>	<b>66,451</b>	<b>63,406</b>	<b>61,571</b>	<b>61,301</b>	<b>61,577</b>	<b>61,846</b>	<b>58,734</b>	<b>56,136</b>
<b>Change in Cash</b>	<b>(242)</b>	<b>937</b>	<b>(3,045)</b>	<b>(1,835)</b>	<b>(270)</b>	<b>276</b>	<b>269</b>	<b>(3,112)</b>	<b>(2,598)</b>	<b>(1,954)</b>
<b>Closing Cash</b>	<b>65,514</b>	<b>66,451</b>	<b>63,406</b>	<b>61,571</b>	<b>61,301</b>	<b>61,577</b>	<b>61,846</b>	<b>58,734</b>	<b>56,136</b>	<b>54,182</b>

## Scenario 5 – Reduce Services Model Case

### Performance Indicators

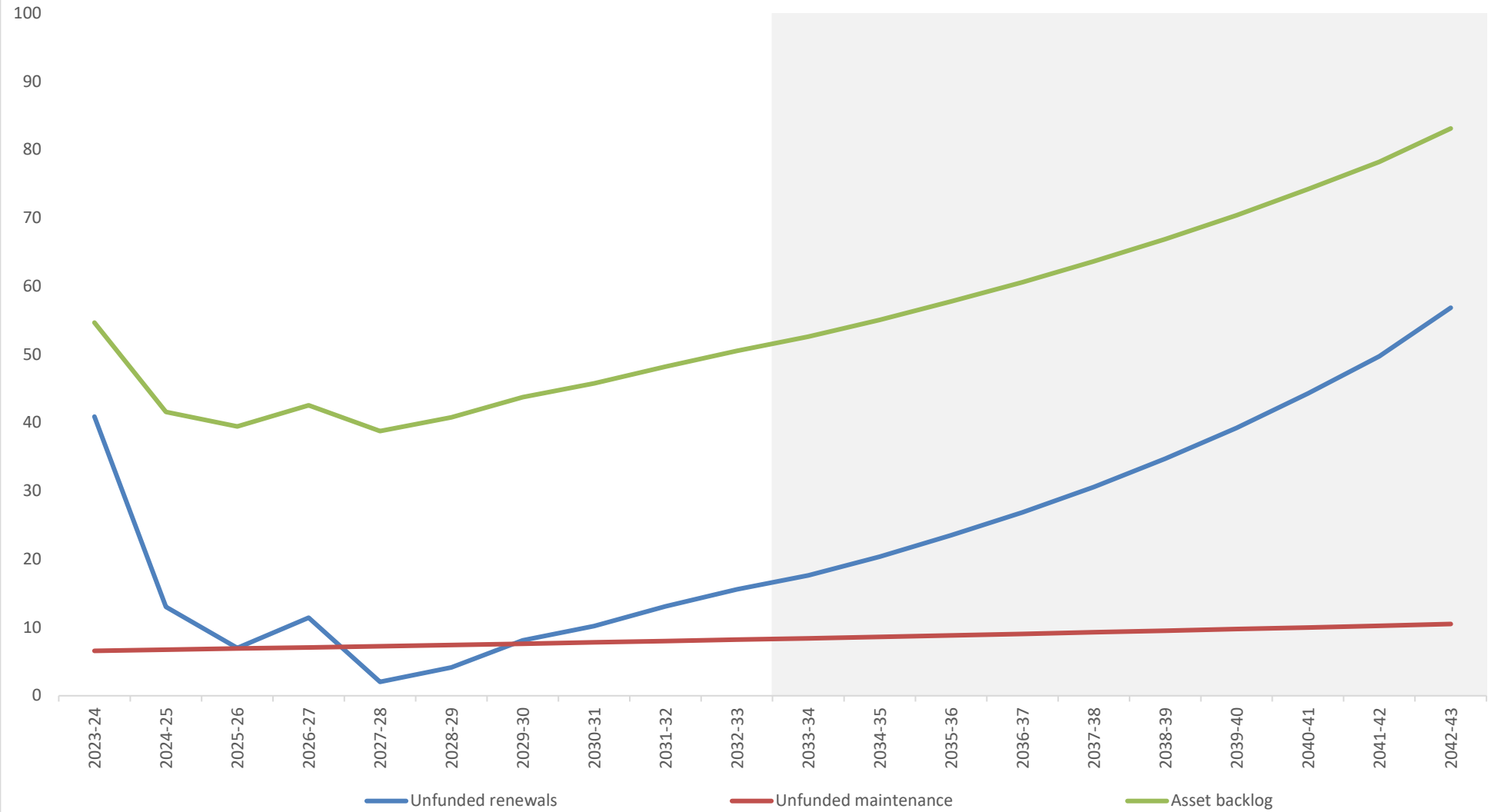
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
<b>Operating Performance</b>	-4.20%	-5.25%	-4.77%	-5.04%	-3.65%	-3.31%	-3.39%	-3.28%	-3.35%	-3.41%
<b>Own Source Revenue</b>	88%	90%	90%	90%	90%	90%	91%	91%	91%	91%
<b>Unrestricted Current Ratio</b>	1.49	1.77	2.17	2.44	2.78	2.75	2.79	2.86	2.91	2.96
<b>Debt Service Ratio</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Asset Renewals</b>	54.5%	56.4%	60.1%	59.8%	39.0%	53.4%	52.9%	58.2%	54.7%	53.4%
<b>Infrastructure Backlog</b>	3.8%	4.7%	5.4%	6.2%	6.9%	7.7%	8.5%	9.4%	10.4%	11.4%
<b>Unfunded Asset Renewals</b>	-\$ 40,901	-\$ 13,024	-\$ 7,011	-\$ 11,430	-\$ 2,031	-\$ 4,163	-\$ 8,111	-\$ 10,222	-\$13,091	-\$15,585
<b>Asset Maintenance</b>	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%
<b>Real Opex Exp per capita</b>	\$989	\$1,025	\$1,046	\$1,075	\$1,100	\$1,127	\$1,160	\$1,192	\$1,224	\$1,256

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



# Asset Management

Unfunded renewals, unfunded maintenance, asset backlog



## Canterbury-Bankstown Council – Reduce Services Model - Income Statement

	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	2032-33 \$'000
<b>Income from continuing operations</b>										
Rates and Annual Charges	267,320	273,995	280,837	287,851	299,628	308,683	318,008	327,603	336,417	345,474
User Charges and Fees	20,753	21,872	22,419	22,979	23,553	24,142	24,746	25,365	25,999	26,649
Interest and Investment Revenue	11,303	11,585	11,875	12,172	12,476	12,787	13,107	13,435	13,770	14,115
Other Revenues	21,234	21,764	22,308	22,866	23,438	24,024	24,625	25,241	25,872	26,519
Grants and Contributions Operating	21,242	21,773	22,317	22,875	23,218	23,566	23,919	24,277	24,642	25,012
Grants and Contributions Capital	21,740	15,756	15,608	15,923	15,923	15,923	15,923	15,923	15,923	15,923
Net gain from Disposal of Assets										
<b>Total Income from continuing operations</b>	<b>363,591</b>	<b>366,745</b>	<b>375,364</b>	<b>384,665</b>	<b>398,236</b>	<b>409,125</b>	<b>420,328</b>	<b>431,844</b>	<b>442,623</b>	<b>453,692</b>
<b>Expenses from continuing operations</b>										
Employee Costs	159,778	166,222	170,799	175,489	180,136	184,898	189,779	194,782	199,911	205,167
Borrowing Costs	87	89	92	94	96	98	100	103	106	109
Materials and Contracts	102,809	104,467	107,225	110,211	111,943	115,001	118,133	121,344	124,636	128,010
Depreciation	90,101	92,354	94,663	97,029	99,215	100,948	104,438	107,272	109,878	112,549
Other Expenses	3,449	6,293	4,147	4,509	4,880	5,261	5,650	6,050	6,460	6,879
<b>Total Expenses from continuing operations</b>	<b>356,224</b>	<b>369,426</b>	<b>376,925</b>	<b>387,332</b>	<b>396,270</b>	<b>406,205</b>	<b>418,100</b>	<b>429,551</b>	<b>440,991</b>	<b>452,714</b>
<b>Net Operating Result</b>	<b>7,367</b>	<b>(2,680)</b>	<b>(1,561)</b>	<b>(2,667)</b>	<b>1,966</b>	<b>2,920</b>	<b>2,228</b>	<b>2,293</b>	<b>1,632</b>	<b>978</b>
<b>Net Operating Result before Capital</b>	<b>(14,373)</b>	<b>(18,436)</b>	<b>(17,168)</b>	<b>(18,590)</b>	<b>(13,957)</b>	<b>(13,003)</b>	<b>(13,695)</b>	<b>(13,630)</b>	<b>(14,291)</b>	<b>(14,945)</b>

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

	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	2032-33 \$'000
<b>Current Assets</b>										
Cash and Investments	391,796	439,115	525,087	596,011	608,237	610,890	622,257	637,478	652,302	666,680
Receivables	41,536	42,574	43,639	44,730	45,720	46,585	47,475	48,388	49,272	50,179
Inventories	685	685	685	685	767	788	809	831	854	877
Other	4,897	4,897	4,897	4,897	4,897	4,897	4,897	4,897	4,897	4,897
<b>Total Current Assets</b>	<b>438,914</b>	<b>487,271</b>	<b>574,307</b>	<b>646,322</b>	<b>659,620</b>	<b>663,160</b>	<b>675,438</b>	<b>691,593</b>	<b>707,324</b>	<b>722,633</b>
<b>Non-Current Assets</b>										
Receivables	2,244	2,300	2,358	2,417	2,417	2,417	2,417	2,417	2,417	2,417
Infrastructure, Property, P&E	4,041,002	3,994,526	3,914,247	3,847,590	3,840,497	3,842,472	3,835,089	3,823,973	3,812,701	3,801,273
Investment property	7,935	7,935	7,935	7,935	7,935	7,935	7,935	7,935	7,935	7,935
Intangible Assets	486	486	486	486	486	486	486	486	486	486
Other	64	64	64	64	64	64	64	64	64	64
<b>Total Non-Current Assets</b>	<b>4,051,731</b>	<b>4,005,311</b>	<b>3,925,090</b>	<b>3,858,492</b>	<b>3,851,399</b>	<b>3,853,374</b>	<b>3,845,990</b>	<b>3,834,874</b>	<b>3,823,602</b>	<b>3,812,174</b>
<b>Total Assets</b>	<b>4,490,645</b>	<b>4,492,583</b>	<b>4,499,397</b>	<b>4,504,814</b>	<b>4,511,019</b>	<b>4,516,534</b>	<b>4,521,428</b>	<b>4,526,468</b>	<b>4,530,926</b>	<b>4,534,807</b>
<b>Current Liabilities</b>										
Payables	32,888	33,710	34,553	35,417	35,859	36,575	37,315	38,081	38,874	39,692
Other	13,045	13,045	13,045	13,045	13,045	13,045	13,045	13,045	13,045	13,045
Provisions	59,541	62,885	69,955	76,695	78,461	80,270	82,125	84,026	85,975	87,972
<b>Total Current Liabilities</b>	<b>105,474</b>	<b>109,640</b>	<b>117,553</b>	<b>125,157</b>	<b>127,365</b>	<b>129,890</b>	<b>132,485</b>	<b>135,152</b>	<b>137,894</b>	<b>140,709</b>
<b>Non-Current Liabilities</b>										
Payables	461	473	484	496	496	496	496	496	496	496
Borrowings	-	-	-	-	-	-	-	-	-	-
Contract /Lease Liabilities	12,929	12,799	12,669	12,539	12,539	12,539	12,539	12,539	12,539	12,539
Provisions	22,727	23,295	23,878	24,474	26,569	26,703	26,843	26,987	27,136	27,290
<b>Total Non-Current Liabilities</b>	<b>36,117</b>	<b>36,567</b>	<b>37,031</b>	<b>37,510</b>	<b>39,604</b>	<b>39,739</b>	<b>39,878</b>	<b>40,022</b>	<b>40,171</b>	<b>40,326</b>
<b>Total Liabilities</b>	<b>141,591</b>	<b>146,207</b>	<b>154,584</b>	<b>162,667</b>	<b>166,969</b>	<b>169,629</b>	<b>172,363</b>	<b>175,174</b>	<b>178,065</b>	<b>181,034</b>
<b>Net Assets</b>	<b>4,349,054</b>	<b>4,346,374</b>	<b>4,344,813</b>	<b>4,342,145</b>	<b>4,344,048</b>	<b>4,346,903</b>	<b>4,349,064</b>	<b>4,351,292</b>	<b>4,352,859</b>	<b>4,353,773</b>
<b>Equity</b>										
Retained Earnings	4,349,054	4,346,374	4,344,813	4,342,145	4,344,048	4,346,903	4,349,064	4,351,292	4,352,859	4,353,773
<b>Total Equity</b>	<b>4,349,054</b>	<b>4,346,374</b>	<b>4,344,813</b>	<b>4,342,145</b>	<b>4,344,048</b>	<b>4,346,903</b>	<b>4,349,064</b>	<b>4,351,292</b>	<b>4,352,859</b>	<b>4,353,773</b>

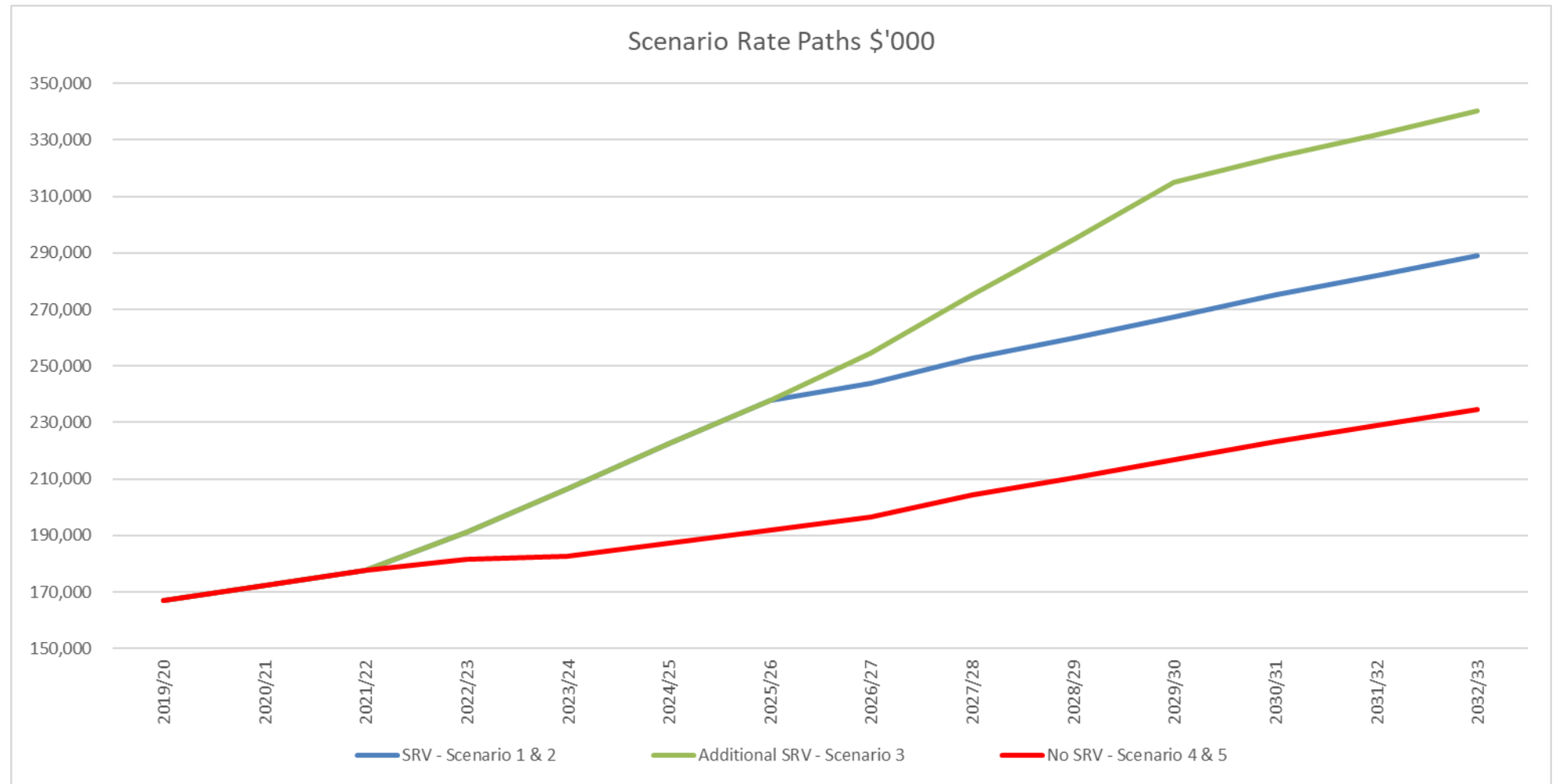
## Canterbury-Bankstown Council – Reduce Services Model - Statement of Cash Flows

	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	2032-33 \$'000
<b>Cash Flows from Operating Activities</b>										
Receipts	365,194	366,310	374,635	383,900	397,246	408,260	419,438	430,931	441,739	452,785
Payments	(278,484)	(272,602)	(281,521)	(287,837)	(294,928)	(302,753)	(311,088)	(319,634)	(328,393)	(337,374)
<b>Total Cash Flows from Operations</b>	<b>86,709</b>	<b>93,708</b>	<b>93,114</b>	<b>96,063</b>	<b>102,317</b>	<b>105,507</b>	<b>108,350</b>	<b>111,297</b>	<b>113,346</b>	<b>115,411</b>
<b>Cash Flows from Investing Activities</b>										
Purchase / Sale of Investment Securities	(33,854)	(40,243)	(54,424)	(68,265)	(50,347)	(55,160)	(58,521)	(58,415)	(53,315)	(61,827)
Purchase Infrastructure, Property, P&E	(57,205)	(47,472)	(40,893)	(27,191)	(45,517)	(46,655)	(47,821)	(49,017)	(58,242)	(51,498)
<b>Total Cash Flows from Investing</b>	<b>(91,059)</b>	<b>(87,715)</b>	<b>(95,317)</b>	<b>(95,456)</b>	<b>(95,864)</b>	<b>(101,815)</b>	<b>(106,342)</b>	<b>(107,432)</b>	<b>(111,557)</b>	<b>(113,325)</b>
<b>Cash Flows from Financing Activities</b>										
Proceeds from Borrowings (Debt)	-	-	-	-	-	-	-	-	-	-
Repayment of Borrowings (Debt)	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Flows from Financing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Opening Cash</b>	<b>65,756</b>	<b>61,406</b>	<b>67,399</b>	<b>65,196</b>	<b>65,803</b>	<b>72,257</b>	<b>75,949</b>	<b>77,957</b>	<b>81,822</b>	<b>83,610</b>
<b>Change in Cash</b>	<b>(4,350)</b>	<b>5,993</b>	<b>(2,203)</b>	<b>607</b>	<b>6,454</b>	<b>3,692</b>	<b>2,008</b>	<b>3,865</b>	<b>1,788</b>	<b>2,086</b>
<b>Closing Cash</b>	<b>61,406</b>	<b>67,399</b>	<b>65,196</b>	<b>65,803</b>	<b>72,257</b>	<b>75,949</b>	<b>77,957</b>	<b>81,822</b>	<b>83,610</b>	<b>85,696</b>

## Rate Revenue Projections

	<b>IPART Rate Peg Increase \$'000</b>	<b>Scenario 1 Increase \$'000</b>	<b>Scenario 2 Increase \$'000</b>	<b>Scenario 3 Increase \$'000</b>	<b>Scenario 4 Increase \$'000</b>	<b>Scenario 5 Increase \$'000</b>
2023/24	4,916	10,399	10,399	10,399	-	-
2024/25	5,272	10,625	10,625	10,625	-	-
2025/26	4,425	10,974	10,974	10,974	-	-
2026/27	5,944	-	-	11,000	-	-
2027/28	8,976	-	-	11,275	-	-
2028/29	7,302	-	-	11,557	-	-
2029/30	7,511	-	-	11,846	-	-
2030/31	7,721	-	-	-	-	-
2031/32	6,881	-	-	-	-	-
2032/33	7,055	-	-	-	-	-
<b>Average Annual Increase</b>	<b>6,600</b>	<b>3,200</b>	<b>3,200</b>	<b>7,768</b>	<b>-</b>	<b>-</b>

## Rate Revenue Projections



## Annexure A

### Financial Management Strategies 2020-2030

#### Part A – Operational Performance

Strategy	Description
<p><b>Operational Result (pre-capital)</b></p> <p>Council will develop actions, in consultation with its community, to move towards and maintain:</p> <ul style="list-style-type: none"><li>▪ Surplus budgets in the future based on the Net Operating Result (pre-capital).</li><li>▪ 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.</li><li>▪ Policy decisions are made having regard to their financial effects on future generations.</li><li>▪ The current generation funds the cost of its services.</li></ul>	<p>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.</p> <p>It includes all recurrent operational income (excluding capital grants &amp; contributions and proceeds from the sale of assets) and funds:</p> <ul style="list-style-type: none"><li>▪ Agreed service levels – Delivery / Operational Plan</li><li>▪ Obligations in terms of employees, contracts and other expenses and commitments</li><li>▪ Governance and administrative costs</li><li>▪ Asset maintenance – as per Asset Management Strategy</li><li>▪ Funding annual Depreciation Expense.</li><li>▪ Short and long-term Liabilities – as and when they fall due</li><li>▪ Agreed cash restrictions strategies</li></ul> <p>This needs to be done in conjunction with meeting Councils ratio requirements as these represent a tangible measure of financial sustainability</p>

Strategy	Description
<ul style="list-style-type: none"> <li>▪ Alignment of Council services with community expectations will continue to play an important part in determining the future needs and operations of the organisation.</li> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ Any cash surpluses of a general fund nature will be restricted and held for strategic priorities, as determined by Council</li> </ul>	

## Part B – Capital Expenditure

Strategy	Description
<p><b>Capital Expenditure</b></p> <p>Council will have in place current asset management plans and ensure that Council generates sufficient surpluses to fund depreciation</p>	<p>In managing its assets, Council will:</p> <ul style="list-style-type: none"><li>▪ manage the whole life of an asset, from planning, purchase, operation, maintenance, and disposal at life end using appropriate accounting practices;</li><li>▪ plan to allocate sufficient funds each year for routine maintenance, renewal of infrastructure and unfunded renewals;</li><li>▪ ensure effective renewal and replacement strategies exist for operational plant and equipment to support Council's long-term service plans;</li><li>▪ rely on the IP&amp;R planning process and other relevant demand drivers in determining the replacement, renewal, rationalisation, retirement and creation of new assets;</li><li>▪ apply a transparent prioritisation model for infrastructure projects to support its strategic principles and approach;</li><li>▪ Utilise dedicated asset reserves to fund specific community outcomes and programs.</li></ul>

## Part C – Statement of Revenue Policy

Strategy	Description
<p><b>General Rating Revenue</b></p> <p>Council will establish an appropriate tax-base which will fund essential whole of community services and asset renewals not funded through other sources.</p> <p>Council's Rate structure will be based on supporting the principles of equity, representation and capacity to pay.</p> <p>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 &amp; Reporting framework.</p> <p>Council's General Rating Revenue will be administered in accordance with its Rates and Charges, Debt Recovery and Hardship Assistance Policy.</p> <p>NSW Government Rate Freeze Policy prohibited Council from varying the former Council's rates paths till 30 June 2021.</p> <p>Council's will re-assess all permissible parameters when setting its Annual Revenue Policy.</p>	<p><i>Council Rating Policy – Former Bankstown</i></p> <p>Rating Structure: Council will maintain its rate structures based entirely upon property valuations (ad valorem) but with minimum rates applying, where appropriate.</p> <ul style="list-style-type: none"> <li>Rating Distribution: No fixed distribution between residential and business properties</li> <li>Sub-categorisation: New subcategories for all business properties to apply from 1 July 2021</li> <li>Special Rate: CBD Infrastructure Improvement Fund – removed from 1 July 2022</li> <li>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</li> <li>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</li> <li>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)</li> </ul> <p><i>Council Rating Policy – Former Canterbury</i></p> <ul style="list-style-type: none"> <li>Rating Structure: Council will maintain its rate structures based entirely upon property valuations (ad valorem) but with minimum rates applying, where appropriate.</li> <li>Rating Distribution: No fixed distribution between residential and business properties</li> <li>Sub-categorisation: New subcategories for all business properties to apply from 1 July 2021</li> <li>Special Rate: None</li> </ul>

Strategy	Description
	<ul style="list-style-type: none"> <li>▪ 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</li> <li>▪ 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</li> <li>▪ Special Rate Variation: Infrastructure and Renewal Levy – Ended 30 June 2019</li> <li>▪ Special Rate Variation: Sustainability Levy – 7.5% increase – compounded - 3 years – Ended 30 June 2017</li> <li>▪ 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)</li> </ul> <p>Council will also need to re-assess its Annual Statement of 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.</p>
<p><b>Annual Charges – Domestic Waste Management Charge</b></p> <p>Council must make and levy an annual charge for the provision of domestic waste management services for</p>	<p>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.</p> <p><i>DWM Charge – CBCity</i></p>

Strategy	Description
<p>each parcel of rateable land for which the service is available – Section 496 – Local Government Act 1993</p>	<ul style="list-style-type: none"> <li>▪ Annual DWM Charge – applicable to all Residential properties only</li> </ul> <p><i>DWM Charge – Former Bankstown</i></p> <ul style="list-style-type: none"> <li>▪ Trade (Business) Waste Charge – Fee set in accordance with S608 of the Local Government Act 1993</li> </ul> <p><i>DWM Charge – Former Canterbury</i></p> <ul style="list-style-type: none"> <li>▪ Annual DWM Charge – applicable to all Residential properties only</li> <li>▪ Annual Trade Waste Charge – applicable to all Business properties</li> </ul> <p>A review is now being conducted on the Business/Trade services with a view to aligning.</p>
<p><b>Annual Charges – Stormwater Levy</b></p> <p>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</p> <p>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.</p>	<p>Council will use the levy to plan and construct required stormwater assets. The pricing structure set for the levy is as follows:</p> <ul style="list-style-type: none"> <li>▪ <b>Residential Properties</b> <ul style="list-style-type: none"> <li>○ Annual Residential Charge of \$25.00 per property.</li> <li>○ Annual Residential Strata Charge of \$12.50 per property.</li> </ul> </li> </ul>

Strategy	Description
	<ul style="list-style-type: none"> <li>▪ <b>Business Properties</b> <ul style="list-style-type: none"> <li>○ 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.</li> </ul> </li> <li>▪ <b>Mixed Development</b> <ul style="list-style-type: none"> <li>○ 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.</li> </ul> </li> <li>▪ <b>Exemptions</b> <ul style="list-style-type: none"> <li>○ 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: <ul style="list-style-type: none"> <li>- Council-owned land;</li> <li>- Bowling and Golf Clubs - where the dominant use is open space;</li> <li>- Properties zoned - Open space 6(a), Private Recreation 6(b), Rural</li> </ul> </li> </ul> </li> </ul>
<p><b>Pricing of Goods &amp; Services</b></p> <p>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.</p>	<p>Where appropriate, Council will assess and apply a user pays model in setting its pricing based on the following provisions:</p> <ul style="list-style-type: none"> <li>▪ <b>Cost of provision</b></li> </ul>

Strategy	Description
	<p>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.</p> <ul style="list-style-type: none"> <li>▪ <b>Community Service Obligations</b> <p>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.</p> <p>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.</p> </li> <li>▪ <b>Private Benefit</b> <p>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.</p> <p>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.</p> </li> </ul>

Strategy	Description
	<p>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).</p> <ul style="list-style-type: none"> <li>▪ <b>Statutory Limitation</b> <p>It is acknowledged that certain fees, charges and levies are set by legislation and Council has no control over pricing in these circumstances.</p> </li> <li>▪ <b>Community Considerations</b> <p>There are circumstances in which fees and charges levied under this policy may be further subsidised or discounted by Council on the basis of:</p> <ul style="list-style-type: none"> <li>- <b>Ability to Pay</b> – 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 &amp; Charges or approved by Council.</li> <li>- <b>Special Community Benefit</b> – 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.</li> </ul> </li> </ul>
<p><b>Grants and Contributions (Operational &amp; Capital)</b></p> <p>Council will actively pursue grant funding and other contributions to assist in the delivery of core services.</p>	<ul style="list-style-type: none"> <li>▪ 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.</li> </ul>

Strategy	Description
	<ul style="list-style-type: none"> <li>▪ 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</li> <li>▪ Development related capital infrastructure contributions collected (and interest earned on those funds) will form part of Council's Asset Management funding.</li> </ul>
<p><b>Proceeds from the Sale of Assets</b></p> <p>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.</p>	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ 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.</li> </ul>
<p><b>Cash Investments</b></p> <p>Council will invest surplus cash in accordance with its Investment Policy.</p>	<p>Council applies a prudent risk management approach to managing its cash investments. The key objectives to managing investments are to ensure:</p>

Strategy	Description
<p>Returns on externally restricted cash will be transferred to restricted assets in each of the funds and treated as capital revenue where required.</p>	<ul style="list-style-type: none"> <li>▪ That Council effectively secures the investment of funds which are surplus to the City's current operational requirements.</li> <li>▪ The security of Council's portfolio by limiting associated risk and its exposure to individual institutions and products.</li> <li>▪ The portfolio generates acceptable and sound returns compared to industry standards and appropriate benchmarks.</li> <li>▪ That Council obtain prudent and independent investment advice.</li> <li>▪ That an appropriate delegation process exists to manage Council's funds.</li> <li>▪ Ensure compliance with relevant parts of the Local Government Act 1993, Regulations, Ministerial Orders and Accounting Standards.</li> </ul> <p>Council's Cash Investment Policy provides Council's adopted policy framework and approach to managing its cash investments.</p>
<p><b>Debt / Loan Borrowings</b></p> <p>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.</p>	<ul style="list-style-type: none"> <li>▪ 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.</li> </ul>

Strategy	Description
	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ 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</li> </ul>
<p><b>Other General Income Sources</b></p> <p>Council will look to investigate and generate other alternate sources of revenue, as determined by Council</p>	<ul style="list-style-type: none"> <li>▪ Council generates a number of other regulatory and non-core revenues such as rental income on Council properties and income from fines.</li> <li>▪ 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.</li> </ul>

## Part D – Managing Cash Restrictions & Unrestricted Cash

Strategy	Description
<p>Council will hold cash investments which satisfy its legislative requirements (External Restrictions) and for certain funding policies set by Council (Internal Restrictions).</p> <p>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.</p>	<p>Council will establish a series of restrictions to</p> <ul style="list-style-type: none"> <li>manage both externally imposed statutory or regulatory requirements as well as those set by Council</li> <li>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</li> <li>The ongoing management of these reserves are reviewed annually by Council based on legislative requirements, replacement and initiative strategies, known commitments and/or contingencies.</li> <li>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.</li> <li>Council's primary/core reserves are as follows:</li> </ul> <p><b>External Restrictions</b></p> <ul style="list-style-type: none"> <li><i>Liability – Workers Compensation</i>: required cash deposit to satisfy self-insurance license.</li> <li><i>Contributions – Developer Infrastructure</i>: restrict contributions received in accordance with Section 7.11 and 7.12 of the EP&amp;A Act and any planning agreements</li> <li><i>Unexpended Grants</i>: restrict unexpended funds received for specific purpose</li> <li><i>Unexpended Funds – Bankstown Town Centre Improvement Rate</i>: restrict unexpended funds collected through the Bankstown Town Centre Special Rate (Special Rate discontinued from 1 July 2022)</li> <li><i>Unexpended Funds – Domestic Waste Reserve</i>: restrict unexpended domestic waste funds to fund future domestic waste operational and capital liabilities</li> </ul>

Strategy	Description
	<ul style="list-style-type: none"> <li>▪ <i>Unexpended Funds – Stormwater Levy</i>: 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</li> </ul> <p><b>Internal Restrictions</b></p> <ul style="list-style-type: none"> <li>▪ <i>Liabilities – Employee Entitlements</i>: restrict funds equivalent to 40% of total employee entitlements.</li> <li>▪ <i>Liabilities – Workers Compensation</i>: restrict funds required to top up self-insurance license requirements.</li> <li>▪ <i>Liabilities – Holding Deposit</i>: restrict 100% of accrued deposits held for the use of Council facilities/works</li> <li>▪ <i>Liabilities – Contingent Insurance</i>: maintain \$1M for any uninsured losses that may eventuate.</li> <li>▪ <i>Infrastructure – Asset Categories</i>: 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.</li> <li>▪ <i>Infrastructure – Asset Categories (SRV)</i>: 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.</li> <li>▪ <i>Infrastructure – Strategic Priorities</i>: Funds held for specific initiatives/priorities agreed through Council's IP&amp;R process. Surplus funds from previous years will also be transferred to this reserve.</li> <li>▪ <i>Infrastructure – CCC SRV / Renewal Levy</i>: 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 '<i>Infrastructure – Asset Categories</i>' reserve outlined above.</li> <li>▪ <i>Infrastructure – Growth Fund (Strategic Priorities)</i>: 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&amp;R process.</li> </ul>

Strategy	Description
	<ul style="list-style-type: none"> <li>▪ <i>Operational – Growth Fund (Strategic Priorities)</i>: 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&amp;R process.</li> <li>▪ <i>Operational – Operational/Loan Categories (SRV)</i>: Objective is to restrict cash in accordance with Council's approved 2021 SRV for operational and borrowing requirements</li> <li>▪ <i>Other – Land Investment Fund</i>: proceeds from land sales and released for agreed renewals and/or initiatives.</li> <li>▪ <i>Other – Council Elections</i>: restrict 25% per annum of expected cost of conducting Council's elections</li> <li>▪ <i>Other – Councillor Ward Funds</i>: restrict \$5K per Ward Councillor and use for asset/infrastructure purposes</li> <li>▪ <i>Other – Operational Contingency Reserve</i>: restrict a minimum of 2% of Operational Costs (excluding Depreciation) to address unexpected fluctuations in managing Council's Annual Budget.</li> </ul> <p>Council will establish other restrictions to assist in fulfilling its financial management obligations, as required.</p> <p><b><i>Unrestricted Working Funds</i></b></p> <ul style="list-style-type: none"> <li>▪ In addition to the above, Council will separately maintain an unrestricted working fund balance equivalent to 2% of operational revenues for contingency purposes.</li> </ul>

## 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	<p>This ratio serves as an overall measure of financial operating effectiveness.</p> <p>Operating surplus (deficit) divided by total revenue – adjusted (excluding grants and contributions received for capital purposes).</p>	Total continuing operating revenue <sup>1</sup> (exc. capital grants and contributions) less operating expenses divided by Total continuing operating revenue <sup>1</sup> (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 <sup>1</sup> less all grants and contributions divided by Total continuing operating revenue <sup>1</sup> 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 <sup>1</sup> (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 <sup>1</sup> (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	<p>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.</p> <p>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</p>	$\frac{\text{Asset renewals (building and infrastructure)}}{\text{Depreciation, amortisation and impairment (building and infrastructure)}}$	Greater than 100%

<sup>1</sup> 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	<p>Provides an indication of Councils ability to meet short term financial shocks.</p> <p>Unrestricted working funds are Councils funds that are not yet committed for a specific purpose or reserve.</p> <p>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.</p>	Current assets less Current liabilities adjusted for restrictions	<p>Greater than or equal to break-even annually for budgeted unrestricted cash</p> <p>Unrestricted working funds greater than 2% of budgeted operating revenue</p>

## 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

	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	2032/33 \$M
<b>Base Case</b>	206.5	222.4	237.8	243.7	252.7	260.0	267.5	275.2	282.1	289.1
<b>Variance - Negative 1%</b>	(1.7)	(1.9)	(2.1)	(2.3)	(2.6)	(5.2)	(7.9)	(10.8)	(13.7)	(16.8)
<b>Variance – Positive 1%</b>	1.7	1.9	2.1	2.3	2.6	5.3	8.1	11.2	14.3	17.6

## User Charges and Fees

	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	2032/33 \$M
<b>Base Case</b>	20.8	21.9	22.4	23.0	23.6	24.1	24.7	25.4	26.0	26.6
<b>Variance - Negative 1%</b>	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.5)	(0.7)	(1.0)	(1.2)	(1.5)
<b>Variance – Positive 1%</b>	0.1	0.1	0.2	0.2	0.2	0.5	0.7	1.0	1.3	1.6

## Interest Income

	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	2032/33 \$M
<b>Base Case</b>	11.3	11.6	11.9	12.2	12.5	12.8	13.1	13.4	13.8	14.1
<b>Variance – Negative 1%</b>	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.4)	(0.5)	(0.7)	(0.8)
<b>Variance – Positive 1%</b>	0.1	0.1	0.1	0.2	0.2	0.3	0.4	0.5	0.7	0.8

## Other Revenues

	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	2032/33 \$M
<b>Base Case</b>	21.2	21.8	22.3	22.9	23.4	24.0	24.6	25.2	25.9	26.5
<b>Variance – Negative 1%</b>	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.5)	(0.7)	(1.0)	(1.2)	(1.5)
<b>Variance – Positive 1%</b>	0.1	0.1	0.2	0.2	0.2	0.5	0.7	1.0	1.3	1.6

## Employee Costs

	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	2032/33 \$M
<b>Base Case</b>	170.1	176.6	181.1	185.8	190.5	195.2	200.1	205.1	210.2	215.5
<b>Variance – Negative 1%</b>	(1.0)	(1.3)	(1.5)	(1.7)	(1.9)	(3.8)	(5.8)	(7.9)	(10.1)	(12.3)
<b>Variance – Positive 1%</b>	1.0	1.3	1.5	1.7	1.9	3.8	5.9	8.1	10.5	12.9

## Materials and Contracts

	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	2032/33 \$M
<b>Base Case</b>	114.3	117.4	119.8	122.6	124.2	127.1	130.0	133.1	136.2	139.4
<b>Variance – Negative 1%</b>	(0.5)	(0.8)	(0.9)	(1.0)	(1.2)	(2.5)	(3.8)	(5.2)	(6.6)	(8.1)
<b>Variance – Positive 1%</b>	0.5	0.8	0.9	1.0	1.2	2.5	3.9	5.4	6.9	8.5

## Other Expenses

	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	2032/33 \$M
<b>Base Case</b>	13.8	16.6	14.5	14.8	15.2	15.6	16.0	16.4	16.8	17.2
<b>Variance – Negative 1%</b>	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)	(0.5)	(0.6)	(0.8)	(1.0)
<b>Variance – Positive 1%</b>	0.1	0.1	0.1	0.1	0.1	0.3	0.5	0.6	0.8	1.0

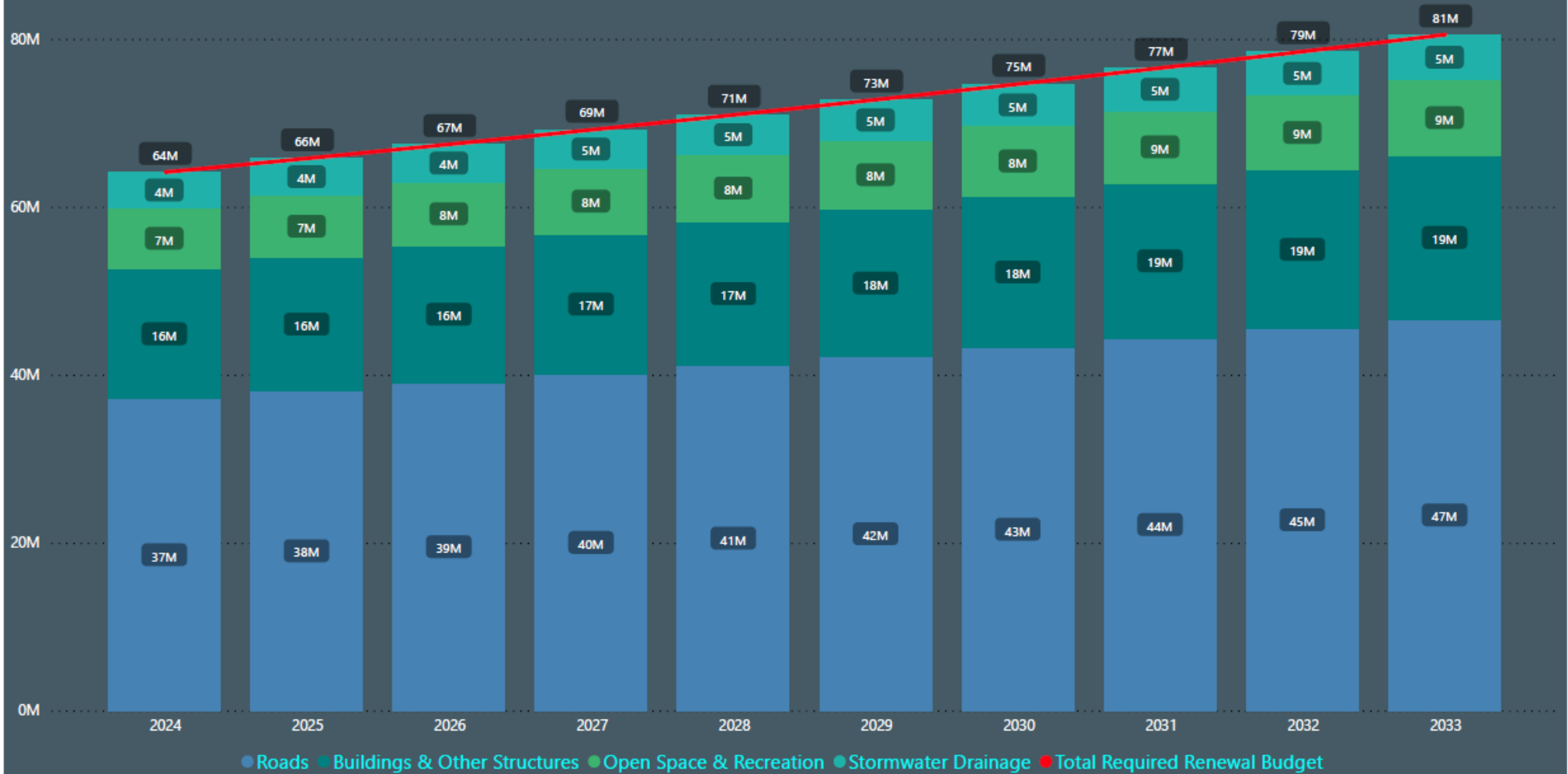
## Sensitivity Analysis – Net Financial Impact Comparison

	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	2032/33 \$M
Total Income – Base Case	365.7	386.1	405.6	415.8	430.5	442.6	455.0	467.8	479.9	492.3
Total Expenditure – Base Case	396.3	411.8	420.1	430.4	443.3	454.5	468.1	481.0	493.1	505.6
<b>Net Financial Impact – Base Case</b>	<b>-30.6</b>	<b>-25.6</b>	<b>-14.4</b>	<b>-14.6</b>	<b>-12.8</b>	<b>-11.9</b>	<b>-13.0</b>	<b>-13.1</b>	<b>-13.2</b>	<b>-13.3</b>
Total Income – Negative 1%	363.7	383.9	403.0	413.0	427.4	436.2	445.3	454.4	463.0	471.7
Total Expenditure – Positive 1%	397.9	414.0	422.6	433.2	446.5	461.2	478.4	495.1	511.3	528.1
<b>Net Financial Impact – Analysis 1</b>	<b>-34.2</b>	<b>-30.0</b>	<b>-19.5</b>	<b>-20.2</b>	<b>-19.2</b>	<b>-25.0</b>	<b>-33.1</b>	<b>-40.7</b>	<b>-48.3</b>	<b>-56.4</b>
Total Income – Positive 1%	367.7	388.3	408.2	418.7	433.8	449.1	465.0	481.7	497.5	514.0
Total Expenditure – Negative 1%	394.7	409.6	417.6	427.6	440.1	447.9	458.0	467.2	475.6	484.2
<b>Net Financial Impact – Analysis 2</b>	<b>-27.0</b>	<b>-21.2</b>	<b>-9.3</b>	<b>-8.9</b>	<b>-6.3</b>	<b>1.1</b>	<b>7.0</b>	<b>14.4</b>	<b>21.9</b>	<b>29.8</b>

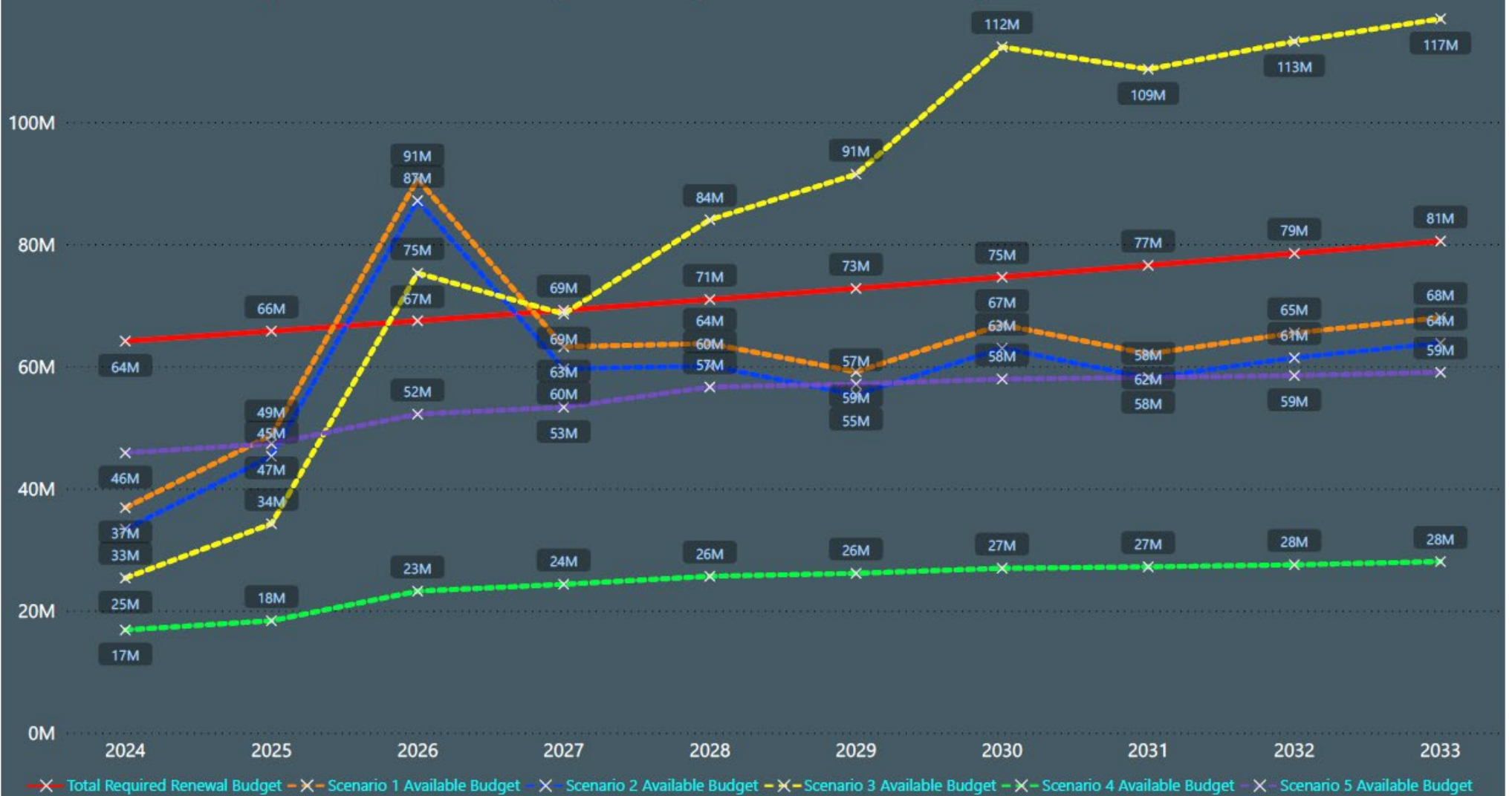
Appendix 1

Asset Management Group		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	2042 /2043
Total Assets Renewal Budget Required		64,129	65,772	67,453	69,182	70,953	72,768	74,632	76,543	78,502	80,509	82,572	84,686	86,853	89,078	91,357	93,697	96,095	98,554	101,076	103,664
Plant & Equip Budget Required		6,220	6,219	6,218	6,217	6,216	6,215	6,214	6,213	6,212	6,211	6,366	6,525	6,688	6,856	7,027	7,203	7,383	7,567	7,756	7,950
Required Add/Transfer to Reserves (to match Depn)		53,422	43,782	4,172	33,980	35,641	42,009	37,779	45,391	44,580	44,742	44,919	44,165	46,350	44,904	44,819	44,854	44,844	44,958	46,543	47,926
S1,2,4,5 Total Capex & Required Transfer to Reserves		90,101	92,354	94,663	97,029	99,215	100,948	104,438	107,271	109,879	112,549	115,287	117,099	117,730	117,432	117,636	119,898	122,215	124,591	127,030	129,531
S3 Total Capex & Required Transfer to Reserves		100,101	105,101	108,254	111,502	114,847	118,293	121,841	125,497	129,261	133,139	137,133	141,247	145,485	149,849	154,345	158,975	163,744	168,657	173,717	178,928
Maintenance Gap		6,576	6,741	6,909	7,082	7,259	7,440	7,626	7,817	8,012	8,213	8,418	8,629	8,844	9,065	9,292	9,524	9,762	10,006	10,257	10,513
											Year 10										Year 20
Scenario 1 - Base Case Option		SRV \$40M				Loan \$85M															
Add to infrastructure reserve		36,679	48,572	90,491	63,049	63,574	58,939	66,660	61,881	65,298	67,807	70,369	72,934	71,380	72,528	72,817	75,044	77,371	79,633	80,487	81,605
Surplus/(shortfall) - Capex v Funding - Unfunded Asset Renewals		(33,670)	(23,419)	16,820	(12,349)	(13,595)	(20,044)	(14,186)	(20,875)	(19,415)	(18,913)	(18,569)	(18,278)	(22,162)	(23,405)	(25,567)	(25,856)	(26,106)	(26,488)	(28,345)	(30,009)
Reserve Balance - Cumulative Total	63,852	30,182	6,762	23,582	11,233	(2,362)	(22,406)	(36,592)	(57,467)	(76,883)	(95,795)	(114,365)	(132,643)	(154,804)	(178,209)	(203,776)	(229,632)	(255,738)	(282,226)	(310,572)	(340,581)
Depreciation funded %		41%	53%	96%	65%	64%	58%	64%	58%	59%	60%	61%	62%	61%	62%	62%	63%	63%	64%	63%	63%
Scenario 2 - Servicing Model Option		SRV \$40M				Loan \$85M															
Add to infrastructure reserve		33,173	45,110	86,973	59,445	59,894	55,170	62,799	57,925	61,245	63,653	66,116	68,574	66,916	67,952	68,130	70,239	72,447	74,589	75,316	76,306
Surplus/(shortfall) - Capex v Funding - Unfunded Asset Renewals		(37,176)	(26,881)	13,302	(15,953)	(17,275)	(23,813)	(18,047)	(24,831)	(23,468)	(23,067)	(22,822)	(22,638)	(26,626)	(27,981)	(30,254)	(30,661)	(31,030)	(31,532)	(33,516)	(35,308)
Reserve Balance - Cumulative Total	63,852	26,676	(206)	13,096	(2,857)	(20,132)	(43,945)	(61,992)	(86,823)	(110,292)	(133,358)	(156,181)	(178,819)	(205,444)	(233,425)	(263,679)	(294,340)	(325,370)	(356,902)	(390,419)	(425,727)
Depreciation funded %		37%	49%	92%	61%	60%	55%	60%	54%	56%	57%	57%	59%	57%	58%	58%	59%	59%	60%	59%	59%
Scenario 3 - Asset Management Model Option		SRV \$40M				Loan \$85M				2nd SRV \$46M											
Add to infrastructure reserve		25,169	34,065	75,113	68,430	83,859	91,290	112,151	108,495	113,067	116,758	120,531	124,337	126,869	97,471	99,072	100,786	102,323	103,806	105,836	107,295
Surplus/(shortfall) - Capex v Funding - Unfunded Asset Renewals		(45,180)	(37,926)	1,442	(6,968)	6,690	12,307	31,305	25,740	28,354	30,038	31,593	33,126	33,327	1,538	688	(114)	(1,154)	(2,315)	(2,996)	(4,319)
Reserve Balance - Cumulative Total	63,852	18,672	(19,255)	(17,813)	(24,781)	(18,091)	(5,784)	25,521	51,261	79,615	109,653	141,245	174,371	207,699	209,237	209,925	209,811	208,657	206,342	203,345	199,026
Depreciation funded %		25%	32%	69%	61%	73%	77%	92%	86%	87%	88%	88%	88%	87%	65%	64%	63%	62%	62%	61%	60%
Scenario 4 - Base Case Without SRV Model Option		SRV NIL & Loan NIL																			
Add to infrastructure reserve		21,564	23,066	27,908	29,031	30,353	30,826	31,654	31,897	32,219	32,753	32,898	32,976	33,082	33,726	33,967	34,210	34,578	35,367	35,546	35,719
Surplus/(shortfall) - Capex v Funding - Unfunded Asset Renewals		(48,785)	(48,925)	(45,763)	(46,368)	(46,815)	(48,157)	(49,192)	(50,859)	(52,494)	(53,967)	(56,040)	(51,237)	(54,363)	(57,717)	(61,447)	(65,578)	(70,079)	(75,150)	(80,584)	(87,396)
Reserve Balance - Cumulative Total	14,925	(33,860)	(82,786)	(128,549)	(174,917)	(221,733)	(269,889)	(319,081)	(369,940)	(422,434)	(476,401)	(532,441)	(583,679)	(638,042)	(695,759)	(757,206)	(822,785)	(892,863)	(968,013)	(1,048,597)	(1,135,993)
Depreciation funded %		24%	25%	29%	30%	31%	31%	30%	30%	29%	29%	29%	28%	28%	29%	29%	29%	28%	28%	28%	28%
Scenario 5 - Reduce Services Model Option		SRV NIL & Loan NIL																			
Add to infrastructure reserve		50,564	52,066	56,908	58,031	61,354	61,825	62,655	62,896	63,219	63,753	63,897	63,975	64,083	64,724	64,966	65,209	65,577	66,365	66,547	66,720
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)	(17,840)	(20,392)	(23,517)	(26,873)	(30,601)	(34,733)	(39,233)	(44,305)	(49,737)	(56,858)
Reserve Balance - Cumulative Total	14,925	(25,976)	(39,001)	(46,011)	(57,441)	(59,473)	(63,636)	(71,747)	(81,969)	(95,060)	(110,645)	(128,284)	(148,677)	(172,194)	(199,066)	(229,668)	(264,400)	(303,633)	(347,938)	(397,676)	(454,534)
Depreciation funded %		56%	56%	60%	60%	62%	61%	60%	59%	58%	57%	55%	55%	54%	55%	55%	54%	54%	53%	52%	52%

## Required Budget to Maintain Infrastructure Assets at the Current Level of Service



# Comparison of Annual Required Budget with Available Budget in Various Scenarios



# Comparison of Accumulative Annual Required Budget with Available Budget in Various Scenarios

