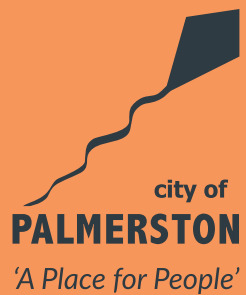





DRAFT

CITY OF PALMERSTON

LONG TERM
FINANCIAL PLAN
2021-2030



A portrait of the Mayor, a woman with curly hair wearing an orange top, smiling. The background is a solid orange color.

Message from the Mayor

Council utilises this ten-year financial forecast to quantify the available cash flow to fund financial sustainability, ensure Council can both fund its services and asset replacement and position itself for future opportunity.

Council is committed to long-term financial sustainability, equity and each generation addressing their issue of funding and replacing worn out infrastructure.

Council is actively engaged in maintaining its Reserves at appropriate levels and reducing its operating deficits. The organisation itself is strong and financially viable. Through prudent and responsible budgeting, planning and financial management, Council will be able to continue to rebuild its Reserves, continue to deliver quality services to the community and replace and renew assets now and into the future, ensuring the same high level of service for each generation.

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Foreword

City of Palmerston is pleased to present its Long-Term Financial Plan for 2021 to 2030.

The Long-Term Financial Plan is a succinct forward-looking strategic document. The financial modelling supporting the Long-Term Financial Plan is used to forecast the Council's financial future over 10 years. The Plan is a tool that assists with decision-making and problem solving, enabling decisions to be made on how to best achieve the Council's corporate objectives and asset management needs whilst considering its long-term financial challenges. Ultimately the Plan recognises the importance of valuing and investing in the natural environment, balancing economic imperatives and focusing on innovation to enable transformation in our city and achieving City of Palmerston's Community Plan.

The Long-Term Financial Plan included in this document encompasses:

- Planning assumptions used to develop the plan
- Projected income and expenditure
- Statement of financial position
- Statement of cash flows
- Financial ratios

Council's Long-Term Financial Plan covers the period 2020/21 to 2029/30. It recognises its current and future financial capacity to continue delivering quality services, provide facilities and infrastructure to the community, while commencing new initiatives and projects to achieve the goals included in Council's Municipal Plan and Community Plan.

Financial planning over any 10-year time span is difficult and relies on a variety of assumptions that will undoubtedly change during the period. The Long-Term Financial Plan is therefore closely monitored, and revised annually, to reflect these changing circumstances. The preparation of the Plan presents a unique challenge this year due to the COVID-19 pandemic.

Due to the COVID-19 pandemic Council has decided on holding rates for the 2020/21 Budget in an effort to assist ratepayers in these unprecedented times. Consequently, the loss in revenue in this budget year

has a marked impact on the Long-Term Financial Plan. The Plan still demonstrates that Council's financial position is improving over the long term with the operational deficit decreasing from \$6.377 million in the 2020/21 budget to \$4.794 million in 2029/30. This represents an improvement of 25% of Council's current deficit. The forecast average annual rates increase of 3.5% (including growth) will continue in the following year to ensure that Council's cash reserves remain at a stable level throughout the planning period. This strategy will ensure adequate working capital is available to maintain service levels and increasing the capital spend.

The Long-Term Financial Plan contains a core set of assumptions. These assumptions are based on Consumer Price Index forecasts, interest rate expectations, employee award increases, estimated loan repayment schedules, and other challenging to forecast items which are discussed in more detail in this document.

The Long-Term Financial Plan has been prepared with the base year of 2019/20 established on the revised 2019/20 Annual Budget. In the following years, anticipated capital works projects such as *Splashing Out* and *Where We Live Matters* have been included and adjustments have been made to demonstrate what Council will need to do to ensure financial sustainability.

The Long-Term Financial Plan model and assumptions were provided to KPMG to provide advice on the succinctness of the model and assumptions used. Although no assurance or opinions can be issued under this type of engagement, the advice received was that KPMG were satisfied with the material functionality of the Plan.

The aims of Council's Long-Term Financial Plan are to:

- Set out the assumptions upon which Council's financial plans and budgets have been structured.
- Identify some Key Performance Indicators upon which Council can benchmark its financial performance.

- Set the framework so that the impact of future policy decisions can be identified.
- Evaluate the impact of future scenarios upon Council's financial position.
- Provide a basis for future informed decision-making.
- Identify issues which impact upon the financial sustainability of Council including known opportunities and threats.
- Achieve a balanced budget on a funding basis, acknowledging that continued service delivery and asset renewals are priorities.

STATUTORY REQUIREMENTS

The *Local Government Act 2019* passed through parliament in late 2019 and was scheduled to commence from the 2020/21 financial year. However due to the current COVID-19 crisis the implementation of the Act has been delayed by twelve months. Consequently, the *Local Government Act 2008* remains in effect.

The *Local Government Act 2008* requires Council to prepare and maintain a Long-Term Financial Plan. The Plan must cover a minimum period of four years, however, many of the decisions that Council make have impacts that go well beyond this time horizon. Council has developed a 10-year financial plan as it is important that stakeholders understand the financial implications arising from Council's decisions, and to ensure the financial sustainability of Council.



Background

PALMERSTON

Palmerston is a regional hub with the Council being trusted by its community, investing in things that add public value, and being known as a strong partner in the delivery of community benefit and social capital.

Our population continues to grow, which presents Council with the challenge of growing and renewing essential family-friendly infrastructure for Palmerston and surrounding communities.

NORTHERN TERRITORY ECONOMY

All economic indicators are based on December 2019 assessments, as this is the latest available forecast at the time of completing the Long-Term Financial Plan, and do not consider the impact of COVID-19.

The Northern Territory economy is highly dependent on the government sector, mining and tourism. This dependence makes it highly prone to volatility, particularly once large capital projects wind down.

Deloitte Access Economic (DAE) forecasts the Territory economy to grow by an average of 3.5% per annum over the five years to 2023-24.

This is the highest economic growth forecast of all jurisdictions. In other jurisdictions, the estimated five-year average economic growth ranges from 1.7% per annum in South Australia to 3.0% per annum in the Australian Capital Territory. DAE forecasts the national economy to grow by an average annual rate of 2.6% over the five-year period.

DAE notes that exports are expected to be a key driver of the Territory economy, however, will have less flow-on effects to domestic demand.

DAE December Quarter 2019 Report prepared for the Northern Territory Government, has forecast average growth in the following key economic indicators for the five years (2019-24):



	Northern Territory	Australia
Economic Growth Forecast	3.5%	2.6%
Employment Growth Forecast	1.4%	1.8%
Population Growth Forecast	0.7%	1.4%
Consumer Price Index (CPI)	1.6%	2.0%



Council's Long-Term Financial Plan is based on delivering our current levels of service to the community now, and increasing these into our City's future.

Current Financial Position

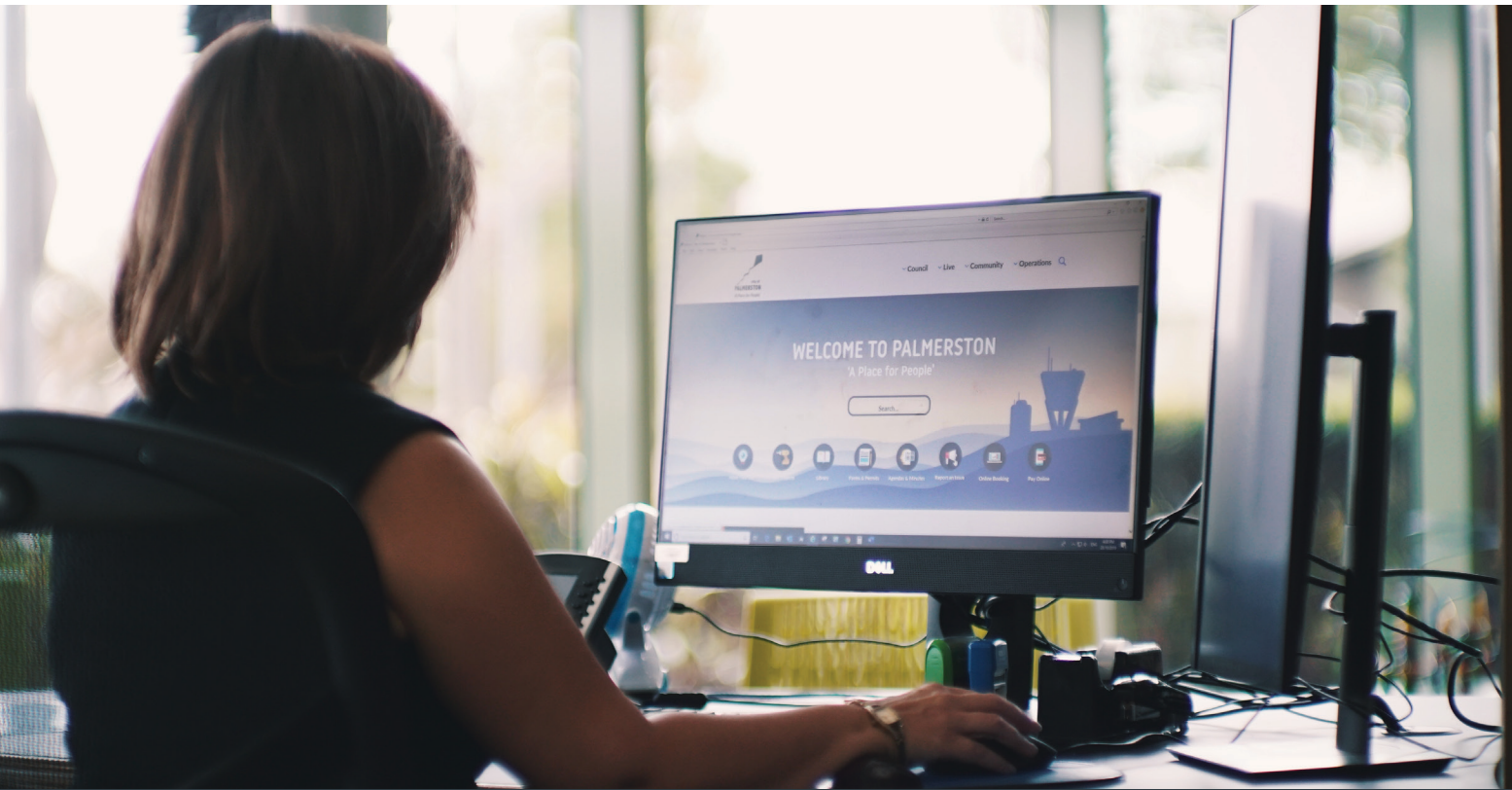
Palmerston is relatively young and is rapidly growing, both in terms of population and infrastructure, with developers handing over millions of dollars worth of infrastructure annually. As the infrastructure is relatively new, it only requires maintenance works to keep it in a satisfactory condition in the short to medium term. However, in future years considerable asset replacement will be required and this will represent a significant expense for the City.

Last year Council endorsed the *Prójects* capital projects which is an innovative and progressive suite of projects designed to enhance the amenity and liveability in the city. Projects range from a new Community Hub in Zuccoli (*Where We Live Matters*) and revitalisation of the Palmerston Pool (*Splashing Out*) into a modern exciting aquatic centre, to Smart City technology and environmental initiatives such as greening Palmerston. Work is completed in early 2020 on Making the Switch; a transformative project improving the quality of public lighting in the City, reducing electricity use and consequently generating savings. This project is funded from an internal loan from Council Reserves

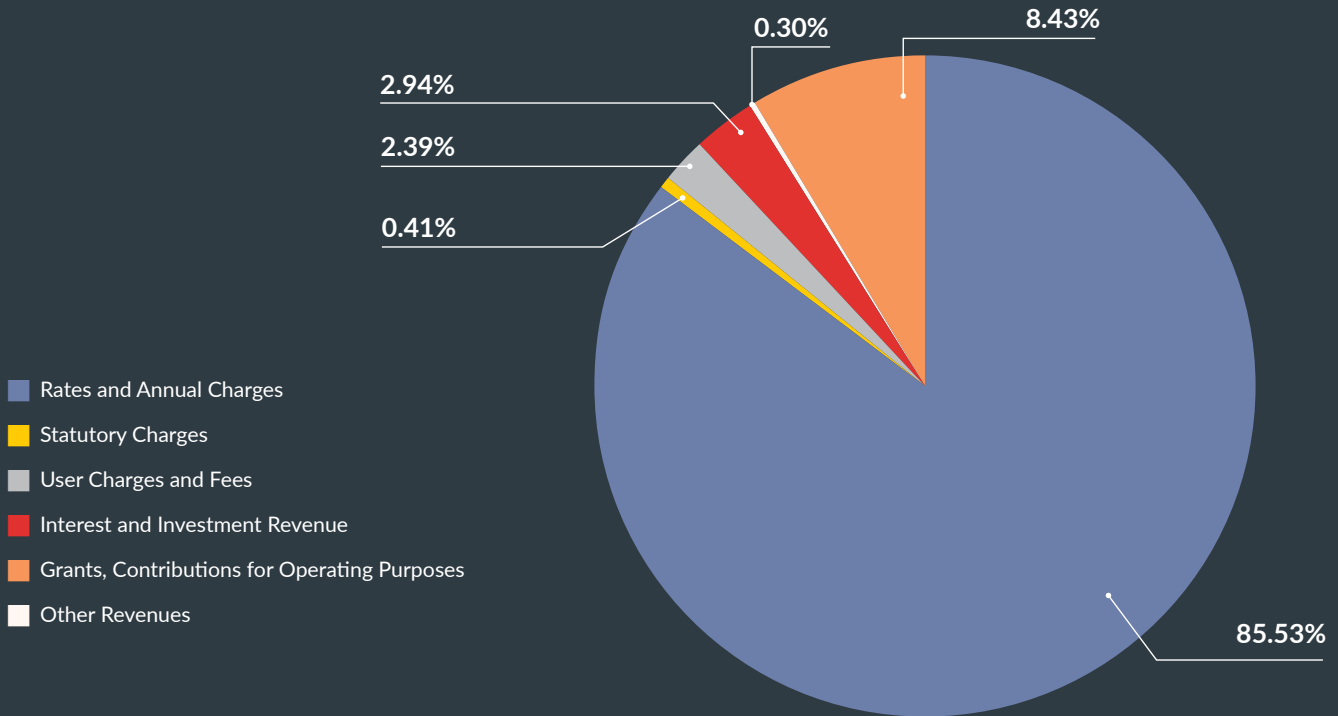
and, as a self-funding project, the savings identified in electricity costs are repaid back into Reserves, with additional savings allocated to improving the quality of public lighting across Palmerston suburbs.

Council's Reserves are currently adequate to continue ongoing operations without affecting service levels. Since April 2018, Council has been actively working toward increasing these Reserves to fund significant future capital works. Considering the Reserve position, as well as the actions required with regard to COVID-19, Council will need to rely on securing capital grants or the use of borrowing to fund some future works. This has been built in to the Long-Term Financial Plan.

Council currently derives 85% of its operational revenues through annual rates and charges. This provides Council with certainty and security over the bulk of its revenue base and is not overly reliant on factors outside of its control. Council does need to identify other revenue sources and lobby funds for grants, specifically for one off projects.

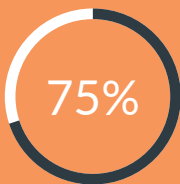


OPERATING REVENUE SOURCE BY TYPE 2020/21





Operating Ratio
Benchmark



Rates Coverage Ratio
Maximum Benchmark



Sustainability Ratio
Minimum Benchmark

Note: Refer to page 17
for more information

Measuring Performance

Council will continue to monitor and report on its financial performance based on standard financial indicators.

These indicators include:

- **Operating Ratio** – This measures the capacity of Council to contain its operating expenditure within its operating revenue allowing for asset renewals funded through depreciation. The benchmark for this ratio is greater than 0%.
- **Cash Expense Ratio** – This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash-flow. The benchmark for this ratio is greater than 3 months.
- **Current Ratio** – This ratio represents Council's ability to meet debt repayments as they fall due. It should be noted that Council's externally restricted assets will not be available as operating funds and as such can significantly impact Council's ability to meet its liabilities. The minimum benchmark is greater than 1.5.
- **Rates Coverage Ratio** – This ratio measures fiscal flexibility. It is the degree of reliance that Council places on external funding sources such as operating grants and contributions to fund its day-to-day operations. The benchmark for this ratio is between 60 and 75%.
- **Debt Service Cover Ratio** – This ratio measures the availability of operating cash to service debt including interest, principal and lease payments. The benchmark for this ratio is greater than 2.0.
- **Interest Cover Ratio** – This ratio indicates the extent to which Council can service its interest-bearing debt and take on additional borrowing. It measures the burden of the current interest expense upon Council's operating cash. The minimum benchmark for this ratio is greater than 4.
- **Sustainability Ratio** – This ratio indicates the extent to which Council is forecasting to increase or replace the asset base of the Council. The minimum benchmark for this ratio is 1. Where a Council records a value higher than 1, this indicates the overall asset base is being replenished at a rate equal to, or higher than, the Council's consumption of assets. Where the sustainability ratio is less than 1, the Council may have a deteriorating asset base.

Future Financial Position

The Long-Term Financial Plan models an improving financial position for the City of Palmerston over the planning period, despite a hold on Rates budgeted for 2020/21, supporting COVID-19 community recovery initiatives.



The Plan predicts that the operating deficit of Council is reduced from a budget operating deficit in 2020/21 of \$6.377 million to an operating deficit of \$4.794 million in 2029/30.

Although an operating surplus is foreseen in some years, the Long-Term Financial Plan allows for a gradual increase in rates revenues through an annual increase of 2.9% excluding growth, whilst still maintaining existing services and service levels for the community and also focusing on what the community has deemed as important in the Community Plan for Palmerston.

The Long-Term Financial Plan also anticipates that the Projects outlined in *Projects* will be undertaken and completed within four financial years and a significant increase in capital expenditure is recognised over this period. It is anticipated that

these projects will be undertaken in partnership with the Commonwealth and Northern Territory Government. It is further expected that Council will need to establish a loan for \$2.5 million in 2021/22 and another for \$2.5 million in 2022/23 to fund a portion of the *Splashing Out* project as well as *Where We Live Matters* project which will be paid back in full over a period of 10 years.

Although an operational surplus will not be reached over the term of the Plan, additional cash will be generated each year. These funds have been allocated to return to Reserves throughout the life of the Plan, to take advantage of any unanticipated opportunities that may occur or to fund any unexpected expenses.



Major Initiatives and Repairs and Maintenance of Assets

Over the term of the Long-Term Financial Plan, Council is planning to spend a total of \$85.861 million in capital works.

A total of \$5.3 million has already been spent on *Smart Cities* and *Making the Switch* projects and an additional \$22.950 million will be spent on the *Projects* works, which will result in new and modern facilities for the community. The remaining balance will be spent on new assets, replacements and renewals that relate to infrastructure such as roads, pathways, parks, public lighting, buildings, stormwater and fleet; ensuring that the assets within Palmerston remain in a satisfactory condition.

In the adopted 2019/20 Municipal Plan, Council budgeted \$5.2 million for repairs and maintenance on its assets. In the Long-Term Financial Plan it is assumed that the service standards provided will not change and Council has consequently based its future repairs and maintenance estimations on this amount, plus provision for CPI increases throughout the term of the plan, in accordance with the recently developed draft Asset Management Plans.

10 YEAR CAPITAL WORKS SCHEDULE

Asset	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	10 Year Total
Buildings	1,285,500	1,239,500	531,500	804,000	411,000	868,000	1,423,000	831,500	629,500	669,500	8,693,000
Parks and Reserves	883,000	1,388,500	1,191,500	1,500,000	1,622,000	1,463,500	1,620,000	1,542,000	1,698,000	1,698,000	14,606,500
Ancillary Road Structures	840,000	1,036,000	949,000	962,000	975,000	888,000	901,000	914,000	927,000	937,000	9,329,000
Roads	1,381,000	1,267,000	1,378,000	1,444,000	1,960,000	1,976,000	1,982,000	1,988,000	1,994,000	1,994,000	17,364,000
Stormwater	150,000	210,000	235,000	240,000	220,000	250,000	255,000	260,000	265,000	265,000	2,350,000
Where We Live Matters	0	0	0	6,000,000	0	0	0	0	0	0	6,000,000
PV Solar System	250,000	250,000	250,000	0	0	0	0	0	0	0	750,000
Liveable Cities	250,000	250,000	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,200,000
Palmerston Pool Upgrade	0	7,500,000	7,500,000	0	0	0	0	0	0	0	15,000,000
Vehicles	355,000	355,000	355,000	355,000	355,000	355,000	355,000	355,000	355,000	360,000	3,555,000
Plant	180,000	0	0	0	250,000	0	0	250,000	0	0	680,000
IT	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,500,000
Lighting and Electrical	330,000	366,000	371,500	377,000	382,500	388,000	393,500	399,000	404,500	404,500	3,816,500
Community Art Program	85,000	88,000	92,000	96,000	100,000	104,000	108,000	112,000	116,000	116,000	1,017,000
Totals	6,139,500	14,100,000	13,003,500	12,028,000	6,525,500	6,542,500	7,287,500	6,901,500	6,639,000	6,694,000	85,861,000

Assumptions

The Long-Term Financial Plan has been prepared on the basis that Council will continue to deliver the same level of service to the community as it is currently providing.

The Long-Term Financial Plan also includes the following specific assumptions in relation to expected revenues and expenses.

GENERAL ASSUMPTIONS

Item	Budget Assumptions 2020-2021	Forecast Assumption 2021-2030	Comment
Residential Growth	0.0%	0.6%	City of Palmerston accommodation stocks grew by 3.3% p.a. from 2006-2011, and 4.6% p.a. from 2011-2016 according to the Australian Bureau of Statistics. A conservative 0.6% growth is included in this plan due to the recent housing devaluations and possible oversupply of accommodation in the short-term.
CPI	1.6%	1.6%	Based on long-term forecast from Deloitte Access Economics for CPI for the Northern Territory.

REVENUE ASSUMPTIONS

Item	Budget Assumptions 2020-2021	Forecast Assumption 2021-2030	Comment
Rate Increase	0.0%	2.9%	This is the required amount that Council will need to raise rates to ensure that the Council is sustainable and is able to renew its current asset base. Not including growth.
Waste Management Charge	CPI	CPI	Annual Charges will increase in line with contractual increases.
Statutory Charges	0.0%	0.0%	There are currently no plans to change the City of Palmerston By-Laws so statutory charges will only increase by the growth factor.
User Fees & Charges			All user fees and charges are expected to increase in line with associated operational expenditure increase.
Investment Interest	1.0%	2.0%	Interest is calculated on the average forecast cash and investment balances.
Interest on Overdue Rates	0.0%	9.0%	Interest is calculated on the overdue outstanding rates balance. For the budget year 2020-2021 this income will reduce due to COVID-19 recovery assistance.
Other Revenues	CPI	CPI	Other revenues consist of program fees and sundry income items.
Operating Grants	CPI	CPI	Operating grants include the Financial Assistance Grant and the Public Library Funding Agreement.

EXPENSE ASSUMPTIONS

Item	Budget Assumptions 2020-2021	Forecast Assumption 2021-2030	Comment
Employee Benefits and On-costs	2.0%	2.0% - 2.5%	Employee costs increase in line with the enterprise agreement at 2%, however between the years 2021/22 to 2025/26 a further 0.5% p.a. is included to increase superannuation as per Federal legislation.
Borrowing Costs	2.78%	2.78%	Current annual fixed rate also used to estimate future loans. Noting that borrowing interest rates are currently well below average levels.
Materials, Contracts and other Expenses	CPI	CPI	Election expenses have been budgeted for every 4 years at \$150k increased by cumulative CPI.
Depreciation	N/A	N/A	Depreciation is based on current depreciation rates plus depreciation on gifted and constructed assets at an average useful life of 70 years across asset classes.

CAPITAL ASSUMPTIONS

All capital and assumptions are detailed in the 10-year capital works program.



LONG TERM FINANCIAL PLAN INCOME STATEMENT

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030
	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
\$'000's										
Income from Continuing Operations										
Revenue:										
Rates & annual charges	28,880	29,829	30,810	31,823	32,870	33,952	35,070	36,226	37,494	38,806
Statutory Charges	138	140	141	143	144	146	147	148	150	151
User Charges & fees	807	820	833	846	860	874	888	902	916	931
Interest & investment revenue	993	853	948	932	864	872	845	809	807	810
Reimbursements	-	-	-	-	-	-	-	-	-	-
Other revenues	102	103	105	107	108	110	112	114	115	117
Grants & contributions for operating purposes	2,847	2,903	2,962	3,021	3,081	3,143	3,206	3,270	3,335	3,402
TOTAL INCOME FROM CONTINUING OPERATIONS	33,767	34,648	35,798	36,871	37,927	39,096	40,267	41,468	42,817	44,217
Expenses from Continuing Operations										
Employee benefits & costs	10,095	10,297	10,554	10,818	11,088	11,365	11,650	11,883	12,120	12,363
Borrowing costs	46	105	157	138	118	97	77	58	43	29
Materials, contracts and other expenses	19,603	20,112	20,635	21,322	21,726	22,291	22,871	23,615	24,079	24,705
Depreciation, amortisation & impairment	10,400	10,531	10,775	11,003	11,218	11,354	11,491	11,638	11,779	11,917
TOTAL EXPENSES FROM CONTINUING OPERATIONS	40,143	41,044	42,121	43,281	44,151	45,108	46,087	47,193	48,021	49,014
OPERATING RESULT FOR THE YEAR	(6,377)	(6,396)	(6,323)	(6,410)	(6,224)	(6,012)	(5,820)	(5,725)	(5,204)	(4,797)
Asset Disposal & Fair Value Adjustments	-	-	-	-	-	-	-	-	-	-
Amounts received specifically for new or upgraded assets	872	5,630	5,630	4,630	630	630	630	630	630	630
Physical resources received free of charge	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
TOTAL COMPREHENSIVE INCOME / (LOSS)	(2,555)	2,234	2,307	1,220	(2,594)	(2,382)	(2,190)	(2,095)	(1,574)	(1,167)

**LONG TERM FINANCIAL PLAN
STATEMENT OF FINANCIAL POSITION**

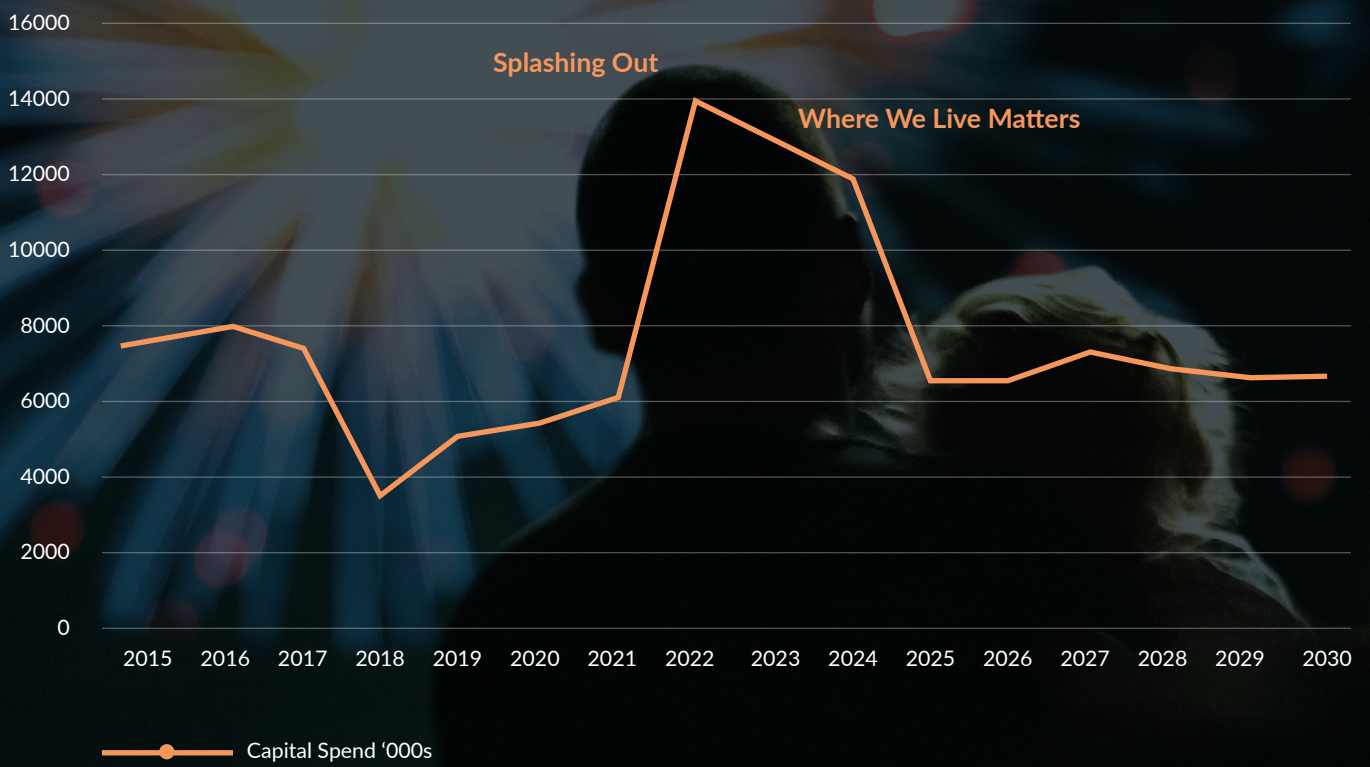
\$ '000	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030
	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Assets										
Current Assets:										
Cash & cash equivalents	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Investments	27,036	25,035	24,239	20,828	19,300	18,085	16,432	15,643	15,764	16,846
Receivables	2,071	2,143	2,218	2,296	2,376	2,460	2,546	2,635	2,728	2,824
TOTAL CURRENT ASSETS	33,107	31,178	30,457	27,124	25,677	24,545	22,978	22,278	22,492	23,669
Non-Current Assets:										
Infrastructure, property, plant & equipment	542,378	548,948	554,176	558,201	556,508	554,696	553,494	551,758	549,618	547,396
Investment property	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100
TOTAL NON-CURRENT ASSETS	547,478	554,048	559,276	563,301	561,608	559,796	558,594	556,858	554,718	552,496
TOTAL ASSETS	580,586	585,226	589,733	590,425	587,285	584,341	581,572	579,136	577,210	576,165
Liabilities										
Current Liabilities:										
Payables	4,205	4,273	4,341	4,410	4,481	4,553	4,625	4,699	4,775	4,851
Borrowings	235	461	694	714	734	754	499	513	527	542
Provisions	1,850	1,887	1,934	1,983	2,032	2,083	2,135	2,178	2,222	2,266
TOTAL CURRENT LIABILITIES	6,290	6,621	6,969	7,107	7,247	7,390	7,260	7,390	7,523	7,659
Non-Current Liabilities:										
Payables	-	-	-	-	-	-	-	-	-	-
Borrowings	1,276	3,315	5,121	4,407	3,672	2,918	2,419	1,906	1,379	837
Provisions	1,806	1,843	1,889	1,936	1,984	2,034	2,085	2,126	2,169	2,212
TOTAL NON-CURRENT LIABILITIES	3,082	5,157	7,009	6,342	5,657	4,952	4,504	4,032	3,548	3,049
TOTAL LIABILITIES	9,372	11,778	13,979	13,450	12,904	12,342	11,763	11,423	11,071	10,708
NET ASSETS	571,213	573,448	575,755	576,975	574,381	571,999	569,808	567,714	566,139	565,456
Equity										
Retained earnings/(accumulated deficit)	197,721	202,216	205,592	210,283	209,277	208,169	207,415	206,151	204,495	202,771
Other Reserves	26,817	24,557	23,488	20,017	18,429	17,154	15,718	14,888	14,969	16,010
Revaluation reserves	346,675	346,675	346,675	346,675	346,675	346,675	346,675	346,675	346,675	346,675
Council equity interest	571,213	573,448	575,755	576,975	574,381	571,999	569,808	567,714	566,139	565,456
Non-controlling interest										
TOTAL EQUITY	571,213	573,448	575,755	576,975	574,381	571,999	569,808	567,714	566,139	565,456

LONG TERM FINANCIAL PLAN STATEMENT OF CASHFLOWS											
\$ '000	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	
	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Cash Flows from Operating Activities											
Receipts:											
Rates & annual charges	28,880	29,757	30,735	31,745	32,790	33,869	34,984	36,137	37,402	38,710	
User charges & fees	946	960	974	989	1,004	1,019	1,035	1,050	1,066	1,082	
Investment & interest revenue received	993	853	948	932	864	872	845	809	807	810	
Grants & contributions	2,847	2,903	2,962	3,021	3,081	3,143	3,206	3,270	3,335	3,402	
Bonds, deposits & retention amounts received	-	-	-	-	-	-	-	-	-	-	
Other	102	103	105	107	108	110	112	114	115	117	
Payments:											
Employee benefits & costs	(10,023)	(10,223)	(10,461)	(10,722)	(10,990)	(11,265)	(11,547)	(11,798)	(12,034)	(12,275)	
Materials, contracts & other expenses	(19,537)	(20,045)	(20,567)	(21,253)	(21,655)	(22,219)	(22,798)	(23,541)	(24,004)	(24,629)	
Finance Payments	(46)	(105)	(157)	(138)	(118)	(97)	(77)	(58)	(43)	(29)	
Bonds, deposits & retention amounts refunded	-	-	-	-	-	-	-	-	-	-	
Other operating payments	-	-	-	-	-	-	-	-	-	-	
NET CASH PROVIDED (OR USED IN) OPERATING ACTIVITIES	4,162	4,203	4,538	4,681	5,082	5,431	5,760	5,982	6,643	7,188	
Cash Flows from Investing Activities											
Receipts:											
Sale of investment securities	-	-	-	-	-	-	-	-	-	-	
Sale of infrastructure, property, plant & equipment	-	-	-	-	-	-	-	-	-	-	
Amounts specifically for new or upgraded assets	872	5,630	5,630	4,630	630	630	630	630	630	630	
Payments:											
Purchase of investment securities	-	-	-	-	-	-	-	-	-	-	
Purchase of infrastructure, property, plant & equipment	(6,139)	(14,100)	(13,003)	(12,028)	(6,526)	(6,542)	(7,288)	(6,902)	(6,639)	(6,694)	
NET CASH PROVIDED (OR USED IN) INVESTING ACTIVITIES	(5,267)	(8,470)	(7,373)	(7,398)	(5,896)	(5,912)	(6,658)	(6,272)	(6,009)	(6,064)	
Cash Flows from Financing Activities											
Receipts:											
Proceeds from bonds and deposits	-	-	-	-	-	-	-	-	-	-	
Proceeds from borrowings & advances	-	2,500	2,500	-	-	-	-	-	-	-	
Payments:											
Repayment of borrowings & advances	(228)	(235)	(461)	(694)	(714)	(734)	(754)	(499)	(513)	(43)	
NET CASH PROVIDED (OR USED IN) FINANCING ACTIVITIES	(228)	2,265	2,039	(694)	(714)	(734)	(754)	(499)	(513)	(43)	
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(1,333)	(2,002)	(796)	(3,411)	(1,528)	(1,216)	(1,652)	(789)	121	1,081	
plus: CASH & CASH EQUIVALENTS - beginning of year	5,333	6,002	4,796	7,411	5,528	5,216	5,652	4,789	3,879	2,919	
plus: INVESTMENTS ON HAND - end of year	27,036	25,035	24,239	20,828	19,300	18,085	16,432	15,643	15,764	16,846	
CASH & CASH EQUIVALENTS & INVESTMENTS - end of year	31,036	29,035	28,239	24,828	23,300	22,085	20,432	19,643	19,764	20,846	

LONG TERM FINANCIAL PLAN FINANCIAL RATIOS

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030
Operating Ratio	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
This ratio measures Council's ability to contain operating expenditure within operating revenue Benchmark - Greater than 0% (operating revenue excl. capital grants and contributions - operating expenses) / operating revenue excluding capital grants and contributions	-18.88%	-18.46%	-17.66%	-17.39%	-16.41%	-15.38%	-14.45%	-13.81%	-12.15%	-10.85%
Cash Expense Cover Ratio	12.54	11.46	10.86	9.27	8.52	7.87	7.10	6.64	6.55	6.75
This ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow Benchmark - Greater than 3.0 months (current year's cash and cash equivalents / (total expenses - depreciation - interest costs)) * 12	5.26	4.71	4.37	3.82	3.54	3.32	3.17	3.01	2.99	3.09
Current Ratio	65.22%	65.78%	65.90%	66.22%	66.63%	66.90%	67.23%	67.57%	67.73%	67.88%
This ratio represents Council's ability to meet debt payments as they fall due. It should be noted that Council's externally restituted assets will not be available as operating funds and as such can significantly impact Council's ability to meet its liabilities. Benchmark - Greater than 1.5 current assets / current liabilities	11.05	9.67	5.67	4.40	4.96	5.38	5.81	9.16	10.37	87.65
Rates Revenue	65.22%	65.78%	65.90%	66.22%	66.63%	66.90%	67.23%	67.57%	67.73%	67.88%
This ratio measures the level of Council's fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. Council's financial flexibility improves the higher the level of its own source revenue Benchmark - Greater than 60% < 75% rates / total operating revenue	11.05	9.67	5.67	4.40	4.96	5.38	5.81	9.16	10.37	87.65
Debt Service Cover Ratio	65.87	31.38	22.29	26.51	34.94	46.05	62.90	87.99	134.14	217.60
This ratio measures the availability of cash to service debt including interest, principal and lease payments Benchmark - Greater than 2.0 operating result before interest and depreciation (EBITDA) / (principal repayments + borrowing interest costs)	65.87	31.38	22.29	26.51	34.94	46.05	62.90	87.99	134.14	217.60
Interest Cover Ratio	0.59	1.34	1.21	1.09	0.58	0.58	0.63	0.59	0.56	0.56
This ratio indicates the extent to which Council can service its interest bearing debt and take on additional borrowings. It measures the burden of the current interest expense upon Council's operating cash Benchmark - Greater than 4.0 operating result before interest and depreciation (EBITDA) / interest expense	0.59	1.34	1.21	1.09	0.58	0.58	0.63	0.59	0.56	0.56
Sustainability Ratio	0.59	1.34	1.21	1.09	0.58	0.58	0.63	0.59	0.56	0.56
This ratio indicates the extent to which Council is replacing its existing asset base with capital renewals of existing assets Benchmark - Greater than 1.0 annual capital expenditure on renewals / annual depreciation	0.59	1.34	1.21	1.09	0.58	0.58	0.63	0.59	0.56	0.56

CAPITAL SPENDING AND RESERVE MOVEMENTS 2015-2030



PUBLIC CONSULTATION

While the *Local Government Act* does not require Council to undertake public consultation of Long-Term Financial Plan 2021-2030, Council welcomes community feedback of this important document.

City of Palmerston's draft Long-Term Financial Plan 2021-2030 is available for public consultation online from Thursday 4 June 2020, with the last day for submissions Thursday 2 July 2020.

All submissions received will be reviewed and presented with the draft Plan for consideration to the Ordinary Council Meeting on Tuesday 21 July 2020.

Making a submission:

- Have Your Say at Council's website,
@ www.palmerston.nt.gov.au
- Attn: Chief Executive Officer
Municipal Plan and Budget 2020/21 Submission
City of Palmerston PO BOX 1, Palmerston NT 0831
- palmerston@palmerston.nt.gov.au



city of
PALMERSTON

'A Place for People'



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