



2025
2032

LONG TERM
FINANCIAL
PLAN

COUNCIL RESPECTFULLY ACKNOWLEDGES

the Larrakia People; the traditional owners of the land and waters of the Palmerston Region, and pays respect to their Elders: past, present and future.

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FOREWORD

City of Palmerston is pleased to present the Long-Term Financial Plan for 2023 to 2032.

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 which 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.

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

This Long-Term-Financial Plan has been prepared with the forecasted economic conditions. With a 2.9% increase to rates in 2022/23 (and 3.3% for forecasted years), ongoing free community facility hire, free pool entry and free parking, Council continues its commitment to the community. The decisions made in this Plan have been assessed for their long-term impact. Whilst every effort has been made to eliminate uncertainty, the COVID-19 pandemic remains an element of unpredictability.

Council has been able to generate continued support from Territory and Federal Governments with grant funding that supports the delivery on the Community Plan outcomes. This Long-Term-Financial Plan is forecasting the delivery of major projects, such as the Swimming Wellness Events Leisure Lifestyle (SWELL) project and the 'Where We Live Matters' project in Zuccoli.

Within this Plan Council is proposing to take up loans for up \$3.5 million to fund the above-mentioned projects. Meaning, that residents will bear the cost of the construction of the facilities as they utilise them. With this financing model, Council ensures that financial reserve balances remain healthy and continue to increase within the 10 year timeframe to ensure the cost of asset renewal can be met into the future as our City grows older.

Council's Long Term Financial Plan covers the period from 2022-23 to 2031-32. 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 set out in the Community Plan.

The Long-Term Financial Plan contains a core set of assumptions. These assumptions are based on CPI forecasts, interest rate expectations, employee award increases, estimated loan repayment schedules, and other special income and expenses which are discussed in more detail in this Plan.

Financial planning over a 10-year time horizon 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 regularly revised, to reflect these changing circumstances.

This Long-Term Financial Plan has been prepared with the base year being 2021-22, based on the second revised 2021/22 annual budget.

The Long-Term Financial Plan model and assumptions were provided to Peel Valentine Whitehead (PVW) Partners Pty Ltd 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 PVW Partners 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 current priorities.

STATUTORY REQUIREMENTS

The Local Government Act 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 makes 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:

The second largest and fastest growing city in the Northern Territory, Palmerston is a regional hub with a promising future positioning itself as The Family City of the Northern Territory and A Place for People.

Palmerston boasts a multi-cultural and diverse population of more than 39,000 residents, with significant population growing each year supported by lifestyle options including multiple shopping centres, a PGA tournament standard golf course, land conservation areas, connected spaces, swimming and fitness centre, numerous schools and the recently opened Palmerston Regional Hospital and Police Station, all of which support families who choose to call our city home.

With almost universal NBN coverage and a young, tech savvy population, Palmerston is becoming a hub for digital innovation through e-gaming, a brand new Recording Studio, the Top End's annual GeekFest and regional collaboration delivering Smart City opportunities.

This rapid growth presents Council with the challenge of growing and renewing essential family friendly infrastructure for Palmerston and surrounding communities.

In February 2022, The Northern Territory Government has given the unincorporated land to the north of Palmerston, including Elrundie, Tivendale, Wishart and part of Berrimah to come under the City of Palmerston. The new municipal boundary review, which will officially begin from 1 July 2022, aligns with the Northern Territory Government's Planning for a Vibrant Future document, which states that the City should eventually grow to support more than 70 000 people. The expansion of City of Palmerston's municipal boundary fits within Council's and the region's vision for long term financial sustainability and growth.

NORTHERN TERRITORY ECONOMY:

All economic indicators are based on September 2021 assessments.

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 Economics (DAE) forecasts the Territory economy to grow by an average of 2.1 per cent per annum over the next five years. DAE forecasts the national economy to grow by an average annual rate of 3.0 per cent over the five-year period.

DAE September quarter 2021 prepared for the Northern Territory Government, has forecast average growth in the following key economic indicators for the five years (2021/22-2025/26):

	Northern Territory	Australia
Economic Growth Forecast	2.1%	2.7%
Employment Growth Forecast	1.0%	1.4%
Population Growth Forecast	0.8%	0.7%
Consumer Price Index (CPI)	2.4%	2.0%

CURRENT FINANCIAL POSITION

The City of Palmerston is relatively young and is 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 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. Council is working towards targets set in its asset management plans to ensure infrastructure stability long term.

Council continues to roll out significant innovative and progressive projects that are designed to enhance the amenity and liveability in the city, with projects ranging from new a Community Hub in Zuccoli ('Where We Live Matters') and a revitalisation of the Palmerston pool into the modern and exciting SWELL project as well as environmental initiatives such as greening the City of Palmerston.

Work has been completed on the Gray Community Hall. The new hall provides the community with a contemporary and modern facility with additional floor space and additional user room facility. The outdoor has expanded to include undercover event space area adding to the versatility and design. We expect increased user groups and bookings at the new hall and expect it to remain the most highly booked community facility in the municipality.

Council's reserves are adequate to continue ongoing operations without affecting service levels.

Council currently derives nearly 87 per cent 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 however need to identify other revenue sources and continue to lobby funding bodies for grants.

MEASURING PERFORMANCE

Council will continue to report on and monitor 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 per cent.
- 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 three 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 – 75 per cent.
- 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.

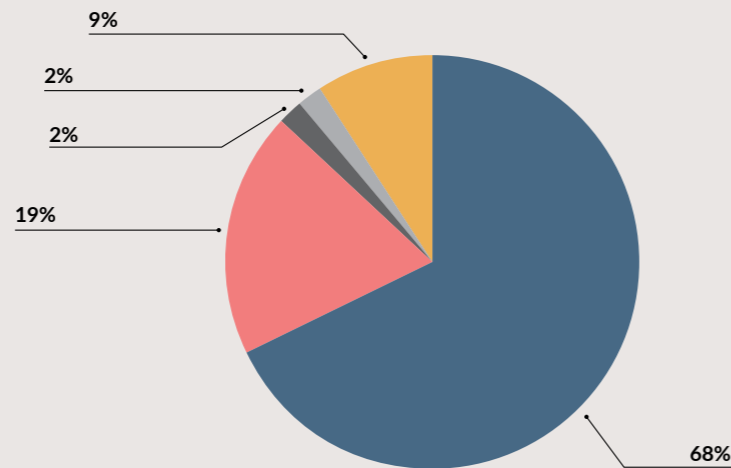
- Asset Sustainability Ratio – This ratio indicates the extent to which Council is forecasting to increase or replace the asset base of the Council. The minimum benchmark for this ratio is between 0.9 - 1.1. Where a Council records a value higher than one, this indicates the overall asset base is being replenished at a rate equal to, or higher than, the Council's consumption of assets. Where the sustainability ratio is less than one, the Council may have a deteriorating asset base.

Ratio	Benchmark	Ten-Year Average
Operating Ratio	>0%	85%
Cash Expense Ratio	>3 months	6.92 months
Current Ratio	>1.5	3.37
Rates Coverage Ratio	60%-75%	92%
Debt Service Ratio	>2.0	16.21
Interest Cover Ratio	>4	54.78
Asset Sustainability Ratio	0.9 < 1.1	0.91*

*Sustainability Ratio is a 11 year average as it includes the 2021-22 current projects

OPERATING REVENUE SOURCE BY TYPE 2021-22

- Rates
- Waste
- User Charges & Fees
- Interest & Investment Revenue
- Grants & Contributions for Operating Purposes



“Council’s Long-Term Financial Plan will continue to deliver the current level of service and improve facilities for our community.”

Operating Revenue Source by Type 2022-23

FUTURE FINANCIAL POSITION

The Long-Term Financial Plan models an improving financial position for the City of Palmerston over the planning period considering only a 2.9 per cent average increase and \$30 increase to the minimum rates in 2022/23. The Plan shows that Council has an operating deficit each year, however this deficit is due to depreciation, a noncash item. Over the term of the plan the deficit reduces from a budgeted operating deficit in 2022/23 of \$7.1 million to an operating deficit of \$5.3 million in 2031/32.

The Long-Term Financial Plan allows for a gradual increase in revenues through rates at a increase of 3.3% annually from 2023-24 ongoing, to maintain existing service levels for the community, whilst also delivering on what the community has identified as outcomes in the Community Plan for Palmerston.

The Long-Term Financial Plan anticipates that the SWELL and the Zuccoli and Surrounds Community Hub projects, as well as other community focused projects, will be undertaken resulting in an increase in capital expenditure in the 2023 financial years. It is anticipated that these projects will be undertaken in partnership with the Commonwealth and Territory Government. Council will need to establish an external loan for \$3.5 million over the 2022/23 and 2023/24 financial years.

Council's net operating budget minus depreciation shows a cash surplus which is reinvested into the Capital program and

allocated back to reserves throughout the life of the plan to take advantage of any unknown 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 \$95.6 million in capital works which will result in new and modern facilities for the Community. As well as the replacements and renewals of assets that relate to infrastructure such as roads, pathways, parks, public lighting, buildings, stormwater and fleet, we still need to ensure the assets within Palmerston remain in a satisfactory condition.

In the Long-Term Financial Plan it is assumed that the service standards provided will not change. Council has consequently based its future repairs and maintenance estimations to remain consistent and has also provided for CPI increases throughout the term of the Plan in accordance with Council's asset management plans.

Furthermore, the Plan includes major initiatives in the form of the SWELL project with \$14million expected to be expended over the 2022/23 financial year, anticipated to be funded through external borrowing and capital grants (total project value is \$15million). The second major initiative over seven financial years starting in 2022/23 is the Zuccoli and Surrounds Community Hub creating a major facility at the total value of \$12.6million

LONG TERM FINANCIAL PLAN



STATEMENT OF FINANCIAL POSITION

\$ '000	2021-	2022-	2023-	2024-	2025-	2026-	2027-	2028-	2029-	2030-	2031-
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	Revised Budget	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	4,000
Investments	16,126	13,865	13,286	13,233	13,421	13,876	15,198	16,652	19,003	21,918	24,800
Receivables	2,378	2,461	2,547	2,637	2,729	2,824	2,923	3,025	3,131	3,241	3,354
TOTAL CURRENT ASSETS	22,504	20,326	19,834	19,869	20,150	20,700	22,121	23,678	26,134	29,159	32,155
Non-Current Assets:											
Infrastructure, property, plant & equipment	574,655	592,756	594,259	594,081	593,038	592,905	590,443	587,171	583,356	579,279	575,061
Investment property	5,400	5,454	5,509	5,564	5,619	5,675	5,732	5,790	5,847	5,906	5,965
TOTAL NON-CURRENT ASSETS	580,055	598,210	599,768	599,645	598,658	598,580	596,175	592,961	589,204	585,185	581,026
TOTAL ASSETS	602,559	618,536	619,601	619,514	618,808	619,280	618,296	616,638	615,338	614,344	613,181
Liabilities											
Current Liabilities:											
Payables	4,349	4,453	4,560	4,670	4,782	4,897	5,014	5,134	5,258	5,384	5,513
Borrowings	375	443	455	468	481	217	223	229	235	242	248
Provisions	1,425	1,460	1,497	1,534	1,573	1,604	1,636	1,669	1,702	1,736	1,771
TOTAL CURRENT LIABILITIES	6,149	6,357	6,512	6,672	6,835	6,718	6,873	7,032	7,195	7,362	7,532
Non-Current Liabilities:											
Borrowings	901	3,958	5,003	4,535	4,054	3,837	3,614	3,385	3,149	2,908	2,659
Provisions	1,811	1,856	1,903	1,950	1,999	2,039	2,080	2,122	2,164	2,207	2,251
TOTAL NON-CURRENT LIABILITIES	2,712	5,814	6,906	6,485	6,053	5,876	5,694	5,506	5,313	5,115	4,911
TOTAL LIABILITIES	8,861	12,171	13,418	13,157	12,889	12,594	12,567	12,539	12,509	12,477	12,443
Equity											
Retained earnings/(accumulated deficit)	209,027	223,972	224,329	224,516	223,850	223,837	221,501	218,359	214,679	210,742	206,669
Other Reserves	16,355	13,969	13,321	13,197	13,315	13,983	15,247	16,645	18,939	21,797	24,622
Revaluation reserves	368,316	368,370	368,425	368,480	368,535	368,591	368,648	368,706	368,763	368,822	368,881
Council equity interest	593,698	606,311	606,075	606,193	605,700	606,411	605,396	603,710	602,382	601,361	600,173
TOTAL EQUITY	593,698	606,311	606,075	606,193	605,700	606,411	605,396	603,710	602,382	601,361	600,173

STATEMENT OF CASH FLOWS

\$ '000	2021-	2022-	2023-	2024-	2025-	2026-	2027-	2028-	2029-	2030-	2031-
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	Revised Budget	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash Flows from Operating Activities											
Receipts:											
Rates & annual charges	29,476	31,098	32,152	33,241	34,368	35,534	36,739	37,984	39,273	40,605	41,982
User charges & fees	828	927	949	972	995	1,019	1,043	1,068	1,094	1,120	1,147
Investment & interest revenue received	650	714	849	842	845	854	868	899	934	986	452
Grants & contributions	2,962	3,107	3,181	3,258	3,336	3,416	3,498	3,582	3,668	3,756	3,846
Other	520	63	65	66	68	69	71	73	74	76	78
Payments:											
Employee benefits & costs	(10,759)	(11,162)	(11,441)	(11,727)	(12,021)	(12,278)	(12,524)	(12,774)	(13,030)	(13,291)	(13,556)
Materials, contracts & other expenses	(20,078)	(20,441)	(20,931)	(21,434)	(21,948)	(22,475)	(23,014)	(23,567)	(24,132)	(24,711)	(25,305)
Finance Payments	(40)	(188)	(209)	(188)	(166)	(144)	(123)	(108)	(95)	(89)	(83)
NET CASH PROVIDED (OR USED IN) OPERATING ACTIVITIES	3,559	4,116	4,614	5,030	5,478	5,995	6,557	7,158	7,785	8,452	8,562
Cash Flows from Investing Activities											
Receipts:											
Sale of investment securities	4,539	2,261	578	54	-	-	-	-	-	-	-
Amounts specifically for new or upgraded assets	5,832	17,567	3,524	3,910	3,160	4,160	2,160	1,160	1,160	1,070	1,070
Payments:											
Purchase of investment securities	-	-	-	-	(189)	(455)	(1,322)	(1,455)	(2,351)	(2,915)	(2,883)
Purchase of infrastructure, property, plant & equipment	(20,539)	(27,069)	(9,773)	(8,539)	(7,981)	(9,219)	(7,178)	(6,640)	(6,365)	(6,372)	(6,507)
NET CASH PROVIDED (OR USED IN) INVESTING ACTIVITIES	(10,168)	(7,241)	(5,671)	(4,575)	(5,010)	(5,514)	(6,340)	(6,935)	(7,556)	(8,217)	(8,320)
Cash Flows from Financing Activities											
Receipts:											
Proceeds from borrowings & advances	-	3,500	1,500	-	-	-	-	-	-	-	-
Payments:											
Repayment of borrowings & advances	(235)	(375)	(443)	(455)	(468)	(481)	(217)	(223)	(229)	(235)	(242)
NET CASH PROVIDED (OR USED IN) FINANCING ACTIVITIES	(235)	3,125	1,057	(455)	(468)	(481)	(217)	(223)	(229)	(235)	(242)
plus: CASH & CASH EQUIVALENTS - beginning of year	10,844	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(6,844)	-	-	-	-	-	-	-	-	-	-
Total Cash at Bank	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
plus: INVESTMENTS ON HAND - beginning of year	20,665	16,126	13,865	13,286	13,233	13,421	13,876	15,198	16,652	19,003	21,918
NET INCREASE/(DECREASE) IN INVESTMENTS ON HAND	(4,539)	(2,261)	(578)	(54)	189	455	1,322	1,455	2,351	2,915	2,883
Total Investments on Hand	16,126	13,865	13,286	13,233	13,421	13,876	15,198	16,652	19,003	21,918	24,800
TOTAL CASH & CASH EQUIVALENTS & INVESTMENTS - end of year	20,126	17,865	17,286	17,233	17,421	17,876	19,198	20,652	23,003	25,918	28,800
NET INCREASE/(DECREASE) IN CASH, CASH EQUIVALENTS & INVESTMENTS	(11,383)	(2,261)	(578)	(54)	189	455	1,322	1,455	2,351	2,915	2,883

INCOME STATEMENT

\$'000's	2021-2022 Revised Budget	2022-2023 Budget	2023-2024 Forecast	2024-2025 Forecast	2025-2026 Forecast	2026-2027 Forecast	2027-2028 Forecast	2028-2029 Forecast	2029-2030 Forecast	2030-2031 Forecast	2031-2032 Forecast
Operating Income											
Rates & annual charges	29,476	31,181	32,238	33,331	34,461	35,629	36,837	38,087	39,379	40,715	42,096
Rates	22,675	24,291	25,142	26,022	26,932	27,875	28,851	29,860	30,906	31,987	33,107
Charges	6,801	6,889	7,096	7,309	7,528	7,754	7,987	8,226	8,473	8,727	8,989
Fees & Charges	828	927	949	972	995	1,019	1,043	1,068	1,094	1,120	1,147
Operating Grants and Subsidies	2,962	3,107	3,181	3,258	3,336	3,416	3,498	3,582	3,668	3,756	3,846
Interest & investment revenue	650	714	849	842	845	854	868	899	934	986	452
Other revenues	520	63	65	66	68	69	71	73	74	76	78
TOTAL INCOME	34,435	35,991	37,282	38,468	39,705	40,987	42,317	43,709	45,148	46,653	47,619
Operating Expenditure											
Employee benefits & costs	10,427	10,832	11,113	11,401	11,697	11,939	12,186	12,438	12,695	12,957	13,224
Materials, contracts and other expenses	20,078	20,545	21,038	21,543	22,060	22,590	23,132	23,687	24,256	24,838	25,434
Elected Member Allowances	353	353	353	353	353	353	353	353	353	353	353
Elected Member Expenses	58	58	58	58	58	58	58	58	58	58	58
Depreciation, amortisation & Impairment	10,608	10,793	11,270	11,716	12,023	12,353	12,640	12,912	13,180	13,449	13,725
Interest Expenses	40	188	209	188	166	144	123	108	95	89	83
Other Expenses											
TOTAL EXPENDITURE	41,563	42,770	44,041	45,260	46,357	47,436	48,492	49,555	50,636	51,744	52,877
BUDGETED OPERATING SURPLUS/DEFICIT	(7,128)	(6,779)	(6,760)	(6,792)	(6,653)	(6,449)	(6,175)	(5,846)	(5,488)	(5,091)	(5,258)
Capital Grants Income	10,868	19,392	6,524	6,910	6,160	7,160	5,160	4,160	4,160	4,070	4,070
Capital Expenditure	(20,539)	(27,069)	(9,773)	(8,539)	(7,981)	(9,219)	(7,178)	(6,640)	(6,365)	(6,372)	(6,507)
Borrowing Repayments	(235)	(375)	(443)	(455)	(468)	(481)	(217)	(223)	(229)	(235)	(242)
Transfer to Reserves											
less: Non-Cash Income	-	(1,825)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
add: Non-Cash Expenses	10,608	10,793	11,270	11,716	12,023	12,353	12,640	12,912	13,180	13,449	13,725
NET BUDGET SURPLUS / DEFICIT	(6,426)	(5,863)	(2,182)	(159)	82	364	1,230	1,362	2,258	2,821	2,788
Estimated additional inflows to be funded by:											
Other Inflow of Funds	1,000	3,500	1,500	-	-	-	-	-	-	-	-
Transfer from Reserves	5,426	2,363	700	700	-	-	-	-	-	-	-
NET BUDGETED OPERATING POSITION	(0)	(0)	18	541	82	364	1,230	1,362	2,258	2,821	2,788

CAPITAL EXPENDITURE AND FUNDING BUDGET

CAPITAL EXPENDITURE	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	Grand Total
Land & Buildings	\$21,645,118	\$4,410,773	\$3,641,037	\$3,528,253	\$3,629,629	\$2,485,553	\$1,597,169	\$1,438,449	\$1,453,809	\$1,546,948	\$45,376,739
Infrastructure (including roads, footpaths, park furniture)	\$4,373,510	\$4,144,802	\$3,680,471	\$3,935,380	\$5,072,481	\$4,175,301	\$4,525,931	\$4,404,235	\$4,396,243	\$4,425,505	\$43,133,858
Plant & Machinery											
Fleet	\$300,000	\$363,520	\$363,520	\$363,520	\$363,520	\$363,520	\$363,520	\$368,640	\$368,640	\$377,487	\$3,595,887
Other Assets (including furniture & office equip)	\$750,000	\$853,600	\$853,600	\$153,600	\$153,600	\$153,600	\$153,600	\$153,600	\$153,600	\$157,286	\$3,536,086
Leased Land and Building											
Other leased Assets											
TOTAL CAPITAL EXPENDITURE	\$27,068,628	\$9,772,696	\$8,538,628	\$7,980,753	\$9,219,231	\$7,177,973	\$6,640,220	\$6,364,924	\$6,372,292	\$6,507,227	\$95,642,571
TOTAL CAPITAL EXPENDITURE FUNDED BY:											
Operating Income	\$4,046,861	\$4,369,140	\$4,248,628	\$5,140,753	\$5,379,231	\$5,337,973	\$5,800,220	\$5,524,924	\$5,622,292	\$5,757,227	\$51,227,248
Capital Grants	\$17,246,768	\$3,203,556	\$3,590,000	\$2,840,000	\$3,840,000	\$1,840,000	\$840,000	\$840,000	\$750,000	\$750,000	\$35,740,324
Transfers from Cash Reserves	\$2,275,000	\$700,000	\$700,000	-	-	-	-	-	-	-	\$3,675,000
Borrowings	\$3,500,000	\$1,500,000	-	-	-	-	-	-	-	-	\$5,000,000
Sales of Assets (including trade-ins)											
Other Funding											
TOTAL CAPITAL EXPENDITURE FUNDING	\$27,068,628	\$9,772,696	\$8,538,628	\$7,980,753	\$9,219,231	\$7,177,973	\$6,640,220	\$6,364,924	\$6,372,292	\$6,507,227	\$95,642,571

PLANNED MAJOR CAPITAL WORKS BUDGET

Class of Assets	By Major Capital Project	Total Prior Year(s) Actual \$	Current Financial Year Budget \$	2023-2024 \$	2024-2025 \$	2025-2026 \$	2026-2027 \$	2027-2028 \$	2028-2029 \$	2029-2030 \$	2030-2031 \$	2031-2032 \$	Total Planned Budget \$	Expected Project Completion Date
Buildings	Splashing Out - Swimming (SWELL)	1,000,000	14,000,000	-	-	-	-	-	-	-	-	-	-15,000,000	2023
Roads	Smart Technology Project (FiberSense)		500,000										500,000	2023
Buildings	Archer Waste Facility Shade Structure		500,000										500,000	2023
Buildings	PSFC Secondary Space Upgrade		330,000										330,000	2023
Parks & Reserves	Pump Parks/skate parks Zuccoli		500,000										500,000	2023
Parks & Reserves	Landscaping and Improvements Bellamack Lakes		300,000										300,000	2024
Parks & Reserves	Pastry Wilson Park Upgrades (Farrar)		300,000										300,000	2024
Furniture & Fittings	ERP software		600,000	700,000	700,000								2,000,000	2025
Buildings	Dog Pound Capital Renewals		256,000			256,000							512,000	2027
Buildings	Where We Live Matters - Zuccoli Community	-	3,783,333	1,891,667	2,000,000	2,000,000	2,000,000	1,000,000	-	-	-	-	-12,675,000	2028
Buildings	Odegaard Drive Building Capital Works					112,640	112,640	112,640	112,640	112,640			563,200	2030
Parks & Reserves	Play Space Renewals and Upgrades		780,000	675,840	706,560	737,280	768,000	798,720	829,440	860,160	890,880	912,261	7,959,141	ongoing
Ancillary Roads	Driveways Renewals		56,000	49,152	51,200	53,248	55,296	57,344	59,392	61,440	63,488	65,012	571,572	ongoing
Ancillary Roads	Pathways Renewals		150,000	1,063,651	202,640	212,880	223,120	233,360	243,600	253,840	266,240	272,630	3,121,960	ongoing
Roads	Bitumen Reseal & Asphalt Overlay Program (R2R)		1,197,483	1,245,393	1,318,042	1,383,944	1,453,141	1,525,799	1,602,088	1,682,193	1,766,302	1,808,694	14,983,080	ongoing
Roads	All Ability Access		41,249	43,084	43,945	44,824	45,721	46,635	47,568	48,519	49,489	50,677	461,711	ongoing
Roads	New Driveways - FILOC		100,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	1,900,000	ongoing
Furniture & Fittings	IT Projects		150,000	153,600	153,600	153,600	153,600	153,600	153,600	153,600	153,600	157,286	1,536,086	ongoing
Vehicles	Fleet Replacement		300,000	363,520	363,520	363,520	363,520	363,520	363,520	368,640	368,640	377,487	3,595,887	ongoing
Buildings	Library Building Capital Renewals		26,500	47,616	47,616	47,616	1,071,616	57,856	252,416	47,616	27,136	27,787	1,653,775	ongoing
Buildings	Civic Plaza Capital Renewals		72,500	56,320	87,040	209,920	35,840	117,760	35,840	35,840	35,840	36,700	723,600	ongoing
Parks & Reserves	Irrigation Refurbishment		275,000	317,440	327,680	337,920	348,160	358,400	368,640	378,880	389,120	398,459	3,499,699	ongoing
Parks & Reserves	Tree Planting & Replacement		625,000	608,658	506,000	256,000	256,000	256,000	256,000	256,000	256,000	262,144	3,537,802	ongoing
Buildings	Aquatic Centre Capital Renewals		295,535	72,228	108,068	72,228	72,228	72,228	72,228	72,228	72,228	73,961	983,159	ongoing
Stormwater	Stormwater Renewals & Upgrades		174,000	184,320	194,560	204,800	215,040	225,280	235,520	245,760	256,000	262,144	2,197,424	ongoing
Ancillary Roads	New Pathways		500,000		147,600	153,600	153,600	153,600	153,600	153,600	153,600	157,286	1,726,486	ongoing
Roads	Road Safety Program		115,000	122,880	128,000	133,120	138,240	143,360	148,480	148,480	148,480	152,044	1,378,084	ongoing
Public Lighting	Sustainability Programs (Solar Panels & LEDs etc)		150,000	153,600	153,600	153,600	153,600	153,600	153,600	153,600	153,600	157,286	1,536,086	ongoing
Ancillary Roads	New Pathways - FILOC			100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	900,000	ongoing
Buildings	Recreation Centre Capital Renewals		53,800	80,691	105,984	105,984	105,984	85,811	259,891	55,091	55,091	56,413	964,741	ongoing
Public Lighting	Public Lighting Renewals		85,000	51,200	56,320	61,440	66,560	71,680	76,800	81,920	87,040	89,129	727,089	ongoing
Ancillary Roads	Laneway Renewals		50,000	51,200	51,200	51,200	51,200	51,200	51,200	51,200	51,200	52,429	512,029	ongoing
Public Lighting	Public Lighting Upgrades (Dark Spots)		500,000	250,000	198,800	204,800	204,800	204,800	204,800	204,800	204,800	209,715	2,387,315	ongoing
Buildings	Artwork Sculpture		10,000	98,304	102,400	106,496	110,592	114,688	118,784	118,784	118,784	121,635	1,020,467	ongoing
Roads	Road Reconstruction		256,000	256,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	4,112,000	ongoing

Note: The above table only refers to projects valued greater than \$150,000.

FINANCIAL RATIOS

	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032
	Revised Budget	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Operating Ratio											
This ratio measures Council's ability to contain operating expenditure within operating revenue	90%	88%	87%	87%	86%	85%	84%	84%	83%	82%	82%
Benchmark - Greater than 0%	(operating revenue excl. capital grants and contributions - operating expenses) / operating revenue excluding capital grants and contributions										
Cash Expense Cover Ratio											
This ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow	7.81	6.74	6.37	6.20	6.12	6.14	6.45	6.78	7.39	8.14	8.85
Benchmark - Greater than 3.0 months	(current year's cash and cash equivalents / (total expenses - depreciation - interest costs) * 12										
Current Ratio											
This ratio represents Council's ability to meet debt payments 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	3.66	3.20	3.05	2.98	2.95	3.08	3.22	3.37	3.63	3.96	4.27
Benchmark - Greater than 1.5	current assets / current liabilities										
Own Revenue											
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	91%	91%	91%	92%	92%	92%	92%	92%	92%	92%	92%
Benchmark - Greater than 60% < 75%											
Own funding / total operating revenue	Total income less Grants/total income										
Debt Service Cover Ratio											
This ratio measures the availability of cash to service debt including interest, principal, and lease payments	8.49	6.66	7.11	7.80	8.56	16.77	19.02	21.30	23.55	25.54	25.83
Benchmark - Greater than 2.0	operating result before interest and depreciation (EBITDA) / principal repayments + borrowing interest costs										
Interest Cover Ratio											
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	88.91	22.30	22.61	27.25	33.38	42.13	53.38	66.64	81.74	94.90	103.51
Benchmark - Greater than 4.0	operating result before interest and depreciation (EBITDA) / interest expense										
Asset Sustainability Ratio											
This ratio indicates the extent to which Council is replacing its existing asset base with capital renewals of existing assets	194%	251%	87%	73%	66%	75%	57%	51%	48%	47%	47%
Benchmark -between 89%-110%	Capital Expenditure / Depreciation										
Asset Sustainability Ratio											
This ratio indicates the extent to which Council is replacing its existing asset base with capital renewals of existing assets	91%*										
Benchmark -between 89%-110%	Capital Expenditure / Depreciation										

*Asset Sustainability Ratio is a 11 year average as it includes the 2021-22 current projects

ASSUMPTIONS

This 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 2022-23	Forecast Assumptions 2024-2032	Comment
Residential Growth	0.6 per cent	0.6 per cent	The Economic Outlook for Sep 21 quarter predicts a growth of 0.9% in NT. A conservative 0.6% growth for Rates Revenue is only included in the 2022-23 year.
CPI	2.4 per cent	2.4 per cent	Based on long-term forecast for CPI for the Northern Territory as per DAE (September 2021 release).

REVENUE ASSUMPTIONS

Item	Budget Assumptions 2022-23	Forecast Assumptions 2024-2032	Comment
Rate Increase	2.9 per cent	3.3 per cent	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.
Waste Management Charge	No change	CPI	No increase or decrease to the waste charges for 2022-23. Annual Charges will decrease in line with contractual increases and fees charged for the disposal of waste at Shoal Bay
Statutory Charges	0.0 per cent	0.0 per cent	Statutory Charges are not forecast to increase.
User Fees & Charges	0 to 5 per cent	CPI	All user fees and charges are expected to increase in-line with CPI
Investment Interest	2 per cent	2 per cent	Interest is calculated on the forecast cash and investment balances reflecting stable investment rates.
Interest on overdue rates	8 per cent	8 per cent	Interest is calculated on the overdue outstanding rates balance.
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 operating subsidy for the library from the NTG.

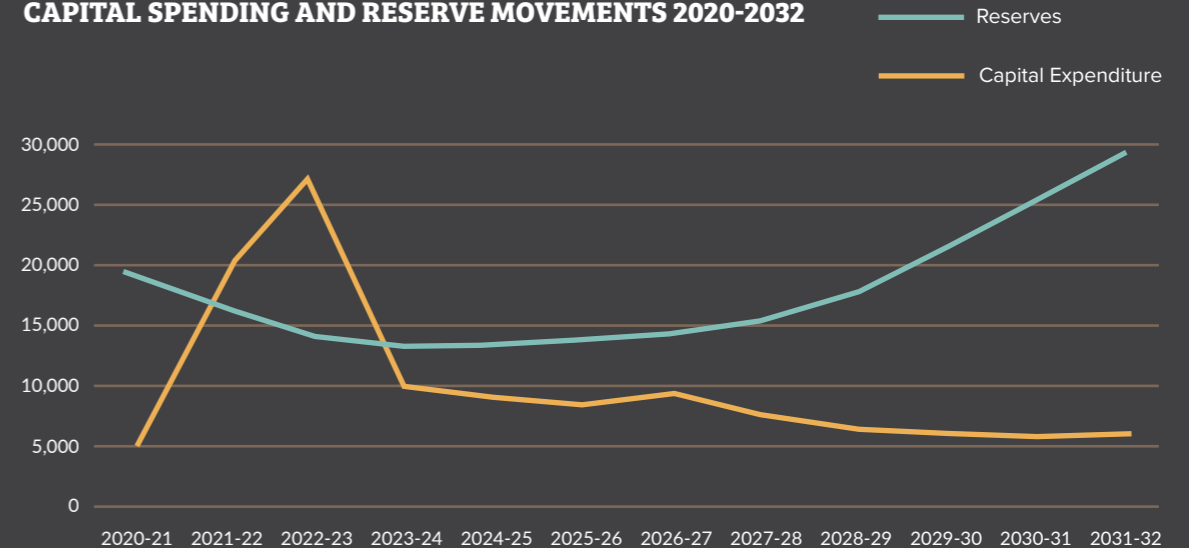
EXPENSES ASSUMPTIONS

Item	Budget Assumptions 2022-23	Forecast Assumptions 2024-2032	Comment
Employee Costs excluding Superannuation	2.0 per cent	2.0 per cent	Employee costs increase in line with the enterprise agreement at 2 per cent
Superannuation	10.5 per cent	11 per cent to 12 per cent	Between the years 2023/24 to 2027/28 a further 0.5 per cent per annum is included to increase superannuation as per federal legislation.
Current Borrowing Costs	2.78 per cent	2.78 per cent	PAN Borrowing costs are fixed for the term of the loan.
Future Borrowing Costs	2.7 per cent	2.7 per cent	Conservative estimate.
Materials, contracts, and other expenses	CPI	CPI	Average increase anticipated.
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

Item	Budget Assumptions 2022-23	Forecast Assumptions 2023-2032	Comment
Capital Grants	\$17.2m	\$34.2m	Included as detailed in the 10 years capital work program.
Reserves	\$2.3m	\$3.7m	Included as detailed in the 10 years capital work program.
Capital Expenditure	\$27m	\$95.6m	Included as detailed in the 10 years capital work program.

CAPITAL SPENDING AND RESERVE MOVEMENTS 2020-2032



BUDGET INITIATIVES

New Initiatives to commence in 2022/23	Capital Cost (\$)
Enterprise Software	600,000
Archer Waste Shade Structure	500,000
Pump/Skate Park in Zuccoli	150,000
Driver Community Facility	150,000
TOTAL	1,400,000

CONCLUSION

Financial sustainability is ensuring that Council is able to fund both its services and be able to fund asset replacement at the rate upon which they deteriorate. Council is committed to long-term financial sustainability and intergenerational equity, where each generation 'pays their way,' as opposed to any generation 'living off their assets', leaving it to future generations to address the issue of replacing worn out infrastructure without the necessary funds to do so.

Council is currently relatively low on un-restricted reserves and operating with continuous deficits. However, the organisation itself is strong and financially viable. Through prudent and responsible budgeting, planning and financial management the Council will be able 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 level of service for each generation.

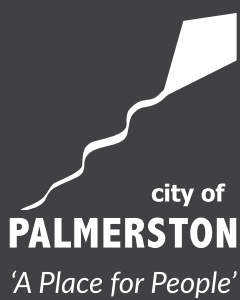
PUBLIC CONSULTATION

While the Local Government Act does not require Council to undertake public consultation of Long Term Financial Plan 2023-2032, Council welcomes community feedback of this important document. City of Palmerston's draft Long Term Financial Plan 2023-32 is available for public consultation online from 5 May 2022, with the last day for submission being 2 June 2022.





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Gray Community Hall, 2022



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