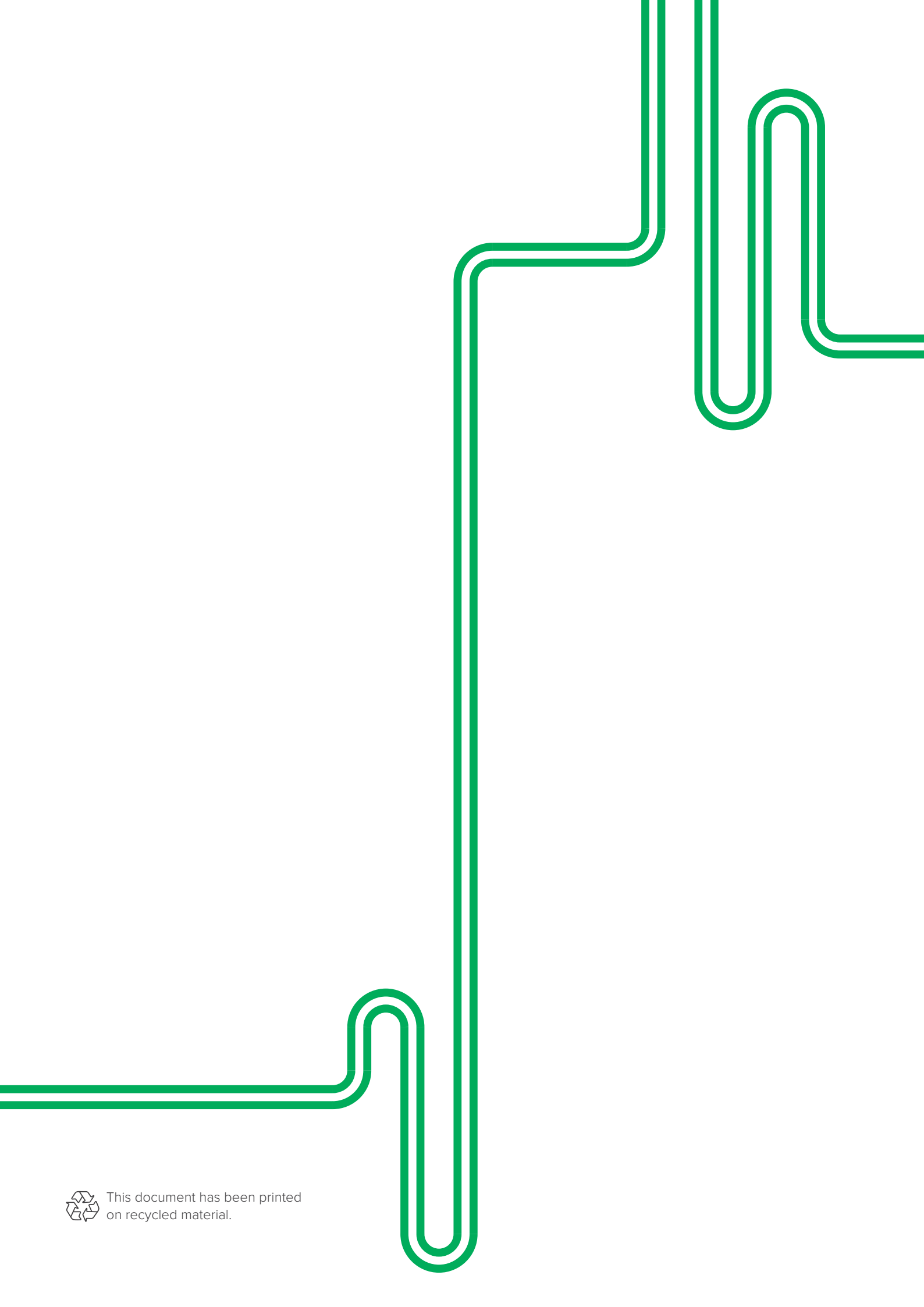


2024
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**DRAFT
LONG TERM
FINANCIAL PLAN**






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2024
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DRAFT LONG TERM FINANCIAL PLAN

Construction workers, SWELL facility, 2022





City of Palmerston acknowledges the Larrakia people as the Traditional Custodians of the Palmerston region. We pay our respects to the Elders past, present and future leaders and extend that respect to all Aboriginal and Torres Strait Islander people.

City of Palmerston is committed to embracing diversity and eliminating all forms of discrimination within our facilities and welcome all people regardless of sexual orientation, gender identity, ethnicity or faith.

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FOREWORD

City of Palmerston is pleased to present the Long-Term Financial Plan for 2024 to 2033.

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 4.3% increase to residential rates and 4.9% increase to commercial and industrial rates in 2023-24 (and 3.3% for forecasted years), ongoing free community facility hire, free pool entry, free community events and free parking, Council continues its commitment to the community. The decisions made in this Plan have been assessed for their long-term impact.

Council has been able to generate continued support from Northern 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 with support of grant funding, such as the Swimming Wellness Events Leisure Lifestyle (SWELL) project and the Zuccoli and Surrounds Community Hub.

Within this Plan Council is proposing to take up loans for up to \$7.5 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 2023-24 to 2032-33. 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. A major expense for City of Palmerston is the use of Shoal Bay Waste Management Facility (SBWMF). SBWMF is managed by the City of Darwin and commercial rates have increased significantly over the past 5 years. City of Darwin is proposing an additional 30% increase to the commercial rates for 2023-24 which substantially impacts City of Palmerston. City of Palmerston is seeking several clarifications from City of Darwin on their proposed waste charge increases for SBWMF. The clarification and full understanding of these proposed charges by City of Darwin may further impact City of Palmerston's waste expenses.

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 2022-23, based on the second revised 2022-23 annual budget.

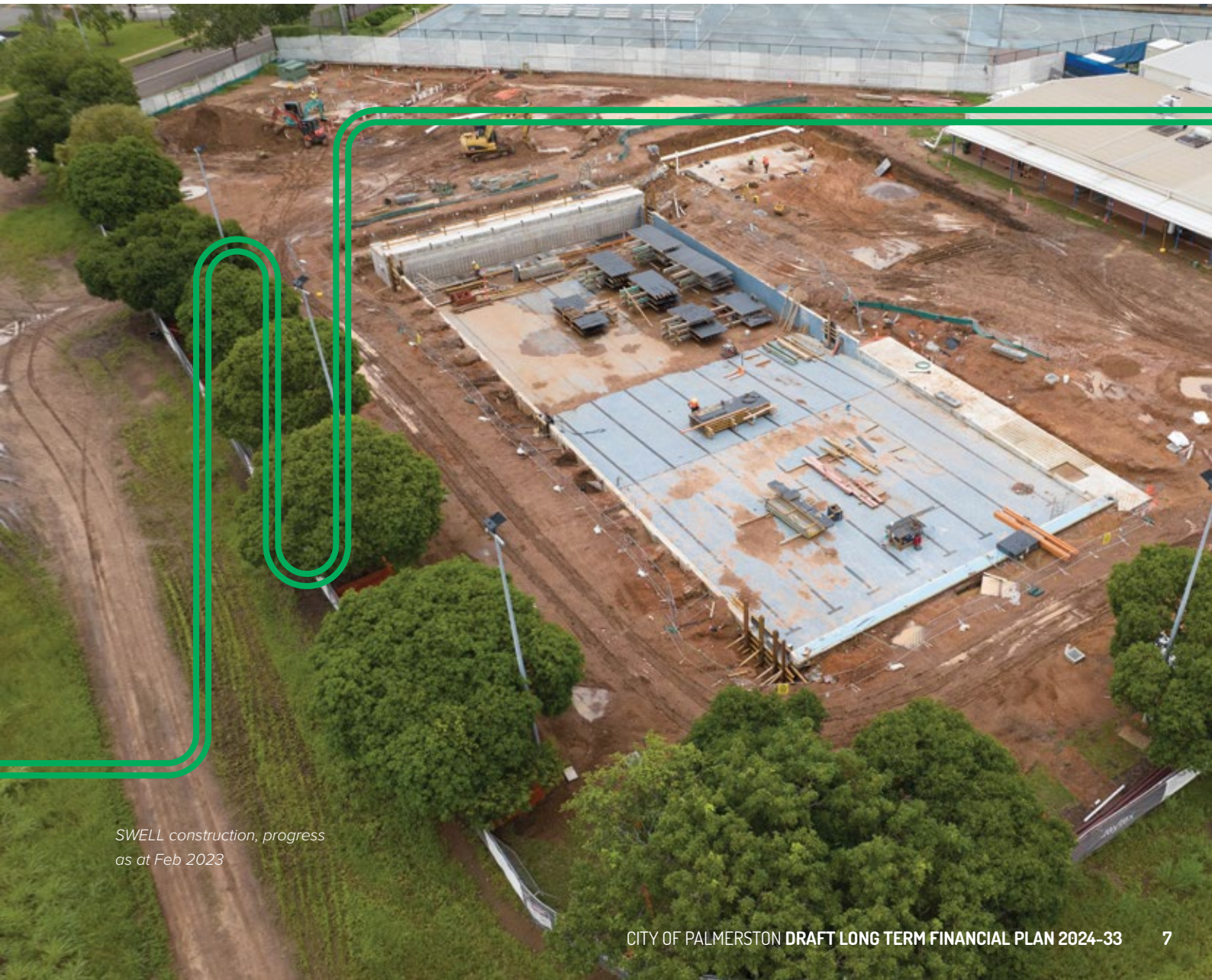
The Long Term Financial Plan model and assumptions were provided to Peel Valentine Whitehead (PVW) Partners Pty Ltd to provide advice on the succinctness of the model and assumptions used. Although no assurance or opinions can be issued under this type of engagement, the advice received was that PVW 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 2019 (NT)* 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.



SWELL construction, progress
as at Feb 2023



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 multicultural and diverse population of nearly 40,000 residents, with population growth 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 Palmerston Regional Hospital, 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.

As of the 1 July 2022, the City of Palmerston municipal boundary was expanded to include part of Berrimah, Elrundie, Tivendale and Wishart Business Precinct. The new municipal boundary 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.

This rapid growth 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 2022 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 1.1% per annum over the next five years. DAE forecasts the national economy to grow by an average annual rate of 2.3% over the five-year period.

DAE December quarter 2022 prepared for the Northern Territory Government, has forecast average growth in the following key economic indicators for the five years (2022-23 - 2026-27):

	Northern Territory	Australia
Economic Growth Forecast	1.1%	2.3%
Employment Growth Forecast	2.5%	1.7%
Population Growth Forecast	1.5%	1.3%
Consumer Price Index (CPI)	3.5%	3.7%

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 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.

Council has partnered with the Northern Territory Government to continue to advance our data driven decision making through the installation of Fibersense technology. Based on vibration sensing, the capability

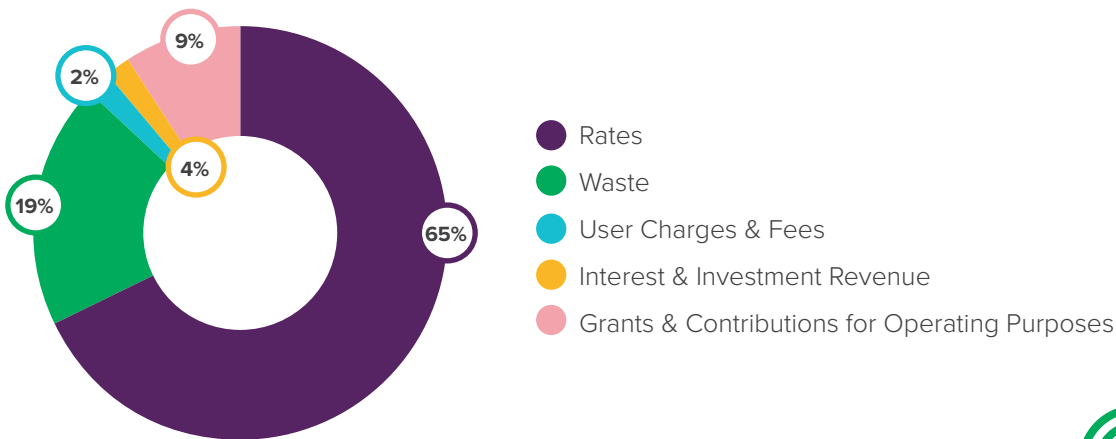
uses cutting edge Australian technology to monitor and analyse moving object and event data in real time, with insights produced from this data enabling us to better understand the community's current infrastructure usage demands to plan for future needs.

In recent years, Council has invested in the upgrade of Durack Community Arts Centre and Gray Community Hall, and is now commencing the design process for upgrading Driver Resource Centre. This aligns with Council's commitment to ensure community facilities meet the needs of the local community and the ensure infrastructure stability long term.

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

Council currently derives nearly 84% 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.

Operating Revenue Source by Type 2023-24



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%.

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%.

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 90%. Where a Council records a value higher than 90%, 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 90%, the Council may have a deteriorating asset base.

Ratio	Benchmark	Ten-Year Average
Operating Ratio	>0%	17%
Cash Expense Ratio	>3 months	6.75
Current Ratio	>1.5	3.35
Rates Coverage Ratio	60%-75%	91%
Debt Service Ratio	>2	12.60
Interest Cover Ratio	>4	28.55
Sustainability Ratio	90%-110%	62%

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 4.3% increase to residential rates with \$39 increase to the 2022-23 minimum and 4.9% increase to commercial and industrial rates in 2023-24 with \$60 increases to the minimum rates.

The Long-Term Financial Plan allows for a gradual increase in revenues through rates at a modest increase of 3.3% including an anticipated property growth of 1% with maintaining existing service levels for the community, whilst also delivering on what the community has identified as outcomes in the Community Plan for Palmerston.

The Plan predicts that the operating deficit of Council is reduced from a budget operating deficit in 2023-24 of \$6.1 million to an operating deficit of \$2.8 million in 2032-33, which includes depreciation (non-cash)

expense of around \$11.3 million in 2023-24 and \$14 million in 2032-33.

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 to 2026 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 \$7.5 million over the 2024 and 2025 financial years.

Although an operational surplus will not be reached over the term of the plan due to depreciation (non-cash) expense, additional cash will be generated each year. These funds have been 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 \$78.6 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 a cost of \$19.4 million over the 2022-23 and 2023-24 financial year, anticipated to be funded through external borrowing and capital grants. The second major initiative over seven financial years starting in 2022-23 is the Zuccoli and Surrounds Community Hub creating a major facility at an estimated value of \$20 million. The Zuccoli Dog Park and Pump/Skate Park is included in the 2022-23 budget with an additional \$12.9 million to be injected into the project.

LONG TERM FINANCIAL PLAN



Smoking ceremony, Civic Plaza, 2022

STATEMENT OF FINANCIAL POSITION

\$'000	2022-2023 Revised 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	2032-2033 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	27,450	11,797	12,003	12,457	12,577	14,348	16,558	19,903	24,104	28,490	34,062
Receivables	3,094	3,258	3,430	3,612	3,804	4,005	4,217	4,441	4,676	4,924	5,185
TOTAL CURRENT ASSETS	34,544	19,055	19,434	20,069	20,380	22,354	24,775	28,344	32,780	37,414	43,247
Non-Current Assets											
Infrastructure, property, plant & equipment	597,138	596,715	598,276	597,082	596,645	595,110	593,712	590,744	586,514	582,144	577,498
Investment property	5,757	5,815	5,873	5,931	5,991	6,051	6,111	6,172	6,234	6,296	6,359
Work in progress	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT ASSETS	602,895	602,530	604,149	603,013	602,636	601,160	599,823	596,916	592,748	588,440	583,857
TOTAL ASSETS	637,439	621,585	623,582	623,082	623,016	623,514	624,598	625,261	625,529	625,854	627,105
Liabilities											
Current Liabilities											
Payables	19,865	5,016	5,172	5,332	5,497	5,668	5,843	6,024	6,211	6,404	6,602
Borrowings	539	444	506	526	269	282	297	311	327	343	360
Provisions	1,442	1,485	1,530	1,576	1,615	1,655	1,697	1,739	1,783	1,827	1,873
TOTAL CURRENT LIABILITIES	21,846	6,946	7,208	7,433	7,381	7,606	7,837	8,075	8,321	8,574	8,836
Non-Current Liabilities											
Borrowings	6,362	5,918	5,412	6,386	6,117	5,835	5,538	5,227	4,900	4,557	4,197
Provisions	1,749	1,801	1,855	1,911	1,959	2,008	2,058	2,110	2,162	2,216	2,272
TOTAL NON-CURRENT LIABILITIES	8,111	7,720	7,267	8,297	8,076	7,843	7,596	7,337	7,062	6,773	6,468
TOTAL LIABILITIES	29,957	14,665	14,475	15,731	15,458	15,448	15,433	15,412	15,383	15,348	15,304
NET ASSETS	607,481	606,920	609,107	607,351	607,559	608,066	609,165	609,849	610,145	610,507	611,800
Equity											
Retained earnings/(accumulated deficit)	226,410	226,379	228,392	226,168	225,952	224,651	223,499	220,791	216,836	212,754	208,413
Other Reserves	12,698	12,109	12,226	12,635	12,999	14,748	16,938	20,269	24,459	28,840	34,412
Revaluation reserves	368,373	368,431	368,489	368,547	368,607	368,667	368,727	368,788	368,850	368,912	368,975
Council equity interest	607,481	606,919	609,107	607,351	607,558	608,065	609,164	609,848	610,145	610,506	611,800
TOTAL EQUITY	607,481	606,919	609,107	607,351	607,558	608,065	609,164	609,848	610,145	610,506	611,800

STATEMENT OF CASH FLOWS

\$'000	2022- 2023 Revised Budget	2023- 2024 Budget	2024- 2025 Forecast	2025- 2026 Forecast	2026- 2027 Forecast	2027- 2028 Forecast	2028- 2029 Forecast	2029- 2030 Forecast	2030- 2031 Forecast	2031- 2032 Forecast	2032- 2033 Forecast
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Cash Flows from Operating Activities

Receipts

Rates & annual charges	30,954	33,120	34,527	35,994	37,524	39,119	40,781	42,514	44,321	46,204	48,168
User charges & fees	927	933	962	992	1,023	1,055	1,087	1,121	1,156	1,192	1,228
Investment & interest revenue received	714	1,671	1,251	1,264	1,287	1,296	1,372	1,466	1,605	1,166	1,340
Grants & contributions	3,599	3,701	3,816	3,934	4,056	4,182	4,311	4,445	4,583	4,725	4,871
Other	134	73	75	77	80	82	85	87	90	93	96

Payments

Employee benefits & costs	(10,735)	(12,112)	(12,475)	(12,849)	(13,187)	(13,517)	(13,855)	(14,201)	(14,556)	(14,920)	(15,293)
Materials, contracts & other expenses	(20,126)	(36,997)	(22,576)	(23,276)	(23,998)	(24,842)	(25,509)	(26,299)	(27,115)	(28,058)	(28,825)
Finance Payments	(519)	(179)	(302)	(358)	(339)	(321)	(308)	(294)	(279)	(264)	(247)
NET CASH PROVIDED (OR USED IN) OPERATING ACTIVITIES	4,949	(9,790)	5,279	5,780	6,449	7,059	7,972	8,847	9,814	10,150	11,353

Cash Flows from Investing Activities

Receipts

Sale of investment securities	-	15,653	-	-	-	-	-	-	-	-	-
Amounts specifically for new or upgraded assets	22,831	2,524	4,693	1,552	3,160	3,160	3,160	2,160	1,070	1,070	1,070

Payments

Purchase of investment securities	(8,937)	-	(206)	(453)	(120)	(1,772)	(2,209)	(3,346)	(4,201)	(4,386)	(5,572)
Purchase of infrastructure, property, plant & equipment	(40,375)	(7,848)	(10,322)	(7,872)	(8,963)	(8,178)	(8,640)	(7,365)	(6,372)	(6,507)	(6,507)

NET CASH PROVIDED (OR USED IN) INVESTING ACTIVITIES	(26,481)	10,329	(4,835)	(6,774)	(5,923)	(6,790)	(7,689)	(8,550)	(9,503)	(9,823)	(11,009)
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STATEMENT OF CASH FLOWS (cont.)

\$'000	2022- 2023 Revised Budget	2023- 2024 Budget	2024- 2025 Forecast	2025- 2026 Forecast	2026- 2027 Forecast	2027- 2028 Forecast	2028- 2029 Forecast	2029- 2030 Forecast	2030- 2031 Forecast	2031- 2032 Forecast	2032- 2033 Forecast
Cash Flows from Financing Activities											
Receipts											
Proceeds from borrowings & advances	6,000	-	-	1,500	-	-	-	-	-	-	-
Payments											
Repayment of borrowing & advances	(375)	(539)	(444)	(506)	(526)	(269)	(282)	(297)	(311)	(327)	(343)
NET CASH PROVIDED (OR USED IN) FINANCING ACTIVITIES	5,625	(539)	(444)	994	(526)	(269)	(282)	(297)	(311)	(327)	(343)
plus: CASH & CASH EQUIVALENTS - beginning of year	19,907	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	(15,907)	-	-	-	-	-	-	-	-	-	-
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	18,513	27,450	11,797	12,003	12,457	12,577	14,348	16,558	19,903	24,104	28,490
NET INCREASE/(DECREASE) IN INVESTMENTS ON HAND	8,937	(15,653)	206	453	120	1,772	2,209	3,346	4,201	4,386	5,572
Total Investments on Hand	27,450	11,797	12,003	12,457	12,577	14,348	16,558	19,903	24,104	28,490	34,062
TOTAL CASH & CASH EQUIVALENTS & INVESTMENTS - end of year	31,450	15,797	16,003	16,457	16,577	18,348	20,558	23,903	28,104	32,490	38,062
NET INCREASE / (DECREASE) IN CASH, CASH EQUIVALENTS & INVESTMENTS	(6,970)	(15,653)	206	453	120	1,772	2,209	3,346	4,201	4,386	5,572

INCOME STATEMENT

\$'000	2022- 2023 Revised 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	2032- 2033 Forecast
Operating Income											
Rates & annual charges	31,110	33,182	34,594	36,066	37,600	39,201	40,869	42,608	44,421	46,312	48,282
Rates	24,291	25,749	26,857	28,011	29,216	30,472	31,782	33,149	34,575	36,061	37,612
Waste	6,819	7,534	7,843	8,165	8,499	8,848	9,211	9,588	9,982	10,391	10,817
Statutory Charges	152	152	157	162	167	172	178	183	189	195	201
User charges & fees	775	781	805	830	856	882	910	938	967	997	1,028
Interest & investment revenue	714	1,671	1,251	1,264	1,287	1,296	1,372	1,466	1,605	1,166	1,340
Other revenues	134	73	75	77	80	82	85	87	90	93	96
Grants & contributions for operating purposes	3,599	3,701	3,816	3,934	4,056	4,182	4,311	4,445	4,583	4,725	4,871
Total Income	36,484	39,662	40,805	42,446	44,164	45,940	47,856	49,865	52,000	53,640	55,979
Operating Expenditure											
Employee benefits & costs	10,828	12,207	12,573	12,951	13,274	13,606	13,946	14,295	14,652	15,019	15,394
Borrowing costs	519	179	302	358	339	321	308	294	279	264	247
Materials, contracts and other expenses	20,723	22,148	22,732	23,436	24,163	25,012	25,684	26,481	27,301	28,251	29,024
Depreciation, amortisation & impairment	10,793	11,270	11,761	12,067	12,400	12,713	13,038	13,333	13,602	13,878	14,153
Total Expenses	42,863	45,805	47,369	48,812	50,176	51,653	52,977	54,402	55,835	57,411	58,818
BUDGETED OPERATING SURPLUS/DEFICIT	(6,379)	(6,143)	(6,564)	(6,367)	(6,012)	(5,713)	(5,121)	(4,537)	(3,835)	(3,771)	(2,839)
Add: Amounts received specifically for new or upgraded assets	20,624	2,524	5,693	1,552	3,160	3,160	3,160	2,160	1,070	1,070	1,070
Add: Physical resources received free of charge (non-cash)	1,879	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Changes in Revaluation surplus	57	58	58	59	59	60	61	61	62	62	63
TOTAL COMPREHENSIVE INCOME / (LOSS)	16,181	(562)	2,188	(1,756)	208	507	1,099	684	296	361	1,294
Add: Depreciation	10,793	11,270	11,761	12,067	12,400	12,713	13,038	13,333	13,602	13,878	14,153
Less: Resources free of charge	1,879	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Less: Capital Expenditure	40,441	7,848	10,322	7,872	8,963	8,178	8,640	7,365	6,372	6,507	6,507

INCOME STATEMENT (cont.)

\$'000	2022- 2023 Revised 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	2032- 2033 Forecast
Add: Borrowings (Loans advances)	6,000	-	-	1,500	-	-	-	-	-	-	-
Less: Loan Repayments	375	392	553	506	526	269	282	297	311	327	343
Add: Transfer from reserves	9,778	589	700	-	66	-	-	-	-	-	-
Less: Changes in Revaluation surplus	57	58	58	59	59	60	61	61	62	62	63
Add: loss on Disposal											
NET CASH BUDGET SURPLUS/(DEFICIT)	0	0	825	373	59	1,713	2,154	3,294	4,153	4,343	5,534

CAPITAL EXPENDITURE AND FUNDING BUDGET

Capital Expenditure	2023- 2024	2024- 2025	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	2031- 2032	2032- 2033	Grand Total
Lands & Buildings	1,250,417	4,166,294	2,494,787	3,453,041	2,501,028	2,823,588	1,378,148	245,028	250,909	250,909	18,814,147
Infrastructure (including roads, footpaths, parks furniture)	5,553,583	4,938,547	4,860,512	4,993,070	5,159,826	5,299,512	5,464,536	5,605,024	5,721,545	5,721,545	53,317,700
Plant & Machinery	0	1	2	3	4	5	6	7	8	9	45
Fleet	363,520	363,520	363,520	363,520	363,520	363,520	368,640	368,640	377,487	377,487	3,673,375
Other Assets (including furniture & office equip)	680,000	853,600	153,600	153,600	153,600	153,600	153,600	153,600	157,286	157,286	2,769,773
Leased Land & Building	0	0	0	0	0	0	0	0	0	0	-
Other Leased Assets	0	0	0	0	0	0	0	0	0	0	-
TOTAL CAPITAL EXPENDITURE	7,847,520	10,321,962	7,872,422	8,963,234	8,177,977	8,640,225	7,364,930	6,372,299	6,507,235	6,507,236	78,575,039

TOTAL CAPITAL EXPENDITURE FUNDED BY	2023- 2024	2024- 2025	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	2031- 2032	2032- 2033	Grand Total
Operating Income	4,523,742	4,248,628	5,140,755	6,123,234	5,337,977	5,800,225	5,524,930	5,622,299	5,757,235		
Capital Grants	2,023,778	5,373,333	1,231,667	2,840,000	2,840,000	2,840,000	1,840,000	750,000	750,000	750,000	20,238,778
Transfers from Cash Reserves	1,300,000	700,000	0	0	0	0	0	0	0	0	2,000,000
Borrowings	0	0	1,500,000	0	0	0	0	0	0	0	2,500,000
Sales of Assets (including trade-ins)	0	0	0	0	0	0	0	0	0	0	0
Other Funding	7,847,520	10,321,962	7,872,422	8,963,234	8,177,977	8,640,225	7,364,930	6,372,299	6,507,235	6,507,236	78,575,039

PLANNED MAJOR CAPITAL WORKS BUDGET

Class of Assets	By Major Capital Project	Current Financial Year Budget \$	2024-2025 \$	2025-2026 \$	2026-2027 \$	2027-2028 \$	2028-2029 \$	2029-2030 \$	2030-2031 \$	2031-2032 \$	2032-2033 \$	Total Planned Budget \$	Expected Project Completion Date
Buildings	Aquatic Centre Capital Renewals	32,228	108,068	72,228	72,228	72,228	72,228	72,228	72,228	73,961	73,961	721,586	ongoing
Buildings	Building Management System (BMS) *IT Projects	20,000										20,000	ongoing
Buildings	Civic Plaza Capital Renewals	56,320	87,040	209,920	35,840	117,760	35,840	35,840	35,840	36,700	36,700	687,800	ongoing
Buildings	Depot Capital Renewals	14,746	14,746	14,746	14,746	14,746	14,746	14,746	14,746	15,099	15,099	148,166	ongoing
Buildings	Driver Resource Centre Capital Renewals	10,240	10,240	10,240	10,240	10,240	10,240	10,240	10,240	10,486	10,486	102,892	ongoing
Buildings	Durack Community Arts Centre Capital Renewals	9,267	9,267	9,267	9,267	9,267	9,267	9,267	9,267	9,490	9,490	93,116	ongoing
Buildings	Incubator Renewal			20,480			35,840					56,320	ongoing
Buildings	Library Building Capital Renewals	47,616	47,616	47,616	1,071,616	57,856	252,416	47,616	27,136	27,787	27,787	1,655,062	ongoing
Buildings	Recreation Centre Capital Renewals	60,000	105,984	105,984	105,984	85,811	259,891	55,091	55,091	56,413	56,413	946,662	ongoing
Buildings	Where We Live Matters - Zuccoli Community	250,000	3,783,333	1,891,667	2,000,000	2,000,000	2,000,000	1,000,000				12,925,000	2030
Buildings	Aquatic Centre Re-roof	300,000										300,000	2024
Buildings	Community Hall	350,000										350,000	2024
Buildings	Driver Community Hall Design	100,000										100,000	2024
Buildings	Gray Community Hall Renewals				20,480	20,480	20,480	20,480	20,480	20,972	20,972	144,344	ongoing
Buildings	Odegaard Drive Building Capital Works			112,640	112,640	112,640	112,640	112,640				563,200	2030
Ancillary Roads	All Ability Access	43,084	43,945	44,824	45,721	46,635	47,568	48,519	49,489	50,677	50,677	471,139	ongoing
Ancillary Roads	Driveways Renewals	30,000	51,200	53,248	55,296	57,344	59,392	61,440	63,488	65,012	65,012	561,432	ongoing
Ancillary Roads	Laneway Renewals	40,000	51,200	51,200	51,200	51,200	51,200	51,200	51,200	52,429	52,429	503,258	ongoing
Ancillary Roads	New Driveways - FILOC	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	2,000,000	ongoing
Ancillary Roads	New Pathways	700,440	147,600	153,600	153,600	153,600	153,600	153,600	153,600	157,286	157,286	2,084,212	ongoing
Ancillary Roads	New Pathways - FILOC	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,000,000	ongoing

PLANNED MAJOR CAPITAL WORKS BUDGET (cont.)

Class of Assets	By Major Capital Project	Current Financial Year Budget \$	2024-2025 \$	2025-2026 \$	2026-2027 \$	2027-2028 \$	2028-2029 \$	2029-2030 \$	2030-2031 \$	2031-2032 \$	2032-2033 \$	Total Planned Budget \$	Expected Project Completion Date
Ancillary Roads	Pathways Renewals	150,000	202,640	212,880	223,120	233,360	243,600	253,840	266,240	272,630	272,630	2,330,940	ongoing
Furniture & Fittings	IT Projects	100,000	153,600	153,600	153,600	153,600	153,600	153,600	153,600	157,286	157,286	1,489,772	ongoing
Furniture & Fittings	Telephone	80,000										80,000	2024
Parks & Reserves	Artwork Sculpture	75,000	102,400	106,496	110,592	114,688	118,784	118,784	118,784	121,635	121,635	1,108,798	ongoing
Parks & Reserves	Exeloo Renewal	10,000		15,360		15,360		15,360				56,080	ongoing
Parks & Reserves	LRCI Phase 4 Projects	411,889										411,889	2024
Parks & Reserves	Play Space Renewals and Upgrades (LRCI 3 partially)	650,000	706,560	737,280	768,000	798,720	829,440	860,160	890,880	912,261	912,261	8,065,562	ongoing
Parks & Reserves	Pump Parks/ Skate Parks Zuccoli - additional	250,000										250,000	2024
Parks & Reserves	Tree Planting & Replacement	608,658	506,000	256,000	256,000	256,000	256,000	256,000	256,000	262,144	262,144	3,174,946	ongoing
Public Lighting	Public Lighting Renewals	51,200	56,320	61,440	66,560	71,680	76,800	81,920	87,040	89,129	89,129	731,218	ongoing
Public Lighting	Public Lighting Upgrades (Dark Spots)	250,000	198,800	204,800	204,800	204,800	204,800	204,800	204,800	209,715	209,715	2,097,030	ongoing
Public Lighting	Sustainability Programs (Solar Panels & LEDs etc)	53,600	153,600	153,600	153,600	153,600	153,600	153,600	153,600	157,286	157,286	1,443,372	ongoing
Roads	Bitumen Reseal & Asphalt Overlay Program (R2R)	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	1,808,694	15,594,290	ongoing
Roads	Road Reconstruction	200,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	4,250,000	ongoing
Roads	Road Safety Program	50,000	128,000	133,120	138,240	143,360	148,480	148,480	148,480	152,044	152,044	1,342,248	ongoing
Furniture & Fittings	ERP software	500,000	700,000									1,200,000	2025
Parks & reserves	Stromwater Renewals & Upgrades	184,320	194,560	204,800	215,040	225,280	235,520	245,760	256,000	262,144	262,144	2,285,568	ongoing
Vehicles	Fleet Replacement	363,520	363,520	363,520	363,520	363,520	363,520	368,640	368,640	377,487	377,487	3,673,374	ongoing
Parks & Reserves	Irrigation Refurbishment	250,000	327,680	337,920	348,160	358,400	368,640	378,880	389,120	398,459	398,459	3,555,718	ongoing

FINANCIAL RATIOS

Class of Assets	2022-2023 Revised 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	2032-2033 Forecast
Operating ratio											
This ratio measures Council's ability to contain operating expenditure within operating revenue	14%	13%	13%	14%	15%	16%	17%	18%	19%	19%	21%
Benchmark - Greater than 0%											
Cash Expense Cover Ratio											
This ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow	11.96	5.52	5.44	5.43	5.31	5.70	6.22	7.03	8.04	9.01	10.28
Benchmark - Greater than 3.0 months											
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	1.58	2.74	2.70	2.70	2.76	2.94	3.16	3.51	3.94	4.36	4.89
Benchmark - Greater than 1.5											
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	90%	91%	91%	91%	91%	91%	91%	91%	91%	91%	91%
Benchmark - Greater than 60% < 75%											
Own funding / total operating revenue											
Debt Service Cover Ratio											
This ratio measures the availability of cash to service debt including interest, principal, and lease payments	4.66	8.51	6.80	6.85	11.07	12.13	13.61	15.02	16.58	17.09	19.03
Benchmark - 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 borrowings. It measures the burden of the current interest expense upon Council's operating cash	9.50	29.57	18.19	16.90	19.85	22.78	26.71	30.93	36.00	39.35	46.76
Benchmark - Greater than 4.0											
Asset Sustainability Ratio*											
This ratio indicates the extent to which Council is replacing its existing asset base with capital renewals of existing assets*	374%	70%	88%	65%	72%	64%	66%	55%	47%	47%	46%
Benchmark - between 89%-110%											

* the average ratio for asset sustainability over 11 years is 90%

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 2023-24	Forecast Assumptions 2024-2033	Comment
Residential Growth	1%	1%	City of Palmerston accommodation stocks grew by 3.3% p.a. from 2006 to 2011, and 4.6% p.a. from 2011 to 2016 according to the ABS. A conservative 1% growth is included in this plan.
CPI	3.1%	3.1%	Based on long-term forecast for CPI for the Northern Territory as per DAE (December 2022 release).

REVENUE ASSUMPTIONS

Item	Budget Assumptions 2024-2033	Forecast Assumptions	Comment
Rate Increase	TBC	3.3%	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	CPI	CPI	Annual Charges will increase in line with contractual increases
Statutory Charges	CPI	CPI	Statutory Charges are not forecast to increase.
User Fees & Charges	CPI	CPI	All user fees and charges are expected to increase in-line with CPI
Investment Interest	4.0%	4.0%	Interest is calculated on the forecast cash and investment balances reflecting stable investment rates.
Interest on overdue rates	8%	8%	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.

EXPENSE ASSUMPTIONS

Item	Budget Assumptions 2023-24	Forecast Assumptions 2024-2033	Comment
Employee Costs excluding Superannuation	2.5%	2.5%	Employee costs based on various factors from the Enterprise agreement
Superannuation	11%	11% to 12%	Between the years 2023/24 to 2027/28 a further 0.5% per annum is included to increase superannuation as per federal legislation.
Current Borrowing Costs	2.78%	2.78%	PAN Borrowing costs are fixed for the term of the loan.
Future Borrowing Costs	4.9%	4.9%	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.

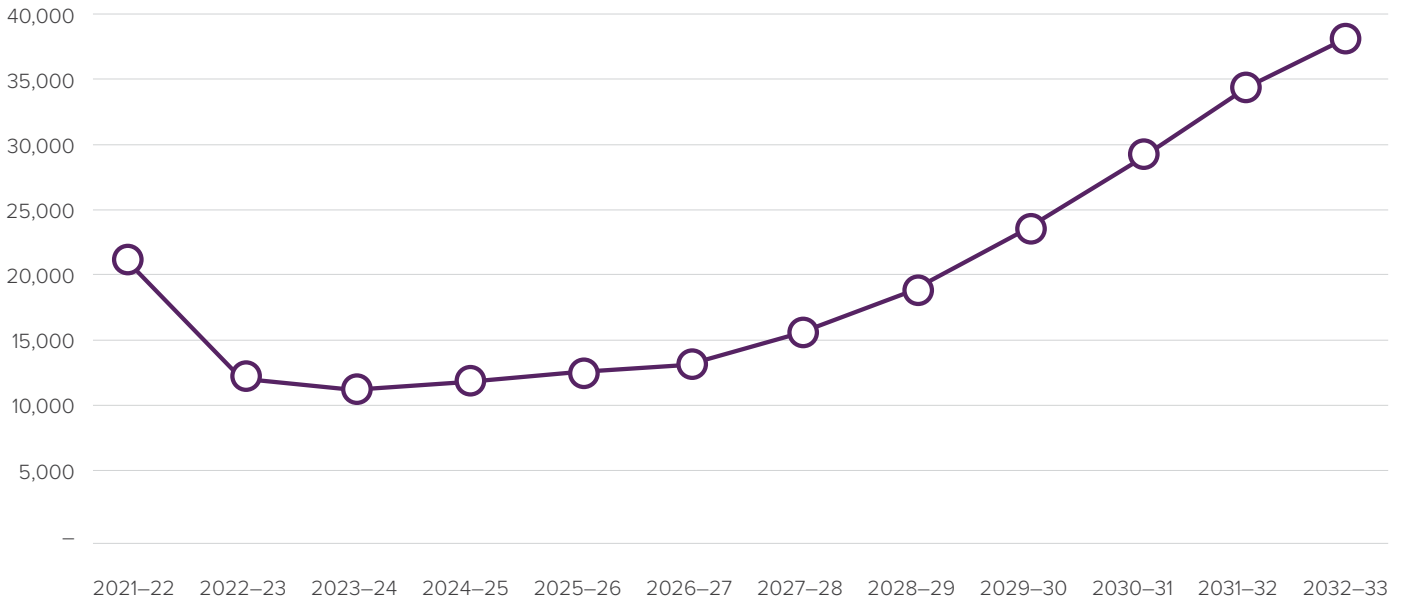
CAPITAL ASSUMPTIONS

Item	Budget Assumptions 2023-24	Forecast Assumptions 2024-2033	Comment
Capital Grants	\$2M	\$19.2M	Included as detailed in the 10 years capital work program.
Reserves	\$1.3M	\$700K	Included as detailed in the 10 years capital work program.
Capital Expenditure	\$7.8M	\$70.7M	Included as detailed in the 10 years capital work program.

Ratio	Benchmark	Ten-Year Average
Operating Ratio	>0%	17%
Cash Expense Ratio	>3 months	6.75
Current Ratio	>1.5	3.35
Rates Coverage Ratio	60%-75%	91%
Debt Service Ratio	>2	12.60
Interest Cover Ratio	>4	28.55
Sustainability Ratio	90%-110%	62%*

*the average ratio for asset sustainability over 11 years is 90%

RESERVES



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.



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