



LONG TERM FINANCIAL PLAN 2025-34



Above: Smoking ceremony, SWELL facility, 2023.

Front cover image: Aerial view of Zuccoli, 2023.

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 2025 to 2034.

The Long-Term Financial Plan for City of Palmerston spans from 2024-25 to 2033-34, acknowledging both its present and prospective financial capabilities. It is designed to sustain the provision of community services, deliver essential facilities and infrastructure to the community, and initiate fresh endeavors and projects aligned with the objectives outlined in the Community Plan.

The Long-Term Financial Plan is supported by financial modelling to project City of Palmerston's fiscal outlook for the coming decade. This not only forecasts revenue streams and expenses, the plan 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

Our 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; and
- financial ratios.

The Long-Term Financial Plan is prepared with current and predicted economic conditions. The Plan continues to implement a 3.3% increase in rates (as per previous Long Term Financial Plan) and maintaining initiatives such as ongoing free community facility hire, complimentary pool entry, free community events, and free parking. City of Palmerston reaffirms its dedication to serving the community.

This Long-Term-Financial Plan has been prepared with the forecasted economic conditions such as 2.9% CPI increase and interest rates revenue at 3.5%. With a 3.3% increase to rates, ongoing free community facility hire, free pool entry, free community events and free parking, Council continues its commitment to the community.

Council has been able to generate continued support from Northern Territory and Federal Governments with grant funding that supports the delivery on Community Plan outcomes. This Long-Term Financial Plan is forecasting the delivery of major projects with support of grant funding, such as the Zuccoli and Surrounds Community Hub and Driver Resource Centre.


In this Plan, City of Palmerston proposes acquiring loans of up to \$2.5 million to finance these projects. This means 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.

Our Long-Term Financial Plan incorporates fundamental assumptions regarding CPI forecasts, anticipated interest rates, employee award adjustments, estimated loan repayments, and other specific income and expenses, detailed within the plan. Given the complexity of financial forecasting over a decade, these assumptions are subject to inevitable fluctuations. The Long-Term Financial Plan undergoes frequent monitoring and revision to adapt to evolving circumstances.

This Long-Term Financial Plan has been prepared with the base year being 2024-25.

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.

*THE DECISIONS MADE IN THIS PLAN HAVE BEEN
ASSESSED FOR THEIR LONG-TERM IMPACT.*



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.

City of Palmerston's Long-Term Financial Plan aims 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; and
- 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) (the Act), mandates Council to formulate and uphold a Long-Term Financial Plan. While the Act stipulates a minimum coverage period of four years, the ramifications of many Council decisions extend far beyond this timeframe. Recognising this, Council has crafted a 10-year Financial Plan to provide ratepayers with a comprehensive understanding of the financial consequences stemming from its decisions and to safeguard City of Palmerston's financial sustainability.

BACKGROUND

PALMERSTON

Ranked as the second largest expanding city in the Northern Territory, Palmerston emerges as a regional nucleus with a bright future, positioning itself as A Place for People within the Northern Territory landscape.

With a vibrant and diverse population exceeding 40,000 residents, Palmerston experiences annual population growth, supported by an array of lifestyle amenities. These include multiple shopping centres, a PGA tournament standard golf course, conservation areas, recreational facilities, a thriving education sector, and the Palmerston Regional Hospital, catering to families choosing to make our city their home.

Benefiting from near-universal NBN coverage and a youthful population, Palmerston is evolving into a digital innovation hub. Initiatives such as e-gaming, a state-of-the-art Recording Studio, the annual GeekFest, and regional collaborations offer Smart City prospects.

On July 1, 2022, the municipal boundaries of City of Palmerston expanded to encompass parts of Berrimah, Elrundie, Tivendale, and the Wishart Business Precinct. This expansion aligns with the Northern Territory Government's Planning for a Vibrant Future vision, projecting Palmerston's eventual support of over 70,000 individuals. The extension of City of Palmerston's municipal boundary mirrors both Council's and the region's aspirations for long-term financial sustainability and expansion.

However, this rapid growth presents Council with the challenge of developing and revitalizing crucial family-friendly infrastructure for Palmerston and its adjacent communities.

NORTHERN TERRITORY ECONOMY

All economic indicators are based on December 2023 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 2.4 per cent per annum over the next five years. DAE forecasts the national economy to grow by an average annual rate of 2.0 per cent over the five-year period.

DAE December quarter 2023 prepared for the Northern Territory Government, has forecast average growth in the following key economic indicators for the five years (2023/24 – 2027/28):

	Northern Territory	Australia
Economic Growth Forecast	2.4%	2.0%
Employment Growth Forecast	0.7%	1.7%
Population Growth Forecast	1.5%	1.6%
Consumer Price Index (CPI)	2.9%	3.0%

CURRENT FINANCIAL POSITION

The City of Palmerston, though relatively young, experiences robust growth in both population and infrastructure, with developers contributing millions of dollars' worth of infrastructure annually.

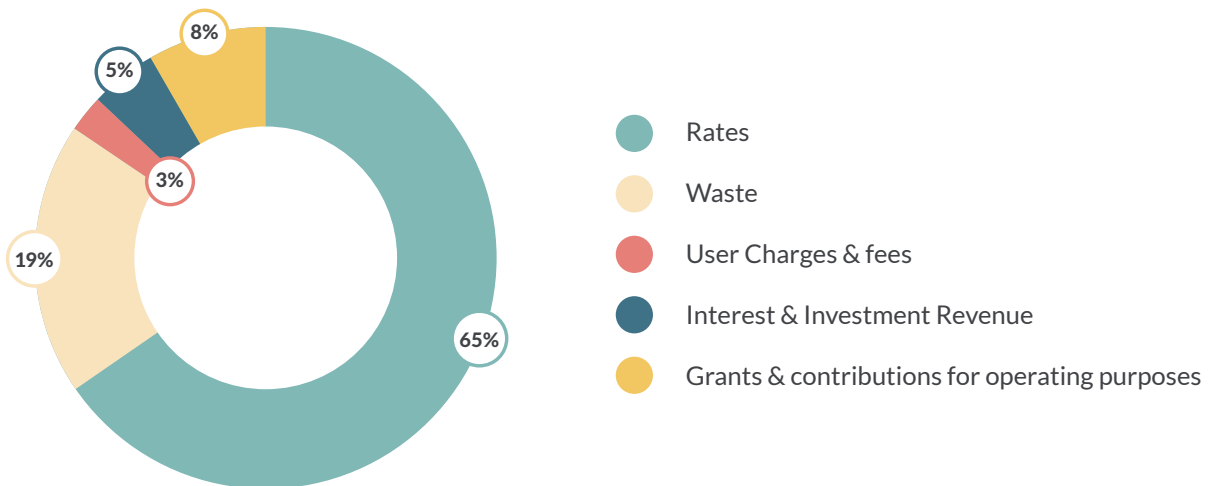
While the infrastructure remains relatively new, short to medium-term maintenance works are necessary to uphold its satisfactory condition. However, in the future, significant asset replacement will pose a substantial expense for the City. City of Palmerston diligently pursues the targets outlined in its asset management plans to ensure long-term infrastructure stability.

In our commitment to enhancing the city's amenity and liveability, City of Palmerston continues to undertake major projects such as the construction of a new Community Hub in Zuccoli and a revitalised Driver Resource Centre informed by community consultation.

Recent investments included the transformation of the Palmerston pool into the modern and dynamic Swimming, Wellness, Entertainment, Leisure and Lifestyle facility, the upgrade of the Durack Community Arts Centre and an award-winning Gray Community Hall. These efforts align with City of Palmerston's commitment to ensuring that community facilities meet the evolving needs of the local community while ensuring long-term infrastructure stability.

City of Palmerston financial reserves are deemed adequate to sustain ongoing operations without compromising service levels. Nearly 85 per cent of operational revenues are currently derived from annual rates and waste charges, providing City of Palmerston with a stable revenue base and reducing reliance on external factors beyond its control. City of Palmerston remains proactive in identifying additional revenue sources and advocating for grants from funding bodies.

OPERATING REVENUE SOURCE BY TYPE 2024-25



MEASURING PERFORMANCE

City of Palmerston will continue to track and evaluate its financial performance using standard financial indicators, which include:

- Operating Ratio:** This assesses City of Palmerston’s ability to keep its operating expenses within its operating revenue. The benchmark for this ratio is greater than 0 per cent.
- Cash Expense Ratio:** This liquidity measure indicates the number of months City of Palmerston can sustain immediate expenses without additional cash flow. The benchmark for this ratio is greater than three months.
- Current Ratio:** This indicates City of Palmerston’s ability to meet debt repayments as they become due. It’s important to note that externally restricted assets are not available as operating funds, potentially impacting City of Palmerston’s ability to meet liabilities. The minimum benchmark is greater than 1.5.
- Rates Coverage Ratio:** This measures fiscal flexibility by assessing the degree of reliance on external funding sources like operating grants and contributions for day-to-day operations. The benchmark for this ratio is between 60 – 75 per cent.
- Debt Service Cover Ratio:** This gauges 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 indicates City of Palmerston’s capacity to service interest-bearing debt and take on additional borrowing, measuring the burden of current interest expense on operating cash. The minimum benchmark for this ratio is greater than 4.
- Asset Sustainability Ratio:** This forecasts the extent to which City of Palmerston will increase or replace its asset base. A ratio of one or higher indicates the asset base is being replenished at a rate equal to or higher than asset consumption. A ratio less than one may suggest a deteriorating asset base.

Ratio	Benchmark	Ten-Year Average
Operating Ratio	Greater than 0%	15%
Cash Expense Cover Ratio	Greater than 3 months	8.89
Current Ratio	Greater than 1.5 times	2.76
Rates Coverage Ratio	Between 60%-75%	92%
Debt Service Ratio	Greater than 2 times	12.92
Interest Cover Ratio	Greater than 4 times	26.78
Asset Sustainability Ratio	Between 90%-110%	80%

FUTURE FINANCIAL POSITION

The Long-Term Financial Plan projects an enhanced financial outlook for City of Palmerston over the planning period, factoring in an average increase of 3.3 per cent in rate revenue year on year, from 2024-25 financial year.

This gradual revenue increase through modest rate hikes of 3.3 per cent and an anticipated property growth of 1 per cent is aimed at maintaining existing service levels for the community while fulfilling outcomes identified in the Community Plan for Palmerston.

The Long-Term Financial Plan also anticipates a capital expenditure of \$106 million over 10 years which include capital renewal; programs and strategic projects like Zuccoli and Surrounds Community Hub, SWELL café, and Marlow Lagoon Masterplan, alongside other community-focused initiatives. These projects are expected to attract funding from the Commonwealth and Territory Governments.

While the Plan sees a budgeted operating deficit, this is largely due to the incremental increase in depreciation, which is non-cash. Taking depreciation into consideration, City of Palmerston derives a cash surplus year on year which is reinvested back into capital projects or the financial reserves. The reinvestment into the financial reserves will be reviewed ensure long-term infrastructure stability as outlined in our asset management plan.

MAJOR INITIATIVES AND REPAIRS AND MAINTENANCE OF ASSETS

Throughout the duration of the Long-Term Financial Plan, City of Palmerston is projecting a total expenditure of \$106 million on capital works, aimed at delivering new and contemporary facilities for the Community.

In addition to replacing and renewing assets related to infrastructure such as roads, pathways, parks, public lighting, buildings, stormwater, and fleet, it remains imperative to uphold the satisfactory condition of assets within Palmerston.

The Long-Term Financial Plan assumes that the existing service standards will remain unchanged. Accordingly, City of Palmerston has based its future estimates for repairs and maintenance on this consistency, while also factoring in CPI increases in alignment with City of Palmerston's asset management plans throughout the plan's duration.

The staged development of the Zuccoli and Surrounds Community Hub, is included in the long-term plan which aims to establish a significant facility at a total value of \$20 million. Any future costs relating to Major Projects in Marlow Lagoon will be informed by the Masterplan which is expected to commence in 2024-25.

LONG TERM FINANCIAL PLAN

INCOME STATEMENT

\$'000'S	2023-24 Revised Budget	2024-25 Budget	2025- 2026 Forecast	2026- 2027 Forecast	2027- 2028 Forecast	2028- 2029 Forecast	2029- 2030 Forecast	2030- 2031 Forecast	2031- 2032 Forecast	2032- 2033 Forecast	2033- 2034 Forecast
Operating Income											
Rates & annual charges	33,340	35,664	37,165	38,729	40,360	42,059	43,830	45,675	47,598	49,603	51,691
Rates	25,806	27,552	28,737	29,972	31,261	32,605	34,007	35,470	36,995	38,586	40,245
Waste	7,534	8,112	8,428	8,757	9,099	9,453	9,822	10,205	10,603	11,017	11,446
Statutory Charges	152	185	190	196	202	207	213	220	226	233	239
User charges & fees	781	895	921	948	975	1,003	1,033	1,062	1,093	1,125	1,158
Interest & investment revenue	1,671	1,930	1,556	1,495	1,464	1,489	1,503	1,557	1,427	1,442	1,491
Other revenues	16	13	13	14	14	15	15	15	16	16	17
Grants & contributions for operating purposes	1,551	3,457	3,557	3,660	3,767	3,876	3,988	4,104	4,223	4,345	4,471
Total Income	37,511	42,144	43,403	45,042	46,782	48,649	50,582	52,633	54,584	56,764	59,067
Operating Expenditure											
Employee benefits & costs	12,207	13,091	13,549	13,956	14,374	14,806	15,250	15,707	16,178	16,664	17,164
Borrowing costs	179	298	309	369	346	328	310	292	273	254	235
Elected Member Allowances	428	497	511	526	542	557	573	590	607	625	643
Elected Member Expenses	40	39	40	41	42	44	45	46	48	49	50
Materials, contracts and other expenses	21,906	23,030	23,964	24,659	25,474	26,110	26,867	27,646	28,551	29,276	30,023
Depreciation, amortisation & Impairment	11,270	12,000	12,306	12,638	12,952	13,277	13,571	13,841	14,116	14,392	14,680
Total Expenditure	46,030	48,955	50,680	52,189	53,730	55,121	56,616	58,122	59,773	61,259	62,795
BUDGETED OPERATING SURPLUS / (DEFICIT)	(8,519)	(6,811)	(7,276)	(7,147)	(6,949)	(6,473)	(6,035)	(5,489)	(5,190)	(4,496)	(3,728)
Add: Amounts received specifically for new or upgraded assets	10,099	4,340	7,663	3,022	4,630	3,380	3,380	2,380	1,380	1,380	1,380
Add: Physical resources received free of charge (non-cash)	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
BUDGET SURPLUS / (DEFICIT)	4,580	529	3,387	(1,125)	681	(93)	345	(109)	(810)	(116)	652
TOTAL COMPREHENSIVE INCOME / (LOSS)	4,580	529	3,387	(1,125)	681	(93)	345	(109)	(810)	(116)	652
Add: Depreciation	11,270	12,000	12,306	12,638	12,952	13,277	13,571	13,841	14,116	14,392	14,680
Less: Resources free of charge	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Less: Capital Expenditure	26,813	10,833	15,431	10,807	10,125	9,969	9,575	9,784	9,909	9,909	9,909
Add: Borrowings (Loans advances)	5,000	-	1,000	1,500	-	-	-	-	-	-	-
Less: Loan Repayments	517	504	478	529	264	268	273	278	283	288	294
Add: Net Reserve Transfers	9,480	1,808	2,216	1,323	(244)	53	(1,069)	(670)	(115)	(1,079)	(2,129)
NET CASH BUDGET SURPLUS/(DEFICIT)	-	-	-	-	-	-	-	-	-	-	-

STATEMENT OF FINANCIAL POSITION

\$'000'S	2023-24 Revised Budget	2024-25 Budget	2025- 2026 Forecast	2026- 2027 Forecast	2027- 2028 Forecast	2028- 2029 Forecast	2029- 2030 Forecast	2030- 2031 Forecast	2031- 2032 Forecast	2032- 2033 Forecast	2033- 2034 Forecast
Assets											
Current Assets											
Cash and 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	27,857	27,622	25,694	24,626	25,129	25,338	26,673	27,614	28,018	29,384	31,805
Receivables	4,501	3,371	3,472	3,603	3,743	3,892	4,047	4,211	4,367	4,541	4,725
Other	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	36,358	34,992	33,166	32,230	32,872	33,230	34,720	35,824	36,385	37,925	40,530
Non-Current Assets											
Infrastructure, property, plant & equipment	580,424	582,257	588,383	589,551	589,724	589,417	588,421	587,364	586,157	584,674	582,901
Investment property	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800
Total Non-Current Assets	586,224	588,057	594,183	595,351	595,524	595,217	594,221	593,164	591,957	590,474	588,701
TOTAL ASSETS	622,582	623,049	627,349	627,581	628,396	628,446	628,941	628,988	628,342	628,399	629,231
Liabilities											
Current Liabilities											
Payables	9,249	9,517	9,792	10,076	10,368	10,669	10,978	11,296	11,624	11,961	12,308
Borrowings	442	478	529	264	268	273	278	283	288	294	299
Provisions	1,324	1,370	1,418	1,461	1,504	1,550	1,596	1,644	1,693	1,744	1,796
Total Current Liabilities	11,015	11,365	11,739	11,800	12,141	12,491	12,852	13,223	13,605	13,999	14,403
Non-Current Liabilities											
Borrowings	5,345	4,867	5,337	6,573	6,305	6,032	5,755	5,472	5,184	4,891	4,592
Provisions	1,879	1,944	2,012	2,073	2,135	2,199	2,265	2,333	2,403	2,475	2,549
Total Non-Current Liabilities	7,223	6,811	7,350	8,646	8,440	8,231	8,020	7,805	7,587	7,365	7,141
TOTAL LIABILITIES	18,238	18,176	19,089	20,446	20,581	20,722	20,871	21,028	21,192	21,364	21,544
NET ASSETS	604,344	604,873	608,260	607,135	607,816	607,724	608,069	607,960	607,150	607,035	607,687
Equity											
Retained earnings/ (accumulated deficit)	213,275	215,520	221,108	220,980	221,359	221,259	220,475	219,633	218,644	217,382	215,834
Other Reserves	25,343	23,627	21,427	20,429	20,731	20,739	21,868	22,601	22,780	23,926	26,127
Revaluation reserves	365,726	365,726	365,726	365,726	365,726	365,726	365,726	365,726	365,726	365,726	365,726
Council equity interest	604,344	604,873	608,260	607,135	607,816	607,724	608,069	607,960	607,150	607,035	607,687
TOTAL EQUITY	604,344	604,873	608,260	607,135	607,816	607,724	608,069	607,960	607,150	607,035	607,687

STATEMENT OF CASH FLOWS

\$'000'S	2023-24 Revised Budget	2024-25 Budget	2025- 2026 Forecast	2026- 2027 Forecast	2027- 2028 Forecast	2028- 2029 Forecast	2029- 2030 Forecast	2030- 2031 Forecast	2031- 2032 Forecast	2032- 2033 Forecast	2033- 2034 Forecast
Cash Flows from Operating Activities											
Receipts:											
Rates & waste charges	33,312	36,795	37,063	38,598	40,221	41,910	43,675	45,511	47,442	49,428	51,507
User charges & fees	933	1,080	1,111	1,144	1,177	1,211	1,246	1,282	1,319	1,358	1,397
Investment & interest revenue received	1,671	1,930	1,556	1,495	1,464	1,489	1,503	1,557	1,427	1,442	1,491
Grants & contributions	1,551	3,457	3,557	3,660	3,767	3,876	3,988	4,104	4,223	4,345	4,471
Other	16	13	13	14	14	15	15	15	16	16	17
Payments:											
Employee benefits & costs	(12,099)	(12,979)	(13,433)	(13,853)	(14,268)	(14,696)	(15,137)	(15,591)	(16,059)	(16,541)	(17,037)
Materials, contracts & other expenses	(22,113)	(23,298)	(24,240)	(24,942)	(25,766)	(26,410)	(27,176)	(27,964)	(28,878)	(29,612)	(30,368)
Finance Payments	(179)	(298)	(309)	(369)	(346)	(328)	(310)	(292)	(273)	(254)	(235)
NET CASH PROVIDED (OR USED IN) OPERATING ACTIVITIES	3,092	6,700	5,319	5,748	6,262	7,065	7,804	8,622	9,217	10,182	11,242
Cash Flows from Investing Activities											
Receipts:											
Sale of investment securities	-	235	1,927	1,067	-	-	-	-	-	-	-
Sale of infrastructure, property, plant & equipment	150	180	180	180	180	180	180	180	180	180	180
Amounts specifically for new or upgraded assets	21,508	4,160	7,483	2,842	4,450	3,200	3,200	2,200	1,200	1,200	1,200
Payments:											
Purchase of investment securities	(13,349)	-	-	-	(503)	(207)	(1,336)	(940)	(406)	(1,365)	(2,421)
Purchase of infrastructure, property, plant & equipment	(26,813)	(10,833)	(15,431)	(10,807)	(10,125)	(9,969)	(9,575)	(9,784)	(9,909)	(9,909)	(9,909)
NET CASH PROVIDED (OR USED IN) INVESTING ACTIVITIES	(18,504)	(6,258)	(5,841)	(6,718)	(5,998)	(6,796)	(7,531)	(8,344)	(8,935)	(9,894)	(10,950)
Cash Flows from Financing Activities											
Receipts:											
Proceeds from borrowings & deposits	5,000	-	1,000	1,500	-	-	-	-	-	-	-
Payments:											
Repayment of borrowings & advances	(248)	(442)	(478)	(529)	(264)	(268)	(273)	(278)	(283)	(288)	(294)
NET CASH PROVIDED (OR USED IN) FINANCING ACTIVITIES	4,752	(442)	522	971	(264)	(268)	(273)	(278)	(283)	(288)	(294)
plus: CASH & CASH EQUIVALENTS - beginning of year	14,660	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 AND CASH EQUIVALENTS	(10,660)	-	-	-	-	-	-	-	-	-	-
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	14,508	27,857	27,622	25,695	24,627	25,130	25,338	26,673	27,614	28,019	29,384
Net Increase/(Decrease) in investments on hand	13,349	(235)	(1,927)	(1,067)	503	207	1,336	940	406	1,365	2,421
TOTAL INVESTMENTS ON HAND	27,857	27,622	25,695	24,627	25,130	25,338	26,673	27,614	28,019	29,384	31,805
TOTAL CASH & CASH EQUIVALENTS & INVESTMENTS - end of year	31,857	31,622	29,695	28,627	29,130	29,338	30,673	31,614	32,019	33,384	35,805
NET INCREASE/(DECREASE) IN CASH, CASH EQUIVALENTS & INVESTMENTS	2,689	(235)	(1,927)	(1,067)	503	207	1,336	940	406	1,365	2,420

FINANCIAL RATIOS

	2023-24 Revised Budget	2024-25 Budget	2025- 2026 Forecast	2026- 2027 Forecast	2027- 2028 Forecast	2028- 2029 Forecast	2029- 2030 Forecast	2030- 2031 Forecast	2031- 2032 Forecast	2032- 2033 Forecast	2033- 2034 Forecast
Operating ratio											
This ratio measures Council's ability to contain operating expenditure within operating revenue	7.81%	13.02%	12.30%	13.01%	13.57%	14.66%	15.51%	16.42%	16.85%	17.88%	18.94%
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	11.05	10.35	9.36	8.77	8.65	8.48	8.61	8.62	8.47	8.59	8.97
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	3.30	3.08	2.83	2.73	2.71	2.66	2.70	2.71	2.67	2.71	2.81
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	98%	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%
Benchmark - between 60 to 75%											
<i>Own funding / total operating revenue</i>											
Debt Service Cover Ratio											
This ratio measures the availability of cash to service debt including interest, principal, and lease payments	8.51	7.07	6.37	9.27	10.33	11.87	13.35	15.05	16.39	18.53	20.95
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	29.57	18.41	17.26	15.90	18.34	21.73	25.30	29.62	33.68	39.93	47.61
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	238%	90%	125%	86%	78%	75%	71%	71%	70%	69%	68%
Benchmark - between 90% to 110%											

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 2024-25	Forecast Assumptions 2025-2034	Comment
Residential Growth	1.0 per cent	1.0 per cent	City of Palmerston accommodation stocks grew by 3.3 per cent p.a. from 2006 to 2011, and 4.6 per cent p.a. from 2011 to 2016 according to the ABS. A conservative xx per cent growth is included in this plan.
CPI	3.1 per cent	2.9 per cent	Based on long-term forecast for CPI for the Northern Territory as per DAE (December 2023 release).

REVENUE ASSUMPTIONS

Item	Budget Assumptions 2024-25	Forecast Assumptions 2025-2034	Comment
Rate Increase	Various	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	\$557	See comment	Annual Charges will increase in line with contractual increases including Shoal Bay charges.
Statutory Charges	0.0 per cent	0.0 per cent	Statutory Charges are not forecast to increase.
User Fees & Charges	0.0 per cent	CPI	All user fees and charges are expected to increase in-line with CPI.
Investment Interest	4 per cent	3.5 per cent	Interest is calculated on the forecast cash and investment balances reflecting stable investment rates.
Interest on overdue rates	8.0 per cent	8.0 per cent	Interest is calculated on the overdue outstanding rates balance.
Other Revenues	As estimated	CPI	Other revenues consist of program fees and sundry income items.
Operating Grants	As estimated	CPI	Operating grants include the financial assistance grant and the operating subsidy for the library from the NTG.

EXPENSE ASSUMPTIONS

Item	Budget Assumptions 2024-25	Forecast Assumptions 2025-2034	Comment
Employee Costs excluding Superannuation			At the time of publication, the enterprise agreement bargaining process was still under way. The Long-Term Financial Plan makes allowances for the outcome of the negotiations.
Superannuation	11.5 per cent	12.0 per cent	Between the years 2024-25 to 2025-26 a further 0.5 per cent per annum is included to increase superannuation as per federal legislation. It will then remain at 12%.
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	5.5 per cent	4.5 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.

EXPENSE ASSUMPTIONS

Item	Budget Assumptions 2024-25	Forecast Assumptions 2025-2034	Comment
Capital Income	\$4.3 million	\$28.6 million	Included as detailed in the 10 years capital work program.
Capital Expenditure	\$10.83 million	\$82.3 million	Included as detailed in the 10 years capital work program.

PLANNED MAJOR CAPITAL WORKS BUDGET

CLASS OF ASSETS / MAJOR PROJECTS	2023-2024*	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034	TOTAL
Driveways / Pathways	1,010,440	766,200	827,328	839,616	851,904	517,792	530,080	634,528	647,357	647,357	647,357	7,919,958
Building Renewals	406,169	414,500	683,121	1,533,041	581,028	903,588	345,508	325,028	330,909	330,909	330,909	6,184,707
ERP software	350,000	750,000	700,000	-	-	-	-	-	-	-	-	1,800,000
IT Projects	93,280	153,600	153,600	153,600	153,600	153,600	153,600	153,600	157,286	157,286	157,286	1,640,339
Marlow Lagoon Masterplan	-	150,000	150,000	-	-	-	-	-	-	-	-	300,000
SWELL Café	500,000	1,000,000	-	-	-	-	-	-	-	-	-	1,500,000
Where We Live Matters - Zuccoli Community	925,751	450,000	3,783,333	1,891,667	2,000,000	2,333,333	2,333,333	1,666,667	1,000,000	1,000,000	1,000,000	18,384,084
Creative Industries	83,234	500,000	500,000	500,000	500,000	118,784	118,784	118,784	121,635	121,635	121,635	2,804,490
Driver Community Facility	184,700	1,250,000	1,750,000	-	-	-	-	-	-	-	-	3,184,700
Parks & Reserves	2,461,326	2,074,300	1,950,560	1,866,160	1,922,480	2,037,413	2,093,733	2,452,667	2,822,864	2,822,864	2,822,864	25,327,231
Sustainability Programs	687,269	966,400	1,061,440	1,066,560	1,071,680	435,200	440,320	445,440	456,131	456,131	456,131	7,542,701
Roads	918,216	2,348,100	2,267,064	2,341,381	2,419,159	2,833,902	2,914,006	3,331,449	3,710,737	3,710,737	3,710,737	30,505,489
Stormwater	184,320	160,000	204,800	215,040	225,280	235,520	245,760	256,000	262,144	262,144	262,144	2,513,152
Vehicles	505,458	350,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	4,455,458
	7,810,163	10,833,100	15,431,246	10,807,065	10,125,130	9,969,132	9,575,124	9,784,163	9,909,062	9,909,062	9,909,062	114,062,310

*only includes the budget of the projects or programs that will carry over into 2024-25.

CAPITAL EXPENDITURE AND FUNDING BUDGET

	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034	GRAND TOTAL
\$'000'S											
ASSET CATEGORY											
Land & Buildings	2,464,500	7,216,454	3,424,707	2,581,028	2,903,588	2,345,508	1,325,028	330,909	330,909	330,909	23,253,538
Infrastructure (including Roads, footpaths, park furniture)	7,115,000	6,961,192	6,828,757	6,990,503	6,511,944	6,676,017	7,905,534	9,020,867	9,020,867	9,020,867	76,051,550
Fleet	350,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	3,950,000
Other Assets (including furniture and equipment)	903,600	853,600	153,600	153,600	153,600	153,600	153,600	157,286	157,286	157,286	2,997,059
Total	10,833,100	15,431,246	10,807,065	10,125,130	9,969,132	9,575,125	9,784,162	9,909,062	9,909,062	9,909,062	106,252,147
FUNDING											
Operating Income	4,715,100	6,147,913	6,615,398	5,825,130	6,919,132	6,525,125	7,734,162	8,859,062	8,859,062	8,859,062	71,059,147
Capital Grants	3,920,000	7,283,333	2,641,667	4,250,000	3,000,000	3,000,000	2,000,000	1,000,000	1,000,000	1,000,000	29,095,000
Transfer from Cash Reserves	2,198,000	1,000,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	3,598,000
Borrowings	-	1,000,000	1,500,000	-	-	-	-	-	-	-	2,500,000
Total	10,833,100	15,431,246	10,807,065	10,125,130	9,969,132	9,575,125	9,784,162	9,909,062	9,909,062	9,909,062	106,252,147


CONCLUSION

Financial sustainability entails ensuring that City of Palmerston can adequately finance its services and asset replacement at a rate aligned with their deterioration. Council upholds a commitment to long-term financial sustainability and intergenerational equity, advocating for each generation to contribute proportionately rather than relying on accumulated assets, thereby burdening future generations with the responsibility of infrastructure replacement without adequate funding.

While City of Palmerston currently maintains relatively low unrestricted reserves and operates with continuous deficits, the organization remains robust and financially viable. Through prudent and responsible budgeting, planning, and financial management practices, City of Palmerston aims to bolster its reserves, sustain quality service delivery to the community, and effectively replace and renew assets both presently and in the future. This approach ensures the maintenance of consistent service levels across generations.



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