

LONG TERM FINANCIAL PLAN 2026-35





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.

Pictured: NAIDOC Week, Memorial Park 2024

Pictured front cover: The Zuccoli Primary School Community Garden, Zuccoli 2024



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FOREWORD

City of Palmerston is pleased to present the Long-Term Financial Plan 2026 to 2035.

The plan spans from financial year 2025-26 to 2033-34, acknowledging Council's 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 projects aligned with the objectives outlined in the Community Plan.

This Long Term Financial Plan (the Plan) has been prepared with the base year being 2025-26.

The 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, but assists with decision-making to best achieve Council's corporate objectives and asset management needs whilst considering its long-term financial challenges.

Our plan includes:

- Planning assumptions used to develop details
- Projected income and expenditure
- Statement of financial position
- Statement of cash flows
- Planned capital projects
- Financial ratios.

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

This year, for public consultation purposes, two scenarios have been developed to demonstrate to the community the options for City of Palmerston to maintain a strong reserve position whilst focusing on the long-term asset sustainability. Modelling has indicated that modest rate increases of between 3.9%-4.9% is required to maintaining existing service levels for the community while fulfilling outcomes identified in the Community Plan for Palmerston. The 2026-35 plan maintains existing service levels and initiatives such as free community facility hire and pool entry, community events and parking. The decisions made in this Plan have been assessed for their long-term impact with a focus on ensuring long-term financial sustainability.

This Plan forecasts the delivery of major projects with support of grant funding, such as the Zuccoli Community Hub. In this Plan, City of Palmerston proposes acquiring loans of up to \$3 million to finance this project. 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 ages.

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.

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.

STATUTORY REQUIREMENTS

The *Local Government Act 2019* (NT) (the Act) mandates that Council formulate and maintain 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 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.

This Plan forecasts the delivery of major projects with support of grant funding, such as the Zuccoli Community Hub and Driver Resource Centre.

BACKGROUND

PALMERSTON

Palmerston is a young and modern municipality.

It has a median age of 31 and many families call it home. The second-largest city in the Northern Territory, it is a regional hub with a promising future. Centrally located between Darwin and its rural area, Palmerston is conveniently close to major health, education and transport infrastructure, such as the port and railway, a university campus and a modern hospital and police station.

Rapid population growth coupled with a young demographic presents Council with the challenge of growing and renewing essential family infrastructure and activities for Palmerston and its surrounding communities. 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 and a thriving education sector, catering to families choosing to make our city their home.

NORTHERN TERRITORY ECONOMY

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 forecasts the Territory economy to grow by an average of 4.43 per cent per annum over the next three years.

Deloitte Access Economics 2024-25 Mid-Year report prepared for Northern Territory Government has forecast average growth in the following key economic indicators for the three year (2025-26 to 2027-28)

	Australia
Gross State Product	4.43%
Employment Growth Forecast	1%
Population Growth Forecast	1.1%
Consumer Price Index (CPI)	2.53%

CURRENT FINANCIAL POSITION

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

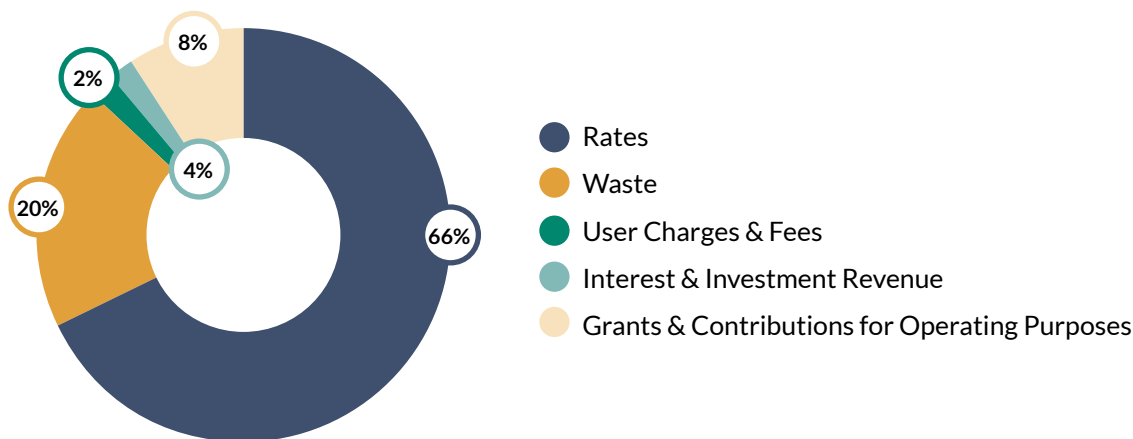
While the infrastructure remains relatively new, short to medium-term maintenance works are necessary to uphold its satisfactory condition. However, in the future, significant asset replacement will pose a substantial expense for us. We diligently pursue the targets outlined in its asset management plans 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, a revitalised Driver Community Centre, and a masterplan developed for Marlow Lagoon. All of these projects have had, or will have, extensive community consultation as their developed.

Recent investments include 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 the 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's financial reserves, while low, are deemed adequate to sustain ongoing operations without compromising service levels. Nearly 86% of operational revenues are currently derived from annual rates and waste charges, providing us with a stable revenue base and reducing reliance on external factors beyond our control. City of Palmerston remains proactive in identifying additional revenue sources and advocating for grants from funding bodies.

OPERATING REVENUE SOURCE BY TYPE 2025-26



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%.
- **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.
- **Own Source 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%.
- **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.
- **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%	19%
Cash Expense Cover Ratio	Greater than 3 months	5.98
Current Ratio	Greater than 1.5 times	2.57
Own Source Ratio	Between 60%-75%	93%
Debt Service Ratio	Greater than 2 times	13.24
Interest Cover Ratio	Greater than 4 times	46.40
Asset Sustainability Ratio	Between 90%-110%	64%

FUTURE FINANCIAL POSITION

The Long Term Financial Plan projects an enhanced financial outlook for City of Palmerston over the planning period.

The medium term strategy is to continue to maintain the same service levels for the provision of community infrastructure and provision of community events and programs. In the longer term Council is looking to increasing the financial reserves to enable strategic reinvestment into capital projects such as infrastructure renewals and strategic projects.

The costs of delivering for the community has seen a significant increase compared to previous years and is attributed to several external factors such as management of SWELL, increases to our insurance, increased costs associated with waste management, mowing and landscaping, and a rates exemption decision by Northern Territory Civil Administrative Tribunal which was applied to the affordable housing supplier Venture Housing.

Given that 86% of operational revenues are currently derived from annual rates and waste charges, to enable City of Palmerston to continue to meet its long-term strategy, City of Palmerston must factor an increase in its rate revenue over the 10 years. Modelling has indicated that modest rate increases of between 3.9%-4.9% is required to maintaining existing service levels for the community while fulfilling outcomes identified in the Community Plan for Palmerston. The rates projections also include an anticipated property growth of 1.5%.

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 being reinvested back into capital projects or the financial reserves.

The building of healthy reserves gives City of Palmerston the flexibility to respond to unprecedented cost increases, which has been experienced in recent years and is beyond our control.

FINANCIAL RESERVES

A financial strategy for Council is to maintain Financial Reserves and is documented in the Financial Reserve policy.

The strategy for the 2026-35 Long Term Financial Plan is to ensure that the working capital reserve, asset renewal reserve and major initiative reserves to levels are considered appropriate for Council's long-term sustainability as summarised below. This is consistent with the financial reserve policy.

- **Working Capital Reserve:** this plan aims to reach an ideal balance of \$5 million subject to the prioritisation of projects that may draw from the reserve fund. Having funds available in this reserve reduces the risk of service levels or other specific reserves needing to be impacted where unforeseen funds are required.

- **Asset Renewal Reserve:** this reserve is projected to increase from a nil balance to \$3 million. This enables Council greater flexibility where unforeseen asset replacement is required that can't be managed within existing programs or would result in an impact on service levels.
- **Major Initiatives Reserve:** this reserve was last used for SWELL and is intended to fund major capital projects that have been identified by Council. This plan increases this reserve to enable significant projects to be able to be delivered without the reliance on borrowing and/or grants, or in support of alternative funding sources.

MAJOR INITIATIVES, REPAIRS, AND ASSETS

The Plan anticipates a capital expenditure of \$88.92 million over 10 years, aimed at delivering new and contemporary facilities for the community.

This includes capital renewal and programs and strategic projects like Zuccoli Community Hub and the SWELL café, alongside other community-focused initiatives. These projects are expected to attract funding from the Commonwealth and Territory Governments. 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.

Due to the continued success of Palmerston Youth Festival, Darwin Festival in Palmerston and the Darwin Symphony Orchestra concerts in Palmerston, Council has factored in funds for community events in the future, which will be informed by community consultation.

The Plan assumes that the existing service standards will remain unchanged, 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.



LONG TERM FINANCIAL PLAN

City of Palmerston developed two scenarios for its Long Term Financial Plan, which was released for a 14-day public consultation commencing 12 May 2025.

The first scenario modelled a consistent 3.9% annual rate increase over a 10-year period. The second scenario combined a 4.9% annual rate increase for the first four years, followed by a reduction to 3.9% from 2029-30 through to the end of the plan. The purpose of this is to demonstrate to the community the options for City of Palmerston to maintain a strong reserve position whilst focusing on the long-term asset sustainability. The level of available Reserves is dependent on the revenue generated from the rates increase and the level of its budget surplus. This is distributed between the Working Capital Reserve, Disaster Recovery, Major Initiative, and Asset Renewal reserves.

Three (3) submissions were received during public consultation, with a summary of the public feedback below.

- There was suggestion made to develop publicly accessible soccer facilities in Palmerston, as there are currently no such facilities in the area apart from those managed by a private club.
- Support was expressed for Scenario 2, with the following reasons provided:
 - » It creates a larger cash buffer and builds reserves more quickly, allowing the Council to respond effectively to unexpected events, such as cyclones, without the need for emergency rate increases.
 - » Achieving an earlier operating surplus was viewed as a prudent approach to future-proofing the budget.

- » It offers greater flexibility to fund community projects.
- » With cost-of-living pressures easing, households may be more able to absorb modest rate increases, especially if they see tangible improvements in local facilities.
- There was also support for the City of Palmerston's ongoing investment in sports and community infrastructure, as well as inclusive initiatives—particularly the provision of free venue hire, which fosters partnerships and strengthens community impact.

Council adopted Scenario 2 as the preferred model for the Long-Term Financial Plan 2026–2035 for the following reasons:

- Council achieves a sustainable operating surplus more quickly than in Scenario 1. This early financial turnaround demonstrates sound fiscal planning and allows the Council to reinvest in essential infrastructure, community services, and strategic priorities in a fiscally responsible manner.
- The stronger financial position under Scenario 2 enables earlier, more flexible investments in community infrastructure and services. This aligns with community expectations for continuous improvement of local amenities and takes a proactive approach to supporting Palmerston's growing population and evolving community needs.
- Feedback gathered during the consultation revealed that residents are increasingly supportive of modest, well-justified rate increases, particularly when these result in tangible, high-impact improvements to the community.
- Scenario 2 offers a more resilient and future-proof financial framework that aligns with the Council's strategic goals, while remaining responsive to the needs and expectations of the community.

INCOME STATEMENT

	2024- 2025	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	2031- 2032	2032- 2033	2033- 2034	2034- 2035
\$'000	Revised Budget	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Operating Income											
Rates & annual charges	35,664	38,115	40,429	42,884	45,391	47,699	50,124	52,675	55,358	58,179	61,153
Rates	27,552	29,143	31,009	32,993	35,105	37,000	38,998	41,104	43,324	45,664	48,129
Waste	8,112	8,971	9,420	9,891	10,287	10,698	11,126	11,571	12,034	12,515	13,023
Statutory Charges	137	99	102	105	108	111	114	117	120	124	127
User charges & fees	868	865	889	914	940	966	993	1,021	1,050	1,079	1,109
Interest & investment revenue	1,930	1,562	1,028	1,023	1,042	1,097	1,202	1,296	1,367	1,582	1,829
Other revenues	63	3	3	3	3	3	3	4	4	4	4
Grants & contributions for operating purposes	3,582	3,560	3,660	3,762	3,868	3,976	4,087	4,201	4,319	4,440	4,564
TOTAL INCOME	42,244	44,204	46,111	48,692	51,352	53,851	56,524	59,314	62,218	65,407	68,786
Operating Expenditure											
Employee benefits & costs	13,092	13,690	13,929	14,346	14,776	15,218	15,674	16,144	16,628	17,126	17,639
Borrowing costs	298	310	399	368	340	311	282	252	220	188	155
Elected Member Allowances	498	474	487	501	515	529	544	560	575	591	608
Elected Member Expenses	91	-	-	-	-	-	-	-	-	-	-
Materials, contracts and other expenses	23,197	24,751	25,540	26,510	27,314	28,472	28,963	29,920	30,707	31,967	32,565
Depreciation, amortisation & Impairment	12,000	12,306	12,734	13,049	13,374	13,690	14,065	14,494	14,867	15,257	15,649
TOTAL EXPENDITURE	49,175	51,531	53,089	54,774	56,318	58,220	59,528	61,370	62,996	65,129	66,616
BUDGETED OPERATING SURPLUS / (DEFICIT)	(6,931)	(7,327)	(6,978)	(6,082)	(4,967)	(4,370)	(3,005)	(2,056)	(778)	278	2,170
Add: Amounts received specifically for new or upgraded assets	4,488	1,009	1,133	1,174	1,075	1,075	1,075	1,075	1,075	1,075	1,075
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)	557	(3,318)	(2,845)	(1,908)	(892)	(295)	1,070	2,019	3,297	4,353	6,245
TOTAL COMPREHENSIVE INCOME / (LOSS)	557	(3,318)	(2,845)	(1,908)	(892)	(295)	1,070	2,019	3,297	4,353	6,245
Add: Depreciation	12,000	12,306	12,734	13,049	13,374	13,690	14,065	14,494	14,867	15,257	15,649
Add: Other non-cash											
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	15,005	6,602	9,839	7,663	7,949	7,438	9,482	11,530	9,082	9,639	9,700
Add: Borrowings (Loans advances)	-		3,000		-	-	-	-	-	-	-
Less: Loan Repayments	504	512	751	495	508	523	538	555	572	590	609
Add: Net Reserve Transfers	5,953	1,127	701	16	(1,025)	(2,434)	(2,115)	(1,429)	(5,509)	(6,381)	(8,585)
NET CASH BUDGET SURPLUS/(DEFICIT)	-	-	-	-	-	-	-	-	-	-	-

STATEMENT OF FINANCIAL POSITION

	2024- 2025	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	2031- 2032	2032- 2033	2033- 2034	2034- 2035
\$'000	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	23,222	10,845	10,379	10,574	11,820	14,493	16,849	18,524	24,288	30,922	39,765
Receivables	3,379	2,209	2,305	2,434	2,567	2,692	2,825	2,965	3,110	3,269	3,438
TOTAL CURRENT ASSETS	30,601	17,054	16,683	17,008	18,386	21,184	23,674	25,489	31,398	38,192	47,205
Non-Current Assets											
Infrastructure, property, plant & equipment	560,568	557,864	557,969	555,583	553,158	549,906	548,323	548,359	545,575	542,955	540,004
Investment property	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Work in progress	-	-	-	-	-	-	-	-	-	-	1
TOTAL NON-CURRENT ASSETS	566,068	563,364	563,469	561,083	558,658	555,406	553,823	553,859	551,075	548,455	545,505
TOTAL ASSETS	596,669	580,419	580,153	578,091	577,044	576,590	577,497	579,348	582,472	586,646	592,709
Liabilities											
Current Liabilities											
Payables	10,469	6,761	6,950	7,145	7,345	7,551	7,762	7,980	8,203	8,433	8,669
Borrowings	442	520	495	508	523	538	555	572	590	609	629
Provisions	1,302	1,315	1,355	1,395	1,437	1,480	1,525	1,570	1,617	1,666	1,716
TOTAL CURRENT LIABILITIES	12,214	8,596	8,800	9,049	9,305	9,569	9,841	10,122	10,410	10,708	11,014
Non-Current Liabilities											
Payables	-	2	-	1	2	2	2	2	2	1	3
Borrowings	4,722	4,132	6,406	5,898	5,375	4,837	4,282	3,710	3,121	2,511	1,882
Provisions	2,193	2,544	2,646	2,752	2,862	2,976	3,095	3,219	3,348	3,482	3,621
TOTAL NON-CURRENT LIABILITIES	6,915	6,678	9,052	8,651	8,239	7,815	7,379	6,931	6,470	5,994	5,506
TOTAL LIABILITIES	19,128	15,274	17,852	17,699	17,544	17,384	17,221	17,053	16,881	16,702	16,520
NET ASSETS	577,541	565,144	562,300	560,392	559,500	559,205	560,276	562,295	565,592	569,944	576,189
Equity											
Retained earnings/ (accumulated deficit)	242,152	230,882	228,738	226,846	224,929	222,200	221,156	221,747	219,535	217,507	215,167
Other Reserves	10,357	9,231	8,530	8,514	9,539	11,973	14,088	15,516	21,025	27,406	35,991
Revaluation reserves	325,032	325,032	325,032	325,032	325,032	325,032	325,032	325,032	325,032	325,032	325,032
TOTAL EQUITY	577,541	565,145	562,300	560,392	559,500	559,205	560,276	562,295	565,592	569,945	576,189

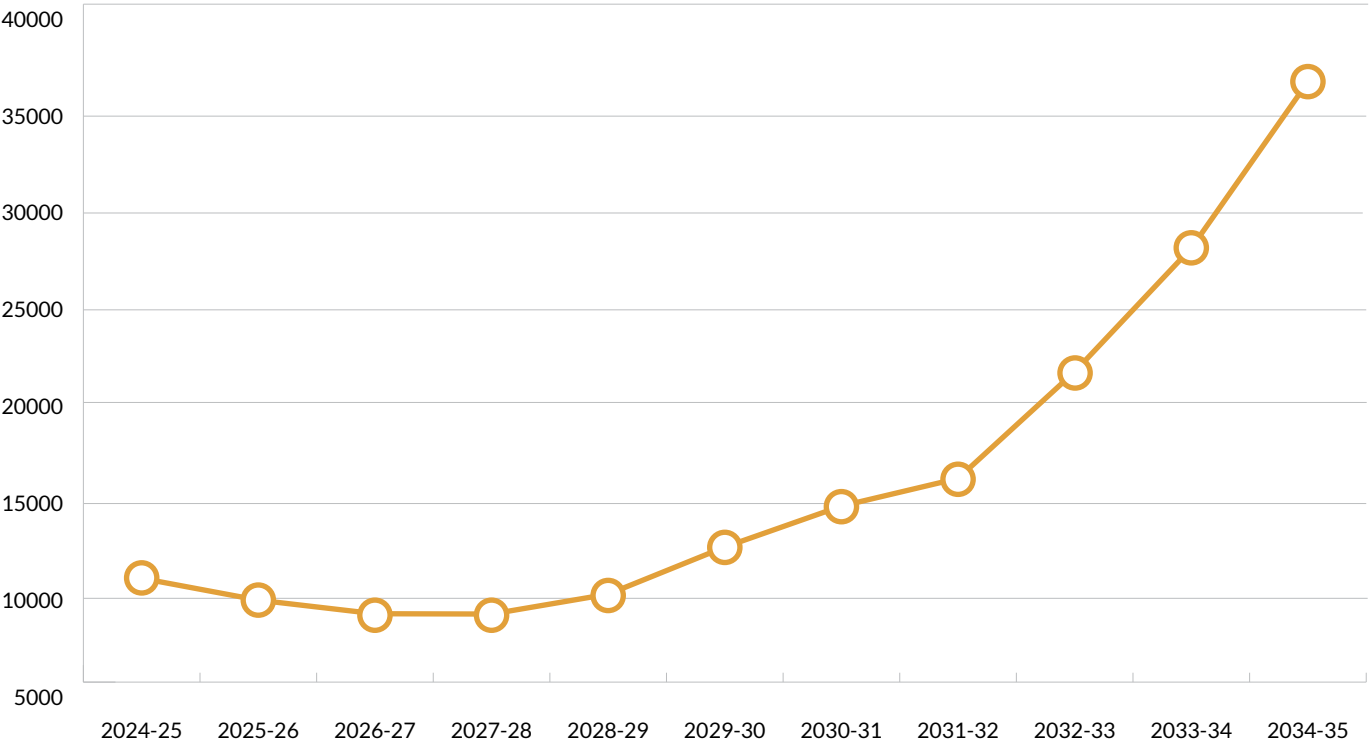
STATEMENT OF CASHFLOW

	2024- 2025	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	2031- 2032	2032- 2033	2033- 2034	2034- 2035
\$'000	Revised Budget	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash Flows from Operating Activities											
Receipts											
Rates & waste charges	36,570	39,284	40,333	42,755	45,258	47,574	49,991	52,536	55,213	58,019	60,984
User charges & fees	1,005	964	991	1,019	1,048	1,077	1,107	1,138	1,170	1,203	1,236
Investment & interest revenue received	1,930	1,562	1,028	1,023	1,042	1,097	1,202	1,296	1,367	1,582	1,829
Grants & contributions	3,582	3,560	3,660	3,762	3,868	3,976	4,087	4,201	4,319	4,440	4,564
Other	63	3	3	3	3	3	3	4	4	4	4
Payments											
Employee benefits & costs	(12,974)	(13,326)	(13,787)	(14,199)	(14,624)	(15,061)	(15,511)	(15,974)	(16,452)	(16,943)	(17,450)
Materials, contracts & other expenses	(23,490)	(28,933)	(25,838)	(26,816)	(27,629)	(28,795)	(29,296)	(30,263)	(31,058)	(32,329)	(32,937)
Finance Payments	(298)	(310)	(399)	(368)	(340)	(311)	(282)	(252)	(220)	(188)	(155)
NET CASH PROVIDED (OR USED IN) OPERATING ACTIVITIES	6,388	2,804	5,991	7,179	8,627	9,559	11,301	12,686	14,342	15,788	18,077
Cash Flows from Investing Activities											
Receipts											
Sale of investment securities	3,650	3,301	466	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant & equipment	180	150	150	150	150	150	150	150	150	150	150
Amounts specifically for new or upgraded assets	4,308	859	983	1,024	925	925	925	925	925	925	925
Payments											
Purchase of investment securities	-	-	-	(196)	(1,244)	(2,673)	(2,356)	(1,676)	(5,763)	(6,635)	(8,843)
Purchase of infrastructure, property, plant & equipment	(15,005)	(6,602)	(9,839)	(7,663)	(7,949)	(7,438)	(9,482)	(11,530)	(9,082)	(9,639)	(9,700)
NET CASH PROVIDED (OR USED IN) INVESTING ACTIVITIES	(6,868)	(2,292)	(8,240)	(6,685)	(8,118)	(9,036)	(10,763)	(12,131)	(13,770)	(15,198)	(17,468)
Cash Flows from Financing Activities											
Receipts											
Proceeds from borrowings & advances	-	-	3,000	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing & advances	(442)	(512)	(751)	(495)	(508)	(523)	(538)	(555)	(572)	(590)	(609)
NET CASH PROVIDED (OR USED IN) FINANCING ACTIVITIES	(442)	(512)	2,249	(495)	(508)	(523)	(538)	(555)	(572)	(590)	(609)
plus: CASH & CASH EQUIVALENTS - beginning of year	4,922	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	(922)	-	-	-	-	-	-	-	-	-	-
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	17,797	14,147	10,846	10,380	10,575	11,820	14,493	16,849	18,525	24,288	30,922
NET INCREASE/(DECREASE) IN INVESTMENTS ON HAND	(3,650)	(3,301)	(466)	196	1,244	2,673	2,356	1,676	5,763	6,635	8,843
Total Investments on Hand	14,147	10,846	10,380	10,575	11,820	14,493	16,849	18,525	24,288	30,922	39,765
TOTAL CASH & CASH EQUIVALENTS & INVESTMENTS - end of year	18,147	14,846	14,380	14,575	15,820	18,493	20,849	22,525	28,288	34,922	43,765

FINANCIAL RATIOS

	2024- 2025	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	2031- 2032	2032- 2033	2033- 2034	2033- 2035
\$'000	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	12.71%	11.96%	13.35%	15.06%	17.03%	17.89%	20.07%	21.39%	23.00%	24.04%	26.13%
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	8.86	4.58	4.32	4.23	4.46	5.02	5.54	5.80	7.09	8.43	10.34
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	2.51	1.98	1.90	1.88	1.98	2.21	2.41	2.52	3.02	3.57	4.29
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	92%	92%	92%	92%	92%	93%	93%	93%	93%	93%	93%
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	7.25	6.38	6.89	8.37	10.14	11.34	13.56	15.41	17.66	19.72	22.91
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	18.02	17.07	15.43	19.94	25.76	30.97	40.26	50.37	64.92	83.49	115.78
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 asseets	125%	54%	77%	59%	59%	54%	67%	80%	61%	63%	62%
Benchmark -between 90%-110%	Capital Expenditure / Depreciation										

RESERVES



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 Plan also includes the following specific assumptions in relation to expected revenues and expenses.

GENERAL ASSUMPTIONS

Item	Budget Assumptions 2025-26	Forecast Assumptions 2026-2035	Comment
Residential Growth	1.5 per cent	1.5 per cent	The Dept. of Treasury long term growth rate for "Greater Darwin" is 1.7% and the projected Palmerston is 2.4% between 2026 and 2031. A conservative 1.5 % growth is included in this plan.
CPI	2.8 per cent	2.8 per cent	Based on long-term forecast for CPI for the Northern Territory as per DAE 2024-25 Mid-Year report. This assumption is consistent with the RBA's target cash rate band of 2-3%.

REVENUE ASSUMPTIONS

Item	Budget Assumptions 2025-26	Forecast Assumptions 2026-2035	Comment
Rate Increase	4.9 per cent	Mix 4.9 and 3.9 percent	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.
Statutory Charges	CPI	CPI	Statutory Charges are not forecast to increase in-line with CPI.
User Fees & Charges (excluding waste)	CPI	CPI	All user fees and charges are expected to increase in-line with CPI.
Waste Charge	CPI	4 – 5 per cent	Charges are based on income required to provide services based on expected expenditure.
Investment Interest	4 per cent	4 per cent	Interest is calculated on the forecast cash and investment balances reflecting stable investment rates.
Interest on overdue rates	11.4 per cent	11.4 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 2025-26	Forecast Assumptions 2026-2035	Comment
Employee Costs excluding Superannuation	101.35 FTE. This also includes insurance and FBT costs relating to employees.		
Superannuation	12 per cent	12 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%
Borrowing Costs	2.78 – 5.5 per cent	2.78 – 5.5 per cent	Based on approved borrowings.
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 2025-26	Forecast Assumptions 2026-2035	Comment
Capital Income	\$7.7 million	\$7.7 million	Included as detailed in the 10 years capital work program.
Capital Expenditure	\$6.6 million	\$88.9 million	Included as detailed in the 10 years capital work program.

WASTE MANAGEMENT

Council applies a fixed Waste Service Charge per residential dwelling. For properties with multiple dwellings on a single allotment, the charge is multiplied by the number of units.

This charge covers the standard domestic waste services: general waste and recyclables collection, free access to the Archer Waste Management Facility, and overall waste and city cleaning services. Commercial and industrial properties are not charged directly and cannot use the Archer Recycling Centre and Waste Transfer Station.

WASTE SERVICE CHARGES

Waste Charges contribute to 20% of Council's overall revenue.

The total waste charges included in the 2025-26 budget is \$8.97 million. The annual growth to this revenue is modelled on the increased costs to the operating and capital expenditure, offset by the amount funded through the Waste Management Reserves.

The assumptions for waste charges are based on the required revenue to provide ongoing services based on the expected costs. These increases are projected to be:

- 5% in 2026-27 and 2027-28
- 4% for the following years

WASTE OPERATING AND CAPITAL EXPENDITURE

The Waste expenditure budget contributes to 23% of Council's overall expenditure (excluding depreciation).

The 2025-26 operating expenditure of \$8.99 million forms the basis of the LTFP and is projected to increase by the following:

- 5.9% in the 2026-27
- 4.7% in the second and 2027-28
- 3.4% annually from 2028-29 through to 2034-35.

Capital expenditure of \$20,000 for the period from 2025-26 to 2033-34. This is funded through Waste Management Reserves.

Loan repayment of \$254,975 is factored in 2025-26. The loan repayment will be funded from the Waste Management Reserve until it concludes in the 2026-27 financial year.

A significant aspect of waste expenditure assumptions is the increase of waste disposal costs, which make up approximately 25% of waste management costs. Disposal costs are dependent on the charges at the Shoal Bay Waste Management Facility which is managed by City of Darwin and has increases nominated in the City of Darwin Long Term Financial Plan (2023-33) to be 15% in 2026-27, 10% in 2027-28 and 2028-29 and 5% in future years. This has a material impact on Council's waste expenditure and the subsequent waste charge.

WASTE MANAGEMENT INCOME STATEMENT

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	2031- 2032	2032- 2033	2033- 2034	2034- 2035
\$'000	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Operating Income										
Waste	8,971	9,420	9,891	10,287	10,698	11,126	11,571	12,034	12,515	13,023
TOTAL INCOME	8,971	9,420	9,891	10,287	10,698	11,126	11,571	12,034	12,515	13,023
Operating Expenditure										
Employee benefits & costs	222	235	246	258	266	275	285	295	305	315
Borrowing costs	12	5	-	-	-	-	-	-	-	-
Materials, contracts and other expenses	8,759	9,259	9,671	10,103	10,426	10,761	11,107	11,465	11,834	12,217
TOTAL EXPENDITURE	8,993	9,499	9,918	10,361	10,693	11,036	11,392	11,759	12,139	12,532
BUDGETED OPERATING SURPLUS / (DEFICIT)	(22)	(79)	(27)	(74)	5	89	179	275	376	492
BUDGET SURPLUS / (DEFICIT)	(22)	(79)	(27)	(74)	5	89	179	275	376	492
TOTAL COMPREHENSIVE INCOME / (LOSS)	(22)	(79)	(27)	(74)	5	89	179	275	376	492
Less: Capital Expenditure	20	20	20	20	20	20	20	20	20	20
Less: Loan Repayments	262	270	-	-	-	-	-	-	-	-
Add: Net Reserve Transfers	304	369	47	94	15	(69)	(159)	(255)	(356)	(472)
NET CASH BUDGET SURPLUS/ (DEFICIT)	-	-	-	-	-	-	-	-	-	-

PLANNED MAJOR CAPITAL WORKS BUDGET

Class of Assets / Major Project	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034	2034-2035	Total Budget	Completion Date
All Ability Access	60,000	61,680	63,407	65,182	67,008	68,884	70,813	72,795	74,834	76,929	681,531	On-going
Archer Waste Management Facility Renewals	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	200,000	On-going
Building renewals	930,836	1,082,580	650,292	1,168,500	687,218	706,460	726,241	746,576	767,480	788,970	8,255,155	On-going
Community Facility	450,000	-	-	-	-	-	-	-	-	-	450,000	2025-26
Creative Industries	100,000	102,800	105,678	108,637	111,679	114,806	118,021	121,325	124,723	128,215	1,135,885	On-going
Driveways/pathways	607,328	618,733	630,458	642,511	654,901	667,638	680,732	694,192	708,030	722,255	6,626,777	On-going
ERP software	350,000	350,000	-	-	-	-	-	-	-	-	700,000	2026-27
IT Projects	153,600	157,901	162,322	166,867	171,539	176,342	181,280	186,356	191,574	196,938	1,744,719	On-going
Marlow Lagoon Masterplan	-	150,000	150,000	-	-	500,000	500,000	500,000	500,000	-	2,300,000	2033-34
Parks & Reserves	1,020,000	1,048,560	1,077,920	1,108,101	1,139,128	1,171,024	1,203,813	1,237,519	1,272,170	1,307,791	11,586,025	On-going
Public Lighting	311,440	320,160	329,125	338,340	347,814	357,553	367,564	377,856	388,436	399,312	3,537,600	On-going
Roads	1,893,944	2,052,089	2,128,824	2,165,365	2,151,443	2,190,060	2,229,757	2,270,566	2,312,518	2,355,644	21,750,209	On-going
Stormwater	204,800	210,534	216,429	222,489	228,719	235,123	241,707	248,474	255,432	262,584	2,326,292	On-going
Strategic Project	-	-	-	-	-	1,000,000	3,000,000	-	-	-	4,000,000	2031-32
Sustainability programs	100,000	102,800	105,678	508,637	911,679	1,314,806	1,718,021	2,121,325	2,524,723	2,928,215	12,335,885	On-going
SWELL Café	-	150,000	500,000	500,000	-	-	-	-	-	-	1,150,000	2028-29
Zuccoli Community Hub	-	3,000,000	1,100,000	500,000	500,000	500,000	-	-	-	-	5,600,000	2030-31
Vehicles	400,000	411,200	422,714	434,550	446,717	459,225	472,083	485,302	498,890	512,859	4,543,539	On-going
TOTAL CAPITAL EXPENDITURE	6,601,949	9,839,038	7,662,847	7,949,181	7,437,846	9,481,922	11,530,031	9,082,288	9,638,807	9,699,710	88,923,618	

CAPITAL EXPENDITURE BY ASSET CLASS

ASSET CLASS	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034	2034-2035	Grand Total
Lands & Buildings	2,300,836	5,327,780	3,371,398	3,166,237	2,212,332	3,759,717	5,308,429	2,358,505	2,409,983	1,962,903	32,178,119
Infrastructure (including roads, footpaths, parks furniture)	3,397,512	3,592,157	3,706,414	4,181,527	4,607,258	5,086,637	5,568,239	6,052,125	6,538,361	7,027,010	49,757,241
Fleet	400,000	411,200	422,714	434,550	446,717	459,225	472,083	485,302	498,890	512,859	4,543,539
Other Assets (including furniture & office equip)	503,600	507,901	162,322	166,867	171,539	176,342	181,280	186,356	191,574	196,938	2,444,719
TOTAL CAPITAL EXPENDITURE	6,601,949	9,839,038	7,662,847	7,949,181	7,437,846	9,481,922	11,530,031	9,082,288	9,638,807	9,699,710	88,923,618

CAPITAL EXPENDITURE BY FUNDING SOURCE

FUNDING SOURCE	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	Grand Total
Operating Income	4,572,924	5,336,446	6,469,066	6,905,400	6,445,551	8,489,627	10,537,736	8,089,993	8,646,512	8,707,415	74,200,669
Capital Grants	659,025	782,592	823,781	823,781	772,295	772,295	772,295	772,295	772,295	772,295	7,722,949
Transfers from Cash Reserves	1,370,000	720,000	370,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	4,000,000
Borrowings		3,000,000									3,000,000
TOTAL CAPITAL EXPENDITURE FUNDING	6,601,949	9,839,038	7,662,847	7,949,181	7,437,846	9,481,922	11,530,031	9,082,288	9,638,807	9,699,710	88,923,618

CONCLUSION

Financial sustainability ensures that City of Palmerston can adequately finance its services and ensure 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, the organisation remains robust and financially viable. Through prudent and responsible budgeting, planning, and financial management practices, City of Palmerston aims to bolster its reserves over the ten years to, sustain quality service delivery to the community, and effectively replace and renew assets both presently and in the future.





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