



LONG TERM FINANCIAL PLAN 2027-36



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: Aboriginal culture Australia Day Recreational Centre January 2026

Pictured front cover: Zuccoli Pump Track March 2026

Pictured back cover: Marlow Lagoon Basketball Court Mural June 2025



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FOREWORD

City of Palmerston is pleased to present the Long-Term Financial Plan 2027 to 2036.

The plan spans from financial year 2026-27 to 2035-36, 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 2026-27.

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.

Modelling has indicated that rate increases for residential will remain same to previous models, with a slight increase for commercial and industrial properties. This is required to maintain existing service levels for the community while fulfilling outcomes identified in the Community Plan for Palmerston. The 2027-36 plan maintains existing service levels and free initiatives such as free 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 ensures long-term financial sustainability while continuing to deliver for our community.”

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.

Department of Treasury and Finance 2025-26 Mid-Year report provides an update of the Northern Territory Government fiscal and economic outlook, including forecast of average growth in the following key economic indicators over the three-year period from 2026-27 to 2028-29.

Key Economic Forecast (%)

	2026-27	2027-28	2028-29
Gross state product ¹	7.1	1.3	3
Employment ¹	1.2	1.6	1.6
Population ²	1.1	1.2	1.2
Consumer price index ²	2.4	2.5	2.5
Wage price index ¹	3.1	3.2	3.3

1 Year average percentage change

2 June quarter compared with June quarter the previous year

Source: Department of Treasury and Finance; Australian Bureau of Statistics (ABS)

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.

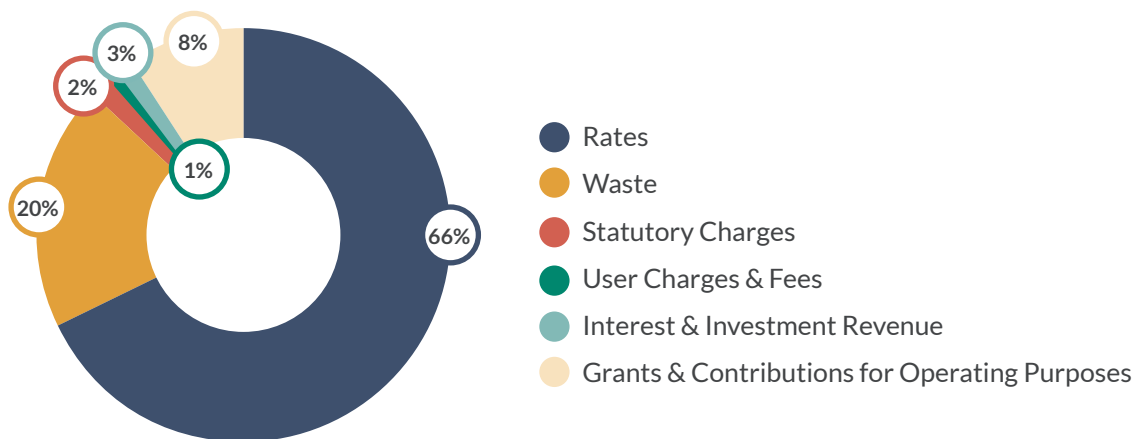
In our commitment to enhancing the city's amenity and liveability, City of Palmerston continues to undertake major projects such as the construction of the Zuccoli Community Hub, a revitalised Driver Community Centre, and a masterplan developed for Marlow Lagoon. All of these projects have had, or will have, extensive community consultation as they are 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. Council has a strategy in place to rebuild reserve balances over the life of the Plan, ensuring adequate liquidity and resilience to support ongoing service delivery and future capital commitments.

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 2026-27



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.
- **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%.
- **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%	18%
Cash Expense Cover Ratio	Greater than 3 months	5.20
Current Ratio	Greater than 1.5 times	2.83
Rates Coverage Ratio	Between 60%-75%	92%
Debt Service Ratio	Greater than 2 times	11.27
Interest Cover Ratio	Greater than 4 times	73.54
Asset Sustainability Ratio	Between 90%-110%	67%

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, 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,

However, ongoing cost of living pressures continue to affect households and place upward pressure on Council's operating costs. While Council remains committed to aligning with community expectations for service delivery and affordability, broader economic factors beyond City of Palmerston's control are impacting both residents and operations.

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 increases in its rate

revenue over the 10 years. Modelling has indicated that rate increases from 2027-28 for residential and commercial will remain same to previous models of 4.9% for residential and commercial for two years with subsequent years a modest increase to all categories of 3.9%. For 2027-28 and 2028-29 there will be slight increase for industrial properties of 7% and 6% in the "rate in the dollar". This is required to maintain existing service levels for the community while fulfilling outcomes identified in the City of Palmerston Community Plan. 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 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 2027-36 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 and maintain a \$5 million minimum balance, increasing to \$10 million. 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 \$98.24 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, Marlow Lagoon 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.



INCOME STATEMENT

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	2031- 2032	2032- 2033	2033- 2034	2034- 2035	2035- 2036
\$'000	Revised Budget	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Operating Income											
Rates & annual charges	37,909	40,555	43,012	45,591	47,931	50,392	52,982	55,707	58,573	61,589	64,763
Rates	28,976	31,116	33,195	35,382	37,313	39,350	41,498	43,763	46,151	48,671	51,327
Waste	8,932	9,439	9,817	10,210	10,618	11,043	11,484	11,944	12,422	12,918	13,435
Statutory Charges	109	715	737	760	783	807	833	858	885	912	941
User charges & fees	1,160	414	427	440	454	468	483	498	513	529	545
Interest & investment revenue	1,742	1,192	994	1,025	1,059	1,129	1,193	1,261	1,369	1,521	1,746
Other revenues	42	60	62	64	66	68	70	72	74	77	79
Grants & contributions for operating purposes	2,311	3,857	3,977	4,100	4,228	4,359	4,494	4,633	4,777	4,925	5,078
TOTAL INCOME	43,272	46,794	49,209	51,980	54,521	57,224	60,054	63,029	66,191	69,553	73,151
Operating Expenditure											
Employee benefits & costs	13,547	13,818	14,179	14,604	15,043	15,494	15,960	16,439	16,932	17,441	17,964
Borrowing costs	310	294	368	340	311	282	252	220	188	155	121
Elected Member Allowances	474	576	593	612	631	650	671	691	713	735	758
Elected Member Expenses	383	43	44	46	397	59	61	63	415	78	80
Materials, contracts and other expenses	26,180	26,001	27,350	28,860	30,062	31,267	32,576	33,744	35,069	36,457	37,911
Depreciation	12,306	13,312	13,628	13,952	14,268	14,643	15,072	15,445	15,835	16,227	16,227
TOTAL EXPENDITURE	53,199	54,043	56,162	58,414	60,712	62,395	64,592	66,602	69,153	71,093	73,061
BUDGETED OPERATING SURPLUS / (DEFICIT)	(9,927)	(7,249)	(6,953)	(6,434)	(6,191)	(5,172)	(4,537)	(3,574)	(2,961)	(1,539)	90
Add: Amounts received specifically for new or upgraded assets	2,776	1,238	6,174	6,174	1,122	1,122	1,122	1,122	1,122	1,122	1,122
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)	(4,151)	(3,011)	2,221	2,740	(2,069)	(1,049)	(415)	549	1,161	2,583	4,212
TOTAL COMPREHENSIVE INCOME / (LOSS)	(4,151)	(3,011)	2,221	2,740	(2,069)	(1,049)	(415)	549	1,161	2,583	4,212
Add: Depreciation	12,306	13,312	13,628	13,952	14,268	14,643	15,072	15,445	15,835	16,227	16,227
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	11,400	9,416	11,979	12,661	7,172	8,739	9,711	9,889	9,634	9,387	9,647
Add: Borrowings (Loans advances)		3,000		-	-	-	-	-	-	-	-
Less: Loan Repayments	512	565	495	508	523	538	555	572	590	609	629
Add: Net Reserve Transfers	6,757	(321)	(376)	(523)	(1,505)	(1,316)	(1,392)	(2,533)	(3,772)	(5,814)	(7,163)
NET CASH BUDGET SURPLUS/(DEFICIT)	-	-	-	-	-	-	-	-	-	-	-

STATEMENT OF FINANCIAL POSITION

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	2031- 2032	2032- 2033	2033- 2034	2034- 2035	2035- 2036
\$'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	9,286	9,509	10,037	10,703	12,371	13,852	15,410	18,113	22,055	28,041	35,373
Receivables	2,163	2,339	2,459	2,598	2,725	2,860	3,002	3,150	3,309	3,477	3,657
Other	1	1	1	1	1	1	1	1	2	2	2
TOTAL CURRENT ASSETS	15,450	15,849	16,498	17,302	19,097	20,713	22,413	25,264	29,366	35,519	43,032
Non-Current Assets											
Infrastructure, property, plant & equipment	570,938	570,043	571,394	573,103	569,007	566,103	563,742	561,186	557,984	554,142	550,560
Investment property	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200
Work in progress	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT ASSETS	577,138	576,243	577,594	579,303	575,207	572,303	569,942	567,386	564,184	560,342	556,760
TOTAL ASSETS	592,588	592,091	594,092	596,605	594,304	593,016	592,355	592,650	593,549	595,861	599,792
Liabilities											
Current Liabilities											
Payables	5,173	5,333	5,499	5,669	5,845	6,026	6,213	6,405	6,604	6,809	7,020
Unearned Grant Income (AASB1058)	-	-	-	-	-	-	-	-	-	-	-
Borrowings	520	495	508	523	538	555	572	590	609	629	6,187
Provisions	1,079	1,111	1,144	1,179	1,214	1,250	1,288	1,327	1,366	1,407	1,450
TOTAL CURRENT LIABILITIES	6,771	6,939	7,151	7,371	7,597	7,831	8,072	8,322	8,579	8,845	14,657
Non-Current Liabilities											
Payables	-	-	-	-	-	-	-	-	-	-	-
Borrowings	4,161	6,435	5,927	5,404	4,866	4,311	3,739	3,150	2,540	1,911	-4,276
Provisions	2,422	2,495	2,569	2,646	2,726	2,808	2,892	2,979	3,068	3,160	3,255
TOTAL NON-CURRENT LIABILITIES	6,583	8,930	8,496	8,050	7,592	7,119	6,631	6,128	5,608	5,071	-1,021
TOTAL LIABILITIES	13,354	15,869	15,647	15,421	15,189	14,950	14,704	14,450	14,188	13,917	13,635
NET ASSETS	579,234	576,223	578,444	581,184	579,116	578,067	577,652	578,200	579,361	581,944	586,157
Equity											
Retained earnings/ (accumulated deficit)	230,673	227,342	229,187	231,405	227,831	225,466	223,660	221,676	219,065	215,834	212,883
Other Reserves	8,370	8,691	9,067	9,589	11,094	12,410	13,802	16,334	20,106	25,920	33,083
Revaluation reserves	340,190	340,190	340,190	340,190	340,190	340,190	340,190	340,190	340,190	340,190	340,190
TOTAL EQUITY	579,233	576,223	578,444	581,184	579,115	578,066	577,651	578,200	579,361	581,944	586,156

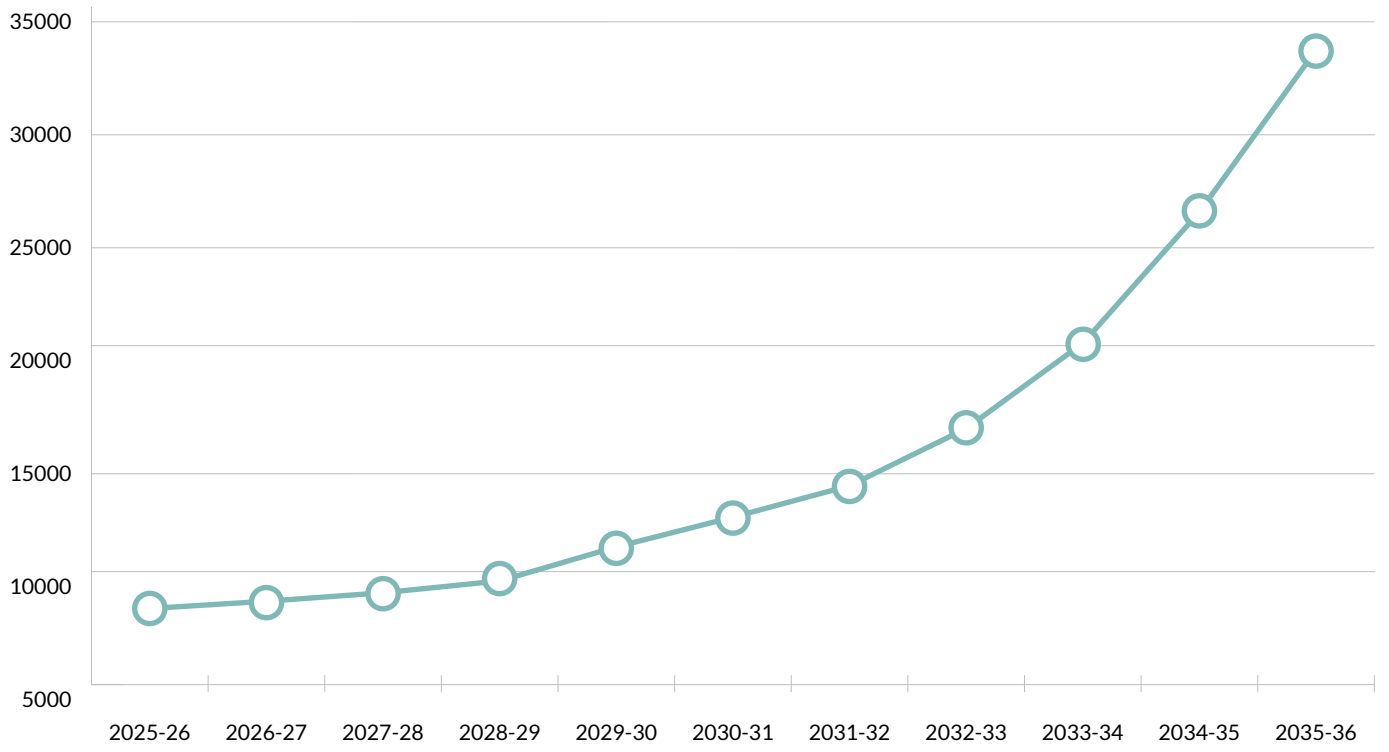
STATEMENT OF CASHFLOW

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	2031- 2032	2032- 2033	2033- 2034	2034- 2035	2035- 2036
\$'000	Revised Budget	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash Flows from Operating Activities											
Receipts											
Rates & waste charges	40,903	40,379	42,892	45,453	47,804	50,257	52,840	55,558	58,415	61,421	64,583
User charges & fees	1,269	1,129	1,164	1,200	1,237	1,276	1,315	1,356	1,398	1,441	1,486
Investment & interest revenue received	1,742	1,192	994	1,025	1,059	1,129	1,193	1,261	1,369	1,521	1,746
Grants & contributions	2,311	3,857	3,977	4,100	4,228	4,359	4,494	4,633	4,777	4,925	5,078
Other	42	260	262	264	266	268	270	272	274	277	279
Payments											
Employee benefits & costs	(13,220)	(13,713)	(14,070)	(14,493)	(14,928)	(15,376)	(15,838)	(16,313)	(16,803)	(17,308)	(17,827)
Materials, contracts & other expenses	(30,763)	(26,459)	(27,822)	(29,347)	(30,914)	(31,795)	(33,121)	(34,306)	(35,998)	(37,065)	(38,538)
Finance Payments	(310)	(294)	(368)	(340)	(311)	(282)	(252)	(220)	(188)	(155)	(121)
NET CASH PROVIDED (OR USED IN) OPERATING ACTIVITIES	1,974	6,352	7,028	7,862	8,441	9,836	10,902	12,240	13,244	15,059	16,687
Cash Flows from Investing Activities											
Receipts											
Sale of investment securities	7,568	-	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant & equipment	150	150	150	150	150	150	150	150	150	150	150
Amounts specifically for new or upgraded assets	2,626	888	5,824	5,824	772	772	772	772	772	772	772
Payments											
Purchase of investment securities	-	(223)	(528)	(666)	(1,668)	(1,480)	(1,559)	(2,702)	(3,943)	(5,986)	(7,333)
Purchase of infrastructure, property, plant & equipment	(11,400)	(9,416)	(11,979)	(12,661)	(7,172)	(8,739)	(9,711)	(9,889)	(9,634)	(9,387)	(9,647)
NET CASH PROVIDED (OR USED IN) INVESTING ACTIVITIES	(1,056)	(8,601)	(6,533)	(7,354)	(7,918)	(9,297)	(10,348)	(11,669)	(12,654)	(14,450)	(16,058)
Cash Flows from Financing Activities											
Receipts											
Proceeds from borrowings & advances	-	3,000	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing & advances	(512)	(751)	(495)	(508)	(523)	(538)	(555)	(572)	(590)	(609)	(629)
NET CASH PROVIDED (OR USED IN) FINANCING ACTIVITIES	(512)	2,249	(495)	(508)	(523)	(538)	(555)	(572)	(590)	(609)	(629)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	406	-	-	-	-	-	-	-	-	-	-
plus: CASH & CASH EQUIVALENTS - beginning of year	3,594	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
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	16,854	9,286	9,509	10,037	10,703	12,371	13,852	15,410	18,113	22,055	28,041
NET INCREASE/(DECREASE) IN INVESTMENTS ON HAND	(7,568)	223	528	666	1,668	1,480	1,559	2,702	3,943	5,986	7,333
Total Investments on Hand	9,286	9,509	10,037	10,703	12,371	13,852	15,410	18,113	22,055	28,041	35,373
TOTAL CASH & CASH EQUIVALENTS & INVESTMENTS - end of year	13,286	13,509	14,037	14,703	16,371	17,852	19,410	22,113	26,055	32,041	39,373
NET INCREASE/(DECREASE) IN CASH, CASH EQUIVALENTS & INVESTMENTS	(7,163)	223	528	666	1,668	1,480	1,559	2,702	3,943	5,986	7,333

FINANCIAL RATIOS

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	2031- 2032	2032- 2033	2033- 2034	2033- 2035	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	6.21%	13.58%	14.31%	15.12%	15.39%	17.04%	17.96%	19.18%	19.73%	21.34%	22.47%
Benchmark - Greater than 0%	<i>(operating revenue excl. capital grants and contributions - operating expenses) / operating revenue excluding capital grants and contributions</i>										
Cash Expense Cover Ratio											
This ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow	3.93	4.01	3.99	4.00	4.26	4.51	4.73	5.21	5.88	7.03	8.33
Benchmark - Greater than 3.0 months	<i>(current year's cash and cash equivalents / (total expenses - depreciation - interest costs) * 12</i>										
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	2.28	2.28	2.31	2.35	2.51	2.65	2.78	3.04	3.42	4.02	2.94
Benchmark - Greater than 1.5	<i>current assets / current liabilities</i>										
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	95%	92%	92%	92%	92%	92%	93%	93%	93%	93%	93%
Benchmark - Greater than 60% < 75%											
Own funding / total operating revenue	<i>Total income less Grants/total income</i>										
Debt Service Cover Ratio											
This ratio measures the availability of cash to service debt including interest, principal, and lease payments	3.24	8.07	8.04	9.11	9.88	11.66	13.10	14.92	16.38	18.92	2.61
Benchmark - Greater than 2.0	<i>operating result before interest and depreciation (EBITDA) / principal repayments + borrowing interest costs</i>										
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	27.32	36.10	44.09	50.17	40.23	49.26	59.17	73.56	91.24	122.17	169.42
Benchmark - Greater than 4.0	<i>operating result before interest and depreciation (EBITDA) / interest expense</i>										
Asset Sustainability Ratio											
This ratio indicates the extent to which Council is replacing its existing asset base with capital renewals of existing assets	69%										
Benchmark -between 89%-110%	<i>Capital Expenditure / Depreciation</i>										

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 2026-27	Forecast Assumptions 2027-2036	Comment
Residential Growth	1.5 per cent	1.5 per cent	The Dept. of Treasury (DTF) projects growth of 1.7% for Greater Darwin and 2.4% for Palmerston (2026–2031), and 1.7% and 2.0% respectively (2031–2036). This plan adopts a conservative 1.5% growth rate.
CPI	3.1 per cent	3.1 per cent	This assumption is consistent with the RBA's target cash rate band of 2-3%.

REVENUE ASSUMPTIONS

Item	Budget Assumptions 2026-27	Forecast Assumptions 2027-2036	Comment
Rate Increase	4.9 per cent, (Residential), 5.9 per cent (Commercial and Industrial), 7 per cent (Industrial RID)	Mix 4.9, 3.9 per cent, and 7 per cent industrial RID	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 in-crease 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	3.5 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 2026-27	Forecast Assumptions 2027-36	Comment
Employee Costs excluding Superannuation	103.35 FTE including consideration of the EA negotiations plus a 2.5% vacancy rate applied. This also includes insurance and FBT costs relating to employees.		
Superannuation	12 per cent	12 per cent	The Superannuation Guarantee rate is 12% of an employee's Ordinary Time Earnings (OTE).
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 and 1.5% growth	An average annual increase in materials and contractor costs is anticipated, comprising 1.5 per cent growth plus CPI. The additional 1.5 per cent reflects the increasing costs associated with delivering Council services.
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 2026-27	Forecast Assumptions 2027-36	Comment
Capital Income	\$4.2 million	\$51.44 million	Included as detailed in the 10 years cap-ital work program.
Capital Expenditure	9.4 million	\$98.24 million	Included as detailed in the 10 years cap-ital 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 2026-27 budget is \$9.44 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;

- 4% in 2027-28 and the following years

WASTE OPERATING AND CAPITAL EXPENDITURE

The Waste expenditure budget contributes to 17.29% of Council's overall operating expenditure (excluding depreciation).

The 2026-27 operating expenditure of \$9.43 million forms the basis of the LTFP and is projected to increase by the following:

- 6.3% in 2027-28
- 4.7% in 2028-29
- 3.4% annually from 2029-30 through to 2035-36.

Capital expenditure of \$20,000 for the period from 2026-27 to 2035-36. This is funded through Waste Management Reserves.

Loan repayment of \$269,615, for the Archer Landfill Rehabilitation, is factored in 2026-27. The loan repayment will be partially funded from the Waste Management Reserve. The loan 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	2035- 2036
\$'000	Revised Budget	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Operating Income											
Waste	8,971	9,439	9,817	10,210	10,618	11,043	11,484	11,944	12,422	12,918	13,435
TOTAL INCOME	8,971	9,439	9,817	10,210	10,618	11,043	11,484	11,944	12,422	12,918	13,435
Operating Expenditure											
Employee benefits & costs	222	222	222	222	222	222	222	222	222	222	222
Borrowing costs	12	5	5	-	-	-	-	-	-	-	-
Materials, contracts and other expenses	8,759	9,115	9,688	10,136	10,468	10,811	11,166	11,534	11,913	12,306	12,712
Expenses previously treated as Capital (Tree Planting/ Building Maint)	-	-	-	-	-	-	-	-	-	-	-
Depreciation, amortisation & Impairment	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE	8,993	9,342	9,915	10,358	10,690	11,033	11,388	11,756	12,135	12,528	12,934
BUDGETED OPERATING SURPLUS / (DEFICIT)	(22)	97	(98)	(148)	(72)	10	96	188	286	391	501
BUDGET SURPLUS / (DEFICIT)	(22)	97	(98)	(148)	(72)	10	96	188	286	391	501
TOTAL COMPREHENSIVE INCOME / (LOSS)	(22)	97	(98)	(148)	(72)	10	96	188	286	391	501
Less: Capital Expenditure	20	20	20	20	20	20	20	20	20	20	20
Less: Loan Repayments	262	270	-	-	-	-	-	-	-	-	-
Add: Net Reserve Transfers	304	192	118	168	92	10	(76)	(168)	(266)	(371)	(481)
NET CASH BUDGET SURPLUS/(DEFICIT)	-	-	-	-	-	-	-	-	-	-	-

PLANNED MAJOR CAPITAL WORKS BUDGET

Class of Assets / Major Project	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Grand Total	Completion Date
60 Georgina Cres - Building renewal	10,527	10,853	11,189	11,536	11,894	12,263	12,643	13,035	13,439	13,855	121,234	On-going
All Ability Access	30,840	63,592	65,563	67,596	69,691	71,852	74,079	76,376	78,743	81,184	679,517	On-going
Animal Management Facility	50,000	350,000	500,000	-	-	-	-	-	-	-	900,000	2028-2029
Aquatic Centre Capital (SWELL) Renewals	74,250	76,552	78,925	81,372	83,894	86,495	89,176	91,941	94,791	97,730	855,126	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
Bitumen Reseal & Asphalt Overlay Program	1,540,409	1,619,040	1,657,643	1,645,957	1,686,991	1,729,296	1,772,913	1,817,882	1,864,246	1,912,046	17,246,423	On-going
CBD and Parking Renewal	-	-	150,000	154,950	160,063	165,345	170,802	176,438	182,261	188,275	1,348,135	On-going
CBD Parking Signage Renewal	15,000	15,000	-	-	-	-	-	-	-	-	30,000	2027-2028
Civic Plaza Capital Renewals	184,958	190,691	196,603	202,698	208,981	215,460	222,139	229,025	236,125	243,445	2,130,124	On-going
Creative Industries	51,400	105,987	109,272	112,660	116,152	119,753	123,465	127,293	131,239	135,307	1,132,529	On-going
Depot Capital Renewals	15,158	15,628	16,113	16,612	17,127	17,658	18,206	18,770	19,352	19,952	174,577	On-going
Driver Resource Centre Capital Renewals	10,527	10,853	11,189	11,536	11,894	12,263	12,643	13,035	13,439	13,855	121,234	On-going
Driveway Renewals	54,739	56,436	58,185	59,989	61,849	63,766	65,743	67,781	69,882	72,048	630,418	On-going
Durack Community Arts Centre Capital Renewals	9,527	9,822	10,126	10,440	10,764	11,098	11,442	11,796	12,162	12,539	109,717	On-going
ERP software	350,000	-	-	-	-	-	-	-	-	-	350,000	2026-27
Exeloo Renewal	15,000	15,465	15,944	16,439	16,948	17,474	18,015	18,574	19,150	19,743	172,752	On-going
Fleet Replacement	411,200	423,947	437,090	450,639	464,609	479,012	493,861	509,171	524,955	541,229	4,735,714	On-going
Gray Community Hall Renewals	20,480	21,115	21,769	22,444	23,140	23,857	24,597	25,359	26,146	26,956	235,864	On-going
Irrigation Refurbishment	214,960	221,624	228,494	235,577	242,880	250,410	258,172	266,176	274,427	282,934	2,475,655	On-going
IT Projects	157,901	162,796	167,842	173,046	178,410	183,941	189,643	195,522	201,583	207,832	1,818,514	On-going
Laneway Renewals	52,634	54,265	55,947	57,682	59,470	61,314	63,214	65,174	67,194	69,277	606,171	On-going
Library Air-Con Renewals	-	-	400,000	-	-	-	-	-	-	-	400,000	On-going
Library Building Capital Renewals	108,952	112,329	115,811	119,401	123,103	126,919	130,854	134,910	139,092	143,404	1,254,775	On-going

PLANNED MAJOR CAPITAL WORKS BUDGET (CONT.)

Class of Assets / Major Project	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Grand Total	Completion Date
Marlow Lagoon Masterplan	75,000	-	-	-	-	-	-	-	-	-	75,000	2027-2028
Marlow Lagoon Upgrades (master-plan implementation)	-	-	-	-	-	-	1,000,000	500,000	-	-	1,500,000	2028-2029
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	On-going
New Pathways	92,520	190,776	196,690	202,788	209,074	215,555	222,238	229,127	236,230	243,553	2,038,551	On-going
Odegaard Drive Building Capital Works	37,125	38,276	39,462	40,686	41,947	43,247	44,588	45,970	47,395	48,865	427,562	On-going
Pathways Renewals	126,321	130,237	134,274	138,436	142,728	147,152	151,714	156,417	161,266	166,266	1,454,811	On-going
Play Space Renewals	462,600	476,941	491,726	506,969	522,685	538,889	555,594	572,818	590,575	608,883	5,327,679	On-going
Play Space Upgrades	102,800	211,974	218,545	225,320	232,305	239,506	246,931	254,586	262,478	270,615	2,265,057	On-going
Public Lighting Renewals	63,160	65,118	67,137	69,218	71,364	73,576	75,857	78,209	80,633	83,133	727,406	On-going
Public Lighting Upgrades (Dark Spots)	128,500	264,967	273,181	281,650	290,381	299,383	308,663	318,232	328,097	338,268	2,831,321	On-going
Recreation Centre Air-Con Renew-al	500,000	500,000	-	-	-	-	-	-	-	-	1,000,000	On-going
Recreation Centre Capital Renew-als	108,952	112,329	115,811	119,401	123,103	126,919	130,854	134,910	139,092	143,404	1,254,775	On-going
Renewal growth and asset sustain-ability	-	-	-	800,000	1,200,000	-	2,000,000	2,062,000	2,125,922	2,191,826	10,379,748	On-going
Road Reconstruction	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	4,500,000	On-going
Road Safety Program	61,680	63,592	65,563	67,596	69,691	71,852	74,079	76,376	78,743	81,184	710,357	On-going
Stormwater Renewals	210,534	217,061	223,790	230,727	237,880	245,254	252,857	260,696	268,777	277,109	2,424,686	On-going
Strategic Project	-	-	-	-	1,000,000	3,000,000	-	-	-	-	4,000,000	2031-2032
Sustainability Programs (Solar Panels & LEDs etc)	269,600	235,068	242,355	249,868	257,614	265,600	273,834	282,323	291,075	300,098	2,667,434	On-going
SWELL Café/Airconditioning	75,000	154,650	500,000	-	-	-	-	-	-	-	729,650	On-going
Tree Planting & Replacement	54,200	111,760	115,225	118,797	122,480	126,277	130,191	134,227	138,388	142,678	1,194,223	On-going
Zuccoli Community Hub	3,000,000	5,000,000	5,000,000	-	-	-	-	-	-	-	13,000,000	2030-2031
Grand Total	9,416,452	11,978,744	12,661,469	7,172,032	8,739,113	9,711,385	9,889,007	9,634,147	9,386,897	9,647,494	98,236,741	

CAPITAL EXPENDITURE BY ASSET CLASS

ASSET CLASS	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Grand Total
Fleet	411,200	423,947	437,090	450,639	464,609	479,012	493,861	509,171	524,955	541,229	4,735,714
Infrastructure (including roads, footpaths, parks furniture)	3,510,897	3,846,776	4,068,824	4,912,035	5,409,676	4,310,355	6,414,166	6,583,206	6,757,497	6,937,202	52,750,634
Lands & Buildings	4,486,455	7,045,225	7,587,713	1,636,312	2,686,418	4,738,077	2,791,337	2,346,249	1,902,862	1,961,231	37,181,878
Other Assets (including furniture & office equip)	1,007,901	662,796	567,842	173,046	178,410	183,941	189,643	195,522	201,583	207,832	3,568,514
Grand Total	9,416,452	11,978,744	12,661,469	7,172,032	8,739,113	9,711,385	9,889,007	9,634,147	9,386,897	9,647,494	98,236,741

CAPITAL EXPENDITURE BY FUNDING SOURCE

FUNDING SOURCE	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2034-35	2035-36	2036-37	Grand Total
Operating Income	4,683,260	5,676,963	6,467,688	6,029,737	7,596,818	8,569,090	7,746,712	8,491,852	8,244,602	8,505,199	72,011,922
Sale of Assets	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,500,000
Transfers from Cash Reserves	695,000	328,000	220,000	220,000	220,000	220,000	1,220,000	220,000	220,000	220,000	3,783,000
Borrowings	3,000,000	-	-	-	-	-	-	-	-	-	3,000,000
Capital Grants	888,192	5,823,781	5,823,781	772,295	772,295	772,295	772,295	772,295	772,295	772,295	17,941,819
Grand Total	9,416,452	11,978,744	12,661,469	7,172,032	8,739,113	9,711,385	9,889,007	9,634,147	9,386,897	9,647,494	98,236,741



An aerial photograph of a park area. In the foreground, there is a paved area with a large, rectangular, corrugated metal roof structure supported by four legs, which serves as a picnic shelter. Underneath the shelter, a wooden bench is visible. To the left of the shelter, there is a circular fire pit area with a log on top. The park is surrounded by green grass, trees, and a black metal fence. In the background, there are residential buildings and more trees.

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.



city of
PALMERSTON

'A Place for People'

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