



**LONG TERM
FINANCIAL PLAN
2024-25**



Above: Smokng 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.

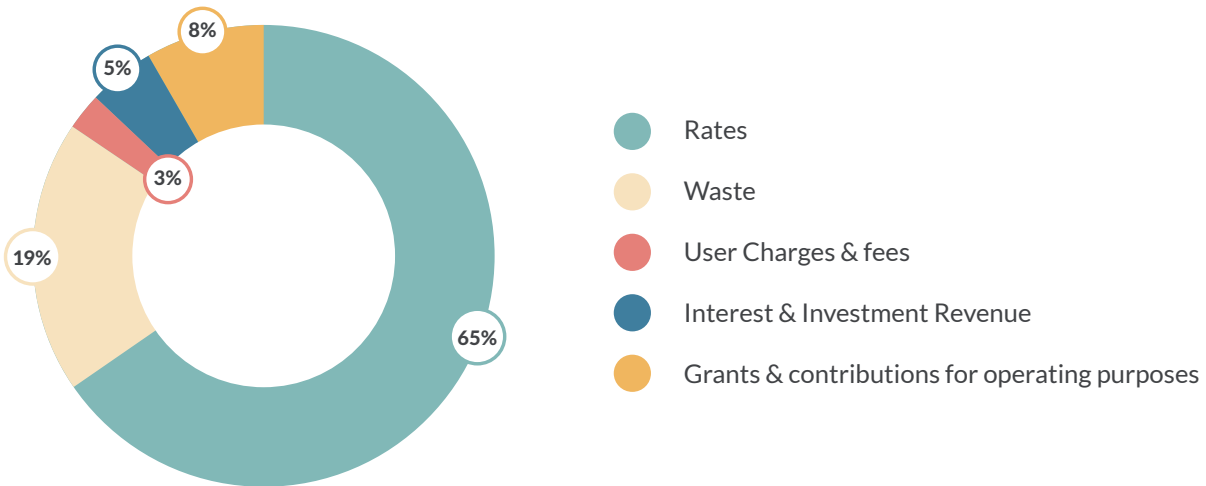
While the infrastructure remains relatively new, short to medium-term maintenance works are necessary to uphold its satisfactory condition. However, in the future, significant asset replacement will pose a substantial expense for the City. City of Palmerston diligently pursues the targets outlined in 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 EQUIVALEND & 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 |
|---|------------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| Rates & waste charges | 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 |
| Driveways / Pathways | 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 |
| Building Renewals | 350,000 | 750,000 | 700,000 | - | - | - | - | - | - | - | - | 1,800,000 |
| ERP software | 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 |
| IT Projects | - | 150,000 | 150,000 | - | - | - | - | - | - | - | - | 300,000 |
| Marlow Lagoon Masterplan | 500,000 | 500,000 | 1,000,000 | - | - | - | - | - | - | - | - | 1,500,000 |
| SWELL Café | 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 |
| Where We Live Matters - Zuccoli Community | 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 |
| Creative Industries | 184,700 | 1,250,000 | 1,750,000 | - | - | - | - | - | - | - | - | 3,184,700 |
| Driver Community Facility | 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 |
| Parks & Reserves | 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 |
| Sustainability Programs | 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 |
| Roads | 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 |
| Stormwater | 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 |
| Vehicles | 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 | 36,358 | 34,992 | 33,166 | 32,230 | 32,872 | 33,230 | 34,720 | 35,824 | 36,385 | 37,925 | 40,530 |
| 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.



 Civic Plaza, 1 Chung Wah Terrance

 08 8935 9922

 palmerston@palmerston.nt.gov.au

 palmerston.nt.gov.au

