



Live > Enjoy > Grow

GILGANDRA REGION LONG TERM FINANCIAL PLAN 2024/25 - 2033/34



ACKNOWLEDGEMENT OF COUNTRY.

Gilgandra is known as a “meeting place” between three Aboriginal nations - **Wiradjuri, Gamilaroi and Wailwan** - and we proudly continue to be a meeting place for family, friends, locals and visitors alike.

Gilgandra Shire Council acknowledges the traditional custodians of the land on which we live, work and play. We pay our respects to our Elders past, present and emerging, and thank them for the contribution they have made, and continue to make, in the cultural identity of our nation.

**LIVE
ENJOY
GROW**

gilgandra.nsw.gov.au



CONTENTS

Integrated planning and reporting framework ...	02
Supporting plans and strategies	03
Objectives of the Long	
Term Financial Plan (LTFP).....	05
Financial sustainability	06
Planning assumptions	07
Capital works.....	09 - 14
Key financial indicators.....	15
Sensitivity analysis.....	17
Financial strategies underpinning the LTFP	18
Financial modelling	19

Live > Enjoy > Grow

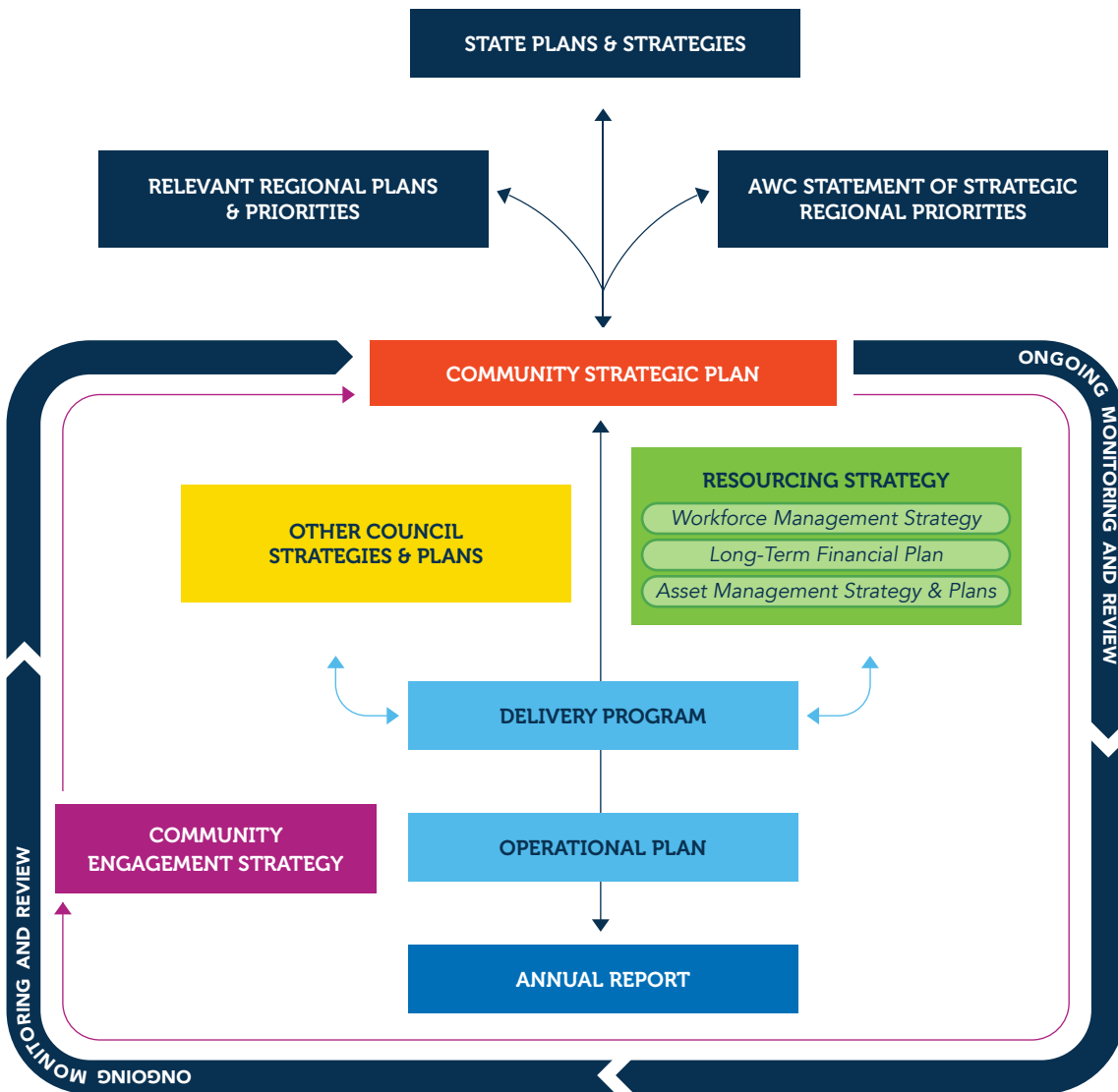


INTEGRATED PLANNING AND REPORTING FRAMEWORK

The Community Strategic plan forms the basis for all Council's programs, projects and plans for the next ten years.

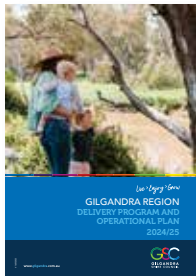
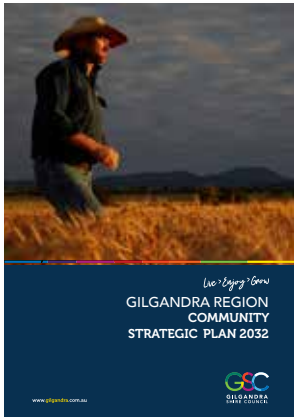
Planning documents include:

- Delivery Program (term of Council)
- Operational Plan (1 year)
- Community Engagement Strategy
- Resourcing Strategy



SUPPORTING PLANS AND STRATEGIES

A suite of integrated plans and strategies underpin the Community Strategic Plan



Delivery Program
Sets out the actions that Council will take over its term to work towards achieving the outcomes and strategies identified in the Community Strategic Plan.

Operational Plan
Details actions that Council will take in the next financial year towards achieving the outcomes identified in the Community Strategic Plan. These actions are a subset of the actions outlined in the Delivery Program and include detailed budget requirements.



Resourcing Strategy

WORKFORCE MANAGEMENT PLAN

Outlines how we will ensure Council has staff with the skills to work towards delivering the outcomes identified in the Community Strategic Plan.

ASSET MANAGEMENT PLAN

Details information on all assets under Council and delivery of services from assets is provided in a financially sustainable manner.

LONG TERM FINANCIAL PLAN

Provides a sound basis for financial decision making. The Long Term Financial Plan is a tool that 'tests' the community's aspirations outlined in the Community Strategic Plan against the financial reality.

COMMUNITY ENGAGEMENT STRATEGY

Outlines various strategies to engage with the Gilgandra Shire Community.



Other Council Strategies and Plans

GILGANDRA ACTIVATION BLUEPRINT

Provides a framework and process to chart an aspirational future for the Gilgandra Region by striving to unlock the greatest opportunities, and confront our most difficult challenges. It has been informed through an analysis of Council's strategic planning documents.



LOCAL ENVIRONMENTAL PLAN Maps out the details of land use planning across the Shire. It is the principal document for controlling development at a Council level.

LOCAL ROADS HIERARCHY PLAN

GILGANDRA LOCAL STRATEGIC PLANNING STATEMENT (LSPS)

GILGANDRA ACTIVE TRANSPORT STRATEGY

COMMUNITY PARTICIPATION PLAN

DISABILITY INCLUSION ACTION PLAN



GILGANDRA CULTURAL PRECINCT STRATEGIC PLAN

GILGANDRA DEVELOPMENT CONTROL PLAN

GILGANDRA COMMUNITY BASED HERITAGE STUDY



OBJECTIVES OF THE LONG TERM FINANCIAL PLAN

This LTFP covers the 10 year planning period from the Community Strategic Plan 2024/25 to 2033/34.

The overall objective of the LTFP is to express in financial terms the activities Gilgandra Shire Council proposes to undertake over the short, medium and long term, provide a sound basis for strategic decision making, and guide the future strategies and actions of Council to ensure that it continues to operate in a manner that achieves financial sustainability.

Specific objectives of the plan are to:

- provide sound forecasts of financial performance and position for a range of planning scenarios that respond to the aspirations of the community
- achieve and maintain a sound and stable financial position over the long term
- identify strategies that support the sustainable provision of services and service levels identified by the community as expressed in the CSP and DP
- ensure that Council can meet its financial obligations as and when they fall due
- ensure that any loans raised to support the achievement of the community aspirations can be serviced over the term of the loans
- provide a clear and transparent picture of Council's long term financial situation to the community





FINANCIAL SUSTAINABILITY

Financial sustainability is a key challenge facing Council and Local Government in general due to several contributing factors including:

- increased demand for services beyond those traditionally provided
- cost shifting from other levels of government
- ageing infrastructure and constraints on revenue growth
- rate pegging constraints and uncertainty over grant income
- increased maintenance due to an ageing infrastructure network
- cost increases in major inputs in excess of the Consumer Price Index (CPI)

The financial modelling underpinning this LTFP confirms that Council can maintain current service levels, ensure existing assets are maintained and renewed as required and the demand for new facilities is met, in the long term given its current and projected level of resourcing.

There are a number of financial challenges identified that have emerged over a number of years and can be attributed to:

- cost shifting from other levels of Government, with local government being forced to take on increased responsibilities without being provided appropriate funding to meet these additional responsibilities.
- significant increases in excess of inflation in a number of major expenditure items such as electricity, insurance and superannuation which have generally not been offset by rate pegging increases.
- the impact of demand for additional facilities and services identified through the development of the Community Strategic Plan.
- an identified shortfall in infrastructure renewals expenditure required to maintain infrastructure assets in a satisfactory condition.

INFRASTRUCTURE RENEWALS AND BACKLOG

The issue of financial sustainability of local government has been identified as a major issue in a number of State based and National inquiries and studies into the issue over many years. Each has identified a shortfall in infrastructure renewal expenditure and a substantial backlog in infrastructure spending as the major issue facing the industry, primarily due to limited funding opportunities available, coupled with the diverse and increasing demand on Council's resources.

Council has developed asset management plans and indications are that current levels of maintenance and renewals of particularly transport assets fall short of that required to maintain the assets in a satisfactory condition while continuing to extend their useful lives. The asset management plans quantify the level of spending required to maintain existing infrastructure assets and address any infrastructure backlog.

This infrastructure challenge places further pressure on Council's ability to remain financially sustainable in the long term. If left unaddressed, Council's infrastructure assets will continue to deteriorate at an increasing rate. This will ultimately result in assets failing, the withdrawal of facilities and services, increased maintenance costs as well as increased exposure to risk.

Further detail in relation to this issue, including its impacts and associated risks if not addressed are contained in Council's Asset Management Plans.

Council is confident that a planned approach to asset management over the longer term and recent significant increases in funding levels for maintenance and renewal of assets will address the current backlog.



PLANNING ASSUMPTIONS

The LTFP is based on a number of planning assumptions. These assumptions were used to model and formulate the plan and test a range of scenarios, a process which ultimately formed the basis of the LTFP.

The key planning assumptions considered in the development of the LTFP are detailed below. All amounts are shown in real values (2024/25 dollars)

INFLATION CONSUMER PRICE INDEX (CPI)

Forecast CPI at a rate of 3% per annum over the 10 year period is utilised as the inflator for all items of operating revenue and expenditure except for the following items in Council's financial modelling:

- Employee Costs
- Rate Pegging
- Investment Returns
- Election expenses
- Borrowing Costs
- Aerodrome Income
- General Rates
- Water Charges
- Sewer Charges
- Domestic Waste Charges
- Stormwater Charges
- Grants
- Capital Works

INVESTMENT RETURNS

Forecast returns on Council's investment portfolio are based on the forecast 90 day bank bill rates, plus a small margin to reflect strategic investments in longer term investment products where appropriate. The source for the forecast 90 day bank bill rates is the 4 major Australian banks.

Forecast investment returns have been averaged at 5% year one, 3% thereafter over the life of the plan.

EMPLOYEE COSTS

Employee costs consist of salaries and wages, employee leave entitlements, Council's contribution to superannuation schemes, workers compensation insurance, fringe benefits tax and employee training costs.

The base year (2024/25) employee costs are calculated utilising a zero based budgeting approach, calculating the employee cost for each position in the budgeted staff establishment based on actual rates of pay inflated for known increases in pay rates. The projections include employee on-costs for each employee as well as an allowance for overtime and the impact of vacant positions during the year.

As part of its financial strategy, Council sets aside a reserve to enable any 'spikes' in employee leave entitlements, particularly resulting from the retirement or resignation of long serving employees, to be funded. The reserve currently represents 31% of total employee entitlement provisions and is forecast to increase to 50% by the end of the 10 year planning period.

RATE PEGGING

Council's capacity to generate rate income and increase the overall annual rate revenue is controlled through rate pegging set by the Independent Pricing and Regulatory Tribunal (IPART). The rate peg announced by IPART for 2023/2024 is 4.5%. Estimates for future rating revenue has been set at 2.5%. The Long Term Financial Plan is based on the Ordinary (General) Rates to increase by 4.5% in 2024/2025 in accordance with the additional special variation limit as determined by the Minister for Local Government.

ELECTION EXPENSES

Forecast to cover the cost of Local Government elections in 2024/25 & 2028/29.

BORROWING COSTS

Borrowing costs are forecast to average 5.25% for the 15 year term and 5.60% for the 20 year term.

It has been assumed that future loans will be for a 15-20 year term for larger infrastructure projects and a five year term for smaller projects and interest rates will be fixed. The basis of forecast interest rates is detailed in the planning assumptions.

Council has been declared "Fit For The Future" as a rural council and as such has access to borrowing facilities through The NSW Treasury Corporation.

WATER SUPPLY CHARGES

Council utilises a two part charging structure for the supply of water to Gilgandra and Tooraweenah, being an access charge according to the size of the water service and a usage charge per kilolitre of water used.

Council uses Best Practice Pricing as directed by the State Government and it is proposed to continue with a two part charging structure under Best Practice Pricing guidelines.

Water supply charging has been forecast to increase by 5% per annum for the life of the plan in accordance with Best Practice Pricing and the 30 year operating and capital replacement plan.

SEWER CHARGES

Council utilises a three part charging structure based around an access charge according to the size of the water service, usage charges based on water usage and trade waste charges based on water usage.

Council uses Best Practice Pricing as directed by the State Government and, it is proposed to continue with a three part charging structure under Best Practice Pricing guidelines.

Sewer services charging has been forecast to increase by 7% per annum for access charges and 7% per annum for usage charges for the life of the plan in accordance with Best Practice Pricing and the 30 year operating and capital replacement plan.

GENERAL RATES

Council currently has five general rating categories, being Farmland, Residential Gilgandra, Business Gilgandra, Residential Other and Business Other. Council proposes to continue with its current rating structure of an ad valorem subject to a minimum rate.

DOMESTIC WASTE MANAGEMENT CHARGES

Council's domestic waste management service comprise of a weekly collection of 240 litre garbage bin and a fortnightly collection of a 240 litre recycling bin.

The Local Government Act 1993 requires that Domestic Waste Management Charges must reflect the actual cost of providing those services.

Waste Management Charges have been forecast to increase by 2% in 2024/25 and 2.5% per annum for the remainder of the life of the plan.

STORMWATER CHARGES

Funds generated from this charge are used to fund stormwater backlog works and improve the management of urban stormwater in the local government area.

The charge is set by clause 125AA of the Local Government (General) Regulation 2005 and Council has no scope to increase the charge in line with inflation or any other cost increases. It is assumed the charge will remain in place over the ten year planning horizon.

These charges are currently \$25 per assessment within the Gilgandra urban area and are assumed to remain the same throughout the life of the plan.

GRANTS

In 2023/24 a significant increase in grant funding has been budgeted thanks to the introduction of the NSW State Governments Regional Infrastructure and Stronger Communities Grant Funding streams.

A conservative approach has been taken in estimating grants and contributions for future years with a prediction of return to normal levels including increases that cater for 2.5% CPI.

CAPITAL WORKS 2024/25 - 2027/28

The following is an explanation of the capital works Council is planning to achieve over the next four year period

ANGLICAN CHURCH REHABILITATION

A \$200k contribution from Council to assist with the major structural repair works.

ARTHUR BUTLER PROJECT The subject of a proposed \$500k grant application by Council towards facilities at Tooraweenah to tell the history of the Arthur Butler story.

BARONNE CREEK An amount of \$1.25m to replace the Baronne Creek crossing on National Park road.

BUSHFIRE ISSUES The allocation of \$275k is an estimate only of the value of the plant and equipment to be purchased by the Rural Fire Service. This is a non cash item with Council paying 11.7% of the cost.

CARLGINDA ENTERPRISES Ongoing allocation for various capital works as they occur.

CBD CAR PARK PLANNING AND DEVELOPMENT An allocation of \$100k to review and \$5m to develop car parking requirements in the CBD.

CHAMBERS & OFFICES The Council chambers and offices is an ageing building and regular maintenance and renewals are required, into the future. \$200k has been set aside for renovations in 2024/25.

COOEE VILLA UNITS Yearly allocation to complete the capital renewal of units as they occur.

COOEE LODGE Yearly allocations to replace motor vehicles and complete renewal works as required.

ECOTOURISM ACCOMMODATION

WARRUMBUNGLE NATIONAL PARK A proposed joint project with Warrumbungle Council to construct accommodation at the National Park. It is offset by proposed grant funding of the same amount.

GILGANDRA WASTE FACILITY An allocation to provide a new waste cell at the facility.

HALF BASKETBALL COURT HUNTER PARK An allocation of \$50k to construct.

HALLS - CURBAN An amount of \$10,000 is included as an estimate only and is offset by a capital contribution of the same amount.

HUNTER PARK MULTIPURPOSE YOUTH & SPORTS FACILITY A total cost of \$16m in two stages to design and construct. This is offset by proposed grant funding of \$14m and borrowings of \$2m.

INDUSTRIAL PRECINCT DEVELOPMENT

A total cost of \$7.2m to complete the development of two subdivisions, offset by \$3.6m funding from the NSW State Government.

INFORMATION TECHNOLOGY An allocation of \$6.3m to upgrade Councils internal network and deliver sustainable ICT and business system improvements in line with a 3 year road map.

CAPITAL WORKS 2024/25 - 2027/28 CONTINUED...

JACK TOWNEY HOSTEL Yearly allocations to replace motor vehicles and complete renewal works as required.

LIBRARY PURCHASES Total library purchases cost of \$25k for library purchases including books, toys and other materials funded by the State Library Service.

MEDICAL PRECINCT DESIGN AND CONSTRUCTION An allocation of \$1m towards the planning design and construction of a medical precinct subject to being 50% offset by grant funding.

ORANA LIVING Allocations for motor vehicles replacements, relocation of the administration of Orana Living, Disability Inclusion Action Plan initiatives, contribution to General Fund and the construction of a purpose build accommodation facility.

PLAYGROUND EQUIPMENT An allocation of \$400k to renew and modernise playground equipment in our parks.

PLANT The allocations for major plant, light trucks and utilities, cars and station wagons and minor plant were noted by Council at the May meeting. The requested amounts are the same as the amounts included in the LTFP. The allocations are as follows:

	(2023/24)	(2024/25)
Major Plant	\$944,000 - \$307,000 = \$637,000	\$753,200 - \$135,000 = \$618,200
Trucks & Utes	\$185,000 - \$44,000 = \$141,000	\$250,000 - \$140,000 = \$110,000
Cars & Wagons	\$245,000 - \$165,000 = \$80,000	\$295,000 - \$170,000 = \$125,000
Minor Plant	\$60,000 - \$20,000 = \$40,000	\$77,000 - \$20,000 = \$57,000
Total	\$1,434,000 - \$536,000 = \$898,000	\$1,375,200 - \$465,000 = \$910,200

POUND Annual allocations for renewal work if required, plus \$50k to upgrade lighting works.

RELOCATE ADMINISTRATION BUILDING TO MILLER STREET An allocation of \$2m towards proposal to relocate the administration of Council from Warren Road to Miller Street.

CAPITAL WORKS 2024/25 - 2027/28 CONTINUED...

ROADS – ADDITIONAL RURAL RENEWALS

The additional rural road allocation vote, in accordance with the Long Term Financial Plan, complies with the resolution of Council when imposing the increase in rates of 10% for three (3) consecutive years. This allocation was an element of reward for the upgrade of rural roads. In accordance with public consultation, it was agreed that rural roads required an amount of “catch up” works and increased maintenance treatment. It is therefore considered appropriate that this allocation be utilised to increase the gravel resheeting and bitumen reseals of rural roads.

The effects of the increase in gravel resheeting and bitumen reseals will see a large degree of “catch up” works and it is considered that in future years, Council may be able to see the opportunity of actually establishing a bitumen seal on some of the higher classified roads processed with the increased gravel resheets.

The total amount originally available for the additional renewal work was \$4,550,000 over 10 years. The allocation for the first year in 2016/17 was \$396,899 increasing by an estimated 3% for CPI up to 20/21 and then 2% from then on. The result is still that \$4,550,000 was spent over the first 10 years.

This allocation was then reduced by the loan repayments for the three bridges being Wallumburrawang Creek, Luckies Gully and Gumin. The repayments are \$210,199 each year and reducing to \$86,180 in 27/28 when the loan for the first two bridges is repaid. The last loan for the bridges is paid out in 30/31. The table below demonstrates this:

YEAR	ADDITIONAL ROADS ALLOCATION	LESS LOAN REPAYMENT	AMENDED ROADS ALLOCATION
22/23	\$481,050	\$210,199	\$270,851
23/24	\$493,076	\$210,199	\$282,877
24/25	\$505,403	\$210,199	\$295,204
25/26	\$518,038	\$210,199	\$307,839
26/27	\$530,989	\$210,199	\$320,790
27/28	\$544,264	\$86,180	\$458,637
28/29	\$557,870	\$86,180	\$471,690
29/30	\$571,817	\$86,180	\$485,637
30/31	\$586,083	\$86,180	\$499,903
31/32	\$600,765	\$0	\$600,765

CAPITAL WORKS 2024/25 - 2027/28 CONTINUED...

ROADS – KERB & RENEWALS

Bi-annual allocation to complete renewals works of the network.

ROADS - SEALING OF NATIONAL PARK ROAD

An allocation of \$900k towards sealing 4km of the National Park Road, offset by grant funding.

ROADS – SEALING TOORWEENAH

MENDOORAN RD A proposal to seal all of the unsealed portion of this road. It is offset by grant funding of the same amount.

ROADS – WRIGLEY STREET UPGRADE

An allocation has been included to continue the upgrade of Wrigley Street.

ROADS – YARRAGRIN CREEK BRIDGE

The replacement of the Yarragrין Creek Bridge which has attracted 50% funding.

SEWERAGE SERVICES Allocations for infrastructure network renewal works and the construction of a new sewer treatment plant.

STREET MURAL ART An allocation of \$50k towards renewal/new murals and street art in public spaces.

SOLAR PANELS FOR COUNCIL

BUILDINGS To install solar panels on Council buildings with grant funds provided.

STORMWATER Bi-annual allocation to complete renewals works of the network.

SWIMMING POOL An allocation towards the renewal works.

WATER SUPPLY Allocations for infrastructure network renewal works and the construction of a new water treatment plant.

YOUTH CLUB A \$50k allocation to renew aging facilities at the Club.





KEY FINANCIAL INDICATORS

All Councils in NSW have their performance measured in terms of:

- Sustainability
- Infrastructure and Service Management; and
- Efficiency

Seven specific ratios will be measured, monitored and reported on an ongoing basis:

SUSTAINABILITY

- Operating performance Ratio – Core measure of sustainability – indicates council's capacity to meet ongoing operating expenditure requirements

BENCHMARK Greater than or equal to break-even over the longer term – ongoing deficits are unsustainable

- Own source revenue – Councils with higher own source revenue have greater ability to control their own operating performance and financial sustainability

BENCHMARK Greater than 60% to ensure councils have sufficient flexibility to manage external shocks and challenges

- Building & Asset Renewal Ratio – Measures whether council's assets are deteriorating faster than they are being renewed – indicator of whether council's infrastructure backlog is likely to increase

BENCHMARK Greater than 100% ensures community assets are managed in a sustainable way

INFRASTRUCTURE & SERVICE MANAGEMENT

- Infrastructure Backlog Ratio – Measures how effectively councils are managing their infrastructure. Increasing backlogs may affect council's ability to provide services and remain sustainable

BENCHMARK Less than 2% ensures infrastructure backlogs are at manageable levels

- Asset Maintenance Ratio – Measures whether council is spending enough on maintaining its assets to avoid increasing its infrastructure backlog

BENCHMARK Greater than 100% ensures councils infrastructure position is not deteriorating

- Debt Service Ratio – Indicates whether council is using debt wisely to share the life long cost of assets and avoid excessive rate increases

BENCHMARK Greater than 0% and less than or equal to 20% - it is appropriate that councils should carry some level of debt to ensure inter-generational equity in funding major infrastructure

EFFICIENCY

- Real Operating Expenditure per capita – Indicates how well councils are utilising economies of scale and managing service levels to achieve efficiencies

BENCHMARK Focuses on each council's individual performance over time, rather than comparing with others. A decrease in real expenditure per capita indicates improved efficiency (all things being equal)



MT. BARNETT
ROADHOUSE



100 River Road

TRILLS

CARLO



+ LIQUOR

Gilgandra
Community
Plaza



SENSITIVITY ANALYSIS

The LTFP is based on a number of underlying assumptions. Sensitivity analysis identifies the impact on Council's financial position of changes in these assumptions and highlights the factors most likely to affect the outcomes of the plan.

Sensitivity analysis looks at 'what if' scenarios. For example, what happens to Council's financial position if salary and wages increases are 1% higher than forecast; growth is half that forecast, or investment returns are 1% less than forecast in plan.

The major underlying assumptions underpinning the LTFP have been subject to sensitivity analysis which has identified the following impacts:

INFLATION

The impact of a 1% increase in inflation each year, including CPI and salary and wages inflation, was modelled and resulted in a \$2m reduction in the unrestricted cash and investment balance or \$1.5 m (assuming the increase will increase other charges and revenues but with no flow on effect of increased inflation to the rate pegging increase).

RATE PEGGING

The impact of a 1% reduction in rate pegging each year was modelled. The analysis indicated that the unrestricted cash and investment balance would be reduced by \$2m at the end of 10 years.

INVESTMENT RETURNS

The impact of a reduction in investment returns of 1% was modelled and the analysis indicated that the unrestricted cash and investment balance would be reduced by \$3m at the end of 10 year.

LOAN INTEREST RATES

The impact of a 1% increase in loan interest rates was modelled which indicated that unrestricted cash and investments would reduce by \$1m.

WORKERS' COMPENSATION INSURANCE

Council has a focus on minimising the risk of incidents in the workplace which may lead to workers compensation claims. However, incidents do occur and the nature and impact of claims is difficult to predict. This can lead to significant fluctuations in premium payments from year to year.

PRODUCTIVITY IMPROVEMENTS

As previously indicated, the financial projections are based on continuing to secure productivity improvements that will defray the impact of unexpected increases in operating expenditures.

Council is continuing a process to review all services in terms of cost effectiveness and it is anticipated that this review will continue throughout future terms of Council.



FINANCIAL STRATEGIES UNDERPINNING THE LTFP

This LTFP identifies possible strategies to address the financial challenges identified and ensure Council is financially sustainable into the future.

The key strategies underpinning the LTFP are:

- achieving balanced cash budgets
- maintaining a sound financial position
- maintaining a positive unrestricted cash and investment balance
- maintaining service levels at a sustainable level
- progressively increasing funding for asset maintenance and renewal
- maintaining a fair and equitable rating structure

Without the implementation of appropriate financial strategies, Council is clearly not financially sustainable in the long term and as a result, the community aspirations identified and articulated in the CSP will not be able to be achieved.

IDENTIFYING BUDGET EXPENDITURE REDUCTIONS

In response to the financial challenges highlighted in this LTFP each department within Council will undertake an ongoing annual review of its current activities and service levels to identify possible opportunities to reduce budget expenditures without impacting service levels.

PRODUCTIVITY IMPROVEMENTS & INITIATIVES

The continued pursuit of productivity improvements over the period of the plan is a critical component of the strategy developed to deliver financial sustainability.

As previously indicated, Gilgandra Shire Council is committed to a process of continuous improvement and organisational development and this process will continue to deliver productivity improvements that will contribute to addressing unexpected funding gaps that may occur.

LOAN FUNDING

The financial strategies developed to deliver financial sustainability include the utilisation of a number of funding sources to fund new capital works. The funding sources include a combination of rates revenue, reserves, grants and other third party contributions.

In addition to the above sources of funds, the use of loan funds is proposed to fund, or part fund, long lived infrastructure assets where it can be displayed that the loans can be serviced over the period of the loan and that Council's targeted maximum debt service ratio is not exceeded.

The use of loans spreads the financing cost of an asset over a long period of time and provides an alternative to a larger increase in rates in the short to medium term to meet the demand for additional facilities and other required capital works.

Long lived assets are utilised by current users as well as future users. The use of loans enables the cost of long lived assets to be shared between current and future users and therefore supports the concept of intergenerational equity.

The NSW State Government has set a benchmark debt service ratio of between 0 and 20%. Recognising the risk associated with high levels of debt, particularly in economically uncertain times, Council has set a target maximum debt service ratio of 5% in its Loan Repayment Level Policy. Projections for the period of this LTFP are generally below this limit.

FINANCIAL MODELLING

In preparing this LTFP, Council has carried out detailed financial modelling to inform the community of the financial implications of the outcomes and strategies outlined in the Community Strategic Plan and associated actions detailed in Councils Delivery Program.

KEY ELEMENTS

- Capital Works Program of \$157m including \$78.3m asset renewals.
- Borrowings sourced for Capital Projects with intergenerational benefits within Council's debt service ratio policy.
- General Rate Revenue increased by rate pegging for the life of this plan.
- Water Charges increased by 5% per annum over the life of the plan.
- Sewer Charges increased by 7% per annum over the life of the plan.
- All amounts are shown in real values (2024/25 dollars)

APPENDIX 1

Financial Modelling Outputs

The following financial modelling outputs are provided:

- Projected Income & Expenditure Statement
- Projected Cash Flow Statement
- Projected Balance Sheet
- Key Financial Indicators



**ALL COUNCIL
PROJECTED INCOME & EXPENDITURE STATEMENT
10 Year Period 2024/25 to 2033/34**

	FORECAST 2024/25	FORECAST 2025/26	FORECAST 2026/27	FORECAST 2027/28	FORECAST 2028/29	FORECAST 2029/30	FORECAST 2030/31	FORECAST 2031/32	FORECAST 2032/33	FORECAST 2033/34
Income from Continuing Operations										
Rates & Annual Charges	7,525,051	7,759,050	8,001,875	8,216,741	8,437,753	8,665,103	8,898,991	9,139,622	9,387,209	9,641,975
User Charges & Fees	18,341,998	19,052,080	19,892,602	20,416,491	20,889,884	21,441,115	22,007,225	22,438,655	22,825,858	23,429,303
Interest & Investment Revenue	1,603,442	1,601,894	1,641,941	1,682,990	1,725,064	1,768,191	1,812,396	1,857,706	1,904,148	1,951,752
Other Revenues	672,778	689,597	716,837	744,508	772,621	801,187	820,216	839,722	869,715	891,508
Grants & Contributions provided for Operating Purposes	10,082,152	9,838,524	10,084,848	10,336,715	10,595,531	10,860,837	11,132,797	11,411,578	11,697,351	11,990,293
Grants & Contributions provided for Capital Purposes	6,684,412	8,818,383	17,725,430	2,906,145	8,813,549	321,137	10,328,916	1,436,889	2,345,061	29,353,437
Net gains from disposal of assets	0	0	0	0	0	0	0	0	0	0
Total Income from Continuing Operations	44,909,833	47,759,528	58,063,533	44,303,590	51,234,402	43,857,570	55,000,541	47,124,171	49,029,343	77,258,268
Expenses from Continuing Operations										
Employee Costs	20,732,977	21,195,577	21,621,689	22,426,633	23,003,188	23,593,210	24,198,736	24,820,608	25,458,742	26,113,358
Borrowing Costs	473,268	464,847	426,344	518,721	580,677	530,828	583,597	562,326	503,259	441,286
Materials & Contracts	10,279,087	10,325,825	11,124,659	9,388,773	10,040,143	9,780,193	9,954,574	10,531,581	10,775,144	11,024,267
Depreciation & Amortisation	6,053,542	6,275,711	6,632,374	6,778,268	6,985,978	7,058,843	7,289,836	7,390,770	7,491,356	7,986,888
Other Expenses	1,171,952	1,201,251	1,231,282	1,262,064	1,293,616	1,325,956	1,359,105	1,393,083	1,427,910	1,463,607
Net losses from disposal of assets	0	0	0	0	0	0	0	0	0	0
Total Expenses from Continuing Operations	38,710,826	39,463,051	41,036,348	40,374,458	41,903,602	42,289,029	43,386,027	44,698,367	45,656,410	47,029,408
NET OPERATING RESULT FOR THE YEAR	6,199,007	8,296,477	17,027,185	3,929,132	9,330,800	1,568,541	11,614,513	2,425,803	3,372,932	30,228,860
Net Operating Result before capital grants & contributions	-485,405	-521,906	-698,245	1,022,987	517,252	1,247,404	1,285,598	988,915	1,027,871	875,423

**ALL COUNCIL
PROJECTED BALANCE SHEET
10 Year Period 2024/25 to 2033/34**

	FORECAST 2024/25	FORECAST 2025/26	FORECAST 2026/27	FORECAST 2027/28	FORECAST 2028/29	FORECAST 2029/30	FORECAST 2030/31	FORECAST 2031/32	FORECAST 2032/33	FORECAST 2033/34
ASSETS										
Current Assets										
Cash & Cash Equivalents	29,751,530	28,078,678	25,066,481	27,064,914	28,375,027	31,182,886	33,925,133	36,214,977	38,883,499	38,170,609
Receivables	3,691,862	3,691,862	3,691,862	3,691,862	3,691,862	3,691,862	3,691,862	3,691,862	3,691,862	3,691,862
Inventories	7,328,581	6,294,806	5,586,031	4,759,256	3,914,206	3,170,156	2,378,481	1,548,456	832,681	94,406
Total Current Assets	40,771,973	38,065,346	34,344,374	35,516,032	35,981,095	38,044,904	39,995,476	41,455,295	43,408,042	41,956,877
Non Current Assets										
Investments	0	0	0	0	0	0	0	0	0	0
Receivables	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Infrastructure, Property, Plant & Equipment	379,149,564	390,096,238	411,112,123	415,643,473	424,759,087	423,348,647	433,965,241	434,398,810	434,704,819	465,131,324
Total Non Current Assets	379,349,564	390,296,238	411,312,123	415,843,473	424,959,087	423,548,647	434,165,241	434,598,810	434,904,819	465,331,324
TOTAL ASSETS	420,121,537	428,361,584	445,656,497	451,359,505	460,940,182	461,593,552	474,160,717	476,054,104	478,312,860	507,288,201
LIABILITIES										
Current Liabilities										
Payables	14,724,079	14,724,079	14,724,079	14,724,079	14,724,079	14,724,079	14,724,079	14,724,079	14,724,079	14,724,079
Overdraft Facility	0	0	0	0	0	0	0	0	0	0
Borrowings	957,929	996,272	995,624	1,129,623	1,173,672	1,300,348	1,379,916	1,444,176	1,501,020	1,415,624
Provisions	3,605,915	3,605,915	3,605,915	3,605,915	3,605,915	3,605,915	3,605,915	3,605,915	3,605,915	3,605,915
Total Current Liabilities	19,287,923	19,326,266	19,325,618	19,459,617	19,503,666	19,630,342	19,709,910	19,774,170	19,831,014	19,745,618
Non Current Liabilities										
Borrowings	7,471,555	6,975,283	6,979,659	8,350,036	8,176,364	6,876,016	7,496,100	6,651,924	5,150,904	3,735,280
Provisions	694,000	694,000	694,000	694,000	694,000	694,000	694,000	694,000	694,000	694,000
Total Non Current Liabilities	8,165,555	7,669,283	7,673,659	9,044,036	8,870,364	7,570,016	8,190,100	7,345,924	5,844,904	4,429,280
TOTAL LIABILITIES	27,453,478	26,995,549	26,999,277	28,503,653	28,374,030	27,200,358	27,900,010	27,120,094	25,675,918	24,174,898
NET ASSETS	392,668,059	401,366,035	418,657,220	422,855,852	432,566,152	434,393,194	446,260,707	448,934,010	452,636,942	483,113,303
EQUITY										
Retained Earnings	118,821,454	127,117,930	144,145,115	148,074,247	157,405,047	158,973,589	170,588,102	173,013,905	176,386,837	206,615,698
Revaluation Reserves	273,846,605	273,846,605	273,846,605	273,846,605	273,846,605	273,846,605	273,846,605	273,846,605	273,846,605	273,846,605
TOTAL EQUITY	392,668,059	400,964,535	417,991,720	421,920,852	431,251,652	432,820,194	444,434,707	446,860,510	450,233,442	480,462,303

**ALL COUNCIL
PROJECTED CASH FLOW STATEMENT
10 Year Period 2024/25 to 2033/34**

	FORECAST 2024/25	FORECAST 2025/26	FORECAST 2026/27	FORECAST 2027/28	FORECAST 2028/29	FORECAST 2029/30	FORECAST 2030/31	FORECAST 2031/32	FORECAST 2032/33	FORECAST 2023/34
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	7,525,051	7,759,050	8,001,875	8,216,741	8,437,753	8,665,103	8,898,991	9,139,622	9,387,209	9,641,975
User Charges & Fees	18,341,998	19,052,080	19,892,602	20,416,491	20,889,884	21,441,115	22,007,225	22,438,655	22,825,858	23,429,303
Interest & Investment Revenue	1,603,442	1,601,894	1,641,941	1,682,990	1,725,064	1,768,191	1,812,396	1,857,706	1,904,148	1,951,752
Grants & Contributions	16,766,564	18,656,907	27,810,278	13,242,860	19,409,080	11,181,975	21,461,713	12,848,467	14,042,412	41,343,730
Other	672,778	689,597	716,837	744,508	772,621	801,187	820,216	839,722	869,715	891,508
Payments:										
Employee Costs	-20,732,977	-21,195,577	-21,621,689	-22,426,633	-23,003,188	-23,593,210	-24,198,736	-24,820,608	-25,458,742	-26,113,358
Materials & Contracts	-10,010,587	-9,924,325	-10,860,659	-9,119,273	-9,660,643	-9,521,693	-9,701,754	-10,284,081	-10,445,144	-10,776,767
Borrowing Costs	-473,268	-464,687	-426,344	-518,721	-580,677	-530,828	-583,597	-562,326	-503,259	-441,286
Other	-1,171,952	-1,201,251	-1,231,282	-1,262,064	-1,293,616	-1,325,956	-1,359,105	-1,393,083	-1,427,910	-1,463,607
Net Cash provided (or used in) Operating Activities	12,521,049	14,973,688	23,923,559	10,976,900	16,696,279	8,885,884	19,157,349	10,064,073	11,194,288	38,463,249
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	0	0	0	0	0	0	0	0	0	0
Sale of Real Estate Assets	922,675	1,033,775	708,775	826,775	845,050	744,050	791,675	830,025	715,775	738,275
Sale of Infrastructure, Property, Plant & Equipment	490,000	513,250	537,663	563,296	590,210	618,471	648,144	679,302	712,017	746,368
Deferred Debtors Receipts	0	0	0	0	0	0	0	0	0	0
Payments:										
Purchase of Investment Securities	0	0	0	0	0	0	0	0	0	0
Purchase of Real Estate Assets	-7,205,000	0	0	0	0	0	0	0	0	0
Purchase of Infrastructure, Property, Plant & Equipment	-11,848,573	-17,735,635	-28,185,921	-11,872,914	-16,691,803	-6,266,874	-18,554,574	-8,503,640	-8,509,382	-39,159,761
Net Cash provided (or used in) Investing Activities	-17,640,898	-16,188,610	-26,939,484	-10,482,843	-15,256,542	-4,904,353	-17,114,755	-6,994,313	-7,081,590	-37,675,119
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	3,000,000	500,000	1,000,000	2,500,000	1,000,000	0	2,000,000	600,000	0	0
Proceeds from Retirement Complex Contributions	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Payments:										
Repayment of Borrowings & Advances	-925,361	-957,929	-996,272	-995,624	-1,129,623	-1,173,672	-1,300,348	-1,379,916	-1,444,176	-1,501,020
Repayment of Retirement Complex Contributions	-1,000,000	-1,000,000	-1,000,000	-1,000,000	-1,000,000	-1,000,000	-1,000,000	-1,000,000	-1,000,000	-1,000,000
Net Cash provided (or used in) Investing Activities	2,074,639	-457,929	3,728	1,504,376	-129,623	-1,173,672	699,652	-779,916	-1,444,176	-1,501,020
NET INCREASE / (DECREASE) IN CASH & EQUIVALENTS	-3,045,210	-1,672,852	-3,012,197	1,998,433	1,310,113	2,807,859	2,742,246	2,289,844	2,668,522	-712,890
plus Cash & Equivalents at beginning of year	32,796,740	29,751,530	28,078,678	25,066,481	27,064,914	28,375,027	31,182,886	33,925,133	36,214,977	38,883,499
CASH & EQUIVALENTS AT YEAR END	29,751,530	28,078,678	25,066,481	27,064,914	28,375,027	31,182,886	33,925,133	36,214,977	38,883,499	38,170,609
plus Investments on hand at year end	0	0	0	0	0	0	0	0	0	0
TOTAL CASH, EQUIVALENTS & INVESTMENTS	29,751,530	28,078,678	25,066,481	27,064,914	28,375,027	31,182,886	33,925,133	36,214,977	38,883,499	38,170,609

**ALL COUNCIL
PROJECTED KEY FINANCIAL INDICATORS
10 Year Period 2024/25 to 2033/34**

	FORECAST 2024/25	FORECAST 2025/26	FORECAST 2026/27	FORECAST 2027/28	FORECAST 2028/29	FORECAST 2029/30	FORECAST 2030/31	FORECAST 2031/32	FORECAST 2032/33	FORECAST 2023/34
Operating Performance Ratio	-1.27%	-1.34%	-1.73%	2.47%	1.22%	2.87%	2.88%	2.16%	2.20%	1.83%
Achieve better than 0%										
Own Source Revenue Ratio	73.62%	74.73%	75.00%	75.03%	75.02%	75.05%	75.08%	75.02%	74.94%	74.97%
Achieve better than 60%										
Buildings & Infrastructure Renewals Ratio	102.50%	184.37%	183.48%	52.18%	54.40%	51.76%	53.64%	67.33%	51.54%	423.55%
Achieve better than 100%										
Infrastructure Backlog Ratio	1.87%	2.05%	2.10%	1.93%	2.07%	2.20%	2.27%	1.95%	2.04%	2.15%
Achieve less than 2%										
Asset Maintenance Ratio	99.02%	106.64%	121.62%	90.89%	90.89%	90.89%	90.89%	90.89%	90.89%	90.89%
Achieve better than 100%										
Debt Service Ratio	4.14%	4.08%	3.93%	4.08%	4.49%	4.36%	4.70%	4.74%	4.65%	4.52%
Achieve greater than 0% but less than 20%										
Real Operating Expenditure	7.87	7.83	7.94	7.62	7.72	7.60	7.60	7.64	7.62	7.65
Achieve a decrease over time										



GILGANDRA
SHIRE COUNCIL

Live > Enjoy > Grow



GILGANDRA
REGION

15 Warren Road,
GILGANDRA, NSW 2357
P: (02) 6817 8800
www.gilgandra.nsw.gov.au