CAMPBELLTOWN CITY COUNCIL

Draft for Public Exhibition

LONG-TERM FINANCIAL PLAN 2025-26 to 2034-35

Resourcing Strategy to the Delivery Program 2025-26 to 2028-29

We honour and respect our Aboriginal and Torres Strait Islander Custodians, Elders and communities and the spirit that binds us in our dreams and aspirations on Dharawal country.

The Long-Term Financial Plan has been developed to meet all requirements outlined in the Integrated Planning & Reporting: Guidelines for Local Government in NSW September 2021 (available at https://www.olg.nsw.gov.au)

Contents

Executive Summary

Our Long-Term Financial Plan is a 10-year rolling plan outlining how our Delivery Program and Operational Plan will be resourced and funded to deliver our commitments for the next 4 years and beyond. Together with the Workforce Management Strategy and the Asset Management Strategy and Plans, the Long-Term Financial Plan (LTFP) forms Council's comprehensive Resourcing Strategy under the Integrated Planning and Reporting Framework (IP&R).

How to Read this Plan

This LTFP has been structured around 3 parts:

1. Background Information: about our planning framework, and the development process and ongoing monitoring of the LTFP.

2. About Campbelltown: provides information about the current state and future plans for our City and Council.

3. Long-Term Financial Plan: details our planning assumptions, revenue and expenditure forecasts, as well as sensitivity, risk, and financial modelling for the next 10 years.

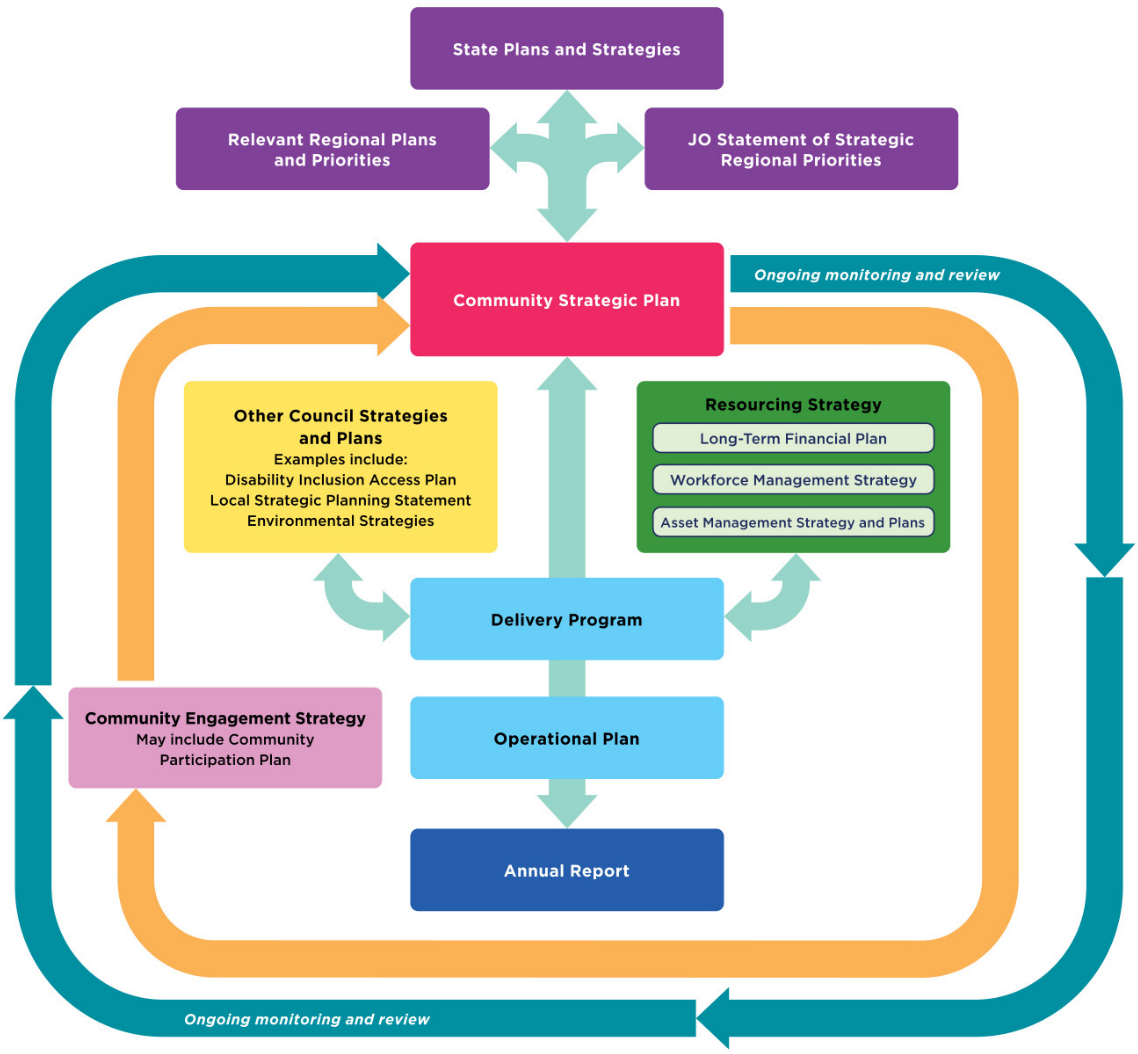
Background Information

Framework for Integrated Planning and Reporting

All Council's in New South Wales are required to operate within an Integrated Planning and Reporting (IP&R) framework. The IP&R framework guides how each Council develops, documents, and reports on their strategic plans under the Local Government Act 1993.

The IP&R framework requires Council to develop and implement a Community Strategic Plan (CSP) on behalf of our community. As shown in the IP&R diagram below, the CSP is the highest level plan prepared by Council. The aim of the CSP is to capture the community's long-term aspirations for the future, which includes:

- The community's vision for the future of Campbelltown as a city,
- The outcomes the community wants to see delivered, and
- High-level strategies to achieve these visions and outcomes.



The Integrated Planning and Reporting Framework - Office of Local Government 2021

The CSP is supported by other strategies and plans developed by Council under the IP&R framework:

- Delivery Program - Developed by Council in response to the CSP. The Delivery Program outlines the specific activities (projects and programs) that Council will undertake during its elected term to address the CSP.
- The Delivery Program is supported by the Resourcing Strategy. These plans show how the Council will leverage its available resources to implement the Delivery Program. The Resourcing Strategy includes the Long-Term Financial Plan, Workforce Management Plan and Asset Management Policy, Strategy and Plans.
- The Operational Plan is a sub-plan of the Delivery Program. The Operational Plan outlines the annual activities that will be undertaken as part of the Delivery Program, supported by the annual budget.
- Reports - Council prepares a number of reports annually, in particular, the Annual Report, that captures the progress against the CSP outcomes as well as monitoring the delivery of key activities contained in the Delivery Program and Operational Plan.

Development and Review of the Long-Term Financial Plan

The LTFP has been developed to inform decision-making during the finalisation of the Community Strategic Plan and to ensure that we can provide the resources necessary to deliver on our commitments detailed within the Delivery Program and Operational Plan.

The LTFP will be publicly exhibited from 23rd of April to 21st of May and will be considered by Council on 24th of June 2025.

The LTFP will be updated annually during the development of the Operational Plan, as well as reviewing the key assumptions in detail every 4 years coinciding with the review of the Community Strategic Plan.

Monitoring Performance against the Long-Term Financial Plan

Council will provide regular reports to our community to ensure ongoing transparency and accountability for our financial sustainability and the commitments made within this LTFP, including:

- Quarterly Budget Review Statements - where we will provide a summary of our financial position against the original and most recent revised forecast budget of the Operational Plan and make budgetary adjustments, if necessary.
- Annual Financial Statements - where we will present our operating results and financial position for the year as well as material budget variations.

Our reports can be found on our website via https://www.campbelltown.nsw.gov.au/Council-and-Councillors/Financial-information

About Campbelltown

Our City

Campbelltown is located 55 km from the Sydney Central Business District, situated in the South-Western Sydney region. The Campbelltown Local Government Area (LGA) is bordered by Liverpool LGA to the north, Sutherland Shire to the east, Wollondilly Shire to the south, and Camden LGA to the west. Campbelltown encompasses 31,200 hectares of land, including 1,189 hectares of protected national park.

As the capital of the Macarthur Region, one of the fastest-growing areas in Australia, Campbelltown is where the city meets the bush. This Dharawal land, with its natural landscape and setting, is one of our greatest assets, forming the foundation of the city's structure and places.

Known as the land between two rivers—the Nepean and Georges—Campbelltown is also where the Cumberland Plain in the west meets the coastal plateau in the east. This unique natural setting of a city in a valley continues to define the area today. Campbelltown is a diverse and growing community of over 180,000 people, with the population expected to exceed 250,000 by 2046. Rich in experience and culture, our residents come from a wide range of backgrounds. Currently, 35 per cent of our residents were born overseas, and 62 per cent have parents who were born overseas. Campbelltown is proudly home to more than 7,000 Aboriginal and Torres Strait Islander people, whose ongoing connection to our city and its history is a vital part of our cultural identity.

We are Campbelltown, where opportunity comes to life.

Our Council

Our organisational mission is to lead the delivery of the community's vision for Campbelltown through 5 key outcomes:

- An inclusive and supportive community
- Places for people
- An enriched natural environment and heritage
- A strong local economy
- Leadership for our community

Our organisation is led by the Chief Executive Officer and supported by an Executive Team responsible for 3 portfolios, being City Positioning and Transformation, City Planning and Corporate Services and City Placemaking and Services. Our 15 Councillors, elected by the community, drive accountability for the delivery of the community's vision and our commitments made within our strategic plans.

Our workforce of over 1,000 staff delivers a wide range of services and facilities for the community.

Whilst Council's largest asset by way of value are roads and road related assets, our total asset portfolio consists of over 260,000 individual items with a value over $3 billion. Our portfolio includes categories such as buildings, public space assets, swimming pools, library books, roads and roads related assets, plant and equipment, community and operational land and drainage systems.

Our Future Plans

As the designated metropolitan centre for the Macarthur Region, Campbelltown supports one of the most significant growth corridors in Australia. To ensure we can maximise the opportunities that the projected growth will deliver in terms of prosperity and opportunities, we need to ensure our community can access new jobs, better facilities and improved services locally.

We are continuing to work closely with State and Federal government agencies to advocate for the development of critical infrastructure and ensure that our city's next phase of growth is supported to deliver positive outcomes for our city.

Our Challenges

Along with population growth and significant housing development, infrastructure projects and investment will shape the expansion of our city.

As with most NSW councils, Campbelltown faces a challenge in funding ongoing operations and adequately maintaining its community assets. The growth in the cost of labour and materials, increasing demand for affordable services and cost shifting from other levels of government, combined with a legislated cap in revenue generated from rates and developer contributions, have created a difficult financial environment.

We will continue to focus on operational efficiency, growing our revenue base and attracting further public and private sector investment, to provide sustainable services and appropriate infrastructure for our growing city.

Long-Term Financial Plan

The LTFP is an integral part of Council's strategic planning cycle and enables long term community aspirations and goals to be tested against financial realities.

The LTFP has been developed as an informative document to support decision making. The financial objectives, performance measures and strategies that Council has adopted in meeting financial sustainability challenges over the 2025-26 to 2034-35 period are presented in this document.

The LTFP is not intended to be inflexible, but a reasonable guide for future decisions and action based on current information. The modelling that occurs as part of the LTFP will provide an opportunity for Council to identify potential financial concerns at an earlier stage; and assess the impacts of these concerns in the short to long term.

The LTFP does not indicate what services or projects should be allocated funds; rather, it addresses areas that impact on Council's ability to fund services and capital works programs.

Due to the length of the planning horizon, the LTFP estimates become more generalised in future years. For example, year 10 of the LTFP does not provide quantitative specific detail, however, does provide likely trends based on generally accepted assumptions.

The 2025-26 adopted Delivery Program budget and actual results from the audited 2023-24 Financial Statements form the base year for the LTFP.

Key Assumptions

There are a number of assumptions that are used in order to project the long term financial results. These assumptions are outlined in detail throughout this section, however, the key assumptions are outlined below:

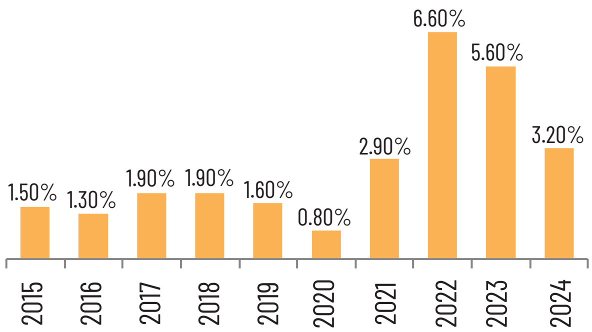
- Future determinations of the rate peg are forecast to be up to 3.5 percent however, this may vary depending on the recommendation of the Independent Pricing and Regulatory Tribunal (IPART) from year to year
- Service levels are largely maintained throughout the plan
- Population growth is estimated to continue to increase at 1.7 per cent per annum
- The Consumer Price Index (CPI) is estimated at a flat rate of 3.5 per cent per annum
- In general, future expenses and revenues have been calculated to reflect forecasts for the CPI
- Increases in revenue from user charges have been maintained using a combination of the CPI and the IPART Local Government Cost Index with utilisation rates remaining steady
- Salary and wage increases are estimated to be on average up to 3 per cent per annum including turnover
- It is anticipated that there are no new borrowings as part of this LTFP. However, Council will continue to model borrowing opportunities to fund longer term infrastructure expenditure. Council will continue to ensure the Debt Service Ratio remains within the benchmark
- Strategic capital expenditure will be considered suitable for funding from internal or external borrowings in line with intergenerational equity considerations.

Inflation

The Reserve Bank has a policy to maintain an inflation rate between its annual target of 2 – 3 per cent. Therefore, where appropriate, the LTFP uses a mid-range forecast of a 2.7 per cent annual inflation rate.

In preparing the LTFP, careful consideration was given to yearly movements in actual costs realised over the previous 10 year period. From this data, both the historical average annual growth rate and the 10 year compounded growth were calculated. These values were contrasted against the forecast inflation rate and where there was a material difference, preference was given towards the historical growth rates.

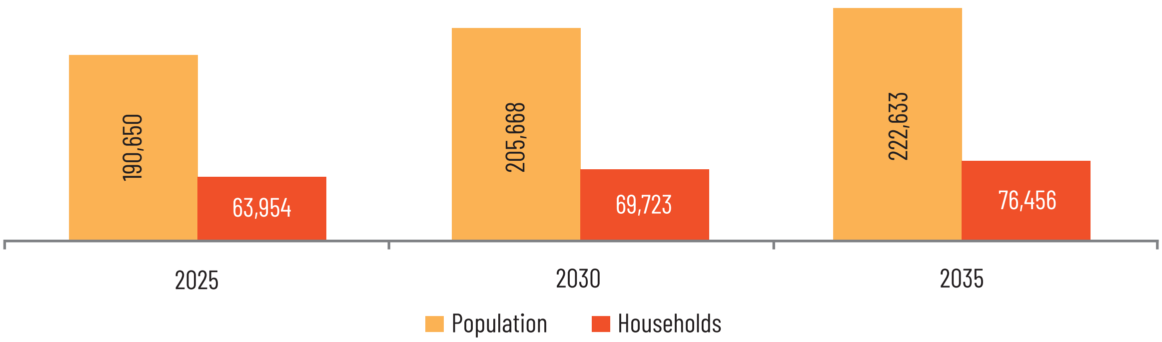
Historical Yearly Inflation Rates



Population

A key driver in the level of services Council is required to deliver over the next 10 years is the size of the resident population and number of households within the Local Government Authority (LGA). In the 2023 Census, there were 184,784 people in the Campbelltown LGA. However, the Census count is not considered the official population of an area due to limitations in the data collected. It is an official count of all people and dwellings in Australia on Census night, and collects details of age, sex, religion, education and other characteristics of the population. The next Census will be conducted in 2026.

To provide a more relevant population figure the Australian Bureau of Statistics also produces "Estimated Resident Population" (ERP) numbers for each area. It is updated between Censuses - quarterly for state and national figures, and annually for local government areas. The ERP is based on the usual residence population and includes adjustments for Census undercount, Australian residents who were temporarily overseas on Census night, and backdates the population to 30 June. Each year's updates consider births, deaths and both internal and overseas migration. The LTFP is modelled on the ERP figures however also references Planning NSW data projections and known development activity as detailed in the new dwelling forecasts.



17%
Total percentage change in population between 2025 and 2035

1.7%
Average annual percentage change in population between 2025 and 2035

These growth projections are estimates and are affected by changes in market conditions. The increase in development does provide an additional income stream, however in most cases, this is absorbed by additional maintenance requirements that are created by the provision of additional infrastructure, facilities and open space.

Revenue Assumptions

Rates

For the 2025-26 budget, Council has applied the rate peg as set by IPART of 5.5 per cent. The LTFP has maintained a conservative approach for all subsequent years and has applied a general rate increase of 3.5 per cent, in line with the Local Government Cost Index applied by IPART. Invariably, rate peg increases have been less than the actual increases in costs experienced by Council. Despite these constraints, and with the cost of materials and provision of services increasing above the Consumer Price Index (CPI), Council maintains a sound financial position through continuous efficiency gains and productivity improvements.

Domestic waste management

The Domestic Waste Management Charge will increase by 1.4 per cent from the current charge of $614 per annum to $622 in 2025-26. This increase is a direct result of the new contracts for Waste Disposal and Collection, reflecting current market rates. Projected increases for future years have been based on average 5.5 per cent per annum, however, will reflect the costs of providing the service on a yearly basis. This charge is calculated using cost recovery methodology.

Operating grants

Where an agreement is enforceable and contains sufficiently specific performance obligations, the Australian Accounting Standards require councils to recognise income as and when performance obligations are satisfied.

Where these conditions are not met, councils are required to recognise income upon receipt. In this instance, this accounting treatment includes grants that councils receive in advance, irrespective of annual expenditure of those grants, which may be in future years. This has an effect of distorting the Income Statement between years. However, the net budget impact is zero between various financial years. In broad terms, all other recurrent operating grants in future years are generally projected to increase less than CPI at under 3.5 per cent.

Operating contributions

There are only relatively minor allocations budgeted to be received from community groups and sporting clubs as their contribution towards projects in future years.

Interest

Interest on investments is assessed on a conservative basis. Interest income makes up around 3-4 per cent of total revenue, so changes in this area with only marginally affect Council's LTFP. The net positive yields on cash investments are factored into income with a return aligned to the official cash rate.

User charges

In accordance with Council's Revenue Pricing Policy, wherever it is reasonably possible to do so, a 'user pays' approach to reviewing fees and charges will be applied. The approach is to ensure that applicable fees and charges are reviewed beyond just CPI movements and are in line with the cost of providing that service.

Statutory fees

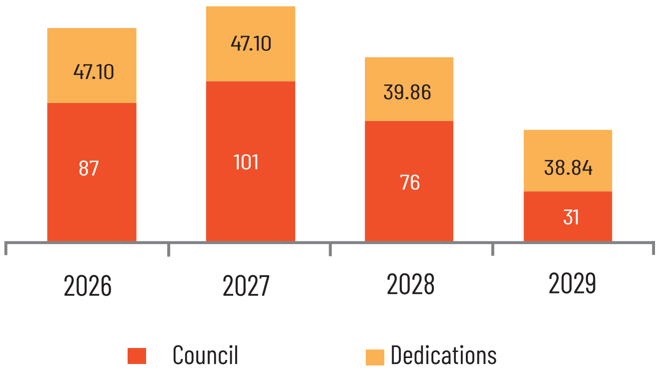
While Council has discretion over the level of fees and charges in general, there are a variety of fees that are prescribed by the State Government. These statutory fees typically increase on a periodic basis rather than annually. The trend over the future years is therefore flatter than user charges income however as many of these fees arise through development functions there is fluctuations experienced that reflect housing market activity. The majority of statutory fees have been modelled to increase by up to 2.6 per cent over the next 10 years.

Expenditure Assumptions

Major Planned Expenditure

Over the next 10 years, Council will invest and foster approximately $600 million on a range of capital projects and assets across the city. This includes the substantial renewal of Campbelltown's existing assets, as well as the development of new or expansion of existing services, facilities and infrastructure networks.

4 Year Capital Expenditure Program $M



Employee Costs

Employee costs include wages and salaries and other associated costs such as superannuation and workers compensation. Increases in labour and on-costs are composed of several elements. These include changes to employee numbers, salary system increments, Local Government Award increments and additional costs associated with position reclassifications.

The employee costs for 2025-26 and future budgets have been adjusted to consider anticipated Local Government Award wage movements and salary system skills progression.

The plan reflects annualised gross wage increases up to 3 per cent over the life of the plan. Any plans for changes to employee numbers or reclassifications will be required to be part of the Workforce Management Plan with supported funding.

The 2025-26 Operational Plan will support an organisational structure that strengthens our organisation to meet priorities and deal with future challenges and the growth of our city.

Materials and Services

Materials and Service expenses have been adjusted, considering current inflation factor of 2.7 per cent as well as an estimated CPI of 3.5 per cent.

Depreciation

Depreciation estimates have been based on the projected capital expenditure program contained within the plan. The forward budget also considers the estimates of periodic revaluations of infrastructure assets and is directly impacted by the Asset Management Plan. This brings to account the impact of rising replacement costs of assets. The recognition of such assets and any capital expenditure on new assets will increase the depreciation costs. This will further impact on Council's operating results, however, will not affect the annual budget considerations as depreciation is a non-cash item. Council's depreciation methodology utilises long and medium depreciation rates for infrastructure assets.

Borrowing Costs

Borrowing costs represents the interest paid on borrowings. There are no future external borrowings factored into the LTFP and Council is debt free in financial year 2024-25. This favourable debt position increases Council's capacity to borrow externally through the State Borrowing Facility for major stand-alone capital projects and support intergenerational equity principals.

Other Expenses

Other expenses incorporate items such as levies paid to other organisations and other minor items. The plan includes a default CPI increase of up to 3.5 per cent for most items however this rate is adjusted where an analysis of historical growth rates materially differs.

Financial Position

Financial Sustainability

For councils to meet the service and infrastructure needs of their communities, they need to be financially sustainable. The NSW Treasury Corporation (TCorp) defines a financially sustainable council as one that, over the long term, can generate sufficient funds to provide the level and scope of services and infrastructure, agreed with its community, through the Integrated Planning and Reporting process.

In considering the issue of financial sustainability, TCorp and the Office of Local Government (OLG) have established what they consider to be a concise definition, that being:

> **"A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community"**

Financial Ratios

It is important that Council regularly assesses its financial performance and position against the projections contained in the LTFP. As part of this process Council needs to determine what factors it will monitor on a regular basis. It is proposed that these factors include the following:

- **Sustainability**
  That Council can generate sufficient funds over the long term to provide the agreed level and scope of services and infrastructure for communities as identified through the Integrated Planning and Reporting process. The future sustainable investment in and management of Campbelltown's infrastructure assets is critical for the development and overall wellbeing of the community.

- **Effective Infrastructure and Service Management**
  That Council can maximise the return on resources and minimise unnecessary burden on the community and business, while working strategically to leverage economies of scale and meet the needs of communities as identified in the Integrated Planning and Reporting process.

- **Liquidity**
  Liquidity is a key factor in the viability of any organisation, regardless of whether it is in the commercial or government sectors. The ability to meet short term funding requirements and obligations is equally relevant to a Council as it is to any business. Council monitors the short term funding requirements daily and produces cash flow estimates on a short, medium and long term basis. This monitoring and forecasting inform Council's investment strategies and decisions to ensure that adequate liquidity is maintained. Council, as part of our reserves strategy, continue to provide for adequate levels of reserves to fund less predictable cash outlays, such as major employee leave entitlement payments.

  Council's cash balance consists of both internally and externally restricted funds that are held for the purpose for which they were collected such as grants. Funds are held specifically for future capital works for City revitalisation projects or commercial property purchases in accordance with Council's Property Strategy, that will be utilised over time as these projects are realised. The level of externally restricted funds impacts the Unrestricted Cash Ratio.

  The cash and expense coverage ratio indicates the unlikely situation where Council can no longer continue paying immediate expenses without additional cash inflow.

Ratio		What does it measure?	Benchmark
Sustainability	Operating Performance Ratio	Council's achievement in containing operating expenditure within operating revenue	> or equal to 0%
	Own Source Operating Revenue Ratio	Fiscal flexibility and the degree of reliance on external funding sources such as grants and contributions	>60%
	Building and Infrastructure Asset Renewal Ratio[1]	Assess the rate at which these assets are being renewed against the rate at which they are depreciating	>100%
Effective Infrastructure and Service Management	Infrastructure Backlog Ratio	Indicates the proportion of backlog against the total value of Council's infrastructure assets	<2%
	Asset Maintenance Ratio	Reflects the actual asset maintenance expenditure relative to the required asset maintenance	100%
	Debt Service Ratio	Assesses the impact of loan principal and interest repayments on discretionary revenue	Between 0% and 10%
Liquidity	Unrestricted Current Ratio	Reflects Council's ability to meet debt payments as they fall due	>1.5%
	Cash and Expense Coverage Ratio	Indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow	≥ 3 months

Refer to key financial indicators section of the document for more information.

1 This ratio uses depreciation as the denominator and ignores the calculated renewal funding requirement under lifecycle costing of an asset as modelled in Council's Asset Management Plans. However, this ratio is used by the Local Government Code of Accounting Practice and is also a Fit for the Future measure, hence why it has been published as part of the LTFP.

Sensitivity Analysis and Risk Management

In preparing the LTFP, it was necessary for Council to make several assumptions about the future. Under the Office of Local Government's Planning and Reporting Guidelines for Local Government in NSW, Council is required to identify the planning assumptions and the risks of those assumptions (sensitivity analysis) to financial estimates in the LTFP.

The following tables identify significant forecasting assumptions, describe the risk in making such an assumption, rate the level of risk, give reason for the risk rating and explain how that level of risk may affect financial estimates in the plan.

Many of the planning assumptions will come from the Community Strategic Planning process, others will be derived from general financial planning practices.

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long-Term Financial Plan
Population	Planning for activities, and thus the likely cost of providing those activities, considers that the population of Campbelltown will increase at the rate forecast by Council's growth model. That model predicts the population of Campbelltown to reach 244,459 by 2041.	That population growth is higher than projected, and Council will need to provide additional unplanned services and infrastructure where the funding requirement outweighs any additional rates revenues.	Low	Population projections are based on a standard set of demographic assumptions inclusive of additional growth. Population projections are not expected to rapidly change, therefore the level of risk is low and minimal financial impact is anticipated.
		That population growth is lower than projected, and Council will be required to support excess levels of service delivery and infrastructure based on growth outside of the Campbelltown LGA which provides no additional rates revenues.	Low	

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long-Term Financial Plan
Growth	Council levies rates on property owners to fund community services and the costs of infrastructure across the City. The total projected revenue from rates is limited to the rate peg set by IPART and is dependent on the forecast growth in the number of residential, business, farmland and mining properties. This forecast is based on Council's growth modelling assumptions, modified for short to medium term economic conditions and anticipated market demands.	Should growth in the number of properties vary considerably from forecasts, there is a possibility that revenue collected from rates will be too much or too little to fund Council's services and capital works program.	Moderate	Growth projections are based on a standard set of demographic assumptions inclusive of additional growth. Growth projections are not expected to change rapidly, however the timing of that growth and its impact on Council's revenue will affect the funds available for service provision in this LTFP.
		If the timing of growth differs significantly from forecast, this will impact on Council's cash flows and may necessitate changes to assumptions for borrowing requirement to fund capital works.	Moderate	
Economic environment	Council has prepared this LTFP on the basis that current predictions on the rates of growth across economies will remain low over the short to medium term.	Current economic conditions significantly decline impacting on the cost of borrowing, returns on cash and investments and increases in supply chain costs.	Low	Projections built into this this LTFP are on the basis that Council is debt free by 2025 with no immediate plans for external borrowings. The income derived from investments comprises around 4% of total revenue so changes in this amount is not likely to materially impact on Council's financial viability. It should also be noted that Council does not engage in transactions expressed in foreign currencies and is therefore not directly subject to foreign currency risk.

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long-Term Financial Plan
Environmental change	This LTFP is prepared on the assumption that environmental factors will not have a significant impact on the environment of Campbelltown within the 10 year LTFP.	Environmental changes accelerate.	Low	Should environmental impacts significantly change such that the environment and economy of Campbelltown is greatly affected in the next 10 years, the activities and services outlined in the LTFP could fundamentally change. These changes would be reflected in an amended LTFP.
Legislative change	Council will continue to operate within the same general legislative environment and with the same authority as it does at the time this LTFP is published.	Should the Local Government legislative environment change, the services and functions Council plans to provide over the 10 year period could change.	Moderate	At the time of adopting this LTFP, Council is unable to determine how potential significant legislative change might impact its operations or quantify the potential financial impact.
Statutory fees	Based on historical trends, statutory fees are assumed to increase by an average of 2.6% per year.	That statutory fees increase by less than the assumed rate.	Low	Statutory fees make up slightly less than 3% of Council's revenue base and as such identified a low level of financial impact.
Service levels	Service levels largely remain the same throughout the LTFP.	Unplanned requirement for service levels to increase.	Moderate	The provision of current service levels requires 100% of current income streams. Any increase in service levels requires sourcing of new or increases to income streams or the reduction of service levels to offset.

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long-Term Financial Plan
Rating base	The projected percentage increase in rates is in accordance with the estimated annual determination by the Independent Pricing and Regulatory Tribunal under delegation by the Minster for Local Government. The rate peg determination for 2025-26 is 5.5%. The increase in rates from 1 July 2026 include the assumption that the annual determination will be 3.5%. This will generate additional income of approximately $5.8 million effective 1 July 2025.	The Ministerial rate determination is less than 3.5%.	High	Variances between the forecast and the actual rate peg by every 0.5% would result in an average shortfall of $500k per annum.
	Redevelopment of Housing NSW estates will occur outside predicted timeframes.	Redevelopment occurs at a pace greater than anticipated.	Moderate	Any redevelopment of public housing estates would impact the LTFP during the demolition and rebuilding phase due to vacant land being exempt from rates. Once rebuilt, the properties will be rateable again. Political and market forces may determine the speed at which the development occurs and as such, it is anticipated to extend beyond estimates of the LTFP.
	Development of the plan assumes that the current level of rate exemptions remains constant.	The scope for increased entitlement to exemptions.	High	Community Housing Providers that meet the Public Benevolent Institution criteria may be exempt from paying land rates to local councils. The impact on Council's revenue could potentially be up to $5 million dependent upon applicants meeting appropriate criteria.

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long-Term Financial Plan
Domestic waste management	The plan assumes the Domestic Waste Charge will increase in year 1 by 1.4% with subsequent years projected to increase on average by 5.5%.	On renewal of the collection contract, contractor prices increase greater than 5.5%.	Low	The Domestic Waste Charge is calculated based on pure cost recovery of service provision. Therefore, an increase in the contractors cost will be directly offset by an increase in the annual charge. The impact on residents of a 5.5% increase is approximately $50 per annum per assessment.
Council policy	There will be no significant changes to Council policy as summarised in this LTFP.	New legislation is enacted that requires a significant policy response from Council.	Low	Dealing with changes in legislation is part of normal Council operations, however impact on resources will be assessed and could increase the exposure to further resource requirements.
		Changes to the composition of the current elected members of Council with different objectives from the current Council.	Moderate	Any proposed significant change to Council policy would be assessed in terms of impact on Council's financial position.
Financial assistance grants	The LTFP assumes Council's financial assistance grant will experience no growth.	Changes to the distribution methodology that equates to a reduction in Council's allocation.	Moderate	Every 1% the Financial Assistance Grant movement is below target equates to around $100k per annum. Council is not informed of our Financial Assistance Grant allocation until approximately August each financial year. Council is not informed of allocations beyond a financial year horizon however have been advised metropolitan Councils may see decreases in future years due to a redistribution to Regional and Rural Councils.
Inflation	The price level changes projected will occur. In developing this LTFP, Council has based inflation projections at an average 2.7% per annum.	Inflation is higher or lower than anticipated.	Low	Inflation is affected by external economic factors.
		Inflation on costs will not be offset by inflation on revenues.	Moderate	Any inflationary increase in Council's costs that is not offset by efficiency gains or revenue increases is likely to impact service levels and works programmed.

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long-Term Financial Plan
Borrowing costs	Interest on debt is known and where debt exists, calculated according to the fixed rate contract. Council assumes no further Local Infrastructure Renewal Scheme rounds to be available. Council has proposed no new borrowing in this LTFP.	Interest rates will vary from those projected.	Low	Relates to projected new external debt at anticipated new interest rates. Any future external borrowings would have considerations as to term and fixed or variable rates and these factors would have repayment servicing implications. As Council proposes no new borrowings in the LTFP interest rate fluctuations will not impact the LTFP.
Return on investments	Interest on investments revenue is forecast to remain consistent across the life of the LTFP with interest rates to be between 3 and 4% on average.	Interest rates will significantly vary from those projected.	Moderate	Rates used are based on detailed economic analysis of market expectations, coupled with historical returns. If actual interest rates are lower than the assumed rate, expenditure priorities may require re-evaluation or alternative funding mechanisms utilised. Council takes opportunities for income diversification including increasing returns from commercial property investments in order to mitigate the reliance on interest on financial instrument investments.
Asset revaluations	The impact of asset revaluations on carrying values and associated depreciation is reflected as projected.	Revaluations will materially differ from those projected, thereby changing projected carrying values of the assets and associated depreciation expense.	Moderate	Variations in values is expected to remain consistent subject to fluctuations in market conditions.

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long-Term Financial Plan
Asset life	Useful life of assets is as recorded in the asset management plans or based on professional advice. The useful life of assets grouped by asset class.	Assets deteriorate earlier than anticipated or asset lives are changed due to revisions of the asset management plans or new inputs.	Moderate	Capital renewal programs could be accelerated in the event of potential early expiration of assets; however this may impact depreciation expense or financing costs.
Depreciation and amortisation	Assumes maintenance of existing plans for the purchase and sale of assets. Directly impacted by Council's Asset Management Strategy and the impact of any revaluation measurements in asset classes. The LTFP forecasts depreciation based on a straight line basis for long and medium life infrastructure assets.	Assumptions deviates that impact anticipated result.	Moderate	Council does not fund depreciation and amortisation of assets and as such any changes in depreciation expense will not impact Council's cash budget, however, will be reflected on Council's Income Statement and will also impact the Operating Performance Ratio, Building and Infrastructure Asset Renewal Ratio and Real Operating Expenditure per capita result.
Contract rates	Re-tendering of major contracts will not result in significant cost increases other than those that are comparable with the rate of inflation.	There is a significant variation in price from re-tendering contracts.	Moderate	Council would review the scope of work planned to meet any budget implications however do factor in anticipated CPI movements in contracts year on year.
Capital works	Actual costs will vary from estimates, due to higher supply chain, input prices or delivery delays, resulting in budget shortfalls.	Asset renewal and replacement budgets have been prepared based on CPI Indexation of 3.5% and all current sources of funding remain available.	Moderate	Council reliably estimates the work required to be undertaken on capital projects, however recognises external economic factors may impact the costs and delivery timeframes for these works.

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long-Term Financial Plan
Superannuation	In 2013 the Federal Government announced changes that would increase the Superannuation Guarantee Levy (SGL) from 9% to 12% over several years. The LTFP reflects the legislated amount of 12%.	That employee costs increase more than projected.	Moderate	As Council is a service provider, employee costs are a large portion of operating expenses. Any significant increases in employee costs impact the amount of SGL payable.
Energy-utilities	The plan assumes an increase in utility charges of an average of 7.5% per annum. This accounts for price and usage based increases offset by any sustainability project savings and is in line with the 10 year historical growth rate.	That utility costs increase more than projected.	Moderate	An increase of 1% above forecasts in 2025-26 would increase utility costs by circa $40k.
Cost shifting	The issue of cost shifting has, in recent years, been of significant concern to councils in NSW and across Australia. In the most recent published report by Local Government NSW Council estimates the total cost shifting for Council to be circa $30 million.	That new or increased services and functions are transferred to Local Government responsibility.	Moderate	Should State and Federal Governments continue to transfer responsibilities and the associated costs for the provision of services to Local Government, this will have negative implications for Campbelltown's long term financial outlook. Cost shifting absorbs around 10% of Council's operational income.
Employee costs	The staffing and organisation structure remains consistent.	Changes to levels of service.	Moderate	As Council is a service provider, employee costs are a large portion of operating expenses. Forecast assumptions used are based on estimated Local Government Award variations and performance based increases. An increase of 1% above forecasts would increase 2025-26 employee costs by circa $1.1 million (equivalent to 1% of rates revenue).

Scenario Modelling

This LTFP presents long term projections based on various assumptions. As it is difficult to accurately predict all future trends, alternative scenarios have been modelled to help provide an indication of Council's future financial position under a variety of circumstances. The statements of all scenarios are presented in the LTFP however only the ratios for the base scenario have been presented.

Base Scenario

The base scenario forms the basis of the LFTP. It is based on a range of assumptions which are considered most likely to occur over the next 10 years based on an assessment of current economic conditions and historical trends. Whilst this scenario does not represent a pessimistic view of future trends, it does encompass a degree of conservatism in modelled growth rates in expenditure and revenue.

Scenario 1

Improved services and assets to meet requirements of growth and future sustainability

The LTFP allows for a variety of assumptions, sensitivity analyses, and risk management and provides estimates of Council's overall financial position to assist with:

- Evaluating the financial viability of the service levels specified in the Delivery Program,
- Enabling the quantification of the costs of long term strategic decisions,
- Enabling the testing of the sensitivity and robustness of key assumptions, and
- Considerations for future infrastructure requirements to meet the needs of our community.

An alternate scenario (Scenario 1) has been developed to model the impact of an increase in council's operating revenue, through an increase in rates, to provide a long term, financially sustainable investment into the expenditure impacts of supporting a growing population and expectations for service delivery; coupled with the investment required for an aging portfolio of assets that requires renewal and maintenance. This model has been based on forecast growth in higher density living and planning for the associated services and public domain infrastructure needs.

Scenario 1 has been modelled to allow for an increase in rates revenue of $10 million each year, for years 2 and 3, which would then form part of Councils rate base. This scenario assumes that from year 2, the increased level of revenue would supplement Council's operating expenditure by approximately $3.5 million and inject a further $6.5 million into capital renewal works of our $3 billion asset portfolio.

Under this scenario, the injection of additional rate revenue is projected to place Council in a operating surplus over the long term as well as reflect a favourable Building and Asset Renewal ratio that exceeds the benchmark. It should be noted that some of the investment to building renewal in this scenario may be split into new asset spend in order to meet future infrastructure needs of the community.

The increased investment in renewal of our infrastructure assets would improve the condition rating of these assets and extend their longevity and serviceability.

Base Case Scenario Modelling

Key Financial Indicators

Indicator #1 - Operating Performance Measure

Indicator Title: **Operating Performance Ratio**

Indicator Definition: Net continuing operating result (excluding capital grants and contributions)/Total continuing operating revenue (excluding capital grants and contributions)

Benchmark:

≥ 0%

0% - (3%)

< (3%)

Year ended

June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034	June 2035
(5.65%)	(2.76%)	(2.07%)	(2.56%)	(2.19%)	(2.19%)	(2.19%)	(2.19%)	(1.86%)	(1.87%)

Operating Performance Measure Explained

Measures a Council's ability to contain operating expenditure within operating revenue.

A ratio of less than negative 3% is undesirable between 0% and negative 3% is fair greater than or equal to 0% (break even) is good

Commentary

It is important to note that this indicator is heavily impacted by depreciation and the split of capital works v operational expense that is dispersed during any one year. Depreciation is an accounting measure of the estimated reduction in asset value over time. Rather than the basic calculation of depreciation, Council funds the total asset renewal and maintenance required according to detailed lifecycle modelling of each individual asset and in alignment with Council's Asset Management Plans. Council's short term sustainability is better reflected by reference to the Unrestricted Current Ratio and Own Source Revenue Ratio. Council's longer term sustainability can also be supported by the improved infrastructure backlog ratio.

Indicator #2 - Own Source Revenue

Indicator Title: **Own Source Revenue Ratio**

Indicator Definition: Total continuing operating revenue (excluding all grants and contributions)/Total continuing operating revenue

Benchmark:

> 60%

50 - 60%

< 50%

Year ended

June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034	June 2035
59.79%	61.03%	65.39%	74.63%	75.14%	76.33%	77.81%	80.03%	80.84%	81.21%

Own Source Revenue Measure Explained

This ratio measures fiscal flexibility and robustness. It is the degree of reliance on external funding sources such as operating grants and contributions. A Council's financial flexibility improves the higher the level of its own source revenue. It also gives Council a greater ability to manage external challenges that arise.

Commentary

Council forecasts to exceed the benchmark for Own Source Revenue in the long term. This displays Council's ability to control operating performance and support financial sustainability. Council's performance in this ratio is heavily impacted by developer contributions that are excluded as own source revenue and are significant in value.

Indicator #3 - Cash Liquidity Position (after accounting for external reserves)

Indicator Title: **Unrestricted Current Ratio**

Indicator Definition: Current Assets less Externally Restricted Current Assets/Current Liabilities less Specific Purpose Current Liabilities

Benchmark:

Greater than 2:1

Between 1:1 and 2:1

Less than 1:1

Year ended

June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034	June 2035
2.57	2.68	2.85	3.02	2.99	2.96	2.92	2.88	2.86	2.83

Cash Liquidity Position Measure Explained

Shows Council's ability to meet debt payments as they fall due.

A ratio of less than one is undesirable between one and two is fair and greater than two is good

Council's forecasted cash liquidity position will remain above two over the next ten years. This is mainly due to Council's strong internal reserves.

Commentary

Council's liquidty is more than satisfactory. Council can easily pay its debts as the fall due.

Indicator #4 - Borrowing and Debt Servicing

Indicator Title: **Debt Service Ratio**

Indicator Definition: Cost of debt service (interest expense and principal repayments)/Total continuing operating revenue (excluding capital grants and contributions)

Benchmark:

> 0% - 10%

10% - 20%

> 20%

Year ended

June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034	June 2035
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Debt Service Ratio Measure Explained

This measure reflects the percentage of annual revenue required to meet annual loan repayments. Prudent debt usage can also assist in smoothing funding costs and promoting intergenerational equity.

A ratio of greater than 20% is undesirable Between 10% and 20% is fair and less than 10% is good

Commentary

Council's ability to service its debt is excellent.

Indicator #5 - Cash Expense Coverage

Indicator Title: **Cash Expense Cover Ratio**

Indicator Definition: (Current year's cash and cash equivalents + term deposits/Payments from cash flow of operating and financing activities)*12

Benchmark:

≥ 3 Months

< 3 months

Year ended

June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034	June 2035
15.5	16.1	16.8	17.3	17.1	16.9	16.6	16.4	16.2	16.0

Building and Asset Renewal Expenditure Measure Explained

This ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration in terms of depreciation.

A ratio of less than 100% is undesirable while a ratio of 100% or greater is desirable

Commentary

This liquidity ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow.

Indicator #6 - Building and Asset Renewal

Indicator Title: **Building and Asset Renewal Ratio**

Indicator Definition: Asset renewals (building and infrastructure)/Depreciation, amortisation and impairment (building and infrastructure)

Benchmark:

≥100%

Less than 100%

Year ended

June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034	June 2035
84.56%	76.10%	85.56%	74.15%	91.65%	91.76%	91.84%	91.89%	91.92%	91.91%

Building and Asset Renewal Expenditure Measure Explained

This ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration in terms of depreciation.

A ratio of less than 100% is undesirable while a ratio of 100% or greater is desirable

Commentary

This ratio also uses the accounting measure of depreciation as the required spend on renewing Council's assets per annum. Depreciation is an accounting measure and does not reflect any condition ratings and at best only reflects a residual value. Council undertakes much more complex modelling using current condition assessments of assets to determine actual funding required over the life of each individual asset.

Indicator #7 - Infrastructure Backlog

Indicator Title: **Infrastructure Backlog Ratio**

Indicator Definition: Estimated cost to bring assets to a satisfactory condition/Total (WDV) of infrastructure, buildings, other structures, depreciable land, and improvement assets

Benchmark:

< 2%

2% - 3%

> 3%

Year ended

June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034	June 2035
0.49%	0.41%	0.38%	0.49%	0.77%	1.03%	1.21%	1.46%	1.63%	1.40%

Infrastructure Backlog Measure Explained

The infrastructure backlog ratio indicates the proportion of backlog against the total value of Council's infrastructure assets. It is a measure of the extent to which asset renewal is required to maintain or improve service delivery in a sustainable way. This measures how Council is managing infrastructure which is so critical to effective community sustainability.

A ratio of greater than 3% is undesirable   Between 2% and 3% is fair   and less than 2% is good

Commentary

The requirement to fund upgrades of existing or provide new infrastructure to address functionality and capacity is considered alongside the requirement for maintenance, operation and renewal. Council undertakes comprehensive modelling to identify required renewal needs. A comprehensive audit of infrastructure asset conditions is scheduled to occur in 2025-26 and will provide further detail on the financial impact of renewal requirements of Council's assets.

Indicator #8 - Asset Maintenance

Indicator Title: **Asset Maintenance Ratio**

Indicator Definition: Actual asset maintenance/Required asset maintenance

Benchmark:

> 100%

80%-100%

< 80%

Year ended

June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034	June 2035
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Asset Maintenance Measure Explained

The asset maintenance ratio reflects the actual asset maintenance expenditure relative to the required asset maintenance. The ratio provides a measure of the rate of asset degradation (or renewal) and therefore has a role in informing asset renewal and capital works planning.

A ratio of less than 80% is undesirable   Between 80% and 100% is fair   and greater than 100% is good

Commentary

Council estimates the required level of maintenance for infrastructure assets and provides adequate funding to ensure appropriate condition of assets is maintained.

Financial Statements

Income Statement - Base Case

Long-Term Financial Plan 10 Year Model

Year Ended	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Income from continuing operations										
Rates and Annual Charges	161,988	169,938	179,018	188,621	196,151	203,995	212,169	220,687	229,564	238,815
User Charges and Fees	21,739	22,632	23,428	23,514	24,228	24,966	25,728	26,516	27,330	28,172
Grants and contributions for operation purposes	29,842	29,972	30,643	31,217	31,844	32,490	33,156	33,842	34,551	35,282
Capital Grants, Subsidies & Contributions	113,848	112,638	93,213	51,948	52,137	49,203	44,795	36,955	35,279	35,482
Interest and Investment Revenue	9,921	9,949	9,977	10,008	10,027	10,047	10,067	10,088	10,109	10,131
Rental Income	11,416	11,833	12,188	12,677	13,310	13,976	14,675	15,408	16,179	16,988
Other Revenues	8,608	9,013	9,407	9,825	10,130	10,445	10,769	11,104	11,449	11,805
Total Income from continuing operations	**357,362**	**365,973**	**357,873**	**327,809**	**337,826**	**345,121**	**351,358**	**354,600**	**364,460**	**376,675**
Expenses from continuing operations										
Employee Costs	110,381	113,226	117,871	123,689	127,400	131,222	135,159	139,213	143,390	147,691
Materials and Services	103,167	102,248	106,259	112,177	115,724	120,478	125,452	130,658	134,986	140,668
Borrowing Costs	0	0	0	0	0	0	0	0	0	0
Depreciation	39,664	40,653	41,666	42,705	44,368	46,122	47,971	49,923	51,985	54,164
Other Expenses	4,072	4,201	4,329	4,348	4,460	4,575	4,693	4,814	4,938	5,066
Total Operating Expenses	**257,284**	**260,329**	**270,126**	**282,919**	**291,952**	**302,396**	**313,275**	**324,608**	**335,298**	**347,589**
Operating result from continuing operations	**100,078**	**105,645**	**87,747**	**44,891**	**45,874**	**42,725**	**38,083**	**29,992**	**29,162**	**29,086**
Net operating result for the year before grants										
and contributions provided for capital purposes	**(13,770)**	**(6,993)**	**(5,466)**	**(7,057)**	**(6,262)**	**(6,479)**	**(6,711)**	**(6,963)**	**(6,117)**	**(6,396)**

Statement of Financial Position – Base Case

Long-Term Financial Plan 10 Year Model

Year Ended	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current Assets										
Cash and Investments	281,980	295,227	319,031	346,581	353,462	360,707	367,971	375,260	383,296	391,762
Receivables	20,027	20,697	21,422	22,177	22,858	23,562	24,290	25,041	25,818	26,621
Inventories	468	480	493	506	519	532	546	560	575	590
Other	276	283	290	298	306	314	322	330	339	348
Total Current Assets	**302,751**	**316,687**	**341,236**	**369,561**	**377,145**	**385,115**	**393,129**	**401,192**	**410,028**	**419,320**
Non-Current Assets										
Infrastructure, Property, Plant and Equipment	3,226,870	3,333,998	3,407,973	3,435,504	3,492,018	3,537,507	3,578,481	3,611,491	3,642,690	3,673,931
Right of Use Asset	4,333	4,117	3,911	3,715	3,530	3,353	3,185	3,026	2,875	2,731
Total Non-Current Assets	**3,231,203**	**3,338,115**	**3,411,884**	**3,439,220**	**3,495,547**	**3,540,860**	**3,581,666**	**3,614,517**	**3,645,564**	**3,676,662**
Total Assets	**3,533,954**	**3,654,802**	**3,753,119**	**3,808,781**	**3,872,692**	**3,925,975**	**3,974,796**	**4,015,709**	**4,055,592**	**4,095,983**
Current Liabilities										
Payables	36,109	35,787	37,191	39,262	40,503	42,167	43,908	45,730	47,245	49,234
Provisions	24,097	24,724	25,366	26,026	26,703	27,397	28,109	28,840	29,590	30,359
Borrowings	–	–	–	–	–	–	–	–	–	–
Contract Liabilities	38,327	39,323	40,346	41,395	42,471	43,575	44,708	45,870	47,063	48,287
Lease Liability	685	651	618	587	558	530	504	478	454	432
Total Current Liabilities	**99,217**	**100,484**	**103,521**	**107,270**	**110,235**	**113,669**	**117,229**	**120,919**	**124,352**	**128,311**
Non-Current Liabilities										
Contract Liabilities	9,605	9,605	9,605	9,605	9,605	9,605	9,605	9,605	9,605	9,605
Provisions	4,065	4,065	4,065	4,065	4,065	4,065	4,065	4,065	4,065	4,065
Lease Liability	4,036	3,834	3,643	3,461	3,288	3,123	2,967	2,819	2,678	2,544
Borrowings	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	**17,705**	**17,504**	**17,312**	**17,130**	**16,957**	**16,792**	**16,636**	**16,488**	**16,347**	**16,213**
Total Liabilities	**116,923**	**117,988**	**120,833**	**124,400**	**127,192**	**130,462**	**133,865**	**137,407**	**140,699**	**144,525**
Net Assets	**3,417,031**	**3,536,814**	**3,632,286**	**3,684,381**	**3,745,501**	**3,795,514**	**3,840,930**	**3,878,302**	**3,914,893**	**3,951,458**
Equity										
Accumulated Surplus	1,445,457	1,550,672	1,622,668	1,648,155	1,694,545	1,729,831	1,760,520	1,783,162	1,803,908	1,824,610
Asset Revaluation Reserve	1,971,575	1,986,142	2,009,618	2,036,226	2,050,956	2,065,683	2,080,410	2,095,140	2,110,985	2,126,848
Total Equity	**3,417,031**	**3,536,814**	**3,632,286**	**3,684,381**	**3,745,501**	**3,795,514**	**3,840,930**	**3,878,302**	**3,914,893**	**3,951,458**

Statement of Cash Flows – Base Case

Long-Term Financial Plan 10 Year Model

Year Ended	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash Flows from Operating Activities										
- Receipts	243,514	253,336	264,660	275,862	285,689	295,918	306,564	317,645	329,182	341,193
- Adjustments - Receivables	(2,124)	(473)	(539)	(580)	(517)	(549)	(582)	(615)	(648)	(683)
- Payments	(217,620)	(219,675)	(228,460)	(240,214)	(247,583)	(256,275)	(265,304)	(274,685)	(283,313)	(293,425)
- Adjustments - Payables	17,563	1,301	3,069	3,780	2,994	3,462	3,586	3,715	3,457	3,982
Net Cash provided by/(used in) Operating Activities	**41,333**	**34,489**	**38,731**	**38,848**	**40,583**	**42,556**	**44,264**	**46,061**	**48,677**	**51,067**
Cash Flows from Investing Activities										
Receipts - Capital Grants/ Subsidies/Contributions/Sale of Asset	73,560	79,443	60,858	20,100	20,341	20,586	20,835	21,088	21,346	21,609
Payments - Purchase of Investments	0	0	0	0	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)
Payments - CapEx on Renewal/ Replacement of Assets	(87,222)	(100,685)	(75,785)	(31,397)	(46,043)	(47,897)	(49,835)	(51,860)	(53,988)	(56,210)
Net Cash Used in Investing Activities	**(13,662)**	**(21,242)**	**(14,927)**	**(11,297)**	**(33,702)**	**(35,311)**	**(37,000)**	**(38,772)**	**(40,641)**	**(42,601)**
Cash Flows from Financing Activities										
Payments - Principal Repayments	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net Increase/(Decrease) in cash assets held	**27,671**	**13,247**	**23,804**	**27,550**	**6,881**	**7,245**	**7,264**	**7,289**	**8,036**	**8,466**
Cash and cash equivalents at beginning of reporting period	254,309	281,980	295,227	319,031	346,581	353,462	360,707	367,971	375,260	383,296
Cash, cash equivalents and investments at end of reporting period	**281,980**	**295,227**	**319,031**	**346,581**	**353,462**	**360,707**	**367,971**	**375,260**	**383,296**	**391,762**

Scenario 1 Modelling - Improved services and assets to meet requirements of growth and future sustainability

Key Financial Indicators

Indicator #1 - Operating Performance Measure

Indicator Title: **Operating Performance Ratio**

Indicator Definition: Net continuing operating result (excluding capital grants and contributions)/Total continuing operating revenue (excluding capital grants and contributions)

Benchmark:

≥ 0%

0% - (3%)

< (3%)

Year ended

June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034	June 2035
(5.65%)	(0.19%)	(2.72%)	(2.23%)	(2.57%)	(2.57%)	(2.57%)	(2.56%)	(2.86%)	(2.84%)

Operating Performance Measure Explained

Measures a Council's ability to contain operating expenditure within operating revenue.

A ratio of less than negative 3% is undesirable between 0% and negative 3% is fair greater than or equal to 0% (break even) is good

Commentary

It is important to note that this indicator is heavily impacted by depreciation and the split of capital works v operational expense that is dispersed during any one year. Depreciation is an accounting measure of the estimated reduction in asset value over time. Rather than the basic calculation of depreciation, Council funds the total asset renewal and maintenance required according to detailed lifecycle modelling of each individual asset and in alignment with Council's Asset Management Plans. Council's short term sustainability is better reflected by reference to the Unrestricted Current Ratio and Own Source Revenue Ratio. Council's longer term sustainability can also be supported by the improved infrastructure backlog ratio.

Indicator #2 - Own Source Revenue

Indicator Title: **Own Source Revenue Ratio**

Indicator Definition: Total continuing operating revenue (excluding all grants and contributions)/Total continuing operating revenue

Benchmark:

> 60%

50 - 60%

< 50%

Year ended

June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034	June 2035
59.79 %	62.07%	67.25%	76.16%	76.65%	77.78%	79.20%	81.31 %	82.07%	82.42%

Own Source Revenue Measure Explained

This ratio measures fiscal flexibility and robustness. It is the degree of reliance on external funding sources such as operating grants and contributions. A Council's financial flexibility improves the higher the level of its own source revenue. It also gives Council a greater ability to manage external challenges that arise.

Commentary

Council forecasts to exceed the benchmark for Own Source Revenue in the long term. This displays Council's ability to control operating performance and support financial sustainability. Council's performance in this ratio is heavily impacted by developer contributions that are excluded as own source revenue and are significant in value.

Indicator #3 - Cash Liquidity Position (after accounting for external reserves)

Indicator Title: **Unrestricted Current Ratio**

Indicator Definition: Current Assets less Externally Restricted Current Assets/Current Liabilities less Specific Purpose Current Liabilities

Benchmark:

Greater than 2:1

Between 1:1 and 2:1

Less than 1:1

Year ended

June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034	June 2035
2.57	2.66	2.80	2.96	2.94	2.91	2.87	2.83	2.81	2.79

Cash Liquidity Position Measure Explained

Shows Council's ability to meet debt payments as they fall due.

A ratio of less than one is undesirable between one and two is fair and greater than two is good

Council's forecasted cash liquidity position will remain above two over the next ten years. This is mainly due to council's strong internal reserves.

Indicator #4 - Borrowing and Debt Servicing

Indicator Title: **Debt Service Ratio**

Indicator Definition: Cost of debt service (interest expense and principal repayments)/Total continuing operating revenue (excluding capital grants and contributions)

Benchmark:

> 0% - 10%

10% - 20%

> 20%

Year ended

June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034	June 2035
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Debt Service Ratio Measure Explained

This measure reflects the percentage of annual revenue required to meet annual loan repayments. Prudent debt usage can also assist in smoothing funding costs and promoting intergenerational equity.

A ratio of greater than 20% is undesirable Between 10% and 20% is fair and less than 10% is good

Commentary

Council's ability to service its debt is excellent.

Indicator #5 - Cash Expense Coverage

Indicator Title:	**Cash Expense Cover Ratio**
Indicator Definition:	(Current year's cash and cash equivalents + term deposits/Payments from cash flow of operating and financing activities)*12
Benchmark:	≥ 3 Months (green)
	< 3 months (red)

Year ended

June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034	June 2035
15.5	15.9	16.3	16.9	16.7	16.5	16.2	16.0	15.8	15.6

Building and Asset Renewal Expenditure Measure Explained

This ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration in terms of depreciation.

A ratio of less than 100% is undesirable while a ratio of 100% or greater is desirable

Commentary

This liquidity ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow.

Indicator #6 - Building and Asset Renewal

Indicator Title:	**Building and Asset Renewal Ratio**
Indicator Definition:	Asset renewals (building and infrastructure)/Depreciation, amortisation and impairment (building and infrastructure)
Benchmark:	≥100% (green)
	Less than 100% (red)

Year ended

June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034	June 2035
84.56%	92.49%	118.10%	107.01%	119.85%	119.86%	119.82%	119.73%	119.60%	119.42%

Building and Asset Renewal Expenditure Measure Explained

This ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration in terms of depreciation.

A ratio of less than 100% is undesirable while a ratio of 100% or greater is desirable

Commentary

This ratio also uses the accounting measure of depreciation as the required spend on renewing Council's assets per annum. Depreciation is an accounting measure and does not reflect any condition ratings and at best only reflects a residual value. Council undertakes much more complex modelling using current condition assessments of assets to determine actual funding required over the life of each individual asset.

Indicator #7 - Infrastructure Backlog

Indicator Title: **Infrastructure Backlog Ratio**

Indicator Definition: Estimated cost to bring assets to a satisfactory condition/Total (WDV) of infrastructure, buildings, other structures, depreciable land, and improvement assets

Benchmark:

< 2%

2% - 3%

> 3%

Year ended

June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034	June 2035
0.49%	0.24%	0.06%	0.16%	0.43%	0.68%	0.84%	1.07%	1.22%	0.98%

Infrastructure Backlog Measure Explained

The infrastructure backlog ratio indicates the proportion of backlog against the total value of Council's infrastructure assets. It is a measure of the extent to which asset renewal is required to maintain or improve service delivery in a sustainable way. This measures how Council is managing infrastructure which is so critical to effective community sustainability.

A ratio of greater than 3% is undesirable Between 2% and 3% is fair and less than 2% is good

Commentary

The requirement to fund upgrades of existing or provide new infrastructure to address functionality and capacity is considered alongside the requiement for maintenance, operation and renewal. Council undertakes comprehensive modelling to identify required renewal needs. A comprehensive audit of infrastructure asset conditions is scheduled to occur in 2025-26 and will provide further detail on the financial impact of renewal requirements of Council's assets.

Indicator #8 - Asset Maintenance

Indicator Title: **Asset Maintenance Ratio**

Indicator Definition: Actual asset maintenance/Required asset maintenance

Benchmark:

> 100%

80%-100%

< 80%

Year ended

June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034	June 2035
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Asset Maintenance Measure Explained

The asset maintenance ratio reflects the actual asset maintenance expenditure relative to the required asset maintenance. The ratio provides a measure of the rate of asset degradation (or renewal) and therefore has a role in informing asset renewal and capital works planning.

A ratio of less than 80% is undesirable Between 80% and 100% is fair and greater than 100% is good

Commentary

Council estimates the required level of maintenance for infrastructure assets and provides adequate funding to ensure appropriate condition of assets is maintained.

Financial Statements

Income Statement - Scenario 1

Long-Term Financial Plan 10 Year Model

Year Ended	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income from continuing operations										
Rates and Annual Charges	161,988	179,938	199,368	209,683	217,950	226,558	235,522	244,857	254,579	264,706
User Charges and Fees	21,739	22,632	23,428	23,514	24,228	24,966	25,728	26,516	27,330	28,172
Grants and contributions for operation purposes	29,842	29,972	30,643	31,217	31,844	32,490	33,156	33,842	34,551	35,282
Capital Grants, Subsidies & Contributions	113,848	112,638	93,213	51,948	52,137	49,203	44,795	36,955	35,279	35,482
Interest and Investment Revenue	9,921	9,949	9,977	10,008	10,027	10,047	10,067	10,088	10,109	10,131
Rental Income	11,416	11,833	12,188	12,677	13,310	13,976	14,675	15,408	16,179	16,988
Other Revenues	8,608	9,013	9,407	9,825	10,130	10,445	10,769	11,104	11,449	11,805
Total Income from continuing operations	**357,362**	**375,973**	**378,223**	**348,872**	**359,625**	**367,683**	**374,710**	**378,769**	**389,476**	**402,566**
Expenses from continuing operations										
Employee Costs	110,381	113,226	117,871	123,689	127,400	131,222	135,159	139,213	143,390	147,691
Materials and Contracts	103,167	105,748	113,382	119,549	123,354	128,375	133,625	139,117	143,741	149,730
Borrowing Costs	0	0	0	0	0	0	0	0	0	0
Depreciation	39,664	40,653	41,666	42,705	44,368	46,122	47,971	49,923	51,985	54,164
Other Expenses	4,072	4,201	4,329	4,348	4,460	4,575	4,693	4,814	4,938	5,066
Total Operating Expenses	**257,284**	**263,829**	**277,248**	**290,291**	**299,581**	**310,293**	**321,448**	**333,067**	**344,054**	**356,650**
Operating result from continuing operations	**100,078**	**112,145**	**100,975**	**58,581**	**60,044**	**57,390**	**53,262**	**45,702**	**45,422**	**45,915**
Net operating result for the year before grants										
and contributions provided for capital purposes	**(13,770)**	**(493)**	**7,761**	**6,633**	**7,907**	**8,187**	**8,468**	**8,748**	**10,143**	**10,433**

Statement of Financial Position – Scenario 1
Long-Term Financial Plan 10 Year Model

Year Ended	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current Assets										
Cash and Investments	281,980	296,052	320,709	348,319	355,260	362,568	369,898	377,254	385,360	393,898
Receivables	20,027	21,097	22,236	23,019	23,730	24,465	25,224	26,008	26,819	27,656
Inventories	468	480	493	506	519	532	546	560	575	590
Other	276	283	290	298	306	314	322	330	339	348
Total Current Assets	**302,751**	**317,912**	**343,728**	**372,141**	**379,815**	**387,879**	**395,990**	**404,153**	**413,092**	**422,492**
Non-Current Assets										
Infrastructure, Property, Plant and Equipment	3,226,870	3,340,498	3,427,700	3,468,922	3,539,606	3,599,760	3,655,913	3,704,633	3,752,092	3,800,163
Right of Use Asset	4,333	4,117	3,911	3,715	3,530	3,353	3,185	3,026	2,875	2,731
Total Non-Current Assets	**3,231,203**	**3,344,615**	**3,431,611**	**3,472,638**	**3,543,135**	**3,603,113**	**3,659,099**	**3,707,660**	**3,754,967**	**3,802,894**
Total Assets	**3,533,954**	**3,662,527**	**3,775,340**	**3,844,779**	**3,922,950**	**3,990,993**	**4,055,089**	**4,111,812**	**4,168,059**	**4,225,386**
Current Liabilities										
Payables	36,109	37,012	39,684	41,842	43,174	44,931	46,769	48,691	50,309	52,405
Provisions	24,097	24,724	25,366	26,026	26,703	27,397	28,109	28,840	29,590	30,359
Borrowings	-	-	-	-	-	-	-	-	-	-
Contract Liabilities	38,327	39,323	40,346	41,395	42,471	43,575	44,708	45,870	47,063	48,287
Lease Liability	685	651	618	587	558	530	504	478	454	432
Total Current Liabilities	**99,217**	**101,709**	**106,014**	**109,850**	**112,905**	**116,433**	**120,090**	**123,880**	**127,417**	**131,483**
Non-Current Liabilities										
Contract Liabilities	9,605	9,605	9,605	9,605	9,605	9,605	9,605	9,605	9,605	9,605
Provisions	4,065	4,065	4,065	4,065	4,065	4,065	4,065	4,065	4,065	4,065
Lease Liability	4,036	3,834	3,643	3,461	3,288	3,123	2,967	2,819	2,678	2,544
Borrowings	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	**17,705**	**17,504**	**17,312**	**17,130**	**16,957**	**16,792**	**16,636**	**16,488**	**16,347**	**16,213**
Total Liabilities	**116,923**	**119,213**	**123,326**	**126,980**	**129,862**	**133,226**	**136,726**	**140,368**	**143,764**	**147,696**
Net Assets	**3,417,031**	**3,543,314**	**3,652,014**	**3,717,799**	**3,793,088**	**3,857,767**	**3,918,363**	**3,971,445**	**4,024,295**	**4,077,690**
Equity										
Accumulated Surplus	1,445,457	1,557,172	1,642,396	1,681,573	1,742,133	1,792,084	1,837,953	1,876,305	1,913,311	1,950,842
Asset Revaluation Reserve	1,971,575	1,986,142	2,009,618	2,036,226	2,050,956	2,065,683	2,080,410	2,095,140	2,110,985	2,126,848
Total Equity	**3,417,031**	**3,543,314**	**3,652,014**	**3,717,799**	**3,793,088**	**3,857,767**	**3,918,363**	**3,971,445**	**4,024,295**	**4,077,690**

Statement of Cash Flows – Scenario 1

Long-Term Financial Plan 10 Year Model

Year Ended	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash Flows from Operating Activities										
- Receipts	243,514	263,336	285,010	296,924	307,489	318,480	329,916	341,815	354,197	367,083
- Adjustments - Receivables	(2,124)	(873)	(953)	(608)	(546)	(580)	(613)	(648)	(682)	(718)
- Payments	(217,620)	(223,175)	(235,582)	(247,586)	(255,213)	(264,172)	(273,477)	(283,144)	(292,069)	(302,486)
- Adjustments - Payables	17,563	2,526	4,337	3,867	3,084	3,556	3,683	3,815	3,561	4,089
Net Cash provided by/(used in) Operating Activities	**41,333**	**41,814**	**52,812**	**52,597**	**54,814**	**57,285**	**59,509**	**61,839**	**65,007**	**67,968**
Cash Flows from Investing Activities										
Receipts - Capital Grants/Subsidies/ Contributions/ Sale of Asset	73,560	79,443	60,858	20,100	20,341	20,586	20,835	21,088	21,346	21,609
Receipts - Sale of Investments	0	0	0	0	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)
Payments - CapEx on Renewal/ Replacement of Assets	(87,222)	(107,185)	(89,012)	(45,088)	(60,213)	(62,563)	(65,014)	(67,571)	(70,248)	(73,039)
Net Cash Used in Investing Activities	**(13,662)**	**(27,742)**	**(28,154)**	**(24,988)**	**(47,872)**	**(49,977)**	**(52,179)**	**(54,482)**	**(56,901)**	**(59,430)**
Cash Flows from Financing Activities										
Payments - Principal Repayments	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net Increase/(Decrease) in cash assets held	27,671	14,072	24,658	27,609	6,942	7,308	7,330	7,356	8,106	8,539
Cash and cash equivalents at beginning of reporting period	**254,309**	**281,980**	**296,052**	**320,709**	**348,319**	**355,260**	**362,568**	**369,898**	**377,254**	**385,360**
Cash, cash equivalents and investments at end of reporting period	**281,980**	**296,052**	**320,709**	**348,319**	**355,260**	**362,568**	**369,898**	**377,254**	**385,360**	**393,898**

CAMPBELLTOWN

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