LONG-TERM FINANCIAL PLAN

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INTRODUCTION

In May and June 2024, Council engaged the community in an important conversation about the 'The Next Ten Years' for North Sydney. Through a series of thought-provoking discussion papers, panel sessions, surveys and workshops, the community considered where we are now and where we would like to be over the next decade.

This work, together with research in several key areas, has informed a number of enabling actions which have been included within Draft Informing Strategies and will inform Council's new Community Strategic Plan. A plan that aims to ensure the community of North Sydney continues to enjoy a quality of life and an improved sense of community supported by responsive services and high-quality infrastructure that support an evolving community.

Critical to these aspirations is Council's financial position. Council's financial strength and sustainability directly impact on our ability to deliver services and infrastructure at a level both needed and expected from our growing community.

Regrettably, Council's current financial position will not support the level of service and infrastructure enjoyed by the community in past decades. The costs associated with the North Sydney Olympic Pool Redevelopment Project have placed significant pressure on Council's reserves and infrastructure renewals. Ongoing operating costs, including the repayment of over $51 million in debt will result in ongoing operating deficits. Other factors such as declining revenue streams associated with car parking, fines and advertising, along with cost shifting from other levels of government further exacerbate forecast deficits. This position is not sustainable and requires structural change.

It is an enabling document that considers Council's current financial position, along with economic factors that are expected to have an impact on our financial performance in the future, with a view to providing a path to both financial repair and the realisation of the community's aspirations for the future.

The Long-Term Financial Plan (LTFP) allows for a variety of assumptions, sensitivity analyses, and risk management procedures to:

- repair Council's overall financial position to ensure continued service delivery
- evaluate the financial viability of providing the service levels specified in the Delivery Program
- enable the quantification and discussion of the costs of long-term strategic decisions
- permit scenario testing of various policies and service levels
- enable testing of the sensitivity and robustness of our key assumptions

Council's LTFP is underpinned by its Financial Management Policy and Asset Management Policy. The Financial Management Policy outlines Council's guiding principles in preparing the plan and maintaining financial sustainability. The Asset Management Policy sets the framework for consistent asset management processes throughout the North Sydney Local Government Area and to ensure adequate long-term provision for the renewal of assets. Any plan for financial sustainability must address future provision of infrastructure and environmental sustainability.

PART 01 Financial strength and sustainability – Where do we want to be?

Principles and strategy

Legislated principles

In September 2016, the *Local Government Amendment (Governance and Planning) Act 2016* commenced. This legislated the approach that Councils should adopt in relation to their financial management.

In their 2013 report 'Financial Sustainability of the New South Wales Local Government Sector', IPART defined financial sustainability as: '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'.

Legislated principles of sound financial management

Section 8B of the *Local Government Act 1993* states that the following principles of sound financial management apply to Councils.

(a) Council spending should be responsible and sustainable, aligning general revenue and expenses.

(b) Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.

(c) Councils should have effective financial and asset management, including sound policies and processes for the following:

- (i) performance management and reporting
- (ii) asset maintenance and enhancement
- (iii) funding decisions
- (iv) risk management practices

(d) Councils should have regard to achieving intergenerational equity, including ensuring the following:

- (i) policy decisions are made after considering their financial effects on future generations,
- (ii) the current generation funds the cost of its services

Financial strategy

To achieve our financial strategy, the LTFP has been developed with the following objectives over the ten-year time frame:

Deliver operating surpluses: Achieving a fully funded operating position resulting in a surplus operating bottom-line sufficient to fund asset backlogs, new infrastructure requirements and to service debt.

Build financial strength and stability: Strengthening financial stability by developing a strong cash position, reducing risks associated with own operating revenue, having sufficient assets to cover liabilities, and being in a position to withstand future financial shocks.

Fund existing service levels: Ensure existing service levels that Council currently provide continue to be fully funded when preparing budgets. Service levels should only change as a result of a full community consultation through the service review framework.

Ensure a financial position that allows responsiveness to changing community needs: Fund community priorities as outlined in the Ten-year Informing Strategies.

Fund improvements to governance and administration: Ensure good decision-making and efficiency and effectiveness in service delivery through improved systems, processes and development and performance frameworks.

Strategic use of debt: Supporting capacity for growth and opportunity.

Fund infrastructure renewals: The funding allocated to infrastructure renewals programs (including reserves for this purpose) is at a minimum equivalent to the annual depreciation expense.

Infrastructure backlogs are reduced: To ensure expected levels of service are met and to avoid an excessive burden on future generations, funding is allocated to addressing the backlog.

Financial legacy: Ensuring that every financial decision that is made, by both the Council and Council management, creates and safeguards the financial legacy of North Sydney Council – a legacy of being prudent and responsible.

The financial management objectives establish a robust framework for developing Council's Long-Term Financial Plan (LTFP), facilitating consistent and informed decision-making. The LTFP is crafted to be a dynamic and adaptable model, regularly updated through formal budget reviews, quarterly budget statements, and ongoing year-to-date performance assessments. This approach guarantees that the LTFP remains both current and relevant, enabling the Council to respond effectively to changing circumstances and priorities.

PART 02

Our financial position– Where are we now, and why?

FINANCIAL PERFORMANCE

A Council with strong financial performance is one that maintains a revenue stream adequate to sustain existing service levels and infrastructure while also supporting the growing needs of an expanding population. Strong financial performance goes beyond generating sufficient revenue – it also involves effective financial management and strict cost control measures to ensure long-term sustainability.

Currently, the Council's financial outlook is unsustainable and requires significant structural reform. The existing revenue is insufficient to cover current service levels, loan repayments, asset maintenance backlogs, infrastructure renewals, upgrades, and the development of new assets to meet the demands of a growing and evolving population.

Council has recently introduced an organisational performance function to focus on review and improvement, which in turn will result in improved efficiency and cost control in Council's administration and operations. However, the measures are limited by outdated and ineffective systems. Investment in these systems will be critical to ensuring reduced administrative and operational overheads.

The financial challenges facing the Council began in 2019/2020, when the COVID-19 pandemic led to a sharp reduction in revenue streams. In 2020/2021, the Council committed to the North Sydney Olympic Pool redevelopment project. Through decisions made in the initial planning phase, including the contract strategy and the decision to proceed prior to designs being complete, significant risk was taken and has been realised, resulting in increased capital and operating costs, leaving Council in a weak financial position and with an unsustainable forecast.

In response to these pressures, the Council launched a comprehensive program of organisational review and transformation in late 2022. This initiative has identified key structural opportunities for improvement, particularly in the areas of financial management and prioritisation of resources. Key actions under this program include:

- **Organisational Structural Realignment**
- **Strategy Development**
- **Process Improvement**
- **System Replacement**
- **Service Review Framework**
- **Performance and Development Framework**

In 2024, the Council also resolved to develop a comprehensive governance strategy aimed at preventing future financial missteps, such as those experienced during the North Sydney Olympic Pool project. This strategy is designed to guide decision-making processes and mitigate the risks associated with major infrastructure projects and investments.

The Governance Strategy, now developed, is a critical part of the Council's broader effort to stabilise and improve its financial performance. However, despite the importance of this strategy, the current financial situation means that there are insufficient funds available to implement it. This underscores the urgency of addressing the structural financial issues to secure a sustainable future for the Council and its services.

The following table outlines Council's forecast performance from 2024/25 through to 2034/35. The commentary below the table provides background as to the worsening results.

Table 1. Forecast Income Statement

	2024/25 Budget ($'000)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/34 ($'000)	2034/35 ($'000)
Income from Continuing Operations											
Rates	$61,961	$64,662	$66,830	$69,069	$71,382	$73,773	$76,242	$78,793	$81,428	$84,151	$86,964
Annual Charges	$18,016	$18,556	$19,113	$19,686	$20,277	$20,885	$21,512	$22,157	$22,822	$23,506	$24,211
User Charges & Fees	$33,803	$41,394	$43,726	$46,108	$47,722	$49,392	$51,121	$52,910	$54,762	$56,679	$58,662
Other Revenue	$10,292	$10,704	$11,078	$11,466	$11,867	$12,283	$12,713	$13,158	$13,618	$14,095	$14,588
Grants and Contributions provided for Operating Purposes	$5,027	$5,102	$5,179	$5,257	$5,335	$5,416	$5,497	$5,579	$5,663	$5,748	$5,834
Grants and Contributions provided for Capital Purposes	$11,378	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444
Interest and Investment Revenue	$3,165	$3,723	$3,960	$4,211	$4,477	$4,748	$5,001	$5,246	$5,489	$5,731	$6,003
Other Income	$5,887	$6,814	$7,053	$7,299	$7,555	$7,819	$8,093	$8,376	$8,669	$8,973	$9,287
Total Income from Continuing Operations	$149,528	$158,399	$164,383	$170,540	$176,060	$181,759	$187,621	$193,663	$199,896	$206,326	$212,994
Expenses from Continuing Operations											
Employee Benefits and On-Costs	$54,406	$60,373	$62,939	$65,614	$68,402	$71,309	$74,340	$77,499	$80,793	$84,227	$87,806
Materials and Services	$53,986	$57,221	$58,937	$60,705	$62,526	$64,402	$66,334	$68,324	$70,374	$72,485	$74,660
Borrowing Costs	$2,511	$2,722	$2,500	$2,266	$2,036	$1,832	$1,612	$1,381	$1,140	$885	$667
Depreciation and Amortisation	$28,795	$31,959	$32,918	$33,905	$34,922	$35,970	$37,049	$38,161	$39,305	$40,485	$41,699
Other Expenses	$4,783	$4,926	$5,074	$5,227	$5,383	$5,545	$5,711	$5,882	$6,059	$6,241	$6,428
Net Losses from the Disposal of Assets	$277	$277	$277	$277	$277	$277	$277	$277	$277	$277	$277
Total Expenses from Continuing Operations	$144,758	$157,478	$162,645	$167,993	$173,547	$179,335	$185,324	$191,525	$197,948	$204,599	$211,537
Operating Result from Continuing Operations	$4,771	$921	$1,737	$2,546	$2,513	$2,424	$2,298	$2,138	$1,947	$1,727	$1,457
Net Operating Result before Grants and Contributions provided for Capital Purposes	($6,607)	($6,523)	($5,707)	($4,898)	($4,931)	($5,020)	($5,146)	($5,306)	($5,497)	($5,717)	($5,987)

North Sydney Olympic Pool

The additional capital costs incurred during the redevelopment of the North Sydney Olympic Pool have weakened the financial position of the Council and are expected to place further pressure on its financial performance.

A business plan has been developed for the Pool with the goal of optimising visitation. This plan outlines projections for the first three years of operation, after which visitation growth is expected to plateau at a new steady state. The plan anticipates that by Year 2, the facility will generate enough income to cover operational costs and produce a small surplus. However, these surpluses will be insufficient to cover the interest and depreciation expenses associated with the facility. Additionally, the forecast does not account for Council overheads or the costs of internal support services, such as human resources. The North Sydney Olympic Pool Forecast is as follows:

Income (User Fees)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)
Gym Services	2,047	2,722	3,405
Aquatic Programs	2,108	2,502	2,900
Admin & CS	2,084	2,148	2,212
Sub-total:	6,239	7,372	8,517
less expenses			
Employee Benefits and on-costs	(4,924)	(5,134)	(5,332)
Material and Services	(1,635)	(1,684)	(1,735)
Operational Performance:	(320)	554	1,450
Depreciation	(2,300)	(2,369)	(2,440)
Interest on Pool Loans	(2,114)	(1,976)	(1,829)
Centre Performance	(4,734)	(3,791)	(2,819)

Reliance on user charges and other sources of revenue

For many years, North Sydney Council successfully diversified its income sources through avenues such as parking revenue and advertising, which helped supplement relatively low rates. However, the financial impact of the 2020 pandemic, along with broader societal shifts and the Council's sustainability initiatives, has significantly reduced these revenue streams.

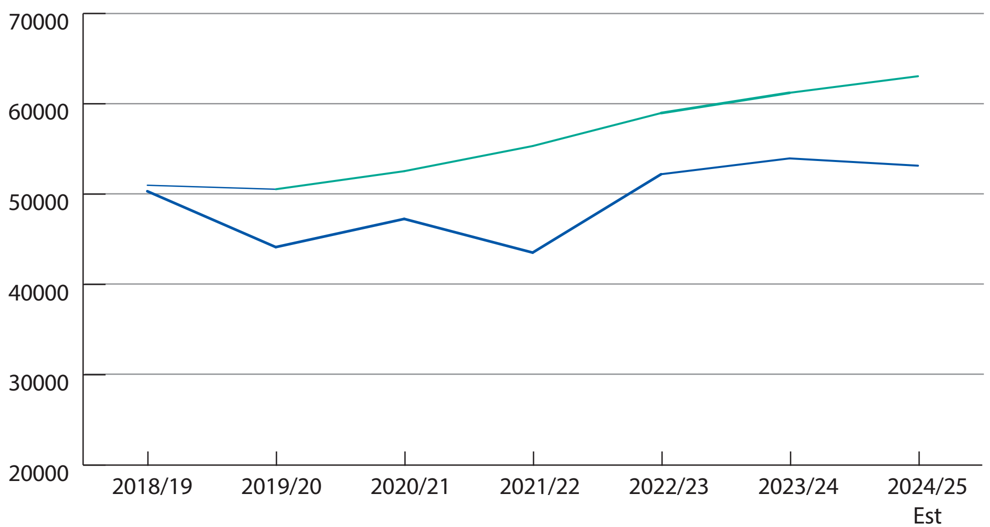
Historically, the Council adopted a diversified approach to revenue generation in order to reduce its reliance on rates. Traditionally, around 45% of total operating revenue has been generated through user charges fees, and other non-rate income. This includes on-street parking fees, fines, advertising revenue and commercial rental income. While this strategy has lessened the financial burden on residents and businesses, it has also exposed the Council to fluctuations in income, which are influenced by a range of social, economic, policy, and environmental factors. The 2020 COVID-19 pandemic highlighted the risks associated with this level of revenue diversification.

Adjusting for inflation and assuming no change in user behaviour since 2019, income from user charges, fees, and other revenue streams would be $9.9 million higher than current levels. This includes $4.5 million in on-street parking revenue, $1.2 million in advertising fees, and $1.8 million in rental income.

The reduction in revenue can be attributed to several social and economic shifts resulting from the pandemic. These include the widespread adoption of remote work, which has led to a decrease in demand for parking and office space, as well as changes in advertising practices. Digital technology has transformed the advertising landscape, and recent development approvals have led to the rejection of planned digital advertising sites, while traditional paper-based advertising has declined. Additionally, major transport projects by Transport for NSW (TfNSW) have reduced the availability of on-street parking, and the introduction of the Metro is expected to further reduce demand.

While the reduction in car use negatively impacts revenue, it aligns with Council's strategic goals to promote active transport and reduce reliance on motor vehicles.

Figure 1. Historical – total income (excluding rates, annual charges, NSOP income and one-off items)



	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 Est
Total income less rates and annual charges less NSOP	50,318	44,133	47,254	43,525	52,203	53,955	53,147
CPI inflated adjusted income	50,980	50,470	52,540	55,324	58,976	61,217	63,053

Other factors

Cost shifting and the additional financial burdens resulting from government decisions have further strained the Council's finances, including a 214% increase in the Emergency Services Levy over the past two years.

Cost control measures

Council has initiated a comprehensive program of review and improvement to ensure the effective use of public funds. In 2023, a major realignment of the organisational structure was implemented, establishing a clear leadership and service unit framework designed to enhance role clarity, accountability, and communication, while reducing duplication and improving collaboration across the organisation. Additionally, over $6.4 million in employee benefits and oncosts were reallocated to streamline leadership structures and address critical resource needs in areas such as risk management, commercial property management, parks and gardens maintenance, organisational improvement, technology, and strategic planning.

Ongoing and future review and improvement programs include the introduction of:

- **A process mapping initiative**, initially targeting 250 high-priority processes, with plans to expand to 1,000 over time. This effort aims to identify opportunities for greater operational efficiency.
- **A new service level review framework** to ensure that Council's services are aligned with the evolving needs and expectations of the community.
- **Service unit planning** to identify workforce development priorities, opportunities for process improvement, and areas for financial review.
- **A development and performance framework** to support the creation of a high-performing workforce.
- **A new workforce strategy** aimed at positioning Council as a competitive employer in a challenging environment marked by skills shortages.

Despite these significant commitments to improve organisational efficiency, Council's ability to generate efficiencies is constrained by its outdated technology systems. These systems are not integrated, require excessive manual intervention, and lack the sophistication needed to support timely decision-making. The inefficiencies caused by these systems are a major source of frustration for the workforce and, indirectly, for residents and customers, negatively impacting the overall customer experience.

FINANCIAL POSITION

A financially strong and resilient Council is one that can absorb financial shocks while maintaining the delivery of essential services and infrastructure at the levels expected by the community. This includes the ability to fund infrastructure renewals as they become due, as well as being able to adapt to the changing needs of a growing community.

Currently, however, Council's financial position is weak and requires significant structural repair.

The table below outline Council's projected financial position and cash flow from 2024/25 to 2034/35. The accompanying commentary provides further insight into the factors contributing to the deterioration of the Council's financial results.

Table 2. Forecast Balance Sheet

	2024/25 ($'000) – FY2025 Approved Budget	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/34 ($'000)	2034/35 ($'000)
Current Assets											
Cash & Cash Equivalents	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000
Investments	$69,278	$74,730	$80,885	$86,988	$93,915	$100,244	$106,231	$112,160	$118,030	$123,838	$131,211
Receivables	$10,547	$10,547	$10,547	$10,547	$10,547	$10,547	$10,547	$10,547	$10,547	$10,547	$10,547
Inventories	$60	$60	$60	$60	$60	$60	$60	$60	$60	$60	$60
Other	$626	$626	$626	$626	$626	$626	$626	$626	$626	$626	$626
Total Current Assets	**$101,511**	**$106,963**	**$113,118**	**$119,221**	**$126,148**	**$132,477**	**$138,464**	**$144,393**	**$150,263**	**$156,071**	**$163,444**
Non-Current Assets											
Receivables	$770	$770	$770	$770	$770	$770	$770	$770	$770	$770	$770
Infrastructure, Property, Plant & Equipment	$1,752,868	$1,743,455	$1,733,936	$1,725,047	$1,888,442	$1,879,925	$1,871,407	$1,862,561	$1,853,347	$2,029,058	$2,018,959
Investment Property	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698
Right of Use Assets	$1,258	$1,202	$1,146	$3,930	$3,874	$3,818	$3,762	$3,706	$3,650	$2,328	$3,739
Investments Accounted for Using the Equity Method	$34	$34	$34	$34	$34	$34	$34	$34	$34	$34	$34
Total Non-Current Assets	**$1,808,628**	**$1,799,159**	**$1,789,584**	**$1,783,479**	**$1,946,818**	**$1,938,245**	**$1,929,671**	**$1,920,769**	**$1,911,499**	**$2,085,888**	**$2,077,200**
TOTAL ASSETS	**$1,910,139**	**$1,906,122**	**$1,902,701**	**$1,902,700**	**$2,072,967**	**$2,070,722**	**$2,068,135**	**$2,065,163**	**$2,061,762**	**$2,241,959**	**$2,240,644**
LIABILITIES **Current Liabilities**											
Payables	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,833	$32,833
Contract Liabilities	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099
Lease Liabilities	$303	$303	$303	$303	$303	$303	$303	$303	$303	$303	$303
Borrowings	$4,580	$4,799	$5,029	$4,392	$4,310	$4,525	$4,752	$4,989	$5,239	$3,879	$1,872
Employee Benefit Provisions	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100
Total Current Liabilities	**$54,914**	**$55,133**	**$55,363**	**$54,726**	**$54,644**	**$54,860**	**$55,086**	**$55,324**	**$55,573**	**$54,215**	**$52,208**

	2024/25 ($'000) – FY2025 Approved Budget	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/34 ($'000)	2034/35 ($'000)
Non-Current Liabilities											
Lease Liabilities	$750	$391	$32	$2,513	$2,154	$1,795	$1,436	$1,077	$718	$359	$0
Borrowings	$55,805	$51,006	$45,978	$41,586	$37,276	$32,751	$27,999	$23,010	$17,771	$12,625	$12,220
Employee Benefit Provisions	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154
Total Non-Current Liabilities	**$57,709**	**$52,551**	**$47,164**	**$45,253**	**$40,584**	**$35,700**	**$30,589**	**$25,241**	**$19,643**	**$14,138**	**$13,374**
TOTAL LIABILITIES	**$112,623**	**$107,685**	**$102,527**	**$99,979**	**$95,229**	**$90,560**	**$85,675**	**$80,565**	**$75,216**	**$68,352**	**$65,581**
Net Assets	**$1,797,516**	**$1,798,437**	**$1,800,174**	**$1,802,721**	**$1,977,738**	**$1,980,162**	**$1,982,460**	**$1,984,598**	**$1,986,545**	**$2,173,607**	**$2,175,063**
EQUITY											
Accumulated Surplus	$981,087	$982,008	$983,745	$986,292	$988,804	$991,228	$993,526	$995,664	$997,611	$999,338	$1,000,795
IPPE Revaluation Reserve	$816,429	$816,429	$816,429	$816,429	$988,934	$988,934	$988,934	$988,934	$988,934	$1,174,269	$1,174,269
Total Equity	**$1,797,516**	**$1,798,437**	**$1,800,174**	**$1,802,721**	**$1,977,738**	**$1,980,162**	**$1,982,460**	**$1,984,598**	**$1,986,545**	**$2,173,607**	**$2,175,063**

Table 3. Forecast Cash Flow Statement

	2024/25 ($'000)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/3 4 ($'000)	2034/35 ($'000)
CASH FLOW FROM OPERATING ACTIVITIES Receipts											
Rates	61,383	64,662	66,830	69,069	71,382	73,773	76,242	78,793	81,428	84,151	86,964
Annual Charges	18,016	18,556	19,113	19,686	20,277	20,885	21,512	22,157	22,822	23,506	24,211
User Charges & Fees	33,803	41,394	43,726	46,108	47,722	49,392	51,121	52,910	54,762	56,679	58,662
Investment & Interest Revenue Received	3,165	3,723	3,960	4,211	4,477	4,748	5,001	5,246	5,489	5,731	6,003
Grants & Contributions	12,471	12,546	12,623	12,701	12,779	12,860	12,941	13,023	13,107	13,192	13,278
Bonds & Deposits Received	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950
Other	16,179	17,518	18,131	18,765	19,422	20,102	20,806	21,534	22,287	23,067	23,875
Payments											
Employee Benefits & On-Costs	(54,406)	(60,373)	(62,939)	(65,614)	(68,402)	(71,309)	(74,340)	(77,499)	(80,793)	(84,227)	(87,806)
Materials & Contracts	(53,986)	(57,221)	(58,937)	(60,705)	(62,526)	(64,402)	(66,334)	(68,324)	(70,374)	(72,485)	(74,660)
Borrowing Costs	(2,511)	(2,722)	(2,500)	(2,266)	(2,036)	(1,832)	(1,612)	(1,381)	(1,140)	(885)	(667)
Bonds & Deposits Refunded	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)
Other	(4,783)	(4,926)	(5,074)	(5,227)	(5,383)	(5,545)	(5,711)	(5,882)	(6,059)	(6,241)	(6,428)
Net Cash provided (or used in) Operating Activities	**29,331**	**33,157**	**34,932**	**36,729**	**37,712**	**38,671**	**39,624**	**40,576**	**41,530**	**42,488**	**43,433**
CASH FLOWS FROM INVESTING ACTIVITIES Receipts											
Sale of Investment Securities											
Redemption of term deposits											
Sale of Infrastructure, Property, Plant & Equipment											
Payments											
Purchase of Investment Securities											
Purchase of Investment Property											
Purchase of Infrastructure, Property, Plant & Equipment	(92,444)	(22,822)	(23,676)	(25,294)	(26,090)	(27,729)	(28,809)	(29,592)	(30,368)	(31,138)	(31,877)
Contributions paid to joint ventures and associates	–	–	–	–	–	–	–	–	–	–	–
Net Cash provided (or used in) Investing Activities	(92,444)	(22,822)	(23,676)	(25,294)	(26,090)	(27,729)	(28,809)	(29,592)	(30,368)	(31,138)	(31,877)

	2024/25 ($'000)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/3 4 ($'000)	2034/35 ($'000)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Proceeds from Borrowings & Advances	30,000										
Payments											
Repayment of Borrowings & Advances	(3,056)	(4,580)	(4,799)	(5,029)	(4,392)	(4,310)	(4,525)	(4,752)	(4,989)	(5,239)	(3,879)
Repayment of lease liabilities (principal repayments)	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**
Net Cash Flow provided (used in) Financing Activities	26,641	(4,883)	(5,102)	(5,332)	(4,695)	(4,613)	(4,828)	(5,055)	(5,292)	(5,542)	(4,182)
Net Increase/(Decrease) in Cash & Cash Equivalents	**(36,472)**	**5,452**	**6,154**	**6,103**	**6,928**	**6,329**	**5,987**	**5,929**	**5,870**	**5,808**	**7,373**
Plus: Cash & Cash Equivalents – beginning of year	**22,849**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**
Cash & Cash Equivalents – end of the year	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**
Investments – end of the year	**69,278**	**74,730**	**80,885**	**86,988**	**93,915**	**100,244**	**106,231**	**112,160**	**118,030**	**123,838**	**131,211**
Cash, Cash Equivalents & Investments – end of the year	**90,278**	**95,730**	**101,885**	**107,988**	**114,915**	**121,244**	**127,231**	**133,160**	**139,030**	**144,838**	**152,211**
Externally restricted funds	69,099	80,129	91,340	102,734	114,311	126,074	138,022	150,157	162,481	174,993	187,697
Cash, Cash Equivalents & Investments excluding externally restricted funds	**21,179**	**15,602**	**10,545**	**5,254**	**604**	**(4,829)**	**(10,791)**	**(16,997)**	**(23,451)**	**(30,155)**	**(35,485)**

Table 4: Financial Performance Indicators

Indicator	Benchmark	2025/26	2026/27	2027/28	2028/29	2029/30	2031/32	2032/33	2033/34	2034/35	2035/36
Operating performance ratio	>0%	-4.32%	-3.64%	-3.00%	-2.92%	-2.88%	-2.86%	-2.85%	-2.86%	-2.87%	-2.91%
Own source operating revenue ratio	>60%	92.08%	92.32%	92.55%	92.74%	92.92%	93.10%	93.28%	93.44%	93.61%	93.77%
Unrestricted current ratio	>1.5	0.83	0.67	0.52	0.37	0.20	0.01	-0.18	-0.37	-0.61	-0.83
Debt service current ratio	>2	4.63	4.02	4.24	4.35	5.02	5.38	5.51	5.64	5.77	5.86
Cash expense cover ratio	> 3 months	8.08	8.29	8.54	8.82	9.09	9.28	9.42	9.53	9.63	9.78
Buildings and infrastructure renewal ratio	>100%	71%	72%	75%	75%	77%	78%	78%	77%	77%	76%
Infrastructure backlog ratio – condition 3	<2%	9%	9%	9%	9%	9%	9%	10%	10%	9%	10%
Infrastructure backlog ratio – condition 2	<2%	33%	34%	36%	33%	35%	36%	37%	38%	36%	37%
Asset maintenance ratio	>100%	90%	83%	77%	72%	68%	64%	60%	57%	54%	51%

Cash and investments

Internal borrowings required to fund the North Sydney Olympic Pool (NSOP) Redevelopment Project are projected to significantly deplete Council's unrestricted and internally restricted cash and investment reserves in the short term. A total of $49.07 million – comprising $14.88 million for asset renewal and capital works funding, and $34.19 million from internal reserves – has been used to fund the project to its completion. These internal reserves include critical funds, such as employee leave entitlements, deposits, retentions and bonds.

External financing for the NSOP project has now reached $51 million. In addition to the funding requirements for the NSOP, the reduction in Council revenue streams following the COVID-19 pandemic has further impacted the reserve balances.

After reviewing the financial risks associated with currently low liquidity levels, and the feedback from community consultation, it will be recommended within this plan that Council increases borrowings by $10 million in the 2024/25 financial year. The post-pandemic decline in revenue has also limited the Council's ability to build reserves for infrastructure renewal. Had revenue levels remained consistent with pre-pandemic trends and adjusted for inflation, it is estimated that an additional $29.2 million would have been available to bolster these reserves.

As of 30 June 2025, Council is forecast to have $21 million in cash and investments that are not subject to external restrictions. Despite the measures taken by Council, the liquidity ratio will keep declining in the subsequent years and remains unsatisfactory. This amount is critically low and will result in internal reserves for outstanding liabilities shrinking to just $8.1 million in the second year, representing only 35% of historically maintained reserve levels, without intervention.

Infrastructure, property, plant and equipment

Infrastructure provision and management are fundamental responsibilities of local government. Infrastructure, by its very nature, forms the foundation for essential service delivery, including transport networks, footpaths, open spaces and recreation assets, community halls, libraries, stormwater systems, and seawalls. Effective infrastructure management is crucial to the local government's role, and it must be adequately funded to prevent passing an excessive financial burden onto future generations.

Proper maintenance and timely renewal of infrastructure are essential to maintaining service levels and ensuring public safety. When infrastructure is not maintained or renewed in a timely manner, service quality deteriorates, and public safety risks may emerge.

The performance of local councils in providing adequate funding for infrastructure renewals is typically assessed using the renewal ratio. This ratio compares annual expenditure on renewals against total depreciation for the year. While this measure is useful, it has limitations. It is backward-looking and sensitive to factors such as future inflation and shifting community and customer expectations. Therefore, using depreciation values as a sole indicator of future infrastructure needs should be regarded as a minimum threshold, with actual renewal requirements likely exceeding these figures over time.

As of 30 June 2024, Council's infrastructure, property, plant, and equipment holdings were valued at $2.18 billion, with accumulated depreciation amounting to $571.6 million. The net carrying value after depreciation was $1.6 billion.

Investment is crucial to effectively manage this infrastructure and ensure it meets community expectations. This includes:

- Timely completion of asset renewals.
- Provision of new infrastructure to accommodate a growing population.
- Upgrades to meet modern standards and evolving community needs.

Typically, councils aim to fund renewals equal to the annual depreciation amount. However, due to the uneven timing of asset renewals, along with budget pressures and inflationary factors, this approach is often insufficient to maintain infrastructure at a satisfactory standard.

Current estimates of infrastructure backlog indicate a history of underinvestment in asset renewal, which has compounded over time and further exacerbated funding challenges. Addressing this backlog will require targeted, sustained investment to bring infrastructure management up to a level that meets both current and future community expectations.

Council's financial statements as at 30 June 2024, provide the following assessment of infrastructure managed by Council.

This assessment is aligned with the accumulated consumption of assets, represented by accumulated depreciation, which totals $571.6 million.

A **'satisfactory'** level of service refers to infrastructure that continues to function but requires maintenance to sustain its operational capacity. If maintenance is insufficient, infrastructure in this category will deteriorate further, leading to service disruptions and potential public safety risks.

Asset Class	Gross Replacement Cost $,000	Percentage assessed as being less than 'Good'	Total cost to bring to 'Good' standard $,000	Percentage assessed as being less than 'Satisfactory'	Total cost to bring to 'Satisfactory' standard $,000
Buildings	$347,015	62.32%	$216,270	19.99%	$69,378
Other structures	$1,146	Nil	$Nil	Nil	$Nil
Roads	$449,887	29.21%	$131,416	5.80%	$26,107
Footpaths	$155,039	28.50%	$44,183	5.94%	$9,204
Stormwater drainage	$270,451	13.00%	$35,000	11.14%	$30,140
Open space and recreational assets	$47,756	26.05%	$12,443	2.02%	$964
Other infrastructure assets	$303,917	39.87%	$121,161	3.62%	$11,001
Total	**$1,575,211**		**$560,473**		**$146,795**

A **'good'** level of service is defined as infrastructure that operates effectively with only minor maintenance required.

62.32% of building assets are currently below a good level of service, which has led to a range of service delivery issues, including:

- Low utilisation rates.
- Periods of closure for reactive maintenance.
- Increased frequency and cost of ongoing reactive maintenance.
- Public safety risks.

In addition to these infrastructure challenges, the increased capital expenditure associated with the North Sydney Olympic Pool project will have long-term implications for future operational and renewal costs, including an additional $2.3 million in annual depreciation.

Given the current financial position, the Council does not have sufficient funds to adequately maintain its infrastructure, which further compounds the challenges in addressing the renewal backlog and maintaining service standards.

Receivables

As of 30 June 2024, the Council's outstanding rates and annual charges ratio was 3.74%, which is within the industry benchmark of less than 5.00%. This indicates a healthy level of receivables management.

Investment properties

As of 30 June 2024, Council's investment properties were valued at $53.7 million. Like the Council's operational and community buildings, these properties are in need of renewal. In addition to current low rental market conditions, the physical condition of the buildings further hinders the Council's ability to attract tenants.

While Council may consider selling some of these investment properties as part of a broader financial strategy, many of the commercial assets hold long-term strategic value. Selling them to address short-term liquidity needs could significantly limit future opportunities to shape the local area, especially in response to the region's growing population. Moreover, asset sales would not resolve the underlying long-term revenue shortfalls faced by the Council.

Payables

As at 30 June 2024, Council recorded total payables of $32.833 million. Historically, the majority of this liability is short-term and funded through working capital. This excludes security bonds, deposits, and retentions, of which the majority are not anticipated to be settled within the next twelve months. As at 30 June 2024, an internally restricted reserve of $14.657 million was created for this liability.

As at 30 June 2025, this reserve is forecast to reduce to $8.1 million. This is a short-term measure only and unsustainable moving forward.

Employee benefit provisions

As at 30 June 2024, Council's employee leave and gratuities liability totalled $14.254 million. Historically, Council has held 50% of this liability in an internally restricted reserve to ensure liquidity.

Loan Borrowings

As at 30 June 2025, Council is forecast to have $60.384m in loans outstanding, as follows:

Loan Purpose	Lender	Original loan value	Balance as at 30 June 2025	Annual repayment including interest 2025/26
North Sydney Olympic Pool	TCorp	$31 million	$27.836 million	$2.31 million
North Sydney Olympic Pool	TCorp	$20 million	$19.228 million	$2.56 million
Alexander Street carpark and on-street car parking management system	CBA	$9.5 million	$3.513 million	$1.15 million
New Loan projected for last quarter of financial year 2024/25	Not available	$10 million	$9.807 million	$1.29 million
Total		**$70.5 million**	**$60.384 million**	**$7.31 million**

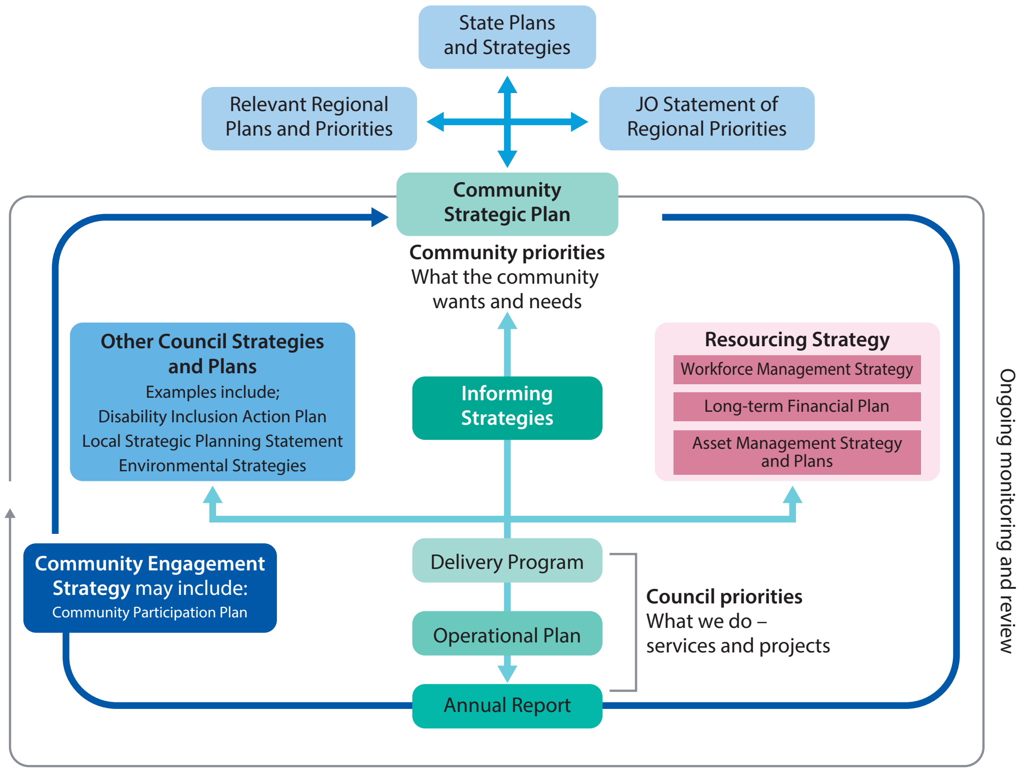
After consultation, an additional $10 million loan is recommended to be taken out in the financial year 2024/25.

PART 03 A strong and sustainable financial future – How will we get there?

CLEAR STRATEGIC DIRECTION

The Integrated Planning and Reporting Framework, mandated by the *Local Government Act 1993*, outlines the minimum standards for strategic planning across NSW local governments.

Figure 2. Integrated Planning Framework



Long-Term Financial Plan: Ensuring a sustainable future for North Sydney

The Long-Term Financial Plan is a key strategic tool designed to ensure the Council can sustainably fund the services, infrastructure, and initiatives required by the community. It aims to align financial resources with the needs and priorities of the community, ensuring that we can continue to deliver high-quality services while addressing both current and future challenges.

Community Engagement: Shaping our future

Understanding the community's needs and aspirations is critical when developing financial strategies. In May and June 2024, the Council launched an extensive community engagement initiative, *'The Next Ten Years'*. This initiative included discussion papers, expert panels, workshops and information sessions. Over 1,000 surveys were completed, alongside significant feedback from in-person engagements.

In parallel, independent consultants conducted research into key areas of the Council's operations and areas of influence. These included open space and recreation, culture and creativity, social inclusion, integrated transport, and economic development. This research provided valuable insights that helped shape the priorities for North Sydney's future.

Balancing priorities and financial sustainability

The Council faces a significant challenge: balancing the need to address infrastructure shortfalls from the past with the demand for new services and infrastructure as the Local Government Area (LGA) evolves. The community's willingness to invest in these changes – through additional funding or by adjusting existing services – will be key to achieving this balance.

To respond to these challenges, the Council has developed a series of ten-year strategies, informed by community feedback and research, to guide decision-making and resource allocation. These strategies outline the key areas where the Council will focus its efforts in the coming decade.

Key Informing Strategies

The Informing Strategies focus on the following priority areas:

- Governance
- Economic Development
- Integrated Transport
- Environment
- Open Space and Recreation
- Culture and Creativity
- Social Inclusion
- Housing

These strategies are designed to address both current and future needs, ensuring that the Council is well-positioned to support growth and development while maintaining the quality of life for residents.

A comprehensive review of the funding requirements for these strategies has identified potential sources of revenue, including developer contributions and grants. However, additional revenue through local rates will be required to fully fund these initiatives. For the purposes of this Long-Term Financial Plan, only the costs requiring rating revenue have been included.

Financial options and strategic priorities

The Long-Term Financial Plan outlines several options for how these strategies can be funded, with varying levels of investment. The strategic priorities are included in **Options 2a, 2b, and 3** of this plan. These options provide different approaches to funding the strategies, with Option 3 representing the most ambitious level of investment.

If **Option 1** is selected, the progress towards the outcomes outlined in the Informing Strategies will be more limited. In this case, the Council will focus primarily on like-for-like renewal projects and those that are externally funded.

IMPROVED GOVERNANCE AND ADMINISTRATION

In October 2022, following a request for a significant contract variation, Mayor Zoë Baker called for an independent review of the North Sydney Olympic Pool project. The review highlighted several critical issues in the initial planning and decision-making processes, which contributed to significant project risks and cost overruns.

1. The original business case and project budget lacked comprehensive financial and non-financial data, leading to an underestimation of costs and scope.
2. The growth in project scope from Option 2 to Option 2b was driven by Councillors' desire for a superior facility which did not fully align with feedback from community consultation.
3. The decision to remove experienced external project managers after the concept design phase weakened oversight and control.
4. The governance framework was insufficient, particularly regarding the composition of steering committees and overall oversight.
5. Risk management practices were not robust enough to support decision-making for a project of this complexity and scale.
6. Latent site conditions were identified late in the process, resulting in additional work, expanded scope, and increased costs.
7. The Council did not establish a comprehensive contracting strategy, opting instead to enter into two separate contracts for design and construction. This approach significantly increased the project's risk.
8. The construction contract was expedited and signed before design documentation was complete and while site investigations were still ongoing, further compounding risks.

It is evident that the initial project budget for the North Sydney Olympic Pool was significantly underfunded. While the project's scope expanded, critical decisions made throughout the process, such as premature contracting and insufficient risk management, have resulted in substantial financial risks being realised.

In response to the review, the Council has made several key changes to improve project management, including the engagement of external project managers, quantity surveyors, and programmers. These specialists have helped improve control over variations and time extensions. However, despite these improvements, many risks remain unmitigated, leading to ongoing project disputes and legal action. Nevertheless, all parties are working collaboratively to deliver the project.

The North Sydney Olympic Pool project underscores the financial risks associated with lacking governance and administrative frameworks. Often, Council's prioritise funding for visible infrastructure projects, but failure to invest in strong governance can lead to significant long-term financial implications.

Following the appointment of the new CEO in November 2022, the Council initiated an organisational review to identify key limitations and structural issues within its governance and operations. The review, which has been ongoing through 2023 and 2024, has resulted in significant changes to the organisational structure. New development and performance frameworks are being implemented across the workforce to improve efficiency and accountability.

However, the primary challenge facing the workforce remains the lack of integrated processes and systems. These deficiencies lead to reduced efficiency, poor data quality, and reliance on manual interventions, all of which contribute to financial risk.

This Long-Term Financial Plan prioritises improvements in governance and administration across all options, recognising that a strong, integrated framework is essential to reducing financial risks and ensuring the successful prioritisation and delivery of future projects, services and initiatives.

STRUCTURAL CHANGE TO REVENUE POLICY

Historically low rates, coupled with declines in other revenue sources, highlight the need for structural changes to the Council's Revenue Policy. Relying on high levels of user charges, fees, and other income is no longer a sustainable strategy, as these sources have proven to be volatile and unpredictable.

The fluctuations in revenue over the past four years, combined with future forecasts, underscore the necessity of adjusting the rating levels. Without a significant correction to rating levels, the Council will face challenges in achieving long-term financial stability and sustainability.

This Long-Term Financial Plan presents four options for rating increases aimed at improving the Council's financial position. While each option illustrates the extent of the necessary correction, comparisons with other councils highlight that the proposed increases are still based on a relatively low starting point. In accordance with the requirements of special rate variation applications, a capacity to pay analysis has been undertaken in developing these options. In addition to reviewing the level of rating income required, a review of the distribution of rates has also been undertaken and recommends an increase in the minimum rate.

In addition to ordinary rates, Council levies two special levies for environmental and infrastructure purposes. Council calculates these levies using a base rate method of calculation rather than the minimum system used for ordinary rates. In all options presented in this Long-Term Financial Plan, Council proposes that these levies be rolled into the ordinary rate to increase efficiencies in relation to rates administration.

The 2024/25 average residential rate for North Sydney is $1,040. This includes ordinary rates and special rates levied for environmental and infrastructure purposes.

Increases to rating revenue proposed within this plan

The following increases to Council's total permissible rating income are included within the options contained in this plan.

	2025/26	2026/27	2027/28
Option 1	50%	5%	5%
Option 2a - revised	45%	29%	Rate peg
Option 2b	75%	Rate peg	Rate peg
Option 3	60%	20%	10%

Council's 2024/25 average residential rate is $1,040 [1]. Based upon the proposed increases, combined with an adjustment to the minimum rate from $715 to $1,200 the average residential rate is estimated as follows:

	2025/26	2026/27	2027/28
Option 1	$1,511	$1,586	$1,665
Option 2a - revised	$1,460	$1,884	$1,940 (assuming 3% rate peg)
Option 2b	$1,762	$1,815 (assuming 3% rate peg)	$1,870 (assuming 3% rate peg)
Option 3	$1,611	$1,933	$2,127
Rate peg (base case)	$1,048 [2]	$1,080	$1,112

Council's 2024/25 average business rate is $6,724 [3]. Based upon the proposed increases, combined with an adjustment to the minimum rate from $715 to $1,400, the average business rate is estimated as follows:

	2025/26	2026/27	2027/28
Option 1	$10,601	$11,131	$11,687
Option 2a - revised	$10,247	$13,219	$13,616 (assuming 3% rate peg)
Option 2b	$12,367	$12,739 (assuming 3% rate peg)	$13,121 (assuming 3% rate peg)
Option 3	$11,307	$13,569	$14,926
Rate peg (base case)	$7,396[4]	$7,618	$7,847

[1] Average Residential Rate for 2024-25 includes infrastructure and environmental levies, current average residential ordinary rates (excluding levies) are $915.

[2] The Average Residential Rate for 2025/26 reflects Council's intention to remove the levies and raise total permissible rates entirely through ordinary rates. This will re-distribute the revenue collected by total levies (approximately 90% of levies are currently paid by residential rate payers) across the ordinary rate category split of 60%/40% Residential/Business respectively.

[3] Average Business Rate for 2024/25 includes the infrastructure, environmental and main street levies, current average business ordinary rates (excluding levies) are $6,455.

[4] The Average Business Rate for 2025/26 reflects Council's intention to remove the levies and raise total permissible rates entirely through ordinary rates. This will redistribute the revenue collected by levies (approximately 10% of total levies are currently paid by businessl rate payers) across the ordinary rate category split of 60%/40% Residential/Business respectively.

Review of rates distribution between residential and business categories

A review has been conducted to evaluate the distribution of rates contributions between the residential and business categories, based on the relative benefits of services and infrastructure provided to each. The assessment concluded that the current split – 60% residential and 40% business – remains appropriate.

Business rates comparison

Comparing average business rates across different Local Government Areas (LGAs) can be challenging due to the varying characteristics of each area's business environment and industry.

Both Waverley Council and the City of Sydney apply a dual category system for business rates: one for their Central Business Districts (CBD) and another for suburban centres. These rates are as follows:

Council	Ad valorem (rate in $ land value)
City of Sydney – CBD	0.00777792
City of Sydney – Ordinary business	0.003010200
Waverley – Bondi	0.00824189
Waverley – Ordinary business	0.00404844
North Sydney – Current	0.00437084

Council may consider introducing a sub-categorisation within its business rates, though it is important to note that such a change would not affect the total revenue collected from business rates. Instead, it would simply alter how the total levy is distributed among different business categories.

However, given the current economic climate – particularly in the North Sydney CBD, which, despite recent support from the new Metro, is still recovering from the impacts of the pandemic, with commercial vacancy rates remaining higher than pre-pandemic levels – it is not recommended to implement any sub-categorisation for the 2025/26 financial year.

Impact of special levies

Council has introduced an environment levy and an infrastructure levy to secure funding for initiatives and projects in these areas. These levies have been introduced using a different rating methodology to the 'minimum rates' methodology used for ordinary rates. A 'base rate' methodology has been used, which has resulted in residential ratepayers paying 90% of these special levies, despite benefits assessments suggesting a 60%/40% split is appropriate.

In addition, Council has two small levies for the purposes of streetscape upgrades which are charged to ratepayers in two local centres. The size of these levies does not warrant the cost of separate administration, with the income and expenditure being immaterial as compared to Council's broader budget and responsibilities.

Council's Informing Strategies aim to prioritise funding for all services, infrastructure and initiatives within the Local Government Area. Prioritising funding through Council's overarching strategic framework will ensure funding priorities are made in line with community expectations.

As part of the structural change proposal for rating, it is proposed that all levies be removed, with the total permissible income currently raised through levies rolled into ordinary rates and levied based upon the 'minimum rates' methodology, ensuring a 60%/40% contribution split between residential and business.

In removing the levies, Council commits to improving financial reporting to ensure the community is clear on where funds are being spent.

Limitations on Council's revenue generation and the role of new housing

Councils are restricted in their ability to generate additional income due to rate caps imposed by the State Government. While individual land values may increase periodically, as determined by the Valuer General, the total revenue generated by Council remains largely fixed. Instead, any increases in land values result in a redistribution of revenue, rather than a net increase.

An exception to this limitation is new housing development.

When new housing is built, it increases Council's revenue based on the difference between the pre-development rating assessment and the new, higher rating assessment. For example, if a property originally contained an apartment block with 20 units, Council would receive $14,300 in rating revenue ($715 x 20 units). If the site were redeveloped into an apartment block with 200 units, Council would then receive $143,000 in rating revenue – an increase of $128,700.

Impact of the minimum rates structure

Council's current rating structure for ordinary rates is based on a minimum rate, with each property paying a minimum of $715. Of the 36,871 residential assessments, 77.26% of ratepayers currently pay the minimum rate. This is largely due to the high density within the Local Government Area and the practice of levying rates on unimproved land values. However, maintaining low minimum rates limits Council's ability to generate sufficient revenue to meet the demands of a growing population.

Potential impact of increased minimum rates

New housing within North Sydney Local Government area is expected to come from new apartments. As rates are calculated based upon unimproved land value, it is expected that all future housing will be subject to minimum rates. Council's current minimum rate is low at $715. An additional 3,000 homes over 10 years, would generate an additional $2.9m in new revenue per annum by Year 10.

Council's Long-Term Financial Plan has been modelled based upon the minimum rate increasing to $1,200, with an additional 3,000 homes expected to generate $5.8m in new revenue per annum by Year 10.

The difference in annual income generated by new ratepayers based on a comparison between the current minimum rate of $715 and the recommended increases within revised option 2a would be $2.9m. Raising the minimum rate would help alleviate the financial burden on existing ratepayers by generating additional revenue to support the growing infrastructure and services required for the expanding population.

PART 04 Financial planning assumptions

Cash and investments

Given that the projected level of unrestricted cash and investments for Council as of 1 July 2025 was critically low, in this long-term financial plan the Council has projected a new $10m loan to be taken in the last quarter of the financial year 2024/25. The immediate priority across all options proposed in this plan is to repay internal borrowings. Following the repayment of these borrowings, the focus will shift towards rebuilding unrestricted cash reserves to ensure Council has the financial resilience needed to withstand future financial shocks, unforeseen events, and realised financial risks.

Receivables

North Sydney Council has consistently maintained low levels of outstanding rates and annual charges compared to industry benchmarks. These low levels contribute positively to Council's liquidity position, and it is assumed that this trend will continue throughout the planning period.

Infrastructure, property, plant and equipment

Council is the custodian of infrastructure, property, plant and equipment valued at $2.18 billion. The financial management of these assets is guided by Council's Asset Management Plans, which make assessments in relation to asset valuations, condition and renewal timeframes.

Provisions

Council has made provisions for the payment of employee leave entitlements, primarily annual leave and long service leave. The balance of these provisions is influenced by Council's Annual and Long Service Leave Management Policy, retirements, and staff leave plans. When determining the value of these provisions, factors such as wage and salary increases, cash rate forecasts, and discounting rates are carefully considered.

Borrowings

As of 30 June 2025, Council's projected external borrowings total $60.4 million. This includes a $10 million borrowing projected to be taken in the last quarter of the 2024/25 financial year. This plan assumes repayment of these borrowings in accordance with the agreed terms, which will reduce the debt by 77% over a 10-year period, and allow capacity for strategic borrowings in the future. The plan also assumes no further borrowings will be taken on during this ten-year period.

Any borrowing would adhere to the guidelines set forth in the Borrowing Order under section 624 of the *Local Government Act 1993*, with security for these loans being secured against Council's rating income, as required under section 229 of the Local Government (General) Regulation.

Revenue and Expenses

When preparing the budget, Council carefully considers a range of economic factors that influence its financial position. Financial planning assumptions are critical to effectively managing finances and allocating resources to meet the needs of the community. Councils must make informed assumptions regarding factors such as population growth, revenue sources, inflation, and broader economic trends in order to develop a sound financial plan. These assumptions guide Council in key areas, including resource allocation, long-term financial sustainability, infrastructure planning, revenue forecasting, debt management, risk management, and performance monitoring.

Based on a range of information sources, the following assumptions have been made in the development of the Long-Term Financial Plan (LTFP) and its balanced budget:

- **Population Growth**: Expected growth trends that will influence demand for services, infrastructure, and resources.
- **Revenue Sources**: Projections for rates, grants, and other revenue streams based on economic conditions and Council's revenue-generating capacity.
- **Inflation**: Assumptions regarding inflation rates and their impact on costs, particularly in relation to wages, materials, and capital projects.
- **Economic Trends**: Broader national and regional economic conditions that may affect Council's financial performance and planning.

These assumptions will assist Council in achieving long-term financial sustainability while effectively managing the needs of the community and ensuring a balanced budget.

The plan does not include provision for the introduction of Food Organics collection by 2030. Domestic waste collection is funded through domestic waste charges and not general rates. Council is currently reviewing long term plans for domestic waste services. Due to the uncertainty of market conditions and costs associated with this new service, financial impacts will be considered in future reviews of this long-term financial plan. No adjustment has been made to income and expenditure in this plan.

Scenario 1 Financial Assumptions

Table 5. Scenario 1 Financial Assumptions

	Year 1 2025/26	Year 2 2026/27	Year 3 2027/28	Year 4 2028/29	Year 5 2029/30	Year 6 2030/31	Year 7 2031/32	Year 8 2032/33	Year 9 2033/34	Year 10 2034/35
Rate pegging limit (excl SRV)	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Annual charges	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
User charges and fees	4.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Investment return rates	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Other revenues	4.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Employee Costs – Award	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Employee Costs – Step increases	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Materials and contracts	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Other expenses	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Depreciation	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Depreciation increase due to NSOP	$2,300									
Superannuation (as % of salaries and wages)	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
NSOP – Additional user charges and fees ($,000, then % increase)	$6,239	$883	$851	4%	4%	4%	4%	4%	4%	4%
NSOP – Employee Costs ($,000, then % increase)	$3,001	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
NSOP – Materials and contracts ($,000, then % increase)	$981.75	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Governance improvements ($,000)	$635.00	$2,680.00	$3,385.00	$3,265.00	$2,525.00	$1,595.00	$1,575.00	$1,515.00	$1,575.00	$1,515.00
Housing Growth (new dwellings)	300	300	300	300	300	300	300	300	300	300
Principal loan repayments	$4,580	$4,799	$5,029	$4,392	$4,310	$4,525	$4,752	$4,989	$5,239	$3,879
Interest loan repayments	$2,722	$2,500	$2,266	$2,036	$1,832	$1,612	$1,381	$1,140	$885	$667

Scenario 2 Financial Assumptions

Scenario 2 Financial Assumption include all of Scenario 1 assumptions, plus the following new and expanded services and infrastructure.

Table 6. Expanded operational services and initiatives budgets (not inflated)

	Year 1 2025/26 $,000	Year 2 2026/27 $,000	Year 3 2027/28 $,000	Year 4 2028/29 $,000	Year 5 2029/30 $,000	Year 6 2030/31 $,000	Year 7 2031/32 $,000	Year 8 2032/33 $,000	Year 9 2033/34 $,000	Year 10 2034/35 $,000
Environment initiatives	90	377	152	97	57	63	43	63	43	55
Integrated transport initiatives	683	912	412	412	412	452	412	412	412	412
Economic development initiatives	630	530	810	590	590	590	590	590	590	590
Culture and creativity initiatives	415	905	1,135	1,235	1,455	1,205	1,205	1,205	1,205	1,205
Social inclusion initiatives	885	1,335	750	1,050	1,800	1,200	950	1,050	950	950
Open space and recreation initiatives	460	570	570	320	320	320	320	320	320	320
Housing initiatives	290	150	0	0	0	0	0	0	0	0
TOTAL	**3,453**	**4,779**	**3,829**	**3,704**	**4,634**	**3,830**	**3,520**	**3,640**	**3,520**	**3,532**

Table 7. New and upgraded infrastructure budgets (not inflated)

	Year 1 2025/26 $,000	Year 2 2026/27 $,000	Year 3 2027/28 $,000	Year 4 2028/29 $,000	Year 5 2029/30 $,000	Year 6 2030/31 $,000	Year 7 2031/32 $,000	Year 8 2032/33 $,000	Year 9 2033/34 $,000	Year 10 2034/35 $,000
Environment initiatives	272	397	304	258	2,309	705	639	293	120	80
Integrated transport initiatives	300	1,013	1,275	1,288	1,302	1,316	1,330	1,344	1,359	1,418
Economic development initiatives	2,600	2,785	385	1,582	1,582	285	1,482	1,482	185	1,482
Culture and creativity initiatives	200	380	80	710	100	400	100	400	100	400
Social inclusion initiatives	600	500	1,500	6,000	4,500	–	–	–	–	–
Open space and recreation initiatives	3,435	3,369	12,723	3,804	6,287	5,681	592	792	392	482
TOTAL	**7,407**	**8,444**	**16,267**	**13,643**	**16,080**	**8,387**	**4,143**	**4,311**	**2,156**	**3,863**
Total Governance	**300**	**300**	**300**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL STRATEGIES	**7,707**	**8,744**	**16,567**	**13,643**	**16,080**	**8,387**	**4,143**	**4,311**	**2,156**	**3,863**

Table 8. Scenario 3 Financial Assumptions (inflated)

Scenario 3 Financial Assumption include all of Scenario 1 and 2 assumptions, plus the following additional funding to improve the standard of building assets to a 'good' condition. These renewals will be prioritised based upon Council's Asset Management Plans.

	Year 1 2025/26 $,000	Year 2 2026/27 $,000	Year 3 2027/28 $,000	Year 4 2028/29 $,000	Year 5 2029/30 $,000	Year 6 2030/31 $,000	Year 7 2031/32 $,000	Year 8 2032/33 $,000	Year 9 2033/34 $,000	Year 10 2034/35 $,000
Building renewals	0	0	0	15,500	15,965	16,444	16,937	17,445	17,969	18,508

Efficiency gains

The plan assumes no additional corporate administration costs associated with increased services (including North Sydney Olympic Pool) and increased capital works programs. The plan assumes efficiency gains will be achieved through improved governance and administration measures to absorb these costs. These efficiencies are estimated at between $2 million and $3 million per annum. The plan also incorporates actions within the Council's Organisational Improvement Plan.

PART 05

Financial future – Securing a strong financial future

Council has undertaken a process of financial modelling to explore structural change in revenue to improve the financial strength and sustainability of Council. These models also aim to address current inefficiencies in administration and operations.

OPTION 1

This option is focused on financial repair only and does not provide financial resources for the future-focused projects, planning and initiatives outlined in Council's Ten-year Informing Strategies, with the exception of governance improvements. This option includes:

- Rates revenue is increased by 50% in the first year, 5% in the second year and 5% in the third year (inclusive of rate peg).
- From Year 4, rate revenue is increased in line with rate peg.
- 'Minimum Residential Rates' are increased to $1,200 per annum, with the ad valorem rate adjusted to achieve the permissible income based upon the above increases.
- 'Minimum Business Rates' are increased to $1,400 per annum, with the ad valorem rate adjusted to achieve the permissible income based upon the above increases.
- Internal borrowings are repaid.
- Additional borrowings of $10 million are secured in the 2024/25 financial year.
- 80% infrastructure renewal rate and critical backlog in years 1 and 2.
- 100% infrastructure renewal from Years 3 to 10, to bring infrastructure to a 'satisfactory' condition over a ten-year period.
- Required improvements to governance and administration are included.
- No allowance has been made for costs associated with new/expanded services, initiatives and projects outlined in the Informing Strategies.

Under this option, the average ordinary rates would be as follows:

Financial Year	Average residential rate
Year 1	$1,511
Year 2	$1,586
Year 3	$1,665

Financial Year	Average business rate
Year 1	$10,601
Year 2	$11,131
Year 3	$11,687

Table 9. Option 1: Financial Performance Indicators

Indicator	Benchmark	2025/26	2026/27	2027/28	2028/29	2029/30	2031/32	2032/33	2033/34	2034/35	2035/36
Operating performance ratio	>0%	12.21%	12.87%	14.08%	14.37%	14.98%	15.71%	15.94%	16.19%	16.37%	16.59%
Own source operating revenue ratio	>60%	93.31%	93.60%	93.87%	94.04%	94.20%	94.36%	94.52%	94.67%	94.82%	94.96%
Unrestricted current ratio – adjusted		1.62	2.16	2.29	2.48	2.70	2.98	3.27	3.60	4.14	4.94
Debt service current ratio	>2	9.32	8.11	8.73	9.05	10.71	11.82	12.28	12.76	13.24	13.66
Cash expense cover ratio	> 3 months	8.04	10.27	12.27	13.09	14.11	15.20	16.27	17.34	18.37	19.58
Buildings and infrastructure renewal ratio	>100%	82%	94%	148%	144%	144%	144%	144%	144%	144%	144%
Infrastructure backlog ratio – condition 3	<2%	8.89%	8.90%	8.17%	6.80%	6.14%	5.44%	4.72%	3.95%	2.87%	2.12%
Infrastructure backlog ratio – condition 2	<2%	34.01%	34.82%	34.62%	31.37%	31.25%	31.10%	30.92%	30.71%	27.73%	27.52%
Asset maintenance ratio	>100%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table 10. Option 1 – Income Statement

	2024/25 Budget ($'000)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/34 ($'000)	2034/35 ($'000)
Income from Continuing Operations											
Rates	**$61,961**	**$93,331**	**$98,407**	**$103,757**	**$107,313**	**$110,989**	**$114,788**	**$118,716**	**$122,776**	**$126,972**	**$131,310**
Annual Charges	$18,016	$18,556	$19,113	$19,686	$20,277	$20,885	$21,512	$22,157	$22,822	$23,506	$24,211
User Charges & Fees	$33,803	$41,394	$43,726	$46,108	$47,722	$49,392	$51,121	$52,910	$54,762	$56,679	$58,662
Other Revenue	$10,292	$10,704	$11,078	$11,466	$11,867	$12,283	$12,713	$13,158	$13,618	$14,095	$14,588
Grants & Contributions provided for Operating Purposes	$5,027	$5,102	$5,179	$5,257	$5,335	$5,416	$5,497	$5,579	$5,663	$5,748	$5,834
Grants & Contributions provided for Capital Purposes	$11,378	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444
Interest & Investment Revenue	$3,165	$4,216	$5,387	$6,250	$6,883	$7,599	$8,398	$9,259	$10,167	$11,120	$12,152
Other Income	$5,887	$6,814	$7,053	$7,299	$7,555	$7,819	$8,093	$8,376	$8,669	$8,973	$9,287
Total Income from Continuing Operations	$149,528	$187,561	$197,388	$207,268	$214,397	$221,827	$229,564	$237,599	$245,921	$254,537	$263,489
Expenses from Continuing Operations											
Employee Benefits & On-Costs	$54,406	$60,373	$62,939	$65,614	$68,402	$71,309	$74,340	$77,499	$80,793	$84,227	$87,806
Materials & Services	$53,986	$57,221	$58,937	$60,705	$62,526	$64,402	$66,334	$68,324	$70,374	$72,485	$74,660
Materials & Services – Strategy		$654	$2,843	$3,699	$3,675	$2,927	$1,905	$1,937	$1,919	$2,055	$2,036
Borrowing Costs	$2,511	$2,722	$2,500	$2,266	$2,036	$1,832	$1,612	$1,381	$1,140	$885	$667
Depreciation & Amortisation	$28,795	$31,959	$32,918	$33,905	$34,922	$35,970	$37,049	$38,161	$39,305	$40,485	$41,699
Other Expenses	$4,783	$4,926	$5,074	$5,227	$5,383	$5,545	$5,711	$5,882	$6,059	$6,241	$6,428
Net Losses from the Disposal of Assets	$277	$277	$277	$277	$277	$277	$277	$277	$277	$277	$277
Total Expenses from Continuing Operations	$144,758	$158,132	$165,488	$171,692	$177,222	$182,262	$187,228	$193,462	$199,867	$206,654	$213,573
Operating Result from Continuing Operations	$4,771	$29,429	$31,899	$35,575	$37,175	$39,564	$42,336	$44,137	$46,053	$47,882	$49,916
Net Operating Result before Grants and Contributions provided for Capital Purposes	($6,607)	$21,985	$24,455	$28,131	$29,731	$32,120	$34,892	$36,693	$38,609	$40,438	$42,472

Table 11. Option 1 – Cashflow Statement

	2024/25 ($'000)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/34 ($'000)	2034/35 ($'000)
CASH FLOWS FROM INVESTING ACTIVITIES **Receipts**											
Rates	61,383	93,331	98,407	103,757	107,313	110,989	114,788	118,716	122,776	126,972	131,310
Annual Charges	18,016	18,556	19,113	19,686	20,277	20,885	21,512	22,157	22,822	23,506	24,211
User Charges & Fees	33,803	41,394	43,726	46,108	47,722	49,392	51,121	52,910	54,762	56,679	58,662
Investment & Interest Revenue Received	3,165	4,216	5,387	6,250	6,883	7,599	8,398	9,259	10,167	11,120	12,152
Grants & Contributions	12,471	12,546	12,623	12,701	12,779	12,860	12,941	13,023	13,107	13,192	13,278
Bonds & Deposits Received	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950
Other	16,179	17,518	18,131	18,765	19,422	20,102	20,806	21,534	22,287	23,067	23,875
Payments											
Employee Benefits & On-Costs	(54,406)	(60,373)	(62,939)	(65,614)	(68,402)	(71,309)	(74,340)	(77,499)	(80,793)	(84,227)	(87,806)
Materials & Contracts	(53,986)	(57,875)	(61,780)	(64,404)	(66,201)	(67,329)	(68,239)	(70,261)	(72,293)	(74,540)	(76,696)
Borrowing Costs	(2,511)	(2,722)	(2,500)	(2,266)	(2,036)	(1,832)	(1,612)	(1,381)	(1,140)	(885)	(667)
Bonds & Deposits Refunded	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)
Other	(4,783)	(4,926)	(5,074)	(5,227)	(5,383)	(5,545)	(5,711)	(5,882)	(6,059)	(6,241)	(6,428)
Net Cash provided (or used in) Operating Activities	**29,331**	**61,665**	**65,094**	**69,758**	**72,374**	**75,811**	**79,662**	**82,575**	**85,636**	**88,644**	**91,892**
CASH FLOWS FROM INVESTING ACTIVITIES Receipts											
Sale of Investment Securities											
Redemption of term deposits											
Sale of Infrastructure, Property, Plant & Equipment											
Payments											
Purchase of Investment Securities											
Purchase of Investment Property											
Purchase of Infrastructure, Property, Plant & Equipment	(92,444)	(26,057)	(30,919)	(50,095)	(50,372)	(51,883)	(53,440)	(55,043)	(56,694)	(58,395)	(60,147)
Contributions paid to joint ventures and associates	–	–	–	–	–	–	–	–	–	–	–
Net Cash provided (or used in) Investing Activities	(92,444)	(26,057)	(30,919)	(50,095)	(50,372)	(51,883)	(53,440)	(55,043)	(56,694)	(58,395)	(60,147)

	2024/25 ($'000)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/34 ($'000)	2034/35 ($'000)
CASH FLOWS FROM FINANCING ACTIVITIES Receipts											
Proceeds from Borrowings and Advances	30,000										
Payments											
Repayment of Borrowings and Advances	(3,056)	(4,580)	(4,799)	(5,029)	(4,392)	(4,310)	(4,525)	(4,752)	(4,989)	(5,239)	(3,879)
Repayment of lease liabilities (principal repayments)	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**
Net Cash Flow provided (used in) Financing Activities	26,641	(4,883)	(5,102)	(5,332)	(4,695)	(4,613)	(4,828)	(5,055)	(5,292)	(5,542)	(4,182)
Net Increase/(Decrease) in Cash & Cash Equivalents	**(36,472)**	**30,725**	**29,073**	**14,331**	**17,307**	**19,315**	**21,394**	**22,477**	**23,649**	**24,706**	**27,563**
plus: Cash & Cash Equivalents – beginning of year	**22,849**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**
Cash & Cash Equivalents – end of the year	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**
Investments – end of the year	**69,278**	**100,004**	**129,077**	**143,407**	**160,715**	**180,029**	**201,423**	**223,900**	**247,549**	**272,255**	**299,818**
Cash, Cash Equivalents & Investments – end of the year	**90,278**	**121,004**	**150,077**	**164,407**	**181,715**	**201,029**	**222,423**	**244,900**	**268,549**	**293,255**	**320,818**
Externally restricted funds	69,099	80,129	91,340	102,734	114,311	126,074	138,022	150,157	162,481	174,993	187,697
Cash, Cash Equivalents & Investments excluding externally restricted funds	**21,179**	**40,875**	**58,737**	**61,674**	**67,404**	**74,956**	**84,401**	**94,743**	**106,068**	**118,262**	**133,122**

Table 12. Option 1 – Balance Sheet

	2024/25 ($'000) - FY2025 Approved Budget	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/34 ($'000)	2034/35 ($'000)
Current Assets											
Cash & Cash Equivalents	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000
Investments	$69,278	$100,004	$129,077	$143,407	$160,715	$180,029	$201,423	$223,900	$247,549	$272,255	$299,818
Receivables	$10,547	$10,547	$10,547	$10,547	$10,547	$10,547	$10,547	$10,547	$10,547	$10,547	$10,547
Inventories	$60	$60	$60	$60	$60	$60	$60	$60	$60	$60	$60
Other	$626	$626	$626	$626	$626	$626	$626	$626	$626	$626	$626
Total Current Assets	**$101,511**	**$132,237**	**$161,310**	**$175,640**	**$192,948**	**$212,262**	**$233,656**	**$256,133**	**$279,782**	**$304,488**	**$332,051**
Non-Current Assets											
Receivables	$770	$770	$770	$770	$770	$770	$770	$770	$770	$770	$770
Infrastructure, Property, Plant & Equipment	$1,752,868	$1,746,689	$1,744,413	$1,760,326	$1,951,532	$1,967,168	$1,983,282	$1,999,888	$2,017,000	$2,236,333	$2,254,504
Investment Property	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698
Right of Use Assets	$1,258	$1,202	$1,146	$3,930	$3,874	$3,818	$3,762	$3,706	$3,650	$2,328	$3,739
Investments Accounted for Using the Equity Method	$34	$34	$34	$34	$34	$34	$34	$34	$34	$34	$34
Total Non-Current Assets	**$1,808,628**	**$1,802,393**	**$1,800,061**	**$1,818,758**	**$2,009,908**	**$2,025,488**	**$2,041,546**	**$2,058,096**	**$2,075,152**	**$2,293,163**	**$2,312,745**
TOTAL ASSETS	**$1,910,139**	**$1,934,629**	**$1,961,371**	**$1,994,399**	**$2,202,855**	**$2,237,750**	**$2,275,202**	**$2,314,229**	**$2,354,934**	**$2,597,651**	**$2,644,796**
LIABILITIES **Current Liabilities**											
Payables	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832
Contract Liabilities	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099
Lease Liabilities	$303	$303	$303	$303	$303	$303	$303	$303	$303	$303	$303
Borrowings	$4,580	$4,799	$5,029	$4,392	$4,310	$4,525	$4,752	$4,989	$5,239	$3,879	$1,872
Employee Benefit Provisions	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100
Total Current Liabilities	**$54,914**	**$55,133**	**$55,363**	**$54,726**	**$54,644**	**$54,860**	**$55,086**	**$55,324**	**$55,573**	**$54,214**	**$52,207**
Non-Current Liabilities											
Lease Liabilities	$750	$391	$32	$2,513	$2,154	$1,795	$1,436	$1,077	$718	$359	$0
Borrowings	$55,805	$51,006	$45,978	$41,586	$37,276	$32,751	$27,999	$23,010	$17,771	$12,625	$12,220
Employee Benefit Provisions	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154
Total Non-Current Liabilities	**$57,709**	**$52,551**	**$47,164**	**$45,253**	**$40,584**	**$35,700**	**$30,589**	**$25,241**	**$19,643**	**$14,138**	**$13,374**
TOTAL LIABILITIES	**$112,623**	**$107,685**	**$102,527**	**$99,979**	**$95,229**	**$90,560**	**$85,675**	**$80,565**	**$75,216**	**$68,351**	**$65,580**
Net Assets	**$1,797,516**	**$1,826,945**	**$1,858,844**	**$1,894,419**	**$2,107,627**	**$2,147,191**	**$2,189,527**	**$2,233,664**	**$2,279,717**	**$2,529,300**	**$2,579,216**
EQUITY											
Accumulated Surplus	$981,087	$1,010,515	$1,042,415	$1,077,990	$1,115,165	$1,154,729	$1,197,065	$1,241,202	$1,287,256	$1,335,138	$1,385,054
IPPE Revaluation Reserve	$816,429	$816,429	$816,429	$816,429	$992,462	$992,462	$992,462	$992,462	$992,462	$1,194,162	$1,194,162
Total Equity	**$1,797,516**	**$1,826,945**	**$1,858,844**	**$1,894,419**	**$2,107,627**	**$2,147,191**	**$2,189,527**	**$2,233,664**	**$2,279,717**	**$2,529,299**	**$2,579,216**

REVISED OPTION 2A (recommended option)

This option is future focused, and includes improvement of Council's financial position, along with funding for planning and delivery of new and upgraded infrastructure and increases to services and initiatives to achieve the desired outcomes within the Ten-year Informing Strategies, including governance improvements. This option includes:

- Rates revenue is increased by 45% in the first year, 29% in the second year and rate peg for future years.
- From year 3, rate revenue is increased in line with rate peg.
- 'Minimum Residential Rates' are increased to $1,200 per annum, with the ad valorem rate adjusted to achieve the permissible income based upon the above increases.
- 'Minimum Business Rates' are increased to $1,400 per annum, with the ad valorem rate adjusted to achieve the permissible income based upon the above increases.
- Initiatives outlined in the Informing Strategies are included.
- Internal borrowings are repaid.
- Additional borrowings of $10 million are secured in the 2024/25 financial year.
- 80% infrastructure renewal rate and critical backlog in years 1 and 2.
- 100% Infrastructure renewal from Years 3 to 10, to bring infrastructure to a 'satisfactory' condition over a ten-year period.
- Level 3 infrastructure backlog (asset conditions 4 and 5) is reduced by $15m per year.

Under this option, the average ordinary rates would be as follows:

Financial Year	Average residential rate
Year 1	$1,460
Year 2	$1,884
Year 3	$1,940

Financial Year	Average business rate
Year 1	$10,247
Year 2	$13,219
Year 3	$13,616

Table13. Option 2A: Financial Performance Indicators (45%, 29%)

Indicator	Benchmark	2025/26	2026/27	2027/28	2028/29	2029/30	2031/32	2032/33	2033/34	2034/35	2035/36
Operating performance ratio	>0%	8.27%	17.51%	17.82%	17.70%	17.29%	18.07%	18.36%	18.48%	18.72%	18.89%
Own source operating revenue ratio	>60%	93.19%	94.14%	94.32%	94.47%	94.61%	94.76%	94.90%	95.05%	95.19%	95.32%
Unrestricted current ratio	>1.5	1.14	1.77	1.65	1.65	1.53	1.76	2.18	2.61	3.32	4.20
Debt service current ratio	>2	8.17	9.84	10.38	10.75	12.48	13.84	14.45	15.01	15.64	16.16
Cash expense cover ratio	> 3 months	7.84	8.71	10.97	11.19	11.70	12.07	13.10	14.46	15.78	17.42
Buildings and infrastructure renewal ratio	>100%	82%	94%	146%	142%	141%	140%	140%	140%	140%	139%
Infrastructure backlog ratio – condition 3	<2%	8.85%	8.82%	8.01%	6.61%	5.92%	5.22%	4.51%	3.78%	2.74%	2.02%
Infrastructure backlog ratio – condition 2	<2%	33.86%	34.48%	33.93%	30.52%	30.12%	29.84%	29.60%	29.34%	26.46%	26.21%
Asset maintenance ratio	>100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Table 14. Option 2A – Income Statement

	2024/25 Budget ($'000)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/34 ($'000)	2034/35 ($'000)
Income from Continuing Operations											
Rates	**$61,961**	**$90,203**	**$116,826**	**$120,809**	**$124,926**	**$129,182**	**$133,580**	**$138,126**	**$142,824**	**$147,680**	**$152,698**
Annual Charges	$18,016	$18,556	$19,113	$19,686	$20,277	$20,885	$21,512	$22,157	$22,822	$23,506	$24,211
User Charges & Fees	$33,803	$41,394	$43,726	$46,108	$47,722	$49,392	$51,121	$52,910	$54,762	$56,679	$58,662
Other Revenue	$10,292	$10,704	$11,078	$11,466	$11,867	$12,283	$12,713	$13,158	$13,618	$14,095	$14,588
Grants & Contributions provided for Operating Purposes	$5,027	$5,102	$5,179	$5,257	$5,335	$5,416	$5,497	$5,579	$5,663	$5,748	$5,834
Grants & Contributions provided for Capital Purposes	$11,378	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444
Interest & Investment Revenue	$3,165	$3,912	$4,828	$5,583	$5,938	$6,302	$6,824	$7,707	$8,736	$9,866	$11,093
Other Income	$5,887	$6,814	$7,053	$7,299	$7,555	$7,819	$8,093	$8,376	$8,669	$8,973	$9,287
Total Income from Continuing Operations	$149,528	$184,129	$215,247	$223,652	$231,065	$238,722	$246,783	$255,456	$264,538	$273,990	$283,818
Expenses from Continuing Operations											
Employee Benefits & On-Costs	$54,406	$61,093	$63,877	$66,435	$69,259	$72,202	$75,271	$78,470	$81,805	$85,282	$88,906
Materials & Services	$53,986	$57,221	$58,937	$60,705	$62,526	$64,402	$66,334	$68,324	$70,374	$72,485	$74,660
Materials & Services – Strategy		$3,469	$6,959	$7,063	$7,000	$7,430	$5,582	$5,344	$5,580	$5,669	$5,775
Borrowing Costs	$2,511	$2,722	$2,500	$2,266	$2,036	$1,832	$1,612	$1,381	$1,140	$885	$667
Depreciation & Amortisation	$28,795	$32,356	$33,790	$35,709	$37,548	$39,607	$41,296	$42,789	$44,346	$45,817	$47,451
Other Expenses	$4,783	$4,926	$5,074	$5,227	$5,383	$5,545	$5,711	$5,882	$6,059	$6,241	$6,428
Net Losses from the Disposal of Assets	$277	$277	$277	$277	$277	$277	$277	$277	$277	$277	$277
Total Expenses from Continuing Operations	$144,758	$162,065	$171,415	$177,683	$184,029	$191,295	$196,084	$202,468	$209,581	$216,656	$224,164
Operating Result from Continuing Operations	$4,771	$22,065	$43,832	$45,970	$47,036	$47,427	$50,699	$52,988	$54,957	$57,334	$59,654
Net Operating Result before Grants and Contributions provided for Capital Purposes	($6,607)	$14,621	$36,388	$38,526	$39,592	$39,983	$43,255	$45,544	$47,513	$49,890	$52,210

Table 15: Option 2A – Cashflow Statement

	2024/25 ($'000)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/3 4 ($'000)	2034/35 ($'000)
CASH FLOWS FROM INVESTING ACTIVITIES **Receipts**											
Rates	61,383	90,741	116,826	120,809	124,926	129,182	133,580	138,126	142,824	147,680	152,698
Annual Charges	18,016	18,556	19,113	19,686	20,277	20,885	21,512	22,157	22,822	23,506	24,211
User Charges & Fees	33,803	41,394	43,726	46,108	47,722	49,392	51,121	52,910	54,762	56,679	58,662
Investment & Interest Revenue Received	3,165	3,912	4,828	5,583	5,938	6,302	6,824	7,707	8,736	9,866	11,093
Grants & Contributions	12,471	12,546	12,623	12,701	12,779	12,860	12,941	13,023	13,107	13,192	13,278
Bonds & Deposits Received	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950
Other	16,179	17,518	18,131	18,765	19,422	20,102	20,806	21,534	22,287	23,067	23,875
Payments											
Employee Benefits & On-Costs	(54,406)	(61,093)	(63,877)	(66,435)	(69,259)	(72,202)	(75,271)	(78,470)	(81,805)	(85,282)	(88,906)
Materials & Contracts	(53,986)	(60,690)	(65,896)	(67,769)	(69,526)	(71,832)	(71,917)	(73,668)	(75,954)	(78,155)	(80,435)
Borrowing Costs	(2,511)	(2,722)	(2,500)	(2,266)	(2,036)	(1,832)	(1,612)	(1,381)	(1,140)	(885)	(667)
Bonds & Deposits Refunded	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)
Other	(4,783)	(4,926)	(5,074)	(5,227)	(5,383)	(5,545)	(5,711)	(5,882)	(6,059)	(6,241)	(6,428)
Net Cash provided (or used in) Operating Activities	**29,331**	**55,235**	**77,900**	**81,956**	**84,861**	**87,311**	**92,272**	**96,054**	**99,580**	**103,428**	**107,382**
CASH FLOWS FROM INVESTING ACTIVITIES **Receipts**											
Sale of Investment Securities											
Redemption of Term Deposits											
Sale of Infrastructure, Property, Plant & Equipment											
Payments											
Purchase of Investment Securities											
Purchase of Investment Property											
Purchase of Infrastructure, Property, Plant & Equipment	(92,444)	(34,408)	(41,055)	(70,236)	(68,577)	(74,377)	(67,874)	(64,939)	(67,382)	(66,740)	(71,311)
Contributions paid to joint ventures and associates	–	–	–	–	–-	–	–	–	–	–	–
Net Cash provided (or used in) Investing Activities	(92,444)	(34,408)	(41,055)	(70,236)	(68,577)	(74,377)	(67,874)	(64,939)	(67,382)	(66,740)	(71,311)

	2024/25 ($'000)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/3 4 ($'000)	2034/35 ($'000)
CASH FLOWS FROM FINANCING ACTIVITIES Receipts											
Proceeds from Borrowings & Advances	30,000										
Payments											
Repayment of Borrowings & Advances	(3,056)	(4,580)	(4,799)	(5,029)	(4,392)	(4,310)	(4,525)	(4,752)	(4,989)	(5,239)	(3,879)
Repayment of lease liabilities (principal repayments)	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**
Net Cash Flow provided (used in) Financing Activities	26,641	(4,883)	(5,102)	(5,332)	(4,695)	(4,613)	(4,828)	(5,055)	(5,292)	(5,542)	(4,182)
Net Increase/(Decrease) in Cash & Cash Equivalents	**(36,472)**	**15,944**	**31,637**	**6,389**	**11,589**	**8,320**	**19,570**	**26,061**	**26,906**	**31,146**	**31,889**
plus: Cash & Cash Equivalents – beginning of year	**22,849**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**
Cash & Cash Equivalents – end of the year	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**
Investments – end of the year	**69,278**	**85,222**	**116,965**	**123,354**	**134,943**	**143,263**	**162,833**	**188,893**	**215,799**	**246,945**	**278,834**
Cash, Cash Equivalents & Investments – end of the year	**90,278**	**106,222**	**137,965**	**144,354**	**155,943**	**164,263**	**183,833**	**209,893**	**236,799**	**267,945**	**299,834**
Externally restricted funds	69,099	80,129	91,340	102,734	114,311	126,074	138,022	150,157	162,481	174,993	187,697
Cash, Cash Equivalents & Investments excluding externally restricted funds	**21,179**	**26,094**	**46,625**	**41,620**	**41,632**	**38,189**	**45,811**	**59,736**	**74,318**	**92,951**	**112,137**

Table 16. Option 2A – Balance Sheet

	2024/25 ($'000)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/3 4 ($'000)	2034/35 ($'000)
Current Assets											
Cash & Cash Equivalents	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000
Investments	$69,278	$85,222	$116,965	$123,354	$134,943	$143,263	$162,833	$188,893	$215,799	$246,945	$278,834
Receivables	$10,547	$10,009	$10,009	$10,009	$10,009	$10,009	$10,009	$10,009	$10,009	$10,009	$10,009
Inventories	$60	$60	$60	$60	$60	$60	$60	$60	$60	$60	$60
Other	$626	$626	$626	$626	$626	$626	$626	$626	$626	$626	$626
Total Current Assets	**$101,511**	**$116,917**	**$148,660**	**$155,049**	**$166,638**	**$174,958**	**$194,528**	**$220,588**	**$247,494**	**$278,640**	**$310,529**
Non-Current Assets											
Receivables	$770	$770	$770	$770	$770	$770	$770	$770	$770	$770	$770
Infrastructure, Property, Plant & Equipment	$1,752,868	$1,754,644	$1,761,632	$1,795,881	$2,006,221	$2,040,715	$2,067,016	$2,088,889	$2,111,648	$2,343,458	$2,367,040
Investment Property	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698
Right of Use Assets	$1,258	$1,202	$1,146	$3,930	$3,874	$3,818	$3,762	$3,706	$3,650	$2,328	$3,739
Investments Accounted for Using the Equity Method	$34	$34	$34	$34	$34	$34	$34	$34	$34	$34	$34
Total Non-Current Assets	**$1,808,628**	**$1,810,348**	**$1,817,280**	**$1,854,313**	**$2,064,597**	**$2,099,035**	**$2,125,280**	**$2,147,097**	**$2,169,800**	**$2,400,288**	**$2,425,281**
TOTAL ASSETS	**$1,910,139**	**$1,927,265**	**$1,965,940**	**$2,009,362**	**$2,231,235**	**$2,273,993**	**$2,319,808**	**$2,367,685**	**$2,417,294**	**$2,678,927**	**$2,735,810**
LIABILITIES **Current Liabilities**											
Payables	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832
Contract Liabilities	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099
Lease Liabilities	$303	$303	$303	$303	$303	$303	$303	$303	$303	$303	$303
Borrowings	$4,580	$4,799	$5,029	$4,392	$4,310	$4,525	$4,752	$4,989	$5,239	$3,879	$1,872
Employee Benefit Provisions	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100
Total Current Liabilities	**$54,914**	**$55,133**	**$55,363**	**$54,726**	**$54,644**	**$54,860**	**$55,086**	**$55,324**	**$55,573**	**$54,214**	**$52,207**
Non-Current Liabilities											
Lease Liabilities	$750	$391	$32	$2,513	$2,154	$1,795	$1,436	$1,077	$718	$359	$0
Borrowings	$55,805	$51,006	$45,978	$41,586	$37,276	$32,751	$27,999	$23,010	$17,771	$12,625	$12,220
Employee Benefit Provisions	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154
Total Non-Current Liabilities	**$57,709**	**$52,551**	**$47,164**	**$45,253**	**$40,584**	**$35,700**	**$30,589**	**$25,241**	**$19,643**	**$14,138**	**$13,374**
TOTAL LIABILITIES	**$112,623**	**$107,685**	**$102,527**	**$99,979**	**$95,229**	**$90,560**	**$85,675**	**$80,565**	**$75,216**	**$68,351**	**$65,580**
Net Assets	**$1,797,516**	**$1,819,580**	**$1,863,413**	**$1,909,382**	**$2,136,006**	**$2,183,433**	**$2,234,132**	**$2,287,121**	**$2,342,078**	**$2,610,576**	**$2,670,230**
EQUITY											
Accumulated Surplus	$981,087	$1,003,151	$1,046,983	$1,092,953	$1,139,989	$1,187,416	$1,238,115	$1,291,103	$1,346,060	$1,403,394	$1,463,048
IPPE Revaluation Reserve	$816,429	$816,429	$816,429	$816,429	$996,017	$996,017	$996,017	$996,017	$996,017	$1,207,182	$1,207,182
Total Equity	**$1,797,516**	**$1,819,580**	**$1,863,413**	**$1,909,382**	**$2,136,006**	**$2,183,433**	**$2,234,132**	**$2,287,121**	**$2,342,077**	**$2,610,576**	**$2,670,230**

OPTION 2B

This option is future focused, and includes improvement of Council's financial position, along with funding for planning and delivery of new and upgraded infrastructure and increases to services and initiatives to achieve the desired outcomes within the Ten-year Informing Strategies, including governance improvements. This option includes:

- Rates revenue is increased by 75% in the first year, with rate peg to applied in future years.
- From year 4, rate revenue is increased in line with rate peg.
- 'Minimum Residential Rates' are increased to $1,200 per annum, with the ad valorem rate adjusted to achieve the permissible income based upon the above increases.
- 'Minimum Business Rates' are increased to $1,400 per annum, with the ad valorem rate adjusted to achieve the permissible income based upon the above increases.
- Initiatives outlined in the Draft Informing Strategies are included.
- Internal borrowings are repaid.
- Additional borrowings of $10 million are secured in the 2024/25 financial year.
- 80% infrastructure renewal rate and critical backlog in years 1 and 2.
- 100% infrastructure renewal from Years 3 to 10, to bring infrastructure to a 'satisfactory' condition over a ten-year period.
- Level 3 infrastructure backlog is reduced by $15m per year (indexed) from years 3 to 10.

Under this option, the average ordinary rates would be as follows:

Financial Year	Average residential rate
Year 1	$1,762
Year 2	$1,815
Year 3	$1,870

Financial Year	Average business rate
Year 1	$12,367
Year 2	$12,739
Year 3	$13,121

Table 17. Option 2B: Performance indicators (75% upfront)

Indicator	Benchmark	2025/26	2026/27	2027/28	2028/29	2029/30	2031/32	2032/33	2033/34	2034/35	2035/36
Operating performance ratio	>0%	17.11%	15.89%	16.03%	15.80%	15.25%	15.93%	16.12%	16.12%	16.25%	16.31%
Own source operating revenue ratio	>60%	93.82%	94.02%	94.21%	94.35%	94.49%	94.63%	94.77%	94.91%	95.05%	95.18%
Unrestricted current ratio	>1.5	1.73	2.23	1.97	1.82	1.52	1.56	1.78	1.99	2.42	2.95
Debt service current ratio	>2	11.27	9.30	9.76	10.06	11.63	12.87	13.38	13.85	14.37	14.79
Cash expense cover ratio	> 3 months	7.84	10.25	12.13	11.97	12.08	12.04	12.63	13.55	14.42	15.58
Buildings and infrastructure renewal ratio	>100%	82%	94%	146%	142%	141%	140%	140%	140%	140%	139%
Infrastructure backlog ratio – condition 3	<2%	8.85%	8.82%	8.01%	6.61%	5.92%	5.22%	4.51%	3.78%	2.74%	2.02%
Infrastructure backlog ratio – condition 2	<2%	33.86%	34.48%	33.93%	30.52%	30.12%	29.84%	29.60%	29.34%	26.46%	26.21%
Asset maintenance ratio	>100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Table 18. Option 2B – Income Statement

	2024/25 Budget ($'000)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/34 ($'000)	2034/35 ($'000)
Income from Continuing Operations											
Rates	**$61,961**	**$108,821**	**$112,488**	**$116,276**	**$120,190**	**$124,235**	**$128,414**	**$132,732**	**$137,194**	**$141,804**	**$146,567**
Annual Charges	$18,016	$18,556	$19,113	$19,686	$20,277	$20,885	$21,512	$22,157	$22,822	$23,506	$24,211
User Charges & Fees	$33,803	$41,394	$43,726	$46,108	$47,722	$49,392	$51,121	$52,910	$54,762	$56,679	$58,662
Other Revenue	$10,292	$10,704	$11,078	$11,466	$11,867	$12,283	$12,713	$13,158	$13,618	$14,095	$14,588
Grants & Contributions provided for Operating Purposes	$5,027	$5,102	$5,179	$5,257	$5,335	$5,416	$5,497	$5,579	$5,663	$5,748	$5,834
Grants & Contributions provided for Capital Purposes	$11,378	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444
Interest & Investment Revenue	$3,165	$4,124	$5,166	$5,707	$5,799	$5,883	$6,112	$6,679	$7,368	$8,130	$8,961
Other Income	$5,887	$6,814	$7,053	$7,299	$7,555	$7,819	$8,093	$8,376	$8,669	$8,973	$9,287
Total Income from Continuing Operations	$149,528	$202,959	$211,246	$219,243	$226,190	$233,357	$240,905	$249,035	$257,540	$266,378	$275,554
Expenses from Continuing Operations											
Employee Benefits & On-Costs	$54,406	$61,093	$63,877	$66,435	$69,259	$72,202	$75,271	$78,470	$81,805	$85,282	$88,906
Materials & Services	$53,986	$57,221	$58,937	$60,705	$62,526	$64,402	$66,334	$68,324	$70,374	$72,485	$74,660
Materials & Services – Strategy		$3,469	$6,959	$7,063	$7,000	$7,430	$5,582	$5,344	$5,580	$5,669	$5,775
Borrowing Costs	$2,511	$2,722	$2,500	$2,266	$2,036	$1,832	$1,612	$1,381	$1,140	$885	$667
Depreciation & Amortisation	$28,795	$32,356	$33,790	$35,709	$37,548	$39,607	$41,296	$42,789	$44,346	$45,817	$47,451
Other Expenses	$4,783	$4,926	$5,074	$5,227	$5,383	$5,545	$5,711	$5,882	$6,059	$6,241	$6,428
Net Losses from the Disposal of Assets	$277	$277	$277	$277	$277	$277	$277	$277	$277	$277	$277
Total Expenses from Continuing Operations	$144,758	$162,065	$171,415	$177,683	$184,029	$191,295	$196,084	$202,468	$209,581	$216,656	$224,164
Operating Result from Continuing Operations	$4,771	$40,895	$39,832	$41,561	$42,161	$42,062	$44,821	$46,567	$47,959	$49,722	$51,390
Net Operating Result before Grants and Contributions provided for Capital Purposes	($6,607)	$33,451	$32,388	$34,117	$34,717	$34,618	$37,377	$39,123	$40,515	$42,278	$43,946

Table 19. Option 2B – Cashflow Statement

	2024/25 ($'000)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/3 4 ($'000)	2034/35 ($'000)
CASH FLOWS FROM INVESTING ACTIVITIES **Receipts**											
Rates	61,383	109,359	112,488	116,276	120,190	124,235	128,414	132,732	137,194	141,804	146,567
Annual Charges	18,016	18,556	19,113	19,686	20,277	20,885	21,512	22,157	22,822	23,506	24,211
User Charges & Fees	33,803	41,394	43,726	46,108	47,722	49,392	51,121	52,910	54,762	56,679	58,662
Investment & Interest Revenue Received	3,165	4,124	5,166	5,707	5,799	5,883	6,112	6,679	7,368	8,130	8,961
Grants & Contributions	12,471	12,546	12,623	12,701	12,779	12,860	12,941	13,023	13,107	13,192	13,278
Bonds & Deposits Received	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950
Other	16,179	17,518	18,131	18,765	19,422	20,102	20,806	21,534	22,287	23,067	23,875
Payments											
Employee Benefits & On-Costs	(54,406)	(61,093)	(63,877)	(66,435)	(69,259)	(72,202)	(75,271)	(78,470)	(81,805)	(85,282)	(88,906)
Materials & Contracts	(53,986)	(60,690)	(65,896)	(67,769)	(69,526)	(71,832)	(71,917)	(73,668)	(75,954)	(78,155)	(80,435)
Borrowing Costs	(2,511)	(2,722)	(2,500)	(2,266)	(2,036)	(1,832)	(1,612)	(1,381)	(1,140)	(885)	(667)
Bonds & Deposits Refunded	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)
Other	(4,783)	(4,926)	(5,074)	(5,227)	(5,383)	(5,545)	(5,711)	(5,882)	(6,059)	(6,241)	(6,428)
Net Cash provided (or used in) Operating Activities	**29,331**	**74,066**	**73,899**	**77,547**	**79,986**	**81,946**	**86,394**	**89,633**	**92,582**	**95,816**	**99,118**
CASH FLOWS FROM INVESTING ACTIVITIES **Receipts**											
Sale of Investment Securities											
Redemption of term deposits											
Sale of Infrastructure, Property, Plant & Equipment											
Payments											
Purchase of Investment Securities											
Purchase of Investment Property											
Purchase of Infrastructure, Property, Plant & Equipment	(92,444)	(34,408)	(41,055)	(70,236)	(68,577)	(74,377)	(67,874)	(64,939)	(67,382)	(66,740)	(71,311)
Contributions paid to joint ventures and associates	–	–	–	–	–	–	–	–	–	–	–
Net Cash provided (or used in) Investing Activities	(92,444)	(34,408)	(41,055)	(70,236)	(68,577)	(74,377)	(67,874)	(64,939)	(67,382)	(66,740)	(71,311)

	2024/25 ($'000)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/3 4 ($'000)	2034/35 ($'000)
CASH FLOWS FROM FINANCING ACTIVITIES Receipts											
Proceeds from Borrowings & Advances	30,000										
Payments											
Repayment of Borrowings & Advances	(3,056)	(4,580)	(4,799)	(5,029)	(4,392)	(4,310)	(4,525)	(4,752)	(4,989)	(5,239)	(3,879)
Repayment of lease liabilities (principal repayments)	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**
Net Cash Flow provided (used in) Financing Activities	26,641	(4,883)	(5,102)	(5,332)	(4,695)	(4,613)	(4,828)	(5,055)	(5,292)	(5,542)	(4,182)
Net Increase/(Decrease) in Cash & Cash Equivalents	**(36,472)**	**34,775**	**27,742**	**1,980**	**6,714**	**2,955**	**13,691**	**19,640**	**19,907**	**23,534**	**23,626**
plus: Cash & Cash Equivalents – beginning of year	**22,849**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**
Cash & Cash Equivalents – end of the year	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**
Investments – end of the year	**69,278**	**104,053**	**131,795**	**133,774**	**140,488**	**143,444**	**157,135**	**176,775**	**196,682**	**220,217**	**243,842**
Cash, Cash Equivalents & Investments – end of the year	**90,278**	**125,053**	**152,795**	**154,774**	**161,488**	**164,444**	**178,135**	**197,775**	**217,682**	**241,217**	**264,842**
Externally restricted funds	69,099	80,129	91,340	102,734	114,311	126,074	138,022	150,157	162,481	174,993	187 ,697
Cash Equivalents & Investments excluding externally restricted funds	**21,179**	**44,924**	**61,455**	**52,041**	**47,177**	**38,370**	**40,113**	**47,618**	**55,202**	**66,223**	**77,146**

Table 20. Option 2B – Balance Sheet

	2024/25 ($'000)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/3 4 ($'000)	2034/35 ($'000)
Current Assets											
Cash & Cash Equivalents	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000
Investments	$69,278	$104,053	$131,795	$133,774	$140,488	$143,444	$157,135	$176,775	$196,682	$220,217	$243,842
Receivables	$10,547	$10,009	$10,009	$10,009	$10,009	$10,009	$10,009	$10,009	$10,009	$10,009	$10,009
Inventories	$60	$60	$60	$60	$60	$60	$60	$60	$60	$60	$60
Other	$626	$626	$626	$626	$626	$626	$626	$626	$626	$626	$626
Total Current Assets	**$101,511**	**$135,748**	**$163,490**	**$165,469**	**$172,183**	**$175,139**	**$188,830**	**$208,470**	**$228,377**	**$251,912**	**$275,537**
Non-Current Assets											
Receivables	$770	$770	$770	$770	$770	$770	$770	$770	$770	$770	$770
Infrastructure, Property, Plant & Equipment	$1,752,868	$1,754,644	$1,761,632	$1,795,881	$2,006,221	$2,040,715	$2,067,016	$2,088,889	$2,111,648	$2,343,458	$2,367,040
Investment Property	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698
Right of Use Assets	$1,258	$1,202	$1,146	$3,930	$3,874	$3,818	$3,762	$3,706	$3,650	$2,328	$3,739
Investments Accounted for Using the Equity Method	$34	$34	$34	$34	$34	$34	$34	$34	$34	$34	$34
Total Non-Current Assets	**$1,808,628**	**$1,810,348**	**$1,817,280**	**$1,854,313**	**$2,064,597**	**$2,099,035**	**$2,125,280**	**$2,147,097**	**$2,169,800**	**$2,400,288**	**$2,425,281**
TOTAL ASSETS	**$1,910,139**	**$1,946,095**	**$1,980,769**	**$2,019,783**	**$2,236,781**	**$2,274,174**	**$2,314,110**	**$2,355,567**	**$2,398,178**	**$2,652,199**	**$2,700,818**
LIABILITIES **Current Liabilities**											
Payables	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832
Contract Liabilities	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099
Lease Liabilities	$303	$303	$303	$303	$303	$303	$303	$303	$303	$303	$303
Borrowings	$4,580	$4,799	$5,029	$4,392	$4,310	$4,525	$4,752	$4,989	$5,239	$3,879	$1,872
Employee Benefit Provisions	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100
Total Current Liabilities	**$54,914**	**$55,133**	**$55,363**	**$54,726**	**$54,644**	**$54,860**	**$55,086**	**$55,324**	**$55,573**	**$54,214**	**$52,207**
Non-Current Liabilities											
Lease Liabilities	$750	$391	$32	$2,513	$2,154	$1,795	$1,436	$1,077	$718	$359	$0
Borrowings	$55,805	$51,006	$45,978	$41,586	$37,276	$32,751	$27,999	$23,010	$17,771	$12,625	$12,220
Employee Benefit Provisions	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154
Total Non-Current Liabilities	**$57,709**	**$52,551**	**$47,164**	**$45,253**	**$40,584**	**$35,700**	**$30,589**	**$25,241**	**$19,643**	**$14,138**	**$13,374**
TOTAL LIABILITIES	**$112,623**	**$107,685**	**$102,527**	**$99,979**	**$95,229**	**$90,560**	**$85,675**	**$80,565**	**$75,216**	**$68,351**	**$65,580**
Net Assets	**$1,797,516**	**$1,838,411**	**$1,878,242**	**$1,919,803**	**$2,141,552**	**$2,183,614**	**$2,228,435**	**$2,275,003**	**$2,322,961**	**$2,583,848**	**$2,635,238**
EQUITY											
Accumulated Surplus	$981,087	$1,021,981	$1,061,813	$1,103,374	$1,145,534	$1,187,597	$1,232,418	$1,278,985	$1,326,944	$1,376,666	$1,428,056
IPPE Revaluation Reserve	$816,429	$816,429	$816,429	$816,429	$996,017	$996,017	$996,017	$996,017	$996,017	$1,207,182	$1,207,182
Total Equity	**$1,797,516**	**$1,838,411**	**$1,878,242**	**$1,919,803**	**$2,141,552**	**$2,183,614**	**$2,228,435**	**$2,275,003**	**$2,322,961**	**$2,583,848**	**$2,635,238**

OPTION 3

This option is future focused, and includes improvement of Council's financial position, along with funding for planning and delivery of new and upgraded infrastructure, and increases to services and initiatives to achieve the desired outcomes within the Ten-year Informing Strategies, including governance improvements. This option includes:

- Rates revenue is increased by 60% in the first year, 20% in the second year and 10% in the third year (inclusive of rate peg).
- From year 4, rate revenue is increased in line with rate peg.
- 'Minimum Residential Rates' are increased to $1,200 per annum, with the ad valorem rate adjusted to achieve the permissible income based upon the above increases.
- 'Minimum Business Rates' are increased to $1,400 per annum, with the ad valorem rate adjusted to achieve the permissible income based upon the above increases.
- Internal borrowings are repaid.
- Additional borrowings of $10 million are secured for the 2024/25 financial year.
- Initiatives outlined in the Draft Informing Strategies are included, including new and upgraded infrastructure.
- 80% infrastructure renewal rate and critical backlog in years 1 and 2.
- 100% infrastructure renewal from Years 3 to 10, to bring infrastructure to a 'satisfactory' condition over a ten-year period.
- Level 3 infrastructure backlog is reduced by $15m per year (indexed) from years 3 to 10.
- From year 4, an additional $15.5m per year (indexed) has been allocated to bring building infrastructure to a 'good' condition over a ten-year period.

Under this option, the average ordinary rates would be as follows:

Financial Year	Average residential rate
Year 1	$1,611
Year 2	$1,933
Year 3	$2,127

Financial Year	Average business rate
Year 1	$11,307
Year 2	$13,569
Year 3	$14,926

Table 21. Option 3: Financial Performance Indicators

Indicator	Benchmark	2025/26	2026/27	2027/28	2028/29	2029/30	2031/32	2032/33	2033/34	2034/35	2035/36
Operating performance ratio	>0%	12.96%	18.89%	22.25%	22.18%	21.74%	22.42%	22.64%	22.69%	22.85%	22.96%
Own source operating revenue ratio	>60%	93.52%	94.23%	94.62%	94.76%	94.89%	95.03%	95.16%	95.29%	95.42%	95.55%
Unrestricted current ratio	>1.5	1.19	1.79	2.01	1.95	1.78	1.88	2.15	2.41	2.89	3.48
Debt service current ratio	>2	9.74	10.32	12.06	12.49	14.49	16.00	16.66	17.27	17.95	18.51
Cash expense cover ratio	> 3 months	7.84	9.44	11.96	13.11	13.36	13.50	14.27	15.36	16.43	17.81
Buildings and infrastructure renewal ratio	>100%	82%	94%	146%	183%	181%	180%	179%	179%	179%	178%
Infrastructure backlog ratio – condition 3	<2%	8.85%	8.82%	8.01%	6.56%	5.83%	5.10%	4.38%	3.63%	2.62%	1.91%
Infrastructure backlog ratio – condition 2	<2%	33.86%	34.48%	33.93%	29.52%	28.12%	26.83%	25.56%	24.26%	20.90%	19.68%
Asset maintenance ratio	>100%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table 22. Option 3 – Income Statement

	2024/25 Budget ($'000)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/34 ($'000)	2034/35 ($'000)
Income from Continuing Operations											
Rates	**$61,961**	**$99,527**	**$119,901**	**$132,405**	**$136,908**	**$141,561**	**$146,371**	**$151,341**	**$156,478**	**$161,787**	**$167,274**
Annual Charges	$18,016	$18,556	$19,113	$19,686	$20,277	$20,885	$21,512	$22,157	$22,822	$23,506	$24,211
User Charges & Fees	$33,803	$41,394	$43,726	$46,108	$47,722	$49,392	$51,121	$52,910	$54,762	$56,679	$58,662
Other Revenue	$10,292	$10,704	$11,078	$11,466	$11,867	$12,283	$12,713	$13,158	$13,618	$14,095	$14,588
Grants & Contributions provided for Operating Purposes	$5,027	$5,102	$5,179	$5,257	$5,335	$5,416	$5,497	$5,579	$5,663	$5,748	$5,834
Grants & Contributions provided for Capital Purposes	$11,378	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444
Interest & Investment Revenue	$3,165	$4,103	$5,282	$6,320	$6,827	$7,068	$7,461	$8,199	$9,074	$10,041	$11,098
Other Income	$5,887	$6,814	$7,053	$7,299	$7,555	$7,819	$8,093	$8,376	$8,669	$8,973	$9,287
Total Income from Continuing Operations	$149,528	$193,644	$218,775	$235,986	$243,935	$251,868	$260,210	$269,164	$278,530	$288,272	$298,398
Expenses from Continuing Operations											
Employee Benefits & On-Costs	$54,406	$61,093	$63,877	$66,435	$69,259	$72,202	$75,271	$78,470	$81,805	$85,282	$88,906
Materials & Services	$53,986	$57,221	$58,937	$60,705	$62,526	$64,402	$66,334	$68,324	$70,374	$72,485	$74,660
Materials & Services – Strategies		$3,469	$6,959	$7,063	$7,000	$7,430	$5,582	$5,344	$5,580	$5,669	$5,775
Borrowing Costs	$2,511	$2,722	$2,500	$2,266	$2,036	$1,832	$1,612	$1,381	$1,140	$885	$667
Depreciation & Amortisation	$28,795	$32,356	$33,790	$35,709	$37,548	$39,607	$41,296	$42,789	$44,346	$45,817	$47,451
Other Expenses	$4,783	$4,926	$5,074	$5,227	$5,383	$5,545	$5,711	$5,882	$6,059	$6,241	$6,428
Net Losses from the Disposal of Assets	$277	$277	$277	$277	$277	$277	$277	$277	$277	$277	$277
Total Expenses from Continuing Operations	$144,758	$162,065	$171,415	$177,683	$184,029	$191,295	$196,084	$202,468	$209,581	$216,656	$224,164
Operating Result from Continuing Operations	$4,771	$31,580	$47,361	$58,303	$59,905	$60,573	$64,126	$66,696	$68,949	$71,616	$74,235
Net Operating Result before Grants and Contributions provided for Capital Purposes	($6,607)	$24,136	$39,917	$50,859	$52,461	$53,129	$56,682	$59,252	$61,505	$64,172	$66,791

Table 23. Option 3 – Cashflow Statement

	2024/25 ($'000)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/3 4 ($'000)	2034/35 ($'000)
Cashflow from Operating Activities											
Receipts											
Rates	61,383	99,527	119,901	132,405	136,908	141,561	146,371	151,341	156,478	161,787	172,056
Annual Charges	18,016	18,556	19,113	19,686	20,277	20,885	21,512	22,157	22,822	23,506	24,211
User Charges & Fees	33,803	41,394	43,726	46,108	47,722	49,392	51,121	52,910	54,762	56,679	58,662
Investment & Interest Revenue Received	3,165	4,103	5,282	6,320	6,827	7,068	7,461	8,199	9,074	10,041	11,098
Grants & Contributions	12,471	12,546	12,623	12,701	12,779	12,860	12,941	13,023	13,107	13,192	13,278
Bonds & Deposits Received	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950
Other	16,179	17,518	18,131	18,765	19,422	20,102	20,806	21,534	22,287	23,067	23,875
Payments											
Employee Benefits & On-Costs	(54,406)	(61,093)	(63,877)	(66,435)	(69,259)	(72,202)	(75,271)	(78,470)	(81,805)	(85,282)	(88,906)
Materials & Contracts	(53,986)	(60,690)	(65,896)	(67,769)	(69,526)	(71,832)	(71,917)	(73,668)	(75,954)	(78,155)	(80,435)
Borrowing Costs	(2,511)	(2,722)	(2,500)	(2,266)	(2,036)	(1,832)	(1,612)	(1,381)	(1,140)	(885)	(667)
Bonds & Deposits Refunded	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)
Other	(4,783)	(4,926)	(5,074)	(5,227)	(5,383)	(5,545)	(5,711)	(5,882)	(6,059)	(6,241)	(6,428)
Net Cash provided (or used in) Operating Activities	**29,331**	**64,213**	**81,428**	**94,289**	**97,731**	**100,457**	**105,699**	**109,762**	**113,572**	**117,710**	**121,963**
Cashflow from Investing Activities											
Receipts											
Sale of Investment Securities											
Redemption of term deposits											
Sale of Infrastructure, Property, Plant & Equipment											
Payments											
Purchase of Investment Securities											
Purchase of Investment Property											
Purchase of Infrastructure, Property, Plant & Equipment	(92,444)	(34,408)	(41,055)	(70,236)	(84,077)	(90,342)	(84,318)	(81,876)	(84,827)	(84,708)	(89,818)
Contributions paid to joint ventures and associates	–	–	–	–	–	–	–	–	–	–	–
Net Cash provided (or used in) Investing Activities	(92,444)	(34,408)	(41,055)	(70,236)	(84,077)	(90,342)	(84,318)	(81,876)	(84,827)	(84,708)	(89,818)

	2024/25 ($'000)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/3 4 ($'000)	2034/35 ($'000)
Cashflow from Financing Activities											
Receipts											
Proceeds from Borrowings & Advances	30,000										
Payments											
Repayment of Borrowings & Advances	(3,056)	(4,580)	(4,799)	(5,029)	(4,392)	(4,310)	(4,525)	(4,752)	(4,989)	(5,239)	(3,879)
Repayment of lease liabilities (principal repayments)	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**	**(303)**
Net Cash Flow provided (used in) Financing Activities	26,641	(4,883)	(5,102)	(5,332)	(4,695)	(4,613)	(4,828)	(5,055)	(5,292)	(5,542)	(4,182)
Net Increase/(Decrease) in Cash & Cash Equivalents	**(36,472)**	**24,922**	**35,271**	**18,722**	**8,959**	**5,501**	**16,553**	**22,831**	**23,452**	**27,460**	**27,962**
plus: Cash & Cash Equivalents – beginning of year	**22,849**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**
Cash & Cash Equivalents – end of the year	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**	**21,000**
Investments – end of the year	**69,278**	**94,200**	**129,471**	**148,192**	**157,151**	**162,653**	**179,205**	**202,036**	**225,489**	**252,948**	**280,911**
Cash, Cash Equivalents & Investments – end of the year	**90,278**	**115,200**	**150,471**	**169,192**	**178,151**	**183,653**	**200,205**	**223,036**	**246,489**	**273,948**	**301,911**
Externally restricted funds	69,099	80,129	91,340	102,734	114,311	126,074	138,022	150,157	162,481	174,993	187 ,697
Cash, Cash Equivalents & Investments excluding externally restricted funds	**21,179**	**35,071**	**59,131**	**66,459**	**63,840**	**57,579**	**62,183**	**72,879**	**84,008**	**98,955**	**114,214**

Table 24. Option 3 – Balance Sheet

	2024/25 ($'000) - FY2025 Approved Budget	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/34 ($'000)	2034/35 ($'000)
Current Assets											
Cash & Cash Equivalents	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000
Investments	$69,278	$94,200	$129,471	$148,192	$157,151	$162,653	$179,205	$202,036	$225,489	$252,948	$280,911
Receivables	$10,547	$10,547	$10,547	$10,547	$10,547	$10,547	$10,547	$10,547	$10,547	$10,547	$10,547
Inventories	$60	$60	$60	$60	$60	$60	$60	$60	$60	$60	$60
Other	$626	$626	$626	$626	$626	$626	$626	$626	$626	$626	$626
Total Current Assets	**$101,511**	**$126,433**	**$161,704**	**$180,425**	**$189,384**	**$194,886**	**$211,438**	**$234,269**	**$257,722**	**$285,181**	**$313,144**
Non-Current Assets											
Receivables	$770	$770	$770	$770	$770	$770	$770	$770	$770	$770	$770
Infrastructure, Property, Plant & Equipment	$1,752,868	$1,754,644	$1,761,632	$1,795,881	$2,021,721	$2,072,180	$2,114,925	$2,153,735	$2,193,940	$2,451,947	$2,494,038
Investment Property	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698	$53,698
Right of Use Assets	$1,258	$1,202	$1,146	$3,930	$3,874	$3,818	$3,762	$3,706	$3,650	$2,328	$3,739
Investments Accounted for Using the Equity Method	$34	$34	$34	$34	$34	$34	$34	$34	$34	$34	$34
Total Non-Current Assets	**$1,808,628**	**$1,810,348**	**$1,817,280**	**$1,854,313**	**$2,080,097**	**$2,130,500**	**$2,173,189**	**$2,211,943**	**$2,252,092**	**$2,508,777**	**$2,552,279**
TOTAL ASSETS	**$1,910,139**	**$1,936,780**	**$1,978,983**	**$2,034,739**	**$2,269,482**	**$2,325,385**	**$2,384,627**	**$2,446,213**	**$2,509,814**	**$2,793,959**	**$2,865,422**
LIABILITIES **Current Liabilities**											
Payables	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832	$32,832
Contract Liabilities	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099	$4,099
Lease Liabilities	$303	$303	$303	$303	$303	$303	$303	$303	$303	$303	$303
Borrowings	$4,580	$4,799	$5,029	$4,392	$4,310	$4,525	$4,752	$4,989	$5,239	$3,879	$1,872
Employee Benefit Provisions	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100	$13,100
Total Current Liabilities	**$54,914**	**$55,133**	**$55,363**	**$54,726**	**$54,644**	**$54,860**	**$55,086**	**$55,324**	**$55,573**	**$54,214**	**$52,207**
Non-Current Liabilities											
Lease Liabilities	$750	$391	$32	$2,513	$2,154	$1,795	$1,436	$1,077	$718	$359	$0
Borrowings	$55,805	$51,006	$45,978	$41,586	$37,276	$32,751	$27,999	$23,010	$17,771	$12,625	$12,220
Employee Benefit Provisions	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154	$1,154
Total Non-Current Liabilities	**$57,709**	**$52,551**	**$47,164**	**$45,253**	**$40,584**	**$35,700**	**$30,589**	**$25,241**	**$19,643**	**$14,138**	**$13,374**
TOTAL LIABILITIES	**$112,623**	**$107,685**	**$102,527**	**$99,979**	**$95,229**	**$90,560**	**$85,675**	**$80,565**	**$75,216**	**$68,351**	**$65,580**
Net Assets	**$1,797,516**	**$1,829,096**	**$1,876,456**	**$1,934,759**	**$2,174,253**	**$2,234,826**	**$2,298,952**	**$2,365,648**	**$2,434,597**	**$2,725,607**	**$2,799,842**
EQUITY											
Accumulated Surplus	$981,087	$1,012,666	$1,060,027	$1,118,330	$1,178,236	$1,238,808	$1,302,935	$1,369,631	$1,438,580	$1,510,196	$1,584,431
IPPE Revaluation Reserve	$816,429	$816,429	$816,429	$816,429	$996,017	$996,017	$996,017	$996,017	$996,017	$1,215,411	$1,215,411
Total Equity	**$1,797,516**	**$1,829,096**	**$1,876,456**	**$1,934,759**	**$2,174,253**	**$2,234,826**	**$2,298,952**	**$2,365,648**	**$2,434,597**	**$2,725,607**	**$2,799,842**

PART 06

Sensitivity analysis

SENSITIVITY ANALYSIS

The assumptions contained within this plan are current informed estimates based on a range of sources; however, long-term financial plans are inherently uncertain. They contain a wide range of assumptions about interest rates and the potential effect of inflation on revenues and expenditures which are largely outside our control.

In developing the LTFP, it is important to acknowledge risks that could have an effect on the Council's financial viability, cash flow, or negatively impact revenue, which would have an impact on service delivery. Through sensitivity analysis, consideration can be given to the financial risks of potential changes in key assumptions and inputs used to develop the plan, along with strategies to mitigate these risks where possible.

This allows councils to make informed decisions based on a range of potential outcomes, rather than relying on a single set of assumptions.

The sensitivity analysis includes a risk assessment for each item based upon Council's enterprise risk management framework.

As part of its governance framework, the Council will proactively monitor both existing and emerging risks through a variety of key initiatives, including internal audit programs, business continuity risk assessments, and oversight by the Audit, Risk, and Improvement Committee (ARIC), along with continuous financial performance reporting.

The Council's Risk Analysis framework comprehensively identifies, evaluates, and categorises risks based on their potential impact and severity using a detailed risk matrix. This process serves several critical functions:

- **Enhancing Risk Awareness**: Ensures a thorough understanding of potential risks across the organisation.
- **Determining Acceptable Risk Levels**: Clarifies the level of risk the Council is willing to accept, both individually and collectively.
- **Evaluating Risk Mitigation Capacity**: Assesses the Council's ability to control, manage, and reduce identified risks.
- **Supporting Risk Framework Reviews**: Provides a crucial tool for ongoing evaluations and improvements to the Council's Enterprise Risk Management Framework.

Through this robust approach, the Council strengthens its ability to manage uncertainty and safeguard its strategic objectives.

Figure 6. Risk matrix

LIKELIHOOD LEVEL \ CONSEQUENCE LEVEL	Low	Medium	High	Critical
Almost certain	10	11	15	16
Likely	4	9	13	14
Possible	3	7	8	12
Rare	1	2	5	6

Risk levels

12-16	Extreme
5-11	Moderate
1-4	Low

Council's financial position and forecasts are subject to the following risks. Council's current financial position is not able to mitigate these risks. Each of the three scenarios within this Long-Term Financial Plan strengthen Council's financial position and allow some flexibility in managing risks.

Special rate variation

Risk: That SRV application is not approved by IPART.
Current risk rating: Extreme

As outlined in this Long-Term Financial Plan, Council's financial position is unsustainable in the short-term. Additional loan borrowings would need to be taken and/or strategically held properties needing sale to pay short-term liabilities as and when they fall due.

Service levels require substantial cuts and over time, and infrastructure would be subject to failure due to lack of maintenance or renewal.

North Sydney Olympic Pool Operations

Risk: That target operational results are not achieved.
Current risk rating: Extreme
Future risk rating: Low

Business modelling has been undertaken to plan for the opening and operation of the North Sydney Olympic Pool.

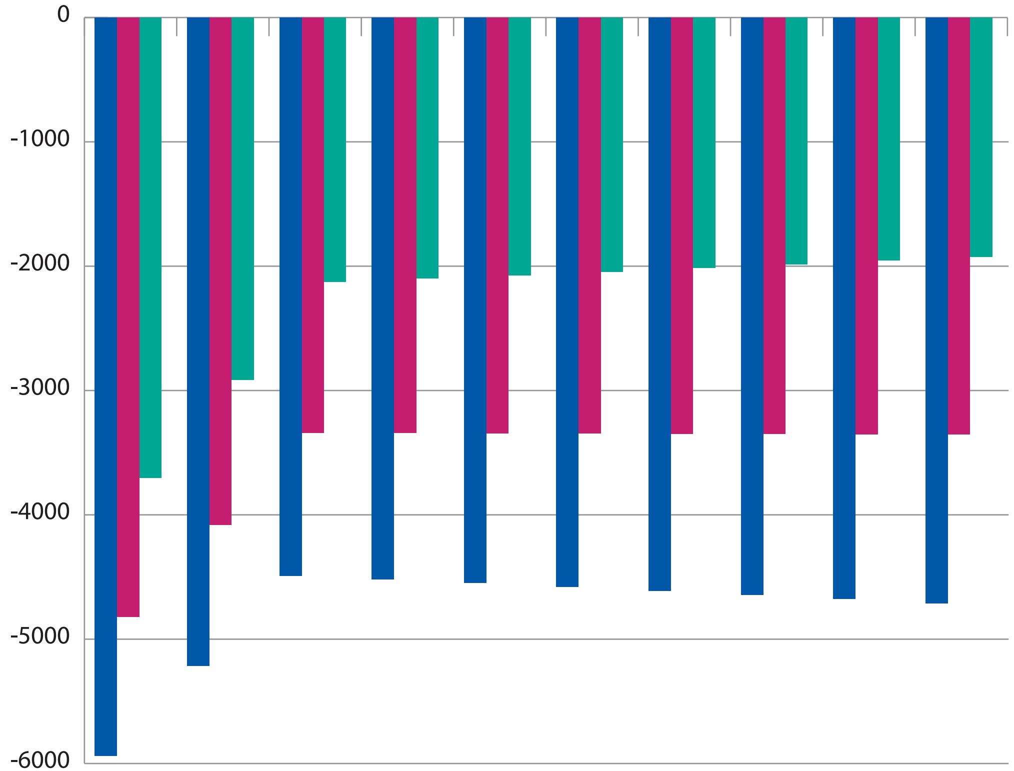
The target scenario included within Council's Long-Term Financial Plan is based upon attendance of 500,000 persons in Year 1, expanding to 520,000 by Year 3. This scenario also assumes 1,700 registered learn- to-swim participants and 1,200 gym users within Year 1 expanding to 2,250 learn to swim participant and 1,900 gym users by Year 3.

In addition to the business modelling undertaken, to reduce the financial impact of the facility on Council's overall financial position, Council will explore commercial opportunities that may result in temporary interruptions to pool users, such as hiring the facility on particular occasions throughout the year. As these opportunities are uncertain, they have not been included within the financial modelling.

Should risks associated with less than forecast attendance and memberships eventuate, Council would have to reduce its expenditure on services or asset backlogs accordingly.

Based upon Council's current financial position and projections, this would create an extreme risk. Based upon the three scenarios provided within this plan, the strengthened overall position of Council would reduce this risk.

Figure 7. North Sydney Olympic Pool scenario analysis



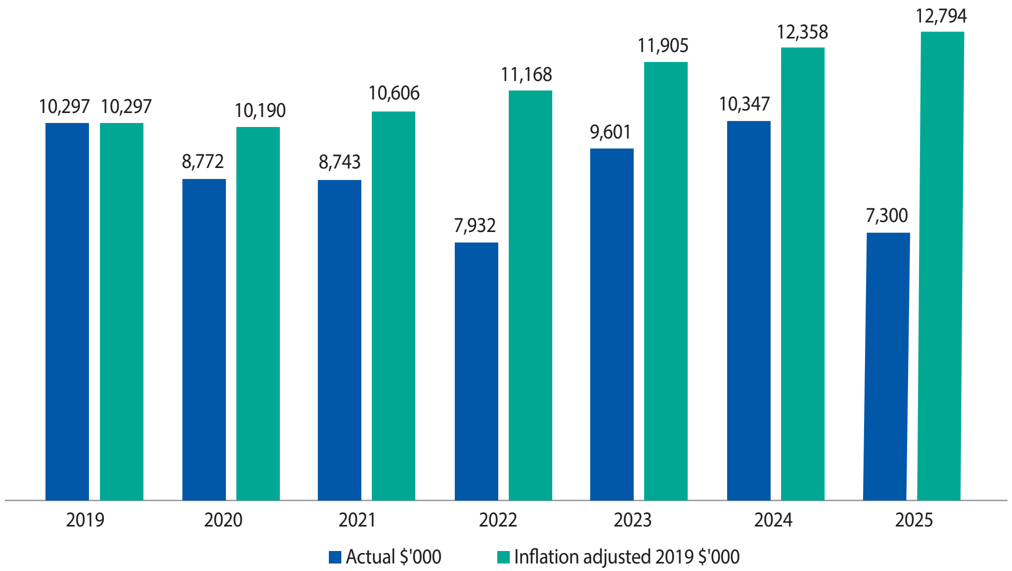
Scenario	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/34 ($'000)	2034/35 ($'000)
Pessimistic	-5,938	–5,214	-4,489	-4,518	-4,548	-4,579	-4,610	-4,643	-4,676	-4,710
Target	-4,820	-4,080	-3,338	-3,340	-3,342	-3,344	-3,346	-3,348	-3,351	-3,353
Optimistic	-3,702	-2,915	-2,127	-2,099	-2,072	-2,043	-2,014	-1,985	-1,954	-1,924

Car parking revenue

Risk: That car parking revenue continues to decline.
Current risk rating: Extreme
Future risk rating: Moderate

The following chart demonstrates the volatility in on-street car parking revenue following the 2020 COVID pandemic.

Figure 8. On-street car parking



The following factors have and may continue to reduce this income source:

1. Changes to societal behaviours following the pandemic, with increased prevalence of work-from-home arrangements reducing car ownership.
2. TfNSW major road projects have reduced the availability of on-street car parks which have previously been subject to car parking user charges.
3. The opening of the new Sydney Metro has reduced travel time for public transport to North Sydney, thereby reducing car travel to the area.
4. New technology through car parking payment options allows users to better manage their car parking, resulting in reduced income associated with previously used block pricing.

More holistically, Council's Integrated Transport Strategy encourages active transport and reduced car ownership, and includes actions to achieve this. While improving the public amenity, reducing congestion, and providing health benefits, this strategy will over time further reduce on-street parking revenue.

A review of car-parking income expected within 2024/25 has been undertaken and it is expected that it will reduce by a minimum of $1 million as a result of the factors above. For the purposes of modelling the Long-Term Financial Plan, estimated income from 2024/25 of $7.3m has been included. No further reduction in on-street car parking included in the projections as this is difficult to predict at this time.

Should the usage of on-street car parking reduce by a further 20%, this would result in a further loss of approximately $1.46m in revenue.

Should risks associated with reduced on-street car parking eventuate, Council would have to reduce its expenditure on services or asset backlogs accordingly.

Based upon Council's current financial position and projections, this would create an extreme risk. Based upon the three scenarios provided within this plan, the strengthened overall position of Council would reduce this risk.

Infringement income – sensitivity of changes to fine delivery

Risk: That infringement income declines or costs increase.
Current risk rating: Extreme
Future risk rating: Moderate

After volatility in this income stream since the 2020 COVID pandemic, income levels have recently returned to pre-pandemic levels. In 2024/25, Council has budgeted to receive $9m in revenue from infringements. Most of these infringements are parking related.

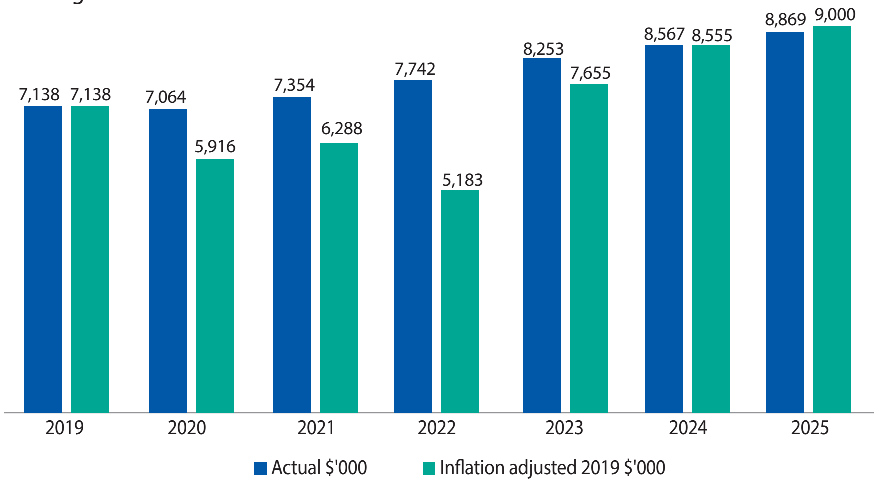
The NSW Government has recently introduced changes to the method of delivery for parking fines, and it is anticipated that this will impact Council's overall revenue. Instead of electronic delivery of parking fines, as is the practice with other vehicle related fines such as speeding, mobile phone use, changes will require council parking rangers to issue paper-based fines manually.

There is a risk that this change could result in either a drop in revenue, with less parking tickets issued, or increased expenses associated with the increased cost of safety measures required.

A 15% reduction in infringement revenue would result in a reduction in income of $1.35m.

Should risks associated with reduced infringement revenue eventuate, Council would have to reduce its expenditure on services or asset backlogs accordingly. Based upon Council's current financial position and projections, this would create an extreme risk. Based upon the three scenarios provided within this plan, the strengthened overall position of Council would reduce this risk.

Figure 9. Infringement income



Reduction of Financial Assistance Grants

Risk: That the model for distribution of financial assistance grants reduces Council's grant to nil.
Current risk rating: Moderate
Future risk rating: Low

Council currently receives $2.4m in Financial Assistance Grants from the Federal Government. While there is no suggestion that this funding source will change, there has been ongoing advocacy through the industry towards a change in distribution which would favour smaller regional councils with less ability to generate won sourced income.

Should this risk eventuate, Council would have to reduce its expenditure on services or asset backlogs accordingly. Based upon Council's current financial position and projections, the risk is measured at moderate as the likelihood is low. Based upon the three scenarios provided within this plan, the strengthened overall position of Council would reduce this risk further.

Development – housing increases

Risk: That annual dwelling increases fall below 300.
Current risk rating: Moderate
Future risk rating: Low

The NSW Housing Reforms are aimed at increasing housing within Greater Sydney. Targets provided to Council require an additional 5,900 in new homes over the next 5 years. As the population grows, demand on Council services also increases, and it is therefore important that new revenue is able to be generated. While this equates to 1,200 new dwellings per annum, the Long-Term Financial Plan has been modelled conservatively based upon an increase in housing of 300 per year, and an increase in minimum rates from $715 to $1,200 in Year 1.

Ensuring a revenue policy that generates additional income sufficient to meet the service and infrastructure needs of a growing population is important to future sustainability and responsiveness. There are two factors that influence increases in rate income outside the rate peg. This includes the net increase in dwellings and the value of the minimum rate.

A moderate risk is assessed that housing completions do not meet the 300 new dwellings per year including within the assumptions of this plan. Based upon the three scenarios provided within this plan, the strengthened overall position of Council would reduce this risk to low.

However, should Council decide not to increase the value of minimum rates, this would have a significant impact on projected revenue within this plan.

Capital works costs

Risk: That costs of construction increase above the assumptions within this plan.
Current risk rating: Extreme
Future risk rating: Moderate

Council's financial strategy aims to reduce current infrastructure backlogs, undertake renewals in a timely manner and provide new infrastructure for a growing population. There are a number of factors that may impact the capital works estimates included within the Long-Term Financial Plan.

Forecasts provided for capital renewals and new assets are based on high level estimates and will require detailed design and scoping prior to construction. This may result in either additional costs or savings. All project costing will be reported to Council as they are developed. Should additional funds be required, Council may have to re-prioritise projects and this may impact the desired reduction in backlog renewals.

The Long-Term Financial Plan includes indexing based upon 3%. Should the indexes fluctuate due to market or economic conditions, this will impact the volume of renewals Council is able to complete.

Increases in building indexes over and above the assumptions in this Long-Term Financial Plan will also affect Council's operating surplus, as infrastructure is revalued and depreciation increases. Typically, financial provision is made for asset renewals based upon depreciation, however as depreciation is backward facing, it is often not sufficient to cover the cost of future renewals.

Based upon Council's current financial position, increased costs of construction will place pressure on already low funds available for critical renewals. Based upon the three scenarios provided within this plan, the strengthened overall position of Council would reduce this risk.

Skills shortages

Risk: That employee costs increase above Award due to market skills shortages.
Current risk rating: Extreme
Future risk rating: Low

Local Government is currently experiencing skills shortages in increasingly more professions and trades. Changes to societal values have further challenged recruitment efforts, with a general reluctance of employees to travel the distances to work that they once would have. The high cost of living in North Sydney means the majority of Council's workforce is located in other parts of Sydney.

While part of the local government industry, councils compete with other levels of government, the private sector and not-for-profits when it comes to recruiting. State Government wages are generally high, the private sector is competitive and also offers bonus/commission-based incentives that Local Government cannot.

To attract high quality employees, market allowances over and above Award conditions are increasingly required. Council's Long-Term Financial Plan does not include provision for additional market allowances. Should these allowances be required to fill positions, this would have an impact on Council's operating result.

Based upon Council's current financial position, coupled with poor systems and processes, increases to employee costs is a critical risk. Based upon the three scenarios in this plan, the risk would reduce to low, as costs may be offset by efficiencies created through system improvement. In addition, improving systems within Council will assist in retaining quality employees.

Award increases

Risk: That the new Award, to be implemented 1 July 2026 includes increases above the assumptions allowed for within the assumptions of this plan.
Current risk rating: Critical
Future risk rating: Moderate

The current Local Government (State) Award expires 30 June 2025.

Based upon Council's current financial position, increased Award increases above the assumptions made in this plan will be critical. Based upon the three scenarios in this plan, the risk would reduce to low, as costs may be offset by efficiencies created through system improvement.

Build to Rent

Risk: Build to Rent applications approved without changes to rating legislation that allow charging rates based upon dwelling numbers.
Current risk rating: Extreme
Future risk rating: Moderate

Introduced by the NSW Government in 2021, Build-to-rent housing is large-scale, purpose-built rental housing that is held in single ownership and professionally managed.

Council is aware of three applications for 'Build to Rent' developments within the Local Government Area.

By nature of the development being held in one ownership, the property would be rated as one assessment based upon the unimproved land value, rather than each apartment contributing a minimum rate towards Council's rating revenue.

Without changes to legislation allowing for rates to be charged per dwelling for 'Build to Rent', there is a risk that rating revenue from these sites will significantly reduce.

Based upon Council's current financial position, any reduction in revenue is considered a critical risk. Based upon the three scenarios provided within this plan, the strengthened overall position of Council would reduce this risk.

Monitoring and reporting

The financial forecasts presented in the Long-Term Financial Plan (LTFP) are based on a set of assumptions that may change due to shifts in economic conditions or Council priorities. As such, the LTFP will be reviewed annually during the development of the Operational Plan and Budget.

Each review will assess the accuracy of previous year's projections by comparing the plan's forecasts with actual results. This evaluation will inform updates to estimates and scenarios, helping to refine the accuracy of the plan for the long term.

Throughout the year, the Quarterly Budget Review Statement (QBRS) will monitor year-to-date performance against budgeted figures and forecasts. Additionally, Council will conduct a comprehensive review of the LTFP as part of the periodic review of the Community Strategic Plan, in accordance with the Integrated Planning and Reporting (IP&R) process. This review will take place within nine months of each local government election.

APPENDIX

The following table outlines capital works identified within the Draft Informing Strategies for 2024/25 to 2034/35, along with proposed funding sources. All other infrastructure renewals will be determined through Council's asset management planning process taking a risk based approach.

PROJECT DESCRIPTION	ESTIMATED TOTAL PROJECT COST	CLASSIFICATION				
		Rates funding – New and Upgraded infrastructure	Rates funding – Backlog and Depreciation	Reserves movements	Developer Contribution funded	Grant funded (not guaranteed)
OPEN SPACE AND RECREATION						
Progress the design and delivery of the Hume Street Park expansion project that includes removal of the childcare centre, closure of part of Hume Street, and improvements to the quality of open space in Hume Street Park.	$10,000,000	$–	$–	$–	$5,000,000	$5,000,000
Work with the NSW Government to convert the under-utilised deck of the tramway viaduct near North Sydney Train Station into a 4,650m^2 active recreation space.	$14,000,000	$–	$–	$–	$–	$14,000,000
Deliver new public space through completion of the Balls Head Quarantine Depot site redevelopment project, including advocating for ownership of the lower section.	$3,000,000	$3,000,000	$–	$–	$–	$–
Renew and upgrade the North Sydney Indoor Sports Centre to increase capacity and useability, including exploring opportunities with Northern Suburbs Basketball Association for equitable multi-use.	$5,500,000	$2,361,832	$3,138,168	$–	$–	$–
Upgrade the tennis courts and associated amenities in Green Park to create a multi-use facility.	$500,000	$500,000	$–	$–	$–	$–
In consultation with the community and key stakeholders, identify sportsfield(s) that would be suitable for alternative playing surfaces such as hybrid and synthetic turf, to increase capacity.	$2,500,000	$2,500,000	$–	$–	$–	$–
Develop and implement a program for increasing the capacity and utilisation of sportsfields and courts through infrastructure improvements. This includes reconstruction and lighting of the St Leonards Park netball courts, and drainage improvements to Primrose Park and Tunks Park.	$5,150,000	$4,241,176	$–	$–	$908,824	$–
Identify opportunities and implement projects to improve accessibility of parks and playgrounds across the LGA.	$1,800,000	$1,800,000	$–	$–	$–	$–
Refurbish the existing facilities building at North Sydney Oval and incorporate gender-neutral amenities and change rooms.	$3,150,000	$3,150,000	$–	$–	$–	$–
Refurbish the existing facilities building at Primrose Park and incorporate gender-neutral amenities and change rooms.	$1,150,000	$1,114,410	$35,590	$–	$–	$–
Demolish building housing public amenities, change rooms and storage area in Tunks Park and replace with a new facility that incorporates gender-neutral facilities.	$3,150,000	$2,574,807	$575,193	$–	$–	$–

PROJECT DESCRIPTION	ESTIMATED TOTAL PROJECT COST	CLASSIFICATION				
		Rates funding – New and Upgraded infrastructure	Rates funding – Backlog and Depreciation	Reserves movements	Developer Contribution funded	Grant funded (not guaranteed)
Renew the following playgrounds in accordance with the Neighbourhood Parks Plan of Management 2022 and the Playgrounds Plan of Management 2022: • Green Park Senior Playground* • Phillips Street Playground • Euroka Street Playground • Victoria Street Playground • Refurbish Mary French Reserve Playground • W H Brothers Memorial Reserve Playground • Cremorne Reserve Playground • Milson Park Playground • Bradfield Park Playground* • Cahill Playground • Blues Point Reserve Playground • Tunks Park Playground • Berrys Island Playground • Ilbery Playground • Hodgsons Reserve Playground • Brightmore Reserve Playground* • Grassmere Reserve Playground *Potential inclusion of adventure and challenge equipment for older children.	$4,700,000	$–	$4,700,000	$–	$–	$–
Upgrade Cammeray Skate Park	$350,000	$350,000	$–	$–	$–	$–
Deliver a park enhancement program for provision of infrastructure to improve the amenity of parks such as shelter, shade, water fountains and seating.	$1,000,000	$1,000,000	$–	$–	$–	$–
Deliver additional active recreation facilities such as basketball half courts, outdoor table tennis tables and multi-use games areas in selected larger parks, including: • Forsyth Park • Waverton Park • Bradfield Park • Brightmore Reserve	$550,000	$550,000	$–	$–	$–	$–
Design and construct new public amenities in St Leonards Park.	$3,200,000	$–	$–	$–	$3,200,000	$–
Renew and upgrade the public amenities at the following parks: • Brennan Park • Forsyth Park • Waverton Park • Kesterton Park	$2,400,000	$1,794,330	$605,670	$–	$–	$–

PROJECT DESCRIPTION	ESTIMATED TOTAL PROJECT COST	CLASSIFICATION				
		Rates funding – New and Upgraded infrastructure	Rates funding – Backlog and Depreciation	Reserves movements	Developer Contribution funded	Grant funded (not guaranteed)
Explore opportunities to enhance outdoor fitness equipment across LGA.	$180,000	$180,000	$–	$–	$–	$–
Review and upgrade the North Sydney LGA foreshore walk (identified as a priority project in the North District Green Grid strategy), with a view to improving accessibility.	$4,415,252	$–	$–	$–	$–	$4,415,252
Deliver improved drainage in St Leonards Park to increase the resilience of this highly used park.	$1,100,000	$1,100,000	$–	$–	$–	$–
Deliver the following park/reserve upgrades in accordance with the Foreshore Parks & Reserves Plan of Management 2023: - Blues Point Reserve landscape and lighting upgrade - Walker Street Steps renewal (linking Lavender Street with Quibaree Reserve) - Watt Park footpath and associated lighting upgrade - Waverton Oval perimeter path project - Dowling Street Reserve upgrade - Lady Gowie Lookout restoration works	$1,050,000	$1,050,000	$–	$–	$–	$–
Renew the Walker Street Steps (linking Lavender St with Quibaree Reserve)	$2,500,000	$–	$2,500,000	$–	$–	$–
Renew and upgrade the footpath and associated lighting in Watt Park	$200,000	$200,000	$–	$–	$–	$–
Construct perimeter path around Waverton Oval suitable for recreational cycling, jogging etc.	$250,000	$250,000	$–	$–	$–	$–
Upgrade Dowling Street Reserve.	$350,000	$350,000	$–	$–	$–	$–
Restore Lady Gowie Lookout.	$500,000	$–	$–	$–	$–	$500,000
Complete the Cremorne Reserve Pathway Improvements project.	$1,200,000	$1,200,000	$–	$–	$–	$–
Replace the synthetic turf at Cammeray Park .	$1,200,000	$1,086,000	$114,000	$–	$–	$–
Reconstruct the Tunks Park turf cricket wicket table.	$150,000	$–	$150,000	$–	$–	$–
Renew and upgrade the North Sydney Oval complex to comply with current standards for the benefit of all users (clubs and the community). This includes removing the asset maintenance backlog as well as providing improved seating, corporate facilities and public toilets.	$32,000,000	$6,906,102	$9,093,899	$–	$–	$16,000,000
Repair the retaining wall in Wendy's Secret Garden below Harbourview Crescent and undertake drainage improvements.	$300,000	$300,000	$–	$–	$–	$–
Replace brick ties at the North Sydney Olympic Swimming Pool	$1,000,000	$–	$1,000,000	$–	$–	$–
INTEGRATED TRANSPORT						
Deliver walking infrastructure projects identified in the North Sydney Walking Action Plan.	$4,000,000	$2,000,000	$–	$–	$–	$2,000,000

PROJECT DESCRIPTION	ESTIMATED TOTAL PROJECT COST	CLASSIFICATION				
		Rates funding – New and Upgraded infrastructure	Rates funding – Backlog and Depreciation	Reserves movements	Developer Contribution funded	Grant funded (not guaranteed)
Develop a wayfinding guide and implement wayfinding signage across the LGA to increase awareness of safe, convenient and accessible walking and cycling routes between key destinations.	$2,040,676	$2,040,676	$–	$–	$–	$–
Apply for grant funding and progressively deliver cycling infrastructure identified in the North Sydney Bike Plan.	$18,000,000	$4,500,000	$–	$–	$–	$13,500,000
Rebuild and renew heritage style bus shelters across the LGA.	$3,300,000	$43,985	$3,256,015	$–	$–	$–
Review and implement the Local Area Transport Management (LATM) projects, focusing on highly walkable areas, to widen footpaths, enhance the place experience, and install new pedestrian crossings. Projects include: • continuous footpath treatment across Woolcott Street at Larkin Street, Waverton • pedestrian refuge across River Road at Carlyle Street, Wollstonecraft • raised pedestrian crossing across Parraween Street at Winnie Street, Cremorne • raised pedestrian crossing across Myrtle Street at Pacific Highway, North Sydney • raised pedestrian crossing across Crows Nest Road at Pacific Highway, Waverton • raised pedestrian crossing across Myrtle Street at the Pacific Highway, North Sydney • raised pedestrian crossing across Blue Street at North Sydney Station, North Sydney • raised pedestrian crossing across Cammeray Road at Park Avenue, Cammeray • raised pedestrian crossing across Grasmere Road at Young Street, Cremorne • continuous footpath treatment across Shellcove Road at Wycombe Road, Neutral Bay • raised pedestrian crossing across Carabella Street at Willoughby Street, Kirribilli • raised pedestrian crossing across Gillies Street at Morton Street, Wollstonecraft • raised pedestrian crossing across Blues Point Road at Princes Street, McMahons Point	$6,722,029	$3,361,015	$–	$–	$–	$3,361,015
ENVIRONMENT STRATEGY						
Undertake bushland walking track upgrades in Badangi Reserve.	$200,000	$127,282	$32,718	$–	$40,000	$–
Undertake bushland walking track upgrades in Balls Head Reserve.	$246,000	$196,800	$–	$–	$49,200	$–
Undertake bushland walking track upgrades in Brightmore Reserve.	$130,000	$104,000	$–	$–	$26,000	$–
Undertake bushland walking track upgrades in Primrose Park.	$222,630	$178,104	$–	$–	$44,526	$–
Undertake bushland walking track upgrades in Gore Cove/Smoothey Park.	$227,550	$182,040	$–	$–	$45,510	$–
Undertake bushland walking track upgrades in Tunks Park.	$70,000	$56,000	$–	$–	$14,000	$–
Undertake bushland walking track upgrades in Berry Island Reserve.	$210,000	$168,000	$–	$–	$42,000	$–
Increase Council's renewable energy capacity (panels and batteries) on new and existing council infrastructure, to help achieve 100% real time renewable energy for all Council's operations.	$720,000	$720,000	$–	$–	$–	$–

<table>
<tr><th>PROJECT DESCRIPTION</th><th>ESTIMATED TOTAL PROJECT COST</th><th colspan="5">CLASSIFICATION</th></tr>
<tr><th></th><th></th><th>Rates funding – New and Upgraded infrastructure</th><th>Rates funding – Backlog and Depreciation</th><th>Reserves movements</th><th>Developer Contribution funded</th><th>Grant funded (not guaranteed)</th></tr>
<tr><td>Electrify Council operations, excluding plant and fleet, by 2030. This will require replacement of the remaining two gas boilers at Stanton Library and Council Chambers with electric heat pumps.</td><td>$200,000</td><td>$–</td><td>$200,000</td><td>$–</td><td>$–</td><td>$–</td></tr>
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<tr><td>Transition all Council plant and fleet to electric by 2035.</td><td>$3,257,500</td><td>$3,257,500</td><td>$–</td><td>$–</td><td>$–</td><td>$–</td></tr>
<tr><td>Expand existing stormwater harvesting and water reuse systems at Primrose Park.</td><td>$120,000</td><td>$120,000</td><td>$–</td><td>$–</td><td>$–</td><td>$–</td></tr>
<tr><td>Expand existing stormwater harvesting and water reuse systems at Bon Andrews Oval/North Sydney Oval.</td><td>$145,000</td><td>$145,000</td><td>$–</td><td>$–</td><td>$–</td><td>$–</td></tr>
<tr><td>Expand existing stormwater harvesting and water reuse systems at Tunks Park.</td><td>$120,000</td><td>$120,000</td><td>$–</td><td>$–</td><td>$–</td><td>$–</td></tr>
<tr><td>Develop a reserve for delivery of priorities identified in the Coal loader Strategic plan.</td><td>$4,000,000</td><td>$–</td><td>$–</td><td>$4,000,000</td><td>$–</td><td>$–</td></tr>
<tr><td>Reduce the amount pollution/debris entering the harbour by expanding the Gross Pollutant Trap (GPT) network though the installation of at least three new GPTs by 2035.</td><td>$1,500,000</td><td>$–</td><td>$–</td><td>$–</td><td>$–</td><td>$1,500,000</td></tr>
<tr><td colspan="7">SOCIAL INCLUSION STRATEGY</td></tr>
<tr><td>Deliver a pilot program in Civic Park to trial the replacement of existing physical noticeboards with digital community information screens.</td><td>$100,000</td><td>$100,000</td><td>$–</td><td>$–</td><td>$–</td><td>$–</td></tr>
<tr><td>Work with Transport for NSW to deliver new accessible public space through the Berrys Bay project. This project includes fit out of Woodleys Shed as a community facility.</td><td>$1,000,000</td><td>$1,000,000</td><td>$–</td><td>$–</td><td>$–</td><td>$–</td></tr>
<tr><td>Work with Neutral Bay Village land owners to deliver a new Neutral Bay Community Centre.</td><td>$1,200,000</td><td>$–</td><td>$–</td><td>$–</td><td>$1,200,000</td><td>$–</td></tr>
<tr><td>Upgrade the existing library and expand the floorspace into the adjoining James Place development.</td><td>$12,000,000</td><td>$12,000,000</td><td>$–</td><td>$–</td><td>$–</td><td>$–</td></tr>
<tr><td>Upgrade the existing library and expand the floorspace into the adjoining James Place development.</td><td>$12,741,181</td><td>$–</td><td>$12,741,181</td><td>$–</td><td>$–</td><td>$–</td></tr>
<tr><td colspan="7">CULTURE AND CREATIVITY STRATEGY</td></tr>
<tr><td>Develop and deliver a program of dual signage and place naming for key public spaces such as Stanton Library, North Sydney Council offices, the Coal Loader and major walkways such as Miller Street.</td><td>$150,000</td><td>$150,000</td><td>$–</td><td>$–</td><td>$–</td><td>$–</td></tr>
<tr><td>Replace existing BP site signage and include links to First Nations heritage on site.</td><td>$100,000</td><td>$1100,000</td><td>$–</td><td>$–</td><td>$–</td><td>$–</td></tr>
<tr><td>Commission First Nations artists to create First Nations public art.</td><td>$400,000</td><td>$400,000</td><td>$–</td><td>$–</td><td>$–</td><td>$–</td></tr>
<tr><td>Deliver a new sign for the entry point to the Waverton Peninsula Parklands, and provide interpretive signage celebrating 100 years of community action on the peninsula.</td><td>$200,000</td><td>4200,000</td><td>$–</td><td>$–</td><td>$–</td><td>$–</td></tr>
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PROJECT DESCRIPTION	ESTIMATED TOTAL PROJECT COST	CLASSIFICATION				
		Rates funding – New and Upgraded infrastructure	Rates funding – Backlog and Depreciation	Reserves movements	Developer Contribution funded	Grant funded (not guaranteed)
Improve the War Memorial surrounds at St Leonards Park as detailed in the St Leonards Park Plan of Management.	$500,000	$–	$–	$–	$500,000	$–
Refurbish the Brothers Memorial in Brothers Park, Cremorne.	$30,000	$–	$30,000	$–	$–	$–
Deliver a variety of public art installations across the LGA.	$320,000	$320,000	$–	$–	$–	$–
Deliver public art in Little Walker Street and Gas Lane in accordance with the North Sydney CBD Public Domain Strategy.	$200,000	$200,000	$–	$–	$–	$–
Develop and implement a street art program to create vibrant public places.	$1,500,000	$1,500,000	$–	$–	$–	$–
Develop a reserve to implement projects identified through the cultural infrastructure study.	$2,000,000	$–	$–	$2,000,000	$–	$–
ECONOMIC DEVELOPMENT STRATEGY						
Work with NSW Government agencies to deliver the Miller Place project which includes a major public plaza, as well as recreation and entertainment space for the North Sydney CBD.	$9,000,000	$–	$–	$–	$9,000,000	$–
Design and deliver new 1,675m^2 plaza outside the iconic North Sydney Post Office.	$5,000,000	$–	$–	$–	$5,000,000	$–
Deliver North Sydney CBD laneway upgrades to improve walkability in Little Spring, Spring, Mount and Denison Streets.	$8,750,000	$–	$–	$–	$8,750,000	$–
Deliver a program of public domain improvement projects across town centres, including undergrounding of power lines.	$11,000,000	$8,151,000	$2,849,000	$–	$–	$–
Deliver the Cremorne Plaza and Langley Place upgrade project in accordance with the Neutral Bay and Cremorne Public Domain Upgrade Master plan 2015.	$5,200,000	$5,200,000	$–	$–	$–	$–
Provide a visible entrance to the LGA through clear signage.	$500,000	$500,000	$–	$–	$–	$–
GOVERNANCE STRATEGY						
Review Council accommodation and technology to ensure an effective workplace environment and alignment with new ways of working following the COVID pandemic.	$900,000	$900,000	$–	$–	$–	$–