

Bayside 2033

2024-2033 Long Term Financial Plan
(LTFP)



Telephone Interpreter Services - 131 450

Τηλεφωνικές Υπηρεσίες Διερμηνέων

بخدمة الترجمة الهاتفية

電話傳譯服務處

Служба за преведување по телефон

Table of Contents

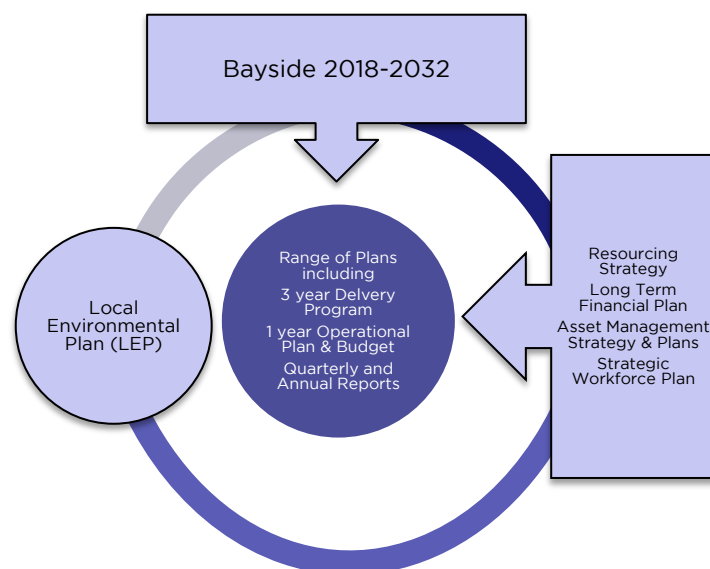
Executive Summary	4	Future Expenditure Assumptions	14
Long Term Financial Sustainability	6	Employee costs	14
Bayside NSW	8	Materials and contracts	14
Regulatory Environment	8	Depreciation	14
Legislated principles of sound financial management	8	Other expenses	14
Socio-economics	9	New and discontinued operations	14
Residential Properties	9	Balance Sheet Projections	15
Housing Tenure	9	Cash and investments	15
Household Incomes	9	Inventories and other assets	15
Indexes	9	Infrastructure, property, plant and equipment	15
Concessions	9	Provisions	15
Economic Environment	10	Borrowings	15
Business Properties and Industry	10	Sensitivity Analysis	16
Gross Regional Product	10	Cash rates	16
Workers	10	Consumer price index	16
Financial Objectives	10	Employee Costs	16
Deliver operating surpluses	11	Monitoring Financial Performance	17
Fund existing service levels	11	Financial indicators	17
Fund infrastructure renewals	11	Budget control	17
Ensure financial stability	11	Financial Assessment	18
Financial legacy	11	Financial Projection Scenarios	19
Future Revenue Assumptions	12	Scenario 1 - Base Case	23
Rates	12	Scenario 2 - Optimistic	27
Special Rates	12	Scenario 3 - Pessimistic	31
User fees and charges	13		
Annual Charges	13		
Operating grants and contributions	13		
Capital grants and contributions	13		
Gains from disposals of assets	13		

Executive Summary

In planning for our City's future and the Council's contribution to the outcomes in the Community Strategic Plan, Council considers resourcing capability and future resourcing needs. Council has developed an overarching Resourcing Strategy which demonstrates how Council will be resourced for the next twelve years. The Resourcing Strategy supports the integration between our finance, workforce, assets and technology.

Key components of Council's resourcing capability are its assets, its financial position and outlook, existing and potential technologies and human resourcing. While we have separately documented how each of the key resourcing components will contribute to our resourcing, Council considers each component simultaneously in its overarching Resourcing Strategy as part of our long-term planning.

The Integrated Planning and Reporting (IP&R) framework encourages and supports the review of each of Council's resourcing strategies



aligned with the review of the Community Strategic Plan and at other times as required.

The Long-Term Financial Plan can be read in conjunction with Council's suite of resourcing strategies. This suite includes:

- ▶ [The Long-Term Financial Plan](#)
- ▶ [The Strategic Workforce Plan](#)
- ▶ [The Asset Management Strategy](#)

The Long-Term Financial Plan is a decision-making and problem-solving tool. It is intended as a guide for future action. The Long-Term Financial Plan is an important part of Council's strategic planning process. This is the point where long-term community aspirations and goals are tested against financial realities.

The strategies from the Long-Term Financial Plan will guide the delivery of actions by Council to achieve the following outcomes of the Council Plan.

- ▶ Council needs to resolve the 'Income Gap' that is reflected in its LTFP. This issue is not unique to Bayside Council and is the result of the continuous impact of the Rate Peg regime in NSW since 1977.
- ▶ While Council has been investing significantly in new assets since being formed in September 2016, these have mainly been funded by external sources, including developer contributions and grants and there is no funding source to provide for the increased maintenance, operating and future renewal of these assets.
- ▶ Bayside Council is forecasted to continue to have a high level of high-density residential housing development over the LTFP period and this will increase pressure to upgrade and expand the existing asset base to provide services to its community.
- ▶ The former Rockdale City Council had existing Infrastructure Levies that provide a funding source for renewal of infrastructure assets, but these funds can only be expended in specific areas where levied.
- ▶ The former City of Botany Bay Council did not have the equivalent funding source that could be used to fund the required asset maintenance and future renewal.

Long Term Financial Sustainability

How do we Define Long Term Financial Sustainability?

A financially sustainable Council is one that has the ability to fund ongoing service delivery, and the renewal and replacement of assets without imposing excessive debt or rate increases on future generations. This definition has been translated into four key financial sustainability principles:

- ▶ Council must achieve a **fully funded operating position** reflecting that Council collects enough revenue to fund operational expenditure, repayment of debt and depreciation,
- ▶ Council must **maintain sufficient cash reserves** to ensure that it can meet its short term working capital requirements,
- ▶ Council must have a **fully funded capital program**, where the source of funding is identified and secured for both capital renewal and new capital works,
- ▶ Council must **maintain its asset base**, by renewing ageing infrastructure which is identified, and by ensuring cash reserves are set aside for those works which are yet to be identified.
- ▶ Council must endeavour to ensure that **intergenerational equity** principles are maintained in its decision making.

It is important to note that while these principles represent financial sustainability, in the current environment, most Council's will find it difficult to obtain this level of sustainability as the major ongoing challenge for all NSW councils is the need to provide adequate levels of for the maintenance and renewal of existing ageing infrastructure.

This has been previously highlighted in several previous studies such as the 2006 Local Government and Shires Association's Independent Inquiry into the Financial Sustainability of NSW Local Government and more recently the 2013 report released by NSW Treasury Corporation (TCorp) in regard to financial sustainability of all NSW councils.

The TCorp review identified an infrastructure renewal backlog of \$7.2 billion across all NSW councils. These studies have identified the need for NSW councils to significantly increase funding for the renewal of existing infrastructure. They have further identified that if funding is not increased in the immediate term, then the infrastructure renewal backlog will continue to increase at a level which may become too great to address without serious ramifications on service delivery.

The backlog in asset renewal is a direct result of councils in NSW not being able to cash fund depreciation. Depreciation represents the average loss of service potential for the asset over its economic life. Current asset renewal funding is based on the actual renewals program and this is often modified to fit within budgetary restraints. This means that as assets are consumed, adequate funds are not available to be put aside to replace the asset at the end of its useful life. This is not a result of poor management; councils simply cannot afford to fund depreciation without compromising existing levels of service. As rates are pegged to a basket of CPI indexes by IPART many councils struggle to keep up with their asset renewal requirements and other cost increases progressively erode the funding base.

Deferring asset renewals compounds the asset renewal problem, as the older assets get, the more they cost a council to maintain. This in part is being addressed through the implementation of Integrated Planning and Reporting, moving a council's focus away from simply maintaining assets to managing an assets life cycle. This framework allows councils to clearly demonstrate to the community the long-term financial ramifications of not renewing assets.

How is Long Term Financial Sustainability Measured?

A recent review undertaken by the Independent Pricing and Regulatory Tribunal (IPART) into the Revenue Framework for Local Government identified a number of key performance indicators which measure the financial performance and position of NSW councils. The indicators measure both recurrent operations and capital sustainability.

Council will review its Long-Term Financial Plan against these indicators as part of assessing the long term financial health of the organisation and its capacity to fund the proposed Delivery Program.

Achieving long term financial sustainability

One of the biggest challenges facing Council is beginning to address Council's long term financial sustainability, specifically addressing future deficit operating results excluding capital and reserve

movements, as well as a forecasted asset expenditure funding shortfall of more than \$109 million over the next 10 years.

This term of Council has already begun to implement some actions to address this shortfall, however, it is extremely unlikely that the overall long term funding shortfall will be addressed in its entirety without Council contemplating some form of increase in rates revenue as an alternative to significantly decreasing much needed services provided to the community.

One of the main factors contributing to this issue is that Council's depreciation expense has continued to increase faster over the past few years. This is partly because Council has been delivering new assets, which are more functional, environmentally friendly, and aesthetically pleasing. This however comes at a higher cost to operate and results in higher maintenance and depreciation costs.

The importance of analysing the depreciation expense is that it identifies the value of the funding shortfall for the investment Council is required to make to renew its infrastructure assets, which is some \$81 million over the 10-year Long Term Financial Plan (LTFP).

In addition to the asset renewal funding shortfall, there is also a funding gap of around \$28 million for the maintenance of

Infrastructure Assets throughout the Bayside Local Government Area (LGA).

Combined, this is a total funding shortfall of more than \$109 million over the next 10 years. This funding shortfall is significant and a serious challenge for Council to address to ensure ongoing long term financial sustainability is achieved and for Council to continue to provide valued services required by the community (at an appropriate level); and achieve Council's asset maintenance and renewal financial requirements.

The options available for Council to address this financial challenge include:

- ▶ Increasing revenue
- ▶ Reducing expenditure
- ▶ Reviewing current asset holdings.

It has been noted by the current Council, that whilst there are a number of options available to consider in addressing the overall long term funding shortfall, it is unlikely it will be able to be addressed without some form of Special Rate Variation to increase rates.

Bayside (NSW)

Bayside Council is in Sydney's southern and south-eastern suburbs - between 7 and 12 kilometres south of the Sydney CBD. The local government area is highly urbanised and predominantly residential with sizeable industrial areas, parkland/reserves and small suburban commercial areas. Housing density is high to low.

Bayside includes the suburbs of Arncliffe, Banksia, Banksmeadow, Bardwell Park, Bardwell Valley, Bexley, Bexley North, Botany, Brighton Le Sands, Carlton (part), Daceyville, Dolls Point, Eastgardens, Eastlakes, Hillsdale, Kingsgrove (part), Kogarah (part), Kyeemagh, Mascot, Monterey, Pagewood, Ramsgate (part), Ramsgate Beach,

Rockdale, Rosebery (part), Sandringham, Sans Souci (part), Turrella and Wolli Creek.

The Bayside Council population forecast for 2023 is 186,985, and this is forecast to grow to 209,896 by 2036.

Bayside council is expecting that significant population growth due to the urban renewal being experienced in parts of Bayside will continue over the course of the long-term financial plan period, with forecast population to be 209,896 (10%, increase) by 2036 (Source: Profile ID Population Forecast)

Regulatory Environment

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

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.

Socio-economics

When preparing the plan, many factors are taken into consideration noting that rates, annual charges and user fees and charges make up a significant portion of Council's total revenue so capacity to pay is one of those important factors.

Residential Properties

In the 2022-23 financial year there are 67,339 properties across Bayside rated as 'Residential'. These properties include single dwellings, social housing, and multi-unit dwellings.

Housing Tenure

In Bayside, 55% of households were purchasing or fully owned their home, 32.4% renting privately, and 4.2% in social housing in 2016.

The median monthly mortgage repayment across Bayside was \$1,936 which was \$186 more than the Greater Sydney area. 54.1% of renting households were paying \$450 or more per week in rent in 2016.

Household Incomes

According to the 2021 Census in the Bayside Council area, the median weekly household income is \$1,959. Analysis of the individual income levels in Bayside Council area in 2021 compared to New South Wales shows that there was a higher proportion earning a high income (those earning \$1,750 per week or more) and a lower proportion of low-income persons (those earning less than \$500 per week). Overall, 22.0% of the local workers earned a high income, and 13.5% earned a low income, compared with 20.5% and 17.2% respectively for New South Wales.

Indexes

The Bayside Council area SEIFA Index of Disadvantage measures the relative level of socio-economic disadvantage based on a range of Census characteristics.

It is a good place to start to get a general view of the relative level of disadvantage in one area compared to others and is used to advocate for an area based on its level of disadvantage. SEIFA Index of Disadvantage for the Bayside Council area in 2021 was 1004 which is slightly higher than the average 1000.0

Concessions

There are concessions available for rates and annual charges for eligible ratepayers who receive an aged or disability support pension under the provisions of the Local Government Act 1993.

Council recognises that from time to time certain ratepayers may have difficulty in paying their Council rates and charges. The Local Government Act allows Council to provide a range of assistance to these ratepayers in circumstances detailed in our Hardship Policy.

Economic Environment

The Bayside Council economy is part of a complex and diverse network of activities.

Key Statistics

GRP \$13.60 billion <small>NIEIR 2022</small>	Population 176,061 <small>ABS ERP 2021</small>	Local jobs 83,649 <small>NIEIR 2022</small>
Largest industry (by employment) Transport, Postal and Warehousing <small>NIEIR 2022</small>	Local businesses 18,514 <small>ABS 2022</small>	Employed Residents 94,979 <small>NIEIR 2022</small>

Business Properties and Industry

There are 4,798 properties across Bayside which are rated as 'Business' and account for around 26 per cent of the Council's total rateable properties. The construction industry had the largest number of total registered businesses in the Bayside Council area, comprising 18% of all total registered businesses, compared to 17% in New South Wales (ABS).

Gross Regional Product

Bayside Council's Gross Regional Product (GRP) was \$13.60 billion in the 2020-21 financial year. This represents 3.02 per cent of the GRP of the state of NSW.

Workers

In the Bayside Council area, Transport, Postal and Warehousing is the largest employer, generating 18,621 Full Time Equivalents (FTE's) in 2020-21.

Financial Objectives

In addition to the legislated principles of sound financial management, Bayside Council has five financial objectives that it applies to its financial planning, control and management.

Deliver operating surpluses

Ensure that each financial year the budget has a healthy before capital revenue operating surplus, combined with strong budget management and control, to help deliver an operating surplus for Council.

Fund existing service levels

Ensure existing service levels that Council currently provide continue to be fully funded when preparing budgets and making financial decisions.

Fund infrastructure renewals

The funding allocated to annual capital works programs is as per the Asset Management Program. This will ensure that Council meets the infrastructure renewals ratio benchmark each year.

Ensure financial stability

Council can guarantee its financial stability by maintaining a strong cash position, ensuring its ability to generate its own operating revenue and having sufficient assets to cover its liabilities.

Financial legacy

Ensure that every financial decision that is made, by both the Council and Council management, creates and safeguards the financial legacy of Bayside Council - a legacy of being prudent and responsible.

This is reflected in Council's commitment to maintain a conservative risk/return portfolio.

Future Revenue Assumptions

The base year figures that have been used for operating revenue are those contained within the 2023-24 budget. In preparing the 2024-2033 Long Term Financial Plan, the following underpinning principles have been used:

- ▶ Budgets will aim to maintain assets to at least the same condition as they were at the start of each financial year,
- ▶ Management will continually look for ways to structurally realign resources and/or increase income opportunities without changes to service standards,
- ▶ Services and Infrastructure in any new areas will be provided when they are needed,
- ▶ Council will continue to improve its capacity to fund its recurrent operations and renew critical infrastructure through sustainable financial decision making.

Rates

Council has an IPART approved minimum rate harmonisation path in place for a period of four years commencing 2021-22 and ending in 204/25. The harmonisation of rates does not result in an increase in permissible rate revenue.

Council's ability to align rating revenues with the increased cost of providing local government services has been restrained by rate pegging (since 1977), a legislative instrument whereby the maximum increase in rating revenues is currently set by IPART.

For the rating year commencing 1st July 2023, IPART had determined that the rate peg limit will be 3.7%, including a population factor of 0%.

The number of properties subject to rating in 2023-24 is as follows:

Category	Number of Properties	Average Rate p.a. excluding Special Rate Variations
Residential - minimum	41,955	\$777
Residential - ad valorem	25,723	\$1,227
Business - minimum	2,152	\$803
Business - ad valorem	2,628	\$8,293
Farmland - ad valorem	5	\$1,448
Total	72,463	

Special Rates

Special Rates include Special Local Area Rates, Community Safety Levies, Community Building Levies and Infrastructure Levies.

Special rates are levied on identified residential and business properties to cover the cost of any works, services, facilities or activities carried out and for the benefit of specific local areas.

User fees and charges

Council receives 7% of its annual operating revenue through user fees and charges, set under S610D of the Local Government Act 1993.

This revenue is received through fees and charges applied through areas of Council such as the Aquatic Centres, the various childcare centres, commercial trade waste and the hire of community facilities such as Council's sports fields and community halls. Some of these are set by statutory regulations and future increases are difficult to predict but have been assumed at the CPI index.

Annual Charges

Section 496 of the Act requires Council to levy a domestic waste management service charge on each residential parcel of land for which the service is available, regardless of whether or not the garbage and recycling collection service is used. This charge will be recovered via the domestic waste admin fee. Almost a quarter of Council's revenue is received through the levying of annual charges.

Section 502 of the Act then allows Council to levy users of the service an annual waste charge dependent upon the number of waste bins being utilised. As required under s504 of the Local Government Act 1993 the domestic waste management charges are calculated so not to exceed the reasonable cost to the council of providing those services. Therefore, the increases in these charges included in the plan are consistent with the increases applied to the operating expenditure incurred by the service.

It is important to note that until such time as the services provided to residents of the new Council are harmonised, the waste fees applicable to each residential parcel of land will vary.

There has been no increase assumed for the stormwater management annual charge. This charge is determined under clause 125AA of the Local Government (General) Regulation 2005 and has remained at the same level since its inception. Overall increases have been set at the CPI factor.

Operating grants and contributions

Bayside Council has demonstrated a moderate degree of reliance on external funding sources such as grants and contributions. There has been no inclusion of any additional grants or contributions in the plan with only those non-speculative, existing, and recurring grants and contributions being included with a very modest increase assumed across the period of the plan.

Capital grants and contributions

Council receives development contributions from property developers which are used to fund community facilities and infrastructure.

The contribution a developer pays for a major new development is capped by NSW legislation. The section 7.11 (formerly S94) contributions received, and the infrastructure to be funded that are contained within this plan, are consistent with Council's Section 7.11 Development Contributions Plan (2019).

Various grants are received by Council throughout financial years for capital projects. These grants are predominately for road construction and the number and value are determined by State or Federal Government programs. Due to the nature of their unpredictability, capital grants contained in the plan are minimal.

Gains from disposals of assets

Gains from the sale of Council's plant and fleet assets are included in the plan. These disposals are in accordance with Council's Plant Replacement Strategy.

Future Expenditure Assumptions

The base year figures that have been used for operating expenditure in this plan are those contained within the forecasted 2022-23 budget.

Employee costs

Expenditure relating to the Council workforce accounts for over 40 per cent of total operating expenditure and is therefore one of the largest investments that Council makes on an annual basis.

The forecasted wage percentage increase is based on the Local Government Award 2020 and has been forecasted using historical averages. Council's superannuation expense is aligned to the payments required under the Superannuation Guarantee (Administration) Act 1992. The Act sees the percentage rate grow from 10% in 2021-22 to 12% in 2025-26. This increase has been incorporated into the plan.

Materials and contracts

The Reserve Bank of Australia (RBA) has an inflation target of 2.5 per cent. On average the RBA has been achieving this over the last ten years however the most recent headline CPI rate as at March 2022 is 7.0 per cent and higher inflation rates are expected to continue in the short term.

Depreciation

Depreciation for Council's assets is a non-cash expense that reflects the utilisation of Council's assets and the degradation of their capacity to provide functionality over time.

Depreciation expense is an indicator used by the Office of Local Government to determine the level of asset renewals that councils

should be undertaking. Bayside Council uses a straight-line method of depreciation which is very commonly applied to local government infrastructure.

Other expenses

Increases in the range of levies imposed by the State Government are hard to predict. Levies such as the State Emergency Services Levy, Fire Brigade Levy and Sydney Regional Development Fund contribution have grown significantly of the past and have been forecast to continue. Continuing efforts from the Sustaining Our City Program in the area of water and energy conservation are having a positive impact on the consumption rates. However, the price per unit continues to rise and is proving reasonably unpredictable.

New and discontinued operations

There are no discontinued operations at this time.

Balance Sheet Projections

The base year figures that have been used for all balance sheet items including cash and investments are those included in the audited financial reports for the 2021-22 year.

Cash and investments

Council has a number of cash reserves both externally and internally restricted. The forecasted balances of cash and investments have been taken into account the planned transaction of various reserves such as plant replacement, domestic waste reserve, employee leave entitlements, ICT reserve, stormwater management, section 7.11 contributions reserve and others. Cash levels have been forecasted to ensure that adequate operational liquidity is maintained.

The balance of cash reserves which are considered funding sources in the budgeting process are based on the forecasted balances as at 30 June 2023 \$486m.

Inventories and other assets

The inventory that Council holds at its Works Depot, Aquatic Centre, and Community Nursery have remained stable over the past ten years. These levels have been forecasted to continue over the life of the plan.

Infrastructure, property, plant and equipment

Bayside Council has approximately \$1.7B worth of infrastructure, property plant and equipment. The financial management of these assets are guided by the 2022 revised Asset Management Plans and the asset renewals and upgrades that have been identified in these

plans remain unfunded in this plan. The asset base maintained by council has been subject to a program of revaluation cycles since the Council was proclaimed in September 2016 and improved asset data information will be used to inform future updates to Council's long term financial plan and strategic asset management.

Provisions

Council has made provisions for payment of employee leave entitlements which predominately consist of annual leave and long service leave. The balance of these provisions is governed by the Leave Policy and have been forecasted in line with its objectives. When determining the value of the provisions, factors such as wage and salary increases, cash rate forecasts, and factors affecting discounting rates have been taken into consideration.

Borrowings

Bayside Council currently has very low levels of external borrowing. During 2022/23 council undertook a loan from and is proposing to undertake borrowings from Treasury NSW for park upgrade project in 2021-22, 2022-23 and 2023-24. These proposed new borrowings are included in all scenarios. Council reviews its debt service ratio annually to ensure the level of debt is kept within the recommended levels for NSW Councils.

Sensitivity Analysis

Variations to assumptions applied in this plan may occur during the life of the plan and these variations could have a major or significant impact on the results of the financial modelling.

The plan contains a range of assumptions which are obtained from a various number of sources. Council has ensured that these sources are reputable and are the best-known available source for that data.

A conservative approach has been taken in the development of the plan, to ensure that the chosen option is more likely to succeed and exposes Council to the least amount of risk. Conservative financial planning is used as a tool to keep pressure on operating budgets, with any surpluses that eventuate being allocated towards infrastructure asset maintenance or capital expenditure.

Cash rates

The cash rate has rapidly transitioned from their historically low levels to record highs as the RBA attempts to bring inflation under control. The returns on investments in the model are conservative but reflect rates increasing over the early years of the plan and then reducing and returning to normal levels towards the end of the plan.

The increase in the cash rates has had a positive impact on Council's investment portfolio, as investment returns are driven higher. It should be noted that the majority of the council's investments, specifically 80%, are made up of externally restricted developer contributions. Therefore, any earnings derived from investing these funds must adhere to the same restrictions as developer contributions and cannot be utilised for general income purposes.

A higher cash rate also has a positive impact on Treasury Bond Yields. These yields are used for discounting Council's employee leave provisions, therefore increasing yields result in lower discounting rates and leave provisions.

Higher cash rates do result in higher borrowing costs for both owner occupiers and investors which could create a flow on effect in terms of development activity across the City.

Consumer price index

Consumer Price Index (CPI) assumptions are heavily used throughout the plan and is an assumption used on both expenditure and revenue which mitigates substantial impact on the results of the financial modelling should there be any significant variance.

Historical inflation over the past ten years have shown insignificant fluctuations of the annual CPI figure with the average rate over that period being 1.90 per cent. There is currently a higher and average CPI above the RBA target range, and this is expected to continue during the early periods of the plan.

Employee Costs

Council has modelled employee costs various rates across the years in the scenarios developed and is anticipating cost living pressures due to general economic conditions and sentiment. Sensitivity has been completed on increases ranging from 2.5% for years commencing from year four of the forecast. Employee costs are a major element of the IPART Local Government Cost calculation, and any increase should be offset by an increase in the approved Rate Peg in future years.

Monitoring Financial Performance

The Primary Model adopted in this plan has been developed to ensure that it meets Council's five financial objectives, and the benchmarks and/or targets for an array of financial indicators which have either been internally or externally prescribed. There are a number of factors which affect the value and size of certain revenue, operating expenditure, and/or capital expenditure each financial year. However, the impact these variations have on the financial indicators are what should be measured.

Financial indicators

The Primary Model has been developed so that its implementation will meet a set of financial indicators:

- ▶ Balanced Budget
- ▶ Operating Performance Ratio
- ▶ Own Source Operating Revenue Ratio
- ▶ Unrestricted Current Ratio
- ▶ Debt Service Ratio
- ▶ Asset Maintenance Ratio
- ▶ Asset Renewal Ratio

Budget control

While annual budgets aim to meet the financial indicator benchmarks, this is not always achievable as decisions on the resolution of the Income Gap have not yet been determined. Consequently, budget control and monitoring are paramount for Council achieving the outcomes of this plan. Budgets are monitored internally on an ongoing basis using Council's financial information systems. Monthly Financial Reports and Quarterly Budget Reviews are reported by Council and illustrate the progress against its adopted budgets.

Financial Assessment

Council's budget has faced significant pressures including:

- ▶ An increasing burden as a result of cost shifting from other levels of government,
- ▶ Increases in the cost of procuring goods and services have been consistently higher than rate pegging increases as determined by IPART; and
- ▶ Greater competition between councils in the allocation of external funding such as Financial Assistance Grants.

The biggest single financial issue facing Council is the need to maintain and replace ageing assets, while providing new assets to meet the needs and expectations of the community. Council has invested significantly in new and upgraded assets, funded by developer contributions and grants since its formation in September 2016, however these are not able to be used to fund maintenance, operation costs or the renewal to these assets.

All the current scenarios reflect Council's significant long term financial sustainability challenges as follows:

- ▶ **Operating results** before capital revenue in all modelled scenarios is negative
- ▶ **Cash** remains relatively strong; cash balances are utilised to service capital requirements.
- ▶ Council has a longstanding commitment to adopting balanced budgets. To achieve this budget outcome decisions are made around the level of asset maintenance and deferral of renewal to ensure that Council is able to fund the proposed budget. A **balanced budget** is reflected in the Base and Optimistic scenarios. However, the Pessimistic scenario results in a deficit cash budget result.
- ▶ Council does not meet the requirements of the infrastructure asset maintenance ratio in any of the scenarios presented in this plan.
- ▶ The **debt service ratio** represents the percentage of Council's total operating revenue that is attributable to net debt servicing costs. The debt service ratio results remain strong and enables council to undertake the new borrowings indicated in the plan.

Financial Projection Scenarios

Council's LTFP contains long term projections based on specific assumptions. As it is difficult to accurately predict all future trends, alternative scenarios have been modelled to help provide an indication of Council's future financial position under a variety of circumstances. These alternative scenarios are summarised below:

All scenarios use the 2023-24 draft budget as the base, the same global assumptions and forecast capital works program.

Scenario One - Base Case

This is the business-as-usual scenario and includes the amended rate peg of 3.7% and the continuation of an annual improvement program of approx. \$1.6m per annum.

Scenario Two - Best Case (Optimistic)

The same basis as for Scenario 1 and includes forecasted improvements to operating revenue (user charges) and operating expenditure over the life of the LTFP. It also models a higher rate peg assuming corrections to the rate peg methodology through IPART review.

Scenario Three - Worst Case (Pessimistic)

In this scenario a lower rate peg is used across the model and also a lower employee costs and materials and contracts are included in the

model resulting significant increases to the operating result before capital revenue to align with a lower rate peg.

For Council to achieve financial sustainability, all four financial sustainable principles must be met.

- ▶ Council must achieve a **fully funded operating position** reflecting that Council collects enough revenue to fund operational expenditure, repayment of debt and depreciation,
- ▶ Council must **maintain sufficient cash reserves** to ensure that it can meet its short-term working capital requirements,
- ▶ Council must have a **fully funded capital program**, where the source of funding is identified and secured for both capital renewal and new capital works,
- ▶ Council must **maintain its asset base**, by renewing ageing infrastructure, which is identified, and by ensuring cash reserves are set asides for those works which are yet to be identified.

Scenario 1 - Base Case

Assumptions Item	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Rates and Annual Charges	5.5%	5.0%	4.5%	3.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Fees and Charges	5.5%	5.0%	4.5%	3.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other Revenue	5.5%	5.0%	4.5%	3.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Grants	3.7%	3.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Capital Income	3.7%	3.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Interest Income on Investment	4.0%	3.5%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Employee Costs	5.5%	5.0%	4.5%	3.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Materials and Contracts	5.5%	5.0%	4.5%	3.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other Expenses	5.5%	5.0%	4.5%	3.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Population Growth	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

NB: FY2023-24 is as included in the draft budget

Scenario 2 - Optimistic Case

Assumptions Item	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Rates and Annual Charges	5.5%	5.0%	4.5%	3.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Fees and Charges	5.5%	5.0%	4.5%	3.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other Revenue	5.5%	5.0%	4.5%	3.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Grants	3.7%	3.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Capital Income	3.7%	3.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Interest Income on Investment	4.0%	3.5%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Employee Costs	4.5%	4.0%	3.5%	2.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Materials and Contracts	4.5%	4.0%	3.5%	2.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Other Expenses	5.0%	4.5%	4.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Population Growth	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

NB: FY2023-24 is as included in the draft budget

Scenario 3 - Pessimistic Case

Assumptions Item	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Rates and Annual Charges	3.5%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Fees and Charges	3.5%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other Revenue	5.5%	5.0%	4.5%	3.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Grants	3.7%	3.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Capital Income	3.7%	3.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Interest Income on Investment	4.0%	3.5%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Employee Costs	3.5%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Materials and Contracts	5.5%	5.0%	4.5%	3.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other Expenses	3.5%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Population Growth	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%

NB: FY2023-24 is as included in the draft budget

Capital Works Program

It is assumed that the capital works program is the same for all scenarios.

Capital Works Program	2023/24 \$'000	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
Renewal of Assets										
Non-Infrastructure Assets	9,120	6,787	8,544	-	-	-	-	-	-	-
Buildings	4,066	3,895	8,257	7,750	3,000	3,000	3,000	3,000	3,250	3,250
Other Structures	795	1,042	789	330	280	540	900	180	240	240
Roads, Bridges & Footpaths	10,921	6,958	6,954	10,541	8,465	8,785	9,200	8,930	9,760	9,760
Stormwater Drainage	850	439	439	823	2,450	2,650	2,789	2,850	3,200	3,200
Swimming pools & Other Open Spaces	15,034	13,250	13,527	13,492	2,905	3,855	3,845	4,295	4,825	4,925
Total Renewal of Assets	40,786	32,371	38,510	32,936	17,100	18,830	19,734	19,255	21,275	21,375
New Assets										
Non-Infrastructure Assets	1,975	775	500	4,207	4,178	8,768	3,805	4,128	9,417	4,334
Buildings	1,800	2,341	2,073	250	11,365	17,649	13,240	7,802	8,044	4,471
Other Structures	-	2,146	2,414	4,400	-	-	-	-	-	-
Roads, Bridges & Footpaths	3,239	6,350	11,050	325	16,476	15,709	14,336	13,093	12,736	13,078
Stormwater Drainage	3,600	-	-	-	4,762	16,137	8,521	-	-	-
Swimming pools & Other Open Spaces	19,997	17,655	17,130	22,030	17,525	3,978	2,041	618	499	515
Total New Assets	30,612	29,267	33,167	31,212	54,307	62,241	41,943	25,640	30,696	22,399
Total Capital Works Program	71,397	61,638	71,677	64,148	71,407	81,071	61,677	44,895	51,971	43,774

Scenario 1 - Base Case

Base Case Income Statement

Bayside Council 10 Year Financial Plan for the Years ending 30 June 2033 INCOME STATEMENT - GENERAL FUND Scenario: Base Case Scenario										
	2023/24	2024/25	2025/26	2026/27	Projected Years					
	\$'000	\$'000	\$'000	\$'000	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
					\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Revenue:										
Rates & Annual Charges	139,771	146,368	152,755	158,865	164,034	168,135	172,338	176,647	181,063	185,589
User Charges & Fees	16,011	16,412	16,823	17,244	17,675	18,117	18,570	19,034	19,510	19,998
Other Revenues	18,386	19,397	20,367	21,284	22,029	22,579	23,144	23,722	24,315	24,923
Grants & Contributions provided for Operating Purposes	12,686	13,156	13,642	13,983	14,333	14,691	15,059	15,435	15,821	16,216
Grants & Contributions provided for Capital Purposes	16,601	10,103	11,793	8,365	9,589	9,567	10,070	10,168	10,526	10,845
Interest & Investment Revenue	16,490	18,416	15,664	12,928	10,476	9,928	9,203	8,987	9,170	9,229
Total Income from Continuing Operations	219,946	223,851	231,044	232,668	238,135	243,017	248,383	253,992	260,405	266,801
Expenses from Continuing Operations										
Employee Benefits & On-Costs	84,657	89,313	93,779	97,999	101,429	103,965	106,564	109,228	111,959	114,758
Borrowing Costs	193	78	3	-	-	-	-	-	-	-
Materials & Contracts	53,221	56,148	58,955	61,608	63,765	65,359	66,993	68,668	70,384	72,144
Depreciation & Amortisation	32,454	33,266	34,097	34,950	35,823	36,719	37,637	38,578	39,542	40,531
Other Expenses	26,073	27,507	28,882	30,182	31,239	32,020	32,820	33,641	34,482	35,344
Total Expenses from Continuing Operations	196,598	206,312	215,717	224,739	232,256	238,062	244,014	250,114	256,367	262,776
Operating Result from Continuing Operations	23,348	17,539	15,326	7,929	5,879	4,955	4,370	3,878	4,038	4,025
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	23,348	17,539	15,326	7,929	5,879	4,955	4,370	3,878	4,038	4,025
Net Operating Result before Grants and Contributions provided for Capital Purposes	6,746	7,437	3,534	(436)	(3,709)	(4,612)	(5,700)	(6,289)	(6,488)	(6,820)

Base Cash Flow Statement

Bayside Council										
10 Year Financial Plan for the Years ending 30 June 2033										
CASH FLOW STATEMENT - GENERAL FUND										
Scenario: Base Case Scenario										
	2023/24	2024/25	2025/26	2026/27	Projected Years					
	\$'000	\$'000	\$'000	\$'000	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
					\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	139,433	145,953	152,353	158,481	163,709	167,877	172,074	176,375	180,785	185,304
User Charges & Fees	14,998	16,330	16,738	17,157	17,586	18,026	18,477	18,939	19,412	19,897
Investment & Interest Revenue Received	16,494	18,417	15,687	12,951	10,531	10,023	9,234	8,963	9,164	9,194
Grants & Contributions	29,241	23,131	25,481	22,283	23,955	24,266	25,147	25,613	26,363	27,076
Other	18,304	19,465	20,315	21,309	21,988	22,560	23,116	23,700	24,289	24,897
Payments:										
Employee Benefits & On-Costs	(84,576)	(89,231)	(93,700)	(97,924)	(101,368)	(103,920)	(106,518)	(109,181)	(111,910)	(114,708)
Materials & Contracts	(53,130)	(56,000)	(58,814)	(61,475)	(63,656)	(65,278)	(66,910)	(68,583)	(70,298)	(72,055)
Borrowing Costs	(193)	(78)	(3)	-	-	-	-	-	-	-
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-
Other	(25,709)	(27,058)	(28,452)	(29,775)	(30,908)	(31,775)	(32,569)	(33,383)	(34,218)	(35,073)
Net Cash provided (or used in) Operating Activities	54,863	50,928	49,606	43,006	41,838	41,778	42,050	42,443	43,586	44,532
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	19,677	13,699	21,146	20,084	28,090	37,329	18,646	2,330	7,965	-
Payments:										
Purchase of Infrastructure, Property, Plant & Equipment	(71,397)	(61,638)	(71,677)	(64,148)	(71,407)	(81,071)	(61,677)	(44,895)	(51,971)	(43,774)
Net Cash provided (or used in) Investing Activities	(51,720)	(47,939)	(50,531)	(44,064)	(43,316)	(43,742)	(43,031)	(42,565)	(44,006)	(44,494)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-
Payments:										
Repayment of Borrowings & Advances	(3,400)	(3,710)	(188)	-	-	-	-	-	-	-
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(3,400)	(3,710)	(188)	-	-	-	-	-	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(258)	(721)	(1,113)	(1,057)	(1,478)	(1,965)	(981)	(123)	(419)	38
plus: Cash & Cash Equivalents - beginning of year	21,869	21,611	20,890	19,777	18,720	17,242	15,277	14,296	14,173	13,754
Cash & Cash Equivalents - end of the year	21,611	20,890	19,777	18,720	17,242	15,277	14,296	14,173	13,754	13,792
Cash & Cash Equivalents - end of the year										
Cash & Cash Equivalents - end of the year	21,611	20,890	19,777	18,720	17,242	15,277	14,296	14,173	13,754	13,792
Investments - end of the year	410,611	396,912	375,766	355,682	327,591	290,262	271,616	269,286	261,321	262,042
Cash, Cash Equivalents & Investments - end of the year	432,222	417,802	395,543	374,402	344,833	305,539	285,912	283,459	275,075	275,833
Representing:										
- External Restrictions	359,451	341,022	315,689	298,487	267,737	231,819	213,462	212,530	209,673	210,538
- Internal Restrictions	66,246	70,465	72,375	72,433	79,431	82,065	86,950	91,161	90,574	94,687
- Unrestricted	6,525	6,315	7,479	3,482	(2,335)	(8,345)	(14,500)	(20,232)	(25,172)	(29,392)
	432,222	417,802	395,543	374,402	344,833	305,539	285,912	283,459	275,075	275,833

Base Case Balance Sheet

Bayside Council										
10 Year Financial Plan for the Years ending 30 June 2033										
BALANCE SHEET - GENERAL FUND										
Scenario: Base Case Scenario										
	2023/24	2024/25	2025/26	2026/27	Projected Years					
	\$'000	\$'000	\$'000	\$'000	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
					\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS										
Current Assets										
Cash & Cash Equivalents	21,611	20,890	19,777	18,720	17,242	15,277	14,296	14,173	13,754	13,792
Investments	400,829	387,456	366,814	347,208	319,787	283,347	265,145	262,871	255,095	255,799
Receivables	17,678	17,943	18,594	18,956	19,457	19,779	20,201	20,668	21,141	21,653
Inventories	185	196	205	215	222	228	233	239	245	251
Other	915	965	1,013	1,059	1,096	1,123	1,151	1,180	1,209	1,240
Total Current Assets	441,217	427,450	406,403	386,157	357,803	319,753	301,026	299,131	291,445	292,735
Non-Current Assets										
Investments	9,782	9,456	8,952	8,474	7,805	6,915	6,471	6,415	6,226	6,243
Infrastructure, Property, Plant & Equipment	1,758,055	1,786,427	1,824,007	1,853,205	1,888,789	1,933,141	1,957,181	1,963,499	1,975,928	1,979,170
Intangible Assets	1,762	1,762	1,762	1,762	1,762	1,762	1,762	1,762	1,762	1,762
Right of use assets	182	182	182	182	182	182	182	182	182	182
Investments Accounted for using the equity method	303	303	303	303	303	303	303	303	303	303
Total Non-Current Assets	1,770,085	1,798,130	1,835,206	1,863,926	1,898,840	1,942,303	1,965,899	1,972,161	1,984,400	1,987,660
TOTAL ASSETS	2,211,302	2,225,580	2,241,609	2,250,083	2,256,643	2,262,056	2,266,926	2,271,292	2,275,845	2,280,395
LIABILITIES										
Current Liabilities										
Payables	28,918	29,715	30,480	31,204	31,793	32,232	32,682	33,142	33,615	34,099
Contract liabilities	1,690	1,342	1,467	1,289	1,380	1,399	1,450	1,477	1,520	1,561
Borrowings	3,710	188	-	-	-	-	-	-	-	-
Employee benefit provisions	19,474	19,474	19,474	19,474	19,474	19,474	19,474	19,474	19,474	19,474
Other provisions	2,941	2,941	2,941	2,941	2,941	2,941	2,941	2,941	2,941	2,941
Total Current Liabilities	56,732	53,660	54,362	54,908	55,589	56,047	56,546	57,034	57,549	58,075
Non-Current Liabilities										
Lease liabilities	183	183	183	183	183	183	183	183	183	183
Borrowings	188	-	-	-	-	-	-	-	-	-
Employee benefit provisions	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646
Other provisions	2,560	2,560	2,560	2,560	2,560	2,560	2,560	2,560	2,560	2,560
Total Non-Current Liabilities	4,577	4,389	4,389	4,389	4,389	4,389	4,389	4,389	4,389	4,389
TOTAL LIABILITIES	61,309	58,049	58,751	59,297	59,977	60,435	60,935	61,423	61,938	62,464
Net Assets	2,149,992	2,167,531	2,182,858	2,190,786	2,196,666	2,201,621	2,205,990	2,209,869	2,213,907	2,217,931
EQUITY										
Retained Earnings	1,911,851	1,929,390	1,944,717	1,952,645	1,958,525	1,963,480	1,967,849	1,971,728	1,975,766	1,979,790
Revaluation Reserves	238,141	238,141	238,141	238,141	238,141	238,141	238,141	238,141	238,141	238,141
Other Reserves	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	2,149,992	2,167,531	2,182,858	2,190,786	2,196,666	2,201,621	2,205,990	2,209,869	2,213,907	2,217,931
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-
Total Equity	2,149,992	2,167,531	2,182,858	2,190,786	2,196,666	2,201,621	2,205,990	2,209,869	2,213,907	2,217,931

Base Case Key Performance Indicators

Performance Indicator		2023/24	2024/25	2025/26	2026/27	Projected Years					
						2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Operating Performance Ratio	Snapshot	● —	● —	● —	● ↓	● ↓	● ↓	● ↓	● ↓	● ↓	● ↓
	Actual Ratio	3.32%	3.48%	1.61%	-0.19%	-1.62%	-1.98%	-2.39%	-2.58%	-2.60%	-2.66%
Own Source Operating Revenue Ratio	Snapshot	● —	● —	● —	● —	● —	● —	● —	● —	● —	● —
	Actual Ratio	86.68%	89.61%	88.99%	90.39%	89.95%	90.02%	89.88%	89.92%	89.88%	89.86%
Unrestricted Current Ratio	Snapshot	● —	● —	● —	● —	● —	● —	● —	● —	● —	● ↓
	Actual Ratio	2.70	3.13	3.19	2.67	2.55	2.29	2.09	1.90	1.54	1.35
Debt Service Cover Ratio	Snapshot	● —	● —	● —							
	Actual Ratio	10.96	10.77	196.86	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Asset Sustainability Ratios		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Asset Renewal Ratio		● 119%	● 96%	● 106%	● 114%	● 58%	● 55%	● 61%	● 58%	● 57%	● 61%
Asset Maintenance Ratio		● 98%	● 96%	● 95%	● 93%	● 92%	● 90%	● 89%	● 89%	● 89%	● 89%

Scenario 2 – Optimistic

Optimistic Income Statement

Bayside Council										
10 Year Financial Plan for the Years ending 30 June 2033										
INCOME STATEMENT - GENERAL FUND										
Scenario: Optimistic Scenario										
	2023/24	2024/25	2025/26	2026/27	Projected Years					
	\$'000	\$'000	\$'000	\$'000	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
					\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Revenue:										
Rates & Annual Charges	139,771	146,368	152,755	158,865	164,034	168,135	172,338	176,647	181,063	185,589
User Charges & Fees	16,011	16,412	16,823	17,244	17,675	18,117	18,570	19,034	19,510	19,998
Other Revenues	18,386	19,397	20,367	21,284	22,029	22,579	23,144	23,722	24,315	24,923
Grants & Contributions provided for Operating Purposes	12,686	13,156	13,642	13,983	14,333	14,691	15,059	15,435	15,821	16,216
Grants & Contributions provided for Capital Purposes	16,601	10,103	11,793	8,365	9,589	9,567	10,070	10,168	10,526	10,845
Interest & Investment Revenue	16,490	18,416	15,664	12,928	10,476	9,928	9,203	8,987	9,170	9,229
Total Income from Continuing Operations	219,946	223,851	231,044	232,668	238,135	243,017	248,383	253,992	260,405	266,801
Expenses from Continuing Operations										
Employee Benefits & On-Costs	84,657	88,467	92,006	95,226	97,606	99,071	100,557	102,065	103,596	105,150
Borrowing Costs	193	78	3	-	-	-	-	-	-	-
Materials & Contracts	53,221	55,616	57,840	59,865	61,361	62,282	63,216	64,164	65,127	66,104
Depreciation & Amortisation	32,454	33,103	33,765	34,441	35,129	35,832	36,549	37,280	38,025	38,786
Other Expenses	26,073	27,377	28,609	29,753	30,646	31,259	31,884	32,521	33,172	33,835
Total Expenses from Continuing Operations	196,598	204,641	212,223	219,284	224,743	228,443	232,205	236,030	239,920	243,875
Operating Result from Continuing Operations	23,348	19,211	18,821	13,384	13,392	14,574	16,178	17,962	20,485	22,926
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	23,348	19,211	18,821	13,384	13,392	14,574	16,178	17,962	20,485	22,926
Net Operating Result before Grants and Contributions provided for Capital Purposes	6,746	9,108	7,028	5,019	3,803	5,007	6,108	7,794	9,959	12,082

Optimistic Cash Flow Statement

Bayside Council										
10 Year Financial Plan for the Years ending 30 June 2033										
CASH FLOW STATEMENT - GENERAL FUND										
Scenario: Optimistic Scenario										
	2023/24	2024/25	2025/26	2026/27	Projected Years					
	\$'000	\$'000	\$'000	\$'000	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
					\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	139,433	145,953	152,353	158,481	163,709	167,877	172,074	176,375	180,785	185,304
User Charges & Fees	14,998	16,330	16,738	17,157	17,586	18,026	18,477	18,939	19,412	19,897
Investment & Interest Revenue Received	16,494	18,413	15,677	12,936	10,510	9,995	9,201	8,923	9,118	9,141
Grants & Contributions	29,241	23,131	25,481	22,283	23,955	24,266	25,147	25,613	26,363	27,076
Other	18,304	19,465	20,315	21,309	21,988	22,560	23,116	23,700	24,289	24,897
Payments:										
Employee Benefits & On-Costs	(84,576)	(88,399)	(91,943)	(95,169)	(97,564)	(99,045)	(100,530)	(102,038)	(103,569)	(105,122)
Materials & Contracts	(53,130)	(55,490)	(57,723)	(59,757)	(61,280)	(62,230)	(63,163)	(64,110)	(65,072)	(66,048)
Borrowing Costs	(193)	(78)	(3)	-	-	-	-	-	-	-
Other	(25,709)	(26,994)	(28,251)	(29,425)	(30,398)	(31,099)	(31,721)	(32,356)	(33,004)	(33,664)
Net Cash provided (or used in) Operating Activities	54,863	52,328	52,644	47,814	48,506	50,350	52,600	55,046	58,322	61,481
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	19,677	12,368	18,259	15,517	21,755	29,185	8,624	-	-	-
Payments:										
Purchase of Infrastructure, Property, Plant & Equipment	(71,397)	(61,638)	(71,677)	(64,148)	(71,407)	(81,071)	(61,677)	(44,895)	(51,971)	(43,774)
Net Cash provided (or used in) Investing Activities	(51,720)	(49,269)	(53,417)	(48,631)	(49,651)	(51,887)	(53,054)	(54,538)	(58,004)	(60,596)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-
Payments:										
Repayment of Borrowings & Advances	(3,400)	(3,710)	(188)	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(3,400)	(3,710)	(188)	-	-	-	-	-	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(258)	(651)	(961)	(817)	(1,145)	(1,536)	(454)	508	318	885
plus: Cash & Cash Equivalents - beginning of year	21,869	21,611	20,960	19,999	19,182	18,037	16,501	16,047	16,555	16,873
Cash & Cash Equivalents - end of the year	21,611	20,960	19,999	19,182	18,037	16,501	16,047	16,555	16,873	17,758
Cash & Cash Equivalents - end of the year										
Cash & Cash Equivalents - end of the year	21,611	20,960	19,999	19,182	18,037	16,501	16,047	16,555	16,873	17,758
Investments - end of the year	410,611	398,243	379,983	364,466	342,711	313,526	304,902	314,545	320,578	337,400
Cash, Cash Equivalents & Investments - end of the year	432,222	419,203	399,982	383,649	360,748	330,027	320,950	331,100	337,451	355,158
Representing:										
- External Restrictions	359,451	341,022	315,689	298,487	267,737	231,819	213,462	212,530	209,673	210,538
- Internal Restrictions	66,246	70,465	72,375	72,433	79,431	82,065	86,950	91,161	90,574	94,687
- Unrestricted	6,525	7,716	11,918	12,729	13,580	16,144	20,538	27,409	37,204	49,933
	432,222	419,203	399,982	383,649	360,748	330,027	320,950	331,100	337,451	355,158

Optimistic Balance Sheet

Bayside Council										
10 Year Financial Plan for the Years ending 30 June 2033										
BALANCE SHEET - GENERAL FUND										
Scenario: Optimistic Scenario										
	2023/24	2024/25	2025/26	2026/27	Projected Years					
	\$'000	\$'000	\$'000	\$'000	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
					\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS										
Current Assets										
Cash & Cash Equivalents	21,611	20,960	19,999	19,182	18,037	16,501	16,047	16,555	16,873	17,758
Investments	400,829	388,755	370,930	355,783	334,546	306,057	297,638	307,051	312,941	329,362
Receivables	17,678	17,948	18,608	18,985	19,507	19,866	20,311	20,818	21,338	21,903
Inventories	185	194	201	208	214	217	220	223	227	230
Other	915	957	997	1,034	1,061	1,079	1,097	1,115	1,134	1,153
Total Current Assets	441,217	428,814	410,736	395,193	373,366	343,709	335,314	345,763	352,512	370,406
Non-Current Assets										
Investments	9,782	9,488	9,053	8,683	8,165	7,469	7,264	7,494	7,637	8,038
Infrastructure, Property, Plant & Equipment	1,758,055	1,786,590	1,824,501	1,854,208	1,890,486	1,935,725	1,960,853	1,968,469	1,982,415	1,987,403
Intangible Assets	1,762	1,762	1,762	1,762	1,762	1,762	1,762	1,762	1,762	1,762
Right of use assets	182	182	182	182	182	182	182	182	182	182
Investments Accounted for using the equity method	303	303	303	303	303	303	303	303	303	303
Total Non-Current Assets	1,770,085	1,798,324	1,835,801	1,865,138	1,900,897	1,945,441	1,970,364	1,978,210	1,992,299	1,997,688
TOTAL ASSETS	2,211,302	2,227,138	2,246,536	2,260,331	2,274,263	2,289,151	2,305,679	2,323,973	2,344,811	2,368,094
LIABILITIES										
Current Liabilities										
Payables	28,918	29,601	30,242	30,831	31,280	31,574	31,873	32,178	32,488	32,804
Contract liabilities	1,690	1,342	1,467	1,289	1,380	1,399	1,450	1,477	1,520	1,561
Borrowings	3,710	188	-	-	-	-	-	-	-	-
Employee benefit provisions	19,474	19,474	19,474	19,474	19,474	19,474	19,474	19,474	19,474	19,474
Other provisions	2,941	2,941	2,941	2,941	2,941	2,941	2,941	2,941	2,941	2,941
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	56,732	53,546	54,124	54,535	55,075	55,388	55,738	56,070	56,423	56,780
Non-Current Liabilities										
Lease liabilities	183	183	183	183	183	183	183	183	183	183
Borrowings	188	-	-	-	-	-	-	-	-	-
Employee benefit provisions	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646
Other provisions	2,560	2,560	2,560	2,560	2,560	2,560	2,560	2,560	2,560	2,560
Total Non-Current Liabilities	4,577	4,389	4,389	4,389	4,389	4,389	4,389	4,389	4,389	4,389
TOTAL LIABILITIES	61,309	57,935	58,513	58,924	59,464	59,777	60,127	60,459	60,812	61,169
Net Assets	2,149,992	2,169,203	2,188,024	2,201,407	2,214,799	2,229,374	2,245,552	2,263,514	2,283,999	2,306,925
EQUITY										
Retained Earnings	1,911,851	1,931,062	1,949,883	1,963,266	1,976,658	1,991,233	2,007,411	2,025,373	2,045,858	2,068,784
Revaluation Reserves	238,141	238,141	238,141	238,141	238,141	238,141	238,141	238,141	238,141	238,141
Other Reserves	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	2,149,992	2,169,203	2,188,024	2,201,407	2,214,799	2,229,374	2,245,552	2,263,514	2,283,999	2,306,925
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-
Total Equity	2,149,992	2,169,203	2,188,024	2,201,407	2,214,799	2,229,374	2,245,552	2,263,514	2,283,999	2,306,925

Optimistic Key Performance Indicators

Performance Indicator		2023/24	2024/25	2025/26	2026/27	Projected Years		2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Operating Performance Ratio	Snapshot												
	Actual Ratio	3.32%	4.26%	3.21%	2.24%	1.66%	2.14%	2.56%	3.20%	3.99%	4.72%		
Own Source Operating Revenue Ratio	Snapshot												
	Actual Ratio	86.68%	89.61%	88.99%	90.39%	89.95%	90.02%	89.88%	89.92%	89.88%	89.86%		
Unrestricted Current Ratio	Snapshot												
	Actual Ratio	2.70	3.19	3.36	3.02	3.12	3.15	3.29	3.50	3.59	3.92		
Debt Service Cover Ratio	Snapshot												
	Actual Ratio	10.96	11.16	213.40	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Asset Sustainability Ratios		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33		
Asset Renewal Ratio		119%	96%	106%	114%	58%	55%	61%	58%	57%	61%		
Asset Maintenance Ratio		98%	96%	95%	93%	92%	90%	89%	89%	89%	89%		

Scenario 3 - Pessimistic

Pessimistic Income Statement

Bayside Council										
10 Year Financial Plan for the Years ending 30 June 2033										
INCOME STATEMENT - GENERAL FUND										
Scenario: Pessimistic Scenario	2023/24	2024/25	2025/26	2026/27	Projected Years					
	\$'000	\$'000	\$'000	\$'000	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Income from Continuing Operations										
Revenue:										
Rates & Annual Charges	139,771	144,299	148,442	152,153	155,957	159,856	163,852	167,948	172,147	176,451
User Charges & Fees	16,011	16,412	16,822	17,243	17,674	18,116	18,569	19,033	19,509	19,996
Other Revenues	18,386	19,030	19,600	20,090	20,593	21,108	21,635	22,176	22,730	23,299
Grants & Contributions provided for Operating Purposes	12,686	13,029	13,381	13,581	13,785	13,992	14,202	14,415	14,631	14,850
Grants & Contributions provided for Capital Purposes	16,601	10,103	11,793	8,365	9,589	9,567	10,070	10,168	10,526	10,845
Interest & Investment Revenue	16,490	18,416	15,664	12,928	10,476	9,928	9,203	8,987	9,170	9,229
Total Income from Continuing Operations	219,946	221,288	225,702	224,359	228,073	232,566	237,530	242,726	248,713	254,670
Expenses from Continuing Operations										
Employee Benefits & On-Costs	84,657	87,620	90,249	92,505	94,818	97,188	99,618	102,108	104,661	107,278
Borrowing Costs	193	78	3	-	-	-	-	-	-	-
Materials & Contracts	53,221	56,148	58,955	61,608	63,765	65,359	66,993	68,668	70,384	72,144
Depreciation & Amortisation	32,454	33,428	34,431	35,464	36,527	37,441	38,377	39,336	40,319	41,327
Other Expenses	26,073	26,986	27,795	28,490	29,202	29,932	30,681	31,448	32,234	33,040
Total Expenses from Continuing Operations	196,598	204,260	211,433	218,067	224,312	229,920	235,668	241,560	247,599	253,789
Operating Result from Continuing Operations	23,348	17,028	14,268	6,292	3,761	2,645	1,862	1,166	1,114	881
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	23,348	17,028	14,268	6,292	3,761	2,645	1,862	1,166	1,114	881
Net Operating Result before Grants and Contributions provided for Capital Purposes	6,746	6,926	2,476	(2,072)	(5,828)	(6,922)	(8,208)	(9,001)	(9,412)	(9,963)

Pessimistic Cash Flow Statement

Bayside Council										
10 Year Financial Plan for the Years ending 30 June 2033										
CASH FLOW STATEMENT - GENERAL FUND										
Scenario: Pessimistic Scenario										
	2023/24	2024/25	2025/26	2026/27	Projected Years					
	\$'000	\$'000	\$'000	\$'000	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
					\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	139,433	144,014	148,181	151,920	155,718	159,610	163,601	167,691	171,883	176,180
User Charges & Fees	14,998	16,329	16,738	17,156	17,585	18,025	18,475	18,937	19,411	19,896
Investment & Interest Revenue Received	16,494	18,434	15,705	12,972	10,545	10,029	9,241	8,971	9,172	9,203
Grants & Contributions	29,241	23,001	25,216	21,877	23,404	23,563	24,287	24,589	25,169	25,706
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-
Other	18,304	19,104	19,556	20,124	20,558	21,091	21,610	22,157	22,707	23,275
Payments:										
Employee Benefits & On-Costs	(84,576)	(87,568)	(90,202)	(92,465)	(94,777)	(97,146)	(99,575)	(102,064)	(104,616)	(107,231)
Materials & Contracts	(53,130)	(56,019)	(58,834)	(61,496)	(63,668)	(65,280)	(66,912)	(68,585)	(70,300)	(72,057)
Borrowing Costs	(193)	(78)	(3)	-	-	-	-	-	-	-
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-
Other	(25,709)	(26,659)	(27,498)	(28,226)	(28,953)	(29,700)	(30,442)	(31,203)	(31,983)	(32,783)
Net Cash provided (or used in) Operating Activities	54,863	50,559	48,860	41,862	40,412	40,191	40,285	40,492	41,443	42,190
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	19,677	14,050	21,855	21,171	29,445	38,836	20,323	4,183	10,001	1,505
Payments:										
Purchase of Infrastructure, Property, Plant & Equipment	(71,397)	(61,638)	(71,677)	(64,148)	(71,407)	(81,071)	(61,677)	(44,895)	(51,971)	(43,774)
Net Cash provided (or used in) Investing Activities	(51,720)	(47,588)	(49,822)	(42,976)	(41,962)	(42,235)	(41,355)	(40,712)	(41,970)	(42,269)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-
Payments:										
Repayment of Borrowings & Advances	(3,400)	(3,710)	(188)	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(3,400)	(3,710)	(188)	-	-	-	-	-	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(258)	(739)	(1,150)	(1,114)	(1,550)	(2,044)	(1,070)	(220)	(526)	(79)
plus: Cash & Cash Equivalents - beginning of year	21,869	21,611	20,872	19,721	18,607	17,057	15,013	13,944	13,724	13,197
Cash & Cash Equivalents - end of the year	21,611	20,872	19,721	18,607	17,057	15,013	13,944	13,724	13,197	13,118
Cash & Cash Equivalents - end of the year										
Cash & Cash Equivalents - end of the year	21,611	20,872	19,721	18,607	17,057	15,013	13,944	13,724	13,197	13,118
Investments - end of the year	410,611	396,561	374,706	353,535	324,090	285,254	264,932	260,749	250,747	249,242
Cash, Cash Equivalents & Investments - end of the year	432,222	417,433	394,428	372,142	341,148	300,268	278,876	274,472	263,944	262,360
Representing:										
- External Restrictions	359,451	341,022	315,689	298,487	267,737	231,819	213,462	212,530	209,673	210,538
- Internal Restrictions	66,246	70,465	72,375	72,433	79,431	82,065	86,950	91,161	90,574	94,687
- Unrestricted	6,525	5,946	6,364	1,222	(6,020)	(13,616)	(21,536)	(29,219)	(36,303)	(42,865)
	432,222	417,433	394,428	372,142	341,148	300,268	278,876	274,472	263,944	262,360

Pessimistic Balance Sheet

Bayside Council										
10 Year Financial Plan for the Years ending 30 June 2033										
BALANCE SHEET - GENERAL FUND										
Scenario: Pessimistic Scenario										
	2023/24	2024/25	2025/26	2026/27	Projected Years					
	\$'000	\$'000	\$'000	\$'000	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
					\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS										
Current Assets										
Cash & Cash Equivalents	21,611	20,872	19,721	18,607	17,057	15,013	13,944	13,724	13,197	13,118
Investments	400,829	387,114	365,779	345,112	316,369	278,458	258,620	254,536	244,773	243,304
Receivables	17,678	17,767	18,225	18,381	18,759	19,052	19,443	19,879	20,319	20,796
Inventories	185	196	205	215	222	228	233	239	245	251
Other	915	959	1,001	1,039	1,072	1,099	1,127	1,155	1,184	1,213
Total Current Assets	441,217	426,906	404,931	383,354	353,480	313,850	293,367	289,532	279,718	278,683
Non-Current Assets										
Investments	9,782	9,448	8,927	8,423	7,721	6,796	6,312	6,212	5,974	5,938
Infrastructure, Property, Plant & Equipment	1,758,055	1,786,265	1,823,511	1,852,196	1,887,075	1,930,705	1,954,006	1,959,565	1,971,217	1,973,663
Intangible Assets	1,762	1,762	1,762	1,762	1,762	1,762	1,762	1,762	1,762	1,762
Right of use assets	182	182	182	182	182	182	182	182	182	182
Investments Accounted for using the equity method	303	303	303	303	303	303	303	303	303	303
Total Non-Current Assets	1,770,085	1,797,960	1,834,685	1,862,865	1,897,043	1,939,748	1,962,565	1,968,024	1,979,438	1,981,848
TOTAL ASSETS	2,211,302	2,224,866	2,239,617	2,246,219	2,250,523	2,253,598	2,255,932	2,257,557	2,259,155	2,260,531
LIABILITIES										
Current Liabilities										
Payables	28,918	29,519	30,072	30,568	31,029	31,448	31,878	32,319	32,770	33,233
Contract liabilities	1,690	1,334	1,452	1,266	1,348	1,359	1,400	1,418	1,451	1,482
Borrowings	3,710	188	-	-	-	-	-	-	-	-
Employee benefit provisions	19,474	19,474	19,474	19,474	19,474	19,474	19,474	19,474	19,474	19,474
Other provisions	2,941	2,941	2,941	2,941	2,941	2,941	2,941	2,941	2,941	2,941
Total Current Liabilities	56,732	53,457	53,939	54,249	54,792	55,222	55,693	56,152	56,637	57,131
Non-Current Liabilities										
Lease liabilities	183	183	183	183	183	183	183	183	183	183
Borrowings	188	-	-	-	-	-	-	-	-	-
Employee benefit provisions	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646
Other provisions	2,560	2,560	2,560	2,560	2,560	2,560	2,560	2,560	2,560	2,560
Total Non-Current Liabilities	4,577	4,389	4,389	4,389	4,389	4,389	4,389	4,389	4,389	4,389
TOTAL LIABILITIES	61,309	57,846	58,328	58,638	59,181	59,611	60,082	60,541	61,026	61,520
Net Assets	2,149,992	2,167,020	2,181,289	2,187,581	2,191,342	2,193,987	2,195,849	2,197,016	2,198,130	2,199,011
EQUITY										
Retained Earnings	1,911,851	1,928,879	1,943,148	1,949,440	1,953,201	1,955,846	1,957,708	1,958,875	1,959,989	1,960,870
Revaluation Reserves	238,141	238,141	238,141	238,141	238,141	238,141	238,141	238,141	238,141	238,141
Other Reserves	-	-	-	-	-	-	-	-	-	-
Council Equity Interest	2,149,992	2,167,020	2,181,289	2,187,581	2,191,342	2,193,987	2,195,849	2,197,016	2,198,130	2,199,011
Non-controlling equity interests	-	-	-	-	-	-	-	-	-	-
Total Equity	2,149,992	2,167,020	2,181,289	2,187,581	2,191,342	2,193,987	2,195,849	2,197,016	2,198,130	2,199,011

Pessimistic Key Performance Indicators

Performance Indicator		2023/24	2024/25	2025/26	2026/27	Projected Years					
						2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Operating Performance Ratio	Snapshot										
	Actual Ratio	3.32%	3.28%	1.16%	-0.96%	-2.67%	-3.10%	-3.61%	-3.87%	-3.95%	-4.09%
Own Source Operating Revenue Ratio	Snapshot										
	Actual Ratio	86.68%	89.55%	88.85%	90.22%	89.75%	89.87%	89.78%	89.87%	89.89%	89.91%
Unrestricted Current Ratio	Snapshot										
	Actual Ratio	2.70	3.13	3.18	2.64	2.47	2.16	1.90	1.64	1.21	0.95
Debt Service Cover Ratio	Snapshot										
	Actual Ratio	10.96	10.67	193.07	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Asset Sustainability Ratios		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Asset Renewal Ratio		119%	96%	106%	114%	58%	55%	61%	58%	57%	61%
Asset Maintenance Ratio		98%	96%	95%	93%	92%	90%	89%	89%	89%	89%