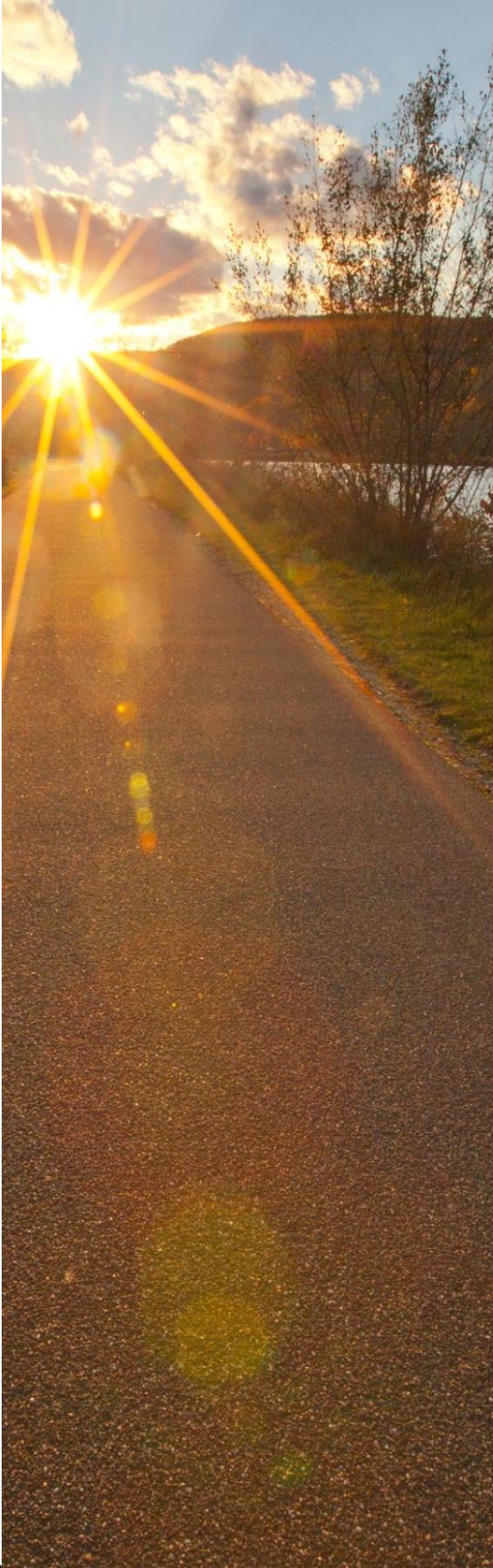


Attachment 4 - 2024-2024 Long-Term Financial Plan - For Adoption - Council Meeting - 20 June



Long-Term Financial Plan

2024 - 2034



2024

SNOWY VALLEYS COUNCIL – LONG TERM FINANCIAL PLAN 2024 – 2034

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SNOWY VALLEYS COUNCIL – LONG TERM FINANCIAL PLAN 2024 – 2034

Introduction

The Long-Term Financial Plan (LTFP) is a planning and decision-making tool that shows the long-term financial impacts of Council's decisions based on a set of assumptions. It is a requirement under the Integrated Planning and Reporting (IP&R) framework for NSW Local Government. Snowy Valleys Council's LTFP is an important and central part of Council's strategic planning process that spans a rolling 10-year period and is a document that is intended to remain flexible. The LTFP is reviewed and updated at least annually.

The three key elements of the LTFP correspond to Council's primary financial reporting documents, namely the income statement, the statement of financial position and the statement of cash flows. The income statement (or profit and loss statement) details Council's operating revenue and expenditure associated with ongoing activities with a focus on the operating result which shows whether Council is spending more or less than it earns. The statement of financial position (or balance sheet) details changes in Council's assets and liabilities. The statement of cash flows details where Council plans to generate and spend its cash in operating (ongoing) activities and capital programs (renewals, upgrades and new assets).

The key focus of this updated LTFP is Council's general fund which includes all activities except for water supply and wastewater businesses, which are accounted for separately under National Competition Policy requirements. Three scenarios are considered:

- Scenario 1: (Base Case) no SRV from 2024/34. Allowable rate caps of 5% for 2024/25 and assumed rate caps of 2.5% onwards.
- Scenario 2: 12.5% SRV in financial years 2024/25, 2025/26 and 2026/27

Financial modelling has also been completed for Council's Water Supply and Wastewater Funds. Only one scenario each for the Water Supply and Wastewater Funds is included in this updated LTFP.

SNOWY VALLEYS COUNCIL – LONG TERM FINANCIAL PLAN 2024 – 2034

1. Key Financial Sustainability Objectives

Council recognises that the principles of sound financial management in the NSW Local Government Act (chapter 3, section 8B) emphasise two key elements:

- Responsible and sustainable spending (aligning general revenue and expenses and achieving a small operating surplus); and
- Responsible and sustainable infrastructure investment (adequate provision in maintenance and renewal).

Assumptions informing the SRV scenario for the general fund have been developed with the primary aim of achieving a balanced operating position or small surplus in the long-term.

Council also ensures it provides sufficient funding for renewal of existing assets based on an analysis of renewal requirements. Because its assets are in good condition, Council proposes to keep its renewal program stable, but may revise this forecast following a needs analysis in consultation with users.

In addition to the above, Council aims to maintain sufficient cash, manage its debtors, maintain its debt within acceptable limits and to keep the typical residential bill for water and wastewater services as low as possible and stable over the long term. Initial modelling has been undertaken to assess the need for changes.

2. Special Rate Variation

It has been evident for a number of years that Council is unable to continue to provide services at current levels, maintain and renew its infrastructure and continue to replace ageing community assets within the currently available revenues without posting ongoing operational deficits.

Following community consultation in 2023, Council applied to IPART for a special variation for a compounded increase of 42.38% over three years. In 2024/25 Council will apply the 12.5% SRV in three stages with a 12.5% increase in general rates revenue each year beginning from 2024/25. The purpose of the proposed SRV is to:

- Improve council's financial sustainability by reducing the operating deficit- the significant gap between operating income and expenditure.
- Deliver existing services into the future without the need to significantly reduce service levels and /or cease services.
- Adequately fund ongoing asset maintenance and renewals.
- Reduce council's reliance on external grant funding.

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Rates

Ordinary rates increase by 5% in line with the current IPART rate peg for 2024/25. In addition, as per Scenario 2 the rates increase by 12.5% special rate variation each in the years 2024/25, 2025/26 and 2026/27.

Annual Charges

Annual charges increase as per the fees schedule for 2024/25 for the Waste, Water, Wastewater Funds and other charges, and then in line with CPI. However, in the future Council utilities charges may change at a different rate depending on service level plans and infrastructure needs/upgrade.

User Charges & Fees

Rates, fees and charges increase in line with assumed CPI. Commercial works revenue is included in fees & charges revenue.

Grants and other External Funding

Operational grant funding is assumed to increase moderately, but no extraordinary revenue has been included in the forecast. Council will pursue funding with a preference for operational funding. Any new and upgrade proposals to service levels and asset infrastructure are reviewed prior to funding submission and recommendations are based on whole-of-life costing, community benefit and affordability in the long-term. Financially unsustainable projects will not be pursued.

Council's sustainability cannot be maintained should grant funding reduce. Over the longer term, as assets which are currently in good condition deteriorate, Council will need to increase its investment in replacements and to do so, it will need to draw on its operating income and its reserves unless additional grant funding can be sourced.

Employee Costs and Organisational Structure

Council's organisational structure budget reflects all current positions.

Employee costs make up 40% of consolidated Council ongoing expenses. The overall salaries and wages budget is \$23.2 million for the financial year 2024/25 excluding capitalised wages. Cost increase resulted from the current forecast of 3.5% mandated wage increase under the Local Government Awards, superannuation guarantee increases and staff moving through the award structure. Historically, award increases have been higher than the allowable rate peg.

Materials & Services

Materials and contracts make up 36% of Council ongoing expenses. These costs are assumed to increase in line with, or slightly below CPI. The current high inflation economy situation and tight employment market has put significant pressure on materials and contract costs.

Population Growth Projections

The LTFFP has been prepared based on a no-net population change basis.

Indexation

Materials and contract costs have been set a known levels for 2024/25 wherever possible or raised at or below the CPI rate of 4%. Indexing has been continue to 4% until 2026/27, 2.5% for the rest of the years.

Asset Ownership, Management and Renewal

Council is seeking to maximise the useful life of all assets and aims to achieve this by adequately funding maintenance and renewals. Council continues to manage assets in accordance with its adopted Strategic Asset Management Plan 2022-23 within budget

SNOWY VALLEYS COUNCIL – LONG TERM FINANCIAL PLAN 2024 – 2034

constraints. Council owned/controlled assets receive priority spending and Council will continue to review circumstances that have an impact on strategy, including condition assessment protocols, determining remaining asset lives and service levels.

The forecast expenditure is just sufficient to meet the cost of predicted asset renewals, and thus avoids declining levels of asset conditions leading to more costly replacements, reductions in service levels and a backlog of renewals. Council is utilising the revenue from Roads to Recovery and other State and Commonwealth grants to help fund renewals and maintenance activities.

A key assumption in the LTFP is that capital works are at least partially linked to external funding. Council may need to identify additional income sources and/or reduce the service levels provided should the level of grant funding decrease in future years.

Depreciation

Depreciation makes up 21% of consolidated Council operating expenses and is expected to increase slightly in 2024/25 due to major infrastructure projects are forecasted to be finalised during 2024. The depreciation remains proportionally at the same levels over the remaining forecast period compared to overall expenditure. The forecast assumes 5% increase in valuation movements in 2024/25 and 3% the following year and 2.5% throughout the remaining years. Due to the indexation to the asset valuation the depreciation and maintenance costs is gradually increases when disposal of assets is assumed 25 cents for every dollar spent on renewals.

Natural Disasters

The LTFP assumes that natural disaster impacts on public infrastructure will be funded from State / Commonwealth natural disaster arrangements. However, previous fire and weather events have shown that in the case of a major disaster, these funding arrangements are inadequate to cover all costs to Council and may also result in cash flow management issues. No allowance has been made for future disaster events, however, if Council achieves its financial sustainability goals, it will be much better placed to respond should a major disaster affect the area. The without-SRV Scenario leaves no room for this. Disaster funding is not received for Water and Wastewater Infrastructure, Public Open Space and Recreational Facilities, damage to which must be funded from available reserves or be covered under insurance arrangements.

External Factors

In the past few years financial assistance grants have been partially prepaid. While this has a negative effect (reduction in income) on the operating budget of the following year, the fact that it has occurred on a regular basis has resulted in minimal impact against forecast income. All scenarios assume that all grant funding will be received during the financial year it has been allocated to.

Interest Rates

Increasing interest rates have provided a boost in Council's interest and investment revenues, however this is being applied to a cash and cash equivalent base that has declined over the past five years. Interest rates on investments are calculated at 4.5% for 2024/25 and reduced to 3

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% for the rest of the years.

External Borrowings

Council currently holds several external loans against water, wastewater, caravan park and building assets. At this stage additional external borrowing is forecast for the Water fund subject to grant receipts. Other borrowing can be considered where required and beneficial to Council's cash flow management.

Primary Financial Reports – SRV Scenario

Following are the reports for Council's General Fund, Water Supply Fund and Wastewater Fund and a consolidated report incorporating a base case and SRV scenario.

Financial Statements

Income Statement - Consolidated

Account Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Income from continuing operations										
Rates and annual charges	24,219	24,997	25,801	26,571	27,235	27,916	28,614	29,329	30,062	30,814
User charges and fees	15,428	16,045	16,687	17,271	17,703	18,145	18,599	19,064	19,541	20,029
Interest and investment revenue	1,627	1,557	1,520	1,290	1,255	1,313	1,346	1,408	1,500	1,649
Other revenues	1,528	1,589	1,653	1,711	1,745	1,780	1,815	1,852	1,889	1,926
Grants and contributions - Operating	13,333	12,855	13,594	14,261	14,744	15,240	15,752	16,279	16,822	17,158
Grants and contributions - Capital	29,440	3,450	3,350	2,420	2,250	1,140	1,040	1,190	720	870
Net gain from the disposal of assets	967	-	-	-	-	-	-	-	-	-
Total Income	86,542	60,494	62,605	63,523	64,932	65,534	67,166	69,122	70,534	72,446
Expenses from continuing operations										
Employee benefits and oncosts	23,197	23,893	24,490	25,102	25,730	26,373	27,033	27,708	28,401	29,111
Borrowing costs	211	191	176	159	144	127	157	89	70	30
Materials and contracts	20,504	21,144	21,936	22,706	23,271	23,853	24,452	25,061	25,687	26,332
Depreciation and amortisation	12,152	12,572	13,257	13,894	14,296	14,786	15,296	15,797	16,202	16,521
Other expenses	1,559	1,621	1,686	1,745	1,789	1,834	1,879	1,926	1,975	2,024
Total Expenses	57,623	59,422	61,545	63,607	65,230	66,973	68,817	70,581	72,335	74,018
Net Operating Result	28,919	1,072	1,060	(84)	(298)	(1,438)	(1,650)	(1,459)	(1,801)	(1,571)
Net operating result before grants and contributions provided for capital purposes	(521)	(2,378)	(2,290)	(2,504)	(2,548)	(2,578)	(2,690)	(2,649)	(2,521)	(2,441)

Statement of Financial Position - Consolidated

Account Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Current assets										
Cash and investments	31,298	27,787	24,845	21,776	21,400	22,125	23,252	26,646	33,747	38,085
Receivables	10,059	10,401	10,756	11,091	11,368	11,652	11,944	12,242	12,548	12,862
Inventories	215	222	230	239	244	251	257	263	270	277
Other	587	587	587	587	587	587	587	587	587	587
Total current assets	42,159	38,997	36,419	33,692	33,600	34,616	36,040	39,739	47,153	51,811
Non-current assets										
Investments	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Receivables	13	14	14	15	15	16	16	16	17	17
Inventories	176	181	188	194	199	204	209	215	220	226
Infrastructure, property, plant and equipment	926,185	987,302	1,049,414	1,105,187	1,146,570	1,185,519	1,225,090	1,263,670	1,298,666	1,331,315
Investment property	350	350	350	350	350	350	350	350	350	350
Intangible assets	-	-	-	-	-	-	-	-	-	-
Joint venture investments	-	-	-	-	-	-	-	-	-	-
Total non-current assets	928,224	989,346	1,051,466	1,107,247	1,148,635	1,187,588	1,227,165	1,265,751	1,300,753	1,333,407
Total Assets	970,383	1,028,344	1,087,885	1,140,939	1,182,234	1,222,204	1,263,205	1,305,490	1,347,905	1,385,218
Current liabilities										
Payables	3,399	3,502	3,611	3,719	3,812	3,907	4,005	4,105	4,207	4,313
Income received in advance	10,553	10,553	10,553	10,553	10,553	10,553	10,553	10,553	10,553	10,553
Borrowings	424	373	333	295	311	383	347	366	332	350
Provisions	6,823	7,028	7,204	7,384	7,569	7,758	7,952	8,151	8,354	8,432
Total current liabilities	21,199	21,456	21,701	21,951	22,244	22,601	22,857	23,175	23,446	23,648
Non-current liabilities										
Borrowings	3,484	3,030	2,703	2,360	1,999	1,622	1,343	976	651	254
Provisions	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156
Total non-current liabilities	4,640	4,186	3,859	3,516	3,155	2,778	2,499	2,132	1,807	1,410
Total Liabilities	25,839	25,642	25,560	25,467	25,399	25,379	25,356	25,306	25,253	25,057
NET ASSETS	944,543	1,002,702	1,062,325	1,115,472	1,156,835	1,196,825	1,237,848	1,280,183	1,322,652	1,360,161
Equity										
Accumulated surplus	676,826	677,898	678,958	678,874	678,576	677,137	675,487	674,028	672,227	670,655
Revaluation reserves	267,717	324,804	383,368	436,598	478,259	519,687	562,361	606,156	650,426	689,505
TOTAL EQUITY	944,543	1,002,702	1,062,325	1,115,472	1,156,835	1,196,825	1,237,848	1,280,183	1,322,652	1,360,161

Statement of Cash Flows - Consolidated

Account Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Cash flows from operating activities										
<i>Receipts:</i>										
Rates and annual charges	24,172	24,973	25,777	26,547	27,212	27,893	28,590	29,305	30,037	30,788
User charges and fees	15,148	15,726	16,357	16,961	17,448	17,884	18,331	18,790	19,259	19,741
Investment revenue and interest	1,627	1,557	1,520	1,290	1,255	1,313	1,346	1,408	1,500	1,649
Grants and contributions	42,773	16,305	16,944	16,681	16,994	16,380	16,792	17,469	17,542	18,028
Other	1,528	1,590	1,653	1,711	1,745	1,780	1,816	1,852	1,889	1,927
<i>Payments:</i>										
Employee benefits and on-costs	(24,014)	(24,098)	(24,666)	(25,283)	(25,915)	(26,563)	(27,227)	(27,907)	(28,605)	(29,189)
Materials and contracts	(20,228)	(21,052)	(21,842)	(22,613)	(23,189)	(23,769)	(24,365)	(24,972)	(25,597)	(26,239)
Borrowing costs	(211)	(191)	(176)	(159)	(144)	(127)	(157)	(89)	(70)	(30)
Other	(1,559)	(1,621)	(1,686)	(1,745)	(1,789)	(1,834)	(1,879)	(1,926)	(1,975)	(2,024)
Net cash provided (or used) in operating activities	39,237	13,189	13,880	13,389	13,618	12,959	13,247	13,929	13,982	14,651
Purchase of infrastructure, property, plant and equipment	(40,336)	(17,325)	(17,141)	(16,431)	(14,058)	(12,320)	(12,030)	(10,536)	(6,905)	(8,137)
Net cash provided (or used) in investing activities	(37,994)	(16,279)	(16,450)	(16,127)	(13,701)	(11,924)	(11,737)	(10,189)	(6,516)	(10,135)
Cash flows from financing activities										
<i>Receipts:</i>										
New loans	-	-	-	-	-	-	-	-	-	-
<i>Payments:</i>										
Loan repayments	(652)	(424)	(373)	(333)	(295)	(311)	(383)	(347)	(366)	(332)
Net cash provided (or used) in financing activities	(652)	(424)	(373)	(333)	(295)	(311)	(383)	(347)	(366)	(332)
Net increase / (decrease) in cash	591	(3,513)	(2,943)	(3,070)	(377)	724	1,127	3,393	7,101	4,184
Cash, Cash Equivalents & Investments - Beginning of the Years	32,206	32,797	29,287	26,346	23,276	22,900	23,626	24,752	28,146	35,247
Total Cash, Cash Equivalents & Investments - end of Years	32,798	29,287	26,346	23,277	22,900	23,625	24,753	28,147	35,247	39,585
Consolidated Fund										
External Cash Restrictions	24,516	22,667	20,886	18,526	19,818	20,117	21,529	24,138	28,960	31,825
Internal Cash Restrictions	7,808	8,980	8,551	8,793	7,515	8,943	8,328	8,812	9,570	8,249
Unrestricted Cash	474	(2,360)	(3,091)	(4,043)	(4,433)	(5,434)	(5,105)	(4,804)	(3,284)	(489)
32,797	29,287	26,346	23,276	22,900	23,626	24,752	28,146	35,247	39,585	

Financial Statements

Income Statement - General Fund

Account Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Income from continuing operations										
Rates and annual charges	16,692	17,169	17,660	18,145	18,598	19,063	19,540	20,028	20,529	21,042
User charges and fees	11,514	11,975	12,454	12,889	13,212	13,542	13,880	14,228	14,583	14,948
Interest and investment revenue	888	924	960	984	1,009	1,034	1,060	1,087	1,114	1,142
Other revenues	1,518	1,579	1,642	1,699	1,733	1,768	1,803	1,839	1,876	1,914
Grants and contributions - Operating	13,333	12,855	13,594	14,261	14,744	15,240	15,752	16,279	16,822	17,158
Grants and contributions - Capital	29,030	3,450	3,350	2,420	2,250	1,140	1,040	1,190	720	870
Net gain from the disposal of assets	967	-	-	-	-	-	-	-	-	-
Total Income	73,942	47,951	49,660	50,399	51,546	51,788	53,076	54,651	55,644	57,074
Expenses from continuing operations										
Employee benefits and oncosts	20,858	21,484	22,021	22,571	23,136	23,714	24,307	24,915	25,537	26,176
Borrowing costs	75	66	60	53	48	42	36	29	22	15
Materials and contracts	16,172	16,639	17,304	17,912	18,358	18,817	19,289	19,769	20,264	20,773
Depreciation and amortisation	9,776	10,076	10,596	11,069	11,360	11,727	12,120	12,511	12,820	13,121
Other expenses	1,559	1,621	1,686	1,745	1,789	1,834	1,879	1,926	1,975	2,024
Total Expenses	48,440	49,886	51,667	53,351	54,690	56,133	57,631	59,150	60,618	62,109
Net Operating Result	25,502	(1,935)	(2,007)	(2,952)	(3,144)	(4,345)	(4,555)	(4,499)	(4,974)	(5,035)
Net operating result before grants and contributions provided for capital purposes	(3,528)	(5,385)	(5,357)	(5,372)	(5,394)	(5,485)	(5,595)	(5,689)	(5,694)	(5,905)

Statement of Financial Position - General Fund

Account Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Current assets										
Cash and investments	8,580	6,918	5,759	5,051	3,384	3,812	3,528	4,314	6,594	7,916
Receivables	8,820	9,114	9,417	9,705	9,947	10,196	10,451	10,712	10,980	11,255
Inventories	215	222	230	239	244	251	257	263	270	277
Other	587	587	587	587	587	587	587	587	587	587
Total current assets	18,203	16,840	15,993	15,581	14,163	14,846	14,823	15,876	18,431	20,035
Non-current assets										
Investments	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Receivables	13	14	14	15	15	16	16	16	17	17
Inventories	176	181	188	194	199	204	209	215	220	226
Infrastructure, property, plant and equipment	799,522	842,604	887,008	926,592	957,782	985,076	1,014,151	1,042,769	1,069,466	1,094,322
Investment property	350	350	350	350	350	350	350	350	350	350
Total non-current assets	801,561	844,649	889,060	928,651	959,846	987,146	1,016,227	1,044,850	1,071,552	1,096,415
Total Assets	819,764	861,489	905,053	944,232	974,009	1,001,991	1,031,050	1,060,726	1,089,984	1,116,449
Current liabilities										
Payables	3,181	3,276	3,380	3,481	3,568	3,657	3,748	3,842	3,938	4,037
Income received in advance	10,553	10,553	10,553	10,553	10,553	10,553	10,553	10,553	10,553	10,553
Borrowings	191	197	149	100	106	112	118	125	78	82
Provisions	6,779	6,982	7,157	7,336	7,519	7,707	7,900	8,097	8,300	8,376
Total current liabilities	20,703	21,008	21,239	21,469	21,745	22,029	22,319	22,617	22,868	23,048
Non-current liabilities										
Borrowings	1,497	1,219	1,076	928	773	667	555	437	366	237
Provisions	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156
Total non-current liabilities	2,653	2,375	2,232	2,084	1,929	1,823	1,711	1,593	1,522	1,393
Total Liabilities	23,357	23,383	23,471	23,553	23,675	23,852	24,031	24,210	24,390	24,440
NET ASSETS	796,407	838,106	881,582	920,679	950,335	978,139	1,007,019	1,036,516	1,065,594	1,092,009
Equity										
Accumulated surplus	555,359	553,424	551,417	548,465	545,321	540,976	536,420	531,922	526,948	521,913
Revaluation reserves	247,919	291,553	337,036	379,085	411,885	444,035	477,469	511,466	545,517	577,120
TOTAL EQUITY	803,278	844,977	888,453	927,550	957,206	985,010	1,013,890	1,043,387	1,072,465	1,099,033

Statement of Cash Flows - General Fund

Account Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Cash flows from operating activities										
<i>Receipts:</i>										
Rates and annual charges	16,645	17,145	17,636	18,120	18,576	19,040	19,516	20,004	20,504	21,017
User charges and fees	11,330	11,705	12,175	12,626	12,992	13,317	13,649	13,991	14,340	14,699
Investment revenue and interest	888	924	960	984	1,009	1,034	1,060	1,087	1,114	1,142
Grants and contributions	42,363	16,305	16,944	16,681	16,994	16,380	16,792	17,469	17,542	18,028
Other	1,518	1,579	1,642	1,700	1,734	1,768	1,804	1,840	1,877	1,914
<i>Payments:</i>										
Employee benefits and on-costs	(21,691)	(21,687)	(22,195)	(22,750)	(23,319)	(23,902)	(24,500)	(25,112)	(25,740)	(26,252)
Materials and contracts	(15,931)	(16,555)	(17,216)	(17,826)	(18,282)	(18,739)	(19,209)	(19,688)	(20,180)	(20,686)
Borrowing costs	(75)	(66)	(60)	(53)	(48)	(42)	(36)	(29)	(22)	(15)
Other	(1,559)	(1,621)	(1,686)	(1,745)	(1,789)	(1,834)	(1,879)	(1,926)	(1,975)	(2,024)
Net cash provided (or used) in operating activities	33,488	7,729	8,199	7,736	7,866	7,023	7,198	7,635	7,461	7,822
Purchase of infrastructure, property, plant and equipment	(33,637)	(9,200)	(9,161)	(8,296)	(9,433)	(6,490)	(7,370)	(6,731)	(5,055)	(6,422)
Net cash provided (or used) in investing activities	(32,670)	(9,200)	(9,161)	(8,296)	(9,433)	(6,490)	(7,370)	(6,731)	(5,055)	(6,422)
<i>Payments:</i>										
Loan repayments	(273)	(191)	(197)	(149)	(100)	(106)	(112)	(118)	(125)	(78)
Net cash provided (or used) in financing activities	(273)	(191)	(197)	(149)	(100)	(106)	(112)	(118)	(125)	(78)
Net increase / (decrease) in cash	546	(1,662)	(1,159)	(708)	(1,666)	428	(284)	786	2,281	1,322
Cash, Cash Equivalents & Investments - Beginning of the Years	9,534	10,080	8,418	7,259	6,551	4,884	5,312	5,028	5,814	8,094
Total Cash, Cash Equivalents & Investments - end of Years	10,080	8,418	7,259	6,551	4,884	5,312	5,028	5,814	8,094	9,416
General Fund										
External Cash Restrictions	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796	1,796
Internal Cash Restrictions	7,810	8,981	8,552	8,794	7,515	8,943	8,328	8,812	9,570	8,249
Unrestricted Cash	474	(2,359)	(3,089)	(4,039)	(4,427)	(5,427)	(5,096)	(4,794)	(3,272)	(629)
Total cash, cash equivalents and investments	10,080	8,418	7,259	6,551	4,884	5,312	5,028	5,814	8,094	9,416

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Income Statement - Water Fund

Account Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Income from continuing operations										
Rates and annual charges	2,281	2,372	2,467	2,553	2,617	2,683	2,750	2,819	2,889	2,961
User charges and fees	3,307	3,439	3,577	3,702	3,795	3,889	3,987	4,086	4,189	4,293
Interest and investment revenue	288	307	236	90	43	82	101	126	148	205
Grants and contributions - Capital	200	-	-	-	-	-	-	-	-	-
Total Income	6,076	6,118	6,280	6,346	6,455	6,654	6,837	7,030	7,226	7,459
Expenses from continuing operations										
Employee benefits and oncosts	1,226	1,263	1,294	1,327	1,360	1,394	1,429	1,464	1,501	1,539
Borrowing costs	57	52	49	45	42	38	34	29	25	-
Materials and contracts	2,258	2,348	2,388	2,472	2,534	2,597	2,662	2,728	2,797	2,867
Depreciation and amortisation	1,165	1,187	1,276	1,358	1,400	1,450	1,501	1,554	1,598	1,564
Total Expenses	4,706	4,850	5,008	5,202	5,335	5,479	5,626	5,776	5,921	5,969
Net Operating Result	1,370	1,268	1,273	1,144	1,120	1,175	1,212	1,254	1,305	1,490
Net operating result before grants and contributions provided for capital purposes	1,170	1,268	1,273	1,144	1,120	1,175	1,212	1,254	1,305	1,490

Statement of Financial Position - Water Fund

Account Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Current assets										
Cash and investments	7,655	5,895	3,590	1,713	3,273	4,018	5,011	5,927	8,187	9,220
Receivables	936	973	1,012	1,048	1,074	1,101	1,128	1,156	1,185	1,215
Inventories	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total current assets	8,591	6,868	4,602	2,761	4,347	5,119	6,140	7,083	9,372	10,435
Non-current assets										
Infrastructure, property, plant and equipment	48,403	56,897	66,554	75,085	78,938	84,043	88,763	93,914	97,766	101,739
Total non-current assets	48,403	56,897	66,554	75,085	78,938	84,043	88,763	93,914	97,766	101,739
Total Assets	56,993	63,765	71,156	77,845	83,285	89,161	94,903	100,997	107,138	112,174
Current liabilities										
Payables	173	180	183	189	194	199	204	209	214	219
Income received in advance	-	-	-	-	-	-	-	-	-	-
Borrowings	100	37	39	43	46	50	54	58	63	68
Provisions	23	23	24	24	25	26	26	27	28	28
Total current liabilities	296	240	246	257	265	274	284	294	305	316
Non-current liabilities										
Borrowings	458	421	382	339	293	243	189	131	68	-
Provisions	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	458	421	382	339	293	243	189	131	68	-
Total Liabilities	754	661	628	596	558	517	473	425	373	316
NET ASSETS	56,239	63,104	70,528	77,250	82,727	88,644	94,430	100,572	106,766	111,858
Equity										
Accumulated surplus	47,501	48,769	50,042	51,186	52,306	53,481	54,692	55,947	57,252	58,742
Revaluation reserves	8,750	14,346	20,497	26,075	30,432	35,175	39,749	44,638	49,526	53,127
TOTAL EQUITY	56,251	63,115	70,539	77,261	82,738	88,656	94,441	100,584	106,778	111,870

Statement of Cash Flows - Water Fund

Account Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Cash flows from operating activities										
<i>Receipts:</i>										
Rates and annual charges	2,281	2,372	2,467	2,553	2,617	2,683	2,750	2,819	2,889	2,961
User charges and fees	3,237	3,402	3,538	3,667	3,768	3,863	3,959	4,058	4,160	4,264
Investment revenue and interest	288	307	236	90	43	82	101	126	148	205
Grants and contributions	200	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<i>Payments:</i>										
Employee benefits and on-costs	(1,219)	(1,263)	(1,295)	(1,327)	(1,360)	(1,395)	(1,429)	(1,465)	(1,502)	(1,539)
Materials and contracts	(2,232)	(2,340)	(2,383)	(2,465)	(2,527)	(2,592)	(2,655)	(2,723)	(2,790)	(2,860)
Borrowing costs	(57)	(52)	(49)	(45)	(42)	(38)	(34)	(29)	(25)	-
Other	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used) in operating activities	2,497	2,425	2,514	2,472	2,499	2,603	2,691	2,785	2,881	3,031
Purchase of infrastructure, property, plant and equipment	(2,617)	(4,250)	(5,010)	(4,455)	(1,045)	(2,050)	(1,780)	(2,005)	(700)	(935)
Other	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used) in investing activities	(2,225)	(4,085)	(4,783)	(4,310)	(896)	(1,813)	(1,648)	(1,816)	(563)	(1,935)
Cash flows from financing activities										
<i>Receipts:</i>										
New loans	-	-	-	-	-	-	-	-	-	-
<i>Payments:</i>										
Loan repayments	(252)	(100)	(37)	(39)	(43)	(46)	(50)	(54)	(58)	(63)
Net cash provided (or used) in financing activities	(252)	(100)	(37)	(39)	(43)	(46)	(50)	(54)	(58)	(63)
Net increase / (decrease) in cash	20	(1,760)	(2,305)	(1,877)	1,560	745	994	915	2,260	1,033
Cash, Cash Equivalents & Investments - Beginning of the Years	7,635	7,655	5,895	3,590	1,713	3,273	4,018	5,011	5,927	8,187
Total Cash, Cash Equivalents & Investments - end of Years	7,655	5,895	3,590	1,713	3,273	4,018	5,011	5,927	8,187	9,220
External Cash Restrictions	7,655	5,895	3,590	1,713	3,273	4,018	5,011	5,927	8,187	9,220
Internal Cash Restrictions	-	-	-	-	-	-	-	-	-	-
Unrestricted Cash	-	-	-	-	-	-	-	-	-	-
	7,655	5,895	3,590	1,713	3,273	4,018	5,011	5,927	8,187	9,220

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Income Statement - Sewer Fund

Account Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Income from continuing operations										
Rates and annual charges	5,246	5,456	5,674	5,873	6,019	6,170	6,324	6,482	6,644	6,810
User charges and fees	607	631	657	680	696	714	732	750	769	788
Interest and investment revenue	451	327	324	215	203	197	185	196	238	302
Other revenues	10	10	11	11	11	12	12	12	12	13
Total Income	6,524	6,425	6,665	6,779	6,931	7,092	7,253	7,440	7,664	7,913
Expenses from continuing operations										
Employee benefits and oncosts	1,113	1,146	1,175	1,204	1,235	1,265	1,297	1,329	1,363	1,397
Borrowing costs	79	73	67	61	54	47	88	31	23	15
Materials and contracts	2,074	2,157	2,243	2,322	2,380	2,439	2,500	2,563	2,627	2,693
Depreciation and amortisation	1,211	1,310	1,386	1,467	1,536	1,609	1,675	1,732	1,784	1,836
Total Expenses	4,477	4,686	4,871	5,055	5,204	5,360	5,560	5,655	5,796	5,940
Net Operating Result	2,047	1,739	1,794	1,724	1,726	1,732	1,693	1,785	1,867	1,973
Net operating result before grants and contributions provided for capital purposes	1,837	1,739	1,794	1,724	1,726	1,732	1,693	1,785	1,867	1,973

Statement of Financial Position - Sewer Fund

Account Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Current assets										
Cash and investments	15,067	14,978	15,501	15,017	14,749	14,303	14,722	16,415	18,977	20,809
Receivables	302	315	327	339	347	356	365	374	383	393
Total current assets	15,369	15,293	15,828	15,356	15,096	14,658	15,086	16,789	19,361	21,202
Non-current assets										
Infrastructure, property, plant and equipment	78,260	87,801	95,852	103,511	109,851	116,400	122,175	126,987	131,434	135,254
Total non-current assets	78,260	87,801	95,852	103,511	109,851	116,400	122,175	126,987	131,434	135,254
Total Assets	93,629	103,094	111,681	118,866	124,947	131,058	137,261	143,776	150,795	156,455
Current liabilities										
Payables	45	46	48	49	50	52	53	54	56	57
Borrowings	133	139	145	152	159	221	175	183	191	200
Provisions	22	23	23	24	24	25	26	26	27	28
Total current liabilities	200	208	216	225	234	298	254	264	274	285
Non-current liabilities										
Borrowings	1,529	1,390	1,245	1,093	933	712	599	408	217	17
Total non-current liabilities	1,529	1,390	1,245	1,093	933	712	599	408	217	17
Total Liabilities	1,729	1,598	1,461	1,318	1,167	1,010	853	672	491	302
NET ASSETS	91,900	101,496	110,220	117,548	123,780	130,048	136,408	143,104	150,304	156,154
Equity										
Accumulated surplus	73,966	75,705	77,499	79,223	80,949	82,681	84,374	86,159	88,027	90,000
Revaluation reserves	11,048	18,905	25,835	31,438	35,943	40,478	45,143	50,052	55,383	59,259
TOTAL EQUITY	85,014	94,610	103,333	110,661	116,892	123,159	129,517	136,212	143,410	149,258

Statement of Cash Flows - Sewer Fund

Account Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Cash flows from operating activities										
<i>Receipts:</i>										
Rates and annual charges	5,246	5,456	5,674	5,873	6,019	6,170	6,324	6,482	6,644	6,810
User charges and fees	582	619	644	668	688	705	723	741	759	778
Investment revenue and interest	451	327	324	215	203	197	185	196	238	302
Other	10	10	11	11	11	12	12	12	12	13
<i>Payments:</i>										
Employee benefits and on-costs	(1,104)	(1,147)	(1,176)	(1,205)	(1,235)	(1,266)	(1,298)	(1,330)	(1,363)	(1,397)
Materials and contracts	(2,061)	(2,154)	(2,240)	(2,318)	(2,377)	(2,435)	(2,496)	(2,559)	(2,623)	(2,689)
Borrowing costs	(79)	(73)	(67)	(61)	(54)	(47)	(88)	(31)	(23)	(15)
Other	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used) in operating activities	3,255	3,038	3,169	3,183	3,256	3,335	3,363	3,511	3,645	3,803
Purchase of infrastructure, property, plant and equipment	(4,082)	(3,875)	(2,970)	(3,680)	(3,580)	(3,780)	(2,880)	(1,800)	(1,150)	(780)
Other	-	-	-	-	-	-	-	-	-	-
Net cash provided (or used) in investing activities	(3,099)	(2,994)	(2,508)	(3,523)	(3,373)	(3,623)	(2,723)	(1,643)	(900)	(1,780)
Cash flows from financing activities										
<i>Receipts:</i>										
New loans	-	-	-	-	-	-	-	-	-	-
<i>Payments:</i>										
Loan repayments	(127)	(133)	(139)	(145)	(152)	(159)	(221)	(175)	(183)	(191)
Net cash provided (or used) in financing activities	(127)	(133)	(139)	(145)	(152)	(159)	(221)	(175)	(183)	(191)
Net increase / (decrease) in cash	29	(88)	523	(484)	(268)	(446)	419	1,694	2,562	1,832
Cash, Cash Equivalents & Investments - Beginning of the Years	15,038	15,067	14,978	15,501	15,017	14,749	14,303	14,722	16,415	18,977
Total Cash, Cash Equivalents & Investments - end of Years	15,067	14,978	15,501	15,017	14,749	14,303	14,722	16,415	18,977	20,809
External Cash Restrictions	15,067	14,978	15,501	15,017	14,749	14,303	14,722	16,415	18,977	20,809
Internal Cash Restrictions	-	-	-	-	-	-	-	-	-	-
Unrestricted Cash	-	-	-	-	-	-	-	-	-	-
	15,067	14,978	15,501	15,017	14,749	14,303	14,722	16,415	18,977	20,809

3. Sensitivity Analysis

The scenarios have been evaluated in relation to their sensitivity to changes in the assumptions.

Employee Costs

Council's ability to contain rises in employee costs has a major impact on future performance. A key issue is the level of capitalisation (allocating employees to capital works programs rather than operational) and the level of resourcing required for civil contracting activities. Future increases of employee costs due to Award increases and progression of staff through the salary system are critical components of the modelling.

Interest Rates

Council has very low levels of borrowings and the existing loans are at fixed rates with interest payments decreasing over time. However, the interest received on investments has a positive impact on operating results. Further, utilising reserves for major capital investments decreases the available investment assets from which interest is received.

Capital Works Programs

In recent years Council has been increasing its capital base as new or improved community infrastructure is provided, largely supported by external grants. This has a flow on effect to increased depreciation and operating costs. Both the scenarios take into consideration additional depreciation when funded projects such as the Evacuation (Multipurpose) Centre and Aerodrome extension are forecast to be completed. Further capital projects will result in additional operational, maintenance and depreciation costs.

Grant Programs

Council relies heavily on external funding for its operations and capital works renewal program. If such grants are reduced or discontinued, Council will have to generate considerably more revenues from other sources. It has been assumed that Government funding remains stable, however, should such funding decrease because of current economic stimulus spending, Council's operating result would significantly worsen.

Rates Income

Apart from the introduction of an SRV, rates income is restricted to rate pegging as set each financial year by the Independent Pricing & Regulatory Tribunal (IPART). If rate pegging was abolished, Council would have greater flexibility to achieve financial sustainability.

Cost Shifting

Over the years other levels of government have shifted costs associated, among other, with emergency services, weed management, food safety regulation, road safety programs and fire and emergency services to local government without funding. It is likely that this trend will continue and negatively affect Council's operating results.

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Energy Costs

Increased energy costs are occurring with Council continually looking at ways to minimise future costs. Solar panels and geothermal heating/cooling for Council buildings have resulted in savings with further projects being investigated.

Insurance and Workers Compensation

Forecasting insurance premiums is difficult. Considerable increases in insurance premiums are expected in coming years, influenced by several issues, particularly the occurrence of natural disasters, higher inflation with economic uncertainty, and climate change.

Workers' compensation premiums will increase following a rise in wages. Council's safety, risk & quality committee is committed to reducing premiums and claims through increased risk mitigation, awareness, and workplace safety programs.

Superannuation

The Federal government has changed the phasing of the increases in the superannuation guarantee levy as per the table below. The impact of this change has been factored into the LTFP.

Year	SG Levy
2024-25	11.50%
2025-26 onwards	12.00%

4. Indicators (Consolidated Fund)

Council's key objectives include the achievement of an operating surplus over the planning cycle and adequate funding of asset renewals. This is achieved under the SRV scenario. Other considerations include the achievement of industry benchmarks that Council must report on as part of its annual report.

The following ratios are anticipated to occur under base case and two SRV scenarios:

Operating Performance Ratio – Benchmark > 0%

This ratio measures financial sustainability and indicates Council's capacity to meet its ongoing expenditure by comparing revenues with operating expenses (excluding capital grants and contributions).

Scenario 1: Base Case Unable to reach this benchmark.

Scenario 2: 3 x 12.5% SRV Reaches benchmark in all years except 2025/26.

Own Source Revenue – Benchmark > 60%

This ratio measures a council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. It compares operating revenues gained from sources other than grants and contributions to its total operating revenues.

Scenario 1: Base Case Meets benchmark in 9 out of 10 years

Scenario 2: 2 x 12.5% SRV Meets benchmark in 9 out of 10 years

Unrestricted Current Ratio – Benchmark >1.5

This ratio indicates Council's ability to meet short term obligations as they fall due. Council meets this ratio throughout the period of the LTFP. However, in the baseline scenario, Council assets quickly deplete, and Council is unable to meet this ratio.

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Scenario 1: Base Case Meets benchmark throughout the 10 years

Scenario 2: 3 x 12.5% SRV Meets benchmark throughout the 10 years

Debt Service Cover Ratio – Benchmark >2

This ratio indicates the proportion of operating revenues being utilised for interest and principal repayments on loans.

Scenario 1: Base Case Meets benchmark throughout the 10 years

Scenario 2: 3 x 12.5% SRV Meets benchmark throughout the 10 years

Cash Expenses Cover Ratio – Benchmark >3 months

This ratio indicates Council's liquidity. It determines the number of months a Council can continue paying for its immediate expenses without additional cash flow.

Scenario 1: Base Case Meets benchmark throughout the 10 years

Scenario 2: 3 x 12.5% SRV Meets benchmark throughout the 10 years