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GILGANDRA REGION LONG TERM FINANCIAL PLAN 2023/24 – 2032/33



ACKNOWLEDGEMENT OF COUNTRY.

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

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

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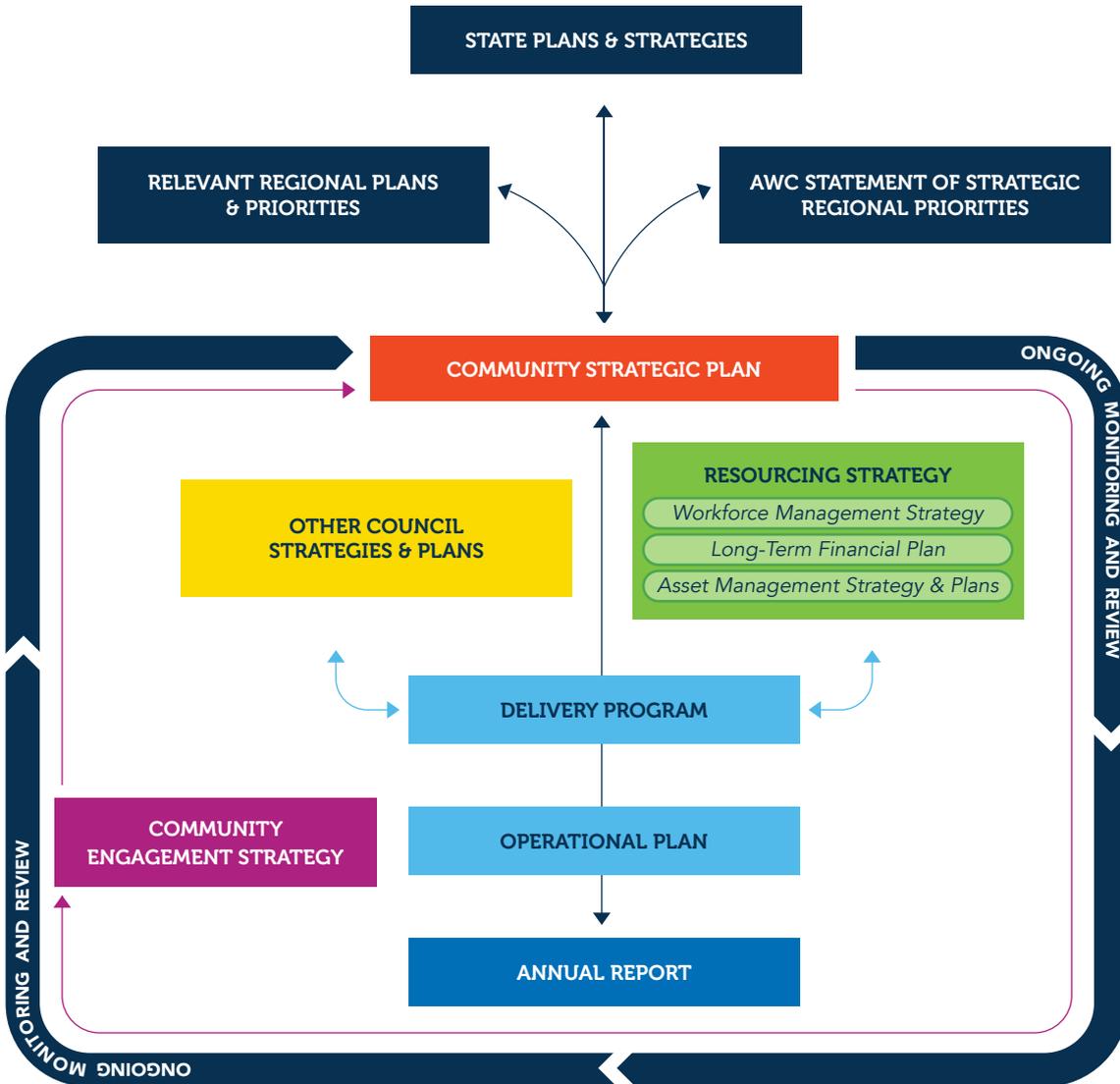
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INTEGRATED PLANNING AND REPORTING FRAMEWORK

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

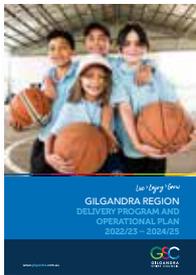
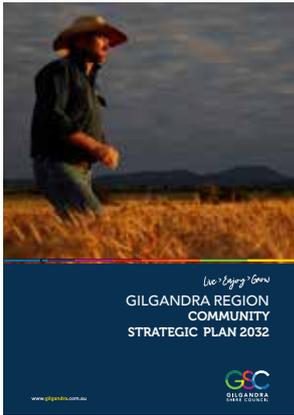
Planning documents include:

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



SUPPORTING PLANS AND STRATEGIES

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



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

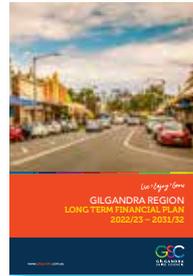
Operational Plan
Details actions that Council will take in the next financial year towards achieving the outcomes identified in the Community Strategic Plan. These actions are a subset of the actions outlined in the Delivery Program and include detailed budget requirements.



Resourcing Strategy

WORKFORCE MANAGEMENT PLAN

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

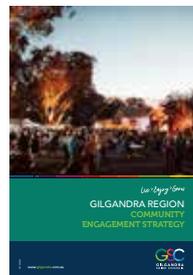


ASSET MANAGEMENT PLAN

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

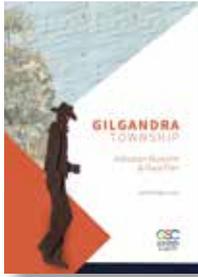
LONG TERM FINANCIAL PLAN

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



COMMUNITY ENGAGEMENT STRATEGY

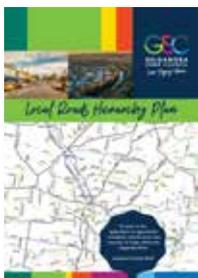
Outlines various strategies to engage with the Gilgandra Shire Community.



Other Council Strategies and Plans

GILGANDRA ACTIVATION BLUEPRINT

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



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

LOCAL ROADS HIERARCHY PLAN

GILGANDRA LOCAL STRATEGIC PLANNING STATEMENT (LSPS)

GILGANDRA ACTIVE TRANSPORT STRATEGY

COMMUNITY PARTICIPATION PLAN

DISABILITY INCLUSION ACTION PLAN

GILGANDRA CULTURAL PRECINCT STRATEGIC PLAN

GILGANDRA DEVELOPMENT CONTROL PLAN

GILGANDRA COMMUNITY BASED HERITAGE STUDY



OBJECTIVES OF THE LONG TERM FINANCIAL PLAN

This LTFP covers the 10 year planning period from the Community Strategic Plan 2023/24 to 2032/33.

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

Specific objectives of the plan are to:

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





FINANCIAL SUSTAINABILITY

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

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

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

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

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

INFRASTRUCTURE RENEWALS AND BACKLOG

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

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

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

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

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



PLANNING ASSUMPTIONS

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

The key planning assumptions considered in the development of the LTFP are detailed below. All amounts are shown in real values (2023/24 dollars)

INFLATION CONSUMER PRICE INDEX (CPI)

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

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

INVESTMENT RETURNS

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

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

EMPLOYEE COSTS

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

The base year (2023/24) employee costs are calculated utilising a zero based budgeting approach, calculating the employee cost for each position in the budgeted staff establishment based on actual rates of pay inflated for known increases in pay rates. The projections include employee on-costs for each employee as well as an allowance for overtime and the impact of vacant positions during the year.

As part of its financial strategy, Council sets aside a reserve to enable any 'spikes' in employee leave entitlements, particularly resulting from the retirement or resignation of long serving employees, to be funded. The reserve currently represents 43% of total employee entitlement provisions and is forecast to increase to 50% by the end of the 10 year planning period.

RATE PEGGING

Council's capacity to generate rate income and increase the overall annual rate revenue is controlled through rate pegging set by the Independent Pricing and Regulatory Tribunal (IPART). The rate peg announced by IPART for 2023/2024 is 3.70%. Estimates for future rating revenue has been set at 2.5%. The Long Term Financial Plan is based on the Ordinary (General) Rates to increase by 3.7% in 2023/2024 in accordance with the additional special variation limit as determined by the Minister for Local Government.

ELECTION EXPENSES

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

BORROWING COSTS

Borrowing costs are forecast to average 4.5% for the 15 year term.

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

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

WATER SUPPLY CHARGES

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

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

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

SEWER CHARGES

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

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

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

GENERAL RATES

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

DOMESTIC WASTE MANAGEMENT CHARGES

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

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

Waste Management Charges have been forecast to increase by 2% in 2023/24 and 2.5% per annum for the remainder of the life of the plan.

STORMWATER CHARGES

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

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

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

GRANTS

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

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

CAPITAL WORKS 2023/24 - 2026/27

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

AERO PARK SUBDIVISION An amount of \$2.5m to construct the services associated with this subdivision. The construction element is offset by borrowings of the same amount.

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

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

BARONNE CREEK An amount of \$1m to replace the Baronne Creek crossing on National Park road.

BUSHFIRE ISSUES The allocation of \$256,250 is an estimate only of the value of the plant and equipment to be purchased by the Rural Fire Service. This is a non cash item with Council paying 11.7% of the cost.

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

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

CEMETERY ADDITIONAL PLINTH A \$25k allocation to construct additional concrete plinth at Gilgandra Cemetery.

CHAMBERS & OFFICES The Council chambers and offices is an ageing building and regular maintenance and renewals are required, into the future. \$100k has been set aside for renovations in 2023/24.

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

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

DISABILITY INCLUSION PLAN INITIATIVES

This annual allocation is offset by a contribution from Orana Living of \$250k.

DOLLY PARTON IMAGINATION

LIBRARY A program under which each child born in Gilgandra gains access to a book a month until the age of five to encourage early childhood reading.

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

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

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

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

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

INDUSTRIAL PRECINCT DEVELOPMENT The allocation of \$4.97m to complete the development of the subdivision, is offset by grant funding from Local Roads and Community Infrastructure.

INFORMATION TECHNOLOGY An allocation of \$1.98m, that is partly offset by grant funding, to upgrade Councils internal network and deliver sustainable ICT and business system improvements in line with a 3 year road map.

INLAND RAIL – HOUSING PROJECT

Project with an allocation of \$7m to construct housing for Inland Rail management and other State Government services that will provide lease income and sale proceeds to offset over the medium term.

CAPITAL WORKS 2023/24 - 2026/27 CONTINUED...

INLAND RAIL - RIVER REVITALISATION

An amount of \$200,000 is allocated for the project and is offset by a transfer from reserves on page 17.

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

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

MCGRANE OVAL Allocation of \$170k to provide for completion of the commentary box and to seal the carpark at the Northern end. Offset by grant funding.

MEDICAL PRECINCT DESIGN AND CONSTRUCTION An allocation of \$4.25m towards the planning design and construction of a medical precinct subject to being fully offset by grant funding.

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

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

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

	(2022/23)	(2023/24)
Major Plant	\$955,000 - \$240,000 = \$715,000	\$944,000 - \$307,000 = \$637,000
Trucks & Utes	\$99,000 - \$53,000 = \$46,000	\$185,000 - \$44,000 = \$141,000
Cars & Wagons	\$63,000 - \$30,000 = \$33,000	\$245,000 - \$165,000 = \$80,000
Minor Plant	\$8,000 - \$1,000 = \$7,000	\$60,000 - \$20,000 = \$40,000
Total	\$1,125,000 - \$324,000 = \$801,000	\$1,434,000 - \$536,000 = \$898,000

POUND Annual allocations for renewal work if required.

RELOCATE ADMINISTRATION BUILDING TO MILLER STREET A proposal to relocate the administration of Council from Warren Road to Miller Street.

CAPITAL WORKS 2023/24 - 2026/27 CONTINUED...

ROADS – ADDITIONAL RURAL RENEWALS

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

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

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

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

YEAR	ADDITIONAL ROADS ALLOCATION	LESS LOAN REPAYMENT	AMENDED ROADS ALLOCATION
23/24	\$493,076	\$210,199	\$282,877
24/25	\$505,403	\$210,199	\$295,204
25/26	\$518,038	\$210,199	\$307,839
26/27	\$530,989	\$210,199	\$320,790
27/28	\$544,264	\$86,180	\$458,637
28/29	\$557,870	\$86,180	\$471,690
29/30	\$571,817	\$86,180	\$485,637
30/31	\$586,083	\$86,180	\$499,903
31/32	\$600,765	\$0	\$600,765
32/33	\$615,784	\$0	\$615,784

CAPITAL WORKS 2023/24 - 2026/27 CONTINUED...

ROADS – KERB & RENEWALS

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

ROADS - SEALING OF NATIONAL

PARK ROAD An allocation of \$5.38m towards the sealing of National Park Road offset by \$4.38m in grant funding.

ROADS – SEALING TOORWEENAH

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

ROADS – UPGRADE RURAL PROBLEM

SPOTS There are a number of problem spots that have been identified within the rural road network. A proposed allocation has been included to address the issues. It is offset by grant funding of the same amount.

ROADS – WRIGLEY STREET UPGRADE

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

ROADS – YARRAGRIN CREEK BRIDGE

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

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

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

SOLAR PANELS FOR COUNCIL

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

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

SWIMMING POOL An allocation towards the purchase of a pool blanket subject to grant funding.

WAR MEMORIAL LITERARY INSTITUTE

BUILDING An allocation to renovate this building after the departure of the existing Library into the new Library Hub.

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

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



SHELLS



KEY FINANCIAL INDICATORS

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

- Sustainability
- Infrastructure and Service Management; and
- Efficiency

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

SUSTAINABILITY

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

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

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

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

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

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

INFRASTRUCTURE & SERVICE MANAGEMENT

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

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

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

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

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

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

EFFICIENCY

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

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





SENSITIVITY ANALYSIS

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

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

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

INFLATION

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

RATE PEGGING

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

INVESTMENT RETURNS

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

LOAN INTEREST RATES

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

WORKERS' COMPENSATION INSURANCE

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

PRODUCTIVITY IMPROVEMENTS

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

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



FINANCIAL STRATEGIES UNDERPINNING THE LTFP

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

The key strategies underpinning the LTFP are:

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

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

IDENTIFYING BUDGET EXPENDITURE REDUCTIONS

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

PRODUCTIVITY IMPROVEMENTS & INITIATIVES

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

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

LOAN FUNDING

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

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

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

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

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

FINANCIAL MODELLING

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

KEY ELEMENTS

- Capital Works Program of \$159.2m including \$86.9m asset renewals.
- Borrowings sourced for Capital Projects with intergenerational benefits within Council's debt service ratio policy.
- General Rate Revenue increased by rate pegging for the life of this plan.
- Water Charges increased by 5% per annum over the life of the plan.
- Sewer Charges increased by 7% per annum over the life of the plan.
- All amounts are shown in real values (2023/24 dollars)

APPENDIX 1

Financial Modelling Outputs

The following financial modelling outputs are provided:

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



PROJECTED INCOME & EXPENDITURE STATEMENT										
10 Year Period 2023/24 to 2032/33										
	FORECAST 2023/24	FORECAST 2024/25	FORECAST 2025/26	FORECAST 2026/27	FORECAST 2027/28	FORECAST 2028/29	FORECAST 2029/30	FORECAST 2030/31	FORECAST 2031/32	FORECAST 2032/33
Income from Continuing Operations										
Rates & Annual Charges	7,190,884	7,413,600	7,644,669	7,884,483	8,133,453	8,392,016	8,660,631	8,939,784	9,229,990	9,531,791
User Charges & Fees	17,695,157	18,838,620	19,291,401	19,760,809	20,236,670	20,741,972	21,165,997	21,569,506	22,193,303	22,838,230
Interest & Investment Revenue	1,603,039	1,626,865	1,651,537	1,622,075	1,593,502	1,565,839	1,569,110	1,608,338	1,648,547	1,689,760
Other Revenues	825,662	846,304	877,461	909,148	941,376	974,161	997,515	1,021,453	1,055,989	1,082,439
Grants & Contributions provided for Operating Purposes	11,103,003	9,077,942	9,302,535	9,532,411	9,595,881	9,836,176	10,082,499	10,335,000	10,593,836	10,859,166
Grants & Contributions provided for Capital Purposes	14,464,378	31,325,972	29,972,656	10,629,223	635,953	542,852	549,923	557,171	564,601	5,072,216
Net gains from disposal of assets	0	0	0	0	0	0	0	0	0	0
Total Income from Continuing Operations	52,882,123	69,129,302	68,740,260	50,338,148	41,136,836	42,053,017	43,025,675	44,031,252	45,286,265	51,073,602
Expenses from Continuing Operations										
Employee Costs	19,172,590	19,882,915	20,391,614	20,913,540	21,451,710	21,956,114	22,521,557	23,101,635	23,696,728	24,307,227
Borrowing Costs	518,133	578,910	654,518	653,880	553,709	455,634	386,161	350,227	313,400	276,909
Materials & Contracts	11,117,270	9,034,519	8,847,967	9,067,189	9,060,191	9,329,317	9,493,310	9,717,277	9,946,335	10,240,590
Depreciation & Amortisation	5,886,925	5,886,925	5,886,925	5,886,925	5,886,925	5,886,925	5,886,925	5,886,925	5,886,925	5,886,925
Other Expenses	1,228,592	1,259,307	1,290,789	1,323,059	1,356,136	1,390,039	1,424,790	1,460,410	1,496,920	1,534,343
Net losses from disposal of assets	0	0	0	0	0	0	0	0	0	0
Total Expenses from Continuing Operations	37,923,510	36,642,576	37,071,814	37,844,593	38,308,670	39,018,029	39,712,743	40,516,474	41,340,309	42,245,994
NET OPERATING RESULT FOR THE YEAR	14,958,613	32,486,726	31,668,446	12,493,556	2,828,166	3,034,988	3,312,932	3,514,779	3,945,956	8,827,608
Net Operating Result before capital grants & contributions	494,235	1,160,754	1,695,789	1,864,333	2,192,213	2,492,136	2,763,008	2,957,607	3,381,356	3,755,392

PROJECTED BALANCE SHEET										
10 Year Period 2023/24 to 2032/33										
	FORECAST 2023/24	FORECAST 2024/25	FORECAST 2025/26	FORECAST 2026/27	FORECAST 2027/28	FORECAST 2028/29	FORECAST 2029/30	FORECAST 2030/31	FORECAST 2031/32	FORECAST 2032/33
ASSETS										
Current Assets										
Cash & Cash Equivalents	25,883,088	22,966,907	23,932,201	24,507,361	26,663,429	30,483,598	33,781,267	34,500,538	38,295,738	42,351,504
Receivables	3,691,862	3,691,862	3,691,862	3,691,862	3,691,862	3,691,862	3,691,862	3,691,862	3,691,862	3,691,862
Inventories	5,820,641	5,320,641	3,970,641	2,620,641	1,270,641	-579,359	-1,329,359	-2,079,359	-2,729,359	-3,379,359
Total Current Assets	35,395,591	31,979,410	31,594,704	30,819,864	31,625,932	33,596,101	36,143,770	36,113,041	39,258,241	42,664,007
Non Current Assets										
Investments	0	0	0	0	0	0	0	0	0	0
Receivables	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Infrastructure, Property, Plant & Equipment	392,731,811	429,845,848	463,555,252	477,854,819	479,026,130	479,207,088	479,054,015	481,645,256	481,541,098	488,521,533
Total Non Current Assets	392,931,811	430,045,848	463,755,252	478,054,819	479,226,130	479,407,088	479,254,015	481,845,256	481,741,098	488,721,533
TOTAL ASSETS	428,327,402	462,025,258	495,349,956	508,874,683	510,852,062	513,003,189	515,397,785	517,958,297	520,999,338	531,385,540
LIABILITIES										
Current Liabilities										
Payables	14,724,079	14,724,079	14,724,079	14,724,079	14,724,079	14,724,079	14,724,079	14,724,079	14,724,079	14,724,079
Overdraft Facility	0	0	0	0	0	0	0	0	0	0
Borrowings	788,870	843,748	968,828	850,787	883,861	918,335	954,267	904,915	941,406	1,415,624
Provisions	3,605,915	3,605,915	3,605,915	3,605,915	3,605,915	3,605,915	3,605,915	3,605,915	3,605,915	3,605,915
Total Current Liabilities	19,118,864	19,173,742	19,298,822	19,180,781	19,213,855	19,248,329	19,284,261	19,234,909	19,271,400	19,745,618
Non Current Liabilities										
Borrowings	7,355,373	8,511,625	10,042,797	11,192,010	10,308,149	9,389,814	8,435,547	7,530,632	6,589,226	7,673,602
Provisions	694,000	694,000	694,000	694,000	694,000	694,000	694,000	694,000	694,000	694,000
Total Non Current Liabilities	8,049,373	9,205,625	10,736,797	11,886,010	11,002,149	10,083,814	9,129,547	8,224,632	7,283,226	8,367,602
TOTAL LIABILITIES	27,168,237	28,379,367	30,035,619	31,066,791	30,216,004	29,332,143	28,413,808	27,459,541	26,554,626	28,113,220
NET ASSETS	401,159,165	433,645,891	465,314,337	477,807,892	480,636,058	483,671,046	486,983,977	490,498,756	494,444,712	503,272,320
EQUITY										
Retained Earnings	127,312,560	159,799,286	191,467,732	203,961,287	206,789,453	209,824,441	213,137,372	216,652,151	220,598,107	229,425,715
Revaluation Reserves	273,846,605	273,846,605	273,846,605	273,846,605	273,846,605	273,846,605	273,846,605	273,846,605	273,846,605	273,846,605
TOTAL EQUITY	401,159,165	433,645,891	465,314,337	477,807,892	480,636,058	483,671,046	486,983,977	490,498,756	494,444,712	503,272,320

PROJECTED CASH FLOW STATEMENT 10 Year Period 2023/24 to 2032/33										
	FORECAST 2023/24	FORECAST 2024/25	FORECAST 2025/26	FORECAST 2026/27	FORECAST 2027/28	FORECAST 2028/29	FORECAST 2029/30	FORECAST 2030/31	FORECAST 2031/32	FORECAST 2032/33
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	7,190,884	7,413,600	7,644,669	7,884,483	8,133,453	8,392,016	8,660,631	8,939,784	9,229,990	9,531,791
User Charges & Fees	17,695,157	18,838,620	19,291,401	19,760,809	20,236,670	20,741,972	21,165,997	21,569,506	22,193,303	22,838,230
Interest & Investment Revenue	1,603,039	1,626,865	1,651,537	1,622,075	1,593,502	1,565,839	1,569,110	1,608,338	1,648,547	1,689,760
Grants & Contributions	25,567,381	40,403,914	39,275,192	20,161,634	10,231,835	10,379,029	10,632,422	10,892,172	11,158,437	15,931,381
Other	825,662	846,304	877,461	909,148	941,376	974,161	997,515	1,021,453	1,055,989	1,082,439
Payments:										
Employee Costs	-19,172,590	-19,882,915	-20,391,614	-20,913,540	-21,451,710	-21,956,114	-22,521,557	-23,101,635	-23,696,728	-24,307,227
Materials & Contracts	-11,117,270	-9,034,519	-8,847,967	-9,067,189	-9,060,191	-9,329,317	-9,493,310	-9,717,277	-9,946,335	-10,240,590
Borrowing Costs	-518,133	-578,910	-654,518	-653,880	-553,709	-455,634	-386,161	-350,227	-313,400	-276,909
Other	-1,228,592	-1,259,307	-1,290,789	-1,323,059	-1,356,136	-1,390,039	-1,424,790	-1,460,410	-1,496,920	-1,534,343
Net Cash provided (or used in) Operating Activities	20,845,538	38,373,651	37,555,371	18,380,481	8,715,091	8,921,913	9,199,857	9,401,704	9,832,881	14,714,533
Cash Flows from Investing Activities										
Receipts:										
Sale of Investment Securities	0	0	0	0	0	0	0	0	0	0
Sale of Real Estate Assets	2,700,000	500,000	1,350,000	1,350,000	1,350,000	1,850,000	750,000	750,000	650,000	650,000
Sale of Infrastructure, Property, Plant & Equipment	561,000	574,400	588,135	602,213	616,644	631,435	646,596	662,136	678,064	694,391
Deferred Debtors Receipts	0	0	0	0	0	0	0	0	0	0
Payments:										
Purchase of Investment Securities	0	0	0	0	0	0	0	0	0	0
Purchase of Real Estate Assets	-7,474,385	0	0	0	0	0	0	0	0	0
Purchase of Infrastructure, Property, Plant & Equipment	-25,335,203	-43,575,362	-40,184,464	-20,788,705	-7,674,880	-6,699,318	-6,380,448	-9,140,302	-6,460,830	-13,561,751
Net Cash provided (or used in) Investing Activities	-29,548,588	-42,500,962	-38,246,329	-18,836,492	-5,708,237	-4,217,883	-4,983,852	-7,728,166	-5,132,766	-12,217,360
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	2,500,000	2,000,000	2,500,000	2,000,000	0	0	0	0	0	2,500,000
Proceeds from Retirement Complex Contributions	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Payments:										
Repayment of Borrowings & Advances	-710,602	-788,870	-843,748	-968,828	-850,787	-883,861	-918,335	-954,267	-904,915	-941,406
Repayment of Retirement Complex Contributions	-1,000,000	-1,000,000	-1,000,000	-1,000,000	-1,000,000	-1,000,000	-1,000,000	-1,000,000	-1,000,000	-1,000,000
Net Cash provided (or used in) Investing Activities	1,789,398	1,211,130	1,656,252	1,031,172	-850,787	-883,861	-918,335	-954,267	-904,915	1,558,594
NET INCREASE / (DECREASE) IN CASH & EQUIVALENTS plus Cash & Equivalents at beginning of year	-6,913,652 32,796,740	-2,916,181 25,883,088	965,293 22,966,907	575,161 23,932,201	2,156,067 24,507,361	3,820,169 26,663,429	3,297,669 30,483,598	719,271 33,781,267	3,795,200 34,500,538	4,055,766 38,295,738
CASH & EQUIVALENTS AT YEAR END	25,883,088	22,966,907	23,932,201	24,507,361	26,663,429	30,483,598	33,781,267	34,500,538	38,295,738	42,351,504
plus Investments on hand at year end	0	0	0	0	0	0	0	0	0	0
TOTAL CASH, EQUIVALENTS & INVESTMENTS	25,883,088	22,966,907	23,932,201	24,507,361	26,663,429	30,483,598	33,781,267	34,500,538	38,295,738	42,351,504

PROJECTED KEY FINANCIAL INDICATORS 10 Year Period 2023/24 to 2032/33										
	FORECAST 2023/24	FORECAST 2024/25	FORECAST 2025/26	FORECAST 2026/27	FORECAST 2027/28	FORECAST 2028/29	FORECAST 2029/30	FORECAST 2030/31	FORECAST 2031/32	FORECAST 2032/33
Operating Performance Ratio Achieve better than 0%	1.29%	3.07%	4.37%	4.69%	5.41%	6.00%	6.50%	6.80%	7.56%	8.16%
Own Source Revenue Ratio Achieve better than 60%	71.10%	75.99%	76.00%	75.99%	76.31%	76.30%	76.26%	76.23%	76.31%	76.39%
Building & Asset Renewals Ratio Achieve better than 100%	180.04%	500.11%	602.89%	77.18%	67.68%	60.92%	58.58%	97.14%	61.04%	147.23%
Infrastructure Backlog Ratio Achieve less than 2%	0.81%	-4.36%	-5.92%	2.62%	2.79%	2.91%	2.95%	2.27%	2.91%	1.40%
Asset Maintenance Ratio Achieve better than 100%	94.18%	68.97%	70.69%	72.46%	74.27%	76.13%	78.03%	79.98%	81.98%	84.03%
Debt Service Ratio Achieve greater than 0% but less than 20%	4.78%	5.05%	5.39%	5.68%	4.79%	4.45%	4.23%	4.14%	3.75%	3.64%
Real Operating Expenditure Achieve a decrease over time	7.71	7.27	7.17	7.14	7.05	7.01	6.96	6.93	6.90	6.88



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