CAMPBELLTOWN 2032

Long-Term Financial Plan 2024-34

Resourcing the Delivery Program 2022-26

CAMPBELLTOWN

Council acknowledges the traditional custodians of the land, the Dharawal people and their unique and spiritual connections to the land.

We also respectfully acknowledge Elders past and present for the role they continue to play in guiding future generations.

Contents

Executive Summary 4

Part 1: Background Information 5

- Framework for Integrated Planning and Reporting 5
- Development and Review of the Long Term Financial Plan 6
- Monitoring Performance against the Long Term Financial Plan 6

Part 2: About Campbelltown 7

- Our City 7
- Our Council 7
- Our Future Plans 8
- Our Challenges 8

Part 3: Long Term Financial Plan 9

- Assumptions 9
- Financial Position 15
- Sensitivity Analysis and Risk Management 17
- Scenario Modelling 24

Key Financial Indicators 25

Executive Summary

Our Long-Term Financial Plan is a 10-year rolling plan outlining how our Delivery Program and Operational Plan will be resourced and funded to deliver our commitments for the next four years and beyond.

How to Read this Plan

This Plan has been structured around three parts.

1. **Background Information** about our planning framework, and the development process and ongoing monitoring of this plan.
2. **About Campbelltown** provides information about the current state and future plans for our city and council.
3. **Long Term Financial Plan** details our planning assumptions, revenue and expenditure forecasts, as well as sensitivity, risk and financial modelling for the next 10-years.

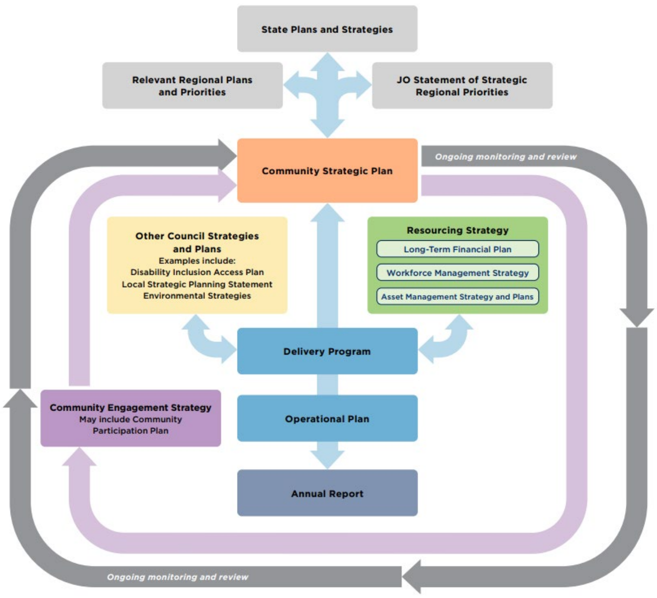
Part 1: Background Information

Framework for Integrated Planning and Reporting

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

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

- The community's vision: e.g., their aspirations for the future of Campbelltown;
- The outcomes the community wants to see achieved;
- High-level strategies to achieve these outcomes and vision.



The Integrated Planning & Reporting Framework – Office of Local Government 2021

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

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

Development and Review of the Long Term Financial Plan

This plan was developed to inform decision-making during the finalisation of the Community Strategic Plan and to ensure that we can provide the resources necessary to deliver our commitments detailed within the Delivery Program and Operational Plan.

It will be publicly exhibited on the 17th of April to 15th of May and will be considered by Council on the 25th of June 2024.

We will update this plan annually during the development of the Operational Plan, as well as review it in detail every 4 years during the review of the Community Strategic Plan.

Monitoring Performance against the Long Term Financial Plan

We will provide regular reports to our community to ensure ongoing transparency and accountability for our financial sustainability and the commitments made within this plan.

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

Our reports can be found on our website via campbelltown.nsw.gov.au/CouncilandCouncillors/FinancialInformation

Part 2: About Campbelltown

Our City

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

Campbelltown is the capital of the Macarthur Region, which is one of fastest growing regions in Australia. Campbelltown is where the city meets the bush. On Dharawal land, the natural landscape and setting of the city are some of Campbelltown's greatest assets and represent the foundation of the city's structure and places. Campbelltown is known as the land between two rivers - the Nepean and Georges - and is also where the Cumberland Plain in the west meets the coastal plateau in the east. The result is a distinctive natural setting of a city in a valley that characterises the place to this day. Campbelltown is a diverse and growing community of over 180,000 people. The population is expected to grow to almost 250,000 by 2036. Rich in experience and culture, we come from a wide range of backgrounds. Today, 35% of our residents were born overseas and 62% of people living in Campbelltown have parents who were born overseas.

Our Council

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

- Balanced service provision that meets community needs.
- Uniting and inspiring a sense of possibility.
- Proactively advocating for our place and community.
- Responsibly managing the growth.

Our organisation is led by the General Manager who is supported by an Executive Team responsible for five directorates. Our 15 Councillors, elected by the community, drive accountability for the delivery of the community's vision and our commitments made within our strategic plans.

Our workforce of over 1,000 staff deliver 37 essential services, which can be broadly summarised into the 10 service areas below:

- Arts and culture
- City planning and amenities
- Community, events and education
- Environmental protection
- Governance and administration
- Health, safety and regulation
- Investment, tourism and growth
- Roads, parking and transport
- Parks and recreation
- Waste and recycling

Whilst Council's largest asset by way of value are roads and road related assets, our total asset portfolio consists of over 260,000 individual items with a value of $2.6b. Our portfolio includes categories such as buildings, public space assets, swimming pools, library books, roads and road related, plant and equipment, community and operational land and drainage systems.

Our Future Plans

The confirmation by the NSW Government of the Campbelltown/Macarthur CBD as one of Sydney's Strategic Centres is a major economic boost for the City. To ensure Campbelltown maximises the opportunities that the projected growth will deliver in terms of prosperity for the City of Campbelltown, the enhancement of residents' access to new jobs, better facilities and improved services. Council will need to respond and adapt to the challenge of rolling out its own services, and operating its own facilities more cost effectively and with an improved focus on customer service and satisfaction.

Council will be looking towards strengthening its already strong partnerships with State and Federal government agencies to assist with the development of critical infrastructure and ensure that the City's next phase of growth and development will deliver the right outcomes for our City.

Our Challenges

Campbelltown is poised to lead the next decade of growth in the Macarthur region as it cements itself as a regional hub and cultural heartland. Along with population growth and significant housing development, infrastructure projects and investment will shape the expansion of our city.

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

We will continue to focus on operational efficiency and growing our revenue base in order to provide sustainable services and appropriate infrastructure for our growing city.

Part 3: Long Term Financial Plan

The Long Term Financial Plan (LTFP) is an integral part of Council's strategic planning cycle. This enables long term community aspirations and goals to be tested against financial realities.

The plan is a decision making and problem solving tool. The financial objectives, performance measures and strategies that Council has adopted in meeting financial sustainability challenges over the 2024-2034 period are presented in this document.

It is not intended that the plan be inflexible - it is a reasonable guide for future action based on current information. The modelling that occurs as part of the plan will provide an opportunity for Council to identify financial issues at an earlier stage, and gauge the effects of these issues in the short to long term.

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

Due to the length of the planning horizon, the plan becomes more general in future years. For example, the 10th year of a 10 year plan does not include specific detail, however, does show likely trends based on accepted assumptions.

The 2024-2027 adopted delivery program budget and 2022-2023 Financial Statements form the base years for the Long Term Financial Plan.

Assumptions

Key Assumptions

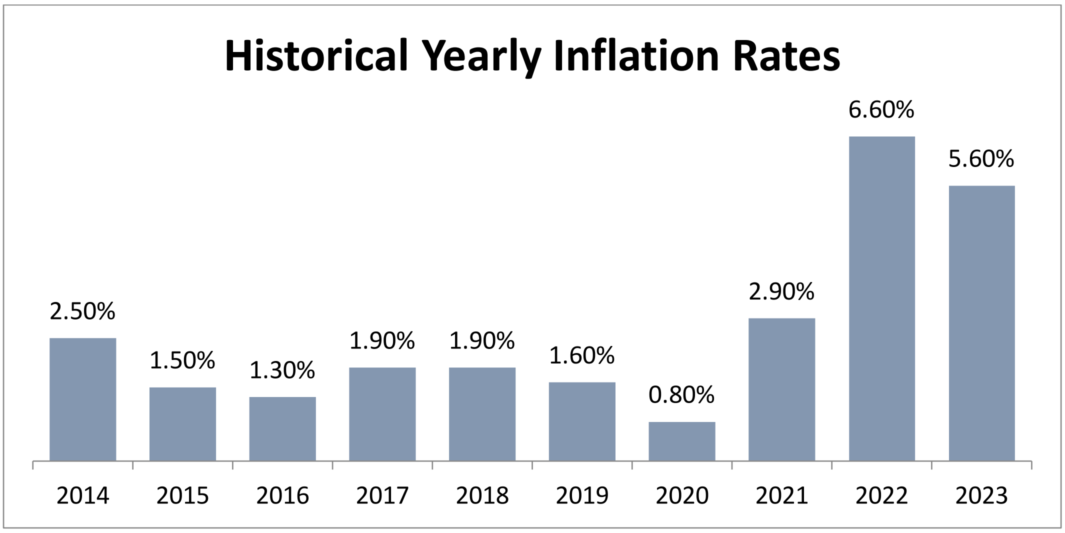
There are a number of assumptions that are used in order to project the long term financial results. These assumptions are outlined in detail throughout this section, however, the key assumptions are outlined below:

- Future determinations of the rate peg are forecast to be up to 3.5 percent however, this may vary depending on the recommendation of the Independent Pricing and Regulatory Tribunal (IPART) from year to year
- Service levels are largely maintained throughout the plan
- Population growth is estimated to continue to increase at 3.0 percent per annum
- The Consumer Price Index (CPI) is estimated at a flat rate of 2.6 percent per annum
- In general, future expenses and revenues have been calculated to reflect forecasts for the CPI
- Increases in revenue from user charges have been maintained using a combination of the CPI and the IPART Local Government Cost Index with utilisation rates remaining steady
- Salary and wage increases are estimated to be on average up to 3 percent per annum including turnover
- It is anticipated that there are no new borrowings as part of this Long Term Financial Plan. However, Council will continue to model borrowing opportunities in order to fund longer term infrastructure. Council will continue to ensure the Debt Service Ratio remains within the benchmark.
- Strategic capital expenditure will be considered suitable for funding from internal or external loans in line with intergenerational equity considerations.

Inflation

CPI is a measure of the change in price of a 'basket' of goods and services. The Reserve Bank has a policy to maintain an inflation rate between its annual target of 2 – 3 percent. Therefore where appropriate, this plan uses a mid-range forecast of a 2.6 percent annual inflation rate.

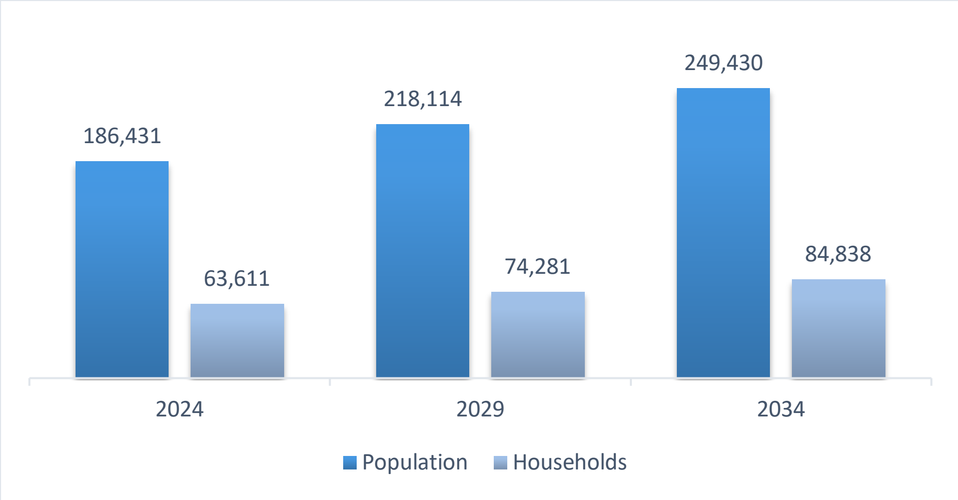
In preparation of the LTFP however, careful consideration was given to yearly movements in actual costs witnessed over the previous seven year period. From this data, both the historical average annual growth rate and the seven year compounded growth were calculated. These values were contrasted against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



Population

A key driver in the level of services Council is required to deliver over the next 10 years is the size of the resident population and number of households within the Local Government Authority (LGA). In the 2021 Census, there were 176,519 people in the Campbelltown LGA. However, the Census count is not considered the official population of an area due to limitations in the data collected. It is an official count of all people and dwellings in Australia on Census night, and collects details of age, sex, religion, education and other characteristics of the population. The next Census will be conducted in 2026.

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



31%	3.1%
Total percentage change in population between 2023 and 2033	**Average annual percentage change in population between 2023 and 2033**

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

Revenue Assumptions

Rates

For the 2024-25 budget, Council has applied the rate peg limit as set by IPART of 5.3 percent. The LTFP has maintained a conservative approach for all subsequent years and has applied a general rates increase of 3.5 percent to be in line with the Local Government Cost Index developed by IPART. Invariably, rate pegging increases have been less than the actual increases in costs faced by Council. Despite these constraints, and with the cost of materials and provision of services increasing above the Consumer Price Index (CPI), Council maintains a sound financial position through continuous efficiency gains and productivity improvements. The Special Rate Variation received in the 2014-2015 financial year has strengthened Council's long term financial position and provides a means to renew and revitalise the city's assets and ultimately address Council's asset maintenance and renewal backlog.

Domestic waste management

The Domestic Waste Management Charge will increase by 34.1 percent from the current charge of $458 per annum to $614 in 2024-2025. This material increase is a direct result of the new contract for Waste Disposal, reflecting current market rates. Projected increases for future years have been based on average 5.5 percent per annum, however, will reflect the costs of providing the service on a yearly basis. This charge is calculated using cost recovery methodology.

Operating grants

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

Where these conditions are not met, councils are required to recognise income upon receipt. In this instance, this accounting treatment includes grants that councils receive in advance, irrespective of annual expenditure of those grants, which may be in future years. This has an effect of distorting the Income Statement between years. However, the net budget impact is zero between various financial years. In broad terms, all other recurrent operating grants in future years are generally projected to increase less than CPI at under 2 percent.

Operating contributions

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

Interest

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

User charges

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

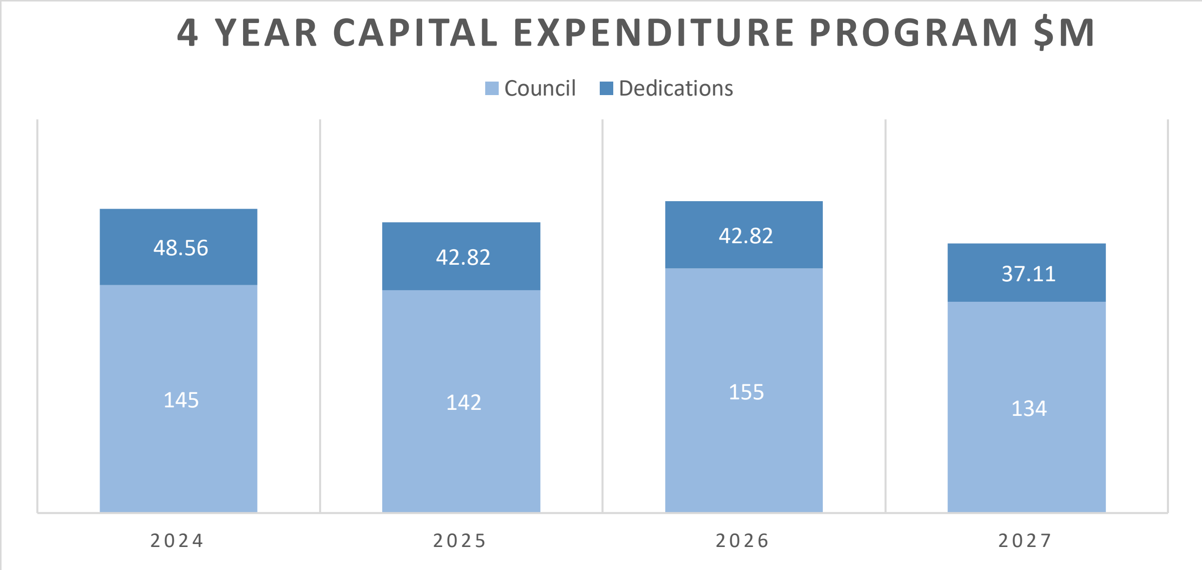
Statutory fees

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

Expenditure Assumptions

Major Planned Expenditure

Over the next 10 years, Council will invest and foster approximately $827m on a range of capital projects and assets across the City. This includes the substantial renewal of Campbelltown's existing assets, as well as the development of new services, facilities and infrastructure networks.



Employee Costs

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

The employee costs for 2024-25 and forward budgets have been adjusted to consider anticipated Local Government Award wage movements and salary system skills progression.

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

The 2024-25 Operational Plan will support the existing organisational structure that will meet a new set of priorities in strengthening our organisation to deal with future challenges and the growth of our city.

Materials and Services

Materials expenses have been adjusted in line with an inflation factor of up to 2.6 percent. Services expenses have been adjusted with a growth factor of up to 3.5 percent to match historical trends.

Depreciation

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

Borrowing Costs

Borrowing costs represents the interest paid on borrowings. There are no future external borrowings factored into this Plan, rather an internal borrowing strategy for $0.7m in the first year reducing to nil for all subsequent years. This will reduce the external borrowing costs paid per annum, being debt free by 2024-2025. This strategy will increase Council's capacity to borrow externally through the State Borrowing Facility for major stand-alone capital projects and support intergenerational equity principals.

Other Expenses

Other expenses incorporate items such as levies paid to other organisations and other minor items. The plan includes a default CPI increase of up to 2.6 percent for most items however this rate is adjusted where an analysis of historical growth rates materially differs.

Financial Position

Financial Sustainability

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

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

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

Financial Ratios

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

- **Sustainability** - That Council can generate sufficient funds over the long term to provide the agreed level and scope of services and infrastructure for communities as identified through the Integrated Planning and Reporting process. The future sustainable management of Campbelltown's infrastructure assets is critical for the development and overall wellbeing of the community.
- **Effective Infrastructure and Service Management** - That Council can maximise the return on resources and minimise unnecessary burden on the community and business, while working strategically to leverage economies of scale and meet the needs of communities as identified in the Integrated Planning and Reporting process.
- **Liquidity** - Liquidity is a key factor in the viability of any organisation, regardless of whether it is in the commercial or government sectors. The ability to meet short term funding requirements and obligations is equally relevant to a Council as it is to any business. Council monitors the short term funding requirements daily and produces cash flow estimates on both a short term and long term basis. This monitoring and forecasting informs Council's investment strategies and decisions to ensure that adequate liquidity is maintained. Council will also, as part of the reserves strategy, continue to provide for adequate levels of reserves to fund less predictable outlays, such as major employee leave entitlement payments.
  The cash and expense coverage ratio tests the unlikely situation where Council will no longer receive any additional cash inflow and how many months it will be able to continue to meet its immediate expenses.

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

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

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

Sensitivity Analysis and Risk Management

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

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

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

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long Term Financial Plan
Population	Planning for activities, and thus the likely cost of providing those activities, considers that the population of Campbelltown will increase at the rate forecast by Council's growth model. That model predicts the population of Campbelltown to reach 231,530 by 2031	That population growth is higher than projected, and Council will need to provide additional unplanned services and infrastructure though will yield additional rates	Low	Population projections are based on a standard set of demographic assumptions inclusive of additional growth. Population projections are not expected to rapidly change, therefore the level of risk is low and little financial impact is expected
		That population growth is lower than projected, and Council will be required to support excess levels of infrastructure and service delivery based on growth happening outside of the LGA which provides no rates yield	Low	

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long Term Financial Plan
Growth	Council levies rates on property owners to fund community services and the costs of infrastructure in the city. The total projected revenue from rates is dependent on the forecast growth in the number of residential, business, farmland and mining properties. This forecast is based on Council's growth model, modified for short to medium term economic conditions and depends on the demands of the market	Should growth in the number of properties vary considerably from forecasts, there is a possibility that revenue collected from rates will be too much or too little to fund Council's services and capital program	Moderate	Growth projections are based on a standard set of demographic assumptions inclusive of additional growth. Growth projections are not expected to change quickly, however the timing of that growth and its impact on Council's revenue will affect the funds available for service provision in this Long Term Financial Plan
		If the timing of growth differs significantly from forecast, this will impact on Council's cash flows and may necessitate changes to planned borrowings for capital purposes	Moderate	
Economic environment	Council has prepared this Long Term Financial Plan on the basis that current predictions on the rate of growth in world market conditions will remain low over the medium to short term.	The current market conditions significantly decline impacting on cost of borrowing, returns on investments and cost of foreign currency transactions.	Low	Projections built into this this Long Term Financial Plan factor in Council paying all external borrowings by 2025. Council manages the risk in the interim by borrowing long term and fixing the interest rate. The income derived from investments comprises around 4% of total revenue so changes in this amount is not likely to materially impact on Council's financial viability. It should also be noted that Council does not engage in transactions expressed in foreign currencies and is therefore not directly subject to foreign currency risk.
Environmental change	This Long Term Financial Plan is prepared on the assumption that environmental change (i.e. climate change) will not have a direct significant impact on the environment of Campbelltown within the 10 year Long Term Financial Plan	Environmental change accelerates	Low	Should environmental impacts significantly change such that the environment and economy of Campbelltown is greatly affected in the next 10 years, the activities and services outlined in the Long Term Financial Plan will fundamentally change. These changes would be reflected in an amended Long Term Financial Plan

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long Term Financial Plan
Legislative change	Council will continue to operate within the same general legislative environment and with the same authority as it does at the time this Long Term Financial Plan is published.	Should the Local Government legislative environment change, the services and functions Council plans to provide over the 10 year period could change	Moderate	At the time of adopting this Long Term Financial Plan, Council is unable to determine how potential significant legislative change might impact its operations or quantify the potential financial impact.
Statutory fees	Based on historical trends, statutory fees are assumed to increase by an average of 2.6% per year	That statutory fees increase by less than the assumed rate	Low	Statutory fees make up slightly less than 3% of Council's revenue base and as such identified a low level of financial impact
Service levels	Service levels largely remain the same throughout the Long Term Financial Plan	Requirement of service levels to increase	Moderate	The provision of current service levels requires 100% of current income streams. Any increase in service levels requires sourcing of new/increased income streams or the reduction of another service level to offset. The Billabong Parklands forecast operational costs have been factored into this model.
Rating base	The projected percentage increase in rates is in accordance with the estimated annual determination by the Independent Pricing and Regulatory Tribunal under delegation by the Minster for Local Government. The rate peg determination for 2024-2025 is 5.3%. The increases in rates for years from 1 July 2025 include the assumption that the annual determination will be 3.5%. This will generate additional income of approximately $4.8m each year.	The Ministerial rate determination is less than 3.5%.	High	Variances between the forecast and the actual rate peg by every 0.5% would result in an average shortfall of $24k per annum.
	Redevelopment of Housing NSW estates will occur outside predicted timeframes.	The redevelopment occurs at a pace greater than anticipated.	Moderate	Any redevelopment of an estate with Housing NSW properties will impact the plan during the demolition and rebuilding phase due to vacant land being exempt from rates. Once rebuilt, the properties will be rateable again. Market forces will determine the speed at which the development occurs and as such, it is anticipated to extend beyond the 10 year period reflected in this Long Term Financial Plan.

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long Term Financial Plan
	Development of the plan assumes that the current level of rate exemptions remains constant.	The scope for increased entitlement to exemptions.	High	Community Housing Providers that meet the Public Benevolent Institution criteria may be exempt from paying land rates to local councils. The impact on Council's revenue could potentially be up to $5m dependent upon applicants meeting appropriate criteria.
Domestic waste management	The plan assumes the Domestic Waste Charge will increase in year 1 by 34.1% with subsequent years projected to increase on average by 5.5%.	On renewal of the collection contract, contractor prices increase greater than 5.5%.	Low	The Domestic Waste Charge is calculated based on pure cost recovery of service provision. Therefore, an increase in the contractors cost will be directly offset by an increase in the annual charge. The impact on residents of a 5.5% increase is approximately $34 per year per assessment.
Council policy	There will be no significant changes to Council policy as summarised in this Long Term Financial Plan	New legislation is enacted that requires a significant policy response from Council	Low	Dealing with changes in legislation is part of normal Council operations, however impact on resources will be assessed and will increase the exposure to further resource requirements
		Election of a new Council with different objectives from current Council	Moderate	Any proposed significant change to Council policy would be assessed in terms of impact on Council's financial position
Financial assistance grants	The Long Term Financial Plan assumes Council's financial assistance grant will experience no growth.	Changes to amount of grant or variation to assessment criteria equating to a reduction in Council's allocation	Moderate	Every 1% the Financial Assistance Grant movement is below target equates to around $100k. Council is not informed of their Financial Assistance Grant allocation until approximately August of the same financial year. Council is not informed of allocations beyond the one year period however have been advised metro Councils may see decreases in coming years due to a redistribution review to Regional and Rural Councils.
Inflation	The price level changes projected will occur. In developing this Long Term Financial Plan, Council has based inflation projections at an average 2.6% per annum	Inflation is higher or lower than anticipated	Low	Inflation is affected by external economic factors
		Inflation on costs will not be offset by inflation on revenues	Moderate	Any inflationary increase in Council's costs that is not offset by efficiency gains or revenue increases is likely to impact service levels and works programmed

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long Term Financial Plan
Borrowing costs	Interest on debt is known and calculated according to the fixed rate contract. Council assumes no further Local Infrastructure Renewal Scheme rounds to be available. Council has proposed to borrow internally from reserves and meet repayments incorporating an interest rate subject to market lending conditions and Council's financial position.	Interest rates will vary from those projected	Low	Relates to projected new external debt at anticipated new interest rates. Existing borrowings are fixed term interest rates and as such, interest expense and repayments are known. If the actual interest rates are higher than the assumed rate, it should be noted it will be hedged by increased interest on investments and property rental revenue. As Council proposes to borrow internally for recurrent capital works without new external borrowings forecast interest rate fluctuations will not impact this Plan.
Return on investments	Interest on investments is calculated at around 3-4% on average for the life of this plan.	Interest rates will vary from those projected	Moderate	Rates used are based on detailed analysis. If actual interest rates are lower than the assumed rate, expenditure priorities would be re-evaluated or alternative funding mechanisms utilised. Council is looking for opportunities for diversification including increasing returns from commercial property investments in order to mitigate the reliance on interest on financial instrument investments.
Asset revaluations	The impact of asset revaluations on carrying values and depreciation will occur as projected	Revaluations will materially differ from those projected, thereby changing projected carrying values of the assets and depreciation expense	Moderate	Variations in values is expected to remain consistent subject to fluctuations in market conditions.
Asset life	Useful life of assets is as recorded in the asset management plans or based on professional advice. The useful life of assets grouped by asset class	Assets wear out earlier than estimated or asset lives are changed due to revisions of the asset management plans or new advice	Moderate	Capital renewal could be brought forward in the event of early expiration of assets, but depreciation expense and financing costs would increase

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long Term Financial Plan
Depreciation and amortisation	Assumes maintenance of existing arrangements for the purchase and sale of assets. Directly impacted by Council's Asset Management Strategy and the impact of any revaluation in asset classes. This Plan forecasts depreciation based on a straight line methodology for long and medium life infrastructure assets.	Methodology does not realise the anticipated result	Moderate	Council does not fund depreciation and amortisation of assets. As such, the changes in depreciation will not impact Council's budget, however, will be reflected on Council's income statement and will also impact the Operating Performance Ratio, Building and Infrastructure Asset Renewal Ratio and Real Operating Expenditure per capita result.
Contract rates	Re-tendering of major contracts will not result in significant cost increases other than those that are comparable with the rate of inflation.	There is a significant variation in price from re-tendering contracts..	Moderate	Council would review the scope of work planned to meet the budget restrictions
Capital works	Actual costs will vary from estimates, due to higher input prices or delivery delays, resulting in budget shortfalls.	Asset renewal and replacement budgets have been prepared using the CPI Indexation of 2.6% and all current sources of funding remain available.	Moderate	Council is confident in the planning work undertaken on capital projects, but recognises external economic factors may impact on the costs and delivery timeframes for capital works.
Superannuation	In 2013 the Federal Government announced changes that will gradually increase the Superannuation Guarantee Levy from 9% to 12%. This Plan reflects the proposed increases onto the future years with the Yr1 rate at 11.5%.	That employee costs increase more than projected	Moderate	As Council is a service provider, employee costs are a large portion of operating expenses. A 3% increase in employee costs is estimated to increase superannuation costs by $300k
Energy-utilities	The plan assumes an energy increase of an average of 4.5% per year. This accounts for price and usage based increases offset by sustainability projects savings and is in line with the seven year historical growth rate.	That utility costs increase more than projected	Moderate	An increase of 1% above forecasts in 2024-25 would increase utility costs by less than $35k

Category	Assumption	Risk	Level of risk	Reason for level of risk, and impact on Long Term Financial Plan
Cost shifting	The issue of cost shifting has, in recent years, been of significant concern to councils in NSW and all over Australia. In the most recent published report by Local Government NSW Council estimates the total cost shifting for Council to be $24m.	That new or increased services and functions are transferred to Local Government responsibility	Moderate	Should State and Federal Governments continue to transfer responsibilities and the associated costs for the provision of services to Local Government, this will have negative implications for Campbelltown's long term financial outlook. Cost shifting absorbs around 5% of Council's operational income.
Employee costs	The staffing and organisation structure remains constant	Changes to levels of service	Moderate	As Council is a service provider, employee costs are a large portion of operating expenses. Forecasting assumptions used are based on expected Local Government Award variations and performance based increases. An increase of 1% above forecasts would increase 2024-2025 employee costs by circa $1m (equivalent to less than 1% of rates)

Scenario Modelling

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

Base Scenario

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

Scenario 1 - Improved services to meet requirements of growth

This scenario has been developed to model an increase in council's operating revenue of rates to provide a long term financially sustainable investment into the expenditure impacts of supporting a growing population. This model has been based on forecast growth in higher density living and the associated services and infrastructure needs to maintain the community's expected level of service.

Base Case Scenario

Key Financial Indicators

Key Financial Indicators
Sustainability
Indicator #1 - Operating performance measure

Indicator Title: **Operating Performance Ratio**

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

Benchmark:
≥ 0%
0% - (3%)
< (3%)

Year ended

June 2025	June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034
(1.66%)	(0.65%)	(1.03%)	(0.79%)	(0.80%)	(0.43%)	(0.45%)	(0.47%)	(0.50%)	(0.16%)

Operating Performance Measure Explained
Measures a Council's ability to contain operating expenditure within operating revenue.

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

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

Indicator #2 - Own Source Revenue

Indicator Title: **Own Source Revenue Ratio**

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

Benchmark:
> 60%
50 - 60%
< 50%

Year ended

June 2025	June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034
65.85%	55.80%	62.72%	70.61%	77.06%	77.55%	78.03%	80.24%	81.07%	81.94%

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

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

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

Indicator Title: **Unrestricted Current Ratio**

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

Benchmark:

Greater than 2:1
Between 1:1 and 2:1
Less than 1:1

Year ended									
June 2025	**June 2026**	**June 2027**	**June 2028**	**June 2029**	**June 2030**	**June 2031**	**June 2032**	**June 2033**	**June 2034**
3.56	3.68	3.97	4.26	4.55	4.85	5.11	5.35	5.56	5.80

Cash Liquidity Position Measure Explained
Shows Council's ability to meet debt payments as they fall due.

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

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

Commentary
Council's liquidity is more than satisfactory. Council can easily pay its debts as they fall due.

Indicator #4 - Borrowing and Debt Servicing

Indicator Title: **Debt Service Ratio**

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

Benchmark:

> 0% - 10%
10% - 20%
> 20%

Year ended June 2025	Year ended June 2026	Year ended June 2027	Year ended June 2028	Year ended June 2029	Year ended June 2030	Year ended June 2031	Year ended June 2032	Year ended June 2033	Year ended June 2034
0.47%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

Commentary
Council's ability to service its debt is excellent.

Indicator #5 - Cash Expense Coverage

Indicator Title: **Cash Expense Cover Ratio**

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

Benchmark:

≥ 3 Months
< 3 months

Year ended									
June 2025	**June 2026**	**June 2027**	**June 2028**	**June 2029**	**June 2030**	**June 2031**	**June 2032**	**June 2033**	**June 2034**
16.9	17.5	18.7	19.9	21.0	22.1	23.1	23.9	24.7	25.6

Building and Asset Renewal Expenditure Measure Explained
This ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration in terms of depreciation.

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

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

Indicator #6 - Building and Asset Renewal

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

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

Benchmark:
≥100%
Less than 100%

Year ended									
June 2025	**June 2026**	**June 2027**	**June 2028**	**June 2029**	**June 2030**	**June 2031**	**June 2032**	**June 2033**	**June 2034**
83.91%	76.83%	76.44%	75.85%	76.69%	77.53%	78.34%	79.10%	79.83%	80.54%

Building and Asset Renewal Expenditure Measure Explained
This ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration in terms of depreciation.

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

Commentary
This ratio also uses the accounting measure of depreciation as the required spend on renewing Council's assets per annum. Depreciation is an accounting measure and does not reflect any condition ratings and at best only reflects a residual value. Council undertakes much more complex modelling using current condition assessments of assets to determine actual funding required over the life of each individual asset. Council is currently funding 100% of renewal requirements in strict accordance with the Asset Management Plans. This will result in complete elimination of the infrastructure renewal backlog within a 10 year period. It is also important to note Campbelltown City Council received a 'Strong' Infrastructure Management Assessment rating by the Office of Local Government in the 'Local Government Infrastructure Audit' June 2013.

Effective Infrastructure and Service Management

Indicator #7 - Infrastructure Backlog

Indicator Title: **Infrastructure Backlog Ratio**

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

Benchmark:
< 2%
2% - 3%
> 3%

Year ended June 2025	**Year ended June 2026**	**Year ended June 2027**	**Year ended June 2028**	**Year ended June 2029**	**Year ended June 2030**	**Year ended June 2031**	**Year ended June 2032**	**Year ended June 2033**	**Year ended June 2034**
0.70%	0.75%	0.73%	0.91%	0.77%	0.87%	0.75%	0.80%	0.91%	1.00%

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

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

Commentary
In 2014-2015 Council implemented a long term asset renewal strategy funded by a special rate variation and loan borrowings. The success of this funding strategy is reflected within this ratio that directly addresses Council's infrastructure backlog and provides adequate funding on a annual basis to support the required asset maintenance and renewals. As a result, Council's Infrastructure backlog is projected to be eliminated within the 10 year period.

Indicator #8 - Asset Maintenance

Indicator Title: **Asset Maintenance Ratio**

Indicator Definition: Actual asset maintenance / Required asset maintenance

Benchmark:
> 100%
80%-100%
< 80%

Year ended June 2025	**Year ended June 2026**	**Year ended June 2027**	**Year ended June 2028**	**Year ended June 2029**	**Year ended June 2030**	**Year ended June 2031**	**Year ended June 2032**	**Year ended June 2033**	**Year ended June 2034**
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

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

Commentary
In 2014-2015 Council implemented a long term asset renewal strategy funded by a special rate variation and loan borrowings. This success of this funding strategy is reflected within this ratio that directly addresses Council's annual required maintenance and provides adequate funding to ensure appropriate condition of assets is maintained.

Base Case Scenario

Financial Statements

Income Statement – Base Model

Income Statement - Base Case

Long Term Financial Plan 10 Year Model

Year Ended	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income from continuing operations										
Rates and Annual Charges	150,422	157,917	164,237	171,240	178,089	185,226	192,663	200,413	208,491	216,911
User Charges and Fees	17,978	18,793	19,563	20,199	20,760	21,339	21,934	22,549	23,181	23,832
Grants and contributions for operation purposes	29,370	29,769	30,209	30,988	31,471	31,965	32,472	32,991	33,522	34,067
Capital Grants, Subsidies & Contributions	72,558	132,320	95,676	60,699	36,584	36,730	36,879	29,996	28,481	26,716
Interest and Investment Revenue	10,008	9,226	8,731	8,509	8,583	8,658	8,734	8,810	8,889	8,968
Rental Income	10,541	10,867	11,228	11,956	12,554	13,182	13,841	14,533	15,260	16,023
Other Revenues	7,609	7,839	8,043	8,422	8,662	8,909	9,163	9,425	9,694	9,971
Total Income from continuing operations	298,487	366,731	337,687	312,014	296,703	306,009	315,686	318,717	327,518	336,488
Expenses from continuing operations										
Employee Costs	99,703	101,282	103,241	104,319	107,449	110,672	113,992	117,412	120,934	124,562
Materials and Services	90,293	92,746	96,949	102,237	106,320	109,559	113,988	118,616	123,454	127,386
Borrowing Costs	33	0	0	0	0	0	0	0	0	0
Depreciation	35,739	37,878	40,143	42,429	44,015	45,684	47,440	49,289	51,238	53,294
Other Expenses	3,903	4,030	4,166	4,309	4,420	4,534	4,650	4,770	4,893	5,020
Total Operating Expenses	229,671	235,936	244,498	253,294	262,203	270,448	280,070	290,087	300,520	310,261
Operating result from continuing operations	68,816	130,795	93,188	58,720	34,500	35,561	35,616	28,630	26,998	26,226
Net operating result for the year before grants and contributions provided for capital purposes	(3,742)	(1,525)	(2,488)	(1,980)	(2,084)	(1,170)	(1,263)	(1,366)	(1,483)	(490)

Statement of Financial Position – Base Case

Statement of Financial Position - Base Case

Long Term Financial Plan 10 Year Model

Year Ended	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current Assets										
Cash and Investments	274,994	289,648	318,600	350,407	381,911	414,236	447,098	480,154	513,411	547,593
Receivables	18,519	19,144	19,730	20,353	20,978	21,623	22,290	22,980	23,692	24,428
Inventories	470	482	495	508	521	534	548	562	577	592
Other	768	788	809	830	851	873	896	919	943	968
Total Current Assets	294,751	310,062	339,633	372,096	404,261	437,267	470,833	504,615	538,623	573,581
Non-Current Assets										
Infrastructure, Property, Plant and Equipment	3,051,415	3,180,006	3,257,653	3,298,505	3,315,084	3,331,661	3,348,224	3,357,732	3,365,534	3,371,380
Total Non-Current Assets	3,051,415	3,180,006	3,257,653	3,298,505	3,315,084	3,331,661	3,348,224	3,357,732	3,365,534	3,371,380
Total Assets	3,346,166	3,490,068	3,597,286	3,670,601	3,719,345	3,768,928	3,819,057	3,862,347	3,904,158	3,944,961
Current Liabilities										
Payables	31,603	32,461	33,932	35,783	37,212	38,346	39,896	41,516	43,209	44,585
Provisions	22,490	23,075	23,675	24,290	24,922	25,570	26,234	26,916	27,616	28,334
Borrowings	-	-	-	-	-	-	-	-	-	-
Contract Liabilities	15,838	16,250	16,672	17,106	17,551	18,007	18,475	18,956	19,448	19,954
Total Current Liabilities	69,931	71,786	74,279	77,179	79,684	81,922	84,605	87,388	90,274	92,873
Non-Current Liabilities										
Contract Liabilities	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073
Provisions	4,308	4,308	4,308	4,308	4,308	4,308	4,308	4,308	4,308	4,308
Borrowings	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	5,382	5,382	5,382	5,382	5,382	5,382	5,382	5,382	5,382	5,382
Total Liabilities	75,313	77,168	79,661	82,561	85,066	87,304	89,987	92,770	95,656	98,255
Net Assets	3,270,853	3,412,900	3,517,626	3,588,040	3,634,279	3,681,624	3,729,070	3,769,578	3,808,502	3,846,705
Equity										
Accumulated Surplus	1,448,306	1,575,976	1,652,679	1,692,563	1,708,146	1,723,695	1,739,202	1,747,620	1,754,301	1,758,991
Asset Revaluation Reserve	1,822,548	1,836,924	1,864,946	1,895,477	1,926,134	1,957,929	1,989,868	2,021,958	2,054,202	2,087,715
Total Equity	3,270,854	3,412,900	3,517,626	3,588,040	3,634,279	3,681,624	3,729,070	3,769,578	3,808,502	3,846,706

Statement of Cash Flows – Base Case

CAMPBELLTOWN CITY COUNCIL

Statement of Cash Flows- Base Case

Long Term Financial Plan 10 Year Model

Year Ended	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash Flows from Operating Activities										
- Receipts	225,928	234,411	242,010	251,314	260,119	269,279	278,807	288,721	299,037	309,771
- Adjustments - Receivables	(2,157)	(657)	(619)	(656)	(660)	(681)	(704)	(727)	(751)	(775)
- Payments	(193,932)	(198,058)	(204,355)	(210,865)	(218,188)	(224,765)	(232,630)	(240,798)	(249,282)	(256,968)
- Adjustments - Payables	14,478	1,855	2,493	2,900	2,505	2,238	2,683	2,782	2,886	2,600
Net Cash provided by/(used in) Operating Activities	44,318	37,551	39,529	42,693	43,777	46,071	48,156	49,978	51,890	54,628
Cash Flows from Investing Activities										
Receipts - Capital Grants/Subsidies/Contributions/ Sale of Asset	40,994	100,749	70,107	45,554	21,483	21,674	21,869	22,067	22,269	22,474
Receipts - Sale of Investments	0	0	0	0	0	0	0	0	0	0
Payments - Purchase of Investments	0	0	0	0	0	0	0	0	0	0
Payments - CapEx on Renewal/Replacement of Assets	(53,243)	(123,646)	(80,684)	(56,440)	(33,755)	(35,420)	(37,164)	(38,990)	(40,902)	(42,920)
Net Cash Used in Investing Activities	(12,250)	(22,897)	(10,577)	(10,886)	(12,272)	(13,746)	(15,295)	(16,923)	(18,633)	(20,446)
Cash Flows from Financing Activities										
Payments - Principal Repayments	(1,020)	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	(1,020)	0	0	0	0	0	0	0	0	0
Net Increase/(Decrease) in cash assets held	31,048	14,653	28,952	31,807	31,505	32,325	32,862	33,056	33,257	34,182
Cash and cash equivalents at beginning of reporting period	243,946	274,994	289,648	318,600	350,407	381,911	414,236	447,098	480,154	513,411
Cash, cash equivalents and investments at end of reporting period	274,994	289,648	318,600	350,407	381,911	414,236	447,098	480,154	513,411	547,593

Scenario 1 - Improved services to meet requirements of growth

Key Financial Indicators

Key Financial Indicators

Key Financial Indicators
Sustainability
Indicator #1 - Operating performance measure

Indicator Title: **Operating Performance Ratio**

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

Benchmark:
≥ 0%
0% - (3%)
< (3%)

Year ended

June 2025	June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034
0.32%	1.22%	0.80%	0.97%	0.90%	1.20%	1.12%	1.05%	0.98%	1.26%

Operating Performance Measure Explained
Measures a Council's ability to contain operating expenditure within operating revenue.

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

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

Indicator #2 - Own Source Revenue

Indicator Title: **Own Source Revenue Ratio**

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

Benchmark:
> 60%
50 - 60%
< 50%

Year ended

June 2025	June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034
66.85%	56.86%	63.69%	71.44%	77.74%	78.19%	78.64%	80.78%	81.58%	82.41%

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

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

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

Indicator Title: **Unrestricted Current Ratio**

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

Benchmark:
Greater than 2:1
Between 1:1 and 2:1
Less than 1:1

Year ended	June 2025	June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034
	3.54	3.66	3.95	4.23	4.52	4.82	5.08	5.32	5.53	5.77

Cash Liquidity Position Measure Explained
Shows Council's ability to meet debt payments as they fall due.

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

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

Commentary
Council's liquidity is more than satisfactory. Council can easily pay its debts as they fall due.

Indicator #4 - Borrowing and Debt Servicing

Indicator Title: **Debt Service Ratio**

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

Benchmark:
> 0% - 10%
10% - 20%
> 20%

Year ended June 2025	Year ended June 2026	Year ended June 2027	Year ended June 2028	Year ended June 2029	Year ended June 2030	Year ended June 2031	Year ended June 2032	Year ended June 2033	Year ended June 2034
0.45%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

Commentary
Council's ability to service its debt is excellent.

Indicator #5 - Cash Expense Coverage

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

Year ended

June 2025	June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034
16.6	17.2	18.3	19.5	20.6	21.7	22.6	23.5	24.3	25.1

Building and Asset Renewal Expenditure Measure Explained
This ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration in terms of depreciation.

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

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

Indicator #6 - Building and Asset Renewal

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

Year ended

June 2025	June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034
96.50%	88.71%	87.65%	86.45%	86.91%	87.38%	87.82%	88.23%	88.61%	88.98%

Building and Asset Renewal Expenditure Measure Explained
This ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration in terms of depreciation.

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

Commentary
This ratio also uses the accounting measure of depreciation as the required spend on renewing Council's assets per annum. Depreciation is an accounting measure and does not reflect any condition ratings and at best only reflects a residual value. Council undertakes much more complex modelling using current condition assessments of assets to determine actual funding required over the life of each individual asset. Council is currently funding 100% of renewal requirements in strict accordance with the Asset Management Plans. This will result in complete elimination of the infrastructure renewal backlog within a 10 year period. It is also important to note Campbelltown City Council received a 'Strong' Infrastructure Management Assessment rating by the Office of Local Government in the 'Local Government Infrastructure Audit' June 2013.

Indicator #7 - Infrastructure Backlog

Indicator Title: **Infrastructure Backlog Ratio**

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

Benchmark:

< 2%
2% - 3%
> 3%

Year ended June 2025	Year ended June 2026	Year ended June 2027	Year ended June 2028	Year ended June 2029	Year ended June 2030	Year ended June 2031	Year ended June 2032	Year ended June 2033	Year ended June 2034
0.70%	0.75%	0.73%	0.92%	0.77%	0.87%	0.75%	0.80%	0.91%	0.99%

Infrastructure Backlog Measure Explained

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

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

Commentary

In 2014-2015 Council implemented a long term asset renewal strategy funded by a special rate variation and loan borrowings. The success of this funding strategy is reflected within this ratio that directly addresses Council's infrastructure backlog and provides adequate funding on a annual basis to support the required asset maintenance and renewals. As a result, Council's Infrastructure backlog is projected to be eliminated within the 10 year period.

Indicator #8 - Asset Maintenance

Indicator Title: **Asset Maintenance Ratio**

Indicator Definition: Actual asset maintenance / Required asset maintenance

Benchmark:

> 100%
80%-100%
< 80%

Year ended June 2025	Year ended June 2026	Year ended June 2027	Year ended June 2028	Year ended June 2029	Year ended June 2030	Year ended June 2031	Year ended June 2032	Year ended June 2033	Year ended June 2034
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Asset Maintenance Measure Explained

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

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

Commentary

In 2014-2015 Council implemented a long term asset renewal strategy funded by a special rate variation and loan borrowings. This success of this funding strategy is reflected within this ratio that directly addresses Council's annual required maintenance and provides adequate funding to ensure appropriate condition of assets is maintained.

Scenario 1

Financial Statements

Income Statement – Scenario 1

Income Statement - Base Case
Long Term Financial Plan 10 Year Model

CAMPBELLTOWN CITY COUNCIL

Year Ended	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income from continuing operations										
Rates and Annual Charges	159,422	166,917	173,237	180,240	187,089	194,226	201,663	209,413	217,491	225,911
User Charges and Fees	17,978	18,793	19,563	20,199	20,760	21,339	21,934	22,549	23,181	23,832
Grants and contributions for operation purposes	29,370	29,769	30,209	30,988	31,471	31,965	32,472	32,991	33,522	34,067
Capital Grants, Subsidies & Contributions	72,558	132,320	95,676	60,699	36,584	36,730	36,879	29,996	28,481	26,716
Interest and Investment Revenue	10,008	9,226	8,731	8,509	8,583	8,658	8,734	8,810	8,889	8,968
Rental Income	10,541	10,867	11,228	11,956	12,554	13,182	13,841	14,533	15,260	16,023
Other Revenues	7,609	7,839	8,043	8,422	8,662	8,909	9,163	9,425	9,694	9,971
Total Income from continuing operations	307,487	375,731	346,687	321,014	305,703	315,009	324,686	327,717	336,518	345,488
Expenses from continuing operations										
Employee Costs	102,703	104,282	106,241	107,319	110,449	113,672	116,992	120,412	123,934	127,562
Materials and Services	91,793	94,246	98,449	103,737	107,820	111,059	115,488	120,116	124,954	128,886
Borrowing Costs	33	0	0	0	0	0	0	0	0	0
Depreciation	35,739	37,878	40,143	42,429	44,015	45,684	47,440	49,289	51,238	53,294
Other Expenses	3,903	4,030	4,166	4,309	4,420	4,534	4,650	4,770	4,893	5,020
Total Operating Expenses	234,171	240,436	248,998	257,794	266,703	274,948	284,570	294,587	305,020	314,761
Operating result from continuing operations	73,316	135,295	97,688	63,220	39,000	40,061	40,116	33,130	31,498	30,726
Net operating result for the year before grants and contributions provided for capital purposes	758	2,975	2,012	2,520	2,416	3,330	3,237	3,134	3,017	4,010

Statement of Financial Position – Scenario 1

Statement of Financial Position - Base Case
Long Term Financial Plan 10 Year Model

CAMPBELLTOWN CITY COUNCIL

Year Ended	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current Assets										
Cash and Investments	275,159	289,813	318,765	350,572	382,076	414,401	447,263	480,319	513,576	547,758
Receivables	18,879	19,504	20,090	20,713	21,338	21,983	22,650	23,340	24,052	24,788
Inventories	470	482	495	508	521	534	548	562	577	592
Other	768	788	809	830	851	873	896	919	943	968
Total Current Assets	295,276	310,587	340,158	372,621	404,786	437,792	471,358	505,140	539,148	574,106
Non-Current Assets										
Infrastructure, Property, Plant and Equipment	3,024,107	3,157,198	3,239,345	3,284,697	3,305,776	3,326,853	3,347,916	3,361,924	3,374,226	3,384,572
Total Non-Current Assets	3,024,107	3,157,198	3,239,345	3,284,697	3,305,776	3,326,853	3,347,916	3,361,924	3,374,226	3,384,572
Total Assets	3,319,383	3,467,785	3,579,504	3,657,318	3,710,562	3,764,645	3,819,274	3,867,064	3,913,375	3,958,678
Current Liabilities										
Payables	32,128	32,986	34,457	36,308	37,737	38,871	40,421	42,041	43,734	45,110
Provisions	22,490	23,075	23,675	24,290	24,922	25,570	26,234	26,916	27,616	28,334
Borrowings	-	-	-	-	-	-	-	-	-	-
Contract Liabilities	15,838	16,250	16,672	17,106	17,551	18,007	18,475	18,956	19,448	19,954
Total Current Liabilities	70,456	72,311	74,804	77,704	80,209	82,447	85,130	87,913	90,799	93,398
Non-Current Liabilities										
Contract Liabilities	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073	1,073
Provisions	4,308	4,308	4,308	4,308	4,308	4,308	4,308	4,308	4,308	4,308
Borrowings	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	5,382	5,382	5,382	5,382	5,382	5,382	5,382	5,382	5,382	5,382
Total Liabilities	75,838	77,693	80,186	83,086	85,591	87,829	90,512	93,295	96,181	98,780
Net Assets	3,243,546	3,390,092	3,499,318	3,574,232	3,624,971	3,676,816	3,728,762	3,773,770	3,817,194	3,859,898
Equity										
Accumulated Surplus	1,420,998	1,553,168	1,634,371	1,678,755	1,698,838	1,718,887	1,738,894	1,751,812	1,762,993	1,772,183
Asset Revaluation Reserve	1,822,548	1,836,924	1,864,946	1,895,477	1,926,134	1,957,929	1,989,868	2,021,958	2,054,202	2,087,715
Total Equity	3,243,546	3,390,092	3,499,318	3,574,232	3,624,971	3,676,816	3,728,762	3,773,770	3,817,194	3,859,898

Statement of Cash Flows – Scenario 1

CAMPBELLTOWN CITY COUNCIL

Statement of Cash Flows- Base Case

Long Term Financial Plan 10 Year Model

Year Ended	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash Flows from Operating Activities										
- Receipts	234,928	243,411	251,010	260,314	269,119	278,279	287,807	297,721	308,037	318,771
- Adjustments - Receivables	(2,517)	(657)	(619)	(656)	(660)	(681)	(704)	(727)	(751)	(775)
- Payments	(198,432)	(202,558)	(208,855)	(215,365)	(222,688)	(229,265)	(237,130)	(245,298)	(253,782)	(261,468)
- Adjustments - Payables	15,003	1,855	2,493	2,900	2,505	2,238	2,683	2,782	2,886	2,600
Net Cash provided by/(used in) Operating Activities	48,983	42,051	44,029	47,193	48,277	50,571	52,656	54,478	56,390	59,128
Cash Flows from Investing Activities										
Receipts - Capital Grants/Subsidies/Contributions/ Sale of Asset	40,994	100,749	70,107	45,554	21,483	21,674	21,869	22,067	22,269	22,474
Receipts - Sale of Investments	0	0	0	0	0	0	0	0	0	0
Payments - Purchase of Investments	0	0	0	0	0	0	0	0	0	0
Payments - CapEx on Renewal/Replacement of Assets	(57,743)	(128,146)	(85,184)	(60,940)	(38,255)	(39,920)	(41,664)	(43,490)	(45,402)	(47,420)
Net Cash Used in Investing Activities	(16,750)	(27,397)	(15,077)	(15,386)	(16,772)	(18,246)	(19,795)	(21,423)	(23,133)	(24,946)
Cash Flows from Financing Activities										
Payments - Principal Repayments	(1,020)	0	0	0	0	0	0	0	0	0
Net Cash Used in Financing Activities	(1,020)	0	0	0	0	0	0	0	0	0
Net Increase/(Decrease) in cash assets held	31,213	14,653	28,952	31,807	31,505	32,325	32,862	33,056	33,257	34,182
Cash and cash equivalents at beginning of reporting period	243,946	275,159	289,813	318,765	350,572	382,076	414,401	447,263	480,319	513,576
Cash, cash equivalents and investments at end of reporting period	275,159	289,813	318,765	350,572	382,076	414,401	447,263	480,319	513,576	547,758

CAMPBELLTOWN

Contacting Us

24 hour telephone service (02) 4645 4000
Email council@campbelltown.nsw.gov.au
Postal address PO Box 57, Campbelltown NSW 2560
Visit us Corner Queen and Broughton Streets, Campbelltown, NSW 2560