

**Shire of Christmas Island**  
**Long Term Financial Plan 2024 – 2034**

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## Executive Summary

The Shire of Christmas Island's Long Term Financial Plan ("LTFP") outlines our strategies towards managing the Shire's future financial sustainability as well as meeting the Strategic Community Plan expectations over the next 10 years. The Shire will continue to provide infrastructure and services for our community in a manner that is affordable and financially responsible.

The LTFP covers the period from 1 July 2024 to 30 June 2034, incorporating the 2023/24 Audited Financials as the base period and the LTFP will continue to be updated on an annual basis.

The objectives of the LTFP include;

- Achieving long term community objectives in a financially sustainable manner
- Establishing a 10-year rolling plan that aligns with the Corporate Business Plan
- Provide guidance in the preparation of the Annual Budget
- Provide a means of assessing financial performance
- Aiming to achieve standard (or greater) financial ratios in line with the Department of Local Government, Sport and Cultural Industries Advisory Standard Guidelines

The Shire's Strategic Community Plan 2023-2033 has been aligned with the 17 United Nations Sustainable Development Goals. Some of the outcomes identified within the Plan include;

- Diversified economic growth
- Sustainable business growth
- Knowing and managing water resources
- Waste Management
- Managing municipal built spaces
- A greener island

The LTFP provides a ten (10) year overview of the Shire of Christmas Island's projected income, expenses and capital works programs. Only projects with reasonably assured funding or projects firmly committed to are included in the capital works programs. This prudent design approach ensures the Council only communicates to stakeholder projects that can be delivered with reasonable certainty over the forecast period.

The LTFP illustrates that Council can sustain, on average, \$3.23m of capital expenditure per annum over the next ten years, with rate increases of 4% and little or no growth forecast during the period.

It should be highlighted that the Shire's ability to fund some of the projects identified in the LTFP is reliant on the Shire's ability to obtain various sources of grant funding. As such, some of the projects within the LTFP may be either deferred or not implemented in the event that funding cannot be obtained.

The LTFP aims to improve the 4 key financial ratios which form the Shire's Local Government Financial Indicator ("LGFI"). The overall LGFI score improves from 90 in FY24 to 94 in FY34.

The LTFP is based on the Shire operating a balanced budget from FY26-FY34, noting that the Shire's optimum Unrestricted Cash target is in the vicinity of \$2-3m.

From an annual cash flow perspective, this target amount allows the Shire to have the capacity to comfortably meet all financial commitments in the months leading up to the collection of rates and receipt of the financial assistance grants each financial year. As such, Council have identified as a priority the importance of striving to achieve this optimum level of unrestricted cash.

## Background

Christmas Island is the summit of a submerged volcanic mountain, rising steeply from the abyssal plains of the Indian Ocean to a central plateau peaking at 361 meters above sea level and covers a total area of 135 km<sup>2</sup>. It is located 350 km south of Java and around 1550 km northwest of the closest point on the Western Australian coast. It lies 986 km east of the Cocos (Keeling) Islands, 1,327 km south of Singapore, 2,608 km from Perth and 5,184 km from Canberra.

The cultural diversity of Christmas Island originates from the late nineteenth and early twentieth century with the import of thousands of indentured Chinese, Malay and Sikh workers to service the phosphate mine. In the 1950's, whilst the island was administered by the Colony of Singapore, the population further diversified with new mine labourers sourced from Singapore, Malaya, Cocos and mine supervisors from Australia. In 1958 the sovereignty over the island was transferred from the United Kingdom to Australia and that year Christmas Island became an Australian Territory. The unique historic ethnic diversity of the island has somewhat perdured and remains a noticeable component of the overall cultural fabric of the island population.

Phosphate mining and Immigration detention have been the main drivers of the island economy and are experiencing a measurable contraction of their respective employment base. Notwithstanding the benefit of attracters of international significance, tourism remains peripheral in terms of economic contribution.

Phosphate mining has been the historic mainstay of the island's economy. In the 1950s, at the peak of steam locomotion, the mine operation involved a workforce estimated at several thousand representing the overwhelming majority of the island workforce. In 1987 when the Commonwealth operated mine closed the population declined significantly, with people having to leave the Island to access redundancy payments. However, after a two- and half-year campaign by the Union of Christmas Island Workers and the community, Phosphate Resources Limited (PRL) was created and has been successfully operating the mine for over 30+ years.

According to the Immigration Department, the Immigration Detention Centre (IDC) had experienced its peak of activity in June 2013 with 2950 "irregular maritime arrivals" being held. Around that time the activities associated with the IDC provided up to 500 jobs, both directly and indirectly for residents, short term contracts (12 months to 2 years) and fly- in-fly out positions. The 2016 Census indicated 108 respondents on the island having jobs associated with the Detention industry. By October 2018, following a change in Commonwealth policy, the IDC was put in 'hot contingency' where the asset was no longer holding any detainee and kept in operating mode by a local workforce of around 30 to respond effectively to future unforeseeable Commonwealth need.

In August 2020, the Australian Government lifted the hot contingency, and the IDC re-opened to relieve capacity pressure experienced across the detention network on the mainland due to required Covid-19 distancing measures. The ease of the pandemic restrictions did not translate into a relaxation of the IDC operation. In January 2023 non- Australian detainees who had failed the "character test" requirement of s501 of the Immigration Act were still detained there, with some 250 personnel deployed to run the operation. The s501 procedures are being reviewed by the Australian government. Given the extremely high cost of running the Christmas Island IDC, the Commonwealth could possibly put the IDC operation into hot contingency once again in the future. In this scenario only 30 or so local jobs would be maintained.

Christmas Island offers exceptional tourism attractions in the environmental as well as the cultural and heritage spheres. This said, the tourism economic output is relatively modest due to low visitation levels caused mainly by high cost of air access and relatively limited accommodation capacity competing at times with the business sector. The regular air access to the island is from Perth. In early 2024 a Perth to London discounted return ticket could match a Perth to Christmas return ticket and a Perth to Bali return would be more than half of a Perth to Christmas Island return. This disadvantages considerably the option of holidaying on the island.

The table below shows the key characteristics of the Shire of Christmas Island as per the 2021 Census data provided. While it is acknowledged that some of the criteria listed below may be distorted as a result of the selection criteria available in the census, it does provide an accurate reflection of the cultural diversity within the island. It is also known that the population has steadily declined since the last census was conducted in 2021.

Category Description	2021 Christmas Island Census Data	2021 State (WA) Census Data
<b>People and Population</b>		
Population	1692	2,660,026
Male: Female ratio	59:41	50:50
Median age	38	38
Children and young teens (0-14)	16.7%	19.0%
Working age (15-64)	58.1%	65.0%
Seniors (65+)	25.2%	16.1%
Median household income	2109	1,815
Tertiary qualification	5.9%	21.3%
Weekly rent	150	340
Rent affordability (as a % household income)	7.1%	18.7%
<b>Cultural Diversity</b>		
Chinese	22.2%	5.5%
Australian	17.0%	29.9%
Malay	16.1%	0.2%
English	12.5%	33.0%
Indonesian	3.8%	0.3%
<b>Religion</b>		
Islam	22.1%	3.2%
Buddhism	15.2%	2.4%
Catholic	7.3%	20.0%
No Religion / Not Stated	46.4%	45.3%
<b>Employment Status</b>		
Worked full-time	70.0%	55.9%
Worked part-time	21.7%	31.2%
Away from work	6.8%	7.8%
Unemployed	1.5%	5.1%
<b>Industry of Employment</b>		
Correction & Detention Services	11.5%	0.3%
Non-Metallic Mineral Mining and Quarrying	10.8%	0.0%
Local Government Administration	6.1%	1.3%
Central Government Administration	5.1%	1.1%
Building and Other Industrial Cleaning Services	4.5%	1.2%

# Introduction

## Long Term Financial Plan

This plan extends over a ten (10) year period to ensure the Shire of Christmas Island is positioned effectively to realise the objectives of their overarching Strategic Plan. The LTFP is a key strategic planning document used to support and guide internal decision-making and ensure that the planned capital program is financially viable without risking the long term sustainability of the organisation.

Given the changing nature of many of the assumptions, the LTFP is reviewed on a periodic basis and updated as required, to ensure it remains fit for purpose. Unforeseen events, changes in strategic direction or additional grants need to be evaluated in relation to the currency of the LTFP, as seemingly minor changes may have a compounding effect on the Shire of Christmas Island's capital plans.

## Long Term Financial Plan Objectives

The financial objectives of the LTFP are summarised below;

- Develop an adaptable forward looking financial model to provide an indication of the sustainability of Council's proposed actions, enabling the business to respond to the ever-changing needs of the community
- Ensure that strategic decisions are made within the agreed Council parameters and benchmarks
- Enhance the transparency and accountability of the Council to the community
- Support continuous financial improvement aspirations, encouraging cost control and the early identification of financial challenges to encourage Council to consider alternative funding models.

## Financial Strategies

The Shire of Christmas Island recognises that rate increases are not the answer to meeting the Shire's demands and are committed to continuing to provide infrastructure and services for our community in a manner that is affordable and financially responsible.

Creating revenue diversity, together with service delivery reviews and containing expenditure improve value for our ratepayers. Because of this, the LTFP is based on the following financial strategies and principles:

- Maintain a fair and equitable rating structure
- Continue to provide support to community organisations
- Promote the use of the Island's facilities
- Accept that not all facilities can be operated on a full cost recovery practice
- Look to increase revenue generated from non-rating sources
- Maximise grant funding opportunities to service operational activities
- Investigate services that will benefit from a more regional approach to delivery
- Maintain existing infrastructure to an acceptable standard
- Seek Federal Government funding towards local infrastructure

## Strategic Direction

The Long Term Financial Plan highlights the Shire’s capacity to deliver on the goals and aspirations identified in the Community Strategic Plan and Corporate Business Plans. It projects financial information beyond the course of the Corporate Business Plan to cover operations for 10 years and to provide an indicative position of financial sustainability in the future.

The purpose of the LTFP process is to identify if the strategic intent of the various documents prepared as part of the Shire’s Strategic Planning Framework are affordable without risking the long-term sustainability of its operations.

It provides information necessary to assess resourcing requirements to achieve long term community objectives in a financially sustainable manner. The assumptions are estimates only and provide an overview of possible outcomes. Changes in the Shire’s operations may result in changes to the Corporate Business Plan requiring the Long Term Financial Plan to be constantly updated.

The core components of the Integrated Planning and Reporting Framework consist of the Community Strategic Plan, Corporate Business Plan, Long Term Financial Plan, Asset Management Plans, Workforce Plans, Issue & Area Specific Plans and the Annual Budget. Below is an outline of the Integrated Planning and Reporting Cycle;



### Strategic Community Plan

The Shire’s Strategic Community Plan 2023-2033 has been aligned with the 17 United Nations Sustainable Development Goals. The plan is one of many tools that will guide the future direction of our Shire and has a strong emphasis on our community’s aspirations and goals.

#### Community Vision

Our Island, Our Responsibility

#### Strategic Priorities

Each theme has several strategic priorities feeding into it, as shown below. While current activities and service levels will continue over the short to medium term in many cases, the priorities show what the Shire will focus on over the coming years.

These priorities will be updated at least every four years as the Plan is reviewed and refreshed.

### Community Development

- A healthy aging community
- An engaged youth community
- A vibrant event calendar
- A better funded arts & community development sector
- Substance abuse awareness level increase
- An inter-island connection

- A tidy township

### **Planning**

- A community that plans for itself
- In currency statutory planning instruments
- A greener island

### **Economy & Employment**

- Sustainable business growth
- Diversified economic growth
- A flowchart forward
- A local voice for lobbying

### **Natural Environment & Climate Change**

- A green township
- Knowing our water resources
- Flying Fish Cove housing future
- Waste Management

### **Infrastructure**

- Managing municipal built spaces
- Planned and facilitated growth

### **Governance**

- Accountable and transparent leadership
- Have a say
- Promote and advocate for islanders

## **Corporate Business Plan**

The Corporate Business Plan is a document responsible for translating the strategic direction of the Shire articulated within the Shire of Christmas Island's Strategic Community Plan 2023-2033.

Achieving the community's aspirations and goals requires development of the strategies contained within the Strategic Community Plan. Due to the limitation of financial resources, careful operational planning and prioritisation is required to implement these strategies. This planning process is formalised in the Corporate Business Plan and puts the Strategic Community Plan into action via the Annual Budget.

## **Annual Budget**

The annual budgeting process is driven by the strategic and business planning activities of the Shire, while its timing and execution is informed through legislation, namely, the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996. The budget process is reviewed annually and triggers updates to the Corporate Business Plan and other associated Plans.

## **Workforce Plan**

The Workforce Plan details resources required to deliver the Community Strategic Plan and the strategies to be implemented to address the challenges facing our workforce. The Workforce Plan provides a strategic approach to addressing current and future needs in the organisation with some of the key objectives of the Plan to identify;

- Critical skills and positions within the organisation;
- Gaps between our current and future workforce;
- Internal and external challenges facing our workforce; and
- Strategies to address these gaps to mitigate risks in addressing these challenges.



**Asset Management Plan**

The Asset Management Plan identifies the status of the Shire's infrastructure assets. The Asset Management Plan identifies the required asset renewals in order to maintain and/or increase the Shire's level of service to the community.

A whole of life approach is taken to operational, maintenance, renewal and acquisition plans and funding levels ensuring assets deliver the required levels of service. Reported levels of service and risks are taken into account in the development of operational, maintenance, renewal, acquisition plans and the performance of assets is measured and reported as appropriate.

**Risk Management**

The Shire has in place a Risk Framework which follows the International Standard for Risk Management AS/NZS ISO31000:2018. The framework is proactive to ensure the quality of service delivery is not adversely affected. Risk management is integrated into our business planning process to ensure any exposure to risk is minimised.

## Model Assumptions

### Financial Assumptions

Like any plan there are underlying assumptions on which the basis of the plan is derived. It is important to emphasise that the projects identified in the LTFP are to be used as guidance and do not financially commit the Shire to implement those projects identified. Rather, they act as a guide towards drafting the Annual Budget and as such the LTFP, along with other associated plans, will be reviewed each year by Council during the Annual Budget process.

The LTFP is based on some of the following assumptions and principles;

### Underlying Principles

The following principles have been applied within the plan;

- Existing service levels are maintained
- Maintaining a fair and equitable rating strategy that is sustainable into the future
- Sourcing funding opportunities to assist with new and renewed infrastructure
- Maintaining existing infrastructure in line with service level reviews

### Major Projects

The following key projects have been identified as priorities within the plan;

- Road Infrastructure Renewal Program
- Plant Replacement Program
- Other Infrastructure Renewal
- Staff & Other Housing

### Key Assumptions

The following table summarises the two key variables applied within the plan;

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Rates</b>	3.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
<b>CPI</b>	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

### Revenue Assumptions

The following table summarises the key revenue assumptions applied within the plan;

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Rates</b>	3.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
<b>Operating Grants</b>	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
<b>Fees &amp; Charges</b>	3.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
<b>Capital Grants</b>	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
<b>Interest</b>	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Other Revenue</b>	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

## **RATES**

Rates and Annual Charges include general rates and domestic waste management fees. Rates and Annual charges are one of principal sources of revenue for Shire of Christmas Island, representing around 16% of the total revenue before Capital Grants.

Around 50% of rates revenue comes from residential properties, with the remaining 50% coming from Industrial and Mining industrials.

Annual rate increases of 4% per annum have been applied over the course of the ten year plan.

## **FEES & CHARGES**

Fees and Charges represent around 13% of the total revenue before Capital Grants. Historically the majority of fees and charges have come from waste management and private works, with a smaller portion of this revenue generated from statutory services provided by the Shire of Christmas Island including animal registration, building and town planning fees.

Revenue generated from operating activities outside of rates will enable Council to utilise the operating surpluses to be reinvested into other strategic projects.

## **OPERATIONAL GRANTS, SUBSIDIES AND CONTRIBUTIONS**

The Shire of Christmas Island historically receives around 67% of its operating revenue from various operational grants.

All grants are from the Commonwealth with the Financial Assistance Grants (FY24 - 85%) accounting for the bulk of this funding, with the balance coming from the Christmas Island Fisheries, Community Service Obligations and other smaller grants received for community events and programs.

Other funding sources are considered more project specific and may have more uncertainty around future funding. Where this is the case, only funding that is considered likely to be received has been included in the LTFP.

## **INVESTMENT INCOME**

The Shire of Christmas Island invests funds that are surplus to its current needs. Within the LTFP it is presumed surplus funds will be invested in a diversified portfolio of term deposits and/or securities.

Interest rates have been applied at a rate 1% lower than the consumer price index figures applied throughout the plan. The LTFP has not sought to speculate on future interest rate volatility.

## **REIMBURSEMENTS & OTHER REVENUE**

Shire of Christmas Island receives minor revenue and reimbursements from multiple sources. In addition to these minor recurring revenue sources, historical insurance recoveries have also been posted to this account. The LTFP does not speculate on future insurance recoveries, noting that recoveries would be offset by matching expenses, resulting in no net financial impact. Other Revenue assumptions are programmed to increase in line with CPI over the duration of the LTFP.

## **CAPITAL GRANTS & CONTRIBUTIONS**

The Shire of Christmas Island is provided with regular Capital Grants to fund or subsidise strategic capital projects. Road funding sources such as the Roads to Recovery have been increased in line with CPI, while other funding, such as the Central Road Authority, has been consistent from year to year and conservatively no CPI increases have been applied to this funding. The certainty of other Capital Grants such as the Local Roads and Community Infrastructure Program is unknown and where this is the case, only funding that is considered likely to be received has been included in the LTFP. Some projects over the 10 year life of the plan have been included on the basis that such projects would only be completed if all, or a substantial amount of funding, was obtained to cover the cost of the project.

## Expenditure Assumptions

The following table summarises the key expenditure assumptions applied within the plan;

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Employee Costs	4.20%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Materials & Contracts	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Utility Charges	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Finance Costs	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Insurance	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Other Expenditure	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

### EMPLOYEE COSTS

Employee costs include payment of salary and wages, leave entitlements, superannuation, training and workers compensation expenditures. Employee costs are the most significant cost to the Shire, representing around 64% of the Shire's forecast FY24 operating expenses. Employee costs have been increased by 3% per annum for the duration of the plan.

### MATERIALS & CONTRACTS

Materials, contracts and other expenses comprise of all expenditures incurred to maintain Shire facilities and provide services to the community. Materials and contracts are the Shire of Christmas Island's other significant fixed expense representing around 16% of the Shire's forecast FY24 operating expenses. All costs have been increased in line with CPI over the life of the LTFP.

### FINANCE COSTS

The Shire currently has no borrowings, and no new loans have been included in the LTFP.

### FAIR VALUE ADJUSTMENTS

The Shire of Christmas Island holds non-current assets which are required under Regulation 17A of the Local Government (Financial Management) Regulations 1996 to be revalued at least once every 5 years. The LTFP did not include any projections related to fair value adjustments to avoid an inaccurate representation of the Shire of Christmas Island's asset base.

### DEPRECIATION

Depreciation is the provision representing the annual consumption or decrease in the value of all the non-current assets held by the Shire of Christmas Island. For the purposes of the LTFP model, depreciation expense is varied based on the capital expenditure levels and acquisition of new assets over future periods. Estimates related to the new additions to assets have been identified within the proposed Capital Works Program.

The depreciation rates included in the model are consistent with the Shire's Financial Policy 4 – Depreciation of Non-Current Assets. The table below shows the current details of the asset classes and useful lives applied to each of them;

Asset Class	Useful Life
Land & Buildings	3-150 years
Furniture & Equipment	5-25 years
Plant & Equipment	3-20 years
Roads - Formation	not depreciated
Roads - Pavement	55-150 years
Roads - Gravel	5-15 years
Roads - Bitumen Seal	10 - 30 years
Footpaths	5-80 years
Kerbing	55-100 years
Other Infrastructure	8-50 years

## Capital Assumptions

### CAPITAL WORKS AND INFRASTRUCTURE

The Shire of Christmas Island has developed a ten (10) year Infrastructure Renewal Program which considers proposed expenditure requirements for new infrastructure assets, asset management and maintenance programs and replacement assets. This 10 year plan is not formally approved by Council and is considered an indicative estimate of capital works requirements into the future. The cost and timing estimates and assumptions used to support the Capital Works Plan are made by management on the most recent and accurate available information at the time.

Some of the highlights throughout the course of the plan include;

Project	Estimated Cost	Timing
Road Infrastructure Renewal Program	\$16,895,951	FY24-34
Plant Replacement Program	\$8,261,393	FY24-34
Other Infrastructure Renewal	\$3,553,520	FY24-34
Land & Buildings Renewal	\$1,998,500	FY24-34
Staff Housing	\$700,000	FY24-34
Other Housing	\$600,000	FY24-26

## Financial Reporting

The LTFP and the assumptions and projections used within are supported by a resulting suite of financial statements covering the 10 year period FY24 to FY34.

The financial suite of documents used to support the LTFP includes;

**(a) Statement of Comprehensive Income**

This statement outlines all Council's sources of income, including Capital Grants and contributions and all operating expenses, including depreciation. This statement does not include capital expenditure. The net operating result for each year is calculated as total operating income less total operating expenses. The result is then shown as a surplus or a (deficit) and is a measure of Council's performance.

**(b) Funding (Rate Setting) Statement**

This is a forecast summary starting with the operating surplus or (deficit) from each year and adding back depreciation being a non-cash item. The summary considers other funding inflows and outflows to display a net cash result which is then managed via the reserves to ensure that Council maintains appropriate funding levels to support activities.

**(c) Statement of Financial Position**

The Statement of Financial Position details what Council owns (assets) and what it owes (liabilities) at a given point in time. Council's net worth is determined by deducting total liabilities from total assets, which results in Equity.

**(d) Statement of Cash Flows**

The Statement of Cash Flows summarises the actual flows of cash for each year and explains the change in cash balance held from the start of the year to the end of the year. The report shows where Council has received cash from and what it has then spent it on.

**(e) Statement of Reserves**

The Statement of Reserves details Council's reserve balances at the start of each year and the end of each year. All reserves are cash backed assets. Reserves are held to provide for future upgrade or provision of new infrastructure and assets.

**(f) Infrastructure Renewal Program**

This a summary of the proposed capital expenditure for existing or proposed new infrastructure throughout the course of the plan. The summary includes depreciation and information relating to the disposal of any assets within each of the asset classifications.

## Statement of Comprehensive Income

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>REVENUE</b>											
Rates	1,850	1,905	1,980	2,059	2,140	2,225	2,313	2,405	2,501	2,600	2,703
Operating Grants & Contributions	7,962	8,681	8,260	8,591	8,934	9,292	9,663	10,050	10,452	10,870	11,305
Fees & Charges	1,591	1,222	5,067	1,313	1,366	1,420	1,477	1,536	1,598	1,662	1,728
Interest on Investments	338	298	260	480	494	506	523	539	564	592	636
Capital Grants & Contributions	920	2,465	1,081	1,171	1,201	1,201	1,225	1,250	1,277	1,304	1,332
Other Revenue	126	81	15	16	17	17	18	19	19	20	21
Profit on Disposal of Assets	0	29	0	0	0	0	0	0	0	0	0
<b>TOTAL REVENUE</b>	<b>12,787</b>	<b>14,682</b>	<b>16,663</b>	<b>13,630</b>	<b>14,152</b>	<b>14,662</b>	<b>15,220</b>	<b>15,799</b>	<b>16,410</b>	<b>17,048</b>	<b>17,725</b>
<b>EXPENDITURE</b>											
Employee Costs	7,939	7,670	7,885	7,487	7,712	7,943	8,181	8,427	8,680	8,940	9,208
Materials & Contracts	2,028	4,283	3,898	3,100	3,224	3,353	3,487	3,627	3,772	3,923	4,080
Utility charges	88	128	133	139	144	150	156	162	169	176	183
Depreciation	1,537	1,702	1,611	1,739	1,752	1,776	1,799	1,845	1,867	1,865	1,836
Insurance expense	207	207	215	224	233	242	251	262	272	283	294
Other expenditure	529	304	317	329	342	356	370	385	401	417	433
Loss on Disposal of Assets	13	0	0	0	0	0	0	0	0	0	0
<b>TOTAL EXPENDITURE</b>	<b>12,341</b>	<b>14,295</b>	<b>14,059</b>	<b>13,018</b>	<b>13,407</b>	<b>13,820</b>	<b>14,246</b>	<b>14,708</b>	<b>15,160</b>	<b>15,603</b>	<b>16,034</b>
<b>SURPLUS / (DEFICIT) POSITION</b>	<b>446</b>	<b>387</b>	<b>2,604</b>	<b>612</b>	<b>745</b>	<b>842</b>	<b>974</b>	<b>1,091</b>	<b>1,250</b>	<b>1,444</b>	<b>1,691</b>

## Forecast Funding (Rate Setting) Statement

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening Surplus / (Deficit)</b>	2,402	1,467	6	0	0	0	0	0	0	0	0
<b>Result from Operating Activities</b>	(474)	(2,078)	1,523	(569)	(456)	(359)	(251)	(159)	(26)	141	359
<b>NON CASH AMOUNTS EXCLUDED FROM OPERATING ACTIVITIES</b>											
(Profit) / Loss on Sale of Assets	13	(29)	0	0	0	0	0	0	0	0	0
Depreciation	1,537	1,702	1,611	1,739	1,752	1,776	1,799	1,845	1,867	1,865	1,836
Movements in assets and liabilities	(22)	0	500	0	0	0	0	0	0	0	0
<b>Amount attributable to Operating Activities</b>	<b>1,528</b>	<b>1,673</b>	<b>2,111</b>	<b>1,739</b>	<b>1,752</b>	<b>1,776</b>	<b>1,799</b>	<b>1,845</b>	<b>1,867</b>	<b>1,865</b>	<b>1,836</b>
<b>INVESTING ACTIVITIES</b>											
Capital Grants & Contributions	920	2,465	1,081	1,171	1,201	1,201	1,225	1,250	1,277	1,304	1,332
Purchase of Property, Plant & Equipment	(1,413)	(1,689)	(2,649)	(900)	(1,114)	(1,115)	(1,334)	(1,135)	(1,126)	(740)	(992)
Purchase of Infrastructure	(787)	(2,421)	(1,816)	(1,471)	(1,501)	(1,501)	(1,525)	(1,550)	(1,577)	(1,604)	(2,357)
Proceeds from sale of assets	0	55	375	150	203	204	259	209	157	110	73
<b>Amount attributable to investing activities</b>	<b>(1,280)</b>	<b>(1,590)</b>	<b>(3,008)</b>	<b>(1,050)</b>	<b>(1,210)</b>	<b>(1,212)</b>	<b>(1,376)</b>	<b>(1,226)</b>	<b>(1,270)</b>	<b>(930)</b>	<b>(1,944)</b>
<b>FINANCING ACTIVITIES</b>											
Transfers from Reserves	402	786	0	42	90	0	11	0	0	0	0
Transfers to Reserves	(1,110)	(252)	(632)	(171)	(175)	(205)	(183)	(459)	(571)	(1,075)	(252)
<b>Amount attributable to financing activities</b>	<b>(708)</b>	<b>534</b>	<b>(632)</b>	<b>(129)</b>	<b>(85)</b>	<b>(205)</b>	<b>(172)</b>	<b>(459)</b>	<b>(571)</b>	<b>(1,075)</b>	<b>(252)</b>
<b>Operating Surplus / (Deficit)</b>	<b>1,467</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Statement of Cash Flows

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cashflows from Operating Activities</b>											
Rates	1,846	1,905	1,980	2,059	2,140	2,225	2,313	2,405	2,501	2,600	2,703
Operating Grants & Contributions	8,639	8,681	8,260	8,591	8,934	9,292	9,663	10,050	10,452	10,870	11,305
Fees & Charges	1,591	1,222	5,067	1,313	1,366	1,420	1,477	1,536	1,598	1,662	1,728
Other Revenue	464	380	275	496	510	524	541	557	583	612	657
Employee Costs	(7,736)	(7,670)	(7,796)	(7,394)	(7,615)	(7,843)	(8,077)	(8,318)	(8,567)	(8,823)	(9,086)
Materials & Contracts	(1,525)	(4,283)	(3,898)	(3,100)	(3,224)	(3,353)	(3,487)	(3,627)	(3,772)	(3,923)	(4,080)
Other Expenditure	(824)	(639)	(665)	(692)	(719)	(748)	(778)	(809)	(841)	(875)	(910)
<b>Net Cash Provided (or Used) in Operating Activities</b>	<b>2,456</b>	<b>(406)</b>	<b>3,224</b>	<b>1,272</b>	<b>1,392</b>	<b>1,517</b>	<b>1,652</b>	<b>1,794</b>	<b>1,953</b>	<b>2,123</b>	<b>2,317</b>
<b>Cashflows of Investing Activities</b>											
Payments for purchase of Property, Plant & Equipment	(1,413)	(1,689)	(1,800)	(900)	(1,114)	(1,115)	(1,334)	(1,135)	(1,126)	(740)	(992)
Payments for construction of Infrastructure	(787)	(2,421)	(1,381)	(1,471)	(1,501)	(1,501)	(1,525)	(1,550)	(1,577)	(1,604)	(2,357)
Capital Grants & Contributions	920	2,465	1,081	1,171	1,201	1,201	1,225	1,250	1,277	1,304	1,332
Proceeds for financial assets at amortised cost	(795)	0	5,613	0	0	0	0	0	0	0	0
Proceeds for financial assets at fair value through profit & loss	4	0	0	0	0	0	0	0	0	0	0
Proceeds from sale of Property, Plant & Equipment	0	55	375	150	203	204	259	209	157	110	73
<b>Net Cash Provided (or Used) in Investing Activities</b>	<b>(2,072)</b>	<b>(1,590)</b>	<b>3,888</b>	<b>(1,050)</b>	<b>(1,210)</b>	<b>(1,212)</b>	<b>(1,376)</b>	<b>(1,226)</b>	<b>(1,270)</b>	<b>(930)</b>	<b>(1,944)</b>
Net increase (decrease) in cash held	384	(1,996)	7,111	222	181	305	277	568	683	1,193	374
Cash and cash equivalents at beginning of year	2,778	3,162	1,167	8,278	8,500	8,681	8,986	9,263	9,831	10,515	11,708
<b>Cash and cash equivalents at the end of the year</b>	<b>3,162</b>	<b>1,167</b>	<b>8,278</b>	<b>8,500</b>	<b>8,681</b>	<b>8,986</b>	<b>9,263</b>	<b>9,831</b>	<b>10,515</b>	<b>11,708</b>	<b>12,081</b>

## Statement of Financial Position

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CURRENT ASSETS</b>											
Cash and cash equivalents - Unrestricted	2,215	1,565	2,587	2,680	2,776	2,877	2,981	3,090	3,203	3,320	3,442
Cash and cash equivalents - Restricted	947	(398)	5,691	5,820	5,905	6,110	6,282	6,741	7,312	8,387	8,639
Other Financial Assets	5,613	5,613	0	0	0	0	0	0	0	0	0
Rate receivables	118	118	118	118	118	118	118	118	118	118	118
Trade receivables	116	116	116	116	116	116	116	116	116	116	116
Other Assets	52	52	52	52	52	52	52	52	52	52	52
<b>Total Current Assets</b>	<b>9,061</b>	<b>7,065</b>	<b>8,564</b>	<b>8,786</b>	<b>8,967</b>	<b>9,272</b>	<b>9,549</b>	<b>10,117</b>	<b>10,801</b>	<b>11,994</b>	<b>12,367</b>
<b>NON-CURRENT ASSETS</b>											
Property, plant and equipment	15,300	15,973	16,498	16,243	16,152	16,053	16,111	15,989	15,905	15,499	15,427
Infrastructure	23,005	24,717	25,386	26,124	26,875	27,611	28,355	29,109	29,873	30,647	32,159
<b>Total Non Current Assets</b>	<b>38,305</b>	<b>40,690</b>	<b>41,884</b>	<b>42,367</b>	<b>43,027</b>	<b>43,664</b>	<b>44,466</b>	<b>45,098</b>	<b>45,778</b>	<b>46,146</b>	<b>47,586</b>
<b>TOTAL ASSETS</b>	<b>47,366</b>	<b>47,755</b>	<b>50,448</b>	<b>51,153</b>	<b>51,994</b>	<b>52,937</b>	<b>54,016</b>	<b>55,215</b>	<b>56,578</b>	<b>58,140</b>	<b>59,953</b>
<b>CURRENT LIABILITIES</b>											
Trade and other payables	532	532	532	532	532	532	532	532	532	532	532
Other liabilities	947	947	947	947	947	947	947	947	947	947	947
Employee related provisions	2,221	2,221	2,310	2,402	2,499	2,599	2,702	2,811	2,923	3,040	3,162
<b>Total Current Liabilities</b>	<b>3,700</b>	<b>3,700</b>	<b>3,789</b>	<b>3,882</b>	<b>3,978</b>	<b>4,078</b>	<b>4,182</b>	<b>4,290</b>	<b>4,402</b>	<b>4,519</b>	<b>4,641</b>
<b>NON-CURRENT LIABILITIES</b>											
Employee related provisions	9	9	9	9	10	10	11	11	11	12	12
<b>Total Non Current Liabilities</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>12</b>
<b>TOTAL LIABILITIES</b>	<b>3,709</b>	<b>3,709</b>	<b>3,798</b>	<b>3,891</b>	<b>3,987</b>	<b>4,088</b>	<b>4,192</b>	<b>4,301</b>	<b>4,414</b>	<b>4,531</b>	<b>4,653</b>
<b>NET ASSETS</b>	<b>43,657</b>	<b>44,046</b>	<b>46,650</b>	<b>47,262</b>	<b>48,007</b>	<b>48,849</b>	<b>49,823</b>	<b>50,915</b>	<b>52,165</b>	<b>53,609</b>	<b>55,300</b>
<b>EQUITY</b>											
Retained surplus	14,254	15,178	17,150	17,632	18,292	18,930	19,732	20,364	21,043	21,412	22,851
Reserve accounts	5,593	5,058	5,691	5,820	5,905	6,110	6,282	6,741	7,312	8,387	8,639
Revaluation surplus	23,810	23,810	23,810	23,810	23,810	23,810	23,810	23,810	23,810	23,810	23,810
<b>TOTAL EQUITY</b>	<b>43,657</b>	<b>44,046</b>	<b>46,650</b>	<b>47,262</b>	<b>48,007</b>	<b>48,849</b>	<b>49,823</b>	<b>50,915</b>	<b>52,165</b>	<b>53,609</b>	<b>55,300</b>

## Statement of Reserves

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>LEAVE RESERVE</b>										
Opening Balance	1,999	1,938	1,997	2,056	2,118	2,182	2,247	2,386	2,626	2,704
Transfer to Reserve	76	58	60	62	64	65	138	240	79	81
Transfer from Reserve	(136)	0	0	0	0	0	0	0	0	0
<b>Balance at 30 June</b>	<b>1,938</b>	<b>1,997</b>	<b>2,056</b>	<b>2,118</b>	<b>2,182</b>	<b>2,247</b>	<b>2,386</b>	<b>2,626</b>	<b>2,704</b>	<b>2,786</b>
<b>PLANT &amp; MACHINERY RESERVE</b>										
Opening Balance	945	621	1,120	1,112	1,056	1,115	1,137	1,272	1,410	1,452
Transfer to Reserve	76	499	34	33	59	33	134	138	42	44
Transfer from Reserve	(400)	0	(42)	(90)	0	(11)	0	0	0	0
<b>Balance at 30 June</b>	<b>621</b>	<b>1,120</b>	<b>1,112</b>	<b>1,056</b>	<b>1,115</b>	<b>1,137</b>	<b>1,272</b>	<b>1,410</b>	<b>1,452</b>	<b>1,496</b>
<b>FURNITURE &amp; EQUIPMENT RESERVE</b>										
Opening Balance	802	833	858	883	910	937	965	994	1,024	1,055
Transfer to Reserve	30	25	26	26	27	28	29	30	31	32
Transfer from Reserve	0	0	0	0	0	0	0	0	0	0
<b>Balance at 30 June</b>	<b>833</b>	<b>858</b>	<b>883</b>	<b>910</b>	<b>937</b>	<b>965</b>	<b>994</b>	<b>1,024</b>	<b>1,055</b>	<b>1,086</b>
<b>BUILDINGS RESERVE</b>										
Opening Balance	745	573	591	608	627	645	665	785	908	935
Transfer to Reserve	28	17	18	18	19	19	120	124	27	28
Transfer from Reserve	(200)	0	0	0	0	0	0	0	0	0
<b>Balance at 30 June</b>	<b>573</b>	<b>591</b>	<b>608</b>	<b>627</b>	<b>645</b>	<b>665</b>	<b>785</b>	<b>908</b>	<b>935</b>	<b>963</b>
<b>WELFARE FUND RESERVE</b>										
Opening Balance	88	94	97	100	103	106	109	113	116	270
Transfer to Reserve	6	3	3	3	3	3	3	3	153	8
Transfer from Reserve	0	0	0	0	0	0	0	0	0	0
<b>Balance at 30 June</b>	<b>94</b>	<b>97</b>	<b>100</b>	<b>103</b>	<b>106</b>	<b>109</b>	<b>113</b>	<b>116</b>	<b>270</b>	<b>278</b>

**RECREATION SERVICES RESERVE**

Opening Balance	178	183	189	194	200	206	212	219	225	482
Transfer to Reserve	5	5	6	6	6	6	6	7	257	14
Transfer from Reserve	0	0	0	0	0	0	0	0	0	0
<b>Balance at 30 June</b>	<b>183</b>	<b>189</b>	<b>194</b>	<b>200</b>	<b>206</b>	<b>212</b>	<b>219</b>	<b>225</b>	<b>482</b>	<b>497</b>

**WASTE MANAGEMENT RESERVE**

Opening Balance	561	519	535	551	567	584	602	620	638	808
Transfer to Reserve	8	16	16	17	17	18	18	19	169	24
Transfer from Reserve	(50)	0	0	0	0	0	0	0	0	0
<b>Balance at 30 June</b>	<b>519</b>	<b>535</b>	<b>551</b>	<b>567</b>	<b>584</b>	<b>602</b>	<b>620</b>	<b>638</b>	<b>808</b>	<b>832</b>

**ROADWORKS RESERVE**

Opening Balance	206	226	232	239	247	254	262	269	277	436
Transfer to Reserve	20	7	7	7	7	8	8	8	158	13
Transfer from Reserve	0	0	0	0	0	0	0	0	0	0
<b>Balance at 30 June</b>	<b>226</b>	<b>232</b>	<b>239</b>	<b>247</b>	<b>254</b>	<b>262</b>	<b>269</b>	<b>277</b>	<b>436</b>	<b>449</b>

**PARKS & GARDENS RESERVE**

Opening Balance	68	71	73	75	77	80	82	85	87	246
Transfer to Reserve	3	2	2	2	2	2	2	3	159	7
Transfer from Reserve	0	0	0	0	0	0	0	0	0	0
<b>Balance at 30 June</b>	<b>71</b>	<b>73</b>	<b>75</b>	<b>77</b>	<b>80</b>	<b>82</b>	<b>85</b>	<b>87</b>	<b>246</b>	<b>253</b>

**TOTAL RESERVES**

Opening Balance	5,593	5,058	5,691	5,820	5,905	6,110	6,282	6,741	7,312	8,387
Transfer to Reserve	252	632	171	175	205	183	459	571	1,075	252
Transfer from Reserve	(786)	0	(42)	(90)	0	(11)	0	0	0	0
<b>TOTAL RESERVES AT 30 JUNE</b>	<b>5,058</b>	<b>5,691</b>	<b>5,820</b>	<b>5,905</b>	<b>6,110</b>	<b>6,282</b>	<b>6,741</b>	<b>7,312</b>	<b>8,387</b>	<b>8,639</b>

## Infrastructure Renewal Program

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>											
Opening Balance	18,937,699	20,314,329	21,979,525	23,404,525	24,154,525	25,064,838	25,976,375	27,052,068	27,978,512	28,948,209	29,578,546
Accumulated Depreciation	(4,206,900)	(5,014,624)	(6,006,624)	(6,906,372)	(7,911,319)	(8,913,259)	(9,923,274)	(10,941,157)	(11,989,318)	(13,043,269)	(14,079,646)
<b>Sub-total</b>	<b>14,730,799</b>	<b>15,299,705</b>	<b>15,972,901</b>	<b>16,498,153</b>	<b>16,243,206</b>	<b>16,151,578</b>	<b>16,053,100</b>	<b>16,110,911</b>	<b>15,989,194</b>	<b>15,904,939</b>	<b>15,498,900</b>
<b>Asset Revaluations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Transfers</b>	<b>(23,496)</b>	<b>0</b>	<b>(948,500)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Acquisitions</b>											
- Capital Renewal	572,988	1,689,172	2,648,500	900,000	1,113,750	1,115,383	1,334,258	1,135,258	1,126,262	740,450	991,860
- Work in Progress	840,138	0	0	0	0	0	0	0	0	0	0
Disposal	(6,324)	(23,976)	(375,000)	(150,000)	(203,438)	(203,846)	(258,565)	(208,814)	(156,566)	(110,112)	(72,965)
Depreciation	(814,400)	(992,000)	(899,748)	(1,004,947)	(1,001,940)	(1,010,015)	(1,017,883)	(1,048,160)	(1,053,952)	(1,036,377)	(990,807)
<b>Sub-total</b>	<b>15,299,705</b>	<b>15,972,901</b>	<b>16,498,153</b>	<b>16,243,206</b>	<b>16,151,578</b>	<b>16,053,100</b>	<b>16,110,911</b>	<b>15,989,194</b>	<b>15,904,939</b>	<b>15,498,900</b>	<b>15,426,988</b>
Proceeds from Sale of PPE	0	55,475	375,000	150,000	203,438	203,846	258,565	208,814	156,566	110,112	72,965
Book Value of PPE Disposed	6,324	23,976	375,000	150,000	203,438	203,846	258,565	208,814	156,566	110,112	72,965
<b>Profit / (Loss) on PPE</b>	<b>(6,324)</b>	<b>31,499</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>INFRASTRUCTURE</b>											
Opening Balance	30,979,096	31,778,010	34,199,367	35,580,495	37,051,834	38,553,244	40,054,654	41,580,120	43,130,605	44,707,110	46,310,675
Accumulated Depreciation	(8,054,569)	(8,772,591)	(9,482,591)	(10,194,185)	(10,928,060)	(11,677,747)	(12,443,392)	(13,224,631)	(14,021,581)	(14,834,389)	(15,663,221)
<b>Sub-total</b>	<b>22,924,527</b>	<b>23,005,419</b>	<b>24,716,776</b>	<b>25,386,310</b>	<b>26,123,774</b>	<b>26,875,497</b>	<b>27,611,262</b>	<b>28,355,489</b>	<b>29,109,024</b>	<b>29,872,721</b>	<b>30,647,453</b>
<b>Asset Revaluations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Transfers</b>	<b>23,496</b>	<b>0</b>	<b>(434,824)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Acquisitions</b>											
- Capital Renewal	352,394	2,421,357	1,815,752	1,471,339	1,501,410	1,501,410	1,525,466	1,550,485	1,576,504	1,603,565	2,356,707
- Work in Progress	434,624	0	0	0	0	0	0	0	0	0	0
Disposal	(6,682)	0	0	0	0	0	0	0	0	0	0
Depreciation	(722,940)	(710,000)	(711,594)	(733,874)	(749,688)	(765,645)	(781,239)	(796,950)	(812,807)	(828,832)	(845,046)
<b>Sub-total</b>	<b>23,005,419</b>	<b>24,716,776</b>	<b>25,386,310</b>	<b>26,123,774</b>	<b>26,875,497</b>	<b>27,611,262</b>	<b>28,355,489</b>	<b>29,109,024</b>	<b>29,872,721</b>	<b>30,647,453</b>	<b>32,159,115</b>
<b>TOTAL NET ASSETS</b>	<b>38,305,124</b>	<b>40,689,677</b>	<b>41,884,463</b>	<b>42,366,980</b>	<b>43,027,075</b>	<b>43,664,362</b>	<b>44,466,400</b>	<b>45,098,219</b>	<b>45,777,661</b>	<b>46,146,353</b>	<b>47,586,103</b>

## Financial Ratios

The Shire of Christmas Island recognises that compliance with the legislated ratios is an important focus within this plan. However, these prescribed measures do not entirely reflect the Shire's services provided to the community. As such, supplementary performance measures for the Shire's performance are outlined in detail in the Corporate Business Plan.

The Department of Local Government, Sport and Cultural Industries (DLGSC) has been working collaboratively with stakeholders and industry experts since 2019 to design a new Local Government Financial Index (LGFI). In November 2024 it was announced that the new LGFI would replace the previous Financial Health Indicator (FHI) used on the MyCouncil website and a 2-year trial of the LGFI was endorsed by the Minister for Local Government.

The new LGFI consists of four ratios:

- Debt Services Cover Ratio
- Current Ratio
- Operating Surplus Ratio
- Net Financial Liability Ratio.

While it is accepted there may be some shortfalls within the ratios that calculate the LGFI, in the absence of any other models the LGFI has been used to assess the Shire's financial performance.

The graphs below detail the ten year trend for the recommended ratios as shown in the Long Term Financial Plan. Each ratio tends positively over the ten year period and comments are provided to explain major changes for each ratio.

### Current Ratio

#### Purpose

A measure of the local governments ability to meet its short term financial obligations with funds that can be accessed quickly.

#### Definition

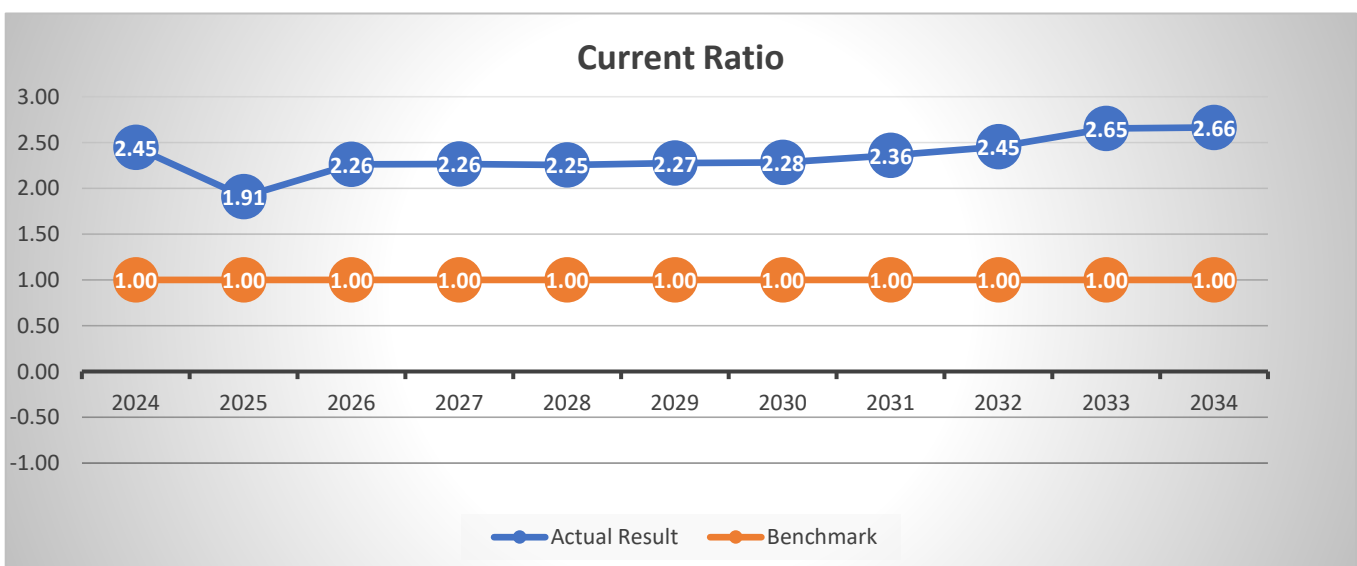
$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

#### Comments

The standard is not met if the ratio is less than 1.00. A ratio of greater than 1.00 means that the local government have sufficient assets that can be easily turned into cash to meet its current obligations.

It is a concern if the current ratio remains below the industry standard of 1.00 for any extended period.

The ratio is above the Benchmark for the entirety of the plan.



## Operating Surplus Ratio

### Purpose

A measure of the local governments ability to cover its operating costs and have money left for capital projects and other purposes.

### Definition

Two components are used in calculating the ratio.

These being the Numerator which is then divided by the Denominator. The two components are calculated as follows;

### **Numerator**

Operating Revenue

Less: Current Year Financial Assistance Grants

Plus: Prior Year Financial Assistance Grants

Plus: Grants, contributions for asset renewal\*

Less: Operating Expenses

**= Adjusted Operating Surplus**

### **Denominator**

Operating Revenue

Less: Current Year Financial Assistance Grants

Plus: Prior Year Financial Assistance Grants

Plus: Grants and contributions received for asset renewal

**= Adjusted Operating Revenue**

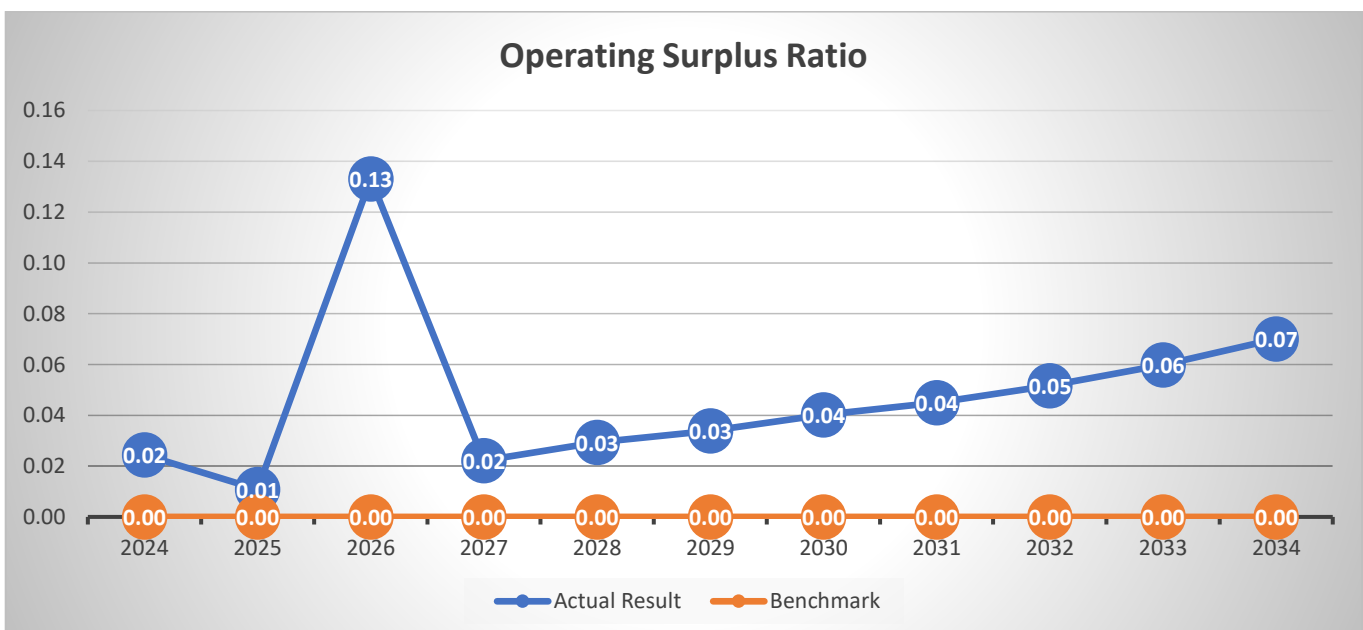
$$\frac{\text{Adjusted Operating Surplus}}{\text{Adjusted Operating Revenue}}$$

### Comments

This is usually a Shire's most difficult ratio to achieve by simple virtue of the capacity to raise rates and/or generate other revenue streams. The Operating Surplus Ratio currently contributes towards 40% of the Local Government Financial Indicator (LGFI). Therefore, the ability to meet the Benchmark goes a long way to reporting a high LGFI score.

The benchmark for this ratio is 0.00, with a score over 0.15 considered to be the optimum level to be achieved.

The ratio is above the recommended benchmark for the duration of the LTFP.



## Debt Service Coverage Ratio

### Purpose

A measurement of the local governments ability to repay its debt based on how much cash it can access compared to total amount of its debt obligations.

### Definition

Two components are used in calculating the ratio.

These being the Numerator which is then divided by the Denominator. The two components are calculated as follows;

### **Numerator**

Operating Revenue

Less: Current Year Financial Assistance Grants

Plus: Prior Year Financial Assistance Grants

Less: Operating Expenses

Add: Depreciation

Add: Finance Costs

**= Adjusted Operating Surplus**

### **Denominator**

Finance Costs

Plus: Repayment of Borrowings

Less: Debt Refinancing

**= Debt Service Costs**

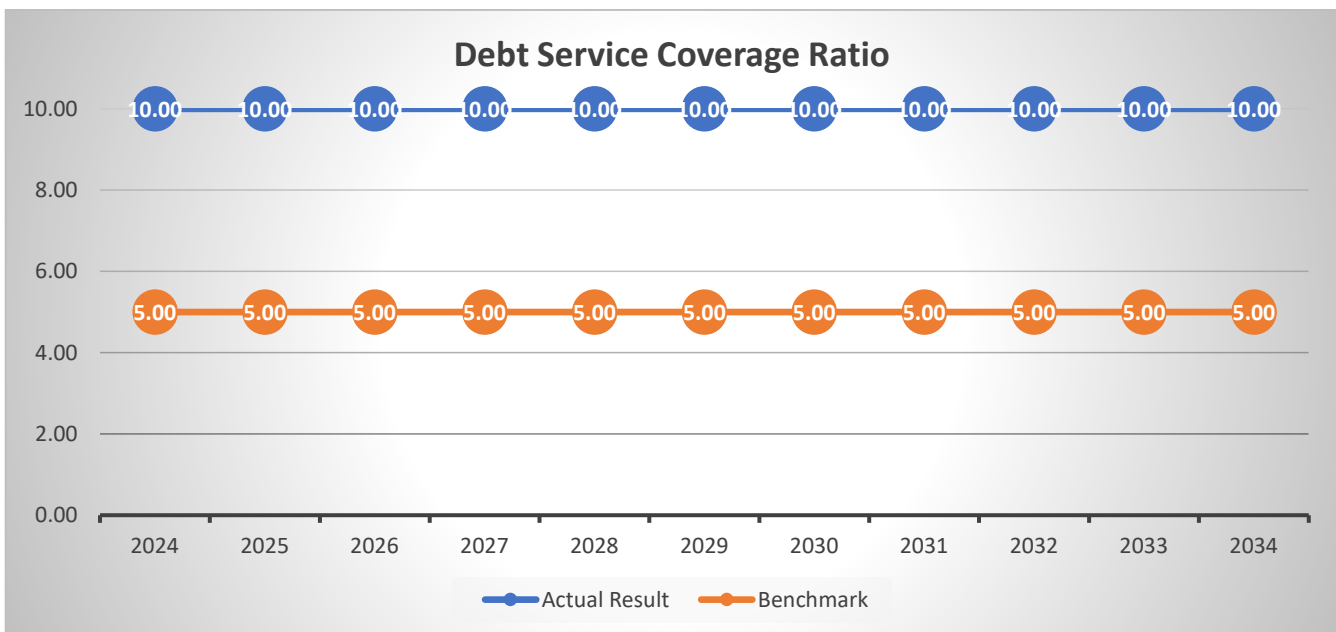
$$\frac{\text{Adjusted Operating Surplus}}{\text{Debt Service Costs}}$$

### Comments

The Benchmark for this ratio is 5.00 or greater.

The Shire currently has no borrowings, and no new borrowings have been factored into the LTFP.

For the purpose of the ratio calculation, I have scored the Shire as a 10 from FY24-FY34.





## Net Financial Liabilities Ratio

### Purpose

The Net Financial Liabilities ratio contrasts the level of debt of a local government to its operating revenue.

### Definition

Two components are used in calculating the ratio.

These being the Numerator which is then divided by the Denominator. The two components are calculated as follows;

### Numerator

Total Liabilities

Less: Current Cash & Cash Equivalents

Less: Current Trade & Other Receivables

Less: Current Other Financial Assets

Less: Non-Current Trade & Other Receivables

Less: Non-Current Other Financial Assets

**= Net Financial Liabilities**

### Denominator

Operating Revenue

Less: Current Year Financial Assistance Grants

Plus: Prior Year Financial Assistance Grants

**= Adjusted Operating Surplus**

$$\frac{\text{Net Financial Liabilities}}{\text{Adjusted Operating Revenue}}$$

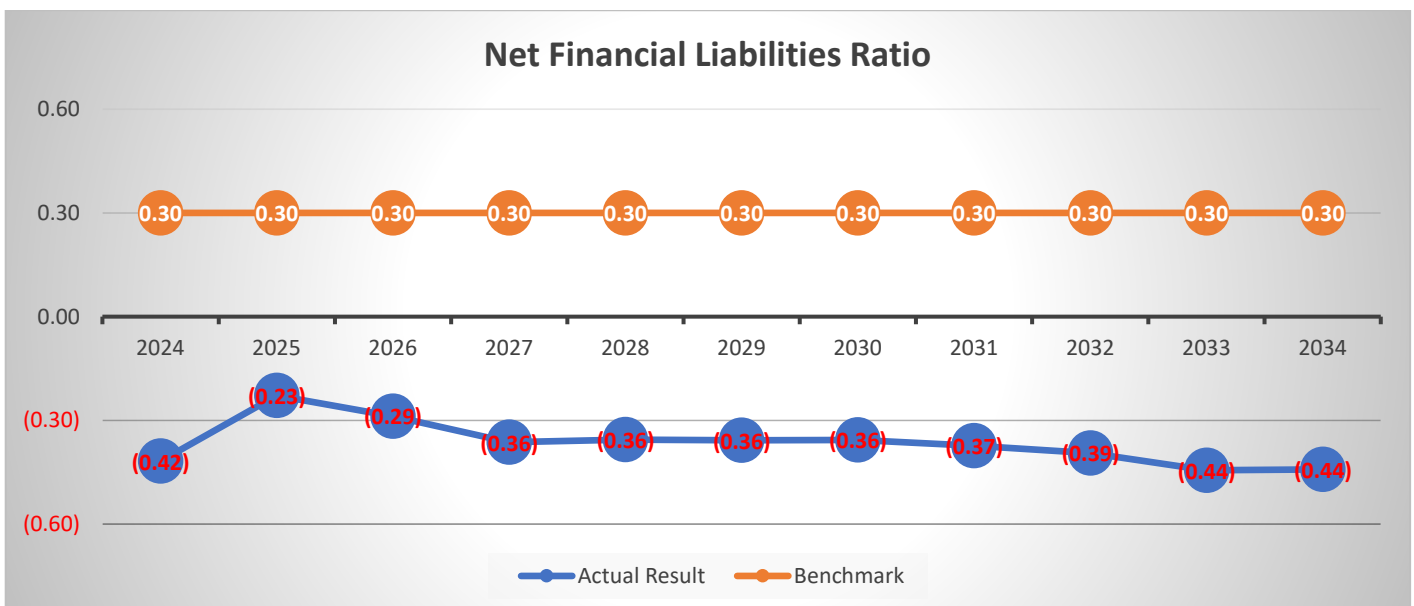
### Comments

This is the new addition to the ratio calculations for the LGFI. Essentially this ratio is replacing the 3 asset ratios previously used in the calculation of the previously used Financial Health Indicator.

The Benchmark for this ratio is 0.30 and it contributes 30% towards the total ratio calculation.

While it may seem strange, a negative result is actually a good indicator of a solid Net Financial Liabilities Ratio.

This is because by virtue of the calculation of the Numerator any surplus cash, cash equivalents or other receivables are deducted from the total amount of liabilities. Therefore, the less debt and more cash an organisation has, the lower the Numerator, and this will result in a negative Net Financial Liability, which will automatically flow through to reporting a negative result. The Shire meets the Benchmark for the duration of the LTFP.



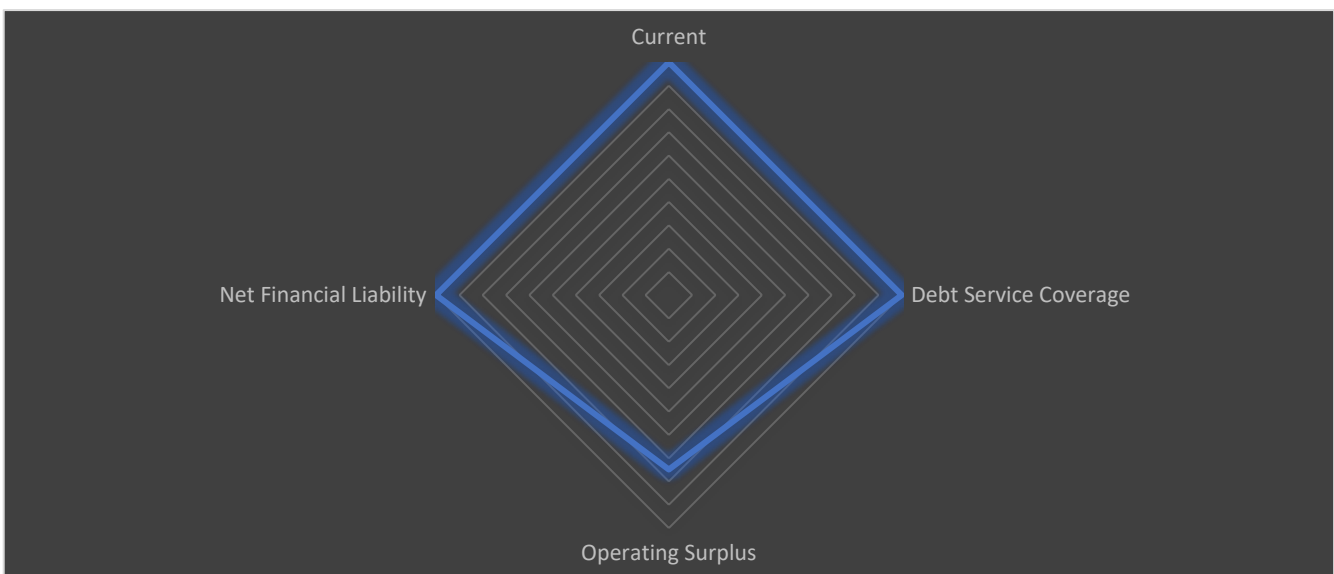
## Financial Health Indicator

In November 2024 the Department of Local Government, Sport and Cultural Industries announced the introduction of a new tool for the measurement of a local government's overall financial health. The Local Government Financial Index (LGFI) will be trialled for a 2 year period and consists of only four ratios – Debt Services Ratio, Current Ratio, Operating Surplus Ratio and a newly implemented Net Financial Liability Ratio.

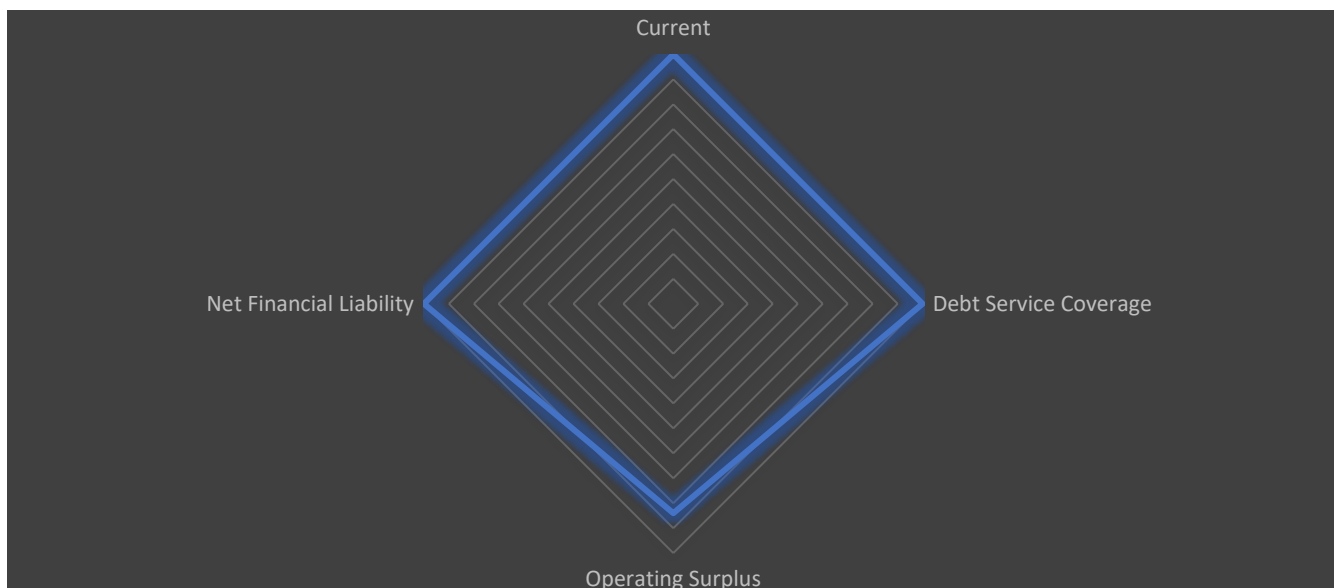
Unlike the Financial Health Indicator (FHI), the LGFI does not attempt to assess the financial sustainability of the local government. That is, there is not the same level of focus on the Shire's financial capacity to fund maintenance and asset renewal as infrastructure reaches the end of useful life. As was the case with the FHI, a result of 70 and above with the LGFI indicates solid financial health and the maximum result achievable is 100.

The FHI is one factor to consider in assessing overall performance. Other factors include: the range of services offered; efficiency of services delivered; and community satisfaction. A low LGFI may be a prompt for questions to be asked by the community about a local government's revenue, expenses and service delivery. The LGFI is best viewed as a trend over time.

2024 LGFI Rating 90



2034 LGFI Rating 94



## **Review of Long Term Financial Plan**

Council has adopted a financial strategy that endeavours to ensure its future sustainability in the provision of its existing services to the community. The strategy takes a long-term view to achieve all targeted KPI's by the end of the term.

The current model selected projects an increase in rates and services each year and still relies greatly on the continued support of both operating and non-operating grants to ensure adequate cash flow to fund the provision of Council's services.

Whilst the projections forecast in the plan should be treated as an estimate only, particularly in the latter years of the plan, the fundamental financial goals of council will remain a constant. Council endeavours to ensure the long-term sustainability of the organisation and plan to achieve this through allocating adequate funds to the reserve accounts.

Council has included a number of significant capital projects to be completed throughout the period covered within the LTFP. It is a goal of council for Christmas Island to be a destination of choice and ensure ratepayers and stakeholders have the necessary infrastructure and amenities in place to enable life as rich as the landscape.

With the exception of the first two years of the plan (FY24 & FY25), where a surplus is shown, the remainder of the plan is calculated on the basis of a balanced budget. Any surplus budgets would allow Council to increase either unrestricted cash or cash reserve balances.

It is council's objective to build up the balance of the reserve account and use these funds to finance major projects. The reserve balance is forecast to increase by \$3.84m over the course of the 10 years with a projected balance of \$8.64m in FY34.

It is the intention of senior management to review and update the LTFP on an annual basis as part of the Annual Budget process.