



Long-Term Financial Plan

2026-2036



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Introduction

About the Long-Term Financial Plan

The Long-Term Financial Plan (LTFP) is a key part of Council's strategic planning framework. It provides a clear financial roadmap for the next decade by modelling a range of scenarios, guiding decision making, and supporting the early identification of emerging financial risks

The LTFP sets out Council's capacity to allocate financial resources to achieve the objectives outlined in the Community Strategic Plan. It uses conservative and well-supported financial assumptions to forecast our expected financial position over the next decade. This modelling provides Council and the community with reliable information to assess our ability to meet short to medium-term commitments while supporting long term financial sustainability.

The plan reinforces Council's commitment to considering the long-term impacts of today's decisions, including the ongoing delivery of services and the responsible maintenance and renewal of our significant asset base.

Within the LTFP, Council brings these financial insights together to provide a clear view of the path ahead. It highlights the key factors shaping Council's long-term financial outlook and shows how the LTFP supports a structured, forward-looking approach to planning, prioritising and managing resources over time.



What's Changed Since Last Year

Each year, Council prepares a detailed annual operating budget, which forms the base of the LTFP. Any changes to the annual operating budget have a flow on impact on the long-term financial outlook. Updates to assumptions, indexation, and budgeting methodologies in the outer years are incorporated into the LTFP and may result in year-on-year variations. While the LTFP is a forward-looking document, several proposed changes from the currently adopted plan influence the financial outlook presented:

- Borrowing requirements were reviewed, with loan-funded capital projects no longer required or outside the delivery timeframe removed or deferred.
- Domestic Waste and Dunmore Recycling and Waste Disposal Depot services income and expenditure have been reviewed, with indexation assumptions updated accordingly.
- A strategic budgeting approach was applied to the 2026/27 base budgets to support the continued delivery of current services within existing funding levels, while improving the long-term outlook.
- The capital works program has been updated to reflect the latest forecasts for major project delivery.

Overall, the model shows a stronger position than previously projected, with an operating surplus of \$21.6million in 2026/27, compared to \$16.1million in the previously adopted plan. However, the sustainability challenges resulting from the long-term deficit trend remain, with financial constraints emerging in later years.

Long-Term Financial Plan 2026-2036

Current Financial Position

Stable Now, Pressure Ahead

Council remains in a strong financial position today, supported by a decade of strategic investment and disciplined decision making. Our long-term commitment to projects such as Shell Cove and our commercial enterprises have strengthened our financial base and provided the stability needed to navigate emerging pressures.

In this LTFP we focus on how we will extend that legacy, acting now so our future community benefits from the decisions we make today.

Council is experiencing rising costs and increasing economic uncertainty, which are directly affecting the cost of maintaining service levels. Combined with more frequent weather-related impacts, a growing infrastructure footprint and increasing population demands, these pressures reinforce the need for early and deliberate action so Council can continue to provide resilient and sustainable services to our community.

Council remains committed to our community, our workforce and the essential services they deliver.

The Sustainability Challenge

Managing Growth and Rising Costs

Our City is growing faster than the population forecasts made just a few years ago. This accelerated growth means Council is delivering new housing and infrastructure earlier than planned, and, in many cases, at a higher cost than originally projected in rates revenue projections. At the same time, the rate peg continues to constrain growth in Council's primary revenue source while labour, materials and insurance and constructions costs are rising sharply.

This creates a temporary financial gap where demand is increasing at a pace our income cannot immediately match. Council will focus on modernising our service delivery models to leverage technology, enhance community value and reduce excess to improve how we operate so we remain financially sustainable as growth slows.

Our focus areas to bridge this gap include:

- Strengthening and expanding our commercial operations
- Optimising infrastructure investment through smarter, risk-based decision-making
- Supporting increased density where appropriate to avoid urban sprawl
- Renewing existing assets at the right time and to the right standard
- Improving our processes, systems, and ways of working

Our Path Forward

Responding to These Challenges

These challenges mean Council needs to think differently about how we manage our finances and plan for the future. Council will continue to modernise our service delivery models to provide value to the community. Council will strengthen its commercial operations and strategic asset investment decisions, focusing on how, when and what assets are renewed.

This Plan compares two scenarios, the adopted base model (Business as Usual) and an alternate model (Resilience Roadmap). The alternate pathway sets a realistic and achievable goal for long-term sustainability by:

- Generating \$1.3 million in cumulative improvements each year through years two to six of the Plan. This is equivalent to roughly \$53 million, or 2.5% of total expenditure over the LTFP Period.
- Directing any unallocated cash above Council's minimum target into infrastructure renewal, strengthening our renewal position over time.

Our Financial Principles

Council's long-term financial health is essential to delivering the services, facilities and infrastructure our community relies on every day. The 2026/27 Operational Plan and LTFP have been developed using a clear set of financial principles that help guide responsible decisions now and into the future.

These principles are based on our Sustainable Financial Strategy which is informed by the financial principles outlined in section 8B of the *Local Government Act 1993*. This strategy provides a framework for decision-making and serves as a benchmark for evaluating, reviewing and updating the financial strategy.



1

Responsible

Council will manage its finances responsibly, aligning spending with long-term priorities and maintaining a stable financial position over time.

2

Equitable

Financial decisions will be fair and reasonable, supporting intergenerational equity and promoting the allocation of resources in ways that benefit both our current and future community.

3

Value Driven

Council will seek to achieve the best possible outcomes from the resources available, focusing on delivering high quality services and infrastructure that provide value to the community.

4

Community Led

Community needs and expectations will guide our planning, helping to maintain services and facilities that are accessible, relevant and sustainable over the long-term.

5

Transparent

Council will present financial information clearly and openly, making it easy for the community to understand how public funds are managed and how decisions are made.

6

Adaptable

Council's financial planning framework will remain flexible so it can respond to changing needs, emerging challenges and opportunities as they arise.

Our Financial Strategy

Council's financial principles provide the foundation for responsible and transparent long-term fiscal management. Building on these principles, Council's Financial Strategy explains how we plan and manage our financial resources to support sustainable service delivery, maintain our asset base and respond to the changing needs of our community.

The Financial Strategy establishes the strategic settings that shape the long-term Financial Plan. It aligns our financial planning with the strategies and actions in the Delivery Program. The LTFP itself is a strategic modelling tool. It is not designed to list individual projects or services but instead provides a forward-looking financial outlook that allows Council to test scenarios, assess risks and understand its short, medium and long-term capacity to deliver services in line with community needs.

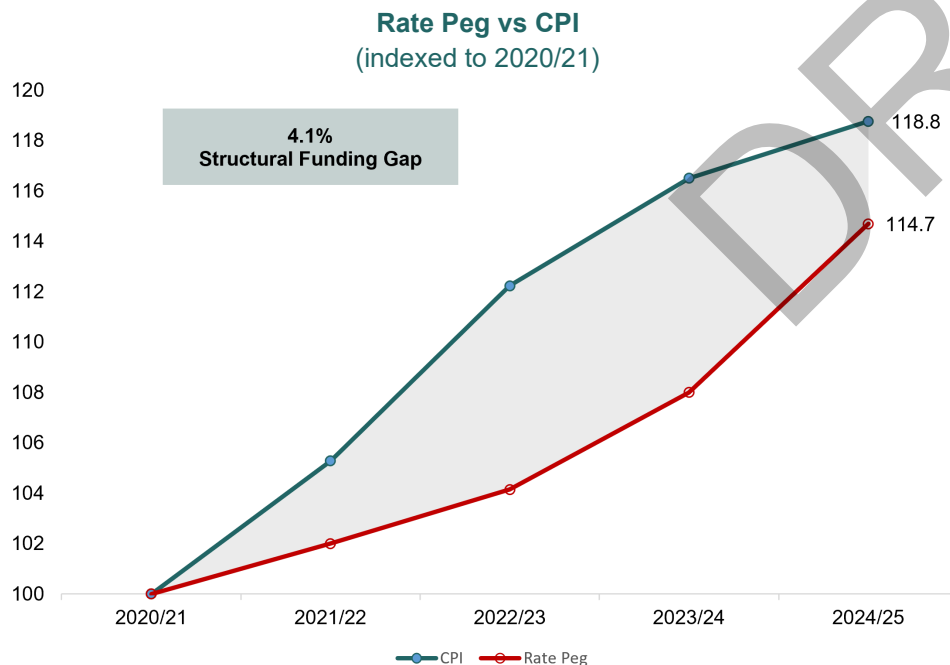
Over the next decade, Council must balance increasing service expectations, population growth, and the demands of a large and ageing asset base, while maintaining a sustainable financial position. Like councils across NSW, Council continues to experience rising costs, shifts in asset valuations and broader economic pressures that influence our long-term financial performance.

The widening gap between the rate peg and the actual cost of delivering infrastructure and services has become a significant and ongoing challenge for the local government sector.

Council continues to improve its asset management maturity through updated condition assessments and comprehensive asset revaluations. These revaluations improve the accuracy of our asset data and strengthen long-term planning, however they also increase depreciation expenses, placing further pressure on Council's ability to maintain positive long-term operating performance results. To support long-term financial sustainability, Council's long-term financial planning incorporates the Financial Strategy, which is guided by a set of sustainability parameters. These parameters focus on maintaining financial resilience, supporting sustainable services, investing appropriately in community infrastructure and strengthening Council's overall long-term financial position.

Our financial strategy is structured around four key areas:

1. Sustainable Services
2. Commercial Investment and Management
3. Asset Management and Infrastructure Investment
4. Financial Position



Focus Area 1

Sustainable Services

Financial sustainability at Shellharbour City Council means continuing to deliver services at levels that meet the communities' needs, within available resources, both now and into the future. This requires a stable financial position that allows Council to fund day to day operations, maintain adequate cash reserves, and invest in the renewal and improvement of community assets. Council aims to generate an operating surplus over the long-term, to support the ongoing delivery of existing services within available revenue. This approach promotes intergenerational equity so today's ratepayers fund the services they receive, rather than shifting the burden onto future generations.

Long-term financial sustainability also relies on Council maintaining adequate unallocated cash reserves, to strengthen financial resilience and respond to unforeseen events, while continuing to provide essential services. A key element of sustainable service delivery is the ability to fund the ongoing maintenance and renewal of Council's asset base. While depreciation provides a broad indicator of long-term renewal needs, Council is advancing its asset modelling to provide a better understanding of future investment requirements. Achieving long-term sustainability also means investing in infrastructure renewal at the level needed to maintain the condition and service potential of existing infrastructure. Council remains committed to maintaining existing service levels and will continue to review and modernise our service delivery models to leverage technology and enhance community value whilst reducing excess.

Focus Area 2

Commercial Investment and Management

Shellharbour City Council operates a number of commercial enterprises that help supplement rate revenue. These include, The Links Shell Cove, Shellharbour Beachside Holiday Park and Shellharbour Airport.

Council's dedicated Commercial Enterprises team focuses on implementing strategic initiatives that drive revenue growth and cost efficiencies to achieve a stabilised surplus that funds ongoing operations and capital investment and contributes a net positive return.

Long-term opportunities exist to expand and diversify Council's commercial portfolio. Projects such as the Shellharbour Airport business park, the structured arrangement for the development of a new hotel at The Links Shell Cove, the ongoing Shell Cove development project and a strategic review of land holdings and investment opportunities demonstrate the potential of Council-owned assets to create new and significant income streams. They also demonstrate Council's commitment to maximising returns from surplus land to support operating resilience and improve key financial indicators such as the Operating Performance Ratio.

Council is committed to growing its commercial capability over time and continues to invest in identifying new ventures that deliver commercial returns to support community services, infrastructure renewal and financial sustainability.

Focus Area 3

Asset Management and Infrastructure Investment

Councils across NSW continue to face significant challenges in delivering timely asset renewals and maintaining infrastructure to the standards expected by their communities. Rising construction costs, inflation and the increasing need for modern, climate-resilient infrastructure place substantial pressure on financial resources. As a result, meeting long-term renewal needs has become more difficult, particularly as we balance renewal demands with other priorities in the City.

These challenges highlight the importance of strategic planning, sound financial management and a strong asset management framework. Shellharbour City Council manages an extensive infrastructure network valued at \$1.6 billion and is committed to maintaining and improving this asset base to support current and future service needs. Through the LTFP, Asset Management Strategy and individual Asset Management Plans, Council allows for the forward financial capacity to fund required asset renewals.

Asset management plans prioritise capital renewals based on an assessment of asset condition, the risks associated with asset failure, and the need to maintain service levels to the community. This approach supports infrastructure continuing to meet community expectations over the long-term. Deviating from these plans creates risks such as unexpected asset failures, higher reactive maintenance costs and reduced service standards.

As a progressive local government, Council recognises that community needs evolve over time. Council regularly reviews and reassesses community assets to determine whether they remain fit-for-purpose, whether alternative service delivery methods may offer better value and whether investments are future-proofed. This ongoing evaluation helps to align infrastructure funding with both current and emerging priorities.

To achieve these goals, Council undertakes systematic asset condition assessments to identify renewal needs and inform long-term funding requirements. The Sustainable Financial Strategy sets the performance parameters for asset related indicators, while the Asset Management Strategy outlines priorities across asset classes.

These priorities are integrated into the Delivery Program to track Council performance against the measures while making strategic infrastructure decisions. Through this integrated approach, Council aims to achieve key long-term performance measures, including:

- Building and Infrastructure Renewal Ratio greater than 100%
- Infrastructure Backlog Ratio below 2%

Focus Area 4

Financial Position

Maintaining a strong financial position is essential for Council to continue to meet its obligations and deliver services reliably over time. A key aspect of this is sustaining an adequate unallocated cash balance to provide operational stability, support debt servicing and support resilience against unexpected financial pressures. Council also aims to maintain a positive operating result over the long-term so that ongoing service costs are funded by current revenue rather than passed on to future ratepayers. Financial sustainability also depends on investment in asset renewal keeping pace with the needs of Council's extensive infrastructure network. While Council tracks all required financial indicators, long-term planning focuses on three core measures that best reflect financial sustainability:

- Maintaining a strong cash position
- Achieving a sustainable operating surplus
- Aligning renewal investment with long-term asset requirements.

The Office of Local Government (OLG) is reviewing performance indicators, including the operating performance ratio. As a result, the LTFP focuses on the core measures most critical to long-term sustainability. Council continues to monitor all other OLG financial performance indicators.

In both LTFP scenarios, Council exceeds the other OLG benchmarks. While not published in this document, they remain part of Council's broader financial oversight. Should future modelling indicate emerging risks, they will be incorporated into our future updates to the LTFP.

Financial Performance Indicators

Why we use Financial Indicators

The purpose of financial performance ratios is to provide consistent indicators that help assess the financial sustainability of councils across NSW. These ratios offer useful context for understanding trends over time and support transparency in how councils manage their resources. However, no single ratio can represent overall financial health, and results must be interpreted alongside the broader financial and service delivery environment.

Office of Local Government Financial Indicators

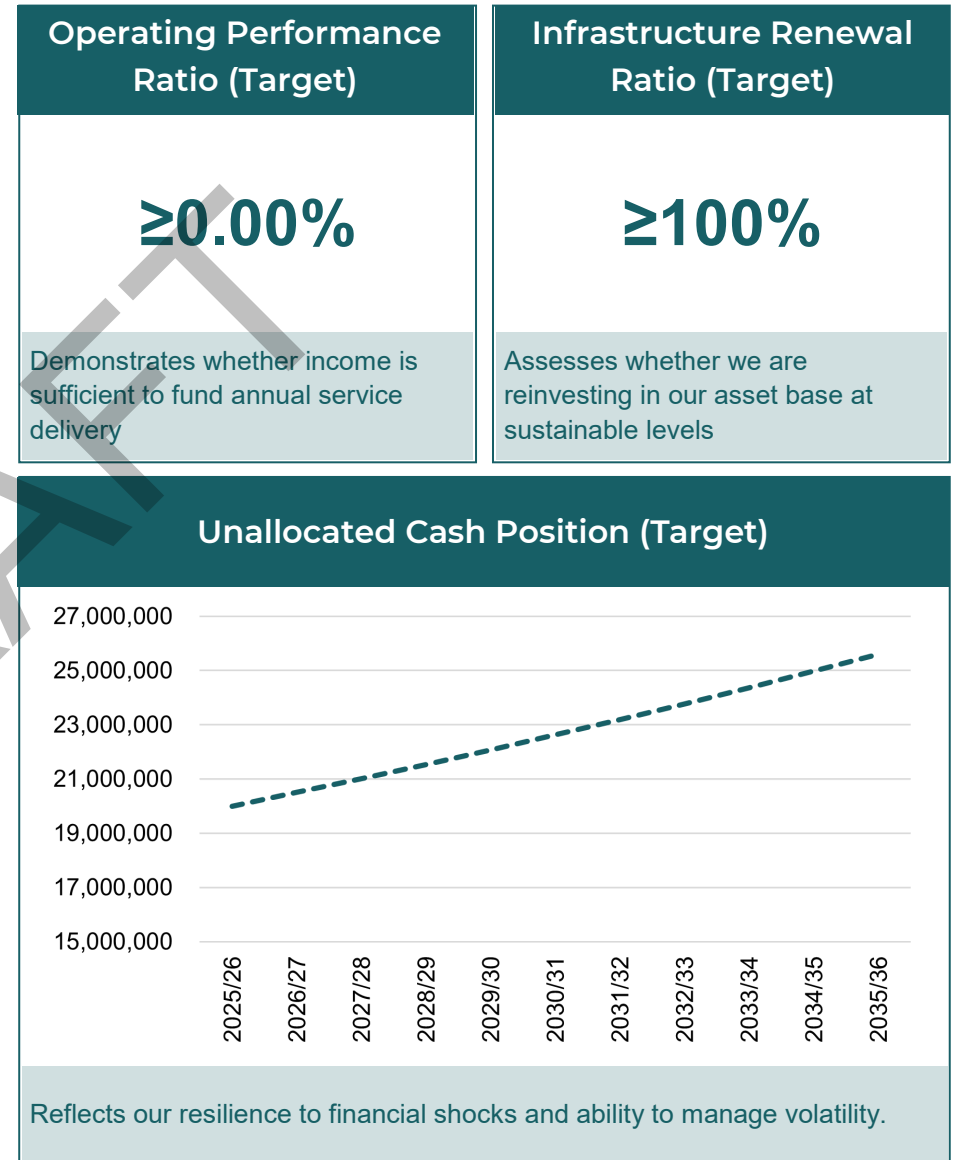
The Office of Local Government (OLG) has recently removed the requirement for councils to report these performance indicators in the Code of Accounting Practice while it undertakes a broader review of local government financial sustainability measures. In line with this change, we are simplifying our public reporting within the LTFP and placing greater emphasis on the indicators that best reflect long-term financial sustainability. While we await further guidance from OLG on revised sector-wide indicators, Council will continue to monitor all required ratios internally and use them to inform decision making. In the interim, the LTFP focuses on the three measures most relevant to Council's long-term financial capacity: operating performance, infrastructure renewal and unallocated cash position.

Our Focus

Council focuses on three measures that most clearly reflect our financial sustainability:

- **Operating Performance** – Demonstrates whether income is sufficient to fund annual service delivery.
- **Building and Infrastructure Renewal** - Assesses whether we are reinvesting in our asset base at sustainable levels.
- **Unallocated Cash Position** - Reflects our resilience to financial shocks and ability to manage volatility.

Council notes whether it meets or exceeds benchmarks of the remaining indicators. The LTFP presents a responsible long-term outlook that focuses on the sustainability measures most relevant to our financial capacity, service delivery commitments and community expectations.



Our Modelling

Council's LTFP provides an indication of Council's future financial capacity, and it is important to understand the limitations of any long-term financial model and its outputs. The LTFP is a dynamic planning document that is reviewed and updated annually to reflect changes to Council priorities, service levels, economic conditions, and the best available financial information.

How the Model Works

The financial model is based on Council's detailed annual operating budget for the first year of the LTFP. Projections for subsequent years are developed by applying assumptions for indexation on income and expenditure, and interest rate movements affecting investment returns, as outlined in the table on the following page. Detailed modelling is applied in the outer years to reflect known material changes and specific cost drivers, providing confidence the projections reflect anticipated future impacts. Variation in these assumptions, including changes in government legislation and policy, as well as broader national and global economic conditions, may have a material impact on Council's long-term financial position.

Financial Sustainability and Asset Renewal

A key principle in our financial modelling is maintaining long-term financial sustainability while prioritising the renewal of existing assets. Any unallocated cash surplus above our minimum unallocated cash target is assumed to be reinvested into asset renewal.

Scenario Analysis

Scenario analysis is used to test how different financial settings may affect Council's long-term financial position. In addition to the base modelling assumptions, an alternate model has been developed to illustrate how changes in operating performance can influence financial sustainability over the life of the LTFP.

The base model (Business as Usual) reflects Council's current financial settings and cost structures, with income and expenditure projected forward using the

assumptions outlined in this plan.

The alternate model (Resilience Roadmap) is based on the same underlying assumptions as the base model but incorporates a gradual efficiency improvement to Council's operating position. This scenario assumes operational efficiencies are achieved over time to deliver an operating surplus by 2030/31.

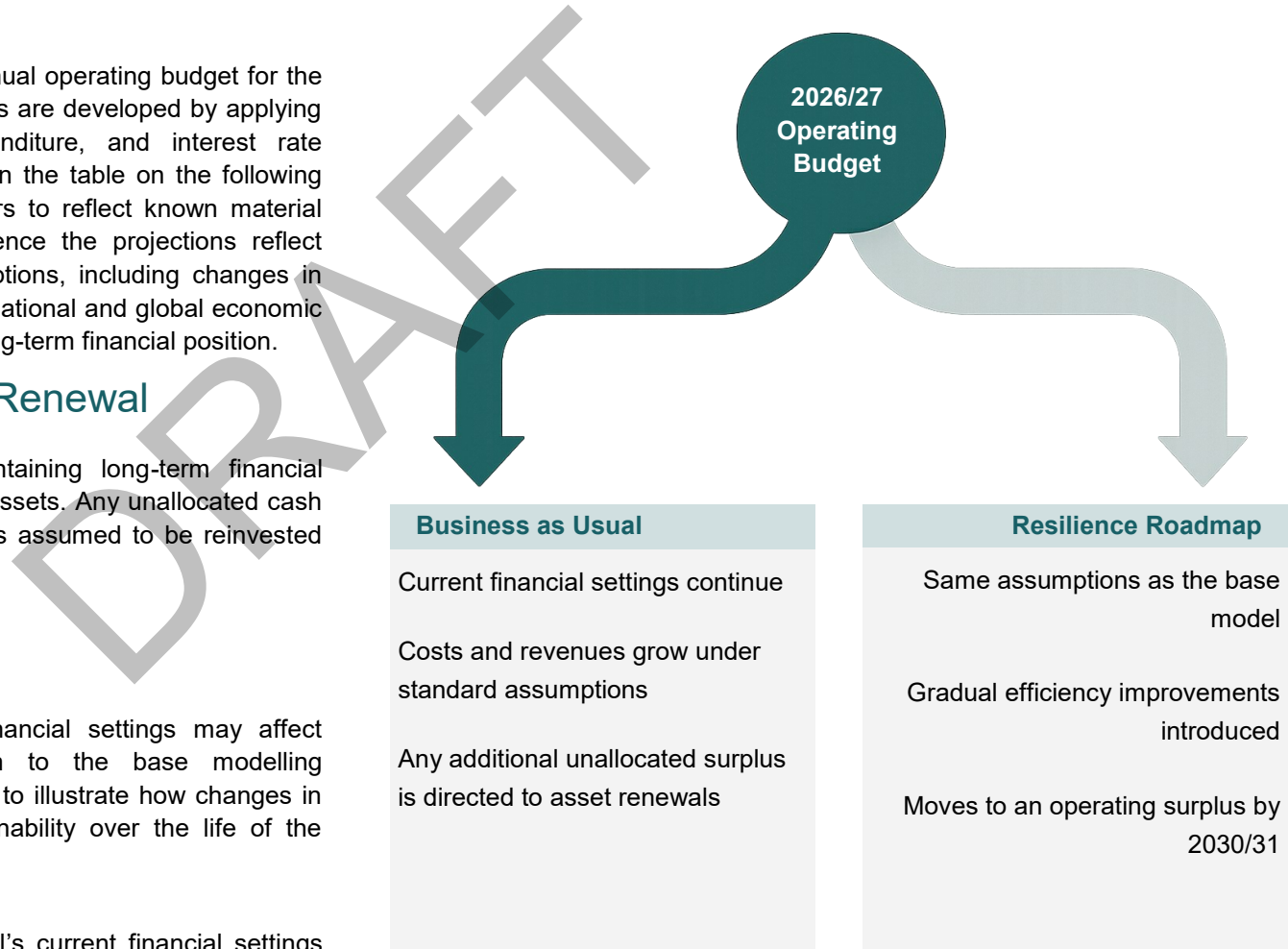


Table of Assumptions

Assumption	2026/27*	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Residential Rates	4.30%	3.96%	3.74%	3.43%	3.46%	3.36%	3.32%	3.27%	3.23%	3.19%
Business Rates	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Farmland Rates	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Domestic Waste Management Charges	2.00%	2.00%	1.50%	1.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%
Stormwater Charges	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Waste Management Charges	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Waste User Charges	4.00%	4.00%	4.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Annual Charge - General	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Statutory Fees	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Fees– General	3.20%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Financial Assistance Grant	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Employee Costs	4.00%	3.50%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
CPI	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Materials and Services	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Utility Costs	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Interest Return on Investments	4.22%	4.30%	4.38%	4.46%	4.54%	4.54%	4.62%	4.71%	4.79%	4.95%
Vacancy Factor	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%

*Baseline budget established through a comprehensive review of the 2025/26 budget across all service areas rather than applying standard indexation.

Key Risks and Sensitivities

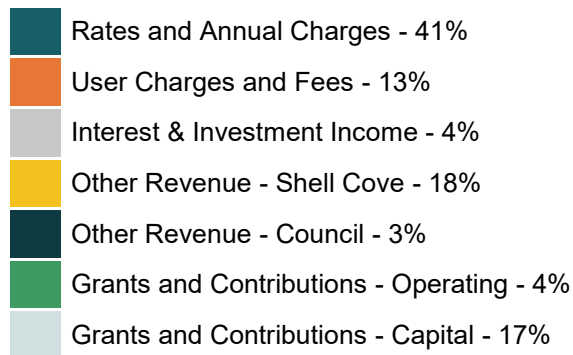
About our Sensitivity Analysis

Sensitivity analysis helps demonstrate how changes in key financial assumptions can affect Council's long-term financial outlook. By testing variations in items such as revenue growth, employee costs, materials and services, interest rates, and asset renewal spending, we can understand which factors have the greatest impact on our financial position.

This approach does not predict the future but shows the range of possible outcomes if assumptions move higher or lower than expected. It improves transparency, highlights financial risks, and assists Council in making informed decisions about long-term financial strategies.

Revenue Sources

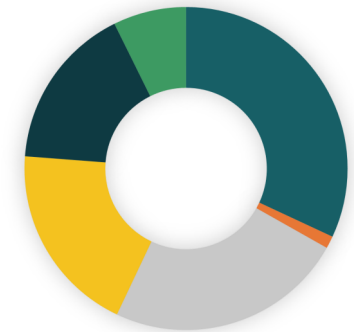
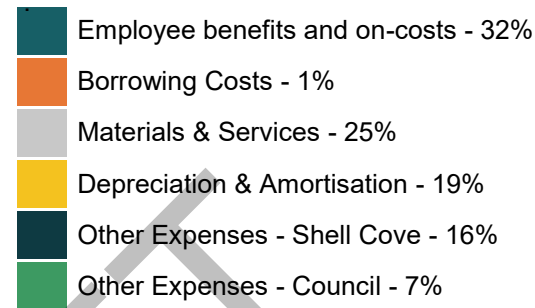
Council receives revenue from a range of sources beyond Rates and Annual Charges. The chart below shows the proportion of total income each category contributes over the LTFP period. The larger the share of a revenue class, the greater the sensitivity, meaning any change in its underlying assumptions will have a stronger impact on Council's financial position.



Expenditure Types

Council's expenditure is made up of several key cost categories, each responding differently to economic conditions and service demand. The next chart shows the proportion each expenditure type represents over the LTFP period. The larger the share of a cost category, the greater the sensitivity, meaning any change in its underlying assumptions (such as wage growth, materials prices or contract costs)

will have a stronger impact on Council's long-term financial position.



Rates and Annual Charges

Rating is a major component of Council's revenue base. Rates revenue and the level at which Council can increase its rates revenue (referred to as the rate peg), is determined by the Independent Pricing and Regulatory Tribunal (IPART). The core rate peg for 2026/27 is 3.1%, with an additional population factor of 1.2% applied, providing a total rate peg of 4.3%. The rate peg assumption for the remainder of the LTFP period has been set at 2.5%, plus a varying population factor each year, consistent with IPART methodology. This methodology is based on employee cost increases, forecast inflation, council specific changes to Emergency Services Levy contributions and population growth.

When a rate peg prevents a Council from adequately funding increases in its operating expenses, it limits its ability to meet asset renewal needs. A continuous reduction in investment for asset renewal leads to a growing infrastructure backlog and results in assets that do not meet community standards and expectations. Council is expecting the population to grow by an average of 1.9% each year over the next 10 years. As the population of the City grows and contributed assets are handed over to Council, there is an increasing demand on the services provided by Council. It is essential that additional income generated from this growth is appropriately aligned with the rising costs of delivering new and existing services and infrastructure.

Council provides a rebate on rates and annual charges paid by eligible pensioners across the Local Government Area. These rebates are partially subsidised by the State Government, however, Council funds more than \$1million each year, including providing a voluntary rebate of more than \$0.3million annually.

Rates and Annual Charges Revenue	
Assumption	IPART Rate Peg
+/- 1%	\$883,729
LTFP Impact	\$8,982,870

User Charges and Fees

User Charges and fees account for approximately 13% of Councils total revenue. Many of the services provided by Council are offered on a 'cost recovery' basis to allow a 'fee for service' principle to be applied. There are also many statutory user fees and charges, set by State and Federal government, where prices are determined by legislation and restrict Council's capacity to generate additional income in these areas. Other considerations when determining user charges and fees include community service requirements and market price where the service is provided under commercial conditions. The 2026/27 Operational Plan includes information on Council's pricing policies for its user charges and fees. In general, a CPI-based increase has been applied to most user charges and fees pricing over the LTFP period.

Interest and Investments

Council uses income generated from its cash and investment portfolio to subsidise normal services and operations, renewal projects and strategic priorities. Based on advice from Council's investment advisor, existing term deposits held, and taking into consideration the 10-year Australian Bond rate, interest returns have been included at between 4.20% and 4.95% over the life of the plan. Any unforeseen downwards fluctuation, if they occur, do have an impact on Council's return on investment. The balance of funds available for investment has been calculated after considering cashflow forecasts and are based on the opening cash balance of future financial years.

Other Revenues

Council's various portfolios generate additional revenue, including the commercial business units and property-related lease income. Council's commercial portfolio is exposed to the external economic environment and market conditions and fluctuations in that environment will have an impact on the revenue generated.

Grant Funding

Council generates a strong and appropriate level of own-source revenue, providing a degree of financial flexibility. However, Council remains reliant on external funding sources, including grants and contributions from other levels of government such as the Financial Assistance Grant from the Commonwealth Government.

Other budgeted grant income is generally tied to specific purposes and projects, including the Roads to Recovery program, which directly contributes to Council's asset renewal program.

Council has assumed the continuation of these grants over the life of the LTFP, with recurrent grant income indexed in line with CPI non-recurrent grant income is based on existing funding agreements only.

Development Contributions

Council collects developer contributions to help fund the additional infrastructure required as a result of new development. These contributions include cash, land and other assets and are collected through Council's Local Infrastructure Contributions Plan, Works in Kind Agreements and/or Voluntary Planning Agreements (VPAs).

Funds collected from developers are restricted and allocated to projects in line with the relevant Developer Contributions Plan or VPA. Developer contributions and VPA's are impacted by external economic conditions, with the level of development activity directly impacting annual revenue collected. Any reform around these contributions may affect the amount of revenue generated and impact Council's future funding capabilities.

Employee Costs

Council's workforce is its most valuable asset and its largest operational cost. Effective workforce planning is essential to delivering the thirty-five services outlined in the Delivery Program 2025-2029 and Operational Plan 2026-2027. Council anticipates investing more than \$50 million annually in its workforce from 2026/27. This includes annual award increases, superannuation, leave entitlements, workers compensation and learning and development. Assumptions for this large expenditure category are also informed by the Workforce Management Strategy and changes to workers' compensation legislation. Levels of employee costs are influenced by Council decisions around service provision operating models.

The most significant risk to Council's operating expenditure relates to the sensitivity of the Employee Benefits and Oncosts assumptions. As demonstrated in the table, a variation of 1% in any single year would have a significant impact on the annual operating budget, compounding over the life of the LTFP.

Employee Costs	
Assumption	Employee Costs
+/- 1%	\$552,294
LTFP Impact	\$5,584,833

Borrowing Costs

In delivering the capital works program, Council also considers the most appropriate funding approach for major projects to support intergenerational equity. Borrowing plays an important role in this approach, by enabling the cost of long-life infrastructure to be spread across the generations of ratepayers who will benefit from its use over time.

The strategic use of debt also allows Council to forward-fund key projects in growth areas ahead of the revenue streams they will generate, including developer contributions and future rate income.

While borrowing results in increased annual financing costs, it provides a balanced and sustainable mechanism for delivering essential infrastructure when required, rather than delaying works or placing disproportionate pressure on current ratepayers.

The proposed new borrowings over the life of LTFP period are outlined below:

Project	Year	Loan Amount
Shellharbour Boathouse	26/27	\$20,614,471
Oak Flat Depot Redevelopment Stage 4	26/27	\$2,400,000
Tripoli Way	27/28	\$13,422,545
Shellharbour Airport Security Upgrades	29/30	\$2,000,000
Shellharbour Airport Business Park Upgrades	30/31	\$1,000,000
Total Proposed Borrowings over LTFP		\$39,437,016

Materials and Services

Council incurs more than \$42 million in non-employee costs including major items such as its waste contract, materials and equipment for asset management, technology, utility costs, and investment in sustainability and continuous improvement initiatives.

The Consumer Price Index (CPI) has been applied to model the escalation of these costs over the life of the LTFP. CPI measures the average change in prices paid by consumers for goods and services. However, movements in the Producer Price Index (PPI), which measures the average change in prices received by producers may have a great impact on the cost of maintaining Council's extensive asset base. External factors outside of Council's control, such as global economic events, inflation, service delivery methods and expectations and supply constraints, can also significantly impact these costs.

Ongoing population growth also places additional demand on Council's day-to-day services. Increased waste collections, more public spaces, higher customer transactions and greater compliance requirements all contribute to upward pressure on materials and services expenditure. While rates revenue increases in accordance with IPART's methodology, growth in service demand is likely to exceed revenue growth. This relationship is monitored through the LTFP to inform the ongoing sustainability of Council's operating budget.

Materials and Services

Assumption	CPI Increase
+/-	\$423,650
LTFP Impact	\$4,152,759

Depreciation

Council has a significant asset portfolio, valued at more than \$1.6 billion, which incurs annual depreciation of more than \$30 million. The depreciation expense increased by more than 63% over the last five years and is expected to increase by a further 50% over the life of the plan. This growth reflects the addition of new and contributed assets, the upgrade of existing assets to modern engineering standards and the impact of ongoing asset revaluations. This significant increase in depreciation is directly linked to asset replacement values over time and the associated level of renewal required. As a result, it presents a challenge for Council in achieving the infrastructure renewal ratio over the life of the LTFP.

Depreciation estimates are based on Council's Asset Management Strategy which consider existing asset levels, projected asset growth and the anticipated useful lives of assets.

Other Expenses

Other expenses include payments to other levels of government such as the Emergency Services Levy, associated with Rural Fire Service, Fire NSW and Emergency Services, along with fees associated with the *Protection of the Environment Operations Act 1997*. Council has limited influence over these fees and levies

Our Capital Works Program

About the Capital Works Program

Council's capital works program forms a critical component of the LTFP, outlining the investment required to renew, upgrade and expand community infrastructure over the next decade. The program balances the need to maintain existing assets in a safe and reliable condition with the demand for new facilities driven by population growth, service level expectations and legislative requirements. By aligning capital priorities with the Asset Management Strategy, individual Asset Management Plans and available financial capacity, the LTFP supports the delivery of a realistic and affordable capital works program that contributes to long-term sustainability.

New and Renewal Expenditure

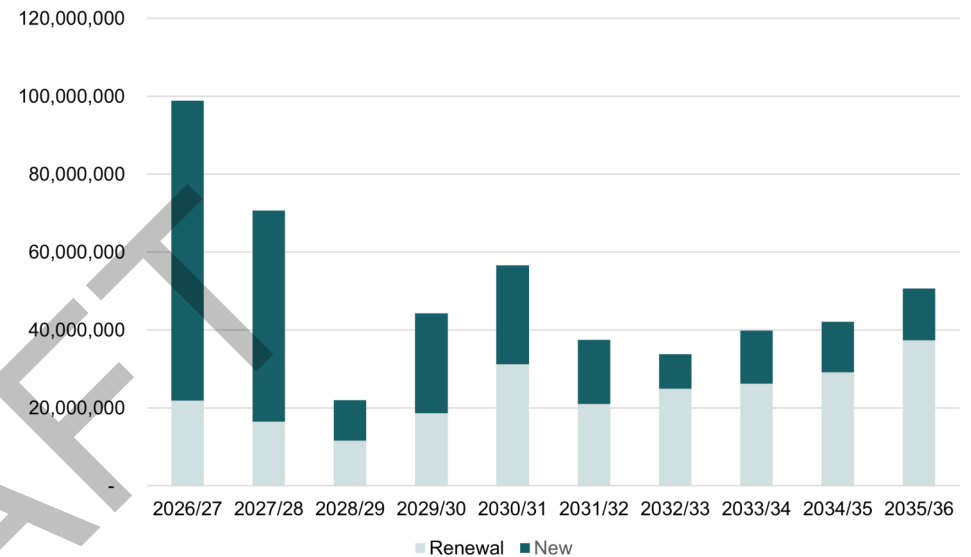
A key part of understanding Council's long-term capital needs is the balance between renewal expenditure and investment in new or upgraded assets. Renewal projects focus on restoring existing infrastructure to its required service level, helping to avoid asset failures, reduce reactive maintenance and maintain community standards. New and upgraded assets, by contrast, expand or enhance Council's capacity to meet changing community expectations or growth. The next chart illustrates how annual capital expenditure is allocated between these two categories across the LTFP period.

Renewal and Depreciation

While depreciation is used as a broad indicator of annual renewal requirements, the assumption that "depreciation equals renewal" has clear limitations. In practice, an asset's useful life can extend well beyond its accounting estimate and updated condition assessments frequently shift renewal timing. Council undertakes regular asset revaluations and comprehensive condition assessments to support accurate, risk-based renewal forecasting.

However, the LTFP does not currently model scenarios where an asset is not renewed at its scheduled time, nor the operational or financial impacts this may create. As a result, depreciation provides a useful benchmark for long-term planning, but actual renewal needs are driven by real world asset performance, service levels, condition data and evolving community expectations.

New and Renewal Expenditure



Building and Infrastructure Renewal Ratio

To understand how well Council is keeping pace with its renewal needs, we use the Building and Infrastructure Renewal Ratio, which compares renewal expenditure against the estimated annual cost of renewing assets based on their consumption. This ratio provides a clearer picture of whether planned funding is sufficient to maintain existing infrastructure over the long-term. As Council updates asset conditions through routine revaluations and detailed surveys, these inputs refine our understanding of future renewal timing and demand. With this measure established, we can now examine the emerging renewal gap and the long-term sustainability risks associated with under investment.

The Renewal Gap

When the Infrastructure Renewal Ratio falls below the level required to keep pace with asset consumption, a renewal gap begins to emerge. This gap represents the difference between what Council needs to invest to maintain its existing asset base and what is currently planned or affordable within the LTFP. Even small annual shortfalls accumulate over time, creating backlog pressures, increasing the likelihood of asset failures and driving up reactive maintenance costs. As renewal needs shift with updated condition data, service levels and revised useful lives, this gap can widen or contract, but persistent under funding signals long-term sustainability risks. Understanding the size, timing and drivers of the renewal gap is essential for effective financial planning and for continuing to provide reliable, safe and fit for purpose infrastructure into the future.

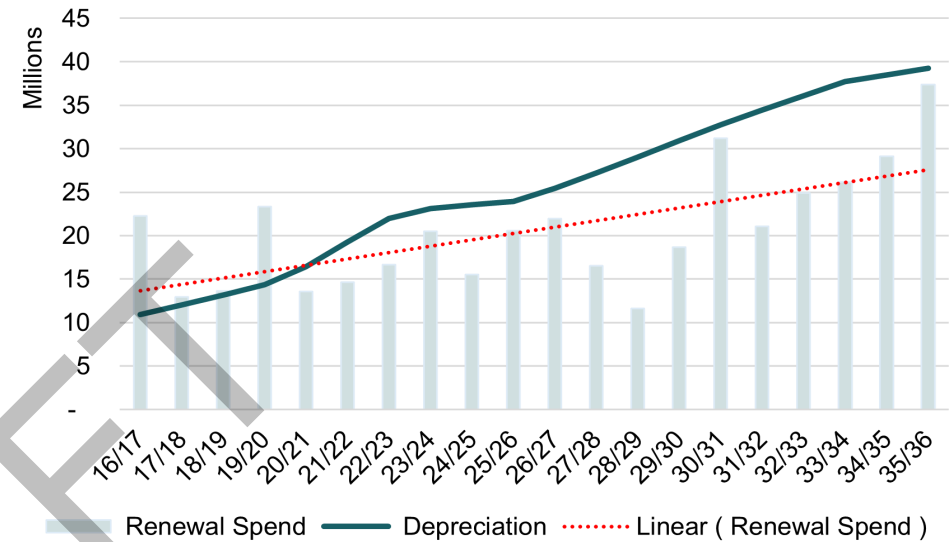
Closing the renewal gap requires a deliberate and sustained financial strategy. Council's approach is to prioritise investment in existing assets by directing any unallocated surplus above the minimum cash position toward infrastructure renewal within the LTFP. This supports available capacity being directed to the highest value need: maintaining reliable, safe and fit for purpose assets for the community. By continually reinvesting surplus funds into renewal programs, Council strengthens its long-term asset position, reduces future maintenance pressures and supports a more sustainable infrastructure renewal ratio over time. This strategic focus provides a clearer pathway to narrowing the renewal gap and aligning renewal funding with asset consumption.

Investing in Renewal

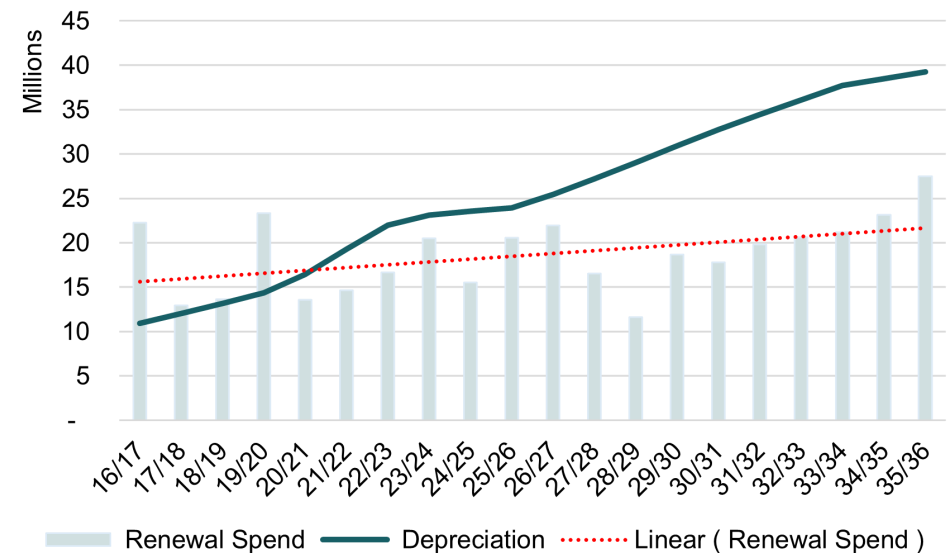
The charts on the right illustrate the relationship between Council's renewal expenditure, projected depreciation, and the impact of how surplus funds are applied. The first chart shows the comparison of renewal spending with projected depreciation showing that while some individual years align with renewal requirements, overall renewal expenditure tends to fall below the level needed to keep pace with asset consumption. This results in a widening renewal gap over time as renewal needs continue to increase.

A second chart demonstrates how the gap changes when assumptions about surplus reinvestment are varied. The base scenario assumes that any surplus above Council's minimum cash target is fully reinvested into asset renewal, resulting in a relatively small gap. However, if that surplus is required for other priorities and is not directed toward renewal, the gap increases further, highlighting the sensitivity of long-term renewal capacity to surplus allocation decisions.

Projected Renewal Gap
(Business as Usual)*



Projected Renewal Gap - Surplus not invested in Renewal
(Business as Usual)*



*Depreciation values have been smoothed using a three year moving average for presentation purposes.

Long-Term Financial Position and Performance

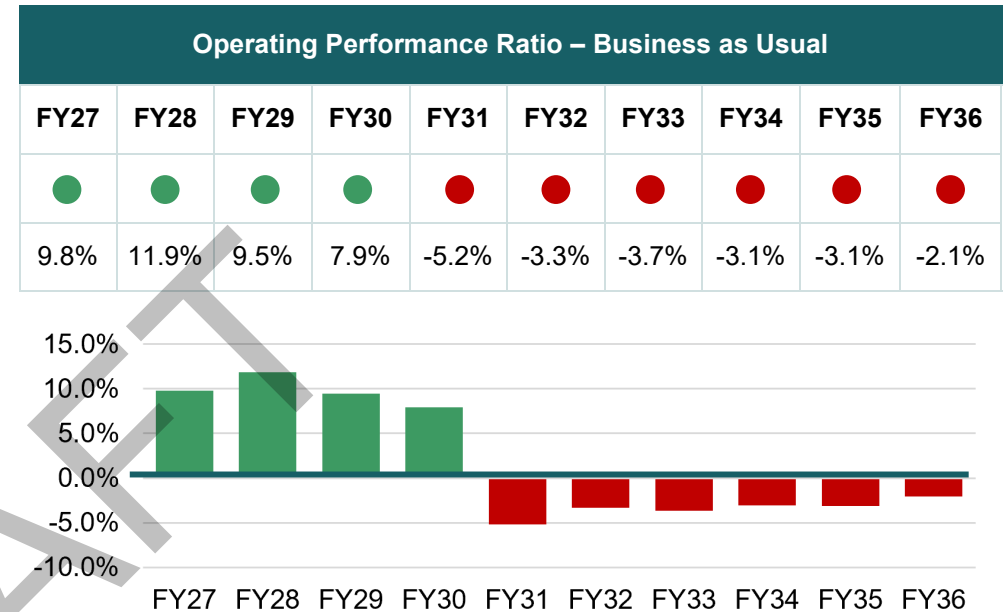
About the LTFP

The Long-Term Financial Plan outlines the application of approximately \$1.6 billion operational spend over the life of the LTFP to deliver services. The LTFP is built on a 'balanced budget' approach consistent with Council's financial strategy, requiring a modest surplus each year to maintain our minimum cash position in real terms. While the early years of the Plan are more certain, later years reflect the increasing uncertainty inherent in long-term modelling.

The base model represents a continuation of current financial settings and shows Council's projected position without intervention. An alternative scenario has also been developed to establish measurable targets that support long-term financial sustainability. Where Council does not meet a relevant performance measure or asset related indicator in the base model, the alternate scenario illustrates a pathway to close the gap. This scenario is realistic and considered and reflects the Council's focus on reviewing our service delivery models to leverage technology, enhance community value and reduce excess, rather than relying on significant rate increases to achieve sustainability.

Key Result: Operating result before Capital Revenue

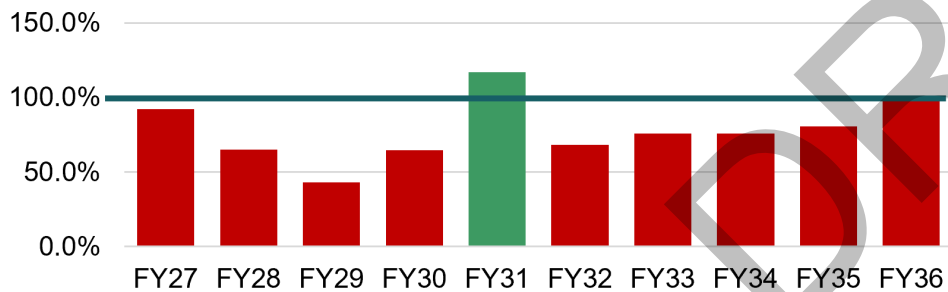
The Plan indicates Council has a limited period of financial capacity, supported in part by the financial contribution from the Shell Cove joint operation. As this contribution reduces over time, Council's operating position moves into a deficit under current settings, ongoing operating revenue is no longer sufficient to meet the ongoing cost of delivering services and maintaining existing assets and is an indicator of longer term financial pressure that will need to be addressed.



Key Result: Building and Infrastructure Renewal Ratio

The LTFP includes more than \$280 million in renewal of existing assets and infrastructure and a further \$250 million in new and upgraded assets to support a growing community and evolving service expectations. This level of investment puts increasing pressure on Council’s Infrastructure Renewal Ratio, which remains below the benchmark in all years except 2030/31. Combined with the operating pressures outlined earlier, this highlights that current renewal funding is not keeping pace with asset consumption. Without improvement, Council’s capacity to maintain existing service levels will come under strain over the life of the LTFP

Infrastructure Renewal Ratio - Business as Usual									
FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
●	●	●	●	●	●	●	●	●	●
92%	65%	43%	65%	117%	68%	76%	76%	80%	98%



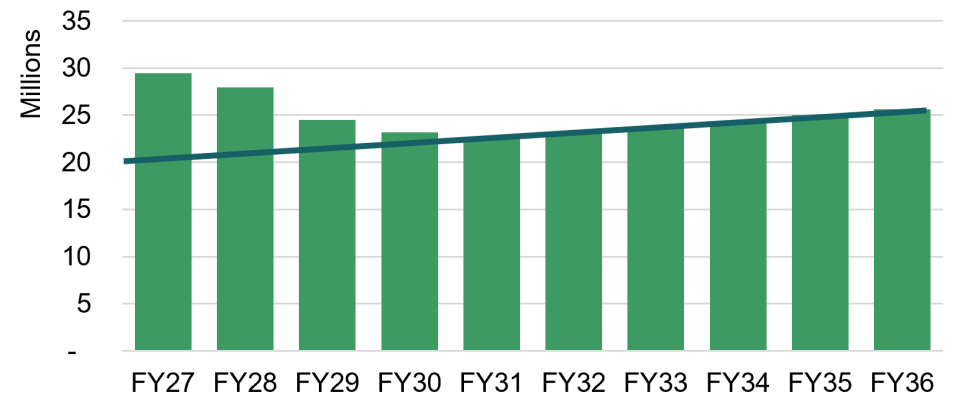
Key Result: Other Office of Local Government Performance Indicators

While not detailed individually within this LTFP, Council continues to meet or exceed the benchmark for the other OLG performance indicators. These measures provide additional assurance that, despite the financial pressures highlighted in the LTFP, Council maintains sound overall financial health and is performing strongly against the broader regulatory framework.

Key Result: Unallocated Cash

Unallocated cash provides a clear indication of Council’s discretionary financial capacity. It represents the funds available after meeting statutory obligations, external restrictions and essential operational requirements. Maintaining a minimum unallocated cash target is intended to provide Council with a robust financial buffer to manage financial risk, respond to emerging priorities and support ongoing financial resilience. Any balance above this target is directed to infrastructure renewal, ensuring surplus capacity supports long-term sustainability and maintains existing service levels.

Unallocated Cash - Business as Usual									
FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
●	●	●	●	●	●	●	●	●	●
\$29M	\$28M	\$24M	\$23M	\$23M	\$23M	\$24M	\$24M	\$25M	\$26M



Our Financial Sustainability Roadmap

Key Challenges and Opportunities

The LTFP shows an improvement in the forecast Operating Performance Ratio compared to the previous LTFP. However, ongoing operating deficits before capital revenue and a shortfall in renewal funding continue to present significant long-term challenges. These pressures can be addressed over time through targeted and sustained improvement actions.

Alternate Model

The alternate model (Resilience Roadmap) highlights that to avoid future operating deficits, Council must increase ongoing operating revenue (excluding capital revenue) and/or reduce recurrent expenditure. The modelling indicates an improvement of approximately \$1.3 million per year, applied from Year 2 to Year 6, is needed to return Council to an operating surplus by 2030/31 and to provide the additional cash capacity required to improve renewal funding.

While this level of improvement is considered achievable over time, Council's ability to realise these efficiencies is subject to a range of factors outside of its control, including global economic conditions, inflationary pressures, evolving service delivery requirements and supply constraints, Council has a strong strategic foundation and has identified opportunities through commercial initiatives, operational efficiencies, and more effective ways of working, that may support recurring improvements without diminishing service quality.

A Clear Strategic Foundation

Council's long-term financial approach is structured around four interconnected focus areas that shape how resources are managed, services are delivered, and infrastructure is planned for the future:

- Sustainable Services
- Commercial and Operational Efficiency
- Asset Management and Infrastructure Investment
- Financial Position

Together, these pillars support the Long-Term Financial Plan and provide a practical framework for future decision-making. They underpin Council's financial resilience, ongoing service delivery to the community, and responsible investment in essential infrastructure as the City grows.

This strategic intent forms the basis of the Long-Term Financial Plan by guiding our clear financial goals:

1. Build a Sustainable Operating Position
2. Maintain a Strong and Resilient Unallocated Cash Position
3. Deliver a Responsible and Affordable Capital Works Program
4. Strengthen Asset Renewal and Close the Renewal Gap



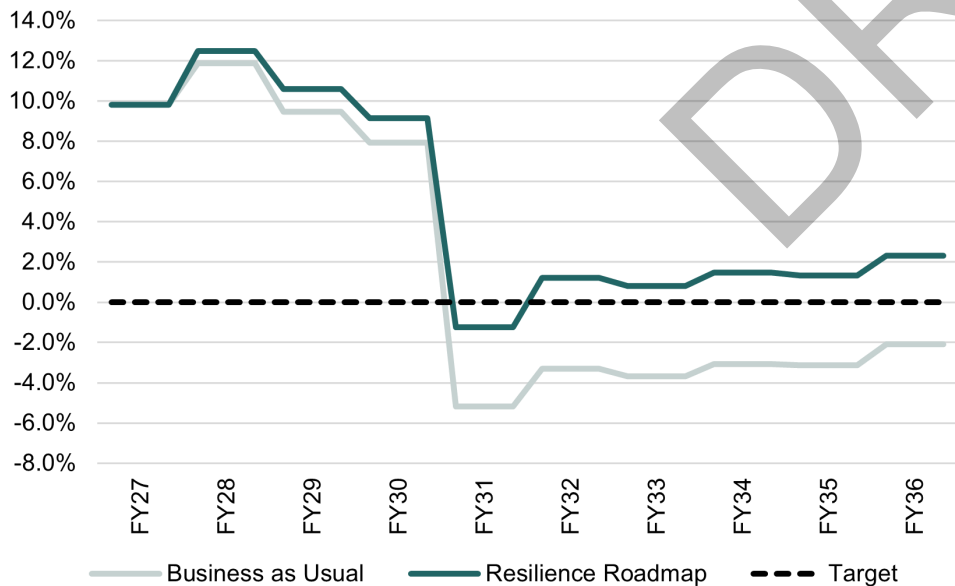
Build a Sustainable Operating Position

Long-term sustainability depends on a stable, positive operating result. Council will focus on:

- Aligning ongoing revenue and expenditure to eliminate structural deficits
- Embedding sustainability targets of ~\$1.3M per year into business planning
- Reviewing our service delivery models through the Innovation and Efficiency Program to leverage technology, enhance community value and reduce excess.
- Strengthening financial discipline

The priority is to improve the underlying operating position through productivity gains and smarter service delivery.

Operating Performance Ratio – Resilience Roadmap									
FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
●	●	●	●	●	●	●	●	●	●
9.8%	12.5%	10.6%	9.1%	-1.2%	1.2%	0.8%	1.5%	1.3%	2.3%

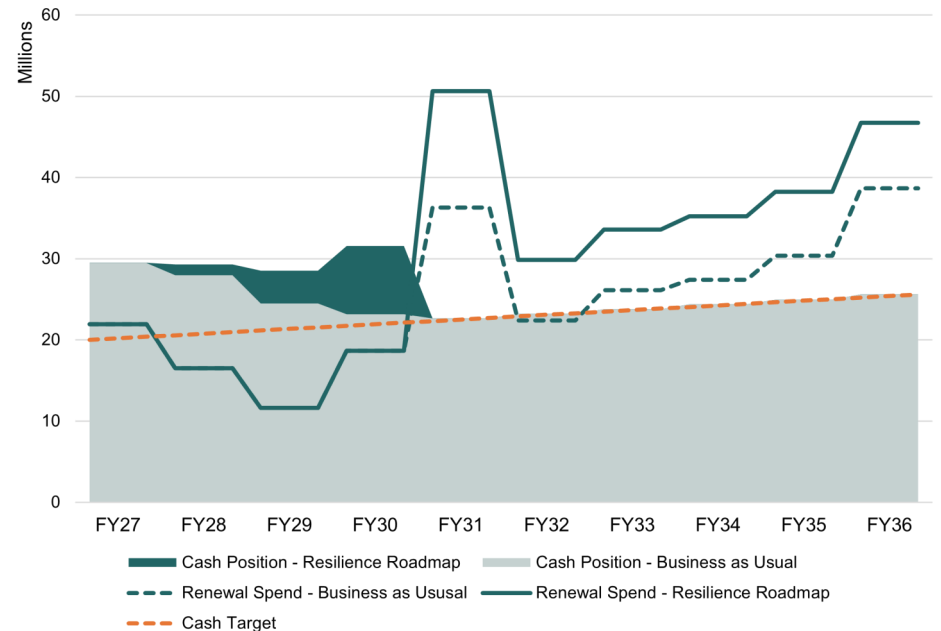


Maintain a Strong and Resilient Cash Position

A strong and resilient cash position underpins Council’s financial flexibility. Council will maintain a prudent minimum level of unallocated cash, around three months of operating expenditure, to provide a buffer against short-term shocks and emerging pressures. Any unallocated cash above this target will be directed to infrastructure renewal funding, supporting long-term sustainability while supporting day-to-day financial resilience

Deliver a Responsible and Affordable Capital Program

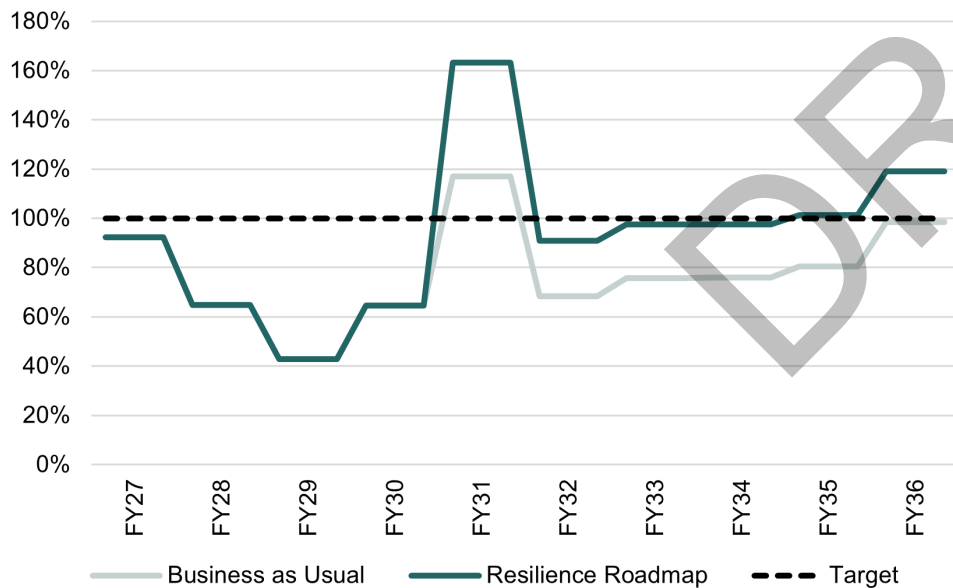
Sustainable infrastructure investment requires a balanced approach to renewal and new works. Council will prioritise renewal to maintain agreed service levels, carefully stage new capital projects in line with financial capacity, and apply a long-term, intergenerational equity lens to all capital decisions. This supports the capital works program remaining responsible, affordable, and aligned with community needs.



Strengthen Asset Renewal and Close the Renewal Gap

In the alternate scenario, our efficiency target enables renewal funding to reach within approximately five per cent of the renewal ratio benchmark. While this does not achieve a full 100 per cent, it represents a materially improved position, with further strategic asset work expected to close the remaining gap over time.

Infrastructure Renewal Ratio - Resilience Roadmap									
FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
●	●	●	●	●	●	●	●	●	●
92%	65%	43%	65%	163%	91%	97%	98%	101%	119%



Monitoring our progress

Council tracks its financial position throughout the year, and the community can follow this progress through several public reporting channels. Each quarter, Council publishes a Quarterly Budget Review Statement (QBRS), as part of the Quarterly Review of the combined Delivery Program/Operational Plan (DPOP). This reports on how the current year budget is tracking, highlights emerging financial pressures, and provides updated projections for the remainder of the year. This gives the community an updated view of Council's financial performance.

At the end of each financial year, Council releases its Annual Report and Audited Financial Statements, which show how Council performed against the adopted budget and DPOP. These documents provide the definitive, actual position for the year.

The LTFP itself is reviewed annually as part of the Integrated Planning and Reporting cycle. As Council's financial modelling tools continue to mature, the LTFP will increasingly reflect insights from quarterly reporting, supporting a long-term outlook that remains accurate and transparent.

All QBRS reports, annual budgets, Annual Reports and Financial Statements are publicly available on Council's website, providing a accessible pathway for the community to monitor Council's financial progress.



Forecast Financial Statements

2026-2036

DRAFT



Income Statement

The Income Statement sets out the expected revenues and expenditures associated with Council's day to day operations. It includes items such as rates, user fees, operating grants, employee costs, materials and services, and interest expenses. It also captures non cash items like depreciation, as well as fair value adjustments to non-current assets. Repayments of loan principal and capital expenditure are excluded, as these are reported in other statements.

The Income Statement is also used to calculate key financial indicators, including the Operating Performance Ratio, which is a key measure of Council's long-term sustainability.

Statement of Financial Position

The Statement of Financial Position is our Balance Sheet. The Balance Sheet provides a snapshot of Shellharbour City Council's financial position by outlining what Council owns and what Council owes. Assets are classified as either current (expected to be used or realised within 12 months) or non-current (held to deliver community benefit over the longer term). This includes the large portfolio of community infrastructure Council manages on behalf of the community.

Liabilities are also classified as current or non-current depending on when they fall due, and include items such as borrowings, employee leave entitlements and contract liabilities. The difference between total assets and total liabilities represents Council's equity.

Cashflow Statement

The Cashflow Statement shows the actual inflows and outflows of cash and is grouped into operating, investing and financing activities. This statement provides a clear picture of Council's liquidity and its capacity to fund services and capital works.

Funding Statement

The Funding Statement provides a consolidated view of Council's available funds for operations and capital. It shows how operating results, capital revenues, transfers to and from reserves, loan proceeds and loan repayments combine to determine Council's net funding position. Unlike the Income Statement, the Funding Statement excludes non-cash expenses such as depreciation and highlights the real cash available to support Council's program of works.

Capital Statement

The Capital Statement outlines Council's planned investment in infrastructure including both renewal of existing assets and construction of new assets to meet community needs. It details forecast capital expenditure, expected funding sources (such as grants, developer contributions, reserves, general revenue and borrowings), and shows how the capital program aligns with Council's financial capacity.

The Capital Statement helps demonstrate the scale of planned works, how they will be funded, and the impact these investments have on Council's long-term financial sustainability.

Income Statement	(\$000)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Income from Continuing Operations											
Rates and Annual Charges		88,373	91,442	94,390	97,141	99,902	102,586	105,331	108,130	110,990	113,911
User Charges and Fees		26,642	27,524	28,478	29,512	30,586	31,701	32,860	34,063	35,314	36,614
Interest & Investment Income		7,703	7,032	6,601	6,940	6,694	10,718	11,398	11,962	12,320	12,917
Other Revenue		89,076	71,853	99,309	210,370	7,509	7,123	7,309	7,501	7,697	7,898
Grants and Contributions - Operating		8,591	10,466	10,473	9,320	9,556	9,734	9,983	10,239	10,503	12,206
Grants and Contributions - Capital		70,754	48,238	35,290	35,308	36,403	35,827	35,226	35,851	41,016	36,963
Total Income from Continuing Operations		291,139	256,555	274,593	388,699	190,820	197,689	202,107	207,747	217,841	220,510
Expenses from Continuing Operations											
Employee benefits and on-costs		55,229	57,115	59,058	60,551	62,083	63,654	65,265	66,917	68,612	70,350
Borrowing Costs		2,009	3,571	3,613	3,462	2,050	1,972	1,896	1,821	1,787	1,659
Materials & Services		42,365	42,800	44,288	44,629	45,738	46,875	48,891	49,233	50,457	51,711
Depreciation & Amortisation		29,254	31,347	33,233	35,129	37,440	39,471	41,369	43,214	45,101	46,858
Other Expenses		69,464	48,315	75,993	181,096	14,511	14,635	15,001	15,376	15,761	16,155
Net Loss from Disposal of Assets		500	513	525	539	552	566	580	594	609	625
Total Expenses from Continuing Operations		198,822	183,660	216,710	325,406	162,374	167,172	173,002	177,157	182,327	187,358
Net Operating Result - Surplus/(Deficit)		92,318	71,694	56,621	61,966	27,048	29,282	27,863	29,341	34,258	31,891
Net Operating Result - Surplus/(Deficit) Before Capital		21,563	24,658	22,594	27,985	(7,958)	(5,310)	(6,120)	(5,261)	(5,502)	(3,810)

Statement of Financial Position (\$'000)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Current Assets										
Cash & Cash Equivalents	48,259	51,329	50,149	192,041	139,157	30,281	20,826	21,090	21,398	21,450
Investments	78,069	72,514	75,439	56,573	55,496	112,543	121,239	122,777	124,569	124,868
Receivables	7,282	6,820	6,337	7,644	7,861	9,373	9,796	10,176	10,474	10,875
Inventories	36,540	57,353	83,847	(21,516)	(268)	1,856	1,902	1,949	1,998	2,048
Contract assets and contract cost assets	10,096	867	3	324	299	307	317	326	339	347
Other	225	230	236	242	248	254	261	267	274	281
Total Current Assets	180,471	189,113	216,011	235,307	202,793	154,614	154,340	156,586	159,052	159,869
Non Current Assets										
Investments	72,064	66,936	69,636	52,221	51,227	103,886	111,913	113,332	114,987	115,263
Receivables	1,109	1,090	1,088	1,133	1,143	1,401	1,464	1,521	1,565	1,625
Infrastructure, property, plant and equipment (IPPE)	1,928,255	2,056,561	2,127,173	2,216,901	2,324,307	2,409,442	2,490,162	2,578,408	2,673,272	2,771,069
Investment Property	50,706	56,070	56,308	48,151	48,716	49,296	49,891	50,500	51,124	51,764
Intangible Assets	2,717	2,717	2,717	2,717	2,717	2,717	2,717	2,717	2,717	2,717
Right of Use Assets	3,044	3,314	3,590	3,873	4,163	4,460	4,765	5,077	5,397	5,725
Total Non Current Assets	2,057,896	2,186,688	2,260,512	2,324,996	2,432,274	2,571,202	2,660,911	2,751,555	2,849,063	2,948,164
Total Assets	2,238,367	2,375,801	2,476,524	2,560,303	2,635,067	2,725,816	2,815,251	2,908,141	3,008,116	3,108,033
Current Liabilities										
Payables	17,840	19,723	22,233	25,213	16,383	18,502	18,504	18,506	18,508	18,509
Contract Liabilities	-	2,080	7	777	717	738	760	783	812	832
Lease Liabilities	1,260	1,371	1,485	1,603	1,722	1,845	1,971	2,101	2,233	2,369
Borrowings	3,047	3,278	33,424	2,833	1,677	1,623	1,703	1,788	1,876	1,969
Employee Benefit Provision	13,721	14,502	15,305	16,127	16,970	17,835	18,721	19,629	20,559	21,513
Total Current Liabilities	35,868	40,954	72,454	46,553	37,470	40,543	41,659	42,806	43,989	45,193
Non Current Liabilities										
Contract Liabilities	-	520	2	194	179	184	190	196	203	208
Lease liabilities	1,670	1,818	1,969	2,124	2,283	2,446	2,613	2,785	2,960	3,140
Borrowings	48,742	58,886	25,462	24,629	23,952	22,329	20,626	18,838	16,961	14,992
Employee Benefit Provisions	1,033	1,092	1,152	1,214	1,277	1,342	1,409	1,477	1,547	1,619
Provisions	13,013	13,454	13,895	14,336	14,777	15,218	15,659	16,100	16,541	16,982
Total Non Current Liabilities	64,458	75,769	42,479	42,497	42,469	41,520	40,497	39,396	38,213	36,941
Total Liabilities	100,326	116,724	114,934	89,050	79,939	82,063	82,156	82,201	82,202	82,134
Net Assets	2,138,042	2,259,077	2,361,590	2,471,253	2,555,128	2,643,753	2,733,095	2,825,939	2,925,914	3,025,898
Equity										
Accumulated Surplus	1,267,378	1,340,207	1,391,306	1,447,790	1,476,243	1,506,760	1,535,865	1,566,456	1,601,970	1,635,123
IPPE revaluation surplus	870,663	918,870	970,284	1,023,463	1,078,886	1,136,866	1,196,938	1,258,993	1,323,218	1,389,777
Total Equity	2,138,042	2,259,077	2,361,590	2,471,253	2,555,128	2,643,753	2,733,095	2,825,939	2,925,914	3,025,898

Cashflow Statement ('000)	Year 1 2026/27	Year 2 2027/28	Year 3 2028/29	Year 4 2029/30	Year 5 2030/31	Year 6 2031/32	Year 7 2032/33	Year 8 2033/34	Year 9 2034/35	Year 10 2035/36
Cash Flows from Operating Activities										
Receipts:										
Rates and Annual Charges	88,210	91,310	94,263	97,023	99,783	102,471	105,213	108,010	110,867	113,786
User Charges and Fees	26,563	27,488	28,439	29,470	30,542	31,655	32,812	34,014	35,263	36,561
Interest & Investment Income	7,893	7,349	6,805	6,779	6,810	8,816	11,077	11,696	12,151	12,635
Other Revenue	88,498	71,327	98,770	209,819	6,943	6,795	6,715	6,892	7,073	7,258
Grants and Contributions - Operating	8,591	9,265	9,263	8,101	8,328	8,499	8,741	8,989	9,248	10,945
Grants and Contributions - Capital	26,739	23,698	6,516	12,345	11,874	12,081	12,299	12,523	12,804	13,004
Payments:										
Employee benefits and on-costs	(54,417)	(56,274)	(58,195)	(59,667)	(61,176)	(62,724)	(64,312)	(65,941)	(67,611)	(69,324)
Borrowing Costs	(1,568)	(3,130)	(3,172)	(3,021)	(1,609)	(1,531)	(1,455)	(1,380)	(1,346)	(1,218)
Materials & Services	(43,732)	(44,202)	(45,724)	(46,102)	(47,248)	(48,422)	(50,477)	(50,859)	(52,123)	(53,419)
Other Expenses	(52,064)	(71,779)	(105,950)	(71,816)	(44,691)	(14,635)	(15,001)	(15,376)	(15,761)	(16,155)
Net cash provided (or used in) operating	94,714	56,255	32,254	184,232	10,926	44,320	46,853	49,817	51,820	55,334
Cash Flows from Investing Activities										
Receipts:										
Sale of IPPE	231	237	243	249	255	261	268	274	281	288
Sale of Investments	98,515	79,900	46,153	64,618	64,490	60,120	54,838	60,409	61,250	66,973
Payments:										
Purchase of IPPE	(104,247)	(74,481)	(24,774)	(47,445)	(64,301)	(42,076)	(38,231)	(45,166)	(46,558)	(53,120)
Purchase of Investments	(71,807)	(69,217)	(51,777)	(28,337)	(62,419)	(169,826)	(71,560)	(63,366)	(64,697)	(67,547)
Net cash provided (or used in) investing	(77,309)	(63,561)	(30,155)	(10,916)	(61,976)	(151,521)	(54,685)	(47,849)	(49,724)	(53,406)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	23,014	13,423	-	2,000	1,000	-	-	-	-	-
Proceeds from profit distribution	-	-	-	30,000	110,000	10,050	-	-	-	-
Payments:										
Repayment of Borrowings and Advances	(7,957)	(3,047)	(3,278)	(33,424)	(2,833)	(1,677)	(1,623)	(1,703)	(1,788)	(1,876)
Distribution of Profits	-	-	-	(30,000)	(110,000)	(10,050)	-	-	-	-
Net cash provided (or used in) financing	15,057	10,375	(3,278)	(31,424)	(1,833)	(1,677)	(1,623)	(1,703)	(1,788)	(1,876)
Net increase / (decrease) in Cash & Cash	32,463	3,070	(1,180)	141,892	(52,883)	(108,877)	(9,455)	264	308	51
Add: Cash & Cash Equivalents - Open	15,796	48,259	51,329	50,149	192,041	139,157	30,281	20,826	21,090	21,398
Cash & Cash Equivalents - Close	48,259	51,329	50,149	192,041	139,157	30,281	20,826	21,090	21,398	21,450
Investments - Close	150,134	139,450	145,075	108,794	106,723	216,429	233,151	236,109	239,556	240,131
Cash, Cash Equivalents & Investments -	198,392	190,779	195,224	300,835	245,880	246,710	253,977	257,199	260,955	261,581
Comprised of:										
Externally Restricted	119,125	112,274	121,270	114,646	105,423	104,022	109,989	113,327	113,457	109,535
Internally Allocated	14,939	11,676	12,285	13,381	108,031	119,494	120,214	119,504	122,520	126,444
Unallocated	29,480	27,957	24,478	23,165	22,628	23,194	23,774	24,368	24,977	25,602
Shell Cove Joint Operation	34,848	38,872	37,190	149,643	9,799	-	-	-	-	-

Funding Statement (\$'000)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Income from Continuing Operations (per income statement)	291,139	256,555	274,593	388,699	190,820	197,689	202,107	207,747	217,841	220,510
Less: Adjustments for non-cash items										
Fair Value Adjustment Investment Property	513	525	538	552	566	580	594	609	624	640
Assets Contributed by Developers	28,086	36,369	27,046	23,605	24,479	23,763	22,946	23,347	28,237	23,975
Infrastructure / Investment Fair Value Movements	65	-	-	-	-	-	-	-	-	-
Income Recognition Adjustments (AASB15 & AASB1058)	15,930	(11,829)	1,728	(642)	50	(17)	(18)	(19)	(25)	(16)
Movement through Debtors, Creditors & Balance Sheet Items	51	(149)	(13)	347	76	1,982	487	436	343	461
Movement through Debtors, Creditors & Balance Sheet Items (Shell Cove)	-	-	-	-	-	-	-	-	-	-
Less: Total Adjustments for non-cash items	44,644	24,916	29,299	23,861	25,170	26,308	24,008	24,374	29,180	25,060
Total Operating Income	246,495	231,639	245,295	364,838	165,650	171,381	178,099	183,373	188,662	195,450
Operating Expenditure (per Income Statement)	198,822	183,660	216,710	325,406	162,374	167,172	173,002	177,157	182,327	187,358
Less: Total Non-Cash Movements (Operating Expense)	(47,272)	(8,513)	(3,912)	(145,049)	(7,905)	(40,121)	(42,024)	(43,874)	(45,767)	(47,529)
Total Operating Expenditure	151,550	175,147	212,798	180,357	154,469	127,051	130,978	133,282	136,560	139,828
Funding Available for Capital Expenditure & Financing Activities	94,945	56,492	32,497	184,481	11,181	44,330	47,121	50,091	52,101	55,622
Capital Expenditure on Assets	104,247	74,481	24,774	47,445	64,301	42,076	38,231	45,166	46,558	53,120
Loan Principal Repayments	1,197	3,047	3,278	33,424	2,833	1,677	1,623	1,703	1,788	1,876
Additional (Drawdowns) / Repayments	(16,255)	(13,423)	-	(2,000)	(1,000)	-	-	-	-	-
Net Capital Additions	89,190	64,106	28,052	78,870	66,134	43,752	39,854	46,869	48,346	54,996
Movement in available funds	5,755	(7,614)	4,445	105,611	(54,954)	577	7,267	3,222	3,756	626
Made up of:										
Movement through Restricted Cash	(23,058)	(10,114)	9,605	(5,528)	85,427	10,062	6,687	2,627	3,146	2
Movement through Shell Cove Joint Operation	35,128	4,024	(1,682)	112,453	(139,844)	(10,050)	-	-	-	-
Movement through Unallocated Cash	(6,035)	(1,523)	(3,478)	(1,314)	(536)	566	580	594	609	624
Net Overall Funding Surplus / (Deficit)	-	-	-	-	-	-	-	-	-	-

Capital Statement	(\$000)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
New Assets											
Plant & Equipment		195	250	217	112	115	118	121	124	128	131
Land & Buildings		33,312	355	750	10,616	16,954	5,427	2,609	2,693	2,792	2,862
Roads, Bridges, Footpaths		27,116	40,977	1,217	3,850	1,622	2,595	1,980	1,787	4,303	3,099
Drainage		1,508	1,206	1,224	1,597	799	823	847	872	898	3,720
Foreshore Infrastructure		-	-	-	-	-	-	-	-	-	-
Other Infrastructure		-	-	727	2,150	1,150	-	-	-	-	-
Other Assets		14,789	11,302	6,289	7,285	4,813	7,411	3,393	8,152	4,878	3,440
Total New Assets		76,921	54,090	10,424	25,610	25,453	16,374	8,949	13,626	13,000	13,254
Renewal Assets											
Plant & Equipment		4,613	3,147	2,022	2,560	1,946	2,685	2,540	3,501	2,554	586
Land & Buildings		6,673	4,623	3,253	8,011	7,269	5,677	5,879	6,088	6,314	9,471
Roads, Bridges, Footpaths		10,375	7,566	4,323	5,215	5,021	5,418	5,532	5,472	6,924	7,016
Drainage		823	1,000	1,149	1,422	1,651	1,706	1,763	1,822	1,884	1,931
Foreshore Infrastructure		909	200	200	-	-	-	-	-	-	1,400
Other Infrastructure		200	691	81	-	-	-	-	-	-	-
Other Assets		3,734	3,164	3,323	4,627	4,466	7,604	8,098	8,420	8,685	8,319
Additional (unallocated) Renewal Funds		-	-	-	-	18,495	2,612	5,470	6,237	7,198	11,143
Total Renewal Assets		27,326	20,391	14,350	21,835	38,848	25,702	29,281	31,540	33,558	39,866
Total Capital Works		104,247	74,481	24,774	47,445	64,301	42,076	38,231	45,166	46,558	53,120
Funding Sources											
Internal Reserves (Other)		(611)	(100)	(477)	-	-	(2,840)	(3,018)	(3,002)	(3,066)	(2,624)
Carryover Reserve		(4,937)	-	-	-	-	-	-	-	-	-
Loans / Borrowings		(23,014)	(13,423)	-	(2,000)	(1,000)	-	-	-	-	-
Developer Contributions		(13,073)	(24,420)	(800)	(14,051)	(17,731)	(9,040)	(1,200)	(700)	(5,900)	(10,300)
Grants Funding		(38,168)	(7,233)	(55)	(6,478)	(5,975)	(6,149)	(6,334)	(6,524)	(6,770)	(6,934)
Other Contributions		(117)	(119)	(122)	(124)	(126)	(128)	(131)	(133)	(138)	(142)
Internal Tip Reserve		(3,344)	(5,996)	(3,058)	(2,350)	(59)	(158)	(351)	(3,258)	(68)	(242)
Domestic Waste Reserve		(2,128)	(5,242)	(2,737)	(2,216)	(269)	(359)	(358)	(3,010)	(302)	(456)
Stormwater Reserve		(705)	(481)	(489)	(646)	(504)	(511)	(519)	(527)	(534)	(548)
Total Funding Sources		(86,097)	(57,014)	(7,738)	(27,865)	(25,664)	(19,186)	(11,910)	(17,154)	(16,778)	(21,246)
Total Funding from General Revenue		(18,150)	(17,466)	(17,036)	(19,580)	(38,638)	(22,889)	(26,320)	(28,012)	(29,780)	(31,874)