

Long Term Financial Plan

2023-33



BYRON
SHIRE
COUNCIL

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Section 1 – Introduction

The Long Term Financial Plan (LTFP) is a requirement under the Integrated Planning and Reporting framework for New South Wales (NSW) Local Government and forms part of the Resourcing Strategy. The Resourcing Strategy is a document that Council is required to develop to detail the provision of resources required to implement the strategies established by the Community Strategic Plan (CSP). The Long Term Financial Plan (LTFP) can be described as a decision making and problem solving tool where long term community aspirations can be tested against financial realities.

Specifically, a Long Term Financial Plan (LTFP) is a requirement of Section 403(2) of the Local Government Act 1993.

The Long Term Financial Plan (LTFP) provides a framework in which a Council can assess its revenue building capacity to meet the activities and level of services outlined in its Community Strategic Plan. It also:

- ⇒ Establishes greater transparency and accountability of Council to the Community.
- ⇒ Provides an opportunity for early identification of financial issues and any likely impacts in the longer term.
- ⇒ Provides a mechanism to solve financial problems as a whole, see how other plans fit together and understand the impact of some decisions on other plans or strategies.
- ⇒ Provides a means of measuring Council's success in implementing strategies.
- ⇒ Confirms that Council can remain financially sustainable in the longer term.

The Long Term Financial Plan (LTFP) must support or provide for the following essential elements:

- ⇒ Must be used to inform the decision making during the finalisation of the Community Strategic Plan and the development of the Delivery Program.
- ⇒ Must be for a minimum of 10 years.
- ⇒ Must be updated at least annually as part of the development of the Operational Plan.
- ⇒ Must be reviewed in detail as part of the four yearly review of the Community Strategic Plan.

The basic structure of the Long Term Financial Plan (LTFP) must include the following:

- ⇒ Projected income/expenditure and financial statements.
- ⇒ Planning assumptions used.
- ⇒ Methods of monitoring financial performance.
- ⇒ Sensitivity analysis and modelling for different scenarios

Introduction

The Long Term Financial Plan (LTFP) should be updated on a regular basis at least annually. This update is for the period 2023 to 2033 and covers all operations of Council including Council's General, Water and Sewerage Funds. There is also separate disclosure for each Fund operated by Council. Further throughout this document in Sections 6 and 7, there is specific modelling regarding a base case and one scenario.

The base case for this Long Term Financial Plan (LTFP) incorporates the current organisation structure, services and ten year capital works program provided by Byron Shire Council. This Long Term Financial Plan (LTFP) utilises the adopted 2023/2024 original budget estimates as the starting point.

This LTFP contains one additional scenario as follows:

1. Council was significantly impacted following the flood events in February/March 2022 declared as a Natural Disaster (AGRN 1012). Aside from the initial response to the two successive flood events, Council is now moving into the reconstruction of damaged infrastructure and addressing a number of landslips. The most recent estimates include currently 42 separate reconstruction projects with an estimated total repair cost of \$300million. The reconstruction works will take a number of years as reflected in the Plan (estimated at 5 years) and Council is assuming the cost of the reconstruction will be fully met by the Federal and NSW State Governments via Natural Disaster Funding.

Subsequent pages to this document detail the Long Term Financial Plan (LTFP) for Byron Shire Council for the period 2023 to 2033 taking into consideration the assumptions detailed in Section 3 – Modelling Assumptions and the scenario parameters outlined directly above. This includes disclosure of the Base Case Scenario and modelling as to the impacts of the identified additional scenario.

Section 2 – Historical Financial Statistics

As a snapshot, the following table provides consolidated historical financial information for Byron Shire Council for the five year period from 2017/2018 to 2021/2022 on a Consolidated basis including General, Water and Sewerage Fund Operations combined:

Statistic	2017/2018 \$'000	2018/2019 \$'000	2019/2020 \$'000	2020/2021 \$'000	2021/2022 \$'000
Revenue/Expenditure					
Total Operating Revenue	120,413	106,595	117,974	113,928	125,823
Total Operating Expenditure	85,118	93,573	94,196	104,460	114,750
Operating Result – Surplus/(Deficit)	35,295	13,022	23,778	9,468	11,073
Operating Result before capital grants & contributions – Surplus/(Deficit)	(2,019)	(8,087)	(8,243)	(13,936)	(9,911)
General Rate Income	20,592	22,237	24,092	25,887	26,662
Financial Assistance Grant	3,023	3,226	3,312	3,317	4,602
Interest Expense on Loans	4,315	4,252	3,305	3,046	2,891
Depreciation Expense	14,515	15,012	15,685	17,529	19,134
Cash and Investments					
Externally Restricted Cash	55,020	50,323	49,194	46,297	53,646
Internally Restricted Cash	21,234	27,047	26,644	25,658	24,660
Unrestricted Cash	1,146	1,000	725	517	0
Total Cash and Investments	77,400	78,370	76,562	72,473	78,306

Statistic	2017/2018 \$'000	2018/2019 \$'000	2019/2020 \$'000	2020/2021 \$'000	2021/2022 \$'000
Other Non Current Assets/Liabilities					
Outstanding Loan Principal	59,239	64,150	62,835	61,058	58,769
Written Down Value of Property, Plant and Equipment	822,245	849,466	992,431	1,094,182	1,278,365
Performance Indicators – Consolidated Fund					
Operating Performance Ratio	(1.01%)	(7.11%)	(7.09%)	(6.87%)	(5.41%)
Own Source Revenue	61.24%	72.24%	65.41%	72.50%	65.79%
Unrestricted Current Ratio	3.40	3.65	3.08	2.41	3.52
Debt Service Cover Ratio	2.61	1.86	1.99	2.18	2.44
Rates and Charges Outstanding Ratio	3.56%	4.63%	7.32%	8.33%	9.60%
Buildings and Infrastructure Renewals Ratio	110.37%	169.84%	96.28%	107.26%	121.89%

Section 3 – Modelling Assumptions

The 2023-2033 Long Term Financial Plan for Byron Shire Council has provided a Base Case Scenario outcome utilising assumptions. The following assumptions are generally applied to the Base Case Outcome outlined in Section 4 of this document with some assumptions updated where new information has become available:

- ⇒ Unrestricted cash balance target (goal) of \$1,000,000 for the General Fund as a measure of short term liquidity. 2023/2024 Financial Year provides the base financial year as per the original budget estimates to be adopted by Council on 22 June 2023.
- ⇒ Projections are based on a 'Business as Usual' footing. The Byron Shire Council area has been greatly impacted from the flooding events of February/March 2022, which the recovery from will take years and influence Council's financial outcomes during the life of this Plan. Whilst Council has completed all Emergency Works and Immediate Repair Works with relevant claims lodged with Government, the major reconstruction works are commencing and Government funding approvals are being sought. The impact of these works are reflected in Scenario 1 to this plan.
- ⇒ Unregulated fees and charges be increased in line with Consumer Price Index (CPI) as a minimum.
- ⇒ Rate pegging for 2023/2024 identified at 4.60% with remaining future years of the LTFP identified at 3.50% including a 1.00% population growth factor.
- ⇒ Growth in Financial Assistance Grant to be set at 3% per annum from the 2023/2024 financial year.
- ⇒ Salary and wage indexation to be set at 4.00% annually for 2023/24 and then 2.00% onwards. All other costs to be indexed by the Consumer Price Index (CPI) less continuation of an efficiency dividend. It is acknowledged that construction costs are increasing at a greater rate than the CPI but this has not been factored into this Plan.
- ⇒ Investment rates to follow indicative market investment rates available. An assessment will be made annually to compare the investment rate assumptions for reasonableness. Loan borrowing rates will be assumed at indicative borrowing rates issued by NSW Treasury Corporation.
- ⇒ New loan borrowings will only be for the following:
 - Capital works where funding for annual recurrent operational costs attributable to new assets has been factored into the budget as affordable and funded.
 - To reduce the funding gap for the renewal of existing infrastructure.
 - When it is for commercial purpose and repayments can be met from additional revenue sources.
 - The term of the loan must also accord with Council's loan borrowing policy 09/006 in that the loan borrowing term should be relevant to the useful life of the asset being funded from the loan borrowings.

In addition to the above, the Byron Shire Council Long Term Financial Plan (LTFP) is assumed to have as its base case all of the outcomes identified by the Community Strategic Plan, Delivery Program, Operational Plan and relevant Strategic Asset Management Plan for the General Fund (SAMP) so by virtue of that is linked to those documents.

Section 4 – Financial Outcomes (Base Case)

The financial outcomes identified in the base case of the 2023-2033 Long Term Financial Plan are outlined below incorporating the assumptions outlined in Section 3 on a Consolidated basis (General Fund, Water Fund and Sewerage Fund combined):

Byron Shire Council Long Term Financial Plan 2024-2033										
Income Statement (Consolidated)										
Scenario: Base Case										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Income from Continuing Operations										
Rates & Annual Charges	62,062,700	64,338,600	66,489,500	68,368,500	70,304,600	72,299,500	74,355,100	76,473,500	78,656,600	80,906,700
User Charges & Fees	35,519,300	37,294,900	38,040,600	38,654,700	39,447,900	40,264,900	41,107,400	41,975,300	42,870,100	43,775,500
Interest and Investment Revenue	1,783,200	1,704,600	1,635,800	1,724,400	1,840,900	2,024,300	2,321,700	2,583,200	2,928,400	2,928,400
Other Revenues	1,625,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000
Grants & Contributions for Operating Purposes	6,762,600	6,928,800	7,135,200	7,349,200	7,570,900	7,740,700	7,978,700	8,225,400	8,480,800	8,745,800
Grants & Contributions for Capital Purposes	14,427,900	4,858,100	3,949,100	2,949,100	3,339,100	3,009,200	2,579,100	2,579,100	2,579,100	2,579,100
Total Income from Continuing Operations	122,180,700	116,950,000	119,075,200	120,870,900	124,328,400	127,163,600	130,167,000	133,661,500	137,340,000	140,760,500
Expenses from Continuing Operations										
Employee Costs	32,839,900	34,563,400	35,512,600	36,267,900	36,994,600	37,740,300	38,502,600	39,280,400	40,073,800	40,883,600
Borrowing Costs	2,593,600	2,573,400	2,293,600	2,066,000	1,845,200	1,627,700	1,399,000	1,090,500	874,200	654,400
Materials and Services	48,983,500	45,505,700	46,524,400	47,692,400	48,760,300	50,029,200	51,327,400	52,659,800	54,025,800	55,428,000
Depreciation	20,523,000	21,138,700	21,772,900	22,426,100	23,098,900	23,791,900	24,505,600	25,240,700	25,998,100	26,778,000
Other Expenses	7,307,900	7,233,800	7,141,300	7,328,400	7,559,600	7,962,100	7,873,100	8,075,400	8,293,500	8,776,800
Total Expenses from Continuing Operations	112,247,900	111,015,000	113,244,800	115,780,800	118,258,600	121,151,200	123,607,700	126,346,800	129,265,400	132,520,800
Operating Result from Continuing Operations Surplus/(Deficit)	9,932,800	5,935,000	5,830,400	5,090,100	6,069,800	6,012,400	6,559,300	7,314,700	8,074,600	8,239,700
Net Operating Result for the year before Grants and Contributions for Capital Purposes Surplus/(Deficit)	(4,495,100)	1,076,900	1,881,300	2,141,000	2,730,700	3,003,200	3,980,200	4,735,600	5,495,500	5,660,600

Financial Outcomes (Base Case)

Byron Shire Council Long Term Financial Plan 2024-2033 Consolidated Funding Statement										
Scenario: Base Case										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Operating Result before Capital Amounts from Income Statement Surplus/(Deficit)	(4,495,100)	1,076,900	1,881,300	2,141,000	2,730,700	3,003,200	3,980,200	4,735,600	5,495,500	5,660,600
Add: Non Cash Items										
Depreciation	20,523,000	21,138,700	21,772,900	22,426,100	23,098,900	23,791,900	24,505,600	25,240,700	25,998,100	26,778,000
Add: Non Operating Funding Sources										
Capital Grants and Contributions	14,427,900	4,858,100	3,949,100	2,949,100	3,339,100	3,009,200	2,579,100	2,579,100	2,579,100	2,579,100
Proceeds from sale of Assets	0	0	0	0	0	0	0	0	0	0
Loan fund utilised	10,487,100	0	0	0	0	0	0	0	0	0
Repayments from Deferred Debtors	0	0	0	0	0	0	0	0	0	0
Funds Available	40,942,900	27,073,700	27,603,300	27,516,200	29,168,700	29,804,300	31,064,900	32,555,400	34,072,700	35,017,700
Less: Funds applied to										
Purchase and construction of Assets	49,468,100	22,226,700	17,213,300	19,098,300	12,614,400	14,130,700	13,742,100	14,202,700	12,578,900	15,206,100
Loan principal repayments	4,084,600	4,422,600	4,653,700	4,678,800	4,465,600	4,694,000	4,933,500	4,789,100	4,114,000	3,684,200
Total Funds Used	53,552,700	26,649,300	21,867,000	23,777,100	17,080,000	18,824,700	18,675,600	18,991,800	16,692,900	18,890,300
Increase/(Decrease) in Cash Position	(12,609,800)	424,400	5,736,300	3,739,100	12,088,700	10,979,600	12,389,300	13,563,600	17,379,800	16,127,400
Net Reserve Movement	(12,174,800)	2,398,100	6,917,500	4,967,400	12,751,300	11,758,900	12,925,500	13,220,700	15,819,500	15,018,400
Increase/(Decrease) in Unrestricted Cash	(435,000)	(1,973,700)	(1,181,200)	(1,228,300)	(662,600)	(779,300)	(536,200)	342,900	1,560,300	1,109,000

Financial Outcomes (Base Case)

More importantly is the financial outcomes of the General Fund which includes all operations and assets of the Council except for Water and Sewerage. The base case for the 2023-2033 Long Term Financial Plan is indicated below:

Byron Shire Council Long Term Financial Plan 2024-2033										
Income Statement (General Fund)										
Scenario: Base Case	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Income from Continuing Operations										
Rates & Annual Charges	40,943,000	42,479,700	44,131,500	45,498,900	46,910,600	48,367,900	49,872,400	51,425,800	53,029,700	54,685,800
User Charges & Fees	23,488,600	24,884,300	25,200,700	25,505,700	25,837,100	26,175,100	26,520,800	26,873,500	27,233,700	27,584,500
Interest and Investment Revenue	1,673,700	1,430,400	1,353,300	1,476,200	1,464,900	1,526,700	1,665,800	1,778,400	1,945,800	1,945,800
Other Revenues	1,625,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000
Grants & Contributions for Operating Purposes	6,600,300	6,789,100	6,991,300	7,201,000	7,418,100	7,583,300	7,816,500	8,058,200	8,308,500	8,568,100
Grants & Contributions for Capital Purposes	9,827,900	3,858,100	2,949,100	1,949,100	2,339,100	2,009,200	1,579,100	1,579,100	1,579,100	1,579,100
Total Income from Continuing Operations	84,158,500	81,266,600	82,450,900	83,455,900	85,794,800	87,487,200	89,279,600	91,540,000	93,921,800	96,188,300
Expenses from Continuing Operations										
Employee Costs	28,367,900	29,722,700	30,520,200	31,159,900	31,784,200	32,425,700	33,081,300	33,750,500	34,433,000	35,129,600
Borrowing Costs	934,000	1,092,700	954,700	877,800	808,100	738,500	666,100	522,100	442,400	358,900
Materials and Contracts	28,543,300	25,599,100	26,151,000	26,809,000	27,338,900	28,055,600	28,788,400	29,540,300	30,310,700	31,102,600
Depreciation	15,696,200	16,167,100	16,652,200	17,151,800	17,666,400	18,196,400	18,742,300	19,304,500	19,883,800	20,480,300
Other Expenses	7,181,100	7,103,900	7,008,200	7,192,100	7,420,000	7,819,100	7,726,600	7,925,100	8,139,400	8,618,800
Total Expenses from Continuing Operations	80,722,500	79,685,500	81,286,300	83,190,600	85,017,600	87,235,300	89,004,700	91,042,500	93,209,300	95,690,200
Operating Result from Continuing Operations Surplus/(Deficit)	3,436,000	1,581,100	1,164,600	265,300	777,200	251,900	274,900	497,500	712,500	498,100
Net Operating Result for the year before Grants and Contributions for Capital Purposes Surplus/(Deficit)	(6,391,900)	(2,277,000)	(1,784,500)	(1,683,800)	(1,561,900)	(1,757,300)	(1,304,200)	(1,081,600)	(866,600)	(1,081,000)

Financial Outcomes (Base Case)

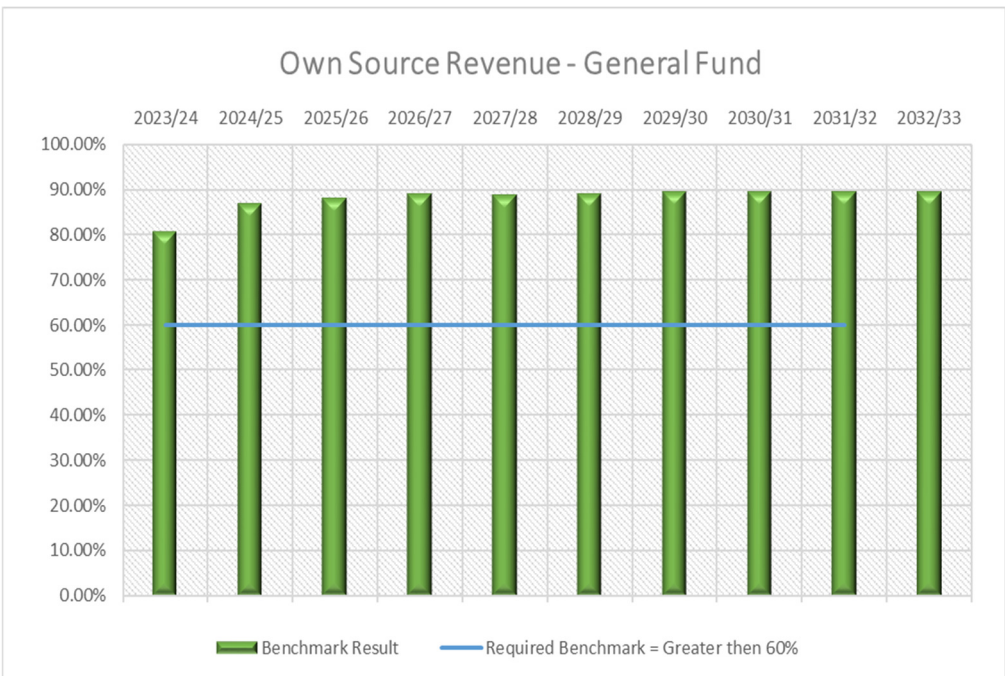
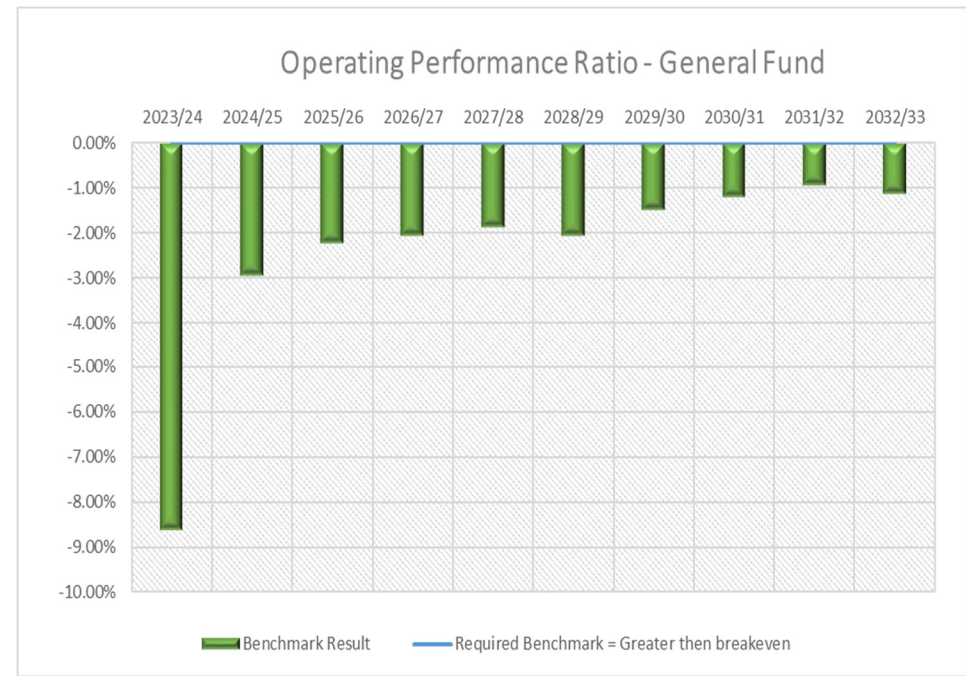
Byron Shire Council Long Term Financial Plan 2024-2033										
General Fund Funding Statement										
Scenario: Base Case										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Operating Result before Capital Amounts from Income Statement Surplus/(Deficit)	(6,391,900)	(2,277,000)	(1,784,500)	(1,683,800)	(1,561,900)	(1,757,300)	(1,304,200)	(1,081,600)	(866,600)	(1,081,000)
Add: Non Cash Items										
Depreciation	15,696,200	16,167,100	16,652,200	17,151,800	17,666,400	18,196,400	18,742,300	19,304,500	19,883,800	20,480,300
Add: Non Operating Funding Sources										
Capital Grants and Contributions	9,827,900	3,858,100	2,949,100	1,949,100	2,339,100	2,009,200	1,579,100	1,579,100	1,579,100	1,579,100
Proceeds from sale of Assets	0	0	0	0	0	0	0	0	0	0
Loan fund utilised	10,487,100	0	0	0	0	0	0	0	0	0
Repayments from Deferred Debtors										
Funds Available	29,619,300	17,748,200	17,816,800	17,417,100	18,443,600	18,448,300	19,017,200	19,802,000	20,596,300	20,978,400
Less: Funds applied to										
Purchase and construction of Assets	37,139,000	16,122,300	11,142,200	10,251,100	10,358,500	10,849,900	10,461,300	10,921,900	9,298,100	11,925,300
Loan principal repayments	1,305,000	1,976,200	2,065,500	1,949,400	1,944,100	2,024,600	2,107,800	2,194,300	1,776,300	1,607,800
Total Funds Used	38,444,000	18,098,500	13,207,700	12,200,500	12,302,600	12,874,500	12,569,100	13,116,200	11,074,400	13,533,100
Increase/(Decrease) in Cash Position	(8,824,700)	(350,300)	4,609,100	5,216,600	6,141,000	5,573,800	6,448,100	6,685,800	9,521,900	7,445,300
Net Reserve Movement	(8,389,700)	1,623,400	5,790,300	6,444,900	6,803,600	6,353,100	6,984,300	6,342,900	7,961,600	6,336,300
Increase/(Decrease) in Unrestricted Cash	(435,000)	(1,973,700)	(1,181,200)	(1,228,300)	(662,600)	(779,300)	(536,200)	342,900	1,560,300	1,109,000
Estimated Unrestricted Cash Balance	(435,000)	(2,408,700)	(3,589,900)	(4,818,200)	(5,480,800)	(6,260,100)	(6,796,300)	(6,453,400)	(4,893,100)	(3,784,100)

Financial Outcomes (Base Case)

Detailed in Section 7 of this document are definitions of five performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Base Case reveals the following:

Operating Performance Ratio

Own Source Revenue

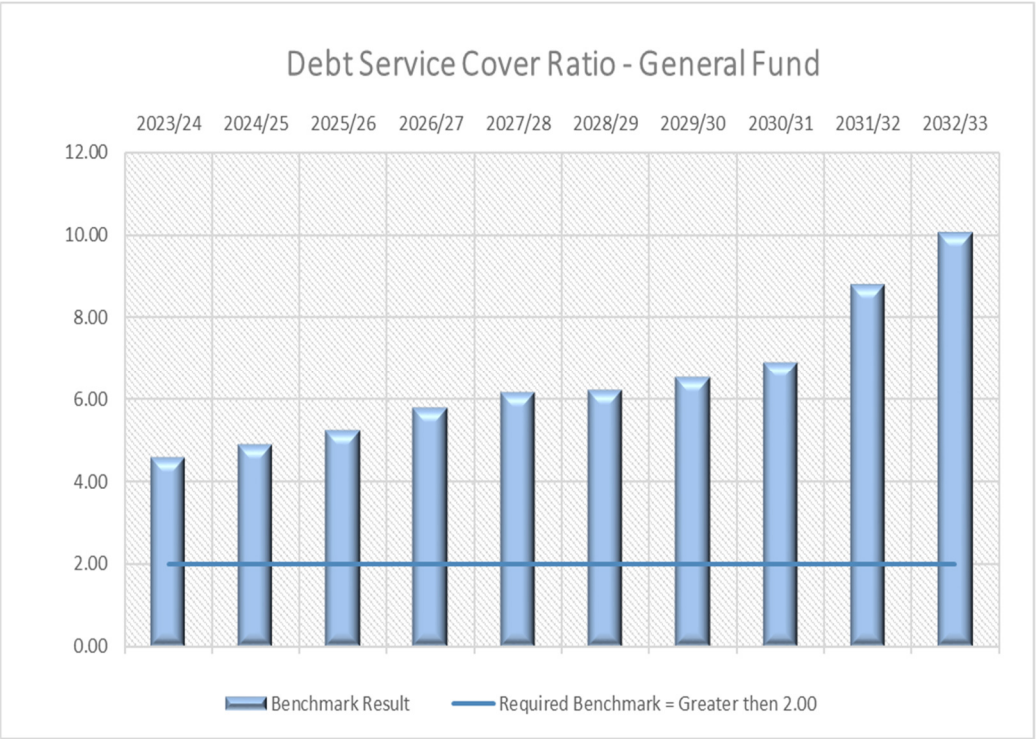
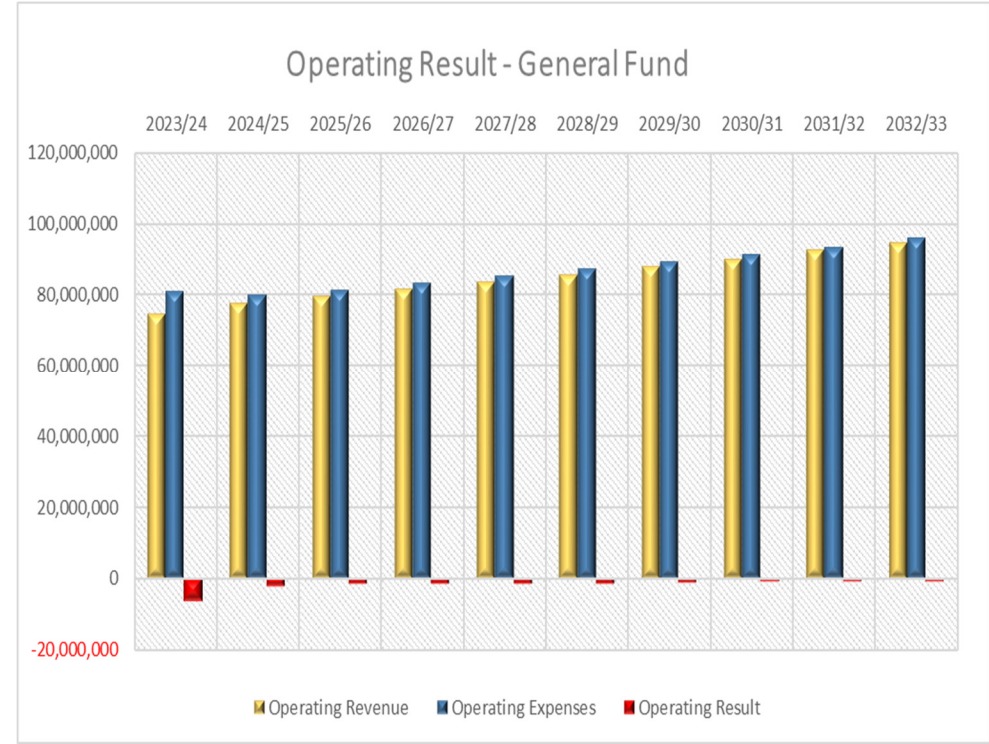


Financial Outcomes (Base Case)

Detailed in Section 7 of this document are definitions of five performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Base Case reveals the following:

Operating Result

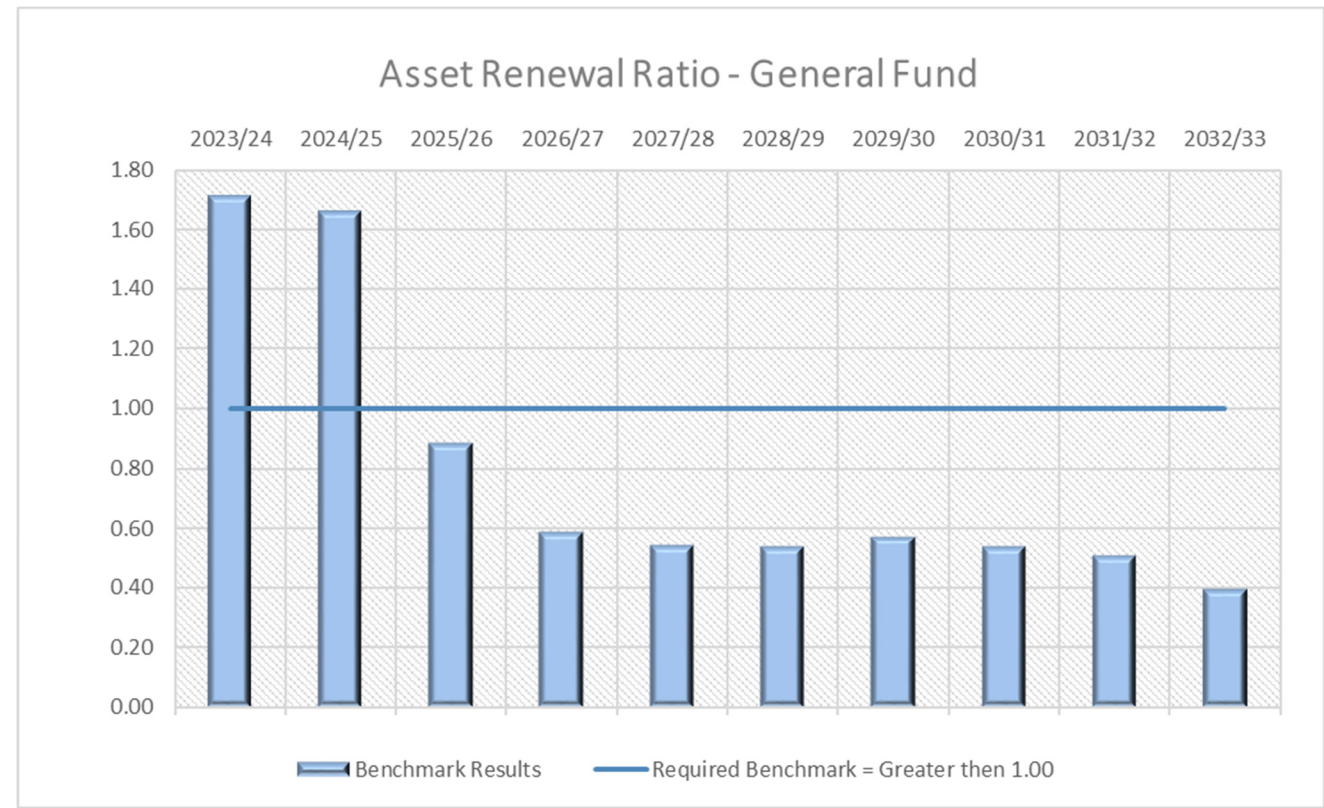
Debt Service Cover Ratio



Financial Outcomes (Base Case)

Detailed in Section 7 of this document are definitions of five performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Base Case reveals the following:

Asset Renewal Ratio



Financial Outcomes (Base Case)

General Fund Base Case Financial Outcome Commentary

Over the last five years Council has grown significantly as an organisation to cater for the growth in the area, additional service demands, an emphasis on infrastructure renewal and development following significant levels of grant funding. It has also been impacted from the effects of COVID-19 Pandemic along with natural disasters from bushfires and most recently the devastating February/March 2022 flood events.

Council's operational expenditure at 2021/2022 has increased by 35% compared to 2017/2018. With all the demands placed on Council, there is certainly financial pressure on the General Fund which contains all of Council's service areas except Water and Sewerage.

Currently for the 2023/2024 financial year, Council is projecting a budget deficit of \$435,000. One of Council's fundamental financial measures is the goal to maintain an unrestricted cash balance of \$1,000,000. Since the impact of COVID-19 and natural disasters, the unrestricted cash balance has progressively been consumed in its entirety and it is from this basis this financial plan is cast.

The Base Case scenario for the General Fund continues to show ongoing operational deficits for the life of this Plan and is not projecting a 'cash surplus' until 2025/2026 financial year. Unrestricted cash is not expected to return to surplus until 2030/2031. To ensure the projected financial outcomes for the General Fund do not materialise, Council will need to either find additional revenue sources or look at ways to reduce expenditure, whilst also dealing with the flood recovery.

Section 5 – Modelling Assumptions – Sensitivity Analysis/Scenarios

Sensitivity Analysis

Long Term Financial Plans (LTFP) are by their nature based on assumptions and predictions. The longer the term of a plan in years the greater the impact on the relevance of assumptions used for the latter years, in terms of their accuracy, as events may occur in future years that are not known at this point in time. Consequently if assumptions are wrong, they could have a significant impact upon the Long Term Financial Plan (LTFP) results which can vary depending upon the degree of variance in assumptions. If the assumptions identified in Section 4 of this document are not correct, Council will need to reconsider the financial outcomes and whether this will impact on the ability to provide the financial resources to deliver outcomes identified in the Community Strategic Plan. It is on this basis that the Long Term Financial Plan (LTFP) will need to be regularly reviewed (at least annually).

Scenarios

A Long Term Financial Plan (LTFP) should also provide the ability to predict financial outcomes if Council chose to alter service levels within programs, increase service levels or implement significant projects. The 2022-2032 Long Term Financial Plan is modelling two scenarios from the Base Case scenario of the Consolidated Fund (including General, Water and Sewerage Funds) that

- Base Case Scenario – Original 2023/2024 Budget Estimates plus 9 year projections based on current service levels as outlined in Section 4 of this document and assumptions as outlined in Section 3 of this document.
- Scenario 1 – Base Case plus the reconstruction of infrastructure and restoration of landslips following the February/March 2022 flood events (AGRN 1012). This plan outlines the works currently estimated at the time of preparing this plan at \$300million and potentially needing five years to complete. Council has 42 separate reconstruction projects that individually will require Government approval for funding. It is assumed in this plan that the Federal and NSW State Governments will fund all of the reconstruction costs. It is acknowledged costs may change given Byron Shire Council was not the only impacted Council from this event with other Councils also experiencing significant damage and competing for resources and materials to complete the works. This is having adverse pressure on estimated costs for the restoration.

Section 6 – Financial Outcomes Scenario 1

Applying Scenario 1 – Base Case + Flood Recovery provides the following financial outcomes for the Consolidated Fund in relation to the 2023-2033 Financial Plan

Byron Shire Council Long Term Financial Plan 2024-2033										
Income Statement (Consolidated)										
Scenario: Base Case + Scenario 1 - Flood Recovery										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Income from Continuing Operations										
Rates & Annual Charges	62,062,700	64,338,600	66,489,500	68,368,500	70,304,600	72,299,500	74,355,100	76,473,500	78,656,600	80,906,700
User Charges & Fees	35,519,300	37,294,900	38,040,600	38,654,700	39,447,900	40,264,900	41,107,400	41,975,300	42,870,100	43,775,500
Interest and Investment Revenue	1,783,200	1,704,600	1,635,800	1,724,400	1,840,900	2,024,300	2,321,700	2,583,200	2,928,400	2,928,400
Other Revenues	1,625,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000
Grants & Contributions for Operating Purposes	13,362,600	9,928,800	7,135,200	7,349,200	7,570,900	7,740,700	7,978,700	8,225,400	8,480,800	8,745,800
Grants & Contributions for Capital Purposes	150,939,900	28,618,100	50,949,100	49,949,100	50,339,100	3,009,200	2,579,100	2,579,100	2,579,100	2,579,100
Total Income from Continuing Operations	265,292,700	143,710,000	166,075,200	167,870,900	171,328,400	127,163,600	130,167,000	133,661,500	137,340,000	140,760,500
Expenses from Continuing Operations										
Employee Costs	32,839,900	34,563,400	35,512,600	36,267,900	36,994,600	37,740,300	38,502,600	39,280,400	40,073,800	40,883,600
Borrowing Costs	2,593,600	2,573,400	2,293,600	2,066,000	1,845,200	1,627,700	1,399,000	1,090,500	874,200	654,400
Materials and Services	55,583,500	48,505,700	46,524,400	47,692,400	48,760,300	50,029,200	51,327,400	52,659,800	54,025,800	55,428,000
Depreciation	20,523,000	21,138,700	21,772,900	22,426,100	23,098,900	23,791,900	24,505,600	25,240,700	25,998,100	26,778,000
Other Expenses	7,307,900	7,233,800	7,141,300	7,328,400	7,559,600	7,962,100	7,873,100	8,075,400	8,293,500	8,776,800
Total Expenses from Continuing Operations	118,847,900	114,015,000	113,244,800	115,780,800	118,258,600	121,151,200	123,607,700	126,346,800	129,265,400	132,520,800
Operating Result from Continuing Operations Surplus/(Deficit)	146,444,800	29,695,000	52,830,400	52,090,100	53,069,800	6,012,400	6,559,300	7,314,700	8,074,600	8,239,700
Net Operating Result for the year before Grants and Contributions for Capital Purposes Surplus/(Deficit)	(4,495,100)	1,076,900	1,881,300	2,141,000	2,730,700	3,003,200	3,980,200	4,735,600	5,495,500	5,660,600

Financial Outcomes Scenario 1

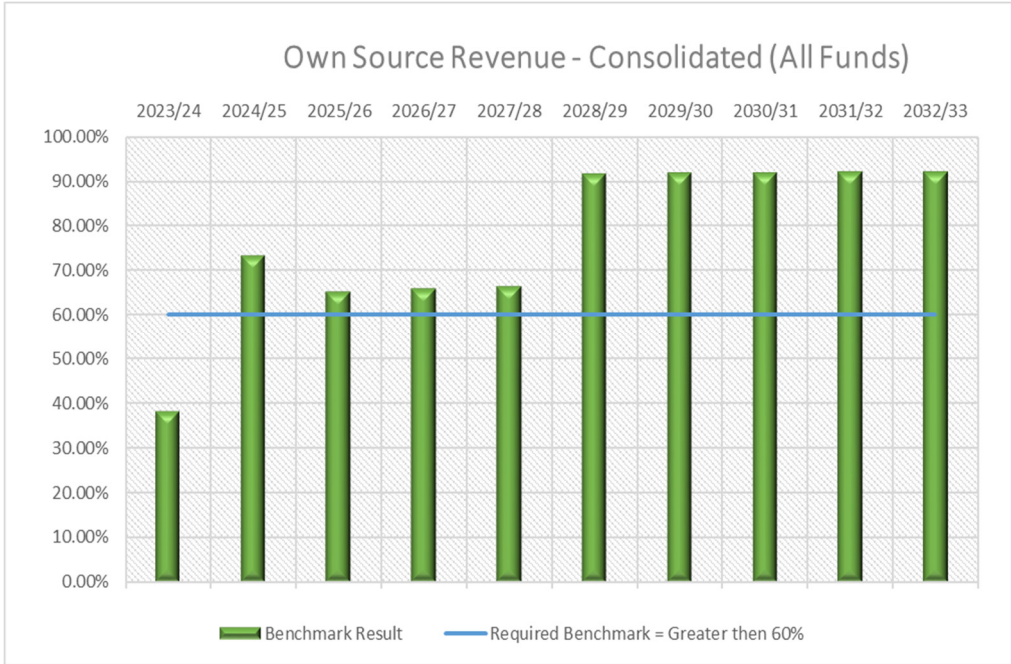
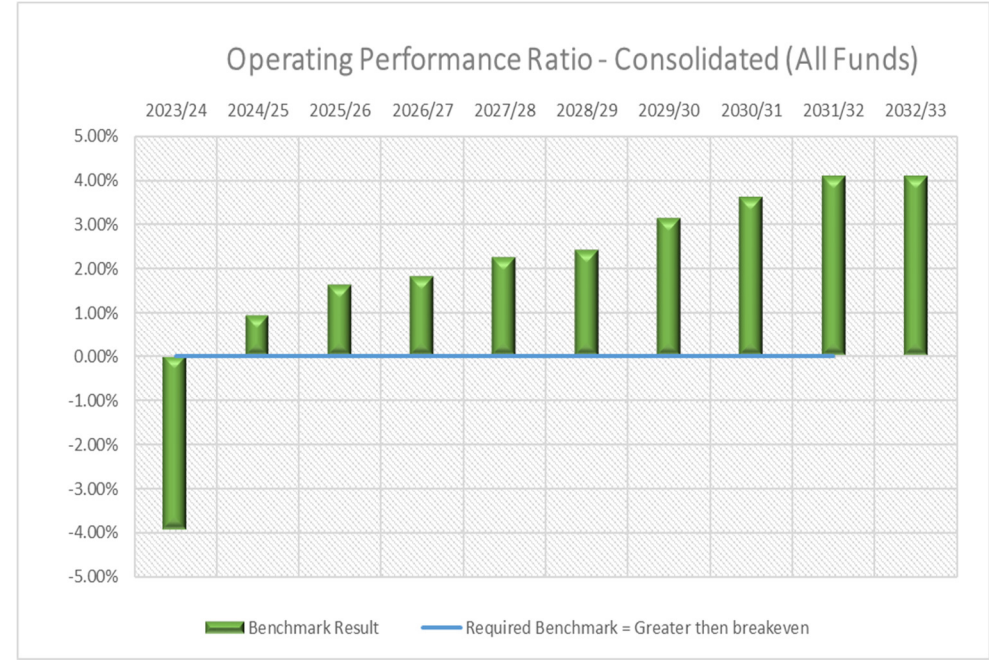
Byron Shire Council Long Term Financial Plan 2024-2033 Consolidated Funding Statement										
Scenario: Base Case + Scenario 1 - Flood Recovery										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Operating Result before Capital Amounts from Income Statement Surplus/(Deficit)	(4,495,100)	1,076,900	1,881,300	2,141,000	2,730,700	3,003,200	3,980,200	4,735,600	5,495,500	5,660,600
Add: Non Cash Items										
Depreciation	20,523,000	21,138,700	21,772,900	22,426,100	23,098,900	23,791,900	24,505,600	25,240,700	25,998,100	26,778,000
Add: Non Operating Funding Sources										
Capital Grants and Contributions	150,939,900	28,618,100	50,949,100	49,949,100	50,339,100	3,009,200	2,579,100	2,579,100	2,579,100	2,579,100
Proceeds from sale of Assets	0	0	0	0	0	0	0	0	0	0
Loan fund utilised	10,487,100	0	0	0	0	0	0	0	0	0
Repayments from Deferred Debtors	0	0	0	0	0	0	0	0	0	0
Funds Available	177,454,900	50,833,700	74,603,300	74,516,200	76,168,700	29,804,300	31,064,900	32,555,400	34,072,700	35,017,700
Less: Funds applied to										
Purchase and construction of Assets	185,980,100	45,986,700	64,213,300	66,098,300	59,614,400	14,130,700	13,742,100	14,202,700	12,578,900	15,206,100
Loan principal repayments	4,084,600	4,422,600	4,653,700	4,678,800	4,465,600	4,694,000	4,933,500	4,789,100	4,114,000	3,684,200
Total Funds Used	190,064,700	50,409,300	68,867,000	70,777,100	64,080,000	18,824,700	18,675,600	18,991,800	16,692,900	18,890,300
Increase/(Decrease) in Cash Position	(12,609,800)	424,400	5,736,300	3,739,100	12,088,700	10,979,600	12,389,300	13,563,600	17,379,800	16,127,400
Net Reserve Movement	(12,174,800)	2,398,100	6,917,500	4,967,400	12,751,300	11,758,900	12,925,500	13,220,700	15,819,500	15,018,400
Increase/(Decrease) in Unrestricted Cash	(435,000)	(1,973,700)	(1,181,200)	(1,228,300)	(662,600)	(779,300)	(536,200)	342,900	1,560,300	1,109,000

Financial Outcomes Scenario 1

Detailed in Section 7 of this document are definitions of five performance indicators. Applying these performance indicators to the financial outcomes of Scenario 1 reveals the following:

Operating Performance Ratio

Own Source Revenue

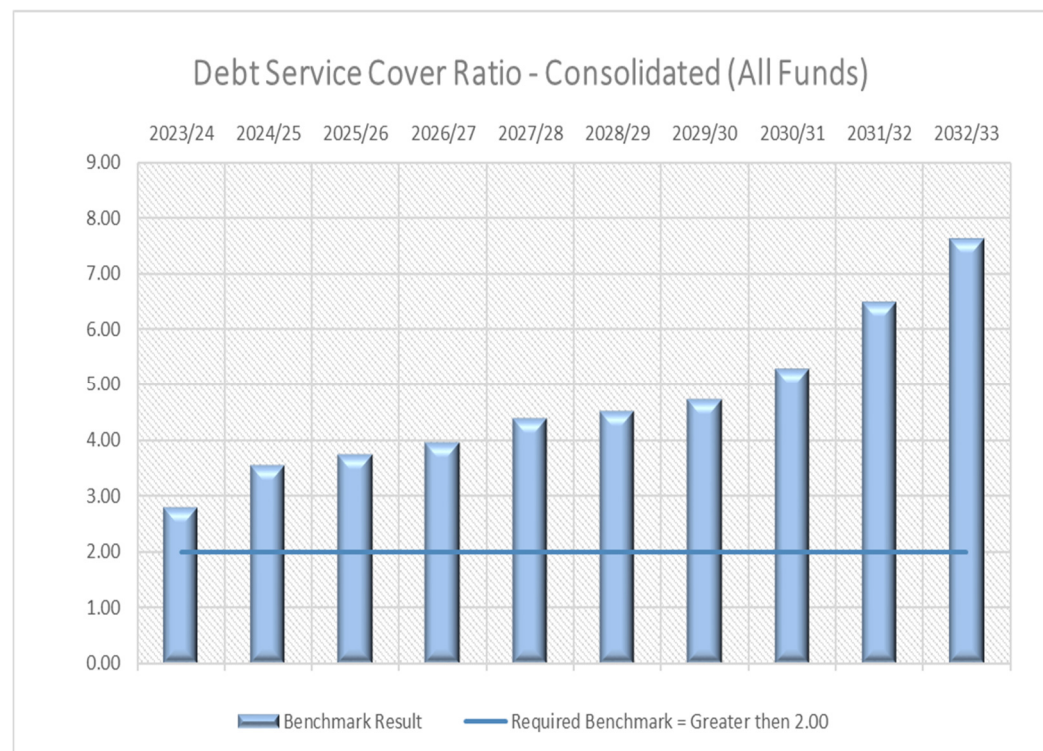
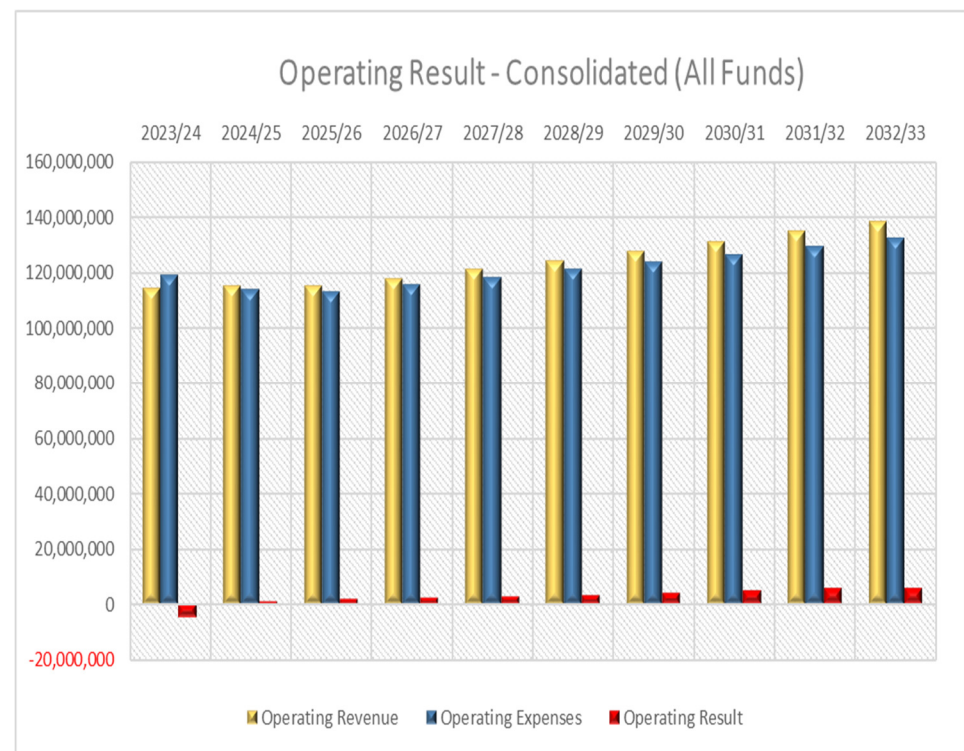


Financial Outcomes Scenario 1

Detailed in Section 7 of this document are definitions of six performance indicators. Applying these performance indicators to the financial outcomes of Scenario 1 reveals the following:

Operating Result

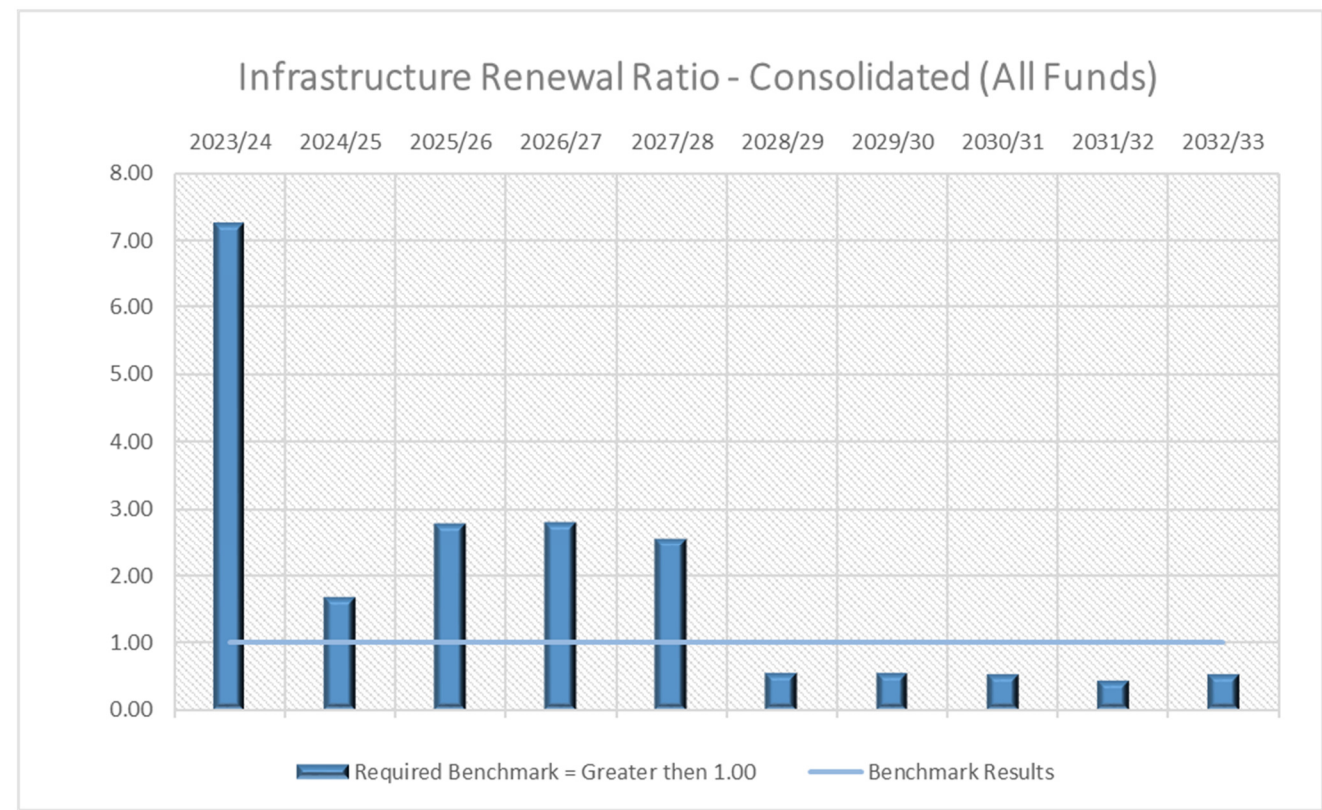
Debt Service Cover Ratio



Section 6 – Financial Outcomes Scenario 1

Detailed in Section 7 of this document are definitions of five performance indicators. Applying these performance indicators to the financial outcomes of Scenario 1 reveals the following:

Asset Renewal Ratio



Financial Outcomes Scenario 1

Consolidated Fund Scenario 1 Outcome Comment

If comparison is made against the Operating Performance Ratio and Debt Service Cover Ratio performance benchmarks, the following results are achieved:

Own Source Revenue

	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033
Benchmark	>60.00%	>60.00%	>60.00%	>60.00%	>60.00%	>60.00%	>60.00%	>60.00%	>60.00%	>60.00%
Base Case	82.66%	89.92%	90.69%	91.48%	91.22%	91.55%	91.89%	91.92%	91.95%	91.95%
Scenario 1	38.07%	73.18%	65.03%	65.87%	66.20%	91.55%	91.89%	91.92%	91.95%	91.95%

Asset Renewal Ratio

	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033
Benchmark	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00
Base Case	1.49	1.45	0.76	0.61	0.69	0.50	0.53	0.54	0.51	0.42
Scenario 1	7.24	1.68	2.78	2.80	2.55	0.55	0.56	0.52	0.43	0.53

The results above demonstrate on projections, the Flood Recovery is estimated to improve the Asset Renewal Ratio significantly due to the injection of funding for reconstruction that otherwise Council could not fund for the period 2023/24 to 2027/28. Conversely Council cannot meet the Own Source Revenue benchmark in 2023/24 due to the proposed revenue from Natural Disaster Funding. Again, Council does meet this benchmark in subsequent years but at lower levels to 2027/28. Ordinarily without the flood recovery, Council would be exceeding the benchmark significantly.

Section 7 – Key Performance Indicator Definitions

It is important with any Long Term Financial Plan (LTFP) to establish Key Performance Indicators (KPI)s that are relevant and set against benchmarks to highlight any forecasted trends that require attention if projected results fall below acceptable benchmarks. To assist the evaluation of the Byron Shire Council Long Term Financial Plan 2023-2033, the following six performance benchmarks are identified to measure the performance of the Consolidated Fund and General Fund.

Benchmark	Calculation Basis	Description	Benchmark Requirement
Operating Performance Ratio	$\frac{\text{Total continuing operating revenue (excl capital grants and contributions less operating expenses)}}{\text{Total continuing operating revenue (excl capital grants and contributions)}}$	Provides an indication of how a Council generates income and allocates expenditure. It is an indicator of continued capacity to meet ongoing expenditure commitments.	Greater than or equal to break-even
Own Source Revenue Ratio	$\frac{\text{Total continuing operating revenue less all grants and contributions}}{\text{Total continuing operating revenue inclusive of capital grants and contributions}}$	Measures the degree of reliance on external funding sources ie grants and contributions. Councils with a higher own source revenue have a greater ability to control or manage their own operating performance and financial sustainability.	Greater than 60%
Operating Result	$\frac{\text{Total continuing operating revenue less capital grants and contributions}}{\text{Total operating expenditure}}$	Measures whether Council is generating sufficient operating revenue to fund day to day expenses and the annual depreciation of its assets	Greater than \$0

Key Performance Indicator Definitions

Benchmark	Calculation Basis	Description	Benchmark Requirement
Debt Service Cover Ratio	$\frac{\text{Operating result before capital excluding interest and depreciation}}{\text{Loan principal repayments plus interest costs}}$	This ratio measures the availability of operating cash to service debt including interest, principal and lease payments	Greater than 2.00
Asset Renewal Ratio	$\frac{\text{Asset renewals}}{\text{Depreciation, amortisation and impairment}}$	Measures the proportion spent on asset renewals and compares to the same assets deterioration.	Greater than 100%

Specific performance measure outcomes using the indicators defined in this section are presented in the sections of the document as follows:

1. Section 4 – Financial Outcomes for the Base Case
2. Section 6 – Financial Outcomes for Scenario 1 Base Case plus Flood Recovery