



URALLA SHIRE COUNCIL

LONG TERM FINANCIAL PLAN

FOR THE PERIOD 2025-26 TO 2034-35

INTRODUCTION

All NSW local government authorities are required to develop and adopt a Long-Term Financial Plan (LTFP) as part of the Integrated Planning and Reporting framework. The LTFP is reviewed and updated annually to ensure it remains relevant, adapts to changing circumstances, and incorporates updates to assumptions, financial performance, and strategic priorities. The LTFP is built on key assumptions to present a realistic financial outlook aligned with strategic objectives, covering both financial and operational aspects.

The development of Uralla Shire Council's LTFP has undergone a series of development across multiple versions to ensure financial sustainability and strategic alignment with Council's strategic objectives. After multiple revisions of the LTFP model, a base model was developed projecting a positive position across all financial funds. Various scenarios were tested by adjusting revenue and expense assumptions in the base model to assess their impact on the cash position.

The LTFP includes:

- The key planning assumptions used to develop the LTFP.
- Sensitivity analysis highlighting factors/ assumptions most likely to affect the LTFP.
- Financial modelling for different scenarios.
- Projected income and expenditure, balance sheet and cash flow statement.
- Methods of monitoring financial performance.

The LTFP highlights our progress towards long-term financial sustainability, which is essentially the council's financial capacity to deliver acceptable, affordable, and ongoing services to its community.

KEY PLANNING ASSUMPTIONS IN THE LTFP MODEL

The key planning assumptions used to development LTFP are set out below.

General assumptions:

- The council continues normal operations, with no major changes to its organizational structure or services.
- The LTFP is developed based on the actual financial performance of 2023-24, and the originally approved 2024-25 budget. Recent budget adjustments from quarterly reviews have not been incorporated into this LTFP model, as the significant changes primarily affected the Tablelands

Community Services and Tablelands Community Transport businesses, which are currently under review.

- Consumer Price Index (CPI) data used in this model reflects market information available at the time of development.

General fund revenue assumptions:

- Revenue projections are based on existing service trends.
- A special rate variation (SRV) has been applied in the LTFP model, with a modelled increase to general rates of 25% plus CPI in 2026-27, and a modelled increase to general rates of 20% plus CPI in 2027-28 based on the rates revenue in earned 2026-27.
- As the money market slows, further rate cuts by the Reserve Bank of Australia (RBA) are expected, prompting a downward adjustment of interest income forecasts in the LTFP.
- Special grant funding: The model uses the average grant amount from the three pre-drought years (2017-18, 2018-19, and 2019-20) with a 15% cumulative CPI adjustment to estimate a baseline figure for the first LTFP year.
- Regular grant funding: A straight 3% CPI adjustment is applied to regular grants.
- Detailed CPI adjustments for revenue are provided in Annexure A.

McMaugh Gardens aged care facility assumptions:

- Following recent Aged Care legislative changes, McMaugh Gardens aged care facility will be able to retain 2% of the residential accommodation bond annually for up to 5 years (capped at 10%) to cover administrative costs. This is incorporated into the LTFP model.
- The model includes a \$3.1 million capital investment for regular facility renewals but does not account for potential expansion under the council's "retain-and-invest strategy."

Waste services assumptions:

Waste services operations have been running at a deficit or break-even for many years. Additionally, the recent assessments of the landfill facility's useful life and remediation costs have consistently shown a declining useful life and increasing remediation costs. To provide historical context:

- In the 2021-22 assessment, the landfill's useful life was estimated until 2030, with a remediation cost of \$3.6 million.
- The following year, the estimated useful life was reduced to 2029, while the remediation cost increased to \$4.2 million.
- In the 2023-24 assessment, the useful life further decreased to 2026, with the estimated remediation cost rising to \$4.6 million.

The council has set aside \$1.26 million in reserves toward the remediation of the landfill facilities. However, the total requirement for remediation stands at \$4.6 million, with an additional \$4.0 million needed over the next decade to develop new landfill facilities and other waste infrastructure to maintain waste service operations. To address ongoing deficits and meet these upcoming financial needs, the council has implemented adjustments to various waste service fees and charges. These are summarised below.

- Waste service annual charges, including CPI, are to increase by 14% in 2025-26, and 10% in 2026-27 and 2027-28.
- The environmental levy, including CPI, are to increase by 8% in 2025-26, followed by 7% and 6% respectively in 2026-27 and 2027-28.
- The analysis of landfill gate fees between Uralla Shire and Armidale Council identified that, Armidale landfill gate fees are approximately 95% higher than Uralla landfill. To improve the financial situation, and to discourage foreign waste dumping at the Uralla landfill, a 60% increase is to be applied to the Uralla landfill gate fees.
- A \$2 million special grant is anticipated in the model for the remediation of the existing landfill facility, although the funding source has not yet been confirmed.
- Tip remediation cost reduced by 30% in consideration of a significant portion of capping materials will be used from internal sources.
- Waste recycling services will be outsourced.

Cost assumptions:

- Expense projections are based on the projected CPI provided in Annexure A.

Balance sheet assumptions:

- Building a 10-year future balance model is a highly complex task that involves numerous assumptions, projections, variables, and intricate modelling that can change over time. To make the balance sheet model manageable with the council's limited resources, the closing balance of 2023-24 was used as the opening balance for 2024-25, with the movement in the budgeted profit and loss for the year applied to the balance sheet.
- Receivables and payables were estimated by comparing historical receivables to sales and creditors to purchases over the past 3 years.
- Investment movements were calculated by subtracting the forecasted year-end unrestricted cash balance from the total cash and cash equivalents.
- Difference between total assets, liabilities, and retained earnings on the balance sheet was recognised as a revaluation reserve.
- Depreciation was estimated using the average rate from the previous 3 years.

Asset management assumptions:

- No asset disposals for the forecast period.
- All Transport and Open Space and Recreation capital to remain grant dependant.
- All deferred capital expenditure will not impact operations.

SENSITIVITY ANALYSIS AND SCENARIO TESTING

To evaluate the appropriateness of the base model of the LTFP, a sensitivity analysis was conducted, testing various scenarios involving changes in key financial assumptions. The scenarios analysed included:

- Scenario 1: Reduction of revenue by 1%.
- Scenario 2: Increase of costs by 1%.
- Scenario 3: Combination of both increase in expenses and reduction of revenue by 1%.

The outcome of these 3 scenarios indicated that while financial pressures could arise under certain conditions, the base model of the LTFP remained the most prudent and sustainable version for adoption. This version provided the best balance between revenue and expenses while maintaining financial resilience.

PROJECTED YEAR-END CASH POSITION ACROSS VARIOUS SCENARIOS FOR EACH FUND OVER THE NEXT 10 YEARS

The tables below outline the estimated year-end cash positions for each fund under different financial scenarios over the next decade. It provides insights into potential cash flow trends, liquidity status, and financial resilience based on the underlying assumptions the LTFP was built upon.

General Fund	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Base Model - Total Cash and Investment	19,044	20,355	19,899	19,447	19,035	19,890	20,866	22,402	23,221	24,643	24,532
Sensitivity 1 - Total Cash and Investment	19,044	20,171	19,518	18,853	18,223	18,889	19,672	21,009	21,626	22,840	22,513
Sensitivity 2 - Total Cash and Investment	19,044	20,170	19,513	18,832	18,194	18,829	19,579	20,888	21,467	22,649	22,273
Sensitivity 3 - Total Cash and Investment	19,044	19,987	19,132	18,239	17,382	17,790	18,309	19,380	19,715	20,648	20,012
Restricted Cash	16,440	17,890	17,828	18,321	18,689	18,901	19,265	19,739	20,184	20,627	21,143
Unrestricted Cash Base Model	2,604	2,464	2,071	1,126	345	989	1,601	2,662	3,038	4,016	3,389
Unrestricted Cash Sensitivity 1	2,604	2,281	1,690	532	(467)	(12)	407	1,270	1,442	2,213	1,370
Unrestricted Cash Sensitivity 2	2,604	2,280	1,685	511	(496)	(72)	314	1,148	1,284	2,022	1,130
Unrestricted Cash Sensitivity 3	2,604	2,097	1,304	(82)	(1,308)	(1,110)	(956)	(360)	(468)	21	(1,131)

Water Fund	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Base Model	2,873	2,012	1,903	1,987	2,104	1,759	1,860	1,934	2,016	2,097	2,178
Sensitivity 1	2,873	1,992	1,864	1,929	2,027	1,662	1,742	1,795	1,856	1,915	1,973
Sensitivity 2	2,873	1,984	1,854	1,921	2,020	1,651	1,732	1,786	1,847	1,907	1,966
Sensitivity 3	2,873	1,964	1,816	1,863	1,943	1,554	1,615	1,647	1,687	1,725	1,762

Waste Water (Sewer)	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Base Model	2,169	2,406	2,655	2,920	3,190	3,394	3,648	3,917	4,188	4,464	4,747
Sensitivity 1	2,169	2,393	2,629	2,881	3,137	3,327	3,567	3,822	4,077	4,338	4,605
Sensitivity 2	2,169	2,396	2,637	2,892	3,150	3,343	3,585	3,842	4,100	4,364	4,634
Sensitivity 3	2,169	2,383	2,608	2,850	3,095	3,273	3,501	3,743	3,986	4,234	4,488

McMaugh Gardens	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Base Model	370	13	41	94	288	191	346	445	562	198	6
Sensitivity 1	370	(43)	(74)	(81)	51	(111)	(22)	9	56	(381)	(646)
Sensitivity 2	370	(47)	(77)	(84)	50	(113)	(22)	10	58	(383)	(650)
Sensitivity 3	370	(99)	(188)	(255)	(183)	(411)	(385)	(422)	(444)	(956)	(1,297)

Waste Service	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Base Model	1,265	1,319	1,437	1,160	630	134	200	511	1,418	2,261	3,183
Sensitivity 1	1,265	1,319	1,406	1,075	508	(25)	3	274	1,141	1,943	2,822
Sensitivity 2	1,265	1,319	1,407	1,098	526	(11)	24	299	1,174	1,984	2,873
Sensitivity 3	1,265	1,319	1,375	1,013	405	(170)	(173)	62	897	1,666	2,512

OVERVIEW OF KEY PERFORMANCE INDICATORS IN THE BASE MODEL

The consolidated summary in the table below highlights the essential financial metrics from the base model of the LTFP, providing a clear snapshot of projected performance, cash flow, and key financial indicators across 10 years.

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Operating profit/(loss) prior to depreciation and capital grants	4,824	3,557	5,719	7,935	7,897	7,476	7,714	7,501	7,407	7,671	7,498
Operating profit/(loss) prior to capital grants	(2,687)	(4,608)	(1,001)	1,009	727	95	148	(255)	(517)	(436)	(802)
Profit/(Loss) including capital grants	2,763	(2,149)	3,292	3,337	3,090	2,493	2,582	2,216	1,991	2,110	1,782
Cash surplus/(deficit) for the year	(2,303)	(1,002)	2,032	(1,073)	(695)	1,170	1,433	2,410	1,688	1,894	433
Cash & cash equivalent (EoY)	25,699	26,148	25,581	25,002	24,675	25,358	27,155	30,040	32,172	34,509	35,458
Restricted cash	23,095	23,684	23,511	23,876	24,330	24,369	25,554	27,378	29,134	30,493	32,069
Unrestricted cash	2,604	2,464	2,071	1,126	345	989	1,601	2,662	3,038	4,016	3,389
Asset renewal ratio	167%	86%	119%	164%	153%	118%	115%	97%	104%	103%	116%
Operating (after depreciation) performance ratio	-10.4%	-16.5%	-3.4%	3.2%	2.2%	0.3%	0.4%	-0.7%	-1.4%	-1.2%	-2.1%
Own source operating revenue ratio	62%	65%	72%	78%	81%	83%	85%	88%	90%	92%	95%
Unrestricted current ratio	1.40	1.15	1.59	1.44	1.52	1.59	1.74	1.99	2.12	2.29	2.26
Debt service cover ratio	35	24	42	59	59	73	75	73	72	75	73
Cash expense cover ratio (months)	15	13	13	13	12	11	12	13	13	14	13

METHODS OF MONITORING FINANCIAL PERFORMANCE

The council continually monitors its financial performance using several methods:

- Management reporting – managers can access online financial reports, which allow them to monitor budgets and predict potential adjustments for any significant variances.
- Monthly reviews – Council is provided with monthly reports for its information.
- Quarterly financial reports – Council is provided with quarterly budget review reports on financial performance, capital expenditure and cash position. Any adjustments proposed in the budget is highlighted in the quarterly reports are included for Council approval.
- Annual audit of the council's financial statements by the NSW Auditor-General which includes measurement against performance measures and benchmarks set by the Office of Local Government.

Annexure A – projected CPI and special adjustments

Uralla Shire Council Long Term Financial Plan 2025-26 to 2034-35 LTFP Assumptions

Revenue CPI Assumptions	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
General Rates	4.90%	28.50%	23.00%	4.00%	3.00%	2.50%	3.50%	2.50%	2.50%	3.50%
Water Supply Annual Charge	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Sewer Annual Charge	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Environmental Levy	8.00%	7.00%	6.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Stormwater Annual Charge	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Domestic Waste Annual Charge	14.00%	10.00%	10.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Commercial Waste Annual Charge	14.00%	10.00%	10.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Certificates	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
User fees and charges	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
McMaugh Gardens user fess and charges	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
TCS user fess and charges	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
TCT user fess and charges	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Water & Sewer usage revenue	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Waste service revenue	60.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Other Sundry Income	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Donations Received	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Reimbursements	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Others	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Section 94 and 7.12 Contributions	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Expense CPI Assumptions	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Salaries & wages	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Course, training and seminar	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Superannuation	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Workers compensation	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Other employee costs	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Contractors and other external services	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Materials and services	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Plant Hire	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Raw materials and consumables	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Telephone and internet	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Travel expenses	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Bank charges	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Contractor and consultancy costs	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Printing Postage & Stationery	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Membership and Subscriptions	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Utilities	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Motor vehicle expenses	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Other expenses	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Computer software charges	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Insurance	4.00%	3.50%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Contribution to Regional Bodies	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Donations Paid	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Other Payments	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Elected Members Allowances	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Elected Members Vehicle Allowance	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Phone, internet and communication	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Course, travel and associated costs	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Donations and sponsorship	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Other expenses	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Statutory audit fees	4.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
ARIC and internal audit fees	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%