

Long-Term Financial Plan

1 July 2026 – 30 June 2036

Bulk water | Retail water
Flood mitigation | Weed biosecurity
Property

Concise Version

31 March 2026

ROUS Taking care
of what
matters.

Document owner: Finance Manager

| Version | Description | Person responsible | Reviewed by | Approved by / Date |
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NOTE: The full version of the Long-Term Financial Plan can be [found here](#).

1. Introduction

1.1. The Long-Term Financial Plan (LTFP)

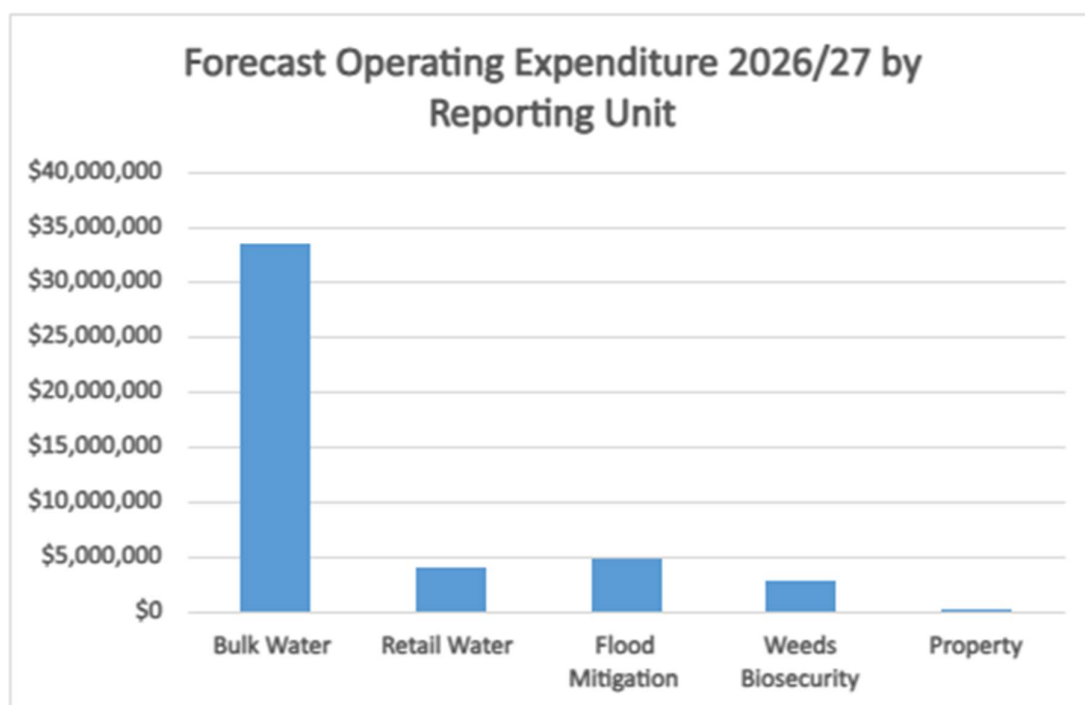
- i. Is a regulatory requirement and forms part of Rous County Council's (Rous) Resourcing Strategy within its Integrated Planning and Reporting (IP&R) Framework.
- ii. Is based on a financial planning period of ten years from 2026/27 to 2035/36. It is relevant to note that Rous also prepares a 30-year financial plan (not presented as part of this document) that provides an intergenerational financial outlook and meets the guidelines of the Integrated Water Cycle Management Strategy (IWCMS) administered by the NSW Department of Planning, Industry and Environment – Water (DPIE).
- iii. Is designed to assist financial decision making. It includes revenue and expenditure forecasts and asset projections, all of which are based on several assumptions.
- iv. Is used to test whether Rous has the financial capacity to satisfy the goals set out in the Business Activity Strategic Plan (part of the IP&R Framework).
- v. Measures short, medium, and long-term sustainability.
- vi. Is expected to identify if there is an unacceptable risk in one or more of these time horizons, with sufficient foresight to enable a remedial strategy to be agreed.
- vii. Is updated annually in conjunction with the Delivery Program and Operational Plan.

2. Rous' financial position

Rous has five distinct reporting units that are combined to form one entity referred to as the consolidated organisation. The 'bulk water reporting unit' is the dominant entity and in a financial sense comprises over 73% of the consolidated organisation.

Graph 1: Forecast operating expenditure 2026/27 shows the forecast operating expenditure of each of the reporting units in the 2026/27 financial year.

Graph 1: Forecast operating expenditure 2026/27



The chart illustrates how the bulk water reporting unit dominates the financial landscape of the consolidated organisation. Therefore, it is relevant to note that a summary of the financial position of the consolidated organisation tends to primarily reflect this unit.

Main income source: Constituent council contributions for the supply of bulk water

This income source is considered to be reliable and secure. The contributions payable by each constituent council are calculated based on the previous year’s water consumption. The actual income to be received by Rous in the forthcoming financial year is known by approximately March of the preceding financial year.

The reliable nature of the income allows Rous to plan for sufficient funds to be raised to meet known expenditures, and to create a cash reserve buffer for unexpected financial events. Given the asset-intensive nature of the bulk water business, financial planning is very important.

Expenditure can vary with the main costs relating to labour, chemicals, electricity and maintenance of an extensive array of assets.

Control and management of assets valued >\$858M

These assets include dams, treatment plants, pipes, land, buildings and plant and equipment. Both financial and operating planning are critical to ensure that essential services are maintained to satisfactory standards.

Main water source is Rocky Creek Dam, but new water sources are needed

Rocky Creek Dam and associated treatment and reticulation infrastructure currently carry no debt. However, due to the regional population growth and climate change, Rous will need to invest in new water sources or demand for water will exceed supply.

The LTFP anticipates significant expenditure on new groundwater sources, referred to as the Future Water Program (FWP). Expenditure is currently estimated at \$66.4 million over the next ten years. The FWP includes years of investigations into the best water source alternatives, increases

to the price of bulk water to accommodate external borrowings and research into possible grant funding from higher government tiers.

In summary, it is a challenging time for the organisation both operationally and financially. In addition to managing all existing operations, alternative water supply options and financial management strategies are ongoing. A focus of financial planning is for Rous to continue to meet its service charter and remain financially sustainable into the future.

2.1. Historical financial data

Table 1: Historical performance provides consolidated historical financial information for the three-year period 2022/23, 2023/24 and 2024/25. This information is useful to assess Rous's previous performance and financial position.

Table 1: Historical performance

| | Actuals | | |
|--|--------------------|--------------------|--------------------|
| | 2022/23 (\$000) | 2023/24 (\$000) | 2024/25 (\$000) |
| Operating Result | | | |
| Operating Revenue | 36,088 | 38,425 | 41,128 |
| Operating Expenditure | 31,883 | 38,573 | 43,127 |
| Operating Result | 4,205 | (148) | (1,999) |
| Adjusted Operating Result excluding Capital Grants and Contributions | (971) | (5,250) | (8,646) |
| Cash and Investments | | | |
| Total Cash and Investments | 37,772 | 34,211 | 27,918 |
| Other Balance Sheet | | | |
| Infrastructure, Property, Plant and Equipment | 569,037 | 598,128 | 624,044 |
| Outstanding Loan Principal | 25,355 | 21,530 | 27,910 |
| Performance Indicators | | | |
| Operating Performance Ratio (Benchmark >0.00%) | -0.88% | -14.73% | -17.21% |
| Own Source Operating Revenue Ratio (Benchmark >60.00%) | 79.50% | 79.73% | 76.61% |
| Unrestricted Current Ratio (Benchmark >1.50x) | 4.02x | 3.62x | 3.06x |
| Debt Service Cover Ratio (Benchmark >2.00x) | 1.71x | 0.95x | 0.85x |
| Cash Expense Cover Ratio (Benchmark >3.00 months) | 15.24 months | 11.59 months | 9.60 months |
| Performance Indicators (including Capital Revenue) | | | |
| Operating Performance Ratio (Benchmark >0.00%) | 11.65% | -0.39% | 1.73% |
| Debt Service Cover Ratio (Benchmark >2.00x) | 2.71x | 1.98x | 2.14x |

3. Financial modelling

3.1. Methodology

The LTFP forecasts the ten years from 2026/27 to 2035/36, which meets the requirements of the Office of Local Governments Integrated Planning and Reporting.

The plan presented aims to:

- Determine the funding requirements of both the operational and capital works programs.
- Identify funding sources to meet those funding requirements.
- Document other life-cycle costs associated with system assets and business operations.
- Ensure appropriate levels of cash and liquidity are maintained.
- Forecast the long-term pricing structure.
- Forecast the estimated financial position of the organisation.
- Measure financial performance indicators against industry accepted benchmarks.

The development of this LTFP is continually refined and adjusted to reflect the most current information. Therefore, it is important to note that this document presents the LTFP as at the time of development, being the adopted changes in the Quarterly Budget Review Statement for the quarter ended 31 March 2026.

The estimates shown in the LTFP are expressed in 'future dollars'. This means that the figures in the LTFP are inflated to reflect the actual dollar value that will be received or expended in that year. This is calculated based on the assumed level of inflation based on the Consumer Price Index.

The LTFP is premised on various combinations of historical and current information as well as known and estimated future events.

The accuracy of forecasting contained in the LTFP tends to decline annually as the closer the forecast is to the current day, the more accurate the estimated income or expense. This is because the number of unknown variables reduces annually.

Every effort is made to update the LTFP regularly so that the current base case for each reporting unit and the consolidated organisation is as accurate as reasonably possible at all times.

Due to size and scale, the bulk water supply reporting unit has been selected as the 'host' entity, which accepts all direct costs associated with corporate overheads such as management, finance, information services, human resources, etc. These costs are then apportioned to other reporting units, based on size and scale, existing practice and a sustainable path to full cost recovery.

3.2. How to read the LTFP

This version of the LTFP has been shaped to reflect the primary structure of the organisation on a consolidated basis. A detailed version of the LTFP exists that explores the various functions of the organisation, which are known as reporting units. The detailed version is [available here](#).

The reporting units are:

- Bulk water supply
- Retail water supply
- Flood mitigation
- Weed biosecurity
- Property.

The LTFP can be viewed over three time periods:

1. One-year Operational Plan – 2026/27 budget and is the primary focus (presented in blue in the report tables).
2. Delivery Program – remainder of the four-year delivery program for the current Council from 1 July 2025 to 30 June 2029, which is the designated time under the *Local Government Act 1993* that is intended to provide a medium-term financial vision for the organisation (presented in yellow for years two and three in the report tables).
3. Ten-year LTFP – expands on the Delivery Program to provide a broader perspective of where the organisation is heading and what the threats and opportunities may be over ten years (presented in white for the remaining years within this report).

Table 2: Colour scheme

| LTFP category | Time period | Colour scheme |
|------------------|-------------------|---------------|
| Operational Plan | 2026/27 | |
| Delivery Program | 2027/28 – 2028/29 | |
| LTFP | 2029/30 – 2035/36 | |

It is important that the reserve balance for the organisation is sufficient to meet current operating requirements, forward capital works and debt servicing. Adequate cash reserves ensure the necessary liquidity to meet short-term obligations, i.e., creditor payments, loan servicing costs and payroll expenditure.

Further, it is prudent that the cash reserve is at a level that includes tolerance for unforeseen events (budget shocks) that may impact Council's ability to maintain service levels. Council has adopted a ['Financial Reserves' policy](#) that sets a target for a minimum reserve balance for each reporting unit. This policy assists discussion when considering financial strategies and is referred to in different financial reports.

3.3. Budget assumptions

The budget contains numerous assumptions that are embedded within the figures. This document does not endeavour to summarise them all.

Primary assumption: That Rous will continue to function in 2026/27 and beyond in a similar fashion to the current financial year.

Table 3: Main budget assumptions provides a summary of the budget assumptions and presents the forecast price path of the primary income source for bulk water supply, retail water, flood mitigation and weed biosecurity.

The projected price path will have a significant impact on the customers of Rous, namely, constituent councils.

Table 3: Main budget assumptions

| Main Assumptions and Projected Price Paths | | | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 |
| Consumer Price Index | 100.00% | 100.00% | 102.00% | 102.00% | 102.00% | 102.00% | 102.00% | 102.00% | 102.00% | 102.00% |
| Rate Pegging | 103.10% | 104.00% | 104.00% | 104.00% | 104.00% | 104.00% | 104.00% | 104.00% | 104.00% | 104.00% |
| Depreciation Movement | 101.50% | 101.50% | 101.50% | 101.50% | 101.50% | 101.50% | 101.50% | 101.50% | 101.50% | 101.50% |
| Salary and Wages | 104.00% | 103.50% | 103.50% | 103.00% | 103.00% | 103.00% | 103.00% | 103.00% | 103.00% | 103.00% |
| Bulk Water Cost for Retail | 107.00% | 107.00% | 107.00% | 107.00% | 107.00% | 107.00% | 103.00% | 103.00% | 103.00% | 103.00% |
| Loan Interest Rate | 5.50% | 5.50% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Investment Interest Rate | 3.50% | 3.50% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Flood Council Contributions | 104.00% | 104.00% | 103.00% | 103.00% | 103.00% | 103.00% | 103.00% | 103.00% | 103.00% | 103.00% |
| Weeds Council Contributions | 104.00% | 107.00% | 107.00% | 107.00% | 104.00% | 104.00% | 104.00% | 104.00% | 104.00% | 104.00% |
| Bulk Water Council Contributions | 107.00% | 107.00% | 107.00% | 107.00% | 107.00% | 107.00% | 103.00% | 103.00% | 103.00% | 103.00% |
| Retail Water | 107.00% | 107.00% | 107.00% | 107.00% | 107.00% | 107.00% | 103.00% | 103.00% | 103.00% | 103.00% |

3.4. Other assumptions

Cost of living: Assumptions around rate pegging and salary and wages are based on different indices published by the Australian Bureau of Statistics and other financial journals. Consumer Price Index increases have been frozen until 2027/28 in an effort to reduce operating expenditure. The estimates are updated as new information is received.

Depreciation: The assumption of 1.5% is an approximate average for the useful life of an asset, with only basic intervention, of 66 years. Obviously, the actual lifespan varies depending on the asset and the reality is that the depreciation figures included in the LTFP are primarily based on the depreciation figures used in the annual financial statements. The figures in the financial statements represent the culmination of detailed work, per reporting unit, from individual asset registers.

Loan interest rate: Premised on research with different banks and financial institutions.

Investment interest rate: The rates are based on market-based predictions of the future.

Contribution price paths: The proposed price path for each reporting unit is determined by assessing the financial performance and position of each 'business'. The aim is to ensure that each business remains financially sustainable over the long term without any reduction to service levels nor any unnecessary accumulation of cash reserves. It is assumed that the constituent council's will be in a position to service their payments to Rous when they fall due.

Future Water Program: Based on Rous’s decision in 2021, the current version of the plan includes new groundwater sources at Alstonville, Woodburn and Tyagarah.

Estimates of capital and operational expense associated with the FWP are continually being refined and modified.

This is due to both the high likelihood of financial adjustments being required and the impact of those changes on the organisations financial plan.

Population growth: Most Rous revenue streams are calculated by methods that are independent of growth. However, growth is very important when forecasting developer contribution income and strategic asset expenditure.

Assessing growth for Rous involves research on each constituent council individually as they all have different projections. The results for each council are amalgamated to provide the Rous forecast.

4. Financial Plan

The tables shown in this section of the LTFP are current as of March 2026. The commentary that accompanies the tables is intended to be very general in nature, giving an overview perspective only. A detailed version of the LTFP is [available here](#) and commentary will be contained in the report that accompanies the LTFP when presented to Council.

Table 4: Consolidated organisation operating performance shows the forecast operating performance of the consolidated organisation, including capital movements, reserve transfers and the estimated cash reserve balance at year’s end.

Table 4: Consolidated organisation operating performance

Rous County Council - Whole of Organisation

| Name | Long-Term Financial Plan | | | | | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Operational Plan | Delivery Program | | | | | | | | |
| | 2027 Estimate | 2028 Estimate | 2029 Estimate | 2030 Estimate | 2031 Estimate | 2032 Estimate | 2033 Estimate | 2034 Estimate | 2035 Estimate | 2036 Estimate |
| Operating Income | | | | | | | | | | |
| Flood Mitigation | 11,625,900 | 1,350,600 | 1,380,300 | 1,415,600 | 1,451,700 | 1,490,600 | 1,531,100 | 1,572,800 | 1,615,400 | 1,659,700 |
| Weeds Biosecurity | 2,508,600 | 2,377,800 | 2,403,900 | 2,505,600 | 2,581,900 | 2,660,200 | 2,744,600 | 2,831,200 | 2,916,700 | 3,005,300 |
| Retail Water Supply | 4,551,900 | 4,827,600 | 5,143,100 | 5,488,000 | 5,857,600 | 6,254,100 | 6,477,600 | 6,707,100 | 6,946,500 | 7,191,100 |
| Property | 77,100 | 81,300 | 80,400 | 82,200 | 83,800 | 85,500 | 87,400 | 89,000 | 90,300 | 91,800 |
| Bulk Water Supply | 35,912,400 | 35,992,600 | 37,967,000 | 40,200,300 | 42,715,200 | 49,715,300 | 51,884,900 | 51,332,600 | 51,856,400 | 50,823,400 |
| Fleet Operations | 109,300 | 114,600 | 116,900 | 117,400 | 118,400 | 121,700 | 125,600 | 131,000 | 134,700 | 134,000 |
| Total Operating Income | 54,785,200 | 44,744,500 | 47,091,600 | 49,809,100 | 52,808,600 | 60,327,400 | 62,851,200 | 62,663,700 | 63,560,000 | 62,905,300 |
| Operating Expense | | | | | | | | | | |
| Flood Mitigation | 4,912,600 | 2,041,800 | 2,083,700 | 2,194,200 | 2,189,100 | 2,230,500 | 2,272,600 | 2,315,700 | 2,394,500 | 2,394,300 |
| Weeds Biosecurity | 2,949,900 | 2,568,800 | 2,708,600 | 2,524,200 | 2,590,900 | 2,681,600 | 2,759,600 | 2,823,300 | 2,888,800 | 2,956,300 |
| Retail Water Supply | 4,173,100 | 4,374,800 | 4,605,900 | 4,850,100 | 5,108,300 | 5,381,500 | 5,546,000 | 5,715,100 | 5,860,100 | 6,009,200 |
| Property | 263,700 | 248,800 | 196,100 | 199,400 | 203,500 | 207,100 | 211,800 | 215,300 | 218,900 | 222,700 |
| Bulk Water Supply | 33,547,500 | 33,737,900 | 34,028,900 | 33,962,700 | 33,941,500 | 34,554,100 | 36,101,200 | 37,207,300 | 38,161,700 | 38,792,200 |
| Fleet Operations (*net of internal income) | (105,200) | (88,900) | (55,400) | (28,600) | (1,100) | 26,900 | 55,400 | 84,300 | 113,900 | 144,100 |
| Total Operating Expense | 45,741,600 | 42,883,200 | 43,567,800 | 43,702,000 | 44,032,200 | 45,081,700 | 46,946,600 | 48,361,000 | 49,637,900 | 50,518,800 |
| Operating Result | 9,043,600 | 1,861,300 | 3,523,800 | 6,107,100 | 8,776,400 | 15,245,700 | 15,904,600 | 14,302,700 | 13,922,100 | 12,386,500 |
| Less Depreciation | 10,050,300 | 10,303,800 | 10,534,100 | 10,808,900 | 11,066,200 | 11,376,800 | 11,781,800 | 12,124,600 | 12,559,100 | 12,914,000 |
| Operating Result Excluding Non Cash | 19,093,900 | 12,165,100 | 14,057,900 | 16,916,000 | 19,842,600 | 26,622,500 | 27,686,400 | 26,427,300 | 26,481,200 | 25,300,500 |
| Add: Loan Drawdown | 10,000,000 | 10,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Less: Loan Repayments | 4,398,900 | 2,631,600 | 2,275,200 | 2,382,900 | 2,496,000 | 2,614,800 | 2,739,700 | 2,870,900 | 3,008,800 | 3,153,800 |
| Less: Capital Expense | 24,198,700 | 17,345,300 | 17,888,300 | 15,815,900 | 14,931,300 | 20,545,000 | 27,161,600 | 18,248,500 | 22,111,400 | 23,707,200 |
| Relevant Balance Sheet Adjustments | (1,240,500) | 0 | 0 | 0 | 0 | 0 | 250,000 | 0 | 0 | 0 |
| Add: Reserve Transfers | 744,200 | (2,188,200) | 6,105,600 | 1,282,800 | (2,415,300) | (3,462,700) | 1,964,900 | (5,307,900) | (1,361,000) | 1,560,500 |
| Estimated Reserves Whole Organisation | | | | | | | | | | |
| Description | 2027 Estimate | 2028 Estimate | 2029 Estimate | 2030 Estimate | 2031 Estimate | 2032 Estimate | 2033 Estimate | 2034 Estimate | 2035 Estimate | 2036 Estimate |
| Estimated Reserves Whole Organisation | 23,137,000 | 25,325,200 | 19,219,600 | 17,936,800 | 20,352,100 | 23,814,800 | 21,849,900 | 27,157,800 | 28,518,800 | 26,958,300 |
| Net Reserve Movement | (744,200) | 2,188,200 | (6,105,600) | (1,282,800) | 2,415,300 | 3,462,700 | (1,964,900) | 5,307,900 | 1,361,000 | (1,560,500) |

Key points on operating performance

Recent history

An operating loss before capital grants and contributions has occurred in each of the last three years. Capital revenue through Section 64 contributions is Council's second largest source of revenue and with this revenue included a surplus was achieved in 2022/23, while 2023/24 resulted in a small deficit and a larger deficit was recorded in 2024/25 primarily due to losses on the sale of assets.

The Bulk Water price continues to increase to improve Council's financial performance and allow for the additional capital works associated with the Future Water Program.

Rous is currently providing administrative services to the Northern Rivers Joint Organisation under a fee for service arrangement.

Ten-year forecast

The forecast is for a continuation of operating deficits (excluding capital revenue) until 2028/29.

There are numerous factors influencing this forecast, but the predominant issue is a need to borrow funds externally to pay for new capital works within Bulk Water. The plan anticipates raising loans of \$20 million over the next ten years. The price of bulk water is increased to raise funds to repay the debt, however there is a lag where recurrent operating losses are anticipated until revenue reaches a satisfactory level. Cash reserves remain reasonably stable despite funds being applied to capital works and then replenished by new borrowings.

It is not preferable to forecast operating deficits on a recurrent basis, however it is sustainable because income from constituent council contributions for bulk water is elevated to match the new operating and capital expense requirements. Some of the pressure is released in 2027/2028 when the majority of the existing loans expire, which results in saving of approximately \$3.3 million per annum in loan repayments compared to 2025/26. The outlook for the whole organisation tends to be dominated by the bulk water reporting unit and more detailed information is provided in that section of the document.

Forecast ratios

Several ratios do not meet the Office of Local Government benchmarks predominantly due to the increased costs of the FWP, the associated loan borrowings and a focus on constructing new assets rather than renewing existing assets.

The selected ratios below are from those previously required by the Local Government Code of Accounting Practice. A definition for each ratio is included in the detailed version of the LTFP [available here](#). Rous's forecast performance against the benchmarks are detailed in *Table 5: Consolidated organisation forecast ratios*.

Table 5: Consolidated organisation forecast ratios (excluding capital grants and contributions)

| | Long-Term Financial Plan | | | | | | | | | |
|--|---|------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | Operational Plan | Delivery Program | | | | | | | | |
| Rous County Council - Whole of Organisation | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 |
| Financial Ratios | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate |
| Operating Performance Ratio Expressed as a Percentage <i>Operating Income less Operating Expense</i> | (12.49) | (7.46) | (3.35) | 2.40 | 7.64 | 11.33 | 10.36 | 10.38 | 10.78 | 11.74 |
| Operating Income | | | | | | | | | | |
| Benchmark | >0 | >0 | >0 | >0 | >0 | >0 | >0 | >0 | >0 | >0 |
| Result | Fail | Fail | Fail | Pass | Pass | Pass | Pass | Pass | Pass | Pass |
| Comment | This benchmark is met from 2029/30 onwards primarily due to the Bulk Water price path which enables operating revenue to exceed operating expenditure. | | | | | | | | | |
| Own Source Operating Revenue Expressed as a Percentage <i>Operating Income less Grants and Contributions</i> | 88.84 | 95.68 | 95.96 | 96.11 | 96.27 | 96.42 | 96.45 | 96.48 | 96.51 | 96.54 |
| Total Operating Income | | | | | | | | | | |
| Benchmark | >60 | >60 | >60 | >60 | >60 | >60 | >60 | >60 | >60 | >60 |
| Result | Pass | Pass | Pass | Pass | Pass | Pass | Pass | Pass | Pass | Pass |
| Comment | This benchmark is met in every year as Rous' revenue is primarily from non-Grant sources. | | | | | | | | | |
| Debt Service Cover Ratio <i>Operating Result excluding Loan Interest and Depreciation</i> | 1.08 | 1.85 | 2.35 | 2.88 | 3.41 | 3.87 | 3.86 | 3.94 | 4.07 | 4.26 |
| Loan Repayments Principal/Interest | 7,552,800 | 10,229,400 | 11,907,000 | 14,558,900 | 17,271,700 | 19,580,100 | 19,529,300 | 19,917,200 | 20,609,200 | 21,537,400 |
| Benchmark | >2 | >2 | >2 | >2 | >2 | >2 | >2 | >2 | >2 | >2 |
| Result | Fail | Fail | Pass | Pass | Pass | Pass | Pass | Pass | Pass | Pass |
| Comment | This benchmark is met from 2028/29 onwards as existing loans are repaid and operating results improve. | | | | | | | | | |
| Unrestricted Current Ratio <i>Current Assets less External Restrictions</i> | 2.66 | 2.92 | 2.32 | 2.16 | 2.32 | 2.56 | 2.35 | 2.71 | 2.76 | 2.58 |
| Current Liabilities Less Specific Purpose Liabilities | 29,739,700 | 32,060,000 | 26,089,000 | 24,943,600 | 27,498,800 | 31,104,400 | 29,285,400 | 34,741,800 | 36,254,400 | 34,848,500 |
| Benchmark | >1.5 | >1.5 | >1.5 | >1.5 | >1.5 | >1.5 | >1.5 | >1.5 | >1.5 | >1.5 |
| Result | Pass | Pass | Pass | Pass | Pass | Pass | Pass | Pass | Pass | Pass |
| Comment | This ratio exceeds the benchmark in all years. | | | | | | | | | |
| Buildings and Infrastructure Renewals ratio <i>Asset Renewals</i> | 148.90 | 94.21 | 113.25 | 65.10 | 67.45 | 85.01 | 85.94 | 45.49 | 27.21 | 81.09 |
| Depreciation, Amortisation and Impairment | 14,964,950 | 9,707,475 | 11,929,800 | 7,036,650 | 7,464,300 | 9,671,000 | 10,125,050 | 5,516,000 | 3,417,000 | 10,471,800 |
| Benchmark | >100% | >100% | >100% | >100% | >100% | >100% | >100% | >100% | >100% | >100% |
| Result | Pass | Fail | Pass | Fail | Fail | Fail | Fail | Fail | Fail | Fail |
| Comment | The benchmark is generally not met due to a focus on new assets. Renewal expenditure varies depending on the life cycle of existing assets which are generally long-lived and do not require renewal in the short-term. | | | | | | | | | |

Table 5a: Select consolidated organisation forecast ratios (total revenue)

| | Long-Term Financial Plan | | | | | | | | | |
|--|--|------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | Operational Plan | Delivery Program | | | | | | | | |
| Rous County Council - Whole of Organisation | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 |
| Financial Ratios (including Capital Revenue) | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate |
| Operating Performance Ratio Expressed as a Percentage <i>Operating Income less Operating Expense</i> | 16.51 | 4.16 | 7.48 | 12.26 | 16.62 | 25.27 | 25.31 | 22.82 | 21.90 | 19.69 |
| <i>Operating Income</i> | | | | | | | | | | |
| Benchmark | >0 | >0 | >0 | >0 | >0 | >0 | >0 | >0 | >0 | >0 |
| Result | Pass | Pass | Pass | Pass | Pass | Pass | Pass | Pass | Pass | Pass |
| Comment | This ratio exceeds the benchmark in all years. | | | | | | | | | |
| Debt Service Cover Ratio | 3.10 | 2.72 | 3.33 | 3.87 | 4.43 | 5.74 | 5.93 | 5.66 | 5.64 | 5.38 |
| <i>Operating Result excluding Loan Interest and Depreciation</i> | 21,676,200 | 15,068,700 | 16,843,000 | 19,593,500 | 22,407,000 | 29,068,100 | 30,007,100 | 28,616,800 | 28,532,800 | 27,207,100 |
| <i>Loan Repayments Principal/Interest</i> | 6,981,200 | 5,535,200 | 5,060,300 | 5,060,400 | 5,060,400 | 5,060,400 | 5,060,400 | 5,060,400 | 5,060,400 | 5,060,400 |
| Benchmark | >2 | >2 | >2 | >2 | >2 | >2 | >2 | >2 | >2 | >2 |
| Result | Pass | Pass | Pass | Pass | Pass | Pass | Pass | Pass | Pass | Pass |
| Comment | This ratio exceeds the benchmark in all years. | | | | | | | | | |

Forecast balance sheet

The forecast is that fixed assets, specifically infrastructure assets and borrowings, will increase significantly over the next ten years. This forecast reflects the FWP and the associated groundwater infrastructure that will be constructed.

Council's borrowing capacity has been assessed in developing the plans as infrastructure expansion requires significant investment.

Over time the net equity (surplus of asset values over liabilities) of the organisation grows, which reflects, amongst other things, repayment of outstanding loans.

This information is shown in *Table 6: Consolidated organisation forecast balance sheet*.

Table 6: Consolidated organisation forecast balance sheet

| | Long-Term Financial Plan | | | | | | | | | |
|---|--------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Operational Plan | Delivery Program | | | | | | | | |
| | 2027 Estimate | 2028 Estimate | 2029 Estimate | 2030 Estimate | 2031 Estimate | 2032 Estimate | 2033 Estimate | 2034 Estimate | 2035 Estimate | 2036 Estimate |
| ASSETS | | | | | | | | | | |
| Current Assets | | | | | | | | | | |
| Cash and Cash Equivalents | 6,403,000 | 6,163,500 | 5,840,000 | 6,104,900 | 5,814,900 | 6,397,000 | 6,329,400 | 6,567,400 | 5,952,000 | 6,194,600 |
| Investments | 16,734,000 | 19,161,700 | 13,379,600 | 11,831,900 | 14,537,200 | 17,417,800 | 15,520,500 | 20,590,400 | 22,566,800 | 20,763,700 |
| Receivables | 5,325,600 | 5,432,200 | 5,540,900 | 5,651,800 | 5,764,700 | 5,880,000 | 5,997,700 | 6,117,600 | 6,240,000 | 6,364,700 |
| Inventories | 361,800 | 369,000 | 376,300 | 383,800 | 391,500 | 399,300 | 407,300 | 415,400 | 423,600 | 432,100 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Right of Use Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Assets | 915,300 | 933,600 | 952,200 | 971,200 | 990,500 | 1,010,300 | 1,030,500 | 1,051,000 | 1,072,000 | 1,093,400 |
| Total Current Assets | 29,739,700 | 32,060,000 | 26,089,000 | 24,943,600 | 27,498,800 | 31,104,400 | 29,285,400 | 34,741,800 | 36,254,400 | 34,848,500 |
| Non-Current Assets | | | | | | | | | | |
| Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Receivables | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inventories | 2,353,600 | 2,400,700 | 2,448,700 | 2,497,700 | 2,547,700 | 2,598,700 | 2,650,700 | 2,703,700 | 2,757,800 | 2,812,900 |
| Infrastructure | 634,388,000 | 642,171,500 | 650,026,200 | 655,514,000 | 659,966,400 | 669,797,600 | 685,848,200 | 692,792,800 | 702,961,900 | 714,333,200 |
| Property, Plant and Equipment | 26,486,200 | 26,326,900 | 26,407,600 | 26,506,500 | 26,497,400 | 26,411,100 | 26,315,400 | 26,068,200 | 26,023,200 | 26,015,300 |
| Investments Accounted for Using Equity Method | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Property | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Intangible Assets | 95,500 | 97,400 | 99,300 | 101,300 | 103,300 | 105,400 | 107,500 | 109,700 | 111,900 | 114,100 |
| Right of Use Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Non-Current Assets | 663,323,300 | 670,996,500 | 678,981,800 | 684,619,500 | 689,114,800 | 698,912,800 | 714,921,800 | 721,674,400 | 731,854,800 | 743,275,500 |
| TOTAL ASSETS | 693,063,000 | 703,056,500 | 705,070,800 | 709,563,100 | 716,613,600 | 730,017,200 | 744,207,200 | 756,416,200 | 768,109,200 | 778,124,000 |
| LIABILITIES | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | |
| Payables | 4,335,400 | 4,422,200 | 4,510,600 | 4,600,800 | 4,692,800 | 4,786,600 | 4,882,200 | 4,979,800 | 5,079,400 | 5,181,000 |
| Contract Liabilities | 1,133,900 | 1,156,500 | 1,179,700 | 1,203,300 | 1,227,400 | 1,251,900 | 1,277,000 | 1,302,500 | 1,328,600 | 1,355,200 |
| Lease Liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Borrowings | 2,631,600 | 2,275,200 | 2,382,900 | 2,496,000 | 2,614,800 | 2,739,700 | 2,870,900 | 3,008,800 | 3,153,800 | 3,306,200 |
| Provisions | 3,059,600 | 3,120,800 | 3,183,100 | 3,246,700 | 3,311,600 | 3,377,700 | 3,445,100 | 3,513,900 | 3,584,400 | 3,656,200 |
| Income Received in Advance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Current Liabilities | 11,160,500 | 10,974,700 | 11,256,300 | 11,546,800 | 11,846,600 | 12,155,900 | 12,475,200 | 12,805,000 | 13,146,200 | 13,498,600 |
| Non-Current Liabilities | | | | | | | | | | |
| Payables | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Borrowings | 46,790,000 | 54,514,700 | 52,132,000 | 49,636,100 | 47,021,300 | 44,281,600 | 41,410,800 | 38,402,000 | 35,248,200 | 31,942,000 |
| Provisions | 293,300 | 299,200 | 305,200 | 311,300 | 317,600 | 324,000 | 330,500 | 337,100 | 343,800 | 350,700 |
| Total Non-Current Liabilities | 47,083,300 | 54,813,900 | 52,437,200 | 49,947,400 | 47,338,900 | 44,605,600 | 41,741,300 | 38,739,100 | 35,592,000 | 32,292,700 |
| TOTAL LIABILITIES | 58,243,800 | 65,788,600 | 63,693,500 | 61,494,200 | 59,185,500 | 56,761,500 | 54,216,500 | 51,544,100 | 48,738,200 | 45,791,300 |
| NET ASSETS | 634,819,200 | 637,267,900 | 641,377,300 | 648,068,900 | 657,428,100 | 673,255,700 | 689,990,700 | 704,872,100 | 719,371,000 | 732,332,700 |

Forecast statement of cash flows

That cash levels are significantly impacted by additional loan borrowings and the impact of repaying these borrowed funds.

The forecast predicts how changes in balance sheet accounts and income affect cash and cash equivalents. It provides information that enables users to evaluate the changes in net assets, financial structure (including liquidity and solvency) and the amounts and timing of cash flows to adapt to changing circumstances and opportunities.

This report is particularly useful in assessing the overall health of the forecasts in the LTFP. Operating activities produce surplus results while investing activities depict a season of significant capital expenditure. The financing activities further highlights the model's reliance on borrowings and the impact of repaying these funds.

This information is shown in *Table 7: Consolidated organisation forecast statement of cash flows*.

Table 7: Consolidated organisation forecast statement of cash flows

| | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate |
| Consolidated | | | | | | | | | | |
| Cash Flows from Operating Activities | | | | | | | | | | |
| <u>Receipts</u> | | | | | | | | | | |
| User Charges and Fees | 32,491,200 | 34,718,000 | 37,109,800 | 39,667,900 | 42,404,000 | 45,330,500 | 46,690,700 | 48,091,900 | 49,535,200 | 51,022,100 |
| Investment and Interest Revenue Received | 818,000 | 844,600 | 674,100 | 576,800 | 609,300 | 714,600 | 749,800 | 796,400 | 877,800 | 838,000 |
| Grants and Contributions | 18,947,800 | 8,784,500 | 8,901,500 | 9,149,300 | 9,371,000 | 13,848,500 | 14,967,200 | 13,321,900 | 12,683,200 | 10,571,000 |
| Other | 2,086,800 | 1,980,200 | 1,983,600 | 1,993,900 | 2,004,500 | 2,015,500 | 2,026,700 | 2,038,200 | 2,050,100 | 2,062,100 |
| <u>Payments</u> | | | | | | | | | | |
| Employee Benefits and On-Costs | (16,802,100) | (16,970,800) | (17,417,100) | (17,938,200) | (18,165,000) | (18,704,000) | (19,263,400) | (20,157,200) | (20,754,800) | (21,375,200) |
| Materials and Services | (20,127,800) | (16,665,100) | (16,952,600) | (16,577,900) | (16,729,000) | (17,253,000) | (18,373,400) | (18,780,200) | (19,263,700) | (19,418,000) |
| Borrowing Costs | (2,582,300) | (2,903,600) | (2,785,100) | (2,677,500) | (2,564,400) | (2,445,600) | (2,320,700) | (2,189,500) | (2,051,600) | (1,906,600) |
| Other | 2,221,800 | 2,377,300 | 2,543,700 | 2,721,700 | 2,912,200 | 3,116,000 | 3,209,500 | 3,305,800 | 3,405,000 | 3,507,100 |
| Net Cash Flows from Operating Activities | 17,053,400 | 12,165,100 | 14,057,900 | 16,916,000 | 19,842,600 | 26,622,500 | 27,686,400 | 26,427,300 | 26,481,200 | 25,300,500 |
| Cash Flows from Investing Activities | | | | | | | | | | |
| <u>Receipts</u> | | | | | | | | | | |
| Redemption of Term Deposits | 17,000,000 | 19,500,000 | 13,500,000 | 12,000,000 | 14,000,000 | 17,000,000 | 15,500,000 | 20,500,000 | 22,500,000 | 20,500,000 |
| Sale of Investment Property | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sale of Real Estate Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sale of Infrastructure, Property, Plant and Equipment | 800,000 | 0 | 0 | 0 | 0 | 0 | 250,000 | 0 | 0 | 0 |
| <u>Payments</u> | | | | | | | | | | |
| Acquisition of Term Deposits | (17,000,000) | (19,500,000) | (13,500,000) | (12,000,000) | (14,000,000) | (17,000,000) | (15,500,000) | (20,500,000) | (22,500,000) | (20,500,000) |
| Purchase of Infrastructure, Property, Plant and Equipment | (24,146,700) | (17,292,300) | (17,834,300) | (15,760,900) | (14,875,300) | (20,488,000) | (27,103,600) | (18,189,500) | (22,051,400) | (23,646,200) |
| Purchase of Real Estate Assets | (52,000) | (53,000) | (54,000) | (55,000) | (56,000) | (57,000) | (58,000) | (59,000) | (60,000) | (61,000) |
| Purchase of Intangible Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Cash Flows from Investing Activities | (23,398,700) | (17,345,300) | (17,888,300) | (15,815,900) | (14,931,300) | (20,545,000) | (26,911,600) | (18,248,500) | (22,111,400) | (23,707,200) |
| Cash Flows from Financing Activities | | | | | | | | | | |
| <u>Receipts</u> | | | | | | | | | | |
| Proceeds from Borrowings | 10,000,000 | 10,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Payments</u> | | | | | | | | | | |
| Repayment of Borrowings | (4,398,900) | (2,631,600) | (2,275,200) | (2,382,900) | (2,496,000) | (2,614,800) | (2,739,700) | (2,870,900) | (3,008,800) | (3,153,800) |
| Net Cash Flows from Financing Activities | 5,601,100 | 7,368,400 | (2,275,200) | (2,382,900) | (2,496,000) | (2,614,800) | (2,739,700) | (2,870,900) | (3,008,800) | (3,153,800) |
| Net Change in Cash and Cash Equivalents | (744,200) | 2,188,200 | (6,105,600) | (1,282,800) | 2,415,300 | 3,462,700 | (1,964,900) | 5,307,900 | 1,361,000 | (1,560,500) |
| Cash and Cash Equivalents at Beginning of Year | 23,881,200 | 23,137,000 | 25,325,200 | 19,219,600 | 17,936,800 | 20,352,100 | 23,814,800 | 21,849,900 | 27,157,800 | 28,518,800 |
| Cash and Cash Equivalents at End of the Year | 23,137,000 | 25,325,200 | 19,219,600 | 17,936,800 | 20,352,100 | 23,814,800 | 21,849,900 | 27,157,800 | 28,518,800 | 26,958,300 |

5. Capital works program: 10-year forecast

The capital works program is forecast for the current year and the following ten years in *Table 8: Capital works program*. The current year is taken directly from this year's budget, while later years are based on directions from Council and information in Council's asset registers.

As with all aspects of the LTFP, the program is based on the best information available at the time of preparation. The current elected council cannot bind future councils, so it is quite feasible, indeed likely, that the program will change as Council priorities alter and new information is received.

Table 8: Capital works program

| | Long Term Financial Plan | | | | | | | | | | |
|------------------------------------|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Current Budget | Operational Plan | Delivery Program | | | | | | | | |
| | 2026 Estimate | 2027 Estimate | 2028 Estimate | 2029 Estimate | 2030 Estimate | 2031 Estimate | 2032 Estimate | 2033 Estimate | 2034 Estimate | 2035 Estimate | 2036 Estimate |
| Capital Works Program | | | | | | | | | | | |
| Bulk Water | | | | | | | | | | | |
| Future Water Program | 5,702,300 | 5,680,000 | 6,400,000 | 4,180,000 | 2,660,000 | 3,860,000 | 8,960,000 | 12,051,300 | 7,921,100 | 8,060,700 | 6,666,700 |
| Gallans Road | 17,919,400 | 0 | 0 | 0 | 0 | 250,000 | 0 | 0 | 0 | 250,000 | 0 |
| ICT | 358,500 | 744,000 | 247,000 | 217,000 | 661,500 | 691,500 | 241,000 | 248,000 | 168,000 | 248,000 | 148,000 |
| Trunk Upgrades and Replacements | 2,317,300 | 2,817,000 | 1,170,000 | 0 | 1,035,000 | 4,150,000 | 8,350,000 | 7,715,000 | 7,000,000 | 10,600,000 | 13,614,000 |
| Dam Safety Works | 0 | 2,425,000 | 1,430,000 | 175,000 | 4,950,000 | 2,825,000 | 0 | 3,000,000 | 0 | 0 | 0 |
| Reservoir Upgrades | 0 | 0 | 100,000 | 1,900,000 | 0 | 0 | 73,000 | 570,000 | 283,000 | 70,000 | 500,000 |
| Nightcap WTP Bulk Chemical Storage | 123,100 | 0 | 2,000,000 | 6,270,000 | 2,330,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Bulk Water Capital Works | 3,223,300 | 3,945,000 | 4,880,000 | 3,810,300 | 2,764,400 | 1,829,800 | 1,659,000 | 2,220,300 | 1,648,900 | 1,430,700 | 1,359,500 |
| Retail Water | | | | | | | | | | | |
| Reticulation Renewal | 127,000 | 140,400 | 270,000 | 208,000 | 208,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| Other Retail Water Capital Works | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 85,000 | 87,500 | 90,000 | 0 |
| Flood Mitigation | | | | | | | | | | | |
| Major Levee Restoration | 970,000 | 7,461,900 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Flood Mitigation Capital Works | 240,900 | 191,000 | 287,000 | 315,000 | 364,000 | 328,000 | 330,000 | 337,000 | 344,000 | 351,000 | 358,000 |
| Weed Biosecurity | | | | | | | | | | | |
| Weed Biosecurity Depot | 0 | 25,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Property | | | | | | | | | | | |
| Perradenya * | 331,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Property Capital Works | 51,000 | 52,000 | 53,000 | 54,000 | 55,000 | 56,000 | 57,000 | 58,000 | 59,000 | 60,000 | 61,000 |
| Fleet | | | | | | | | | | | |
| Fleet Capital Works | 832,800 | 717,400 | 508,300 | 759,000 | 788,000 | 691,000 | 625,000 | 627,000 | 487,000 | 701,000 | 750,000 |
| TOTAL | 32,197,200 | 24,198,700 | 17,345,300 | 17,888,300 | 15,815,900 | 14,931,300 | 20,545,000 | 27,161,600 | 18,248,500 | 22,111,400 | 23,707,200 |

6. Scenario modelling

A number of scenarios have been modelled to inform how significant changes to the forecast assumptions and projects would impact the LTFP.

6.1. No capital grants scenario

What the model forecasts: The impact of Rous receiving no capital grants for future capital works.

What the model means: Forecast grant revenue could be reduced by \$15.0 million and the current price path could still be maintained. Additional borrowings of \$23.0M would be required over the two years from 2031/32 to 2032/33. The price path required is shown in *Table 9: Price path – No capital grants scenario*.

Table 9: Price path – No capital grants scenario

| Year | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 |
|---------------------|------|------|------|------|------|------|------|------|------|------|
| Proposed % Increase | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 3.0% | 3.0% | 3.0% | 3.0% |

No changes would be made to the Bulk Water price path if this scenario eventuated. Rous would produce an operating surplus (excluding capital revenue) from 2029/30 onwards with estimated reserves of \$29.3 million at the end of 2035/36.

Refer to *Table 10: Consolidated operating performance – No capital grants scenario*.

Table 10: Consolidated operating performance – No capital grants scenario

Rous County Council - Whole of Organisation

| Name | Long-Term Financial Plan | | | | | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Operational Plan | Delivery Program | | | | | | | | |
| | 2027 Estimate | 2028 Estimate | 2029 Estimate | 2030 Estimate | 2031 Estimate | 2032 Estimate | 2033 Estimate | 2034 Estimate | 2035 Estimate | 2036 Estimate |
| Operating Income | | | | | | | | | | |
| Flood Mitigation | 11,625,900 | 1,350,600 | 1,380,300 | 1,415,600 | 1,451,700 | 1,490,600 | 1,531,100 | 1,572,800 | 1,615,400 | 1,659,700 |
| Weeds Biosecurity | 2,508,600 | 2,377,800 | 2,403,900 | 2,505,600 | 2,581,900 | 2,660,200 | 2,744,600 | 2,831,200 | 2,916,700 | 3,005,300 |
| Retail Water Supply | 4,551,900 | 4,827,600 | 5,143,100 | 5,488,000 | 5,857,600 | 6,254,100 | 6,477,600 | 6,707,100 | 6,946,500 | 7,191,100 |
| Property | 77,100 | 81,300 | 80,400 | 82,200 | 83,800 | 85,500 | 87,400 | 89,000 | 90,300 | 91,800 |
| Bulk Water Supply | 35,912,400 | 35,992,600 | 37,967,000 | 40,200,300 | 42,715,200 | 45,465,300 | 46,749,900 | 48,082,600 | 49,491,400 | 50,823,400 |
| Fleet Operations | 109,300 | 114,600 | 116,900 | 117,400 | 118,400 | 121,700 | 125,600 | 131,000 | 134,700 | 134,000 |
| Total Operating Income | 54,785,200 | 44,744,500 | 47,091,600 | 49,809,100 | 52,808,600 | 56,077,400 | 57,716,200 | 59,413,700 | 61,195,000 | 62,905,300 |
| Operating Expense | | | | | | | | | | |
| Flood Mitigation | 4,912,600 | 2,041,800 | 2,083,700 | 2,194,200 | 2,189,100 | 2,230,500 | 2,272,600 | 2,315,700 | 2,394,500 | 2,394,300 |
| Weeds Biosecurity | 2,949,900 | 2,568,800 | 2,708,600 | 2,524,200 | 2,590,900 | 2,681,600 | 2,759,600 | 2,823,300 | 2,888,800 | 2,956,300 |
| Retail Water Supply | 4,173,100 | 4,374,800 | 4,605,900 | 4,850,100 | 5,108,300 | 5,381,500 | 5,546,000 | 5,715,100 | 5,860,100 | 6,009,200 |
| Property | 263,700 | 248,800 | 196,100 | 199,400 | 203,500 | 207,100 | 211,800 | 215,300 | 218,900 | 222,700 |
| Bulk Water Supply | 33,547,500 | 33,737,900 | 34,028,900 | 33,962,700 | 33,941,500 | 34,554,100 | 36,601,200 | 38,342,200 | 39,273,000 | 39,878,900 |
| Fleet Operations (*net of internal income) | (105,200) | (88,900) | (55,400) | (28,600) | (1,100) | 26,900 | 55,400 | 84,300 | 113,900 | 144,100 |
| Total Operating Expense | 45,741,600 | 42,883,200 | 43,567,800 | 43,702,000 | 44,032,200 | 45,081,700 | 47,446,600 | 49,495,900 | 50,749,200 | 51,605,500 |
| Operating Result | 9,043,600 | 1,861,300 | 3,523,800 | 6,107,100 | 8,776,400 | 10,995,700 | 10,269,600 | 9,917,800 | 10,445,800 | 11,299,800 |
| Less Depreciation | 10,050,300 | 10,303,800 | 10,534,100 | 10,808,900 | 11,066,200 | 11,376,800 | 11,781,800 | 12,124,600 | 12,559,100 | 12,914,000 |
| Operating Result Excluding Non Cash | 19,093,900 | 12,165,100 | 14,057,900 | 16,916,000 | 19,842,600 | 22,372,500 | 22,051,400 | 22,042,400 | 23,004,900 | 24,213,800 |
| Add: Loan Drawdown | 10,000,000 | 10,000,000 | 0 | 0 | 0 | 10,000,000 | 13,000,000 | 0 | 0 | 0 |
| Less: Loan Repayments | 4,398,900 | 2,631,600 | 2,275,200 | 2,382,900 | 2,496,000 | 2,614,800 | 3,042,100 | 3,340,900 | 3,502,300 | 3,671,900 |
| Less: Capital Expense | 24,198,700 | 17,345,300 | 17,888,300 | 15,815,900 | 14,931,300 | 20,545,000 | 27,161,600 | 18,248,500 | 22,111,400 | 23,707,200 |
| Relevant Balance Sheet Adjustments | (1,240,500) | 0 | 0 | 0 | 0 | 0 | 250,000 | 0 | 0 | 0 |
| Add: Reserve Transfers | 744,200 | (2,188,200) | 6,105,600 | 1,282,800 | (2,415,300) | (9,212,700) | (5,097,700) | (453,000) | 2,608,800 | 3,165,300 |
| Estimated Reserves Whole Organisation | | | | | | | | | | |
| Description | 2027 Estimate | 2028 Estimate | 2029 Estimate | 2030 Estimate | 2031 Estimate | 2032 Estimate | 2033 Estimate | 2034 Estimate | 2035 Estimate | 2036 Estimate |
| Estimated Reserves Whole Organisation | 23,137,000 | 25,325,200 | 19,219,600 | 17,936,800 | 20,352,100 | 29,564,800 | 34,662,500 | 35,115,500 | 32,506,700 | 29,341,400 |
| Net Reserve Movement | (744,200) | 2,188,200 | (6,105,600) | (1,282,800) | 2,415,300 | 9,212,700 | 5,097,700 | 453,000 | (2,608,800) | (3,165,300) |

6.2. Immediate price path correction scenario

What the model forecasts: The impacts of increasing the bulk water price in 2026/27 to a level that would correct operating deficits and allow future price increases to come in line with rate pegging.

What the model means: A 24% increase to the price path in 2026/27 would be required with future increases restricted to rate pegging at 3% throughout the model. The price path required is shown in *Table 11: Price path – Immediate price path correction scenario*.

Table 11: Price path – Immediate price path correction scenario

| Year | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 |
|---------------------|-------|------|------|------|------|------|------|------|------|------|
| Proposed % Increase | 24.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |

Rous would produce an operating surplus (excluding capital revenue) from 2027/28 onwards with estimated reserves of \$27.6 million at the end of 2035/36.

Refer to *Table 12: Consolidated operating performance – Immediate price path correction scenario*.

Table 12: Consolidated operating performance – Immediate price path correction scenario

Rous County Council - Whole of Organisation

| Name | Long-Term Financial Plan | | | | | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Operational Plan | Delivery Program | | | | | | | | |
| | 2027 Estimate | 2028 Estimate | 2029 Estimate | 2030 Estimate | 2031 Estimate | 2032 Estimate | 2033 Estimate | 2034 Estimate | 2035 Estimate | 2036 Estimate |
| Operating Income | | | | | | | | | | |
| Flood Mitigation | 11,625,900 | 1,350,600 | 1,380,300 | 1,415,600 | 1,451,700 | 1,490,600 | 1,531,100 | 1,572,800 | 1,615,400 | 1,659,700 |
| Weeds Biosecurity | 2,508,600 | 2,377,800 | 2,403,900 | 2,505,600 | 2,581,900 | 2,660,200 | 2,744,600 | 2,831,200 | 2,916,700 | 3,005,300 |
| Retail Water Supply | 4,551,900 | 4,827,600 | 5,143,100 | 5,488,000 | 5,857,600 | 6,254,100 | 6,477,600 | 6,707,100 | 6,946,500 | 7,191,100 |
| Property | 77,100 | 81,300 | 80,400 | 82,200 | 83,800 | 85,500 | 87,400 | 89,000 | 90,300 | 91,800 |
| Bulk Water Supply | 40,199,000 | 39,288,600 | 40,164,300 | 41,182,100 | 42,355,400 | 47,877,600 | 49,992,100 | 49,383,000 | 49,848,300 | 48,755,000 |
| Fleet Operations | 109,300 | 114,600 | 116,900 | 117,400 | 118,400 | 121,700 | 125,600 | 131,000 | 134,700 | 134,000 |
| Total Operating Income | 59,071,800 | 48,040,500 | 49,288,900 | 50,790,900 | 52,448,800 | 58,489,700 | 60,958,400 | 60,714,100 | 61,551,900 | 60,836,900 |
| Operating Expense | | | | | | | | | | |
| Flood Mitigation | 4,912,600 | 2,041,800 | 2,083,700 | 2,194,200 | 2,189,100 | 2,230,500 | 2,272,600 | 2,315,700 | 2,394,500 | 2,394,300 |
| Weeds Biosecurity | 2,949,900 | 2,568,800 | 2,708,600 | 2,524,200 | 2,590,900 | 2,681,600 | 2,759,600 | 2,823,300 | 2,888,800 | 2,956,300 |
| Retail Water Supply | 4,526,100 | 4,752,500 | 4,899,800 | 5,051,100 | 5,206,500 | 5,486,700 | 5,654,300 | 5,826,700 | 5,975,100 | 6,127,700 |
| Property | 263,700 | 248,800 | 196,100 | 199,400 | 203,500 | 207,100 | 211,800 | 215,300 | 218,900 | 222,700 |
| Bulk Water Supply | 33,194,500 | 33,360,200 | 33,735,000 | 33,761,700 | 33,843,300 | 34,448,900 | 35,992,900 | 37,095,700 | 38,046,700 | 38,673,700 |
| Fleet Operations (*net of internal income) | (105,200) | (88,900) | (55,400) | (28,600) | (1,100) | 26,900 | 55,400 | 84,300 | 113,900 | 144,100 |
| Total Operating Expense | 45,741,600 | 42,883,200 | 43,567,800 | 43,702,000 | 44,032,200 | 45,081,700 | 46,946,600 | 48,361,000 | 49,637,900 | 50,518,800 |
| Operating Result | 13,330,200 | 5,157,300 | 5,721,100 | 7,088,900 | 8,416,600 | 13,408,000 | 14,011,800 | 12,353,100 | 11,914,000 | 10,318,100 |
| Less Depreciation | 10,050,300 | 10,303,800 | 10,534,100 | 10,808,900 | 11,066,200 | 11,376,800 | 11,781,800 | 12,124,600 | 12,559,100 | 12,914,000 |
| Operating Result Excluding Non Cash | 23,380,500 | 15,461,100 | 16,255,200 | 17,897,800 | 19,482,800 | 24,784,800 | 25,793,600 | 24,477,700 | 24,473,100 | 23,232,100 |
| Add: Loan Drawdown | 10,000,000 | 10,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Less: Loan Repayments | 4,398,900 | 2,631,600 | 2,275,200 | 2,382,900 | 2,496,000 | 2,614,800 | 2,739,700 | 2,870,900 | 3,008,800 | 3,153,800 |
| Less: Capital Expense | 24,198,700 | 17,345,300 | 17,888,300 | 15,815,900 | 14,931,300 | 20,545,000 | 27,161,600 | 18,248,500 | 22,111,400 | 23,707,200 |
| Relevant Balance Sheet Adjustments | (1,240,500) | 0 | 0 | 0 | 0 | 0 | 250,000 | 0 | 0 | 0 |
| Add: Reserve Transfers | (3,542,400) | (5,484,200) | 3,908,300 | 301,000 | (2,055,500) | (1,625,000) | 3,857,700 | (3,358,300) | 647,100 | 3,628,900 |
| Estimated Reserves Whole Organisation | | | | | | | | | | |
| Description | 2027 Estimate | 2028 Estimate | 2029 Estimate | 2030 Estimate | 2031 Estimate | 2032 Estimate | 2033 Estimate | 2034 Estimate | 2035 Estimate | 2036 Estimate |
| Estimated Reserves Whole Organisation | 27,423,600 | 32,907,800 | 28,999,500 | 28,698,500 | 30,754,000 | 32,379,000 | 28,521,300 | 31,879,600 | 31,232,500 | 27,603,600 |
| Net Reserve Movement | 3,542,400 | 5,484,200 | (3,908,300) | (301,000) | 2,055,500 | 1,625,000 | (3,857,700) | 3,358,300 | (647,100) | (3,628,900) |

6.3. Favourable capital grants scenario

What the model forecasts: The impacts of increasing the forecast capital grants to 50% of the projected Future Water Program capital works.

What the model means: Forecast grant revenue would be increased by \$18.2 million to \$33.2 million and the current price path could be slightly reduced. The price path required is shown in *Table 13: Price path – Favourable no capital grants scenario*.

Table 13: Price path – Favourable capital grants scenario

| Year | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 |
|---------------------|------|------|------|------|------|------|------|------|------|------|
| Proposed % Increase | 7.0% | 7.0% | 7.0% | 6.0% | 5.0% | 4.0% | 3.0% | 3.0% | 3.0% | 3.0% |

Rous would produce an operating surplus (excluding capital revenue) from 2029/30 onwards with estimated reserves of \$29.9 million at the end of 2035/36.

Refer to *Table 14: Consolidated operating performance – Immediate price path correction and no capital grants scenario*.

Table 14: Consolidated operating performance – Immediate price path correction and no capital grants scenario

Rous County Council - Whole of Organisation

| Name | Long-Term Financial Plan | | | | | | | | | |
|--|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Operational Plan | Delivery Program | | | | | | | | |
| | 2027 Estimate | 2028 Estimate | 2029 Estimate | 2030 Estimate | 2031 Estimate | 2032 Estimate | 2033 Estimate | 2034 Estimate | 2035 Estimate | 2036 Estimate |
| Operating Income | | | | | | | | | | |
| Flood Mitigation | 11,625,900 | 1,350,600 | 1,380,300 | 1,415,600 | 1,451,700 | 1,490,600 | 1,531,100 | 1,572,800 | 1,615,400 | 1,659,700 |
| Weeds Biosecurity | 2,508,600 | 2,377,800 | 2,403,900 | 2,505,600 | 2,581,900 | 2,660,200 | 2,744,600 | 2,831,200 | 2,916,700 | 3,005,300 |
| Retail Water Supply | 4,551,900 | 4,827,600 | 5,143,100 | 5,488,000 | 5,857,600 | 6,254,100 | 6,477,600 | 6,707,100 | 6,946,500 | 7,191,100 |
| Property | 77,100 | 81,300 | 80,400 | 82,200 | 83,800 | 85,500 | 87,400 | 89,000 | 90,300 | 91,800 |
| Bulk Water Supply | 38,752,400 | 39,192,600 | 40,057,000 | 41,210,000 | 43,623,400 | 47,782,300 | 50,547,100 | 49,748,000 | 51,158,000 | 51,722,000 |
| Fleet Operations | 109,300 | 114,600 | 116,900 | 117,400 | 118,400 | 121,700 | 125,600 | 131,000 | 134,700 | 134,000 |
| Total Operating Income | 57,625,200 | 47,944,500 | 49,181,600 | 50,818,800 | 53,716,800 | 58,394,400 | 61,513,400 | 61,079,100 | 62,861,600 | 63,803,900 |
| Operating Expense | | | | | | | | | | |
| Flood Mitigation | 4,912,600 | 2,041,800 | 2,083,700 | 2,194,200 | 2,189,100 | 2,230,500 | 2,272,600 | 2,315,700 | 2,394,500 | 2,394,300 |
| Weeds Biosecurity | 2,949,900 | 2,568,800 | 2,708,600 | 2,524,200 | 2,590,900 | 2,681,600 | 2,759,600 | 2,823,300 | 2,888,800 | 2,956,300 |
| Retail Water Supply | 4,173,100 | 4,374,800 | 4,605,900 | 4,824,800 | 5,027,300 | 5,294,900 | 5,456,800 | 5,623,200 | 5,765,500 | 5,911,800 |
| Property | 263,700 | 248,800 | 196,100 | 199,400 | 203,500 | 207,100 | 211,800 | 215,300 | 218,900 | 222,700 |
| Bulk Water Supply | 33,547,500 | 33,187,900 | 33,494,700 | 33,470,400 | 33,522,500 | 34,159,200 | 35,728,400 | 36,857,800 | 37,836,700 | 38,492,900 |
| Fleet Operations (*net of internal income) | (105,200) | (88,900) | (55,400) | (28,600) | (1,100) | 26,900 | 55,400 | 84,300 | 113,900 | 144,100 |
| Total Operating Expense | 45,741,600 | 42,333,200 | 43,033,600 | 43,184,400 | 43,532,200 | 44,600,200 | 46,484,600 | 47,919,600 | 49,218,300 | 50,122,100 |
| Operating Result | 11,883,600 | 5,611,300 | 6,148,000 | 7,634,400 | 10,184,600 | 13,794,200 | 15,028,800 | 13,159,500 | 13,643,300 | 13,681,800 |
| Less Depreciation | 10,050,300 | 10,303,800 | 10,534,100 | 10,808,900 | 11,066,200 | 11,376,800 | 11,781,800 | 12,124,600 | 12,559,100 | 12,914,000 |
| Operating Result Excluding Non Cash | 21,933,900 | 15,915,100 | 16,682,100 | 18,443,300 | 21,250,800 | 25,171,000 | 26,810,600 | 25,284,100 | 26,202,400 | 26,595,800 |
| Add: Loan Drawdown | 10,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Less: Loan Repayments | 4,398,900 | 2,344,800 | 1,972,600 | 2,063,700 | 2,159,200 | 2,259,500 | 2,364,800 | 2,475,400 | 2,591,600 | 2,713,600 |
| Less: Capital Expense | 24,198,700 | 17,345,300 | 17,888,300 | 15,815,900 | 14,931,300 | 20,545,000 | 27,161,600 | 18,248,500 | 22,111,400 | 23,707,200 |
| Relevant Balance Sheet Adjustments | (1,240,500) | 0 | 0 | 0 | 0 | 0 | 250,000 | 0 | 0 | 0 |
| Add: Reserve Transfers | (2,095,800) | 3,775,000 | 3,178,800 | (563,700) | (4,160,300) | (2,366,500) | 2,465,800 | (4,560,200) | (1,499,400) | (175,000) |
| Estimated Reserves Whole Organisation | | | | | | | | | | |
| Description | 2027 Estimate | 2028 Estimate | 2029 Estimate | 2030 Estimate | 2031 Estimate | 2032 Estimate | 2033 Estimate | 2034 Estimate | 2035 Estimate | 2036 Estimate |
| Estimated Reserves Whole Organisation | 25,977,000 | 22,202,000 | 19,023,200 | 19,586,900 | 23,747,200 | 26,113,700 | 23,647,900 | 28,208,100 | 29,707,500 | 29,882,500 |
| Net Reserve Movement | 2,095,800 | (3,775,000) | (3,178,800) | 563,700 | 4,160,300 | 2,366,500 | (2,465,800) | 4,560,200 | 1,499,400 | 175,000 |