



# Long-Term Financial Plan

1 July 2024 – 30 June 2034

**Bulk water | Retail water**  
**Flood mitigation | Weed biosecurity**  
**Property**

*23 May 2024*

| Version | Description                     | Person responsible | Reviewed by | Approved by / Date |
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## 1. Introduction

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### 1.1. The Long-Term Financial Plan

- i. Is a regulatory requirement under the *Local Government Act 1993* and the Local Government (General) Regulation 2021 and forms part of Rous County Council's (Rous) Resourcing Strategy within its Integrated Planning and Reporting (IP&R) Framework. A key aspect of this framework is the preparation of a ten-year Resourcing Strategy to identify what is needed to implement the Business Activity Strategic Plan (BASP), Delivery Program (DP) and Operational Plan (OP). The Resourcing Strategy consists of the Asset Management Plan (AMP), Workforce Management Plan (WMP) and Long-Term Financial Plan (LTFP). This document provides an overview of Council's LTFP.
- ii. Is based on a financial planning period of ten years from 2024/25 to 2033/34. It is relevant to note that Rous also prepare 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 BASP (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 DP and OP.

### 1.2. About Rous County Council

Rous County Council (Rous) was formed on 1 July 2016 with the amalgamation of the former entities: Rous Water, Far North Coast Weeds and Richmond River County Council.

Rous performs three major functions:

- Bulk water supply
- Weed biosecurity
- Flood mitigation.

These functions are accounted for within six reporting units:

**Bulk water supply:** Regional water supply authority providing water in bulk to the local government areas of Ballina, Byron, Lismore and Richmond Valley.

**Retail water supply:** Water supply to retail customers directly from the bulk water supply mains.

**Weed biosecurity:** Weed biosecurity services are undertaken across the four constituent council areas and provided to the councils of Kyogle and Tweed Shire under service level agreement arrangements.

**Flood mitigation:** Flood mitigation services are provided across the non-urban areas of Ballina, Lismore and Richmond Valley councils. Rous is responsible for construction, maintenance, and replacement of flood mitigation infrastructure.

**Property:** Includes property management of the Perradenya Residential Estate, rural properties, commercial properties and sub-leasing of the Rous administration building.

Two councillors are elected to Rous from each constituent council. They take up a position as a Rous councillor for the same term as they have been elected to represent their constituent council.

### 1.3. Mission, Vision, Values and Priorities

The following corporate objectives have been developed to enable Rous to achieve its IP&R goals.

#### **Mission**

Partner with our constituent councils to provide quality services that support a sustainable and productive region.

#### **Vision**

Thrive and evolve as a valued regional service provider.

#### **Values**

- Safety – safety first 24/7.
- Teamwork – one team, one purpose.
- Accountability – own it, solve it, achieve it.
- Respect – be honest, be fair.

#### **Priorities**

- Sustainable delivery.
- External relationships.
- Our people.
- Leadership and innovation.

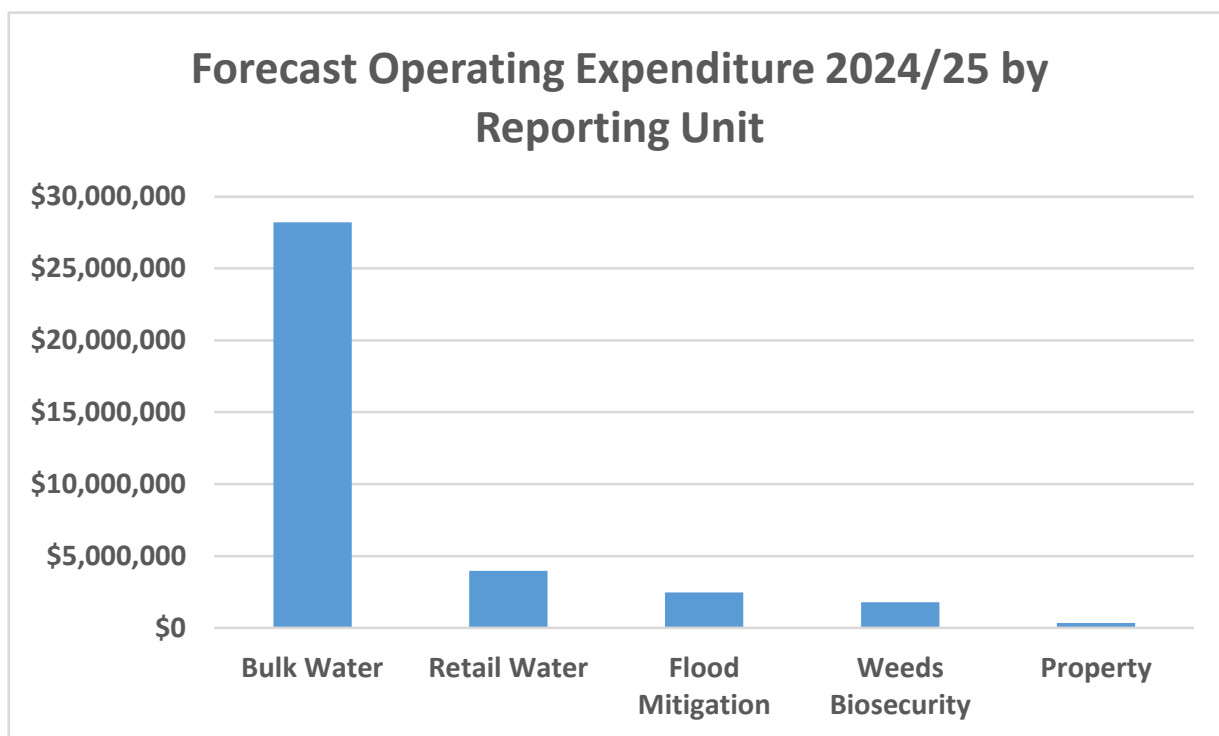
## 2. Rous' financial position

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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 76% of the consolidated organisation.

*Graph 1: Forecast operating expenditure 2024/25* shows the forecast operating expenditure of each of the reporting units in the 2024/25 financial year.

**Graph 1: Forecast operating expenditure 2024/25**



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 >\$770 million**

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 \$103 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 2020/21, 2021/22 and 2022/23. This information is useful to assess Rous' previous performance and financial position.

**Table 1: Historical performance**

|  | Actuals            |                    |                    |
|--|--------------------|--------------------|--------------------|
|  | 2020/21<br>(\$000) | 2021/22<br>(\$000) | 2022/23<br>(\$000) |
| <b>Operating Result</b>  |                    |                    |                    |
| Operating Revenue  | 30,575             | 34,562             | 36,088             |
| Operating Expenditure  | 26,251             | 31,199             | 31,883             |
| Operating Result   | 4,324              | 3,363              | 4,205              |
| Adjusted Operating Result excluding Capital Grants and Contributions | (911)              | (2,268)            | (971)              |
| <b>Cash and Investments</b>  |                    |                    |                    |
| Total Cash and Investments   | 49,380             | 40,554             | 37,772             |
| <b>Other Balance Sheet</b>   |                    |                    |                    |
| Infrastructure, Property, Plant and Equipment                        | 497,086            | 510,498            | 569,037            |
| Outstanding Loan Principal   | 32,358             | 28,960             | 25,355             |
| <b>Performance Indicators</b>  |                    |                    |                    |
| Operating Performance Ratio (Benchmark >0.00%)                       | -4.92%             | -5.58%             | -0.88%             |
| Own Source Operating Revenue Ratio (Benchmark >60.00%)               | 78.85%             | 73.82%             | 79.50%             |
| Unrestricted Current Ratio (Benchmark >1.50x)                        | 7.03x              | 4.26x              | 4.02x              |
| Debt Service Cover Ratio (Benchmark >2.00x)                          | 1.59x              | 1.65x              | 1.71x              |
| Cash Expense Cover Ratio (Benchmark >3.00 months)                    | 25.80 months       | 19.90 months       | 15.24 months       |
| <b>Performance Indicators (including Capital Revenue)</b>            |                    |                    |                    |
| Operating Performance Ratio (Benchmark >0.00%)                       | 14.14%             | 9.73%              | 11.65%             |
| Debt Service Cover Ratio (Benchmark >2.00x)                          | 2.80x              | 2.73x              | 2.71x              |



### 3. Financial modelling

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#### 3.1. Methodology

The LTFP forecasts the ten years from 2024/25 to 2033/34, 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 program.
- 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 to measure 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 2024.

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

The LTFP has been shaped to reflect the primary structure, known as the ‘consolidated organisation’ (the organisation as a whole), and the various functions which are known as reporting units.

The reporting units are:

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

It is intended that each reporting unit operates on a stand-alone basis. The following pages summarise the shape of the information. The basic format is replicated for each reporting unit to show important financial information, including financial terms and ratios while the capital works program and balance sheet are shown for the consolidated organisation.

**Table 2: Financial terms**

| Financial term                             | Definition  |
|--|---|
| <b>Operating income</b>                    | <i>Gross income that flows into the reporting unit typically on a recurrent basis. Includes items such as water sales, contributions, and interest on investments.</i>  |
| <b>Operating expense</b>                   | <i>Recurrent expenses such as salaries and wages, electricity, maintenance, and depreciation.<br/>(Note that in respect to maintenance expenditure on assets there can be a fine line as to whether this expense is operating or capital in nature. Where the expense is to allow the asset to continue to provide normal service, it would be ‘operating’. Where the expense looks to extend the useful life of an asset it would typically be classified as capital.)</i> |
| <b>Operating result</b>                    | <i>Operating income less operating expense.</i><br>Each reporting unit looks to achieve a surplus of income over expense to be sustainable. It is acceptable to have a loss from time to time, however ideally, each reporting unit aims to achieve a surplus on a recurrent basis.   |
| <b>Operating result excluding non-cash</b> | <i>Equals the operating result excluding non-cash items such as depreciation.</i><br>It is common to achieve an operating loss but a cash surplus. This is because, while cash income has exceeded expense, it has not been sufficient to meet the estimated reduction to the useful life in assets (depreciation).<br>A cash surplus indicates the amount of discretionary funds that Council has available to apply.  |
| <b>Capital income</b>                      | <i>Often a one-off type of event such as loan borrowings or a grant / contribution that will be applied to capital expenditure.</i><br>This category also includes developer contributions that are received annually.  |
| <b>Capital expense</b>                     | <i>Application of funds to acquire or improve an asset.</i><br>For example, the initial purchase of a building and then expense to expand the building would be classified as capital.  |

| Financial term                   | Definition  |
|----------------------------------|---|
| <b>Transfer to reserve</b>       | <i>Excess funds placed into an agreed cash reserve.</i><br>Reserve transfers (to or from reserve) in the financial plan are the net movement of operating/capital income and operating/capital expense. Transfers to or from reserve remain within the same reporting unit. |
| <b>Transfer from reserve</b>     | <i>Extraction of cash funds from a reserve to enable approved expenditure.</i>  |
| <b>Estimated reserve balance</b> | <i>Estimated cash balance of funds on hand.</i><br>Accumulated funds held for approved purposes. (Council's 'Financial Reserves' policy.)   |

**Table 3: Ratio definitions**

\* Benchmark: Office of Local Government / NSW TCorp.

| Ratio name   | Ratio calculation  | Ratio purpose   | *Benchmark         |
|--|--|---|--------------------|
| <b>Operating performance ratio</b><br>(Medium-term outlook)                        | <i>Net operating result from continuing operations (excluding capital items) as a percentage of operating revenue (excluding capital items).</i>                 | <i>Measures whether the Council is sustainable in terms of its operating result. It is an indication of continued capacity to meet on-going expenditure requirements. Recurrent operating deficits are unsustainable.</i> | <i>&gt;0%</i>      |
| <b>Own source operating revenue</b><br>(Medium-term outlook)                       | <i>Shows the percentage of operating income from own sources. Indicates the degree of reliance on external funding sources (e.g., grants and contributions).</i> | <i>Measures fiscal flexibility. Financial flexibility increases as the level of own source revenue increases. Provides greater ability to manage external shocks or challenges and maintain sustainability.</i>           | <i>&gt; 60%</i>    |
| <b>Unrestricted current ratio</b><br>(Short to medium-term outlook)                | <i>Unrestricted current assets divided by unrestricted current liabilities.</i>  | <i>Provides an indication of the liquidity of the entity or its ability to meet commitments in the short to medium term.</i>  | <i>&gt;1.50x</i>   |
| <b>Debt service cover ratio</b><br>(Short to medium-term outlook)                  | <i>Operating result excluding loan interest and depreciation divided by loan repayments (principal and interest).</i>  | <i>Measure of whether Council has excessive debt servicing costs relative to the adjusted operating result.</i>   | <i>&gt;2.00x</i>   |
| <b>Building and infrastructure renewals ratio</b><br>(Medium to long-term outlook) | <i>Asset renewals divided by depreciation, amortisation and impairment.</i>  | <i>Provides an indication of the rate at which assets are being renewed to an equivalent capacity/performance.</i>  | <i>&gt;100.00%</i> |

**Table 4: Capital works program definition**

|                              |  |
|------------------------------|--|
| <b>Capital works program</b> | <p><i>Presents the proposed capital works expenditure over ten years.</i></p> <p>The table includes columns titled 'New asset' and 'Asset renewal' that are expressed as a percentage. This indicates whether the expenditure will be to extend the life of an existing asset or to create/acquire a new asset. In some instances, the project may be a combination of the two.</p> <p>It is common for a proposed capital works program to be partially completed at the end of a financial year. In this instance, the unexpended budget is carried forward to the next year to enable the work to be completed.</p> |
|------------------------------|--|

**Table 5: Balance sheet definition**

|                      |  |
|----------------------|--|
| <b>Balance sheet</b> | <p><i>Shows the forecast financial position for the next ten years.</i></p> <p>The forecast balance sheet incorporates numerous assumptions, and it must be accepted that they provide an indication of where the organisation is heading at best.</p> |
|----------------------|--|

The LTFP can be viewed over three time periods:

1. One-year Operational Plan – 2024/25 budget and is the primary focus (presented in blue in the report tables).
2. Four-year Delivery Program – 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 to four 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 6: Colour scheme**

| <b>LTFP category</b> | <b>Time period</b> | <b>Colour scheme</b> |
|----------------------|--------------------|----------------------|
| Operational Plan     | 2024/25            |                      |
| Delivery Program     | 2025/26 – 2027/28  |                      |
| LTFP                 | 2028/29 – 2033/34  |                      |

It will be noted that the **net cash movement** (*Table 8: Consolidated organisation operating performance*) forecasts a zero in all years. This is because the annual cash movement is balanced via a transfer to or from reserve. Therefore, the **net reserve movement** indicates whether the cash reserve has increased or decreased over the period.

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 2024/25 and beyond in a similar fashion to the current financial year.

*Table 7: Main budget assumptions* below 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 7: Main budget assumptions**

| Main Assumptions and Projected Price Paths | 2025    | 2026    | 2027    | 2028    | 2029    | 2030    | 2031    | 2032    | 2033    | 2034    |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Consumer Price Index                       | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Rate Pegging                               | 104.60% | 102.00% | 102.00% | 102.00% | 102.00% | 102.00% | 102.00% | 102.00% | 102.00% | 102.00% |
| 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                           | 102.00% | 103.00% | 102.00% | 102.00% | 102.00% | 102.00% | 102.00% | 102.00% | 102.00% | 102.00% |
| Bulk Water Cost for Retail                 | 107.00% | 107.00% | 107.00% | 107.00% | 107.00% | 107.00% | 107.00% | 107.00% | 101.00% | 102.00% |
| Loan Interest Rate                         | 6.50%   | 6.00%   | 5.50%   | 5.00%   | 5.00%   | 5.00%   | 5.00%   | 5.00%   | 5.00%   | 4.95%   |
| Investment Interest Rate                   | 4.50%   | 4.00%   | 3.50%   | 3.00%   | 3.00%   | 3.00%   | 3.00%   | 3.00%   | 3.00%   | 2.05%   |
| Flood Council Contributions                | 108.00% | 105.00% | 104.00% | 104.00% | 103.00% | 103.00% | 102.50% | 102.50% | 102.50% | 102.50% |
| Weeds Council Contributions                | 104.60% | 102.00% | 102.00% | 102.00% | 102.00% | 102.00% | 102.00% | 102.00% | 102.00% | 102.00% |
| Bulk Water Council Contributions           | 107.00% | 107.00% | 107.00% | 107.00% | 107.00% | 107.00% | 107.00% | 107.00% | 102.00% | 102.00% |
| Retail Water                               | 108.00% | 108.00% | 108.00% | 108.00% | 108.00% | 108.00% | 108.00% | 108.00% | 102.00% | 102.50% |

### 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 throughout the LTFP 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 (FWP):** 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: Consolidated and for individual reporting units**

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The tables shown in this section of the LTFP are current as of March 2024. The commentary that accompanies the tables is intended to be general in nature for the consolidated organisation, while providing more specific details for each reporting unit.

##### **4.1. Consolidated organisation**

*Table 8: 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 8: Consolidated organisation operating performance**

**Rous County Council - Whole of Organisation**

| Name   | Long-Term Financial Plan |                          |                          |                          |                          |                          |                          |                          |                          |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Operational Plan         | Delivery Program         |                          |                          |                          |                          |                          |                          |                          |                          |
|  | 2025<br>Estimate         | 2026<br>Estimate         | 2027<br>Estimate         | 2028<br>Estimate         | 2029<br>Estimate         | 2030<br>Estimate         | 2031<br>Estimate         | 2032<br>Estimate         | 2033<br>Estimate         | 2034<br>Estimate         |
| <b>Operating Income</b>                      |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Flood Mitigation                             | 1,910,300                | 1,224,900                | 1,270,300                | 1,315,900                | 1,353,100                | 1,389,800                | 1,421,700                | 1,456,200                | 1,492,400                | 1,526,300                |
| Weeds Biosecurity                            | 1,632,500                | 1,611,800                | 1,627,200                | 1,641,700                | 1,663,000                | 1,685,100                | 1,707,800                | 1,730,400                | 1,752,600                | 1,773,700                |
| Retail Water Supply                          | 3,966,700                | 4,214,300                | 4,485,200                | 4,778,400                | 5,099,400                | 5,447,800                | 5,818,300                | 6,221,100                | 6,353,800                | 6,496,400                |
| Property                                     | 162,600                  | 96,900                   | 140,200                  | 166,300                  | 166,100                  | 165,800                  | 165,400                  | 165,000                  | 164,500                  | 164,500                  |
| Bulk Water Supply                            | 31,058,300               | 33,171,200               | 33,359,300               | 35,362,700               | 42,607,200               | 44,995,700               | 47,594,000               | 50,253,600               | 51,254,900               | 52,274,800               |
| Fleet Operations                             | 123,500                  | 117,500                  | 115,100                  | 109,500                  | 108,800                  | 110,400                  | 114,200                  | 118,100                  | 122,200                  | 122,200                  |
| <b>Total Operating Income</b>                | <b>38,853,900</b>        | <b>40,436,600</b>        | <b>40,997,300</b>        | <b>43,374,500</b>        | <b>50,997,600</b>        | <b>53,794,600</b>        | <b>56,821,400</b>        | <b>59,944,400</b>        | <b>61,140,400</b>        | <b>62,357,900</b>        |
| <b>Operating Expense</b>                     |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Flood Mitigation                             | 2,461,600                | 1,744,600                | 1,739,800                | 1,761,300                | 1,789,000                | 1,887,900                | 1,870,300                | 1,898,900                | 1,902,900                | 1,932,400                |
| Weeds Biosecurity                            | 1,794,400                | 1,553,300                | 1,429,400                | 1,442,900                | 1,458,600                | 1,481,000                | 1,509,500                | 1,561,300                | 1,596,600                | 1,616,200                |
| Retail Water Supply                          | 3,959,000                | 4,379,300                | 4,532,300                | 4,737,300                | 4,954,600                | 5,184,900                | 5,428,600                | 5,686,900                | 5,770,500                | 5,887,300                |
| Property                                     | 333,400                  | 230,300                  | 220,500                  | 160,400                  | 153,800                  | 155,300                  | 157,700                  | 159,300                  | 162,100                  | 163,800                  |
| Bulk Water Supply                            | 28,211,300               | 26,904,200               | 28,969,400               | 29,594,400               | 29,684,300               | 28,905,300               | 28,857,500               | 30,837,500               | 30,893,200               | 31,040,100               |
| Fleet Operations (*net of internal income)   | 225,300                  | 234,100                  | 242,100                  | 250,200                  | 258,500                  | 266,900                  | 275,500                  | 284,200                  | 293,000                  | 302,000                  |
| <b>Total Operating Expense</b>               | <b>36,985,000</b>        | <b>35,045,800</b>        | <b>37,133,500</b>        | <b>37,946,500</b>        | <b>38,298,800</b>        | <b>37,881,300</b>        | <b>38,099,100</b>        | <b>40,428,100</b>        | <b>40,618,300</b>        | <b>40,941,800</b>        |
| <b>Operating Result</b>                      | <b>1,868,900</b>         | <b>5,390,800</b>         | <b>3,863,800</b>         | <b>5,428,000</b>         | <b>12,698,800</b>        | <b>15,913,300</b>        | <b>18,722,300</b>        | <b>19,516,300</b>        | <b>20,522,100</b>        | <b>21,416,100</b>        |
| Less Depreciation                            | 8,756,500                | 9,039,400                | 9,333,300                | 9,834,800                | 10,099,500               | 10,268,300               | 10,489,800               | 10,852,500               | 11,357,700               | 11,606,200               |
| <b>Operating Result Excluding Non Cash</b>   | <b>10,625,400</b>        | <b>14,430,200</b>        | <b>13,197,100</b>        | <b>15,262,800</b>        | <b>22,798,300</b>        | <b>26,181,600</b>        | <b>29,212,100</b>        | <b>30,368,800</b>        | <b>31,879,800</b>        | <b>33,022,300</b>        |
| Add: Loan Drawdown                           | 30,000,000               | 0                        | 10,000,000               | 10,000,000               | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        |
| Less: Loan Repayments                        | 4,256,900                | 4,661,900                | 4,350,600                | 2,605,000                | 2,255,000                | 2,369,800                | 2,491,100                | 2,619,200                | 2,754,500                | 2,897,400                |
| Less: Capital Expense                        | 38,305,600               | 15,516,400               | 16,421,800               | 19,442,500               | 21,901,900               | 15,527,000               | 9,101,200                | 26,070,500               | 29,147,600               | 10,569,600               |
| Add: Reserve Transfers                       | 1,937,100                | 5,748,100                | (2,424,700)              | (3,215,300)              | 1,358,600                | (8,284,800)              | (17,619,800)             | (1,679,100)              | 22,300                   | (19,555,300)             |
| <b>Estimated Reserves Whole Organisation</b> |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| <b>Description</b>                           | <b>2025<br/>Estimate</b> | <b>2026<br/>Estimate</b> | <b>2027<br/>Estimate</b> | <b>2028<br/>Estimate</b> | <b>2029<br/>Estimate</b> | <b>2030<br/>Estimate</b> | <b>2031<br/>Estimate</b> | <b>2032<br/>Estimate</b> | <b>2033<br/>Estimate</b> | <b>2034<br/>Estimate</b> |
| Estimated Reserves Whole Organisation        | 19,704,900               | 13,956,800               | 16,381,500               | 19,596,800               | 18,238,200               | 26,523,000               | 44,142,800               | 45,821,900               | 45,799,600               | 65,354,900               |
| Net Reserve Movement                         | (1,937,100)              | (5,748,100)              | 2,424,700                | 3,215,300                | (1,358,600)              | 8,284,800                | 17,619,800               | 1,679,100                | (22,300)                 | 19,555,300               |



## **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, surpluses have occurred.

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 \$50 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 \$4 million per annum in loan repayments. 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 are from those required by the Local Government Code of Accounting Practice and are defined above in *Table 3: Ratio definitions*. Rous's forecast performance against the benchmarks is detailed in *Table 9: Consolidated organisation forecast ratios*.



**Table 9: Consolidated organisation forecast ratios (excluding capital grants and contributions)**

|   | Long-Term Financial Plan  |                                  |                                 |                                 |                                    |                                  |                                  |                                  |                                  |                                  |
|---|---|----------------------------------|---------------------------------|---------------------------------|------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|   | Operational Plan  | Delivery Program                 |                                 |                                 |                                    |                                  |                                  |                                  |                                  |                                  |
| Rous County Council - Whole of Organisation   | 2025  | 2026                             | 2027                            | 2028                            | 2029                               | 2030                             | 2031                             | 2032                             | 2033                             | 2034                             |
| Financial Ratios  | Estimate  | Estimate                         | Estimate                        | Estimate                        | Estimate                           | Estimate                         | Estimate                         | Estimate                         | Estimate                         | Estimate                         |
| Operating Performance Ratio Expressed as a Percentage<br><u>Operating Income less Operating Expense</u><br>Operating Income               | (12.40)   | (5.24)                           | (5.18)                          | (1.24)                          | 14.70                              | 20.22                            | 24.24                            | 23.98                            | 24.98                            | 25.72                            |
| Benchmark   | >0  | >0                               | >0                              | >0                              | >0                                 | >0                               | >0                               | >0                               | >0                               | >0                               |
| Result  | Fail  | Fail                             | Fail                            | Fail                            | Pass                               | Pass                             | Pass                             | Pass                             | Pass                             | Pass                             |
| Comment   | This benchmark is met from 2028/29 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<br><u>Operating Income less Grants and Contributions</u><br>Total Operating Income | 93.12   | 97.54                            | 97.67                           | 97.80                           | 87.02                              | 87.73                            | 88.41                            | 89.03                            | 89.22                            | 89.41                            |
| 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<br><u>Operating Result excluding Loan Interest and Depreciation</u><br>Loan Repayments Principal/Interest        | 1.07<br>6,549,900<br>6,131,300  | 1.36<br>9,859,400<br>7,227,700   | 1.44<br>10,346,200<br>7,193,600 | 2.18<br>12,477,800<br>5,713,200 | 3.76<br>19,682,100<br>5,238,300    | 4.34<br>22,737,300<br>5,238,300  | 4.85<br>25,426,200<br>5,238,300  | 5.01<br>26,226,500<br>5,238,300  | 5.22<br>27,365,900<br>5,238,300  | 5.37<br>28,121,100<br>5,238,300  |
| Benchmark   | >2  | >2                               | >2                              | >2                              | >2                                 | >2                               | >2                               | >2                               | >2                               | >2                               |
| Result  | Fail  | Fail                             | Fail                            | Pass                            | Pass                               | Pass                             | Pass                             | Pass                             | Pass                             | Pass                             |
| Comment   | This benchmark is met from 2027/28 onwards as existing loans are repaid and operating results improve.  |                                  |                                 |                                 |                                    |                                  |                                  |                                  |                                  |                                  |
| Unrestricted Current Ratio<br><u>Current Assets less External Restrictions</u><br>Current Liabilities Less Specific Purpose Liabilities   | 2.22<br>25,881,200<br>11,663,200  | 1.81<br>20,256,700<br>11,219,700 | 2.37<br>22,807,600<br>9,611,500 | 2.78<br>26,151,500<br>9,401,600 | 2.58<br>24,923,900<br>9,659,300    | 3.36<br>33,342,500<br>9,926,400  | 5.01<br>51,098,700<br>10,203,300 | 5.04<br>52,916,900<br>10,490,400 | 4.92<br>53,036,500<br>10,788,000 | 6.55<br>72,736,500<br>11,096,900 |
| 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<br><u>Asset Renewals</u><br>Depreciation, Amortisation and Impairment                         | 67.95<br>5,950,180<br>8,756,500   | 62.01<br>5,605,175<br>9,039,400  | 55.15<br>5,147,300<br>9,333,300 | 78.85<br>7,755,000<br>9,834,800 | 151.60<br>15,310,900<br>10,099,500 | 82.95<br>8,517,500<br>10,268,300 | 22.12<br>2,319,900<br>10,489,800 | 92.05<br>9,990,200<br>10,852,500 | 32.51<br>3,692,350<br>11,357,700 | 20.31<br>2,357,200<br>11,606,200 |
| Benchmark   | >100%   | >100%                            | >100%                           | >100%                           | >100%                              | >100%                            | >100%                            | >100%                            | >100%                            | >100%                            |
| Result  | Fail  | Fail                             | Fail                            | Fail                            | Pass                               | 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 9a: Select consolidated organisation forecast ratios (total revenue)**

|  | Long-Term Financial Plan |                  |            |            |            |            |            |            |            |            |
|--|--------------------------|------------------|------------|------------|------------|------------|------------|------------|------------|------------|
|  | Operational Plan         | Delivery Program |            |            |            |            |            |            |            |            |
| Rous County Council - Whole of Organisation                      | 2025                     | 2026             | 2027       | 2028       | 2029       | 2030       | 2031       | 2032       | 2033       | 2034       |
| Financial Ratios (including Capital Revenue)                     | Estimate                 | Estimate         | Estimate   | Estimate   | Estimate   | Estimate   | Estimate   | Estimate   | Estimate   | Estimate   |
| Operating Performance Ratio Expressed as a Percentage            | 4.81                     | 13.33            | 9.42       | 12.51      | 24.90      | 29.58      | 32.95      | 32.56      | 33.57      | 34.34      |
| <u>Operating Income less Operating Expense</u>                   |                          |                  |            |            |            |            |            |            |            |            |
| Operating Income   |                          |                  |            |            |            |            |            |            |            |            |
| 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   | 2.04                     | 2.35             | 2.23       | 3.22       | 4.92       | 5.55       | 6.10       | 6.30       | 6.56       | 6.75       |
| <u>Operating Result excluding Loan Interest and Depreciation</u> | 12,499,800               | 16,996,000       | 16,040,100 | 18,371,000 | 25,781,600 | 29,050,100 | 31,959,300 | 32,987,900 | 34,363,600 | 35,363,200 |
| Loan Repayments Principal/Interest                               | 6,131,300                | 7,227,700        | 7,193,600  | 5,713,200  | 5,238,300  | 5,238,300  | 5,238,300  | 5,238,300  | 5,238,300  | 5,238,300  |
| 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.                   |                          |                  |            |            |            |            |            |            |            |            |

## **Forecast balance sheet**

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 10: Consolidated organisation forecast balance sheet*.

**Table 10: Consolidated organisation forecast balance sheet**

|  | Long-Term Financial Plan |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|--|--------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | Operational Plan         | Delivery Program   |                    |                    |                    |                    |                    |                    |                    |                    |
|  | 2025<br>Estimate         | 2026<br>Estimate   | 2027<br>Estimate   | 2028<br>Estimate   | 2029<br>Estimate   | 2030<br>Estimate   | 2031<br>Estimate   | 2032<br>Estimate   | 2033<br>Estimate   | 2034<br>Estimate   |
| <b>ASSETS</b>                                  |                          |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Current Assets</b>                          |                          |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Cash and Cash Equivalents                      | 5,215,600                | 6,230,000          | 6,539,600          | 6,326,200          | 6,378,600          | 6,266,400          | 6,862,500          | 6,378,300          | 6,506,700          | 5,763,200          |
| Investments                                    | 14,489,300               | 7,726,800          | 9,841,900          | 13,270,600         | 11,859,600         | 20,256,600         | 37,280,300         | 39,443,600         | 39,292,900         | 59,591,700         |
| Receivables                                    | 4,424,100                | 4,512,700          | 4,603,100          | 4,695,200          | 4,789,100          | 4,885,000          | 4,982,700          | 5,082,300          | 5,184,000          | 5,287,600          |
| Inventories                                    | 413,000                  | 421,200            | 429,700            | 438,300            | 447,000            | 455,900            | 465,000            | 474,300            | 483,700            | 493,400            |
| Other  | 0                        | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |
| Investment Property                            | 0                        | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |
| Non-Current Assets Classified as Held for Sale | 1,339,200                | 1,366,000          | 1,393,300          | 1,421,200          | 1,449,600          | 1,478,600          | 1,508,200          | 1,538,400          | 1,569,200          | 1,600,600          |
| <b>Total Current Assets</b>                    | <b>25,881,200</b>        | <b>20,256,700</b>  | <b>22,807,600</b>  | <b>26,151,500</b>  | <b>24,923,900</b>  | <b>33,342,500</b>  | <b>51,098,700</b>  | <b>52,916,900</b>  | <b>53,036,500</b>  | <b>72,736,500</b>  |
| <b>Non-Current Assets</b>                      |                          |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Investments                                    | 0                        | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |
| Receivables                                    | 0                        | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |
| Inventories                                    | 1,440,300                | 1,469,100          | 1,498,500          | 1,528,500          | 1,559,100          | 1,590,300          | 1,622,100          | 1,654,500          | 1,687,600          | 1,721,300          |
| Infrastructure                                 | 576,779,600              | 581,827,600        | 589,246,000        | 599,076,300        | 611,122,800        | 616,797,200        | 615,831,000        | 631,478,200        | 649,704,200        | 649,110,700        |
| Property, Plant and Equipment                  | 31,058,400               | 31,514,100         | 32,089,500         | 32,762,400         | 33,426,200         | 33,955,100         | 34,490,200         | 35,031,700         | 35,579,700         | 36,134,400         |
| 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                              | 3,431,400                | 5,064,300          | 4,864,000          | 4,659,700          | 4,451,300          | 4,238,700          | 4,021,900          | 3,800,700          | 3,575,100          | 3,345,000          |
| Other  | 438,500                  | 447,300            | 456,200            | 465,300            | 474,600            | 484,100            | 493,800            | 503,700            | 513,800            | 524,100            |
| <b>Total Non-Current Assets</b>                | <b>613,148,200</b>       | <b>620,322,400</b> | <b>628,154,200</b> | <b>638,492,200</b> | <b>651,034,000</b> | <b>657,065,400</b> | <b>656,459,000</b> | <b>672,468,800</b> | <b>691,060,400</b> | <b>690,835,500</b> |
| <b>TOTAL ASSETS</b>                            | <b>639,029,400</b>       | <b>640,579,100</b> | <b>650,961,800</b> | <b>664,643,700</b> | <b>675,957,900</b> | <b>690,407,900</b> | <b>707,557,700</b> | <b>725,385,700</b> | <b>744,096,900</b> | <b>763,572,000</b> |
| <b>LIABILITIES</b>                             |                          |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Current Liabilities</b>                     |                          |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Payables                                       | 3,743,200                | 3,818,200          | 3,894,600          | 3,972,500          | 4,051,900          | 4,133,000          | 4,215,700          | 4,300,100          | 4,386,100          | 4,473,900          |
| Contract Liabilities                           | 528,500                  | 539,100            | 549,900            | 560,900            | 572,100            | 583,500            | 595,200            | 607,100            | 619,200            | 631,600            |
| Lease Liabilities                              | 267,100                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |
| Borrowings                                     | 4,661,900                | 4,350,600          | 2,605,000          | 2,255,000          | 2,369,800          | 2,491,100          | 2,619,200          | 2,754,500          | 2,897,400          | 3,048,400          |
| Provisions                                     | 2,462,500                | 2,511,800          | 2,562,000          | 2,613,200          | 2,665,500          | 2,718,800          | 2,773,200          | 2,828,700          | 2,885,300          | 2,943,000          |
| Income Received in Advance                     | 0                        | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |
| <b>Total Current Liabilities</b>               | <b>11,663,200</b>        | <b>11,219,700</b>  | <b>9,611,500</b>   | <b>9,401,600</b>   | <b>9,659,300</b>   | <b>9,926,400</b>   | <b>10,203,300</b>  | <b>10,490,400</b>  | <b>10,788,000</b>  | <b>11,096,900</b>  |
| <b>Non-Current Liabilities</b>                 |                          |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Payables                                       | 0                        | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |
| Borrowings                                     | 42,611,200               | 38,260,700         | 45,655,700         | 53,400,600         | 51,031,100         | 48,539,900         | 45,920,700         | 43,166,200         | 40,268,800         | 37,220,300         |
| Provisions                                     | 70,400                   | 71,800             | 73,200             | 74,700             | 76,200             | 77,700             | 79,300             | 80,900             | 82,500             | 84,200             |
| <b>Total Non-Current Liabilities</b>           | <b>42,681,600</b>        | <b>38,332,500</b>  | <b>45,728,900</b>  | <b>53,475,300</b>  | <b>51,107,300</b>  | <b>48,617,600</b>  | <b>46,000,000</b>  | <b>43,247,100</b>  | <b>40,351,300</b>  | <b>37,304,500</b>  |
| <b>TOTAL LIABILITIES</b>                       | <b>54,344,800</b>        | <b>49,552,200</b>  | <b>55,340,400</b>  | <b>62,876,900</b>  | <b>60,766,600</b>  | <b>58,544,000</b>  | <b>56,203,300</b>  | <b>53,737,500</b>  | <b>51,139,300</b>  | <b>48,401,400</b>  |
| <b>NET ASSETS</b>                              | <b>584,684,600</b>       | <b>591,026,900</b> | <b>595,621,400</b> | <b>601,766,800</b> | <b>615,191,300</b> | <b>631,863,900</b> | <b>651,354,400</b> | <b>671,648,200</b> | <b>692,957,600</b> | <b>715,170,600</b> |

## **Forecast statement of cash flows**

That cash levels are significantly impacted by additional loan borrowings (which are required to fund the FWP) and the impact of repaying these borrowed funds.

The forecast predicts how changes in balance sheet accounts and income effect 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 the *Table 11: Consolidated organisation forecast statement of cash flows*.

Table 11: Consolidated organisation forecast statement of cash flows

|   | 2025                | 2026                | 2027                | 2028                | 2029                | 2030                | 2031               | 2032                | 2033                | 2034                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|---------------------|---------------------|
|   | Estimate            | Estimate            | Estimate            | Estimate            | Estimate            | Estimate            | Estimate           | Estimate            | Estimate            | Estimate            |
| <b>Consolidated</b>                                       |                     |                     |                     |                     |                     |                     |                    |                     |                     |                     |
| <b>Cash Flows from Operating Activities</b>               |                     |                     |                     |                     |                     |                     |                    |                     |                     |                     |
| <u>Receipts</u>   |                     |                     |                     |                     |                     |                     |                    |                     |                     |                     |
| User Charges and Fees                                     | 27,461,400          | 29,359,100          | 31,391,700          | 33,568,700          | 35,900,400          | 38,398,000          | 41,073,200         | 43,938,800          | 44,808,000          | 45,721,000          |
| Investment and Interest Revenue Received                  | 858,500             | 801,900             | 707,000             | 640,000             | 666,200             | 691,800             | 767,000            | 738,500             | 770,200             | 770,200             |
| Grants and Contributions                                  | 10,094,100          | 9,905,900           | 8,524,700           | 8,787,500           | 14,048,200          | 14,317,400          | 14,589,100         | 14,870,100          | 15,160,200          | 15,459,600          |
| Other   | 1,466,600           | 1,396,400           | 1,400,600           | 1,405,000           | 1,409,500           | 1,414,100           | 1,418,800          | 1,423,700           | 1,428,700           | 1,433,800           |
| <u>Payments</u>   |                     |                     |                     |                     |                     |                     |                    |                     |                     |                     |
| Employee Benefits and On-Costs                            | (12,486,600)        | (12,547,400)        | (12,085,400)        | (12,265,300)        | (12,435,700)        | (12,588,800)        | (12,798,300)       | (13,041,500)        | (13,287,100)        | (13,537,800)        |
| Materials and Services                                    | (16,869,700)        | (14,033,700)        | (16,160,200)        | (16,184,900)        | (16,396,400)        | (15,953,000)        | (16,055,000)       | (18,113,700)        | (17,720,200)        | (17,751,500)        |
| Borrowing Costs   | (1,874,400)         | (2,565,800)         | (2,843,000)         | (3,108,200)         | (2,983,300)         | (2,868,500)         | (2,747,200)        | (2,619,100)         | (2,483,800)         | (2,340,900)         |
| Other   | 1,975,500           | 2,113,800           | 2,261,700           | 2,420,000           | 2,589,400           | 2,770,600           | 2,964,500          | 3,172,000           | 3,203,800           | 3,267,900           |
| <b>Net Cash Flows from Operating Activities</b>           | <b>10,625,400</b>   | <b>14,430,200</b>   | <b>13,197,100</b>   | <b>15,262,800</b>   | <b>22,798,300</b>   | <b>26,181,600</b>   | <b>29,212,100</b>  | <b>30,368,800</b>   | <b>31,879,800</b>   | <b>33,022,300</b>   |
| <b>Cash Flows from Investing Activities</b>               |                     |                     |                     |                     |                     |                     |                    |                     |                     |                     |
| <u>Receipts</u>   |                     |                     |                     |                     |                     |                     |                    |                     |                     |                     |
| Redemption of Term Deposits                               | 15,000,000          | 8,000,000           | 10,000,000          | 13,500,000          | 12,500,000          | 20,500,000          | 37,500,000         | 39,500,000          | 39,500,000          | 60,000,000          |
| 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     | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                  | 0                   | 0                   | 0                   |
| <u>Payments</u>   |                     |                     |                     |                     |                     |                     |                    |                     |                     |                     |
| Acquisition of Term Deposits                              | (15,000,000)        | (8,000,000)         | (10,000,000)        | (13,500,000)        | (12,500,000)        | (20,500,000)        | (37,500,000)       | (39,500,000)        | (39,500,000)        | (60,000,000)        |
| Purchase of Infrastructure, Property, Plant and Equipment | (35,704,800)        | (13,901,100)        | (16,369,800)        | (19,389,500)        | (21,847,900)        | (15,472,000)        | (9,045,200)        | (26,013,500)        | (29,089,600)        | (10,510,600)        |
| Purchase of Real Estate Assets                            | (50,000)            | (51,000)            | (52,000)            | (53,000)            | (54,000)            | (55,000)            | (56,000)           | (57,000)            | (58,000)            | (59,000)            |
| Purchase of Intangible Assets                             | (2,550,800)         | (1,564,300)         | 0                   | 0                   | 0                   | 0                   | 0                  | 0                   | 0                   | 0                   |
| <b>Net Cash Flows from Investing Activities</b>           | <b>(38,305,600)</b> | <b>(15,516,400)</b> | <b>(16,421,800)</b> | <b>(19,442,500)</b> | <b>(21,901,900)</b> | <b>(15,527,000)</b> | <b>(9,101,200)</b> | <b>(26,070,500)</b> | <b>(29,147,600)</b> | <b>(10,569,600)</b> |
| <b>Cash Flows from Financing Activities</b>               |                     |                     |                     |                     |                     |                     |                    |                     |                     |                     |
| <u>Receipts</u>   |                     |                     |                     |                     |                     |                     |                    |                     |                     |                     |
| Proceeds from Borrowings                                  | 30,000,000          | 0                   | 10,000,000          | 10,000,000          | 0                   | 0                   | 0                  | 0                   | 0                   | 0                   |
| <u>Payments</u>   |                     |                     |                     |                     |                     |                     |                    |                     |                     |                     |
| Repayment of Borrowings                                   | (4,256,900)         | (4,661,900)         | (4,350,600)         | (2,605,000)         | (2,255,000)         | (2,369,800)         | (2,491,100)        | (2,619,200)         | (2,754,500)         | (2,897,400)         |
| <b>Net Cash Flows from Financing Activities</b>           | <b>25,743,100</b>   | <b>(4,661,900)</b>  | <b>5,649,400</b>    | <b>7,395,000</b>    | <b>(2,255,000)</b>  | <b>(2,369,800)</b>  | <b>(2,491,100)</b> | <b>(2,619,200)</b>  | <b>(2,754,500)</b>  | <b>(2,897,400)</b>  |
| <b>Net Change in Cash and Cash Equivalents</b>            | <b>(1,937,100)</b>  | <b>(5,748,100)</b>  | <b>2,424,700</b>    | <b>3,215,300</b>    | <b>(1,358,600)</b>  | <b>8,284,800</b>    | <b>17,619,800</b>  | <b>1,679,100</b>    | <b>(22,300)</b>     | <b>19,555,300</b>   |
| Cash and Cash Equivalents at Beginning of Year            | 21,642,000          | 19,704,900          | 13,956,800          | 16,381,500          | 19,596,800          | 18,238,200          | 26,523,000         | 44,142,800          | 45,821,900          | 45,799,600          |
| Cash and Cash Equivalents at End of the Year              | <b>19,704,900</b>   | <b>13,956,800</b>   | <b>16,381,500</b>   | <b>19,596,800</b>   | <b>18,238,200</b>   | <b>26,523,000</b>   | <b>44,142,800</b>  | <b>45,821,900</b>   | <b>45,799,600</b>   | <b>65,354,900</b>   |

## 4.2. Bulk water reporting unit

### Overview

- The LTFP sees significant additional spending due to the future water program to secure our regions water.
- Over the next ten years the FWP will focus on building bores at Woodburn, a groundwater treatment plant at Alstonville, the Marom Creek water treatment plant, land acquisitions for groundwater and Tyagarah groundwater.
- The focus of the LTFP is to grow the operating surplus over the forward load, whilst carefully balancing the amount of borrowings Council takes and the impact of servicing those loans.
- Council has sought to contain operating costs across the forward load, the main variability arises from salary and wage costs, chemical and electricity prices and work on projects.

### Revenue

- The majority of bulk water revenue comes directly from the Constituent Councils. Council has sought to provide surety to its constituents by adhering to the previously advised price path as below.

**Table 12: Forecast % increase to constituent councils' contributions for bulk water**

| Year                | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | Cumulative Total |
|---------------------|------|------|------|------|------|------|------|------|------|------|------------------|
| Proposed % Increase | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 2.0% | 2.0% | 78.8%            |

- Council's charging methodology means the allocation to each council is based on the prior year's usage.
- Water consumption increased over the calculation period with Byron and Richmond Valley's proportion of the weighted average charge increasing beyond the 7.0% increase.

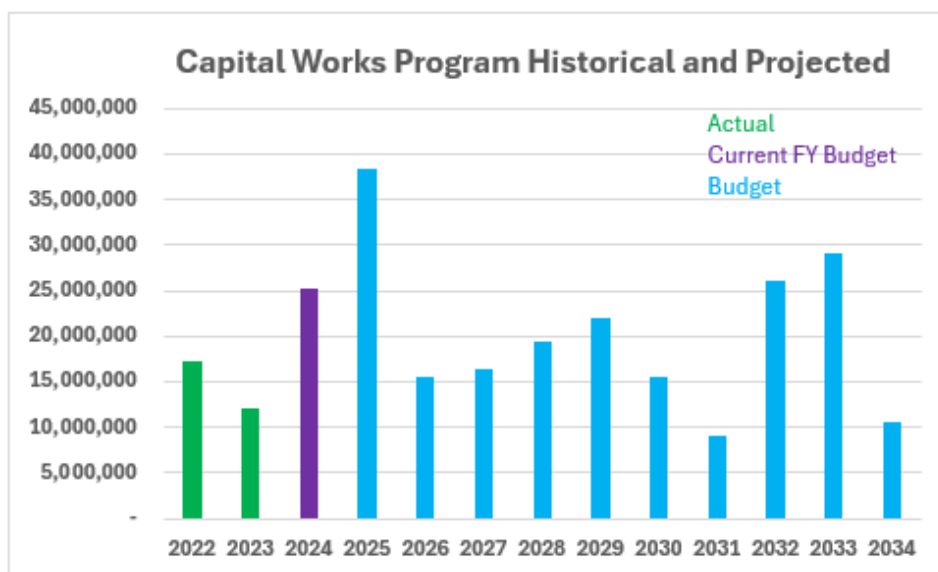
**Table 13: Proposed bulk water contributions constituent councils and retail water**

|                         | 2023/24<br>\$     | 2024/25<br>\$     | Movement<br>% | Movement<br>\$   |
|-------------------------|-------------------|-------------------|---------------|------------------|
| Lismore City Council    | 6,542,200         | 6,873,500         | 5.06          | 331,300          |
| Byron Council           | 5,571,300         | 6,374,300         | 14.41         | 803,000          |
| Richmond Valley Council | 1,348,700         | 1,483,900         | 10.02         | 135,200          |
| Ballina Council         | 8,334,500         | 8,799,100         | 5.57          | 464,600          |
| Rous Retail             | 2,041,000         | 1,975,500         | (3.21)        | (65,500)         |
| <b>Total</b>            | <b>23,837,700</b> | <b>25,506,300</b> | <b>7.00</b>   | <b>1,668,600</b> |

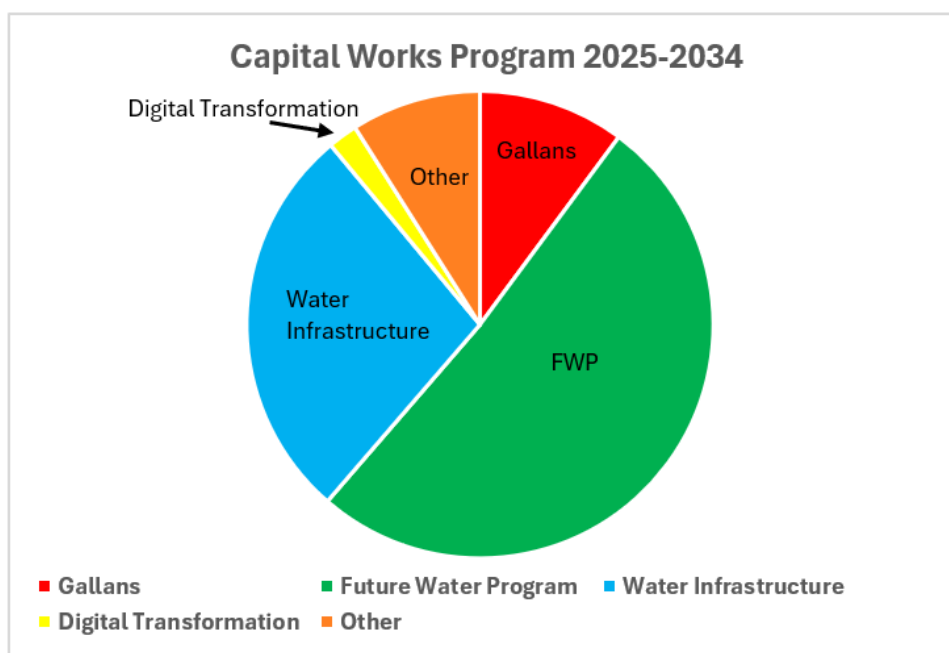
### Capital Works

- FY25 capex is significantly higher than other years and includes one-off projects for our new consolidated workplace premise and digital transformation as well as investment in the future water program.
- Over the next ten years the future water program capex results in a significant cost increase representing \$103.4M or 51.2% of total capital works.

**Graph 2: Capital works program historical and projected**



**Graph 3: Capital works program 2025-2034**



## Funding

- The scale of the capital works to be undertaken will result in additional borrowings being required over the forward load.
- A balance is required between what Council can borrow to fund works and the additional costs required to repay these funds, particularly with current interest rates resulting in financing costs being more expensive than in recent years.

**Table 14: Estimated borrowings 2025 – 2034**

| Year           | 2025       | 2026 | 2027       | 2028       | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | Total      |
|----------------|------------|------|------------|------------|------|------|------|------|------|------|------------|
| Amount \$      | 30,000,000 | -    | 10,000,000 | 10,000,000 | -    | -    | -    | -    | -    | -    | 50,000,000 |
| Estimated Rate | 6.50%      | -    | 5.50%      | 5.00%      | -    | -    | -    | -    | -    | -    | 5.67%      |



- Interest rates are predicted to decrease over time however it is difficult to predict exactly just what will occur and when.
- All loans have been calculated based on a standard principal and interest repayment over 20.

*Table 15: Bulk water operating performance* shows the forecast operating performance, capital movements, reserve transfers and the estimated cash reserve balances for the reporting unit.

**Table 125: Bulk water operating performance**

**Rous County Council - Bulk Water Supply**

|   | Long-Term Financial Plan |                          |                          |                          |                          |                          |                          |                          |                          |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|   | Operational Plan         | Delivery Program         |                          |                          |                          |                          |                          |                          |                          |                          |
|   | 2025<br>Estimate         | 2026<br>Estimate         | 2027<br>Estimate         | 2028<br>Estimate         | 2029<br>Estimate         | 2030<br>Estimate         | 2031<br>Estimate         | 2032<br>Estimate         | 2033<br>Estimate         | 2034<br>Estimate         |
| <b>BULK</b>   |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| <b>Operating Income</b>                                   |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| User Charges and Fees                                     | 23,530,800               | 25,178,000               | 26,940,500               | 28,826,300               | 30,844,100               | 33,003,200               | 35,313,400               | 37,785,300               | 38,541,000               | 39,311,800               |
| Other Revenue   | 178,500                  | 182,000                  | 185,500                  | 189,100                  | 192,800                  | 196,600                  | 200,500                  | 204,500                  | 208,600                  | 212,800                  |
| Grants and Contributions                                  | 757,100                  | 0                        | 0                        | 0                        | 5,000,000                | 5,000,000                | 5,000,000                | 5,000,000                | 5,000,000                | 5,000,000                |
| Interest and Investment Income                            | 718,100                  | 665,700                  | 530,100                  | 444,300                  | 460,500                  | 472,300                  | 535,700                  | 490,500                  | 495,100                  | 495,100                  |
| Other Income  | 23,800                   | 24,500                   | 25,200                   | 26,000                   | 26,800                   | 27,600                   | 28,400                   | 29,300                   | 30,200                   | 31,100                   |
| Capital Income  | 5,850,000                | 7,121,000                | 5,678,000                | 5,877,000                | 6,083,000                | 6,296,000                | 6,516,000                | 6,744,000                | 6,980,000                | 7,224,000                |
| <b>Total Operating Income</b>                             | <b>31,058,300</b>        | <b>33,171,200</b>        | <b>33,359,300</b>        | <b>35,362,700</b>        | <b>42,607,200</b>        | <b>44,995,700</b>        | <b>47,594,000</b>        | <b>50,253,600</b>        | <b>51,254,900</b>        | <b>52,274,800</b>        |
| <b>Operating Expense</b>                                  |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Employee Benefits and On-Costs                            | 9,960,200                | 10,127,600               | 9,811,500                | 9,944,800                | 10,067,600               | 10,172,100               | 10,332,200               | 10,524,300               | 10,720,600               | 10,920,900               |
| Internal Overheads  | (780,600)                | (751,100)                | (760,600)                | (773,100)                | (798,500)                | (862,800)                | (897,300)                | (959,700)                | (1,009,600)              | (1,042,700)              |
| Internal Distributions                                    | (1,975,500)              | (2,113,800)              | (2,261,700)              | (2,420,000)              | (2,589,400)              | (2,770,600)              | (2,964,500)              | (3,172,000)              | (3,203,800)              | (3,267,900)              |
| Materials and Services - Materials and Consumables        | 2,348,200                | 2,108,200                | 2,258,200                | 2,108,200                | 2,108,200                | 2,108,200                | 2,108,200                | 2,108,200                | 2,108,200                | 2,108,200                |
| Materials and Services - Contractors and Consultancy Fees | 3,386,700                | 1,557,200                | 3,401,000                | 3,473,400                | 3,528,400                | 2,863,800                | 2,811,900                | 4,663,200                | 4,263,000                | 4,230,200                |
| Materials and Services - Chemicals                        | 1,841,800                | 1,841,800                | 1,841,800                | 1,841,800                | 1,841,800                | 1,841,800                | 1,841,800                | 1,841,800                | 1,841,800                | 1,841,800                |
| Materials and Services - Electricity                      | 2,288,200                | 2,288,200                | 2,288,200                | 2,288,200                | 2,285,700                | 2,285,700                | 2,285,700                | 2,285,700                | 2,285,700                | 2,285,700                |
| Materials and Services - Insurance                        | 353,900                  | 353,900                  | 353,900                  | 353,900                  | 353,900                  | 353,900                  | 353,900                  | 353,900                  | 353,900                  | 353,900                  |
| Materials and Services - IT Expenses                      | 1,026,000                | 1,026,000                | 1,026,000                | 1,026,000                | 1,026,000                | 1,026,000                | 1,026,000                | 1,026,000                | 1,026,000                | 1,026,000                |
| Materials and Services - Other                            | 851,400                  | 606,700                  | 606,700                  | 606,700                  | 603,300                  | 603,300                  | 603,300                  | 603,300                  | 603,300                  | 603,300                  |
| Borrowing Costs   | 1,874,400                | 2,565,800                | 2,843,000                | 3,108,200                | 2,983,300                | 2,868,500                | 2,747,200                | 2,619,100                | 2,483,800                | 2,340,900                |
| Depreciation and Amortisation                             | 7,036,600                | 7,293,700                | 7,561,400                | 8,036,300                | 8,274,000                | 8,415,400                | 8,609,100                | 8,943,700                | 9,420,300                | 9,639,800                |
| Other Expenses  | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        |
| Gains or Losses   | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        |
| <b>Total Operating Expense</b>                            | <b>28,211,300</b>        | <b>26,904,200</b>        | <b>28,969,400</b>        | <b>29,594,400</b>        | <b>29,684,300</b>        | <b>28,905,300</b>        | <b>28,857,500</b>        | <b>30,837,500</b>        | <b>30,893,200</b>        | <b>31,040,100</b>        |
| <b>Operating Result</b>                                   | <b>2,847,000</b>         | <b>6,267,000</b>         | <b>4,389,900</b>         | <b>5,768,300</b>         | <b>12,922,900</b>        | <b>16,090,400</b>        | <b>18,736,500</b>        | <b>19,416,100</b>        | <b>20,361,700</b>        | <b>21,234,700</b>        |
| Less Depreciation   | 7,036,600                | 7,293,700                | 7,561,400                | 8,036,300                | 8,274,000                | 8,415,400                | 8,609,100                | 8,943,700                | 9,420,300                | 9,639,800                |
| <b>Operating Result Excluding Non Cash</b>                | <b>9,883,600</b>         | <b>13,560,700</b>        | <b>11,951,300</b>        | <b>13,804,600</b>        | <b>21,196,900</b>        | <b>24,505,800</b>        | <b>27,345,600</b>        | <b>28,359,800</b>        | <b>29,782,000</b>        | <b>30,874,500</b>        |
| <b>Add: Loan Drawdown</b>                                 | <b>30,000,000</b>        | <b>0</b>                 | <b>10,000,000</b>        | <b>10,000,000</b>        | <b>0</b>                 | <b>0</b>                 | <b>0</b>                 | <b>0</b>                 | <b>0</b>                 | <b>0</b>                 |
| <b>Less: Loan Repayments</b>                              | <b>4,256,900</b>         | <b>4,661,900</b>         | <b>4,350,600</b>         | <b>2,605,000</b>         | <b>2,255,000</b>         | <b>2,369,800</b>         | <b>2,491,100</b>         | <b>2,619,200</b>         | <b>2,754,500</b>         | <b>2,897,400</b>         |
| <b>Less: Capital Expense</b>                              | <b>37,721,900</b>        | <b>14,850,800</b>        | <b>15,229,200</b>        | <b>18,437,400</b>        | <b>20,882,900</b>        | <b>14,223,100</b>        | <b>8,232,300</b>         | <b>25,198,600</b>        | <b>27,871,700</b>        | <b>9,689,500</b>         |
| <b>Add: Reserve Transfers</b>                             | <b>2,095,200</b>         | <b>5,952,000</b>         | <b>(2,371,500)</b>       | <b>(3,762,200)</b>       | <b>1,941,000</b>         | <b>(8,912,900)</b>       | <b>(16,622,200)</b>      | <b>(542,000)</b>         | <b>844,200</b>           | <b>(18,287,600)</b>      |
| <b>Estimated Bulk Water Reserves</b>                      |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| <b>Description</b>  | <b>2025<br/>Estimate</b> | <b>2026<br/>Estimate</b> | <b>2027<br/>Estimate</b> | <b>2028<br/>Estimate</b> | <b>2029<br/>Estimate</b> | <b>2030<br/>Estimate</b> | <b>2031<br/>Estimate</b> | <b>2032<br/>Estimate</b> | <b>2033<br/>Estimate</b> | <b>2034<br/>Estimate</b> |
| Bulk Water Reserve  | 16,589,900               | 10,637,900               | 13,009,400               | 16,771,600               | 14,830,600               | 23,743,500               | 40,365,700               | 40,907,700               | 40,063,500               | 58,351,100               |

## **Ratios**

The selected ratios are from those required by the Local Government Code of Accounting Practice and specific comments on the reporting units result in comparison to the benchmark are included in *Table 16: Bulk water forecast ratios*.

**Table 136: Bulk water forecast ratios (excluding capital grants and contributions)**

| <b>Rous County Council - Bulk Water Supply</b>                   |  | 2025  | 2026      | 2027      | 2028      | 2029       | 2030      | 2031      | 2032      | 2033      | 2034      |
|--|--|---|-----------|-----------|-----------|------------|-----------|-----------|-----------|-----------|-----------|
| Financial Ratios   |  | Estimate  | Estimate  | Estimate  | Estimate  | Estimate   | Estimate  | Estimate  | Estimate  | Estimate  | Estimate  |
| Operating Performance Ratio Expressed as a Percentage            |  | (11.91)   | (3.28)    | (4.65)    | (0.37)    | 18.73      | 25.31     | 29.75     | 29.12     | 30.22     | 31.10     |
| <u>Operating Income less Operating Expense</u>                   |  |   |           |           |           |            |           |           |           |           |           |
| Operating Income   |  |   |           |           |           |            |           |           |           |           |           |
| Benchmark  |  | >0  | >0        | >0        | >0        | >0         | >0        | >0        | >0        | >0        | >0        |
| Result   |  | Fail  | Fail      | Fail      | Fail      | Pass       | Pass      | Pass      | Pass      | Pass      | Pass      |
| Comment  |  | The benchmark is not being achieved until 2028/29 when operating revenue exceeds operating expenditure mainly through the increase to bulk water charges.   |           |           |           |            |           |           |           |           |           |
| Own Source Operating Revenue Expressed as a Percentage           |  | 97.00   | 100.00    | 100.00    | 100.00    | 86.31      | 87.08     | 87.83     | 88.51     | 88.71     | 88.90     |
| <u>Operating Income less Grants and Contributions</u>            |  |   |           |           |           |            |           |           |           |           |           |
| 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  |  | The benchmark is being achieved in all years.   |           |           |           |            |           |           |           |           |           |
| Debt Service Cover Ratio   |  | 0.96  | 1.25      | 1.27      | 1.93      | 3.45       | 4.02      | 4.50      | 4.63      | 4.83      | 4.96      |
| <u>Operating Result excluding Loan Interest and Depreciation</u> |  |   |           |           |           |            |           |           |           |           |           |
| Loan Repayments Principal/Interest                               |  |   |           |           |           |            |           |           |           |           |           |
| Benchmark  |  | >2  | >2        | >2        | >2        | >2         | >2        | >2        | >2        | >2        | >2        |
| Result   |  | Fail  | Fail      | Fail      | Fail      | Pass       | Pass      | Pass      | Pass      | Pass      | Pass      |
| Comment  |  | The ratio indicates that operating result is weak compared the level of debt being repaid. It suggests that the Reporting Unit has limited discretionary funds because funds are committed to repaying debt. The ratio improves to a satisfactory level from 2028/29 onwards as existing loans for the Wilson's River loans are paid out. |           |           |           |            |           |           |           |           |           |
| Unrestricted Current Ratio                                       |  | 2.08  | 1.60      | 2.20      | 2.72      | 2.44       | 3.39      | 5.15      | 5.07      | 4.85      | 6.58      |
| <u>Current Assets less External Restrictions</u>                 |  |   |           |           |           |            |           |           |           |           |           |
| Current Liabilities Less Specific Purpose Liabilities            |  |   |           |           |           |            |           |           |           |           |           |
| 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  |  | The benchmark is being achieved in all years.   |           |           |           |            |           |           |           |           |           |
| Buildings and Infrastructure Renewals ratio                      |  | 77.70%  | 67.72%    | 52.59%    | 84.54%    | 173.26%    | 85.96%    | 17.09%    | 102.18%   | 25.86%    | 15.53%    |
| <u>Asset Renewals</u>  |  | 5,467,480   | 4,939,575 | 3,976,700 | 6,793,900 | 14,335,900 | 7,233,600 | 1,471,000 | 9,138,300 | 2,436,450 | 1,497,100 |
| Depreciation, Amortisation and Impairment                        |  | 7,036,600   | 7,293,700 | 7,561,400 | 8,036,300 | 8,274,000  | 8,415,400 | 8,609,100 | 8,943,700 | 9,420,300 | 9,639,800 |
| Benchmark  |  | >100%   | >100%     | >100%     | >100%     | >100%      | >100%     | >100%     | >100%     | >100%     | >100%     |
| Result   |  | Fail  | Fail      | Fail      | Fail      | Pass       | Fail      | Fail      | Pass      | Fail      | Fail      |
| Comment  |  | The benchmark is only met in two years of the ten-year program as significant capital expenditure is planned for new assets.  |           |           |           |            |           |           |           |           |           |

**Table 16a: Bulk water forecast ratios (total revenue)**

| <b>Rous County Council - Bulk Water Supply</b>            |  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|---|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Financial Ratios (including Capital Revenue)              | 2025<br>Estimate   | 2026<br>Estimate | 2027<br>Estimate | 2028<br>Estimate | 2029<br>Estimate | 2030<br>Estimate | 2031<br>Estimate | 2032<br>Estimate | 2033<br>Estimate | 2034<br>Estimate |
| Operating Performance Ratio Expressed as a Percentage     | 9.17   | 18.89            | 13.16            | 16.31            | 30.33            | 35.76            | 39.37            | 38.64            | 39.73            | 40.62            |
| Operating Income less Operating Expense                   |  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Operating Income  |  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Benchmark   | >0   | >0               | >0               | >0               | >0               | >0               | >0               | >0               | >0               | >0               |
| Result  | Pass   | Pass             | Pass             | Pass             | Pass             | Pass             | Pass             | Pass             | Pass             | Pass             |
| Comment   | This benchmark is achieved in all years when capital revenue is included.                      |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Debt Service Cover Ratio                                  | 1.92   | 2.23             | 2.06             | 2.96             | 4.62             | 5.23             | 5.74             | 5.91             | 6.16             | 6.34             |
| Operating Result excluding Loan Interest and Depreciation |  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Loan Repayments Principal/Interest                        |  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Benchmark   | >1.5   | >1.5             | >1.5             | >1.5             | >1.5             | >1.5             | >1.5             | >1.5             | >1.5             | >1.5             |
| Result  | Fail   | Pass             | Pass             | Pass             | Pass             | Pass             | Pass             | Pass             | Pass             | Pass             |
| Comment   | This benchmark is achieved in all years from 2025/26 onwards when capital revenue is included. |                  |                  |                  |                  |                  |                  |                  |                  |                  |

4.3. Retail water reporting unit

Overview

- Significant investment has occurred in the retail water business over the last year as Smart Metering and Backflow devices have been rolled out.
- Costs are flat other than additional costs associated with the larger projects for Smart Metering and Backflow Devices that will be recouped through the additional charges

Revenue

- Water pricing will increase by 8.0%, largely due to the increased cost of bulk water increasing by 7.0%.

Table 17: Forecast price path for charges to Rous retail customers

| Year                | 2025  | 2026  | 2027  | 2028  | 2029  | 2030  | 2031  | 2032  | 2033  | 2034  |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Proposed % Increase | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 2.00% | 2.50% |

Table 18: Retail water operating performance shows the forecast operating performance, capital movements, reserve transfers and the estimated cash reserve balances for the reporting unit.

**Table 148: Retail water operating performance**

**Rous County Council - Retail Water Supply**

| Name  | Long-Term Financial Plan |                          |                          |                          |                          |                          |                          |                          |                          |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|   | Operational Plan         | Delivery Program         |                          |                          |                          |                          |                          |                          |                          |                          |
|   | 2025<br>Estimate         | 2026<br>Estimate         | 2027<br>Estimate         | 2028<br>Estimate         | 2029<br>Estimate         | 2030<br>Estimate         | 2031<br>Estimate         | 2032<br>Estimate         | 2033<br>Estimate         | 2034<br>Estimate         |
| <b>RETAIL</b>   |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| <b>Operating Income</b>                                   |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| User Charges and Fees                                     | 3,930,600                | 4,181,100                | 4,451,200                | 4,742,400                | 5,056,300                | 5,394,800                | 5,759,800                | 6,153,500                | 6,267,000                | 6,409,200                |
| Other Revenue   | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        |
| Grants and Contributions                                  | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        |
| Interest and Investment Income                            | 20,800                   | 17,600                   | 18,100                   | 19,800                   | 26,600                   | 36,200                   | 41,400                   | 50,200                   | 69,100                   | 69,100                   |
| Other Income  | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        |
| Capital Income  | 15,300                   | 15,600                   | 15,900                   | 16,200                   | 16,500                   | 16,800                   | 17,100                   | 17,400                   | 17,700                   | 18,100                   |
| <b>Total Income</b>                                       | <b>3,966,700</b>         | <b>4,214,300</b>         | <b>4,485,200</b>         | <b>4,778,400</b>         | <b>5,099,400</b>         | <b>5,447,800</b>         | <b>5,818,300</b>         | <b>6,221,100</b>         | <b>6,353,800</b>         | <b>6,496,400</b>         |
| <b>Operating Expense</b>                                  |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Employee Benefits and On-Costs                            | 673,700                  | 728,800                  | 701,500                  | 715,200                  | 729,400                  | 744,200                  | 759,100                  | 774,300                  | 789,800                  | 805,500                  |
| Internal Overheads  | 197,600                  | 221,600                  | 246,000                  | 270,900                  | 296,300                  | 322,200                  | 348,600                  | 375,600                  | 403,100                  | 431,200                  |
| Materials and Services - Materials and Consumables        | 164,200                  | 164,200                  | 164,200                  | 164,200                  | 164,200                  | 164,200                  | 164,200                  | 164,200                  | 164,200                  | 164,200                  |
| Materials and Services - Contractors and Consultancy Fees | 220,200                  | 415,200                  | 415,200                  | 415,200                  | 415,200                  | 415,200                  | 415,200                  | 415,200                  | 415,200                  | 415,200                  |
| Materials and Services - Electricity                      | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        |
| Materials and Services - Insurance                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        |
| Materials and Services - IT Expenses                      | 114,000                  | 114,000                  | 114,000                  | 114,000                  | 114,000                  | 114,000                  | 114,000                  | 114,000                  | 114,000                  | 114,000                  |
| Materials and Services - Other                            | 2,062,800                | 2,201,100                | 2,349,000                | 2,507,300                | 2,676,700                | 2,857,900                | 3,051,800                | 3,259,300                | 3,291,100                | 3,355,200                |
| Borrowing Costs   | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        |
| Depreciation and Amortisation                             | 526,500                  | 534,400                  | 542,400                  | 550,500                  | 558,800                  | 567,200                  | 575,700                  | 584,300                  | 593,100                  | 602,000                  |
| Other Expenses  | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        |
| Gains or Losses   | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        |
| <b>Total Expense</b>                                      | <b>3,959,000</b>         | <b>4,379,300</b>         | <b>4,532,300</b>         | <b>4,737,300</b>         | <b>4,954,600</b>         | <b>5,184,900</b>         | <b>5,428,600</b>         | <b>5,686,900</b>         | <b>5,770,500</b>         | <b>5,887,300</b>         |
| <b>Operating Result</b>                                   | <b>7,700</b>             | <b>(165,000)</b>         | <b>(47,100)</b>          | <b>41,100</b>            | <b>144,800</b>           | <b>262,900</b>           | <b>389,700</b>           | <b>534,200</b>           | <b>583,300</b>           | <b>609,100</b>           |
| Less Depreciation   | 526,500                  | 534,400                  | 542,400                  | 550,500                  | 558,800                  | 567,200                  | 575,700                  | 584,300                  | 593,100                  | 602,000                  |
| <b>Operating Result Excluding Non Cash</b>                | <b>534,200</b>           | <b>369,400</b>           | <b>495,300</b>           | <b>591,600</b>           | <b>703,600</b>           | <b>830,100</b>           | <b>965,400</b>           | <b>1,118,500</b>         | <b>1,176,400</b>         | <b>1,211,100</b>         |
| Less: Capital Expense                                     | 168,200                  | 90,800                   | 492,600                  | 94,500                   | 96,400                   | 498,300                  | 100,300                  | 102,300                  | 504,300                  | 106,400                  |
| Add: Reserve Transfers                                    | (366,000)                | (278,600)                | (2,700)                  | 502,900                  | (607,200)                | 668,200                  | (865,100)                | (1,016,200)              | (672,100)                | (1,104,700)              |
| <b>Estimated Retail Water Reserves</b>                    |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| <b>Description</b>  | <b>2025<br/>Estimate</b> | <b>2026<br/>Estimate</b> | <b>2027<br/>Estimate</b> | <b>2028<br/>Estimate</b> | <b>2029<br/>Estimate</b> | <b>2030<br/>Estimate</b> | <b>2031<br/>Estimate</b> | <b>2032<br/>Estimate</b> | <b>2033<br/>Estimate</b> | <b>2034<br/>Estimate</b> |
| Retail Water Reserve                                      | 641,000                  | 919,600                  | 922,300                  | 419,400                  | 1,026,600                | 358,400                  | 1,223,500                | 2,239,700                | 2,911,800                | 4,016,500                |

## ***Ratios***

The selected ratios are from those required by the Local Government Code of Accounting Practice and specific comments on the reporting units result in comparison to the benchmark are included in *Table 19: Retail water forecast ratios*.



**Table 19: Retail water forecast ratios (excluding capital grants and contributions)**

| Rous County Council - Retail Water Supply              |  | 2025  | 2026     | 2027     | 2028     | 2029     | 2030     | 2031     | 2032     | 2033     | 2034     |
|--|--|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Financial Ratios                                       |  | Estimate  | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate |
| Operating Performance Ratio Expressed as a Percentage  |  | (0.19)  | (4.30)   | (1.41)   | 0.52     | 2.52     | 4.53     | 6.42     | 8.33     | 8.93     | 9.12     |
| <u>Operating Income less Operating Expense</u>         |  |   |          |          |          |          |          |          |          |          |          |
| 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  |  | The benchmark is not achieved until 2027/28 due to the rising price of bulk water plus the introduction of smart meters and backflow devices. |          |          |          |          |          |          |          |          |          |
| Own Source Operating Revenue Expressed as a Percentage |  | 100.00  | 100.00   | 100.00   | 100.00   | 100.00   | 100.00   | 100.00   | 100.00   | 100.00   | 100.00   |
| <u>Operating Income less Grants and Contributions</u>  |  |   |          |          |          |          |          |          |          |          |          |
| 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  |  | The benchmark is forecast to be achieved annually.  |          |          |          |          |          |          |          |          |          |
| Unrestricted Current Ratio                             |  | 20.84   | 25.65    | 25.38    | 16.29    | 26.55    | 14.98    | 29.09    | 45.10    | 55.05    | 71.24    |
| <u>Current Assets less External Restrictions</u>       |  |   |          |          |          |          |          |          |          |          |          |
| Current Liabilities less Specific Purpose Liabilities  |  |   |          |          |          |          |          |          |          |          |          |
| 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  |  | The benchmark is achieved as the Reporting Unit maintains a cash reserve and no external debt.  |          |          |          |          |          |          |          |          |          |
| Buildings and Infrastructure Renewals Ratio            |  | 16.75%  | 16.99%   | 17.07%   | 17.17%   | 17.25%   | 17.33%   | 17.42%   | 17.51%   | 17.59%   | 17.67%   |
| <u>Asset Renewals</u>                                  |  | 88,200  | 90,800   | 92,600   | 94,500   | 96,400   | 98,300   | 100,300  | 102,300  | 104,300  | 106,400  |
| Depreciation, Amortisation and Impairment              |  | 526,500   | 534,400  | 542,400  | 550,500  | 558,800  | 567,200  | 575,700  | 584,300  | 593,100  | 602,000  |
| Benchmark  |  | >100%   | >100%    | >100%    | >100%    | >100%    | >100%    | >100%    | >100%    | >100%    | >100%    |
| Result   |  | Fail  | Fail     | Fail     | Fail     | Fail     | Fail     | Fail     | Fail     | Fail     | Fail     |
| Comment  |  | The benchmark is not met from 2024/25 onwards as depreciation increases significantly with smart metering and backflow device installation.   |          |          |          |          |          |          |          |          |          |

**Table 19a: Retail water forecast ratios (total revenue)**

| Rous County Council - Retail Water Supply             |  | 2025   | 2026     | 2027     | 2028     | 2029     | 2030     | 2031     | 2032     | 2033     | 2034     |
|---|--|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Financial Ratios (including Capital Revenue)          |  | Estimate   | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate |
| Operating Performance Ratio Expressed as a Percentage |  | 0.19   | (3.92)   | (1.05)   | 0.86     | 2.84     | 4.83     | 6.70     | 8.59     | 9.18     | 9.38     |
| <u>Operating Income less Operating Expense</u>        |  |  |          |          |          |          |          |          |          |          |          |
| Operating Income                                      |  |  |          |          |          |          |          |          |          |          |          |
| Benchmark   |  | >0   | >0       | >0       | >0       | >0       | >0       | >0       | >0       | >0       | >0       |
| Result  |  | Pass   | Fail     | Fail     | Pass     | Pass     | Pass     | Pass     | Pass     | Pass     | Pass     |
| Comment   |  | The adjusted benchmark is achieved in 2024/25 and then from 2027/28 onwards as per the standard benchmark. |          |          |          |          |          |          |          |          |          |

#### 4.4. Flood mitigation reporting unit

##### Overview

- Council's Flood Mitigation function operates on a very tight budget, meaning that the team must do a lot of work with little resources.
- There have been no real increases to costs, however, additionally grant funding has been sought to complete additional works.
- The Lismore Levee continues to be owned by Council with the depreciation of the asset not being funded.

##### Revenue

- Contributions will increase by 8.0% as previously agreed with Constituent Councils to make Flood Mitigation more financial sustainable.
- These cost increases are not significant in dollar terms and are vital for this function to *continue its core operations*.

**Table 20: Forecast price path for constituent council flood mitigation contributions**

| Year                | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | Cumulative Total |
|---------------------|------|------|------|------|------|------|------|------|------|------|------------------|
| Proposed % Increase | 4.6% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 25.0%            |

**Table 21: Proposed flood mitigation council contributions**

| Service Area            | 2023/24        | 2024/25        | Increase      |
|-------------------------|----------------|----------------|---------------|
| Ballina Shire Council   | 302,700        | 326,900        | 24,200        |
| Lismore City Council    | 302,700        | 326,900        | 24,200        |
| Richmond Valley Council | 302,700        | 326,900        | 24,200        |
|                         | <b>908,100</b> | <b>980,700</b> | <b>72,600</b> |

**Table 22: Proposed Ex-Drainage Union council contributions**

| Service Area            | 2023/24       | 2024/25       | Increase     |
|-------------------------|---------------|---------------|--------------|
| Ballina Shire Council   | 41,800        | 43,700        | 1,900        |
| Lismore City Council    | 41,800        | 43,700        | 1,900        |
| Richmond Valley Council | 4,000         | 4,200         | 200          |
|                         | <b>87,600</b> | <b>91,600</b> | <b>4,000</b> |

Table 23: Flood mitigation operating performance shows the forecast operating performance, capital movements, reserve transfers and the estimated cash reserve balances for the reporting unit.

**Table 23: Flood mitigation operating performance**

**Rous County Council - Flood Mitigation**

|   | Operational Plan         | Delivery Program         |                          |                          |                          |                          |                          |                          |                          |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Name  | 2025<br>Estimate         | 2026<br>Estimate         | 2027<br>Estimate         | 2028<br>Estimate         | 2029<br>Estimate         | 2030<br>Estimate         | 2031<br>Estimate         | 2032<br>Estimate         | 2033<br>Estimate         | 2034<br>Estimate         |
| <b>FLOOD</b>  |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| <b>Operating Income</b>                                   |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| User Charges and Fees                                     | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        |
| Other Revenue   | 6,200                    | 6,200                    | 6,200                    | 6,200                    | 6,200                    | 6,200                    | 6,200                    | 6,200                    | 6,200                    | 6,200                    |
| Grants and Contributions                                  | 1,808,500                | 1,207,700                | 1,250,800                | 1,295,500                | 1,330,800                | 1,367,200                | 1,398,700                | 1,431,100                | 1,464,200                | 1,498,100                |
| Interest and Investment Income                            | 11,000                   | 11,000                   | 13,300                   | 14,200                   | 16,100                   | 16,400                   | 16,800                   | 18,900                   | 22,000                   | 22,000                   |
| Other Income  | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        |
| Capital Income  | 84,600                   | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        |
| <b>Total Operating Income</b>                             | <b>1,910,300</b>         | <b>1,224,900</b>         | <b>1,270,300</b>         | <b>1,315,900</b>         | <b>1,353,100</b>         | <b>1,389,800</b>         | <b>1,421,700</b>         | <b>1,456,200</b>         | <b>1,492,400</b>         | <b>1,526,300</b>         |
| <b>Operating Expense</b>                                  |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Employee Benefits and On-Costs                            | 538,400                  | 559,100                  | 553,600                  | 565,000                  | 576,500                  | 588,200                  | 599,800                  | 611,700                  | 623,800                  | 636,200                  |
| Internal Overheads  | 216,100                  | 221,100                  | 226,100                  | 231,100                  | 236,100                  | 271,900                  | 271,100                  | 276,100                  | 281,100                  | 286,100                  |
| Materials and Services - Materials and Consumables        | 116,500                  | 106,500                  | 106,500                  | 106,500                  | 106,500                  | 106,500                  | 106,500                  | 106,500                  | 106,500                  | 106,500                  |
| Materials and Services - Contractors and Consultancy Fees | 857,300                  | 113,900                  | 98,700                   | 92,700                   | 92,700                   | 132,700                  | 92,700                   | 92,700                   | 67,700                   | 67,700                   |
| Materials and Services - Electricity                      | 1,700                    | 1,700                    | 1,700                    | 1,700                    | 1,700                    | 1,700                    | 1,700                    | 1,700                    | 1,700                    | 1,700                    |
| Materials and Services - Insurance                        | 6,200                    | 6,200                    | 6,200                    | 6,200                    | 6,200                    | 6,200                    | 6,200                    | 6,200                    | 6,200                    | 6,200                    |
| Materials and Services - Other                            | 9,100                    | 9,100                    | 9,100                    | 9,100                    | 9,100                    | 9,100                    | 9,100                    | 9,100                    | 9,100                    | 9,100                    |
| Borrowing Costs   | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        |
| Depreciation and Amortisation                             | 716,300                  | 727,000                  | 737,900                  | 749,000                  | 760,200                  | 771,600                  | 783,200                  | 794,900                  | 806,800                  | 818,900                  |
| Other Expenses  | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        |
| Gains or Losses   | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        |
| <b>Total Operating Expense</b>                            | <b>2,461,600</b>         | <b>1,744,600</b>         | <b>1,739,800</b>         | <b>1,761,300</b>         | <b>1,789,000</b>         | <b>1,887,900</b>         | <b>1,870,300</b>         | <b>1,898,900</b>         | <b>1,902,900</b>         | <b>1,932,400</b>         |
| <b>Operating Result</b>                                   | <b>(551,300)</b>         | <b>(519,700)</b>         | <b>(469,500)</b>         | <b>(445,400)</b>         | <b>(435,900)</b>         | <b>(498,100)</b>         | <b>(448,600)</b>         | <b>(442,700)</b>         | <b>(410,500)</b>         | <b>(406,100)</b>         |
| Less Depreciation   | 716,300                  | 727,000                  | 737,900                  | 749,000                  | 760,200                  | 771,600                  | 783,200                  | 794,900                  | 806,800                  | 818,900                  |
| <b>Operating Result Excluding Non Cash</b>                | <b>165,000</b>           | <b>207,300</b>           | <b>268,400</b>           | <b>303,600</b>           | <b>324,300</b>           | <b>273,500</b>           | <b>334,600</b>           | <b>352,200</b>           | <b>396,300</b>           | <b>412,800</b>           |
| Less: Capital Expense                                     | 219,500                  | 225,800                  | 236,700                  | 332,600                  | 358,600                  | 405,600                  | 367,600                  | 367,600                  | 368,600                  | 369,700                  |
| Add: Reserve Transfers                                    | 54,500                   | 18,500                   | (31,700)                 | 29,000                   | 34,300                   | 132,100                  | 33,000                   | 15,400                   | (27,700)                 | (43,100)                 |
| <b>Estimated Flood Mitigation Reserves</b>                |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| <b>Description</b>  | <b>2025<br/>Estimate</b> | <b>2026<br/>Estimate</b> | <b>2027<br/>Estimate</b> | <b>2028<br/>Estimate</b> | <b>2029<br/>Estimate</b> | <b>2030<br/>Estimate</b> | <b>2031<br/>Estimate</b> | <b>2032<br/>Estimate</b> | <b>2033<br/>Estimate</b> | <b>2034<br/>Estimate</b> |
| Flood Mitigation Reserve                                  | 577,500                  | 559,000                  | 590,700                  | 561,700                  | 527,400                  | 395,300                  | 362,300                  | 346,900                  | 374,600                  | 417,700                  |

## **Ratios**

The selected ratios are from those required by the Local Government Code of Accounting Practice and specific comments on the reporting units result in comparison to the benchmark are included in *Table 24: Flood mitigation forecast ratios*.

**Table 24: Flood mitigation forecast ratios (excluding capital grants and contributions)**

| <b>Rous County Council - Flood Mitigation</b>                 |  | 2025  | 2026     | 2027     | 2028     | 2029     | 2030     | 2031     | 2032     | 2033     | 2034     |
|---|--|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>Financial Ratios</b>                                       |  | Estimate  | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate |
| <b>Operating Performance Ratio Expressed as a Percentage</b>  |  | (34.83)   | (42.43)  | (36.96)  | (33.85)  | (32.21)  | (35.84)  | (31.55)  | (30.40)  | (27.51)  | (26.61)  |
| <u>Operating Income less Operating Expense</u>                |  |   |          |          |          |          |          |          |          |          |          |
| Operating Income  |  |   |          |          |          |          |          |          |          |          |          |
| <b>Benchmark</b>  |  | >0  | >0       | >0       | >0       | >0       | >0       | >0       | >0       | >0       | >0       |
| <b>Result</b>   |  | Fail  | Fail     | Fail     | Fail     | Fail     | Fail     | Fail     | Fail     | Fail     | Fail     |
| <b>Comment</b>  |  | The benchmark is not being achieved however the proposed increases to contributions from 2022-2025 improves the forecast ratio. It is relevant to note that depreciation expense includes the Lismore Levee. This asset is funded by Lismore City Council hence the operating deficit shown in the model is arguably overstated. Taking this adjustment into account a regular surplus (favourable adjusted ratio result) is achieved by 2031/32. |          |          |          |          |          |          |          |          |          |
| <b>Own Source Operating Revenue Expressed as a Percentage</b> |  | 54.66   | 85.47    | 85.84    | 86.18    | 86.42    | 86.64    | 86.80    | 86.97    | 87.14    | 87.29    |
| <u>Operating Income less Grants and Contributions</u>         |  |   |          |          |          |          |          |          |          |          |          |
| Total Operating Income  |  |   |          |          |          |          |          |          |          |          |          |
| <b>Benchmark</b>  |  | >60   | >60      | >60      | >60      | >60      | >60      | >60      | >60      | >60      | >60      |
| <b>Result</b>   |  | Fail  | Pass     | Pass     | Pass     | Pass     | Pass     | Pass     | Pass     | Pass     | Pass     |
| <b>Comment</b>  |  | The benchmark is achieved in every year from 2025/26 onwards as Constituent Council contributions are classed as 'own source revenue'.  |          |          |          |          |          |          |          |          |          |
| <b>Unrestricted Current Ratio</b>                             |  | 5.96  | 5.69     | 5.87     | 5.52     | 5.13     | 3.93     | 3.59     | 3.41     | 3.58     | 3.85     |
| <u>Current Assets less External Restrictions</u>              |  |   |          |          |          |          |          |          |          |          |          |
| Current Liabilities less Specific Purpose Liabilities         |  |   |          |          |          |          |          |          |          |          |          |
| <b>Benchmark</b>  |  | >1.5  | >1.5     | >1.5     | >1.5     | >1.5     | >1.5     | >1.5     | >1.5     | >1.5     | >1.5     |
| <b>Result</b>   |  | Pass  | Pass     | Pass     | Pass     | Pass     | Pass     | Pass     | Pass     | Pass     | Pass     |
| <b>Comment</b>  |  | The ratio meets the benchmark comfortably. The Reporting Unit has no debt which drives the strong result.   |          |          |          |          |          |          |          |          |          |
| <b>Buildings and Infrastructure Renewals Ratio</b>            |  | 30.64%  | 31.06%   | 32.08%   | 44.41%   | 47.17%   | 52.57%   | 46.94%   | 46.24%   | 45.69%   | 45.15%   |
| <u>Asset Renewals</u>   |  | 219,500   | 225,800  | 236,700  | 332,600  | 358,600  | 405,600  | 367,600  | 367,600  | 368,600  | 369,700  |
| Depreciation, Amortisation and Impairment                     |  | 716,300   | 727,000  | 737,900  | 749,000  | 760,200  | 771,600  | 783,200  | 794,900  | 806,800  | 818,900  |
| <b>Benchmark</b>  |  | >100%   | >100%    | >100%    | >100%    | >100%    | >100%    | >100%    | >100%    | >100%    | >100%    |
| <b>Result</b>   |  | Fail  | Fail     | Fail     | Fail     | Fail     | Fail     | Fail     | Fail     | Fail     | Fail     |
| <b>Comment</b>  |  | The ratio fails to meet the benchmark comfortably. The Reporting Unit has no debt however the depreciation on the Lismore Levee is an issue as it is an asset that is funded by Lismore City Council. When this depreciation is eliminated an improved ratio is achieved over the ten-year period.  |          |          |          |          |          |          |          |          |          |

## 4.5. Weed biosecurity reporting unit

### Overview

- Council continues to perform Weed & Biosecurity works throughout the region, to our Constituent Councils and to Kyogle and Tweed on service level agreements.

### Revenue

Council contributions increase annually with the rate peg %. Since each Council has received an individual rate peg, the lowest increase of 4.6% has been applied.

**Table 25: Forecast price path for constituent council weed biosecurity contributions**

| Year                | 2025  | 2026  | 2027  | 2028  | 2029  | 2030  | 2031  | 2032  | 2033  | 2034  | Cumulative Total |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------------------|
| Proposed % Increase | 4.60% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 25.0%            |

**Table 26: Proposed weed biosecurity council contributions**

| Service Area                        | 2023/24        | 2024/25        | Increase      |
|-------------------------------------|----------------|----------------|---------------|
|                                     | \$             | \$             | \$            |
| Ballina Shire Council               | 123,000        | 128,700        | 5,700         |
| Byron Shire Council                 | 123,000        | 128,700        | 5,700         |
| Lismore City Council                | 161,700        | 169,100        | 7,400         |
| Richmond Valley Council             | 133,800        | 140,000        | 6,200         |
| <b>Total Contributions</b>          | <b>541,500</b> | <b>566,500</b> |               |
| Kyogle Shire Council *              | 134,900        | 141,100        | 6,200         |
| Tweed Shire Council *               | 185,200        | 193,700        | 8,500         |
| <b>Total Fees</b>                   | <b>320,100</b> | <b>334,800</b> |               |
| <b>Total Contributions and Fees</b> | <b>861,600</b> | <b>901,300</b> | <b>39,700</b> |
| <b>Total % Increase</b>             |                |                | <b>4.6%</b>   |
| * Under service level agreement     |                |                |               |

\* Indicates local government areas under a fee-for-service arrangement.

*Table 27: Weed biosecurity operating performance* shows the forecast operating performance, capital movements, reserve transfers and the estimated cash reserve balances for the reporting unit.

**Table 27: Weed biosecurity operating performance**

**Rous County Council - Weeds Biosecurity**

| Name  | Long-Term Financial Plan |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|---|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   | Operational Plan         | Delivery Program |                  |                  |                  |                  |                  |                  |                  |                  |
|   | 2025<br>Estimate         | 2026<br>Estimate | 2027<br>Estimate | 2028<br>Estimate | 2029<br>Estimate | 2030<br>Estimate | 2031<br>Estimate | 2032<br>Estimate | 2033<br>Estimate | 2034<br>Estimate |
| <b>WEEDS</b>  |                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Operating Income</b>                                   |                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| User Charges and Fees                                     | -                        | -                | -                | -                | 0                | 0                | 0                | 0                | 0                | 0                |
| Other Revenue   | -                        | -                | -                | -                | 0                | 0                | 0                | 0                | 0                | 0                |
| Grants and Contributions                                  | 1,578,600                | 1,561,600        | 1,580,000        | 1,598,800        | 1,617,900        | 1,637,400        | 1,657,300        | 1,677,600        | 1,698,300        | 1,719,400        |
| Interest and Investment Income                            | 53,900                   | 50,200           | 47,200           | 42,900           | 45,100           | 47,700           | 50,500           | 52,800           | 54,300           | 54,300           |
| Other Income  | -                        | -                | -                | -                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total Operating Income</b>                             | <b>1,632,500</b>         | <b>1,611,800</b> | <b>1,627,200</b> | <b>1,641,700</b> | <b>1,663,000</b> | <b>1,685,100</b> | <b>1,707,800</b> | <b>1,730,400</b> | <b>1,752,600</b> | <b>1,773,700</b> |
| <b>Operating Expense</b>                                  |                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Employee Benefits and On-Costs                            | 1,143,900                | 950,000          | 842,500          | 861,200          | 880,200          | 899,400          | 919,200          | 940,100          | 958,700          | 977,800          |
| Internal Overheads  | 311,000                  | 267,500          | 250,600          | 244,900          | 241,100          | 243,800          | 252,000          | 282,400          | 298,600          | 298,600          |
| Materials and Services - Materials and Consumables        | 258,300                  | 254,100          | 254,100          | 254,100          | 254,100          | 254,100          | 254,100          | 254,100          | 254,100          | 254,100          |
| Materials and Services - Contractors and Consultancy Fees | 30,600                   | 30,600           | 30,600           | 30,600           | 30,600           | 30,600           | 30,600           | 30,600           | 30,600           | 30,600           |
| Materials and Services - Electricity                      | 2,500                    | 2,500            | 2,500            | 2,500            | 2,500            | 2,500            | 2,500            | 2,500            | 2,500            | 2,500            |
| Materials and Services - Insurance                        | -                        | -                | -                | -                | 0                | 0                | 0                | 0                | 0                | 0                |
| Materials and Services - IT Expenses                      | -                        | -                | -                | -                | 0                | 0                | 0                | 0                | 0                | 0                |
| Materials and Services - Other                            | 16,600                   | 16,600           | 16,600           | 16,600           | 16,600           | 16,600           | 16,600           | 16,600           | 16,600           | 16,600           |
| Borrowing Costs   | -                        | -                | -                | -                | 0                | 0                | 0                | 0                | 0                | 0                |
| Depreciation and Amortisation                             | 31,500                   | 32,000           | 32,500           | 33,000           | 33,500           | 34,000           | 34,500           | 35,000           | 35,500           | 36,000           |
| Other Expenses  | -                        | -                | -                | -                | 0                | 0                | 0                | 0                | 0                | 0                |
| Gains or Losses   | -                        | -                | -                | -                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total Operating Expense</b>                            | <b>1,794,400</b>         | <b>1,553,300</b> | <b>1,429,400</b> | <b>1,442,900</b> | <b>1,458,600</b> | <b>1,481,000</b> | <b>1,509,500</b> | <b>1,561,300</b> | <b>1,596,600</b> | <b>1,616,200</b> |
| <b>Operating Result</b>                                   | <b>(161,900)</b>         | <b>58,500</b>    | <b>197,800</b>   | <b>198,800</b>   | <b>204,400</b>   | <b>204,100</b>   | <b>198,300</b>   | <b>169,100</b>   | <b>156,000</b>   | <b>157,500</b>   |
| Less Depreciation   | 31,500                   | 32,000           | 32,500           | 33,000           | 33,500           | 34,000           | 34,500           | 35,000           | 35,500           | 36,000           |
| <b>Operating Result Excluding Non Cash</b>                | <b>(130,400)</b>         | <b>90,500</b>    | <b>230,300</b>   | <b>231,800</b>   | <b>237,900</b>   | <b>238,100</b>   | <b>232,800</b>   | <b>204,100</b>   | <b>191,500</b>   | <b>193,500</b>   |
| Less: Capital Expense                                     | 21,000                   | 0                | 22,000           | 44,000           | 44,000           | 20,000           | 20,000           | 20,000           | 20,000           | 20,000           |
| Add: Reserve Transfers                                    | 151,400                  | (90,500)         | (208,300)        | (187,800)        | (193,900)        | (218,100)        | (212,800)        | (184,100)        | (171,500)        | (173,500)        |
| <b>Estimated Weed Bio Reserves</b>                        |                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Description   | 2025<br>Estimate         | 2026<br>Estimate | 2027<br>Estimate | 2028<br>Estimate | 2029<br>Estimate | 2030<br>Estimate | 2031<br>Estimate | 2032<br>Estimate | 2033<br>Estimate | 2034<br>Estimate |
| Weed Bio Reserve  | 665,900                  | 756,400          | 964,700          | 1,152,500        | 1,346,400        | 1,564,500        | 1,777,300        | 1,961,400        | 2,132,900        | 2,306,400        |

## ***Ratios***

The selected ratios are from those required by the Local Government Code of Accounting Practice and specific comments on the reporting units result in comparison to the benchmark are included in *Table 28: Weed biosecurity forecast ratios*.



**Table 28: Weed biosecurity forecast ratios (excluding capital grants and contributions)**

| Rous County Council - Weeds Biosecurity                |  | 2025   | 2026     | 2027     | 2028     | 2029     | 2030     | 2031     | 2032     | 2033     | 2034     |
|--|--|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Financial Ratios                                       |  | Estimate   | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate |
| Operating Performance Ratio Expressed as a Percentage  |  | (9.92)   | 3.63     | 12.16    | 12.11    | 12.29    | 12.11    | 11.61    | 9.77     | 8.90     | 8.88     |
| <u>Operating Income less Operating Expense</u>         |  |  |          |          |          |          |          |          |          |          |          |
| Operating Income                                       |  |  |          |          |          |          |          |          |          |          |          |
| Benchmark  |  | >0   | >0       | >0       | >0       | >0       | >0       | >0       | >0       | >0       | >0       |
| Result   |  | Fail   | Pass     | Pass     | Pass     | Pass     | Pass     | Pass     | Pass     | Pass     | Pass     |
| Comment  |  | The result falls slightly short of the benchmark in the first year before achieving the benchmark from 2025/26 onwards.  |          |          |          |          |          |          |          |          |          |
| Own Source Operating Revenue expressed as a percentage |  | 58.50  | 60.14    | 60.51    | 60.86    | 61.37    | 61.87    | 62.38    | 62.87    | 63.34    | 63.78    |
| <u>Operating Income less Grants and Contributions</u>  |  |  |          |          |          |          |          |          |          |          |          |
| Total Operating Income                                 |  |  |          |          |          |          |          |          |          |          |          |
| Benchmark  |  | >60  | >60      | >60      | >60      | >60      | >60      | >60      | >60      | >60      | >60      |
| Result   |  | Fail   | Pass     | Pass     | Pass     | Pass     | Pass     | Pass     | Pass     | Pass     | Pass     |
| Comment  |  | The Reporting Unit falls slightly short of the benchmark until 2025/26 . The ratio highlights the fact that the Reporting Unit is more reliant on external grants than may be preferred because service levels would be affected if grant funding reduced or ceased. |          |          |          |          |          |          |          |          |          |
| Unrestricted Current Ratio                             |  | 1.42   | 1.15     | 1.27     | 1.56     | 1.81     | 2.06     | 2.33     | 2.58     | 2.79     | 2.96     |
| <u>Current Assets less External Restrictions</u>       |  |  |          |          |          |          |          |          |          |          |          |
| Current Liabilities less Specific Purpose Liabilities  |  |  |          |          |          |          |          |          |          |          |          |
| Benchmark  |  | >1.5   | >1.5     | >1.5     | >1.5     | >1.5     | >1.5     | >1.5     | >1.5     | >1.5     | >1.5     |
| Result   |  | Fail   | Fail     | Fail     | Pass     | Pass     | Pass     | Pass     | Pass     | Pass     | Pass     |
| Comment  |  | The ratio meets the benchmark from 2027/28 onwards. The Reporting Unit has no debt which is a critical factor for the ratio.   |          |          |          |          |          |          |          |          |          |

## 4.6. Property reporting unit

### Overview

- Council sub-leases the Molesworth Street administration building, operates rural residential rental properties and the Perradenya estate.

*Table 29: Property operating performance* shows the forecast operating performance, capital movements, reserve transfers and the estimated cash reserve balances for the reporting unit.

**Table 159: Property operating performance**

**Rous County Council - Property**

| Name  | Long-Term Financial Plan |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|---|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   | Operational Plan         | Delivery Program |                  |                  |                  |                  |                  |                  |                  |                  |
|   | 2025<br>Estimate         | 2026<br>Estimate | 2027<br>Estimate | 2028<br>Estimate | 2029<br>Estimate | 2030<br>Estimate | 2031<br>Estimate | 2032<br>Estimate | 2033<br>Estimate | 2034<br>Estimate |
| <b>PROPERTY</b>   |                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Operating Income</b>                                   |                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| User Charges and Fees                                     | 0                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Other Revenue   | 0                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Grants and Contributions                                  | 0                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Interest and Investment Income                            | 7,500                    | 16,200           | 59,500           | 85,600           | 85,400           | 85,100           | 84,700           | 84,300           | 83,800           | 83,800           |
| Other Income  | 155,100                  | 80,700           | 80,700           | 80,700           | 80,700           | 80,700           | 80,700           | 80,700           | 80,700           | 80,700           |
| Capital Income  | 0                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total Operating Income</b>                             | <b>162,600</b>           | <b>96,900</b>    | <b>140,200</b>   | <b>166,300</b>   | <b>166,100</b>   | <b>165,800</b>   | <b>165,400</b>   | <b>165,000</b>   | <b>164,500</b>   | <b>164,500</b>   |
| <b>Operating Expense</b>                                  |                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Employee Benefits and On-Costs                            | 44,200                   | 52,900           | 45,400           | 46,300           | 47,200           | 48,100           | 49,100           | 50,100           | 51,100           | 52,100           |
| Internal Overheads  | 55,900                   | 40,900           | 37,900           | 26,200           | 25,000           | 24,900           | 25,600           | 25,600           | 26,800           | 26,800           |
| Materials and Services - Materials and Consumables        | 0                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Materials and Services - Contractors and Consultancy Fees | 40,000                   | 40,000           | 40,000           | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Materials and Services - Electricity                      | 13,700                   | 2,700            | 2,700            | 1,000            | 0                | 0                | 0                | 0                | 0                | 0                |
| Materials and Services - Insurance                        | 0                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Materials and Services - IT Expenses                      | 0                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Materials and Services - Other                            | 135,800                  | 49,300           | 49,300           | 41,000           | 35,000           | 35,000           | 35,000           | 34,900           | 34,800           | 34,800           |
| Borrowing Costs   | 0                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Depreciation and Amortisation                             | 43,800                   | 44,500           | 45,200           | 45,900           | 46,600           | 47,300           | 48,000           | 48,700           | 49,400           | 50,100           |
| Other Expenses  | 0                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Gains or Losses   | 0                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total Operating Expense</b>                            | <b>333,400</b>           | <b>230,300</b>   | <b>220,500</b>   | <b>160,400</b>   | <b>153,800</b>   | <b>155,300</b>   | <b>157,700</b>   | <b>159,300</b>   | <b>162,100</b>   | <b>163,800</b>   |
| <b>Operating Result</b>                                   | <b>(170,800)</b>         | <b>(133,400)</b> | <b>(80,300)</b>  | <b>5,900</b>     | <b>12,300</b>    | <b>10,500</b>    | <b>7,700</b>     | <b>5,700</b>     | <b>2,400</b>     | <b>700</b>       |
| Less Depreciation   | 43,800                   | 44,500           | 45,200           | 45,900           | 46,600           | 47,300           | 48,000           | 48,700           | 49,400           | 50,100           |
| <b>Operating Result Excluding Non Cash</b>                | <b>(127,000)</b>         | <b>(88,900)</b>  | <b>(35,100)</b>  | <b>51,800</b>    | <b>58,900</b>    | <b>57,800</b>    | <b>55,700</b>    | <b>54,400</b>    | <b>51,800</b>    | <b>50,800</b>    |
| Less: Capital Expense                                     | 50,000                   | 51,000           | 52,000           | 53,000           | 54,000           | 55,000           | 56,000           | 57,000           | 58,000           | 59,000           |
| Add: Reserve Transfers                                    | 177,000                  | 139,900          | 87,100           | 1,200            | (4,900)          | (2,800)          | 300              | 2,600            | 6,200            | 8,200            |
| <b>Estimated Property Reserves</b>                        |                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Description</b>  | <b>2025</b>              | <b>2026</b>      | <b>2027</b>      | <b>2028</b>      | <b>2029</b>      | <b>2030</b>      | <b>2031</b>      | <b>2032</b>      | <b>2033</b>      | <b>2034</b>      |
| Property Reserve  | 469,500                  | 329,600          | 242,500          | 241,300          | 246,200          | 249,000          | 248,700          | 246,100          | 239,900          | 231,700          |

## ***Ratios***

The selected ratios are from those required by the Local Government Code of Accounting Practice and specific comments on the reporting units result in comparison to the benchmark are included in *Table 30: Property forecast ratios*.

**Table 30: Property forecast ratios (excluding capital grants and contributions)**

| <b>Rous County Council - Property</b>                         |  |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|---|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Financial Ratios</b>                                       | <b>2025</b>  | <b>2026</b>     | <b>2027</b>     | <b>2028</b>     | <b>2029</b>     | <b>2030</b>     | <b>2031</b>     | <b>2032</b>     | <b>2033</b>     | <b>2034</b>     |
| <b>Operating Performance Ratio Expressed as a Percentage</b>  | <b>Estimate</b>  | <b>Estimate</b> | <b>Estimate</b> | <b>Estimate</b> | <b>Estimate</b> | <b>Estimate</b> | <b>Estimate</b> | <b>Estimate</b> | <b>Estimate</b> | <b>Estimate</b> |
| <u>Operating Income less Operating Expense</u>                | (105.04)   | (137.67)        | (57.28)         | 3.55            | 7.41            | 6.33            | 4.66            | 3.45            | 1.46            | 0.43            |
| Operating Income  |  |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Benchmark</b>  | >0   | >0              | >0              | >0              | >0              | >0              | >0              | >0              | >0              | >0              |
| <b>Result</b>   | Fail   | Fail            | Fail            | Pass            | Pass            | Pass            | Pass            | Pass            | Pass            | Pass            |
| <b>Comment</b>  | The benchmark is not achieved until 2027/28. The operating result is influenced by cost of Perradenya operational expenses |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Own Source Operating Revenue Expressed as a Percentage</b> | <b>100.00</b>  | <b>100.00</b>   | <b>100.00</b>   | <b>100.00</b>   | <b>100.00</b>   | <b>100.00</b>   | <b>100.00</b>   | <b>100.00</b>   | <b>100.00</b>   | <b>100.00</b>   |
| <u>Operating Income less Grants and Contributions</u>         |  |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Total Operating Income  |  |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Benchmark</b>  | >60  | >60             | >60             | >60             | >60             | >60             | >60             | >60             | >60             | >60             |
| <b>Result</b>   | Pass   | Pass            | Pass            | Pass            | Pass            | Pass            | Pass            | Pass            | Pass            | Pass            |
| <b>Comment</b>  | All income is classed as 'Own Source' so the benchmark will be achieved annually.  |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Unrestricted Current Ratio</b>                             | <b>82.18</b>   | <b>58.31</b>    | <b>40.06</b>    | <b>28.88</b>    | <b>28.09</b>    | <b>28.02</b>    | <b>27.73</b>    | <b>27.11</b>    | <b>26.27</b>    | <b>25.10</b>    |
| <u>Current Assets less External Restrictions</u>              |  |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Current liabilities less Specific Purpose Liabilities         |  |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Benchmark</b>  | >1.5   | >1.5            | >1.5            | >1.5            | >1.5            | >1.5            | >1.5            | >1.5            | >1.5            | >1.5            |
| <b>Result</b>   | Pass   | Pass            | Pass            | Pass            | Pass            | Pass            | Pass            | Pass            | Pass            | Pass            |
| <b>Comment</b>  | The Reporting Unit achieves the benchmark.   |                 |                 |                 |                 |                 |                 |                 |                 |                 |

## 5. Capital works program – 10-year forecast

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The capital works program is forecast in *Table 31*.

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 31: Capital works program**

|                                  | Long Term Financial Plan |                   |                   |                   |                   |                   |                  |                   |                   |                   |
|----------------------------------|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|-------------------|
|                                  | Operational Plan         | Delivery Program  |                   |                   |                   |                   |                  |                   |                   |                   |
|                                  | 2025                     | 2026              | 2027              | 2028              | 2029              | 2030              | 2031             | 2032              | 2033              | 2034              |
| Capital Works Program            | Estimate                 | Estimate          | Estimate          | Estimate          | Estimate          | Estimate          | Estimate         | Estimate          | Estimate          | Estimate          |
| <b>Bulk Water</b>                |                          |                   |                   |                   |                   |                   |                  |                   |                   |                   |
| Future Water Program             | 8,590,000                | 9,000,000         | 10,500,000        | 10,000,000        | 4,000,000         | 6,520,000         | 6,734,300        | 14,239,200        | 25,157,600        | 8,681,300         |
| Gallans Road                     | 19,500,000               | 1,000,000         | 0                 | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0                 |
| Digital Transformation           | 2,575,800                | 1,564,300         | 0                 | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0                 |
| ICT                              | 282,000                  | 338,500           | 266,000           | 179,000           | 217,000           | 668,500           | 666,500          | 590,800           | 233,000           | 233,000           |
| Other Bulk Water Capital Works   | 6,774,100                | 2,948,000         | 4,463,200         | 8,258,400         | 16,665,900        | 7,034,600         | 831,500          | 10,368,600        | 2,481,100         | 775,200           |
| <b>Retail Water</b>              |                          |                   |                   |                   |                   |                   |                  |                   |                   |                   |
| Reticulation Renewal             | 0                        | 0                 | 400,000           | 0                 | 0                 | 400,000           | 0                | 0                 | 400,000           | 0                 |
| Other Retail Water Capital Works | 168,200                  | 90,800            | 92,600            | 94,500            | 96,400            | 98,300            | 100,300          | 102,300           | 104,300           | 106,400           |
| <b>Flood Mitigation</b>          |                          |                   |                   |                   |                   |                   |                  |                   |                   |                   |
| Flood Mitigation Capital Works   | 219,500                  | 225,800           | 236,700           | 332,600           | 358,600           | 405,600           | 367,600          | 367,600           | 368,600           | 369,700           |
| <b>Weed Biosecurity</b>          |                          |                   |                   |                   |                   |                   |                  |                   |                   |                   |
| Weed Biosecurity Capital Works   | 21,000                   | 0                 | 22,000            | 44,000            | 44,000            | 20,000            | 20,000           | 20,000            | 20,000            | 20,000            |
| <b>Property</b>                  |                          |                   |                   |                   |                   |                   |                  |                   |                   |                   |
| Property Capital Works           | 50,000                   | 51,000            | 52,000            | 53,000            | 54,000            | 55,000            | 56,000           | 57,000            | 58,000            | 59,000            |
| <b>Fleet</b>                     |                          |                   |                   |                   |                   |                   |                  |                   |                   |                   |
| Fleet Capital Works              | 125,000                  | 298,000           | 389,300           | 481,000           | 466,000           | 325,000           | 325,000          | 325,000           | 325,000           | 325,000           |
| <b>TOTAL</b>                     | <b>38,305,600</b>        | <b>15,516,400</b> | <b>16,421,800</b> | <b>19,442,500</b> | <b>21,901,900</b> | <b>15,527,000</b> | <b>9,101,200</b> | <b>26,070,500</b> | <b>29,147,600</b> | <b>10,569,600</b> |

## 6. Scenario modelling

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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 \$30 million and the current price path could still be maintained. The price path required is shown in *Table 32: Price path – No capital grants scenario*.

Table 32: Price path – No capital grants scenario

| Year                | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---------------------|------|------|------|------|------|------|------|------|------|------|
| Proposed % Increase | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 2.0% | 2.0% |

No changes would be made to the Bulk Water price path if this scenario eventuated. Rous would produce an operating surplus from 2024/25 onwards with estimated reserves of \$35.4 million at the end of 2033/34.

Refer to *Table 33: Consolidated operating performance – No capital grants scenario*.



**Table 33: Consolidated operating performance – No capital grants scenario**

**Rous County Council - Whole of Organisation**

| Name   | Long-Term Financial Plan |                          |                          |                          |                          |                          |                          |                          |                          |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Operational Plan         | Delivery Program         |                          |                          |                          |                          |                          |                          |                          |                          |
|  | 2025<br>Estimate         | 2026<br>Estimate         | 2027<br>Estimate         | 2028<br>Estimate         | 2029<br>Estimate         | 2030<br>Estimate         | 2031<br>Estimate         | 2032<br>Estimate         | 2033<br>Estimate         | 2034<br>Estimate         |
| <b>Operating Income</b>                      |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Flood Mitigation                             | 1,910,300                | 1,224,900                | 1,270,300                | 1,315,900                | 1,353,100                | 1,389,800                | 1,421,700                | 1,456,200                | 1,492,400                | 1,526,300                |
| Weeds Biosecurity                            | 1,632,500                | 1,611,800                | 1,627,200                | 1,641,700                | 1,663,000                | 1,685,100                | 1,707,800                | 1,730,400                | 1,752,600                | 1,773,700                |
| Retail Water Supply                          | 3,966,700                | 4,214,300                | 4,485,200                | 4,778,400                | 5,099,400                | 5,447,800                | 5,818,300                | 6,221,100                | 6,353,800                | 6,496,400                |
| Property                                     | 162,600                  | 96,900                   | 140,200                  | 166,300                  | 166,100                  | 165,800                  | 165,400                  | 165,000                  | 164,500                  | 164,500                  |
| Bulk Water Supply                            | 31,058,300               | 33,171,200               | 33,359,300               | 35,362,700               | 37,607,200               | 39,995,700               | 42,594,000               | 45,253,600               | 46,254,900               | 47,274,800               |
| Fleet Operations                             | 123,500                  | 117,500                  | 115,100                  | 109,500                  | 108,800                  | 110,400                  | 114,200                  | 118,100                  | 122,200                  | 122,200                  |
| <b>Total Operating Income</b>                | <b>38,853,900</b>        | <b>40,436,600</b>        | <b>40,997,300</b>        | <b>43,374,500</b>        | <b>45,997,600</b>        | <b>48,794,600</b>        | <b>51,821,400</b>        | <b>54,944,400</b>        | <b>56,140,400</b>        | <b>57,357,900</b>        |
| <b>Operating Expense</b>                     |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Flood Mitigation                             | 2,461,600                | 1,744,600                | 1,739,800                | 1,761,300                | 1,789,000                | 1,887,900                | 1,870,300                | 1,898,900                | 1,902,900                | 1,932,400                |
| Weeds Biosecurity                            | 1,794,400                | 1,553,300                | 1,429,400                | 1,442,900                | 1,458,600                | 1,481,000                | 1,509,500                | 1,561,300                | 1,596,600                | 1,616,200                |
| Retail Water Supply                          | 3,959,000                | 4,379,300                | 4,532,300                | 4,737,300                | 4,954,600                | 5,184,900                | 5,428,600                | 5,686,900                | 5,770,500                | 5,887,300                |
| Property                                     | 333,400                  | 230,300                  | 220,500                  | 160,400                  | 153,800                  | 155,300                  | 157,700                  | 159,300                  | 162,100                  | 163,800                  |
| Bulk Water Supply                            | 28,211,300               | 26,904,200               | 28,969,400               | 29,594,400               | 29,684,300               | 28,905,300               | 28,857,500               | 30,837,500               | 30,893,200               | 31,040,100               |
| Fleet Operations (*net of internal income)   | 225,300                  | 234,100                  | 242,100                  | 250,200                  | 258,500                  | 266,900                  | 275,500                  | 284,200                  | 293,000                  | 302,000                  |
| <b>Total Operating Expense</b>               | <b>36,985,000</b>        | <b>35,045,800</b>        | <b>37,133,500</b>        | <b>37,946,500</b>        | <b>38,298,800</b>        | <b>37,881,300</b>        | <b>38,099,100</b>        | <b>40,428,100</b>        | <b>40,618,300</b>        | <b>40,941,800</b>        |
| <b>Operating Result</b>                      | <b>1,868,900</b>         | <b>5,390,800</b>         | <b>3,863,800</b>         | <b>5,428,000</b>         | <b>7,698,800</b>         | <b>10,913,300</b>        | <b>13,722,300</b>        | <b>14,516,300</b>        | <b>15,522,100</b>        | <b>16,416,100</b>        |
| Less Depreciation                            | 8,756,500                | 9,039,400                | 9,333,300                | 9,834,800                | 10,099,500               | 10,268,300               | 10,489,800               | 10,852,500               | 11,357,700               | 11,606,200               |
| <b>Operating Result Excluding Non Cash</b>   | <b>10,625,400</b>        | <b>14,430,200</b>        | <b>13,197,100</b>        | <b>15,262,800</b>        | <b>17,798,300</b>        | <b>21,181,600</b>        | <b>24,212,100</b>        | <b>25,368,800</b>        | <b>26,879,800</b>        | <b>28,022,300</b>        |
| Add: Loan Drawdown                           | 30,000,000               | 0                        | 10,000,000               | 10,000,000               | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        |
| Less: Loan Repayments                        | 4,256,900                | 4,661,900                | 4,350,600                | 2,605,000                | 2,255,000                | 2,369,800                | 2,491,100                | 2,619,200                | 2,754,500                | 2,897,400                |
| Less: Capital Expense                        | 38,305,600               | 15,516,400               | 16,421,800               | 19,442,500               | 21,901,900               | 15,527,000               | 9,101,200                | 26,070,500               | 29,147,600               | 10,569,600               |
| Add: Reserve Transfers                       | 1,937,100                | 5,748,100                | (2,424,700)              | (3,215,300)              | 6,358,600                | (3,284,800)              | (12,619,800)             | 3,320,900                | 5,022,300                | (14,555,300)             |
| <b>Estimated Reserves Whole Organisation</b> |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| <b>Description</b>                           | <b>2025<br/>Estimate</b> | <b>2026<br/>Estimate</b> | <b>2027<br/>Estimate</b> | <b>2028<br/>Estimate</b> | <b>2029<br/>Estimate</b> | <b>2030<br/>Estimate</b> | <b>2031<br/>Estimate</b> | <b>2032<br/>Estimate</b> | <b>2033<br/>Estimate</b> | <b>2034<br/>Estimate</b> |
| Estimated Reserves Whole Organisation        | 19,704,900               | 13,956,800               | 16,381,500               | 19,596,800               | 13,238,200               | 16,523,000               | 29,142,800               | 25,821,900               | 20,799,600               | 35,354,900               |
| Net Reserve Movement                         | (1,937,100)              | (5,748,100)              | 2,424,700                | 3,215,300                | (6,358,600)              | 3,284,800                | 12,619,800               | (3,320,900)              | (5,022,300)              | 14,555,300               |

## 6.2. NSW Treasury Corporation loans scenario

**What the model forecasts:** The impacts of forecast interest rates decreasing to the levels on offer from NSW Treasury Corporation.

**What the model means:** Savings would be made on finance costs associated with the planned loan borrowings of \$50 million resulting in an improved financial performance. The price path required is shown in *Table 34: Price path – NSW Treasury Corporation loans scenario*.

Table 34: Price path – NSW Treasury Corporation loans scenario

| Year                | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---------------------|------|------|------|------|------|------|------|------|------|------|
| Proposed % Increase | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 2.0% | 2.0% |

No changes would be made to the Bulk Water price path if this scenario eventuated. Rous would produce an operating surplus from 2024/25 onwards with estimated reserves of \$65.9 million at the end of 2033/34.

Refer to *Table 35: Consolidated operating performance – NSW Treasury Corporation loans scenario*.

**Table 165: Consolidated operating performance – NSW Treasury Corporation loans scenario**

**Rous County Council - Whole of Organisation**

| Name   | Long-Term Financial Plan |                          |                          |                          |                          |                          |                          |                          |                          |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Operational Plan         | Delivery Program         |                          |                          |                          |                          |                          |                          |                          |                          |
|  | 2025<br>Estimate         | 2026<br>Estimate         | 2027<br>Estimate         | 2028<br>Estimate         | 2029<br>Estimate         | 2030<br>Estimate         | 2031<br>Estimate         | 2032<br>Estimate         | 2033<br>Estimate         | 2034<br>Estimate         |
| <b>Operating Income</b>                      |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Flood Mitigation                             | 1,910,300                | 1,224,900                | 1,270,300                | 1,315,900                | 1,353,100                | 1,389,800                | 1,421,700                | 1,456,200                | 1,492,400                | 1,526,300                |
| Weeds Biosecurity                            | 1,632,500                | 1,611,800                | 1,627,200                | 1,641,700                | 1,663,000                | 1,685,100                | 1,707,800                | 1,730,400                | 1,752,600                | 1,773,700                |
| Retail Water Supply                          | 3,966,700                | 4,214,300                | 4,485,200                | 4,778,400                | 5,099,400                | 5,447,800                | 5,818,300                | 6,221,100                | 6,353,800                | 6,496,400                |
| Property                                     | 162,600                  | 96,900                   | 140,200                  | 166,300                  | 166,100                  | 165,800                  | 165,400                  | 165,000                  | 164,500                  | 164,500                  |
| Bulk Water Supply                            | 31,058,300               | 33,171,200               | 33,359,300               | 35,362,700               | 42,607,200               | 44,995,700               | 47,594,000               | 50,253,600               | 51,254,900               | 52,274,800               |
| Fleet Operations                             | 123,500                  | 117,500                  | 115,100                  | 109,500                  | 108,800                  | 110,400                  | 114,200                  | 118,100                  | 122,200                  | 122,200                  |
| <b>Total Operating Income</b>                | <b>38,853,900</b>        | <b>40,436,600</b>        | <b>40,997,300</b>        | <b>43,374,500</b>        | <b>50,997,600</b>        | <b>53,794,600</b>        | <b>56,821,400</b>        | <b>59,944,400</b>        | <b>61,140,400</b>        | <b>62,357,900</b>        |
| <b>Operating Expense</b>                     |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Flood Mitigation                             | 2,461,600                | 1,744,600                | 1,739,800                | 1,761,300                | 1,789,000                | 1,887,900                | 1,870,300                | 1,898,900                | 1,902,900                | 1,932,400                |
| Weeds Biosecurity                            | 1,794,400                | 1,553,300                | 1,429,400                | 1,442,900                | 1,458,600                | 1,481,000                | 1,509,500                | 1,561,300                | 1,596,600                | 1,616,200                |
| Retail Water Supply                          | 3,959,000                | 4,379,300                | 4,532,300                | 4,737,300                | 4,954,600                | 5,184,900                | 5,428,600                | 5,686,900                | 5,770,500                | 5,887,300                |
| Property                                     | 333,400                  | 230,300                  | 220,500                  | 160,400                  | 153,800                  | 155,300                  | 157,700                  | 159,300                  | 162,100                  | 163,800                  |
| Bulk Water Supply                            | 28,886,300               | 26,607,100               | 28,675,900               | 29,355,100               | 29,449,600               | 28,675,700               | 28,634,000               | 30,621,000               | 30,684,800               | 30,840,900               |
| Fleet Operations (*net of internal income)   | 225,300                  | 234,100                  | 242,100                  | 250,200                  | 258,500                  | 266,900                  | 275,500                  | 284,200                  | 293,000                  | 302,000                  |
| <b>Total Operating Expense</b>               | <b>37,660,000</b>        | <b>34,748,700</b>        | <b>36,840,000</b>        | <b>37,707,200</b>        | <b>38,064,100</b>        | <b>37,651,700</b>        | <b>37,875,600</b>        | <b>40,211,600</b>        | <b>40,409,900</b>        | <b>40,742,600</b>        |
| <b>Operating Result</b>                      | <b>1,193,900</b>         | <b>5,687,900</b>         | <b>4,157,300</b>         | <b>5,667,300</b>         | <b>12,933,500</b>        | <b>16,142,900</b>        | <b>18,945,800</b>        | <b>19,732,800</b>        | <b>20,730,500</b>        | <b>21,615,300</b>        |
| Less Depreciation                            | 8,756,500                | 9,039,400                | 9,333,300                | 9,834,800                | 10,099,500               | 10,268,300               | 10,489,800               | 10,852,500               | 11,357,700               | 11,606,200               |
| <b>Operating Result Excluding Non Cash</b>   | <b>9,950,400</b>         | <b>14,727,300</b>        | <b>13,490,600</b>        | <b>15,502,100</b>        | <b>23,033,000</b>        | <b>26,411,200</b>        | <b>29,435,600</b>        | <b>30,585,300</b>        | <b>32,088,200</b>        | <b>33,221,500</b>        |
| Add: Loan Drawdown                           | 30,000,000               | 0                        | 10,000,000               | 10,000,000               | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        |
| Less: Loan Repayments                        | 4,730,900                | 4,746,600                | 4,431,800                | 2,666,300                | 2,311,800                | 2,421,500                | 2,536,700                | 2,657,700                | 2,785,000                | 2,918,700                |
| Less: Capital Expense                        | 38,305,600               | 15,516,400               | 16,421,800               | 19,442,500               | 21,901,900               | 15,527,000               | 9,101,200                | 26,070,500               | 29,147,600               | 10,569,600               |
| Add: Reserve Transfers                       | 3,086,100                | 5,535,700                | (2,637,000)              | (3,393,300)              | 1,180,700                | (8,462,700)              | (17,797,700)             | (1,857,100)              | (155,600)                | (19,733,200)             |
| <b>Estimated Reserves Whole Organisation</b> |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| <b>Description</b>                           | <b>2025<br/>Estimate</b> | <b>2026<br/>Estimate</b> | <b>2027<br/>Estimate</b> | <b>2028<br/>Estimate</b> | <b>2029<br/>Estimate</b> | <b>2030<br/>Estimate</b> | <b>2031<br/>Estimate</b> | <b>2032<br/>Estimate</b> | <b>2033<br/>Estimate</b> | <b>2034<br/>Estimate</b> |
| Estimated Reserves Whole Organisation        | 18,555,900               | 13,020,200               | 15,657,200               | 19,050,500               | 17,869,800               | 26,332,500               | 44,130,200               | 45,987,300               | 46,142,900               | 65,876,100               |
| Net Reserve Movement                         | (3,086,100)              | (5,535,700)              | 2,637,000                | 3,393,300                | (1,180,700)              | 8,462,700                | 17,797,700               | 1,857,100                | 155,600                  | 19,733,200               |

### 6.3. Return to cyclical interest rates scenario

**What the model forecasts:** The impacts of forecast interest rates decreasing to the cyclical levels on offer in previous years.

**What the model means:** No changes to the planned price path as long-term cost savings on borrowings are balanced out by a reduction in short-term investment revenue. The price path required is shown in *Table 36: Price path – Return to cyclical interest rates scenario*.

**Table 176: Price path – Return to cyclical interest rates scenario**

| Year                | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---------------------|------|------|------|------|------|------|------|------|------|------|
| Proposed % Increase | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 2.0% | 2.0% |

No changes would be made to the Bulk Water price path if this scenario eventuated. Rous would produce an operating surplus from 2024/25 onwards with estimated reserves of \$70.4 million at the end of 2033/34.

Refer to *Table 37: Consolidated operating performance – Return to cyclical interest rates scenario*.

**Table 187: Consolidated operating performance – Return to cyclical interest rates scenario**

**Rous County Council - Whole of Organisation**

| Name   | Long-Term Financial Plan |                          |                          |                          |                          |                          |                          |                          |                          |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Operational Plan         | Delivery Program         |                          |                          |                          |                          |                          |                          |                          |                          |
|  | 2025<br>Estimate         | 2026<br>Estimate         | 2027<br>Estimate         | 2028<br>Estimate         | 2029<br>Estimate         | 2030<br>Estimate         | 2031<br>Estimate         | 2032<br>Estimate         | 2033<br>Estimate         | 2034<br>Estimate         |
| <b>Operating Income</b>                      |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Flood Mitigation                             | 1,910,300                | 1,224,900                | 1,270,300                | 1,315,900                | 1,353,100                | 1,389,800                | 1,421,700                | 1,456,200                | 1,492,400                | 1,526,300                |
| Weeds Biosecurity                            | 1,632,500                | 1,611,800                | 1,627,200                | 1,641,700                | 1,663,000                | 1,685,100                | 1,707,800                | 1,730,400                | 1,752,600                | 1,773,700                |
| Retail Water Supply                          | 3,966,700                | 4,214,300                | 4,485,200                | 4,778,400                | 5,099,400                | 5,447,800                | 5,818,300                | 6,221,100                | 6,353,800                | 6,496,400                |
| Property                                     | 162,600                  | 96,900                   | 140,200                  | 166,300                  | 166,100                  | 165,800                  | 165,400                  | 165,000                  | 164,500                  | 164,500                  |
| Bulk Water Supply                            | 31,058,300               | 33,171,200               | 33,359,300               | 35,362,700               | 42,607,200               | 44,995,700               | 47,594,000               | 50,253,600               | 51,254,900               | 52,274,800               |
| Fleet Operations                             | 123,500                  | 117,500                  | 115,100                  | 109,500                  | 108,800                  | 110,400                  | 114,200                  | 118,100                  | 122,200                  | 122,200                  |
| <b>Total Operating Income</b>                | <b>38,853,900</b>        | <b>40,436,600</b>        | <b>40,997,300</b>        | <b>43,374,500</b>        | <b>50,997,600</b>        | <b>53,794,600</b>        | <b>56,821,400</b>        | <b>59,944,400</b>        | <b>61,140,400</b>        | <b>62,357,900</b>        |
| <b>Operating Expense</b>                     |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Flood Mitigation                             | 2,461,600                | 1,744,600                | 1,739,800                | 1,761,300                | 1,789,000                | 1,887,900                | 1,870,300                | 1,898,900                | 1,902,900                | 1,932,400                |
| Weeds Biosecurity                            | 1,794,400                | 1,553,300                | 1,429,400                | 1,442,900                | 1,458,600                | 1,481,000                | 1,509,500                | 1,561,300                | 1,596,600                | 1,616,200                |
| Retail Water Supply                          | 3,959,000                | 4,379,300                | 4,532,300                | 4,737,300                | 4,954,600                | 5,184,900                | 5,428,600                | 5,686,900                | 5,770,500                | 5,887,300                |
| Property                                     | 333,400                  | 230,300                  | 220,500                  | 160,400                  | 153,800                  | 155,300                  | 157,700                  | 159,300                  | 162,100                  | 163,800                  |
| Bulk Water Supply                            | 28,436,300               | 26,164,100               | 28,090,900               | 28,631,600               | 28,741,300               | 27,984,600               | 27,962,100               | 29,970,700               | 30,058,300               | 30,240,900               |
| Fleet Operations (*net of internal income)   | 225,300                  | 234,100                  | 242,100                  | 250,200                  | 258,500                  | 266,900                  | 275,500                  | 284,200                  | 293,000                  | 302,000                  |
| <b>Total Operating Expense</b>               | <b>37,210,000</b>        | <b>34,305,700</b>        | <b>36,255,000</b>        | <b>36,983,700</b>        | <b>37,355,800</b>        | <b>36,960,600</b>        | <b>37,203,700</b>        | <b>39,561,300</b>        | <b>39,783,400</b>        | <b>40,142,600</b>        |
| <b>Operating Result</b>                      | <b>1,643,900</b>         | <b>6,130,900</b>         | <b>4,742,300</b>         | <b>6,390,800</b>         | <b>13,641,800</b>        | <b>16,834,000</b>        | <b>19,617,700</b>        | <b>20,383,100</b>        | <b>21,357,000</b>        | <b>22,215,300</b>        |
| Less Depreciation                            | 8,756,500                | 9,039,400                | 9,333,300                | 9,834,800                | 10,099,500               | 10,268,300               | 10,489,800               | 10,852,500               | 11,357,700               | 11,606,200               |
| <b>Operating Result Excluding Non Cash</b>   | <b>10,400,400</b>        | <b>15,170,300</b>        | <b>14,075,600</b>        | <b>16,225,600</b>        | <b>23,741,300</b>        | <b>27,102,300</b>        | <b>30,107,500</b>        | <b>31,235,600</b>        | <b>32,714,700</b>        | <b>33,821,500</b>        |
| Add: Loan Drawdown                           | 30,000,000               | 0                        | 10,000,000               | 10,000,000               | 0                        | 0                        | 0                        | 0                        | 0                        | 0                        |
| Less: Loan Repayments                        | 4,878,000                | 4,886,700                | 4,612,900                | 2,885,000                | 2,515,200                | 2,607,700                | 2,703,600                | 2,803,200                | 2,906,500                | 3,013,800                |
| Less: Capital Expense                        | 38,305,600               | 15,516,400               | 16,421,800               | 19,442,500               | 21,901,900               | 15,527,000               | 9,101,200                | 26,070,500               | 29,147,600               | 10,569,600               |
| Add: Reserve Transfers                       | 2,783,200                | 5,232,800                | (3,040,900)              | (3,898,100)              | 675,800                  | (8,967,600)              | (18,302,700)             | (2,361,900)              | (660,600)                | (20,238,100)             |
| <b>Estimated Reserves Whole Organisation</b> |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| <b>Description</b>                           | <b>2025<br/>Estimate</b> | <b>2026<br/>Estimate</b> | <b>2027<br/>Estimate</b> | <b>2028<br/>Estimate</b> | <b>2029<br/>Estimate</b> | <b>2030<br/>Estimate</b> | <b>2031<br/>Estimate</b> | <b>2032<br/>Estimate</b> | <b>2033<br/>Estimate</b> | <b>2034<br/>Estimate</b> |
| Estimated Reserves Whole Organisation        | 18,858,800               | 13,626,000               | 16,666,900               | 20,565,000               | 19,889,200               | 28,856,800               | 47,159,500               | 49,521,400               | 50,182,000               | 70,420,100               |
| Net Reserve Movement                         | (2,783,200)              | (5,232,800)              | 3,040,900                | 3,898,100                | (675,800)                | 8,967,600                | 18,302,700               | 2,361,900                | 660,600                  | 20,238,100               |