Draft 2025/26-2034/35
Long Term Financial Plan

INTEGRATED **PLANNING** AND
REPORTING FRAMEWORK

Our home
Our City **Our future**

Fairfield City
Celebrating diversity

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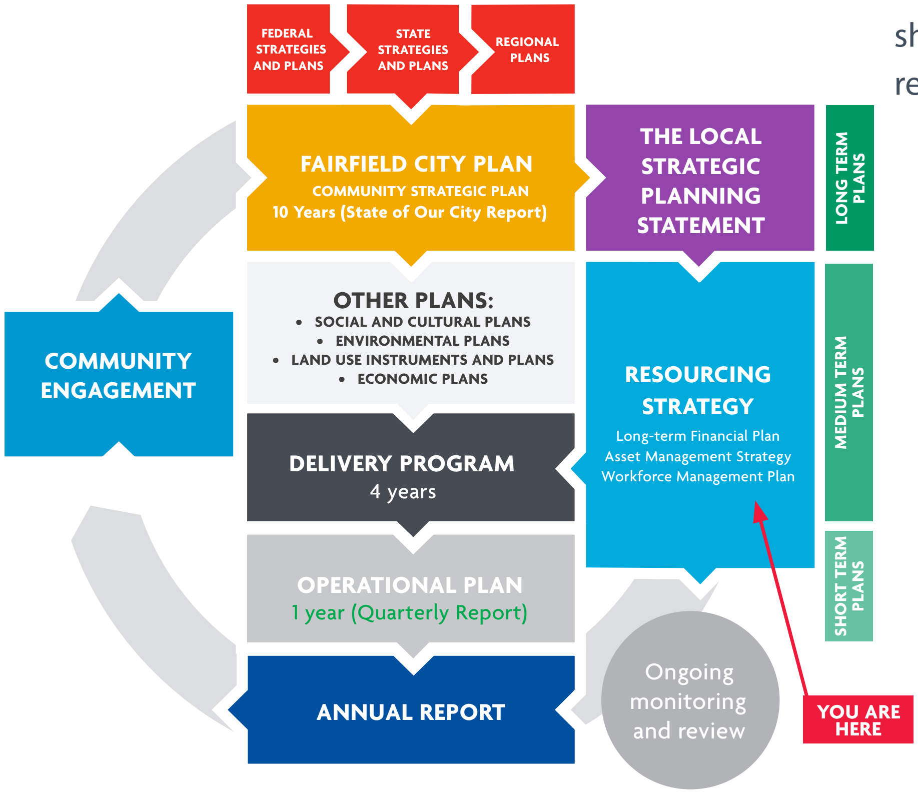
INTEGRATED PLANNING AND REPORTING

The Local Government Integrated Planning and Reporting (IPR) Framework is a legislative requirement for all NSW Councils.



Councils are required to develop a series of long, medium and short term plans to ensure councils are more community focused, responsive and sustainable in the long term.

What are the Plans in the Framework?

Fairfield City Council's IPR Framework is made up of a number of plans including:

- Fairfield City Plan (10 years)
- Delivery Program (4 years)
- Operational Plan (1 year)

These plans are informed by a Resourcing Strategy (10 years) that is made up of:

- Long Term Financial Plan (money)
- Asset Management Policy, Strategy and Plans (assets)
- Workforce Management Plan (people)

About the Resourcing Strategy

The resourcing strategy is the point at which Council reviews what money (Long Term Financial Plan), assets (Asset Management Strategy) and people (Workforce Management Plan) are available to deliver the services, major programs and projects to the community. The resourcing strategy determines what Council as a stakeholder is able to deliver of the community's vision, priorities and needs as set out in the 2025-2035 Fairfield City Plan (City Plan).

The City Plan and Resourcing Strategy recognises that the City does not act alone and that partners including state and federal agencies, non-government organisations, community groups and individuals have a role to play to achieve the community vision, priorities and goals.

ABOUT THE LONG TERM FINANCIAL PLAN

Council's Draft 2025/26-2034/35 Long Term Financial Plan (LTFP) provides a forecast of Council's financial position for the next 10 years.

The LTFP examines different options to improve Council's financial position while continuing to work towards the vision, priorities and needs identified by the Community in the Fairfield City Plan. The LTFP is also a way for Council to identify financial issues at an earlier stage and the impact of these over the longer term.

Details of the LTFP forms the basis for each Delivery Program and links to the Asset Management Strategy and Workforce Management Plan through its funding allocated to all asset and staffing requirements which are listed in the service budgets, included at a high level in the Delivery Program and in detail in the Operational Plan.

The LTFP is updated each year in the development of the Operational Plan to review assumptions and any changes in forecasted expenditure. Service budgets are then reviewed by Council and updated into the Operational Plan.

WHAT IS THE PURPOSE OF THIS PLAN

The Long Term Financial Plan (LTFP) models the financial implications for a term of 10 years and consolidates Council's current and future financial obligations from its many plans, particularly the Delivery, Asset Management and Workforce Management Plans. The LTFP also:

- Establishes transparency and accountability of Council to the community
- Provides an opportunity for early detection of financial issues and any likely impacts in the longer term
- Provides a mechanism to solve financial problems as a whole, consider how various plans fit together and understand the impacts
- Provides a means of measuring Council's success in implementing strategies and plans
- Confirms that Council can remain sustainable in the longer term

Principles of sound Financial Management

The Governing Body of a Council has the following responsibilities in relation to the financial management of the council:

- To ensure as far as possible the financial sustainability of the council
- To determine and adopt a rating and revenue policy and operational plan that support the optimal allocation of the council's resources to implement the strategic plans (including the Community Strategic Plan) and for the benefit of the local area
- To keep under review the performance of the council, including service delivery.

The Local Government Act 1993 prescribes principles of sound financial management. These are intended to guide councils in the exercise of these and other functions in a way that facilitates local communities that are strong, healthy and prosperous. The following principles of sound financial management apply to councils:

- Council spending should be responsible and sustainable, aligning general revenue and expenses.
- Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.
- Councils should have effective financial and asset management, including sound policies and processes for the following:
  - performance management and reporting
  - asset maintenance and enhancement
  - funding decisions
  - risk management practices.
- Councils should have regard to achieving intergenerational equity, including ensuring the following:
  - Policy decisions are made after considering their financial effects on future generations
  - The current generation funds the cost of its services.

EXECUTIVE SUMMARY

Council has developed this Long Term Financial Plan (LTFP) to outline the steps it will take to address the major financial challenges and opportunities which will impact on the way it does business over the next 10 years. The main objectives of the LTFP are to achieve Council's financial sustainability and to inform Council's decisions about the services and new initiatives it will deliver. The LTFP is updated each year to provide a rolling 10 year outlook.

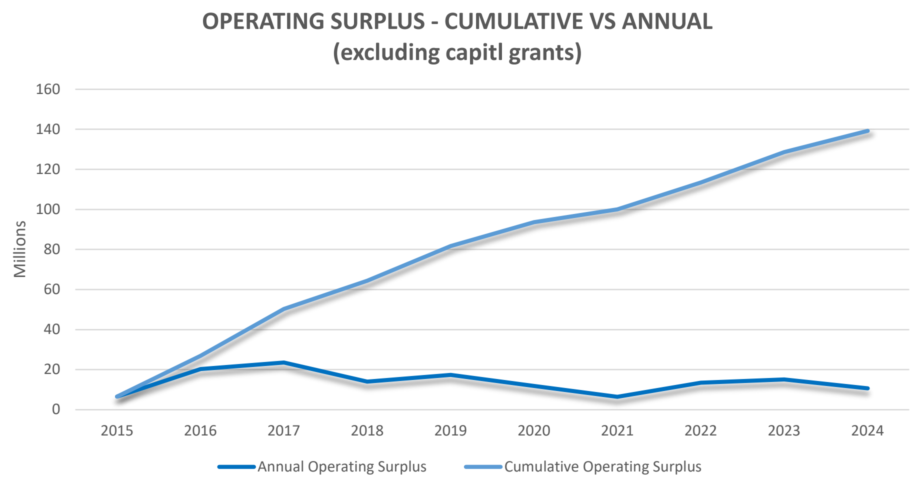
Council remains committed to prudent financial management, ensuring it has the resources to invest in community infrastructure and deliver a strong pipeline of capital works that support jobs, opportunities, and essential services for the community.

While Council has historically maintained operating surpluses, projections indicate that operating surpluses will not be achieved beyond the next three years due to the cumulative impact of increased cost shifting from the NSW Government, less government grant funding and rates income not keeping pace with cost increases. To strengthen financial sustainability, Council will continue to implement service reviews, efficiency improvements, and strategic cost management initiatives to contain costs and maintain its long-standing track record of financial stability. Which is to:

- deliver operating surpluses each year,
- meet all 'Office Local Government" (OLG) benchmarks as set by the State Government, and
- achieve its own financial sustainability benchmarks.

These efforts will enable Council to operate efficiently, sustain cost effective high-quality services and infrastructure essential to the community, and support the introduction of new initiatives aligned with the priorities of the Fairfield City Plan.

In addition to its continuous improvement and efficiency initiatives, Council will be investigating investment opportunities through its Property Development Fund (PDF) in order to extract value from its commercial property assets and assess the ability to generate additional income in order to reduce the magnitude of increases for ratepayers. However, to be financially prudent no additional income from the PDF's investment activities has been incorporated into the LTFP because investigations are at a preliminary stage.



Council has decided not to apply for a Special Rate Variation (SRV) during the 2025/26–2028/29 Delivery Program. However, the use of SRVs as a financial sustainability tool is becoming increasingly necessary for councils. Despite maintaining low rates and a long-standing commitment to financial prudence and operational efficiencies, Council continues to face growing external cost pressures, including inflation, rising maintenance costs, and reductions in State and Federal funding, all of which will place strain on the budget. Without intervention, service reductions and asset deterioration will be unavoidable.

To ensure long-term financial sustainability, an SRV will need to be considered in the next 2029/30-2032/33 Delivery Program because it's the most practical long term solution. This will enable Council to continue delivering essential services, maintaining critical infrastructure, and meeting community expectations while adapting to future financial challenges.

HOW WAS THE LTFP PREPARED

The preparation of the LTFP commenced with a detailed (internal) analysis of the 2024/25 budget. Next, a review of external influences such as population growth, inflation, interest rates, natural disasters, cyber security and economic growth were considered when assessing the future years.

The outcomes from the internal analysis and review of external influences have been combined to forecast the future.

The key objectives when developing this LTFP are:

- Balanced Budgets / Operational Surpluses
- Continuous Financial Improvement
- Achievement of Financial Sustainability Benchmarks
- Achievement of OLG Benchmarks prescribed by the State Government.

KEY CHALLENGES AND INFLUENCES

Salaries and wages represent 45% of total costs. It is challenging to contain this cost and achieve a balanced budget because the industry award claim continues to match or exceed the Independent Pricing and Regulatory Tribunal (IPART) rates cap for council's each year. Council will need a range of strategies to manage this on-going revenue shortfall without adversely impacting service levels or financial sustainability. It is noted that the LTFP projections indicate that benchmarks will be achieved for the first three years, but not after, unless there is some type of financial intervention.

The disposal of residents domestic waste is a significant cost for Council. This cost has been contained through prudent management of Council's domestic waste disposal contracts and the introduction of a new 240 litre green lidded bin service (FOGO) in June 2024. This has enabled Council to provide one of the lowest residential waste charges in Western Sydney for a 240L three bin service.

The long standing waste disposal contract expires in the 2029/2030 financial year, and it has been anticipated that there will be an increase in Other Expenses in the subsequent years in the LTFP. However, waste disposal costs are subject to market conditions at the expiry of the contract, and will be heavily influenced by issues such as availability of alternative landfill sites for waste disposal for Sydney Metropolitan councils, progress with development of long-term sustainable solutions such as waste to energy, and identifying viable markets and uses for recycled waste.

Significant initiatives taken by Council to reduce its reliance on rates and remain financially sustainable while delivering priority services to the community include:

- Property Development Fund (PDF), Councils commercial property business.
- Dutton Plaza in Cabramatta continues to provide a stable long-term net income stream, and
- Council's efficiency program including service reviews, quality management, business improvements and Simultaneous Multi-Attribute Trade Off (SIMALTO).

Summary of Financial Forecast

Presented below are extracts from the 10 year LTFP projections and the expected performance against various benchmarks across the 10 year horizon.

Table 1 shows that Council remains financially stable, with a positive net operating result over the first three years of the 2025/26–2028/29 Delivery Program.

However, challenges arise in later years as external cost pressures and declining grant income impact overall financial sustainability.

Council is financially strong in the short term but faces challenges beyond 2029/30, with operating deficits (excluding capital grants), declining unrestricted cash, and increasing expenditure pressures.

The long-term decline in liquidity highlights the need for additional revenue sources, cost management strategies, and the need for a Special Rate Variations (SRV) to maintain financial sustainability.

Despite financial challenges, net assets continue to grow, reflecting ongoing investment in infrastructure and service delivery.

Key Financial Measures	$									
	2025/26-2028/29 Delivery Program									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Net Operating Results	23,026,915	29,958,897	15,380,421	12,731,459	13,595,256	9,446,880	9,410,684	8,434,608	9,318,581	9,937,313
Net Operating Result (Before Capital Grant)	1,518,741	1,213,581	803,385	(477,028)	56,557	(4,430,288)	(4,813,412)	(6,145,090)	(5,625,612)	(5,380,485)
Unrestricted Cash	23,599,542	30,372,645	37,952,880	38,741,963	21,441,072	17,006,555	12,481,308	6,769,064	4,709,768	980,964
Cash, Cash Equivalent, and Investments	163,379,292	167,229,075	165,378,205	180,461,619	175,655,059	170,919,873	166,304,082	160,716,672	157,002,973	154,246,048
Net Assets	2,961,865,295	2,991,824,192	3,007,204,613	3,019,936,072	3,033,531,328	3,042,978,208	3,052,388,891	3,060,823,500	3,070,142,081	3,080,079,394

Table 1 : Key Financial Measures across the 10 year.

OLG Benchmark Performance Indicator Forecast

The Office of Local Government had introduced financial benchmark performance indicators, which focus on a small set of core, comparable indicators that will help councils drive continuous improvement and assist communities in understanding council's performance. These small set of core indicators monitor budget performance, operational liquidity, liability and debt management and asset management - Infrastructure and service management performance. The main objectives of the LTFP are to maintain Council's financial sustainability and to inform Council's decisions about the services as well as achieving all OLG financial benchmarks. Council has a proud history of prudent financial management, as evidenced by its achievement of these financial benchmarks during the nine year period since they were introduced in 2015/2016. However, Council will not be able to achieve these financial benchmarks over the next ten financial years, while delivering new initiatives across the City, without some form of financial intervention to increase revenue and/ or reduce expenditure because costs are rising at a faster rate than revenue.

	OLG Benchmark	Budget Year 1 2025/26	Forecast Year 2 2026/27	Year 3 2027/28	Year 4 2028/29	Year 5 2029/30	Year 6 2030/31	Year 7 2031/32	Year 8 2032/33	Year 9 2033/34	Year 10 2034/35
Budget Performance											
Operating Performance Ratio	>0	0.46%	0.32%	0.13%	-0.41%	0.02%	-1.95%	-2.04%	-2.48%	-2.23%	-2.08%
Measures the extent to which a council has succeeded in containing operating expenditure within operating revenue.		✔	✔	✔	✘	✔	✘	✘	✘	✘	✘
Own Source Operating Revenue Ratio	>60%	80.39%	78.45%	83.28%	83.93%	84.03%	84.08%	84.14%	84.19%	84.24%	84.30%
Measure fiscal flexibility. It is the degree of reliance on external funding sources.		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Operational Liquidity											
Unrestricted Current Ratio	>1.5x	2.92	3.05	2.88	2.63	2.41	2.17	2.43	2.00	2.05	2.01
Represents a council's ability to meet short-term obligations as they fall due.		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Rates, Annual Charges, Interest and Extra Charges Outstanding Percentage	<5%	4.71%	4.65%	4.59%	4.53%	4.47%	4.42%	4.37%	4.32%	4.27%	4.22%
Expressed as a percentage of total rates and charges available for collection in financial year.		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Cash Expense Cover Ratio	>3 months	5.02	5.16	5.08	5.59	5.36	5.83	5.44	4.99	4.45	3.94
Liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash flow.		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Liability and Debt Management											
Debt Service Cover Ratio	>2x	30.42	26.98	26.03	26.46	27.63	39.46	72.74	90.69	63.94	78.94
Measure the availability of operating cash to service loan repayments		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔

	OLG Benchmark	Budget Year 1 2025/26	Forecast Year 2 2026/27	Year 3 2027/28	Year 4 2028/29	Year 5 2029/30	Year 6 2030/31	Year 7 2031/32	Year 8 2032/33	Year 9 2033/34	Year 10 2034/35
Asset Management – Infrastructure and Service Management Performance											
Building and Facilities Renewal Ratios	>100%	101.49%	102.11%	101.96%	102.18%	101.09%	101.64%	101.01%	101.58%	101.65%	100.98%
Assesses the rate at which these assets are being renewed against the rate at which they are depreciating		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Infrastructure Backlog Ratio	<2%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
Ratio shows what proportion the infrastructure backlog is against the total net carry amount of a council's infrastructure.		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Asset Maintenance Ratio	>100%	104%	104%	104%	104%	104%	104%	104%	104%	104%	104%
Ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔

DELIVERING FINANCIAL SUSTAINABILITY FOR COUNCIL AND THE COMMUNITY

Council is focused on long-term financial sustainability and uses the Office of Local Government (OLG) financial benchmarks to help measure its achievement of this objective. The OLG financial benchmarks are included in Council's audited financial statements and incorporate the key benchmarks established in 2015 as part of the NSW Governments proposal to reform the local government system.

The Key Performance Indicators table above identifies that all financial benchmarks are projected to be achieved for the next three years based on the assumptions used in the LTFP. However, in the subsequent years, they will not be achieved due to the cumulative impacts of increased cost shifting from the NSW Government, less government grant funding and rates income not keeping pace with cost increases.

Previous LTFP financial results were temporarily impacted by the COVID-19 pandemic, with facility closures, reduced revenue from Public Health Order restrictions, and rental concessions affecting Council's financial position in 2020, 2021, and 2022. However, these were short-term anomalies, and financial stability has since been restored. Following COVID-19, inflationary pressures and high interest rates have further impacted operating costs, procurement, and capital project expenses. Council continues to mitigate these challenges through productivity improvements, revenue opportunities, and cost containment strategies, ensuring ongoing financial resilience.

During the ongoing cost-of-living crisis in Australia, Council has also introduced measures to support local residents, including:

- Reducing the Domestic Waste Levy by 1.5% in 2024/25 to ease financial pressure on households. Providing free FOGO bin liners to residents as part of the green waste recycling program and enabling Council to provide one of the lowest residential waste charges in Western Sydney.
- Maintaining the lowest residential rates in Western Sydney.
- Maintaining some of the lowest fees and charges compared to neighbouring councils to ensure affordability for the community.
- Introducing a First Home Buyers Scheme (trial) to assist residents in entering the property market.

Council has chosen not to apply for a Special Rate Variation (SRV) during the 2025/26–2028/29 Delivery Program to avoid placing additional financial strain on residents amid the ongoing cost-of-living crisis.

Council has historically maintained a proactive approach to reviewing depreciation expenses, ensuring alignment with ongoing improvements in asset management. This commitment was particularly evident following the adverse impacts of state government-imposed accounting standards related to asset revaluations, which significantly affected depreciation expenses and methodology applications. By continuously refining its financial strategies, Council has demonstrated ongoing financial prudence, effectively navigating external financial pressures imposed on local governments while maintaining a sustainable financial position.

Special Schedule 'Report on Infrastructure Assets' is a mandatory reporting requirement; however, it has limitations due to inconsistencies in data collection across councils and a lack of uniform auditing standards.

This view is supported and recognised in the guidance provided in the description of the ratios where it was noted *"It is acknowledged, that the reliability of infrastructure data within NSW local government is mixed. However, as asset management practices within councils improve, it is anticipated that infrastructure reporting data reliability and quality will increase"*.

Fairfield Council as part of its Integrated Planning and Reporting improvements has a rigorous approach to asset management and uses these principles to model the optimum expenditure to enable Council to address its asset backlog and ensure the condition of its assets will remain stable over the next 10 years, and within the OLG Infrastructure Asset Backlog benchmark of less than 2%. This approach addresses any asset backlog percentage by:

- Measuring the cost to bring the asset to a satisfactory condition as prescribed by the Office of Local Government as condition 3.
- Recommending to consult with the community to determine the asset condition that is considered acceptable to deliver the required level of service. This may mean, for example, that an asset in condition 4 (poor) may still deliver the required level of service and thus not form part of the asset backlog. This consultation is anticipated to deliver a significant reduction in the asset backlog.

Other initiatives have been pursued to further improve Council's long term financial position.

The Property Development Fund (PDF) provides opportunity to extract value from Council's commercial assets. Examples of the value of PDF include:

- $14m net return from a 41 lot sub-division at Diamond Crescent in 2015/16
- the development of a commercial retail Centre at Dutton Plaza in Cabramatta in 2016/17 with projected gross retail incomes of $4.0m per annum
- $5m in proceeds from a 9 lot sub-division in Smithfield completed in 2019/20
- Investigating opportunities for commercial Council land holdings throughout the LGA including Prairiewood, Wetherill Park and Fairfield CBD

DELIVERING FINANCIAL SUSTAINABILITY FOR COUNCIL AND THE COMMUNITY

Safeguarding financial legacy

Council continues to safeguard its legacy by making prudent and responsible decisions that consider the financial impact on future generations. To do this Council will:

- Ensure the current generation covers the cost of its services through a fully funded operating budget and achievement of OLG Financial Benchmarks.
- Aim to achieve equity between generations of ratepayers whereby the mechanisms to fund specific capital expenditure and operations take into account the ratepayers who benefit from expenditure and therefore who should pay.

Delivering a balanced budget

Council must achieve a fully funded operating position reflecting that Council collects enough revenue to fund operational expenditure, the repayment of debt and renewal of infrastructure assets. To do this we will:

- Have a fully funded capital program, where the source of funding is identified and secured for both capital renewal and new capital works.
- Manage the immediate and ongoing financial impacts of shocks, like the COVID-19 pandemic and weather events, to safeguard long-term financial sustainability.
- Maintain an Unrestricted Current Ratio of greater than 1.5 to ensure the required level of cash is maintained to met operational requirements as well as build cash reserves for contingencies that arise. Strengthening this position over the years of the LTFP is a priority.

Funding the current Service Levels

The operating budget is designed to deliver current services and service levels. To do this we will:

- Maintain existing service levels to the community.
- Any changes to future service levels will be determined in consultation with the community or as identified through Simultaneous Multi-Attribute Trade Off (SIMALTO) initiative during the development of the Delivery Program.

Borrowing Policy

Borrowing, where appropriate and financially responsible, can be an important funding source for income generating projects and the delivery of significant new infrastructure to support intergenerational equity. The following is to be considered prior to entering into a new loan arrangement:

- Borrowing should only be used as the last resort to finance projects of highest priority to Council which are unable to be funded from income.
- The use of loan funds will, in the main, be limited to income producing assets and new infrastructure projects where intergenerational equity considerations justify spreading the cost between generations of ratepayers who benefit from the expenditure.
- Loans are not a funding source for operating expenditure.
- The total amounts of loan borrowings must be sustainable in terms of ability to meet future repayments and budgetary obligations. The funding source to meet repayments must be identified prior to entering into any new loan arrangement.
- The term of any loan is not to exceed the expected economic life of the asset being funded.

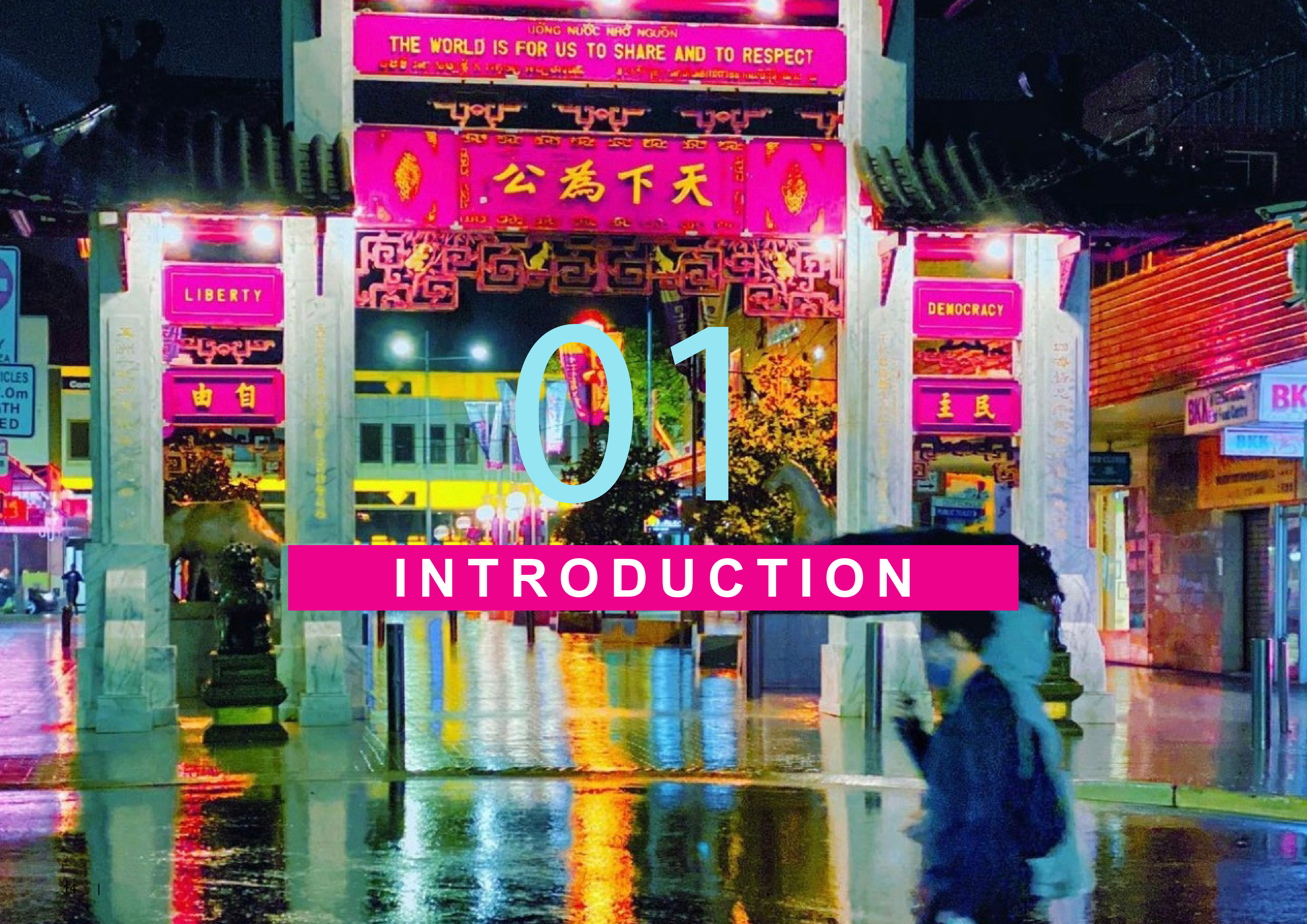
Special Rate Variation (SRV)

A Special Rate Variation (SRV) is a key financial tool that allows councils to adjust their rates above the standard rate peg set by the NSW Government. It provides a mechanism to ensure long-term financial sustainability, enabling councils to continue delivering essential services, maintaining infrastructure, and funding future projects in response to rising costs and growing community needs.

Even for councils with a long-standing history of financial prudence, cost-cutting measures, and operational efficiencies, an SRV will become inevitable. Over time, external cost pressures—such as inflation, increasing service demands, rising infrastructure maintenance costs, and reduced state and federal funding—place strain on council budgets. Despite ongoing efforts to manage resources efficiently, including procurement savings, staff restructuring, system improvements, and process efficiencies, these measures alone will not be sufficient to offset long-term financial pressures.

Council's primary source of income is land rates, which has been growing at a slower rate than wages and other costs for a number of years. This on-going revenue shortfall is not sustainable in the long term and an SRV becomes the only practical solution after all other financial measures have been exhausted.

Implementing an SRV allows councils to strategically invest in critical community infrastructure and services while maintaining financial stability. Without it, councils may face service reductions, asset deterioration, or increased reliance on borrowing, impacting the quality of services provided to residents. An SRV ensures councils can plan for the future, adapt to financial challenges, and continue meeting community expectations in a sustainable and responsible manner.



01 INTRODUCTION

The increasing demands for services, growth in the cost of labour and materials, combined with a legislated cap in revenue generated from rates, has created a challenging financial environment for all councils including Fairfield City Council.

At the centre of Council's future financial sustainability will be the ability to adapt and respond to the challenges faced in delivering services more efficiently, reducing expenditure, and delivering opportunities to generate additional revenue sources.

Council's LTFP is a requirement under the Integrated Planning and Reporting (IPR) Framework for NSW Local Government and forms part of the Resourcing Strategy, along with the Strategic Asset Management Plan and the Workforce Management Plan.

The LTFP provides a framework by which Council can assess its revenue building capacity to meet the activities and level of services outlined in the Delivery Program and ultimately achieving the community vision.

It also:

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

The LTFP is a decision making and problem-solving tool. It is not intended that the LTFP is set in concrete – it is a guide for future action. Financial planning over a ten-year horizon is difficult and obviously relies on a variety of assumptions that may be subject to change during this period. Changes in these assumptions, external influences on operations such as economic impacts and decisions made by Council across the last 12 months are all reasons why revised projections for future years may differ from previous projections.

The 10-year LTFP is informed by decision making of the Delivery Program (4-year horizon). It is updated annually as part of the development of the Operational Plan (one year budget). It is also reassessed in detail as part of the four-yearly review of the suite of IPR documents.

The first year of each LTFP mirrors the annual budget for that current year and this flow on effect streamlines the annual budget process.

The preparation of the revised LTFP as at 30 June 2025 commenced with a detailed analysis of the 2025/26 budget. An internal analysis was conducted to:

- remove the impacts of income and expenditure items considered unique to the 2025/26 year and not of a recurring nature;
- consider efficiencies already achieved or beginning to be achieved from structural reviews and projects recently undertaken by Council or in progress;
- consider the financial impacts of large long term contracts that expire during the term of the LTFP (e.e. waste contract);
- review items outlined in the SRV application to ensure all had been incorporated into both the budget and the subsequent years of the LTFP; and
- ensure actions and plans contained in other Council internal and published documents – such as Asset Management Plans, Workforce Management Plan, Service Statements, Operational Plan, Community Strategic Plan and Delivery Program – had been appropriately included in future projections.

Next, a review of external influences such as population growth, inflation, interest rates and economic growth were considered when assessing the future years of the LTFP.

The outcomes from the internal analysis and review of external influences have then been combined to project the future. Council's future position has then been forecast on the basis of a continuance of "normal operations" as amended for SRV initiatives and as affected by the external influences. Council's "normal operations" are documented in the annual Operational Plans. Levels of service however may not remain the same given changes in community expectations in future years of the Plan.

PLANNING ASSUMPTION

Global Economic Conditions

The global economy continued its strong performance in 2024, with global GDP growing by 3.2%, led by the United States, which has outpaced the rest of the G7 since 2020. Inflation moderated over the year, with global median core inflation hovering just above 2%. While core goods price inflation has returned to trend, services price inflation remains above pre-pandemic levels, particularly in the United States and the euro area.

Looking ahead, the IMF forecasts global GDP growth of 3.3% in both 2025 and 2026. Among advanced economies, the US is expected to grow by 2.7% in 2025, supported by strong consumer demand and favorable financial conditions. The euro area is set for modest growth, though geopolitical tensions and policy uncertainties could weigh on sentiment. Other advanced economies face mixed outlooks, with recovering real incomes boosting consumption, while trade policy uncertainties may keep investment subdued.

Inflation is projected to trend lower through 2025 and 2026, driven by cooling labor markets and declining energy prices. However, risks remain, particularly concerning US trade policies. A shift toward protectionism, including increased tariffs, could intensify trade tensions, reduce investment, distort trade flows, and disrupt supply chains, potentially slowing global economic growth in both the short and medium term.

United States

The US economy remains strong, with the IMF projecting 2.7% growth in 2025, but protectionist trade policies pose risks. Consumer sentiment is weakening, with key confidence indices dropping to their lowest levels since 2023, largely due to fears of rising inflation from new tariffs on Mexico, Canada, China, and steel and aluminium imports. If fully implemented by April 2, these tariffs would push the US average effective tariff rate to 11.5%, the highest since the 1940s.

Signs of economic strain are emerging, with retail sales falling by 0.5%, the largest drop in nearly four years, and unemployment claims rising to their highest level since October. Investors have also reacted negatively, with tariff-related inflation fears triggering a stock market sell-off, bringing the S&P 500 down nearly 10% from its mid-February peak.

Some economists predict a 15%+ correction in shares before potential economic recovery from Trump's tax cuts, deregulation, and anticipated Fed rate cuts. As a result, 2025 is expected to be volatile, with a "rocky" path before an economic upturn.

Europe

Growth in the euro area is expected to increase modestly from 2024, but geopolitical tensions, policy uncertainty, and weak manufacturing activity will continue to weigh on sentiment into 2025. US tariff threats add further pressure, dampening consumer and business confidence and posing risks to the manufacturing sector.

To support growth, the European Central Bank (ECB) has implemented a rate-cutting cycle since June 2024, most recently reducing the deposit facility rate to 2.50% in March 2025. ECB President Christine Lagarde acknowledged that rising uncertainty could impact investment and exports, though higher incomes and lower borrowing costs are expected to provide some support. Export growth remains dependent on rising global demand and stable trade conditions.

In Germany, Europe's largest economy, the industrial sector continues to struggle with high energy prices due to the Ukraine war and weaker external demand, particularly from China. A reversal of these headwinds is seen as key to stabilizing and eventually reviving German manufacturing, which will play a crucial role in the broader euro area recovery.

Australian Economic Conditions and Forecasts

Asia

China faces significant economic challenges, including a lingering property slump, deflation, and an escalating trade war with the US. Consumer confidence remains weak following COVID lockdowns, with homeowners uncertain about property values and homebuyers losing faith in project completion. This has led to months of declining property prices and suppressed demand.

The US-China trade war is further straining the economy, with Chinese goods now facing a 34% average tariff due to recent and existing levies. In response, China has imposed retaliatory tariffs and blacklisted more American firms, heightening tensions. To counteract economic pressures, the Chinese government is increasing fiscal stimulus, raising the deficit from 3% to 4% of GDP and allowing local governments to issue bonds to purchase unsold apartments and idle land, aiming to stabilise the property sector.

Meanwhile, Japan's economy is showing signs of stronger growth, with rising real GDP, accelerating wage growth, and continued government support. Consumer spending is expected to improve, particularly if the next budget includes tax breaks and energy subsidies. However, risks remain—elevated inflation is a challenge, and the Bank of Japan is hesitant to tighten monetary policy too aggressively.

Australia

The Australian economy faced persistent challenges throughout 2024, with high interest rates, rising living costs, and slow economic growth. The Reserve Bank of Australia (RBA) maintained a restrictive monetary policy, delaying rate cuts due to inflation remaining above target levels. Economic growth slowed to its weakest pace since the early 1990s recession, excluding the pandemic, with private sector activity stagnating and government spending being the primary driver of positive GDP growth. Consumer spending remained weak, and inflation-adjusted disposable incomes fell to 2017 levels, leading to record-high business insolvencies.

Despite these economic pressures, Australia's labour market remained resilient. The unemployment rate remained below 4.2%, with 397,000 new jobs created in 2024, primarily in full-time positions. Inflation trends improved, with headline CPI inflation dropping to 2.4% and trimmed mean inflation falling to 3.2%. Goods price inflation hit its lowest level since 2016, while services inflation remained elevated but showed signs of cooling. In February 2025, the RBA cut the official cash rate by 25 basis points to 4.10%, marking the first rate cut in over five years. However, the RBA cautioned against premature easing, warning that disinflation could stall if monetary policy is loosened too soon.

Looking ahead, GDP growth is expected to improve in 2025, supported by a recovery in household consumption, driven by rising real disposable incomes and easing interest rates. However, a forecasted spike in headline inflation by late 2025 is anticipated due to the removal of government energy rebates, which may lead to higher energy prices. Despite this, underlying core inflation is projected to continue its downward trend, reaching 2.6% by December 2026 before stabilizing at 2.5%. Markets anticipate one more full rate cut by August 2025, with limited expectations for further reductions through the 2025/26 financial year.

Fairfield City Profile

When preparing the Long Term Financial Plan, many factors are taken into consideration and a vast array of research and statistics are analysed to forecast the likely revenue that will be available to meet the community's long term objective.

Fairfield City is located in Sydney's south western suburbs, about 32 kilometres from the Sydney GPO and covers 102km2 of predominantly residential with some farmland and industrial. There are six industrial and business lands across the City, which includes large-scale industrial estates at Wetherill Park and Smithfield.

Community

39 years

Median age

18.4%

The largest group is aged 35 to 49 (parents and home builders) with over 38,000 people and comprising 18.4% of our population.

39.7%

Living arrangements include 39.7% of the population as couples with children, 17% couples, 17.5% single parents and 16.6% singles.

9.3%

of residents have a disability that needs daily assistance, and 11.5% provide unpaid assistance to a person with disability, long term illness or elderly.

Economy

18,597

Our local economy features over 18,597 local businesses

51%

of our working population work full-time, 29% part-time.

35.2%

of working residents work locally.

69,622

local jobs with 14.0% in manufacturing, 11.9% in health care and social assistance, 10.9% retail trade, 10.1% transport, postal and warehousing, and 8.4% construction.

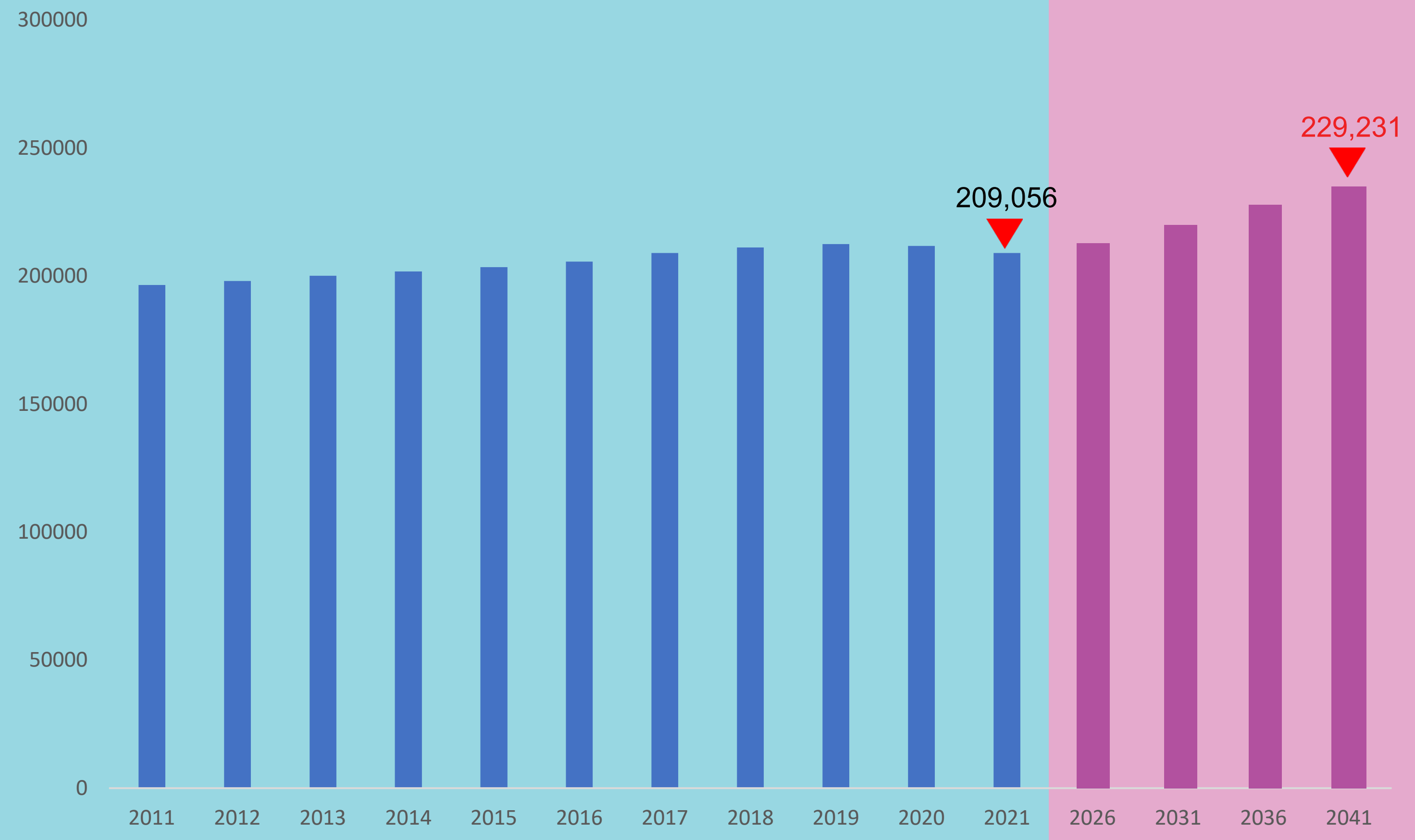
Transport

postal, and warehousing is our fastest growing industry.

$10.63B

Gross Regional Product of over $10 billion a year in 2022/23.

Fairfield City Estimated Population Forecast



RISK MANAGEMENT

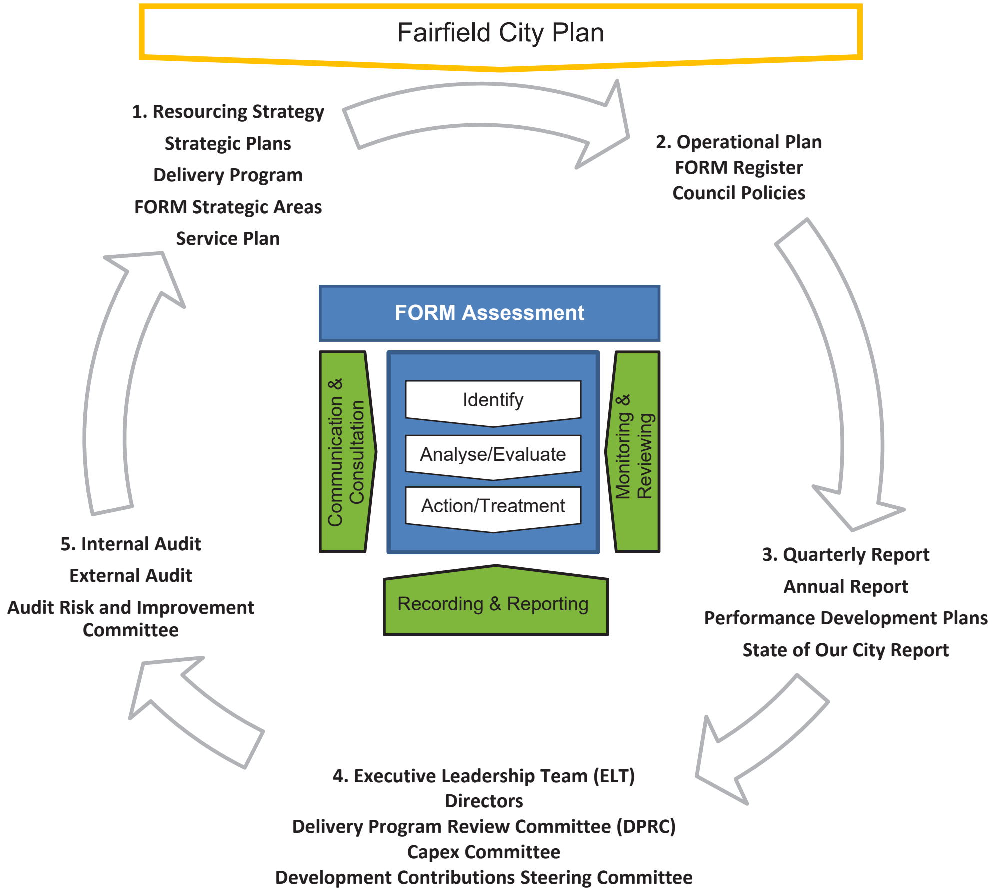
The Council's activities expose it to a variety of risks, which are considered in preparing the LTFP. Council recognises the importance of a risk framework to strengthen its capacity to effectively identify, understand and capitalize on challenges and pursue opportunities.

Council has developed the Fairfield Opportunity and Risk Management (FORM) Framework. The Framework is a tool that assists how Council manages, plans and implements the services identified in the Integrated Planning and Reporting suite of documents to meet the community's needs and priorities. This approach is to realise opportunities and reduce and manage large unmitigated risks while ensuring Council continues to achieve financial sustainability.

The FORM process has been informed by various standards and regulations and are guided by the principles of the ISO 31000 Risk Management Guidelines. The FORM Framework has been integrated within Council's IPR Framework to ensure that all planning and implementation of Council's services are based on an opportunity and risk management approach with continual communication, review and reporting both internally and externally.

The risk of Council's financial position becoming unsustainable has been identified as a Strategic Risk Area for the organisation. There are a number of likely causes, both external and internal, that could lead to this situation without the presence of risk controls. A number of controls are in place to mitigate this risk including the preparation of this LTFP informed by Council's Asset Management Plan and Delivery Program.

However, long term planning in a dynamic environment has some level of uncertainty. Risks such as changes in legislative requirements and economic risks have been discussed in the previous section. These risks could materially change the outcome and projected results of this plan. The Sensitivity Analysis within this LTFP tests the impact of inherent economic risks.



02

UPDATING THE LTFP

UPDATING THE LTFP WITH 2025/26-2028/29 DELIVERY PROGRAM

The Draft 2025/26-2028/29 Delivery Program (Delivery Program) is Council's response to the community's vision, priorities and goals as identified in the 2025-2035 Fairfield City Plan (City Plan). The Delivery Program outlines what Council has committed to deliver during its term of office over the next four years. The Delivery Program deliverables are structured into two main categories; services (including major programs) and projects that work towards achieving the community's vision, priorities and goals as identified in the City Plan. In developing the Long-Term Financial Plan and Delivery Program, due regard has been given to promoting the financial sustainability of the council through the establishment of a clear revenue path for all rates linked to specific expenditure proposals and services.

Services And Major Programs

Council currently spends 96% of its budget on the services it delivers each year. The Delivery Program identifies 46 services, which Council currently delivers for the community. Council has identified its principle activities through its external services (30) and corporate activities through its internal service statements (16).

External Services (Principle Activities)	2025-2026 Operational Plan		
	Income	Expenditure	Cost of Service
Strategic Asset Management – Civil and Built	(4,451,988)	34,932,759	30,480,771
Strategic Asset Management – Open Space	(202,765)	3,664,839	3,462,075
Building Control and Compliance	(894,124)	2,715,107	1,820,983
Catchment Planning and Improvements	(1,621,491)	1,361,168	(485,323)
Children and Family Services	(18,176,609)	16,773,569	(1,406,040)
City Connect Bus	(851)	41,320	40,469
Communications and Marketing	(4,469)	2,120,864	2,116,395
Community Business Hub (Fairfield City HQ)	(152,800)	563,364	410,564
Community Compliance	(5,983,258)	3,979,282	(2,003,976)
Community Facilities	(1,519,243)	4,606,774	3,087,531
Customer Service Administration Centre	(38)	1,061,490	1,061,452
Development Planning	(826,608)	3,208,810	2,382,202
Economic Development	-	525,064	525,064
Emergency Management	(80,552)	2,650,717	2,570,165
Public Health and Environment	(229,215)	1,435,363	1,206,148
Land Information Services	(65)	322,665	322,600
Leisure Centres	(10,447,461)	18,081,758	7,634,297
Library Services	(794,398)	8,377,210	7,582,821
Major Events	(439,313)	1,566,765	1,127,452

External Services (Principle Activities)	2025-2026 Operational Plan		
	Income	Expenditure	Cost of Service
Museum and Gallery	(38,018)	741,806	703,788
Place Management	(5,140)	1,766,997	1,761,857
Property Strategy and Services	(11,167,194)	5,510,780	(5,656,414)
Showground and Golf Course	(2,498,525)	2,620,700	122,185
Social Planning and Community Development	(411,806)	3,017,187	2,605,381
Strategic Land Use Planning	(456,727)	1,855,438	1,398,711
Street and Public Amenities Cleaning	(585,476)	6,747,368	6,161,892
Sustainable Resource Centre	(3,363,526)	2,799,995	(563,531)
Traffic and Transport	(2,417)	669,112	666,695
Natural Resource Management	(14,467)	1,902,018	1,887,551
Waste Management	(35,868,924)	35,951,574	82,650

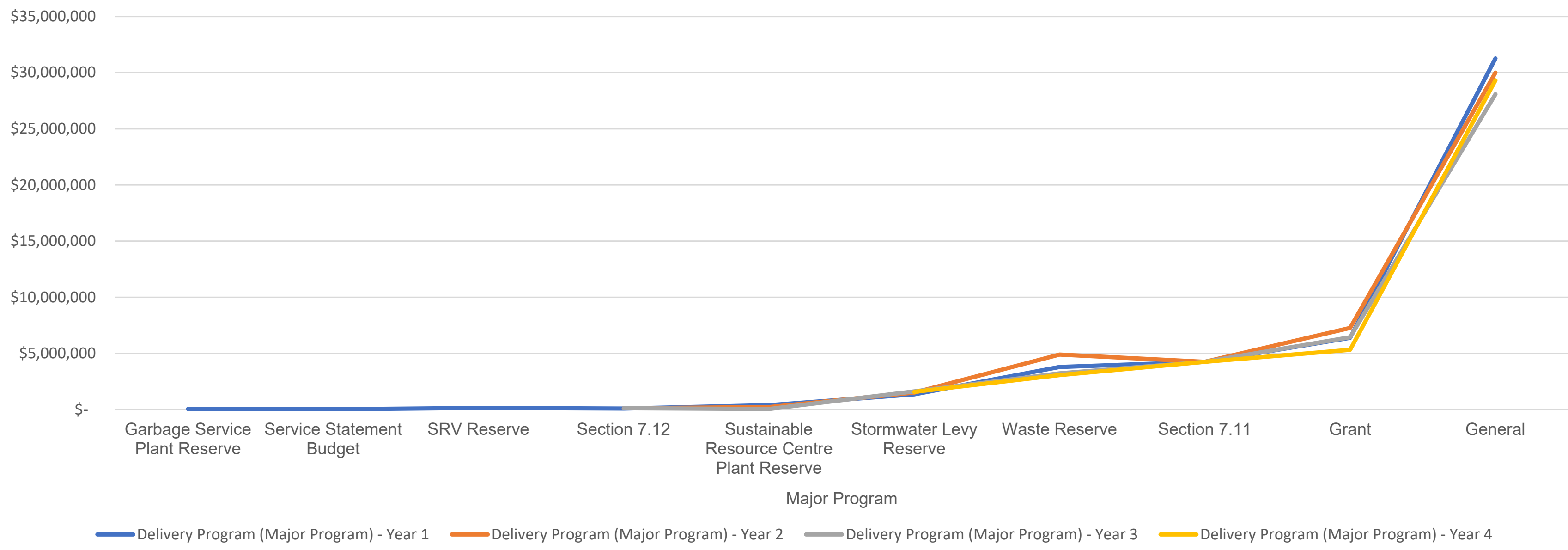
Internal Services (Corporate Services)	2025-2026 Operational Plan		
	Income	Expenditure	Cost of Service
Business Improvement	-	168,510	168,510
Corporate Planning	-	366,963	366,963
Design Management	(49,111)	2,297,451	2,248,340
Business Continuity and Insurance	-	1,697,190	1,697,190
Financial Sustainability	(132,147)	4,387,299	4,151,322
Fleet and Stores Management	(6,846)	658,150	651,304
Governance	(3,545)	1,572,191	1,568,646
People and Culture	-	4,299,552	4,299,552
Quality Management and Assurance	-	579,817	579,817
Information and Communication Technology	(1,266)	8,429,596	8,428,330
Infrastructure Construction and Maintenance	(17,051)	10,464,271	10,447,220
Internal Audit	-	194,841	194,841
Major Projects	-	1,480,117	1,480,117
Parks and Gardens Operations	(189,884)	6,070,375	5,880,491
Procurement	(5,072)	841,944	836,872
Records and Information Management	-	1,615,240	1,615,240

Major Programs are part of Council's service delivery. Major Programs identify an activity that is undertaken each year, but the location or details of the activity change annually with those details included in the Operational Plan e.g. footpath renewal is undertaken every year (and is a Major Program) with the specific streets where the work will happen in the coming year listed in the Operational Plan. The Major Programs are listed within 'Service Outputs' to clearly identify their cost and ensure that resourcing requirements are considered in the development of the Delivery Program and Operational Plans. Major programs can be categorised into two areas:

- Asset Renewal – Asset Renewal Major Programs are programs required for all Council's asset classes to maintain these assets at the condition as identified in Council's Asset Management Strategy and Plans. The expenditure identified in each of these is set at the level required to achieve the OLG Financial Benchmarks.
- Service Actions – Service Actions Major Programs are programs of works for services that have a number of high-level deliverables such as strategic plans, reviews, action plans, etc. The service details major programs expenditure is included in the associated service statement and the major program provides the detail of things such as locations, programs, projects, actions and/or events that are to be undertaken during each Operational Plan. For example, the Strategic Land Use Planning service statement identifies that it reviews Development Control Plans throughout the City; the major program for this service identifies which Development Control Plan it will be reviewing during the Operational Plan year.

Council has identified 43 major programs in its Delivery Program (2025-2026 Operational Plan), which details 1,445 activities to be delivered over the next four years. Council has also established a revenue path for all rates, which are linked to specific major program expenditure. As a total, it is estimated that Council will expend over $174.44 million over the next four years against a number of funding sources and reserves. These allocations have been identified below and further covered within the Long-Term Financial Plan under Capital Expenditure.

2025/26-2028/29 Delivery Program Major Program - Funding Type Comparison Each Year



Asset Management

An asset revaluation, required under the Fair Value Accounting Standard every five years, was undertaken for infrastructure assets in 2019/20 using replacement cost data. The buildings revaluation was completed in 2022/23. Compounded CPI adjusted for historical experience has been assumed for the 2029/30 financial year to derive the revaluation required in that year, with the depreciation impact following in the subsequent year.

Council is currently conducting a valuation review of the roads and transport and drainage asset classes for the 2024/25 revaluation. The likely impact on depreciation has been incorporated into the LTFP projections, but the review may also impact, depreciation rates, and long-term asset management planning.

Council's assets are considered to be in a comparatively good condition, with only 1.8% of all assets classified as poor (condition 4) and 0.20% as very poor (condition 5) based on replacement cost (per Special Schedule 'Report on Infrastructure Assets', 2024 Published Financial Statements). The table below provides a comparative analysis of asset conditions for neighbouring and comparable Councils.

	Fairfield City Council 2024	Blacktown City Council 2024	Cumberland Council 2024	Liverpool City Council 2024	Parramatta City Council 2024	Penrith City Council 2024
1 (Excellent)	31.6%	24.6%	28.3%	48.9%	21.1%	14.8%
2 (Good)	46.6%	36.6%	38.6%	26.7%	32.5%	39.6%
3 (Average)	19.8%	30.7%	26.7%	20.7%	36.3%	32.9%
4 (Poor)	1.8%	6.8%	5.4%	2.2%	8.6%	11.0%
5 (Very Poor)	0.2%	1.3%	1.0%	1.5%	1.5%	1.7%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00**

Depreciation

Council's financial results reflect a significant increase in depreciation expenses, as outlined to the right. This increase has been driven by several key factors:

- The introduction of new accounting standards affecting asset revaluations and their subsequent impact on depreciation expenses.
- The application of a revised depreciation methodology since 2016 to determine the useful lives of asset components more accurately.
- Adjustments to depreciation expenses since 2021, incorporating reassessments of asset useful lives based on their current condition and recognising the benefits of a proactive maintenance program.

The Infrastructure asset category has been the primary contributor to this increase over the 2019–2024 period. During this time:

- $316.8 million in infrastructure additions were recorded.
- Net revaluations of $148.1 million occurred across the two valuation years (2020 and 2023).

Depreciation Exp.	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Buildings	6.1	10	9.5	6.3	8.5	6.4	7.3	7.9	8.0	8.3	9.1	7.4
Infrastructure	14.2	14.7	16.3	16.4	17.2	18.3	17.6	21.6	22.3	22.0	23.2	23.7
Other Assets	5.1	4.6	4.3	5.8	5	4.4	4.7	5.9	5	4.8	4.9	4.9
Total Depreciation	25.4	29.3	30.1	28.5	30.7	29.1	29.6	35.4	35.3	35.1	37.2	36

Note: Depreciation expense history, expressed in $ (millions)

Published Financial Statements 30 June 2024 ($000's)

Council	Infrastructure excluding Land (Depreciable Fair Value)	Depreciation Expense	%	Average # Years to fully Depreciate assets
Blacktown	3,970,753	102,403	2.58%	38.77
Fairfield	1,774,595	36,091	2.03%	49.17
Parramatta	2,818,458	57,101	2.03%	49.35
Cumberland	2,241,770	45,296	2.02%	49.49
Penrith	2,414,068	62,739	2.60%	38.47
Liverpool	2,859,910	45,702	1.60%	62.57

These substantial increases in the asset base have directly influenced the depreciation expense.

The annual depreciation charge is primarily determined by two factors:

- Useful life estimates applied to asset components.
- Asset condition assessments, which impact depreciation calculations.

Council has conducted road, bridge, and footpath revaluations in consultation with independent experts, who assessed asset conditions and applied estimated useful lives accordingly. Similarly, building revaluations were informed by independent expertise to ensure accurate component-based useful life estimations.

Comparisons with other Sydney metropolitan councils have revealed significant variations in depreciation methodologies, including differences in:

- Levels of componentisation.
- Useful life estimations.
- Asset condition assessments.

As illustrated in the table above, Fairfield City Council ranks favourably in terms of depreciation and average asset life, demonstrating a conservative yet strategic approach. The current depreciation policy, introduced in 2015/16, continues to serve as the foundation for the LTFP.

Projects

Council currently utilises approximately 96% of its budget in the delivery of its services each year. The remaining 4% is then available to be allocated to new projects, which are 'value adds' to these services.

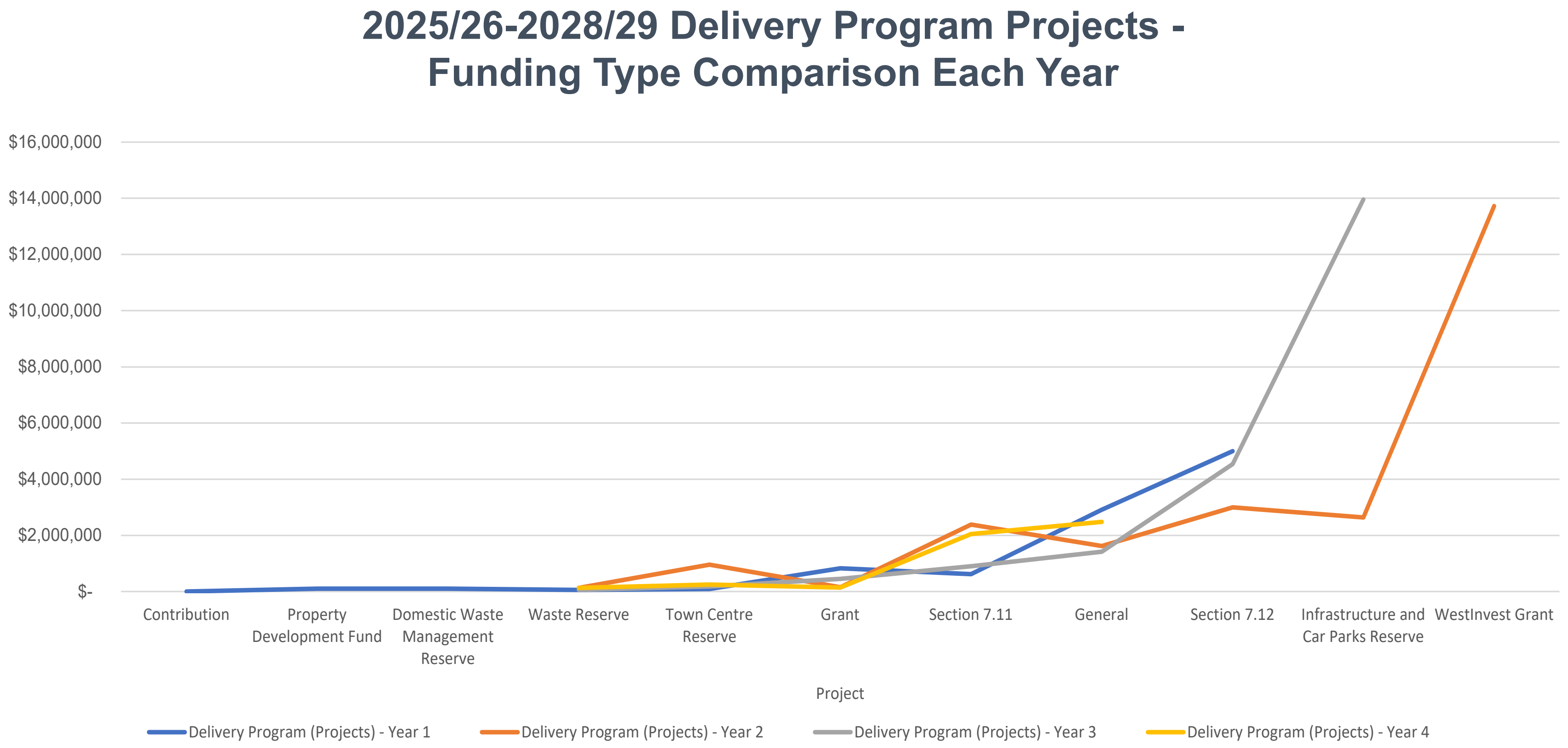
Through extensive engagement and Councillor Workshops, Council has identified 156 projects in its Delivery Program, which details a total of $68.39 million to be delivered over the four year Council term against a number of funding sources and reserves. Council has also established a revenue path for all rates, which are linked to specific expenditure proposals. These allocations have been identified in the graph below.

Some major new proposals, which will result in new infrastructure and activities for the community over the 4 year term include:

- Community and Event Centre – Fairfield Showground: Design and construction of a modern facility to host large-scale events.
- Park and Open Space Upgrades – Enhancing 10 parks across the City to improve recreational opportunities.
- Fairfield Showground Development – Building a new stage to promote concerts, music festivals, and live entertainment.
- Upgrading Cabramatta's Pai Lau Gateway and Freedom Plaza: A revitalisation project aimed at strengthening the night-time economy.
- Establishing an Entertainment Precinct between Canley Heights and Canley Vale: attract tourism and boost local businesses.

As part of these initiatives, successfully secured $28 million in Western Sydney Infrastructure Grant funding, which will support the delivery of the Community and Events Centre at Fairfield Showground.

This strategic investment ensures continued growth and development across Fairfield City while maintaining a strong financial foundation.



Capital Expenditure

Council undertakes a number of major works programs each year with the specific locations or tasks listed in the annual Operational Plan. The Major Programs are:

- Disability Upgrades – Access Improvement Program
- CCTV Camera renewal
- Road Renewal / Upgrade
  - Road Rehabilitation
  - Roads to Recovery
  - Roads and Maritime Services Repair
  - Road & Maritime Services 3*3 Grant
- Building Assets Renewal / Upgrade
- Footpath Renewal / Upgrade / New
- Emergency Asset Failure
- Open Space Land Acquisition & Embellishment
- Open Space Asset Renewal / Upgrade
- Traffic Management Renewal / Upgrade / New
  - Local Area and Traffic Management
  - Pedestrian Access and Mobility Plan
  - Blackspot
- Plant and Equipment Replacement
  - Construction
  - Sustainable Resource Centre
  - Waste Services
- Existing Stormwater Management
- Information and Communication Technology
- Flood Mitigation
- Stormwater Levy
- Fleet Renewal Program
- Upgrade of pools plant and equipment

The capital expenditure program remains consistent throughout the Long-Term Financial Plan (LTFP), with notable increases in key years due to major projects:

- 2024/25 to 2027/28 – Fairfield Community and Event Centre at Fairfield Showground ($60M)
- 2033/34 – Health and Wellbeing Upgrades at Cabravale Leisure Centre ($30M)

The Building and Facilities Renewal ratio represents the capital spend in relation to depreciation expense. A ratio of 1.00 means that capital expenditure equals depreciation, indicating that the asset base is being maintained. A ratio above 1.00 is forecast to be achieved by Council during the term of the LTFP due to the mix of renewal and new capital activity.


SINGLE TAKE
PHOTO
VIDEO
MORE

PRODUCTIVITY IMPROVEMENTS, REVENUE OPPORTUNITIES, COST CONTAINMENT STRATEGIES

Council's on-going service delivery, which includes Major Programs, makes up 96% of its annual budget. This is supplemented with specific projects undertaken each year.

Council operates a number of service oriented businesses. One of the demands for these services is staffing to meet regulatory or service standards. This creates ongoing pressures for Council's budget in terms of cost containment of employment expenses.

A number of factors have influenced Council in recent years to ensure a consistent and effective program is in place to achieve efficiencies in our service delivery. Some of these relate to increases in building material and contractor costs due to supply chain and workforce management issues, a proposed reduction in the Federal Assistance Grants (FAG's), a large increase in the Emergency Services Levy, growth in electricity charges, increases in domestic waste disposal costs due to local and international regulatory changes, and increasing employee costs. There is also growing pressure on Council's depreciation charges resulting from restating Councils substantial infrastructure, property, plant and equipment (currently $2.7 billion) in terms of estimated fair values.

Identification and implementation of efficiency measures assist in maintaining levels of service across the organisation. Deeper savings potentially arise from changes to services and their level of service.

Services and Service Levels Review

Part of Council's approach to financial sustainability is to understand the value of Council's services and the levels at which they are provided. The Integrated Planning and Reporting Framework requires Council to identify and commit to the services it will deliver during its term of office.

As part of the process of developing the Draft Delivery Program, Council reviewed its external services to ensure they continue to meet the priorities of the community identified in the Fairfield City Plan.

To assist in the service review Council prepared a table using a modelling technique known as Simultaneous Multi-Attribute Trade Off (SIMALTO) grid. The SIMALTO grid helped to identify and compare any changes to services (increases and decreases) and the resulting budget impact. The SIMALTO grid is just one tool that helped Council review its services. The technique assisted in identifying the mix of services and service levels.

Service level reviews address changes in scope and level of service. Efficiencies identify the other improvements in operations which reduce costs, improve productivity and allow more to be done with existing resources.

Council is committed to holding fees and charges to an affordable level and providing services and facilities because of the nature and needs of our community. This includes rates being maintained at an affordable level, discounted accommodation for a range of Non-Government Organisations (NGO's) to serve the community and provision of facilities for youth including a new water park, Adventure Park and study spaces in libraries. Council also has a commitment to commercial revenue opportunities to reduce reliance on rates. This includes the Sustainable Resource Centre (SRC), Dutton Lane commercial development as well as new proposed property development projects.

Council has a proud record of delivering productivity improvements, cost containment and improved revenue opportunities. A number of achievements in recent years continue to deliver benefits. These have been measured and monitored since 2008 and have resulted in approximately $5.7M per annum in improvements to the operating result.

Such initiatives include:

- Withdrawal of management of the Fairfield City Farm (2009)
- Structural change for salaries and wages (2010 - current) – 4.5% or $3.3m p.a.
- Christmas closure of non-essential services (2010-ongoing)
- Sustainable Resource Centre commercial operations uplift in profits and reduced landfill costs for Council operations
- Energy and waste minimisation programme (2010-2013)
- Revised operational arrangements for Council's multi-storey car parks using self-management and efficiencies (2012) - $1m p.a.
- Diamond Crescent 41 lot subdivision (2015/16) - $7.3m
- Dutton Plaza Retail development (2016/17) -$1.8m net p.a.
- Revaluation and depreciation of Council infrastructure assets, accounting treatment reviewed and useful lives established for asset components, resulted in less expense (2016) - $3.6m p.a.
- Council insurances tender 2019/20 - $0.5m p.a.
- Council's investment policy revision 2018/19 - $0.4m p.a.
- Replacement of street lights with more energy efficient LEDs in 2022/23 reduced electricity usage - $0.6m p.a.

Fairfield City Council remains committed to an ongoing program of initiatives to achieve further financial benefits for our community. These productivity improvements and cost containments enable Council to maximise the services it can deliver and the value for each rate dollar for ratepayers.

Council's Integrated Planning and Reporting (IP&R) documents identify many of the initiatives that will be undertaken in coming years to achieve further savings and efficiencies. In addition, there are a number of actions in various strategies, service plans and individual work plans that will also contribute. Council needs to work on a range of efficiencies to manage expenses responsibly moving forward and to look for sustainable revenue sources.

Efficiencies identify the other improvements in operations which reduce costs, improve productivity and allow more to be done with existing resources. The organisation has been working on efficiencies for a number of years. This has generated savings and productivity improvements. As part of this process, the following priority areas for the organisation have emerged:

- Process improvement and re-engineering
- People development and service alignment including multi-skilling
- New and improved systems
- Continued procurement reviews
- Continuous improvement in asset management practices
- Identifying new sustainable revenue sources

Council's Long Term Financial Plan has identified a trend of expenses increasing at a faster rate than revenue. Without intervention, this would have resulted in forecasting deficits unless the rate of increase was matched or revenues increase faster than expenses. In order to address this issue, Council continues to work on a range of efficiencies to manage expenses responsibly moving forward and to look for sustainable revenue sources.

The identified issue is a two sided equation – productivity and cost containment – and efficiencies also need to examine revenue options. Some examples of programs relating to improved revenue streams (ongoing and one off returns) are:

- Property Development Fund – rationalisation and disposal of surplus underutilised assets – one off capital return on investment through land sales
- Strategic Portfolio Area – Commercial Opportunities – coordinated approach to identifying, assessing and implementing proposals with appropriate return on investment and risk profiles.
- Sustainable Resource Centre – commercial operation to recycle road materials. Generates profits and reduces landfill costs for Council operations.
- Dutton Plaza – commercial operation to provide retail shopping facilities. Generates profits and accommodates demand for retail space in Cabramatta.
- Review Council's investment policy and strategy to improve returns – maintain strong cash flow management
- Staff leave management including Christmas shutdowns and productivity improvements from structural alignments and technology
- Continued focus on Asset Management to contain depreciation expenses
- Procurement efficiencies
- Review appropriateness of user fees and charges
- Information technology Initiatives to make Council services and facilities more accessible to residents. E-commerce system developments are enabling the community to book a number of in demand services and facilities 24/7 in a cost effective manner.

Initiatives under consideration:

- Opportunities for shared services or resource sharing
- Review service levels and core versus optional services
- Fully cost subsidies for Council's services so that future decisions can be made concerning the level of subsidy
- Review resourcing models including use of contract services
- Business case assessment of the subsidy level, utilisation and alternate delivery models for community services

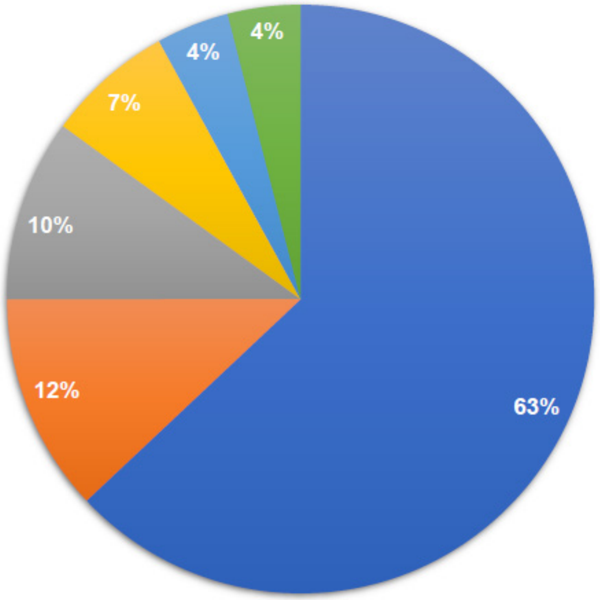
The management of Councils efficiency program is included in the Council's Delivery Program.

03

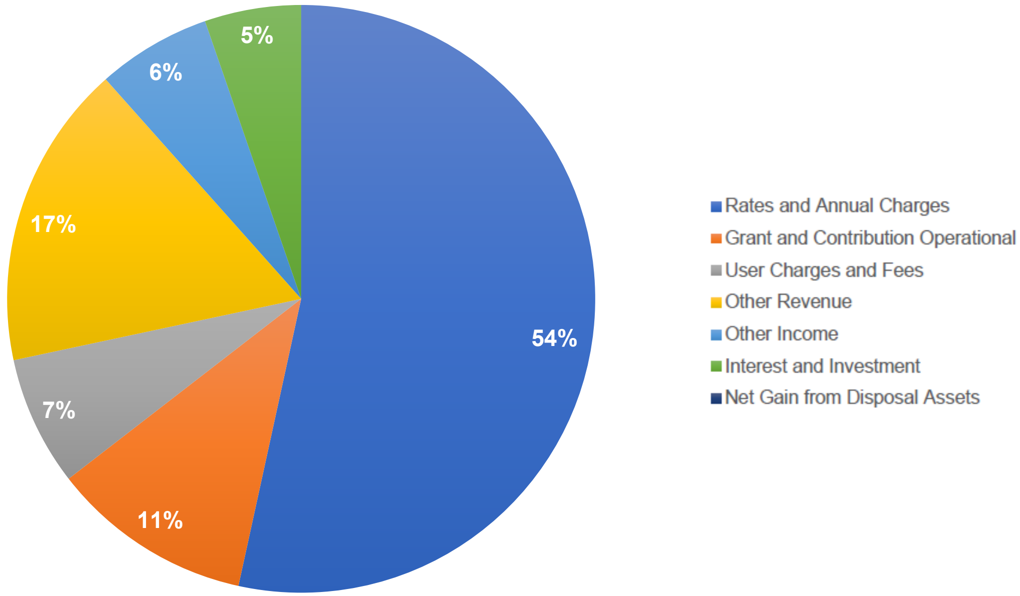
REVENUE FORECASTS

REVENUE FORECASTS

The Revenue Forecast section looks at the major sources of income received, including explanatory information along with a discussion of the risks and assumptions.



2025-2026 Operational Plan Revenue Forecast



2024 Western Sydney Councils Revenue Average

MAJOR ITEMS OF OPERATING INCOME	2025/26 BUDGET	%
Rates and Annual Charges	138.2 M	63%
User Charges and Fees	22.5 M	10%
Grant and Contribution Operational	25.7 M	12%
Interest and Investment	8.1 M	4%
Other Revenue	15.6 M	7%
Other Income	9.6 M	4%

Rates and Annual Charges

Land Rates are Council's primary source of annual income, contributing half of total operating income, a proportion which has remained relatively constant.

Land Rates are Council's primary source of annual income, contributing half of total operating income, a proportion which has remained relatively constant.

The following rating categories are maintained by Council:

- Residential
- Farmland
- Business

Rates are set in accordance with NSW legislative requirements, and in order to calculate them in a fair and equitable way Council use a combination of a Base Amount and a Land Value multiplied by an Ad Valorem (cents in the dollar) for Residential and Farmland properties, and a Land value multiplied by an Ad Valorem (cents in the dollar) for Business Rates. The use of the Base Amount for Residential and Farmland properties brings the higher and lower value properties closer together and effectively spreads the rate burden more evenly across land owners.

Council's annual land rates income represents 49% of Income from Continuing Operations (excluding Capital Grants), with Residential and Farmland Rates contributing approximately 60% of the total Rates, and Business Rates Contributing approximately 40% of the total Rates.

The rate peg for 2025/26 has been handed down and will be 3.90% and this has been incorporated into the LTFP.

Given population growth in the Fairfield Local Government Area is not forecast to be significant, no changes to rates and annual charges have been included for population increase. Future years' rate peg is expected to broadly align to CPI, with annual changes as per the table below.

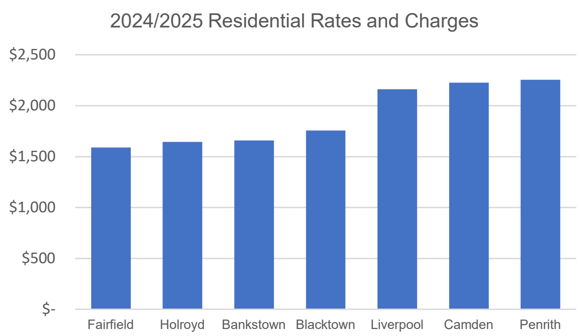
Projected increase in the Rates and Annual Charges during the LTFP are:

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Rate Peg	3.90%	3.00%	3.00%	3.00%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%

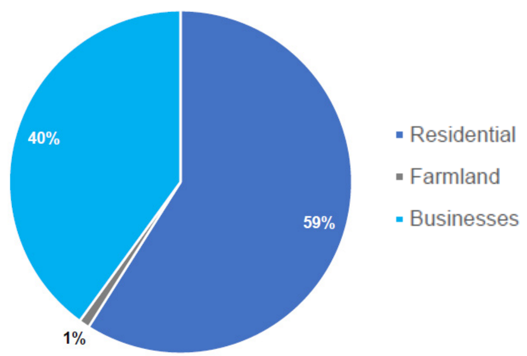
The pensioner rate rebate has been retained throughout the life of the LTFP. The NSW State Government has committed to 50% funding of pensioner rebates on rates for one year, but has not firmly committed beyond this point. The LTFP has assumed continued commitment.

The LTFP does not include any impacts from the NSW Government's announcement in November 2023 that it is committed to reform the way New South Wales funds its emergency services. The NSW Government has stated that one of the key objectives of this reform is to move towards a property-based levy, replacing the current system that relies on the Emergency Services Levy on insurance. However, no details have been provided on who will administer the change (State or Local Government) or what impact it will have on Council's existing levy (>$3 million p.a.).

The graphs to the below and right summarise the average residential rates between Fairfield City and neighbouring Councils.



Note: Comparable rates and charges based on land value of $700,000 and a standard 240 litre bin for domestic waste.



Stormwater Levy

Stormwater levies are capped by legislation and expected to remain unchanged from the current levy of $1.6m per year. This has not changed since it was introduced in 2005.

Projected increases in the Stormwater Levy during the LTFP are:

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Stormwater Levy	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Domestic Waste Management Charge

Council calculates Domestic Waste Management Charges (DWMC) to ensure the revenue generated covers the full cost of providing waste collection and disposal services, including provisions for future bin replacements.

With a long-standing waste disposal contract in place until the 2029/2030 financial year, it is anticipated that costs—and consequently, DWMC—will primarily increase in line with underlying inflation and contracted price escalations. The introduction of the new 240-litre green-lidded FOGO bin service in June 2024 is expected to help contain costs by diverting organic waste more efficiently, delivering both financial and environmental benefits.

To support residents during challenging economic conditions, Council carefully managed its finances to implement a 1.5% decrease in the Domestic Waste Levy for the 2024/2025 financial year. However, due to rising waste disposal costs in response to market conditions, and an increase in the State Government's Section 88 Levy, the Domestic Waste Levy will increase by 3.0% in 2025/26.

Further adjustments are projected as reflected within the table below, highlighting the ongoing cost pressures in the sector, and the likelihood of a significant increase in domestic waste disposal costs when the existing long-term contract expires.

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Domestic Waste Management Charge	3.00%	3.50%	4.00%	4.00%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

User Charges and Fees

Most fees and charges are expected to increase in line with Consumer Price Index (CPI) growth and rising staff costs associated with service delivery.

For user fees and charges regulated by other levels of government, adjustments are assumed to broadly align with cost increases mandated by legislation.

Non-statutory charges, such as childcare fees, venue hire, and leisure centre fees, are determined based on Council's Pricing Policy, which adheres to the Local Government Competitive Neutrality Guidelines.

Given the inflationary pressures currently impacting Council operations, a detailed review of the 2025/26 Fees and Charges was undertaken. The review identified that Council's fees and charges were lower than those of neighbouring councils, resulting in increases to more accurately reflect the rising costs of delivering these services.

Projected increases in User Charges and Fees during the LTFP are:

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Fees and Charges - Statutory	3.00%	2.70%	2.70%	2.60%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Fees and Charges – Non-statutory	3.50%	3.10%	3.10%	3.00%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%

Interest and Investments Revenue

Since May 2022, the Reserve Bank of Australia (RBA) has implemented a series of cash rate increases, impacting investment returns as longer-term investments matured and were reinvested at higher rates.

Interest rates have stabilised during 2024/25, with the first rate cut introduced, signaling the potential for further rate reductions throughout the Long-Term Financial Plan (LTFP) period. While this may impact interest income projections, the long-term financial outlook remains subject to global market uncertainties, including the ongoing trade wars and their potential economic consequences. To ensure Council continues to maximise investment returns within its risk profile, a review of the Investment Policy was undertaken. This ensures that investment strategies align with achievable and sustainable financial outcomes, even as interest rates decline.

Interest income projections have been adjusted to reflect the likelihood of additional rate cuts, as the Reserve Bank of Australia (RBA) responds to evolving economic conditions and inflation trends. However, market volatility and external global factors may introduce further uncertainties in the financial outlook.

Projected rates to be achieved on Interest and Investments Revenue during the LTFP are:

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Interest and Investment Revenues	4.50%	4.00%	3.75%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%

Other Revenues

Property Rental

Dutton Plaza in Cabramatta continues to provide a stable long-term net income stream of $1.8 million per annum in rental revenue from the retail tenancies, with CPI-based increases applied annually.

Additional Property Development Fund (PDF) investments are expected to commence within the Long-Term Financial Plan (LTFP), subject to a positive return on investment. These projects will be financed through new borrowings or proceeds from the PDF, with a projected hurdle rate of return of approximately 5% per annum.

A conservative approach has been applied to the LTFP, where income from property sales or operations—as determined by Council—has been assumed to offset financing costs.

For PDF projects, any profit from asset sales has been discounted for LTFP forecasting purposes, ensuring a prudent financial planning approach.

Commercial Activities

Fees for the commercial waste service, childcare centres, leisure centres and showground are expected to increase in line with increase in CPI and staff costs to provide the service. Ability to increase fees for these activities, beyond the CPI, is limited due to the price sensitive nature of customers and the necessity for Council to provide market competitive prices.

Others

Remainder comprises of income from fines, sale of recycled materials and licences. CPI has been used to project future income from Other Revenues.

Projected increase in Other Revenues during the LTFP are:

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Property Rental	3.50%	3.10%	3.10%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Fines	3.00%	2.70%	2.70%	2.60%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other revenues	3.50%	3.10%	3.10%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Grants and Contributions - Operating Purposes

Most grants and subsidies are expected to increase in line with CPI over the Long-Term Financial Plan (LTFP) period.

The Financial Assistance Grants (FAGs) for councils have undergone significant changes over the years. In 2013, the NSW Government introduced a new allocation model, which resulted in Fairfield City Council receiving $1.26 million less in FAGs annually compared to 12 years ago. These reductions continued for several years but ceased when the negative floor was removed from the allocation model.

As a result, the 2024/25 Operational Plan assumes no further reductions in FAGs. However, the Local Government Grants Commission has acknowledged that the current allocation model cannot adequately support financially disadvantaged rural councils. This may lead to future reductions in FAG funding to Fairfield City Council, as funds are potentially reallocated to regional councils with lower population density and larger road networks.

It is also assumed that other operational grants, such as Child Care funding, will remain unchanged and will be indexed to CPI. Similarly, all other grant-funded programs are expected to continue without major changes throughout the LTFP period.

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Grants and Contribution - Operational	3.00%	2.70%	2.70%	2.60%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Grants and Contributions - Capital Purposes

Significant one-off grants, such as funding from the WestInvest Program, have been incorporated into the Long-Term Financial Plan (LTFP). For future years, capital grant funding is assumed to continue at modest levels, with CPI-based increases applied throughout the LTFP period.

The WestInvest Program is a $5 billion infrastructure initiative supporting transformational projects across 15 Local Government Areas (LGAs) in Western Sydney, including Fairfield. The LTFP accounts for the directly allocated funding from this program, while Council will also seek additional competitive grant opportunities available to councils and non-government organisations.

Council maintains external restrictions over the life of the LTFP due to capital grants and developer contributions that do not yet have an identified project allocation.

Section 7.12 Contributions

- Revenue from Section 7.12 (fixed-rate levies) is generally consistent, apart from occasional one-off lump sums from major developments.
- Expenditure trends are cyclical—funds are accumulated until a sufficient balance is available, then allocated to major projects.
- As the LTFP does not specify individual projects, funds are allocated to community infrastructure categories, allowing flexibility for opportunistic investments when viable projects arise.

Section 7.11 Contributions

- Revenue from Section 7.11 (development contributions based on infrastructure demand) is harder to forecast as it is tied to residential approvals and development activity.
- Expenditure follows the same unpredictable pattern—projects in the Section 7.11 Plan are generally only funded once the required contributions have been collected, which can take several years.
- Land acquisition for open space presents additional challenges, such as site identification, willingness of property owners to sell, and market conditions, making some acquisitions opportunistic rather than planned.

The NSW Government is currently proposing significant reforms to the development contributions framework. If implemented, these changes could affect:

- The amount of contributions collected by councils.
- The mechanism for collecting and distributing funds.
- The availability of development contributions for funding community infrastructure in the future.

Given these potential changes, Council will closely monitor the reforms and assess their impact on future infrastructure funding and planning.

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Development Contributions	3.00%	2.70%	2.70%	2.60%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Grants and Contribution - Capital	3.00%	2.70%	2.70%	2.60%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Net Gain from Disposal Assets

No large sales of assets are anticipated. It has been assumed that proceeds from disposal from any assets will equate to or marginally exceed written down values, and hence a small profit on disposal has been included. These are typically related to plant replacement major programmes.

Projected increase in Other Income during the LTFP are:

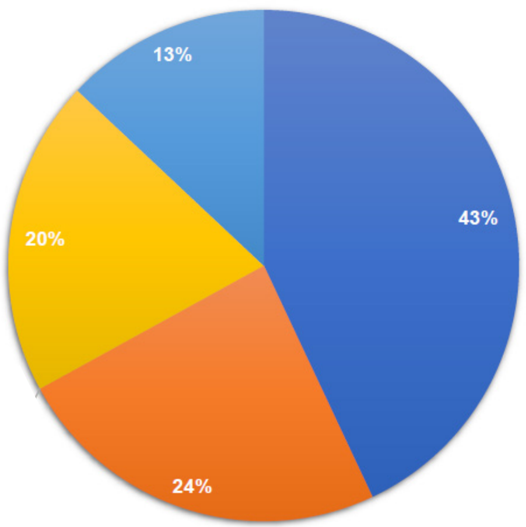
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Other Income	3.50%	3.10%	3.10%	3.00%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%


DUTTON PLAZA
GATEWAY TO CABRAMATTA
735
P
ENTRY

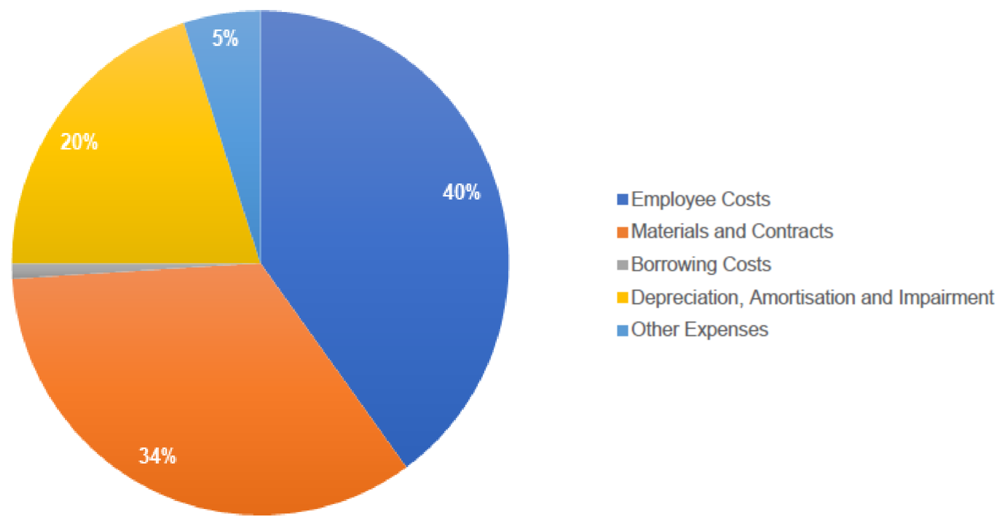
04 EXPENDITURE FORECASTS

EXPENDITURE FORECASTS

This section includes a review of the major expenditure commitments over the next ten years, together with background information and a discussion of any key risks and assumptions.



2025-2026 Operational Plan Expenditure Forecast



2024 Western Sydney Councils Expenditure Average

MAJOR ITEMS OF OPERATING EXPENDITURE	2025/26 BUDGET	% Operating Expenditure
Employee Costs	93.3 M	43%
Materials and Contracts	52.7 M	24%
Borrowing Costs	0.1 M	0%
Depreciation, Amortisation and Impairment	44.3 M	20%
Other Expenses	27.8 M	13%

Employee Benefits and On-Costs

Increases in employee costs are driven by four key factors:

- Award increases under the Local Government State Award.
- Salary system movements linked to annual performance reviews.
- Increases in the Federal Government's Superannuation Guarantee Charge (SGC).
- Growing liabilities for untaken long service leave and annual leave.

A recent analysis of Council's future salary obligations compared the annual salary system increases (including the State Award adjustments and performance-based progressions) against the annual rate peg increase. The findings highlighted the need for active intervention to ensure that salary and wage costs remain aligned with rate peg growth.

To manage employee costs, Council continues to implement strategic initiatives, including:

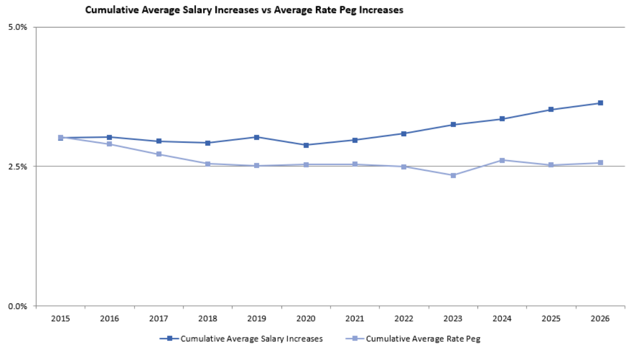
- Vacancy management – Reviewing vacant positions and optimising recruitment.
- Application of leave policies – Managing annual and long service leave balances to control salary creep.

In line with legislative requirements following council elections, Council is currently reviewing its organisational structure, which may result in further efficiencies. Additionally, the Local Government State Award is due for renegotiation in 2025/2026, which may impact future salary obligations.

Council has a proven track record of implementing various initiatives to achieve structural savings including:

- Structural savings - major organisational and group restructures including review of vacant positions and 'churn' generated savings.
- Enterprise Agreement 2000 negotiation
- Paid out sick leave agreement negotiation
- Concessional leave negotiation
- Time in lieu changes - no longer 'cashed out', monitoring, preservation, maximum accruals and expiry limits
- Leave management - Annual leave under 8 weeks and LSL as per Award leads to savings from salary creep
- Forced Christmas closures and skeleton staff periods
- Changed staffing models - Children Services (trainees and mobilisation of workforce), seasonal contractor and agencies where appropriate
- Library, Leisure Centres staffing rosters and overtime savings.
- In-sourced Car Park management with Council staff and rosters

The success of these interventions has delivered cumulative average wages growth below the cumulative average rate peg as seen in the graph below.



Wages have been estimated to increase by award and an allowance for performance.

Projected increase in Employee Benefits and On-Costs during the LTFP are:

Employee Benefits / On-Costs	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Annual Award Increase	3.00%	3.00%	3.00%	3.00%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%
Award Step Increase	0.50%	0.50%	0.50%	0.50%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%

The Long-Term Financial Plan (LTFP) incorporates an industry award increase of 3.0% for 2025/26 and 3.0% annually for the remainder of the Delivery Program. The Superannuation Guarantee Charge (SGC) will increase to 12.0% (from 11.5%) in 2025/26, where it will remain fixed for the program's duration.

Cost savings from employee turnover ("churn") have been factored into projections, assuming an annual staff turnover rate of 5%, which is expected to generate savings due to the time lag between an employee's departure and the position being refilled. Minimal growth in employee entitlements has been projected, as managers are required to ensure staff take leave at the same rate it is accrued, reducing long-term liabilities.

Financial Year	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Super Guarantee Levy	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%

Penalty rates, workers compensation and other on- costs are also projected to remain consistent across the LTFP. Further, staff training is expected to continue at similar levels to those currently experienced.

The employee cost forecasts build in current Enterprise Agreement conditions. Casuals, agency staff and overtime are expected to remain at current levels. No one-off redundancies and related ongoing cost savings have been built into projections as there are no structural changes currently resolved.

A programme of initiatives were identified to explore from the Workforce Management Plan for salary and wages savings and productivity improvements. As part of this process, the following priority areas for the organisation have emerged:

- Reduction of overtime. Consideration of flexible rosters to maximise coverage where needed
- Critical overview of Performance Review System
- Improved time recording to ensure that all leave taken is captured accurately
- Continued targeting of annual leave and Long Service Leave (LSL) to reduce that liability including forced Christmas closures and skeleton staff periods
- Review use of casuals to cover leave
- Focus on mobility – move staff around the organisation and increase cross-training and multi-skilling for seasonal opportunities to match workloads and staff
- 44% of staff are currently aged 42 and over as identified in the Workforce Management Plan. This presents a risk as a large portion of the workforce may potentially be retiring around similar times. This may result in a loss of knowledge and experience. There is an opportunity to offer opportunities for flexibility for employees. This includes transitioning to casual basis and reduced hours as a move towards partial retirement (without total loss of income) and replace those “lost” hours with younger people which may suit this generation to gain experience.
- Service reviews to include staffing levels to match customer needs and seasonal workloads
- Focusing on streamlining processes, using technology, automating where possible
- Opportunities for shared services or resource sharing
- Review service levels and core versus optional services

Depreciation and Amortisation

Refer to the Asset Management, Capital Expenditure and Depreciation section above. Projected increase in Depreciation and Amortisation during the LTFP are:

Financial Year	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Depreciation and Amortisation	3.00%	2.70%	2.70%	2.60%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Borrowing Costs

Councillors have indicated that debt can be used where commercial opportunities are available to deliver an acceptable rate of return including funding costs, or where it will accelerate the delivery of important community facilities that are required to service the needs of the residents.

The LTFP does not include any new external loans. The borrowing costs relate to an existing loan used to finance the construction of the Dutton Plaza Car Park extension in Cabramatta, and funding costs for leases. Council leases assets when it’s not commercially practical to purchase because there is no active secondary market for the assets when they reach end of life.

Materials and Contracts

Expenditure on materials, contracts, and other operating costs has been projected to increase in line with CPI, with ongoing efficiency programs and procurement strategies helping to contain costs. While crude oil prices have remained high over the past two years, potentially impacting asphalt costs in the roads program, Council anticipates that competitive tendering through vendor panels will help mitigate these cost pressures.

The Sustainable Resource Centre faces growing market competition, with commercial operators having fewer constraints than Council. While this may impact feedstock supply, crushing contracts, and sales revenue, no significant financial changes have been projected at this stage.

Natural disasters and other uninsured losses have not been factored into the budget due to their unpredictability. Additionally, in November 2023, the NSW Government announced a reform to the way it funds its Emergency Services, shifting it from the current system that recovers the costs through insurance premiums to a property-based levy. A consultation paper is currently reviewing four potential models to ensure a more sustainable and equitable funding system, with one being for Council to be responsible for the costs and administration of the new property-based levy.

Projected increase in Materials and Contracts during the LTFP are:

Financial Year	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Materials and Contracts	3.00%	2.70%	2.70%	2.60%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Other Expenses

Consistent with other expenditure lines, most items have been projected to increase by CPI only.

Council was a foundation partner to a waste disposal contract which initially increased waste disposal costs but with the foresight that considerable cost savings would be achieved in the longer term, and these are now being achieved. This contract was initially with State Government but has since been transferred to the private sector.

The current waste disposal contract is due to expire in the 2029/2030 financial year. It is anticipated that *other expenses* will increase in subsequent years due to the need for a new waste management agreement. To help contain costs, the 240-litre green-lidded bin service (FOGO) was introduced in June 2024, offering a more cost-effective and environmentally sustainable solution for organic and green waste disposal.

Waste disposal costs remain under pressure due to limited landfill availability, China's National Sword Policy, the COAG Export Ban, and the lack of viable landfill alternatives. If these challenges persist at the expiry of the current contract, actual costs may differ significantly from LTFP estimates, particularly if legislative changes drive costs up or new technologies, such as waste-to-energy solutions, emerge as alternatives. Additionally, the Solid Waste Levy (Section 88) increased by 4.22% (2023: 7.65%) from 1 July 2024, exceeding inflation estimates. If the NSW Environment Protection Authority (EPA) continues to increase the levy beyond CPI, it could further impact the Residential Domestic Waste Charge in future years.

The waste reserve currently has a balance in excess of $60m, this allows Council to partially cushion the impact of the market increases in waste disposal costs on ratepayers from contractual price escalations and future increases when it transitions to a new contract. Councils Waste Strategy will address this challenge.

It has been assumed that there will be no significant changes to utility costs such as network, telephone, water and gas during the term of the LTFP.

Pooling resources and buying power under State contracts deliver cost saving benefits to Council. It should be noted that Council resolved during 2019/20 to leave WSROC (Western Sydney Regional Organisation of Councils) and Civic Risk Mutual (self- insurance) consortiums.

Council elections are assumed to continue on a four-year cycle, with an estimated cost of $1.4 million per election. The next Local Government election is scheduled for September 2028.

Projected increase in Other Expenses during the LTFP are:

Financial Year	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Other Expenses	3.00%	2.70%	2.70%	2.60%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

SENSITIVITY ANALYSIS

Council is forecast to consistently generate operating deficits from the 2030/31 financial year onwards. This is due to the cumulative impact of increased cost shifting from the NSW State Government, less government grant funding and rates income not keeping pace with cost increases.

To address the rising revenue shortfall, and for Council to remain financially sustainable, it will need to either apply for an SRV or achieve a significant reduction in costs and services. The bottom line impact of the revenue generation and cost reduction initiatives will need to exceed $6 million per annum from 2030/31 due to the magnitude of the projected cost increase, which arises from a combination of increased asset maintenance and renewal costs, rising electricity costs, increasing waste disposal costs, and increased costs to operate facilities and services.

To demonstrate the financial impact of an SRV, a 5% SRV implemented from 1 July 2030 would have the following affect.

	2030/31 $	2031/32 $	2032/33 $	2033/34 $	2034/35 $
Net Operating Deficit for the year	(4,430,288)	(4,813,412)	(6,145,090)	(5,625,612)	(5,380,485)
5% SRV	5,785,688	5,944,795	6,108,276	6,276,254	6,448,851
Revised net operating surplus / (deficit)	1,355,400	1,131,383	(36,814)	650,642	1,068,366

The LTFP contains a number of assumptions based on various sources. Accordingly variations in these assumptions during the life of the plan may have a significant impact on the Council's future financial plans.

The LTFP is therefore updated annually in conjunction with the preparation of the Operational Plan.

Key drivers in the estimates provided in the LTFP and the impact of a 1% plus or minus movement are provided below.

Effect of 1% variance in key assumptions on the LTFP

			Impact	
Drivers	Assumption	Impact	2025/26	Total 10 Years
Inflation	1%	Revenue	$2,412,280	$26,677,215
		Expenses	$2,182,011	$25,264,805
		Net Result	$230,269	$1,412,410
Rate Peg (Inflation exceeds rate peg by 1%)			-$1,151,531	-$14,579,005
Rate Revenue and Annual Charges	1%		$1,381,801	$15,991,415
Fees and Charges and Operating Grants	1%		$440,146	$4,264,904
Employee Costs	1%		-$933,098	-$10,917,810
Materials and Contracts and Other Expenses	1%		-$526,867	-$5,932,003
Interest on Investments	10% Movement on Balances Invested (Assumes Same Rate)		$816,026	$6,503,452
	1% change to Interest Rate		$1,417,535	$14,463,921


NEWS

Income Statement

	Result 2023/24 $	Budgeted 2024/25 $	Budgeted Year 1 2025/26 $	Forecast Year 2 2026/27 $	Forecast Year 3 2027/28 $	Forecast Year 4 2028/29 $	Forecast Year 5 2029/30 $	Forecast Year 6 2030/31 $	Forecast Year 7 2031/32 $	Forecast Year 8 2032/33 $	Forecast Year 9 2033/34 $	Forecast Year 10 2034/35 $
Income from Continuing Operations												
Rates and Annual Charges	128,688,000	132,711,790	138,180,056	142,521,562	147,186,468	152,005,278	156,828,222	161,814,709	166,970,614	172,302,058	177,815,389	183,517,191
User Charges and Fees	19,768,000	24,559,025	22,506,457	23,197,004	23,908,760	24,640,504	26,162,618	26,855,452	27,612,620	28,308,900	29,022,757	29,754,633
Other Revenues	12,486,000	26,490,010	24,675,771	26,168,159	26,895,786	27,616,809	28,412,847	29,231,954	30,074,800	30,942,083	31,834,510	32,752,815
Grants and Contributions provided for Operating Purposes	26,373,000	22,447,259	25,697,289	25,963,038	26,566,216	27,191,104	27,870,883	28,567,660	29,281,850	30,013,901	30,764,246	31,533,352
Grants and Contributions provided for Capital Purposes	37,351,000	40,680,480	21,508,174	28,745,316	14,577,036	13,208,487	13,538,699	13,877,168	14,224,096	14,579,698	14,944,193	15,317,798
Interest and Investment Revenue	8,792,000	5,807,833	8,160,263	7,315,430	6,895,712	6,727,991	6,415,834	6,245,326	6,076,074	5,868,625	5,723,808	5,605,452
Other Income:												
Net Gains from the Disposal of Assets	1,327,000	425,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Other Income	8,530,000	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	**245,815,000**	**253,121,397**	**241,228,010**	**254,410,509**	**246,529,978**	**251,890,173**	**259,729,103**	**267,092,269**	**274,740,054**	**282,515,265**	**290,604,903**	**298,981,241**
Expenses from Continuing Operations												
Employee Benefits and On-Costs	85,374,000	93,637,256	93,309,789	96,623,880	99,897,523	103,434,565	107,309,659	110,798,501	114,400,753	118,120,167	121,960,485	125,925,681
Borrowing Costs	183,000	228,452	135,068	139,365	117,597	94,519	61,824	53,007	44,639	42,014	56,218	49,203
Materials and Contracts	51,265,000	51,462,820	52,686,675	53,672,920	55,120,578	57,639,425	58,346,427	59,805,097	61,298,552	64,228,804	64,397,168	66,004,620
Depreciation and Amortisation	35,555,000	41,104,056	44,285,000	45,480,701	46,708,675	47,923,089	48,597,141	52,399,518	54,131,430	55,349,327	57,623,597	58,884,350
Other Expenses	24,483,000	25,905,432	27,784,563	28,534,746	29,305,184	30,067,116	31,818,796	34,589,266	35,453,996	36,340,345	37,248,854	38,180,074
Total Expenses from Continuing Operations	**197,859,000**	**212,338,016**	**218,201,095**	**224,451,612**	**231,149,557**	**239,158,714**	**246,133,847**	**257,645,389**	**265,329,370**	**274,080,657**	**281,286,322**	**289,043,928**
Net Operating Result - Surplus / (Deficit)	**47,956,000**	**40,783,381**	**23,026,915**	**29,958,897**	**15,380,421**	**12,731,459**	**13,595,256**	**9,446,880**	**9,410,684**	**8,434,608**	**9,318,581**	**9,937,313**
Net Operating Result before Grants and Contributions provided for Capital Purposes	**10,605,000**	**102,901**	**1,518,741**	**1,213,581**	**803,385**	**(477,028)**	**56,557**	**(4,430,288)**	**(4,813,412)**	**(6,145,090)**	**(5,625,612)**	**(5,380,485)**

Balance Sheet

	Result 2023/24 $	Budgeted 2024/25 $	Budgeted Year 1 2025/26 $	Forecast Year 2 2026/27 $	Forecast Year 3 2027/28 $	Forecast Year 4 2028/29 $	Forecast Year 5 2029/30 $	Forecast Year 6 2030/31 $	Forecast Year 7 2031/32 $	Forecast Year 8 2032/33 $	Forecast Year 9 2033/34 $	Forecast Year 10 2034/35 $
ASSETS												
Current Assets												
Cash and Cash Equivalents	71,830,000	69,230,408	72,817,292	72,367,075	66,216,205	76,999,619	67,893,059	58,857,873	49,942,082	40,054,672	32,040,973	24,984,048
Investments	42,732,000	69,009,600	72,449,600	75,889,600	79,329,600	82,769,600	86,209,600	89,649,600	93,089,600	96,529,600	99,969,600	103,409,600
Receivables	14,793,000	16,277,919	15,239,324	16,139,383	16,083,824	16,544,825	17,035,874	17,482,229	17,946,749	18,415,214	18,908,243	19,421,453
Inventories	643,000	736,556	754,072	768,188	788,907	824,958	835,077	855,954	877,329	919,268	921,677	944,684
Other	985,000	4,635,067	4,822,220	4,926,276	5,059,195	5,255,793	5,403,128	5,656,555	5,797,868	6,026,575	6,091,108	6,243,238
Total Current Assets	**130,983,000**	**159,889,551**	**166,082,508**	**170,090,520**	**167,477,731**	**182,394,794**	**177,376,739**	**172,502,211**	**167,653,628**	**161,945,328**	**157,931,602**	**155,003,023**
Non-Current Assets												
Investments	43,530,000	17,252,400	18,112,400	18,972,400	19,832,400	20,692,400	21,552,400	22,412,400	23,272,400	24,132,400	24,992,400	25,852,400
Receivables	-	99,534	103,635	106,891	110,390	114,004	117,621	121,361	125,228	129,227	133,362	137,638
Infrastructure, Property, Plant and Equipment	2,763,003,000	2,806,427,435	2,822,424,438	2,848,480,603	2,865,559,231	2,863,864,978	2,883,640,042	2,900,232,729	2,916,757,244	2,933,772,523	2,949,813,380	2,965,256,406
Investment Property	22,400,000	22,400,000	22,400,000	22,400,000	22,400,000	22,400,000	22,400,000	22,400,000	22,400,000	22,400,000	22,400,000	22,400,000
Intangible Assets	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Right of use assets	1,005,000	112,409	509,717	390,752	755,075	102,870	450,665	298,460	146,255	494,050	341,845	689,640
Total Non-Current Assets	**2,831,038,000**	**2,847,391,778**	**2,864,650,190**	**2,891,450,646**	**2,909,757,096**	**2,908,274,252**	**2,929,260,728**	**2,946,564,950**	**2,963,801,127**	**2,982,028,200**	**2,998,780,987**	**3,015,436,084**
TOTAL ASSETS	**2,962,021,000**	**3,007,281,329**	**3,030,732,698**	**3,061,541,167**	**3,077,234,827**	**3,090,669,046**	**3,106,637,467**	**3,119,067,161**	**3,131,454,755**	**3,143,973,528**	**3,156,712,589**	**3,170,439,107**

Balance Sheet (Continued)

	Result 2023/24	Budgeted 2024/25	Budgeted Year 1 2025/26	Forecast Year 2 2026/27	Forecast Year 3 2027/28	Forecast Year 4 2028/29	Forecast Year 5 2029/30	Forecast Year 6 2030/31	Forecast Year 7 2031/32	Forecast Year 8 2032/33	Forecast Year 9 2033/34	Forecast Year 10 2034/35
	$	$	$	$	$	$	$	$	$	$	$	$
LIABILITIES												
Current Liabilities												
Payables	26,664,000	33,840,064	34,775,172	34,902,553	35,758,691	36,911,734	37,901,536	39,408,813	40,317,176	41,631,062	42,962,891	43,960,941
Contract liabilities	7,657,000	5,254,862	3,957,670	4,567,048	3,478,652	3,423,702	3,515,465	3,603,617	3,694,291	3,786,689	3,881,398	3,978,476
Lease liabilities	355,000	358,992	566,851	670,151	648,074	635,638	623,070	627,082	495,485	750,057	622,850	745,549
Borrowings	988,000	999,470	1,011,215	1,022,855	1,035,194	1,047,283	528,239	-	-	-	-	-
Employee benefit provisions	17,566,000	18,776,729	19,874,083	21,015,407	22,202,374	23,436,716	25,329,072	27,282,932	29,300,295	31,383,222	33,533,842	35,754,357
Other provisions	1,365,000	3,561,000	3,561,000	3,561,000	3,561,000	3,561,000	3,561,000	3,561,000	3,561,000	3,561,000	3,561,000	3,561,000
Total Current Liabilities	**54,595,000**	**62,791,116**	**63,745,992**	**65,739,014**	**66,683,985**	**69,016,073**	**71,458,383**	**74,483,443**	**77,368,246**	**81,112,030**	**84,561,982**	**88,000,323**
Non-Current Liabilities												
Lease liabilities	620,000	191,778	624,926	454,775	806,701	171,063	547,992	420,911	425,426	675,369	552,519	806,970
Borrowings	5,644,000	4,644,786	3,633,571	2,610,716	1,575,522	528,239	-	-	-	-	-	-
Employee benefit provisions	911,000	815,268	862,914	912,469	964,006	1,017,600	1,099,764	1,184,599	1,272,191	1,362,630	1,456,007	1,552,420
Other provisions	2,196,000	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	**9,371,000**	**5,651,832**	**5,121,411**	**3,977,960**	**3,346,229**	**1,716,902**	**1,647,756**	**1,605,510**	**1,697,617**	**2,037,999**	**2,008,526**	**2,359,390**
TOTAL LIABILITIES	**63,966,000**	**68,442,948**	**68,867,403**	**69,716,974**	**70,030,214**	**70,732,975**	**73,106,139**	**76,088,953**	**79,065,863**	**83,150,028**	**86,570,508**	**90,359,713**
Net Assets	**2,898,055,000**	**2,938,838,381**	**2,961,865,295**	**2,991,824,192**	**3,007,204,613**	**3,019,936,072**	**3,033,531,328**	**3,042,978,208**	**3,052,388,891**	**3,060,823,500**	**3,070,142,081**	**3,080,079,394**
EQUITY												
Retained Earnings	1,036,298,000	1,077,081,381	1,100,108,295	1,130,067,192	1,145,447,613	1,158,179,072	1,171,774,328	1,181,221,208	1,190,631,891	1,199,066,500	1,208,385,081	1,218,322,394
Revaluation Reserves	1,861,757,000	1,861,757,000	1,861,757,000	1,861,757,000	1,861,757,000	1,861,757,000	1,861,757,000	1,861,757,000	1,861,757,000	1,861,757,000	1,861,757,000	1,861,757,000
Council Equity Interest	2,898,055,000	2,938,838,381	2,961,865,295	2,991,824,192	3,007,204,613	3,019,936,072	3,033,531,328	3,042,978,208	3,052,388,891	3,060,823,500	3,070,142,081	3,080,079,394
Total Equity	**2,898,055,000**	**2,938,838,381**	**2,961,865,295**	**2,991,824,192**	**3,007,204,613**	**3,019,936,072**	**3,033,531,328**	**3,042,978,208**	**3,052,388,891**	**3,060,823,500**	**3,070,142,081**	**3,080,079,394**

Cash Flow Statement

	Result 2023/24	Budgeted 2024/25	Budgeted Year 1 2025/26	Forecast Year 2 2026/27	Forecast Year 3 2027/28	Forecast Year 4 2028/29	Forecast Year 5 2029/30	Forecast Year 6 2030/31	Forecast Year 7 2031/32	Forecast Year 8 2032/33	Forecast Year 9 2033/34	Forecast Year 10 2034/35
	$	$	$	$	$	$	$	$	$	$	$	$
Cash Flows from Operating Activities												
Receipts:												
Rates and Annual Charges	128,649,000	134,528,605	138,026,893	142,399,959	147,055,807	151,870,306	156,693,134	161,675,040	166,826,200	172,152,727	177,660,964	183,357,487
User Charges and Fees	19,764,000	24,606,275	22,492,479	23,201,707	23,913,607	24,645,487	26,172,984	26,860,170	27,617,776	28,313,642	29,027,618	29,759,617
Investment and Interest Revenue Received	9,360,000	6,088,314	8,133,288	7,285,680	6,910,137	6,647,802	6,440,387	6,269,896	6,099,707	5,897,326	5,742,771	5,619,519
Grants and Contributions	53,521,000	60,726,500	45,926,247	55,311,146	40,053,415	40,339,844	41,490,726	42,528,001	43,591,198	44,680,982	45,798,007	46,942,957
Bonds and Deposits Received	255,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Other	19,938,000	22,742,306	25,888,836	25,420,578	27,063,240	27,369,800	28,031,666	28,899,982	29,730,293	30,593,427	31,476,065	32,384,304
Payments:												
Employee Benefits and On-Costs	(85,134,000)	(92,230,099)	(92,272,251)	(95,950,925)	(98,581,000)	(102,065,887)	(105,241,424)	(108,678,412)	(112,211,759)	(115,860,027)	(118,861,463)	(123,491,356)
Materials & Contracts	(55,490,000)	(47,643,859)	(52,065,478)	(53,331,915)	(54,687,673)	(57,004,528)	(57,853,721)	(58,961,082)	(60,837,653)	(63,490,216)	(64,179,337)	(65,508,441)
Borrowing Costs	(183,000)	(228,452)	(135,068)	(139,365)	(117,597)	(94,519)	(61,824)	(53,007)	(44,639)	(42,014)	(56,218)	(49,203)
Bonds & Deposits Refunded	-	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)
Other	(24,532,000)	(26,666,307)	(27,670,289)	(28,451,115)	(29,216,173)	(29,964,992)	(31,675,566)	(34,384,465)	(35,356,093)	(36,225,370)	(37,159,799)	(38,073,787)
Net Cash provided (or used in) Operating Activities	**66,148,000**	**82,023,283**	**68,424,657**	**75,845,749**	**62,493,762**	**61,843,313**	**64,096,362**	**64,256,123**	**65,515,030**	**66,120,476**	**69,548,607**	**71,041,096**
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securitie	25,797,000	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant and Equipment	2,535,000	205,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000
Payments:												
Purchase of Investment Securities	-	-	(4,300,000)	(4,300,000)	(4,300,000)	(4,300,000)	(4,300,000)	(4,300,000)	(4,300,000)	(4,300,000)	(4,300,000)	(4,300,000)
Purchase of Infrastructure, Property, Plant and Equipment	(75,690,000)	(83,415,900)	(59,459,311)	(70,697,901)	(62,931,626)	(45,356,631)	(67,500,000)	(68,120,000)	(69,783,740)	(71,492,401)	(72,792,249)	(73,455,171)
Purchase of Intangible Assets	(447,000)	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	**(47,805,000)**	**(83,210,900)**	**(63,479,311)**	**(74,717,901)**	**(66,951,626)**	**(49,376,631)**	**(71,520,000)**	**(72,140,000)**	**(73,803,740)**	**(75,512,401)**	**(76,812,249)**	**(77,475,171)**

Cash Flow Statement (Continued)

	Result 2023/24 $	Budgeted 2024/25 $	Budgeted Year 1 2025/26 $	Forecast Year 2 2026/27 $	Forecast Year 3 2027/28 $	Forecast Year 4 2028/29 $	Forecast Year 5 2029/30 $	Forecast Year 6 2030/31 $	Forecast Year 7 2031/32 $	Forecast Year 8 2032/33 $	Forecast Year 9 2033/34 $	Forecast Year 10 2034/35 $
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings and Advances	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of Borrowings and Advances	(976,000)	(987,744)	(999,470)	(1,011,215)	(1,022,855)	(1,035,194)	(1,047,283)	(528,239)	-	-	-	-
Repayment of lease liabilities (principal repayments)	(315,000)	(424,230)	(358,992)	(566,851)	(670,151)	(648,074)	(635,638)	(623,070)	(627,082)	(495,485)	(750,057)	(622,850)
Net Cash Flow provided (used in) Financing Activities	**(1,291,000)**	**(1,411,975)**	**(1,358,462)**	**(1,578,066)**	**(1,693,006)**	**(1,683,268)**	**(1,682,921)**	**(1,151,310)**	**(627,082)**	**(495,485)**	**(750,057)**	**(622,850)**
Net Change increase / (decrease) in cash and cash equivalents	**17,052,000**	**(2,599,592)**	**3,586,884**	**(450,218)**	**(6,150,870)**	**10,783,414**	**(9,106,560)**	**(9,035,186)**	**(8,915,792)**	**(9,887,410)**	**(8,013,699)**	**(7,056,925)**
Cash and cash Equivalents at beginning of year	**54,778,000**	**71,830,000**	**69,230,408**	**72,817,292**	**72,367,075**	**66,216,205**	**76,999,619**	**67,893,059**	**58,857,873**	**49,942,082**	**40,054,672**	**32,040,973**
Cash & Cash Equivalents - end of the year	**71,830,000**	**69,230,408**	**72,817,292**	**72,367,075**	**66,216,205**	**76,999,619**	**67,893,059**	**58,857,873**	**49,942,082**	**40,054,672**	**32,040,973**	**24,984,048**
Investments - end of the year	**86,262,000**	**86,262,000**	**90,562,000**	**94,862,000**	**99,162,000**	**103,462,000**	**107,762,000**	**112,062,000**	**116,362,000**	**120,662,000**	**124,962,000**	**129,262,000**
Cash, Cash Equivalents and Investments - end of the year	**158,092,000**	**155,492,408**	**163,379,292**	**167,229,075**	**165,378,205**	**180,461,619**	**175,655,059**	**170,919,873**	**166,304,082**	**160,716,672**	**157,002,973**	**154,246,048**
Representing:												
- External Restrictions	112,856,000	98,085,138	99,167,895	95,364,624	95,238,427	117,713,523	120,388,619	123,268,715	126,358,936	129,664,535	133,190,897	136,943,541
- Internal Restrictions	33,620,000	36,366,131	40,611,855	41,491,806	32,186,898	24,006,133	33,825,368	30,644,603	27,463,838	24,283,073	19,102,308	16,321,543
- Unrestricted	11,616,000	21,041,139	23,599,542	30,372,645	37,952,880	38,741,963	21,441,072	17,006,555	12,481,308	6,769,064	4,709,768	980,964

Capital Budget Statement

	Forecast 2025/26 Year 1 $	Forecast 2026/27 Year 2 $	Forecast 2027/28 Year 3 $	Forecast 2028/29 Year 4 $	Forecast 2029/30 Year 5 $	Forecast 2030/31 Year 6 $	Forecast 2031/32 Year 7 $	Forecast 2032/33 Year 8 $	Forecast 2033/34 Year 9 $	Forecast 2034/35 Year 10 $
CAPITAL FUNDING										
General Funds	31,134,137	30,925,151	28,558,590	29,789,841	48,681,369	49,061,806	50,097,167	51,540,771	52,195,580	52,567,035
Grants	13,508,174	20,745,316	6,577,036	5,208,487	5,338,699	5,472,168	5,608,971	5,749,195	5,892,927	6,040,250
Development Contributions	9,970,000	9,759,834	9,820,000	6,435,000	6,595,875	6,760,772	6,929,791	7,103,036	7,280,612	7,462,627
Domestic Waste Reserve	3,655,000	4,763,600	3,086,000	2,928,303	3,159,208	3,007,283	3,234,390	3,088,143	3,311,593	3,170,933
Stormwater Levy Reserve	620,000	700,000	720,000	770,000	789,250	808,981	829,206	849,936	871,184	892,964
Internal Reserve	572,000	3,804,000	14,170,000	225,000	2,935,600	3,008,990	3,084,215	3,161,320	3,240,353	3,321,362
Total Capital Funding	**59,459,311**	**70,697,901**	**62,931,626**	**45,356,631**	**67,500,001**	**68,120,000**	**69,783,739**	**71,492,401**	**72,792,250**	**73,455,171**
CAPITAL EXPENDITURE										
Plant & Equipment	3,866,050	4,568,270	4,905,610	4,591,993	7,699,299	7,907,180	8,120,673	8,339,932	3,506,730	8,591,798
Office Equipment	4,075,450	3,516,555	3,588,041	3,827,125	6,583,426	6,761,178	6,943,730	7,131,211	3,273,835	7,346,574
Buildings	13,246,802	21,198,527	19,063,723	2,076,611	10,723,256	11,012,784	11,310,129	11,615,503	30,847,813	11,966,291
Other Structure	555,000	485,000	612,000	540,000	550,000	570,000	590,000	610,000	630,000	650,000
Roads	14,296,376	17,603,206	16,652,050	16,890,335	16,927,598	17,271,493	17,625,214	17,989,024	17,261,005	18,389,915
Bridges	470,000	482,690	495,723	508,611	685,687	704,201	723,214	742,741	757,596	765,172
Footpaths	3,152,875	1,753,534	1,758,457	1,921,259	2,802,941	2,878,621	2,956,344	3,036,165	3,096,888	3,127,857
Stormwater Drainage	4,979,000	7,145,999	4,545,000	3,595,000	6,244,777	6,413,386	6,586,547	6,764,384	3,899,672	6,968,668
Open Space Recreational Assets	8,890,682	7,205,040	4,320,767	4,352,799	5,993,482	5,006,806	5,020,489	5,034,543	3,045,234	5,050,685
Other Assets	3,753,550	4,518,270	4,555,610	4,591,993	5,699,299	5,907,180	6,120,673	6,339,932	3,506,730	6,591,798
Kerb and Gutter	2,173,525	2,220,810	2,434,645	2,460,905	3,590,236	3,687,172	3,786,726	3,888,967	2,966,747	4,006,414
Total Capital Expenses	**59,459,311**	**70,697,901**	**62,931,626**	**45,356,631**	**67,500,000**	**68,120,000**	**69,783,740**	**71,492,401**	**72,792,249**	**73,455,171**

Special Rate Variation (SRV)

Council generated 45% of its income (excluding capital grants) from land rates for the year ended 30 June 2024, which means this is the primary source of its funding. However, Council cannot increase land rates by more than Rate Peg each year, which is a rate set annually by the Independent Pricing and Regulatory Tribunal (IPART).

Rate Peg has not been increasing at the same rate as operating costs in recent years therefore Council will most likely need to apply for a Special Rate Variation (SRV) during the next Delivery Program and review the level of services delivered to the community in order to remain financially sustainable, and to effectively maintain and develop the infrastructure required to support the growing needs of the community.

Council has implemented structural savings in order to contain cumulative average wages growth below the cumulative average rate peg for the past 10 years, despite award wages growth exceeding rate peg increases during this period. However, this is not sustainable in the longer-term because employee cost efficiencies will be harder to achieve as many opportunities have already been delivered. Likewise the procurement strategies to contain costs will be challenged by the current supply chain and workforce management issues in the construction industry, combined with the large level of demand from infrastructure projects across the state. High electricity and fuel prices placing even greater pressure on Council's finances.

The disparity between the constraints on Council's revenue and external cost pressures are demonstrated as follows:

- Federal Assistance Grants will likely reduce by 4% p.a. during the term of the LTFP because the Local Government Grants Commission has recently announced that they are looking to restore a lower limit FAG reduction of 4% from 1 July 2025. The lower limit floor was amended to 0% in 2018/19 when the Local Government Grants Commission modified the funding allocation model. The lower limit has historically applied to Council, with reductions of 5% p.a. applied when this was previously the lower limit from 2014/15 to 2017/18 ($2m reduction over 4 years).

- Rising cost pressures to maintain and renew infrastructure to meet the needs of the community due to the combined impacts of rising construction costs, electricity costs and fuel prices. These costs account for a significant amount of expenditure by Council each year, and it is possible that cost growth in these categories will exceed Rate Peg increases during the term of the LTFP.

- An increase in cost shifting to local government and a reduction in funding. Cost shifting has recently included large increases in the Emergency Services Levy, being forced to account for Rural Fire Services assets, being responsible for the maintenance of line marking on roads and street signs, and being advised that Council will now be required to pay a levy to Dam Safety NSW.

It is not feasible for Council to continue to manage costs growing at a faster rate than revenue whilst maintaining existing community infrastructure and services. Therefore, Council will need to consider applying for an SRV at the beginning of the next Delivery Program in order to obtain additional rate income above the annual percentage rate (Rate Peg) set by the Independent Pricing and Regulatory Tribunal (IPART). Council has effectively managed its finances in order to deliver residents low residential land rates for a number of years, but without a new SRV at the beginning of the next Delivery Program will find it difficult to maintain and develop the infrastructure required to support the growing needs of the community and to continue to deliver essential community services that benefit the local residents.

CAPITAL WORKS PROJECTS AND PROGRAMS

Capital projects vary in scale, with large cost projects a long-term investment which build on, add to, or improve Council's assets. Consultation is undertaken in line with Council's 2024 Community Engagement Strategy, with all outcomes presented to Council for consideration.

Capital projects include asset replacement, upgrade or new construction. These projects can be for buildings, roads, bridges, structures or mechanical installations (such as heating, ventilation and cooling systems).

For the LTFP, a total of $242.83 million worth of capital projects are proposed as part of the 2025/26-2028/29 Delivery Program.

The following is a detailed list of capital works projects with an expected project expenditure exceeding $5 million that Council expects to commit funding to during the LTFP. These projects are a significant commitment and are managed accordingly. The Office of Local Government's Capital Expenditure Guidelines provide the minimum standards expected to be met in the delivery of major capital projects, particularly for those exceeding $10 million in cost.

These projects have been included in the Long Term Financial Plan, forecasting their expected capital costs and operating arrangements for the projects (revenue and expenditure).

Major Capital Projects over $5 Million

ID No.	Link to City Plan Goals and Outcomes	Project Name and Description	Funding Type	Total Project Budget	Expected Completion	Responsible Officer	Consultation Period and Method	Considered in the LTFP and AMS*
Theme Two - Places and Infrastructure								
SP913	2.c.1	**Community and Event Centre** Design and Construction of the new community, sports and event facility at Fairfield Showground.	Grant, Development Contributions, General Funds and Loan	$60,000,000	*2027*	Manager Major Projects and Planning	2021-2022 Financial Year	Yes
Theme Three - Environmental Sustainability								
MPESP2726 MPESP2826	3.a.2	**Wilson Creek Rehabilitation Works - Construction**	Stormwater Levy Reserve, Grant, and General Funds	$6,000,000	*2028*	Manager City Assets	TBA	Yes

The Wilson Creek Rehabilitation project relies on grant funding proposals being successful to proceed.

Other Major Capital Proposals over $5 Million

ID No.	Link to City Plan Goals and Outcomes	Project Name and Description	Funding Type	Total Project Budget	Expected Completion	Responsible Officer	Consultation Period and Method	Considered in the LTFP and AMS*
Theme Two - Places and Infrastructure								
SP914	2.c.1	**Cabravale Leisure Centre Health and Wellbeing**	Grant (a)	$30,000,000	*June 2034*	Manager Major Projects and Planning	2021-2022 Financial Year	Yes

The expansion of Cabravale Leisure Centre, for the proposed Health and Wellbeing Centre, has had planning consent issued. Current capital works planning does not include the expansion to be implemented in the 2025/26-2028/29 Delivery Program. Where grant funding becomes available allowing the expansion to proceed, then the timing and extent of the extension will be reviewed as part of the grant application process.

Council undertakes the initial planning (to concept / detailed design / development approval stage) for these significant projects. Council is reliant on grant funding to enable construction to occur. Therefore, the timing of these projects is reliant on State and Federal grant programs.

**Note: LTFP (Long Term Financial Plan) and AMS (Asset Management Strategy)*
(a) Council will seek grant funding for the construction of the Cabravale Leisure Centre Health and Wellbeing Centre to provide accessible high-quality services and facilities for the community.

Financial Forecast for Major Capital Projects over $5 Million

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
SP913	**Community and Event Centre - Fairfield Showground** (Construction complete and budgeted to commence operations in 2027)									
Income	-	-	-	(758,685)	(903,566)	(962,305)	(1,059,910)	(1,089,588)	(1,120,096)	(1,151,459)
Expenditure	-	-	-	988,066	1,006,967	1,035,974	1,064,180	1,092,671	1,121,806	1,151,706
Net Operating Deficit *	-	-	-	229,380	103,401	73,669	4,270	3,083	1,709	247
MPESP2726 and MPESP2826	**Wilson Creek Rehabilitation Works - Construction** (Construction of Wilson Creek rehabilitation work with completion date TBA)									
Income	-	-	-	0	0	0	0	0	0	0
Expenditure **	-	-	-	TBA	TBA	TBA	TBA	TBA	TBA	TBA
Net Operating Deficit	-	-	-	-	-	-	-	-	-	-

* Note: Expenditure excludes annual depreciation of $702,810.
** Note: Ongoing maintenance will be funded through the Natural Resource Management - Creek Care Program, which is already allocated in the Delivery Program and Operational Plans.

Expenditure for the above-mentioned projects includes, but is not limited to, maintenance and other ongoing operational costs, depreciation, employee costs, utility costs, and project financing costs.

Office of Local Government CAPEX Notifications

The Office of Local Government's Capital Expenditure Guidelines outline the criteria for when project expenditure is required to be notified to the Office of Local Government.

SP913 Community and Event Centre (Design and construction of the new community, sports and event facility at Fairfield Showground) meets the notification criteria. Initial notification was provided as part of the Western Sydney Infrastructure Grant application process and an update is required in parallel with the adoption of the 2025/26-2028/29 Delivery Program.

SP914 Cabravale Leisure Centre Health and Wellbeing does not require notification as the funding to commence construction of this project is not resolved i.e. a significant grant will need to be acquired to complete the project.

IN628-1 Endeavour Sports Hub – Construction was notified as part of the Western Sydney Infrastructure Grant application process. A subsequent update was provided when the forecast cost exceeded the budget in the 2024-2025 Operational Plan. The work is scheduled to be completed in 2025 calendar year.

Western Sydney Infrastructure Grant Program

The $5 billion Western Sydney Infrastructure Grant Program funds transformational infrastructure projects across 15 Local Government Areas in Western Sydney including Fairfield City, focusing on improving liveability and amenity.

Fairfield City's $28 million from the Local Government Allocation forms a key part of the funding for the Showground's Community and Event Centre. This project will be delivered during the 25/26-28/29 Delivery Program.

Significant Renewal Projects

ID No.	Link to City Plan Goals and Outcomes	Project Name and Description	Funding Type	Total Project Budget	Expected Completion	Responsible Officer	Consultation Period and Method	Considered in the LTFP and AMS*
Theme Three - Environmental Sustainability								
MPFMP2611 MPFMP2711	3.a.2	**King Park Detention Basin Upgrade - Construction**	Grant and General	$4,050,000	2027	Manager City Assets	TBA	Yes
MPFMP2854 MPFMP2954	3.a.2	**Flood Mitigation Option** Location to be advised	Grant and General	$3,600,000	2029	Manager City Assets	TBA	Yes
MPFMP2612	3.a.2	**Stockdale Reserve Detention Basin Upgrade - Construction**	Grant and General	$1,870,000	2026	Manager City Assets	TBA	Yes
Theme Four - Strong and Resilient Economy								
IN271046 IN281046 IN291046	2.c.1	**Public Domain Upgrades - Barbara Street and Nelson St, Fairfield - Construction** Public Domain Upgrade - Barbara Street (Nelson Street to Hamilton Road) and Nelson St (between 22 Nelson and Smart Street).	Section 7.11	$1,750,000	2028	Manager Parks Place	TBA	Yes
IN271147	2.c.1	**Public Domain - Canley Heights Town Centre - Stage 3 Implementation - Canley Vale Road** Construct Canley Vale Road (northern side) public domain upgrade between Peel Street and Ascot Street according to Masterplan Design.	Section 7.11 and Town Centre Reserve	$1,250,000	2027	Manager Cabramatta Place	TBA	Yes

**Note: LTFP (Long Term Financial Plan) and AMS (Asset Management Strategy)*

SERVICE REVIEWS

What are Service Reviews?

The Integrated Planning and Reporting Guidelines were updated in September 2021 and introduced a new requirement to conduct reviews of Council's services. A service review is a formal process that considers the cost, quality and efficiency of a council service, and assesses whether the current mode of delivery is appropriate.

Why have Service Reviews been introduced?

The primary objective of service reviews is to ensure councils secure their long-term financial sustainability through efficient and cost effective delivery of services and respond to changing community priorities and needs.

It is important to note that service reviews should not focus entirely upon improving the financial position of councils but rather a strong emphasis should be placed upon improving the quality of services while remaining financial sustainable.

What are the benefits of Service Reviews?

The benefits and opportunities of service reviews are:

- Service and activity improvements
- Cost savings
- Service level adjustments
- Alternative modes of service delivery
- Improved resource usage

Service reviews are one element of Council's program to identify and implement efficiency measures across the organisation and ensure Council operates the most efficient cost structure possible for the delivery of its services.

What we plan to deliver in 2025-2026

The 2025-2026 Operational Plan will deliver the following actions as part of this program:

Project Name and Description	Responsible Person	Funding Type	2025-2026 Budget $
Libraries Service Review	Executive Director & CFO	Service Budget	$ -

Council has already engaged with the community and other stakeholders to determine service level expectations and appropriate measures through the Service Levels and Indicator Survey. The Survey findings with Council's individual principle services have been included within each services throughout the 2025/26-2028/29 Delivery Program.

How Will We Measure and Evaluate Service Reviews?

Once a service review is conducted it is important to measure and evaluate the benefits gained from incorporating any actions or recommendations that were identified. The outcomes of the service reviews will be reported in Council's Annual Report, which will be publicly available on Council's website.

FINANCIAL PERFORMANCE MEASURES

Council has a positive record in financial planning, monitoring and reporting. Due to this rigorous process, it has allowed council to have open and transparent discussions to ensure Council continues to remain financially sustainable into the future.

This diligence has continued through the Integrated Planning and Reporting Framework by incorporating relevant input from the other key resourcing strategies such as the workforce management plan, asset management and Delivery Program, as well as a longer-term forecast perspective.

Financial performance measures are reported annually as part of the City's annual financial statements. The City targets above benchmark performance where possible, and the following results are prepared in accordance with Office of Local Government required methodologies.

SUSTAINABILITY MEASURES

Operating Performance Ratio

The 'operating performance ratio' measures how well the council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero percent.

Benchmark	2019	2020	2021	2022	2023	2024
Benchmark is > 0. Measure that operating revenue is greater than operating expenditure	8.98%	3.31%	3.30%	7.26%	5.32%	3.31%

Own Source Operating Revenue Ratio

The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.

Benchmark	2019	2020	2021	2022	2023	2024
Benchmark is > 60%. Measures rates and annual charges plus user fees and charges as a percentage of total revenue.	80.6%	77.2%	80.1%	78.0%	77.1%	73.7%

Building and Infrastructure Renewal Ratio

This measure is intended to indicate the extent to which a Council is replenishing the deterioration of its building and infrastructure assets (i.e. renewal expenditure as a proportion of annual depreciation expense). The implication of the benchmark is that a Council's annual depreciation expense is the indicative level of required annual renewal of its assets.

Benchmark	2019	2020	2021	2022	2023	2024
Benchmark is > 100. Measures rate at which assets being renewed relative to rate at which they are being depreciated.	147.1	119.7	130.5	77.78	102.5	137.4

Council has a proud history of achieving all the NSW State Governments Fit for The Future ratios and financial sustainability targets since they were introduced 8 years ago. However, the combined impacts of the COVID-19 lockdown and the large number of days lost to wet weather meant that Council did not achieve the 'Buildings and Infrastructure Asset Renewal Ratio' for the 12 months ended 30 June 2022.

Council's capital works program was initially delayed due to the COVID-19 lockdown (26 June 2021 to 11 October 2021) and Fairfield being designated an area of concern under the Public Health Orders. As Council emerged from the lockdown it was anticipated that the delays in the works program could be caught up over the remainder of the year, but sustained periods of wet weather made this unachievable. Whilst Council did not achieve the asset renewal target for the year ended 30 June 2022, it has achieved the target for the next financial year, and on a cumulative basis since the benchmark was introduced. Therefore, Council has demonstrated that it is investing in the renewal of its infrastructure assets for a sustained period of time in order to preserve intergenerational equity.

INFRASTRUCTURE AND SERVICE MANAGEMENT MEASURES

Infrastructure Backlog Ratio

Infrastructure Backlog, in the context of this ratio, refers to an estimated cost to restore the City's assets to a "satisfactory standard", typically through renewal works. With renewal cycles that typically take place over the longer term, it is not unusual that some backlog will occur. Maintaining this ratio at lower levels over the long term will indicate that the service capacity of assets is being effectively maintained.

Benchmark	2019	2020	2021	2022	2023	2024
Benchmark is < 2. Measures cost to bring assets to satisfactory condition as percentage total infrastructure assets.	1.83	1.85	1.84	1.73	1.95	1.82

Asset Maintenance Ratio

The extent to which a Council is adequately maintaining its building and infrastructure asset base is measured by expressing actual (planned) maintenance as a proportion of the "required" maintenance expenditure. A ratio result of greater than 100% will indicate the Council is exceeding its identified requirements in terms of maintenance, which in turn should impact positively upon infrastructure backlog and required renewal levels.

Benchmark	2019	2020	2021	2022	2023	2024
Benchmark is > 100%. Measures actual maintenance spend compared to required per asset management plan.	120.3%	109.5%	103.5%	79.51%	102.0%	118.1%

The combined impacts of the COVID-19 lockdown, reduced maintenance requirements due to reduced utilisation during lockdown, and the large number of days lost to wet weather meant that Council did not achieve the 'Asset Maintenance Ratio' for the year ended 30 June 2022. However, Council has exceeded the benchmark on a cumulative basis over the 8 years since inception, with the 2022 financial year considered to be an anomaly caused by external factors outside Council's control. This is confirmed by the achievement of the ratio for the 2023 and 2024 financial years.

Debt Service Ratio

The effective use of debt may assist in the management of "intergenerational equity" and help to ensure that excessive burden is not placed on a single generation of a Council's ratepayers to fund the delivery of long term infrastructure and assets. Other strategies, not reflected in this performance measure, may also achieve an equivalent outcome, and a consistent program of capital delivery will also alleviate the need to excessively burden a particular set of ratepayers.

Benchmark	2019	2020	2021	2022	2023	2024
Benchmark is > 2. Measures availability of operating cash to service debt including interest, principle and lease payments.	175.2	50.9	29.08	28.30	27.45	29.52

SUPPLEMENTARY PERFORMANCE MEASURES

The Local Government Code of Accounting Practice and Financial Reporting sets a series of performance indicators to be compulsorily reported. Council uses these indicators (and respective benchmarks) as key parameters in the financial planning process.

Unrestricted Current Ratio

The Unrestricted Current Ratio is specific to local government, measuring the adequacy of the City's liquid working capital and its ability to satisfy its financial obligations as they fall due in the short term. Restrictions placed on various funding sources (e.g. development contributions) complicate the traditional current ratio used to assess liquidity of businesses as cash allocated to specific projects is restricted and cannot be used to meet a Council's other operating and borrowing costs.

Benchmark	2019	2020	2021	2022	2023	2024
Benchmark is > 1.50. Measures adequacy of working capital.	2.04	1.91	1.92	2.01	2.30	2.07

Rates and Annual Charges Outstanding Percentage

This measure indicates a Council's success at recovering its annual rates and charges, with higher percentages of outstanding debts indicating a potential threat to Council's working capital and liquidity. Whilst this ratio is not a mandatory financial performance measure, the Office of Local Government has previously advised a benchmark of a maximum 5% for metropolitan councils (8% for rural councils).

Benchmark	2019	2020	2021	2022	2023	2024
Benchmark is < 5%. Measures outstanding rates and charges as percentage of total billed.	3.99%	3.93%	3.98%	4.48%	4.21%	4.11%

Cash Expense Cover Ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow. The benchmark is greater than 3 months. City staff actively monitor cash flow requirements and manage the maturity profile of investments to meet liquidity requirements. During the period of uncertainty associated with Covid-19, additional priority was given to ensuring high liquidity levels were maintained within the investment portfolio.

Benchmark	2018	2019	2020	2021	2022	2023
Benchmark is > 3 months. Measures number months Council can continue paying expenses without additional cashflow.	3.1	2.7*	5.1	4.5	6.5	4.4

** Whilst below the OLG Benchmark, this was not an issue for Council because it held $52 million in FRN's that could be converted to cash at short notice.*

Appendix

Operating Performance Ratio

The operating performance ratio measures council's achievement of containing operating expenditure within operating revenue. Total continuing operating revenue (excl. Capital Grants & Contributions) - Operating Expenses / Total continuing operating revenue (excl. Capital Grants & Contributions)

Own Source Operating Revenue Ratio

The own source revenue ratio measures fiscal flexibility as it indicates the extent of external funding sources such as operating and capital grants and contributions received by councils. Total continuing operating revenue (less ALL Grants & Contributions) / Total continuing operating revenue.

Unrestricted Current Ratio

The unrestricted current ratio measures the adequacy of working capital and the ability of a council to satisfy its obligations in the short term. Current Assets less all External Restrictions / Current Liabilities less Specific Purpose Liabilities.

Building and Infrastructure Renewals Ratio

The unrestricted current ratio measures the adequacy of working capital and the ability of a council to satisfy its obligations in the short term. Current Assets less all External Restrictions / Current Liabilities less Specific Purpose Liabilities.

Operating Performance Ratio

The operating performance ratio measures council's achievement of containing operating expenditure within operating revenue. Total continuing operating revenue (excl. Capital Grants & Contributions) - Operating Expenses / Total continuing operating revenue (excl. Capital Grants & Contributions)

Asset Maintenance Ratio

The own source revenue ratio measures fiscal flexibility as it indicates the extent of external funding sources such as operating and capital grants and contributions received by councils. Total continuing operating revenue (less ALL Grants & Contributions) / Total continuing operating revenue.

Capital Expenditure Ratio

The unrestricted current ratio measures the adequacy of working capital and the ability of a council to satisfy its obligations in the short term. Current Assets less all External Restrictions / Current Liabilities less Specific Purpose Liabilities.

Debt Service Ratio

The unrestricted current ratio measures the adequacy of working capital and the ability of a council to satisfy its obligations in the short term. Current Assets less all External Restrictions / Current Liabilities less Specific Purpose Liabilities.

Rates and Annual Charges Coverage Ratio

The purpose of the Rates & Annual Charges Coverage Ratio is to assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.

Fairfield City Council's Draft 2025/26-2034/35 Long Term Financial Plan
is available for viewing at Council's website:
www.fairfieldcity.nsw.gov.au/ipr

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