



2026–2036

Long Term Financial Plan adopted

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Section 1 – Introduction

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

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

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

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

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

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

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

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

Introduction

The Long Term Financial Plan (LTFP) should be updated on a regular basis at least annually. This update is for the period 2026 to 2036 and covers all operations of Council including Council's General, Water and Sewerage Funds. There is also separate disclosure for each Fund operated by Council. Further throughout this document in Section 6, there is specific modelling regarding a base case and one scenario centred around a Special Rate Variation (SRV).

The base case for this Long Term Financial Plan (LTFP) incorporates the current organisation structure, services and ten year capital works program provided by Byron Shire Council. This Long Term Financial Plan (LTFP) utilises the adopted 2026/2027 draft budget estimates placed on public exhibition on 1 May 2026 as the starting point.

Aside from the Base Case, this LTFP contains one additional scenario as follows:

1. Scenario 1 is to assist in providing additional general revenue via a Special Rate Variation (SRV) application under Section 508(A) of the Local Government Act 1993 over a three year period to partly address three pillars being Climate Adaptation, Business Resilience and Infrastructure maintenance/renewal focusing on Transport and Stormwater Drainage assets.

Subsequent pages to this document detail the Long Term Financial Plan (LTFP) for Byron Shire Council for the period 2026 to 2036 taking into consideration the assumptions detailed in Section 3 – Modelling Assumptions and the scenario parameters outlined directly above. This includes disclosure of the Base Case Scenario and modelling as to the impacts of the identified additional scenario.

Note: Whilst Scenario 1 is based on the generation of additional revenue through a Special Rate Variation (SRV), this does not indicate a decision by Council to pursue this option. Rather, it illustrates the potential impact of increased land rate revenue on Council's long term financial sustainability should such an approach be considered. It is also emphasised that even if a Special Rate Variation were implemented, as modelled in this Plan, it would not represent a complete or standalone solution to Council's financial sustainability challenges. A broader combination of measures would still be required.

Section 2 – Historical Financial Statistics

As a snapshot, the following table provides consolidated historical financial information for Byron Shire Council for the five year period from 2020/2021 to 2024/2025 on a Consolidated basis including General, Water and Sewerage Fund Operations combined:

Statistic	2020/2021 \$'000	2021/2022 \$'000	2022/2023 \$'000	2023/2024 \$'000	2024/2025 \$'000
Revenue/Expenditure					
Total Operating Revenue	113,928	125,823	152,538	158,618	165,148
Total Operating Expenditure	104,460	114,750	120,957	115,998	145,399
Operating Result – Surplus/(Deficit)	9,468	11,073	31,581	42,620	19,749
Operating Result before capital grants & contributions – Surplus/(Deficit)	(13,936)	(9,911)	2,021	3,996	(22,679)
General Rate Income	25,887	26,662	27,623	29,096	30,702
Financial Assistance Grant	3,317	4,602	5,122	3,877	2,984
Interest Expense on Loans	3,046	2,891	2,728	2,634	2,436
Depreciation Expense	17,529	19,134	20,155	21,878	25,812
Cash and Investments					
Externally Restricted Cash	46,297	53,646	48,836	89,573	67,370
Internally Restricted Cash	25,658	24,660	23,119	29,629	31,148
Unrestricted Cash	517	0	0	400	400
Total Cash and Investments	72,473	78,306	71,955	119,202	98,918

Statistic	2020/2021 \$'000	2021/2022 \$'000	2022/2023 \$'000	2023/2024 \$'000	2024/2025 \$'000
Other Non Current Assets/Liabilities					
Outstanding Loan Principal	61,058	58,769	54,207	55,905	51,042
Written Down Value of Property, Plant and Equipment	1,094,182	1,278,365	1,432,077	1,470,188	1,536,574
Performance Indicators – Consolidated Fund					
Operating Performance Ratio	(6.87%)	(5.41%)	4.37%	4.28%	(15.15%)
Own Source Revenue	72.50%	65.79%	62.73%	66.73%	68.29%
Unrestricted Current Ratio	2.41	3.52	2.51	3.75	1.70
Debt Service Cover Ratio	2.18	2.44	3.81	4.26	0.90
Rates and Charges Outstanding Ratio	8.33%	9.60%	11.91%	12.99%	14.12%
Buildings and Infrastructure Renewals Ratio	107.26%	121.89%	233.48%	210.90%	112.64%

Section 3 – Modelling Assumptions

The 2026-2036 Long Term Financial Plan for Byron Shire Council has provided a Base Case Scenario outcome utilising assumptions. The following assumptions are generally applied to the Base Case Outcome outlined in Section 4 of this document with some assumptions updated where new information has become available:

- ⇒ Unrestricted cash balance target (goal) of \$1,000,000 for the General Fund as a measure of short term liquidity. 2026/2027 Financial Year Draft Budget provides the base financial year as per the draft budget submitted to Council for adoption on 18 June 2026.
- ⇒ Projections are based on a 'Business as Usual' footing. Whilst the Byron Shire Council area has been greatly impacted from the flooding events of February/March 2022, which the recovery from will take years and influence Council's financial outcomes during the life of this Plan up to 2028. Whilst Council has completed all Emergency Works and Immediate Repair Works with relevant claims lodged with Government, the major reconstruction works are underway and Government funding approvals have been sought. The impact of these works are reflected in the Base Case.
- ⇒ Unregulated fees and charges be increased in line with Consumer Price Index (CPI) as a minimum.
- ⇒ Rate pegging for 2026/2027 identified at 4.60% approved by the Independent Pricing and Regulatory Tribunal (IPART) with remaining future years of the LTFP identified at 3.00% including a 0.50% population growth factor.
- ⇒ Growth in Financial Assistance Grant to be set at 2.00% to 3.00% per annum from the 2027/2028 financial year.
- ⇒ Salary and wage indexation to be set at 4.00% annually for 2026/2027 to 2028/2029 and then generally 3.00% onwards after 2028/2029. All other costs to be indexed by the Consumer Price Index (CPI) less continuation of an efficiency dividend. It is acknowledged that construction costs are increasing at a greater rate than the CPI but this has not been factored into this Plan.
- ⇒ Investment rates to follow indicative market investment rates available. An assessment will be made annually to compare the investment rate assumptions for reasonableness. Loan borrowing rates will be assumed at indicative borrowing rates issued by NSW Treasury Corporation.
- ⇒ New loan borrowings will only be for the following:
 - Capital works where funding for annual recurrent operational costs attributable to new assets has been factored into the budget as affordable and funded.
 - To reduce the funding gap for the renewal of existing infrastructure.
 - When it is for commercial purpose and repayments can be met from additional revenue sources.
 - The term of the loan must also accord with Council's loan borrowing policy 2021 in that the loan borrowing term should be relevant to the useful life of the asset being funded from the loan borrowings.

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

Section 4 – Financial Outcomes (Base Case)

The financial outcomes identified in the base case of the 2026-2036 Long Term Financial Plan are outlined below incorporating the assumptions outlined in Section 3 on a Consolidated basis (General Fund, Water Fund and Sewerage Fund combined):

Byron Shire Council Long Term Financial Plan 2026-2036 Income Statement (Consolidated)										
Scenario: Base Case	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Income from Continuing Operations										
Rates & Annual Charges	73,976,300	76,371,300	78,346,300	80,374,900	82,458,900	84,599,900	86,799,300	89,058,800	91,380,400	93,765,400
User Charges & Fees	39,728,100	41,247,500	40,825,100	41,773,300	43,102,800	44,227,300	45,391,600	46,531,700	47,701,500	48,910,900
Other Revenues	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600
Grants & Contributions for Operating Purposes	4,838,500	7,725,600	7,897,500	8,075,900	8,210,300	8,347,200	8,486,700	8,628,900	8,773,800	8,921,300
Grants & Contributions for Capital Purposes	67,948,300	8,300	2,870,200	3,439,400	2,940,300	2,670,200	2,670,200	2,970,200	2,970,200	2,970,200
Interest and Investment Income	4,963,000	4,526,200	3,538,700	3,640,400	4,144,900	5,039,300	4,903,600	5,138,300	5,569,100	5,569,100
Other Income	2,321,600	2,666,900	2,722,100	2,642,700	2,700,600	2,760,100	2,821,100	2,883,800	2,948,000	3,014,000
Total Income from Continuing Operations	195,801,400	134,571,400	138,225,500	141,972,200	145,583,400	149,669,600	153,098,100	157,237,300	161,368,600	165,176,500
Expenses from Continuing Operations										
Employee Costs	39,612,300	40,692,300	42,211,100	42,968,700	43,826,500	44,702,900	45,596,200	46,507,900	47,437,100	48,384,200
Borrowing Costs	2,324,600	2,594,100	2,195,900	2,207,700	2,099,900	1,922,200	1,742,500	1,568,700	1,406,700	1,252,700
Materials and Services	63,228,300	62,401,600	61,912,100	62,462,800	63,496,700	64,453,400	65,730,800	66,409,400	67,469,700	68,483,800
Depreciation	25,811,600	26,198,700	26,591,500	26,990,300	27,395,000	27,806,000	28,223,000	28,646,300	29,075,900	29,512,000
Other Expenses	3,547,500	3,610,500	3,664,500	3,719,400	3,775,300	3,831,700	3,889,100	3,947,200	4,006,000	4,066,000
Total Expenses from Continuing Operations	134,524,300	135,497,200	136,575,100	138,348,900	140,593,400	142,716,200	145,181,600	147,079,500	149,395,400	151,698,700
Operating Result from Continuing Operations Surplus/(Deficit)	61,277,100	(925,800)	1,650,400	3,623,300	4,990,000	6,953,400	7,916,500	10,157,800	11,973,200	13,477,800
Net Operating Result for the year before Grants and Contributions for Capital Purposes Surplus/(Deficit)	(6,671,200)	(934,100)	(1,219,800)	183,900	2,049,700	4,283,200	5,246,300	7,187,600	9,003,000	10,507,600

Financial Outcomes (Base Case)

Byron Shire Council Long Term Financial Plan 2026-2036										
Consolidated Funding Statement										
Scenario: Base Case										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Operating Result before Capital Amounts from Income Statement Surplus/(Deficit)	(6,671,200)	(934,100)	(1,219,800)	183,900	2,049,700	4,283,200	5,246,300	7,187,600	9,003,000	10,507,600
Add: Non Cash Items										
Depreciation	25,811,600	26,198,700	26,591,500	26,990,300	27,395,000	27,806,000	28,223,000	28,646,300	29,075,900	29,512,000
Add: Non Operating Funding Sources										
Capital Grants and Contributions	67,948,300	8,300	2,870,200	3,439,400	2,940,300	2,670,200	2,670,200	2,970,200	2,970,200	2,970,200
Proceeds from sale of Assets	0	9,534,000	0	0	0	0	0	0	0	0
Loan fund utilised	7,273,700	5,053,700	3,260,000	1,650,000	0	0	0	0	0	0
Repayments from Deferred Debtors	0	0	0	0	0	0	0	0	0	0
Funds Available	94,362,400	39,860,600	31,501,900	32,263,600	32,385,000	34,759,400	36,139,500	38,804,100	41,049,100	42,989,800
Less: Funds applied to										
Purchase and construction of Assets	101,951,400	36,684,300	35,608,200	17,735,700	16,178,500	16,123,300	42,248,400	17,326,400	16,139,000	16,120,300
Loan principal repayments	3,468,500	12,936,700	3,715,200	3,927,900	3,758,300	3,541,500	3,654,600	3,406,000	3,424,600	3,103,300
Total Funds Used	105,419,900	49,621,000	39,323,400	21,663,600	19,936,800	19,664,800	45,903,000	20,732,400	19,563,600	19,223,600
Increase/(Decrease) in Cash Position	(11,057,500)	(9,760,400)	(7,821,500)	10,600,000	12,448,200	15,094,600	(9,763,500)	18,071,700	21,485,500	23,766,200
Net Reserve Movement	(10,567,600)	(6,663,600)	(4,109,000)	12,579,700	13,949,100	15,802,500	(9,639,200)	18,394,400	20,489,000	22,377,800
Increase/(Decrease) in Unrestricted Cash	(489,900)	(3,096,800)	(3,712,500)	(1,979,700)	(1,500,900)	(707,900)	(124,300)	(322,700)	996,500	1,388,400

Financial Outcomes (Base Case)

More importantly is the financial outcomes of the General Fund which includes all operations and assets of the Council except for Water and Sewerage. The base case for the 2026-2036 Long Term Financial Plan is indicated below:

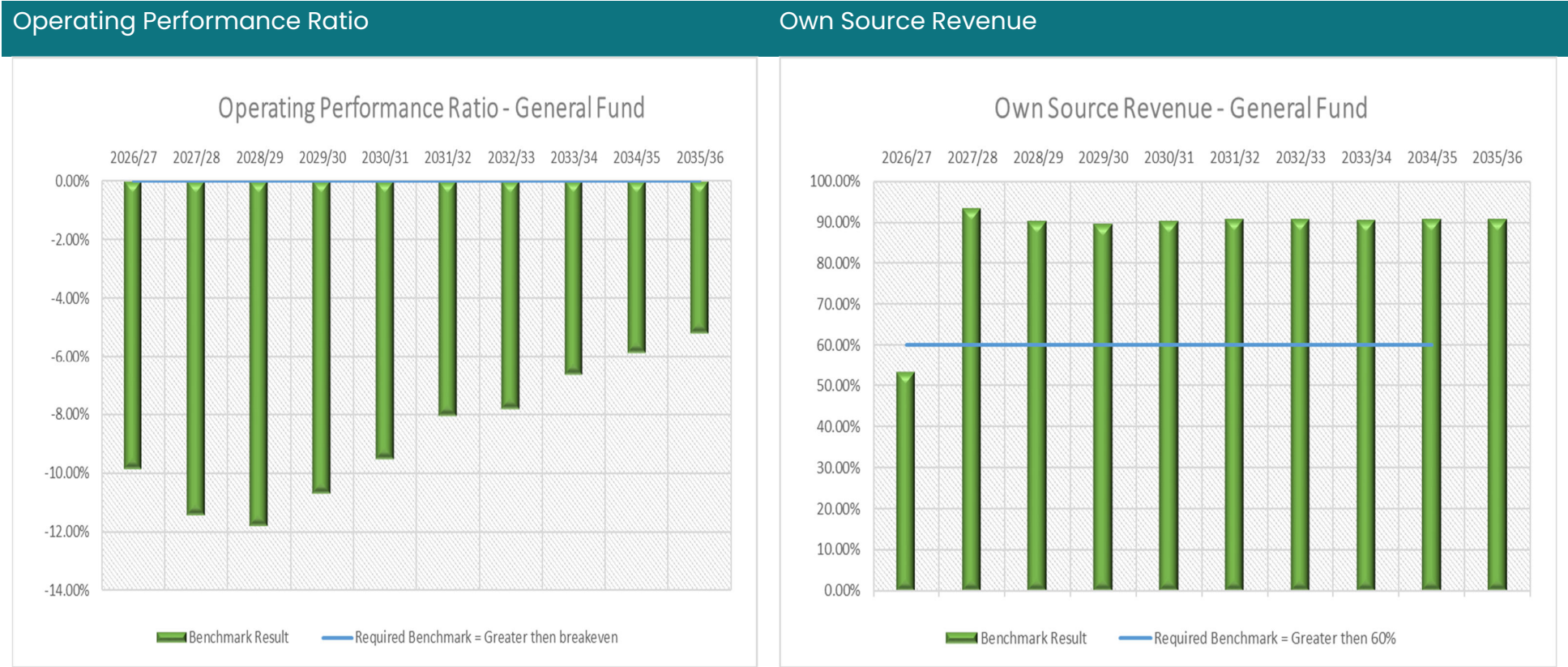
Byron Shire Council Long Term Financial Plan 2026-2036										
Income Statement (General Fund)										
Scenario: Base Case										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Income from Continuing Operations										
Rates & Annual Charges	47,889,100	49,699,200	51,053,400	52,445,500	53,876,700	55,347,900	56,860,200	58,414,900	60,013,200	61,656,200
User Charges & Fees	24,443,400	25,466,700	24,479,300	24,841,200	25,562,300	26,055,600	26,565,000	27,025,400	27,489,900	27,967,400
Other Revenues	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600
Grants & Contributions for Operating Purposes	4,676,200	7,574,500	7,741,900	7,915,500	8,045,100	8,176,900	8,311,200	8,448,000	8,587,300	8,729,000
Grants & Contributions for Capital Purposes	66,448,300	(1,491,700)	1,370,200	1,939,400	1,440,300	1,170,200	1,170,200	1,470,200	1,470,200	1,470,200
Interest and Investment Income	4,060,000	3,109,100	2,418,500	2,489,600	2,842,500	3,558,200	3,373,000	3,537,200	3,710,600	3,710,600
Other Income	1,916,000	2,260,700	2,309,100	2,358,800	2,409,500	2,461,700	2,515,300	2,570,300	2,626,700	2,684,700
Total Income from Continuing Operations	151,458,600	88,644,100	91,398,000	94,015,600	96,202,000	98,796,100	100,820,500	103,491,600	105,923,500	108,243,700
Expenses from Continuing Operations										
Employee Costs	34,203,500	35,067,300	36,361,000	37,001,800	37,740,800	38,495,600	39,264,500	40,049,000	40,848,900	41,664,500
Borrowing Costs	1,478,400	1,848,000	1,550,900	1,661,500	1,669,000	1,568,800	1,463,100	1,356,800	1,249,900	1,146,800
Materials and Contracts	40,030,900	38,805,800	38,047,700	38,257,900	38,946,400	39,552,900	40,476,000	40,795,600	41,491,700	42,136,200
Depreciation	20,361,700	20,667,100	20,976,900	21,291,400	21,610,600	21,934,800	22,263,700	22,597,600	22,936,500	23,280,500
Other Expenses	3,461,900	3,523,200	3,575,900	3,629,500	3,684,100	3,739,100	3,795,100	3,851,800	3,909,200	3,967,700
Total Expenses from Continuing Operations	99,536,400	99,911,400	100,512,400	101,842,100	103,650,900	105,291,200	107,262,400	108,650,800	110,436,200	112,195,700
Operating Result from Continuing Operations Surplus/(Deficit)	51,922,200	(11,267,300)	(9,114,400)	(7,826,500)	(7,448,900)	(6,495,100)	(6,441,900)	(5,159,200)	(4,512,700)	(3,952,000)
Net Operating Result for the year before Grants and Contributions for Capital Purposes Surplus/(Deficit)	(14,526,100)	(9,775,600)	(10,484,600)	(9,765,900)	(8,889,200)	(7,665,300)	(7,612,100)	(6,629,400)	(5,982,900)	(5,422,200)

Financial Outcomes (Base Case)

Byron Shire Council Long Term Financial Plan 2026-2036										
General Fund Funding Statement										
Scenario: Base Case										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Operating Result before Capital Amounts from Income Statement Surplus/(Deficit)	(14,526,100)	(9,775,600)	(10,484,600)	(9,765,900)	(8,889,200)	(7,665,300)	(7,612,100)	(6,629,400)	(5,982,900)	(5,422,200)
Add: Non Cash Items										
Depreciation	20,361,700	20,667,100	20,976,900	21,291,400	21,610,600	21,934,800	22,263,700	22,597,600	22,936,500	23,280,500
Add: Non Operating Funding Sources										
Capital Grants and Contributions	66,448,300	(1,491,700)	1,370,200	1,939,400	1,440,300	1,170,200	1,170,200	1,470,200	1,470,200	1,470,200
Proceeds from sale of Assets	0	9,534,000	0	0	0	0	0	0	0	0
Loan fund utilised	7,273,700	5,053,700	3,260,000	1,650,000	0	0	0	0	0	0
Repayments from Deferred Debtors										
Funds Available	79,557,600	23,987,500	15,122,500	15,114,900	14,161,700	15,439,700	15,821,800	17,438,400	18,423,800	19,328,500
Less: Funds applied to										
Purchase and construction of Assets	88,262,200	27,983,200	14,608,700	11,926,900	10,170,800	9,587,300	10,767,500	11,432,100	10,993,100	10,974,400
Loan principal repayments	1,248,900	10,946,200	1,623,600	1,710,900	1,847,200	1,947,400	1,986,600	1,992,700	1,956,100	2,028,900
Total Funds Used	89,511,100	38,929,400	16,232,300	13,637,800	12,018,000	11,534,700	12,754,100	13,424,800	12,949,200	13,003,300
Increase/(Decrease) in Cash Position	(9,953,500)	(14,941,900)	(1,109,800)	1,477,100	2,143,700	3,905,000	3,067,700	4,013,600	5,474,600	6,325,200
Net Reserve Movement	(9,463,600)	(11,845,100)	2,602,700	3,456,800	3,644,600	4,612,900	3,192,000	4,336,300	4,478,100	4,936,800
Increase/(Decrease) in Unrestricted Cash	(489,900)	(3,096,800)	(3,712,500)	(1,979,700)	(1,500,900)	(707,900)	(124,300)	(322,700)	996,500	1,388,400
Estimated Unrestricted Cash Balance	(89,900)	(3,186,700)	(6,899,200)	(8,878,900)	(10,379,800)	(11,087,700)	(11,212,000)	(11,534,700)	(10,538,200)	(9,149,800)

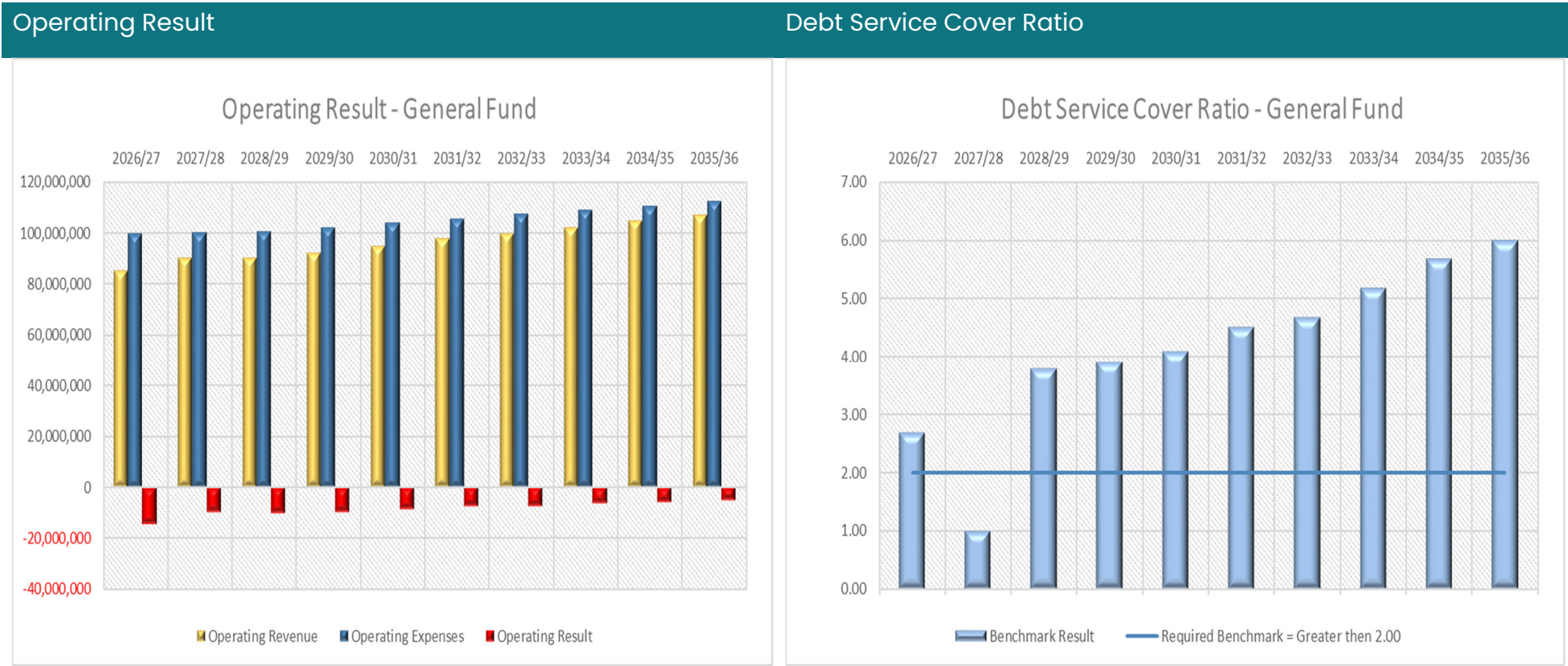
Financial Outcomes (Base Case)

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



Financial Outcomes (Base Case)

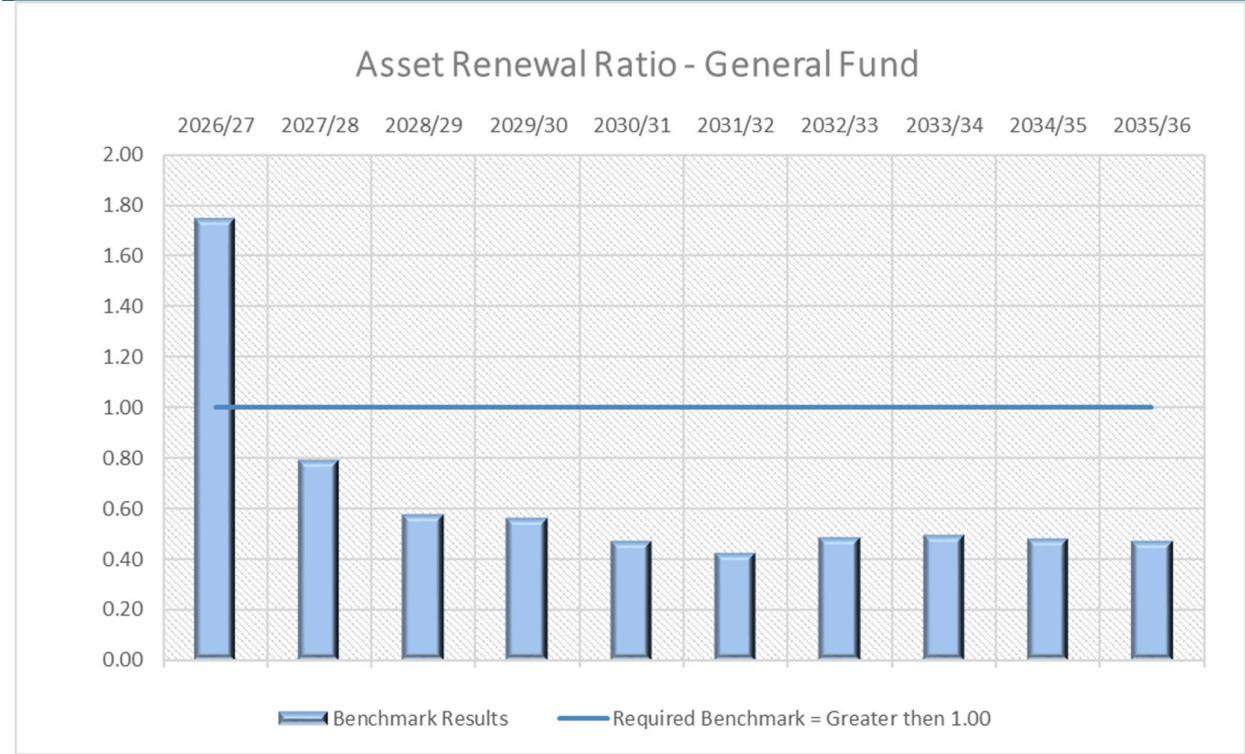
Detailed in Section 7 of this document are definitions of five performance indicators. Applying these performance indicators to the financial outcomes of the General Fund Base Case reveals the following:



Financial Outcomes (Base Case)

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

Infrastructure Renewal Ratio



Financial Outcomes (Base Case)

General Fund Base Case Financial Outcome Commentary

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

Council's operational expenditure at 2024/2025 has increased by 32% compared to 2020/2021 excluding depreciation but including natural disaster emergency and immediate repair works that are expensed and not capitalised. With all the demands placed on Council, there is certainly financial pressure on the General Fund which contains all of Council's service areas except Water and Sewerage.

Currently for the 2025/2026 financial year, Council is projecting a balanced budget result. One of Council's fundamental financial measures is the goal to maintain an unrestricted cash balance of \$1,000,000. Since the impact of COVID-19 and natural disasters, the unrestricted cash balance has progressively been consumed in its entirety with restoration back to \$400,000 achieved in the 2023/2024 financial year. However the proposed 2026/2027 budget is projecting a cash deficit that will reduce the unrestricted cash balance to a deficit of \$89,900 and forms the base year of this Long Term Financial Plan.

The Base Case scenario for the General Fund continues to show ongoing operational deficits for the life of this Plan peaking at \$14.526million in 2026/27 before reducing to \$5.422million in 2035/2036, The General Fund is also not projecting a 'cash surplus' until 2034/2035. As outlined in the Plan, unrestricted cash is in deficit to an accumulative estimated peak of \$11.535million by 2034/2035 before reducing to \$9.150million by 2035/36. To ensure the projected financial outcomes for the General Fund does not materialise as this outcome cannot happen, Council will need to either find additional revenue sources, look at ways to reduce expenditure and review the extent and workings of its internal reserve funds.

The base case outcome for the General Fund also shows Council is not meeting appropriate benchmarks for infrastructure asset renewal in the General Fund after 2026/2027 financial year with the benchmark dropping as low as 0.42 or less than half the benchmark requirement in 2031/2032. This demonstrates Council is consuming the economic life of its infrastructure assets at twice the rate it is replacing them which is not sustainable and needs to be reversed.

Section 5 – Modelling Assumptions – Sensitivity Analysis/Scenario

Sensitivity Analysis

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

Scenario

A Long Term Financial Plan (LTFP) should also provide the ability to predict financial outcomes if Council chose to alter service levels within programs, increase service levels or implement significant projects. The 2026-2036 Long Term Financial Plan is modelling one scenario from the Base Case scenario of the Consolidated Fund (including General, Water and Sewerage Funds) plus the General Fund separately that include:

- Base Case Scenario – Draft 2026/2027 Budget Estimates submitted for adoption by Council on 18 June 2026 plus 9 year projections based on current service levels as outlined in Section 4 of this document and assumptions as outlined in Section 3 of this document.
- Scenario 1 is to assist in providing additional general revenue via a Special Rate Variation (SRV) application under Section 508(A) of the Local Government Act 1993 over a three year period. The aim of this SRV is to:
 - Improve the financial sustainability of Council by reducing the operating deficit in the General Fund.
 - Support climate change adaptation by funding the renewal, construction and maintenance of infrastructure required to or mitigate the impacts of climate-related events. This may include funding loan repayments for projects, as well as restoration and betterment works for infrastructure damaged by natural disasters where Disaster Recover Funding Arrangements (DFRA) approval is not available.
 - Enhance business resilience by supporting the implementation of new systems, including information technology solutions an undertaking facility improvements that improve organisational efficiency and business operations.
 - Strengthen infrastructure maintenance and renewal, with a particular focus on stormwater drainage assets and transport assets including roads, bridges, footpaths and cycleways.

Section 5 – Modelling Assumptions – Sensitivity Analysis/Scenario

- This scenario outcome also includes the Base Case Scenario plus the SRV. The proposed SRV inclusive of rate pegging is modelled on the basis of the following increases:
 - 2027/2028 financial year – SRV 8.00% + 4.00% rate peg = 12.00%
 - 2028/2029 financial year – SRV 7.50% + 2.50% rate peg = 10.00%
 - 2029/2030 financial year – SRV 7.10% + 2.50% rate peg = 9.60%
- Scenario 1 over three financial years provides a compound SRV outcome including rate peg of 35.03%. This is estimated to increase Council's yield from ordinary land rates from \$34.389million to \$46.426million by 2029/2030.
- In terms of ratepayer impact, based on average ordinary land rates only (not including charges for services if provided), the following table outlines a price path based on the existing Council rating structure and land categorisation:

Average Rate	2026/27	2027/28	2028/29	2029/30
Residential	1,762	1,973	2,171	2,379
Business	3,558	3,985	4,383	4,804
Business - BB CBD	8,256	9,246	10,171	11,147
Farmland	3,168	3,548	3,903	4,278

- Scenario 1 does not improve the unrestricted cash position of the General Fund as outlined in the Base Case given the intent of the funds derived from the SRV are to be expended on the purposes outlined in Scenario 1. That in itself is an issue to still be resolved, however Scenario 1 does provide the following financial improvements:
 - The General Fund returns to an operational surplus in 2033/2034.
 - Whilst still not meeting the Infrastructure Renewal benchmark, there is a significant injection of General Fund capital expenditure funding over the life of the plan totalling \$197.5million compared to the Base Case of \$145.9million excluding flood recovery.
 - There is an additional \$22.1million available over the life of the Plan for Infrastructure Maintenance and Business Resilience.

Section 6 – Financial Outcomes Scenario 1

Applying Scenario 1 – Base Case + Scenario 1 – Special Rate Variation outcome for the Consolidated Fund in relation to the 2026-2036 Financial Plan

Byron Shire Council Long Term Financial Plan 2026-2036										
Income Statement (Consolidated)										
Scenario: Base Case + Special Rate Variation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Income from Continuing Operations										
Rates & Annual Charges	73,976,300	79,122,500	83,986,200	89,022,900	91,323,100	93,685,700	96,112,200	98,604,500	101,164,700	103,794,300
User Charges & Fees	39,728,100	41,247,500	40,825,100	41,773,300	43,102,800	44,227,300	45,391,600	46,531,700	47,701,500	48,910,900
Other Revenues	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600
Grants & Contributions for Operating Purposes	4,838,500	7,725,600	7,897,500	8,075,900	8,210,300	8,347,200	8,486,700	8,628,900	8,773,800	8,921,300
Grants & Contributions for Capital Purposes	67,948,300	8,300	2,870,200	3,439,400	2,940,300	2,670,200	2,670,200	2,970,200	2,970,200	2,970,200
Interest and Investment Income	4,963,000	4,526,200	3,538,700	3,640,400	4,144,900	5,039,300	4,903,600	5,138,300	5,569,100	5,569,100
Other Income	2,321,600	2,666,900	2,722,100	2,642,700	2,700,600	2,760,100	2,821,100	2,883,800	2,948,000	3,014,000
Total Income from Continuing Operations	195,801,400	137,322,600	143,865,400	150,620,200	154,447,600	158,755,400	162,411,000	166,783,000	171,152,900	175,205,400
Expenses from Continuing Operations										
Employee Costs	39,612,300	40,692,300	42,211,100	42,968,700	43,826,500	44,702,900	45,596,200	46,507,900	47,437,100	48,384,200
Borrowing Costs	2,324,600	2,594,100	2,195,900	2,207,700	2,099,900	1,922,200	1,742,500	1,568,700	1,406,700	1,252,700
Materials and Services	63,228,300	63,226,900	63,604,100	65,057,200	66,155,900	67,179,200	68,524,700	69,273,200	70,404,900	71,492,500
Depreciation	25,811,600	26,198,700	26,591,500	26,990,300	27,395,000	27,806,000	28,223,000	28,646,300	29,075,900	29,512,000
Other Expenses	3,547,500	3,610,500	3,664,500	3,719,400	3,775,300	3,831,700	3,889,100	3,947,200	4,006,000	4,066,000
Total Expenses from Continuing Operations	134,524,300	136,322,500	138,267,100	140,943,300	143,252,600	145,442,000	147,975,500	149,943,300	152,330,600	154,707,400
Operating Result from Continuing Operations Surplus/(Deficit)	61,277,100	1,000,100	5,598,300	9,676,900	11,195,000	13,313,400	14,435,500	16,839,700	18,822,300	20,498,000
Net Operating Result for the year before Grants and Contributions for Capital Purposes Surplus/(Deficit)	(6,671,200)	991,800	2,728,100	6,237,500	8,254,700	10,643,200	11,765,300	13,869,500	15,852,100	17,527,800

Financial Outcomes Scenario 1

Byron Shire Council Long Term Financial Plan 2026-2036										
Consolidated Funding Statement										
Scenario: Base Case + Special Rate Variation										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Operating Result before Capital Amounts from Income Statement Surplus/(Deficit)	(6,671,200)	991,800	2,728,100	6,237,500	8,254,700	10,643,200	11,765,300	13,869,500	15,852,100	17,527,800
Add: Non Cash Items										
Depreciation	25,811,600	26,198,700	26,591,500	26,990,300	27,395,000	27,806,000	28,223,000	28,646,300	29,075,900	29,512,000
Add: Non Operating Funding Sources										
Capital Grants and Contributions	67,948,300	8,300	2,870,200	3,439,400	2,940,300	2,670,200	2,670,200	2,970,200	2,970,200	2,970,200
Proceeds from sale of Assets	0	9,534,000	0	0	0	0	0	0	0	0
Loan fund utilised	7,273,700	5,053,700	3,260,000	1,650,000	0	0	0	0	0	0
Repayments from Deferred Debtors	0	0	0	0	0	0	0	0	0	0
Funds Available	94,362,400	41,786,500	35,449,800	38,317,200	38,590,000	41,119,400	42,658,500	45,486,000	47,898,200	50,010,000
Less: Funds applied to										
Purchase and construction of Assets	101,951,400	38,610,100	39,556,200	23,789,300	22,383,400	22,483,400	48,767,500	24,008,400	22,988,000	23,140,600
Loan principal repayments	3,468,500	12,936,700	3,715,200	3,927,900	3,758,300	3,541,500	3,654,600	3,406,000	3,424,600	3,103,300
Total Funds Used	105,419,900	51,546,800	43,271,400	27,717,200	26,141,700	26,024,900	52,422,100	27,414,400	26,412,600	26,243,900
Increase/(Decrease) in Cash Position	(11,057,500)	(9,760,300)	(7,821,600)	10,600,000	12,448,300	15,094,500	(9,763,600)	18,071,600	21,485,600	23,766,100
Net Reserve Movement	(10,567,600)	(6,663,600)	(4,109,000)	12,579,700	13,949,100	15,802,500	(9,639,200)	18,394,400	20,489,000	22,377,800
Increase/(Decrease) in Unrestricted Cash	(489,900)	(3,096,700)	(3,712,600)	(1,979,700)	(1,500,800)	(708,000)	(124,400)	(322,800)	996,600	1,388,300

Financial Outcomes Scenario 1

Applying Scenario 1 – Base Case + Scenario 1 – Special Rate Variation outcome for the General Fund in relation to the 2026-2036 Financial Plan

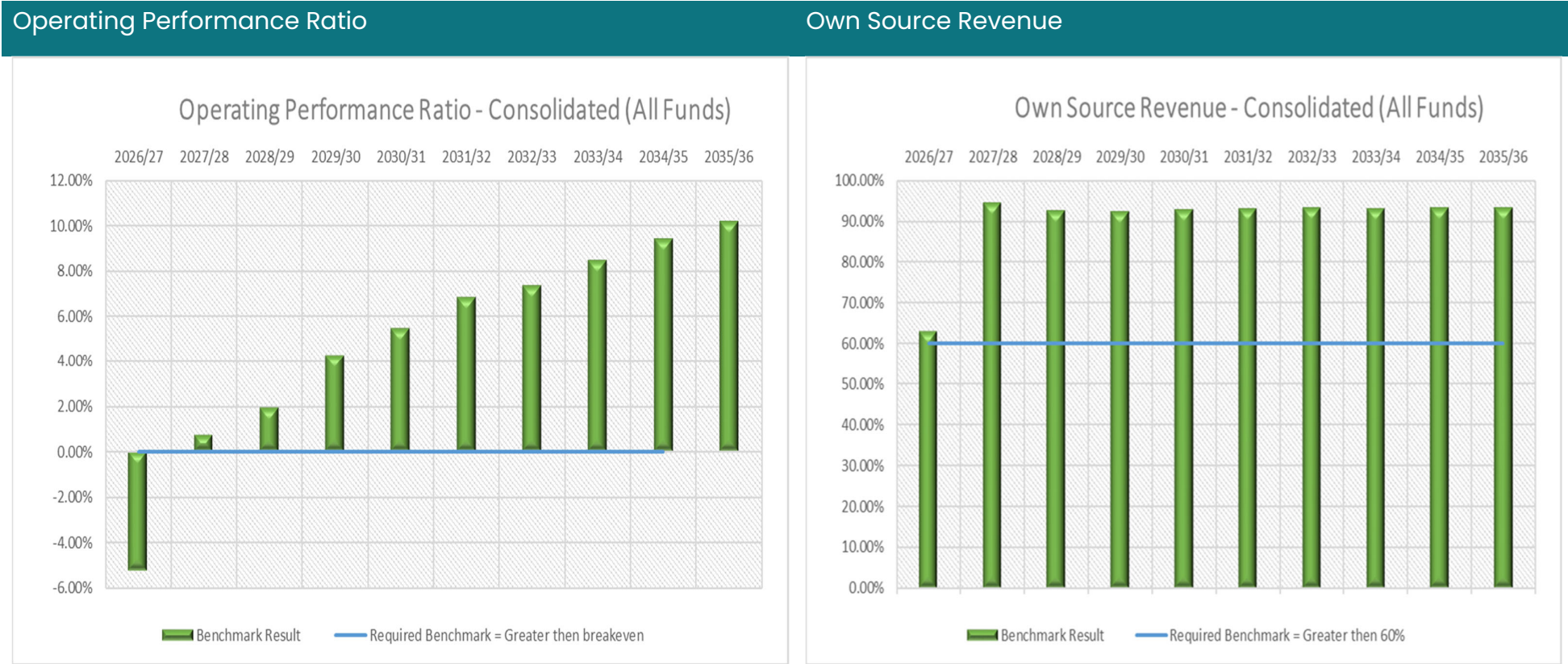
Byron Shire Council Long Term Financial Plan 2026-2036 Income Statement (General Fund)										
Scenario: Base Case + Special Rate Variation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Income from Continuing Operations										
Rates & Annual Charges	47,889,100	52,450,400	56,693,300	61,093,500	62,740,900	64,433,700	66,173,100	67,960,600	69,797,500	71,685,100
User Charges & Fees	24,443,400	25,466,700	24,479,300	24,841,200	25,562,300	26,055,600	26,565,000	27,025,400	27,489,900	27,967,400
Other Revenues	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600	2,025,600
Grants & Contributions for Operating Purposes	4,676,200	7,574,500	7,741,900	7,915,500	8,045,100	8,176,900	8,311,200	8,448,000	8,587,300	8,729,000
Grants & Contributions for Capital Purposes	66,448,300	(1,491,700)	1,370,200	1,939,400	1,440,300	1,170,200	1,170,200	1,470,200	1,470,200	1,470,200
Interest and Investment Income	4,060,000	3,109,100	2,418,500	2,489,600	2,842,500	3,558,200	3,373,000	3,537,200	3,710,600	3,710,600
Other Income	1,916,000	2,260,700	2,309,100	2,358,800	2,409,500	2,461,700	2,515,300	2,570,300	2,626,700	2,684,700
Total Income from Continuing Operations	151,458,600	91,395,300	97,037,900	102,663,600	105,066,200	107,881,900	110,133,400	113,037,300	115,707,800	118,272,600
Expenses from Continuing Operations										
Employee Costs	34,203,500	35,067,300	36,361,000	37,001,800	37,740,800	38,495,600	39,264,500	40,049,000	40,848,900	41,664,500
Borrowing Costs	1,478,400	1,848,000	1,550,900	1,661,500	1,669,000	1,568,800	1,463,100	1,356,800	1,249,900	1,146,800
Materials and Contracts	40,030,900	39,631,100	39,739,700	40,852,300	41,605,600	42,278,700	43,269,900	43,659,400	44,426,900	45,144,900
Depreciation	20,361,700	20,667,100	20,976,900	21,291,400	21,610,600	21,934,800	22,263,700	22,597,600	22,936,500	23,280,500
Other Expenses	3,461,900	3,523,200	3,575,900	3,629,500	3,684,100	3,739,100	3,795,100	3,851,800	3,909,200	3,967,700
Total Expenses from Continuing Operations	99,536,400	100,736,700	102,204,400	104,436,500	106,310,100	108,017,000	110,056,300	111,514,600	113,371,400	115,204,400
Operating Result from Continuing Operations Surplus/(Deficit)	51,922,200	(9,341,400)	(5,166,500)	(1,772,900)	(1,243,900)	(135,100)	77,100	1,522,700	2,336,400	3,068,200
Net Operating Result for the year before Grants and Contributions for Capital Purposes Surplus/(Deficit)	(14,526,100)	(7,849,700)	(6,536,700)	(3,712,300)	(2,684,200)	(1,305,300)	(1,093,100)	52,500	866,200	1,598,000

Financial Outcomes Scenario 1

Byron Shire Council Long Term Financial Plan 2026-2036										
General Fund Funding Statement										
Scenario: Base Case + Special Rate Variation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Operating Result before Capital Amounts from Income Statement Surplus/(Deficit)	(14,526,100)	(7,849,700)	(6,536,700)	(3,712,300)	(2,684,200)	(1,305,300)	(1,093,100)	52,500	866,200	1,598,000
Add: Non Cash Items										
Depreciation	20,361,700	20,667,100	20,976,900	21,291,400	21,610,600	21,934,800	22,263,700	22,597,600	22,936,500	23,280,500
Add: Non Operating Funding Sources										
Capital Grants and Contributions	66,448,300	(1,491,700)	1,370,200	1,939,400	1,440,300	1,170,200	1,170,200	1,470,200	1,470,200	1,470,200
Proceeds from sale of Assets	0	9,534,000	0	0	0	0	0	0	0	0
Loan fund utilised	7,273,700	5,053,700	3,260,000	1,650,000	0	0	0	0	0	0
Repayments from Deferred Debtors										
Funds Available	79,557,600	25,913,400	19,070,400	21,168,500	20,366,700	21,799,700	22,340,800	24,120,300	25,272,900	26,348,700
Less: Funds applied to										
Purchase and construction of Assets	88,262,200	29,909,000	18,556,700	17,980,500	16,375,700	15,947,400	17,286,600	18,114,100	17,842,100	17,994,700
Loan principal repayments	1,248,900	10,946,200	1,623,600	1,710,900	1,847,200	1,947,400	1,986,600	1,992,700	1,956,100	2,028,900
Total Funds Used	89,511,100	40,855,200	20,180,300	19,691,400	18,222,900	17,894,800	19,273,200	20,106,800	19,798,200	20,023,600
Increase/(Decrease) in Cash Position	(9,953,500)	(14,941,800)	(1,109,900)	1,477,100	2,143,800	3,904,900	3,067,600	4,013,500	5,474,700	6,325,100
Net Reserve Movement	(9,463,600)	(11,845,100)	2,602,700	3,456,800	3,644,600	4,612,900	3,192,000	4,336,300	4,478,100	4,936,800
Increase/(Decrease) in Unrestricted Cash	(489,900)	(3,096,700)	(3,712,600)	(1,979,700)	(1,500,800)	(708,000)	(124,400)	(322,800)	996,600	1,388,300
Estimated Unrestricted Cash Balance	(89,900)	(3,186,600)	(6,899,200)	(8,878,900)	(10,379,700)	(11,087,700)	(11,212,100)	(11,534,900)	(10,538,300)	(9,150,000)

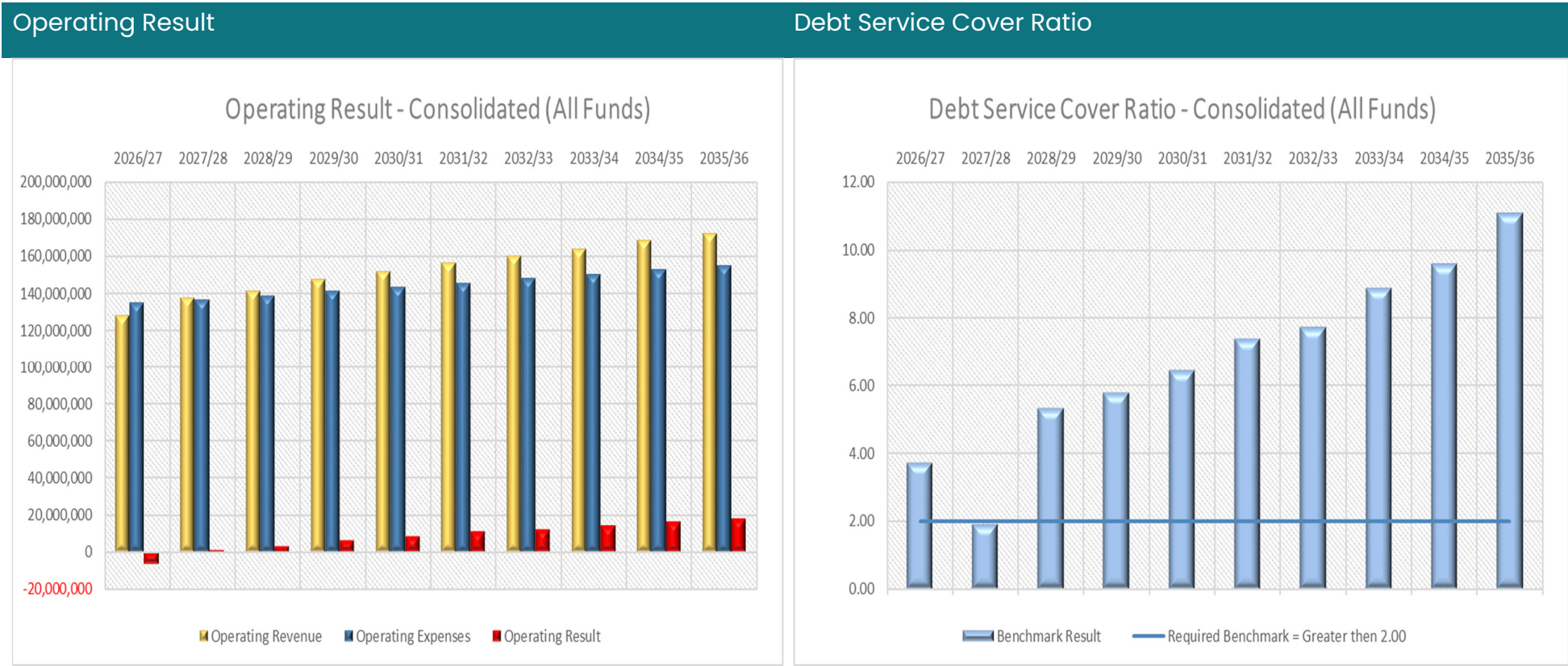
Financial Outcomes Scenario 1

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



Financial Outcomes Scenario 1

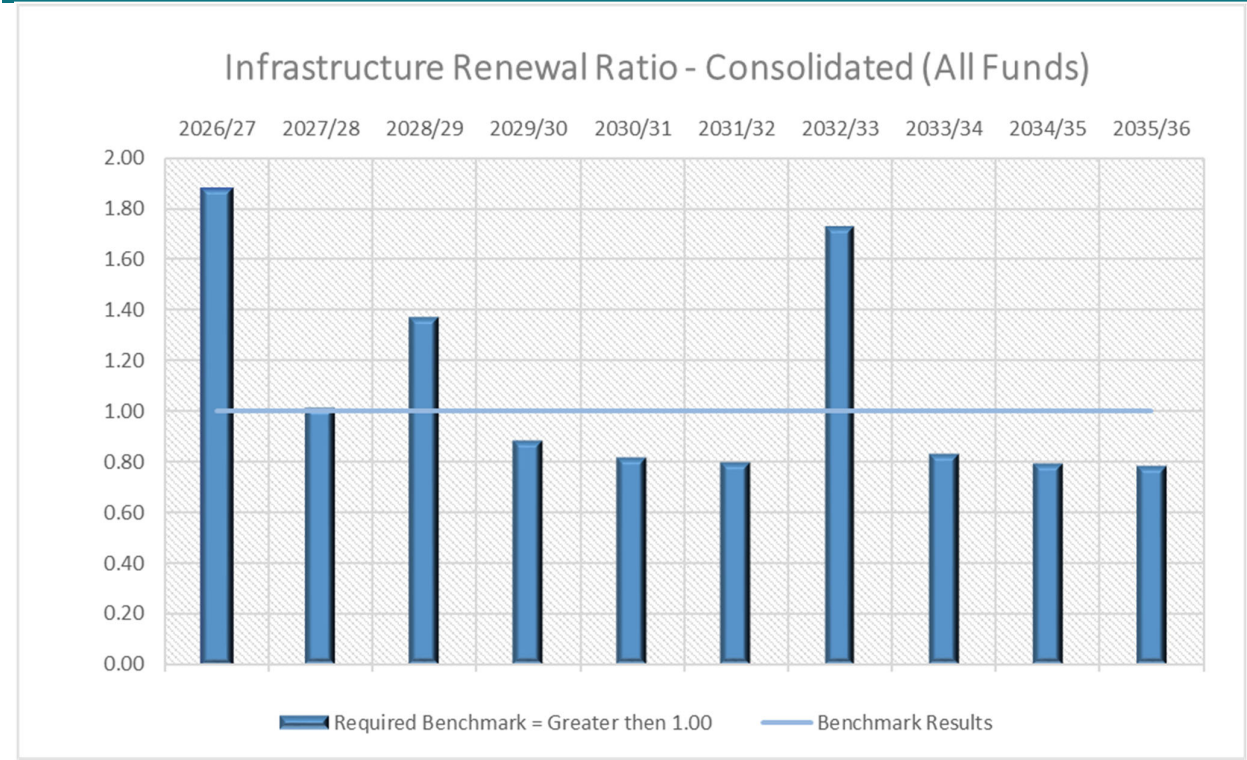
Detailed in Section 7 of this document are definitions of five performance indicators. Applying these performance indicators to the financial outcomes of Scenario 1 reveals the following on a Consolidated Fund basis:



Financial Outcomes Scenario 1

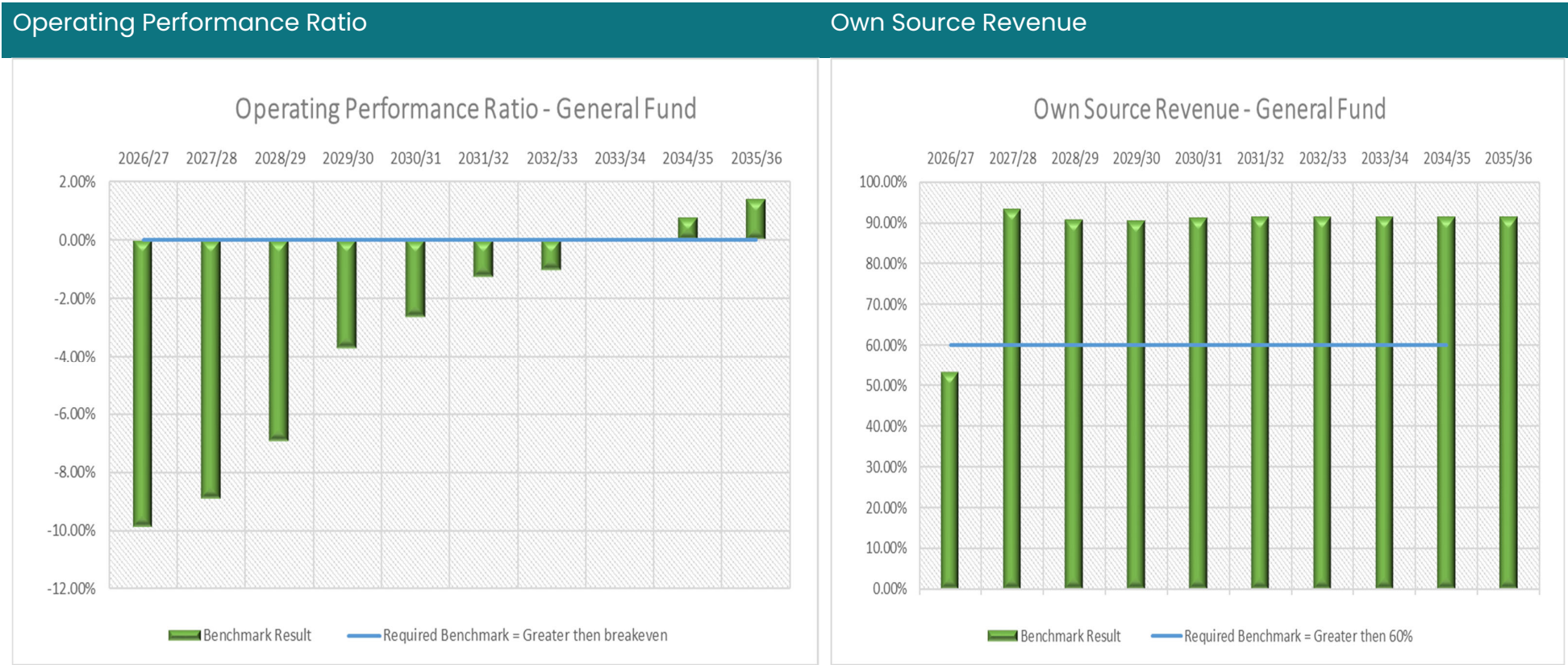
Detailed in Section 7 of this document are definitions of five performance indicators. Applying these performance indicators to the financial outcomes of Scenario 1 reveals the following on a Consolidated Fund basis:

Infrastructure Renewal Ratio



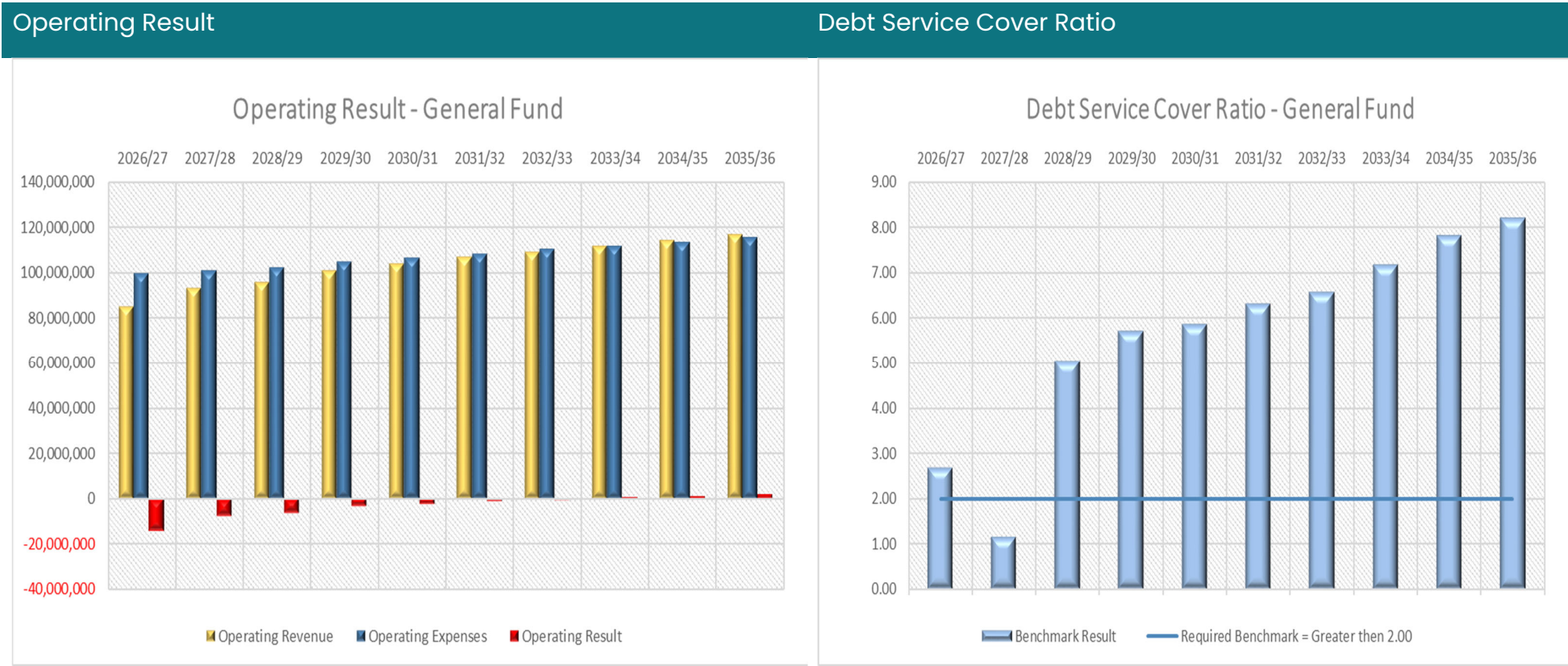
Financial Outcomes Scenario 1

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



Financial Outcomes Scenario 1

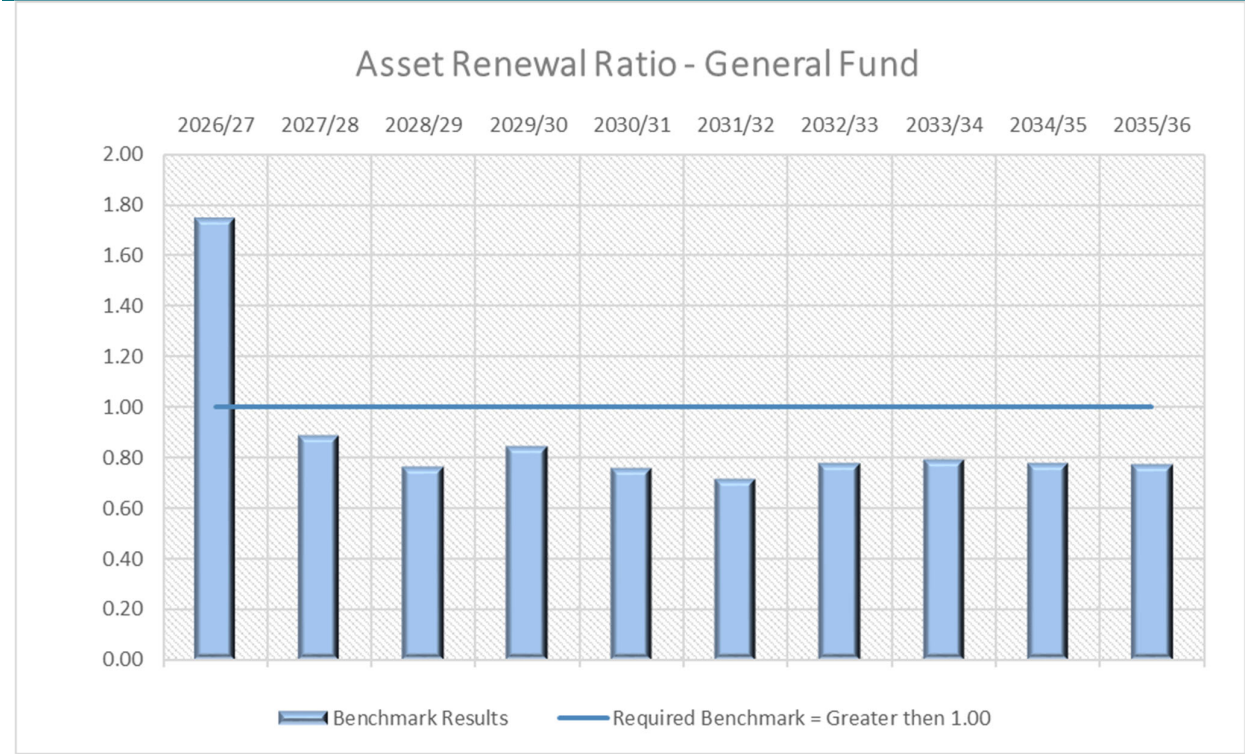
Detailed in Section 7 of this document are definitions of five performance indicators. Applying these performance indicators to the financial outcomes of Scenario 1 reveals the following for the General Fund separately:



Financial Outcomes Scenario 1

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

Infrastructure Renewal Ratio



Financial Outcomes Scenario 1

Consolidated Fund Scenario 1 Outcome Comment

If comparison is made against the Operating Performance Ratio and Infrastructure Renewal Ratio performance benchmarks, the following results are achieved on a Consolidated Fund basis:

Operating Performance Ratio – Consolidated Fund										
	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036
Benchmark	=>0.00%	=>0.00%	=>0.00%	=>0.00%	=>0.00%	=>0.00%	=>0.00%	=>0.00%	=>0.00%	=>0.00%
Base Case	-5.22%	-0.69%	-0.90%	0.13%	1.44%	2.91%	3.49%	4.66%	5.68%	6.48%
Scenario 1	-5.22%	0.72%	1.93%	4.24%	5.45%	6.82%	7.37%	8.47%	9.43%	10.18%

Infrastructure Renewal Ratio – Consolidated Fund										
	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036
Benchmark	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00
Base Case	1.88	0.93	1.22	0.66	0.59	0.57	1.49	0.60	0.55	0.55
Scenario 1	1.88	1.01	1.37	0.88	0.82	0.80	1.72	0.83	0.79	0.78

Financial Outcomes Scenario 1

Consolidated Fund Scenario 1 Outcome Comment

If comparison is made against the Operating Performance Ratio and Infrastructure Renewal Ratio performance benchmarks, the following results are achieved for the General Fund:

Operating Performance Ratio – General Fund										
	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036
Benchmark	=>0.00%	=>0.00%	=>0.00%	=>0.00%	=>0.00%	=>0.00%	=>0.00%	=>0.00%	=>0.00%	=>0.00%
Base Case	-9.85%	-11.43%	-11.78%	-10.67%	-9.52%	-8.05%	-7.81%	-6.63%	-5.85%	-5.19%
Scenario 1	-9.85%	-8.89%	-6.91%	-3.71%	-2.63%	-1.25%	-1.02%	0.05%	0.77%	1.39%

Infrastructure Renewal Ratio – General Fund										
	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035	2035/2036
Benchmark	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00	>1.00
Base Case	1.75	0.79	0.57	0.56	0.47	0.42	0.48	0.50	0.48	0.47
Scenario 1	1.75	0.89	0.76	0.84	0.76	0.71	0.78	0.79	0.78	0.77

For the General Fund, the additional revenue provided by the Special Rate Variation (SRV) under Scenario 1 certainly makes a significant improvement to two key financial performance indicators by improving the operating result and further expenditure on infrastructure renewal. The SRV whilst a significant compounding increase of 35.03% over three years for ordinary land rates and an additional \$12.036million in income, it does not fully address Council's financial sustainability issues in the General Fund. Whilst a positive operating performance ratio is achieved by 2033/2034, Council is not able to achieve the required benchmark for Infrastructure Renewal.

Section 7 – Key Performance Indicator Definitions

It is important with any Long Term Financial Plan (LTFP) to establish Key Performance Indicators (KPI)s that are relevant and set against benchmarks to highlight any forecasted trends that require attention if projected results fall below acceptable benchmarks. To assist the evaluation of the Byron Shire Council Long Term Financial Plan 2026-2036, the following six performance benchmarks are identified to measure the performance of the Consolidated Fund and General Fund.

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

Key Performance Indicator Definitions

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

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

1. Section 4 – Financial Outcomes for the Base Case
2. Section 6 – Financial Outcomes for Base Case + Scenario 1 – Special Rate Variation (SRV)