



LACHLAN SHIRE
COUNCIL
Wiradjuri Country

Long Term Financial Plan | Workforce Plan | Asset Management Strategy

Adopted: 30 June 2025

RESOURCING STRATEGY





ACKNOWLEDGEMENT OF COUNTRY

Lachlan Shire Council acknowledges the Wiradjuri people as the Traditional custodians of this land.

We recognise their strength and resilience and pay respect to Elders past, present, and emerging and to all Aboriginal and Torres Strait Islander people who are part of the Lachlan Shire community.

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INTRODUCTION

About the Resourcing Strategy.

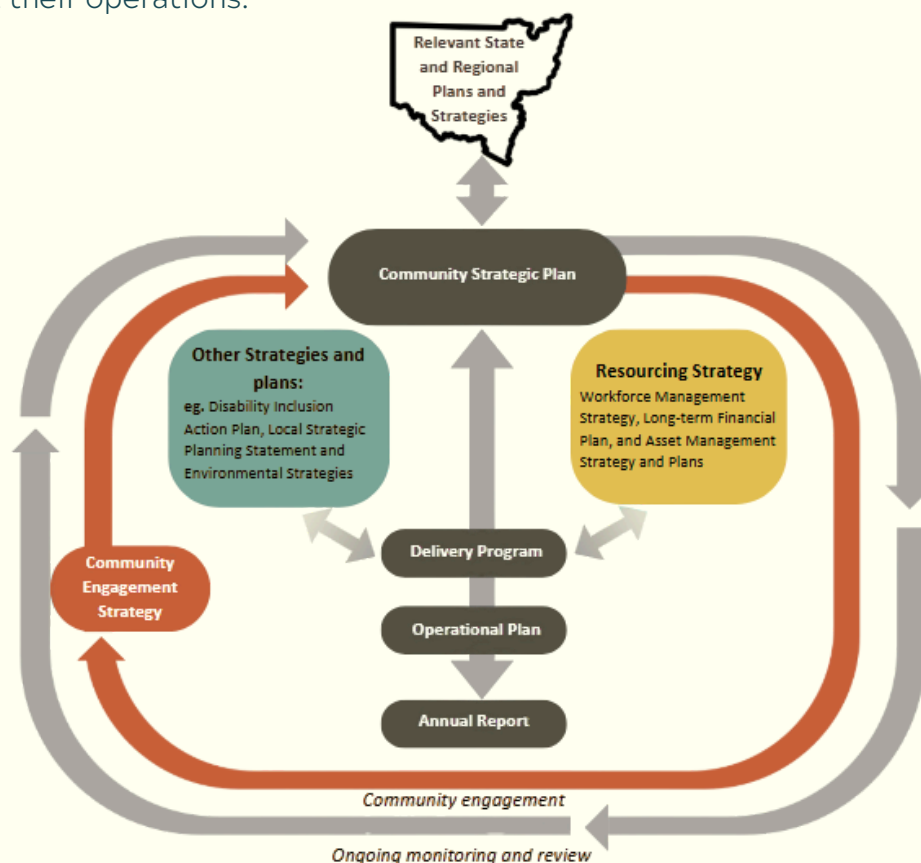
All NSW councils use the Integrated Planning & Reporting Framework (IP&R) to guide their planning and reporting activities. The requirements for IP&R are set out in the Local Government Act 1993 and the Local Government (General) Regulation 2021. Council must post a copy of the Resourcing Strategy on its website.

Council must have a long-term Resourcing Strategy for the provision of the resources required to perform its functions. Some strategic outcomes in the Community Strategic Plan will be the responsibility of council, some will be the responsibility of other levels of government, and some will rely on input from business and community groups.

The Resourcing Strategy consists of 3 components:

1. Long-Term Financial Plan.
2. Workforce Plan.
3. Asset Management Plan.

This Resourcing Strategy has been prepared in accordance with the requirements of the Integrated Planning and Reporting Framework. The Framework requires councils to ensure their plans are integrated and subsequently provide streamlined service delivery to their community through the optimal use of resources and economies of scale throughout their operations.





LONG TERM FINANCIAL PLAN 2026-2035

Council, on behalf of our community, manages an overall budget in excess of \$69 million. The community entrusts Council with the custodianship of these finances to deliver services. The Long Term Financial Plan (LTFP) is a 10-year document.

The overall objective of the (LTFP) is to express in financial terms the activities Council proposes to undertake over the short, medium, and long term to ensure our community continues to be provided with services, facilities, and infrastructure and that are financed in a sustainable manner. The LTFP demonstrates Council's capacity to deliver the objectives in the Community Strategic Plan, the Four-Year Delivery Program, and the annual Operational Plan.

LONG TERM FINANCIAL PLAN

2025/26 - 2034/35



Reviewed May 2025

The Lachlan Shire Council Long Term Financial Plan (LTFP) is prepared in accordance with the requirements of the NSW Integrated Planning and Reporting Framework.

The LTFP does not provide specific detail about various individual works or services. The role of the LTFP is to ensure the financial resources required to deliver on the community's aspirations and vision as outlined in the 2025 - 2035 Community Strategic Plan (CSP) are available. The LTFP aims to provide a sound basis for strategic decision making to ensure Council achieves financial sustainability.

The CSP is the guiding document for Council's Four-year Delivery Program and annual Operational Plan.

The LTFP is a decision-making tool that allows various assumptions and sensitivity analysis to be tested. The results will demonstrate the ability of Council to deliver cost-effective services to the community, within a framework of financial sustainability. It is within this 10-year plan that the long-term aspirations and goals of our community are tested against financial reality. Community aspirations can only be achieved if sufficient and sustainable resources are available.

The modeling that occurs as part of this plan will help Council identify potential financial issues at an early stage and gauge their long term effect. This provides opportunity to develop and implement suitable strategies to address these issues.

Over the next 10 years, Council will face many challenges that will require strong leadership if the shire is to:

- remain financially sustainable
- meet the changing needs of the community; and
- ensure appropriate maintenance and replacement of our ageing infrastructure.

Community expectations to constantly improve or provide additional services, together with unplanned financial shocks, such as the ongoing downwards cost-shifting from State and Commonwealth Governments to local government coupled with the unpredictability of IPART rates peg increases, climate change, and our ageing infrastructure, add to the challenge to remain sustainable.

The LTFP reflects Council's intentions at the time of publication, and the actual results may vary from that forecast.

The Community Strategic Plan 2025-2035 is segmented into seven key themes with a budget allocated to each.

1. Community Services
2. Tourism & Economic Development
3. Roads & Transport
4. Financial Sustainability & Governance
5. People & Environment
6. Community Facilities & Recreation
7. Water, Sewer & Drainage Infrastructure

INTRODUCTION



The requirements for long-term financial planning as set out in the Integrated Planning and Reporting framework are listed below:

- Each council must prepare and adopt a Long-Term Financial Plan (LTFP) covering at least 10 years.
- The Long-Term Financial Plan and other elements of the Resourcing Strategy must be used to inform the Community Strategic Plan and the subsequent development of the Four Year Delivery Program.
- In developing the Long-Term Financial Plan, due regard must be given to promoting the financial sustainability of the council through:
 - the progressive elimination of operating deficits
 - the establishment of a clear revenue path for all rates linked to specific expenditure proposals
 - ensuring that any proposed increase in services and/or assets is within the financial means of the council including a proposed special rate variation (where necessary)
 - ensuring the adequate funding of infrastructure maintenance and renewal
 - the use of borrowing, where appropriate and financially responsible, and
 - the fair and equitable distribution of the rate burden across all ratepayers.

The Long-Term Financial Plan exhibited for 28 days and submissions received by the council in that period will be considered before the final LTFP is adopted by council. The document will be updated annually as part of the development of the Operational Plan to reflect changes in economic assumptions, better information and revised forecasts. The LTFP will also be reviewed in detail as part of the four-yearly review of the Community Strategic Plan and Delivery Program.



OUR CHALLENGES

Lachlan Shire is not immune to the challenges faced by rural and remote councils.

Limited Income Streams

Revenue from rates and charges makes up approximately 33% (Budget 2025/26) of Council's total income. Council continues to rely heavily on grants and contributions (49% Budget 2025/26) as many rural and remote Councils do.

Council is constantly reviewing the provision of services and attempting to do more with less. Council seeks additional revenue through private works but there is limited opportunity in the shire.

Rate Pegging

Council is restricted by the amount it can levy in ordinary rates by the Local Government Act NSW 1993. The rate increase is determined annually under delegated authority by IPART.

Whilst the IPART 2023 Rates Peg methodology has been improved in some respects, it is still lagged (meaning costs are not current) using an average of costs over 2 years. This particularly impacts Council during inflationary years. The Rates Peg for 2025/26 is 4.30%.

Grant Funding

Increases in capital grant funding over forecasts reduces council's ability to deliver on planned Council funded capital works. However, additional funding can also accelerate planned projects.

Cost Shifting

Cost shifting describes the situation where the responsibility for, or the cost of, providing a certain service, concession, facility or regulatory function is shifted from a higher level of government to council without the provision of corresponding funding or an ability to raise revenue to adequately fund the shifted responsibility. Examples of cost shifting include a lack of adequate funding for public libraries, the cost of regulation of companion animals and administration of the environment.

Cost shifting, predominantly from the NSW State Government to NSW Councils, is a significant issue. In 2023, Local Government NSW estimated cost shifting had reached \$1.36 billion a year. This is estimated to equate to \$460.67 for each NSW ratepayer. Cost shifting reduces the availability of Council funding to provide and maintain essential infrastructure and services, impacts Council's financial performance, and places additional pressure on its financial sustainability. There is often little warning that this is to occur.



OUR CHALLENGES

Small Population living across a Large Geographic Area

Council has a small population living over a geographically large area (14,964km²). Council has over 3,900km of roads in addition to community facilities and assets to operate and maintain across 3 townships and a number of smaller villages. This significantly increases council's costs whilst council's rates base is relatively small, with 4,198 assessments. Declining population in rural areas is a real threat to country New South Wales. According to information shown on the NSW State Government website "Your Council", Lachlan Shire has experienced a 10% decline in population in the five years to 2020. Council has undertaken a proactive approach to generating new areas of economic development such as tourism.

Long Term Financial Plan

This document presents to the community Council's Long Term Financial Plan (LTFP) for the 10 Year period from 2025/26 to 2034/35.

Council's key objective is financial sustainability in both the short and long term, whilst demonstrating Council's capacity to deliver the objectives in the Community Strategic Plan, the Four Year Delivery Program and the annual Operational Plan.

The LTFP

- provides long-term financial projections and highlights issues which may impact on our future financial sustainability;
- helps assess the long-term financial sustainability of current and expected increases to service levels;
- allows various scenarios to be tested with regards to different levels of service delivery;
- identifies future funding gaps in advance so action can be taken now to address shortfalls; and
- allows sensitivity testing with regard to the various assumptions contained within the LTFP.

The LTFP strives to achieve the following objectives over the ten-year time frame:

- at least to maintain and where feasible, to improve the levels of service provided to the community;
- strive to provide adequate funding to support Council's asset management plans;
- improve its cash position;
- maintain a surplus annual budget (before and after capital grants & contributions); maintain an adequate Employee Leave Entitlements Reserve based on the age and entitlements of all staff in accordance with Council's Workforce Plan 2026-2029; and
- Ensure that all Reserves are cash-backed.

Whilst Council is committed to the delivery of community's priorities outlined in the Community Strategic Plan, it acknowledges that it cannot deliver on all within its limited resources. The Council will partner with, or advocate for, support from other levels of government, state agencies, community groups and businesses. The development of the LTFP alongside the Community Strategic Plan will assist Council to assess the financial impact of the strategic directions.

Council is projecting that it will operate with a surplus budget (before capital grants and contributions) however, it will continue improving efficiencies, seeking future revenue opportunities and containing costs. The impact of these strategies will be incorporated into future LTFPs.

Scenario Assumptions

The following assumptions have been used to forecast growth in both income and expenditure over the next ten years. The longer the timeframe the greater the uncertainty so forecasts and financial projections over the ten years may vary in the future, particularly in the outer years.

OUR CHALLENGES

Service Levels

The following general assumptions in relation to service levels have underpinned the development of the Long Term Financial Plan:

- The Council aims to provide at least the current range of services throughout the LTFP;
- Levels of service however may not remain the same given the Council's continuing financial challenges;
- The quantity and location of assets may not remain the same given the Council's continuing financial challenges; and
- The current philosophy of condition-based maintenance will continue.

Workforce Levels

Workforce numbers are assumed to remain largely stable throughout the LTFP. However, the composition of the organisational structure will need to reflect the changing needs of the organisation, the Community Strategic Plan and the Council's financial position.

The adopted Workforce Plan 2026-2029 identified that Council's workforce is ageing, with 45% of our staff being 44 years of age or younger. Over the next 5 years Council will lose a number of long-term employees.

Council has set aside a pool of restricted monies to enable funding of employee leave entitlements, particularly resulting from the retirement or resignation of long term employees.

Council like many organisations is unable to fill a key number of positions. This is resulting in a reliance on contractors and consultants. This places further pressure on council's financial position as the cost of contractors and consultants, is typically higher than wage based employees, in some cases almost 50% higher.

Population Growth

The population is projected in this LTFP to remain static.

Council's Local Housing Strategy has identified there is an extreme shortage of rental accommodation.

This impacts the ability of the shire to fill key positions, and is an impediment to attracting and retaining a permanent workforce. The Local Housing Strategy notes a shire wide Housing Vision has been established to guide the future delivery of housing.

Ageing of Council's Infrastructure Assets

The identified shortfall in infrastructure renewal expenditure and a substantial backlog in infrastructure spending is a major issue facing many councils, including Lachlan Shire. This is primarily due to limited funding opportunities available, in addition to diverse and increasing demands on council resources.

The development of asset management plans has confirmed that the current levels of maintenance and renewal fall short of that required to maintain some assets in a satisfactory condition. This infrastructure challenge places further pressure on council's ability to remain financially sustainable in the long term.

Water and sewer business

Historically, council's water and sewer businesses have not generated sufficient income to cover the ongoing operational costs and capital works program. The shortfall in funding is being financed through the water and sewer reserves. Council has implemented a pricing path for annual charges in these businesses. Despite reasonable increases in revenue over the last 4 years, the base access charge is inadequate to fund the costs in full. Council has water and sewer treatment plants in the 3 largest townships of the shire which greatly increase the cost of providing services compared to a local government area with one each of these facilities.

CHARTING A PATH FOR OUR FUTURE

Council has approximately 2,917 water connections and 2,245 sewer connections dispersed across the shire.

The Issues Paper for the Integrated Water Cycle Management Plan has highlighted 41 issues, of which 5 specifically relate to the financial sustainability of the water & sewer businesses. The 5 issues relate to asset renewals, infrastructure upgrade backlogs, negative returns on services and assets, and inadequate access charges. If action is required to resolve the other 37 issues, there may be financial implications that will further impact on the financial sustainability of the water and sewer business. Due to the uncertainty of the outcomes at this stage, these are not included in the scenario analysis and no allowance has been factored into the LTFP.

Economic Growth

The LTFP assumes minimal increased economic activity. Mining exploration continues in the Shire but an increase in mining revenue has not been factored into the LTFP at this time. Council is actively working to facilitate increased economic growth through its Tourism and Economic Development strategies and as they come to fruition, future revisions to the LTFP will be made to appropriately reflect them.

Tourism

Lachlan Shire Council has embarked on an ambitious journey to grow a sustainable visitor economy through developing assets, infrastructure, and attractions that connect visitors to the Shire, and its characters.

The 2023/24 financial year, council substantially completed its development of the Utes in the Paddock tourism precinct in Condobolin.

The precinct incorporates the Lachlan Shire Visitor Information Centre and a heavy vehicle rest area. The new Centre was officially opened in late November 2023 and, Council is now moving to shire-wide product development and marketing. This phase is an essential component in unlocking Lachlan Shire's tourism potential and will be underpinned by Lachlan Shire's Destination Management Plan (DMP), Delivery Program and Operational Plan. The DMP will provide the direction and framework for taking the Shire's tourism sector forward over the next five years. The primary goal of this Plan is to increase visitor stays and expenditure within the Shire, resulting in economic and social benefits for the local community and broader region.

To achieve this, the plan focuses on:

- Improving and expanding the product base of the Shire - attractions, activities, and experiences.
- Ensuring that the infrastructure, facilities, and services needed to attract, and support visitation are in place.
- Setting the directions for marketing and promoting the Shire.
- Identifying priorities to ensure the most effective use of limited funds and resources.

Property Development to support the shire's Housing Vision:

Provision is made in the Long Term Financial Plan for some property development.

- In the 2024/25 financial year, Council finalised construction of a subdivision in Scott Street and Officers Parade Condobolin. As of May 2025, 4 blocks had been sold and sales of the remaining 18 blocks are forecast over the next 5 years.
- Stage 1 of a subdivision in McInness St, Lake Cargelligo is also included.

CHARTING A PATH FOR OUR FUTURE

ENERGY SUSTAINABILITY

An Energy Sustainability Plan (the Energy Plan) was adopted by Council in September 2020 to assist the shire become more sustainable through energy efficiency and the use of renewable energy. The Energy Plan created a Revolving Energy Fund (the Fund) to reinvest realised savings into sustainability projects. The Fund is an important reserve to replace renewable energy infrastructure as it approaches its end of life and for expansion to other projects to generate further future savings. Electricity costs have been indexed by 2% per annum across the remaining 9 years of LTFP as there is a risk that savings from the energy plan will be needed to improve Council's financial position or fund other works.

A review of the Energy Sustainability Plan is underway. It is proposed that the new plan will include 44 items to improve sustainability, with priority items to be determined predominantly by return on investment. Economic development benefits are expected to flow through the reduction of demand from council assets on the current power supply to the shire, which in turn will be available to other users/consumers.



PLANNING ASSUMPTIONS STATEMENTS & FORECASTS

OPERATING INCOME

Ordinary Rates

The IPART rate peg or the percentage specified in an IPART-approved special rates variation is the maximum amount by which a council can increase its ordinary rates income for a particular year.

The NSW government “Your Council” website reported that in 2021/22 financial year, Lachlan Shire’s average residential rates bill is \$569 which is 56% lower than the NSW state average of \$1,042. A number of our neighbouring councils are \$300 to \$500 higher for a residential rates assessment.

As the shire’s average residential rate is relatively low any rates peg increase applied generates a relatively small amount of income. IPART approved Council’s rates peg for 2025/26 of 4.3% which was applied to annual ordinary rates income.

In the 2025/26 financial year, Council’s base rate will range from \$378 to \$437 per assessment for 3 out of its 4 rating categories. Council has one mining assessment which contributes to less than 1.7% of rating revenue.

The current rate peg methodology means our income growth does not match the increase in the cost of providing services.

The forecasted annual ordinary rate increases are prefaced on a rate peg increase of 4% throughout the LTFP.

It should be noted that the Office of Local Government has stated that councils applying for a Special Rates Variation (SRV) in the 2026/27 year should assume a rate peg of 2.5%.



PLANNING ASSUMPTIONS STATEMENTS & FORECASTS

Water Charges

Water charges enable Council to operate and maintain the water supply service.

Council has water treatment plants in Condobolin, Lake Cargelligo, and Tottenham as well as a number of pipelines serving other communities. This significantly increases the cost of the water business.

Charges generally consist of two components: a fixed annual access charge based on meter size; and a consumption charge based on actual water consumed.

Modelling has focused on consumption and future capital requirements to determine increases to be applied to future charges. The annual water availability charge has been increased by 6% for the 2025/26 year. Yearly rises of 6% have been incorporated across the LTFP remaining years. This is to raise funds for the replacement of the Condobolin Water Treatment Plant and to improve the sustainability of the water business.

Water consumption charges have been increased by 6% for the 2025/26 year.

IPART has determined that prices for WaterNSW Rural Valleys customers, which includes Lachlan Shire, would increase by 1.9% plus inflation from 1 July 2025, and then by inflation on 1 July 2026, and 1 July 2027.

IPART has been notified that WaterNSW has proposed bills increase by between 0% and 37% a year. Whilst this proposal has not been approved as yet, there is uncertainty around water extraction cost increases from 1 July 2028. No allowance has been factored into the LTFP for this as it is too uncertain at this time.

It needs to be kept in mind that this is only the price to extract water from water sources. It does not include infrastructure maintenance or costs of treatment and distribution to properties.

However, if Rates peg increases, steeply rising costs, and cost shifting continue at the same levels, Council may need to apply for a permanent Special Rates Variation in future years. This has not been factored into the LTFP at this time.

Due to Council's geographic location, it suffers from a cycle of drought years followed by rainfall events. This presents a risk to Council's forecasts for water consumption income. It will be prudent for Council to consider substantially increasing the water availability charge whilst reducing the water consumption charge to provide greater certainty of water revenue.

PLANNING ASSUMPTIONS

STATEMENTS & FORECASTS

Sewer Charges

Sewer charges enable Council to operate and maintain the sewerage services.

Council has sewer treatment plants in Condobolin, Lake Cargelligo, and Tottenham which significantly increases the cost of the sewer business. The annual sewer availability charge has been increased by 6% for the 2025/26 year.

Yearly rises of 6% have been incorporated for the remaining years. This is to raise funds for the replacement of the Condobolin Sewer Treatment Plant, and to improve the sustainability of the sewer business. It is possible, in the future, that Council may introduce a 2-part sewer tariff along with Trade waste charging. The financial impact of this is expected to be positive but is impossible to quantify without detailed modelling. It is likely to meet with resistance from the business community.

Waste Operations

In 2014, council commissioned the preparation of Operations Improvement Plans for its waste facilities, along with an overarching Management Plan. A strategic review of waste service delivery was completed in 2021. The cost of meeting environmental regulation and the inflationary impact of cost increases has resulted in financial pressure on waste services. Council has implemented a rates pricing path in order to deliver a more sustainable service.

Domestic Waste Management Charge

All ratepayers who have access to domestic waste collection services incur a domestic waste management charge. This charge covers waste and recycling, kerbside collections, educational programs, illegal dumping management, waste collection facilities management, and remediation of landfill sites.

Council's Domestic Waste Management Charge increased by 6% for the 2025/26 year. The remainder of the years in the LTFP have a 6% rise factored in.

The Local Government Act 1993 section 504 requires Domestic Waste Management Charges to reflect the reasonable cost of providing the service.

Waste Management Charges

Waste management charges have been increased by 6% per annum in 2025/26 and for the remaining period of the LTFP.

Stormwater Levy

Council charges an annual levy to improve its stormwater network. This is a statutory charge and the price is set by the NSW Government, thus no provision has been made for an increase in this charge.

PLANNING ASSUMPTIONS

STATEMENTS & FORECASTS

User Charges & Fees

It is assumed these services will continue to be provided on the same pricing and cost recovery basis. Council has no discretion to determine the amount of the fee for a service when the amount is fixed by regulation or by another authority. Examples of statutory fees include development assessment fees and companion animal fees. Increases aligning with the rates peg have been utilised in the 2025/26 year with 3.5% per annum increase across the remainder of the LTFP.

Financial Assistance Grants

This is a Commonwealth Government grant and Council has no control over any increase or the timing of the payment. An annual increase in the grant of 3% for the 2025/26 year and across the remainder the LTFP have been factored in. The timing of the payment may impact operating results from one year to the next if the government was to cease making advance payments. Historically advance payments have been made of 50-75% of the expected grant. This would not be expected to present a cash flow risk to the council.

Grants

Historically Council has been, and remains heavily dependent on grants income.

In the roads area, Council relies upon grants from Transport for NSW for Regional Road maintenance and capital works and for flood damage and repair programs.

The Commonwealth Government provides Council with Road to Recovery (R2R) grants and the Financial Assistance Grant, which has a roads component. Unlike the conditions associated with the Road to Recovery grant, the roads component of the Financial Assistance Grant does not have to be expended on roads.

The Roads to Recovery grant conditions state, Council must spend on the construction and/or maintenance of roads an amount of own-source funds equal to or greater than the reference amount applicable to the particular Council. This has been built into the Budget.

Operating Grants

Operating grants comprise 44% of Council's total income and make up 46% of Council's operating income before capital income. Where the amount of the grant funding across years is secured by a Funding Agreement, this amount has been utilised in the LTFP. Most other grants have had a CPI increase % applied. There are some grants where historically the amount does not rise so no increase has been applied.

Capital Grants

Council has taken a conservative approach to including capital grants. Where the amount of the grant funding is set by a funding agreement, this amount has been utilised in the LTFP.

Where the grant is regular and ongoing, such as the Block grant, an estimated amount has been included in the LTFP. A small number of grants have been included but noted as subject to grant funding. The planned capital works will not proceed without grant funding, so the overall impact on the budget will be nil.

Grants of \$24m and \$12m respectively for the construction of the replacement water and sewer treatment plants in Condobolin have been factored into the LTFP. The grants are assumed to be received in the years that match the construction costs.

Capital Works funded by grants are sensitive to uncontrollable constraints such as Global supply chain delays due to pandemics, wetter than normal seasons and rising costs.

PLANNING ASSUMPTIONS STATEMENTS & FORECASTS

Delays in progressing or finalising works exposes Council to risks around loss of grant funding due to not meeting agreement deadlines. Council has been proactive in notifying the grant bodies and seeking extensions to timeframes to mitigate this risk. The LTFP assumes all grant funds will be realised in full. Where the amount of the grant funding across years is secured by a Funding Agreement, this amount has been utilised in the LTFP. Most other grants have had a CPI increase % applied. There are some grants where historically the amount does not rise so no increase has been applied.

Section 7.12 Infrastructure Contributions

Formerly known as Section 94A fees. The Environmental Planning and Assessment Act 1979 provides for a contribution from developers towards the new facilities and services required for the increased population. The Section 7.12 Contributions Plan adopted by Council determines contribution rates and works programs

Interest Revenue

Investments will be made in accordance with the Ministerial Investment Order, Office of Local Government Guidelines and Council's adopted Investment Policy.

Interest on investments is conservatively based, at a rate of 4% for the 2025/26 & 2026/27 years and 2% per annum thereafter. The COVID 19 pandemic resulted in records levels of grants offered to stimulate economic activity. Lachlan Shire has benefitted from this. With the completion of a number of large grant funded programs in the last 3 financial years and uncertainty over the level of grant funding in the future, a conservative approach has been taken.

PLANNING ASSUMPTIONS

STATEMENTS & FORECASTS

OPERATING EXPENDITURE

Employee Costs

Employee expenses are one of Council's biggest expense category, accounting for over 30% of operating costs. Therefore, any increase will have a significant affect. This is reflective of the service-based nature of a significant proportion of Council activities as well as the construction and maintenance of the considerable infrastructure owned by Council. As it makes up such a large proportion of the operating expenditure budget and movements in rates of pay are determined through industry-wide Award negotiations, Enterprise Agreements, and market forces, the Council is sensitive to unplanned changes in employee costs. The Council's ability to provide the necessary workforce to achieve the community's aspirations for the future is affected by internal and external factors.

The Workforce Plan 2026-2029 and the LTFP have identified the following threats and challenges:

- Skill shortages in the industry;
- Losing staff to other industries paying higher salaries e.g. mining;
- Loss of skilled workers/corporate knowledge due to an ageing workforce;
- Technological and climate change resulting in new skills and qualifications needed;
- The attraction and retention capacity of Council;
- Delivering services to meet the communities expectations within budget constraints; and
- Award salary increases and Enterprise Agreement negotiations which result in costs being in excess of the rates peg or LTFP forecasts.

All of these factors could make it difficult to fund the rising cost of employment, and so must be managed.

The Local Government State Award determined a wage increase of 3.0% for 2025/26. Estimated increases resulting from additional steps being incorporated into the salary system are provided for in the LTFP. The achievement of a strict set of criteria will be necessary, therefore it is difficult to accurately model the financial effect on the LTFP. Superannuation has been factored by a varying percentage as the Council meets the requirements of the Commonwealth Government Increases in superannuation which are to be phased in over the life of the LTFP. The superannuation rate of 12% applies from 1 July 2025 and is assumed to remain for the duration of the LTFP.

Statecover, council's provider of Workers Compensation insurance, has advised that they are changing their premium model. The impact of this on our premium is not yet known.

An estimated increase of 4% has been provided for Worker's Compensation across the LTFP.

Fringe Benefits Tax (FBT) expense is estimated to increase by 4% across the LTFP. Staff contribution rates for private use of vehicles have increased in line with the current Motor Vehicle Leaseback Protocol and will assist in constraining FBT costs.

Councillor Fees & Superannuation

At the June 2025 ordinary meeting Councillors declined an increase in meeting fees. For the purposes of the LTFP, it is assumed that future rises will be taken. Councillors receive superannuation on meeting fees at the same rate as superannuation paid on behalf of employees.

PLANNING ASSUMPTIONS

STATEMENTS & FORECASTS

Audit, Risk and Improvement Committee (ARIC) Expenses

A 3% rise, in keeping with the Councillor Fee increase from 1 July 2025, has been factored in for ARIC member fees. As required under legislation, Council pays superannuation to independent ARIC members, at the same rate as superannuation paid to employees.

Council currently has 3 independent members who are paid meeting fees.

Risk Management Legislation

Councils had until 30 June 2024 to ensure their risk management framework complied with the Office of Local Government guidelines. It has resulted in a significant increase in compliance costs. Council employed a Governance & Risk Officer and a part time Governance Administration Officer, and in 2021, recommenced Internal Audit activities which facilitated a smooth transition to the requirements. All known expenses have been included in the LTFP.

Interest on Loans

Council entered into a variable interest rate loan agreement for its Works depot in the 2023/24 year. Loan interest has been incorporated in to the LTFP for the replacement of the Condobolin Water and Sewer Treatment Plants Vision.

Insurance Costs

Property Insurance premiums have been increased by 4% in 2025/26 and across the LTFP. This is a conservative estimate and given the fact that Council must have all valuations periodically reviewed this estimate may need to be adjusted.

Electricity and Street Lighting Costs

With the electricity market experiencing extreme volatility, Council entered into a NSW Government contract for small market electricity sites from 1 January 2023, for a period of 2.5 years.

This provided lower pricing than the previous contract. However, councils have been advised that the NSW Govt contract electricity rates are increasing significantly from 1 July 2025. As there is no certainty of pricing at present, no significant increases have been factored into the LTFP. Council collaborated as part of the Central West NSW Joint Organisation to procure predominantly renewable energy for council's large sites and streetlighting, for 8 years commencing 1 January 2023. In addition, there will be other whole of life costs such as maintenance & depreciation on the Solar PV Systems.

Reduction of cash flow risk through management of outstanding debt

In the 2023/24 financial year, Council undertook a sale of land for unpaid rates, the first in over 10 years. Council recognised that rising arrears was unsustainable, and the shire was close to exceeding the Office of Local Government outstanding arrears benchmark of 10%. Council plans to maintain its proactive debt recovery program, and will work with ratepayers to implement a reasonable payment plan. Future sale of land processes are expected but have not been factored into the LTFP.

Materials and Contracts not discussed elsewhere

Where supported by written agreements, contractual amounts have been included in the LTFP. After the life of agreements, an index in line with forecast CPI has been applied.

There has been no allowance factored into the LTFP for operational costs of the proposed Condobolin Water and Sewer Treatment Plants as the design solution and construction costs have not been determined.

PLANNING ASSUMPTIONS

STATEMENTS & FORECASTS

Council's Condobolin Bore fields Project is substantially complete and is expected to be finalised in the 2025/26 year, this will add further costs in the water business. The operation and maintenance costs of this project have not been calculated however they will need to be factored into future LTFPs.

Material costs greater than forecast remain a financial threat to Council. Materials and contracts make up 34% of projected 2025/26 operating expenditure. This is reflective of the considerable number of assets operated and maintained by Council. This places the Council at considerable pressure from rising raw material costs, including fuel and oil based products.

Any further major unplanned rises in these costs will impact the LTFP. Any future new assets not factored into the LTFP will also increase materials and contracts due to increased maintenance requirements.

Depreciation & Asset Works Schedules

The timing of asset revaluations is generally in accordance with the Office of Local Government schedule. Water and sewerage network assets are required by the Office of Local Government to be indexed at each reporting period in accordance with the Rates Reference Manual.

Capital Expenditure

The Delivery Program 2026-29 contains details of the proposed Capital expenditure. Material and employment costs greater than forecast remain a threat to the Council achieving its planned outcomes.

In the past Council has relied heavily on grant income to construct assets and that is likely to continue into the future, particularly for roads and substantial buildings.

Changes in strategic management approaches may also contribute to identifying other funding sources.

Options include:

- Asset rationalisation. Council's asset base has expanded over the past 2 years. This has resulted in whole of life cost increases.

PLANNING ASSUMPTIONS

STATEMENTS & FORECASTS

- Council owns a number of assets that could be sold to raise revenue for asset renewal including shire Caravan Parks, a number of residential properties, and commercial buildings such as Medical Centres, and the old Abattoir site. All of these assets currently provide a source of income for Council but in general, depreciation as well as the operational and maintenance costs exceed the rent. Residential properties are held for strategic purposes such as the attraction and retention of medical and professional staff so the costs versus benefits need to be considered.
- Implement a strategy of renew before new.

Borrowings

Council has borrowed externally for the SRA Hall redevelopment and new Condobolin Works depot. The SRA loan is due to be repaid by 2031 and the works depot loan by 2038. Interest and principal repayments have been included in the LTFP.

In the LTFP Council proposes to borrow funds externally to partially finance the cost of the new Condobolin Water and Sewer Treatment Plants. The balance of construction costs are expected to be financed through government grant funding as available reserves are expected to be insufficient for the cost of these projects. Council is eligible for a grant of 75% of the project costs to fund these asset replacements however as the water and sewer businesses are not sustainable at present, representations are being made to all levels of government to fund the entire cost of these projects. As the design solution and cost of these projects are not yet accurately known, an estimated allowance for construction costs has been included.

The replacement Water Treatment Plant in Condobolin is expected to commence in the 2027/28 financial year with construction expected to finalise 18 months later in the 2028/29 financial year. An assumed construction cost of \$32m with a loan to fund council's contribution of \$8m have been factored into the LTFP.

It has been assumed that 75% of the project will be completed in the 2027/28 financial year with the 25% balance to be completed in the 2028/29 financial year. For the purposes of the LTFP, the loan is set to commence in the 2027/28 financial year and is due to be repaid by 2051/52 financial year. Interest and principal repayments have been included in the LTFP.

Replacement of the Condobolin Sewer Treatment Plant has been built into the LTFP. It has been assumed that 75% of the project will be completed in the 2026/27 financial year with the 25% balance to be completed in the 2027/28 financial year. The construction cost has been assumed to be \$16m. A government grant to fund 75% of the assumed cost has been included as has a loan of \$4m to fund council's 25% contribution. The loan is forecast to commence in the 2026/27 financial year, and is due to be repaid by 2050/51 financial year. Interest and principal repayments have been included in the LTFP.

PLANNING ASSUMPTIONS STATEMENTS & FORECASTS

Council is expected to purchase additional land in the 2025/26 financial year. Council proposes to fund the cost through reserves and an external loan. The amount of the loan is not yet known but an amount of \$2m has been assumed for the purposes of the LTFP. Principal and interest repayments have been factored into the loan commencing in the 2025/26 financial year.

Financial Performance Monitoring Measures

Council's financial performance will be monitored against the LTFP, by reporting to Council and by utilising the Office of Local Government performance measures. Reporting to Council is undertaken through the statutory Quarterly Budget Review process. Council's annual financial reports contain a set of performance indicators. Council aims to equal or exceed 5 out of the 6 Office of Local Government benchmarks over the life of the LTFP. Council acknowledges it is difficult to meet the Own Source Ratio as like most rural and remote Councils, it is heavily dependent on grants income. The benchmark set by the OLG for Own Source Revenue is greater than 60 per cent and historically Council has only achieved 40-50 per cent.



WORKFORCE PLAN 2026-2029



Lachlan Shire Council acknowledges that our people are our greatest asset. The Workforce Plan aims to ensure that our organisation has sufficient skilled resources to deliver on the priorities set out in the Community Strategic Plan.

The development of an effective workforce plan will enable Council to plan its future workforce needs to deliver goals, focus on the medium and long term, and also provide a framework for dealing with immediate challenges in a consistent way.

The Workforce Plan includes details the staffing, skills and human resource requirements to meet the activities and initiatives included in the Delivery Program and the Operational Plan over a four-year period.

Council has identified the following (5) key strategies that will be incorporated into the workforce management plan:

1. to be an Employer of first Choice
2. to foster and improve staff confidence, trust and inclusion in decision making
3. retain skilled, experienced employees and attract new, competent and qualified staff
4. keep up to date with technological improvements and advancements
5. to provide a safe working environment.

This plan can be viewed as a separate document on Council's website www.lachlan.nsw.gov.au



**LACHLAN SHIRE
COUNCIL**

Wiradjuri Country

PO Box 216,
CONDOBOLIN NSW 2877
58 - 64 Molong Street,
CONDOBOLIN NSW 2877
P: 02 6895 1900
E: council@lachlan.nsw.gov.au
www.lachlan.nsw.gov.au