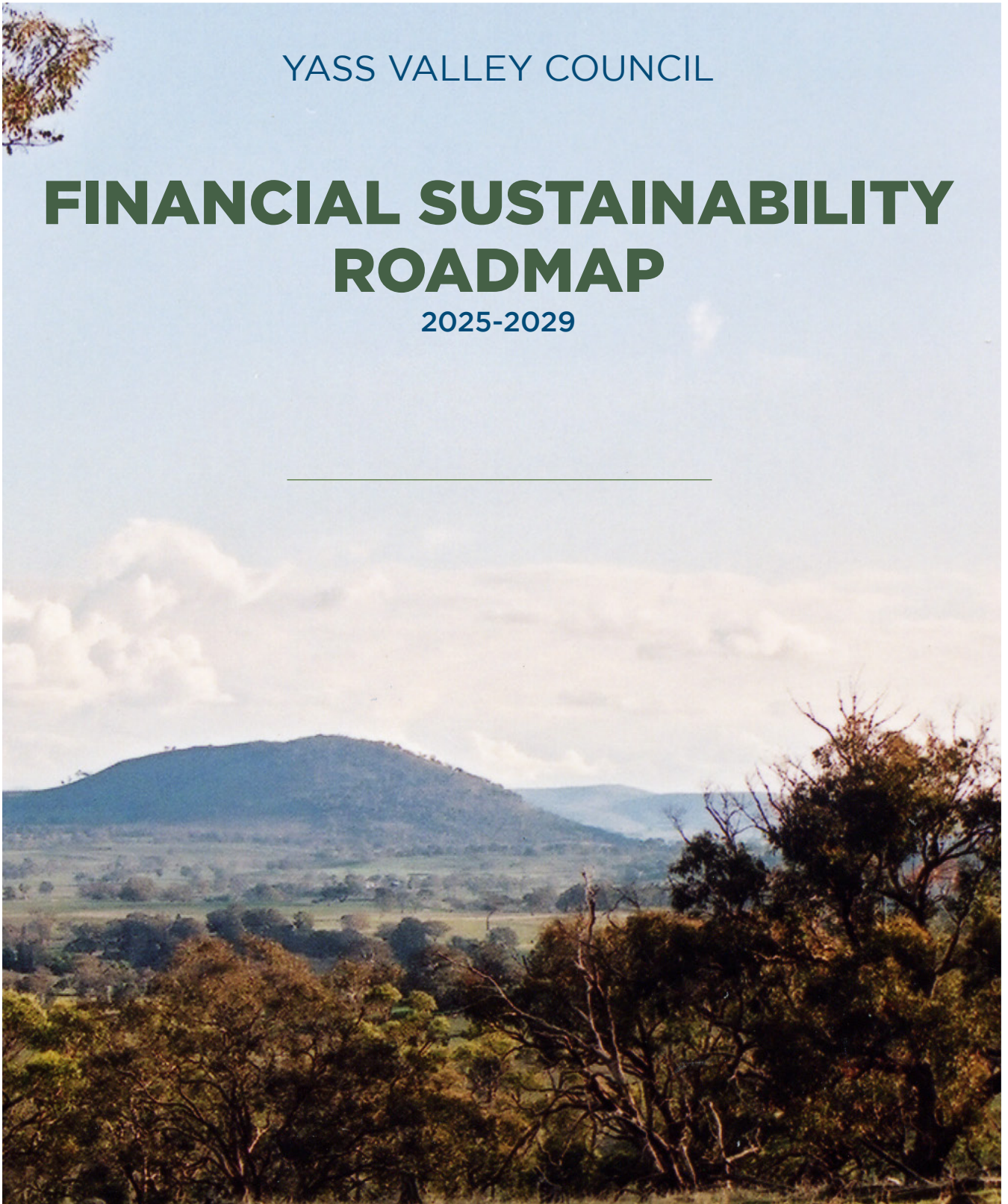


YASS VALLEY COUNCIL

FINANCIAL SUSTAINABILITY ROADMAP

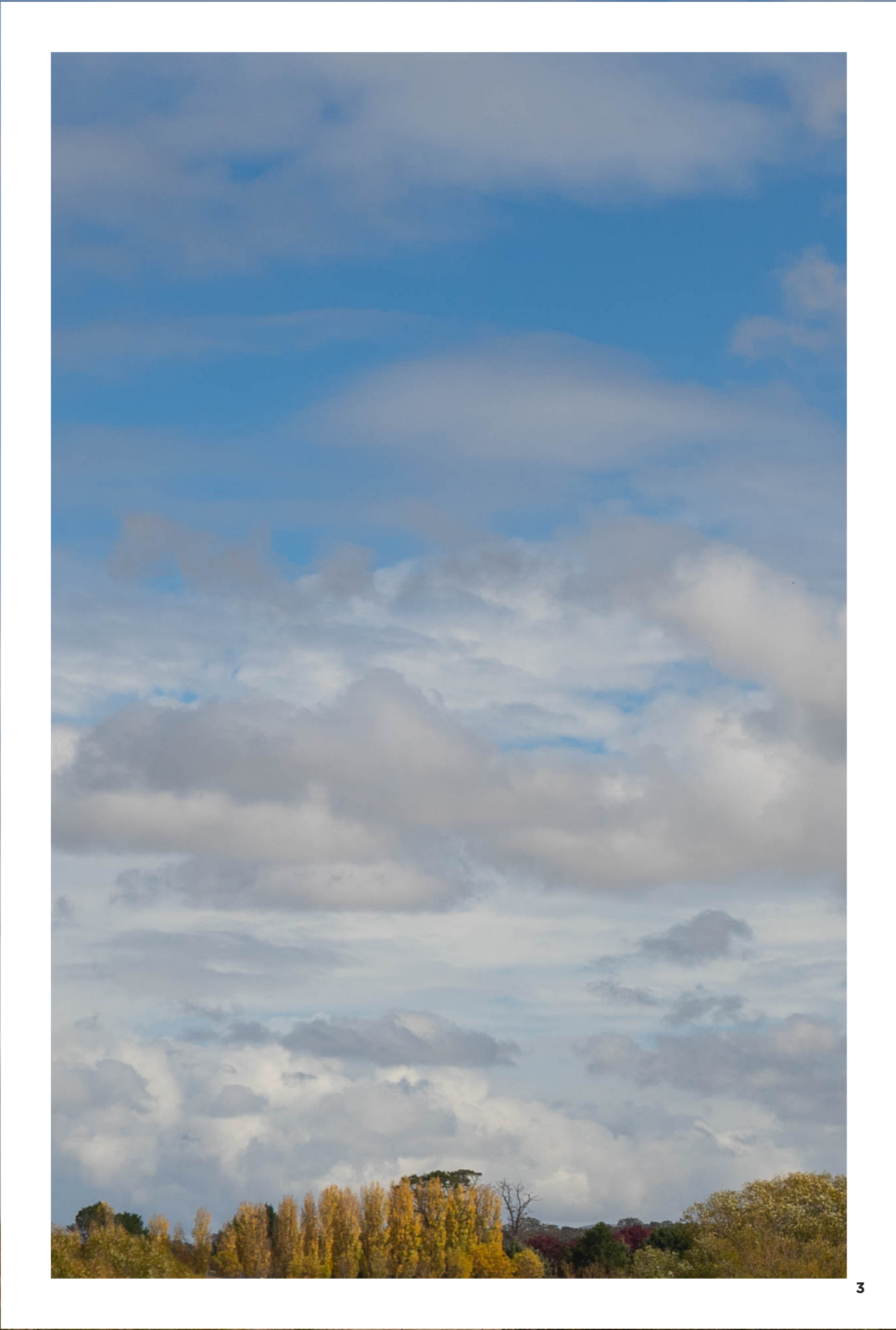
2025-2029



yass valley council
the country the people

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VISION

Yass Valley Council aims to be a resilient, financially responsible council that delivers sustainable infrastructure, quality services, and value to the community now and in the future.

INTRODUCTION

Financial sustainability continues to be the key risk that defines Local Government in NSW.

Managing ageing assets and infrastructure while rebuilding from the natural disasters of COVID, floods and bushfires of 2020-23, has put significant pressure on the financial health of Yass Valley Council.

During the last few decades, the role of local governments has undergone significant changes in response to evolving community needs and the occurrence of cost shifting. Local governments are now responsible for delivering more services, with minimal increases in funding to support these additional responsibilities.

Council also faces challenges in meeting community expectations in the delivery of not only essential services but also providing other services that the make Yass Valley a great place to live.

The focus of Yass Valley Council's Financial Sustainability Roadmap is on making measurable improvement to Council's financial position over the next four years.

This roadmap aligns with principles set out by the NSW Office of Local Government and IPART guidelines, incorporating prudent financial management, service delivery efficiency, and community-focused investment.

SECURING OUR FINANCIAL FUTURE

Yass Valley Council is at a critical financial crossroads. While we remain committed to delivering high-quality services and infrastructure to our growing community, a combination of internal pressures and external challenges has placed significant strain on our financial position.

Without decisive action, our ability to maintain service levels, renew ageing infrastructure, and respond to future needs will be compromised.



WHY CHANGE IS NEEDED

Over the next decade, Council is forecasting persistent operating deficits, declining unrestricted cash reserves, and increasing infrastructure renewal demands. Our Long Term Financial Plan (2025-2035) shows that without intervention, Council will not meet key financial sustainability benchmarks set by the Office of Local Government (OLG), including:

- An Operating Performance Ratio at or above 0%
- An Asset Renewal Ratio at or above 100%

Council is also projecting an unrestricted cash shortfall of over \$8 million by 2026 if the current status quo is to continue and the 2025-2035 Long-Term Financial Plan indicates that without any changes, Council will need to borrow to operate in 2028/29.

These trends are the result of systemic external pressures that local councils across NSW face.

COUNCIL COMMITMENT

The Financial Sustainability Roadmap reflects the strategic leadership and long-term vision of the current elected Council. Council is committed to leaving the organisation in a better position than they found it, thus ensuring the future continued success of Council and the Community.

Since taking office, Council have demonstrated a strong commitment to responsible financial management, focussed on ensuring that the organisation is equipped to meet both current and future community needs.

Under the guidance of the elected body, Council Officers are taking steps to address structural financial challenges, improve operational efficiency, and strengthen asset management practices. The Financial Sustainability Roadmap is a cornerstone of this work—providing a clear, measurable roadmap to restore financial health, reduce reliance on external funding, and build resilience across Council's operations.

This roadmap is not just a financial planning document, it reflects Council's values: Integrity, Accountability, Collaboration, Service and Sustainability. It articulates Councils commitment to the sustainable delivery of services and infrastructure for the people across Yass Valley.

Council recognises its responsibility to act in the best interests of the community and is committed to delivering core services in a manner that is efficient, effective, and ethically sound. As stewards of public resources, Council strives to ensure that every decision and action contributes to the wellbeing, sustainability, and prosperity of the Yass Valley community.

The Financial Sustainability Roadmap will inevitably impact Council's workforce. Change can create uncertainty, so it will be vital the Council maintains open communication, support staff wellbeing, and reinforce values of inclusion and respect. Great effort is being put into building a strong, trusting and transparent culture across Council to help ensure the workforce remain engaged and resilient as we navigate a variety of financial and operational shifts.



EXTERNAL ENVIRONMENT

The environment in which NSW local councils operate is complex, being shaped and constrained by external factors beyond their direct control. These externalities:

- Increase costs unpredictably
- Limit revenue-raising capacity
- Create funding gaps for infrastructure and services
- Undermine long-term financial planning

Together, externalities make it difficult for Council to maintain balanced budgets, invest in asset renewal, and meet community expectations without structural reforms or additional revenue mechanisms. Further they make financial sustainability difficult for Councils because they introduce pressures and constraints that Council cannot directly control, yet must respond to.

Here’s how each of the major externalities contributes to financial strain of Council and, in-turn, the community:

Cost Shifting from Other Levels of Government

What it is: Transfer of responsibilities from state and federal governments to local councils without adequate funding.

Why it matters: Councils are required to deliver more services (e.g. emergency services support, regulatory compliance, crown land and native title management) without receiving additional funding.

Impact on Council and Community: This increases operating costs and Council’s responsibility to fund these services without a corresponding increase in revenue, widening the structural deficit and straining limited revenue sources.

Natural Disasters and Climate Events

What it is: Bushfires, floods, and storms are becoming more frequent and severe.

Why it matters: These events require immediate response and recovery spending.

Impact on Council and Community: Emergency response and recovery costs divert resources from planned infrastructure and service delivery. These events accelerate asset deterioration and can damage assets, increasing long-term maintenance costs.

Ageing and Expanding Infrastructure

What it is: Infrastructure built decades ago is reaching the end of its useful life.

Why it matters: Older infrastructure requires more frequent and costly maintenance.

Impact on Council and Community: As the asset base grows with new developments, so do the maintenance, long-term renewal and depreciation costs, which are often underfunded.

Inflation and Construction Cost Escalation

What it is: Rising costs of materials, labour, and services.

Why it matters: Costs for construction, materials, and labour are rising faster than councils’ ability to increase revenue.

Impact on Council and Community: This erodes purchasing power and makes it harder to deliver capital works and maintain service levels within budget. Costs outpace the rate peg set by IPART (4.1% for YVC for 2025-26), limiting Council’s ability to keep up with real cost increases.

EXTERNAL ENVIRONMENT

Developer Contributions Constraints

What it is: Insufficient developer contributions.

Why it matters: Contributions help fund infrastructure for new developments.

Impact on Council and Community: When developer contributions are insufficient councils must use general revenue to fund growth-related infrastructure, reducing funds available for existing community needs. Current statue limits Council’s ability to fund infrastructure needed to support growth, shifting the financial burden to general ratepayers.

Rate Peg Limitations

What it is: IPART sets a cap on annual rate increases.

Why it matters: IPART limits how much councils can increase rates annually.

Impact on Council and Community: Even when costs rise sharply, councils cannot increase rates revenue beyond the peg, limiting financial flexibility. This restricts revenue growth, even as service demands and costs increase. Without structural reform, Council cannot match income to expenditure needs.

Population Growth and Urban Expansion

What it is: Yass Valley is experiencing steady population growth and land development.

Why it matters: Growth increases demand for roads, parks, waste services, and community facilities.

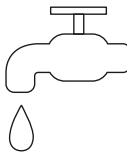
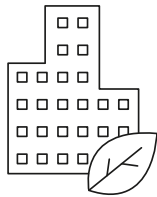
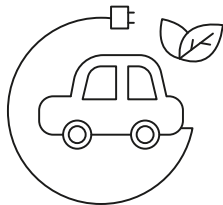
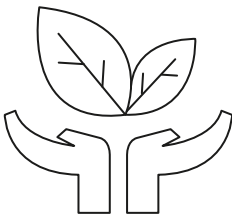
Impact on Council and Community: Without matching revenue growth, councils face service delivery pressures and infrastructure gaps. This increase in demand is not only associated with developments and population growth, it also flows from the current community’s changing expectations. This increases demand for infrastructure and services, requiring upfront investment and long-term maintenance funding e.g Yass Pool.

Declining Grant Funding

What it is: Federal Financial Assistance Grants have declined as a share of national revenue.

Why it matters: Grants are a key source of funding for operations and capital works.

Impact on Council and Community: This impacts predictable funding, increasing reliance on rates and own-source revenue to maintain service levels. As grants decline or become more competitive, councils must rely more on rates and fees, which are constrained.



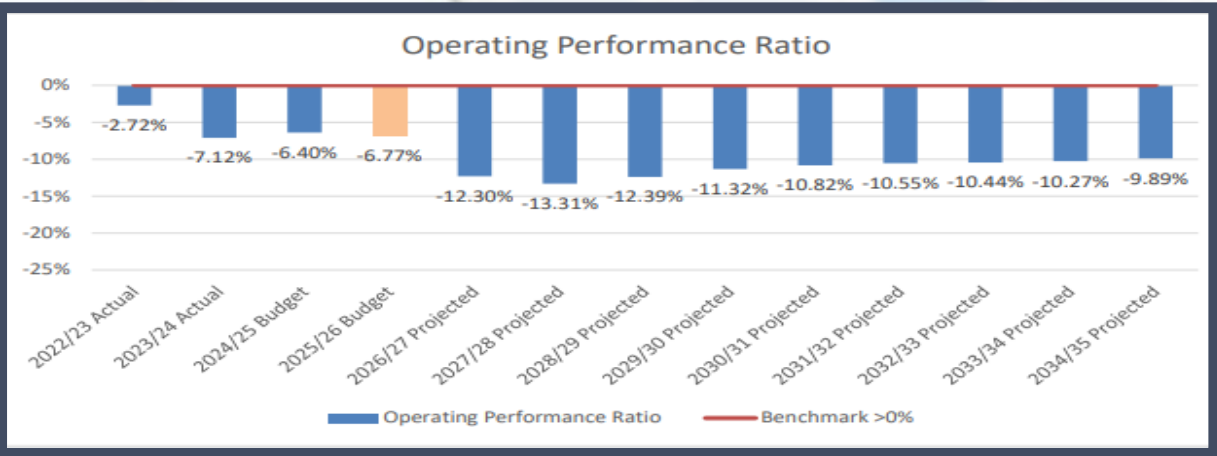
FINANCIAL PERFORMANCE INDICATORS

Yass Valley Council's detailed financial information and statements can be found at [Yass Valley Council](#).

This section is intended to provide a contextual snapshot of the key structural components of Council's finances: income, adjusted underlying operating surplus, working capital, borrowing, expenses and capital works.

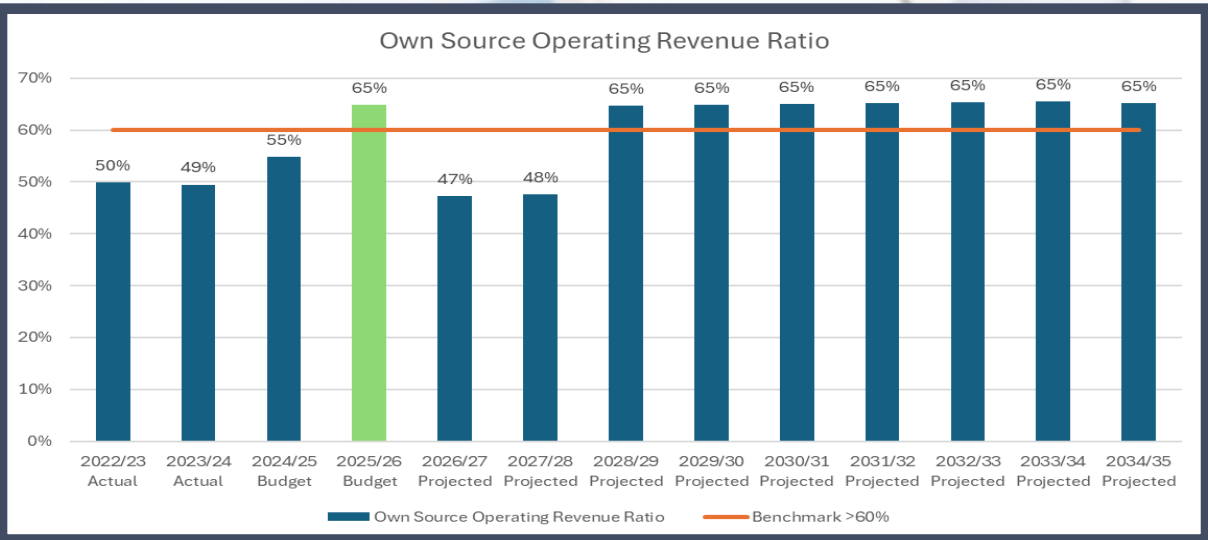
Operating Performance Ratio

The operating performance ratio measures how well Council contains its expenditure within its operating revenue. The benchmark set by OLG is greater than zero per cent. Council does not meet this benchmark for the 2025/26, Council's projected ratio into the future is unfavourable outlining structural revenue and expenditure issues that need to be addressed through the implementation of short- and long-term measures outlined in this roadmap.



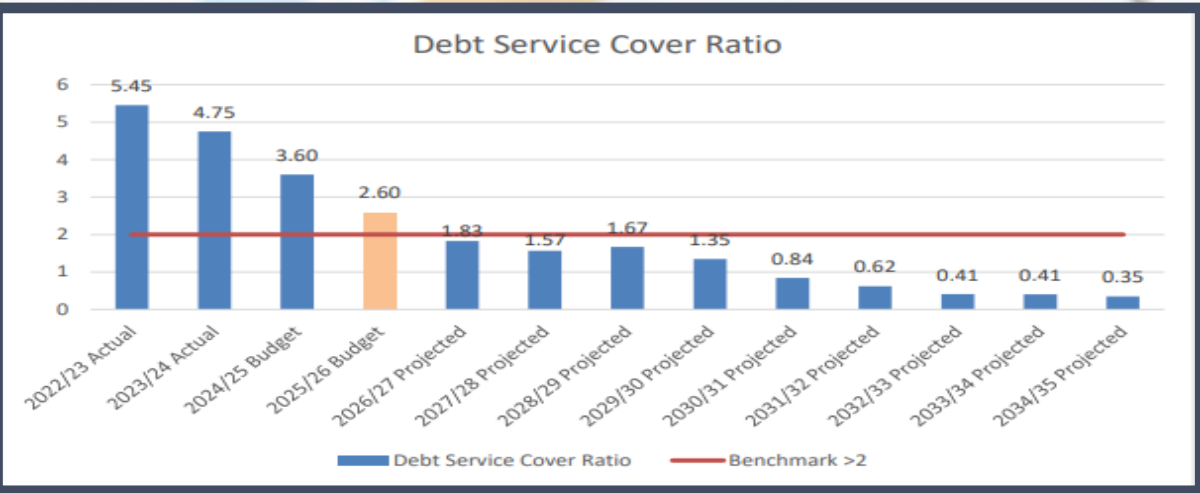
Own Source Operating Revenue Ratio

The own source revenue ration 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. Council meets this benchmark for the 2025/26 budget year. Council is below the benchmark in 2026/27 and 2027/28 due to Council receiving Commonwealth and NSW State Government grant funding for the new Water Treatment Plant.



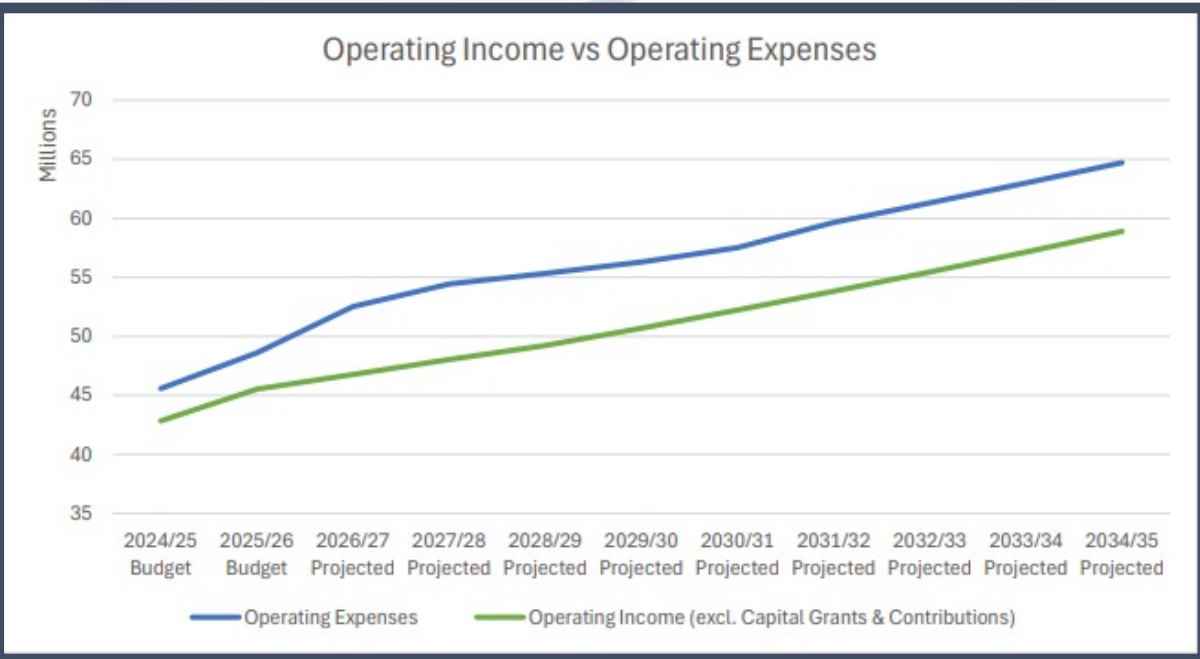
Debt Service Ratio

The purpose of this ratio is to measure the availability of operating cash to service debt including interest and principal repayment. Council is above the benchmark for the 2025/26 budget year. However, Council's Debt Service Cover Ratio declines to be below the benchmark in each financial year from 2027/28 which is of concern.



Long Term Operating Result

Over the 10-year long term financial plan, it identifies a serious concern that Council is unable to maintain its Operating Income to its Operating Expenditure, showing that Council will not be financially sustainable in the long term. This further emphasises the importance of the identification and implementation of short- and long-term sustainability measures identified in this Roadmap.

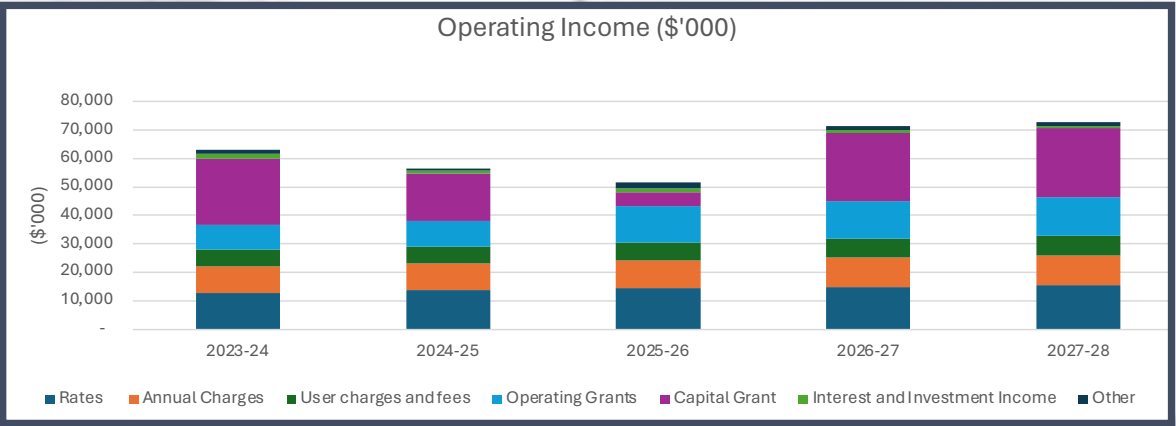


FINANCIAL PERFORMANCE INDICATORS

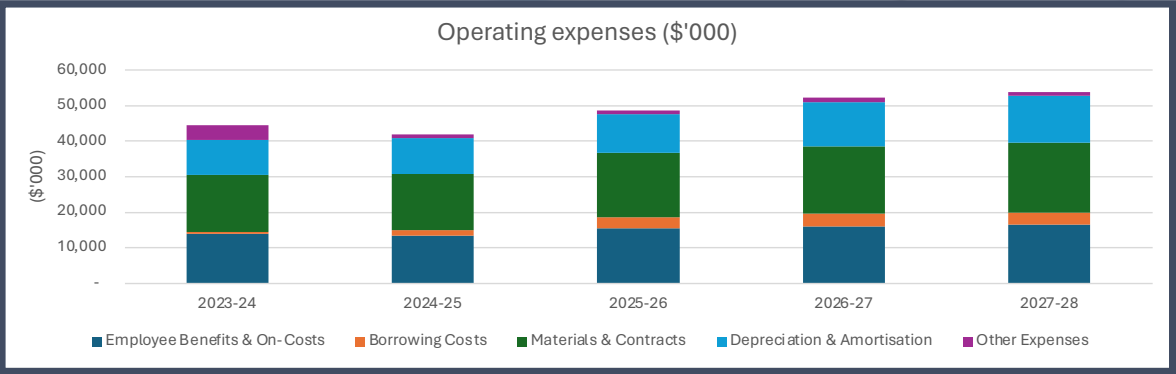
Indicator	Benchmark	YVC 2025/26	Status
Operating Performance Ratio	≥ 0%	-6.93%	Below
Own Source Revenue Ratio	≥ 60%	65%	Meets
Unrestricted Current Ratio	≥ 1.5:1	0.99	Below
Debt Service Cover Ratio	≥ 2.0	2.66	Above
Asset Renewal Ratio	≥ 100%	85.27% (23/24)	Below
Infrastructure Backlog Ratio	≤ 2%	3.91% (23/24)	Below

Income and Expenditure

This table depicts Councils sources of Operating Income sources from 23/24 to 27/28.

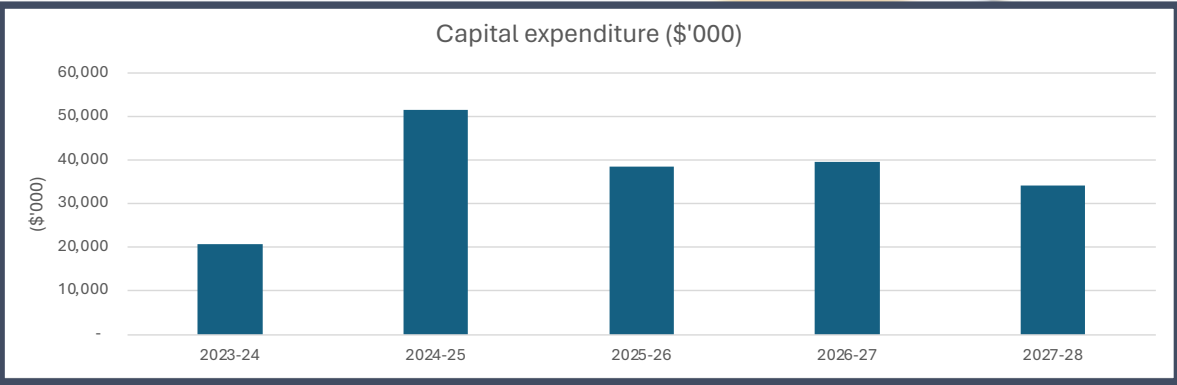


This table depicts Councils sources of Operating expenses from 23/24 to 27/28.



Capital Expense

This table depicts Councils Capital expenditure from 23/24 to 27/28.



SWOT

INTERNAL

Strengths	Weaknesses
- Finance Section fully staffed - Internal restrictions identified - Audit, Risk and Improvement Committee engagement by all Executive Management Team (EMT) - Appetite for strategic improvement across the organisation - Skilled and dedicated staff with strong local knowledge - Recent improvements in transparency and consultation have begun rebuilding trust - Council owns significant infrastructure and community assets, providing leverage for renewal and investment.	- Existing and projected debt levels - Organisation structure - Lack of key governance frameworks - Lack of accountability - Asset rich, income poor - Unrestricted cash levels - Councillor/Workforce Financial Literacy - Insufficient long-term internal restrictions - Significant financial commitments (e.g., Crago Mill Stage 2). - Long-standing operational deficits and reserve drawdowns. - Absence of a dedicated Economic Development Strategy limits external revenue growth.

EXTERNAL

Opportunities	Threats
- Growth in population - Grant funding for existing projects and services - Build trust with the Community - Parkwood Development - Potential to unlock growth corridors between Yass and Murrumbateman. - Engaging local organisations in service delivery and planning may enhance outcomes and reduce costs. - Improved grant management and stronger relationships with State/Federal representatives.	- Rate pegging - Natural disasters - Inflation - Reliance on grant funding - Legislative obligations with conflicting timelines - Compliance burden - Cost shifting from Federal and State governments - Parkwood Development - Risk of community resistance for SRV - Climate & Disaster Events - Cost Shifting from Other Governments - Business Confidence Decline - Community Trust Fragility - Service Delivery Pressures



ACHIEVEMENTS TO DATE

From 1 January 2025 Council have achieved significant milestones towards addressing its current financial challenges including:

Crago Mill Precinct Stage 1 on track

Improved financial position for the 24/25 FY

Improvement in LTFP and level of deficits in 25/26 and outer years

Maintaining Employee Costs as predicted

In house CFO and Finance Team fully resourced

Improvement in cash position in outer years

Improved financial management reporting

Improved Integrated Planning and Reporting Document Suite

Improved engagement with Audit Risk Improvement Committee

Improved level of financial information and engagement with Council

ROADMAP OBJECTIVES

Roadmap Objectives

- 1) Providing the right level of services efficiently
- 2) Positive operating position in the short and long term
- 3) Investing in assets responsibly now and into the future
- 4) Managing and reducing level of debt
- 5) Build in agility to respond to unplanned events
- 6) Achieve and/or exceed minimum benchmarks set by NSW Office of Local Government

Below each objective is outline detailing the current state and desired future state.

OBJECTIVE 1 - PROVIDING THE RIGHT LEVEL OF SERVICES EFFICIENTLY

Current State

Yass Valley Council services may be misaligned with community needs, inefficient and resource intensive. Council has not adopted a consistent approach to establishing service delivery requirements and reviews. There is little focus on continuous improvement or innovation.

Future State

Yass Valley Council delivers the right services at the right time, using resources wisely to meet community needs. We focus on efficiency, value for money, and continuous improvement, ensuring services are responsive, equitable, and sustainable.

OBJECTIVE 2 - POSITIVE OPERATING POSITION IN THE SHORT AND LONG TERM

Current State

Operating budgets are under pressure, with limited surpluses resulting in a reliance on reserves or external funding to balance annual accounts. Financial planning has been reactive, and long-term sustainability is at risk.

Future State

Council consistently achieves a positive operating position, with operating revenues exceeding operating expenses. Financial planning is proactive and long-term, enabling reinvestment in services and infrastructure while building resilience against future shocks.

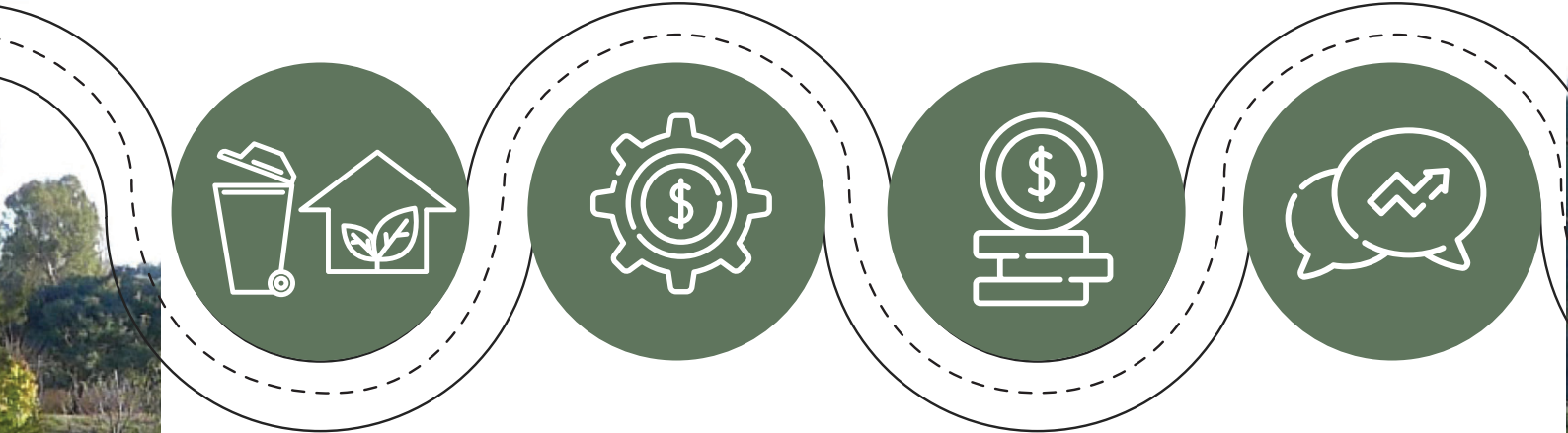
OBJECTIVE 3 - INVESTING IN ASSETS RESPONSIBLY NOW AND INTO THE FUTURE

Current State

Asset investment decisions appear to be based on short-term needs and reactive to available funding rather than long-term planning. Asset condition data is incomplete, out of date and renewal backlogs are growing.

Future State

Asset investments are strategically planned, data-informed, and aligned with community needs and growth forecasts. The council maintains a sustainable asset base that supports reliable service delivery and adapts to future challenges.



OBJECTIVE 4 - MANAGING AND REDUCING LEVEL OF DEBT

Current State

Debt levels are high relative to revenue, with a significant portion of the budget allocated to servicing loans. This limits flexibility and increases financial risk. There is a high risk of Council requiring a loan to operate in 27/28, for which Council may not be able to secure financing.

Future State

Council has reduced its debt to sustainable levels, freeing up resources for strategic priorities. Borrowing is used selectively and responsibly, with clear return-on-investment justifications and strong community support.

OBJECTIVE 5 - BUILD IN AGILITY TO RESPOND TO UNPLANNED EVENTS

Current State

Council's ability to respond to unexpected events will become increasing more and more limited due to cash flow impacts and resource constraints.

Future State

Council is able to maintain essential services during disruptions (e.g. natural disasters, cyber incidents, pandemics). The public will view Council as reliable and capable in times of uncertainty.

OBJECTIVE 6 - ACHIEVE MINIMUM BENCHMARKS SET BY THE NSW OFFICE OF LOCAL GOVERNMENT

Current State

Council is not meeting the NSW Office of Local Government's financial sustainability benchmarks. Performance varies across key indicators, and improvement is fragmented and unplanned.

Future State

Council meets or exceeds all OLG minimum benchmarks, demonstrating strong financial governance, effective asset management, and long-term sustainability. This enhances credibility with regulators, funders, and the community.



ACTION PLAN

Below is a detailed Action Plan for Yass Valley Council's Financial Sustainability Roadmap (2025-2029). This Action Plan is structured around the six strategic objectives. Each objective includes key actions, sub-activities, timeframes to ensure accountability and progress tracking.

Target Savings Note:

- 1. Saving range is 'best guesstimate'. The range is based on a high level review of past expenditure / revenue and also known area for improvement. The range has not been validated as the detailed work has not been done.*
- 2. Targeted savings shown are discrete per year and do not take into account the accumulative impacts*
- 3. Targeted savings are estimated 'net realised'*

ACTION PLAN

Strategic Objective 1: Provide the Right Level of Services Efficiently

Outcome: Value for money services delivered to the community



Activity to achieve objective	Sub-Activity	Target date 2025-26	Target date 2026-27	Target date 2027-28	Target date 2028-29
Service Review Program	Develop and implement a rolling schedule of service reviews.	√	√	√	√
	Include analysis of income, expenses, resources, and community value.	√	√	√	√
	Prioritise waste collection delivery model in early phases of service reviews.	√	√		
	Review of operating hours at Council facilities.	√	√		
	Develop an action plan based on 2024 Customer Satisfaction Survey Outcomes.	√			
	Conduct 2026 Customer Satisfaction Survey.		√		
Pricing Review	Review fees and charges to ensure cost recovery and fairness.	√	√	√	√
	Create and implement a Revenue Diversification Strategy.		√	√	
Align Resources to Service Delivery	Assess efficiency and effectiveness of HR, IT, Finance, and Governance functions.	√	√	√	√
	Organisational Structure Review.	√	√		
	Develop an Economic Development Strategy	√	√		
Implement a culture of Business Improvement.	Create a Business Improvement Team to drive and support Service Reviews.	√			
	Assess if any administrative or other processes are being duplicated.	√	√		
	Improved financial reporting and community engagement.	√	√	√	√
	Consider shared service arrangements with CRJO or neighbouring Councils.		√		√

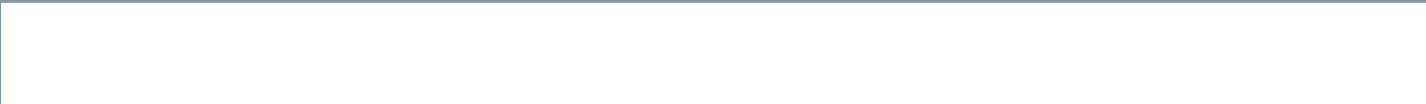
ACTION PLAN

Strategic Objective 2: Achieve a Positive Operating Position in the Short and Long Term

Outcome: Councils financial position improved



Activity to achieve objective	Sub-Activity	Target date 2025-26	Target date 2026-27	Target date 2027-28	Target date 2028-29
Improve Financial Management	Align with roadmap priorities and financial capacity.	√	√		
	Monthly Line-by-Line Budget Management.	√	√	√	√
	Departmental accountability for budget performance.	√	√	√	√
	Develop dashboards and reports; bring budget planning forward in first 6 months.		√		
MAGIQ Finance System Enhancements	Import Budget into system to enable improved budget management and expense and revenue tracking.	√			
	Import Fees and Charges into system to enhance use and tracking of income.	√			
Review Internal and External Restrictions	Employee Liabilities - risk assessment completed.	√			
	Appropriate allocation across funds.	√	√	√	√
Cost Attribution Review	Improve cost centre allocations across infrastructure and waste services.	√	√		



ACTION PLAN



Strategic Objective 3: Invest in Assets Responsibly Now and Into the Future

Outcome: Well planned and future-ready asset base

Activity to achieve objective	Sub-Activity	Target date 2025-26	Target date 2026-27	Target date 2027-28	Target date 2028-29
Capital Program Review	Prioritise based on risk, community need, and financial capacity.	√	√	√	√
	Implement road condition tracking and lifecycle costing.	√	√	√	√
	Asset Management System Improvements.	√	√	√	√
	Deferred Maintenance Quantification.	√			
	Identify backlog and work toward industry benchmarks.		√	√	√
Grant Management	Develop and adopt an approach to Grant submission and acceptance which ensures prudent decisions around grant application and asset creation for Council and Community. This needs to include consideration for grants awarded to Community organisations, which have an impact on Council and it resources.	√	√	√	√
	Grants management processes externally reviewed and centralised.	√			
Procurement Management	Develop and adopt an approach to Procurement and Contract management which ensures prudent decisions around purchasing and value creation for Council and Community	√	√		

Activity to achieve objective	Sub-Activity	Target date 2025-26	Target date 2026-27	Target date 2027-28	Target date 2028-29
Depreciation methodology	Asset management strategy and policy updated		√	√	
Property Portfolio Review	Identify underutilised assets and commercial opportunities – Create property strategy.	√	√		
	Commercial Property Review	√	√		
	Maximise use of rentable and commercial spaces.		√	√	
Crago Mill	Review of Crago Mill Stage 2 Operating Model to assess whether to proceed with Stage 2 of the Project	√			
Crago Mill Sustainability Plan	Documented plan to ensure sustainability of the development encompassing environmental, social, and economic aspects.	√			



ACTION PLAN

Strategic Objective 4: Manage and Reduce the Level of Debt

Outcome: Financially stable and credible Council



Activity to achieve objective	Sub-Activity	Target date 2025-26	Target date 2026-27	Target date 2027-28	Target date 2028-29
Debt Review	Assess current and future borrowing needs.	√			
	Debt Servicing Ratio Monitoring.	√	√	√	√
	Ensure compliance with OLG benchmarks.		√	√	√
Investment Review	Develop an investment strategy.	√			
Borrowing Strategy	Align with capital investment priorities and financial capacity.	√	√	√	√
Revenue/Debtors	Manage outstanding debts to be within outstanding benchmarks	√	√	√	√
Reserves	Manage inputs into reserves to ensure they are appropriately funded.	√	√	√	√
	A review of existing internal and external cash reserves.	√	√		



ACTION PLAN

Strategic Objective 5: Build Agility to Respond to Unplanned Events

Outcome: A resilient and response organisation



Activity to achieve objective	Sub-Activity	Target date 2025-26	Target date 2026-27	Target date 2027-28	Target date 2028-29
Emergency Reserve Fund	Emergency reserve target of \$2M	Post 2029			
Scenario Planning and Climate Risk Integration	Scenario planning embedded in LTFP by FY2027/28.				
	Include in Long-Term Financial Plan and asset planning.				
Fleet Review	Review policy for operational and leaseback vehicles.	√			
	Implement internal hire and allocation framework.	√			



ACTION PLAN



Strategic Objective 6: Achieve OLG Financial Sustainability Benchmarks

Outcome: Improve long-term viability and responsible governance.

Activity to achieve objective	Sub-Activity	Target date 2025-26	Target date 2026-27	Target date 2027-28	Target date 2028-29
Finance Sustainability Committee	Oversee roadmap implementation and performance.	✓	✓	✓	✓
	Quarterly Reporting (Ongoing).	✓	✓	✓	✓
	Report on roadmap progress and OLG benchmarks.	✓	✓	✓	✓
	Council's position against OLG benchmarks improved significantly by FY2029.				✓
Investigate Special Rate Variation	Prepare and present Special Rate Variation proposal.	SRV Council Report submitted by 15 November 2025.			
Project Management Framework	Improve recognition, reporting, and assessment.	✓	✓		
	Design and implement internal Manager capability building program with a focus on Governance and Financial Management.	✓	✓	✓	✓
	Establishment of a project management function to include tools and templates with continued reporting on projects updates to EMT.	✓	✓	✓	✓

This savings plan is complimented by:

FY26

- Planned land sales \$1m net
- Plant and Fleet sales \$200,000

FY27

- Planned land sales \$1m net

