

# 2023 – 2033 Long Term Financial Plan

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Adopted 27 June 2023

## Acknowledgement of Country

We acknowledge the first peoples of the River Murray as the traditional custodians of the land and respect their spiritual relationship with their country and the importance of their cultural beliefs.

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# Introduction

Under section 122 (1a) of the Local Government Act 1999 a Council must, in conjunction with its strategic management plans develop and adopt a Long Term Financial Plan (LTFP) for a period of 10 years.

Within the plan the following must be taken into account:

- expected expenses and capital outlays for each year of the plan;
- expected revenues for each year and their source;
- any variations in net debt required as a result of expected cash flow needs;
- performance measures to enable assessment of the Council's financial sustainability;
- other documents that relate to the LTFP;
- assumptions that have been used in the development of the LTFP which may include variations to service levels provided to the community;

The Local Government Act 1999 requires Councils to have a suite of up to date documents that collectively form their Strategic Management Plans (SMPs). These suite of plans are made up of a Strategic Community Plan, a LTFP and various Infrastructure and Asset Management Plans. The SMP's should be consistent and initiatives proposed in either of the plans must be appropriately linked to the Council's objectives and aspirations stated within its Strategic Community Plan.

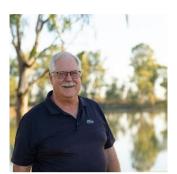








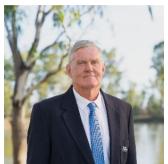
Mayor Ella Winnall



Cr Trevor Scott



Cr Rhonda Centofanti



Cr Andrew Kassebaum



Cr David Waterman



Cr Bruce Richardson OAM



Cr Ian Schlein



Cr Adrian Little



Cr Collis Marrett

# **Executive Summary**

The Long-Term Financial Plan is an important part of Council's budgeting framework as it helps Council to monitor long term financial sustainability while working to address the needs and expectations of the community.

The purpose of a long-term financial plan is to assist Council in setting its future financial direction. Longer term planning is essential to assess revenue raising needs and capacity, to review and vary service levels and capacity to undertake major additional capital works while ensuring that a Council remains financially viable in the long term.

A long-term financial plan is similar to, but less detailed than the annual budget. Without a long-term financial plan Council is at risk of taking on additional services without careful consideration of the implications for their financial sustainability. Therefore, like the annual budget a long-term financial plan should guide the Council's future decisions and timing of actions, while encouraging it to think about the impact of these on future revenues and expenses.

Every year the assumptions applied throughout the Long-Term Financial Plan (LTFP) are reviewed and amended, if necessary, to reflect community needs as well as the economic conditions and foreseeable future.

Council is mindful of the community's ability to pay and has worked hard over recent years to turn its operating result into a surplus by identifying and reducing costs without sacrificing any of the necessary services it provides.

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The Long-Term Financial Plan has been prepared with several key assumptions being determined including:

- The Long-Term Financial Plan reflects existing recurrent **service levels** to our community being **maintained**. Council's budget process considers ongoing service delivery and commitments and new expenditure items and initiatives.
- Infrastructure and Asset Management Plans have been developed assisting Council to predict new and renewal infrastructure needs that meet future community service expectations as well as the costs associated with maintenance.
- The projected service charge for the Community Wastewater Management Scheme has been kept to a minimum, although at cost recovery, in order to meet ongoing expenditure requirements.

Where possible additional capital works or major projects will be funded from external **grant monies,** which Council will actively pursue that deliver against the strategic plan.

- The financial indicators as described further in this plan have been a determining factor when allocating capital outlay on the various categories of assets.
- Projected indexation that has been applied over the life of the plan is provided in the table on the following page.
- From June 2023 a Funding Plan will accompany the Long Term Financial Plan, pursuant to the new legislation.

Dylan Strong, Chief Executive Officer





# Berri Barmera Council – LTFP Assumptions

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
	Plan \$'000							
PROJECTED EXPENDITURE INDEXATION (%)	2.5%	4.2%	3.3%	3.1%	2.5%	2.5%	2.5%	2.5%
PROJECTED WAGES INDEXATION (%)	4.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
PROJECTED RATE GENERAL INCREASES	0.0%	0.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
PROJECTED RATE GROWTH (Development)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
PROJECTED SERVICE CHARGE INCREASES - Effluent Drainage	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
PROJECTED SERVICE CHARGE INCREASES - Waste Management	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
POPULATION	10,484	10,484	10,484	10,484	10,484	10,484	10,484	10,484

#### Projected Expenditure Indexation

The projected expenditure indexation has been set at 4.3% for 23/24, 3.3% for 24/25, then 3.1% for 25/26 then back to 2.5% for the duration of the plan.

Although the Adelaide CPI was set at 1.4% for the March 2023 quarter with an average of 7.0% for the 12-month period. Council feels an assumption of price increases set at 4.3% is per the Local Government CPI more in line with the increase to costs applicable to the Local Government Industry.

#### Projected General Rates Increase

The assumption is to raise rate revenue in line with the increase to expenditure. The percentage increase is that applied to the rate in the dollar that is then applied to the capital value of property as provided to Council by the Valuer- General. For 2023/2024 Council resolved to have a minus 9% decrease in the rate in dollar for residential properties and minus 2.5% decrease in the rate in the dollar for primary production properties and minus 4% for commercial and industrial properties. This resulted in an average rate increase of 2.05%, and 2.25% increase in rates generated (including growth).

#### Projected Rate Growth due to Development

Rate growth for 2023/2024 at 1% is aresult of new properties and capital valuation increases provided by the Valuer General.

#### Projected Wage Indexation

Council have assumed increase to wages based on recent Enterprise Bargaining Agreements and those within the industry, which is still ongoing and will be amended once the Enterprise Bargaining Agreements are finalised.

#### Projected Service Charge Increase – Community Wastewater

Management Scheme (CWMS) and Waste Management Assumptions have been set to ensure recovery of expenditure in relation to the prescribed services to maintain reserve balances.

CWMS = effluent drainage

#### Population

10,484 as per the 2021 Census data.



The activities of Council are very asset intensive. As at 30 June 2023 the replacement value of Council's non-current assets was \$207 million of which categories include:

- Land
- · Buildings and Structures
- Plant, Furniture and Equipment
- · Roads, Footpaths and Kerbing
- Stormwater •
- Community Wastewater Management Schemes (effluent)

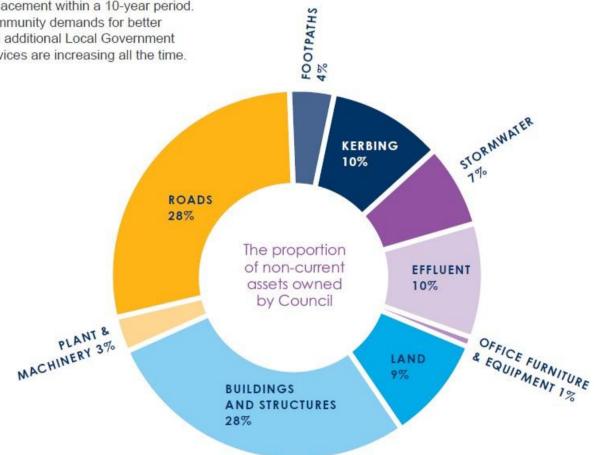
Many of these assets have long lives and require substantial maintenance, rehabilitation and replacement within a 10-year period. Community demands for better and additional Local Government services are increasing all the time.

maintenance, renaplitation and replacement within a 10-year period. Community demands for better and additional Local Government services are increasing all the time.

Unlike other forms of government, Councils have very limited revenue sources and many people in the community are resistant to increases in property rates.

Councils need to plan for the long term and ensure that funds are made available to maintain assets as required, so that assets achieve their full intended service life and whole of life asset costs are minimised.

With this in mind, it is imperative that Councils have well developed Long-Term Financial Plans to help guide decision making and to protect their future financial sustainability.





The Long-Term Financial Plan (LTFP) demonstrates Council's financial sustainability over the term of the plan while still maintaining the level of services it currently provides to the community.

The estimated surpluses over the latter part of the plan provides Council with the surety that it is in a position to fund any new initiatives that are either built into the plan or any initiatives that may arise inthe future. The Long-Term Financial Plan needs to not only reflect community wants and needs but also what can be afforded without detriment to the Council's longer term financial sustainability. Community input is vitalif a Council is to achieve the best resultsfrom the development of its plans.

The Local Government Act 1999 states that "a council must adopt a process or processes to ensure that members of the public are given a reasonable opportunity to be involvedin the development and review of its strategic management plans."



# External Influences

and Risks

#### Consumer Price Index (All Adelaide)

The Consumer Price Index (CPI) is regarded as Australia's key measure of inflation for household consumables. It is designed to providea general measure of price inflation for the Australian household sector as a whole. This Long-Term FinancialPlan includes CPI which will change with the current economic times. CPI for Adelaide for the March 2023 quarter was set at 1.4%, which bringsthe 12-month CPI to 7.0%.

#### Local Government Price Index

The Local Government Price Index (LGPI) is an independent measure of the inflationary effect on price changes in the South Australian Local Government sector, developed by the Australian Bureau of Statistics (ABS) and updated by the South Australian Centre for Economic Studies on a quarterly basis. Council notes the most recent LGPI and uses its relativity to CPI in order to generate forecast across the life of the Plan.

#### **Federal Assistance Grants**

The South Australian Grants Commissionis responsible for the distribution of untied Commonwealth Financial Assistance Grants to Local Government in accordance with State and Federal legislative requirements.

Council normally receives approximately \$2.5 million per year in Financial Assistance Grants. This allocation of this grant is based on predetermined methodology involving analysis of Council's income raising capacity and expenditure requirements compared with Stateaverages and other factors such as Council's demographic profile, the movement in its population relative to the movement in both South Australia's and Australia's population and the community's ability to pay relative to other Council communities.

Changes to the total grant funding pool, the methodology or even Council's demographics have the potential to impact on the amount of grant assistance provided to the Council.

In addition to the amount of this grant, the timing of when the grant is paid could also have a potential impact on the Long-Term Financial Plan. The Australian Accounting Standards applying to Local Government require the grants received within a financial year are shown as income in the year that it is received rather than the year for which it is intended. This issue has impacted on Council in the past but not anticipated within the Long-Term Financial Plan.

#### **Interest Rates**

Although minimal new loans are included within the Long-Term Financial Plan, Council has taken a simple but conservative approachand has allowed for interest rates of 4.0% to 5.8% over the next 10 years as a variable rate for the requirement of cash advance facility draw downs. These assumptions are reviewed annually and if changes are made to official interest rates by the Reserve Bank of Australia corresponding adjustments will be updated within the Long-Term Financial Plan.

#### **Superannuation Guarantee**

As part of the 2014 Federal Budget, the Federal Government determined superannuation will increase progressively from 9% to12% as follows:

Year	Contribution Rate
1 July 2020 – 30 June 2	021 9.5%
1 July 2021 – 30 June 2	022 10.0%
1 July 2022 – 30 June 2	023 10.5%
1 July 2023 – 30 June 2	024 11.0%
1 July 2024 – 30 June 2	025 11.5%
1 July 2025 – 30 June 2 onwards	026 12.0%

Council has allowed for interest rates of 4.0% to 5.8% over the next 10 years

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#### Operational Costs – Fuel, Water, Electricity and Waste Management

The volume of fuel required to operate Council's plant, equipment and vehicle fleet is significant and movements in the price of fuel above the general rate of inflation may have the potential to significantly affect Council's financial position. Conversely, future transition to an electric vehicle fleet has the potential to also impact Council's financial position. At the moment availability of these vehicles due to the affects of COVID-19 is a major issue.

A critical element of the Berri Barmera Council's maintenance and upkeep of its parks, gardens, open spaces and sporting amenities is the effect of the price movements for water above the general rate of inflation and the potential to significantly affect Council's financial position in order to maintain the level of service it currently provides to the community.

Council continues to explore ways and opportunities to minimise the reliance on water and improve irrigation practices to ensure the top level of service is maintained. The cost of electricity to the Berri Barmera Council is significant, any movements in the price of energy above the general rate of inflation has the potential to significantly affect Council's financial position. Council is investing in LED street lighting and solar options and other ways to reduce energy use and reliance.

The way waste is managed in Australia is changing considerably as a response to China's policy to reduce importation of recyclables. This will impact Council, meaning it will also impact ratepayers. It will take time for Australia, business and industry to establish processing plants that can convert recyclable materials into by products and to reduce household waste going to landfill. The cost to Council for the management of household waste therefore has the potential to significantly affect Council's financial position. Council are investigating a variety of measures to introduce sustainable waste management practices including ongoing education for the community to reduce future waste management charges.



#### **Cost Shifting**

Each year Council is impacted to some extent by cost increases through legislative changes, additional compliance requirements, reductions in funding and increases in taxes or levies. Examples being the increase to the solid waste levy passed by the State Government in 2019/2020 above CPI and the impact legislation such as the Litter, Noise and Nuisance Legislation passed onto to Councils from the State without resources.

#### **Local Government Reform**

The Statutes Amendment (Local Government Review) Act 2021 have required consultation, training and resource application to ensure the amendments are implemented within legislated timeframes.

The State Government's proposed reforms are divided into four themed areas:

- · Council member capacityand conduct
- Lower costs and enhancedfinancial accountability
- Efficient and transparent local government representation
- Simpler regulation.

The Review Bill will be implanted over a 2year period (until 30/06/2023 whenthe Funding Plan needs to accompanythe LTFP) with the assistance of the Local Government Association,through the LG Equip program.



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# **Council Operations**

# **Operating Income**

#### Rates

Rates revenue includes amounts received from general rates, Community Wastewater Management Schemes (CWMS) service charges (effluent disposal charges), Waste Management service charges, levies collected on behalf of the state government such as the Regional Landscape Levy and late payment penalties applied. Any mandatory or discretionary rebates applied pursuant to the Local Government Act 1999 are netted off against the appropriate rate revenue charges.

A 9% minus in the rate in the dollar for residential rates, minus 2.5% on primary production and minus 4% for commercial and industrial has been proposed for the 2023/2024 budget, which would lead to an average rate increase of 2.05%.

For future years of the financial plan rate increases have trended upwards to 2.5% and have factored in a return of growth to the area at 1.0%.

Development growth accounts for new properties, houses, subdivisions and other developments in the region. Property development has resultedin an estimated 1.0% development growth in rates.

Council will always, however, attempt to identify other sources of revenue where possible. Charges relating to the Community Wastewater Management System (effluent disposal) will be the same in 2023/2024 at 2.5% with maintenance costs and capital upgrades kept to a minimum. Increases throughout the 10-year term for this service charge have been reviewed with increases of 2.5% for the remaining years of the plan. The aging infrastructure of the scheme and the introduction of the Wastewater Re-use Scheme have meant some increases are necessary to retain the viability of the scheme. We are currently undertaking conditions reporting.

In addition, capital upgrades are required to ensure new connections for prospective industry are catered for.

An annual service charge is also included for the specific purpose of the collection and disposal of waste. The service will include a weekly domestic collection in a smaller 140 litre bin for all properties, a fortnightly recycling collection of a 240 litre bin for all properties as well as a fortnightly green waste collection of a 240 litre bin for town residential properties. This service charge will remain the same at 2.5% for 2023/2024.

Council are advised annually of the Regional Landscape levy to be recovered from ratepayers.



#### **Statutory Charges**

Statutory charges are set by regulation and collected by Council for regulatory functions. They include such fees as assessment of development applications, town planning fees, building act fees, dog registration fees and fines, parking fees and fines, litter fines, rates search fees, health related fees and environmental control fees and fines.

Statutory charges have a projected increase of 2.5% per annum.

#### **User Charges**

User charges comprise of charges for the use of Council owned facilities such as hall hire, sporting facilities hire, library fees and fines, cemetery fees, waste collection and disposal and other sundry sales.

User charges have been projected to increase by 2.5% per annum.

# Grants, Subsidies and Contributions

A significant portion of Council's revenue is derived from Commonwealth Financial Assistance Grants which is administered and distributed by the South Australian Local Government Grants Commission. The Commonwealth Local Government (Financial Assistance) Act 1995 governs the way in which the grants are distributed to each State and from there onto each Council.

Excluded from this category of income are grants and subsidies and contributions received specifically for new or upgraded assets.

The Australian Government committed to an extension of the Roads to Recovery Program from 2019/2020 for a further 5 years. Council's total allocation under the Roads to Recovery Programme is \$1,088,301. In the next year, we will undertake works on Riverview Drive.

Other regular minor grants have also been assumed to continue and have been increased by 2.5%.Examples of these are the Library Maintenance Grants.

#### **Investment Income**

Investment income is revenue from financial investments or loansto community groups.

In line with Council's Treasury Management Policy investments are either placed with the Local Government Finance Authority orwith one of the four major banks. Council uses financial reserves toset aside funds for future specific purposes such as plant replacement, land development and community wastewater management schemes. Such reserves earn interest that is either returned to Council as revenue or re-invested in the reserve.

It is best practice, however, that any funds that are not immediately required to meet approved expenditure is applied to reduce level of borrowings or to defer/reducelevels of future borrowings.

Investment income for deposits held has been projected at 2.5%per annum.

#### Reimbursements

Reimbursements are amounts received for work done, or expenses incurred, by the Council acting on behalf of other government bodies, property owners, organisations or individuals.

Reimbursements stayed the sameat 2.5% per annum.

#### Other Revenues and Commercial Activities

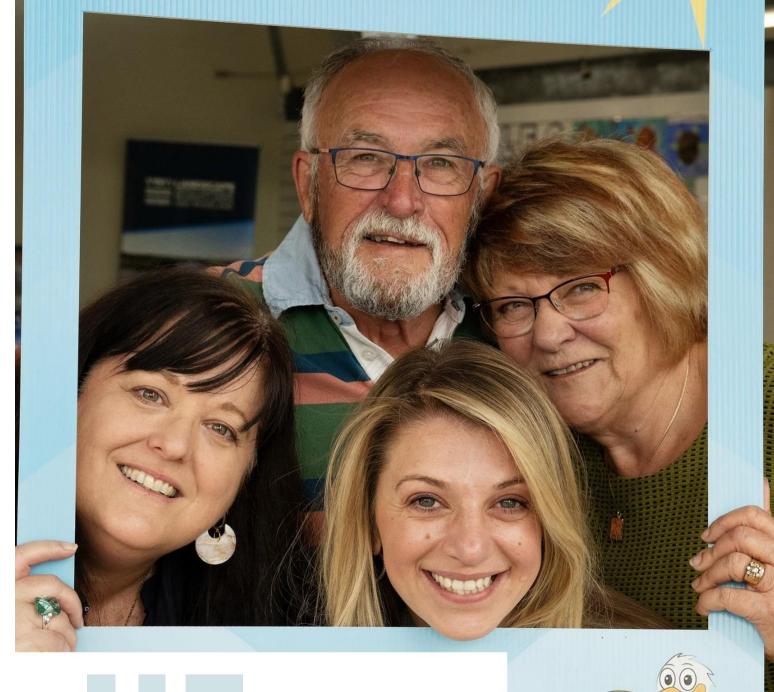
Other revenues are revenues not classified elsewhere such as insurance recoveries, rebates and the like. Income derived from commercial activities is received from activities solely carried out to generate revenuesuch as the operation of the Visitor Information Centre.

Other revenues and commercial activities income have been projected to increase by 2.5% per annum.

Council uses financial reserves to set aside funds for future specific purposes

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# in Berri Barmera

## **Operating Expenditure**

#### **Employee Costs**

This expenditure line includes all expenditure relating to the employment of Council's staff and includes on-costs such as superannuation, workers compensation insurance and accrued leave entitlements. Any of the above costs associated with capital works is not included.

An increase of 2.5% has been applied to salary and wages consistent with the Enterprise Agreement for 2023/2024. For the remaining years of the plan increases of 2.5% have been factored. It has also been assumed that staffing levels willremain relatively static over the 10-year period. Some areas such as the Depot may grow, while others would change due to digitisation.

# Materials, Contracts and Other Expenses

Materials, contracts and other expenses include costs associated with the purchase of all goods and services such as insurances, light and power, fuel and oil, consulting fees, repairs and maintenance and all other costs not elsewhere classified.

An assumption has been made that all operational costs relating to materials, contracts and other expenses will increase by 4.3% per annum. However, a review of all expenditure lines are carried out annually during the annual budget process to identify any cost savings that can be made.

#### **Finance Expenses**

Finance costs represent interest payments on loans.

Interest costs for any new loans factored into the latter part of the planhave been calculated at between 4.0% to 5.8% per annum.

Council's Treasury Management Policy encourages the use of cash reserves over loan borrowings to fund capital works and for the management of cash flow.

However, loan borrowings have been utilised where necessary to fund appropriate capital works andthe costs associated with the loans factored into the operational expenses of Council.

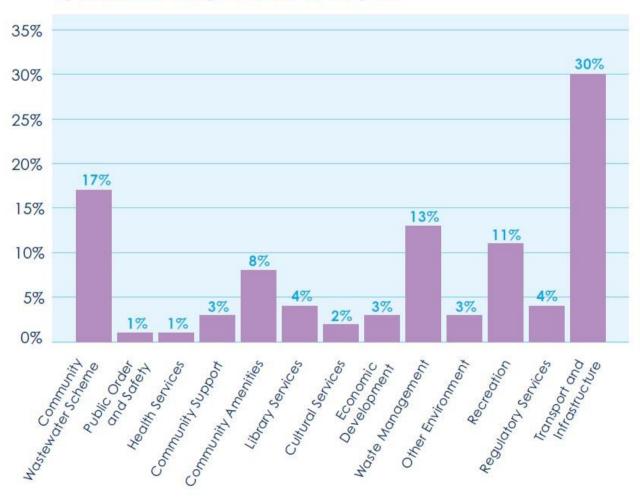
#### Depreciation, Amortisation and Impairment

Although depreciation is not a cash expense to Council it is an expense that represents the wear and tear of Council's asset base, and which reflects the consumption of the assetsbeing used. All things being equal an equivalent amount should be spent on the renewal and replacement of such assets over the long run.

Depreciation expense is calculated using the straight-line method with increases aligned with the assumed indexation rate of 2.5% per annum. This will be reassessed with revaluations before 30/6/2023.



Although Council report within their financial statements the breakdown of operating expenditure in accordance with Australian Accounting Standards the following graph depicts an additional breakdown of operating expenditure according to the categories reported to the Local Government Grants Commission. The graph adjacent demonstrates the wide range of services and expenditure areas the Council will allocate its revenue in a typical year.



#### Proposed operating expenditure by function average over life of the plan

## Capital Income and Expenditure

#### **Buildings and Structures**

- Once the Barmera multi-sports changeroom and oval lighting is complete Stage 2 of the project to streetscape and beautify the area will commence.
- Inclusion of Master Planning at key community precincts and estimates for outcome delivery has been included over the initial 5 years of the long-term plan.
- Included within the Long-Term Financial Plan is a budget estimate for future planning around the Berri Library. This project will address aesthetic, functionality, of a new library in the centre of town due to the library having to move from the high school in the future.
- Ongoing allocations for building, as structure renewals have been included throughout the life of the plan in line with Council's Buildings Asset Management Plan.
- Council has a vast number of playgrounds with equipment now reaching end of asset life. There has been an allocation for playground equipment renewal each year.
- Various projects such as replacement of pine posts around parks and sporting grounds as well as erection of shade structures and park furniture will be undertaken throughout the course of the plan.
- Ongoing budget allocations have been included for the renewal and upkeep of Council's cemeteries.
- Council is required to maintain a Disability Access and Inclusion Plan. The LTFP allows for some infrastructure projects as an outcome of the Plan.



#### Roads, Footpaths and Kerbing

- Over the course of the plan funding is allocated towards the renewal and replacement of roads. The location priority has been determined by a condition rating exercise and incorporated into Asset Management Plans.
- The Roads to Recovery Program will fund some of the asset renewal as required. Other funding such as "Special Local Roads" will be sourced wherever possible.
- New and upgrade of roads will be budgeted for to ensure service deliveryof road infrastructure remains adequatefor the community.
- An amount determined within the Asset Management Plans have been included in the LTFP onwards from years 2023/2024 for further road upgrades.
- An amount has been allocated each year forthe resealing of roads as well as resheeting and re-rubbling of Council roads and indexedat 2.5% in order to maintain Council road infrastructure. This is in line with the results of the Roads Asset Management Plan 2019/2020.
- Allocations towards the renewal and upgrade of kerbing has been built in over the life of the plan according to priorities determined by condition rating and defined within the Kerbing Asset Management Plan 2019/2020.
- A Footpath Asset Management Plan 2019/2020 has been developed and provided information regarding required allocations for the continued upgrade and renewal of footpaths and gopher routes. This allocation has been indexedat 2.5% over the life of the plan.
- The replacement of Berri and Barmera pavers within the CBD's will continue from 2023/2024 onwards. The allocation is adjusted annually in line with the condition rating within Council's Asset Management Plan.

#### **Stormwater**

 Stormwater infrastructure asset renewal projects have been identified and carried out over the course of the plan according to priorities set in the Asset Management Plan.

As Stormwater Asset Management Plans are scheduled for update in 2023/2024, it is expected these priorities may be revised.

#### Community Wastewater Management Scheme (CWMS)

 Due to the age of some of the infrastructure within the CWMS (particularly Barmera township) capital renewal amounts have been included throughout the life of plan to ensure infrastructure is renewed on an ongoing basis.

As the CWMS Asset Management Plans are scheduled for update in 2023/2024, it is expected these priorities may be revised.

#### **Plant and Equipment**

- Replacement of motor vehiclesfor regulatory functions such as building inspection, health inspection, general inspection and office requirements have been incorporated on a rotational basis every 2-3 years.
- The delivery of the Riverland Council's regional Information and Communication Technology (ICT) Strategy has been incorporated over the life of the LTFP. This project will ensure effective, modern and best practice ICT requirements for staff and the community. Efficiencies will be gained by all 3 Riverland Councils working together in partnership.
- The replacement of IT and digital devices has been includedover the life of the plan for use byElected Members.
- Replacement of plant, furniture and equipment for the Berri Visitor Information Centre, Berri and Barmera Libraries and Berri Depot.
- Major plant replacements have been included according to the plant replacement programme adopted by Council.





# Financial

# **Statements**

#### BERRI BARMERA COUNCIL - LONG-TERM FINANCIAL PLAN - SUMMARY STATEMENT

	2022-23 Plan \$'000	2023-24 Plan \$'000	2024-25 Plan \$'000	2025-26 Plan \$'000	2026-27 Plan \$'000	2027-28 Plan \$'000	2028-29 Plan \$'000	2029-30 Plan \$'000	2030-31 Plan \$'000	2031-32 Plan \$'000	2032-33 Plan \$'000
Operating Revenues	22,117	19,022	<b>\$ 000</b> 19,379	19,956	20,726	21,339	21,975	22,633	23,315	<b>\$ 000</b> 24,007	24,421
less Operating Expenses	(24,036)		(19,480)	(19,992)	(20,411)	(20,847)	(21,353)	(21,871)	(22,395)	(23,033)	(22,751)
Operating Surplus / (Deficit) Before											
Capital Amounts	(1,919)	(288)	(101)	(36)	314	492	622	762	920	975	1,670
<b>Less:</b> Net Outlays on Existing Assets Capital Expenditure on Renewal/Replacement of Existing Assets											
	(3,790)	(3,402)	(2,643)	(2,543)	(2,888)	(3,109)	(2,986)	(3,079)	(3,254)	(3,354)	(3,565)
less Proceeds from Sale of Replaced less Depreciation, Amortisation &	- 3,665	- 3,795	- 3,959	- 4,058	- 4,169	- 4,273	- 4,380	- 4,489	- 4,601	- 4,725	- 4,621
Net Outlays on Existing Assets	(125)	393	1,316	1,515	1,281	1,164	1,394	1,410	1,348	1,371	1,056
	(120)		1,010	1,010	1,201	1,101	1,001	1,110	1,010	1,011	1,000
Less: Net Outlays on New and Upgraded Assets Capital Expenditure on New/Upgraded											
Assets less Proceeds from Sale of Surplus Assets	(6,852) -	(4,497) 450	(6,196) 150	(1,469) -	(767) -	(741) -	(674) 100	(718) 100	(718) 100	(734) 100	(765) 100
less Amounts received specifically for new or upgraded assets	1,447	750	1,430	75	50	50	50	50	50	50	50
Net Outlays on New and Upgraded											
Assets	(5,405)	(3,298)	(4,616)	(1,394)	(717)	(691)	(524)	(568)	(568)	(584)	(615)
Equals: Net Lending / (Borrowing)											
for Financial Year	(7,449)	(3,192)	(3,401)	85	878	965	1,492	1,604	1,700	1,762	2,111
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2030-31	2032-33
KEY FINANCIAL INDICATORS	Plan										
Operating Surplus / (Deficit) - \$'000	(1,919)	(288)	(101)	(36)	314	492	622	762	920	975	1,670
Operating Surplus Ratio - %	-8.8%	-1.5%	-0.5%	-0.2%	1.5%	2.3%	2.9%	3.4%	4.0%	4.1%	7.0%
Net Financial Liabilities - \$'000	12,599	15,813	18,988	18,669	11,556	10,409	8,935	7,394	5,781	7,676	6,611
Net Financial Liabilities Ratio - %	58%	85%	100%	95%	57%	50%	41%	33%	25%	33%	28%
Interest Cover Ratio - %	0.8%	0.6%	0.5%	0.3%	0.5%	0.4%	0.3%	0.2%	0.2%	0.2%	0.7%
Asset Renewal Funding Ratio - %	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Asset Consumption Ratio - %	55%	55%	56%	56%	61%	60%	60%	60%	60%	63%	61%

#### BERRI BARMERA COUNCIL- LONG-TERM FINANCIAL PLAN – ESTIMATED INCOME STATEMENT

	2022-23 Plan \$'000	2023-24 Plan \$'000	2024-25 Plan \$'000	2025-26 Plan \$'000	2026-27 Plan \$'000	2027-28 Plan \$'000	2028-29 Plan \$'000	2029-30 Plan \$'000	2030-31 Plan \$'000	2031-32 Plan \$'000	2032-33 Plan \$'000
INCOME (1) Rates Statutory charges User charges Grants, subsidies and contributions Investment Income Reimbursements Other Revenues Share of profit – joint ventures & associates (2)	14,193 324 174 3,082 83 4,185 76	14,513 333 176 3,208 77 635 80	14,821 347 189 3,223 58 658 83	15,288 356 193 3,303 55 675 85	15,934 369 189 3,391 47 446 349	16,439 378 194 3,476 38 457 358	16,960 388 198 3,563 31 468 367	17,497 397 203 3,652 27 480 376	18,052 407 208 3,743 27 492 385	18,625 418 212 3,834 27 499 393	19,021 415 211 3,850 27 505 392
Total Revenues	22,117	19,022	19,379	19,956	20,726	21,339	21,975	22,633	23,315	24,007	24,421
EXPENSES Employee Costs Materials, contracts & other expenses Finance Costs Depreciation, Amortisation & Total Expenses	9,954 10,155 262 3,665 24,036	5,845 9,479 191 3,795 19,311	5,848 9,524 149 3,959 19,480	6,105 9,708 121 4,058 19,992	6,442 9,650 151 4,169 20,411	6,604 9,846 123 4,273 20,847	6,771 10,104 99 4,380 21,353	6,942 10,358 82 4,489 21,871	7,115 10,607 72 4,601 22,395	7,285 10,958 65 4,725 23,033	7,200 10,745 185 4,621 22,751
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	(1,919)	(288)	(101)	(36)	314	492	622	762	920	975	1,670
Net gain/(loss) on disposal or revaluation Amounts received specifically for new or upgraded assets Physical Resources received free of charge	- 1,447	- 750	- 1,430	- 75	- 50						
NET SURPLUS/(DEFICIT)	(472)	461	1,330	39	364	542	672	812	970	1,025	1,720

#### BERRI BARMERA COUNCIL - LONG-TERM FINANCIAL PLAN – ESTIMATED BALANCE SHEET

	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan	2031-32 Plan	2032-33 Plan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS											
Current Assets	(0.045)	(5.07.1)	(0.00.4)	(40,000)	(4.045)	(0 700)	(0 7 (7)	(1 = 1 1)	(0.40)	(0.00.1)	(0.700)
Cash & cash equivalents	(3,845)		(9,824)	(10,232)	(4,245)	(3,783)	(2,747)	(1,541)	(248)	(2,891)	(2,798)
Trade & other receivables	2,686	2,753	2,872	2,944	3,234	3,315	3,398	3,482	3,570	3,659	3,675
Other financial assets	-	-	-	-	-	-	-	-	-	-	-
Inventories	42	43	45	46	240	246	252	258	265	271	274
Total Current Assets	(1,117)	(3,178)	(6,907)	(7,242)	(772)	(223)	902	2,200	3,586	1,039	1,151
Non-current Assets	4 400						0.50	0.40	0.40	700	770
Financial Assets	1,139	903	903	903	900	890	850	840	810	790	770
Equity accounted investments in	450 405	- 162,125	- 172,987	- 179,432	- 200,330	- 207,587	-	- 222,621	- 230,706	- 247,417	- 241,760
Infrastructure, Property, Plant &	152,485 153,624	-	172,987		200,330	207,587 208,477	214,926 215,776	222,621		247,417 248,207	
Total Non-current Assets		163,028		180,335		-	-	-	231,516		242,530
Total Assets	152,507	159,850	166,983	173,093	200,459	208,255	216,678	225,661	235,102	249,247	243,681
LIABILITIES											
Current Liabilities	0 575	0.000	0 750	0.000	0.454	0 540	0 575	0.000	0 705	0 770	0.550
Trade & Other Payables	2,575	2,639	2,753	2,822	2,451	2,512	2,575	2,639	2,705	2,773	2,550
Borrowings	1,378	1,429	1,457	2,542	972	755	622	629	640	240	200
Short-term Provisions	1,240	1,271	1,325	1,358	1,555	1,594	1,634	1,675	1,717	1,759	1,790
Sub-total	5,193	5,339	5,535	6,722	4,978	4,861	4,831	4,943	5,062	4,772	4,540
Liabilities relating to Non-current	E 400	5 000	E E0E	0 700	4.070	4 004	4 004	4.040	5 000	4 770	4 5 4 0
Total Current Liabilities	5,193	5,339	5,535	6,722	4,978	4,861	4,831	4,943	5,062	4,772	4,540
Non-current Liabilities	7 077	7 000	7 070	5 000	0.000	F 500	5.045	4 00 4	4 4 4 0	4.040	2.240
Long-term Borrowings	7,077 309	7,839 317	7,073 330	5,223 339	6,096 371	5,589 380	5,215 389	4,834 399	4,442 409	4,042 419	3,318 400
Long-term Provisions	7,386	8,156	7,404	5,562	6.467	5,969	5,605	5,233	409	419	3,718
Total Non-current Liabilities	12,579	13,495	12,939	12,284	0,407	10,830	10,435	10,176	9,913	9,233	8,258
Total Liabilities	12,579	15,495	12,939	12,204	11,445	10,030	10,435	10,170	9,913	9,233	0,230
	139,928	146,355	154,044	160.809	189.014	197,425	206,243	215,485	225,190	240,013	235,423
NET ASSETS	159,920	140,333	134,044	100,009	109,014	197,425	200,243	215,405	223,190	240,013	233,423
FOURTY											
EQUITY Accumulated Surplus	31,419	31,722	33,185	33,406	38,009	38,489	39,083	39,806	40,686	45,702	46,656
Accumulated Surplus Asset Revaluation Reserve	106,165	112,131	33,185 118,490	33,406 125,217	38,009 148,866	38,489 156,759	39,083 164,945	39,806 173,425	40,686	45,702 191,311	46,656 185,667
	2,344	2,502	2,369	2,186	2,140	2,177	2,215	2,254	2,294	3,000	3,100
Other Reserves	139.928	146,355	154,044	160,809	189,014	197,425	206,243	215,485	2,294	240,013	235,423
TOTAL EQUITY	159,920	140,000	104,044	100,009	109,014	197,420	200,243	215,405	225,190	240,013	233,423

#### BERRI BARMERA COUNCIL - LONG-TERM FINANCIAL PLAN – ESTIMATED STATEMENT OF CHANGES IN EQUITY

	2022-23 Plan \$'000	2023-24 Plan \$'000	2024-25 Plan \$'000	2025-26 Plan \$'000	2026-27 Plan \$'000	2027-28 Plan \$'000	2028-29 Plan \$'000	2029-30 Plan \$'000	2030-31 Plan \$'000	2031-32 Plan \$'000	2032-33 Plan \$'000
ACCUMULATED SURPLUS										-	-
Balance at end of previous reporting	32,065	31,419	31,723	33,185	33,405	33,734	34,239	34,872	35,646	36,576	37,657
Net Result for Year	(472)	461	1,330	39	364	542	672	812	970	1,025	1,720
Transfers to Other Reserves	(3,195)	(3,288)	(3,429)	(3,515)	(3,527)	(3,615)	(3,705)	(3,798)	(3,893)	(3,985)	(4,015)
Transfers from Other Reserves	3,021	3,131	3,561	3,697	3,490	3,578	3,667	3,759	3,853	4,041	3,954
Balance at end of period	31,419	31,723	33,185	33,405	33,734	34,239	34,872	35,646	36,576	37,657	39,316
ASSET REVALUATION RESERVE											
Balance at end of previous reporting	100,550	106,165	112,131	118,490	125,217	153,057	160,926	169,072	177,502	186,237	200,035
Gain on revaluation of infrastructure,	5,615	5,966	6,359	6,727	32,031	12,036	8,146	8,430	8,735	13,798	8,964
Balance at end of period	106,165	112,131	118,490	125,217	153,057	160,926	169,072	177,502	186,237	200,035	193,725
OTHER RESERVES (2)											
Balance at end of previous reporting	2,040	2,344	2,501	2,369	2,187	2,223	2,260	2,298	2,337	2,377	2,321
Transfers from Accumulated Surplus	3,325	3,288	3,429	3,515	3,527	3,615	3,705	3,798	3,893	3,985	4,015
Transfers to Accumulated Surplus	(3,021)	(3,131)	(3,561)	(3,697)	(3,490)	(3,578)	(3,667)	(3,759)	(3,853)	(4,041)	(3,954)
Balance at end of period	2,344	2,501	2,369	2,187	2,223	2,260	2,298	2,337	2,377	2,321	2,382
TOTAL EQUITY AT END OF											
REPORTING PERIOD	139,928	146,355	154,044	160,809	189,014	197,425	206,243	215,485	225,190	240,013	235,423

#### BERRI BARMERA COUNCIL - LONG-TERM FINANCIAL PLAN – ESTIMATED CASH FLOW STATEMENT

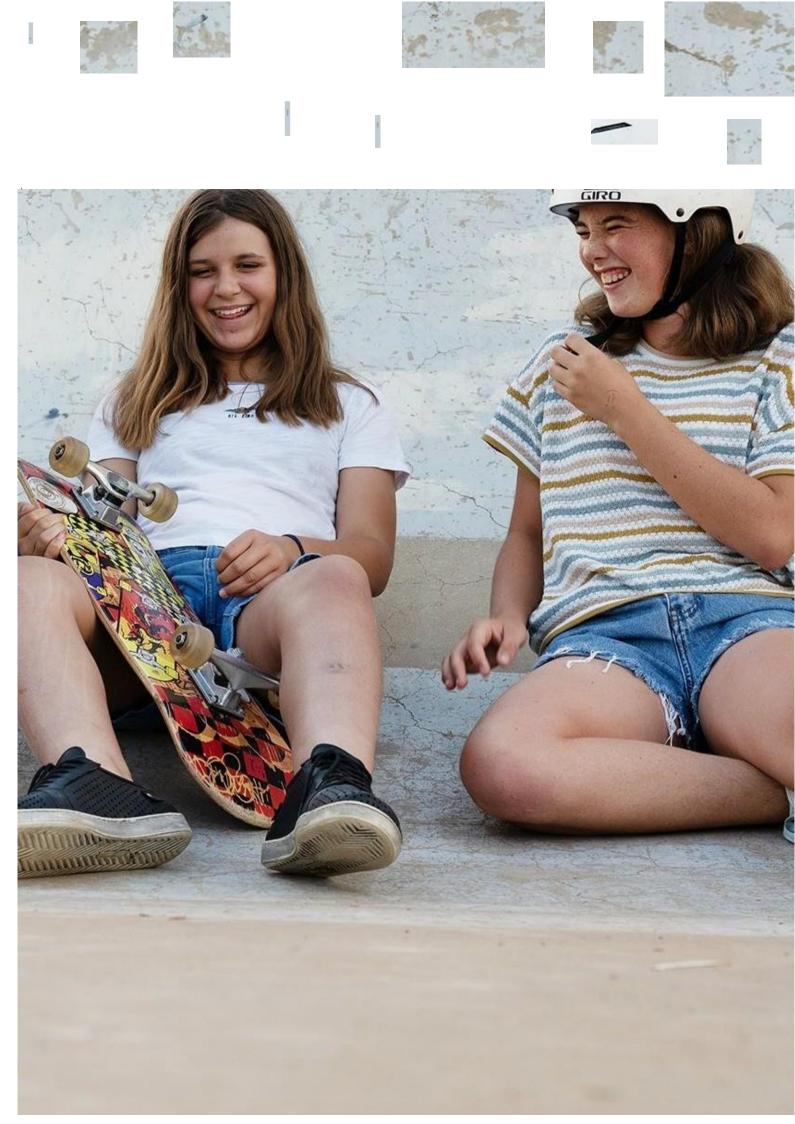
	2022-23 Plan \$'000	2023-24 Plan \$'000	2024-25 Plan \$'000	2025-26 Plan \$'000	2026-27 Plan \$'000	2027-28 Plan \$'000	2028-29 Plan \$'000	2029-30 Plan \$'000	2030-31 Plan \$'000	2031-32 Plan \$'000	2032-33 Plan \$'000
CASH FLOWS FROM OPERATING											
Receipts											
Operating receipts	21,968	18,877	19,203	19,829	20,600	21,221	21,861	22,521	23,201	23,891	24,033
Investment receipts	83	77	58	55	47	38	31	27	27	27	25
<u>Payments</u>	(	<i>(</i> ) = )	<i></i>	<i></i>	<i></i>	··· • • ·		<i></i>	<i></i>		<i>( )</i> =
Operating payments to suppliers and	(20,013)	(15,222)	(15,193)	(15,705)	(15,991)	(16,347)	(16,769)	(17,191)	(17,611)	(18,129)	(17,806)
Finance payments	(262)	(191)	(149)	(120)	(151)	(123)	(99)	(82)	(72)	(65)	(190)
Net Cash provided by (or used in)											
Operating Activities	1,776	3,541	3,919	4,059	4,505	4,788	5,024	5,275	5,546	5,725	6,062
CASH FLOWS FROM INVESTING Receipts											
Amounts specifically for new or	1,447	750	1,430	75	50	50	50	50	50	50	50
Sale of replaced assets	-	-	-	-	-	-	-	-	-	-	-
Sale of surplus assets	-	450	150	-	-	-	100	100	100	100	100
Repayments of loans by community Payments	212	215	228	237	214	224	68	19	15	10	5
Expenditure on renewal/replacement	(3,790)	(3,402)	(2,643)	(2,543)	(2,888)	(3,109)	(2,986)	(3,079)	(3,254)	(3,354)	(3,565)
Expenditure on new/upgraded assets	(6,852)	(4,497)	(6,196)	(1,469)	(767)	(741)	(674)	(718)	(718)	(734)	(765)
Development of real estate for sale	-	-	-	-	-	-	-	-	-	-	-
Loans made to community groups	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided by (or used in)											
Investing Activities	(8,983)	(6,484)	(7,031)	(3,700)	(3,391)	(3,576)	(3,441)	(3,628)	(3,806)	(3,928)	(4,175)
CASH FLOWS FROM FINANCING											
Receipts											
Proceeds from Borrowings	2,500	1,500	-	-	-	-	-	-	-	-	-
<u>Payments</u>											
Repayments of Borrowings	(684)	(687)	(738)	(766)	(697)	(724)	(507)	(374)	(382)	(800)	(764)
Net Cash provided by (or used in)											
Financing Activities	1,816	813	(738)	(766)	(697)	(724)	(507)	(374)	(382)	(800)	(764)
Net Increase (Decrease) in cash	(5,391)	(2,130)	(3,850)	(407)	418	487	1,076	1,273	1,358	997	1,123
Cash & cash equivalents at beginning of period	1,547	(3,845)	(5,975)	(9,825)	(10,232)	(9,814)	(9,326)	(8,251)	(6,978)	(5,620)	(4,623)
Cash & cash equivalents at end of period	(3,844)	(5,975)	(9,825)	(10,232)	(9,814)	(9,326)	(8,251)	(6,978)	(5,620)	(4,623)	(3,500)

#### BERRI BARMERA COUNCIL - SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS

	2022-23 Plan \$'000	2023-24 Plan \$'000	2024-25 Plan \$'000	2025-26 Plan \$'000	2026-27 Plan \$'000	2027-28 Plan \$'000	2028-29 Plan \$'000	2029-30 Plan \$'000	2030-31 Plan \$'000	2031-32 Plan \$'000	2032-33 Plan \$'000
Operating Revenues less Operating Expenses	22,117 (24,036)	19,022	19,379 (19,480)	19,956 (19,992)	20,726 (20,411)	21,339 (20,847)	21,975 (21,353)	22,633	23,315 (22,395)	24,007 (23,033)	24,421 (22,751)
Operating Surplus / (Deficit) Before Capital Amounts	(1,919)	(288)	(101)	(36)	314	492	622	762	920	975	1,670
Less: Net Outlays on Existing Assets Capital Expenditure on Renewal/Replacement of Existing Assets less Proceeds from Sale of Replaced less Depreciation, Amortisation &	(3,790) - 3,665	(3,402) - 3,795	(2,643) - 3,959	(2,543) - 4,058	(2,888) - 4,169	(3,109) - 4,273	(2,986) - 4,380	(3,079) - 4,489	(3,254) - 4,601	(3,354) - 4,725	(3,565) - 4,621
Net Outlays on Existing Assets	(125)	393	1,316	1,515	1,281	1,164	1,394	1,410	1,348	1,371	1,056
Less: Net Outlays on New and Capital Expenditure on New/Upgraded less Proceeds from Sale of Surplus Assets less Amounts received specifically for new	(6,852) - 1,447	(4,497) 450 750	(6,196) 150 1,430	(1,469) - 75	(767) - 50	(741) - 50	(674) 100 50	(718) 100 50	(718) 100 50	(734) 100 50	(765) 100 50
Net Outlays on New and Upgraded	(5,405)	(3,298)	(4,616)	(1,394)	(717)	(691)	(524)	(568)	(568)	(584)	(615)
Equals: Net Lending / (Borrowing) for Financial Year	(7,449)	(3,192)	(3,401)	85	878	965	1,492	1,604	1,700	1,762	2,111

In any one year, the financing transactions identified below are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.

FINANCING TRANSACTIONS	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan	2031-32 Plan	2032-33 Plan
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
New Borrowings	2,712	1,715	228	237	214	224	68	19	15	10	5
Principal Repayments on Borrowings	(684)	(687)	(738)	(766)	(697)	(724)	(507)	(374)	(382)	(800)	(764)
(Increase)/Decrease in Cash and Cash											
Equivalents	5,391	2,130	3,850	407	(418)	(487)	(1,076)	(1,273)	(1,358)	(997)	(1,123)
(Increase)/Decrease in Receivables	88	(67)	(119)	(72)	(290)	(81)	(83)	(85)	(87)	(89)	(16)
Increase/(Decrease) in Payables and											
Provisions	356	103	181	111	(142)	109	112	115	118	121	(212)
Other – including movement in											
inventories	164	(1)	(2)	(1)	(194)	(6)	(6)	(6)	(6)	(7)	(3)
Equals: Financing Transactions	8,026	3,193	3,400	(84)	(1,526)	(965)	(1,492)	(1,604)	(1,700)	(1,762)	(2,113)



# **Financial Indicators**

The Local Government Act 1999 requires Council to "state the measures (financial and non-financial) that are to be used to monitor and assess the performance of council over the relevant period."

> The SA Local Government Financial Management Group have developed and standardised a set of indicators applicable to all Councils. The use of these indicators assists in the steering of Council's financial performance and sustainability.

The indicators used by Councils and their explanation are as follows:



## **Operating Surplus Ratio**

By what percentage does the major controllable revenue source vary from operating expenses.

An operating surplus (or deficit) arises when operating revenue exceeds (or is less than) operating expenses for a period. A council's long term financial sustainability is dependent upon ensuring that, on average, its expenses are less than its revenues. If a council is not generating an operating surplus in most periods, then it is effectively living beyond its means and is unsustainable.

The operating surplus ratio is the operating surplus (or deficit) expressed as a percentage of general and other rates net of rate rebates and revenues from the Regional Landscape Levy. A positive ratio indicates the percentage of rates available to fund capital expenditure.

A negative ratio indicates the percentage increase required in rates to achieve a break-even operating result. If in the event of a positive ratio and that amount is not required for that particular year, it can be held over for future capital works or can be used to reduce existing debt.

**Council's target –** to incrementally achieve a ratio of 0% or better over the course of the 10-year plan.



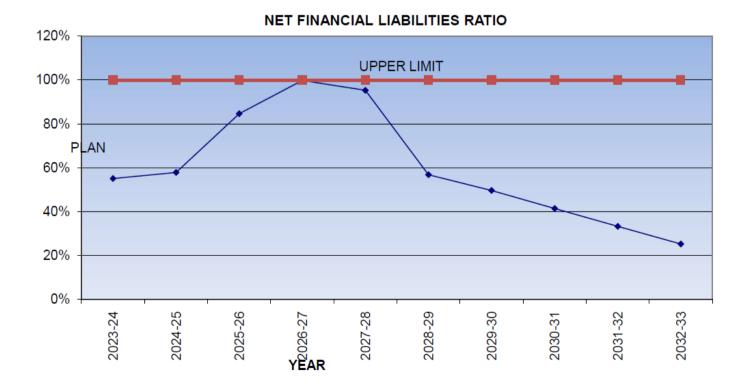
## Net Financial Liabilities Ratio

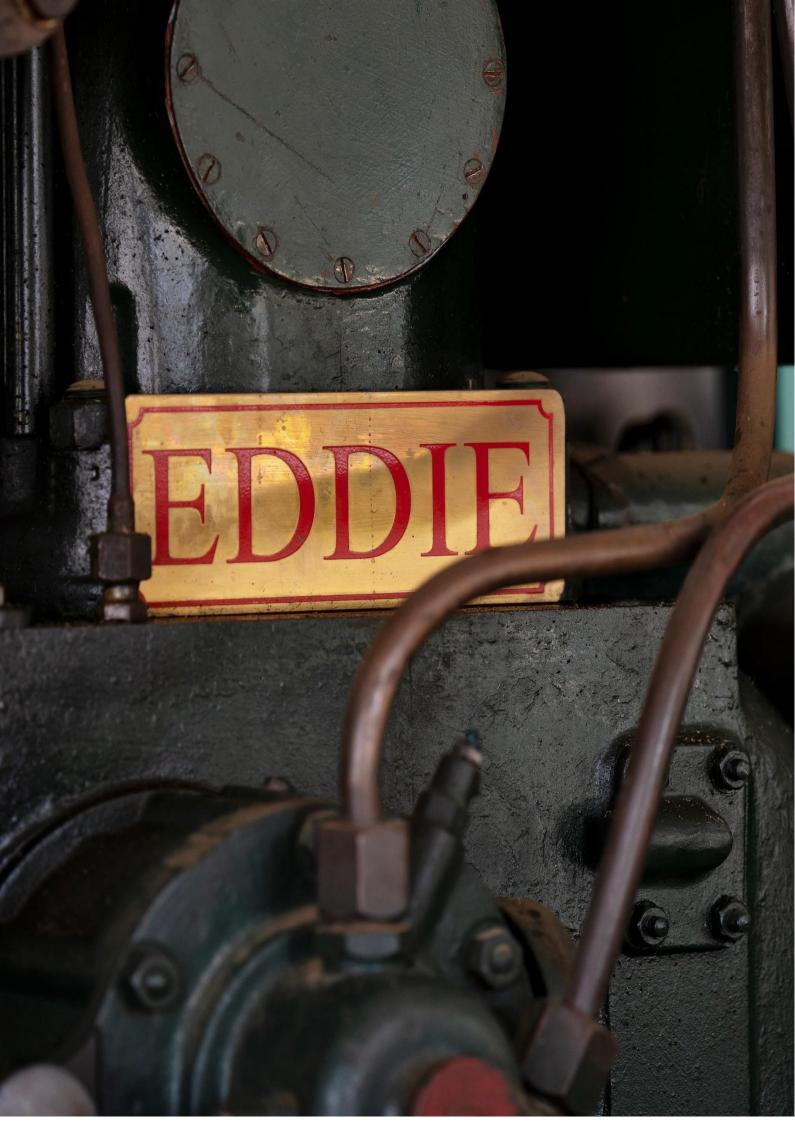
How significant is the net amount owed compared with operating revenue.

This ratio indicates the extent to which net financial liabilities of a council could be met by its operating revenue. Where the ratio is falling over time indicates that the Council's capacity to meet its financial obligations from operating revenue is strengthening. Net financial liabilities are a broader and more appropriate measure of indebtedness than just the level of borrowings as it includes items such as employee long service leave entitlements and other amounts payable. A council would need to consider the impact of interest payments associated with borrowings on its operating result, however councils with a healthy operating surplus may decide to address any asset renewal and rehabilitation backlog as well as provide additional services to its community through the acquisition of additional assets without detracting from its financial sustainability.

There have been minimal loans factored into the term of the plan.

Council's target – to be between 0% and 100% of operating revenue



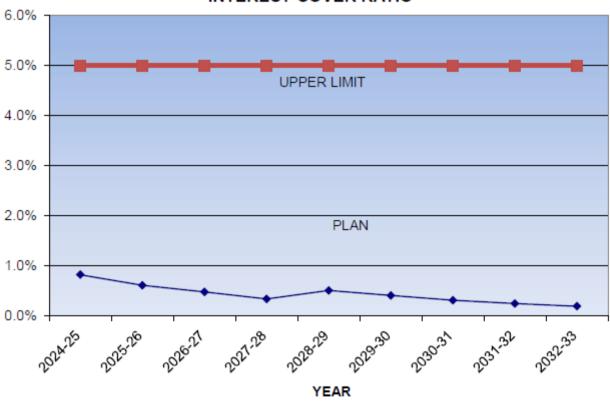


## **Interest Cover Ratio**

How much income is used in paying interest on loans.

This ratio indicates how much of Council's operating revenues are committed to interest expense. There is no right or wrong ratio, but a Council must be aware to manage this ratio within a range it is comfortable with.

Council's target – less than 5%



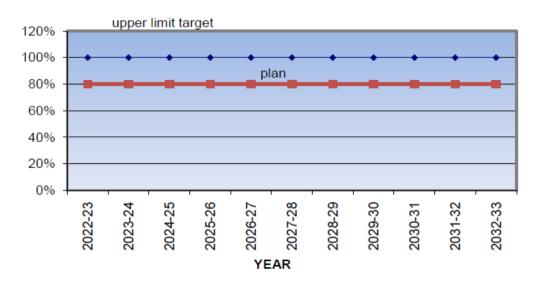
#### INTEREST COVER RATIO

## Asset Renewal Funding Ratio

Are assets being replaced at the rate they are wearing out.

This ratio indicates whether Council is renewing or replacing existing non-financial assets at the same rate the assets are wearing out. It is calculated by measuring capital expenditure on renewal or replacement of assets relative to the optimal level of such expenditure proposed in Council's infrastructure and asset management plans. If capital expenditure on renewing or replacing existing assets is at least equal to the level proposed in the infrastructure and asset management plans, then council is ensuring service levels derived from its existing assets are maintained. Any material underspending on the renewal and replacement of assets over the medium term is likely to adversely impact on service levels.

> Council's target – between 90% and 110%.



#### ASSET SUSTAINABILITY RATIO



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