



### Contents

Introduction	4
Our Council	5
Executive Summary	6
Assumptions	8
External Influences and Risks	14
Council Operations	18
Financial Statements	29
Summary Statement	30
Estimated Income Statement	31
Estimated Balance Sheet	32
Estimated Statement of Changes in Equity	33
Estimated Cash Flow Statement	34
Summary Statement including Financing Transactions	35
Financial Indicators	37

### 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 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 Long Term Financial Plan 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.





### Our Council



MAYOR PETER HUNT



Cr Ella Winnall



Cr Rhonda Centofanti



Cr Margaret Evans OAM



Cr Andrew Kassebaum



Cr Adrian Little



Cr Trevor Scott



Cr Meta Sindos



### **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 usually less detailed than the annual budget, but without a long-term financial plan a 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 of the day 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 services it provides.



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 on-going service delivery and commitments and new expenditure items and initiatives.
- Infrastructure and Asset
   Management Plans have been
   developed to assist Council
   to predict new and renewal
   infrastructure needs to 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 grant monies which Council will actively pursue for projects which 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

### Assumptions

### Berri Barmera Council – LTFP Assumptions

	2021- 2022 Plan \$'000	2022- 2023 Plan \$'000	2023- 2024 Plan \$'000	2024- 2025 Plan \$'000	2025- 2026 Plan \$'000	2026- 2027 Plan \$'000	2027- 2028 Plan \$'000	2028- 2029 Plan \$'000	2029- 2030 Plan \$'000	2030- 2031 Plan \$'000	2031- 2032 Plan \$'000
Projected expenditure indexation (%)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Projected wages indexation (%)	2.3%	2.5%	2.5%	2.5%	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%	2.5%	2.5%	2.5%
Projected rate growth	4.0%	1.4%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Projected service charge increases – effluent drainage	3.5%	2.5%	2.5%	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%	2.5%	2.5%	2.5%
Population	10,686	10,686	10,686	10,686	10,686	10,686	10,686	10,686	10,686	10,686	10,686



### 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 2022/2023 Council resolved to have a NIL increase to the rate in the dollar for all categories of property within its district.

### Projected Expenditure Indexation

The projected expenditure indexation has been set at 2.5% for the duration of the plan.

Although the Adelaide CPI was set at 1.9% for the March 2022 quarter with an average of 4.7% for the 12-month period. Council feels an assumption of price increases set at 2.5% is more in line with the increase to costs applicable to the Local Government Industry.

### **Projected Rate Growth**

Rate growth for 2022/2023 at 1.4% is a result 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**

As at last Census (2016), 2021 Census population will only be available from June 2022 onwards.



The activities of Council are very asset intensive. As at 30 June 2021 the replacement value of Council's non-current assets was \$203 million of which categories include:

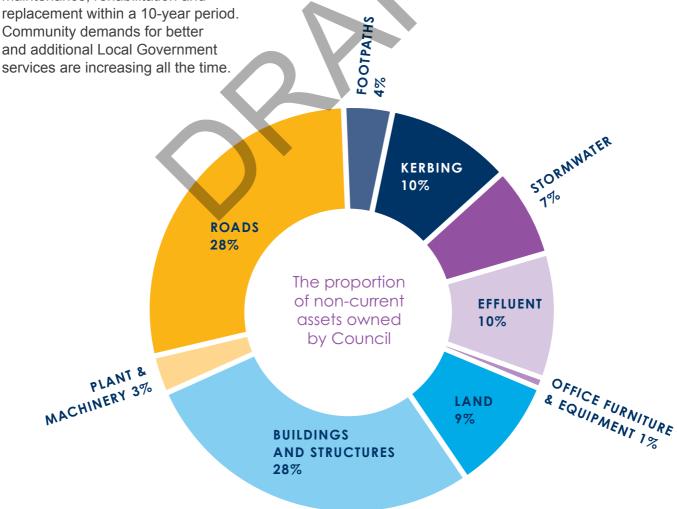
- Land
- Buildings and Structures
- · Plant, Furniture and Equipment
- Roads, Footpaths and Kerbing
- Stormwater
- Community Wastewater Management Schemes (effluent)

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

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.





### **Key Conclusions**

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.

In the longer term the estimated cash flow statement indicates a steady increase in cash held which assists Council in either reducing its debt levels or from relying on debt proceeds to fund future capital investments.

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 in the 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 vital if a Council is to achieve the best results from the development of its plans.

The Local Government Act states that "a council must adopt a process or processes to ensure that members of the public are given a reasonable opportunity to be involved in 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 provide a general measure of price inflation for the Australian household sector as a whole. This Long-Term Financial Plan includes CPI of 2.5% over the life of the plan. CPI for Adelaide for the March 2022 quarter was set at 1.9%, which brings the 12-month CPI to 4.7%.

### 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 Commission is responsible for the distribution of untied Commonwealth Financial Assistance Grants to Local Government in accordance with State and Federal legislative requirements.

Council currently receives around \$2.6 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 State averages 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 Plant. 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 approach and has allowed for interest rates of 2.5% to 3.75% over the next 10 years as a variable rate for the requirement of cash advance facility drawdowns. 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% to 12% as follows:

Year	Contribution Rate
1 July 2020 – 30 June 20	9.5%
1 July 2021 – 30 June 20	10.0%
1 July 2022 – 30 June 20	10.5%
1 July 2023 – 30 June 20	11.0%
1 July 2024 – 30 June 20	025 11.5%
1 July 2025 – 30 June 20 onwards	026 12.0%

Council
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over the next
10 years

### 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 capacity and conduct
- Lower costs and enhanced financial accountability
- Efficient and transparent local government representation
- Simpler regulation.

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



### 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 are netted off against the appropriate rate revenue charges.

A zero increase to rate in the dollar for general rates has been proposed for the 2022/2023 budget. The Industrial rates will decrease to align with the commercial rates.

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 valuation adjustments received from the Valuer-General for 2022/2023 have resulted in an estimated 1.36% 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 decrease to 2.5% in 2022/2023 from 3.5% for 2021/2022 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.

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 decrease remain the same at 2.5% for 2022/2023.

The waste management service charge is a charge based on cost recovery. With the change to China's policy to reduce the import of recyclables and the State Government's 2019 budget announcement to increase the solid waste levy the costs to Council to provide this service to its community is growing. Future increases to this service charge are purely based on increases imposed on councils for the disposal of waste.

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. This year we will be in our last year with the completion of Costello Road.

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 loans to community groups.

In line with Council's Treasury
Management Policy investments
are either placed with the Local
Government Finance Authority or
with one of the four major banks.
Council uses financial reserves to
set 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/reduce levels 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 same at 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 revenue such 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



### **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 2022/2023 awaiting the outcome of the Enterprise Bargaining Agreements. For the remaining years of the plan increases of 2.5% have been factored. It has also been assumed that staffing levels will remain relatively static over the 10-year period. Some areas like the Depot might 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 2.5% 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 plan have been calculated at between 2.45 – 4.5% 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 and the costs associated with the loans factored into the operational expenses of Council.

### Depreciation, Amortisation and Impairment

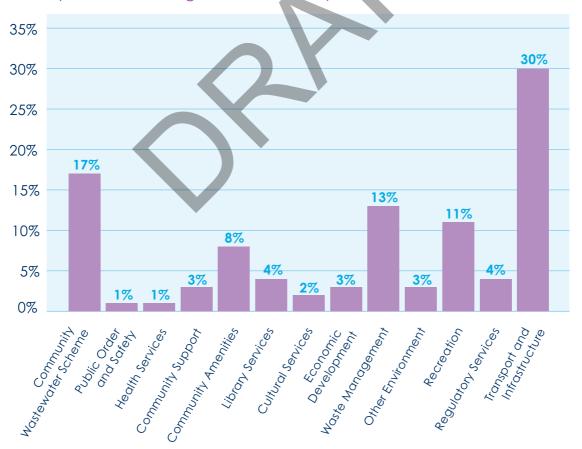
Although depreciation is not a cash expense to Council it is an expense that represents the wear and tear of Council's asset base, and which reflects the consumption of the assets being used. All things being equal an equivalent amount should be spent on the renewal and replacement of such assets over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



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**

- Ongoing upgrades to the Berri Swimming Centre is included within the LTFP with an emphasis on further safety and disability compliance.
- A project to upgrade the Berri Baseball Lighting Upgrade within our district has been included with grant funding being sourced to reduce the cost to ratepayers.
- When the carry over projects Barmera
   Multi Sport Changerooms and Oval Lighting
   Upgrade have been completed, the Stage
   two part of the project to streetscape
   and beautify the area will commence during
   2022/2023 financial year.
- 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.
- Progression of the Berri Riverfront precinct development – stage 2 has been included with anticipated funding received to assist Council to complete its vision for this vital tourist precinct.

- 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.
- It was a requirement that
  Councils in South Australia develop
  a Disability Access and Inclusion
  Plan by October 2020. Berri
  Barmera Council have allowed
  for some infrastructure projects
  as an outcome of the Plan.



- Ongoing allocations for building as structures 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 an aged state. There has been an allocation for playground equipment renewal every 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.

- Ongoing allocations for building as structures 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 an aged state.
   There has been an allocation for playground equipment renewal every year.



### 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 delivery of road infrastructure remains adequate for the community.
- An amount determined within the Asset Management Plans have been included in the LTFP onwards from years 2022/2023 for further road upgrades.
- An amount has been allocated each year for the resealing of roads as well as resheeting and re-rubbling of Council roads and indexed at 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 has provided information regarding required allocations for the continued upgrade and renewal of footpaths and gopher routes. This allocation has been indexed at 2.5% over the life of the plan.
- The replacement of Berri and Barmera pavers within the CBD's will continue from 2022/2023 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 will be carried out over the course of the plan according to priorities set in the Asset Management Plan.

### 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.

### **Plant and Equipment**

- Replacement of motor vehicles for regulatory functions such as building inspection, health inspection, general inspection and office requirements have been incorporated on a rotational basis every 2-3 years. An extra hybrid vehicle has been allocated to the infrastructure area as a pool vehicle.
- The delivery of the Riverland Council's regional 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 an alliance.
- The replacement of IT and digital devices has been included over the life of the plan for use by Elected 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.





BERRI BARMERA COUNCIL LONG TERM FINANCIAL PLAN
Summary Statement

	2021-22 Plan \$'000	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
Operating Revenues	17,911	19,181	19,497	20,075	20,669	21,282	21,916	22,572	23,251	23,956	24,683
less Operating Expenses	(17,821)	(18,910)	(18,807)	(19,188)	(19,677)	(20,085)	(20,487)	(20,958)	(21,440)	(21,927)	(22,432)
Operating Surplus / (Deficit) Before Capital Amounts	06	172	06.9	887	992	1,197	1,429	1,614	1,811	2,029	2,251
Less: Net Outlays on Existing Assets											
Capital Expenditure on Renewal/ Replacement of Existing Assets	(4,797)	(3,221)	(2,754)	(2,808)	(2,527)	(2,547)	(2,758)	(2,625)	(2,709)	(2,873)	
less Proceeds from Sale of Replaced Assets	1	•		,	1			1	1		1
less Depreciation, Amortisation & Impairment	3,582	3,677	3,769	3,863	3,959	4,058	4,160	4,264	4,370	4,480	4,592
Net Outlays on Existing Assets	(1,215)	456	1,015	1,054	1,433	1,511	1,402	1,638	1,662	1,607	4,592
Less: Net Outlays on New and Upgraded Assets	sets										
Capital Expenditure on New/Upgraded Assets	(7,210)	(6,299)	(5,116)	(1,426)	(832)	(792)	(767)	(701)	(745)	(746)	(2,100)
less Proceeds from Sale of Surplus Assets	200	1	150	•	100	-		100	100	100	100
less Amounts received specifically for new or upgraded assets	2,198	1,847	925	75	75	50	25	10			
Net Outlays on New and Upgraded Assets	(4,812)	(4,452)	(4,041)	(1,351)	(657)	(742)	(742)	(165)	(645)	(646)	(2,000)
Equals: Net Lending / (Borrowing) for Financial Year	(5,937)	(3,726)	(2,336)	591	1,767	1,966	2,088	2,662	2,828	2,990	4,842
KEY FINANCIAL INDICATORS	2021-22 Plan	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
Operating Surplus / (Deficit) - \$'000	9.0	271	069	887	992	1,197	1,429	1,614	1,811	2,029	2,251
Operating Surplus Ratio - %	0.5%	1.4%	3.6%	4.5%	4.9%	5.7%	%9.9	7.3%	7.9%	8.6%	9.3%
Net Financial Liabilities - \$'000	9,661	13,414	15,535	14,853	13,091	11,131	9,048	6,393	3,571	588	(4,248)
Net Financial Liabilities Ratio - %	25%	71%	81%	75%	<b>64</b> %	23%	<b>42</b> %	29%	16%	2%	-18%
Interest Cover Ratio - %	1.6%	2.1%	2.3%	2.2%	1.9%	1.7%	1.4%	1.2%	1.0%	0.9%	0.7%
Asset Renewal Funding Ratio - %	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Asset Consumption Ratio - %	26%	%09	<b>61%</b>	<b>%1%</b>	<b>61%</b>	<b>%1%</b>	<b>61%</b>	<b>61%</b>	<b>%1%</b>	<b>61%</b>	%09

BERRI BARMERA COUNCIL LONG TERM FINANCIAL PLAN

Estimated Income Statement

	2021-22 Plan \$'000	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	2027-30 Plan \$'000	2030-31 Plan \$'000	2031-32 Plan \$'000
INCOME (1)											
Rates	13,507	14,454	14,913	15,386	15,875	16,379	16,900	17,438	17,993	18,566	19,158
Statutory charges	318	325	333	341	350	359	368	377	386	396	406
User charges	152	155	159	163	167	171	175	180	184	189	193
Grants, subsidies and contributions	3,097	3,198	3,239	3,320	3,403	3,488	3,575	3,665	3,756	3,850	3,946
Investment Income	88	80	7	61	52	42	33	27	24	24	25
Reimbursements	452	899	475	487	500	512	525	538	551	565	579
Other Revenues	297	301	308	316	324	332	340	348	357	366	375
Share of profit – joint ventures & associates (2)				2							
Total Revenues	17,911	19,181	19,497	20,075	20,669	21,282	21,916	22,572	23,251	23,956	24,683
EXPENSES				Y							
Employee Costs	5,156	5,585	5,686	5,960	6,130	6,281	6,439	6,602	6,768	6,937	7,111
Materials, contracts & other expenses	8,716	9,167	8,845	8,876	9,150	9,356	9,545	9,795	10,041	10,281	10,533
Finance Costs	367	480	208	489	439	390	343	298	261	229	196
Depreciation, Amortisation & Impairment	3,582	3,677	3,769	3,863	3,959	4,058	4,160	4,264	4,370	4,480	4,592
Total Expenses	17,821	18,910	18,807	19,188	19,677	20,085	20,487	20,958	21,440	21,927	22,432
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	90	271	069	887	992	1,197	1,429	1,614	1,811	2,029	2,251
Net gain/(loss) on disposal or revaluation of assets	ı	ı	1	,	,	ı	ı	1	1	'	,
Amounts received specifically for new or upgraded assets	2,198	1,847	925	75	75	20	25	10	,		,
Physical Resources received free of charge											
NET SURPLUS/(DEFICIT)	2,288	2,118	1,615	962	1,067	1,247	1,454	1,624	1,811	2,029	2,251

### BERRI BARMERA COUNCIL LONG TERM FINANCIAL PLAN Estimated Balance Sheet

202	2021-22 Plan S'000	2022-23 Plan S'000	2023-24 Plan S'000	2024-25 Plan S'000	2025-26 Plan S'000	2026-27 Plan S'000	2027-28 Plan S'000	2028-29 Plan S'000	2029-30 Plan S'000	2030-31 Plan S'000	2031-32 Plan S'000
ASSETS Current Assets											
Cash & cash equivalents	901	(1,250)	(3,127)	(3,317)	(2,639)	(1,738)	(752)	849	2,664	4,609	9,476
Trade & other receivables	2,774	2,843	2,914	2,987	3,062	3,138	3,217	3,297	3,379	3,464	3,550
Other financial assets	1	1	-								
Inventories	206	211	216	222	227	233	239	245	251	257	263
Total Current Assets	3,880	1,804	2,912	(109)	920	1,633	2,703	4,390	6,294	8,330	13,290
Non-current Assets											
Financial Assets	1,211	980	086	548	306	92	(132)	(200)	(203)	(203)	(203)
Equity accounted investments in Council businesses	1	1	X	1	ı	ı	ı	ı	ı	ı	ı
e, Property, Plant & Equipment	151,592	163,423	173,512	180,833	187,203	193,812	200,772	207,607	214,741	222,217	226,262
Total Non-current Assets 15:	152,803	164,403	174,492	181,381	187,509	193,904	200,640	207,407	214,538	222,014	226,059
Total Assets 15	156,684	166,207	174,495	181,272	188,159	195,536	203,343	211,797	220,831	230,344	239,349
LIABILITIES Current Liabilities											
Trade & Other Payables	2,102	2,155	2,209	2,264	2,320	2,378	2,438	2,499	2,561	2,625	2,691
Borrowings	2,036	1,382	2,209	1,400	1,351	1,398	1,201	1,088	1,117	49	49
Short-term Provisions	1,348	2,163	1,417	1,449	1,485	1,522	1,561	1,600	1,640	1,680	1,723
Sub-total	5,486	5,700	5,834	5,113	5,157	5,298	5,199	5,186	5,318	4,355	4,462
Liabilities relating to Non-current Assets held for sale	<u>e</u>										
Total Current Liabilities	5,486	5,700	5,834	5,113	5,157	5,298	5,199	5,186	5,318	4,355	4,462
Non-current Liabilities											
Long-term Borrowings	8,741	6,959	10,131	9,612	8,310	6,961	5,810	4,771	3,703	3,703	3,703
Long-term Provisions	321	329	337	345	354	363	372	381	391	400	410
Total Non-current Liabilities	9,062	10,288	10,468	9,957	8,664	7,324	6,182	5,152	4,093	4,103	4,113
Total Liabilities	14,547	15,987	16,302	15,070	13,820	12,623	11,381	10,338	9,411	8,458	8,576
NET ASSETS 14:	142,136	150,219	158,193	166,202	174,339	182,914	191,962	201,459	211,420	221,886	230,773
EQUITY											
Accumulated Surplus	33,820	35,796	37,431	38,717	39,682	40,826	42,174	43,689	45,389	47,303	53,400
Asset Revaluation Reserve	106,100	112,066	118,425	125,385	132,454	139,782	147,377	155,249	163,399	171,837	180,574
Other Reserves	2,216	2,157	2,137	2,101	2,202	2,306	2,412	2,521	2,632	2,747	(1,100)
TOTAL EQUITY 14:	142,136	150,019	157,993	166,202	174,339	182,914	191,962	201,459	211,420	221,886	232,874

## BERRI BARMERA COUNCIL LONG TERM FINANCIAL PLAN Estimated Statement Of Changes In Equity

	2021-22 Plan \$'000	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
ACCUMULATED SURPLUS											
Balance at end of previous reporting period	31,545	33,820	35,796	37,431	38,494	39,460	40,604	41,951	43,466	45,166	47,080
Net Result for Year	2,288	2,118	1,615	962	1,067	1,247	1,454	1,624	1,811	2,029	2,251
Transfers to Other Reserves	(3,099)	(3,174)	(3,253)	(3,335)	(3,418)	(3,503)	(3,591)	(3,681)	(3,773)	(3,867)	ı
Transfers from Other Reserves	3,086	3,032	3,273	3,436	3,317	3,400	3,485	3,572	3,661	3,753	3,847
Balance at end of period	33,820	35,796	37,431	38,494	39,460	40,604	41,951	43,466	45,166	47,080	53,178
ASSET REVALUATION RESERVE											
Balance at end of previous reporting period	100,485	106,100	112,066	118,425	125,385	132,454	139,782	147,377	155,249	163,399	171,837
Gain on revaluation of infrastructure, property, plant & equipment	5,615	5,966	6,359	9,960	7,070	7,328	7,595	7,873	8,150	8,438	8,737
Balance at end of period	106,100	112,066	118,425	125,385	132,454	139,782	147,377	155,249	163,399	171,837	180,574
OTHER RESERVES (2)											
Balance at end of previous reporting period	1,855	2,016	2,158	2,138	2,037	2,138	2,242	2,348	2,457	2,568	2,683
Transfers from Accumulated Surplus	3,099	3,174	3,253	3,335	3,418	3,503	3,591	3,681	3,773	3,867	
Transfers to Accumulated Surplus	(3,086)	(3,032)	(3,273)	(3,436)	(3,317)	(3,400)	(3,485)	(3,572)	(3,661)	(3,753)	(3,847)
Balance at end of period	2,016	2,158	2,138	2,037	2,138	2,242	2,348	2,457	2,568	2,683	(1,164)
TOTAL EQUITY AT END OF REPORTING PERIOD	141,936	150,020	157,994	165,916	174,052	182,627	191,676	201,172	211,134	221,600	232,587

BERRI BARMERA COUNCIL LONG TERM FINANCIAL PLAN

Estimated Cash Flow Statement

CASH FLOWS FROM OPERATING ACTIVITIES  Receipts  Operating receipts  17,755	) )	\$'000	\$.000	\$.000	\$'000	Plan \$'000	\$'000	Plan \$'000	Plan \$'000	Plan \$'000
	19,032	19,355	19,940	20,543	21,164	21,804	22,464	23,145	23,847	24,571
	80	17	19	52	42	33	27	24	24	25
Payments										
Operating payments to suppliers and employees (13,789)	(14,667)	(14,439)	(14,742)	(15,183)	(15,539)	(15,883)	(16,293)	(16,703)	(17,110)	(17,533)
Finance payments (367)	(480)	(208)	(488)	(439)	(390)	(343)	(298)	(261)	(229)	(196)
Net Cash provided by (or used in) 3,687 Operating Activities	3,964	4,478	4,771	4,972	5,277	5,611	5,901	6,205	6,532	6,867
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Amounts specifically for new or upgraded assets 2,198	1,847	925	75	75	50	25	10	1	1	1
Sale of replaced assets	1	•		-						1
Sale of surplus assets	1	150	1	100			100	100	100	100
Repayments of loans by community groups 203	212	221	231	241	214	224	89	က		1
Payments										
Expenditure on renewal/replacement of assets (4,797)	(3,221)	(2,754)	(2,808)	(2,527)	(2,547)	(2,758)	(2,625)	(2,709)	(2,873)	1
Expenditure on new/upgraded assets (7,210)	(6,299)	(5,116)	(1,426)	(832)	(792)	(792)	(701)	(745)	(746)	1
Development of real estate for sale	1	1	1		,	1	1	1	1	(2,100)
Loans made to community groups	1	,		1				1		ı
Net Cash provided by (or used in) (9,406) Investing Activities	(7,461)	(6,574)	(3,928)	(2,943)	(3,075)	(3,277)	(3,148)	(3,351)	(3,519)	(2,000)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Proceeds from Borrowings 4,500	2,500	1,500	1						1	1
Payments										
Repayments of Borrowings (993)	(1,154)	(1,282)	(1,328)	(1,351)	(1,302)	(1,349)	(1,152)	(1,039)	(1,068)	'
Net Cash provided by (or used in) 3,507 Financing Activities	1,346	218	(1,328)	(1,351)	(1,302)	(1,349)	(1,152)	(1,039)	(1,068)	•
Net Increase (Decrease) in cash held (2,212)	(2,152)	(1,877)	(486)	629	006	986	1,601	1,815	1,946	4,867
Cash & cash equivalents at beginning of period 3,113	901	(1,251)	(3,128)	(3,613)	(2,935)	(2,034)	(1,049)	552	2,367	4,313
Cash & cash equivalents at end of period 901	(1,251)	(3,128)	(3,613)	(2,935)	(2,034)	(1,049)	552	2,367	4,313	9,179

# BERRI BARMERA COUNCIL LONG TERM FINANCIAL PLAN Summary Statement Including Financing Transactions

	2021-22 Plan \$'000	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
Operating Revenues	17,911	19,181	19,497	20,075	20,669	21,282	21,916	22,572	23,251	23,956	24,683
less Operating Expenses	(17,821)	(18,910)	(18,807)	(19,188)	(19,677)	(20,085)	(20,487)	(20,958)	(21,440)	(21,927)	(22,432)
Operating Surplus / (Deficit) Before Capital Amounts	06	271	069	887	992	1,197	1,429	1,614	1,811	2,029	2,251
Less: Net Outlays on Existing Assets											
Capital Expenditure on Renewal/ Replacement of Existing Assets	(4,818)	(3,221)	(2,481)	(2,808)	(2,527)	(2,547)	(2,758)	(2,625)	(2,709)	(2,873)	,
less Proceeds from Sale of Replaced Assets	1	-		-	ı	1				1	1
less Depreciation, Amortisation & Impairment	3,582	3,677	3,769	3,863	3,959	4,058	4,160	4,264	4,370	4,480	4,592
Net Outlays on Existing Assets	(1,236)	456	1,288	1,054	1,433	1,511	1,402	1,638	1,662	1,607	4,592
Less: Net Outlays on New and Upgraded Assets	ets			2							
Capital Expenditure on New/Upgraded Assets	(7,189)	(6,299)	(5,389)	(1,426)	(832)	(792)	(767)	(701)	(745)	(746)	(2,100)
less Proceeds from Sale of Surplus Assets	200	1	150		100			100	100	100	100
less Amounts received specifically for new or upgraded assets	2,198	1,847	925	75	75	50	25	10	1	1	1
Net Outlays on New and Upgraded Assets	(4,791)	(4,452)	(4,314)	(1,351)	(657)	(742)	(742)	(591)	(645)	(646)	(2,000)
Equals: Net Lending / (Borrowing) for Financial Year	(5,937)	(3,726)	(2,336)	591	1,767	1,986	2,088	2,662	2,828	2,990	4,842

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

FINANCING TRANSACTION	2021-22 Plan \$'000	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
New Borrowings	4,703	2,712	1,721	231	241	214	224	89	က	,	ı
Principal Repayments on Borrowings	(866)	(1,154)	(1,282)	(1,328)	(1,351)	(1,302)	(1,349)	(1,152)	(1,039)	(1,068)	1
(Increase)/Decrease in Cash and Cash Equivalents	2,212	2,152	1,877	486	(629)	(006)	(986)	(1,601)	(1,815)	(1,946)	(4,867)
(Increase)/Decrease in Receivables	(89)	(69)	(71)	(73)	(75)	(77)	(78)	(80)	(82)	(84)	(87)
Increase/(Decrease) in Payables and Provisions	91	876	(684)	96	101	104	107	109	112	115	118
Other – including movement in inventories	(5)	(5)	(5)	(5)	(9)	(9)	(9)	(9)	(9)	(9)	(9)
Equals: Financing Transactions	5,939	4,510	1,556	(594)	(1,767)	(1,966)	(2,088)	(2,662)	(2,828)	(2,990)	(4,842)



### 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.

### Net Financial Liabilities Ratio





6.0%

5.0%

4.0%

3.0%

2.0%

1.0%

0.0%

### **Interest Cover Ratio**

How much income is used in paying interest on loans.

This ratio indicates how much of Council's operating Council's target revenues are committed to less than 5% 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. **Interest Cover Ratio Upper Limit** Plan 2025-26

### **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 Consumption Ratio**

