Berri Barmera
COUNCIL

2021

2031

LONG TERM FINANCIAL PLAN

Berri Barmera Council

Special thanks to Grant Schwartzkopff Photography for the cover photo and featured photos throughout the publication.

Adopted – 27 July 2021

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.

Contents

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

Back Left to Right: Cr Mike Fuller, Cr Trevor Scott, Cr Andrew Kassebaum, Cr Meta Sindos.
Front Left to Right: Cr Adrian Little, Cr Margaret Evans OAM, Mayor Peter Hunt, Cr Rhonda Centofanti, Cr Ella Winnall

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 in order 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 a number of key assumptions being determined.

Details of Council's operations and assumptions are as follows:

- The Long Term Financial Plan reflects existing recurrent **service levels** to our community being **maintained.** Council's budget process considers on-going services 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 source.
- 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.

Assumptions

	2020-21 Plan $'000	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
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	2.0%	2.3%	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	1.0%	4.0%	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%	3.5%	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 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 1.2% for the March 2021 quarter the Local Government Price Index has been forecast to rise by 1.3% in 2021/2022, 1.6% in 2022/2023 and 1.6% in 2023/2024. Council feel 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 Wage Indexation	Council have assumed increase to wages based on recent Enterprise Bargaining Agreements and those within the 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 2021/2022 Council resolved to have a NIL increase to the rate in the dollar for all categories of property within its district
Projected Rate Growth	Rate growth for 2021/2022 at 4% is a result of new properties and capital valuation increases provided by the Valuer General.
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

The activities of Council are very asset intensive. As at 30 June 2020 the replacement value of Councils non-current assets was $217 million of which categories include:

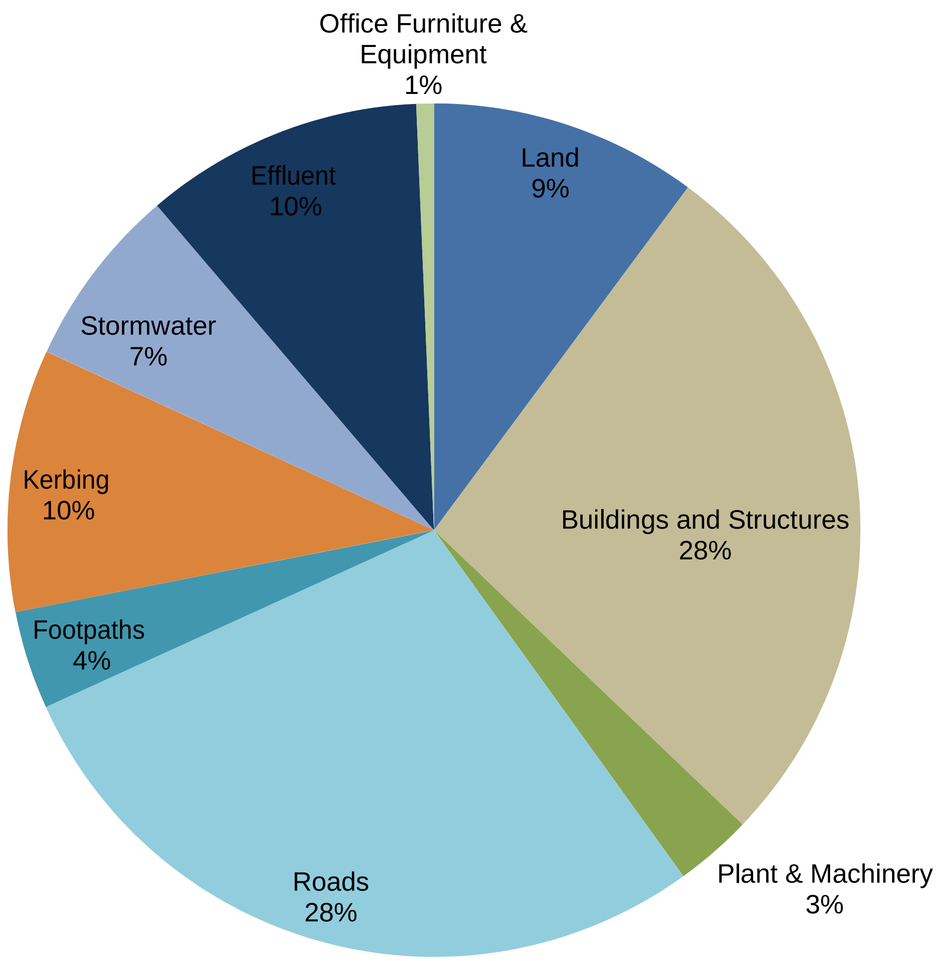
- Land
- Buildings and Structures
- Plant, Furniture and Equipment
- Roads, Footpaths and Kerbing
- Stormwater
- Community Wastewater Management Schemes (effluent)

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. 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 following chart shows the proportion of non-current assets owned by Council



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 2021 quarter was set at 1.2%.

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' 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 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 2021	9.5%
1 July 2021 – 30 June 2022	10.0%
1 July 2022 – 30 June 2023	10.5%
1 July 2023 – 30 June 2024	11.0%
1 July 2024 – 30 June 2025	11.5%
1 July 2025 – 30 June 2026 onwards	12.0%

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.

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.

Rate Capping
Rate capping could be introduced by the State Government which would mean that the Council's future ability to generate income and provide services (particularly new services) to the community would be potentially restricted.

Although the format of a rate capping system if introduced is uncertain, therefore predicting the affect it would have on Council's ability to deliver services cannot be accurately predicted, it would likely affect Council's ability to invest in new infrastructure and services.

Local Government Reform
The Statutes Amendment (Local Government Review) Bill 2020 currently before Parliament will require consultation, training and resource application to ensure the 150 amendments are implemented within legislated timeframes.

The State Government's proposed reforms were 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 with the assistance of the Local Government Association.

Council Operations

<u>Operating Income</u>

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 2021/2022 budget. Growth accounts for new properties, houses, subdivisions and other developments in the region. Property valuation adjustments received from the Valuer-General for 2021/2022 includes a growth factor of 4%.

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%.

Council will always, however, attempt to identify other sources of revenue to alleviate any further rate increases where possible.

Charges relating to the Community Wastewater Management System (effluent disposal) will increase by 3.5% for 2021/2022 with maintenance costs and capital upgrades have been kept to a minimum. Increases throughout the 10 year term for this service charge have been reviewed with increases of 3.5% and 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 increase by 2.5% for 2021/2022 with further forecast increases of 3.5 % to 2.5% each year thereafter.

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 Reginal 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.

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 have been increased by 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 has been projected to increase by 2.5% per annum.

<u>Operating Expenditure</u>

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 2.3% has been applied to 2021/2022 which is in line with current 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.

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 – 3.75% 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.

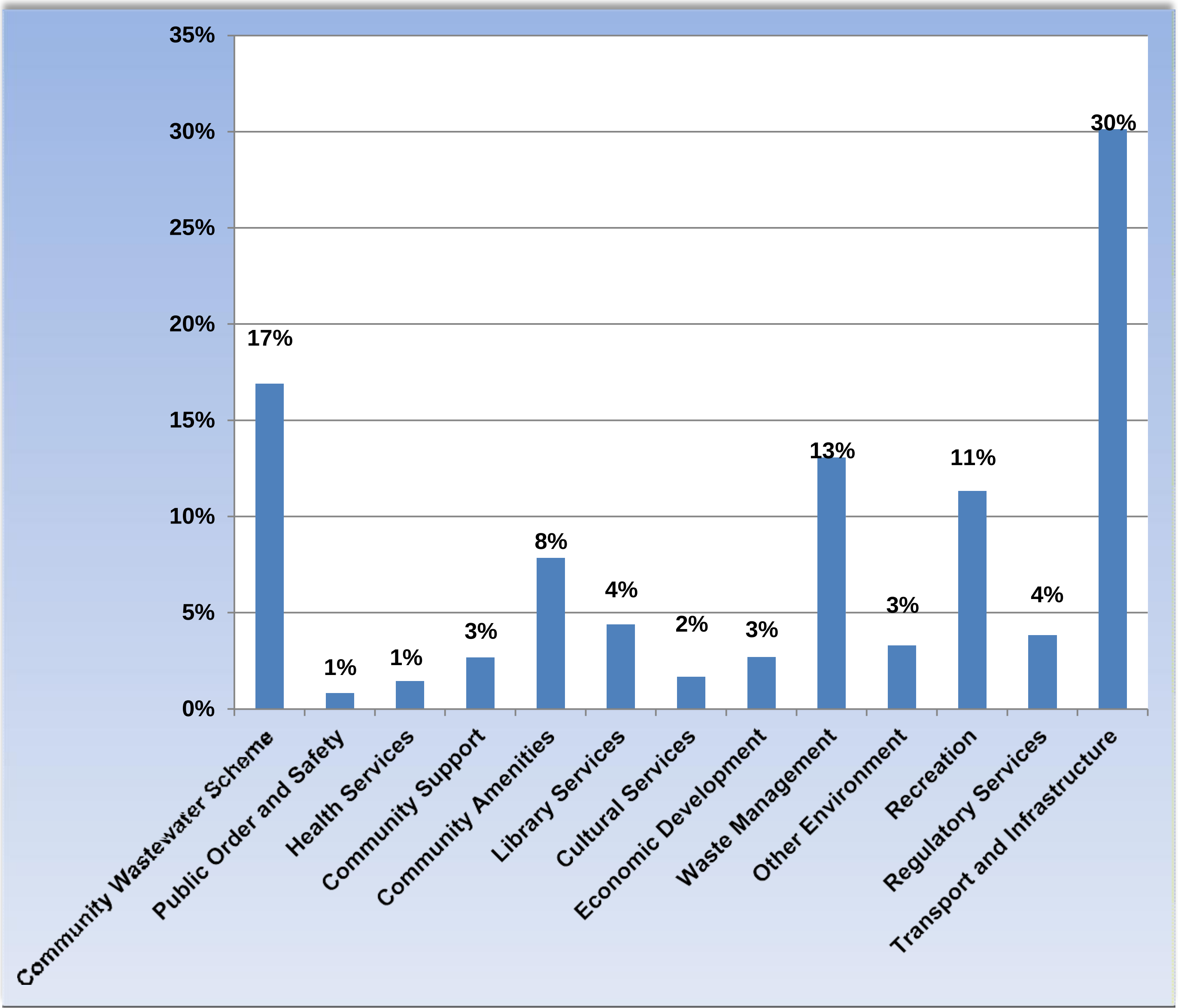
However, loan borrowings have been utilised where necessary to fund appropriate capital works and the costs associated with the loans factored into the operational expenses of Council.

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

- An allocation of $800,000 has been included in financial year 2022/2023 for the upgrade of the children's pool at the Hayden Stoeckel Swimming Centre. It is anticipated a 50% grant will be accessed to assist with the capital cost of this project.
- Ongoing upgrading to the Berri Swimming Centre is included within the LTFP with an emphasis on further safety and compliance.
- A project to upgrade the Sporting Facility Lights within our district has been included with grant funding being sourced to reduce the cost to ratepayers.
- The recent grant programs released by both State and Federal Governments in response to COVID-19 has meant that Council are able to carry out the construction of Barmera Multi Sport Changerooms and Oval Lighting Upgrade projects over the 2021/2022 financial year. The total of this project is $1.2m.
- Council was successful in its application for funding to the Murray Darling Basin Economic Development Program. A grant of $500,000 was approved in 2019/2020 allowing Council to deliver its Lake Bonney Nature and Cultural Tourism Project. Funding was also received from the State Government under its Open Space and Places for People towards this project. The delivery of this project will span over 2+ years with Council contributing its own funds, therefore the project will continue into 2021/2022.
- An allocation has been included every 3-4 years for renewal of court surfaces and other building renewal requirements at the Barmera Recreation Centre.
- 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 Council Civic Centre, Library and Visitor Information Services. This project will address aesthetic, functionality, infrastructure and accessibility needs of the Civic Centre for staff and community.
- 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.
- Stage 2 of the Colin Jennings Apex Park has been factored in dependent upon further receipt of grants.
- 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.

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 new Roads to Recovery Program which commenced in 2019/2020 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. In the first part of the LTFP there are plans to upgrade the following roads – Coneybeer Street, Hoskin Road, Winkie Road, St Joseph's School Barmera Kiss and Drop, Caddy Road, Swinstead Road, Jury Road (planning of further stages), McKay Road

Wade Street and Loveday Road.

- Road renewals will continue be carried out in 2021/2022 as an outcome of the Heavy Vehicle Road Audit and will be ongoing for 3 years.
- 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.
- 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.
- A Footpath Asset Management Plan 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 has been deferred for 2021/2022 but 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.
- For 2021/2022 an allowance has been included for the upgrade of pump station BA7 at Barmera pending successful grant application and business contributions. This will allow for business expansion and improved services to some residences within Barmera.

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.
- 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.

Summary Statement

	2019-20 Actual $'000	2020-21 Plan $'000	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
Operating Revenues	17,154	16,521	17,824	18,728	18,871	19,427	20,000	20,590	21,200	21,833	22,487	23,166
less Operating Expenses	(16,462)	(17,777)	(17,773)	(18,242)	(18,707)	(19,023)	(19,487)	(19,890)	(20,286)	(20,753)	(21,229)	(21,712)
Operating Surplus / (Deficit) Before Capital Amounts	692	(1,255)	51	486	164	404	513	701	914	1,080	1,257	1,454
Less: Net Outlays on Existing Assets												
Capital Expenditure on Renewal/Replacement of Existing Assets	(2,044)	(3,903)	(3,513)	(2,749)	(2,771)	(2,486)	(2,449)	(2,467)	(2,677)	(2,542)	(2,623)	(2,785)
less Proceeds from Sale of Replaced	149	-	-	-	-	-	-	-	-	-	-	-
less Depreciation, Amortisation &	3,350	3,498	3,582	3,671	3,763	3,857	3,953	4,052	4,154	4,257	4,364	4,473
Net Outlays on Existing Assets	1,455	(406)	69	922	992	1,371	1,505	1,585	1,477	1,716	1,741	1,688
Less: Net Outlays on New and Upgraded Assets												
Capital Expenditure on New/Upgraded Assets	(3,021)	(6,433)	(6,264)	(5,615)	(1,968)	(856)	(819)	(779)	(754)	(687)	(731)	(731)
less Proceeds from Sale of Surplus Assets	-	-	-	-	150	-	100	-	-	100	100	100
less Amounts received specifically for new or upgraded assets	983	2,625	2,002	1,740	525	75	75	50	25	10	-	-
Net Outlays on New and Upgraded Assets	(2,038)	(3,808)	(4,262)	(3,875)	(1,293)	(781)	(644)	(729)	(729)	(577)	(631)	(631)
Equals: Net Lending / (Borrowing) for Financial Year	108	(5,469)	(4,142)	(2,467)	(137)	994	1,373	1,556	1,662	2,219	2,367	2,511

KEY FINANCIAL INDICATORS	2019-20 Plan	2020-21 Plan	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
Operating Surplus / (Deficit) - $'000	**692**	**(1,255)**	**51**	**486**	**164**	**404**	**513**	**701**	**914**	**1,080**	**1,257**	**1,454**
Operating Surplus Ratio - %	**4.1%**	**-7.8%**	**0.3%**	**2.6%**	**0.9%**	**2.1%**	**2.6%**	**3.5%**	**4.4%**	**5.0%**	**5.7%**	**6.4%**
Net Financial Liabilities - $'000	**3,768**	**9,237**	**13,381**	**15,849**	**15,988**	**14,995**	**13,623**	**12,068**	**10,407**	**8,190**	**5,824**	**3,315**
Net Financial Liabilities Ratio - %	**22%**	**57%**	**76%**	**86%**	**86%**	**79%**	**69%**	**60%**	**50%**	**38%**	**26%**	**15%**
Interest Cover Ratio - %	**0.8%**	**1.0%**	**1.6%**	**2.2%**	**2.4%**	**2.2%**	**2.0%**	**1.7%**	**1.5%**	**1.3%**	**1.1%**	**0.9%**
Asset Renewal Funding Ratio - %	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Asset Consumption Ratio - %	**56%**	**57%**	**58%**	**59%**	**59%**	**59%**	**59%**	**59%**	**60%**	**59%**	**59%**	**59%**

Estimated Income Statement

	2019-20 Actual $'000	2020-21 Plan $'000	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
INCOME (1)												
Rates	12,593	13,026	13,507	13,933	14,373	14,828	15,297	15,781	16,280	16,796	17,329	17,879
Statutory charges	217	323	318	325	334	342	350	359	368	377	387	397
User charges	156	148	154	158	162	166	170	175	179	183	188	193
Grants, subsidies and contributions	3,137	2,032	3,011	3,338	3,226	3,306	3,389	3,474	3,561	3,650	3,741	3,834
Investment Income	125	127	89	80	71	62	52	43	34	28	24	25
Reimbursements	615	527	452	592	397	407	417	427	438	449	460	472
Other Revenues	311	337	294	301	309	316	324	332	340	349	358	366
Share of profit – joint ventures & associates (2)												
Total Revenues	17,154	16,521	17,824	18,728	18,871	19,427	20,000	20,590	21,200	21,833	22,487	23,166
EXPENSES												
Employee Costs	4,790	5,141	5,237	5,371	5,619	5,775	5,930	6,077	6,229	6,387	6,548	6,711
Materials, contracts & other expenses	8,068	8,850	8,588	8,719	8,817	8,903	9,164	9,371	9,561	9,811	10,057	10,298
Finance Costs	254	288	367	480	508	487	439	390	343	298	261	229
Depreciation, Amortisation &	3,350	3,498	3,582	3,671	3,763	3,857	3,953	4,052	4,154	4,257	4,364	4,473
Total Expenses	16,462	17,777	17,773	18,242	18,707	19,023	19,487	19,890	20,286	20,753	21,229	21,712
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	692	(1,255)	51	486	164	404	513	701	914	1,080	1,257	1,454
Net gain/(loss) on disposal or revaluation of	(178)	-	-	-	-	-	-	-	-	-	-	-
Amounts received specifically for new or upgraded assets	983	2,625	2,002	1,740	525	75	75	50	25	10	-	-
Physical Resources received free of charge												
NET SURPLUS/(DEFICIT)	1,497	1,370	2,053	2,226	689	479	588	751	939	1,090	1,257	1,454

Estimated Balance Sheet

	2019-20 Actual $'000	2020-21 Plan $'000	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
ASSETS												
Current Assets												
Cash & cash equivalents	4,321	1,329	935	67	413	354	663	1,178	1,763	2,947	4,328	5,823
Trade & other receivables	2,679	2,746	2,814	2,885	2,957	3,031	3,107	3,184	3,264	3,346	3,429	3,515
Other financial assets	-	0	-	-	-	-	-	-	-	-	-	-
Inventories	48	49	50	52	53	54	56	57	58	60	61	63
Total Current Assets	7,048	4,124	3,800	3,004	3,422	3,439	3,825	4,419	5,085	6,352	7,819	9,400
Non-current Assets												
Financial Assets	1,597	1,397	1,194	982	761	530	289	75	(149)	(217)	(220)	(220)
Equity accounted investments in	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant &	132,074	144,480	156,641	167,693	175,247	181,741	188,225	194,949	202,025	208,976	216,227	223,820
Total Non-current Assets	133,671	145,877	157,835	168,675	176,008	182,272	188,514	195,024	201,876	208,759	216,006	223,600
Total Assets	140,719	150,001	161,634	171,679	179,430	185,711	192,339	199,443	206,961	215,111	223,825	233,000
LIABILITIES												
Current Liabilities												
Trade & Other Payables	2,987	3,062	3,138	3,217	3,297	3,379	3,464	3,551	3,639	3,730	3,824	3,919
Borrowings	1,006	1,241	1,402	1,530	1,576	1,599	1,550	1,597	1,400	1,287	1,316	248
Short-term Provisions	1,190	1,214	1,242	1,273	1,305	1,338	1,371	1,405	1,440	1,476	1,513	1,551
Sub-total	5,183	5,517	5,783	6,019	6,178	6,316	6,385	6,552	6,479	6,494	6,653	5,718
Liabilities relating to Non-current Assets												
Total Current Liabilities	5,183	5,517	5,783	6,019	6,178	6,316	6,385	6,552	6,479	6,494	6,653	5,718
Non-current Liabilities												
Long-term Borrowings	7,019	9,026	12,372	13,590	13,762	12,411	11,109	9,760	8,609	7,570	6,502	6,502
Long-term Provisions	163	166	170	174	178	183	187	192	197	202	207	212
Total Non-current Liabilities	7,182	9,192	12,541	13,764	13,940	12,594	11,296	9,953	8,806	7,772	6,709	6,714
Total Liabilities	12,365	14,709	18,324	19,783	20,118	18,910	17,681	16,505	15,285	14,265	13,361	12,432
NET ASSETS	128,354	135,292	143,310	151,895	159,312	166,801	174,658	182,938	191,676	200,846	210,464	220,568
EQUITY												
Accumulated Surplus	29,041	30,639	32,591	34,884	35,638	36,079	36,629	37,340	38,239	39,287	40,503	41,913
Asset Revaluation Reserve	97,176	102,744	108,710	115,069	121,796	128,806	136,075	143,605	151,404	159,484	167,844	176,494
Other Reserves	2,136	1,908	2,010	1,943	1,878	1,916	1,954	1,993	2,034	2,075	2,117	2,161
TOTAL EQUITY	128,354	135,292	143,310	151,895	159,312	166,801	174,658	182,938	191,676	200,846	210,464	220,568

Estimated Statement of Changes in Equity

	2019-20 Actual $'000	2020-21 Plan $'000	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
ACCUMULATED SURPLUS												
Balance at end of previous reporting	27,315	29,042	30,640	32,591	34,884	35,638	36,080	36,629	37,341	38,239	39,288	40,503
Net Result for Year	1,497	1,370	2,053	2,226	689	479	588	751	939	1,090	1,257	1,454
Transfers to Other Reserves	(3,216)	(3,004)	(3,120)	(3,177)	(3,256)	(3,338)	(3,421)	(3,507)	(3,594)	(3,684)	(3,776)	(3,871)
Transfers from Other Reserves	3,447	3,233	3,018	3,244	3,321	3,300	3,383	3,467	3,554	3,643	3,734	3,827
Balance at end of period	29,042	30,640	32,591	34,884	35,638	36,080	36,629	37,341	38,239	39,288	40,503	41,914
ASSET REVALUATION RESERVE												
Balance at end of previous reporting	97,176	97,176	102,744	108,710	115,069	121,796	128,806	136,075	143,605	151,404	159,484	167,844
Gain on revaluation of infrastructure,	-	5,568	5,966	6,359	6,727	7,010	7,269	7,530	7,799	8,080	8,360	8,651
Balance at end of period	97,176	102,744	108,710	115,069	121,796	128,806	136,075	143,605	151,404	159,484	167,844	176,494
OTHER RESERVES (2)												
Balance at end of previous reporting	2,367	2,136	1,908	2,010	1,943	1,878	1,916	1,954	1,993	2,034	2,075	2,117
Transfers from Accumulated Surplus	3,216	3,004	3,120	3,177	3,256	3,338	3,421	3,507	3,594	3,684	3,776	3,871
Transfers to Accumulated Surplus	(3,447)	(3,233)	(3,018)	(3,244)	(3,321)	(3,300)	(3,383)	(3,467)	(3,554)	(3,643)	(3,734)	(3,827)
Balance at end of period	2,136	1,908	2,010	1,943	1,878	1,916	1,954	1,993	2,034	2,075	2,117	2,161
TOTAL EQUITY AT END OF REPORTING PERIOD	128,354	135,292	143,310	151,896	159,312	166,801	174,658	182,939	191,677	200,847	210,464	220,569

Estimated Cashflow Statement

	2019-20 Actual $'000	2020-21 Plan $'000	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
CASH FLOWS FROM OPERATING												
Receipts												
Operating receipts	19,985	16,327	17,667	18,578	18,728	19,291	19,872	20,470	21,087	21,723	22,379	23,055
Investment receipts	125	127	89	80	71	62	52	43	34	28	24	25
Payments												
Operating payments to suppliers and	(19,078)	(13,884)	(13,718)	(13,978)	(14,319)	(14,560)	(14,973)	(15,323)	(15,662)	(16,067)	(16,471)	(16,873)
Finance payments	(231)	(288)	(367)	(480)	(508)	(487)	(439)	(390)	(343)	(298)	(261)	(229)
Net Cash provided by (or used in) Operating Activities	800	2,282	3,671	4,200	3,972	4,305	4,512	4,799	5,115	5,386	5,671	5,978
CASH FLOWS FROM INVESTING												
Receipts												
Amounts specifically for new or	983	2,625	2,002	1,740	525	75	75	50	25	10	-	-
Sale of replaced assets	149	-	-	-	-	-	-	-	-	-	-	-
Sale of surplus assets	-	-	-	-	150	-	100	-	-	100	100	100
Repayments of loans by community	133	200	203	212	221	231	241	214	224	68	3	-
Payments												
Expenditure on renewal/replacement of	(2,044)	(3,903)	(3,513)	(2,749)	(2,771)	(2,486)	(2,449)	(2,467)	(2,677)	(2,542)	(2,623)	(2,785)
Expenditure on new/upgraded assets	(3,021)	(6,433)	(6,264)	(5,615)	(1,968)	(856)	(819)	(779)	(754)	(687)	(731)	(731)
Development of real estate for sale	-	-	-	-	-	-	-	-	-	-	-	-
Loans made to community groups	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided by (or used in) Investing Activities	(3,801)	(7,511)	(7,572)	(6,413)	(3,843)	(3,036)	(2,852)	(2,982)	(3,182)	(3,050)	(3,251)	(3,416)
CASH FLOWS FROM FINANCING												
Receipts												
Proceeds from Borrowings	4,050	3,000	4,500	2,500	1,500	-	-	-	-	-	-	-
Payments												
Repayments of Borrowings	(473)	(758)	(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) Financing Activities	3,577	2,242	3,507	1,346	218	(1,328)	(1,351)	(1,302)	(1,349)	(1,152)	(1,039)	(1,068)
Net Increase (Decrease) in cash held	577	(2,986)	(394)	(867)	347	(59)	309	515	585	1,184	1,381	1,494
Cash & cash equivalents at beginning of period	3,745	4,321	1,335	941	73	421	362	671	1,186	1,771	2,955	4,336
Cash & cash equivalents at end of period	4,321	1,335	941	73	421	362	671	1,186	1,771	2,955	4,336	5,831

Summary Statement Including Financing Transactions

	2019-20 Actual $'000	2020-21 Plan $'000	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
Operating Revenues	17,154	16,521	17,824	18,728	18,871	19,427	20,000	20,590	21,200	21,833	22,487	23,166
less Operating Expenses	(16,462)	(17,777)	(17,773)	(18,242)	(18,707)	(19,023)	(19,487)	(19,890)	(20,286)	(20,753)	(21,229)	(21,712)
Operating Surplus / (Deficit) Before Capital Amounts	692	(1,255)	51	486	164	404	513	701	914	1,080	1,257	1,454
Less: Net Outlays on Existing Assets												
Capital Expenditure on Renewal/Replacement of Existing Assets	(2,044)	(3,903)	(3,513)	(2,749)	(2,771)	(2,486)	(2,449)	(2,467)	(2,677)	(2,542)	(2,623)	(2,785)
less Proceeds from Sale of Replaced	149	-	-	-	-	-	-	-	-	-	-	-
less Depreciation, Amortisation &	3,350	3,498	3,582	3,671	3,763	3,857	3,953	4,052	4,154	4,257	4,364	4,473
Net Outlays on Existing Assets	1,455	(406)	69	922	992	1,371	1,505	1,585	1,477	1,716	1,741	1,688
Less: Net Outlays on New and												
Capital Expenditure on New/Upgraded	(3,021)	(6,433)	(6,264)	(5,615)	(1,968)	(856)	(819)	(779)	(754)	(687)	(731)	(731)
less Proceeds from Sale of Surplus Assets	-	-	-	-	150	-	100	-	-	100	100	100
less Amounts received specifically for new	983	2,625	2,002	1,740	525	75	75	50	25	10	-	-
Net Outlays on New and Upgraded	(2,038)	(3,808)	(4,262)	(3,875)	(1,293)	(781)	(644)	(729)	(729)	(577)	(631)	(631)
Equals: Net Lending / (Borrowing) for Financial Year	108	(5,469)	(4,142)	(2,467)	(137)	994	1,373	1,556	1,662	2,219	2,367	2,511

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	2019-20 Actual $'000	2020-21 Plan $'000	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
New Borrowings	4,183	3,200	4,703	2,712	1,721	231	241	214	224	68	3	-
Principal Repayments on Borrowings	(473)	(758)	(993)	(1,154)	(1,282)	(1,328)	(1,351)	(1,302)	(1,349)	(1,152)	(1,039)	(1,068)
(Increase)/Decrease in Cash and Cash Equivalents	(577)	2,986	394	867	(347)	59	(309)	(515)	(585)	(1,184)	(1,381)	(1,494)
(Increase)/Decrease in Receivables	202	(67)	(69)	(70)	(72)	(74)	(76)	(78)	(80)	(82)	(84)	(86)
Increase/(Decrease) in Payables and Provisions	(3,991)	102	108	114	117	120	122	126	129	132	135	139
Other – including movement in inventories	(6)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)
Equals: Financing Transactions	(661)	5,463	4,142	2,467	135	(994)	(1,373)	(1,556)	(1,662)	(2,219)	(2,367)	(2,511)

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:

Indicator 1 – Operating Surplus Ratio
By what percentage does the major controllable revenue source vary from operating expenses.

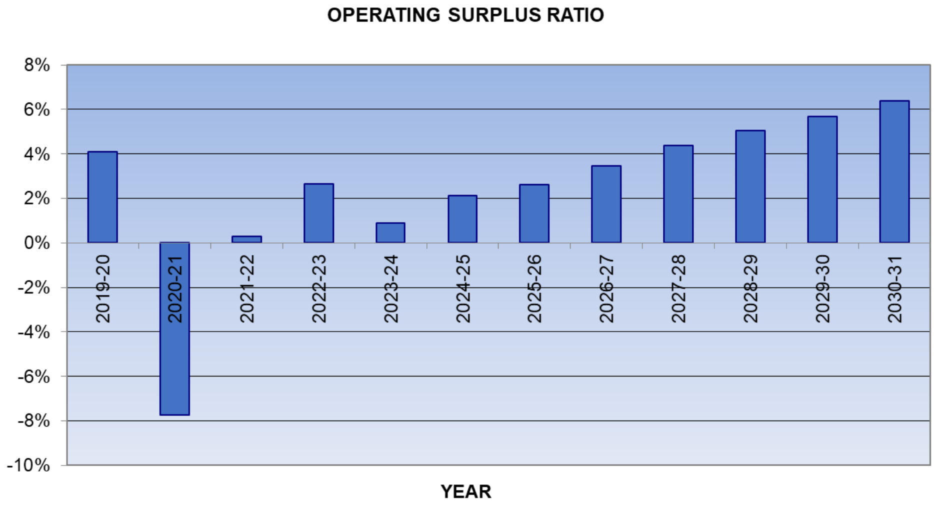
An operating surplus (or deficit) arises when operating revenue exceeds (or is less than) operating expenses for a period. A council's long term financial sustainability is dependent upon ensuring that, on average, its expenses are less than its revenues. If a council is not generating an operating surplus 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.



** Please note – The Federal Government made payment equal to half the allocation for the 2020/2021 year in June 2020. This brings the receipt of grant funds into the 2019/2020 financial year which has an effect of understating Council's operating position for 2020/2021.*
The underlying result for 2020/2021 was be an operating surplus ratio of 0.7%. Council have not yet received advice as to the timing of payments of the Financial Assistance Grants for 2021/2022.

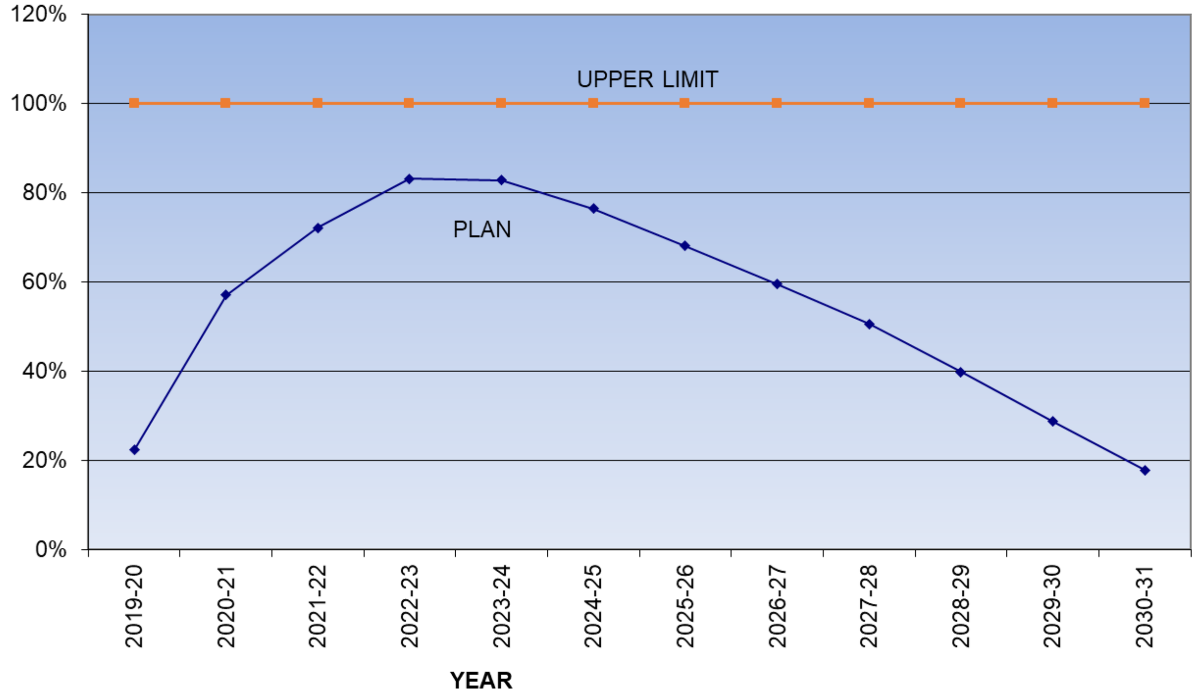
<u>Indicator 2 – Net Financial Liabilities Ratio</u>
How significant is the net amount owed compared with operating revenue.

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 is 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.

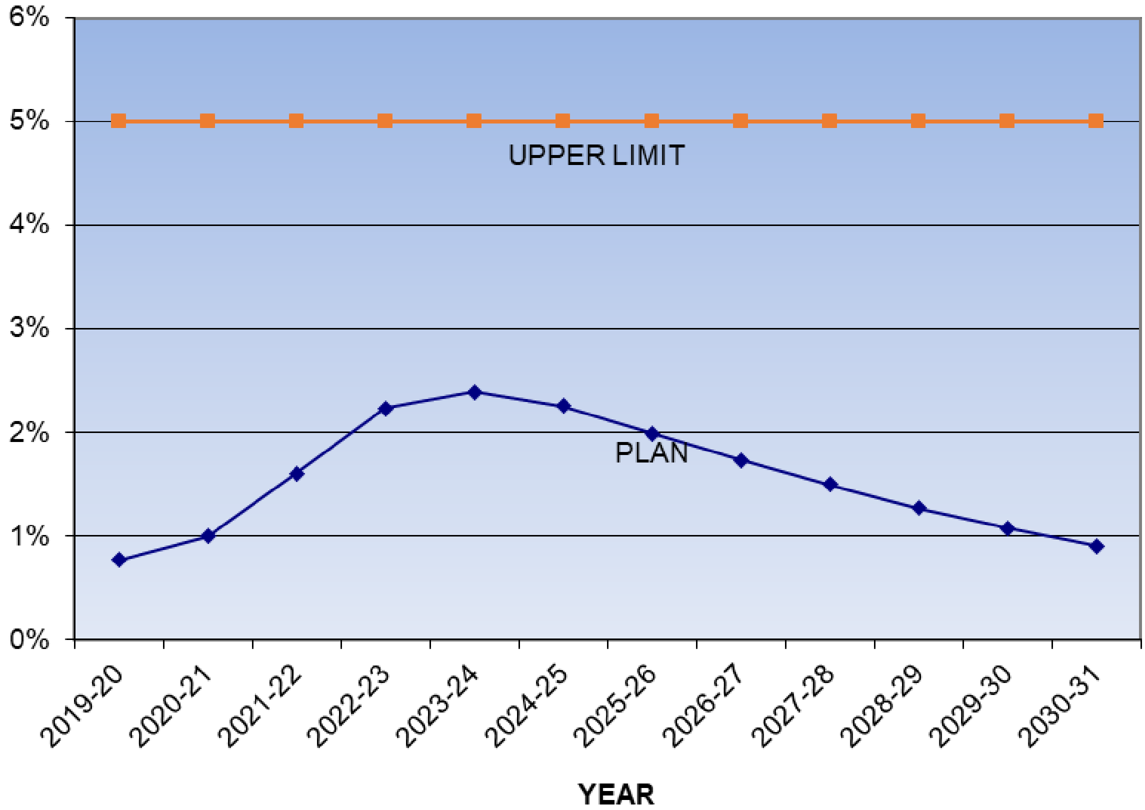
<u>Council's target</u> – to be between 0% and 100% of operating revenue.



<u>Indicator 3 – Interest Cover Ratio</u>
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.

<u>Council's target</u> - less than 10%



<u>Indicator 4 – Asset Renewal Funding Ratio</u>
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.

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