



City of  
Mount Gambier

# Long Term Financial Plan

2022 - 2032



## Long Term Financial Plan 2022-2032

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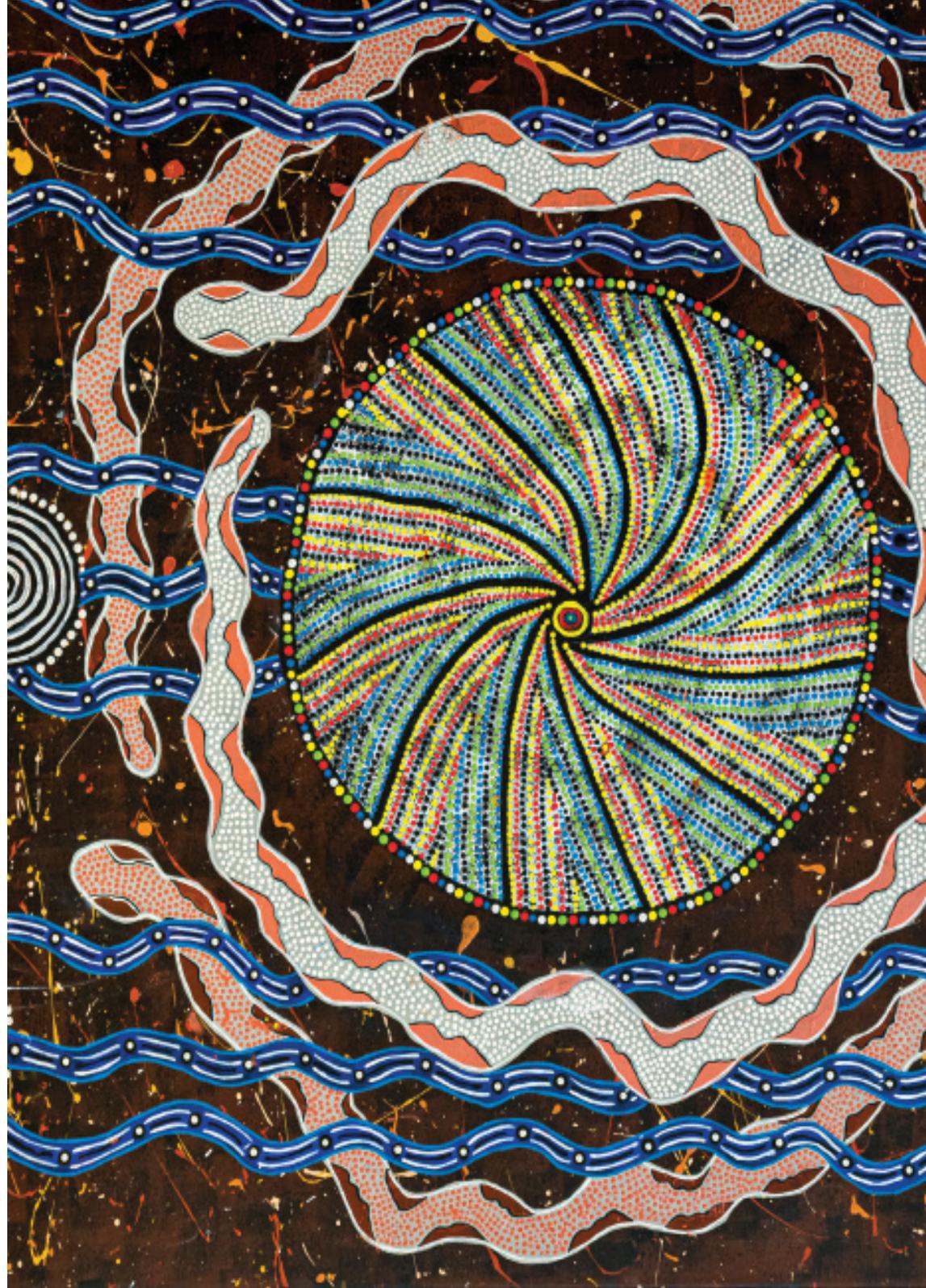
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The City of Mount Gambier recognises the Boandik people as the traditional owners and custodians of the land Mount Gambier sits upon today.

We respect their spiritual relationship with the land and recognise the deep feelings of attachment Aboriginal and Torres Strait Islander peoples have with this land.

The City of Mount Gambier is committed to working together with Aboriginal and Torres Strait Islander communities in the process of reconciliation.

Image: Belinda Bonney, Reconciliation of the Nation: we all walk together as one (detail).



# Long Term Financial Plan 2022-2032

## 2. Executive Statement

**Purpose** - The purpose of a Long Term Financial Plan (LTFP) is to guide the future direction of Council in a financially sustainable manner. The LTFP is designed as a 'high-level' summarised document focusing on the future planning of Council's financial operations, particularly in relation to key components such as rate increases, service levels to our community, asset replacement/renewal and loan indebtedness.

**Legislation** – Section 122 (1) of the Local Government Act 1999 ("the Act") requires that Councils must develop and adopt Strategic Management Plans including the LTFP which is a moving document updated on a rolling basis over a ten year term.

**Strategic Financial Framework** - City of Mount Gambier Council's LTFP provides the forward strategic financial framework to resource the community's needs and aspirations. Through the alignment of this plan with the Strategic Plan, Futures Paper and the Asset Management Plan, Council is able to plan, manage and communicate its future objectives in a sustainable way for the long term.

**Previous Versions** - The Council's LTFP was adopted in March 2019 and subsequently reviewed and adopted in June 2020 and February 2021.

**Roadmap** - The LTFP is a roadmap for the future and provides a target for future Annual Business Plans and Budgets. As such it provides guidance in terms of direction and financial capacity, and does not determine the rates and charges for the future. If key assumptions such as growth, capital investment or interest rates change then this may drive changes in the annual budget.

**Financial Position** - Over the life of this Plan, Council has planned to achieve its financial targets by FY2027. Over the medium to long term, Council is expected to be financially sustainable in accordance with the information contained within this Plan.

**Financial Sustainability** - Financial sustainability in local government ensures that each generation pays their way rather than any one generation living off their assets and leaving the responsibility for infrastructure/asset renewal to future generations.

**Financial Statements** - At a high level, the LTFP projects:

- **Statement of Comprehensive Income** - Details the profit and loss account (operating surplus (deficit) and capital transactions);
- **Statement Of Financial Position** - This presents the financial position of Council at a given date. It comprises three main components: assets, liabilities and equity;
- **Statement Of Cashflows** - This shows the amount of cash and cash equivalents entering and leaving the Council;
- **Uniform Presentation Of Finances** - The Net Lending/(Borrowing) for the Financial Year result is a measure that takes account of both operating and capital activities for the financial year; and
- **Statement of Changes in Equity** - This reflects the movement in equity reserves during the period, being the financial performance of the year plus any other comprehensive income gains.

**Wulanda Recreation & Convention Centre** - With the construction of the Community and Recreation Hub that commenced in 2020, the assumptions for the construction and the operating model for this facility have been updated in this version of the LTFP model.

## Long Term Financial Plan 2022-2032

### 3. Significant Influences and Challenges

**Overview** - The LTFP is a long-term forecast and as such it is supported by many assumptions, for example: community aspirations, needs and wants, growth, inflation, service levels, federal and state government policy settings and interventions. Many of these factors inevitably are external to Council and as such outside of its control.

**Strategic Financial Framework** - The Plan complements and is complemented by other important Council plans and strategies:

- Futures Paper;
- Strategic (Community) Plan 2020-2024;
- Asset Management Plan; and
- Annual Business Plan.

**Wulanda Recreation & Convention Centre (WRCC)** - The Wulanda Recreation and Convention Centre is a multi-purpose facility designed to be a community space, with facilities and activities for all ages and abilities. This development will provide substantial year round indoor facilities, addressing many community needs both now and for future generations to come. The Wulanda Recreation and Convention Centre will increase the ability for Mount Gambier to host major sporting competitions, conferences, events and performances providing significant social and economic benefits.

**Local Government Reform** – The LTFP will become a primary document for review by ESCOSA every three years.

**Rate Revenue** - Council's major source of income is rates, which accounts for c68% of operating revenue over the ten years and is an important part of the planned long-term strategy. It contributes towards the delivery of WRCC and the Asset Management Plan (both the renewals and new/upgrade) and funding to meet the expectations of the Community, by maintaining services, roads, waste management, footpaths, buildings, etc.

**Inflation** - This Long Term Financial Plan has incorporated two inflation indices being the Consumer Price Index (CPI) applied to rates and other revenue that reflects ability to pay, and the Local Government Price Index (LGPI), which forecasts inflation applicable to local government sector expenditure. These have been updated as at the end of September 2021.

**Asset Management Plan** – The Asset Management Plan was adopted in February 2021. This is largely aligned with the LTFP which allows Council to factor in the new and ongoing costs associated with renewals required to maintain our asset base at the required standard and investment in new assets.

**Updated Assumptions** - It should be noted the following assumptions have been updated:

- **Base Year** – The LTFP has been updated to include the actual results for FY 2021 and the adopted Budget Review 1 position for FY 2022.
- **Indexation** – Forecast CPI and LGPI assumptions have been updated to reflect the latest view as at 30 September 2021 with an expected differential between CPI and LGPI of 0.3%.

## Long Term Financial Plan 2022-2032

- **Capital Works Program** – This program has been updated to include indexation, changes to the plant and Caroline renewal programs to reflect latest practices, carry forwards identified as part of Budget Review 1, the latest view for Wulanda Recreation & Convention Centre and new projects including those funded by grants such as Local Roads and Community Infrastructure.

**Sensitivity Analysis** – Detailed modelling has been undertaken with sensitivity analysis completed to highlight the impact of potential changes to key assumptions on the financial ratios and Council's financial sustainability (with more detail included later in this document):

- **Scenario 1** - 1% reduction in the increase in rate revenue (from 4.5% p.a. to 3.5% p.a.).
- **Scenario 2** - 50% decrease in the forecast revenue for Wulanda.
- **Scenario 3** - 1.0% increase in interest rates on all debt.

### Key Financial Indicators:

The following targets have been set in line with the adopted T150 Treasury Management Policy:

- **Operating Surplus Ratio %** - Positive surplus ratio by FY 2027.
- **Net Financial Liabilities Ratio %** - Net Financial Liabilities Ratio of lower than 100% to be achieved by FY 2027.
- **Asset Renewal Funding Ratio %** - 100% or greater throughout the duration of the LTFP.

If any of the targets are not achieved (i.e. if growth or CPI is lower than planned), this will mean that other assumptions will need to be changed to ensure that the targets set by the LTFP are achieved.

**Risks** – The LTFP is updated annually and needs to have regard to relevant risk, opportunities and mitigation strategies. During the development of this LTFP we have identified the following:

- **State Government** – Elections, Local Government reforms and funding/cost shifting.
- **Council Elections** – Could lead to new priorities.
- **Climate Change Impact** – The future impact on the way in which Council operates will need to be considered.
- **Indexation** – Escalation of expenditure and revenue.
- **Service Levels** – Adjusting service levels may result in increased cost of renewal/upgrade, maintenance and depreciation for example new footpaths.
- **Grant Revenue** – Whilst grant revenue may fund additional capital works, additional maintenance/renewal expenditure will be incurred as a result.
- **Procurement Market Conditions** – Current market conditions have either driven up costs, or less availability of contractors which will also impact on the capacity to deliver.
- **Wulanda** – Impact on the organisation to support activation and operations.
- **AMP** – Further analysis is required for the next version of LTFP.

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**Opportunities** – The following potential opportunities have also been identified:

- **Efficiencies** – Efficiencies will be investigated in operating expenditure to support capital works expenditure or through strategic procurement activities (where like activities are ‘bundled up’).
  - **Timing** – Needs to consider capacity to deliver.
  - **Commercial Partnerships/Grant Funding** – Seek greater contributions from others to fund current activities/additional projects.
  - **Borrowings** – Have been assessed and the structure has been reviewed for this version of the LTFP. In line with our Treasury Management Policy the intent will be to have an optimal structure that ensures that the net interest costs associated with borrowing and investing are reasonably likely to be minimised on average over the longer term. It should be noted that prior to future credit foncier loans being appropriated a report will be brought to Council to obtain approval.
  - **Grant Revenue** – Attracting further grant revenue will improve ratios if used to fund works already in LTFP.
- **Asset Management** – Further review to be undertaken in preparation for the development of the Asset Management Plan/LTFP and Annual Business Plan to be brought to Council in May and June 2022.

**Exclusions** – The following potential significant investment is excluded from this version of the LTFP:

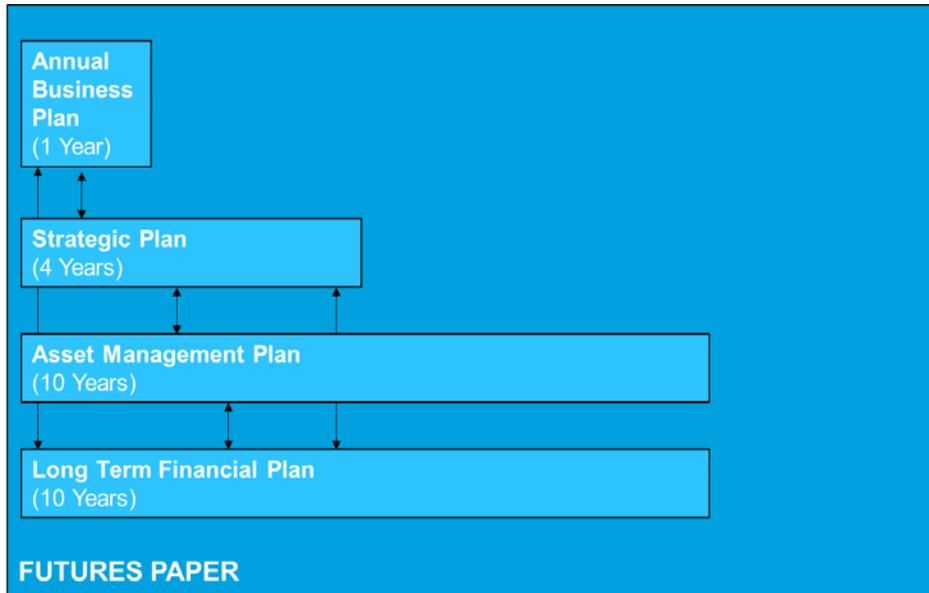
- **PLEC** – Further investment in PLEC beyond the current agreement (\$0.5m p.a. FY 2022 and FY 2023).
- **Sport, Recreation & Open Space Strategy** – This is currently under development.

# Long Term Financial Plan 2022-2032

## 4. Strategic Financial Framework

**The Strategic Financial Framework** - Brings together the key strategic management documents to ensure that the vision, goals and objectives set by the Futures Paper are implemented in the Long Term Financial Plan, Asset Management Plan, Strategic Plan, and Annual Business Plan.

**The Long Term Financial Plan** - Guides and is guided by other key strategic management documents as shown below:



- **Futures Paper** - The paper outlines strategies for action at the individual, organisation and community level that will enable the community to achieve their collective aspirations.
- **Long Term Financial Plan (10 Years)** - The Long Term Financial Plan shows the financial impact of the implementation of the Strategic Plan over the next 10 years and incorporates key assumptions from the Strategic Plan and Asset Management Plan. The LTFP will be reviewed by Council on an annual basis.
- **Asset Management Plan (10 Years)** - Identifies the required future expenditure on infrastructure and funding required to maintain service levels. It is aligned with the LTFP.
- **Strategic Plan (4 Years)** - Represents the vision, aspirations and priorities of our community now and into the future. The Strategic Plan is informed by the Futures Paper and identifies the outcomes Council seeks to achieve and the strategies Council will put in place to get there.
- **Annual Business Plan (1 Year)** - Each year, Council develops an Annual Business Plan guided by Council's strategic financial framework which sets strategic directions over the medium and long term and converts these into annual actions and outcomes. This shows the outcomes Council expects to achieve in the year, the services, the key measures of success and the budget required to deliver these outcomes.

# Long Term Financial Plan 2022-2032

## 5. Key Assumptions

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### OPERATING REVENUE:

- **General Rates** – Revenue has been indexed by 4.5% p.a. over the life of the LTFP.
- **Council Operations User Charges** – CPI increases have been applied over the remaining 10 years aligned with the user pays principle.
- **Waste Service Charges** – Have been indexed by 4.5% p.a. in line with the increase in general rate revenue.
- **Grant Funding (Recurrent)** – Such as the Financial Assistance Grant (FAG) and Roads to Recovery (RTR) and Local Roads and Community Infrastructure (LRCI) have been assumed to be received within the year they are paid. Indexation applied is in line with forecast CPI increases over the period of the plan.
- **Grant Funding (One-off)** – Is applied in the same year that tied expenditure is planned.

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### OPERATING EXPENDITURE:

- **Materials, Contracts & Other Expenditure** - Has been indexed in line with forecast LGPI increases over the period of the plan.
- **Employee Costs** – In the first instance has been indexed in line with the current Administration Staff Enterprise Agreement. Post this period an increase of CPI has been included. Superannuation costs have been assumed to increase in line with legislation i.e. to reach 12% (+1%) by 2025/26.

- **FTEs** – The number of FTEs employed by Council over the life of the LTFP are assumed to be consistent with no forecast increase.
- **Finance Costs** – Have been modelled factoring in the projected debt Council will hold in each year of the plan, and the forecast interest rate to be charged by the Local Government Finance Authority. In this plan the interest rate used has been modelled based on indicative rates provided by the LGFA for credit foncier loans and for Convertible Cash Advance Debentures (flexible borrowings) forecasts provided by Deloitte Access Economics and historical data.

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### CAPITAL EXPENDITURE

- **Asset Renewal** – Is provisioned to allow for Council to meet the renewal requirements as per the adopted Asset Management Plan. Renewal, maintenance and depreciation of new and upgraded assets have been included in the plan to ensure these are funded.
- **New Capital/Upgrade** – Has been included in the plan and are based on Council's Asset Management Plan, with the exception of projects funded by recent grant funding such as Local Roads and Community Infrastructure.
- **WRCC** – Is based upon the latest approved business case and approved grant deeds.

# Long Term Financial Plan 2022-2032

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## CAPITAL REVENUE

- **Grants** – Grants have been incorporated based on current grant deeds.

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## STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

- **Assets** such as trade & other receivables, inventories and equity accounted investments have all been modelled based on historical averages, with no significant variances expected over the period of the plan.
- **Infrastructure, Property, Plant and Equipment** are modelled based on the cumulative effect of depreciation, capital expenditure, asset disposals and adjustments made to maintain valuations at fair value.
- **Liabilities** such as trade and other payables and provisions, have been modelled based on historical averages of Council, with no significant variances expected over the period of the plan.
- **Borrowings** provide an alternative source of funding to enable Council to achieve its objectives and in particular the funding of the Wulanda Recreation & Convention Centre. Borrowing requirements have been modelled based on the cumulative effect of operating deficits/surpluses, capital expenditure and revenue. The debt structure and allocation between fixed (credit foncier) and flexible (CADs) has been reviewed for this version of the LTFP. Prior to entering into any credit foncier loan agreements, a report will be brought to Council for approval.

# Long Term Financial Plan 2022-2032

## 6. Key Financial Ratios

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### OVERVIEW

**Local Government Sector Performance** - The following Key Financial Indicators are deemed by the Local Government Sector to be the best indicators for determining financial sustainability:

- Operating surplus / (deficit) ratio;
- Net financial liabilities ratio; and
- Asset renewal funding ratio.

**Legislative Requirement** - These indicators are also a requirement of Council's annual financial reporting in accordance with Local Government legislation and regulations.

Section 122 of the Local Government Act 1999 states that Councils should assess:

*"...The sustainability of the Council's financial performance and position, and... The extent of levels of services that will be required to be provided by the council to achieve its objectives and to the extent to which any infrastructure will need to be maintained, replaced or developed by the Council..."*

**Treasury Management Policy** - The following graphs and accompanying commentary are set against targets included in the adopted "Treasury Management Policy".

**Additional Ratio** – The borrowing to income ratio has been incorporated in the LTFP as an additional measure of financial sustainability.

# Long Term Financial Plan 2022-2032

## OPERATING SURPLUS RATIO

### What is the purpose of this ratio?

This financial indicator is useful in determining if current ratepayers are paying enough to cover products and services provided in each period.

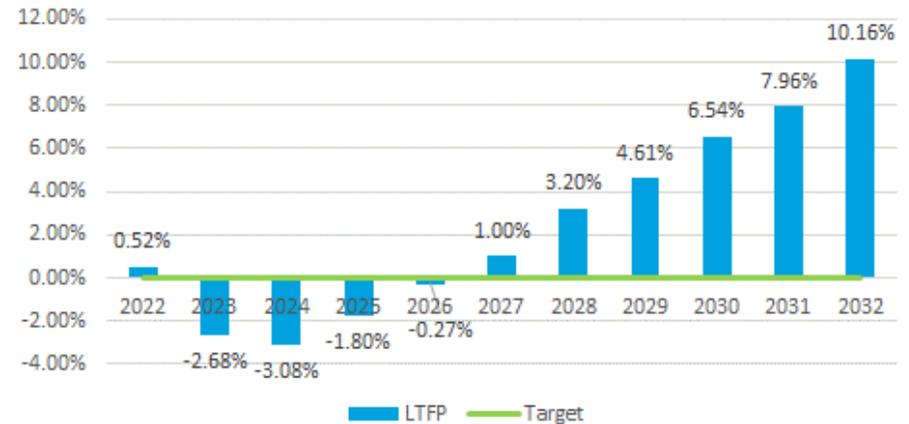
### How is this ratio calculated?

Operating surplus before capital revenues as a percentage of total operating revenue.

### What is the target?

The target to be achieved by FY2027 is that Council will achieve a positive ratio.

Operating Surplus Ratio



### Result:

Council expects to return to a surplus ratio in FY 2027, aligned with the target, delivering a positive ratio for 6 years of the LTFP. The average ratio over the life of the LTFP is 3.0%.

It should be noted that the surplus is required in future years for the repayment of debt.

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## NET FINANCIAL LIABILITIES RATIO

### What is the purpose of this ratio?

This financial indicator is useful in determining the level of indebtedness that Council has in comparison to its operating revenue.

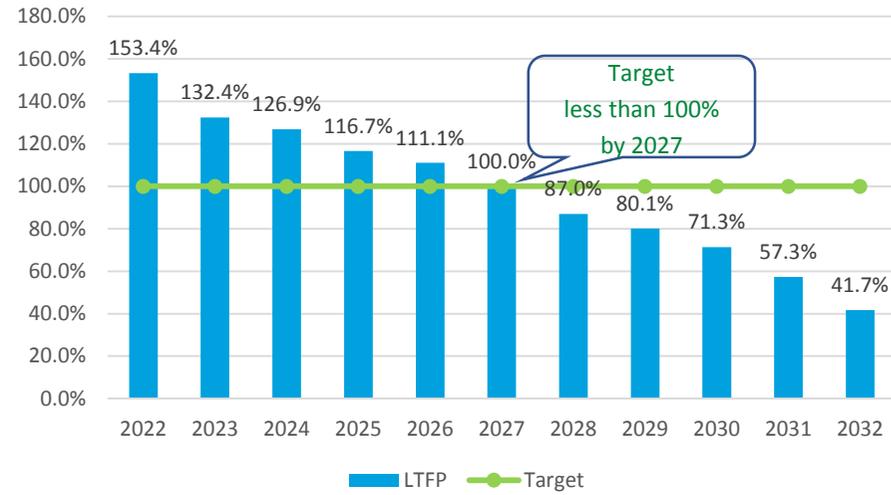
### How is this ratio calculated?

Net financial liabilities as a percentage of total operating revenue.

### What is the target?

“Council will achieve a net financial liabilities ratio of less than 100% of total operating revenue by FY 2027”.

Net Financial Liabilities Ratio



### Result:

Council achieves its target of less than 100% Net Financial Liabilities Ratio by FY 2027 (99.96%), with a ratio of below the target for 6 out of the 10 years, an average ratio of 89.5% and a peak ratio of 132.4% in FY 2023 over the forward 10 years, driven by the funding of the Wulanda Recreation and Convention Centre.

# Long Term Financial Plan 2022-2032

## ASSET RENEWAL FUNDING RATIO

### What is the purpose of this ratio?

This financial indicator is useful in determining if Council is maintaining all of its assets.

This is best demonstrated by comparing total Capital Renewal expenditure planned against Strategic Asset Management Plan requirements.

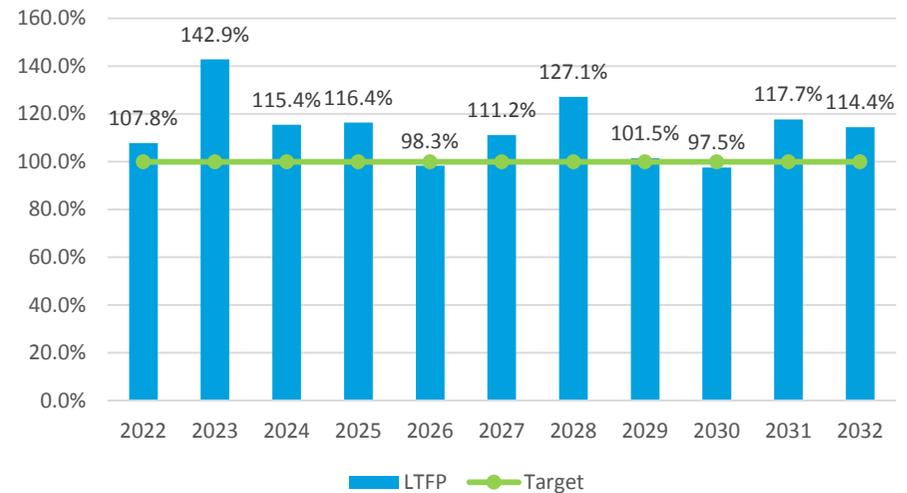
### How is this ratio calculated?

Capital expenditure on renewal or replacement of existing assets as a percentage of asset management plan allocations.

### What is the target?

“Council will maintain an asset renewal funding ratio of greater than or equal to 100% of Asset Management Plans”.

Asset Renewal Funding Ratio



### Result:

Council will achieve over the period of the plan the required expenditure that is set out in the Asset Management Plan adopted in February 2021.

The expenditure planned on renewing and maintaining assets in the LTFP results in Council achieving an average Asset Renewal Funding ratio of more than 100% over the 10 years of the LTFP.

The peak ratio of 142.9% in FY 2023 is driven by carry forwards. The variability for future years is due to the revised approach for plant and the change in timing for Caroline.

It should be noted that the Asset Management Plan and associated forward works program will be reviewed in the second half of FY 2022 for incorporation in the next draft of the LTFP to be adopted in June.

# Long Term Financial Plan 2022-2032

## BORROWING TO INCOME RATIO

### What is the purpose of this ratio?

This is a way to measure Council's ability to make loan repayments comfortably without putting the organisation in financial hardship.

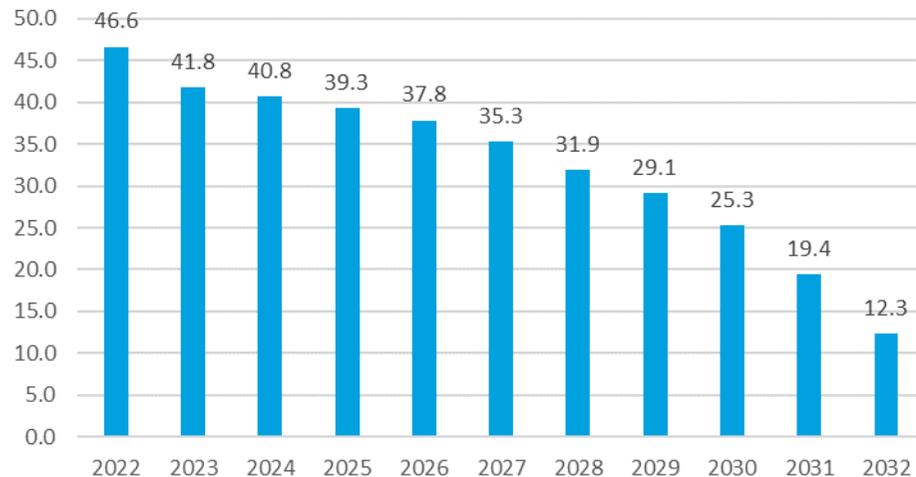
### How is this ratio calculated?

Total borrowings including CAD divided by total operating revenue.

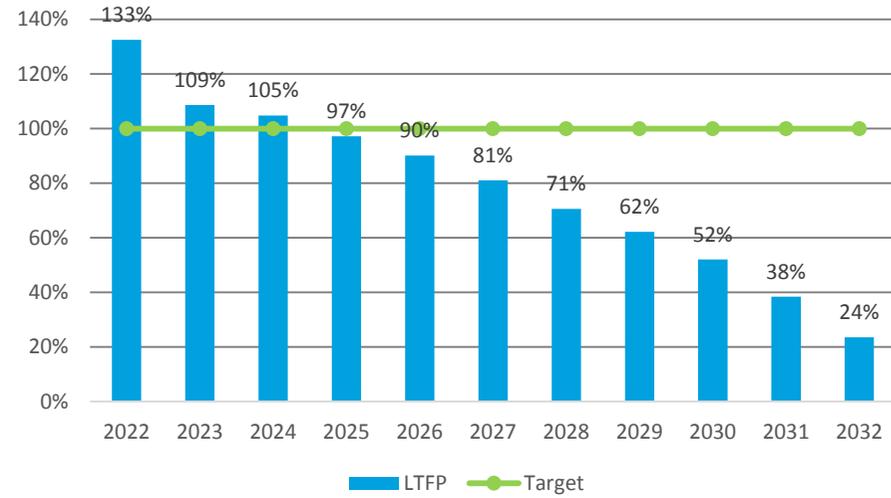
### What is the target?

"Council will maintain a target of less than 100%".

Borrowings (\$'m)



Borrowing To Income Ratio



### Result:

For 8 out of the 10 years of the LTFP the borrowing to income ratio is lower than the 100% target.

Debt structure assumptions i.e. the mix of borrowings between fixed debt and flexible debt and the term of the loans used to fund Council's activities have been considered in the context of the adopted Treasury Management Policy (T150).

# Long Term Financial Plan 2022-2032

## 7. Sensitivity Analysis

Detailed modelling has been undertaken with sensitivity analysis completed to highlight the impact of potential changes to key assumptions on the financial ratios and Council's financial sustainability, compared to the LTFP:

### SCENARIO 1 – 1% REDUCTION IN THE INCREASE IN RATE REVENUE (FROM 4.5% P.A. TO 3.5% P.A.).

- **Operating Surplus Ratio:**
  - **Achievement of Target** - The target of a positive operating surplus is not achieved until FY 2030 (3 years later than the LTFP).
  - **Average Ratio** - The average over the 10 years is (1.0%).
  - **Target Achieved** - The target is achieved for 3 years out of the 10 years.
- **Net Financial Liabilities Ratio:**
  - **Achievement of Target** - The target of a net financial liabilities ratio of less than 100% is not achieved until FY 2030 (3 years later than the LTFP).
  - **Average Ratio** - The average over the 10 years is 107.9% (i.e. above the target (unfavourable)).
  - **Target Achieved** - The target is achieved for 3 years out of the 10 years.

### SCENARIO 2 – 50% DECREASE IN THE FORECAST OPERATING REVENUE FOR WULANDA.

- **Operating Surplus Ratio:**
  - **Achievement of Target** - The target of a positive operating surplus is still achieved in FY 2028 (1 year later than the target).

- **Average Ratio** - The average over the 10 years is 0.2%.
- **Target Achieved** - The target is achieved for 5 years out of 10 years.
- **Net Financial Liabilities Ratio:**
  - **Achievement of Target** - The target of a net financial liabilities ratio of less than 100% is not achieved until FY 2029 (2 years later than the LTFP).
  - **Average Ratio** - The average over the 10 years is 106.0% (i.e. above the target (unfavourable)).
  - **Target Achieved** - The target is achieved for 4 years out of the 10 years.

### SCENARIO 3 – 1.0% INCREASE IN INTEREST RATES FOR ALL YEARS.

- **Operating Surplus Ratio:**
  - **Achievement of Target** - The target of a positive operating surplus is achieved FY 2027 (in line with the LTFP).
  - **Average Ratio** - The average over the 10 years is 2.2%.
  - **Target Achieved** - The target is achieved for 6 years out of 10 years.
- **Net Financial Liabilities Ratio:**
  - **Achievement of Target** - The target of a net financial liabilities ratio of less than 100% is not achieved until FY 2028 (1 year later than the LTFP).
  - **Average Ratio** - The average over the 10 years is 94.0% (i.e. below the target (favourable)).
  - **Target Achieved** - The target is achieved for 5 years out of the 10 years.

# Long Term Financial Plan 2022-2032

## Assumptions

Key Assumptions	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/2
General Rates Revenue Increase	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Consumer Price Index (South Australian CPI)	1.79%	2.22%	2.30%	2.37%	2.30%	2.40%	2.50%	2.31%	2.31%	2.31%
Local Government Price Index	2.09%	2.52%	2.60%	2.67%	2.60%	2.70%	2.80%	2.61%	2.61%	2.61%

- **Council Election costs** – FY2023 \$130k, FY2027 \$140k, and FY2031 \$150k.

## Long Term Financial Plan 2022-2032

### Financial Statements – Uniform Presentation Of Finances

2021 Actual	\$'000s	2022 Adopted BR1	2023 LTFP	2024 LTFP	2025 LTFP	2026 LTFP	2027 LTFP	2028 LTFP	2029 LTFP	2030 LTFP	2031 LTFP	2032 LTFP
33,495	Income	35,181	38,432	38,882	40,453	41,970	43,522	45,137	46,831	48,566	50,370	52,248
35,242	Expenses	34,998	39,463	40,077	41,180	42,085	43,087	43,693	44,674	45,391	46,360	46,938
<b>(1,747)</b>	<b>Operating surplus / (deficit)</b>	<b>183</b>	<b>(1,032)</b>	<b>(1,196)</b>	<b>(727)</b>	<b>(115)</b>	<b>436</b>	<b>1,444</b>	<b>2,158</b>	<b>3,174</b>	<b>4,010</b>	<b>5,310</b>
<b>Net outlays on existing assets</b>												
5,326	Capital expenditure on renewal and replacement of existing assets	7,699	7,452	7,142	7,393	7,811	7,509	7,662	9,370	9,375	8,454	8,429
(7,940)	Depreciation, amortisation and impairment	(7,729)	(9,355)	(9,453)	(9,784)	(9,828)	(9,866)	(10,011)	(10,255)	(10,289)	(10,437)	(10,475)
(393)	Proceeds from sale of replaced assets	(299)	(424)	(436)	(355)	(200)	(360)	(277)	(377)	(474)	(580)	(419)
<b>(3,007)</b>	<b>Net outlays on existing assets</b>	<b>(329)</b>	<b>(2,327)</b>	<b>(2,748)</b>	<b>(2,746)</b>	<b>(2,217)</b>	<b>(2,716)</b>	<b>(2,626)</b>	<b>(1,262)</b>	<b>(1,388)</b>	<b>(2,563)</b>	<b>(2,465)</b>
<b>Net outlays on new and upgraded assets</b>												
16,298	Capital expenditure on new and upgraded assets <i>(including investments property &amp; real estate developments)</i>	54,074	2,363	701	719	738	757	778	800	820	842	798
(555)	Amounts received specifically for new and upgraded assets Proceeds from sale of surplus assets <i>(including investment property and real estate developments and non-current assets held for resale)</i>	(21,249)	(5,074)	(74)	(74)	(74)	(74)	(74)	(74)	(74)	(74)	(74)
<b>15,743</b>	<b>Net outlays on new and upgraded assets</b>	<b>32,825</b>	<b>(2,711)</b>	<b>627</b>	<b>645</b>	<b>664</b>	<b>683</b>	<b>704</b>	<b>726</b>	<b>746</b>	<b>768</b>	<b>724</b>
<b>(14,483)</b>	<b>Net lending / (borrowing) for financial year</b>	<b>(32,313)</b>	<b>4,007</b>	<b>926</b>	<b>1,375</b>	<b>1,438</b>	<b>2,469</b>	<b>3,366</b>	<b>2,694</b>	<b>3,816</b>	<b>5,805</b>	<b>7,052</b>

# Long Term Financial Plan 2022-2032

## Financial Statements – Statement of Comprehensive Income

2021 Actuals	\$'000s	2022 Adopted BR1	2023 LTFP	2024 LTFP	2025 LTFP	2026 LTFP	2027 LTFP	2028 LTFP	2029 LTFP	2030 LTFP	2031 LTFP	2032 LTFP
<b>Income</b>												
22,769	Rates	23,762	24,798	25,886	27,023	28,211	29,451	30,747	32,103	33,516	34,992	36,533
621	Statutory Charges	502	510	522	534	546	559	572	587	600	614	628
4,880	User Charges	5,000	6,361	7,147	7,449	7,655	7,845	8,032	8,233	8,422	8,616	8,814
4,505	Grants, Subsidies and Contributions	5,485	6,126	4,685	4,799	4,903	5,006	5,115	5,232	5,343	5,457	5,573
25	Investment Income	0	0	0	0	0	0	0	0	0	0	0
60	Reimbursements	67	68	70	71	73	75	76	78	80	82	84
635	Other Income	365	568	573	577	583	588	593	599	604	610	615
<b>33,495</b>	<b>Total Income</b>	<b>35,181</b>	<b>38,432</b>	<b>38,882</b>	<b>40,453</b>	<b>41,970</b>	<b>43,522</b>	<b>45,137</b>	<b>46,831</b>	<b>48,566</b>	<b>50,370</b>	<b>52,248</b>
<b>Expenses</b>												
13,058	Employee Costs	13,962	14,255	14,631	15,030	15,448	15,804	16,184	16,589	16,973	17,366	17,767
14,018	Materials, Contracts & Other Expenses	13,124	14,987	14,795	15,217	15,633	16,292	16,473	16,923	17,353	17,944	18,247
7,940	Depreciation, Amortisation & Impairment	7,729	9,355	9,453	9,784	9,828	9,866	10,011	10,255	10,289	10,437	10,475
226	Finance Costs	183	866	1,198	1,148	1,177	1,125	1,025	908	776	613	448
<b>35,242</b>	<b>Total Expenses</b>	<b>34,998</b>	<b>39,463</b>	<b>40,077</b>	<b>41,180</b>	<b>42,085</b>	<b>43,087</b>	<b>43,693</b>	<b>44,674</b>	<b>45,391</b>	<b>46,360</b>	<b>46,938</b>
<b>(1,747)</b>	<b>Operating Surplus / (Deficit)</b>	<b>183</b>	<b>(1,032)</b>	<b>(1,196)</b>	<b>(727)</b>	<b>(115)</b>	<b>436</b>	<b>1,444</b>	<b>2,158</b>	<b>3,174</b>	<b>4,010</b>	<b>5,310</b>
(730)	Asset Disposal & Fair Value Adjustments	(87)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)
2,677	Amounts Received Specifically for New or Upgraded Assets	19,127	5,074	74	74	74	74	74	74	74	74	74
1,230	Physical Resources Received Free of Charge											
<b>1,430</b>	<b>Net Surplus / (Deficit)</b>	<b>19,223</b>	<b>4,029</b>	<b>(1,135)</b>	<b>(666)</b>	<b>(54)</b>	<b>497</b>	<b>1,505</b>	<b>2,219</b>	<b>3,235</b>	<b>4,071</b>	<b>5,371</b>
<b>Other Comprehensive Income</b>												
<b>Amounts which will not be reclassified subsequently to operating result</b>												
	Changes in Revaluation Surplus - I,PP&E	2,373	15	8,940	13	72	2,399	6,253	0	2,498	27	5,922
<b>0</b>	<b>Total Other Comprehensive Income</b>	<b>2,373</b>	<b>15</b>	<b>8,940</b>	<b>13</b>	<b>72</b>	<b>2,399</b>	<b>6,253</b>	<b>0</b>	<b>2,498</b>	<b>27</b>	<b>5,922</b>
<b>1,430</b>	<b>Total Comprehensive Income</b>	<b>21,595</b>	<b>4,044</b>	<b>7,805</b>	<b>(653)</b>	<b>18</b>	<b>2,896</b>	<b>7,758</b>	<b>2,219</b>	<b>5,734</b>	<b>4,098</b>	<b>11,293</b>

# Long Term Financial Plan 2022-2032

## Financial Statements – Statement of Financial Position (Balance Sheet)

2021 Actuals	\$'000s	2022 Adopted BR1	2023 LTFP	2024 LTFP	2025 LTFP	2026 LTFP	2027 LTFP	2028 LTFP	2029 LTFP	2030 LTFP	2031 LTFP	2032 LTFP
<b>ASSETS</b>												
<b>Current Assets</b>												
1,893	Cash & Cash Equivalents	500	500	500	500	500	500	500	500	500	500	500
4,181	Trade & Other Receivables	1,770	1,430	1,323	1,376	1,427	1,480	1,533	1,589	1,647	1,708	1,770
47	Inventories	42	48	47	48	50	52	52	54	55	57	58
<b>6,121</b>	<b>Total Current Assets</b>	<b>2,311</b>	<b>1,978</b>	<b>1,871</b>	<b>1,924</b>	<b>1,976</b>	<b>2,032</b>	<b>2,085</b>	<b>2,143</b>	<b>2,203</b>	<b>2,266</b>	<b>2,328</b>
<b>Non-Current Assets</b>												
243,964	Infrastructure, Property, Plant & Equipment	298,801	299,778	306,035	303,234	302,666	302,454	305,994	306,441	309,306	307,599	311,840
19,458	Other Non-Current Assets	19,458	19,458	19,458	19,458	19,458	19,458	19,458	19,458	19,458	19,458	19,458
<b>263,422</b>	<b>Total Non-Current Assets</b>	<b>318,259</b>	<b>319,236</b>	<b>325,493</b>	<b>322,692</b>	<b>322,124</b>	<b>321,912</b>	<b>325,452</b>	<b>325,899</b>	<b>328,764</b>	<b>327,057</b>	<b>331,298</b>
<b>269,543</b>	<b>TOTAL ASSETS</b>	<b>320,571</b>	<b>321,214</b>	<b>327,363</b>	<b>324,616</b>	<b>324,100</b>	<b>323,944</b>	<b>327,537</b>	<b>328,043</b>	<b>330,966</b>	<b>329,322</b>	<b>333,626</b>
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
5,765	Trade & Other Payables	3,697	4,231	4,209	4,318	4,428	4,585	4,645	4,762	4,874	5,020	5,107
447	Borrowings	232	3,068	1,392	1,437	1,483	1,532	1,581	1,633	1,685	1,740	1,502
3,013	Provisions	2,981	2,981	2,981	2,981	2,981	2,981	2,981	2,981	2,981	2,981	2,981
<b>9,225</b>	<b>Total Current Liabilities</b>	<b>6,910</b>	<b>10,280</b>	<b>8,582</b>	<b>8,736</b>	<b>8,892</b>	<b>9,098</b>	<b>9,207</b>	<b>9,375</b>	<b>9,540</b>	<b>9,741</b>	<b>9,590</b>
<b>Non-Current Liabilities</b>												
13,502	Borrowings	46,411	38,701	39,366	37,890	36,349	33,730	30,308	27,503	23,581	17,638	10,800
4,064	Provisions	2,902	3,841	3,219	2,446	3,298	2,659	1,807	2,730	3,677	3,677	3,677
<b>17,566</b>	<b>Total Non-Current Liabilities</b>	<b>49,313</b>	<b>42,542</b>	<b>42,585</b>	<b>40,336</b>	<b>39,647</b>	<b>36,389</b>	<b>32,115</b>	<b>30,233</b>	<b>27,258</b>	<b>21,315</b>	<b>14,477</b>
<b>26,791</b>	<b>TOTAL LIABILITIES</b>	<b>56,223</b>	<b>52,822</b>	<b>51,166</b>	<b>49,072</b>	<b>48,539</b>	<b>45,487</b>	<b>41,322</b>	<b>39,608</b>	<b>36,798</b>	<b>31,056</b>	<b>24,067</b>
<b>242,752</b>	<b>Net Assets</b>	<b>264,347</b>	<b>268,392</b>	<b>276,197</b>	<b>275,544</b>	<b>275,562</b>	<b>278,458</b>	<b>286,216</b>	<b>288,434</b>	<b>294,168</b>	<b>298,266</b>	<b>309,559</b>
<b>EQUITY</b>												
66,406	Accumulated Surplus	85,629	89,658	88,523	87,858	87,803	88,300	89,805	92,024	95,259	99,330	104,701
175,462	Asset Revaluation Reserves	177,835	177,850	186,790	186,802	186,874	189,274	195,527	195,527	198,025	198,052	203,974
884	Other Reserves	884	884	884	884	884	884	884	884	884	884	884
<b>242,752</b>	<b>Total Equity</b>	<b>264,347</b>	<b>268,392</b>	<b>276,197</b>	<b>275,544</b>	<b>275,562</b>	<b>278,458</b>	<b>286,216</b>	<b>288,434</b>	<b>294,168</b>	<b>298,266</b>	<b>309,559</b>

# Long Term Financial Plan 2022-2032

## Financial Statements – Cashflow Statement

2021 Actual	\$'000s	Adopted BR1	2023 LTFP	2024 LTFP	2025 LTFP	2026 LTFP	2027 LTFP	2028 LTFP	2029 LTFP	2030 LTFP	2031 LTFP	2032 LTFP
<b>Cash Flows from Operating Activities</b>												
<b>Receipts:</b>												
22,978	Rates Receipts	23,500	24,769	25,855	26,991	28,177	29,416	30,711	32,065	33,476	34,950	36,490
621	Statutory Charges	534	510	521	533	546	559	572	586	600	614	628
5,214	User Charges	5,220	6,320	7,123	7,440	7,648	7,839	8,027	8,227	8,416	8,610	8,808
5,210	Grants, Subsidies and Contributions (operating purpose)	5,119	6,557	4,848	4,796	4,900	5,003	5,112	5,229	5,340	5,453	5,569
26	Investment Receipts	2	0	0	0	0	0	0	0	0	0	0
66	Reimbursements	70	68	70	71	73	75	76	78	80	82	84
3,517	Other Revenue	637	694	575	580	586	591	596	602	607	613	619
<b>Payments:</b>												
(13,005)	Payments to Employees	(13,677)	(14,245)	(14,619)	(15,017)	(15,434)	(15,792)	(16,172)	(16,576)	(16,960)	(17,353)	(17,754)
(17,433)	Payments for Materials, Contracts & Other Expenses	(15,083)	(14,617)	(14,833)	(15,133)	(15,550)	(16,161)	(16,437)	(16,833)	(17,267)	(17,827)	(18,187)
(212)	Finance Payments	(183)	(866)	(1,198)	(1,148)	(1,177)	(1,125)	(1,025)	(908)	(776)	(613)	(448)
<b>6,982</b>	<b>Net Cash provided (or used in) Operating Activities</b>	<b>6,139</b>	<b>9,190</b>	<b>8,344</b>	<b>9,113</b>	<b>9,770</b>	<b>10,404</b>	<b>11,461</b>	<b>12,471</b>	<b>13,517</b>	<b>14,530</b>	<b>15,810</b>
<b>Cash Flows from Investing Activities</b>												
<b>Receipts:</b>												
555	Amounts Received Specifically for New/Upgraded Assets	21,249	5,074	74	74	74	74	74	74	74	74	74
393	Sale of Replaced Assets	299	424	436	355	200	360	277	377	474	580	419
<b>Payments:</b>												
(5,326)	Expenditure on Renewal/Replacement of Assets	(7,699)	(7,452)	(7,142)	(7,393)	(7,811)	(7,509)	(7,662)	(9,370)	(9,375)	(8,454)	(8,429)
(16,298)	Expenditure on New/Upgraded Assets	(54,074)	(2,363)	(701)	(719)	(738)	(757)	(778)	(800)	(820)	(842)	(798)
<b>(20,676)</b>	<b>Net Cash provided (or used in) Investing Activities</b>	<b>(40,226)</b>	<b>(4,317)</b>	<b>(7,332)</b>	<b>(7,683)</b>	<b>(8,275)</b>	<b>(7,833)</b>	<b>(8,089)</b>	<b>(9,718)</b>	<b>(9,647)</b>	<b>(8,642)</b>	<b>(8,734)</b>
<b>Cash Flows from Financing Activities</b>												
<b>Receipts:</b>												
11,550	Proceeds from CAD	32,913	0	2,057	0	0	0	0	0	0	0	0
0	Proceeds from Borrowings	0	25,000	0	0	0	0	0	0	0	0	0
<b>Payments:</b>												
0	Repayments of CAD	0	(28,984)	0	(39)	(58)	(1,088)	(1,841)	(1,172)	(2,237)	(4,203)	(5,336)
(206)	Repayments of Borrowings	(219)	(890)	(3,068)	(1,392)	(1,437)	(1,483)	(1,532)	(1,581)	(1,633)	(1,685)	(1,740)
(163)	Repayment of Principal Portion of Lease Liabilities	0	0	0	0	0	0	0	0	0	0	0
<b>11,181</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>32,694</b>	<b>(4,874)</b>	<b>(1,011)</b>	<b>(1,430)</b>	<b>(1,495)</b>	<b>(2,571)</b>	<b>(3,373)</b>	<b>(2,753)</b>	<b>(3,869)</b>	<b>(5,888)</b>	<b>(7,076)</b>
<b>(2,513)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(1,393)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>
<b>4,406</b>	<b>plus: Cash &amp; Cash Equivalents - beginning of year</b>	<b>1,893</b>	<b>500</b>									
<b>1,893</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>

# Long Term Financial Plan 2022-2032

## Financial Statements – Statement of Equity

2021 Actuals	\$'000s	2022 Adopted BR1	2023 LTFP	2024 LTFP	2025 LTFP	2026 LTFP	2027 LTFP	2028 LTFP	2029 LTFP	2030 LTFP	2031 LTFP	2032 LTFP
241,322	Opening Balance	242,752	264,347	268,392	276,197	275,544	275,562	278,458	286,216	288,434	294,168	298,266
1,430	Net Surplus / (Deficit) for Year	19,223	4,029	(1,135)	(666)	(54)	497	1,505	2,219	3,235	4,071	5,371
	<b>Other Comprehensive Income</b>											
	- Gain (Loss) on Revaluation of I,PP&E	2,373	15	8,940	13	72	2,399	6,253	0	2,498	27	5,922
0	Other Comprehensive Income	2,373	15	8,940	13	72	2,399	6,253	0	2,498	27	5,922
1,430	Total Comprehensive Income	21,595	4,044	7,805	(653)	18	2,896	7,758	2,219	5,734	4,098	11,293
	Transfers between Equity											
242,752	Equity - Balance at end of the reporting period	264,347	268,392	276,197	275,544	275,562	278,458	286,216	288,434	294,168	298,266	309,559

## Long Term Financial Plan 2022-2032

### Glossary

Term	Definition
<b>Asset Renewal Funding Ratio</b>	Indicates whether the Council is renewing or replacing existing non-financial assets at the same rate as its assets are used or 'consumed'. The ratio is calculated by measuring capital expenditure on renewal and replacement of assets relative to the level of depreciation. Where a Council has soundly based Asset Management Plans, a more meaningful asset sustainability ratio would be calculated by measuring the actual level of capital expenditure on renewal and replacement of assets (or proposed in the budget) with the optimal level identified in the plan.
<b>Financial Assets</b>	Financial Assets include cash, investments, loans to community groups, receivables and prepayments, but excludes equity held in Council businesses, inventories and land held for resale.
<b>Financial Sustainability</b>	Financial Sustainability is where planned long-term service and infrastructure levels and standards are met without unplanned and disruptive increases in rates or cuts to services.
<b>Asset Management Plans (AMPs)</b>	An operational plan for Council's Landfill, Building and Structures, Infrastructure (Roads), Plant and Equipment and Library, IT & other physical assets with the objective of providing the required level of service, maintenance and renewal of such assets in the most cost effective and efficient manner.
<b>Net Financial Liabilities Ratio (NFLR)</b>	Is Net Financial Liabilities as a percentage of total operating revenue. The ratio allows interested parties to readily equate the outstanding level of the Council's accumulated financial obligations against the level of one-year's operating revenue. Where the ratio reduces over time, it generally indicates that the Council's capacity to meet its financial obligations is strengthening.
<b>Net lending / (borrowing)</b>	Net Lending / (Borrowing) equals Operating surplus / (deficit), less net outlays on non-financial assets. The Net lending / (borrowing) result is a measure of the Council's overall (i.e. Operating and Capital) budget. Achieving a zero result on the Net lending / (borrowing) measure in any one year essentially means that the Council has met its expenditure (both operating and capital) from the current year's revenues.
<b>Non-financial or physical asset</b>	Non-financial or physical assets refers to infrastructure, land, buildings, plant, equipment, furniture and fittings, library books and inventories.
<b>Operating deficit</b>	Where operating revenues are less than operating expenses (i.e. operating revenue is therefore not sufficient to cover all operating expenses).
<b>Operating expenses</b>	Operating expenses are operating expenses shown in the Income Statement, including depreciation, but excluding losses on disposal or revaluation of non-financial assets.

## Long Term Financial Plan 2022-2032

<b>Operating revenues</b>	Operating revenues are incomes shown in the Income Statement but exclude profit on disposal of non-financial assets and amounts received specifically for new/upgraded assets (e.g. from a developer).
<b>Operating surplus</b>	Operating surplus is where operating revenues are greater than operating expenses (i.e. operating revenue is therefore sufficient to cover all operating expenses).
<b>Operating Surplus Ratio (OSR)</b>	Operating Surplus Ratio expresses the operating surplus (deficit) as a percentage of operating revenue.