



City of
Mount Gambier

Long Term Financial Plan

2024 - 2033



Long Term Financial Plan 2024-2033

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Assumptions

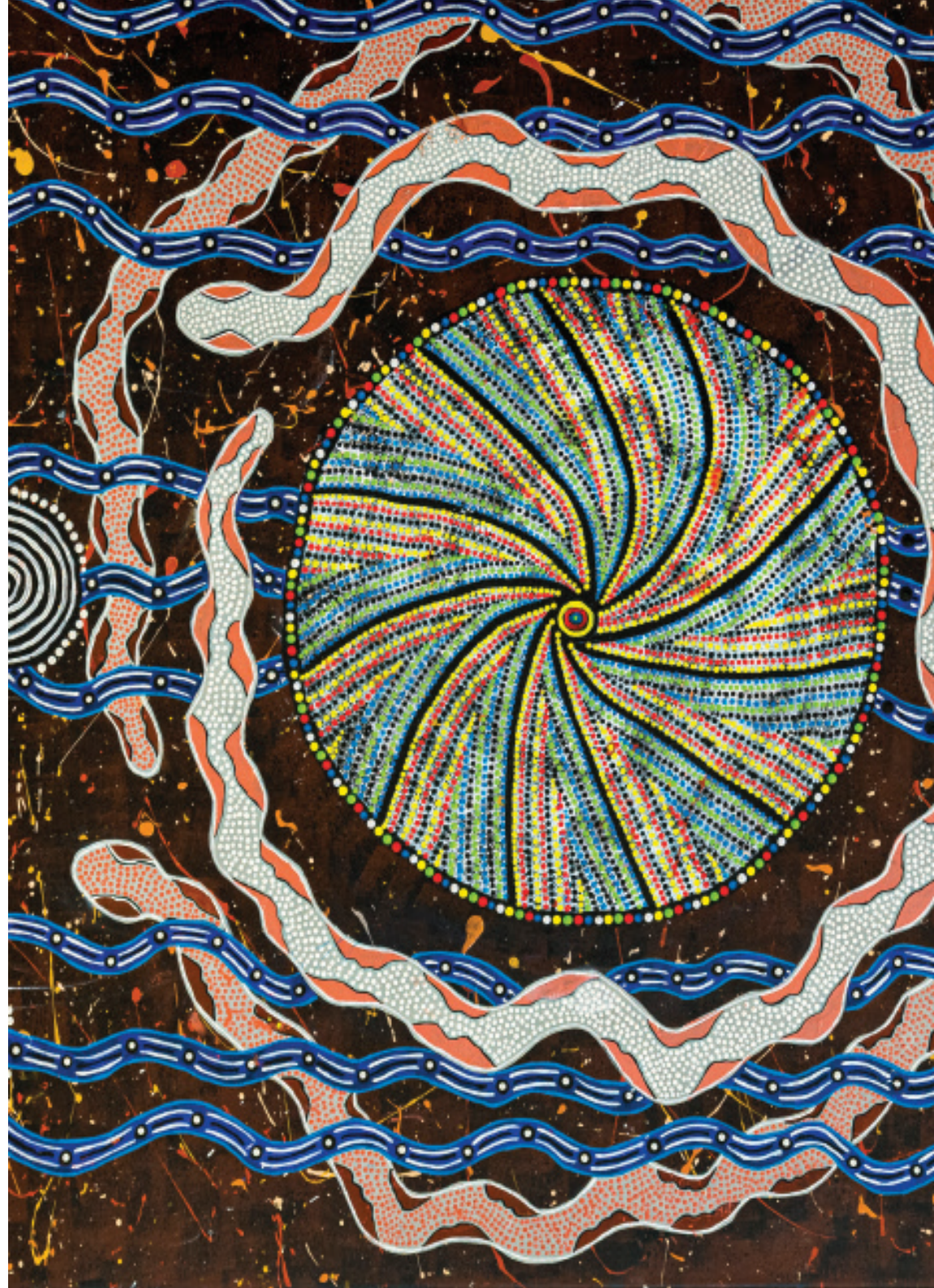
Financial Statements

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 2024-2033

2. Overview

What Is This Document? - This is the Long Term Financial Plan (LTFP) for the City of Mount Gambier Council for the period 2024 - 2033. While the Long Term Plan covers 10 years ahead, we review it every year. This is because the opportunities and challenges facing our community and city, and the context we work in, are always evolving.

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.

Hierarchy Of Documents - 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, February 2021, December 2021 and June 2022.

Roadmap - The LTFP is developed in the context of the Strategic Plan 2020-2024 and sets a road map to implement the community's priorities for the coming decade. As such the LTFP provides a target for future Annual Business Plans and Budgets. It also 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.

Development of This Version of the LTFP - This version of LTFP was developed in consultation with Council's Executive Leadership Team and Elected Members. A number of workshops were held to specifically review rating strategy and subsequently rating scenarios with Elected Members to develop the approach for this year's LTFP

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 (Balance Sheet)** - This presents the financial position of Council at a given date. It comprises three main components: assets, liabilities and equity;

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- **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.

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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.

Hierarchy Of Documents - 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 facility provides substantial year round indoor facilities, addressing many community needs both now and for future generations to come. The Wulanda Recreation and Convention Centre has already shown that it is able to 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 that will be reviewed by ESCOSA on a four-year rotating schedule as part of a range of strategic planning documents with advice

provided to the Council. This Council's review is scheduled for 2024/2025.

Total Rate Revenue - Council's major source of income is rates, which accounts for circa 66% of operating revenue over the ten years and is an important part of the planned long-term strategy. It contributes towards the funding of Council's services to meet the expectations of the Community, by maintaining services, roads, waste management, footpaths, buildings, etc. and the Asset Management Plan (Asset Management Summary) (both the renewals and new/upgrade) and funding. An initial review has been undertaken of rating strategy to ensure that Council balances the requirement for rate increases to fund recurring cost increases with the need to keep rate increases across the ratepayer base at an acceptable level.

Inflation - This Long Term Financial Plan has incorporated the Consumer Price Index (CPI) based on Adelaide forecast CPI as predicted by Deloitte Access Economics. This assumption has been updated as at the end of September 2022. It should be noted that Council chose to continue to apply these assumptions further to updated forecasts in March 2023, as the changes were not deemed to be material.

Asset Management Summary - The Asset Management Summary has been updated and issued for public consultation at the same time as the Annual Business Plan and this document. This is 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 (please note that the estimates

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in this document have been indexed, however, in the Asset Management Summary they have not).

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

- **Base Year** - The LTFP has been updated to include the Budget Review 3 position for FY 2023 and the Budget for FY 2024.
- **Interest Rates** - Interest rates have been updated to reflect actual interest/forecast rates for credit foncier loans and variable LGFA rates have been updated using Deloitte Access Economics as at 31 March 2023.
- **Indexation** - Forecast CPI assumptions have been updated based on Deloitte Access Economics (DAE) forecasts.
- **Capital Works Program** – This program, aligned with the Asset Management Summary, has been updated to reflect include indexation, changes to the plant renewal program to reflect latest practices, carry forwards identified as at Budget Review 3, and capital for new/upgrade expenditure following engagement with relevant Council staff and Elected Members.

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** - Local Government reforms and funding/cost shifting.
- **Climate Change Impact** - The future impact on the way in which Council operates will need to be considered.
- **Indexation** - Escalation of expenditure and revenue.
- **Interest Rates** - Interest rates have been forecast based on data available on 31 March 2023 from Deloitte Access Economics and LGFA rates. Following RBA rate increases over the last year, interest rates for credit foncier (fixed loans) and variable loans (CADs) have increased. Council's debt structure has been reviewed to ensure alignment with Council's Treasury Management Policy, with an appropriate mix of loan terms and fixed and variable debt.
- **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.

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- **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.

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** - A review of strategic priorities has been undertaken by the Executive Leadership Team further to consultation across the organisation. The organisation's capacity to deliver has been considered.
- **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 is 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 the debt structure has been presented and discussed with Elected Members and the Audit and Risk Committee.

- **Grant Revenue** - Attracting further grant revenue will improve ratios if used to fund works already in LTFP.

Exclusions - The following potential significant investment/items are excluded from this version of the LTFP:

- **Infrastructure Condition Audits and Valuation** - The condition audits and valuation for this significant asset category are due for completion in FY 2023 (as at 30 June 2023). At this stage Council does not have information to incorporate in this version of the LTFP. The result of these condition audits/valuation are expected to have an impact on both depreciation and the value of the capital forward works program. A comprehensive review will be undertaken in preparation for the FY 2023 financial statements with the results to be incorporated in the next version of the LTFP to be undertaken in December 2023.
- **Buildings Condition Audits and Valuation** - The condition audits are scheduled across the next two financial years with the valuation for this asset category due for completion in FY 2024 (as at 1 July 2023). At this stage Council does not have information to incorporate in this version of the LTFP. The result of these condition audits/valuation are expected to have an impact on both depreciation and the value of the capital forward works program. A comprehensive review will be undertaken in preparation for the FY 2024 financial statements with the results to be incorporated in the next version of the LTFP to be undertaken in December 2023.
- **Caroline Landfill Depreciation** - Further work will be undertaken aligned with the development of the draft masterplan. This is expected to further define the cost of future cell construction, capping and the post closure provision and unwinding of net present value.

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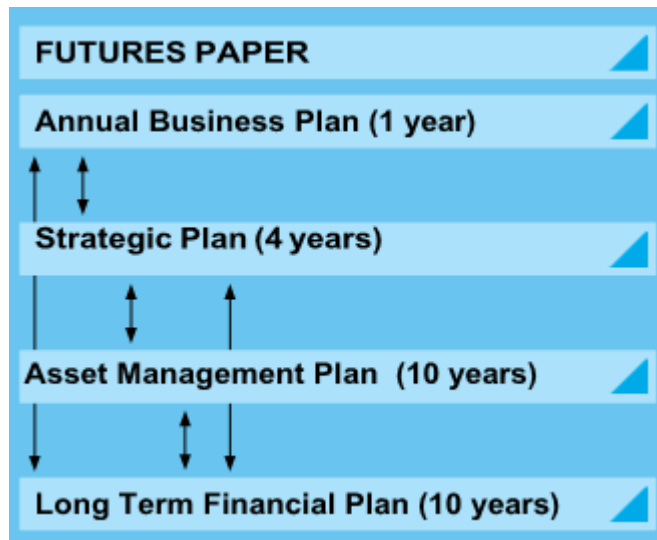
- **Asset Management** - Further review to be undertaken in preparation for the development of the next iteration of the Asset Management Plan / LTFP in December 2023.
- **PLEC** - Further investment in PLEC beyond Stage 1 (\$0.5m in FY 2023). Initial cost benefit analysis has been undertaken and was presented to Elected Members as part of the 2023/2024 budget workshops. A further presentation will be provided to Elected Members in the first quarter of FY 2024.
- **LED Lighting** - Further investment in LED lighting beyond the recently delivered Stage 1 is excluded. A cost benefit analysis will be presented to Elected Members in the first quarter of FY 2024.
- **Sport, Recreation & Open Space Strategy** - A masterplan is expected to commence in 2023/2024 with completion in 2024/2025 and has been included in the budget and LTFP. This will provide direction for the implementation of this strategy. It should be noted that the costs of projects to support the implementation of this strategy have not been included in this version of the LTFP.
- **LRCI Phase 4(b) Grant Funding** - Grant funding has not been included in the ABP and LTFP as projects have not been identified at this stage.

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4. Hierarchy Of Documents

Hierarchy of Documents - Brings together the key planning 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 (Asset Management Summary) (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.

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5. Strategic Plan - Our Roles and Goals

THE CITY DEVELOPMENT FRAMEWORK PROJECT

The City Development Framework Project involved the establishment of overall strategies for development, incorporating economic, social, environment and community opportunities and aspirations based on four interrelated themes:



1.

OUR PEOPLE

How do we ensure a highly skilled and educated population for the future challenges facing our community? A community reflecting good health, connectedness and wellbeing.



2.

OUR LOCATION

How do we take advantage of our location and expand our potential as a regional hub? Building on our regional centre for the provision of services, shopping, tourism, cultural, sporting and recreation.



3.

OUR DIVERSE ECONOMY

How do we build on and diversify our existing economy? We have existing high quality and skilled industry sectors including fabrication, manufacturing, forest products, agriculture, health and education. We also have emerging opportunities for digital technology and related industries.



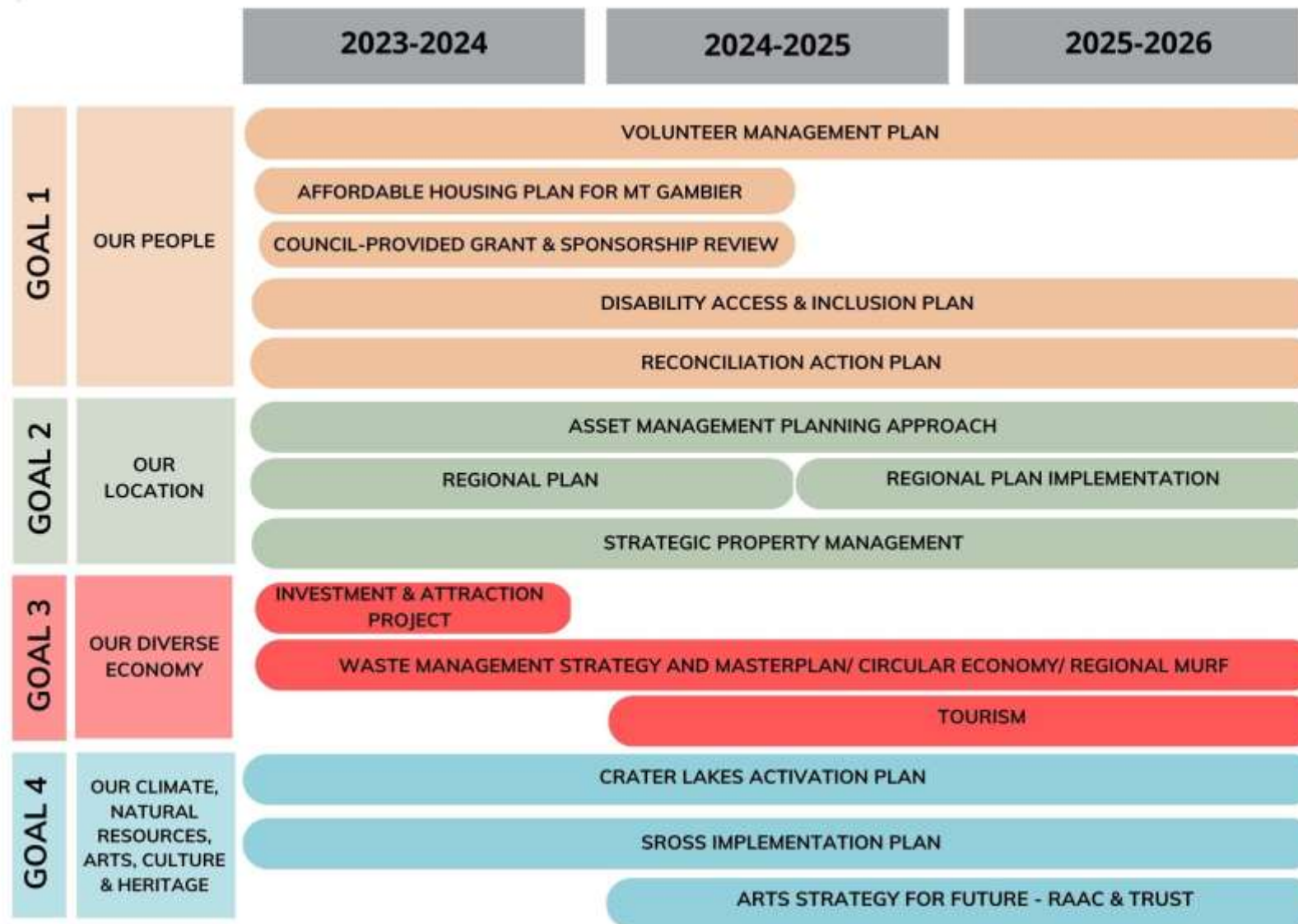
4.

OUR CLIMATE, NATURAL RESOURCES AND HERITAGE

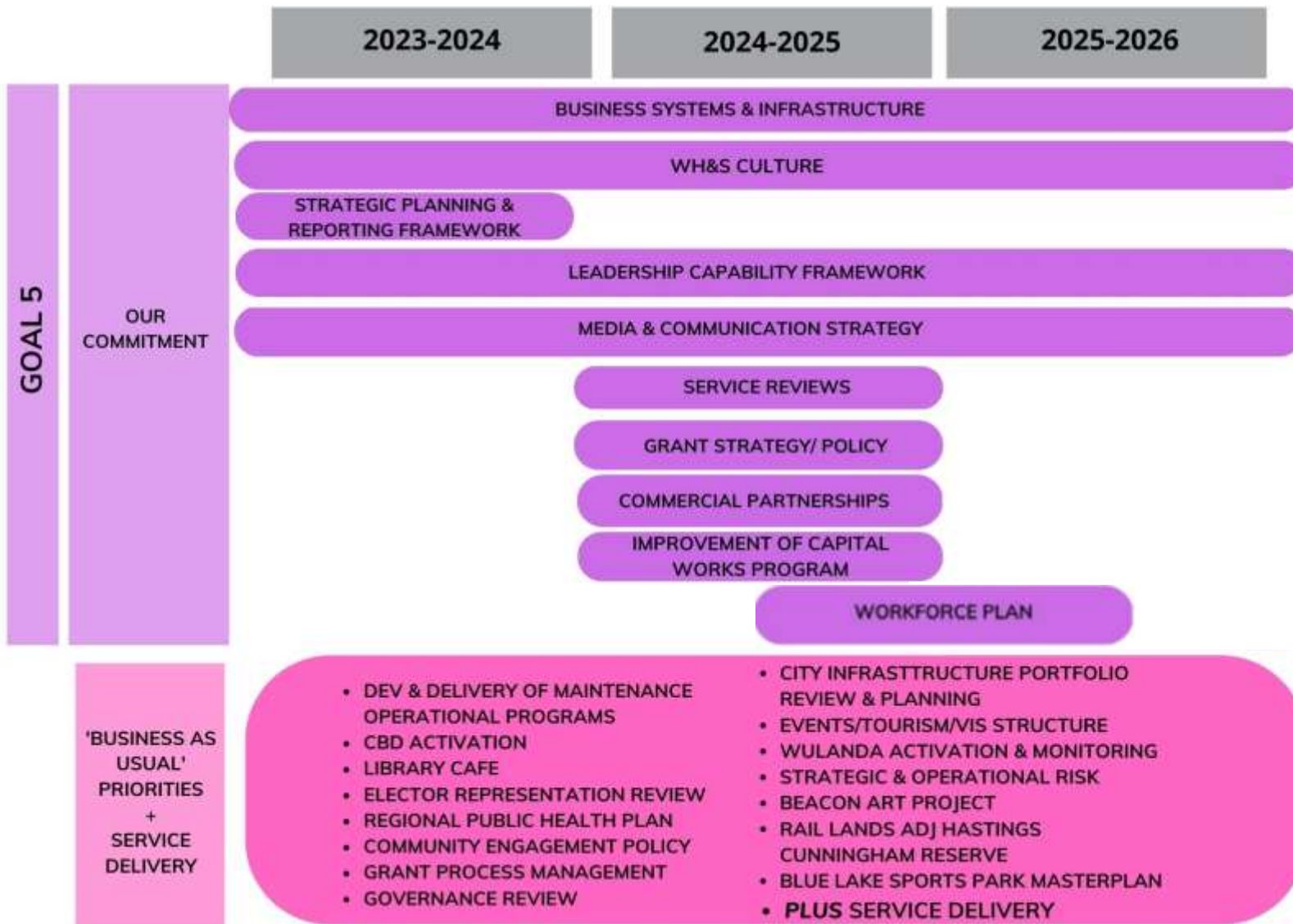
How do we promote and preserve our climate, natural resources and environment? We have a temperate climate, the Crater Lakes Volcanic Complex incorporating the world renowned Blue Lake, a unique natural environment and enviable natural resources. We also have a remarkable wealth of Indigenous and European heritage.

The following pages show the strategic work plan that has been developed to deliver the priorities over the next 3 years.

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6. CEO's Statement of Financial Sustainability

Key Objective - The key objective of preparing a comprehensive and informed LTFP is to enable Council to maintain financial sustainability in the medium to long term whilst achieving the objectives and standards detailed in Council's suite of strategic management plans.

Service Levels - This means Council will be able to manage and maintain current and predicted services and service levels, and infrastructure requirements to adequately provide for needs of the city.

Our LTFP:

- **Guide** - Serves as guiding tool for decision making.
- **ABP** - Informs Annual Business Plan and Budget (ABP) processes by taking a multi-year perspective on spending positions;
- **Financial Sustainability** - Determines organisational financial capacity and sustainability; and
- **Legislation** - Complies with statutory requirements (per the Local Government Act and the Essential Services Commission of South Australia – ESCOSA).

Funding:

To fund our major intergenerational project for the construction of the Wulanda Recreation and Convention Centre, the LTFP has applied debt as a means to achieve intergenerational equity. This ensures that the cost of construction of this project is shared across the current and future

ratepayers, consistent with those that will benefit from the use of this new facility.

Our Financial Sustainability:

Council has three Key Financial Indicators (KFIs) per Council's Treasury Management Policy that measure financial sustainability. It should be noted that all three KFIs achieve the targets set by Council's Treasury Management Policy (T150) as shown below:

- **Operating Surplus Ratio** - The ratio is positive over the 10 year period with an average ratio of 2.1%, achieving a positive ratio from FY 2027 onwards.
- **Net Financial Liabilities Ratio** - The average ratio over the 10 years is 61.5%, achieving a ratio of less than 100% in 2026.
- **Asset Renewal Ratio** - The Asset Renewal Ratio is 100% over the 10 years of the LTFP, aligned with the forward works program and Asset Management Plan.

These indicators are evaluated in more detail within this document and together, show that Council will achieve its financial sustainability in the medium to long term.

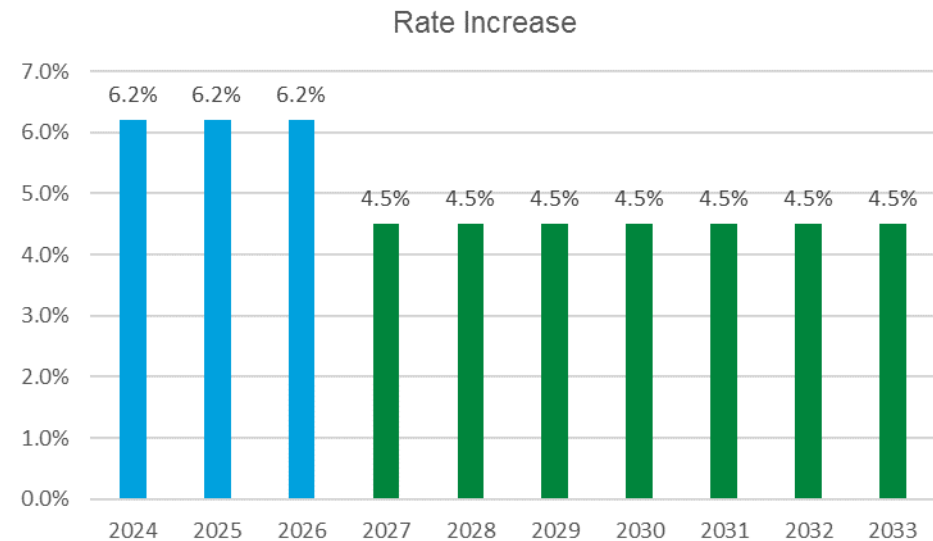
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7. Rate Setting

Council Approach - Due to prior and current economic conditions and relatively high inflation continuing beyond FY 2023, Council have taken a smoothing approach to rate increases (general rates and the waste service charge) for the next 3 years and also intends to manage its expenditure within the ten years of this plan to minimise the impact on ratepayers.

Smoothing - The overall rates increase required to mitigate prior year pressures (zero rate increase in FY 2021, a lower than CPI rate increase in FY 2023 and a high actual Adelaide CPI rate across the first three quarters of 2023) and ensure that Council achieves its operating surplus ratio target by FY 2027 is circa 9.75%. After smoothing the total average rate revenue increase for the first three years of the LTFP is 6.2% (to generate the same increase as 9.75% followed by 4.5% p.a.). This has the effect of reducing the rate revenue increase for year one (2023/2024). The rate revenue increase for the remaining years will continue to be calculated annually and at this stage the expected total rate increase from 2027 to 2033 (including growth) is aligned with previous LTFPs at 4.5%.

Impact on Individual Ratepayers - It should be noted that the average rate increase per annum is based on the total of all rateable properties. The impact on individual ratepayers may be different based on the change in valuation of their property relative to the overall valuation changes across the council area.



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8. Key Assumptions

OPERATING REVENUE:

- **General Rates** - Revenue has been indexed by 6.2% over the first three years of the LTFP (including growth) and 4.5% over the subsequent years of the LTFP.
- **Waste Service Charges** - Aligned with general rates revenue has been indexed by 6.2% (including growth) over the first three years of the LTFP and 4.5% over the subsequent years of the LTFP.
- **Council Operations User Charges** - CPI increases have been applied over the remaining 10 years aligned with the user pays principle for the majority of user charges.
- **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.

In particular for Financial Assistance Grants it has been assumed that 50% of the following year's allocation will be paid in the current year and that the Special Local Roads Fund payment will continue.

It should be noted that as advised in June 2023 100% of the following year's allocation will be paid in late June 2023. No advice has to date been provided for the payments for FY 2024 and the future years and as such no adjustment has been made to the LTFP.

- **Grant Funding (One-off)** - Tied grant funding is applied in the same year that corresponding expenditure is planned. The LRCI Phase 4(a) initial grant payment of 50% has been included in FY 2024 with

40% in FY 2025 and 10% in FY 2026. It should be noted that at this the LRCI Phase 4(b) funding has not been included in the LTFP or ABP as nominated projects are not known at this stage.

OPERATING EXPENDITURE:

- **Materials, Contracts & Other Expenditure** - Has been indexed in line with forecast CPI increases over the period of the plan. Historically, LGPI (Local Government Price Index) has been applied as the relevant indicator of movement in local government costs (reflecting historically higher costs for the "basket of goods and services" procured by Council), However, as the LGPI is reported on an annual/historic basis, considering the current economic conditions it has been determined that CPI should be applied as the most reliable and relevant index.
- **Employee Costs** - Standard increases are aligned with anticipated increases for the initial years of the LTFP. 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 actual rates provided by the LGFA for credit foncier loans and indicative rates 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 revised Asset Management Plan. Renewal, maintenance and depreciation of new and upgraded assets have been included in the plan to ensure these are funded. Indexation applied is in line with forecast CPI increases over the period of the plan (noting that the forecast in the Asset Management Summary is unindexed).
- **New Capital/Upgrade** - Has been included in the plan and are based on Council's Asset Management Plan. At this stage prior to the completion of the Caroline Landfill Masterplan the only significant investment for new capital will be for cell construction. Indexation applied is in line with forecast CPI increases over the period of the plan (noting that the forecast in the Asset Management Summary is unindexed).
- **Future Development** - It should be noted that the next iteration of the Asset Management Plan will be prepared for inclusion in the LTFP to be developed in the first half of FY 2024.

CAPITAL REVENUE

- **Grants** - At this stage no future grants have been incorporated in the LTFP.
- **Physical Resources Received Free of Charge** - Considering prior year performance an allocation of \$1m per annum has been included in this version of the LTFP.

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

- **Assets** such as trade and 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 as presented to Elected Members and the Audit and Risk Committee.

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9. Key Financial Ratios

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" as shown below:

"6.3 Key Financial Indicators (KFIs)

- Council ensures long term financial sustainability using key financial indicators in its LTFP. Council has the following targets:
 - **Operating Surplus Ratio** – To achieve a positive operating surplus ratio by FY 2027.
 - **Net Financial Liabilities Ratio** – Achieve a target of less than 100% of total operating revenue by FY 2027; and
 - **Asset Renewal Funding Ratio** - Maintain asset renewal funding ratio of greater than or equal to 100% of the Asset Management Plan."

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

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OPERATING SURPLUS RATIO

What is the purpose of this ratio?

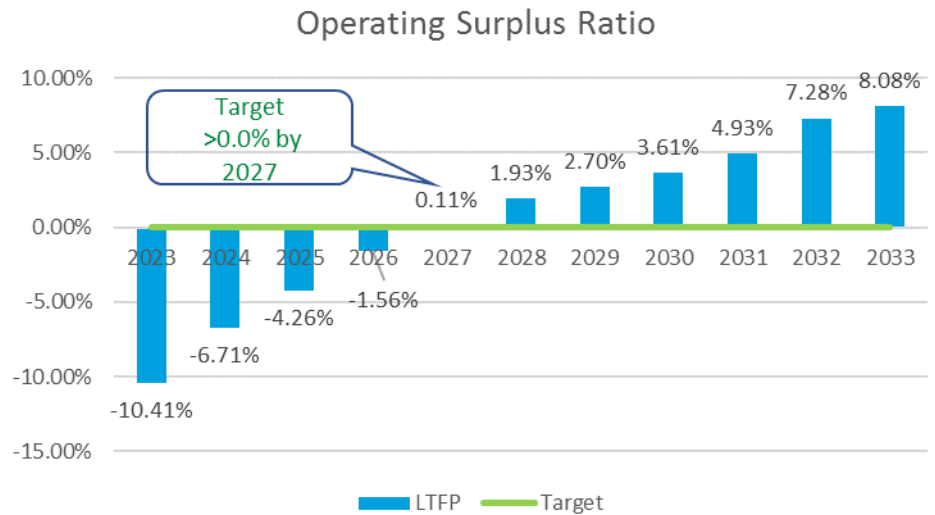
This financial indicator is useful in determining if current ratepayers are paying enough to cover products and services provided in each period.

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.



Result:

Council expects to return to a surplus ratio in FY 2027, aligned with the target, delivering a positive ratio for 7 years of the LTFP. The average ratio over the life of the LTFP is 2.1%.

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?

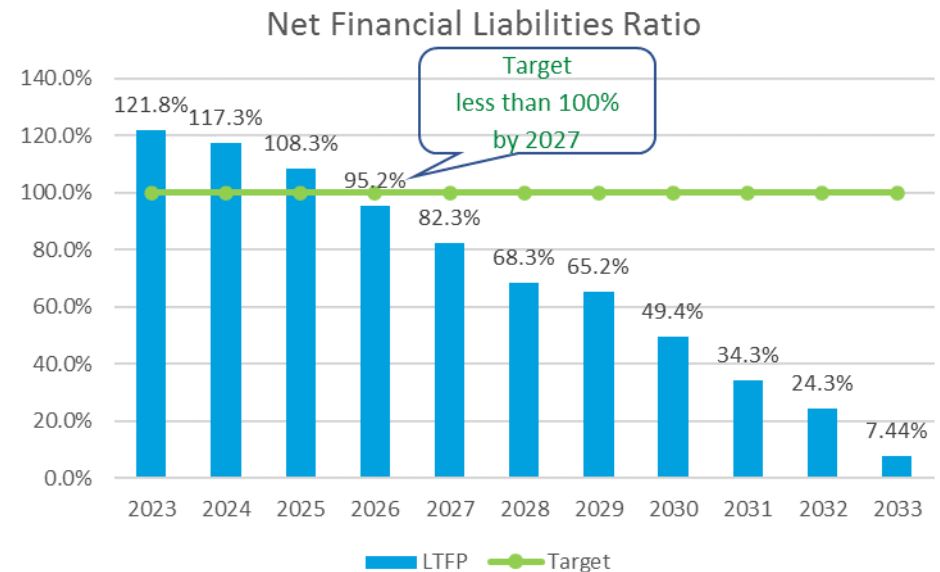
This financial indicator is useful in determining the level of indebtedness that Council has in comparison to its operating revenue.

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”.



Result:

Council achieves its target of less than 100% Net Financial Liabilities Ratio by FY 2026 (95.2%), with a ratio of below the target for 8 out of the 10 years, an average ratio of 61.5% and a peak ratio of 117.3% in FY 2024 over the forward 10 years, driven by the funding of the Wulanda Recreation and Convention Centre.

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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.

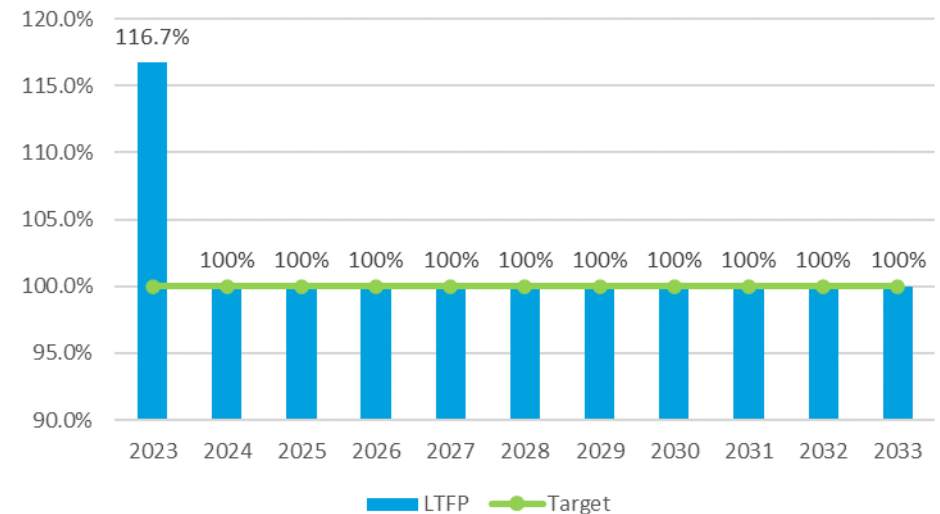
How is this ratio calculated?

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 Plan”.

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.

Renewal expenditure for the future 10 years is expected to be aligned with the Asset Management Plan i.e. a ratio of 100%.

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BORROWING TO INCOME RATIO

What is the purpose of this ratio?

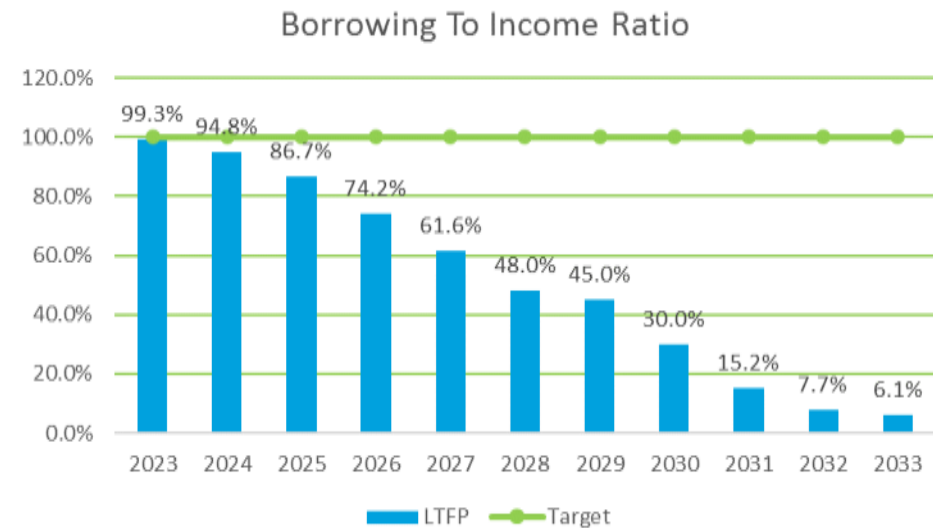
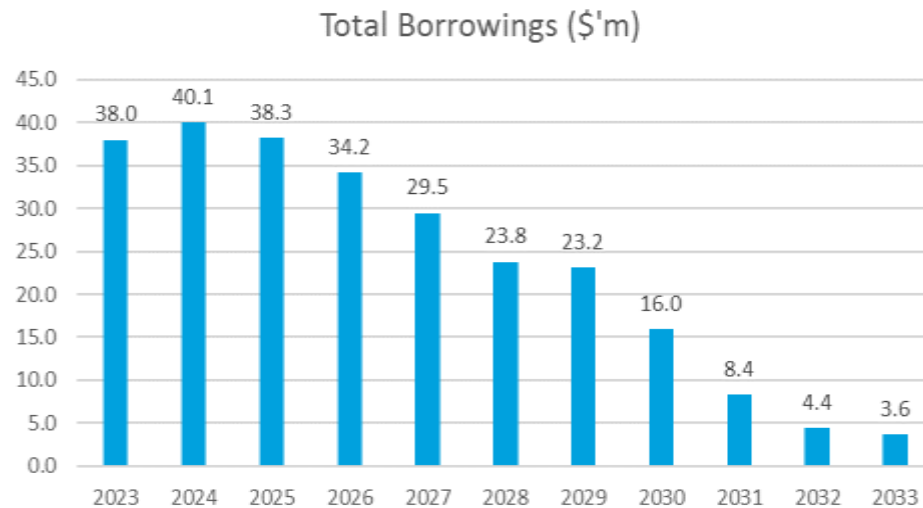
This is a way to measure Council's ability to make loan repayments comfortably without putting the organisation in financial hardship.

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%".



Result:

As debt is repaid through rates revenue, it is important that we are mindful of how much we borrow and how quickly we can repay our debt. That is why we have a long term view of debt and have focused on Council's debt structure and significantly reducing debt from the peak of \$40.1m in FY 2024 to \$3.6m in FY 2033.

For all 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).

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Assumptions

Key Assumptions	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
General Rates Revenue Increase	6.2%	6.2%	6.2%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Waste Service Charge Increase	6.2%	6.2%	6.2%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Consumer Price Index	4.2%	2.5%	2.5%	2.5%	2.5%	2.4%	2.3%	2.3%	2.4%	2.5%

- **Council Election costs** - FY2027 \$140k, and FY2031 \$150k.
 - **ESCOSA Local Government Rates Oversight Scheme** - FY 2025 \$40k, FY 2029 \$40k, FY 2033 \$40k (unindexed).
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Long Term Financial Plan 2024-2033

Financial Statements - Uniform Presentation of Finances

2022 Actual	\$'000s	2023 BR3	2024 ABP	2025 LTFP	2026 LTFP	2027 LTFP	2028 LTFP	2029 LTFP	2030 LTFP	2031 LTFP	2032 LTFP	2033 LTFP
37,162	Income	38,256	42,280	44,160	46,126	47,826	49,605	51,443	53,325	55,284	57,335	59,489
35,161	Expenses	42,238	45,117	46,039	46,847	47,773	48,648	50,054	51,400	52,558	53,161	54,684
2,001	Operating surplus / (deficit)	(3,981)	(2,837)	(1,879)	(720)	52	957	1,389	1,925	2,726	4,174	4,805
Net outlays on existing assets												
5,623	Capital expenditure on renewal and replacement of existing assets	7,219	5,762	6,568	5,542	5,754	5,795	7,291	6,392	7,108	5,874	7,409
(8,479)	Depreciation, amortisation and impairment	(9,928)	(10,467)	(10,785)	(10,817)	(10,890)	(10,968)	(11,621)	(12,262)	(12,256)	(12,426)	(12,885)
(112)	Proceeds from sale of replaced assets	(159)	(277)	(329)	(247)	(294)	(299)	(432)	(377)	(514)	(147)	(255)
(2,968)	Net outlays on existing assets	(2,868)	(4,982)	(4,547)	(5,522)	(5,429)	(5,471)	(4,762)	(6,247)	(5,662)	(6,698)	(5,730)
Net outlays on new and upgraded assets												
35,134	Capital expenditure on new and upgraded assets <i>(including investments property & real estate developments)</i>	20,974	3,903	714	711	729	747	4,535	783	801	4,405	840
(20,443)	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>	(5,644)	0	0	0	0	0	0	0	0	0	0
14,691	Net outlays on new and upgraded assets	15,330	3,903	714	711	729	747	4,535	783	801	4,405	840
(9,722)	Net lending / (borrowing) for financial year	(16,443)	(1,759)	1,954	4,091	4,753	5,681	1,616	7,389	7,587	6,467	9,695

Long Term Financial Plan 2024-2033

Financial Statements - Statement of Comprehensive Income

2022 Actual	\$'000s	2023 BR3	2024 ABP	2025 LTFP	2026 LTFP	2027 LTFP	2028 LTFP	2029 LTFP	2030 LTFP	2031 LTFP	2032 LTFP	2033 LTFP
Income												
23,822	Rates	24,843	26,416	28,011	29,703	31,008	32,373	33,800	35,288	36,843	38,465	40,160
633	Statutory Charges	698	734	748	762	776	791	806	821	837	853	869
5,515	User Charges	6,373	9,193	9,486	9,743	10,014	10,266	10,515	10,755	11,001	11,262	11,544
6,615	Grants, Subsidies and Contributions	5,346	5,048	4,994	4,967	5,042	5,169	5,294	5,415	5,539	5,670	5,812
14	Investment Income	47	40	40	38	36	33	31	27	22	17	11
65	Reimbursements	65	538	562	587	614	629	645	659	674	690	708
498	Other Income	883	311	319	327	335	344	352	360	368	377	386
37,162	Total Income	38,256	42,280	44,160	46,126	47,826	49,605	51,443	53,325	55,284	57,335	59,489
Expenses												
13,090	Employee Costs	14,637	15,087	15,691	16,334	16,859	17,401	17,945	18,481	19,032	19,617	20,245
13,234	Materials, Contracts & Other Expenses	16,219	17,288	17,540	17,888	18,502	18,998	19,359	19,709	20,488	20,751	21,295
8,479	Depreciation, Amortisation & Impairment	9,928	10,467	10,785	10,817	10,890	10,968	11,621	12,262	12,256	12,426	12,885
358	Finance Costs	1,453	2,275	2,024	1,808	1,523	1,280	1,128	948	782	368	259
35,161	Total Expenses	42,238	45,117	46,039	46,847	47,773	48,648	50,054	51,400	52,558	53,161	54,684
2,001	Operating Surplus / (Deficit)	(3,981)	(2,837)	(1,879)	(720)	52	957	1,389	1,925	2,726	4,174	4,805
1,760	Physical Resources Received Free of Charge	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
17,940	Amounts Received Specifically for New or Upgraded Assets	6,045	0	0	0	0	0	0	0	0	0	0
(787)	Asset Disposal & Fair Value Adjustments	0	0	0	0	0	0	0	0	0	0	0
20,914	Net Surplus / (Deficit)	3,063	(1,837)	(879)	280	1,052	1,957	2,389	2,925	3,726	5,174	5,805
Other Comprehensive Income												
Amounts which will not be reclassified subsequently to operating result												
0	Changes in Revaluation Surplus - I,PP&E	2,592	9,662	194	244	2,734	7,062	223	2,862	291	6,899	3,380
0	Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	(932)	0	0	0	0	0	0	0	0	0	0
0	Total Other Comprehensive Income	1,660	9,662	194	244	2,734	7,062	223	2,862	291	6,899	3,380
20,914	Total Comprehensive Income	4,724	7,824	(685)	524	3,786	9,019	2,612	5,788	4,017	12,072	9,185

Long Term Financial Plan 2024-2033

Financial Statements - Statement of Financial Position (Balance Sheet)

2022 Actual	\$'000s	2023 BR3	2024 ABP	2025 LTFP	2026 LTFP	2027 LTFP	2028 LTFP	2029 LTFP	2030 LTFP	2031 LTFP	2032 LTFP	2033 LTFP
ASSETS												
Current Assets												
250	Cash & Cash Equivalents	499	553	509	505	501	496	495	493	492	1,900	10,649
2,974	Trade & Other Receivables	1,624	1,803	1,902	1,999	2,078	2,153	2,243	2,329	2,419	2,506	2,612
64	Inventories	59	61	62	64	65	67	69	70	72	73	75
3,288	Total Current Assets	2,183	2,416	2,473	2,568	2,644	2,716	2,806	2,892	2,982	4,480	13,336
Non-Current Assets												
301,171	Infrastructure, Property, Plant & Equipment	316,553	327,405	324,947	321,561	320,775	324,294	326,602	325,181	321,791	328,850	328,520
0	Other Non-Current Assets	0	0	0	0	0	0	0	0	0	0	0
301,171	Total Non-Current Assets	316,553	327,405	324,947	321,561	320,775	324,294	326,602	325,181	321,791	328,850	328,520
304,459	TOTAL ASSETS	318,735	329,821	327,420	324,129	323,419	327,009	329,408	328,073	324,774	333,329	341,856
LIABILITIES												
Current Liabilities												
9,331	Trade & Other Payables	4,419	5,162	5,080	5,137	5,238	5,311	5,565	5,436	5,564	5,797	5,697
1,222	Borrowings	2,930	1,269	1,337	1,417	1,484	1,555	1,629	8,744	1,330	753	0
2,784	Provisions	2,778	2,848	2,920	2,992	3,067	3,144	3,221	3,294	3,369	3,450	3,536
13,337	Total Current Liabilities	10,127	9,279	9,336	9,546	9,789	10,010	10,414	17,475	10,264	10,000	9,233
Non-Current Liabilities												
22,311	Borrowings	35,068	38,801	36,936	32,820	27,986	22,239	21,524	7,248	7,048	3,633	3,633
3,507	Provisions	3,513	3,890	3,981	4,073	4,168	4,265	4,362	4,455	4,550	4,712	4,821
25,818	Total Non-Current Liabilities	38,581	42,691	40,918	36,893	32,154	26,504	25,886	11,703	11,598	8,345	8,454
39,155	TOTAL LIABILITIES	48,708	51,970	50,254	46,439	41,943	36,514	36,301	29,178	21,862	18,345	17,687
265,304	Net Assets	270,027	277,852	277,166	277,690	281,476	290,495	293,107	298,895	302,912	314,984	324,169
EQUITY												
83,080	Accumulated Surplus	88,828	86,991	86,112	86,391	87,444	89,401	91,790	94,715	98,441	103,615	109,420
180,852	Asset Revaluation Reserves	179,827	189,489	189,683	189,927	192,661	199,722	199,945	202,807	203,099	209,998	213,377
1,372	Other Reserves	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372
265,304	Total Equity	270,027	277,852	277,166	277,690	281,476	290,495	293,107	298,895	302,912	314,984	324,169

Long Term Financial Plan 2024-2033

Financial Statements - Cashflow Statement

2022 Actual	\$'000s	2023 BR3	2024 ABP	2025 LTFP	2026 LTFP	2027 LTFP	2028 LTFP	2029 LTFP	2030 LTFP	2031 LTFP	2032 LTFP	2033 LTFP
Cash Flows from Operating Activities												
Receipts:												
23,829	Rates Receipts	26,193	26,237	27,912	29,606	30,930	32,298	33,710	35,201	36,753	38,378	40,054
633	Statutory Charges	698	734	748	762	776	791	806	821	837	853	869
4,335	User Charges	6,373	9,193	9,486	9,743	10,014	10,266	10,515	10,755	11,001	11,262	11,544
6,615	Grants, Subsidies and Contributions (operating purpose)	5,346	5,048	4,994	4,967	5,042	5,169	5,294	5,415	5,539	5,670	5,812
14	Investment Receipts	47	40	40	38	36	33	31	27	22	17	11
65	Reimbursements	65	538	562	587	614	629	645	659	674	690	708
896	Other Revenue	883	311	319	327	335	344	352	360	368	377	386
Payments:												
(13,852)	Payments for Materials, Contracts & Other Expenses	(15,163)	(17,189)	(17,460)	(17,669)	(18,232)	(18,752)	(20,065)	(19,673)	(20,191)	(21,550)	(21,201)
(13,157)	Payments to Employees	(14,637)	(15,087)	(15,691)	(16,334)	(16,859)	(17,401)	(17,945)	(18,481)	(19,032)	(19,617)	(20,245)
(136)	Finance Payments	(1,453)	(2,275)	(2,024)	(1,808)	(1,523)	(1,280)	(1,128)	(948)	(782)	(368)	(259)
9,242	Net Cash provided (or used in) Operating Activities	8,353	7,550	8,887	10,219	11,133	12,096	12,215	14,137	15,189	15,713	17,678
Cash Flows from Investing Activities												
Receipts:												
20,443	Amounts Received Specifically for New/Upgraded Assets	5,644	0	0	0	0	0	0	0	0	0	0
112	Sale of Replaced Assets	159	277	329	247	294	299	432	377	514	147	255
Payments:												
(5,623)	Expenditure on Renewal/Replacement of Assets	(7,219)	(5,762)	(6,568)	(5,542)	(5,754)	(5,795)	(7,291)	(6,392)	(7,108)	(5,874)	(7,409)
(35,134)	Expenditure on New/Upgraded Assets	(20,974)	(3,903)	(714)	(711)	(729)	(747)	(4,535)	(783)	(801)	(4,405)	(840)
(20,202)	Net Cash provided (or used in) Investing Activities	(22,390)	(9,389)	(6,952)	(6,006)	(6,189)	(6,244)	(11,394)	(6,798)	(7,395)	(10,132)	(7,995)
Cash Flows from Financing Activities												
Receipts:												
9,581	Proceeds from Loans	15,565	5,002	0	0	0	0	914	0	1,130	0	0
Payments:												
	Repayments of Loans	(1,100)	(2,930)	(1,797)	(4,036)	(4,767)	(5,677)	(1,555)	(7,161)	(8,744)	(3,991)	(753)
(202)	Repayment of Lease Liabilities	(179)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)
(62)	Repayment of Bonds and Deposits											
9,317	Net Cash Flow provided (used in) Financing Activities	14,286	1,892	(1,978)	(4,217)	(4,948)	(5,858)	(821)	(7,342)	(7,795)	(4,172)	(934)
(1,643)	Net Increase/(Decrease) in Cash & Cash Equivalents	249	53	(44)	(4)	(4)	(5)	(1)	(2)	(2)	1,408	8,749
1,893	plus: Cash & Cash Equivalents - beginning of year	250	499	553	509	505	501	496	495	493	492	1,900
250	Cash & Cash Equivalents - end of the year	499	553	509	505	501	496	495	493	492	1,900	10,649

Long Term Financial Plan 2024-2033

Financial Statements - Statement of Equity

2022 Actual	\$'000s	2023 BR3	2024 ABP	2025 LTFP	2026 LTFP	2027 LTFP	2028 LTFP	2029 LTFP	2030 LTFP	2031 LTFP	2032 LTFP	2033 LTFP
Accumulated Surplus												
66,406	Balance at the end of previous reporting period	83,080	88,828	86,991	86,112	86,391	87,444	89,401	91,790	94,715	98,441	103,615
20,914	Net result for the year	5,748	(1,837)	(879)	280	1,052	1,957	2,389	2,925	3,726	5,174	5,805
(4,240)	Transfers from other reserves/adjustments	0	0	0	0	0	0	0	0	0	0	0
83,080	Balance at the end of the period	88,828	86,991	86,112	86,391	87,444	89,401	91,790	94,715	98,441	103,615	109,420
Asset Revaluation Reserve												
175,462	Balance at the end of previous reporting period	180,852	179,827	189,489	189,683	189,927	192,661	199,722	199,945	202,807	203,099	209,998
5,390	Gain (Loss) on Revaluation of I, PP&E	(1,025)	9,662	194	244	2,734	7,062	223	2,862	291	6,899	3,380
180,852	Balance at the end of period	179,827	189,489	189,683	189,927	192,661	199,722	199,945	202,807	203,099	209,998	213,377
Other Reserves												
884	Balance at the end of previous reporting period	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372
488	Transfers from Accumulated Surplus	0	0	0	0	0	0	0	0	0	0	0
1,372	Balance at the end of period	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372
265,304	Total Equity at end of reporting period	270,027	277,852	277,166	277,690	281,476	290,495	293,107	298,895	302,912	314,984	324,169

Long Term Financial Plan 2024-2033

Glossary

Term	Definition
Asset Renewal Funding Ratio	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 Plan, 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.
Financial Assets	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.
Financial Sustainability	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.
Asset Management Plan (AMPs)	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.
Net Financial Liabilities Ratio (NFLR)	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.
Net lending / (borrowing)	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.
Non-financial or physical asset	Non-financial or physical assets refers to infrastructure, land, buildings, plant, equipment, furniture and fittings, library books and inventories.
Operating deficit	Where operating revenues are less than operating expenses (i.e. operating revenue is therefore not sufficient to cover all operating expenses).
Operating expenses	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 2024-2033

Operating revenues	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).
Operating surplus	Operating surplus is where operating revenues are greater than operating expenses (i.e. operating revenue is therefore sufficient to cover all operating expenses).
Operating Surplus Ratio (OSR)	Operating Surplus Ratio expresses the operating surplus (deficit) as a percentage of operating revenue.