

Long Term Financial Plan

2026 - 2035



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Appendix: Assumptions Financial Statements

Changes Following Public Consultation:

Formatting Amendments to the Agenda and page numbering.

Upon finalisation of rating valuations and declarations, rates increases and associated tables have been updated to reflect 7.81% increase (excl growth), previously 8.18%. This is in line with the annual business plan and budget that states where growth in assessments is in excess of the target for growth of 0.5% the amount in excess will be used to reduced rates raised.

Financial Statements updated to reflect change in Limestone Coast Landscape Levy and budget review 3 for 2024/2025, full details have been included in the Annual Business Plan and Budget.

1. Acknowledgment of Country

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).

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2. Overview

What Is This Document? - This is the Long Term Financial Plan (LTFP) for the City of Mount Gambier Council for the period 2026 - 2035. 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, Mount Gambier 2035 and Councils suite of Asset Management Plans, 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, June 2022, June 2023 and June 2024.

Roadmap - The LTFP is developed in the context of the Mount Gambier 2035 Community Vision and Strategic Plan 2024-2028 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, indexation or interest rates change then this may drive changes in the annual budget.

Financial Position - Over the life of this Plan, Council is scheduled to achieve its financial targets by 2026/2027. A balanced budget for 2025/2026 demonstrates strong financial management and progress toward long-term sustainability.

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. Workshops were held that carefully considered/explored options that balanced the need to achieve financial targets, resources to deliver the Strategic Work Plan and meet community expectations and cover the true cost of waste services.

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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;
- **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 setting 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:

- Mount Gambier 2035 Community Vision
- 2024-2028 Strategic Plan
- Asset Management Plans
- Annual Business Plan and Budget.

Mount Gambier 2035 - Council has collaborated with the community to develop a community vision for our regional capital - Mount Gambier 2035. This will serve as the guiding document to inform Council's planning and decision making for the next ten years. This version of the LTFP has considered the Strategic Work required which is informed by Council's current 2024-2028 Strategic Plan.

ESCOSA - Consideration of the recommendations from the recent Local Government Advice Scheme report from the Essential Services Commission of South Australia (ESCOSA). City of Mount Gambier was included in tranche three, 2025.

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. 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 – Future iterations of the LTFP will become a primary document that will be reviewed by Essential Services Commission of South Australia (ESCOSA) during their four yearly reviews under the Local Government Advice Scheme established through the Local Government Act 1999. The aim of the Scheme is to provide independent, risk-based advice to assist councils when making long-term financial and investment decisions for the benefit of ratepayers.

Total Rate Revenue - Council's major source of income is rates (general rates and waste service charge), which accounts for approximately 63% of operating revenue over the ten years of the plan and is an important part of the planned long-term strategy. It supports the funding of Council services to meet community expectations by maintaining essential infrastructure and services such as roads, waste management, footpaths, buildings, and more. It also contributes to the delivery of the Asset Management Plan, including both renewal and upgrade works. A Review of the rating strategy has begun in 2024/2025 and will continue in 2025/2026, 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.

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Inflation - This LTFP incorporates Reserve Bank of Australia (RBA) mid-range target for Consumer Price Index (CPI). At the time of preparation this was consistent with the March 2025 Quarter CPI of 2.4%. This is consistent with independent advice sought from BRM Advisory consultants, who offer specialised financial modelling advice to Local Government and Deloitte's Access Economics short term forecast.

Asset Management Plan - The Asset Management Plans have had a minor update for 2025/2026 to incorporate an additional year for 2035 and incorporated to 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 in this document have been indexed, however, in the Asset Management Plan's they have not). The next formal review and adoption of AMPs will occur after development of the next iteration of the AMP/LTFP starting December 2025.

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4. What has changed since the last LTFP?

It should be noted the following assumptions have been updated:

Base Year - The LTFP has been updated to include the Budget Review 2 position for 2024/2025 and the budget for 2025/2026.

Interest Rates - Interest rates have been updated to reflect actual interest/forecast rates for credit foncier loans and variable LGFA rates have been updated based on best estimates from independent Consultants BRM advisory, internal administration and to relatively align with the forecast level of CPI increases.

Indexation - Forecast CPI assumptions have been updated based on Deloitte Access Economics (DAE) forecasts in the short term and based using RBA mid-range targets for the longer term of 2.5%.

General Rates – Council’s rating strategy has been reviewed, where Council Staff and Elected Members worked together to determine a balance between community expectations, the achievement of financial targets and the capacity required to deliver this LTFP (refer to rating section).

Waste Management and Waste Service Charge - Further to a review of the cost of service a proposed increase was presented that ensured that the revenue collected via the Waste Service charge covered the costs incurred by Council to deliver this service to the community (refer to rating section).

Strategic Work Plan - The Strategic Work Plan (i.e. delivery of Council’s priorities over the next three years) has been updated further to engagement with Council staff and the development of Mount Gambier 2035.

Unlocking Projects - Underpinning the Strategic Work Plan the following foundational projects will be delivered to “unlock” organisational capacity by identifying efficiencies and reviewing service levels:

Asset Management Planning Approach - Allocations have been included for condition audits of \$50k p.a. for all years of the LTFP and Buildings and Structures valuations in 2026/2027 and 2030/2031 of c\$200k and Infrastructure valuations in 2026/2027 and 2030/2031 of c\$230k (unindexed).

Business Systems and Infrastructure - \$365k investment over 3 financial years to 2026/2027.

Workforce Planning Framework - This has incorporated \$15k in 2025/2026 and an additional resource as part of capacity creation (refer below).

Capacity Creation – Capacity has been created in a number of different ways: to deliver the community’s vision and ensure Council can respond effectively to current and future demands, improve service delivery, and operate more efficiently.

Capacity Building Strategic Projects – An allocation of \$385k p.a. to year 2028/2029 and \$435k p.a. thereafter (unindexed) has been included to fund the delivery of the Strategic Work Plan.

Resource – The capacity of 2 Full Time Equivalent (FTE) p.a. or contractor/consultant equivalents (20 FTEs over the life of the LTFP has been included) which is expected to either be Council Staff or consultants/contractors.

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Making Better Places Program – Previously known as Sports Recreation and Open Space Strategy (SROSS) has been reviewed, however implementation remains from 2027/2028 (details on next page).

Strategic Work Plan - Individual projects such as the Business Systems review have been scheduled for a finite period, however, consideration of an ongoing allocation over the life of the LTFP in recognition of the need to resource for future priorities and growth is maintained for various items such as capacity building, asset management condition audits, etc.

CBD Activation - An allocation has been included of \$100k p.a. (unindexed) to conclude in 2026/2027 .

Asset Management - Condition audits and valuations undertaken throughout 2022/2023 and 2023/2024 financial years for our major asset classes has seen a significant increase in baseline depreciation, the capital works budget and the forward works program. We have seen the cost of construction increase and the condition audits have informed the works that need to be undertaken.

Valuations - The LTFP indexes CPI annually from 2026/2027 and applies 50% of actual CPI in 2025/2026 while the asset management unlocking strategic project focuses on review of our actual asset consumption and depreciation.

Capital Works Program - This program, aligned with the Asset Management Summary and supporting plans, has been updated to reflect data resulting from the condition audits and valuations for the Buildings and Structures and Infrastructure asset categories, carry forwards identified as at Budget Review 2, and capital for new/upgrade expenditure following engagement with relevant Council staff and Elected Members.

Master Planning – The previous version of the LTFP included a \$50k p.a. allocation for master plans. This version of the LTFP includes \$100k p.a to 2028/2029 to better reflect actual cost. The additional \$50k p.a has been offset by a reduction in the capacity building strategic projects fund.

Making Better Places Program (ex SROSS) – in recognition of the need to renew ageing assets and continue to invest in growing and improving the city, a capital allocation of \$5m (unindexed) every three years has been included (design in year 1 and construction in years 2 and 3) 50% for renewal and 50% for new/upgrade capital expenditure. Further 50% grant funding has been incorporated resulting in a cash impact every three year cycle of \$2.5m. This has changed from inclusions in the previous LTFP which included \$5m projects every two years and assumed 100% new/upgrade capital expenditure.

Waste Management – The development of a Waste and Resource Recovery Master Plan has been identified by Council as a key strategic project and is almost complete. This document, in conjunction with the 'Waste and Resource Recovery Strategy 2023 - 2030, will provide a whole of life map for waste management, including, the Waste Transfer Station, ReUse Market, Caroline Landfill and kerbside collections. The comprehensive planning and analysis combined within the Master Plan, along with associated financial modelling will enable Council to minimise the risks associated with its waste services, particularly those of owning and operating a landfill. One of the components of the Master Plan is a Risk Plan, which will specifically list waste related risks.

5. Essential Services Commission of South Australia

In February 2025, the Essential Services Commission of South Australia (ESCOSA) released its findings on the City of Mount Gambier's financial performance and sustainability.

The City of Mount Gambier's historical, current, and projected financial performance was deemed mostly sustainable. This outcome reflects our commitment to delivering services and infrastructure while maintaining long-term stability.

Council acknowledges the recommendations provided by ESCOSA and provides the following responses and actions being implemented as part of its ongoing commitment to financial sustainability, transparency, and responsible governance:

1. Disclose material changes to its capital expenditure forecasts as part of its annual review and update to its Long-Term Financial Plans.

Council has undertaken a review of its capital expenditure forecasts, particularly relating to the former Sport, Recreation and Open Space (SROSS) program, now retitled the *Making Better Places Program*. Changes to this program include the reallocation of expenditure between new and renewal assets, extension of the delivery timeframe from two to three years, and an expansion of the fund's scope to city-wide projects.

2. Develop a plan to achieve cost saving measures and targets and report annually in the budget and the Long-Term Financial Plans as appropriate, to provide evidence of controlling the growth in costs and achieving efficiencies across its operations and service delivery.

Council has commenced several cost-saving and efficiency initiatives, including:

- Transitional adjustments to visitor servicing hours to reflect seasonal demand and industry benchmarks, ahead of a formal model review in 2025/2026.
- Engagement of specialist consultants to secure improved electricity contract terms, achieving cost savings through zero indexation on usage charges while incorporating green energy.
- Renegotiation of BPay fees with Council's banking provider, lowering transaction costs associated with rates payments.
- Ongoing adherence to strong procurement practices that emphasise competitive processes and value for money.

These measures will be documented and reported through Council's annual budget process and updates to the LTFP, providing transparency and accountability in managing cost growth and achieving operational efficiencies.

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3. Review its planned pace of repayment of debt, balancing rate increases, financial costs, and intergenerational equity.

Council continues active discussions with the Local Government Financing Authority (LGFA) to explore options for optimising its debt repayment strategy. This includes consideration of financial cost impacts, the effect on current and future ratepayers, and intergenerational equity. Council's approach aligns with its Treasury Management Policy and also considers potential break costs associated with early repayment of loans. This work aims to create future financial capacity while maintaining a sustainable balance between debt servicing and other financial obligations.

4. Review its depreciation assumptions and the underlying valuations and useful life data to ensure that depreciation accurately reflects the rate of asset consumption and ensure that asset renewal and replacement is fully funded.

Council is progressing a multi-year strategic project to enhance asset management, with a key focus on reviewing asset useful lives in comparison to actual consumption patterns. As an interim measure, Council has endorsed a reduction in asset valuation indexation from 100% of CPI to 50% of CPI for the 2025/2026 financial year. This adjustment recognises the need for improved data and better alignment of depreciation to the real rate of asset use. Asset renewal funding is a priority within this project to ensure long-term infrastructure sustainability.

5. Review its pace of development of new and upgraded assets, having regard to rates affordability, the affordability of the stream of future liabilities created by new and upgraded assets, and the need to prioritise and fully fund asset renewal and replacement.

Through the transition from the SROSS program to the *Making Better Places Program*, Council has taken a more measured approach to new capital investment. The fund now includes a 50/50 split between new and renewal projects and extends delivery cycles to every three years, better aligning with project delivery timeframes and grant availability. This approach balances the need for community infrastructure with the long-term financial burden of asset maintenance and replacement.

6. Review its approach to addressing financial sustainability risks, in consultation with its community, with a view to limiting future increases in rates and improving affordability for ratepayers.

Council remains committed to engaging with the community to improve transparency and ensure that rate-setting decisions are understood and supported. The current LTFP includes a modest 0.5% growth estimate. Where actual growth exceeds this target, the additional revenue will be used in 2025/2026 to reduce the overall amount of rates raised, not to increase total revenue. This approach reflects Council's intent to limit rate increases where possible, while maintaining service delivery and financial sustainability.

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6. Key Financial Indicators:

The following targets have been set in line with the adopted T150 Treasury Management Policy and Council's loan conditions with the LGFA:

Operating Surplus Ratio % - Positive surplus ratio by 2026/2027.

Net Financial Liabilities Ratio % - Net Financial Liabilities Ratio of lower than 100% to be achieved by 2026/2027.

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.

Indexation - Escalation of expenditure and revenue.

Interest Rates - Interest rates have been forecast based on current interest rates and the forecast projection of inflation and indexation. Council's debt structure has been established 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.

7. Risks and Opportunities

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:

Risks

State/Federal Government - Local Government reforms and funding/cost shifting (e.g. Financial Assistance Grants timing and amount of advance payments).

Climate Change Impact - The future impact on the way in which Council operates will need to be considered. Council has a strategic target to achieve a 65% reduction on kerbside waste to landfill by 2030.

Grant Revenue - Whilst grant revenue may fund additional capital works, additional maintenance/renewal expenditure will be incurred as a result. Discontinuation of Local Roads Community Infrastructure (LRCI).

Procurement Market Conditions - Current market conditions have either driven up costs, or resulted in less availability of contractors which will also impact on the capacity to deliver.

Wulanda - Impact on the organisation to support activation and operations.

Opportunities

Efficiencies - Efficiencies will be investigated in operating expenditure to support capital works expenditure or through strategic procurement activities (where like activities are 'bundled up').

Growth - Higher than projected growth in assessments (above the 0.5% p.a. for future years of the LTFP).

Timing - A review of strategic priorities has been undertaken by the Executive Leadership Team further to consultation across the organisation in the development of the Strategic Work Program. The organisation's capacity to deliver has been considered.

Service Reviews – identifying service efficiencies can help optimise resources and support the sustainable delivery of services that align with community expectations.

Commercial Partnerships/Grant Funding - Seek greater contributions from others to fund current activities/additional projects.

Borrowings - 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.

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

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8. Exclusions from this Plan

The following potential significant investment/items are excluded from this version of the LTFFP:

Waste Resource Recovery Masterplan - Further work is currently underway aligned with the development of the draft masterplan. A component of this is expected to further define the design and subsequent cost of future cell construction, capping, other capital investment and operational requirements, and the post closure provision and unwinding of net present values.

Capital Works Costing Principles - Work continues to improve costing principles for the allocation of internal cost to capital projects, including project management, total staff costs, disposal of materials (e.g. road surfaces) and plant usage allocations. The implementation of these principles will be staged across a number of years. This version of the ABP and LTFFP includes the results of initial work undertaken and further incremental improvement. Future iterations of the LTFFP and supporting AMPs will incorporate refinements as work progresses.

Asset Management - Further review to be undertaken in preparation for the development of the next iteration of the Asset Management Plan / LTFFP starting December 2025.

Master Planning - Recommendations from the master planning currently in progress and forecast to be completed annually up to and including 2028/2029. Noting that allocations for the Making Better Places Program capital expenditure will be prioritised to assist meeting any recommendations.

Visitor Information Services – A review of the visitor information service is due to be undertaken in September 2025. This follows 12 months of a transition, test and trial phase to a hub and spoke model and will incorporate expressions of interest sought for the community activation of the Lady Nelson site with a view to house local creative industries and/or historical collections.

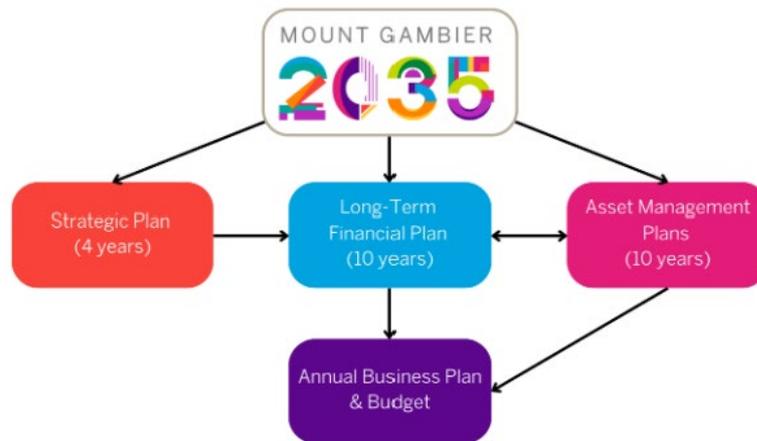
Enterprise Bargaining (EB) Agreements - The current EB's conclude November 2025 with negotiations due to start July 2025. At the time of writing this plan, indexation was applied using Deloitte's Access Economics short-term estimates with the assumption that all other wage conditions will remain materially the same.

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9. Hierarchy Of Documents

Hierarchy of Documents - Brings together the key planning documents to ensure that the vision, goals and objectives set by Mount Gambier 2035 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:



Mount Gambier 2035 (10 Years) - The Mount Gambier 2035 Community Vision was developed through extensive community engagement and serves as a foundational document for the Council. It informs our overarching strategic planning and reporting framework, ensuring that all Council activities and decisions are aligned with the community's goals and aspirations. The Council is proud to be the custodian of this community-led vision and is committed to using it as a guiding document for planning and decision-making. This vision informs our strategic plan, which in turn guides all the Council's strategic documents.

Strategic Plan (4 Years) - Outlines the overarching goals for the next four years, guiding resource allocation and establishing a framework for measuring and reporting progress.

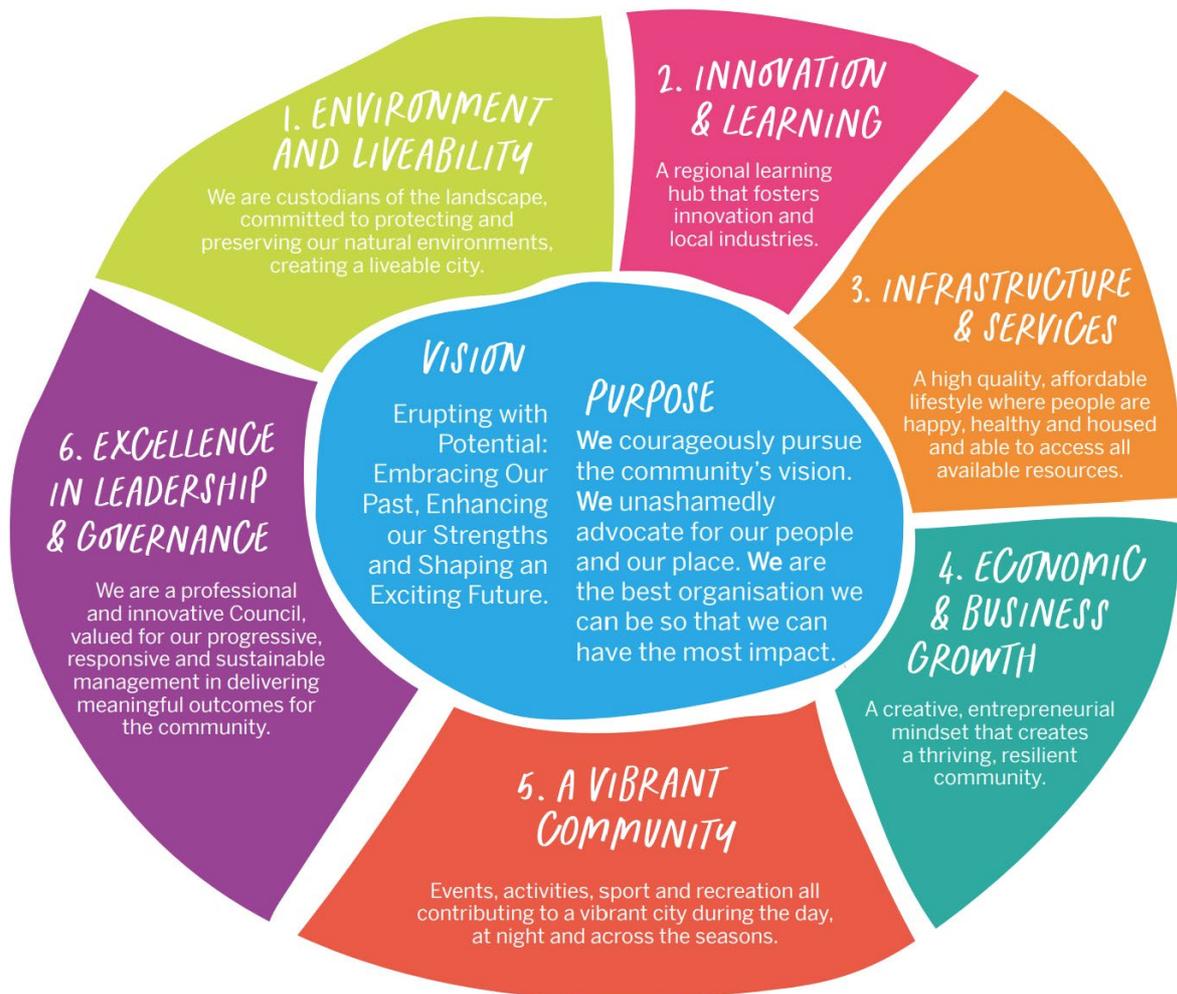
Long Term Financial Plan (10 Years) - The Long Term Financial Plan shows the financial impact of the implementation of the Strategic Plan over the next 10 years and incorporates key assumptions from the Strategic Plan and Asset Management Plan. The LTFP will be reviewed by Council on an annual basis.

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.

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.

10. Strategic Plan - Our Vision and Strategic Priorities

The Council's Strategic Plan 2024–2028 outlines the overarching goals and priorities for the next four years, guiding resource allocation and establishing a framework for measuring and reporting progress. It directly responds to the community's vision, addressing the needs and aspirations of those who live, work, study, or visit Mount Gambier. It sets out the expected outcomes from Council's actions, organised under six strategic priorities, including the five from the Community Vision – Mount Gambier 2035, and a sixth priority emphasising strong, accountable leadership and governance.



11. 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 will be met in 2025/2026.

- **Operating Surplus Ratio** - The ratio is positive over the 10 year period with an average ratio of 1.3%, achieving a balanced budget in 2025/2026 and surpluses from 2026/2027 onwards.
- **Net Financial Liabilities Ratio** - The average ratio over the 10 years is 46%, achieving a ratio of less than 100% in 2024/2025 and continuing to 2034/2035.
- **Asset Renewal Funding Ratio** - The Asset Renewal Ratio averages 110% over the 10 years of the LTFP and is consistently above 100% each year. The LTFP is aligned with the forward works program and Asset Management Plans.

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

12. Rate Setting (General Rates and Waste Service Charge)

Historic Rating - In previous years rating did not keep up with inflation and whilst an increase was proposed smoothed across 3 years for 2023/2024 financial year, rating was below actual CPI. A large step-increase was applied in 2024/2025 to create organisational capacity and achieve financial targets by 2026/2027 financial year. Average residential rates were significantly below the rural state average, noting this does not consider variances between Council's for service charges.

Growth - Over previous years the organisation has not grown/increased budget to reflect community growth (and increase in cost of service).

Balanced Approach - Council needs to find the balance between resident expectations and what is appropriate and affordable for Council to provide with the revenue available.

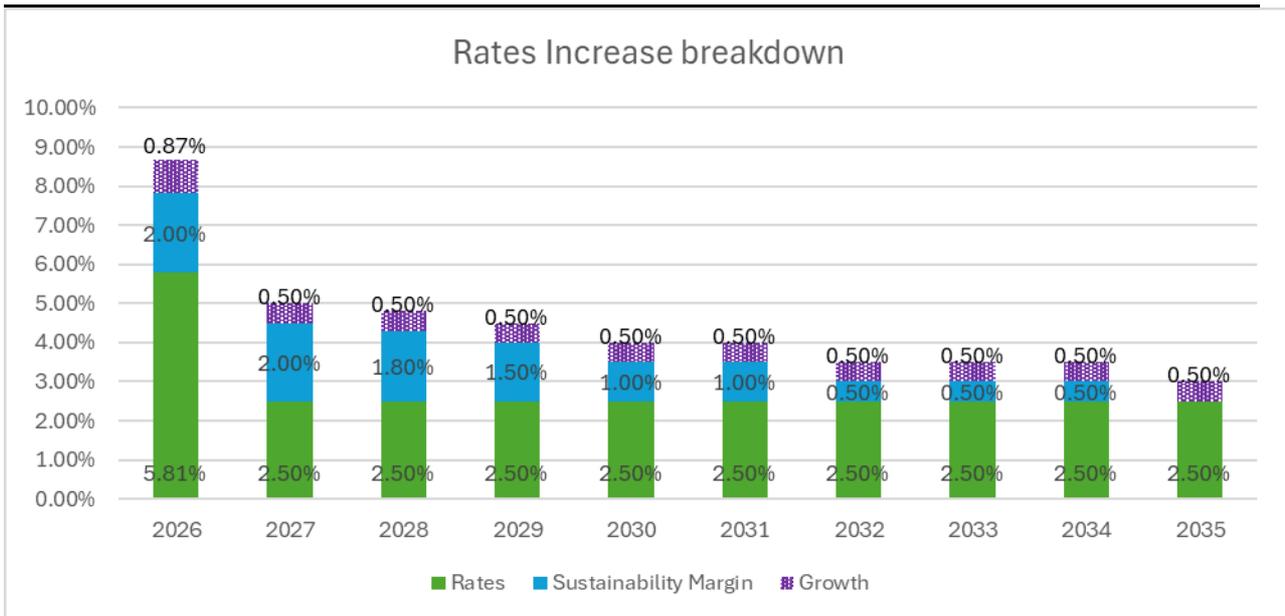
General Rate Increase - Rating for this financial year and beyond considers a number of factors including the following:

- **Average Rates** - City Of Mount Gambier's average residential rates have been significantly below the average rural SA average, being \$1,342 in 2024/2025 compared to \$1,769 for the SA rural average, noting a waste service charge of \$311 was applied.
- **Depreciation** - Further to the revaluations undertaken over the past 2 financial years for the Infrastructure and Buildings and Structures asset classes there has been a significant increase to the value of these asset classes and subsequently to depreciation.
- **Sustainability** – The updated modelled rate for 2025/2026 and beyond is based upon CPI plus a maximum of 2% sustainability margin as required to ensure that Council achieves and maintains its operating surplus to fund future service provision and pay down debt. The sustainability margin will be reduced as Council estimates the impact of cost savings and efficiencies are recognized.

General Rate Increase (excl growth)



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Assessment Growth - Assessment growth has been considered in the LTFP and has been assumed to be 0.5% p.a. in the future years. Council has taken a prudent approach considering average growth of 0.76% for all assessments over the last 7 years (noting that this growth has been impacted by COVID). This average is due to increase of 0.77% following adoption of the 2025/2026 Annual Business Plan and Budget.

Impact on Individual Ratepayers - It should be noted that the average rate increase per annum is based on the total of all ratable 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.

Waste Service Charge – The Waste Service Charge is reviewed annually and is based on estimated operating and capital costs of delivery the kerbside collection service(s).



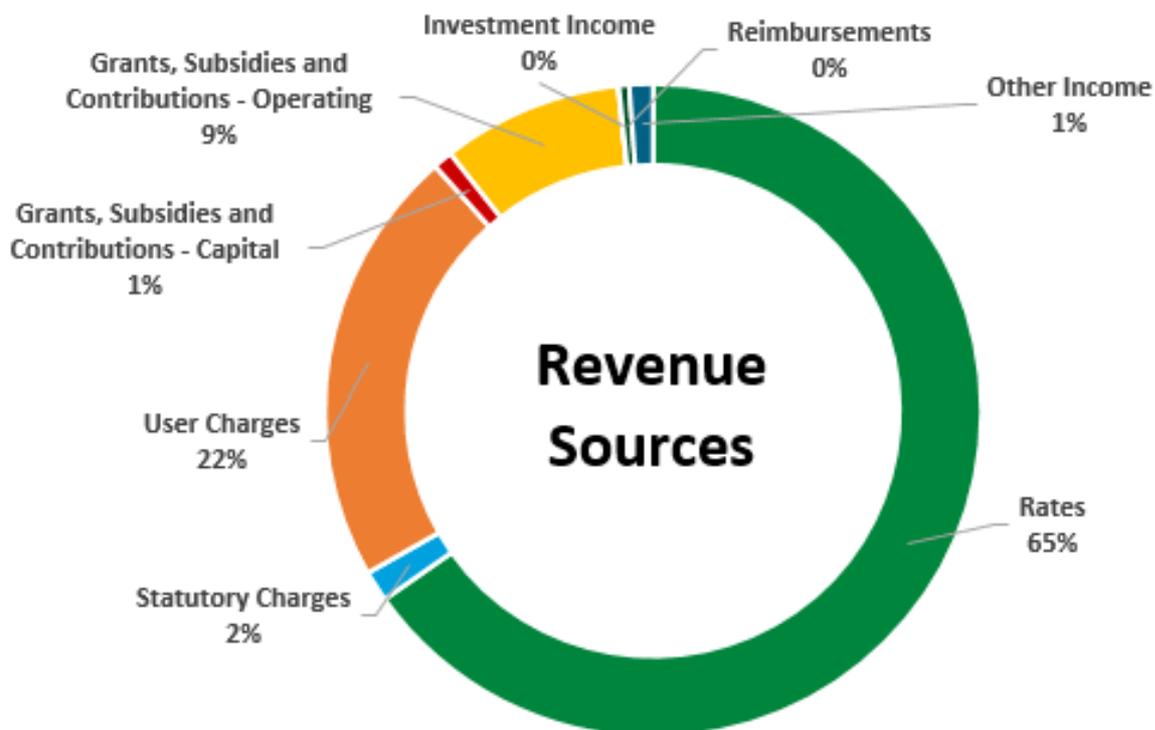
13. Funding Of This Plan

OVERVIEW:

Council generates revenue and funds this plan from a number of sources to provide services, infrastructure and benefits to the community and ensure the economic, social and environmental sustainability of the region.

Funding is generated from revenue and borrowings aligned with relevant policies, plans and objectives to ensure a balanced approach in generating public value to the community. A summary of the funding that supports this LTFP is shown in the Uniform Presentation of Finances included in the Appendix.

REVENUE:



Council's main sources of revenue are as follows:

Rates - Council generates 65% of total revenue (operating and capital) across the life of the LTFP from rates. This revenue is in the form of:

- General rates; and
- Waste service charge.

Statutory Charges - Are legislated charges that support environmental, development and public health including:

- Planning and development fees;
- Public health and support services; and
- Animal management (including dog registration).

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User Charges - Are fees and charges associated with the provision of specific services to the community/businesses including:

- Waste management fees - Gate fee, Waste Transfer Charges and the Reuse Market;
- Wulanda - Fees and charges in relation to the use of the facility;
- Cemetery fees;
- Council facility rental, and;
- Retail facilities.

Grants, Subsidies and Contributions - Are external funds obtained from other levels of government or other bodies that contribute to either Council's cost of operations or support capital projects over the life of the LTFFP.

Other Income - Includes reimbursements and sundry income (such as Open Space fees) and sale of surplus assets.

BORROWINGS:

Council's Debt - A key source of funding for this version of the LTFFP is borrowings. The borrowings structure is made up of the following:

- **Credit Foncier Loans** - These are fixed term loans with varying terms that have been used to support the construction of the Wulanda Recreation and Convention Centre facility. It should be noted that particular care has been taken in establishing the terms of the individual loans to ensure that at the end of the LTFFP the required flexibility is available.
- **CADs** - These are flexible loans where funds are drawn down and paid back as required.
- **Debt Structure** - The mix between fixed and variable debt has been considered throughout this version of the LTFFP to ensure that required flexibility and capacity is available to Council.
- **Total Borrowings** - The level of total borrowings for each year has been included in the Key Financial Ratios section of this document (it should be noted that the borrowings are funded by loans/debt capacity specifically allocated to the construction of the Wulanda Recreation and Convention Centre and other debt capacity for other Council operations).

LGFA Loan Agreement To Fund the Wulanda Recreation and Convention Centre (WRCC):

The targets were aligned with the terms of the special conditions of the

loan with the LGFA (Local Government Finance Authority) accepted by Council at the Special Council meeting on 23 March 2021 (as follows):

REPORT RECOMMENDATION

1. That Council Report No. AR21/17395 titled 'Wulanda Recreation and Convention Centre Funding' as presented on 23 March 2021 be noted.

2. That Council accept the special conditions of the loan approval for the Wulanda Recreation and Convention Centre imposed by the Local Government Finance Authority and will, as forecast in the current adopted Long-Term Financial Plan, not later than the end of the financial year ending 30 June 2027 have achieved:

- *A positive Operating Surplus Ratio*
- *Net Financial Liabilities Ratio less than 100%;*

Long Term Financial Plan 2026-2035

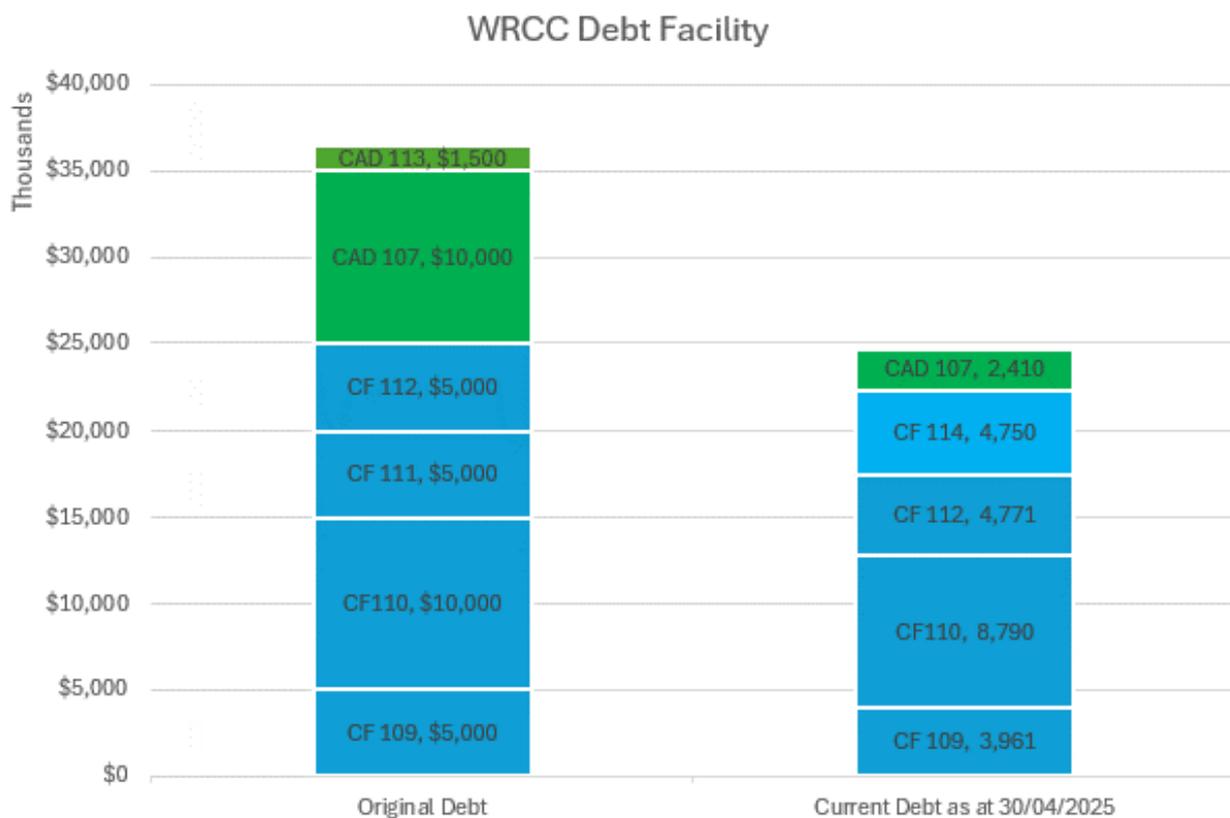
- *Asset Renewal Ratios which align with forecasts set out in the Long-Term Financial Plan*
- *That Council not undertake any capital projects or increase the costs of operations through new or enhanced services other than as set out in the Long-Term Financial Plan.*

Debt Structure/Strategy:

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).

WRCC Borrowings/Debt Capacity - The original funding of Wulanda assumed \$35m of debt for Wulanda (i.e. cash c\$5m, Federal Government grant funding of \$15m and State, Government grant funding of \$10m, plus \$35m debt funding). Subsequently, an additional CAD facility of \$1.5m was approved.

The graph below shows the available debt facility by individual loan with the original loan amount/capacity of \$36.5m and the current debt value as at 30 April 2025. For noting that debt values fluctuate according to Council’s working capital cycle.



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Individual Loans - Details of the individual loans/debt capacity in terms of the expiry date and interest rate are as follows (aligned with annual Audit and Risk Committee reporting):

Facility	Expiry Date	Interest Rate
Credit Foncier 109 amortising (WRCC)	16/05/2032	4.75%
Credit Foncier 110 amortising (WRCC)	16/05/2037	4.85%
Credit Foncier 112 amortising (WRCC) *	15/05/2026	4.95%
Credit Foncier 114 interest only (WRCC) *	17/03/2027	4.88%
CAD 104 (WRCC)	16/08/2026	5.50%
CAD 106 (WRCC)	15/06/2025	5.50%
CAD 107	16/08/2026	5.50%
CAD 113 (WRCC)	15/06/2025	5.50%

* It should be noted that these loans have balloon facilities that allow the loan to be either repaid or refinanced (either as another credit foncier loan or a CAD). The LTFP assumes that the loans will be refinanced as credit fonciers upon expiry until 2031 when they are repaid and converted into flexible CADs.

It should also be noted that the CAD interest rates included in the table are as at 22 May 2025.

14. Key Assumptions

OPERATING REVENUE:

General Rates - Revenue has been indexed by 7.81% (excluding growth) in the first year of the LTFP and CPI plus 2% sustainability margin as required to ensure financial sustainability (excluding growth) for the remaining years of the LTFP. For noting that stepped cost decreases are forecasting a reducing requirement for the sustainability margin over the life of the plan.

Waste Service Charges – The waste service charge value has been modelled based on estimated cost including CPI.

Council Operations User Charges – increases incorporate CPI and weighted average impact of waste management long term planning estimates, aligned with the user pays principle for the majority of user charges. Waste Management accounts for over 51% of user charges.

Grant Funding (Recurrent) - Financial Assistance Grants and Roads to Recovery (RTR) have been assumed to continue over the life of the plan.

For Financial Assistance Grants it has been assumed that 100% of the year's allocation will be paid in the current year (from 2025/2026 onwards) and that the Special Local Roads Fund payment will continue.

It should be noted that at this stage no advice has to date been provided for the advance payments for current and future years and as such no adjustment has been made to the LTFP.

A significant increase in the Roads to Recovery program over the next five year term has been built in.

Indexation where appropriate has been applied to other grant revenue based on CPI.

Grant Funding (One-off) - Tied grant funding is applied in the same year that corresponding expenditure is planned.

Development Related Revenue - Development Approval and Planning fees have been reduced in the baseline year 2025/2026 as the previous model baseline estimate was too generous. These fees have been inflated by CPI annually over the life of the plan.

OPERATING EXPENDITURE:

Materials, Contracts & Other Expenditure - Has been indexed in line with forecast CPI increases over the period of the plan. One-off expenditure has been removed and cyclical expenditure has been incorporated.

Employee Costs - Standard increases are aligned with Deloitte's Access Economics for the initial years of the LTFP, with anticipated increases thereafter.

Strategic Work Plan Delivery - Additional funding has been allocated to support the delivery of identified initiatives and a further capacity of c\$435k p.a.(unindexed from 2025/2026 onwards). Noting \$50k of this amount has already been allocated to fund additional master planning costs annually to 2028/2029.

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FTEs - The number of FTEs employed by Council over the life of the LTFFP is assumed to increase by 2 FTEs annually (or equivalent in consultancy/contractor fees).

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 (LGFA). 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).

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. The forward works program for the Infrastructure and Buildings and Structures classes are based upon the condition audits and valuations undertaken as at 30 June 2023 and 1 July 2023 respectively. Refer Valuations reference on page 9 of this document for how indexation is applied.

New Capital/Upgrade – Council's Asset Management Plan's (AMP) provide the basis for inclusion in the Long Term Financial Plan. The Long Term Financial Plan also includes known changes or additions that may not yet be reflected through the Asset Management Plan. At this stage prior to the completion of the Waste and Resource Recovery Masterplan the only significant investment for new capital at Caroline Landfill is for cell construction, cell capping and a weighbridge. 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 Asset Management Plans for inclusion in the next iteration of Long Term Financial Plan. This is an annual cycle and will be prepared in the first half of 2025/2026.

CAPITAL REVENUE

Grants - Future grants have been assumed for the Making Better Places Program. Noting that should grant applications be unsuccessful the projects will be reviewed to establish whether a lesser project scope should be delivered.

Making Better Places Program (ex SROSS) - From 2028 onwards the program is expected to deliver two projects with design in year 1 and construction in year 2 and year 3 supported by matching grant funding (c\$5m per project excluding inflation with \$2.5m grant funding).

Physical Resources Received Free of Charge - Considering prior year performance an allocation of \$1.2m per annum has been included in this version of the LTFFP.

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

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at fair value. It should be noted that from 2026/2027 onwards 100% of forecast CPI has been applied to index asset values annually in years that a revaluation does not occur. The revaluation cycle is every 4 years.

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) was developed in consultation with Elected Members and the Audit and Risk Committee.

15. 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 2026/2027.*
 - **Net Financial Liabilities Ratio** – *Achieve a target of less than 100% of total operating revenue by 2026/2027; 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.

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.

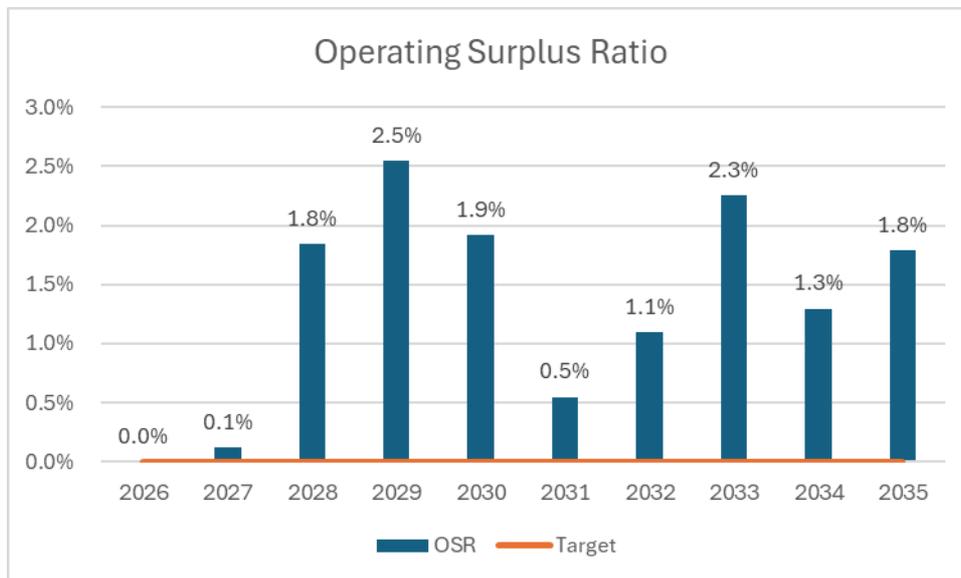
How is this ratio calculated?

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

What is the target?

Long Term Financial Plan 2026-2035

The target to be achieved by 2026/2027 is that Council will achieve a positive ratio (aligned with Council's Treasury Management Policy and the LGFA loan terms to fund the construction of the Wulanda Recreation and Convention Centre).



Result:

Council is expected to return to a balanced budget in 2025/2026—one year ahead of the previous Long Term Financial Plan—delivering a positive result for the remainder of the Long Term Financial Plan. This early achievement reflects strong financial management and continued progress toward long-term sustainability. The average ratio over the life of the LTFP is 1.3%.

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

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.

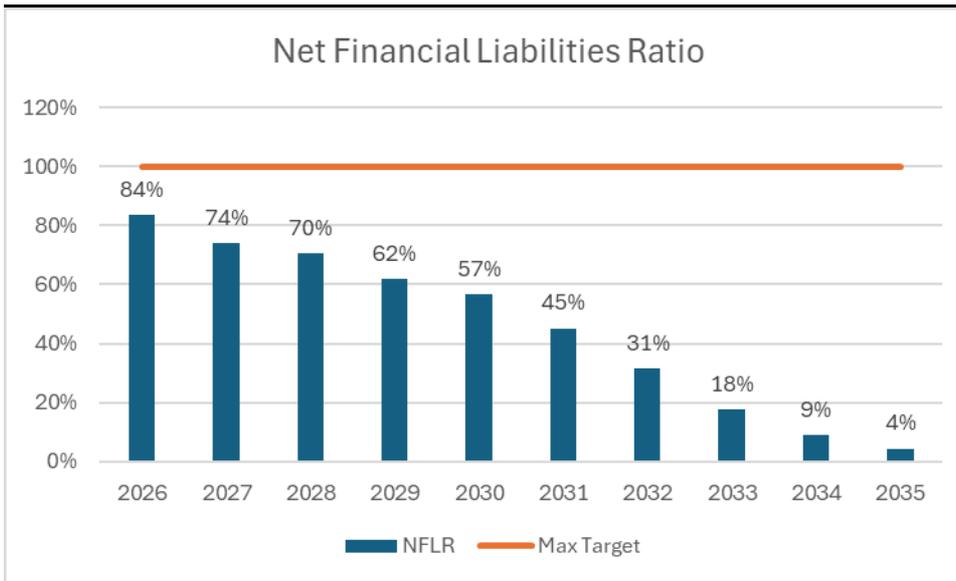
How is this ratio calculated?

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 2026/2027" (aligned with Council's Treasury Management Policy and the LGFA loan terms to fund the construction of the Wulanda Recreation and Convention Centre).

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Result:

Based on current forecasts, Council is now expected to meet its financial targets 12 months earlier than planned—demonstrating strong financial management and a clear trajectory toward long-term sustainability. The Net Financial Liabilities Ratio is projected to fall below the 100% target by 30 June 2025 and remain under this threshold for the entire 10-year period of the Plan, averaging 45%.

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.

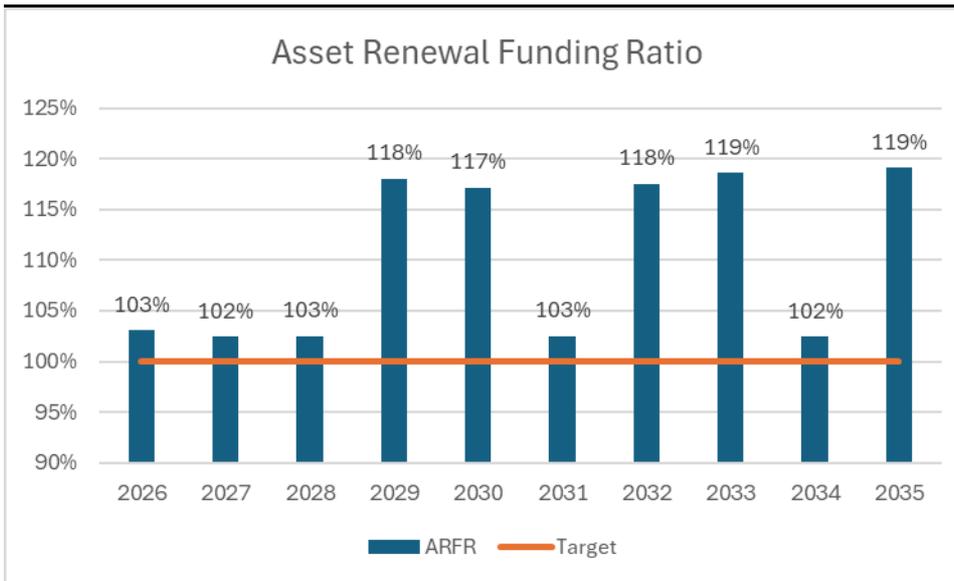
How is this ratio calculated?

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.

Long Term Financial Plan 2026-2035



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% excluding inclusions for Waste Management and Making Better Places Program.

Spikes in the ratio in years 2029, 2030, 2032, 2033, 2035 are due to change in assumption that the Making Better Places Program will be 50% renewal, prior to this charge it was considered 100% new asset expenditure.

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.

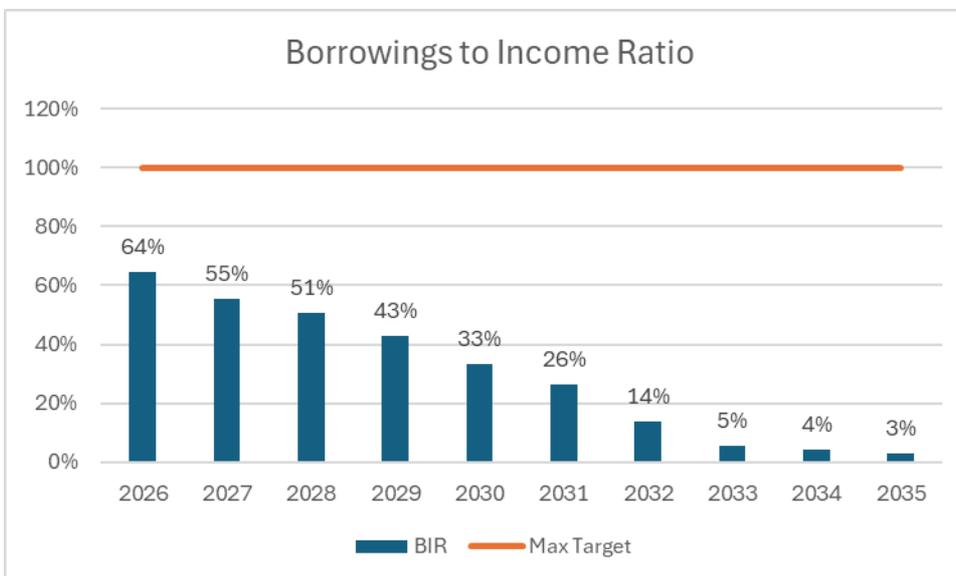
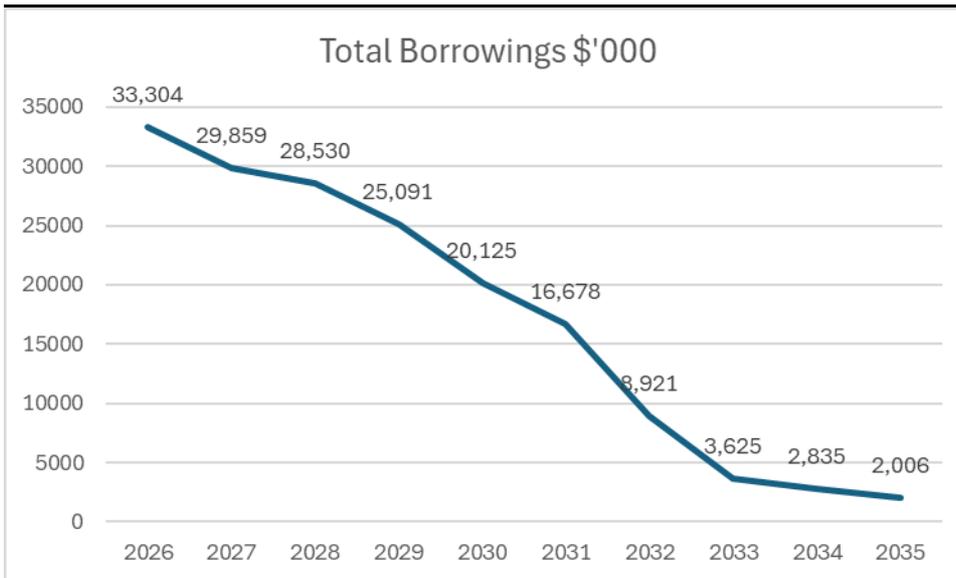
How is this ratio calculated?

Total borrowings including CAD divided by total operating revenue.

What is the target?

Council will maintain a target of less than 100%.

Long Term Financial Plan 2026-2035



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 reducing debt from the peak forecast for 2024/2025 to \$2m in 2034/2035.

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).

Long Term Financial Plan 2026-2035

Assumptions

Key Assumptions	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
General Rates Revenue Increase (excl Growth)	7.81%	4.50%	4.30%	4.00%	3.50%	3.50%	3.00%	3.00%	3.00%	2.50%
Assessment Growth	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Waste Service Charge Increase	10.61%	5.30%	5.30%	5.20%	5.30%	4.30%	4.30%	3.00%	3.00%	3.00%
Consumer Price Index (South Australian CPI)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
CAD Interest Rate (estimate)	5.20%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Significant Expenditure:

Item	Operating/ Capital	Assumption
ESCOSA Local Government Rates Oversight Scheme	Operating	FY 2029 \$40k, FY 2033 \$40k (unindexed)
Asset Maintenance	Operating	\$100kp.a ongoing from FY 2027
Asset Condition Audits	Operating	\$50k p.a. (unindexed)
SROSS Masterplans	Operating	\$100k p.a. (unindexed) to FY 2029
CBD Activation	Operating	c\$100k p.a. (unindexed) To FY 2028
Business Systems Review	Operating	\$250k in FY 2026 and \$100k FY 2027
Council Election costs	Operating	FY 2027 \$140k, FY 2031 \$150k and FY 2035 \$150k (unindexed)
Infrastructure Valuations	Operating	c\$230k (unindexed in FY 2027 and FY 2031)
Buildings Valuations	Operating	c\$200k (unindexed in FY 2027 and FY 2031)
Strategic Work Plan Allocation	Operating	\$385k from FY 2027 to FY 2029 and \$435k onwards (unindexed)
Making Better Places Program) (ex SROSS) Implementation	Capital	Year 1 Design \$500k, Year 2 and Year 3 Construct (spread over 2 years) \$4,500k (gross capital expenditure unindexed), supported by 50% grant funding (unindexed)

Long Term Financial Plan 2026-2035

\$'000	2023/2024	2025/2026 Budget	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035
Uniform Presentation of Finances	Actuals	Revision 3	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Income												
Rates	26,488	30,343	33,025	34,690	36,382	38,060	39,655	41,260	42,753	44,216	45,730	47,102
Statutory Charges	781	817	844	865	887	909	932	955	979	1,003	1,028	1,054
User Charges	9,179	10,317	10,938	11,482	12,059	12,668	13,314	13,804	14,307	14,665	15,031	15,407
Grants, Subsidies and Contributions - Capital	559	733	955	769	810	810	410	420	431	442	453	464
Grants, Subsidies and Contributions - Operating	1,102	9,138	4,995	5,045	5,180	5,248	5,389	5,514	5,661	5,793	5,947	6,086
Investment Income	54	79	56	51	43	35	25	21	8	-	-	-
Reimbursements	1,230	1,140	276	283	290	297	305	313	320	328	337	345
Other Income	2,668	602	642	658	674	691	708	726	744	763	782	801
Total Income	42,061	53,168	51,730	53,844	56,325	58,718	60,737	63,011	65,203	67,209	69,308	71,259
Expenses												
Employee Costs	19,320	17,224	18,346	19,229	20,150	20,927	21,731	22,562	23,422	24,309	25,227	26,176
Materials, Contracts & Other Expenses	15,292	19,996	19,430	20,233	19,940	20,470	20,894	22,061	21,952	22,548	23,075	24,351
Depreciation, Amortisation & Impairment	10,795	11,820	11,997	12,731	13,790	14,521	15,660	16,974	18,566	18,546	19,805	19,033
Finance Costs	1,822	1,979	1,957	1,585	1,410	1,305	1,288	1,068	551	289	304	423
Total Expenses	47,229	51,019	51,730	53,778	55,289	57,223	59,573	62,666	64,491	65,693	68,411	69,982
Operating Surplus / (Deficit)	(5,168)	2,149	0	66	1,036	1,495	1,164	345	713	1,517	897	1,276
Less: Grants, Subsidies and Contributions - Capital	(4,355)	(733)	(955)	(769)	(810)	(810)	(410)	(420)	(431)	(442)	(453)	(464)
Adjusted Operating Surplus / (Deficit)	(9,523)	1,416	(955)	(703)	226	685	754	(75)	282	1,075	444	813
Net Outlays on Existing Assets												
Capital Expenditure on renewal and replacement of Existing Assets	(3,528)	(9,126)	(8,184)	(8,033)	(8,176)	(9,417)	(10,166)	(10,088)	(10,449)	(10,081)	(9,712)	(12,254)
Depreciation, Amortisation and Impairment	10,795	11,820	11,997	12,731	13,790	14,521	15,660	16,974	18,566	18,546	19,805	19,033
Grants, Subsidies and Contributions - Capital Renewal	-	733	955	769	810	810	410	420	431	442	453	464
Proceeds from Sale of Replaced Assets	110	454	508	213	198	219	257	312	231	166	249	249
	7,377	3,881	5,276	5,680	6,621	6,133	6,161	7,618	8,779	9,072	10,794	7,492
Net Outlays on New and Upgraded Assets												
Capital Expenditure on New and Upgraded Assets	(6,188)	(3,636)	(1,791)	(1,344)	(6,482)	(4,757)	(3,475)	(1,471)	(2,346)	(2,831)	(5,407)	(5,005)
Amounts Received Specifically for New and Upgraded Assets	-	16	-	-	-	1,346	1,380	-	1,450	1,486	-	1,561
Grants, Subsidies and Contributions - Capital New / Upgraded	216	-	-	-	-	-	-	-	-	-	-	-
Proceeds From Sale Of Surplus Assets	-	-	-	-	-	-	-	-	-	-	-	-
	(5,972)	(3,620)	(1,791)	(1,344)	(6,482)	(3,411)	(2,096)	(1,471)	(897)	(1,345)	(5,407)	(3,444)
Net Lending / (Borrowing) for Financial Year	(8,118)	1,677	2,530	3,633	366	3,407	4,819	6,072	8,164	8,802	5,831	4,860

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\$'000	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035
Statement of Comprehensive Income	Actuals	Budget Revision 3	Budget									
Income												
Rates	26,488	30,343	33,025	34,690	36,382	38,060	39,655	41,260	42,753	44,216	45,730	47,102
Statutory Charges	781	817	844	865	887	909	932	955	979	1,003	1,028	1,054
User Charges	9,179	10,317	10,938	11,482	12,059	12,668	13,314	13,804	14,307	14,665	15,031	15,407
Grants, Subsidies and Contributions - Capital	559	733	955	769	810	810	410	420	431	442	453	464
Grants, Subsidies and Contributions - Operating	1,102	9,138	4,995	5,045	5,180	5,248	5,389	5,514	5,661	5,793	5,947	6,086
Investment Income	54	79	56	51	43	35	25	21	8	-	-	-
Reimbursements	1,230	1,140	276	283	290	297	305	313	320	328	337	345
Other Income	2,668	602	642	658	674	691	708	726	744	763	782	801
Net Gain - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
Total Income	42,061	53,168	51,730	53,844	56,325	58,718	60,737	63,011	65,203	67,209	69,308	71,259
Expenses												
Employee Costs	19,320	17,224	18,346	19,229	20,150	20,927	21,731	22,562	23,422	24,309	25,227	26,176
Materials, Contracts & Other Expenses	15,292	19,996	19,430	20,233	19,940	20,470	20,894	22,061	21,952	22,548	23,075	24,351
Depreciation, Amortisation & Impairment	10,795	11,820	11,997	12,731	13,790	14,521	15,660	16,974	18,566	18,546	19,805	19,033
Finance Costs	1,822	1,979	1,957	1,585	1,410	1,305	1,288	1,068	551	289	304	423
Net Loss - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	47,229	51,019	51,730	53,778	55,289	57,223	59,573	62,666	64,491	65,693	68,411	69,982
Operating Surplus / (Deficit)	(5,168)	2,149	0	66	1,036	1,495	1,164	345	713	1,517	897	1,276
Asset Disposal & Fair Value Adjustments	(1,475)	(38)	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	216	16	-	-	-	1,346	1,380	-	1,450	1,486	-	1,561
Physical Resources Received Free of Charge	2,053	1,000	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Operating Result from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	(4,374)	3,127	1,200	1,266	2,236	4,041	3,743	1,545	3,362	4,203	2,097	4,038
Other Comprehensive Income												
Changes in Revaluation Surplus - I,PP&E	45,425	-	5,639	11,286	11,314	11,643	11,944	12,210	11,997	12,212	11,904	12,166
Share of Other Comprehensive Income - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
Movements in Other Reserves	(177)	-	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	45,248	-	5,639	11,286	11,314	11,643	11,944	12,210	11,997	12,212	11,904	12,166
Total Comprehensive Income	40,874	3,127	6,840	12,552	13,550	15,684	15,688	13,756	15,359	16,414	14,001	16,204

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\$'000	2023/2024	2025/2026	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035
	Actuals	Budget Revision 3	Budget									
Statement of Financial Position												
Current Assets												
Cash and Cash Equivalents	270	500	500	500	500	500	500	500	500	4,182	9,798	14,616
Trade and Other Receivables	2,531	2,493	2,683	2,814	2,949	3,084	3,215	3,339	3,456	3,566	3,680	3,785
Inventories	76	78	80	82	84	86	88	90	93	95	97	100
Assets Held for Sale	335	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	3,212	3,071	3,263	3,396	3,533	3,670	3,803	3,929	4,049	7,843	13,576	18,501
Non-Current Assets												
Infrastructure, Property, Plant & Equipment	445,641	449,988	454,479	463,578	476,943	489,401	503,025	510,889	518,265	526,058	534,408	547,528
Other Non-Current Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	445,641	449,988	454,479	463,578	476,943	489,401	503,025	510,889	518,265	526,058	534,408	547,528
Total Assets	448,853	453,059	457,741	466,974	480,476	493,071	506,828	514,819	522,313	533,901	547,984	566,029
Current Liabilities												
Trade & Other Payables	5,317	5,035	5,860	5,679	6,635	6,644	6,634	7,086	6,664	6,801	7,325	7,992
Borrowings	9,986	14,590	15,319	11,793	10,878	9,343	4,424	3,775	2,400	790	829	829
Provisions	3,561	3,664	3,756	3,850	3,946	4,045	4,146	4,249	4,356	4,465	4,576	4,691
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	18,864	23,290	24,935	21,322	21,460	20,031	15,203	15,110	13,419	12,056	12,730	13,512
Non-Current Liabilities												
Borrowings	27,079	20,838	17,985	18,065	17,652	15,749	15,701	12,903	6,521	2,835	2,006	1,176
Provisions	1,608	4,502	3,553	3,767	3,994	4,236	7,181	4,307	4,516	4,739	4,976	6,865
Total Non-Current Liabilities	28,687	25,340	21,538	21,832	21,646	19,985	22,882	17,210	11,037	7,574	6,981	8,041
Total Liabilities	47,551	48,630	46,472	43,154	43,105	40,016	38,085	32,321	24,456	19,629	19,712	21,553
Net Assets	401,302	404,429	411,269	423,821	437,371	453,055	468,742	482,498	497,857	514,271	528,272	544,476
Equity												
Accumulated Surplus	87,287	90,414	91,615	92,880	95,117	99,157	102,901	104,446	107,808	112,011	114,108	118,145
Asset Revaluation Reserves	312,693	312,693	318,332	329,618	340,932	352,575	364,520	376,730	388,727	400,938	412,842	425,009
Other Reserves	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322
Total Equity	401,302	404,429	411,269	423,821	437,371	453,055	468,742	482,498	497,857	514,271	528,272	544,476

Long Term Financial Plan 2026-2035

\$'000	2023/2024	2025/2026 Budget	2025/2026 Budget	2026/2027 Budget	2027/2028 Budget	2028/2029 Budget	2029/2030 Budget	2030/2031 Budget	2031/2032 Budget	2032/2033 Budget	2033/2034 Budget	2034/2035 Budget
Statement of Changes in Equity												
Accumulated Surplus												
Balance at the end of previous reporting period	87,644	87,287	90,414	91,615	92,880	95,117	99,157	102,901	104,446	107,808	112,011	114,108
Net result for the year	(4,374)	3,127	1,200	1,266	2,236	4,041	3,743	1,545	3,362	4,203	2,097	4,038
Transfers from other reserves	4,017	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the period	87,287	90,414	91,615	92,880	95,117	99,157	102,901	104,446	107,808	112,011	114,108	118,145
Asset Revaluation Reserve												
Balance at the end of previous reporting period	271,174	312,693	312,693	318,332	329,618	340,932	352,575	364,520	376,730	388,727	400,938	412,842
Gain (Loss) on Revaluation of I, PP&E	41,519	-	5,639	11,286	11,314	11,643	11,944	12,210	11,997	12,212	11,904	12,166
Balance at the end of period	312,693	312,693	318,332	329,618	340,932	352,575	364,520	376,730	388,727	400,938	412,842	425,009
Other Reserves												
Balance at the end of previous reporting period	1,610	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322
Transfers from Accumulated Surplus	(288)	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of period	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322	1,322
Total Equity at end of reporting period	401,302	404,429	411,269	423,821	437,371	453,055	468,742	482,498	497,857	514,271	528,272	544,476

Long Term Financial Plan 2026-2035

\$'000	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035
	Actuals	Budget Revision 3	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Statement of Cash Flows												
Cash Flow from Operating Activities												
Receipts												
Rates	26,501	30,380	32,835	34,559	36,248	37,925	39,524	41,135	42,636	44,106	45,616	46,997
Statutory Charges	781	817	844	865	887	909	932	955	979	1,003	1,028	1,054
User Charges	9,179	10,317	10,938	11,482	12,059	12,668	13,314	13,804	14,307	14,665	15,031	15,407
Grants, Subsidies and Contributions - Operating	1,102	9,138	4,995	5,045	5,180	5,248	5,389	5,514	5,661	5,793	5,947	6,086
Investment Income	54	79	56	51	43	35	25	21	8	-	-	-
Reimbursements	1,230	1,140	276	283	290	297	305	313	320	328	337	345
Other Income	1,349	602	642	658	674	691	708	726	744	763	782	801
Payments												
Payments for Employees	(14,663)	(17,224)	(18,346)	(19,229)	(20,150)	(20,927)	(21,731)	(22,562)	(23,422)	(24,309)	(25,227)	(26,176)
Payments for Materials, Contracts & Other Expenses	(19,843)	(20,226)	(19,666)	(20,323)	(18,889)	(20,365)	(20,861)	(24,834)	(22,270)	(22,305)	(22,442)	(23,635)
Finance Payments	(1,719)	(1,780)	(1,757)	(1,372)	(1,182)	(1,062)	(863)	(615)	(342)	(67)	(67)	(67)
Net Cash Provided By (or Used In) Operating Activities	3,971	13,242	10,817	12,020	15,160	15,418	16,741	14,455	18,622	19,977	21,006	20,813
Cash Flow from Investing Activities												
Receipts												
Amounts Received Specifically for New / Upgraded Assets	216	16	-	-	-	1,346	1,380	-	1,450	1,486	-	1,561
Grants, Subsidies and Contributions - Capital	307	733	955	769	810	810	410	420	431	442	453	464
Sale of Replaced Assets	110	454	508	213	198	219	257	312	231	166	249	249
Payments												
Expenditure on Renewal / Replacement of Assets	(3,528)	(9,126)	(8,184)	(8,033)	(8,176)	(9,417)	(10,166)	(10,088)	(10,449)	(10,081)	(9,712)	(12,254)
Expenditure on New / Upgraded Assets	(6,188)	(3,636)	(1,791)	(1,344)	(6,482)	(4,757)	(3,475)	(1,471)	(2,346)	(2,831)	(5,407)	(5,005)
Net Cash Provided By (or Used In) Investing Activities	(9,083)	(11,194)	(8,512)	(8,395)	(13,650)	(11,798)	(11,594)	(10,827)	(10,683)	(10,819)	(14,418)	(14,985)
Cash Flow from Financing Activities												
Receipts												
Proceeds from CAD	-	-	567	-	771	1,915	-	-	-	-	0	-
Proceeds from Borrowings	8,438	4,750	3,000	4,200	2,000	-	1,000	-	-	-	-	-
Payments												
Repayment of CAD	-	(658)	-	(1,846)	-	-	(2,757)	(2,178)	(5,427)	(4,542)	-	(0)
Repayment of Borrowings	(2,930)	(5,729)	(5,691)	(5,799)	(4,100)	(5,354)	(3,210)	(1,269)	(2,330)	(753)	(790)	(829)
Repayment of Lease Liabilities	(202)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)	(181)
Net Cash Provided By (or Used In) Financing Activities	5,306	(1,818)	(2,305)	(3,626)	(1,510)	(3,620)	(5,147)	(3,628)	(7,938)	(5,476)	(971)	(1,010)
Net Increase (Decrease) in Cash Held	194	230	0	0	0	0	0	0	0	3,682	5,617	4,818
Cash & Cash Equivalents at the Beginning of Period	76	270	500	500	500	500	500	500	500	500	4,182	9,798
Cash & Cash Equivalents at the End of Period	270	500	500	500	500	500	500	500	500	4,182	9,798	14,616

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\$'000	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035
Financial Indicators	Actuals	Budget Revision 3	Budget	Budget	Budget							
Operating Surplus Ratio												
Total Income	42,061	53,168	51,730	53,844	56,325	58,718	60,737	63,011	65,203	67,209	69,308	71,259
Operating Surplus / (Deficit)	(5,168)	2,149	0	66	1,036	1,495	1,164	345	713	1,517	897	1,276
Operating Surplus Ratio	(12.3%)	4.0%	0.0%	0.1%	1.8%	2.5%	1.9%	0.5%	1.1%	2.3%	1.3%	1.8%
Net Financial Liabilities Ratio												
Add: Total Liabilities	47,551	48,630	46,472	43,154	43,105	40,016	38,085	32,321	24,456	19,629	19,712	21,553
Less: Cash and Cash Equivalents	(270)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(4,182)	(9,798)	(14,616)
Less: Trade and Other Receivables	(2,531)	(2,493)	(2,683)	(2,814)	(2,949)	(3,084)	(3,215)	(3,339)	(3,456)	(3,566)	(3,680)	(3,785)
Net Financial Liabilities	44,750	45,637	43,289	39,840	39,656	36,432	34,370	28,482	20,500	11,881	6,233	3,151
Total Income	42,061	53,168	51,730	53,844	56,325	58,718	60,737	63,011	65,203	67,209	69,308	71,259
Net Financial Liabilities Ratio	106%	86%	84%	74%	70%	62%	57%	45%	31%	18%	9%	4%
Asset Renewal Funding Ratio												
Expenditure on Renewal / Replacement of Assets	3,528	9,126	8,184	8,033	8,176	9,417	10,166	10,088	10,449	10,081	9,712	12,254
Infrastructure & Asset Management Plan required expenditure	-	8,696	7,938	7,837	7,976	7,975	8,676	9,842	8,889	8,498	9,476	10,284
Asset Renewal Funding Ratio	0%	105%	103%	102%	103%	118%	117%	103%	118%	119%	102%	119%

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 Sundry 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.
Annual net impact to financing activities (surplus (deficit))	Annual net impact to financing activities (surplus (deficit)) 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.

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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.