Long Term Financial Plan 2021-2030

Document Information

- Document Details

Document Title:	Long Term Financial Plan 2021 to 2030
Document Version:	Public Consultation
Document Date:	5 March 2020
File Name:	LTFP 2021 - 2030

- Document Authorisation

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Overview

Section 122 (1a) (a) of the Local Government Act 1999 requires Councils to develop a Long Term Financial Plan (LTFP or Plan) as a key part of their Strategic Management Plans.

The objective of the draft LTFP for the financial year commencing 2020/2021 through to 2029/2030, is to ensure that Council is financially sustainable in the short to medium term (1 - 5 years) and able to provide at least the current level of services over the ten (10) years of the Plan in line with Council's five (5) goals as stated in its 2016 – 2020 Strategic Management Plan (SMP).

To this end Council will review its LTFP annually using the latest available financial and service level data and cost indices and incorporating all known future projects and variations to ensure a realistic forecast is presented to the community.

This LTFP updates the current LTFP adopted by Council on Wednesday, 10 April 2019 and will replace it should Council adopt this version following community consultation. The revised LTFP has been developed taking into account current data (financial and service levels), cost indices, internal and external factors, forecast trends, current political environment, revenue streams, updated asset information, limitations and community needs.

The key targets in this LTFP remain unchanged as follows:

- Positive Operating Surplus Ratio (OSR) i.e. operating surplus, in the short to medium term (1 – 5 years);
- Spending on asset renewal consistent with AMP identified needs and Asset Renewal Funding Ratio (ARFR) minimum (100%) targets from Y1 (2020/2021) of the Plan;
- Net Financial Liabilities Ratio (NFLR) to be within the recommended Local Government target of 100% of Operating Income from Y1 (2020/2021) of the Plan;
- No new services or assets or increases to existing services to be introduced without consideration of the impact on the LTFP.

This LTFP recommends a rating strategy that seeks to achieve a degree of stability and predictability over the next ten (10) years, while ensuring current levels of service and infrastructure are maintained for the Community. Rates will be set at affordable levels having regard to Council's strategic direction and its social and economic goals balanced against the Community's ability to pay and its desire for services and infrastructure.

Rate revenue forecasts are based on Consumer Price Index (CPI) (All groups, Adelaide) plus a 'financial sustainability' increase over and above CPI during the life of the LTFP to ensure targets are likely to be met. For the purposes of the revised LTFP, CPI has been forecast to be on average 1.9% in Y1 (2020/2021) and 1.6% annually from Y2 (2021/2022) onwards.

This increase over and above forecast CPI is applied as shown in the table below.

Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
0%	0.65%	0.7%	0.8%	0.9%	0.9%	0.8%	0.65%	0.2%	0.2%

Total rate increases are 1.1% less than the current LTFP 2020 – 2029, over the ten (10) year period.

Rate revenue is vital for the delivery of Council's current services over the next ten (10) years and beyond while maintaining and renewing existing assets at a safe and functional standard to meet

Community needs and expectations. Council's ten (10) year rate revenue forecasts are explained in detail later in this Plan. The actual increase payable by any individual ratepayer may be more or less than the forecast rate revenue depending on the relative movement in the capital value of their property and setting of differential rates for individual years of the Plan.

Other sources of income continue to remain stagnant or diminish with reliance on rate revenue increasing as the biggest and most stable source of revenue for Council. Grants and subsidies from various levels of Government continue to remain uncertain due to the volatile political and economic environment.

Continuing with the increased focus on renewal of existing assets, Council over the life of this LTFP, is proposing to allocate $112.9 million towards renewal and replacement of existing assets which is an increase of $8.25m or 8% compared to the current LTFP. 82% or $92.2m ($5.9m increase on the current LTFP) of the $112.9m available funding is specifically for transport assets (mainly roads). An additional $2 million over ten (10) years is allocated for upgrades to assets and acquisition of new assets.

Financial Sustainability Indicators (Ratios)

Based on the proposed income and expenditure forecasts in this LTFP and a 'business as usual' approach as far as practicable, taking into account the impact of recently completed service level reviews, asset revaluations and one-off drought related grant funding (Y1 only), Council will achieve a one-off Operating Surplus Ratio in Y1 (2020/2021) before returning to deficits in Y2 – Y5.

In Y6 Council is forecast to return to a small operating surplus and this will continue to increase for the remainder of the LTFP to ensure availability of funds to meet asset renewal targets. The primary reason for the return to operating deficits from Y2 is the increase of $1.4m in depreciation as a result of asset revaluations of Council's buildings and structures asset class and a unit rate review of Council's Road network assets, both finalised in 2018/2019.

Council's forecast Net Financial Liabilities Ratio continues to be well below sector recommended maximum limits giving Council the ability to borrow as long as it has the capacity to repay those loans.

The minimum Asset Renewal Funding Ratio target of 100% is achieved in Years 2, 4, 6, 7 and 9, however the average ratio over the life of the revised LTFP is 107.6% which is greater than the current LTFP. The inconsistent nature of the revised ratio is reflective of AMP renewal targets (rather than Depreciation) now being used to calculate this ratio. AMP's are a better measure of asset renewal than depreciation as they more accurately and consistently reflect the amount of renewal required to be undertaken annually. Given this ratio is forecast to be on average greater than 100% it goes some way to addressing Council's significant asset renewal backlogs.

Overall Impact

There has been significant financial improvement in the last five (5) years, however in order for Council to meet its short and long term targets and ensure financial sustainability, this trend needs to continue. While Y1 has been somewhat skewed by one-off drought related grant funding which masks the significant increase to depreciation resulting in a one-off operating surplus, Y2 – Y5 reveal the true negative impact of the asset revaluations finalised in 2018/2019.

The effects of this are forecast to be felt until Y6 when Council is expected to return to surplus. The positive result in Y6 is then forecast to build and continue for the rest of this Plan, which shows Council is able to recover from this major negative impact and meet the objectives of this LTFP without increasing rates more than the current LTFP.

Council is not expected to be financially sustainable in the short to medium term but is forecast to be financially sustainable in the medium to long term.

Key Challenges and Opportunities

The key challenges and opportunities faced by Council regarding its long term financial position are:

- Ensuring ongoing financial sustainability of Council
- Meeting ongoing expectations of our Community for increased or new services
- Maximising funding for renewal and replacement of ageing assets in line with improved asset management principles and practices
- Improved data for Council's asset base leading to accuracy in depreciation levels
- Managing impact of cost shifting from other levels of Government
- Managing political and legislative changes and their impact
- Minimising the impact of economic instability
- Monitoring impact of decisions made outside the Plan
- Rationalisation of underutilised or surplus assets to provide one-off capital injections and reduce maintenance costs
- Use of debt to leverage funding for asset renewal and acquisition of assets
- Review of services to reduce expenditure, increase efficiency and effectiveness and increase value for money to ratepayers
- Use technology to reduce costs, increase productivity, efficiency and effectiveness
- Explore ways to increase existing revenue streams and find new ones by taking a commercial approach to Council business
- Environmental impacts

Planning Framework

The financial basis of this Plan is consistent with the audited Annual Financial Statements as at 30 June 2019, 2019/2020 Annual Business Plan and Budget and the 2019/2020 September (and significant December) quarterly budget adjustments endorsed by Council. The LTFP forecasts have been based on the 2019/2020 September (and significant December) quarter revised Budget along with current Asset Management Plans (AMP), strategic financial policies and a set of assumptions necessary given the high level of this Plan and the long term nature of all forecasts proposed.

The LTFP is primarily used as a tool to establish and communicate Council's general financial direction over the longer term (10 years) and to assist in the assessment of Council's current financial position in conjunction with its Annual Business Plan and Annual Budget preparation together with ongoing quarterly Budget reviews.

This is intended to be a "live" document requiring adjustment and assessment as Council makes financial decisions which may impact its long term financial position. Council will review this Plan annually post audit of its Financial Statements and prior to development of its Annual Business Plan and Budget. Other updates will be made when considered necessary.

Council's Annual Business Plan and Budget will be prepared on the basis of this LTFP, taking into account new information at hand regarding economic, political and social factors at time of preparation.

The LTFP is prepared using a number of assumptions (refer page 13 onwards), especially with regard to projected rate income, fees, charges, grants, future operational and capital expenditure requirements. Given the long term nature of this Plan and forecasts derived from an estimate of future performance, it should be noted that actual results are likely to vary from the information contained in this Plan. Some of these variations as a result of Council decisions or changes to the environment Council operates in, could be material. A sensitivity analysis has been undertaken to project the impacts of these movements with more detail available from page 26 onwards.

The accuracy of predictions over the longer term decreases and difficulties can arise in accurately predicting capital expenditure requirements for Council's significant asset base. Council has prepared and updated AMP's for its major asset classes to assist in determining the funding impact of maintaining and replacing assets when required. These projections are based on current understanding of asset management needs over the life of this Plan and ensure that assets are maintained at a safe and functional standard to meet Community needs and expectations within the funding available while keeping rates affordable.

The Plan does not rely on asset sales to fund core services and no new debt has been factored into this Plan. Debt will be regarded primarily as a strategic tool to be used for the acquisition of new assets or upgrade or renewal of existing assets.

Debt will be considered:

- In the context of Council's SMP;
- In the context of LTFP forecasts and targets;
- As funding for long term asset acquisition;
- To enable intergenerational equity; and
- As a mechanism to fund temporary cash shortfalls.

Financial sustainability will be measured using the Local Government (Financial Management) Regulations 2011 specified financial indicators (ratios). The three ratios used are:

- Operating Surplus Ratio (OSR) – measures the extent to which operating income meets operating expenditure.
- Net Financial Liabilities Ratio (NFLR) – indicates the extent to which the net financial liabilities of Council could be met by its operating income.
- Asset Renewal Funding Ratio (ARFR) – measure of the amount spent by Council on renewing or replacing existing assets compared to expenditure required in its AMP's. In the absence of AMP's (or subsequent unreliable data) Depreciation may be used as a comparative measure. This plan uses AMP data.

Ideally Council should raise enough operating revenue to cover all operating expenditure including depreciation on an annual basis. This means it has a positive or break even OSR and ratepayers in that year are paying for all resources consumed. However, Council is mindful of the Community's ability to pay, hence in order to avoid excessive rate increases, has decided to reach a positive OSR over a number of years. Operating deficits are not sustainable or equitable in the long term as they result in services consumed by current ratepayers being paid for by future ratepayers i.e. intergenerational inequity. A fair and equitable tax system is one in which taxes paid by each generation are in proportion to the benefits, which that generation receives.

The LTFP forecasts are presented as a series of reports and financial statements (ten (10) year forecasts) in a format similar to the SA Model Financial Statements and comprise the following:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Cashflows
- Statement of Changes in Equity
- Uniform Presentation of Finances

Please refer to Attachments 1 – 5 for more information.

Measuring our performance

The Local Government (Financial Management) Regulations 2011 sets outs three (3) financial indicators (ratios) that allow assessment of Council's long term financial performance, position and eventually long term financial sustainability. Each of the three (3) ratios have been forecast over the life of the Plan and compared to Council targets which are based on recommendations set out in the LGA's Financial Sustainability Information Paper 9: Financial Indicators.

These targets aim to achieve a positive OSR and maximise the ARFR, over the term of the Plan with the aim of building a solid foundation beyond Year 10 of the Plan and minimising the impact of any risks and uncertainty while maintaining current levels of service without excessive rate increases.

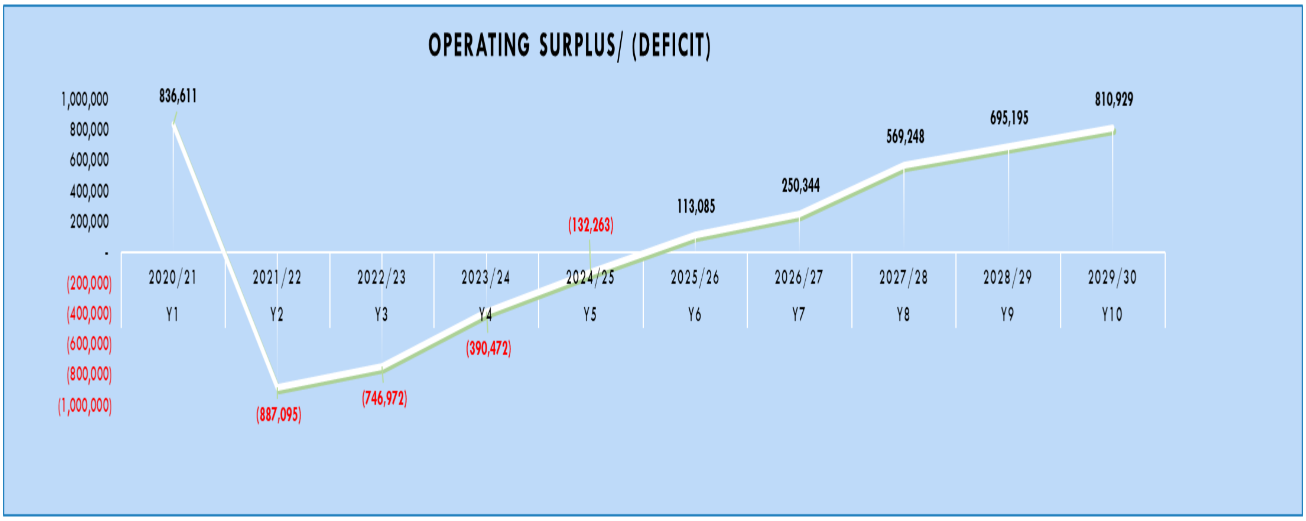
The targets set by Council are:

INDICATOR	TARGET
Operating Surplus Ratio (OSR)	0% to 10%
Net Financial Liabilities Ratio (NFLR)	Maximum 100% of total operating income
Asset Renewal Funding Ratio (ARFR)	Minimum 100%

Operating Surplus Ratio

This ratio measures the extent to which operating income covers operating expenditure (including depreciation). It is calculated by expressing the operating surplus (deficit) as a percentage of operating income. This indicator is by far the most important. If Council consistently achieves a modest positive operating surplus ratio and has soundly based forecasts showing that it can continue to do so in future, having regard to asset management and its community's service level needs, then it is financially sustainable.

Council's forecast ten (10) year Operating Surplus is shown in the graph below.



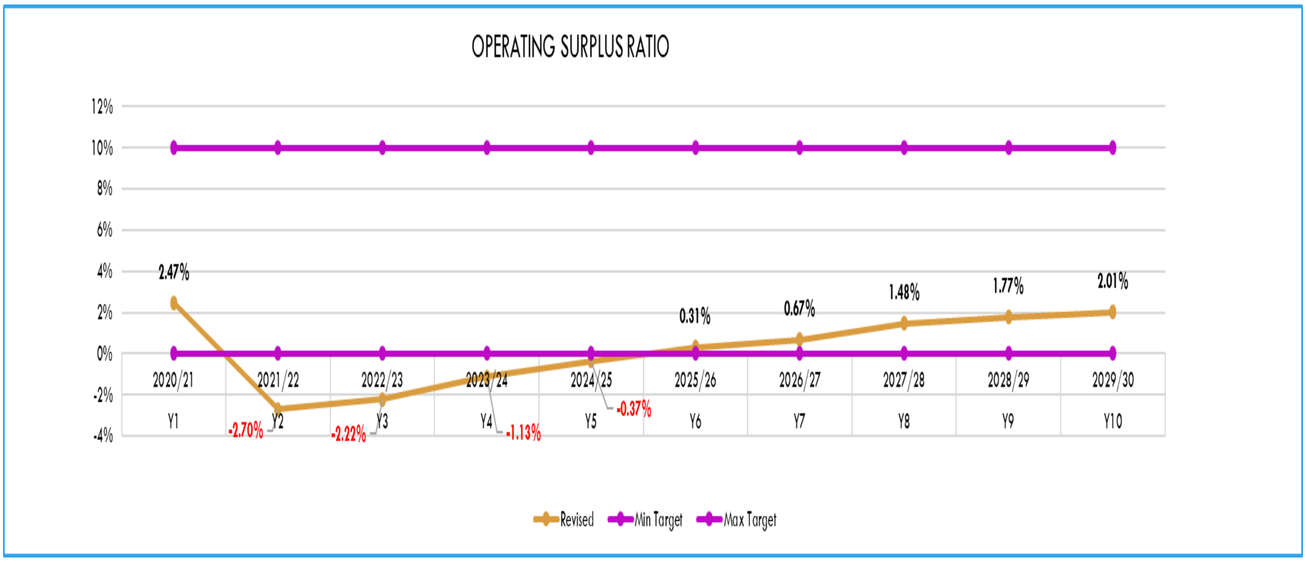
The graph above shows that Council will achieve a one-off Operating Surplus in Y1 (2020/2021) before returning to deficits in Y2 – Y5. As previously mentioned Council's depreciation has increased by $1.4m due to asset revaluations in 2018/2019, which has unfavourably impacted the operating bottom line. In Y1, however, Council is going to receive approximately $1.9m in one-off drought related grant funding which has masked this unfavourable impact caused by the increase to depreciation. While Y1 is somewhat skewed by one-off drought related grant funding, Y2 – Y5 reveal the true unfavourable impact of increased depreciation.

In Y6 Council is forecast to return to a small operating surplus and this will continue to increase for the remainder of the LTFP to ensure availability of funds to meet asset renewal targets. The primary reason for the return to operating deficits from Y2 is the increase of $1.4m in depreciation as a result of asset revaluations of Council's buildings and structures asset class and a unit rate review of Council's Road network assets, both finalised in 2018/2019.

The increasing surplus from Y6 means that Council will have more funds to invest into renewal of existing assets, afford repayments on any potential new loans and meet its financial sustainability targets as stated in this Plan.

The revised financial position is less favourable than the current adopted 2021 – 2029 LTFP which forecasts operating surpluses for the first nine (9) years of the Plan.

Based on the Operating Surplus forecast in the graph on page 10 above the forecast OSR for this LTFP is shown in the graph below.

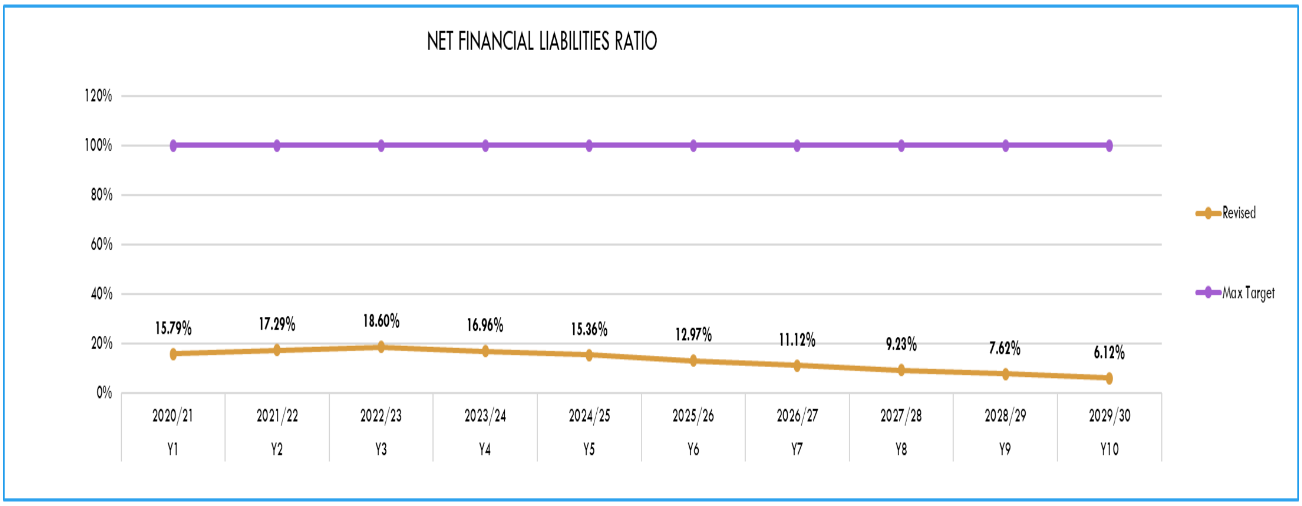


The trend in the OSR in the graph above is reflective of the movement in the forecast operating surplus/deficit shown in the graph on page 10.

Net Financial Liabilities Ratio

This ratio indicates the extent to which the net financial liabilities of Council can be met by its annual operating income. Net financial liabilities can be defined as the total liabilities (debt, employee leave entitlements and other amounts payable in future) of Council less financial assets (cash holdings, invested funds etc.). This ratio is calculated by expressing net financial liabilities at the end of the financial year as a percentage of operating income for the year. If the ratio falls over time, this indicates that Council's capacity to meet its financial obligations from operating income is strengthening. It may also allow Council to increase its borrowings for strategic capital expenditure.

Over the life of the Plan this ratio is forecast as shown in the graph below.



The graph above shows that Council's forecast NFLR is well below the ceiling of 100% over the life of the Plan, with 18.6% being the highest (Y2) and 6.12% being the lowest (Y10). This is well within the financial sustainability targets of this Plan.

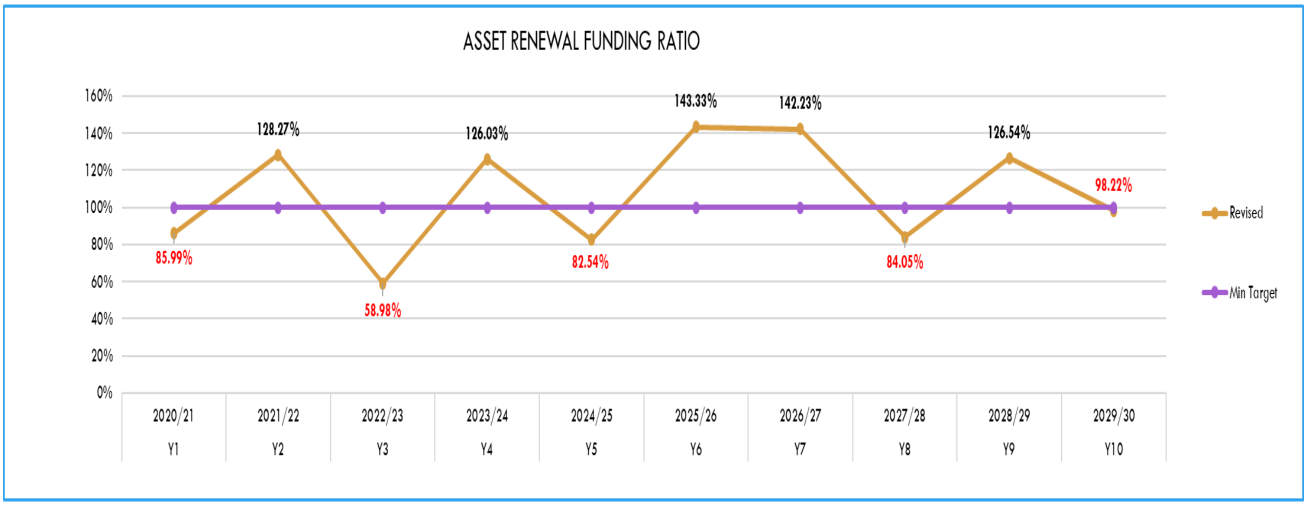
The result above is an improvement on average of between 2% and 3% annually when compared to the current LTFP.

The forecast in the graph above reflects Council's increasing forecast year end cash position, decreasing liabilities (primarily loans) and no new loans proposed for the life of the Plan. The decreasing ratio provides Council with the opportunity to borrow to undertake strategic capital projects as long as the capacity to repay exists.

Asset Renewal Funding Ratio

This ratio indicates the extent to which Council's non-financial assets are being renewed and replaced compared to expenditure identified in Council's AMP's. It is calculated by measuring capital expenditure on renewal and replacement of assets in any given year divided by the expenditure required on renewal of assets in Council's AMP in that year. In the absence of AMP's for all major asset classes (or data that is not reliable), Depreciation can be used as a measure. This Plan uses AMP's to calculate this ratio and allocate available capital renewal funding across Council's various asset classes.

Over the life of this Plan the ARFR is forecast as shown in the graph below.



The minimum Asset Renewal Funding Ratio target of 100% is achieved in Years 2, 4, 6, 7 and 9, however the average ratio over the life of the revised LTFP is 107.6% which is greater than the current LTFP. The inconsistent nature of the revised ratio is reflective of AMP renewal targets (rather than Depreciation) now being used to calculate this ratio. AMP's are a better measure of asset renewal than depreciation as they more accurately and consistently reflect the amount of renewal required to be undertaken annually. A ratio in excess of the 100% minimum means that Council is starting to address some of the asset renewal backlog that exists from previous years.

An asset renewal backlog is created when what is required to be spent is more than what is actually spent on asset renewal over an extended period of time. When this continues over a length of time assets generally deteriorate at a rapid rate due to lack of investment and require increased funding to bring them up to a satisfactory standard.

The increase to the average ARFR over the life of the Plan is in part due to an additional $8.25m being provided for asset renewal and replacement in this Plan, when compared to the current Plan.

Key assumptions, influences and priorities

As stated earlier the Plan is based on a 'business as usual' model as far as practicable, including any impacts of completed service level reviews, with no increase to current levels of service and minimal increase to Council's current asset stock. Based on the most recent Census results for the Council area it has been assumed that growth in the area will be virtually nil.

The external and internal influences which impact this Plan are listed below. A number of assumptions have been made for these influences and are detailed later in the Plan. The influences are listed below.

External

- CPI (All groups, Adelaide)
- Natural Resources Management Levy
- Waste levy increases and associated refuse and recycling costs
- Utility and fuel costs
- Interest rates and current fiscal environment
- Legislative compliance cost increases
- Government policy changes
- Broader economic environment
- Government grants and subsidy amounts and distribution models
- Climate change and environmental policy
- Risk management and insurance
- ESCOSA full cost recovery requirement for CWMS and Water supply

Internal

- Enterprise Bargaining Agreements (EBA) and associated employee costs
- Asset sustainability and service levels
- Asset revaluations
- New and upgraded assets
- Increased focus on asset renewal
- Treasury management policy
- Service level reviews leading to real savings
- Need to increase productivity, efficiency and effectiveness leading to real savings
- One-off Council decisions outside the Plan

CPI

While individual income and expenditure items will have varying degrees of increases, an underlying CPI has been assumed to determine variations in the Plan. The Adelaide all groups, September 2019 quarter CPI of 1.9% has been used for indexation purposes in Y1 (2020/2021) of the Plan. From Y2 (2021/2022) onwards an average estimated CPI of 1.6% p.a. has been forecast for the remainder of the Plan.

Borrowings

As stated earlier no new borrowings have been forecast for the life of this Plan, however, the option remains to borrow as the need arises for strategic capital projects to supplement grant funding opportunities. Any such borrowings will need to be modelled through the Plan to determine the impact on Council's ongoing financial performance and position.

Global Indexation

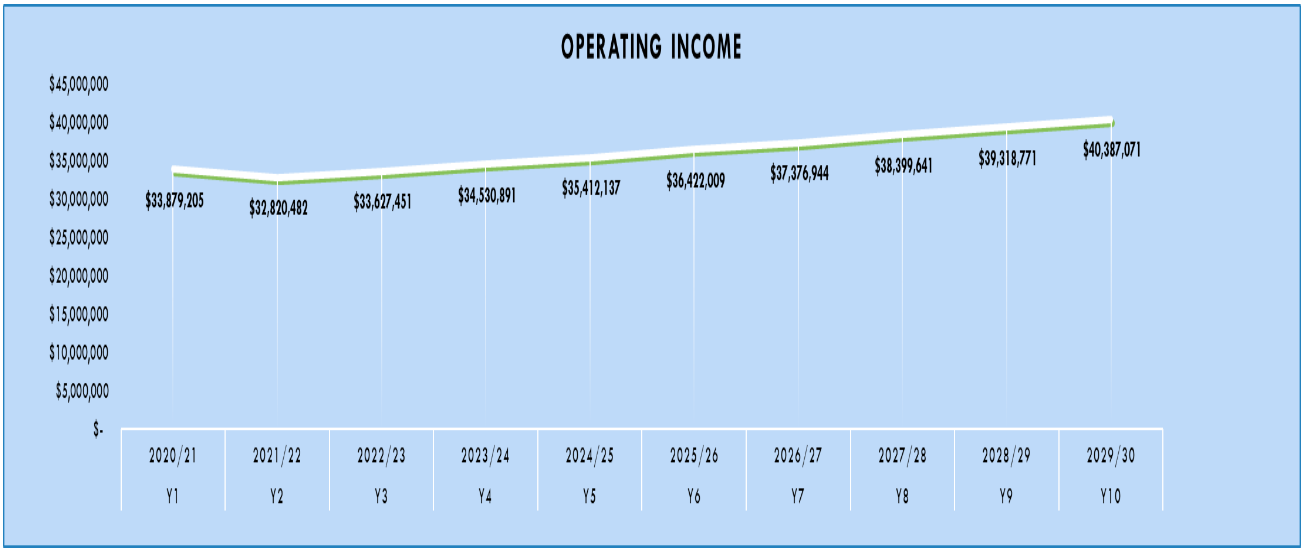
The table below summarises the global indexation factors used in the development of this Plan. It should be noted there are individual items that have increased more than the indexation stated below. These items and the reasons for the increase are outlined in more detail later in the pages that follow the table below.

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
					Income					
General Rates	1.9%	2.25%	2.3%	2.4%	2.5%	2.5%	2.4%	2.25%	1.8%	1.8%
NRM Levy	1.9%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Waste Charge	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
CWMS Charge	3%	3%	2.7%							
Water Supply Charge	1.95%	1.44%								
Statutory Charges		1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
User Charges – Caravan Parks	2.9%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%
User Charges – Other	1.9%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Investment Income	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Reimbursements	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Other Income	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Other Income – ATO Fuel	1.9%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
					Expenditure					
Employee - Salaries & Wages	2.75%	3%	2%	2%	2%	2%	2%	2%	2%	2%
Employee - Leave Expense	2.75%	3%	2%	2%	2%	2%	2%	2%	2%	2%
Employee - Superannuation	2.75%	3.50%	2.5%	2.5%	2.5%	2.5%	2.5%	2%	2%	2%
Employee - Workers Compensation	2.75%	3.50%	2.5%	2.5%	2.5%	2.5%	2.5%	2%	2%	2%
Employee - Allowances	2.75%	3%	2%	2%	2%	2%	2%	2%	2%	2%
Employee - Income Protection	2.75%	3%	2%	2%	2%	2%	2%	2%	2%	2%
Waste & Recycling	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
NRM Levy	1.9%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Utilities – Electricity & Gas	0%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Utilities - Water	8.95%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Utilities – Other	1.9%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Telephone/Mobile	1.9%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Other	-2%									
Insurance	1.9%	1.6%	1.6%	3%	1.6%	1.6%	1.6%	3%	1.6%	1.6%
Depreciation	0%	1%	1%	1%	1%	1%	1%	1%	1%	1%

Operating Income

Council's operating income base on which this Plan is built is $31.2 million of which approximately 75% is derived from Rates and Service charges (waste, CWMS and water supply). At the end of the Plan, operating income is forecast to be $40.4m (keeping in mind that $1 today will not be worth that in Y10:2029/2030). Values as presented in this LTFP are in future (nominal) values i.e. they have been adjusted each year by a forecast inflation rate – CPI.

The forecast for operating income over the life of this Plan is best shown by the following graph:



There is a $1.1m or 3% decline in Y2 and this can be primarily attributed to the net impact of receiving one-off drought related funding of approximately $1.9m in Y1. From Y3 onwards increases to operating income are on average $946k or 2.6% annually (ranging from 2.4% to 2.9%).

When compared to the current LTFP, operating income from Y3 - Y6 is less in the revised LTFP but increases in Y7 – Y9 to be negligibly more than the current LTFP. This can be attributed to forecast rate increases being slightly lower than the current Plan. As mentioned earlier, rate increases proposed in this LTFP are approximately 1.1% lower over the ten (10) year period.

The table below details the annual variations to operating income and the annual amounts forecast over the life of this Plan.

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
OPERATING INCOME	$33,879,205	$32,820,482	$33,627,451	$34,530,891	$35,412,137	$36,422,009	$37,376,944	$38,399,641	$39,318,771	$40,387,071
ANNUAL VARIATION		-$ 1,058,723	$ 806,969	$ 903,441	$ 881,246	$ 1,009,872	$ 954,935	$ 1,022,697	$ 919,130	$ 1,068,300
		-3.1%	2.5%	2.7%	2.6%	2.9%	2.6%	2.7%	2.4%	2.7%

For more information on Council's forecast operating income and the various income streams refer to Attachment 1: Statement of Comprehensive Income.

Rates

Rates ($23.3m base) include revenue from General Rates, Service Charges (Refuse Collection, CWMS and Water Supply), National Resource Management Levies collected on behalf of State Government, fines for late payment and rebates available for each category.

The table below provides detail on the components that make up the proposed annual general rate revenue ($18.5m base) increase for this Plan. The Rate Revenue increase shown in the tables is the average increase and actual changes to rates may vary dependant on valuations and other criteria. As mentioned previously at this stage no growth has been modelled over the life of the Plan.

	Y1 2021	Y2 2022	Y3 2023	Y4 2024	Y5 2025	Y6 2026	Y7 2027	Y8 2028	Y9 2029	Y10 2030
General Rate Revenue – Proposed Annual Increase										
Forecast CPI	1.9%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Financial Sustainability Levy	0%	0.65%	0.7%	0.8%	0.9%	0.9%	0.8%	0.65%	0.2%	0.2%
TOTAL GENERAL RATE REVENUE INCREASE	**1.9%**	**2.25%**	**2.3%**	**2.4%**	**2.5%**	**2.5%**	**2.4%**	**2.25%**	**1.8%**	**1.8%**

The average rate increase over the life of the Plan is 2.21% p.a.

One-off drought related grant funding in Y1 has allowed Council to keep rates low in the initial years of this Plan and spread the rate increases over the life of the Plan. This has allowed the rate increases to be fairly stable, consistent and manageable with no large spikes across the Plan.

Compared to the current LTFP the rate increases proposed above are approximately 1.1% less over the life of this Plan.

The proposed rate increases are the minimum required to meet the criteria to achieve financial sustainability in the short to medium term and maintain it for the remainder of this Plan and beyond.

Rates are Council's main source of income. They are used to provide the funds to deliver services and maintain infrastructure required by the community. Rates are a form of property taxation and property values play an important part in determining how much each individual ratepayer contributes. As it is a system of taxation, the rates paid may not directly relate to the services used by each ratepayer. Generally, the higher the value of the property the higher the rates paid. Along with most other Councils, we use capital value to value all properties. Capital value is the value of the land and all improvements.

In determining how rates are applied, Council uses a differential rating system with a fixed charge. Differential rates allow us to set a different rate depending on the use to which the land is put - whether it be residential, commercial, primary production, etc. A fixed charge is a fixed, or flat amount, which all ratepayers have to contribute to equally. Differential rates are calculated on top of a fixed charge.

In addition to General Rates, as described above, Council also raises service charges for waste collection and recycling, CWMS and Water supply.

Refuse and recycling service charges are modelled in the revised LTFP at a 10% increase p.a. based on historical increases, new contract terms, increase in the cost of fuel, known increases to the State Government's waste levy impacting disposal costs, growth in collections and substantial increases to recycling processing costs. The current LTFP allows for a 5% p.a. increase. As permitted by legislation this service is charged on a full cost recovery basis and funds the collection and disposal of waste and recycling material collected from properties. Council calculates one service charge for properties entitled to receive a two bin service and another for those properties entitled to receive a three bin service. This service charge is subject to a specific provision of the Local Government Act 1999 and Council is required to reduce the amount payable by residents depending on the distance of their property access point to the nearest collection point. Therefore the two bin service charge may be reduced depending on a property's distance to the nearest collection point.

CWMS (community effluent or sewerage) and Water Supply service charges are currently modelled at a 3% increase p.a. based on twenty (20) year modelling undertaken using a Local Government Association costing model compliant with LG legislation and Essential Services Commission of South

Australia (ESCOSA) full cost recovery requirements. Council operates 18 CWMS sites and 3 Water Supply sites (excludes Marion Bay desalination plant). The revised LTFP does not require such increases, hence increases for CWMS have been reduced to 3% in Y1 and Y2, 2.7% in Y3 and then no increase for the remainder of the Plan. For Water Supply, increases are forecast at 1.95% in Y1 and 1.44% in Y2. This is a significant reduction compared to the current Plan and has been brought about through more accurate data and greater efficiencies.

A service charge is calculated each year to cover the cost of operating and maintaining and replacing equipment for all the CWMS. A different CWMS service charge is set each year for occupied and unoccupied properties.

The forecast CPI increase to the NRM Levy ($1.07m base) is based on commentary from the current State Government relating to proposed limited increases. Exact annual amounts are generally confirmed by the NRM Board in May/June each year. Council is required to collect an amount each year as advised by the NRM Board. The amount collected (net of rebates) is then paid to the NRM Board. Capital value of properties are used to determine how much each ratepayer will pay.

Statutory Charges

Statutory Charges ($380k base) are fees related to the regulation of activities including Development Applications (set by State Government), Animal Registration and various Licence Fees.

Total income from these charges is not expected to increase in Y1 due to uncertainty with the implementation of the online development applications portal through the State Government and how this will impact on Council revenue. Majority of this income stream consists of building and development applications revenue. As a result Council has taken a conservative approach to this income stream. Revenue is forecast to increase annually from Y2.

The average annual increase is 1.22% which is below forecast CPI.

User Charges

This category of income ($3.9m base) consists of fees and charges for recovery of service delivery costs i.e. user pays and income from Caravan Parks, boat ramps and bush camping sites operated or leased by Council. The fees and charges that generate this income are generally at the discretion of Council and are reviewed annually during the Annual Business Plan and Budget setting process. A full list of all Council fees and charges can be found on Council's website. All user charge income is expected to increase by CPI over the life of the Plan, except for the following:

- Council operated Caravan Parks (5 in total): CPI + 1% increase p.a. to total income
- YP Leisure Options (NDIS): remains constant due to uncertainty of activity levels
- Art Exhibition: only included every 2nd Year and remaining constant
- Kiosk leases: no increase

The average annual increase over the life of the Plan for this income type is 2.1% driven primarily by Caravan Parks.

Grants & Subsidies

This income source has a current base (2019/2020) of $3m which is forecast to increase to $5.1m in Y1 (2020/2021), then decrease by $1.9m or 37% in Y2 before remaining virtually stagnant year on year (average annual increase is 0.1%).

The spike in Y1 is due to $1.9m in one-off drought related grant funding required to be spent in that year. Once these one-off grants are expended income levels are expected to be at normal levels in Y2 and beyond.

The stagnant nature of this income stream is best explained by the following major impacts:

- Local Government Grants Commission – made up of two (2) components: General and Roads. These funds are not tied to any specific purpose and can be used at Council's discretion. In 2019/2020 Council has been allocated $1.4m and $861k respectively, which is virtually unchanged from 2018/2019. Historically this funding has remained fairly stagnant, hence Council has taken a conservative approach and no increases are included.
- Supplementary Local Roads Funding – provided to SA Councils by the Federal Government. Once again these funds are not tied to any specific purpose and can be used at Council's discretion. This funding was removed a few years ago but was reinstated in 2017/2018 for two (2) years. The cost to Council during the time this funding was removed was approximately $400k p.a. Then in June 2018/2019 the Federal Government paid in advance this funding for a further two (2) years, being Council's allocation for 2019/2020 and 2020/2021. As the full amount was paid in 2018/2019 it was shown as income in that year and is not included as income in this Plan. It is however included in Council's working capital (cash and cash equivalents) and allocated to capital works.
- Roads to Recovery (R2R) – provided by the Federal Government to all Councils in Australia and while Council can decide which projects to spend it on, it must be spent on capital road works. Council's annual allocation is approximately $822k. In Y1 an additional one-off drought related amount of $411k will be paid. The grant reverts back to Council's normal annual allocation from Y2 (2021/2022).
- Point Pearce MUNS funding – Council received approximately $79k in 2019/2020 to provide maintenance services to the Point Pearce community. This is indexed by CPI annually.
- Leisure Options grants – no increase due to uncertainty of funding and programme. Maintained at original levels for the life of this Plan.
- Library grants - no increase due to uncertainty of funding. Maintained at 2019/2020 levels for the life of this Plan.
- Art Exhibition sponsorship – included every 2nd Year to reflect frequency of programme. Amount maintained at historical levels.

Investment Income

Investment Income ($181k base) is derived from interest on Council investments and surplus cash at bank and also includes reimbursement of interest paid by Council on community loans. Income has been forecast based on cash flow projections over the life of the Plan. The current cash rate and investment rates have also been used as a guide.

Council's Treasury Management Policy ensures available funds are managed on a regular basis to maximise returns.

The average annual decrease over the life of this Plan is approximately 2% as interest received from repayment of community loans decreases as they are paid off. The interest on cash investments is forecast to increase minimally given the low interest rates. This may change in future if new community loans are approved by Council or interest rates increase significantly.

Reimbursements

This category includes reimbursements by Community Groups, Sporting Clubs and individuals for expenses incurred by Council on their behalf and on-charged. This category also includes any amounts charged for Private Works performed by Council. With a $287k base in 2019/2020 this makes up a very small component of Council's total operating income. It should be noted that $124k of the base represents a one-off payment for overcharging of street lighting tariffs. This amount was received in January 2020 and is included in the forecast closing cash position of Council for that year. As a result Y1 of the LTFP shows a decrease in income of 58% following which the average annual increase from Y2 is 0.95%.

Other Revenue

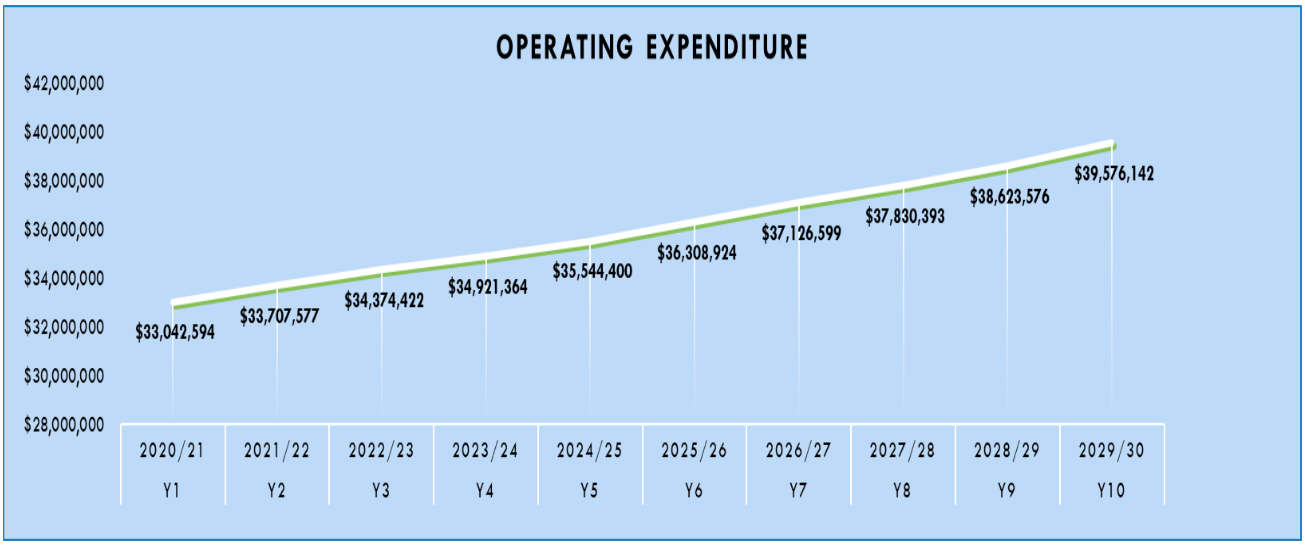
All income that cannot be classified in the categories above is included here. The current base is $185k with the biggest item being the ATO's fuel tax credits. The Plan forecasts a 1% average annual increase for this income category.

While the fuel tax credits are forecast to increase by 1.77% annually other income in this category is expected to remain stagnant or decline.

Operating Expenses

Council's operating expense base on which this Plan is built is $32.2m of which approximately 41% or $13.1 million consists of materials, contracts and other expenses, 29% consists of employee costs (operating only), 30% is for depreciation and the balance is for finance costs (interest on loans). At the end of the Plan operating expenditure is forecast to be $39.6m (keeping in mind that $1 today will not be worth that in Y10: 2029/2030). Values as presented in this LTFP are in future (nominal) values i.e. they have been adjusted each year by a forecast inflation rate – CPI.

The forecast for operating expenditure over the life of this Plan is best shown by the following graph:

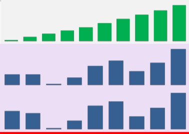


There is a steady increase to total operating expenditure based on the proposed indexation factors detailed earlier. Annual increases range between 1.6% and 2.5% (2% average). When compared to the current LTFP, Y1 of this LTFP is significantly higher primarily due to a $1.4m increase to depreciation following asset revaluations of Council's land, buildings and roads assets. This results in the base on which the Plan is built being higher than the current Plan.

Other major variations across the life of the Plan include:

- Waste collection and disposal costs: 10% increase annually (up from 5%);
- Employee costs: 2.1% average annual increase from Y3 (down from 2.6%);
- Waster transfer station management: $60k (19%) lower in Y1;
- Electricity cost increases on average lower than current LTFP;
- Significant increase to water costs in Y1 reflective of drier conditions;
- One-off dredging project included in base not included in Y1: $650k.

The table below details the annual variations to operating expenditure and the annual amounts forecast over the life of this Plan. While an underlying CPI has been applied to most expense types, they have all been impacted by one-off adjustments and increases above CPI. These are explained in more detail in the following sections of this Plan.

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	
OPERATING EXPENDITURE	$33,042,594	$33,707,577	$34,374,422	$34,921,364	$35,544,400	$36,308,924	$37,126,599	$37,830,393	$38,623,576	$39,576,142	
ANNUAL VARIATION		$ 664,982	$ 666,846	$ 546,941	$ 623,037	$ 764,524	$ 817,675	$ 703,793	$ 793,183	$ 952,566	
		2.0%	2.0%	1.6%	1.8%	2.2%	2.3%	1.9%	2.1%	2.5%	

For more information on Council's forecast operating expenses refer to Attachment 1: Statement of Comprehensive Income.

Employee Costs

Includes all labour costs relating to maintenance and is inclusive of salaries and wages and overheads such as allowances, superannuation, leave entitlements and workers compensation insurance. Wage costs (including allocation of staff overheads) relating to capital projects are included in the total capital expenditure for renewal and replacement of existing assets. The split between operating and capital can vary from year to year depending on capital projects approved by Council, however overall the LTFP assumes the trend on this split remains consistent across the life of this Plan. Approximately $1.2m (indexed annually) has been allocated in capital wages every year. The total employee cost base (operating and capital) is approximately $10.5m (excluding labour overheads).

The LTFP provides for legislated increases in the superannuation guarantee moving from 9.5% in 2020/2021 to 12.0% by 2025/2026.

Salary and wage increases are forecast reflective of the current Enterprise Bargaining Agreements (EBA's) at 2.25% in Y1 and 2.5% in Y2. The current EBA's expire on 30 June 2022.

A 2% annual increase has been factored in from Y3 with an allowance of 0.5% every year for reclassifications, step increments and contract renegotiations. The current Plan has a higher forecast increase. This reduction from Y3 has resulted in overall employee costs reducing from 2.6% (current LTFP) to 2.1% on average across the life of the Plan on comparison.

The 2020/2021 forecast employee costs are driven by a full time equivalent (FTE) base of 116.2. No increases in FTE are factored into the revised LTFP.

Materials, Contracts and Other Expenses

Materials cover payments for physical goods including the purchase of road making materials, water, fuel, electricity and office consumables. Contracts include payments to external entities for provision of services to Council including Waste Management, electrical, plumbing, fire and safety, building maintenance, line marking, insurance etc. This category also includes payments to consultants and legal fees incurred by Council and all other expenses that do not fit into the categories Employee Costs, Depreciation or Finance Costs. The total materials, contracts and other expenses base (operating only) is approximately $13.1m.

As mentioned earlier, while an underlying CPI increase is built into most expense lines in this category of expenditure, some expense lines have increased by more than CPI or have had to be adjusted to reflect their one-off nature. Further savings have been made to a number of discretionary expense lines based on efficiency in operations, reviewing of costs and service level reviews. One-off adjustments made to the base have impacted overall expenditure for this category in Y1 (2020/2021) resulting in a net reduction of approximately $759k compared to 2019/2020. More detail is as follows:

- Waste collection, disposal and processing – annual increase of 10% reflective of historical increases, new contract terms, increase in the cost of fuel, known increases to the State Government's waste levy impacting disposal costs, growth in collections and substantial increases to recycling processing costs. The current LTFP forecasts a 5% p.a. increase. Costs are full cost recovery as permitted by legislation;
- One-off dredging project to be completed in 2019/2020 worth $650k removed;
- Electricity increases not as high as previously forecast due to more stable market conditions and Local Government sector wide procurement advantages. Upgrade to LED streetlights have resulted in overall reduction of $50k to cost base. Average annual forecast increase is 1.53%;
- Transfer station management contract 19% or $60k lower in Y1 then indexed annually;
- Plant and machinery running costs (parts, fuel, repairs and maintenance both major and minor) forecast to increase by 7% or $169k in Y1 to reflect actual costs incurred historically. Cost of fuel increased 10% in Y1 to reflect current pricing and expected future fluctuations;
- Water costs one-off increase of 9% or $53k in Y1 to reflect drier than normal conditions over the last few years. CPI increase annually from Y2. Average annual forecast increase is 2.33%;
- Telecommunication costs expected to rise on average 2.05% per annum to reflect increased reliance on mobile data, devices, online platforms and transition to the 'Cloud'. Somewhat negated by reduction in fixed line costs and infrastructure;
- Insurance for assets forecast to increase by CPI every year except every 4th year (Y4 & Y8) which factor in asset revaluations. History shows that increases in revaluations years are generally twice as much as CPI. Average annual increase over the life of the Plan is 1.19%;
- Plant and machinery insurance Y1 forecast increase of 24% or 19K due to an increase in overall replacement cost of current items reflective of the recent investment in replacement of older plant and machinery;
- IT software licensing – annual increase of 5% to reflect current practices (transition to Cloud, increased mobilisation and use of online platforms) and increasing cost of software licensing. No change from existing Plan;
- Caravan park management fees forecast to increase by approximately CPI + 1% in line with increase to income. Income base is higher than current LTFP reflective of historical levels;
- NRM Levy – collected on behalf of State Government and remitted to them. Forecast increase at CPI annually. No change to current Plan;
- Local Government elections – held every four (4) years commencing Y3 (2022/2023). Each election costs approximately $67k (1 Mayoral and 4 Wards) to conduct. Further Councillor allowances set by an independent tribunal, have historically increased by 2% above CPI, every

election year. They generally increase by CPI in every non-election year. All these increases have been reflected in this Plan.

Annual increases for materials, contracts and other expenses over the life of this Plan range from 2.1% to 4.1% (3.1% or $214k per annum on average). This compares to a 2.4% average increase in the current LTFP, an overall average annual increase of 0.7%.

As detailed above this is a result of various movements in the costs of goods and services some of them reflective of the current economic and political environment.

Depreciation

Depreciation is an accounting charge to Operating Expenses showing the rate of consumption of Council's infrastructure, buildings, plant and equipment and other fixed assets and is often used as a provision for replacement of these assets at the optimum estimated time to support the provision of current Council services.

Depreciation in the LTFP is calculated based on best estimates of consumption of Council's assets over their useful lives. The estimate is also reflective of existing Asset Management Plans, current data collected by Council officers and the strategic direction taken by Council to increase renewal expenditure on assets and minimise spending on new assets.

The average annual increase in this LTFP is 2.40%. While Y2 – Y10 have been forecast to increase annually by 1%, Y1 has seen a 14.95% increase compared to the base (2019/2020).

This significant increase is reflective of the revaluation of Council's Land, Building and Structures asset class and a unit rate review of Council's Roads network. The net increase to depreciation as a result was $1.4m in 2018/2019.

This increase has had a significant unfavourable impact on Council's operating bottom line and its Operating Surplus Ratio as highlighted earlier in this Plan.

The updated Land, Buildings and Structures AMP completed once revaluations were finalised, provides more accurate data on asset renewal and has led to greater accuracy of the LTFP and subsequent financial sustainability ratios. Further work will be done to develop a management/rationalisation strategy for Council's large number of buildings. The strategy will impact Council's costs such as insurance, depreciation, maintenance and capital. Future iterations of the LTFP will reflect the outcome of this work.

As mentioned earlier this Plan proposes to provide $112.9m over ten (10) years for renewal of existing assets with an additional $2m for upgrade of existing assets and acquisition of new assets.

Finance Costs

Finance Costs include interest on borrowings inclusive of community loans and are based on loan repayment schedules for existing loans.

No new borrowings are included over the life of this Plan.

Council's outstanding loan balance (assuming no new borrowings are taken) is forecast to be as follows:

- 30 June 2020: $6.6m;
- 30 June 2021: $5.8m;

- 30 June 2030: $0.

Financing forecasts in the LTFP have been made with consideration of Council's current Treasury Management Strategy. For more information please refer to Council's Treasury Management policy available on its website.

Capital Expenditure

In line with Council's SMP and AMP's the focus of this Plan is to maximise the provision of funds for the renewal and replacement of existing assets. Funding for upgrade to existing assets and acquisition of new assets has been kept to a minimum.

As mentioned earlier Council has recently updated its AMP for Land, Buildings and Structures and is now in a position to use AMP renewal amounts as a base to measure and calculate its Asset Renewal Funding Ratio (ARFR). This is the sector requirement, considered best practice and more accurately reflects the annual amount that should be invested in renewal of existing assets.

The table below highlights the individual asset classes and the AMP required spend over the life of this Plan. It clearly shows that the Transport asset class (majority Road assets) is Council's biggest asset class and therefore requires the biggest investment. It is followed by Land, Buildings and Structures and Major Plant. The table below has been used as a starting point to allocate the $112.9m funding available for renewal and replacement of existing assets in this LTFP.

AMP RENEWAL TARGETS	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	TOTAL	
Transport	$ 10,582,966	$ 2,562,694	$ 13,657,243	$ 3,257,479	$ 7,166,266	$ 4,498,107	$ 4,449,118	$ 10,532,569	$ 5,353,614	$ 6,116,090	$ 68,176,146	62%
CWMS	$ 76,000	$ 62,000	$ 49,000	$ 77,000	$ 368,000	$ 81,000	$ 201,000	$ 181,000	$ 172,000	$ 79,000	$ 1,346,000	1%
Water	$ -	$ 46,000	$ -	$ 44,000	$ 17,000	$ -	$ 64,000	$ -	$ 25,000	$ 52,000	$ 248,000	0%
Stormwater	$ 22,000	$ 94,000	$ 20,000	$ -	$ 43,000	$ 26,000	$ 17,000	$ 57,000	$ 22,000	$ 57,000	$ 358,000	0%
Land, Buildings & Structures	$ 203,000	$ 3,153,000	$ 2,855,000	$ 3,531,000	$ 3,356,000	$ 1,873,000	$ 1,025,000	$ 674,000	$ 1,483,000	$ 3,637,000	$ 21,790,000	20%
Furniture & Fittings (incl IT)	$ 341,000	$ 222,000	$ 303,000	$ 57,000	$ 106,000	$ 53,000	$ 238,000	$ 46,000	$ 15,000	$ 17,000	$ 1,398,000	1%
Other Assets	$ 249,000	$ 164,000	$ 105,000	$ 73,000	$ 104,000	$ 89,000	$ 52,000	$ 101,000	$ 1,227,227	$ 444,347	$ 2,608,574	2%
Minor Plant	$ 80,000	$ 18,000	$ 44,000	$ 39,000	$ 112,000	$ 17,000	$ 9,000	$ 45,000	$ 24,000	$ 23,000	$ 411,000	0%
Major Plant (incl Fleet Vehicles)	$ 889,000	$ 1,708,000	$ 1,277,000	$ 1,094,000	$ 1,630,000	$ 828,000	$ 1,749,000	$ 2,046,000	$ 1,003,000	$ 1,843,000	$ 14,067,000	13%
Total	12,442,966	8,029,694	18,310,243	8,172,479	12,902,266	7,465,107	7,804,118	13,682,569	9,324,841	12,268,437	110,402,720	100%

Graphs presented earlier in this Plan show that Council only meets the minimum ARFR target of 100% in Y2, Y4, Y6, Y7 and Y9, however, the average ARFR over the life of this Plan is higher than the current Plan. The average ARFR is 107.6% (102.3% in current Plan) which means Council's backlog or renewal gap i.e. required expenditure to maintain its assets compared to actual expenditure, is being addressed.

It should be noted that the table above does not take into account Council's Infrastructure backlog or renewal gap of approximately $19m of which Transport alone is $14m. While this amount is significant, it needs ongoing review and this will occur during asset revaluations.

The table below shows a snapshot of how the level of funding for renewal and replacement of assets compares to the AMP's and Council's backlog or renewal gap. The forecast funding of $112.9m for asset renewal over the period 2021 – 2030 is approximately $8.25m greater than the current LTFP. The current LTFP shows a shortfall whereas this LTFP shows that Council is able to invest additional funding into asset renewal to address the existing backlog or renewal gap with no additional rate increases.

	AMOUNT
AMP 10 yr required renewal	$110.4m
LTFP – revised allocation	$112.9m
SURPLUS	$2.5m
Add: AMP backlog – all classes	$19.1m
DEFICIT	$16.6m

Asset Renewal

The table below sets out the annual proposed allocation for each asset class for renewal and replacement of existing assets. The funding provided each year is the forecast cash available after funding operating expenses, loan repayments and other liabilities and maintaining a reasonable amount of working capital ($750k - $1m annual average).

FUNDING AVAILABLE - LTFP	$ 11,000,000	$ 10,600,000	$ 11,100,000	$ 10,600,000	$ 10,950,000	$ 11,000,000	$ 11,400,000	$ 11,800,000	$ 12,100,000	$ 12,350,000	$ 112,900,000	% of Total
Asset Class	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**TOTAL**	
Transport	$ 9,132,000	$ 8,628,000	$ 9,261,000	$ 8,709,000	$ 8,752,000	$ 9,023,000	$ 9,148,000	$ 9,692,000	$ 9,811,000	$ 10,092,000	$ 92,248,000	82%
CWMS	$ 76,000	$ 62,000	$ 49,000	$ 77,000	$ 368,000	$ 81,000	$ 201,000	$ 181,000	$ 172,000	$ 79,000	$ 1,346,000	1%
Water	$ -	$ 46,000	$ -	$ 44,000	$ 17,000	$ -	$ 64,000	$ -	$ 25,000	$ 52,000	$ 248,000	0.2%
Stormwater	$ 22,000	$ 94,000	$ 20,000	$ -	$ 43,000	$ 26,000	$ 17,000	$ 57,000	$ 22,000	$ 57,000	$ 358,000	0%
Land, Buildings & Structures	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 700,000	$ 800,000	$ 700,000	$ 900,000	$ 900,000	$ 7,000,000	6%
Furniture & Fittings (incl IT)	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 750,000	1%
Other Assets	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	$ 750,000	0.7%
Minor Plant	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 200,000	0.2%
Major Plant / Fleet Vehicles	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 10,000,000	9%
Total	11,000,000	10,600,000	11,100,000	10,600,000	10,950,000	11,000,000	11,400,000	11,800,000	12,100,000	12,350,000	112,900,000	100%

The table above shows that 82% of the $112.9m funding is directed towards the Transport (primarily Roads) asset class. This is in keeping with the table presented earlier highlighting that Transport assets make up a substantial portion of the AMP required spend, thus needing the majority of funding for renewal.

An annual amount of $300k has been included as income from sale of replaced major plant and fleet vehicles (trade-ins) representing approximately 30% of the annual expenditure funding allocated.

It should be noted that individual projects will be determined annually as part of Council's Annual Business Plan and Budget preparation and are subject to Council approval.

New or Upgraded Assets

With the focus solely on renewal and replacement, funding provided for upgrades or new assets has been kept to a minimum. A total allocation of $2m ($200k p.a.) over the life of this Plan has been included in this LTFP. This amount is unchanged from the current LTFP.

No income from grants and contributions for new or upgraded assets has been included at this stage due to the uncertainty surrounding their availability. As projects are assessed and approved, opportunities for external funding will be investigated.

It should be noted that individual projects will be determined annually as part of Council's Annual Business Plan and Budget preparation and are subject to Council approval.

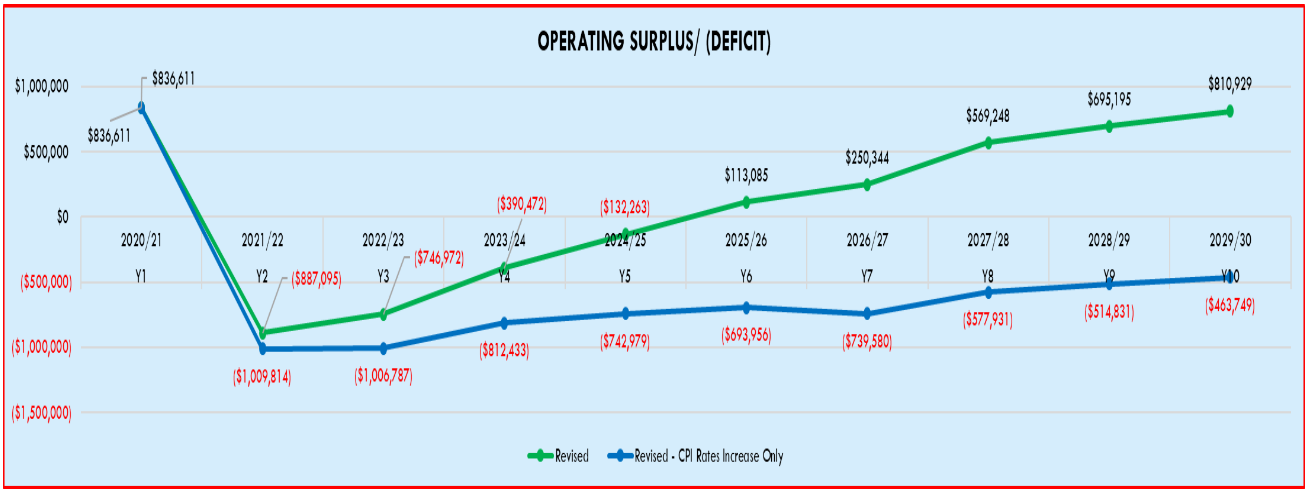
Sensitivity Analysis – General Rate Revenue

The figures in this LTFP are based on a number of assumptions and increases. One of these that is especially sensitive in terms of impact on the Plan is general rates revenue (excludes waste, CWMS and water supply service charges). Given they are the biggest component (56%) of Council's operating income, even a slight variation to this will have a significant impact to Council's financial position. The analysis undertaken below aims to show what this impact may be.

The annual general rate increase forecast for this LTFP includes in addition to CPI, a 'financial sustainability' increase to achieve Council's aim of becoming financially sustainable in the short to medium term. Given the sensitivity of this additional general rate increase on the Plan, modelling has been undertaken to show the detrimental impact on Council's long term financial position of removing the 'financial sustainability' rate increase from Y1 (2020/2021). The modelling is based on the assumption that general rate increases would be no more than the annual CPI, meaning an increase of $1.9% in Y1 followed by a 1.6% increase annually in Y2 – Y10. The results are as follows.

Operating Surplus/ (Deficit)

The graph below shows the impact on Council's operating bottom line of limiting rates to CPI. The impact to Council's operating bottom line is significantly unfavourable. Council would remain in a deficit position for an extra four (4) years i.e. Y6 – Y10 which is the entire revised LTFP. The estimated rates income not generated as a result is approximately $6.9m which can be directly attributed to a reduction in cash available for asset renewal.



Capital Expenditure

Removal of the 'financial sustainability' general rate increase will also mean that Council will have approximately $6.9m less to spend on renewal and replacement of existing assets. This will lead to a rapid deterioration of assets and increase in the asset renewal backlog i.e. gap between required spending and actual spending.

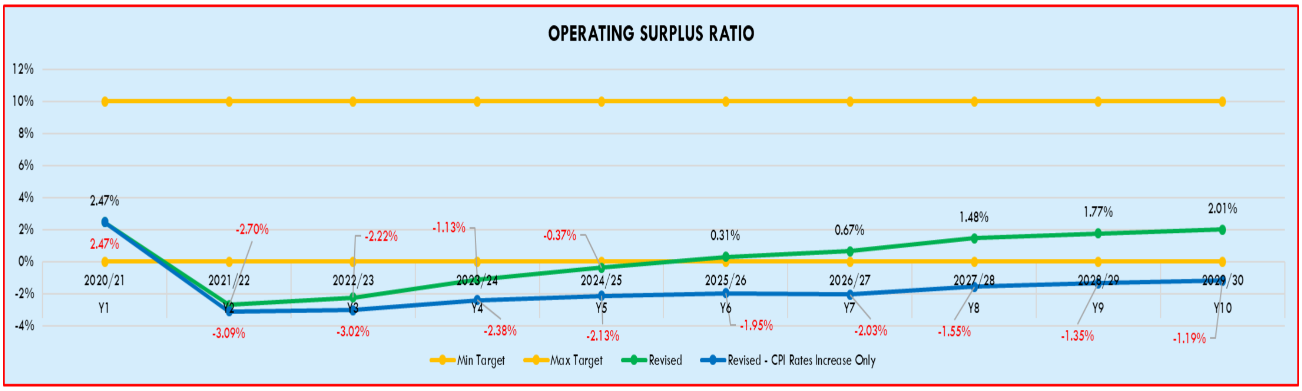
Financial Indicators (Ratios)

Given the sensitivity around rate revenue and its impact on Council's ongoing financial sustainability, the impact is best shown using the three (3) indicators (ratios) used to measure financial sustainability.

The graphs below show the difference in the ratios for this Plan.

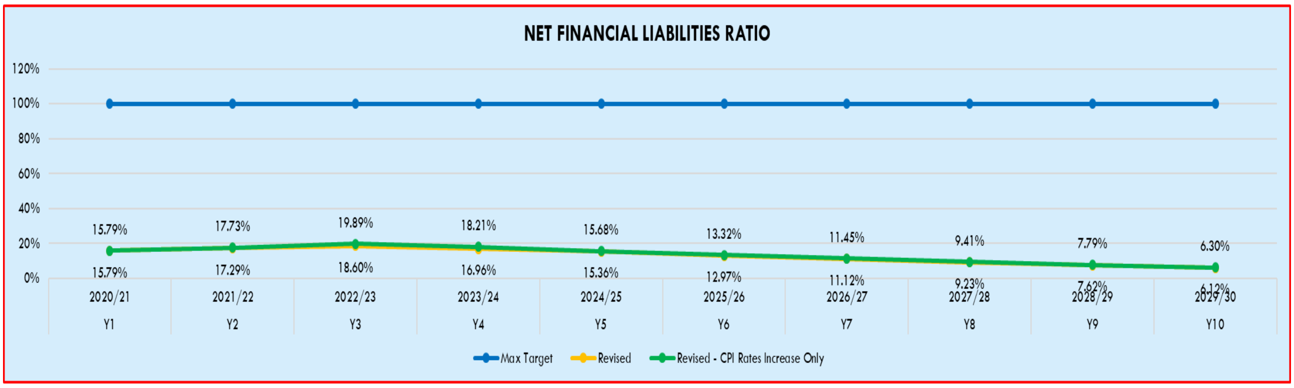
Operating Surplus Ratio

Under the CPI only general rate increase scenario Council will have a negative Operating Surplus Ratio for the entirety of this LTFP. The difference between the two (2) scenarios is quite significant.



Net Financial Liabilities Ratio

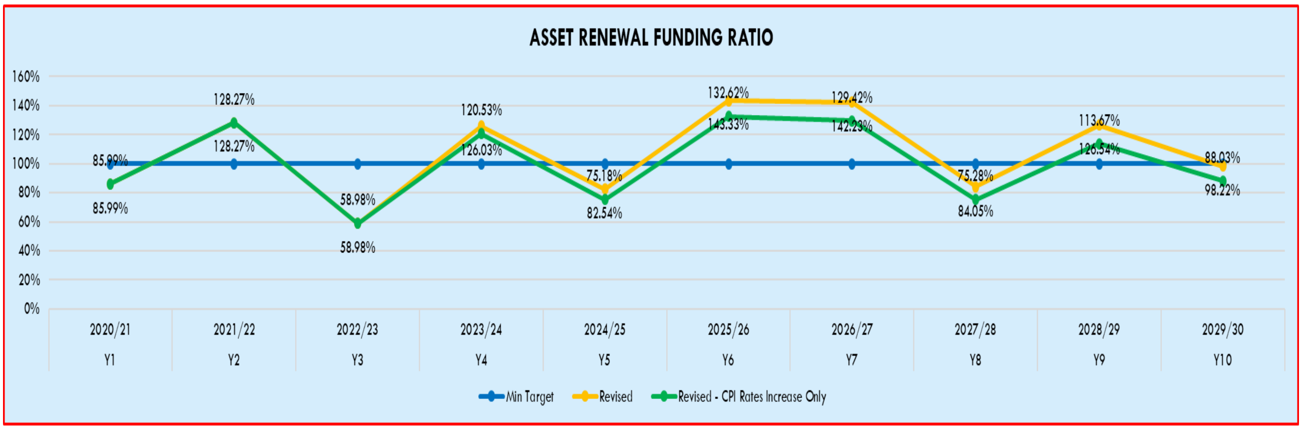
Under the CPI only general rate increase scenario Council's NFLR will increase instead of declining. This will still remain under Council's ceiling of 100%.



Asset Renewal Funding Ratio

Under the CPI only general rate increase scenario Council's ARFR will maintain the same annual pattern but be at lower levels i.e. the annual average will be approximately 6.8% less. As mentioned previously this is the result of $6.9m less in rates revenue.

Under this scenario Council's asset renewal backlog will increase rather than decrease as shown earlier in the LTFP, assuming a 'business as usual' model as far as practicable and existing levels of service.



Attachment 1 – Statement of Comprehensive Income

Attachment 2 – Statement of Financial Position

Attachment 3 – Statement of Cashflows

Attachment 4 – Statement of Changes in Equity

Attachment 5 – Uniform Presentation of Finances

Yorke Peninsula Council										
LONG TERM FINANCIAL PLAN 2021 - 2030										
STATEMENT OF COMPREHENSIVE INCOME	Projected Years									
Scenario: Yorke Peninsula Council	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	$	$	$	$	$	$	$	$	$	$
Income										
Rates	23,920,663	24,639,330	25,393,993	26,158,641	26,982,444	27,849,175	28,740,909	29,611,713	30,459,491	31,370,003
Statutory Charges	379,792	384,904	390,097	395,373	400,734	406,181	411,715	417,337	423,049	428,853
User Charges	3,961,569	4,076,648	4,133,801	4,253,078	4,314,534	4,438,222	4,504,198	4,632,520	4,703,245	4,836,435
Grants, Subsidies and Contributions	5,133,657	3,234,251	3,225,777	3,237,327	3,228,902	3,240,503	3,232,129	3,243,781	3,235,460	3,247,165
Investment Income	176,633	173,082	169,585	166,785	163,790	160,593	158,498	159,073	160,028	161,275
Reimbursements	121,451	122,598	123,757	124,929	126,113	127,309	128,518	129,739	130,973	132,220
Other Income	185,439	189,669	190,442	194,758	195,619	200,026	200,978	205,477	206,524	211,120
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-
Total Income	**33,879,205**	**32,820,482**	**33,627,451**	**34,530,891**	**35,412,137**	**36,422,009**	**37,376,944**	**38,399,641**	**39,318,771**	**40,387,071**
Expenses										
Employee Costs	9,456,134	9,709,294	9,906,316	10,107,423	10,312,700	10,522,235	10,736,117	10,947,808	11,163,730	11,383,970
Materials, Contracts & Other Expenses	12,294,374	12,637,135	13,035,716	13,306,937	13,649,040	14,128,080	14,647,975	15,051,868	15,538,943	16,176,757
Depreciation, Amortisation & Impairment	10,970,032	11,079,732	11,190,530	11,302,435	11,415,459	11,529,614	11,644,910	11,761,359	11,878,973	11,997,762
Finance Costs	322,053	281,416	241,861	204,569	167,201	128,995	97,598	69,358	41,930	17,652
Net loss - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Total Expenses	**33,042,594**	**33,707,577**	**34,374,422**	**34,921,364**	**35,544,400**	**36,308,924**	**37,126,599**	**37,830,393**	**38,623,576**	**39,576,142**
Operating Surplus / (Deficit)	**836,611**	**(887,095)**	**(746,972)**	**(390,472)**	**(132,263)**	**113,085**	**250,344**	**569,248**	**695,195**	**810,929**
Asset Disposal & Fair Value Adjustments	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	-	-	-	-	-	-	-	-	-	-
Physical Resources Received Free of Charge	-	-	-	-	-	-	-	-	-	-
Operating Result from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	**836,611**	**(887,095)**	**(746,972)**	**(390,472)**	**(132,263)**	**113,085**	**250,344**	**569,248**	**695,195**	**810,929**
Total Other Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Comprehensive Income	**836,611**	**(887,095)**	**(746,972)**	**(390,472)**	**(132,263)**	**113,085**	**250,344**	**569,248**	**695,195**	**810,929**

Yorke Peninsula Council										
LONG TERM FINANCIAL PLAN 2021 - 2030										
STATEMENT OF FINANCIAL POSITION					**Projected Years**					
Scenario: Yorke Peninsula Council	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
ASSETS										
Current Assets										
Cash & Cash Equivalents	3,626,494	2,713,768	1,429,144	1,091,749	752,803	808,931	767,755	757,363	759,900	795,286
Trade & Other Receivables	1,733,892	1,610,075	1,643,377	1,684,749	1,706,054	1,685,619	1,705,648	1,744,394	1,765,609	1,808,591
Other Financial Assets	-	-	-	-	-	-	-	-	-	-
Inventories	648,531	666,702	687,662	702,388	720,646	745,693	772,795	794,228	819,805	852,855
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Total Current Assets	6,008,916	4,990,545	3,760,183	3,478,886	3,179,504	3,240,243	3,246,198	3,295,985	3,345,314	3,456,732
Non-Current Assets										
Financial Assets	432,654	341,382	245,806	145,717	55,921	27,004	12,260	-	-	-
Equity Accounted Investments in Council Businesses	-	-	-	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	307,904,908	307,325,175	307,134,645	306,332,210	305,766,751	305,137,137	304,792,227	304,730,867	304,851,895	305,104,132
Intangible Assets	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Other Non-Current Assets	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	308,337,561	307,666,557	307,380,451	306,477,927	305,822,672	305,164,141	304,804,486	304,730,867	304,851,895	305,104,132
TOTAL ASSETS	**314,346,477**	**312,657,102**	**311,140,633**	**309,956,813**	**309,002,175**	**308,404,384**	**308,050,685**	**308,026,853**	**308,197,209**	**308,560,865**
LIABILITIES										
Current Liabilities										
Cash Advance Debenture	-	-	-	-	-	-	-	-	-	-
Trade & Other Payables	1,880,342	1,932,720	1,989,261	2,031,570	2,082,218	2,148,887	2,220,437	2,278,851	2,346,932	2,432,650
Borrowings	854,659	826,038	835,656	873,022	777,546	675,593	651,494	592,919	532,992	-
Provisions	2,341,259	2,341,259	2,341,259	2,341,259	2,341,259	2,341,259	2,341,259	2,341,259	2,341,259	2,341,259
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-
Liabilities relating to Non-Current Assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	5,076,260	5,100,017	5,166,177	5,245,851	5,201,022	5,165,738	5,213,190	5,213,029	5,221,182	4,773,909
Non-Current Liabilities										
Trade & Other Payables	-	-	-	-	-	-	-	-	-	-
Borrowings	5,765,260	4,939,222	4,103,565	3,230,543	2,452,998	1,777,405	1,125,911	532,992	-	-
Provisions	301,741	301,741	301,741	301,741	301,741	301,741	301,741	301,741	301,741	301,741
Liability - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Other Non-Current Liabilities	-	-	-	-	-	-	-	-	-	-
Liabilities relating to Non-Current Assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	6,067,001	5,240,963	4,405,306	3,532,284	2,754,739	2,079,146	1,427,652	834,733	301,741	301,741
TOTAL LIABILITIES	**11,143,261**	**10,340,980**	**9,571,483**	**8,778,135**	**7,955,761**	**7,244,885**	**6,640,842**	**6,047,761**	**5,522,923**	**5,075,650**
Net Assets	**303,203,216**	**302,316,122**	**301,569,150**	**301,178,677**	**301,046,414**	**301,159,499**	**301,409,843**	**301,979,091**	**302,674,285**	**303,485,214**
EQUITY										
Accumulated Surplus	(14,133,784)	(15,020,878)	(15,767,850)	(16,158,323)	(16,290,586)	(16,177,501)	(15,927,157)	(15,357,909)	(14,662,715)	(13,851,786)
Asset Revaluation Reserves	315,100,000	315,100,000	315,100,000	315,100,000	315,100,000	315,100,000	315,100,000	315,100,000	315,100,000	315,100,000
Available for Sale Financial Assets	-	-	-	-	-	-	-	-	-	-
Other Reserves	2,237,000	2,237,000	2,237,000	2,237,000	2,237,000	2,237,000	2,237,000	2,237,000	2,237,000	2,237,000
Total Equity	**303,203,216**	**302,316,122**	**301,569,150**	**301,178,677**	**301,046,414**	**301,159,499**	**301,409,843**	**301,979,091**	**302,674,285**	**303,485,214**

Yorke Peninsula Council										
LONG TERM FINANCIAL PLAN 2021 - 2030										
STATEMENT OF CASH FLOWS					**Projected Years**					
Scenario: Yorke Peninsula Council	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Cash Flows from Operating Activities										
Receipts:										
Rates Receipts	23,901,228	24,617,078	25,370,626	26,134,965	26,956,937	27,822,339	28,713,298	29,584,751	30,433,242	31,341,811
Statutory Charges	379,792	384,439	389,625	394,894	400,247	405,686	411,212	416,826	422,530	428,325
User Charges	3,953,208	4,066,189	4,128,606	4,242,237	4,308,948	4,426,980	4,498,202	4,620,857	4,696,817	4,824,329
Grants, Subsidies and Contributions (operating purpose)	5,019,120	3,379,694	3,226,425	3,236,443	3,229,548	3,239,615	3,232,770	3,242,889	3,236,097	3,246,269
Investment Receipts	176,848	173,266	169,766	166,929	163,945	160,758	158,606	159,043	159,979	161,210
Reimbursements	225,090	121,882	123,034	124,198	125,374	126,562	127,763	128,976	130,203	131,441
Other	158,474	190,165	191,221	195,300	196,471	200,677	201,900	206,125	207,388	211,805
Payments:										
Payments to Employees	(9,448,371)	(9,699,951)	(9,899,246)	(10,100,208)	(10,305,336)	(10,514,720)	(10,728,447)	(10,940,170)	(11,155,940)	(11,376,023)
Payments for Materials, Contracts & Other Expenses	(12,342,079)	(12,613,152)	(13,008,054)	(13,287,503)	(13,624,943)	(14,095,025)	(14,612,206)	(15,023,582)	(15,505,188)	(16,133,139)
Finance Payments	(322,053)	(281,416)	(241,861)	(204,569)	(167,201)	(128,995)	(97,598)	(69,358)	(41,930)	(17,652)
Net Cash provided (or used in) Operating Activities	11,701,257	10,338,193	10,450,142	10,902,686	11,283,988	11,643,877	11,905,500	12,326,358	12,583,197	12,818,377
Cash Flows from Investing Activities										
Receipts:										
Amounts Received Specifically for New/Upgraded Assets	-	-	-	-	-	-	-	-	-	-
Sale of Replaced Assets	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Sale of Surplus Assets	-	-	-	-	-	-	-	-	-	-
Repayments of Loans by Community Groups	98,714	103,739	91,272	95,576	100,089	89,796	28,917	14,744	12,260	-
Payments:										
Expenditure on Renewal/Replacement of Assets	(11,000,000)	(10,600,000)	(11,100,000)	(10,600,000)	(10,950,000)	(11,000,000)	(11,400,000)	(11,800,000)	(12,100,000)	(12,350,000)
Expenditure on New/Upgraded Assets	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Loans Made to Community Groups	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(10,801,286)	(10,396,261)	(10,908,728)	(10,404,424)	(10,749,911)	(10,810,204)	(11,271,083)	(11,685,256)	(11,987,740)	(12,250,000)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from CAD	-	-	-	-	-	-	-	-	-	-
Proceeds from Borrowings	-	-	-	-	-	-	-	-	-	-
Payments:										
Repayments of CAD	-	-	-	-	-	-	-	-	-	-
Repayments of Borrowings	(851,608)	(854,659)	(826,038)	(835,656)	(873,022)	(777,546)	(675,593)	(651,494)	(592,919)	(532,992)
Net Cash Flow provided (used in) Financing Activities	(851,608)	(854,659)	(826,038)	(835,656)	(873,022)	(777,546)	(675,593)	(651,494)	(592,919)	(532,992)
Net Increase/(Decrease) in Cash & Cash Equivalents	48,363	(912,726)	(1,284,624)	(337,395)	(338,945)	56,127	(41,175)	(10,393)	2,537	35,385
plus: Cash & Cash Equivalents - beginning of year	3,578,131	3,626,494	2,713,768	1,429,144	1,091,749	752,804	808,931	767,756	757,363	759,900
Cash & Cash Equivalents - end of the year	**3,626,494**	**2,713,768**	**1,429,144**	**1,091,749**	**752,804**	**808,931**	**767,756**	**757,363**	**759,900**	**795,285**

Yorke Peninsula Council										
LONG TERM FINANCIAL PLAN 2021 - 2030										
STATEMENT OF CHANGES IN EQUITY	Projected Years									
Scenario: Yorke Peninsula Council	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	$	$	$	$	$	$	$	$	$	$
Opening Balance	302,366,606	303,203,216	302,316,122	301,569,150	301,178,677	301,046,414	301,159,499	301,409,843	301,979,091	302,674,285
Net Surplus / (Deficit) for Year	836,611	(887,095)	(746,972)	(390,472)	(132,263)	113,085	250,344	569,248	695,195	810,929
Other Comprehensive Income										
- Gain (Loss) on Revaluation of I,PP&E	-	-	-	-	-	-	-	-	-	-
- Available for Sale Financial Instruments: change in fair value	-	-	-	-	-	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	-	-	-	-	-	-	-	-	-	-
- Transfer to Accumulated Surplus on Sale of I,PP&E	-	-	-	-	-	-	-	-	-	-
- Other Movements	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	836,611	(887,095)	(746,972)	(390,472)	(132,263)	113,085	250,344	569,248	695,195	810,929
Transfers between Equity	-	-	-	-	-	-	-	-	-	-
Equity - Balance at end of the reporting period	**303,203,216**	**302,316,122**	**301,569,150**	**301,178,677**	**301,046,414**	**301,159,499**	**301,409,843**	**301,979,091**	**302,674,285**	**303,485,214**

Yorke Peninsula Council										
LONG TERM FINANCIAL PLAN 2021 - 2030										
UNIFORM PRESENTATION OF FINANCES	Projected Years									
Scenario: Yorke Peninsula Council	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	$	$	$	$	$	$	$	$	$	$
Operating Activities										
Income	33,879,205	32,820,482	33,627,451	34,530,891	35,412,137	36,422,009	37,376,944	38,399,641	39,318,771	40,387,071
less Expenses	(33,042,594)	(33,707,577)	(34,374,422)	(34,921,364)	(35,544,400)	(36,308,924)	(37,126,599)	(37,830,393)	(38,623,576)	(39,576,142)
Operating Surplus / (Deficit)	**836,611**	**(887,095)**	**(746,972)**	**(390,472)**	**(132,263)**	**113,085**	**250,344**	**569,248**	**695,195**	**810,929**
Capital Activities										
***less* (Net Outlays) on Existing Assets**										
Capital Expenditure on Renewal and Replacement of Existing Assets	(11,000,000)	(10,600,000)	(11,100,000)	(10,600,000)	(10,950,000)	(11,000,000)	(11,400,000)	(11,800,000)	(12,100,000)	(12,350,000)
add back Depreciation, Amortisation and Impairment	10,970,032	11,079,732	11,190,530	11,302,435	11,415,459	11,529,614	11,644,910	11,761,359	11,878,973	11,997,762
add back Proceeds from Sale of Replaced Assets	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
(Net Outlays) on Existing Assets	**270,032**	**779,733**	**390,530**	**1,002,435**	**765,459**	**829,614**	**544,910**	**261,359**	**78,973**	**(52,237)**
***less* (Net Outlays) on New and Upgraded Assets**										
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
add back Amounts Received Specifically for New and Upgraded Assets	-	-	-	-	-	-	-	-	-	-
add back Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-	-	-	-	-	-	-	-	-
(Net Outlays) on New and Upgraded Assets	**(200,000)**	**(200,000)**	**(200,000)**	**(200,000)**	**(200,000)**	**(200,000)**	**(200,000)**	**(200,000)**	**(200,000)**	**(200,000)**
Net Lending / (Borrowing) for Financial Year	**906,643**	**(307,362)**	**(556,442)**	**411,962**	**433,196**	**742,698**	**595,255**	**630,607**	**574,167**	**558,691**

Attachment 6 - Financial Terms Glossary

Accrual Accounting An accounting approach by which expenses, revenue, assets and liabilities are recognised in the reporting period to which they relate even though cash may have exchanged hands in different periods. It recognises expenses as they are incurred and revenue when it is earned.

Annual Budget A Council's statement of its intended operating expenses, revenue and capital expenditure that give effect to its annual business plan for the reporting period, its cash inflows and outflows associated with intended operating, investing and financing activities, and its projected financial position at the end of the reporting period.

Annual Business Plan (ABP) A Council's statement of its intended programmes and outcomes for the year.

Annual Financial Statements The Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity prepared in accordance with Australian Accounting Standards together with notes and certification statements as prescribed in the SA Model Financial Statements.

Assets Resources controlled by an entity the value of which can be reliably measured and from which future economic benefits are expected to flow to the entity.

Asset Maintenance Costs Costs incurred in holding and operating an asset so that it is capable of delivering service levels up to its design capacity over its useful life.

Asset Renewal/ Replacement Costs Costs associated with renewing or replacing as asset in order to maintain existing service level capacity.

Capital Expenditure Expenditure on items which will provide benefits that extend into future financial periods. It includes expenditure to acquired or enhance existing assets to provide expanded, or a higher level of, services.

Classes of Assets/ Asset Categories A grouping of assets of a similar nature and use in an entity's operations.

Community Wastewater Management Systems (CWMS) Systems designed to collect and treat septic tank effluent or effluent from properties.

Depreciation The value of the assets of a Council consumed and systematically allocated as an expense to a particular reporting period.

Financial Sustainability Occurs when expenditure, revenue raising and service level decision are made such that planned long-term service and infrastructure levels and standards can be achieved without unplanned increases in rates or disruptive cuts to services.

Infrastructure A term used to describe physical assets such as roads, buildings stormwater drainage and community wastewater management systems controlled by Council.

Asset Management Plan (AMP) A plan that projects the timing and level of cash flows associated with cost-effectively optimising acquisition of replacement and new additional assets and asset maintenance and disposal in order to be able to achieve desired service levels from assets.

Key Financial Indicators Financial measures or ratios that are used in management plans, annual reports and other internal and external reports to guide or assess the financial performance and position of Council.

Long Term Financial Plan (LTFP) A plan that projects a forecast of Council's financial performance and positon over a period of at least ten (10) years.

Model Financial Statements A template format for the presentation of Annual Financial Statements for Councils in SA and other bodies established pursuant to the Local Government Act.