DRAFT Long Term Financial Plan 2022-2031

YORKE PENINSULA COUNCIL

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Document Information

- Document Details

Document Title:	Long Term Financial Plan 2022 to 2031
Document Version:	Public Consultation
Document Date:	1 March 2021
File Name:	LTFP 2022 - 2031

- Document Authorisation

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Adopted by Council:	TBC

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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) as a key part of their Strategic Management Plans.

The objective of this LTFP for the financial year commencing 2021/2022 through to 2030/2031, 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 and infrastructure over the ten (10) years of the Plan in line with Council's goals as stated in its 2021 - 2025 Strategic Management Plan (SMP) and Asset Management Plans (AMP).

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 is an update to the LTFP 2021-2030 previously endorsed by Council in April 2020 and will replace it should Council adopt this version following community consultation. This LTFP has been developed taking into account current data (financial and service levels), cost indices, internal and external factors, forecast trends, current economic and political environment, revenue streams, updated asset information, limitations, impacts of COVID-19 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) to be a minimum 100% annually;
- Net Financial Liabilities Ratio (NFLR) to be below 100% of Operating Income annually;
- 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 met. For the purposes of this LTFP, CPI has been forecast to be on average 1.45% annually. It varies from 1% forecast in Y1 (2021/2022), increasing to 1.25% for Y2 (2022/2023) and Y3 (2023/2024), followed by an increase to 1.5% for Y4 – Y8 with Y9 – Y10 forecast to be 1.75%.

Forecast annual rate increases (general rates only) are shown in the table below.

Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
2.5%	2.5%	2.75%	2.85%	2.85%	2.90%	2.90%	2.75%	2.25%	2.0%

Total rate increases are approximately 4.25% greater than the previously endorsed LTFP 2021-2030, over the ten (10) year period. While there are a number of reasons for this increase, the following are significant:

- Income foregone over the life of the LTFP resulting from no increase to general rate income in 2020/2021 due to the economic impact of COVID-19 on Council's community. The LTFP forecasted a 1.9% increase. The total cumulative impact over the next ten (10) years equates to approximately $4m in reduced income if Rate increases are kept the same as the current LTFP;
- A reduction of 5% to Council's Financial Assistance Grants in years 1 – 5 of the revised LTFP. The net impact of this is $300k (or $60k average per annum) less in grant income;
- Net increase (after savings) of $500k in IT operating costs in accordance with the IT Strategic Plan as endorsed by Council;
- Increased repayments in Y2 – Y6 for new loans to fund Council's contribution to complement grant funding for 3 new major projects;
- Significantly larger operating deficits;
- Ongoing cost pressures for the delivery of Council services and infrastructure renewal; and
- Maintaining the current services and levels of infrastructure as informed by Council's AMP.

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 LTFP. The actual increase payable by any individual ratepayer may be more or less than the forecast rate increase 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. The amount of 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 approximately $109.6 million towards renewal and replacement of existing assets which is a decrease of approximately $4.6m or 4% compared to the current LTFP. 80% or approximately $88m of the $109.6 million available funding is specifically for transport assets (mainly roads). An additional $3.7 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 COVID-19 related and other recent Council decisions, asset revaluations and one-off grant funding (Y1 only), Council will achieve a small negative Operating Surplus Ratio (OSR) in Y1 (2020/2021). The negative OSR is then forecast to increase significantly in Y2 before declining from Y3 onwards. Council is forecast to return to a positive OSR in Y7 and this will continue to remain positive for the remainder of the LTFP.

The minimum Asset Renewal Funding Ratio (ARFR) target of 100% is only achieved in Years 1, 5-8 and 10, however the average ratio over the life of the revised LTFP is 102% which is about 6% less than the previously endorsed LTFP 2021-2030. The inconsistent nature of this ratio is reflective of AMP renewal targets (rather than depreciation) 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 backlog.

Council's forecast Net Financial Liabilities Ratio (NFLR) continues to be well below sector recommended maximum limits and Council's LTFP target of 100% of Operating Income even though three (3) new loan borrowings have been included in this LTFP.

The reasons for variations to Council's financial sustainability ratios are detailed in the 'Measuring Our Performance' section of this LTFP.

Overall Impact

There has been significant financial improvement in the last five (5) years, which has been somewhat undone by the impacts of COVID-19 in 2020/2021. While the previously endorsed LTFP 2021-2030 forecasted Council returning to an operating surplus in Y5, this LTFP does not forecast an operating surplus until Y7. The main reasons for this delay have been discussed earlier in this LTFP. In order to address this and other issues detailed in this LTFP, forecast rate increases over the next ten (10) years are higher than the previously endorsed LTFP 2021-2030.

While Y1 has been somewhat skewed by one-off grant funding which masks the significant cumulative impact of reduced income, Y2 – Y6 reveal the true negative impact resulting in operating deficits. The effects of this are forecast to be felt until Y7 when Council is expected to return to surplus. The positive result in Y7 is then forecast to build and continue for the rest of this Plan, which shows Council is able to recover from these short-medium term issues and meet the objectives of this LTFP without a significant increase in rates.

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 in achieving the objectives of this LTFP 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 and ongoing review of asset inventory to ensure depreciation is accurate
- COVID-19 and similar events and their impact on Council and its community
- 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 and other operating 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 LTFP is consistent with the audited Annual Financial Statements as at 30 June 2020, 2020/2021 Annual Business Plan and Budget and the 2020/2021 September (and significant December) quarterly budget adjustments endorsed by Council. The LTFP forecasts have been based on the 2020/2021 September (and significant December) quarter revised Budget along with current Asset Management Plans (AMP), IT Strategic Plan, strategic financial policies and a set of assumptions necessary given the high level of this LTFP 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 15 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 LTFP. 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 28 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 LTFP 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 LTFP does not rely on asset sales to fund core services or renewal of infrastructure, however, three (3) new loans totalling $3.1m for a fixed five (5) year term with repayments commencing in Y2 (2021/2022), have been included. The loans are for Council's contribution to three (3) major projects where 50% grant funding is being made available with the remainder to be funded by Council. Grant funding for two (2) out of the three (3) projects has already been approved, while funding for the other project has been applied for and Council's application is still being considered. More detail about these projects can be found later in this LTFP.

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 set 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 this LTFP 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 this LTFP and minimising the impact of any risks and uncertainty while maintaining current levels of service and infrastructure without excessive rate increases.

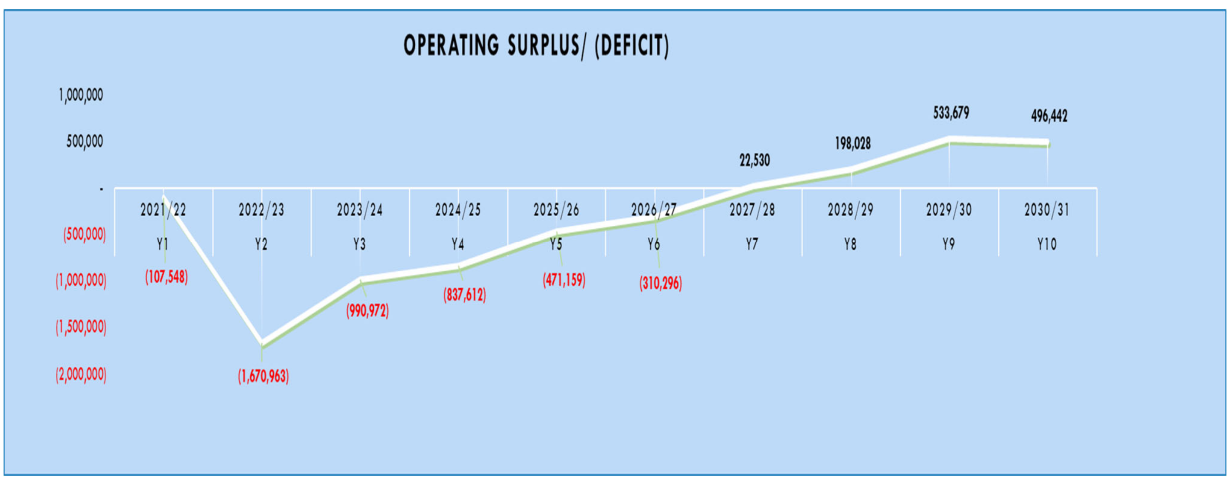
The annual targets set by Council are:

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/ (Deficit) is shown in the graph below.



The graph above shows that Council will not achieve an Operating Surplus until Y7 (2027/2028). Following that the surplus will continue to increase annually while remaining within Council's set target.

As previously mentioned in this LTFP Council's operating bottom line has been significantly impacted by a number of major variations to income and expenditure when compared to Council's previously endorsed LTFP 2021-2030. This has led to Council not forecasting an operating surplus until Y7 whereas in the previously endorsed LTFP this was forecast in Y5 (2025/2026).

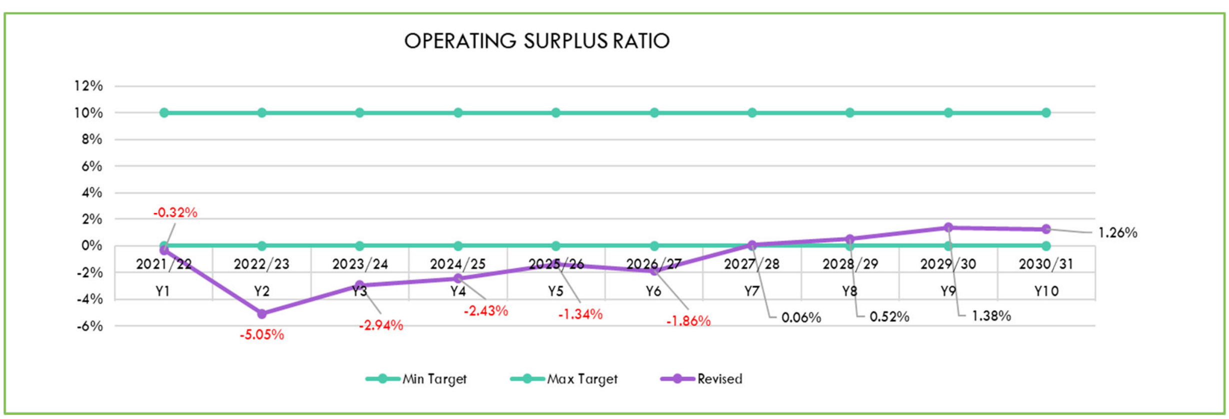
Major variations impacting this LTFP are:

- Income foregone over the life of the LTFP resulting from no increase to general rate income in 2020/2021 due to the economic impact of COVID-19 on Council's community. The LTFP forecasted a 1.9% increase. The total cumulative impact over the next ten (10) years equates to approximately $4m in reduced income if Rate increases are kept the same as the previously endorsed LTFP 2021-2030. This LTFP has forecast rate increases higher than the previously endorsed LTFP to recover some of the income foregone to ensure Council continues to meet its LTFP objectives and maintain current levels of service and infrastructure renewal;
- A reduction of 5% to Council's Financial Assistance Grants in years 1 – 5 of the revised LTFP. The net impact of this is $300k (or $60k average per annum) less in grant income;
- Net increase (after savings) of $500k in IT operating costs in accordance with the IT Strategic Plan as endorsed by Council. This includes one-off expenditure of $550k and $495k in Y1 and Y2 respectively for the replacement of Council's corporate software system;
- Increased repayments in Y2 – Y6 for new loans to fund Council's contribution to complement grant funding for three (3) new major projects;
- Net decrease in annual depreciation in Y1 due to recent transport asset revaluations leading to a reduction in replacement values;
- Y1 is inflated by a one-off State Government grant of $1.55m to upgrade sealed roads. The total cost of the project is $3.1m. Council has submitted an application that is still being assessed. If this one-off grant income is removed from Council's total operating income, the forecast deficit in Y1 is significantly higher.

Additionally forecast movements in various income and expenditure lines, ongoing cost pressures to continue delivery of existing Council services, maintenance and renewal of infrastructure and assets to current levels have also resulted in forecast operating surpluses being delayed by two (2) years. Further this LTFP forecasts operating deficits to be larger and surpluses to be smaller when compared to the previously endorsed LTFP 2021-2030.

The increasing surplus from Y8 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 LTFP.

Based on the Operating Surplus/ (Deficit) forecast in the graph on page 11 above the forecast OSR for this LTFP is shown in the graph below.

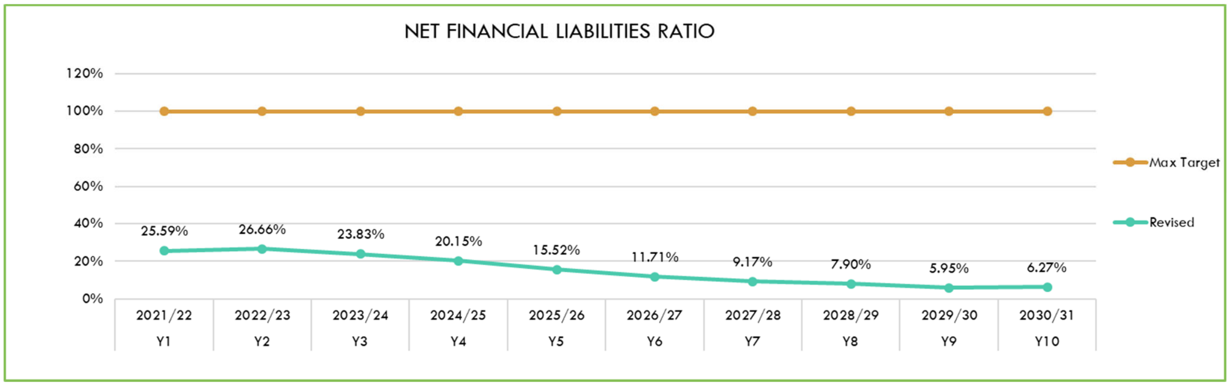


The trend in the OSR in the graph above is reflective of the movement in the forecast operating surplus/ (deficit) shown in the graph on page 11.

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 this LTFP, with 26.66% being the highest (Y2) and 6.27% being the lowest (Y10). This is well within the financial sustainability targets of this LTFP.

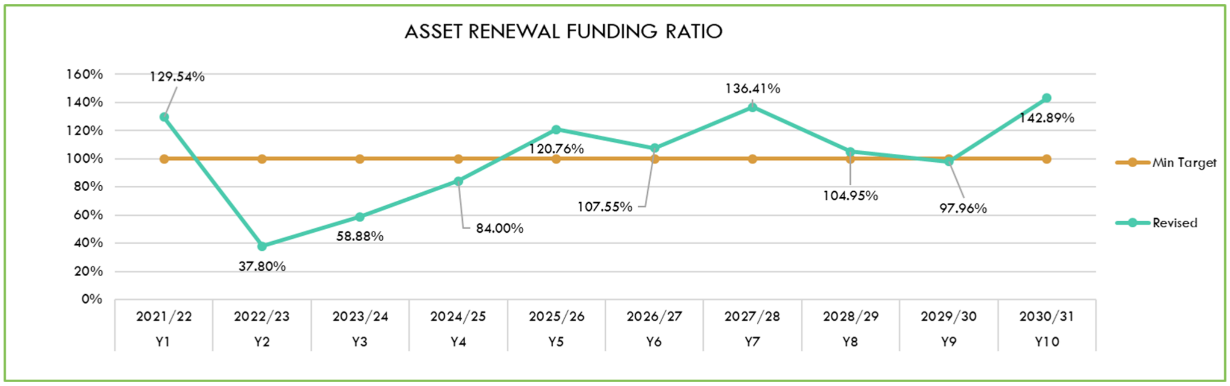
Compared to the previously endorsed LTFP 2021-2030 the NFLR in this LTFP is higher in Y1-Y5, being the net impact of repayments of existing loans, draw down and repayment of three (3) new loans and generally lower cash balances over the life of this LTFP. The average increase in Y1-Y5 ranges between 8.3% and 2.3%.

The decreasing ratio provides Council with the opportunity to continue borrowing 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 1, 5-8 and 10, however the average ratio over the life of the revised LTFP is 102% which is about 6% less than the previously endorsed LTFP 2021-2030. The reduced average ARFR is reflective of the lower levels of cash and increase in operating deficits forecast (especially in the early years) of this LTFP, reasons for which have been discussed earlier. This reduction in funding has led to the amount available for capital renewal expenditure being substantially lower than the previously endorsed LTFP 2021-2030. This is explained in detail later in this LTFP.

The inconsistent nature of the revised ratio is reflective of AMP renewal targets (rather than Depreciation) 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.

Key assumptions, influences and priorities

As stated earlier this LTFP is based on a 'business as usual' model as far as practicable, including any impacts of COVID-19, completed service level reviews, variations to current levels of service and 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 LTFP are listed below. A number of assumptions have been made and are detailed later in this LTFP.

External

- CPI (All groups, Adelaide)
- COVID-19
- Landscape Levy
- Solid 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 LTFP
- IT Strategic Plan requirements

CPI

While individual income and expenditure items will have varying degrees of increases, an underlying CPI has been assumed to determine variations in this LTFP. The Adelaide all groups, December 2020 quarter CPI of 1% has been used for indexation purposes in Y1 (2021/2022), 1.25% has been forecast for Y2 and Y3, 1.5% has been forecast for Y4-Y8 and 1.75% forecast for Y9 and Y10. The forecast is reflective of current COVID-19 economic impacts and possible future economic recovery.

Borrowings

As stated earlier three (3) new loans totalling $3.1m have been included in this LTFP, to be drawn down in Y1 (2021/2022) with repayments to commence in Y2 (2021/2022) and cease in Y6

(2026/2027). These new loans are Council's 50% contribution to three (3) one-off major projects which are 50% grant funded. The projects (and their total costs) are:

1. Gardner St and Fowler Tce, Price road upgrade: $1.512m;
2. Road shoulder widening, strengthening and sealing (approx. 39km): $3.105m; and
3. Minlaton airstrip sealing: $1.65m.

Indexation

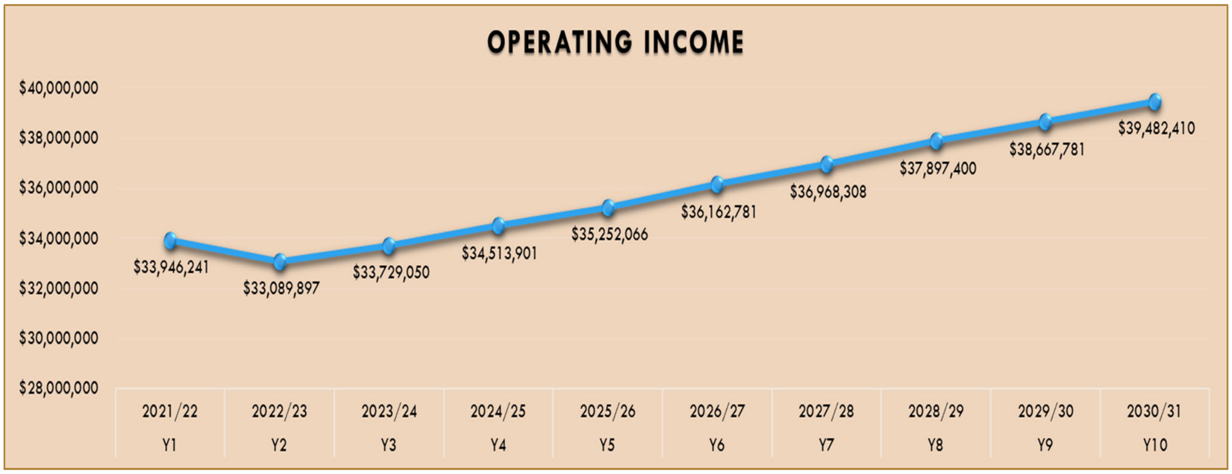
The table below summarises the approximate annual changes in income and expenditure types (compared to the previous year). It should be noted there are individual items that have increased more than that stated below. These items and the reasons for the increase are outlined in more detail later in this LTFP.

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
					Income					
General Rates	2.5%	2.5%	2.75%	2.85%	2.85%	2.9%	2.9%	2.75%	2.25%	2%
NRM Levy	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Waste Charge	-1.6%	3%	3%	3%	3%	3%	3%	3%	3%	3%
CWMS Charge	3%	2.7%	1%	1%	1%	1%	1%	1%	1%	1%
Water Supply Charge	2.5%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Statutory Charges	1.3%	0.8%	0.8%	1%	1%	1%	1%	1%	1.2%	1.2%
User Charges – Caravan Parks	1.1%	2.25%	2.25%	2.5%	2.5%	2.5%	2.5%	2.5%	2.75%	2.75%
User Charges – NDIS	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
User Charges – Other		3.9%	-3.0%	3.1%	-1.3%	4.2%	-1.2%	4.1%	-0.9%	4.3%
Investment Income	-18%	0.5%	0.5%	1%	1%	1.5%	1.5%	1.5%	1.75%	1.75%
Reimbursements	-40%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Other Income	-53%	5.3%	-4.8%	5.3%	-4.8%	5.3%	-4.8%	5.3%	-4.7%	5.3%
Other Income – Fuel Credits	1%	1.25%	1.25%	1.5%	1.5%	1.5%	1.5%	1.5%	1.75%	1.75%
					Expenditure					
Employee - Salaries & Wages	2.5%	2.85%	2.15%	2.85%	2.15%	2.84%	2.16%	2.84%	2.16%	2.84%
Employee - Leave Expense	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Employee - Superannuation	3.2%	3.4%	2.6%	3.7%	2.8%	2.75	2.3%	2.7%	2.3%	2.7%
Employee - Workers Compensation	2.7%	3.1%	1.9%	3.1%	1.9%	3.1%	1.9%	3.1%	1.9%	3.1%
Employee - Income Protection	2.8%	2.8%	2.2%	2.8%	2.2%	2.8%	2.2%	2.8%	2.2%	2.8%
Employee – Other	4.1%	1%	1%	1.2%	1.2%	1.2%	1.2%	1.2%	1.5%	1.5%
Prescribed Expenses	0.9%	19%	-13%	0.9%	0.95	18%	-12%	1.1%	1.1%	16%
Contractors	-8%	-1%	-16%	1%	0.1%	0.1%	0.85	1.1%	-0.5%	1.8%
Waste & Recycling	-7%	2%	3%	3%	3%	3%	3%	3%	3%	3%
Landscape Levy	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Utilities – Electricity & Gas	-1.5%	1%	1%	1%	1%	1.1%	1.1%	1.1%	1.1%	1.1%
Utilities - Water	-4.5%	1.25%	1.25%	1.25%	1.25%	1.5%	1.5%	1.5%	1.5%	1.5%
Telephone/Mobile	6.5%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.45%
Other	-8.3%	3%	1.5%	1.4%	0.25%	2.6%		2.4%	0.5%	2.15%
Insurance	1.7%	1.8%	2.2%	1.85%	1.9%	2.3%	2%	2%	2.3%	2%
Depreciation	1.8%	1.5%	1.5%	1.5%	0.5%	1.5%	1.5%	1.5%	0.5%	1.5%
Finance Costs	-12%	3.2%	-16%	-20%	-25%	-29%	-34%	-40%	-58%	-100%

Operating Income

Council's operating income base on which this Plan is built is $34.3 million of which approximately 70% is derived from Rates and Service charges (waste, CWMS and water supply). At the end of the Plan, operating income is forecast to be $39.5m (keeping in mind that $1 today will not be worth that in Y10:2030/2031). 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 or higher.

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



There is an $856k or 2.5% decline in Y2 before average annual increases of 2.2% or $799k from Y3 onwards. The decrease in Y2 is the net impact of reduction in grant income and increases to other sources of income primarily rates and service charges.

When compared to the previously endorsed LTFP 2021-2030, operating income from Y2 – Y10 is comparatively less in this LTFP primarily due to the cumulative impact of rate income foregone as a result of no increase to rate revenue in 2020/2021 in response to the economic impact of COVID-19 and to a lesser degree a reduction in Financial Assistance grants in Y1-Y5 ($60k annually on average).

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

Rates

Rates ($23.4m base) include revenue from General Rates, Service Charges (Refuse Collection, CWMS and Water Supply), Landscape Levy 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 LTFP. The increase shown in the table below is the overall increase to total general rate revenue and actual changes to rates will vary dependant on valuations and other criteria. As mentioned previously at this stage no growth has been modelled over the life of this LTFP.

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
General Rate Revenue – Proposed Annual Increase										
Forecast CPI	1%	1.25%	1.25%	1.5%	1.5%	1.5%	1.5%	1.5%	1.75%	1.75%
Financial Sustainability Levy	1.5%	1.25%	1.5%	1.35%	1.35%	1.4%	1.4%	1.25%	0.5%	0.25%
TOTAL GENERAL RATE REVENUE INCREASE	**2.5%**	**2.5%**	**2.75%**	**2.85%**	**2.85%**	**2.90%**	**2.90%**	**2.75%**	**2.25%**	**2%**

The average rate increase over the life of the Plan is 2.63% p.a. compared to 2.21% p.a. in the previously endorsed LTFP 2021-2030. Council has tried to ensure rate increases are manageable, consistent and adhere to the principles of intergenerational equity with no large spikes across this

LTFP. The rate increases are set to ensure current levels of service and infrastructure continue to be provided while managing ongoing cost pressures and internal and external factors impacting Council's operations.

The proposed rate increases are the minimum required to meet the objectives of this LTFP and maintain it for the remainder of this LTFP 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 3% increase p.a. based on historical increases, contract terms, forecast variations in the cost of fuel, forecast increases to the State Government's waste levy impacting disposal costs, growth in collections and forecast increases to recycling processing costs. The previously endorsed LTFP 2021-2030 allowed for a 10% 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 in Y1, 2.7% increase in Y2 and then a 1% increase annually from Y3 onwards. This is 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 (excluding Marion Bay desalination plant). This remains virtually the same as the previously endorsed LTFP2021-2030.

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 3% annual increase to the Landscape Levy ($1.15m base) is based on average historical increases. Exact annual amounts are generally confirmed by the Board in May/June each year.

Council is required to collect an amount each year as advised by the Board. The amount collected (net of rebates) is then paid to the Board. Capital value of properties are used to determine how much each ratepayer will pay.

Statutory Charges

Statutory Charges ($387k 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 expected to increase by 2% in Y1 due to the change in fee structure as a result of the new online Planning portal and increase is State Government set fees to increase cost recovery.

The average annual increase is 1% which is below forecast CPI.

User Charges

This category of income ($4.4m base) consists of fees and charges for recovery of service delivery costs i.e. user pays and income from Caravan Parks, NDIS income from Council's Leisure Options service, boat ramps and bush camping sites operated or leased by Council. It should be noted that in 2020/2021 Council acquired the Port Rickaby Caravan Park which was previously privately leased. It is now operated by Council. This transaction resulted in Council's forecast user charges income base increasing by approximately $335k. Bush camping has seen a significant increase due to COVID-19 restrictions and changes in travel patterns leading to a substantial forecast increase in revenue in Y1 and Y2.

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. User charges income is expected over the life of this LTFP to increase as follows:

- Council operated Caravan Parks (6 in total): 2.4% annually
- YP Leisure Options (NDIS): 3% annually
- Miscellaneous: 1.3% annually
- Art Exhibition: only included every 2nd Year and remaining constant

The average annual increase over the life of this LTFP is 2.2% driven primarily by Caravan Parks.

Grants & Subsidies

This income source has a current base (2020/2021) of $5.5m which is forecast to decrease to $4.7m in Y1 (2021/2022), then decrease by a further $1.59m or 34% in Y2. From Y3 – Y5 it is forecast to decrease by an average of $46k or 1% before increasing slightly (1% average) year on year from Y6.

The decrease in Y1 is due to the net impact of various one-off drought, bush fire and COVID-19 stimulus related grant funding received in the year prior and now removed from this LTFP and the potential to receive a one-off $1.55m in sealed roads renewal grant funding. Council's application is still being considered at this stage. Once these one-off grants are expended grant income is forecast to be more consistent in Y3 and beyond, notwithstanding some reductions listed below.

Some variations to regular grant income are as follows:

- 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

2020/2021 Council’s general purpose allocation was reduced by $56k or 4%. Council has been advised that a further 5% cut annually is likely from Y1 – Y5. This equates to approximately $300k forecast total income not received ($60k average per annum).

- 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 $405k 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. No further amounts have been forecast in this LTFP.
- 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 roads. Council’s annual allocation is approximately $822k. In the last two (2) years an additional one-off drought related amount of $411k was paid annually. The grant is forecast to revert back to Council’s normal annual allocation from Y1 (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 LTFP.
- Library grants - no increase due to uncertainty of funding. Maintained at historical levels for the life of this LTFP.
- Art Exhibition sponsorship – included every alternate year commencing 2022/2023 to reflect timing of the event. Amount maintained at historical levels.

Investment Income

Investment Income ($173k 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 forecast base for interest has been reduced by 20% to reflect the current interest rates on offer which are very low. A very slight increase ranging between 0.5% in Y1 and 1.75% in Y10 has been forecast using a very conservative approach. The reduction also reflects the significant decrease in interest on community loans as they reach their end. Council is forecast to be debt free in Y9.

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 $119k base in 2020/2021 this makes up a very small component of Council’s total operating income. Once any one-off large amounts were removed this income source is only forecast to grown 0.7% annually for the duration of this LTFP.

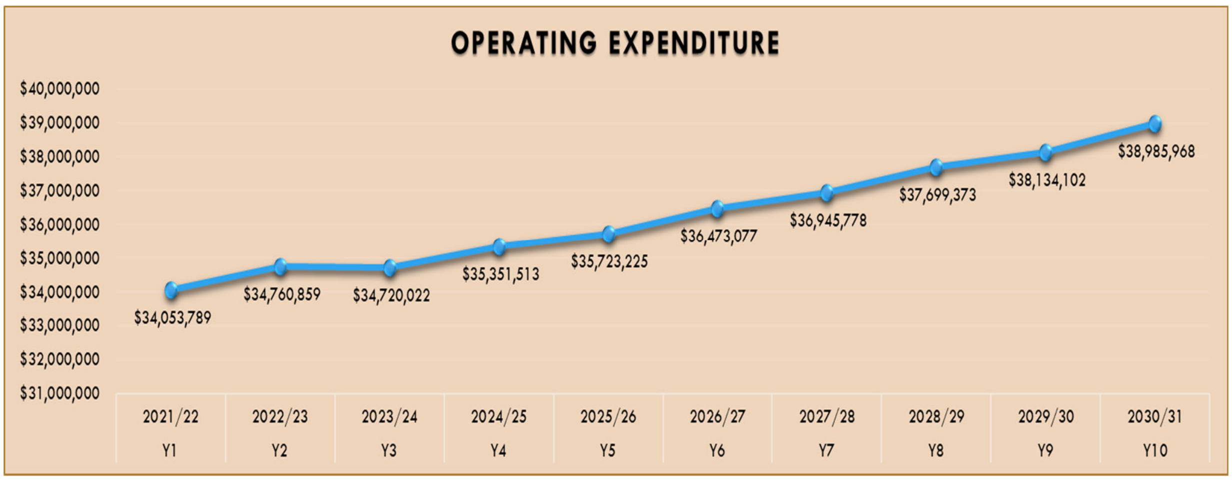
Other Revenue

All income that cannot be classified in the categories above is included here. The current base is $172k with the biggest item being the ATO's fuel tax credits. This LTFP forecasts a 1.2% average annual increase once any one-off large amounts have been removed.

Operating Expenses

Council's operating expense base on which this LTFP is built is $34.5m of which approximately 40% or $13.9 million consists of materials, contracts and other expenses, 28% consists of employee costs (operating only), 31% is for depreciation and the balance is for finance costs (interest on loans). At the end of this LTFP operating expenditure is forecast to be $39m (keeping in mind that $1 today will not be worth that in Y10: 2030/2031). 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 or higher.

The forecast for operating expenditure over the life of this LTFP 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 1.1% and 2.2% (1.5% average). When compared to the previously endorsed LTFP 2021-2030, overall this LTFP is significantly lower across the ten (10) year period.

The following significant variations have contributed to the overall forecast expenditure:

- Waste collection and disposal costs: 3% increase annually (down from 10%);
- Employee costs: 2.5% average annual increase (up from 2.1%);
- Depreciation down 1% or $1m overall compared to previously endorsed LTFP
- Electricity cost decrease on average compared to previously endorsed LTFP;
- Decrease in water costs compared to previously endorsed LTFP;
- Overall decrease in interest costs;
- Increased IT costs ($500k) across this LTFP.

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 LTFP.

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

Employee Costs

Includes all operating employee costs 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 reasonably consistent across the life of this LTFP. Approximately $1.2m (indexed annually) has been allocated in capital wages every year. The total employee cost base (operating and capital) is approximately $10.7m (excluding labour oncost).

The LTFP provides for legislated increases in the superannuation guarantee moving from 9.5% in 2020/2021 to 12.0% by 2025/2026 in annual increments of 0.5%. The first increment is forecast for Y1 (2021/2022).

Salary and wage increases are forecast reflective of the current Enterprise Bargaining Agreements (EBA's) which conclude on 30 June 2022. Y1 is included at 2.5% while Y1 – Y10 are forecast at 2%. Future iterations of the LTFP will reflect the most up to date EBA's as they are finalised.

An annual allowance of 0.5% has been forecast for reclassifications, step increments, contract negotiations and market factors. In addition the base in Y1 has been increased by approximately $110k to reflect two (2) additional staff positions (one full-time and one temporary part-time every 2nd year) endorsed by Council. The 2021/2022 forecast employee costs are driven by a full time equivalent (FTE) base of 116.8. No other increases in FTE are factored into this LTFP.

This LTFP forecasts an average annual increase of 2.5% compared to 2.1% in the previously endorsed LTFP 2021-2030.

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 $13.9m.

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 (2021/2022) resulting in a net reduction of approximately $836k compared to 2020/2021.

Major variations that have impacted this LTFP are:

- One-off projects funded by one-off grants in 2020/2021 not included in Y1;
- Port Rickaby Caravan Park now operated by Council. Previously privately leased. A full year of expenditure (approximately $300k) now included in Y1 and indexed;

- IT Strategic Plan – full cost of plan included in this LTFP. Y1 and Y2 have one-off ERP replacement costs of $550k and $495k respectively. Operating IT costs in this LTFP are $500k or 9.25% greater than the previously endorsed LTFP 2021-2030;
- $50k included annually for dredging projects;
- Waste collection, disposal and processing – annual increase of 3% on a base of $2.33m compared to the previous LTFP increase of 10%. Y1 costs are approximately $113k or 5% down compared to prior year. Costs are reflective of historical increases, contract terms, and variations in fuel costs, forecast increases to the State Government's waste levy impacting disposal costs, slight growth in collections and forecast increases to recycling processing costs. Costs are recovered through an annual service charge levied to users as permitted by legislation;
- Cleaning of facilities – Council public toilets, offices, depots is forecast to increase by approximately $27k or 6% in Y1 and then annually by CPI. $16k of the increase is for the cleaning of bush camping toilets which is a new service. The remainder of the increase is as per the contract and additional touch point cleaning in response to COVID-19.
- Electricity costs 1.6% or $10k down on a base of $607k after including an additional $20k for Port Rickaby Caravan Park annual costs. Savings are reflective of lower than previously forecast annual increases due to more stable market conditions and Local Government sector wide procurement advantages. Ongoing upgrades to LED streetlights is likely to result in further savings;
- Plant and machinery running costs - $31k or 4.3% reduction in fuel costs with CPI increases annually from Y2. Reflective of current price of fuel with some increase forecast;
- Water costs down by 4.5% or $30k on a base of $663k due to reduction in SA Water costs. CPI increase annually from Y2;
- Telecommunication cost base of $209k up by 6.5% or $15k due to ISDN lines requiring upgrades to access NBN. Y2-Y10 forecast to increase 1.4% annually 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;
- Council elections – previously forecasted at $64k per election, now revised to $52k per election based on actual cost incurred for the last election held. Overall reduction in this LTFP is $24k or 19%.
- Caravan Parks Linen Service – new service introduced post COVID-19 on a six (6) month trial. Forecast to continue indefinitely at this stage. Net cost is $44k annually;
- Emergency Services Levy cost base of $31k reduced by 10% in Y1 to reflect current amount paid;
- Schedule 7 development fee contributions of $11k per annum no longer required due to change in fee structure and introduction of online planning portal;
- Depot tools, equipment and materials and minor plant running costs forecast to increase by 31% or $25k to a base of $81k in Y1.

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 climate and COVID-19 impacts.

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 AMP's, latest asset revaluations, current asset data held and updated by Council 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 1.33%. This LTFP has approximately $1m or 1% lower forecast deprecation over its life. Base depreciation has seen an approximate decrease of 3% of $330k. This significant reduction has been brought about by recent asset revaluations particularly in the Transport asset class. The revaluation resulted in a significant decrease in replacement value leading to a reduction in forecast depreciation. This change has also impacted the annual required renewal spend on Transport assets as detailed in the "Capital Expenditure" section of this LTFP. The Transport asset class and Land, Buildings and Structures asset class continue to be the highest value asset base on Council's books.

This decrease in depreciation has had a significant favourable impact on Council's operating bottom line and the Operating Surplus Ratio.

As mentioned earlier this LTFP proposes to provide $109.6m over ten (10) years for renewal of existing assets with an additional $3.87m 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.

As stated earlier in this LTFP three (3) new loans worth $3.14m are included to fund Council's contribution to three (3) major projects. It is intended that the fixed term five (5) year loans will be drawn down in Y1 with repayments to commence in Y2.

Assuming no new loans other than the three (3) mentioned above are taken, Council is forecast to be debt free in Y9 (2029/2030).

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.

The table below highlights the individual asset classes and the AMP required spend over the life of this LTFP. 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 $109.6m funding available for renewal and replacement of existing assets in this LTFP.

AMP RENEWAL TARGETS	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	TOTAL	% of TOTAL
Transport	$ 5,475,569	$ 20,064,430	$ 10,119,806	$ 6,533,710	$ 3,367,911	$ 5,654,814	$ 3,868,505	$ 5,698,656	$ 5,345,972	$ 3,985,008	**$ 70,114,381**	**59%**
CWMS	$ 128,361	$ 95,849	$ 183,167	$ 277,689	$ 212,373	$ 529,061	$ 266,252	$ 190,010	$ 257,049	$ 271,592	**$ 2,411,403**	**2%**
Water	$ 18,263	$ -	$ 14,580	$ 30,290	$ -	$ 93,993	$ 18,278	$ 59,421	$ 45,675	$ 34,577	**$ 315,077**	**0%**
Stormwater	$ 22,310	$ 45,129	$ 36,184	$ 65,563	$ 55,627	$ 25,622	$ 65,996	$ 124,143	$ 137,252	$ 147,975	**$ 725,801**	**1%**
Land, Buildings & Structures	$ 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	$ 2,808,000	**$ 24,395,000**	**21%**
Furniture & Fittings	$ 82,998	$ 30,689	$ 65,883	$ 3,232	$ 52,113	$ 132,282	$ 46,319	$ 42,021	$ 42,954	$ 3,050	**$ 501,541**	**0%**
IT	$ 144,635	$ 314,459	$ 90,223	$ 260,337	$ 25,872	$ 684,465	$ 281,144	$ 98,151	$ 182,250	$ 33,830	**$ 2,115,366**	**2%**
Other Assets	$ 164,420	$ 105,168	$ 72,506	$ 96,256	$ 89,186	$ 77,699	$ 102,594	$ 1,227,227	$ 568,286	$ 514,331	**$ 3,017,673**	**3%**
Minor Plant	$ 79,984	$ 19,156	$ 39,640	$ 48,610	$ 112,386	$ 42,321	$ 49,641	$ 31,141	$ 41,284	$ 24,452	**$ 488,615**	**0%**
Major Plant/ Fleet Vehicles	$ 1,200,121	$ 1,144,982	$ 1,471,202	$ 280,478	$ 1,850,933	$ 846,502	$ 2,471,532	$ 2,004,217	$ 1,584,118	$ 994,965	**$ 13,849,050**	**12%**
Total	**10,469,661**	**24,674,862**	**15,624,191**	**10,952,165**	**7,639,401**	**9,111,759**	**7,844,261**	**10,957,987**	**11,841,840**	**8,817,780**	**117,933,907**	**100%**

Graphs presented earlier in this Plan show that Council only meets the minimum ARFR target of 100% in Y1, Y5-Y8 and Y10, however, the average ARFR over the life of this LTFP is 102%. The average ARFR being slightly in excess of 100% means Council's backlog or renewal gap i.e. required expenditure to maintain its assets compared to actual expenditure, is being somewhat addressed.

It should be noted that the table above does not take into account Council's Infrastructure backlog or renewal gap of approximately $16m of which Transport alone is $11m. While this amount is significant, it needs ongoing review and this occurs continuously during periodic asset revaluations. It should be noted that the backlog has reduced by approximately $3m in the last twelve (12) months as a result of the latest Transport asset revaluation which resulted in a significant decline in replacement values of Council's unsealed roads.

The table below is 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 $109.6m for asset renewal over the period 2022 – 2031 is approximately $8.3m less than the previously endorsed LTFP 2021-2030. This shows that Council does not have enough funding to renew its assets as they are consumed, let alone address any backlog.

	AMOUNT
10 year required renewal	$117.9m
LTFP allocation	$109.6m
GAP	**$8.3m**
Add: Estimated backlog – all classes	$16m
GAP	**$24.3m**

Asset Renewal

The table below sets out the annual proposed allocation (estimate only) 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	$ 13,862,000	$ 9,550,000	$ 9,500,000	$ 9,500,000	$ 9,525,000	$ 10,100,000	$ 11,000,000	$ 11,800,000	$ 11,900,000	$ 12,900,000	$ 109,637,000	% of Total
Asset Class	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**TOTAL**	
Transport	$ 7,196,366	$ 7,759,022	$ 7,666,069	$ 7,526,458	$ 7,607,000	$ 7,751,324	$ 8,599,474	$ 9,326,426	$ 9,410,024	$ 10,065,856	$ 82,908,019	76%
CWMS	$ 128,361	$ 95,849	$ 183,167	$ 277,689	$ 212,373	$ 529,061	$ 266,252	$ 190,010	$ 257,049	$ 271,592	$ 2,411,403	2%
Water	$ 18,263	$ -	$ 14,580	$ 30,290	$ -	$ 93,993	$ 18,278	$ 59,421	$ 45,675	$ 34,577	$ 315,077	0.3%
Stormwater	$ 22,310	$ 45,129	$ 36,184	$ 65,563	$ 55,627	$ 25,622	$ 65,996	$ 124,143	$ 137,252	$ 147,975	$ 725,801	1%
Land, Buildings & Structures	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 750,000	$ 750,000	$ 750,000	$ 1,000,000	$ 6,250,000	6%
Furniture & Fittings	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 50,000	0.0%
IT	$ 50,000	$ 100,000	$ 50,000	$ 50,000	$ 100,000	$ 150,000	$ 250,000	$ 300,000	$ 250,000	$ 330,000	$ 1,630,000	1.5%
Other Assets	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 250,000	0.2%
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%
One-Off Grant Funded (Transport)	$ 4,896,700										$ 4,896,700	4%
Total	**13,862,000**	**9,550,000**	**9,500,000**	**9,500,000**	**9,525,000**	**10,100,000**	**11,000,000**	**11,800,000**	**11,900,000**	**12,900,000**	**109,637,000**	**100%**

The table above shows that 80% of the $109.6m 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.

Included in Y1 are three (3) one-off major projects funded 50% by Council and 50% via grant funds. The projects are:

1. Gardner St and Fowler Tce, Price road upgrade: $1.512m;
2. Road shoulder widening, strengthening and sealing (approx. 39km): $3.105m; and
3. Maitland air strip micro surfacing and line marking: $280k.

As stated earlier Council will borrow to fund its share of the cost for projects 1 and 2 above.

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 under each asset class will be determined annually as part of Council's Annual Business Plan and Budget preparation and are subject to Council approval. The allocation in the table above is a guide only and may be varied during Annual Business Plan and Budget preparation.

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 general allocation of $1.8m ($200k p.a.) for Y2-Y10 of this LTFP has been included. This amount remains unchanged from the previously endorsed LTFP 2021-2030.

Y1 has a one-off additional amount of $1.86m for the Minlaton airstrip sealing project ($1.66m) and the Yorketown airstrip runway lighting upgrade ($200k). The Minlaton air strip project is 50% grant funded and 50% Council funded (new loan). The Yorketown project is 100% grant funded.

Income from grants and contributions for new or upgraded assets to the value of $2m has been included in Y1. Details of the funding are as follows:

1. Gardner St and Fowler Tce, Price road upgrade: $756k;
2. Minlaton airstrip sealing: $825k;
3. Maitland airstrip micro surfacing and line marking: $220k; and
4. Yorketown air strip runway lighting upgrade: $200k.

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.

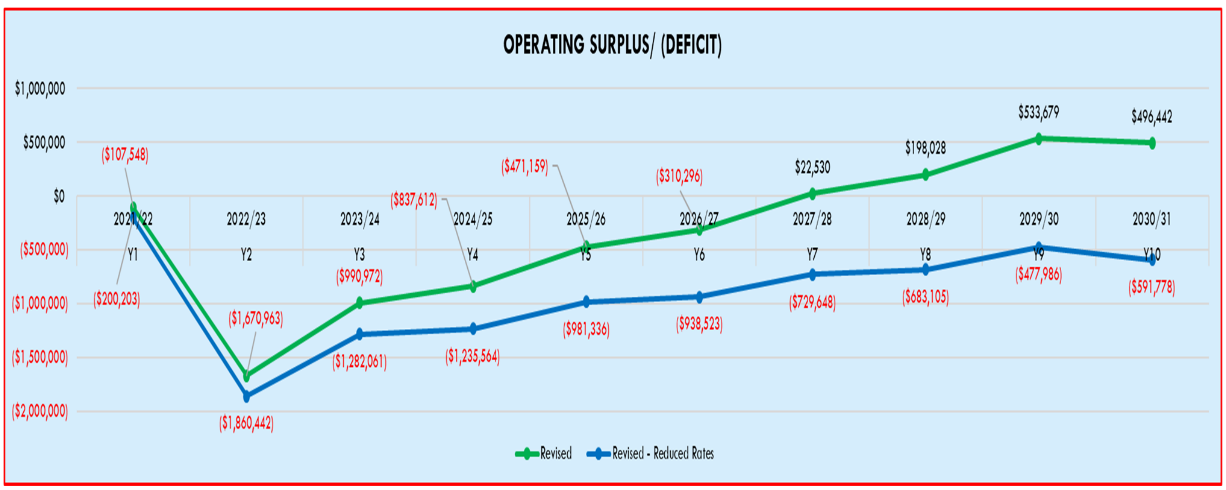
Sensitivity Analysis – General Rate Revenue

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 this LTFP is general rates revenue (excluding 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 this LTFP, modelling has been undertaken to show the detrimental impact on Council's long term financial position of reducing the 'financial sustainability' component of the rate increase by a maximum of 0.5% annually. In other words the impacts of reducing the annual rate increase by 0.5% (except Y10 – reduction is only 0.25%) are shown below.

Operating Surplus/ (Deficit)

The graph below shows the impact on Council's operating bottom line of reducing the forecast rate increase. The impact to Council's operating bottom line is significantly unfavourable. Council would remain in a deficit position for the entirely of this LTFP and the deficits are quite significant. The cumulative estimated rates income not generated as a result is approximately $5.6m which has a significant unfavourable impact on the operating bottom line as seen in the graph below.



Capital Expenditure

Even a slight reduction each year in general rates raised will also mean that Council will have approximately $5.6m 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.

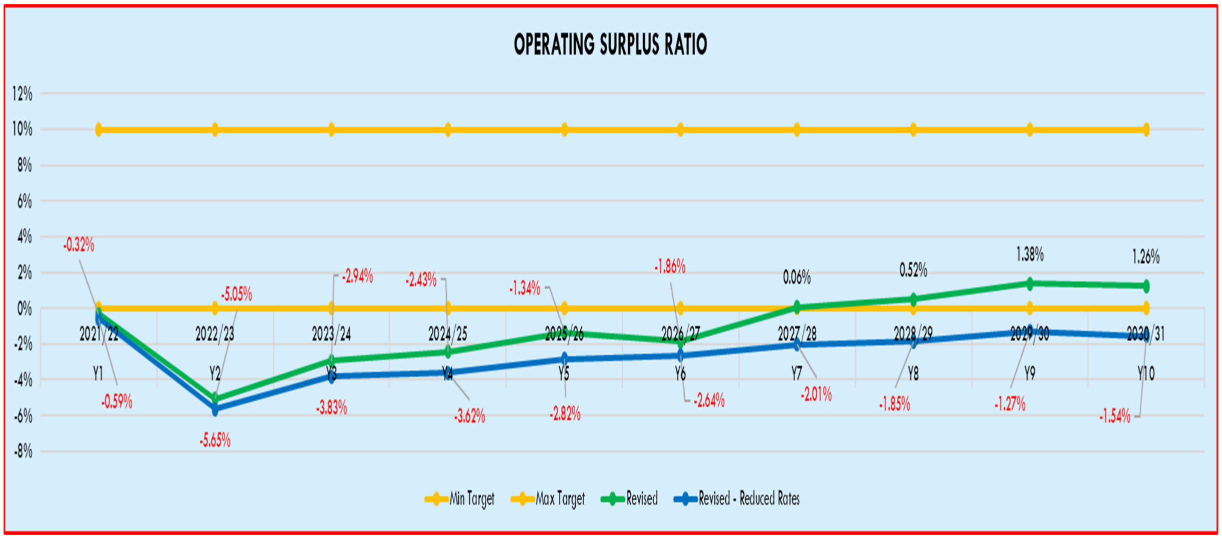
Financial Indicators (Ratios)

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 LTFP.

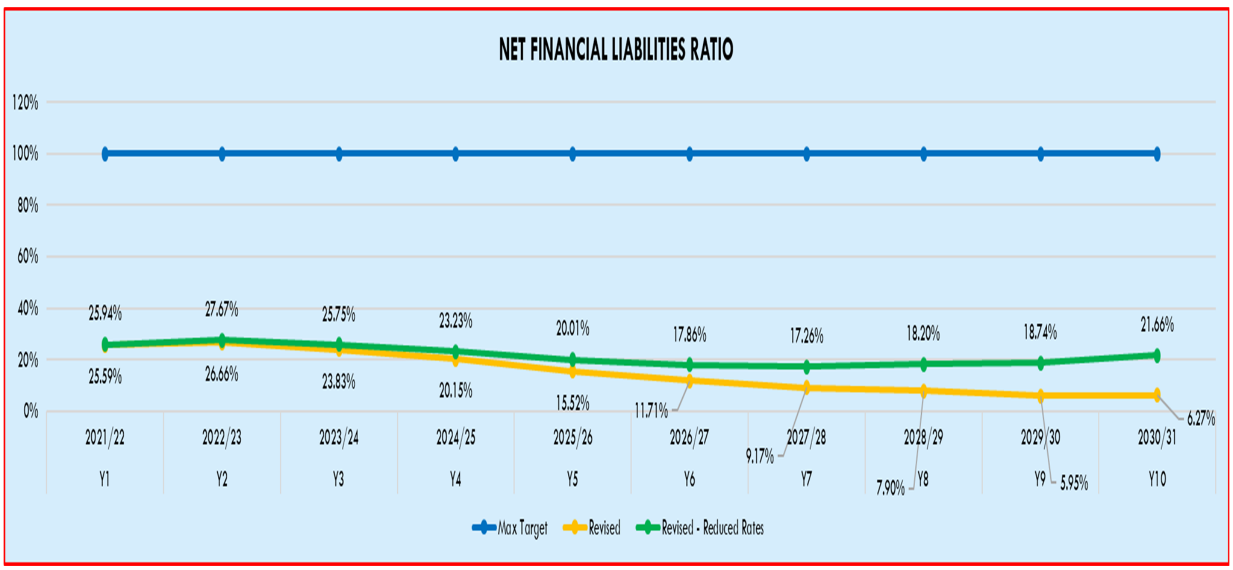
Operating Surplus Ratio

Under the reduced 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

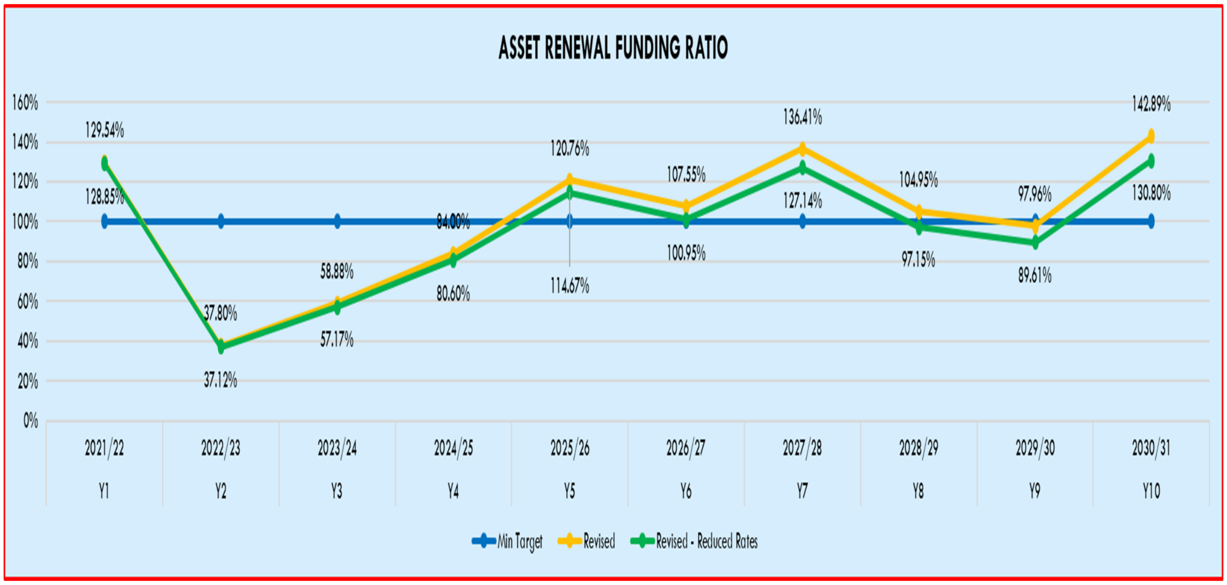
Under the reduced rate increase scenario Council's NFLR will increase instead of declining as cash reduces more significantly in later years of the LTFP. This ratio will still remain under Council's ceiling of 100%.



Asset Renewal Funding Ratio

Under the reduced rate increase scenario Council's ARFR will maintain the same annual pattern but be at lower levels i.e. instead of $109.6m being available to spend, only $104m will be available. As mentioned previously this is the result of $5.6m less being raised in rates revenue. In the second half of this LTFP as the rates income foregone grows the gap between the two (2) scenarios will increase. Further Council's forecast annual working capital (cash and cash equivalents) will also be substantially lower. In order to bring forecast working capital back to minimum Council set LTFP targets i.e. $750k - $1m, the funds available for capital renewal will need to be reduced further.

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 2022 - 2031
STATEMENT OF COMPREHENSIVE INCOME
Scenario: Base Plan

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	$	$	$	$	$	$	$	$	$	$
Income										
Rates	23,944,329	24,558,495	25,208,300	25,895,908	26,602,929	27,340,497	28,050,794	28,797,658	29,449,901	30,058,599
Statutory Charges	391,720	394,864	398,047	401,914	405,840	409,824	413,868	417,973	422,833	427,779
User Charges	4,471,930	4,591,345	4,637,719	4,761,395	4,839,521	4,980,238	5,063,610	5,209,701	5,310,470	5,474,670
Grants, Subsidies and Contributions	4,703,243	3,110,210	3,052,817	3,021,040	2,972,319	2,997,653	3,003,217	3,029,014	3,037,720	3,066,754
Investment Income	142,148	137,751	134,039	130,719	127,191	125,414	126,229	127,482	129,357	131,621
Reimbursements	119,379	120,207	121,046	121,898	122,763	123,641	124,532	125,436	126,354	127,286
Other Income	173,492	177,026	177,082	181,026	181,503	185,514	186,058	190,137	191,145	195,701
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-
Total Income	**33,946,241**	**33,089,897**	**33,729,050**	**34,513,901**	**35,252,066**	**36,162,781**	**36,968,308**	**37,897,400**	**38,667,781**	**39,482,410**
Expenses										
Employee Costs	9,823,446	10,112,599	10,324,234	10,631,177	10,856,578	11,168,787	11,400,844	11,728,369	11,972,962	12,316,962
Materials, Contracts & Other Expenses	13,110,279	13,356,571	12,986,381	13,192,169	13,331,792	13,642,136	13,745,761	14,023,312	14,178,198	14,524,237
Depreciation, Amortisation & Impairment	10,834,151	10,996,663	11,161,613	11,329,037	11,385,682	11,556,467	11,729,814	11,905,761	11,965,290	12,144,770
Finance Costs	285,914	295,027	247,794	199,130	149,173	105,687	69,358	41,930	17,652	-
Net loss - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Total Expenses	**34,053,789**	**34,760,859**	**34,720,022**	**35,351,513**	**35,723,225**	**36,473,077**	**36,945,778**	**37,699,373**	**38,134,102**	**38,985,968**
Operating Surplus / (Deficit)	**(107,548)**	**(1,670,963)**	**(990,972)**	**(837,612)**	**(471,159)**	**(310,296)**	**22,530**	**198,028**	**533,679**	**496,442**
Asset Disposal & Fair Value Adjustments	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	2,001,000	-	-	-	-	-	-	-	-	-
Physical Resources Received Free of Charge	-	-	-	-	-	-	-	-	-	-
Operating Result from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	**1,893,452**	**(1,670,963)**	**(990,972)**	**(837,612)**	**(471,159)**	**(310,296)**	**22,530**	**198,028**	**533,679**	**496,442**
Other Comprehensive Income										
Amounts which will not be reclassified subsequently to operating result										
Changes in Revaluation Surplus - I,PP&E	-	-	-	-	-	-	-	-	-	-
Share of Other Comprehensive Income - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	-	-	-	-	-	-	-	-	-	-
Transfer to Accumulated Surplus on Sale of Revalued I,PP&E	-	-	-	-	-	-	-	-	-	-
Net assets transferred - Council restructure	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Amounts which will be reclassified subsequently to operating result										
Available-for-Sale Financial Instruments - Change in Fair Value	-	-	-	-	-	-	-	-	-	-
Transfer to Accumulated Surplus on Sale of Available-for-Sale Financial Instruments	-	-	-	-	-	-	-	-	-	-
Movements in Other Reserves	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Comprehensive Income	**1,893,452**	**(1,670,963)**	**(990,972)**	**(837,612)**	**(471,159)**	**(310,296)**	**22,530**	**198,028**	**533,679**	**496,442**

Yorke Peninsula Council LONG TERM FINANCIAL PLAN 2022 - 2031 STATEMENT OF FINANCIAL POSITION Scenario: Base Plan	Y1 2021/22 $	Y2 2022/23 $	Y3 2023/24 $	Y4 2024/25 $	Y5 2025/26 $	Y6 2026/27 $	Y7 2027/28 $	Y8 2028/29 $	Y9 2029/30 $	Y10 2030/31 $
ASSETS										
Current Assets										
Cash & Cash Equivalents	3,382,414	1,916,756	1,224,391	833,068	898,743	845,592	1,048,623	869,486	1,027,728	875,453
Trade & Other Receivables	1,746,491	1,671,497	1,692,075	1,716,577	1,686,633	1,714,472	1,744,823	1,774,582	1,807,525	1,847,181
Other Financial Assets	-	-	-	-	-	-	-	-	-	-
Inventories	491,892	501,171	488,834	496,718	502,294	513,873	518,214	528,670	534,838	547,726
Other Current Assets	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Total Current Assets	5,620,797	4,089,424	3,405,299	3,046,364	3,087,669	3,073,937	3,311,660	3,172,738	3,370,091	3,270,360
Non-Current Assets										
Financial Assets	341,382	245,806	145,717	55,921	27,004	12,260	-	-	-	-
Equity Accounted Investments in Council Businesses	-	-	-	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	281,990,599	280,443,937	278,682,325	276,753,288	274,792,606	273,236,138	272,406,324	272,200,562	272,035,272	272,690,503
Intangible Assets	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Other Non-Current Assets	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	282,331,981	280,689,743	278,828,042	276,809,209	274,819,610	273,248,398	272,406,324	272,200,562	272,035,272	272,690,503
TOTAL ASSETS	**287,952,778**	**284,779,167**	**282,233,341**	**279,855,572**	**277,907,279**	**276,322,335**	**275,717,983**	**275,373,300**	**275,405,363**	**275,960,863**
LIABILITIES										
Current Liabilities										
Cash Advance Debenture	-	-	-	-	-	-	-	-	-	-
Trade & Other Payables	2,241,705	2,234,436	2,202,322	2,241,278	2,267,729	2,320,689	2,345,280	2,395,322	2,426,657	2,485,531
Borrowings	1,495,523	1,522,742	1,579,272	1,503,605	1,327,770	651,494	592,919	532,992	-	-
Provisions	2,428,676	2,428,676	2,428,676	2,428,676	2,428,676	2,428,676	2,428,676	2,428,676	2,428,676	2,428,676
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-
Liabilities relating to Non-Current Assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	6,165,904	6,185,853	6,210,269	6,173,559	6,024,175	5,400,859	5,366,875	5,356,990	4,855,333	4,914,207
Non-Current Liabilities										
Cash Advance Debenture										
Trade & Other Payables	7,033	7,176	7,178	7,338	7,357	7,520	7,542	7,707	7,748	7,933
Borrowings	7,726,794	6,204,052	4,624,780	3,121,175	1,793,405	1,141,911	548,992	16,000	16,000	16,000
Provisions	258,324	258,324	258,324	258,324	258,324	258,324	258,324	258,324	258,324	258,324
Liability - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Other Non-Current Liabilities	-	-	-	-	-	-	-	-	-	-
Liabilities relating to Non-Current Assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	7,992,151	6,469,553	4,890,283	3,386,837	2,059,086	1,407,755	814,858	282,032	282,072	282,257
TOTAL LIABILITIES	**14,158,055**	**12,655,406**	**11,100,552**	**9,560,396**	**8,083,261**	**6,808,614**	**6,181,732**	**5,639,021**	**5,137,405**	**5,196,464**
Net Assets	**273,794,724**	**272,123,761**	**271,132,789**	**270,295,177**	**269,824,018**	**269,513,722**	**269,536,251**	**269,734,279**	**270,267,958**	**270,764,399**
EQUITY										
Accumulated Surplus	(15,520,276)	(17,191,239)	(18,182,211)	(19,019,823)	(19,490,982)	(19,801,278)	(19,778,749)	(19,580,721)	(19,047,042)	(18,550,601)
Asset Revaluation Reserves	286,700,000	286,700,000	286,700,000	286,700,000	286,700,000	286,700,000	286,700,000	286,700,000	286,700,000	286,700,000
Available for Sale Financial Assets	-	-	-	-	-	-	-	-	-	-
Other Reserves	2,615,000	2,615,000	2,615,000	2,615,000	2,615,000	2,615,000	2,615,000	2,615,000	2,615,000	2,615,000
Total Equity	**273,794,724**	**272,123,761**	**271,132,789**	**270,295,177**	**269,824,018**	**269,513,722**	**269,536,251**	**269,734,279**	**270,267,958**	**270,764,399**

Yorke Peninsula Council
LONG TERM FINANCIAL PLAN 2022 - 2031
STATEMENT OF CASH FLOWS
Scenario: Base Plan

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	$	$	$	$	$	$	$	$	$	$
Cash Flows from Operating Activities										
Receipts:										
Rates Receipts	23,923,933	24,536,447	25,184,973	25,871,224	26,577,548	27,314,019	28,025,295	28,770,847	29,426,487	30,036,747
Statutory Charges	391,470	394,705	397,886	401,718	405,641	409,622	413,663	417,764	422,587	427,528
User Charges	4,469,854	4,585,287	4,635,367	4,755,122	4,835,558	4,973,100	5,059,381	5,202,290	5,305,358	5,466,341
Grants, Subsidies and Contributions (operating purpose)	4,653,908	3,204,011	3,053,296	3,021,305	2,972,726	2,997,442	3,003,170	3,028,799	3,037,648	3,066,512
Investment Receipts	142,628	137,820	134,097	130,771	127,246	125,442	126,217	127,463	129,328	131,585
Reimbursements	121,429	120,185	121,024	121,876	122,740	123,618	124,508	125,412	126,330	127,261
Other	175,908	147,571	177,111	183,104	181,755	187,626	186,345	192,286	191,676	198,101
Payments:										
Payments to Employees	(9,813,320)	(10,100,751)	(10,314,947)	(10,618,633)	(10,846,727)	(11,155,957)	(11,390,656)	(11,714,904)	(11,962,242)	(12,302,831)
Payments for Materials, Contracts & Other Expenses	(13,156,404)	(13,341,656)	(13,006,212)	(13,179,497)	(13,322,829)	(13,623,523)	(13,738,785)	(14,006,504)	(14,168,285)	(14,503,520)
Finance Payments	(285,914)	(295,027)	(247,794)	(199,130)	(149,173)	(105,687)	(69,358)	(41,930)	(17,652)	-
Net Cash provided (or used in) Operating Activities	10,623,491	9,388,594	10,134,801	10,487,860	10,904,485	11,245,702	11,739,781	12,101,522	12,491,234	12,647,726
Cash Flows from Investing Activities										
Receipts:										
Amounts Received Specifically for New/Upgraded Assets	2,001,000	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-
Sale of Non Current Assets "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Net Disposal of Investment Securities	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Developments	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-
Repayments of Loans by Community Groups	103,739	91,272	95,576	100,089	89,796	28,917	14,744	12,260	-	-
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-
Distributions Received from Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Receipts	-	-	-	-	-	-	-	-	-	-
Payments:										
Expenditure on Renewal/Replacement of Assets	(13,862,000)	(9,550,000)	(9,500,000)	(9,500,000)	(9,525,000)	(10,100,000)	(11,000,000)	(11,800,000)	(11,900,000)	(12,900,000)
Expenditure on New/Upgraded Assets	(1,870,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-
Net Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-
Development of Real Estate for Sale	-	-	-	-	-	-	-	-	-	-
Expenditure on Intangible Assets	-	-	-	-	-	-	-	-	-	-
Loans Made to Community Groups	-	-	-	-	-	-	-	-	-	-
Purchase of Interests in Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Capital Contributed to Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(13,327,261)	(9,358,728)	(9,304,424)	(9,299,911)	(9,335,204)	(9,971,083)	(10,885,256)	(11,687,740)	(11,800,000)	(12,800,000)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from CAD	-	-	-	-	-	-	-	-	-	-
Proceeds from Borrowings	3,143,350	-	-	-	-	-	-	-	-	-
Receipt of Funds from Leases	-	-	-	-	-	-	-	-	-	-
Proceeds from Aged Care Facility Deposits	-	-	-	-	-	-	-	-	-	-
Proceeds from Bonds & Deposits	-	-	-	-	-	-	-	-	-	-
Receipts from Other Financing Activities	-	-	-	-	-	-	-	-	-	-
Payments:										
Repayments of CAD	-	-	-	-	-	-	-	-	-	-
Repayments of Borrowings	(907,765)	(1,495,523)	(1,522,742)	(1,579,272)	(1,503,605)	(1,327,770)	(651,494)	(592,919)	(532,992)	-
Repayment of Lease Liabilities	-	-	-	-	-	-	-	-	-	-
Repayment of Aged Care Facility Deposits	-	-	-	-	-	-	-	-	-	-
Repayment of Bonds & Deposits	-	-	-	-	-	-	-	-	-	-
Payments of Other Financing Activities	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	2,235,585	(1,495,523)	(1,522,742)	(1,579,272)	(1,503,605)	(1,327,770)	(651,494)	(592,919)	(532,992)	-
Net Increase/(Decrease) in Cash & Cash Equivalents	(468,185)	(1,465,658)	(692,365)	(391,323)	65,675	(53,151)	203,031	(179,137)	158,242	(152,275)
plus: Cash & Cash Equivalents - beginning of year	3,850,599	3,382,414	1,916,756	1,224,391	833,068	898,743	845,592	1,048,623	869,486	1,027,728
Cash & Cash Equivalents - end of the year	**3,382,414**	**1,916,756**	**1,224,391**	**833,068**	**898,743**	**845,592**	**1,048,623**	**869,486**	**1,027,728**	**875,453**

Yorke Peninsula Council
LONG TERM FINANCIAL PLAN 2022 - 2031
STATEMENT OF CHANGES IN EQUITY
Scenario: Base Plan

	Y1 2021/22 $	Y2 2022/23 $	Y3 2023/24 $	Y4 2024/25 $	Y5 2025/26 $	Y6 2026/27 $	Y7 2027/28 $	Y8 2028/29 $	Y9 2029/30 $	Y10 2030/31 $
Opening Balance	271,901,272	273,794,724	272,123,761	271,132,789	270,295,177	269,824,018	269,513,722	269,536,251	269,734,279	270,267,958
Net Surplus / (Deficit) for Year	1,893,452	(1,670,963)	(990,972)	(837,612)	(471,159)	(310,296)	22,530	198,028	533,679	496,442
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	-	-	-	-	-	-	-	-	-	-
- Transfer to Acc. Surplus on Sale of AFS Financial Instruments	-	-	-	-	-	-	-	-	-	-
- Share of OCI - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
- Other Equity Adjustments - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
- Other Movements	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	1,893,452	(1,670,963)	(990,972)	(837,612)	(471,159)	(310,296)	22,530	198,028	533,679	496,442
Transfers between Equity	-	-	-	-	-	-	-	-	-	-
Equity - Balance at end of the reporting period	**273,794,724**	**272,123,761**	**271,132,789**	**270,295,177**	**269,824,018**	**269,513,722**	**269,536,251**	**269,734,279**	**270,267,958**	**270,764,399**

Yorke Peninsula Council LONG TERM FINANCIAL PLAN 2022 - 2031 UNIFORM PRESENTATION OF FINANCES Scenario: Base Plan	Y1 2021/22 $	Y2 2022/23 $	Y3 2023/24 $	Y4 2024/25 $	Y5 2025/26 $	Y6 2026/27 $	Y7 2027/28 $	Y8 2028/29 $	Y9 2029/30 $	Y10 2030/31 $
Operating Activities										
Income	33,946,241	33,089,897	33,729,050	34,513,901	35,252,066	36,162,781	36,968,308	37,897,400	38,667,781	39,482,410
less Expenses	(34,053,789)	(34,760,859)	(34,720,022)	(35,351,513)	(35,723,225)	(36,473,077)	(36,945,778)	(37,699,373)	(38,134,102)	(38,985,968)
Operating Surplus / (Deficit)	**(107,548)**	**(1,670,963)**	**(990,972)**	**(837,612)**	**(471,159)**	**(310,296)**	**22,530**	**198,028**	**533,679**	**496,442**
Capital Activities										
***less* (Net Outlays) on Existing Assets**										
Capital Expenditure on Renewal and Replacement of Existing Assets	(13,862,000)	(9,550,000)	(9,500,000)	(9,500,000)	(9,525,000)	(10,100,000)	(11,000,000)	(11,800,000)	(11,900,000)	(12,900,000)
add back Depreciation, Amortisation and Impairment	10,834,151	10,996,663	11,161,613	11,329,037	11,385,682	11,556,467	11,729,814	11,905,761	11,965,290	12,144,770
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	**(2,727,849)**	**1,746,662**	**1,961,612**	**2,129,037**	**2,160,682**	**1,756,468**	**1,029,815**	**405,761**	**365,290**	**(455,231)**
***less* (Net Outlays) on New and Upgraded Assets**										
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(1,870,000)	(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	2,001,000	-	-	-	-	-	-	-	-	-
add back Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-	-	-	-	-	-	-	-	-
(Net Outlays) on New and Upgraded Assets	**131,000**	**(200,000)**	**(200,000)**	**(200,000)**	**(200,000)**	**(200,000)**	**(200,000)**	**(200,000)**	**(200,000)**	**(200,000)**
Net Lending / (Borrowing) for Financial Year	**(2,704,397)**	**(124,300)**	**770,640**	**1,091,425**	**1,489,523**	**1,246,171**	**852,344**	**403,789**	**698,969**	**(158,789)**

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.