YORKE PENINSULA COUNCIL

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2023 - 2032

DRAFT LONG TERM FINANCIAL PLAN

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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 2022/2023 through to 2031/2032, 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, 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 2022 - 2031 previously endorsed by Council in April 2021 and will replace it should Council adopt this version following public consultation. This LTFP is reflective of current data (financial and service levels), cost indices, internal and external factors, current economic and political environment, revenue streams, updated asset information, limitations, impacts of COVID-19 and known 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 within the recommended Local Government target of 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, predictability and equity 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 set relative to Consumer Price Index (CPI) (All groups, Adelaide) plus a 'financial sustainability' increase (where necessary) over and above CPI during the life of the LTFP to ensure targets are met. It should be noted that the 2021 September quarter CPI was 2.5% (on which this LTFP is based) and the 2021 December quarter CPI was 3.3%.

For the purposes of the revised LTFP the table below shows the forecast CPI compared to the rate increases proposed.

	Y1 22/23	Y2 23/24	Y3 24/25	Y4 25/26	Y5 26/27	Y6 27/28	Y7 28/29	Y8 29/30	Y9 30/31	Y10 31/32
Rate Increase (General)	2.50%	2.50%	2.50%	2.25%	1.75%	1.75%	1.50%	1.50%	1.50%	1.50%
Add: 1% Increase for upgrading Unsealed Roads Intersections (Primary Production Ratepayers Only)	*1%*	*1%*	*1%*	*1%*	*1%*	*0%*	*0%*	*0%*	*0%*	*0%*
Total Rate Increase (General)	**3.50%**	**3.50%**	**3.50%**	**3.25%**	**2.75%**	**1.75%**	**1.50%**	**1.50%**	**1.50%**	**1.50%**
Forecast CPI	2.50%	2.50%	2.25%	2.25%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

The table above shows that Y1-Y5 of the Plan are forecast to have an additional 1% annual increase compared to forecast CPI. Rate increases in the later years (Y6-Y10) are proposed to be lower than forecast CPI. The additional 1% increase is for upgrades to unsealed road intersections as explained below and will be paid for by Council's Primary Production ratepayers in addition to the CPI based annual rate increase being proposed.

Unsealed Roads Intersections – Risk Analysis

Between May 2019 and February 2022 Council sought independent consulting engineering risk identification and assessment of safety related deficiencies across the Council road network. HDS Australia was commissioned to provide the current Council informed data upon which to evaluate the need for change to the past Council decision currently allowing B-double access to all of Council's road network.

The HDS report rated the Council network intersections/ road segments according to a P1 to P4 classification as follows:

- P1 (Priority 1) - "Very High Risk requiring treatment prior to the designated route being gazetted, or the current gazettal status of the route be removed"
- P2 (Priority 2) - "High Risk whose use is conditional on risk acceptance by senior management, and priority commitment to a treatment program as funding becomes available within the short term"
- P3 (Priority 3) - "Moderate Risk management responsibility to be specified, including monitoring and routine maintenance"
- P4 (Priority 4) - "Low risk"

In summary, there are 167 P1 locality risks and 380+ P2 locality risks. If these risks are not addressed there is a strong possibility that part of the road network will need to be closed to B-Doubles.

High level costing of remedies for the highest risk category P1 issues relating mainly to road intersections on commodity routes are currently being obtained.

The current LTFP makes no financial provision for the cost implications of safety related deficiency rectification associated with maintaining current levels of commodity route access across the Council area. In the future following consideration of the HDS data, Council will need to make allowances in future Plans reflecting Council's decision on level of commodity route access.

In order to commence addressing the P1 risks in the report, the 1% additional increase to rates is proposed annually for the first five (5) years of this LTFP. The additional 1% increase will be borne by Council's Primary Production ratepayers over and above the annual increase proposed for all

ratepayers in the table on the previous page. A 1% increase to total general rates in Y1 is equivalent to approximately $193k.

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 $115m towards renewal and replacement of existing assets. An additional $2.55m over ten (10) years is allocated for upgrades to assets and acquisition of new assets.

Financial Sustainability Indicators (Ratios)

This LTFP shows the Council will return to a positive Operating Surplus Ratio (OSR) in 2025/2026 (Y4) which is two (2) years earlier compared to the current adopted LTFP. From 2025/2026 onwards the ratio will remain positive for the remainder of the LTFP.

Council's forecast Net Financial Liabilities Ratio (NFLR) continues to be well below Local Government recommended maximum limits and Council's LTFP target of 100% of Operating Income. Two (2) new loans drawn down in 2021/2022 and one (1) in 2022/2023 will increase this slightly in the first five (5) years of this LTFP but it should then return to existing levels.

The Asset Renewal Funding Ratio (ARFR) fluctuates significantly compared to Council's minimum target of 100% annually, however the annual average over the ten (10) year period is 119% which is higher than Council's 100% minimum annual target.

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 and this LTFP builds on this. The data, graphs and financial statements in this Plan provide more detail on Council's financial position over the next ten (10) years.

If Council's financial performance and position continue as proposed in this LTFP, Council will achieve its objectives as stated. Council must also continue to review its operations to realise savings resulting from increased productivity, efficiency and effectiveness. Any such gains will be reflected in future revisions of the LTFP.

Council is not expected to be financially sustainable in the short term but is forecast to be financially sustainable from Y4 onwards.

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
- 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 this LTFP
- 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 2021, 2021/2022 Annual Business Plan and Budget. The LTFP forecasts have been based on the 2021/2022 September (and significant December) quarter revised Budget along with current Asset Management Plans (AMP), IT Strategic Plan, 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.

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.

This LTFP does not rely on asset sales to fund core services or renewal of infrastructure, however, one (1) new loan for $0.756m for a fixed five (5) year term with repayments commencing in Y2 (2023/2024), has been included. This loan is for Council's contribution to a major road upgrade project where 50% grant funding is being made available with the remainder to be funded by Council. More detail about this project can be found later in this LTFP. This project and subsequent loan borrowing was forecast for commencement and completion in 2021/2022, however, project commencement has been deferred to 2022/2023 (Y1).

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.

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 out 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.

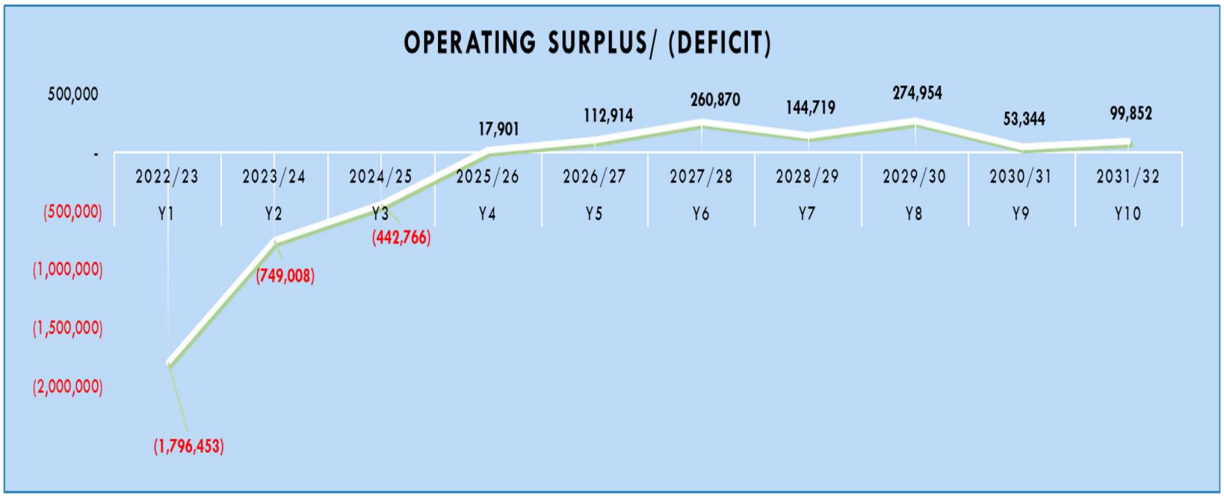
The annual targets set by Council are:

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.

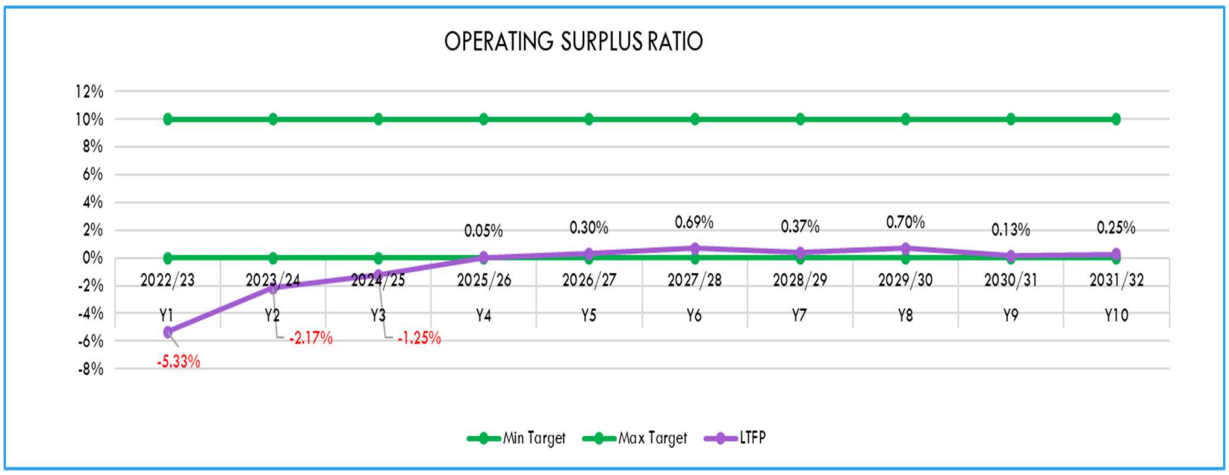


The graph above shows that Council will achieve an Operating Surplus in Y4 (2025/2026) for the first time. Following that Council will continue to maintain a forecast operating surplus. This is in line with the objectives of this LTFP.

Compared to Council's current adopted LTFP 2022-2031, this LTFP shows an improvement of two (2) years in achieving an operating surplus.

The increasing surplus from Y5 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.

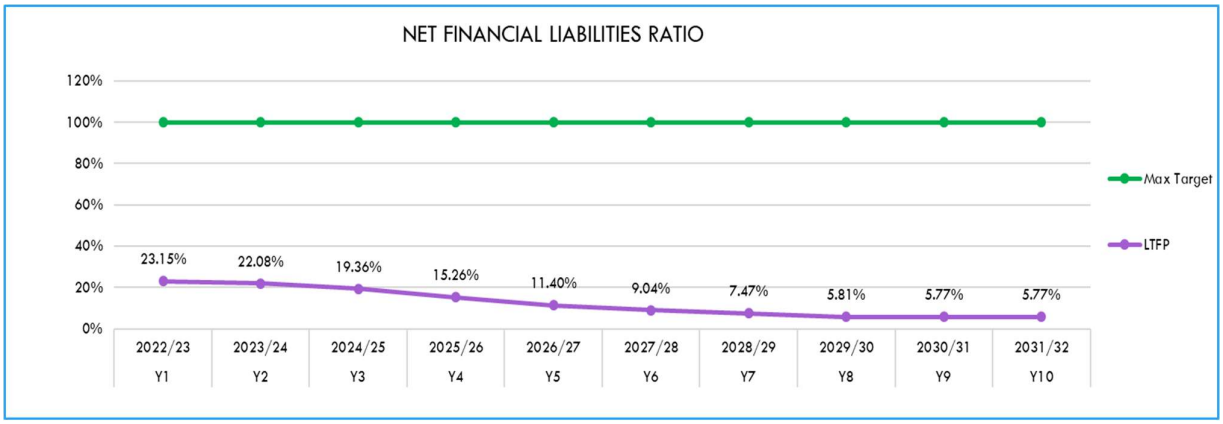


The trend in the OSR in the graph above is reflective of the movement in the forecast operating surplus/ (deficit) shown in the graph on page 11.

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 23.15% being the highest (Y1) and 5.77% being the lowest (Y9 & Y10). This is well within the financial sustainability targets of this LTFP.

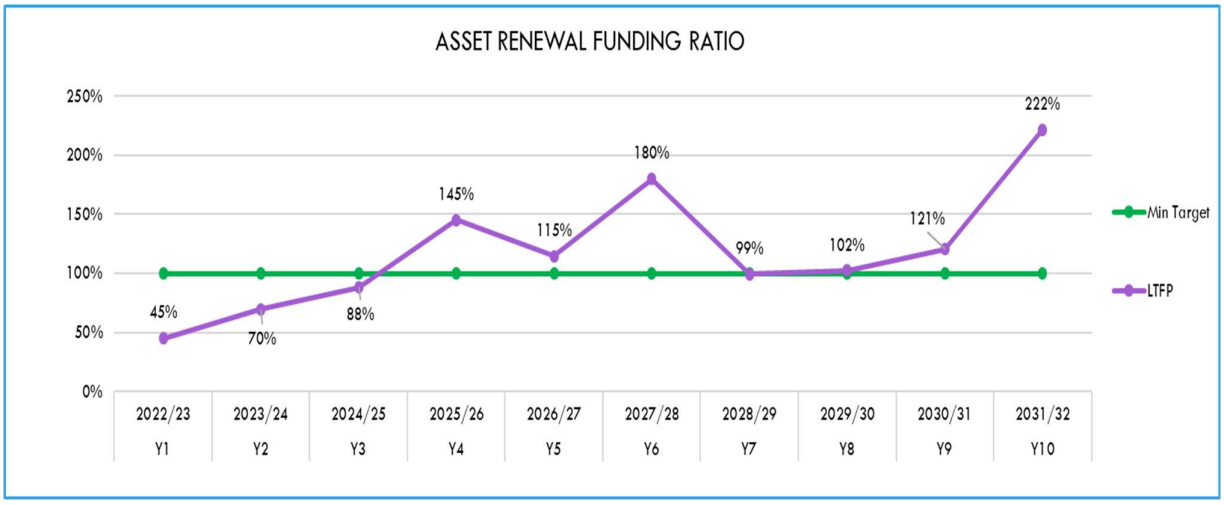
As stated earlier Y1 forecasts one (1) new loan borrowing for $0.756m being Council's contribution to the Price roads upgrade project. Repayments for two (2) new loans drawn down in 2021/2022 are included in this LTFP. If no other new loans are taken Council will be debt free in Y8 (2029/2030).

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. 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. This Plan uses AMP 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 from Y4 onwards, however the average ratio over the life of the revised LTFP is 119% which is more than the average for the current adopted LTFP. Given that the average ratio is greater than the minimum target of 100%, some of the backlog of asset renewal is being addressed. More funding is still required to address all of it.

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
- Caravan parks funding framework
- 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, September 2021 quarter CPI of 2.5% (and the December 2021 CPI to some extent) has been used to forecast CPI for this LTFP. Forecast CPI can be found in the table on page 6 of this Plan.

The forecast CPI is reflective of current COVID-19 economic impacts and possible future economic recovery.

Borrowings

As stated earlier, one (1) new loan for $0.756m has been included in this LTFP, to be drawn down in Y1 (2022/2023) with repayments to commence in Y2 (2022/2023) and cease in Y7 (2028/2029). This new loan is Council's 50% contribution for the Gardner St and Fowler Tce, Price road upgrade valued at $1.512m. The project was originally meant to commence and finish in 2021/2022 with the loan funds to be subsequently drawn down, however, the project has been deferred to 2022/2023.

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.

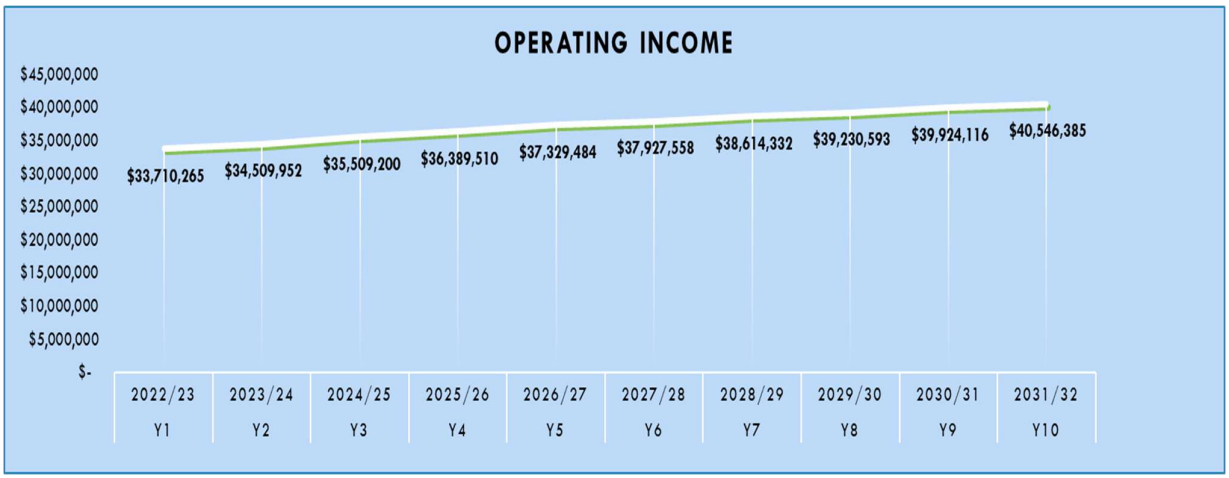
	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
	2023	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**
Income										
General Rates	3.50%	3.50%	3.50%	3.25%	2.75%	1.75%	1.50%	1.50%	1.50%	1.50%
NRM Levy	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Waste Charge	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
CWMS Charge	2.00%	2.00%	1.00%	1.00%	0.50%	0.50%	0.50%	0.50%	0.00%	0.00%
Water Supply Charge	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Statutory Charges	3.11%	1.62%	1.47%	1.48%	1.33%	1.34%	1.35%	1.36%	1.36%	1.37%
User Charges – Caravan Parks	(0.45)%	3.50%	3.25%	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
User Charges – NDIS	2.50%	2.50%	2.25%	2.25%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
User Charges – Other	10.43%	(0.10)%	4.73%	(0.23)%	4.38%	(0.37)%	4.29%	(0.28)%	4.20%	(0.20)%
Investment Income	3.32%	5.99%	14.08%	-5.06%	20.56%	9.87%	9.08%	8.52%	0.97%	0.51%
Reimbursements	-3.46%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%
Other Income	(93.5)%	(87.5)%	700%	(87.5)%	700%	(87.5)%	700%	(87.5)%	700%	(87.5)%
Other Income – Fuel Credits	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Expenditure										
Employee - Salaries & Wages	3.55%	2.16%	2.84%	2.16%	2.84%	2.16%	2.83%	2.17%	2.83%	2.17%
Employee - Leave Expense	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Employee - Superannuation	3.86%	2.65%	3.40%	2.60%	2.93%	2.07%	2.92%	2.08%	2.92%	2.08%
Employee - Workers Compensation	3.56%	1.94%	3.06%	1.94%	3.06%	1.94%	3.06%	1.94%	3.06%	1.94%
Employee - Income Protection	3.32%	2.19%	2.81%	2.19%	2.81%	2.19%	2.81%	2.19%	2.80%	2.20%
Employee – Other	4.10%	0.33%	0.33%	0.34%	0.34%	0.35%	0.35%	0.36%	0.37%	0.37%
Prescribed Expenses	18.32%	(12.14)%	1.79%	1.80%	16.82%	(11.58)%	1.64%	1.64%	15.89%	(10.83)%
Contractors	(10.79)%	(21.58)%	0.95%	-0.19%	1.94%	0.43%	0.98%	(0.12)%	1.96%	0.49%
Waste & Recycling	0.82%	2.95%	2.95%	2.96%	2.96%	2.96%	2.96%	2.96%	2.96%	2.96%
Landscape Levy	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Utilities – Electricity & Gas	-2.55%	-1.07%	1.15%	1.16%	1.16%	0.00%	0.00%	0.00%	0.00%	0.00%
Utilities - Water	2.50%	2.50%	2.25%	2.25%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Telephone/Mobile	0.63%	0.64%	0.64%	0.64%	0.64%	0.64%	0.65%	0.65%	0.65%	0.65%
Other	-0.24%	1.56%	1.47%	0.34%	2.58%	0.00%	2.36%	0.41%	2.02%	0.70%
Insurance	2.60%	2.61%	3.11%	2.63%	2.64%	3.13%	2.65%	2.66%	3.15%	2.68%
Depreciation	4.00%	1.50%	2.00%	1.00%	2.00%	1.50%	2.00%	1.00%	2.00%	1.50%
Finance Costs	1.91%	(2.85)%	(19.84)%	(25.47)%	(30.58)%	(37.52)%	(42.84)%	(57.90)%	(100)%	0%

Operating Income

Council's operating income base on which this Plan is built is $33.7m 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 $40.5m (keeping in mind that $1 today will not be worth that in Y10:2031/2032). 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:



The graph above shows that there is an average increase of 2.1% or $760k annually from Y2 and can be attributed primarily to rates and service charges.

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

Rates and Service Charges

Rates ($25.1m 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 on page 6 and below, lists the total proposed annual general rate revenue increase for this LTFP including the 1% additional increase for Primary Production ratepayers, over and above the CPI related annual increase. 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 22/23	Y2 23/24	Y3 24/25	Y4 25/26	Y5 26/27	Y6 27/28	Y7 28/29	Y8 29/30	Y9 30/31	Y10 31/32
Total Rate Increase (General)	**3.50%**	**3.50%**	**3.50%**	**3.25%**	**2.75%**	**1.75%**	**1.50%**	**1.50%**	**1.50%**	**1.50%**

As stated earlier Y1-Y5 include an additional 1% annually in rate increases with funds generated from this additional increase to be spent on the rectification of risks related to unsealed road intersections as identified in the HDS Australia report. This additional rate increase will be borne by Council's Primary Production ratepayers only and will be over and above the standard rate increase borne by all ratepayers.

Rate increases proposed in this LTFP range between 1.50% and 3.50% with increases being at the higher end (including the additional 1%) in Y1-Y5, with a drop to below forecast CPI from Y6.

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.

<u>Waste Collection and Disposal</u>

Refuse and recycling service charges ($2.1m base) are modelled in the revised LTFP at an approximately 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. 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.

<u>Community Wastewater Management System (CWMS) and Water Supply</u>

CWMS (community effluent or sewerage: $1.7m base) and Water Supply ($176k base) service charges are currently forecast to increase by 2% in Y1 & Y2, 1% in Y3 & Y4, followed by 0.5% in Y5-

Y8 and no increase thereafter. This is based on twenty (20) year modelling undertaken using a Local Government Association (LGA) 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).

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

Landscape Levy

The forecast 2% annual increase to the Landscape Levy ($1.16m 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 ($374k 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 1.6% annually on average over the life of this LTFP. This increase is below average forecast CPI.

User Charges

This category of income ($4.6m base) consists of fees and charges for recovery of service delivery costs i.e. user pays. This includes income from Caravan Parks, Council's Leisure Options service (NDIS), boat ramps and bush camping sites. Bush camping and Council operated Caravan Parks have seen a significant increase due to COVID-19 restrictions and changes in travel patterns leading to a substantial increase to the base and a flow on effect into Y1 (2023/2024).

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): 2.75% average p.a.
- YP Leisure Options (NDIS): 2.15% average p.a.
- Miscellaneous: 2.7% average p.a.
- Art Exhibition: only included every 2nd Year

The average annual increase over the life of this LTFP is 2.5% driven primarily by Council operated Caravan Parks.

Grants & Subsidies

This income source has a current base (2021/2022) of $5.3m which is forecast to decrease to $3.2m in Y1 (2022/2023), then decrease by a further $152k or 5% in Y2. Over the rest of the plan this income is forecast to increase by an average of $9k or 0.3%.

The decrease in Y1 is due to the net impact of various one-off grant funding received in the year prior and now removed from this LTFP 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 2021/2022 Council's general purpose allocation was reduced by $96k or 7%. Council has been advised that a further 5% cut annually is likely from Y1 – Y4. This equates to approximately $227k forecast total income not received ($57k 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. Council received its annual allocation of $406k in 2019/2020 and 2020/2021 before it was also received in 2021/2022. There has been on indication from the Federal Government that this funding will continue beyond 2021/2022, hence no further amounts have been forecast in this LTFP.
- LGIPP road upgrade grant one-off $1.552m included in 2021/2022 not included.
- Arts Activation Strategy grant removed after completion of 2 year programme.
- 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.
- Point Pearce MUNS funding – Council received approximately $82k in 2021/2022 to provide maintenance services to the Point Pearce community. This is indexed by CPI annually.
- Leisure Options grants – $59k decrease to the base as advised by the State Government. Revenue to be made up through NDIS user pays system.
- 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 ($107k 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 and scheduled community loan reimbursements. 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.

Interest rates on offer remain very low in alignment with the Reserve Bank's low cash rate. This LTFP has forecast a gradual increase to interest rates over the next few years as the cash rate increases.

The reduction in the base amount also reflects the significant decrease in interest on community loans as they are paid out. The last of the community loans are forecast to be paid out in Y8 if no new community loans are approved.

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 $153k base in 2021/2022 this makes up a very small component of Council's total operating income. Once any one-off large amounts are removed this income source is forecast to remain unchanged.

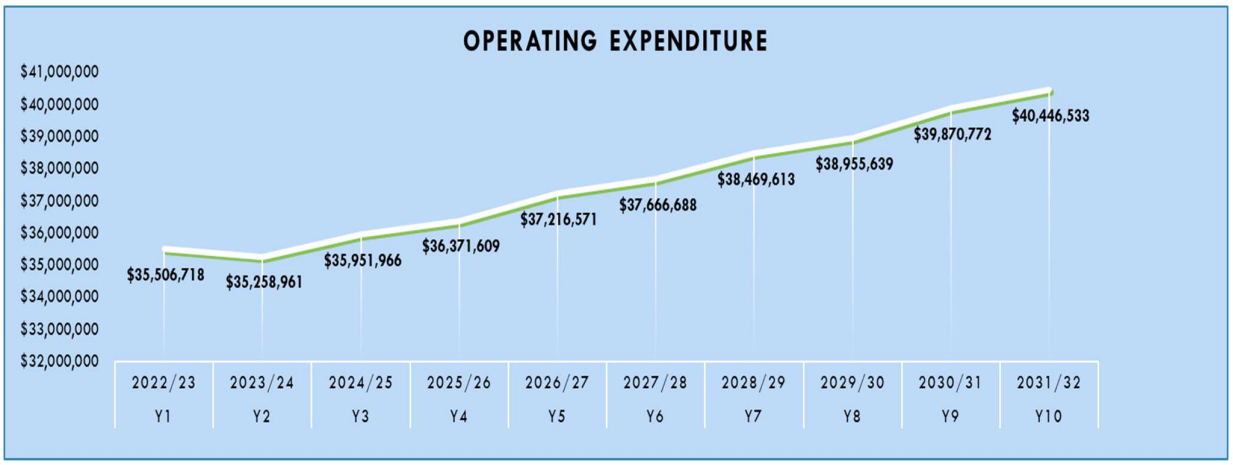
Other Revenue

All income that cannot be classified in the categories above is included here. The current base is $169k with the biggest item being the ATO's fuel tax credits. This LTFP forecasts a 1% 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 $35m of which approximately 41% or $14.2m consists of materials, contracts and other expenses, 28% consists of employee costs (operating only), 30% 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 $40m (keeping in mind that $1 today will not be worth that in Y10: 2031/2032). 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 variations range between -0.7% - 2.3% (1.4% average). When compared to the previously endorsed LTFP 2022 - 2031, overall this LTFP is approximately 1.9% annually more across the ten (10) year period. 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 $11.1m (including labour on cost and other overheads).

The LTFP provides for legislated increases in the superannuation guarantee moving from 10% in 2021/2022 to 12.0% by 2025/2026 in annual increments of 0.5%.

Salary and wage increases are forecast reflective of the Enterprise Bargaining Agreements (EBA's) currently being negotiated. The current EBA's conclude on 30 June 2022. Y1 is forecast at 2.5% while Y2 – 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. No increases in FTE are factored into this LTFP.

This LTFP forecasts an average annual increase of approximately 2.6% compared to 2.5% in the previously endorsed LTFP 2022-2031.

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 $14.2m.

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 (2022/2023) resulting in a net reduction of approximately $359k (2.5%) compared to 2021/2022.

Major variations that have impacted this LTFP are:

- One-off projects funded by one-off grants in 2021/2022 not included in Y1;
- IT Strategic Plan – $495k reflecting the full cost of Y2 of the ERP replacement project (Y1 was 2021/2022) has been included;
- $100k included annually for dredging projects;
- $100k annual allowance included for ad hoc operating projects;
- Waste collection, disposal and processing – annual increase of 3% on a base of $2.2m. 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, 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 and halls is forecast to increase by CPI annually. Cleaning of bush camping toilets which was a new service introduced in 2021/2022 is forecast to increase service levels, hence a 119% or $20k increase has been forecast in Y1 followed by an annual CPI increase.
- Electricity costs are forecast to reduce approximately 4% in Y1, however Gas is expected to increase 10% in Y1 resulting in a net decrease of 2% or $17k on a total base of $847k. Electricity savings are reflective of more stable market conditions and Local Government sector wide procurement advantages. Ongoing upgrades to LED streetlights is likely to result in further savings;
- Water costs are forecast to increase by CPI annually;
- Telecommunication cost base of $225k up by 1% annually. Renewal of old technology and systems likely to present opportunities for savings and efficiency. ERP replacement should increase reliance on mobile solutions;
- Council elections – $52k included every 4 years commencing in Y1 (2022/2023);
- Insurance cost base of $504k increasing 2%-3% annually over the life of this Plan;
- $251k transfer station management contract base increased by 3% annually;
- Annual costs of asset revaluations ($21k) included in all years except Y4 and Y8.

As detailed above this is a result of various movements in the costs of goods and services used by Council.

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 1.85%. Base depreciation has seen a forecast increase of 4% or $427k in Y1. This higher than expected increase is based on Council's current inventory of assets, their age and expiry (a number of them at the end of their useful lives), replacement value, increased capital investment over the last few years and improving accuracy of Council's asset management data.

This increase in depreciation has had an unfavourable impact on Council's operating bottom line and the Operating Surplus Ratio.

As mentioned earlier this LTFP proposes to provide approximately $115m over ten (10) years for renewal of existing assets with an additional $2.55m 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 one (1) new loan for $0.756m is included to fund Council's contribution for the Price road upgrade project. It is intended that the fixed term five (5) year loan will be drawn down in Y1 with repayments to commence in Y2. This loan was initially forecast to be drawn down in 2021/2022, however the project (and subsequent loan draw down) has been deferred to 2022/2023. Two (2) new loans were approved by Council and are forecast to be drawn down in 2021/2022.

Assuming no new loans other than the three (3) mentioned above are taken, Council is forecast to be debt free in Y8 (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 $115m funding available for renewal and replacement of existing assets in this LTFP.

AMP RENEWAL TARGETS	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	TOTAL	% of TOTAL
Transport	$ 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	$ 1,961,073	$ 66,599,885	58%
CWMS	$ 95,849	$ 183,167	$ 277,689	$ 212,373	$ 529,061	$ 266,252	$ 190,010	$ 257,049	$ 271,592	$ 117,930	$ 2,400,972	2%
Water	$ -	$ 14,580	$ 30,290	$ -	$ 93,993	$ 18,278	$ 59,421	$ 45,675	$ 34,577	$ 90,475	$ 387,289	0%
Stormwater	$ 45,129	$ 36,184	$ 65,563	$ 55,627	$ 25,622	$ 65,996	$ 124,143	$ 137,252	$ 147,975	$ 18,440	$ 721,931	1%
Land, Buildings & Structures	$ 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	$ 3,327,000	$ 24,569,000	21%
Furniture & Other Equipment	$ 30,690	$ 98,103	$ 3,232	$ 61,913	$ 14,617	$ 162,147	$ 42,021	$ 42,954	$ 165,687	$ 1,837	$ 623,201	1%
IT	$ 130,725	$ 147,632	$ 272,482	$ 230,533	$ 241,558	$ 244,916	$ 208,145	$ 289,991	$ 88,364	$ 18,374	$ 1,872,720	2%
Other Assets	$ 105,168	$ 72,506	$ 96,256	$ 108,273	$ 51,627	$ 124,505	$ 1,227,227	$ 568,286	$ 683,142	$ 170,956	$ 3,207,946	3%
Minor Plant	$ 36,037	$ 39,640	$ 48,610	$ 120,541	$ 17,211	$ 68,851	$ 31,141	$ 41,284	$ 39,097	$ 50,504	$ 492,916	0%
Major Plant/ Fleet Vehicles	$ 2,382,580	$ 712,214	$ 1,079,958	$ 1,088,867	$ 1,682,447	$ 902,855	$ 2,911,458	$ 1,464,087	$ 2,343,962	$ 106,412	$ 14,674,840	13%
Total	25,745,608	14,954,832	11,763,790	7,119,038	9,335,950	6,396,305	11,975,222	11,829,550	10,567,404	5,863,001	115,550,700	100%

Graphs presented earlier in this Plan show that Council only meets the minimum ARFR target of 100% from Y4 onwards, however, the average ARFR over the life of this LTFP is 119%. The average ARFR being 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 that is quite significant. More funding in addition to that provided for in this LTFP is still required in the short-medium term to address this backlog. The table below shows that of the approximately $9.0m identified backlog or gap, $6.1m is for 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 $115m for asset renewal over the period 2023 – 2032 is approximately $1.0m less than what is required as per Council's AMP and asset renewal data. 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	$116m
LTFP allocation	$115m
GAP	**$1.0m**
Add: Estimated backlog – all classes	$9.0m
GAP	**$10.0m**

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 ($800k - $1m annual average).

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10		
FUNDING AVAILABLE - LTFP	$ 11,550,000	$ 10,400,000	$ 10,350,000	$ 10,350,000	$ 10,700,000	$ 11,500,000	$ 11,900,000	$ 12,100,000	$ 12,750,000	$ 13,000,000	$ 114,600,000	% of Total
Asset Class	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	TOTAL	
Transport	$ 8,167,022	$ 8,361,069	$ 8,171,458	$ 8,277,000	$ 8,246,324	$ 9,194,474	$ 9,571,426	$ 9,705,024	$ 10,340,856	$ 11,018,155	$ 91,052,808	79%
CWMS	$ 95,849	$ 183,167	$ 277,689	$ 212,373	$ 529,061	$ 266,252	$ 190,010	$ 257,049	$ 271,592	$ 117,930	$ 2,400,972	2%
Water	$ -	$ 14,580	$ 30,290	$ -	$ 93,993	$ 18,278	$ 59,421	$ 45,675	$ 34,577	$ 90,475	$ 387,289	0.3%
Stormwater	$ 45,129	$ 36,184	$ 65,563	$ 55,627	$ 25,622	$ 65,996	$ 124,143	$ 137,252	$ 147,975	$ 18,440	$ 721,931	1%
Land, Buildings & Structures	$ 600,000	$ 700,000	$ 700,000	$ 700,000	$ 700,000	$ 700,000	$ 700,000	$ 700,000	$ 700,000	$ 500,000	$ 6,700,000	6%
Furniture & Fittings	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 100,000	0.1%
IT	$ 75,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 1,275,000	1.1%
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)	$ 1,512,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,512,000	1%
Total	11,550,000	10,400,000	10,350,000	10,350,000	10,700,000	11,500,000	11,900,000	12,100,000	12,750,000	13,000,000	114,600,000	100%

The table above shows that 79% of the $115m 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 is the Gardner St and Fowler Tce, Price road upgrade project for $1.512m, deferred from 2021/2022. As stated earlier Council will borrow to fund its 50% share of this project.

An annual amount of $292k 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 allocation of $2.55m ($255k p.a.) has been included in this LTFP. This amount is $55k p.a. more than Council's currently endorsed LTFP 2022-2031. The additional $55k is specifically for Water and CWMS assets in accordance with the respective AMP. The remaining $200k p.a. remains unallocated.

Income from grants and contributions for new or upgraded assets to the value of $0.756m for the Gardner St and Fowler Tce, Price road upgrade has been included in Y1.

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.

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										
10 Year Financial Plan for the Years ending 30 June 2032										
STATEMENT OF COMPREHENSIVE INCOME - GENERAL FUND	Projected Years									
Scenario: Yorke Peninsula Council 2023-2032	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	$	$	$	$	$	$	$	$	$	$
Income										
Rates	25,154,781	25,984,001	26,821,208	27,633,594	28,351,598	28,812,807	29,274,253	29,743,598	30,212,229	30,689,016
Statutory Charges	389,574	395,895	401,726	407,689	413,108	418,636	424,274	430,025	435,891	441,874
User Charges	4,595,421	4,710,934	4,879,470	4,992,191	5,156,796	5,265,144	5,437,341	5,553,496	5,733,722	5,858,135
Grants, Subsidies and Contributions	3,176,753	3,024,539	3,000,451	2,959,556	2,991,404	3,003,690	3,036,420	3,049,606	3,083,255	3,097,377
Investment Income	104,331	105,131	113,330	103,388	119,891	130,484	141,618	153,299	154,788	155,574
Reimbursements	147,601	147,999	148,399	148,801	149,205	149,611	150,019	150,429	150,841	151,256
Other Income	141,805	141,453	144,615	144,291	147,482	147,187	150,406	150,140	153,389	153,153
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-
Total Income	**33,710,265**	**34,509,952**	**35,509,200**	**36,389,510**	**37,329,484**	**37,927,558**	**38,614,332**	**39,230,593**	**39,924,116**	**40,546,385**
Expenses										
Employee Costs	10,223,158	10,422,101	10,712,836	10,921,154	11,220,468	11,432,949	11,745,988	11,968,681	12,296,064	12,529,442
Materials, Contracts & Other Expenses	13,859,692	13,272,310	13,505,108	13,659,168	14,024,074	14,127,937	14,408,604	14,573,483	14,930,970	15,083,697
Depreciation, Amortisation & Impairment	11,114,757	11,281,478	11,507,108	11,622,179	11,854,623	12,032,442	12,273,091	12,395,822	12,643,738	12,833,394
Finance Costs	309,111	283,072	226,913	169,108	117,407	73,360	41,930	17,652	-	-
Net loss - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Total Expenses	**35,506,718**	**35,258,961**	**35,951,966**	**36,371,609**	**37,216,571**	**37,666,688**	**38,469,613**	**38,955,639**	**39,870,772**	**40,446,533**
Operating Surplus / (Deficit)	**(1,796,453)**	**(749,008)**	**(442,766)**	**17,901**	**112,914**	**260,870**	**144,719**	**274,954**	**53,344**	**99,852**
Asset Disposal & Fair Value Adjustments	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	756,000	-	-	-	-	-	-	-	-	-
Physical Resources Received Free of Charge	-	-	-	-	-	-	-	-	-	-
Operating Result from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	**(1,040,453)**	**(749,008)**	**(442,766)**	**17,901**	**112,914**	**260,870**	**144,719**	**274,954**	**53,344**	**99,852**
Total Comprehensive Income	**(1,040,453)**	**(749,008)**	**(442,766)**	**17,901**	**112,914**	**260,870**	**144,719**	**274,954**	**53,344**	**99,852**

Yorke Peninsula Council										
10 Year Financial Plan for the Years ending 30 June 2032										
STATEMENT OF FINANCIAL POSITION - GENERAL FUND	Projected Years									
Scenario: Yorke Peninsula Council 2023-2032	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	$	$	$	$	$	$	$	$	$	$
ASSETS										
Current Assets										
Cash & Cash Equivalents	2,922,317	1,644,102	909,560	802,000	801,526	828,754	810,031	882,478	878,106	845,614
Trade & Other Receivables	1,687,140	1,684,483	1,716,791	1,692,636	1,721,236	1,742,933	1,762,920	1,789,456	1,823,447	1,850,265
Other Financial Assets	-	-	-	-	-	-	-	-	-	-
Inventories	410,781	394,424	400,907	405,197	415,358	418,250	426,066	430,658	440,613	444,866
Other Current Assets	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Total Current Assets	5,020,238	3,723,009	3,027,257	2,899,833	2,938,120	2,989,937	2,999,016	3,102,592	3,142,165	3,140,745
Non-Current Assets										
Financial Assets	245,413	145,324	55,528	26,611	11,867	-	-	-	-	-
Equity Accounted Investments in Council Businesses	-	-	-	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	282,186,830	281,268,442	280,074,425	278,765,337	277,573,805	277,004,454	276,594,454	276,261,723	276,331,076	276,460,773
Intangible Assets	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Other Non-Current Assets	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	282,432,243	281,413,766	280,129,953	278,791,948	277,585,672	277,004,454	276,594,454	276,261,723	276,331,076	276,460,773
TOTAL ASSETS	**287,452,481**	**285,136,775**	**283,157,210**	**281,691,781**	**280,523,792**	**279,994,390**	**279,593,471**	**279,364,315**	**279,473,242**	**279,601,518**
LIABILITIES										
Current Liabilities										
Cash Advance Debenture	-	-	-	-	-	-	-	-	-	-
Trade & Other Payables	2,200,810	2,145,172	2,182,405	2,206,014	2,260,000	2,282,351	2,328,973	2,357,922	2,412,839	2,441,324
Borrowings	1,510,987	1,574,690	1,506,872	1,335,552	812,561	592,930	533,003	11	11	11
Provisions	2,341,567	2,341,567	2,341,567	2,341,567	2,341,567	2,341,567	2,341,567	2,341,567	2,341,567	2,341,567
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-
Liabilities relating to Non-Current Assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	6,053,363	6,061,429	6,030,844	5,883,132	5,414,128	5,216,847	5,203,542	4,699,499	4,754,417	4,782,902
Non-Current Liabilities										
Cash Advance Debenture	-	-	-	-	-	-	-	-	-	-
Trade & Other Payables	29,486	29,413	30,070	30,003	30,666	30,605	31,274	31,219	31,894	31,845
Borrowings	6,357,016	4,782,325	3,275,454	1,939,902	1,127,341	534,411	1,408	1,397	1,386	1,375
Provisions	219,433	219,433	219,433	219,433	219,433	219,433	219,433	219,433	219,433	219,433
Liability - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Other Non-Current Liabilities	-	-	-	-	-	-	-	-	-	-
Liabilities relating to Non-Current Assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	6,605,935	5,031,171	3,524,957	2,189,338	1,377,440	784,449	252,116	252,049	252,714	252,654
TOTAL LIABILITIES	**12,659,298**	**11,092,600**	**9,555,801**	**8,072,470**	**6,791,568**	**6,001,296**	**5,455,657**	**4,951,548**	**5,007,131**	**5,035,555**
Net Assets	**274,793,183**	**274,044,175**	**273,601,409**	**273,619,311**	**273,732,224**	**273,993,094**	**274,137,813**	**274,412,767**	**274,466,111**	**274,565,963**
EQUITY										
Accumulated Surplus	(15,216,445)	(15,965,453)	(16,408,219)	(16,390,318)	(16,277,404)	(16,016,534)	(15,871,815)	(15,596,861)	(15,543,517)	(15,443,665)
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	3,309,628	3,309,628	3,309,628	3,309,628	3,309,628	3,309,628	3,309,628	3,309,628	3,309,628	3,309,628
Total Equity	**274,793,183**	**274,044,175**	**273,601,409**	**273,619,311**	**273,732,224**	**273,993,094**	**274,137,813**	**274,412,767**	**274,466,111**	**274,565,963**

Yorke Peninsula Council										
10 Year Financial Plan for the Years ending 30 June 2032										
STATEMENT OF CASH FLOWS - GENERAL FUND	Projected Years									
Scenario: Yorke Peninsula Council 2023-2032	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	$	$	$	$	$	$	$	$	$	$
Cash Flows from Operating Activities										
Receipts:										
Rates Receipts	25,125,971	25,953,432	26,790,345	27,603,646	28,325,130	28,795,805	29,257,243	29,726,296	30,194,954	30,671,440
Statutory Charges	389,073	395,625	401,477	407,434	412,877	418,400	424,033	429,780	435,641	441,619
User Charges	4,590,986	4,706,003	4,872,276	4,987,379	5,149,769	5,260,519	5,429,990	5,548,537	5,726,028	5,852,823
Grants, Subsidies and Contributions (operating purpose)	3,138,246	3,045,964	2,999,801	2,958,453	2,992,263	3,004,021	3,037,303	3,049,962	3,084,163	3,097,758
Investment Receipts	104,359	105,121	113,230	103,510	119,689	130,354	141,482	153,156	154,770	155,564
Reimbursements	147,713	147,991	148,391	148,793	149,196	149,602	150,011	150,421	150,833	151,247
Other Revenue	122,048	141,199	146,898	144,058	149,785	146,974	152,730	149,948	155,735	152,982
Payments:										
Payments to Employees	(10,206,499)	(10,411,324)	(10,698,480)	(10,909,824)	(11,205,585)	(11,421,255)	(11,730,370)	(11,956,378)	(12,279,672)	(12,516,497)
Payments for Materials, Contracts & Other Expenses	(13,877,037)	(13,300,654)	(13,493,874)	(13,651,734)	(14,006,465)	(14,122,925)	(14,395,060)	(14,565,527)	(14,913,719)	(15,076,327)
Finance Payments	(309,111)	(283,072)	(226,913)	(169,108)	(117,407)	(73,360)	(41,930)	(17,652)	-	-
Net Cash provided (or used in) Operating Activities	9,225,749	10,500,286	11,053,150	11,622,607	11,969,252	12,288,136	12,425,431	12,668,541	12,708,730	12,930,610
Cash Flows from Investing Activities										
Receipts:										
Amounts Received Specifically for New/Upgraded Assets	756,000	-	-	-	-	-	-	-	-	-
Sale of Replaced Assets	291,909	291,909	291,909	291,909	291,909	291,909	291,909	291,909	291,909	291,909
Sale of Surplus Assets	-	-	-	-	-	-	-	-	-	-
Repayments of Loans by Community Groups	91,272	95,576	100,089	89,796	28,917	14,744	11,867	-	-	-
Payments:										
Expenditure on Renewal/Replacement of Assets	(11,550,000)	(10,400,000)	(10,350,000)	(10,350,000)	(10,700,000)	(11,500,000)	(11,900,000)	(12,100,000)	(12,750,000)	(13,000,000)
Expenditure on New/Upgraded Assets	(255,000)	(255,000)	(255,000)	(255,000)	(255,000)	(255,000)	(255,000)	(255,000)	(255,000)	(255,000)
Net Cash provided (or used in) Investing Activities	(10,665,819)	(10,267,515)	(10,213,002)	(10,223,295)	(10,634,174)	(11,448,347)	(11,851,224)	(12,063,091)	(12,713,091)	(12,963,091)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from CAD	-	-	-	-	-	-	-	-	-	-
Proceeds from Borrowings	756,000	-	-	-	-	-	-	-	-	-
Payments:										
Repayments of CAD	-	-	-	-	-	-	-	-	-	-
Repayments of Borrowings	(1,336,671)	(1,507,955)	(1,571,979)	(1,504,161)	(1,335,541)	(812,550)	(592,919)	(532,992)	-	-
Repayment of Principal Portion of Lease Liabilities	(2,956)	(3,032)	(2,711)	(2,711)	(11)	(11)	(11)	(11)	(11)	(11)
Net Cash Flow provided (used in) Financing Activities	(583,628)	(1,510,987)	(1,574,690)	(1,506,872)	(1,335,552)	(812,561)	(592,930)	(533,003)	(11)	(11)
Net Increase/(Decrease) in Cash & Cash Equivalents	(2,023,698)	(1,278,215)	(734,542)	(107,560)	(474)	27,228	(18,723)	72,447	(4,372)	(32,492)
plus: Cash & Cash Equivalents - beginning of year	4,946,015	2,922,317	1,644,102	909,560	802,000	801,526	828,754	810,031	882,478	878,106
Cash & Cash Equivalents - end of the year	**2,922,317**	**1,644,102**	**909,560**	**802,000**	**801,526**	**828,754**	**810,031**	**882,478**	**878,106**	**845,614**
Cash & Cash Equivalents - end of the year	2,922,317	1,644,102	909,560	802,000	801,526	828,754	810,031	882,478	878,106	845,614
Investments - end of the year	-	-	-	-	-	-	-	-	-	-
Cash, Cash Equivalents & Investments - end of the year	**2,922,317**	**1,644,102**	**909,560**	**802,000**	**801,526**	**828,754**	**810,031**	**882,478**	**878,106**	**845,614**

Yorke Peninsula Council										
10 Year Financial Plan for the Years ending 30 June 2032										
STATEMENT OF CHANGES IN EQUITY - GENERAL FUND	Projected Years									
Scenario: Yorke Peninsula Council 2023-2032	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	$	$	$	$	$	$	$	$	$	$
Opening Balance	275,833,636	274,793,183	274,044,175	273,601,409	273,619,311	273,732,224	273,993,094	274,137,813	274,412,767	274,466,111
Net Surplus / (Deficit) for Year	(1,040,453)	(749,008)	(442,766)	17,901	112,914	260,870	144,719	274,954	53,344	99,852
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	(1,040,453)	(749,008)	(442,766)	17,901	112,914	260,870	144,719	274,954	53,344	99,852
Transfers between Equity	-	-	-	-	-	-	-	-	-	-
Equity - Balance at end of the reporting period	**274,793,183**	**274,044,175**	**273,601,409**	**273,619,311**	**273,732,224**	**273,993,094**	**274,137,813**	**274,412,767**	**274,466,111**	**274,565,963**

Yorke Peninsula Council										
10 Year Financial Plan for the Years ending 30 June 2032										
UNIFORM PRESENTATION OF FINANCES - GENERAL FUND	**Projected Years**									
	2022/23	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**2031/32**
Scenario: Yorke Peninsula Council 2023-2032	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Operating Activities										
Income	33,710,265	34,509,952	35,509,200	36,389,510	37,329,484	37,927,558	38,614,332	39,230,593	39,924,116	40,546,385
less Expenses	(35,506,718)	(35,258,961)	(35,951,966)	(36,371,609)	(37,216,571)	(37,666,688)	(38,469,613)	(38,955,639)	(39,870,772)	(40,446,533)
Operating Surplus / (Deficit)	**(1,796,453)**	**(749,008)**	**(442,766)**	**17,901**	**112,914**	**260,870**	**144,719**	**274,954**	**53,344**	**99,852**
Capital Activities										
***less* (Net Outlays) on Existing Assets**										
Capital Expenditure on Renewal and Replacement of Existing Assets	(11,550,000)	(10,400,000)	(10,350,000)	(10,350,000)	(10,700,000)	(11,500,000)	(11,900,000)	(12,100,000)	(12,750,000)	(13,000,000)
add back Depreciation, Amortisation and Impairment	11,114,757	11,281,478	11,507,108	11,622,179	11,854,623	12,032,442	12,273,091	12,395,822	12,643,738	12,833,394
add back Proceeds from Sale of Replaced Assets	291,909	291,909	291,909	291,909	291,909	291,909	291,909	291,909	291,909	291,909
(Net Outlays) on Existing Assets	**(143,334)**	**1,173,388**	**1,449,017**	**1,564,089**	**1,446,532**	**824,351**	**664,999**	**587,731**	**185,647**	**125,303**
***less* (Net Outlays) on New and Upgraded Assets**										
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(255,000)	(255,000)	(255,000)	(255,000)	(255,000)	(255,000)	(255,000)	(255,000)	(255,000)	(255,000)
add back Amounts Received Specifically for New and Upgraded Assets	756,000	-	-	-	-	-	-	-	-	-
add back Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-	-	-	-	-	-	-	-	-
(Net Outlays) on New and Upgraded Assets	**501,000**	**(255,000)**	**(255,000)**	**(255,000)**	**(255,000)**	**(255,000)**	**(255,000)**	**(255,000)**	**(255,000)**	**(255,000)**
Net Lending / (Borrowing) for Financial Year	**(1,438,787)**	**169,379**	**751,251**	**1,326,990**	**1,304,445**	**830,221**	**554,718**	**607,685**	**(16,009)**	**(29,845)**

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.