2026 - 2035
DRAFT
LONG TERM
FINANCIAL PLAN

Yorke Peninsula Council

YORKE PENINSULA COUNCIL

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Purpose of the Long-Term Financial Plan

Councils are required to prepare a number of long-term plans including a Strategic Management Plan (SMP) which must cover a period of at least 4 years, a Long-term Financial Plan (LTFP) which must cover a period of at least 10 years and Strategic Asset Management Plan (SAMP)[1] for major assets which must also cover a period of at least 10 years. Together, these are known as Strategic Management Plans (SMPs).

Whilst it may not be obvious, most of the Council's business, financial and management decisions revolve around community infrastructure, assets and associated services. The infrastructure itself may provide a direct service (roads, footpaths) or the infrastructure is being used to deliver a service (buildings used to deliver community programs or services such as the YP Leisure Options and Council Offices).

The SMP outlines the long-term vision, which helps Council to identify the key infrastructure that will be needed to deliver on this vision.

The SAMP then detail how each major asset class will be managed to ensure they can provide the services needed by the community now and into the future in the most cost-effective manner.

The revised draft LTFP (this document[2]) makes projections about the funding of Council's plans (i.e., through rates, grants and/or borrowings) based on several assumptions and helps council to assess the impact of their proposed plans on the future financial sustainability of the council and the potential impact on ratepayers. This document is an update to the current adopted LTFP 2025-2034, which was previously endorsed by Council in April 2024, and will replace it should Council adopt this version following public consultation.

If identified projects or actions would have a significant impact on the future financial sustainability of Council, Council will need to consider how this can be managed or addressed via alternative scenarios and/or trade-offs (e.g., adjusting timing, making the project dependent on external funding grants, delivering the project to a lower service level or standard, using budget surpluses or increasing borrowings).

The SMP and SAMP are available on council's website at: Corporate publications – Yorke Peninsula Council

[1] Section 122(1a)(b) of the Local Government Act 1999 refers to an Infrastructure and Asset Management Plan, Council has elected the naming convention "Strategic Asset Management Plan" for its document.

[2] This document is declared as the Council's LTFP as required by section 122(8) of the Local Government Act 1999.

Key Targets

The key targets in the revised draft LTFP remain unchanged from the current version:

- Positive Operating Surplus Ratio (OSR) i.e. achieving an operating surplus, in the short to medium term (1 to 5 years).
- Net Financial Liabilities Ratio (NFLR) to be within the recommended Local Government target of 100% of Operating Income annually.
- Spending on asset renewal consistent with SAMP identified needs and an Asset Renewal Funding Ratio (ARFR) minimum (100%) target annually.

To assist in achieving these targets no new services, assets or increases to existing services are to be introduced without consideration of the impact on the LTFP.

Key Challenges and Opportunities

The key challenges and opportunities faced by Council in achieving the objectives of the revised draft 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.
- Managing impact of cost shifting from other levels of Government.
- Managing political and legislative changes and their impacts.
- Minimising the impact of economic instability and inflationary pressure.
- Monitoring impact of decisions made outside the revised draft 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 the community.
- Use of technological advances 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 and climate related risks.
- Greater than expected residential development & new business growth.
- Changes to grants and subsidies received from other levels of government.

Council will also continue to investigate funding opportunities as they become available which may alter the priorities in the SMPs (i.e. a project identified for a particular year may be brought forward or delayed).

Planning Framework

The financial basis of the revised draft LTFP are consistent with the audited Annual Financial Statements as at 30 June 2024, the 2024/2025 Annual Business Plan and the 2024/2025 Budget. The revised draft LTFP forecasts have been based on the September 2024 (and significant December 2024) quarter revised Budget and incorporate SAMP renewal requirements, reflect current financial policies and include a set of assumptions which are necessary, given the high-level nature of a LTFP and the long-term assumptions which sit beneath all forecasts proposed.

The revised draft 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 (ABP) and 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 at least 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 ABP and Budget will be prepared with reference to this LTFP and with consideration of new information at hand regarding economic, political and social factors at time of preparation.

The revised draft LTFP is prepared using multiple assumptions, especially regarding 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 have the potential to vary from the information contained in the revised draft LTFP. It should also be noted that some of these variations could be material.

Long Term Financial Plan (including Funding Plan)

Councils are required by the Local Government (Financial Management) Regulations 2011 to present certain information on a uniform and consistent basis. The data presented below and on the next page a provides ten-year projections for income, expenditure and the expected operating result (surplus and/or deficit), along with projected outlays required to maintain existing and/or acquire or upgrade assets and infrastructure[3].

Table 1: Long Term Financial Plan (Funding Plan)

Forecast 24/25		Year 1 25/26	Year 2 26/27	Year 3 27/28	Year 4 28/29	Year 5 29/30	Year 6 30/31	Year 7 31/32	Year 8 33/34	Year 9 34/35	Year 10 35/36
	Income										
31,514	Rates	32,458	33,851	35,101	36,399	37,746	39,144	40,595	42,102	43,666	45,290
465	Statutory Charges	479	494	506	519	532	545	559	573	587	602
5,715	User Charges	5,897	6,079	6,381	6,541	6,704	6,872	7,044	7,220	7,400	7,585
3,259	Grants, Subsidies and Contributions - operating	7,186	3,998	3,360	2,725	2,757	2,789	2,823	2,858	2,893	2,929
2,302	Grants, Subsidies and Contributions - capital	1,315	3,961	3,644	3,644	3,644	3,644	1,644	1,644	1,644	1,644
320	Investment Income	185	207	194	212	218	220	214	219	233	250
255	Reimbursements	156	161	165	169	173	177	182	186	191	196
517	Other Income	154	158	161	164	167	171	174	177	181	185
44,348	**Total Income**	**47,831**	**48,909**	**49,512**	**50,371**	**51,941**	**53,562**	**53,234**	**54,979**	**56,795**	**58,680**
	Expenses										
12,320	Employee Costs	12,779	13,336	13,749	14,175	14,614	15,067	15,534	16,015	16,511	17,023
21,748	Materials, Contracts & Other Expenses	22,975	19,093	18,500	17,880	18,500	20,593	19,634	20,075	20,770	21,455
14,006	Depreciation, Amortisation & Impairment	14,944	15,784	16,319	16,324	17,384	17,850	17,993	17,993	19,145	19,326
220	Finance Costs	187	442	499	492	440	394	364	333	299	263
48,294	**Total Expenses**	**50,886**	**48,655**	**49,067**	**48,871**	**50,938**	**53,904**	**53,525**	**54,416**	**56,725**	**58,067**
(3,946)	**Operating Surplus/(Deficit)**	(3,055)	254	445	1,501	1,003	(342)	(290)	563	70	612
(2,302)	Less: Grants, subsidies and contributions – Capital	(1,315)	(3,961)	(3,644)	(3,644)	(3,644)	(3,644)	(1,644)	(1,644)	(1,644)	(1,644)
(6,248)	**Adjusted Operating Surplus / (Deficit)**	**(4,370)**	**(3,708)**	**(3,199)**	**(2,143)**	**(2,641)**	**(3,986)**	**(1,934)**	**(1,081)**	**(1,573)**	**(1,031)**

[3] Data is presented in the Uniform Presentation of Finances (UPF) format as required by the Local Government (Financial Management) Regulations Part 2, Section 5(1)(b). Elements of the UPF for which no income or expenditure has been forecast have been removed from the data (e.g. – timing adjustment for grant revenue).

Forecast 24/25		Year 1 25/26	Year 2 26/27	Year 3 27/28	Year 4 28/29	Year 5 29/30	Year 6 30/31	Year 7 31/32	Year 8 33/34	Year 9 34/35	Year 10 35/36
	Net Outlays on Existing Assets										
(13,018)	Capital Expenditure on Renewal and Replacement of Existing Assets	(15,100)	(17,000)	(16,500)	(16,300)	(16,700)	(16,600)	(16,500)	(17,300)	(18,000)	(18,500)
14,006	add back Depreciation, Amortisation and Impairment	14,944	15,784	16,319	16,324	17,384	17,850	17,993	17,993	19,145	19,326
2,302	add back Grants, subsidies and contributions – Capital Renewal	1,315	3,961	3,644	3,644	3,644	3,644	1,644	1,644	1,644	1,644
286	add back Proceeds from Sale of Replaced Assets	380	380	380	400	400	425	425	450	450	450
3,576	**Total Net Outlays on Existing Assets**	**1,539**	**3,125**	**3,843**	**4,068**	**4,728**	**5,319**	**3,561**	**2,786**	**3,239**	**2,920**
	Net Outlays on New and Upgraded Assets										
(11,555)	"Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)"	(1,700)	(625)	(660)	(810)	(925)	(1,020)	(1,060)	(1,020)	(1,110)	(1,120)
6,974	add back Amounts Received Specifically for New and Upgraded Assets	796	19	-	-	-	-	-	-	-	-
(4,581)	**Total Net Outlays on New and Upgraded Assets**	**(904)**	**(606)**	**(660)**	**(810)**	**(925)**	**(1,020)**	**(1,060)**	**(1,020)**	**(1,110)**	**(1,120)**
(7,253)	**Annual Net Impact to Financing Activities (surplus / (deficit))**	**(3,735)**	**(1,188)**	**(16)**	**1,115**	**1,162**	**313**	**567**	**686**	**555**	**769**

Key Assumptions

The measure to which the outcomes forecast in the revised draft LTFP are achieved rest upon the extent to which future operations and movements in the broader economic environment, occur in accordance with the underlying assumptions of the plan. Given a 10-year time horizon, the reader should keep in mind that projections contained within this plan are inherently less reliable as time progresses.

Inflation

The revised draft LTFP assumes annual inflation[4] movement based upon a combination of Trimmed Mean Inflation and Consumer Price Index (CPI) forecast data as presented in the Reserve Bank of Australia's (RBA) Statement of Monetary Policy – November 2024. It is assumed that inflation will fall within the RBA target range of 2%-3% from the 2027/2028 financial year and remain in that territory for the life of the plan.

[4] Inflation is an increase in the level of prices of the goods and services that households buy. It is measured as the rate of change of those prices.

Table 2: Inflation Assumptions

	Year 1 2025/2026	Year 2 2026/2027	Year 3 2027/2028	Year 4 2028/2029	Year 5 2029/2030	Year 6 2030/2031	Year 7 2031/2032	Year 8 2033/2034	Year 9 2034/2035	Year 10 2035/2036
Inflation	3.0%	3.1%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Operating Income

General Assumptions

The table below broadly summarises forecast annual adjustments for general income areas. It should be noted that several individual income line items within these broader categories have increased or decreased at rates independent of the assumptions below.

Table 3: General Operating Income Assumptions

	Year 1 2025/2026	Year 2 2026/2027	Year 3 2027/2028	Year 4 2028/2029	Year 5 2029/2030	Year 6 2030/2031	Year 7 2031/2032	Year 8 2033/2034	Year 9 2034/2035	Year 10 2035/2036
General Rates and Rebates	3.0%	4.6%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Landscape Levy (State Gov't Tax)	3.0%	3.1%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Waste Collection (Service Charge)	3.0%	3.1%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
CWMS (Service Charge)	3.0%	3.1%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Water Supply (Service Charge)	3.0%	3.1%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Statutory Charges	3.0%	3.1%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
User Charges (including Caravan Parks and NDIS)	3.0%	3.1%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Reimbursements	3.0%	3.1%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other income (excluding ATO Fuel Tax Credits)	3.0%	3.1%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

The revised draft LTFP assumes that Council's operating income, excluding rate and grant income, will generally move in concert with inflation.

General Rates

Rates constitute a system of taxation for local government purposes (generally based on the value of land)[5]. The revised draft 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, social and economic goals and external economic environment, balanced against the Community's ability to pay and its desire for services and infrastructure.

Forecast rate increases are set with reference to inflation assumptions, as measured by the CPI, plus an additional increase above CPI to ensure financial sustainability targets are achieved. It needs mentioning that, without rate increases above CPI Council would need to consider reductions to capital expenditure and/or delays/withdraws from delivery of a number of projects included in the plan.

The table below shows the forecast CPI compared to the general rate increases[6] proposed.

Table 4: Forecast General Rate Increases

	Year 1 2025/2026	Year 2 2026/2027	Year 3 2027/2028	Year 4 2028/2029	Year 5 2029/2030	Year 6 2030/2031	Year 7 2031/2032	Year 8 2033/2034	Year 9 2034/2035	Year 10 2035/2036
General Rates inclusive of Rebates	3.0%	4.6%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
CPI	3.0%	3.1%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Forecast increase above inflation	Nil	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%

Rate revenue is vital in enabling the delivery of Council services over the next ten (10) years and beyond. General rate revenue (i.e. - excluding service charges, special rates and the regional landscape levy) provides 59.3% of total operating income across the life of the plan. Rate revenue funds many Council services, is used to create new and upgrade existing Council assets and to maintain and renew existing Council assets ensuring they operate at a safe and functional standard in line with Community needs and expectations.

[5] Section 150(a) of the Local Government Act 1999.

[6] The phase "general rate increase" refers to the percentage increase in total general rates raised by Council for a given year (e.g. – If Council raised $25.2m general rates, inclusive of rebates, in the prior year and then applied a general rate increase of 3.0% this would equate to an approximate increase of $757k in total general rates raised in the current year). It must be stressed that the actual change in general rates payable by any individual ratepayer may be more or less than the forecast general rate increase depending on the relative movement in the capital value of their property, as set by the Valuer General (externally), and setting of differential rates for land use categories, as set by Council (internally), for each individual year of the Plan.

Other Rates

Other rate income includes service charges, separate rates and the State Government landscape levy. Other rate income provides approximately 14.2% of total operating income over the life of the Plan. Council raises service charges on rateable land where it provides or makes available a prescribed service, such that, the beneficiaries effectively pay for the service they receive. Council applies a service charge in relation to the following services: Community Wastewater Management System (CWMS), Water Supply and Waste Collection and Recycling. Service charges are set with reference to the cost to Council of establishing, operating, maintaining, improving and replacing the services in its area and any additional external pricing regulation which may apply.

Legislation requires Council to collect the landscape levy, a State Government tax, through its rating process. The levy raised is remitted to the Northern and Yorke Landscape Board less a small fee (<$10,000 per annum) for Council's services. In the 2024/2025 financial year Council was required to collect approximately $1.2m from Council ratepayers which was then provided directly Northern and Yorke Landscape Board after subtracting externally predetermined collection fee. Separate rates are payable to Council, in addition to general rates and service charges, by a select group of rate payers in Chinaman Wells and Point Turton to cover the cost of finance facilitated by Council to enable the construction of seawalls to protect specific private property.

Statutory Charges

Statutory Charges are fees from regulatory services. This income is associated with the granting of a licence, the regulation of an activity or penalties for non-compliance with a regulatory activity. Statutory charges include planning and development fees, rates searches, animal registration fees and fines, septic tank registration and inspection fees and other licences, permits, fines and penalties.

Statutory charges are generally set external to Council by the State Government, with increases to these fees generally following CPI. The cost to deliver services related to Statutory Charges exceeds the level of income generated by associated fees. As such these services are partially funded through Council's general revenue. Over the life of the revised draft LTFP Statutory Charges account for 1.0% of Council's total operating income, providing approximately $5.4m.

User Charges

This category of income 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 maintained solid performance over recent years. Caravan Park operations provide a return to Council and fund their own capital works program through profits generated as a separate business unit of Council.

The fees and charges which generate user charges income are generally set at the discretion of Council. These fees and charges 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 to increase in line with CPI assumptions over the life of the revised draft LTFP. Council operated Caravan Parks generate average of 65.2% of the total user charges income generated by Council each year.

Over the life of the revised draft LTFP User Charges account for 12.9% of Council's total operating income, providing approximately $67.7m.

Grants (capital and operating)

South Australian Local Government financial management guidance requires Council's to classify grant income as either:

- Grants, subsidies and contributions – Operating (to fund projects which are deemed operational in nature)
- Grants, subsidies and contributions – Capital (to fund projects related to asset construction which replaces or renews existing assets)
- Amounts received specifically for new or upgrade assets (to fund projects to acquire or construct new assets or to upgrade to existing assets)[7]

Council relies on several regular grant (capital and operating) programs to fund ongoing service delivery and infrastructure maintenance and renewal requirements. General assumptions in relation to the more significant programs are listed below:

- Financial Assistance Grants - Consisting of two (2) components: General Purpose Grants and Identified Local Roads. These funds are not tied to any specific purpose and can be used at Council's discretion. The LTFP hold the General-Purpose Grant component to current funding levels due to recent fluctuations in this component but indexes the Identified Local Roads component by CPI across the life of the LTFP.
- Supplementary Local Roads Grant - Provided to SA Councils by the Federal Government. These funds are not tied to any specific purpose and can be used at Council's discretion. Council received an annual allocation of approximately $400k per between 2019/2020 and 2024/2025. This funding is not anticipated to continue beyond year 1 of the plan.
- Roads to Recovery Grant - 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 allocation for 2024/2025 is approximately $1.1m. This financial year represents the first year of a new five-year funding period, the allocation will rise annually in accordance with existing published funding documents till it reaches approximately $1.6m in 2028/2029. From 2029/2030 the plan assumes a fixed annual allocation of $1.6m in Roads to Recovery Funding. However, it must be kept in mind that this funding source is not guaranteed beyond 2028/2029.

[7] This classification of grant income is discussed later in the document.

- Municipal Services Program - Council will receive $110k in 2024/2025 to provide municipal services to the Point Pearce community. This amount has been indexed by CPI for the life of this LTFP.

In addition to regular grant funding the revised draft LTFP contains grant funding assumptions in relation a number to one-off grants for specific operational and capital projects. It must be stressed that assumptions regarding grant funding for one-off projects are subject to external offers of funding and assume successful application and formal acceptance by Council. Expenditure estimates in relation to these projects are subject to market forces and the outcome of procurement processes. Actual variations from to these assumptions and/or subsequent choices to include or exclude projects may have a material impact on LTFP results.

Table 5: Assumed Grant Funding on Major Projects[8]

Project	Year 1 2025/2026 ($'000)	Year 2 2026/2027 ($'000)	Year 3 2027/2028 ($'000)	Year 4 2028/2029 ($'000)	Year 5 2029/2030 ($'000)	Year 6 2030/2031 ($'000)	Year 7 2031/2032 ($'000)	Year 8 2033/2034 ($'000)	Year 9 2034/2035 ($'000)	Year 10 2035/2036 ($'000)
Jetties Renewal Program	3,500									
Yorketown Undergrounding of Power	667	1333	667							
Clinton Road		2,400	2,000	2,000	2,000	2,000				

Over the life of the revised draft LTFP Grants, Subsidies and Contributions Income (Operating and Capital) accounts for 11.6% of Council's total operating income, providing approximately $60.7m.

Investment Income

Investment Income is derived from interest on Council investments and available cash at bank and includes reimbursement of interest paid by Council on loans to community groups. Income has been forecast based on government bond rates applied to 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 (P0139) Treasury Management Policy ensures available funds are managed on a regular basis to maximise returns. With inflation easing and Council's available cash balance reducing early in the revised draft LTFP a significant reduction in investment income, when compared to prior years has been forecast.

[8] The revised draft LTFP contains assumptions regarding the Robert Street, Maitland major project which differ from the current LTFP. For further information please refer to the Materials Contracts and Other Expenditure and Major Projects sections of this paper.

Over the life of the revised draft LTFP Investment Income accounts for 0.4% of Council's total operating income, providing approximately $2.2m.

Reimbursements

This income category includes reimbursements received from Community Groups, Sporting Clubs, Government bodies and individuals for expenses incurred by Council in undertaking work on their behalf and then on-charged.

Over the life of the revised draft LTFP Reimbursement Income accounts for 0.3% of Council's total operating income, providing approximately $1.8m.

Other Income

All income that cannot be classified in the categories above is included here. Examples of income within this classification include insurance recoupments, rebates and commissions.

Over the life of the revised draft LTFP Other Income accounts for 0.3% of Council's total operating income, providing approximately $1.7m.

Operating Expenditure

General Assumptions

The table below broadly summarises forecast annual adjustments for several expenditure areas. It should be noted that a number of individual income line items have increased or decreased at a rate different to those presented in the table below.

Table 6: General Operating Expenditure Assumptions

	Year 1 2025/2026	Year 2 2026/2027	Year 3 2027/2028	Year 4 2028/2029	Year 5 2029/2030	Year 6 2030/2031	Year 7 2031/2032	Year 8 2033/2034	Year 9 2034/2035	Year 10 2035/2036
Employee Costs (excluding Superannuation)	4.50%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Employee Costs (Superannuation)	5.00%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Materials, Contracts & Other Expenses (Legal)	4.00%	4.10%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Materials, Contracts & Other Expenses (Insurance)	5.00%	15.00%	5.00%	5.00%	5.00%	15.00%	5.00%	5.00%	5.00%	15.00%
Materials, Contracts & Other Expenses (Other)	3.00%	3.10%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Employee Costs

Includes all operating employee costs and is inclusive of salaries, 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, the revised draft LTFP assumes the trend on this split remains reasonably consistent across the life of this LTFP. Approximately $1.5m (indexed annually) has been allocated in capital wages every year.

The LTFP continues to provide for legislated annual increases in the superannuation guarantee rate moving from 10% to 12% between 2021/2022 to 2025/2026 in annual increments of 0.5%.

Current Enterprise Bargaining Agreements (EBA) which conclude on 30 June 2027 drive early assumptions in relation to employee costs. In addition to EBA stipulated increases an annual allowance of 0.5% per annum has been forecast into projections to cover employee reclassifications, step increments, contract negotiations and market factors. No increase to the number of Full Time Equivalent (FTE) staff positions are factored into this LTFP. Future iterations of the LTFP will reflect the most up to date EBA's once finalised.

Over the life of the LTFP operating Employee Costs account for 28.3% of Council's total operating expenditure, costing approximately $148.8m.

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.

As noted under general assumptions, while an underlying CPI increase is built into most expense lines in this category, some expense lines have increased by more than CPI or have had to be adjusted (reduced or increased) to reflect their one-off nature.

Significant changes to one-off operating projects included in this review to the revised draft LTFP:

- $1m increase to operational expenses for the Yorketown Undergrounding of Power project (in addition to a further $1m increase to capital expenses for allocation to resultant streetscaping requirements). Extension of project timeframe to commence in late 2025/2026 for delivery over 3 years.

- $4.7m overall increase to leased jetties contractual maintenance expenditure with plan now including a $7m jetties renewal project (which is to be 50% grant funded). Previous contractual jetties maintenance budget in current LTFP is $5m, revised total allocation in this draft LTFP is approximately $9.7m.
- Adjustments to Robert Street, Maitland project assumptions. Due to the competitive nature of the grant application and hence, reduced likelihood of success. A reduced scope capital project with a capital allocation of $1m has been included in the revised draft LTFP to assist in addressing streetscaping issues at Robert Street Maitland. All previous assumptions have been removed.

Over the life of the revised draft LTFP Materials, Contracts and Other Expenses account for 38.0% of Council's total operating expenditure, costing approximately $199.5m.

Depreciation

Depreciation is an accounting charge to operating expenditure which estimates the rate of consumption of Council's infrastructure, buildings, plant and equipment and other fixed assets in financial terms.

Depreciation in the revised draft LTFP is calculated based on the best estimates of consumption of Council's assets over their useful lives, reflecting existing asset management plans, asset revaluations and current asset data which is held and updated by Council. The revised draft LTFP also assumes future revaluations of Council's major asset classes (Buildings and Other Structures, Transport (including Airfields and Carparks), CWMS, Stormwater and Water Schemes) will be undertaken in accordance with the latest revaluation schedules with resultant replacement cost increases in line with general CPI movements.

Over the life of the LTFP Depreciation account for 33.0% of Council's total operating expenditure, costing approximately $173.1m.

Finance Costs

Finance Costs include interest on borrowings inclusive of community loans and are based on loan repayment schedules for existing loans. In addition to existing loans the revised draft LTFP provides for increases to borrowings of approximately $8.4m across the life of the plan.

Table 7: New Loans

Projects with Loans	Year 1 2025/2026 ($'000)	Year 2 2026/2027 ($'000)	Year 3 2027/2028 ($'000)	Year 4 2028/2029 ($'000)	Year 5 2029/2030 ($'000)	Year 6 2030/2031 ($'000)	Year 7 2031/2032 ($'000)	Year 8 2032/2033 ($'000)	Year 9 2033/2034 ($'000)	Year 10 2034/2035 ($'000)
Jetties Renewal Program	2,000									
Yorketown Undergrounding of Power including Streetscape	583	1,165	583							
Cleanup of Illegal Asbestos Dumping	2,000									
Streetscape of Robert Street, Maitland	1,000									
Clinton Road		600	500							
Total New Borrowings	**5,583**	**1,765**	**1,083**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

Forecasts in the revised draft LTFP have been made with consideration of Council's current Treasury Management Strategy. For more information, please refer to Council's (PO139) Treasury Management Policy available on its website.

Operating Surplus/(Deficit)

An operating surplus (or deficit) arises when operating income exceeds (or is less than) operating expenses for a period (usually a year).

If a Council is not generating an operating surplus in most periods, then it is unlikely to be operating sustainably. It means that the cost of services provided to the community exceeds income generated. The operating surplus/(deficit) measure is considered the most critical indicator of Council's financial performance.

Table 8: Operating Results

	Year 1 2025/2026 ($'000)	Year 2 2026/2027 ($'000)	Year 3 2027/2028 ($'000)	Year 4 2028/2029 ($'000)	Year 5 2029/2030 ($'000)	Year 6 2030/2031 ($'000)	Year 7 2031/2032 ($'000)	Year 8 2032/2033 ($'000)	Year 9 2033/2034 ($'000)	Year 10 2034/2035 ($'000)
Operating Surplus/(Deficit)	(3,055)	254	445	1,501	1,003	(342)	(290)	563	70	612

Major Projects

The table below provides an overview of major projects included in the revised draft LTFP and assumed funding sources. Many of these projects materially impact financial results in the year they are undertaken.

Table 9: Major Project Assumptions

Project	Anticipated Timing[9]	Classification	Total Cost ($'000)		Grant Funding ($'000)	New Borrowings ($'000)	General Revenue ($'000)
North Coast Road – Stage 3b	2025/26	Capital New/Upgrade	961		577	Nil	384
Yorketown Undergrounding of Power (PLEC)	Over 3 years 2025/26 -2027/28	Operating	4,000		2,700	1,300	Nil
Yorketown Undergrounding of Power (Streetscaping allocation to accompany PLEC works)[11]	Over 3 years 2025/26 -2027/28	Capital Renewal	1,000		Nil	1,000	Nil
Jetties Renewal Program – Stage 1	2025/26	Operating	5,500	**Funding Assumptions[10]**	3,500	2,000	Nil
Robert Street, Maitland (Streetscaping allocation)[12]	2025/2026	Capital Renewal	1,000		Nil	1,000	1,000
Illegal Dumping Project[13]	Over 2 years 2024/25 - 2025/26	Operating	2,000		Nil	2,000	Nil
Clinton Road Renewal – Stages 1 to 5	Over 5 years 2026/27 - 2030/31	Capital Renewal	13,000		10,400	1,100	1,500
Jetties Renewal Program – Stage 2	2030/31	Operating	1,500		Nil	Nil	1,500
Totals			**28,961**		**17,177**	**8,400**	**3,384**

[9] The anticipated timing of these major projects is often subject to circumstances outside of Council's ability to control (i.e. – availability of grant funding).

[10] Funding assumptions are subject to change and are dependent on circumstances outside of Council's ability to control. Grant applications may not be successful and even where successful are subject to change at the discretion of the funding body.

[11] Streetscaping is a requirement of any grant funding for the undergrounding of power through the PLEC program. The allocation provided in this plan represents a significantly reduced project scope when compared to concept design plans developed by external consultants. Further investigation in relation to minimum street scaping requirements is needed to accurately assess project viability.

[12] The streetscaping allocation for Robert Street, Maitland represents a significantly reduced project scope when compared to concept design plans and related cost estimates. The inclusion of this project assumes Council will be unsuccessful in its current application for grant funding. This timing of this project requires further guidance from the Department of Infrastructure and Transport (DIT) as works for aspects of streetscaping, which are Council's responsibility, will require coordination with works on the road, which is the responsibility of DIT as Robert Street, Maitland (i.e. the road) is a State Government asset. Any future applications for grant funding in relation to this project would need to be modelled in a future iteration of the LTFP.

[13] Allocation represents an estimate only. This project is subject to requirements of the Environmental Protection Agency (EPA) which are yet to be finalised. The LTFP assumes expenditure will be recognised in 2024/25 with the physical project undertaken in 2025/26. Deviation from these assumptions may have a material impact of financial projections.

Asset Renewal

In line with Council's SMP and SAMP one of the major aims of this Plan is to maximise the provision of funds for the renewal and replacement of existing assets.

The table below presents annual projected capital renewal expenditure by asset class compared to total annual SAMP asset renewal requirements. SAMP values have been indexed for inclusion in the revised draft LTFP to account for the effect of inflation on projected expenditure requirements. CPI has been used in calculating indexed renewal values for the revised draft LTFP. Failure to index SAMP renewal values may result in an overstatement of Council's ability to meet renewal requirements. The plan provides for $168.5m in asset renewal funding which is $3.5m greater than SAMP requirements over the 10-year period.

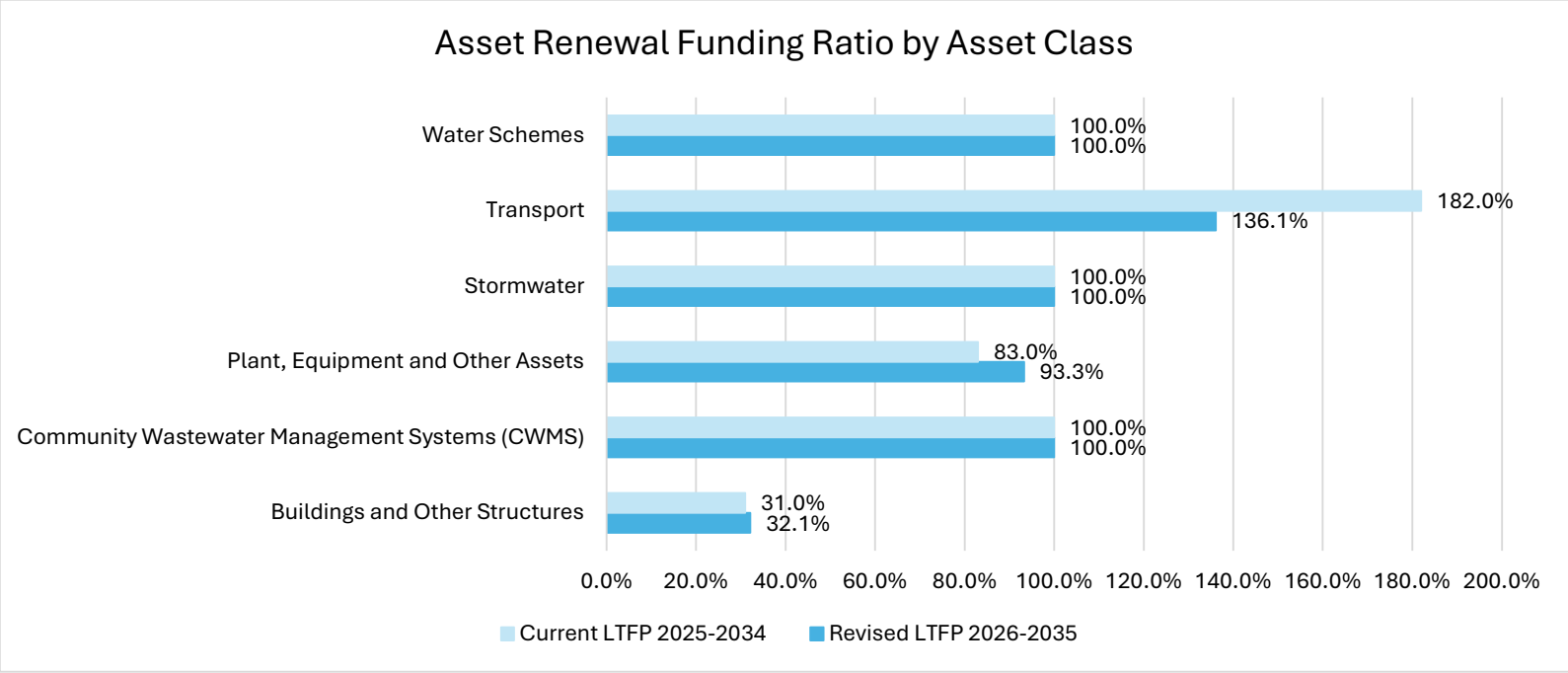
Table 10: Asset Renewal Allocations Compared to Strategic Asset Management Plan Renewal Requirements

	Year 1 2025/2026 ($'000)	Year 2 2026/2027 ($'000)	Year 3 2027/2028 ($'000)	Year 4 2028/2029 ($'000)	Year 5 2029/2030 ($'000)	Year 6 2030/2031 ($'000)	Year 7 2031/2032 ($'000)	Year 8 2032/2033 ($'000)	Year 9 2033/2034 ($'000)	Year 10 2034/2035 ($'000)	Total Over 10 Years ($'000)
Buildings and Other Structures	800	800	1,000	1,000	1,000	1,000	1,500	1,500	2,000	2,100	12,700
Community Wastewater Management Systems	224	682	418	100	333	422	160	713	320	584	3,956
Plant, Equipment and Other Assets	2,987	3,000	2,700	2,500	3,200	3,400	2,500	2,500	2,800	2,800	28,387
Stormwater	36	8	197	20	86	9	36	36	34	17	479
Transport	11,000	12,479	12,092	12,631	12,017	11,752	12,118	12,413	12,816	12,819	122,137
Water Schemes	53	31	93	49	64	17	186	138	30	180	841
Renewal Total	**15,100**	**17,000**	**16,500**	**16,300**	**16,700**	**16,600**	**16,500**	**17,300**	**18,000**	**18,500**	**168,500**
SAMP Required Renewal	21,666	10,504	16,394	12,194	16,129	19,051	18,041	11,491	14,904	24,602	164,976
Variance Over/(Under)	**(6,566)**	**6,496**	**106**	**4,106**	**571**	**(2,451)**	**(1,541)**	**5,809**	**3,096**	**(6,102)**	**3,524**

It should be noted that individual projects under each asset class will be determined annually as part of Council's ABP and Budget preparation and are subject to Council approval. The allocations presented in the tables above are a guide only and may be varied during ABP and Budget preparation.

The table below presents the Asset Renewal Funding Ratio by Asset Class based on the projections above and the indexed SAMP asset renewal requirements. Due to the existence of an asset renewal backlog[14] it is anticipated that additional funding, above SAMP requirements, will be directed towards road asset renewal projects.

Chart 1: Asset Renewal Funding Ratio by Asset Class



The anticipated development of a Marine and Coastal assets register, which will be subject to regular revaluation, may increase the funding requirements for renewal of existing assets placing further pressure on Council's financial position. Reduction to new/upgrade capital expenditure and delays/removal of major new capital and operating projects may be required to fund this renewal in addition to consideration of increases to income.

[14] An asset renewal backlog is created when required asset renewal is not undertaken in accordance with the timing indicated in the SAMP. 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.

Net Outlays on Existing Assets

Results for the net outlays on existing assets are presented below. The positive results suggests that Council's asset renewal is adequately funded through its depreciation allocation (a non-cash expense), capital grant funding and proceeds from the sale of existing assets.

Table 11: Net Outlays on Existing Assets

	Year 1 2025/2026 ($'000)	Year 2 2026/2027 ($'000)	Year 3 2027/2028 ($'000)	Year 4 2028/2029 ($'000)	Year 5 2029/2030 ($'000)	Year 6 2030/2031 ($'000)	Year 7 2031/2032 ($'000)	Year 8 2032/2033 ($'000)	Year 9 2033/2034 ($'000)	Year 10 2034/2035 ($'000)
Total Net Outlays on Existing Assets	1,539	3,125	3,843	4,068	4,728	5,319	3,561	2,786	3,239	2,920

New and Upgraded Assets

The table below presents annual projected new and upgrade capital expenditure by asset class compared to total annual SAMP new and upgrade capital expenditure requirements. SAMP values have been indexed for inclusion in the revised draft LTFP to account for the effect of inflation on projected expenditure requirements. CPI has been used in calculating indexed new and upgrade capital values for the revised draft LTFP. Failure to index SAMP values may result in an overstatement of Council's ability to meet SAMP requirements. The plan provides for approximately $10m in asset new and upgrade asset funding which is approximately $8m less than SAMP requirements over the 10-year period. Based on the level of funding available (i.e. – affordability) it is recommended that the SAMP be revised to consider Council's reduced expenditure capacity.

Table 12: New and Upgrade Asset Allocations Compared to Strategic Asset Management Plan Projections

	Year 1 2025/2026 ($'000)	Year 2 2026/2027 ($'000)	Year 3 2027/2028 ($'000)	Year 4 2028/2029 ($'000)	Year 5 2029/2030 ($'000)	Year 6 2030/2031 ($'000)	Year 7 2031/2032 ($'000)	Year 8 2032/2033 ($'000)	Year 9 2033/2034 ($'000)	Year 10 2034/2035 ($'000)	Total Over 10 Years ($'000)
Buildings and Other Structures	202	123	129	159	181	219	227	218	238	240	1,936
Community Wastewater Management Systems	87	53	56	69	79	-	-	-	-	-	344
Plant, Equipment and Other Assets	67	41	43	53	60	73	76	73	79	80	645
Stormwater	67	40	44	53	61	72	75	73	79	80	644

	Year 1 2025/2026 ($'000)	Year 2 2026/2027 ($'000)	Year 3 2027/2028 ($'000)	Year 4 2028/2029 ($'000)	Year 5 2029/2030 ($'000)	Year 6 2030/2031 ($'000)	Year 7 2031/2032 ($'000)	Year 8 2032/2033 ($'000)	Year 9 2033/2034 ($'000)	Year 10 2034/2035 ($'000)	Total Over 10 Years ($'000)
Transport	1,277	368	388	476	544	656	682	656	714	720	6,481
Water Schemes	-	-	-	-	-	-	-	-	-	-	-
LTFP Renewal Total	**1,700**	**625**	**660**	**810**	**925**	**1,020**	**1,060**	**1,020**	**1,110**	**1,120**	**10,050**
SAMP Required Renewal Total	2,606	1,625	1,667	1,708	1,749	1,641	1,681	1,723	1,767	1,810	17,977
Variance Over/(Under)	**(906)**	**(1,000)**	**(1,007)**	**(898)**	**(824)**	**(621)**	**(621)**	**(703)**	**(657)**	**(690)**	**(7,927)**

Net Outlays on New and Upgrade Assets

Results for the net outlays on new and upgrade assets are presented below. The negative results suggests that the Council's forecast expenditure on new and upgrade assets is funded by general revenue and capital renewal funding sources as opposed to income items associated with supporting new and upgrade capital expenditure. Where decisions to expend funds on new and upgrade assets are not deemed essential, Council could choose to redirect this expenditure to bolster asset renewal funding or undertake significant operating projects.

Table 13: Net Outlays on New and Upgrade Assets

	Year 1 2025/2026 ($'000)	Year 2 2026/2027 ($'000)	Year 3 2027/2028 ($'000)	Year 4 2028/2029 ($'000)	Year 5 2029/2030 ($'000)	Year 6 2030/2031 ($'000)	Year 7 2031/2032 ($'000)	Year 8 2032/2033 ($'000)	Year 9 2033/2034 ($'000)	Year 10 2034/2035 ($'000)
Total Net Outlay on New Assets & Upgrades to Existing Assets	(904)	(606)	(660)	(810)	(925)	(1,020)	(1,060)	(1,020)	(1,110)	(1,120)

Chief Executive Officer's Report on Financial Sustainability

The following defintion of financial sustainabilty represents the industry standard for Local Government:

> *A Council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.*

The Funding Plan and Financial Indicator results presented and discussed below further deliberation regarding potential trade-offs and project reproritisation which may bolster Council's overall financial health. The revised draft LTFP continues to reflect the significant finanical commitment required to maintain existing Council assets highlighting the challenges faced in ensuring adequate levels of funding are available to facilitate this task. The forecasts in the revised draft LTFP, whilst addressing asset renewal requirments over the 10 year period, do little to address current asset renewal backlog and are yet to factor in revised Marine and Coastal asset information which will further increase asset renewal requirements. As such, discussions regarding appropriate revenue targets (e.g. – rating) and/or potential reductions to current services levels may be required. Development of the next ABP and Budget and pending revision of the Transport Asset Management Plan (TAMP), will also feed into the decision making process.

Overall financial performance[15] averages are breakeven over the life of the plan, with significant negative results early in the plan. These two factors provide little scope for Council to respond to unforeseen circumstances or situations where the actual financial movements do not align with the asumptions in this plan. Reprioritisation and/or changes to the timing major projects may provide improved results, as would reductions to service levels and/or increased revenue.

Council's financial performance[16] improves over the life of the plan as the value of borrowings reduces. The net financial liabilities ratio effectively shows the percentage of a Council's operating income that would be required if the Council had to repay all its liabilities, including borrowings. Council's ratio peaks at 25% early in the plan reducing to 12% by its conclusion, this is well below Council maximum threshold of 100%.

Council achieves its stated asset management performance[17] target over the life of the plan due to prioritisation of asset renewal funding. However, the forecast distribution of renewal allocation is weighted heaviliy towards transport assets (e.g. – roads) to the determent of other asset classes such as Buildings and Other Structures. Over time such an approach runs the risk of exposing Council to higher renewal costs where assets deteriorate to

[15] Refer to discussion on the Operating Surplus Ratio.
[16] Refer to discussion on the Net Financial Liabilities Ratio.
[17] Refer to discussion on the Asset Renewal Funding Ratio.

such an extent that more expensive intervention is required. As previously noted, further work in improving Council's Marine and Coastal asset data is likely to increase renewal asset requirements placing further strain on Council finances.

If the revised draft LTFP is adopted as presented and future annual Budgets align with the revised draft LTFP projections, Council will achieve its objectives as stated but not without concerns regarding its ability to response to circumstances outside plan projections. As such, Council continues to face challenges to its long term financial sustainability. Reviews of operations and reassesment of project prioritisation may help realise savings and increases productivity, efficiency, and effectiveness. Any such gains will be reflected in future revisions of the revised draft LTFP.

Funding Plan Results

The Funding Plan provides calculated a bottom-line result labelled "Annual Net Impact to Financing Activities (surplus / (deficit))". South Australian Local Government Model Financial Statements guidance material for the 2023/2024 financial year notes that the Annual Net Impact to Financing Activities (surplus / (deficit)) figure "is a flow measure that takes account of both operating and capital activities for the financial year. Achieving a zero result on the Annual Net Impact to Financing Activities measure in any one year means that the Council has met all its expenditure (both operating and capital) from the current year's income (with income including amounts received specifically for new/upgrade assets)." Council's forecast results, provided below, present a return to positive territory from 2028/2029 which is reflected in a steady decrease to net financial liabilities over the later part of the plan. Early years of the LTFP rely heavily on utilisation of existing cash balances and new loans to fund operating and capital expenditure.

Table 14: Annual Net Impact to Financing Activities Results

	Year 1 2025/2026 ($'000)	Year 2 2026/2027 ($'000)	Year 3 2027/2028 ($'000)	Year 4 2028/2029 ($'000)	Year 5 2029/2030 ($'000)	Year 6 2030/2031 ($'000)	Year 7 2031/2032 ($'000)	Year 8 2032/2033 ($'000)	Year 9 2033/2034 ($'000)	Year 10 2034/2035 ($'000)
Annual Net Impact to Financing Activities (surplus / (deficit))	(3,735)	(1,188)	(16)	1,115	1,162	313	567	686	555	769

Financial Indicator Results

In addition to regular means of financial reporting all South Australia Councils are required to report on financial estimates and target ranges for three financial indicators (ratios). These ratios provide additional means of conveying and analysing Council's:

- Financial performance (Operating Surplus Ratio).
- Financial position (Net Financial Liabilities Ratio); and
- Asset management performance (Asset Renewal Funding Ratio).

Table 15: Financial Indicators

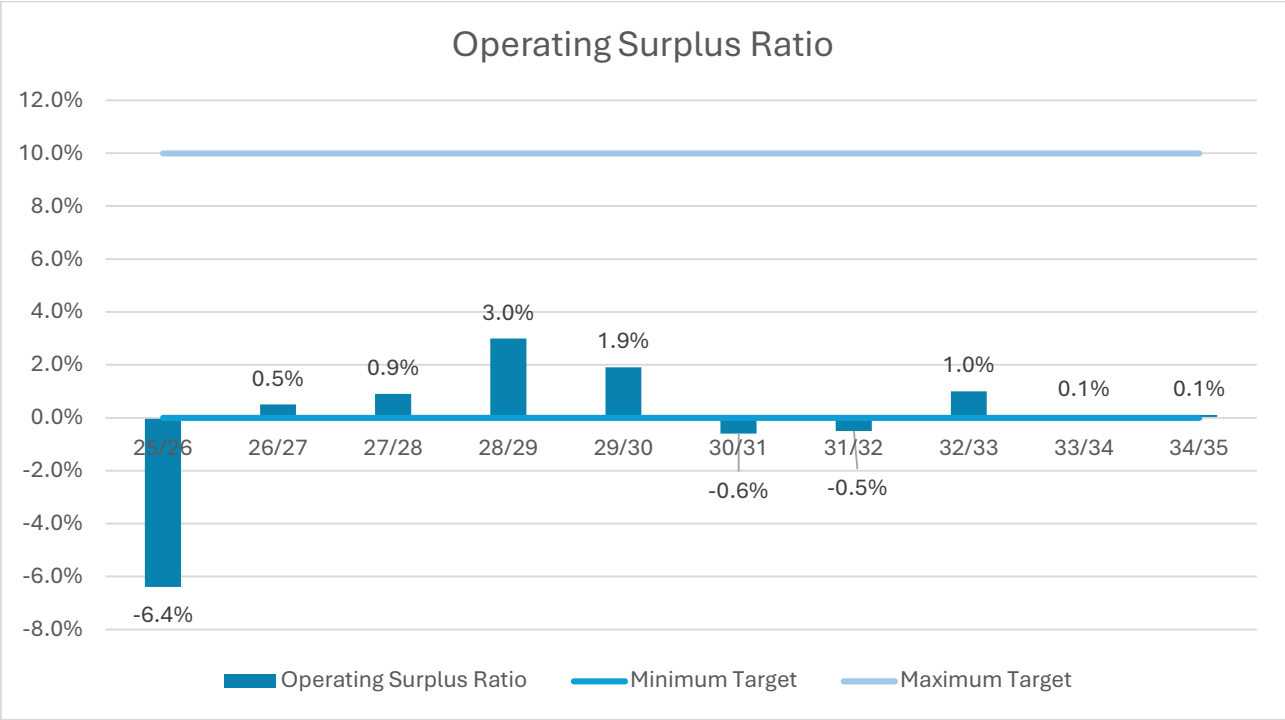
Forecast 24/25		Year 1 25/26	Year 2 26/27	Year 3 27/28	Year 4 28/29	Year 5 29/30	Year 6 30/31	Year 7 31/32	Year 8 32/33	Year 9 33/34	Year 10 34/35
(8.9%)	**Operating Surplus Ratio**	(6.4%)	0.5%	0.9%	3.0%	1.9%	(0.6%)	(0.5%)	1.0%	0.1%	0.1%
	Operating Surplus / Total Operating Income This ratio expresses the operating surplus/(deficit) as a percentage of total operating revenue. Adopted target: Between 0% and 10% (average over time)										
16%	**Net Financial Liabilities Ratio**	24%	25%	25%	22%	19%	18%	17%	16%	14%	12%
	Net Financial Liabilities / Total Operating Income Net financial liabilities are defined as total liabilities less financial assets. These are expressed as a percentage of total operating revenue. Adopted target: Between 0% and 100%										
86%	**Asset Renewal Funding Ratio**	70%	162%	101%	134%	104%	87%	91%	151%	121%	75%
	Net asset renewal expenditure / Optimate level as identified in the SAMP. Net asset renewal expenditure is defined as net capital expenditure on renewal and replacement of existing assets and excludes new capital expenditure on the acquisition of additional assets. Adopted target: Greater than 90% and less than 110%.										

Operating Surplus Ratio (OSR)

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 OSR results are shown in the graph below.

Chart 2: Operating Surplus Ratio



Council's average Operating Surplus Ratio over the ten-year period is 0.0%. Despite variances in the annual surplus/(deficit) outcomes the average OSR reflects a breakeven operating result over the ten-year period. Whilst this may sound positive, a breakeven result provides little to no room for Council to respond to unexpected events and/or uncertain economic conditions.

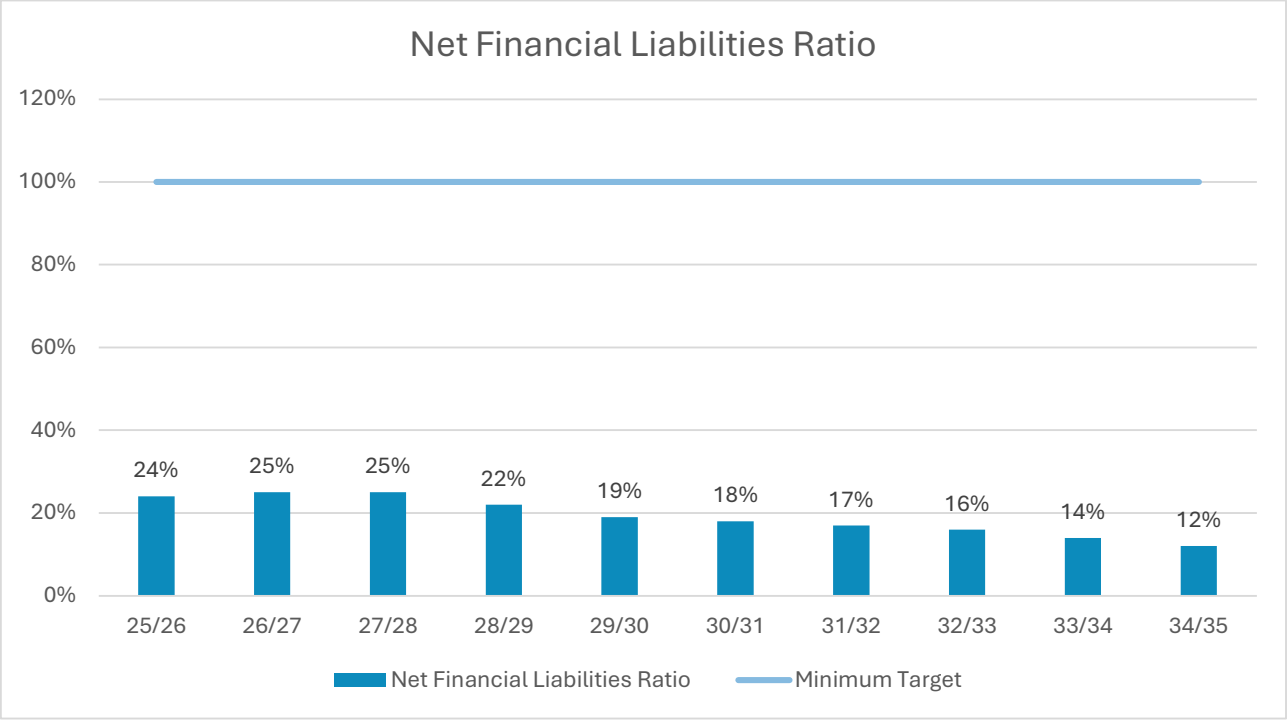
Council is close to living beyond its means. To address this Council should consider the following options:

- Adjusting service levels (generally reducing) if permissible (i.e. within regulatory ability to do so).
- Reducing or deferring proposed outlays on new and upgraded assets, or major operating projects having regard to the risks that might arise.
- Identifying additional revenue sources and/or the need to adjust rates and charges.

Net Financial Liabilities Ratio (NFLR)

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.

Chart 3: Net Financial Liabilities Ratio



The graph shows that Council's forecast NFLR is well below the ceiling of 100% over the life of this LTFP, with 25% being the highest (Y2 and Y3) and 12% being the lowest (Y10). This is well within the financial sustainability targets of this LTFP.

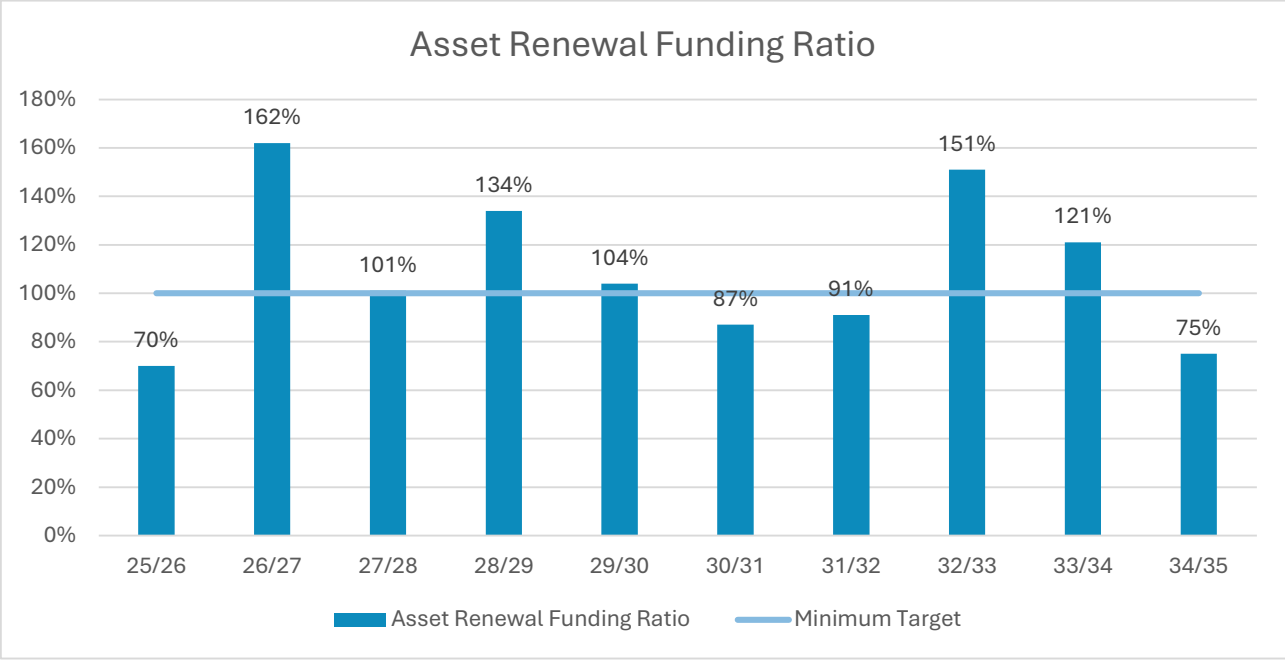
As stated earlier, new loans totalling approximately $8.4m are forecast over Y1 to Y3 to fund Council's contribution to several major projects.

The decreasing ratio may provide Council with the opportunity to make strategic use of further debt to optimise renewal of existing assets and/or address existing asset renewal backlog before these assets deteriorate to a level which will require much greater expenditure to rectify. Such use of debt could be considered if Council's OSR results were stronger.

Asset Renewal Funding Ratio (ARFR)

This ratio indicates the extent to which Council's non-financial assets are being renewed and replaced compared to expenditure identified in Council's SAMP. 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 SAMP in that year. This Plan uses SAMP renewal requirements to calculate this ratio, with the annual capital renewal allocation divided across Council's various asset classes on an affordability basis.

Chart 4: Asset Renewal Funding Ratio



The revised draft LTFP adopts a minimum target Asset Renewal Funding Ratio of 100%. Whilst forecast annual ARFR results vary significantly, the average ratio result over the life of the revised draft LTFP is 109% which is 27% less than the average result for the ratio in the current LTFP. When calculated over the 10-year period the actual ratio result drops to 102%, as asset renewal funding only exceeding plan requirements by $3.5m. This result means that only a small portion of the asset renewal backlog is being addressed. An asset renewal backlog is created when required asset renewal is not undertaken in accordance with the timing indicated in the SAMP. When this continues over a length of time assets generally deteriorate at a rapid rate due to lack of investment and require increased funding to bring them up to a satisfactory standard.

The inconsistent nature of the revised ratio is reflective of the use of SAMP renewal targets which are largely based on asset expiry dates. The revised draft LTFP has sought to provide funding for the 10-year renewal requirements of the SAMP by smoothing out the lumpy financial expenditure requirements reported in the SAMP. For the purposes of this plan SAMP values have been indexed by CPI.

It should be noted that the revised draft LTFP assumes revaluation of major asset classes reflecting the cumulative inflationary assumptions of the plan.

Further Information

Council provides a report on the actions and projects undertaken every year in its Annual Report and this includes financial statements. These reports are available on council's website at: Corporate publications – Yorke Peninsula Council

Acknowledgements

The revised draft LTFP 2026-2035 contains references to, and portions of material sourced directly from Financial Sustainability Information Papers and the Model Financial Statements framework issued by the Local Government Association of South Australia.

Appendicies

Statement of Comprehensive Income[18]

Yorke Peninsula Council
10 Year Financial Plan for the Years ending 30 June 2035
STATEMENT OF COMPREHENSIVE INCOME - GENERAL FUND

	Projected Years									
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income										
Rates	32,458	33,851	35,101	36,399	37,746	39,144	40,595	42,102	43,666	45,290
Statutory Charges	479	494	506	519	532	545	559	573	587	602
User Charges	5,897	6,079	6,381	6,541	6,704	6,872	7,044	7,220	7,400	7,585
Grants, Subsidies and Contributions - operating	7,186	3,998	3,360	2,725	2,757	2,789	2,823	2,858	2,893	2,929
Grants, Subsidies and Contributions - capital	1,315	3,961	3,644	3,644	3,644	3,644	1,644	1,644	1,644	1,644
Investment Income	185	207	194	212	218	220	214	219	233	250
Reimbursements	156	161	165	169	173	177	182	186	191	196
Other Income	154	158	161	164	167	171	174	177	181	185
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-
Total Income	**47,831**	**48,909**	**49,512**	**50,371**	**51,941**	**53,562**	**53,234**	**54,979**	**56,795**	**58,680**
Expenses										
Employee Costs	12,779	13,336	13,749	14,175	14,614	15,067	15,534	16,015	16,511	17,023
Materials, Contracts & Other Expenses	22,975	19,093	18,500	17,880	18,500	20,593	19,634	20,075	20,770	21,455
Depreciation, Amortisation & Impairment	14,944	15,784	16,319	16,324	17,384	17,850	17,993	17,993	19,145	19,326
Finance Costs	187	442	499	492	440	394	364	333	299	263
Net loss - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Total Expenses	**50,886**	**48,655**	**49,067**	**48,871**	**50,938**	**53,904**	**53,525**	**54,416**	**56,725**	**58,067**
Operating Surplus / (Deficit)	**(3,055)**	**254**	**445**	**1,501**	**1,003**	**(342)**	**(290)**	**563**	**70**	**612**
Asset Disposal & Fair Value Adjustments	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	577	-	-	-	-	-	-	-	-	-
Physical Resources Received Free of Charge	-	-	-	-	-	-	-	-	-	-
Operating Result from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	**(2,478)**	**254**	**445**	**1,501**	**1,003**	**(342)**	**(290)**	**563**	**70**	**612**
Other Comprehensive Income										
Amounts which will not be reclassified subsequently to operating result										
Changes in Revaluation Surplus - I,PP&E	-	-	4,759	15,316	2,967	-	-	2,450	-	-
Total Other Comprehensive Income	**-**	**-**	**4,759**	**15,316**	**2,967**	**-**	**-**	**2,450**	**-**	**-**
Total Comprehensive Income	**(2,478)**	**254**	**5,204**	**16,816**	**3,970**	**(342)**	**(290)**	**3,013**	**70**	**612**

[18] To ensure depreciation impacts related to asset revaluations are reflected in the correct year the "Changes in revaluation surplus – IPPE" values are displayed in the year prior to actual revaluation. This is required on the basis that the LTFP model assumes a 30 June revaluation, whereas Council undertakes 1 July revaluations.

Statement of Financial Position

Yorke Peninsula Council
10 Year Financial Plan for the Years ending 30 June 2035
STATEMENT OF FINANCIAL POSITION - GENERAL FUND

	Projected Years									
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
ASSETS										
Current Assets										
Cash & Cash Equivalents	1,773	665	652	682	823	671	633	730	671	788
Trade & Other Receivables	1,966	1,889	1,926	1,946	2,009	2,107	2,136	2,200	2,272	2,345
Other Financial Assets	-	-	-	-	-	-	-	-	-	-
Inventories	941	790	768	745	770	853	816	834	862	890
Other Current Assets	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Total Current Assets	4,680	3,343	3,346	3,373	3,601	3,630	3,585	3,765	3,806	4,023
Non-Current Assets										
Financial Assets	27	13	-	-	-	-	-	-	-	-
Equity Accounted Investments in Council Businesses	-	-	-	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	350,596	352,057	357,277	372,978	375,786	375,131	374,274	376,601	376,115	375,959
Intangible Assets	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Other Non-Current Assets	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	350,623	352,070	357,277	372,978	375,786	375,131	374,274	376,601	376,115	375,959
TOTAL ASSETS	**355,303**	**355,413**	**360,623**	**376,351**	**379,388**	**378,761**	**377,859**	**380,365**	**379,921**	**379,983**
LIABILITIES										
Current Liabilities										
Cash Advance Debenture	-	-	-	-	-	-	-	-	-	-
Trade & Other Payables	4,209	3,742	3,723	3,702	3,803	4,049	3,998	4,086	4,199	4,312
Borrowings	1,433	1,046	1,075	1,042	539	569	602	636	673	711
Provisions	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-
Liabilities relating to Non-Current Assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	7,716	6,862	6,871	6,818	6,415	6,692	6,674	6,795	6,945	7,097
Non-Current Liabilities										
Cash Advance Debenture	-	-	-	-	-	-	-	-	-	-
Trade & Other Payables	159	145	148	151	154	157	160	163	167	170
Borrowings	7,084	7,808	7,802	6,765	6,231	5,667	5,070	4,439	3,771	3,065
Provisions	127	127	127	127	127	127	127	127	127	127
Liability - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Other Non-Current Liabilities	-	-	-	-	-	-	-	-	-	-
Liabilities relating to Non-Current Assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	7,370	8,080	8,077	7,043	6,512	5,951	5,358	4,730	4,065	3,363
TOTAL LIABILITIES	**15,086**	**14,942**	**14,949**	**13,861**	**12,927**	**12,644**	**12,031**	**11,525**	**11,010**	**10,460**
Net Assets	**340,217**	**340,471**	**345,674**	**362,490**	**366,460**	**366,118**	**365,828**	**368,840**	**368,911**	**369,523**
EQUITY										
Accumulated Surplus	(6,624)	(6,370)	(5,926)	(4,425)	(3,423)	(3,765)	(4,055)	(3,492)	(3,422)	(2,809)
Asset Revaluation Reserves	341,351	341,351	346,110	361,426	364,393	364,393	364,393	366,842	366,842	366,842
Available for Sale Financial Assets	-	-	-	-	-	-	-	-	-	-
Other Reserves	5,490	5,490	5,490	5,490	5,490	5,490	5,490	5,490	5,490	5,490
Total Equity	**340,217**	**340,471**	**345,674**	**362,490**	**366,460**	**366,118**	**365,828**	**368,840**	**368,911**	**369,523**

Statement of Cash Flows

Yorke Peninsula Council
10 Year Financial Plan for the Years ending 30 June 2035
STATEMENT OF CASH FLOWS - GENERAL FUND

	Projected Years									
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash Flows from Operating Activities										
Receipts:										
Rates Receipts	32,431	33,810	35,064	36,361	37,706	39,103	40,553	42,058	43,620	45,242
Statutory Charges	479	493	506	519	532	545	558	572	587	601
User Charges	5,889	6,072	6,369	6,534	6,698	6,865	7,037	7,213	7,393	7,578
Grants, Subsidies and Contributions (operating purpose)	7,121	3,901	3,369	2,733	2,765	2,798	2,832	2,867	2,903	2,939
Investment Receipts	188	207	194	212	218	220	214	219	233	249
Reimbursements	158	161	165	169	173	177	182	186	191	196
Other Revenue	39	132	166	169	173	176	180	183	187	191
Payments:										
Payments to Employees	(12,750)	(13,305)	(13,725)	(14,150)	(14,588)	(15,040)	(15,506)	(15,987)	(16,482)	(16,993)
Payments for Materials, Contracts & Other Expenses	(24,859)	(19,231)	(18,521)	(17,901)	(18,477)	(20,518)	(19,667)	(20,059)	(20,744)	(21,430)
Finance Payments	(187)	(442)	(499)	(492)	(440)	(394)	(364)	(333)	(299)	(263)
Net Cash provided (or used in) Operating Activities	8,508	11,798	13,089	14,154	14,759	13,933	16,018	16,921	17,588	18,311
Cash Flows from Investing Activities										
Receipts:										
Amounts Received Specifically for New/Upgraded Assets	796	19	-	-	-	-	-	-	-	-
Grants utilised for capital purposes	1,348	3,953	3,641	3,644	3,644	3,644	1,644	1,644	1,644	1,644
Sale of Replaced Assets	380	380	380	400	400	425	425	450	450	450
Repayments of Loans by Community Groups	90	29	15	13	-	-	-	-	-	-
Payments:										
Expenditure on Renewal/Replacement of Assets	(15,100)	(17,000)	(16,500)	(16,300)	(16,700)	(16,600)	(16,500)	(17,300)	(18,000)	(18,500)
Expenditure on New/Upgraded Assets	(1,700)	(625)	(660)	(810)	(925)	(1,020)	(1,060)	(1,020)	(1,110)	(1,120)
Net Cash provided (or used in) Investing Activities	(14,186)	(13,243)	(13,124)	(13,054)	(13,581)	(13,551)	(15,491)	(16,226)	(17,016)	(17,526)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from CAD	-	-	-	-	-	-	-	-	-	-
Proceeds from Borrowings	5,583	1,765	1,083	-	-	-	-	-	-	-
Payments:										
Repayments of CAD	-	-	-	-	-	-	-	-	-	-
Repayments of Borrowings	(1,234)	(1,428)	(1,060)	(1,070)	(1,037)	(534)	(564)	(597)	(631)	(668)
Net Cash Flow provided (used in) Financing Activities	4,349	337	23	(1,070)	(1,037)	(534)	(564)	(597)	(631)	(668)
Net Increase/(Decrease) in Cash & Cash Equivalents	(1,329)	(1,109)	(13)	30	141	(152)	(38)	97	(59)	117
plus: Cash & Cash Equivalents - beginning of year	3,102	1,773	665	652	682	823	671	633	730	671
Cash & Cash Equivalents - end of the year	**1,773**	**665**	**652**	**682**	**823**	**671**	**633**	**730**	**671**	**788**
Cash & Cash Equivalents - end of the year	1,773	665	652	682	823	671	633	730	671	788
Investments - end of the year	-	-	-	-	-	-	-	-	-	-
Cash, Cash Equivalents & Investments - end of the year	**1,773**	**665**	**652**	**682**	**823**	**671**	**633**	**730**	**671**	**788**

Statement of Changes in Equity

Yorke Peninsula Council
10 Year Financial Plan for the Years ending 30 June 2035
STATEMENT OF CHANGES IN EQUITY - GENERAL FUND

	Projected Years									
	2025/26	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**	**2033/34**	**2034/35**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Opening Balance	342,695	340,217	340,471	345,674	362,490	366,460	366,118	365,828	368,840	368,911
Net Surplus / (Deficit) for Year	(2,478)	254	445	1,501	1,003	(342)	(290)	563	70	612
Other Comprehensive Income										
- Gain (Loss) on Revaluation of I,PP&E	-	-	4,759	15,316	2,967	-	-	2,450	-	-
Other Comprehensive Income	-	-	4,759	15,316	2,967	-	-	2,450	-	-
Total Comprehensive Income	(2,478)	254	5,204	16,816	3,970	(342)	(290)	3,013	70	612
Transfers between Equity	-	-	-	-	-	-	-	-	-	-
Equity - Balance at end of the reporting period	**340,217**	**340,471**	**345,674**	**362,490**	**366,460**	**366,118**	**365,828**	**368,840**	**368,911**	**369,523**