



Alexandrina 2040

Long Term Financial Plan

2022 – 2031
Our plan to thrive

Alexandrina Council and its communities acknowledge the traditional custodians of the lands and waters of our Council district. This region intersects the traditional lands of the following First Nations and clans: Ngarrindjeri, Ramindjeri, Peramangk and Kurna.

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Strategic Management Plans

- Alexandrina 2040 - Shaping Our Future
- 2022-31 Long Term Financial Plan
- 2022-31 Asset Management Plan



Overview

Our community have expressed their desire for Alexandrina to thrive in the coming decade. Whilst there are always challenges to address, we also have the opportunity to ensure Alexandrina is liveable, green and connected for current and future generations to thrive.

This Long Term Financial Plan (LTFP) is a fundamental instrument that defines Council's planned activities over the next decade, whilst supporting the A2040 aspiration to thrive.

Under section 122 (1a) of the Local Government Act 1999 a council must, in conjunction with its strategic management plans, develop and adopt a Long Term Financial Plan for a period of at least 10 years and an Asset Management Plan.

It is essential that we understand the impact of decisions made today on our future; ensure the cost effective delivery of works and services; and the appropriate maintenance and renewal of our significant asset base, in a financially sustainable manner.

The purpose of this plan is not to provide specific detail about individual works or services. The LTFP is a decision making tool that allows various assumptions and sensitivity analyses to be carried out, indicating the ability of Council to deliver cost effective services to our community in the future in a financially sustainable manner.

Council has adopted a rating strategy that seeks to achieve a reasonable degree of stability and predictability in the overall rates burden over time, while ensuring ratepayers are paying for those services and infrastructure maintenance obligations they are consuming.

Rates will be set at an affordable level having regard to Council's strategic direction and its social and economic objectives, balanced against the community's ability to pay.

Rate Revenue forecasts have been based on 1.3% growth plus consumer price index (CPI) plus 1.5% for sustainability and projects for the first five years of the plan and 1.3% growth plus consumer price index (CPI) plus 1.0% for sustainability and projects for the last five years of the plan. The actual increase payable by any individual ratepayer may be more or less than this depending on the relative movement in the capital value of their property.

Council is proposing extensive capital works and major projects totalling \$168 million over the ten years of the plan, which will see a variety of benefits delivered to the community. This includes nearly \$41 million in major projects identified throughout the life of the plan.

Key projects include:

- finalisation of the Strathalbyn Streetscape Master Plan, including the Town Hall
- Sugars Beach Master Plan
- Village Innovation Plans
- finalisation of the Goolwa Beach Master Plan
- Horseshoe Bay playground upgrade.

These projects are subject to final approval by Council and the estimated timing may be affected by external factors.

Planning Framework

This document presents the Long Term Financial Plan (LTFP) for the years 2021/22 to 2030/31. The basis of the LTFP is consistent with the Financial Statements 30 June 2020 and the 2020/21 Annual Business Plan and Budget adopted by Council and any authorised amendments. The LTFP has been based on a detailed Business Plan for 2021 to 2024 and the Asset Management Plan projections for new, upgraded and renewal of assets for 2022 to 2031.

This is a 'fluid' document, which will be updated and amended over time as circumstances change. Council currently reviews its LTFP twice each year, once during the preparation of its Annual Business Plan and Budget and again following the financial year end. Other updates are made to the LTFP, where it is considered appropriate. In addition, a full review is required within two years after a Council election.

The ten year LTFP is prepared using a number of assumptions, refer to page 19, with regard to projected rate income; projected fees, charges and grants; and also includes assumptions with regard to future operational and capital expenditure. Given that Long Term Financial Plans are derived from an estimate of future performance, it should be appreciated that actual results are likely to vary from the information contained in the LTFP, and at times these variations could be material. A sensitivity analysis has been undertaken for some key areas to project the impacts of such movements, this information is available on page 24.

The accuracy of predictions over the longer term decreases over time, and difficulties can exist in the ability of Council to accurately predict the capital expenditure requirements for the organisation's extensive infrastructure as well as new capital. Council has prepared an Asset Management Plan to assist in determining the funding impact of maintaining and replacing our assets.

These projections are based on the current understanding of asset management needs over the next ten years, and ensure that assets are maintained at a safe and functional standard that meet community expectations and cater for future growth and demographic changes.

All new initiatives, will be evaluated in terms of meeting Council's strategic directions. The LTFP includes an allocation of approximately \$41 million for major new capital projects that Council may undertake in the future.

The operational budget will be structured in such a way that there is no reliance on asset sales to fund core services. Debt will be regarded primarily as a tool to be used in a strategic perspective to provide community assets.

Debt will be considered:

- in the context of the strategic objectives of Council
- in the context of long term financial forecasts and objectives
- as funding for long term infrastructure asset creation
- as a means of spreading the recovery of infrastructure costs over time, and
- as a mechanism to fund temporary cash shortfalls.

Council recognises that the impacts of climate change may affect its financial position and performance, and will continue to explore how climate change may affect the resourcing needs of the organisation. More specifically, in the short term, Council will explore the financial ramifications that climate change may present on its asset value, depreciation and exposure to increased extreme events.

This plan was adopted by Council on 22 February 2021, effective from 1 July 2021.



To determine whether this LTFP ensures financial sustainability of council operations over the long term, a number of financial indicators have been endorsed by Council.

Ideally a council should raise enough revenue from rates to cover all of its operating expenses. This means that a council should aim for a break even operating position where total income equals total expenses, and ratepayers in that year are paying for all the resources consumed. However, Council is mindful of the community's ability to pay. So to avoid excessive rate increases in any one year, it is content to run an operating deficit in the short term (total revenue is less than total operating expenditure), while it positions itself to reach a break even operating result.

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. A fair and equitable tax system is one in which taxes paid by each generation is in proportion to the benefits each generation receives.

Operating cash surpluses will be used when possible to fund capital expenditure on renewal, replacement, and new or upgraded assets. The balance of available surplus funds will be used to retire debt or minimise the use of new debt.

Administration are reviewing the classification of labour to capital, reflecting the contribution of in-house expertise (designers, engineers etc) to the completed asset. This treatment would be more reflective of contemporary and appropriate capitalisation of internal labour resources. This redistribution and potential change to Council's capitalisation policy will be further analysed and presented to the Audit Committee for recommendation to Council. The impacts of this change if made would be to increase the value of capital expenditure offset by a decrease in operational expenditure. If endorsed this would be reflected in the 2021-2022 Annual Business Plan & Budget and an updated LTFP.

The LTFP is an evolving document that will be reviewed over time as a result of changes to the community's goals and expectations; changes to income and expenditure projections; and to remain directly linked to our detailed Asset Management Plans.

Council's Annual Business Plan and Budget is prepared on the basis of the Long Term Financial Plan, taking into account any new information and economic factors at the time of preparation.

The LTFP estimates are presented as a series of reports comprising the following:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Cashflows
- Statement of Changes in Equity
- Summary Statement
- Key Financial Indicators
- Please refer to Appendices A to C.

The key challenges arising from within this LTFP are:

- > **implementation and funding of appropriate asset management principles to ensure cost effective management of all Council's assets**
- > **meeting the ongoing expectations of our community with regard to service delivery**
- > **managing the impact of cost shifting from other levels of government**
- > **the use of debt as a means of funding asset renewal and rehabilitation**
- > **ensuring the financial sustainability of Council operations.**



Measuring Our Performance

Key Financial Indicators enable an assessment of Council’s long term financial performance and position; and will place Council on a path to deliver long term sustainability of operations (based on the assumptions used in the modelling), and give it the flexibility to respond to anticipated future costs.

The Key Financial Indicators support a positive forward outlook and adherence over the longer term to Council’s financial sustainability.

Council has set targets for its Key Financial Indicators to guide revenue and expenditure decisions, overall budget strategies and future decision making.

These targets promote a breakeven position in the long term plus a margin for risk and uncertainty. Council has set short, medium and long term targets to achieve this aim.

Indicator	Target Short Term Years 1-3	Target Medium Term Years 4-6	Target Long Term Years 7-10
Operating Surplus/(Deficit) Ratio - %	(2) to 1	(0) to 2	3 to 6
Net Financial Liabilities Ratio - %	≤120*	≤110*	≤80*
Asset Renewal Funding Ratio - %	90-110	90-110	90-110

* Includes an allocation for Community Wastewater Management Scheme (CWMS) borrowings

Operating Surplus / (Deficit) Ratio

The Operating Ratio measures the extent to which Council’s operating income meets its operating expenditure.

Council projects an improvement in operating position moving from projected operating deficits before capital amounts, to strong surplus positions from 2023/24 and subsequent years. This reflects an ongoing strategy over the short term to move to a breakeven operating result without imposing an additional rates burden on future ratepayers.

This demonstrates Council’s ability to move to a breakeven operating position where Council’s total operating revenues can meet total operating costs.

The Operating Ratio, while negative in the short term becomes increasingly positive over the life of the plan and is 4% in Year 10. Demonstrating that from 2023/24 Council has the ability to reduce its loan borrowings with an increasing percentage of total rates available to fund capital expenditure over and above depreciation expense.

On a three year rolling average, the Operating Ratio peaks at (1)% in 2021/22, strengthening over the medium to long term, increasing to 4% by 2030/31.





Net Financial Liabilities Ratio

The Net Financial Liabilities Ratio indicates the extent to which the net financial liabilities of Council could be met by its annual operating revenue. Where the ratio is falling, it indicates Council’s capacity to meet its financial obligations from operating revenue is strengthening. This demonstrates Council’s ability to fund capital expansion projects during the planning period.

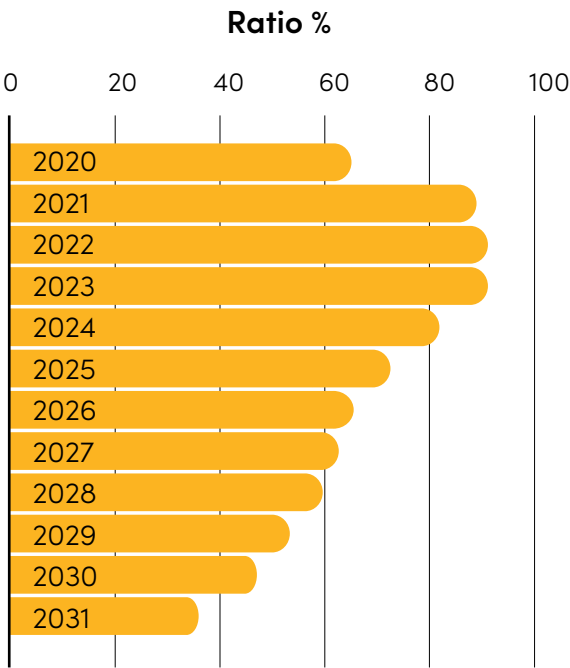
The Statement of Financial Position forecasts an increase in total assets from \$534 million in 2021/22 to \$697 million in 2030/31.

Over the ten years, loan borrowings peak at \$43.3 million in 2022/23, reducing to \$23.4 million by the end of the plan. To effectively manage its cash flows and reduce the impact of debt, Council utilises cash advance debenture facilities.

The Net Financial Liabilities Ratio peaks at 90% in 2021/22 and 2022/23 and reduces to 37% by the end of the plan.

On a three year rolling average, the Net Financial Liabilities ratio peaks at 89% in 2021/22 and reduces to 42% by the end of the plan.

Council remains within its target range for the Net Financial Liabilities ratio over the life of the LTFP.



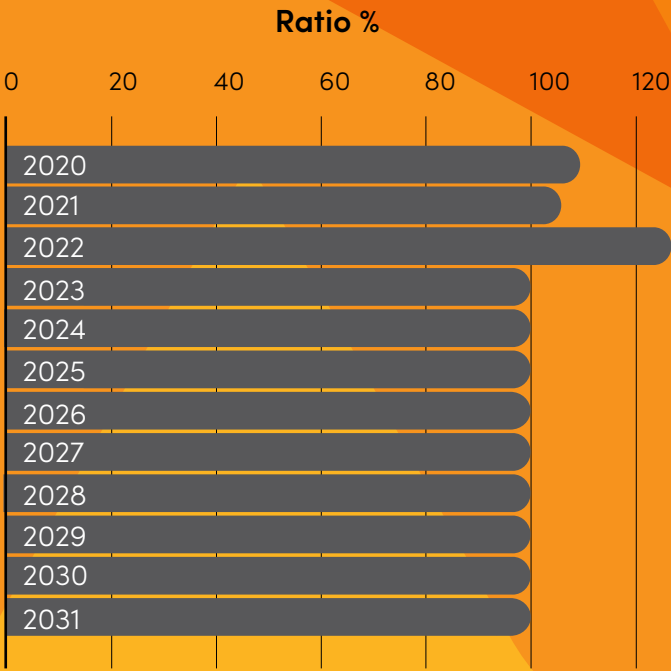
Asset Renewal Funding Ratio

The Asset Renewal Funding Ratio is a measure of Council’s capital expenditure on renewal or replacement of assets relative to the level of such expenditure in Council’s Asset Management Plan.

The Asset Renewal Funding Ratio averages 100% over the ten years of the plan and is within target range. Council has recently reviewed its Asset Management Plans and the Asset Renewal Funding ratio indicates that the predicted expenditure on the renewal of assets (based on Council’s Asset Management Plans) and what Council proposes to spend on these assets (budgeted expenditure) are aligned.

On a three year rolling average, the Asset Renewal Funding Ratio is within target range over the life of the Long Term Financial Plan.

Council remains sustainable over the term of the Long Term Financial Plan.



Financing the Plan

An expected net lending result leads to a reduction in the level of net financial liabilities during the plan, where a net borrowing result leads to an increase in the level of net financial liabilities.

The table opposite shows Council’s estimated net lending / (borrowing) result for the LTFP. The data is drawn from Council’s Summary Statement including Financing Transactions (refer Page 50).

Council’s LTFP initially has a net borrowing result progressively improving to a net lending result by Year 3 and for the final years of the plan.

Council plans to apply the surplus funds expected to be available as a result of a net lending result. This will be achieved by firstly repaying the principal instalments due on earlier borrowings undertaken by Council and secondly, by repaying a portion of Council’s borrowings outstanding under its Cash Advance Debenture facility with the Local Government Finance Authority, a facility where voluntary principal repayments can be made at any time.

Where the plan indicates a net borrowing result for the relevant year, Council plans to finance the net borrowing result by borrowing that amount from the Local Government Finance Authority under its Cash Advance Debenture facility, where the interest rate on the borrowing is reset generally only when official interest rates (as determined by the Reserve Bank of Australia) change.

In this way, Council will ensure that a portion of its portfolio of borrowings will be exposed to short-term interest rates and thus spread Council’s interest rate risks.

Financing transactions associated with applying the surplus funds stemming from the overall expected net lending are set out in the following table:

Uniform Presentation of Finances including Financing Transactions

Year Ended 30 June:	2020 Actual \$(‘000)	2021 Estimate \$(‘000)	2022 Year 1 \$(‘000)	2023 Year 2 \$(‘000)	2024 Year 3 \$(‘000)	2025 Year 4 \$(‘000)	2026 Year 5 \$(‘000)	2027 Year 6 \$(‘000)	2028 Year 7 \$(‘000)	2029 Year 8 \$(‘000)	2030 Year 9 \$(‘000)	2031 Year 10 \$(‘000)
Operating Revenues	48,738	49,343	51,077	53,242	55,584	58,154	60,813	63,372	66,050	68,708	71,598	74,611
<i>less Operating Expenses</i>	48,293	49,704	51,406	53,614	55,460	57,738	59,796	62,050	64,463	66,787	69,204	71,512
Operating Surplus/ (Deficit) before Capital Amounts	445	(361)	(329)	(372)	124	416	1,017	1,322	1,587	1,921	2,394	3,099
Less: Net Outlays on Existing Assets												
Capital Expenditure on Renewal/ Replacement of Existing Assets	3,206	12,500	8,289	7,053	5,121	7,427	7,630	8,324	10,897	10,808	10,014	10,216
<i>less Depreciation, Amortisation & Impairment</i>	12,092	12,818	13,392	14,211	14,988	15,607	16,170	16,752	17,411	18,052	18,710	19,405
<i>less Proceeds from Sale of Replaced Assets</i>	107	463	579	398	314	462	596	438	643	497	695	516
	(8,993)	(781)	(5,682)	(7,556)	(10,181)	(8,642)	(9,136)	(8,866)	(7,157)	(7,741)	(9,391)	(9,705)
Less: Net Outlays on New and Upgraded Assets												
Capital Expenditure on New/Upgraded Assets	6,209	17,737	18,435	17,109	9,629	6,833	8,379	9,953	8,142	8,141	8,968	7,481
<i>less Amounts Specifically for New/Upgraded Assets</i>	1,407	4,754	10,108	7,860	1,330	328	0	0	0	0	0	0
	4,802	12,983	8,327	9,249	8,299	6,505	8,379	9,953	8,142	8,141	8,968	7,481
Net Lending / (Borrowing) for Financial Year	4,636	(12,563)	(2,974)	(2,065)	2,006	2,553	1,774	235	602	1,521	2,817	5,323

In any one year, the above financing transactions are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.

Financing Transactions

Year Ended 30 June:	2020 Actual \$(‘000)	2021 Est. \$(‘000)	2022 Year 1 \$(‘000)	2023 Year 2 \$(‘000)	2024 Year 3 \$(‘000)	2025 Year 4 \$(‘000)	2026 Year 5 \$(‘000)	2027 Year 6 \$(‘000)	2028 Year 7 \$(‘000)	2029 Year 8 \$(‘000)	2030 Year 9 \$(‘000)	2031 Year 10 \$(‘000)
New Borrowings	0	16,480	4,011	11,700	1,310	0	650	2,765	470	200	820	0
Repayment of Principal on Borrowings	(7,457)	(894)	(1,327)	(10,012)	(3,712)	(2,865)	(2,815)	(3,366)	(1,516)	(2,116)	(4,000)	(5,730)
(Increase)/Decrease in Cash and Cash Equivalents	(1,274)	880	(70)	10	25	(66)	9	(25)	52	0	(25)	10
(Increase)/Decrease in Receivables	4,095	(3,903)	360	367	371	378	382	391	392	395	388	397
Financing Transactions	(4,636)	12,563	2,974	2,065	(2,006)	(2,553)	(1,774)	(235)	(602)	(1,521)	(2,817)	(5,323)



Capital Works Program and Major Projects

Capital Works Program



Land & Buildings

\$22.2 million

has been allocated over the ten years of the plan for the expansion, upgrade and renewal of land and building assets across the region.



Kerbs & Footpaths

\$8.4 million

has been allocated over the ten years of the plan to continue the footpath / kerb expansion and renewal program across the region, delivering enhanced and dedicated pedestrian networks within our communities, in line with the adopted Footpath Master Plan.



Roads & Bridges

\$82.2 million

has been allocated over the ten years of the plan for Council's road network including \$27 million on sealed road expansion and renewals. A further \$15.2 million on unsealed road resheeting and \$1 million on bridges.



Community Wastewater Management Schemes

\$23.6 million

has been allocated over the ten years of the plan for the expansion and renewal of Community Wastewater Management Schemes.



Plant & Equipment

\$21.3 million

has been allocated over the ten years of the plan for the renewal and expansion of Council plant and equipment. These assets are used in the delivery of services and the construction of other assets.



Recreation & Open Space

\$9.9 million

has been allocated over the ten years of the plan for the expansion, upgrade and renewal of Recreation & Open Space and stormwater assets.



Asset Renewal

Below is a list of annual planned Asset Renewal expenditure requirements to maintain Council's infrastructure networks to their current standards and service levels. These requirements are in accordance with Council's recently updated Asset Management Plans.

Council has recently reviewed its Asset Management Plans and the predicted expenditure on the renewal of assets; and what Council proposes to spend on these assets is aligned.

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Year 1 \$('000)	Year 2 \$('000)	Year 3 \$('000)	Year 4 \$('000)	Year 5 \$('000)	Year 6 \$('000)	Year 7 \$('000)	Year 8 \$('000)	Year 9 \$('000)	Year 10 \$('000)
Land & Buildings	543	292	309	596	491	260	1,385	172	391	755
Kerbs & Footpaths	332	23	0	187	34	165	107	25	442	172
Roads & Bridges	3,814	4,131	2,455	3,773	3,281	4,170	4,863	4,642	4,159	4,573
CWMS	162	748	799	420	760	725	780	435	810	945
Recreation & Open Space	618	0	0	226	0	82	140	1,398	0	49
Plant & Equipment	2,681	1,598	1,249	1,599	2,245	1,840	1,964	2,260	2,264	1,526
LTFP Total	8,150	6,792	4,812	6,801	6,811	7,242	9,239	8,932	8,066	8,020
AMP Total	8,150	6,792	4,812	6,801	6,811	7,242	9,239	8,932	8,066	8,020
VARIANCE	0	0	0	0	0	0	0	0	0	0

New and Upgraded Assets

Below is a list of annual planned expenditure on New and Upgraded Assets. This includes expenditure to upgrade or expand Council's infrastructure to meet increasing demand and

capacity requirements, as well as allocations for Major Projects over the ten years of the plan. For further information regarding Major Projects please see the page following.

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Year 1 \$('000)	Year 2 \$('000)	Year 3 \$('000)	Year 4 \$('000)	Year 5 \$('000)	Year 6 \$('000)	Year 7 \$('000)	Year 8 \$('000)	Year 9 \$('000)	Year 10 \$('000)
Land & Buildings	6,045	5,480	800	1,400	700	400	700	400	700	400
Kerbs & Footpaths	365	725	725	725	725	725	725	725	725	725
Roads & Bridges	8,160	6,200	5,000	2,200	3,800	3,400	3,400	3,400	3,400	3,400
CWMS	1,415	1,695	1,920	1,330	1,650	3,530	1,475	1,600	1,750	700
Recreation & Open Space	675	2,324	550	550	550	550	550	550	550	550
Plant & Equipment	1,467	53	53	53	53	53	53	53	98	98
LTFP Total	18,127	16,477	9,048	6,258	7,478	8,658	6,903	6,728	7,223	5,873

Major Projects

Council is proposing to continue to deliver extensive new Major Projects, which will see a variety of benefits delivered to the community. In total, \$40.6 million in projects is identified throughout the life of the LTFP, see table below.

These projects are subject to final approval by Council and the estimated timing may be affected by external factors including the availability of grant funding.

Detailed projects have been identified for the first four years of the plan, with an allocation made in years six to ten.

This allows more flexibility in determining priority projects for implementation closer to the expected delivery time. Further, this allows the Village Innovation Plans and Annual Village Conversations to influence Major Project delivery.

	Number of projects	Project Expenditure (\$'000)
2022	12	13,130
2023	9	11,504
2024	5	3,550
2025	3	1,350
2026	-	1,850
2027	-	1,850
2028	-	1,850
2029	-	1,850
2030	-	1,850
2031	-	1,850





Assumptions

Operating Income

General Rate Rating Analysis 2022-31	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Forecast CPI South Australia - %	1.3	1.7	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Allocation for Sustainability & Major Projects - %	1.5	1.5	1.5	1.5	1.5	1.0	1.0	1.0	1.0	1.0
Anticipated Increase to the Average Rate Assessment * - %	2.8	3.2	3.6	3.7	3.7	3.2	3.2	3.2	3.2	3.2
Estimated Rate Growth - %	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Total Anticipated Increase in Rate Income - %	4.1	4.5	4.9	5.0	5.0	4.5	4.5	4.5	4.5	4.5

The rate increase to the average assessment is 3.4%* per annum for the first five years of the plan and 3.2% per annum for the last five years of the plan. The total anticipated rate increase, including the growth forecast of 1.3%, is 4.7% and 4.5% over the first and last five years of the plan respectively.

The additional revenue includes CPI increases based on Deloitte Access Economics Inflation Forecasts June 2020, an estimate for rate growth based on ID Forecast Data predictions and historical data, and 1.5% for the first five years of the plan and 1.0% for the last five years of the plan to ensure sustainability and allow for timely delivery of major projects.

This will position Council to achieve a breakeven operating result in the short term and allows Council to deliver significant new capital projects. This strategy attempts to reconcile the impact of pressure on Council's costs for service provision, which can increase greater than CPI, against ratepayers expectations of rate increases based on CPI whilst still achieving long term financial sustainability.

74% operating income on average is from General Rates

Rates Other

Rates Other revenue includes the State Government's Regional Landscape Levy collected on behalf of the Regional Landscape Board, Community Wastewater Management Schemes (CWMS) for the townships of Goolwa, Strathalbyn, Port Elliot, Mt Compass and Milang and the Finnis Water Scheme.

Increases in Other Rates have been indexed by CPI and include a growth allocation with the exception of the Landscape Levy. It is estimated an additional rate increase of 1.5% per annum above CPI for CWMS rates for the ten years of the plan is necessary to ensure the ongoing financial sustainability of Council's CWMS, please see page 35. Rates Other as a percentage of operating income is an average of 14% for the period of the plan.

* The actual increase payable by any individual ratepayer may be more or less than this depending on the movement in the capital value of the relative property.

Statutory Charges

Statutory Charges are fees for regulatory services. They are associated with the granting of a permit / licence or the regulation of an activity. They include Development Act Fees and Parking Fines. Increases in statutory charges are made in accordance with legislative requirements and have been indexed by CPI, and include a growth allocation for building and development fees. Statutory Charges as a percentage of operating income is an average of 2% for the period of the Plan.

User Charges

User Charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. They include hire and leasing of community facilities, and headwork charges for Community Wastewater Management Schemes.

Increase in User Charges have been indexed by CPI and include a growth allocation with the exception of CWMS headwork connection charges. User Charges as a percentage of operating income is an average of 4% for the period of the Plan.

Grants, Subsidies and Contributions

Operating Grants are based on identifiable grants and include subsidies and contributions from all sources but excludes amounts specifically received for new / upgraded assets (i.e. the acquisition or enhancement of assets).

The grants comprise of the General Purpose Grant, Local and Special Road Grants and Roads to Recovery Grant. An allocation has been made for growth and CPI where warranted.

Grants, subsidies and contributions as a percentage of operating income is an average of 5% for the period of the Plan.

Investment Income

Investment income is based on cash flows for the relevant year.

Reimbursements and Other Revenues

Reimbursements are amounts received as payment for work done by the Council acting as an agent for others. Other Revenue is revenue not separately classified above.

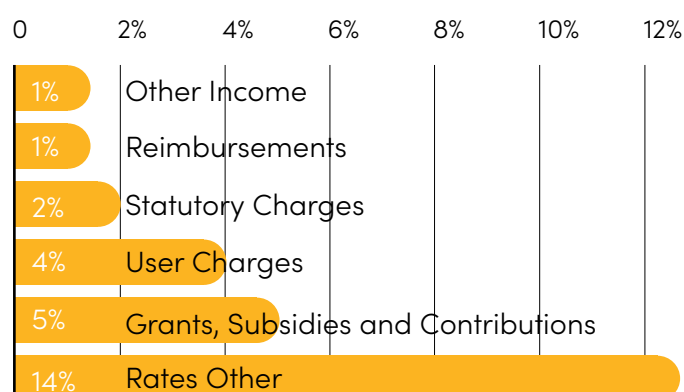
For these income classifications, CPI has been applied for indexation purposes. Reimbursements as a percentage of operating income is an average of 1% for the period of the Plan. Other Income as a percentage of operating income is an average of 1% for the period of the Plan.

Amounts Specifically For New / Upgraded Assets

Income for New / Upgraded Assets is based on anticipated grants and contributions being received for identified capital works projects and have been indexed by the Local Government Price Index (LGPI). These grants are received predominantly from the Federal and State Government.

Over the ten years of the LTFP, Council anticipates it will receive \$19 million in capital income. This amount is subject to application and approval for specific projects.

Infrastructure, Property, Plant & Equipment Assets received free of charge are based on Council's growth projections and has been indexed by the LGPI.



Operating Expenses

Employee Costs

Employee costs include all labour related expenses such as wages and salaries, and on-costs such as allowances, leave entitlements and employer superannuation.

Enterprise Bargaining Agreements for staff covered by the ASU and AWU awards, impact salary and wages with future year projections based on CPI projections in accordance with Deloitte Access Economics Inflation Forecasts June 2020.

An allocation has also been made for FTE growth of 1.3% per annum. Employee costs as a percentage of operating expenditure is an average of 36% for the period of the plan.

Materials, Contracts & Other Expenses

Materials cover payments for physical goods, this includes purchase of consumables, water and energy. Contract services involve payments for the external provision of services.

Over the period of the plan, a growth factor and CPI has been applied for indexation purposes. Materials, Contracts and Other Expenses as a percentage of operating expenditure is an average of 33% for the period of the Plan.

Finance Costs

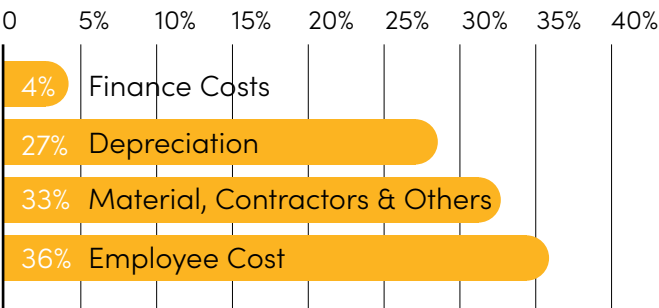
Finance costs cover the costs of financing the Council’s activities through borrowings. The interest expense is based on cashflows and the interest rate averages 4.5% over the life of the plan. Finance costs as a percentage of operating expenditure is an average of 4% for the period of the Plan.

Depreciation

Depreciation is an accounting measure, which records the consumption of Council’s infrastructure, property, plant and equipment and has been based on Council’s Asset Management Plan.

It reflects the combined effect of the impact of depreciable assets created by capital expenditure on new / upgraded assets, and the ongoing impact of regularly revaluing infrastructure assets on a ‘fair value’ basis.

Over the period of the plan the Local Government Price Index (LGPI) has been applied for indexation purposes. Depreciation expenses as a percentage of operating expenditure, is an average of 27% for the period of the Plan.



Net Outlays on New and Existing Assets

Sale of assets is based on an average of Council's sales for the last three years. No estimate has been allocated for the disposal of assets surplus to Council's needs. Council has committed to reviewing its asset stock to determine assets available to be sold to assist in undertaking key infrastructure projects.

Asset Renewals are based on Council's Asset Management Plans, with allocations of \$74.9 million over the ten years of the plan.

New and upgrade Assets have been based on Council's Asset Management Plan as well as identified major projects. With allocations of \$92.8 million over the ten years of the plan.

Please see page 15 for further information.

Proceeds & Repayment of Borrowings

Council has a Treasury Management Policy to ensure that it maximises the return on surplus funds, taking into consideration the level of risk. Council funds are preserved and invested in accordance with its legislative and common law responsibilities ensuring that the interest cost of borrowings is minimised. All investments and borrowings are to be made exercising care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons.

To effectively manage its cash flows and reduce the impact of debt, Council has cash advance debenture facilities with the Local Government Finance Authority.



Balance Sheet

Assets

Trade, Other Receivables and Inventories such as outstanding rates and other debtor balances are not expected to change significantly and therefore have been based in accordance with the 2020 Financial Statements.

Non-Current Assets reflect the combined effect of all capital expenditure, the depreciation of existing assets, the book value of assets sold and the ongoing revaluation of infrastructure assets on a 'fair value' basis.

Liabilities

Trade, Other Payables and Provisions are not expected to change significantly and therefore have been based in accordance with the 2020 Financial Statements.

Equity

Council's total equity is forecast to increase from \$482 million in 2021/22 to \$662 million in 2030/31. Increases in the asset revaluation reserves for the period of the plan have been based on an annual LGPI. Other reserves, which represent an apportionment of accumulated surplus are based on the 2020 Financial Statements.

Sensitivity Analysis

The figures in the LTFP are based on a number of assumptions about economic indicators over the life of the Plan.

While these assumptions are based on the best data available, by their nature they are hard to predict and subject to some variability. Variations in these assumptions can have a material impact on Council's predicted results.

Areas that could have a significant impact on Council if these variations occurred include, but are not limited to:

- the rate increase above CPI each year
- future CPI movements

- changes in the level of population growth, and the cost of providing current services to additional population
- the amount of future capital expenditure (both new and replacement)
- the level of fees and charges we are able to levy – Statutory Fees in particular are set by other levels of government
- future wage increases
- future interest rates
- the amount of cost shifting experienced from other levels of Government.

CPI	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Year Ended 30 June:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Operating Surplus/Deficit - Current CPI	(329)	(372)	124	416	1,017	1,322	1,587	1,921	2,394	3,099
Operating Surplus/Deficit - CPI + 0.5%	(237)	(182)	430	864	1,625	2,117	2,600	3,193	3,970	5,004
Operating Surplus/Deficit - CPI + 1%	(149)	10	740	1,319	2,247	2,937	3,649	4,515	5,617	6,998

The LTFP model assumes CPI in accordance with projections in Deloitte Access Economics Inflation Forecast. The table above shows changes to Council's Operating Result for increases in this assumption given the current economic climate.

A 0.5% increase in CPI will strengthen Council's operating position with improved surpluses each year from 2024 onwards.

A 1% increase in CPI will improve Council's operating position with an additional year of surplus in 2023 and improved surpluses each year from 2024 onwards.

The LTFP model assumes Growth of 1.3% per annum, changes in the level of growth can affect the cost of providing services and rate income.

The table below shows a 0.5% reduction in growth per annum reduces Council's Operating Result with a weakened operating position through to Year 10.

Growth	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Year Ended 30 June:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Operating Surplus/Deficit - Current Growth	(329)	(372)	124	416	1,017	1,322	1,587	1,921	2,394	3,099
Operating Surplus/Deficit - Growth + 0.5%	(307)	(321)	210	547	1,204	1,571	1,910	2,333	2,912	3,733
Operating Surplus/Deficit - Growth - 0.5%	(349)	(421)	41	290	838	1,082	1,274	1,523	1,896	2,495

The LTFP model assumes Rate increases of 1.5% above CPI per annum for the first five years of the plan. Our General Rate income is in the vicinity of \$37 million per annum, therefore, any movement in the rate increase relative to CPI can have a significant impact on Council's rate income and operating result.

The table below shows that a decrease in the rate assumption above CPI of 0.5% will result in deficits for most years of the Plan, with Council not returning to a surplus position until Year 10, this is considered unsustainable.

Further, the table shows a decrease in the rate assumption above CPI of 1% will affect the ability of Council to continue to operate with significant and increasing deficits predicted for all ten years of the plan.

Rate increase	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Year Ended 30 June:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Operating Surplus/Deficit - Current Rate Increases	(329)	(372)	124	416	1,017	1,322	1,587	1,921	2,394	3,099
Operating Surplus/Deficit - Rate increase - 0.5%	(511)	(757)	(491)	(463)	(157)	(195)	(324)	(448)	(508)	(353)
Operating Surplus/Deficit - Rate increase - 1.0%	(694)	(1,142)	(1,101)	(1,332)	(1,311)	(1,678)	(2,186)	(2,747)	(3,313)	(3,676)



Planning for the Future

Your Rates Delivering Council Services

All councils have mandatory responsibilities under the Local Government Act, the Development Act, the Public and Environmental Health Act, the Natural Resources Management Act and other relevant legislation.

These include:

- regulatory activities such as maintaining the voters roll, property ownership data and supporting the elected Council
- setting rates, preparing an annual budget and determining longer-term strategic management plans for the area
- management of infrastructure including roads, footpaths, parks, public open space, street lighting and stormwater drainage
- street cleaning, rubbish collection and recycling
- development planning and control, including building safety assessment
- various environmental health issues
- protection of natural resources including coastal areas and rivers.

In response to community demands the Council also provides further services and programs including:

- libraries
- community centres
- aged care services
- youth development
- economic development
- environmental programs
- community programs
- art galleries.

Council also operates a number of facilities on a fee for service basis. These provide important community benefits while also generating revenue to help deliver a value for money service:

- property leasing
- caravan parks
- Community Wastewater Management Schemes.

Council delivers an extensive range and level of services to the community, some of them are regulatory requirements and others are discretionary, with the greater part determined by the expectations of our communities.

The following page shows a breakdown of how Council spends each \$100 on average, based on the first four years of the Long Term Financial Plan.

These allocations will vary from year to year depending on service level and asset spend requirements.

For every \$100*, Council is proposing to deliver the following services...

*net of operational and capital income and expenditure 2021/22.

Liveable



Open Space

Footpaths & Cycle Tracks, Recreation, Open Space and Reserves

\$21 for every \$100 spent



Regulatory Services & Public Health

Animal Management, Public Order and Community Safety, Public Health, Fire Prevention

\$2 for every \$100 spent



Economic Development

Visitor Services, Event Management, Tourism Promotion and Development, Business Development and Support

\$3 for every \$100 spent



Planning & Development

Development Assessment – Planning, Building & Engineering, Compliance, Strategic Land Use Planning, Heritage Advice

\$4 for every \$100 spent



Good Governance

Council & Executive Services, Corporate & Financial Services

\$7 for every \$100 spent



Asset Management & Field Services

Depot Operations, Field Services, Asset Management, Infrastructure Project Design

\$8 for every \$100 spent

Connected



Community Facilities

Community Buildings and Public Amenities

\$3 for every \$100 spent



Community Wellbeing

Aged & Disabled, Children, Youth & Family, Home Care, Community Transport, Community Development, Libraries, Arts & Culture

\$9 for every \$100 spent



Transport & Road Related Infrastructure

Roads, Bridges and Car Parks

\$20 for every \$100 spent

Green



Wastewater Management

Community Wastewater Management Schemes (CWMS) (user pays)

\$3 for every \$100 spent



Waste Management

Kerbside Waste Collection, Recycling, Landfill, Education

\$6 for every \$100 spent



Environmental Activities & Stormwater Management

Biodiversity Sustainability, Stormwater Management, Water Recycling

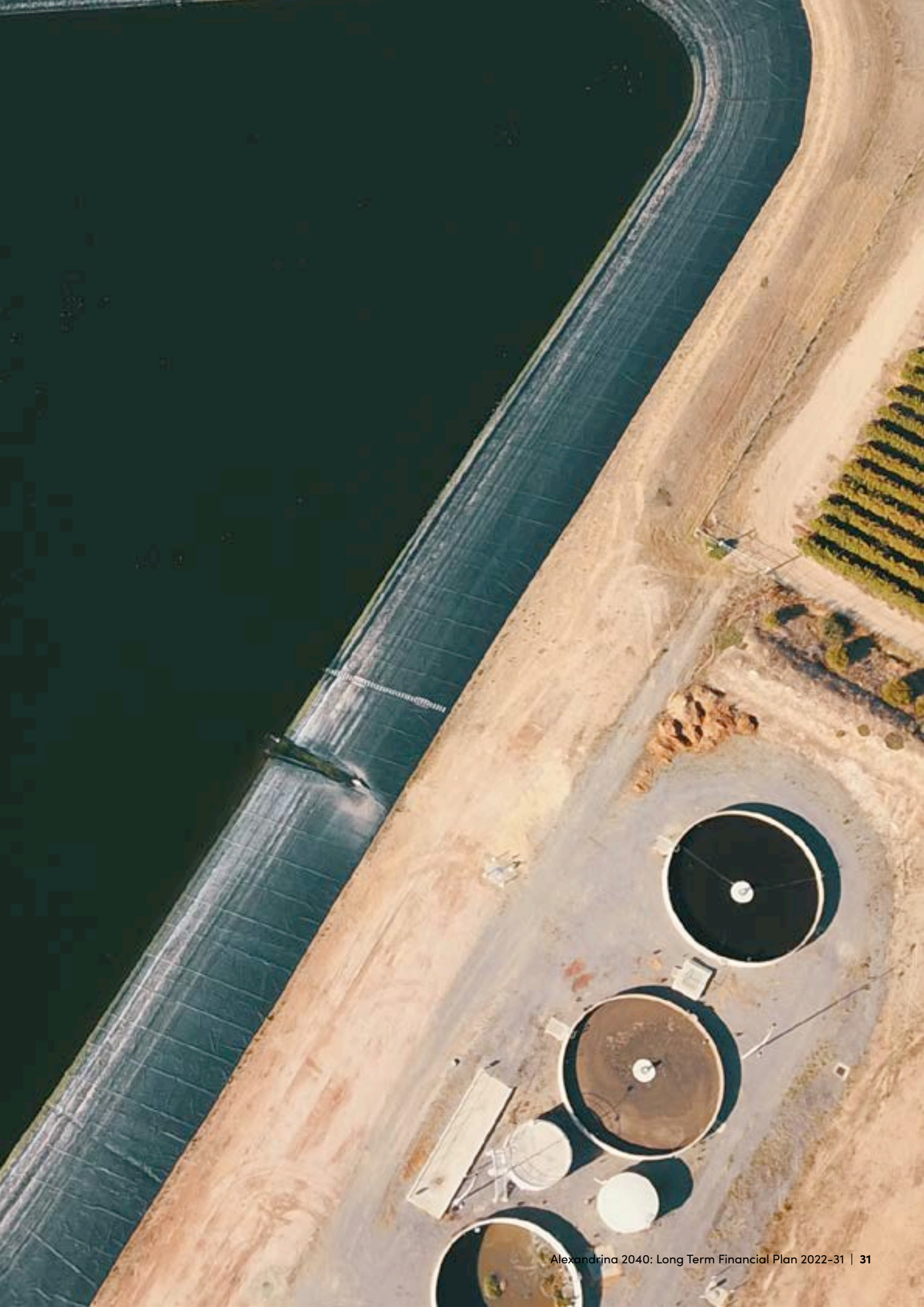
\$14 for every \$100 spent

Present vs Future Values

Values as presented in the LTFP are in future (nominal) values i.e. they have been adjusted each year by a forecast inflation rate – CPI. Council uses the inflation rates as projected by Deloitte Access Economics Inflation Forecast June 2020. The table below lists two of Council's largest spend categories

in present (real) values. This allows for a direct comparison to be made as the effects of inflation have been removed. Increases to present values for Employee Costs include variables such as wage increases above CPI and FTE growth, for Materials, Contracts and Other this is due to increased service delivery for a growing population.

Year Ended 30 June:	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Year 1 \$(‘000)	Year 2 \$(‘000)	Year 3 \$(‘000)	Year 4 \$(‘000)	Year 5 \$(‘000)	Year 6 \$(‘000)	Year 7 \$(‘000)	Year 8 \$(‘000)	Year 9 \$(‘000)	Year 10 \$(‘000)
Employee Expenses Present Value	17,761	17,967	18,201	18,439	18,679	18,924	19,172	19,423	19,677	19,932
Employee Expenses Future Value	18,253	18,996	19,813	20,666	21,555	22,484	23,452	24,461	25,515	26,612
Contracts, Materials, Other Present Value	17,526	17,662	17,755	18,025	18,197	18,346	18,569	18,700	18,922	19,155
Contracts, Materials, Other Future Value	17,752	18,192	18,673	19,364	19,977	20,586	21,287	21,919	22,661	23,436



Community Wastewater Management and Water Supply Schemes

Council maintains and manages Community Wastewater Management Schemes (CWMS) for the townships of Goolwa, Strathalbyn, Port Elliot, Mount Compass and Milang, and the Finniss water scheme.

Council recovers operating, maintenance, improvement and replacement costs of the schemes in its area by way of an annual service charge.

It is important for the schemes to be financially sustainable in the medium to long term. To achieve this, a separate LTFP and Asset Management Plan are prepared.

It is estimated an increase of 1.5% per annum in addition to growth and CPI will be required for CWMS rates for the ten years of the plan to ensure the ongoing financial sustainability of Council's CWMS

The LTFP for the Community Wastewater Management Schemes predicts a return to surplus positions from 2022/23 following a deficit in the preceding year.

Key Financial Indicators (CWMS)

Year Ending 30 June:	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Actual \$('000)	Estimate \$('000)	Year 1 \$('000)	Year 2 \$('000)	Year 3 \$('000)	Year 4 \$('000)	Year 5 \$('000)	Year 6 \$('000)	Year 7 \$('000)	Year 8 \$('000)	Year 9 \$('000)	Year 10 \$('000)
Operating Surplus / (Deficit) - \$'000	29	(52)	(62)	312	302	299	361	392	315	306	315	378
Operating Surplus Ratio - %	1%	(1)%	(1)%	5%	4%	4%	5%	5%	4%	4%	4%	4%
Net Financial Liabilities Ratio - %	134%	192%	175%	179%	186%	177%	178%	205%	202%	199%	200%	186%
Asset Renewal Funding Ratio - %	50%	254%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Indicator	Target Short Term Years 1-3	Target Medium Term Years 4-6	Target Long Term Years 7-10
Operating Surplus/(Deficit) Ratio - %	(5) to 2	(2) to 3	2 to 6
Net Financial Liabilities Ratio - %	≤250	≤250	≤200
Asset Renewal Funding Ratio - %	90-110	90-110	90-110

The Operating Ratio on a three year rolling average is close to target range. It is slightly stronger in the short to medium term to accommodate a weakened longer term position, which can be attributed to significant capital expenditure in later years.

The Net Financial Liabilities Ratio peaks at 205% in 2026/27 and reduces to 186% by the end of the plan.

Total borrowings are projected to be \$10.9 million in 2021/22, peaking at 17.6 million in 2029/30, and reducing slightly to \$17.2 million by the end of the plan.

The CWMS remains within its target range for the Net Financial Liabilities Ratio over the life of the Long Term Financial Plan.

The Asset Renewal Funding Ratio averages 100% over the ten years of the plan and is within target range

The CWMS remains sustainable over the term of the Long Term Financial Plan.

The table below lists the planned unindexed annual capital expenditure on Council’s Community Wastewater Management Schemes. The renewal requirements per annum are based on the recently updated Community Wastewater Management Schemes Asset Management Plan, this Asset Management Plan continues to be revised. Expenditure on new and upgraded assets includes lagoon expansion and treatment plant upgrades across the schemes.

Capital Works Program (CWMS)

Year Ending 30 June:	2022 Year 1 \$(‘000)	2023 Year 2 \$(‘000)	2024 Year 3 \$(‘000)	2025 Year 4 \$(‘000)	2026 Year 5 \$(‘000)	2027 Year 6 \$(‘000)	2028 Year 7 \$(‘000)	2029 Year 8 \$(‘000)	2030 Year 9 \$(‘000)	2031 Year 10 \$(‘000)
Asset Renewal	162	748	799	420	760	725	780	435	810	945
New or Upgraded Assets	1,415	1,695	1,920	1,330	1,650	3,530	1,475	1,600	1,750	700



Council Excluding CWMS

Council has recognised the need for the Community Wastewater Management Schemes (CWMS) to operate as a sustainable business unit and to ensure the costs of service delivery are borne by those connected to the schemes.

Council has prepared a LTFP for the Council without the impact of the CWMS.

Rate Revenue forecasts have been based on 1.3% growth plus CPI plus 1.5% for ongoing sustainability for the first five years of the plan and 1.3% growth plus CPI plus 1% for sustainability for the last five years of the plan.

Council excluding CWMS projects operating deficits in the short term before achieving an operating surplus in 2024/25. The Operating Ratio, while negative in the short term becomes increasingly positive over the life of the plan and is 4% in Year 10.

Key Financial Indicators - Council Excluding CWMS

Year Ending 30 June:	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Actual \$('000)	Est. \$('000)	Year 1 \$('000)	Year 2 \$('000)	Year 3 \$('000)	Year 4 \$('000)	Year 5 \$('000)	Year 6 \$('000)	Year 7 \$('000)	Year 8 \$('000)	Year 9 \$('000)	Year 10 \$('000)
Operating Surplus / (Deficit) - \$'000	416	(309)	(267)	(684)	(178)	117	656	930	1,272	1,615	2,079	2,721
Operating Surplus / (Deficit) Ratio - %	1%	(1)%	(1)%	(1)%	(0)%	0%	1%	2%	2%	3%	3%	4%
* Net Financial Liabilities - Ratio - %	56%	75%	78%	77%	67%	58%	50%	42%	38%	33%	25%	16%
Asset Renewal Funding Ratio - %	46%	158%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Indicator	Target Short Term Years 1-3	Target Medium Term Years 4-6	Target Long Term Years 7-10
Operating Surplus/(Deficit) Ratio - %	(2) to 1	0 to 2	3 to 5
Net Financial Liabilities Ratio - %	≤100	≤100	≤80
Asset Renewal Funding Ratio - %	90-110	90-110	90-110

Council remains within its target range for the Operating Ratio over the life of the Long Term Financial Plan.

This demonstrates that Council, excluding CWMS, has the ability to reduce its net financial liabilities and fund capital expenditure over and above depreciation expenses.

Council excluding CWMS' Net Financial Liabilities Ratio is projected to peak at 78% in 2021/22 and reduces to 16% by the end of the plan, Council

remains within its target range for the Net Financial Liabilities Ratio over the life of the Long Term Financial Plan.

Total borrowings are projected to reach \$31.7 million in 2022/23, reducing to \$ 6.2 million by the end of the plan.

The reduced loan borrowings and Net Financial Liabilities Ratio are a reflection of the borrowings undertaken by Council on behalf of the CWMS. The Asset Renewal Funding Ratio remains within target range over the ten years of the Plan. Council remains sustainable over the term of the Long Term Financial Plan.

Capital Works Program – Council Excluding CWMS

The table below lists the planned unindexed annual capital expenditure on Council assets excluding Community Wastewater Management Schemes.

The renewal requirements per annum are based on the recently updated Asset Management Plans.

Year Ending 30 June:	2022 Year 1 \$(‘000)	2023 Year 2 \$(‘000)	2024 Year 3 \$(‘000)	2025 Year 4 \$(‘000)	2026 Year 5 \$(‘000)	2027 Year 6 \$(‘000)	2028 Year 7 \$(‘000)	2029 Year 8 \$(‘000)	2030 Year 9 \$(‘000)	2031 Year 10 \$(‘000)
Asset Renewal	7,988	6,044	4,013	6,381	6,051	6,517	8,459	8,497	7,256	7,075
New or Upgraded Assets	16,712	14,728	7,128	4,928	5,828	5,128	5,428	5,128	5,473	5,173



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. Accrual accounting 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 programs and outcomes for the year.

Annual Financial Statements

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

Annual Report

A report prepared annually relating to the operations of Council for the previous financial year that contains the material set out in Schedule 4 of the Local Government Act.

Annual Village Conversation

Annual review of the Village Innovation Plans to identify and integrate services, infrastructure and programs in support of unique township visions.

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 Accounting Policy

One or more policies that ensure compliance with any asset management statutory requirements as well as achieving and maintaining standards that reflect good administrative practices.

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 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. Councils are required to prepare such documents with a planning period of at least ten years. They assist in determining a council's funding and financing needs and help guide the content of a council's Long Term Financial Plan and Annual Budget. It is one of a suite of documents that collectively make up a council's Strategic Management Plan.

Asset Renewal/ Replacement Costs

Costs associated with renewing or replacing an asset in order to maintain existing service level capacity.

Asset Renewal Funding Ratio

The ratio of a Council's capital expenditure on renewal or replacement of assets (net of proceeds from sale of replaced assets) relative to the level of such expenditure in a Council's Asset Management Plan.



Asset Systems

Manual or computer based data recording and algorithm processes by which information about assets is analysed and predictions made for asset management modelling and decision making.

Assetic/ Aceam

Council's Asset Management software program.

Audit Committee

A Council committee as per Section 126 of the Local Government Act.

Audited Statements

The Annual Financial Statements prepared in accordance with Australian Accounting Standards that have been audited by an external auditor.

Australian Accounting Standards

Accounting Standards issued by the Australian Accounting Standards Board that are equivalent to standards issued by the International Accounting Standards Board. These standards are binding on South Australian Councils and all other bodies established pursuant to the Local Government Act.

Balance Sheet

A financial statement showing the Assets, Liabilities and Equity of an organisation at the end of a reporting period. Also referred to as a Statement of Financial Position.

Capital Expenditure

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

Cash Advance Debenture (CAD)

Variable rate borrowings used to assist in managing Council's cash flow requirements.

Cash Flow Statement

A financial statement showing the inflows and outflows of cash and cash equivalents of an organisation during a reporting period. Cash flows are classified as Operating, Investing and/ or Financing activities. Also referred to as Statement of Cashflow.

Classes of Assets/ Asset Categories

A grouping of assets of a similar nature and use in an entity's operations.

Community Consultation

The process of seeking the views and input of a community or section of the community.

Community Engagement

Although often used interchangeably with community consultation, engagement implies a mutual two way process which can cover consultation, extension, communication, education, public participation, participative democracy or working in partnership.

Community Strategic Plan (CSP)

A strategic planning document which focuses on the community, rather than the internal operations of Council. A Council must develop and adopt plans (which may take various forms) for the management of its area, to be called collectively the Strategic Management Plans. Section 122 of the Local Government Act specifies some requirements concerning the timing, content and process for developing such plans (which include both LTFPs and AMPs).

Community Wastewater Management Systems (CWMS)

Systems designed to collect and treat septic tank effluent or effluent from properties.

Deloitte Access Economics

An independently prepared financial publication providing facts, figures and forecasts on Australian and world growth prospects, interest rates and exchange rates, wages and prices, exports and imports, jobs and unemployment, taxes and public sector spending.

Depreciation Expenses

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

Financial Policies

Policies that help guide strategies and activities and help ensure performance outcomes are consistent with objectives.

Financial Sustainability

Financial Sustainability occurs when expenditure, revenue raising and service level decisions 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.

Forecast Operating Expenses / Revenue

An estimate of future expenses / operating revenue for a reporting period as shown in the Statement of Comprehensive Income. Operating expenses are calculated on an accrual accounting basis and include depreciation but exclude expenditure of a capital nature. Operating revenue excludes profit on disposal of non-financial assets and amounts received specifically for new / upgraded infrastructure and other assets.

Income Statement

Refer to Statement of Comprehensive Income.

Infrastructure

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

IPWEA

Institute of Public Works Engineering Australia.

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 a Council.

Key Financial Indicator Targets

A target, or target range, is a value or set of values that Council has adopted as its goal for each of the Local Government endorsed financial indicators.

Labour

Salaries, wages and associated costs paid to Council employees.

Local Government Finance Authority (LGFA)

Provides investment and loan services and works for the benefit of Councils and other Local Government Bodies within Australia.

Long Term Financial Plan (LTFP)

A plan that projects a forecast of a Council's financial performance and position over a period of at least 10 years. It is one of a suite of documents that collectively make up a Council's Strategic Management Plan. The Long Term Financial Plan should be consistent with, and express financially, actions expressed or required to give effect to strategies in these other documents.

Model Financial Statements

A template format for the presentation of Annual Financial Statements for South Australian Councils and other bodies established pursuant to the Local Government Act. The Model Financial Statements comply with Australian Accounting Standards and additional requirements imposed under the Local Government (Financial Management) Regulations and are updated annually by the LGA.

My Predictor

A software program used by Council to project / model asset requirements including renewal maintenance, to establish long term asset management plans.

Regional Landscape Levy (formerly NRM Levy)

The Regional Landscape Levy, set by the Regional Landscape Boards, is a State Government tax imposed under the Landscape South Australia Act 2019. The Boards are established to manage the state's land, water, pests (animals and plants) and biodiversity. Council is obliged to collect the levy on behalf of the State Government. Council is wholly within the Hills and Fleurieu Landscape Board. The levy is based on the capital value of land and is shown as a separate charge on the rates notice.

Net Financial Liabilities

Net financial liabilities represent what is owed to others less money held, invested or owed to a Council. Net financial liabilities is the most comprehensive measure of the indebtedness of a Council as it includes items such as employee long service leave entitlements and other amounts payable as well as taking account of the level of a Council's cash and investments. It is calculated as total liabilities of a Council less its financial assets (excluding equity accounted investments in Council businesses).

Net Financial Liabilities Ratio

The net financial liabilities ratio indicates the extent to which net financial liabilities of a Council at a point in time could be met by its annual operating revenue. The ratio is calculated by expressing net financial liabilities at the end of a reporting period as a percentage of a Council's operating revenue for the same reporting period.

Net Lending / (Borrowing)

A Council's Net lending / (borrowing) result in a financial year is calculated as the operating surplus / (deficit), less capital expenditure on assets, plus depreciation and sale of assets. A 'net borrowing' result therefore represents the extent to which operating expenses (less depreciation) and capital expenditure exceeds funding provided by operating revenue and amounts received specifically for new / upgraded assets. A net borrowing result increases a Council's accumulated level of net financial liabilities. A net lending result reduces the level of net financial liabilities.

One off

Expenditure or income occurring only once.

Operating

The provision of services to the Community and ongoing operation of Council.

Operating Surplus/ Deficit Ratio

The operating surplus ratio is calculated by expressing the operating surplus / deficit shown in a Statement of Comprehensive Income as a percentage of operating income. A negative ratio indicates the percentage increase in total rates that would be required to achieve an operating break-even result (i.e. income is equal to operating expenses).

Prudential Requirements

The requirements set out in Section 48 of the Local Government Act that must be satisfied prior to a Council undertaking a significant project as defined in Section 48(1).

Public Consultation Policy

Policies outlining when public consultation is required and how such consultation will be undertaken.

* Some definitions sourced from LGA 'Glossary of Terms and Abbreviations'.

Recurrent / Recurring

Expenditure or income reoccurs every year for the duration of the service / activity. The impact of these types of changes can affect all future years of the LTFP.

Service Charge

An additional charge for a specific service such as Community Wastewater Management Schemes, based on the cost of operating these services. Council maintains and manages community wastewater management schemes for the townships of Goolwa, Strathalbyn, Port Elliot, Mount Compass and Milang and charges for all properties serviced by these schemes.

Service Standards

Levels of service prescribed for any service provided by Council.

Statement of Cash Flow

Refer definition for Cash Flow Statement.

Statement of Changes in Equity

A financial statement included in the Annual Financial Statements that shows changes in an organisation's equity between two reporting dates and reflects the increase or decrease in net assets during the period.

Statement of Comprehensive Income

A financial statement included in the Annual Financial Statements that shows all revenue and operating expenses in the reporting period. It highlights the operating surplus / deficit result, being the extent to which revenue is sufficient or insufficient to fund the cost of services.

Statement of Financial Position

Refer definition for Balance Sheet.

Summary Statement including Financing Transactions

A high level summary of both operating and capital investment activities of a Council prepared on a uniform and consistent basis. Amongst other things, this enables meaningful comparisons of each Council's finances. It also enables financial performance data of the Local Government sector as a whole to be assembled and reported.

Treasury Management Policy

Establishes a decision framework to ensure that: funds are available as required to support approved outlays; interest rate and other risks (e.g. liquidity and investment credit risks) are acknowledged and responsibly managed; and the net interest costs associated with borrowing and investing are reasonably likely to be minimised on average over the longer term.

Village Innovation Plans

Village Innovation Plans will help shape the future of each town for the next 20 years and will emphasise participatory planning with townships and rural communities.

Water Schemes

Alexandrina Council maintains and manages the Finnis Water Scheme. Council recovers the cost of this service through the imposition of a service charge.

Whole of Life Cycle Cost Estimates

Acquisition, maintenance and disposal costs / receipts of an asset over its useful life.



Appendix



Appendix A – Financial Statements

Statement of Comprehensive Income

Year Ended 30 June:	2020 Actual \$(‘000)	2021 Estimate \$(‘000)	2022 Year 1 \$(‘000)	2023 Year 2 \$(‘000)	2024 Year 3 \$(‘000)	2025 Year 4 \$(‘000)	2026 Year 5 \$(‘000)	2027 Year 6 \$(‘000)	2028 Year 7 \$(‘000)	2029 Year 8 \$(‘000)	2030 Year 9 \$(‘000)	2031 Year 10 \$(‘000)
INCOME												
Rates	41,234	42,224	44,454	46,405	48,628	51,007	53,504	55,900	58,404	61,006	63,725	66,564
Statutory Charges	999	959	971	988	1,009	1,031	1,054	1,077	1,101	1,125	1,150	1,175
User Charges	1,724	2,095	1,955	2,024	2,058	2,117	2,178	2,241	2,305	2,252	2,318	2,385
Grants, subsidies, contributions	3,407	3,331	2,972	3,051	3,063	3,117	3,172	3,228	3,286	3,345	3,405	3,467
Investment Income	11	21	21	21	21	21	21	21	21	21	21	21
Reimbursements	446	383	401	408	417	426	435	445	455	465	475	485
Net Gain – Joint Ventures	45	9	9	8	12	16	20	21	29	35	35	35
Other Revenues	872	321	294	337	376	419	429	439	449	459	469	479
Total Revenues	48,738	49,343	51,077	53,242	55,584	58,154	60,813	63,372	66,050	68,708	71,598	74,611
EXPENSES												
Employee costs	16,704	17,562	18,253	18,996	19,813	20,666	21,555	22,484	23,452	24,461	25,515	26,612
Materials, contracts & other expenses	17,999	17,448	17,752	18,192	18,673	19,364	19,977	20,586	21,287	21,919	22,661	23,436
Depreciation	12,092	12,818	13,392	14,211	14,988	15,607	16,170	16,752	17,411	18,052	18,710	19,405
Finance Costs	1,145	1,524	1,652	1,852	1,615	1,722	1,707	1,832	1,908	1,941	1,895	1,627
Net Loss – Joint Ventures	353	352	357	363	371	379	387	396	405	414	423	432
Total Expenses	48,293	49,704	51,406	53,614	55,460	57,738	59,796	62,050	64,463	66,787	69,204	71,512
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS												
	445	(361)	(329)	(372)	124	416	1,017	1,322	1,587	1,921	2,394	3,099
Net gain/(loss) on disposal or revaluations	(1,258)	(211)	(44)	(340)	(308)	(177)	(58)	(233)	(46)	(1,403)	(30)	(228)
Amounts specifically for new assets	1,407	4,754	10,108	7,860	1,330	328	0	0	0	0	0	0
Physical resources free of charge	2,339	6,150	2,660	2,710	2,780	2,850	2,920	3,000	3,070	3,150	3,240	3,320
NET SURPLUS/(DEFICIT)	2,933	10,332	12,395	9,858	3,926	3,417	3,879	4,089	4,611	3,668	5,604	6,191
Other Comprehensive Income												
Changes in revaluation surplus – IPP&E	10,520	10,700	8,400	10,900	13,500	14,500	14,900	15,300	15,800	16,400	16,800	17,300
Share of Other Comprehensive Income – Equity Accounted Council Businesses	21	0	0	0	0	0	0	0	0	0	0	0
Total Other Comprehensive Income	10,541	10,700	8,400	10,900	13,500	14,500	14,900	15,300	15,800	16,400	16,800	17,300
TOTAL COMPREHENSIVE INCOME	13,474	21,032	20,795	20,758	17,426	17,917	18,779	19,389	20,411	20,068	22,404	23,491

Statement of Financial Position

Year Ended 30 June:	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Actual \$(‘000)	Estimate \$(‘000)	Year 1 \$(‘000)	Year 2 \$(‘000)	Year 3 \$(‘000)	Year 4 \$(‘000)	Year 5 \$(‘000)	Year 6 \$(‘000)	Year 7 \$(‘000)	Year 8 \$(‘000)	Year 9 \$(‘000)	Year 10 \$(‘000)
ASSETS												
Current Assets												
Cash & Equivalent Assets	1,126	246	316	306	281	347	338	363	311	311	336	326
Trade & Other Receivables	4,051	6,138	6,138	6,138	6,141	6,141	6,142	6,142	6,142	6,126	6,126	6,126
Inventories	25	25	25	25	25	25	25	25	25	25	25	25
Total Current Assets	5,202	6,409	6,479	6,469	6,447	6,513	6,505	6,530	6,478	6,462	6,487	6,477
Non-Current Assets												
Receivables	114	102	90	78	63	48	32	16	0	0	0	0
Other Financial Assets	15	15	15	15	15	15	15	15	15	15	15	15
Equity Accounted Investments in Council Businesses	10,235	9,892	9,544	9,189	8,830	8,467	8,100	7,725	7,349	6,970	6,582	6,185
Infrastructure, Property, Plant & Equipment	460,618	494,213	517,982	540,805	556,225	571,589	588,594	607,748	627,557	646,104	665,691	683,859
Total Non-Current Assets	470,982	504,222	527,631	550,087	565,133	580,119	596,741	615,504	634,921	653,089	672,288	690,059
Total Assets	476,184	510,631	534,110	556,556	571,580	586,632	603,246	622,034	641,399	659,551	678,775	696,536
LIABILITIES												
Current Liabilities												
Trade & Other Payables	7,871	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700
Borrowings	894	1,327	10,012	3,712	2,865	2,815	3,366	1,516	2,116	4,000	5,730	0
Provisions	1,924	1,924	1,924	1,924	1,924	1,924	1,924	1,924	1,924	1,924	1,924	1,924
Total Current Liabilities	10,689	8,951	17,636	11,336	10,489	10,439	10,990	9,140	9,740	11,624	13,354	7,624
Non-Current Liabilities												
Borrowings	22,475	37,628	31,627	39,615	38,060	35,245	32,529	33,778	32,132	28,332	23,422	23,422
Provisions	3,259	3,259	3,259	3,259	3,259	3,259	3,259	3,259	3,259	3,259	3,259	3,259
Total Non-Current Liabilities	25,734	40,887	34,886	42,874	41,319	38,504	35,788	37,037	35,391	31,591	26,681	26,681
Total Liabilities	36,423	49,838	52,522	54,210	51,808	48,943	46,778	46,177	45,131	43,215	40,035	34,305
NET ASSETS	439,761	460,793	481,588	502,346	519,772	537,689	556,468	575,857	596,268	616,336	638,740	662,231
EQUITY												
Accumulated Surplus	169,659	179,991	192,386	202,244	206,170	209,587	213,466	217,555	222,166	225,834	231,438	237,629
Asset Revaluation Reserve	269,694	280,394	288,794	299,694	313,194	327,694	342,594	357,894	373,694	390,094	406,894	424,194
Other Reserves	408	408	408	408	408	408	408	408	408	408	408	408
TOTAL EQUITY	439,761	460,793	481,588	502,346	519,772	537,689	556,468	575,857	596,268	616,336	638,740	662,231

Statement of Cash Flows

Year Ended 30 June:	2020 Actual \$(‘000)	2021 Estimate \$(‘000)	2022 Year 1 \$(‘000)	2023 Year 2 \$(‘000)	2024 Year 3 \$(‘000)	2025 Year 4 \$(‘000)	2026 Year 5 \$(‘000)	2027 Year 6 \$(‘000)	2028 Year 7 \$(‘000)	2029 Year 8 \$(‘000)	2030 Year 9 \$(‘000)	2031 Year 10 \$(‘000)
CASH FLOWS FROM OPERATING ACTIVITIES												
Receipts												
Operating Receipts	44,640	47,229	51,047	53,213	55,551	58,117	60,772	63,330	66,000	68,652	71,542	74,555
Investment Receipts	11	21	21	21	21	21	21	21	21	21	21	21
Payments												
Operating Payments to Suppliers and Employees	(26,832)	(37,181)	(36,005)	(37,188)	(38,486)	(40,030)	(41,532)	(43,070)	(44,739)	(46,380)	(48,176)	(50,048)
Finance Costs	(1,145)	(1,524)	(1,652)	(1,852)	(1,615)	(1,722)	(1,707)	(1,832)	(1,908)	(1,941)	(1,895)	(1,627)
Net Cash provided by (or used in) Operating Activities	16,674	8,545	13,411	14,194	15,471	16,386	17,554	18,449	19,374	20,352	21,492	22,901
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Amounts Specifically for New/Upgraded Assets	1,407	4,754	10,108	7,860	1,330	328	0	0	0	0	0	0
Sale of Renewed/Replaced Assets	107	463	579	398	314	462	596	438	643	497	695	516
Repayments of Loans by Community Groups	49	9	12	12	12	15	15	16	16	16	0	0
Payments												
Expenditure on Renewal/Replacement of Assets	(3,206)	(12,500)	(8,289)	(7,053)	(5,121)	(7,427)	(7,630)	(8,324)	(10,897)	(10,808)	(10,014)	(10,216)
Expenditure on New/Upgraded Assets	(6,209)	(17,737)	(18,435)	(17,109)	(9,629)	(6,833)	(8,379)	(9,953)	(8,142)	(8,141)	(8,968)	(7,481)
Net Cash Provided by (or used in) Investing Activities	(7,852)	(25,011)	(16,025)	(15,892)	(13,094)	(13,455)	(15,398)	(17,823)	(18,380)	(18,436)	(18,287)	(17,181)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Proceeds from Borrowings	0	16,480	4,011	11,700	1,310	0	650	2,765	470	200	820	0
Payments												
Repayments of Borrowings	(7,457)	(894)	(1,327)	(10,012)	(3,712)	(2,865)	(2,815)	(3,366)	(1,516)	(2,116)	(4,000)	(5,730)
Repayment of Finance Lease Liabilities	(91)	0	0	0	0	0	0	0	0	0	0	0
Net Cash provided by (or used in) Financing Activities	(7,548)	15,586	2,684	1,688	(2,402)	(2,865)	(2,165)	(601)	(1,046)	(1,916)	(3,180)	(5,730)
Net Increase/(Decrease) in cash held	1,274	(880)	70	(10)	(25)	66	(9)	25	(52)	0	25	(10)
Opening cash, cash equivalents or (bank overdraft)		1,126	246	316	306	281	347	338	363	311	311	336
Closing cash, cash equivalents or (bank overdraft)	1,126	246	316	306	281	347	338	363	311	311	336	326

Statement of Changes in Equity

Year Ended 30 June:	2020 Actual \$(‘000)	2021 Estimate \$(‘000)	2022 Year 1 \$(‘000)	2023 Year 2 \$(‘000)	2024 Year 3 \$(‘000)	2025 Year 4 \$(‘000)	2026 Year 5 \$(‘000)	2027 Year 6 \$(‘000)	2028 Year 7 \$(‘000)	2029 Year 8 \$(‘000)	2030 Year 9 \$(‘000)	2031 Year 10 \$(‘000)
ACCUMULATED SURPLUS												
Balance at end of previous reporting period	165,819	169,659	179,991	192,386	202,244	206,170	209,587	213,466	217,555	222,166	225,834	231,438
Net Result for Year	2,933	10,332	12,395	9,858	3,926	3,417	3,879	4,089	4,611	3,668	5,604	6,191
Other Comprehensive Income	21	0	0	0	0	0	0	0	0	0	0	0
Transfers to Other Reserves	(5,066)	0	0	0	0	0	0	0	0	0	0	0
Transfers from Other Reserves	5,952	0	0	0	0	0	0	0	0	0	0	0
Balance at end of period	169,659	179,991	192,386	202,244	206,170	209,587	213,466	217,555	222,166	225,834	231,438	237,629
ASSET REVALUATION RESERVE												
Property, Plant & Equipment	269,694	280,394	288,794	299,694	313,194	327,694	342,594	357,894	373,694	390,094	406,894	424,194
Balance at end of period	269,694	280,394	288,794	299,694	313,194	327,694	342,594	357,894	373,694	390,094	406,894	424,194
OTHER RESERVES												
Balance at end of previous reporting period	1,294	408	408	408	408	408	408	408	408	408	408	408
Transfers from Accumulated Surplus	5,066	0	0	0	0	0	0	0	0	0	0	0
Transfers to Accumulated Surplus	(5,952)	0	0	0	0	0	0	0	0	0	0	0
Balance at end of period	408	408	408	408	408	408	408	408	408	408	408	408
TOTAL EQUITY AT END OF REPORTING PERIOD	439,761	460,793	481,588	502,346	519,772	537,689	556,468	575,857	596,268	616,336	638,740	662,231

Uniform Presentation of Finances including Financing Transactions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Year Ended 30 June:	Actual \$(‘000)	Estimate \$(‘000)	Year 1 \$(‘000)	Year 2 \$(‘000)	Year 3 \$(‘000)	Year 4 \$(‘000)	Year 5 \$(‘000)	Year 6 \$(‘000)	Year 7 \$(‘000)	Year 8 \$(‘000)	Year 9 \$(‘000)	Year 10 \$(‘000)
Operating Revenues	48,738	49,343	51,077	53,242	55,584	58,154	60,813	63,372	66,050	68,708	71,598	74,611
<i>less Operating Expenses</i>	48,293	49,704	51,406	53,614	55,460	57,738	59,796	62,050	64,463	66,787	69,204	71,512
Operating Surplus/(Deficit) before Capital Amounts	445	(361)	(329)	(372)	124	416	1,017	1,322	1,587	1,921	2,394	3,099
Less: Net Outlays on Existing Assets												
Capital Expenditure on Renewal/Replacement of Existing Assets	3,206	12,500	8,289	7,053	5,121	7,427	7,630	8,324	10,897	10,808	10,014	10,216
<i>less Depreciation, Amortisation & Impairment</i>	12,092	12,818	13,392	14,211	14,988	15,607	16,170	16,752	17,411	18,052	18,710	19,405
<i>less Proceeds from Sale of Replaced Assets</i>	107	463	579	398	314	462	596	438	643	497	695	516
	(8,993)	(781)	(5,682)	(7,556)	(10,181)	(8,642)	(9,136)	(8,866)	(7,157)	(7,741)	(9,391)	(9,705)
Less: Net Outlays on New and Upgraded Assets												
Capital Expenditure on New/Upgraded Assets	6,209	17,737	18,435	17,109	9,629	6,833	8,379	9,953	8,142	8,141	8,968	7,481
<i>less Amounts Specifically for New/Upgraded Assets</i>	1,407	4,754	10,108	7,860	1,330	328	0	0	0	0	0	0
	4,802	12,983	8,327	9,249	8,299	6,505	8,379	9,953	8,142	8,141	8,968	7,481
Net Lending / (Borrowing) for Financial Year	4,636	(12,563)	(2,974)	(2,065)	2,006	2,553	1,774	235	602	1,521	2,817	5,323

In any one year, the financing transactions are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.

Financing Transactions

New Borrowings	0	16,480	4,011	11,700	1,310	0	650	2,765	470	200	820	0
Repayment of Principal on Borrowings	(7,457)	(894)	(1,327)	(10,012)	(3,712)	(2,865)	(2,815)	(3,366)	(1,516)	(2,116)	(4,000)	(5,730)
(Increase)/Decrease in Cash and Cash Equivalents	(1,274)	880	(70)	10	25	(66)	9	(25)	52	0	(25)	10
(Increase)/Decrease in Receivables	4,095	(3,903)	360	367	371	378	382	391	392	395	388	397
Financing Transactions	(4,636)	12,563	2,974	2,065	(2,006)	(2,553)	(1,774)	(235)	(602)	(1,521)	(2,817)	(5,323)

Key Financial Indicators

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Year Ended 30 June:	Actual \$(‘000)	Estimate \$(‘000)	Year 1 \$(‘000)	Year 2 \$(‘000)	Year 3 \$(‘000)	Year 4 \$(‘000)	Year 5 \$(‘000)	Year 6 \$(‘000)	Year 7 \$(‘000)	Year 8 \$(‘000)	Year 9 \$(‘000)	Year 10 \$(‘000)
Operating Surplus / (Deficit) - \$’000	445	(361)	(329)	(372)	124	416	1,017	1,322	1,587	1,921	2,394	3,099
Operating Surplus / (Deficit) Ratio - %	1%	(1)%	(1)%	(1)%	0%	1%	2%	2%	2%	3%	3%	4%
Net Financial Liabilities Ratio - %	64%	88%	90%	90%	82%	73%	66%	63%	59%	54%	47%	37%
Asset Renewal Funding Ratio - %	46%	171%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Loan Borrowings	23,369	38,955	41,639	43,327	40,925	38,060	35,895	35,294	34,248	32,332	29,152	23,422

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
3 year rolling average	Actual	Estimate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus / (Deficit) - \$’000	42	(82)	(354)	(192)	56	519	918	1,309	1,610	1,967	2,471	2,747
Operating Surplus Ratio - %	0%	(0)%	(1)%	(0)%	0%	1%	1%	2%	2%	3%	3%	4%
Net Financial Liabilities Ratio - %	76%	81%	89%	87%	81%	74%	67%	62%	58%	53%	46%	42%
Asset Renewal Funding Ratio - %	109%	106%	124%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Key Financial Indicator Targets	Year 1 Short Term	Year 2 Short Term	Year 3 Short Term	Year 4 Med Term	Year 5 Med Term	Year 6 Med Term	Year 7 Long Term	Year 8 Long Term	Year 9 Long Term	Year 10 Long Term
Operating Surplus/(Deficit) Ratio - %	(2) to 1	(2) to 1	(2) to 1	(0) to 2	(0) to 2	(0) to 2	3 to 6	3 to 6	3 to 6	3 to 6
Net Financial Liabilities Ratio - %	≤120*	≤120*	≤120*	≤110*	≤110*	≤110*	≤80*	≤80*	≤80*	≤80*
Asset Renewal Funding Ratio - %	90-110	90-110	90-110	90-110	90-110	90-110	90-110	90-110	90-110	90-110

Appendix B – Financial Statements (CWMS)

Uniform Presentation of Finances including Financing Transactions

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Year Ended 30 June:	Actual \$(‘000)	Estimate \$(‘000)	Year 1 \$(‘000)	Year 2 \$(‘000)	Year 3 \$(‘000)	Year 4 \$(‘000)	Year 5 \$(‘000)	Year 6 \$(‘000)	Year 7 \$(‘000)	Year 8 \$(‘000)	Year 9 \$(‘000)	Year 10 \$(‘000)
Operating Revenues	5,090	5,505	6,201	6,489	6,815	7,161	7,489	7,833	8,193	8,435	8,810	9,201
<i>less Operating Expenses</i>	5,061	5,557	6,263	6,177	6,513	6,862	7,128	7,441	7,878	8,129	8,495	8,823
Operating Surplus/(Deficit) before Capital Amounts	29	(52)	(62)	312	302	299	361	392	315	306	315	378
Less: Net Outlays on Existing Assets												
Capital Expenditure on Renewal/Replacement of Existing Assets	226	2,345	165	777	850	459	851	833	920	526	1,006	1,204
<i>less Depreciation, Amortisation & Impairment</i>	1,198	1,336	1,403	1,450	1,525	1,611	1,685	1,736	1,868	1,955	2,050	2,151
	(972)	1,009	(1,238)	(673)	(675)	(1,152)	(834)	(903)	(948)	(1,429)	(1,044)	(947)
Less: Net Outlays on New and Upgraded Assets												
Capital Expenditure on New/Upgraded Assets	687	2,675	1,439	1,760	2,043	1,452	1,849	4,058	1,740	1,936	2,173	892
<i>less Amounts Specifically for New/Upgraded Assets</i>	0	0	0	0	0	0	0	0	0	0	0	0
	687	2,675	1,439	1,760	2,043	1,452	1,849	4,058	1,740	1,936	2,173	892
Net Lending / (Borrowing) for Financial Year	314	(3,736)	(263)	(775)	(1,066)	(1)	(654)	(2,763)	(477)	(201)	(814)	433

In any one year, the financing transactions are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.

Financing Transactions

New Borrowings	0	3,900	1,211	800	1,050	0	650	2,765	470	200	820	0
Repayment of Principal on Borrowings	(308)	(137)	(931)	0	0	0	0	0	0	0	0	(430)
(Increase)/Decrease in Cash and Cash Equivalents	(6)	(27)	(17)	(25)	16	1	4	(2)	7	1	(6)	(3)

Key Financial Indicators (CWMS)

Year Ended 30 June:	2020 Actual \$(‘000)	2021 Estimate \$(‘000)	2022 Year 1 \$(‘000)	2023 Year 2 \$(‘000)	2024 Year 3 \$(‘000)	2025 Year 4 \$(‘000)	2026 Year 5 \$(‘000)	2027 Year 6 \$(‘000)	2028 Year 7 \$(‘000)	2029 Year 8 \$(‘000)	2030 Year 9 \$(‘000)	2031 Year 10 \$(‘000)
Financing Transactions	(314)	3,736	263	775	1,066	1	654	2,763	477	201	814	(433)
Operating Surplus / (Deficit) - \$'000	29	(52)	(62)	312	302	299	361	392	315	306	315	378
Operating Surplus / (Deficit) Ratio - %	1%	(1)%	(1)%	5%	4%	4%	5%	5%	4%	4%	4%	4%
Net Financial Liabilities Ratio - %	134%	192%	175%	179%	186%	177%	178%	205%	202%	199%	200%	186%
Asset Renewal Funding Ratio - %	50%	254%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Loan Borrowings	6,831	10,594	10,874	11,674	12,724	12,724	13,374	16,139	16,609	16,809	17,629	17,199

3 year rolling average

Operating Surplus / (Deficit) - \$'000	(12)	(28)	66	184	304	321	351	356	338	312	333	347
Operating Surplus Ratio - %	(0)%	(0)%	1%	3%	4%	4%	5%	5%	4%	4%	4%	4%
Net Financial Liabilities Ratio - %	163%	167%	182%	180%	181%	180%	187%	195%	202%	200%	195%	193%
Asset Renewal Funding Ratio - %	152%	135%	151%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Key Financial Indicator Targets

	Year 1 Short Term	Year 2 Short Term	Year 3 Short Term	Year 4 Med Term	Year 5 Med Term	Year 6 Med Term	Year 7 Long Term	Year 8 Long Term	Year 9 Long Term	Year 10 Long Term
Operating Surplus/(Deficit) Ratio - %	(5) to 2	(5) to 2	(5) to 2	(2) to 3	(2) to 3	(2) to 3	2 to 6	2 to 6	2 to 6	2 to 6
Net Financial Liabilities Ratio - %	≤250	≤250	≤250	≤250	≤250	≤250	≤200	≤200	≤200	≤200
Asset Sustainability Ratio - %	90-110	90-110	90-110	90-110	90-110	90-110	90-110	90-110	90-110	90-110

Appendix C – Financial Statements (Council excluding CWMS)

Uniform Presentation of Finances including Financing Transactions

Year Ended 30 June:	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Actual \$(‘000)	Estimate \$(‘000)	Year 1 \$(‘000)	Year 2 \$(‘000)	Year 3 \$(‘000)	Year 4 \$(‘000)	Year 5 \$(‘000)	Year 6 \$(‘000)	Year 7 \$(‘000)	Year 8 \$(‘000)	Year 9 \$(‘000)	Year 10 \$(‘000)
Operating Revenues	43,648	43,838	44,876	46,753	48,769	50,993	53,324	55,539	57,857	60,273	62,788	65,410
<i>less Operating Expenses</i>	43,232	44,147	45,143	47,437	48,947	50,876	52,668	54,609	56,585	58,658	60,709	62,689
Operating Surplus/(Deficit) before Capital Amounts	416	(309)	(267)	(684)	(178)	117	656	930	1,272	1,615	2,079	2,721
Less: Net Outlays on Existing Assets												
Capital Expenditure on Renewal/Replacement of Existing Assets	2,980	10,155	8,124	6,276	4,271	6,968	6,779	7,491	9,977	10,282	9,008	9,012
<i>less Depreciation, Amortisation & Impairment</i>	10,894	11,482	11,989	12,761	13,463	13,996	14,485	15,016	15,543	16,097	16,660	17,254
<i>less Proceeds from Sale of Replaced Assets</i>	107	463	579	398	314	462	596	438	643	497	695	516
	(8,021)	(1,790)	(4,444)	(6,883)	(9,506)	(7,490)	(8,302)	(7,963)	(6,209)	(6,312)	(8,347)	(8,758)
Less: Net Outlays on New and Upgraded Assets												
Capital Expenditure on New/Upgraded Assets	5,522	15,062	16,996	15,349	7,586	5,381	6,530	5,895	6,402	6,205	6,795	6,589
<i>less Amounts Specifically for New/Upgraded Assets</i>	1,407	4,754	10,108	7,860	1,330	328	0	0	0	0	0	0
	4,115	10,308	6,888	7,489	6,256	5,053	6,530	5,895	6,402	6,205	6,795	6,589
Net Lending / (Borrowing) for Financial Year	4,322	(8,827)	(2,711)	(1,290)	3,072	2,554	2,428	2,998	1,079	1,722	3,631	4,890

In any one year, the financing transactions are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.

Financing Transactions

New Borrowings	0	12,580	2,800	10,900	260	0	0	0	0	0	0	0
Repayment of Principal on Borrowings	(7,149)	(757)	(396)	(10,012)	(3,712)	(2,865)	(2,815)	(3,366)	(1,516)	(2,116)	(4,000)	(5,300)
(Increase)/Decrease in Cash and Cash Equivalents	(1,268)	907	(53)	35	9	(67)	5	(23)	45	(1)	(19)	13
(Increase)/Decrease in Receivables	4,095	(3,903)	360	367	371	378	382	391	392	395	388	397
Financing Transactions	(4,322)	8,827	2,711	1,290	(3,072)	(2,554)	(2,428)	(2,998)	(1,079)	(1,722)	(3,631)	(4,890)

Key Financial Indicators (Council Excluding CWMS)

Year Ended 30 June:	2020 Actual \$('000)	2021 Estimate \$('000)	2022 Year 1 \$('000)	2023 Year 2 \$('000)	2024 Year 3 \$('000)	2025 Year 4 \$('000)	2026 Year 5 \$('000)	2027 Year 6 \$('000)	2028 Year 7 \$('000)	2029 Year 8 \$('000)	2030 Year 9 \$('000)	2031 Year 10 \$('000)
Operating Surplus / (Deficit) - \$'000	416	(309)	(267)	(684)	(178)	117	656	930	1,272	1,615	2,079	2,721
Operating Surplus / (Deficit) Ratio - %	1%	(1)%	(1)%	(1)%	(0)%	0%	1%	2%	2%	3%	3%	4%
Net Financial Liabilities Ratio - %	56%	75%	78%	77%	67%	58%	50%	42%	38%	33%	25%	16%
Asset Renewal Funding Ratio - %	46%	158%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Loan Borrowings	16,538	28,361	30,765	31,653	28,201	25,336	22,521	19,155	17,639	15,523	11,523	6,223

3 year rolling average

Operating Surplus / (Deficit) - \$'000	54	(53)	(420)	(376)	(248)	198	568	953	1,272	1,655	2,138	2,400
Operating Surplus Ratio - %	0%	(0)%	(1)%	(1)%	(1)%	0%	1%	2%	2%	3%	3%	4%
Net Financial Liabilities Ratio - %	65%	70%	77%	74%	67%	59%	50%	44%	38%	32%	25%	21%
Asset Renewal Funding Ratio - %	102%	101%	119%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Key Financial Indicator Targets

	Year 1 Short Term	Year 2 Short Term	Year 3 Short Term	Year 4 Med Term	Year 5 Med Term	Year 6 Med Term	Year 7 Long Term	Year 8 Long Term	Year 9 Long Term	Year 10 Long Term
Operating Surplus/(Deficit) Ratio - %	(2) to 1	(2) to 1	(2) to 1	0 to 2	0 to 2	0 to 2	3 to 5	3 to 5	3 to 5	3 to 5
Net Financial Liabilities Ratio - %	≤100	≤100	≤100	≤100	≤100	≤100	≤80	≤80	≤80	≤80
Asset Sustainability Ratio - %	90-110	90-110	90-110	90-110	90-110	90-110	90-110	90-110	90-110	90-110



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