COPPER COAST COUNCIL

Long Term Financial Plan

2023/24 to 2032/33

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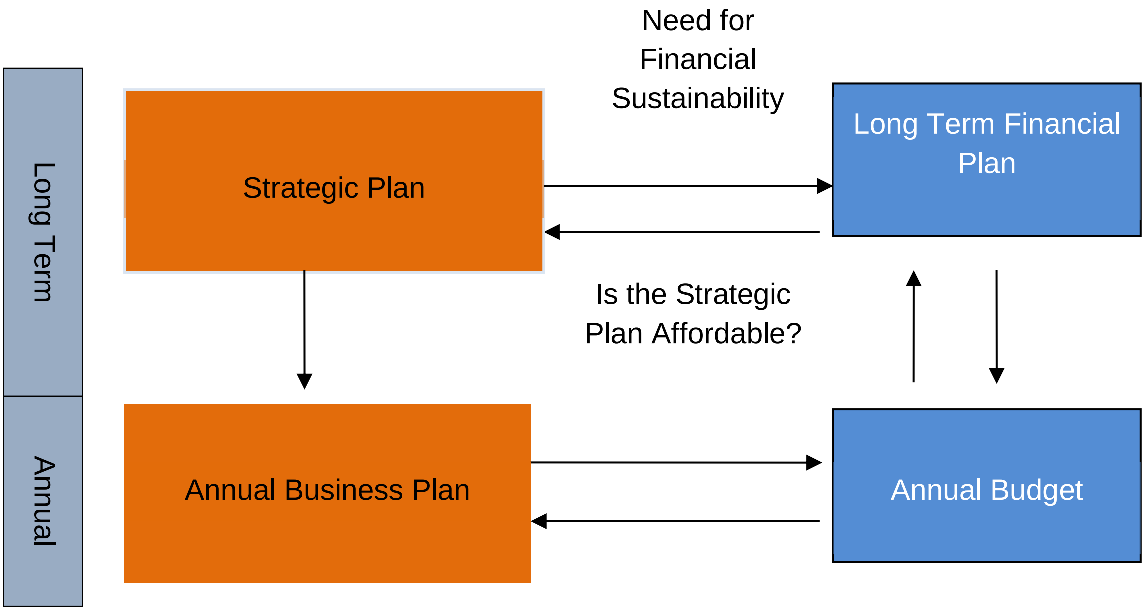
Executive Summary

Under Section 122 of the Local Government Act 1999, Councils are required to have a Long Term Financial Plan (for a minimum period of 10 years) as part of their suite of Strategic Management Plans. Prior to appraising Council's current position and analysing the key budgeted financial statements, it is important to understand where the Long Term Financial Plan sits and the key role it plays, within the overall planning and reporting framework for Council.

The diagram below sets out the linkages between the Long Term Financial Plan and the balance of the corporate planning and reporting framework.



This document subsequently reflects a review of Council's Long Term Financial Plan, and will act as a reference point in the formulation of Council's future Annual Budget and Business Plan.

The Long Term Financial Plan is designed as a 'high-level' summarised document towards the future Planning of Council's financial operations – particularly in relation to key components such as rate movements, service levels to our community, major infrastructure asset replacement/renewal, loan indebtedness and internal cash reserves. On this basis, and given the 'high-level' nature of the document, the Plan has been developed based on a number of key assumptions.

Council has also previously endorsed a number of strategic financial policies which have driven the formulation of the Plan. Section 122 of the Local Government Act prescribes that Councils must have a long term Infrastructure and Asset Management Plan to guide the future replacement, renewal and maintenance of our significant fixed asset base.

With such a significant fixed asset base, being predominantly comprised of major community infrastructure such as roads, footpaths, stormwater drainage and community wastewater management systems, it is imperative that there is an appropriate link and consistency between the Infrastructure and Asset Management Plan and the Long Term Financial Plan – towards ensuring that the Long Term Financial Plan provides for the necessary capital outlays (as identified in the Roads and Transport Infrastructure and Asset Management Plan) for the renewal and replacement of *existing* community assets – herein referred to as 'non-discretionary' capital expenditure.

In addition to the 'non-discretionary' capital expenditure noted above, it is also important that funding is earmarked in this Plan for 'discretionary' capital expenditure, in recognition of the community's ever increasing demand for new and enhanced service delivery.

The key longer term financial strategic performance targets are to:

- Achieve consistent underlying operating surpluses.
- Achieve strengthening underlying working capital and liquidity positions.
- Manage & Monitor reliance on borrowings.
- Progressively increase funding for asset maintenance / capital renewal expenditure.
- Provide a reasonable degree of consistency and stability in the level of the rates burden.

These initiatives will enhance the longer term financial sustainability of Council to:

- Achieve the strategic objectives documented in the Council Plan.
- Address the infrastructure funding gap issues of Council.
- Achieve long term financial sustainability, that being, having an adequate level of funding for a defined level of services in current and forward budgets.

lifestyle location of choice

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Financial Sustainability

Definition

The definition of Financial Sustainability for Local Government emanated from the independent SA Local Government Financial Sustainability Inquiry in 2005. It is defined as follows:

> *"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 definition was endorsed nationally at the National General Assembly of Local Government at Canberra in November 2006.

Why is it important?

The independent inquiry, instigated by the Local Government Association of SA, revealed at the time that 33 of the 68 Councils within South Australia were deemed to be financially unsustainable. Thus, with the definition in mind, it was deemed that nearly 50% of the SA Councils could not sustain/maintain necessary service/infrastructure levels without significant rate increases or cuts to existing service levels to their communities.

The importance of financial sustainability is to ensure that each generation 'pays their way', rather than any generation 'living off their assets' and leaving it to future generations to address the issue of repairing worn out infrastructure. Such issues are frequently referred to as 'intergenerational equity'.

With community infrastructure such as roads, footpaths, and stormwater drainage comprising a major proportion of Councils' balance sheets, it is important that Councils implement appropriate strategies towards the effective upkeep of such assets – so that the maintenance and renewal of such assets is fairly and equitably funded from current ratepayers (i.e. general rate income) and future ratepayers (long term loan borrowings).

Given the importance of ensuring financial sustainability of Council operations in the longer term, it is a legislative requirement that individual Councils adopt Long Term Financial Management and Infrastructure and Asset Management Plans (minimum 10 years) as part of future planning.

How is it measured?

To ensure each generation 'pays its way', it is subsequently crucial that current ratepayers effectively fund the current net cost of services provided and community assets consumed. Without this being achieved (i.e. an operating deficit), future generations are effectively subsidising the current cost of service provision and asset consumption.

Based on this, the financial sustainability of a Council is measured by the surplus/deficit (before capital revenues) disclosed in the Income Statement financial report – with a consistent breakeven or operating surplus result indicative of a Council that is financially sustainable in the long term.

Other financial sustainability indicators recommended by the Financial Sustainability Inquiry, and endorsed by the Copper Coast Council, are separately included within this report.

How is Council addressing the issue?

The Objective of the Plan is to be financially sustainable over Years 1 - 10 by achieving a cumulative breakeven result.

With the process used for the annual review of the Plan, estimates are used for the asset revaluations and a number of key assumptions and this enables a more accurate cost of these assets held.

Key Assumptions

The preparation of the Long Term Financial Plan has been based on a number of key assumptions endorsed by Council.

The Financial Reports and information currently used to provide the basis for this review:

- 2021-22 Audited Financial Statements
- 2022-23 Council Budget (adopted July 2022)
- Previous Long Term Financial Plans
- Annual Business Plan and the Strategic Plan, and
- Infrastructure and Asset Management Plans

Major Key Assumption Plan – Review changes

Long term financial planning is an iterative process - it occurs on a regular basis and experience suggests that variations will occur over time. As new information is included in the planning process – from the latest advice on interest rates to information from the community on expected service standards – the Plans are discussed, reviewed and fine-tuned.

Long Term Financial Plans are created as a guideline for Council to allow for thinking to occur about the nature of Council revenues and expenditures. From this thinking comes a deeper knowledge and understanding of the needs of the community and the Council. The depth of knowledge and understanding contributes to the ability to have adaptive financial responses, when change occurs and Operational Plans need to be revised to cope with the unexpected.

With this in mind, each annual review process provides an opportunity to introduce new assumptions or enhance the information base as required. This review includes the following alterations (which are expanded in more detail in the relevant section of the Plan):

- Operating Costs-
  - Contractors have been increased in line with the construction index, and
  - Materials have been increased in line with the Local Government Price Index and CPI.
- Selected Operating Costs have been isolated from general expenditure as increases to these are unique e.g. energy use for electricity, water costs, insurance premiums, and waste collection and disposal service costs.
- The Plan includes a revaluation of assets per asset type to update the estimate build cost for the assets over the Plan. These new asset values are used to calculate depreciation charges and then in turn reflect a more accurate operating result forecast.
- Expenditure has been included for the renewal and/or replacement of various buildings for the life of the Plan reflective of the Asset Management Plan.
- Existing service levels will be maintained excepting those required for growth; that is expansion of our networks.

Major Key Assumptions

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
General										
Expected CPI Movement	7.8%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Construction Index (Used CPI estimate)	4.1%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
EA Movements	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Rates & Charges (Increases)										
Residential	4.4%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Vacant Land	4.4%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Commercial/Industrial	4.4%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Primary Production	4.4%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other	4.4%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
CWMS Service Charge Increase	4.4%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
NRM (State Government Charge)	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Finance Charges										
Borrowings - Interest rate	5.60%	5.60%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%
Investments - Interest Rate	3.55%	4.20%	4.80%	4.80%	4.70%	4.70%	4.70%	4.70%	4.70%	4.70%

Operating Income

Rates

On *average*, for existing ratepayers this will translate to general rate revenue increases as outlined on the previous page:

- The Rate Revenue Increases as shown in the table are the average rate increase (general movement plus increase); the increase for individual ratepayers will vary from this percentage depending on valuation movements.
- Natural growth is as a result of new subdivisions and/or development which increase the valuation base used for rate revenue calculations and is not estimated in the average rate increases.
- Any service level changes will impact on this plan and the rating assumptions that have been used. There is none known at the time of putting this plan together.

Statutory Charges

- Statutory Charges to increase per annum.

User Charges

- User Charges to increase per annum.
- Commercial Activities revenue (Caravan Park fees, etc) to increase per annum.

Grants and Subsidies

- Operating Grants to increase by CPI per annum.
- Roads to Recovery Grants extend for the life of the Plan. Existing ongoing grant funded programs to continue.
- Additional grant funding to be sourced for identified projects and will be adjusted through the Annual Business Plan & Budget process.

Investment Income

- Investment Income for deposits held at an investment interest rate.
- A decrease in investment income is projected over the life of the Plan whilst borrowings are in place.

Reimbursements

- Reimbursements to increase by CPI per annum

Other Revenue

- Other Revenue to increase by CPI per annum.

Operating Expenditure

Employee Costs

- Staff levels will remain constant to the extent that current service cost levels are maintained and at 2021/22 infrastructure levels.
- Staffing costs to increase in line with anticipated enterprise bargaining negotiations. It has been assumed that future EB agreements will be closely related to CPI increases.

Materials and Contracts

- Insurance increase by CPI per annum.
- Power and Water costs to increase by CPI per annum.
- Waste Collection Service has increased with Expenditure at Construction Index increase and also in line with State Government Levy charges and proposed increases.
- Materials and Contracts have been increased at the CPI per annum also.

Finance Costs

- Finance costs are reflective of the actual financing costs for the borrowings included in the Plan.

Depreciation

- Depreciation has been calculated using consumption of Council's assets over their useful lives as follows:

		Absolute Value
Assume depreciation on new assets as follows	Plant and Equipment	10.0%
	Other	2.0%
Increased maintenance costs of new assets		1.0%

Other Expenses

- Other expenses increase by CPI per annum.

GST

- GST has been excluded from all calculations.

Capital Expenditure Indexing and Revaluation

Expenditure on the construction and/or purchase for renewal/replacement of road infrastructure assets including reseals, resheeting, footpaths, plant replacement and CWMS - gravity mains, utility replacements for the life of the Plan have been indexed by the Construction Index per annum**.** The base expenditure has also been flowed using the budgets allocated in 2023/24.

Expenditure for the renewal and/or replacement of various Buildings has been indexed by the Construction Index per annum.

The Plan includes a revaluation of assets per asset type to update the estimate build cost for the existing assets over the Plan. These new asset values are used to calculate depreciation charges and then in turn reflect a more accurate operating result.

The actual asset revaluations and assessments occur on a periodical cycle at a maximum period of five (5) years. Council has staggered the asset valuations over the past 3 years and during 2021/22 it undertook an asset revaluation on the Roads, Footpaths and Kerb & Spoon Drains. As the Plan has been calculated using an annual index, there will be yearly fluctuations when comparing actual results to the Plan projections.

Consideration has also been given to major projects that will take place over several financial years and are listed below. Some of these projects may be reliant on grant funding and therefore will only progress if funding is secured.

A consistent allocation for Stormwater and Road Infrastructure projects have been included in the plan. A focus also on footpaths is a project committed to by the Council during the Annual Business Planning process and has been included for a number of years now.

Funding the Long Term Financial Plan

Rating Policy

The rate structure, methodology and rebates offered by Council are incorporated into Council's Rating Policy. This document outlines the policy for setting and collecting rates from its community and has been prepared in accordance with relevant sections of the Local Government Act 1999 – please refer to Council's website to obtain a copy of the Rating Policy.

General Rates

The Copper Coast Council endorses differential general rates by land-use based on the capital valuation of rateable properties. In accordance with Clause 10 (Differentiating factors) of the Local Government (General) Regulations 1999, the following land use codes are utilised for rating purposes:

- Category 1 - Residential;
- Category 2 - Commercial—Shop;
- Category 3 - Commercial—Office;
- Category 4 - Commercial;
- Category 5 - Industry;
- Category 7 - Primary Production;
- Category 8 - Vacant Land;
- Category 9 - Other (any other land use not referred to in a previous category excluding marina berths)
- Category 10 – Marina Berths

The Council also applies a fixed charge (as a component of the general rates) to each rateable property to represent an 'administrative' charge that each property contributes towards the day-to-day governance and administrative operations of the Council. The fixed charge applied ($631 for 2022-23) will be reviewed on an annual basis as part of the budgeting process.

To achieve the Council Objective –"**To be financially sustainable over Years 1 - 10 by achieving a cumulative breakeven result"**, increases in the total general rate revenue collected have been forecast inclusive of 'new' revenue from land divisions and developments including the CWMS.

Consistent with the industry norm, Council continues to rely heavily on rate revenue to fund its annual activities (general rate revenue currently contributes 75% of Council's operating revenue).

Naturally, individual rate payers may experience different variations in their general rate increase (either lower or higher), subject to annual movements in their property valuations.

Separate Rates

Separate Rates

Pursuant to Section 154 of the Act, a Council may declare a separate rate on rateable land within a part of the area of the Council for the purpose of planning, carrying out, making available, supporting, maintaining or improving an activity that is, or is intended to be, of particular benefit to the land, or the occupiers of the land, within that part of the area, or to visitors to that part of the area. These are as follows:

Separate Rate – Kadina CBD

In 12/13 the local traders in the Kadina Business District requested a separate rate to fund planning towards development in this area. This rate will be continued to be raised against Kadina CBD businesses (minimum of $50) and will raise approximately $30,000 to be transferred to the Kadina Chamber of Commerce who will administer the funds. All properties rated will gain immediate membership to the Chamber and be entitled to vote and be part of the decision making process for the funding. The area concerned is as per the diagram below.

Separate Rate – Port Hughes Golf Course (Dunes)

The Council introduced in the 13/14 financial year a new Separate Rate to partly fund the maintenance of the Port Hughes Golf Course (Dunes). This replaced the annual Development Levy that each land owner has agreed to pay to the developer of The Dunes Port Hughes. The Separate Rate will be ongoing and remain as an annual charge on properties rates notices as long as the course is open and operational and is indexed by CPI each year.

If the additional 9 holes are established the Separate Rate would increase by 100% to reflect the intention of the current encumbrance and the initial intention to have a fully operational 18 hole golf course when the land was originally developed and purchased.

During 19/20 the CopperClub Golf and Community Association Inc approached Council and requested that the rate not be indexed by the Consumer Price Index and in fact capped until 30th June 2023. The rate will remain at $721.00.

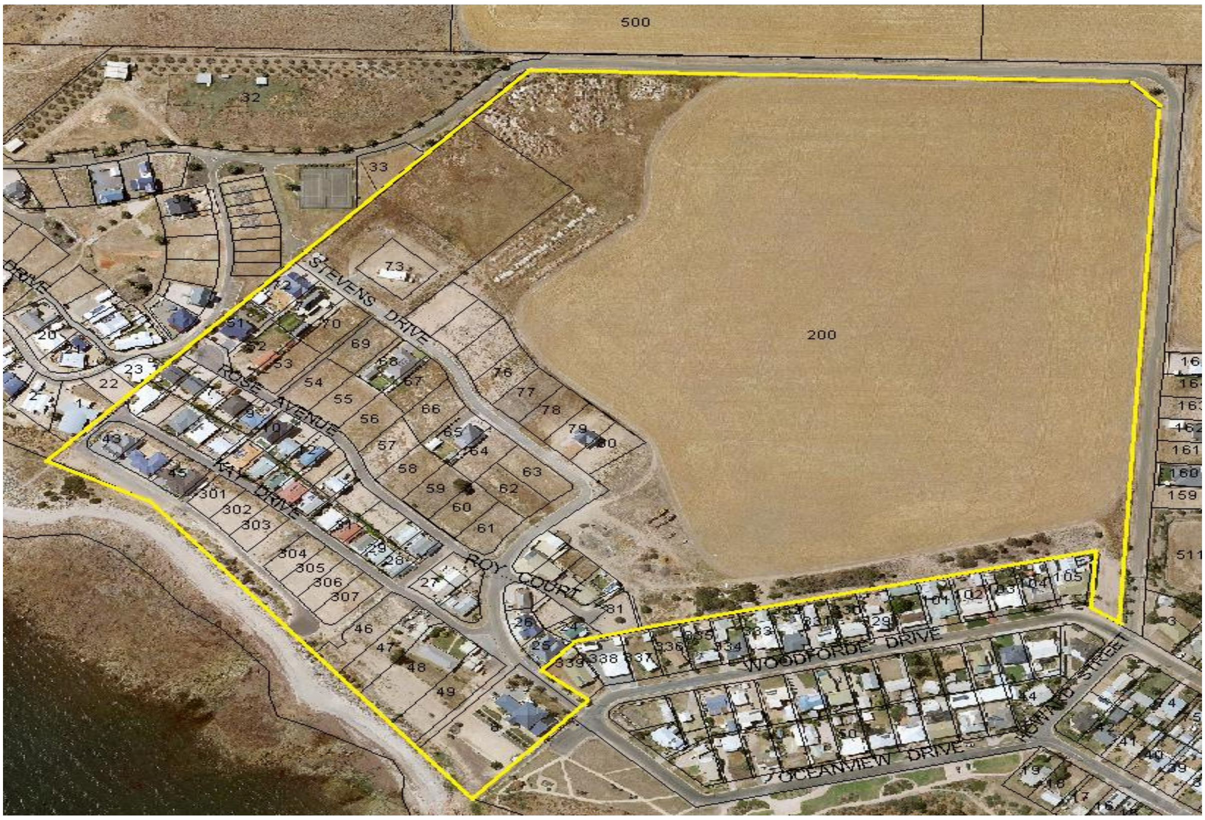
Separate Rate – Riley Cove Community Corporation

The Council was approached in 14/15 by the residents of the Riley Cove Community Corporation (20692) to assist with the maintenance of the internal roads owned by the Corporation for a period of one hundred (100) years to fund the replacement of the road seal, pavement and kerbing.

The proposal is to resurface the road every 10 years to minimise maintenance and protect the pavement and to allow for kerb replacement and maintenance over a 50 year cycle.

The Council has decided to implement a separate rate of $265 to apply to each allotment per certificate of title for properties adjoining the Community Corporations internal roads (see map). This means it includes all properties that benefit from the road, not just those that are part of the Community Corporation 20692.

Should the project be completed for less than the amount stated, revisited every 10 years, the charge will be reduced by this amount over the remaining years.



Separate Rate – David Street Sealing and Kerbing

At the Council meeting 4th December 2019 the Council supported the motion to install kerbing and sealing on for properties adjoining David Street between George Street and Brittain Road in the 2020/21 Annual Budget. The rate of $1,231.20 per property for the 11 properties affected.

This rate will be applied over a 5 year period ending in 24/25 and the properties to which this separate rate will apply is as highlighted in the diagram below.

Separate Rate – Otago Road Sand Drift Study Implementation

Over recent years a large build-up of sand has formed along the coastal frontage of Otago Road, North Beach, Wallaroo resulting in the inundation of some properties with sand and causing significant impact on the amenity of North Beach in general.

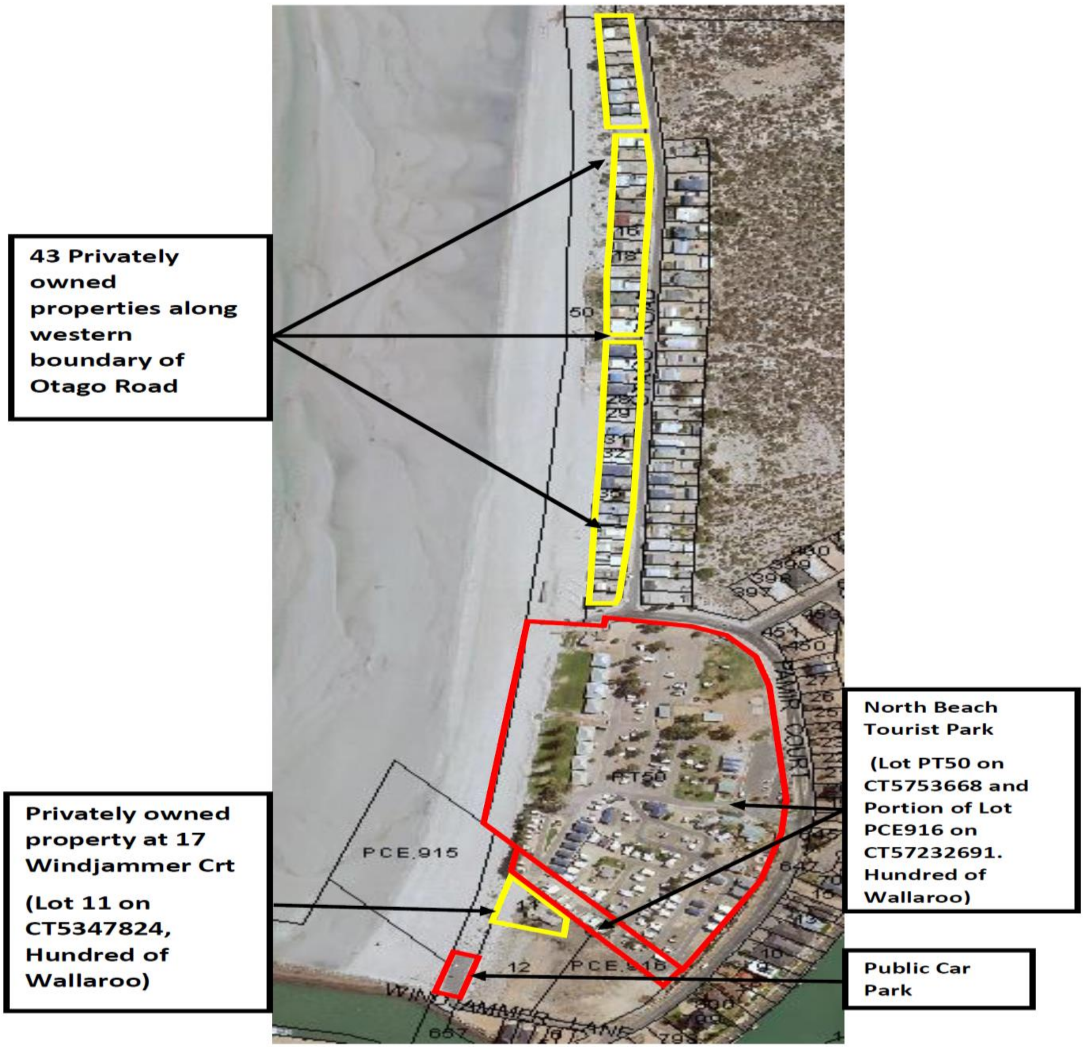
The LMA registered on title of the privately owned properties along Otago Road identified on the Map requires land owners to take responsibility for any potential risks posed to the properties as a result of the vulnerable location. For this reason the owners were expected to resolve the problem themselves, whilst Council accepted responsibility for maintenance work in front of the NBTP and the public car park. There were, however, still some owners who had an expectation that Council should "fix" the problem.

To ensure consistency in works carried out on the beach in front of the properties and also to provide guidance to the individual land owners, Council adopted a draft policy in December 2017 titled "*Otago Road Sand Drift Policy*". This draft Policy was publicly advertised and also referred to the CPB for comment.

As part of the public consultation process for the *Otago Road Sand Drift Policy* a public meeting was held on 23 January 2018. Due to the differences of opinion at the meeting, it was agreed that a *Sand Drift Study Committee*, consisting of the *Wallaroo Beach Home Owners Association* (*WBHOA*), be established to represent the home owners along Otago Road.

Upon referral however, *CPB* advised that the Policy could not be supported unless a study was undertaken by suitably qualified coastal experts to investigate and advise what measures should be implemented to manage the sand drift problem. The study was intended to formulate a sand drift strategy which would then replace the draft Policy adopted by Council. At this stage, a decision was made that it would be beneficial for all stakeholders if Council takes control of the process to ensure a unified approach in resolving the sand management along the entire beach.

A Victorian based company, *Water Technology*, was engaged in accordance with Council's *Procurement Policy* to conduct the study. The study covered an area from the Wallaroo Marina northern breakwater northwards to a point in line with the end of Otago Road. The study with recommendations to manage the sand drift was finalised and supported by the CPB and Council in 2019.



Council was successful in obtaining $52,000 grant funding from the *CPB* to assist with the implementation of the strategy. At the time when the study was concluded, it was estimated that the implementation of the recommended works would cost around $130,000.

In accordance with Council's *Procurement Policy* a *Request for Quotation* was sent out to nine selected companies and after careful consideration and consultation with the *CPB*, *Succession Ecology* was engaged at a cost of $313,870 for the implementation of the strategy.

The *Separate Rate* to the 43 residential properties located along the western boundary of Otago Road, North Beach and the privately owned property on Lot 11, located to the immediate south of the North Beach Tourist Park (see Map, *Appendix 1*), this rate will be over a five (5) year period ending in 2024/25 to fund the implementation of the sand drift strategy.

The charge is calculated based on the linear beach frontage (i.e. the width) of each property and is reflected in the table in *Appendix 2* of the report titled "Otago Road - Separate Rate 2020 – 2025 - NORTH BEACH SAND DRIFT STRATEGY".

Service Rates and Charges

Community Wastewater Management Systems (CWMS)
The cost of operating and maintaining such systems, in addition to a component to cover the future renewal/replacement of associated infrastructure and equipment, is recovered from users of the systems as a service rate/charge in accordance with Section 155 of the Local Government Act 1999.

Borrowing Strategy/Policy

It is important that Councils have an appropriate funding mix in financing the myriad of services provided to our community.

As it is a generally accepted industry practice that recurrent services must be funded solely from recurrent revenue (i.e. a combination of general rate revenue and user charges, etc) and not loan borrowings, key funding decisions rest with the financing of the important replacement/renewal of Council’s significant fixed assets – most notably the extensive Community Wastewater Management System.

The key question is determining what component should be funded from current ratepayers (general rate revenue) or future ratepayers (loan borrowings). The movements in cash levels projected over the Plan is due to the utilisation of Council’s internal cash reserves for asset renewal and replacement.

With *consolidated* financial sustainability forecast during the Plan, Council will have increased capacity to undertake additional capital projects/initiatives in the longer term – whether this be new (‘discretionary’) projects or additional funding required towards the replacement/renewal of existing assets that may be identified as part of the on-going enhancement to Council’s Infrastructure and Asset Management Plan.

Asset Management

Asset Management Policy and Plan

As noted in the overview in Section 1, the Local Government Act 1999 prescribes that Councils must have a long term Infrastructure and Asset Management Plan as part of its suite of forward planning documents, towards the effective and efficient programmed replacement/renewal and maintenance of the Council’s significant fixed asset stock.

Council’s Infrastructure and Asset Management Plan has been referred to within this plan and can be found on Council’s website.

Whilst there will always be community demand for the provision of new and upgraded assets, it is imperative that capital expenditure priority is given to the replacement and renewal of existing assets before considering the construction or purchase of new assets.

Additionally, with finite financial resources, it is also important that Councils give consideration to the disposal of surplus or non-performing assets – thereby releasing financial resources to more appropriate asset management activities.

Capital Expenditure Proposals

It is important that capital expenditure is separated between ‘nondiscretionary’ (replacement/renewal of existing assets) and ‘discretionary’ (construction or purchase of new/upgraded assets) and that, further, priority is always given to funding the ‘non-discretionary’ component. As a result, priority is given to maintaining Council’s *existing* fixed asset stock instead of the acquisition of new assets which Council may not necessarily have sufficient future funding to appropriately maintain.

To this end, it is also important that ‘life cycle’ costs (such as depreciation, insurance, maintenance, etc) are taken into consideration in the acquisition of new assets so that the impact of such can be considered in the context of Council’s long term financial sustainability target.

Capital Expenditure

Capital expenditure has been allocated within the plan based on the 2023/24 budget allocations and these allocations will increase once the commitments to repayment of borrowings have reduced. Consideration has been given on the following categories:

Land and Buildings

- Renewal/Replacement of Council owned buildings

Recreation

- Replacement/Renewal of recreation assets, this will include works required at sporting ovals, reserves and recreation facilities;
- Renewal/Replacement in regards to foreshore assets

Transport

- Expenditure on the renewal/replacement of road infrastructure including footpaths, for the life of the Plan reflective of the Asset Management Plan – Transport and is allocated at $3.5 million approximately per year;
- An annual allocation for footpaths is included averaging $500,000 per year. Developers are now asked to complete footpaths as part of their development rather than make a contribution for Council to complete them.

Stormwater

- Renewal/Replacement of stormwater assets is allocated at $700,000 per year.

CWMS

- Renewal/Replacement and Upgrades/New construction of Community Waste Water Management Systems at $800,000 per year.

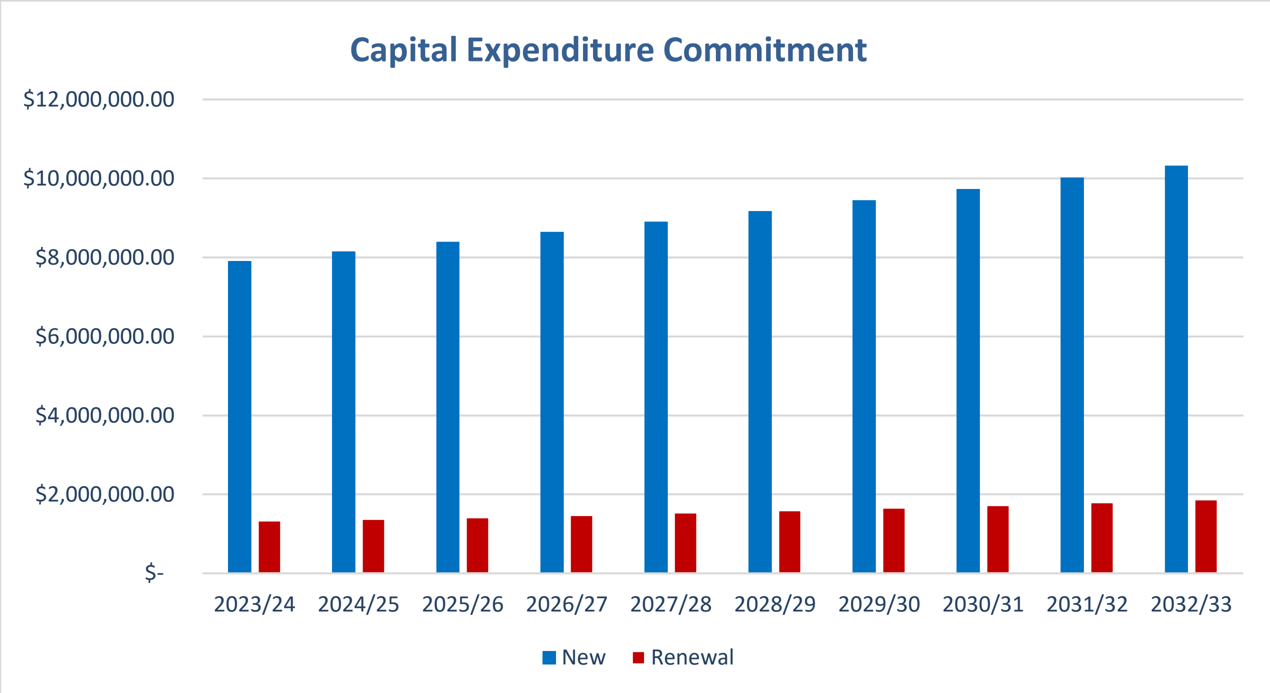
Equipment

- Renewal/Replacement of Plant, vehicles and equipment assets as per the following per year from 2023/24:
    - Motor Vehicles & Plant Replacement $800,000 (includes minor plant).

Other Discretionary Expenditure

In addition to the 'non-discretionary' capital expenditure noted above, funding is earmarked in this Plan for 'discretionary' capital expenditure, in recognition of the community's ever increasing demand for new and enhanced service delivery. Allocations are included for the library service, visitor information service, various structures and cemetery structures.

Note: These discretionary funds may also be allocated to operational projects, but for the purposes of the Plan are shown as asset additions in the Building Asset class



Graph – Capital Expenditure Proposals: Existing Asset Replacement/Upgrade and New

Asset Sales

With this Plan, there are no asset sales other than the land budgeted in 2023/24.

As part of the asset life-cycle management process, Council replaces existing plant and vehicles. The trade-in received provides income to offset the purchase cost of the new asset. Council has identified land and building assets considered surplus both for the needs of the community and its operations. These surplus assets will be identified through an appropriate process including consultation with the community and the State Government.

Service Delivery Strategy

As outlined in the influences on the preparation of the Long Term Financial Plan, the Plan reflects existing recurrent service levels to our community being maintained. Council's budget process considers on-going service delivery and commitments and new expenditure items which can be explained as follows:

On-going Service Delivery and Commitments

It is the nature of Council expenditures that many of them are regular and on-going, even in the long-term. The Asset Management Plan is a key source of information about such expenditures, along with the repayment schedule for long-term borrowings. To some extent, the on-going commitments are the core of a Council's long-term financial plan.

However, it is essential that such commitments are carefully reviewed to ensure that they are indeed continuing commitments and that if the commitment ceases - e.g. transfer of an asset, long-term borrowing repaid – or the commitment is variable, then the expenditure forecast is adjusted.

New Expenditure Items

There will always be bids for new expenditure, also known as New Initiatives (NI's). The key to dealing with these bids is to ensure that consideration is given only to those items which meet the following criteria:

- They meet a clearly defined policy direction of the Council and are reflected in the goals and objectives of the Council as expressed in the Strategic Management Plan(s); and
- They are complete – that is, they include information in relation to recurrent and capital expenditures, and the impact of their implementation on future budgets is clearly identified – e.g. a bid for an additional staff member includes salary, salary on-costs, travel, training, support service, office space and other costs or a new piece of Plant includes the purchase cost and the operating costs, including any wages costs for its operation; and
- Section 48 of the Local Government Act, 1999 outlines the prudential requirements for certain activities. Council has developed a Prudential Management Policy and this is to be referred to all new initiatives along with the Councils Purchasing policy.

It is important that Council regularly reports on (and seeks feedback from) the level of services provided to our community.

The Annual Business Plan and Budget provides for community consultation to be conducted within our community to receive input on Council's direction and future initiatives.

Further to this Council uses many different media to monitor the satisfaction levels in the community, this includes direct surveys, social media such as Facebook, smart phone apps, meetings with community groups and a very accessible customer service request system.

Outside of this, any increases in service delivery will be achieved by operational efficiencies as a result of continuous improvement principles.

FINANCIAL STATEMENTS

Consolidated Result - Estimated Income Statement

Copper Coast Council										
10 Year Financial Plan for the Years ending 30 June 2033										
STATEMENT OF COMPREHENSIVE INCOME - GENERAL FUNI					**Projected Years**					
Scenario: Base Plan (rolled over from V13 with 21/22 as base ye	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Income										
Rates	28,284,867	28,983,980	29,700,467	30,434,760	31,187,304	31,958,554	32,748,975	33,559,045	34,389,255	35,240,106
Statutory Charges	945,169	970,688	996,897	1,023,813	1,051,456	1,079,845	1,109,001	1,138,944	1,169,696	1,201,277
User Charges	3,630,445	3,728,467	3,829,136	3,932,522	4,038,700	4,147,745	4,259,734	4,374,747	4,492,865	4,614,173
Grants, Subsidies and Contributions	1,364,451	1,401,291	1,439,126	1,477,982	1,517,888	1,558,871	1,600,960	1,644,186	1,688,579	1,734,171
Investment Income	103,313	107,652	112,819	118,235	123,792	129,610	135,702	142,080	148,757	155,749
Reimbursements	336,651	345,740	355,075	364,662	374,508	384,620	395,005	405,670	416,623	427,872
Other Income	449,169	461,296	473,751	486,543	499,679	513,171	527,026	541,256	555,870	570,878
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-
Total Income	**35,114,063**	**35,999,115**	**36,907,271**	**37,838,517**	**38,793,327**	**39,772,415**	**40,776,402**	**41,805,927**	**42,861,645**	**43,944,225**
Expenses										
Employee Costs	8,787,709	9,044,825	9,229,497	9,412,605	9,599,348	9,789,799	9,984,031	10,182,120	10,384,141	10,590,174
Materials, Contracts & Other Expenses	15,164,997	15,676,945	16,205,961	16,752,608	17,317,586	17,901,506	18,505,000	19,128,722	19,773,309	20,459,071
Depreciation, Amortisation & Impairment	10,355,782	10,485,322	10,618,748	10,756,176	10,898,047	11,044,506	11,195,700	11,351,785	11,506,168	11,711,884
Finance Costs	1,020,803	875,896	721,174	558,335	386,945	234,098	141,485	75,043	44,678	20,605
Net loss - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Total Expenses	**35,329,290**	**36,082,987**	**36,775,380**	**37,479,724**	**38,201,927**	**38,969,908**	**39,826,216**	**40,737,670**	**41,708,296**	**42,781,734**
Operating Surplus / (Deficit)	**(215,227)**	**(83,873)**	**131,891**	**358,793**	**591,400**	**802,507**	**950,186**	**1,068,257**	**1,153,348**	**1,162,491**
Asset Disposal & Fair Value Adjustments	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	330,100	330,100	330,100	330,100	330,100	330,100	330,100	330,100	330,100	330,100
Physical Resources Received Free of Charge	-	-	-	-	-	-	-	-	-	-
Operating Result from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	**114,873**	**246,227**	**461,991**	**688,893**	**921,500**	**1,132,607**	**1,280,286**	**1,398,357**	**1,483,448**	**1,492,591**
Other Comprehensive Income										
Amounts which will not be reclassified subsequently to operating result										
Changes in Revaluation Surplus - I,PP&E	-	-	626,098	1,950,439	-	-	649,439	1,844,026	-	-
Share of Other Comprehensive Income - Equity Accounted Council Business	-	-	-	-	-	-	-	-	-	-
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	-	-	-	-	-	-	-	-	-	-
Transfer to Accumulated Surplus on Sale of Revalued I,PP&E	-	-	-	-	-	-	-	-	-	-
Net assets transferred - Council restructure	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Amounts which will be reclassified subsequently to operating result										
Available-for-Sale Financial Instruments - Change in Fair Value	-	-	-	-	-	-	-	-	-	-
Transfer to Accumulated Surplus on Sale of Available-for-Sale Financial Instru	-	-	-	-	-	-	-	-	-	-
Movements in Other Reserves	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	**-**	**-**	**626,098**	**1,950,439**	**-**	**-**	**649,439**	**1,844,026**	**-**	**-**
Total Comprehensive Income	**114,873**	**246,227**	**1,088,089**	**2,639,332**	**921,500**	**1,132,607**	**1,929,725**	**3,242,383**	**1,483,448**	**1,492,591**

Consolidated Results

Operating Expenditure Analysis

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

Materials and Contracts
Materials include payments for physical goods, such as office consumables, water, fuel, electricity and road making materials.

Contracts include payments for the external provision of services, such as domestic waste collection, plant and machinery servicing, cleaning services, and lawn mowing/grass slashing services.

Finance Costs
Finance costs cover the costs of financing the Council's activities through borrowings or other types of financial accommodation.

Depreciation
Depreciation is an accounting measure which records the consumption of Council's infrastructure, buildings, plant and equipment and furniture and fittings over their useful lives.

Operating Revenue Analysis

Rates
Rates include revenue from General rates, Separate rates (CWMS), Service rates/charges (Refuse/Recycling collection, CWMS), levies collected on behalf of State Government agencies (Natural Resource Management levy) and late rate payment penalty fines.

Grants and Subsidies
Includes grants and subsidies from all sources but excludes grants and subsidies specifically provided for new/upgraded assets.

The main grants received include the Federal Governments Local Roads and untied general Financial Assistance grants.

Investment Income
Includes interest earnings on cash reserve funds and surplus funds during the year not immediately required.

A marked reduction in investment income is projected over the initial years of the Plan due to the extensive utilisation of Council's cash reserves.

Statutory and User Charges
Statutory charges are fees for regulatory services. They are associated with the regulation of an activity (e.g. development application fees, dog registration fees, etc) or the granting of a permit/licence.

Development application fees are determined on an annual basis by State legislation.

User charges relate to the recovery of service delivery costs through the charging of fees to users of Council's services. They include hire of community facilities (e.g. recreation facilities, rubbish dump fees, road rents) and cemetery fees.

Other Revenue
Includes revenue from commercial activities, reimbursements and other sundry minor activities and primarily includes fees received from Council's commercial caravan park.

Balance Sheet Analysis

Current Assets
The cash levels projected is due to the utilisation of Council's external borrowings, with the funds being previously allocated towards major projects in particular the CWMS for Moonta, Port Hughes and Moonta Bay and the CCSLC.

Outstanding general rates balances are not expected to change significantly and are at acceptable levels. The outstanding separate rates balance has been cashflowed to be received by 30 June 2024 and this is reflected in the Balance Sheet under Trade and Other Receivables.

Other debtor balances have been reduced over the Plan to an acceptable level.

Non-Current Assets
Non-current assets include 'fixed' assets such as Land and Buildings, Infrastructure (e.g. Roads, Footpaths, and Stormwater drainage), Equipment and Furniture and Fittings.

An increase in the value of fixed assets will arise from the value of capital improvement works undertaken each year, and will decrease due to depreciation and any sales/disposals of fixed assets.

Ideally, there should be a continual increase in Council's fixed assets over the life of the Plan, consistent with the growth of infrastructure assets (e.g. via new land developments) and the appropriate replacement/renewal of fixed assets over their useful life.

Asset revaluations have been provided for in the Plan under the Key Assumptions heading of this document.

Liabilities
Liabilities include provision for Employee leave entitlements, accounts payable, retirement village deposits and borrowings. These are categorised as current or non-current.

Accumulated Surplus/Funded Reserves
The movement in the total of Accumulated Surplus/Funded Reserves is determined by the net operating surplus/(deficit), including capital revenues, illustrated on the budgeted Income Statement – an operating surplus will increase the overall balance whilst a deficit result will reduce it.

The Plan reflects the utilisation of internal funded reserves before undertaking external borrowings.

Consolidated Result - Estimated Balance Sheet

Copper Coast Council										
10 Year Financial Plan for the Years ending 30 June 2033										
STATEMENT OF FINANCIAL POSITION - GENERAL FUND	Projected Years									
Scenario: Base Plan (rolled over from V13 with 21/22 as base ye	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	$	$	$	$	$	$	$	$	$	$
ASSETS										
Current Assets										
Cash & Cash Equivalents	8,877,961	7,298,319	5,626,510	3,848,913	2,270,155	1,557,584	1,387,133	2,261,566	2,979,973	4,052,380
Trade & Other Receivables	2,015,759	2,053,719	2,092,626	2,108,071	2,104,554	2,146,240	2,188,902	2,195,529	2,126,158	2,077,468
Other Financial Assets	-	-	-	-	-	-	-	-	-	-
Inventories	1,031,495	1,033,978	1,036,544	1,039,195	1,041,935	1,044,767	1,047,694	1,050,719	1,053,846	1,057,171
Other Current Assets	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Total Current Assets	11,925,216	10,386,016	8,755,680	6,996,179	5,416,644	4,748,591	4,623,730	5,507,814	6,159,976	7,187,020
Non-Current Assets										
Financial Assets	1,010,627	818,268	625,907	457,916	334,178	210,440	86,702	-	-	-
Equity Accounted Investments in Council Businesses	-	-	-	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	328,957,822	328,003,004	327,826,773	329,146,161	328,691,776	328,419,617	328,984,862	330,938,583	331,255,034	331,738,433
Intangible Assets	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Other Non-Current Assets	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	329,968,449	328,821,271	328,452,680	329,604,077	329,025,954	328,630,057	329,071,565	330,938,583	331,255,034	331,738,433
TOTAL ASSETS	**341,893,665**	**339,207,288**	**337,208,360**	**336,600,257**	**334,442,598**	**333,378,648**	**333,695,294**	**336,446,397**	**337,415,010**	**338,925,453**
LIABILITIES										
Current Liabilities										
Cash Advance Debenture	-	-	-	-	-	-	-	-	-	-
Trade & Other Payables	2,372,960	2,451,933	2,531,216	2,612,920	2,697,292	2,784,419	2,874,392	2,967,305	3,063,248	3,165,066
Borrowings	7,170,578	7,325,300	7,488,139	7,322,531	6,442,683	5,862,053	4,743,193	4,769,779	4,242,966	4,241,896
Provisions	1,909,410	1,909,410	1,909,410	1,909,410	1,909,410	1,909,410	1,909,410	1,909,410	1,909,410	1,909,410
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-
Liabilities relating to Non-Current Assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	11,452,947	11,686,643	11,928,765	11,844,860	11,049,385	10,555,881	9,526,995	9,646,494	9,215,624	9,316,372
Non-Current Liabilities										
Cash Advance Debenture	-	-	-	-	-	-	-	-	-	-
Trade & Other Payables	-	-	-	-	-	-	-	-	-	-
Borrowings	15,263,434	12,097,134	8,767,995	5,604,465	3,320,781	1,617,729	1,033,535	422,756	338,790	255,894
Provisions	1,937,590	1,937,590	1,937,590	1,937,590	1,937,590	1,937,590	1,937,590	1,937,590	1,937,590	1,937,590
Liability - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Other Non-Current Liabilities	-	-	-	-	-	-	-	-	-	-
Liabilities relating to Non-Current Assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	17,201,024	14,034,724	10,705,586	7,542,055	5,258,372	3,555,319	2,971,126	2,360,347	2,276,380	2,193,484
TOTAL LIABILITIES	**28,653,972**	**25,721,367**	**22,634,350**	**19,386,915**	**16,307,756**	**14,111,200**	**12,498,121**	**12,006,840**	**11,492,005**	**11,509,856**
Net Assets	**313,239,693**	**313,485,920**	**314,574,010**	**317,213,341**	**318,134,842**	**319,267,448**	**321,197,174**	**324,439,557**	**325,923,006**	**327,415,597**
EQUITY										
Accumulated Surplus	65,562,273	65,808,500	66,270,492	66,959,384	67,880,885	69,013,491	70,293,778	71,692,135	73,175,583	74,668,175
Asset Revaluation Reserves	247,677,420	247,677,420	248,303,518	250,253,957	250,253,957	250,253,957	250,903,396	252,747,422	252,747,422	252,747,422
Available for Sale Financial Assets	-	-	-	-	-	-	-	-	-	-
Other Reserves	-	-	-	-	-	-	-	-	-	-
Total Equity	**313,239,693**	**313,485,920**	**314,574,010**	**317,213,341**	**318,134,842**	**319,267,448**	**321,197,174**	**324,439,557**	**325,923,006**	**327,415,597**

Consolidated Result - Estimated Statement of Cash Flows

Copper Coast Council										
10 Year Financial Plan for the Years ending 30 June 2033										
STATEMENT OF CASH FLOWS - GENERAL FUND					**Projected Years**					
Scenario: Base Plan (rolled over from V13 with 21/22 as base ye	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Cash Flows from Operating Activities										
Receipts:										
Rates Receipts	35,030,235	28,961,806	29,677,741	30,411,470	31,163,435	31,934,091	32,723,904	33,533,351	34,362,922	35,213,118
Statutory Charges	943,160	968,642	994,813	1,021,690	1,049,293	1,077,642	1,106,757	1,136,658	1,166,080	1,197,564
User Charges	3,622,729	3,720,608	3,821,130	3,924,368	4,030,394	4,139,283	4,251,114	4,365,965	4,478,977	4,599,909
Grants, Subsidies and Contributions (operating purpose)	1,370,549	1,399,278	1,437,068	1,475,879	1,515,738	1,556,674	1,598,716	1,641,894	1,684,018	1,729,486
Investment Receipts	113,917	107,343	112,438	117,840	123,394	129,198	135,276	141,639	148,138	155,101
Reimbursements	336,024	345,102	354,426	364,002	373,836	383,936	394,309	404,962	415,444	426,661
Other Revenue	448,214	460,324	472,761	485,534	498,652	512,124	525,960	540,169	554,151	569,114
Payments:										
Payments to Employees	(8,780,545)	(9,037,451)	(9,224,201)	(9,407,353)	(9,593,992)	(9,784,337)	(9,978,460)	(10,176,438)	(10,378,347)	(10,584,265)
Payments for Materials, Contracts & Other Expenses	(15,096,276)	(15,609,776)	(16,136,553)	(16,680,887)	(17,243,460)	(17,824,895)	(18,425,820)	(19,046,888)	(19,688,738)	(20,369,098)
Finance Payments	(1,020,803)	(875,896)	(721,174)	(558,335)	(386,945)	(234,098)	(141,485)	(75,043)	(44,678)	(20,605)
Net Cash provided (or used in) Operating Activities	16,967,203	10,439,980	10,788,450	11,154,207	11,530,345	11,889,620	12,190,270	12,466,269	12,697,967	12,916,985
Cash Flows from Investing Activities										
Receipts:										
Amounts Received Specifically for New/Upgraded Assets	330,100	330,100	330,100	330,100	330,100	330,100	330,100	330,100	330,100	330,100
Sale of Replaced Assets	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Developments	208,055	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-
Repayments of Loans by Community Groups	187,209	192,360	192,360	192,361	167,991	123,739	123,738	123,738	123,738	104,570
Payments:										
Expenditure on Renewal/Replacement of Assets	(1,339,846)	(1,380,041)	(1,421,443)	(1,478,300)	(1,537,432)	(1,598,930)	(1,662,887)	(1,729,402)	(1,798,578)	(1,870,521)
Expenditure on New/Upgraded Assets	(7,913,070)	(8,150,462)	(8,394,976)	(8,646,825)	(8,906,230)	(9,173,417)	(9,448,619)	(9,732,078)	(10,024,040)	(10,324,762)
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-
Development of Real Estate for Sale	-	-	-	-	-	-	-	-	-	-
Expenditure on Intangible Assets	-	-	-	-	-	-	-	-	-	-
Loans Made to Community Groups	(80,000)	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(8,607,552)	(9,008,044)	(9,293,959)	(9,602,665)	(9,945,572)	(10,318,508)	(10,657,669)	(11,007,643)	(11,368,781)	(11,760,613)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from CAD	-	-	-	-	-	-	-	-	-	-
Proceeds from Borrowings	80,000	-	-	-	-	-	-	-	-	-
Proceeds from Aged Care Facility Deposits	-	-	-	-	-	-	-	-	-	-
Payments:										
Repayments of CAD	-	-	-	-	-	-	-	-	-	-
Repayments of Borrowings	(2,861,519)	(3,011,578)	(3,166,300)	(3,329,139)	(3,163,531)	(2,283,683)	(1,703,053)	(584,193)	(610,779)	(83,966)
Repayment of Aged Care Facility Deposits	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(2,781,519)	(3,011,578)	(3,166,300)	(3,329,139)	(3,163,531)	(2,283,683)	(1,703,053)	(584,193)	(610,779)	(83,966)
Net Increase/(Decrease) in Cash & Cash Equivalents	5,578,131	(1,579,642)	(1,671,809)	(1,777,597)	(1,578,758)	(712,571)	(170,451)	874,433	718,407	1,072,407
plus: Cash & Cash Equivalents - beginning of year	3,299,830	8,877,961	7,298,319	5,626,510	3,848,913	2,270,155	1,557,584	1,387,133	2,261,566	2,979,973
Cash & Cash Equivalents - end of the year	**8,877,961**	**7,298,319**	**5,626,510**	**3,848,913**	**2,270,155**	**1,557,584**	**1,387,133**	**2,261,566**	**2,979,973**	**4,052,380**
Cash & Cash Equivalents - end of the year	8,877,961	7,298,319	5,626,510	3,848,913	2,270,155	1,557,584	1,387,133	2,261,566	2,979,973	4,052,380
Investments - end of the year	-	-	-	-	-	-	-	-	-	-
Cash, Cash Equivalents & Investments - end of the year	**8,877,961**	**7,298,319**	**5,626,510**	**3,848,913**	**2,270,155**	**1,557,584**	**1,387,133**	**2,261,566**	**2,979,973**	**4,052,380**

Consolidated Result - Estimated Statement of Changes in Equity

Copper Coast Council										
10 Year Financial Plan for the Years ending 30 June 2033										
STATEMENT OF CHANGES IN EQUITY - GENERAL FUND	**Projected Years**									
Scenario: Base Plan (rolled over from V13 with 21/22 as base ye	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Opening Balance	313,124,820	313,239,693	313,485,920	314,574,010	317,213,341	318,134,842	319,267,448	321,197,174	324,439,557	325,923,006
Net Surplus / (Deficit) for Year	114,873	246,227	461,991	688,893	921,500	1,132,607	1,280,286	1,398,357	1,483,448	1,492,591
Other Comprehensive Income										
- Gain (Loss) on Revaluation of I,PP&E	-	-	626,098	1,950,439	-	-	649,439	1,844,026	-	-
- Impairment (loss) reversal relating to I,PP&E	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	626,098	1,950,439	-	-	649,439	1,844,026	-	-
Total Comprehensive Income	114,873	246,227	1,088,089	2,639,332	921,500	1,132,607	1,929,725	3,242,383	1,483,448	1,492,591
Transfers between Equity	-	-	-	-	-	-	-	-	-	-
Equity - Balance at end of the reporting period	**313,239,693**	**313,485,920**	**314,574,010**	**317,213,341**	**318,134,842**	**319,267,448**	**321,197,174**	**324,439,557**	**325,923,006**	**327,415,597**

Consolidated Result – Estimated Uniform Presentation of Finances

Copper Coast Council										
10 Year Financial Plan for the Years ending 30 June 2033										
UNIFORM PRESENTATION OF FINANCES - GENERAL FUND	Projected Years									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Scenario: Base Plan (rolled over from V13 with 21/22 as base ye	$	$	$	$	$	$	$	$	$	$
Operating Activities										
Income	35,114,063	35,999,115	36,907,271	37,838,517	38,793,327	39,772,415	40,776,402	41,805,927	42,861,645	43,944,225
less Expenses	(35,329,290)	(36,082,987)	(36,775,380)	(37,479,724)	(38,201,927)	(38,969,908)	(39,826,216)	(40,737,670)	(41,708,296)	(42,781,734)
Operating Surplus / (Deficit)	**(215,227)**	**(83,873)**	**131,891**	**358,793**	**591,400**	**802,507**	**950,186**	**1,068,257**	**1,153,348**	**1,162,491**
Capital Activities										
***less* (Net Outlays) on Existing Assets**										
Capital Expenditure on Renewal and Replacement of Existing Assets	(1,339,846)	(1,380,041)	(1,421,443)	(1,478,300)	(1,537,432)	(1,598,930)	(1,662,887)	(1,729,402)	(1,798,578)	(1,870,521)
add back Depreciation, Amortisation and Impairment	10,355,782	10,485,322	10,618,748	10,756,176	10,898,047	11,044,506	11,195,700	11,351,785	11,506,168	11,711,884
add back Proceeds from Sale of Replaced Assets	-	-	-	-	-	-	-	-	-	-
(Net Outlays) on Existing Assets	**9,015,936**	**9,105,280**	**9,197,305**	**9,277,876**	**9,360,615**	**9,445,576**	**9,532,813**	**9,622,383**	**9,707,589**	**9,841,362**
***less* (Net Outlays) on New and Upgraded Assets**										
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(7,913,070)	(8,150,462)	(8,394,976)	(8,646,825)	(8,906,230)	(9,173,417)	(9,448,619)	(9,732,078)	(10,024,040)	(10,324,762)
add back Amounts Received Specifically for New and Upgraded Assets	330,100	330,100	330,100	330,100	330,100	330,100	330,100	330,100	330,100	330,100
add back Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	208,055	-	-	-	-	-	-	-	-	-
(Net Outlays) on New and Upgraded Assets	**(7,374,915)**	**(7,820,362)**	**(8,064,876)**	**(8,316,725)**	**(8,576,130)**	**(8,843,317)**	**(9,118,519)**	**(9,401,978)**	**(9,693,940)**	**(9,994,662)**
Net Lending / (Borrowing) for Financial Year	**1,425,794**	**1,201,045**	**1,264,320**	**1,319,944**	**1,375,885**	**1,404,766**	**1,364,480**	**1,288,662**	**1,166,998**	**1,009,192**

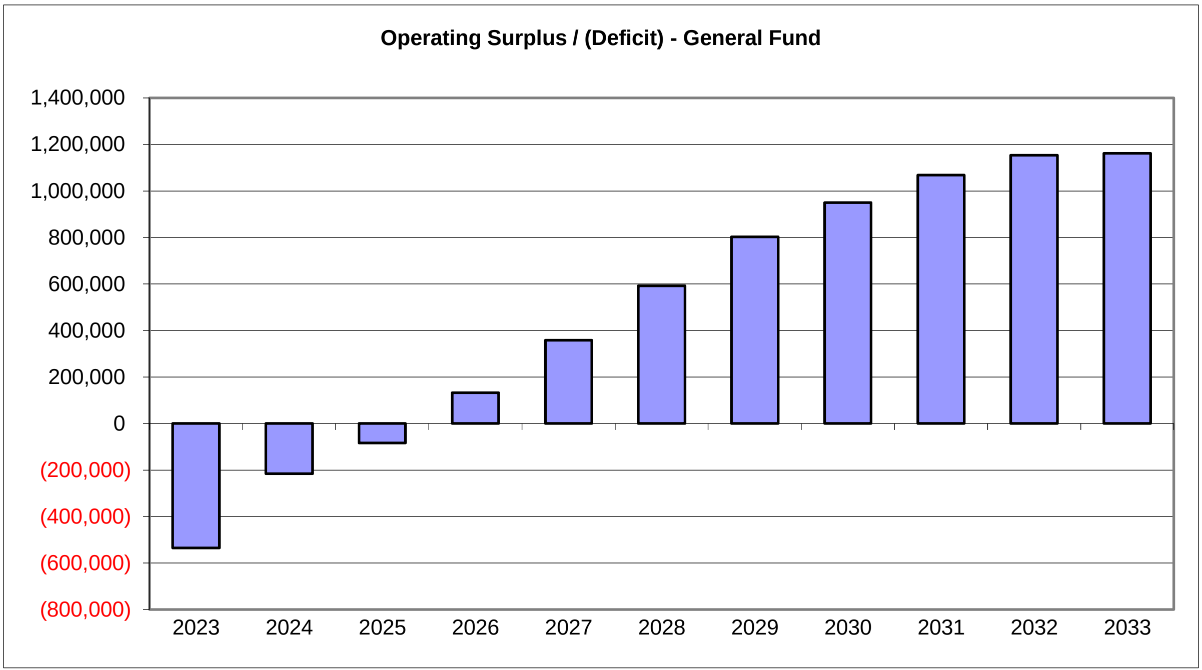
Financial Indicators

The Financial Sustainability Inquiry recommended the adoption by the Local Government sector of a standard set of financial indicators or Key Performance Indicators (KPI's). The seven indicators outlined below have been developed specifically to focus attention on factors that the Inquiry identified as key to securing a Council's long-term financial security.

"Any unusual KPI's forecasts will require explanatory notes"

Indicator 1 - Operating Surplus/ (Deficit) after capital revenues

The difference between day to day income and expenses for the period



Graph– Consolidated Projected Operating Surplus/ (Deficit) 2022/23 to 2032/33

Local Government Association (LGA) Proposed target: To achieve an operating breakeven position, or better, over any five year period.

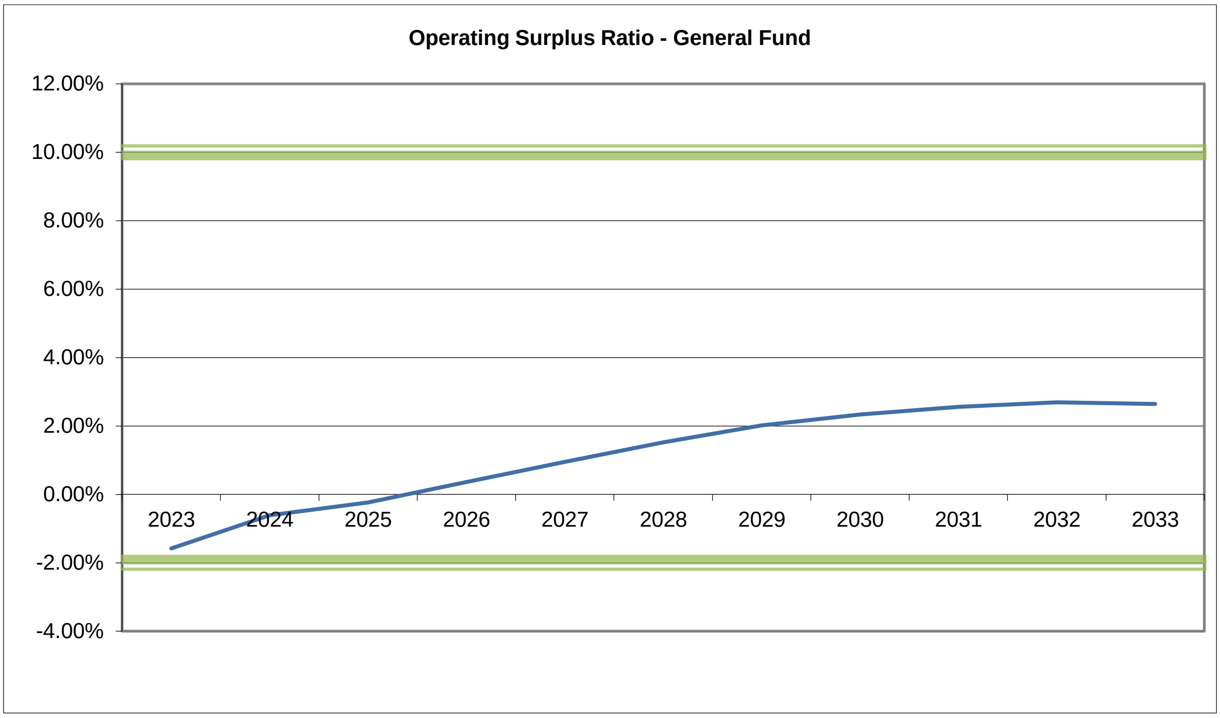
Council - Proposed Target: To achieve an operating breakeven position, or better, over any five year period.

On a consolidated basis, the Plan projects Council achieving its policy target of an operating surplus (and with it, financial sustainability) throughout the Plan, as illustrated in the graph above.

An annual deficit of up to $500k is anticipated between 2023 to 2025 before achieving a breakeven and surplus from 2026 onwards. The shortfall is a result of initial high finance costs, which however will gradually reduce over the years as the majority of debenture interests are paid off.

Indicator 2 - Operating Surplus / (Deficit) Ratio

The percentage by which the major controllable income sources varies from day to day expenses



Graph– Consolidated Projected Operating Surplus / (Deficit) Ratio 2022/23 to 2032/33

LGA Proposed Target: To achieve an operating surplus ratio of between 0% and 15% over any five year period.

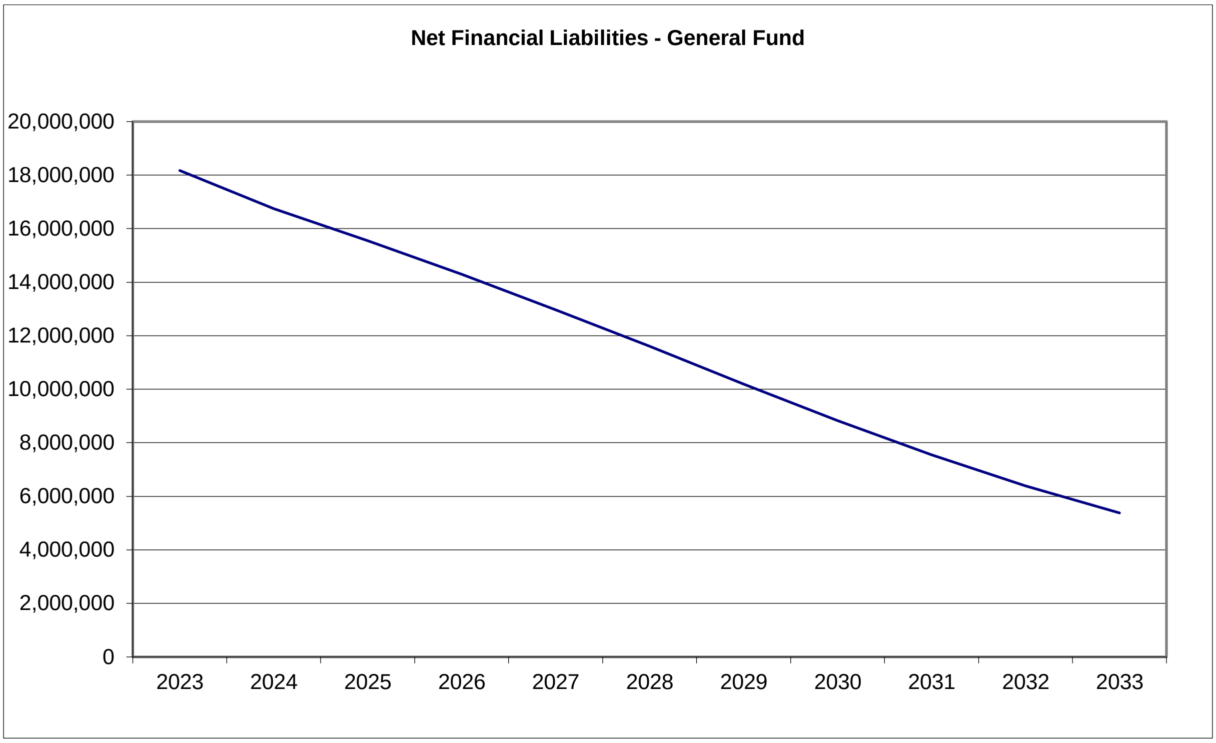
Council - Proposed Target: To achieve an operating surplus ratio of between -2% and 10%.

The graph above illustrates the projected operating surplus/(deficit) after capital revenues as a percentage of general rate revenue. A negative ratio indicates the percentage increase in total rates that would have been required to achieve a break even operating result.

Industry proposed targets are that a Council should achieve an operating surplus ratio over any five year period, as a measure towards ensuring the financial sustainability of Council's operations in the long term.

Indicator 3 - Net Financial Liabilities

Money owed to others less money held, invested or owed by Council. Total liabilities less financial assets



Graph – Consolidated Projected Net Financial Liabilities 2022/23 to 2032/33

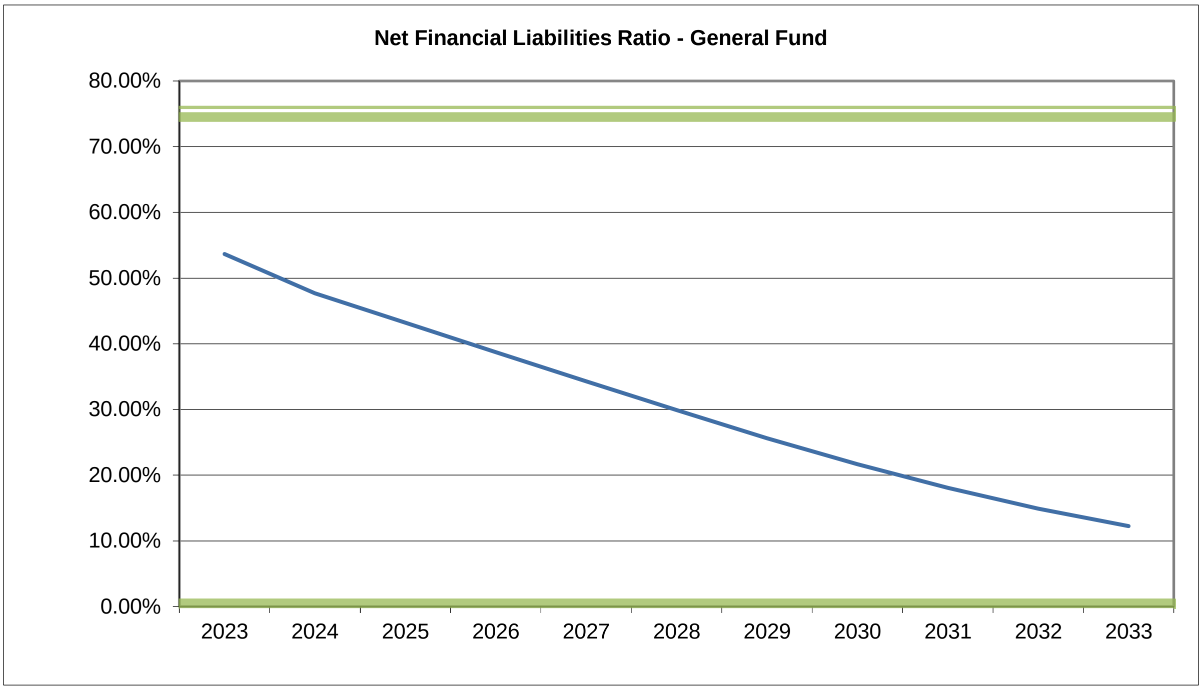
LGA Proposed Target: Council's level of net financial liabilities is no greater than its annual operating revenue and not less than zero.

Council - Proposed Target: Council's level of net financial liabilities is no greater than $12 M.

The level of debt also includes the debt attributed to the retirement village liabilities that must be repaid to residents upon their departure from the units. This amount averages $4M each year across the life of the plan without any service increases.

Indicator 4 - Net Financial Liabilities ratio

The significance of the net amount owed compared to income received



Graph– Consolidated Projected Net Financial Liabilities ratio 2022/23 to 2032/33

LGA Proposed Target: Net financial liabilities ratio is greater than Zero but less than 100% of total operating revenue.

Council - Proposed Target: Net financial liabilities ratio is greater than zero but less than 75% of total operating revenue.

The graph above illustrates Council's net financial liabilities as a percentage of the total operating revenue for each year. As noted above, the industry proposed target is that the ratio should not exceed 100% (target which Council has adopted as policy is 75%).

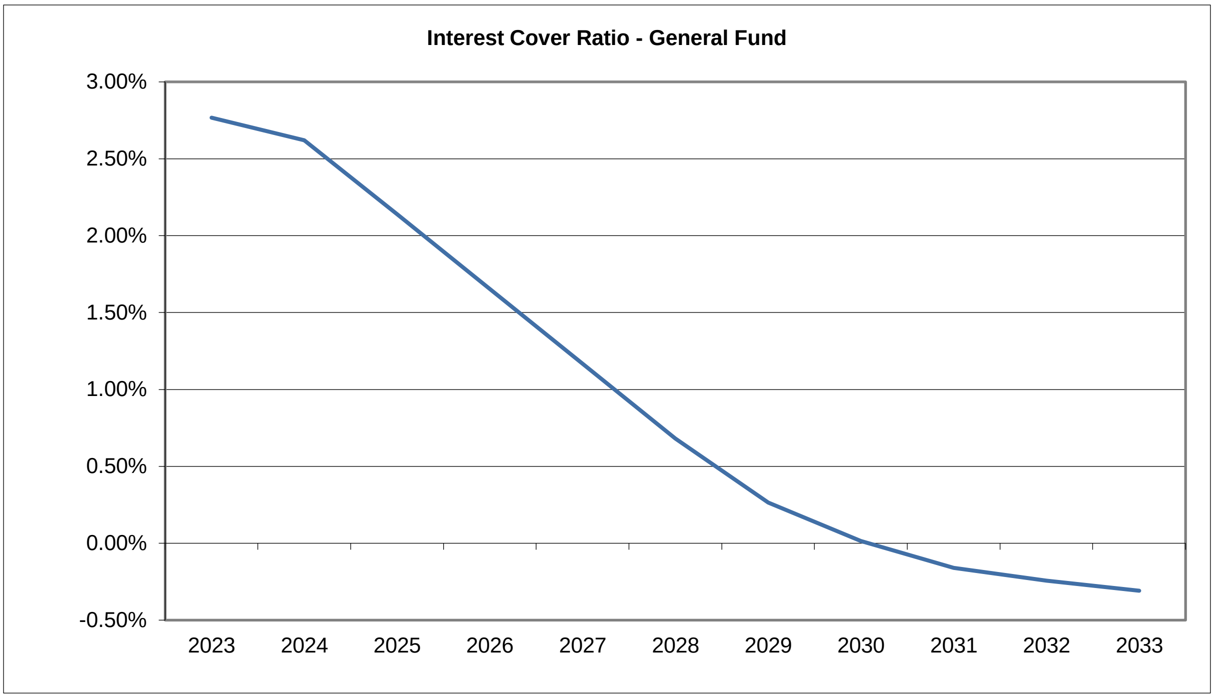
The Plan reflects Council's net financial liabilities ratio peaking in the current year, followed by a downward trend from then on.

Subsequently, the Plan is moving towards current targets. It is important that borrowing capacity should be utilised for:

- Future programmed improvements to the Infrastructure and Asset Management Plan where it is identified that additional capital expenditure is required relating to the programmed replacement/renewal of existing assets; or
- Future Councils elect to provide funding for the provision of new and upgraded assets to meet future community demand.

Indicator 5 - Interest Cover ratio

The level of income used to pay interest on loans



Graph– Consolidated Projected Interest Cover 2022/23 to 2032/33

LGA Proposed Target: Net interest is greater than 0% and less than 10% of operating revenue.

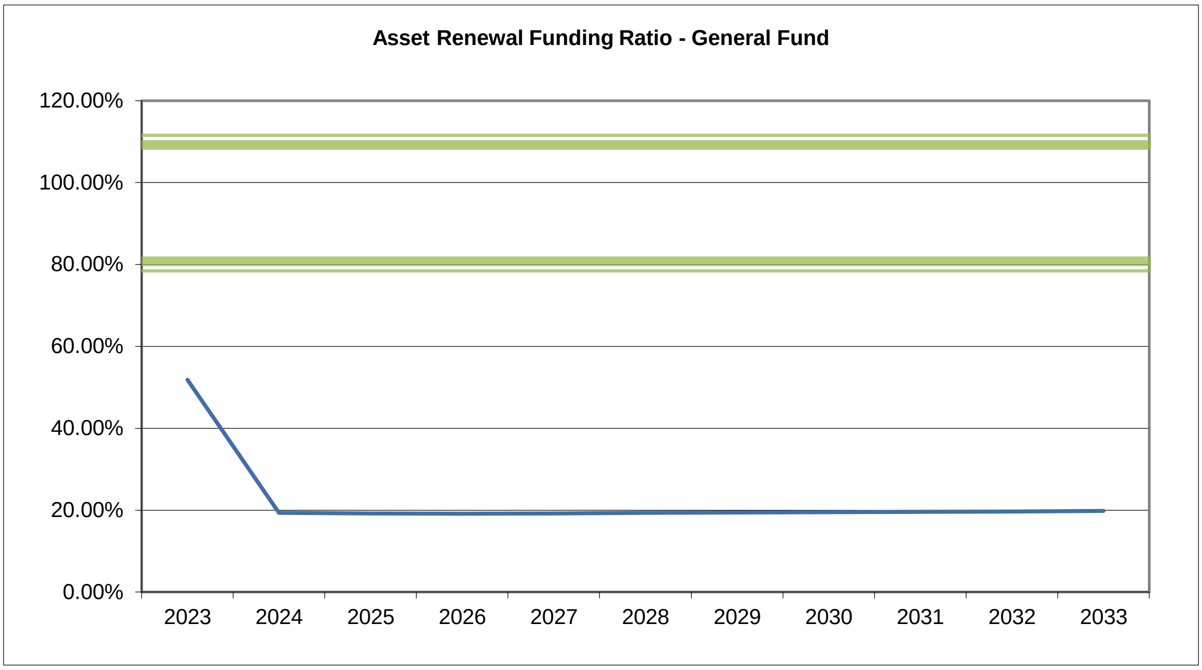
Council - Proposed Target: Net interest is greater than 0% and less than 7.5% of operating revenue.

The graph above illustrates the *net* interest expense (i.e. interest expense less investment income) as a percentage of total operating revenue. This ratio indicates the extent to which the Council's operating revenues are committed to interest expenses.

The Plan reflects this ratio peaking at approximately 2.5% in 2022-23, then reducing consistently thereafter. The ratio levels reflected in the graph are within industry accepted guidelines.

Indicator 6 - Asset Sustainability Ratio

The extent to which assets are being replaced versus the rate they are wearing out.



Graph – Consolidated Projected Asset Sustainability Ratio 2022/23 to 2032/33

LGA Proposed Target: Capital outlays on renewing/replacing assets net of proceeds from sale of replaced assets is greater than 90% but less than 110% of depreciation over a rolling 3 year period.

Council - Proposed Target: Capital outlays on renewing/replacing assets net of proceeds from sale of replaced assets is greater than 80% but less than 110% of depreciation over a rolling 3 year period.

The graph above reflects whether existing assets are being replaced at the rate they are wearing out by comparing capital outlays on renewing/replacing existing assets (net of any proceeds from sale of replaced assets) to the annual depreciation expense allocated against such assets.

The graph above highlights the importance of Councils adequately renewing and replacing their existing asset stock – which is often overlooked due to community pressures to establish new assets.

The Plan reflects a ratio peaking at approximately 55% in 2022/23. This reflects the commitment by Council to its renewal/replacement of its assets.

Significant Long Term Financial Plan Risks

Whilst the Plan has included all ongoing commitments it primarily forecasts results based on existing activities. There is an inherent risk that circumstances may change in the future which may materially affect the projected financial estimates.

Typically for the Local Government sector, changes in community expectations and legislative changes can affect costs associated with services, service levels and governance activities. If there is legislative change e.g. GST legislation or State Government Legislative changes, this could significantly impact on the Long Term Financial Plan. These potential costs have not been factored into the Long Term Financial Plan, but may need to be considered in future Long Term Financial Plan considerations.

The financial modelling undertaken in developing the roads and drainage Infrastructure and Asset Management Plan's in particular has been based upon existing asset attributes such as condition rating and construction date data held by the organisation. There is a risk that the data may contain some deficiencies or infrastructure may deteriorate at a faster rate than anticipated due to such factors as changes in traffic patterns, new development, etc. The Infrastructure and Asset Management Plan outlines strategies for future data improvement in order to minimise this type of risk for future financial forecasts.

The Long Term Financial Plan forecasts significant expenditure on Council's infrastructure assets over the life of the Plans.

Risk Register

Risk	Consequence	Actions/Controls In Place	Adequacy Of The Controls To Address Risk
Long Term Financial Plan goals and objectives – Not achieving the goals and objectives	Service delivery to the community is potentially delivered ineffectively and/or inefficiently	Monitoring of performance to plan annually and half yearly	Adequate but constant pressure to incorporate items/activities outside the plan Pressure from other levels of Government to shift cost (services) to Local Government impacting on achieving plan via diversion of resources
	Major capital works programs delayed although funds committed	Communication plan to departmental staff of Long Term Financial Plan	
	Various sector of the community do not have their needs met	Business planning session reviewed Long Term Financial Plan and assessed and identified the gaps and incorporated in the plan the strategies to be achieved	
	Future initiatives could be in jeopardy	Allocated funding over the next several years to achieve identified strategies	
	Poor customer satisfaction levels	Develop settlement and precinct strategies to allocate effective resources and funding	
	Perception by other stakeholders of ineffective management or leadership		
People -Satisfactory staffing levels with the necessary range of skills, in order for Council to fulfil its statutory obligations and respond effectively and efficiently to emerging demands from differing	Organisation fails to meet or deliver actions in the annual Strategic Plan	Greater understanding of the skills market	Inadequate HR strategy Inadequate succession planning Adequate planned and targeted training program
	Unable to deliver on regional cooperation initiatives	Commitment to provide training and personal development to staff	

levels of government and our community	Loss of engagement with community. Loss of credibility with other levels of government	Devised a plan to develop a HR strategy	
	Loss of key staff, loss of key skills and knowledge		
	Key projects delayed		
	Additional cost burden due to greater utilisation of consultants		
Culture - No embedded ownership of the need to bring cultural change to an existing conservative, mature culture	Council looks inwards and backwards rather than outward and forward	Effective leadership to support leading change throughout the organisation	Inadequate team culture, need to lead team culture from the top Inadequate expertise on change management processes
	Council is reactive not proactive	Inform, educate and influence steering committee (Elected Members) to embrace change	
	Council impeded on the efficient delivery of key actions aligned to the Long Term Financial Plan	Greater formal communication with Consultative Committee on changes and impacts	Low staff moral
	Staff dissatisfaction and low staff morale	Consultative management team moving towards a team culture	
	Inefficient deployment of resources throughout the organisation		
	Inability to retain high calibre staff and Elected Members whom prefer to work in a more dynamic culture		
Technology - Ability of the organisation to embrace, maximise and embed controls in current and future IT	Manual task being performed	IT risk register, issue register, Project Manager escalating issues. Strong communication between all parties	Adequate Risk registers CEO aware of any critical emerging issues
	Under utilisation of system	Ensure funding for ongoing training; ensure champions build relationships with other users.	Funding built into future budgets

		Promote staff to attend user groups	
	Lack of access to information leading to ineffective decisions	Ensure IT Staff have appropriate training and key links to the help desk	Training requirements identified and to be actioned
	Efficiencies of system not maximised nor staff changing process to match technology improvements	Review of processes post implementation and encourage staff to develop improvements through the use of our new technology	
Governance/leadership – Lack of strong leadership and governance practices to mitigate political pressures from Elected Members, Community parties and Federal/State Government Agencies	Lack of continuity, change in direction and focus	Terms of office	Lack of professional development opportunities
	Not reaching goals and objectives	Induction for new Elected Members	
	Learning curve for new individuals, delay in achieving key objectives		
	Failure to deliver community projects		
	Inefficient allocation of resources		
	Loss of credibility with community		
Likelihood of unsustainable service delivery - continue to provide services without assessing community needs and reviewing changing expectations across intergeneration's and current demographics	Community expectation's gap	Long Term Financial Plan work-shopped with Senior Management and audit committee. Identified service provisions as the following;	Inadequate but increased awareness in Budget Workshops
	Ineffective future funding allocation	Statutory services	
	Current misallocation of appropriate resources inc. assets, funding and people	Key value to community	

		Additional services	
		Communicate these findings to Elected Members in Workshops	
State Government pressures on Local Government	Lack of leadership from Local Government to look at resource sharing and shared services	Looking at resource sharing options with close neighbours	Moderate
	New direction and focus	Local Government to lead the process	
	Increased compliance costs		
	Heavier reliance on own funding		
Communication - limited awareness of this Council and its future strategies	Lack of awareness of Council performance and future objectives	Improvements to our Corporate Documents: Annual Report, Business Plans, Strategic Plans and Operational Plans Proactive approach to public relations to increase exposure	Low but moving forward

Glossary

Asset Sustainability Ratio

Asset Sustainability Ratio indicates whether the Council is renewing or replacing existing non-financial assets at the same rate as its overall stock of assets is wearing out. The ratio is calculated by measuring capital expenditure on renewal and replacement of assets relative to the level of depreciation. Where a Council has a soundly based Infrastructure and Asset Management Plan, a more meaningful asset sustainability ratio is calculated by measuring the actual level of capital expenditure on renewal and replacement of assets (or proposed in the Annual Budget) with the optimal level identified in the Plan.

Financial Assets

Financial Assets include cash, investments, loans to community groups, receivables and prepayments, but excludes equity held in Council businesses. Also, inventories and land held for resale are not regarded as financial assets.

Financial Sustainability

Financial Sustainability is where planned long-term service and infrastructure levels and standards are met without unplanned and disruptive increases in rates or cuts to services.

Net Financial Liabilities

Net Financial Liabilities equals total liabilities less financial assets, where financial assets for this purpose includes cash, investments, loans to community groups, receivables and prepayments, but excludes equity held in Council businesses, inventories and land held for resale.

Net Financial Liabilities Ratio

Net Financial Liabilities Ratio expresses Net Financial Liabilities as a percentage of total operating revenue. The ratio allows interested parties to readily equate the outstanding level of the Council’s accumulated financial obligations against the level of one-year’s operating revenue. Where the ratio is falling over time, it generally indicates that the Council’s capacity to meet its financial obligations is strengthening.

Net Lending/(Borrowing)

Net Lending/ (Borrowing) equals Operating Surplus/(Deficit), less net outlays on non-financial assets. The Net Lending/(Borrowing) result is a measure of the Council’s overall (i.e. Operating and Capital) budget on an accrual basis. Achieving a zero result on the Net Lending/(Borrowing) measure in any one year essentially means that the Council has met all of its expenditure (both operating and capital) from the current year’s revenues.

Non-financial or Physical Assets

Non-financial or Physical Assets means infrastructure, land, buildings, plant, equipment, furniture and fittings, library books and inventories.

Operating Deficit

Operating Deficit is where operating revenues less operating expenses is negative and operating income is therefore not sufficient to cover all operating expenses.

Operating Expenses

Operating Expenses are operating expenses including depreciation but excluding losses on disposal or revaluation of non-financial assets.

Operating Revenues

Operating Revenues are operating revenues shown in the Income Statement but exclude profit on disposal of non–financial assets and amounts received specifically for new/upgraded assets, e.g. from a developer. For ratios calculated where the denominator specified is total operating revenue or rate revenue, Natural Resource Management (NRM) levy revenue is excluded.

Operating Surplus

Operating Surplus is where operating revenues less operating expenses is positive and operating revenue is therefore sufficient to cover all operating expenses.

Operating Surplus Ratio

Operating Surplus Ratio expresses the operating surplus (deficit) as a percentage of general and other rates.