

# **Long Term Financial Plan 2015-16 to 2024-25**

**2015-16 Adopted Budget Update**

**Adopted by Council 26 October 2015**

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## Executive Summary

The City of Unley spans 14 square kilometres, has a population of around 38 000 and has over 18 000 rateable properties. The City contains 5 vibrant shopping precincts nestled in character residential setting boast a City of Villages feels with infrastructure assets worth in excess of 530m.

Under Section 122(1)(a) of the Local Government Act 1999, Council is required to develop and adopt a Long Term Financial Plan (LTFP) for a period of at least 10 years, which forms part of its suite of Strategic Management Plans.

This document has been developed not only to satisfy this requirement, but to assist in determining the financial projections for the City of Unley from 2015-16 to 2024-25, based on information available at the time.

The key objective of Council’s LTFP is financial sustainability in the medium to long term, while still achieving the objectives detailed in the Community Plan.

The Plan has been developed based on a series of assumptions and information available, which includes:

- Council’s Community Plan (City of Unley’s Community Plan 2033)
- Council’s 4 Year Plan 2013-2016
- Council’s Strategic Asset Management Plan (SAMP)
- Current and future levels of service
- Projected rating strategies
- Local Government Price Indices (LGPI) and CPI forecasts.

The following table provides a financial overview of the Plan (from 2015-16 to 2024-25):

|   |                 |
|---|-----------------|
| <b>LTFP Averages</b>                        |                 |
| General Rate Increase                       | 3.51%           |
| General Rates Growth                        | 0.61%           |
| <b>Total Increase in Revenue from Rates</b> | <b>4.12%</b>    |
|   |                 |
| Operating Income                            | 52,213          |
| Operating Expenses                          | 50,464          |
| <b>Operating Surplus</b>                    | <b>\$1,749</b>  |
|   |                 |
| Operating Surplus Ratio                     | 3.9%            |
| Net Financial Liabilities Ratio - Current   | 65%             |
| Net Financial Liabilities Ratio - Proposed  | 63%             |
| Asset Sustainability Ratio to Depreciation  | 97%             |
|   |                 |
| <b>LTFP Totals</b>                          |                 |
| Capital Replacement Expenditure             | \$88.0m         |
| New Capital Expenditure                     | \$39.3m         |
| <b>Total Capital Expenditure</b>            | <b>\$127.3m</b> |
|   |                 |
| <b>At Year 10 (2024-25)</b>                 |                 |
| Total Borrowings                            | <b>\$28.5m</b>  |

## Chief Executive Officer's Report on Financial Sustainability

Overall, the LTFP indicates that the Council will maintain financial sustainability over the next 10 years.

However, the inclusion in the LTFP of some new major projects as well as the significant impact of Brown Hill Keswick Creek (BHKC) expenditure (in the order of \$15m over 8 years) has resulted in a reduced flexibility and tightness in the availability of funds for New Capital and Operating Projects.

The delivery of New Capital Projects already included in the LTFP currently requires proposed borrowings of approximately \$24m over the four year forward estimates period from 2016-17 to 2019-20. This is at the upper level of Council's ability to fund these projects under current policy settings and assumptions without consideration of other funding mechanisms such as additional rates or other sources of income.

Based on current service levels, new projects and expenditure requirements from strategies currently being developed may result in delays to current priority projects included in the LTFP such as the implementation of the King William Road Master Plan, Unley Central, and Goodwood Road Streetscape.

Nevertheless, the plan indicates that the Council is financially sustainable provided a number of master plan implementations and strategy actions plans are spread over a number of years. This position can be maintained while Council continues to fund the existing services provided. However, additional funding will be required should Council decide to increase major project spending over its current term or introduce new services.

As a result, Council needs to continue its work and review of service sustainability. The Council has developed a service improvement model and framework to review services and the level as to which they are offered. Council recognises the increasing challenges in delivering services at a local level while ratepayers are increasingly reluctant to see their property rates increase.

This means that the focus should not just be on "how much should we spend," but on what outcomes are required or agreed by Council for specific services and then determining the most economic, efficient and effective way to achieve those outcomes.

It is proposed that the LTFP be reviewed twice per year to ensure the plan is timely and relevant to Council forecasts. The next presentation of the LTFP will be timed to be prior to adopting the Annual Business Plan and Budget for the purposes of community consultation. This timing will allow further work to be undertaken by Council in relation to scoping of major projects, related funding options and the costing of strategies currently being developed such as the Ageing Strategy.

## Strategic Context

Under Section 122 (1a) of the Local Government Act 1999, each council must adopt a LTFP for a period of at least 10 years.


The LTFP is used to assist in financial decision making. Consideration is given to what services are to be provided, the level of those services, the rating impost, income from other sources, the level of funding required from borrowings and the ability to service those borrowings.


The key objective of Council's LTFP is financial sustainability in the medium to long term, while still achieving the objectives detailed in the Community Plan.

Council uses the LTFP to develop its Annual Business Plan and Budget as a base by setting the high level parameters and targets that will assist Council in maintaining the current level of services without unplanned or significant increases to the rates paid by ratepayers or unplanned cuts to services.

## Council's Community Plan and Long Term Objectives

To enable Council's Vision to be delivered, Council has identified five themes that describe the desired future for the City together with strategic directions and strategies required to deliver the outcomes.

|  |   |   |
|--|---|---|
| <b>Emerging</b>  | <b>Our path to a future city</b><br>New activities and technologies that support our business and residential communities |  |
| <b>Long Term Strategic Objectives</b>  |   |   |
| <ul style="list-style-type: none"><li>• A thriving and prosperous business community</li><li>• Emerging technology is embraced</li><li>• A dynamic mix of uses and activities in selected precincts.</li></ul> |   |   |

|  |   |   |
|--|---|---|
| <b>Living</b>  | <b>Our path to a thriving city</b><br>Reflecting issues of culture, diversity and lifestyle |  |
| <b>Long Term Strategic Objectives</b>  |   |   |
| <ul style="list-style-type: none"><li>• An enviable and diverse lifestyle</li><li>• Activated places</li><li>• A City of cultural and artistic diversity</li><li>• Healthy and active community</li><li>• Collaborative and engaged community.</li></ul> |   |   |

**Moving**

**Our path to an accessible city**  
Concerning accessibility and transport



**Long Term Strategic Objectives**

- Equitable parking throughout the City
- An integrated, accessible and pedestrian friendly City
- Alternative travel options.

**Greening**

**Our path to a sustainable city**  
Covering concerns about environmental initiatives and sustainability



**Long Term Strategic Objectives**

- Renowned for lifestyle and environmental balance
- Leaders in waste reduction
- Functional open green space throughout the City.

**Operational Excellence** **Our path to a robust and sustainable organisation**

**Long Term Strategic Objectives**

- A constructive culture for all employees and volunteers
- A customer-centric approach
- Good governance and legislative framework
- An environment of continuous improvement and innovation
- A financially sustainable approach to business and planning activity
- Enabling information systems and robust reporting
- Uphold City of Unley's reputation.

## Capital Projects

This plan provides for a total capital investment of \$126m (2014-15 LTFP \$120m) over the 10 year period, split between New Capital of \$39m ((2014-15 LTFP \$36m)) and Capital Replacement of \$87m (2014-15 LTFP \$84m).

### New Capital

Council's 4 Year Strategic Plan 2013-2016 was adopted in 2013 but a number of the 2013-2016 priority projects were not costed at that stage. This is the second year where a more detailed 4 Year Forward Estimates Financial Plan has been prepared. This has now been rolled forward to cover the period from 2016-17 to 2019-20. This 4 Year Plan takes into account the following:

- Agreed 4 Year Plan projects and priorities updated to take into account any subsequent Council decisions pertaining to those projects
- Council's 2015-16 Budget particularly relating to those projects that will span more than the 2015-16 financial year
- Other Council decisions and direction relating to the 4 year period from 2016-17 to 2019-20.

As shown at **Appendix C**, proposed major projects relating to new and upgraded assets include:

- Goodwood Rd Streetscape & Wayfinding Strategy Delivery
- King William Road Project
- Unley Central
- Brown Hill Keswick Creek Project
- Unley Oval Upgrade Plans
- Local Area Traffic Management (LATM) – Local Areas Prioritisation Studies.

In the 2019-20 financial year, being the last year of the 4 Year forward estimate period, some funding has been allowed for the Unley Oval Upgrade Plan (\$1.5m) and Goodwood Oval & Millswood Oval Sporting Complex Improvement Plan (0.5m). Both of these plans were brought to Council in 2014 and recognised the need to pursue grant funding opportunities. Without such funding, Council is unlikely to have funds for the full implementation of these projects in the medium term without a change in priorities.

### Capital Replacement Expenditure

A new approach to asset management driven from a service perspective is currently being introduced to Council. Over the next few years the management of assets will be based more directly on the declared levels of service for each specific asset and this will determine the long term costs.

The increased understanding by Council of service standards and decisions on the level of services for both capital replacement and maintenance will flow through to the LTFP. This is likely to result in changes in relation to asset replacement, maintenance and depreciation calculations in the future.

Asset management planning processes are on-going and up to date information is incorporated each year as the plans are updated.

Details of the 10 Year Capital Replacement Expenditure Summary by Asset Category is shown at **Appendix D**.

## What is Financial Sustainability?

In 2005, an independent inquiry into the financial sustainability of local government was undertaken by the LGA. Following this inquiry, the following definition was adopted at the LGA's General Meeting held in 2006:

*“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.”*

This definition was subsequently adopted by the Australian Local Government Association at its National Assembly Meeting in December 2006.

In simple terms, the principle of financial sustainability is that each generation ‘pays their way’ for the services and assets that they consume. This is also known as intergenerational equity and occurs when Council records a breakeven operating result (ie. where day to day expenses are equal to day to day income).

Where Council records operating deficits, it means that future generations will be subsidising the current costs of services and will be responsible for addressing the issue of funding the replacement of worn out assets.

## Maintaining Financial Sustainability

This plan maintains financial sustainability by using the following indicators and targets:

| Financial Indicator             | Target   |
|---------------------------------|--|
| Operating Surplus Ratio         | The higher of 3% of Rates General & Other (excluding NRM) or 100% of principal repayments              |
| Net Financial Liabilities Ratio | Current =< 80% of Total Operating Revenue less NRM Levy<br>Proposed = < 80% of Total Operating Revenue |
| Asset Sustainability Ratio      | = 100% as an average over 10 years   |

The plan considers the following ‘policy positions’:

- Existing service levels are maintained
- New services may only be introduced through a service review process incorporated as part of the annual business planning process
- New capital assets may only be considered if they form part of an adopted council strategy
- Capital replacement will be in accordance with Council’s SAMPs.



The plan considers economic data from the following sources:

- Local Government Finance Authority
- Reserve Bank of Australia
- The Local Government Price Index (LGPI), and
- ABS Access Economics.

## **Initiatives to support Financial Sustainability**

Council has a number of other initiatives that are used to manage financial, asset and service sustainability. These include:

- Service Improvement Reviews
- Shared Service opportunities
- Treasury Management Policy
- New Asset Management Framework and System
- Risk and Opportunity Management.

## **Long Term Financial Plan Assumptions**

The following assumptions have been used as part of the framework to develop the LTFP:

- Consistency with Council's Strategic Plan and SAMP
- Consideration of Council's financial targets
- No changes to recurrent service levels provided by Council
- Stability and predictability in determining future rate increases
- Allocation of funding for Operating Projects (based on Council's 4 Year Strategic Plan, endorsed strategies and Council decisions)
- Use of CPI and LGPI forecasts
- The use of borrowings to fund New Capital projects
- Consideration of legislative and regulated requirements of Council.

## **Risks Associated with the Long Term Financial Plan**

The LTFP has been developed based on the best information and assumptions available at the time. However, users of this information should be aware that there are risks associated with using estimated increases to Consumer Price Index (CPI), Local Government Price Index (LGPI), Average Weekly Earnings (AWE) and predictions in finance costs and interest rates. In addition, the LTFP may be impacted by future changes such as new legislation that could materially affect the projected outcomes and results of the LTFP.

In order to reduce risk the plan is reviewed and updated on a regular basis to incorporate the best available information for a given point in time. In addition, the LTFP and its assumptions are reviewed by Council's Audit & Governance Committee.

Further, to ensure that the Plan is timely and relevant to Council forecasts, the LTFP will now be reviewed twice per year:

- prior to adopting the Annual Business Plan and Budget for the purposes of community consultation. This will help determine the financial parameters and rate increases for the upcoming financial year; and
- as soon as practicable after adopting the Council's Annual Business Plan for the relevant financial year (in accordance with Section 122(4)(a)).

## Key Financial Ratios and Targets

Under the requirements of Regulation 5(c) of the Local Government (Financial Management) Regulations 2011, there is a requirement for the LTFP (as well as the Annual Financial Statements and Budget) to include:

- An operating surplus ratio
- A Net Financial Liabilities ratio, and
- An Asset Sustainability ratio

presented in a manner consistent with the note in the “Model Financial Statements” titled “Financial Indicators”.

Council has adopted 3 key financial targets relating to these required ratios to guide the direction of the LTFP. These targets were most recently adopted by Council at its 27 October 2014 meeting following the recommendation from the Audit & Governance Meeting on 13 October 2014.

In the Model Financial Statements 2015 published in June 2015, the Net Financial Liabilities ratio has changed from previous years. It is now calculated as the Net Financial Liabilities compared to Total Operating Revenue. Previously, the Net Financial Liabilities were compared to Total Operating Revenue less NRM Levy.

It is considered appropriate to continue to align Council’s financial indicators with the statutory financial indicators required to be reported in Council’s financial statements, LTFP and budget documents and therefore adjust Council’s net financial liabilities ratio calculation accordingly.

Given that this proposed change has not been formally endorsed by the Audit & Governance Committee and adopted by Council both the current and proposed Financial Ratio are shown for comparison purposes and completeness.

### Financial Indicators Trend

| Indicator                                  | Target  | Forward Estimates |         |         |         |         |
|--|---|-------------------|---------|---------|---------|---------|
|  |   | 2015-16           | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|  |   | %                 | %       | %       | %       | %       |
| Operating Surplus Ratio                    | = the higher of 3% of Rates General & Other (excluding NRM) or 100% of principal repayments | 0.1%              | 4.6%    | 4.3%    | 4.0%    | 4.0%    |
| Net Financial Liabilities Ratio - Current  | =< 80% of Total Operating Revenue less NRM Levy   | 46.1              | 58.6    | 63.8    | 67.1    | 74.8    |
| Net Financial Liabilities Ratio - Proposed | =< 80% of Total Operating Revenue   | 45.0              | 57.1    | 62.1    | 65.4    | 72.9    |

|                            |                                   |     |     |     |     |     |
|----------------------------|-----------------------------------|-----|-----|-----|-----|-----|
| Asset Sustainability Ratio | =100% as an average over 10 years |     |     |     |     |     |
|                            | - Compared to SAMP *              | 100 | 111 | 100 | 100 | 100 |
|                            | - Compared to Depreciation        | 114 | 105 | 106 | 102 | 118 |

\* = legislated asset sustainability ratio

## Target 1: Operating Surplus Ratio

The percentage by which rates vary from day to day expenses.

A positive ratio indicates the percentage of rates available to fund New Capital Expenditure, the provision of new services or to pay down existing debt

A negative ratio for this target indicates the percentage that rates would need to increase by to achieve a break even operating result.

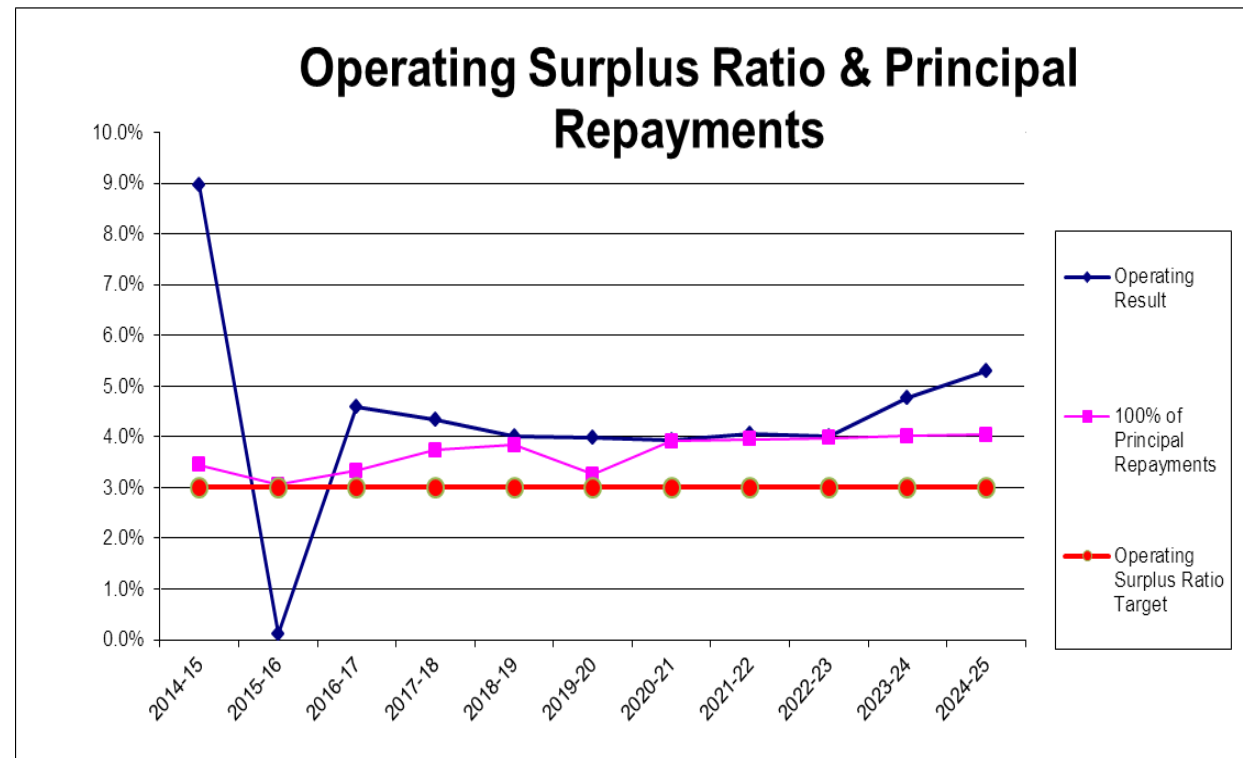
How is this ratio calculated?

$$\frac{A}{B \text{ minus } C}$$

**A**= Operating Surplus  
**B** = Rates Income  
**C** = NRM Levy Raised

What is the LTFP Target?

The higher of 3% of Rates General & Other (excluding NRM) or 100% of principal repayments



### Commentary on Projected Performance

From 2016-17 the projected Operating Surplus is above both 3% and 100% of principal repayments.

**Target 2: Current Net Financial Liabilities Ratio**

How significant the net amount owed by Council is compared with income.

An increase in this ratio indicates that Council requires more of its operating income to fund its financial obligations.

A drop in this ratio indicates that Council’s capacity to meet its financial obligations from operating income is strengthening.

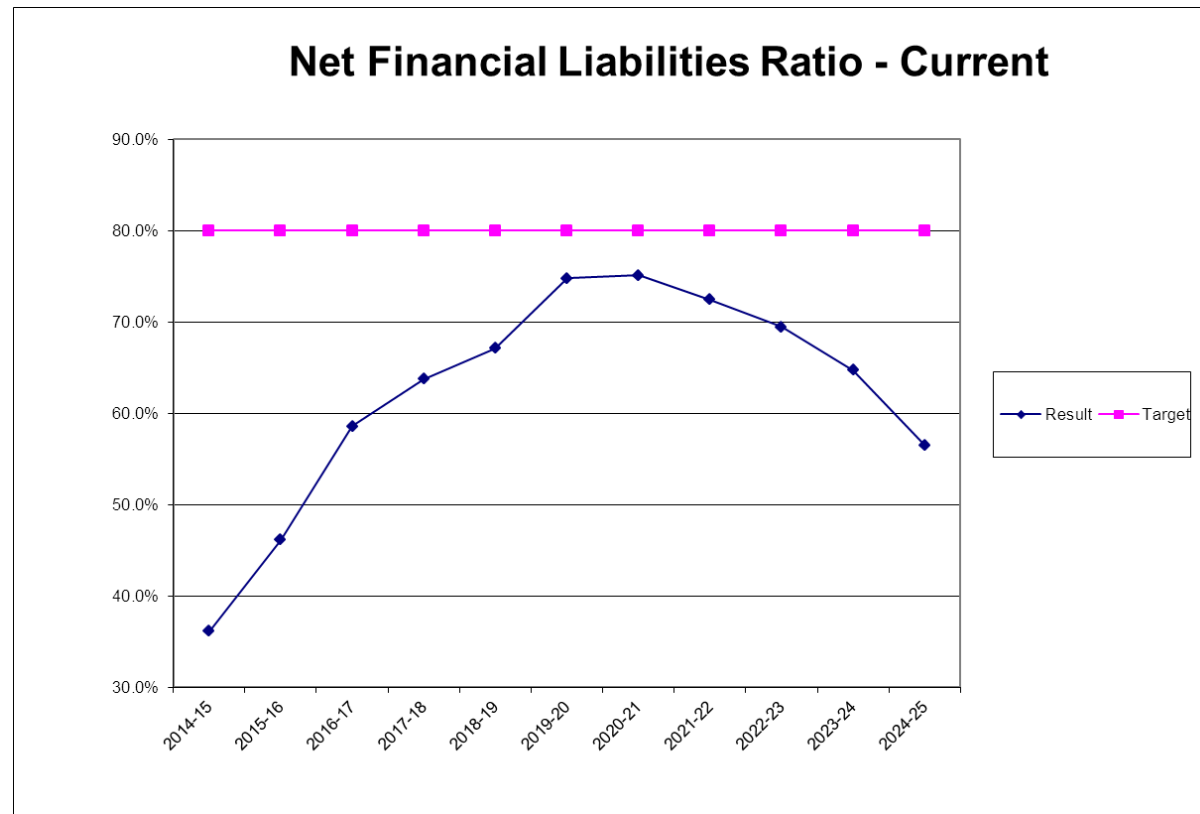
How is this ratio calculated?

$$\frac{A}{B \text{ minus } C}$$

**A**= Net Financial Liabilities  
**B** = Total Operating Income  
**C** = NRM Levy Raised

What is the LTFP Target?

**Less than 80% of Council’s annual operating income (less NRM Levy raised)**



**Commentary on Projected Performance**

Council’s net financial liabilities will peak at 75% of Council’s annual operating income in 2020-21, before reducing over the remaining life of the Plan.

**Target 2: Proposed Net Financial Liabilities Ratio**

How significant the net amount owed by Council is compared with income.

An increase in this ratio indicates that Council requires more of its operating income to fund its financial obligations.

A drop in this ratio indicates that Council’s capacity to meet its financial obligations from operating income is strengthening.

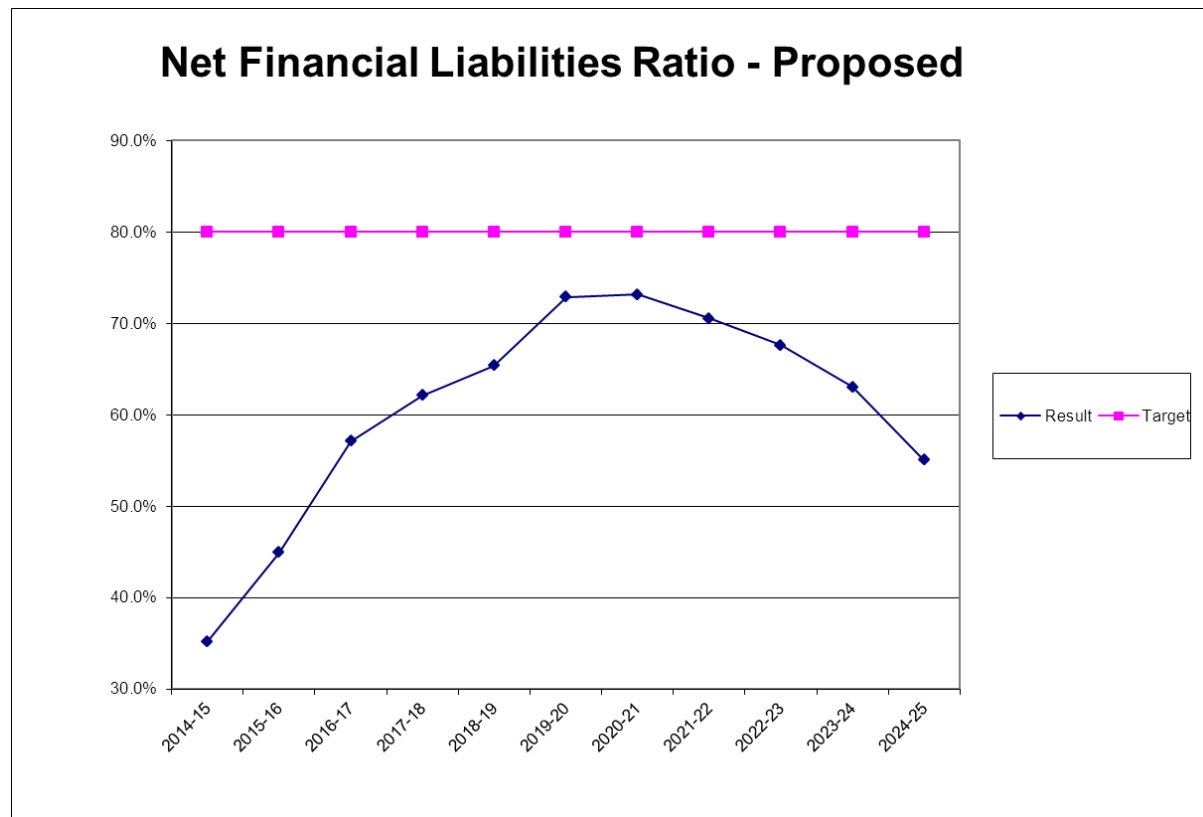
How is this ratio calculated?

$$\frac{A}{B}$$

**A** = Net Financial Liabilities  
**B** = Total Operating Income

What is the LTFP Target?

**Less than 80% of Council’s annual operating income**



**Commentary on Projected Performance**

Council’s net financial liabilities will peak at 73% of Council’s annual operating income in 2020-21, before reducing over the remaining life of the Plan.

**Target 3: Asset Sustainability Ratio**

Are assets being replaced at the rate they are wearing out?

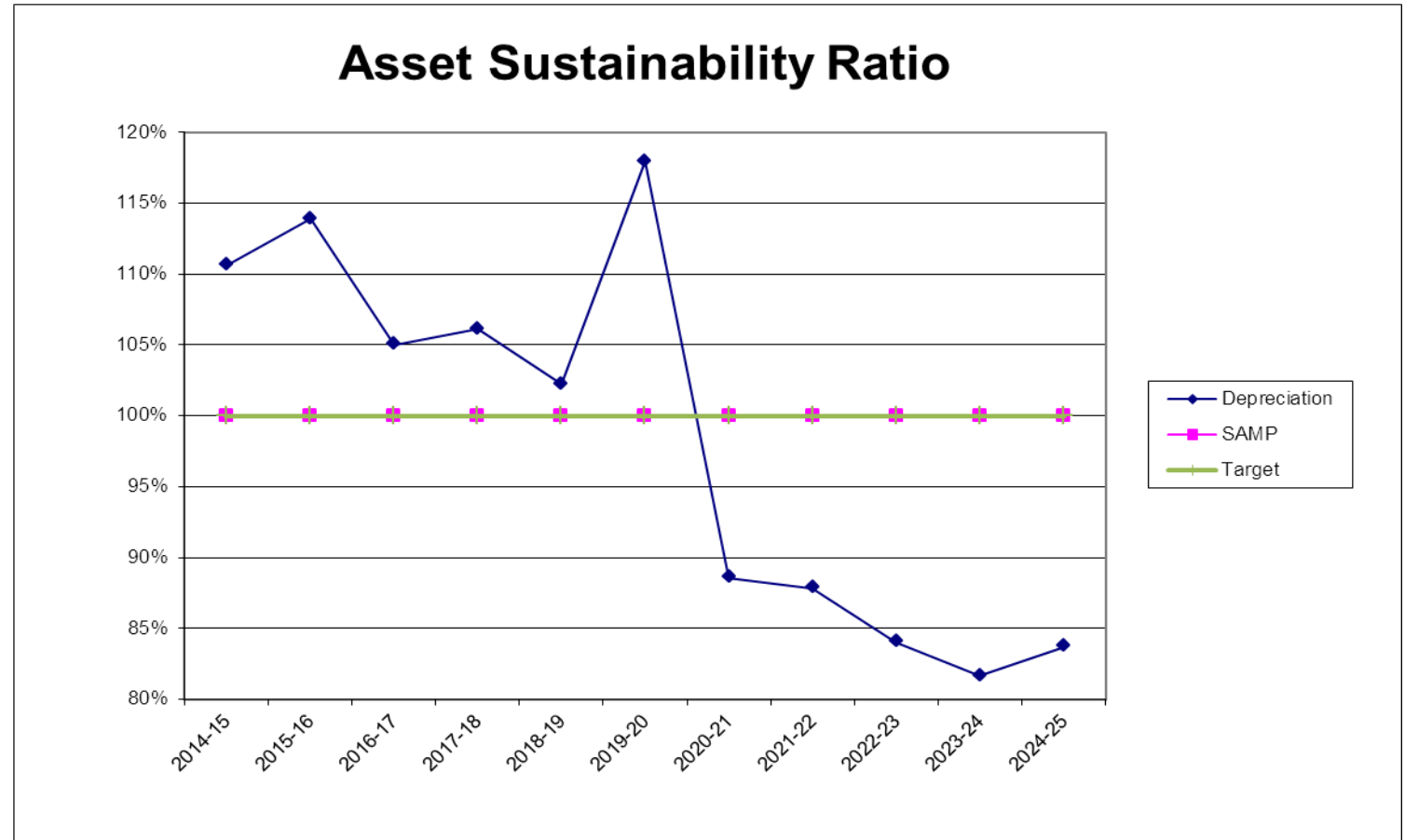
How is this ratio calculated?

$$\frac{A \text{ minus } B}{C}$$

**A**= Capital Replacement Expenditure  
**B** = Proceeds from the Sale of Replacement Assets  
**C** = SAMP Expenditure

What is the LTFP Target?

= 100% over a 10 year average



**Commentary on Projected Performance**

Council’s expenditure for renewing and replacing its existing assets is in line with its SAMP with some fluctuation when compared to depreciation.



## Appendix A - LTFP Assumptions

### Financial Year Explanation

| Year               | Financial Year                       |
|--------------------|--------------------------------------|
| <b>Year 0</b>      | 2014-15 Audited Financial Statements |
| <b>Year 1 Base</b> | <b>2015-16 Adopted Budget</b>        |
| <b>Year 2</b>      | <b>2016-17</b>                       |
| <b>Year 3</b>      | <b>2017-18</b>                       |
| <b>Year 4</b>      | <b>2018-19</b>                       |
| <b>Year 5</b>      | <b>2019-20</b>                       |
| <b>Year 6</b>      | <b>2020-21</b>                       |
| <b>Year 7</b>      | <b>2021-22</b>                       |
| <b>Year 8</b>      | <b>2022-23</b>                       |
| <b>Year 9</b>      | <b>2023-24</b>                       |
| <b>Year 10</b>     | <b>2024-25</b>                       |

### Economic Influences

The Council's LTFP is affected by various external and internal influences for which assumptions have been made.

#### External

- Local Government Price Index
- Consumer Price Index
- Natural Resources Management Levy
- Utility costs
- Interest costs
- Workforce planning
- Increased compliance costs through new legislation
- Federal & State Government Policy
- Broader economic environment.

#### Internal

- Enterprise Bargaining Agreements
- Treasury Management Policy and decisions on borrowings
- Service Improvement Review Projects
- Risk Management
- Asset Sustainability & Service levels
- Increase/decrease in Services.

A full list of current services is provided as **Appendix G**

### Assumptions Table

| Year           | Financial Year | CPI <sup>1</sup> | LGPI <sup>2</sup> | EB/AWE      | CAD Rate     | Fixed Loan Rate | Increase in Rates | Rate Growth  | Other Rate Adjustments | Increase in Rate Revenue |
|----------------|----------------|------------------|-------------------|-------------|--------------|-----------------|-------------------|--------------|------------------------|--------------------------|
| 0              | 2014-15        | 1.6%             | 1.7%              | 3.2%        | 4.50%        | 4.25%           | 4.95%             | 0.55%        | Nil                    | 5.50%                    |
| 1 Base         | 2015-16        | 1.7%             | 3.1%              | 3.0%        | 4.25%        | 4.25%           | 3.50%             | 1.20%        | Nil                    | 4.70%                    |
| 2              | 2016-17        | 2.6%             | 2.7%              | 3.0%        | 4.50%        | 4.50%           | 3.70%             | 0.60%        | Nil                    | 4.30%                    |
| 3              | 2017-18        | 2.7%             | 2.5%              | 3.0%        | 4.75%        | 4.75%           | 3.50%             | 0.60%        | Nil                    | 4.10%                    |
| 4              | 2018-19        | 2.5%             | 2.4%              | 3.0%        | 5.00%        | 5.00%           | 3.40%             | 0.60%        | Nil                    | 4.00%                    |
| 5              | 2019-20        | 2.4%             | 2.4%              | 3.0%        | 5.25%        | 5.25%           | 3.40%             | 0.55%        | Nil                    | 3.95%                    |
| 6              | 2020-21        | 2.4%             | 2.5%              | 3.0%        | 5.75%        | 5.50%           | 3.50%             | 0.50%        | Nil                    | 4.00%                    |
| 7              | 2021-22        | 2.5%             | 2.5%              | 3.0%        | 6.00%        | 5.75%           | 3.50%             | 0.50%        | Nil                    | 4.00%                    |
| 8              | 2022-23        | 2.6%             | 2.5%              | 3.0%        | 6.00%        | 6.00%           | 3.50%             | 0.50%        | Nil                    | 4.00%                    |
| 9              | 2023-24        | 2.4%             | 2.5%              | 3.0%        | 6.00%        | 6.25%           | 3.50%             | 0.50%        | Nil                    | 4.00%                    |
| 10             | 2024-25        | 2.4%             | 2.5%              | 3.0%        | 6.25%        | 6.50%           | 3.50%             | 0.50%        | Nil                    | 4.00%                    |
| <b>Average</b> |                | <b>2.4%</b>      | <b>2.6%</b>       | <b>3.0%</b> | <b>5.38%</b> | <b>5.38%</b>    | <b>3.50%</b>      | <b>0.61%</b> |                        | <b>4.11%</b>             |

<sup>1</sup> **Source:** Year 1 as per ABS (Adelaide December 2014) & then forecast CPI

<sup>2</sup> **Source:** Forecast is calculated as Rolling 5 year average of LGPI – now updated for June 2015.

## **Overview of Key Assumptions**

### **Key Assumptions**

#### **Operating Revenue**

##### **Rates**

Rate revenue is the Council's main income source. Prudent financial management determines that the income raised must be at least the value of expenses incurred to deliver and maintain current services. When determining the level of rates income required any increase is primarily measured against the current costs of services largely involving increases in line with LGPI.

Over the life of this LTFP Council has considered an average increase of LGPI + 1% which has been calculated in the order of 3.5% to maintain desired services and servicing of its proposed debt.

In the model no adjustment has been made for any transfer of SA Housing Trust properties to housing associations. It is understood that the earliest that there may be an impact is 2017-18 after a trial is undertaken in other Council areas.

##### **Rates Growth**

Rates Growth has been 0.6% to 0.7% over a number of years although the 2015-16 year had an increase of 1.2% largely as a result of the Julia Farr (Living Choice) redevelopment.

For the 3 years ending 2016-17 to 2018-19, rates growth of 0.6% has been assumed

For subsequent years after 2018-19, rates growth of 0.5% has been assumed

##### **NRM Levy**

This has been assumed at a 4% increase each year with a corresponding increase on the expenditure side to reflect Council's role as a collection agency only.

##### **Operating Grants and Subsidies**

Operating Grants and Contributions have been based on confirmed external agency funding levels with a projected increase of CPI, where applicable. Given that the Federal Government has indicated that there will not be annual increases for financial assistance grants, there have been no increases factored in for these grants.

Advice has recently been received from the Federal Government for an increase in Roads to Recovery grants of \$858k over the 2015-16 and 2016-17 financial years as a result of fuel tax excise changes and this has been factored in the plan. Other than this additional amount, no annual increase has been assumed for Roads to Recovery in line with Federal Government advice.

In addition, Roads to Recovery Grants has only been confirmed up until 2018-19. As such, a conservative assumption has been made to remove these grants after that year.

### **Interest Received**

Any interest earned will be from short term investments. This will be minimal over the next 10 years as Council utilises its cash advance facility for cash flow support. As such, no interest earning increases are predicted over the life of the LTFP.

### **Statutory Charges**

Statutory charges are not within Council control; these are determined by other legislation and regulations. History shows that an increase in line with CPI is appropriate

### **User Charges**

User charges are for the use of Council facilities or services in a fee for use type arrangement. These have been increased by LGPI based on the assumption that they need to appropriately cover cost increases.

### **All other revenue**

Reimbursements and other revenue increases have been assumed as forecast CPI

### **Operating Expenditure**

#### **Finance Costs**

There are three components to finance costs. The first being the interest on existing loans and this is obtained from the current loan schedule.

The second is the interest incurred by accessing Council's cash advance drawdown facility.

In 2011 Council set up a \$12M cash advance drawdown facility. This funding source is being used to manage Council's cash flow commitments. The current drawdown rate is 4.25%. The plan has factored a range from 4.25% in the short term through to 6.50% in the longer term.

The third relates to the cost of financing new borrowing as a funding source for New Capital and balancing out capital replacement expenditure fluctuations. The plan has factored a range from 4.25% in the short term through to 6.50% in the longer term. Also refer to loans section below.

#### **Employee Costs**

The base budget for employee costs is linked to the current Work Place Agreements. At the end of the agreements employee costs are based on maintaining an increase in the order of 3%.

The May 2014 Federal Budget confirmed the delay of Superannuation Guarantee Levy increases from that previously announced. This was then further delayed when the legislation was subsequently passed. The updated changes have an increase of 0.5% per year for 5 years from 2021-22.

## **Depreciation**

Depreciation in the base year is as per the 2015-16 Budget. It has been adjusted by the LGPI on annual basis to reflect any increase in valuation plus new asset movements. The Asset Management Plans cost calculations are reviewed annually and any significant financial impacts are considered in this plan.

## **All other expenses (Materials, Contractual & Other Expenses)**

Materials, Contractual Services and Other Expenses have been linked to the LGPI to reflect the increase of external service provision trends on existing service levels.

In terms of adjustments to the base budget a 0.95% allowance for materials, contractual and other costs has been factored into the LTFP to cover maintenance on New Assets commissioned in the previous year.

## **Operating Projects / Initiatives**

These are one off type expenses to deliver an outcome in line with Council's endorsed strategies, discretionary expenditure that has been regularly budgeted in recent years (including Events, Tour Down Under and Unley Gourmet Gala) or increases to current services levels that are longer than one year.

For the four year forward estimates period 2015-16 to 2018-19, Council's 4 Year Plan and adopted strategy positions have been used to set the forecast Operating Projects. After 2018-19, the amount set aside for Operating Projects has been based on 2018-19 expenditure and then extrapolated using CPI. Local Government Election costs have also been factored in every 4 years.

## **Funding**

### **Capital Grants and Contributions**

Capital Grants and Contributions have been based on confirmed external agency funding levels. As a result no capital grants beyond 2015-16 have been assumed.

### **Capital Receipts**

These are amounts received for the trade-in of plant and equipment that are due to be replaced or surplus to current and future requirements. From a conservative perspective, the LTFP has only factored in trade-ins of plant & equipment for Year 1, being the current adopted budget.

## **Capital Replacement**

Council's asset replacement program in this draft LTFP has been based on updated information from Council's SAMPs.

A new approach to asset management driven from a service perspective is currently being introduced to Council. Over the next few years the management of assets will be based more directly on the declared levels of service for each specific asset and this will determine the long term costs. A new asset system, linked to the financial system will be implemented in 2015-16 to assist with this process.

A key feature of the system is a predictive modelling module which will further assist with providing a more integrated and strategic approach to management of assets, and in particular improving long term asset planning decisions.

The increased understanding by Council of service standards and decisions on the level of services for both capital replacement and maintenance will flow through to the LTFP. This is likely to result in changes in relation to asset replacement, maintenance and depreciation calculations in the future.

It should be noted that the Road Replacement Program for 2019-20 includes an amount of nearly \$4.1m on the assumption that paving for some/all of King William Rd is due for renewal. Given that the normal road replacement program is in the order of \$1.7m this allows an additional \$2.5m in 2019-20.

In addition, as a result of increased Roads to Recovery funding for the 2015-16 and 2016-17 financial years, an amount of \$850k has been factored into the road replacement program for 2016-17. This may provide the opportunity to reduce road replacement expenditure in subsequent years.

## **New Capital**

For the four year forward estimates period 2016-17 to 2019-20, Council's 4 Year Plan and adopted strategy positions have been used to set the forecast New Capital Expenditure.

After 2019-20, the amount set aside for New Capital needs to be reviewed with the Executive Management Team (EMT) to determine an appropriate amount to be included in Council's LTFP. Currently Brown Hill Keswick Creek Capital (BHKC) Expenditure is assumed to continue until 2022-23.

## **New Capital – Brown Hill Keswick Creek**

Brown Hill Keswick Creek New Capital amounts included in the LTFP have been sourced from the "Brown Hill Keswick Creek Stormwater Project Expenditure Forecast for 10 Year Construction" dated March 2014 being the Part B Solution with a 50% Contribution from Councils. This has been confirmed with the BHKC Project Manager via Council's Manager Strategic Assets.

## Loans and Borrowings

Repayment of existing loans is from the current loan schedule.

Of note is that for a fixed term loan relating to the swimming pool construction there is a balloon payment in 2017-18 of \$1.3m to totally repay the loan. The annual principal and interest payments for that loan is \$298k. The proposed fixed term borrowing for that year of \$5.8m covers that balloon principal repayment.

The LTFP assumption indicates that additional funding through borrowings is required to meet New Capital commitments in the future.

Up until June 2015, the LGFA Cash Advance Debenture (CAD) Facility has been used to balance funding requirements in terms of borrowings. However, given that the facility is \$12m and the maximum cash outflows are in the order of \$5m during the year it is considered appropriate to assume a maximum year end Cash Advance Debenture balance of \$5m.

This results in new fixed term borrowings in the period 2016-17 through to 2019-20 ranging from \$4.3m to \$7.2m per annum to accommodate forecast New Capital.

### New Fixed Term Projected Loans Assumptions

- Additional loans used to ensure that CAD facility at end of each financial year is no greater than \$5m for the period of forecast estimates (up to 2019-20), where applicable. From 2019-20 the maximum CAD facility has been increased to \$12m
- **Term of Loans** - 15 Years
- **Payments per Year** - 2
- **Rate of Interest** – 4.5% increasing over 10 Years to 6.5%

### **Net Gain-Joint Ventures & Associates**

The amount included in Council's LTFP is in accordance with **Centennial Park's** 10 Year LTFP for the 2016-17 financial year. Given that Centennial Park projections beyond 2016-17 show a significant increase in profit from \$479k to \$4.5m, Council's LTFP has only assumed a constant \$239k (50% share of \$479k) from that period.

**Brown Hill Keswick Creek Joint Operation/Subsidiary.** No recognition of any change in accounting if a subsidiary is set up to reflect accounting for capital contributions, maintenance and the funding of operational shortfalls from the impact of depreciation has been factored into this LTFP.

### **Amounts Received Specifically for New Assets**

Assumption - No income forecast from Year 2 onwards

### **Asset Sales**

No profit/loss on sale of assets from Year 2 (2016-17)

No projections for the sale of land

No projections for the sale of buildings

## Appendix B Operating Projects 4 Year Forward Estimates

| Strategy | Title   | \$ 2016-17          | \$ 2017-18        | \$ 2018-19        | \$ 2019-20        | Total               |
|----------|---|---------------------|-------------------|-------------------|-------------------|---------------------|
| G1       | Unley Central   | 80,000              | 80,000            | 80,000            |                   | <b>240,000</b>      |
| G1       | Main Street Digital Economy Strategy  | 25,000              | 25,000            | 25,000            | 25,000            | <b>100,000</b>      |
| G2       | Annual Events Program   | 100,000             | 105,000           | 105,000           | 110,000           | <b>420,000</b>      |
| G2       | Unley Gourmet Gala (Net)  | 175,900             | 179,000           | 184,000           | 189,000           | <b>727,900</b>      |
| G2       | Tour Down Under   | 70,030              | 71,000            | 73,000            | 75,000            | <b>289,030</b>      |
| G2       | South Parklands Dog Park  | 150,000             | -                 | -                 |                   | <b>150,000</b>      |
| G2       | Healthy Communities Program   | 20,000              | 20,000            | 20,000            | 20,000            | <b>80,000</b>       |
| G2       | New Residents Kit & Community Information Directory                           | 25,000              |                   |                   |                   | <b>25,000</b>       |
| G2       | Disability Discrimination Act Action Plan                                     | 20,000              |                   |                   |                   | <b>20,000</b>       |
| G2       | Age Friendly Strategies   | 15,000              | 10,000            |                   |                   | <b>25,000</b>       |
| G3       | Safer and Effective Designated Unley Cycle Transport Corridors                | 20,000              |                   |                   |                   | <b>20,000</b>       |
| G3       | Investigate opportunities to maximise east – west city transport connectivity | 30,000              |                   |                   |                   | <b>30,000</b>       |
| G4       | Community fruit trees in parks  | 5,000               | 5,000             | 5,000             |                   | <b>15,000</b>       |
| G4       | CRC Water Sensitive Cities  | 10,000              |                   |                   |                   | <b>10,000</b>       |
| G4       | City Wide - Park Tree Risk Assessment Audit and implementation                | 30,000              | 30,000            |                   |                   | <b>60,000</b>       |
| G4       | 2nd Generation Street Tree Planting Program                                   | 75,000              | 75,000            | 75,000            | 75,000            | <b>300,000</b>      |
| G5       | Customer Experience Program   | 98,900              | 101,910           | 104,950           |                   | <b>305,760</b>      |
| G5       | Identification of Encroachments   | 50,000              | -                 | -                 |                   | <b>50,000</b>       |
| G5       | Local Government Elections 2014 (including Induction)                         | -                   | -                 | 194,000           |                   | <b>194,000</b>      |
| G5       | Unallocated   | 82,600              | 36,400            | 36,000            | 174,100           | <b>329,100</b>      |
|          |   | <b>\$ 1,082,430</b> | <b>\$ 738,310</b> | <b>\$ 901,950</b> | <b>\$ 668,100</b> | <b>\$ 2,722,690</b> |



## Appendix C New Capital 4 Year Forward Estimates

| Strategy | Title   | \$ 2016-17       | \$ 2017-18       | \$ 2018-19       | \$ 2019-20       | Total             |
|----------|---|------------------|------------------|------------------|------------------|-------------------|
| G1       | Implementation of Public Lighting & Energy Opportunities              | -                | -                | -                | -                | -                 |
| G1       | Mainstreet Improvement Program  | 130,000          | 130,000          | 130,000          | 130,000          | <b>520,000</b>    |
| G1       | Unley Central - Civic Centre/Barzaar/Community Centre/Mornington Site | -                | -                | -                | -                | -                 |
| G1       | Goodwood Rd Streetscape & Wayfinding Strategy Delivery                | 2,750,000        | -                | -                | -                | <b>2,750,000</b>  |
| G1       | Unley Central - Entrance Oxford Terr from Unley Rd                    | 1,600,000        | -                | -                | -                | <b>1,600,000</b>  |
| G2       | Goodwood Oval/ Millswood Sporting Complex Improvement Plan            | -                | -                | -                | 500,000          | <b>500,000</b>    |
| G2       | Unley Oval Upgrade including Communication                            | -                | -                | -                | 1,500,000        | <b>1,500,000</b>  |
| G2       | Implementation of King William Rd Master Plan                         | 191,000          | 1,500,000        | 1,500,000        | -                | <b>3,191,000</b>  |
| G2       | Ridge Park 5 year improvement plan                                    | -                | -                | -                | -                | -                 |
| G2       | Public Art Strategy Implementation-Pilot Projects                     | 61,000           | 60,000           | 125,000          | -                | <b>246,000</b>    |
| G2       | Events Infrastructure   | 15,000           | -                | -                | -                | <b>15,000</b>     |
| G3       | Local Area Traffic Management Study                                   | 41,200           | 42,450           | 43,730           | 45,111           | <b>172,490</b>    |
| G3       | Traffic Control Devices   | 30,000           | 30,000           | 30,000           | 30,000           | <b>120,000</b>    |
| G3       | Implementation of Local Area Traffic Management Studies               | 103,000          | 106,090          | 109,300          | 112,610          | <b>430,999</b>    |
| G4       | Street Tree Watering Well Program                                     | 68,400           | 71,800           | 74,000           | 76,300           | <b>290,500</b>    |
| G4       | Irrigation Recycled Water   | -                | -                | -                | -                | -                 |
| G4       | Green Infrastructure Implementation                                   | 30,000           | 30,000           | 30,000           | 30,000           | <b>120,000</b>    |
| G4       | Implementation of Stormwater & WSUD Opportunities                     | 50,000           | 50,000           | 50,000           | 50,000           | <b>200,000</b>    |
| G5       | ICT including Asset Management System                                 | 50,000           | 51,250           | 52,530           | 53,800           | <b>207,580</b>    |
| G5       | Project Delivery Costs including Overheads                            | 227,000          | 236,000          | 246,000          | 256,000          | <b>965,000</b>    |
|          | <b>Subtotal excluding BHKC</b>  | <b>5,346,600</b> | <b>2,307,590</b> | <b>2,390,560</b> | <b>2,783,820</b> | <b>12,828,570</b> |
| G4       | Brown Hill Keswick Creek  | 2,786,000        | 1,898,000        | 1,752,000        | 2,107,000        | <b>8,543,000</b>  |
|          | <b>Total New Capital</b>  | <b>8,132,600</b> | <b>4,205,590</b> | <b>4,142,560</b> | <b>4,890,820</b> | <b>21,371,570</b> |

## Appendix D - Capital Replacement 10 Year Expenditure Summary

| Asset Category                              | year 1       | year 2       | year 3       | year 4       | year 5        | year 6       | year 7       | year 8       | year 9       | year 10      |
|---|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|
|   | 2015-16      | 2016-17      | 2017-18      | 2018-19      | 2019-20       | 2020-21      | 2021-22      | 2022-23      | 2023-24      | 2024-25      |
|   | \$'000       | \$'000       | \$'000       | \$'000       | \$'000        | \$'000       | \$'000       | \$'000       | \$'000       | \$'000       |
| Bridges                                     | 100          | 200          | 487          | 565          | 459           | 301          | 509          | 319          | 66           | 68           |
| Buildings                                   | 1,031        | 1,595        | 822          | 847          | 874           | 901          | 929          | 958          | 987          | 1,011        |
| Bus Shelters                                | 40           | 64           | 66           | 68           | 70            | 72           | 74           | 77           | 79           | 81           |
| Car Parks                                   | 20           | 43           | 44           | 45           | 47            | 48           | 50           | 51           | 53           | 54           |
| Drains & Stormwater                         | 500          | 500          | 1,272        | 1,336        | 932           | 961          | 991          | 1,021        | 1,053        | 1,079        |
| Footways                                    | 1,634        | 1,263        | 1,041        | 847          | 774           | 801          | 829          | 858          | 887          | 1,011        |
| IT Equipment                                | 376          | 424          | 400          | 410          | 420           | 430          | 441          | 452          | 463          | 474          |
| Kerb & Water                                | 375          | 425          | 438          | 452          | 466           | 480          | 495          | 511          | 527          | 540          |
| Office Furniture & Equipment includ Library | 320          | 70           | 38           | 40           | 41            | 42           | 44           | 45           | 46           | 47           |
| Plant and Equipment                         | 660          | 829          | 855          | 881          | 909           | 937          | 966          | 996          | 1,027        | 1,052        |
| Public Toilets                              | 50           | 106          | 55           | 57           | 117           | 120          | 124          | 128          | 132          | 135          |
| Reserves/ Recreation and Open Space         | 512          | 478          | 493          | 452          | 466           | 541          | 495          | 511          | 592          | 607          |
| Roads                                       | 1,514        | 1,617        | 1,968        | 1,974        | 4,077         | 1,501        | 1,548        | 1,496        | 1,496        | 1,738        |
| Signs                                       | 16           | 16           | 16           | 17           | 17            | 18           | 19           | 19           | 20           | 20           |
| Streetlighting                              | 26           | 16           | 16           | 17           | 17            | 18           | 19           | 19           | 20           | 20           |
| Streetscape                                 | 100          | 80           | 110          | 85           | 117           | 90           | 124          | 96           | 132          | 135          |
| Swimming Facility                           | 52           | 53           | 55           | 57           | 59            | 248          | 62           | 64           | 66           | 68           |
| Traffic Facilities                          | 26           | 27           | 27           | 28           | 29            | 30           | 31           | 32           | 33           | 34           |
|   | 7,352        | 7,806        | 8,203        | 8,178        | 9,891         | 7,539        | 7,750        | 7,653        | 7,679        | 8,175        |
| Project Delivery Costs                      | 579          | 603          | 627          | 652          | 678           | 705          | 733          | 762          | 793          | 825          |
| <b>Total Expenditure</b>                    | <b>7,931</b> | <b>8,409</b> | <b>8,830</b> | <b>8,830</b> | <b>10,569</b> | <b>8,244</b> | <b>8,483</b> | <b>8,415</b> | <b>8,472</b> | <b>9,000</b> |

## Appendix E – 10 Year Financial Summary

| SUMMARY   | 2014-15<br>Audited<br>\$'000 | 2015-16<br>Base Year<br>\$'000 | 2016-17<br>Year 2<br>\$'000 | 2017-18<br>Year 3<br>\$'000 | 2018-19<br>Year 4<br>\$'000 | 2019-20<br>Year 5<br>\$'000 | 2020-21<br>Year 6<br>\$'000 | 2021-22<br>Year 7<br>\$'000 | 2022-23<br>Year 8<br>\$'000 | 2023-24<br>Year 9<br>\$'000 | 2024-25<br>Year 10<br>\$'000 | Average or Total<br>Over 10 years |
|---|------------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|-----------------------------------|
| Rates Increase (excluding Growth) based on LGPI + 1%        | 4.95%                        | 3.8%                           | 3.7%                        | 3.5%                        | 3.4%                        | 3.4%                        | 3.5%                        | 3.5%                        | 3.5%                        | 3.5%                        | 3.5%                         | 3.51% average                     |
| Rates Growth  | 0.55%                        | 1.2%                           | 0.6%                        | 0.6%                        | 0.6%                        | 0.5%                        | 0.5%                        | 0.5%                        | 0.5%                        | 0.5%                        | 0.5%                         | 0.61%                             |
| Increase in Rates Revenue                                   | 5.50%                        | 4.7%                           | 4.2%                        | 4.0%                        | 4.0%                        | 3.9%                        | 4.0%                        | 4.0%                        | 3.9%                        | 3.9%                        | 4.0%                         | 4.08% average                     |
| General Rates Income  | 34,496                       | 36,114                         | 37,647                      | 39,167                      | 40,722                      | 42,305                      | 44,008                      | 45,758                      | 47,561                      | 49,435                      | 51,391                       |                                   |
| Rates Other   | 316                          | 336                            | 336                         | 336                         | 336                         | 336                         | 336                         | 336                         | 336                         | 336                         | 336                          |                                   |
| All Other Income  | 9,279                        | 7,612                          | 8,516                       | 8,078                       | 8,251                       | 8,162                       | 8,403                       | 8,598                       | 8,804                       | 9,008                       | 9,231                        |                                   |
| Total Income  | 44,091                       | 44,062                         | 46,499                      | 47,581                      | 49,309                      | 50,803                      | 52,747                      | 54,692                      | 56,701                      | 58,779                      | 60,958                       | 52,213                            |
| Finance Costs   | 531                          | 795                            | 1,096                       | 1,037                       | 1,181                       | 1,364                       | 1,660                       | 1,748                       | 1,766                       | 1,747                       | 1,660                        |                                   |
| Depreciation  | 6,448                        | 7,682                          | 8,009                       | 8,323                       | 8,637                       | 8,961                       | 9,309                       | 9,659                       | 10,013                      | 10,376                      | 10,750                       |                                   |
| All Other Expenditure                                       | 33,990                       | 33,400                         | 34,571                      | 35,772                      | 36,945                      | 38,112                      | 39,350                      | 40,715                      | 42,087                      | 43,537                      | 45,041                       |                                   |
| Operating Projects  | -                            | 2,144                          | 1,082                       | 738                         | 902                         | 668                         | 685                         | 702                         | 919                         | 741                         | 759                          |                                   |
| Total Expenditure   | 40,969                       | 44,021                         | 44,758                      | 45,870                      | 47,665                      | 49,105                      | 51,004                      | 52,824                      | 54,785                      | 56,401                      | 58,211                       | 50,464                            |
| Operating Surplus/(Deficit)                                 | 3,122                        | 41                             | 1,741                       | 1,711                       | 1,644                       | 1,698                       | 1,743                       | 1,869                       | 1,916                       | 2,378                       | 2,747                        | 1,749 average                     |
| Principal Repayment of loans                                | 1,200                        | 1,114                          | 1,267                       | 2,817                       | 1,575                       | 1,389                       | 1,738                       | 1,820                       | 1,907                       | 1,997                       | 2,091                        | 17,715 total                      |
| <b>Cash surplus/(deficiency) after principal repayments</b> | 1,922                        | (1,073)                        | 474                         | (1,106)                     | 69                          | 309                         | 5                           | 49                          | 9                           | 382                         | 657                          |                                   |
| <b>Operating Surplus Ratio - Target 3%</b>                  | <b>9.0%</b>                  | <b>0.1%</b>                    | <b>4.6%</b>                 | <b>4.3%</b>                 | <b>4.0%</b>                 | <b>4.0%</b>                 | <b>3.9%</b>                 | <b>4.1%</b>                 | <b>4.0%</b>                 | <b>4.8%</b>                 | <b>5.3%</b>                  | 3.9% total                        |
| <b>\$amount &gt; 3% Operating Surplus</b>                   | 2,079                        | (1,052)                        | 601                         | 526                         | 412                         | 419                         | 412                         | 486                         | 479                         | 885                         | 1,196                        |                                   |
| <b>Asset Sustainability Ratio</b>                           | <b>110.6%</b>                | <b>113.9%</b>                  | <b>105.0%</b>               | <b>106.1%</b>               | <b>102.2%</b>               | <b>117.9%</b>               | <b>88.6%</b>                | <b>87.8%</b>                | <b>84.0%</b>                | <b>81.6%</b>                | <b>83.7%</b>                 | 97.10% average                    |
| <b>Target 100% average over 10 years</b>                    |                              |                                |                             |                             |                             |                             |                             |                             |                             |                             |                              |                                   |
| Capital Replacement less income to be received              | 7,132                        | 8,749                          | 8,409                       | 8,830                       | 8,830                       | 10,569                      | 8,244                       | 8,483                       | 8,415                       | 8,472                       | 9,000                        | 8,800 average                     |
| Capital New less funding to be received                     | 1,836                        | 3,283                          | 8,132                       | 4,205                       | 4,142                       | 4,890                       | 4,389                       | 3,014                       | 3,278                       | 2,973                       | 978                          | 3,929 average                     |
| <b>(Shortfall) / Improvement in cash position</b>           | <b>(598)</b>                 | <b>(5,423)</b>                 | <b>(8,059)</b>              | <b>(5,818)</b>              | <b>(4,266)</b>              | <b>(6,188)</b>              | <b>(3,320)</b>              | <b>(1,789)</b>              | <b>(1,671)</b>              | <b>(688)</b>                | <b>1,428</b>                 |                                   |
| <b>Proposed Fixed Term Borrowings over 15 years</b>         | <b>2,425</b>                 | <b>5,423</b>                   | <b>7,200</b>                | <b>5,800</b>                | <b>4,300</b>                | <b>6,200</b>                | -                           | -                           | -                           | -                           | -                            |                                   |
| <b>Increase/ (reduction) Short term Drawdown</b>            | <b>(1,468)</b>               | <b>0</b>                       | <b>859</b>                  | <b>18</b>                   | <b>(33)</b>                 | <b>(12)</b>                 | <b>3,320</b>                | <b>1,789</b>                | <b>1,671</b>                | <b>688</b>                  | <b>(1,428)</b>               |                                   |
| <b>Net Financial Liabilities Ratio - Current</b>            | <b>36.1%</b>                 | <b>46.1%</b>                   | <b>58.6%</b>                | <b>63.8%</b>                | <b>67.1%</b>                | <b>74.8%</b>                | <b>75.2%</b>                | <b>72.4%</b>                | <b>69.5%</b>                | <b>64.7%</b>                | <b>56.6%</b>                 | 64.9%                             |
| <b>Net Financial Liabilities Ratio - Proposed</b>           | <b>35.2%</b>                 | <b>45.0%</b>                   | <b>57.1%</b>                | <b>62.1%</b>                | <b>65.4%</b>                | <b>72.9%</b>                | <b>73.2%</b>                | <b>70.5%</b>                | <b>67.6%</b>                | <b>63.0%</b>                | <b>55.1%</b>                 | 63.2%                             |
| <b>Target &lt;80%</b>                                       |                              |                                |                             |                             |                             |                             |                             |                             |                             |                             |                              |                                   |
| Fixed Term Borrowings                                       | 6,427                        | 10,716                         | 16,638                      | 19,610                      | 22,324                      | 27,129                      | 25,390                      | 23,569                      | 21,662                      | 19,666                      | 17,575                       |                                   |
| Short Term Borrowings                                       | 4,971                        | 4,080                          | 4,940                       | 4,958                       | 4,925                       | 4,913                       | 8,233                       | 10,022                      | 11,693                      | 12,380                      | 10,952                       |                                   |
|   | 11,398                       | 14,797                         | 21,578                      | 24,568                      | 27,249                      | 32,042                      | 33,623                      | 33,591                      | 33,355                      | 32,046                      | 28,527                       | 28,137 average                    |

## Appendix F – Statutory Uniform Presentation of Finances

| <b>UNIFORM PRESENTATION OF FINANCES</b>   | 2014-15 | 2015-16   | 2016-17 | 2017-18 | 2018-19 | 2019-20  | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---|---------|-----------|---------|---------|---------|----------|---------|---------|---------|---------|---------|
|   | Audited | Base Year | 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  | \$'000  |
| <b>Income</b>   | 44,091  | 44,062    | 46,499  | 47,581  | 49,309  | 50,803   | 52,747  | 54,692  | 56,701  | 58,779  | 60,958  |
| <b>less Expenses</b>  | 40,969  | 44,021    | 44,758  | 45,870  | 47,665  | 49,105   | 51,004  | 52,824  | 54,785  | 56,401  | 58,211  |
| <b>Operating Surplus</b>  | 3,122   | 41        | 1,741   | 1,711   | 1,644   | 1,698    | 1,743   | 1,868   | 1,916   | 2,378   | 2,747   |
| <b>Net Outlays on Existing Assets</b>   |         |           |         |         |         |          |         |         |         |         |         |
| Capital Expenditure on renewal and replacement of existing assets   | (7,518) | (9,003)   | (8,409) | (8,830) | (8,830) | (10,569) | (8,244) | (8,483) | (8,415) | (8,472) | (9,000) |
| Depreciation, amortisation & impairment   | 6,448   | 7,682     | 8,009   | 8,323   | 8,637   | 8,961    | 9,309   | 9,659   | 10,013  | 10,376  | 10,750  |
| Proceeds from the Sale of Replaced Assets   | 386     | 254       | 0       | 0       | 0       | 0        | 0       | 0       | 0       | 0       | 0       |
|   | (684)   | (1,067)   | (400)   | (507)   | (193)   | (1,608)  | 1,065   | 1,176   | 1,598   | 1,904   | 1,750   |
| <b>Net Outlays in New and Upgraded Assets</b>   |         |           |         |         |         |          |         |         |         |         |         |
| Capital Expenditure on New or Upgraded Assets   | (3,313) | (3,633)   | (8,132) | (4,205) | (4,142) | (4,890)  | (4,389) | (3,014) | (3,278) | (2,973) | (978)   |
| Amounts received specifically for New and Upgraded Assets   | 1,477   | 350       | 0       | 0       | 0       | 0        | 0       | 0       | 0       | 0       | 0       |
|   | (1,836) | (3,283)   | (8,132) | (4,205) | (4,142) | (4,890)  | (4,389) | (3,014) | (3,278) | (2,973) | (978)   |
| <b>Net Lending/ (Borrowing) for Financial Year</b>  | 602     | (4,309)   | (6,791) | (3,002) | (2,691) | (4,800)  | (1,582) | 31      | 236     | 1,309   | 3,519   |
| In any one year, the financing transactions identified below are associated with either applying surplus funds from a net lending result or accommodating the funding requirements from a net borrowing result. |         |           |         |         |         |          |         |         |         |         |         |
| <b>Financing Transactions</b>   |         |           |         |         |         |          |         |         |         |         |         |
| New Borrowings  | 2,425   | 5,423     | 7,200   | 5,800   | 4,300   | 6,200    | 0       | 0       | 0       | 0       | 0       |
| Increase / (Decrease) in Short Term Draw Down   | (492)   | 0         | 859     | 18      | (34)    | (12)     | 3,320   | 1,789   | 1,671   | 688     | (1,428) |
| Principal Repayments on Borrowings  | (1,229) | (1,134)   | (1,278) | (2,828) | (1,586) | (1,395)  | (1,739) | (1,821) | (1,907) | (1,997) | (2,091) |
| Other Movements   | (1,335) | 0         | 0       | 0       | 0       | 0        | 0       | 0       | 0       | 0       | 0       |
| Loans repaid to us  | 29      | 20        | 11      | 11      | 11      | 6        | 1       | 1       | 0       | 0       | 0       |
|   | (602)   | 4,309     | 6,791   | 3,002   | 2,691   | 4,800    | 1,582   | (31)    | (236)   | (1,309) | (3,519) |

## Appendix G - Services provided to the Community

The *Local Government Act 1999* prescribes a system of local government to enable councils to govern and manage areas at a local level.

All councils have basic responsibilities under the Local Government Act and other relevant legislation. These include:

- Regulatory activities, including voters' roll maintenance and Elected Members' support
- Determining longer term strategic management and management plans, financial plans, infrastructure and asset management plans and policies and procedures
- Setting rates, preparing an Annual Business Plan and Budget
- Management of basic infrastructure including roads, footpaths, parks, public open space, street lighting and stormwater drainage
- Street cleaning and rubbish collection
- Development planning and control, including building safety assessment
- Provision of various environmental health services.

In response to community needs, Council provides the following services and programs:

- Aged and Social Care
- Animal Management
- Environmental Management
- Community Development
- Community Engagement
- Community Services
- Community Transport
- Community Event Programs
- Corporate Services
- Recreation and Open Space Management
- Environmental Management
- Economic Development
- Urban Policy and Planning
- Library Services
- Sustainable Landscapes
- Parking Control
- Community Centres
- Volunteers
- Sport and Recreation
- Youth Development
- Museum.

The Council also maintains a number of facilities and services on a fee for service basis, some of which are subsidised and include:

- Unley Swimming Centre
- Home & Community Care (HACC) Program
- Ovals, courts, parks and reserves for hire
- Community Bus Service
- Halls for hire.

Council anticipates that existing service levels of all continuing services from 2015-16 will be maintained during the period of the LTFP.

## Appendix H - Glossary

**CPI (Consumer Price Index)** - The historical changes in the cost of a typical metropolitan household 'basket' of goods and services, prepared by the Australian Bureau of Statistics. (ABS).

**Depreciation** - The annual decline in the value of a council's non-financial assets (inventories, buildings, infrastructure, equipment, etc) due to the usage (and so deterioration) of those assets.

**Financial Assets** - Cash, investments, loans to community groups, receivables and prepayments, but excludes equity held in Council businesses, inventories and assets held for sale.

**Financial Governance** – The process by which an elected council meets its accountability obligations for the sustainability of council finances.

**Financial Performance** – The state of a council's annual operating statement (ie. the surplus or deficit between its annual spending and revenue).

**Financial Position** – The state of a council's balance sheet (ie. the composition of its assets and liabilities).

**Forward Estimates** - Forward estimates period refers to the four years following the budget year.

**Infrastructure Asset Management Plan** - A Plan that demonstrates responsive management of assets (and services provided from assets), compliance with regulatory requirements and to communicate the funding requirements to provide the required levels of service.

**Infrastructure** – Comprises the assets needed to provide people with access to facilities and services (roads, footpaths, open space etc).

**Intergenerational Equity** - Intergenerational equity (or fairness) involves the costs associated with expenditure being spread over time in accordance with the distribution of the benefits that are generated from that expenditure.

**LGPI (Local Government Price Index)** - Represents the movement in the price of goods and services consumed by Local Government in South Australia, prepared by the South Australian Centre for Economic Studies (SACES).

**LTFP** – Long Term Financial Plan.

**New Capital** - Where assets or infrastructure are added to Council's existing asset stock, or the component of an existing asset that provides additional capabilities or service.

**Net Financial Liabilities** – The financial obligations of a council to other sectors of the economy. This is calculated as total liabilities less financial liabilities (cash and amounts receivable).

**Net Interest Costs** – Total net interest paid.

**Operating Projects** - Projects, programs or services provided for the first time that may have consequences on future Council budgets, or a one-off or short term in nature. In addition, Operating Projects include programs/projects that are aligned to key Council strategies but are not core Council services/activities and there is some discretion in delivery over the medium term. Highlighting these as Operating Projects provides transparency to Elected Members and the Community.

**Operating Surplus** - Where Council's operating income is greater than its operating expenses.

**Operating Deficit** – Occurs where a council's total annual expenses exceed its total annual income, meaning that costs are being transferred from today's ratepayers to tomorrow's ratepayers (leaving to a diminished intergenerational equity).

**Recurrent costs** - Provision for core services provided by Council on a day to day basis. Includes income and expenses of an administrative, maintenance or legislative nature.

**Replacement Capital** – Expenditure on renewal or replacement of existing assets having their service life extended through repair or replacement. This does NOT include expenditure on new assets or asset upgrades.

**Strategic Asset Management Plans (SAMP)** – see Infrastructure Asset Management Plan.

**Total Operating Revenue** – Total revenue as shown on Council's annual financial statements.