

Long Term Financial Plan 2020-21 to 2029-30

Adopted 27 July 2020.

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Executive Summary

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

In accordance with Section 122(1)(a) of the *Local Government Act 1999*, (the Act), 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 2020-21 to 2029-30, 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 LTFP has been developed based on a series of assumptions and information available, which includes:

- Council's Community Plan (City of Unley Community Plan 2033)
- Council's 4 Year Plan 2017-2021
- 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 LTFP (from 2020-21 to 2029-30):

LTFP Averages	
General Rate Increase	1.86%
General Rates Growth	0.59%
Total Increase in Revenue from Rates	2.45%
Operating Income	55,486
Operating Expenses	52,789
Operating Surplus	\$2,697
Operating Surplus Ratio	4.8%
Net Financial Liabilities Ratio	26%
Asset Renewal Funding Ratio to Depreciation	80%
LTFP Totals	
Capital Replacement Expenditure	\$83.5m
New Capital Expenditure	\$30.4m
Total Capital Expenditure	\$113.9m
At Year 10 (2029-30)	
Total Borrowings	Nil

Strategic Context

In accordance with Section 122 (1a) of the Act, 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 to help ensure 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.

The Long Term Financial Plan has been prepared excluding the equity accounted businesses of Council, namely the Centennial Park Cemetery Authority and the Brown Hill Creek Stormwater Management Board.

Council's Community Plan and Long Term Objectives

Our city is recognised for its enviable lifestyle, environment, business strength and civic leadership. Our plans are broken into four key themes that describe the future for the City together with strategic directions and strategies required to deliver key outcomes.

The themes are as follows:

Community Living

People value our City with its enviable lifestyle, activities, facilities and services

- *Our Community is active, healthy and feels safe.*
- *Our Community participates in volunteering, community activities and learning opportunities.*
- *Our City meets the needs of all generations.*
- *Our Community is proud to be part of our City.*
- *Our City is connected and accessible.*

Environmental Stewardship

We will maintain and enhance our urban environment, and strengthen our City's resilience to climate change by providing leadership to our Community.

- *Unley's urban forest is improved and maintained*
- *Excellence in waste management is achieved through diversion, avoidance and re-use.*
- *The energy efficiency of the City is increased and our carbon footprint reduced.*
- *Efficient, effective & sustainable water management is ensured.*
- *The City's resilience to changes in climate is increased.*

Economic Prosperity

Our businesses are valued because of the range of goods, services and facilities they provide and new businesses are supported, not burdened with bureaucracy.

- *Unley is recognised as an easy place to do business.*
- *Thriving main streets and other business activities operate across our City.*

Civic Leadership

Council will listen to the community and make transparent decisions for the long term benefit of the City

- *We have strong leadership & governance.*
- *Council provides best value services to the community.*
- *Our business systems are effective and transparent.*

Long Term Financial Plan Commentary

The 10 Year Financial Summary (Appendix C) forecasts modest operating surplus results ranging from \$1.3m to \$2.6m over the first five years of the LTFP, building some financial capacity in the following six years with results ranging from \$2.8 to \$4.0m. This can be attributed to Council opting to not raise rates in year 1 of the plan in recognition of the financial difficulties being experienced by the community due to the COVID-19 pandemic.

Over the life of the LTFP, rate revenue continues to represent approximately 86% of Council's operating revenue each year. During the forecast period, rate revenue is projected to increase between 0.71% pa in 2020-21 and 3.1% pa. in 2027-28. These forecasts represent Consumer Price Index increases with an allowance for rates growth in the assessment book. Growth being represented by an increase in rateable properties and an increase in property valuations over the forecast period. Growth is expected to range from 0.5% to 0.72% during the period.

Over the forecast period total capital expenditure for all asset classes, including infrastructure, major and minor plant and equipment in CPI inflated terms is comprised:

- Asset renewal \$83.5m
- Asset upgrade/new \$30.3m

The Plan forecasts that all known capital commitments can be met from existing financial resources without the need to borrow. As a result, total borrowings are forecast to decrease from an estimated \$14.6m in 2020-21 to being fully repaid in 2027-2028.

Capital Projects

This plan provides for a total capital investment of \$114m over the 10-year period, split between New Capital of \$30m and Capital Renewal of \$84m.

New Capital

Major projects relating to new and upgraded assets include:

- Brown Hill Keswick Creek annual contributions to a regional project
- Implementation of Local Area Traffic Management (LATM)
- Redevelopment of Millswood Croquet Club facilities
- Redevelopment of the Edmund Avenue Cottages
- Redevelopment of Ridge Park

Capital Renewal Expenditure

Work towards the new approach to asset management driven from a service perspective is being implemented. This review will ensure that in future the management of assets will be based on the declared levels of service for each specific asset which 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 renewal, 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 Renewal Expenditure Summary by Asset Category is shown at Appendix B.

What is Financial Sustainability?

In 2005, an independent inquiry into the financial sustainability of local government was undertaken by the Local Government Association. 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	=>5% of Total Operating Revenue
Net Financial Liabilities Ratio	< 80% of Total Operating Revenue
Asset Renewal Funding 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 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 renewal will be in accordance with Council’s Asset Management Plans.

The plan considers economic data from the following sources:

- Local Government Finance Authority;
- Reserve Bank of Australia;
- The Local Government Price Index (LGPI);
- Consumer Price Index (CPI)

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 and Fee for Service opportunities
- Treasury Management Policy
- New Asset Management Framework and System
- Risk 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 Plans
- 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 Delivery Plan, endorsed strategies and Council decisions)
- Use of CPI forecasts
- The use of borrowings to fund New Capital projects as necessary
- Consideration of legislative and regulated requirements of Council.

Further information about the assumptions are listed in Appendix A

Risks Associated with the Long Term Financial Plan

The LTFP has been developed based on the best information and assumptions available at the time of development. 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.

The LTFP may be impacted by future changes such as new legislation that could materially affect the projected outcomes and results of the LTFP. Changes in Government Policy may also impact on Council's financial position and performance. This may be particularly relevant as the current State Government is developing a reform package for local government.

At the time of preparing this Plan our community is dealing with the impacts of the global health pandemic COVID-19. This event is having unprecedented impacts on the health, wellbeing, economic and financial capacity of individuals and organisations locally, nationally and globally. Whilst the Council is being guided by information and current directives from our federal and state governments, peak health agencies and medical experts to inform our decisions the extent and financial impacts on the Council are very difficult to predict.

Whilst the financial impact of some Council decisions in dealing with the pandemic can be estimated over the short term, ie 3 to 6 months, the long term impact is unknown.

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

Further, to ensure that this LTFP is timely and relevant to Council forecasts, the LTFP will be reviewed annually prior to the commencement of the Annual Business Plan and Budget process. This will help determine the financial parameters and rate increases for the upcoming financial year.

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 the following key financial ratios;

1. Operating Surplus Ratio,
2. Net Financial Liabilities Ratio and
3. Asset Sustainability Ratio

These indicators are to be presented in a manner consistent with the note in the industry recognised Model Financial Statements.

Council has adopted 3 key financial targets relating to these required ratios to guide the direction of the LTFP.

Financial Indicators Trend

		Forward Estimates			
Indicator	Target	2020-21 %	2021-22 %	2022-23 %	2023-24 %
Operating Surplus Ratio	= >5% of Total Operating Revenue	2.6%	3.3%	3.8%	4.3%
Net Financial Liabilities Ratio	< 80% of Total Operating Revenue	49.2%	45.3%	41.3%	36.1%
Asset Renewal Funding Ratio*	=100% as an average over 10 years	79.9%	82.7%	82.8%	80.6%

* This indicator has been calculated using depreciation

The longer term trends are presented and discussed below:

Target 1: Operating Surplus Ratio

This ratio is a measure of the ability to cover operational costs and have revenues available for capital funding, repayment of debt or consider the provision of new services.

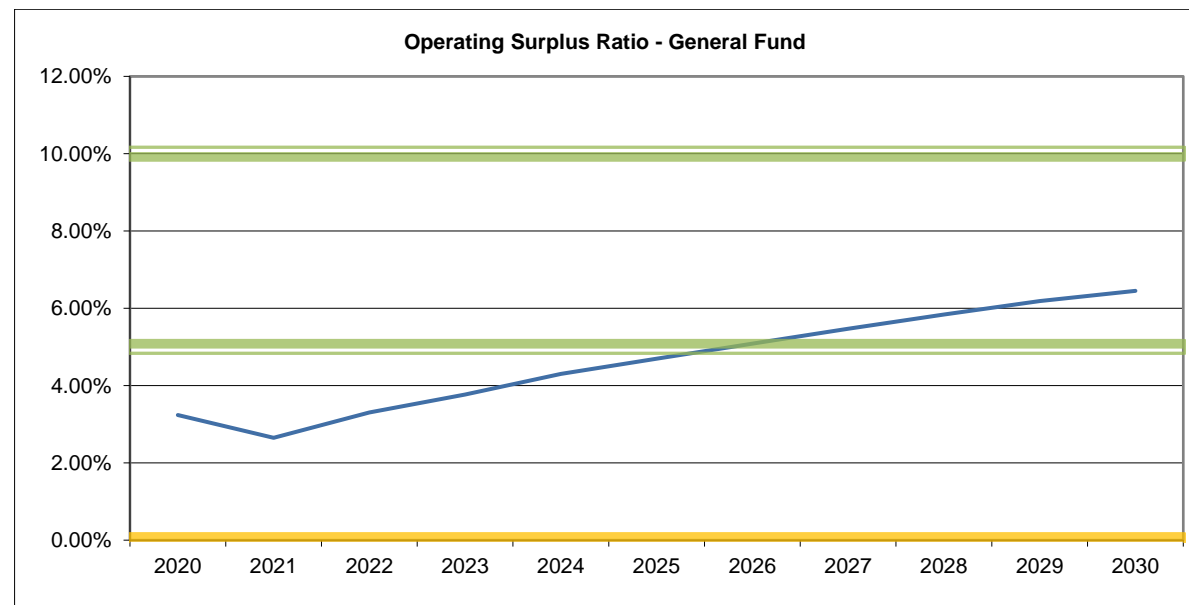
How is this ratio calculated?

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

A= Operating Surplus
B= Total Revenue

What is the LTFP Target?

5% Of Total Revenue



Commentary on Projected Performance

In 2020-21 the operating surplus ratio target of 5% will not be achieved. Council has chosen not to increase rates in 2020-21 in order to provide financial relief for ratepayers due to the impact of COVID-19 pandemic. The operating surplus returns to the targeted 5% in 2026.

Target 2: Net Financial Liabilities Ratio

This **ratio** is a measure of the significance of the **net** amount owed by Council at the end of a financial year compared with income for the year.

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.

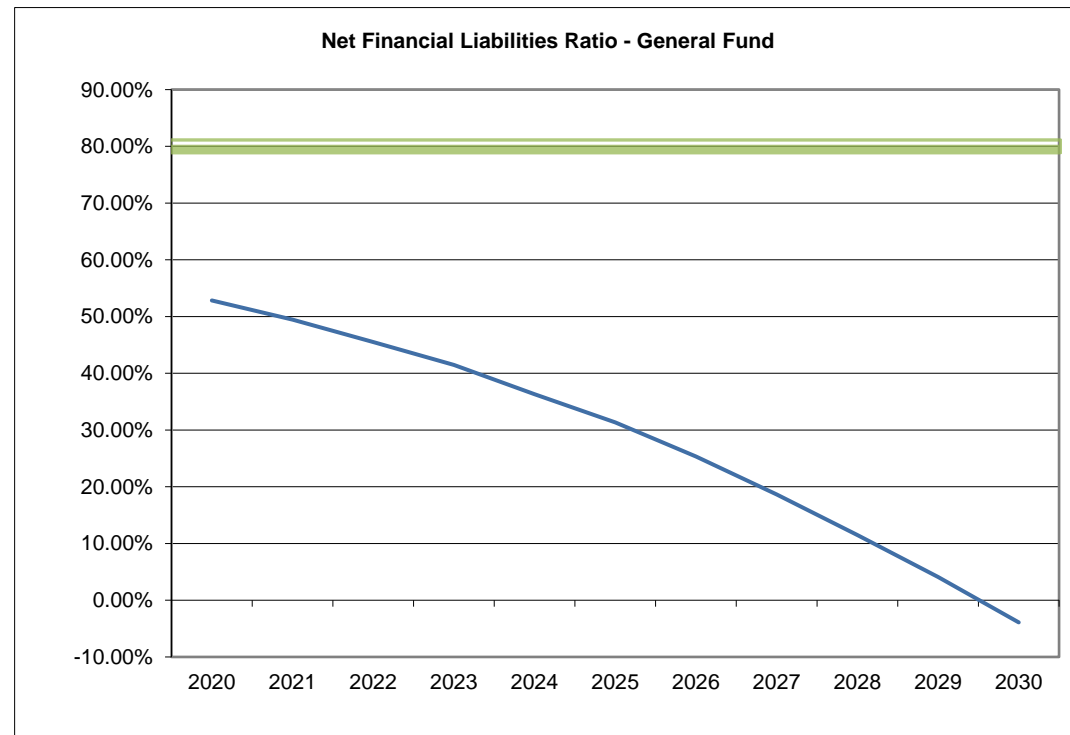
How is this ratio calculated?

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

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 undertook higher than usual borrowings during 2019-2020 to accommodate the King William Road Redevelopment. The LTFP forecasts that future capital expenditure can be financed from internal resources, no new borrowings will be required, therefore Council's Net Financial liabilities will reduce over the period.

Target 3: Asset Renewal Funding Ratio

This ratio represents the level of capital expenditure on the renewal of assets relative to the level of such expenditure identified as warranted in a council's infrastructure and asset management plan.

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

How is this ratio calculated?

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

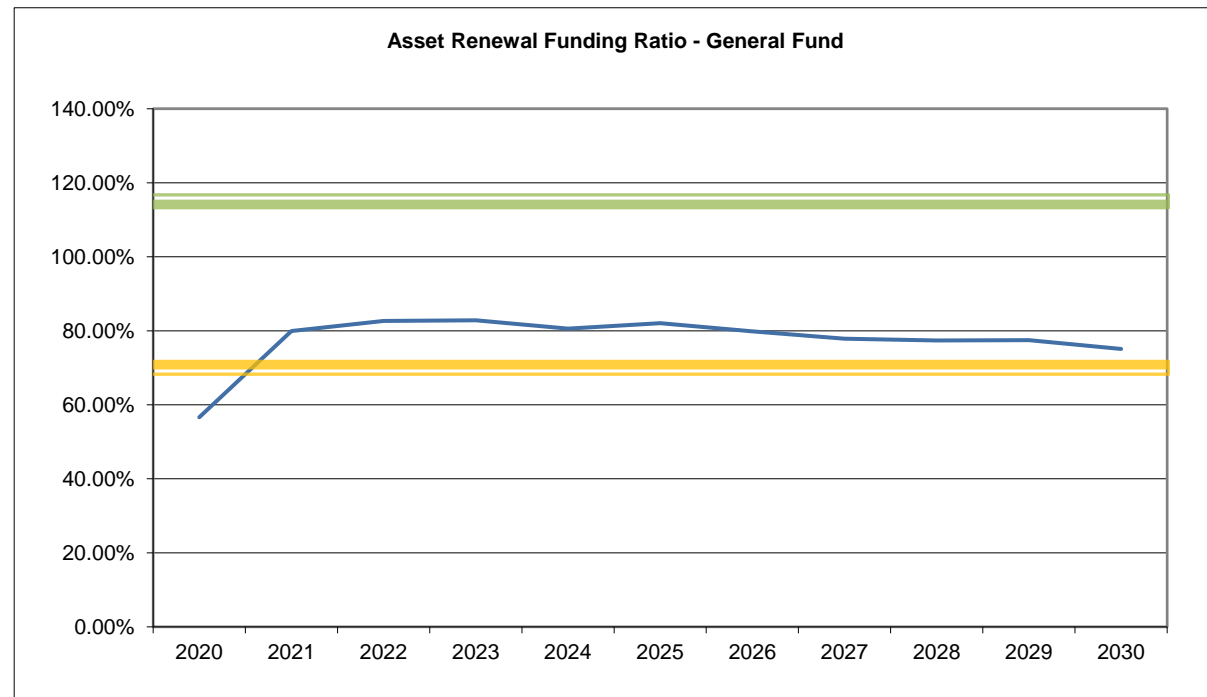
A= Capital Renewal Expenditure

B = Proceeds from the Sale of Replacement Assets

C = Asset Management Plan Expenditure

What is the LTFP Target?

= 100% over a 10 year average



Commentary on Projected Performance

The Asset Management Plans are currently being reviewed. In the absence of this information the level of renewal of its existing assets is being compared to depreciation. The forecast level of expenditure is consistently low when compared to depreciation over the period. At the next review of the LTFP it is expected that this result will change.

Appendix A - LTFP Assumptions

Financial Year Explanation

Year	Financial Year
Year 0	2019-20 Budget (as at Review #2)
Year 1 Base	2020-21 Budget
Year 2	2021-22
Year 3	2022-23
Year 4	2023-24
Year 5	2024-25
Year 6	2025-26
Year 7	2026-27
Year 8	2027-28
Year 9	2028-29
Year 10	2029-30

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
- Regional Landscape Levy
- Utility costs
- Interest costs
- Workforce planning
- Increased compliance costs through new legislation
- Federal & State Government Policy
- Broader economic environment
- COVID-19 community pandemic

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 D**

Assumptions Table

Year	Financial Year	CPI	Fixed Loan Rate	CAD Rate	Increase in Rates	Rate Growth	Increase in Rate Revenue
1 Base	2020-21	2.00%	4.0%	2.7%	0.00%	0.50%	0.50%
2	2021-22	1.10%	4.0%	2.7%	1.10%	0.72%	1.82%
3	2022-23	1.40%	4.0%	2.7%	1.40%	0.72%	2.12%
4	2023-24	1.90%	4.0%	2.7%	1.90%	0.72%	2.62%
5	2024-25	2.20%	4.0%	2.7%	2.20%	0.50%	2.70%
6	2025-26	2.20%	4.4%	2.7%	2.20%	0.50%	2.70%
7	2026-27	2.40%	4.4%	2.7%	2.40%	0.50%	2.90%
8	2027-28	2.60%	4.4%	2.7%	2.60%	0.50%	3.10%
9	2028-29	2.50%	4.4%	2.7%	2.50%	0.50%	3.00%
10	2029-30	2.30%	4.4%	2.7%	2.30%	0.50%	2.80%
Average		2.06%	4.20%	2.70%	1.86%	0.57%	2.43%

¹ **Source:** CPI as per ABS (Adelaide December 2020) & then forecast per Access Economics

² **Source:** Fixed Loan Rate & CAD Rate as per LGFA

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 and CPI.

Over the life of this LTFP Council has considered an increase of CPI, which has been estimated to range between 1.10% and 2.60%, to maintain desired services and servicing of its proposed debt. In response to the financial impact of COVID-19 on our community the Council is proposing not to raise general rate revenue for the 2020-21 financial year other than accepting the natural revenue increase through growth in the assessment book valuations.

Council has approximately 490 SA Housing Trust properties within its boundaries. No adjustment has been made for any transfer of these properties to housing associations. Future transfers will decrease rate revenue as they will attract a considerable rate rebate.

Rates Growth

Rates Growth has been 0.5% to 0.75% over a number of years.

Rates growth of between 0.5% and 0.72% has been assumed for the ten year plan

Grants, Subsidies and Contributions

Grants, Subsidies 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.

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, minimal 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 fees collected for the use of Council facilities or services in a fee for use type arrangement. These have been increased by CPI based on the assumption that they need to appropriately cover cost increases.

The extent of the impact from the COVID-19 pandemic is unknown at this stage. The impact on user charges is expected to be short term and any impact will be considered when Council reviews its budget.

All other revenue

Reimbursements and other revenue increases have been assumed as forecast CPI.

Operating Expenditure

Finance Costs

There are two components to finance costs. The first being the interest on existing credit foncier loans (fixed term and fixed repayment basis) and this is obtained from the current loan schedule. The second is the interest incurred when drawing down on Council's Cash Advance facility. Council has two Cash Advance facilities in place to manage cash flow commitments. The LTFP has factored a rate of 2.7% for the duration of the plan.

Employee Costs

The base budget for employee costs is linked to the current Enterprise Bargaining Agreements. At the end of the agreements employee costs are based on maintaining an increase in the order of 2%.

Depreciation

Depreciation in the base year is as per the 2020-21 Budget. It has been adjusted by the CPI 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 CPI to reflect the increase of external service provision trends on existing service levels.

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.

The level of Operating Project Expenditure has been linked to CPI.

Funding

Capital Grants and Contributions

Capital Grants and Contributions have been based on confirmed external agency funding levels. As a result, no capital grants 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. No provision has been made for trade-in transactions in the plan.

Capital Renewal

Council's asset renewal program in this LTFP has been based on updated information received from Council's Assets Team.

An approach to asset management driven from a service perspective is currently being introduced to Council based more directly on the declared levels of service for each specific asset.

New Capital

Currently Council's capital contribution towards the Brown Hill Keswick Creek Board (BHKC) accounts for most of the funding allocation in the LTFP.

Loans & Borrowings

Repayment of existing loans has been extracted from the current loan schedule.

The LTFP assumption indicates that no additional funding through borrowings is required to meet New Capital commitments in the future.

The LGFA Cash Advance Debenture (CAD) Facility will continue to be used to balance funding requirements in terms of borrowings.

Interests in Other Entities

No provision for the effect of Council's interest in other entities have been made in the plan. Council has an equity interest in Centennial Park Cemetery Authority and the Brown Hill Keswick Creek Regional Subsidiaries.

Appendix B - Capital Renewal - 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
	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	2026-27 \$'000	2027-28 \$'000	2028-29 \$'000	2029-30 \$'000
Bridges	0	0	0	0	30	220	0	0	30	250
Buildings	930	860	900	900	950	850	800	920	1,100	875
Bus Shelters	40	40	10	25	10	25	10	25	10	25
Car Parks	20	20	20	20	30	32	34	36	38	20
Drains & Stormwater	940	961	991	1,021	1,053	900	1,000	1,000	1,000	900
Footways	510	520	530	540	550	560	570	580	590	600
IT Equipment	550	680	541	552	563	574	586	602	602	600
Kerb & Water	900	920	940	960	980	980	980	980	980	980
Office Furniture & Equipment includ Library	41	42	44	45	46	47	49	51	51	51
Plant and Equipment	840	937	966	996	1,027	1,052	1,084	1,012	1,012	1,020
Public Toilets	80	82	85	90	95	10	10	10	10	12
Reserves/ Recreation and Open Space	466	541	495	511	592	607	625	630	630	640
Roads (Reconstruction & Reseal)	1,400	1,420	1,440	1,480	1,500	1,520	1,540	1,560	1,580	1,600
Signs	32	18	19	19	20	20	21	21	21	22
Streetlighting	20	20	20	20	20	21	21	21	21	21
Streetscape	117	90	124	96	110	115	115	115	115	115
Swimming Facility	56	54	250	58	58	58	120	120	70	72
Traffic Facilities	29	30	31	32	33	34	35	36	36	40
	6,971	7,235	7,406	7,365	7,667	7,625	7,600	7,719	7,896	7,843
Project Delivery Costs (+11% Overhead)	622	796	815	810	843	839	836	849	869	862
Total Expenditure	7,593	8,031	8,221	8,175	8,510	8,464	8,436	8,568	8,765	8,705

Appendix C – 10 Year Financial Summary

10-Year Financial Summary												
SUMMARY	2018-19 Audited	2019-20 Base Year	2020-21 Year 1	2021-22 Year 2	2022-23 Year 3	2023-24 Year 4	2024-25 Year 5	2025-26 Year 6	2026-27 Year 7	2027-28 Year 8	2028-29 Year 9	2029-30 Year 10
Rates Increase based on CPI	2.25%	2.00%	0.00%	1.10%	1.40%	1.90%	2.20%	2.20%	2.40%	2.60%	2.50%	2.30%
Rates Growth	0.72%	0.72%	0.71%	0.72%	0.72%	0.72%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Increase in Rates Revenue	2.97%	2.72%	0.71%	1.82%	2.12%	2.62%	2.70%	2.70%	2.90%	3.10%	3.00%	2.80%
General Rates Income	41,336,000	42,500,173	42,247,791	43,494,023	44,416,096	45,579,798	46,810,453	48,074,335	49,468,491	51,002,014	52,532,074	54,002,972
All Other Income	9,542,000	7,223,939	7,468,346	7,373,486	7,435,252	7,520,218	7,620,452	7,722,889	7,837,088	7,963,762	8,088,733	8,206,588
Total Income	50,878,000	49,724,112	49,716,137	50,867,509	51,851,349	53,100,016	54,430,904	55,797,224	57,305,578	58,965,776	60,620,808	62,209,560
Employee Costs	16,596,000	18,111,123	18,544,250	18,690,640	18,952,309	19,312,403	19,737,275	20,171,495	20,655,611	21,192,657	21,722,474	22,222,091
Materials, Contracts & Other Expenses	20,337,000	18,825,467	19,178,614	19,506,545	19,779,637	20,155,450	20,598,870	21,052,045	21,557,295	22,117,784	22,670,729	23,192,155
Depreciation, Amortisation & Impairment	9,038,000	9,400,000	9,500,000	9,713,750	9,924,215	10,144,753	10,369,252	10,597,440	10,831,848	11,071,070	11,315,411	11,593,433
Finance Costs	161,000	415,035	503,860	276,900	227,398	169,547	114,254	59,180	20,260	6,762	-	-
Operating Projects	-	1,229,001	673,000	1,000,000	1,014,000	1,033,266	1,055,998	1,079,230	1,105,131	1,133,865	1,162,211	1,188,942
Total Expenditure	46,132,000	47,980,626	48,399,724	49,187,835	49,897,559	50,815,420	51,875,649	52,959,391	54,170,146	55,522,137	56,870,825	58,196,621
Operating Surplus/(Deficit)	4,746,000	1,743,486	1,316,413	1,679,674	1,953,790	2,284,596	2,555,255	2,837,834	3,135,432	3,443,639	3,749,983	4,012,939
Principal Repayment of loans	218,225	227,041	236,214	245,757	255,685	266,015	276,762	285,035	2,908	-	-	-
Cash surplus/(deficiency) after principal repayments	4,527,775	1,516,445	1,080,200	1,433,917	1,698,104	2,018,581	2,278,493	2,552,798	3,132,524	3,443,639	3,749,983	4,012,939
Operating Surplus Ratio	9.3%	3.5%	2.6%	3.3%	3.8%	4.3%	4.7%	5.1%	5.5%	5.8%	6.2%	6.5%
Target 5%												
Asset Renewal Funding Ratio	139.05%	50.5%	79.9%	82.7%	82.8%	80.6%	82.1%	79.9%	77.9%	77.4%	77.5%	75.1%
Target 100% average over 10 years												
Capital Replacement less income to be received	12,567,000	4,746,342	7,593,000	8,031,000	8,221,000	8,175,000	8,510,000	8,464,000	8,436,000	8,568,000	8,765,000	8,705,000
Capital New less funding to be received	2,413,000	18,236,701	2,335,508	2,927,342	3,025,145	3,064,631	3,248,961	3,133,307	3,191,134	3,162,221	3,176,677	3,169,449
(Shortfall) / Improvement in cash position	(1,414,225)	(12,066,598)	651,692	189,325	376,174	923,703	888,783	1,552,931	2,337,239	2,784,487	3,123,716	3,731,922
Fixed Term Borrowings	1,568,376	1,332,163	1,086,406	830,721	564,706	287,944	2,909	0	0	0	0	0
Cash Advance Debenture (CAD Borrowings)	944,000	13,581,837	13,557,488	12,472,917	11,012,074	8,953,033	6,879,668	4,113,425	497,425	0	0	0
Net Financial Liabilities Ratio	28.00%	52.84%	49.20%	45.36%	41.32%	36.16%	31.19%	25.20%	18.52%	11.36%	3.98%	-4.03%
Target <80%												

Appendix D - 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 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, and
- Provision of various environmental health services.

In response to community needs, Council also provides the following services and programs, over and above those listed above, including:

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

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
- Commonwealth Home Support Program (CHSP)
- Ovals, courts, parks and reserves for hire.
- Community Bus Service
- Halls for hire

Appendix E - 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 (leading 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.

Renewal 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.

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