

2022- 23 Long Term Financial Plan



Adelaide Hills
COUNCIL

Long Term Financial Plan

Feb 2022

Why does Council prepare a Long Term Financial Plan (LTFP)?

The *Local Government Act 1999* requires Council to prepare a Long Term Financial Plan (LTFP) as part of its Strategic Management Plans. Council considers that its Long Term Financial Plan (LTFP) is a fundamental instrument of accountability and provides projections for Council's planned activities over a ten year timeframe.

It ensures that financial resources are deployed in areas that align with Council's Strategic Management Plans, are affordable and supported within the Council's LTFP.

The LTFP provides Council with a decision making tool that ensures there is an understanding of the impact of decisions made today on future sustainability. This means ensuring the cost effective delivery of works and services, and the appropriate maintenance and renewal of our asset base in a financially sustainable manner.

The LTFP contains estimated financials over a ten year period and includes estimates of the key ratios which are operating surplus, net financial liabilities and asset renewal funding ratios. This projection of estimates creates a model that illustrates the expected long term financial performance of the Council, and hence whether financial sustainability is being achieved.

The model is a complex and fluid document, continually reviewed, modified and refined as new information is discovered. This is usually at each quarterly Budget Review and during the construction and adoption of Council's Annual Budget.

The plan does not provide specific detail about individual works or services, as this level of detail is addressed in the Annual Business Plan and Budget.

The key objective of Council's LTFP is financial sustainability in the medium to long term, while still achieving Council's corporate objectives as specified in its Strategic Plan, Corporate Plans and Functional Strategies.

How does Council prepare the plan?

The 10 year LTFP is prepared using a number of assumptions about projected rate income, projected fees, charges and grants and also includes assumptions about future operational and capital expenditure. As the plans are derived from an estimate of future performance, the actual results are likely to vary from the information contained in this LTFP.

Calculating a sustainable Long Term Financial Plan

The LTFP calculations are based on a complex model which is built on a very large range of variables applied to its performance in recent years. In order to use it to guide each year's budget setting process, the key variables have been divided into two groups:

- *Controllable variables* – items that Council and/or Council's Administration can control such as service levels, capital expenditure, rate increases and wage increases
- *Non-controllable variables* – items outside Council's control, such as interest rates, inflation and economic growth (eg. residential development, new businesses, etc) as well as government fees and charges/imposts such as the Solid Waste Levy.

For controllable variables, Council is able to change different variables up or down to see what effect they have on financial performance. The long term effects of each decision can then be assessed.

For non-controllable variables, the plan uses reasonable long term estimates which do not change (except to update them at the beginning of each budget cycle). In this way the impact of different choices about the variables in the model can be better assessed.

For example: Inflation which is measured by the Local Government Price Index (LGPI) for Councils has fluctuated substantially in recent years. Because inflation works differently on different elements of Council's income and expense it can easily distort the LTFP, especially in later years. If the distortion negatively impacted the LTFP, Council could assess which controllable variables could be adjusted to keep the plan sustainable.

Key considerations incorporated in the current LTFP review

As part of the development of the 2022-23 LTFP, a full day workshop of Council was held in February 2022 to:

- understand a number of emerging pressures and proposed new strategies
- consider the establishment of a detailed savings & efficiency strategy
- review revenue options (recognising limited capacity outside of rates and statutory charges)
- consider options to reduce and reset capital expenditure and therefore reduce maintenance and interest costs

Feedback from the workshop session has resulted in the incorporation in the draft 2022-23 LTFP of the financial impact of:

- a number of new strategies including Community & Recreation Facilities Framework and trail strategy operational costs
- the adoption of a detailed savings & efficiency strategy to improve Council's Operating Surplus over the period of the LTFP
- locking in a \$3m capital carry forward within the LTFP model while acknowledging that the adopted Annual Business Plan would still maintain the full budget allocation
- still maintaining the indexation of rates **from 2023-24** relative to the Local Government Price Index

Once the above elements were factored in, LTFP modelling showed that Council's operating surplus had improved from that previously projected and therefore Council had increased its flexibility to better absorb the financial impacts of events such as bushfires and pandemics without significantly impacting on the delivery of Council's Strategic Plan outcomes and the full range of services and activities.

The draft 2022-23 LTFP does not propose any changes to revenue assumptions other than adjusting for changes in economic indices and Council anticipates that existing service levels of all continuing services from 2021-22 will be maintained.

Further it is proposed that the financial sustainability targets also remain unchanged from the previously adopted LTFP.

Local Government Price Index (LGPI)

The Consumer Price Index (CPI) is calculated using the mix of goods and services typically consumed by households, however the mix of goods and services purchased by Local Councils is quite different. Council's major expenditure purchases include waste disposal and processing, solid waste levy, arboriculture services, maintenance for infrastructure including bitumen and other materials, insurance, energy, diesel and water as well as employment costs

Because Council's expenses are so different from households, the Australian Bureau of Statistics were commissioned to develop a Local Government Price Index (LGPI) over 10 years ago as an independent measure of price movements faced by Local Government in South Australia in respect of their purchases of goods and services. In more recent years the South Australian Centre for Economic Studies has taken over responsibility for preparing the LGPI.

Council has then used both the LGPI and CPI when considering the setting of rates as part of its Annual Business Planning and Budget process.

When Council bases rate increases only on CPI it can significantly impact Council's overall financial sustainability as it may not accurately reflect the actual cost increases that Council is facing over time.

Improving Council's Operating Surplus Ratio is important to Adelaide Hills Council given Council's desire to:

- increase Council's capacity to absorb such events as bushfires and COVID-19 and the associated expenditure impacts
- Increase capacity to fund additional services required by the community including tree management and the Community & Recreation Facilities Framework;
- keep the operating surplus at a level to fund a proportion of new/upgraded capital expenditure without requiring additional borrowings
- provide for the capacity to reduce debt

This position to improve the operating surplus has been further supported by previous year's community consultation on the LTFP. As such it is recommended to maintain indexing rates relative to the Local Government Price Index **from 2023-24** as endorsed in the current adopted 2021-22 LTFP.

Chief Executive Officer's Report on Financial Sustainability

What key conclusions may be drawn from the plan?

The LTFP demonstrates that the Council is financially sustainable over the 10 year term of the LTFP, whilst achieving the objectives outlined in the Strategic Plan. This includes:

- Implementation and funding of the appropriate level of maintenance and renewal of the portfolio of infrastructure assets
- Meeting the ongoing expectations of service delivery to our community
- Managing the impact of cost shifting from other levels of government
- Enabling the delivery of strategies identified within the Strategic Plan as well as other endorsed Functional Strategies
- The appropriate use of debt as a means of funding new capital expenditure
- Ensuring the financial sustainability of Council's operations.

Financial sustainability has been demonstrated through adherence to the agreed target ranges in all of the following three key ratios:

- 1. Operating Surplus Ratio, target range 1% to 5%**
- 2. Net Financial Liabilities Ratio, target range 25% to 75%**
- 3. Asset Renewal Funding Ratio, target range 95% to 105%**

In achieving these targets, which are explained in more detail within this document, there is a level of certainty provided that financial sustainability will be maintained.

Ratios

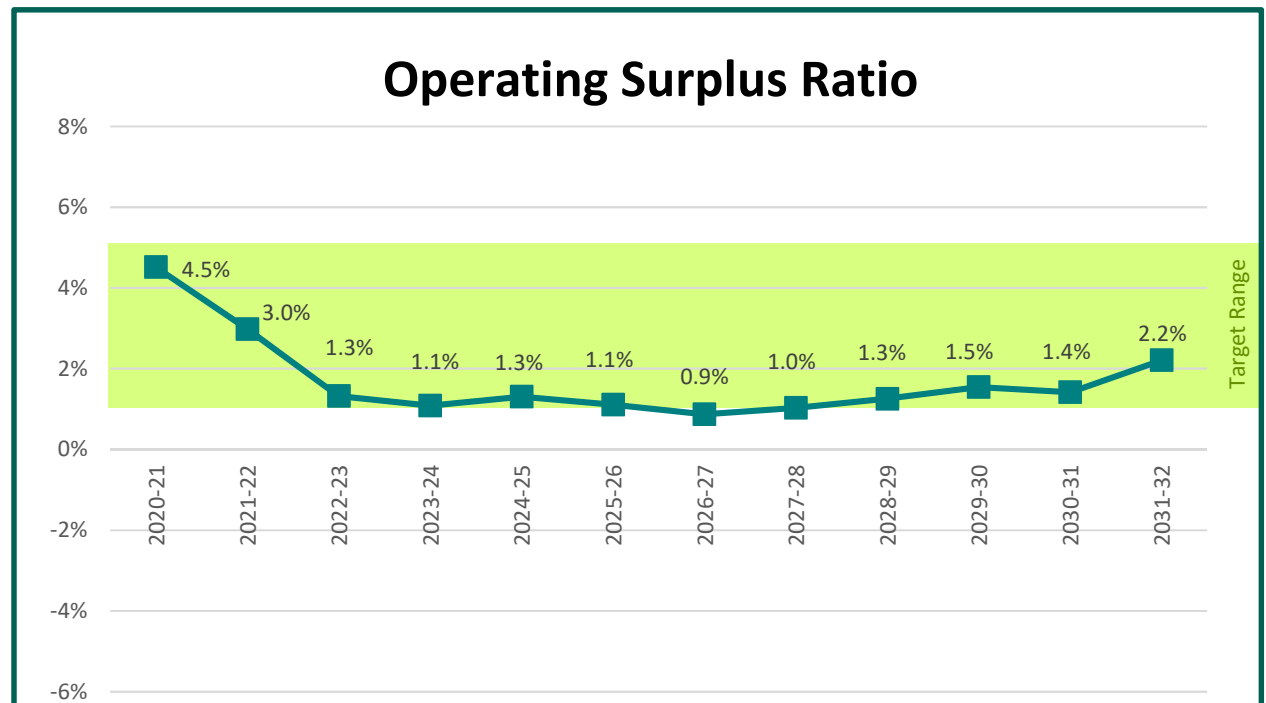
Operating Surplus Ratio

The operating surplus ratio indicates whether operating revenue is sufficient to meet all operating expenses and whether current ratepayers are paying for their consumption of resources.

The Operating Surplus ratio expresses the operating surplus as a percentage of total operating income. A negative ratio indicates the percentage that the operating expenses outweigh the operating income. A positive ratio indicates the percentage that the operating revenue exceeds the operating expenses.

Target Range: 1% - 5%
10 Year Result Range 0.9% - 2.2%

The ratio above indicates that the cost of services provided to ratepayers is being met from operating revenues with surplus's being used to fund new infrastructure works in line with our LTFP projections. It is noted that in 2026-27 the Operating Surplus is marginally below target as a result of factoring in once every 4 year election expenditure. Normalising this expenditure brings all years within target.





Net Financial Liabilities Ratio

Net Financial Liabilities is an indicator of the Council's total indebtedness and includes all Council's obligations including provisions for employee entitlements and creditors.

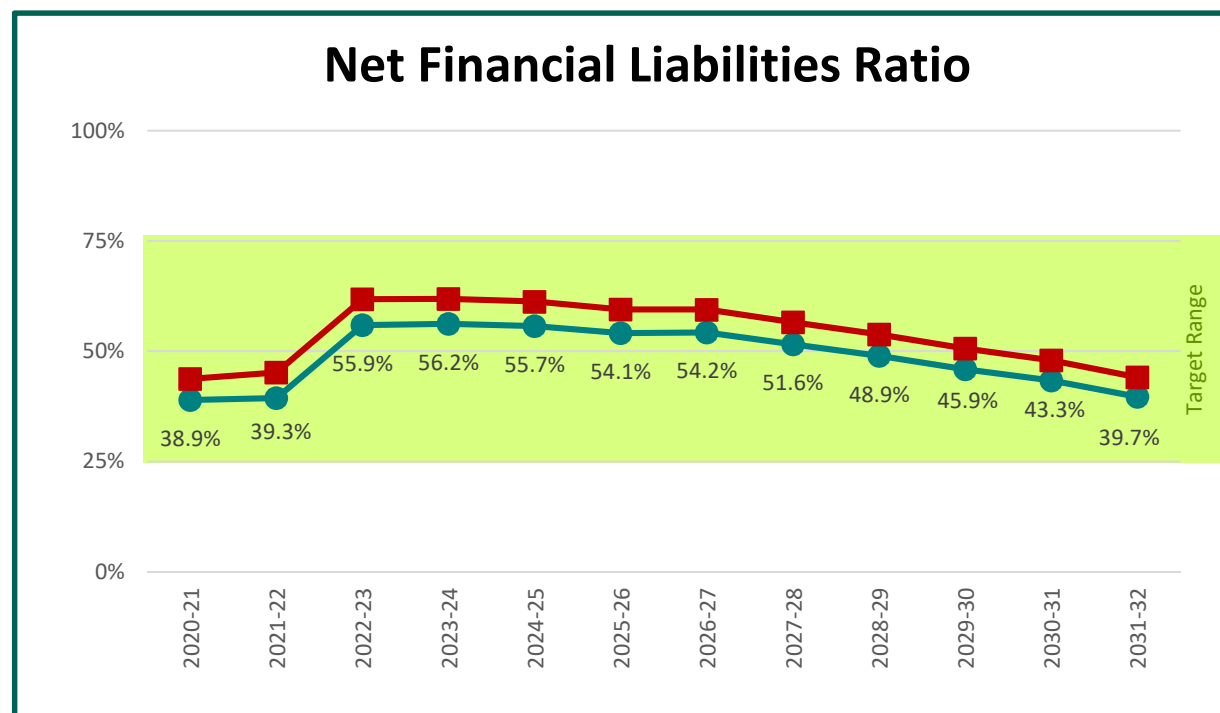
This ratio indicates whether the net financial liabilities of the Council can be met by the Council's total operating revenue. Where the ratio is falling, it indicates that the Council's capacity to meet its financial obligations from operating revenues is strengthening. Where the ratio is increasing, it indicates that a greater amount of Council's operating revenues is required to service its financial obligations.

Council has considered the financial impact of significant events such as disasters including bushfire or storm as these type of events have occurred more regularly in recent years. As a result, Council has also assessed its Net Financial Liability ratio with an additional \$3m of borrowings represented by the top red line in the graph below. The resultant ratio shows that even with the additional \$3m, Council still maintains this ratio within a sustainable target range.

The \$3m represents the likely Council net contribution to a very significant disaster in the order of \$10m taking into account financial assistance from State and Federal Governments. This assumption is also based on Council's strong preference to borrow if such a major event did occur rather than requiring an increase in rates to fund any financial impact.

Target Range: 25% - 75%

10 Year Result Range 40% - 56%



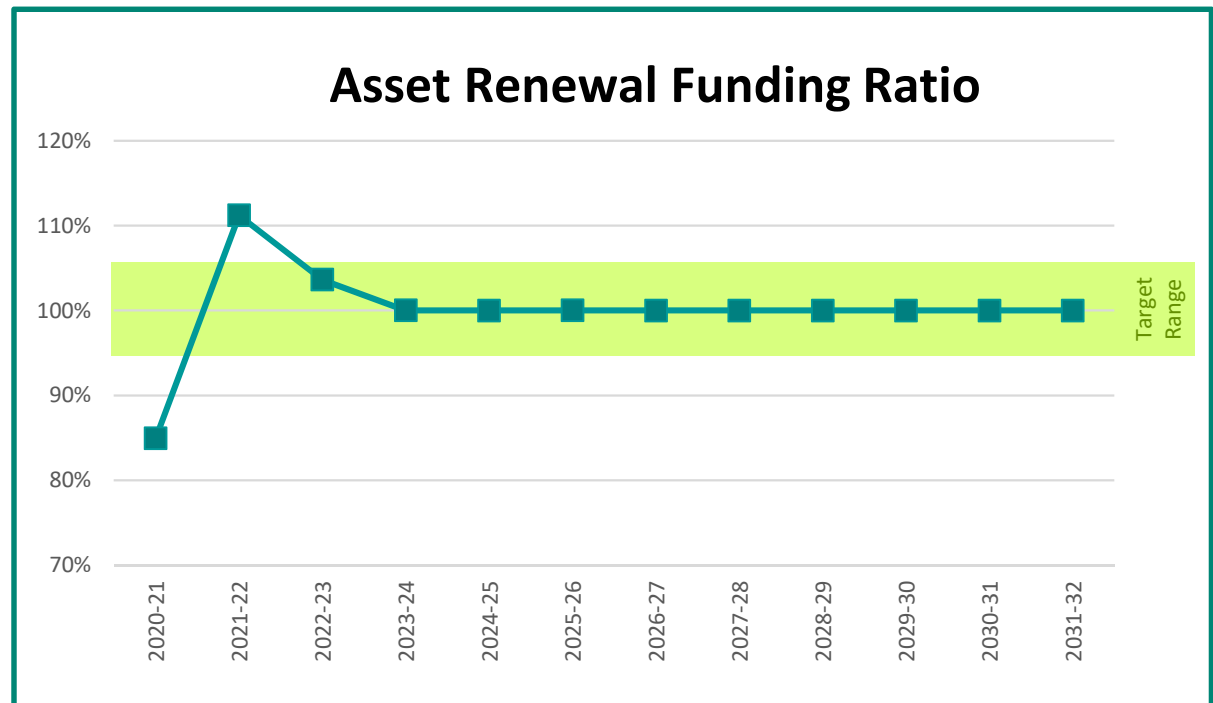
Asset Renewal Funding Ratio

This ratio indicates whether a Council is renewing or replacing existing infrastructure assets at the same rate that its asset management plan requires.

The target for this ratio is to be between 95% and 105% in any given year, with 100% on average over five years. This would mean that Council is replacing 100% (or all) of the assets that require renewal.

Target: 95 - 105%
10 Year Result Range 100%

The result achieved for this measure is the same throughout the 10 year horizon of the LTFP as the amount of future renewal expenditure is based on the required asset management expenditure.



Key sections explained.....

Uniform Presentation of Finances (including key assumptions and financial indicators)

In accordance with the requirements of *Local Government (Financial Management) Regulations 2011* this section of the LTFP presents the financial position of Council for the next 10 years in the mandated format consistent across the Local Government sector.

This section of the LTFP is broken into the following key elements:

- A summary of all operating income and expenditure to highlight the Net Operating Surplus
- Net outlays on existing assets after providing for depreciation and proceeds from any replacement asset sales
- Net outlays on new and upgraded assets after providing for grants received and proceeds from any surplus asset sales
- Key indexation forecasts and interest rate projections for borrowings and investments

The resultant key financial ratios are derived from the above and demonstrate financial sustainability through the adherence to the agreed target ranges over the 10 year life of the LTFP. Detailed information is provided in relation to each ratio within this plan.

Statement of Comprehensive Income

This Statement provides a 10 year projection of the state of a council's annual operating result (ie. the surplus or deficit between its annual spending and revenue). It shows Council's operational income and expenditure using the projected 30 June 2022 Budget as the base year.

In relation to operational income, it can be seen that Council has a heavy reliance on rates and to a lesser extent grants with rates constituting over 85% of Operating income. Other revenue sources include statutory fees (largely development and dog and cat registration) and user charges relating to cemeteries, community centre programs and Lobethal Woollen Mill Precinct rental.

For expenditure key expenditure items are employee costs and material, contracts & other expenses both constituting around 40% of operational expenditure.

This statement also shows the predicted increase from revaluations relating to Council's large investment in infrastructure & related assets.

Statement of Financial Position

This Statement provides a 10 year projection of Council's assets and liabilities using the projected 30 June 2022 Budget as the base year. The projections result from proposed capital expenditure emanating from the Asset Management Plans and adopted strategies, together with borrowings necessary to meet those capital requirements, and net funding generated by operations.

Council's borrowings are represented by a Cash Advance Drawdown (CAD) facility as well as credit foncier (principal and interest) loans split between short term and longer term loans. **Over the life of the LTFP, total borrowings peak at \$25m in 2026-27.**

Capital Investment by Asset Category

Council's Asset Management Plans are progressively reviewed to ensure future provisions for asset related expenditure are sufficient. Recent reviews have highlighted the need for additional renewal expenditure in some of the infrastructure categories which has been provided for within the current LTFP.

Key points of note include

- Total capital expenditure projected over the 10 year period totals \$145 million of which \$115 million has been allocated to the renewal of existing assets.
- As identified above, the remaining \$30 million relates to new assets, as well as capacity/upgraded assets derived from Council's current adopted Strategic Plan and endorsed Functional Strategies.

Economic and Key Financial Indicators

The LTFP has been developed based on a number of assumptions using the best up to date information available at the time. Key economic indicators used include estimated increases to Consumer Price Index (CPI), Local Government Price Index (LGPI) and predictions in relation to short term and long term interest rates. These LTFP assumptions are detailed in this section.

Further, these LTFP assumptions are affected by various internal and external influences as listed below.

Internal (more controllable)

- Enterprise Development and Bargaining Agreements covering salary and wage increases
- Workforce planning
- Treasury Management Policy and decisions on borrowings
- Service Improvement Reviews
- Risk Management consideration
- Asset Sustainability & Service levels maintained during the period of the LTFP
- Increase/decrease in Services.

External (more non controllable)

- Local Government Price Index
- Consumer Price Index
- Interest rates
- Landscape and Community Wastewater Management System (CWMS) forecast increases
- Utility increases including water and electricity and waste related costs including solid waste levy
- Insurance and governance related costs
- Increased compliance costs through new legislation
- Federal & State Government Policy including cost shifting
- Broader economic environment

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 events such as new legislation, legal disputes or disasters that could materially affect the projected outcomes and results of the LTFP. Whilst Council has factored in the known impacts of prior events (including recent bushfires, the COVID-19 pandemic and legal matters), it is important to acknowledge that significant future events will necessitate ongoing review. The projected increase in the operating surplus ratio will assist in mitigating this risk.

Council is aware that Campbelltown City Council (CCC) has received approval from the Boundaries Commission to lodge a Stage 2 proposal for the boundary between CCC and Adelaide Hills Council to be realigned to the eastern and southern side of Woodforde and Rostrevor suburbs, effectively moving those suburbs into CCC's area. Given that boundary change process involves a number of assessments (and some development is still to occur) prior to the Commission determining whether to recommend a change, no adjustment has been made to Council's LTFP for any possible impact on rates revenue, servicing costs and capital expenditure.

In order to reduce risk the plan is reviewed and updated annually to incorporate the best available information. In addition, the LTFP and its assumptions are reviewed by Council's Audit Committee.

Adelaide Hills Council													
10 Year Financial Plan for the Years ending 30 June 2032													
UNIFORM PRESENTATION OF FINANCES													
Scenario: 2022-23 Draft Long Term Financial Plan													
	Actuals 2020/21 \$'000	Current Year 2021/22 \$'000	Projected Years					Projected Years					Accumulation of 10 Yrs of LTFP
			2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	
Operating Activities													
Income	52,181	51,691	50,775	52,813	54,359	56,085	57,866	59,707	61,608	63,572	65,591	67,676	590,052
less Expenses	(49,824)	(50,145)	(50,105)	(52,240)	(53,647)	(55,462)	(57,361)	(59,091)	(60,834)	(62,591)	(64,662)	(66,182)	(582,173)
Operating Surplus / (Deficit)	2,357	1,546	671	574	712	623	505	616	774	981	929	1,494	7,879
Capital Activities													
less (Net Outlays) on Existing Assets													
Capital Expenditure on Renewal and Replacement of Existing Assets	(7,823)	(11,982)	(11,356)	(11,296)	(10,830)	(10,461)	(12,015)	(10,881)	(11,485)	(11,555)	(12,303)	(12,377)	(114,558)
add back Depreciation, Amortisation and Impairment	9,451	10,122	10,812	11,418	11,744	12,038	12,408	12,850	13,235	13,629	14,034	14,380	126,549
add back Proceeds from Sale of Replaced Assets	604	842	636	719	566	543	731	717	778	625	872	931	7,118
(Net Outlays) on Existing Assets	2,232	(1,019)	93	840	1,481	2,119	1,125	2,686	2,528	2,699	2,603	2,934	19,108
less (Net Outlays) on New and Upgraded Assets													
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(5,372)	(6,954)	(11,381)	(2,184)	(2,241)	(2,235)	(2,097)	(2,118)	(2,063)	(2,111)	(2,158)	(2,206)	(30,794)
add back Amounts Received Specifically for New and Upgraded Assets	2,409	4,176	3,109	-	-	-	-	-	-	-	-	-	3,109
add back Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	17	2,724	-	-	-	-	-	-	-	-	-	-	-
(Net Outlays) on New and Upgraded Assets	(2,946)	(54)	(8,273)	(2,184)	(2,241)	(2,235)	(2,097)	(2,118)	(2,063)	(2,111)	(2,158)	(2,206)	(27,685)
Net Lending / (Borrowing) for Financial Year	1,643	474	(7,509)	(770)	(48)	507	(467)	1,183	1,239	1,570	1,375	2,222	(698)
In a year the financing transactions identified below are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.													
Financing Transactions													
New Borrowings	-	2,000	9,000	2,000	6,700	1,700	2,900	1,600	1,700	1,600	2,000	1,500	
Repayments of Borrowings	(5,000)	-	(174)	(951)	(6,153)	(1,762)	(1,966)	(2,280)	(2,495)	(2,722)	(2,946)	(3,210)	
Repayment of Lease Liabilities	(336)	(400)	(429)	(440)	(451)	(463)	(474)	(486)	(498)	(511)	(523)	(536)	
(Increase)/Decrease in Cash & Drawdown	3,081	481	58	(55)	26	17	(3)	51	90	101	87	104	
(Increase)/Decrease in Working Capital	1,363	(2,141)	186	343	54	128	140	63	95	93	140	54	
Increase/(Decrease) in Remediation Provision	-	(314)	(1,032)	(27)	(28)	(29)	(30)	(30)	(31)	(32)	(33)	(33)	
Non Cash Equity Movement	(751)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	
How the Net Borrowing/(Lending) Result is accommodated/(applied)	(1,643)	(474)	7,509	770	48	(507)	467	(1,183)	(1,239)	(1,570)	(1,375)	(2,222)	
TOTAL NET FINANCIAL LIABILITIES	20,310	20,331	28,370	29,680	30,279	30,334	31,375	30,778	30,137	29,178	28,427	26,841	
TOTAL BORROWINGS	10,948	13,256	22,176	23,170	23,743	23,699	24,629	24,000	23,295	22,275	21,416	19,810	
INDEXATION FORECASTS													
General operating income and expenditure - CPI applied			3.25%	3.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Employment Costs (includes superannuation guarantee increases)			4.28%	4.25%	3.23%	3.21%	2.80%	3.25%	3.25%	3.25%	3.25%	3.25%	
Proposed rate increase (from 2023-24 Local Government Price Index)			4.25%	3.65%	2.65%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	
Rates growth from new development			0.80%	0.60%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	
TREASURY FORECASTS													
Estimated Loan rate			3.35%	3.50%	3.50%	3.50%	3.50%	3.50%	4.00%	4.50%	4.75%	5.00%	
Estimated Cash Advance Rate			0.85%	1.00%	1.20%	1.50%	3.20%	3.20%	3.70%	4.20%	4.45%	4.70%	
KEY FINANCIAL INDICATORS													
Operating Surplus Ratio	4.5%	3.0%	1.3%	1.1%	1.3%	1.1%	0.9%	1.0%	1.3%	1.5%	1.4%	2.2%	10 Yr Average 1.3%
Net Financial Liabilities Ratio	39%	41%	56%	56%	56%	54%	54%	52%	49%	46%	43%	40%	50.5%
Net Financial Liabilities Ratio + \$3m	45%	47%	62%	62%	61%	59%	59%	57%	54%	51%	48%	44%	55.7%
Asset Renewal Funding Ratio	85%	115%	104%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100.4%

Adelaide Hills Council												
10 Year Financial Plan for the Years ending 30 June 2032												
STATEMENT OF COMPREHENSIVE INCOME												
Scenario: 2022-23 Draft Long Term Financial Plan												
	Actuals	Current Year	Projected Years					Projected Years				
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income												
Rates	40,110	41,457	43,533	45,344	46,738	48,293	49,899	51,559	53,275	55,049	56,883	58,778
Statutory Charges	1,489	1,280	1,252	1,292	1,322	1,355	1,388	1,423	1,459	1,495	1,533	1,571
User Charges	705	816	908	938	959	983	1,008	1,033	1,059	1,085	1,112	1,140
Grants, Subsidies and Contributions	8,219	7,360	4,259	4,360	4,436	4,522	4,610	4,700	4,793	4,888	4,985	5,085
Investment Income	22	17	17	17	17	17	17	17	17	17	17	17
Reimbursements	235	210	217	224	229	235	241	247	253	259	266	272
Other Income	637	452	489	538	558	581	603	628	652	678	696	713
Net gain - equity accounted Council businesses	764	100	100	100	100	100	100	100	100	100	100	100
Total Income	52,181	51,691	50,775	52,813	54,359	56,085	57,866	59,707	61,608	63,572	65,591	67,676
Expenses												
Employee Costs	18,644	19,500	19,563	20,375	21,047	21,841	22,457	23,340	24,098	24,880	25,687	26,521
Materials, Contracts & Other Expenses	21,101	20,186	19,335	19,779	20,127	20,921	21,826	22,212	22,825	23,425	24,303	24,660
Depreciation, Amortisation & Impairment	9,451	10,122	10,812	11,418	11,744	12,038	12,408	12,850	13,235	13,629	14,034	14,380
Finance Costs	615	337	394	668	729	663	670	689	676	656	637	621
Net loss - Equity Accounted Council Businesses	13	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	49,824	50,145	50,105	52,240	53,647	55,462	57,361	59,091	60,834	62,591	64,662	66,182
OPERATING SURPLUS / (DEFICIT)	2,357	1,546	671	574	712	623	505	616	774	981	929	1,494
Asset Disposal & Fair Value Adjustments	(2,045)	-	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	1,108	4,176	3,109	-	-	-	-	-	-	-	-	-
NET SURPLUS / (DEFICIT)	3,304	5,722	3,780	574	712	623	505	616	774	981	929	1,494
Other Comprehensive Income												
Amounts which will not be reclassified subsequently to operating result												
Changes in Revaluation Surplus - I,PP&E	7,811	5,215	5,309	5,404	5,529	5,678	5,831	5,989	6,150	6,317	6,487	6,646
Share of Other Comprehensive Income - Equity Accounted Council Businesses	31	-	-	-	-	-	-	-	-	-	-	-
Other	69	-	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	7,911	5,215	5,309	5,404	5,529	5,678	5,831	5,989	6,150	6,317	6,487	6,646
Total Comprehensive Income	11,215	10,937	9,088	5,978	6,241	6,301	6,336	6,604	6,924	7,297	7,416	8,140

Adelaide Hills Council												
10 Year Financial Plan for the Years ending 30 June 2032												
STATEMENT OF FINANCIAL POSITION												
Scenario: 2022-23 Draft Long Term Financial Plan												
	Actuals	Current Year	Projected Years					Projected Years				
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS												
Current Assets												
Cash & Cash Equivalents	637	464	500	500	500	500	500	500	500	500	500	500
Trade & Other Receivables	3,225	3,033	2,764	2,579	2,649	2,731	2,816	2,900	2,987	3,078	3,173	3,265
Inventories	23	19	19	19	19	19	19	19	19	19	19	19
Total Current Assets	3,885	3,516	3,283	3,098	3,168	3,250	3,335	3,419	3,506	3,597	3,692	3,784
Non-Current Assets												
Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
Equity Accounted Investments in Council Businesses	2,342	2,442	2,542	2,642	2,742	2,842	2,942	3,042	3,142	3,242	3,342	3,442
Infrastructure, Property, Plant & Equipment	433,592	444,455	461,483	468,671	475,411	481,667	488,945	494,852	501,036	507,274	513,839	520,293
Total Non-Current Assets	435,934	446,897	464,025	471,313	478,153	484,509	491,887	497,894	504,178	510,516	517,181	523,735
TOTAL ASSETS	439,819	450,413	467,308	474,410	481,321	487,759	495,222	501,313	507,684	514,113	520,872	527,519
LIABILITIES												
Current Liabilities												
Cash Advance Debenture	5,200	5,508	5,602	5,547	5,574	5,591	5,587	5,639	5,728	5,829	5,917	6,020
Trade & Other Payables	7,734	5,396	5,313	5,471	5,596	5,806	6,032	6,178	6,361	6,544	6,778	6,925
Borrowings	323	604	1,391	6,604	2,224	2,440	2,766	2,993	3,232	3,469	3,746	3,758
Provisions	3,963	3,742	3,655	3,650	3,645	3,641	3,637	3,633	3,631	3,630	3,630	3,630
Total Current Liabilities	17,220	15,250	15,962	21,273	17,039	17,478	18,022	18,442	18,952	19,473	20,071	20,333
Non-Current Liabilities												
Trade & Other Payables	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	5,425	7,144	15,182	11,019	15,946	15,668	16,276	15,369	14,335	12,976	11,754	10,032
Provisions	1,527	1,434	489	467	444	419	394	367	338	307	275	242
Total Non-Current Liabilities	6,952	8,578	15,671	11,485	16,389	16,087	16,669	15,736	14,673	13,283	12,028	10,273
TOTAL LIABILITIES	24,172	23,828	31,634	32,758	33,428	33,565	34,691	34,178	33,625	32,756	32,099	30,606
NET ASSETS	415,647	426,585	435,674	441,652	447,893	454,194	460,531	467,135	474,059	481,357	488,773	496,913
EQUITY												
Accumulated Surplus	142,182	147,904	151,684	152,258	152,970	153,593	154,098	154,714	155,488	156,469	157,398	158,892
Asset Revaluation Reserves	273,017	278,232	283,541	288,945	294,474	300,152	305,983	311,972	318,123	324,439	330,926	337,572
Available for Sale Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
Other Reserves	448	448	448	448	448	448	448	448	448	448	448	448
TOTAL EQUITY	415,647	426,584	435,673	441,651	447,892	454,193	460,530	467,134	474,058	481,356	488,772	496,912
TOTAL NET FINANCIAL LIABILITIES	20,310	20,331	28,370	29,680	30,279	30,334	31,375	30,778	30,137	29,178	28,427	26,841
TOTAL BORROWINGS	10,948	13,256	22,176	23,170	23,743	23,699	24,629	24,000	23,295	22,275	21,416	19,810

Adelaide Hills Council											
10 Year Financial Plan for the Years ending 30 June 2032											
CAPITAL INVESTMENT BY ASSET CATEGORY											
Scenario: 2022-23 Draft Long Term Financial Plan	2022-23	2023-24	2024-25	2025-26	Projected Years		2027-28	2028-29	2029-30	2030-31	2031-32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
RENEWAL CAPITAL WORKS											
Bridges	90	97	289	119	105	57	116	95	84	86	
Buildings	900	900	685	638	762	582	613	656	650	653	
Cemeteries	41	41	42	43	44	46	47	48	49	50	
CWMS	160	538	588	323	495	111	114	360	296	122	
Footpaths	395	395	395	395	394	394	393	393	391	388	
Kerb & Water	259	265	272	279	286	293	300	308	315	323	
Other (including Guardrail/Retaining Walls/Street furniture)	149	153	148	142	145	149	152	156	160	164	
Road Pavement	1,804	1,135	1,062	1,486	1,729	1,261	1,293	1,325	1,358	1,392	
Road Seal	1,902	2,043	2,057	1,805	2,314	2,230	2,285	2,343	2,401	2,461	
Shoulders	259	265	272	279	286	293	300	308	315	323	
Sport and Recreation	410	408	157	150	210	207	226	190	197	206	
Playgrounds	145	149	152	156	160	164	168	172	177	181	
Stormwater	100	104	105	108	111	114	117	120	123	117	
Unsealed Roads	1,035	1,213	1,214	1,214	1,215	1,215	1,215	1,216	1,246	1,277	
Heavy Plant	1,035	1,003	565	490	883	962	1,152	574	1,327	1,354	
Light Fleet	684	702	720	738	756	776	796	815	835	857	
Information, Communication & Technology	525	379	555	501	477	335	453	680	528	517	
F&F including Library	60	62	63	65	66	68	70	71	73	75	
Project Management Costs	1,403	1,445	1,489	1,533	1,579	1,627	1,675	1,726	1,778	1,831	
TOTAL RENEWAL CAPITAL WORKS:	11,356	11,296	10,830	10,461	12,015	10,881	11,485	11,555	12,303	12,377	
NEW, CAPACITY / UPGRADE CAPITAL WORKS											
Bridges	-	-	-	-	-	-	-	-	-	-	
Buildings	7,691	305	315	323	331	339	348	357	366	375	
Cemeteries	39	40	41	42	-	-	-	-	-	-	
CWMS	100	308	315	269	133	113	116	119	122	125	
Footpaths	325	325	342	350	359	368	377	386	396	406	
Kerb & Water	-	-	-	-	-	-	-	-	-	-	
Other (including Guardrail/Retaining Walls/Street furniture)	220	230	156	157	158	159	160	162	163	164	
Road	1,878	200	158	162	166	170	174	178	183	187	
Road Seal	-	-	-	-	-	-	-	-	-	-	
Shoulders	-	-	-	-	-	-	-	-	-	-	
Sport & Rec	590	150	200	200	200	200	100	100	100	100	
Playgrounds	260	267	273	280	287	294	302	309	317	325	
Stormwater	200	300	420	431	442	453	464	476	487	500	
Street Lighting	-	-	-	-	-	-	-	-	-	-	
Unsealed Roads	-	-	-	-	-	-	-	-	-	-	
Plant and Fleet	20	20	21	22	22	23	23	24	24	25	
ICT	59	40	-	-	-	-	-	-	-	-	
Minor Plant	-	-	-	-	-	-	-	-	-	-	
Minor Equipment including Library	-	-	-	-	-	-	-	-	-	-	
Project Management Costs	-	-	-	-	-	-	-	-	-	-	
TOTAL NEW CAPACITY / UPGRADE CAPITAL WORKS:	11,381	2,184	2,241	2,235	2,097	2,118	2,063	2,111	2,158	2,206	
TOTAL CAPITAL WORKS:	22,737	13,480	13,071	12,696	14,111	12,999	13,548	13,666	14,461	14,583	
AMOUNTS RECEIVED SPECIFICALLY FOR NEW/UPGRADED ASSETS											
Grants for New/Upgrade Assets	3,108	0	0	0	0	0	0	0	0	0	
TOTAL AMOUNTS RECEIVED FOR NEW/UPGRADED ASSETS:	3,108	-	-	-	-	-	-	-	-	-	

Adelaide Hills Council

10 Year Financial Plan for the Years ending 30 June 2032

ECONOMIC & KEY FINANCIAL INDICATORS

Scenario: 2022-23 Draft Long Term Financial Plan

	Projected Years									
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
GENERAL INDEXATION:										
CPI - Adelaide	3.25%	3.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
LGPI - Operating	3.65%	3.65%	2.65%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.70%
CPI - LGPI diff	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.20%
LGPI - Capital	3.55%	3.55%	2.55%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.70%
Index Applied to General Revenue	3.25%	3.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Index Applied to General Expenditure	3.25%	3.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Index Applied to Depreciation & Capital	3.55%	3.55%	2.55%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.70%
EMPLOYMENT COSTS:										
Aligned to CPI	3.25%	3.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Enterprise Agreement	0.25%	0.25%	0.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Leave Revaluation	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
Grade Step Increases	0.25%	0.25%	0.25%	0.25%	0.25%	0.70%	0.70%	0.70%	0.70%	0.70%
Index Applied to LTFP	3.80%	3.80%	2.80%	2.80%	2.80%	3.25%	3.25%	3.25%	3.25%	3.25%
Superannuation	10.50%	11.00%	11.50%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Superannuation Increase in % Terms	5.00%	4.76%	4.55%	4.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RATES INCOME										
Adjustment to CPI	1.00%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Growth	0.80%	0.60%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Index Applied to CWMS Revenue	0.00%	3.25%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
ELECTRICITY COSTS										
Anticipated price variation to CPI	(0.75%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Anticipated change in consumption	(1.00%)	0.00%	0.00%	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)
Index Applied to LTFP (excl CPI) Electricity	(1.75%)	0.00%	0.00%	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)
Index Applied to LTFP (excl CPI) Streetlighting	(1.75%)	0.00%	0.00%	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)
WATER COSTS										
Anticipated price variation to CPI	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Anticipated change in CONSUMPTION	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Index Applied to LTFP (excl CPI)	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
INSURANCE COSTS										
Anticipated price variation to CPI	2.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Anticipated change in VOLUME	0.75%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Index Applied to LTFP (excl CPI)	2.75%	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
WASTE COSTS										
Anticipated price variation to CPI	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Anticipated change in consumption	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)
Index Applied to LTFP (excl CPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TREASURY COSTS										
Estimated Investment rate	0.15%	0.25%	0.40%	0.50%	1.20%	1.70%	2.20%	2.70%	2.95%	3.20%
Estimated Loan rate	3.35%	3.50%	3.50%	3.50%	3.50%	3.50%	4.00%	4.50%	4.75%	5.00%
Estimated Cash Advance Rate	0.85%	1.00%	1.20%	1.50%	3.20%	3.20%	3.70%	4.20%	4.45%	4.70%
Average Diff	2.50%	2.50%	2.30%	2.00%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
KEY FINANCIAL INDICATORS										
Operating Surplus Ratio	1.3%	1.1%	1.3%	1.1%	0.9%	1.0%	1.3%	1.5%	1.4%	2.2%
Net Financial Liabilities Ratio	55.9%	56.2%	55.7%	54.1%	54.2%	51.5%	48.9%	45.9%	43.3%	39.7%
Net Financial Liabilities Ratio + \$3m	61.8%	61.9%	61.2%	59.4%	59.4%	56.6%	53.8%	50.6%	47.9%	44.1%
Asset Renewal Funding Ratio	103.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%