

CITY OF
TEA TREE GULLY

Naturally Better

Long Term Financial Plan FYE 2023–2032

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Background

The *Local Government Act 1999* (the Act) Section 122 (1a) requires councils to develop and adopt:

- (a) *A long-term financial plan (LTFP or the Plan) for a period of at least 10 years*
- (b) *An infrastructure and asset management plan, relating to the management and development of infrastructure and major assets by the council for a period of at least 10 years*

(and these plans will also be taken to form part of the council's strategic management plans).

Section 122(4) requires that the LTFP should be reviewed as soon as practical after the adoption of the council's Annual Business Plan.

The purpose of a council's LTFP is to express, in financial terms, the activities it proposes to undertake over the medium-to-longer term to achieve its stated objectives. It is similar to, but usually less detailed than, the annual budget. Just like the budget, it is a guide for future action, except that its preparation requires the council to consider the longer-term impact of revenue and expenditure proposals rather than for just a single year. The aggregation of future strategic plans and business initiatives, together with their intended outlays and anticipated reviews, enables the overall financial

and economic implications of the projects to be readily identified and, if warranted, proposed future activities to be revised.

The LTFP should specify and take account of:

- Expected expenses and capital outlays for each year of the Plan
- Expected revenues for each year and their source
- Any variations in net debt required as a result of expected cash flow needs
- Performance measures to enable assessment of the Council's financial sustainability over the period of the Plan.

The LTFP should include:

- Income statement
- Balance sheet
- Cash flow statement
- Statement of changes in equity.

This version of the LTFP is an update to the plan adopted by Council in December 2020.

Performance against the Long Term Financial Plan FYE 2022 to 2031

Budget – FYE 2021

Council's previous version of the LTFP was adopted by Council in December 2020 and was underpinned by a set of guiding principles.

To ease the economic impact of the COVID-19 Pandemic on ratepayers, Council resolved to set a 0% increase in rate revenue for 2020-21 budget. The impact of this was a reduction in Rate Revenue of \$2.4m for 2020-21 or \$25m over the forward estimates of the endorsed LTFP.

This required adjustments to the planned operating expenditure, capital works expenditure and loan repayments for 2020-21 while ensuring key financial sustainability metrics are within the set range.

Actual – FYE 2021

While the COVID-19 Pandemic required Council to make adjustments to planned expenditure, progress during the FYE (financial year ending) 2021 towards achieving certain strategic targets was made. These include the following

1. Maintaining existing assets at their existing service levels

Council continues to invest in the renewal of assets, with an asset sustainability ratio of 100% in FYE 2020 and 105% in FYE 2021.

2. Continue to review assets for possible sale, with any proceeds being reinvested, in keeping with Council's Land and Assets Policy adopted in February 2017

The LTFP does not make allowances for any future divestment of non-operational assets. An assessment of the impact on any future divestment will be incorporated into a review of the LTFP.

3. Building capacity to lower existing debt over the period of three to five years

Following the completion of a significant capital works program in recent years, Council has been able to reduce its net financial liabilities ratio. Including the value of Council held land for resale, this ratio has reduced from 61% (\$43.5m) in FYE 2012 to 24.3% (\$24m) in FYE 2021.

Although this ratio is slightly under Council's target range of 25%-35%, after adjusting for those planned Capital Works Projects (\$7.9m) carried forward to FYE22, the underlying net financial liabilities ratio is 32.4%.

4. Retaining tight constraints on operating expenditure

In response to a 0% increase in rate revenue for the 2020-21 budget (excluding growth), adjustments were made to forecast operating expenditure. This was primarily achieved through the inclusion of a \$500k multi-year employee cost efficiency dividend.

Key strategies deployed to retain tight constraints on operating expenditure include:

- Zero base budgeting approach to development of the Operating Budget
- Introduce technology that enables services and functions to be performed with greater efficiency.
- The introduction of an Early Retirement Scheme
- Reducing employee costs by managing vacancies and working within a capped number of FTEs
- We carried out service reviews to ensure that our services are delivered to the community promptly, sustainability and effectively and we continue to complete many other complementary continuous improvement activities
- We made procurement savings through collective buying arrangements.

5. Ensuring that the capital works program retains a level of funding for new works (e.g. new footpaths)

During 2020-21, a total of \$6.9m was invested in new assets.

Long Term Financial Plan FYE 2023-2032 guiding principles

Council's LTFP has been updated to incorporate Council's most recent financial information.

The LTFP will continue to be guided by a series of principles.

These include:

1. Maintain existing assets at the current service levels
2. Continue to review assets with proceeds being reinvested into the city and community
3. Maintaining debt within the targeted range of 25-35% over the term of the Long-Term Financial Plan
4. Retaining tight constraints on operating expenditure
5. Ensuring that the capital works program retains a level of funding for new works and enhancements to community infrastructure (e.g. new footpaths, community buildings and reserve upgrades)

Principle 1 – Maintain existing assets at the current service levels

The LTFP has been updated to include funding to meet the requirements of the asset management plans. Council will apply this principle by ensuring that funding for the renewal and maintenance of assets is in line with the adopted asset management plans.

The combined annual average spend identified in the asset management plans is \$16m. The LTFP provides for expenditure of \$17.5m in FYE 2023. This gap provides Council with the capacity to respond to any unforeseen deviations from the endorsed asset management plans.

While the needs of the asset management plans will continue to guide the funding allocation for renewal and upgrade works for the annual budget, specific funding allocations for renewal works will also be informed by Council's precinct plans.

The adopted CWMS Asset Management Plan outlined the need to upgrade the network over a period of 30 years. No change have been made to the LTFP to incorporate the funding requirements of the adopted CWMS Asset Management Plan. This assumptions was made as it is intended that the future upgrade would be debt funded and financed by the CWMS network users.

In early 2020 the State Government announced that it would fund the conversion of CWMS customers to SA Water Sewer. Following a period of investigation, SA Water announced the Tea Tree Gully Sustainable Sewers program in early 2021. This plan details the proposed three stage upgrade over a period of eight years.

Following receipt of this Sustainable Sewers program, Council resolved to undertake a full assessment of the commercial arrangement through a prudential report. At the time of drafting the LTFP FYE 2021-32, the prudential report was not yet finalised.

It may be necessary to make further updates to the LTFP following the completion of the prudential report. The updated will take account of the financial impact (if any) to Council of the Sustainable Sewers program over the forward estimates.

Principle 2 – Continue to review assets with proceeds being reinvested into the City and community

Council has a responsibility to continuously review its assets and identify any that are surplus to its needs.

The sale of surplus assets includes plant and fleet, buildings and land.

To guide this process, Council continuously reviews its plant and fleet holdings to identify under-utilised assets.

Funds received from land sale proceeds are to be reinvested, in line with our Land and Assets Policy, into community assets.

During FYE21 Council received a Building Optimisation Internal Audit Report. The purpose of the audit was to review Council's building portfolio to assess the utilisation, functionality and condition to inform future decisions relating to the renewal and enhancement of the asset portfolio.

Amongst a number of recommendations, the report concluded that many of Council's Community facilities are approaching the end of their serviceable life or no longer meet the needs of our community (such as inclusive access). The intention will be to rationalise and replace these buildings over the next decade. It is proposed that those buildings identified for renewal will not be replaced like for like.

Principle 3 – Maintaining debt within the targeted range of 25%-35% over the life of the plan

Council has had a target to maintain the net financial liabilities ratio to between 25% and 35% over the period of the Long-Term Financial Plan.

Following the completion of a number of large strategic projects in recent years, Council will continue to invest in the renewal and enhancement of infrastructure for the community. The LTFP will make provisions for these investments over the forward estimates while maintaining the net financial liabilities within the target range.

Assuming a rate increase (excluding growth) in the range of 2% - 3% over the period of the LTFP, we believe this goal is achievable over the term of the plan with further investment in the out years of the plan.

In accordance with this principle, any decision to invest in additional infrastructure by borrowing above the considerations already included in the LTFP would be subject to a commitment to reinstate the net financial liabilities ratio to the targeted range within the next three- year period. In the event that Council seeks to achieve this goal earlier, without significantly impacting on services or service levels, a higher general rate increase would be required in the short term.

Principle 4 – Retaining tight constraints on operating expenditure

Council will continue to review all services to ensure that it adheres to its projected expenditure and continues to deliver value for money services. To facilitate this, a sustainable framework for the review of all services and programs to ensure community value and alignment with Council’s Vision and Strategic and Organisational Plans has been established.

Council has established a Services Review Committee. The objective the Services Review Committee is to oversee and advise on the review of Council’s services via the Community Value Program and the impact on strategic directions of Council and service delivery, which could have implications for Council policies and plans.

The LTFP plan explicitly includes an annual savings target of \$500k for operating expenditure (specifically within employee costs).

Council will continue to implement the following key strategies to retain tight constraints on operating expenditure. These include:

- Reducing employee costs by managing vacancies.
- Introduce technology that enables service and functions to be performed with greater efficiency.
- Undertaking continuous improvement initiatives, including service reviews, to ensure that services are delivered to the community promptly, sustainably and effectively.
- Quarterly reporting to Council on the continuous improvement initiatives completed
- Making procurement savings through collective buying arrangements.

Principle 5 – Ensuring that the capital works program retains a level of funding for new works and enhancements to community infrastructure (e.g. new footpaths, community buildings and reserve upgrades)

In assessing proposals for new capital works, Council will consider:

- Alignment with the Strategic Plan
- Precinct Plans, including Modbury and Tea Tree Gully
- Master Plan Implementation
- Main Roads and Gateways
- Current state of operating surplus or deficit
- Any additional costs for depreciation, maintenance or interest on borrowings
- Impact on overall operating surplus or deficit
- Any need to increase Council rates to fund new work and the development of a works depot and associated costs
- The age, life expectancy, suitability and service potential of any asset to be replaced
- The discounted cash flow analysis, where appropriate.

To ensure Council is in a position to make a co-contribution as part of an application for State Government Grants, capacity has been incorporated in the revised LTFP. This capacity will be achieved through an annual uplift in planned expenditure on new assets.

The LTFP includes \$1.0m per annum for the rollout of Council’s footpath strategy.

Key considerations and assumptions

A summary of the draft updated LTFP is included in Attachment 1.

In addition to the guiding principles, Council has considered other factors in the updated LTFP. These include:

- Impact of the COVID-19 pandemic on Council Services
- Changing community expectations and trends
- Other legislative changes.

As the impact of these factors is unknown at this stage, the LTFP will be updated as information becomes available.

Key revenue assumptions

Councils resolved to set a 0% increase in Rate Revenue for 2020/21. The impact of this was a reduction in Rate Revenue of \$2.4m for 2020/21 or \$25m over the forward estimates of the LTFP.

To off-set a 0% increase in Rate Revenue over the forward estimates of the LTFP and to maintain rate revenue increases in line with CPI, corresponding reductions in operating expenditure have been phased into the LTFP.

General Council rate income is forecast to increase by 3.0% (FYE 2023) in the first and subsequent years. This is represented by:

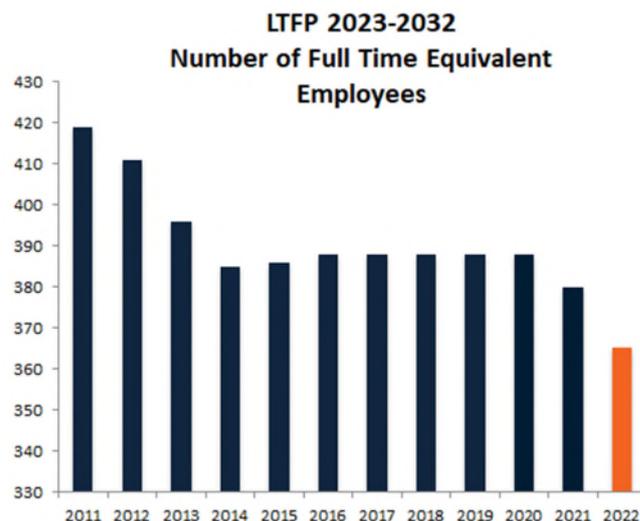
- General Rate revenue increase of 2.0%
- Growth is forecast to be 0.6% per annum
- Other Rate Revenue of 0.4% (inclusive of a 11% increase in the CWMS service charge)

It is proposed that any additional rate revenue from growth or rates increases be directed towards a further reduction in the net financial liabilities ratio.

Other revenues are forecast to fluctuate in line with cost base increases or decreases.

Key expenditure assumptions

Employee costs are forecast to increase in line with the enterprise agreement, however with the number of full-time equivalent staff is forecast to decrease from 365, underlying employee costs will reduce in real terms.



Through the introduction of technology to promote efficiency, the growth in employee costs will be limited. Initiatives will be progressed that focus on promoting efficiency in delivering value to community.

With the Local Government Elections scheduled for November 2022, elections costs of \$400k have been included in the LTFP for FYE23.

Other expenses are forecast to increase in line with the Consumer Price Index (CPI) and changed service delivery models. Unforeseen increases may be absorbed through our continuation of tight restraint on operating expenditure.

Financing expenses will decrease in line with the planned reduction in borrowings. An average interest rate over the medium term has been used for finance expense projections.

Depreciation is forecast to increase from \$17.5m to \$22m over the 10-year life of the plan and in line with Council's consumption-based depreciation (CBD) methodology in which less depreciation is calculated at the beginning and then increases over the life span of the asset.

Key Capital Works Program Expenditure

Renewal Expenditure

Council's Infrastructure Asset Management Plans inform the planned expenditure on the renewal of assets. The combined average annual renewal expenditure identified in the asset management plans is \$16m.

The table below outlines the renewal expenditure required over the next three years and is aligned to the asset management plans. Variations to the Asset Management Plans reflect updated asset condition audit information.

2023-25 LTFP Capital Works Program - Forward Estimates

Category Code	Category Description	FY2023 New Budget	FY2023 Renewal Budget	FY2023 Net Budget	FY2024 New Budget	FY2024 Renewal Budget	FY2024 Net Budget	FY2025 New Budget	FY2025 Renewal Budget	FY2025 Net Budget
PP001	Road Reconstruction / Renovation	-	2,100	2,100	-	2,100	2,100	-	2,100	2,100
PP002	Road Resealing	-	1,200	1,200	-	1,000	1,000	-	1,100	1,100
PP003	Roads to Recovery	-	440	440	-	1,800	1,800	-	960	960
PP004	Re-Sheeting Unsealed Roads	-	100	100	-	100	100	-	100	100
PP005	New Footpath and Bus Stop DDA Upgrades	1,000	50	1,050	1,000	30	1,030	1,000	30	1,030
PP007	Unsealed Footpaths	-	450	450	-	450	450	-	450	450
PP010	Lighting	1,300	-	1,300	500	-	500	350	-	350
PP011	Water and Drainage	-	1,650	1,650	-	1,650	1,650	-	1,650	1,650
PP014	Traffic Management and Signage	250	270	520	250	270	520	250	270	520
PP016	Open Space - Sporting, Park and Playground Upgrades	-	1,160	1,160	-	1,150	1,150	-	1,150	1,150
PP018	City Beautification Works	-	2,500	2,500	-	2,500	2,500	-	3,500	3,500
PP019	Capital Buildings Renewal	-	1,165	1,165	-	1,165	1,165	-	1,165	1,165
PP020	Capital Buildings New/Upgrades	7,800	-	7,800	5,700	-	5,700	6,600	-	6,600
PP022	Environmental Projects	150	-	150	200	-	200	150	-	150
PP025	Information Technology	-	1,950	1,950	-	1,700	1,700	-	1,930	1,930
PP026	Other	-	4,565	4,565	-	4,165	4,165	-	4,165	4,165
Total Capital Works Program 2023-25		10,500	17,600	28,100	7,650	18,080	25,730	8,350	18,570	26,920

New Assets

Planned expenditure on new assets has been increase by \$3m for FYE 2023, FYE 2024 and FYE 2025. Including the existing allocation, this represents a total allocation for new assets of \$24m over the next 3 financial years.

The additional allocation is specifically targeted towards implementation of the recommendations from the Building Optimisation Audit and delivery of the Community and Sporting Precinct master plans (subject to grant contributions)

The LTFP incorporates \$6m of with the Capital Program for the Harpers Field Community Building & Clubroom Redevelopment for FYE 2023. This expenditure is offset by a \$3m grant and represents the balance of a \$6m contribution to this from via the State Governments Local Government Infrastructure Partnership Program.

Summary of Updated Draft Long Term Financial Plan for FYE 2023 to 2032

Date modified: 24 November 2021

Year Ended 30 June:		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032											
		Actual	Revised	Plan	Plan																			
		Audit	Budget	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10											
		\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)											
INCOME																								
Rates	A	82,900	85,890	3.6%	88,467	3.0%	91,121	3.0%	93,672	2.8%	96,482	3.0%	99,183	2.8%	101,663	2.5%	104,205	2.5%	106,810	2.5%	109,480	2.5%	112,217	2.5%
Statutory Charges	C	2,733	2,869	5.0%	2,921	1.8%	2,973	1.8%	3,071	3.3%	3,127	1.8%	3,183	1.8%	3,240	1.8%	3,299	1.8%	3,358	1.8%	3,418	1.8%	3,480	1.8%
User Charges	D	2,688	3,777	40.5%	3,879	2.7%	3,984	2.7%	4,091	2.7%	4,202	2.7%	4,315	2.7%	4,432	2.7%	4,551	2.7%	4,674	2.7%	4,800	2.7%	4,930	2.7%
Grants, subsidies, contributions	E	7,588	6,482	-14.6%	5,534	-14.6%	5,595	1.1%	5,656	1.1%	5,719	1.1%	5,781	1.1%	5,845	1.1%	5,909	1.1%	5,974	1.1%	6,040	1.1%	6,107	1.1%
Investment Income	F	57	20	-64.9%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%
Reimbursements/other revenue	G	2,476	1,968	-20.5%	2,021	2.7%	2,076	2.7%	2,132	2.7%	2,189	2.7%	2,248	2.7%	2,309	2.7%	2,371	2.7%	2,436	2.7%	2,501	2.7%	2,569	2.7%
Total Revenues		98,442	101,006	2.6%	102,842	1.8%	105,768	2.8%	108,643	2.7%	111,738	2.8%	114,731	2.7%	117,509	2.4%	120,356	2.4%	123,272	2.4%	126,260	2.4%	129,322	2.4%
EXPENSES																								
Employee costs	J	36,066	37,670	4.4%	37,923	0.7%	38,758	2.2%	39,339	1.5%	39,929	1.5%	40,927	2.5%	41,951	2.5%	42,999	2.5%	44,074	2.5%	45,176	2.5%	46,306	2.5%
Materials, contracts & other expenses	K	37,004	39,856	7.7%	40,568	1.8%	40,898	0.8%	41,616	1.8%	42,448	2.0%	43,509	2.5%	44,597	2.5%	45,712	2.5%	46,855	2.5%	48,026	2.5%	49,227	2.5%
Depreciation	L	16,790	17,096	1.8%	17,523	2.5%	17,961	2.5%	18,411	2.5%	18,871	2.5%	19,343	2.5%	19,826	2.5%	20,322	2.5%	20,830	2.5%	21,351	2.5%	21,884	2.5%
Finance Costs	M	495	550	11.1%	550	0.0%	550	-28.2%	500	-9.1%	500	0.0%	450	-10.0%	400	-11.1%	400	0.0%	350	-12.5%	300	-14.3%	350	16.7%
Loss - Joint Ventures	N	0	-	0.0%	0	-	-	0	-	0	-	0	-	0	-	0	0	0	0	0	0	0	0	0
Total Expenses		90,355	95,172	5.3%	96,565	1.5%	98,167	1.7%	99,866	1.7%	101,748	1.9%	104,229	2.4%	106,774	2.4%	109,433	2.5%	112,109	2.4%	114,853	2.4%	117,767	2.5%
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS																								
		8,087	5,834		6,277		7,601		8,777		9,990		10,502		10,735		10,923		11,163		11,407		11,555	
Net gain/(loss) on disposal or revaluations	P	297	955		0		-		0		-		0		-		0		0		0		0	
Amounts specifically for new assets or upgraded assets	Q	2,605	9,791		3,000		-		0		-		0		-		0		0		0		0	
Physical resources free of charge	R	181	232		255		255		255		255		255		255		255		255		255		255	
NET SURPLUS/(DEFICIT)		11,170	16,812		9,532		7,856		9,032		10,245		10,757		10,990		11,178		11,418		11,662		11,810	
Opening Borrowings																								
	P																							
Renewal Works	R	13,719	10,759		13,700		17,200		17,700		18,200		18,700		19,200		19,700		20,200		20,700		21,200	
New Works	S	6,871	21,631		10,613		7,728		8,421		5,632		5,772		5,917		9,065		9,291		6,523		9,687	
Total Capital works (Net)	T	20,590	32,390		24,313		24,928		26,121		23,832		24,472		25,117		28,765		29,491		27,223		30,887	
Less Depreciation	U	16,790	17,096		17,523		17,961		18,411		18,871		19,343		19,826		20,322		20,830		21,351		21,884	
Yearly Borrowings without Operating Surplus and Asset sales increase/(reduction)	V	3,800	15,294		6,789		6,966		7,710		4,961		5,130		5,291		8,443		8,661		5,873		9,002	
Net Asset Sales - Debt Reduction	W				-																			
Net Asset Sales - Capital Works (included in CMP program)	X				512		-		-		-		-		-									
Borrowings after proceeds from asset sales		3,800	15,294		6,277		6,966		7,710		4,961		5,130		5,291		8,443		8,661		5,873		9,002	
Operating Surplus	Y	8,087	5,834		6,277		7,601		8,777		9,990		10,502		10,735		10,923		11,163		11,407		11,555	
Fiscal Balance (Surplus Cash/Reduction in borrowings)/ Increase in borrowings	Z	(4,287)	9,460		0		(635)		(1,067)		(5,030)		(5,372)		(5,445)		(2,480)		(2,501)		(5,534)		(2,553)	
Capital works funding gap	A.1	(4,287)	9,460		0		(635)		(1,067)		(5,030)		(5,372)		(5,445)		(2,480)		(2,501)		(5,534)		(2,553)	
Assets sales plus operating surplus	A.2	8,087	5,834		6,789		7,601		8,777		9,990		10,502		10,735		10,923		11,163		11,407		11,555	
Closing Borrowings	A.1	15,000	21,460		21,460		20,825		19,759		14,729		9,357		3,912		1,432		(1,069)		(6,604)		(9,157)	
Net Financial Liabilities (including Land Sales)	A.2	23,967	33,427		33,939		33,304		32,238		27,208		21,836		16,391		13,911		11,410		5,875		3,322	
Net Financial Liabilities Ratio (Including Land Sales and inventory)	A.3	24.35%	33.09%		33.00%		31.49%		29.67%		24.35%		19.03%		13.95%		11.56%		9.26%		4.65%		2.57%	
Net Financial Liabilities (Excluding land Sales including inventory)	A.4	24,479	33,939		33,939		33,304		32,238		27,208		21,836		16,391		13,911		11,410		5,875		3,322	
Net Financial Liabilities Ratio (Excluding land Sales)	A.5	25%	34%		33%		31%		30%		24%		19%		14%		12%		9%		5%		3%	
Asset Sustainability Ratio	A.7	100%	126%		100%		100%		100%		101%		101%		101%		101%		101%		101%		101%	
Operating Surplus Ratio	A.8	10%	7%		6%		7%		8%		9%		9%		9%		9%		9%		9%		9%	
Fiscal Balance Ratio	A.9	5%	-10%		0%		1%		1%		5%		5%		5%		2%		2%		5%		2%	

City of Tea Tree Gully
ESTIMATED INCOME STATEMENT
Date modified: 24 November 2021

Year Ended 30 June:	2021 Actual Audit \$('000)	2022 Revised Budget \$('000)		2023 Plan Year 1 \$('000)		2024 Plan Year 2 \$('000)		2025 Plan Year 3 \$('000)		2026 Plan Year 4 \$('000)		2027 Plan Year 5 \$('000)		2028 Plan Year 6 \$('000)		2029 Plan Year 7 \$('000)		2030 Plan Year 8 \$('000)		2031 Plan Year 9 \$('000)		2032 Plan Year 10 \$('000)			
INCOME																									
Rates	82,900	85,890	3.6%	88,467	3.0%	91,121	3.0%	93,672	2.8%	96,482	3.0%	99,183	2.8%	101,663	2.5%	104,205	2.5%	106,810	2.5%	109,480	2.5%	112,217	2.5%		
Statutory Charges	2,733	2,869	5.0%	2,921	1.8%	2,973	1.8%	3,071	3.3%	3,127	1.8%	3,183	1.8%	3,240	1.8%	3,299	1.8%	3,358	1.8%	3,418	1.8%	3,480	1.8%		
User Charges	2,688	3,777	40.5%	3,879	2.7%	3,984	2.7%	4,091	2.7%	4,202	2.7%	4,315	2.7%	4,432	2.7%	4,551	2.7%	4,674	2.7%	4,800	2.7%	4,930	2.7%		
Grants, Subsidies and Contributions	7,588	6,482	-14.6%	5,534	-14.6%	5,595	1.1%	5,656	1.1%	5,719	1.1%	5,781	1.1%	5,845	1.1%	5,909	1.1%	5,974	1.1%	6,040	1.1%	6,107	1.1%		
Investment Income	57	20	-64.9%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%		
Reimbursements/Other Revenue	2,476	1,968	-20.5%	2,021	2.7%	2,076	2.7%	2,132	2.7%	2,189	2.7%	2,248	2.7%	2,309	2.7%	2,371	2.7%	2,436	2.7%	2,501	2.7%	2,569	2.7%		
Total Revenues	98,442	101,006	2.6%	102,842	1.8%	105,768	2.8%	108,643	2.8%	111,738	2.7%	114,731	2.8%	117,509	2.7%	120,356	2.4%	123,272	2.4%	126,260	2.4%	129,322	2.4%		
EXPENSES																									
Employee Costs	36,066	37,670	4.4%	37,923	0.7%	38,758	2.2%	39,339	1.5%	39,929	1.5%	40,927	2.5%	41,951	2.5%	42,999	2.5%	44,074	2.5%	45,176	2.5%	46,306	2.5%		
Materials, Contracts & Other Expenses	37,004	39,856	7.7%	40,568	1.8%	40,898	0.8%	41,616	1.8%	42,448	2.0%	43,509	2.5%	44,597	2.5%	45,712	2.5%	46,855	2.5%	48,026	2.5%	49,227	2.5%		
Depreciation, Amortisation & Impairment	16,790	17,096	1.8%	17,523	2.5%	17,961	2.5%	18,411	2.5%	18,871	2.5%	19,343	2.5%	19,826	2.5%	20,322	2.5%	20,830	2.5%	21,351	2.5%	21,884	2.5%		
Finance Costs	495	550	11.1%	550	0.0%	550	0.0%	500	-9.1%	500	0.0%	450	-10.0%	400	-11.1%	400	0.0%	350	-12.5%	300	-14.3%	350	16.7%		
Total Expenses	90,355	95,172	3.4%	96,565	1.5%	98,167	1.7%	99,866	1.7%	101,748	1.7%	104,229	1.9%	106,774	2.4%	109,433	2.4%	112,109	2.5%	114,853	2.4%	117,767	2.4%		
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	8,087	5,834		6,277		7,601		8,777		9,990		10,502		10,735		10,923		11,163		11,407		11,555			
Net Gain/(Loss) on Disposal or Revaluation of Assets	297	955		0		0		0		0		0		0		0		0		0		0			
Amounts specifically for New or Upgraded Assets	2,605	9,791		3,000		0		0		0		0		0		0		0		0		0			
Physical Resources Receive Free of Charge	181	232		255		255		255		255		255		255		255		255		255		255			
NET SURPLUS/(DEFICIT)	11,170	16,812	0	9,532	0	7,856	0	9,032		10,245		10,757		10,990		11,178		11,418		11,662		11,810			

City of Tea Tree Gully
Date modified: 24 November 2021
ESTIMATED BALANCE SHEET

Year Ended 30 June:	2021 Actual Audit \$('000)	2022 Revised Budget \$('000)	2023 Plan Year 1 \$('000)	2024 Plan Year 2 \$('000)	2025 Plan Year 3 \$('000)	2026 Plan Year 4 \$('000)	2027 Plan Year 5 \$('000)	2028 Plan Year 6 \$('000)	2029 Plan Year 7 \$('000)	2030 Plan Year 8 \$('000)	2031 Plan Year 9 \$('000)	2032 Plan Year 10 \$('000)
ASSETS												
Current Assets												
Cash & Equivalent Assets	3,908	908	1,162	1,423	1,692	1,969	2,255	2,549	2,852	3,164	3,485	3,816
Trade & Other Receivables	4,476	4,476	4,610	4,749	4,891	5,038	5,189	5,345	5,505	5,670	5,840	6,015
Investments & Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0
Inventories	33	33	33	33	33	33	33	33	33	33	33	33
Sub-total	8,417	5,417	5,805	6,205	6,616	7,040	7,477	7,926	8,390	8,867	9,358	9,865
Non-current assets held for sale	512	512										
Total Current Assets	8,929	5,929	5,805	6,205	6,616	7,040	7,477	7,926	8,390	8,867	9,358	9,865
Non-Current Assets												
Infrastructure, Property, Plant & Equipment	1,559,519	1,585,791	1,595,835	1,603,056	1,611,022	1,616,238	1,621,622	1,627,168	1,635,866	1,644,782	1,650,910	1,660,167
Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0
Other Non-Current Assets (Work in Progress)	7,986	7,986	7,986	7,986	7,986	7,986	7,986	7,986	7,986	7,986	7,986	7,986
Total Non-Current Assets	1,567,505	1,593,777	1,603,821	1,611,042	1,619,008	1,624,224	1,629,608	1,635,154	1,643,852	1,652,768	1,658,896	1,668,153
Total Assets	1,576,434	1,599,706	1,609,626	1,617,247	1,625,624	1,631,264	1,637,085	1,643,080	1,652,241	1,661,635	1,668,254	1,678,018
LIABILITIES												
Current Liabilities												
Trade & Other Payables	12,932	12,932	13,320	13,720	14,131	14,555	14,992	15,441	15,905	16,382	16,873	17,380
Borrowings	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	4,420	4,420	4,420	4,420	4,420	4,420	4,420	4,420	4,420	4,420	4,420	4,420
Sub-total	17,352	17,352	17,740	18,140	18,551	18,975	19,412	19,861	20,325	20,802	21,293	21,800
Liabilities Relating to Non-Current Assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	17,352	17,352	17,740	18,140	18,551	18,975	19,412	19,861	20,325	20,802	21,293	21,800
Non-Current Liabilities												
Borrowings	15,000	21,460	21,460	20,825	19,759	14,729	9,357	3,912	1,432	(1,069)	(6,604)	(9,157)
Provisions	511	511	511	511	511	511	511	511	511	511	511	511
Total Non-Current Liabilities	15,511	21,971	21,971	21,336	20,270	15,240	9,868	4,423	1,943	(558)	(6,093)	(8,646)
Total Liabilities	32,863	39,323	39,711	39,476	38,821	34,215	29,280	24,285	22,268	20,244	15,201	13,154
NET ASSETS	1,543,571	1,560,383	1,569,915	1,577,771	1,586,803	1,597,048	1,607,805	1,618,796	1,629,973	1,641,391	1,653,053	1,664,864
EQUITY												
Accumulated Surplus	403,505	420,317	429,849	437,705	446,737	456,982	467,739	478,730	489,907	501,325	512,987	524,798
Asset Revaluation Reserve	1,138,207	1,138,207	1,138,207	1,138,207	1,138,207	1,138,207	1,138,207	1,138,207	1,138,207	1,138,207	1,138,207	1,138,207
Other Reserves	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859
TOTAL EQUITY	1,543,571	1,560,383	1,569,915	1,577,771	1,586,803	1,597,048	1,607,805	1,618,796	1,629,973	1,641,391	1,653,053	1,664,864

ESTIMATED CASH FLOW STATEMENT

Year Ended 30 June:	2021 Actual Audit \$('000)	2022 Revised Budget \$('000)	2023 Plan Year 1 \$('000)	2024 Plan Year 2 \$('000)	2025 Plan Year 3 \$('000)	2026 Plan Year 4 \$('000)	2027 Plan Year 5 \$('000)	2028 Plan Year 6 \$('000)	2029 Plan Year 7 \$('000)	2030 Plan Year 8 \$('000)	2031 Plan Year 10 \$('000)	2032 Plan Year 10 \$('000)
CASH FLOWS FROM OPERATING ACTIVITIES												
<u>Receipts</u>												
Operating and Investment Receipts	105,795	101,006	102,707	105,630	108,500	111,591	114,580	117,353	120,195	123,107	126,090	129,147
<u>Payments</u>												
Operating Payments to Suppliers and Employees	79,528	77,526	78,103	79,256	80,543	81,953	84,000	86,098	88,248	90,452	92,711	95,026
Finance Costs	495	550	550	550	500	500	450	400	400	350	300	350
Net Cash provided by (or used in) Operating Activities	25,772	22,930	24,054	25,824	27,457	29,138	30,130	30,856	31,547	32,305	33,079	33,771
CASH FLOWS FROM INVESTING ACTIVITIES												
<u>Receipts</u>												
Amounts Specifically for New/Upgraded Assets	2,605	9,791	3,000	0	0	0	0	0	0	0	0	0
Sale of Renewed/Replaced Assets	447	955	800	800	800	800	800	800	800	800	800	800
Sale of Surplus Assets	0	0	512	0	0	0	0	0	0	0	0	0
<u>Payments</u>												
Expenditure on Renewal/Replacement of Assets	(16,771)	(21,505)	(17,500)	(18,000)	(18,500)	(19,000)	(19,500)	(20,000)	(20,500)	(21,000)	(21,500)	(22,000)
Expenditure on New/Upgraded Assets	(6,871)	(21,631)	(10,613)	(7,728)	(8,421)	(5,632)	(5,772)	(5,917)	(9,065)	(9,291)	(6,523)	(9,687)
Net Cash Provided by (or used in) Investing Activities	(20,590)	(32,390)	(23,801)	(24,928)	(26,121)	(23,832)	(24,472)	(25,117)	(28,765)	(29,491)	(27,223)	(30,887)
CASH FLOWS FROM FINANCING ACTIVITIES												
<u>Receipts</u>												
Proceeds from Borrowings	0	6,460	0	0	0	0	0	0	0	0	0	0
Proceeds from Deposits	53											
<u>Payments</u>												
Repayments of Borrowings	(4,000)	0	0	(635)	(1,067)	(5,030)	(5,372)	(5,445)	(2,480)	(2,501)	(5,534)	(2,553)
Repayment of Finance Lease Liabilities	0	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided by (or used in) Financing Activities	(3,947)	6,460	0	(635)	(1,067)	(5,030)	(5,372)	(5,445)	(2,480)	(2,501)	(5,534)	(2,553)
Net Increase/(Decrease) in cash held	1,235	(3,000)	254	261	269	277	286	294	303	312	321	331
Opening cash, cash equivalents or (bank overdraft)	2,673	3,908	908	1,162	1,423	1,692	1,969	2,255	2,549	2,852	3,164	3,485
Closing cash, cash equivalents or (bank overdraft)	3,908	908	1,162	1,423	1,692	1,969	2,255	2,549	2,852	3,164	3,485	3,816

ESTIMATED STATEMENT OF CHANGES IN EQUITY

Year Ended 30 June:	2021 Actual Audit \$('000)	2022 Revised Budget \$('000)	2023 Plan Year 1 \$('000)	2024 Plan Year 2 \$('000)	2025 Plan Year 3 \$('000)	2026 Plan Year 4 \$('000)	2027 Plan Year 5 \$('000)	2028 Plan Year 6 \$('000)	2029 Plan Year 7 \$('000)	2030 Plan Year 8 \$('000)	2031 Plan Year 9 \$('000)	2032 Plan Year 10 \$('000)
ACCUMULATED SURPLUS												
Balance at end of previous reporting period	392,163	403,505	420,317	429,849	437,705	446,737	456,982	467,739	478,730	489,907	501,325	512,987
Net Result for Year	11,170	16,812	9,532	7,856	9,032	10,245	10,757	10,990	11,178	11,418	11,662	11,810
Transfers from Other Reserves	172	0	0	0	0	0	0	0	0	0	0	0
Balance at end of period	403,505	420,317	429,849	437,705	446,737	456,982	467,739	478,730	489,907	501,325	512,987	524,798
ASSET REVALUATION RESERVE												
Balance at end of period	1,138,207	1,138,207	1,138,207	1,138,207	1,138,207	1,138,207	1,138,207	1,138,207	1,138,207	1,138,207	1,138,207	1,138,207
OTHER RESERVES												
Balance at end of previous reporting period	2,031	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859
Transfers from Accumulated Surplus	0	0	0	0	0	0	0	0	0	0	0	0
Transfers to Accumulated Surplus	(172)	0	0	0	0	0	0	0	0	0	0	0
Balance at end of period	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859
TOTAL EQUITY AT END OF REPORTING PERIOD	1,543,571	1,560,383	1,569,915	1,577,771	1,586,803	1,597,048	1,607,805	1,618,796	1,629,973	1,641,391	1,653,053	1,664,864

**City of Tea Tree Gully
Key Financial Indicators**

Date modified: 24 November 2021

Year Ended 30 June:	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	Actual	Revised	Plan									
	Audit	Budget	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)
Net Financial Liabilities including non current assets held for sale	23,967	33,427	33,939	33,304	32,238	27,208	21,836	16,391	13,911	11,410	5,875	3,322
Net Financial Liabilities excluding non current assets held for sale	24,479	33,939	33,939	33,304	32,238	27,208	21,836	16,391	13,911	11,410	5,875	3,322
Net Financial Liabilities Ratio including non current assets held for sale	24%	33%	33%	31%	30%	24%	19%	14%	12%	9%	5%	3%
Net Financial Liabilities Ratio excluding non current assets held for sale	25%	34%	33%	31%	30%	24%	19%	14%	12%	9%	5%	3%
Asset Sustainability Ratio	100%	126%	100%	100%	100%	101%						
Operating Surplus Ratio	10%	7%	7%	8%	9%	10%	11%	11%	10%	10%	10%	10%
Fiscal Balance Ratio	5%	-10%	0%	1%	1%	5%	5%	5%	2%	2%	5%	2%
	Audit Dep'n 20/21	Budget 21/22	LTFP 22/23	LTFP 23/24	LTFP 24/25	LTFP 25/26	LTFP 26/27	LTFP 27/28	LTFP 28/29	LTFP 29/30	LTFP 30/31	LTFP 31/32
Renewal Works	16,790	17,096	17,523	17,961	18,411	18,871	19,343	19,826	20,322	20,830	21,351	21,884