



**Long Term Financial Plan for
the period
2020/21 to 2029/30**

Introduction

The purpose of a Long Term Financial Plan (LTFP) is to express, in financial terms, the activities that Council proposes to undertake over the medium to longer term to achieve its stated objectives outlined in the Strategic Management Plan. The Long Term Financial Plan is an important management tool which highlights anticipated movements in annual cash flows and links Council's level of borrowings and financial assets with its activities.

This document presents the Long Term Financial Plan for the years 2020/21 to 2029/30. The basis of the LTFP is consistent with the Financial Statements 30 June 2019 and the 2019/20 Annual Business Plan and Budget adopted by Council and any authorised amendments and material financial impacts. The LTFP also incorporates the Asset Management Plans projections for new, upgraded and renewal of assets for the next 10 years. This is a fluid document, which will be updated and amended over time as circumstances change. Council will review its LTFP once annually during the preparation of its Annual Business Plan and Budget. In addition, when quarterly budget reviews are performed these adjustment will also show any flow on effect of the financial indicators for the next two years. Council will continue to explore opportunities to return to surplus earlier than projected.

Council has large asset holdings, such as an extensive road network, wharfs, boat ramps, heritage vessels, numerous buildings and structures, etc., and a relatively small population and rate revenue base. Our financial modelling shows we cannot afford to maintain and replace all of the assets we currently own and continue to provide the current levels of service without adjustments to either the levels of service or increases in rate revenue. Council has adopted a rating strategy that seeks to achieve a reasonable degree of stability and predictability in the overall rates burden over time, while ensuring ratepayers are paying for those services and infrastructure renewal/maintenance obligations they are consuming.

This review of the plan is based on the final budget review of 2019/20 that has been endorsed by Council. Each income and expenditure item has been examined and updated to reflect our normal service levels. Any additional items or changes in service levels that are expected to occur are included in the relevant years. It has also been undertaken based on a number of assumptions, which are detailed in the plan. These assumptions are reviewed on an annual basis.

In reviewing its Long Term Financial Plan, Council must be aware of its key financial indicators. These indicators provide Council with information that demonstrates the sustainability of its operations. The 10 year plan aims for Council to move from an operating deficit to a surplus in year 9, also reducing its net financial liabilities ratio from 96% in 2020/21 to 22% in 2029/30 (or from 129% of general rates in 2020/21 to 26% in 2029/30 of its general rates) and to protect its assets by having an asset renewal ratio target of between 85% to 115% and averaging over any 5 years period 100%.

The key challenges arising from within this LTFP are:

- implementation and funding of appropriate asset management principles to ensure cost effective management of all Council's assets
- meeting the ongoing expectations of our community with regard to service delivery
- managing the impact of cost shifting from other levels of government
- the use of debt as a means of funding asset renewal and rehabilitation
- ensuring the financial sustainability of Council operations.

Local Government Review Bill 2020

The South Australian Government has presently a Local Government Review Bill that is thought to be presented to parliament for voting in September 2020. This Bill contains a number of reform proposals one being the requirement of Council to lodge the Annual Business Plan with a designated authority (thought to be the Essential Services Commission of SA). It is proposed that the increase of rates be based on the number of new ratable properties and not on the new development for example new houses or industrial facilities (i.e. external oversight of rate-setting)

As the legislation has not passed and may not pass in its current version of the Bill, this plan has not been prepared with any portion of the proposed Local Government Review Bill 2020.

Assumptions used in the Long Term Financial Plan

The LTFP is based on a number of assumptions and any shift in the actual results compared to the assumptions will cause variations to the LTFP forecast. A number of these underlying key assumptions have been listed along with a calculation of the dollar value and the equivalent percentage of general rates to offset the variation.

Material variations between the assumptions and actuals over several years would have a very significant impact of the LTFP forecast results due to the compounding effect year on year into the future.

Consumer Price Index CPI / Local Government Price Index (LGPI)

The average operating cost increases for local government materials, contracts and other service costs are estimated using the LGPI as prices of these items move in different ways to how average household prices move. The LGPI is similar to the Consumer Price Index (CPI) but represents the movements of prices associated with goods and services consumed by local government in South Australia Local Government sector. It is prepared and updated on a quarterly basis by the South Australian Centre for Economic Studies. The Local Government Price Index for the year ending 31 March 2020 was 1.6% and the Adelaide CPI 2.4%, the 2020/21 budget has been prepared with an estimated increase of 1.9%. On an average over the past 5 years the Local Government Price Index has been 0.4% higher than CPI.

Statement of Comprehensive Income

The plan assumes overall service levels will remain materially unchanged throughout the planning period except as specified below:

- Provision has been made for outlays for major new/upgraded assets that will add to service levels as per the capital works listing included in the plan
- Some specific services may be varied or additional services added over time in response to changes in community needs and preferences. It is assumed that any such variations will be made without impacting on overall operating expense levels except where otherwise specified.
- As initiatives and actions specified in Council's strategic plans are prioritised and costed they are added into the financial plan.

Recurring Government Grants

Financial Assistance Grants (General & Local Roads) \$3,965,599 (2020/21)

It is assumed that these grants will increase annually at CPI rates throughout the term of the LTFP.

Special Local Roads Program Funding

No grant monies have been included in the 10 year plan.

Roads to Recovery - \$995,480 (2020/21)

Roads to Recovery grants have been included at the amount of \$995,480 for 2020/21 and then is reduced to the amount of \$663,650 years 2 to 10, the grant being discounted in real terms throughout the future LTFP, only being increased by CPI for only one year every three years.

Supplementary Road Grant

In June 2019 the Council received \$654,932 being an advance payment for 2019/20 and 2020/21, grant income has been included in the LTFP from 2021/22 at an amount of \$334,000 will increase annually at CPI rates throughout the remaining term of the LTFP.

Library Operating \$16,000

It is assumed that this grant will continue and will increase approximately in line with CPI. Any other operating grants are assumed not to be continued.

Rates

Council's draft Long Term Financial Plan assumes rate revenue forecasts have been based on :-

	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23+</u>
CPI	1.9%	2.0%	2.5%
*Sustainability & Projects	<u>1.0%</u>	<u>2.0%</u>	<u>2.0%</u>
Increase to Existing Assessments	2.9%	4.0%	4.5%
Plus expected Growth	<u>0.7%</u>	<u>0.5%</u>	<u>0.5%</u>
Total Increase	<u>3.6%</u>	<u>4.5%</u>	<u>5.0%</u>

**Presently the Council is in a deficit position, an annual sustainability increase will gradually reduce the deficit position as long as other operational expenses are kept within CPI.*

The actual increase payable by any individual ratepayer may be more or less than this depending on the movement in the capital value of their property in relation to total property valuation changes of the Council.

Community Wastewater Management Systems (CWMS) Service Charges

Due to the introduction of a new methodology of calculation of the CWMS, in 2020/21 there has been budgeted reduction of fees of approximately \$120,000 to an amount of \$674,000. The reduction was the recognition that overall the CWMS have been collecting in excess monies to cover annual maintenance costs and minor capital renewal items. There are also a number of individual schemes that have been running at a deficit and will therefore receive material percentage increases over the next few years. Major renewal capital items and upgrades will require additional capital contributions from property owners if the schemes balance of funds is insufficient.

Kerbside Collection of Recyclables

The service fee has not been increased in 2020/21 disposal costs may increase in the future due to the ongoing reduction in the sale price of recycled materials. Presently future annual increases of the fortnightly collection service have been estimated to increase by CPI throughout the balance of the LTFP.

Other Service Charges

Annual increases for the Bowhill Multi-Access Television system and Water Supply have been estimated to increase by CPI.

Operating revenue from all sources except where otherwise stated is expected to remain constant in real terms over the plan period.

User Charges

User charges have been discounted in 2020/21 by an amount of \$74,800 due to ongoing COVID-19 in the areas of Tourism (Mannum Dock and Port of Morgan), Mannum Leisure Centre and Commercial leases. It has been assumed that this income will be back to normal levels in 2021/22 and will increase by CPI for the balance of the 10 year plan.

Employee Costs

Casual employee hours have been reduced along with several positions have not been filled in 2020/21 to offset the loss of income due to COVID-19, instead Council has used short term contract staff at reduced hours. The level of employee costs is based on estimated full time equivalent (FTE) resource levels. The current Enterprise Agreement increases are linked to Adelaide CPI, this is also expected to continue in future agreements.

Materials, Contracts & Other Services

The average operating cost increases for local government materials, contracts and other service costs are estimated using the Local Government Price Index (LGPI) as prices of these items move in different ways to how average household prices move.

The LGPI is similar to the Consumer Price Index (CPI) but represents the movements of prices associated with goods and services consumed by local government in South Australia Local Government sector. It is prepared and updated on a quarterly basis by the South Australian Centre for Economic Studies, it is to be noted that the LGPI has been tracking close to the CPI in recent years. This price index is used because it better reflects the 'basket of goods' purchased by local government than the standard CPI does.

EPA Solid Waste Levy

The EPA Solid Waste Levy increased by 25% in 2019/20 and will increase by 14% in 2020/21 or an amount of \$31,400 (equal to 0.22% of General Rates). In total Council will pay a total amount of \$325,000 (equal to 2.3% of General Rates) to the Environmental Protection Authority for Solid waste levy and Transfer Station & CWMS Licenses. It is unknown what increase will occur in the future but the plan has factored increases at estimated CPI for years 2 to 10.

Efficiency Levy

A total amount of \$3.4 million has been included into the 10 years of the plan or an average annual reduction of 1.2% of Operating Expenses, these reductions are required by Council to ensure a surplus is achieved in 2028/29. It is expected that this will be achieved by a combination of efficiencies, procurement savings and a reduction of some current services.

Capital Renewal (annual increase for the replacement of existing assets)

Provision has been made for outlays on renewal, replacement and maintenance of depreciable assets under Council's care and control consistent with recommended outlay levels shown in Council's various Asset Management Plans.

Capital renewal has been sourced from Council's Asset Management Plans for Roads, Plant and Community Wastewater Management Scheme (CWMS), Footpaths, Bridges and Stormwater, forward figures are appropriately indexed in future expenditure years. For the first time the LTFP has included forward capital renewal expenditure of the three heritage vessels that total \$956,000 over the 10 years of the plan, this has had a significant impact and has offset recent financial savings in the areas of operations and construction.

Council presently operate the Cambrai Landfill site, this is expected to continue into the future and therefore involve the extension of the current cell at a cost of approximately \$600,000 during 2024/25 and 2025/26. It has also been budgeted for the part capping of the current cell in 2025/26 at a cost of \$250,000.

Council's remaining only uncompleted Asset Management Plan is Land & Buildings, the new valuation and associated depreciation expense is expected to be included in the 2019/20 Annual Financial Statements. Once the plan is adopted there will be additional Building capital renewal expenditure and depreciation that will be incorporated into the next annual review of the LTFP. As always, when Asset Management Plans are created or reviewed, these new figures will be incorporated in the next revision of the Long Term Financial Plan.

Depreciation / Asset Revaluations

Depreciation is based on regular asset valuations performed for Council's transport infrastructure assets, CWMS assets, land, buildings and structures. The Long Term Financial Plan uses these valuations as the basis for its depreciation figures. The aggregate depreciable value of currently existing assets is assumed to remain constant in real terms throughout the plan period except where Council has planned for the upgrading of existing assets and the acquisition of new additional assets. In the plan all assets are deemed to be revalued every year, as a result the annual depreciation expenses have increased annually throughout the plan instead of only increasing in the future years when revaluations are expected. On average depreciation expense increases annually by 2.39% throughout the ten years of the LTFP.

Funding Requirements

No additional fixed term loans (Fixed Interest Rates) are included in the Long Term Financial Plan as any funding shortfall is covered by using our Cash Advance Debenture facilities (Variable Interest Rates) with the Local Government Finance Authority. Cash Advance Debentures interest rates historically on average are 0.4% to 0.5% lower than Fixed Term Loans.

Interest Rates

Interest rates payable on loans have been calculated as being the actual rate against the various Fixed Term Loans with the balance of required finance being sourced at the current Cash Advance Debenture rate of 2.2% for 2020/21 to 2021/22 increasing to 2.45% for the remaining 8 years. The Local Government Finance Authority has given Council a discount of 0.75% in relation to \$2.3million of loans for three years that amounts to an annual saving of \$17,250 for three years.

The average nominal interest rate earned on invested funds is assumed to be as per current rates of 0.5% for years 2020/21 to 2021/22 increasing to 0.7% for the remaining 8 years.

Material Future Residential Land / Industrial Developments

Future developments are expected to occur within the Council area. However, as there is no accurate estimate of the amount or timing of the completion of these developments at this stage, future assets free of charge have not been included in the Long Term Financial Plan or any additional levels of income in relation to General Rates or Service Charges. As previously mentioned the LTFP has assumed an annual 0.5% rate growth factor.

Sale of Assets – Profit/Loss on Disposal

Council will continue to identify surplus assets including land that will be placed for sale, no allocation for these sales have been included in the LTFP, as timing and expected income in any one year cannot be reliably estimated at this stage. Once the Land & Building valuation is completed it is expected that there will be a rationalization of building assets.

It is assumed that all assets that will be sold/disposed in the future will be at book value, therefore no Profit/Loss on disposal has been forecasted.

Sensitivity Analysis related to the 2020/21 Financial Year

The LTFP is based on a number of assumptions and so any shift in the actual results compared to these assumptions will cause variations to the LTFP forecast. A number of these underlying key assumptions have been listed along with a calculation of the dollar value and the equivalent percentage of general rates to offset the variation.

Material variations between the assumptions and actuals over several years would have a very significant impact of the LTFP forecast results due to the compounding effect year on year into the future.

Interest Rate Movement

0.5% plus/minus on interest rates 2020/21 equals \$90,500 or equivalent to 0.6% of general rates income, based on approximately \$18,100,000 borrowed on a variable CAD facility. The balance of borrowings are fixed interest term loans.

Financial Assistance Grant (FAGs) Reduction

1% plus/minus of FAGs in 2020/21 (adjusted for Advance payment) equals \$42,700 or equivalent to 0.3% of general rates income.

Growth Variation from projected

0.25% plus/minus of growth equals \$35,000 or equivalent to 0.25% of general rates income.

Variation in Operating & Capital Expenditure

1% plus/minus of Operating Expenses (Including Depn) \$251,000

1% plus/minus of Capital Expenses \$80,400

Total \$332,400

or equivalent to 2.25% of general rates income

Other Factors

There are a number of other factors that may have an impact to the LTFP, many may not be able to be foreseen such as changes to the level of government taxes. Other factors worth mentioning that can have an effect include the Australian dollar exchange rate for goods or raw materials that are sourced from overseas and the price of oil that impacts on the cost of fuel and asphalt. Many of Council's contracts have a rise and fall clause in relation to the cost of fuel. An accurate analysis is not possible for the movement in the Australian dollar and the rise and fall of international oil prices.

Financial Indicators used in the Long Term Financial Plan

Operating Surplus Ratio

Can be expressed as either \$'000 or percentage and is an indicator of the extent to which revenues raised cover operational expenses including depreciation.

The percentage ratio indicator is calculated as:
$$\frac{\text{Operating Surplus (Deficit)}}{\text{Total Operating Revenue}}$$

Net Financial Liabilities Ratio

Can be expressed as either \$'000 or percentage and is an indicator of the extent to which the net financial liabilities of a local government can be serviced by its operating revenues.

The percentage ratio indicator is calculated as:
$$\frac{\text{Net Financial Liabilities}}{\text{Total Operating Revenue}}$$

Asset Renewal Funding Ratio

Expressed as a percentage, it is an approximation of the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives.

The indicator is calculated as:
$$\frac{\text{Net Asset Renewals}}{\text{Total AMP* Capital Renewal}}$$

*AMP – Asset Management Plans

Mid Murray Council Proposed Target Ratios

Operating Surplus Ratio - Adjusted

Modest Operating Surplus in 2028/29 (Year 9) of 0.12% or \$27,000 Surplus
Maximum deficit Adjusted (10.97%) or \$2.5million deficit in year 2021/22

Net Financial Liabilities Ratio

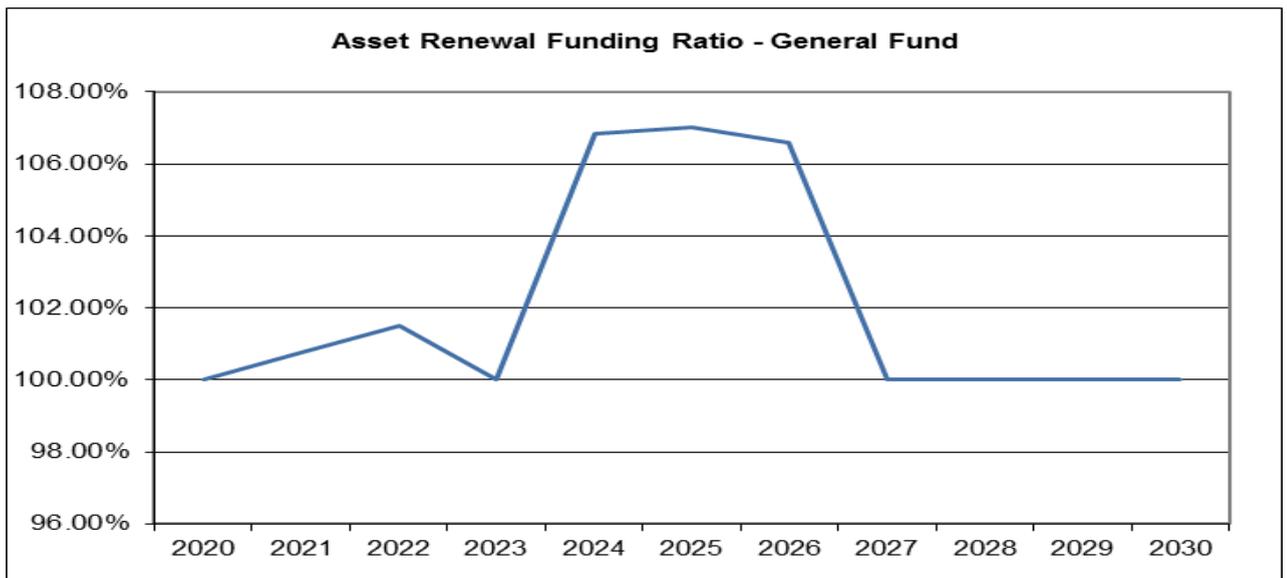
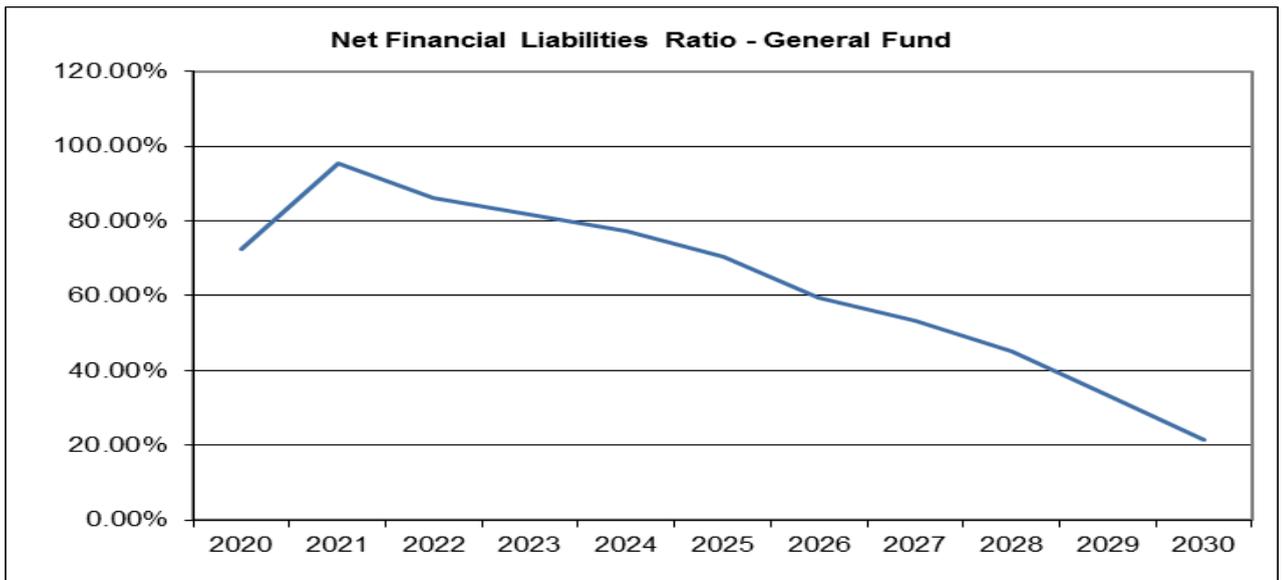
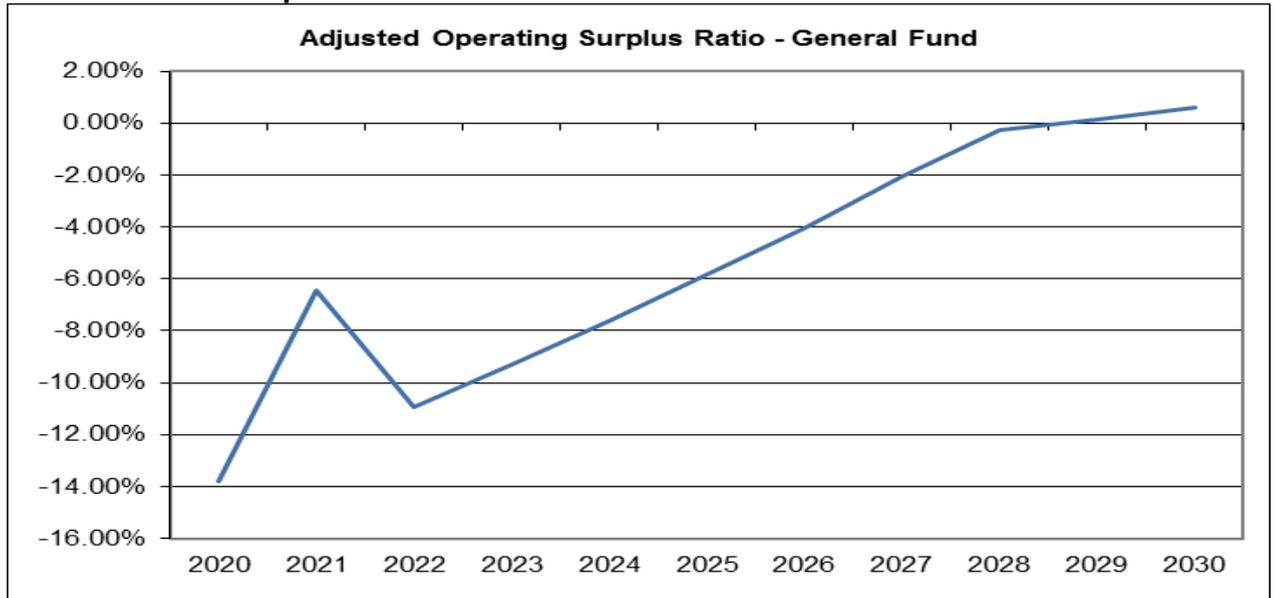
10 year target Borrowings in 2029/30 (Years 10) of 21% or \$5.4million or 26% of general rates
Maximum Borrowings in 2020/21 or 96% or \$18.2million or 129% of general rates.

Asset Renewal Funding Ratio %

10 year target 100% (average)

Range 85%-115% in any one year, averaging 100% over any 5 year period

Financial Indicator Graphs



Mid Murray Council												
10 Year Financial Plan for the Years ending 30 June 2030												
INCOME STATEMENT - GENERAL FUND		Budget	Projected Years									
Scenario: LTFP 2020/21 to 2029/30		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Income												
Rates	15,377,048	15,660,658	16,363,794	17,122,122	17,917,799	18,771,271	19,666,352	20,605,103	21,589,675	22,227,932	22,885,101	
Statutory Charges	363,895	360,890	368,108	377,312	386,744	396,412	406,323	416,480	426,895	437,568	448,507	
User Charges	832,522	757,750	898,913	938,392	944,424	985,036	992,235	1,034,040	1,042,469	1,085,531	1,095,240	
Grants, Subsidies and Contributions	5,300,605	4,025,739	5,067,238	5,171,221	5,275,558	5,389,188	5,498,808	5,611,170	5,733,154	5,851,203	5,972,205	
Investment Income	768	790	795	807	819	832	845	858	871	884	897	
Reimbursements	250,827	214,230	220,494	226,007	231,657	237,449	243,387	249,471	255,709	262,101	268,653	
Other Income	146,191	144,651	148,766	152,488	156,298	160,207	164,212	168,317	172,526	176,838	181,260	
Total Income	22,271,856	21,164,708	23,068,108	23,988,349	24,913,299	25,940,395	26,972,162	28,085,439	29,221,299	30,042,057	30,851,863	
Expenses												
Employee Costs	8,356,033	8,421,718	8,806,471	9,065,413	9,332,064	9,605,620	9,886,923	10,134,098	10,387,457	10,647,153	10,913,338	
Materials, Contracts & Other Expenses	9,810,655	9,125,810	9,121,126	9,303,420	9,450,216	9,657,671	9,837,931	10,039,076	10,245,292	10,547,629	10,825,137	
Depreciation, Amortisation & Impairment	6,839,025	6,969,000	7,108,380	7,286,092	7,468,246	7,654,952	7,846,327	8,042,487	8,243,552	8,449,643	8,660,881	
Finance Costs	469,300	587,651	561,657	575,767	574,203	548,486	508,191	469,064	432,879	370,536	291,691	
Total Expenses	25,475,013	25,104,179	25,597,634	26,230,692	26,824,729	27,466,729	28,079,372	28,684,725	29,309,180	30,014,961	30,691,047	
Operating Surplus / (Deficit)	(3,203,157)	(3,939,471)	(2,529,526)	(2,242,343)	(1,911,430)	(1,526,334)	(1,107,210)	(599,286)	(87,881)	27,096	160,816	
Amounts Received Specifically for New or Upgraded	4,776,483	708,790	-	-	-	-	-	-	-	-	-	
Net Surplus / (Deficit)	1,573,326	(3,230,681)	(2,529,526)	(2,242,343)	(1,911,430)	(1,526,334)	(1,107,210)	(599,286)	(87,881)	27,096	160,816	

Mid Murray Council											
10 Year Financial Plan for the Years ending 30 June 2030											
BALANCE SHEET - GENERAL FUND											
Scenario: LTFP 2020/21 to 2029/30	Budget	Projected Years									
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS											
Current Assets											
Cash & Cash Equivalents	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Trade & Other Receivables	2,822,000	2,808,791	3,000,420	3,121,309	3,244,091	3,379,376	3,516,787	3,663,774	3,815,095	3,922,525	4,029,684
Inventories	264,000	259,997	259,753	264,338	268,029	273,246	277,780	282,838	288,024	295,627	302,606
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	3,236,000	3,218,788	3,410,173	3,535,647	3,662,120	3,802,622	3,944,566	4,096,612	4,253,119	4,368,152	4,482,290
Non-Current Assets											
Financial Assets	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Infrastructure, Property, Plant & Equipment	192,847,083	193,753,383	190,914,429	188,428,928	186,161,928	183,600,381	180,307,227	178,578,274	176,688,169	173,607,445	170,333,902
Total Non-Current Assets	192,897,083	193,803,383	190,964,429	188,478,928	186,211,928	183,650,381	180,357,227	178,628,274	176,738,169	173,657,445	170,383,902
TOTAL ASSETS	196,133,083	197,022,171	194,374,602	192,014,575	189,874,048	187,453,003	184,301,793	182,724,886	180,991,288	178,025,597	174,866,192
LIABILITIES											
Current Liabilities											
Bank Overdraft - cad	10,857,543	15,880,670	16,486,276	16,831,549	16,963,212	16,167,078	14,231,779	13,366,784	11,838,421	8,775,447	5,389,213
Trade & Other Payables	2,542,019	2,402,647	2,413,899	2,455,897	2,493,148	2,544,924	2,592,100	2,641,075	2,691,259	2,761,445	2,827,458
Borrowings	763,987	734,900	504,955	398,011	150,354	155,876	161,602	167,537	-	-	-
Provisions	1,875,104	1,875,104	1,875,104	1,875,104	1,875,104	1,875,104	1,875,104	1,875,104	1,875,104	1,875,104	1,875,104
Total Current Liabilities	16,038,653	20,893,321	21,280,234	21,560,560	21,481,817	20,742,983	18,860,585	18,050,500	16,404,784	13,411,996	10,091,775
Non-Current Liabilities											
Trade & Other Payables	3,974	3,974	3,974	3,974	3,974	3,974	3,974	3,974	3,974	3,974	3,974
Borrowings	2,273,235	1,538,335	1,033,380	635,369	485,015	329,139	167,537	-	-	-	-
Provisions	822,896	822,896	822,896	822,896	822,896	822,896	822,896	822,896	822,896	822,896	822,896
Total Non-Current Liabilities	3,100,104	2,365,204	1,860,249	1,462,238	1,311,884	1,156,008	994,406	826,869	826,869	826,869	826,869
TOTAL LIABILITIES	19,138,757	23,258,526	23,140,484	23,022,799	22,793,702	21,898,991	19,854,991	18,877,369	17,231,653	14,238,865	10,918,645
Net Assets	176,994,326	173,763,645	171,234,119	168,991,776	167,080,346	165,554,012	164,446,802	163,847,517	163,759,635	163,786,732	163,947,547
EQUITY											
Accumulated Surplus	21,000,326	17,769,645	15,240,119	12,997,776	11,086,346	9,560,012	8,452,802	7,853,517	7,765,635	7,792,732	7,953,547
Asset Revaluation Reserves	154,901,000	154,901,000	154,901,000	154,901,000	154,901,000	154,901,000	154,901,000	154,901,000	154,901,000	154,901,000	154,901,000
Other Reserves	1,093,000	1,093,000	1,093,000	1,093,000	1,093,000	1,093,000	1,093,000	1,093,000	1,093,000	1,093,000	1,093,000
Total Equity	176,994,326	173,763,645	171,234,119	168,991,776	167,080,346	165,554,012	164,446,802	163,847,517	163,759,635	163,786,732	163,947,547
<i>Total Loan Borrowings</i>	<i>13,894,765</i>	<i>18,153,905</i>	<i>18,024,611</i>	<i>17,864,929</i>	<i>17,598,581</i>	<i>16,652,093</i>	<i>14,560,918</i>	<i>13,534,321</i>	<i>11,838,421</i>	<i>8,775,447</i>	<i>5,389,213</i>

Mid Murray Council											
10 Year Financial Plan for the Years ending 30 June 2030											
CASH FLOW STATEMENT - GENERAL FUND											
Scenario: LTFP 2020/21 to 2029/30		Projected Years									
	Budget	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	2019/20										
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities											
Receipts:											
Rates Receipts	15,276,420	15,621,768	16,267,376	17,018,136	17,808,691	18,654,238	19,543,614	20,476,376	21,454,665	22,140,411	22,794,986
Statutory Charges	372,559	351,373	367,463	376,489	385,901	395,548	405,437	415,572	425,964	436,614	447,529
User Charges	865,614	742,046	886,296	934,863	943,885	981,406	991,592	1,030,304	1,041,716	1,081,682	1,094,372
Grants, Subsidies and Contributions (operating purpose)	5,073,880	4,266,457	5,034,497	5,160,988	5,265,291	5,378,006	5,488,021	5,600,113	5,721,150	5,839,586	5,960,298
Investment Receipts	1,128	768	795	806	818	831	844	857	870	883	896
Reimbursements	259,754	210,021	220,060	225,625	231,265	237,048	242,975	249,049	255,277	261,658	268,199
Other	346,222	(17,286)	99,906	152,155	155,957	159,858	163,854	167,950	172,150	176,453	180,865
Payments:											
Payments to Employees	(8,287,899)	(8,417,959)	(8,784,455)	(9,050,596)	(9,316,806)	(9,589,967)	(9,870,827)	(10,119,955)	(10,372,960)	(10,632,293)	(10,898,107)
Payments for Materials, Contracts & Other Expenses	(9,760,679)	(9,252,819)	(9,122,569)	(9,276,249)	(9,428,336)	(9,626,750)	(9,811,063)	(10,009,095)	(10,214,556)	(10,502,566)	(10,783,775)
Finance Payments	(573,139)	(596,999)	(570,649)	(581,945)	(579,073)	(550,325)	(510,098)	(471,041)	(434,929)	(370,536)	(291,691)
Net Cash provided (or used in) Operating Activities	3,573,860	2,907,370	4,398,720	4,960,273	5,467,594	6,039,892	6,644,348	7,340,131	8,049,347	8,431,892	8,773,573
Cash Flows from Investing Activities											
Receipts:											
Amounts Received Specifically for New/Upgraded Asset	4,776,483	708,790	-	-	-	-	-	-	-	-	-
Sale of Replaced Assets	387,080	167,000	247,478	265,916	247,288	235,856	348,365	419,903	463,616	220,952	225,454
Payments:											
Expenditure on Renewal/Replacement of Assets	(4,965,830)	(5,247,430)	(3,971,684)	(4,484,847)	(4,925,874)	(4,819,601)	(4,387,878)	(6,159,777)	(6,230,403)	(4,995,211)	(5,015,132)
Expenditure on New/Upgraded Assets	(5,735,358)	(2,794,870)	(545,220)	(581,660)	(522,660)	(509,660)	(513,660)	(573,660)	(586,660)	(594,660)	(597,660)
Net Cash provided (or used in) Investing Activities	(5,512,625)	(7,166,510)	(4,269,426)	(4,800,591)	(5,201,246)	(5,093,405)	(4,553,173)	(6,313,534)	(6,353,447)	(5,368,919)	(5,387,338)
Cash Flows from Financing Activities											
Receipts:											
Proceeds from CAD	10,857,543	5,023,127	605,606	345,273	131,663	-	-	-	-	-	-
Payments:											
Repayments of CAD	-	-	-	-	-	(796,133)	(1,935,299)	(864,995)	(1,528,363)	(3,062,973)	(3,386,235)
Repayments of Borrowings	(855,778)	(763,987)	(734,900)	(504,955)	(398,011)	(150,354)	(155,876)	(161,602)	(167,537)	-	-
Net Cash Flow provided (used in) Financing Activities	10,001,765	4,259,140	(129,294)	(159,682)	(266,348)	(946,487)	(2,091,175)	(1,026,597)	(1,695,900)	(3,062,973)	(3,386,235)
Net Increase/(Decrease) in Cash & Cash Equivalents	8,063,000	-	-	-	-	-	-	-	-	-	-
plus: Cash & Cash Equivalents - beginning of year	(7,913,000)	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Cash & Cash Equivalents - end of the year	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000

Mid Murray Council												
10 Year Financial Plan for the Years ending 30 June 2030												
EQUITY STATEMENT - GENERAL FUND		Budget	Projected Years									
Scenario: LTFP 2020/21 to 2029/30		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening Balance	175,421,000	176,994,326	173,763,645	171,234,119	168,991,776	167,080,346	165,554,012	164,446,802	163,847,517	163,759,635	163,786,732	
Net Surplus / (Deficit) for Year	1,573,326	(3,230,681)	(2,529,526)	(2,242,343)	(1,911,430)	(1,526,334)	(1,107,210)	(599,286)	(87,881)	27,096	160,816	
Other Comprehensive Income												
- Gain (Loss) on Revaluation of I,PP&E	-	-	-	-	-	-	-	-	-	-	-	
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	
Total Comprehensive Income	1,573,326	(3,230,681)	(2,529,526)	(2,242,343)	(1,911,430)	(1,526,334)	(1,107,210)	(599,286)	(87,881)	27,096	160,816	
Transfers between Equity	-	-	-	-	-	-	-	-	-	-	-	
Equity - Balance at end of the reporting period	176,994,326	173,763,645	171,234,119	168,991,776	167,080,346	165,554,012	164,446,802	163,847,517	163,759,635	163,786,732	163,947,547	

Mid Murray Council											
10 Year Financial Plan for the Years ending 30 June 2030											
UNIFORM PRESENTATION OF FINANCES - GENERAL											
FUND	Budget	Projected Years									
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Scenario: LTFP 2020/21 to 2029/30	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating Activities											
Income	22,271,856	21,164,708	23,068,108	23,988,349	24,913,299	25,940,395	26,972,162	28,085,439	29,221,299	30,042,057	30,851,863
less Expenses	(25,475,013)	(25,104,179)	(25,597,634)	(26,230,692)	(26,824,729)	(27,466,729)	(28,079,372)	(28,684,725)	(29,309,180)	(30,014,961)	(30,691,047)
Operating Surplus / (Deficit)	(3,203,157)	(3,939,471)	(2,529,526)	(2,242,343)	(1,911,430)	(1,526,334)	(1,107,210)	(599,286)	(87,881)	27,096	160,816
Capital Activities											
less (Net Outlays) on Existing Assets											
Capital Expenditure on Renewal and Replacement of Existing Assets	(4,965,830)	(5,247,430)	(3,971,684)	(4,484,847)	(4,925,874)	(4,819,601)	(4,387,878)	(6,159,777)	(6,230,403)	(4,995,211)	(5,015,132)
add back Depreciation, Amortisation and Impairment	6,839,025	6,969,000	7,108,380	7,286,092	7,468,246	7,654,952	7,846,327	8,042,487	8,243,552	8,449,643	8,660,881
add back Proceeds from Sale of Replaced Assets	387,080	167,000	247,478	265,916	247,288	235,856	348,365	419,903	463,616	220,952	225,454
(Net Outlays) on Existing Assets	2,260,275	1,888,570	3,384,174	3,067,161	2,789,660	3,071,207	3,806,814	2,302,613	2,476,765	3,675,384	3,871,203
less (Net Outlays) on New and Upgraded Assets											
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(5,735,358)	(2,794,870)	(545,220)	(581,660)	(522,660)	(509,660)	(513,660)	(573,660)	(586,660)	(594,660)	(597,660)
add back Amounts Received Specifically for New and Upgraded Ass	4,776,483	708,790	-	-	-	-	-	-	-	-	-
add back Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-	-	-	-	-	-	-	-	-	-
(Net Outlays) on New and Upgraded Assets	(958,875)	(2,086,080)	(545,220)	(581,660)	(522,660)	(509,660)	(513,660)	(573,660)	(586,660)	(594,660)	(597,660)
Net Lending / (Borrowing) for Financial Year	(1,901,757)	(4,136,981)	309,428	243,158	355,570	1,035,213	2,185,944	1,129,667	1,802,224	3,107,820	3,434,359

Mid Murray Council											
10 Year Financial Plan for the Years ending 30 June 2030											
FINANCIAL PERFORMANCE INDICATORS -		Current Year	Projected Years								
Scenario: LTFP 2020/21 to 2029/30	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Note 15 Ratios											
Operating Surplus Ratio	-14.38%	-18.61%	-10.97%	-9.35%	-7.67%	-5.88%	-4.11%	-2.13%	-0.30%	0.09%	0.52%
Operating Surplus / (Deficit)	(3,203,157)	(3,939,471)	(2,529,526)	(2,242,343)	(1,911,430)	(1,526,334)	(1,107,210)	(599,286)	(87,881)	27,096	160,816
Adjusted Operating Surplus Ratio	-13.82%	-6.45%	-10.97%	-9.35%	-7.67%	-5.88%	-4.11%	-2.13%	-0.30%	0.09%	0.52%
Adjusted Operating Surplus / (Deficit)	(3,093,528)	(1,520,305)	(2,529,526)	(2,242,343)	(1,911,430)	(1,526,334)	(1,107,210)	(599,286)	(87,881)	27,096	160,816
Net Financial Liabilities Ratio	72.36%	95.68%	86.44%	82.13%	77.67%	70.62%	59.83%	53.46%	45.23%	33.67%	21.68%
Asset Renewal Funding Ratio	100.00%	100.77%	101.50%	100.00%	106.85%	107.00%	106.60%	100.00%	100.00%	100.00%	100.00%
Loan Borrowings	13,894,765	18,153,905	18,024,611	17,864,929	17,598,581	16,652,093	14,560,918	13,534,321	11,838,421	8,775,447	5,389,213
Interest Cover Ratio (Interest as a % of Total Income)	2.10%	2.13%	1.84%	1.83%	1.75%	1.58%	1.37%	1.18%	1.01%	0.78%	0.50%

Major Capital Expenditure & Associated Grant Income											
Year Ended 30 June:		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
		\$('000)									
Expenditure on New/Upgraded Assets	Cross Ref.										
Sealed Roads	(5)	850	40	-	-	-	-	-	-	-	-
Kerbs		41	57	149	84	63	41	107	113	115	115
Footpaths		178	214	207	210	216	239	231	235	239	240
Solar Panels		50	-	-	-	-	-	-	-	-	-
Town Entrances		20	20	20	20	20	20	20	20	20	20
Murray Coorong Trail (2021 Grants Recd 2020)		505	50	50	50	50	50	50	50	50	50
Cowirra CWMS	(3)	410	-	-	-	-	-	-	-	-	-
Federal Drought Funding DCIP2	(2)	75	-	-	-	-	-	-	-	-	-
Len White Reserve Upgrade BBRF	(1)	500	-	-	-	-	-	-	-	-	-
Open Space (2021 Mary Ann Reserve \$155k)	(4)	155	132	134	137	139	142	144	147	149	151
Expenditure on Renewal											
Major Plant, Vehicles & Small Plant		991	1,104	1,173	1,035	1,050	1,215	1,652	1,891	948	1,090
IT Technology		110	110	118	120	122	125	127	129	131	133
Tourism Vessels		229	87	70	100	34	106	86	90	116	38
Bridges		93	66	51	33	16	19	9	50	51	53
Sealed Roads	(5)	1,078	590	1,209	1,161	1,027	35	1,828	1,243	1,250	1,250
Unsealed Roads	(5)	1,544	1,408	1,283	1,749	1,846	1,813	1,845	1,894	1,800	1,800
Buildings (2022 Leisure Ctr Wet Areas \$240k)		112	345	107	109	111	113	115	117	120	124
Federal Drought Funding DCIP2	(2)	730	-	-	-	-	-	-	-	-	-
Landfill & Transfer Stations		80	1	1	301	301	251	1	1	1	1
CWMS Renewal		98	14	207	71	76	43	77	351	357	300
Grant Funding											
Building Better Regions Funding Fed Grant	(1)	224	-	-	-	-	-	-	-	-	-
Federal Drought Funding DCIP2	(2)	805	-	-	-	-	-	-	-	-	-
Cowirra CWMS	(3)	410	-	-	-	-	-	-	-	-	-
Open Space / Marine Grants	(4)	224	-	-	-	-	-	-	-	-	-
Roads to Recovery (Bushfire Funding \$185k)	(5)	1,180	995	664	664	664	664	664	664	664	664
Summary											
Expenditure on New/Upgraded Assets		2,784	513	560	501	488	492	552	565	573	576
Expenditure on Renewal		5,065	3,725	4,219	4,679	4,583	3,720	5,740	5,766	4,774	4,789
Gross Capital Expenditure		7,849	4,238	4,779	5,180	5,071	4,212	6,292	6,331	5,347	5,365
Less Associated Grants		2,843	995	664	664	664	664	664	664	664	664
Net Capital Costs After Grants		5,006	3,243	4,115	4,516	4,407	3,548	5,628	5,667	4,683	4,701

APPENDIX - COST CAPACITY INDICATORS

Introduction

Ultimately Council budgets must be set in the context of a Council's Strategic Management Plan, community consultation, and decisions about the required level of services each year. However in estimating costs and the impact on communities various indicators may assist the Council in making informed decisions.

Ratepayer capacity

It has been noted that Councils have ratepayers of three broad types:

- individual salary earners;
- businesses, primary producers and nonprofit organisations; and
- those on some form of government benefit payments.

Different indicators may assist Councils in making judgements regarding capacities of those in each group. This may assist in judgements regarding the adoption of the budget and the overall level of rates revenue as well as mechanisms which deal with the distribution of rates among ratepayers (including such options as differentials, caps, rebates and remissions). It must also be remembered that the actual changes in capacity in such groups will vary across the State as will the proportion of each group within each Council area.

Average Weekly Earnings

In most Council areas, Average Weekly Earnings will be the most relevant indicator in terms of understanding the capacity of the majority of ratepayers. This is not a perfect indicator for this purpose. For example it does not factor in the accumulation of wealth that can occur in various structures such as partnerships, companies and family trusts.

State Government Budget

The State Government Budget indicates another example in relation to variations of pricing policies whereby the annual indexation of fees and charges (revenue) is set to reflecting the average increase in the cost of providing the relevant services (www.statebudget.sa.gov.au). We understand that this figure is established by incorporating a weighting for CPI and a weighting for salary movements reflecting the major cost factor in provision of State services.

Consumer Price Index (CPI)

The CPI measures quarterly historic changes in the cost of a typical metropolitan household 'basket' of goods and services, including a wide range of goods and services in eleven categories; food, alcohol & tobacco, clothing & footwear, housing, household contents and services, health, transport, communication, recreation, education and financial & insurance services (further information on the CPI is available on the ABS website <http://www.abs.gov.au/>).

Most government personal benefit payments are linked to CPI and a significant number of ratepayers are on such benefits. This proportion will vary from Council to Council. Again, CPI is not a complete measure of the capacity of this group as it does not take into account other benefits (e.g. additional State electricity concessions) and the fact that some benefit recipients receive other income and may be affected by changes to income tax rates. While it is relevant to the capacity of some ratepayers and the cost of living it is not an accurate reflection of changes to items relevant to Council expenditure.

Local Government Price Index (LGPI)

Unlike most households, local Councils spend a large proportion of their budgets on road construction materials; other construction costs (e.g. drains, environmental projects, footpaths, etc.); salaries for staff who provide services; contractors (such as for recycling and waste management), and on governance/administration. The prices of these items move in different ways to how average household prices move and this will be reflected in Council budgets, along with changes in standards, efficiency gains, and expansion of services, cuts in services, new services and major projects.

The LGPI is a reliable and independent measure of the inflationary effect on price changes in the South Australian Local Government sector it is prepared and updated on a quarterly basis by the South Australian Centre for Economic Studies. The index is similar in nature to the Consumer Price Index (CPI), however it represents the movements of prices associated with the goods and services consumed by local government in South Australia as opposed to the basket of goods and services consumed by the 'average metropolitan household'. Unlike the CPI, the LGPI is not an "official" ABS publication (the LGPI was prepared by the ABS up to the December quarter 2008).

The South Australian Local Government Financial Management Group commissioned the Australian Bureau of Statistics (ABS) to develop the LGPI as an independent and reliable measure of price movements faced by Local Government in South Australia. The lack of relevance of CPI (which is a measure of household costs) as an indicator of changes of Council costs has been noted by many in the sector over a number of years. Despite the CPI not being relevant for the Local Government sector, many ratepayers and the media continue to use the CPI as a reference point when evaluating Council rate rises.

What is it?

The LGPI provides Councils with a useful reference regarding the inflationary effect of price changes of goods and services consumed by Local Government. The index reflects, over time, the movement in prices for a number of cost components as well as the aggregate spend on these components. The index includes both operating and capital expenditure on a state average basis.

The model which is used to generate the LGPI can function at two levels:

1. Providing indexes for the whole Local Government sector, based on aggregated annual financial data provided by the SA Local Government Grants Commission, and commodity weights determined from a survey of SA councils conducted by the SA Local Government Financial Management Group,
2. Providing indexes for individual Councils based on their financial data (both annual and quarterly expenses), and the commodity weights determined from the councils' spending patterns.

The LGPI should be treated as one of the many items referenced when developing annual budgets. The LGPI is a better reflection (compared to the CPI) of the changing cost (or price) of the inputs used by councils to deliver services. The LGPI is a valuable tool for Councils, the LGA and the sector as a whole and maybe a useful reference in a number of situations. For example, it would/could be relevant when:

1. Preparing annual budgets and developing long-term financial plans,
2. Undertaking cost/benefit analysis on various projects,
3. Seeking better funding from state/federal governments,
4. Assisting with explaining to ratepayers (and the media) one of the reasons why Council rates have moved in different ways to CPI increases, and
5. Analysing the underlying trend in past expenditure levels and thereby better forecasting the future cost of goods and services purchased by the sector.

It is important to note that the ABS price indexes used in the model are estimates, based on a sample of goods and services from a sample of retailers, wholesalers and employing organisations. Therefore, the Local Government Price Indexes which are calculated using ABS price indexes are also estimates.

What it is not?

The LGPI is not an official ABS publication and should not be used for contract fixing purposes. The LGPI does not represent a quasi-indication of how Council rates should change in any given year. Ultimately, Council budgets (and rates) must be set in the context of a Council's Strategic Management Plan, community consultation, and decisions about the level of services and revenue required each year.

The LGPI addresses only changes in the costs of existing services and does not address issues such as required changes in standards (for example the requirements of the Disability Discrimination Act to upgrade access to buildings). It also does not address needs for improved infrastructure maintenance, infrastructure backlogs, expansion of existing services (e.g. growth in the number of food premises requiring more food safety inspections which are only partly covered by fees) or new services or major projects. Equally it does not address efficiency gains or cuts to services.

When assessing the impact on communities and their capacity to pay Council rates, it is useful to refer to the various other indicators.

How is the LGPI calculated?

The LGPI is calculated using a model developed by the ABS. Data sources for the model includes:

Local Government Grants Commission -Aggregated expenditure data
Australian Bureau of Statistics - Price Indexes
SA Local Government Finance Managers Group - Weights

The LGPI is compiled from a set, or a basket, of commodities (goods and services) that is deemed to be representative of the major spending categories of SA Councils. These commodities are weighted according to their relative contributions to the total spending on goods and services. The basket of commodities and their weights are said to reflect the spending behavior for a given period. While the basket of commodities is open to variation by the owners of the model, the weights will be measured each year, (commencing 2006-07), from data supplied by councils in the LGPI form of the Local Government Grants Commission's Supplementary Data to the Financial Statements forms. The weights are calculated automatically in the LGPI model when the supplementary data is included.

From these weights, and from price indexes published by the ABS, a chained Laspeyres method is used to calculate price indexes for each commodity, and more importantly for total current expenditure, total capital expenditure, and total expenditure. The latter three are usually referred to as LGPI. The measure of the impact of commodity price changes is then expressed as a percentage change for the period of interest.

Thus the LGPI provide a guide to the change in expenditure that would arise from the effects of price changes only, with spending behavior remaining constant. In other words, if Council's spending behavior was exactly the same as for the previous period, how much extra would it cost due to price rises.

The cost components included in the model are:-

Operating:

- Salaries: & Wages
- Superannuation
- Contractual Services (Excluding Waste Management)
- Waste Management
- Electricity
- Gas
- Water & Sewage
- Fuel
- Motor Vehicle Expenses
- Printing, publishing & recorded media
- Other Operating Expenses
- Insurance
- Property Expenses
- Consultancy Expenses, and
- Telecommunications Expenses

Capital:

- Construction of Buildings
- Construction of Infrastructure
- Purchase of Plant & Equipment

Annual Local Government Price Index (LGPI), Expenditure Components vs. CPI

Year	LGPI	CPI(Adelaide)	LGPIvsCPI
2014/15	1.7%	1.6%	0.1%
2015/16	0.9%	0.9%	0.0%
2016/17	1.8%	1.5%	0.3%
2017/18	2.9%	2.3%	0.6%
2018/19	2.6%	1.5%	1.1%
Average	2.0%	1.6%	0.4%

Local Government Price Index 12 months ending March 2020 was 1.6% & CPI Adelaide 2.4%

Figures sourced from <https://www.adelaide.edu.au/saces/economy/lgpi/>