



# **Long Term Financial Plan for the period 2023/24 to 2032/33**

## 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 LTFP 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 LTFP for the years 2023/24 to 2032/33. The basis of the LTFP is consistent with the Financial Statements 30 June 2022 and the forecasted financial results to 30 June 2023, along with the 2023/24 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 normally review its LTFP once annually during the preparation of its Annual Business Plan and Budget. In addition, when quarterly budget reviews are performed, these adjustments will impact the LTFP projections and financial indicators for the future years. Council will continue to explore opportunities to return to surplus earlier than projected.

It is expected that in the next six months December 2024 Council will have a comprehensive understanding of the financial impact of the River Murray flood and the available amount of government funding that has been secured, at this stage there may be a requirement to adjust the original net expense contingency of \$2.130m and possibly perform an intermediate revision of the LTFP.

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 and/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 current budget of 2022/23 (March 2023 Budget Review) and the proposed 2023/24 budget, in addition the impact of the abnormal 100% advance Financial Assistance Grant (FAGs) payment of \$4,842,560 that was received in June 2023 has been incorporated into the 2022/23 results and appropriately no FAGs income has been budgeted for 2023/24. Each income and expenditure item has been examined and updated to reflect Council's 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 developed based on a number of assumptions, which are detailed in the plan. These assumptions are reviewed on an annual basis.

In reviewing its LTFP, Council must be aware of its key financial indicators. These indicators provide Council and the general public with information that demonstrates the sustainability of its operations. The 10-year plan aims for Council to move from a current operating deficit to a surplus in Year 6, also reducing its net financial liabilities ratio from 95% in 2023/24 or \$19.1m. The net financial liabilities ratio of 95% in 2023/24 is impacted by the payment of \$4,842,560 being received in June 2023, an adjusted net financial liabilities ratio taking this into account is lower at 78%, appropriately the forecasted net financial liabilities ratio for 2022/23 is understated due to the advanced FAGs payment. Council's future LTFP Adjusted Net Financial Liabilities ratio is projected to average 72% in the first three years of the plan, then reduce to an average of 50% in year's four to ten. Council is protecting its assets by targeting an asset renewal ratio target of between 85% to 115%, and an average over any 5-year period of 100%, due to a considerable backlog of renewal capital works a materially large amount of works is scheduled for 2023/24.

The key challenges arising from within this LTFP are:

- challenging and volatile world economic environment
- 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
- financial impact of the Murray River Flood Event in 2022/23.

### **Mid Murray Council CEO Financial Sustainability Report.**

Mid Murray Council applies the nationally agreed definition of financial sustainability for the local government sector, which is:

*A Council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.*

Having reviewed the attached Long Term Financial Plan (LTFP) of the Mid Murray Council, and taking into consideration the following:

- the assumptions used in the LTFP;
- the Sensitivity Analysis related to the 2023/24 Financial Year; and
- the Financial Indicators used in the LTFP.

I advise that, over the term of this LTFP, being 2023-24 to 2032-33:

- Council's Operating Surplus Ratio will improve from (32.6%) to 6.6%;
- Council's Adjusted Operating Surplus Ratio will improve from (8.7%) to 6.6%;
- The Net Financial Liabilities Ratio will improve from 95% in year one to 49% in year 10;
- The Adjusted Net Financial Liabilities Ratio will improve from 78% in year one to 50% in year 10;
- The Asset Renewal Funding Ratio will average 108% over the 10 years;
- Council expects to meet its financial targets each year;
- Expenditure on new upgraded assets will be minimised, including the deferral of the sealing of the second stage of Murraylands Road to from 2026 to 2031;
- Council will be able to fund its operations within the funding arrangements currently in place with the LGFA; and
- Council will meet the agreed definition of Financial Sustainability.

The adjusted Surplus Ratio and Net Financial Liabilities Ratios have been calculated adjusting any advance payments in particular the advance payment of \$4,842,560 Financial Assistance Grants for 2023/24 being received in June 2023.

This position can be maintained while Council continues to fund the existing services, provided that restraint is exercised by not extending the present asset base or increasing the present service levels, without additional funding.

## Amendments from the Public Consultation Version

The following table is provided to summarise the changes to the operational Income and Expenditure in the 2023/24 Budget. In addition the advance Financial Assistance Grant of \$4,843,000 that was received in June 2023 was recognised in the 2022/23 financial year of the LTFP. Appropriately the impact of these amendments were then pass throughout the balance of the LTFP.

<b>COMPREHENSIVE INCOME STATEMENT - Amendments Public Consultation vs Adoption</b>				
	<b>2024 Public Consultation Budget \$('000)</b>	<b>2024 Adoption Budget \$('000)</b>	<b>2024 Amendments Favourable/ (Unfavourable) \$('000)</b>	<b>Comments</b>
<b>INCOME</b>				
Rates	19,498	18,926	(572)	Decrease of income due to a 2.4% reduction in the rate increase or \$387,000 plus capping of rate to 20% at a cost of \$322,000 partly offset by greater than expected new development increased from 0.5% to 1.33%
Grants, subsidies, contributions	5,487	1,088	(4,399)	Decrease of Financial Assistance Grants \$4,418,000 (paid in June 2023) offset by Welbeing Grant to cover Welbeing Officers cost \$20,000.
<b>Total Revenues</b>	<b>24,985</b>	<b>20,014</b>	<b>(4,971)</b>	
<b>EXPENSES</b>				
Employee costs	10,325	10,286	39	Minor adjustment to Wages, workers compensation premium and superannuation cost.
Materials, contracts & other expenses	10,701	10,698	3	Minor adjustments
Finance Costs	692	730	(38)	Increase of financial interest due to lower rate increase and substantial capping (net reduction of rates income of \$572,000) partly offset by early Financial Assistance Grant being received in June 2023 instead of quarterly payments in 2023/24.
<b>Total Expenses</b>	<b>21,718</b>	<b>21,714</b>	<b>4</b>	
<b>Impact to OPERATING SURPLUS / (DEFICIT)</b>	<b>3,267</b>	<b>(1,700)</b>	<b>(4,975)</b>	

## Local Government Review Bill 2020

The South Australian State Government "*Local Government Review Bill 2020*" contains a large number of amendments to the *Local Government Act*. One of these is the requirement of the "*Local Government Rates Oversight Scheme*", where annually one quarter of Councils will be required to lodge the Annual Business Plan, Long Term Financial Plan and associated Asset Management Plans with a designated authority, being the Essential Services Commission of SA (ESCOSA). Historical documentation was required to be lodged by 1 August 2022, followed by the current year's information lodged by the 30 September 2022. The Mid Murray Council was chosen to be in the first year of the ESCOSA Rates Oversight and received the Local Government Advice in February 2023, which has been included in Council's Annual Business Plan 2023/24. The amendments have not changed the present preparation or format of this version of the Long Term Financial Plan, other than the new requirement of the Funding Statement and to provide an overview of financial amendments from the public consultation version to the adopted version of the LTFP.

## **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 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 the South Australia Local Government sector. It is prepared and updated on a quarterly basis by the South Australian Centre for Economic Studies.

The Adelaide CPI for the year ending March 2023 was 7.9%, and the 2023/24 budget was prepared with an estimated CPI increase of 3.0% in line with the Reserve Bank May 2022 forecasts. Forecasts of the LTFP each individual type of expenditure increase is considered independently (not simply increases by CPI or LGPI). On an average over the past twenty (20) years the LGPI has been 0.4% higher than CPI, indicating that Local Government costs, on average increase at a greater rate.

### 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 minor 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.
- Although Council forecasts new building/development at 0.5%, the projected forecast of expenditure does not include an additional 0.5%, except where there is a direct relationship such as domestic waste and recycling bin collection.

### Recurring Government Grants

#### *Financial Assistance Grants (General & Local Roads) \$4,842,560 2023/24 payment*

It is assumed that these grants will increase annually at CPI rates throughout the term of the LTFP. The Federal Government have at times paid this grant in advance in prior years (May 2022, \$3,222,000 received) to stimulate economic growth, it is unknown if this will occur in the future 10 years of the present plan. The 2023/24 budget has been prepared with the advance payment of \$4,842,560 being received in June 2023 and it is assumed that no future Financial Assistance Grant payments will be received in advance, therefore no FAGs have been budgeted in 2023/24.

#### *Roads to Recovery - \$687,000 (estimate 2023/24)*

It is assumed that these grants will increase annually at CPI rates throughout the term of the LTFP. The Federal Government have at times temporarily materially increased this grant for one or two years to stimulate economic growth, it is unknown if this will occur in the future 10 years of the present plan.

### *Supplementary Road Grant - \$327,000 (estimate 2023/24)*

It is assumed that these grants will be continually received and increase annually at CPI rates throughout the term of the LTFP. The Federal Government have at times paid this grant in advance in prior years to stimulate economic growth, it is unknown if this will occur in the future 10 years of the present plan.

### *Library Operating \$17,500*

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.

### Non-Recurring Government Grants

#### *State Government Infrastructure Partnership Program*

In relation to the sealing of Murraylands Road, the following amount has been included in the LTFP:

2022/23 - \$1,555,000. This project was originally forecast to commence in 2021/22.

#### *Special Local Roads Program Funding (66% funding of the project cost)*

In relation to the sealing of Murraylands Road, the following amounts have been included:

2030/31 - \$980,400

2031/32 - \$1,007,400

2032/33 - \$1,035,000

*Note. The project has been timed to ensure that the Net Financial Liability Ratio overall improves throughout the 10-year plan.*

### General Rates

Council's draft Long Term Financial Plan assumes rate revenue forecasts have been based on forecast CPI plus a sustainability of 2% (due to the Council running in a deficit) and adjustments to under/over estimates to CPI. Leading up to the 2023/24 budget adoption, the Council were briefed on the previous forecasts of CPI and the actual CPI over the past four years.

At the adoption of the 2023/24 Annual Business Plan and Budget two options were presented, the first being that the cumulative of under forecasts of CPI verses be included or the alternatively that consecutive years general rate increases of 7.57% be applied (assuming that forecast CPI for 2024/25 is 3%), the second option of two consecutive 7.57% increase was decided.

	Variance Budgeted Increases vs Actual				Future Forecast in LTFP	
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Forecasts</b>						
RBA February Forecast	2.10%	1.90%	1.50%	2.75%	3.50%*	3.00%*
Federal Government Budget May/Oct# Forecast	2.25%	1.34%#	1.75%	3.00%	3.50%	3.00%
<b>Actual</b>						
Mid Murray Council Predicted CPI for Budget	1.60%	1.90%	1.50%	3.00%	3.50%*	3.00%*
Actual Adelaide CPI	0.80%	2.80%	2.10%	6.25%	TBC	TBC
<b>Over/(Under) Estimated CPI</b>	<b>0.80%</b>	<b>(0.90%)</b>	<b>(0.60%)</b>	<b>(3.25%)</b>	<b>TBC</b>	<b>TBC</b>
Additional/(Discounted) LTFP Target of CPI Plus 2%	<b>(0.75%)</b>	<b>(1.00%)</b>	0.00%	1.00%	Plus 4.7% CPI Catch up	
<b>Annually Over/(Under) LTFP Targeted Increase</b>	<b>0.05%</b>	<b>(1.90%)</b>	<b>(0.60%)</b>	<b>(2.25%)</b>		
<b>Cumulative Over/(Under) LTFP Targeted Increase 4 Years (Ave only 1.3% over CPI vs Target 2%)</b>				<b>(4.70%)</b>		
# Federal Budget released in October						
* RBA May 2023 Forecast						

The actual increase payable by any individual ratepayer may be more or less than this depending on the value and movement in the capital value of their property, with the level of Capping rebates to be applied will be determined each year by the Council. Due to areas of rapid increases of valuation changes and the reduction of capital valuations of flood affected properties the Council has set a capping rate 20%, capping is by application and is conditional.

In future years of the LTFP, for existing properties with a general rate increase of forecast CPI plus sustainability 2% increase has been included into the plan. Example. In 2025/26, with the assumption that forecast CPI will be 2.75% :-

	<u><b>2025/26</b></u>
#CPI	2.75%
*Sustainability	2.00%
^Adjustment CPI underestimated	<u>N/A</u>
<b>Increase to Existing Assessments</b>	<b>4.75%</b>
Plus New/Additional Development	<u>0.50%</u>
<b>Total Increase</b>	<b><u>5.25%</u></b>

#### Community Wastewater Management Systems (CWMS) Service Charges (excluding Truro & Cowirra)

Due to the introduction of a new methodology of calculation of the CWMS in 2020/21, there will be an impact once again this year (due to material adjustments to occur over five (5) years) with a small increase of budgeted income of approximately \$7,200 (or 1.3%) to an amount of \$554,000, for existing schemes in year 3 and 4 the increase is approximately the same as the projected CPI. The reduction is in recognition that overall the CWMS have been collecting excess monies to cover annual maintenance costs and minor capital renewal items. There are also a small number of individual schemes that have been running at a deficit and will therefore receive material percentage increases over the next few years. Council does not recover whole of life costs, as depreciation costs are excluded when calculating the annual maintenance fee, therefore major renewal capital items and upgrades will require additional capital contributions from property owners if the schemes balance of funds is insufficient.

#### Truro & Cowirra Community Wastewater Management Systems (CWMS) Service Charges

These two schemes had their CWMS infrastructure heavily fund by the State Government, therefore annual fees are calculated based on the annual maintenance costs (including Depreciation). Cowirra ratepayers are currently not being charged full annual maintenance costs, but annually their Service Charge will continually be increased, capped at twice the estimated CPI until full recovery is obtained.

#### General Waste Management Service Charge (1 bin system)

A Waste Management Service Charge was introduced in 2021/22, for the weekly waste bin collection and disposal for ratepayers for whom the service is available. Council will continue to provide this service in the future and seek to recover the cost of the service. The two cost components consist of the Contractor (57% of total cost) providing the pickup of the bins and the disposal cost of the waste at the Council owned/operated Cambrai landfill site (43% of the total cost). The Cambrai Landfill site disposal costs per tonne varies greatly based on the volume processed (recent annual tonnage range from 3,965 - 6,456 tonnes), this causes issues with estimating cost and setting the new year's service charge. In 2023/24 the service fee will be \$216, being an increase of \$16 (8%) from \$200 in 2022/23. Any adverse swings of costs upward are phased in over a period of greater than one year, in consideration of the ratepayer's ability to pay.

#### General Waste & Kerbside Collection of Recyclables (2 bin system)

The Kerbside Collection of Recyclables component for 2023/24 will be \$89, an increase of \$3 (3.5%) from \$86 in 2022/23, due to increased collection and processing costs. In 2023/24 the service fee will be \$305, being an increase of \$19 (6.6%) from \$286 in 2022/23 (being \$216 for the General Waste Collection and \$89 for the Kerbside Collection of Recyclables). In future years the annual increases of the collection service have been estimated to increase by CPI.

### Mannum Waters Separate Rate

The Mid Murray Council is required under the *Landscape South Australia Act 2019* to cover the annual evaporation loss of 187ML within the Mannum Waters Marina. A Separate Rate for Mannum Waters to recover the \$1.206m cost (plus finance costs) to purchase 79% the required 187ML permanent water entitlement (Council purchased 21%) raised over a period 15 years (2022/23 being the first year raised \$96,600). Ratepayers have been given a limited time to apply to pay the full 15 years levy in 2022/23, with the cost of financing 20.2% deducted as an incentive, as a result of a number paying the 15 years in advance the amount to be raised in 2023/24 has been reduced to \$87,040.

### Other Service Charges

The Bowhill Multi-Access Television system and Water Supply annual fee has not increased in 2023/23, until a review is performed in relation to whole of life cost and remediation has occurred to the system as a result of impact caused by the 2022/23 River Murray flood. Future years have been increased by CPI.

### Other Operating Revenue

All other sources of revenue except where otherwise stated is expected to remain constant to CPI over the plan period.

### User Charges

It is expected that user charges income are expected to return back to the pre COVID-19 levels in 2023/24. During 2022/23 the Council received materially higher quantities of River Murray flood waste dumping fees, this is not expected to continue in 2023/24 or any future LTFP years. River Murray flood waste dumping fees were calculated at cost plus a minor margin.

### Employee Costs

As in previous years, a number of positions were vacant during 2022/23, and future years have been budgeted for these positions to be filled. The level of employee costs included in the plan is based on estimated full time equivalent (FTE) resource levels with all positions filled. Care needs to be taken when comparing the employee costs in the future budget to the previous years of the actual employee costs. With any vacancies, the majority of times the vacancy in the short term is filled with agency staff (Contractual costs) until the position is filled. The current Enterprise Agreements wage increases are linked to Adelaide CPI, and this has been assumed to continue in the future, along with the legislative increase of the Superannuation Guarantee Levy.

### Materials, Contracts & Other Services

These LTFP increases have been based on Consumer Price Index (CPI), although on average this is lower than the Local Government Price Index (LGPI), as a quasi-efficiency levy (relying on increasing operational efficiencies and competitive quoting/tendering to restrain costs to within CPI). Annually there are several expense types that will increase by greater than CPI, examples being fuel costs (can also fall) and insurance premiums.

### EPA Solid Waste Levy

The EPA Solid Waste Levy has increased by:

- 2019/20 25%
- 2020/21 14%
- 2021/22 3.1%
- 2022/23 2.1%

In total Council will pay a total amount of \$331,000 (equal to 2.03% of General Rates) in 2023/24 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 only factored increases at estimated CPI in future years. This levy has a direct impact to increasing the cost of providing the General Waste Collection Service (weekly red bin service).



## Efficiencies

Management will continue to identify efficiencies in the delivery of services as it has in the past, and when efficiencies are identified and costed and deemed achievable they will be placed into the budget and LTFP. It is expected that future savings will be achieved by a combination of efficiencies and process improvement, procurement savings and a reduction of some current services, the majority of these will be driven by a sustainability plan that will be implemented in 2023/24.

## 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 requirements have been sourced from Council's Asset Management Plans for Roads, Plant and Community Wastewater Management Scheme (CWMS), and Bridges forward figures have been indexed in future expenditure years. The LTFP has included forward capital renewal expenditure of the three heritage vessels that total approximately \$482,000 over the 10 years of the plan, although until an asset management plan has been completed this amount is only deemed an estimate and may not be a true representative of future renewal expenditure.

Council presently operates the Cambrai Landfill site, and this is expected to continue into the future and therefore there will be future requirements of expanding the cell and capping the used part of the cell. In all, it is estimated that Council will spend approximately \$2.625million at the site over the next 10 years, off-set by grant funding of \$1.0m.

The Building and Land Asset Management Plan was adopted on the 14 April 2022 by Council, and it should be noted that presently there is a shortfall in the first five years of \$5.6m (\$1.5m financed versus a renewal requirement of \$7.1m), although this shortfall is financed in the last five (5) years of the LTFP (\$21.19m versus a renewal requirement of \$17.6m). Strategies will be investigated to reduce this shortfall which will include divesting and consolidating current assets, with any improvements to be incorporated into the future versions of the Building and Land Asset Management Plan

Although budget allocation has been included in the LTFP for Maritime vessels, Kerbs, Footpaths and Information Technology assets, their Asset Management Plans are yet to be completed. Once these have been completed and adopted the capital renewal expenditure will be updated into the next annual review of the LTFP. As always, when Asset Management Plans are created or reviewed, these new figures are incorporated in the next revision of the LTFP. In calculation the Asset Renewal Funding Ratio only the Asset classes that have a current Asset Management Plan have been used in calculating the ratio.

## Unfunded Strategic Plans

Only the strategic plans that has been mentioned in this document, have been funded in the forward 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 LTFP uses these valuations as the basis for its depreciation figures. The aggregate depreciable value of 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, in that the annual depreciation expenses have increased annually throughout the plan instead of only increasing every four (4) future years when revaluations are expected. The future depreciation expense has been indexed annually throughout the ten years of the LTFP in line with forecasted CPI.

## Funding Requirements

No additional fixed term loans (Fixed Interest Rates) have been included in the LTFP in the medium term, with any funding shortfall covered by using Cash Advance Debenture facilities (Variable Interest Rates) with the Local Government Finance Authority. Cash Advance Debentures interest rates are historically on average 0.4% to 0.5% lower than Fixed Term Loans. Council will still need to have a mixture of Fixed and Variable loans to satisfy Council's Treasury Policy and spread the risk of adverse interest rate changes.

### 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 (CAD) rate of 6.05% (July 2023). In forward years the CAD interest has been set at the following levels in the plan:

- 2023/24 5.61%
- 2024/25 5.22%
- 2025/26 4.95%
- 2026/27 3.95%
- 2027/28 plus years 3.5%

Noting that in calculating future financing expense, Council obtained a fixed term CAD loan for a period of five (5) years at 1.85%, this will expire in 15/06/2026. At current CAD rates this low fixed term CAD has saved Council approximately \$210,000 annual in finance expenses.

The average nominal interest rate earned on invested funds:

- 2023/24 3.68%
- 2024/25 3.29%
- 2025/26 3.02%
- 2026/27 plus years 2.77%

### 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 LTFP 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% will be generated from new assessments and capital improvements/developments, this has also been reflected with an average increase of 0.5% population growth in past years. It should be noted that future development has not been included when calculating future increases of expenditure.

### Proceeds with Sale of Assets – Profit/Loss on Disposal

Council will continue to identify surplus assets including land and buildings 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. In future years it is expected that there will be a rationalisation of land and 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. Any sale proceeds received will either be used improve existing buildings to enable greater utilisation of existing assets or be used to reduce outstanding debt.

## **Sensitivity Analysis related to the 2023/24 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 payable on variable CAD loans of \$11.9million equals \$59,500 or equivalent to 0.37% of general rates income. The balance of borrowings \$7.2million are on fixed interest term loans.

### **Financial Assistance Grant (FAGs) Reduction**

1% plus/minus of FAGs in 2023/24 equals \$48,400 or equivalent to 0.30% of general rates income.

### **New Development Variation from forecast**

0.25% plus/minus of new assessments and new/additional building development General Rate income is equal to \$40,000.

### **Variation in Operating & Capital Expenditure**

1% plus/minus of Operating Expenses (Including Depreciation)      \$291,000

1% plus/minus of Capital Expenses      \$102,200

Total      \$393,200

or equivalent to 2.46% of general rates income

### **Other Factors**

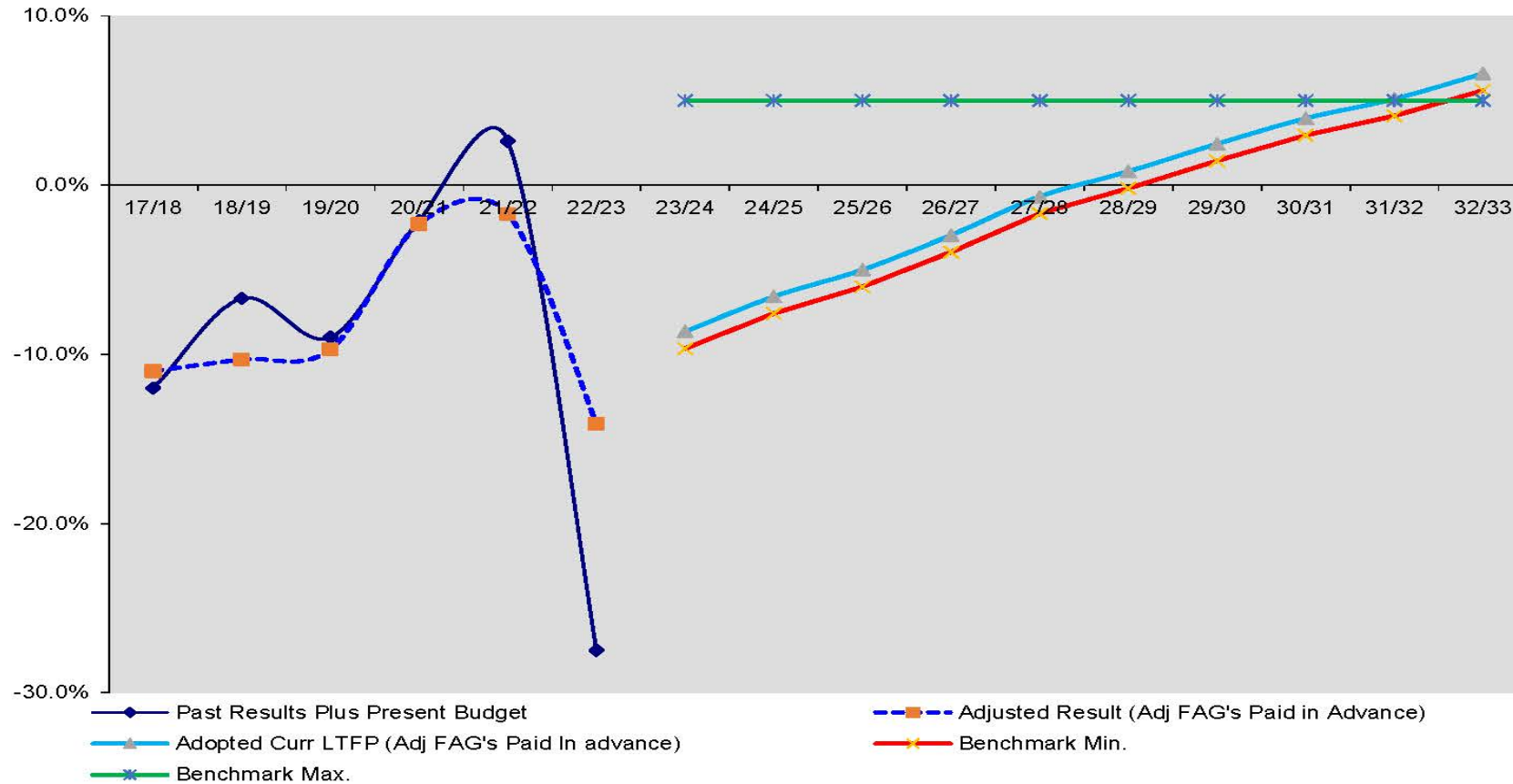
There are a number of other factors that may have an impact on the LTFP, with many may not be able to be foreseen such as changes to the level of government taxes. Other factors worth mentioning that can have an effect include the Australian dollar exchange rate for goods or raw materials that are sourced 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 forecast 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

Indicates the extent to which revenues raised cover operational expenses including depreciation.

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



### Adjusted Operating Surplus Ratio - Targets

A modest Adjusted Operating Surplus in 2028/29 of 0.81% or \$270,000.

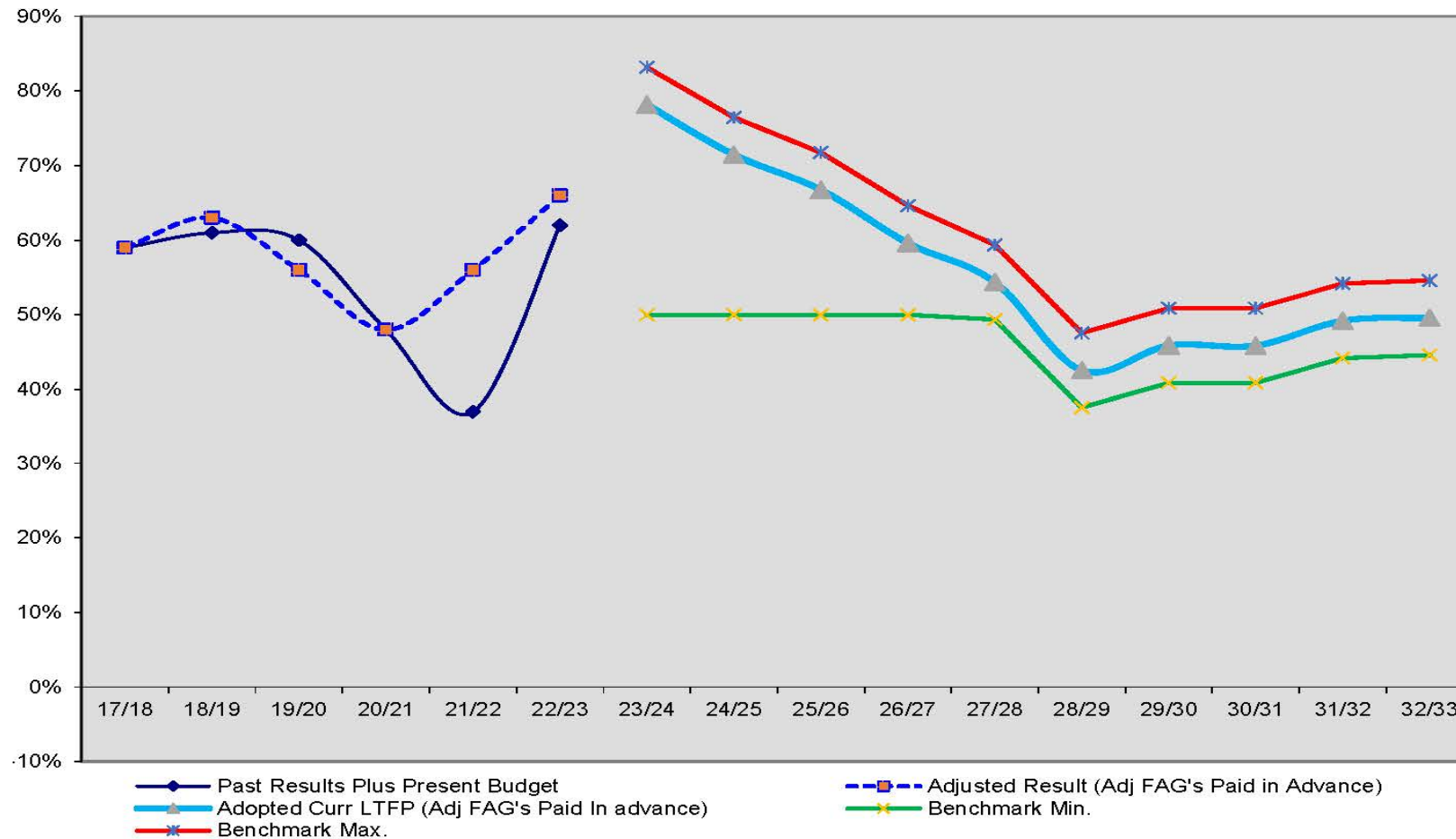
Maximum Adjusted Operating Deficit in 2023/24 of (8.66%) or (\$2,319,000)

### Net Financial Liabilities Ratio

Indicates 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:

$$\frac{\text{Net Financial Liabilities}}{\text{Total Operating Revenue}}$$



### Adjusted Net Financial Liabilities Ratio - Targets

Maximum Ratio of 76% in 2023/24 Net Financial Liabilities of \$20.9million, Total Adjusted Operation Income of \$26.8million (Loans of \$19.1million).

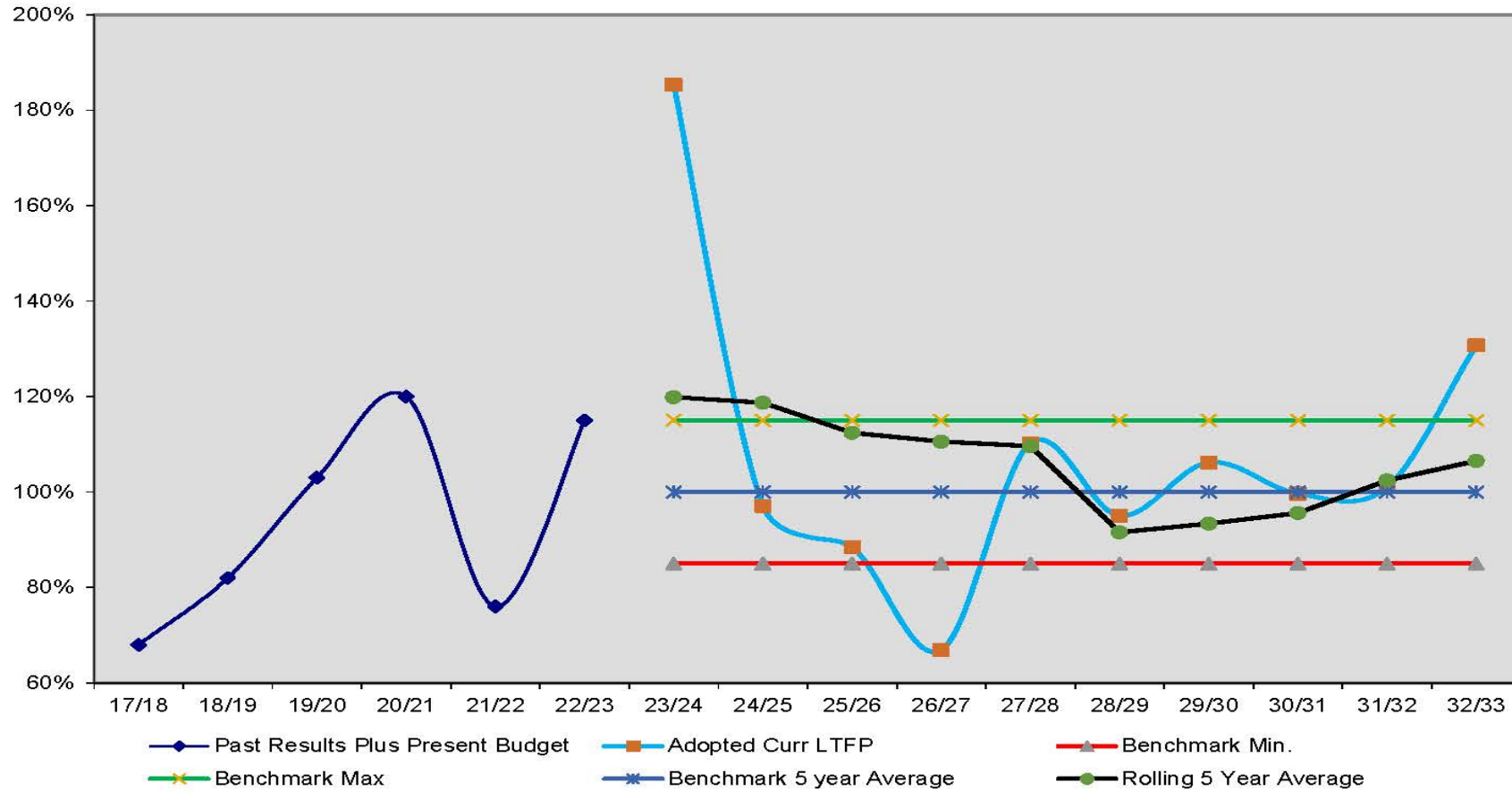
Minimum Ratio of 43% in 2028/29 Net Financial Liabilities of \$14.2million, Total Adjusted Operation Income of \$39.5million (Loans of \$13.0million).

### 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:

$$\frac{\text{Net Asset Renewals}}{\text{Total AMP* Capital Renewal}}$$



### Asset Renewal Funding Ratio - Targets (Calculated only on Assets Classes that currently have an Asset Management Plan)

10 year target 100% (average)

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

Major Capital Expenditure & Associated Grant Income (V4)												
Year Ended 30 June:			2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
			\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Expenditure on New/Upgraded Assets		Cross Ref.										
	Murraylands Road Seal	(1)	-	-	-	-	-	-	-	1,471	1,511	1,553
	LRCIP Ramm Rd S/Water & Others	(2)	123	-	-	-	-	-	-	-	-	-
	MDBEDP Blanchetown	(3)	290	-	-	-	-	-	-	-	-	-
	Murray Coorong Trail	(4)	219	-	-	-	-	-	-	-	-	-
	Buildings AMP-Open Space Projects		57	-	-	-	-	-	-	-	-	-
Expenditure on Renewal												
	Kerbs Renewal		8	75	75	75	75	75	75	75	75	75
	Footpaths Renewal		178	178	178	178	178	178	178	178	178	178
	Major Plant, Vehicles & Small Plant (Net)		2,361	1,202	1,651	1,904	2,288	1,006	1,101	1,456	1,552	1,669
	IT Technology		100	103	106	109	112	115	118	121	125	128
	Mid Murray Maritime Committee		115	-	69	48	49	74	51	27	101	-
	Bridges		268	-	236	-	270	-	-	120	641	1,143
	Sealed Roads	(5)	1,359	1,136	1,074	1,315	1,358	1,235	736	1,282	1,488	412
	Unsealed Roads	(6)	3,206	1,949	1,840	1,830	2,047	2,160	2,270	2,854	2,249	3,563
	Buildings	(7)	250	250	250	250	500	500	5,750	3,992	5,770	5,180
	Landfill & Transfer Stations	(8)	1,000	-	260	-	-	-	1,100	-	265	-
	CWMS Renewal	(9)	74	85	48	84	321	160	156	264	98	175
Grant Funding												
	MDBEDP Blanchetown	(3)	290	-	-	-	-	-	-	-	-	-
	LRCIP3 Cambrai Landfill	(8)	1,000	-	-	-	-	-	-	-	-	-
	Murraylands Road Seal	(1)	-	-	-	-	-	-	-	980	1,007	1,035
	LRCIP3 Solar	(7)	53	-	-	-	-	-	-	-	-	-
	Murray Coorong Trail (100% Grant Funded)	(4)	219	-	-	-	-	-	-	-	-	-
	CWMS - Property Owners	(9)	15	43	24	42	160	80	78	132	49	87
	LRCIP Ramm Rd S/Water & Others	(2)	123	-	-	-	-	-	-	-	-	-
	FAGs, Supplementary & Roads to Recovery	(5) & (6)	1,816	1,871	1,903	1,955	1,989	2,024	2,079	2,116	2,154	2,213
Summary												
Expenditure on New/Upgraded Assets			689	0	0	0	0	0	0	1,471	1,511	1,553
Expenditure on Renewal			8,919	4,978	5,787	5,793	7,198	5,503	11,535	10,369	12,542	12,523
Gross Capital Expenditure			9,608	4,978	5,787	5,793	7,198	5,503	11,535	11,840	14,053	14,076
Less Associated Grants			3,516	1,914	1,927	1,997	2,149	2,104	2,157	3,228	3,210	3,335
Net Capital Costs After Grants			6,092	3,064	3,860	3,796	5,049	3,399	9,378	8,612	10,843	10,741

**Mid Murray Council**

**10 Year Financial Plan for the Years ending 30 June 2033**

**FINANCIAL PERFORMANCE INDICATORS**

Scenario: V6 Adopted LTFP	Current Year	Projected Years									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
<b>Note 15 Ratios</b>											
Operating Surplus Ratio	-8.44%	-32.63%	-6.59%	-5.01%	-2.96%	-0.68%	0.81%	2.40%	3.91%	5.06%	6.56%
Adjusted Operating Surplus Ratio	-14.74%	-8.66%	-6.59%	-5.01%	-2.96%	-0.68%	0.81%	2.40%	3.91%	5.06%	6.56%
Net Financial Liabilities Ratio	38.15%	95.42%	71.47%	66.75%	59.63%	54.38%	42.57%	46.52%	45.88%	49.20%	49.61%
Adjusted Net Financial Liabilities Ratio	46.19%	78.17%	71.47%	66.75%	59.63%	54.38%	42.57%	46.52%	45.88%	49.20%	49.61%
Asset Renewal Funding Ratio	114.90%	185.34%	97.08%	88.52%	66.92%	110.21%	95.04%	106.19%	99.64%	101.02%	130.72%



Mid Murray Council

10 Year Financial Plan for the Years ending 30 June 2033

STATEMENT OF COMPREHENSIVE INCOME - GENI Current Year

Scenario: V6 Adopted LTFP

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Income</b>											
Rates	17,764,871	18,926,132	20,580,859	21,573,983	22,623,632	23,732,923	24,888,246	26,101,731	27,376,362	28,715,279	30,121,785
Statutory Charges	417,940	438,883	452,049	464,481	477,254	490,379	503,864	517,720	531,958	546,586	561,618
User Charges	1,087,898	1,275,342	1,313,602	1,349,726	1,386,844	1,424,982	1,464,169	1,504,434	1,545,806	1,588,315	1,631,994
Grants, Subsidies and Contributions	12,791,783	1,088,124	5,655,818	5,772,099	5,948,222	6,208,998	6,274,883	6,443,812	6,651,678	6,727,477	6,949,782
Investment Income	52,520	23,827	24,542	25,217	25,910	26,623	27,355	28,107	28,880	29,674	30,490
Reimbursements	107,615	111,998	115,358	118,530	121,790	125,139	128,580	132,116	135,750	139,483	143,318
Other Income	206,757	82,799	85,283	87,628	90,038	92,514	95,058	97,672	100,358	103,118	105,954
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-	-
<b>Total Income</b>	<b>32,429,383</b>	<b>21,947,105</b>	<b>28,227,512</b>	<b>29,391,664</b>	<b>30,673,689</b>	<b>32,101,557</b>	<b>33,382,155</b>	<b>34,825,592</b>	<b>36,370,791</b>	<b>37,849,933</b>	<b>39,544,941</b>
<b>Expenses</b>											
Employee Costs	9,847,125	10,285,821	10,564,149	10,770,385	11,113,860	11,419,341	11,733,220	12,055,725	12,387,096	12,727,574	13,077,411
Materials, Contracts & Other Expenses	17,865,936	10,698,514	10,961,246	11,262,681	11,572,404	11,890,646	12,217,638	12,553,623	12,898,848	13,253,567	13,618,039
Depreciation, Amortisation & Impairment	7,139,911	7,394,009	7,615,829	7,825,265	8,040,459	8,261,572	8,488,765	8,722,206	8,962,067	9,208,524	9,461,758
Finance Costs	311,945	729,968	946,812	1,005,192	854,369	748,155	672,589	658,804	700,618	745,695	793,807
<b>Total Expenses</b>	<b>35,164,917</b>	<b>29,108,312</b>	<b>30,088,037</b>	<b>30,863,522</b>	<b>31,581,092</b>	<b>32,319,714</b>	<b>33,112,212</b>	<b>33,990,359</b>	<b>34,948,629</b>	<b>35,935,359</b>	<b>36,951,016</b>
<b>Operating Surplus / (Deficit)</b>	<b>(2,735,533)</b>	<b>(7,161,207)</b>	<b>(1,860,525)</b>	<b>(1,471,858)</b>	<b>(907,403)</b>	<b>(218,157)</b>	<b>269,943</b>	<b>835,233</b>	<b>1,422,163</b>	<b>1,914,574</b>	<b>2,593,925</b>
Amounts Received Specifically for New or Upgraded Assets	4,733,261	925,861	-	-	-	-	-	-	980,407	1,007,368	1,035,071
<b>Net Surplus / (Deficit)</b>	<b>1,997,727</b>	<b>(6,235,346)</b>	<b>(1,860,525)</b>	<b>(1,471,858)</b>	<b>(907,403)</b>	<b>(218,157)</b>	<b>269,943</b>	<b>835,233</b>	<b>2,402,570</b>	<b>2,921,942</b>	<b>3,628,996</b>
<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>	<b>1,997,727</b>	<b>(6,235,346)</b>	<b>(1,860,525)</b>	<b>(1,471,858)</b>	<b>(907,403)</b>	<b>(218,157)</b>	<b>269,943</b>	<b>835,233</b>	<b>2,402,570</b>	<b>2,921,942</b>	<b>3,628,996</b>

Mid Murray Council

10 Year Financial Plan for the Years ending 30 June 2033

STATEMENT OF FINANCIAL POSITION

Scenario: V6 Adopted LTFP

	Current Year	Projected Years									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>											
<b>Current Assets</b>											
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	3,537,773	2,938,130	3,328,174	3,477,463	3,641,319	3,813,219	3,983,581	4,167,056	4,401,350	4,577,966	4,791,878
Inventories	617,747	389,043	398,762	409,728	420,995	432,573	444,468	456,691	469,250	482,155	495,414
<b>Total Current Assets</b>	<b>4,305,520</b>	<b>3,477,173</b>	<b>3,876,936</b>	<b>4,037,191</b>	<b>4,212,314</b>	<b>4,395,792</b>	<b>4,578,049</b>	<b>4,773,747</b>	<b>5,020,600</b>	<b>5,210,121</b>	<b>5,437,292</b>
<b>Non-Current Assets</b>											
Financial Assets	202,500	186,500	169,500	152,500	131,500	110,500	89,500	68,000	46,500	46,500	46,500
Infrastructure, Property, Plant & Equipment	158,545,155	161,108,701	158,470,951	156,432,050	154,185,077	153,120,721	150,134,291	152,946,395	155,823,831	160,667,819	165,280,785
Intangible Assets	3,323,000	3,323,000	3,323,000	3,323,000	3,323,000	3,323,000	3,323,000	3,323,000	3,323,000	3,323,000	3,323,000
<b>Total Non-Current Assets</b>	<b>162,070,655</b>	<b>164,618,201</b>	<b>161,963,451</b>	<b>159,907,550</b>	<b>157,639,577</b>	<b>156,554,221</b>	<b>153,546,791</b>	<b>156,337,395</b>	<b>159,193,331</b>	<b>164,037,319</b>	<b>168,650,285</b>
<b>TOTAL ASSETS</b>	<b>166,376,175</b>	<b>168,095,374</b>	<b>165,840,387</b>	<b>163,944,742</b>	<b>161,851,891</b>	<b>160,950,013</b>	<b>158,124,840</b>	<b>161,111,142</b>	<b>164,213,931</b>	<b>169,247,440</b>	<b>174,087,576</b>
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Trade & Other Payables	3,317,427	2,294,324	2,337,163	2,234,796	2,285,822	2,336,748	2,394,132	2,453,044	2,513,524	2,575,613	2,645,172
Borrowings	539,036	296,621	5,307,589	318,970	330,780	169,345	175,684	182,269	189,109	-	-
Provisions	1,931,445	1,993,813	2,048,331	2,099,270	2,151,473	2,204,971	2,259,796	2,315,981	2,373,558	2,432,563	2,493,030
<b>Total Current Liabilities</b>	<b>5,787,908</b>	<b>4,584,758</b>	<b>9,693,083</b>	<b>4,653,036</b>	<b>4,768,075</b>	<b>4,711,064</b>	<b>4,829,612</b>	<b>4,951,294</b>	<b>5,076,192</b>	<b>5,008,176</b>	<b>5,138,202</b>
<b>Non-Current Liabilities</b>											
Cash Advance Debenture	2,719,618	12,169,832	11,971,048	16,902,927	15,929,787	15,468,903	12,427,317	14,635,277	15,395,921	17,571,622	18,648,759
Borrowings	6,970,367	6,673,746	1,366,157	1,047,187	716,407	547,062	371,378	189,109	-	-	-
Provisions	784,555	788,657	792,243	795,594	799,027	802,546	806,152	809,848	813,635	817,516	821,494
<b>Total Non-Current Liabilities</b>	<b>10,474,539</b>	<b>19,632,235</b>	<b>14,129,448</b>	<b>18,745,707</b>	<b>17,445,221</b>	<b>16,818,511</b>	<b>13,604,847</b>	<b>15,634,234</b>	<b>16,209,556</b>	<b>18,389,139</b>	<b>19,470,253</b>
<b>TOTAL LIABILITIES</b>	<b>16,262,447</b>	<b>24,216,993</b>	<b>23,822,531</b>	<b>23,398,743</b>	<b>22,213,296</b>	<b>21,529,575</b>	<b>18,434,459</b>	<b>20,585,528</b>	<b>21,285,748</b>	<b>23,397,315</b>	<b>24,608,455</b>
<b>Net Assets</b>	<b>150,113,727</b>	<b>143,878,381</b>	<b>142,017,856</b>	<b>140,545,998</b>	<b>139,638,595</b>	<b>139,420,438</b>	<b>139,690,381</b>	<b>140,525,614</b>	<b>142,928,183</b>	<b>145,850,125</b>	<b>149,479,121</b>
<b>EQUITY</b>											
Accumulated Surplus	23,878,727	17,643,381	15,782,856	14,310,998	13,403,595	13,185,438	13,455,381	14,290,614	16,693,183	19,615,125	23,244,121
Asset Revaluation Reserves	125,059,000	125,059,000	125,059,000	125,059,000	125,059,000	125,059,000	125,059,000	125,059,000	125,059,000	125,059,000	125,059,000
Other Reserves	1,176,000	1,176,000	1,176,000	1,176,000	1,176,000	1,176,000	1,176,000	1,176,000	1,176,000	1,176,000	1,176,000
<b>Total Equity</b>	<b>150,113,727</b>	<b>143,878,381</b>	<b>142,017,856</b>	<b>140,545,998</b>	<b>139,638,595</b>	<b>139,420,438</b>	<b>139,690,381</b>	<b>140,525,614</b>	<b>142,928,183</b>	<b>145,850,125</b>	<b>149,479,121</b>
Loans	10,229,021	19,140,199	18,644,794	18,269,084	16,976,974	16,185,310	12,974,379	15,006,655	15,585,030	17,571,622	18,648,759

Mid Murray Council

10 Year Financial Plan for the Years ending 30 June 2033

STATEMENT OF CASH FLOWS - GENERAL FUND

Scenario: V6 Adopted LTFF

Current Year

2022/23

Projected Years

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>											
<b>Receipts:</b>											
Rates Receipts	17,621,998	18,763,363	20,348,924	21,434,781	22,476,507	23,577,438	24,726,309	25,931,642	27,197,702	28,527,609	29,924,641
Statutory Charges	418,707	439,167	451,593	464,050	476,812	489,924	503,397	517,240	531,464	546,080	561,097
User Charges	1,088,787	1,271,477	1,312,277	1,348,475	1,385,558	1,423,661	1,462,812	1,503,039	1,544,372	1,586,843	1,630,481
Grants, Subsidies and Contributions (operating purpose)	11,636,747	1,778,515	5,503,664	5,767,241	5,940,863	6,198,103	6,272,130	6,436,754	6,602,033	6,723,184	6,939,337
Investment Receipts	51,455	24,555	24,527	25,203	25,896	26,608	27,339	28,091	28,864	29,658	30,473
Reimbursements	111,783	112,154	115,279	118,455	121,713	125,060	128,499	132,033	135,664	139,394	143,228
Other Revenue	210,853	87,593	85,197	87,547	89,955	92,428	94,970	97,582	100,265	103,023	105,856
<b>Payments:</b>											
Payments to Employees	(9,731,826)	(10,206,354)	(10,497,758)	(10,709,955)	(11,047,994)	(11,353,228)	(11,665,441)	(11,986,241)	(12,315,863)	(12,654,549)	(13,002,550)
Payments for Materials, Contracts & Other Expenses	(16,566,498)	(11,419,499)	(10,930,609)	(11,228,111)	(11,536,884)	(11,854,148)	(12,180,137)	(12,515,091)	(12,859,256)	(13,212,886)	(13,576,240)
Finance Payments	(151,222)	(745,956)	(955,610)	(1,162,611)	(863,829)	(757,966)	(677,612)	(664,015)	(706,024)	(751,304)	(793,807)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>4,690,785</b>	<b>105,016</b>	<b>5,457,484</b>	<b>6,145,075</b>	<b>7,068,596</b>	<b>7,967,880</b>	<b>8,692,266</b>	<b>9,481,034</b>	<b>10,259,222</b>	<b>11,037,051</b>	<b>11,962,516</b>
<b>Cash Flows from Investing Activities</b>											
<b>Receipts:</b>											
Amounts Received Specifically for New/Upgraded Assets	3,073,261	925,861	-	-	-	-	-	-	980,407	1,007,368	1,035,071
Sale of Replaced Assets	223,123	260,364	269,578	491,622	495,501	554,113	232,006	222,936	229,754	467,308	402,598
Repayments of Loans by Community Groups	20,000	15,500	16,000	17,000	17,000	21,000	21,000	21,000	21,500	21,500	-
Expenditure on Renewal/Replacement of Assets	(6,033,613)	(9,392,524)	(5,247,657)	(6,277,987)	(6,288,987)	(7,751,329)	(5,734,341)	(11,757,246)	(10,598,500)	(13,008,616)	(12,924,561)
Expenditure on New/Upgraded Assets	(5,561,576)	(825,395)	-	-	-	-	-	-	(1,470,757)	(1,511,203)	(1,552,761)
Loans Made to Community Groups	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(8,278,805)</b>	<b>(9,016,194)</b>	<b>(4,962,079)</b>	<b>(5,769,365)</b>	<b>(5,776,486)</b>	<b>(7,176,216)</b>	<b>(5,481,335)</b>	<b>(11,513,310)</b>	<b>(10,837,596)</b>	<b>(13,023,643)</b>	<b>(13,039,653)</b>
<b>Cash Flows from Financing Activities</b>											
<b>Receipts:</b>											
Proceeds from CAD	-	9,450,214	-	4,931,879	-	-	-	2,207,960	760,643	2,175,701	1,077,137
Proceeds from Borrowings	5,000,000	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>											
Repayments of CAD	(2,280,382)	-	(198,784)	-	(973,140)	(460,884)	(3,041,586)	-	-	-	-
Repayments of Borrowings	(640,597)	(539,036)	(296,621)	(5,307,589)	(318,970)	(330,780)	(169,345)	(175,684)	(182,269)	(189,109)	-
<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>2,079,021</b>	<b>8,911,178</b>	<b>(495,405)</b>	<b>(375,710)</b>	<b>(1,292,110)</b>	<b>(791,664)</b>	<b>(3,210,931)</b>	<b>2,032,276</b>	<b>578,374</b>	<b>1,986,592</b>	<b>1,077,137</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(1,509,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>plus: Cash &amp; Cash Equivalents - beginning of year</b>	<b>1,659,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>
<b>Investments - end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>

Mid Murray Council

10 Year Financial Plan for the Years ending 30 June 2033

STATEMENT OF CHANGES IN EQUITY - GENERAL FUND

Scenario: V6 Adopted LTFP

	Current Year	Projected Years									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening Balance	148,116,000	150,113,727	143,878,381	142,017,856	140,545,998	139,638,595	139,420,438	139,690,381	140,525,614	142,928,183	145,850,125
Net Surplus / (Deficit) for Year	1,997,727	(6,235,346)	(1,860,525)	(1,471,858)	(907,403)	(218,157)	269,943	835,233	2,402,570	2,921,942	3,628,996
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-
- Gain (Loss) on Revaluation of I,PP&E	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	1,997,727	(6,235,346)	(1,860,525)	(1,471,858)	(907,403)	(218,157)	269,943	835,233	2,402,570	2,921,942	3,628,996
Transfers between Equity	-	-	-	-	-	-	-	-	-	-	-
Equity - Balance at end of the reporting period	150,113,727	143,878,381	142,017,856	140,545,998	139,638,595	139,420,438	139,690,381	140,525,614	142,928,183	145,850,125	149,479,121



Mid Murray Council  
10 Year Financial Plan for the Years ending 30 June 2033  
FUNDING STATEMENT - GENERAL FUND

		Projected Years									
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Scenario: V6 Adopted LTFP	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Operating Activities</b>											
Rates	17,764,871	18,926,132	20,580,859	21,573,983	22,623,632	23,732,923	24,888,246	26,101,731	27,376,362	28,715,279	30,121,785
Statutory Charges	417,940	438,883	452,049	464,481	477,254	490,379	503,864	517,720	531,958	546,586	561,618
User Charges	1,087,898	1,275,342	1,313,602	1,349,726	1,386,844	1,424,982	1,464,169	1,504,434	1,545,806	1,588,315	1,631,994
Grants, Subsidies and Contributions	12,791,783	1,088,124	5,655,818	5,772,099	5,948,222	6,208,998	6,274,883	6,443,812	6,651,678	6,727,477	6,949,782
Investment Income	52,520	23,827	24,542	25,217	25,910	26,623	27,355	28,107	28,880	29,674	30,490
Reimbursements	107,615	111,998	115,358	118,530	121,790	125,139	128,580	132,116	135,750	139,483	143,318
Other Income	206,757	82,799	85,283	87,628	90,038	92,514	95,058	97,672	100,358	103,118	105,954
<b>Total Income</b>	<b>32,429,383</b>	<b>21,947,105</b>	<b>28,227,512</b>	<b>29,391,664</b>	<b>30,673,689</b>	<b>32,101,557</b>	<b>33,382,155</b>	<b>34,825,592</b>	<b>36,370,791</b>	<b>37,849,933</b>	<b>39,544,941</b>
Employee Costs	(9,847,125)	(10,285,821)	(10,564,149)	(10,770,385)	(11,113,860)	(11,419,341)	(11,733,220)	(12,055,725)	(12,387,096)	(12,727,574)	(13,077,411)
Materials, Contracts & Other Expenses	(17,865,936)	(10,698,514)	(10,961,246)	(11,262,681)	(11,572,404)	(11,890,646)	(12,217,638)	(12,553,623)	(12,898,848)	(13,253,567)	(13,618,039)
Depreciation, Amortisation & Impairment	(7,139,911)	(7,394,009)	(7,615,829)	(7,825,265)	(8,040,459)	(8,261,572)	(8,488,765)	(8,722,206)	(8,962,067)	(9,208,524)	(9,461,758)
Finance Costs	(311,945)	(729,968)	(946,812)	(1,005,192)	(854,369)	(748,155)	(672,589)	(658,804)	(700,618)	(745,695)	(793,807)
<b>Less Total Expenses</b>	<b>(35,164,917)</b>	<b>(29,108,312)</b>	<b>(30,088,037)</b>	<b>(30,863,522)</b>	<b>(31,581,092)</b>	<b>(32,319,714)</b>	<b>(33,112,212)</b>	<b>(33,990,359)</b>	<b>(34,948,629)</b>	<b>(35,935,359)</b>	<b>(36,951,016)</b>
<b>Operating Surplus / (Deficit)</b>	<b>(2,735,533)</b>	<b>(7,161,207)</b>	<b>(1,860,525)</b>	<b>(1,471,858)</b>	<b>(907,403)</b>	<b>(218,157)</b>	<b>269,943</b>	<b>835,233</b>	<b>1,422,163</b>	<b>1,914,574</b>	<b>2,593,925</b>
<b>Capital Activities</b>											
<b>less (Net Outlays) on Existing Assets</b>											
Capital Expenditure on Renewal and Replacement of Existing A	(6,033,613)	(9,392,524)	(5,247,657)	(6,277,987)	(6,288,987)	(7,751,329)	(5,734,341)	(11,757,246)	(10,598,500)	(13,008,616)	(12,924,561)
add back Depreciation, Amortisation and Impairment	7,139,911	7,394,009	7,615,829	7,825,265	8,040,459	8,261,572	8,488,765	8,722,206	8,962,067	9,208,524	9,461,758
add back Proceeds from Sale of Replaced Assets	223,123	260,364	269,578	491,622	495,501	554,113	232,006	222,936	229,754	467,308	402,598
<b>(Net Outlays) on Existing Assets</b>	<b>1,329,421</b>	<b>(1,738,151)</b>	<b>2,637,750</b>	<b>2,038,900</b>	<b>2,246,973</b>	<b>1,064,356</b>	<b>2,986,430</b>	<b>(2,812,104)</b>	<b>(1,406,679)</b>	<b>(3,332,785)</b>	<b>(3,060,205)</b>
<b>less (Net Outlays) on New and Upgraded Assets</b>											
Capital Expenditure on New and Upgraded Assets											
(including Investment Property & Real Estate Developments)	(5,561,576)	(825,395)	-	-	-	-	-	-	(1,470,757)	(1,511,203)	(1,552,761)
add back Amounts Received Specifically for New and Upgraded	3,073,261	925,861	-	-	-	-	-	-	980,407	1,007,368	1,035,071
add back Proceeds from Sale of Surplus Assets											
(including Investment Property & and Real Estate Developments)	-	-	-	-	-	-	-	-	-	-	-
<b>(Net Outlays) on New and Upgraded Assets</b>	<b>(2,488,315)</b>	<b>100,466</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(490,350)</b>	<b>(503,835)</b>	<b>(517,690)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(3,894,428)</b>	<b>(8,798,892)</b>	<b>777,225</b>	<b>567,042</b>	<b>1,339,570</b>	<b>846,198</b>	<b>3,256,373</b>	<b>(1,976,871)</b>	<b>(474,867)</b>	<b>(1,922,046)</b>	<b>(983,970)</b>

## **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 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 non-profit 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](http://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

<u>Year</u>	<u>SA LGPI</u>	<u>Adelaide CPI</u>	<u>LGPI vs.CPI</u>
2001/02	2.9	2.7	0.2
2002/03	4	4	0
2003/04	4.3	3	1.3
2004/05	3.1	2.4	0.7
2005/06	3.5	3.1	0.4
2006/07	3.9	2.6	1.3
2007/08	3.8	3.3	0.5
2008/09	4.5	3.2	1.3
2009/10	2.8	2.2	0.6
2010/11	3.5	3.2	0.3
2011/12	3.7	2.6	1.1
2012/13	2.8	2	0.8
2013/14	2.3	2.6	-0.3
2014/15	1.7	1.6	0.1
2015/16	0.9	0.9	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
2019/20	1.4	1.8	-0.4
2020/21	0.4	1.5	-1.1
2021/22	5.4	6.4	-1.0
<b>Average</b>	<b>3.0</b>	<b>2.6</b>	<b>0.4</b>

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