



CITY OF
TEA TREE GULLY

Naturally Better

Long Term Financial Plan FYE 2022–2031

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Background

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

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

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

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

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

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

The LTFP should specify and take account of:

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

The LTFP should include:

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

This version of the LTFP is an update to the plan adopted by Council in December 2019.

Performance against the Long Term Financial Plan FYE 2021 to 2030

Budget – FYE 2021

Council's previous version of the LTFP was adopted by Council in November 2019 and was underpinned by a set of guiding principles.

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

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

Actual – FYE 2020

While the COVID-19 Pandemic required Council to make adjustments to planned expenditure, progress in FYE (financial year ending) 2020 towards achieving certain strategic targets was made. These include the following

1. Maintaining existing assets at their existing service levels

Council continues to invest in the renewal of assets, with an asset sustainability ratio of 127% in FYE 2019 and 100% in FYE 2020.

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

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

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

Following the completion of a significant capital works program in recent years, Council has been able to reduce its net financial liabilities ratio. Including the value of Council held land for resale, this ratio has reduced from 61% (\$43.5m) in FYE 2012 to 29.2% (\$28.3m) in FYE 2020.

4. Retaining tight constraints on operating expenditure

The general rate increase for FYE 2020 was 2.9% (excluding growth). In formulating the increase many factors including our Strategic Plan, current economic climate, debt reduction strategy, the cost of maintaining existing services, increasing waste management expenses and the projected costs included in the various infrastructure asset management plans were taken into consideration.

The budget provided for a number of key known cost pressures for FYE 2020. These cost pressures have been able to be absorbed through adopting a tighter spending approach across all expenditure categories.

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

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

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

During 2019-20, a total of \$7.3m was invested in new assets.

Long Term Financial Plan FYE 2022-2031 guiding principles

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

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

These include:

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

Principle 1 – Maintain existing assets at the current service levels

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

The combined annual average spend identified in the asset management plans is \$14m. The LTFP provides for expenditure of \$17.5m in FYE 2022. This gap provides Council with the capacity to respond to any unforeseen deviations from the endorsed asset management plans.

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

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

In early 2020 the State Government announced that it would fund the conversion of CWMS users to SA Water Sewer. SA Water are currently undertaking a detailed assessment and due diligence of the existing CWMS network. This will inform the proposed upgrade.

SA Water have advised that it will provide full details of the proposed upgrade to Council by March 2021. Following receipt of this information Council will undertake a full assessment of the commercial arrangement through a prudential report. It may be necessary to make further updates to the LTFP following the completion of the prudential report.

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

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

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

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

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

Council is currently undertaking a Building Optimisation Audit. The purpose of the audit is to review the building portfolio to assess the utilisation, functionality and condition to inform future decisions relating to the renewal and enhancement of the asset portfolio.

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

Following the completion of a significant capital works program in recent years, Council has been able to reduce its net financial liabilities ratio.

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

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

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

Principle 4 – Retaining tight constraints on operating expenditure

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

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

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

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

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

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

In response to impact that the COVID-19 Pandemic on the South Australian economy, the State Government has announced a number of economic stimulus packages in the form of grants that are accessible to Council via application.

To ensure Council is in a position to make a co-contribution as part of an application for the stimulus packages, capacity has been incorporated in the revised LTFP. This capacity is through an annual uplift in planned expenditure on new assets of \$3m for FYE 2021, FYE 2022 and FYE 2023. Including the existing allocation, this represents a total allocation for new assets of \$24m over the next 3 financial years.

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

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

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

Key considerations and assumptions

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

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

- The possibility of federal and state government budget cuts and/or cost shifting
- Changing community expectations and trends
- Other legislative changes.

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

Key revenue assumptions

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

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

General Council rate income is forecast to increase by 3.0% (FYE 2022) in the first and subsequent years. This is represented by:

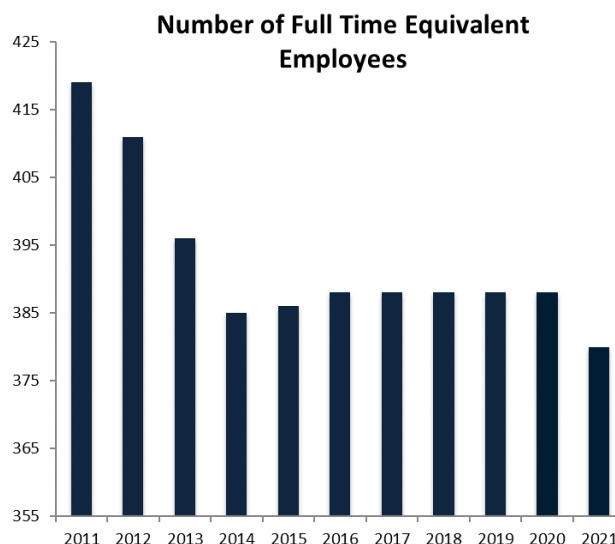
- General Rate revenue increase of 2.0%
- Growth is forecast to be 0.6% per annum
- Other Rate Revenue of 0.4% (inclusive of a 11% increase in the CWMS service charge)

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

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

Key expenditure assumptions

Employee costs are forecast to increase in line with the enterprise agreement, however with the number of full time equivalent staff is forecast to decrease from 380, underlying employee costs will reduce in real terms.



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

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

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

Depreciation is forecast to increase from \$17m to \$21m **over the 10 year life of the plan and in line with Council's consumption-based depreciation (CBD) methodology** in which less depreciation is calculated at the beginning and then increases over the life span of the asset.

Summary of Updated Draft Long Term Financial Plan for FYE 2022 to 2031

Date modified: 25 November 2020

Year Ended 30 June:		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031												
		Actual	Revised	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan												
		Audit	Budget	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10												
		\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)												
INCOME																									
Rates	A	81,947	3.8%	83,213	5.4%	85,709	3.0%	88,280	3.0%	90,752	2.8%	93,475	3.0%	96,092	2.8%	98,494	2.5%	100,956	2.5%	103,480	2.5%	106,067	2.5%	108,719	2.5%
Statutory Charges	C	2,594	-10.4%	2,827	-2.4%	2,878	1.8%	2,930	1.8%	3,026	3.3%	3,081	1.8%	3,136	1.8%	3,193	1.8%	3,250	1.8%	3,309	1.8%	3,368	1.8%	3,429	1.8%
User Charges	D	3,135	-23.6%	3,744	-8.8%	3,845	2.7%	3,949	2.7%	4,056	2.7%	4,165	2.7%	4,277	2.7%	4,393	2.7%	4,512	2.7%	4,633	2.7%	4,758	2.7%	4,887	2.7%
Grants, subsidies, contributions	E	6,518	-14.1%	8,665	14.2%	6,978	-19.5%	7,055	1.1%	7,132	1.1%	7,211	1.1%	7,290	1.1%	7,370	1.1%	7,451	1.1%	7,533	1.1%	7,616	1.1%	7,700	1.1%
Investment Income	F	66	-30.5%	20	-78.9%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%
Reimbursements/other revenue	G	2,881	30.5%	1,674	-24.2%	1,719	2.7%	1,766	2.7%	1,813	2.7%	1,862	2.7%	1,913	2.7%	1,964	2.7%	2,017	2.7%	2,072	2.7%	2,128	2.7%	2,185	2.7%
Total Revenues		97,141	1.4%	100,143	4.5%	101,149	1.0%	103,999	2.8%	106,799	2.7%	109,814	2.8%	112,728	2.7%	115,434	2.4%	118,206	2.4%	121,047	2.4%	123,958	2.4%	126,940	2.4%
EXPENSES																									
Employee costs	J	37,262	3.1%	37,432	3.6%	37,681	0.7%	38,010	0.9%	38,580	1.5%	39,158	1.5%	40,137	2.5%	41,141	2.5%	42,169	2.5%	43,224	2.5%	44,304	2.5%	45,412	2.5%
Materials, contracts & other expenses	K	37,360	-0.2%	38,563	3.0%	39,257	1.8%	40,364	2.8%	41,071	1.8%	41,892	2.0%	42,939	2.5%	44,012	2.5%	45,112	2.5%	46,240	2.5%	47,396	2.5%	48,581	2.5%
Depreciation	L	16,425	11.1%	16,679	12.8%	17,096	2.5%	17,523	2.5%	17,961	2.5%	18,410	2.5%	18,871	2.5%	19,343	2.5%	19,826	2.5%	20,322	2.5%	20,830	2.5%	21,351	2.5%
Finance Costs	M	1,027	3.3%	550	-17.3%	550	0.0%	550	-28.2%	500	-9.1%	500	0.0%	450	-10.0%	400	-11.1%	400	0.0%	350	-12.5%	300	-14.3%	350	16.7%
Loss - Joint Ventures	N	0		-		0		-		0		-		0		-		0		0		0		0	
Total Expenses		92,074	3.0%	93,224	4.3%	94,584	1.5%	96,447	2.0%	98,112	1.7%	99,961	1.9%	102,397	2.4%	104,895	2.4%	107,507	2.5%	110,135	2.4%	112,830	2.4%	115,693	2.5%
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS																									
		5,067		6,919		6,565		7,552		8,687		9,853		10,331		10,539		10,699		10,912		11,128		11,247	
Net gain/(loss) on disposal or revaluations	P	(1,912)		626		0		-		0		-		0		-		0		0		0		0	
Amounts specifically for new assets	Q	1,642		3,771		0		-		0		-		0		-		0		0		0		0	
Physical resources free of charge	R	196		255		255		255		255		255		255		255		255		255		255		255	
NET SURPLUS/(DEFICIT)		4,993		11,571		6,820		7,807		8,942		10,108		10,586		10,794		10,954		11,167		11,383		11,502	
Opening Borrowings																									
	P																								
Renewal Works	R	14,800		14,740		16,700		17,200		17,700		18,200		18,700		19,200		19,700		20,200		20,700		21,200	
New Works	S	7,326		14,810		7,613		7,728		8,421		5,632		5,772		5,917		9,065		9,291		6,523		9,687	
Total Capital works (Net)	T	22,126		29,550		24,313		24,928		26,121		23,832		24,472		25,117		28,765		29,491		27,223		30,887	
Less Depreciation	U	16,425		16,679		17,096		17,523		17,961		18,410		18,871		19,343		19,826		20,322		20,830		21,351	
Yearly Borrowings without Operating Surplus and Asset sales increase/(reduction)	V	5,701		12,871		7,217		7,404		8,160		5,421		5,602		5,774		8,938		9,169		6,394		9,536	
Net Asset Sales - Debt Reduction	W																								
Net Asset Sales - Capital Works (included in CMP program)	X	3,685		511		-		-		-		-		-		-		-		-		-		-	
Borrowings after proceeds from asset sales		2,016		12,360		7,217		7,404		8,160		5,421		5,602		5,774		8,938		9,169		6,394		9,536	
Operating Surplus	Y	5,067		6,919		6,565		7,552		8,687		9,853		10,331		10,539		10,699		10,912		11,128		11,247	
Fiscal Balance (Surplus Cash/Reduction in borrowings)/ Increase in borrowings	Z	(3,051)		5,441		651		(147)		(528)		(4,432)		(4,730)		(4,765)		(1,760)		(1,742)		(4,734)		(1,711)	
Capital works funding gap	A.1	(3,051)		5,441		651		(147)		(528)		(4,432)		(4,730)		(4,765)		(1,760)		(1,742)		(4,734)		(1,711)	
Assets sales plus operating surplus	A.2	8,752		7,430		6,565		7,552		8,687		9,853		10,331		10,539		10,699		10,912		11,128		11,247	
Closing Borrowings	A.1	19,000		22,952		23,603		23,456		22,928		18,496		13,766		9,002		7,241		5,499		765		(945)	
Net Financial Liabilities (including Land Sales)	A.2	28,338		34,290		34,941		34,794		34,266		29,834		25,104		20,340		18,579		16,837		12,103		10,393	
Net Financial Liabilities Ratio (Including Land Sales and inventory)	A.3	29.17%		34.24%		34.54%		33.46%		32.08%		27.17%		22.27%		17.62%		15.72%		13.91%		9.76%		8.19%	
Net Financial Liabilities (Excluding land Sales including inventory)	A.4	28,849		34,290		34,941		34,794		34,266		29,834		25,104		20,340		18,579		16,837		12,103		10,393	
Net Financial Liabilities Ratio (Excluding land Sales)	A.5	30%		34%		35%		33%		32%		27%		22%		18%		16%		14%		10%		8%	
Asset Sustainability Ratio	A.7	100%		111%		98%		98%		99%		99%		99%		99%		99%		99%		99%		99%	
Operating Surplus Ratio	A.8	6%		8%		6%		7%		8%		9%		9%		9%		9%		9%		9%		9%	
Fiscal Balance Ratio	A.9	3%		-6%		-1%		0%		1%		4%		5%		5%		2%		2%		4%		1%	

Year Ended 30 June:	2020 Actual Audit \$('000)		2021 Revised Budget \$('000)		2022 Plan Year 1 \$('000)		2023 Plan Year 2 \$('000)		2024 Plan Year 3 \$('000)		2025 Plan Year 4 \$('000)		2026 Plan Year 5 \$('000)		2027 Plan Year 6 \$('000)		2028 Plan Year 7 \$('000)		2029 Plan Year 8 \$('000)		2030 Plan Year 9 \$('000)		2031 Plan Year 10 \$('000)	
INCOME																								
Rates	81,947	3.8%	83,213	5.4%	85,709	3.0%	88,280	3.0%	90,752	2.8%	93,475	3.0%	96,092	2.8%	98,494	2.5%	100,956	2.5%	103,480	2.5%	106,067	2.5%	108,719	2.5%
Statutory Charges	2,594	-10.4%	2,827	-2.4%	2,878	1.8%	2,930	1.8%	3,026	3.3%	3,081	1.8%	3,136	1.8%	3,193	1.8%	3,250	1.8%	3,309	1.8%	3,368	1.8%	3,429	1.8%
User Charges	3,135	-23.6%	3,744	-8.8%	3,845	2.7%	3,949	2.7%	4,056	2.7%	4,165	2.7%	4,277	2.7%	4,393	2.7%	4,512	2.7%	4,633	2.7%	4,758	2.7%	4,887	2.7%
Grants, Subsidies and Contributions	6,518	-14.1%	8,665	14.2%	6,978	-19.5%	7,055	1.1%	7,132	1.1%	7,211	1.1%	7,290	1.1%	7,370	1.1%	7,451	1.1%	7,533	1.1%	7,616	1.1%	7,700	1.1%
Investment Income	66	-30.5%	20	-78.9%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%	20	0.0%
Reimbursements/Other Revenue	2,881	30.5%	1,674	-24.2%	1,719	2.7%	1,766	2.7%	1,813	2.7%	1,862	2.7%	1,913	2.7%	1,964	2.7%	2,017	2.7%	2,072	2.7%	2,128	2.7%	2,185	2.7%
Total Revenues	97,141	1.4%	100,143	4.5%	101,149	1.0%	103,999	2.8%	106,799	2.8%	109,814	2.7%	112,728	2.8%	115,434	2.7%	118,206	2.4%	121,047	2.4%	123,958	2.4%	126,940	2.4%
EXPENSES																								
Employee Costs	37,262	3.1%	37,432	3.6%	37,681	0.7%	38,010	0.9%	38,580	1.5%	39,158	1.5%	40,137	2.5%	41,141	2.5%	42,169	2.5%	43,224	2.5%	44,304	2.5%	45,412	2.5%
Materials, Contracts & Other Expenses	37,360	-0.2%	38,563	3.0%	39,257	1.8%	40,364	2.8%	41,071	1.8%	41,892	2.0%	42,939	2.5%	44,012	2.5%	45,112	2.5%	46,240	2.5%	47,396	2.5%	48,581	2.5%
Depreciation, Amortisation & Impairment	16,425	11.1%	16,679	12.8%	17,096	2.5%	17,523	2.5%	17,961	2.5%	18,410	2.5%	18,871	2.5%	19,343	2.5%	19,826	2.5%	20,322	2.5%	20,830	2.5%	21,351	2.5%
Finance Costs	1,027	3.3%	550	-44.7%	550	0.0%	550	0.0%	500	-9.1%	500	0.0%	450	-10.0%	400	-11.1%	400	0.0%	350	-12.5%	300	-14.3%	350	16.7%
Total Expenses	92,074	3.0%	93,224	4.3%	94,584	1.5%	96,447	2.0%	98,112	2.0%	99,961	1.7%	102,397	1.9%	104,895	2.4%	107,507	2.4%	110,135	2.5%	112,830	2.4%	115,693	2.4%
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	5,067		6,919		6,565		7,552		8,687		9,853		10,331		10,539		10,699		10,912		11,128		11,247	
Asset Disposal & Fair Value Adjustments	(1,912)		626		0		0		0		0		0		0		0		0		0		0	
Amounts specifically for New or Upgraded Assets	1,642		3,771		0		0		0		0		0		0		0		0		0		0	
Physical Resources Receive Free of Charge	196		255		255		255		255		255		255		255		255		255		255		255	
NET SURPLUS/(DEFICIT)	4,993	0	11,571	0	6,820	0	7,807	0	8,942		10,108		10,586		10,794		10,954		11,167		11,383		11,502	

Year Ended 30 June:	2020 Actual Audit \$('000)	2021 Revised Budget \$('000)	2022 Plan Year 1 \$('000)	2023 Plan Year 2 \$('000)	2024 Plan Year 3 \$('000)	2025 Plan Year 4 \$('000)	2026 Plan Year 5 \$('000)	2027 Plan Year 6 \$('000)	2028 Plan Year 7 \$('000)	2029 Plan Year 8 \$('000)	2030 Plan Year 9 \$('000)	2031 Plan Year 10 \$('000)
ASSETS												
Current Assets												
Cash & Equivalent Assets	2,673	1,184	1,417	1,658	1,905	2,160	2,423	2,694	2,972	3,259	3,555	3,860
Trade & Other Receivables	4,432	4,432	4,565	4,702	4,843	4,988	5,138	5,292	5,451	5,614	5,783	5,956
Investments & Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0
Inventories	116	116	116	116	116	116	116	116	116	116	116	116
Sub-total	7,221	5,732	6,098	6,476	6,864	7,265	7,677	8,102	8,539	8,990	9,454	9,932
Non-current assets held for sale	511	0										
Total Current Assets	7,732	5,732	6,098	6,476	6,864	7,265	7,677	8,102	8,539	8,990	9,454	9,932
Non-Current Assets												
Infrastructure, Property, Plant & Equipment	1,538,368	1,555,891	1,563,363	1,571,022	1,579,437	1,585,113	1,590,969	1,596,998	1,606,192	1,615,616	1,622,265	1,632,056
Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0
Other Non-Current Assets (Work in Progress)	2,394	2,394	2,394	2,394	2,394	2,394	2,394	2,394	2,394	2,394	2,394	2,394
Total Non-Current Assets	1,540,762	1,558,285	1,565,757	1,573,416	1,581,831	1,587,507	1,593,363	1,599,392	1,608,586	1,618,010	1,624,659	1,634,450
Total Assets	1,548,494	1,564,017	1,571,855	1,579,892	1,588,695	1,594,771	1,601,040	1,607,494	1,617,125	1,627,000	1,634,113	1,644,382
LIABILITIES												
Current Liabilities												
Trade & Other Payables	12,212	12,212	12,578	12,956	13,344	13,745	14,157	14,582	15,019	15,470	15,934	16,412
Borrowings	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	4,158	4,158	4,158	4,158	4,158	4,158	4,158	4,158	4,158	4,158	4,158	4,158
Sub-total	16,370	16,370	16,736	17,114	17,502	17,903	18,315	18,740	19,177	19,628	20,092	20,570
Liabilities Relating to Non-Current Assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	16,370	16,370	16,736	17,114	17,502	17,903	18,315	18,740	19,177	19,628	20,092	20,570
Non-Current Liabilities												
Borrowings	19,000	22,952	23,603	23,456	22,928	18,496	13,766	9,002	7,241	5,499	765	(945)
Provisions	584	584	584	584	584	584	584	584	584	584	584	584
Total Non-Current Liabilities	19,584	23,536	24,187	24,040	23,512	19,080	14,350	9,586	7,825	6,083	1,349	(361)
Total Liabilities	35,954	39,906	40,923	41,153	41,014	36,983	32,665	28,326	27,003	25,711	21,441	20,209
NET ASSETS	1,512,540	1,524,111	1,530,931	1,538,738	1,547,681	1,557,789	1,568,375	1,579,168	1,590,122	1,601,289	1,612,672	1,624,173
EQUITY												
Accumulated Surplus	392,163	403,734	410,554	418,361	427,304	437,412	447,998	458,791	469,745	480,912	492,295	503,796
Asset Revaluation Reserve	1,118,346	1,118,346	1,118,346	1,118,346	1,118,346	1,118,346	1,118,346	1,118,346	1,118,346	1,118,346	1,118,346	1,118,346
Other Reserves	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031
TOTAL EQUITY	1,512,540	1,524,111	1,530,931	1,538,738	1,547,681	1,557,789	1,568,375	1,579,168	1,590,122	1,601,289	1,612,672	1,624,173

ESTIMATED CASH FLOW STATEMENT

Year Ended 30 June:	2020 Actual Audit \$('000)	2021 Revised Budget \$('000)	2022 Plan Year 1 \$('000)	2023 Plan Year 2 \$('000)	2024 Plan Year 3 \$('000)	2025 Plan Year 4 \$('000)	2026 Plan Year 5 \$('000)	2027 Plan Year 6 \$('000)	2028 Plan Year 7 \$('000)	2029 Plan Year 8 \$('000)	2030 Plan Year 10 \$('000)	2031 Plan Year 10 \$('000)
CASH FLOWS FROM OPERATING ACTIVITIES												
<u>Receipts</u>												
Operating and Investment Receipts	103,980	100,143	101,016	103,862	106,658	109,669	112,579	115,280	118,048	120,884	123,789	126,766
<u>Payments</u>												
Operating Payments to Suppliers and Employees	84,775	75,995	76,571	77,996	79,262	80,650	82,664	84,728	86,844	89,013	91,236	93,515
Finance Costs	1,027	550	550	550	500	500	450	400	400	350	300	350
Net Cash provided by (or used in) Operating Activities	18,178	23,598	23,895	25,316	26,896	28,518	29,465	30,152	30,804	31,521	32,253	32,902
CASH FLOWS FROM INVESTING ACTIVITIES												
<u>Receipts</u>												
Amounts Specifically for New/Upgraded Assets	1,642	3,771	0	0	0	0	0	0	0	0	0	0
Sale of Renewed/Replaced Assets	593	626	800	800	800	800	800	800	800	800	800	800
Sale of Surplus Assets	3,685	511	0	0	0	0	0	0	0	0	0	0
<u>Payments</u>												
Expenditure on Renewal/Replacement of Assets	(17,035)	(19,137)	(17,500)	(18,000)	(18,500)	(19,000)	(19,500)	(20,000)	(20,500)	(21,000)	(21,500)	(22,000)
Expenditure on New/Upgraded Assets	(7,326)	(14,810)	(7,613)	(7,728)	(8,421)	(5,632)	(5,772)	(5,917)	(9,065)	(9,291)	(6,523)	(9,687)
Net Cash Provided by (or used in) Investing Activities	(18,441)	(29,039)	(24,313)	(24,928)	(26,121)	(23,832)	(24,472)	(25,117)	(28,765)	(29,491)	(27,223)	(30,887)
CASH FLOWS FROM FINANCING ACTIVITIES												
<u>Receipts</u>												
Proceeds from Borrowings	139	5,952	651	0	0	0	0	0	0	0	0	0
Proceeds from Deposits	24											
<u>Payments</u>												
Repayments of Borrowings	0	0	0	(147)	(528)	(4,432)	(4,730)	(4,765)	(1,760)	(1,742)	(4,734)	(1,711)
Repayment of Finance Lease Liabilities	0	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided by (or used in) Financing Activities	163	5,952	651	(147)	(528)	(4,432)	(4,730)	(4,765)	(1,760)	(1,742)	(4,734)	(1,711)
Net Increase/(Decrease) in cash held	(100)	511	233	240	248	255	263	271	279	287	296	305
Opening cash, cash equivalents or (bank overdraft)	2,773	673	1,184	1,417	1,658	1,905	2,160	2,423	2,694	2,972	3,259	3,555
Closing cash, cash equivalents or (bank overdraft)	2,673	1,184	1,417	1,658	1,905	2,160	2,423	2,694	2,972	3,259	3,555	3,860

ESTIMATED STATEMENT OF CHANGES IN EQUITY

Year Ended 30 June:	2020 Actual Audit \$('000)	2021 Revised Budget \$('000)	2022 Plan Year 1 \$('000)	2023 Plan Year 2 \$('000)	2024 Plan Year 3 \$('000)	2025 Plan Year 4 \$('000)	2026 Plan Year 5 \$('000)	2027 Plan Year 6 \$('000)	2028 Plan Year 7 \$('000)	2029 Plan Year 8 \$('000)	2030 Plan Year 9 \$('000)	2031 Plan Year 10 \$('000)
ACCUMULATED SURPLUS												
Balance at end of previous reporting period	384,816	392,163	403,734	410,554	418,361	427,304	437,412	447,998	458,791	469,745	480,912	492,295
Net Result for Year	4,993	11,571	6,820	7,807	8,942	10,108	10,586	10,794	10,954	11,167	11,383	11,502
Transfers from Other Reserves	2,354	0	0	0	0	0	0	0	0	0	0	0
Balance at end of period	392,163	403,734	410,554	418,361	427,304	437,412	447,998	458,791	469,745	480,912	492,295	503,796
ASSET REVALUATION RESERVE												
Balance at end of period	1,118,346	1,118,346	1,118,346	1,118,346	1,118,346	1,118,346	1,118,346	1,118,346	1,118,346	1,118,346	1,118,346	1,118,346
OTHER RESERVES												
Balance at end of previous reporting period	4,385	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031
Transfers from Accumulated Surplus	0	0	0	0	0	0	0	0	0	0	0	0
Transfers to Accumulated Surplus	(2,354)	0	0	0	0	0	0	0	0	0	0	0
Balance at end of period	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031	2,031
TOTAL EQUITY AT END OF REPORTING PERIOD	1,512,540	1,524,111	1,530,931	1,538,738	1,547,681	1,557,789	1,568,375	1,579,168	1,590,122	1,601,289	1,612,672	1,624,173

City of Tea Tree Gully
 Key Financial Indicators
 Date modified: 25 November 2020

Year Ended 30 June:		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
		Actual	Revised	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
		Audit	Budget	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Net Financial Liabilities including non current assets held for sale		28,338	34,290	34,941	34,794	34,266	29,834	25,104	20,340	18,579	16,837	12,103	10,393
Net Financial Liabilities excluding non current assets held for sale	A.2	28,849	34,290	34,941	34,794	34,266	29,834	25,104	20,340	18,579	16,837	12,103	10,393
Net Financial Liabilities Ratio including non current assets held for sale		29%	34%	35%	33%	32%	27%	22%	18%	16%	14%	10%	8%
Net Financial Liabilities Ratio excluding non current assets held for sale	A.3	30%	34%	35%	33%	32%	27%	22%	18%	16%	14%	10%	8%
Asset Sustainability Ratio	A.4	90%	88%	98%	98%	99%	99%	99%	99%	99%	99%	99%	99%
Operating Surplus Ratio	A.5	6%	8%	8%	9%	10%	11%	11%	11%	11%	11%	10%	10%
Fiscal Balance Ratio	A.6	3%	-6%	-1%	0%	1%	4%	5%	5%	2%	2%	4%	1%