



CITY OF
TEA TREE GULLY

Naturally Better

Long Term Financial Plan FYE 2024–2033

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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 on an annual basis.

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 the source of their funding
- 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 2021.

Performance against the Long-Term Financial Plan FYE 2023 to 2032

Budget – FYE 2022

Council's previous version of the LTFP was adopted by Council in December 2021 and was underpinned by a set of guiding principles.

Council has made significant progress in FYE (financial year ending) 2022 towards achieving certain strategic targets, which 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 105% in FYE 2021 and 104% in FYE 2022.

2. Continue to review assets for possible sale, with any proceeds being reinvested, in keeping with Council's Disposal of Land and Assets and Acquisition of Land Policy adopted in February 2020

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. Maintaining debt within the targeted range of 25%-35% over the life of the plan

The Council has a Strategic Buildings program that is dedicated to the replacement of a number of community and sporting buildings. These projects will continue into 2024 and 2025 with expenditure being incurred over these years. This expenditure has been closely managed and as a result will not increase the net financial liabilities beyond the target range.

Following the March 2022 State Government Election, Council was the recipient of a number of financial grants to support Council's investment in the Strategic Buildings Program. The majority of these grants were paid in advance, reducing NFL.

Including the value of Council held land for resale, this ratio has reduced from 61% (\$43.5m) in FYE 2012 to 17.1% (\$17.5m) in FYE 2022.

Although this ratio is slightly under Council's target range of 25%-35%, after adjusting for those planned Capital Works Projects (\$15.3m) carried forward to FYE23, the underlying net financial liabilities ratio is 28%.

4. Retaining tight constraints on operating expenditure

The general rate increase for FYE 2022 was 2.7% (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 2022. 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 2021-22, a total of \$8.87m was invested in new assets. Included in the new assets work in progress is the continued expenditure on the Strategic Building Program.

Long Term Financial Plan FYE 2024-2033 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 \$16.5m. The LTFP provides for expenditure of \$17.4m in FYE 2024. This gap provides Council with the capacity to respond to any unforeseen deviations from the endorsed asset management plans.

A revaluation of assets during FYE 2023 will likely result in increased asset replacement values. This will increase the annual funding required to support the replacement of assets.

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.

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 Disposal of Land and Assets and Acquisition of Land Policy, into community assets.

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

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

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

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

The funding of the Strategic Buildings program will continue into 2024 and 2025 with expenditure being incurred over these years. This expenditure will not increase the net financial liabilities to increase above the target range.

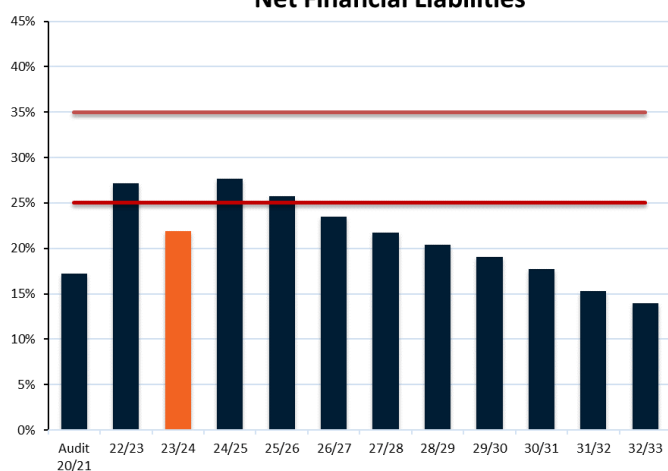
Council will continue to invest in the renewal and enhancement of infrastructure for the community. The LTFP will make provisions for these investments over the forward estimates while maintaining the net financial liabilities within the target range.

Assuming a rate increase (excluding growth) in line with CPI 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.

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

**LTFP Estimates 2024-2033
Net Financial Liabilities**



Principle 4 – Retaining tight constraints on operating expenditure

There are several economic factors impacting Council’s operating expenditure estimates within the LTFP including energy prices, the labour market and inflation.

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.

The Council has the Community Value Program which is designed to review services for efficiencies and better alignment of services to the current and future needs of community.

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

- Reducing employee costs by managing vacancies.

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

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

- Alignment with the Strategic Plan
- Precinct Plans, including Modbury and Tea Tree Gully
- Master Plan Implementation
- Main Roads and Gateways
- Current state of operating surplus or deficit
- Any additional costs for depreciation, maintenance or

interest on borrowings

- Impact on overall operating surplus or deficit
- Any need to increase Council rates to fund new work and the development of a works depot and associated costs
- The age, life expectancy, suitability and service potential of any asset to be replaced
- The discounted cash flow analysis, where appropriate.

To ensure Council is in a position to partner with the State Government to deliver on master plan objectives in the future, capacity has been incorporated in the revised LTFP in the later years. This capacity will be achieved through an annual uplift in planned expenditure on new assets.

Key considerations and assumptions

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

- The impact of current economic conditions such as CPI, utility costs and a tightening within labour market
- Price increase across the construction sector in the range of 25%, impacting the current and future capital works program
- 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.

A material amendment to the LTFP is the total income and expenditure for the Community Waste Water Management has been removed from the LTFP. This is due to the Labor government's election commitment that all CWMS customers were transitioned to SA Water from 1st July 2022.

Key revenue assumptions

General Council rate income is forecast to increase by 6.0% (FYE 2023) in the first and reducing in the subsequent years. Growth is forecast to be 1.0% per annum for FYE 2023.

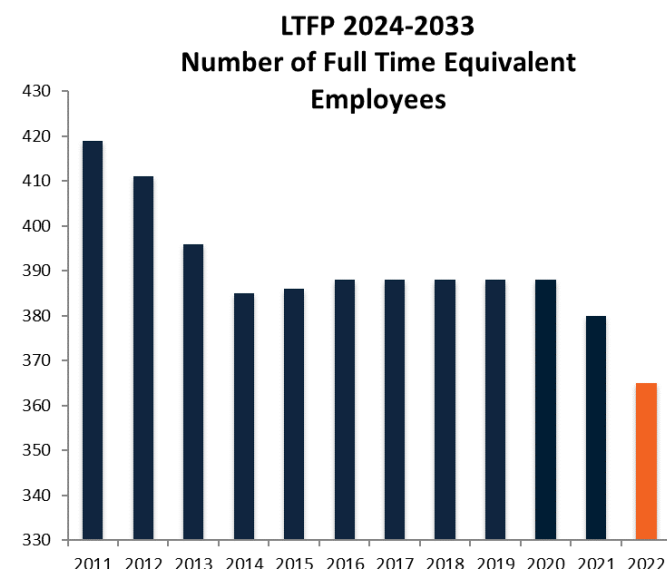
The rate rise is in line with the October 2022 CPI of 6.9%.

It is proposed that any additional rate revenue from growth or rates increases be directed towards the increases in expenditure due to current levels of inflation, increases in utilities and contracts.

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, with the FTE reducing due to business restructures.



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

Labour market

The wage price index (WPI) is increasing higher than the RBA forecast due to accelerating growth in the labour market. Currently there is a tighter labour market with demand for skilled labour higher than supply, resulting in wage growth beyond forecast. This continued growth would indicate that interest rates may continue to rise to help curb the inflation increase.

Energy Prices

A significant increase in electricity is expected in the coming years. The energy market is increasing higher than forecast as the cost of producing energy continues to rise. Investment in renewable energy in South Australia is not mature enough to shield us from these cost pressures. The Australian Federal Budget highlights approximately a 56% increase in consumer energy bills in 2023.

Inflation

The Annual Consumer Price Index (CPI) continues to rise in Australia. Over the 12 months to October 2022 CPI

rose 6.9%. This is considerably higher than the RBA target inflation range which the LTFP has been based on in prior years at 2 to 3% on average. This increase is predominately due to the supply market putting pressure on the cost of goods, for example the cost of fuel.

Interest Rates

The RBA rose rates by 0.25% to 2.85% in November. This was the seventh consecutive hike in a row, and the highest it has been since May 2013. In the accompanying statement the RBA outlined that inflation remains 'too high' and that the 0.25% hike decision was done in the outlook of an uncertain environment, providing 'time to assess the effects of the increases to date and the evolving economic outlook'. The RBA expects that rates will increase further, and most major banks predict a peak in the cash rate of 3.60% by May 2023, significantly lower than the approximate 4% priced in by interest rate futures markets.

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 remain consistent to the previous years in FYE 2024 based on the current borrowing expectations. They are then predicated to increase due to the rising interest rates. This will need to be monitored throughout the year depending on the interest rate increases. Currently an average interest rate over the medium term has been used for finance expense projections.

Depreciation is forecast to increase from \$17.4m to \$21.7m over the 10-year life of the plan and in line with Council's consumption-based depreciation (CBD) methodology in which less depreciation is calculated at the beginning and then increases over the life span of the asset.

Key Capital Works Program Expenditure

Renewal Expenditure

Council's Infrastructure Asset Management Plans inform the planned expenditure on the renewal of assets. The combined average annual renewal expenditure identified in the asset management plans is \$17.4m.

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

2024-26 LTFP Capital Works Program - Forward Estimates

Category Code	Category Description	FY2024 New Budget	FY2024 Renewal Budget	FY2024 Net Budget	FY2025 New Budget	FY2025 Renewal Budget	FY2025 Net Budget	FY2026 New Budget	FY2026 Renewal Budget	FY2026 Net Budget
PP001	Road Reconstruction / Renovation	-	2,100	2,100	-	2,100	2,100	-	2,100	2,100
PP002	Road Resealing	-	1,000	1,000	-	1,100	1,100	-	1,100	1,100
PP003	Roads to Recovery	-	700	700	-	700	700	-	700	700
PP004	Re-Sheeting Unsealed Roads	-	40	40	-	40	40	-	40	40
PP005	New Footpath and DDA Upgrades	1,030	-	1,030	1,030	-	1,030	1,030	-	1,030
PP007	Unsealed Footpaths	-	400	400	-	400	400	-	400	400
PP010	Lighting	500	-	500	350	-	350	500	-	500
PP011	Water and Drainage	-	1,250	1,250	-	1,250	1,250	-	1,250	1,250
PP014	Traffic Management and Signage	100	420	520	100	420	520	100	420	520
PP016	Open Space - Sporting, Park and Playground Upgrade:	500	1,150	1,650	-	1,650	1,650	-	1,150	1,150
PP018	City Beautification Works	1,104	2,500	3,604	-	2,000	2,000	-	3,000	3,000
PP019	Capital Buildings Renewal	-	1,165	1,165	-	1,165	1,165	-	1,165	1,165
PP020	Capital Buildings New/Upgrades	23,011	1,000	24,011	19,622	1,000	20,622	4,600	1,000	5,600
PP022	Environmental Projects	200	-	200	150	-	150	150	-	150
PP025	Information Technology	-	1,700	1,700	-	1,930	1,930	-	1,930	1,930
PP026	Other	-	4,000	4,000	-	4,000	4,000	-	4,000	4,000
Total Capital Works Program 2024-26		26,445	17,425	43,870	21,252	17,755	39,007	6,380	18,255	24,635

New Assets

Planned expenditure on new assets has been increased in line with the Strategic Building Program, detailed below, expected funding timelines. This expenditure is offset with grant and club contribution income to be received. This results in the total new asset allocation being \$26.4m in FYE 24 and \$21.2m in FYE 25.

Strategic Project Funding Strategy

Project		FYE 21/22 Actual	FYE 22/23 Draft Budget	FYE 23/24 Forecast	FYE 24/25 Forecast	Total	% Funding Split	Control Total
		\$'000	\$'000	\$'000	\$'000	\$'000	%	\$'000
Harpers Field								
CTTG Contribution		165	2,054	3,781		6,000	50.0%	6,000
Grant Funding	State - LGIPP	-	2,310	3,690		6,000	50.0%	6,000
Club Contribution - TBA								
Total Project Cost		165	4,364	7,471	-	12,000		12,000
Tilley Recreation Park								
CTTG Contribution		13	295	1,800	1,142	3,250	34.0%	3,250
Grant Funding	State - Election		600	3,150	1,000	4,750	49.7%	4,750
Grant Funding	State - OSR		-	-	1,500	1,500	15.7%	1,500
Club Contribution					50	50	0.5%	50
Total Project Cost		13	895	4,950	3,692	9,550		9,550
Modbury Sporting Club - Clubroom Building								
CTTG Contribution		15	455	655		1,125	22.5%	1,125
Grant Funding	State - OSR	-	750	625		1,375	27.5%	1,375
Grant Funding	State - Election	-	95	2,405		2,500	50.0%	2,500
Club Contribution - Not Required				-		-	0.0%	-
Total Project Cost		15	1,300	3,685	-	5,000		5,000
Tea Tree Gully Gymsports								
				40%	60%			
CTTG Contribution			300	1,280	1,920	3,500	48.6%	3,500
Grant Funding	State - Election			1,400	2,100	3,500	48.6%	3,500
Club Contribution					200	200	2.8%	200
Total Project Cost		-	300	2,680	4,220	7,200		7,200
Tea Tree Gully Tennis Club								
				40%	60%			
CTTG Contribution			300	940	1,410	2,650	48.2%	2,650
Grant Funding	State - Election			1,100	1,650	2,750	50.0%	2,750
Club Contribution					100	100	1.8%	100
Total Project Cost		-	300	2,040	3,160	5,500		5,500
Banksia Park Sports Area Master Plan								
CTTG Contribution				-	-	-	0%	-
Grant Funding	State - Election		75	75		150	100%	150
Club Contribution						-	0%	-
Total Project Cost		-	75	75	-	150		150
Golden Grove Central Districts Baseball Club								
CTTG Contribution				180	-	180	50%	180
Grant Funding	State - Election			180	-	180	50%	180
Club Contribution						-	0%	-
Total Project Cost		-	-	360	-	360		360
Hope Valley Sporting Club								
CTTG Contribution				-	-	-	0%	-
Grant Funding	State - Election		1,200	-	-	1,200	100%	1,200
Club Contribution						-	0%	-
Total Project Cost		-	1,200	-	-	1,200		1,200
Sportsfield Lighting - SADNA & Golden Grove Tennis Club								
CTTG Contribution		-	375			375	50.0%	375
Grant Funding			375			375	50.0%	375
Club Contribution - TBA						-		-
Total Project Cost		-	750	-	-	750		750
Total Project Expenditure		193	9,184	21,262	11,073	41,710		41,710
Summary of funding contributions								
		FYE 21/22 Budget	FYE 22/23 Draft Budget	FYE 23/24 Forecast	FYE 24/25 Forecast	Total	% Funding Split	
		\$'000	\$'000	\$'000	\$'000	\$'000	%	
Total CTTG Contribution		193	3,779	8,636	4,472	17,080	40.9%	
Total Grant Funding		-	5,405	12,625	6,250	24,280	58.2%	
Total Club Contribution		-	-	-	350	350	0.8%	

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

Date modified: 30 December 2022

Year Ended 30 June:		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033											
		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)	\$('000)										
INCOME																								
Rates	A	85,972	85,461	-0.6%	91,443	7.0%	95,833	4.8%	99,954	4.3%	103,752	3.8%	107,695	3.8%	110,387	2.5%	113,147	2.5%	115,976	2.5%	118,875	2.5%	121,847	2.5%
Statutory Charges	C	2,290	2,729	19.2%	2,865	5.0%	2,951	3.0%	3,049	3.3%	3,140	3.0%	3,234	3.0%	3,293	1.8%	3,352	1.8%	3,412	1.8%	3,474	1.8%	3,536	1.8%
User Charges	D	3,451	4,084	18.3%	4,288	5.0%	4,404	2.7%	4,523	2.7%	4,645	2.7%	4,770	2.7%	4,899	2.7%	5,032	2.7%	5,167	2.7%	5,307	2.7%	5,450	2.7%
Grants, subsidies, contributions	E	8,832	5,831	-34.0%	6,565	12.6%	6,638	1.1%	6,711	1.1%	6,785	1.1%	6,859	1.1%	6,935	1.1%	7,011	1.1%	7,088	1.1%	7,166	1.1%	7,245	1.1%
Investment Income	F	52	20	-61.5%	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	2,071	1,877	-9.4%	1,882	0.2%	1,932	2.7%	1,985	2.7%	2,038	2.7%	2,093	2.7%	2,150	2.7%	2,208	2.7%	2,267	2.7%	2,329	2.7%	2,391	2.7%
Total Revenues		102,668	100,002	-2.6%	107,064	7.1%	111,779	4.4%	116,241	4.0%	120,380	3.6%	124,672	3.6%	127,683	2.4%	130,769	2.4%	133,931	2.4%	137,170	2.4%	140,490	2.4%
EXPENSES																								
Employee costs	J	35,712	37,694	5.5%	39,390	4.5%	40,572	3.0%	41,789	3.0%	43,043	3.0%	44,334	3.0%	45,442	2.5%	46,578	2.5%	47,743	2.5%	48,936	2.5%	50,160	2.5%
Materials, contracts & other expenses	K	40,378	40,399	0.1%	43,728	8.2%	46,094	5.4%	48,564	5.4%	50,295	3.6%	53,093	5.6%	54,420	2.5%	55,781	2.5%	57,176	2.5%	58,605	2.5%	60,070	2.5%
Depreciation	L	17,221	16,991	-1.3%	17,416	2.5%	17,851	2.5%	18,297	2.5%	18,755	-100.0%	19,224	2.5%	19,704	2.5%	20,197	2.5%	20,702	2.5%	21,219	2.5%	21,750	2.5%
Finance Costs	M	372	550	47.8%	550	0.0%	1,050	-28.2%	1,000	-4.8%	950	-5.0%	950	0.0%	950	0.0%	850	-10.5%	800	-5.9%	700	-12.5%	600	-14.3%
Loss - Joint Ventures	N	0	-	0.0%	0	-	-	-	0	-	-	-	0	-	-	0	0	0	0	0	0	0	0	0
Total Expenses		93,683	95,634	2.1%	101,084	5.7%	105,567	4.4%	109,651	3.9%	113,043	3.1%	117,601	4.0%	120,517	2.5%	123,406	2.4%	126,421	2.4%	129,461	2.4%	132,580	2.4%
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS																								
		8,985	4,368		5,980		6,211		6,590		7,337		7,071		7,167		7,363		7,510		7,709		7,910	
Net gain/(loss) on disposal or revaluations	P	(4,393)	542		3,392		-		0		-		0		-		0		0		0		0	
Amounts specifically for new assets or upgraded assets	Q	4,411	13,697		19,996		6,600		0		-		0		-		0		0		0		0	
Physical resources free of charge	R	157	-		0		-		0		-		0		-		0		0		0		0	
NET SURPLUS/(DEFICIT)		9,160	18,607		29,368		12,811		6,590		7,337		7,071		7,167		7,363		7,510		7,709		7,910	
Opening Borrowings																								
	P																							
Renewal Works	R	11,015	13,103		10,955		13,505		17,455		17,955		18,455		18,955		19,455		19,955		20,455		20,955	
New Works	S	8,868	18,361		26,445		21,252		6,380		6,540		6,670		6,804		6,940		7,079		5,756		7,399	
Total Capital works (Net)	T	19,883	31,464		37,400		34,757		23,835		24,495		25,125		25,759		26,395		27,034		26,211		28,354	
Less Depreciation	U	17,221	16,991		17,416		17,851		18,297		18,755		19,224		19,704		20,197		20,702		21,219		21,750	
Yearly Borrowings without Operating Surplus and Asset sales increase/(reduction)	V	2,662	14,473		19,984		16,906		5,538		5,740		5,902		6,054		6,198		6,332		4,991		6,605	
Net Asset Sales - Debt Reduction	W				-																			
Net Asset Sales - Capital Works (included in CMP program)	X				4,530		-																	
Borrowings after proceeds from asset sales		2,662	14,473		15,454		16,906		5,538		5,740		5,902		6,054		6,198		6,332		4,991		6,605	
Operating Surplus	Y	8,985	4,368		5,980		6,211		6,590		7,337		7,071		7,167		7,363		7,510		7,709		7,910	
Fiscal Balance (Surplus Cash/Reduction in borrowings)/ Increase in borrowings	Z	(6,323)	10,105		9,474		10,694		(1,053)		(1,598)		(1,170)		(1,112)		(1,165)		(1,179)		(2,718)		(1,305)	
Capital works funding gap	A.1	(6,323)	10,105		9,474		10,694		(1,053)		(1,598)		(1,170)		(1,112)		(1,165)		(1,179)		(2,718)		(1,305)	
Assets sales plus operating surplus	A.2	8,985	4,368		10,510		6,211		6,590		7,337		7,071		7,167		7,363		7,510		7,709		7,910	
Closing Borrowings	A.1	-	2,083		11,557		22,252		21,199		19,601		18,431		17,319		16,154		14,975		12,257		10,952	
Net Financial Liabilities (including Land Sales)	A.2	17,654	27,133		23,419		30,964		29,911		28,313		27,143		26,031		24,866		23,687		20,969		19,664	
Net Financial Liabilities Ratio (Including Land Sales and inventory)	A.3	17.20%	27.13%		21.87%		27.70%		25.73%		23.52%		21.77%		20.39%		19.02%		17.69%		15.29%		14.00%	
Net Financial Liabilities (Excluding land Sales including inventory)	A.4	18,166	28,271		23,419		30,964		29,911		28,313		27,143		26,031		24,866		23,687		20,969		19,664	
Net Financial Liabilities Ratio (Excluding land Sales)	A.5	18%	28%		22%		28%		26%		24%		22%		20%		19%		18%		15%		14%	
Asset Sustainability Ratio	A.7	95%	161%		100%		99%		100%		100%		100%		100%		100%		100%		100%		100%	
Operating Surplus Ratio	A.8	10%	5%		6%		6%		6%		6%		6%		6%		6%		6%		6%		6%	
Fiscal Balance Ratio	A.9	7%	-11%		-9%		-10%		1%		1%		1%		1%		1%		1%		2%		1%	

City of Tea Tree Gully
ESTIMATED INCOME STATEMENT
Date modified: 30 December 2022

Year Ended 30 June:	2022 Actual Audit \$('000)	2023 Revised Budget \$('000)		2024 Plan Year 1 \$('000)		2025 Plan Year 2 \$('000)		2026 Plan Year 3 \$('000)		2027 Plan Year 4 \$('000)		2028 Plan Year 5 \$('000)		2029 Plan Year 6 \$('000)		2030 Plan Year 7 \$('000)		2031 Plan Year 8 \$('000)		2032 Plan Year 9 \$('000)		2033 Plan Year 10 \$('000)	
INCOME																							
Rates	85,972	85,461	-0.6%	91,443	7.0%	95,833	4.8%	99,954	4.3%	103,752	3.8%	107,695	3.8%	110,387	2.5%	113,147	2.5%	115,976	2.5%	118,875	2.5%	121,847	2.5%
Statutory Charges	2,290	2,729	19.2%	2,865	5.0%	2,951	3.0%	3,049	3.3%	3,140	3.0%	3,234	3.0%	3,293	3.0%	3,352	1.8%	3,412	1.8%	3,474	1.8%	3,536	1.8%
User Charges	3,451	4,084	18.3%	4,288	5.0%	4,404	2.7%	4,523	2.7%	4,645	2.7%	4,770	2.7%	4,899	2.7%	5,032	2.7%	5,167	2.7%	5,307	2.7%	5,450	2.7%
Grants, Subsidies and Contributions	8,832	5,831	-34.0%	6,565	12.6%	6,638	1.1%	6,711	1.1%	6,785	1.1%	6,859	1.1%	6,935	1.1%	7,011	1.1%	7,088	1.1%	7,166	1.1%	7,245	1.1%
Investment Income	52	20	-61.5%	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	2,071	1,877	-9.4%	1,882	0.2%	1,932	2.7%	1,985	2.7%	2,038	2.7%	2,093	2.7%	2,150	2.7%	2,208	2.7%	2,267	2.7%	2,329	2.7%	2,391	2.7%
Total Revenues	102,668	100,002	-2.6%	107,064	7.1%	111,779	4.4%	116,241	4.4%	120,380	4.0%	124,672	3.6%	127,683	3.6%	130,769	2.4%	133,931	2.4%	137,170	2.4%	140,490	2.4%
EXPENSES																							
Employee Costs	35,712	37,694	5.5%	39,390	4.5%	40,572	3.0%	41,789	3.0%	43,043	3.0%	44,334	3.0%	45,442	2.5%	46,578	2.5%	47,743	2.5%	48,936	2.5%	50,160	2.5%
Materials, Contracts & Other Expenses	40,378	40,399	0.1%	43,728	8.2%	46,094	5.4%	48,564	5.4%	50,295	3.6%	53,093	5.6%	54,420	2.5%	55,781	2.5%	57,176	2.5%	58,605	2.5%	60,070	2.5%
Depreciation, Amortisation & Impairment	17,221	16,991	-1.3%	17,416	2.5%	17,851	2.5%	18,297	2.5%	18,755	2.5%	19,224	2.5%	19,704	2.5%	20,197	2.5%	20,702	2.5%	21,219	2.5%	21,750	2.5%
Finance Costs	372	550	47.8%	550	0.0%	1,050	90.9%	1,000	-4.8%	950	-5.0%	950	0.0%	950	0.0%	850	-10.5%	800	-5.9%	700	-12.5%	600	-14.3%
Total Expenses	93,683	95,634	3.9%	101,084	5.7%	105,567	4.4%	109,651	4.4%	113,043	3.9%	117,601	3.1%	120,517	4.0%	123,406	2.5%	126,421	2.4%	129,461	2.4%	132,580	2.4%
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	8,985	4,368		5,980		6,211		6,590		7,337		7,071		7,167		7,363		7,510		7,709		7,910	
Net Gain/(Loss) on Disposal or Revaluation of Assets	(4,393)	542		3,392		0		0		0		0		0		0		0		0		0	
Amounts specifically for New or Upgraded Assets	4,411	13,697		19,996		6,600		0		0		0		0		0		0		0		0	
Physical Resources Receive Free of Charge	157	0		0		0		0		0		0		0		0		0		0		0	
NET SURPLUS/(DEFICIT)	9,160	18,607	0	29,368	0	12,811	0	6,590		7,337		7,071		7,167		7,363		7,510		7,709		7,910	

City of Tea Tree Gully
Date modified: 30 December 2022
ESTIMATED BALANCE SHEET

Year Ended 30 June:	2022 Actual Audit \$('000)	2023 Revised Budget \$('000)	2024 Plan Year 1 \$('000)	2025 Plan Year 2 \$('000)	2026 Plan Year 3 \$('000)	2027 Plan Year 4 \$('000)	2028 Plan Year 5 \$('000)	2029 Plan Year 6 \$('000)	2030 Plan Year 7 \$('000)	2031 Plan Year 8 \$('000)	2032 Plan Year 9 \$('000)	2033 Plan Year 10 \$('000)
ASSETS												
Current Assets												
Cash & Equivalent Assets	8,432	410	535	663	796	932	1,073	1,217	1,366	1,520	1,678	1,841
Trade & Other Receivables	4,690	4,653	4,793	4,936	5,084	5,237	5,394	5,556	5,723	5,894	6,071	6,253
Investments & Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0
Inventories	43	43	43	43	43	43	43	43	43	43	43	43
Sub-total	13,165	5,106	5,370	5,643	5,923	6,212	6,510	6,816	7,132	7,457	7,792	8,137
Non-current assets held for sale	512	1,138	0	0	0	0	0	0	0	0	0	0
Total Current Assets	13,677	6,244	5,370	5,643	5,923	6,212	6,510	6,816	7,132	7,457	7,792	8,137
Non-Current Assets												
Infrastructure, Property, Plant & Equipment	1,652,411	1,718,613	1,730,625	1,771,857	1,777,395	1,783,134	1,789,036	1,795,090	1,801,288	1,807,620	1,812,611	1,819,215
Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0
Other Non-Current Assets (Work in Progress)	8,598	13,560	27,202	6,326	6,326	6,326	6,326	6,326	6,326	6,326	6,326	6,326
Total Non-Current Assets	1,661,009	1,732,173	1,757,827	1,778,183	1,783,721	1,789,460	1,795,362	1,801,416	1,807,614	1,813,946	1,818,937	1,825,541
Total Assets	1,674,686	1,738,417	1,763,198	1,783,826	1,789,644	1,795,672	1,801,871	1,808,232	1,814,746	1,821,403	1,826,729	1,833,678
LIABILITIES												
Current Liabilities												
Trade & Other Payables	26,326	8,813	9,077	9,350	9,630	9,919	10,217	10,523	10,839	11,164	11,499	11,844
Revenue Received in Advance		17,476	3,150									
Borrowings	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	4,455	4,455	4,455	4,455	4,455	4,455	4,455	4,455	4,455	4,455	4,455	4,455
Sub-total	30,781	30,744	16,682	13,805	14,085	14,374	14,672	14,978	15,294	15,619	15,954	16,299
Liabilities Relating to Non-Current Assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	30,781	30,744	16,682	13,805	14,085	14,374	14,672	14,978	15,294	15,619	15,954	16,299
Non-Current Liabilities												
Borrowings	0	2,083	11,557	22,252	21,199	19,601	18,431	17,319	16,154	14,975	12,257	10,952
Provisions	507	507	507	507	507	507	507	507	507	507	507	507
Total Non-Current Liabilities	507	2,590	12,064	22,759	21,706	20,108	18,938	17,826	16,661	15,482	12,764	11,459
Total Liabilities	31,288	33,334	28,747	36,563	35,791	34,482	33,610	32,804	31,955	31,101	28,718	27,758
NET ASSETS	1,643,398	1,705,083	1,734,451	1,747,262	1,753,853	1,761,190	1,768,262	1,775,428	1,782,791	1,790,301	1,798,010	1,805,920
EQUITY												
Accumulated Surplus	414,151	432,758	462,126	474,937	481,528	488,865	495,937	503,103	510,466	517,976	525,685	533,595
Asset Revaluation Reserve	1,228,960	1,272,038	1,272,038	1,272,038	1,272,038	1,272,038	1,272,038	1,272,038	1,272,038	1,272,038	1,272,038	1,272,038
Other Reserves	287	287	287	287	287	287	287	287	287	287	287	287
TOTAL EQUITY	1,643,398	1,705,083	1,734,451	1,747,262	1,753,853	1,761,190	1,768,262	1,775,428	1,782,791	1,790,301	1,798,010	1,805,920

City of Tea Tree Gully
Date modified: 30 December 2022
ESTIMATED CASH FLOW STATEMENT

Year Ended 30 June:	2022 Actual Audit \$('000)	2023 Revised Budget \$('000)	2024 Plan Year 1 \$('000)	2025 Plan Year 2 \$('000)	2026 Plan Year 3 \$('000)	2027 Plan Year 4 \$('000)	2028 Plan Year 5 \$('000)	2029 Plan Year 6 \$('000)	2030 Plan Year 7 \$('000)	2031 Plan Year 8 \$('000)	2032 Plan Year 10 \$('000)	2033 Plan Year 10 \$('000)
CASH FLOWS FROM OPERATING ACTIVITIES												
<u>Receipts</u>												
Operating and Investment Receipts	114,731	100,002	106,924	111,635	116,093	120,227	124,515	127,521	130,602	133,759	136,993	140,308
<u>Payments</u>												
Operating Payments to Suppliers and Employees	75,049	78,093	82,854	86,394	90,073	93,049	97,129	99,556	102,044	104,594	107,207	109,885
Finance Costs	372	550	550	1,050	1,000	950	950	950	850	800	700	600
Net Cash provided by (or used in) Operating Activities	39,310	21,359	23,521	24,191	25,020	26,229	26,436	27,016	27,709	28,366	29,087	29,823
CASH FLOWS FROM INVESTING ACTIVITIES												
<u>Receipts</u>												
Amounts Specifically for New/Upgraded Assets	4,411	13,697	5,670	3,450	0	0	0	0	0	0	0	0
Sale of Renewed/Replaced Assets	857	542	800	800	800	800	800	800	800	800	800	800
Sale of Surplus Assets	0	0	4,530	0	0	0	0	0	0	0	0	0
<u>Payments</u>												
Expenditure on Renewal/Replacement of Assets	(16,283)	(27,342)	(17,425)	(17,755)	(18,255)	(18,755)	(19,255)	(19,755)	(20,255)	(20,755)	(21,255)	(21,755)
Expenditure on New/Upgraded Assets	(8,868)	(18,361)	(26,445)	(21,252)	(6,380)	(6,540)	(6,670)	(6,804)	(6,940)	(7,079)	(5,756)	(7,399)
Net Cash Provided by (or used in) Investing Activities	(19,883)	(31,464)	(32,870)	(34,757)	(23,835)	(24,495)	(25,125)	(25,759)	(26,395)	(27,034)	(26,211)	(28,354)
CASH FLOWS FROM FINANCING ACTIVITIES												
<u>Receipts</u>												
Proceeds from Borrowings	0	2,083	9,474	10,694	0	0	0	0	0	0	0	0
Proceeds from Deposits	97											
<u>Payments</u>												
Repayments of Borrowings	(15,000)	0	0	0	(1,053)	(1,598)	(1,170)	(1,112)	(1,165)	(1,179)	(2,718)	(1,305)
Repayment of Finance Lease Liabilities	0	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided by (or used in) Financing Activities	(14,903)	2,083	9,474	10,694	(1,053)	(1,598)	(1,170)	(1,112)	(1,165)	(1,179)	(2,718)	(1,305)
Net Increase/(Decrease) in cash held	4,524	(8,022)	125	129	132	136	140	145	149	153	158	163
Opening cash, cash equivalents or (bank overdraft)	3,908	8,432	410	535	663	796	932	1,073	1,217	1,366	1,520	1,678
Closing cash, cash equivalents or (bank overdraft)	8,432	410	535	663	796	932	1,073	1,217	1,366	1,520	1,678	1,841

ESTIMATED STATEMENT OF CHANGES IN EQUITY

Year Ended 30 June:	2022 Actual Audit \$('000)	2023 Revised Budget \$('000)	2024 Plan Year 1 \$('000)	2025 Plan Year 2 \$('000)	2026 Plan Year 3 \$('000)	2027 Plan Year 4 \$('000)	2028 Plan Year 5 \$('000)	2029 Plan Year 6 \$('000)	2030 Plan Year 7 \$('000)	2031 Plan Year 8 \$('000)	2032 Plan Year 9 \$('000)	2033 Plan Year 10 \$('000)
ACCUMULATED SURPLUS												
Balance at end of previous reporting period	403,419	414,151	432,758	462,126	474,937	481,528	488,865	495,937	503,103	510,466	517,976	525,685
Net Result for Year	9,160	18,607	29,368	12,811	6,590	7,337	7,071	7,167	7,363	7,510	7,709	7,910
Transfers from Other Reserves	1,572	0	0	0	0	0	0	0	0	0	0	0
Balance at end of period	414,151	432,758	462,126	474,937	481,528	488,865	495,937	503,103	510,466	517,976	525,685	533,595
ASSET REVALUATION RESERVE												
Balance at end of period	1,228,960	1,272,038	1,272,038	1,272,038	1,272,038	1,272,038	1,272,038	1,272,038	1,272,038	1,272,038	1,272,038	1,272,038
OTHER RESERVES												
Balance at end of previous reporting period	1,859	287	287	287	287	287	287	287	287	287	287	287
Transfers from Accumulated Surplus	0	0	0	0	0	0	0	0	0	0	0	0
Transfers to Accumulated Surplus	(1,572)	0	0	0	0	0	0	0	0	0	0	0
Balance at end of period	287	287	287	287	287	287	287	287	287	287	287	287
TOTAL EQUITY AT END OF REPORTING PERIOD	1,643,398	1,705,083	1,734,451	1,747,262	1,753,853	1,761,190	1,768,262	1,775,428	1,782,791	1,790,301	1,798,010	1,805,920

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

Date modified: 30 December 2022

Year Ended 30 June:	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	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	17,654	27,133	23,419	30,964	29,911	28,313	27,143	26,031	24,866	23,687	20,969	19,664
Net Financial Liabilities excluding non current assets held for sale	18,166	28,271	23,419	30,964	29,911	28,313	27,143	26,031	24,866	23,687	20,969	19,664
Net Financial Liabilities Ratio including non current assets held for sale	17%	27%	22%	28%	26%	24%	22%	20%	19%	18%	15%	14%
Net Financial Liabilities Ratio excluding non current assets held for sale	18%	28%	22%	28%	26%	24%	22%	20%	19%	18%	15%	14%
Asset Sustainability Ratio	95%	161%	100%	99%	100%	100%	100%	100%	100%	100%	100%	100%
Operating Surplus Ratio	10%	5%	7%	6%	7%	7%	7%	6%	7%	6%	6%	6%
Fiscal Balance Ratio	7%	-11%	-9%	-10%	1%	1%	1%	1%	1%	1%	2%	1%
	Audit	Budget	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP
	Dep'n											
	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
Renewal Works	17,221	16,991	17,416	17,851	18,297	18,755	19,224	19,704	20,197	20,702	21,219	21,750