

# Notice of Special Meeting of Audit & Risk Committee

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## MEMBERSHIP

Cr Irena Zagladov (*Presiding Member*)

Cr Rob Unger

Mr Ross Haslam

(*Independent Member*)

Mr Daniel Edgecombe  
(*Independent Member*)

Ms Deanne Bear

(*Independent Member*)

NOTICE is given pursuant to Sections 87 and 88 of the Local Government Act 1999 that the next SPECIAL MEETING OF AUDIT & RISK COMMITTEE will be held in the Civic Centre, 571 Montague Road, Modbury on WEDNESDAY 11 OCTOBER 2023 commencing at 6.30pm

A copy of the Agenda for the above meeting is supplied.

Members of the community are welcome to attend the meeting.

RYAN MCMAHON  
CHIEF EXECUTIVE OFFICER

Dated: 06 October 2023

CITY OF TEA TREE GULLY  
SPECIAL MEETING OF AUDIT & RISK COMMITTEE  
11 OCTOBER 2023

AGENDA

1. Opening and Welcome

2. Attendance Record:

- 2.1 Present
- 2.2 Apologies
- 2.3 Record of Officers in Attendance
- 2.4 Record of Number of Persons in the Public Gallery

3. Confirmation of Minutes of the Previous Meeting

That the Minutes of the Audit & Risk Committee Meeting held on 6 September 2023 be confirmed as a true and accurate record of proceedings.

4. Public Forum

*Available to the public to address the Committee on policy, strategic matters or items that are currently before the Committee. Total time 20 mins with maximum of 2 mins per speaker. For more information refer to Council's website [www.cttg.sa.gov.au](http://www.cttg.sa.gov.au)*

5. Deputations

*Requests from the public to address the meeting must be received in writing prior to the meeting and approved by the Presiding Member. For more information refer to Council's website [www.cttg.sa.gov.au](http://www.cttg.sa.gov.au)*

6. Presentations

*Requests to present to the meeting must be received in writing 5 days prior to the meeting and approved by the Chief Executive Officer or Presiding Member. For more information refer to Council's website [www.cttg.sa.gov.au](http://www.cttg.sa.gov.au)*

7. Petitions - Nil
8. Adjourned Business - Nil
9. Motions Lying on the Table - Nil
10. Management Reports

Office of the Chief Executive Officer - Nil

City Operations - Nil

Corporate Services - Nil

Community Services - Nil

Strategy & Finance

- 10.1 Internal Audit Report - Recycled Water ..... 5
- 10.2 Draft Long Term Financial Plan 2025-2034 for Community Engagement ..... 39

11. Motion(s) on Notice - Nil
12. Motion(s) without Notice
13. Question(s) on Notice - Nil
14. Questions without Notice
15. Information Reports - Nil
16. Status Report on Resolutions - Nil

## 17. Other Business

## 18. Confidential Items

*A record must be kept on the grounds that this decision is made.*

18.1 CONFIDENTIAL - Tea Tree Gully Tennis Clubroom Redevelopment  
Section 48 Prudential Report ..... 69

19. Date of Next Ordinary Meeting

6 December 2023

## 20. Closure





REPORT FOR

SPECIAL MEETING OF AUDIT & RISK  
COMMITTEE

MEETING DATE

11 OCTOBER 2023

RECORD NO:  
REPORT OF:  
TITLE:

D23/55142  
STRATEGY & FINANCE  
INTERNAL AUDIT REPORT - RECYCLED WATER

Item 10.1

## PURPOSE

To consider the Recycled Water internal audit undertaken by KPMG including the report findings and agreed actions.

## RECOMMENDATION

That the **Audit & Risk Committee receives the report titled “Internal Audit Report – Recycled Water” and dated 11 October 2023, and endorses the agreed actions as detailed in Attachment 1.**

## 1. BACKGROUND

Recycled water has the ability to significantly improve the environmental resilience of our community. Council owns and operates a recycled water scheme that consists of a combination of Managed Aquifer Recharge (MAR) and treated effluent.

**The use of recycled water reduces Council's reliance on mains water by approximately 220ML to 240ML per year, or approximately \$700,000 per year.** However, the operational costs of the recycled water scheme are considerable. Effective planning will enable the cost to be amortised over a long period of time, to better inform future investment decisions and benefit returns.

## 2. DISCUSSION

**Council engaged KPMG to conduct an internal audit of Council's existing recycled water distribution system.** The purpose of this audit was to determine what water resource options are available to Council long-term, with consideration to the financial feasibility of these options. Further considerations included:

1. **A high-level evaluation of Council's recycled water distribution system to determine the efficiency and effectiveness of Council's recycled water infrastructure** (operations and performance, supply and demand, financial sustainability and environmental benefits)
2. **Assessing the viability of Council's wastewater treatment plant** (including financial modelling)
3. **Identifying and assessing key risks (using Council's risk matrix) for Council's recycled water planning and identifying effective mitigation strategies**
4. **Recommending a process which guides data gathering to enable further audit analysis of other considerations when applicable**
5. **Assessing the alignment of Council's recycled water network against Council's Strategic Plan and addressing any potential gaps**
6. **Reviewing Council's existing policies, frameworks, plans and decision-making processes around recycled water, and identifying gaps and improvement opportunities**
7. **Identifying high level opportunities to ensure the viability of the recycled water network**

The outcomes/outputs proposed for the internal audit included:

1. **Provide recommendations on key focus areas including financial sustainability and modelling, as well as other matters of significance within the scope of local government**
2. **Recommend a prioritised action plan for the strategic planning and development of recycled water systems that are supported by evidence-based decision making**

## Internal Audit Report

The key internal audit findings have been summarised below:

Reference	Description	Risk rating
1	Outdated value proposition of the current scheme and unclear willingness of both the Council and the community to pay for sustainability	High
2	Current system performance is constrained by bottlenecks, posing challenges in aligning it with future performance demands	High
3	Gaps identified in the asset management system	Medium

Council has agreed to the management actions outlined in Attachment 1.

### 3. FINANCIAL

The internal audit was undertaken in accordance with the annual budget allocated to ensure delivery of the Internal Audit Plan. The total cost of this audit was \$40,317 plus GST.

### 4. STRATEGIC OBJECTIVES

The following strategic objectives in Council's Strategic Plan 2025 are the most relevant to this report:

Objective	Comments
<b>Environment</b>	
<i>A community that is protected from public and environmental health risks</i>	As suppliers and consumers of recycled water, CTTG is responsible for ensuring it is safe to use and to protect public health and the environment.
<i>Our consumption of natural resources is minimized by reducing, reusing and recycling products and materials, and using renewable resources</i>	CTTG is committed to harness the potential of recycled water to enhance community resilience and focus on the sustainability of our natural environment by providing recycled water for irrigation and urban maintenance.
<i>We are resilient to climate change and equipped to manage the impact of extreme weather events</i>	<b>The review and improvement of CTTG's</b> existing recycled water distribution system will increase water resilience and long-term community sustainability to manage forecasts of population growth and increased water demand.

Leadership	
<i>Planning considers current and future community needs</i>	Increased population growth, and impacts of future weather patterns highlight the need for strategic planning to accommodate the increasing demand in water for the community.
<i>Decision making is informed, based on evidence and is consistent</i>	This internal audit report and recommendations provides current data, information and forecasts to inform decisions made to the consider options to retain, replace or modify the recycled water scheme.

### Policies / Strategies

The following policies are relevant to this report:

- [Risk Management Policy](#)
- [Recycled Water Management Policy](#)

### 5. LEGAL

There are no legal implications in the consideration of this report.

### 6. RISK – IDENTIFICATION AND MITIGATION

**This internal audit contributes to Council's risk management process by identifying** any potential gaps and improvement opportunities in our current approach to recycled water. Any agreed actions from the findings will work towards mitigating the level of risk to Council in relation to this topic and will ensure our processes and systems and further refined.

### 7. ACCESS AND INCLUSION

Access and inclusion considered but not relevant to this report.

### 8. SOCIAL AND COMMUNITY IMPACT

Any actions and/or improvement opportunities arising from the internal audit have been agreed with the relevant internal stakeholders. No community engagement has been undertaken in relation to this report.

### 9. ENVIRONMENTAL

There are no environmental implications in consideration of this report.

## 10. ASSETS

N/A

## 11. PEOPLE AND WORK PLANS

Internal work plans were considered whilst committing to the agreed management actions. These discussions influenced the target dates included in Attachment 1.

## 12. COMMUNITY AND STAKEHOLDER ENGAGEMENT

No community engagement has been undertaken, noting that internal stakeholders were involved when developing this report.

## 13. COMMUNICATIONS OF COUNCIL DECISION

No communication of decisions is required at this stage.

## 14. INTERNAL REPORT CONSULTATION

The following staff have been included in the consultation process in the preparation of this report:

Name	Position	Consulted about
Justin Robbins	General Manager Strategy & Finance	Attachment 1 – Internal Audit Report
Jon Foong	Water Resource Specialist	Attachment 1 – Internal Audit Report

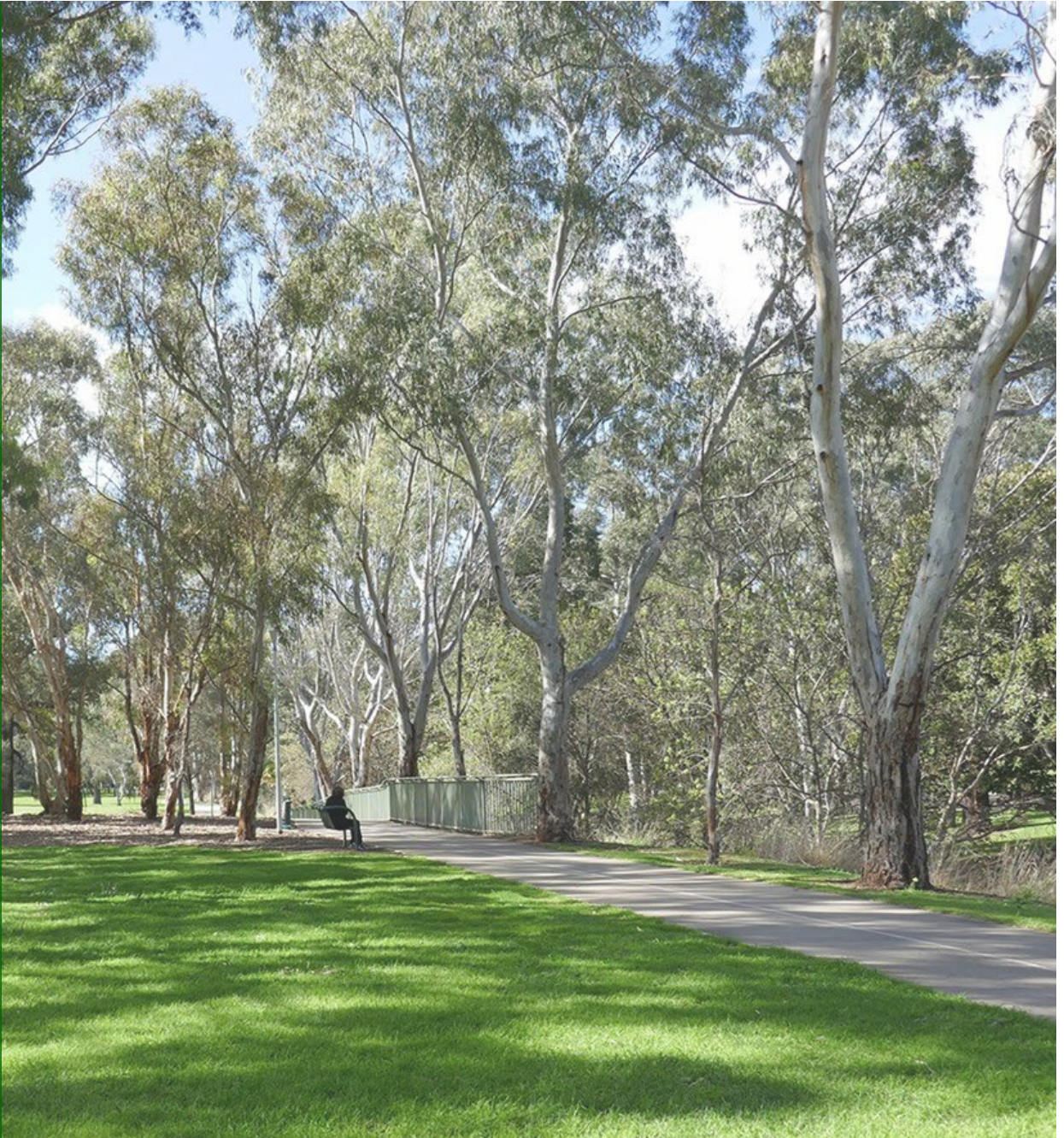
## Attachments

1. <a href="#">Internal Audit Report - Recycled Water</a> .....	11
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## Report Authorisers

Marley Marks	
Risk Officer	8397 7270
Alexandra Pukallus	
Coordinator, Risk & Audit	8397 7379
Ilona Cooper	
Manager Corporate Governance	8397 7310
Ryan McMahon	
Chief Executive Officer	8397 7297





# City of Tea Tree Gully

## Internal Audit Recycled Water

September 2023





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**Heather Martens**  
Director  
hmartens@kpmg.com.au



**Nathan Clements**  
Water Specialist  
nclements2@kpmg.com.au

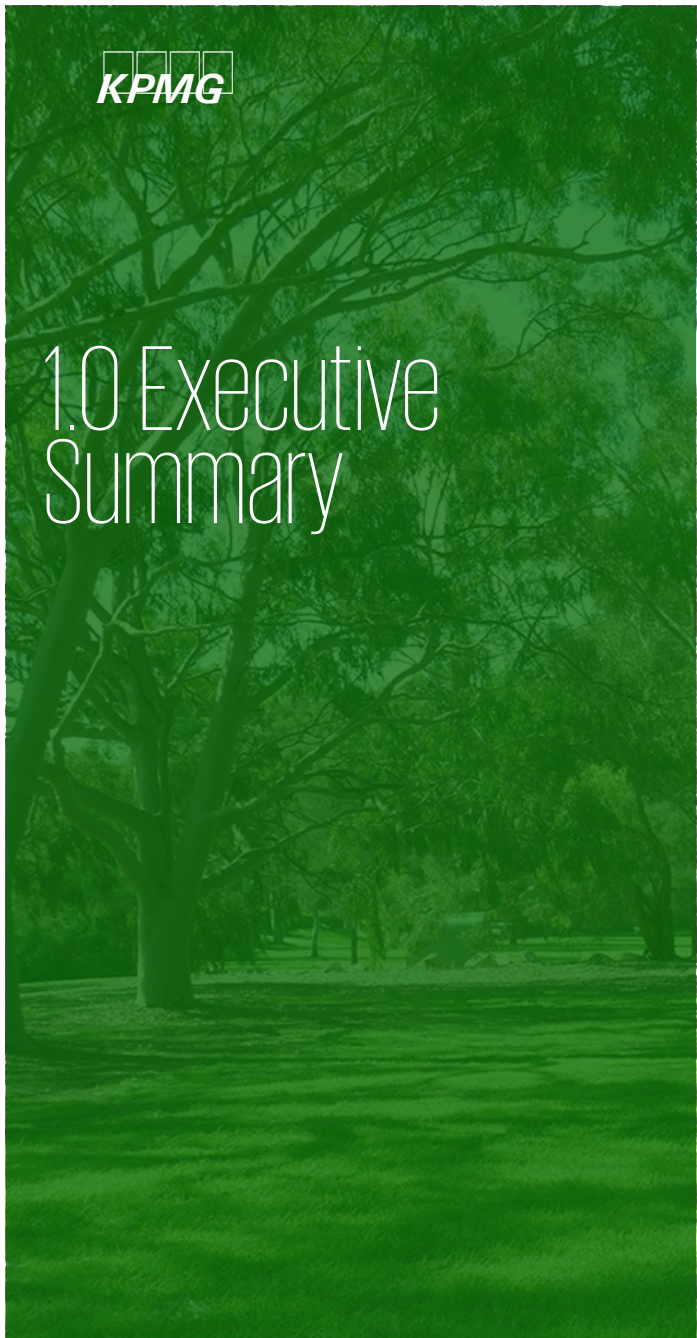


**Malcolm Hewson**  
Financial Modelling  
Specialist  
mhewson@kpmg.com.au



**Adam Rotapel**  
Manager  
arotapel@kpmg.com.au







# 1.0 Executive Summary



## Executive Summary

## Background

## Internal Audit Findings

## Option Assessment

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In accordance with the City of Tea Tree Gully (CTTG) Financial Year 2023 Internal Audit Plan, an internal audit focusing on the CTTG's Recycled Water System was performed. The objective, scope and approach for the internal audit are outlined below.

### Objective

The objective of this internal audit was to review the operation and performance of the CTTG's existing recycled water distribution system, identify opportunities for improvement and assess the feasibility of water resource options for Council's long-term plans. This audit was also intended to evaluate the financial feasibility of these options to ensure that Council is prepared for the future by adopting a sustainable approach to water resource management.

### Scope

To address the overall objective above, the scope of this internal audit included consideration of the following areas:

- Perform a viability assessment and audit of the Council's recycled water distribution system to evaluate the efficiency and effectiveness of the CTTG's recycled water infrastructure at a high level. This include reviewing relevant procedures and documentation, conducting a gap analysis to understand, at a high level, if current business requirements are being met, and identifying opportunities for improvement.
- Review of the Council's existing policies, frameworks, plans and decision-making processes regarding recycled water to identify any deficiencies or potential areas for improvement.
- Evaluate the financial viability of the CTTG's wastewater treatment plant, including conducting financial modelling (based on data provided by the CTTG).
- Identify and assess key risks related to the CTTG's recycled water planning utilising the CTTG's current risk framework, and propose effective mitigation strategies.
- Develop a process which guides data gathering to enable further audit analysis of other considerations when applicable.
- Evaluate whether the Council's recycled water network is aligned with its strategic plan and identify any discrepancies to be addressed.
- Identify high-level opportunities that would ensure the sustainability and long term success of the recycled water network.

The scope of this internal audit is submit to the limitations outlined in Appendix 1.

### Positive Observations

A number of positive observations are summarised below:

- ✓ The CTTG has demonstrated a strong understanding of water quality compliance requirements, including those set by the Environmental Protection Authority (EPA), Department of Health and Wellbeing (DHW), and Australian Guidelines for Water Recycling (AGWR).
- ✓ The CTTG is monitoring and measuring the quantity and quality of water produced by the recycled water system to track its current performance. The wastewater treatment plant (WWTP) in particular is equipped with robust control measures to ensure the production of compliant water quality.
- ✓ The CTTG has articulated proposed activities aimed at enhancing asset management maturity and provided evidence of their progress. This includes demonstrating compliance with regulatory requirements by establishing water pricing, maintaining an up-to-date asset register, and outlining a proposed capital works program and maintenance program in alignment with the Safety, Reliability, Maintenance & Technical Management Plan (SRMTMP). The CTTG has confirmed their intention to develop an Asset Management Plan (AMP) capturing the asset management requirements of the recycled water system.
- ✓ The CTTG has a good understanding of the key constraints to current recycled water system performance. This includes technical constraints to operation of the Managed Aquifer Reclaim (MAR) scheme and Wastewater Treatment Plant (WWTP). The CTTG has developed and costed solutions in incorporated into its draft capital works plan.

### Key Findings and Recommendations

The number of findings identified during the course of this internal audit is shown in the following table. A full list of the findings identified and the recommendations made are included in this report. Classification of internal audit findings are detailed in Appendix 4. These findings and recommendations were discussed with CTTG Management.

Management has accepted the findings and has agreed action plans to address the recommendations.

Extreme	High	Medium	Low	PIO
-	2	1	-	-

# 1.0 Executive Summary



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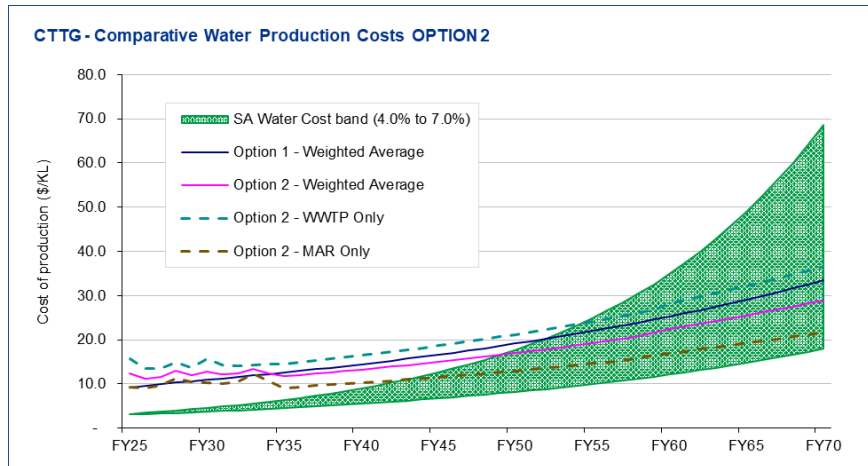
### Financial Viability

Our modelling of the financial viability of the CTTG's recycled water scheme has focussed on the production cost per KL of water from the WWTP and SWTP/MAR scheme and comparing those costs to each other and to the projected cost of purchasing water directly from SA Water.

Two options for the continued use of both these facilities have been modelled:

- **Option 1 – BAU** – continue operating the plants as they currently are, maintaining the historic levels of capital replacement and maintenance.
- **Option 2 – Targeted replacement** – undertake the CTTG's proposed uplifts in capital and maintenance expenditure over the next 10 years to improve the efficiency of the current plants.

A comparison of the modelled weighted average unit costs for each option against a projected range of SA Water costs is illustrated below together with the separate Option 2 unit costs of the WWTP and MAR.



### Observations

The chart opposite illustrates that in the long term, Option 2 results in greater efficiency of water production and better capacity to meet the growing needs of CTTG rate payers.

The SA Water cost band, based on a conservative estimate of annual increases of between 3% and 7%, illustrates the significant impact these unknown future price changes have on the comparison of the forecasted cost of water. Whilst it is clear that the WWTP remains significantly more expensive than the MAR scheme over the next 45 years, the point at which either of these schemes become preferred, on price, over buying water from SA Water, is highly dependent on the annual growth of its pricing.

The opportunity cost of **\$151m** predicted to be spent under Option 2 over the 45 year planning horizon should be considered by the CTTG as part of their justification for investment in an Option 3 modified scheme.

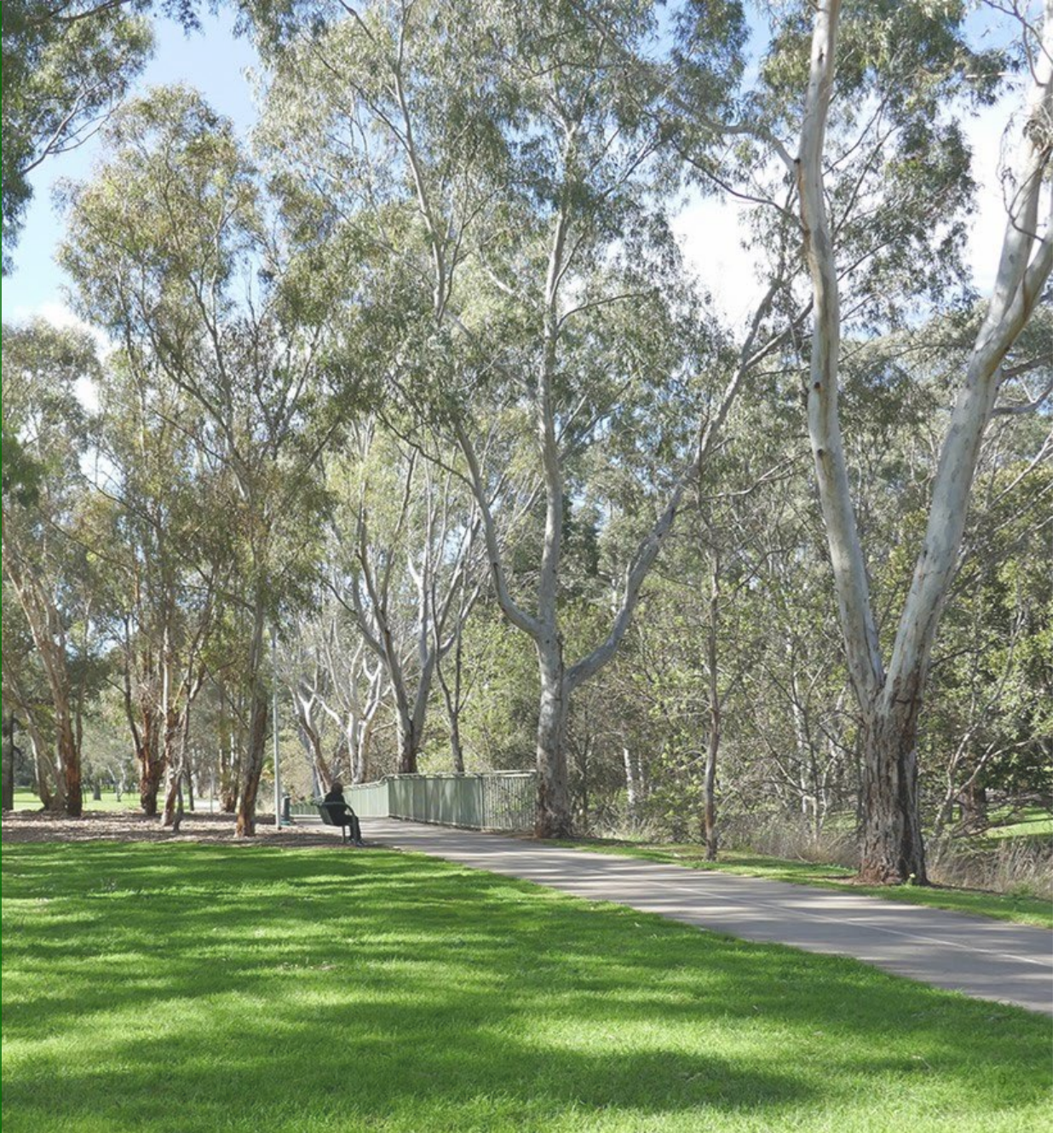
### Recommendation

The CTTG are currently in the early stages of assessing an alternative third option, whereby the operation of the scheme would be modified to improve its financial sustainability, performance and alignment to system goals. Our modelling shows that water from the MAR scheme comes at a considerable discount to that from the WWTP and, under certain price growth scenarios, is lower than the projected cost of water from SA Water.

In undertaking the body of work required to fully assess this option, and other potential alternatives, it is recommended the CTTG fully considers the following areas (refer Options Assessment section):

- Confirmation of potential MAR storage volume capacity
- Develop water balance model to assess alternative scheme options
- Produce WWTP decommissioning cost estimates
- Finalise MCA approach to assess scheme options
- Complete concept designs for alternative scheme options
- Consider detailed financial assessment of preferred option(s)
- Identify opportunities for efficiency improvements to irrigation infrastructure.





## 2.0 Background



# 2.0 Background



## Executive Summary

## Background

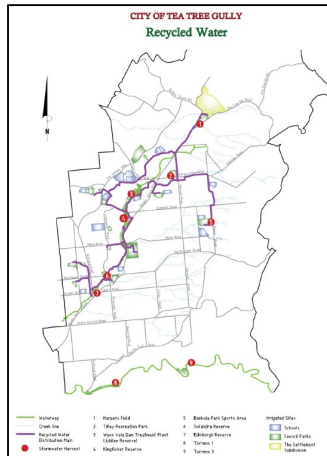
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The CTTG is committed to creating a thriving community that values a high quality of life that prioritises both its residents and the natural environment. With a focus on sustainability, the CTTG harnesses the potential of recycled water to enhance community resilience.

The CTTG has originally implemented a stormwater capture and reuse scheme under the Waterproofing Northern Adelaide Project. This initiative involves capturing stormwater and injecting it into multiple Managed Aquifer Reclaim (MAR) schemes for subsequent extraction and use in municipal irrigation. While the original objectives have shifted, the CTTG remains committed to utilising the scheme for water resilience and long-term community sustainability, with a focus on providing water for irrigation and other essential urban maintenance purposes.



Recycled water is actively utilised through a 35km ring main in the distribution system, supplementing the overall water supply for urban irrigation across multiple sites in the CTTG. Additionally, wastewater from eight Community Wastewater Management Systems (CWMS) catchments is treated to achieve recycled water quality suitable for unrestricted irrigation use. The CTTG recycled water operational assets are classified into three distinct categories: Irrigation assets, Reclaim Water Assets and Stormwater assets.

With an increase in population, the impact of forecast future weather patterns, and other environmental and economic drivers, it is critical for the Council to take proactive measures in implementing robust water resilience and preparedness plans.

**Future weather pattern-related risks will drive an approximate 46% increase in water demand by 2050<sup>1</sup>.**

<sup>1</sup> CTTG Management (as provided in the RFI)

### Key and Emerging Risks

The following are some emerging challenges that the CTTG will likely face in the next two decades:

- The CTTG's population is forecasted to grow by approximately 2.5% by 2030. This population growth highlights the need for strategic planning and infrastructure development to accommodate the increasing demand for water in the region.
- A decrease in private green spaces due to housing development will mean increased demand for community open spaces and open space assets requiring irrigation water.
- Council's Strategic Plan 2025 includes commitment to improve community amenity through maintaining or improving green infrastructure.
- Future weather patterns may also pose significant risks to the resilience and sustainability of water resources in the CTTG. Anticipated changes in rainfall patterns, including decreased winter and spring rainfall and increased high-intensity rainfall events, alongside heightened drought conditions, increased evapotranspiration rates, and a higher risk of severe fire weather, all challenge the CTTG's water security.
- Water demand in the Greater Adelaide Region is projected to exceed demand by 2038. Water security for South Australia is an emerging concern for SA Water, which has led to the establishment of the Water Resilient Futures project, commissioned by the Minister and led by SA Water in partnership with the Department for Environment and Water (DEW). This is anticipated to raise water pricing significantly.
- Furthermore, the State is under political pressure from the Federal government to meet its commitment of implementing the Murray-Darling Basin (MDB) plan, which aims to restore 3,400 GL to the MDB. The existing deficit of 750 GL necessitates the adoption of various strategies, which could potentially result in a further escalation of water prices.

## 2.0 Background



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### Key and Emerging Risks (cont.)

The following includes emerging challenges that the CTTG will likely face in the next two decades:

- Anticipated carbon abatement costs for achieving the 2050 NetZero target range between \$200 - \$300/tonne of CO<sub>2</sub>e. The water sector, including SA Water, faces substantial abatement expenses due to materials, chemicals, and emissions associated with N<sub>2</sub>O, CH<sub>4</sub>, and CO<sub>2</sub>. These high costs may be transferred to customers.
- The wastewater treatment plant (WWTP) significantly drives up energy consumption, constituting about 78% of electricity use. This heavy energy demand results in a substantial portion of CTTG's Scope 2 emissions. Addressing this energy intensity is a critical challenge, particularly in light of emerging NetZero policies and their potential impact on costs.
- The limited operational team consisting of only three members faces significant challenges in managing the extensive recycled water infrastructure. Frequent shutdowns at the treatment plant disrupt operations, necessitating quick responses that strain the team's capacity and result in staff fatigue. The recruitment process for new staff is prolonged, offering no immediate solution to these challenges. Furthermore, recurring after-hours call-outs lead to heightened operating costs for managing unscheduled shutdowns.

### Regulatory Compliance

As the suppliers and consumers of recycled water, the CTTG is responsible for ensuring its safe use to protect public health and the environment. The CTTG recycled water scheme shall comply with various legislation including the Water Industry Act 2012, Public and Environmental Health Act 1987, Public and Environmental (Waste Control Regulations) 1995, Environment Protection Act 1993, and Landscape South Australia Act 2019.

The operation and management of the scheme will adhere to the current versions of the National Water Quality Management Strategy - Australian guidelines for water recycling, South Australian Reclaimed Water Guidelines, and Environment Protection (Water Quality) Policy.

In addition, CTTG have to comply with:

- Water Industry Act 2012
- ESCOSA<sup>2</sup>'s Price Determination
- NWI<sup>3</sup> pricing principles
- OTR<sup>4</sup> 'S SRMTMP<sup>5</sup>

<sup>2</sup> Essential Services Commission of South Australia

<sup>3</sup> National Water Initiative

<sup>4</sup> The Office of the Technical Regulator

<sup>5</sup> Safety, Reliability, Maintenance, & Technical Management Plan

## 2.0 Background



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### Financial viability

#### Overview

Our assessment of the financial viability of the CTTG’s recycled water scheme has focussed on modelling the production cost per KL of water from the Wastewater Treatment Plant (WWTP) and Stormwater Treatment Plant (SWTP)/MAR scheme and comparing those costs to each other and to the projected cost of purchasing water direct from SA Water.

Two options for the continued use of both these facilities have been modelled:

- **Option 1 – BAU** – Continue operating the plants as they presently are, maintaining the historic levels of capital replacement and maintenance.
- **Option 2 – Targeted replacement** – Undertake the proposed uplifts in capital and maintenance expenditure over the next 10 years to improve the efficiency of the current plants.

In addition, the CTTG are currently in the early stages of assessing an alternative, third option, whereby the WWTP would be repurposed as an additional SWTP so increasing the potential capacity of the MAR scheme at, an assumed, lower unit cost than the current WWTP (refer Options Assessment section). The range of assumptions used in the modelling are discussed in Appendix 1.

The opportunity cost of the **\$151m** predicted to be spent under Option 2 over the 45 year planning horizon represents a potentially significant burden on rate payers and should be considered by the CTTG in their business case for an Option 3 modified scheme.

#### Cost comparison

The current modelling has resulted in the unit costs in \$/KL for water shown in the chart opposite. The shaded area is the range of SA Water costs based on an annual compound increase of between 4% and 7%.

The chart illustrates that even comparing Option 2 to the higher rate of annual increase for SA Water pricing, it is not until FY50 that CTTG water becomes a cheaper option to that from SA Water.

Even if CTTG sourced water solely from the MAR scheme, under the current cost projections it still takes until around FY43 before this becomes cheaper than using SA Water mains water for irrigation.

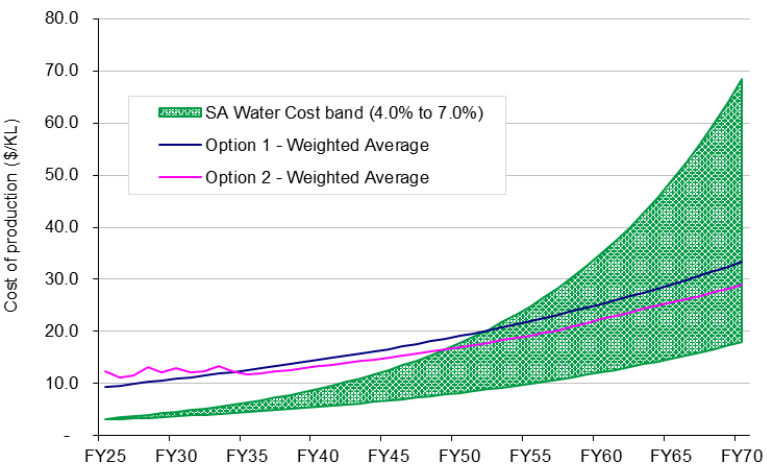
### SA Water unit costs

A band of future unit costs, based on a range of 4% to 7% p.a. increase in SA Water’s pricing, for the potential cost of purchasing water from SA Water, has been used in the analysis. The large area ( ) that represents this potential range of prices resulting from compounding these relatively small per annum increases in SA Water’s water pricing, illustrates the significant sensitivity of the analysis to this particular input.

Predicting how SA Water’s pricing will change over time is extremely difficult given the number of influencing factors, such as:

- SA Water’s own cost base increases
- The pressure on maintaining Adelaide’s water availability and quality
- The regulatory process that sets SA Water’s revenues each 5 years, and
- State Government policy that can override any of the above.

CTTG - Comparative Water Production Costs



## 2.0 Background



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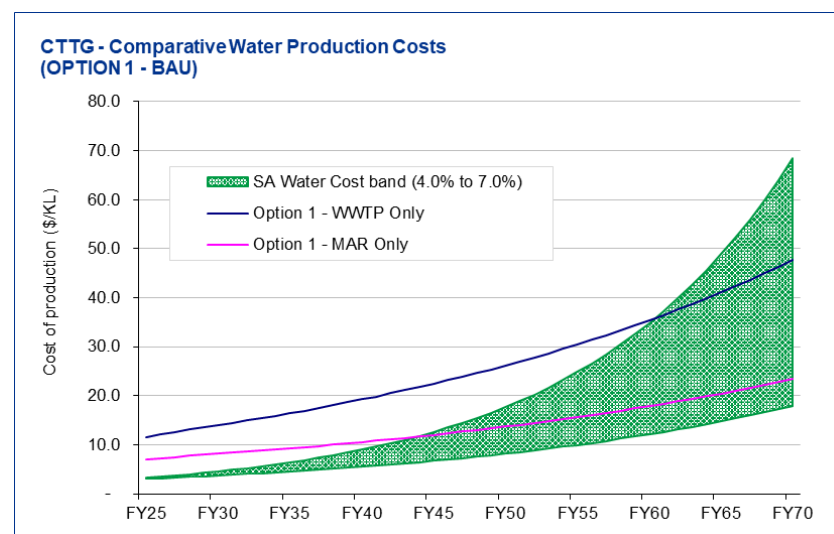
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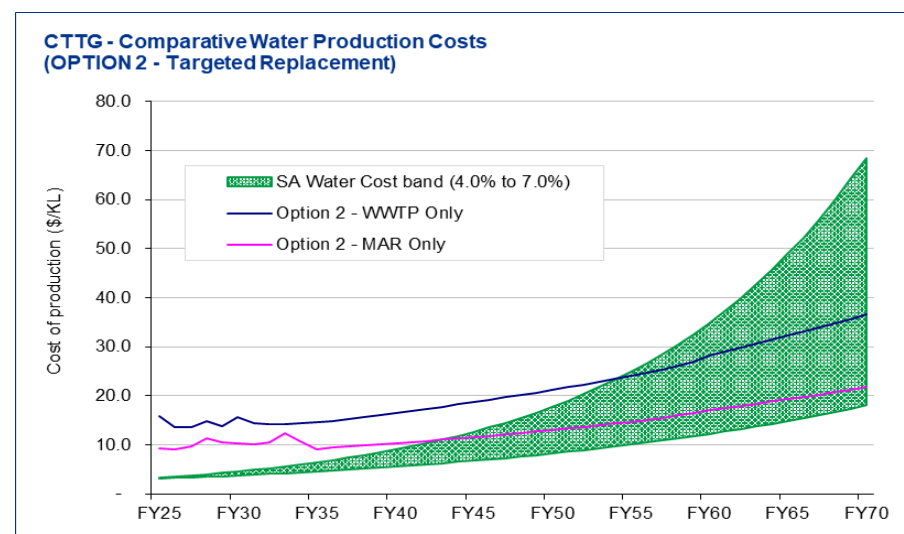
### Financial viability (cont.)

The graphs below illustrate the results of the modelling analysis for the two options: Option 1 – BAU and Option 2 – Targeted Replacement.



#### Results of analysis

- The large area (  ) represents a potential range of unit costs for procuring water from SA Water further illustrating the significant uncertainty over future price rises.
- Whilst the impact that SA Water price increases have over the 45 year planning horizon is considerable, in the near to medium term (the first 20 to 25 years), SA Water remains the most cost effective source of irrigation water to CTTG.



#### Results of analysis

- Adopting Option 2 by instituting a program of targeted asset replacement and maintenance over the next 10 years initially increases the unit cost of production from both the CTTG schemes but ultimately lowers the cost trajectory over the long term.
- The limitations on the WWTP output due to its design capacity and level of potential inflows, restrict the CTTG's ability to gain further economies of scale from this scheme. Even if it is brought back to its full design capacity, it will remain the most expensive source of irrigation water.
- This compares to the greater potential for the MAR scheme to increase its output within the relevant licensing regime. This would indicate that further investigation on methods to improve the efficiency and throughput of the MAR would likely yield positive results.

## 2.0 Background



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### Summary of internal audit findings

Through our discussions with stakeholders, documentation review and sample testing performed, Internal Audit identified two (2) high rated findings and one (1) medium rated finding. The following table provides a summary of our risk rated findings. The classifications of risk ratings in this report are based on the CTTG's risk ratings (as shown in Appendix 4).

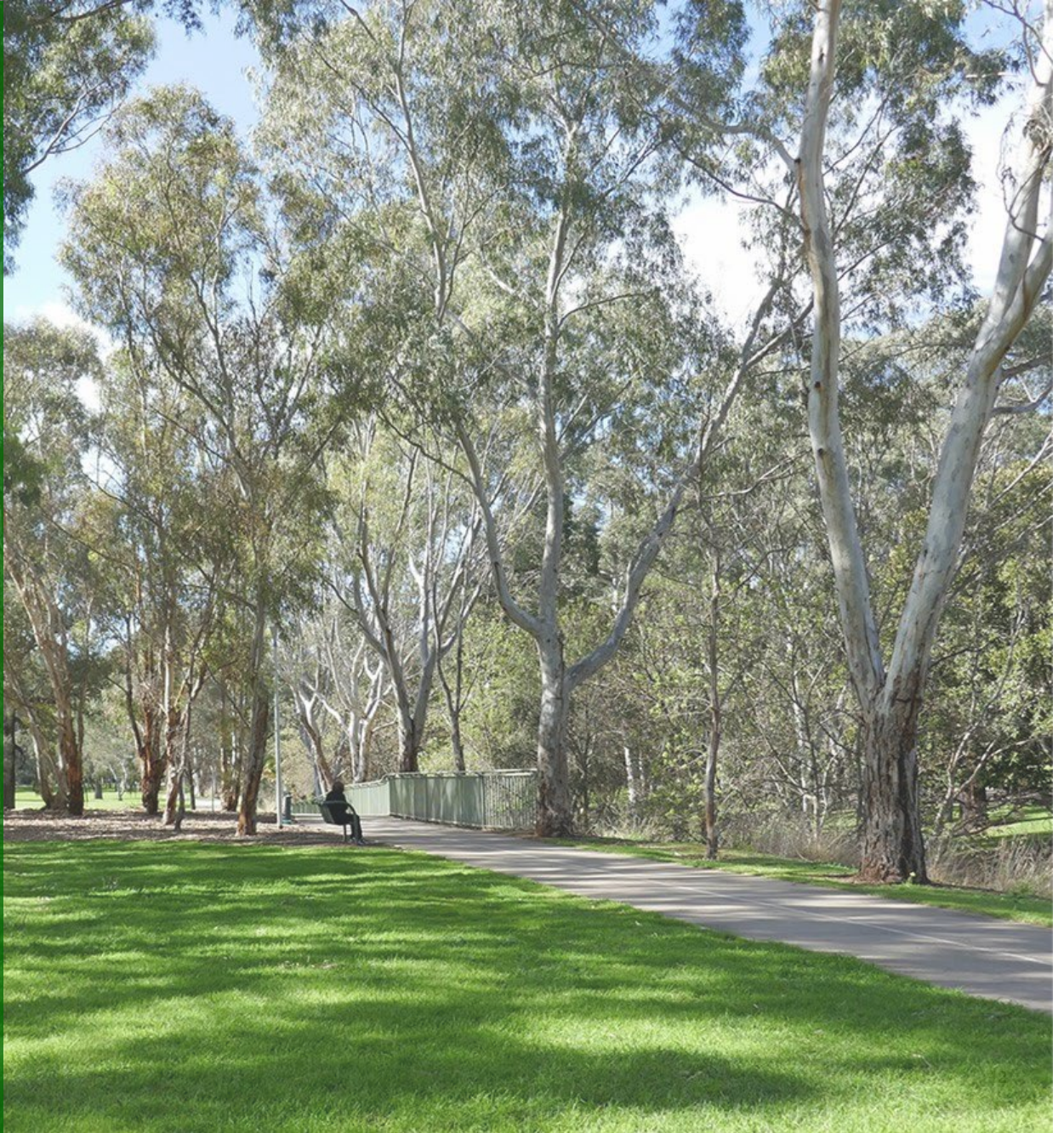


Ref #	Rating	Description
F1	High	Outdated value proposition of the current scheme and unclear willingness of both the Council and the community to pay for sustainability
F2	High	Current system performance is constrained by bottlenecks, posing challenges in aligning it with future performance demands
F3	Medium	Gaps identified in the asset management system





# 3.0 Internal Audit Findings





# 3.0 Internal Audit Findings



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## Finding 1: Outdated value proposition of the current scheme and unclear willingness of both the Council and the community to pay for sustainability

**Consequence:**  
Major

**Likelihood:**  
Possible

**Rating: High**

### Observation(s):

Gaps were noted in the current approach to the recycled water scheme, including an outdated value proposition, uncertainty regarding willingness to pay, absence of a holistic sustainability framework, and insufficient documentation. The CTTG possesses a good understanding of the initial scheme and recognises that the value proposition has evolved over time. Pending an update to the current scheme's value proposition, this hinders informed decision-making and investment justification for the recycled water scheme for moving forward.

Based on desktop review and stakeholder consultations, the following was observed:

**Outdated value proposition:** The operating context of the recycled water system has changed since the original justification for investment. The current system value position is not documented in the new operational context. Changes to the operating context include the following key factors:

- Original demand assumptions for activities like toilet flushing were overestimated. The scheme does not currently supply such non-potable residential uses.
- Anticipated offset of SA Water charges for customer connections to the Community Wastewater Management Systems (CWMS) did not occur.
- The scheme's shift towards irrigation has led to lower total annual demand compared to its initial focus on residential usage, impacting the ability for the system to operate through winter (due to the current seasonal demand profile).

**Justification for investment process:** The current decision-making criteria for water supply and system investment is primarily price driven. The CTTG recognises the need to evaluate both financial and other triple bottom line benefits. The absence of a holistic sustainability framework and Council position limits the internal justification of system improvements based on non-financial benefits.

**Lack of understanding and documentation:** The CTTG's internal willingness and community willingness to pay for recycled water (supplied through more sustainable/resilient sources) is not well understood or documented. Additionally, a structured approach to assessing the current system value proposition and justifying/prioritising future system investment has not been adequately developed or documented.

Whilst consideration has been given to future state scheme options, the viability of these individual options is not yet understood in sufficient detail to justify a forward business decision.

*(continued on next page)*

### Recommendation(s):

Internal Audit recommends the CTTG:

1. Update and document the current system value proposition in-line with the current operating context.
2. Undertake Multi-Criteria Analysis (MCA) of alternative recycled water system options which include sustainability and community benefit scoring criteria.
3. Consultations should be undertaken to understand the willingness of both the Council and the community to pay for recycled water.
4. Undertake additional investigations as required into alternative scheme options to inform the future water scheme business case development.

### Management Action(s):

1. Accept Recommendation 1.
2. A Multi-Criteria Analysis will be developed and will be applied to Option 3 of this Report.
3. Accept recommendation 3 which should form part of a wider consultation regarding sustainability.
4. Accept Recommendation 4.

### Responsibility:

Strategic Lead - Sustainability and Environment

### Target date:

30 June 2025

## 3.0 Internal Audit Findings



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### Finding 1: Outdated value proposition of the current scheme and unclear willingness of both the Council and the community to pay for sustainability (cont.)

**Consequence:**  
*Major*
**Likelihood:**  
*Possible*
**Rating: High**

#### Risk(s):

- The previous assumptions in the original business case for the recycled water scheme investment are outdated and no longer align with the expected cost/benefit achieved by the existing system.
- The absence of a holistic sustainability value framework limits the CTTG's ability to internally justify initiatives based on their non-financial benefits. Potential improvements to the system are therefore being considered on financial or technical merit without assessment against broader sustainability or community benefit.
- The willingness to pay for water supplied through more sustainable means is not well understood by the CTTG.

# 3.0 Internal Audit Findings



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## Finding 2: Current system performance constraints by bottlenecks, posing challenges in aligning it with future performance demands

### Observation(s):

Performance gaps were identified in the current operation of the recycled water scheme, affecting its ability to meet anticipated future performance standards. The CTTG acknowledges current operational challenges affecting future performance and proactively studies future demand drivers. The performance gaps persist until alternative schemes are investigated for informed decision-making and scheme progress.

Based on desktop review and stakeholder consultations, the following was observed regarding the performance of the current scheme:

**Alignment of KPIs to strategic objectives:** The alignment between performance targets and strategic objectives for the system is unclear. While performance targets for the system are currently focused on water quality compliance, the Council also aims to achieve broader objectives, such as enhancing water reliability, reducing reliance on mains water supply and associated costs, and minimising ocean treated effluent discharge.

**Current system performance bottlenecks:** The current system operates near maximum capacity during peak summer demand due to physical asset limitations, known to exist across the WWTP, irrigation infrastructure and MAR bores. This can be seen in the following examples:

- The WWTP encounters operational challenges that hinder efficiency and capacity for treatment.
- Aging irrigation infrastructure contributes to water loss through network leaks, reducing the overall water efficiency (cost incurred to treat water ultimately applied to target surfaces), and impacting turf quality.
- Maintenance and operational issues in the MAR bores limit injection capacity.

**Demand & supply constraints:** There is a growing recycled water supply shortfall. This situation is influenced by both demand and supply factors:

- Demand: Climate scenario modelling forecasts a 6% annual increase in water demand over the next 50 years due to increasing evapotranspiration rates. Additionally, more days with temperatures exceeding 30°C will further raise water demand. Further, increasing population and urban density will also drive demand for additional green space and associated irrigation water supply.
- Supply: The recycled water supply shortfall is attributed to various operational constraints including limitations on the treatment of high Nephelometric Turbidity Unit (NTU) stormwater (i.e. high percentage of suspended solids in water) and the inability to utilise the complete entitlement to sewer mining volumes from SA Water. Annual supply volumes are also limited by the extremely seasonal demand profile associated with irrigation (with virtually no supply required during winter months).

(continued on next page)

**Consequence:**  
Major

**Likelihood:**  
Possible

**Rating: High**

### Recommendation(s):

Internal Audit recommends the CTTG:

1. Document the updated KPIs for the recycled water scheme.
2. Align the KPIs with the CTTG's strategic objectives for the recycled water system and incorporate into ongoing performance monitoring.
3. Ensures a formal process is in place for ongoing assessment of water security and the drought resilience of the Council.
4. Collaborate with SA Water to align the CTTG's Recycled Water Strategy for water security with SA Water's Strategy, ensuring prudent investments by the State and the local community.

### Management Action(s):

1. Accept Recommendation 1 and 2.
2. Accept Recommendation 3, and 4.
3. Develop a business case that will assess the sustainability of the various options in this Report and provide recommendations.

### Responsibility:

Strategic Lead - Sustainability and Environment

### Target date:

Recommendation 1 and 2 by December 2024

Recommendation 4 by 30 June 2024

## 3.0 Internal Audit Findings



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### Finding 2: Current system performance constraints by bottlenecks, posing challenges in aligning it with future performance demands (cont.)

**Consequence:**  
*Major*

**Likelihood:**  
*Possible*

**Rating: High**

#### Risk(s):

- Misalignment of performance measures and strategic goals hinders the CTTG's ability to monitor and manage the current system value proposition against the system objectives.
- The current system is operating near maximum peak capacity with little tolerance for increasing water demand. The system's ability to meet councils irrigation demands into the future is hence likely to decrease.
- Insufficient recycled water supply to meet future water demand.

# 3.0 Internal Audit Findings



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## Finding 3: Asset Management System Gaps

**Consequence:**  
*Moderate*
**Likelihood:**  
*Possible*
**Rating:** *Medium*

### Observation(s):

Gaps were identified in the asset management system relating to the Recycled Water System. The CTTG have identified plans to develop asset management artefacts in support of asset management practices targeting the recycled water system. Until these artefacts are put in place there remain gaps in the CTTG's strategic asset management planning and maintenance planning practices.

Based on desktop review and stakeholder consultations, the following was observed regarding the asset management system:

### Line of sight to strategic objectives:

Currently, the CTTG does not have an overarching Strategic Asset Management Plan (SAMP) in place. The CTTG plan to develop a high level SAMP, which would provide strategic coverage across their five asset classes and respective Asset Management Plans (AMP). There are a number of other strategy documents in development that influence the recycled water system including the integrated water management cycle Strategy (IWMC), the Recycled Water Strategy and the Sustainability Framework.

### Asset Management Plan (AMP) for the Recycled Water System:

There is no formalised AMP in place that is focussed on the recycled water system. The CTTG plan to develop this AMP along with other key asset classes. Asset management planning elements are however included in other CTTG documents. The existing Stormwater AMP and the Open Space AMP provide some coverage of the Recycled Water System, however, they do not cover the WWTP or the MAR assets. The Wastewater and Stormwater Reuse Scheme – Risk Management Plan includes related risk analysis, control measures and mitigations. The Safety, Reliability, Maintenance and Technical Management Plan includes relevant details of asset management decision-making, governance and planning.

### Existing maintenance plan gaps:

The CTTG have identified that current maintenance and inspection planning does not consider all elements of the Recycled Water System. A maintenance plan is currently in development which is intended to comprehensively capture forecast maintenance activities and associated CAPEX and OPEX. The Draft Maintenance Plan identifies significant expenditure and is unlikely to be adopted by the CTTG without further justification. Until the Draft Maintenance Plan is adopted by the CTTG there is no formal mechanism for justification of future investment in the system.

*(continued on next page)*

### Recommendation(s):

Internal Audit recommends the CTTG:

1. Undertake a line of sight review to ensure asset management practices are aligned to strategic objectives.
2. Develop relevant strategy documents including a SAMP with coverage of the Recycled Water System.
3. Develop an AMP following completion of relevant strategy documents. This should include asset management activities and investment priorities aligned to asset management objectives in the SAMP.
4. Finalise the updated Maintenance Plan including comprehensive coverage of Recycled Water System components and respective CAPEX and OPEX requirements.
5. Incorporate sustainable technical and functional service standards for irrigation infrastructure as part of the development of the Open Space Asset Management Plan.
6. Formalise asset custodian role requirements including information management and handover responsibilities

### Management Action(s):

1. Accept Recommendation 1, 3, 4 and 5. The CTTG will proceed with the development of the Recycled Water AMP in conjunction with the SAMP to ensure alignment.
2. Accept Recommendation 2, the SAMP is in development.
3. The asset custodian (Recommendation 6) has been formalised. Full transition of functions will be completed by the end of the financial year.

### Responsibility:

Manager Technical Engineering Services

### Target date:

December 2024

## 3.0 Internal Audit Findings



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### Finding 3: Asset Management System Gaps (cont.)

**Consequence:**  
*Moderate*
**Likelihood:**  
*Possible*
**Rating:** *Medium*

#### Observation(s):

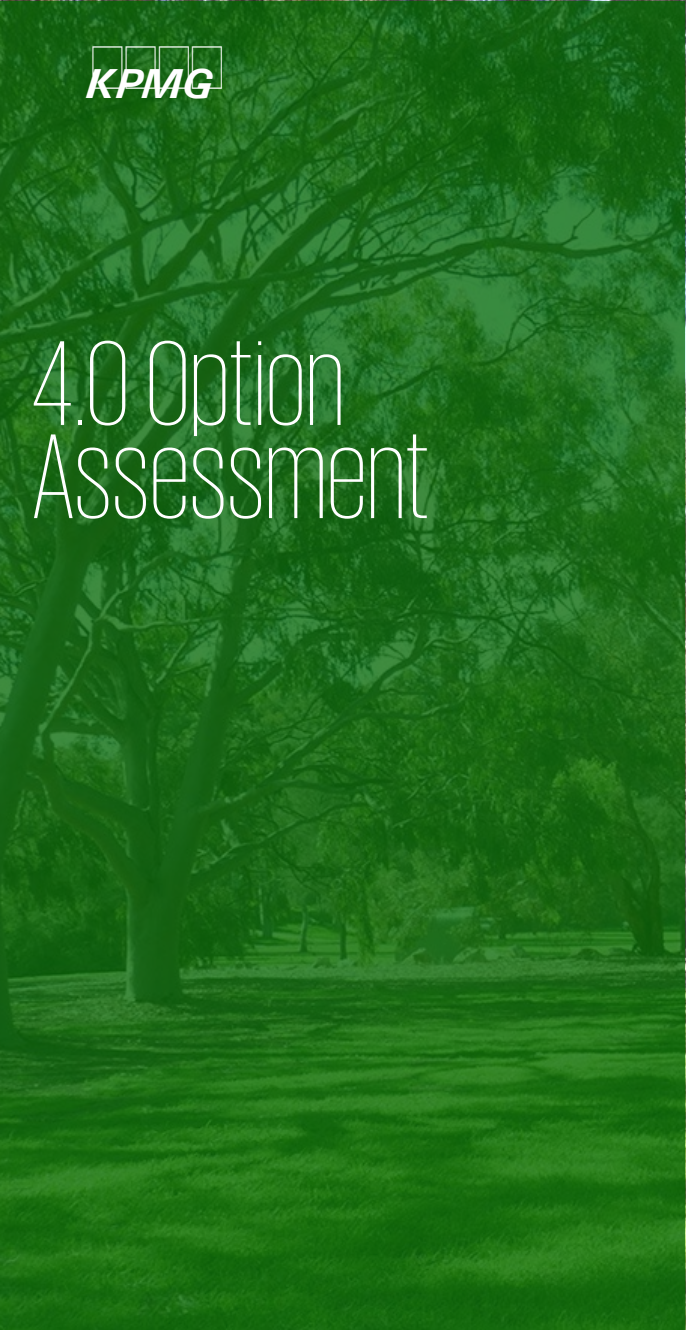
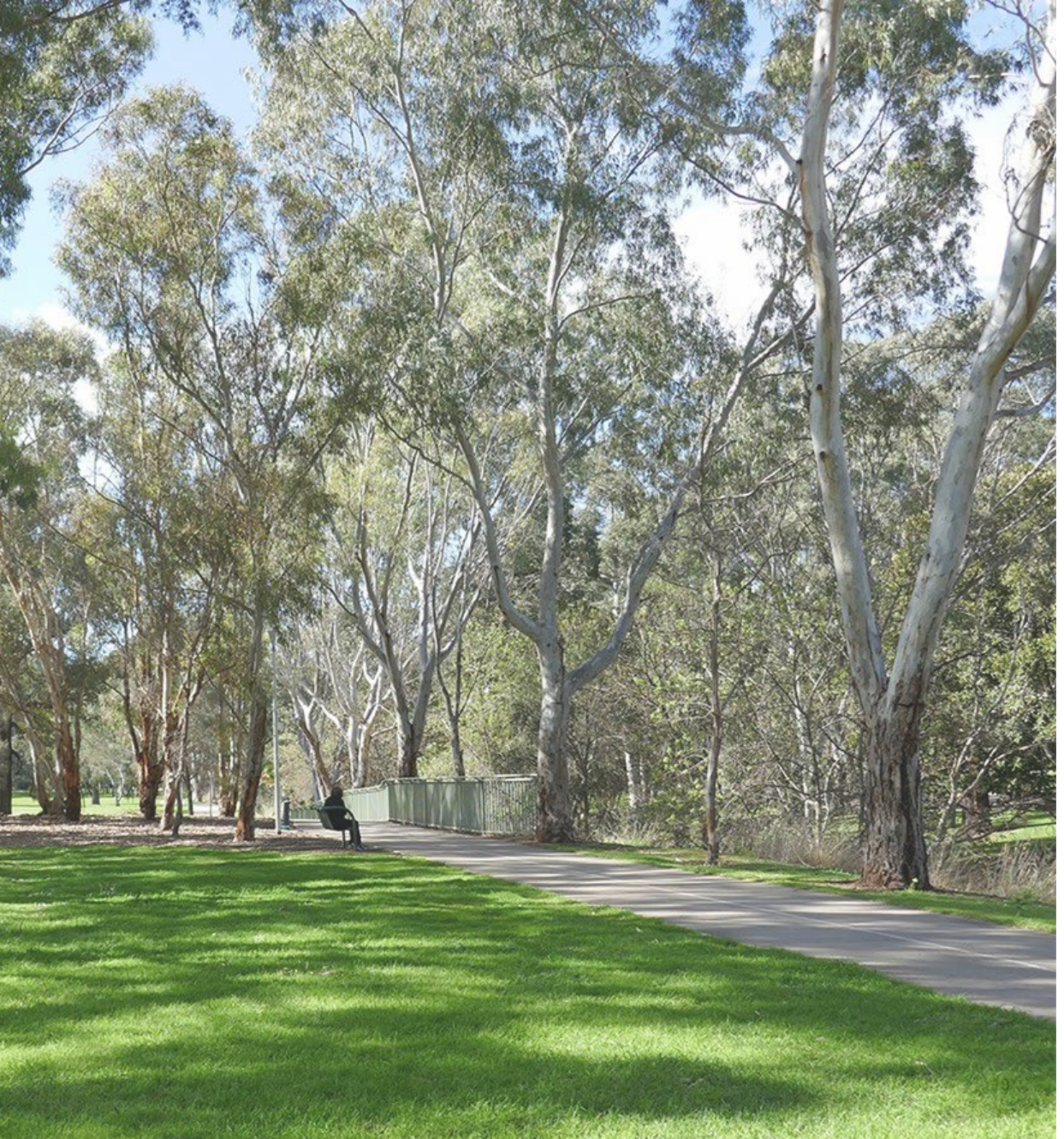
##### Transfer of asset knowledge:

Recent staff restructuring has necessitated handover of existing asset management responsibilities to a new custodian. The handover process has resulted in knowledge transfer gaps including historic and forecast CAPEX and OPEX associated with the system. Known asset knowledge gaps are currently being reconciled by the new asset custodian.

#### Risk(s):

- No formal AMP as the central reference document for system asset planning.
- No clear line of sight between asset planning and strategic objectives.
- No formal mechanism for justification of additional investment for system maintenance or operations.
- Loss or inconsistency of asset information/knowledge resulting from custodian handover.
- The Council may encounter challenges in recruiting personnel with the experience and capabilities to support management and operation of the recycled water system. This presents a risk to system performance, operating costs and staff retention as the small team of existing personnel come under increasing pressure to service frequent system shutdowns.
- Insufficiently detailed forecasting of CAPEX and OPEX requirements.
- Critical asset components may not be inspected at the correct intervals, not receive required replacements or renewals leading to increased asset risk.







# 4.0 Option Assessment



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## Key Considerations

The assessment of the scheme's long-term viability should encompass not only financial aspects but also broader factors like triple bottom line. A high-level overview is provided below of the option assessment for the three options discussed with CTTG Management. The key areas for consideration have included financial, environmental, social and customer expectations. The following page further details the key areas of consideration to support CTTG in their assessment of each option.

Options	Scheme Description	Financial	Environmental	Social	Customer expectations
<b>Option 1 (Retain Current Scheme)</b>	Continue operating the scheme as it is, maintaining the historic levels of capital replacement and maintenance (excluding forecast CAPEX for proactive upgrades).	Short-term OPEX and CAPEX savings. Long-term financial sustainability of current scheme is limited by the forecast increase in the WWTP production cost.  <b>WWTP FY24:</b> 10.9 \$/kL <b>MAR FY24:</b> 6.7 \$/kL <b>SA Water FY24:</b> 3 \$/kL  <b>WWTP FY70:</b> 47.7 \$/kL <b>MAR FY70:</b> 23.4 \$/kL	Long-term risk to stormwater flows which support the receiving wetland environments.  Risk to performance of MAR bore injection assets which can limit the capacity for groundwater replacement that sustains existing ecosystems.  Greater pressure on SA Water supply from Murray River.	The capacity of the existing system to maintain green infrastructure (e.g. trees, parks, school ovals, wetlands, etc.) is likely threatened by a gradual decline in system performance.  Social responsibility reputational benefit from reduced pressure on climate dependant water resources.	Production volume to meet demand is limited by treatment plant infrastructure capacity and efficiency, which is expected to decrease over time, reducing the ability to meet expectations.  Significant outage periods impacting supply reliability.
<b>Option 2 (Targeted Replacement)</b>	Undertake the proposed uplift in capital and maintenance expenditure over the next 10 years to bring current scheme back to optimised operation.	Increased short-term OPEX (\$2.9m) and CAPEX (\$3.6m) over 10 yrs. While long-term production cost would reduce, the average cost remains above SA Water supply cost.  <b>WWTP FY24:</b> 10.7 \$/kL <b>MAR FY24:</b> 6.2 \$/kL <b>SA Water FY24:</b> 3 \$/kL  <b>WWTP FY70:</b> 36.5 \$/kL <b>MAR FY70:</b> 21.8 \$/kL	Greater support to local ecosystems by supplementing ground water levels.  Optimised sewer mining capacity, reducing effluent discharge into the ocean.  Reduced pressure on SA Water supply from Murray River.	Better community amenity and urban heat reduction, resulting from well maintained green infrastructure.  Improved social responsibility reputational benefit from reduced pressure on climate dependant water resources.	Production volume is increased through optimisation of existing system capacity.  Reduced outage periods frequency and length and improvement in supply reliability.  Unreliable sewer mining volumes from SA Water agreement.
<b>Option 3 (Modified Scheme TBC)</b>	Modified scheme to improve financial sustainability and/or achievement of recycled water system goals.	The CTTG could also consider a number of other modified scheme options which would entail the following that would influence the \$/kL of modified system compared to SA Water: <ul style="list-style-type: none"> <li>CAPEX and OPEX cost through: <ul style="list-style-type: none"> <li>WWTP decommission</li> <li>Additional distribution</li> <li>Additional MAR</li> <li>Expansion of stormwater harvesting</li> <li>Operating model change</li> </ul> </li> <li>OPEX cost for modified maintenance/operations</li> </ul>	WWTP decommissioning would require environmental compliance considerations.  Aquifer impacts from increased MAR injection volume.  Expanded stormwater harvesting would provide more stormwater flows to support receiving wetland environments.	Greater social responsibility reputational benefit associated with increased recycled water production.  Improved resilience to extreme rainfall and flooding from expanded harvesting basins.  Further enhancement to community amenities.	Potential limitations to using existing groundwater aquifer capacity and injection assets to fulfill long-term summer water demand.  Greater production capacity, would improve climate resilience of long-term water supply.  Reduced reliance on sewer mining, improving supply reliability.



# 4.0 Option Assessment

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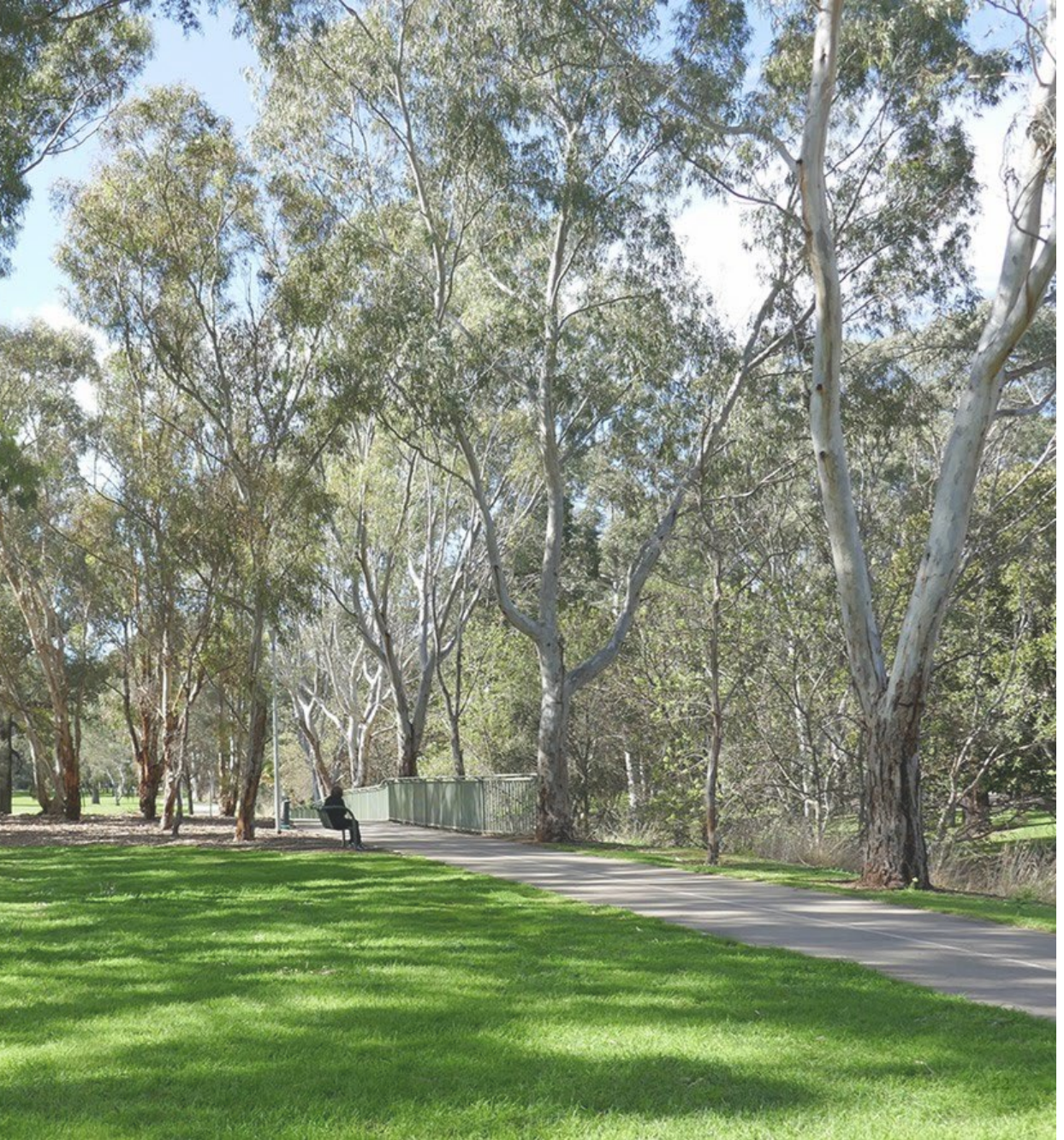
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## Future State Key Considerations

The table above offers a high-level overview to help inform the CTTG’s decision-making regarding the future water scheme configuration. This includes outlining a number of items the CTTG should consider as part of the decision-making process, which will help to mitigate the risk of incurring avoidable expenditures in 2025, on assets with recognised limited long-term viability.

ID	Future Considerations	ID	Future Considerations
1	<p><b>Confirm MAR storage capacity</b></p> <p>If consideration is given to increasing the use of aquifer storage to allow for stormwater harvesting to occur during wetter months and used for irrigation during drier months, it is critical for the CTTG to fully understand its capacity. To address this, the following steps are recommended:</p> <ul style="list-style-type: none"><li>Engage a hydrogeological consultant to complete aquifer storage and drawdown assessments.</li><li>Use hydrogeological modelling to test suitability for various future options.</li></ul>	4	<p><b>Finalise Multi-Criteria Analysis (MCA) approach and apply for each forward option</b></p> <p>Revise criteria to include triple bottom line and technical aspects. Validate results with sensitivity analysis to gauge criterion weight impact on rankings. The assessment outcomes can help to justify resource allocation to the optimal scheme operations. Employ the MCA approach to secure buy-in from diverse stakeholders on forward options, aligning with long-term goals via this comprehensive evaluation.</p>
2	<p><b>Develop scheme water balance model to inform security of supply assessment for optioneering</b></p> <p>Changing weather patterns and rainfall presents a significant concern in meeting the future water demand as comprehensive mitigation options remain underexplored. It is recommended to develop a system water balance model to include the capture, distribution, utilisation, and management of water in the recycled water scheme. This entails assessing inflows, losses, outflows and system storage volumes. The outputs of the model can facilitate a comparative analysis of various operational strategies, enabling the selection of the most effective and resilient approach for enhancing future water supply security.</p>	5	<p><b>Complete engineering concept designs for expanded SWH/MAR scheme, including required distribution infrastructure</b></p> <p>Concept designs for alternative schemes offer streamlined implementation processes. These designs provide more accurate cost estimations, which can contribute to detailed financial analyses. Identifying technical risks at an early stage aids in informed decision-making.</p>
3	<p><b>Produce WWTP decommissioning cost estimate</b></p> <p>Following the investigation, the WWTP option entails higher costs and greater operational challenges. If the CTTG opts to transition to solely producing recycled water through the MAR scheme, understanding the decommissioning cost of the WWTP is crucial. Engaging with multi-disciplinary teams including environmental and engineering consultants, salvage value appraisers, and project managers, will ensure a comprehensive estimation. This understanding is significant due to its notable influence on the Council’s investment.</p>	6	<p><b>Consider more detailed financial assessment of preferred option(s)</b></p> <p>Implementing the above recommendations will gather valuable data for a comprehensive financial model, enhancing the accuracy of water pricing estimation (\$/KL) for different options. This should include CAPEX and OPEX costs associated with alternative scheme options.</p>
		7	<p><b>Conduct an efficiency assessment for existing irrigation schemes and identify improvement opportunities</b></p> <p>Understanding the efficiency of the current irrigation system's performance is essential for service improvement. This would include performing leakage assessments, including pressure testing and visual inspections, to pinpoint system issues and installing waterflow measurement devices at crucial points to quantify leakage. This data informs maintenance strategies and renewal decisions. Additionally, test water quality in the system to address compliance concerns downstream of critical control points.</p>





# Appendices





Appendix 1 – Modeling assumptions				
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In modelling the future potential unit cost of water from the WWTP and MAR schemes, and from SA Water, a number of assumptions have been made. In some cases the conclusions that can be drawn from the analysis are highly dependant upon these assumptions.

- **Water production volumes** – The CTTG provided historic water production for the WWTP, SWTP/MAR and bore water extraction, for the past 10 years. These have been used to project production volumes into the future using a logarithmic trend line.
- **Operating costs** – Financial cost information for the past three years was provided to Internal Audit and were used as the basis for a starting point for the future modelling. Each cost line has been assigned a suitable escalator (e.g. CPI, Labour, etc.) and flagged as to whether it is considered to change directly with the volume of water produced (e.g. chemicals) or be a fixed cost (e.g. labour).
- **Targeted additional maintenance and capital equipment replacement** – The CTTG has provided an initial estimate of the additional costs required over 10 years to bring the facilities back up to their respective design capacities, having been operating below these in recent years due to below preferred maintenance levels. The capital expenditure has been used to generate a depreciation schedule for these replaced assets. The modelling assumes this expenditure is repeated as each asset comes to the end of its own useful life.
- **SA Water costs** – A band for the potential cost of procuring water from SA Water has been shown based on a range of 4% to 7% p.a. increase in SA Water’s unit costs. The wide range that results after just a few years, from compounding this relatively small % increase range, illustrates the sensitivity of the analysis to this particular input. Predicting how SA Water’s pricing will change over time is extremely difficult given the number of influencing factors, such as:
  - SA Water’s own cost base increases
  - The pressure on maintaining Adelaide’s water availability and quality
  - The regulatory process that sets SA Water’s revenues each 5 years, and
  - State Government policy that can override any of the above.
- **Existing capital expenditure** – the level of existing capital expenditure has been taken as common to all options and therefore part of the baseline from which the options are assessed. No data was provided by the CTTG in relation to previous levels of Capex on the WWTP or MAR schemes.

## Appendix 2 – Scope Limitation



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The scope of this internal audit project excluded the following areas:

- Assessment of individual staff and contract training, knowledge, understanding and compliance against policies and procedures relating to recycled water distribution system.
- Detailed review of legal compliance matters and/or the review of the CTTG's compliance with relevant legislation.
- KPMG's financial analysis was based on the financial information provided by the CTTG and was undertaken for the two investment scenarios. This was undertaken at a high level and does not constitute a detailed financial analysis or review of the CTTG's recycled water distribution system. This financial analysis considered the consistency of the CTTG's pricing methodology with the National Water Pricing Principles (as outlined in ESCOSA's Pricing Determination). KPMG's analysis of the financial information provided by CTTG considered future revenue (2030 and 2070) with pricing that is reflective of ESCOSA's Price Determination.

# Appendix 3 – Staff Consultation



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The following CTTG stakeholders were consulted as part of this internal audit:

Name	Title
Justin Robbins	General Manager Strategy & Finance
Jonathan Foong	Group Coordinator Water Waste & Environment
Gabby D'Aloia	Manager Technical & Engineering Services
Ahmad Selamat	Team Leader Water Operations Engineer
Chris Campbell	Team Leader, Water Resource and Environmental Management Planner
Gary Beveridge	Projects and Contracts Coordinator (Water)
Nigel Knappe	Team Leader Irrigation & Turf Management
Ingrid Wilkshire	Manager City Strategy
Victoria Masterman	Team Leader Planning Strategy
Rebecca Baines	Manager Finance
Rhyss Cook	Coordinator Asset Management Planning
Deb Pearson	Accountant

# Appendix 4 - Classification of Findings



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The following framework for internal audit ratings has been developed and agreed with the CTTG management for prioritising internal audit findings according to their relative significance depending on their impact. The individual internal audit findings contained in the report will be discussed with CTTG Management.



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RISK ASSESSMENT MATRIX

STEP 2 Likelihood Level and Risk Rating					
Rare	Unlikely	Possible	Likely	Almost Certain	
1-10% chance the event will occur in the next 10-15 years	11-25% chance the event will occur 5-10 years	26-50% chance the event will occur 5 years	51-85% chance the event will occur in next 1-3 years	86-100% chance the event will occur in next 12 months	
High	High	Extreme	Extreme	Extreme	
Medium	Medium	High	High	Extreme	
Medium	Medium	Medium	High	High	
Low	Low	Medium	Medium	Medium	
Low	Low	Low	Low	Low	

STEP 1 Examples of Potential Impacts							
Corporate Strategy	Assets and Facility Management	Financial	Health, Safety & Welfare (community or staff)	Business Performance & Service Delivery (Business, HR, IT & Procurement)	Environment	Reputation (Political, Legislation & Policy Compliance)	Probability of event occurring
<ul style="list-style-type: none"><li>Strategic outcomes not achievable</li><li>All of TTTG's key strategic, corporate, governance and accountability objectives not achieved</li><li>All mission critical activities cease</li></ul>	<ul style="list-style-type: none"><li>Significant loss or total destruction of one or more of Council's critical assets</li></ul>	<ul style="list-style-type: none"><li>Greater than 10% of the Council's/Portfolio's/Departments budget</li></ul>	<ul style="list-style-type: none"><li>Fatality/Fatalities</li><li>Actual or severe permanent disability</li></ul>	<ul style="list-style-type: none"><li>Systemic failure and overall survival of the Council is threatened</li><li>Full service disruption for more than 2 weeks or a key service for more than 1 week</li><li>Majority of critical projects/programmes cannot be achieved</li></ul>	<ul style="list-style-type: none"><li>Permanent or long term environmental harm, loss of significant environmental assets</li></ul>	<ul style="list-style-type: none"><li>Long term damage and complete loss of confidence in the Council with ongoing negative publicity</li><li>Class action</li></ul>	→ → →
<ul style="list-style-type: none"><li>Reduced ability to deliver strategic outcomes</li><li>Majority of TTTG's key strategic, corporate, governance and accountability objectives not achieved</li><li>Majority of mission critical activities cease</li></ul>	<ul style="list-style-type: none"><li>Localised damage or loss to a single critical asset or widespread damage to a number of general assets that can be remedied taking many months</li></ul>	<ul style="list-style-type: none"><li>Between 6% to 9% of the Council's/Portfolio's/Departments budget</li></ul>	<ul style="list-style-type: none"><li>Inpatient hospitalisation, actual or potential disability</li><li>Lost time injuries more than 5 days</li></ul>	<ul style="list-style-type: none"><li>Continued capability of the Council is threatened</li><li>Full service disruption for more than 1 week or a key service for more than 12 hours</li><li>Major delays and over-runs in project and programme implementation</li></ul>	<ul style="list-style-type: none"><li>Significant long term environmental harm, loss and damage of significant environmental assets</li></ul>	<ul style="list-style-type: none"><li>Sustained damage and loss of confidence in the Council with widespread negative publicity that last for months</li><li>High-level independent investigation with adverse findings</li><li>Council being sued/prosecuted</li></ul>	→ → →
<ul style="list-style-type: none"><li>CTTG's strategic objectives delayed</li><li>Portfolio business objectives will not be achieved</li><li>All non-mission critical activities cease/suspended</li></ul>	<ul style="list-style-type: none"><li>Localised damage or loss to a single critical asset that can be remedied within a number of weeks</li><li>Widespread damage to a number of general assets that can be remedied within a number of months</li></ul>	<ul style="list-style-type: none"><li>Between 4% to 5% of the Council's/Portfolio's/Departments budget</li></ul>	<ul style="list-style-type: none"><li>Medical treatment required, but no permanent disability</li><li>Lost time injuries less than 5 days</li></ul>	<ul style="list-style-type: none"><li>Effectiveness and efficiency of key elements of the Council are reduced</li><li>Full service disruption for more than 12 hours or key service for more than 6 hours</li><li>Expected delays and over-runs in project and programme implementation</li></ul>	<ul style="list-style-type: none"><li>Significant but temporary environmental harm or damage to environmental assets</li></ul>	<ul style="list-style-type: none"><li>Temporary breakdown in key relationship</li><li>Widespread negative reporting in media</li><li>Ministerial or EM involvement</li><li>Prosecution of a staff member</li></ul>	→ → →
<ul style="list-style-type: none"><li>Department work plans will not be achieved</li><li>Portfolio business objectives delayed</li><li>Some impact to operations across several Department</li><li>Some non-mission critical activities cease/suspended</li></ul>	<ul style="list-style-type: none"><li>Loss of asset or localised damage that can be remedied within a week</li></ul>	<ul style="list-style-type: none"><li>Between 1% to 3% of the Council's/Portfolio's/Departments budget</li></ul>	<ul style="list-style-type: none"><li>First aid treatment required but no permanent disability</li><li>Lost time injuries less than a day</li></ul>	<ul style="list-style-type: none"><li>Effectiveness or efficiency of elements of Council are reduced</li><li>Minimal impact on the service delivery or business</li><li>Minor delays and over-runs in project and programme implementation</li></ul>	<ul style="list-style-type: none"><li>Minor transient environmental harm</li><li>Minor temporary damage or loss to environmental assets</li></ul>	<ul style="list-style-type: none"><li>Temporary negative impact on reputation</li><li>Some negative publicity in media</li><li>Unresolved complaint leading to external investigation</li></ul>	→ → →
<ul style="list-style-type: none"><li>Department work plans slightly delayed</li><li>Some delay in Portfolio business objectives</li><li>Some impact to normal operations within a Department</li><li>Reduced organisation efficiency in Department</li></ul>	<ul style="list-style-type: none"><li>Minimal loss of asset or localised damage that can be remedied within a very short timeframe</li></ul>	<ul style="list-style-type: none"><li>Less than 1% the Council's/Portfolio's/Departments budget</li></ul>	<ul style="list-style-type: none"><li>No injuries</li></ul>	<ul style="list-style-type: none"><li>Negligible impact on the effectiveness of the Council</li><li>No impact on service delivery or business</li></ul>	<ul style="list-style-type: none"><li>No environmental damage</li></ul>	<ul style="list-style-type: none"><li>No damage to reputation/image</li><li>One of negative reporting in media</li><li>Unresolved complaint resulting in dissatisfaction or frustration</li></ul>	→ → →

STEP 3			
RISK RATING	Expected Mitigation Timeframe	Reporting Consideration	Potential Impact - Mitigation Action Consideration
Extreme	Immediate/Hours	CEO, ELT, Elected Members or delegate	Consequence would threaten the survival of Council, its assets, its ability to deliver services or cause loss of life. Requires implementation of immediate stringent new controls to mitigate the risk to an acceptable level.
High	Days	CEO, ELT, Director or delegate	Consequence would threaten the survival or continued effective operation of key business function /program or cause extensive injury. Existing controls must be effective. Requires additional actions to mitigate the risk to an acceptable level.
Medium	Weeks	Director, Manager or delegate	Consequence would threaten an activity or operation. Existing controls must be effective or possible additional mitigation actions must be effectively implemented.
Low	Months	Manager or delegate	The risk is dealt with by routine procedure /operation with on-going monitoring.

# Disclaimers

## Inherent Limitations

The scope of this report has been outlined in the Executive Summary. The services provided in connection with the engagement comprise an advisory engagement which is not subject to Australian Auditing Standards or Australian Standards on Review or Assurance Engagements, and consequently no opinions or conclusions intended to convey assurance will be expressed. Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to the procedures we performed operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. The procedures performed were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, the CTTG's Management and personnel. We have not sought to independently verify those sources unless otherwise noted within the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with the CTTG. The internal audit findings expressed in this report have been formed on the above basis.

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## Contact us

The contact at KPMG in connection with this Internal Audit Report is:

**Heather Martens**  
Director

Tel: +61 8236 3273  
[hmartens@kpmg.com.au](mailto:hmartens@kpmg.com.au)

**Nathan Clements**  
Director

Tel: +61 8236 3273  
[nclements2@kpmg.com.au](mailto:nclements2@kpmg.com.au)

**kpmg.com.au**



**kpmg.com.au/app**



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REPORT FOR

SPECIAL MEETING OF AUDIT & RISK  
COMMITTEE

MEETING DATE

11 OCTOBER 2023

RECORD NO:

D23/58858

REPORT OF:

STRATEGY & FINANCE

TITLE:

DRAFT LONG TERM FINANCIAL PLAN 2025-2034 FOR  
COMMUNITY ENGAGEMENT

Item 10.2

## PURPOSE

To provide the Audit & Risk Committee with an update of the Long-Term Financial Plan that considers the financial results for the year ended 30 June 2023 and current forecast for year ending 30 June 2024. To recommend to Council to consider adopting the Draft Long Term Financial Plan 2025-2034 for the purpose of seeking feedback from the community.

## RECOMMENDATION

That the Audit & Risk Committee recommends to Council:

**That Council having considered the report titled “Draft Long-Term Financial Plan 2025-2034 for Community Engagement” and dated 11 October 2023:**

1. Adopts the updated draft Long-Term Financial Plan for the Financial years 2025-2034 for the purpose of public consultation as outlined in Attachment 1 of the abovementioned report, noting that the publishing and formatting will be updated to incorporate minor changes and any resolutions of Council.
2. Undertakes public consultation on the draft Long-Term Financial Plan in accordance with the draft Community Engagement Strategy outlined in Attachment 2 of the abovementioned report.

## 1. BACKGROUND

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

- (a) *Long-Term Financial Plan for a period of at least 10 years and includes a funding plan; and*
- (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) of the Act requires that the Long-Term Financial Plan (LTFP) should be reviewed on an Annual Basis.*

*Section 122(6) requires that a council must adopt a process or processes to ensure that members of the public are given a reasonable opportunity to be involved in the development and review of its strategic management plans*

**The purpose of a Council's LTFP is to express, in financial terms, the activities that 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 although its preparation requires the Council to think about not just one year but the longer-term impact of revenue and expenditure proposals. The aggregation of future strategic plans and business initiatives and their intended outlays and anticipated revenues, enables the accumulating overall financial and economic implications 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 estimated:

- Income Statement
- Balance Sheet
- Cash Flow Statement
- Statement of Changes in Equity
- Uniform Presentation of Finances
- Key Financial Indicators



The most recent LTFP FYE 2024-2033 was adopted by Council on 13 December 2022.

The LTFP is created in quarter two of the financial year with the intent that this document creates a guide to help inform for the 2024-25 financial year budget development.

## 2. DISCUSSION

**The LTFP is underpinned by a set of ‘five guiding principles’ that were adopted by Council. These are:**

1. Maintaining existing assets at existing service levels
2. Continuing to review assets with proceeds being reinvested into the city and community
3. Maintaining debt within the targeted range of 25%-35% over the life of the 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

The five key principles will remain the mostly the same, as the previous LTFP for the FYE 2025-2034 LTFP. In addition, the financial estimates have been changed to reflect the financial position FYE 2023 and current forecast for FYE 2024.

**In the 2023 FYE revaluations were undertaken on Council’s Infrastructure and Building assets, a total of \$1.7b of assets were revalued. The impact of depreciation was an increase from \$16.2m in FYE 2023 to \$19.2m in 2025, a 19% increase. This increase is reflective of the increase in construction costs for assets and there will need to be an increase in rate revenue greater than CPI to ensure the operating surplus remains in line with the Council’s Financial Sustainability policy targeted range.**

To offset the increase in depreciation expense, the draft LTFP has been modelled to phase in an uplift in rate revenue over three financial years. The phase in aims to ease the pressure of the increase on residents.

Based on this, the assumption around rates is for the first three years of the plan the rate increase will be CPI plus 1% (excluding growth). For the 2025 FYE the forecast for CPI has been factored at 5%, giving a 6% plus 0.36% growth increase. The most recent CPI was the June 2022 with the Adelaide CPI at 6.9%.

This LTFP and 2024-2025 annual budget will be revised as updated CPI forecasts become available.

There are other market conditions affecting Council and resulting in higher than expected rate increases, as detailed below.

### *Labour market and Employee Increase*

The enterprise agreement is due for renewal in the 2023-2024 year with a new increase forecast. This amount will not be known until early 2024, so the increase has been based on the labour market growth forecast.

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.

### *Inflation*

While there has been an easing of inflation, the Annual Consumer Price Index (CPI) continues to rise in Australia. Over the 12 months to June 2023 Adelaide CPI rose 6.9% which is considerably higher than the RBA target inflation rate. This increase is predominately due to the supply market putting pressure on the cost of goods, for example the cost of fuel. The current high inflation rate is contrary to the low inflationary period experienced over the past 10 years. During that time CPI within LTFP had been set at 2 to 3% on average.

### *Interest Rates*

The RBA rates are at 4.1% in September 2023, 1.7% higher than September 2022. Since May 2022 there have been twelve rate increases, and is currently the highest it has been since May 2013.

These factors have resulted in the FYE 24 draft rate increase to be 6.0% (excluding growth). **This is proposed to ensure Council's financial sustainability is maintained.**

The capital works program includes the funding from the election commitments around the Strategic Building Program. This has resulted in new works funding of \$21.25m in FYE 25 and returning to normal spends in FYE 26 at \$6.38m. The Strategic Project expenditure is offset with grant income received for these projects.

The Net Financial Liabilities is predicted to be at 27% in FYE 25 and 25% in FYE 26.

## 3. FINANCIAL

The Draft Long Term Financial Plan has been based on assumptions as detailed in the **funding plan and has been developed to meet Council's financial sustainability and targets.**

#### 4. STRATEGIC OBJECTIVES

##### Strategic Plan

The following strategic objectives in Council's Strategic Plan 2025 are the most relevant to this report:

Objective	Comments
<b>Community</b>	
<i>People feel a sense of belonging, inclusion and connection with the City and the community</i>	Funds are made available in the LTFP to invest in infrastructure and deliver programs for the City and the community
<b>Economy</b>	
<i>Modbury Precinct is revitalised as the city's key activity centre</i>	Funds are made available in the LTFP to continue to invest the Modbury Precinct revitalisation.
<b>Places</b>	
<i>Streets, paths, open spaces and parks are appealing, safe and accessible</i>	Funds are made available in the LTFP to ensure that our community infrastructure is renewed and new assets are created to meet the evolving needs and changes of our community
<i>Opportunities exist to express and experience art and culture</i>	
<i>Neighbourhoods are easy to move around and are well connected with pedestrian and cycle paths that offer an alternative to cars</i>	
<i>Buildings and places are energy efficient, well designed and display a uniqueness of character and identity</i>	
<i>Housing is well designed and affordable and responds to the changing needs of existing and future residents</i>	
<i>Infrastructure and community facilities are fit for purpose, constructed using sustainable practices and well maintained</i>	
<b>Leadership</b>	
<i>Leadership and advocacy is focused on the long term interests of the community</i>	The LTFP provides the foundation for the long term financial sustainability of Council



## Policies / Strategies

*Financial Sustainability Policy* – establishes the strategic financial sustainability principles used in developing the LTFP.

*Asset Management Policy* – **establishes guidelines for the management of Council's assets** and provides consistency for the Asset Renewal expenditure forecasts that feed into the LTFP.

### 5. LEGAL

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

*“(a) a Long-Term Financial Plan for a period of at least 10 years and includes a funding plan; and  
(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) of the Act requires that the Long-Term Financial Plan (LTFP) should be reviewed on an Annual Basis.

Section 122(6) requires that a council must adopt a process or processes to ensure that members of the public are given a reasonable opportunity to be involved in the development and review of its strategic management plans

### 6. ASSETS

**Council's Asset Management Plans** are used to determine funding requirements and assumptions contained in the LTFP.

### 7. COMMUNITY AND STAKEHOLDER ENGAGEMENT

The Long-Term Financial Plan is a Strategic Document and Section 122(6) requires that a council must adopt a process or processes to ensure that members of the public are given a reasonable opportunity to be involved in the development and review of its strategic management plans

8. COMMUNICATIONS OF COUNCIL DECISION

The draft Long Term Financial Plan includes a community engagement strategy in line with:

- The Act (Chapter 10 Section 151 & 156)
- **Council’s Community Engagement (Public Consultation) Policy.**

Attachments

1. [1](#) Draft Long-Term Financial Plan 2025-2034 .....46

2. [2](#) Draft Long-Term Financial Plan - 2025 - 2034 - community engagement strategy ..64

Report Authorisers

Rebecca Baines	
Manager Finance & Rating Services	8397 7362
Stuart Simpson	
Team Leader Financial Accounting	8397 7308
Justin Robbins	
General Manager Strategy & Finance	8397 7444



*Naturally Better*

## **Long Term Financial Plan FYE 2025–2034**



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Financial Plan FYE 2024-2033

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Key considerations and assumptions

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Key expenditure assumptions

Appendices

1. Summary of Long Term Financial Plan  
FYE 2025-2034
2. Long Term Financial Plan FYE 2025-2034  
Financial Statements

## 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 and includes a funding plan*
- (i) *outlines the council's approach to funding services and infrastructure of the council; and*
  - (ii) *sets out the council's projected total revenue for the period to which the long-term financial plan relates; and*
  - (iii) *outlines the intended sources of that total revenue (such as revenue from rates, grants and other fees and charges); and*
- (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.

Section 122(6) requires that a council must adopt a process or processes to ensure that members of the public are given a reasonable opportunity to be involved in the development and review of its strategic management plans

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
- Uniform Presentation of Finances
- Statement of changes in equity.

This version of the LTFP is an update to the plan adopted by Council in December 2022.

## Performance against the Long-Term Financial Plan FYE 2024 to 2033

### Budget – FYE 2023

Council's previous version of the LTFP was adopted by Council in December 2022 and was underpinned by a set of guiding principles.

Council has made significant progress in FYE (financial year ending) 2023 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 104% in FYE 2022 and 62% in FYE 2023. This is outside the target range for this financial year, when taking the three-year rolling average, it is in line with the target.

#### 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 is below the target range at 9% (\$9.8m) in FYE 2023.

Although this ratio is under Council's target range of 25%-35%, after adjusting for those planned Capital Works Projects (\$11.3m) carried forward to FYE24 and the Strategic Building Program, the underlying net financial liabilities ratio is 29%.

#### 4. Retaining tight constraints on operating expenditure

The general rate increase for FYE 2023 was 3.0% (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 2023. 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 FYE 2023, a total of \$6.68m 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 2025-2034 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 for FYE 2025 is \$20.2m. The LTFP provides for expenditure of \$17.4m in FYE 2024. This gap is due to the significant increase in depreciation after the revaluation of \$1.7b of assets in FYE 2023. This increase is reflective of the increase in construction costs for assets and there will need to be increase in rates to ensure the operating surplus remains in line with the Council's Financial Sustainability policy targeted range.

This increase will occur over three financial years to ease the required rate increase on residents.

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.

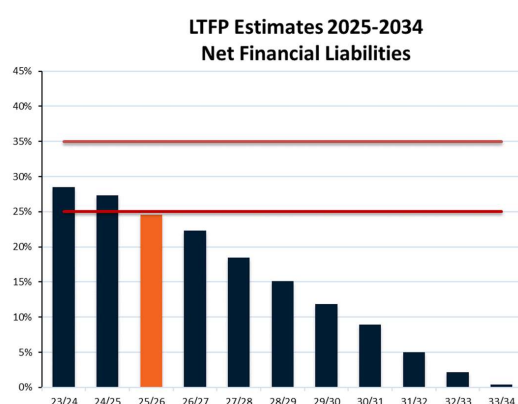
To ensure the Council can maintain its current services and increase spend for the renewal of assets required, it has been assumed that a rate increase for the first three years of the plan to be CPI plus 1%.

Assuming this, 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.

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

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



#### **Principle 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 a service review program which is designed to review services for efficiencies and better alignment of services to the current and future needs of community.

**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
- 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 and Funding Plan

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.

### Key revenue assumptions

General Council rate income is forecast to increase by 6.0% (FYE 2024) in the first year. Growth is forecast to be 0.6% per annum for FYE 2024.

The rate rise is in line with the forecasted CPI increase plus 1%. The extra 1% is required to increase rates revenue to ensure the operating surplus remains in line with the Council's Financial Sustainability policy targeted range after the affect of the increasing construction costs and increased depreciation are factored in.

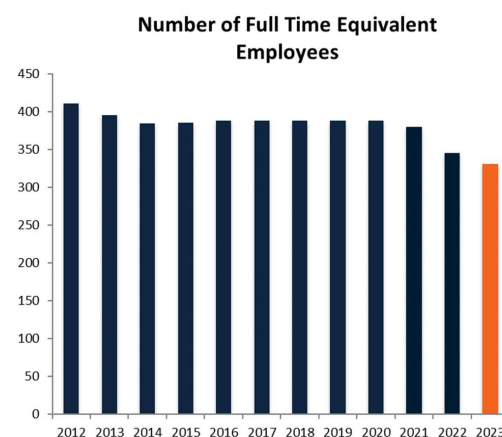
It is proposed that any additional rate revenue from growth or rates increases be directed towards the increases in expenditure due to current levels of inflation, increases in utilities and contracts.

The impact from the Golden Grove Code Amendment had not been factored into the future years as there is still uncertainty as to timing and amounts.

As the building construction is completed for the facilities in the Strategic Building Program, there has been is assumed no change to operating income and expenditure as the clubs are responsible for the outgoings, with the only impact on Council being depreciation, which has been factored in.

### Key expenditure assumptions

The enterprise agreement is due for renewal in the 2023-2024 year with a new increase forecast. This amount will not be known until early 2024, so the increase has been based on the labour market growth forecast.



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.

### Inflation

While there has been an easing of inflation, the Annual Consumer Price Index (CPI) continues to remain high in Australia. Over the 12 months to June 2023 Adelaide 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 rates by are at 4.10% in September, 1.7% higher than September 2022. Since May 2022 there have been twelve rate hikes, and is currently the highest it has



been since May 2013. In the accompanying statement the RBA outlined that Inflation in Australia has passed its peak and the monthly CPI indicator for July showed a further decline. But inflation is still too high and will remain so for some time yet. While goods price inflation has eased, the prices of many services are rising briskly.

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 increase on the previous years in FYE 2025 based on the current borrowing expectations and interest rates. They are then predicated to reduce in future years. 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 \$24.0m over the 10-year life of the plan. This significant increase is due to the increased construction costs experienced on assets and reflected in the valuation which occurred in FYE 2023.

## Key Capital Works Program Expenditure

### Renewal Expenditure

The Council engaged valuers in 2022-2023 to undertake revaluations on the Buildings and Infrastructure asset classes. These asset classes were due for revaluation with buildings not being revalued since 2017 and infrastructure in 2019. The delay in the valuations were due to the implementation of a new finance and asset management system as well as the CWMS divestment.

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 \$20.2m.

To reduce the immediate impact of the required spending increase on the renewal assets the increase has been phased in over three years.

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.

## 2025-27 LTFP Capital Works Program - Forward Estimates

Category Code	Category Description	FY2025 New Budget	FY2025 Renewal Budget	FY2025 Net Budget	FY2026 New Budget	FY2026 Renewal Budget	FY2026 Net Budget	FY2027 New Budget	FY2027 Renewal Budget	FY2027 Net Budget
PP001	Road Reconstruction / Renovation	-	3,300	3,300	-	3,400	3,400	-	3,600	3,600
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	350	-	350	500	-	500	500	-	500
PP011	Water and Drainage	-	1,300	1,300	-	1,350	1,350	-	1,450	1,450
PP014	Traffic Management and Signage	100	420	520	100	420	520	100	420	520
PP016	Open Space - Sporting, Park and Playground Upgre	-	1,750	1,750	-	1,350	1,350	-	1,450	1,450
PP018	City Beautification Works	-	2,100	2,100	-	3,200	3,200	-	3,300	3,300
PP019	Capital Buildings Renewal	-	1,265	1,265	-	1,365	1,365	-	1,465	1,465
PP020	Capital Buildings New/Upgrades	1,600	1,000	2,600	1,600	1,000	2,600	1,760	1,000	2,760
PP021	Strategic Building Projects	18,022	3,000	21,022	3,000	3,000	6,000	3,000	3,000	
PP022	Environmental Projects	150	-	150	150	-	150	150	-	150
PP025	Information Technology	-	2,076	2,076	-	2,085	2,085	-	2,352	2,352
PP026	Other	-	1,000	1,000	-	1,000	1,000	-	1,000	1,000
<b>Total Capital Works Program 2025-27</b>		<b>21,252</b>	<b>18,351</b>	<b>39,603</b>	<b>6,380</b>	<b>19,310</b>	<b>25,690</b>	<b>6,540</b>	<b>20,177</b>	<b>20,717</b>

### 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 \$21.252m in FYE 25 and back to normal spends of \$6.38m in FYE 26.

Strategic Project Funding Strategy							
Project		FYE 21/22 Actual	FYE 22/23 Actual	FYE 23/24 Budget	FYE 24/25 Forecast	Total	% Funding Split
		\$'000	\$'000	\$'000	\$'000	\$'000	%
<b>Harpers Field</b>							
CTTG Contribution		165	338	5,497	2,000	8,000	57.1%
Grant Funding	State - LGIPP	-	338	5,662		6,000	42.9%
Club Contribution - TBA							
<b>Total Project Cost</b>		<b>165</b>	<b>676</b>	<b>11,159</b>	<b>2,000</b>	<b>14,000</b>	
<b>Tilley Recreation Park</b>							
CTTG Contribution		13	240	1,905	1,092	3,250	34.0%
Grant Funding	State - Election		-	3,750	1,000	4,750	49.7%
Grant Funding	State - OSR		-	-	1,500	1,500	15.7%
Club Contribution					50	50	0.5%
<b>Total Project Cost</b>		<b>13</b>	<b>240</b>	<b>5,655</b>	<b>3,642</b>	<b>9,550</b>	
<b>Modbury Sporting Club - Clubroom Building</b>							
CTTG Contribution		15	196	914	2,000	3,125	44.6%
Grant Funding	State - OSR	-	-	1,375		1,375	19.6%
Grant Funding	State - Election	-	-	2,500		2,500	35.7%
Club Contribution - Not Required				-		-	0.0%
<b>Total Project Cost</b>		<b>15</b>	<b>196</b>	<b>4,789</b>	<b>2,000</b>	<b>7,000</b>	
<b>Tea Tree Gully Gymsports</b>							
CTTG Contribution				40%	60%		
CTTG Contribution			-	1,580	1,920	3,500	48.6%
Grant Funding	State - Election			1,400	2,100	3,500	48.6%
Club Contribution					200	200	2.8%
<b>Total Project Cost</b>		<b>-</b>	<b>-</b>	<b>2,980</b>	<b>4,220</b>	<b>7,200</b>	
<b>Tea Tree Gully Tennis Club</b>							
CTTG Contribution				40%	60%		
CTTG Contribution			71	1,169	1,410	2,650	48.2%
Grant Funding	State - Election			1,100	1,650	2,750	50.0%
Club Contribution					100	100	1.8%
<b>Total Project Cost</b>		<b>-</b>	<b>71</b>	<b>2,269</b>	<b>3,160</b>	<b>5,500</b>	
<b>Banksia Park Sports Area Master Plan</b>							
CTTG Contribution				-	-	-	0%
Grant Funding	State - Election		150	-	-	150	100%
Club Contribution						-	0%
<b>Total Project Cost</b>		<b>-</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>150</b>	
<b>Golden Grove Central Districts Baseball Club</b>							
CTTG Contribution			5	195	-	200	50%
Grant Funding	State - Election			180	-	180	50%
Club Contribution						-	0%
<b>Total Project Cost</b>		<b>-</b>	<b>5</b>	<b>375</b>	<b>-</b>	<b>380</b>	
<b>Hope Valley Sporting Club</b>							
CTTG Contribution				-	-	-	0%
Grant Funding	State - Election		27	1,173	-	1,200	100%
Club Contribution						-	0%
<b>Total Project Cost</b>		<b>-</b>	<b>27</b>	<b>1,173</b>	<b>-</b>	<b>1,200</b>	
<b>Sportsfield Lighting - SADNA &amp; Golden Grove Tennis Club</b>							
CTTG Contribution		-	532	15		547	50.0%
Grant Funding			375			375	50.0%
Club Contribution - TBA						-	
<b>Total Project Cost</b>		<b>-</b>	<b>907</b>	<b>15</b>		<b>922</b>	
<b>Total Project Expenditure</b>		<b>193</b>	<b>2,272</b>	<b>28,416</b>	<b>15,023</b>	<b>45,902</b>	
<b>Summary of funding contributions</b>							
		FYE 21/22 Actual	FYE 22/23 Actual	FYE 23/24 Budget	FYE 24/25 Forecast	Total	% Funding Split
		\$'000	\$'000	\$'000	\$'000	\$'000	%
Total CTTG Contribution		193	1,382	11,275	8,422	21,272	46.3%
Total Grant Funding		-	890	17,140	6,250	24,280	52.9%
Total Club Contribution		-	-	-	350	350	0.8%
<b>Total</b>		<b>193</b>	<b>2,272</b>	<b>28,415</b>	<b>15,022</b>	<b>45,902</b>	

City of Tea Tree Gully – Long Term Financial Plan 2025-2034

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Summary of Updated Draft Long Term Financial Plan for FYE 2025 to 2034

Date modified: 30 December 2023																								
Year Ended 30 June:		2023	2024		2025		2026		2027		2028		2029		2030		2031		2032		2033		2034	
		Actual	Annual		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	85,581	92,070	7.6%	98,147	6.6%	103,643	5.6%	109,447	5.6%	112,183	2.5%	114,988	2.5%	117,863	2.5%	120,810	2.5%	123,830	2.5%	126,926	2.5%	130,099	2.5%
Statutory Charges	C	1,971	2,605	32.2%	2,735	5.0%	2,826	3.3%	2,910	3.0%	2,998	3.0%	3,052	1.8%	3,106	1.8%	3,162	1.8%	3,219	1.8%	3,277	1.8%	3,336	1.8%
User Charges	D	4,402	3,575	-18.8%	3,754	5.0%	3,855	2.7%	3,959	2.7%	4,066	2.7%	4,176	2.7%	4,289	2.7%	4,404	2.7%	4,523	2.7%	4,645	2.7%	4,771	2.7%
Grants, subsidies, contributions	E	9,009	4,637	-48.5%	6,757	45.7%	6,831	1.1%	6,906	1.1%	6,982	1.1%	7,059	1.1%	7,136	1.1%	7,215	1.1%	7,294	1.1%	7,375	1.1%	7,456	1.1%
Investment Income	F	752	20	-97.3%	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	2,347	1,759	-25.1%	1,806	2.7%	1,855	2.7%	1,905	2.7%	1,957	2.7%	2,010	2.7%	2,064	2.7%	2,120	2.7%	2,177	2.7%	2,236	2.7%	2,296	2.7%
Total Revenues		104,062	104,666	0.6%	113,219	8.2%	119,030	5.1%	125,148	5.1%	128,205	2.4%	131,304	2.4%	134,478	2.4%	137,731	2.4%	141,064	2.4%	144,479	2.4%	147,978	2.4%
EXPENSES																								
Employee costs	J	35,972	39,553	10.0%	42,124	6.5%	44,862	6.5%	46,208	3.0%	47,594	3.0%	48,784	2.5%	50,004	2.5%	51,254	2.5%	52,535	2.5%	53,848	2.5%	55,195	2.5%
Materials, contracts & other expenses	K	41,919	43,185	3.0%	44,912	4.0%	46,708	4.0%	48,402	3.6%	51,153	5.7%	52,432	2.5%	53,743	2.5%	55,087	2.5%	56,464	2.5%	57,876	2.5%	59,323	2.5%
Depreciation	L	16,258	17,416	7.1%	19,270	10.6%	19,752	2.5%	20,246	-100.0%	20,752	2.5%	21,270	2.5%	21,802	2.5%	22,347	2.5%	22,906	2.5%	23,479	2.5%	24,066	2.5%
Finance Costs	M	261	550	110.7%	950	-28.2%	950	0.0%	950	0.0%	790	-16.8%	500	-36.7%	500	0.0%	800	60.0%	700	-12.5%	600	-14.3%	600	0.0%
Loss - Joint Ventures	N	-	0		-		0		-		0		-		0		0		0		0		0	
Total Expenses		94,410	100,704	6.7%	107,256	6.5%	112,272	4.7%	115,805	3.1%	120,289	3.9%	122,986	2.2%	126,049	2.5%	129,488	2.7%	132,605	2.4%	135,803	2.4%	139,183	2.5%
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS																								
		9,652	3,962		5,963		6,758		9,342		7,917		8,317		8,430		8,243		8,459		8,676		8,795	
Net gain/(loss) on disposal or revaluations	P	(2,530)	3,392		-		0		-		0		-		0		0		0		0		0	
Amounts specifically for new assets or upgraded assets	Q	5,116	23,938		12,500		0		-		0		-		0		0		0		0		0	
Physical resources free of charge	R	-	0		-		0		-		0		-		0		0		0		0		0	
NET SURPLUS/(DEFICIT)		12,238	31,292		18,463		6,758		9,342		7,917		8,317		8,430		8,243		8,459		8,676		8,795	
		2023	2024		2025		2026		2027		2028		2029		2030		2031		2032		2033		2034	
Opening Borrowings	P																							
Renewal Works	R	10,812	21,956		11,301		18,510		19,377		19,877		20,377		20,877		21,377		21,877		22,377		22,877	
New Works	S	6,683	38,111		21,252		6,380		6,540		6,670		6,804		6,940		7,079		5,756		7,399		9,084	
Total Capital works (Net)	T	17,495	60,067		32,553		24,890		25,916		26,547		27,181		27,817		28,456		27,632		29,776		31,961	
Less Depreciation	U	16,258	17,416		19,270		19,752		20,246		20,752		21,270		21,802		22,347		22,906		23,479		24,066	
Yearly Borrowings without Operating Surplus and Asset sales increase/(reduction)	V	1,237	42,651		13,283		5,138		5,671		5,796		5,910		6,014		6,108		4,726		6,298		7,896	
Net Asset Sales - Debt Reduction	W		-																					
Net Asset Sales - Capital Works (included in CMP program)	X	-	4,530		-		-		-		-		-											
Borrowings after proceeds from asset sales		1,237	38,121		13,283		5,138		5,671		5,796		5,910		6,014		6,108		4,726		6,298		7,896	
Operating Surplus	Y	9,652	3,962		5,963		6,758		9,342		7,917		8,317		8,430		8,243		8,459		8,676		8,795	
Fiscal Balance (Surplus Cash/Reduction in borrowings)/ Increase in borrowings	Z	(8,415)	34,159		7,320		(1,620)		(3,672)		(2,121)		(2,407)		(2,415)		(2,135)		(3,732)		(2,378)		(899)	
Capital works funding gap	A.1	(8,415)	34,159		7,320		(1,620)		(3,672)		(2,121)		(2,407)		(2,415)		(2,135)		(3,732)		(2,378)		(899)	
Assets sales plus operating surplus	A.2	9,652	8,492		5,963		6,758		9,342		7,917		8,317		8,430		8,243		8,459		8,676		8,795	
Closing Borrowings	A.1	-	16,159		23,479		21,860		18,188		16,067		13,660		11,244		9,109		5,377		2,999		2,100	
Net Financial Liabilities (including Land Sales)	A.2	9,323	29,830		30,900		29,281		25,609		23,488		21,081		18,665		16,530		12,798		10,420		9,521	
Net Financial Liabilities Ratio (Including Land Sales and inventory)	A.3	8.96%	28.50%		27.29%		24.60%		20.46%		18.32%		16.05%		13.88%		12.00%		9.07%		7.21%		6.43%	
Net Financial Liabilities (Excluding land Sales including inventory)	A.4	9,835	29,830		30,900		29,281		25,609		23,488		21,081		18,665		16,530		12,798		10,420		9,521	
Net Financial Liabilities Ratio (Excluding land Sales)	A.5	9%	29%		27%		25%		20%		18%		16%		14%		12%		9%		7%		6%	
Asset Sustainability Ratio	A.7	100%	193%		89%		93%		95%		95%		95%		97%		99%		102%		104%		106%	
Operating Surplus Ratio	A.8	11%	4%		5%		6%		7%		6%		6%		6%		6%		6%		6%		6%	
City of Beaches Gully – Long Term Financial Plan 2025-2034	A.9	9%	-34%		-7%		1%		3%		2%		2%		2%		2%		3%		2%		1%	



City of Tea Tree Gully ESTIMATED INCOME STATEMENT Date modified: 30 December 2023																							
Year Ended 30 June:	2023 Actual Audit \$('000)	2024 Annual Budget \$('000)		2025 Plan Year 1 \$('000)		2026 Plan Year 2 \$('000)		2027 Plan Year 3 \$('000)		2028 Plan Year 4 \$('000)		2029 Plan Year 5 \$('000)		2030 Plan Year 6 \$('000)		2031 Plan Year 7 \$('000)		2032 Plan Year 8 \$('000)		2033 Plan Year 9 \$('000)		2034 Plan Year 10 \$('000)	
INCOME																							
Rates	85,581	92,070	7.6%	98,147	6.6%	103,643	5.6%	109,447	5.6%	112,183	2.5%	114,988	2.5%	117,863	2.5%	120,810	2.5%	123,830	2.5%	126,926	2.5%	130,099	2.5%
Statutory Charges	1,971	2,605	32.2%	2,735	5.0%	2,826	3.3%	2,910	3.0%	2,998	3.0%	3,052	3.0%	3,106	1.8%	3,162	1.8%	3,219	1.8%	3,277	1.8%	3,336	1.8%
User Charges	4,402	3,575	-18.8%	3,754	5.0%	3,855	2.7%	3,959	2.7%	4,066	2.7%	4,176	2.7%	4,289	2.7%	4,404	2.7%	4,523	2.7%	4,645	2.7%	4,771	2.7%
Grants, Subsidies and Contributions	9,009	4,637	-48.5%	6,757	45.7%	6,831	1.1%	6,906	1.1%	6,982	1.1%	7,059	1.1%	7,136	1.1%	7,215	1.1%	7,294	1.1%	7,375	1.1%	7,456	1.1%
Investment Income	752	20	-97.3%	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	2,347	1,759	-25.1%	1,806	2.7%	1,855	2.7%	1,905	2.7%	1,957	2.7%	2,010	2.7%	2,064	2.7%	2,120	2.7%	2,177	2.7%	2,236	2.7%	2,296	2.7%
Total Revenues	104,062	104,666	0.6%	113,219	8.2%	119,030	8.2%	125,148	5.1%	128,205	5.1%	131,304	2.4%	134,478	2.4%	137,731	2.4%	141,064	2.4%	144,479	2.4%	147,978	2.4%
EXPENSES																							
Employee Costs	35,972	39,553	10.0%	42,124	6.5%	44,862	6.5%	46,208	3.0%	47,594	3.0%	48,784	2.5%	50,004	2.5%	51,254	2.5%	52,535	2.5%	53,848	2.5%	55,195	2.5%
Materials, Contracts & Other Expenses	41,919	43,185	3.0%	44,912	4.0%	46,708	4.0%	48,402	3.6%	51,153	5.7%	52,432	2.5%	53,743	2.5%	55,087	2.5%	56,464	2.5%	57,876	2.5%	59,323	2.5%
Depreciation, Amortisation & Impairment	16,258	17,416	7.1%	19,270	10.6%	19,752	2.5%	20,246	2.5%	20,752	2.5%	21,270	2.5%	21,802	2.5%	22,347	2.5%	22,906	2.5%	23,479	2.5%	24,066	2.5%
Finance Costs	261	550	110.7%	950	72.7%	950	0.0%	950	0.0%	790	-16.8%	500	-36.7%	500	0.0%	800	60.0%	700	-12.5%	600	-14.3%	600	0.0%
Total Expenses	94,410	100,704	6.7%	107,256	6.5%	112,272	6.5%	115,805	4.7%	120,289	3.1%	122,986	3.9%	126,049	2.2%	129,488	2.5%	132,605	2.7%	135,803	2.4%	139,183	2.4%
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	9,652	3,962		5,963		6,758		9,342		7,917		8,317		8,430		8,243		8,459		8,676		8,795	
Net Gain/(Loss) on Disposal or Revaluation of Assets	(2,530)	3,392		0		0		0		0		0		0		0		0		0		0	
Amounts specifically for New or Upgraded Assets	5,116	23,938		12,500		0		0		0		0		0		0		0		0		0	
Physical Resources Receive Free of Charge	0	0		0		0		0		0		0		0		0		0		0		0	
NET SURPLUS/(DEFICIT)	12,238	31,292	0	18,463	0	6,758		9,342		7,917		8,317		8,430		8,243		8,459		8,676		8,795	



City of Tea Tree Gully Date modified: 30 December 2023 ESTIMATED BALANCE SHEET												
Year Ended 30 June:	2023 Actual Audit \$('000)	2024 Annual Budget \$('000)	2025 Plan Year 1 \$('000)	2026 Plan Year 2 \$('000)	2027 Plan Year 3 \$('000)	2028 Plan Year 4 \$('000)	2029 Plan Year 5 \$('000)	2030 Plan Year 6 \$('000)	2031 Plan Year 7 \$('000)	2032 Plan Year 8 \$('000)	2033 Plan Year 9 \$('000)	2034 Plan Year 10 \$('000)
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash & Equivalent Assets	18,337	337	437	541	647	757	870	987	1,107	1,230	1,357	1,488
Trade & Other Receivables	5,744	5,744	5,916	6,094	6,277	6,465	6,659	6,859	7,064	7,276	7,495	7,719
Investments & Other Financial Assets		0	0	0	0	0	0	0	0	0	0	0
Inventories	127	127	127	127	127	127	127	127	127	127	127	127
Sub-total	24,208	6,208	6,481	6,762	7,051	7,349	7,656	7,972	8,298	8,633	8,979	9,335
Non-current assets held for sale	512	0	0	0	0	0	0	0	0	0	0	0
<b>Total Current Assets</b>	<b>24,720</b>	<b>6,208</b>	<b>6,481</b>	<b>6,762</b>	<b>7,051</b>	<b>7,349</b>	<b>7,656</b>	<b>7,972</b>	<b>8,298</b>	<b>8,633</b>	<b>8,979</b>	<b>9,335</b>
<b>Non-Current Assets</b>												
Infrastructure, Property, Plant & Equipment	1,795,349	1,833,506	1,873,915	1,879,054	1,884,725	1,890,520	1,896,430	1,902,445	1,908,553	1,913,280	1,919,577	1,927,473
Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0
Other Non-Current Assets (Work in Progress)	13,682	27,324	6,448	6,448	6,448	6,448	6,448	6,448	6,448	6,448	6,448	6,448
<b>Total Non-Current Assets</b>	<b>1,809,031</b>	<b>1,860,830</b>	<b>1,880,363</b>	<b>1,885,502</b>	<b>1,891,173</b>	<b>1,896,968</b>	<b>1,902,878</b>	<b>1,908,893</b>	<b>1,915,001</b>	<b>1,919,728</b>	<b>1,926,025</b>	<b>1,933,921</b>
<b>Total Assets</b>	<b>1,833,751</b>	<b>1,867,038</b>	<b>1,886,844</b>	<b>1,892,264</b>	<b>1,898,224</b>	<b>1,904,317</b>	<b>1,910,535</b>	<b>1,916,865</b>	<b>1,923,299</b>	<b>1,928,361</b>	<b>1,935,004</b>	<b>1,943,256</b>
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
Trade & Other Payables	9,092	9,092	9,365	9,646	9,935	10,233	10,540	10,856	11,182	11,517	11,863	12,219
Revenue Received in Advance	20,414	6,250										
Borrowings	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725
Sub-total	33,231	19,067	13,090	13,371	13,660	13,958	14,265	14,581	14,907	15,242	15,588	15,944
Liabilities Relating to Non-Current Assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Current Liabilities</b>	<b>33,231</b>	<b>19,067</b>	<b>13,090</b>	<b>13,371</b>	<b>13,660</b>	<b>13,958</b>	<b>14,265</b>	<b>14,581</b>	<b>14,907</b>	<b>15,242</b>	<b>15,588</b>	<b>15,944</b>
<b>Non-Current Liabilities</b>												
Borrowings	0	16,159	23,479	21,860	18,188	16,067	13,660	11,244	9,109	5,377	2,999	2,100
Provisions	685	685	685	685	685	685	685	685	685	685	685	685
<b>Total Non-Current Liabilities</b>	<b>685</b>	<b>16,844</b>	<b>24,164</b>	<b>22,545</b>	<b>18,873</b>	<b>16,752</b>	<b>14,345</b>	<b>11,929</b>	<b>9,794</b>	<b>6,062</b>	<b>3,684</b>	<b>2,785</b>
<b>Total Liabilities</b>	<b>33,916</b>	<b>35,911</b>	<b>37,254</b>	<b>35,915</b>	<b>32,533</b>	<b>30,710</b>	<b>28,610</b>	<b>26,511</b>	<b>24,701</b>	<b>21,304</b>	<b>19,272</b>	<b>18,729</b>
<b>NET ASSETS</b>	<b>1,799,835</b>	<b>1,831,127</b>	<b>1,849,590</b>	<b>1,856,348</b>	<b>1,865,691</b>	<b>1,873,607</b>	<b>1,881,925</b>	<b>1,890,354</b>	<b>1,898,598</b>	<b>1,907,057</b>	<b>1,915,733</b>	<b>1,924,527</b>
<b>EQUITY</b>												
Accumulated Surplus	426,389	457,681	476,144	482,902	492,245	500,161	508,479	516,908	525,152	533,611	542,287	551,081
Asset Revaluation Reserve	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159
Other Reserves	287	287	287	287	287	287	287	287	287	287	287	287
<b>TOTAL EQUITY</b>	<b>1,799,835</b>	<b>1,831,127</b>	<b>1,849,590</b>	<b>1,856,348</b>	<b>1,865,691</b>	<b>1,873,607</b>	<b>1,881,925</b>	<b>1,890,354</b>	<b>1,898,598</b>	<b>1,907,057</b>	<b>1,915,733</b>	<b>1,924,527</b>



<b>City of Tea Tree Gully</b> <b>Date modified: 30 December 2023</b> <b>ESTIMATED CASH FLOW STATEMENT</b>												
Year Ended 30 June:	2023 Actual Audit \$('000)	2024 Annual Budget \$('000)	2025 Plan Year 1 \$('000)	2026 Plan Year 2 \$('000)	2027 Plan Year 3 \$('000)	2028 Plan Year 4 \$('000)	2029 Plan Year 5 \$('000)	2030 Plan Year 6 \$('000)	2031 Plan Year 7 \$('000)	2032 Plan Year 8 \$('000)	2033 Plan Year 9 \$('000)	2034 Plan Year 10 \$('000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>												
<u>Receipts</u>												
Operating and Investment Receipts	106,171	104,666	113,047	118,852	124,965	128,017	131,110	134,279	137,526	140,852	144,261	147,753
<u>Payments</u>												
Operating Payments to Suppliers and Employees	78,640	82,738	86,763	91,289	94,320	98,449	100,909	103,430	106,015	108,664	111,379	114,162
Finance Costs	261	550	950	950	950	790	500	500	800	700	600	600
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>27,270</b>	<b>21,378</b>	<b>25,334</b>	<b>26,613</b>	<b>29,695</b>	<b>28,778</b>	<b>29,701</b>	<b>30,348</b>	<b>30,711</b>	<b>31,488</b>	<b>32,282</b>	<b>32,991</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<u>Receipts</u>												
Grants utilised for capital purposes	203											
Amounts Specifically for New/Upgraded Assets	5,116	9774	6,250	0	0	0	0	0	0	0	0	0
Sale of Renewed/Replaced Assets	252	800	800	800	800	800	800	800	800	800	800	800
Sale of Surplus Assets	0	4530	0	0	0	0	0	0	0	0	0	0
<u>Payments</u>												
Expenditure on Renewal/Replacement of Assets	(16,180)	(32,530)	(18,351)	(19,310)	(20,177)	(20,677)	(21,177)	(21,677)	(22,177)	(22,677)	(23,177)	(23,677)
Expenditure on New/Upgraded Assets	(6,683)	(38,111)	(21,252)	(6,380)	(6,540)	(6,670)	(6,804)	(6,940)	(7,079)	(5,756)	(7,399)	(9,084)
<b>Net Cash Provided by (or used in) Investing Activities</b>	<b>(17,292)</b>	<b>(55,537)</b>	<b>(32,553)</b>	<b>(24,890)</b>	<b>(25,916)</b>	<b>(26,547)</b>	<b>(27,181)</b>	<b>(27,817)</b>	<b>(28,456)</b>	<b>(27,632)</b>	<b>(29,776)</b>	<b>(31,961)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
<u>Receipts</u>												
Proceeds from Borrowings	0	16,159	7,320	0	0	0	0	0	0	0	0	0
Proceeds from Deposits												
<u>Payments</u>												
Repayments of Borrowings			0	(1,620)	(3,672)	(2,121)	(2,407)	(2,415)	(2,135)	(3,732)	(2,378)	(899)
Repayment of Bonds & Deposits	(73)	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>(73)</b>	<b>16,159</b>	<b>7,320</b>	<b>(1,620)</b>	<b>(3,672)</b>	<b>(2,121)</b>	<b>(2,407)</b>	<b>(2,415)</b>	<b>(2,135)</b>	<b>(3,732)</b>	<b>(2,378)</b>	<b>(899)</b>
<b>Net Increase/(Decrease) in cash held</b>	<b>9,905</b>	<b>(18,000)</b>	<b>100</b>	<b>103</b>	<b>107</b>	<b>110</b>	<b>113</b>	<b>116</b>	<b>120</b>	<b>124</b>	<b>127</b>	<b>131</b>
<b>Opening cash, cash equivalents or (bank overdraft)</b>	<b>8,432</b>	<b>18,337</b>	<b>337</b>	<b>437</b>	<b>541</b>	<b>647</b>	<b>757</b>	<b>870</b>	<b>987</b>	<b>1,107</b>	<b>1,230</b>	<b>1,357</b>
<b>Closing cash, cash equivalents or (bank overdraft)</b>	<b>18,337</b>	<b>337</b>	<b>437</b>	<b>541</b>	<b>647</b>	<b>757</b>	<b>870</b>	<b>987</b>	<b>1,107</b>	<b>1,230</b>	<b>1,357</b>	<b>1,488</b>

City of Tea Tree Gully

Date modified: 30 December 2023

ESTIMATED STATEMENT OF CHANGES IN EQUITY

Year Ended 30 June:	2023 Actual Audit \$('000)	2024 Annual Budget \$('000)	2025 Plan Year 1 \$('000)	2026 Plan Year 2 \$('000)	2027 Plan Year 3 \$('000)	2028 Plan Year 4 \$('000)	2029 Plan Year 5 \$('000)	2030 Plan Year 6 \$('000)	2031 Plan Year 7 \$('000)	2032 Plan Year 8 \$('000)	2033 Plan Year 9 \$('000)	2034 Plan Year 10 \$('000)
<b>ACCUMULATED SURPLUS</b>												
Balance at end of previous reporting period	414,151	426,389	457,681	476,144	482,902	492,245	500,161	508,479	516,908	525,152	533,611	542,287
Net Result for Year	12,238	31,292	18,463	6,758	9,342	7,917	8,317	8,430	8,243	8,459	8,676	8,795
Transfers from Other Reserves	0	0	0	0	0	0	0	0	0	0	0	0
Balance at end of period	426,389	457,681	476,144	482,902	492,245	500,161	508,479	516,908	525,152	533,611	542,287	551,081
<b>ASSET REVALUATION RESERVE</b>												
Balance at end of period	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159	1,373,159
<b>OTHER RESERVES</b>												
Balance at end of previous reporting period	287	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	0	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
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>1,799,835</b>	<b>1,831,127</b>	<b>1,849,590</b>	<b>1,856,348</b>	<b>1,865,691</b>	<b>1,873,607</b>	<b>1,881,925</b>	<b>1,890,354</b>	<b>1,898,598</b>	<b>1,907,057</b>	<b>1,915,733</b>	<b>1,924,527</b>



<b>City of Tea Tree Gully</b> <b>UNIFORM PRESENTATION OF FINANCES</b> <b>Date modified: 30 December 2023</b>												
<b>Year Ended 30 June:</b>	<b>2023 Actual Audit \$('000)</b>	<b>2024 Annual Budget \$('000)</b>	<b>2025 Plan Year 1 \$('000)</b>	<b>2026 Plan Year 2 \$('000)</b>	<b>2027 Plan Year 3 \$('000)</b>	<b>2028 Plan Year 4 \$('000)</b>	<b>2029 Plan Year 5 \$('000)</b>	<b>2030 Plan Year 6 \$('000)</b>	<b>2031 Plan Year 7 \$('000)</b>	<b>2032 Plan Year 8 \$('000)</b>	<b>2033 Plan Year 9 \$('000)</b>	<b>2034 Plan Year 10 \$('000)</b>
<b>INCOME</b>												
Rates	85,581	92,070	98,147	103,643	107,581	113,606	116,446	119,357	122,341	125,400	128,535	131,748
Statutory Charges	1,971	2,605	2,735	2,826	2,910	2,998	3,052	3,106	3,162	3,219	3,277	3,336
User Charges	4,402	3,575	3,754	3,855	3,959	4,066	4,176	4,289	4,404	4,523	4,645	4,771
Grants, Subsidies and Contributions	9,009	4,637	6,757	6,831	6,906	6,982	7,059	7,136	7,215	7,294	7,375	7,456
Investment Income	752	20	20	20	20	20	20	20	20	20	20	20
Reimbursements/Other Revenue	2,347	1,759	1,806	1,855	1,905	1,957	2,010	2,064	2,120	2,177	2,236	2,296
<b>Total Revenues</b>	<b>104,062</b>	<b>104,666</b>	<b>113,219</b>	<b>119,030</b>	<b>123,282</b>	<b>129,628</b>	<b>132,762</b>	<b>135,972</b>	<b>139,262</b>	<b>142,634</b>	<b>146,088</b>	<b>149,627</b>
<b>EXPENSES</b>												
Employee Costs	35,972	39,553	42,124	44,862	46,208	47,594	48,784	50,004	51,254	52,535	53,848	55,195
Materials, Contracts & Other Expenses	41,919	43,185	44,912	46,708	48,402	51,153	52,432	53,743	55,087	56,464	57,876	59,323
Depreciation, Amortisation & Impairment	16,258	17,416	19,270	19,752	20,246	20,752	21,270	21,802	22,347	22,906	23,479	24,066
Finance Costs	261	550	950	950	950	790	500	500	800	700	600	600
<b>Total Expenses</b>	<b>94,410</b>	<b>100,704</b>	<b>107,256</b>	<b>112,272</b>	<b>115,805</b>	<b>120,289</b>	<b>122,986</b>	<b>126,049</b>	<b>129,488</b>	<b>132,605</b>	<b>135,803</b>	<b>139,183</b>
<b>OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS</b>	<b>9,652</b>	<b>3,962</b>	<b>5,963</b>	<b>6,758</b>	<b>7,476</b>	<b>9,340</b>	<b>9,775</b>	<b>9,924</b>	<b>9,774</b>	<b>10,029</b>	<b>10,285</b>	<b>10,444</b>
<b>Less Net Outlays on Existing Assets</b>												
Capital Expenditure on Renewal and Replacement of Existing Assets	16,180	32,530	18,351	19,310	20,177	20,677	21,177	21,677	22,177	22,677	23,177	23,677
less Depreciation, Amortisation and Impairment	(16,258)	(17,416)	(19,270)	(19,752)	(20,246)	(20,752)	(21,270)	(21,802)	(22,347)	(22,906)	(23,479)	(24,066)
less Proceeds from Sale of Replaced Assets	(252)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)
<b>Net Outlays on Existing Assets</b>	<b>(330)</b>	<b>14,314</b>	<b>(1,719)</b>	<b>(1,242)</b>	<b>(869)</b>	<b>(875)</b>	<b>(894)</b>	<b>(925)</b>	<b>(970)</b>	<b>(1,029)</b>	<b>(1,102)</b>	<b>(1,189)</b>
<b>less Net Outlays on New and Upgraded Assets</b>												
Capital Expenditure on New and Upgraded Assets	6,683	38,111	21,252	6,380	6,540	6,670	6,804	6,940	7,079	5,756	7,399	9,084
less Amounts Received Specifically for New and Upgraded Assets	(5,116)	(14,304)	(6,250)	0	0	0	0	0	0	0	0	0
<b>Net Outlays on New and Upgraded Assets</b>	<b>1,567</b>	<b>23,807</b>	<b>15,002</b>	<b>6,380</b>	<b>6,540</b>	<b>6,670</b>	<b>6,804</b>	<b>6,940</b>	<b>7,079</b>	<b>5,756</b>	<b>7,399</b>	<b>9,084</b>
<b>Net Lending / (Borrowing) For Financial Year</b>	<b>8,415</b>	<b>(34,159)</b>	<b>(7,320)</b>	<b>1,620</b>	<b>1,806</b>	<b>3,544</b>	<b>3,865</b>	<b>3,909</b>	<b>3,666</b>	<b>5,302</b>	<b>3,987</b>	<b>2,548</b>

City of Tea Tree Gully Key Financial Indicators Date modified: 30 December 2023												
Year Ended 30 June:	2023 Actual Audit \$('000)	2024 Annual Budget \$('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)	2024 Plan Year 10 \$('000)
Net Financial Liabilities including non current assets held for sale	9,323	29,830	30,900	29,281	25,609	23,488	21,081	18,665	16,530	12,798	10,420	9,521
Net Financial Liabilities excluding non current assets held for sale	9,835	29,830	30,900	29,281	25,609	23,488	21,081	18,665	16,530	12,798	10,420	9,521
Net Financial Liabilities Ratio including non current assets held for sale	9%	29%	27%	25%	20%	18%	16%	14%	12%	9%	7%	6%
Net Financial Liabilities Ratio excluding non current assets held for sale	9%	29%	27%	25%	20%	18%	16%	14%	12%	9%	7%	6%
Asset Sustainability Ratio	63%	193%	91%	93%	95%	95%	95%	95%	97%	99%	101%	104%
Operating Surplus Ratio	9%	4%	6%	7%	9%	7%	7%	7%	7%	7%	7%	7%
Fiscal Balance Ratio	9%	-34%	-7%	1%	3%	2%	2%	2%	2%	3%	2%	1%
	Audit 22/23	LTFP 23/24	LTFP 24/25	LTFP 25/26	LTFP 26/27	LTFP 27/28	LTFP 28/29	LTFP 29/30	LTFP 30/31	LTFP 31/32	LTFP 32/33	LTFP 33/34
Renewal Works	16,258	17,416	19,270	19,752	20,246	20,752	21,270	21,802	22,347	22,906	23,479	24,066

**Draft Long Term Financial Plan 2025-2034****Community Engagement Strategy****Background of project (brief overview/description)**

The Local Government Act 1999 (the Act) requires councils to develop and adopt a Long-Term Financial Plan (LTFP) for a period of at least 10 years and include a funding plan. This plan forms part of the council's strategic management plans.

Section 122 of the Act requires that the LTFP should be reviewed on an Annual Basis and that a council must adopt a process or processes to ensure that members of the public are given a reasonable opportunity to be involved in the development and review of its strategic management plans.

The purpose of a Council's LTFP is to express, in financial terms, the activities that 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 although its preparation requires the Council to think about not just one year but the longer-term impact of revenue and expenditure proposals.

The LTFP is underpinned by a set of 'five guiding principles' that were adopted by Council. These are:

1. Maintaining existing assets at existing service levels
2. Continuing to review assets with proceeds being reinvested into the city and community
3. Maintaining debt within the targeted range of 25%-35% over the life of the 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

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 estimated:

- Income Statement
- Balance Sheet
- Cash Flow Statement
- Statement of Changes in Equity
- Uniform Presentation of Finances
- Key Financial Indicators.

The LTFP is created in quarter two of the financial year with the intent that this document creates a guide to help inform for the 2024-25 financial year budget development.

Community engagement will be undertaken to allow the broader community the opportunity to provide feedback on the draft LTFP for 2025-2034. All feedback provided will be presented to Council for consideration prior to adopting the LTFP for 2025-2034.

This community engagement strategy has been developed in line with the City of Tea Tree Gully's [Community Engagement Public Consultation Policy](#) and the minimum standards set out in the Act.

## Draft Long Term Financial Plan 2025-2034

### Community Engagement Strategy



What do you want to achieve from the community engagement?			
Information gathering only	<input type="checkbox"/>	Validation of research/data	<input type="checkbox"/>
Identification of need(s)	<input type="checkbox"/>	Seeking guidance/direction	<input type="checkbox"/>
Obtaining local knowledge	<input type="checkbox"/>	Location specific information	<input type="checkbox"/>
Obtaining feedback on activity	<input checked="" type="checkbox"/>	Interest specific information	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>		
<b>Key objectives/purpose of the community engagement:</b> <ul style="list-style-type: none"> <li>Provide information to the community regarding the activities that Council proposes to undertake over the medium to longer term to achieve its stated objectives, as outlined in the LTFP 2024-2025</li> <li>Gain community submissions/feedback on the draft LTFP 2025-2034</li> </ul>			
Start and end dates of the planned community engagement			
<b>Start:</b> 26 October 2023		<b>End:</b> 22 November 2023	
Is there a statutory/legal requirement to engage?	<b>Yes</b> <input checked="" type="checkbox"/>	<b>No</b> <input type="checkbox"/>	
Has community engagement relating to the project/activity been previously undertaken?	<b>Yes</b> <input type="checkbox"/>	<b>No</b> <input checked="" type="checkbox"/>	
Level of community engagement on the spectrum identified			
<b>Inform</b> <input type="checkbox"/>	<b>Consult</b> <input checked="" type="checkbox"/>	<b>Involve</b> <input type="checkbox"/>	<b>Collaborate</b> <input type="checkbox"/>
Areas/locations to be targeted as part of the strategy			
Whole of region/Council area			<input checked="" type="checkbox"/>
Balmoral Ward	<input type="checkbox"/>	Pedare Ward	<input type="checkbox"/>
Drumminor Ward	<input type="checkbox"/>	Steventon Ward	<input type="checkbox"/>
Hillcott Ward	<input type="checkbox"/>	Water Gully Ward	<input type="checkbox"/>
Target audience/stakeholders for this community engagement activity			
General community	<input checked="" type="checkbox"/>	Progress associations	<input type="checkbox"/>
Private sector	<input type="checkbox"/>	Youth	<input type="checkbox"/>
Not for Profit organisations/ Service providers	<input type="checkbox"/>	Community organisations/groups (social, economic, environmental)	<input type="checkbox"/>
Local, State and Federal Government	<input type="checkbox"/>	Faith groups	<input type="checkbox"/>
Community activists	<input type="checkbox"/>	Resident's groups	<input type="checkbox"/>
Chambers of Commerce	<input type="checkbox"/>	Industry groups/peak bodies	<input type="checkbox"/>



**Draft Long Term Financial Plan 2025-2034****Community Engagement Strategy**

Local schools	<input type="checkbox"/>	City of Tea Tree Gully ELT	<input type="checkbox"/>
City of Tea Tree Gully staff	<input type="checkbox"/>	Media	<input type="checkbox"/>
City of Tea Tree Gully MLT	<input type="checkbox"/>	Hard to reach groups: (Aboriginal and Torres Strait Islanders, aged, unemployed, socially isolated etc)	<input type="checkbox"/>

**Desired/estimated number of participants**

<b>&lt;50</b> <input checked="" type="checkbox"/>	<b>50-100</b> <input type="checkbox"/>	<b>101-200</b> <input type="checkbox"/>	<b>200-500</b> <input type="checkbox"/>	<b>501-1000</b> <input type="checkbox"/>	<b>&gt;1000</b> <input type="checkbox"/>
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**Key messages and main communication points**

The following strategic key messages and communication points will be highlighted throughout the engagement process:

- The purpose of a Council's Long Term Financial Plan is to express, in financial terms, the activities that 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 annual budget, it is a guide for future action, although its preparation requires the Council to think about not just one year but the longer-term impact of revenue and expenditure proposals.
- The LTFP is underpinned by a set of 'five guiding principles' that were adopted by Council:
  1. Maintain existing assets at existing service levels
  2. Continue to review assets with proceeds being reinvested into the city and community
  3. Maintain debt within the targeted range of 25%-35% over the life of the plan
  4. Retain tight constraints on operating expenditure
  5. Ensure that the capital works program retains a level of funding for new works and enhancements to community infrastructure
- 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 estimated:
  - Income Statement
  - Balance Sheet
  - Cash Flow Statement
  - Statement of Changes in Equity
  - Uniform Presentation of Finances
  - Key Financial Indicators.
- The LTFP is created in quarter two of the financial year with the intent that this document creates a guide to help inform for the 2024-25 financial year budget development.
- As part of the planning process, the community is invited to provide feedback on the draft Long Term Financial Plan for 2025-2034.
- All feedback will be considered and presented to Council before the Long Term Financial Plan for 2025-2034 is adopted.

## Draft Long Term Financial Plan 2025-2034 Community Engagement Strategy



Action Plan (for consultation period 26 October to 22 November 2023)				
Technique/activity	Stakeholder group	Engagement level	Purpose	Timing
Statutory notice to the public in a newspaper circulating in Council area ( <i>The Advertiser</i> )	Broader community	Inform	<ul style="list-style-type: none"> <li>Provide information about draft LTFP 2025-2034</li> <li>Invite community feedback on the draft plan</li> </ul>	In public notices section on the day consultation commences
'Have Your Say Tea Tree Gully' website	Broader community	Inform/consult	<ul style="list-style-type: none"> <li>Provide a copy of the draft LTFP 2025-2034</li> <li>Provide a facility for asking questions about the draft plan</li> <li>Provide an online feedback form for submissions</li> <li>Include key messages</li> </ul>	Website content live from the consultation open date
Have your Say e-newsletter	'Have Your Say Tea Tree Gully' online registered participants	Inform	<ul style="list-style-type: none"> <li>Provide high level information about the LTFP</li> <li>Provide weblink for further information available including the draft LTFP 2025-2034</li> <li>Invite feedback on the draft LTFP 2025-2034</li> </ul>	Newsletter sent early November
Documents available at Civic Centre	Broader community	Consult	<ul style="list-style-type: none"> <li>Provide information (key messages) re: draft ABP 2023-2024</li> <li>Provide a copy of the draft ABP (which includes information regarding intended programs, services and outcomes for the 2023-2024 financial year together with rates structures and policies for 2023-2024) and the summary sheet</li> <li>Gain the community's feedback on the draft ABP 2023-2024</li> <li>Invite the community to make submissions/ask questions regarding the draft ABP at a meeting of Council or a public meeting (as per Council decision)</li> </ul>	During consultation period
Acknowledgement email/letter	All respondents who provided contact details	Inform	<ul style="list-style-type: none"> <li>Thank respondents for their contribution</li> <li>Advise date of Council meeting and invite to attend/listen in/make deputation</li> </ul>	Following close of consultation
Outcomes email/letter	All respondents who provided contact details	Inform	<ul style="list-style-type: none"> <li>Advise outcome/Council decision and next steps</li> </ul>	Following the Council decision

## City of Tea Tree Gully

## SPECIAL MEETING OF AUDIT &amp; RISK COMMITTEE

11 October 2023

Confidential Subject: Tea Tree Gully Tennis Clubroom Redevelopment Section 48 Prudential Report (D23/78413)

It is the recommendation of the Chief Executive Officer that the Tea Tree Gully Tennis Clubroom Redevelopment Section 48 Prudential Report be received, discussed and considered in confidence. The Audit & Risk Committee should determine whether it is necessary and appropriate for the matter to be discussed in confidence as provided for by the provisions of Sections 90 and 91 of the *Local Government Act 1999* (with a recommendation provided as follows):

Recommendation for Moving into Camera

1. *That pursuant to Section 90(2) of the Local Government Act, 1999 the Audit & Risk Committee orders that the public (except staff on duty) be excluded from the meeting to enable discussion on the Tea Tree Gully Tennis Clubroom Redevelopment Section 48 Prudential Report.*
2. *That the Audit & Risk Committee is satisfied that pursuant to section 90(3) b (i) of the Local Government Act 1999, the information be received, discussed or considered in relation to this item is:*
  - *information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council.*
    - *on the basis that it would compromise a competitive tender process for the engagement of the building contractor.*
3. *In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in the public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances on the basis that it would compromise a competitive tender process for the engagement of the building contractor.*

Note: The meeting should pause to allow members of the public to leave the meeting room and the doors should be closed behind as the last person leaves. Discussion on the matter can then proceed. The meeting automatically moves out of confidentiality at the end of consideration of the matter, and the public should then be invited to attend the meeting.