

Long Term **Financial Plan**



District Council of
Loxton Waikerie

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District Council of Loxton Waikerie Long Term Financial Plan 2026-2035

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Acknowledgement of Country

We acknowledge the first people of the River Murray and Mallee Region as the traditional custodians of the land and waters on which we meet and pay our respects to their elders, past, present, and emerging.

EXECUTIVE SUMMARY

Purpose

The Long-Term Financial Plan (LTFP) plays a vital role within the Council's array of strategic management plans, interconnecting with the Annual Business Plan, Corporate Plan, and Asset Management Plans. It serves as a bridge, translating the goals and strategies outlined in the Council's Business Plans into financial projections and allocations. The primary aim of the LTFP is to articulate, in financial terms, the initiatives and projects the Council plans to pursue over the forthcoming decade to realize its objectives.

The LTFP ensures that long term financial sustainability can be maintained while meeting the needs and expectations of our communities and delivering Council's objectives. It guides the future planning of Council's financial operations regarding key components such as rate increases, service levels to our community, and infrastructure asset replacement and renewal. It also influences Council's treasury management decisions such as loan indebtedness and internal cash reserve utilisation.

Principles

The Local Government Act 1999 s122 requires Councils to prepare strategic management plans. Under subsections 122(1a)(a) and (1a)(b) each council must prepare a long term financial plan and an infrastructure asset management plan for periods of at least 10 years.

The Local Government (Financial Management) Regulations 2011 5(1) requires a Long-Term Financial Plan to include:

- a. a summary of proposed operating and capital investment activities presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances; and
- b. estimates and target ranges adopted by the council for each year of the long-term financial plan with respect to an operating surplus ratio, a net financial liabilities ratio and an asset sustainability ratio presented in a manner consistent with the note in the Model Financial Statements entitled Financial Indicators.

Councils must also prepare an Annual Business Plan and Budget pursuant to the Local Government Act 1999 s123(1) (a) and (b).

Long Term Plans

*Community Strategic Plan
Long Term Financial Plan
Asset Management Plan*



Corporate Plan

Medium-term (3-5 years)

A plan that outlines the priorities and actions of Council within its current term to achieve the Council's strategies and provide operational direction.



Annual Business Plan

Short-term (1 year)

A statutory requirement setting out Council's key direction and projects for the coming year, and the financial estimates for delivery.

FINANCIAL SUSTAINABILITY STATEMENT

Our Council is committed to making financial decisions that meet today's needs while safeguarding the prosperity of future generations. Through disciplined financial management and prudent planning, we continue to deliver essential services and invest in the growth and well-being of our community.

By strengthening the integration of our strategic documents, we have built a transparent and robust financial management framework. The Long-Term Financial Plan (LTFP) confirms that Council can maintain existing services, renew assets, introduce new initiatives, and achieve strategic objectives in a financially sustainable manner over the medium to long term.

Key Highlights from the LTFP:

1. Stable Financial Foundations: Council has maintained balanced budgets and healthy reserves, providing stability and confidence to support community priorities despite economic challenges.

2. Transparency and Accountability: Our financial practices are open and accountable. The LTFP offers clear insights into performance, decision-making, and future plans, ensuring residents remain informed and engaged.

3. Sustainable Growth: We focus on growth that meets current needs without compromising future generations or placing undue burden on ratepayers.

Looking ahead, Council's financial performance is projected to remain strong over the next decade. Sustainability ratios largely fall within target ranges, demonstrating our capacity to fund essential services and infrastructure for a growing community—while balancing rate increases to minimize impacts on households and businesses.

KEY ASSUMPTIONS

Made in preparation of the plan

The preparation of the Long-Term Financial Plan has been determined based upon the following key assumptions:

Core service levels - The LTFP assumes Council will continue to provide existing services at the current levels within Council's continuous improvement philosophy. This ensures services are effectively and efficiently undertaken while under regular review. Included in this review will be an efficiency audit to ensure that agreed standards are met.

Indexation -The LTFP will incorporate forecasted expenditure levels adjusted to accommodate current cost pressures and anticipated future expenses. Forecast indexation has been updated using the three-year average forecast of the Local Government Price Index (LGPI) or Consumer Price Index (CPI), as recently provided to Council by the South Australian Centre for Economic Studies and the University of Adelaide.

Sustainable Asset Management - The requirement to maintain and improve ageing infrastructure assets to acceptable standards, including roads, footpaths, stormwater drainage, street trees, open space and Council properties is a key priority and responsibility. The LTFP makes allowance for total renewal of all existing assets in line with the updated figures per the Asset Management Plan.

Proposed projects are for indicative purposes only and are subject to future approval by the Council. The LTFP excludes operating costs for the life of the proposed projects.

Grant Funding - Council will continue to seek and optimise the opportunity to leverage any State and Federal stimulus funding provided to the sector. While several proposed projects are outlined in the LTFP, their implementation is contingent upon securing grant funds.

Breakeven or Better Funding Surplus + Cash Position - Maintaining operating surplus positions in the future ensures that the Council can fulfill both current and future commitments, promoting financial sustainability. Concurrently, ensuring a positive cash flow is crucial for sustaining ongoing operational requirements, guaranteeing uninterrupted delivery of council services, and enabling the maintenance of existing assets to meet community service standards. Additionally, it supplies the essential funds required to address long-term asset management objectives.

SUMMARY OF COUNCIL OPERATIONS

Operating Income

Rates

In setting rates, the council is committed to minimising the impact on our community while striving to achieve its long-term strategic goals. General rate revenue and service charges are projected to increase by 2.93% per annum over the term of the plan. A projected natural growth factor of 0.6% per annum has been incorporated into this plan.

Statutory Charges, User Charges & Reimbursement

Statutory Charges, User Charge and Reimbursement Revenue to increase by 2.93% per annum.

Grants, Subsidies and Contributions

Operating Grants to increase by 2.93% per annum

- Roads to Recovery Grants projected to continue for the term of the plan, with provision for years 2-4 adjusted to reflect the 2024-2025 Federal budget announcement.
- Capital income has been allocated for multiple capital projects. However, this allocation is subject to the availability of suitable grants and successful application processes.

Investment Income

- Investment income for deposits projected to increase by 1.00 % per annum

Reimbursements / Other Income

- Other Income to increase by 2.93% per annum
- The sale of the Loxton Riverfront Holiday Park has been factored into Year 2 projections. Consequently, a decrease in other income is anticipated

Operating Expenditure

Employee Costs

- No increases in staffing levels proposed over the life of the plan.
- Wage component increases to be consumer price index movement of 2.76% per annum.

Materials, Contracts and Other Expenses

- All operational costs to increase by 2.93% per annum.
- The sale of the Loxton Riverfront Holiday Park has been factored into Year 2 projections. Consequently, a decrease in expenditure is anticipated.
- Infrastructure valuations and conditions assessments and election expenses have been included in their relevant years, noting these are not indexed.

Finance Costs

The LTFP does not include any new borrowings; instead, it relies on the utilisation of cash reserves to finance capital expenditure. This approach aligns with Council's Treasury Management Policy.

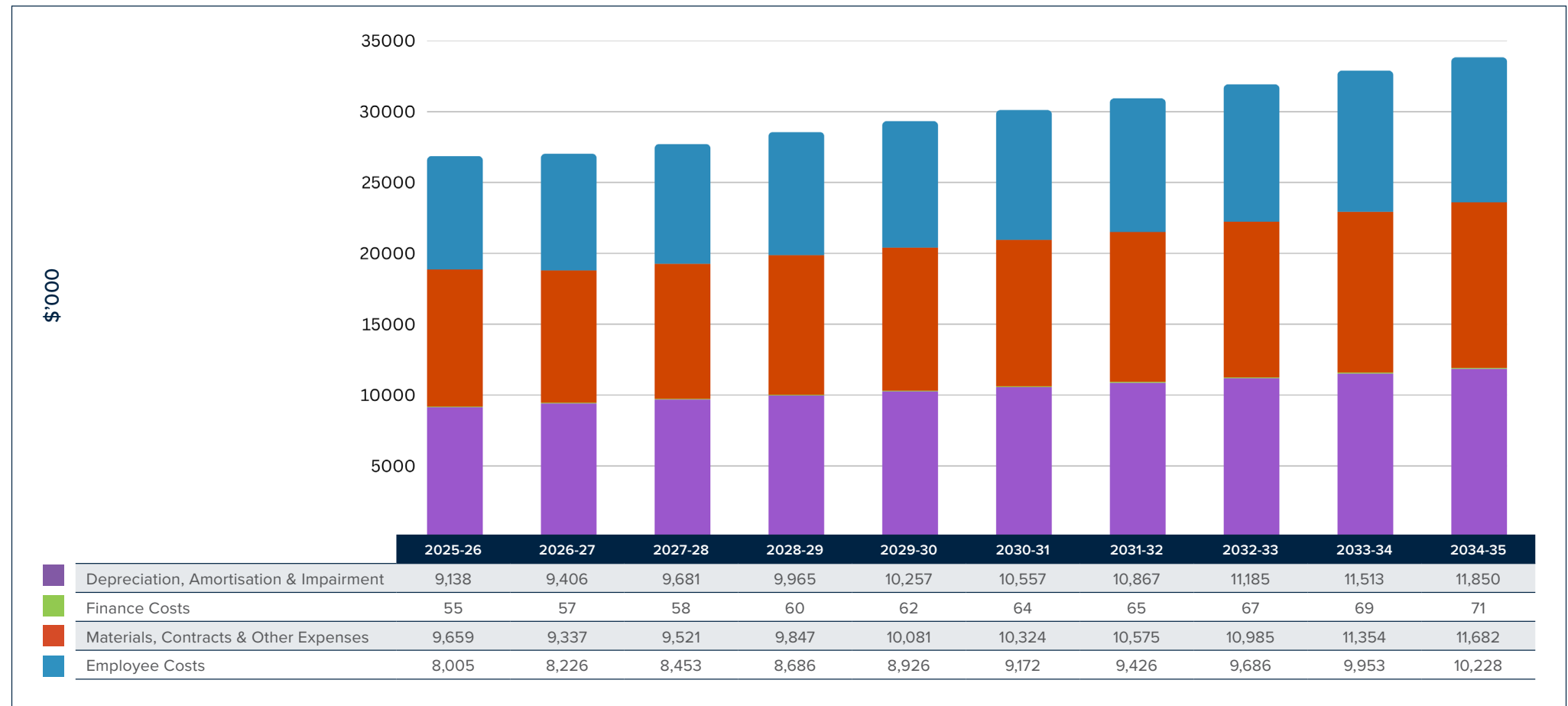
Depreciation, Amortisation and Impairment

Depreciation to increase by 2.93% per annum.

SUMMARY OF COUNCIL OPERATIONS

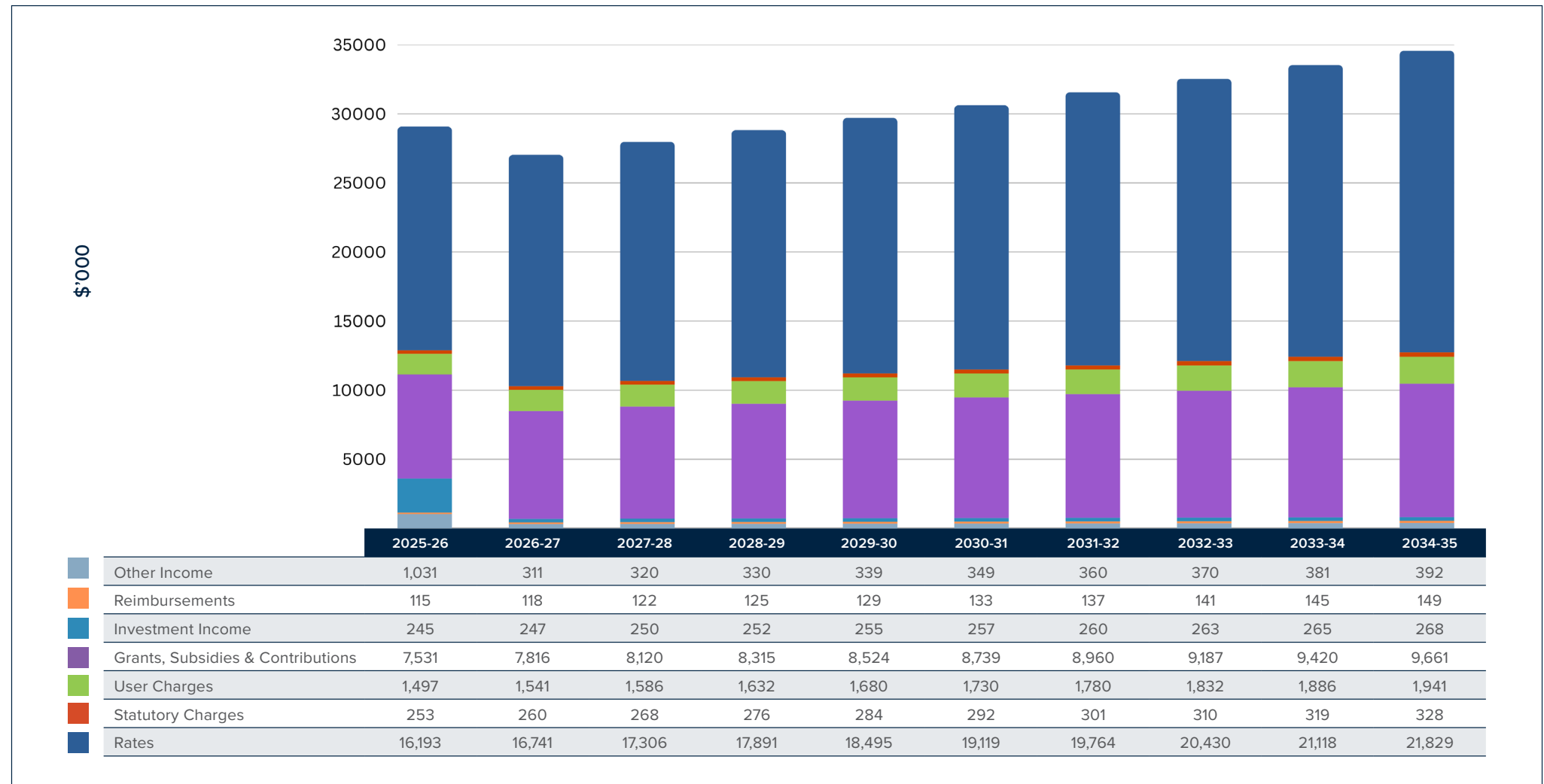
Operating Expenditure

The Long-Term financial plan shows Council's Operating is sustainable over the life of the plan while still maintaining the level of service Council current provides to the community. The below tables demonstrate the growth in Council's operating expenditure and income.



SUMMARY OF COUNCIL OPERATIONS

Operating Income



SUMMARY OF COUNCIL OPERATIONS

Capital Expenditure

Renewal and replacement of existing assets

Total expenditure on the renewal and replacement of existing assets over the term of the plan is estimated at \$89.32 million dollars. This amount includes ongoing allocations for the below asset classes;

- Buildings and Structures including the
- Loxton Retirement Village building assets
- Roads, Footpaths and Kerbing
- Community Wastewater Management Scheme (CWMS)
- Stormwater
- Irrigation
- Plant and Equipment
- Information & Technology

New and Upgrade

Total expenditure on new and upgraded assets over the term of the plan is estimated at \$30.59 million. The projects have been classified below as either 'approved' or 'proposed'

Approved Projects

- Disability Access Plan Building Upgrades
- Upgrades to footpath and mobility access in the district.
- Information technology communication
- Wastewater Upgrade for Reuse
- Footpath and Walking Trail Upgrades

Proposed Projects

Council's corporate plan includes several new and upgraded capital projects, these include

- Capital Expenditure to Reduce Operating
- CDB Upgrades for Waikerie & Loxton
- Upgrades of the Loxton Infrastructure depot
- Population Growth
- Paisley Riverfront
- Waikerie Institute
- Waikerie Recreation Centre
- Loxton and Waikerie Swimming Pool Upgrades

The implementation of several proposed projects is contingent upon securing grant funds and the estimated costs may vary depending on the final project scope. The proposed projects do not include indexation.

A table showing capital expenditure forecasts is shown at 5.6. This appendix is for year 2-10 only. Year 1 projects have been included in Council's 2025-2026 Annual business plan.

A serene landscape featuring a calm body of water in the foreground. A white pelican with a long, pinkish beak is swimming in the water, leaving a gentle wake. The background is filled with a variety of trees, some with green foliage and others that are bare or have light-colored bark, suggesting a coastal or wetland environment. The sky is a pale, hazy blue. A large, dark tree trunk is visible on the right side of the frame. A dark blue horizontal band across the middle of the image contains the text "LONG TERM FINANCIAL PLAN MODEL" in white, bold, sans-serif capital letters.

LONG TERM FINANCIAL PLAN MODEL

FINANCIAL STATEMENTS

Summary Statement

	2026 YEAR 1 \$'000	2027 YEAR 2 \$'000	2028 YEAR 3 \$'000	2029 YEAR 4 \$'000	2030 YEAR 5 \$'000	2031 YEAR 6 \$'000	2032 YEAR 7 \$'000	2033 YEAR 8 \$'000	2034 YEAR 9 \$'000	2035 YEAR 10 \$'000
Operating Activities										
Operating Income	26,865	27,035	27,973	28,822	29,706	30,619	31,561	32,532	33,534	34,568
less Operating Expenses	26,857	27,025	27,714	28,558	29,326	30,117	30,933	31,923	32,889	33,831
Operating Surplus / Deficit	8	10	259	263	380	502	628	609	645	737
CAPITAL ACTIVITIES										
Net Outlays on Existing Assets										
Capital Expenditure on renewal and replacement of Existing Assets	11,310	8,022	7,856	7,357	7,972	8,573	9,051	10,099	8,416	10,671
less Depreciation, Amortisation and Impairment	9,138	9,406	9,681	9,965	10,257	10,557	10,867	11,185	11,513	11,850
less Proceeds from Sale of Replaced Assets	531	228	369	219	243	276	480	523	178	498
Net Outlays on Existing Assets	1,641	-1,383	-1,826	-2,608	-2,285	-1,984	-1,816	-1,086	-3,097	-1,179
Net Outlays on New and Upgraded Assets										
Capital Expenditure on New and Upgraded Assets	4,721	2,452	3,011	8,553	6,816	2,979	494	508	523	538
less Amounts received for New and Upgraded Assets	3,103	1,198	1,175	3,550	2,175	-	-	-	-	-
	1,618	1,254	1,836	5,003	4,641	2,979	494	508	523	538
Net Lending / (Borrowing) for financial year	-3,251	139	249	-2,132	-1,975	-493	1,951	1,187	3,219	1,378

FINANCIAL STATEMENTS

Summary of Comprehensive Income

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	YEAR 1 \$'000	YEAR 2 \$'000	YEAR 3 \$'000	YEAR 4 \$'000	YEAR 5 \$'000	YEAR 6 \$'000	YEAR 7 \$'000	YEAR 8 \$'000	YEAR 9 \$'000	YEAR 10 \$'000
Income										
Rates	16,193	16,741	17,306	17,891	18,495	19,119	19,764	20,430	21,118	21,829
Statutory Charges	253	260	268	276	284	292	301	310	319	328
User Charges	1,497	1,541	1,586	1,632	1,680	1,730	1,780	1,832	1,886	1,941
Grants, Subsidies and Contributions	7,531	7,816	8,120	8,315	8,524	8,739	8,960	9,187	9,420	9,661
Investment Income	245	247	250	252	255	257	260	263	265	268
Reimbursements	115	118	122	125	129	133	137	141	145	149
Other Income	1,031	311	320	330	339	349	360	370	381	392
Total Income	26,865	27,035	27,973	28,822	29,706	30,619	31,561	32,532	33,534	34,568
Expenses										
Employee Costs	8,005	8,226	8,453	8,686	8,926	9,172	9,426	9,686	9,953	10,228
Materials, Contracts & Other Expenses	9,659	9,337	9,521	9,847	10,081	10,324	10,575	10,985	11,354	11,682
Finance Costs	55	57	58	60	62	64	65	67	69	71
Depreciation, Amortisation & Impairment	9,138	9,406	9,681	9,965	10,257	10,557	10,867	11,185	11,513	11,850
Total Expenses	26,857	27,025	27,714	28,558	29,326	30,117	30,933	31,923	32,889	33,831
Operating Surplus/Deficit	8	10	259	263	380	502	628	609	645	737
Amounts Specifically for New or Upgraded Assets	3,103	1,198	1,175	3,550	2,175	-	-	-	-	-
Gain (Loss) on Sale of Asset	-	1,500	-	-	-	-	-	-	-	-
Net Surplus / Deficit	3,111	1,210	1,434	3,813	2,555	502	628	609	645	737

FINANCIAL STATEMENTS

Statement of Financial Position

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	YEAR 1 \$'000	YEAR 2 \$'000	YEAR 3 \$'000	YEAR 4 \$'000	YEAR 5 \$'000	YEAR 6 \$'000	YEAR 7 \$'000	YEAR 8 \$'000	YEAR 9 \$'000	YEAR 10 \$'000
ASSETS										
Current Assets										
Cash and cash equivalents	1,505	2,345	3,449	2,035	814	1,123	4,094	6,358	10,323	12,783
Trade and other receivables	1,371	1,411	1,453	1,495	1,539	1,584	1,630	1,678	1,727	1,778
Inventories	95	98	101	104	107	110	113	116	120	123
Total Current Assets	2,971	3,854	5,002	3,633	2,460	2,816	5,837	8,153	12,170	14,684
Non-Current Assets										
Financial assets	606	1,531	1,478	1,425	1,371	1,316	1,262	1,207	1,153	1,099
Investment property	19,596	20,170	20,761	21,369	21,996	22,640	23,303	23,986	24,689	25,412
Infrastructure, property, plant and equipment	290,391	288,126	288,062	292,884	296,242	296,004	293,216	291,101	287,306	285,093
Other non-current assets	10,500	10,808	11,124	11,450	11,786	12,131	12,487	12,852	13,229	13,617
Total Non-Current Assets	321,093	320,635	321,425	327,128	331,394	332,091	330,268	329,147	326,377	325,220
TOTAL ASSETS	324,064	324,490	326,427	330,762	333,854	334,908	336,105	337,299	338,547	339,904
LIABILITIES										
Current Liabilities										
Trade and other payables	16,939	17,435	17,946	18,472	19,013	19,570	20,144	20,734	21,341	21,967
Short Term Provisions	14	14	14	14	14	14	14	14	14	14
Short Term Borrowings	1,300	14	11	11	12	12	12	13	13	13
Total Current Liabilities	18,253	17,463	17,971	18,497	19,039	19,596	20,170	20,761	21,368	21,994
Non-Current Liabilities										
Long Term Provisions	215	221	228	234	241	248	256	263	271	279
Long Term Borrowings	194	194	182	171	159	147	135	122	109	96
Total Non-Current Liabilities	409	415	410	405	401	396	391	385	380	375
TOTAL LIABILITIES	18,662	17,878	18,382	18,903	19,440	19,992	20,561	21,146	21,748	22,369
NET ASSETS	305,402	306,612	308,046	311,859	314,414	314,916	315,544	316,153	316,799	317,536
EQUITY										
Accumulated Surplus	109,129	110,339	111,773	115,586	118,141	118,643	119,271	119,880	120,526	121,263
Asset revaluation reserve	196,213	196,213	196,213	196,213	196,213	196,213	196,213	196,213	196,213	196,213
Other reserves	60	60	60	60	60	60	60	60	60	60
TOTAL EQUITY	305,402	306,612	308,046	311,859	314,414	314,916	315,544	316,153	316,799	317,536

FINANCIAL STATEMENTS

Statement of Changes in Equity

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	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
Accumulated Surplus										
Bal. at beginning of period	104,992	109,129	110,339	111,773	115,586	118,141	118,643	119,271	119,880	120,526
Net Surplus / (Deficit) for Yr	3,111	1,210	1,434	3,813	2,555	502	628	609	645	737
Transfer (to) / from reserves	1,026	-	-	-	-	-	-	-	-	-
Balance at end of period	109,129	110,339	111,773	115,586	118,141	118,643	119,271	119,880	120,526	121,263
RESERVE ACCOUNTS										
Asset Revaluation Reserve										
Bal.at beginning of period	194,913	196,213	196,213	196,213	196,213	196,213	196,213	196,213	196,213	196,213
Additional revaluations	1,300	-	-	-	-	-	-	-	-	-
Balance at end of period	196,213	196,213	196,213	196,213	196,213	196,213	196,213	196,213	196,213	196,213
Other Reserves										
Bal.at beginning of period	1,086	60	60	60	60	60	60	60	60	60
Transfer to / (from) reserves	-1,026	-	-	-	-	-	-	-	-	-
Balance at end of period	60	60	60	60	60	60	60	60	60	60
TOTAL RESERVE BALANCES	196,273	196,273	196,273	196,273	196,273	196,273	196,273	196,273	196,273	196,273
TOTAL EQUITY	305,402	306,612	308,046	311,859	314,414	314,916	315,544	316,153	316,799	317,536

FINANCIAL STATEMENTS

Statement of Cash Flow

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	YEAR 1 \$'000	YEAR 2 \$'000	YEAR 3 \$'000	YEAR 4 \$'000	YEAR 5 \$'000	YEAR 6 \$'000	YEAR 7 \$'000	YEAR 8 \$'000	YEAR 9 \$'000	YEAR 10 \$'000
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Operating receipts	26,231	26,788	27,723	28,569	29,451	30,361	31,301	32,269	33,269	34,300
Investment receipts	245	247	250	252	255	257	260	263	265	268
Payments										
Operating payments to suppliers and employees	-16,933	-17,563	-17,974	-18,533	-19,007	-19,496	-20,000	-20,670	-21,307	-21,909
Finance payments	-5	-5	-5	-5	-4	-4	-4	-3	-3	-3
Net Cash provided by (or used in) Operating Activities	9,538	9,467	9,994	10,283	10,695	11,119	11,557	11,858	12,225	12,656
CASH FLOW FROM INVESTING ACTIVITIES										
Receipts										
Amounts specifically for new or upgraded assets	3,103	1,198	1,175	3,550	2,175	-	-	-	-	-
Sale of replaced assets	531	228	369	219	243	276	480	523	178	498
Sale of assets	-	3,000	-	-	-	-	-	-	-	-
Repayments of loans by community groups	53	59	59	59	59	59	59	59	58	58
Payments										
Expenditure on renewal/replacement of assets	-10,321	-8,022	-7,856	-7,357	-7,972	-8,573	-9,051	-10,099	-8,416	-10,671
Expenditure on new/upgraded assets	-4,308	-2,452	-3,011	-8,553	-6,816	-2,979	-494	-508	-523	-538
Loans made to community groups	-	-	-	-	-	-	-	-	-	-
Net Cash provided by (or used in) Investing Activities	-10,942	-8,986	-9,264	-12,082	-12,311	-11,218	-9,005	-10,025	-8,704	-10,654
CASH FLOW FROM FINANCING ACTIVITIES										
Receipts										
Proceeds from Borrowings	-	-	-	-	-	-	-	-	-	-
Proceeds from Aged Care Facility deposits	1,122	1,155	1,189	1,224	1,259	1,296	1,334	1,373	1,414	1,455
Payments										
Repayments of Borrowings	-14	-14	-11	-11	-12	-12	-12	-13	-13	-13
Repayment of Aged Care Facility deposits	-759	-781	-804	-828	-852	-877	-903	-929	-956	-984
Net Cash provided by (or used in) Financing Activities	349	360	373	384	396	407	419	432	444	457
NET INCREASE (DECREASE) IN CASH HELD	-1,055	840	1,103	-1,414	-1,221	309	2,971	2,265	3,965	2,459
Cash & cash equivalents at beginning of period	2,560	1,505	2,345	3,449	2,035	814	1,123	4,094	6,358	10,323
CASH & CASH EQUIVALENTS AT END OF PERIOD	1,505	2,345	3,449	2,035	814	1,123	4,094	6,358	10,323	12,783

FINANCIAL STATEMENTS

Capital Expenditure

	2027 YEAR 2	2028 YEAR 3	2029 YEAR 4	2030 YEAR 5	2031 YEAR 6	2032 YEAR 7	2033 YEAR 8	2034 YEAR 9	2035 YEAR 10
ASSET RENEWAL & REPLACEMENT									
Asset Management Plans									
Roads, Footpaths and Kerbing	4,738,767	4,873,139	5,020,466	5,167,300	5,318,561	5,474,836	5,635,243	5,799,851	5,968,971
Buildings	692,000	712,276	733,145	754,626	776,737	799,495	822,921	847,032	871,850
Community Waste Management System (CWMS)	37,740	38,429	38,737	426,582	700,975	72,287	962,822	135,373	1,184,549
Stormwater	-	-	218,185	-	-	-	-	19,749	34,891
Plant & Fleet Management	1,979,068	1,718,629	690,308	1,005,146	1,221,300	2,143,285	2,038,517	966,127	1,990,203
Irrigation	92,874	16,933	145,707	92,568	14,658	3,804	66,783	58,197	13,388
Other									
Buildings - Loxton Retirement Village	442,000	454,951	468,281	482,001	496,124	510,660	525,623	541,023	556,875
Information Technology	40,000	41,172	42,378	43,620	44,898	46,214	47,568	48,961	50,396
Total Asset Renewal/Replacement	8,022,450	7,855,528	7,357,207	7,971,844	8,573,252	9,050,582	10,099,477	8,416,314	10,671,123
NEW/UPGRADED ASSETS									
Information Technology	30,000	30,879	31,784	32,715	33,674	34,660	35,676	36,721	37,797
Disability Access Plan Building Upgrade	30,000	30,879	31,784	32,715	33,674	34,660	35,676	36,721	37,797
Mobility Access / Footpath Upgrade Program	-	275,000	283,058	291,351	299,888	308,674	317,719	327,028	336,610
Capital Expenditure to Reduce Operating	100,000	102,930	105,946	109,050	112,245	115,534	118,919	122,403	125,990
East Terrace Loxton Upgrades*	-	200,000	-	-	-	-	-	-	-
Loxton Infrastructure depot	-	-	1,000,000	2,000,000	1,000,000	-	-	-	-
Paisley Riverfront	-	221,600	-	-	-	-	-	-	-
Population Growth (Infrastructure Provision)*	500,000	500,000	500,000	-	-	-	-	-	-
Waikerie CBD Upgrades*	200,000	-	-	-	-	-	-	-	-
Wastewater Upgrade for Ruse	460,480	-	-	-	-	-	-	-	-
Waikerie Recreation Centre*	-	-	3,500,000	3,500,000	1,500,000	-	-	-	-
Footpath and Walking Trail Upgrades*	1,131,428	-	-	-	-	-	-	-	-
Waikerie Swimming Pool Upgrades*	-	1,650,000	550,000	-	-	-	-	-	-
Loxton Swimming Pool Upgrades*	-	-	2,550,000	850,000	-	-	-	-	-
Total New/Upgraded Assets	2,451,908	3,011,288	8,552,571	6,815,831	2,979,480	493,529	507,989	522,873	538,193
TOTAL CAPITAL EXPENDITURE	10,474,358	10,866,816	15,909,778	14,787,675	11,552,733	9,544,111	10,607,466	8,939,187	11,209,316

* Grant Funded

KEY FINANCIAL INDICATORS

Explanation of Financial Indicators

The Council utilises three Key Performance Indicators (KPIs) to monitor its financial performance and sustainability. These indicators are:

- Operating Surplus Ratio
- Net Financial Liabilities Ratio
- Asset Sustainability Ratio

These indicators aim to provide decision-makers and stakeholders with a clearer understanding of financial performance, position, and asset management effectiveness. Each indicator is accompanied by detailed commentary, offering a description, rationale, and proposed target to facilitate informed decision-making.

KEY FINANCIAL INDICATORS

Operating Surplus Ratio (Financial Performance)

This ratio is the operating surplus/(deficit) expressed as percentage rates.

By what percentage does the major controllable income source vary from day-to-day expenses?

How is this ratio calculated?

A

B

A = Operating surplus

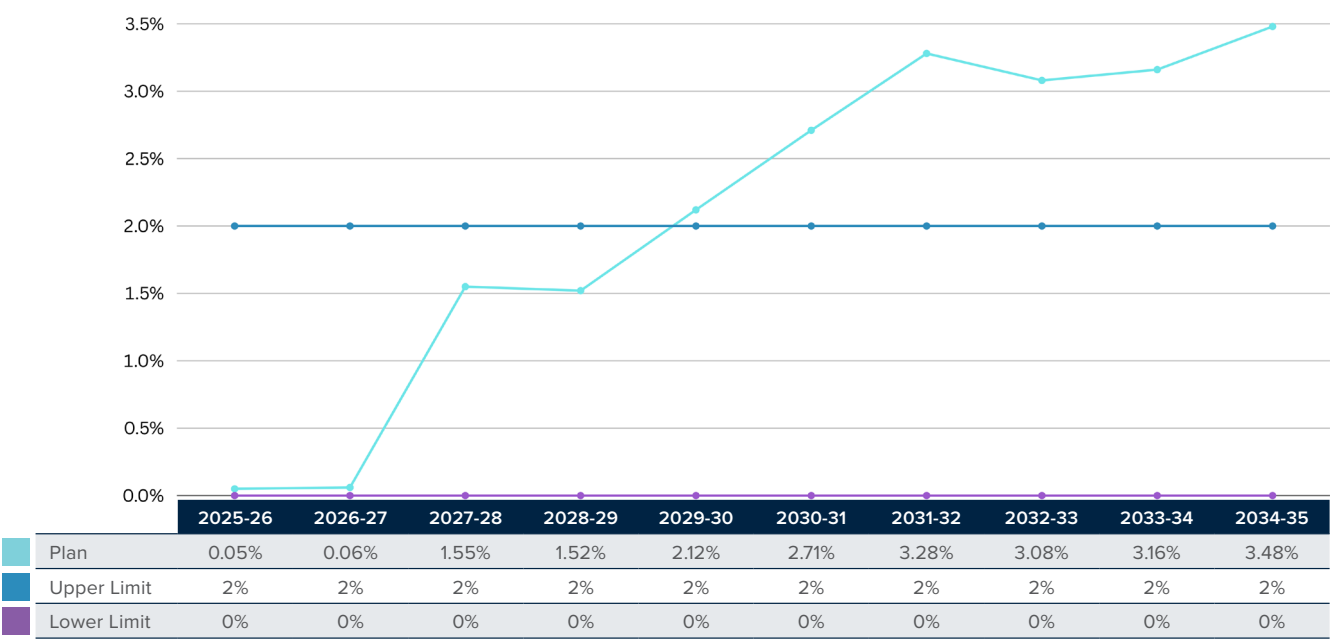
B = Rates revenue

Council Target

Council’s target is to achieve, on average over time, an operating surplus ratio within a range of 0-2%.

LGA Target

The Local Government Association of SA recommended target is to achieve an operating surplus ratio of between 0% and 15% over any five year period.



Commentary on Projected Performance

Council’s projected operating surplus ratio is consistent with the LGA recommended target range, though it is worth noting the increase reflected within the plan ensures that the Council can fulfill both current and future commitments, promoting financial sustainability.

KEY FINANCIAL INDICATORS

Net Financial Liabilities Ratio (Financial Position)

This ratio is a measure of the ability to cover operational costs and have revenues available for capital funding, repayment of debt or consider the provision of new services.

What is owed to others less money held, invested or owed to Council?

How is this ratio calculated?

A

B

A = Total liabilities less current cash and cash equivalents, trade and other receivables, other financial assets, non-current financial assets

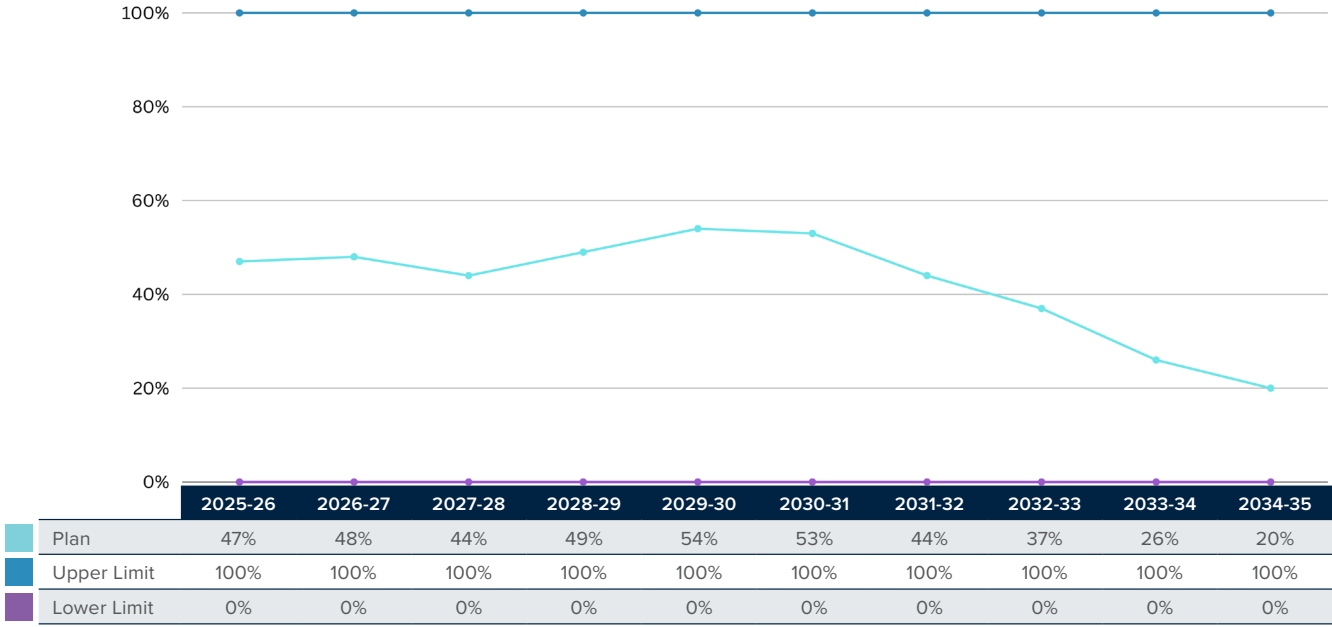
B = Total operating revenue

Council Target

Council's limit is for Net Financial Liabilities to be greater than zero and less than 100% of total operating revenue.

LGA Target

The Local Government Association of SA target is the same as Council's.



Commentary on Projected Performance

This ratio is set to remain within Council's target for the entire 10 years of the Long Term Financial Plan

KEY FINANCIAL INDICATORS

Asset Sustainability Ratio (Asset Management Performance)

This ratio indicates whether the Council is renewing or replacing existing assets at the rate of consumption.

Capital expenditure on renewal or replacement of existing depreciable assets/required expenditure as required by respective asset management plans.

How is this ratio calculated?

$$\frac{A - B}{C}$$

A = Expenditure on the renewal / replacement of assets

B = Sale of replaced assets

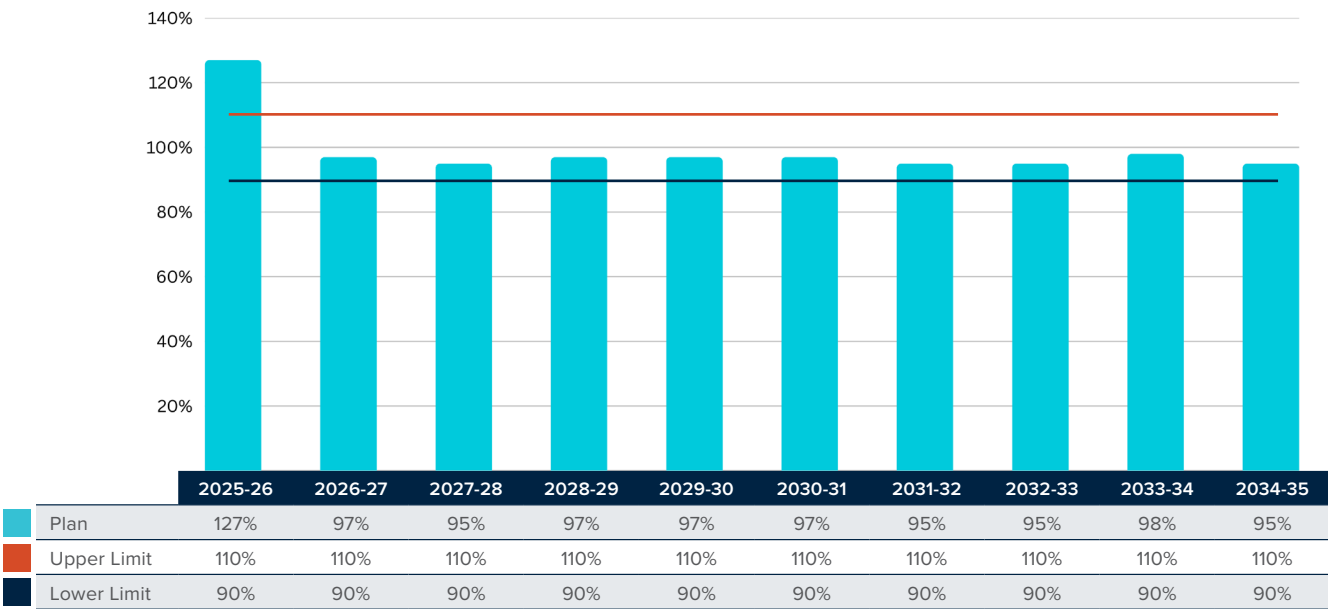
C = Optimal level of such expenditure proposed in Council's Infrastructure and Asset Management Plan

Council Target

Council's target is that capital outlays on renewal / replacement of assets net of proceeds from sale of replaced assets are greater than 90% but less than 110% of the level proposed in the Infrastructure and Asset Management Plan.

LGA Target

The Local Government Association of SA target is the same as Council's.



Commentary on Projected Performance

Council has allocated an amount each year to cover 100% of the cost of renewal for Council's infrastructure assets, in line with the Asset Management Plan. The Asset Sustainability Ratio takes into consideration income received from the sale of replaced assets.

GLOSSARY

Operating Expenses

Recurrent expenditure necessary in the operations of Council.

Operating Income

Revenue generated by the provision of service including any service rates and charges raised. It is also inclusive of grant funding, statutory charges, reimbursements, contributions, donations and other income.

Operating Surplus / (Deficit) before capital amounts

Operating income less operating expenditure before capital amounts.

Capital Expenditure on Renewal / Replacement of Existing Assets

Expenditure on assets has two components. The first is maintenance. This is included in operating expenditure. The second is capital. That is, expenditure on the renewal of Council assets. This is not shown under operating expenditure, rather it is included in the Balance Sheet of Council as an asset. Generally the asset is subsequently depreciated.

Depreciation

Depreciation represents the systematic allocation of the depreciable amount (service potential) of an asset over its useful life. Put simply – an expense recognising systematic consumption of Council assets.

Capital Expenditure on New/Upgraded Assets

The amount spent on new or upgraded assets.

Amounts Received Specifically For New or Upgraded Assets

Monies received generally tied to the specific projects for which they are granted, which are often upgrade and/or expansion or new investment proposals.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and demand deposits, as well as short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. These investments generally have a maturity of three months or less from the date of acquisition.

Loans Received

Representative of loans drawn down and received throughout the year. Loans result in funds being received which are then repaid over a period of time with interest (an additional cost).

Net Lending / (Borrowing) for the Financial Year

Net lending / (borrowing) is a flow measure that reflects the difference between revenue and expenditure from both operating and capital activities during the financial year. A result of zero indicates that the Council has funded all operating and capital expenditure from current year income, including amounts received specifically for new or upgraded assets.

Reserves

Council may elect to nominate funds that will be

required for specified future capital expenditure. Until these funds are required, they may be used to fund other capital expenditure that would otherwise require a loan.

Depreciation, Amortisation and Impairment

Depreciation, Amortisation and Impairment is represented by the fact that all non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

Finance Costs

Finance costs are represented by the cost of borrowings including the interest component of loan repayments.

Materials, Contracts and Other Expenses

Materials, contracts and other expenses include costs associated with both the acquisition of goods and services such as payments for insurance cover premiums, light and power, consulting fees, legal charges, fuel and oil, repairs and maintenance, communications and all other costs not elsewhere attributable.

Employee Costs

This classification includes all expenditure in the employment of Council's staff inclusive of on-costs. It includes staff salaries and wages, accrued leave entitlements, superannuation, and workers compensation. It does not include capitalised employee expenditure.

GLOSSARY

Other Revenues

Other revenue is revenue received, not elsewhere classified. Examples include insurance recoupments, rebates and commissions.

Reimbursements

Reimbursements are amounts received as payment for work done by the Council acting as an agent for other government bodies and property owners, organisations and individuals. It also includes “contributions” received by the parent or main operating council from member Council’s for a joint undertaking. They include:

- a. reimbursement for road works - state government, public corporations, private bodies/private roads,
- b. Council’s private works
- c. joint undertakings - dog control, health/building inspection boards, libraries
- d. recoveries from other bodies for work done - Construction Industry Training Fund Levy collection fees
- e. reimbursement of collection costs for NRM levy.

Investment Income

Investment income is revenue from financial investments or loans to community groups. It includes interest received:

- from the Local Government Finance Authority or banks; and
- on loans to community groups.

Grants, Subsidies and Contributions

Grants, subsidies and contributions include such grant and other related income from all sources but excludes grants and subsidies received specifically for new or upgraded assets.

User Charges

User charges is revenue from the sale of goods and services or rent of property/facilities (other than rental of investment property as defined in the accounting standards). They are voluntary charges for which the payer receives a direct benefit. They include: admission charges; caravan park fees; cemetery fees; parking fees; building rents; library fees/fines; waste transfer station disposal fees; sundry sales; hall hire; equipment hire.

Statutory Charges

Statutory charges are fees levied from regulatory services. They are associated with the granting of a permit/licence, the regulation of an activity or penalties for non-compliance with a regulatory requirement. They include Development Act fees; town planning fees; rate searches; dog registration fees and fines; parking fines and expiation fees; litter fines; health fines; environmental control fines; litter control fines; septic tank fees; other licences/fees/fines.

Rates

Rates income is all revenue including an amount charged by reference to a valuation, any fixed charge also included within that structure. It includes amounts received from general rates, service rates (CWMS and Kerbside Waste Collection charges), levies collected on behalf of State Government agencies (Natural Resource Management Levy) and late payment penalties imposed. Mandatory and discretionary rebates allowed are netted off against rate revenue items.

APPENDIX A

Asset Renewal & Replacement Reconciliation

The renewal and replacement of Council's assets should be informed and guided by Council's Asset Management Plan (AMP). The AMP enables Council to prioritise and allocate resources effectively for the maintenance, renewal, and upgrade of assets by assessing both the level of service provided and the current asset condition. The AMP also strengthens Council's financial planning framework by defining

renewal funding needs, supporting the maintenance of key asset performance indicators, and informing long-range financial projections.

Alignment between the AMP and the Long Term Financial Plan (LTFP) is critical to ensuring consistent and sustainable financial planning. Council follows the guidelines of the Local Government Association to

prepare the AMP using current-day dollars, and apply indexation to the LTFP to asset renewal projections to reflect anticipated future cost movements.

The table below presents a reconciliation of asset renewal and replacement values between the Asset Management Plan and the Long Term Financial Plan.

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	YEAR 1 \$'000	YEAR 2 \$'000	YEAR 3 \$'000	YEAR 4 \$'000	YEAR 5 \$'000	YEAR 6 \$'000	YEAR 7 \$'000	YEAR 8 \$'000	YEAR 9 \$'000	YEAR 10 \$'000
Asset Management Plan										
Transport	4,613	4,473	4,469	4,473	4,473	4,472	4,473	4,473	4,472	4,472
Buildings	200	692	692	692	692	692	692	692	692	692
Community Waste Management System (CWMS)	541	36	35	35	369	589	59	764	104	887
Stormwater	-	-	-	194	-	-	-	-	15	26
Plant & Fleet Management	1,733	1,868	1,576	615	870	1,027	1,751	1,618	745	1,491
Irrigation	-	88	16	130	80	12	3	53	45	10
Total Asset Management Plan	7,087	7,157	6,788	6,139	6,484	6,792	6,978	7,600	6,073	7,578
Adjustments										
Indexation	-	384	572	708	962	1,239	1,516	1,926	1,752	2,485
Buildings - Loxton Retirement Village	765	442	455	468	482	496	511	526	541	557
Information Technology	60	40	41	42	44	45	46	48	49	50
Council Project Management & Full Cost Attribution Costs	1,298	-	-	-	-	-	-	-	-	-
Flood Recovery Projects	1,984	-	-	-	-	-	-	-	-	-
Parks & Gardens Projects	116	-	-	-	-	-	-	-	-	-
Total Adjustments	4,223	866	1,068	1,218	1,488	1,780	2,073	2,500	2,342	3,092
LONG TERM FINANCIAL PLAN (AMP less Adjustments)	11,310	8,022	7,856	7,357	7,972	8,573	9,051	10,099	8,416	10,671

CONTACT DETAILS & FURTHER INFORMATION

Long Term Financial Plan

A copy of Council's Long Term Financial Plan is available on our website, lwdc.sa.gov.au

Our website has recently been updated and contains a vast array of information regarding our services and activities. It also contains all the other relevant plans and documents mentioned within the Long Term Financial Plan.

If you have a question or comment regarding our Long Term Financial Plan, or any other query regarding our business, please contact us.

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