

Draft Long Term **Financial Plan**



District Council of
Loxton Waikerie

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District Council of Loxton Waikerie Draft Long Term Financial Plan 2024-2034

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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

It is the Council's responsibility to ensure that our financial decisions not only meet today's needs but also safeguard the prosperity of future generations. Over the years, our Council has diligently maintained fiscal discipline and prudence, enabling us to continue delivering essential services and investing in the growth and well-being of our community.

By continuously improving the integration between the Council's suite of strategic documents, we ensure the development and implementation of a robust and transparent financial management system. Our Long-Term Financial Plan (LTFP) demonstrates that the Council can sustain existing services, maintain assets, introduce new programs, and achieve its strategic objectives in a financially sustainable manner over the medium to long term.

Key Highlights from the LTFP:

1. Stable Financial Position: Despite economic fluctuations, our Council has maintained a stable financial position with balanced budgets and healthy reserves. This stability provides a solid foundation for delivering essential services and investing in our community's future.

2. Transparency and Accountability: We are committed to transparency and accountability in our financial management practices. The LTFP offers detailed insights into our financial performance, decision-making processes, and future plans, ensuring that residents are informed and engaged in community governance.

3. Sustainable Growth: Our focus on sustainable growth and development ensures that we meet the needs of current and future generations without compromising the well-being of our community or overburdening future ratepayers.

It is gratifying to see that the Council's financial performance and sustainability will remain strong over the coming ten years. The Council's performance against its Sustainability Ratios largely falls within target ranges, showcasing its future financial capability to provide crucial services and infrastructure for our expanding community. This achievement balances rate rises while minimizing the impact 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. The plan is informed by the 5-year average increase in the consumer price index for the Adelaide All Groups, concluding on March 31, 2024.

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 Draft Infrastructure 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 is projected to increase by 3.94% 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 3.94% per annum.

Grants, Subsidies and Contributions

- Operating Grants to increase by 3.94% 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 3.94% per annum
- The sale of the Loxton Riverfront Holiday Park has been factored into Year 3 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 based on the 5-year average consumer price index movement of 3.94% per annum.
- Incremental increase in superannuation guarantee levy as per legislation. Superannuation to reach 12.0% on 1 July 2025.

Materials, Contracts and Other Expenses

- All operational costs to increase by 3.94% per annum which is reflective of the 5-year average increase in consumer price index.
- The sale of the Loxton Riverfront Holiday Park has been factored into Year 3 projections. Consequently, a decrease in expenditure is anticipated.

Finance Costs

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

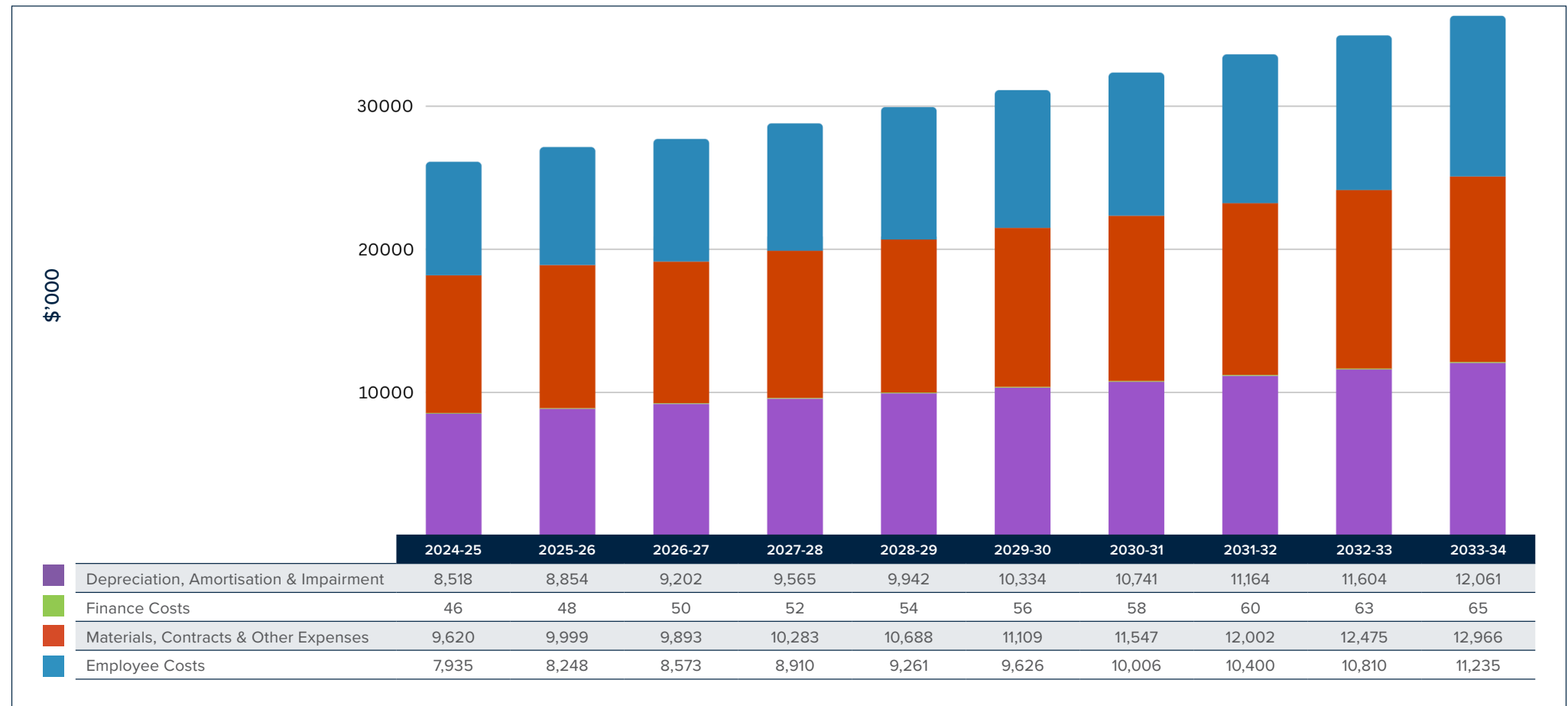
Depreciation, Amortisation and Impairment

Depreciation to increase by 3.94% 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 \$95.2 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

The renewal allocations are identified in accordance with priorities set in the asset management plan and allow for indexation.

The expected replacement of the Loxton and Waikerie Swimming pool asset has been incorporated into the plan pending advice being currently sought. Detailed costing and planning still be complete.

New and Upgrade

Total expenditure on new and upgraded assets over the term of the plan is estimated at \$17 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

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
- Wastewater Upgrade for Reuse
- Waikerie Recreation Centre

The implementation of several proposed projects is contingent upon securing grant funds and the estimated costs may vary depending on the final project scope.

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 2024-2025 Annual business plan.

A serene landscape featuring a calm body of water in the foreground. A single white swan with a black wing patch is swimming towards the right, leaving a gentle wake. The water reflects the sky and the surrounding trees. In the background, a line of trees with varying foliage (some green, some bare) stands against a soft, overcast sky. On the right side, a large, dark, textured tree trunk is partially visible, framing the scene. A dark blue horizontal band is superimposed across the middle of the image, containing the title text.

LONG TERM FINANCIAL PLAN MODEL

FINANCIAL STATEMENTS

Summary Statement

	2025 YEAR 1 \$'000	2026 YEAR 2 \$'000	2027 YEAR 3 \$'000	2028 YEAR 4 \$'000	2029 YEAR 5 \$'000	2030 YEAR 6 \$'000	2031 YEAR 7 \$'000	2032 YEAR 8 \$'000	2033 YEAR 9 \$'000	2034 YEAR 10 \$'000
Operating Activities										
Operating Income	26,121	27,394	28,065	29,258	30,433	31,657	32,932	34,260	35,644	37,085
/less Operating Expenses	26,119	27,148	27,718	28,810	29,945	31,125	32,351	33,626	34,951	36,328
Operating Surplus / Deficit	2	246	348	449	488	532	581	634	693	758
CAPITAL ACTIVITIES										
Net Outlays on Existing Assets										
Capital Expenditure on renewal and replacement of Existing Assets	9,377	8,751	9,066	8,644	8,984	9,338	9,706	10,088	10,486	10,899
/less Depreciation, Amortisation and Impairment	8,518	8,854	9,202	9,565	9,942	10,334	10,741	11,164	11,604	12,061
/less Proceeds from Sale of Replaced Assets	476	395	410	426	443	461	479	498	517	538
Net Outlays on Existing Assets	383	-103	-137	-921	-958	-996	-1,035	-1,076	-1,118	-1,162
Net Outlays on New and Upgraded Assets										
Capital Expenditure on New and Upgraded Assets	3,422	5,167	4,663	4,481	500	519	540	561	583	606
/less Amounts received for New and Upgraded Assets	1,348	2,250	1,500	1,500	0	0	0	0	0	0
	2,074	2,917	3,163	2,981	500	519	540	561	583	606
Net Lending / (Borrowing) for financial year	-2,455	-2,568	-2,678	-1,611	946	1,008	1,076	1,149	1,228	1,313

FINANCIAL STATEMENTS

Summary of Comprehensive Income

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	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	15,728	16,419	17,139	17,891	18,676	19,495	20,349	21,241	22,171	23,141
Statutory Charges	285	296	308	320	333	346	359	374	388	404
User Charges	1,420	1,476	1,534	1,595	1,657	1,723	1,791	1,861	1,934	2,011
Grants, Subsidies and Contributions	7,339	7,809	8,293	8,638	8,929	9,230	9,544	9,869	10,207	10,558
Investment Income	268	271	273	276	279	282	284	287	290	293
Reimbursements	85	88	92	95	99	103	107	111	116	120
Other Income	996	1,035	426	443	460	478	497	517	537	558
Total Income	26,121	27,394	28,065	29,258	30,433	31,657	32,932	34,260	35,644	37,085
Expenses										
Employee Costs	7,935	8,248	8,573	8,910	9,261	9,626	10,006	10,400	10,810	11,235
Materials, Contracts & Other Expenses	9,620	9,999	9,893	10,283	10,688	11,109	11,547	12,002	12,475	12,966
Finance Costs	46	48	50	52	54	56	58	60	63	65
Depreciation, Amortisation & Impairment	8,518	8,854	9,202	9,565	9,942	10,334	10,741	11,164	11,604	12,061
Total Expenses	26,119	27,148	27,718	28,810	29,945	31,125	32,351	33,626	34,951	36,328
Operating Surplus/Deficit	2	246	348	449	488	532	581	634	693	758
Net Gain (Loss) on Disposal or Revaluation of Assets	-	-	-	-	-	-	-	-	-	-
Amounts Specifically for New or Upgraded Assets	1,348	2,250	1,500	1,500	0	0	-	-	-	-
Gain (Loss) on Sale of Asset	-	-	1,500	-	-	-	-	-	-	-
Net Surplus / Deficit	1,350	2,496	3,348	1,949	488	532	581	634	693	758

FINANCIAL STATEMENTS

Statement of Financial Position

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	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
ASSETS										
Current Assets										
Cash and cash equivalents	4,048	2,410	3,699	3,093	5,081	7,170	9,368	11,682	14,117	16,684
Trade and other receivables	1,726	1,794	1,865	1,938	2,015	2,094	2,176	2,262	2,351	2,444
Inventories	70	73	76	79	82	85	88	92	95	99
Total Current Assets	5,844	4,277	5,640	5,109	7,177	9,349	11,633	14,036	16,564	19,227
Non-Current Assets										
Financial assets	1,584	1,531	1,478	1,425	1,371	1,316	1,262	1,207	1,153	1,099
Investment property	19,388	20,152	20,946	21,771	22,629	23,521	24,447	25,410	26,412	27,452
Infrastructure, property, plant and equipment	253,445	256,868	258,189	259,978	257,681	255,293	252,812	250,232	247,551	244,765
Other non-current assets	15,000	15,591	16,205	16,844	17,507	18,197	18,914	19,659	20,434	21,239
Total Non-Current Assets	289,417	294,143	296,818	300,018	299,188	298,328	297,435	296,509	295,550	294,554
TOTAL ASSETS	295,261	298,419	302,458	305,127	306,365	307,677	309,068	310,545	312,114	313,782
LIABILITIES										
Current Liabilities										
Trade and other payables	17,088	17,761	18,461	19,188	19,944	20,730	21,547	22,396	23,278	24,196
Short Term Provisions	2,017	2,017	2,017	2,017	2,017	2,017	2,017	2,017	2,017	2,017
Short Term Borrowings	16	14	11	11	12	12	12	13	13	13
Total Current Liabilities	19,121	19,792	20,489	21,217	21,973	22,759	23,576	24,426	25,308	26,226
Non-Current Liabilities										
Long Term Provisions	115	120	124	129	134	140	145	151	157	163
Long Term Borrowings	207	194	182	171	159	147	135	122	109	96
Total Non-Current Liabilities	322	313	307	300	293	287	280	273	266	259
TOTAL LIABILITIES	19,443	20,105	20,796	21,517	22,267	23,046	23,856	24,699	25,574	26,485
NET ASSETS	275,818	278,314	281,662	283,610	284,099	284,631	285,212	285,846	286,539	287,297
EQUITY										
Accumulated Surplus	111,184	113,680	117,028	118,976	119,465	119,997	120,578	121,212	121,905	122,663
Asset revaluation reserve	163,498	163,498	163,498	163,498	163,498	163,498	163,498	163,498	163,498	163,498
Other reserves	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136
TOTAL EQUITY	275,818	278,314	281,662	283,610	284,099	284,631	285,212	285,846	286,539	287,297

FINANCIAL STATEMENTS

Statement of Changes in Equity

	2025 YEAR 1 \$'000	2026 YEAR 2 \$'000	2027 YEAR 3 \$'000	2028 YEAR 4 \$'000	2029 YEAR 5 \$'000	2030 YEAR 6 \$'000	2031 YEAR 7 \$'000	2032 YEAR 8 \$'000	2033 YEAR 9 \$'000	2034 YEAR 10 \$'000
Accumulated Surplus										
Bal. at beginning of period	109,603	111,184	113,680	117,028	118,976	119,465	119,997	120,578	121,212	121,905
Net Surplus / (Deficit) for Yr	1,350	2,496	3,348	1,949	488	532	581	634	693	758
Transfer (to) / from reserves	231	-	-	-	-	-	-	-	-	-
Balance at end of period	111,184	113,680	117,028	118,976	119,465	119,997	120,578	121,212	121,905	122,663
RESERVE ACCOUNTS										
Asset Revaluation Reserve										
Bal.at beginning of period	163,498	163,498	163,498	163,498	163,498	163,498	163,498	163,498	163,498	163,498
Additional revaluations	-	-	-	-	-	-	-	-	-	-
Changes revaluations	-	-	-	-	-	-	-	-	-	-
Reductions in valuations	-	-	-	-	-	-	-	-	-	-
Impairment/recoupments	-	-	-	-	-	-	-	-	-	-
Balance at end of period	163,498	163,498	163,498	163,498	163,498	163,498	163,498	163,498	163,498	163,498
Other Reserves										
Bal.at beginning of period	1,367	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136
Transfer to / (from) reserves	-231	-	-	-	-	-	-	-	-	-
Balance at end of period	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136
TOTAL RESERVE BALANCES	164,634	164,634	164,634	164,634	164,634	164,634	164,634	164,634	164,634	164,634
TOTAL EQUITY	275,818	278,314	281,662	283,610	284,099	284,631	285,212	285,846	286,539	287,297

FINANCIAL STATEMENTS

Statement of Cash Flow

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	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	25,270	27,123	27,792	28,982	30,154	31,375	32,647	33,973	35,354	36,792
Investment receipts	268	271	273	276	279	282	284	287	290	293
Payments										
Operating payments to suppliers and employees	-16,937	-18,247	-18,466	-19,193	-19,949	-20,735	-21,552	-22,401	-23,284	-24,201
Finance payments	-6	-5	-5	-5	-4	-4	-4	-3	-3	-3
Net Cash provided by (or used in) Operating Activities	8,595	9,142	9,595	10,061	10,479	10,918	11,376	11,855	12,357	12,881
CASH FLOW FROM INVESTING ACTIVITIES										
Receipts										
Amounts specifically for new or upgraded assets	1,348	2,250	1,500	1,500	0	-	-	-	-	-
Sale of replaced assets	475	395	410	426	443	461	479	498	517	538
Sale of assets	-	-	3,000	-	-	-	-	-	-	-
Repayments of loans by community groups	59	59	59	59	59	59	59	59	58	58
Payments										
Expenditure on renewal/replacement of assets	-9,189	-8,751	-9,066	-8,644	-8,984	-9,338	-9,706	-10,088	-10,486	-10,899
Expenditure on new/upgraded assets	-3,353	-5,167	-4,663	-4,481	-500	-519	-540	-561	-583	-606
Purchase of Investment Property										
Loans made to community groups	-	-	-	-	-	-	-	-	-	-
Net Cash provided by (or used in) Investing Activities	-10,660	-11,213	-8,759	-11,139	-8,981	-9,338	-9,708	-10,093	-10,494	-10,910
CASH FLOW FROM FINANCING ACTIVITIES										
Receipts										
Proceeds from Borrowings	-	-	-	-	-	-	-	-	-	-
Proceeds from Aged Care Facility deposits	1,581	1,643	1,708	1,775	1,845	1,918	1,994	2,072	2,154	2,239
Payments										
Repayments of Borrowings	-16	-14	-11	-11	-12	-12	-12	-13	-13	-13
Repayment of Aged Care Facility deposits	-1,151	-1,196	-1,243	-1,292	-1,343	-1,396	-1,451	-1,509	-1,568	-1,630
Net Cash provided by (or used in) Financing Activities	414	433	453	471	490	510	530	551	573	595
NET INCREASE (DECREASE) IN CASH HELD	-1,651	-1,638	1,289	-607	1,988	2,090	2,198	2,314	2,435	2,567
Cash & cash equivalents at beginning of period	5,699	4,048	2,410	3,699	3,093	5,081	7,170	9,368	11,682	14,117
CASH & CASH EQUIVALENTS AT END OF PERIOD	4,048	2,410	3,699	3,093	5,081	7,170	9,368	11,682	14,117	16,684

FINANCIAL STATEMENTS

Capital Expenditure

	2026	2027	2028	2029	2030	2031	2032	2033	2034
	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Asset Renewal/ Replacement									
Roads, Footpaths and Kerbing	4,472,598	4,648,818	4,831,982	5,022,362	5,220,243	5,425,921	5,639,702	5,861,906	6,092,865
Buildings	249,449	259,277	269,493	280,111	291,147	302,618	314,542	326,935	339,816
Buildings - Loxton Retirement Village	703,368	731,081	759,886	789,825	820,944	853,289	886,909	921,853	958,174
Waikerie Swimming Pool Refurbishment	750,000	-	-	-	-	-	-	-	-
Loxton Swimming Pool Refurbishment	-	750,000	-	-	-	-	-	-	-
Community Waste Management System (CWMS)	450,000	467,730	486,159	505,313	525,223	545,916	567,425	589,782	613,019
Stormwater	25,254	26,249	27,283	28,358	29,475	30,637	31,844	33,099	34,403
Plant & Fleet Management	2,000,000	2,078,800	2,160,705	2,245,836	2,334,322	2,426,295	2,521,891	2,621,253	2,724,531
Irrigation	30,000	31,182	32,411	33,688	35,015	36,394	37,828	39,319	40,868
Information Technology	70,000	72,758	75,625	78,604	81,701	84,920	88,266	91,744	95,359
Total Asset Renewal/Replacement	8,750,669	10,899,034	10,899,034	10,899,034	10,899,034	10,899,034	10,899,034	10,899,034	10,899,034
New/Upgraded Assets									
Information Technology	40,000	41,576	43,214	44,917	46,686	48,526	50,438	52,425	54,491
Disability Access Plan Building Upgrade	30,000	31,182	32,411	33,688	35,015	36,394	37,828	39,319	40,868
Mobility Access / Footpath Upgrade Program	275,000	285,835	297,097	308,803	320,969	333,616	346,760	360,422	374,623
Capital Expenditure to Reduce Operating	100,000	103,940	108,035	112,292	116,716	121,315	126,095	131,063	136,227
East Terrace Loxton Upgrades*	400,000								
Loxton Infrastructure depot	-	1,000,000	1,000,000	-	-	-	-	-	-
Paisley Riverfront	221,600								
Population Growth*	500,000	500,000	500,000						
Waikerie CBD Upgrades*	600,000								
Waikerie Institute		200,000							
Loxton Waste Water Upgrade for Reuse*	3,000,000								
Waikerie Recreation Centre*	-	2,500,000	2,500,000		-	-	-	-	-
Total New/Upgraded Assets	5,166,600	4,662,533	4,480,757	499,699	519,387	539,851	561,121	583,229	606,208
TOTAL CAPITAL EXPENDITURE	11,505,242	11,505,242	11,505,242	11,505,242	11,505,242	11,505,242	11,505,242	11,505,242	11,505,242

* Subject to grant funding at 40-60%

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

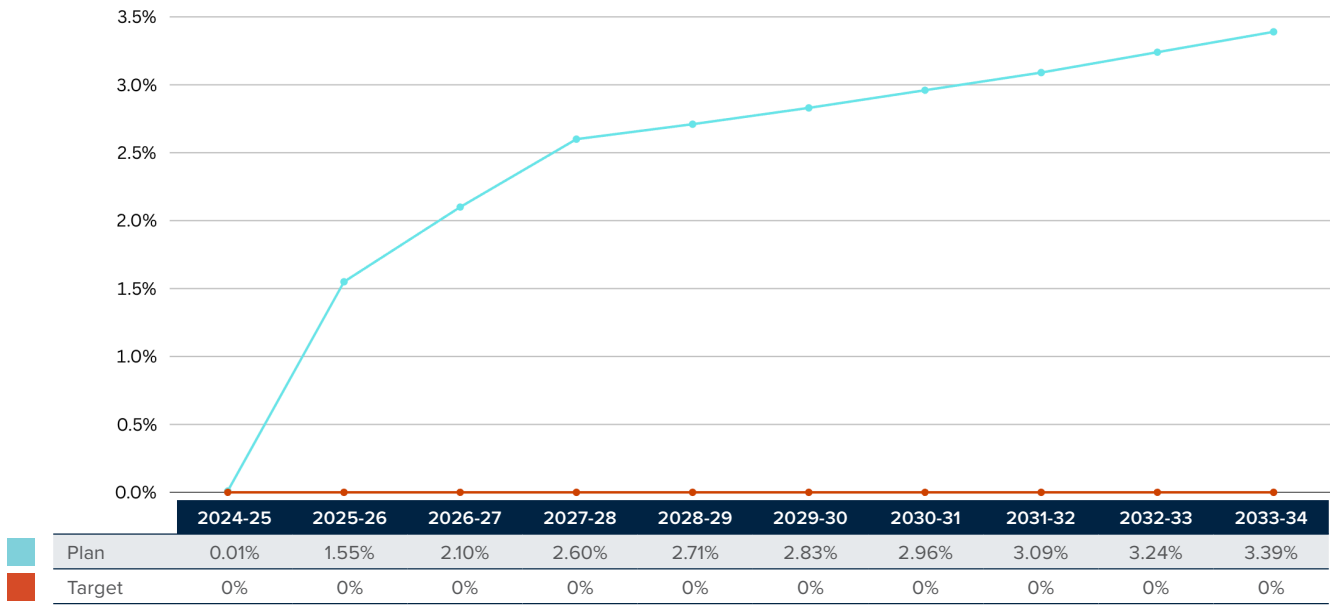
B = Rates revenue less NRM levy raised

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

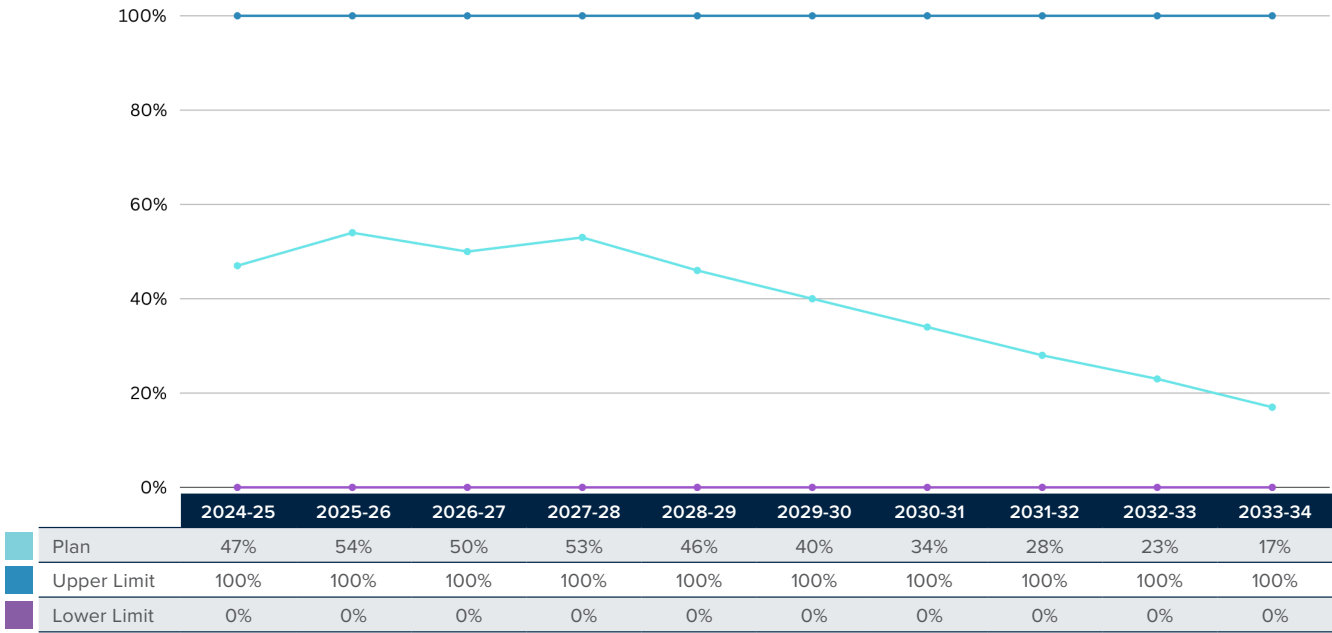
B = Total operating revenue less NRM levy raised

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?

A

B

A = Expenditure on the renewal / replacement of assets *less* sale of replaced assets

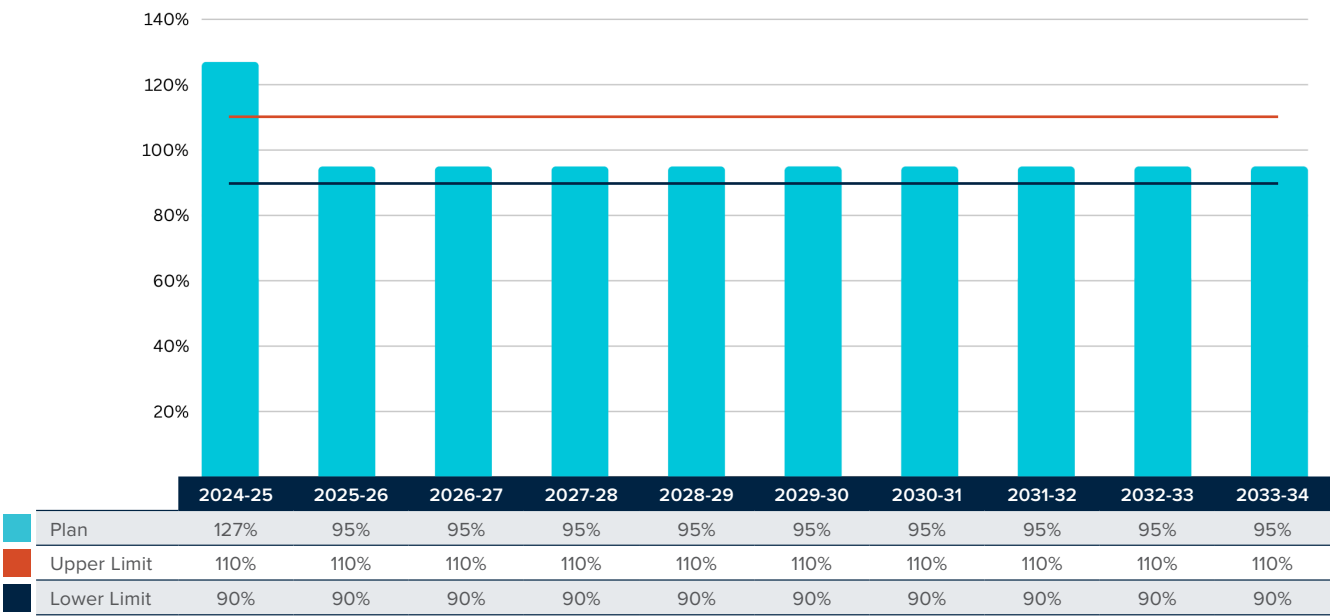
B = Optimal level of such expenditure proposed in Council's Infrastructure and Asset Management Plan

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 Draft Infrastructure & Asset Management Plan. The Asset Sustainability Ratio takes into consideration income received from the sale of replaced assets, resulting in 95% for Year 2 - Year 10.

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 Assets include all amounts readily convertible to cash on hand at Council’s option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition” (South Australian Model Financial Statements 2023).

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 takes account of both operating and capital activities for the financial year. Achieving a zero result on the net lending / (borrowing) measure in any one year essentially means that the Council has met all of its expenditure (both operating and capital) from the current year’s income (with income including amounts received specifically for new / upgraded assets).” (South Australian Model Financial Statements 2023).

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; road moieties; rubbish tip 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.

CONTACT DETAILS & FURTHER INFORMATION

Draft 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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LoxtonWaikerieCouncil
District Council of Loxton Waikerie