

Long Term Financial Plan 2021-22 to 2031-32

OUR VISION

“Building a stronger and more cohesive community”

ADOPTED BY COUNCIL 19 January 2022

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Executive Summary

District Council of Robe is largely rural and spans 1.091 km², has a residential population of 1492¹ and over 2483 rateable properties. The Council is comprised of the township of Robe and the hamlets of Nora Creina, Greenways, Mt Benson and Boatswains Point. The Robe township is situated on Guichen Bay, has a vibrant shopping precinct, marina and holiday homes which are nestled in a mixture of historical buildings and sites with infrastructure assets worth in excess of \$91m. Agriculture, commercial fishing, tourism and service industries are key drivers of the District of Robe's economy which has a Gross Regional Product of \$0.13 billion.²

In accordance with Section 122(1)(a) of the *Local Government Act 1999*, ("the Act") and Local Government (Financial Management) Regulations 2011, Council is required to develop and adopt a Long-Term Financial Plan (LTFP) for a period of at least 10 years, which forms part of its suite of Strategic Management Plans.

This document has been developed not only to satisfy this requirement, but to assist in determining the financial projections for the District Council of Robe from 2021-22 to 2031-32, based on information available at the time.

The key objective of Council's LTFP is financial sustainability in the medium to long term, while still achieving the objectives detailed in the Community Plan.

The LTFP has been developed based on a serious of assumptions and information available, which includes:

- Council's Community Plan (District Council of Robe Community Plan 2019-2039)
- Council's Four-Year Plan 2021-2024
- Council's Asset Management Plans
- Current and future levels of service
- Projected rating strategies
- Local Government Price Indices (LGPI) and CPI forecasts
- Historic investment in asset renewals

The following table provides a financial overview of the LTFP (from 2021-22 to 2031-32)

LTFP Averages		
General Rate Increase		2.48%
General Rates Growth		<u>0.56%</u>
Total Increase in Revenue from Rates		3.04%
Operating Income		\$ 8.9m
Operating Expenses		<u>\$ 8.8m</u>
Operating Surplus		\$ 181k
Operating Surplus Ratio		1.89%
Net Financial Liabilities Ratio		70%
Asset Renewal Funding Ratio		104%
LTFP Totals		
Capital Replacement Expenditure		\$24.0m
New Capital Expenditure		<u>\$ 4.2m</u>
Total Capital Expenditure		\$28.2m
Borrowings at year 10 (2031/32)		\$2.1m

¹ Regional Development Australia Limestone Coast Economic Value Data June 2020

² Regional Development Australia Limestone Coast Economic Value Data June 2020

Strategic Context

The Long Term Financial Plan forms part of Council's Strategic Planning Framework.

The LTFP is used to assist in financial decision making. Consideration is given to what services are to be provided, the level of those services, the rating impost, income from other sources, the level of funding required from borrowings and the ability to service those borrowings.

Strong links between the LTFP and other strategic documents are vital to provide an accurate picture of Council's financial sustainability in the medium to long term, while still achieving the objectives detailed in the Community Plan.

Long term financial planning promotes thinking of changing circumstances and their impact on the decisions made about its service programs and the assessments of potential new projects and their impact on the future financial sustainability of council business. It considers requirements of Council's Asset Management Plans (AMP) which aim to provide optimal replacement time for its assets to minimise expenditure and disruption to the provision of services. It is recognised in the Four Year Business Plan and budget that current plans need to be reviewed.

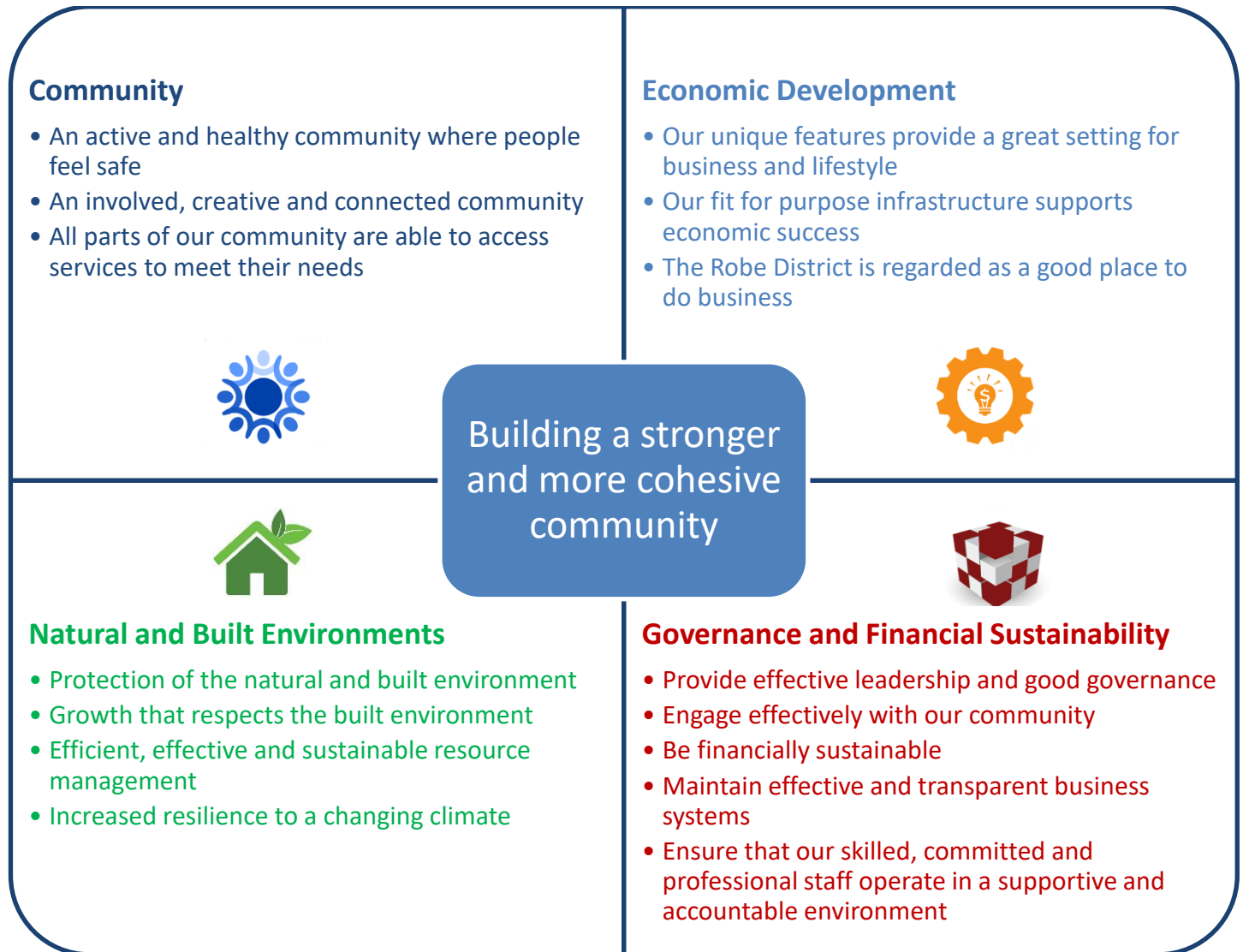
The Robe 2050 plan has been programed to be developed in consultation with community to commence in 2021/22. The Robe 2050 plan will be included in Robe's long term financial planning suite on its inception moving forward.

The LTFP will be regularly updated throughout the financial years to ensure that the financial performance is monitored against the planned targets.

Council's Community Plan and Long Term Objectives

Our district is recognised for its enviable lifestyle, environment, business strength and diversity. Our plans are broken into four key themes that describe the future for our district with strategic directions and strategies required to deliver key outcomes.

The themes are as follows and were set by Council to realise this objective:



Objectives of the Long Term Financial Plan

1. To achieve and maintain an Operating Surplus
Aim for a breakeven operating position in the medium term which means that the community is paying to cover the costs of the existing levels of service. In the longer term, seek to achieve and maintain small, consistent operating surpluses to reduce the need for regular borrowing, except to fund new assets and renewal of asset backlogs.
2. To fund Asset Renewal/Replacement of existing assets
Target an average Asset Renewal Funding Ratio at a minimum of 100% (measured against the planned Capital works program) so that backlog of assets are being renewed and replaced.
3. To review New Asset Requirements
Identify and include priority new works, and projects which should include an understanding of whole-of-life costs and the impact on our financial position both today and into the future and be primarily funded by grants and new loan borrowings.
4. To reduce Reliance on Borrowing
Only seek new loans for major capital projects and to fund new assets.
5. To achieve the Plan
The success of the LTFP is totally reliant on ongoing consistency with its objectives. The financial performance shall be reviewed at each budget review and annually when preparing the Business Plan and Budget to identify any issues which could negatively impact the successful achievement of the LTFP

Long Term Financial Plan Commentary

The ten year Financial Summary (Appendix 1) forecasts modest operating surplus results ranging from a deficit of (\$277,944) in the first year of the LTFP, building some financial capacity in the following three years with results ranging from surplus from \$129,640 in year 3 to \$452,666 in year 10. This can be attributed to an increase of spend required on renewal of Council's capital assets and implementation of new projects.

Over the life of the LTFP, rate continues to represent approximately 76% of Council's operating revenue each year. During the forecast period, rate revenue is projected to increase between 5.29% in the first three years of the plan and 2.09% thereafter. These forecasts represent Consumer Price Index increases with an allowance for rates growth in the assessment book. Growth being represented by an increase in rateable properties and an increase in property valuations over the forecast period. Growth is expected to range 0.7% to 0.5% during the period.

Over the forecast period total capital expenditure for all asset classes, including infrastructure, major and minor plant and equipment in CPI inflated terms is comprised:

- Asset Renewal \$24.0m
- Asset upgrade/new \$ 4.2m

The Plan forecasts that all known capital commitments can be met from existing financial resources and borrowing requirements. As a result, total borrowing is forecast to increase to \$3.4m in 2026/27 to a balance of \$2.1m in 2031/32.

Capital Projects

This plan provides for total capital investment of \$28.2m over the ten year period, split between New Capital of \$4.2m and Capital Renewal of \$24.0m.

New Capital

Major projects relating to new and upgraded assets include:

- Redevelopment Foreshore Facilities
- Implementation of Footpath Strategy
- Construction Squires Drive Parking
- Main Street Upgrade
- Robe Street Upgrade
- Davenport Street Upgrade
- Implementation of Nature Based Tourism Experiences

Capital Renewal Expenditure

Work towards the new approach to asset management driven from a service perspective is being implemented. This review will ensure that in future the management of assets will be based on the declared levels of service for each specific asset which will determine the long term costs.

The increased understanding by Council of service standards and decisions on the level of services for both capital replacement and maintenance will flow through to the LTFP. This is likely to result in changes in relation to asset renewal, maintenance and depreciation calculations in the future.

Asset management planning processes are ongoing and up to date information is incorporated each year as the plans are updated.

Details of the 10 Year Capital Renewal expenditure is shown at Appendix A.

What is Financial Sustainability

In 2005, an independent inquiry into the financial sustainability of local government was undertaken by the Local Government Association. Following this inquiry, the following definition was adopted at the LGA's General Meeting held in 2006:

“Council’s long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.”

This definition was subsequently adopted by the Australian Local Government Association at its National Assembly Meeting in December 2006.

In simple terms, the principle of financial sustainability is that each generation ‘pays their way’ for the services and assets that they consume. This is also known as intergenerational equity and occurs when Council records a breakeven operating result (ie. where day to day expenses are equal to day to day income).

Where Council records operating deficits, it means that future generations will be subsidising the current costs of services and will be responsible for addressing the issue of funding the replacement of worn out assets.

Maintaining Financial Sustainability

The financial performance of the council business is monitored by three key indicators. Target ranges for each of these indicators have been set in the LTFP. The financial impact of all planned activities is assessed against the targets as part of the preparation of the draft Four Year Business Plan and at each subsequent review of the Budget. The results should be consistent with the ten-year average for each indicator.

This plan maintains financial sustainability by using the following indicators and targets:

Financial Indicators	Average of the term of the LTFP	LTFP Target Ranges
Operating surplus ratio	1.89%	-5% - 5%
Net Financial Liabilities Ratio	70%	<100%
Asset Renewal Funding Ratio	104%	90% - 110%

The plan considers the following “policy positions”

- Existing levels of service are maintained
- New capital assets may only be considered if they form part of an adopted council strategy
- Capital renewal will be in accordance with Council’s Asset Management Plans.

The plan considers economic data from the following sources:

- Local Government Finance Authority
- Reserve Bank of Australia
- The Local Government Price Index (LGPI)
- Consumer Price Index (CPI)

Initiatives to support Financial Sustainability

Council has and will program in the short term a number of other initiatives that will be used to manage financial, asset and service sustainability.

These include:

- Service Improvement Reviews
- Zero based budgeting 2022
- Shared service and Fee for Service opportunities
- Treasury Management Policy
- New Asset Management Framework and System
- Risk Management

Long Term Financial Plan Presentation

In accordance with the Local Government (Financial Management) Regulations 1999, Part 2, Section 5 and pursuant to section 122(2)(b) of the Local Government Act 1999, a Long-Term Financial Plan must include –

- (a) an estimated income statement, balance sheet, statement of changes in equity and statement of cashflows with respect to the period of the long-term financial plan presented in a manner consistent with the Model Financial Statements;*
- (b) 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;*
- (c) estimates with respect to an operating surplus ratio, an asset sustainability ratio and net financial liabilities ratio presented in a manner consistent with the note in the Model Financial Statements entitled Financial Indicators.*

Council's Long Term Financial Plan has been expressed and presented in accordance with the above mentioned legislation and can be found as Appendix A.

Basis and Summary of Preparation

The LTFP sets out in financial terms the resourcing required for Council to achieve the goals of the Community Plan and provide an accurate picture of Council's financial sustainability in the medium to long term. It includes the projected income and expenses from 2022 – 2032, using 2021/22 as the base year and includes 2020/21 to assist with trend analysis.

The preparation of the Long-Term Financial Plan has been determined based on today's dollars. Any variations to this are assumed as follows.

The following assumptions and variables have been applied to the LTFP:

- The plan covers a period from 2021/23 to 2031/32:
 - the 2020/21 audited financial data
 - the base year (current) includes 2021/22 budget including Budget Review 1
 - year one has been based on the 2022/23 forecast
- CPI at 1.59%³ (average of previous four years) to relevant revenue and expenses
- Rate revenue increases have been included as detailed below:
 - Rate increase included at 3% for the first three years of the plan only
 - Growth included at 0.7% for the first three years of the plan and 0.5% thereafter.
- Employee expenses
 - Will be capped at CPI increases
 - Superannuation capped by CPI increases + annual increases of 0.5% for the next four years in line with superannuation guarantee contribution (SGC) legislation requirements
 - Staff levels will remain constant
- Capital expenditure, renewal & new have been drawn from current Asset Management Plans (IAMP). The plans are currently in review and the LTFP will be updated when finalised. Application of Local Government Price Index (LGPI) of 1.62%⁴ has been applied for the life of the plan
- Materials, Contract and Other the application of LGPI of 1.89%⁵ has been applied for the life of the plan
- Adjustments for known variations have been included
- All other services are maintained at current levels
- Interest on new borrowings has been calculated on the current Cash Advance Debenture rate of 2.05% for the first four years and 3.27% for the remainder of the plan.

³ abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia

⁴ adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index

⁵ adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index

Risk Associated with the Long Term Financial Plan

The LTFP has been developed based on the best information and assumptions available at the time of development. However, users of this information should be aware that there are risks associated with using estimated increases to Consumer Price Index (CPI), Local Government Price Index (LGPI), Average Weekly Earnings (AWE) and predictions in finance costs and interest rates.

The LTFP may be impacted by future changes such as new legislation that could materially affect the projected outcomes and results of the LTFP. Changes in Government Policy may also impact on Council's financial position and performance. This may be particularly relevant as the current State Government is developing a reform package for local government.

In order to reduce Council's financial risk, the LTFP will be reviewed and updated on a regular basis to incorporate the best available information for a given point in time. In addition, the LTFP assumptions are reviewed by Council's Audit Committee.

Key Financial Ratios and Targets

Under the requirements of Regulation 5(c) of the Local Government (Financial Management) Regulations 2011, there is a requirement for the LTFP (as well as the Annual Financial Statements and Budget) to include the following key financial ratios:

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

These indicators are to be presented in a manner consistent with the note in the industry recognised Model Financial Statements.

Council has adopted three key financial targets relating to these required ratios to guide the direction of the LTFP.

Financial Indicators Trend

		Forward Key Financial Targets			
Indicator	Target	2022/23	2023/24	2024/25	2025/26
Operating Surplus Ratio	-5% - 5%	-3.47%	-0.97%	1.51%	1.97%
Net Financial Liabilities Ratio	<100%	74%	70%	71%	74%
Asset Renewal Funding Ratio	90% - 110%	105%	99%	89%	110%

Measuring Our Financial Performance

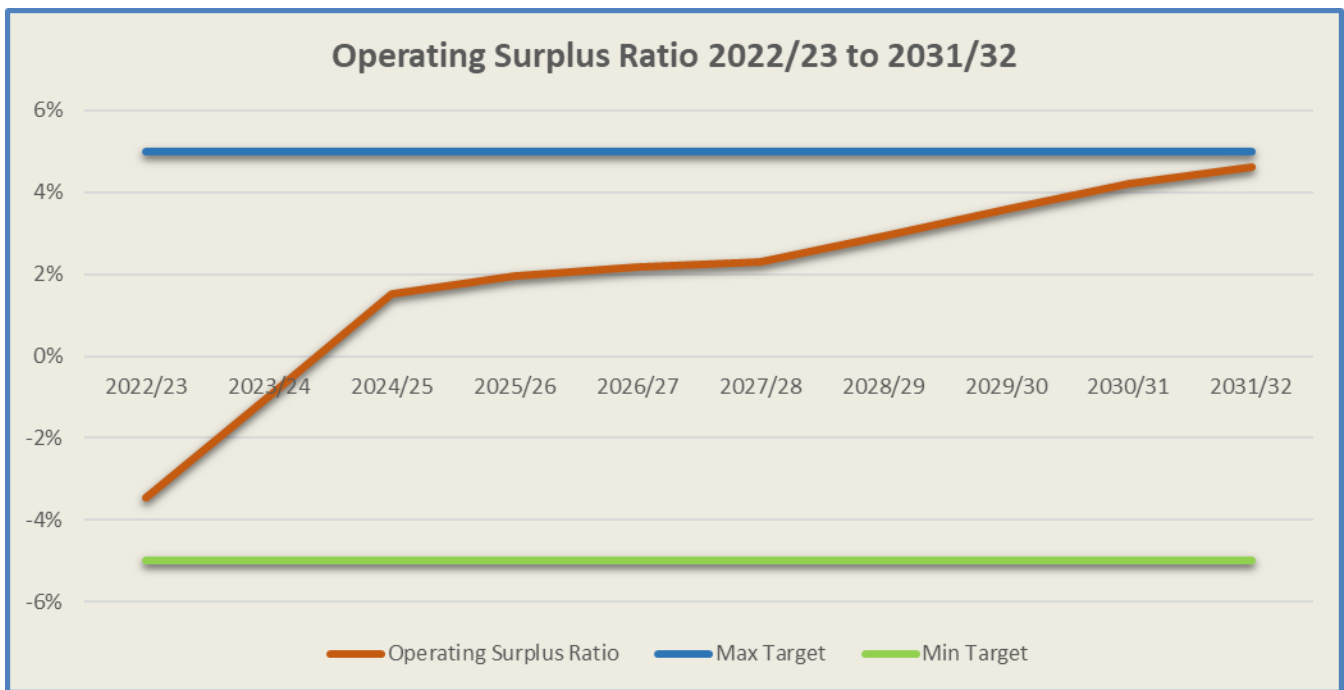
Operating Surplus

The Operating Surplus Ratio expresses the Operating Surplus (or Deficit) as a percentage of Total Operating Income to measure the extent to which Income covers the operational expenses and if any funds are available to fund the capital works.

Calculation:
$$\frac{\text{Operating Surplus/(deficit)}}{\text{Total Operating Income}}$$

Commencing with a deficit result in 2022/23 the position is forecast to gradually increase for the remainder of the LTFP to reach 4.6% by 2031/32 which is within the target range.

The following chart shows the annual operating result (adjusted for financial assistance grant prepayments/corrections) for the financial years 2022/23 to 2031/32.



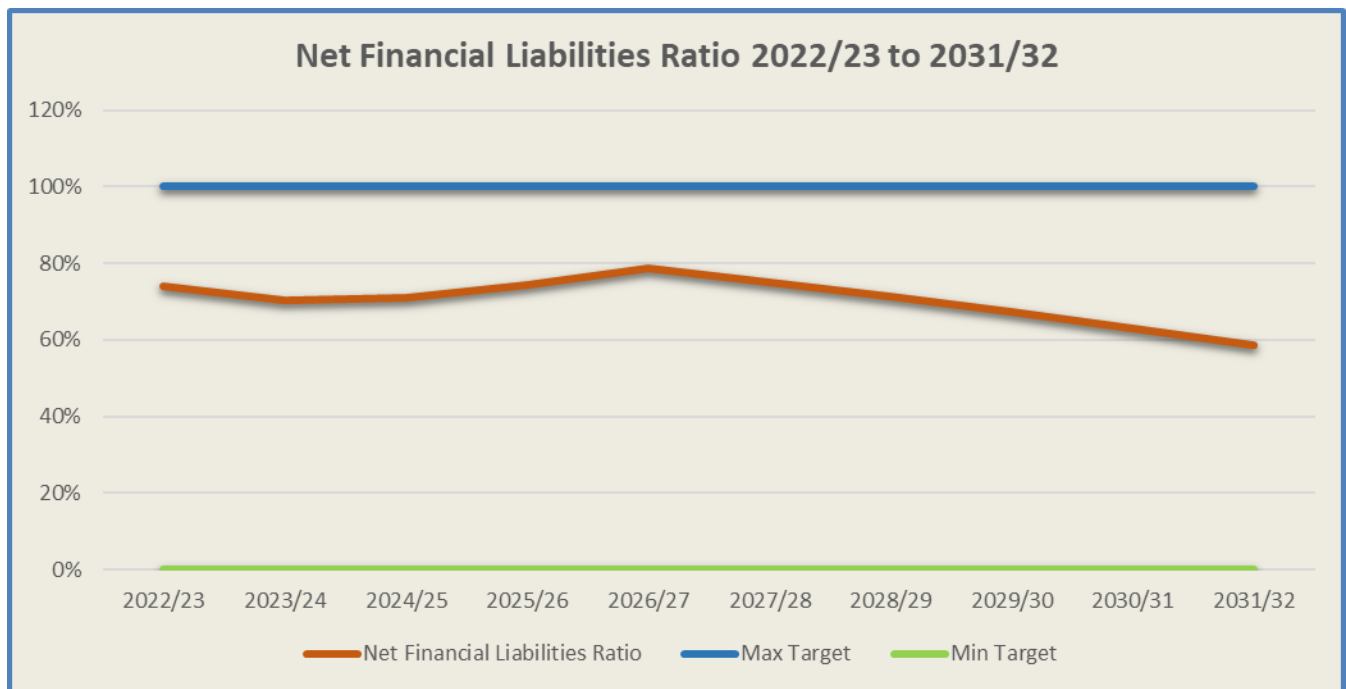
Financial Liabilities

The affordability of debt is measure by the net Financial Liabilities Ratio.

The Net Financial Liabilities are calculated as the difference between amounts owed and amounts held. The Net Financial Liabilities Ratio measures the net financial liability amount against total operating income. A ratio trend that is reducing indicates the improving capacity to meet financial obligations.

Calculation:
$$\frac{\text{Net Financial Liabilities}}{\text{Total Operating Income}}$$

For 2022/23 the Financial Liabilities Ratio is forecast to be 74% with an increase to 78.8% in 2026/27 then gradual decrease for the remainder of the LTFP. The ratio is within target LTFP ranges.

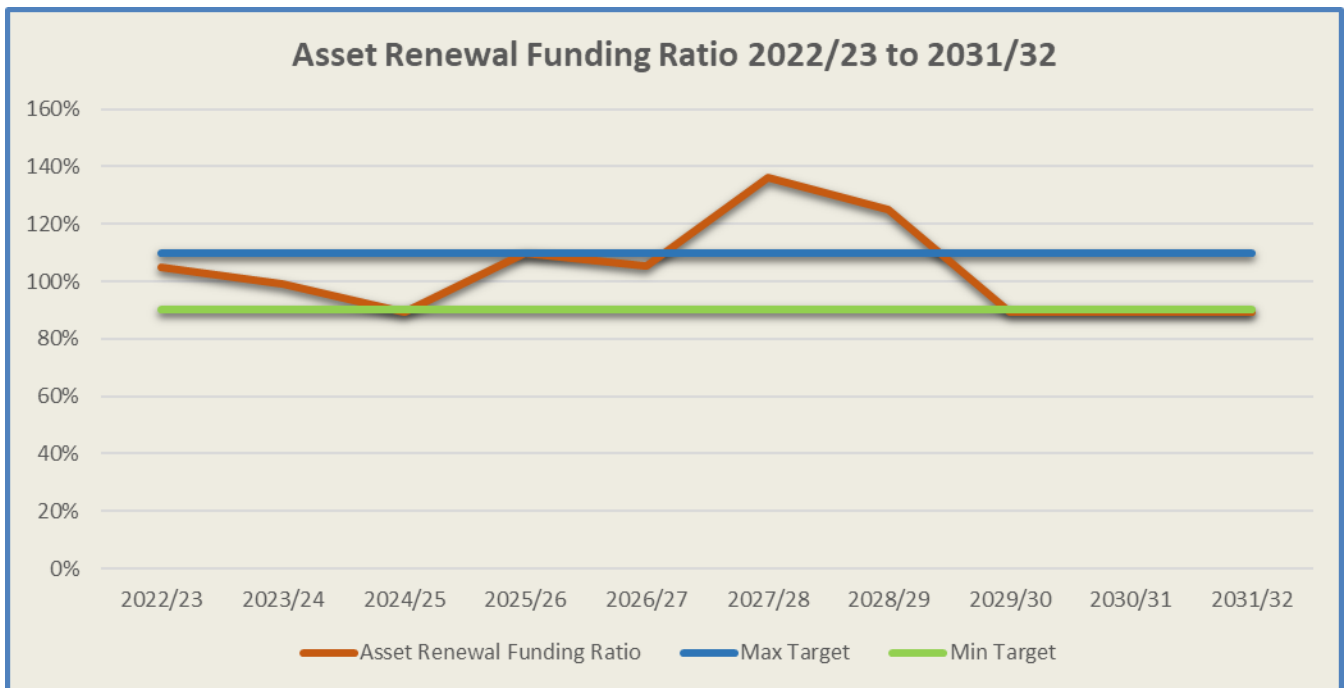


Asset Renewal Ratio

The Asset Renewal Ratio measures the extent to which existing assets are being renewed or replaced, compared to the planned Capital works in the Asset Management Plan/s. If the capital expenditure budget for the renewal or replacement of existing assets matches that projected in the Asset Management Plan/s then the ratio will be 100%. If the ratio is less than 100% for any extended period, this will lead to a deterioration of asset condition over time, leaving future generations of ratepayers to fund high asset maintenance replacement to restore the asset service level.

Calculation:
$$\frac{\text{Net Asset Renewal/Replacement}}{\text{Total planned Renewal/Replacement (IAMP)}}$$

The capital works program for 2022/23 has included projects to achieve a ratio of 105% which is within the target range for this indicator. The review of the Asset Management Strategy and the Asset Management Plans will continue to improve the forward planning and smooth the projected forecast in future years.



Overview of Key Assumptions

Operating Revenue

Rates

Rate revenue is the Council's main income source. Prudent financial management determines that the income raised must be at least the value of expenses incurred to deliver and maintain current services. When determining the level of rates income any increase primarily by measured the costs of services largely involving increases in line with LGPI and CPI.

Over the life of this LTFP Council has considered an increase of CPI or LGPI (when appropriate), which has been estimated to be at 1.59% and accepting the natural revenue increase through the growth in the assessment book valuations.

Council is proposing to raise general rate revenue, to increase its borrowings and acknowledges its increase of operating deficit. This is being driven by the backlog of asset renewal and in the implementation of capacity and capability of its workforce to manage projects and services to the standard expected by community into the future.

Rates Growth

Rates Growth of 0.7% has been assumed for the first three years of the plan and 0.5% thereafter.

Grants Subsidies and Contributions

For the past three years from 2020/21 grant income has steadily declined at an average of 15.5% per year.

Grant, Subsidies and Contributions income of 7% of total revenue has been assumed for the ten year period.

Interest Received

This will be minimal over the next ten years as Council utilises its cash advance facility for cash flow support. As such, no interest earning increases are predicted for the life of the LTFP.

Statutory Charges

Statutory Charges are not within Council control; these are determined by other legislation and regulations. History shows that an increase in line with CPI is appropriate.

User Charges

User charges are fees collected for the use of Council facilities or services in a fee for use arrangement. These have been increased by CPI based on the assumption that they need to appropriately cover cost expenses.

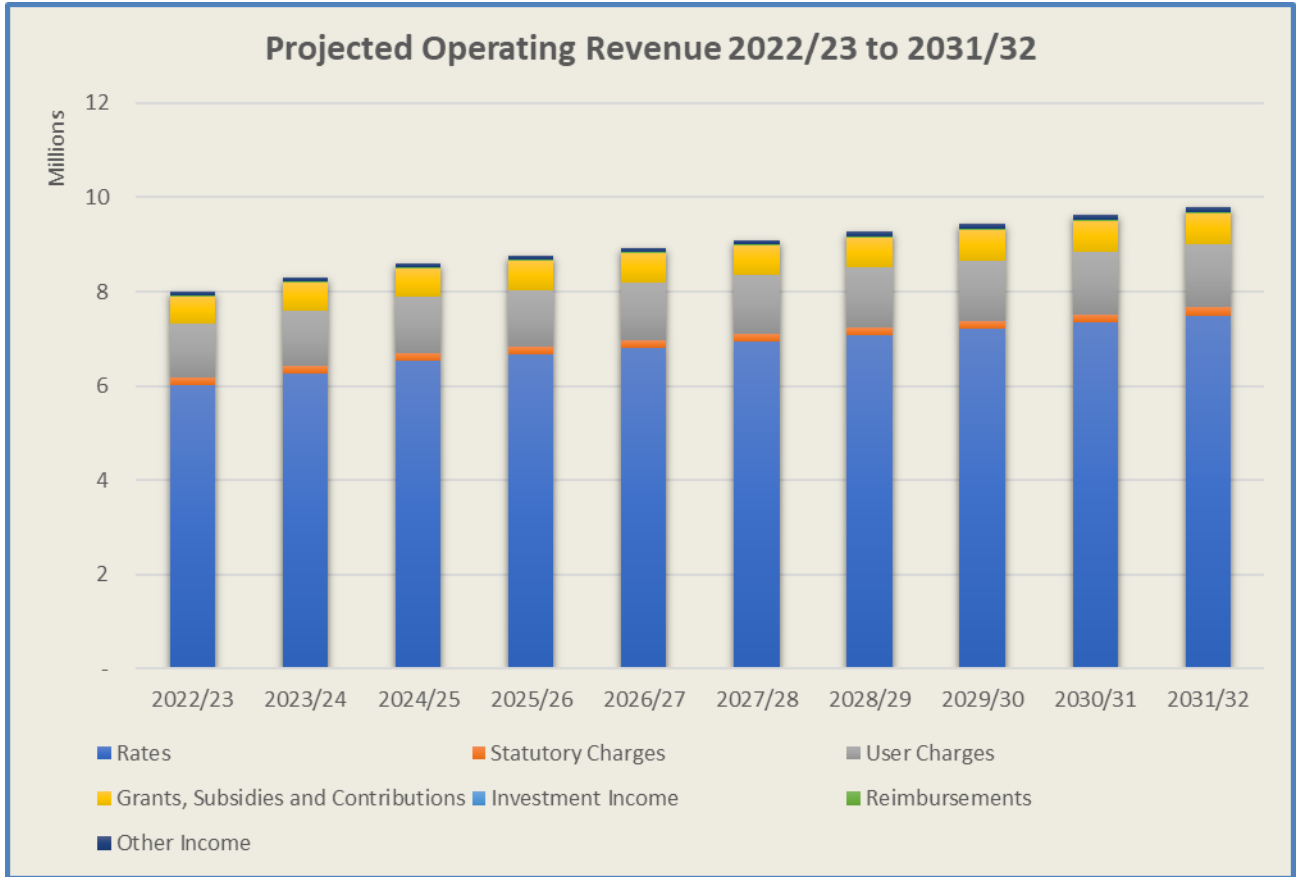
Reimbursements

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.

Other Income

Other revenue is revenue not classified elsewhere.

Operating Revenue cont..



EXPENSES

Employee Costs

The base budget for employee costs is linked to Enterprise Bargaining Agreements.

Employee costs:

- Will be capped at CPI increases
- Superannuation capped by CPI increases + annual increases of 0.5% for the next four years in line with superannuation guarantee contribution (SGC) legislation requirements
- Staff levels will remain constant

Materials, Contracts & Other Expenses

Materials, Contract & Other Expenses, effectively include all expenses that are NOT employee costs, finance costs, or depreciation, amortisation and impairment.

For Materials, Contract and Other the application of LGPI of 1.89% has been applied for the life of the plan

Finance Costs

Finance Costs are the costs of financing Council's activities through borrowings or other types of financial accommodation (e.g., finance leases). This does not include bank charges which is included under materials, contract and other expenses.

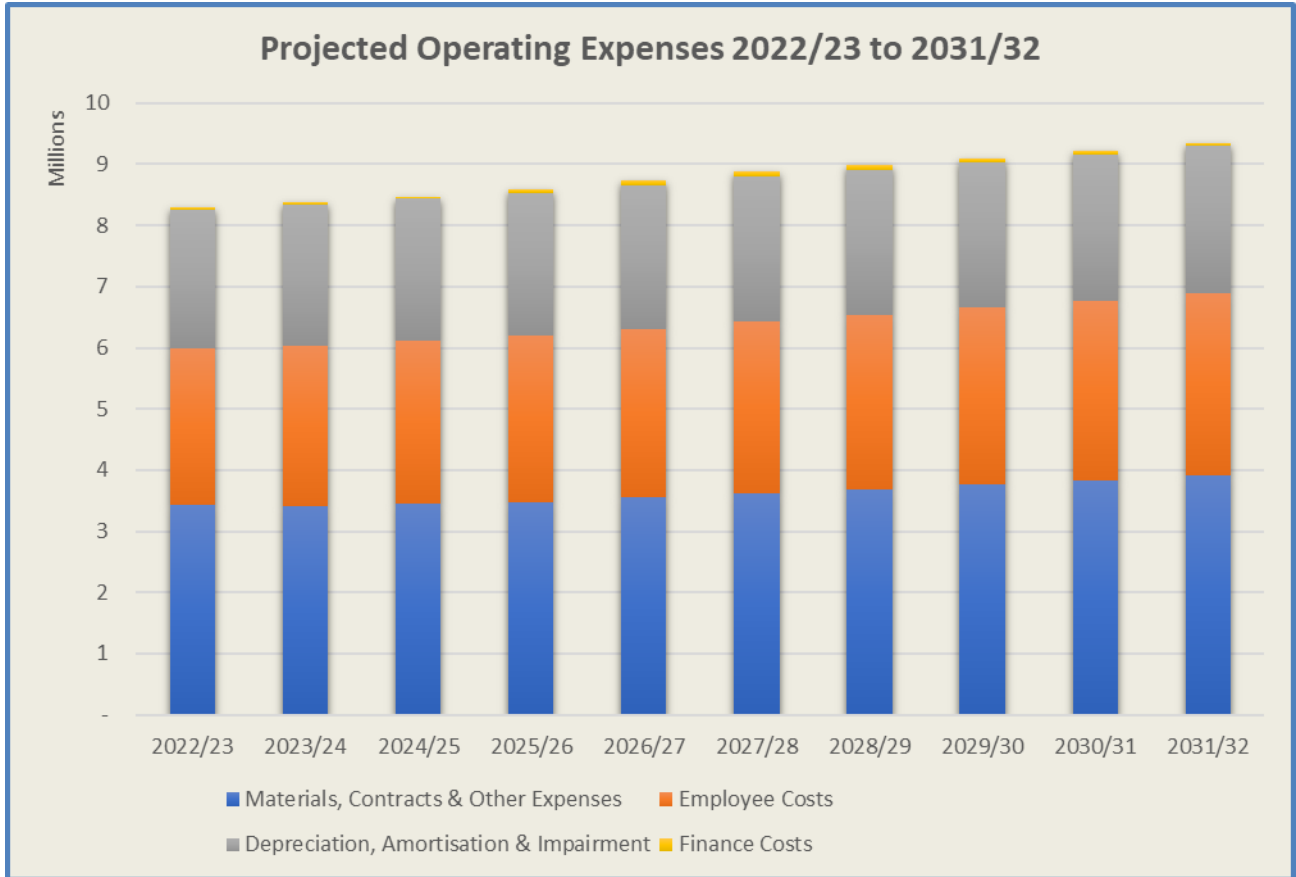
Interest on new borrowings has been calculated on the current Cash Advance Debenture rate of 2.05% for the first four years and 3.27% for the remainder of the plan.

Depreciation, Amortisation & Impairment

Depreciation relates to infrastructure, property, plant and equipment to which the Council has title.

The annual depreciation of an asset reflects the financial value of the rate at which the asset wears out each year and hence the amount of money which will need to be spent at a point in time in the future to either rebuild or replace the asset.

EXPENSES Cont..

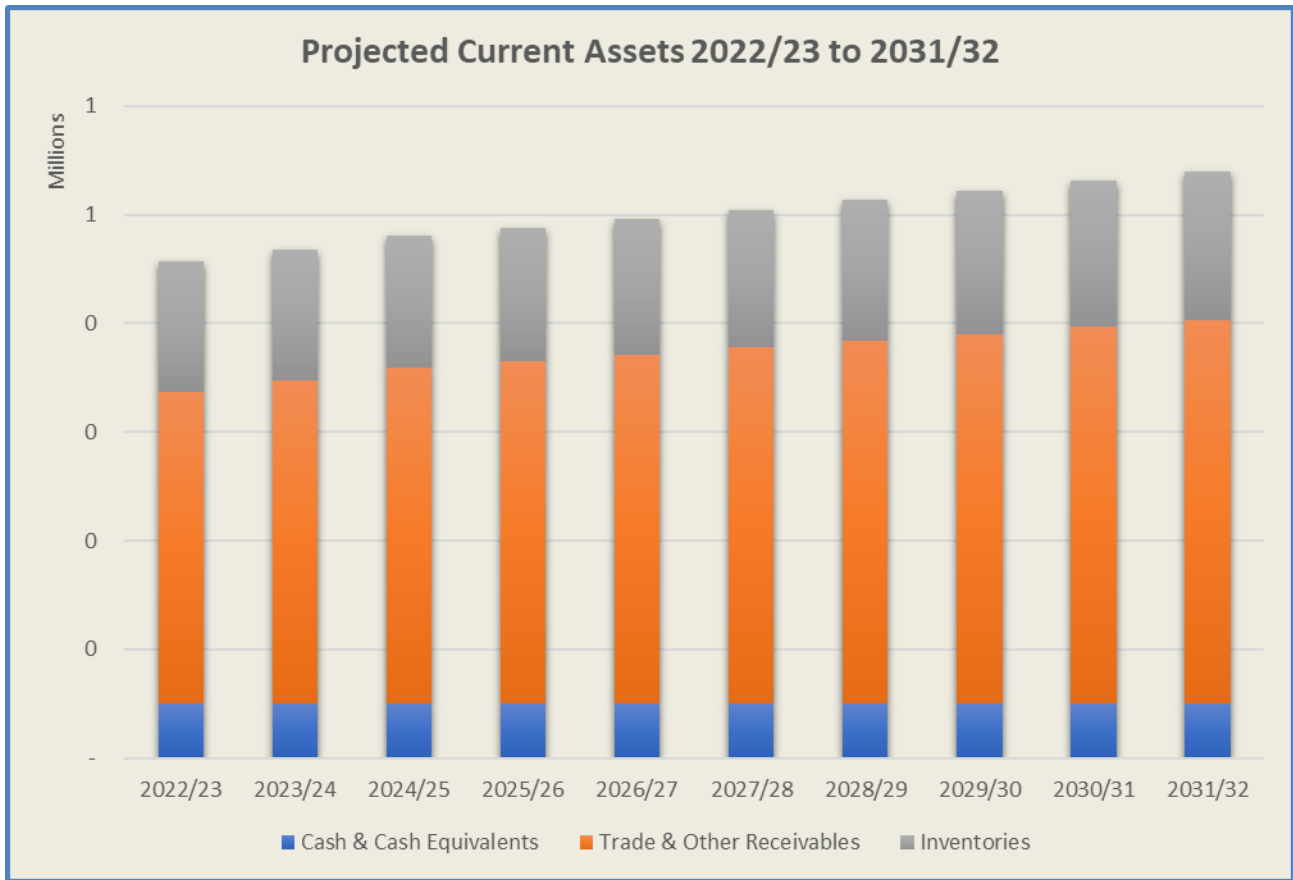


CURRENT ASSETS

The Cash position is fluctuating due to the timing of replacement of Long-Term assets.

All asset replacement included in this long-term financial plan is in accordance with Council's Asset Management Plans.

Outstanding rate and other debtor balances are not expected to change significantly and are at acceptable levels.

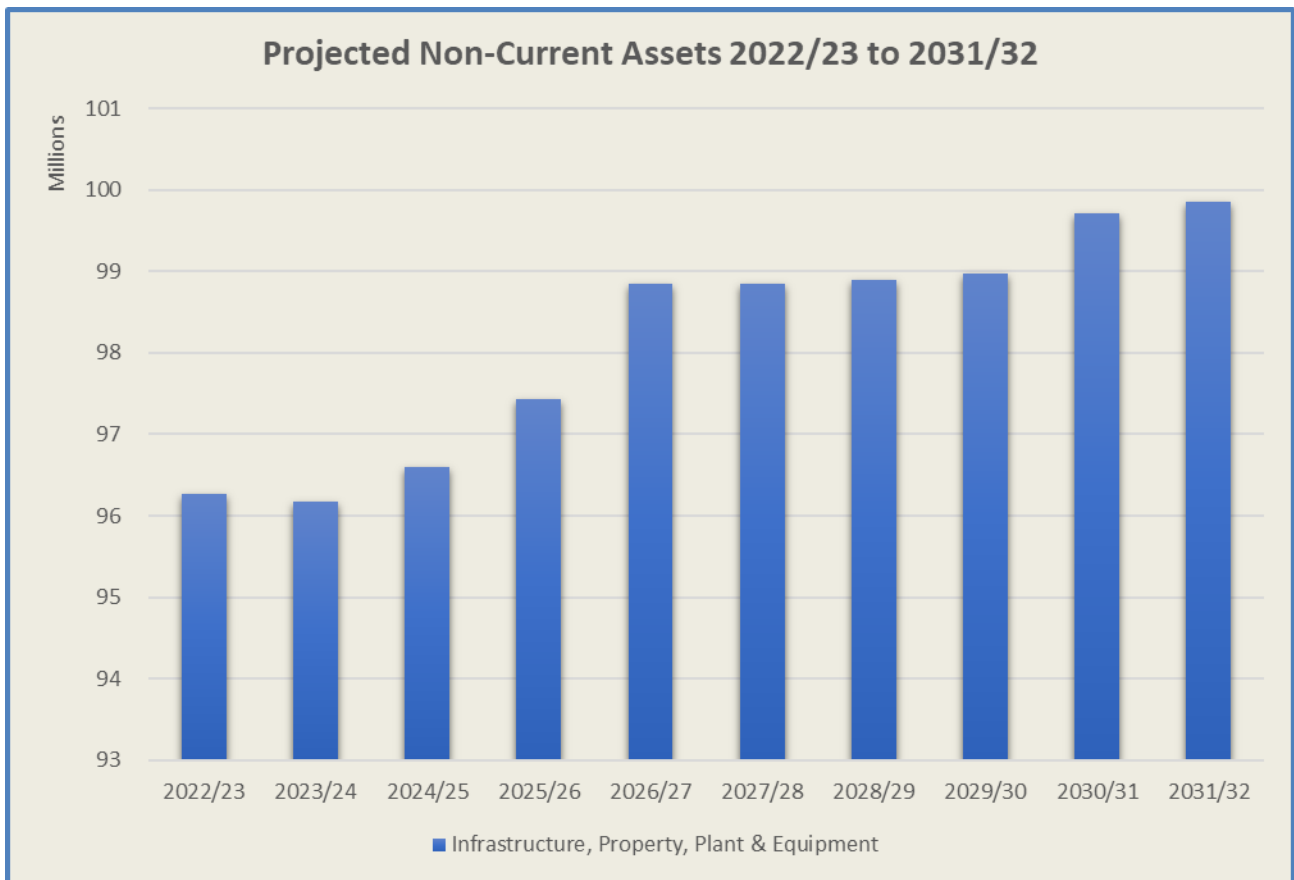


NON-CURRENT ASSETS

Non-current assets include 'fixed' assets such as Land and Buildings, Infrastructure (e.g., Roads, Footpaths, Stormwater Drainage and CWMS systems), Plant and Equipment and Furniture and Fittings.

With the focus of renewing its asset backlog, Council aims to increase its level of capital works (additions to value of non-current assets).

The replacement of Assets is in accordance with Council's Asset Management Plans.

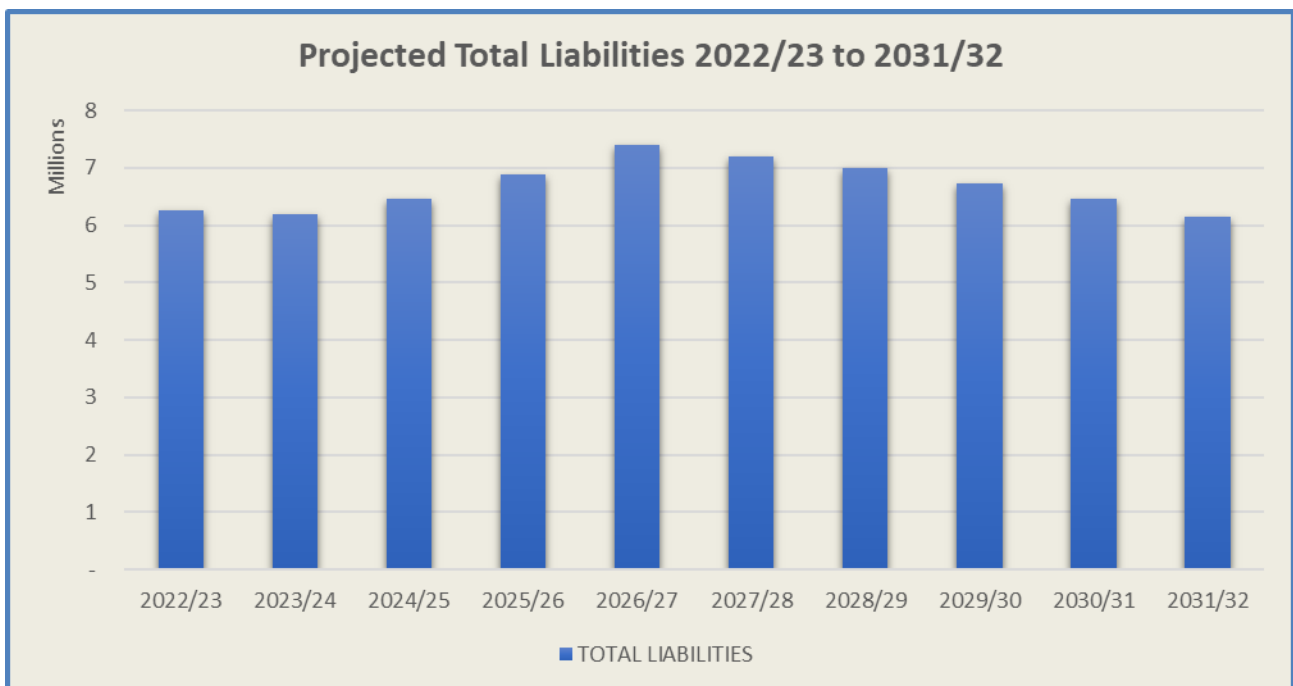


LIABILITIES

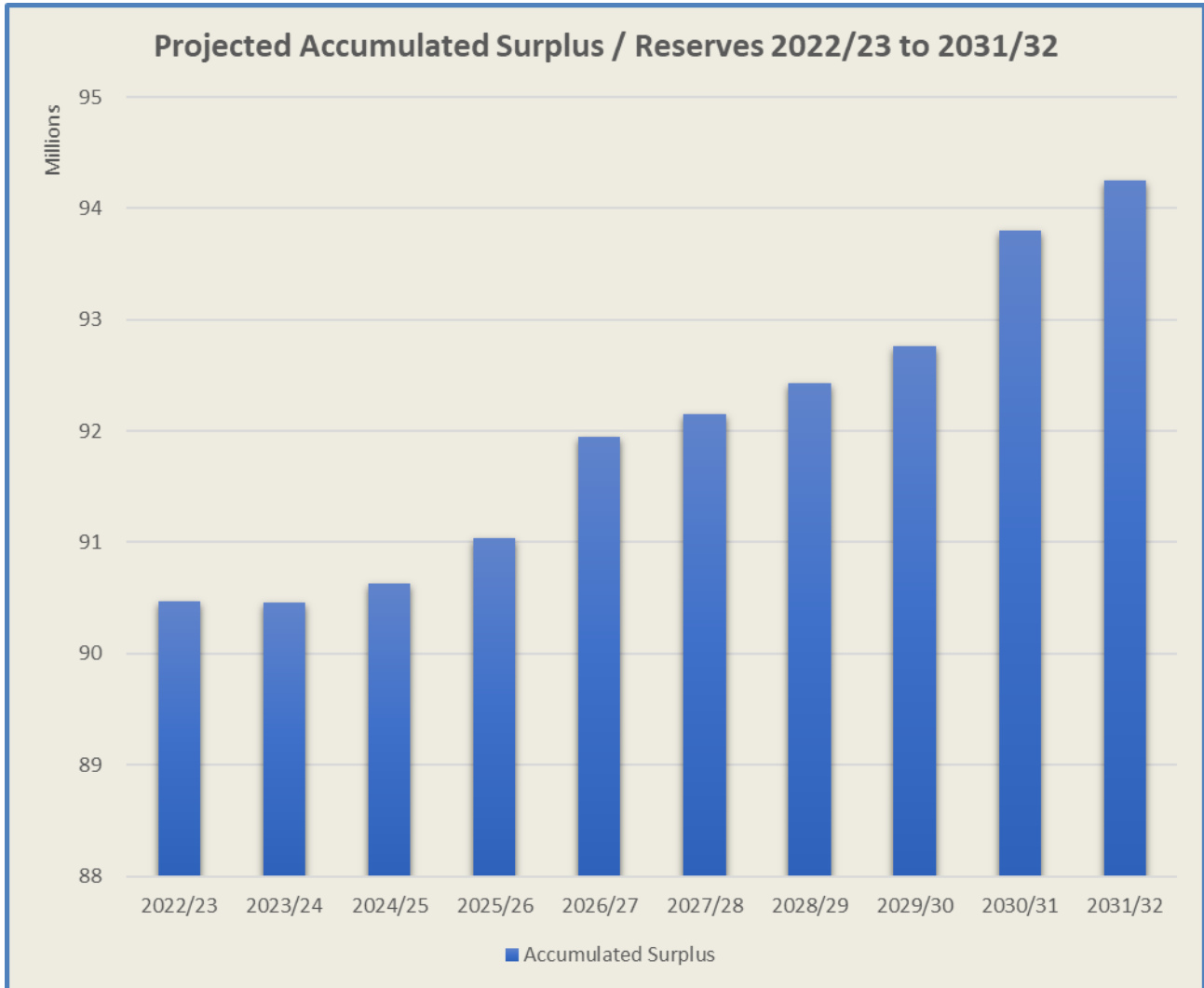
A number of new loan borrowings have been included in this plan to assist with the capital commitments required.

As a result, total borrowing forecast to increase to \$3.4m in 2026/27 to a balance of \$2.1m in 2031/32.

Council’s asset renewal program in the LTFP has been based on current information from Council’s Asset Management Plan. An approach to asset management driven from a service perspective is currently being introduced to Council based more directly on the declared levels of service for each specific asset.

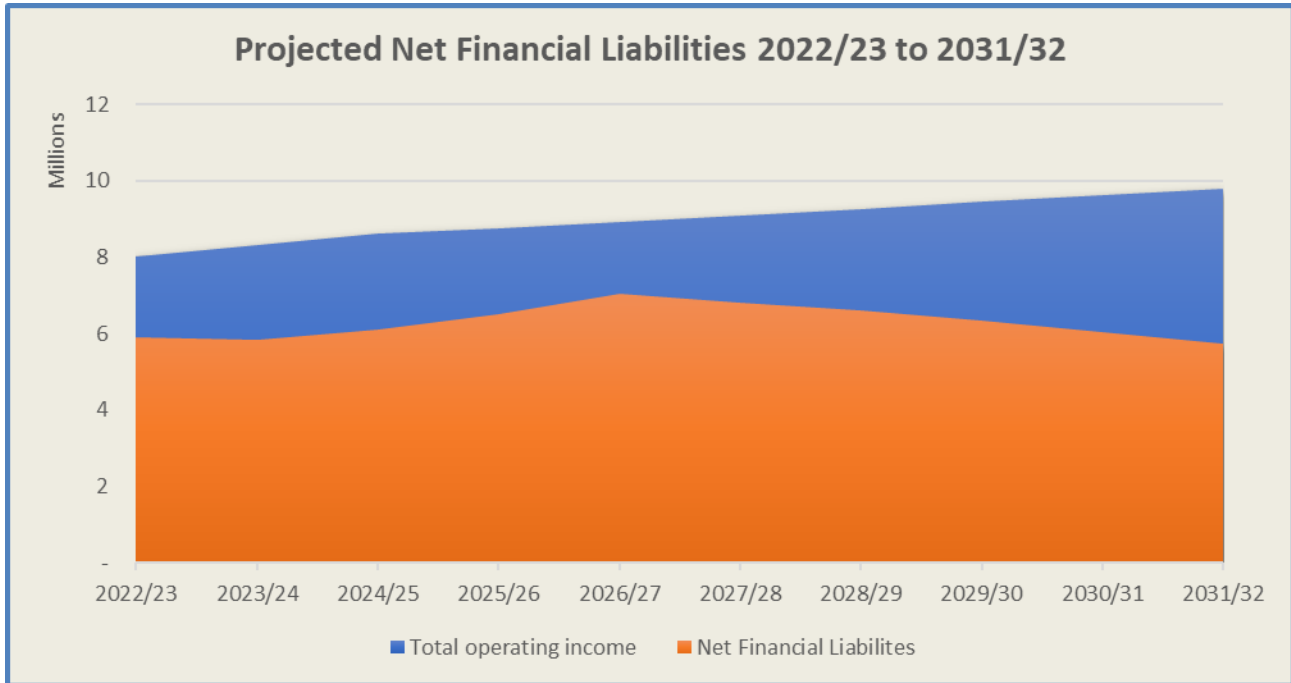


ACCUMULATED SURPLUS / FUNDED RESERVES



The movement in the Accumulated Surplus / Funded Reserves is determined by the net operating surplus / (deficit) illustrated on the budgeted Income Statement – an operating surplus will increase the overall balance whilst a deficit will reduce it.

NET FINANCIAL LIABILITIES



Local Government sector proposed targets for this indicator suggest that a Council's Net Financial Liabilities should not exceed total operating revenue. For the purpose of preparing the Plan, a cap of \$8 million was nominally used, and Council will remain within this cap over the forecast period.

The Net Financial Liabilities includes \$2.7million of Marina Leases paid in advance in 2012/13. This liability is reduced by 1/99th each year.

Council's Net Financial Liabilities slowly increases reaching its maximum in 2026/27 due to loan borrowings taken out by Council over the life of the plan to assist with its Capital expenditure plan. Council's position steadily decreases after 2027/28 due to an increase in Council's operating surplus.

APPENDIX A – 10 Year Financial Summary

DISTRICT COUNCIL OF ROBE
10 Year Financial Plan for the Years ending 30 June 2032
ESTIMATED COMPREHENSIVE INCOME STATEMENT

Year Ended 30June:	Actuals	Current Year	Projected Years									
	2020/21 Audited	2021/22 Base Year	2022/23 Year 1	2023/24 Year 2	2024/25 Year 3	2025/26 Year 4	2026/27 Year 5	2027/28 Year 6	2028/29 Year 7	2029/30 Year 8	2030/31 Year 9	2031/32 Year 10
Rates Increased Based on CPI	2.1%	1.2%	1.6%	1.59%	1.59%	1.59%	1.59%	1.59%	1.59%	1.59%	1.59%	1.59%
Rates Growth	1.0%	0.7%	0.7%	0.7%	0.7%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Increase	-	3.0%	3.0%	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Increase in Rates Revenue	3.1%	4.9%	5.3%	5.3%	5.3%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Income												
Rates	5,556,000	5,769,280	6,014,955	6,272,680	6,543,077	6,671,394	6,802,259	6,935,723	7,071,838	7,210,657	7,352,235	7,496,626
Statutory Charges	205,000	225,250	151,623	154,034	156,483	158,971	161,499	164,067	166,675	169,325	172,018	174,753
User Charges	1,139,000	1,132,581	1,150,589	1,168,883	1,187,468	1,206,349	1,225,530	1,245,016	1,264,812	1,284,922	1,305,352	1,326,108
Grants, Subsidies and Contributions	559,000	660,656	576,682	585,851	595,166	604,629	614,243	624,009	633,931	644,010	654,250	664,653
Investment Income	7,000	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
Reimbursements	43,000	20,000	20,318	20,641	20,969	21,303	21,641	21,985	22,335	22,690	23,051	23,417
Other Income	216,000	154,083	91,515	92,970	94,449	95,950	97,476	99,026	100,600	102,200	103,825	105,476
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	7,725,000	7,968,350	8,012,182	8,301,559	8,604,112	8,765,097	8,929,148	9,096,326	9,266,691	9,440,305	9,617,231	9,797,533
Expenses												
Employee Costs	2,781,000	2,485,701	2,555,247	2,607,275	2,660,303	2,714,351	2,757,509	2,801,353	2,845,895	2,891,145	2,937,114	2,983,814
Materials, Contracts & Other Expenses	3,006,000	3,689,549	3,433,350	3,417,453	3,452,110	3,476,313	3,549,304	3,622,807	3,691,713	3,761,928	3,833,478	3,906,387
Depreciation, Amortisation & Impairment	2,177,000	2,238,000	2,270,755	2,321,184	2,324,177	2,333,627	2,344,023	2,376,688	2,377,956	2,379,223	2,380,491	2,404,755
Finance Costs	1,000	12,662	30,773	36,067	37,881	68,235	83,044	86,385	78,771	70,238	60,568	49,911
Total Expenses	7,965,000	8,425,912	8,290,126	8,381,979	8,474,472	8,592,526	8,733,880	8,887,233	8,994,335	9,102,535	9,211,651	9,344,867
Operating Surplus / (Deficit) BEFORE CAPITAL AMOUNTS	240,000	(457,562)	(277,944)	(80,420)	129,640	172,570	195,268	209,093	272,357	337,771	405,580	452,666
Asset Disposal & Fair Value Adjustments	(51,000)		-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	172,000	905,000	863,770	69,705	41,976	239,938	54,183	-	-	-	-	-
Physical Resources Received Free of Charge												
Net Surplus / (Deficit)	(119,000)	447,438	585,826	(10,715)	171,616	412,509	249,452	209,093	272,357	337,771	405,580	452,666
Operating Surplus Ratio	-3.11%	-5.74%	-3.47%	-0.97%	1.51%	1.97%	2.19%	2.30%	2.94%	3.58%	4.22%	4.62%
Target 5%												
Other Comprehensive Income												
Changes in Revaluation Surplus - I,PP&E			653,814				652,648				630,925	
Total Other Comprehensive Income	-	-	653,814	-	-	-	652,648	-	-	-	630,925	-
Total Comprehensive Income	(119,000)	447,438	1,239,640	(10,715)	171,616	412,509	902,100	209,093	272,357	337,771	1,036,505	452,666

APPENDIX A CONTINUED...

DISTRICT COUNCIL OF ROBE
10 Year Financial Plan for the Years ending 30 June 2032
ESTIMATED BALANCE SHEET

Year Ended 30 June:	Actuals	Current Year	Projected Years									
	2020/21 Audited	2021/22 Base year	2022/23 Year 1	2023/24 Year 2	2024/25 Year 3	2025/26 Year 4	2026/27 Year 5	2027/28 Year 6	2028/29 Year 7	2029/30 Year 8	2030/31 Year 9	2031/32 Year 10
ASSETS												
Current Assets												
Cash & Cash Equivalents	894,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Trade & Other Receivables	300,000	291,456	287,109	297,947	309,585	315,566	321,524	327,645	333,906	340,287	346,792	353,424
Inventories	38,000	129,128	120,161	119,605	120,818	121,665	124,220	126,792	129,204	131,661	134,165	136,717
Total Current Assets	1,232,000	470,584	457,270	467,552	480,403	487,231	495,743	504,437	513,109	521,948	530,958	540,141
Non-Current Assets												
Receivables	9,000											
Infrastructure, Property, Plant & Equipment	91,080,000	94,375,987	96,266,191	96,173,668	96,605,031	97,436,412	98,853,887	98,849,980	98,899,916	98,972,892	99,718,559	99,849,148
Total Non-Current Assets	91,089,000	94,375,987	96,266,191	96,173,668	96,605,031	97,436,412	98,853,887	98,849,980	98,899,916	98,972,892	99,718,559	99,849,148
TOTAL ASSETS	92,321,000	94,846,571	96,723,461	96,641,220	97,085,434	97,923,643	99,349,630	99,354,418	99,413,025	99,494,840	100,249,516	100,389,289
LIABILITIES												
Current Liabilities												
Cash Advance Debenture		1,571,987	2,275,318	2,215,518	2,487,119	2,914,726	3,428,619	3,212,856	2,987,324	2,717,953	2,421,077	2,091,500
Trade & Other Payables	498,000	1,027,546	974,444	974,395	985,773	992,962	1,010,767	1,028,760	1,045,808	1,063,221	1,081,006	1,099,168
Borrowings	12,000	-	-	-	-	-	-	-	-	-	-	-
Provisions	531,000	547,696	576,215	605,189	634,622	664,524	694,902	725,762	757,113	788,962	821,318	854,188
Total Current Liabilities	1,041,000	3,147,229	3,825,977	3,795,101	4,107,515	4,572,211	5,134,288	4,967,378	4,790,245	4,570,136	4,323,401	4,044,856
Non-Current Liabilities												
Trade & Other Payables	2,462,000	2,419,913	2,375,760	2,332,412	2,289,856	2,248,076	2,207,058	2,166,789	2,127,255	2,088,441	2,050,336	2,012,927
Borrowings		-	-	-	-	-	-	-	-	-	-	-
Provisions	37,000	50,991	53,646	56,344	59,084	61,868	64,696	67,569	70,488	73,454	76,466	79,526
Total Non-Current Liabilities	2,499,000	2,470,904	2,429,406	2,388,756	2,348,940	2,309,944	2,271,755	2,234,359	2,197,743	2,161,895	2,126,802	2,092,453
TOTAL LIABILITIES	3,540,000	5,618,133	6,255,383	6,183,857	6,456,455	6,882,155	7,406,042	7,201,737	6,987,987	6,732,031	6,450,203	6,137,309
NET ASSETS	88,781,000	89,228,438	90,468,078	90,457,363	90,628,979	91,041,488	91,943,588	92,152,681	92,425,038	92,762,809	93,799,314	94,251,980
EQUITY												
Accumulated Surplus	14,840,000	15,287,438	15,873,264	15,862,550	16,034,166	16,446,674	16,696,126	16,905,219	17,177,576	17,515,347	17,920,927	18,373,593
Asset Revaluation Reserves	72,839,000	72,839,000	73,492,814	73,492,814	73,492,814	73,492,814	74,145,462	74,145,462	74,145,462	74,145,462	74,776,387	74,776,387
Other Reserves	1,102,000	1,102,000	1,102,000	1,102,000	1,102,000	1,102,000	1,102,000	1,102,000	1,102,000	1,102,000	1,102,000	1,102,000
TOTAL EQUITY	88,781,000	89,228,438	90,468,078	90,457,363	90,628,979	91,041,488	91,943,588	92,152,681	92,425,038	92,762,809	93,799,314	94,251,980

APPENDIX A CONTINUED...

DISTRICT COUNCIL OF ROBE
10 Year Financial Plan for the Years ending 30 June 2032
ESTIMATED CASH FLOW STATEMENT

Year Ended 30 June:	Actuals	Current Year	Projected Years									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	Audited	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash Flows from Operating Activities												
Receipts:												
Rates Receipts	5,539,000	5,695,247	6,008,333	6,265,733	6,535,788	6,667,935	6,798,732	6,932,126	7,068,169	7,206,915	7,348,418	7,492,734
Statutory Charges	205,000	225,368	153,290	153,979	156,428	158,915	161,442	164,008	166,616	169,265	171,957	174,691
User Charges	1,151,000	1,135,928	1,150,181	1,168,469	1,187,048	1,205,922	1,225,096	1,244,575	1,264,364	1,284,467	1,304,890	1,325,638
Grants, Subsidies and Contributions (operating purpose)	615,000	642,402	579,226	601,798	595,540	600,415	617,821	624,912	633,729	643,806	654,042	664,441
Investment Receipts	7,000	6,540	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
Reimbursements	48,000	20,649	20,311	20,634	20,962	21,295	21,634	21,978	22,327	22,682	23,043	23,409
Other	796,000	174,153	92,109	77,090	93,862	99,867	93,734	97,909	100,565	102,164	103,788	105,438
Payments:												
Payments to Employees	(2,780,000)	(2,433,276)	(2,522,397)	(2,574,343)	(2,626,843)	(2,680,354)	(2,723,250)	(2,766,549)	(2,810,538)	(2,855,225)	(2,900,623)	(2,946,743)
Payments for Materials, Contracts & Other Expenses	(3,791,000)	(3,197,609)	(3,481,190)	(3,420,422)	(3,445,639)	(3,471,794)	(3,535,674)	(3,609,082)	(3,678,846)	(3,748,817)	(3,820,118)	(3,892,773)
Finance Payments	(1,000)	(12,662)	(30,773)	(36,067)	(37,881)	(68,235)	(83,044)	(86,385)	(78,771)	(70,238)	(60,568)	(49,911)
Net Cash provided (or used in) Operating Activities	1,789,000	2,256,739	1,975,589	2,263,372	2,485,764	2,540,465	2,582,990	2,629,992	2,694,115	2,761,519	2,831,329	2,903,425
Cash Flows from Investing Activities												
Receipts:												
Amounts Received Specifically for New/Upgraded Assets	172,000	905,000	863,770	69,705	41,976	239,938	54,183	-	-	-	-	-
Sale of Replaced Assets	12,000	68,000	97,202	130,821	112,259	133,115	101,789	135,496	104,196	137,929	119,482	120,755
Sale of Surplus Assets												
Repayments of Loans by Community Groups	15,000	14,550	9,900	-	-	-	-	-	-	-	-	-
Payments:												
Expenditure on Renewal/Replacement of Assets	(1,339,000)	(3,948,610)	(2,233,492)	(2,171,538)	(2,259,151)	(2,375,693)	(2,397,888)	(2,453,216)	(2,476,135)	(2,533,268)	(2,556,935)	(2,598,318)
Expenditure on New/Upgraded Assets	(694,000)	(1,653,378)	(1,370,854)	(187,945)	(608,647)	(922,429)	(812,750)	(55,061)	(55,953)	(56,860)	(57,781)	(57,781)
Net Cash provided (or used in) Investing Activities	(1,834,000)	(4,614,437)	(2,633,475)	(2,158,956)	(2,713,564)	(2,925,069)	(3,054,666)	(2,372,781)	(2,427,892)	(2,452,199)	(2,495,234)	(2,535,344)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from CAD	-	1,571,987	703,330	-	271,602	427,606	513,894	-	-	-	-	-
Proceeds from Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Bonds & Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayments of CAD	-	-	-	(59,800)	-	-	-	(215,763)	(225,532)	(269,371)	(296,876)	(329,577)
Repayments of Borrowings	(12,000)	(12,000)	-	-	-	-	-	-	-	-	-	-
Repayment of Bonds & Deposits	(66,000)	(46,289)	(45,445)	(44,616)	(43,801)	(43,002)	(42,218)	(41,447)	(40,691)	(39,949)	(39,220)	(38,504)
Net Cash Flow provided (used in) Financing Activities	(78,000)	1,513,698	657,886	(104,416)	227,800	384,604	471,676	(257,210)	(266,223)	(309,320)	(336,096)	(368,081)
Net Increase/(Decrease) in Cash Held	(123,000)	(844,000)	-	-	-	-	-	-	-	-	-	-
plus: Cash & Cash Equivalents - beginning of year	1,017,000	894,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Cash & Cash Equivalents - end of the year	894,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000

APPENDIX A CONTINUED...

DISTRICT COUNCIL OF ROBE												
10 Year Financial Plan for the Years ending 30 June 2032												
EQUITY STATEMENT												
	Actuals	Current Year	Projected Years									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	Audited	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Opening Balance	88,900,000	88,781,000	89,228,438	90,468,078	90,457,363	90,628,979	91,041,488	91,943,588	92,152,681	92,425,038	92,762,809	93,799,314
Net Surplus / (Deficit) for Year	(119,000)	447,438	585,826	(10,715)	171,616	412,509	249,452	209,093	272,357	337,771	405,580	452,666
Other Comprehensive Income												
- Gain (Loss) on Revaluation of I,PP&E	-	-	653,814	-	-	-	652,648	-	-	-	630,925	-
- Available for Sale Financial Instruments: change in fair value	-	-	-	-	-	-	-	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	-	-	-	-	-	-	-	-	-	-	-	-
- Transfer to Accumulated Surplus on Sale of I,PP&E	-	-	-	-	-	-	-	-	-	-	-	-
- Transfer to Acc. Surplus on Sale of AFS Financial Instruments	-	-	-	-	-	-	-	-	-	-	-	-
- Share of OCI - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
- Other Equity Adjustments - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-	-
- Other Movements	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	653,814	-	-	-	652,648	-	-	-	630,925	-
Total Comprehensive Income	(119,000)	447,438	1,239,640	(10,715)	171,616	412,509	902,100	209,093	272,357	337,771	1,036,505	452,666
Transfers between Equity	-	-	-	-	-	-	-	-	-	-	-	-
Equity - Balance at end of the reporting period	88,781,000	89,228,438	90,468,078	90,457,363	90,628,979	91,041,488	91,943,588	92,152,681	92,425,038	92,762,809	93,799,314	94,251,980

APPENDIX A CONTINUED...

DISTRICT COUNCIL OF ROBE												
10 Year Financial Plan for the Years ending 30 June 2032												
UNIFORM PRESENTATION OF FINANCES												
	Actuals	Current Year	Projected Years									
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	Audited	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Activities												
Income	7,725,000	7,968,350	8,012,182	8,301,559	8,604,112	8,765,097	8,929,148	9,096,326	9,266,691	9,440,305	9,617,231	9,797,533
less Expenses	(7,965,000)	(8,425,912)	(8,290,126)	(8,381,979)	(8,474,472)	(8,592,526)	(8,733,880)	(8,887,233)	(8,994,335)	(9,102,535)	(9,211,651)	(9,344,867)
Operating Surplus / (Deficit)	(240,000)	(457,562)	(277,944)	(80,420)	129,640	172,570	195,268	209,093	272,357	337,771	405,580	452,666
Capital Activities												
less (Net Outlays) on Existing Assets												
Capital Expenditure on Renewal and Replacement of Existing Assets	(1,339,000)	(3,948,610)	(2,233,492)	(2,171,538)	(2,259,151)	(2,375,693)	(2,397,888)	(2,453,216)	(2,476,135)	(2,533,268)	(2,556,935)	(2,598,318)
add back Depreciation, Amortisation and Impairment	2,177,000	2,238,000	2,270,755	2,321,184	2,324,177	2,333,627	2,344,023	2,376,688	2,377,956	2,379,223	2,380,491	2,404,755
add back Proceeds from Sale of Replaced Assets	12,000	68,000	97,202	130,821	112,259	133,115	101,789	135,496	104,196	137,929	119,482	120,755
(Net Outlays) on Existing Assets	850,000	(1,642,610)	134,464	280,467	177,284	91,048	47,924	58,968	6,017	(16,116)	(56,962)	(72,808)
less (Net Outlays) on New and Upgraded Assets												
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(694,000)	(1,653,378)	(1,370,854)	(187,945)	(608,647)	(922,429)	(812,750)	(55,061)	(55,953)	(56,860)	(57,781)	(57,781)
add back Amounts Received Specifically for New and Upgraded Assets	172,000	905,000	863,770	69,705	41,976	239,938	54,183	-	-	-	-	-
add back Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-	-	-	-	-	-	-	-	-	-	-
(Net Outlays) on New and Upgraded Assets	(522,000)	(748,378)	(507,084)	(118,240)	(566,671)	(682,491)	(758,567)	(55,061)	(55,953)	(56,860)	(57,781)	(57,781)
Net Lending / (Borrowing) for Financial Year	88,000	(2,848,549)	(650,564)	81,808	(259,747)	(418,872)	(515,375)	213,000	222,421	264,795	290,838	322,077

APPENDIX B – Glossary

CPI (Consumer Price Index) - The historical changes in the cost of a typical metropolitan household 'basket' of goods and services, prepared by the Australian Bureau of Statistics. (ABS).

Depreciation - The annual decline in the value of a council's non-financial assets (inventories, buildings, infrastructure, equipment, etc) due to the usage (and so deterioration) of those assets.

Financial Assets - Cash, investments, loans to community groups, receivables and prepayments, but excludes equity held in Council businesses, inventories and assets held for sale.

Financial Governance – The process by which an elected council meets its accountability obligations for the sustainability of council finances.

Financial Performance – The state of a council's annual operating statement (ie. the surplus or deficit between its annual spending and revenue).

Financial Position – The state of a council's balance sheet (ie. the composition of its assets and liabilities).

Forward Estimates - Forward estimates period refers to the four years following the budget Year

Infrastructure Asset Management Plan - A Plan that demonstrates responsive management of assets (and services provided from assets), compliance with regulatory requirements and to communicate the funding requirements to provide the required levels of service.

Infrastructure – Comprises the assets needed to provide people with access to facilities and services (roads, footpaths, open space etc).

Intergenerational Equity - Intergenerational equity (or fairness) involves the costs associated with expenditure being spread over time in accordance with the distribution of the benefits that are generated from that expenditure.

LGPI (Local Government Price Index) - Represents the movement in the price of goods and services consumed by Local Government in South Australia, prepared by the South Australian Centre for Economic Studies (SACES).

LTFP – Long Term Financial Plan

New Capital - Where assets or infrastructure are added to Council's existing asset stock, or the component of an existing asset that provides additional capabilities or service.

Net Financial Liabilities – The financial obligations of a council to other sectors of the economy. This is calculated as total liabilities less financial liabilities (cash and amounts receivable).

Net Interest Costs – Total net interest paid.

APPENDIX B cont.– Glossary

Operating Projects - Projects, programs or services provided for the first time that may have consequences on future Council budgets, or a one-off or short term in nature. In addition, Operating Projects include programs/projects that are aligned to key Council strategies but are not core Council services/activities and there is some discretion in delivery over the medium term. Highlighting these as Operating Projects provides transparency to Elected Members and the Community.

Operating Surplus - Where Council's operating income is greater than its operating expenses.

Operating Deficit – Occurs where a council's total annual expenses exceed its total annual income, meaning that costs are being transferred from today's ratepayers to tomorrow's ratepayers (leading to a diminished intergenerational equity).

Recurrent costs - Provision for core services provided by Council on a day to day basis. Includes income and expenses of an administrative, maintenance or legislative nature.

Renewal Capital – Expenditure on renewal or replacement of existing assets having their service life extended through repair or replacement. This does NOT include expenditure on new assets or asset upgrades.

Total Operating Revenue – Total revenue as shown on Council's annual financial statements.