

Adelaide Hills Council
Long Term Financial Plan
2023-24



Long Term Financial Plan

April 2023

Why does Council prepare a Long Term Financial Plan (LTFP)?

The *Local Government Act 1999* requires Council to prepare a Long Term Financial Plan (LTFP) as part of its Strategic Management Plans. Council considers that its Long Term Financial Plan (LTFP) is a fundamental instrument of accountability and provides projections for Council's planned activities over a ten year timeframe.

It ensures that financial resources are deployed in areas that align with Council's Strategic Management Plans, are affordable and supported within the Council's LTFP.

The LTFP provides Council with a decision making tool that ensures there is an understanding of the impact of decisions made today on future sustainability. This means ensuring the cost effective delivery of works and services, and the appropriate maintenance and renewal of our asset base in a financially sustainable manner.

The LTFP contains estimated financials over a ten year period and includes estimates of the key ratios which are operating surplus, net financial liabilities and asset renewal funding ratios. This projection of estimates creates a model that illustrates the expected long term financial performance of the Council, and hence whether financial sustainability is being achieved.

The model is a complex and fluid document, continually reviewed, modified and refined as new information is discovered. This is usually at each quarterly Budget Review and during the construction and adoption of Council's Annual Budget.

The plan does not provide specific detail about individual works or services, as this level of detail is addressed in the Annual Business Plan and Budget.

The key objective of Council's LTFP is financial sustainability in the medium to long term, while still achieving Council's corporate objectives as specified in its Strategic Plan, Corporate Plans and Functional Strategies.

How does Council prepare the Plan?

The 10 year LTFP is prepared using a number of assumptions about projected rate income, projected fees, charges and grants and also includes assumptions about future operational and capital expenditure. As the plans are derived from an estimate of future performance, the actual results are likely to vary from the information contained in this LTFP.

Calculating a sustainable Long Term Financial Plan

The LTFP calculations are based on a complex model which is built on a very large range of variables applied to its performance in recent years. In order to use it to guide each year's budget setting process, the key variables have been divided into two groups:

- *Controllable variables* – items that Council and/or Council's Administration can control such as service levels, capital expenditure, rate increases and wage increases
- *Non-controllable variables* – items outside Council's control, such as interest rates, inflation and economic growth (eg. residential development, new businesses, etc) as well as government fees and charges/imposts such as the Solid Waste Levy.

For controllable variables, Council is able to change different variables up or down to see what effect they have on financial performance. The long-term effects of each decision can then be assessed.

For non-controllable variables, the plan uses reasonable long-term estimates which do not change (except to update them at the beginning of each budget cycle). In this way the impact of different choices about the variables in the model can be better assessed.

For example: Inflation which is measured by the Local Government Price Index (LGPI) for Councils has fluctuated substantially in recent years. Because inflation works differently on different elements of Council's income and expense it can easily distort the LTFP, especially in later years. If the distortion negatively impacted the LTFP, Council could assess which controllable variables could be adjusted to keep the plan sustainable.

Key considerations incorporated in the current LTFP review

As part of the development of the 2023-24 LTFP, a full day workshop of Council was held in February 2023 with the objective of reaching an agreed understanding of key parameters and assumptions to be captured within the 'draft' 2023-24 LTFP to enable a sustainable position to be presented to Council prior to community consultation.

This was a particularly challenging year given the impacts that world events are having on the cost of delivering services with the Consumer Price Index (CPI) currently in excess of 8% for South Australia. Given the costs of delivering services in Local Government often exceed CPI, the focus of the workshop was to reduce expenditure to enable the impact on rates, which are Council's primary source of revenue, to be held below CPI in 2023-24.

After taking into account workshop feedback, the draft 2023-24 LTFP key parameters and assumptions have been updated to reflect:

- an average residential rate increase for 2023-24 that is 0.5% below estimated LGPI to ensure that the increase is below forecast CPI
- The inclusion of \$600k in administrative savings (ongoing). This is in addition to the \$650k of ongoing savings captured in the last LTFP review
- The inclusion of service changes that will achieve savings of \$230k in 2023-24 and be ongoing
- That all categories of land use be differentiated for rating purposes, and that the differential rate for land uses Commercial, Industrial and Vacant be adjusted to better reflect the relativity of those land uses to the overall rates raised given that Council's residential ratepayers pay a greater proportion of total rates compared to other councils.
- The inclusion of increases in certain Fees and Charges to achieve additional revenue of \$50k per annum.
- The inclusion of funding for a pilot of waste options in 2023-24. Other key initiatives include the continued rollout of the Community and Recreation Facilities Framework, delivery of the Biodiversity Strategy outcomes and increased maintenance for Hamilton Hill, Dunsfield Estate and The Crest.

Once the above elements were factored in, revised LTFP modelling provides for an improved operating surplus over that previously projected and therefore Council has increased its flexibility to better absorb the financial impacts of events such as bushfires and pandemics without significantly impacting on the delivery of Council's Strategic Plan outcomes and the full range of services and activities.

Further it is proposed that the financial sustainability targets also remain unchanged from the previously adopted LTFP.

Local Government Price Index (LGPI)

The Consumer Price Index (CPI) is calculated using the mix of goods and services typically consumed by households, however the mix of goods and services purchased by Local Councils is quite different. Council's major expenditure purchases include waste disposal and processing, solid waste levy, arboriculture services, maintenance for infrastructure including bitumen and other materials, insurance, energy, diesel and water as well as employment costs

Because Council's expenses are so different from households, the Australian Bureau of Statistics were commissioned to develop a Local Government Price Index (LGPI) over 10 years ago as an independent measure of price movements faced by Local Government in South Australia in respect of their purchases of goods and services. In more recent years the South Australian Centre for Economic Studies has taken over responsibility for preparing the LGPI.

Council has then used both the LGPI and CPI when considering the setting of rates as part of its Annual Business Planning and Budget process.

When Council bases rate increases only on CPI it can significantly impact Council's overall financial sustainability as it may not accurately reflect the actual cost increases that Council is facing over time.

Improving Council's Operating Surplus Ratio is important to Adelaide Hills Council given Council's desire to:

- increase Council's capacity to absorb such events as bushfires and COVID-19 and the associated expenditure impacts
- Increase capacity to fund additional services required by the community including tree management and the Community & Recreation Facilities Framework;
- keep the operating surplus at a level to fund a proportion of new/upgraded capital expenditure without requiring additional borrowings and also provide for the capacity to reduce debt

This position to improve the Operating Surplus has been further supported by previous years' community consultation on the LTFP.

Given the above it is recommended to increase the average residential rate increase for 2023-24 at 0.5% below estimated LGPI to ensure that the increase is below forecast CPI and then align rate increases in accordance with LGPI for subsequent years, i.e. no extraordinary increase above and beyond the base to make up for a lower increase in 2023-24.

Chief Executive Officer's Report on Financial Sustainability

What key conclusions may be drawn from the plan?

The LTFP demonstrates that the Council is financially sustainable over the 10 year term of the LTFP, whilst achieving the objectives outlined in the Strategic Plan. This includes:

- Implementation and funding of the appropriate level of maintenance and renewal of the portfolio of infrastructure assets
- Meeting the ongoing expectations of service delivery to our community
- Managing the impact of cost shifting from other levels of government
- Enabling the delivery of strategies identified within the Strategic Plan as well as other endorsed Functional Strategies
- The appropriate use of debt as a means of funding new capital expenditure
- Ensuring the financial sustainability of Council's operations.

Financial sustainability has been demonstrated through adherence to the agreed target ranges in all of the following three key ratios:

- 1. Operating Surplus Ratio, target range 1% to 5%**
- 2. Net Financial Liabilities Ratio, target range 25% to 75%**
- 3. Asset Renewal Funding Ratio, target range 95% to 105%**

In achieving these targets, which are explained in more detail within this document, there is a level of certainty provided that financial sustainability will be maintained.

Ratios

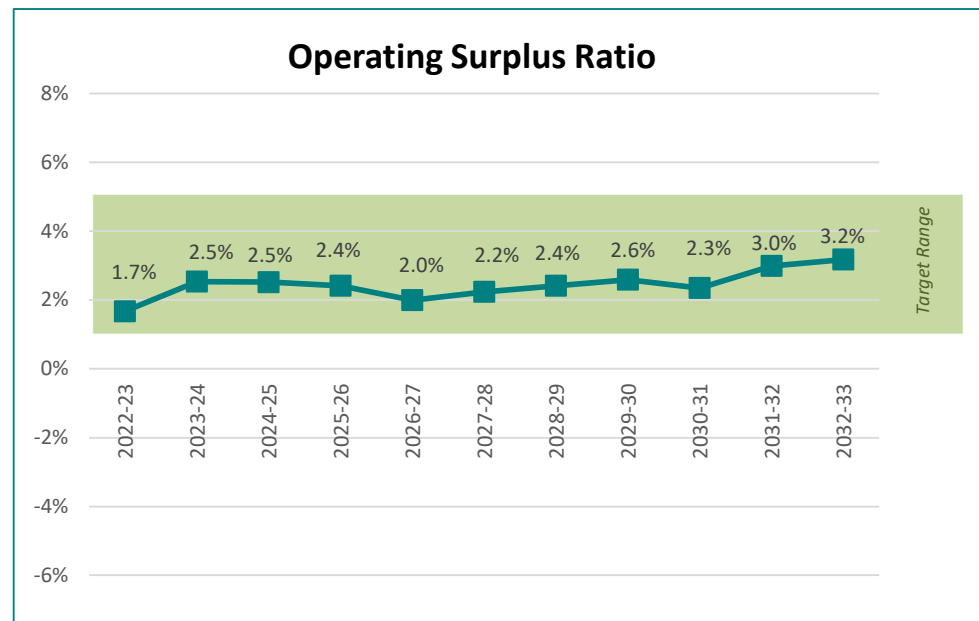
Operating Surplus Ratio

The operating surplus ratio indicates whether operating revenue is sufficient to meet all operating expenses and whether current ratepayers are paying for their consumption of resources.

The Operating Surplus ratio expresses the operating surplus as a percentage of total operating income. A negative ratio indicates the percentage that the operating expenses outweigh the operating income. A positive ratio indicates the percentage that the operating revenue exceeds the operating expenses.

Target Range: 1% - 5%
10 Year Result Range 2.0% - 3.2%

The ratio above indicates that the cost of services provided to ratepayers is being met from operating revenues with surplus's being used to fund an appropriate amount of new/upgraded infrastructure works in accordance with our LTFP projections.



Net Financial Liabilities Ratio

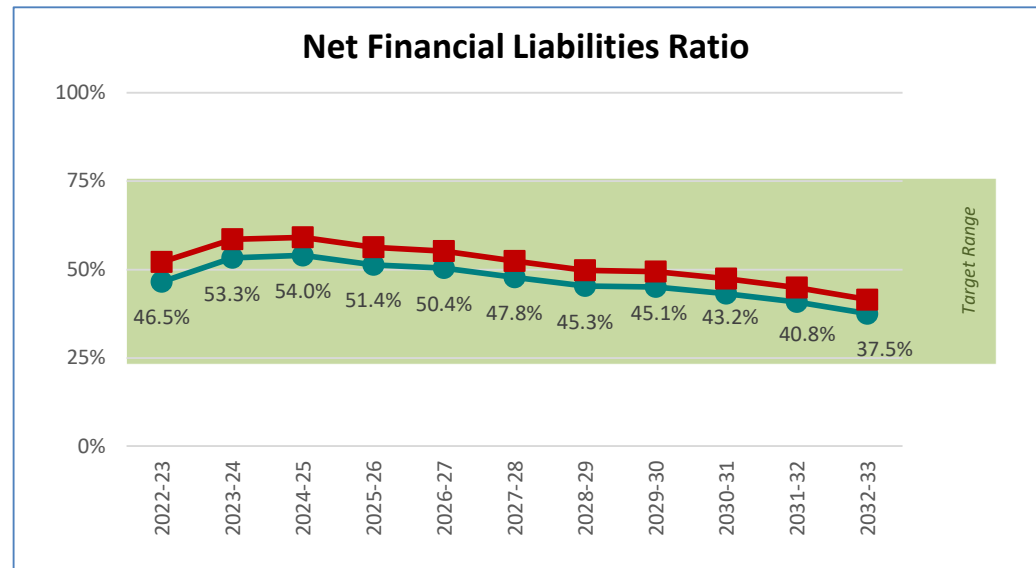
Net Financial Liabilities is an indicator of the Council’s total indebtedness and includes all Council’s obligations including provisions for employee entitlements and creditors.

This ratio indicates whether the net financial liabilities of the Council can be met by the Council’s total operating revenue. Where the ratio is falling, it indicates that the Council’s capacity to meet its financial obligations from operating revenues is strengthening. Where the ratio is increasing, it indicates that a greater amount of Council’s operating revenues is required to service its financial obligations.

Council has considered the financial impact of significant events such as disasters including bushfire or storm as these type of events have occurred more regularly in recent years. As a result, Council has also assessed its Net Financial Liability ratio with an additional \$3m of borrowings represented by the top red line in the graph below. The resultant ratio shows that even with the additional \$3m, Council still maintains this ratio within a sustainable target range.

The \$3m represents the likely Council net contribution to a very significant disaster in the order of \$10m taking into account financial assistance from State and Federal Governments. This assumption is also based on Council’s strong preference to borrow if such a major event did occur rather than requiring an increase in rates to fund any financial impact.

Target Range: 25% - 75%
10 Year Result Range 38% - 54%



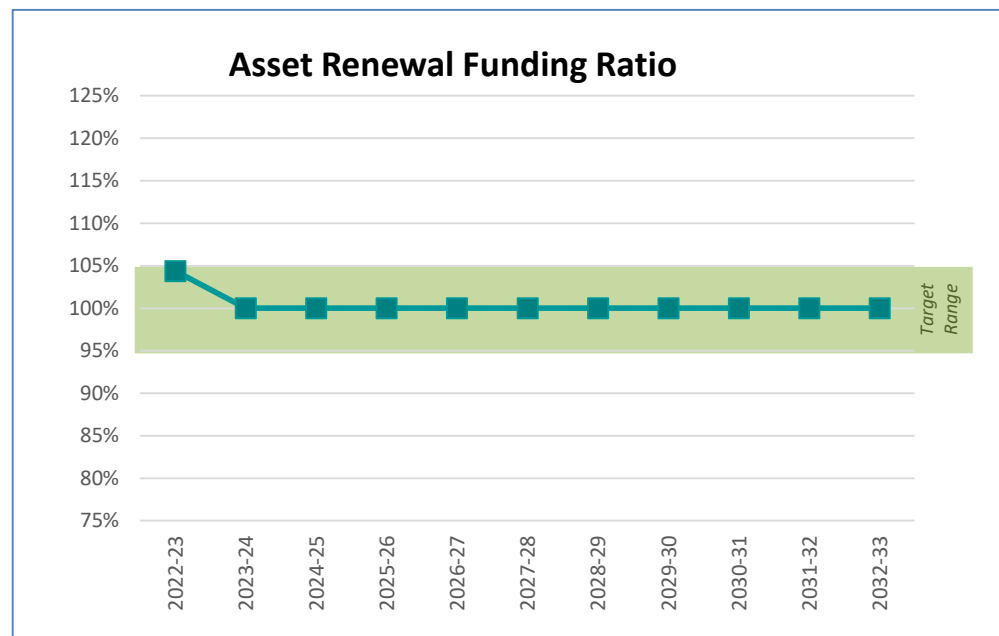
Asset Renewal Funding Ratio

This ratio indicates whether a Council is renewing or replacing existing infrastructure assets at the same rate that its asset management plan requires.

The target for this ratio is to be between 95% and 105% in any given year, with 100% on average over five years. This would mean that Council is replacing 100% (or all) of the assets that require renewal. Carry forwards are not taken into account in this calculation given that this indicator needs to be compared to required renewal expenditure emanating from Asset Management Plans and not a reflection of capital delivery.

Target: 95 - 105%
10 Year Result Range 100%

The result achieved for this measure is the same throughout the 10 year horizon of the LTFP as the amount of future renewal expenditure is based on the required asset management expenditure.



Key sections explained

Uniform Presentation of Finances (including key assumptions and financial indicators)

In accordance with the requirements of *Local Government (Financial Management) Regulations 2011* this section of the LTFP presents the financial position of Council for the next 10 years in the mandated format consistent across the Local Government sector.

This section of the LTFP is broken into the following key elements:

- A summary of all operating income and expenditure to highlight the Operating Surplus/(Deficit)
- Net outlays on existing assets after providing for depreciation and proceeds from any replacement asset sales
- Net outlays on new and upgraded assets after providing for grants received and proceeds from any surplus asset sales
- Details of the financial transactions relating to Council's Net Lending/borrowing Position to highlight Council's approach to funding services & infrastructure
- Key indexation forecasts and interest rate projections for borrowings and investments

The resultant key financial ratios are derived from the above and demonstrate financial sustainability through the adherence to the agreed target ranges over the 10 year life of the LTFP. Detailed information is provided in relation to each ratio within this plan.

Statement of Comprehensive Income

This Statement provides a 10 year projection of the state of Council's annual operating result (ie. the surplus or deficit between its annual spending and revenue). It shows Council's operational income and expenditure using the projected 30 June 2022 Budget as the base year.

As this statement outlines the intended sources of total operating income (such as rates, grants and other fees and charges) for the period to which the LTFP relates, it provides details of council's funding approach to the funding of services and infrastructure of the council.

It can be seen that Council has a heavy reliance on rates and to a lesser extent grants with rates constituting over 85% of Operating Income. Other revenue sources include statutory fees (largely development and dog and cat registration) and user charges relating to cemeteries, community centre programs and Lobethal Woollen Mill Precinct rentals.

For expenditure, key items are employee costs and material, contracts & other expenses both constituting around 40% of operational expenditure.

This statement also shows the predicted increase from revaluations relating to Council's large investment in infrastructure & related assets.

Statement of Financial Position

This Statement provides a 10 year projection of Council's assets and liabilities using the projected 2022-23 Budget as the base year. The projections result from proposed capital expenditure emanating from the Asset Management Plans and adopted strategies, together with borrowings necessary to meet those capital requirements, and net funding generated by operations.

Council's borrowings are represented by a Cash Advance Drawdown (CAD) facility as well as credit foncier (principal and interest) loans split between short term and longer term loans. **Over the life of the LTFP, total borrowings peak at \$25m in 2026-27.**

Capital Investment by Asset Category

Council's Asset Management Plans are progressively reviewed to ensure future provisions for asset related expenditure are sufficient. Recent reviews have highlighted the need for additional renewal expenditure in some of the infrastructure categories which has been provided for within the current LTFP. This includes any changes from asset revaluations and subsequent inspection of asset conditions.

Key points of note include:

Total capital expenditure projected over the 10 year period totals \$156 million of which \$124 million has been allocated to the renewal of existing assets. Over \$ 60 million of this renewal investment is on road related infrastructure, including resurfacing over 200 km of seal roads, re-sheeting 170 km of our unsealed network, replacing about 1.5% of our road base and renewal bridge components.

As identified above, the remaining \$32 million relates to new assets, as well as capacity/upgraded assets derived from Council's current adopted Strategic Plan and endorsed Functional Strategies. This includes \$ 5.8 million for the completion of Fabrik activation and functional upgrades across our 200 plus building and related asset portfolio, \$ 3.2 million towards upgrades to Council playgrounds, \$ 4.7 million on Stormwater upgrades and \$ 0.5 million to transition towards more electric vehicles in the fleet. The Council will invest \$ 4.6 million on extending its footpath and trails networks.

Economic and Key Financial Indicators

The LTFP has been developed based on a number of assumptions using the best up to date information available at the time. Key economic indicators used include estimated increases to Consumer Price Index (CPI), Local Government Price Index (LGPI) and predictions in relation to short term and long term interest rates. These LTFP assumptions are detailed in this section.

Further, these LTFP assumptions are affected by various internal and external influences as listed below.

Internal (more controllable)

- Enterprise Development and Bargaining Agreements covering salary and wage increases
- Workforce planning
- Treasury Management Policy and decisions on borrowings
- Service Improvement Reviews
- Risk Management consideration
- Asset Sustainability & Service levels maintained during the period of the LTFP
- Increase/decrease in Services.

External (more non controllable)

- Local Government Price Index
- Consumer Price Index
- Interest rates
- Landscape and Community Wastewater Management System (CWMS) levy increases
- Utility increases including water and electricity and waste related costs including solid waste levy
- Insurance and governance related costs
- Federal and State Government Policy including cost shifting
- Broader economic environment

Risks Associated with the Long Term Financial Plan

The LTFP has been developed based on the best information and assumptions available at the time. 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.

In addition, the LTFP may be impacted by events such as new legislation, legal disputes or disasters that could materially affect the projected outcomes and results of the LTFP. Whilst Council has factored in the known impacts of prior events (including recent bushfires, the COVID-19 pandemic and legal matters), it is important to acknowledge that significant future events will necessitate ongoing review. The projected increase in the operating surplus ratio will assist in mitigating this risk.

Council is aware that the Boundaries Commission has developed an Inquiry Plan to inquire into the Campbelltown City Council's (CCC) proposal for the boundary between CCC and Adelaide Hills Council to be realigned to the eastern and southern side of Woodforde and Rostrevor suburbs, effectively moving those suburbs into CCC's area. At the last advice received, the Commission was seeking a cost estimate for the Inquiry. Once the estimate is obtained it will be provided to CCC and the inquiry will only proceed if CCC provides a clear direction to do so, on consideration of the cost estimate, which they will be required to fund. Given the current status of the boundary change process, no adjustment has been made to Council's LTFP for any possible impact on rates revenue, servicing costs and capital expenditure.

In order to reduce risk the plan is reviewed and updated annually to incorporate the best available information. In addition, the LTFP and its assumptions are reviewed by Council's Audit Committee.

Adelaide Hills Council 10 Year Financial Plan for the Years ending 30 June 2033 UNIFORM PRESENTATION OF FINANCES - COUNCIL													
Scenario: 2023-24 Long Term Financial Plan for Adoption	Actuals	Current Year	Projected Years										Accumulation of 10 Yrs of LTFP
	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	
Operating Activities													
Income	52,457	53,336	56,597	58,561	60,594	62,515	64,500	66,550	68,668	70,855	73,114	75,448	657,402
less Expenses	(51,315)	(52,443)	(55,149)	(57,078)	(59,126)	(61,263)	(63,050)	(64,930)	(66,872)	(69,176)	(70,907)	(73,031)	(640,581)
Operating Surplus / (Deficit)	1,142	893	1,448	1,483	1,468	1,253	1,450	1,621	1,796	1,679	2,207	2,417	16,820
Capital Activities													
less (Net Outlays) on Existing Assets													
Capital Expenditure on Renewal and Replacement of Existing Assets	(12,337)	(10,740)	(12,516)	(11,359)	(10,836)	(11,583)	(11,064)	(11,876)	(14,438)	(13,141)	(13,699)	(13,062)	(123,574)
add back Depreciation, Amortisation and Impairment	9,820	10,446	11,096	11,553	12,005	12,372	12,751	13,142	13,541	13,951	14,359	14,779	129,550
add back Proceeds from Sale of Replaced Assets	756	636	899	669	834	665	783	880	1,477	1,137	1,279	920	9,543
(Net Outlays) on Existing Assets	(1,761)	341	(521)	864	2,003	1,454	2,470	2,146	580	1,947	1,939	2,637	15,520
less (Net Outlays) on New and Upgraded Assets													
Capital Expenditure on New and Upgraded Assets													
(including Investment Property & Real Estate Developments)	(4,839)	(8,629)	(7,083)	(4,267)	(2,410)	(2,525)	(2,616)	(2,515)	(2,545)	(2,653)	(2,729)	(2,843)	(32,186)
add back Amounts Received Specifically for New and Upgraded Assets	2,552	5,621	-	-	-	-	-	-	-	-	-	-	-
add back Proceeds from Sale of Surplus Assets													
(including Investment Property & and Real Estate Developments)	9	1,494	1,230	1,000	-	-	-	-	-	-	-	-	2,230
(Net Outlays) on New and Upgraded Assets	(2,278)	(1,514)	(5,853)	(3,267)	(2,410)	(2,525)	(2,616)	(2,515)	(2,545)	(2,653)	(2,729)	(2,843)	(29,956)
Net Lending / (Borrowing) for Financial Year	(2,897)	(279)	(4,926)	(921)	1,061	181	1,304	1,252	(169)	973	1,417	2,211	2,384
In a year the financing transactions identified below are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.													
Financing Transactions													
New Borrowings	-	3,000	6,000	8,700	1,700	2,400	1,200	2,700	2,950	2,100	3,500	1,500	
Repayments of Borrowings	-	(271)	(561)	(6,061)	(1,802)	(2,024)	(1,975)	(1,822)	(2,126)	(2,465)	(2,754)	(3,167)	
Repayment of Lease Liabilities	(400)	(429)	(440)	(451)	(463)	(474)	(486)	(498)	(511)	(523)	(536)	(550)	
(Increase)/Decrease in Cash & Drawdown	1,428	1,986	454	(739)	(168)	46	87	(1,500)	(13)	49	(1,493)	139	
Increase/(Decrease) in Remediation Provision	(105)	(403)	(427)	(428)	(229)	(30)	(30)	(31)	(32)	(33)	(33)	(33)	
Non Cash Equity Movement	(67)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	
(Increase)/Decrease in Working Capital	2,117	(2,989)	-	-	-	-	-	-	-	-	-	-	
Proceeds from Bonds & Aged Care Facilities deposits		670	-	-	-	-	-	-	-	-	-	-	
Repayment of Aged Care Facility Deposits	(76)	(1,184)	-	-	-	-	-	-	-	-	-	-	
How the Net Borrowing/Lending Result is accommodated/(applied)	2,897	279	4,926	921	(1,061)	(181)	(1,304)	(1,252)	169	(973)	(1,417)	(2,211)	
TOTAL NET FINANCIAL LIABILITIES	24,015	24,824	30,290	31,762	31,263	31,656	30,938	30,284	31,064	30,715	29,934	28,372	
TOTAL BORROWINGS	14,781	16,865	22,690	24,590	24,319	24,742	24,054	23,431	24,243	23,926	23,179	21,651	
INDEXATION FORECASTS													
General operating income and expenditure - CPI applied			7.00%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Employment Costs (includes superannuation guarantee increases)			8.17%	4.72%	4.02%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Depreciation increase			3.65%	3.00%	3.30%	2.80%	2.80%	2.80%	2.80%	2.80%	2.70%	2.70%	2.70%
Proposed rate increase (from 2024-25 Local Government Price Index)			6.90%	3.90%	3.40%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%
Rates growth from new development			0.90%	0.70%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Proposed CWMS increase			3.45%	1.95%	1.70%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%
CWMS Impact			(58)	(34)	(30)	-	-	-	-	-	-	-	-
FAG and Other Grants increase			3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Grants Impact			(80)	(16)	(13)	-	-	-	-	-	-	-	-
Carry Forward Adjustment		(8,000)	(5,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	
TREASURY FORECASTS													
Estimated Loan rate			5.00%	5.00%	5.00%	5.00%	5.25%	5.25%	5.25%	5.50%	5.50%	5.50%	5.50%
Estimated Cash Advance Rate			4.12%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
KEY FINANCIAL INDICATORS													Average 10 Years
Operating Surplus Ratio	2.2%	1.7%	2.6%	2.5%	2.4%	2.0%	2.2%	2.4%	2.6%	2.4%	3.0%	3.2%	2.5%
Net Financial Liabilities Ratio	46%	47%	54%	54%	52%	51%	48%	46%	45%	43%	41%	38%	47.1%
Net Financial Liabilities Ratio + \$3m	52%	52%	59%	59%	57%	55%	53%	50%	50%	48%	45%	42%	51.7%
Asset Renewal Funding Ratio	114%	106%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100.0%

Adelaide Hills Council												
10 Year Financial Plan for the Years ending 30 June 2033												
STATEMENT OF COMPREHENSIVE INCOME - COUNCIL												
Scenario: 2023-24 Long Term Financial Plan for Adoption												
	Actuals	Current Year	Projected Years									
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income												
Rates	41,504	44,339	48,330	50,624	52,680	54,436	56,252	58,128	60,068	62,073	64,146	66,288
Statutory Charges	1,430	1,398	1,502	1,555	1,601	1,641	1,682	1,724	1,768	1,812	1,857	1,903
User Charges	884	890	1,014	1,050	1,081	1,108	1,136	1,164	1,193	1,223	1,254	1,285
Grants, Subsidies and Contributions	7,667	6,204	5,155	4,721	4,604	4,689	4,776	4,865	4,956	5,050	5,146	5,244
Investment Income	59	5	5	6	6	6	6	6	7	7	7	7
Reimbursements	197	186	197	204	210	215	221	226	232	238	243	250
Other Income	583	214	292	302	312	319	327	336	344	353	361	370
Net gain - equity accounted Council businesses	133	100	100	100	100	100	100	100	100	100	100	100
Total Income	52,457	53,336	56,597	58,561	60,594	62,515	64,500	66,550	68,668	70,855	73,114	75,448
Expenses												
Employee Costs	19,608	21,083	23,004	23,921	24,710	25,507	26,480	27,335	28,217	29,128	30,068	31,039
Materials, Contracts & Other Expenses	21,515	20,316	20,467	20,734	21,485	22,462	22,894	23,566	24,214	25,162	25,567	26,269
Depreciation, Amortisation & Impairment	9,820	10,446	11,096	11,553	12,005	12,372	12,751	13,142	13,541	13,951	14,359	14,779
Finance Costs	306	599	582	870	925	922	924	887	900	935	913	945
Net loss - Equity Accounted Council Businesses	66	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	51,315	52,443	55,149	57,078	59,126	61,263	63,050	64,930	66,872	69,176	70,907	73,031
Operating Surplus / (Deficit)	1,142	893	1,448	1,483	1,468	1,253	1,450	1,621	1,796	1,679	2,207	2,417
Asset Disposal & Fair Value Adjustments	(1,693)	-	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	1,905	5,621	-	-	-	-	-	-	-	-	-	-
Physical Resources Received Free of Charge	4,072	-	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	5,426	6,514	1,448	1,483	1,468	1,253	1,450	1,621	1,796	1,679	2,207	2,417
Other Comprehensive Income												
Amounts which will not be reclassified subsequently to operating result												
Changes in Revaluation Surplus - I,PP&E	2,814	5,300	5,687	5,903	6,098	6,269	6,444	6,624	6,810	7,001	7,190	7,384
Share of Other Comprehensive Income - Equity Accounted Council Businesses	1	-	-	-	-	-	-	-	-	-	-	-
Other	6	-	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	2,821	5,300	5,687	5,903	6,098	6,269	6,444	6,624	6,810	7,001	7,190	7,384
Total Comprehensive Income	8,247	11,814	7,135	7,386	7,566	7,521	7,894	8,245	8,606	8,680	9,397	9,801

Adelaide Hills Council 10 Year Financial Plan for the Years ending 30 June 2033 STATEMENT OF FINANCIAL POSITION Scenario: 2023-24 Long Term Financial Plan for Adoption												
	Actuals 2021/22 \$'000	Current Year 2022/23 \$'000	Projected Years					Projected Years				
			2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
ASSETS												
Current Assets												
Cash & Cash Equivalents	3,215	584	515	515	515	515	515	515	515	515	515	515
Trade & Other Receivables	3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025	3,025
Inventories	32	32	32	32	32	32	32	32	32	32	32	32
Total Current Assets	6,272	3,641	3,572	3,572	3,572	3,572	3,572	3,572	3,572	3,572	3,572	3,572
Non-Current Assets												
Equity Accounted Investments in Council Businesses	2,416	2,516	2,616	2,716	2,816	2,916	3,016	3,116	3,216	3,316	3,416	3,516
Infrastructure, Property, Plant & Equipment	445,461	457,984	470,485	479,243	486,210	494,023	501,099	508,591	517,876	526,107	534,622	542,762
Total Non-Current Assets	447,877	460,500	473,101	481,959	489,026	496,939	504,115	511,707	521,092	529,423	538,038	546,278
TOTAL ASSETS	454,149	464,141	476,673	485,531	492,598	500,511	507,687	515,279	524,664	532,995	541,610	549,850
LIABILITIES												
Current Liabilities												
Cash Advance Debenture	9,206	8,561	8,946	8,208	8,039	8,086	8,173	6,673	6,660	6,709	5,215	5,354
Trade & Other Payables	9,651	6,148	6,148	6,148	6,148	6,148	6,148	6,148	6,148	6,148	6,148	6,148
Borrowings	375	1,001	6,513	2,264	2,498	2,461	2,320	2,636	2,989	3,291	3,717	3,447
Provisions	4,072	4,001	3,928	3,854	3,814	3,809	3,804	3,799	3,793	3,788	3,782	3,776
Total Current Liabilities	23,304	19,711	25,535	20,474	20,500	20,504	20,445	19,256	19,590	19,935	18,862	18,725
Non-Current Liabilities												
Borrowings	5,200	7,303	7,231	14,118	13,782	14,195	13,561	14,123	14,594	13,927	14,247	12,849
Provisions	1,751	1,419	1,065	711	521	497	472	446	420	393	365	338
Total Non-Current Liabilities	6,951	8,722	8,296	14,829	14,303	14,692	14,033	14,569	15,014	14,320	14,612	13,187
TOTAL LIABILITIES	30,255	28,433	33,830	35,302	34,803	35,196	34,478	33,824	34,604	34,255	33,474	31,912
NET ASSETS	423,894	435,708	442,843	450,229	457,794	465,316	473,209	481,454	490,060	498,740	508,137	517,937
EQUITY												
Accumulated Surplus	147,964	154,478	155,926	157,409	158,877	160,129	161,579	163,200	164,996	166,675	168,882	171,298
Asset Revaluation Reserves	275,831	281,131	286,818	292,721	298,819	305,087	311,531	318,156	324,966	331,966	339,156	346,540
Other Reserves	99	99	99	99	99	99	99	99	99	99	99	99
TOTAL EQUITY	423,894	435,708	442,843	450,229	457,794	465,316	473,209	481,454	490,060	498,740	508,137	517,937
TOTAL NET FINANCIAL LIABILITIES	24,015	24,824	30,290	31,762	31,263	31,656	30,938	30,284	31,064	30,715	29,934	28,372
TOTAL BORROWINGS	14,781	16,865	22,690	24,590	24,319	24,742	24,054	23,431	24,243	23,926	23,179	21,651

TOTAL BORROWINGS consist of:												
Fixed Loans												
Opening Balance	5,575	5,575	8,304	13,743	16,382	16,280	16,656	15,881	16,759	17,583	17,218	17,963
New Borrowings	-	3,000	6,000	8,700	1,700	2,400	1,200	2,700	2,950	2,100	3,500	1,500
Principal Repayments	-	(271)	(561)	(6,061)	(1,802)	(2,024)	(1,975)	(1,822)	(2,126)	(2,465)	(2,754)	(3,167)
Closing Balance Fixed Term Borrowing	5,575	8,304	13,743	16,382	16,280	16,656	15,881	16,759	17,583	17,218	17,963	16,297
CAD												
Opening Balance	5,200	9,206	8,561	8,946	8,208	8,039	8,086	8,173	6,673	6,660	6,709	5,215
Change in CAD from Working Capital	4,006	(645)	385	(739)	(168)	46	87	(1,500)	(13)	49	(1,493)	139
Closing Balance CAD	9,206	8,561	8,946	8,208	8,039	8,086	8,173	6,673	6,660	6,709	5,215	5,354
TOTAL BORROWINGS	14,781	16,865	22,690	24,590	24,319	24,742	24,054	23,431	24,243	23,926	23,179	21,651

Adelaide Hills Council 10 Year Financial Plan for the Years ending 30 June 2033 CAPITAL INVESTMENT BY ASSET CATEGORY Scenario: 2023-24 Long Term Financial Plan for Adoption		Projected Years									
		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
RENEWAL CAPITAL WORKS											
Bridges	313	129	115	62	128	106	94	97	153	158	
Buildings	550	337	318	546	788	812	955	492	380	540	
Cemeteries	41	42	44	45	46	48	49	50	52	54	
CWMS	598	657	362	557	126	129	412	340	141	223	
Footpaths	424	426	428	311	308	304	299	294	288	297	
Kerb & Water	68	70	73	75	77	79	82	84	87	89	
Other (including Guardrails/Retaining Walls/Street furniture)	198	204	194	200	206	212	219	225	236	244	
Road Pavement	1,618	1,146	1,610	1,882	1,380	1,422	1,464	1,508	1,659	1,708	
Road Seal	1,993	2,219	1,956	2,519	2,440	2,513	2,588	2,666	2,718	2,800	
Shoulders	285	293	302	311	320	330	340	350	361	371	
Sport and Recreation	405	155	149	219	225	243	203	209	215	222	
Playgrounds	149	154	158	163	168	173	178	183	189	194	
Stormwater	114	117	121	124	128	132	136	140	144	149	
Unsealed Roads	1,302	1,309	1,316	1,323	1,330	1,336	1,343	1,383	1,514	1,560	
Heavy Plant	1,142	733	1,048	563	811	1,239	2,937	2,093	2,402	1,235	
Light Fleet	702	720	738	756	776	796	815	835	857	878	
Information, Communication & Technology	505	687	516	493	351	470	698	547	605	614	
F&F including Library	62	64	66	68	70	72	74	76	78	81	
Project Management Costs	1,049	1,234	1,330	1,377	1,399	1,472	1,564	1,579	1,633	1,660	
Carry Forwards	1,000	667									
TOTAL RENEWAL CAPITAL WORKS:	11,517	11,361	10,841	11,594	11,075	11,887	14,450	13,153	13,713	13,076	
NEW, CAPACITY / UPGRADE CAPITAL WORKS											
Bridges	-	-	-	-	-	-	-	-	-	-	
Buildings	2,577	366	324	334	344	354	364	374	386	398	
Cemeteries	40	41	42	43	44	-	-	-	-	-	
CWMS	338	347	-	120	124	128	132	136	140	144	
Footpaths	414	413	425	437	450	464	478	492	506	522	
Kerb & Water	-	-	-	-	-	-	-	-	-	-	
Other (including Guardrails/Retaining Walls/Street furniture)	160	151	147	153	157	161	165	169	173	177	
Road Pavement	221	179	179	185	191	197	203	209	215	222	
Road Seal	-	-	-	-	-	-	-	-	-	-	
Shoulders	-	-	-	-	-	-	-	-	-	-	
Sport & Rec	124	124	174	200	200	100	103	106	109	112	
Playgrounds	267	273	280	288	297	306	315	324	334	344	
Stormwater	300	522	544	444	457	471	485	500	515	530	
Street Lighting	-	-	-	-	-	-	-	-	-	-	
Unsealed Roads	-	-	-	-	-	-	-	-	-	-	
Plant and Fleet	140	140	-	23	24	25	26	27	28	29	
ICT	40	40	-	-	-	-	-	-	-	-	
Minor Equipment including Library	-	-	-	-	-	-	-	-	-	-	
Project Management Costs	463	339	296	300	331	312	276	319	325	360	
Carry Forwards	2,000	1,333									
TOTAL NEW CAPACITY / UPGRADE CAPITAL WORKS:	7,083	4,268	2,411	2,527	2,619	2,518	2,547	2,656	2,731	2,838	
TOTAL CAPITAL WORKS:		19,600	15,629	13,252	14,121	13,694	14,405	16,997	15,809	16,444	15,914
PROCEEDS FROM SALE OF REPLACED ASSETS											
Proceeds - Heavy Plant	467	219	366	179	277	355	931	572	692	312	
Proceeds - Light Fleet	432	450	468	486	506	526	545	565	587	608	
PROCEEDS FROM SALE OF REPLACED ASSETS:	899	669	834	665	783	880	1,477	1,137	1,279	920	
AMOUNTS RECEIVED SPECIFICALLY FOR NEW/UPGRADED ASSETS											
Grants for New/Upgrade Assets	-	-	-	-	-	-	-	-	-	-	
TOTAL AMOUNTS RECEIVED FOR NEW/UPGRADED ASSETS:	-	-	-	-	-	-	-	-	-	-	
PROCEEDS FROM SALE OF SURPLUS ASSETS											
Proceeds - Old Woolen Mill Divestment	1,230	-	-	-	-	-	-	-	-	-	
Proceeds - Other	-	1,000	-	-	-	-	-	-	-	-	
TOTAL PROCEEDS FROM SALE OF SURPLUS ASSETS	1,230	1,000	-	-	-	-	-	-	-	-	

Adelaide Hills Council											
10 Year Financial Plan for the Years ending 30 June 2033											
ECONOMIC & KEY FINANCIAL INDICATORS											
Scenario: 2023-24 Long Term Financial Plan for Adoption											
	2023-24	2024-25	Projected Years								2032-33
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
GENERAL INDEXATION:											
CPI - Adelaide	7.00%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
LGPI - Operating	7.40%	3.90%	3.40%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.70%	
CPI - LGPI diff	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.20%	0.20%	
LGPI - Capital	7.30%	3.80%	3.30%	2.80%	2.80%	2.80%	2.80%	2.80%	2.70%	2.70%	
Indice Applied to General Revenue	7.00%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Indice Applied to Non-CPI Revenue	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Indice Applied to General Expenditure	7.00%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Indice Applied to Precreation & Capital	3.65%	3.00%	3.30%	2.80%	2.80%	2.80%	2.80%	2.80%	2.70%	2.70%	
EMPLOYMENT COSTS:											
Aligned to CPI	7.00%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Enterprise Agreement	0.25%	0.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Leave Revaluation	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	
Grade Step Increases	0.35%	0.40%	0.45%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	
Indice Applied to LTFP	7.65%	4.20%	3.50%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	
Superannuation	11.00%	11.50%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	
Superannuation Increase in % Terms	4.76%	4.55%	4.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
RATES INCOME											
CPI - Adelaide	7.00%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Adjustment to CPI/LGPI Alignment	(0.10%)	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	
Average General Rate Increase	6.90%	3.90%	3.40%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	
Growth	0.90%	0.70%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	
General Rates Revenue Increase	7.80%	4.60%	3.90%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	
Indice Applied to Hills & Fleurieu Landscape Levy	47.00%	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Indice Applied to CWMS Revenue	3.45%	1.95%	1.70%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	
ELECTRICITY COSTS											
Anticipated price variation to CPI	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Anticipated change in consumption	0.00%	0.00%	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	
Indice Applied to LTFP (excl CPI) Electricity	0.00%	0.00%	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	
Indice Applied to LTFP (excl CPI) Streetlighting	0.00%	0.00%	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	
WATER COSTS											
Anticipated price variation to CPI	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Anticipated change in consumption	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	
Indice Applied to LTFP (excl CPI)	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	
INSURANCE COSTS											
Anticipated price variation to CPI	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Anticipated change in VOLUME	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Indice Applied to LTFP (excl CPI)	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
WASTE COSTS											
Anticipated price variation to CPI	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	
Anticipated change in consumption	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)	
Indice Applied to LTFP (excl CPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
TREASURY COSTS											
Estimated Investment rate	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	
Estimated Loan rate	5.00%	5.00%	5.00%	5.00%	5.25%	5.25%	5.25%	5.50%	5.50%	5.50%	
Estimated Cash Advance Rate	4.12%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	
KEY FINANCIAL INDICATORS											
Operating Surplus Ratio	2.6%	2.5%	2.4%	2.0%	2.2%	2.4%	2.6%	2.4%	3.0%	3.2%	
Net Financial Liabilities Ratio	53.5%	54.2%	51.6%	50.6%	48.0%	45.5%	45.2%	43.3%	40.9%	37.6%	
Net Financial Liabilities Ratio + \$3m	58.8%	59.4%	56.5%	55.4%	52.6%	50.0%	49.6%	47.6%	45.0%	41.6%	
Asset Renewal Funding Ratio	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	