

CONFIDENTIAL ITEMS 2003 – AUGUST 2020

#	Date	Item Title	Confidential Order Details	Item being kept confidential - Agenda/ Attachment/ Minutes	Reason regarding retention or recommend-action to release	Resolution Regarding Action	Last Review Date	Next Review Date	Date Released
148	30 March 2020	Audit and Risk Committee Confidential Report - Draft Long Term Financial Plan	<p><u>Pursuant to Section 90(3)(b)</u></p> <p>1. Pursuant to Section 90(2) of the Local Government Act 1999 the Audit and Risk Committee orders that all members of the public except Brian Clancey (Deputy Chief Executive Officer/General Manager Governance, Strategic Projects, Wastewater/Recycled Water) Alex Oulianoff, (Chief Financial Officer), Phil Burton (General Manager Infrastructure), Julie Scoggins (Manager Financial Services), Marcus Smith, (Manager Assets and Contracts), Ros McDougall (Risk and Governance Officer), Sue Miller (Executive Assistance to the CEO and Mayor), be excluded from attendance at the meeting for Agenda Item 12.1 Confidential Report – Draft Long Term Financial Plan .</p> <p>The Committee is satisfied that pursuant to Section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda item is information the disclosure of which could reasonably be expected to prejudice the commercial position of Council.</p> <p>In addition the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in continued non-disclosure of this information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of</p>	Committee report and attachments	The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of Council's commercial position may prejudice Council's ability to procure infrastructure cost effectively for the benefit of the Council and the community in this matter.	Retained in confidence until the Draft Long Term Financial Plan is made public or such lesser period as may be determined by the Chief Executive Officer.		Within 12 months	<i>Report and Attachments released on website 6 August 2020</i>

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			<p>Council's commercial position may prejudice Council's ability to procure infrastructure cost effectively for the benefit of the Council and the community in this matter.</p> <p><u>Pursuant to Section 90 (3) (b)</u></p> <p>5. That having considered Agenda Item 12.1 Confidential Report – Draft Long Term Financial Plan in confidence under 90(2) and (3)(b) of the Local Government Act 1999, the Committee pursuant to Section 91(7) of the Act orders that the committee report and attachments and related documents and be retained in confidence until the Draft Long Term Financial Plan is made public or such lesser period as may be determined by the Chief Executive Officer.</p>						
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RELEASED

**12. CONFIDENTIAL REPORTS****12.1      REPORT TITLE:      CONFIDENTIAL REPORT - DRAFT LONG TERM FINANCIAL PLAN****DATE OF MEETING:      30 MARCH 2020****FILE NUMBER:      DOC/20/37747****ATTACHMENTS:      ATTACHMENT 1 - LTFP CONFIDENTIAL INFORMAL BRIEFING 24 MARCH 2020 DOC/20/34749****ATTACHMENT 2 – GRANTS COMMISSION RETURN EXTRACT 2017/18 DOC/20/38192****Key Contact**      Julie Scoggins, Manager Financial Services**Manager/Sponsor**      Alex Oulianoff, Chief Financial Officer**Mount Barker 2035 – District Strategic Plan:**

Governance and Leadership

GL:4    Effective management and financial sustainability.

**Annual Business Plan:**

Nil for Long Term Financial Plan

**Purpose:**

This item provides an opportunity for the Audit and Risk Committee to provide comment and feedback to council on the Draft Long Term Financial Plan 2020-2030 (LTFP).

**Summary – Key Issues:**

1. Council is required to develop and adopt a 10 year Long Term Financial Plan in accordance with the Local Government Act and Regulations.
2. The Draft LTFP as presented to Council Members at a confidential informal briefing on 24 March 2020 is included in Attachment 1 and will be presented by Staff at the Audit and Risk Committee meeting on 30 March 2020.
3. The Draft LTFP will be presented to the Council meeting on the 6 April, 2020 and if endorsed will be subsequently released for public consultation.
4. There will also be an opportunity for Audit and Risk Committee to provide recommendations to Council with regard to the Draft LTFP whilst it's out for public consultation during May (date to be agreed).

**Recommendation:**

That the Audit and Risk Committee:

**Pursuant to Section 90(3)(b)**

1. Pursuant to Section 90(2) of the Local Government Act 1999 the Audit and Risk Committee orders that all members of the public except Brian Clancey (Deputy Chief Executive Officer/General Manager Governance, Strategic Projects, Wastewater/Recycled Water) Alex Oulianoff, (Chief Financial Officer), Julie Scoggins (Manager Financial Services), Phil Burton (General Manager Infrastructure), Ros McDougall (Risk and Governance Officer), Maree Barns (Administration Officer Governance) be excluded from attendance at the meeting for Agenda Item 12.1 Confidential Report – Draft Long Term Financial Plan .

The Committee is satisfied that pursuant to Section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda item is information the disclosure of which could reasonably be expected to prejudice the commercial position of Council.

In addition the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in continued non-disclosure of this information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of Council's commercial position may prejudice Council's ability to procure infrastructure cost effectively for the benefit of the Council and the community in this matter.

2. Note the work undertaken to review and update the Long Term Financial Plan and the attached presentation provided at a confidential Council Members Informal Briefing on 24 March 2020;
3. Receives the information in the presentation to be made at the Audit and Risk Committee meeting by council staff on the Draft Long Term Financial Plan, and
4. Determine if it wishes to make any recommendations to Council to be included in their review of Council's 2020-30 Draft Long Term Financial Plan at the Council Meeting on 6 April 2020 pre public consultation.

Pursuant to Section 90 (3) (b)

5. That having considered Agenda Item 12.1 Confidential Report – Draft Long Term Financial Plan in confidence under 90(2) and (3)(b) of the Local Government Act 1999, the Committee pursuant to Section 91(7) of the Act orders that the committee report and attachments related documents and all minutes be retained in confidence until the Draft Long Term Financial Plan is made public or such lesser period as may be determined by the Chief Executive Officer.
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**Background:**

1. Under Section 122 of the Local Government Act 1999 a Council must develop and adopt a Long Term Financial Plan for a period of at least 10 years.
2. **Audit and Risk Committee LTFP and Strategic Plan Presentation** - At the Audit and Risk Committee meeting on 12 December 2019 Alex Oulianoff, Chief Financial Officer and Julie Scoggins, Manager, Financial Services presented an overview of the process to be undertaken for the Long Term Financial Plan and Strategic Plan.
3. **Council Member LTFP Informal Briefing December 2019** - At an informal briefing on 16 December 2019 Alex Oulianoff, Chief Financial Officer and Julie Scoggins, Manager, Financial Services presented an overview of Long Term Financial Plan including: a process overview; how the LTFP links in with the other elements of the Strategic Financial Framework; the importance of the LTFP and key considerations in building the LTFP.
4. **Council Member Informal Briefing March 2020** - A further informal briefing was undertaken with Council Members on 24 March 2020 to take them through key assumptions underpinning the Long Term Financial Plan for both Council Operations, and the Wastewater and Recycled Water business.

**Discussion:**

5. **Rationale** - The attached presentation and the presentation at the Audit and Risk Committee meeting will take members through why the LTFP is important, how it has been constructed and key considerations.
6. **Key Assumptions** – The presentation will also take members through the key economic, Council and Wastewater/Recycled Water assumptions.
7. **Council Draft LTFP Overview** – Will present an overview of Strategic New Capital projects with an overall gross expenditure of \$75.7m, grants/revenue of \$41.7m (excluding transport deeds/all separate rates) and net expenditure of \$34.1m. It should be noted that predominantly projects included in the LTFP are not committed, which means that they can be adjusted if Council requires capacity to respond to an economic downturn.

**8. Key Financial Indicators:**

- **Operating surplus ratio** – Achieved in each year of the draft plan (of at least 1%).
- **Net financial liabilities ratio** – Achieved in most years of the draft plan. The consolidated draft LTFP which includes Council Operations and Wastewater and Recycled Water includes one year where the net financial liabilities ratio is greater than the 80% target, but this indicator is achieved over the medium to long term.
- **2017-18 Grants Commission Return** – See attached an extract from the 2017-18 Grants Commission return that shows a comparison of South Australian Council Key Financial Indicators.

**9. Wastewater & Recycled Water LTFP Overview** – Highlighting key points, exclusions and related processes still to occur.**10. Next Steps** – This presents the next steps and key milestones including an Audit and Risk Committee meeting that will be scheduled in May to provide an opportunity for members to make a recommendation to Council prior to adoption of the LTFP.**Community Engagement:**

Informing only	Council will be consulting with the community about the Long Term Financial Plan 8 April 2020 to 20 May 2020
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**Policy:**

Treasury Management Policy – DOC/16/1998

Funding Policy – DOC/19/103032

**Long Term Financial Plan:**

The Long Term Financial Plan and Strategic Asset Management Plan will set the targets for future budgets.

**Budget:**

No impact on budget.

**Statutory/Legal:**

Under Sec 122 LG Act a Council must develop and adopt a Long Term Financial Plan for a period of at least 10 years.

Local Government Act 1999 – Section 122

Local Government (Financial Management) Regulations – 2011 – Regulations 5 &amp; 7.

**Staff Resource Requirements:**

Completed within staff resources.

**Environmental:**

As determined in Mount Barker 2035 District Strategic Plan.

**Social:**

As determined in Mount Barker 2035 District Strategic Plan.

**Risk Assessment:**

The LTFP models Council to be financially sustainable over the long term.

**Asset Management:**

The LTFP provisions for Council to meet or exceed the requirements of Council's strategic asset management plan forecast budgets over the 10 year period included in the plan.

**Conclusion:**

The Long Term Financial Plan is a high level strategic planning document which is a key element of Council's budgeting and planning process. It will assist council staff and council members in planning for the delivery of facilities and services to meet the expectations of the growing community in a sustainable manner.

Council's Strategic Plan includes significant additional infrastructure and services, planning which includes consideration for the timing of revenue and expenditure, and the feasibility of each project. Proactive planning and modelling is vitally important to the ongoing financial sustainability of Council.

While Council uses the LTFP to inform its Annual Business Plan and budget, the plan is a roadmap and as such does not determine the rates or charges in each year.

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**Previous Decisions By/Information Reports to Council**

Meeting Date	28 June 2018	HPRM Reference	DOC/18/68258
Title	Draft Long Term Financial Plan 2018-2028		
Purpose	To present and seek endorsement of Council's intention to consult on the Draft Long Term Financial Plan 2018-2028 (LTFP).		

Attachment 1 to Item 12.1





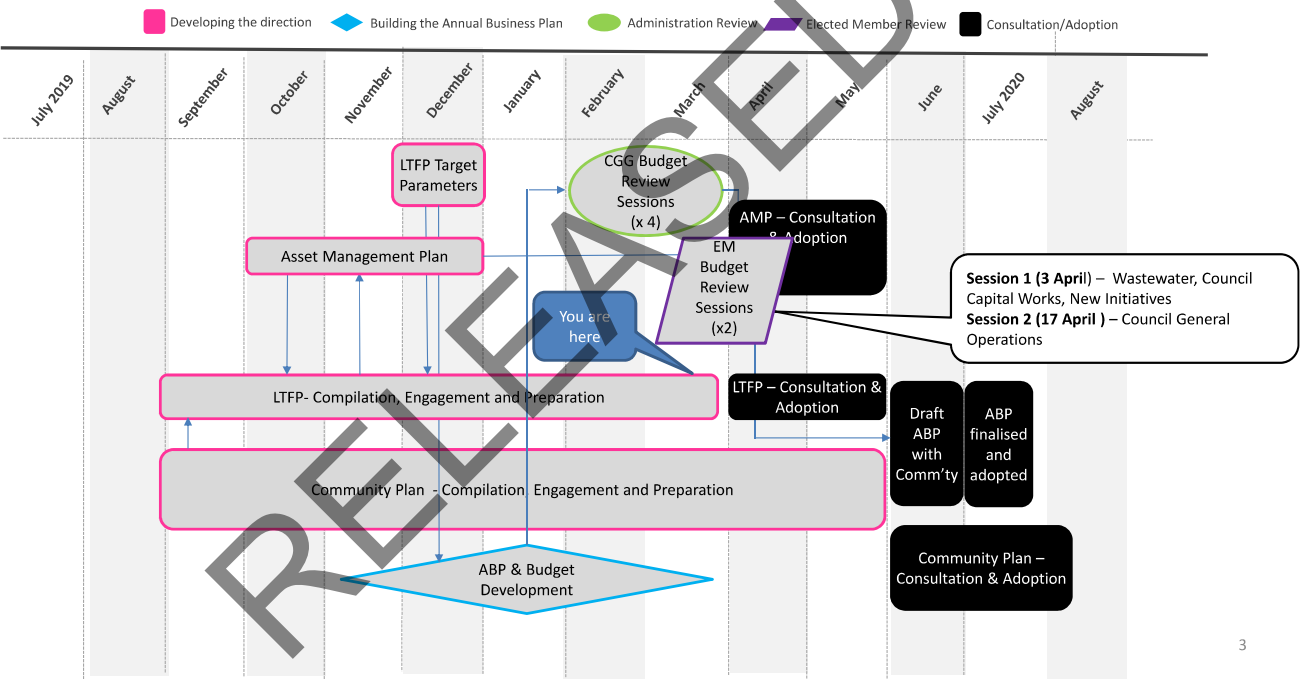
Long Term Financial Plan Informal  
Briefing  
23 March 2020

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Where are we in the overall process?

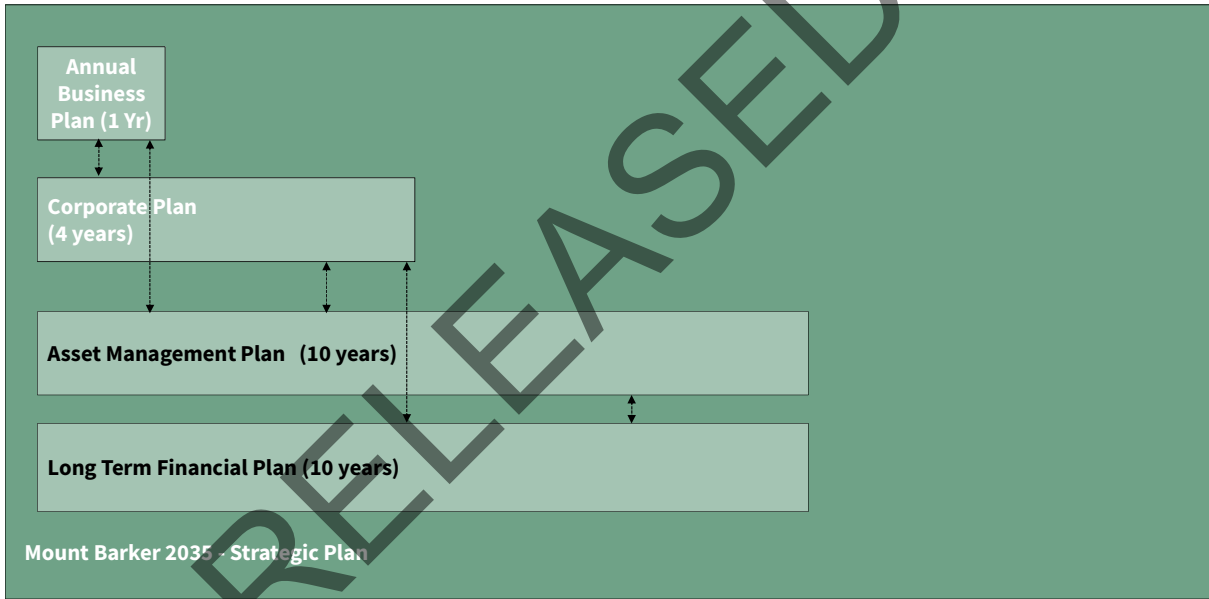


## Session Objectives

We will take you through and get your feedback on:

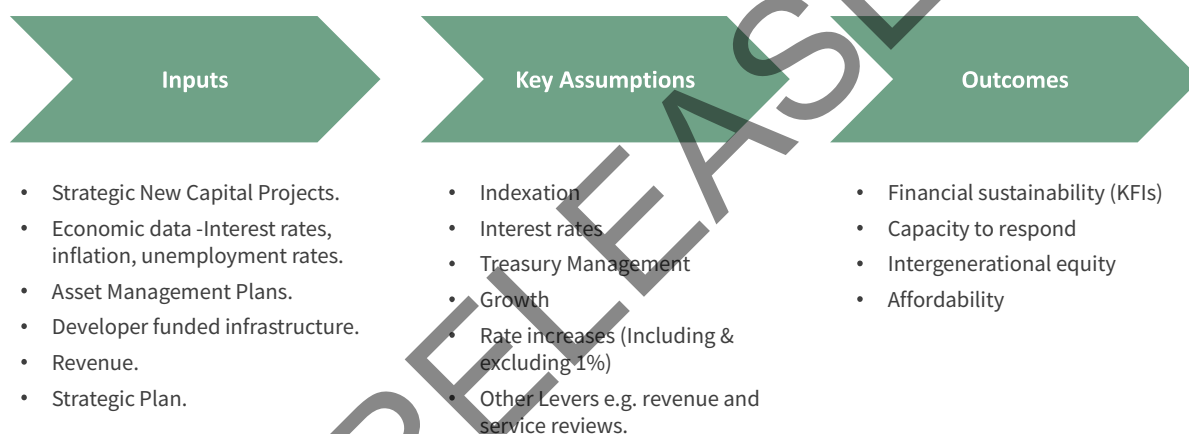
- **Why the LTFP is important and how it has been constructed.**
- **Key Assumptions** – Economic, Council and Wastewater/Recycled Water assumptions.
- **Council LTFP** – Including strategic new capital projects.
- **Wastewater & Recycled Water LTFP** – Highlighting key points, exclusions and related processes still to occur.
- **Next Steps** – In terms of the LTFP, Asset Management Plan, and Annual Business Plan.

Strategic Finance Framework



## Why is the Long Term Financial Plan Important?

- **Link To Strategic Plan** – Translates strategic aspirations into financial outcomes.
- **ABP Target** - Sets key parameters such as CPI and capital expenditure that will form budget targets.



## Assumption details for LTFP Inputs

### Economic Assumptions:

- **Interest Rate Analysis** – Will be used to calculate the cost of debt.
- **Inflation analysis** – Will be used to drive rate increases and the impact on expenditure with additional analysis on the relationship between CPI and LGPI.
- **Population Growth** – A key driver in revenue and gifted assets.

### MBCC Assumptions:

- **Rates** – Main source of revenue based on affordability and required services.
- **Strategic New Capital** – Major Capital Expenditure items to build future infrastructure that will also impact operating, maintenance and depreciation costs in the future.
- **Asset Management Plan/Renewal Expenditure** – Year on year expenditure by asset class based on the latest Asset Management Plan. Will also have an impact on new/upgrade dependent upon expected standard (i.e. “like for like” or renewal/upgrade).
- **Capital Revenue** – Grants and developer contributions to partly fund capital expenditure..
- **Wastewater Business** – Revenue, operating, investment in the Treatment Plant and Impact on borrowings.

## Assumptions of LTFP

- **Revenue & expenditure assumptions for year 1 are as per the budget.**
- **Revenue**
  - **General Rates** - CPI Forecast (Deloitte Access Economics) + Growth (id. Forecast).
  - **User and Statutory Charges** - LGPI Forecast (Deloitte Access Economics adapted for historical margin).
- **Expenditure**
  - **Materials, Contract, Other (MOPs)**
    - CPI Forecast (Deloitte Access Economics) + Growth (id. Forecast)
  - **Materials, Contract, Other (Remaining departments)**
    - CPI Forecast (Deloitte Access Economics)
  - **Employee Costs**
    - Assumed increase of 3 FTEs p.a. with the exception of 2020/21.
    - CPI (as per EBA)
  - **Finance Costs**
    - Assumed that will be using CADs rather than fixed term borrowings, this provides flexibility. The rate in each given year will be calculated based on an estimate from Deloitte Access Economics adjusted for the historical margin for LGFA and the market.

## LTFP “Road Map”

### Objectives

- **Financially Sustainable** - To be financially sustainable over the long term.
- **Operating Surplus** - To achieve a Net Operating surplus in each Financial year to fund current and future activities.
- **Financial Liabilities** – To live within our means i.e. to ensure Net Financial Liabilities do not exceed 80% of Council’s Total Operating Receipts in each year.
- **Intergenerational Equity/Wealth** - Infrastructure funding through rating uses the user pays principle.
- **Deliver Services** - Maintain current services to the community in a financially sustainable manner.

### Foundations

- **Government** – Good relationship with State & Federal Government.
- **Culture** – Stable, steady, professional administration.
- **Commercial** – Partner and or facilitate to deliver greater outcomes and value for money.
- **Capability/Capacity To Deliver** – Ensure that we have the culture that promotes adaptive work practices.
- **Policy Settings** – Provide context for decision making to ensure deliverability and financial sustainability.



## What do we need to consider in the build of the LTFP?

### Actions from previously adopted LTFP

- **“Road Map”** - The Long Term Financial Plan is only a road map.
- **Financial Sustainability** - The plan requires 1% increase to maintain financial sustainability.
- **Business Case** - That a cost benefit analysis on each major strategic project will be undertaken.
- **Review Process** - That the Long Term Financial Plan and assumptions will be reviewed annually.
- **Assumptions** - Were reviewed and recommended by the Audit and Risk Committee.

### What we didn't we know last time

- **China Sovereign Sword** – Additional costs associated with recycling.
- **Waste Levy** – Will drive additional costs and the need to reduce refuse to landfill.
- **Lower Rate Increase** - Rate increase of below LTFP for 2 years in a row.
- **Delivery of Infrastructure Projects** – Adjustment of timing and delivery of infrastructure projects.
- **Grant Revenue** – Grants received for future years.
- **Operating Cost Increase** - Increased costs as a result of SNCP/regional facilities and gifted assets.
- **Gifted Assets** – Significantly higher than expected.
- **Unsolicited Bids** – Additional resource and different skills to manage.
- **Transport Infrastructure Upgrade** – Significant investment supported by various revenue streams.
- **COVID-19/Bushfires** – Recent events.

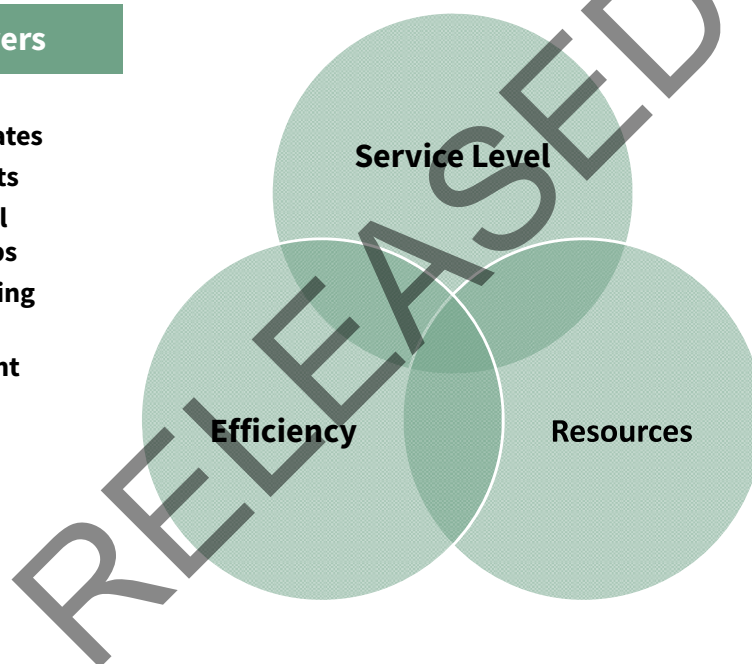
## What do we need to consider in the build of the LTFP?

### Funding Levers

- Rates
- Separate Rates
- Gifted Assets
- Commercial Partnerships
- Grant Funding
- Treasury Management

### Expenditure Levers

- Operational Expenditure
- Renewals Program
- New/Upgrade
- New Initiatives
- Strategic New Capital (Capital & Operating Impact)
- New Services/ Change in service levels



# Long Term Financial Plan Informal Briefing Council Operations

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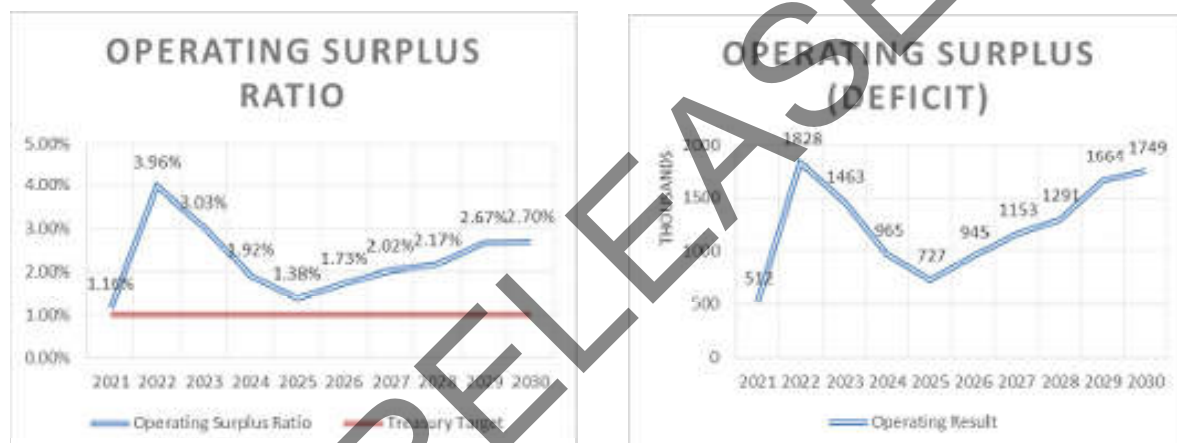


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LTFP – DRAFT as at 23 March 2020 Ex Wastewater & Recycled Water



## LTFP – DRAFT as at 23 March 2020 Ex Wastewater & Recycled Water



## Council LTFP – Strategic New Capital Projects



## Key Risks & Opportunities

### Key Risks

- **COVID-19** – Impact of pandemic on ratepayers ability to pay rates or Council's capacity to deliver capital works program and services to current service levels.
- **Grant Revenue** – May be lower than included in LTFP.
- **Growth/Gifted Assets** – Impact of additional open space/other assets on maintenance, operations and depreciation.
- **Climate Change** - Recent events such as the Cudlee Creek bushfire highlight the potential impact of major climate events to Council.
- **PDI Act** - Implementation and transition to electronic assessment.

### Key Opportunities

- **Grant Revenue** – Additional grant revenue may be available to support the capital works program/stimulate the economy.
- **Partnering with Others** – Opportunities to deliver more efficiently by partnering with other organisations and achieving economies of scale.
- **Service Reviews** – Opportunities to allocate resources more efficiently and deliver more”

## Capital Expenditure – Asset Management Plan Change In Service Levels

	2019/20 Adopted Budget	Proposed Budget 2020/21	Proposed Budget 2021/22	Proposed Budget 2022/23	Proposed Budget 2023/24
\$'000s					
Bridges & Culverts	340	413	450	428	424
Buildings	916	530	448	454	325
Drainage	284	200	200	200	200
Footpath	383	600	600	600	600
Information Technology	119	38	159	101	301
Plant & Equipment	1,214	1,000	1,000	1,000	1,000
Recreational Assets	142	310	420	290	290
Sealed Roads	2,153	2,300	2,300	2,300	2,300
Unsealed Roads	1,027	1,500	1,500	1,500	1,500
<b>Grand Total (excluding grant funded)</b>	<b>6,578</b>	<b>6,891</b>	<b>7,077</b>	<b>6,873</b>	<b>6,940</b>
R2R (100% funded)	482	594	594	594	594
Springs Road Stage 3 (SLRP funding in 2019/20)	1,160	430			
<b>Grand Total (including grant funded)</b>	<b>8,220</b>	<b>7,914</b>	<b>7,671</b>	<b>7,467</b>	<b>7,534</b>

NB – Springs Road Stage 3 proposed 2020/21 budget is carry forward from 2019/20

### Proposed changes for 2020/21:

- **Bridges** – Programmed approach as per the bridge condition audit.
- **Buildings** – Investment of \$300k p.a. in renewal program + Mount Barker Tourist Park.
- **Footpath** – Increased funding to achieve new service level (i.e. sealed). Additional \$200k p.a.
- **Recreational Assets** – Program of \$150k p.a. for playing surfaces based on third Council contribution (third club and third grant).
- **Sealed Roads** - Additional \$100k for kerb program and reinstatement of AMP \$2m for sealed roads (2019/20 reduced to \$1.8m).
- **Unsealed Roads** - Current modelling underpinning draft AMP includes additional \$0.5m p.a. to clear backlog.



Long Term Financial Plan Informal  
Briefing  
Wastewater & Recycled Water

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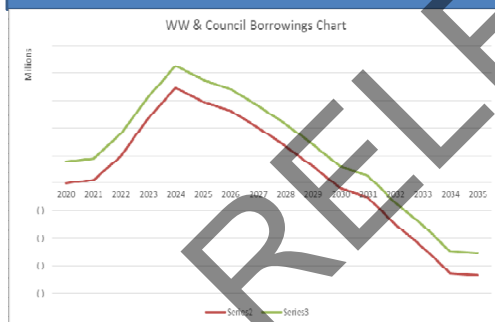
## Wastewater & Recycled Water 15 Year LTFP Slides

Mount Barker District Council

Mount Barker District Council		Assuming:																
		Annual Service Charge Increase																
CWMS/Sewer infrastructure Fee increase (Gross of CPI)		5.0%	5.0%	5.0%	5.0%	2.5%	1.3%	2.1%	2.3%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	
Sewer infrastructure Fee increase (Gross of CPI)		7.0%	7.0%	7.0%	7.0%	2.5%	2.4%	2.0%	2.8%	2.7%	2.7%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	
		0	Year1	Year2	Year3	Year4	Year5	Year6	Year7	Year8	Year9	Year10	Year11	Year12	Year13	Year14	Year15	
Forecast		LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	LTFP	
Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2035	
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
WW Business Impact on Council																		
Wastewater Business Net Operating Surplus inc Cost of Capital		(180)	508	453	(419)	(592)	(618)	(281)	78	494	773	1,041	1,358	1,719	2,137	2,394	2,509	
Wastewater Impact on Council Operating result		917	1,865	2,043	1,480	1,698	1,629	1,958	2,272	2,645	3,029	3,255	3,631	3,930	4,336	4,730	5,002	
LGFA Interest on Wastewater Cashflow Deficit (Council Borrowing)				430	1,097	1,614	1,303	1,169	949	683	318							
Net impact on Council Operating result		917	1,865	1,613	383	84	325	789	1,323	1,962	2,712	3,255	3,631	3,930	4,336	4,730	5,002	
WW & RW Business Borrowings Amount			1,123	9,912	23,569	34,654	29,624	26,244	20,176	13,522	6,050	(1,840)	(5,226)	(15,166)	(23,286)	(32,787)	(33,297)	
Impact on Council Borrowings (ie Council repays Reserve (Forecast CY) and borrows for WW only).		7,940	9,052	17,852	31,508	42,994	37,563	34,183	28,116	21,462	13,990	6,100	2,714	(7,227)	(15,346)	(24,847)	(25,357)	

- WW Peak borrowings is \$34.7m
- Council would need to borrow an additional \$7.9m to repay WW reserve.
- Total Borrowings for WW would be \$42.6m

- WW achieves a surplus position in each year
- Forward modelling shows the trend in the last 5 years (i.e. to 2035) continues.



## Wastewater Strategy:

- **Collection:**
  - Continue to expand the network into growth sectors: Western, Central, Eastern
  - Investigate Nairne and CBD (not currently provisioned in LTFP)
- **Treatment:**
  - Upgrade Springs Rd WWTP across two stages: Stage 1 - 2023, Stage 2 - 2033
- **Disposal:**
  - Develop a new storage facility in the Callington area to support re-use

### What is not included in the LTFP?

- **Scope outside KBR remit:**
  - WWTP power supply, may need a substation upgrade.
  - Earthworks and Geotech issue - concrete pad only considered.
- **Maintain a working WWTP during construction, possible need for:**
  - Temporary treatment
  - Additional monitoring and odour control
  - Storage capacity
  - Risk of leakage/spillage/pollution – mitigation
- **Capacity of collection infrastructure to service growth in Nairne.**
- **Provision of a sewer service to the Mount Barker City Centre.**

## Key Risks & Opportunities

### Key Risks

- Growth rates slow and hence forecast revenues are delayed leaving council with higher borrowing costs and longer repayment periods
- Forecast capital expenditures are significantly below actual costs
- Lack of adequate disposal path for recycled water
- Maintaining operation of the existing wastewater treatment plant whilst undertaking major upgrading concurrently

### Key Opportunities

- Upgrade of collection infrastructure to service growth in Nairne
- Provision of a sewer service to the Mount Barker City Centre
- Investigate options and alternatives to council continuing to undertake the role of both owner and operator
- Securing new customers for recycled water

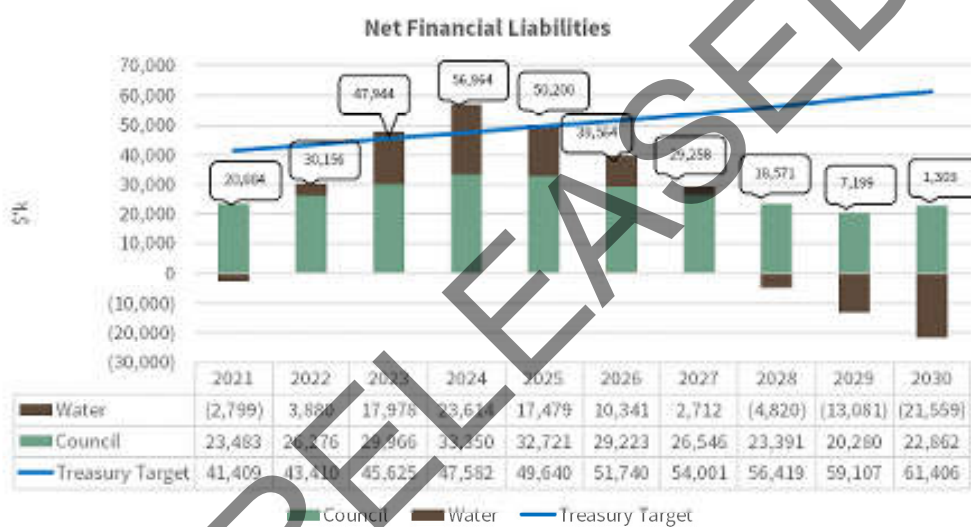
Long Term Financial Plan Informal  
Briefing  
**Consolidated**

RELEASED

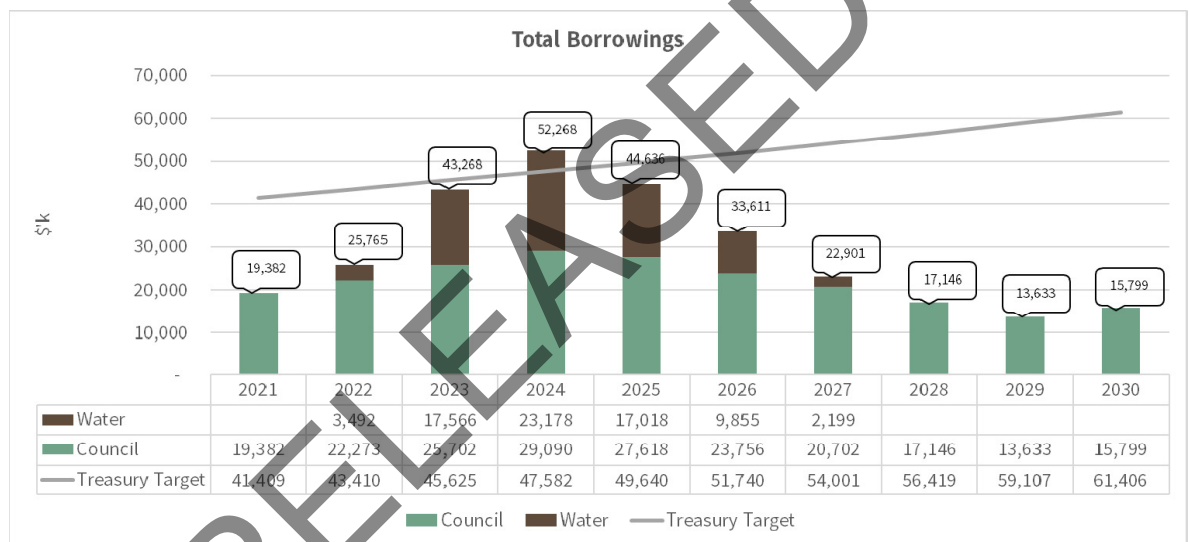


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## Net Financial Liabilities



## Consolidated Borrowings





## Wrap Up & Next Steps

### Following this session:

- **Audit & Risk Committee** – Will be presenting at the Audit & Risk Committee on 30 March.
- **Draft LTFP to Council** – Draft LTFP for approval for public consultation on 6 April.
- **Public Consultation** – Public consultation will be for 6 weeks aligned with Council policy from 8 April to 20 May.

RELEASED

ATTACHMENT 2 - SA Local Government Grants Commission  
Report 8 - Financial Indicators for 2017-18 Financial Year

Attachment 2 to Item 12.1

	Operating Surplus Ratio (%)	(4) Adjusted Operating Surplus Ratio (%)	Net Financial Liabilities Ratio (%)	(4) Adjusted Net Financial Liabilities Ratio (%)	Asset Sustainability Ratio (%)
Kangaroo Island	-8.9%	-9.8%	209%	218%	155%
Playford	3.7%	4.2%	135%	140%	87%
Franklin Harbour	21.7%	21.5%	132%	148%	82%
Alexandrina	1.4%	1.1%	83%	84%	73%
Gawler	2.2%	1.9%	77%	80%	101%
Copper Coast	13.3%	13.3%	76%	78%	
Walkerville	2.9%	2.8%	74%	76%	61%
Onkaparinga	-2.4%	-2.6%	60%	62%	81%
Mid Murray	-12.3%	-10.8%	59%	67%	68%
Peterborough	-26.4%	-26.8%	57%	75%	1401%
Adelaide Hills	1.1%	1.0%	55%	57%	128%
Port Augusta	6.0%	6.0%	52%	56%	
Adelaide Plains	-1.9%	-2.5%	51%	57%	107%
Holdfast Bay	2.0%	1.9%	49%	50%	
Victor Harbor	0.8%	1.9%	47%	48%	88%
Cooper Pedy	-9.8%	-9.8%	47%	50%	
Port Pirie	3.3%	3.2%	40%	49%	95%
Port Lincoln	-2.1%	-2.5%	38%	42%	15%
Burnside	3.5%	3.4%	37%	39%	
Charles Sturt	8.6%	8.5%	36%	37%	201%
Yankalilla	-0.7%	-0.8%	35%	36%	94%
Prospect	6.3%	6.2%	34%	35%	221%
Lower Eyre Peninsula	4.3%	4.2%	33%	37%	
Northern Areas	0.3%	0.0%	30%	38%	
Unley	8.3%	8.2%	27%	28%	
Berrimba	3.7%	3.7%	26%	34%	78%
Adelaide	-8.0%	-8.0%	26%	26%	91%
Tea Tree Gully	8.5%	8.3%	23%	25%	
Robe	7.5%	7.5%	21%	22%	28%
Coorong	2.2%	1.9%	19%	30%	
Mount Gambier	6.0%	5.5%	17%	22%	72%
Murray Bridge	3.5%	3.1%	15%	21%	
Mitcham	8.6%	8.4%	11%	13%	79%
Yorke Peninsula	-0.5%	-0.7%	10%	13%	
Tumby Bay	6.8%	6.3%	9%	14%	133%
Barossa	5.9%	6.1%	7%	8%	
Mount Barker	3.6%	3.4%	6%	7%	92%
Norwood Payneham & St Peters	9.3%	9.2%	2%	3%	62%
Ceduna	10.3%	10.1%	0%	12%	
Port Adelaide Enfield	2.3%	2.1%	-1%	1%	59%
Whyalla	3.7%	3.5%	-4%	3%	65%
Grant	0.5%	0.3%	-5%	1%	59%
Salisbury	12.3%	12.2%	-5%	-1%	111%
Light	6.6%	6.8%	-6%	-4%	230%
Wattle Range	13.3%	12.8%	-7%	-1%	84%
Clare & Gilbert Valleys	13.5%	13.1%	-10%	-7%	122%
Flinders Ranges	-19.8%	-20.3%	-12%	5%	97%
Barunga West	3.4%	3.2%	-12%	-7%	36%
Orroroo Carnarvon	16.2%	15.9%	-14%	3%	92%
Wakefield	6.0%	5.4%	-14%	-6%	97%
Southern Malee	8.3%	7.8%	-16%	-6%	32%
West Torrens	14.1%	14.8%	-19%	-17%	

ATTACHMENT 2 - SA Local Government Grants Commission  
Report 8 - Financial Indicators for 2017-18 Financial Year

	Operating Surplus Ratio (%)	(4) Adjusted Operating Surplus Ratio (%)	Net Financial Liabilities Ratio (%)	(4) Adjusted Net Financial Liabilities Ratio (%)	Asset Sustainability Ratio (%)
Loxton Waikerie	6.2%	6.0%	-21%	-11%	73%
Naracoorte Lucindale	3.5%	2.8%	-23%	-15%	72%
Kingston	1.6%	1.6%	-26%	-19%	57%
Elliston	25.5%	26.8%	-27%	-17%	150%
Karoonda East Murray	-30.1%	-31.2%	-27%	-1%	
Campcofftown	12.4%	12.3%	-33%	-31%	189%
Marion	11.8%	11.7%	-33%	-21%	
Mount Remarkable	12.8%	12.6%	-33%	-20%	157%
Roxby Downs	12.2%	12.1%	-41%	-40%	127%
Goyder	9.5%	9.2%	-44%	-30%	80%
Renmark Paringa	0.6%	0.6%	-44%	-34%	116%
Streaky Bay	2.2%	1.8%	-47%	-36%	88%
Tatiara	4.1%	3.5%	-52%	-57%	72%
Kimba	7.8%	7.3%	-76%	-60%	84%
Cleve	24.9%	23.8%	-96%	-85%	98%
Wudinna	32.5%	32.2%	-170%	-157%	97%
<b>State Totals</b>	<b>4.3%</b>	<b>4.2%</b>	<b>24%</b>	<b>27%</b>	<b>123%</b>

Source: South Australian Local Government Grants Commission - from Council submitted Supplementary Returns to the Annual Financial Statements.

## Notes:

- There may be differences from Council Financial Statements and amounts shown in Supplementary Returns so as to enhance data consistency and comparability.
- Care should be taken when comparing or interpreting the figures of individual Councils. Also, it is often not meaningful to view data without an understanding or explanation of the differing financial and asset management strategies and targets of each Council. Interested readers are encouraged to contact individual Councils for further information.
- The Operating Surplus Ratio and Net Financial Liabilities Ratio financial indicators displayed in this report have been calculated in accordance with the detailed methods set out in Note 15 of the LGA's 2018 Model Financial Statements. The Asset Sustainability Ratio has been sourced direct from council's Annual Financial Statements due to differences to data reported in the supplementary returns. Note that the Optimal Level of Capital Expenditure on Renewal and Replacing Assets (as per Infrastructure and Asset Management Plan) should be used as the denominator in calculating the Asset Sustainability Ratio indicator. An Asset Sustainability Ratio is not displayed where depreciation has been incorrectly used as the denominator.
- To ensure a focus on Councils' underlying operating result, the Adjusted Operating Surplus Ratio includes adding back the amount associated with two 2017-18 quarterly instalments of Federal Financial Assistance Grants received by Councils in June 2017 and recorded as income in 2016-17 and deducting the amount associated with two 2018-19 quarterly instalments of Federal Financial Assistance Grants received by Councils in June 2018 and recorded as income in 2017-18 (in accordance with AASB 1004). Where a Council did not comply with AASB 1004, no adjustment to this ratio is required. Similarly, the Adjusted Net Financial Liabilities Ratio removes the distortion otherwise caused by the early receipt of 2017-18 Financial Assistance Grants in June 2017 and 2018-19 Financial Assistance Grants in June 2018.
- While no attempt is made in this report to adjust for the impact of additional one-off grants received by councils under the Federal Roads to Recovery Program in 2017-18, any consideration of the underlying operating result of a council should have regard to this (noting that many councils have done so in their annual financial statements and other reporting).