DRAFT
Long Term Financial Plan

2026 - 2036



Adelaide Hills
COUNCIL

Acknowledgement of Country

Council acknowledges that we undertake our business on the traditional Country of the Peramangk and Kaurna people. We pay our respects to Ancestors and Elders past and present as the custodians of this ancient and beautiful land, for they hold the memories, traditions, spiritual relationships, culture and hopes of the First Nations of Australia.

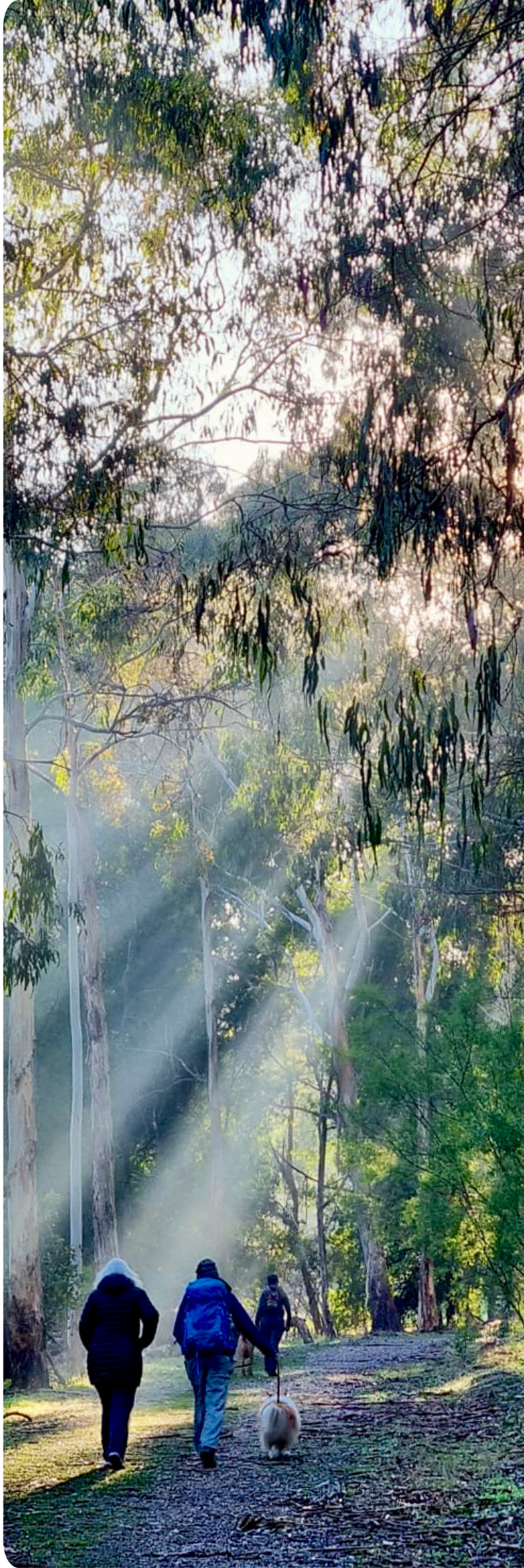
We are committed to working together to ensure that Peramangk and Kaurna culture and traditions are sustained, valued and continuing.



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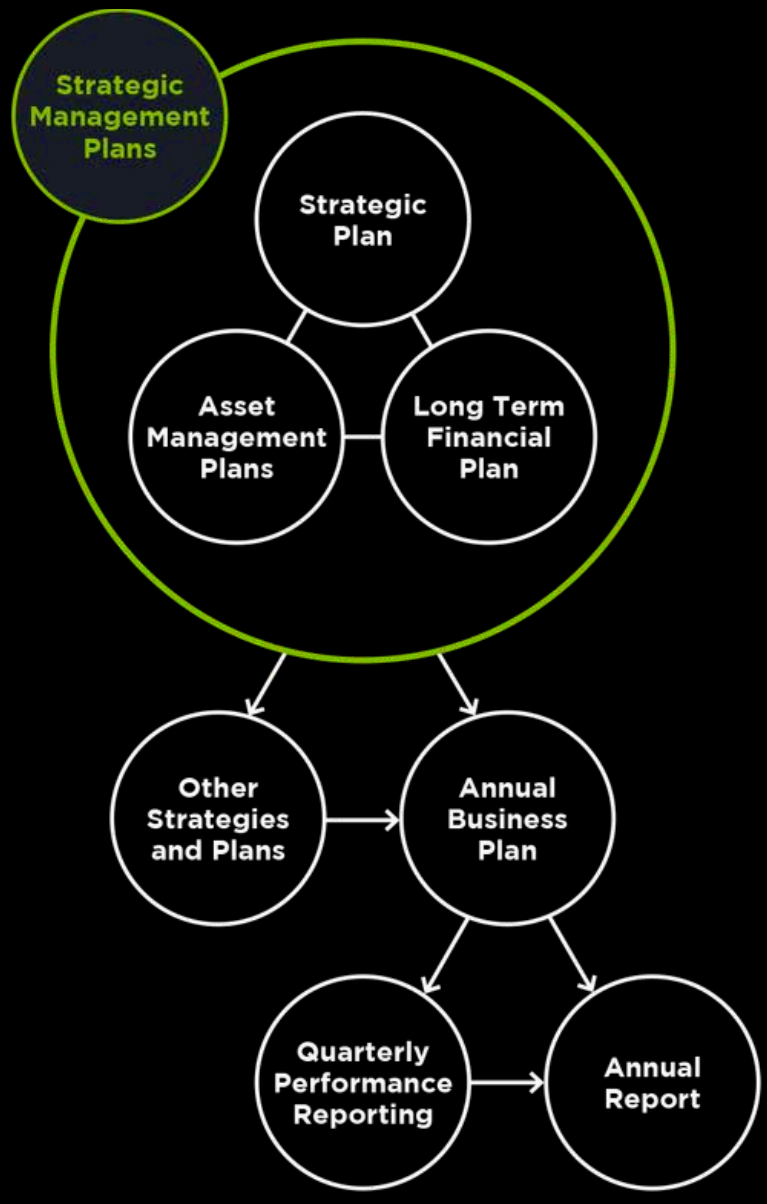
Purpose of the Long Term Financial Plan

The Long-Term Financial Plan is a key component of Adelaide Hills Council's Strategic Planning Framework. It translates Council's strategic priorities, community aspirations and asset management commitments into a sustainable financial roadmap for the next 10 years.

The Plan helps Council assess the affordability of services, infrastructure and investment decisions, guiding the delivery of community priorities while maintaining long-term financial sustainability. It also guides Council with regards to prudential and considered debt management.

Under the Local Government Act 1999, Council is required to maintain a Long Term Financial Plan as part of its suite of Strategic Management Plans.

Adelaide Hills Council Strategic Planning Framework



CEO statement on financial sustainability

Throughout the 2024-25 and 2025-26 financial years Council undertook a comprehensive review of the assumptions and methodologies used in its financial planning and reporting. It has also considered core assumptions used in its asset management planning processes in depth.

These reviews have led to a reassessment of Council's financial sustainability, with Council reporting material deficits in 2023-24 through 2025-26 while forecasting further deficits into the near future.

Council's expenditure is highly sensitive to the costs of asset maintenance. There is an acknowledgement that not all asset condition assessments and asset management plans are current. Once completed, these costs may change significantly. This presents a material risk to the delivery of the Long Term Financial Plan. To address this, Council has also commenced three initiatives the outcomes of which are a suite of documents which will guide Council in strategic long term investment decisions.

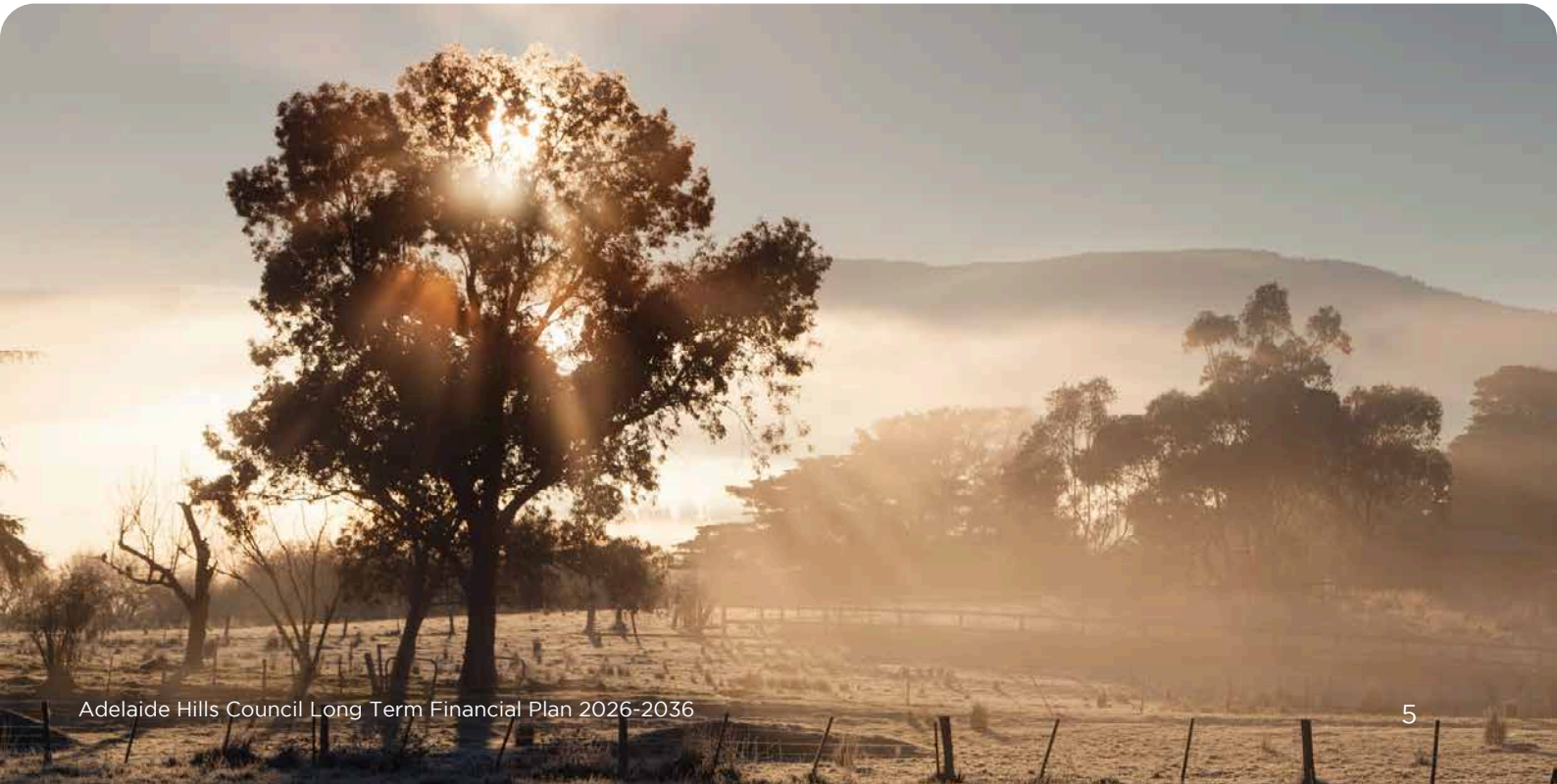
This Long Term Financial Plan (LTFP) sets out the path to a more financially sustainable council. A reduction in expenditure especially around the development of new assets and infrastructure was required to avoid higher rate increases.

Maintaining the investment in existing assets, ensuring that they are maintained appropriately while reducing expenditure on building new assets is fundamental to improving Council's financial strength.

To drive long term operating savings Council is investing in technology to drive operational efficiencies and provide better, timely information to empower informed decision making. This, combined with a number of savings initiatives including a review of Council's accommodation needs now and into the future, look to improve the operating performance and efficiency of Council's operations.

The initial years of the plan include rates rises that align with those proposed in the past. This is necessary to ensure that Council continues on a more financially sustainable path. Council expects to be back in surplus by 2029-30 and be able to fund the asset renewal programs which have become significantly more expensive following the increases in construction costs in recent years.

This revision to the LTFP demonstrates Councils commitment to being financially sustainable and able to support the Community in the long term.



Basis of preparation

The Long Term Financial Plan allows for the effects of inflation in future years. Therefore, future costs are assumed to be higher than current costs due to inflation decreasing the purchasing power of money.

The LTFP is prepared in conjunction with Council's Strategic Planning Framework which includes the 'Your Place, Your Space' Strategic Plan 2024, and Council's Infrastructure Asset Management Plans (IAMP's) and associated frameworks.

Alignment with Council's existing IAMPS and other asset management practices means that the funding requirements established in those plans are incorporated into the financial planning.

Forecasting income and expenditure over a ten year period requires assumptions to be made, and the accuracy of the forecasts are dependent on these assumptions.

The first assumption is that the business of Council will substantially continue in an unchanged manner except where Council determines to make changes. The Plan assumes that service levels are broadly consistent year-on year, however,Council may elect to review service levels across the life of the Plan. Unforeseen changes in the statutory environment could change these forecasts.

A number of financial and economic assumptions are also required. These include the level of population growth, the increase in the level of rates and the level of renewal expenditure required. If any of these assumptions change, they may have a material impact on the Plan.

Councils' costs are assumed to follow the Consumer Price Index, and this forecast is based on the Reserve Bank of Australia and its targets.

For this LTFP, the 2026-27 Budget forms the basis for year one of the Plan. Years two to ten present nine inclusive years of financial projections underpinned by the base data.



Key assumptions & implications

Set out below are the key assumptions that have been used in the preparation of the Long Term Financial Plan. These assumptions reflect the most recent economic data and forecasts available.

Asset valuations & depreciation

Asset values have increased significantly over the past few years. This is forecast to continue into the foreseeable future and the Plan takes this into account.

Increases in asset values have a direct impact on the depreciation cost incurred, and as such, there is a corresponding increase in the depreciation costs.

Service levels

There are currently no changes proposed to service levels, outside of those contemplated in either the 2026-27 Annual Business Plan, or in this document. The Asset Management Planning Framework will consider potential revisions to service levels across asset classes as Asset Management Plans are adopted.

Rates

As noted elsewhere in this document, a number of Council's costs increase by a factor different to CPI. To accomodate these, Council is required to increase Rates by a commensurate amount above CPI.

Additionally, in the recent past, Council has not collected sufficient rates to fund the level of services provided. As such, and to redress this, an increase above CPI will be required.

Growth

In this context, growth refers to growth in the number of properties within the Council area. Given the location of Council and the ecological sensitives, the potential for growth is very limited.

The plan assumes that growth slows over the first two years of the plan to a long-term level of 0.4%.

Asset sales

Council has a large and diverse portfolio of assets which are used to provide valued services to the community.

As noted later in this document, Council is undertaking a review of the portfolio. The plan assumes that the outcome of this review will result in asset sales of $7.3m over the life of the Plan.

The timing of projected asset and property sales in the Plan reflects different legislative requirements.

Rationalised assets that are not community land are assumed to be earlier in the Plan, as they can be brought to market relatively quickly. Community land, however, must undergo mandatory consultation and a formal revocation process before sale. Given the longer statutory timeframe, the associated revenue and cost savings have been conservatively deferred to later in the Plan.

Key assumptions & implications

Cost indexation

The Consumer Price Index (CPI) is regarded as Australia's key measure of inflation for household consumables. It is designed to provide a general measure of price inflation for the Australian household sector as a whole.

In preparing the Plan, Council has used data published by the Australian Bureau of Statistics as the basis for the estimate of inflation adjusted for Council's experience. In the latter years of the Plan, inflation has been assumed to be at the mid point of the Reserve Bank of Australia's long term inflation target, of 2.5%.

Salaries & wages

Salaries and wages increases are aligned with the two current enterprise bargaining agreements which are current until June 2028. These are linked to Council's assumptions regarding CPI, with increases marginally above these.

Beyond the period of the current agreements, the Plan assumes that salaries will increase on the same basis as the current agreements.

Materials, contracts and other costs

Materials, contracts and other costs have been assumed to increase by CPI over the life of the Plan.

This assumption acknowledges that certain costs will increase by more than CPI, and that others will increase by less than CPI.

Included is $200k per year from years two to six and $400k per year for the remainder of the Plan, of potential operating initiatives. Including an unallocated fund is recommended to ensure that the Plan does not provide an unrealistic position with regards to financial performance, including debt levels. This funding has been allowed for in the Plan to provide Council with flexibility to respond to currently unforeseen pressures.

Interest expense

Interest rates have been assumed to be reasonably consistent across the life of the plan, with no return to the historical low rates which have been experienced in the past.



Key assumptions & implications

Borrowings & capital delivery

A major component of the services which Council provides are asset intensive. These often require a large investment, initially for the acquisition of assets and thereafter for the ongoing maintenance and renewal of those assets. These cannot always be funded by the rates collected in a particular year or number of years.

In the absence of adequate debt, Council would have to charge current ratepayers a high charge relative to the benefit derived from the new and renewed assets. This may result in intergenerational equity issues since Council would charge current ratepayers' higher rates while future ratepayers would continue to derive the benefit of the assets.

Using debt, when done equitably and responsibly, will help alleviate these issues of intergenerational equity and the ability to fund the investment in new and renewed assets.

Debt has been built into this Plan based on a treasury management position of drawing down on loans when required and repaying loans when excess cash is available. The debt is projected to reach a peak of $32.5m in Year 1 and reduce to $6.0m in Year 10.

From a capital perspective, the Plan allows for the renewal or replacement of existing assets as required by the Infrastructure and Asset Management Plans, in full. Once these plans have been reviewed, updated and finalised, this assumption may change.

A conservative new and upgraded capital program allocation of $9.1m has been allowed for from years two to five. As Council's financial position improves in the latter years of the Plan, this allowance increases. From year six to ten, the allocation is $ 21.5m.

In addition to the above, in year five of the plan, $5m has been allowed for a major project, should Council at the time consider this required. A further allowance of $5m has been made in year ten for a second major project.

The unallocated capital outlay is based on 'net' expenditure and does not include any potential grant funding. Should Council apply for and receive any grant funding, this will increase the amounts allocated to the capital program.

Including an unallocated fund is recommended to ensure that the Plan does not provide an unrealistic position with regards to financial performance, including debt levels. It should also be noted that these inclusions are not locked in and are only estimates which will be reviewed and updated each year as part of the annual budget process. If Council decides not to expend the full allocation of these unallocated funds, the debt levels will reduce accordingly.



Key assumptions & implications

The table below presents the key indicators and drivers:

Financial year	Budget year	Asset values & depreciation	Rates (CPI +)	Growth	Inflation (CPI)	Salaries & wages (CPI +)	Materials & contractors	Interest expense
2026-27	**Year 1**	**2026-27 Annual Business Plan & Budget**						
2027-28	**Year 2**	7.0%	+1.5%	0.6%	4.1%	+0.25%	CPI	5.75%
2028-29	**Year 3**	7.0%	+1.5%	0.5%	3.5%	+0.25%	CPI	5.75%
2029-30	**Year 4**	7.0%	+1.5%	0.4%	3.0%	+0.25%	CPI	5.5%
2030-31	**Year 5**	6.5%	+1.0%	0.4%	3.0%	+0.25%	CPI	5.5%
2031-32	**Year 6**	6.5%	+0.5%	0.4%	2.5%	+0.25%	CPI	5.5%
2032-33	**Year 7**	6.0%	+0.5%	0.4%	2.5%	+0.25%	CPI	5.5%
2033-34	**Year 8**	6.0%	+0.5%	0.4%	2.5%	+0.25%	CPI	5.5%
2034-35	**Year 9**	6.0%	+0.5%	0.4%	2.5%	+0.25%	CPI	5.5%
2035-36	**Year 10**	6.0%	+0.5%	0.4%	2.5%	+0.25%	CPI	5.5%



Sensitivities

Underpinning the Plan are multiple assumptions. Significant changes in interest rates, asset valuations and unforeseen costs can all change the financial forecasts. Changes in the cost of the Asset Renewal Program are discussed below. The forecasts can also be impacted materially by other assumptions.

Sensitivities to these assumptions can demonstrate the risks inherent in this plan.

The current Plan forecasts an average operating surplus of 0.29% over the ten-year life of the Plan.

Interest expense

If interest rates on Council's debt increases by 1%, the additional cost in the early years is approximately $250k per annum. Over the life of the Plan it decreases the operating surplus by 0.27%. Council's financial position is moderately sensitive to interest rate changes.

Asset valuations & depreciation

The value of Council's assets is assumed to increase on average 6.4% per year in the plan, this in turn, increases the cost of renewing and replacing assets.

If these values increase on average 7.4% (ie: 1% increase) for ten years, then Council's average operating surplus changes to an operating deficit of 0.14%, a decrease of 0.44% .

If revaluations reach an average of 8.4% then Council's average deficit will increase to 0.6%. over the life of the Plan. This demonstrates the sensitive nature of Council's financial position in relation to asset management costs.

Unforeseen operating cost

Major local, national and international events can impact significantly. Bushfires and the COVID pandemic are examples of this. Added to this is the ongoing review of Council's boundaries.

In recent years Council has had to invest heavily following major bushfires, but the financial impacts have been offset through state and federal government grants. However, if Council had to meet these costs itself there would be significant impact on its financial sustainability.

The impact of an additional $3m operating cost being incurred in year 5 of the Plan would be to change Council's forecast average operating surplus, from 0.29% to an average operating deficit of 0.19%.



Asset management sensitivities

Changes in the cost of the Asset Renewal Program can have a significant impact on the Plan. These sensitivities are explored below. At Appendix 1, Council outlines scenarios that demonstrate the options Council has to respond to the sensitivities in asset renewal and maintenance costs arising from changes to Council's Infrastructure and Asset Management Plans.

Changes in building renewal costs

Council owns and maintains a portfolio of buildings across the length and breadth of the Council area. These buildings require both maintenance and asset renewal/replacement.

From year two to year ten of the Plan, Council anticipates a $10m spend on the renewal/replacement of buildings.

If these costs increase by 10%, this will decrease Council's forecast average operating surplus from 0.29% to 0.25%. The Net Financial liabilities increases from 8.4% to 9.7%

If these costs increase by 20%, this this will decrease Council's forecast average operating surplus from 0.29% to 0.21%. The Net Financial liabilities increases from 8.4% to 11%.

Changes in road renewal costs

Council owns and maintains more than 1,000kms of sealed and unsealed roads across the district. These roads require both maintenance and asset renewal/replacement.

From year two to year ten of the Plan, Council anticipates to spend $56m on the renewal/replacement of roads.

If these costs increase by 10%, this will decrease Council's forecast average operating surplus from 0.29% to 0.10%. The Net Financial liabilities increases from 8.4% to 15.6%

If these costs increase by 20%, this will decrease Council's forecast average operating surplus from 0.29% to a deficit of 0.10%. The Net Financial liabilities increases from 8.4% to 22.9%.



Significant influences

Within Council's control

- Service levels relating to asset management
- Rates, fees and charges, and other income increases
- Improving Councils use of technology to deliver services
- Financial discipline in delivery of services
- Efficiency in service delivery and administrative support

Outside Council's control

- Global geopolitical risks and uncertainties may cause supply chain disruptions, leading to increased costs of essential goods and materials, including fuel, raw materials and construction supplies required to deliver Council services.
- Fluctuations in interest rates resulting in changes to interest costs
- Changes to Consumer Price Index (CPI) and Local Government Price Index (LGPI) can result in material changes to salaries and wages costs, and also capital delivery costs
- Changes in state and federal funding and service delivery to local communities
- Increasing costs of utilising natural resources including electricity, fuel and water
- Changing climate conditions which may result in increased frequency of natural disasters. The require additional Council resources to provide emergency support to our community. These natural disasters may also impact Council's ability to provide services
- The Boundary Commission's Inquiry into Campbelltown City Council's Woodforde/ Rostrevor boundary reform proposal is ongoing. Should the reform proposal be successful, it may have significant financial sustainability implications in the long term



Funding strategy

The funding strategy considers whether todays rate payers pay more or less than the cost of providing today's services to them. It also considers the best balance between funding from direct users of specific services (fees and charges) and broader public beneficiaries (general rates).

Income

Council expects to generate approximately 88 percent of its total operating income from rates over the length of the Plan as depicted below.

Rates and other operating income funds essential services, maintains infrastructure, and delivers projects for the benefit of the community.

Grant income is the exception, as it is treated as operating income when received, however the expenditure is capital in nature.

Projected revenue across the next 10 year period is $829.8m.

Debt

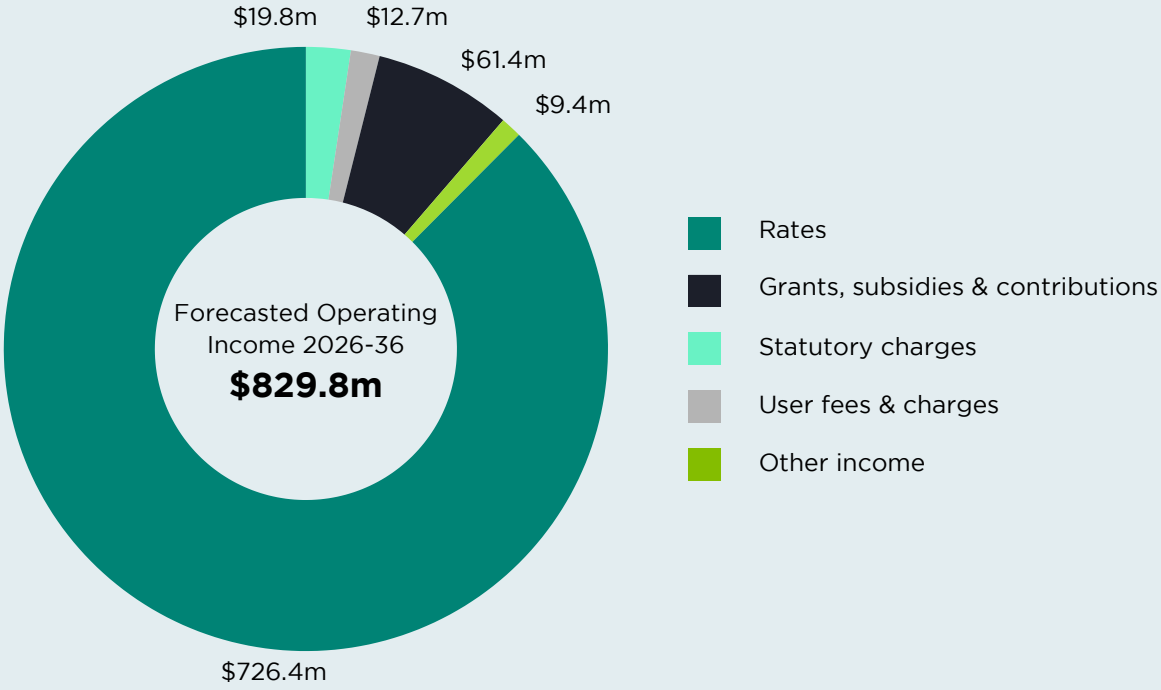
Any shortfall in revenue relative to capital and operating needs, is funded by debt. Council utilises a mix of fixed and variable interest rate instruments guided by Council's Treasury Policy and risk appetite.

Council is exposed to a variety of risks as a result, including but not limited to:

- Interest rate risk - The risk that future cash flows will fluctuate because of changes in market interest rates.
- Liquidity risk - The risk that Council will encounter difficulty in meeting obligations with financial liabilities.

Council's debt structure may vary over the life of the Plan.

Initially, Council may favour fixed interest rate loans to provide cost certainty. As Council returns to surplus and forecast debt levels continue to fall, these fixed rate loans may be replaced by variable interest rate loans, to allow greater flexibility in relation to repayments.



Towards sustainability

In response to ongoing financial pressures and a challenging economic environment, Council is committed to strengthening its long-term financial sustainability whilst continuing to deliver essential services valued by the community. The Long Term Financial Plan incorporates a range of initiatives and strategies designed to improve operational efficiency, optimise the use of Council resources, support informed investment decisions, and build organisational capability. Together, these actions provide a pathway towards a more sustainable and financially resilient future.

Efficiency & sustainability priorities

In support of long term financial sustainability, Council is pursuing initiatives that improve efficiency and optimise resources. Some areas of focus include:

- Improving organisational efficiency and productivity
- Leveraging technology and digital transformation to reduce operating costs and enhance service delivery
- Optimising the use of Council accommodation
- Reviewing service delivery models to ensure services remain appropriate, sustainable and responsive to community needs
- Maximising value from Council resources and expenditure



Initiatives to support long-term decision making

From the initiatives below, a suite of documents will be developed to guide and inform Council regarding strategic long term investment decisions. Council's focus will be on creating strategically spaced, high-standard infrastructure that deliver the greatest value and accessibility for the broader region.

Strategic asset review

Council will undertake a comprehensive review of its asset portfolio to identify opportunities to rationalise duplicated and under utilised assets and services and assess assets that are no longer fit for purpose or required to support service delivery objectives. The review may result in the divestment, repurposing, consolidation, or reconfiguration of assets to optimise asset performance, improve service efficiency, and support Council's long-term financial sustainability.

Asset management planning

Council will implement an Asset Management Framework and Strategic Asset Management Plan to support core asset management maturity, including defined service levels, risk-based decision-making and a data-driven approach to managing new assets, renewals, operations and maintenance across the asset portfolio.

Town & precinct planning

Council will develop frameworks that support decision making and precinct level planning to address housing issues, strengthen local centres, and attract targeted investments that reflects community needs and place-specific opportunities.

What this means for the community

Rates

Increases above inflation are required to bring the Council into a financially sustainable position. The most material driver for these are the increases in construction costs which has impacted depreciation and the costs of asset maintenance.

Services

The Plan assumes that service levels across Council are generally maintained at their current level with some increases associated with new and upgraded capital works. Council may choose to review the service level and make changes.

Asset management

The management of Council's portfolio of assets will continue in accordance with Council's adopted Infrastructure Asset Management Plans.



Adelaide Hills Council is committed to achieving and maintaining long term financial sustainability.

Through disciplined financial management, responsible investment, and a focus on efficiency and asset stewardship, this Long Term Financial Plan provides a clear pathway to restoring financial strength while continuing to deliver valued services and infrastructure for our community, both now and into the future.

Financial indicators

Operating Surplus Ratio

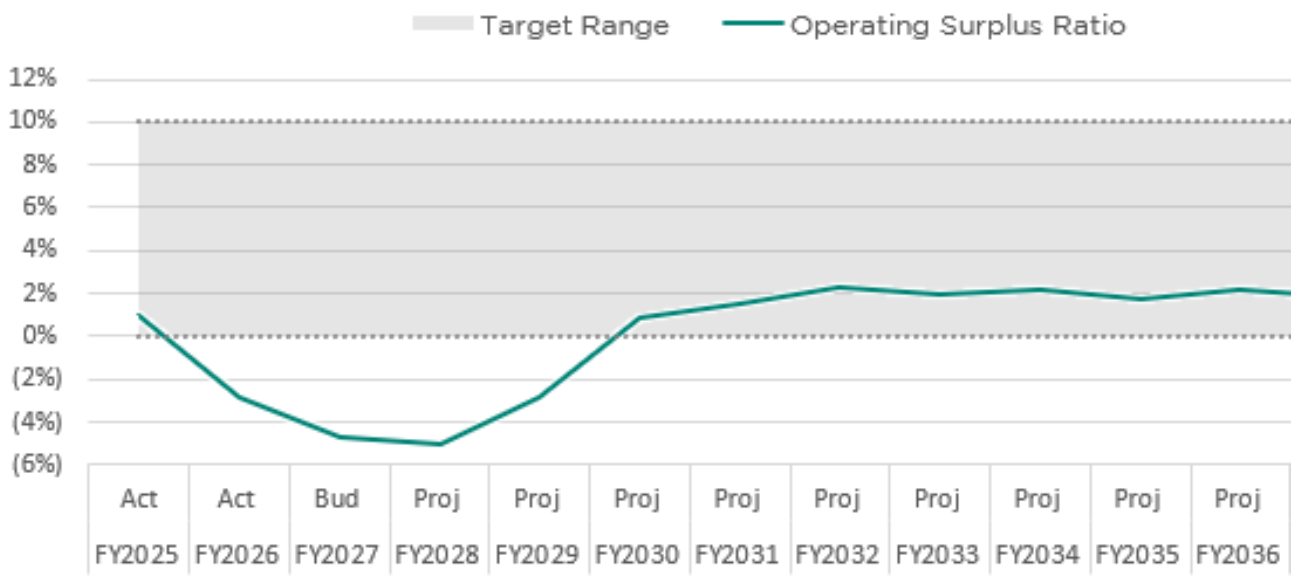
The operating surplus ratio shows if the operating revenue is sufficient to meet all operating expenses and whether current ratepayers are paying for their consumption of resources. The ratio is the operating surplus as a percentage of total operating income. A negative ratio means operating expenses are greater than income.

Proposed target

0-10% on average over 10 years

Current projection

The plan achieves an average operating surplus of 0.29%



Financial indicators

Net Financial Liabilities Ratio

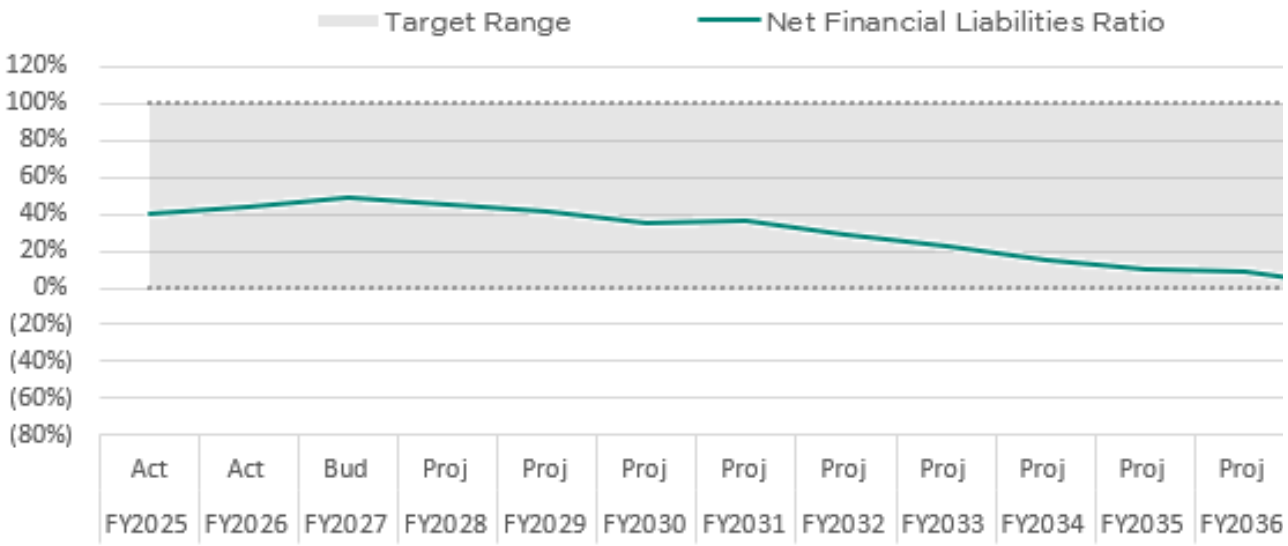
Net Financial Liabilities is an indicator of the Council's total indebtedness and includes all Council's obligations including provisions for employee entitlements and creditors. The ratio is the total financial liabilities as a percentage of total operating income.

Proposed target

0-100% each year

Current projection

The Plan has a peak Net Financial Liabilities ratio in year 1, of 48%. This decreases progressively over the life of the Plan. A key driver of this decrease is the proposed sale of $7.3m worth of assets.



Financial indicators

Asset Sustainability 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 ratio is the total capital expenditure on the renewal and replacement of assets, against the level required in the Asset Management Plans.

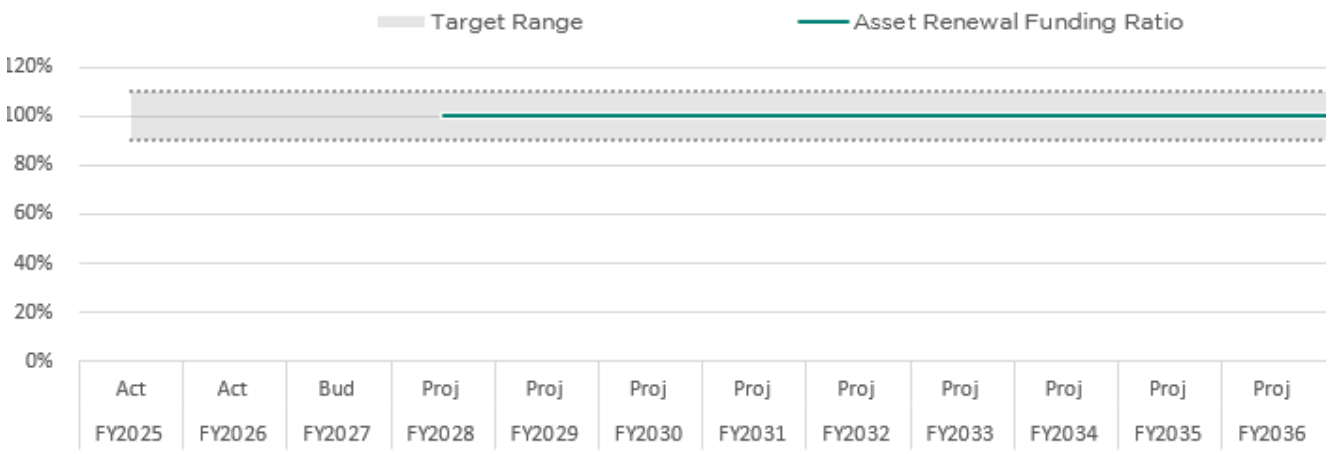
Whilst the current plan assumes that Council will renew assets to the full extent required by the Asset Management Plans, once these plans have been reviewed, updated and finalised, this assumption may change.

Proposed target

90-110%

Current projection

The plan achieves 100% each year



Financial statements

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).

$'000	Jun-27 Bud	Jun-28 Proj	Jun-29 Proj	Jun-30 Proj	Jun-31 Proj	Jun-32 Proj	Jun-33 Proj	Jun-34 Proj	Jun-35 Proj	Jun-36 Proj
Income										
Rates	58,700	62,339	65,768	68,991	72,026	74,475	77,007	79,626	82,333	85,132
Statutory Charges	1,717	1,787	1,850	1,905	1,963	2,012	2,062	2,114	2,166	2,221
User Charges	1,106	1,151	1,192	1,227	1,264	1,296	1,328	1,361	1,395	1,430
Grants, Subsidies and Contributions - Capital	1,329	1,383	1,432	1,475	1,519	1,557	1,596	1,636	1,677	1,719
Grants, Subsidies and Contributions - Operating	4,329	4,506	4,664	4,304	4,433	4,544	4,658	4,774	4,893	5,016
Investment Income	26	27	28	29	30	30	31	32	33	34
Reimbursements	260	271	280	289	297	305	312	320	328	336
Other Income	426	443	459	473	487	499	512	524	537	551
Net Gain - Equity Accounted Council Businesses	105	112	116	120	123	126	129	133	136	139
Total Income	**67,998**	**72,021**	**75,789**	**78,812**	**82,143**	**84,844**	**87,636**	**90,520**	**93,499**	**96,578**
Expenses										
Employee Costs	28,082	29,839	30,880	31,119	31,639	32,380	33,296	34,237	35,204	36,197
Materials, Contracts & Other Expenses	26,904	29,087	29,811	29,103	30,507	30,830	32,198	33,188	34,836	35,317
Depreciation, Amortisation & Impairment	14,892	15,006	15,726	16,491	17,451	18,461	19,440	20,436	21,519	22,806
Finance Costs	1,283	1,685	1,558	1,377	1,273	1,223	960	665	353	152
Net Loss - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Total Expenses	**71,161**	**75,617**	**77,975**	**78,089**	**80,869**	**82,895**	**85,894**	**88,525**	**91,911**	**94,472**
Operating Surplus / (Deficit)	**(3,163)**	**(3,596)**	**(2,186)**	**724**	**1,273**	**1,950**	**1,742**	**1,994**	**1,588**	**2,105**
Asset Disposal & Fair Value Adjustments	-	1,112	1,525	105	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	-	-	-	-	-	-	-	-	-	-
Physical Resources Received Free of Charge	-	-	-	-	-	-	-	-	-	-
Operating Result from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	**(3,163)**	**(2,484)**	**(661)**	**829**	**1,273**	**1,950**	**1,742**	**1,994**	**1,588**	**2,105**
Other Comprehensive Income										
Changes in Revaluation Surplus - I,PP&E	-	42,107	44,986	48,041	47,521	50,790	49,710	52,491	55,360	58,491
Share of Other Comprehensive Income - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Movements in Other Reserves	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	**-**	**42,107**	**44,986**	**48,041**	**47,521**	**50,790**	**49,710**	**52,491**	**55,360**	**58,491**
Total Comprehensive Income	**(3,163)**	**39,623**	**44,325**	**48,870**	**48,794**	**52,740**	**51,452**	**54,485**	**56,948**	**60,597**

Financial statements

Statement of Financial Position

This Statement provides a 10 year projection of Council's assets and liabilities using the projected 2026-27 Budget as the base year. The projections result from proposed capital expenditure emanating from the Asset Mangement Plans and adopted strategies, together with borrowings necessary to meet those capital requirements, and net funding generated by operations.

$'000	Jun-27 Bud	Jun-28 Proj	Jun-29 Proj	Jun-30 Proj	Jun-31 Proj	Jun-32 Proj	Jun-33 Proj	Jun-34 Proj	Jun-35 Proj	Jun-36 Proj
Current Assets										
Cash and Cash Equivalents	500	500	500	500	500	500	500	500	500	500
Trade and Other Receivables	5,402	5,402	5,693	5,967	6,225	6,434	6,650	6,873	7,104	7,343
Inventories	32	32	32	32	32	32	32	32	32	32
Total Current Assets	**5,934**	**5,934**	**6,225**	**6,499**	**6,757**	**6,966**	**7,182**	**7,405**	**7,636**	**7,875**
Non-Current Assets										
Equity Accounted Investments in Council Business	4,450	4,562	4,678	4,798	4,921	5,047	5,177	5,309	5,445	5,584
Infrastructure, Property, Plant & Equipment	607,605	646,965	690,088	734,765	785,466	832,951	879,730	927,903	980,551	1,039,454
Other Non-Current Assets	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	**612,055**	**651,527**	**694,766**	**739,563**	**790,387**	**837,998**	**884,907**	**933,212**	**985,996**	**1,045,038**
Total Assets	**617,989**	**657,461**	**700,992**	**746,061**	**797,144**	**844,964**	**892,089**	**940,617**	**993,632**	**1,052,913**
Current Liabilities										
Trade & Other Payables	1,205	3,564	3,764	3,505	4,203	3,780	4,003	4,052	4,409	4,811
Borrowings	-	-	-	-	-	-	-	-	-	-
Provisions	4,415	4,415	4,415	4,415	4,415	4,415	4,415	4,415	4,415	4,415
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	**5,620**	**7,979**	**8,179**	**7,920**	**8,618**	**8,195**	**8,418**	**8,467**	**8,824**	**9,226**
Non-Current Liabilities										
Borrowings	32,541	30,031	29,037	25,496	27,087	22,590	18,039	12,033	7,744	6,026
Provisions	659	659	659	659	659	659	659	659	659	659
Liability - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	**33,200**	**30,690**	**29,696**	**26,155**	**27,746**	**23,249**	**18,698**	**12,692**	**8,403**	**6,685**
Total Liabilities	**38,820**	**38,669**	**37,875**	**34,075**	**36,364**	**31,444**	**27,117**	**21,160**	**17,227**	**15,911**
Net Assets	**579,169**	**618,792**	**663,117**	**711,986**	**760,780**	**813,520**	**864,972**	**919,457**	**976,405**	**1,037,001**
Equity										
Accumulated Surplus	141,221	138,737	138,076	138,905	140,178	142,128	143,870	145,864	147,452	149,557
Asset Revaluation Reserves	437,850	479,957	524,943	572,984	620,504	671,295	721,004	773,495	828,855	887,346
Other Reserves	98	98	98	98	98	98	98	98	98	98
Total Equity	**579,169**	**618,792**	**663,117**	**711,986**	**760,780**	**813,520**	**864,972**	**919,457**	**976,405**	**1,037,001**
Net Borrowings	32,041	29,531	28,537	24,996	26,587	22,090	17,539	11,533	7,244	5,526

Financial statements

Statement of Cashflows

This Statement provides a 10 year projection of Council's cashflows using the projected 2026-27 Budget as the base year.

$'000	Jun-27 Bud	Jun-28 Proj	Jun-29 Proj	Jun-30 Proj	Jun-31 Proj	Jun-32 Proj	Jun-33 Proj	Jun-34 Proj	Jun-35 Proj	Jun-36 Proj
Cash Flow from Operating Activities										
Receipts										
Rates	58,558	62,340	65,477	68,717	71,768	74,266	76,791	79,402	82,102	84,894
Statutory Charges	1,717	1,787	1,850	1,905	1,963	2,012	2,062	2,114	2,166	2,221
User Charges	1,106	1,151	1,192	1,227	1,264	1,296	1,328	1,361	1,395	1,430
Grants, Subsidies and Contributions - Operating	4,329	4,506	4,664	4,304	4,433	4,544	4,658	4,774	4,893	5,016
Investment Income	26	27	28	29	30	30	31	32	33	34
Reimbursements	260	271	280	289	297	305	312	320	328	336
Other Income	426	443	459	473	487	499	512	524	537	551
Payments										
Payments for Employees	(28,082)	(29,839)	(30,880)	(31,119)	(31,639)	(32,380)	(33,296)	(34,237)	(35,204)	(36,197)
Payments for Materials, Contracts & Other Expenses	(28,440)	(26,729)	(29,610)	(29,361)	(29,809)	(31,253)	(31,974)	(33,139)	(34,479)	(34,915)
Finance Payments	(1,283)	(1,685)	(1,558)	(1,377)	(1,273)	(1,223)	(960)	(665)	(353)	(152)
Net Cash Provided By (or Used In) Operating Activities	**8,617**	**12,274**	**11,900**	**15,088**	**17,521**	**18,095**	**19,464**	**20,487**	**21,420**	**23,217**
Cash Flow from Investing Activities										
Receipts										
Amounts Received Specifically for New / Updgraded Assets	-	-	-	-	-	-	-	-	-	-
Grants, Subsidies and Contributions - Capital	1,329	1,383	1,432	1,475	1,519	1,557	1,596	1,636	1,677	1,719
Sale of Replaced Assets	-	-	-	-	-	-	-	-	-	-
Sale of Surplus Assets	-	3,125	3,650	525	-	-	-	-	-	-
Payments										
Expenditure on Renewal / Replacement of Assets	(12,101)	(11,862)	(12,213)	(10,421)	(12,631)	(11,455)	(12,775)	(11,417)	(14,008)	(13,517)
Expenditure on New / Upgraded Assets	(2,290)	(2,410)	(3,775)	(3,125)	(8,000)	(3,700)	(3,735)	(4,700)	(4,800)	(9,700)
Net Cash Provided By (or Used In) Investing Activities	**(13,062)**	**(9,764)**	**(10,906)**	**(11,546)**	**(19,112)**	**(13,598)**	**(14,914)**	**(14,481)**	**(17,131)**	**(21,499)**
Cash Flow from Financing Activities										
Receipts										
Proceeds from Borrowings	14,099	-	-	-	1,591	-	-	-	-	-
Proceeds from Bonds and Deposits	-	-	-	-	-	-	-	-	-	-
Payments										
Repayment of Borrowings	(9,654)	(2,510)	(994)	(3,541)	-	(4,497)	(4,551)	(6,006)	(4,289)	(1,718)
Repayment of Lease Liabilities	-	-	-	-	-	-	-	-	-	-
Net Cash Provided By (or Used In) Financing Activities	**4,445**	**(2,510)**	**(994)**	**(3,541)**	**1,591**	**(4,497)**	**(4,551)**	**(6,006)**	**(4,289)**	**(1,718)**
Net Increase (Decrease) in Cash Held	**-**	**(0)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cash & Cash Equivalents at the Beginning of Period	500	500	500	500	500	500	500	500	500	500
Cash & Cash Equivalents at the End of Period	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**
Net Cash Flow before Financing Activities and Interest Payments	(3,162)	4,195	2,553	4,918	(318)	5,720	5,511	6,671	4,642	1,870
Inflows	67,751	75,035	79,031	78,944	81,761	84,509	87,290	90,164	93,133	96,200
Outflows	(70,913)	(70,839)	(76,479)	(74,026)	(82,079)	(78,789)	(81,779)	(83,493)	(88,491)	(94,330)

Financial statements

Statement of Changes in Equity

This Statement provides a 10 year projection of Council's changes in Equity using the projected 2026-27 Budget as the base year.

$'000	Jun-27 Bud	Jun-28 Proj	Jun-29 Proj	Jun-30 Proj	Jun-31 Proj	Jun-32 Proj	Jun-33 Proj	Jun-34 Proj	Jun-35 Proj	Jun-36 Proj
Accumulated Surplus										
Balance at the end of previous reporting period	143,261	141,221	138,737	138,076	138,905	140,178	142,128	143,870	145,864	147,452
Net result for the year	(2,040)	(2,484)	(661)	829	1,273	1,950	1,742	1,994	1,588	2,105
Transfers from other reserves	-	-	-	-	-	-	-	-	-	-
Balance at the end of the period	**141,221**	**138,737**	**138,076**	**138,905**	**140,178**	**142,128**	**143,870**	**145,864**	**147,452**	**149,557**
Asset Revaluation Reserve										
Balance at the end of previous reporting period	437,850	437,850	479,957	524,943	572,984	620,504	671,295	721,004	773,495	828,855
Gain (Loss) on Revaluation of I, PP&E	-	42,107	44,986	48,041	47,521	50,790	49,710	52,491	55,360	58,491
Balance at the end of period	**437,850**	**479,957**	**524,943**	**572,984**	**620,504**	**671,295**	**721,004**	**773,495**	**828,855**	**887,346**
Other Reserves										
Balance at the end of previous reporting period	98	98	98	98	98	98	98	98	98	98
Transfers from Accumulated Surplus	-	-	-	-	-	-	-	-	-	-
Balance at the end of period	**98**	**98**	**98**	**98**	**98**	**98**	**98**	**98**	**98**	**98**
Total Equity at end of reporting period	**579,169**	**618,792**	**663,117**	**711,986**	**760,780**	**813,520**	**864,972**	**919,457**	**976,405**	**1,037,001**

Financial statements

Uniform Presentation of Finances

In accordance with the requirements of the Local Government (Financial Management) Regulations 2011, this section of the Plan 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 Plan is presented as follows:

- 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

$'000	Jun-27 Bud	Jun-28 Proj	Jun-29 Proj	Jun-30 Proj	Jun-31 Proj	Jun-32 Proj	Jun-33 Proj	Jun-34 Proj	Jun-35 Proj	Jun-36 Proj
Income										
Rates	58,700	62,339	65,768	68,991	72,026	74,475	77,007	79,626	82,333	85,132
Statutory Charges	1,717	1,787	1,850	1,905	1,963	2,012	2,062	2,114	2,166	2,221
User Charges	1,105	1,151	1,192	1,227	1,264	1,296	1,328	1,361	1,395	1,430
Grants, Subsidies and Contributions - Capital	1,329	1,383	1,432	1,475	1,519	1,557	1,596	1,636	1,677	1,719
Grants, Subsidies and Contributions - Operating	4,329	4,506	4,664	4,304	4,433	4,544	4,658	4,774	4,893	5,016
Investment Income	26	27	28	29	30	30	31	32	33	34
Reimbursements	260	271	280	289	297	305	312	320	328	336
Other Income	426	443	459	473	487	499	512	524	537	551
Net Gain - Equity Accounted Council Businesses	105	112	116	120	123	126	129	133	136	139
Total Income	**67,997**	**72,021**	**75,789**	**78,812**	**82,143**	**84,844**	**87,636**	**90,520**	**93,499**	**96,578**
Expenses										
Employee Costs	28,083	29,839	30,880	31,119	31,639	32,380	33,296	34,237	35,204	36,197
Materials, Contracts & Other Expenses	26,904	29,087	29,811	29,103	30,507	30,830	32,198	33,188	34,836	35,317
Depreciation, Amortisation & Impairment	14,892	15,006	15,726	16,491	17,451	18,461	19,440	20,436	21,519	22,806
Finance Costs	1,283	1,685	1,558	1,377	1,273	1,223	960	665	353	152
Net Loss - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Total Expenses	**71,162**	**75,617**	**77,975**	**78,089**	**80,869**	**82,895**	**85,894**	**88,525**	**91,911**	**94,472**
Operating Surplus / (Deficit)	**(3,165)**	**(3,596)**	**(2,186)**	**724**	**1,273**	**1,950**	**1,742**	**1,994**	**1,588**	**2,105**
Less: Grants, Subsidies and Contributions - Capital	(1,329)	(1,383)	(1,432)	(1,475)	(1,519)	(1,557)	(1,596)	(1,636)	(1,677)	(1,719)
Adjusted Operating Surplus / (Deficit)	**(4,494)**	**(4,979)**	**(3,618)**	**(751)**	**(246)**	**393**	**146**	**358**	**(89)**	**387**
Net Outlays on Existing Assets										
Capital Expenditure on renewal and replacement of Existing	(12,101)	(11,862)	(12,213)	(10,421)	(12,631)	(11,455)	(12,775)	(11,417)	(14,008)	(13,517)
Depreciation, Amortisation and Impairment	14,892	15,006	15,726	16,491	17,451	18,461	19,440	20,436	21,519	22,806
Grants, Subsidies and Contributions - Capital Renewal	1,329	1,383	1,432	1,475	1,519	1,557	1,596	1,636	1,677	1,719
Proceeds from Sale of Assets	-	3,125	3,650	525	-	-	-	-	-	-
	4,120	**7,652**	**8,595**	**8,069**	**6,338**	**8,563**	**8,261**	**10,654**	**9,188**	**11,007**
Net Outlays on New and Upgraded Assets										
Capital Expenditure on New and Upgraded Assets	(2,230)	(2,410)	(3,775)	(3,125)	(8,000)	(3,700)	(3,735)	(4,700)	(4,800)	(9,700)
Grants, Subsidies and Contributions - Capital New / Upgraded	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New and Updgraded Assets	-	-	-	-	-	-	-	-	-	-
	(2,230)	**(2,410)**	**(3,775)**	**(3,125)**	**(8,000)**	**(3,700)**	**(3,735)**	**(4,700)**	**(4,800)**	**(9,700)**
Net Lending / (Borrowing) for Financial Year	**(2,604)**	**263**	**1,201**	**4,193**	**(1,908)**	**5,256**	**4,672**	**6,313**	**4,299**	**1,694**

Appendix 1: Asset renewal & maintenance cost scenario

Asset renewal & maintenance cost scenario

Council is progressively updating the condition assessments and completing its Infrastructure and Asset Management Plans (IAMPs). As this work progresses, the assumptions currently used to forecast asset renewal, replacement and maintenance expenditure may change.

When asset information is reviewed regularly, changes to expenditure forecasts can generally be incorporated into Council's long-term planning without significantly affecting its overall financial sustainability. However, given the age of some of Council's existing asset condition assessments and asset management plans, there is currently a higher level of uncertainty around future asset expenditure requirements. This uncertainty is expected to remain for several years as assessments and plans are progressively updated.

Any changes identified through this work would be considered in the context of Council's strategic priorities before being incorporated into future plans and budgets. Council has a range of options available to manage any additional cost pressures that may arise.

To understand the potential future financial impact, this LTFP considers a scenario that assumes updated asset management planning identifies a need for an additional $400,000 per year in renewal capital expenditure and $100,000 per year in operating maintenance expenditure, commencing from Year 2, to maintain required service levels.

This scenario does not represent a confirmed change in expenditure. Rather, it illustrates the potential financial impact should additional asset investment be required.

The next section considers a range of potential Council responses to the abovementioned cost pressures and illustrates their impact on the LTFP.

Council's response

Included within the LTFP, is an unallocated capital funding, provisionally for new or upgraded assets. This provides the capacity for the Plan to absorb capital cost pressures by reallocating new capital spend to renewal capital spend. Additionally, included in the Plan is at least $200k per year (increasing to $400k per year from year seven) for potential operating initiatives. This allocation could be redistributed to fund additional maintenance costs.

Council may choose to respond to the additional costs pressures referenced in the scenario in a number of ways. Three different responses are presented below, including the impact on the financial indicators.

Response 1:

Council chooses to absorb the additional costs of the increase of $400k in renewal capital expenditure and $100k in operating maintenance expenditure. This has a detrimental impact on Council's financial performance and position. This results in the following changes:

Operating Surplus Ratio (see definition pg. 17):
This change will decrease Council's forecast average operating surplus from 0.29% to a forecast operating deficit of 0.10%.

Net Financial Liabilities ratio (see definition pg. 18):
Council will fund these additional costs through debt. This will result in a deterioration in the Net Financial Liabilities Ratio. The ratio will increase from 8.4% to 14.5% in year 10 of the Plan.

Asset Sustainability Ratio (see definition pg. 19):
Although there will be an increase in the renewal capital expenditure, there will be a corresponding increase in the required spend per the IAMP. The ratio therefore remains unchanged.

Response 2:

Council contemplates a rate increase to address the impact of the additional costs of $400k in renewal capital expenditure and $100k in operating maintenance expenditure. This results in the following changes:

Operating Surplus Ratio:
The additional rates income will result in an improvement in Council's financial performance, increasing Council's forecast average operating surplus from 0.29% to 0.71%.

Net Financial Liabilities ratio:
The Net Financial Liabilities will be consistent at 8.4%, as the additional costs will be fully covered by additional rates income.

Asset Sustainability Ratio:
Although there will be an increase in the renewal capital expenditure, there will be a corresponding increase in the required spend per the IAMP. The ratio therefore remains unchanged.

Response 3:

Council undertakes fewer operating initiatives to the value of $100k, and fewer new capital initiatives to the value of $400k. These adjustments offset the additional cost pressures. As a result, there will be no change in the Council's financial position, however this may impact service levels.



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