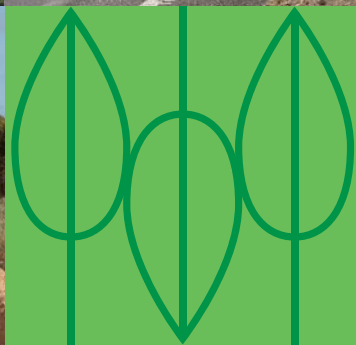
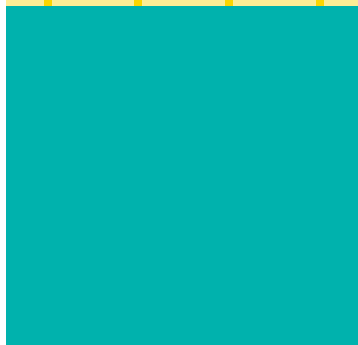
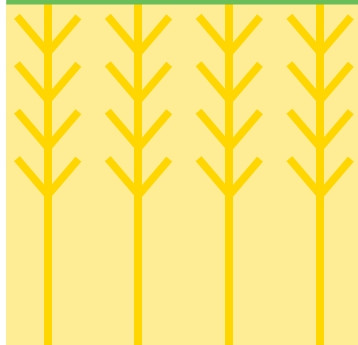
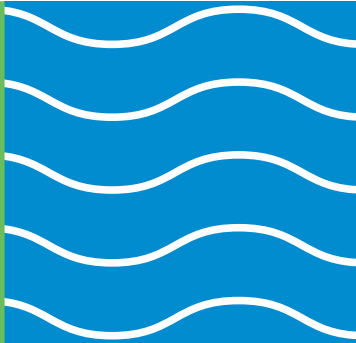


2024 - 2033 LONG TERM FINANCIAL PLAN



ACKNOWLEDGEMENT OF COUNTRY

Adelaide Plains Council acknowledges that we are located on the traditional Country of the Kurna people of the Adelaide Plains and pays respect to Elders past, present and emerging. We recognise and respect their cultural heritage, beliefs and relationship with the land and we acknowledge that they are of continuing importance to the Kurna people living today.

ADELAIDE PLAINS COUNCIL

2a Wasleys Road, Mallala SA 5502

Postal address:

PO Box 18, Mallala SA 5502

Adopted by the Council 28 August 2023

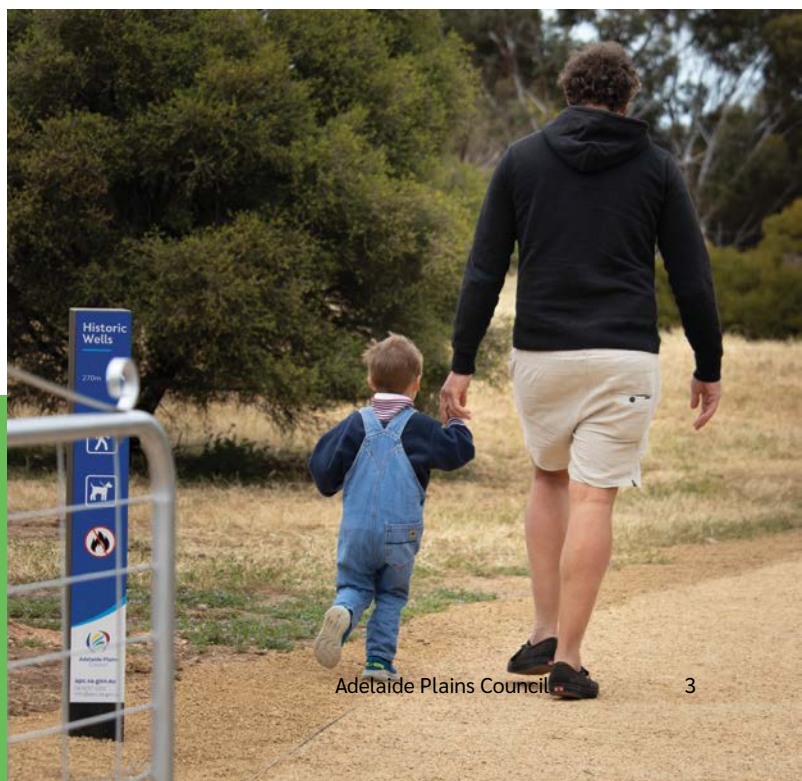
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1 INTRODUCTION

BACKGROUND

Section 122(1a) of the Local Government Act requires councils to develop and adopt:

- a Long Term Financial Plan (LTFP) for a period of at least 10 years; and
- an infrastructure and asset management plan, relating to the management and development of infrastructure and major assets by the council for a period of at least 10 years.

Section 122(4) (a) the Local Government Act requires that the LTFP should be reviewed on an annual basis. However, section 122(4)(b) of the Local Government Act specifies that the Council must undertake a comprehensive review of its Long Term Financial Plans within two (2) years after each general election of the council.

PURPOSE OF LTFP

The purpose of a Council's LTFP is to express, in financial terms, the activities that it proposes to undertake over the medium to longer term to achieve objectives stated in its strategic documents. It is similar to, but usually less detailed than the annual budget. Just like the budget, it is a guide for future actions, although its preparation requires the Council to think about not just one year but the longer-term impact of revenue and expenditure proposals/decisions.

LTFP also provide a level of assurance to Elected Members and the community on the sustainability of Council's operations. The aggregation of future strategic plans, programs & initiatives, their intended costs and anticipated revenues, enables the accumulation of overall financial and economic implications to be readily identified and, if warranted, future activities to be revised/deferred.

LTFP AS A DECISION-MAKING TOOL

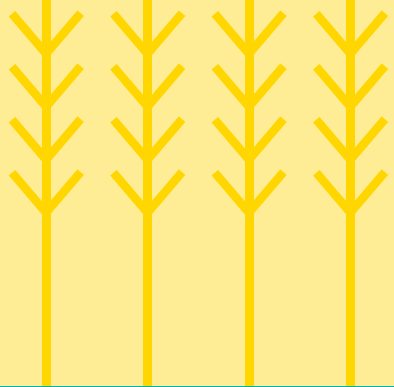
A 10 year LTFP summarises the financial impacts of Council's strategic directions and provides an indication of the sustainability of these plans. By evaluating Council's financial strategies over a planning horizon of 10 years, Council can determine how decisions that it makes now will impact on the future and ensure the impact of rates is spread equitably across generations of ratepayers so that planned service standards and infrastructure levels can be met over the long term without unplanned and disruptive increases in rates or cuts to services.

LTFP IS A FLUID DOCUMENT

The LTFP presents prospective information which will be updated and amended over time as circumstances change. Actual results are likely to vary from the information presented. Consequently, the information in this LTFP is prepared based on best estimate assumptions as to future events which Council expects are likely to take place. Therefore, LTFP will be annually reviewed, modified and refined as new information is discovered, usually as part of the adoption of the annual budget.

It is similar to, but usually less detailed than the annual budget. Just like the budget, it is a guide for future actions





2

CHIEF EXECUTIVE OFFICER STATEMENT ON FINANCIAL SUSTAINABILITY

Adelaide Plains Council (APC) is one of the fastest growing local government areas in South Australia, second only to Mount Barker, and this trend is anticipated to accelerate over the next ten year period.

With residential land releases well underway at Two Wells, we are seeing upwards of 500 new residents moving to our region each year. Growth projections indicate that by the year 2033, our Council will have grown by approximately 5,000 people to a population of 15,000.

Strategically positioning APC to be 'growth ready' has been front of mind since 2021 and we have progressed a number of key blueprints which now inform the Long Term Financial Plan (LTFP). Our 2021-2024 Strategic Plan and Infrastructure and Asset Management Plan have shaped this LTFP.

The review of the Infrastructure and Asset Management Plan and its subsequent adoption on 25 October 2021 now guides much of the LTFP. With our asset base valued at \$184m and with \$5m worth of donated assets coming into our ownership each and every year from the new residential growth at Two Wells, the allocation of funds to our various infrastructure categories becomes all the more important.

APC's LTFP foreshadows that we will be able to sufficiently maintain and/or replace/renew our ever expanding suite of assets over the life of the Plan while still maintaining current service levels with no adverse impact surrounding rate hikes. In recognition of this, it is our intent to implement a rating strategy that seeks to achieve a reasonable degree of stability and predictability in the overall rates distribution over the life of the Plan.

Financial sustainability is key to ensuring APC is able to continue to effectively manage current and projected growth for the benefit of both present and future generations. Financial sustainability means having a financial position capable of meeting long term service and infrastructure levels and standards, acceptable to the community, without substantial increases in rates or cuts to services.

The key financial indicators used by the Council in this LTFP to assess Council's long term financial sustainability include:

- Operating Surplus/(Deficit) Ratio
- Asset Renewal Funding Ratio
- Net Financial Liabilities Ratio

Over the next ten year period, APC is proposing to invest \$53.421m in operating and capital projects while maintaining current Council services in order to achieve the objectives of the Infrastructure & Assets Management Plans and Strategic Plan 2021-2024.

Out of total project budget of \$53.421m, \$5.820m (11%) would be spent on new and upgraded assets, \$16.890m (32%) will be spent on new initiatives or programs in line with growth projections and \$30.711m (57%) will be spent on asset renewals.

As a result, Council is forecasting operating deficits from Year 1 to 4 of the LTFP and a surplus budget thereafter. New borrowings of \$5.355m is forecast in the first three (3) years with repayments to start from Year 4 (i.e. 2026/2027).

This LTFP is perhaps the most important of any delivered by this Council, particularly with the unprecedented level of activity and growth on our doorstep. Prudent financial management remains at the forefront of all that we do here at APC and this is no better evidenced than through the delivery of this LTFP.

JAMES MILLER
CHIEF EXECUTIVE OFFICER

Over the next ten year period, APC is proposing to invest \$53.421m in operating and capital projects



3

LONG TERM FINANCIAL OBJECTIVE OF THE ADELAIDE PLAINS COUNCIL

**The Long Term Financial Objective of
Adelaide Plains Council is to be:**

a Council which delivers on its strategic objectives by managing its financial resources in a sustainable and equitable manner by incremental growth and service cost containment to reduce the operating deficit over time; as opposed to burdening the ratepayers of the Council with short term excessive increases to their annual Council rate bill.

Financial sustainability means having a financial position capable of meeting long term service and infrastructure levels and standards, acceptable to the community, without substantial increases in rates or cuts to services. Therefore, LTFP has been developed based on following budget principles.

Principle 1

Breakeven Budget

Annual cost of Council's services and programs, including depreciation of assets, are fully funded by the current ratepayers being the consumers of those services, programs and assets.

Principle 2

Rate Stability

Annual rate collection is fair and equitable for the ratepayers with the aim to keep rate revenue increases stable over the medium term.

Principle 3

Infrastructure and Asset Management

Maintain infrastructure and assets in line with the Council's Infrastructure Asset Management Plans.

Principle 4

Prudent Debt Management

Prudent and strategic use of debt to invest in new long term assets to ensure intergenerational equity between current and future users.

4

KEY INFLUENCES AND RISKS

This Long Term Financial Plan generates information that is used to guide decisions about Council operations into the future. However as with any long term plan, the accuracy of this LTFP is subject to many inherent influences. These variables and risks can be divided into three main groups:

4.1 EXTERNAL INFLUENCES – ITEMS OUTSIDE OF COUNCIL’S CONTROL

- Unforeseen economic changes or circumstances such as:
 - interest rates fluctuations (For example, Reserve Bank of Australia (RBA) forecast up to early 2022 that the cash rate would not be increased until inflation is within the 2% to 3% target range which was then not expected to occur until 2024. However, since May 2022, Australia has seen 10 consecutive rate rises by the RBA);
 - localised economic growth – residential and commercial development;
 - Adelaide Consumer Price Index (CPI), Local Government Price Index (LGPI); and,
 - changes in specific grant programs such as Financial Assistance Grants, Special Local Roads Grant, Roads to Recovery Grant etc.
- Unforeseen political changes or circumstances such as:
 - changes to levies and their conditions (e.g. EPA Solid Waste Levy, Regional Landscape Levy);
 - cost of natural resources such as electricity, fuel and water;
 - a change in the level of legislative compliance; and,
 - cost-shifting (e.g. Increase in Emergency Services Levy).
- Variable climatic conditions such as flooding, bushfire and drought and the resulting impact on insurance.
- Others
 - ESCOSA full cost recovery requirement for CWMS service charges;
 - ESCOSA Local Government Advice; and
 - Infrastructure assets donated by developers (\$5m per year).

4.2 INTERNAL INFLUENCES – ITEMS THAT COUNCIL CAN CONTROL

- Strategic Plan 2021-2024;
- Infrastructure & Asset Management Plans and service levels;
- Additional labour resources (outside and inside staff) needed, commensurate with growth;
- depreciation (although valuations can be considered an external influence);
- rate increases and other financial influences;
- performance management;
- productivity and efficiencies in service delivery;
- Enterprise Bargaining Agreements (EBA) and associated employee costs; and
- Council investment in IT infrastructure and data security.

4.3 COMMUNITY DRIVERS

- Community needs, expectations and the outcome of the community survey.

To minimise the inherent risks of long term financial planning, the Council will review and update its Long Term Financial Plan regularly and ensure that the most recent economic data and forecasts are being used as the basis for developing and updating the Council's Long Term Financial Plan.



5

BASIS OF PREPARATION

The LTFP consolidates the funding requirements from Council's Infrastructure and Asset Management Plan and provides a holistic view which helps ensure Council operates sustainably over the 10 year period. It enables Council to effectively and equitably manage service levels, asset funding and revenue-raising decisions, balanced with achieving its financial strategy and key performance indicators.

In developing the LTFP, key financial principles have been established that underpins Council's forecast financial performance and position over a 10-year time frame. The LTFP incorporates a number of statutory and discretionary reports and assumptions as part of a statutory requirement (within the *Local Government Act 1999*). Due to the variable nature of these assumptions and changes in the economy, an annual review of the LTFP will provide the Council with the opportunity to review the financial principles to easily adapt to these external influences, changes in proposed service levels or projects. This involves concerted input from the Elected Members, Audit Committee and the community.

The financial projections and targets contained within this LTFP, indicate Council's direction and financial capacity into the future and are intended to be viewed as a guide to future actions or opportunities. This in turn encourages Council to analyse the future effects and impacts of current decisions made by Council.

For this LTFP, 2023/2024 budgeted financial statements form the basis for year 1. Years 2 to 10 present nine (9) inclusive years of financial projections underpinned by the base data.



5.1 LTFP FRAMEWORK

The LTFP has been prepared within the following framework:

- Maintaining existing Council services at current service levels.
- Continue to invest in growth to ensure future financial sustainability of the Council;
- Support the achievement of the Strategic Plan 2021-2024 objectives.
- Maintains, on average, a break-even or positive funding (cash) position over the LTFP.
- Achieve long term financial sustainability.
- Maintain intergenerational equity.
- Continues to improve the maintenance of assets in accordance with Council's Infrastructure and Asset Management Plans, with a priority on;
 - maintenance before renewal, and
 - renewal before new when it is cost effective to do so.
- Council only approves new major projects where it has identified funding capacity to do so including Prudential Review where required.
- Council continues to fund the full life-cycle costs of any new or enhanced services or construction of new assets through savings, rate increases, grant funding or new borrowings.
- Review existing services and assets to ensure they meet prioritised community needs.
- Responsible changes in rating policy while maintaining regulatory compliance.

5.2 LTFP INPUTS

The LTFP has various inputs, including:

- Audited financial statement for 2022/2023 Financial Year.
- Budget adopted by the Council for 2022/2023 Financial Year and quarterly budget revisions.
- Assumptions on the inflation of various revenue and expenses.
- Relevant Enterprise Bargaining Agreement.
- Strategic Plan 2021-2024 and Infrastructure and Asset Management Plans.
- Feedback from the Audit Committee, Elected Members and the community.
- ESCOSA Local Government Advice.



5.3 KEY DRIVERS AND ASSUMPTIONS

It is important that Council's LTFP reflects the most recent economic data and forecasts available. Therefore, LTFP has been developed based on a number of assumptions and any shift in the actual results compared to the assumptions will cause variations to the LTFP forecast. Further, material variations between the assumptions and actuals over several years would have a very significant impact on the LTFP forecast results due to the compounding effect year on year into the future. A number of underlying key assumptions used in the LTFP have been listed in Table 1.

ADELAIDE CONSUMER PRICE INDEX (CPI) / LOCAL GOVERNMENT PRICE INDEX (LGPI)

The average operating cost increases for local government materials, contracts and other service costs are estimated using the LGPI as prices of these items move in different ways to how average household prices move. The LGPI is similar to CPI but represents the movements of prices associated with goods and services consumed by local government in South Australia. It is prepared and updated on a quarterly basis by the South Australian Centre for Economic Studies.

The Reserve Bank of Australia has an inflationary target of between 2% and 3% per annum for Australia. While Adelaide CPI and LGPI through the year to June 2022 have increased by 4.20% and 4.10% respectively, it is expected that both price indices would stay higher in the short to medium term due to cost pressures as a result of pandemic recovery, low unemployment, and flow-on effect of high inflation on salary and wages. Therefore, for this LTFP, an annual CPI/LGPI of 6% has been factored when estimating income and expenses for Year 1 (2023/2024) and 4% thereafter.

However, it should be noted that on average for the period 2014/2015 to 2021/2022 (2020/2021 is excluded as the inflation for 2020/2021 is considerably lower due to COVID-19 related restrictions and government assistance to households and business), LGPI has been 0.23% higher than CPI as shown below.

ANNUAL INFLATION CHANGES

YEAR	LGPI	CPI (ADELAIDE)	LGPI VS CPI
June 2015	1.70%	1.60%	0.10%
June 2016	0.90%	0.90%	0.00%
June 2017	1.80%	1.50%	0.30%
June 2018	2.90%	2.30%	0.60%
June 2019	2.60%	1.50%	1.10%
June 2020	1.40%	1.80%	(0.40%)
June 2021		Excluded	
June 2022	4.10%	4.20%	(0.10%)
AVERAGE	2.20%	1.97%	0.23%



Prices of these items move in different ways to how average household prices move.

The key economic indicators and drivers used in this LTFP are summarised in Table 1 below based on best available information as of March 2023.

TABLE 1: KEY DRIVERS AND ASSUMPTIONS USED IN THE LTFP

DESCRIPTION	ASSUMPTIONS
CPI/LGPI	6% in Year 1 and 4% thereafter over the next 9 years
General Rates Income	Increase in existing rates - Year 1 – 5.00% and 4.00% thereafter Growth - Year 1 - 3.82% and 2.75% thereafter
CWMS Charge	7% Year 1 and 4% thereafter over the next 9 years to comply with ESCOSA requirement for CWMS pricing.
Waste Charge	20% in Year 1 and 10.00% increase thereafter inclusive of growth.
Regional Landscape Levy	Year 1 - As advised by the Landscape Board. Thereafter, 3% increase.
Statutory charges	Income from planning applications, waste water applications and dog registration is estimated based on expected growth within Council district for the next 10 years. (2.9% on average)
User charges	3% increase from year 1 to 10.
Grants	Estimates are based on confirmed grant programs such as Financial Assistance Grants, Special Local Roads Grant, Roads to Recovery Grant, Library Operating Grant etc. on the assumption that these grants program will continue during the 10 year period.
Employee Costs	Year 1 increase of 7.9%. 4% increase from Year 2 to 10.
Materials, contracts and other	3% to 4% on average over the 10 year period (excluding additional expenses associated with growth which are captured under Operating Projects).
Depreciation	5.00% per annual from Year 1 to 10.
Finance Costs	Based on current and estimated new borrowings required.
Receivable, trade payables and provisions	No significant increase in overdue rates, trade receivable, trade payables and provisions.
Donated Assets	Council is expected to receive donated assets of \$5m on average over the 10 year period from developers.

5.4 GROWTH PROJECTIONS

Growth over the life of the LTFP has been estimated at 2.75% which is based on the expected addition of 250 new properties across the Council district through sub-divisions. The population is expected to increase by 500 persons every year throughout the 10 year period. The following table shows the expected change within Council district with regard to population, number of rateable properties, infrastructure assets and development applications in 2023 and 2033.

TABLE 2: GROWTH PROJECTIONS

DESCRIPTION	2023	2033	INCREASE
Population	10,500	15,000	43%
No of Rateable Properties	5,700	8,450	48%
Value of Infrastructure Assets (\$Mn)	172	307	78%
No of Development Applications per year	600	800	33%

While growth brings in additional income in the form of;

- Rates, development application fees;
- dog registration fees;
- waste water application fees;

it also adds cost pressures such as;

- additional electricity costs on public lighting;
- sealed roads maintenance, footpath maintenance, street sweeping;
- stormwater maintenance, reserve and parks maintenance;
- road signs and line-marking, weed spraying; and
- additional labour resources.

Accordingly, Council has factored in additional income and expenses in to the LTFP to account for the growth based on current service standards for infrastructure maintenance costs and current income levels.

6

10 YEAR CAPITAL AND OPERATING PROJECT PROGRAM

6.1 OPERATING PROJECT PROGRAM

In order to achieve the objectives of the Strategic Plan 2021-2024 and the Infrastructure & Assets Management Plans, Council is planning to undertake the following 20 programs and initiatives with an estimated cost of \$16.890m over the 10 year period. (Final budgets and the timing of these programs will be confirmed as part of future annual budget deliberations).

TABLE 3: OPERATING PROJECT PROGRAM (\$'000)

PROJECT NAME	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	TOTAL
ENVIABLE LIFESTYLE											
1. Roadside Vegetation Management Plan		-	-	-	-	50	-	-	-	-	50
2. New Cemetery Management System	-	54	-	-	-	-	-	-	-	-	54
3. Two Wells Library - Salt damp treatment	-	50	-	-	-	-	-	-	-	-	50
4. Open Space & Recreation Strategy		-	-	-	-	50	-	-	-	-	50
5. New Residents Kits and Business & Community Directory	-	23	-	23	-	-	23	-	-	-	69
6. Street/Verge Tree Planting	30	30	30	30	30	30	30	30	30	30	300
EMERGING ECONOMY											
7. Two Wells Land Development	35	-	-	-	-	-	-	-	-	-	35
8. Additional labour resources commensurate with growth*	89	390	666	963	1,283	1,627	1,996	2,393	2,489	2,587	14,483
9. Undergrounding of Power - Two Wells Main Street	600	-	-	-	-	-	-	-	-	-	600
10. Parham Foreshore Master Plan	15	-	-	-	-	-	-	-	-	-	15
REMARKABLE LANDSCAPES											
11. Levee, Hickinbotham Development in Two Wells	-	269	23	-	-	-	-	-	-	-	292
12. GRFMA Business Case	52	-	-	-	-	-	-	-	-	-	52
13. Two Wells Cemetery - landscaping	-	20	-	-	-	-	-	-	-	-	20
14. Two Wells - Recycled Water Use	-	40	70	75	55	85	90	70	-	-	485
PROACTIVE LEADERSHIP											
15. Bridges - Condition Assessments		-	-	-	50	-	-	-	-	-	50
16. Community Hub Investigation - Phase 2	25	-	-	-	-	-	-	-	-	-	25
17. Community Survey	-	-	-	20	-	-	20	-	-	-	40
18. Council Elections	-	-	-	50	-	-	-	50	-	-	100
19. Donaldson Rd - Design to include WSUD and open space elements	10	50	-	-	-	-	-	-	-	-	60
20. Review of Strategic Plan	-	-	-	-	30	-	-	-	30	-	60
TOTAL ESTIMATED COSTS	856	926	789	1,161	1,448	1,842	2,159	2,543	2,549	2,617	16,890

* As additional labour resources are needed commensurate with growth, if the rate of actual growth is lower than what has been factored in the LTFP, provision of additional resources will be adjusted accordingly.



6.2 CAPITAL WORKS PROGRAM

Capital Works Program for the next 10 years is summarised in the Table 4 below. It includes budgetary allocations of \$36.531m across the 10-year period as follows;

- Renewal and Replacement of existing assets totalling \$30.711m which is higher than the renewal/replacement expenditure required under the Council's assets management plan for next 10 years; and
- \$5.820m on New and Upgraded assets (Table 5).

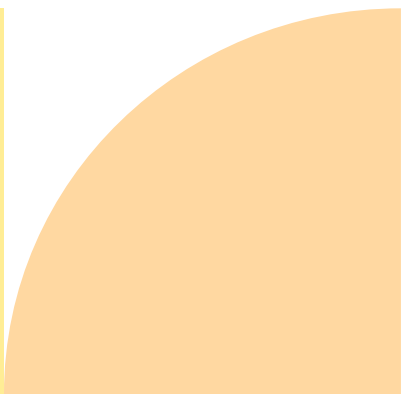
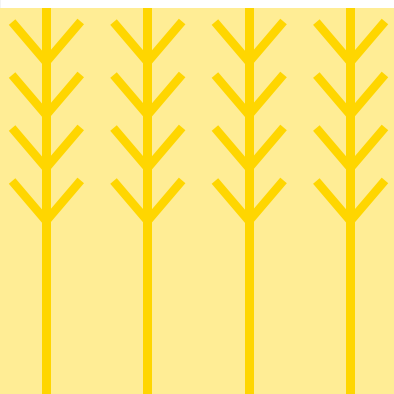
TABLE 4: CAPITAL PROJECT PROGRAM (\$'000)

EXPENDITURE CATEGORY	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
Plant, Fleet & Equipment	1,111	1,415	1,015	236	1,015	1,015	1,015	1,015	1,015	1,015
Street Scape	109	146	100	100	100	100	100	100	100	100
Site Improvements	355	1,570	1,580	440	340	340	340	340	340	340
Sealed Roads	801	800	1,296	700	700	700	700	700	700	700
Unsealed Roads	1,260	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Car Parks & Traffic Control	195	60	45	-	-	-	-	-	-	-
Pram Ramps	10	10	10	10	10	10	10	10	10	10
Building	70	-	-	-	-	-	-	-	-	-
Kerbing	-	565	-	-	-	-	-	-	-	-
Stormwater	60	210	55	-	-	-	-	-	-	-
CWMS	15	25	27	20	20	20	20	20	20	20
TOTAL EXPENDITURE	3,986	5,801	5,128	2,506	3,185	3,185	3,185	3,185	3,185	3,185

EXPENDITURE CATEGORY	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
New/Upgrade	463	1,751	1,966	320	220	220	220	220	220	220
Renewal	3,523	4,050	3,162	2,186	2,965	2,965	2,965	2,965	2,965	2,965
TOTAL EXPENDITURE	3,986	5,801	5,128	2,506	3,185	3,185	3,185	3,185	3,185	3,185

AN EXTRACT FROM THE I& – 10 YEAR CAPITAL EXPENDITURE FORECAST

EXPENDITURE CATEGORY	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
New/Upgrade	5,040	6,585	5,433	227	445	190	290	165	500	500
Renewal	3,091	3,390	2,461	2,661	2,493	2,486	3,102	3,650	2,691	3,069
TOTAL EXPENDITURE	8,131	9,975	7,894	2,888	2,938	2,676	3,392	3,815	3,191	3,569



6.3 NEW CAPITAL ASSETS IN DETAIL

Table 5 provides the details of the 10 year **new capital program**. These new projects have been included in the LTFP due to the following reasons;

- New footpath – Existing townships don't have footpaths and therefore to provide standard level of service.
- New kerbing – To improve drainage in townships and to provide standard level of service
- New car parks – To improve safety and cater for growth & tourism related demand.
- New Openspace – To provide level of service outlined in the assets management plan.

TABLE 5: NEW CAPITAL PROJECT PROGRAM IN DETAIL (\$'000)*

PROJECT NAME	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
PLANT AND EQUIPMENT										
IT Infrastructure Upgrade	33	-	-	-	-	-	-	-	-	-
STREETSCAPE										
South Terrace (Dublin) - Old Port Wakefield Road to Seventh Street	-	46	-	-	-	-	-	-	-	-
Irish Street - Butler Street to Redbanks Road	31	-	-	-	-	-	-	-	-	-
Rowe Crescent - Drew Street to Applebee Road	16	-	-	-	-	-	-	-	-	-
Chivell Street - Mary Street to End	38	-	-	-	-	-	-	-	-	-
Future Street Scape Program Allocation	-	100	100	100	100	100	100	100	100	100
KERBING										
South Terrace (Dublin) - Old Port Wakefield Road to Seventh Street	-	285	-	-	-	-	-	-	-	-
SEALING OF UNSEALED ROADS										
Sealing of Wasleys Road (Cheek Rd To Boundary Rd - Special Local Rd)	-	-	596	-	-	-	-	-	-	-

CAR PARKS & TRAFFIC CONTROL										
Two Wells Mainstreet - Pedestrian Refuges/Crossing	195	-	-	-	-	-	-	-	-	-
Ruskin Road (Thompson Beach) - Car Parking	-	60	-	-	-	-	-	-	-	-
Coastal Carpark Formalise, Adelaide International Bird Sanctuary	-	-	45	-	-	-	-	-	-	-
SITE IMPROVEMENTS										
Lewiston Dog Park Shelters	20	-	-	-	-	-	-	-	-	-
Street & Reserves/ Parks Furniture Program	20	20	20	20	20	20	20	20	20	20
Streetscape and WSUD	50	50	50	50	50	50	50	50	50	50
Lewiston Wetland Trails - Seating, paths, signage	-	50	-	-	-	-	-	-	-	-
Bakers Wetland - Seating, paths, signage	-	-	50	-	-	-	-	-	-	-
Middle Beach - Foreshore upgrade	-	300	-	-	-	-	-	-	-	-
Open Space & Recreation Strategy Outcomes (Allocation)	-	50	50	-	50	50	50	50	50	50
Trail Strategy Outcomes (Allocation)	-	-	100	-	-	-	-	-	-	-
Township Entrance Signs - Allocation	-	140	-	-	-	-	-	-	-	-
Stage 2 - Two Wells/Mallala Ovals - Implementation	-	500	-	-	-	-	-	-	-	-
Stage 2A - Two Wells/Mallala Ovals - Implementation	-	-	500	-	-	-	-	-	-	-
Stage 3 - Two Wells Oval - Additions, Support to Area	-	-	350	-	-	-	-	-	-	-
Stage 1 - Police Block - Shelter, Skate Park, Masterplan/Concepts	-	-	50	-	-	-	-	-	-	-
Stage 2 - Police Block - Shelter, Skate Park, Masterplan/Concepts	-	-	-	150	-	-	-	-	-	-
STORMWATER										
Redbanks Road from Mallala - Two Wells Road to Irish Street	-	100	-	-	-	-	-	-	-	-
Mallala Stormwater Urban Management Plan Outcomes	-	50	55	-	-	-	-	-	-	-
Mallala Oval stormwater and road upgrade	60	-	-	-	-	-	-	-	-	-
TOTAL NEW PROJECT BUDGET	463	1,751	1,966	320	220	220	220	220	220	220

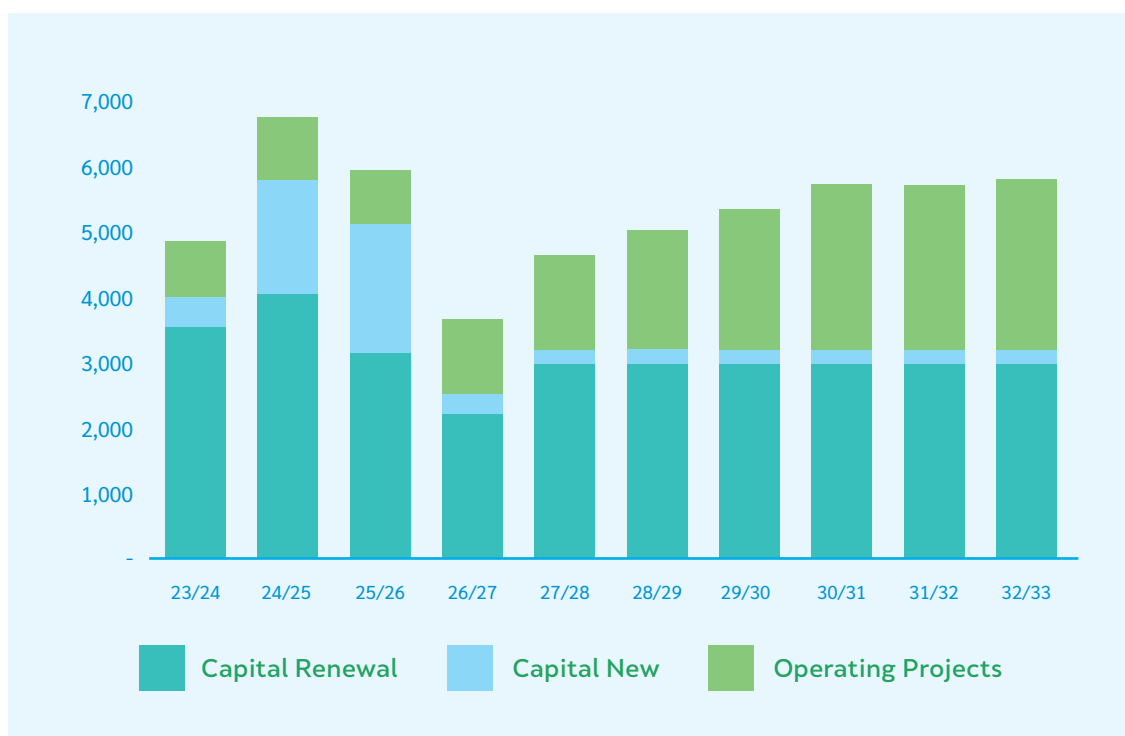
* While the estimates given above are based on best available information in June 2023, exact budgets allocation and the timing of the delivery of these capital program will be confirmed as part of future annual budget deliberations.

TOTAL PROJECTS BUDGET FOR NEXT 10 FINANCIAL YEARS

The graph below shows the budgeted total capital and operating project program for the next 10 years.

The proposed budget in Table 3 and Table 4 would result in a significant increase of project expenditures, with a considerable spike in the first three (3) years. The total project budget over the 10-year period is \$53.421m.

FIGURE 1: TOTAL CAPITAL AND OPERATING PROJECT EXPENSES (\$'000)



6.4 PROJECTS EXCLUDED FROM THE LTFP

Financial implications of the following projects have not been factored in the LTFP pending further information, prudential reviews and formal Council resolutions although these initiatives have been identified in the Council's Strategic Plan 2021-2024. The first two (2) projects are expected to cost \$14.500m approximately should the Council decide to proceed without any government grants.

- Office accommodation review outcome;
- Two Wells Community Waste Management System;
- Financial returns and outlays (i.e. proceeds from the sale of land, future rates income, future development application income, donated assets and its depreciation) associated with the TW Town Centre development has been excluded pending formal Council resolutions and finalisation of relevant contractual discussions/agreements.

In addition, Council contribution towards potential flood mitigation works by Gawler River Floodplain Management Authority (GRFMA) has also not been included in the LTFP although these works are expected to cost a significant amount of money. This is because of GRFMA's current policy position that no capital costs for the proposed Northern Floodway are borne by constituent councils.



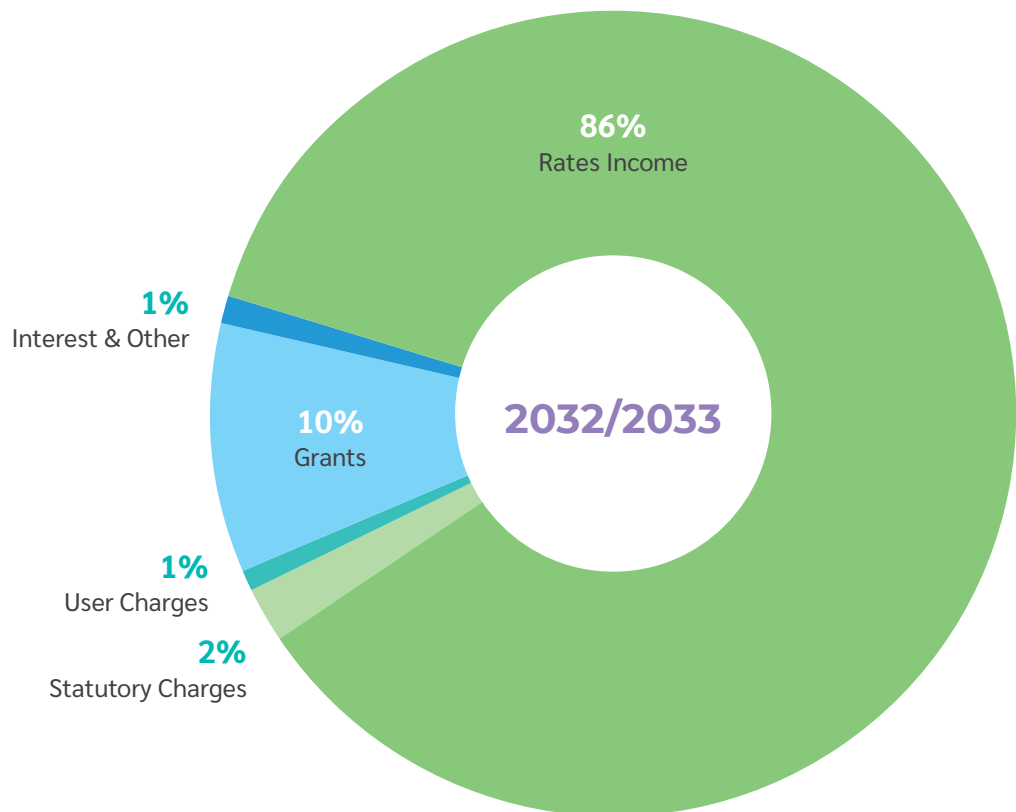
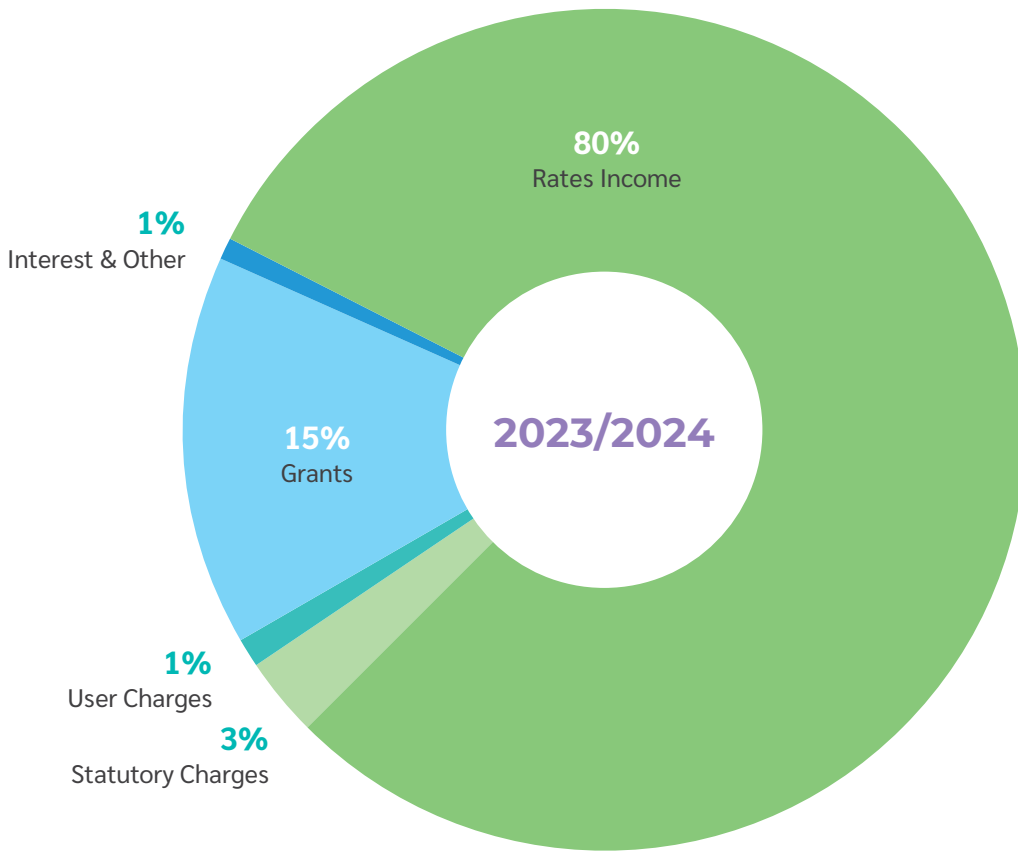
6.5 LONG TERM FINANCING STRATEGY

In order to deliver the current range of Council services at current levels as well as fund project programs identified in Table 3 and Table 4, Council is planning to utilise following revenue sources as well as new borrowings in line with its long term financial planning objectives.

- Rates income
- Statutory Charges, User Charges
- Grants, Subsidies and contributions
- Interest and other income

The following pie charts show the changes in the mix of various funding sources in the financing strategy in 2023/2024 and 2032/2033 Financial Years. Accordingly, rates income contributes more than other income sources and plays a very important role going forward in the delivery of Council's services, programs and projects.

FIGURE 2: DISTRIBUTION OF OPERATING INCOME BASED ON LTFP ESTIMATES



6.6 PROJECTED DEBT LEVELS

A major component of services Council provides are asset intensive which often requires a large investment, initially for the acquisition of assets and ongoing as a result of maintenance and renewal of those assets. Without the use of debt, it is very difficult for Council to finance the acquisition/construction of new assets, while at the same time finance asset renewals.

In the absence of adequate debt, Council either need to seek grant funding and/or charge higher rates against current ratepayers. Other options available for the Council is simply to defer the acquisition/construction of new assets until Council's financial position improves.

Charging higher rates against current ratepayers to fund new assets would also lead to issues with intergenerational inequity while future ratepayers would continue to derive the benefit of the new assets. Therefore, using debt when done equitably and responsibly, will help alleviate the issues of intergenerational inequity.

The LTFP shows that the Council is required to borrow \$5.355m in the first three (3) years with repayments to start from Year 4 (i.e. 2026/2027).

Assuming that the Council will initially borrow short-term cash advance (CAD) loans from the Local Government Financing Authority (LGFA) as it is flexible and the interest rate is lower than long term debentures rates, the following table shows estimated debt level at the end of the relevant financial year and the associated interest expense.



TABLE 6: : SUMMARY OF FORECAST DEBT LEVEL AT THE END OF FINANCIAL YEAR (\$'000)

DESCRIPTION	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
Debenture Loans	1,718	1,691	1,664	1,635	1,604	1,573	1,540	1,505	1,469	1,431
Short-term Loans	13,639	16,497	17,994	16,597	15,322	13,739	11,694	9,075	5,142	2,348
TOTAL BORROWINGS	15,357	18,188	19,658	18,232	16,926	15,312	13,234	10,580	6,611	3,779
EXPECTED RATES	6.05%	5.50%	5.00%	4.50%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
INTEREST EXPENSE	764	750	825	810	664	613	550	468	363	206

It should be noted that Council's future borrowings will be made in accordance with its Treasury Management Policy which states that:

To ensure an adequate mix of interest rate exposures, Council will restructure its portfolio of borrowings, as old borrowings mature and new ones are raised, to progressively achieve and thereafter maintain on average in any year, of not less than 30% of its gross debt in the form of fixed interest rate borrowings.

Therefore, any decisions to borrow short-term or long term funds will be made after taking in to consideration;

- Prevailing interest rates;
- Whether Council is successful in securing grants for some of the projects;
- Progress of the Council's annual project budget; and
- When rates instalments are due etc.

Indicative interest rates with the LGFA as of 30 June 2023 are:

- Short-term Cash Advance 6.05%
- 5 yrs 5.58%
- 10 yrs 5.62%
- 15 yrs 5.69%

7

LONG TERM FINANCIAL STATEMENTS

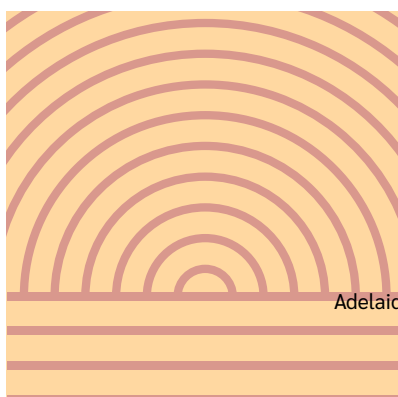
The following pages shows Council's Long Term Financial Plan for the 10 year period.



ADELAIDE PLAINS COUNCIL LONG TERM STATEMENT OF COMPREHENSIVE INCOME

23/24 24/25 25/26 26/27 27/28 28/29 29/30 30/31 31/32 32/33
YEAR 1 YEAR 2 YEAR 3 YEAR 4 YEAR 5 YEAR 6 YEAR 7 YEAR 8 YEAR 9 YEAR 10

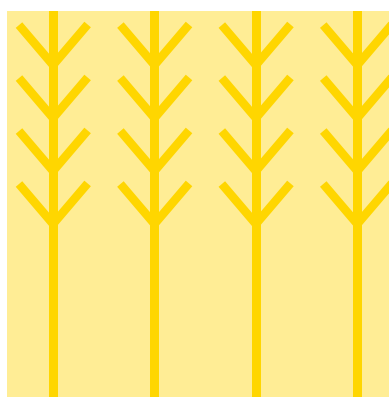
INCOME										
	\$'000									
Rates	13,714	14,650	15,648	16,715	17,858	19,080	20,389	21,790	23,299	24,905
Statutory Charges	520	535	550	566	582	599	616	634	652	671
User charges	229	237	244	251	259	267	275	284	293	302
Grants, subsidies and contributions	2,240	2,307	2,376	2,447	2,521	2,596	2,674	2,754	2,837	2,922
Investment Income	3	3	3	3	3	3	3	3	3	3
Reimbursements	139	139	139	139	139	139	139	139	139	139
Other Income	48	48	48	48	48	48	49	49	49	49
TOTAL INCOME	16,893	17,918	19,007	20,169	21,409	22,732	24,144	25,652	27,271	28,990
EXPENSES										
Employee Costs	7,075	7,358	7,652	7,958	8,276	8,607	8,952	9,310	9,682	10,069
Materials, contracts and other services	5,736	5,887	6,101	6,329	6,571	6,929	7,304	7,597	7,918	8,319
Depreciation	3,517	3,692	3,877	4,071	4,274	4,488	4,712	4,948	5,195	5,455
Finance Costs	820	876	907	889	724	655	566	463	68	179
Share of loss - joint ventures & associates	79	63	63	63	63	63	63	63	63	63
TOTAL EXPENSES	17,227	17,877	18,600	19,310	19,908	20,743	21,597	22,381	22,927	24,086
RECURRENT SURPLUS/ (DEFICIT)	(334)	41	407	860	1,501	1,990	2,547	3,271	4,344	4,905
Net Operating Project Expenses	(511)	(926)	(789)	(1,161)	(1,448)	(1,842)	(2,159)	(2,543)	(2,549)	(2,618)
OPERATING SURPLUS/ (DEFICIT)	(845)	(884)	(382)	(301)	53	148	388	728	1,795	2,286
Asset Disposal & Fair Value Adjustments	257	100	100	100	100	100	100	100	100	100
Physical resources received free of charge	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
NET SURPLUS	4,412	4,216	4,718	4,799	5,153	5,248	5,488	5,828	6,895	7,386
OTHER COMPREHENSIVE INCOME										
Changes in assets revaluation surplus	2,500	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Share of Operating loss at GRFMA	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)
TOTAL COMPREHENSIVE INCOME	6,857	6,161	6,663	6,744	7,098	7,193	7,433	7,773	8,840	9,331



ADELAIDE PLAINS COUNCIL LONG TERM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

23/24 24/25 25/26 26/27 27/28 28/29 29/30 30/31 31/32 32/33
YEAR 1 YEAR 2 YEAR 3 YEAR 4 YEAR 5 YEAR 6 YEAR 7 YEAR 8 YEAR 9 YEAR 10

ASSETS											\$'000
CURRENT ASSETS											
Cash and cash equivalents	415	417	416	416	417	416	415	415	416	2,303	
Trade & other receivables	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	
Inventories	154	154	154	154	154	154	154	154	154	154	
TOTAL CURRENT ASSETS	1,600	1,602	1,601	1,601	1,602	1,601	1,600	1,600	1,601	3,488	
NON-CURRENT ASSETS											
Financial Assets (Investment in GRFMA)	5,661	5,543	5,425	5,307	5,189	5,071	4,953	4,835	4,717	4,599	
Infrastructure, Property, Plant and Equipment	157,730	166,838	175,089	180,525	186,436	192,133	197,605	202,842	207,832	212,562	
Other Non-current Assets	15	15	15	15	15	15	15	15	15	15	
TOTAL NON-CURRENT ASSETS	163,406	172,397	180,530	185,847	191,640	197,219	202,574	207,693	212,564	217,176	
TOTAL ASSETS	165,006	173,998	182,131	187,449	193,242	198,820	204,174	209,293	214,165	220,665	
LIABILITIES											
CURRENT LIABILITIES											
Trade & Other Payables	1,353	1,353	1,353	1,353	1,353	1,353	1,353	1,353	1,353	1,353	
Borrowings	13,639	16,497	17,994	16,597	15,321	13,738	11,695	9,074	5,141	2,347	
Provisions	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,007	1,005	
TOTAL CURRENT LIABILITIES	16,001	18,859	20,356	18,959	17,683	16,100	14,057	11,436	7,501	4,705	
NON-CURRENT LIABILITIES											
Borrowings	1,718	1,691	1,664	1,635	1,604	1,573	1,540	1,505	1,469	1,431	
Provisions	220	220	220	220	220	220	218	220	220	220	
TOTAL NON-CURRENT LIABILITIES	1,938	1,911	1,884	1,855	1,824	1,793	1,758	1,725	1,689	1,651	
TOTAL LIABILITIES	17,939	20,770	22,240	20,813	19,507	17,893	15,815	13,161	9,190	6,356	
NET ASSETS	147,069	153,230	159,893	166,637	173,736	180,929	188,361	196,134	204,976	214,307	
EQUITY											
Accumulated Surplus	58,654	62,868	67,587	72,386	77,539	82,787	88,275	94,103	100,998	108,385	
Asset Revaluation Reserve	86,410	88,410	90,410	92,410	94,410	96,410	98,410	100,410	102,410	104,410	
Other Reserves	2,007	1,952	1,896	1,841	1,787	1,732	1,676	1,621	1,567	1,512	
TOTAL EQUITY	147,069	153,230	159,893	166,637	173,736	180,929	188,361	196,134	204,976	214,307	



ADELAIDE PLAINS COUNCIL LONG TERM STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE

	23/24 YEAR 1	24/25 YEAR 2	25/26 YEAR 3	26/27 YEAR 4	27/28 YEAR 5	28/29 YEAR 6	29/30 YEAR 7	30/31 YEAR 8	31/32 YEAR 9	32/33 YEAR 10
ACCUMULATED SURPLUS										
	\$'000									
Balance at end of previous reporting period	54,242	58,653	62,868	67,587	72,386	77,539	82,787	88,275	94,103	100,998
Net Result for year	4,412	4,216	4,718	4,799	5,153	5,248	5,488	5,828	6,895	7,386
BALANCE AT END OF PERIOD	58,654	62,868	67,587	72,386	77,539	82,787	88,275	94,103	100,998	108,385
ASSET REVALUATION RESERVE										
Balance at end of previous reporting period	83,910	86,410	88,410	90,410	92,410	94,410	96,410	98,410	100,410	102,410
Gain on revaluation of infrastructure, property, plant & equipment	2,500	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
BALANCE AT END OF PERIOD	86,410	88,410	90,410	92,410	94,410	96,410	98,410	100,410	102,410	104,410
OTHER RESERVES										
Balance at end of previous reporting period	2,061	2,006	1,951	1,896	1,841	1,786	1,731	1,676	1,621	1,566
Share of other comprehensive income - GRFMA	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)
BALANCE AT END OF PERIOD	2,006	1,951	1,896	1,841	1,786	1,731	1,676	1,621	1,566	1,511
TOTAL EQUITY AT END OF REPORTING PERIOD	147,068	153,229	159,892	166,636	173,735	180,928	188,360	196,133	204,975	214,306



ADELAIDE PLAINS COUNCIL LONG TERM STATEMENT OF CASH FLOWS FOR THE YEAR

23/24 24/25 25/26 26/27 27/28 28/29 29/30 30/31 31/32 32/33
 YEAR 1 YEAR 2 YEAR 3 YEAR 4 YEAR 5 YEAR 6 YEAR 7 YEAR 8 YEAR 9 YEAR 10

CASH FLOWS FROM OPERATING ACTIVITIES											\$'000
RECEIPTS											
Rates - general & other	13,714	14,650	15,648	16,715	17,858	19,080	20,389	21,790	23,299	24,905	
Fees & other charges	520	535	550	566	582	599	616	634	652	671	
User charges	229	237	244	251	259	267	275	284	293	302	
Investment receipts	3	3	3	3	3	3	3	3	3	3	
Grants utilised for operating purposes	2,585	2,307	2,376	2,447	2,521	2,596	2,674	2,754	2,837	2,922	
Reimbursements	139	139	139	139	139	139	139	139	139	139	
Other revenues	48	48	48	48	48	48	49	49	49	49	
PAYMENTS											
Employee costs	(7,164)	(7,358)	(7,652)	(7,958)	(8,276)	(8,607)	(8,952)	(9,310)	(9,682)	(10,069)	
Materials, contracts & other expenses	(6,502)	(6,813)	(6,890)	(7,490)	(8,019)	(8,771)	(9,463)	(10,140)	(10,466)	(10,937)	
Finance payments	(820)	(876)	(907)	(889)	(724)	(655)	(566)	(463)	(68)	(179)	
NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES	2,751	2,871	3,558	3,833	4,390	4,699	5,163	5,739	7,054	7,805	
CASH FLOWS FROM INVESTING ACTIVITIES											
RECEIPTS											
Sale of replaced assets	257	100	100	100	100	100	100	100	100	100	
PAYMENTS											
Expenditure on renewal/ replacement of assets	(3,523)	(4,050)	(3,162)	(2,186)	(2,965)	(2,965)	(2,965)	(2,965)	(2,965)	(2,965)	
Expenditure on new/upgraded assets	(463)	(1,751)	(1,966)	(320)	(220)	(220)	(220)	(220)	(220)	(220)	
NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES	(3,729)	(5,701)	(5,028)	(2,406)	(3,085)	(3,085)	(3,085)	(3,085)	(3,085)	(3,085)	
CASH FLOWS FROM FINANCING ACTIVITIES											
RECEIPTS											
Proceeds from New Borrowings	1,002	2,856	1,497	-	-	-	-	-	-	-	
PAYMENTS											
Repayments of Borrowings	(24)	(25)	(27)	(1,426)	(1,305)	(1,614)	(2,078)	(2,654)	(3,968)	(2,832)	
NET CASH PROVIDED BY (OR USED IN) FINANCING ACTIVITIES	978	2,831	1,470	(1,426)	(1,305)	(1,614)	(2,078)	(2,654)	(3,968)	(2,832)	
NET INCREASE (DECREASE) IN CASH HELD	(1)	0	1	0	0	(0)	(0)	0	0	1,888	
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	416	415	417	416	416	417	416	415	415	416	
CASH & CASH EQUIVALENTS AT END OF PERIOD	415	417	416	416	417	416	415	415	416	2,303	

ADELAIDE PLAINS COUNCIL LONG TERM UNIFORM PRESENTATION OF FINANCES FOR THE YEAR

	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	\$'000									
Operating Revenues	17,238	17,918	19,007	20,169	21,409	22,732	24,144	25,652	27,271	28,990
less Operating Expenses	(18,083)	(18,802)	(19,389)	(20,470)	(21,356)	(22,585)	(23,756)	(24,924)	(25,475)	(26,704)
OPERATING SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS	(845)	(884)	(382)	(301)	53	148	388	728	1,795	2,286
LESS NET OUTLAYS ON EXISTING ASSETS										
Capital Expenditure on renewal and replacement of Existing Assets	3,523	4,050	3,162	2,186	2,965	2,965	2,965	2,965	2,965	2,965
less Depreciation, Amortisation and Impairment	(3,517)	(3,692)	(3,877)	(4,071)	(4,274)	(4,488)	(4,712)	(4,948)	(5,195)	(5,455)
less Proceeds from Sale of Replaced Assets	(257)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
	(251)	258	(815)	(1,984)	(1,409)	(1,623)	(1,847)	(2,083)	(2,330)	(2,590)
LESS NET OUTLAYS ON NEW AND UPGRADED ASSETS										
Capital Expenditure on New and Upgraded Assets	463	1,751	1,966	320	220	220	220	220	220	220
	463	1,751	1,966	320	220	220	220	220	220	220
NET LENDING / (BORROWING) FOR FINANCIAL YEAR	(1,057)	(2,893)	(1,533)	1,364	1,242	1,551	2,015	2,591	3,906	4,657



7.1 LONG TERM FINANCIAL INDICATORS

Council's Key Financial Indicators are primarily based on those included in the Model Financial Statements and recommended by the Local Government Association of South Australia (LGA) as appropriate for measuring financial sustainability in Local Government. These ratios provide the Local Government sector accepted approach to analysing and comparing Council's performance from year to year.

The following graphs provide Council's long term financial indicators.

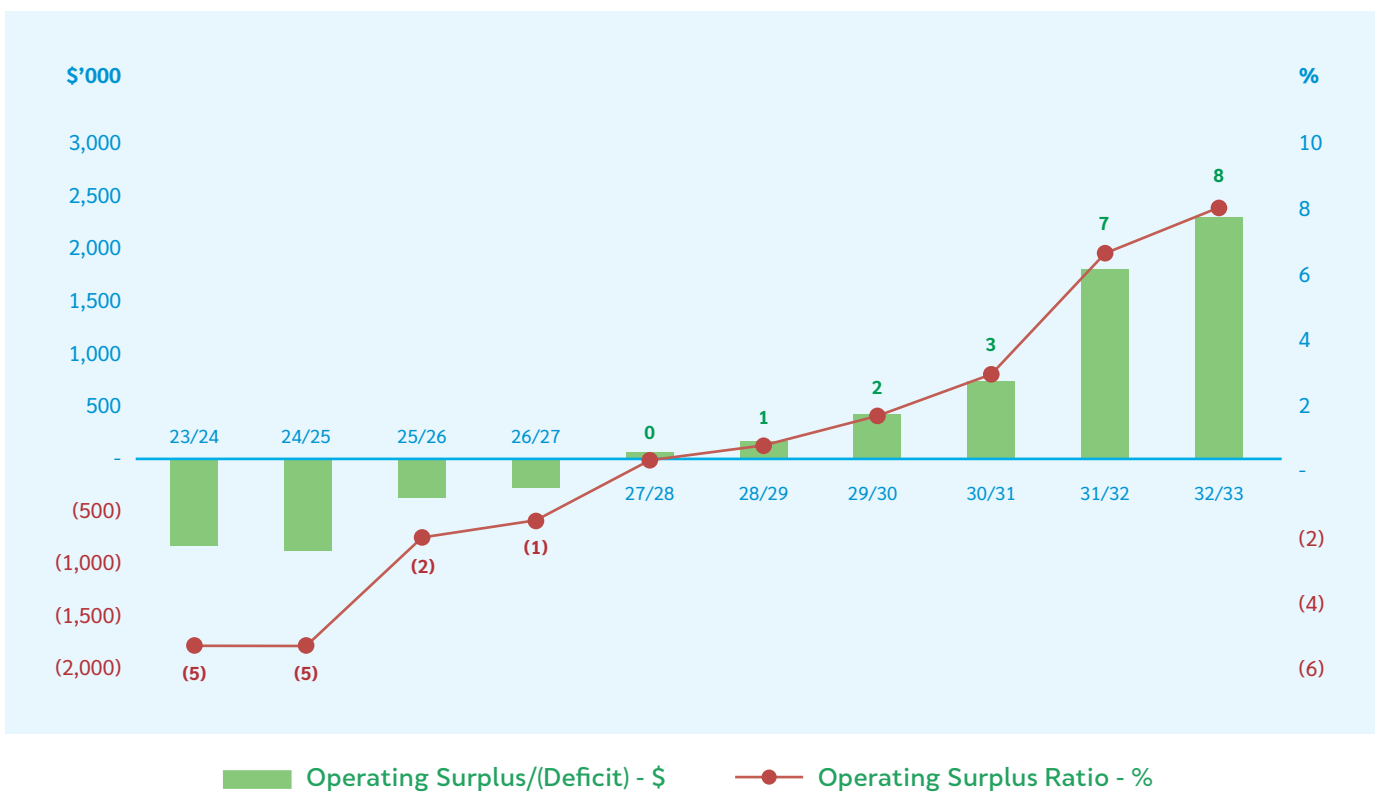


OPERATING SURPLUS/ (DEFICIT) RATIO

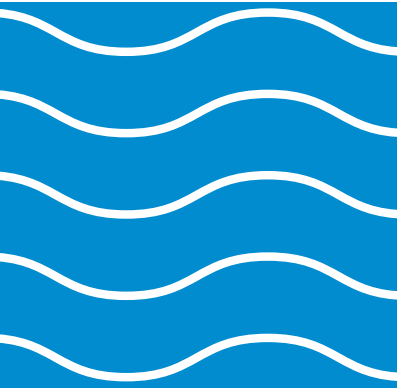
The Operating Surplus/ (Deficit) ratio expresses the operating results as a percentage of total operating income. Therefore, the Operating Surplus/(Deficit) Ratio indicates the extent to which operating revenue is sufficient to meet all operating expenses and whether current ratepayers are paying for their consumption of resources.

A negative ratio indicates the percentage increase in total operating income required to achieve a break-even operating result. A positive ratio indicates the percentage of total operating income available to fund capital expenditure over and above the level of depreciation expense without increasing council’s level of net financial liabilities.

FIGURE 3: OPERATING SURPLUS/DEFICIT RATIO



LGA Recommended Target Range :
 Surplus ranging from 0% to 10% on average over long term
10 Year LTFP Forecast Range : Range of negative 5% to positive 8%



LTFP forecasts operating deficits from Years 1 to 4 and operating surpluses from 2027/2028.

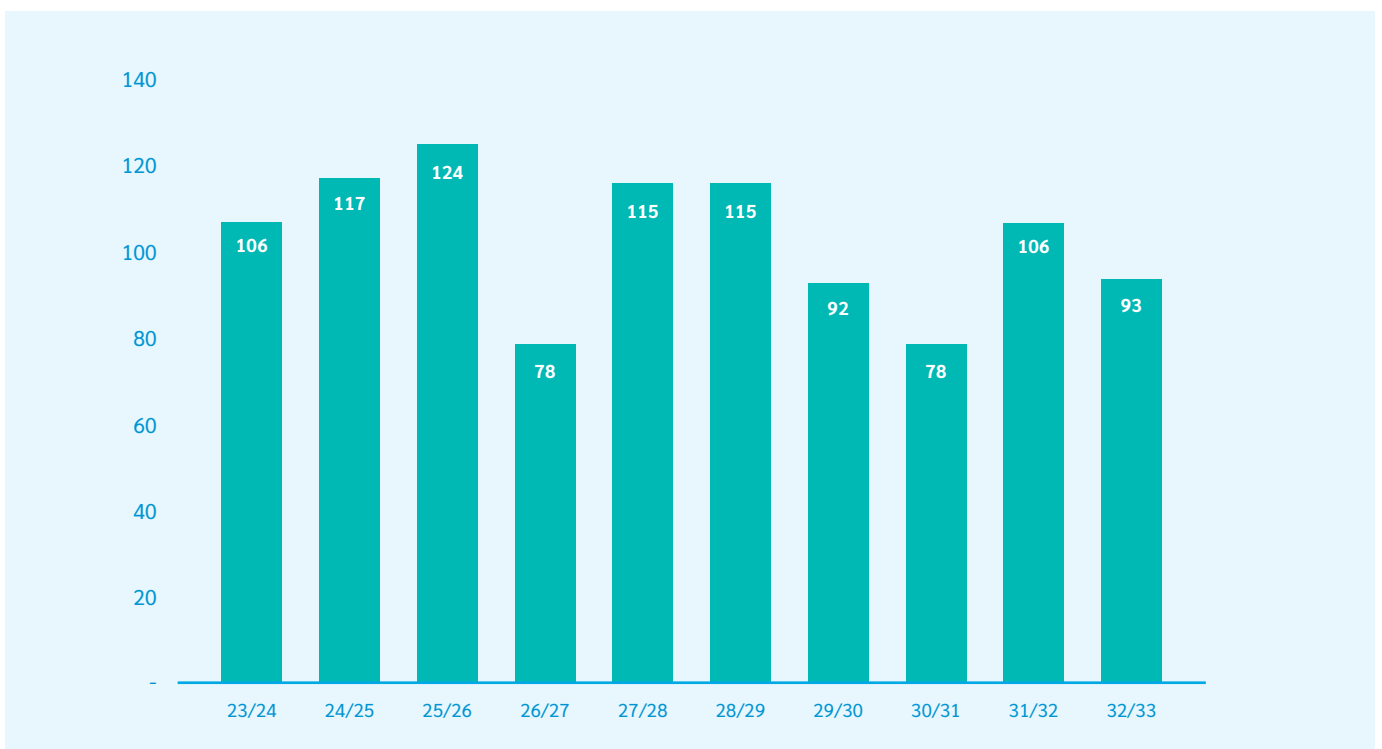
ASSET RENEWAL FUNDING RATIO (%)

This is a measure of the extent to which Council is renewing or replacing existing infrastructure assets that ensures consistent service delivery as determined by the Infrastructure & Asset Management Plans (I&s). This ratio simply measures if Council is performing the required work to replace/renew assets and maintain the level of service.

Council's I&s determine, for the given level of service, when assets need to be replaced to ensure that level of service is maintained. If Council is achieving close to 100% for this measure, then it is maintaining the current service levels delivered by assets and Council is not having assets renewal backlog.

LGA Recommended Target Range :
90% to 110% on average over long term
10 Year LTFP Forecast Range : 78% to 124%

FIGURE 4: ASSET RENEWAL FUNDING RATIO (%)



Appropriate funding allocations has been made in the LTFP to ensure Council infrastructure assets are maintained in line with I& which will ensure that there won't be any significant infrastructure renewal backlog in to the future.

NET FINANCIAL LIABILITIES RATIO (%)

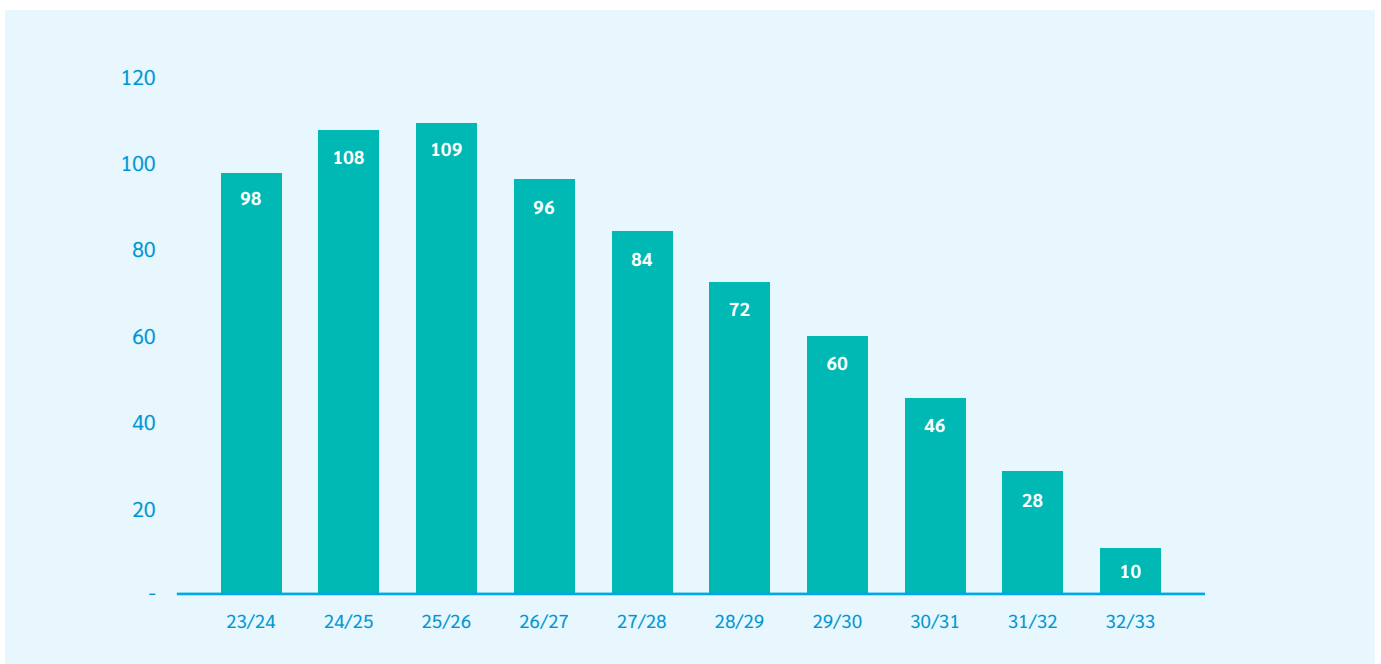
Net Financial Liabilities (NFL) is an indicator of the Council’s total indebtedness and includes all Council’s obligations including provisions for employee entitlements and creditors.

This ratio measures the extent to which Council is managing its debt. It’s a broader measure of debt than simply looking at borrowing levels. It highlights those borrowings are often an effective means of financial sustainability, rather than trying to fund all assets and services from operating income. The ratio expresses Council’s NFL as a percentage of Council’s total operating income.

A steady ratio means Council is balancing the need to borrow against the affordability of debt. An excessive ratio means Council is borrowing beyond their means and can’t generate the income required to service assets and operations. The level of debt affects the amount of interest that Council pays which in turns affects the operating results of the Council.

LGA Recommended Target Range :
0% to 100% on average over long term
10 Year LTFP Forecast Range : 10% to 109%

FIGURE 5: NET FINANCIAL LIABILITIES RATIO (%)



WHY COUNCIL IS FORECASTING A HIGHER NFL RATIO?

NFL ratio should be analysed against what Council is planning to do with the borrowed funds. In other words, to ensure that NFL forecasts are meaningful and sustainable, NFL ratio should be considered in the context of strategic direction of the Council.

As Adelaide Plains Council is in a significant development stage, a temporary increase in NFL ratio in Year 2 and Year 3 may be acceptable as financial strategy, programs and projects have been developed based on;

- A** Current service levels and range;
- B** Council’s assets management plans; and
- C** Strategic Plan 2021-2024 objectives.

