

2.1 DRAFT LONG-TERM FINANCIAL PLAN

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PURPOSE OF REPORT

The purpose of this report is to present the draft Long-Term Financial Plan for the period 2023-2024 - 2033-2034 (LTFP) to the Audit & Risk Committee for consideration and recommendation to the Council.

BACKGROUND

Section 122 of the *Local Government Act 1999* (the Act), requires the Council to prepare a Long-Term Financial Plan for a period of at least ten (10) years. In addition, the Council must undertake a review of the Long-Term Financial Plan as soon as practicable after adopting the Council's Annual Business Plan for a particular financial year.

The current LTFP was adopted by the Council on 18 January 2021. Since its adoption, minor revisions of the LTFP have been made.

As part of the 2023-2024 Annual Business, the Council was advised that the LTFP was required to be reviewed on the basis of the Council's decision to undertake the Payneham Memorial Swimming Centre Project.

On this basis, the *2024 to 2034 Long-Term Financial Plan*, has now been updated to reflect the revised cost associated with the Project.

A copy of the draft *2024 to 2034 Long-Term Financial Plan* is contained in **Attachment A**.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

The Council's Strategic Management Plan, *CityPlan 2030*, provides the framework upon which the Council's Strategic Management Plans are developed. The Council's suite of Strategic Management Plans currently incorporates the *CityPlan 2030*, the LTFP, the Infrastructure and Asset Management Plans and the Annual Business Plan and Budget.

The LTFP is the primary financial management tool which links the Council's Strategic Management Plans, *City Plan 2030*, Whole of Life Asset Management Plans and the Annual Business Plan and Budget.

FINANCIAL AND BUDGET IMPLICATIONS

The financial projections contained within the draft LTFP, provide an indication of the Council's direction and financial capacity, rather than predicting the future financial performance and position of the Council. The LTFP should be viewed as a guide to future actions or opportunities, which encourages the Council to consider the future impact of its decisions which are made, on the Council's long-term and on-going financial sustainability. To this end, reference should be made each year to the LTFP when preparing the Annual Business Plan and Annual Budget, to ensure that the broad financial outcomes which the Council has set and agreed upon are continuing to be achieved.

EXTERNAL ECONOMIC IMPLICATIONS

This report provides information on the financial projections covering the period from 2023-2024 through to 2033-2034 based on the set of assumptions outlined in the Discussion section of this report. Based on the financial projections contained within the draft LTFP, there will be an economic impact on ratepayers and citizens through increases in rates and user charges for user pays services.

The Council does provide some rate relief to eligible rate payers through the minimum rate, rate capping and remission and postponement of rates.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

The review of the Long-Term Financial Plan ensures the Council meets its obligations in accordance with the *Local Government Act 1999*.

CONSULTATION

- **Elected Members**
Information Sessions with Elected Members were held on 13 November and 27 November 2023.
- **Community**
Not Applicable.
- **Staff**
Not Applicable.
- **Other Agencies**
Not Applicable.

DISCUSSION

The draft *2024-2034 Long Term Financial Plan* has been reviewed and updated to incorporate the updated costs associated with the Payneham Memorial Swimming Centre Project and how this Project will impact on the Council's financial objectives.

Financial Objectives

As part of the 2021-2031 LTFP, the Council adopted the following Financial Goal:

A City which delivers on our Strategic Outcomes by managing our financial resources in a sustainable and equitable manner.

To ensure that the Council achieved its Financial Goal, a number of Financial Outcomes and Financial Targets were established to support the Council's achievement of its Financial Goal. The Financial Outcomes were:

Outcome 1: A Balanced budget

Council services and programs, including depreciation of infrastructure and assets, is fully funded and the costs are shared equitably between current and future ratepayers.

Outcome 2: Rate Stability

Annual rate collections are fair and equitable for our residents and ratepayers with the aim to keep rate revenue increases stable over the medium term.

Outcome 3: Infrastructure and Asset Management

Maintain Infrastructure and Assets in line with the Council's Whole of Life Infrastructure framework to achieve the outcomes and objectives, as set out in the Council's Strategic Plan, *City Plan 2030*.

Outcome 4: Debt Management

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

The Financial Goal and Outcomes were reviewed to determine the on-going relevance of these objectives for the draft *2024-2034 Long Term Financial Plan*. It has been determined that these objectives continue to remain relevant and therefore form the basis for the draft Plan.

The targets set for each Outcome are contained in Table 1 below.

TABLE 1: LONG TERM FINANCIAL PLAN – FINANCIAL TARGETS

Outcome	Indicator	Description of Indicator	Target
A balanced budget	Operating Ratio	This indicator represents the percentage by which income source varies from the day to day operating expenditure. The ratio is calculated by measuring the Council's Operating result as a percentage of Rate Revenue, where Operating Result equals operating revenue less operating expenses (including depreciation).	0-10%
Rate stability	Rate revenue increases	Year on year increase in total rate revenue collected	Between 6% and 8%
Infrastructure and Asset Management	Asset Sustainability Ratio	Asset Sustainability Ratio measures whether the Council is renewing or replacing existing physical assets (roads, footpaths, buildings etc.) at the same rate the stock of assets is wearing out. The ratio is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the planned spend outlined in the Council's Asset Management Plans.	Between 75% and 95% on a rolling 3 year period
Debt Management	Net Financial Liabilities	A Council's indebtedness must be managed to ensure its liabilities and associated costs are met without impinging on the financial sustainability of the Council. Net Financial Liabilities ratio measures the extent of what is owed by the Council less any liquid assets (i.e. cash or receivables) of the Council are met by its Operating revenue.	≤ 100%

ASSUMPTIONS

The financial projections contained within the draft Plan are meant to provide an indication of the Council's direction and financial capacity rather than predicting the future financial performance and position of the Council.

The key assumptions underlying the Plan are as follows:

Maintaining existing services at current service standards

The Plan is based on a "*business as usual*" assumption, which means that the Council will continue to provide the existing services at the current service levels.

The "*business as usual*" assumption does not take into account any change in direction or service level in response to community expectations, legislative requirements or changing economic conditions.

For the purpose of developing the forward projections the draft Plan assumes new operational expenditure of \$1 million on average each year.

Rate Revenue Increases

The Plan assumes an average Rate Revenue indexation of 6.75% which is equivalent to the 10 year average to fund normal operations.

Cost Escalation

The Reserve Bank of Australia has an inflationary target of between 2% and 3% per annum. Based on the 10 year average, CPI increases have been set from 3.3% to 2.90% for the life of the Plan.

The financial projections have assumed that wages and salary costs will increase by 3% per annum. All Council non- contract staff are parties to Enterprise Bargaining Agreements which cover periods of up to 3 years. It should be noted however as these Agreements will be renegotiated during the planning timeframe of the LTFP, the potential for unforeseen variations in the financial projections exist.

Asset Renewal and Replacement

The Council has in place "Whole-of-Life" Asset Management Plans for each major class of assets. The financial projections included in the Plan are based on the asset renewal and replacement programs outlined in the current Whole of Life Asset Management Plans. The Asset Management Plans are expected to be reviewed in the near future and the Plan will be updated to reflect the outcomes of that review.

Due to the unique nature of Council's asset base, the input costs to renew and replace the existing asset base can be subject to cost escalations greater than CPI. The financial projections have assumed that construction costs will increase by 2.94% on average.

Funding

Based on the principle of intergenerational equity, the Plan assumes that the Council will borrow to fund new and upgraded assets.

Interest rates on new borrowings are forecast at 6.43 and 6.5% pa. Interest rate on investment income is forecast on a 4.5% average.

Grants and Subsidies

The Council receives Grants and Subsidies from both the State and Federal Governments to fund Council services and programs. It is assumed existing Operating Grants will continue to be provided in the future and have been indexed by 2.43% pa.

The financial projections include Capital Grant revenue to assist in funding for specific new Capital Projects. As this revenue is dependent on the pool of Government funding available, it is difficult to predict how successful the Council will be in securing funds in the future.

Depreciation

Depreciation is an allowance that represents the consumption of an assets service potential or put simply, its wear and tear. Depreciation is based on the written down replacement value of an asset. Council undertakes an independent valuation of its major asset classes every five years. In the interim years, a review and update of the replacement cost is undertaken based on the annual average movement in value of like assets verified by the Council's valuer.

The escalation rates to reflect asset revaluations applied in the financial projections is between 1 and 3% across the life of the Plan, dependent upon the asset class.

Capital Investment

The Plan proposes significant investment by the Council in Asset upgrade Projects.

The projects included within the Plan are a combination of projects that have been adopted by the Council and a number of major projects to be considered in the future (ie "Future Projects). The major projects which have been included in the Plan are based on the Council's capacity to deliver the projects whilst meeting its financial objectives.

OPTIONS

The Council has resolved to undertake the Payneham Memorial Swimming Centre Redevelopment and tenders have been received for the Project but have yet to be approved.

As such, the draft *2024-2034 Long Term Financial Plan* has been reviewed and includes the updated costs associated with the Payneham Memorial Swimming Centre Project.

A number of projects have also been removed from the draft Plan on the basis that either a decision to proceed with the project has not been made by the Council or the project should be considered by the Council on a case-by-case basis as part of the annual budget process.

The Council will consider the draft *2024-2034 Long Term Financial Plan* at a Special Council Meeting to be held on Monday, 11 December 2023.

The Council will also consider the outcome and recommendations in terms of the appointment of the successful tenderer at the Special Council Meeting to be held on 11 December 2023.

The Committee may therefore determine to provide recommendations to the Council in respect to the draft *2024-2034 Long Term Financial Plan* for consideration by the Council when the draft Plan is presented to the Council for endorsement.

CONCLUSION

Based on the underlying assumptions contained within the draft Plan, and noting that there are variations in the Key Financial Indicators over some periods in the Plan and that these Indicators return to the targets within the 10 year timeframe of the Plan, the draft Plan indicates that the Council is sustainable in the long term.

The Council's Operating Surplus Ratio, over the period of the draft Plan is forecast to grow from 2.6% to 19.1% by 2033-2034.

Rate revenue increases are stable over the life of the Plan indicating equity between generations, and that current and future ratepayers pay only for their share of the City's assets and services.

COMMENTS

Nil.

RECOMMENDATION 1

That pursuant to Section 90(2) and (3) of the *Local Government Act 1999* the Council orders that the public, with the exception of the Council staff present, be excluded from the meeting on the basis that the Council will receive, discuss and consider:

- (b) information the disclosure of which –
- (i) could reasonably be expected to prejudice the commercial position of the Council; and
 - (ii) would, on balance, be contrary to the public interest;

by the disclosure of sensitive commercial and financial information and the Council is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.

RECOMMENDATION 2

1. That the draft *2024-2034 Long-Term Financial Plan* as contained in Attachment A be received and noted.
2. That the Audit & Risk Committee, having considered the draft *2024-2034 Long-Term Financial Plan* notes that the draft Plan indicates that the Council:
 - is sustainable in the long term; and
 - will move outside of the Key Financial Indicators targets for a limited period of time but will return to the targets within the 10 year timeline of the draft Plan.
3. That the Audit & Risk Committee recommends to the Council that the targets of the Key Financial Indicators are revised annually by the Audit & Risk Committee and recommendations on any revised targets are made to the Council for the Council's consideration.

RECOMMENDATION 3

Under Section 91(7) and (9) of the *Local Government Act 1999* the Council orders that the report, discussion and minutes be kept confidential until the successful tenderer for the Payneham Memorial Swimming Centre has been appointed and the contract has been entered into by all parties to the contact.

Cr Piggott moved:

That pursuant to Section 90(2) and (3) of the Local Government Act 1999 the Council orders that the public, with the exception of the Council staff present [Chief Executive Officer; General Manager, Governance & Civic Affairs; Chief Financial Officer and Executive Assistant, Governance & Civic Affairs], be excluded from the meeting on the basis that the Council will receive, discuss and consider:

- (b) information the disclosure of which –*
- (i) could reasonably be expected to prejudice the commercial position of the Council; and*
 - (ii) would, on balance, be contrary to the public interest;*

by the disclosure of sensitive commercial and financial information and the Council is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.

Seconded by Cr Clutterham and carried unanimously.

Cr Clutterham moved:

1. *That the draft 2024-2034 Long-Term Financial Plan as contained in Attachment A be received and noted.*
2. *That the Audit & Risk Committee, having considered the draft 2024-2034 Long-Term Financial Plan notes that the draft Plan indicates that the Council:*
 - *is sustainable in the long term; and*
 - *will move outside of the Key Financial Indicators targets for a limited period of time but will return to the targets within the 10 year timeline of the draft Plan.*
3. *That the Audit & Risk Committee recommends to the Council that the targets of the Key Financial Indicators are revised annually by the Audit & Risk Committee and recommendations on any revised targets are made to the Council for the Council's consideration.*

Seconded by Ms Stefanie Eldridge and carried.

Division

Cr Piggott called for a division and the decision was set aside.

Those in favour: Cr Clutterham, Ms Stefanie Eldridge, Ms Sandra Di Blasio and Mayor Bria (Presiding Member).

Those against: Cr Piggott.

The Presiding Member declared the motion carried.

Cr Clutterham moved:

Under Section 91(7) and (9) of the Local Government Act 1999 the Council orders that the report, discussion and minutes be kept confidential until the successful tenderer for the Payneham Memorial Swimming Centre has been appointed and the contract has been entered into by all parties to the contact.

Seconded by Ms Sandra Di Blasio and carried unanimously.

Attachment A

Confidential

Draft Long-Term Financial Plan

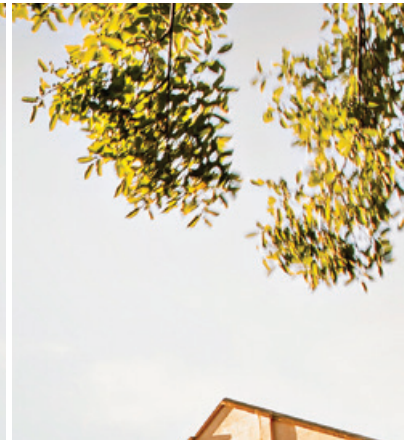
Released

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**City of
Norwood
Payneham
& St Peters**



Draft Long-term Financial Plan 2024–2034



City of
Norwood
Payneham
& St Peters

Long-term Financial Plan

2024–2034

The City of Norwood Payneham & St Peters 2024–2034 Long-term Financial Plan is a key document in the Council's Strategic Planning Framework. Covering a period of at least ten years, it provides an indication of the Council's direction and financial capacity.

The Long-term Financial Plan (the Plan) is designed to meet the legislative requirements under the *Local Government Act 1999*.



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CITY OF
PORT ADELAIDE
ENFIELD

CAMPBELLTOWN
CITY COUNCIL

TOWN OF
WALKERVILLE

CITY OF
ADELAIDE

CITY OF BURNSIDE

FELIXSTOW

MARDEN

GLYNDE

ROYSTON PARK

PAYNEHAM

JOSLIN

EVANDALE

PAYNEHAM SOUTH

ST PETERS

STEPNEY

TRINITY GARDENS

COLLEGE PARK

MAYLANDS

ST MORRIS

HACKNEY

MAGILL ROAD

CITY OF ADELAIDE

NORWOOD

KENSINGTON

KENT TOWN

MARRYATVILLE

HEATHPOOL

KENT TOWN

GREENHILL ROAD

GREENHILL ROAD

GREENHILL ROAD

GREENHILL ROAD

GREENHILL ROAD

GREENHILL ROAD

Introduction

The City of Norwood Payneham & St Peters is driven by the need to deliver programs and services to our citizens through the most efficient and effective means possible. The ability to deliver on this and the strategic directions outlined in *CityPlan 2030: Shaping Our Future* is dependent on the Council's responsible management of its financial resources over the long-term.

The Local Government Act 1999, requires Councils to prepare a Long-Term Financial Plan covering a period of at least ten years.

The Plan is a key document in the Council's Strategic Planning Framework. It is the primary financial management tool which links the Council's Strategic Plan, *CityPlan 2030*, 'Whole-of-Life' Asset Management Plans and the Annual Business Plan and Budget.

Adopted in 2008, *CityPlan 2030*, is focused on the concept that as a community, we can shape, model and influence

our future by the actions we take today. *CityPlan 2030* captures the community's vision and aspirations for our City over the next 20 years and establishes broad directions which will shape our City's future, with the overall aim of achieving Community Well-being.

The foundation of *CityPlan 2030* is based on four strategic outcome areas which the Council refers to as the Quadruple Bottom Line. Quadruple Bottom Line (QBL) is a management tool which ensures that the Council's sustainability principles are embedded across all of its operations. The QBL is about achieving social, cultural, economic and environmental sustainability, without irreversibly damaging the ecological systems which support everything that we do.

Adding the fourth Pillar of Culture to the traditional Triple Bottom Line approach of environmental, social and economic sustainability, highlights the importance which the Council and the community has placed on protecting and enhancing the City's unique character and 'sense of place'.

In line with *CityPlan 2030*, the Long-Term Financial

Plan focuses on these four strategic outcomes.

The Long-Term Financial Plan is an important planning tool for the Council as it:

- reflects the future financial position based on delivering the services, activities, programs and initiatives undertaken by the Council;
- allows the costs of long-term strategic decisions to be quantified and debated; and
- assesses the financial sustainability of service levels.

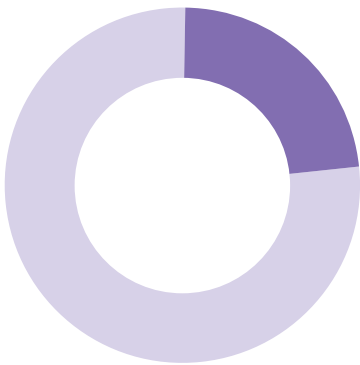
The City is challenged by growing community demands and expectations and recognises the importance of growth, prosperity, sustainability and lifestyle. It is committed to effective governance and providing infrastructure and services that satisfy all user groups.

The Long-Term Financial Plan has been prepared on the basis of a number of objectives and assumptions that are outlined in this document. Strategies, priorities, issues and risks are all dynamic influences in relation to any planning and as such, the Plan is reviewed and adjusted annually, following the adoption of the Annual Business Plan and Budget to reflect material changes.

The financial projections contained within the Plan provide an indication of the Council's direction and financial capacity rather than predicting the future financial performance and position of the Council. The Plan should be viewed as a guide to future actions or opportunities which encourages the Council to think about the future impact of decisions made today on the Council's long-term financial sustainability.

City Snapshot

The City of Norwood Payneham & St Peters enjoys a reputation as one of Adelaide's most desirable places to live, work and visit.

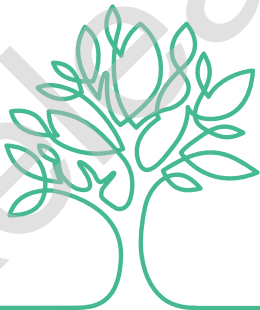


34.5%

of citizens residing in the City of Norwood Payneham & St Peters were born overseas, compared with 28.5% in Greater Adelaide.

341km
of footpaths

363km
of kerbing



171km of roads

20,000+ street trees

Local Businesses

8,117*

Our business community values the City's unique and diverse business mix with strong connections and ability to work together.



2 Swimming Centres



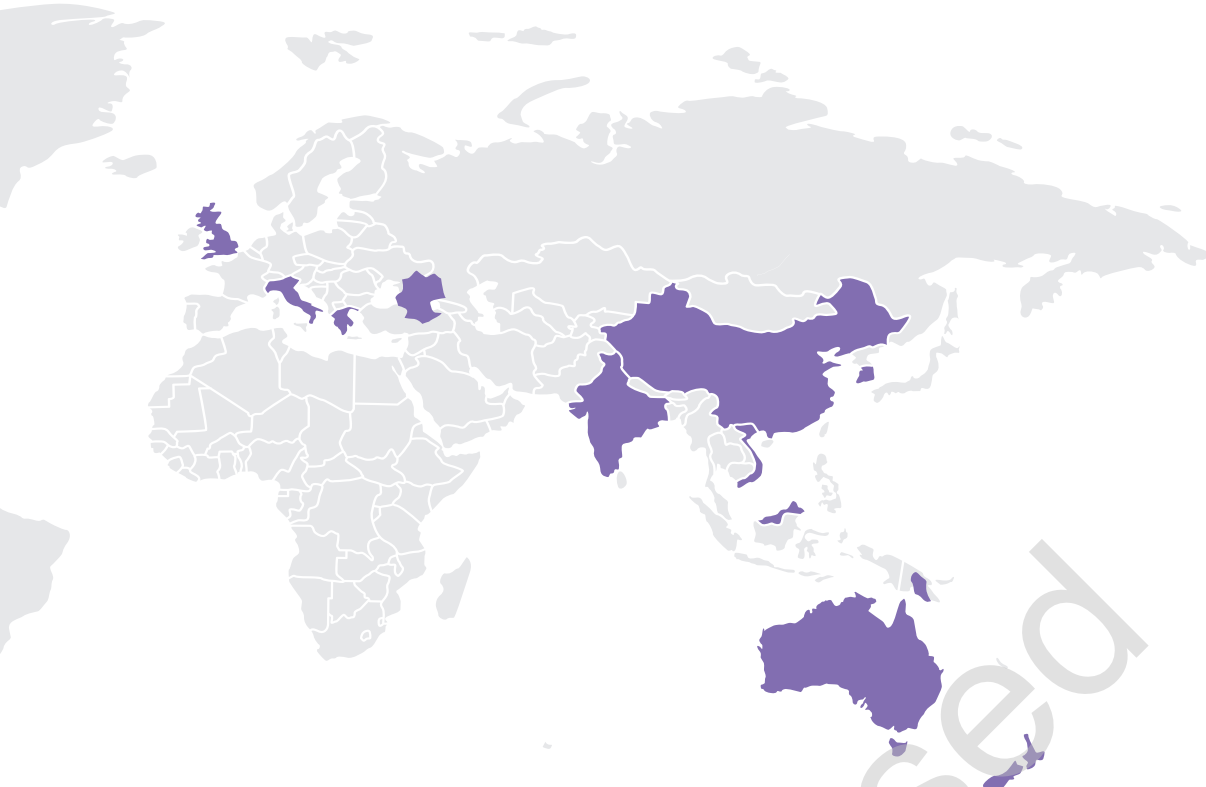
1 Child Care Centre & Pre-School



3 Libraries

Source: Australian Bureau of Statistics 2019 Estimated Resident Population

* Approximate figure



Top 5 origins of birth in the City

65.5%

Australia

4.2%

China

4.0%

England

3.5%

Italy

3.5%

India

Residents

37,487#

The median age of people is 41 years.
Children aged 0–14 years make up 18.2% of the population and people aged over 65 years make up 17.2%.

Volunteers

220

Volunteers play an integral role in our City's community life and make a valuable contribution by giving their time and skills for the benefit of others.



29 playgrounds



72 parks and reserves



180 hectares of open space

Strategic Direction

The Council's strategic direction is guided by four outcomes or Pillars which contribute to the realisation of the Council's Vision and are based on the four Pillars of the Quadruple Bottom Line (QBL) framework. The four outcomes are Social Equity, Cultural Vitality, Economic Prosperity and Environmental Sustainability.

We exist to improve the Well-being of our citizens and our community, through:

Social Equity

Cultural Vitality

Economic Prosperity

Environmental Sustainability



The objectives set out in *CityPlan 2030: Shaping Our Future*, which outline the priorities for what needs to happen to achieve the four outcomes, reflect the community's aspirations, the policy commitments of the Council and the likely trends and issues which our City will face over the course of *CityPlan 2030*.

CityPlan 2030 plays a pivotal role in guiding the City of Norwood Payneham & St Peters towards the community's vision for the future. Achieving the

strategies contained in *CityPlan 2030* requires transparent and accountable governance structures and processes which are both flexible and responsive to the future opportunities and challenges that will present themselves.

It will also require a positive can-do attitude and approach to ensure that we realise the future which we want for ourselves and the next generation, rather than just 'letting things happen'.

Strategic Planning Framework

In working towards our vision, all of the programs, projects and services which the Council delivers are structured into four key outcome areas, referred to as the 'Four Pillars' of Community Well-being.



Chief Executive Officer's *Statement on Financial Sustainability*

This Plan not only provides the future financial projections, as shown on the following pages, it also demonstrates how the Council has performed against the financial outcomes it has developed to measure its financial sustainability.

The Long-Term Financial Plan, has been developed on the principle of financial sustainability, and sets out the Council's financial strategies and commitments over the long term. It explains how the organisation will meet its obligations now and in the future, taking into account our services, our workforce, our finances and our assets.

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 Council's long-term sustainability is dependent upon ensuring that, on average over time, the operating expenses are less than the associated revenues.

Financial sustainability implies equity between generations, to ensure that today's ratepayers pay only for their share of the City's assets. Intergenerational equity is primarily achieved by funding the cost of renewing and replacing assets through revenue sources including rates. This means the cost of replacing assets which benefit existing ratepayers are being funded by those ratepayers.

The Plan is driven by the need to deliver enhanced and improved services to our citizens, by the most efficient and effective means possible.

Key financial indicators used to assess the Council's long-term financial sustainability, as set out in the Plan, are in line with the Council's established benchmarks to ensure the sustainability of the Council's long-term financial performance and position.

Continuously improving our Asset Management Plans to ensure we are appropriately maintaining our assets, using debt where appropriate and applying rate revenue increases reflective of the service levels provided to the community, will ensure that the Council has the financial capacity to meet the needs of our community in a financially sustainable way.

The Council's Operating Result, as shown in Figure 1, demonstrates how the Council has been able to achieve financial sustainability over the last six years and how it will continue to maintain this into the future.

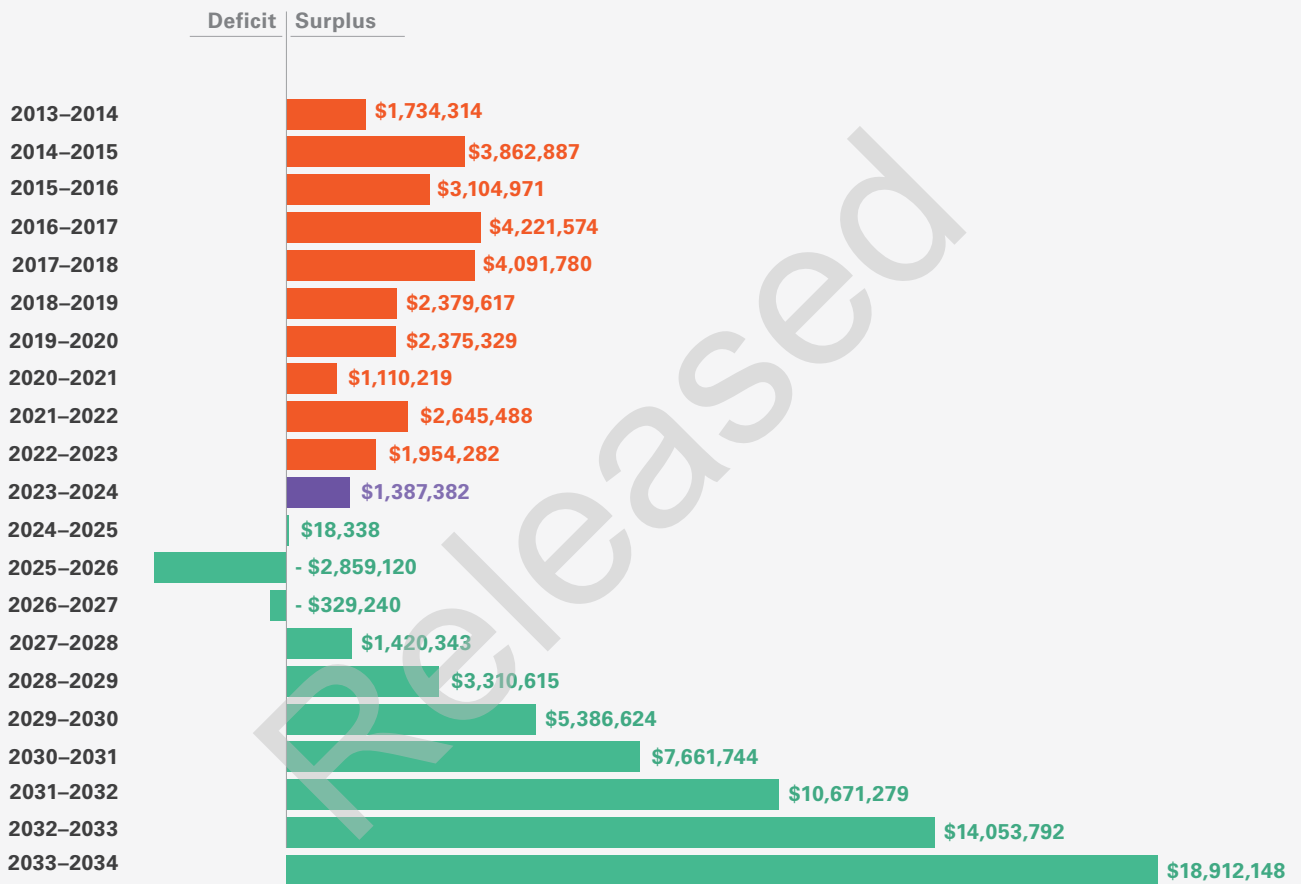
The Financial Goal and Outcomes the Council will use to measure the Council's Financial Sustainability are set out on the following pages.

Mario Barone PSM
Chief Executive Officer

Figure 1

**Operating Surplus/Deficit
2013–2014 to 2033–2034**

Actual Budget Forecast



Key Influences and Assumptions

The City of Norwood Payneham & St Peters provides a variety of services, programs and activities. The provision of these services, programs and activities are in response to the responsibilities of Councils under the *Local Government Act 1999* and other relevant legislation in addition to community interest and expectations.

A number of significant factors have influenced the preparation of the Plan:

- Maintenance and renewal program for existing infrastructure assets, including roads, footpaths, Council properties and open spaces.
- Upgrade and new infrastructure projects informed by the Infrastructure and Asset Management Plans and Corporate Strategies which identify future infrastructure requirements.
- Commitment to major projects which span more than one year.
- Initiatives and major projects undertaken need to contribute to our vision, strategic direction and the wellbeing of our City.
- Prudent financial management to ensure financial sustainability.

The financial projections contained within the Plan are meant to provide an indication of the Council's direction and financial capacity rather than predicting the future financial performance and position of the Council.

Long-term financial planning is an iterative process and the assumptions applied are reviewed annually using updated information. This ensures the Council continually reviews its financial performance and remains firmly focused on maintaining long-term financial sustainability.

The assumptions used in the preparation of the Plan can significantly influence the outcome. Some information regarding the major financial assumptions has been included to provide context around how the Plan has been developed.

While the Plan uses specific assumptions to calculate future estimated operating income and expenditure, it will not remove the need for the Council to continue to achieve operational efficiencies.

Any increase in the community size, will require an increase in expenditure to ensure service levels are maintained across the Council.

The key assumptions underlying the Plan are as follows:

Maintaining existing services at current service standards

The Plan is based on a business as usual assumption, which means that the Council will continue to provide the existing services at the current service levels.

The business as usual assumption does not take into account any change in direction or service level in response to community expectations, legislative requirements or changing economic conditions.

It is recognised that the adoption of a business as usual assumption is somewhat unrealistic for a planning timeframe of ten (10) years, given changes in the economic climate and community expectations and needs which may result in investment in new assets and service initiatives.

Rate Revenue Increases

The Plan assumes an average Rate Revenue indexation of 6.75% which is equivalent to the ten year average to fund normal operations. Rate Revenue growth resulting from new assessments has been factored into this plan.

Cost Escalation

The Reserve Bank of Australia has an inflationary target of between 2% and 3% per annum. Based on the ten year average, CPI increases have been set from 3.30% to 2.90% for the life of the Plan.

Increases in employment expenses have three main elements. These are:

- increases contained in the Enterprise Agreements;
- increases and movements of levels within the current workforce and;
- additional positions that are required to meet the strategic direction of the Council and the growth of the community.

The financial projections have assumed after wages alignment in 2024–2027 costs will increase by 3.0% per annum. The Council's Enterprise Agreements cover periods of up to three years. It should be noted however, as these agreements will be renegotiated during the planning timeframe of the Plan, the potential for unforeseen variations in the financial projections exist.

Asset Renewal and Replacement

The Council has in place 'Whole-of-Life' Asset Management Plans for each major class of assets. The financial projections included in the Plan are based on the asset renewal and replacement programs outlined in the 'Whole-of-Life' Asset Management Plans. The financial projections set out in this Plan reflect the proposed timing of asset renewals and upgrades as set out in the Council's suite of Infrastructure and Asset Management Plans and other relevant Corporate Strategies.

Due to the unique nature of the Council's asset base, the input costs to renew and replace the existing asset base can be subject to cost escalations greater than CPI. The financial projections have assumed that construction costs will increase by 2.94% on average.

Funding

The Plan assumes that the Council will borrow to fund new and upgraded assets. Loan repayments are calculated on loan schedules that are currently in existence and the estimation of any future loan borrowings.

Interest rates on new borrowings and cash advance forecast between 6.43% and 6.5% per annum. Interest rate on investment income is forecast at 4.5% on average.

Cash and cash equivalents projections, when possible, are based on an ideal closing cash balance equivalent to one month's working capital requirements.

Grants and Subsidies

The Council receives grants and subsidies from both the State and Federal Governments to fund Council services and programs. It is assumed existing Operating Grants will continue to be provided in the future and have been indexed by 2.43% per annum.

The Council will endeavor to seek Capital Grant income to assist in funding specific new capital projects. However, as this revenue is dependent on the pool of Government funding available, it is difficult to predict how successful the Council will be in securing funds in the future. Therefore no Capital Grant Funding, other than funding already secured, has been included within the Plan. The Council may defer the timing of some projects set out in the Plan, with the view of the asset construction only going forward subject to grant funding being secured.

Other Fees and Charges

Revenue generated from fees and charges are separated between statutory charges, set by legislation, and user charges. As part of the South Australian Government Budget, Fees and Charges relevant to specific Acts are levied, which apply to Council services.

For user charges, the Council applies a principle of user pays and where possible, recovers the full cost of operating or providing a service or good. Where it can be demonstrated that it is unfeasible to recover the full cost, concessions may apply.

Statutory and user charges represent 4.0% to 7.7% of the Council's Total Revenue and have been indexed by 2.08% per annum.

Depreciation

Depreciation is an allowance that represents the consumption of an assets service potential, or put simply, its wear and tear. Depreciation is based on the written down replacement value of an asset. The Council undertakes an independent valuation of its major asset classes every five years. In the interim years, a review and update of the replacement cost is undertaken based on the annual average movement in value of like assets verified by the Council's Valuer.

The escalation rates to reflect asset revaluations applied in the financial projections is between 1% and 3% across the life of the Plan, dependent upon the asset class.

Strategic Projects 2023–2033

The Long-Term Financial Plan has been developed to ensure that the Council has the financial resources to deliver on its strategic objectives outlined in *CityPlan 2030*.

CityPlan 2030 captures the community’s vision and aspirations for our City over the next 20 years and establishes broad directions which will shape our City’s future, with the overall aim of achieving Community Well-being. The Plan includes a number of major projects and initiatives which are planned to be undertaken over the life of the Plan which will contribute to the achievement of *CityPlan 2030*.

While included, the Plan does not assume that all strategic projects will automatically be funded. The commitment of funds to specific projects is made through the Annual Business Plan and Budget process. Projects are only included in the Plan when the Council has provided in-principle commitment to the project through the adoption of a Corporate Strategy, policy or Council resolution.

The inclusion of strategic projects within the Plan establishes a picture of what the Council can afford and deliver with reasonable certainty over the forecast period. The proposed timing of the strategic projects set out in the Plan, have been prioritised with reference to the renewal requirements set out in the Council’s Infrastructure and Asset Management Plans to ensure resource efficiency and maximisation of asset utilisation.

Capital Projects Timeline

2023–2024 2024–2025 2025–2026 2026–2027 2027–2028 2028–2029 2029–2030 2030–2031 2031–2032 2032–2033



- Burchell Reserve
- Cruickshank Reserve Facility Upgrade
- Dunstan Adventure Playground
- The Parade Master Plan
- Linear Park Path Upgrade
- Private Lane Conversion
- Norwood Library Redevelopment
- Payneham Memorial Swimming Centre Upgrade
- Other Capital Projects*

* Small, salary capitalisation etc



Payneham Memorial Swimming Centre



Project Timeline: 2023–2025

As part of the Council's Swimming Centres long-term strategy, the Council resolved to retain a two swimming centre model. The Council has resolved to redevelop the Payneham Memorial Swimming Centre commencing in 2023.



Burchell Reserve



Project Timeline: 2023–2024

Burchell Reserve, located in Sixth Avenue St Peters, will undergo a \$3.2 million redevelopment which will ensure its longevity and enjoyment of the whole community. The upgrade includes multipurpose courts, new public toilets, playground and facilities.



Cruickshank Reserve Facility Upgrade



Project Timeline: 2023–2024

Located in Phillis Street, Maylands, the Cruickshank Reserve Facility will be upgraded to include a new clubroom, canteen, changeroom, and toilets.



Dunstan Adventure Playground



Project Timeline: 2023–2024

Dunstan Adventure Playground will be upgraded whilst retaining its adventure themed experience for children of all ages, to include new adventure themed equipment, toilets, barbeque and picnic facilities.



The Parade Master Plan



Project Timeline: 2023–2028

The Parade Masterplan, forms the long-term strategic framework for the planning, redevelopment and activation of The Parade. More specifically, the Masterplan focuses on protecting the identity and appeal of The Parade, and how this significant economic, social and cultural asset can contribute to the experience of those people who choose to live, work and play on The Parade.

Private Lane Conversion



Project Timeline: 2023–2024

The Council's Private Laneways Policy provides a framework for the Council to assume ownership of and responsibility for selected Private Laneways within the City. When the Council assumes ownership and responsibility for a private laneway, the Council considers the upgrade of the laneway as part of the Council's annual Capital Works Program and Budget.

The upgrade of Rosemont Lane, Norwood will be undertaken in 2023–2024.



Linear Park Path Upgrade



Project Timeline: 2023–2024

The River Torrens Linear Park Shared Path follows the River Torrens from Athelstone to the outlet at Henley Beach South and is used by pedestrians and cyclists.

The City of Norwood Payneham & St Peters is responsible for the maintenance and improvement of the path located within its boundaries.



Norwood Library Redevelopment



Project Timeline: 2028–2031

The Council has resolved to investigate the option of either redeveloping the Norwood Library in its present location or relocating the Library from the Institute Building to the Norwood Townhall Complex. The concept plan, including the final location, will be developed as part of the Council's future Annual Business Plan.

Future Projects

2023–2033



Norwood Swimming Centre



As part of the Council's Swimming Centres long-term strategy, the Council resolved to retain a two swimming centre model. The Council has resolved to redevelop the Payneham Memorial Swimming Centre commencing in 2023. Norwood Swimming Centre will be considered in the future.

Patterson Reserve Master Plan



In 2021, the Council endorsed the Patterson Reserve Community & Recreation Precinct Masterplan. The Masterplan included the Payneham Memorial Swimming Centre which is now being progressed to construction. This forms stage 1 of the implementation of the Masterplan.

The intent is that the recommendations from the Masterplan for the remainder of this precinct will be developed further at a later stage.



Norwood Concert Hall



Refurbishment of the Norwood Concert Hall is planned, however, the refurbishment will depend on the Council's decision regarding the location of the Norwood Library.

Hannaford Reserve Master Plan



In November 2018, the Council purchased the property adjacent to Hannaford Reserve with the intention of increasing the size of Hannaford Reserve.

The purchase of this property increased the size of Hannaford Reserve by an additional 697m² to a total of 5,438 m².

In 2020, the Council resolved to establish a dog park on a portion of Hannaford Reserve.

It is proposed to develop a Masterplan for Hannaford Reserve to provide the basis for the upgrade of the Reserve, with the incorporation of a dog park within a section of the Reserve.

Our Financial Goal

A City that delivers on our Strategic Outcomes by managing our financial resources in a sustainable and equitable manner.

To ensure that we deliver on our financial goal, the Council has committed to achieving the financial outcomes set out below.

Outcome 1:

A Balanced Budget

Council services and programs, including depreciation of infrastructure and assets, are fully funded and the costs are shared equitably between current and future ratepayers.

The benchmark target is an Operating Ratio between 0% and 10%.

The Council will measure its performance in achieving this outcome through the Operating Ratio.

The Operating Ratio measures the Council's ability to cover its operational costs and have surplus revenue available for capital funding and other purposes.

A positive ratio indicates the percentage of total own source revenue (principally rates) is available to assist in funding proposed capital expenditure, to meet loan repayments or to reduce debt. A negative ratio indicates the percentage increase in total own source revenue that would have been required to achieve a break-even operating result.

The Council's objective is to have a Long-term Financial Plan based on consistently achieving an Operating Surplus, having regard to asset management and service level needs.

Outcome 2:

Rate Stability

Annual rate collections are fair and equitable for our residents and ratepayers with the aim to keep rate revenue increases stable over the medium term.

The benchmark target is rate revenue increases between 6% and 8%.

Rate revenue is a major component of the Council's revenue base. In determining future rate increases, the Council considers its strategic management plan, *CityPlan 2030*, the economic climate, the need to maintain and improve the Council's physical infrastructure and improve Community Well-being through its services, programs and facilities and an assessment of the community's capacity to pay rates.

The Council's objective is to have a Long-term Financial Plan based on consistent rate revenue increases which meet the increased cost of the base level services and programs but also reflect new assessment growth and increased service levels.



Outcome 3:

Infrastructure and Asset Management

Maintain Infrastructure and Assets in line with the Council's 'Whole-of-Life' Infrastructure framework to achieve the outcomes and objectives, as set out in *CityPlan 2030*.

The benchmark target is an Asset Renewal Funding Ratio between 75% and 95% on a three year rolling average.

The Council will measure its performance in achieving this outcome through the Asset Renewal Funding Ratio.

The Asset Renewal Funding Ratio measures the ability of the Council to fund projected asset renewals/replacements in the future. Ideally, physical assets should be renewed or replaced at the same rate the stock of assets is wearing out, however it is recognised that there may be some instances that require the Council to either accelerate or decelerate the renewal or replacement of its existing asset base. It is for this reason, the target ratio is calculated based on a three year rolling basis. The ratio is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the planned spend outlined in the Council's Asset Management Plans.

Outcome 4:

Debt Management

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

The benchmark target is a Net Financial Liabilities ratio of less than 100%

Prudent debt management is the process of establishing and executing a strategy for managing a Council debt in order to raise the required amount of funding to achieve its capital investment objectives. It is important that the use of debt is balanced with other funding sources, such as grants and cash reserves, to ensure citizens that receive the benefits from the investment, share the cost. In addition, the Council must ensure that it has the capacity to service its debt.

The Council will measure its performance in achieving this outcome through the Net Financial Liabilities Ratio and the Interest Cover Ratio, with the Net Financial Liabilities measuring the extent of indebtedness of the Council as a percentage of operating revenue and the interest cover ratio measuring how easily Council can pay interest on its outstanding debt. If the net financial liability ratio falls, over time, this indicates that the Council's capacity to meet its financial obligations from operating income is strengthening.

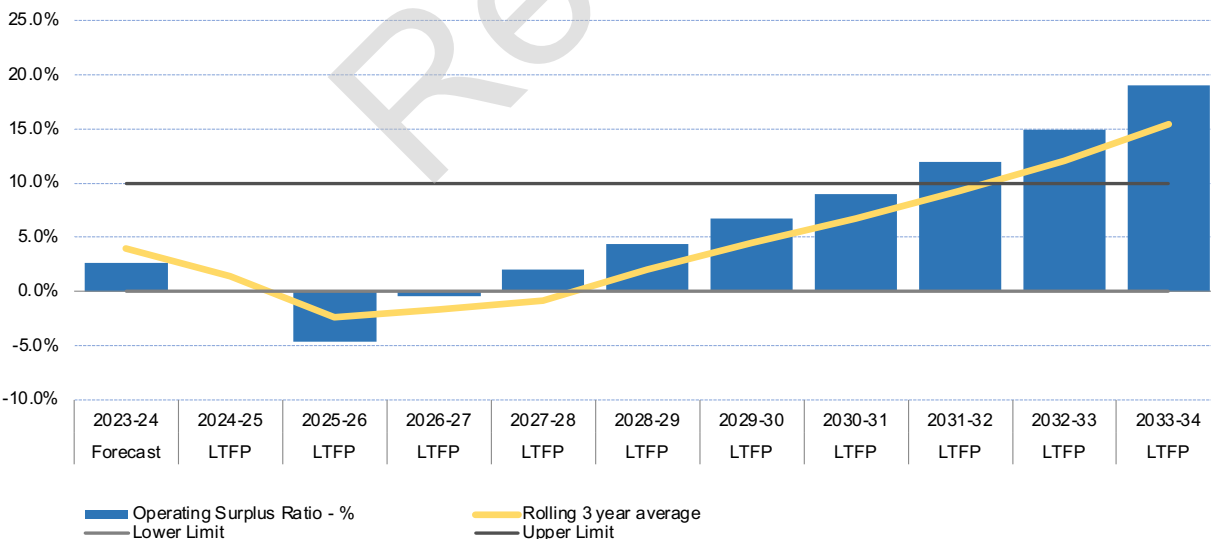
Outcome 1: A Balanced Budget

The Council’s services and programs, including depreciation of infrastructure and assets, are fully funded and the costs are shared equitably between current and future ratepayers.

As detailed within this Plan, the Council’s main source of income is generated from the levying of rates, and user charges and fees applied to services and programs provided either in response to community desires and expectations or resulting from the provision of services required by legislation. The revenue which is collected is used to fund the cost of providing services, with surplus revenue being available to fund capital works and the repayment of debt.

The Council’s long term sustainability is dependent upon ensuring that, on average over time, the operating expenses are less than the associated revenues, with the measure being the Operating Surplus ratio, which measures operating surplus/ (deficit) as a percentage of operating revenue. Ideally, at a minimum, the operating surplus should be at a minimum equal to the annual principal loan repayments.

Operating Surplus Ratio Target between 0% and 10%



Outcome 2: Rate Stability

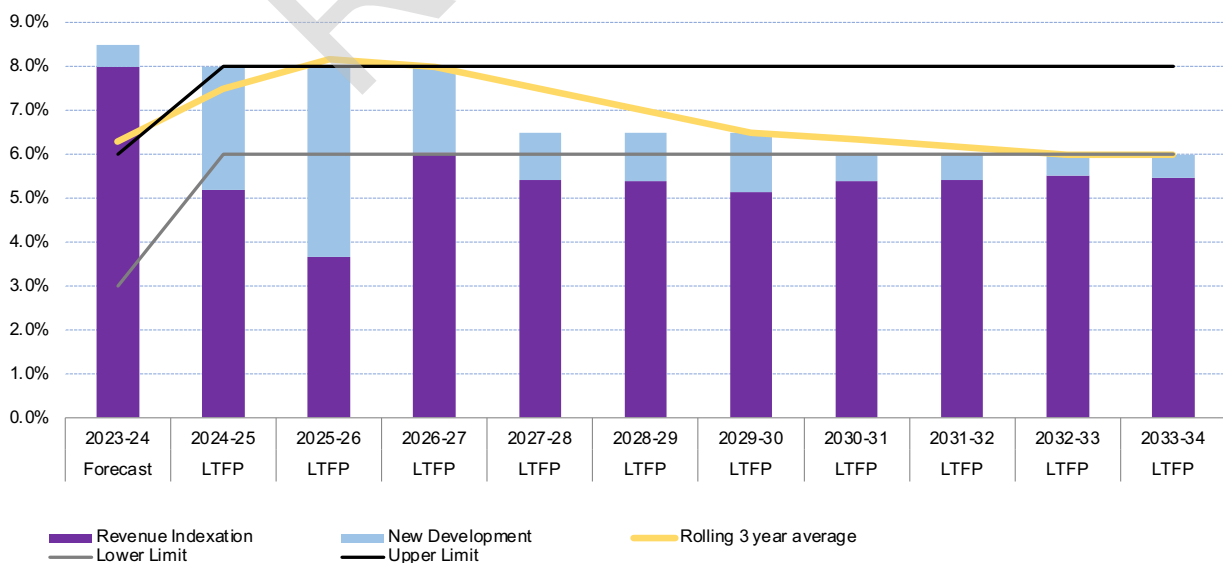
Annual rate collections are fair and equitable for our residents and ratepayers with the aim to keep rate revenue increases stable over the medium term.

In determining future rate revenue increases, the Council considers its strategic management plan, *CityPlan 2030*, the economic climate, the need to maintain and improve the Council’s physical infrastructure and improve Community Well-being through its services, programs and facilities. The 2020–2021 Rating Strategy forms the basis for the future impact of rate revenue increases on sectors of the community where we collect rates.

The Plan assumes an average rate revenue increase of 6.75% which is closely aligned to the ten year average of the Local Government Price Index. Other elements of the proposed rate revenue increase includes growth in new assessments and a factor for the future financial impacts of new and upgraded infrastructure investment set out in the Plan.

In determining future rate revenue increases, the key is to ensure the community does not experience 'rate shock' from year to year, and as such, the target range for rate revenue increases is between 6% and 8%.

Rate Revenue Increase Target between 6% and 8%



Outcome 3:

Infrastructure and Asset Management

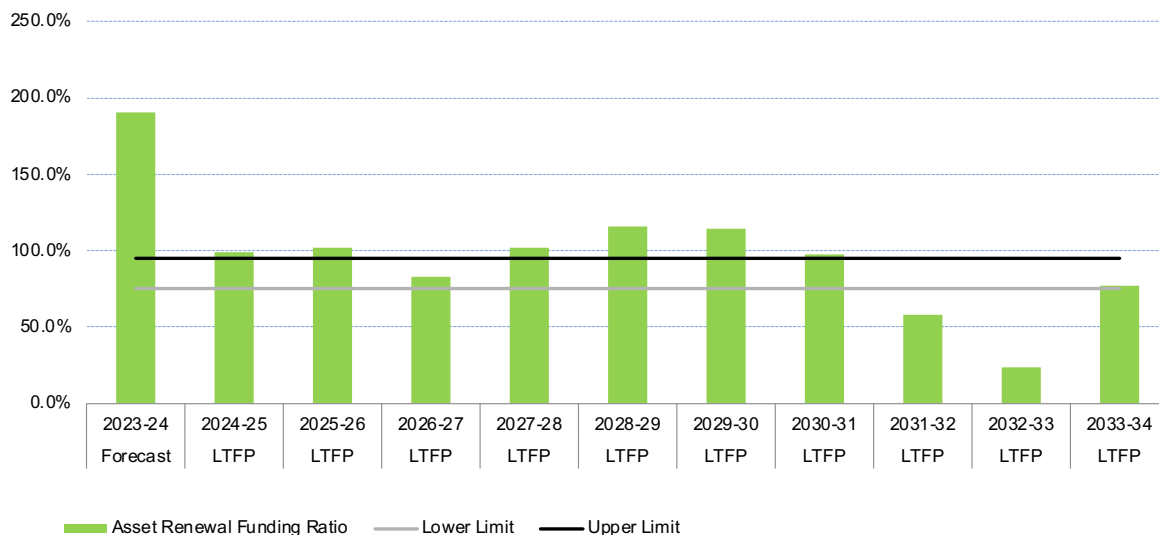
Maintain Infrastructure and Assets in line with the Council’s ‘Whole-of-Life’ Infrastructure framework to achieve the outcomes and objectives, as set out in *CityPlan 2030*.

Infrastructure and asset management is the combination of management, financial, economic, engineering, and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner. As part of the Council’s planning framework, the Council has developed asset management plans for each of our major asset classes, including, but not limited to, roads, buildings, stormwater drainage and open space and recreation infrastructure.

The Infrastructure and Asset Management Plan details information about infrastructure assets including actions required to provide an agreed level of service in the most cost efficient manner. The Plan defines the service level to be provided and what funds are required to provide the set service level.

The Asset Renewal Funding Ratio measures how well the Council is performing in respect to the renewal or replacement of existing physical assets, such as roads, footpaths, kerbing, buildings and council plant. Ideally, physical assets should be renewed or replaced at the same rate of which the stock of assets is wearing out. However, it is recognised that there may be some instances that require the Council to either accelerate or decelerate the renewal or replacement of its existing asset base. As such, the target ratio is based on a three year rolling basis. The ratio is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the planned spend outlined in the Council’s Asset Management Plans, with the target being an Asset Renewal Funding Ratio between 75% and 95%.

Asset Renewal Funding Ratio



Outcome 4:

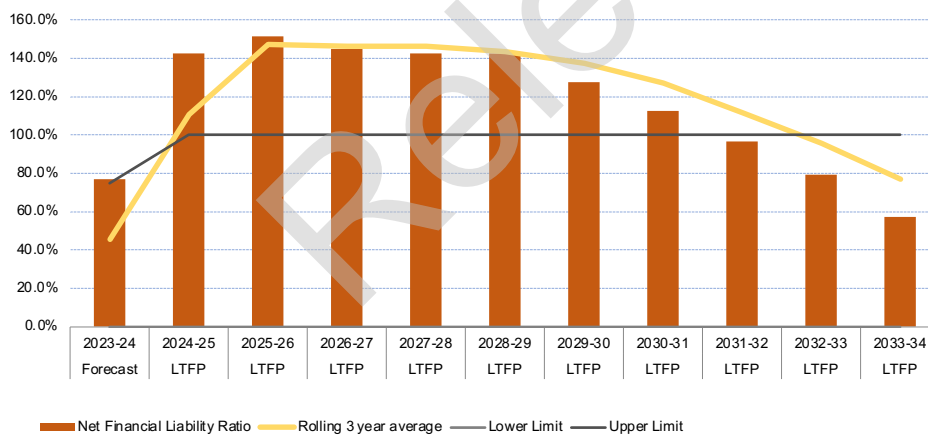
Debt Management

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

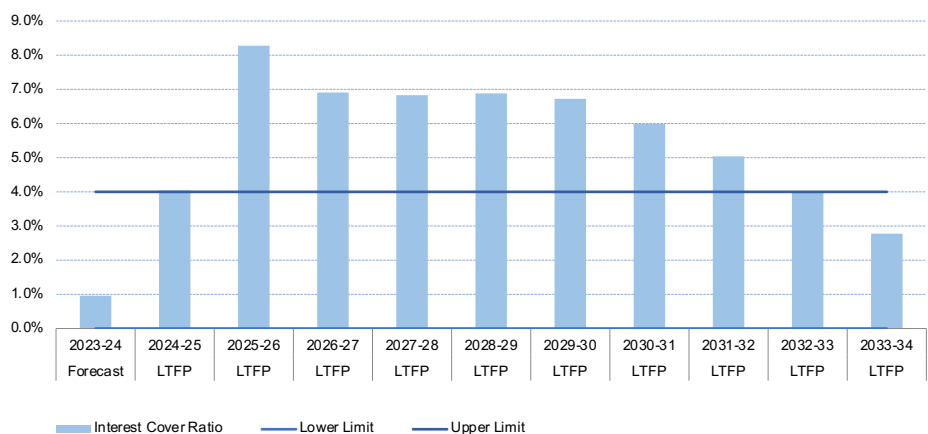
A Council's indebtedness must be managed to ensure that its liabilities and associated costs are met without impinging on the financial sustainability of the Council. Net Financial Liabilities Ratio measures the extent of what is owed by the Council less any liquid assets (i.e. cash or receivables), are met by its operating revenue. Net financial liabilities is a broader and more appropriate measure of indebtedness than the level of borrowings, because it includes items such as employee leave entitlements and other amounts payable in future as well as taking account of a Council's cash holdings and invested monies.

While it is ideal that the Net Financial Liabilities Ratio, doesn't exceed 100% of operating income, subject to the Council's ability to service its financial obligations, the indebtedness can exceed 100% in order to provide additional services to its community through acquisition of additional assets without detracting from its financial sustainability.

The Plan proposes that the Council undertake a number of asset new projects to the value of \$126 million. Due to the nature of these projects and in line with the Council's Treasury Management Policy, these projects may be funded through long-term borrowings.



Net Financial Liabilities



Interest Cover Ratio

Summary

Based on the underlying assumptions contained within the Plan, the financial projections indicate that the Council is in a position to achieve its financial goal of being a City which delivers on its Strategic Outcomes by managing financial resources in a sustainable and equitable manner.

The Council's Operating Surplus ratio over the period, is forecast to grow from 2.6% in 2023–2024 to 19.1% by 2033–2034 with the annual Operating Surplus for the life of the Plan ranging from \$1.38m to \$18.9 million. The Council plans to invest average of \$11.4 million each year to deliver renewal programs outlined in the Councils Infrastructure and Asset Management Plans.

The renewal programs will be complemented with \$114 million planned to be spent on major asset upgrades and enhancements.

Rate revenue increases, while at the higher end of the target range, reflect the extent of investment the Council plans to undertake to increase the service level, to provide an improved level of Community Well-being to its community.

The financial projections contained within the Plan provide an indication of the Council's direction and financial capacity rather than predicting the future financial performance and position of the Council.

This Plan should be viewed as a guide to future actions or opportunities which encourages the Council to think about the future impact of decisions made today on the Council's long-term financial sustainability. To this end, reference is made each year to the Plan when preparing the Annual Budget to ensure that the broad financial outcomes of the Council are continuing to be met.

As with all plans, there is sometimes a change in circumstances over the life of the Plan. Therefore, the underlying assumptions are regularly reviewed by the Council to ensure the City's strategic directions and objectives can continue to be delivered on in the future.

In line with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*, the projected financial statements, in the prescribed form are contained in the following pages.

Financial Projections

The financial projections contained in this Long-Term Financial Plan have been developed in a format that conforms to the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*. This format allows projections to feed into the statutory format of the Annual Budget and key performance measures in the Plan to be compared with annual budgets and annual financial reports.

The Statutory schedules include:

- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows; and
- Uniform Presentation of Finances.

The Statement of Comprehensive Income shows what is expected to happen during the year in terms of revenue, expenses and other adjustments from all activities.

Small deficits are expected in the initial years due to the spend on major projects such as Payneham Memorial Swimming Centre. However given the 8% rate increase provided for 2024–2025, revenue growth will have a lag period. While operating surpluses are being forecast, the surplus is insufficient to meet the Council's loan repayments, therefore cash reserves and short term financing will be required to meet loan repayments.

The Statement of Financial Position is a snapshot of the expected financial position of the Council at the end of the financial year. It reports what is expected to be owned (assets) and what is expected to be owed (liabilities). The bottom line Net Assets represents the net worth of the Council.

The assets and liabilities are separated into current and non-current. Current means those assets or liabilities which will fall due in the next 12 months. Non-current refers to assets and liabilities that are recoverable or which fall due over a longer period than 12 months. The net assets of the Council are forecast to grow at rate between 1.2% per annum and 3.7% per annum, primarily due to the Capital Program, however, to fund the new asset investment, the long-term borrowings are forecast to grow to \$38 million by the end of the ten year period.

The Statement of Cash Flows shows what is expected to occur during the year in terms of cash. The net cash provided by operating activities shows how much cash is expected to remain after paying for the services provided to the community. Ideally, funds from operating activities should be sufficient to fund asset and infrastructure renewal works and the annual repayment of loan borrowings. The information in this statement assists in the assessment of the ability to generate cash flows and meet financial commitments as they fall due, including debt repayments. For the first half of the Plan, cash provided by operating activities is insufficient to meet asset renewals and debt repayment. The shortfall will be met through the utilisation of cash reserves and short term borrowings.

City of Norwood Payneham & St Peters
10 Year Financial Plan for the Years ending 30 June 2034

STATEMENT OF COMPREHENSIVE INCOME - GENERAL FUND

	Projected Years									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income										
Rates	46,895,144	50,646,756	54,698,496	58,253,899	62,040,402	66,073,029	70,037,411	74,239,655	78,694,034	83,415,677
Statutory Charges	2,142,573	2,185,487	2,229,261	2,273,912	2,319,457	2,365,915	2,413,303	2,461,640	2,510,945	2,561,237
User Charges	3,913,581	4,909,722	6,812,384	7,382,487	7,992,056	8,632,627	8,863,179	9,100,046	9,343,405	9,593,437
Grants, Subsidies and Contributions - operating	2,654,672	2,654,672	2,654,672	2,654,672	2,654,672	2,654,672	2,654,672	2,654,672	2,654,672	2,654,672
Grants, Subsidies and Contributions - capital	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Investment Income	125,081	130,034	135,361	141,004	147,095	153,951	161,624	169,607	177,945	186,300
Reimbursements	-	-	-	-	-	-	-	-	-	-
Other Income	500,429	510,446	521,913	533,638	545,626	557,884	570,417	583,231	596,334	609,730
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-
Total Income	56,341,480	61,147,117	67,162,087	71,349,612	75,809,308	80,548,078	84,810,606	89,318,851	94,087,335	99,131,053
Expenses										
Employee Costs	18,945,285	20,575,105	22,325,219	23,272,094	24,258,893	25,289,580	26,074,171	26,883,114	27,717,329	28,577,693
Materials, Contracts & Other Expenses	21,969,271	24,096,997	25,667,617	26,435,421	27,161,207	28,039,835	29,081,768	29,828,683	30,554,025	30,346,294
Depreciation, Amortisation & Impairment	13,014,019	14,155,895	14,724,212	15,206,483	15,712,579	16,277,371	16,754,860	17,280,465	17,810,747	18,355,305
Finance Costs	2,394,567	5,178,240	4,774,279	5,015,270	5,366,013	5,554,669	5,238,063	4,655,310	3,951,442	2,939,613
Net loss - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Total Expenses	56,323,142	64,006,237	67,491,327	69,929,269	72,498,693	75,161,454	77,148,862	78,647,572	80,033,543	80,218,905
Operating Surplus / (Deficit)	18,338	(2,859,120)	(329,240)	1,420,343	3,310,615	5,386,624	7,661,744	10,671,279	14,053,792	18,912,148
Asset Disposal & Fair Value Adjustments	(1,464,000)	36,792	35,601	36,385	37,185	38,003	38,839	39,694	40,567	41,459
Amounts Received Specifically for New or Upgraded Assets	3,364,000	2,928,000	132,000	135,000	138,000	-	-	-	-	-
Physical Resources Received Free of Charge	-	-	-	-	-	-	-	-	-	-
Operating Result from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	1,918,338	105,672	(161,639)	1,591,728	3,485,801	5,424,627	7,700,583	10,710,973	14,094,359	18,953,607
Other Comprehensive Income										
Amounts which will not be reclassified subsequently to operating result										
Changes in Revaluation Surplus - I,PP&E	5,508,000	5,736,000	9,810,000	6,231,000	6,501,000	6,866,000	6,678,000	6,824,916	6,975,064	7,128,516
Share of Other Comprehensive Income - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	-	-	-	-	-	-	-	-	-	-
Transfer to Accumulated Surplus on Sale of Revalued I,PP&E	-	-	-	-	-	-	-	-	-	-
Net assets transferred - Council restructure	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Amounts which will be reclassified subsequently to operating result										
Available-for-Sale Financial Instruments - Change in Fair Value	-	-	-	-	-	-	-	-	-	-
Transfer to Accumulated Surplus on Sale of Available-for-Sale Financial Instruments	-	-	-	-	-	-	-	-	-	-
Movements in Other Reserves	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	5,508,000	5,736,000	9,810,000	6,231,000	6,501,000	6,866,000	6,678,000	6,824,916	6,975,064	7,128,516
Total Comprehensive Income	7,426,338	5,841,672	9,648,361	7,822,728	9,986,801	12,290,627	14,378,583	17,535,889	21,069,423	26,082,123

City of Norwood Payneham & St Peters
10 Year Financial Plan for the Years ending 30 June 2034
STATEMENT OF FINANCIAL POSITION - GENERAL FUND

	Projected Years									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS										
Current Assets										
Cash & Cash Equivalents	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Trade & Other Receivables	2,340,877	2,518,078	2,631,286	2,779,666	2,936,271	3,097,137	3,242,162	3,389,856	3,544,817	3,693,536
Other Financial Assets	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Other Current Assets	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Total Current Assets	2,840,877	3,018,078	3,131,286	3,279,666	3,436,271	3,597,137	3,742,162	3,889,856	4,044,817	4,193,536
Non-Current Assets										
Financial Assets	130,452	140,889	152,160	162,050	172,583	183,801	194,829	206,519	218,910	232,045
Equity Accounted Investments in Council Businesses	997,000	997,000	997,000	997,000	997,000	997,000	997,000	997,000	997,000	997,000
Investment Property	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	686,270,353	704,434,338	718,636,359	730,950,954	747,396,469	754,076,281	761,201,321	769,731,142	779,065,212	787,165,397
Intangible Assets	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Other Non-Current Assets	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000	5,706,000
Total Non-Current Assets	693,103,805	711,278,227	725,491,518	737,816,004	754,272,052	760,963,082	768,099,150	776,640,662	785,987,123	794,100,442
TOTAL ASSETS	695,944,683	714,296,305	728,622,804	741,095,669	757,708,323	764,560,219	771,841,312	780,530,517	790,031,940	798,293,977
LIABILITIES										
Current Liabilities										
Cash Advance Debenture	-	-	-	-	-	-	-	-	-	-
Trade & Other Payables	10,809,026	12,122,529	12,877,147	13,390,275	13,913,247	14,496,558	15,114,286	15,678,476	16,259,380	16,628,267
Borrowings	1,081,341	2,314,378	1,722,216	1,817,206	1,918,004	2,024,983	2,138,538	2,259,092	2,387,095	2,523,023
Provisions	3,199,618	3,199,618	3,199,618	3,199,618	3,199,618	3,199,618	3,199,618	3,199,618	3,199,618	3,199,618
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-
Liabilities relating to Non-Current Assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	15,089,985	17,636,525	17,798,981	18,407,099	19,030,868	19,721,159	20,452,443	21,137,186	21,846,093	22,350,908
Non-Current Liabilities										
Cash Advance Debenture	61,808,166	29,649,711	35,887,609	41,746,834	49,666,922	45,562,883	39,872,648	32,600,312	22,710,500	6,908,622
Trade & Other Payables	-	-	-	-	-	-	-	-	-	-
Borrowings	5,514,895	47,636,759	45,914,543	44,097,337	42,179,333	40,154,351	38,015,812	35,756,720	33,369,626	30,846,603
Provisions	960,382	960,382	960,382	960,382	960,382	960,382	960,382	960,382	960,382	960,382
Liability - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Other Non-Current Liabilities	-	-	-	-	-	-	-	-	-	-
Liabilities relating to Non-Current Assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	68,283,443	78,246,853	82,762,534	86,804,554	92,806,637	86,677,615	78,848,842	69,317,415	57,040,508	38,715,608
TOTAL LIABILITIES	83,373,428	95,883,377	100,561,515	105,211,653	111,837,506	106,398,775	99,301,285	90,454,601	78,886,601	61,066,515
Net Assets	612,571,255	618,412,927	628,061,289	635,884,017	645,870,817	658,161,444	672,540,028	690,075,916	711,145,339	737,227,462
EQUITY										
Accumulated Surplus	77,118,255	77,223,927	77,062,289	78,654,017	82,139,817	87,564,444	95,265,028	105,976,000	120,070,359	139,023,966
Asset Revaluation Reserves	535,453,000	541,189,000	550,999,000	557,230,000	563,731,000	570,597,000	577,275,000	584,099,916	591,074,980	598,203,496
Available for Sale Financial Assets	-	-	-	-	-	-	-	-	-	-
Other Reserves	-	-	-	-	-	-	-	-	-	-
Total Equity	612,571,255	618,412,927	628,061,289	635,884,017	645,870,817	658,161,444	672,540,028	690,075,916	711,145,339	737,227,462

City of Norwood Payneham & St Peters
10 Year Financial Plan for the Years ending 30 June 2034
STATEMENT OF CASH FLOWS - GENERAL FUND

	Projected Years									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities										
Receipts:										
Rates Receipts	47,102,097	50,870,266	54,939,886	58,465,719	62,265,990	66,313,281	70,273,597	74,490,012	78,959,412	83,696,978
Statutory Charges	2,140,188	2,183,054	2,226,779	2,271,380	2,316,875	2,363,281	2,410,616	2,458,899	2,508,149	2,558,385
User Charges	3,909,227	4,853,242	6,704,505	7,350,163	7,957,494	8,596,307	8,850,107	9,086,616	9,329,607	9,579,260
Grants, Subsidies and Contributions (operating purpose)	2,660,453	2,655,059	2,657,157	2,654,669	2,654,669	2,654,795	2,654,672	2,654,672	2,654,672	2,654,672
Investment Receipts	124,948	129,905	135,222	140,857	146,936	153,772	161,424	169,399	177,728	186,082
Reimbursements	-	-	-	-	-	-	-	-	-	-
Other	446,700	506,315	498,412	532,998	544,971	556,061	569,706	582,504	595,591	608,970
Payments:										
Payments to Employees	(18,919,415)	(20,560,270)	(22,312,058)	(23,258,538)	(24,244,930)	(25,275,199)	(26,059,358)	(26,867,857)	(27,701,614)	(28,561,507)
Payments for Materials, Contracts & Other Expenses	(21,628,281)	(23,592,549)	(25,295,250)	(26,253,388)	(26,989,136)	(27,831,527)	(28,834,743)	(29,651,602)	(30,382,058)	(30,395,544)
Finance Payments	(2,404,614)	(4,756,899)	(4,796,771)	(5,032,008)	(5,383,674)	(5,573,309)	(5,257,743)	(4,676,093)	(3,973,397)	(2,962,812)
Net Cash provided (or used in) Operating Activities	13,431,303	12,288,123	14,757,883	16,871,853	19,269,196	21,957,463	24,768,279	28,246,551	32,168,090	37,364,487
Cash Flows from Investing Activities										
Receipts:										
Amounts Received Specifically for New/Upgraded Assets	3,729,857	2,952,518	289,230	134,831	137,831	7,760	-	-	-	-
Grants utilised for capital purposes	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Sale of Replaced Assets	61,550	62,904	62,287	63,658	65,058	66,489	67,952	69,447	70,975	72,536
Sale of Surplus Assets	-	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-
Sale of Non Current Assets "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Net Disposal of Investment Securities	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Developments	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-
Repayments of Loans by Community Groups	-	-	-	-	-	-	-	-	-	-
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-
Distributions Received from Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Receipts	-	-	-	-	-	-	-	-	-	-
Payments:										
Expenditure on Renewal/Replacement of Assets	(13,018,265)	(12,903,370)	(10,072,734)	(13,123,687)	(15,701,654)	(13,794,419)	(9,722,813)	(10,597,435)	(4,460,040)	(15,077,732)
Expenditure on New/Upgraded Assets	(43,205,478)	(13,706,622)	(9,070,185)	(8,193,664)	(9,983,313)	(2,325,250)	(7,508,200)	(8,417,689)	(15,740,121)	(4,280,319)
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-
Net Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-
Development of Real Estate for Sale	-	-	-	-	-	-	-	-	-	-
Expenditure on Intangible Assets	-	-	-	-	-	-	-	-	-	-
Loans Made to Community Groups	-	-	-	-	-	-	-	-	-	-
Purchase of Interests in Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Capital Contributed to Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(52,322,336)	(23,484,570)	(18,681,402)	(21,008,862)	(25,372,078)	(15,935,420)	(17,053,061)	(18,835,677)	(20,019,186)	(19,175,515)

Cash Flows from Financing Activities

Receipts:										
Proceeds from CAD	40,274,912	-	6,237,898	5,859,225	7,920,088	-	-	-	-	-
Proceeds from Borrowings	-	45,000,000	-	-	-	-	-	-	-	-
Receipt of Funds from Leases	-	-	-	-	-	-	-	-	-	-
Proceeds from Aged Care Facility Deposits	-	-	-	-	-	-	-	-	-	-
Proceeds from Bonds & Deposits	-	-	-	-	-	-	-	-	-	-
Receipts from Other Financing Activities	-	-	-	-	-	-	-	-	-	-
Payments:										
Repayments of CAD	-	(32,158,455)	-	-	-	(4,104,039)	(5,690,235)	(7,272,335)	(9,889,812)	(15,801,878)
Repayments of Borrowings	(1,033,879)	(1,645,098)	(2,314,378)	(1,722,216)	(1,817,206)	(1,918,004)	(2,024,983)	(2,138,538)	(2,259,092)	(2,387,095)
Repayment of Principal Portion of Lease Liabilities	-	-	-	-	-	-	-	-	-	-
Repayment of Aged Care Facility Deposits	-	-	-	-	-	-	-	-	-	-
Repayment of Bonds & Deposits	-	-	-	-	-	-	-	-	-	-
Payments of Other Financing Activities	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	39,241,033	11,196,447	3,923,519	4,137,009	6,102,882	(6,022,043)	(7,715,218)	(9,410,874)	(12,148,904)	(18,188,972)
Net Increase/(Decrease) in Cash & Cash Equivalents	350,000	-	-	-	-	-	-	-	-	-
plus: Cash & Cash Equivalents - beginning of year	150,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Cash & Cash Equivalents - end of the year	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Cash & Cash Equivalents - end of the year	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Investments - end of the year	-	-	-	-	-	-	-	-	-	-
Cash, Cash Equivalents & Investments - end of the year	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000

10 Year Financial Plan for the Years ending 30 June 2034
UNIFORM PRESENTATION OF FINANCES - GENERAL FUND

	Projected Years									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income										
Rates	46,895,144	50,646,756	54,698,496	58,253,899	62,040,402	66,073,029	70,037,411	74,239,655	78,694,034	83,415,677
Statutory Charges	2,142,573	2,185,487	2,229,261	2,273,912	2,319,457	2,365,915	2,413,303	2,461,640	2,510,945	2,561,237
User Charges	3,913,581	4,909,722	6,812,384	7,382,487	7,992,056	8,632,627	8,863,179	9,100,046	9,343,405	9,593,437
Grants, Subsidies and Contributions - operating	2,654,672	2,654,672	2,654,672	2,654,672	2,654,672	2,654,672	2,654,672	2,654,672	2,654,672	2,654,672
Grants, Subsidies and Contributions - capital	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Investment Income	125,081	130,034	135,361	141,004	147,095	153,951	161,624	169,607	177,945	186,300
Reimbursements	-	-	-	-	-	-	-	-	-	-
Other Income	500,429	510,446	521,913	533,638	545,626	557,884	570,417	583,231	596,334	609,730
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-
Total Income	56,341,480	61,147,117	67,162,087	71,349,612	75,809,308	80,548,078	84,810,606	89,318,851	94,087,335	99,131,053
Expenses										
Employee Costs	18,945,285	20,575,105	22,325,219	23,272,094	24,258,893	25,289,580	26,074,171	26,883,114	27,717,329	28,577,693
Materials, Contracts & Other Expenses	21,969,271	24,096,997	25,667,617	26,435,421	27,161,207	28,039,835	29,081,768	29,828,683	30,554,025	30,346,294
Depreciation, Amortisation & Impairment	13,014,019	14,155,895	14,724,212	15,206,483	15,712,579	16,277,371	16,754,860	17,280,465	17,810,747	18,355,305
Finance Costs	2,394,567	5,178,240	4,774,279	5,015,270	5,366,013	5,554,669	5,238,063	4,655,310	3,951,442	2,939,613
Net loss - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Total Expenses	56,323,142	64,006,237	67,491,327	69,929,269	72,498,693	75,161,454	77,148,862	78,647,572	80,033,543	80,218,905
Operating Surplus / (Deficit)	18,338	(2,859,120)	(329,240)	1,420,343	3,310,615	5,386,624	7,661,744	10,671,279	14,053,792	18,912,148
Timing adjustment for grant revenue	-	-	-	-	-	-	-	-	-	-
Adjusted Operating Surplus / (Deficit)	18,338	(2,859,120)	(329,240)	1,420,343	3,310,615	5,386,624	7,661,744	10,671,279	14,053,792	18,912,148
Net Outlays on Existing Assets										
Capital Expenditure on Renewal and Replacement of Existing Assets	(19,868,039)	(8,996,585)	(8,668,915)	(9,832,397)	(10,814,561)	(9,126,124)	(9,952,389)	(12,675,252)	(12,820,860)	(11,427,444)
add back Depreciation, Amortisation and Impairment	13,014,019	14,155,895	14,724,212	15,206,483	15,712,579	16,277,371	16,754,860	17,280,465	17,810,747	18,355,305
add back Proceeds from Sale of Replaced Assets	61,550	62,904	62,287	63,658	65,058	66,489	67,952	69,447	70,975	72,536
Total Net Outlays on Existing Assets	(6,792,469)	5,222,214	6,117,584	5,437,744	4,963,076	7,217,736	6,870,424	4,674,660	5,060,863	7,000,397
Net Outlays on New and Upgraded Assets										
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(36,355,704)	(17,613,407)	(10,474,004)	(11,484,954)	(14,870,406)	(6,993,545)	(7,278,624)	(6,339,872)	(7,379,301)	(7,930,607)
add back Amounts Received Specifically for New and Upgraded Assets	3,729,857	2,952,518	289,230	134,831	137,831	7,760	-	-	-	-
add back Proceeds from Sale of Surplus Assets (including Investment Property, Real Estate Developments & non-current assets held for sale)	-	-	-	-	-	-	-	-	-	-
Total Net Outlays on New and Upgraded Assets	(32,625,847)	(14,660,889)	(10,184,774)	(11,350,123)	(14,732,574)	(6,985,784)	(7,278,624)	(6,339,872)	(7,379,301)	(7,930,607)
Annual Net Impact to Financing Activities (surplus / (deficit))	(39,399,979)	(12,297,795)	(4,396,430)	(4,492,036)	(6,458,883)	5,618,575	7,253,544	9,006,067	11,735,353	17,981,938

City of Norwood Payneham & St Peters
10 Year Financial Plan for the Years ending 30 June 2034
KEY PERFORMANCE INDICATORS

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Outcome 1 : A balanced Budget										
Operating Surplus Ratio - \$'000	18	(2,859)	(329)	1,420	3,311	5,387	7,662	10,671	14,054	18,912
Operating Surplus Ratio - %	0.0%	-4.7%	-0.5%	2.0%	4.4%	6.7%	9.0%	11.9%	14.9%	19.1%
Outcome 2 : Rate Stability										
Rate Revenue Increase - %	8.0%	8.0%	8.0%	6.5%	6.5%	6.5%	6.0%	6.0%	6.0%	6.0%
Outcome 3 : Infrastructure and Asset Management										
Asset Renewal Funding Ratio - %	99.1%	101.8%	82.8%	101.8%	115.7%	114.6%	97.9%	57.9%	23.6%	77.1%
Outcome 4: Debt Management										
Net Financial Liabilities - \$'000	80,402	92,724	97,278	101,770	108,229	102,618	95,364	86,358	74,623	56,641
Net Financial Liabilities Ratio - %	142.7%	151.6%	144.8%	142.6%	142.8%	127.4%	112.4%	96.7%	79.3%	57.1%
Interest Cover Ratio - %	4.0%	8.3%	6.9%	6.8%	6.9%	6.7%	6.0%	5.0%	4.0%	2.8%

Released

Council Facilities

The Council's Principal Office is located at:

Norwood Town Hall
175 The Parade, Norwood

Additional sites of operation include:

Glynde Depot
30 Davis Street, Glynde

Norwood Library
110 The Parade, Norwood

St Peters Library
101 Payneham Road, St Peters

**Payneham Library & Community
Facilities Complex (Tirkandi)**
2 Turner Street, Felixstow

Payneham Community Centre
374 Payneham Road, Payneham

Cultural Heritage Centre
101 Payneham Road, St Peters

Norwood Swimming Centre
Phillips Street, Kensington

Payneham Memorial Swimming Centre
OG Road, Felixstow

The Council also owns and operates:

St Peters Child Care Centre and Preschool
42-44 Henry Street, Stepney

Norwood Concert Hall
175 The Parade, Norwood

Additional Copies

The 2021–2031 Long-term Financial Plan can be viewed online at www.npsp.sa.gov.au



Further information

For more information on the Council's 2021–2031 Long-term Financial Plan, please visit www.npsp.sa.gov.au or phone 8366 4555.

The Council's website at www.npsp.sa.gov.au provides further details about the Council's activities, policies and plans for the future.

Released

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

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City of
**Norwood
Payneham
& St Peters**