

City of Marion Long Term Financial Plan 2023-2033



Table of Contents

Purpose of the LTFP	3
CEO Statement on Financial Sustainability	4
Basis of Preparation	5
Plan Framework	5
Assumptions.....	6
Key Outcomes/Conclusions	7
Overview	7
The Community's Capacity to Pay	8
Other Potential Revenue Sources/ Opportunities	8
Asset Management	9
Financial Indicators	10
Key Financial Indicators	10
Other Financial Indicators.....	13
Financial Statements.....	15
Uniform Presentation of Finances	15
Budgeted Funding Statement	16
Budgeted Income Statement	17
Budgeted Statement of Financial Position.....	18
Budgeted Statement of Cashflows	19
Glossary.....	20

Purpose of the LTFP

The Long Term Financial Plan (LTFP) is an integral part of Council's suite of strategic management plans that links Council's Business Plans and Asset Management Plans and translates the outcomes and strategies of Council's Business Plans into financial terms. Council's LTFP provides the basis for the preparation of Council's Annual Business Plan. The LTFP also reflects the known impacts of projects included in Council's 4 Year Business Plan 2023-2027.



The LTFP ensures that long term financial sustainability can be maintained while meeting the needs and expectations of our communities and delivering Council's objectives as specified in the 30 Year Community Vision – 'Towards 2040', and related strategies.

Reviewing the LTFP on an annual basis concurrently with Council's Annual Budget ensures confidence in the long-term financial sustainability of the organisation.

Part of this process includes conducting an environmental scan. Environmental scanning is an ongoing process, keeping us future focussed, aware of the bigger picture and mindful of emerging risks and opportunities. An extensive review of opportunities and challenges from current and emerging internal and external trends and influences is conducted annually with key issues being identified in Council's Annual Business Plan. This supports the consideration of strategic priorities and responses considering emerging priority pressures and opportunities. The criticality of each issue and opportunity was assessed. Responses targeting what council has in place or will do differently have been developed for all critical issues and opportunities.

Because of the nature of the estimates and assumptions made and the uncertainty of changes within the economy, the LTFP requires regular review and updating. This process involves input from management, Council and the Finance Risk and Audit Committee.

The review and updating of Council's Asset Management Plans assist in providing accurate information for the renewal and ongoing maintenance of Council's existing assets.

CEO Statement on Financial Sustainability

This LTFP demonstrates that Council is in a strong financial position and well placed to support the community applying a lower than CPI average rate increase of 5.2% for the 2023-24 financial year. Along with appropriate debt and treasury management, Council also forecasts rate increases reducing to 3% over the coming years consistent with the Reserve Bank of Australia's targeted range in the latter part of the 10-year term of the LTFP.

The key financial indicators used to assess Council's long-term financial sustainability include the operating surplus ratio, asset renewal funding ratio, asset consumption ratio, net financial liabilities ratio and debt servicing ratio. These ratios are in line with Council's established benchmarks ensuring the sustainability of Council's long-term financial performance and position.

Continually improving the integration between City of Marion's suite of Strategic Plans including Council's Asset Management Plans, LTFP, 4Year Business Plan and Annual Business Plan ensures the Council develops and implements a robust and transparent system of financial management aligned to the longer-term aspirations for the city as expressed in the 30 Year Community Vision - 'Towards 2040'.

The LTFP is the mechanism by which the funding requirements for these Strategic Plans are identified ensuring we continue to operate in a financially sustainable manner by progressively establishing, maintaining and assessing our long-term financial sustainability.

The Council ensures we have the financial capacity to continue to provide service levels which meet the needs of our community in a financially sustainable way by:

- Striving to continually improve our efficiency in the provision of existing and future services without affecting service delivery levels.
- Maintaining an operating surplus over the life of the LTFP while continually investing in the renewal and upgrade of community assets.
- Continuously improving our Asset Management Plans to ensure we are appropriately maintaining around \$1.2 billion of assets by renewing vital infrastructure and facilities.
- Taking out new borrowings where appropriate in accordance with Council's Treasury Management Policy and maintaining debt and interest levels within Council's established benchmarks ensuring our capacity to service and repay this debt into the future.
- Operating within the key financial indicators and benchmarks over the life of the LTFP ensuring we maintain a sound financial position.

Consideration must also be given to numerous risks with the potential to influence the outcomes that affect Council's long-term financial position. The following key risks may fall into this category:

- Inflationary Pressures - Although a 5.2% increase in average rates forecasts a financially sustainable position for 2023-24 and beyond, the current inflationary phase in the economic climate exposes council to risk. Some projects and programs may deliver outcomes that place additional pressure on the budget.
- Maintaining an appropriate rating strategy - Council will continue to monitor the appropriateness of forecast rate increases in the LTFP. Council's forecast rates assume an average rate increase reflective of the RBA targeted CPI throughout the 10-year term of the LTFP. This strategy must however be sustainable and balanced with the real cost of service provision, capital maintenance and service demand from the community.
- Unfunded and unprioritised initiatives – Will need to be prudently assessed with appropriate due diligence and in a disciplined manner to ensure Councils long term financial sustainability is preserved.
- Increasing levels of community housing transfers across the City of Marion resulting in increasing levels of rate rebates.
- Changes to Local Government funding programs and potential risk in relation to cost shifting from the Federal and State Government to Local Government.
- Asset renewal and infrastructure management may present challenges that will need to be addressed. Council's LTFP currently indicates there is sufficient funding to meet the renewal requirements of its Asset Management Plans, however timing of funds and works for different asset classes will be refined with annual iterations of the asset management plans that further inform the LTFP.

Basis of Preparation

Council's LTFP provides the basis for the preparation of its Annual Business Plan. The LTFP also reflects the known impacts of projects included in Council's 4 Year Business Plan 2023-2027.

Plan Framework

The LTFP has been prepared under the following framework:

- Supports the achievement of the City of Marion's Strategic Directions.
- Addresses issues arising and opportunities identified from internal audit reviews, service reviews and business excellence assessments.
- Maintains, on average, a break-even or positive funding (cash) position over the LTFP.
- Continues to improve the maintenance of assets in accordance with Council's Asset Management Plans, with a priority on maintenance before renewal, and renewal before new when it is cost effective to do so.

- Reviews existing services and assets to ensure they meet prioritised community needs.
- Council only approve new Major Projects where it has the identified funding capacity to do so, along with the additional costs to operate and maintain these assets over their expected life.
- Maintains Council's position for an average residential rate which remains among the lower rating metropolitan councils.

Assumptions

In developing the LTFP, several key assumptions and variables were applied:

Service Levels - Changes to service delivery, prioritised and approved by Council subject to financial capacity have been incorporated into the 2023-24 Annual Business Plan and Long Term Financial Plan. Where no other endorsement exists, service delivery levels are maintained at current levels.

Rate Revenue – The LTFP has been prepared by applying a lower than CPI average rate increase of 5.2% for the 2023-24 financial year. In addition, Council's forecast average rate increase beyond 2023-24 is set to gradually reduce to 3.0% by 2026-27 in line with forecast inflation and then be steadily maintained at that 3% level for the remainder of the 10 years of the LTFP. These proposed increments will continue to be monitored in light of economic forecasts and the financial impact that those circumstances may have on City of Marion ratepayers along with their capacity to pay. Rateable property growth or new properties from development is forecast on achieving the continued historical trend of 1%.

Indexation – The LTFP will be based on forecast expenditure levels indexed to reflect current cost pressures and future anticipated costs including the consideration of major contract price escalation and other market pressures.

With CPI expected to remain at the higher end of the RBA inflation target of 2 – 3% the LTFP has factored indexation at the higher end of the RBA target over the coming 2 years before reverting to a longer term forecast of 2.5% from 2025-26 onwards.

Continued price escalation and difficult market conditions makes the forecasting task more challenging leading to a higher-than-normal degree of uncertainty the further one looks into the future. Indexation beyond 2023-24 will be aligned to the Reserve Bank's projected inflation estimates in the medium and longer term, with the following exceptions:

Employee Costs – have been increased in alignment with Council's Enterprise Agreement provisions. In addition, costs relating to Council approved staff resources to meet operational requirements or Council endorsed initiatives have been included. The rise in inflation and an ongoing tight labour market is expected to translate into moderately stronger wages growth over time. The remaining 3 scheduled annual increases of 0.5% to achieve the Superannuation Guarantee target of 12% by 2025-26 are also incorporated into the LTFP.

Interest expenses - are directly related to Council borrowings and cash flows. Forecast interest rates are based on current market rates with an added margin giving consideration for future potential rate increases.

Interest revenue - is directly related to Council investments and cash flows and is carefully monitored in line with interest rate movements.

Non recurrent Costs/Revenues - An adjustments schedule is used to account for any future variations in operating activities (e.g. an adjustment is made for election expenses to reflect that they only occur once every four years).

Capital Grants, subsidies and monetary contributions - reflect tied monies received in relation to the purchase/construction of new assets and are budgeted in accordance with information known at the time of preparing the LTFP.

Commonwealth and State Government Stimulus / Election funding – Council will continue to seek and optimise the opportunity to leverage any State and Federal stimulus funding provided to the sector. It should also be noted Federal and State Government funding attracted throughout the 2022 elections supports major infrastructure initiatives in 2023-2024. The impact of the attraction of this funding and the resource requirements to deliver identified projects and initiatives has been considered in the development of the 2023-24 ABP and LTFP.

Breakeven or Better Funding (Cash Position) – A positive cash flow is vital to support operating requirements to continually deliver uninterrupted council services in addition to providing cash to fund:

- Renewal of existing assets over time to maintain community service standards
- Scheduled principal loan repayments and
- Provision of funding for future long term asset management objectives

Council will endeavour to set rates that minimise the impact on our community but also enable the achievement of its long-term strategic objectives while maintaining a break-even or better (cash) position over the LTFP thus ensuring the long term financial sustainability for the City of Marion.

Key Outcomes/Conclusions

Overview

The major outcomes and projects contained within the LTFP include:

Recycled Stormwater Pipeline

A 14km pipeline extension to councils existing stormwater harvesting scheme will be installed that will allow council to process at least 143ML of recycled stormwater annually to water reserves and operate more efficiently. Council has committed up to \$3.8m to the project along with \$1.8m grant funding from the State Government.

Marino Hall Upgrade

A rebuild of the ageing hall will commence to support a new vibrant centre that attracts a broad range of community groups. The new pavilion-style hall will include meeting spaces, a performance area, art gallery and studio. A café and expanded car park will also support the site as an accessible creative and community events hub. The State and Federal Governments have partnered with Council to support this project.

Cove Sports Netball and Lower Oval Upgrade

A newly constructed netball facility and the reconfiguration of the sports playing field will provide a versatile, multi-sport site that caters to the growing needs of the community. The car park will be expanded and is expected to offer parking facilities for up to 188 cars. The State Government has partnered with Council to support this project.

Coastal Walkway

Work will continue along a 1.6km section of the Coastal Walkway trail at the Grey and Kurnabinna Gullies at Hallett Cove. The State Government has contributed \$2.44m toward the overall project to upgrade the walkway.

Marion Basketball Stadium

The current stadium no longer meets the current needs, standards, and expectations of the basketball community. A replacement stadium is proposed for the site and the Federal Government has pledged \$6m towards the project. Planning will continue to design options and undertake community consultation.

Marion Golf Park

The golf club has provided preliminary designs for an upgraded modern clubroom and facilities. Council will work with the club to progress a detailed design that meets the broad needs of community users. The Federal Government has partnered with Council to support this project.

Warradale Park Tennis Club

The tennis club has shared designs for upgraded facilities, and the Council will collaborate with the club to develop a detailed design that meets community needs. Construction will commence after the community has provided feedback on the plan. The State Government is partnering with the Council to support this project.

The Community's Capacity to Pay

CPI, and ultimately average wage movements, is a guide of the ability of most residents to pay. Those residents whose financial position does not necessarily move with CPI (e.g. pensioners) may not have the ability or capacity to afford the full payment of rates. This is in part dealt with by Council's existing rating policy which provides multiple forms of financial assistance to these people: -

- Postponement of Rates – Hardship
- Postponement of Rates – Seniors
- Payment on Terms
- Rate Capping
- Large variety of payment options

Other Potential Revenue Sources/ Opportunities

- Grant funding is Council's second largest operating revenue source representing between 6% and 7% of operating income over the term of the LTFP. Council's ability and opportunity to attract State and Federal Government funding for major projects and service improvements is critical to the long-term financial sustainability of the organisation.
- Shared services – entering shared service arrangements with other councils and the LGA to achieve economies of scale. Partnering with not-for-profit entities to provide services and facilities for the community is another option.

- Potential sale of surplus land and buildings – Whilst the LTFP is prepared on the basis that there is no reliance on gains from the disposal of assets to fund essential services, consideration should be given to this potential revenue source when considering the funding options for major strategic redevelopment projects.
- Exploring community governance and community capacity building opportunities – that is empowering the community to explore, fund and manage projects with minimal council assistance.

Asset Management

The City of Marion's Asset Management Vision is:

'To maintain the City of Marion's assets to agreed levels of service which maximise community value throughout an asset's life'.

Council's Asset Management Plans detail information about our assets and define the services to be provided, how the services are provided, and what funds are required to provide the services. All City of Marion assets are audited annually and frequently inspected on a rolling inspection regime.

Large proportions of Council's assets have been in existence for many years. Council has also received several 'gifted' assets from developers, which attract ongoing operational and maintenance costs over their life. At the same time, demographic change is challenging the capacity of existing assets to meet the increasing demands of the environment in which they are located. The community's expectations too are increasing, which affects the ability of existing purpose-built assets to meet the changing needs of future residents. As community assets have a lengthy useful life, it is a complex task to monitor the cost and timing of their renewal.

Asset management is a critical tool in ensuring appropriate provision is made for the long-term management of community assets, and their impacts on all areas of service planning and delivery.

We own and manage over \$1 billion in assets



Artworks, Culture and Heritage



Buildings and Structures



Coastal Walkway



Fleet, Plant and Equipment



Open Space



Stormwater



Transport



Water Treatment and Resources

Our assets enable the provision of services to the community and businesses for current and future generations. Assets play a vital role in the local economy and on residents' quality of life.

Financial Indicators

Key Financial Indicators

Operating Surplus Ratio

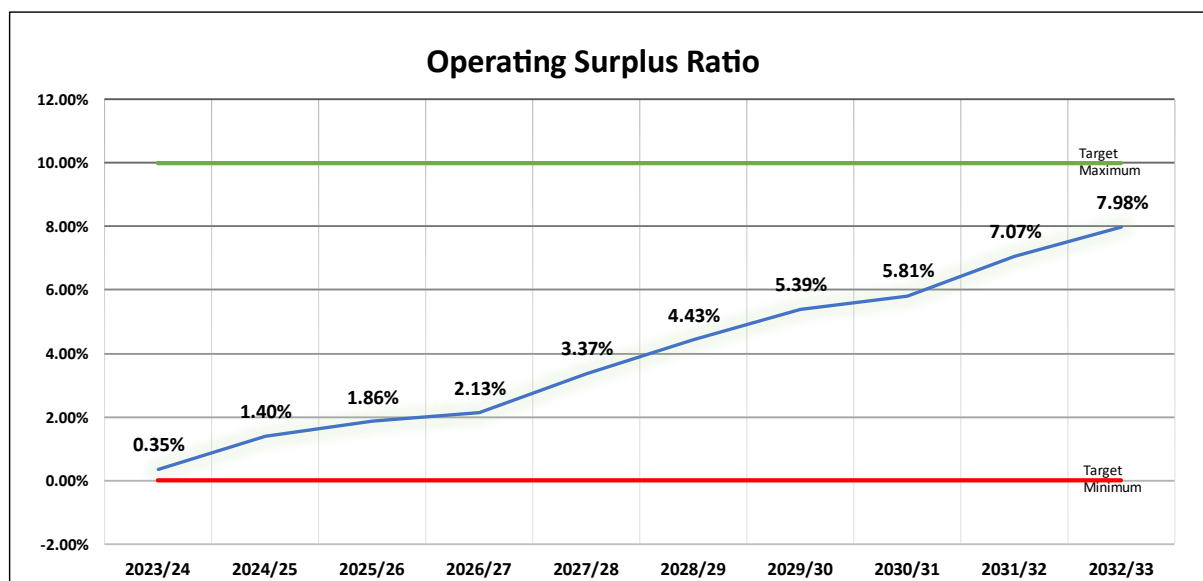
The Operating Surplus ratio expresses the level of operating surplus before capital expenditure as a percentage of rates. It gives an indication of Council's ability to service its operations from expected rate income and maintain financial sustainability in the long term.

Target

An operating surplus ratio averaging between 0% and 10% over any consecutive five-year period.

LTFP Commentary

The Operating Surplus Ratio is within the adopted target range of 0 – 10%. The forecast surplus is required to provide the funding necessary to meet the costs of delivering services and projects to the community including the renewal and upgrade of existing community assets over time to maintain community service standards and expectations, along with the ability to fund future major projects.



Net Financial Liabilities Ratio

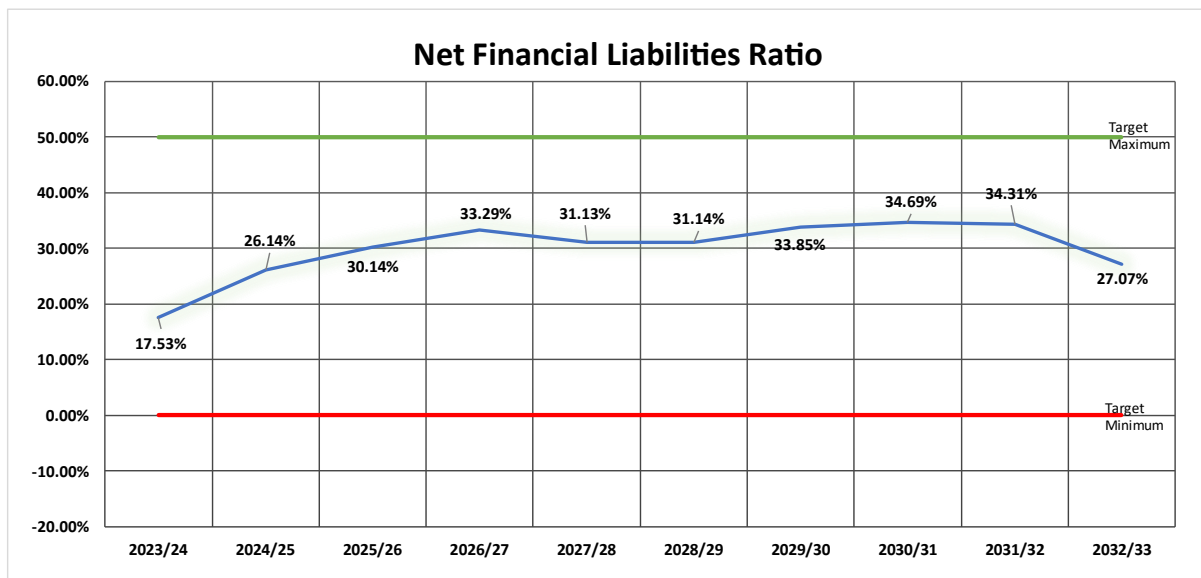
Net Financial Liabilities are defined as total liabilities less financial assets (where financial assets for this purpose includes cash, investments, loans to community groups, receivables and prepayments). These are expressed as a percentage of total operating revenue. This indicates Council's capacity to meet its financial obligations from operating revenue.

Target

The desirable target range for this indicator is between 0% and 50%

LTFP Commentary

The Net Financial Liabilities ratio is forecast to be 17.53% in 2023-24 increasing with the additional forecast borrowings projected in the LTFP. This ratio is forecast to peak at 34.69% in 2030-31 and then decrease to 27.07% by the end of the LTFP. This ratio is set to remain within Council's target for the entire 10 years of the LTFP.



Asset Renewal Funding Ratio

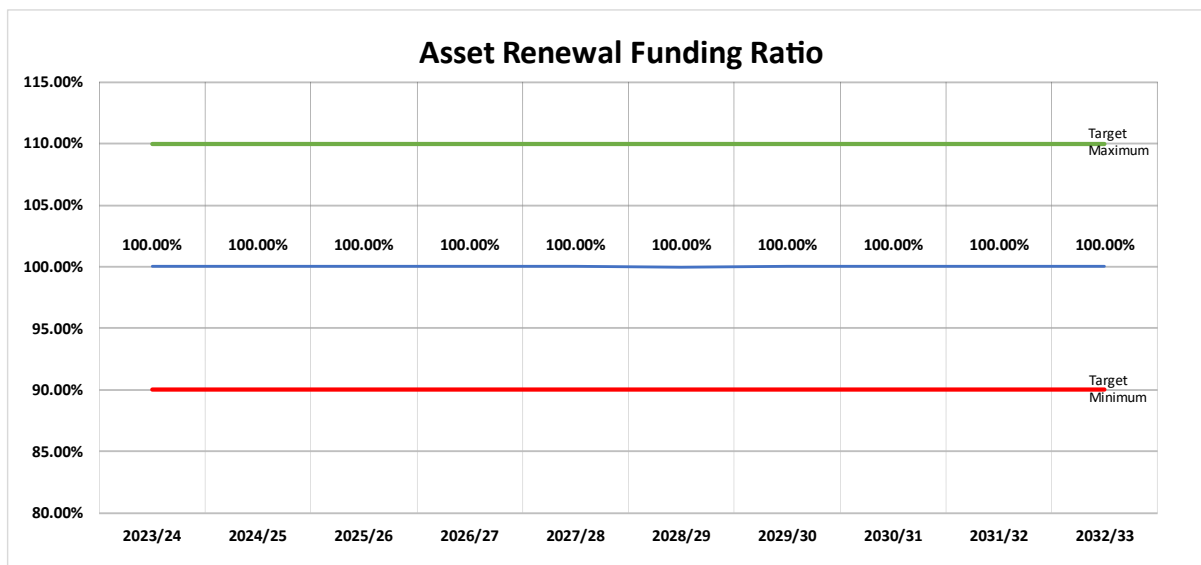
The Asset Renewal Funding ratio is calculated by measuring capital expenditure on renewal and replacement of assets relative to the Infrastructure and Asset Management Plan required expenditure. This indicates whether Council is renewing or replacing existing non-financial assets in accordance with its future Asset Management renewal requirements.

Target

It is suggested that a long-term asset sustainability index between 90 - 110% is acceptable as per Council's Asset Management Policy

LTFP Commentary

With the Renewal Expenditure identified within the Asset Management Plans fully funded within the Long Term Financial Plan, Council's Asset Renewal Funding Ratio is projected to sit exactly on target over the life of the LTFP. This indicates that Council's asset base is being renewed in keeping with the desired expenditure from the Asset Management Plans. Actual expenditure may vary in any given year between the 90% minimum and 110% maximum for strategic and/or timing reasons associated with the replacement of significant long lived assets.



Other Financial Indicators

While the Key Financial Indicators are those that are required by the Regulations, several other ratios can be used to measure financial performance. The two other indicators that Council has elected to use are as follows:

Debt Servicing Ratio

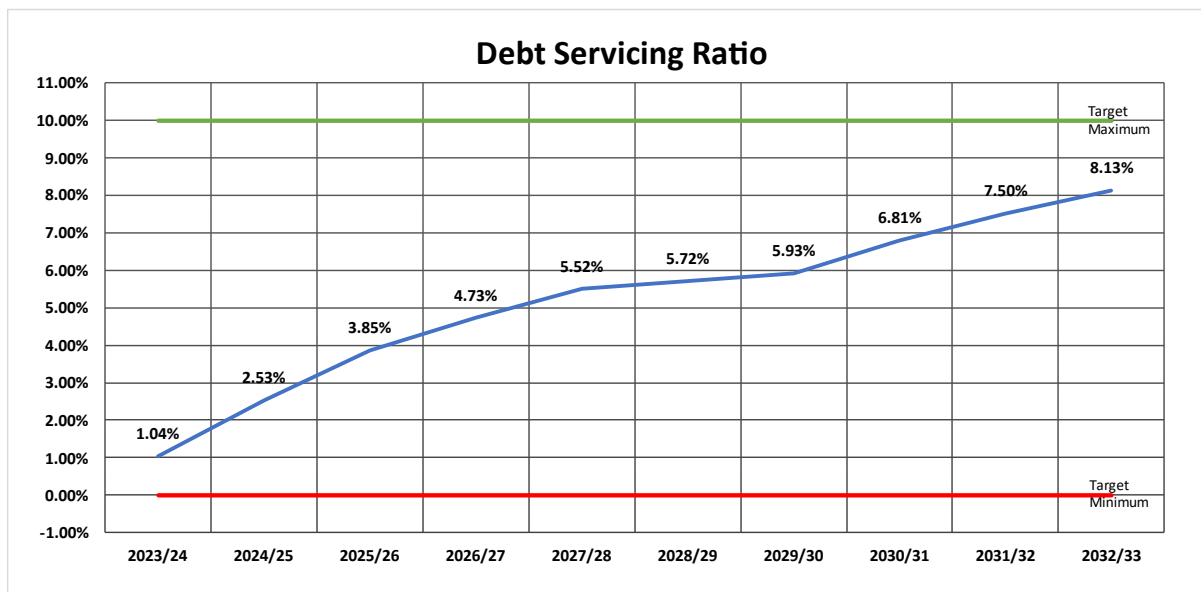
The Debt Servicing ratio expresses forecast debt servicing costs (principal and interest) compared to rates revenue. This indicates the ability of Council to service borrowings from forecast rate income.

Target

This indicator has a desired target range between 0% and 10%

LTFP Commentary

With forecast new borrowings within the LTFP of \$18m required in 2023-24, and additional borrowings of \$75.7m to fund capital expenditure over the remainder of the plan, the Debt Servicing Ratio is set to peak at 8.13% in 2032-33. Council's Debt Servicing Ratio is set to remain within the target range over the course of the LTFP. This indicates a moderate capacity to further borrow and remain within the ratio bandwidths, noting that related borrowing capacity ratios should be considered before making this decision.



Asset Consumption Ratio

The Asset Consumption ratio is calculated by measuring the written down value (depreciated value) of the assets against their replacement cost. It illustrates the amount of asset life or 'as new' condition remaining in the depreciable assets. Depreciation represents the reduction in value of the assets each year and therefore accumulated depreciation is the total reduction in the carrying value of the assets.

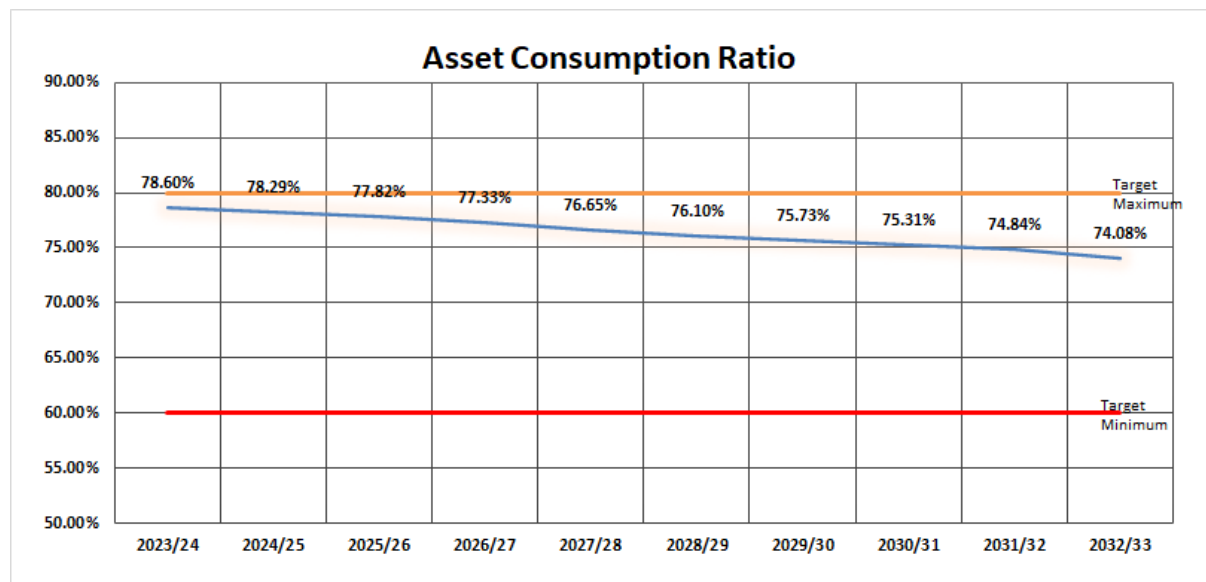
Target

The average proportion of 'as new condition' left in assets is between 60% and 80%.

LTFP Commentary

The Asset Consumption Ratio highlights the potential service level remaining in Council's assets. If the Asset Consumption Ratio is high, this indicates that Council's assets are in good condition - that is they are either relatively new or have been maintained in good condition. If the Asset Consumption Ratio is low, this indicates that Council's assets are in relatively poor condition - that is assets have not been renewed at a time when renewal was expected to occur, and the future service levels expected from these assets is also low.

Council's Asset Consumption ratio falls within its desired target range, however with many long-lived assets and steady renewal programs this is showing a marginal decline slowly over time, until significant long-lived assets are renewed. This indicates that Council's asset base is still being renewed adequately and the potential service level of the assets remains well above the targeted 60% minimum over the LTFP. With continuing work and refinement to the Asset Management Plans and strategies relating to specific asset classes this ratio should remain within the target bandwidth in the longer term.



Financial Statements

Uniform Presentation of Finances

City of Marion 10 Year Financial Plan for the Years ending 30 June 2033 UNIFORM PRESENTATION OF FINANCES										
	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
<u>Operating Activities</u>										
Income	104,821	110,301	115,013	119,434	124,024	128,791	133,742	138,883	144,222	149,767
less Expenses	(104,456)	(108,752)	(112,872)	(116,886)	(119,848)	(123,089)	(126,533)	(130,808)	(134,029)	(137,821)
Operating Surplus / (Deficit)	365	1,548	2,141	2,548	4,176	5,702	7,209	8,075	10,193	11,947
<u>Capital Activities</u>										
less (Net Outlays) on Existing Assets										
Capital Expenditure on Renewal and Replacement of Existing Assets	(11,468)	(16,794)	(15,772)	(16,059)	(17,476)	(19,398)	(21,109)	(19,349)	(25,009)	(23,571)
add back Depreciation, Amortisation and Impairment	18,100	18,824	19,577	20,360	21,174	22,021	22,902	23,818	24,771	25,762
(Net Outlays) on Existing Assets	6,632	2,030	3,805	4,301	3,698	2,624	1,793	4,470	(238)	2,191
less (Net Outlays) on New and Upgraded Assets										
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(39,238)	(21,534)	(17,401)	(17,102)	(8,661)	(14,386)	(22,199)	(23,429)	(17,249)	(6,837)
add back Amounts Received Specifically for New and Upgraded Assets	10,119	7,571	5,559	5,367	1,915	4,377	7,693	7,845	5,577	1,340
(Net Outlays) on New and Upgraded Assets	(29,119)	(13,963)	(11,841)	(11,735)	(6,747)	(10,008)	(14,506)	(15,584)	(11,672)	(5,497)
less Share of Profit in Equity Accounted Investments (excl dividend)	(365)	(376)	(387)	(399)	(411)	(423)	(436)	(449)	(462)	(476)
Net Lending / (Borrowing) for Financial Year	(22,487)	(10,760)	(6,282)	(5,285)	717	(2,105)	(5,940)	(3,488)	(2,179)	8,165

Budgeted Funding Statement

City of Marion 10 Year Financial Plan for the Years ending 30 June 2033 FUNDS STATEMENT										
	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Rates Indexation	5.20%	4.70%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Income										
Rates	89,438	94,612	98,939	102,963	107,148	111,500	116,024	120,728	125,619	130,705
Statutory Charges	2,551	2,620	2,686	2,753	2,822	2,892	2,964	3,039	3,114	3,192
User Charges	3,325	3,415	3,500	3,588	3,677	3,769	3,864	3,960	4,059	4,161
Grants, Subsidies and Contributions	6,935	7,122	7,300	7,482	7,670	7,861	8,058	8,259	8,466	8,677
Investment Income	425	325	325	325	325	325	325	325	325	325
Reimbursements	1,081	1,111	1,138	1,167	1,196	1,226	1,257	1,288	1,320	1,353
Other Income	701	720	738	756	775	795	815	835	856	877
Net gain - equity accounted Council businesses	365	376	387	399	411	423	436	449	462	476
Total Income	104,821	110,301	115,013	119,434	124,024	128,791	133,742	138,883	144,222	149,767
Expenses										
Employee Costs	44,064	45,551	47,096	48,273	49,480	50,717	51,985	53,285	54,617	55,982
Materials, Contracts & Other Expenses	42,140	43,301	44,546	46,259	46,915	48,113	49,290	51,033	51,786	53,108
Depreciation, Amortisation & Impairment	18,100	18,824	19,577	20,360	21,174	22,021	22,902	23,818	24,771	25,762
Finance Costs	151	1,076	1,653	1,993	2,278	2,238	2,355	2,672	2,856	2,969
Total Expenses	104,456	108,752	112,872	116,886	119,848	123,089	126,533	130,808	134,029	137,821
Operating Surplus	365	1,548	2,141	2,548	4,176	5,702	7,209	8,075	10,193	11,947
Operating Surplus Ratio	0.35%	1.40%	1.86%	2.13%	3.37%	4.43%	5.39%	5.81%	7.07%	7.98%
Amounts Received Specifically for New or Upgraded Assets	10,119	7,571	5,559	5,367	1,915	4,377	7,693	7,845	5,577	1,340
Net Surplus / (Deficit) for the Year	10,484	9,119	7,701	7,915	6,091	10,080	14,901	15,919	15,770	13,287
Capital (Balance Sheet) and Reserve Movements										
Capital Expenditure	(50,706)	(38,328)	(33,173)	(33,161)	(26,138)	(33,783)	(43,307)	(42,777)	(42,258)	(30,408)
Loan Repayments (External)	(929)	(1,703)	(2,767)	(3,636)	(4,546)	(5,112)	(5,552)	(6,759)	(7,941)	(9,180)
New Loan Borrowings (External)	18,000	12,500	9,200	9,100	4,000	7,400	11,600	10,400	10,300	1,200
Net Transfers (to)/from Reserves	5,497	39	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(86)
Total Capital (Balance Sheet) and Reserve Movements	(28,138)	(27,492)	(26,826)	(27,784)	(26,770)	(31,581)	(37,345)	(39,223)	(39,985)	(38,475)
Net Result (including Depreciation & Other non-cash items)	(17,654)	(18,372)	(19,126)	(19,869)	(20,679)	(21,502)	(22,444)	(23,303)	(24,215)	(25,188)
Add back Depreciation Expense (non-cash)	18,100	18,824	19,577	20,360	21,174	22,021	22,902	23,818	24,771	25,762
Less Other Income (non-cash)	(365)	(376)	(387)	(399)	(411)	(423)	(436)	(449)	(462)	(476)
Cash Budget Surplus	81	76	64	92	84	96	23	66	94	98

Budgeted Income Statement

City of Marion 10 Year Financial Plan for the Years ending 30 June 2033 STATEMENT OF COMPREHENSIVE INCOME										
	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Income										
Rates	89,438	94,612	98,939	102,963	107,148	111,500	116,024	120,728	125,619	130,705
Statutory Charges	2,551	2,620	2,686	2,753	2,822	2,892	2,964	3,039	3,114	3,192
User Charges	3,325	3,415	3,500	3,588	3,677	3,769	3,864	3,960	4,059	4,161
Grants, Subsidies and Contributions	6,935	7,122	7,300	7,482	7,670	7,861	8,058	8,259	8,466	8,677
Investment Income	425	325	325	325	325	325	325	325	325	325
Reimbursements	1,081	1,111	1,138	1,167	1,196	1,226	1,257	1,288	1,320	1,353
Other Income	701	720	738	756	775	795	815	835	856	877
Net gain - equity accounted Council businesses	365	376	387	399	411	423	436	449	462	476
Total Income	104,821	110,301	115,013	119,434	124,024	128,791	133,742	138,883	144,222	149,767
Expenses										
Employee Costs	44,064	45,551	47,096	48,273	49,480	50,717	51,985	53,285	54,617	55,982
Materials, Contracts & Other Expenses	42,140	43,301	44,546	46,259	46,915	48,113	49,290	51,033	51,786	53,108
Depreciation, Amortisation & Impairment	18,100	18,824	19,577	20,360	21,174	22,021	22,902	23,818	24,771	25,762
Finance Costs	151	1,076	1,653	1,993	2,278	2,238	2,355	2,672	2,856	2,969
Total Expenses	104,456	108,752	112,872	116,886	119,848	123,089	126,533	130,808	134,029	137,821
Operating Surplus	365	1,548	2,141	2,548	4,176	5,702	7,209	8,075	10,193	11,947
Operating Surplus Ratio	0.35%	1.40%	1.86%	2.13%	3.37%	4.43%	5.39%	5.81%	7.07%	7.98%
Amounts Received Specifically for New or Upgraded Assets	10,119	7,571	5,559	5,367	1,915	4,377	7,693	7,845	5,577	1,340
Net Surplus / (Deficit) for the Year	10,484	9,119	7,701	7,915	6,091	10,080	14,901	15,919	15,770	13,287

Budgeted Statement of Financial Position

City of Marion 10 Year Financial Plan for the Years ending 30 June 2033 STATEMENT OF FINANCIAL POSITION										
	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
ASSETS										
Current Assets										
Cash & Cash Equivalents	12,078	12,399	13,021	13,547	14,042	14,976	16,040	16,921	17,895	18,800
Trade & Other Receivables	5,318	5,347	5,389	5,555	5,488	5,838	6,251	6,464	6,504	6,425
Other Financial Assets	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Inventories	371	381	392	407	413	423	434	449	455	467
Total Current Assets	20,167	20,526	21,202	21,908	22,343	23,637	25,125	26,234	27,254	28,092
Non-Current Assets										
Equity Accounted Investments in Council Businesses	8,585	8,961	9,348	9,747	10,158	10,581	11,017	11,466	11,928	12,404
Infrastructure, Property, Plant & Equipment	1,257,667	1,274,881	1,288,032	1,300,637	1,305,164	1,316,327	1,335,950	1,354,330	1,370,947	1,374,810
Total Non-Current Assets	1,266,252	1,283,842	1,297,380	1,310,384	1,315,322	1,326,908	1,346,967	1,365,796	1,382,875	1,387,214
TOTAL ASSETS	1,286,419	1,304,369	1,318,582	1,332,293	1,337,665	1,350,545	1,372,092	1,392,030	1,410,129	1,415,306
LIABILITIES										
Current Liabilities										
Trade & Other Payables	10,439	10,451	10,531	10,863	10,691	11,204	11,801	12,178	12,148	12,018
Borrowings	1,713	2,777	3,646	4,556	5,122	5,562	6,769	7,951	9,190	9,795
Provisions	6,301	6,301	6,301	6,301	6,301	6,301	6,301	6,301	6,301	6,301
Total Current Liabilities	18,453	19,530	20,478	21,720	22,114	23,067	24,870	26,430	27,639	28,114
Non-Current Liabilities										
Borrowings	19,455	29,188	34,751	39,305	38,193	40,042	44,883	47,342	48,462	39,876
Provisions	639	639	639	639	639	639	639	639	639	639
TOTAL LIABILITIES	38,547	49,356	55,869	61,665	60,946	63,747	70,392	74,411	76,740	68,630
Net Assets	1,247,872	1,255,012	1,262,713	1,270,628	1,276,718	1,286,798	1,301,699	1,317,619	1,333,389	1,346,676
EQUITY										
Accumulated Surplus	464,580	471,758	479,372	487,200	493,203	503,195	518,008	533,838	549,519	562,717
Asset Revaluation Reserves	769,508	769,508	769,508	769,508	769,508	769,508	769,508	769,508	769,508	769,508
Other Reserves	13,784	13,746	13,833	13,920	14,008	14,095	14,184	14,273	14,362	14,451
Total Equity	1,247,872	1,255,012	1,262,713	1,270,628	1,276,718	1,286,798	1,301,699	1,317,619	1,333,389	1,346,676

Budgeted Statement of Cashflows

City of Marion 10 Year Financial Plan for the Years ending 30 June 2033 STATEMENT OF CASH FLOWS										
	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000
Cash Flows from Operating Activities										
Receipts:	104,824	109,945	114,629	118,922	123,718	128,064	132,941	138,277	143,763	149,421
Payments:	(87,209)	(89,717)	(93,070)	(96,242)	(98,544)	(100,858)	(103,423)	(106,699)	(109,111)	(111,827)
Net Cash provided (or used in) Operating Activities	17,615	20,228	21,558	22,680	25,173	27,206	29,517	31,578	34,652	37,594
Cash Flows from Investing Activities										
Receipts:										
Amounts Received Specifically for New/Upgraded Assets	10,434	7,624	5,804	5,544	2,006	5,222	8,806	8,439	6,221	1,699
Payments:										
Expenditure on Renewal/Replacement of Assets	(11,468)	(16,794)	(15,772)	(16,059)	(17,476)	(19,398)	(21,109)	(19,349)	(25,009)	(23,571)
Expenditure on New/Upgraded Assets	(39,238)	(21,534)	(17,401)	(17,102)	(8,661)	(14,386)	(22,199)	(23,429)	(17,249)	(6,837)
Net Cash provided (or used in) Investing Activities	(40,273)	(30,704)	(27,369)	(27,618)	(24,132)	(28,561)	(34,501)	(34,338)	(36,037)	(28,709)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings	18,000	12,500	9,200	9,100	4,000	7,400	11,600	10,400	10,300	1,200
Payments:										
Repayments of Borrowings	(929)	(1,703)	(2,767)	(3,636)	(4,546)	(5,112)	(5,552)	(6,759)	(7,941)	(9,180)
Net Cash Flow provided (used in) Financing Activities	17,071	10,797	6,433	5,464	(546)	2,288	6,048	3,641	2,359	(7,980)
Net Increase/(Decrease) in Cash & Cash Equivalents	(5,587)	321	622	526	495	933	1,065	880	974	905
plus: Cash & Cash Equivalents - beginning of year	20,065	14,478	14,799	15,421	15,947	16,442	17,376	18,440	19,321	20,295
Cash & Cash Equivalents - end of the year	14,478	14,799	15,421	15,947	16,442	17,376	18,440	19,321	20,295	21,200

Glossary

Financial Assets

Financial Assets include cash, investments, loans to community groups, receivables and prepayments, but excludes equity held in Council businesses, inventories and land held for resale.

Financial Sustainability

Financial Sustainability is where planned long-term service and infrastructure levels and standards are met without unplanned and disruptive increases in rates or cuts to services.

Interest Cover Ratio

Interest Cover Ratio indicates the extent to which Council's commitment to interest expenses are met by total operating revenues. The ratio is calculated by measuring net interest expense to total operating revenue (excluding Regional Landscape levy).

Net Lending/ (Borrowing)

Net Lending/ (Borrowing) equals Operating Surplus / (Deficit), less net outlays on non-financial assets. This result is a measure of the Council's overall (i.e. Operating and Capital) budget on an accrual basis. Achieving a zero result in any one year essentially means that the Council has met all of all its expenditure (both operating and capital) from the current year's revenues.

Non-financial or Physical Assets

Non-financial or Physical Assets refers to infrastructure, land, buildings, plant, equipment, furniture and fittings, library books and inventories.

Operating Surplus

Operating Surplus is where operating revenues are greater than operating expenses (i.e. operating revenue is therefore sufficient to cover all operating expenses) but does not take into account any capital expenditure.

Operating Deficit

Operating Deficit is where operating revenues are less than operating expenses (i.e. operating revenue is therefore not sufficient to cover all operating expenses).

Operating Revenues

Operating Revenues are incomes shown in the Income Statement but exclude profit on disposal of non-financial assets and amounts received specifically for new/upgraded assets (e.g. from a developer). For ratios calculated where the denominator specified is total operating revenue or rate revenue, Regional Landscape levy revenue is excluded.

Operating Expenses

Operating Expenses are operating expenses shown in the Income Statement, including depreciation, but excluding losses on disposal or revaluation of non-financial assets.