

9.6 Long Term Financial Plan adoption

Report contact

Jade Bird, Manager Financial Services
 Anthony Spartalis, Chief Financial Officer
 08 8384 0580

Approving officer

Chris White, Director Corporate

Meeting

Council

Date

16 February 2021

1. Purpose

This report presents the draft Long Term Financial Plan for adoption.

2. Recommendations

That Council adopt the Long Term Financial Plan, as per Attachment 1 to the agenda report.

3. Executive summary

Following consideration of the community feedback received during the recent engagement campaign and previous budget engagements, and endorsement of the key principles underpinning the Long Term Financial Plan by the Strategic Directions Committee on 2 February 2021, the Long Term Financial Plan, consisting of 10 years of financial statements and key financial indicators, is presented for adoption.

4. Background

| | |
|--|--|
| Community Plan 2030 | The LTFP helps guide decisions to assist in maintaining long term financial sustainability while delivering council’s objectives under the themes of people, place, prosperity and performance as specified in the Community Plan 2030. |
| Policy and/or relevant legislation | Under Section 122 of the <i>Local Government Act 1999</i> , a council must adopt a Long Term Financial Plan covering a period of at least 10 years. A comprehensive review of this plan must be undertaken within two years after each general election of the council. Due to COVID-19, the deadline for this review and adoption of the LTFP has been extended by the State Government to February 2021. |
| Who did we talk to/who will we be talking to | Consultation with the Elected Members specifically on the LTFP was conducted on a regular basis from July 2020. Community engagement was undertaken between 19 November 2020 – 11 December 2020 to provide opportunities for the community to provide feedback on aspects of the LTFP. |

5. Discussion

Under Section 122 of the *Local Government Act 1999* ('the Act'), Council is required to adopt a Long Term Financial Plan (LTFP) within two years after each general election of the council. Due to COVID-19, the deadline for this review was extended to February 2021.

The Long Term Financial Plan (LTFP) is a critical part of Council's financial planning process, as it helps guide decisions to maintain long term financial sustainability while meeting the needs and expectations of our communities and delivering Council's objectives (as specified in Council's Community Plan 2030, the Strategic Asset Management Plan, and related strategies). It is a key tool to assist with long-term decision making and forecasting whilst ensuring financial sustainability, and provides transparency to the community regarding Council's projected financial position.

At the Strategic Directions Committee meeting on 2 February 2021, the following key principles that will underpin the LTFP were endorsed:

Key Principles: General

- 1. Through the Long Term Financial Plan and annual budgeting process, Council addresses the current deficit position and transitions to a balanced budget over the next 4 years.*

Key Principles: Services

- 2. Council continues to deliver its current community services and asset maintenance, recognising that rigorous ongoing reviews will be undertaken to ensure efficiencies (including potential removal of duplicated services that are, or could be better delivered by other agencies, or cost shifting from other levels of government), value for money, and alignment to community expectations and needs, and that any savings will be redirected to improving services or maintenance, retiring debt, or such other purpose as may be determined by Council.*
- 3. Costs are indexed in line with Consumer Price Index (CPI) to maintain existing services.*

Key Principles: Projects

- 4. Incorporate the asset renewal requirements, and associated expenditure, as outlined in the Strategic Asset Management Plan (due for adoption 16 February 2021), in order to maintain existing infrastructure to an appropriate standard.*
- 5. Council focuses on upgrades and extensions to existing infrastructure in preference to undertaking new major projects.*
- 6. Council changes the mix of funding for new and significant upgrade projects from 80:20 debt:rates funding mix to 60:40.*
- 7. Council completes existing approved major projects at the current 80:20 debt:rates funding mix, and as budget availability permits, commences limited new major projects within available funding at a 60:40 debt:rates funding mix.*
- 8. Council capitalises on stimulus funding with a focus on projects related to existing infrastructure, recognising the potential need for increased borrowings in order to respond to stimulus funding opportunities.*
- 9. Council uses growth funds to support and guide decision making in relation to the level of future borrowings required to fund new projects, in conjunction with any limit on borrowings to provide the right infrastructure as the city grows and changes.*

Key Principles: Debt

10. Borrow for projects on the following bases:

- *Change the mix of funding for new and significant upgrade projects from the current 80:20 debt:rates funding mix to 60:40*
- *Complete existing major projects at the current 80:20 debt:rates funding mix*
- *Start new major projects, within available funding limits, at a 60:40 debt:rates funding mix*

11. Adjust new major projects to align expenditure to available funding

12. Adopt and implement a debt reduction strategy over the life of the LTFP

13. Improve transparency and flow of information in response to community feedback about how debt is used

14. Adopt a dollar value debt ceiling

Key Principles: Rates

15. New or enhanced services, assets or maintenance requiring an increase in costs are to be funded from rate increases as required after consultation with the community. Such rate increases may potentially be managed by establishing a specific purpose fund providing transparency around expenditure

16. Improve transparency and flow of information in response to community feedback about how rates are spent

These principles were informed by feedback received from a combination of recent and previous community engagement. The recent engagement which occurred between 19 November – 11 December 2020, in which community members were invited to participate in an online survey seeking opinions on the key elements of the LTFP – rates, debt, services and capital expenditure. The Community Engagement Feedback report in Attachment 2 provides detail of the engagement process and outcomes, and a full copy of the report compiled by Mint Research is included in Attachment 3.

Feedback from earlier community engagement which occurred in November 2019 has also been considered in updating the Long Term Financial Plan. Three face-to-face workshops, an online budget calculator and an online community survey were initially conducted to seek input on the development of the 2020–21 budget; however many responses received were identified as being more relevant to the LTFP. Within the short-term, such as an annual budget cycle, it can be difficult to influence the key settings (such as services and debt) as the financial impacts of these settings will take some time to be recognised. However, there is greater control of these settings within the LTFP, with the longer-term financial impacts of changes to these settings being recognised, as well as providing opportunities for community input.

The feedback from the community engagement in November 2019 that was deemed to be more applicable to the LTFP (rather than the annual budget) has informed the following key principles:

| Category | Summary of 2019 community feedback | LTFP principle |
|-----------------|---|--|
| Services | Requests for changes to services and increases in service levels | Key Principle 2: Council continues to deliver its current community services and asset maintenance, recognising that rigorous ongoing reviews will be undertaken to ensure efficiencies (including potential removal of duplicated services that are, or could be better delivered by other agencies, or cost shifting from other levels of government), value for money, and alignment to community expectations and needs, and that any savings will be redirected to improving services or maintenance, retiring debt, or such other purpose as may be determined by Council. |
| Services | Requests for review of services including finding efficiencies | |
| Projects | Needing to look at different ways of funding projects | Key Principle 6: Council changes the mix of funding for new and significant upgrade projects from 80:20 debt:rates funding mix to 60:40. Key Principle 7: Council completes existing approved major projects at the current 80:20 debt:rates funding mix, and as budget availability permits, commences limited new major projects within available funding at a 60:40 debt:rates funding mix. |
| Debt | Concern about the increasing levels of debt and ways to manage this | Key Principle 12: Adopt and implement a debt reduction strategy over the life of the LTFP. Key Principle 14: Adopt a dollar value debt ceiling. |
| Rates | When asked to rank a number of statements relating to the provision of services, projects and rates in order of priority, <i>keeping rates as low as possible</i> was ranked the least important compared to other statements | Key Principles 3: Costs are indexed in line with Consumer Price Index (CPI) to maintain existing services. |

Following endorsement of the key principles on 2 February 2021, final financial modelling was undertaken to determine the LTFP forecast for the 20 year plan that would deliver on these principles.

| Key Principle | LTFP outcome |
|----------------------|--|
| Key principle 1 | Budget returned to surplus by 2024–25 through additional savings targets. |
| Key principle 2 | Forecasts based on the continued provision of existing community services and asset maintenance (projections extrapolated from the current budget). |
| Key principle 3 | Recognising that rates may need to increase to continue to maintain services and maintenance, rate increases have been forecast at CPI. |
| Key principle 4 | Forecasts based on the delivery of all renewal and new & significant upgrade (NSU) projects on existing assets, as per the Strategic Asset Management Plan (SAMP) requirements. |
| Key principle 5 | The delivery of renewal and NSU projects on existing assets has been prioritised in preference to the delivery of new major projects, with only committed major projects included in the LTFP. |
| Key principle 6 | NSU projects are included in the model based on 60:40 debt:rates split. |
| Key principle 7 | Only existing committed major projects have been included in the LTFP, funded 80:20 debt:rates. New major projects can be approved by Council within available funding, and will be funded 60:40 debt:rates. |
| Key principle 8 | The LTFP includes stimulus funding already granted, with any future funding to be considered, along with its impacts, as awarded. |
| Key principle 9 | Growth has been based on prior years trend of 0.9%, with a portion of revenue generated from new rateable properties to be spent on servicing those new properties, and a portion to service debt. |
| Key principle 10 | Changes in debt:rate funding mixes for NSU and major projects has been included in the LTFP, aligned to key principles 6 and 7. |
| Key principle 11 | No new major projects have been included after the completion of existing committed projects, with Council decisions required to commence new major projects when funding is available. |
| Key principle 12 | A number of actions and strategies aimed at reducing debt have been included in the LTFP with a more holistic debt reduction strategy to be presented to Elected Members. |
| Key principle 13 | Further promotion to the community of how debt is used, potentially as part of the budget process. |
| Key principle 14 | Based on all the principles, the natural debt peak occurs at \$138.5m. This has been assumed as the ceiling. Any new major projects or other activities impacting debt should ensure this ceiling is not breached, unless it has been agreed by Council. |
| Key principle 15 | The LTFP has set future rate increases at CPI; however, as part of the annual budget process, additional rate increases for special purposes may be added, following consultation with the community. |
| Key principle 16 | Further promotion to the community of how rates are determined and used, potentially as part of the budget process. |

The committed major projects captured within the LTFP are those that have contracts or funding agreements in place, or works have commenced. These are:

- WM Hunt Landfill (investigations only)
- Christies Downs Renewal (Phase 1 only)
- Maslin Foreshore Coast Park (Phase 1 only)
- Witton Bluff Base Trail Coast Park
- Wilfred Taylor Reserve Masterplan Implementation (Phase 1 only)
- Wearing Street Arts and Aquatics Precinct
- Hackham South East Local Infrastructure Upgrade
- Aldinga Sports Park (Phase 1 only)
- ICT Reform
- Pt Noarlunga Sports Complex
- Knox Park.

Any new major projects approved after the date of the LTFP adoption will be funded based on the new principle of 60:40 debt:rates funding split.

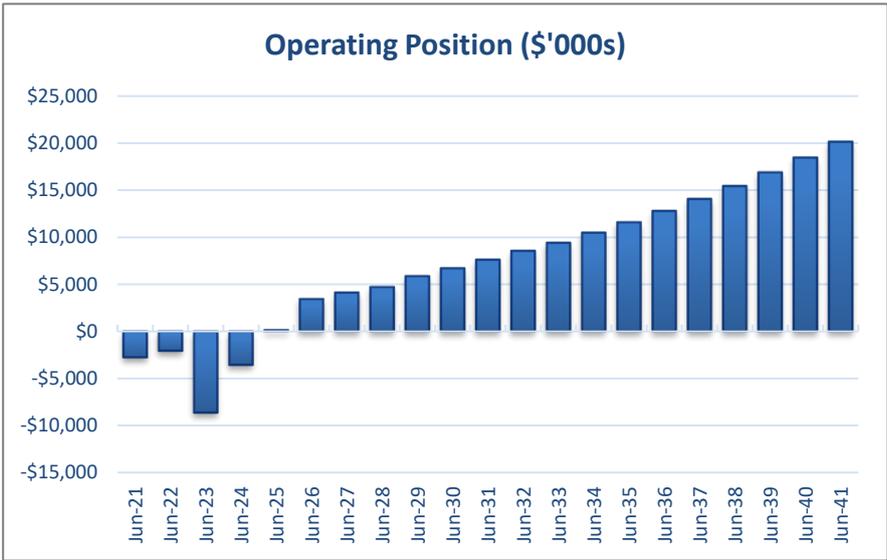
Attachment 1 contains the draft LTFP recommended for adoption, including financial statements and Key Financial Indicators (KFIs) for 10 years.

6. Financial implications

Scope of impact

The following charts illustrate the financial impact of the key principles as outlined above.

Chart 1: Operating Position

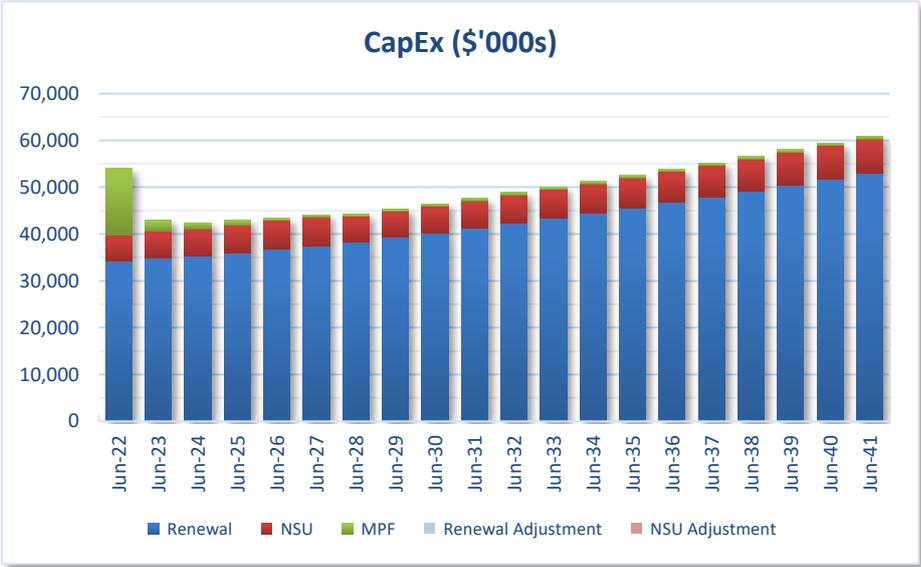


The forecast increased operating position in the later years provides capacity for Council to make decisions such as reducing rates to below CPI, increasing services or asset maintenance,

providing new services, or commencing new major projects. These decisions are not factored into the LTFP. Currently the LTFP assumes that debt is repaid from surpluses generated.

Whilst the above chart factors in \$1.4 million a year in savings to restore the operating position to surplus, it should also be noted that the June 21 and June 22 years contain stimulus funding, which temporarily improves the operating position and the June 23 year contains estimates for some known pressures such as, for example, the agreement for the detention of dogs and cats, increase in employee costs for the super guarantee and LSL, and allowance for council election costs.

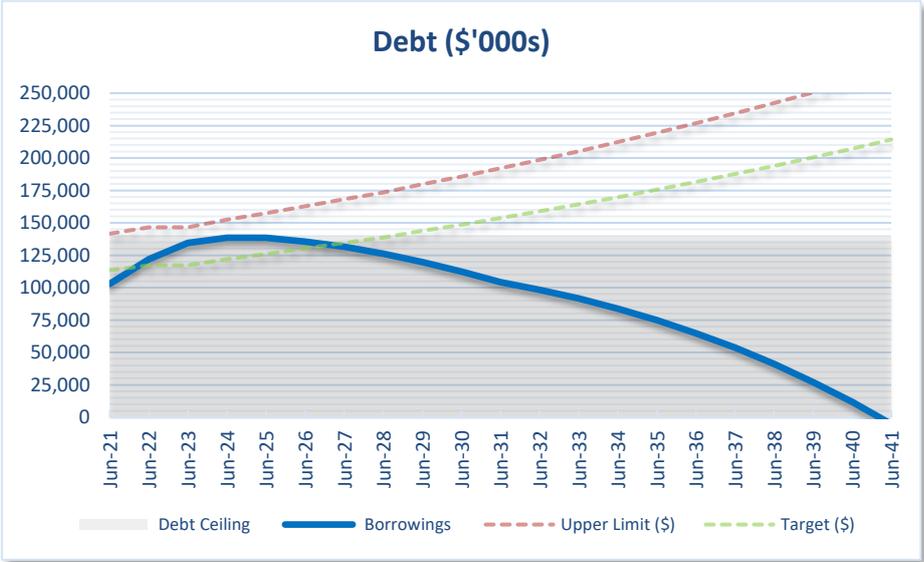
Chart 2: Capital Expenditure (Renewal, NSU and Major Projects)



The forecast capital expenditure comprises the following components:

- Renewal (shown in blue) – all asset renewal expenditure requirements as outlined in the SAMP to maintain our existing infrastructure has been included in the LTFP.
- New & Significant Upgrades (shown in red) – all asset new and significant upgrade expenditure requirements as outlined in the SAMP to maintain our existing infrastructure has been included in the LTFP.
- Major Projects (shown in green) – only existing committed major projects have been included in the LTFP. As Council develops financial capacity in the future, new major projects can be approved by Council to commence, taking into consideration the impacts on rates and debt.

Chart 3: Debt



Based on all the principles endorsed by SDC, the debt naturally peaks at \$138.5m. Therefore, Council, in approving the LTFP adopts this figure as the ceiling. Any new major projects or other activities impacting debt should ensure this ceiling is not breached, unless it has been agreed by Council in advance.

As per Chart 1, the LTFP assumes that debt is repaid from surpluses generated. The repayment of debt shown in the graph above will be impacted by future decisions relating to the following:

- Commencement of new major projects or additional NSU projects
- Funding of new or increased services (including maintenance), funded by rates
- Rate increases at less than CPI.

The red and green dotted lines in the above chart show the current policy settings for debt – an upper limit of 100% of annual rates revenue, targeting 80%. Upon adoption of the new LTFP, this policy setting will be replaced by the debt ceiling.

The below chart shows a comparison between the original 'baseline' position (assuming no changes to major projects, funding of NSU or additional savings to transition to a balanced budget), shown in green, and the LTFP position (shown in blue).

Chart 4: Comparison of projected debt levels

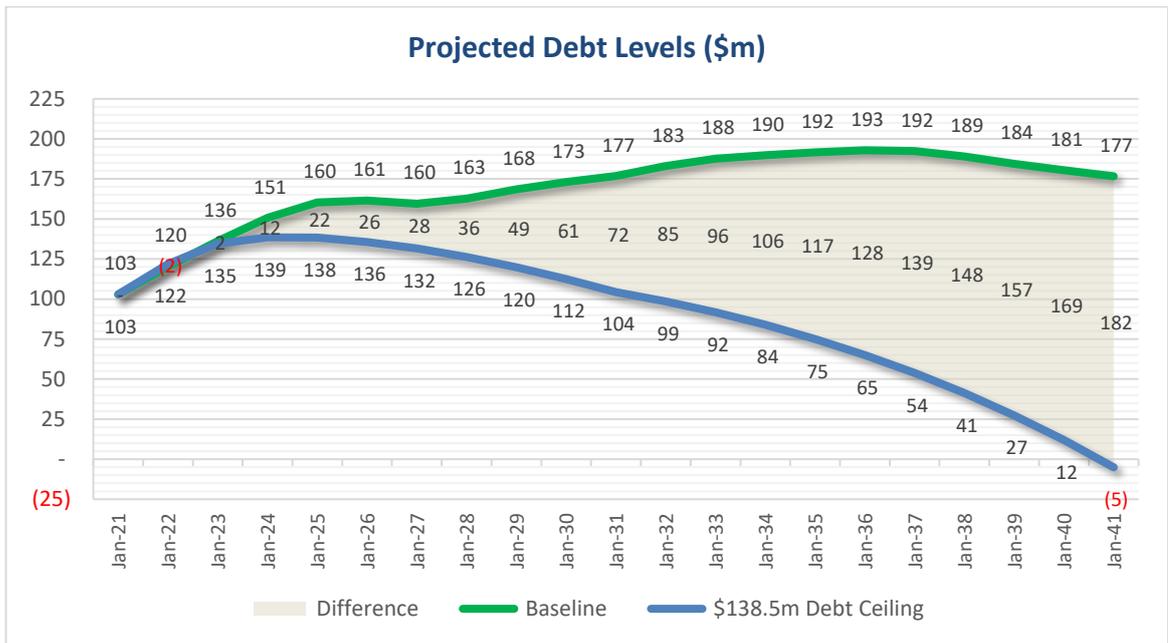
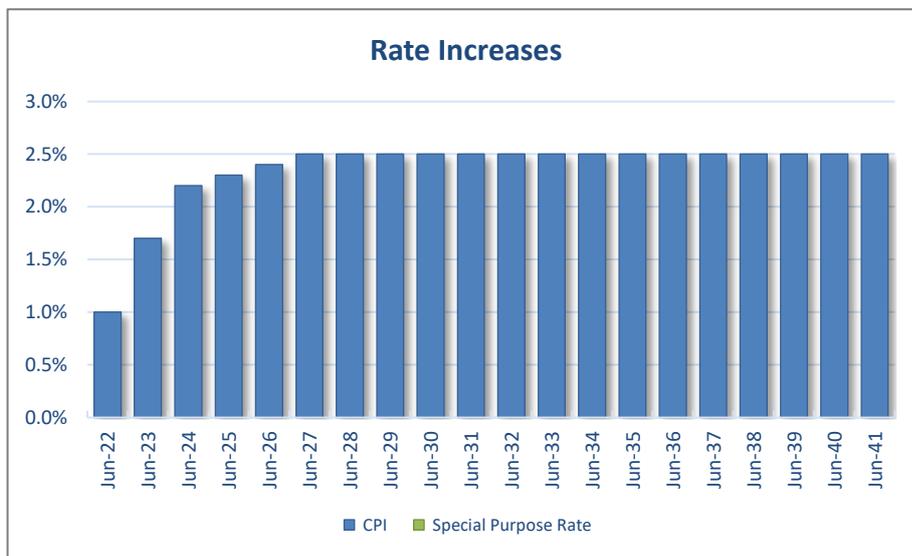


Chart 5: Rates



Rate increases have been set at CPI, based on forecasts provided by Deloitte Access Economics which start at 1% for 2021–22. From 2026–27, the Australian Government’s CPI target of 2.5% is used. Each year as part of the annual budget process, the most recent CPI figures for Adelaide will be used, and subsequent LTFPs updated accordingly.

It is noted that future CPI may, in fact, be different from the figures outlined above. It is considered, however, that as Council has committed to a principle of CPI-based rate increases, and that costs will roughly follow CPI (with some exceptions possible), the ultimate future rate position should largely balance out CPI cost increases in the model.

In other words, assuming Council remains disciplined in applying rate increases around the then-applicable CPI level, the model should track relatively smoothly in accordance with expectations.

As noted above, when Council returns to an operating surplus position, then as expected by the adopted principles, there may be freedom to deliver further new projects, provide enhanced or new services, and/or deliver reduced rates.

7. Risk and opportunity management

| Risk | |
|---|---|
| Identify | Mitigation |
| Failure to manage socio political risks in relation to rate increases, level of spending etc. | <p>Our financial planning strategies ensure that in developing the LTFP we recognise the pressures on our communities (their capacity to pay) and ensure we keep rate increases at a prudent and responsible level whilst managing service delivery.</p> <p>We also ensure our rate increases support our financial sustainability objectives and reflect our cost indices plus any pre-existing commitments and other identified cost pressures.</p> <p>We have also considered community engagement feedback which provides sentiment on what the community is willing to pay in exchange for services.</p> |
| Failure to maintain the long term financial sustainability of council in a manner that achieves intergenerational equity | <p>We are continuing to employ a strategic approach to our financial planning that is influenced by the current economic environment, the services we deliver, the assets we maintain, our financial position and the impacts on the organisation from internal and external factors.</p> <p>By employing a strategic approach we will continue to ensure our long term financial sustainability and intergenerational equity.</p> |
| Failure to adopt a long term financial plan within the legislative timeframes will constitute a breach under the <i>Local Government Act 1999</i> | Timeframes for the completion and adoption of the LTFP have been provided and are being managed to ensure compliance with the statutory deadline. |

| Opportunity | |
|--|--|
| Identify | Maximising the opportunity |
| Setting a long term financial plan that underpins how we deliver on our objectives in the Community Plan 2030 and Strategic Asset Management Plan assists with future planning and decision making | Aligning the LTFP to the Community Plan 2030 and the Strategic Asset Management Plan provides a financial framework in which strategic decision making can occur, helping to ensure that long term objectives sought by the community can be achieved in a financially sustainable manner. |

8. Timelines and deadlines

The comprehensive review of the LTFP must be undertaken by the end of February 2021.

9. Next steps

Following adoption of the LTFP, further feedback will be provided to the community engagement respondents who provided their contact details for updates, and the LTFP will be published on the City of Onkaparinga website.

10. Attachments

Attachment 1 – Long Term Financial Plan 2020-21 (31 pages)

Attachment 2 – Community Engagement Feedback Report (9 pages)

Attachment 3 – Long Term Financial Plan Community Consultation Survey (Mint Research Report) (36 pages)

- END OF REPORT -



LONG TERM FINANCIAL PLAN

2021-22 to 2030-31

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ABOUT THE CITY OF ONKAPARINGA

The City of Onkaparinga is home to more than 173,000 people living in urban and rural communities, making it the largest South Australian council by population. The city has 80,000 plus rateable properties, across 5 major categories, including residential, commercial and primary production.

The city is also the largest metropolitan council geographically in South Australia, extending over 518 square kilometres of diverse natural landscape including 31 kilometres of coastline, hills, vineyards, agricultural plains and national parks. The city benefits from many public open spaces and recreational areas, creative and cultural communities, and a unique variety of industrial areas, commercial precincts and community centres and facilities.

The city owns and maintains a diverse asset portfolio, worth approximately \$2.9 billion, which includes:

- 1,365km of sealed roads
- 2,480 land parcels
- 762 reserves (developed and undeveloped)
- 240 playgrounds
- 441 buildings (including some sport and active recreation facilities)
- 355 sporting and active recreation facilities

BACKGROUND

What is the LTFP and why do we have one?

The Long Term Financial Plan (LTFP) is a critical part of Council's financial planning process. It helps guide day-to-day and longer term decisions to maintain long term financial sustainability while meeting the needs and expectations of our communities in delivering Council's objectives (as specified in our Community Plan 2030, the Strategic Asset Management Plan, and related strategies).

The LTFP incorporates a number of financial reports and statements, as required under section 122 of the Local Government Act 1999 ('the Act') and related financial management regulations. It is a 20 year plan, with the first 10 years provided in the appendices (consistent with requirements of the Act).

Council is required by the Act to adopt a LTFP once every four years. However, each year the LTFP is reviewed and updated as part of Council's financial planning process. It is a key tool to assist with long-term decision making and forecasting whilst monitoring financial sustainability, and provides transparency to the community regarding Council's projected financial position.

Relationship of the LTFP to the Budget

The LTFP is a medium to long-term plan, projecting in financial terms the activities that Council proposes to undertake to achieve its objectives. It applies key principles and underlying assumptions to each year of the plan, with its main purpose being to guide and inform decision making, and to provide an insight into the financial sustainability of Council over the period of the plan.

The budget is a one year plan, adopted by Council annually. It is a shorter-term view of proposed annual expenditure and income required to deliver projects and services to

meet Council's objectives for the coming year. The budget is detailed and prescriptive, developed at the cost centre and project level, and incorporating known short-term impacts. Its main purpose is to allocate and manage resources, and to provide a tool to measure performance.

ALIGNMENT TO STRATEGIC PLANS

The LTFP is informed by key principles, which in turn were informed by the Community Plan, the Strategic Asset Management Plan (SAMP) & community feedback.

There has been significant input from the elected members through a series of elected member sessions, establishment of a Finance Working Group and involvement with the recent community engagement process (including design of the LTFP survey).

Community Plan 2030

The Community Plan 2030 sets the focus for Council, and is the lead document informing Council's strategic planning work, guiding strategic and operational decisions about services, assets, programs, advocacy and projects. It sets a vision for the future of our communities.

The Community Plan 2030 is supported by a number of other strategic plans and includes:

One Vision: strong, vibrant communities

Four Themes to help us organise our plan and support strategic planning processes:

- People
- Place
- Prosperity
- Performance

Eight Key Result Areas that describe broad areas for each action include:

- Our communities are connected, engaged and resilient
- Our communities are active and healthy
- Our city is green and inviting
- Our city is a great place to live

- Our economy benefits everyone
- Our region's natural environment is thriving
- Our communities trust council to deliver
- Our ratepayers receive strong returns for their rates

Sixteen Outcomes, derived from the 8 key result areas, describe what we aim to achieve with the plan and what success will look like. Five of these outcomes are highlighted as focus outcomes that need extra attention over the next four years:

- We connect people and the spaces they enjoy, including trails, open spaces and other places to be active
- We are leaders in the transition from recycling to a circular economy
- We champion our environment, reinforcing its strengths, regenerating its losses and protecting its vulnerabilities
- We are transparent and accountable, sharing information in clear, accessible and timely ways
- We efficiently and effectively deliver services, balancing cost, quality and responsiveness to community needs

The LTFP for 2020-21 has been developed in the context of delivering the outcomes as set out in the Community Plan 2030.

Strategic Asset Management Plan

The Strategic Asset Management Plan (SAMP) provides an overview of our assets, how they are performing, the service levels we provide, our asset goals and objectives, areas for improvement, and related financial projections. There are strong links between the goals and priorities highlighted in the Community Plan 2030, and those that are presented in the SAMP.

It is also critical that there is a strong alignment between the LTFP and the SAMP. The projections in the LTFP must align with the objectives and demands identified in the SAMP to ensure that sufficient budgets are allocated to achieve these objectives, but it's also important that if budget shortfalls, pressures or opportunities are identified, these are reflected in the SAMP.

Through the development of the LTFP, forecast capital expenditure has been reallocated between major asset categories in response to changes in service levels and other demands. Capital expenditure is split into two streams – renewal, and new and significant upgrades (which includes major projects), and these are funded differently. Each year as both the LTFP and asset plans for each asset class are updated, the changes will be mirrored in each respective plan.

COMMUNITY ENGAGEMENT

Under section 122(6) of the Act, a Council must ensure that members of the public are given a reasonable opportunity to be involved in the development and review of its strategic management plans, including the LTFP.

Previous community feedback provided has indicated that early engagement is preferred for issues of high strategic importance, and therefore an engagement plan was developed that centred on a community survey seeking opinions on the key elements of the LTFP – rates, debt, services and capital expenditure. Elected Members were actively engaged in the development of the questions asked in the survey. The community survey was opened to the public on 19 November 2020, and closed 11 December, meeting the statutory 21-day engagement period.

In addition to this consultation, community feedback from previous consultation processes, including engagement on the budget, the Annual Business Plan, and the Community Plan, also helped to inform the development of the LTFP, due to the nature of the feedback received relating more to the longer term.

CURRENT ECONOMIC ENVIRONMENT

Our financial strategies and resultant LTFP are influenced by the current economic environment, our financial position, and the impacts on the organisation from both internal and external factors.

The impact of the COVID-19 pandemic has had a devastating effect on the world's economy throughout 2020. Whilst Australia has been successful in keeping virus numbers mostly suppressed, the Australian economy experienced a recession¹, and given the unpredictability of the virus, it is unclear how long it will take to recover.

COVID-19 restrictions in some form are expected to either remain in place or be imposed at short notice, adding to uncertainty. This uncertainty will likely remain within the underlying economic environment that the entire country operates in until an effective vaccine is made widely available, and a broad degree of immunity is achieved throughout the population.

In the medium term, as the economy recovers, key indicators are expected to be suppressed or dampened, and possibly will be for some time (eg higher than usual unemployment, low inflation, wages growth and interest rates) as Australia and the world adapt to the "new normal" during the recovery phase.

The longer-term can expect to head back towards the federal government targets for all these indicators as households and businesses recover economically. The downturn in the tourism and hospitality sectors has affected our business community, requiring extra support as the local economy recovers.

¹ Business Outlook Report, September 2020 – Deloitte Access Economics

Deloitte Access Economics, in their quarterly Business Outlook Report, forecast that wage and price inflation, and interest rates will remain low until 2024 or beyond. Government decisions to stimulate the economy through additional funding for infrastructure will necessitate a flexible approach to our capital program, which may be supported by low interest rates.

We will continue to monitor and identify economic impacts on our financial performance and budgeting and account for these through our financial planning strategies while ensuring we continue to deliver services to our communities.

UNDERLYING ASSUMPTIONS

The LTFP includes a number of inputs and assumptions, over which Council has varying levels of control. Appendix 1 contains projections for key assumptions.

Assumptions with limited ability to influence

The LTFP recognises that there are matters over which Council has limited or no influence. These are listed below.

Indexation (CPI)

Projected annual CPI (the measure used by State and Federal governments) has been based on forecasts provided by Deloitte Access Economics, which start at 1% for the 2021-22 financial year. From 2026-27, the Australian Government's CPI target of 2.5%² is used. In local government, the retrospective Local Government Price Index (LGPI) is sometimes also used, however for the LTFP, this has been assumed at the same projected levels for CPI. Actual indexation rates will clearly vary over time, based on unknown future factors.

Interest rates

Interest rates are currently at an historic all-time low, with it possible that rates will increase over the ensuing 10-year period. Interest rates in the LTFP have been set at the existing loan agreement rates, with variable rates increasing in line with projections provided by Deloitte Access Economics.

Super guarantee

The super guarantee contribution is legislated to increase by 0.5% per annum from the current 9.5% to 12% by 1 July 2025. These

² Reserve Bank of Australia:
<https://www.rba.gov.au/education/resources/explainers/australias-inflation-target.html>

projections are incorporated into the forward estimates contained in the model.

Other assumptions

Other assumptions include allowances for known pressures, opportunities and risks (where quantifiable). The following represent some of the more material key assumptions.

Employee costs

Increases in employee costs reflect the current Enterprise Agreement, which expires 31 December 2021, with negotiation on the subsequent Enterprise Agreements commencing this year. Whilst future employee wage increases cannot be guaranteed, given the current economic conditions, CPI increases have been assumed for modelling purposes. Allowance has also been made for increases related to increment progression as per applicable Awards.

Asset rationalisation

Through the Open Space Strategic Management Plan and Community Facilities District Plan, Council has identified assets (land and buildings) surplus to need and has begun to consider how these may be rationalised over time to ensure that the city has the right infrastructure and facilities.

Where the asset is on community land, it must go through a statutory process, including community consultation, before Council can divest the asset. The LTFP assumes \$3m per year in net proceeds. During 2021, Council will formally adopt a policy on how the proceeds are to be utilised.

ICT Reform Project Savings

Council has recently resolved to reinforce its commitment to delivering \$8 million in savings from its ongoing ICT reform project. Accordingly, these savings have been built into the LTFP model, realised from 2023-24, and

trending to the full ongoing savings from 2025-26.

Council has received previous advice that these figures are considered highly ambitious, and are impossible to quantify or confirm at present. As the project continues, actual savings and efficiencies will be reported to the ICT Reform Project Steering Committee as they are realised, with reference back to the \$8 million commitment. This is likely to require revision of this assumption in the LTFP over time.

Growth

Over recent years, Council has experienced annual growth in the order of 0.9% new rateable properties. The city continues to grow and given the level of land still available for development in future years, the LTFP assumes an ongoing growth rate of 0.9%.

KEY FINANCIAL PRINCIPLES

The key principles of the LTFP provide guidance for future financial decisions including annual budget setting, and have been made giving consideration to future sustainability (both financial and other), and to the feedback received from the community. The key principles endorsed by Council underpin the assumptions and settings used in the LTFP financial forecasts.

Key Principles: General

1. Through the Long Term Financial Plan and annual budgeting process, Council addresses the current deficit position and transitions to a balanced budget over the next 4 years.

Council's budget is currently in a structural operating deficit position. Whilst deficits can at times be employed to achieve certain outcomes, they are not sustainable in the longer term. As such, council has recognised the need to balance the budget and return to an operating surplus.

Key Principles: Services

2. Council continues to deliver its current community services and asset maintenance, recognising that rigorous ongoing reviews will be undertaken to ensure efficiencies (including potential removal of duplicated services that are, or could be better delivered by other agencies, or cost shifting from other levels of government), value for money, and alignment to community expectations and needs, and that any savings will be redirected to improving services or maintenance, retiring debt, or such other purpose as may be determined by Council.

The community feedback indicated that maintaining existing services and asset maintenance in an efficient manner should be a high priority for Council. There was little or no indication that council should cease any services currently being provided.

3. Costs are indexed in line with Consumer Price Index (CPI) to maintain existing services.

Feedback suggested that the community recognised that in order to maintain current services and asset maintenance, costs may need to increase.

Key Principles: Projects

4. Incorporate the asset renewal requirements, and associated expenditure, as outlined in the Strategic Asset Management Plan, in order to maintain existing infrastructure to an appropriate standard.

5. Council focuses on upgrades and extensions to existing infrastructure in preference to undertaking new major projects.

6. Council changes the mix of funding for new and significant upgrade projects from 80:20 debt:rates funding mix to 60:40.

7. Council completes existing approved major projects at the current 80:20 debt:rates funding mix, and as budget availability permits, commences limited new major projects within available funding at a 60:40 debt:rates funding mix.

The community feedback noted that council's priority should be on maintaining and upgrading existing infrastructure.

Additionally, new projects are not considered as important as maintaining our existing infrastructure.

Previous community engagement suggested looking at different ways to fund projects.

8. Council capitalises on stimulus funding with a focus on projects related to existing infrastructure, recognising the potential need for increased borrowings in order to respond to stimulus funding opportunities.

Feedback from the community suggested that now is a good time to undertake projects, given the current low interest rate environment, and the need to assist economic recovery due to the impacts of COVID-19.

9. Council uses growth funds to support and guide decision making in relation to the level of future borrowings required to fund new projects, in conjunction with any limit on borrowings to provide the right infrastructure as the city grows and changes.

The community recognised that as our population and city grows, we need to have the right infrastructure in place. This means building new infrastructure in addition to ensuring existing facilities and infrastructure are fit for purpose and meets community needs and expectations.

Key Principles: Debt

10. Borrow for projects on the following bases:

- **Change the mix of funding for new and significant upgrade projects from the current 80:20 debt:rates funding mix to 60:40**

- **Complete existing major projects at the current 80:20 debt:rates funding mix**
- **Start new major projects, within available funding limits, at a 60:40 debt:rates funding mix**

Community feedback supported the notion that now is a good time to borrow to undertake projects given low interest rates. Previous feedback also suggested that Council consider different ways to fund projects.

Adopting a 60:40 debt:rates funding mix (compared to the 80:20 split as per the previous project funding policy) reduces the reliance on debt to deliver projects and also constrains the level of expenditure available to undertake new and major projects. This setting slows down borrowing, requires more scrutiny on decisions (for example, 40% to be funded from rates puts pressure on rate rises in any given year) and slows down future project initiation.

11. Adjust new major projects to align expenditure to available funding

12. Adopt and implement a debt reduction strategy over the life of the LTFP

A higher proportion of the community supported maintaining current debt (noting that a proportion of survey respondents supported increasing debt and a similar proportion wanted to reduce debt). Major projects are a significant contributor to debt levels.

13. Improve transparency and flow of information in response to community feedback about how debt is used

About a fifth of survey respondents said that they knew a lot about Council debt, however the majority of respondents stated that they had little to no understanding.

14. Adopt a dollar value debt ceiling.

A higher proportion of respondents in the recent engagement supported maintaining current debt and feedback from previous engagements expressed concern over increasing debt levels.

Key Principles: Rates

15. New or enhanced services, assets or maintenance requiring an increase in costs are to be funded from rate increases as required after consultation with the community. Such rate increases may potentially be managed by establishing a specific purpose fund providing transparency around expenditure

Whilst the community recognised that costs may need to increase to maintain existing services and asset maintenance, there was an indication that the community would consider an increase in rates for specific purposes, so long as there was line of sight on how the money was spent.

16. Improve transparency and flow of information in response to community feedback about how rates are spent

A third of survey respondents considered themselves well informed about rates (how they are used and how they are calculated), however the majority responded that they had little to no understanding.

KEY FINANCIAL STRATEGIES

The key strategies that relate to the Key Principles adopted by council are detailed in this section. It is not intended to address all the components included in the financial plan.

Balanced Budget

Rates in the last 3 years have increased less than the costs to maintain existing services, including a one-off zero per cent rate increase in 2020-21 to address COVID-19 impacts. This has had a compounding effect of reducing rate revenue overall relative to costs which has resulted in operating deficit of \$5.9m for the 2020-21 annual budget.

Council has resolved to return to an operating surplus by 2024-25, through additional savings. This requires the identification and realisation of an additional \$1.4m savings per year for the next 4 years.

Services

Council will continue to deliver existing services and asset maintenance whilst undertaking regular service reviews through a 4-year program which considers all services across the organisation.

Additionally, the LTFP assumes that Council will not cease any existing services, subject to the outcomes of Council's ongoing Organisational Effectiveness program, which includes a functional and service review process aimed at evaluating the relative cost/benefit of all Council functions.

New or enhanced services will only be provided if funded through savings or, as part of the annual budgeting process, an additional rate increase for the specific purpose, following consultation with the community. To provide line of sight, any revenue raised in this manner

will be expended through its own transparent fund.

Projects

Council recognises that the goals and objectives of the Strategic Asset Management Plan (SAMP) guide the delivery of renewal and new projects.

Council has resolved that, where funding is constrained, the priority will be on renewing, upgrading and extending existing infrastructure in preference to undertaking new major projects.

Council will complete existing committed major projects and will only start new major projects when funding is available.

Within the context of the agreed Key Principles, Council will take a flexible approach to undertaking projects through stimulus and other grant funding, and other opportunities, considering the financial impacts on a case by case basis.

Revenue from growth will be utilised to deliver new assets and upgrade and extend existing assets, to ensure the right infrastructure and facilities (fit for purpose) are in place to meet the needs of the community as the city grows and changes. About 70% of growth revenue is used to service new debt with the remaining portion spent on servicing the new properties.

Debt

Council has resolved to adopt a new project funding policy. Previously, all new projects were funded using 80% debt and 20% rate revenue. The new policy adopts the following debt:rates funding split:

- All renewal projects are 100% funded from rates (unchanged)
- Existing committed major projects are funded on an 80:20 debt:rates split (unchanged)

- New and significant upgrade projects are funded on a 60:40 debt:rates split
- New major projects will be funded on a 60:40 debt:rates split

Council has also adopted a new debt limit policy. The previous position had an upper limit of 100% of annual rates revenue, targeting 80%, where debt was projected to grow as rate revenue grew. This has been replaced by introducing a debt ceiling of \$138.5m, which is based on completing all currently committed projects. However, in order to provide flexibility to respond to opportunities, the ceiling can be adjusted via Council resolution.

Council has committed to providing more information to the community to assist in further understanding how council uses debt.

Debt Management Strategy

A number of actions and strategies aimed at reducing debt are already included in the LTFP. Council will develop a more integrated debt reduction strategy that will be shared publicly.

Rates

To maintain existing services and asset maintenance, Council has adopted rate increases equivalent to CPI.

It should be noted that as part of the annual budget process, Council can apply additional rate increases for special purposes, following consultation with the community, managed through special funds to track how the money will be spent.

Council has committed to providing more information to the community to assist in further understanding how rates are calculated and used.

KEY FINANCIAL INDICATORS

Council has adopted a suite of Key Financial Indicators (KFIs) that are primarily based on those included in the Model Financial Statements and those recommended by the Local Government Association and Local Government Financial Managers Group as appropriate for measuring financial sustainability in the context of Local Government.

Additional measures for Debt Servicing and Level of Borrowings have been developed based on best practice financial management principles and an indicator of Council's liquidity has also been included.

Council has adopted targets for each of these KFIs. The KFIs, targets and forecast results are summarised in Appendix 2.

| Key Financial Indicator | Target | Jun-22 | Jun-23 | Jun-24 | Jun-25 | Jun-26 | Jun-27 | Jun-28 | Jun-29 | Jun-30 | Jun-31 |
|---------------------------------|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Operating Surplus Ratio | >0% | -1.1% | -4.8% | -1.9% | 0.1% | 1.8% | 2.0% | 2.3% | 2.8% | 3.0% | 3.4% |
| Level of borrowings | <100% | 67.4% | 75.5% | 75.0% | 72.9% | 69.2% | 65.3% | 60.9% | 55.9% | 51.0% | 45.9% |
| Net financial liabilities ratio | <100% | 86.4% | 94.8% | 93.7% | 91.0% | 86.8% | 82.4% | 77.5% | 72.0% | 66.5% | 61.0% |
| Interest cover ratio | <5% | 1.8% | 1.9% | 1.9% | 2.1% | 2.0% | 1.8% | 1.6% | 1.4% | 1.3% | 1.2% |
| Debt servicing | >3% & <10% | 4.8% | 3.6% | 2.6% | 2.9% | 5.3% | 5.3% | 1.9% | 1.7% | 1.6% | 1.4% |
| Asset sustainability ratio | >90% & <110% | 94.1% | 93.5% | 92.0% | 91.6% | 91.6% | 90.7% | 90.7% | 90.7% | 90.7% | 90.7% |
| Asset consumption ratio | >40% & <80% | 74.1% | 73.5% | 72.8% | 72.3% | 71.7% | 71.2% | 70.8% | 70.3% | 69.9% | 69.5% |

Appendix 1: Underlying Assumptions

| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | Jun-22 | Jun-23 | Jun-24 | Jun-25 | Jun-26 | Jun-27 | Jun-28 | Jun-29 | Jun-30 | Jun-31 |
| CPI | = Deloitte forecast then Aus Govt Target CPI | 1.00% | 1.70% | 2.20% | 2.30% | 2.40% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| LGPI | = CPI | 1.00% | 1.70% | 2.20% | 2.30% | 2.40% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| Interest Rates (CADs) | | 2.05% | 2.05% | 2.15% | 2.55% | 2.55% | 2.55% | 2.55% | 2.55% | 2.55% | 2.55% |
| Interest Rates (weighted average of all loans) | = weighted average of loans | 2.55% | 2.41% | 2.48% | 2.85% | 2.71% | 2.55% | 2.55% | 2.55% | 2.55% | 2.55% |
| Growth | | 0.90% | 0.90% | 0.90% | 0.90% | 0.90% | 0.90% | 0.90% | 0.90% | 0.90% | 0.90% |
| Asset Revaluation | = LGPI | 1.00% | 1.70% | 2.20% | 2.30% | 2.40% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| General Rates (excluding Growth) | calculated | 1.00% | 1.70% | 2.20% | 2.30% | 2.40% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| CWMS | = CPI | 1.00% | 1.70% | 2.20% | 2.30% | 2.40% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| Non-rate Revenue | = LGPI | 1.00% | 1.70% | 2.20% | 2.30% | 2.40% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| Employee Costs | = EA, then CPI plus step changes | 1.50% | 2.20% | 2.70% | 2.80% | 2.75% | 2.85% | 2.85% | 2.85% | 2.85% | 2.85% |
| Contracts | = LGPI | 1.00% | 1.70% | 2.20% | 2.30% | 2.40% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| Materials | = CPI | 1.00% | 1.70% | 2.20% | 2.30% | 2.40% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| Depreciation | = Asset Revaluation index | 1.00% | 1.70% | 2.20% | 2.30% | 2.40% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| Other | = CPI | 1.00% | 1.70% | 2.20% | 2.30% | 2.40% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |

Appendix 2: Key Financial Indicators

Indicator 1: Operating Surplus Ratio (LGA)

Description: the Operating Surplus is the difference between day to day income and expenses. The Operating Surplus ratio measures the percentage that total income varies from day to day expenses. Additionally, we also measure the Operating Surplus against Rate Revenue (blue line) which is our largest source of controllable revenue.

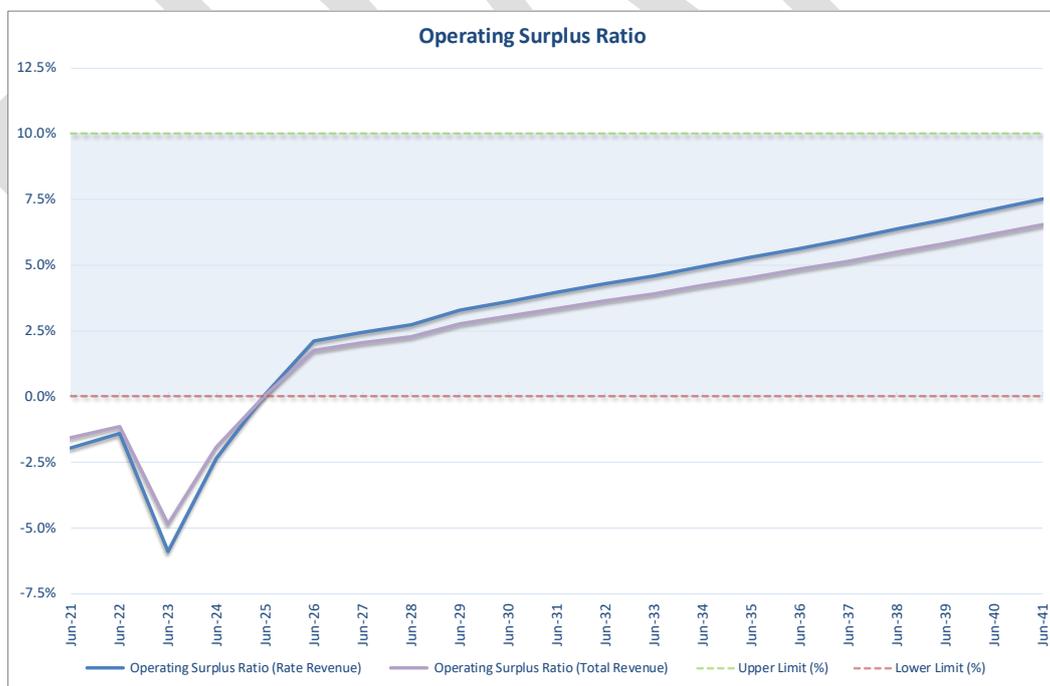
How the ratio is calculated: Operating Surplus (total operating revenue less total operating expenses) expressed as a percentage over total operating revenue (or rate revenue).

Target: an Operating Surplus ratio of between 0 and 10 per cent.

Implications: a negative result indicates living beyond your means and requires other funding sources for day to day operations. Too high a positive result indicates that the community is potentially being over rated, unless this has resulted from a deliberate decision for a particular purpose. Ideally over time Council targets a break even position.

Household analogy: if a household spends more than the income it earns, it is likely using debt and/or equity in the home to fund living expenses – this is not sustainable in the long term.

What do the current projections say: the first four years indicate the current structural deficit position and the strategy, through savings, to return to surplus. Beyond this, with the balance of expenses and revenue back in balance, surpluses are generated. The surpluses can then be used to address matters such as a reduction in rates, permanently paying back debt, adding or enhancing services or some other purpose as determined by Council.



Appendix 2: Key Financial Indicators

Indicator 2: Net Financial Liabilities Ratio (LGA)

Description: Net Financial Liabilities are what is owed to others less (net of) money already on hand or is owed. The Net Financial Liabilities ratio measures how significant the net amount owed is compared with income.

How the ratio is calculated: Net Financial Liabilities (liabilities less cash at bank, receivables and financial assets) as a percentage of total operating revenue.

Target: the Net Financial Liabilities ratio will not exceed 100 per cent.

Implication: growth Councils can expect to have a ratio greater than 0, until such time as it stops growing, due to the need to utilise borrowings to fund infrastructure and maintain intergenerational equity. Most growth councils have ratios in excess of 100%, with many in the high 100% during periods of high growth. A ratio above 100% exceeds Council's preferred target.

Home analogy: a household with income of \$66k (the average household earnings in Greater Adelaide) and a mortgage of say, \$345k (median for Greater Adelaide), produces a Net Financial Liabilities ratio of 522%.

What do the current projections say: in the short term, as Council completes existing committed major and other new or upgrade projects, Council's debt (the key driver behind net financial liabilities) peaks. Savings to achieve a surplus position in 4 years, matched with CPI rate increases, contribute to generating surpluses which begin to allow debt to be repaid. This assumes no new major projects beyond the current committed projects and that surpluses are used to repay debt. Should Council resolve to undertake new projects, reduce rates or direct surpluses to other purposes, then the net financial liabilities ratio can be expected to be higher.



Appendix 2: Key Financial Indicators

Indicator 3: Interest Cover Ratio (CoO)

Description: the Interest Cover ratio measures how much income is used to pay interest on loans.

How the ratio is calculated: finance charges (interest), as a percentage of total operating revenue.

Target: the Interest Cover ratio will not exceed 5 per cent.

Implication: as a Council grows and requires borrowings, a ratio of $> 0\%$ can be expected. Once a council fully matures and has a reduced need for new infrastructure, and has repaid its borrowings, this ratio will be equal to 0% .

Home analogy: a household with debt of \$345k and annual interest of say, \$13,800 (calculated at 4.0% per annum) with a household income of \$66k will produce a ratio of 20.9%.

What do the current projections say: the ratio reflects the level of debt, which drives the interest expense, for any given period.



Appendix 2: Key Financial Indicators

Indicator 4: Level of Borrowings (CoO)

Description: not an LGA indicator but, as a growth council with community concern around debt levels, it is important to monitor the level of borrowings. It considers the level of debt from a traditional security standpoint, against total revenue. Given that Council's debt is secured against its rate revenue, we also include borrowings as a percentage against rate revenue.

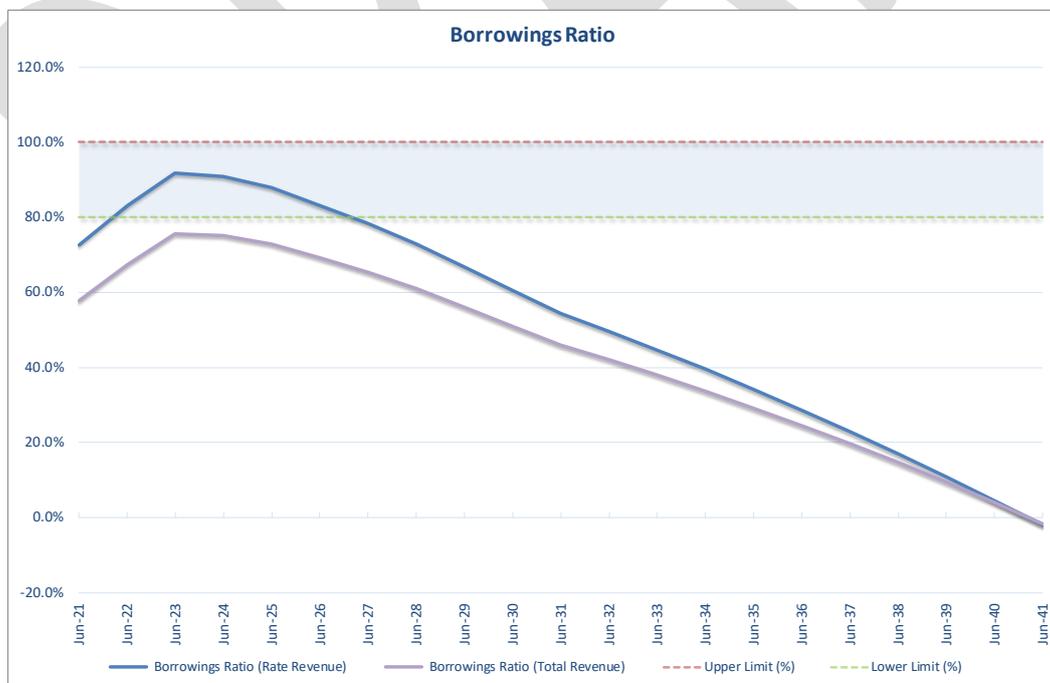
How the ratio is calculated: total borrowings as a percentage of revenue (the purple line reflects total revenue).

Target: the previous target of an upper limit of 100 per cent of rate revenue with a target range between 80 percent and 100 percent is shown below however Council now has a hard dollar value limit of \$138.5m which is incorporated below.

Implication: in order to provide new infrastructure for growth, councils will from time to time require prudent debt, which assists in maintaining inter-generational equity by seeking to neither burden current nor future generations. Too much debt long term is not sustainable as this will divert a higher proportion of revenue towards debt servicing.

Home analogy: a household with debt of \$345k and a household income of \$66k will produce a ratio of 522%. If debt is too high, households will struggle to service the debt with interest costs forming too large a part of the household budget, and in the worst case, will not be able to repay debt at all.

What do the current projections say: the short term reflects completion of committed projects, which see Council's debt peak at \$138.5m. Savings matched with CPI rate increases, generate surpluses which debt to be repaid. Should Council resolve to undertake new projects the borrowings ratio can be expected to be higher.



Appendix 2: Key Financial Indicators

Indicator 5: Debt Servicing (CoO)

Description: Not an LGA indicator however, as a growth council that utilises debt, this ratio measures the proportion of total operating revenue required to service debt.

How the ratio is calculated: total cost of servicing debt (principal and interest repayments) as a percentage of total operating revenue.

Target: total debt servicing will be below an upper debt servicing limit of 10 percent of rate revenue and above a lower limit of 3 per cent of rate revenue.

Implication: if the ratio is too high, then too much of rate revenue is being used to service debt instead of being used to provide services to the community

Home analogy: if the amount of household income required to service debt is too high, forming a large a part of the household's outgoings, there is less income available to use for other purposes.

What do the current projections say: in the short term, as fixed term debt (with balloon payments) is retired, the level of debt servicing spikes but is still well within the adopted limits. As refinancing of fixed debt occurs at lower levels (with no balloon payments), the level of debt servicing reduces significantly, freeing up revenue for other purposes.



Appendix 2: Key Financial Indicators

Indicator 6: Asset Sustainability Ratio (CoO)

Description: this ratio has been adjusted by using depreciation as a proxy of required renewal expenditure and measures if assets are being replaced at the rate they are being utilised.

How the ratio is calculated: total expenditure on renewal expressed as a percentage of depreciation.

Target: expenditure on renewal of assets will be greater than 90 per cent but less than 110 per cent of depreciation (the proxy for required expenditure to maintain assets)

Implication: a ratio < 100% means that there is not enough investment in existing assets to maintain them, which is not sustainable long term, with assets likely being rundown. If the ratio is too high over the long term, assets will end up being “gold plated”.

Home analogy: not applicable as households do not use depreciation.

What do the current projections say: expenditure is within the target range, and reflects spending to counteract minor underinvestment in previous years.



Appendix 2: Key Financial Indicators

Indicator 7: Asset Consumption Ratio (CoO)

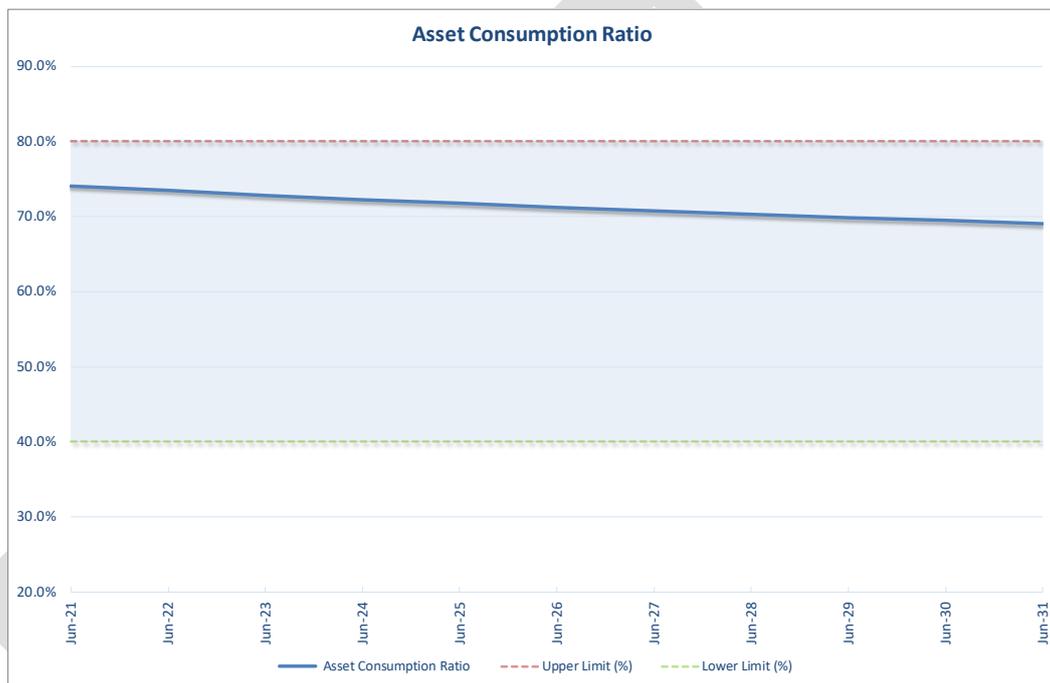
Description: measures the average proportion of 'as new condition' left in assets

How the ratio is calculated: carrying value of infrastructure, property, plant and equipment, less land, expressed as a percentage of 'as new value' (adding back accumulated depreciation).

Target: an asset consumption ratio between 40 per cent and 80 per cent at any point in the target period.

Home analogy: not applicable.

What do the current projections say: projections suggest we are maintaining our assets as expected.



Appendix 3: Financial Statements

| FUNDING STATEMENT | | | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
| Forecast as at BR1 | | | | | | | | | | | |
| Operating activities | | | | | | | | | | | |
| Income | | | | | | | | | | | |
| Rates revenues | 141,659 | 146,594 | 146,478 | 152,552 | 157,451 | 162,815 | 168,171 | 173,465 | 179,719 | 185,792 | 192,071 |
| Statutory charges | 3,548 | 3,582 | 3,643 | 3,724 | 3,809 | 3,900 | 3,998 | 4,098 | 4,200 | 4,306 | 4,413 |
| User charges | 7,541 | 7,616 | 7,746 | 7,916 | 8,098 | 8,293 | 8,500 | 8,713 | 8,930 | 9,155 | 9,382 |
| Grants, subsidies and contributions | 23,039 | 20,694 | 17,748 | 17,836 | 17,926 | 18,015 | 18,105 | 18,196 | 18,287 | 18,378 | 18,470 |
| Investment income | 53 | 54 | 54 | 56 | 57 | 58 | 60 | 61 | 63 | 64 | 66 |
| Reimbursements | 1,498 | 1,513 | 1,539 | 1,573 | 1,609 | 1,647 | 1,688 | 1,731 | 1,774 | 1,818 | 1,864 |
| Other income | 830 | 838 | 853 | 871 | 891 | 913 | 936 | 959 | 983 | 1,007 | 1,033 |
| Share of operating profit from equity accounted investees | - | - | - | - | - | - | - | - | - | - | - |
| Total income | 178,167 | 180,891 | 178,061 | 184,528 | 189,841 | 195,641 | 201,458 | 207,223 | 213,956 | 220,520 | 227,299 |
| Expenditure | | | | | | | | | | | |
| Employee costs | 70,646 | 70,964 | 73,397 | 74,841 | 75,986 | 77,096 | 79,513 | 82,007 | 84,579 | 87,233 | 89,971 |
| Contracts | 46,410 | 46,349 | 46,044 | 44,381 | 42,697 | 42,387 | 43,578 | 44,805 | 46,065 | 47,363 | 48,698 |
| Materials | 11,989 | 12,135 | 12,420 | 12,773 | 13,149 | 13,550 | 13,977 | 14,417 | 14,872 | 15,341 | 15,825 |
| Depreciation | 35,265 | 36,429 | 37,123 | 37,986 | 38,897 | 39,857 | 40,873 | 41,899 | 42,952 | 44,030 | 45,136 |
| Finance costs | 2,948 | 3,257 | 3,355 | 3,440 | 3,962 | 3,938 | 3,638 | 3,217 | 3,051 | 2,866 | 2,658 |
| Other expenses | 13,677 | 13,814 | 14,354 | 14,669 | 15,007 | 15,367 | 15,751 | 16,145 | 16,549 | 16,962 | 17,386 |
| Total expenses | 180,935 | 182,948 | 186,693 | 188,090 | 189,698 | 192,195 | 197,330 | 202,490 | 208,068 | 213,795 | 219,674 |
| Operating surplus / (deficit) | (2,768) | (2,057) | (8,632) | (3,562) | 143 | 3,446 | 4,128 | 4,733 | 5,888 | 6,725 | 7,625 |
| Capital projects | | | | | | | | | | | |
| Renewal | | | | | | | | | | | |
| Project expenses | 33,653 | 34,265 | 34,704 | 34,948 | 35,646 | 36,501 | 37,079 | 38,006 | 38,956 | 39,930 | 40,928 |
| Less: | | | | | | | | | | | |
| Other income | 1,186 | - | - | - | - | - | - | - | - | - | - |
| Net renewal expense | 32,467 | 34,265 | 34,704 | 34,948 | 35,646 | 36,501 | 37,079 | 38,006 | 38,956 | 39,930 | 40,928 |
| New and Significant Upgrades | | | | | | | | | | | |
| Project expenses | 33,091 | 19,736 | 7,965 | 7,022 | 6,982 | 6,485 | 6,647 | 5,841 | 5,987 | 6,137 | 6,290 |
| Less: | | | | | | | | | | | |
| Grants, subsidies and contributions | 11,643 | 2,842 | 132 | 1,050 | 1,005 | - | - | - | - | - | - |
| Developer contributions | 748 | - | - | - | - | - | - | - | - | - | - |
| Other income | - | - | - | - | - | - | - | - | - | - | - |
| Net new and significant upgrade expense | 20,700 | 16,894 | 7,833 | 5,972 | 5,977 | 6,485 | 6,647 | 5,841 | 5,987 | 6,137 | 6,290 |
| Capital Project Expenditure | 53,167 | 51,159 | 42,537 | 40,920 | 41,623 | 42,986 | 43,726 | 43,847 | 44,943 | 46,067 | 47,218 |

Appendix 3: Financial Statements

| FUNDING STATEMENT | | | | | | | | | | | |
|--|---------------|----------------|---------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
| Forecast Budget BR1 | | | | | | | | | | | |
| Other | | | | | | | | | | | |
| Loans | | | | | | | | | | | |
| New loans | 15,732 | 21,723 | 13,909 | 5,282 | 3,586 | 3,891 | 3,988 | 3,505 | 3,592 | 3,682 | 3,774 |
| Less: | | | | | | | | | | | |
| Loan principal repayments | 4,278 | 2,768 | 1,248 | 1,326 | 3,645 | 6,841 | 7,887 | 8,904 | 10,094 | 10,965 | 11,902 |
| Net loan movement | 11,454 | 18,955 | 12,661 | 3,956 | (59) | (2,950) | (3,899) | (5,399) | (6,502) | (7,283) | (8,128) |
| Reserves | | | | | | | | | | | |
| Transfer from reserves | 23,301 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Less: | | | | | | | | | | | |
| Transfer to reserves | 14,086 | 5,168 | 1,615 | 460 | 358 | 367 | 376 | 386 | 395 | 405 | 415 |
| Net reserve movement | 9,215 | (2,168) | 1,385 | 2,540 | 2,642 | 2,633 | 2,624 | 2,614 | 2,605 | 2,595 | 2,585 |
| Adjust: | | | | | | | | | | | |
| Depreciation - included in operating result, funded by renewal | 35,265 | 36,429 | 37,123 | 37,986 | 38,897 | 39,857 | 40,873 | 41,899 | 42,952 | 44,030 | 45,136 |
| Funding Surplus / (deficit) | - | - | - | - | - | - | - | - | - | - | - |
| Grand Total Income | 230,777 | 208,456 | 195,102 | 193,860 | 197,432 | 202,532 | 208,446 | 213,728 | 220,548 | 227,202 | 234,073 |
| Grand Total Expense | 230,777 | 208,456 | 195,102 | 193,860 | 197,432 | 202,532 | 208,446 | 213,728 | 220,548 | 227,202 | 234,073 |
| Funding Surplus / (deficit) | - | - | - | - | - | - | - | - | - | - | - |

Appendix 3: Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

| | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Forecast Budget BR1 | | | | | | | | | | | |
| Operating income | | | | | | | | | | | |
| Rates | 141,659 | 146,594 | 146,478 | 152,552 | 157,451 | 162,815 | 168,171 | 173,465 | 179,719 | 185,792 | 192,071 |
| Statutory charges | 3,548 | 3,582 | 3,643 | 3,724 | 3,809 | 3,900 | 3,998 | 4,098 | 4,200 | 4,306 | 4,413 |
| User charges | 7,541 | 7,616 | 7,746 | 7,916 | 8,098 | 8,293 | 8,500 | 8,713 | 8,930 | 9,155 | 9,382 |
| Grants, subsidies and contributions | 23,039 | 20,694 | 17,748 | 17,836 | 17,926 | 18,015 | 18,105 | 18,196 | 18,287 | 18,378 | 18,470 |
| Investment income | 53 | 54 | 54 | 56 | 57 | 58 | 60 | 61 | 63 | 64 | 66 |
| Reimbursements | 1,498 | 1,513 | 1,539 | 1,573 | 1,609 | 1,647 | 1,688 | 1,731 | 1,774 | 1,818 | 1,864 |
| Other income | 830 | 838 | 853 | 871 | 891 | 913 | 936 | 959 | 983 | 1,007 | 1,033 |
| Net gain - joint ventures and associates | - | - | - | - | - | - | - | - | - | - | - |
| Total operating income | 178,167 | 180,891 | 178,061 | 184,528 | 189,841 | 195,641 | 201,458 | 207,223 | 213,956 | 220,520 | 227,299 |
| Operating expenses | | | | | | | | | | | |
| Employee costs | 70,646 | 70,964 | 73,397 | 74,841 | 75,986 | 77,096 | 79,513 | 82,007 | 84,579 | 87,233 | 89,971 |
| Materials, contracts and other expenses | 72,076 | 72,298 | 72,818 | 71,823 | 70,853 | 71,304 | 73,306 | 75,367 | 77,486 | 79,666 | 81,909 |
| Finance costs | 2,948 | 3,257 | 3,355 | 3,440 | 3,962 | 3,938 | 3,638 | 3,217 | 3,051 | 2,866 | 2,658 |
| Depreciation | 35,265 | 36,429 | 37,123 | 37,986 | 38,897 | 39,857 | 40,873 | 41,899 | 42,952 | 44,030 | 45,136 |
| Total operating expenses | 180,935 | 182,948 | 186,693 | 188,090 | 189,698 | 192,195 | 197,330 | 202,490 | 208,068 | 213,795 | 219,674 |
| Operating surplus/(deficit) before capital amounts | (2,768) | (2,057) | (8,632) | (3,562) | 143 | 3,446 | 4,128 | 4,733 | 5,888 | 6,725 | 7,625 |
| Capital income | | | | | | | | | | | |
| Amounts received specifically for new or upgraded assets | 12,391 | 2,842 | 132 | 1,050 | 1,005 | - | - | - | - | - | - |
| Physical resources received free of charge | 5,854 | 5,800 | 5,800 | 5,800 | 5,800 | 5,800 | 5,800 | 5,800 | 5,800 | 5,800 | 5,800 |
| Net surplus/(deficit) | 15,477 | 6,585 | (2,700) | 3,288 | 6,948 | 9,246 | 9,928 | 10,533 | 11,688 | 12,525 | 13,425 |
| Other comprehensive income | | | | | | | | | | | |
| Changes in revaluation surplus - infrastructure, property, plant and equipment | 24,504 | 23,011 | 39,653 | 52,209 | 55,621 | 59,388 | 63,347 | 64,908 | 66,566 | 68,235 | 69,951 |
| Non-operating items - joint ventures and associates | - | - | - | - | - | - | - | - | - | - | - |
| Total other comprehensive income | 24,504 | 23,011 | 39,653 | 52,209 | 55,621 | 59,388 | 63,347 | 64,908 | 66,566 | 68,235 | 69,951 |
| Total comprehensive income | 39,981 | 29,596 | 36,953 | 55,497 | 62,569 | 68,634 | 73,275 | 75,441 | 78,254 | 80,760 | 83,376 |

Appendix 3: Financial Statements

STATEMENT OF FINANCIAL POSITION

| | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Forecast Budget BR1 | | | | | | | | | | | |
| Current assets | | | | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - | - | - | - | - | - |
| Trade and other receivables | 5,828 | 5,828 | 5,828 | 5,828 | 5,828 | 5,828 | 5,828 | 5,828 | 5,828 | 5,828 | 5,828 |
| Inventories | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| Total current assets | 5,918 |
| Non-current assets | | | | | | | | | | | |
| Financial Assets | 651 | 651 | 651 | 651 | 651 | 651 | 651 | 651 | 651 | 651 | 651 |
| Equity accounted investments in council businesses | 10,939 | 10,939 | 10,939 | 10,939 | 10,939 | 10,939 | 10,939 | 10,939 | 10,939 | 10,939 | 10,939 |
| Infrastructure, property, plant and equipment | 2,332,535 | 2,381,086 | 2,430,700 | 2,490,154 | 2,552,664 | 2,618,348 | 2,687,724 | 2,757,767 | 2,829,519 | 2,902,996 | 2,978,245 |
| Other non-current assets | 16,316 | 16,316 | 16,316 | 16,316 | 16,316 | 16,316 | 16,316 | 16,316 | 16,316 | 16,316 | 16,316 |
| Total non-current assets | 2,360,441 | 2,408,992 | 2,458,606 | 2,518,060 | 2,580,570 | 2,646,254 | 2,715,630 | 2,785,673 | 2,857,425 | 2,930,902 | 3,006,151 |
| Total assets | 2,366,359 | 2,414,910 | 2,464,524 | 2,523,978 | 2,586,488 | 2,652,172 | 2,721,548 | 2,791,591 | 2,863,343 | 2,936,820 | 3,012,069 |
| Current liabilities | | | | | | | | | | | |
| Trade and other payables | 14,148 | 14,148 | 14,148 | 14,148 | 14,148 | 14,148 | 14,148 | 14,148 | 14,148 | 14,148 | 14,148 |
| Short term borrowings | 10,701 | 10,701 | 10,701 | 10,701 | 10,701 | 10,701 | 10,701 | 10,701 | 10,701 | 10,701 | 10,701 |
| Short term provisions | 14,040 | 14,040 | 14,040 | 14,040 | 14,040 | 14,040 | 14,040 | 14,040 | 14,040 | 14,040 | 14,040 |
| Other current liabilities | 10,652 | 10,652 | 10,652 | 10,652 | 10,652 | 10,652 | 10,652 | 10,652 | 10,652 | 10,652 | 10,652 |
| Total current liabilities | 49,541 |
| Non-current liabilities | | | | | | | | | | | |
| Trade and other payables | - | - | - | - | - | - | - | - | - | - | - |
| Long term borrowings | 92,194 | 111,149 | 123,810 | 127,767 | 127,708 | 124,758 | 120,859 | 115,461 | 108,959 | 101,676 | 93,549 |
| Long term provisions | 1,994 | 1,994 | 1,994 | 1,994 | 1,994 | 1,994 | 1,994 | 1,994 | 1,994 | 1,994 | 1,994 |
| Total non-current liabilities | 94,188 | 113,143 | 125,804 | 129,761 | 129,702 | 126,752 | 122,853 | 117,455 | 110,953 | 103,670 | 95,543 |
| Total liabilities | 143,729 | 162,684 | 175,345 | 179,302 | 179,243 | 176,293 | 172,394 | 166,996 | 160,494 | 153,211 | 145,084 |
| Net assets | 2,222,630 | 2,252,226 | 2,289,179 | 2,344,676 | 2,407,245 | 2,475,879 | 2,549,154 | 2,624,595 | 2,702,849 | 2,783,609 | 2,866,985 |
| Equity | | | | | | | | | | | |
| Accumulated surplus | 536,700 | 541,117 | 539,802 | 545,632 | 555,220 | 567,099 | 579,651 | 592,798 | 607,091 | 622,211 | 638,221 |
| Asset revaluation reserve | 1,651,042 | 1,674,053 | 1,713,706 | 1,765,913 | 1,821,536 | 1,880,924 | 1,944,271 | 2,009,179 | 2,075,745 | 2,143,980 | 2,213,931 |
| Other reserves | 34,888 | 37,056 | 35,671 | 33,131 | 30,489 | 27,856 | 25,232 | 22,618 | 20,013 | 17,418 | 14,833 |
| Total equity | 2,222,630 | 2,252,226 | 2,289,179 | 2,344,676 | 2,407,245 | 2,475,879 | 2,549,154 | 2,624,595 | 2,702,849 | 2,783,609 | 2,866,985 |

Appendix 3: Financial Statements

STATEMENT OF CASH FLOWS

| | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
|---|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Forecast Budget BR1 | | | | | | | | | | |
| Cash flows from operating activities | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Operating receipts | 178,114 | 180,837 | 178,007 | 184,472 | 189,784 | 195,583 | 201,398 | 207,162 | 213,893 | 220,456 | 227,233 |
| Investment receipts | 53 | 54 | 54 | 56 | 57 | 58 | 60 | 61 | 63 | 64 | 66 |
| Payments | | | | | | | | | | | |
| Operating payments to suppliers and employees | (142,722) | (143,262) | (146,215) | (146,664) | (146,839) | (148,400) | (152,819) | (157,374) | (162,065) | (166,899) | (171,880) |
| Finance payments | (2,948) | (3,257) | (3,355) | (3,440) | (3,962) | (3,938) | (3,638) | (3,217) | (3,051) | (2,866) | (2,658) |
| Net cash flows from operating activities | 32,497 | 34,372 | 28,491 | 34,424 | 39,040 | 43,303 | 45,001 | 46,632 | 48,840 | 50,755 | 52,761 |
| Cash flows from investment activities | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Grants specifically for new or upgraded assets | 12,391 | 2,842 | 132 | 1,050 | 1,005 | - | - | - | - | - | - |
| Sale of replaced assets | 1,186 | - | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | | |
| Expenditure on renewal/replacement of assets | (33,653) | (34,265) | (34,704) | (34,948) | (35,646) | (36,501) | (37,079) | (38,006) | (38,956) | (39,930) | (40,928) |
| Expenditure on new/upgraded assets | (33,091) | (19,736) | (7,965) | (7,022) | (6,982) | (6,485) | (6,647) | (5,841) | (5,987) | (6,137) | (6,290) |
| Net cash flows from investment activities | (53,167) | (51,159) | (42,537) | (40,920) | (41,623) | (42,986) | (43,726) | (43,847) | (44,943) | (46,067) | (47,218) |
| Cash flows from financing activities | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Proceeds from borrowings | 15,732 | 21,723 | 13,909 | 5,282 | 3,586 | 3,891 | 3,988 | 3,505 | 3,592 | 3,682 | 3,774 |
| Payments | | | | | | | | | | | |
| Repayments of borrowings | (4,278) | (2,768) | (1,248) | (1,326) | (3,645) | (6,841) | (7,887) | (8,904) | (10,094) | (10,965) | (11,902) |
| Repayment of finance lease liabilities | - | - | - | - | - | - | - | - | - | - | - |
| Net cash flows from financing activities | 11,454 | 18,955 | 12,661 | 3,956 | (59) | (2,950) | (3,899) | (5,399) | (6,502) | (7,283) | (8,128) |
| Net increase/(decrease) in cash held | (9,216) | 2,168 | (1,385) | (2,540) | (2,642) | (2,633) | (2,624) | (2,614) | (2,605) | (2,595) | (2,585) |
| Cash and cash equivalents at beginning of reporting period | - | - | - | - | - | - | - | - | - | - | - |
| Cash and cash equivalents at end of reporting period | (9,216) | 2,168 | (1,385) | (2,540) | (2,642) | (2,633) | (2,624) | (2,614) | (2,605) | (2,595) | (2,585) |
| Represented by: | | | | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - | - | - | - | - | - |
| Less: Short term cash advance drawdowns | (9,216) | 2,168 | (1,385) | (2,540) | (2,642) | (2,633) | (2,624) | (2,614) | (2,605) | (2,595) | (2,585) |

Appendix 3: Financial Statements

STATEMENT OF CHANGES IN EQUITY

| | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Forecast Budget BR1 | | | | | | | | | | | |
| Accumulated surplus | | | | | | | | | | | |
| Balance at end of previous reporting period | 512,007 | 536,700 | 541,117 | 539,802 | 545,630 | 555,220 | 567,099 | 579,651 | 592,798 | 607,091 | 622,211 |
| Surplus/(deficit) from operations | 15,477 | 6,585 | (2,700) | 3,288 | 6,948 | 9,246 | 9,928 | 10,533 | 11,688 | 12,525 | 13,425 |
| Share of non-operating items - joint ventures and associates | - | - | - | - | - | - | - | - | - | - | - |
| Transfers to other reserves | (14,086) | (5,168) | (1,615) | (460) | (358) | (367) | (376) | (386) | (395) | (405) | (415) |
| Transfers from other reserves | 23,301 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Balance at end of period | 536,700 | 541,117 | 539,802 | 545,630 | 555,220 | 567,099 | 579,651 | 592,798 | 607,091 | 622,211 | 638,221 |
| Asset revaluation reserve | | | | | | | | | | | |
| Balance at end of previous reporting period | 1,626,538 | 1,651,042 | 1,674,053 | 1,713,706 | 1,765,915 | 1,821,536 | 1,880,924 | 1,944,271 | 2,009,179 | 2,075,745 | 2,143,980 |
| Gain on revaluation of infrastructure, property, plant and equipment | 24,504 | 23,011 | 39,653 | 52,209 | 55,621 | 59,388 | 63,347 | 64,908 | 66,566 | 68,235 | 69,951 |
| Balance at end of period | 1,651,042 | 1,674,053 | 1,713,706 | 1,765,915 | 1,821,536 | 1,880,924 | 1,944,271 | 2,009,179 | 2,075,745 | 2,143,980 | 2,213,931 |
| Total reserves | 1,685,930 | 1,711,109 | 1,749,377 | 1,799,046 | 1,852,025 | 1,908,780 | 1,969,503 | 2,031,797 | 2,095,758 | 2,161,398 | 2,228,764 |
| Total equity | 2,222,630 | 2,252,226 | 2,289,179 | 2,344,676 | 2,407,245 | 2,475,879 | 2,549,154 | 2,624,595 | 2,702,849 | 2,783,609 | 2,866,985 |

Appendix 3: Financial Statements

| UNIFORM PRESENTATION OF FINANCES | | | | | | | | | | | |
|---|---------------------|-----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
| | Forecast Budget BR1 | | | | | | | | | | |
| Operating surplus/(deficit) | | | | | | | | | | | |
| Operating revenues | 178,167 | 183,891 | 181,061 | 187,528 | 192,841 | 198,641 | 204,458 | 210,223 | 216,956 | 223,520 | 230,299 |
| Less: Operating expenses | (180,935) | (188,116) | (188,308) | (188,550) | (190,056) | (192,562) | (197,706) | (202,876) | (208,463) | (214,200) | (220,089) |
| Operating surplus/(deficit) before capital amounts | (2,768) | (4,225) | (7,247) | (1,022) | 2,785 | 6,079 | 6,752 | 7,347 | 8,493 | 9,320 | 10,210 |
| Less: Net outlays on existing assets | | | | | | | | | | | |
| Capital expenditure on renewal and replacement of existing assets | (33,653) | (34,265) | (34,704) | (34,948) | (35,646) | (36,501) | (37,079) | (38,006) | (38,956) | (39,930) | (40,928) |
| Less: Depreciation, amortisation and impairment | 35,265 | 36,429 | 37,123 | 37,986 | 38,897 | 39,857 | 40,873 | 41,899 | 42,952 | 44,030 | 45,136 |
| Less: Proceeds from sale of replaced assets | 1,186 | - | - | - | - | - | - | - | - | - | - |
| Net outlays on existing assets | 2,798 | 2,164 | 2,419 | 3,038 | 3,251 | 3,356 | 3,794 | 3,893 | 3,996 | 4,100 | 4,208 |
| Less: Net outlays on new and upgraded assets | | | | | | | | | | | |
| Capital expenditure on new and upgraded assets | (33,091) | (19,736) | (7,965) | (7,022) | (6,982) | (6,485) | (6,647) | (5,841) | (5,987) | (6,137) | (6,290) |
| Less: Grants and contributions for new and upgraded assets | 12,391 | 2,842 | 132 | 1,050 | 1,005 | - | - | - | - | - | - |
| Less: Proceeds from sale of surplus assets | - | - | - | - | - | - | - | - | - | - | - |
| Net outlays on new and upgraded assets | (20,700) | (16,894) | (7,833) | (5,972) | (5,977) | (6,485) | (6,647) | (5,841) | (5,987) | (6,137) | (6,290) |
| Net lending / (borrowing) for financial year | (20,670) | (18,955) | (12,661) | (3,956) | 59 | 2,950 | 3,899 | 5,399 | 6,502 | 7,283 | 8,128 |

Appendix 3: Financial Statements

KEY FINANCIAL INDICATORS

| | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Forecast Budget BR1 | | | | | | | | | | | |

Operating surplus ratio

The percentage by which the major controllable income source varies from day to day expenses

Calculated as:

| | | | | | | | | | | | |
|--|---------|---------|---------|---------|-----|-------|-------|-------|-------|-------|-------|
| Operating surplus/(deficit) before capital amounts | (2,768) | (2,057) | (8,632) | (3,562) | 143 | 3,446 | 4,128 | 4,733 | 5,888 | 6,725 | 7,625 |
|--|---------|---------|---------|---------|-----|-------|-------|-------|-------|-------|-------|

Divided by:

| | | | | | | | | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total Operating Income | 178,167 | 180,891 | 178,061 | 184,528 | 189,841 | 195,641 | 201,458 | 207,223 | 213,956 | 220,520 | 227,299 |
| Total Operating Income | 178,167 | 180,891 | 178,061 | 184,528 | 189,841 | 195,641 | 201,458 | 207,223 | 213,956 | 220,520 | 227,299 |

Expressed as a percentage

| | | | | | | | | | | | |
|----------------|---------------|---------------|---------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Target* | (2.0%) | (1.1%) | (4.8%) | (1.9%) | 0.1% | 1.8% | 2.0% | 2.3% | 2.8% | 3.0% | 3.4% |
|----------------|---------------|---------------|---------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|

| | | | | | | | | | | | |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| | >0% | >0% | >0% | >0% | >0% | >0% | >0% | >0% | >0% | >0% | >0% |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|

Net financial liabilities ratio

How significant is the net amount owed compared with income

Calculated as:

| | | | | | | | | | | | |
|---------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Net financial liabilities | 137,161 | 156,205 | 168,866 | 172,823 | 172,764 | 169,814 | 165,915 | 160,517 | 154,015 | 146,732 | 138,605 |
|---------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|

Divided by:

| | | | | | | | | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total Operating Income | 178,167 | 180,891 | 178,061 | 184,528 | 189,841 | 195,641 | 201,458 | 207,223 | 213,956 | 220,520 | 227,299 |
| Total Operating Income | 178,167 | 180,891 | 178,061 | 184,528 | 189,841 | 195,641 | 201,458 | 207,223 | 213,956 | 220,520 | 227,299 |

Expressed as a percentage

| | | | | | | | | | | | |
|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Target | 77.0% | 86.4% | 94.8% | 93.7% | 91.0% | 86.8% | 82.4% | 77.5% | 72.0% | 66.5% | 61.0% |
|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

| | | | | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | <100% | <100% | <100% | <100% | <100% | <100% | <100% | <100% | <100% | <100% | <100% |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

Interest cover ratio

How much income is used in paying interest on loans

Calculated as:

| | | | | | | | | | | | |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Finance costs | 2,948 | 3,257 | 3,355 | 3,440 | 3,962 | 3,938 | 3,638 | 3,217 | 3,051 | 2,866 | 2,658 |
| Less: Investment income | (53) | (54) | (54) | (56) | (57) | (58) | (60) | (61) | (63) | (64) | (66) |
| Net finance costs | 2,895 | 3,203 | 3,301 | 3,384 | 3,905 | 3,880 | 3,578 | 3,156 | 2,988 | 2,802 | 2,592 |

Divided by:

| | | | | | | | | | | | |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Total Operating Income | 178,167 | 180,891 | 178,061 | 184,528 | 189,841 | 195,641 | 201,458 | 207,223 | 213,956 | 220,520 | 227,299 |
| Less: Investment income | (53) | (54) | (54) | (56) | (57) | (58) | (60) | (61) | (63) | (64) | (66) |

Total Operating Income

| | | | | | | | | | | | |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Expressed as a percentage | 178,114 | 180,837 | 178,007 | 184,472 | 189,784 | 195,583 | 201,398 | 207,162 | 213,893 | 220,456 | 227,233 |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|

| | | | | | | | | | | | |
|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Target | 1.6% | 1.8% | 1.9% | 1.8% | 2.1% | 2.0% | 1.8% | 1.5% | 1.4% | 1.3% | 1.1% |
|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|

| | | | | | | | | | | | |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| | <5% | <5% | <5% | <5% | <5% | <5% | <5% | <5% | <5% | <5% | <5% |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|

Appendix 3: Financial Statements

KEY FINANCIAL INDICATORS

| | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Forecast Budget BR1 | | | | | | | | | | | |

Asset sustainability ratio

What percentage of assets are being replaced at the rate they are consumed

Calculated as:

| | | | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenditure on renewal/replacement of assets | 33,653 | 34,265 | 34,704 | 34,948 | 35,646 | 36,501 | 37,079 | 38,006 | 38,956 | 39,930 | 40,928 |
| Less: Sale of replaced assets | (1,186) | - | - | - | - | - | - | - | - | - | - |
| Net expenditure on renewal/replacement of assets | 32,467 | 34,265 | 34,704 | 34,948 | 35,646 | 36,501 | 37,079 | 38,006 | 38,956 | 39,930 | 40,928 |

Divided by:

| | | | | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Projected asset renewal funding requirement | 35,265 | 34,265 | 34,704 | 34,948 | 35,646 | 36,501 | 37,079 | 38,006 | 38,956 | 39,930 | 40,928 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|

Expressed as a percentage

| | | | | | | | | | | | |
|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Target | 92.1% | 100.0% |
|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|

Asset consumption ratio

The average proportion of 'as new condition' left in assets

Calculated as:

| | | | | | | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Carrying value of infrastructure, property, plant and equipment | 2,332,535 | 2,381,086 | 2,430,700 | 2,490,154 | 2,552,664 | 2,618,348 | 2,687,724 | 2,757,767 | 2,829,519 | 2,902,996 | 2,978,245 |
| Less: Land | (617,995) | (621,175) | (628,735) | (639,567) | (651,277) | (663,908) | (677,505) | (691,443) | (705,729) | (720,372) | (735,382) |

| | | | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Carrying value of infrastructure, property, plant and equipment (excluding land) | 1,714,540 | 1,759,911 | 1,801,965 | 1,850,587 | 1,901,387 | 1,954,440 | 2,010,219 | 2,066,324 | 2,123,790 | 2,182,624 | 2,242,863 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|

Divided by:

| | | | | | | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Carrying value of infrastructure, property, plant and equipment (excluding Land) | 1,714,540 | 1,759,911 | 1,801,965 | 1,850,587 | 1,901,387 | 1,954,440 | 2,010,219 | 2,066,324 | 2,123,790 | 2,182,624 | 2,242,863 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

| | | | | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Plus: Opening accumulated depreciation and amortisation | 563,774 | 599,039 | 635,468 | 672,591 | 710,577 | 749,474 | 789,331 | 830,204 | 872,103 | 915,055 | 959,085 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|

| | | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Plus: Depreciation and amortisation for financial year | 35,265 | 36,429 | 37,123 | 37,986 | 38,897 | 39,857 | 40,873 | 41,899 | 42,952 | 44,030 | 45,136 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|

| | | | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 'As new' value of infrastructure, property, plant and equipment (excluding land) | 2,313,579 | 2,395,379 | 2,474,556 | 2,561,164 | 2,650,861 | 2,743,771 | 2,840,423 | 2,938,427 | 3,038,845 | 3,141,709 | 3,247,084 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|

Expressed as a percentage

| | | | | | | | | | | | |
|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Target | 74.1% | 73.5% | 72.8% | 72.3% | 71.7% | 71.2% | 70.8% | 70.3% | 69.9% | 69.5% | 69.1% |
|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

GLOSSARY

Financial Sustainability

Financial Sustainability is where planned long-term service and infrastructure levels and standards are met without compromising the ability of future generation to meet their needs and maintaining finances within agreed parameters.

Key Financial Indicators (KFI)

KFIs are measures adopted by regulators or industry experts that offer a benchmark against which financial performance in a given area may be compared. Meeting KFIs is considered a good long-term indicator of financial sustainability – though there may be reasons why, for given councils, a missed KFI benchmark may be considered acceptable, or even desirable (for example, growth councils borrowing to forward-fund known future infrastructure needs).

Inter-generational Equity

Intergenerational equity considers whether payment for the cost of services is recovered over time broadly in accordance with the benefits enjoyed by service recipients.

Major Projects

Major projects are a subset of the New & Significant Upgrades capital expenditure category, with projects tending to be larger, more complex and often spanning across multiple years and asset categories.

New & Significant Upgrades

New & Significant Upgrades are capital expenditure that are either:

- Significant upgrades that improve an existing asset so that it is better than its original condition, often by bringing it up to modern standards; or
- New assets that are created to meet particular needs or service levels

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 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.

Renewal

Renewal is capital expenditure incurred on existing assets to return them to their original condition and therefore extends their useful lives.

Services

Services are funded through operating revenues, and can include all non-capital costs relating the following:

- Community services
- Legislative services
- Corporate services
- Asset and facility maintenance



YOUR SAY

COMMUNITY ENGAGEMENT FEEDBACK REPORT

LONG TERM FINANCIAL PLAN 2021

INTRODUCTION

The Long Term Financial Plan (LTFP) is an essential part of the City of Onkaparinga's financial planning process. It shapes our long term financial sustainability while meeting the needs and expectations of our communities by delivering council's objectives as specified in the Community Plan 2030 and related strategies.

Under section 122 of the *South Australian Local Government Act*, council is required to undertake a comprehensive review of the LTFP within two years of a general election of the council. Due to COVID-19, the legislated deadline for this review and approval of the LTFP was extended to February 2021.

A new comprehensive process was undertaken to develop a community survey and marketing campaign to elicit as many responses as possible across the City of Onkaparinga community. This community engagement was designed to inform our community about the LTFP process and importantly understand their views and perspective on service provision, debt and rates. This was primarily undertaken through a marketing campaign via Your Say Onkaparinga, council's online engagement platform.

In addition to the outcomes of this engagement, relevant findings from the 20-21 'Really' campaign, comprising a community survey, online budget tool and community workshops were also included in the development of the LTFP.

The survey opened on 19 November 2020 and remained open for community input for the required 21 days.

COMMUNITY ENGAGEMENT PURPOSE

The purpose of engagement was to increase awareness about council's LTFP and to provide opportunities for our communities to provide feedback on aspects of the LTFP, while meeting our legislative requirements of providing 21 days for the public to be involved in the development of the plan. The legislated due date for the LTFP is 28 February 2021.

ENGAGEMENT OBJECTIVES

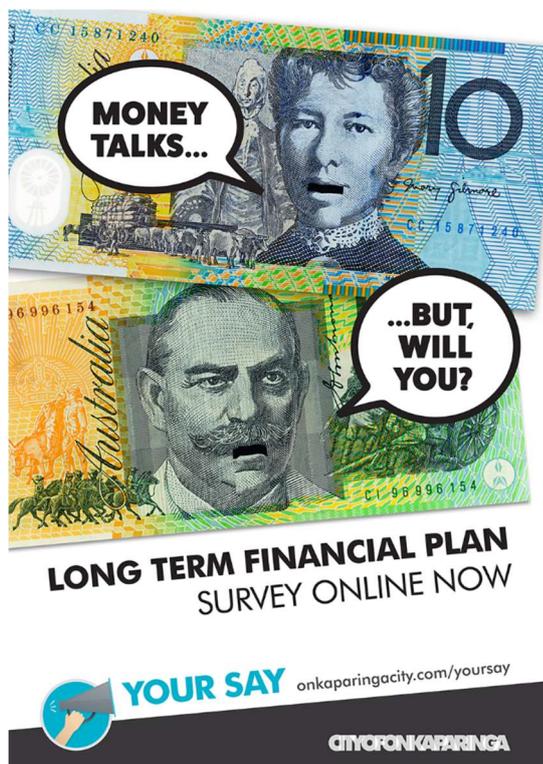
- To inform and educate the community about Council's LTFP.
- To understand the community's sentiment about financial components of the LTFP to help guide elected member decision making.
- To provide genuine opportunities for the community to provide feedback towards components of Council's LTFP.
- To meet the public consultation legislative requirements under Section 122 of the *Local Government Act 1999*.

ENGAGEMENT TECHNIQUES

Residents and rate payers were invited to engage on the LTFP via a survey developed under the guidance of elected members, with advice from Mint Research. This survey was promoted through a campaign called 'Money talks', which used a broad range of channels that either linked to a dedicated page on Your Say, or directly to the survey itself.

The community were made aware of the opportunity to participate through:

- direct emails to engagement plan stakeholder listing – including specific interest groups, non-government organisations, individuals, community and business groups and government agencies
- a social media campaign on Facebook and Instagram



- hard copies printed for or posted to residents on request (note: no hard copy surveys were received back from community)
- corporate website
- Your Say Onkaparinga website
- corporate Facebook and shared Youth Facebook
- Onkaparinga News
- media opportunities
- Mayor's Coast FM radio opportunities
- Mayor's video promotion
- My Local app
- staff email signature block promotion
- on hold message through the customer service call centre
- posters displayed in our customer service areas, libraries, community and neighbourhood centres, the McLaren Vale and Fleurieu Coast Visitor Centre and art centres.
- roadside banners in six locations, the main arterial roads in our city
- Your Say Onkaparinga newsletter to all registered members
- all staff email

SUMMARY OF COMMUNITY ENGAGEMENT OUTCOMES

At the close of the campaign on 11 December 2020 the outcomes were:

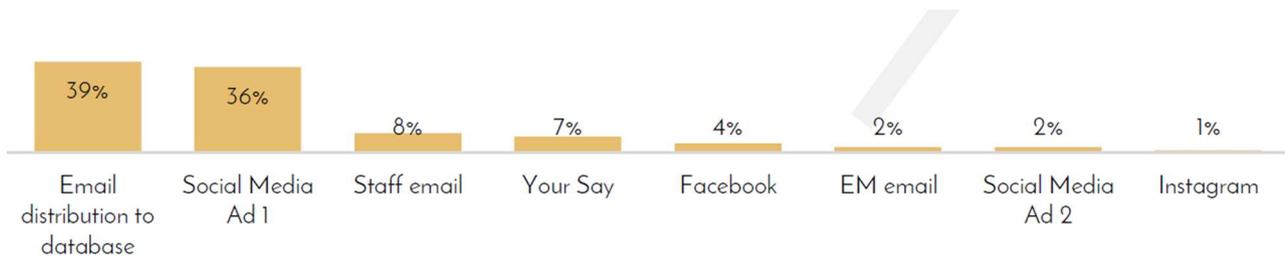
Reach of promotion

- Online promotion appeared in 209,475 news feeds, reaching 59,520 people
- 1791 people clicked on the click through to the survey or Your Say Onkaparinga page.

The majority of the campaign was delivered via Facebook. However, it also appeared on Instagram and other online ad placement opportunities outside of these platforms.

Response by channel

When looking at which promotion channel was most effective for driving survey responses, the two biggest sources were direct emails (39%) and the social media campaign (36%).



Engagement

- 261 site visits to the Your Say Onkaparinga page
- 924 surveys undertaken
- 237 people who provided their email address in the survey.

SUMMARY OF KEY FINDINGS

MONEY TALKS campaign

The full report from Mint Research which covers survey findings in detail, is included at appendix 1. Key findings of particular relevance to the LFTP are summarised in the table below. Further information on how these findings were applied to developing the LFTP can be found in the report endorsed by SDC 2 February 2021 (accessible [here](#)).

The LFTP is underpinned by 16 key principles relating to a balanced budget, services, projects, debt and rates. These principles have been informed by the feedback from both the recent community engagement, as well as the earlier REALLY campaign.

Services

| Summary | Key findings | Mint report pages |
|--|---|-------------------|
| Maintain services as currently delivered in an efficient manner | <ul style="list-style-type: none"> 21% rank 'having services that meet community needs' as top priority, with mean score of 3.2 (making it overall joint second priority) 6% of comments received related to reviewing services/processes | 19 |
| Recognition that in order to maintain services, costs may need to increase | <ul style="list-style-type: none"> 42% agree 'council's community services should stay as they are' (36% unsure, 22% disagree) 42% disagree 'it is more important to keep rates low than to keep providing community services at the same level' (34% unsure, 23% disagree) | 15 |
| Current services are an important part of council business | <ul style="list-style-type: none"> If council had an additional \$1m to spend, 'Increase community services' is the third highest priority (mean score of 3.0) | 20 |

Rates

| Summary | Key findings | Mint report pages |
|---|---|-------------------|
| The more informed people are about rates, the more value they perceive receiving. | <ul style="list-style-type: none"> 31% of those who are informed about rates believe they receive good value for money, however the perceived value is much less amongst those who don't know much about rates (16%) | 13 |
| Acceptance that rates are necessary, and may need to increase to continue covering services & infrastructure maintenance. | <ul style="list-style-type: none"> 79% agree 'rates are necessary because they pay for goods and services' 50% agree it is reasonable for council to increase rates enough to cover costs of maintaining roads, parks, reserves, bridges and other infrastructure (22% unsure, 28% disagree) 46% agree that 'as the cost of living increases, local government rates also need to increase to pay for the cost of council services and infrastructure (22% unsure, 32% disagree) | 15 |
| Transparency on how rates are spent | <ul style="list-style-type: none"> 72% consider themselves informed about rates Largest proportion unsure of value they receive (51%), uncertainty decreases after simple explanation (42%) | 13 |

Debt

| Summary | Key findings | Mint report pages |
|--|--|-------------------------------|
| Maintain current debt | <ul style="list-style-type: none"> 47% believe council should 'maintain current debt (continue with major projects as planned) – once they had read a short piece of information about the relationship between council debt and rate payer funds 'council paying off its loans to decrease debt' was ranked as the second lowest financial priority, (mean score of 4.9), with only 6% ranking it as their number one priority | <p>17</p> <p>19</p> |
| Debt funding is potentially acceptable at low interest rates/as COVID-19 recovery measures | <ul style="list-style-type: none"> 53% agree 'now is the time to borrow money to build new things that benefit the community...as interest rates are low.' (23% unsure, 23% disagree) 48% agree 'investing in building infrastructure will help our city recover from the economic impact of COVID-19.' (27% unsure, 24% disagree) | <p>18</p> |
| Prudent financial management from comments | <ul style="list-style-type: none"> 5% of respondents expressing concerns over areas needing additional council funding mentioned reducing organisational inefficiencies 8% of respondents giving reasons for their perceptions of low value for rates mentioned organisational inefficiencies, and 6% mentioned poor funding priorities 6% of respondents providing overall comments on the LFTP mentioned finding efficiencies, reviewing services and removing process duplications | <p>12</p> <p>14</p> <p>21</p> |

Projects

| Summary | Key findings | Mint report pages |
|--|--|-------------------|
| Maintain current infrastructure | <ul style="list-style-type: none"> 50% agree it is reasonable for council to increase rates enough to cover costs of maintaining roads, parks, reserves, bridges and other infrastructure (22% unsure, 28% disagree) | 15 |
| New projects are not as important as maintaining our existing infrastructure | <ul style="list-style-type: none"> 56% prefer council to focus more on maintaining existing infrastructure than on building new infrastructure Delivering major projects was the lowest ranked financial priority (mean score 5.2) | 18 19 |
| New projects do have a role to play in COVID-19 recovery | <ul style="list-style-type: none"> 53% agree 'now is the time to borrow money to build new things that benefit the community...as interest rates are low.' (23% unsure, 23% disagree) 48% agree 'investing in building infrastructure will help our city recover from the economic impact of COVID-19.' (27% unsure, 24% disagree) | 18 |
| Some new projects are necessary to support population growth | <ul style="list-style-type: none"> 23% first priority 'making sure our City has the right infrastructure as our population grows' (mean score 3.2, second overall priority) | 19 |

Other engagement findings relevant to LFTP development

The REALLY campaign objective was to engage on the 20-21 budget, however some responses reinforce findings from the 'Money talks' LFTP survey, and some responses were more relevant to the LFTP development than the budget and ABP.

In addition, some community feedback received through the REALLY campaign workshops along with submissions received on the Annual Business Plan & budget for 20/21, were more relevant to the LFTP and so were also taken into consideration through the LFTP development process.

The feedback can be summarised into the following themes:

- Requests for changes to services and increases in service levels
- Review services for efficiencies
- Look for different ways to fund projects
- Concerns about increasing levels of debt and managing this

HOW HAVE RESULTS BE SHARED WITH COMMUNITY AND ELECTED MEMBERS?

Engagement progress has been shared with the community via:

- Direct email to LTFP survey participants that opted to provide their email address, sent 8 Feb 2020
- Your Say Onkaparinga page update 8 Feb 2020

Engagement outcomes have been shared with elected members via:

- An elected member workshop on 19 January 2021 (including a presentation by Mint Research on the initial survey findings)
- A report to Strategic Directions Committee on 2 February 2021
- A Council report on 16 February 2021 (where this document and the full survey report will be presented)

The endorsed LTFP, Mint Research report and Community Engagement Feedback report (this document) will be publicly released following the adoption of the LTFP by Council via:

- Direct email to LTFP survey participants that opted to provide their email address
- Your Say Onkaparinga page update
- Your Say Newsletter to registered members
- Facebook Post sharing the link to the outcomes on Your Say
- Direct email to all stakeholders listed in the engagement plan and the engagement data base

EVALUATION

The engagement objectives were to:

- inform and educate the community about Council's LTFP
- understand the community's sentiment about financial components of the LTFP to help guide elected member decision making
- provide genuine opportunities for the community to provide feedback towards components of Council's LTFP
- ensure we meet the public consultation legislative requirements under Section 123 of the *Local Government Act 1999*.

According to Mint Research the data and numbers of community responses received are deemed to deliver a credible and successful engagement. This is based on the following:

- the reach of our promotion
- genuine opportunities were provided for our communities to participate in the engagement
- the number of surveys completed
- sentiment was captured to help inform our LTFP process
- our legislative requirements were met.

While the survey results illustrate a successful engagement process the results indicate the need for further engagement with the community on how council undertakes its financial planning, in particular

value for money that rates provide and the broader range of services. Council administration is also aware of the need to increase reach to all sections of the community.

SIGN OFF

All feedback reports are to be reviewed by the Engagement Unit (engagement@onkaparinga.sa.gov.au)

Officer who prepared the document

Name: Paula Bugden
Position Title: Community Engagement Advisor
Date: 4 February 2021

Reviewed by

Name: Bobbie-Jean Stevens
Position Title: Manager Communication and Engagement
Date: 5 February 2021

Approved by

Name: Julia Grant
Position Title: Director Strategy and Engagement
Date: 11 February 2021

City of Onkaparinga

Long Term Financial Plan Community Consultation Survey

FINAL REPORT

prepared for City of Onkaparinga
prepared by Mint Research & Consulting
issued February 2021



Headline Findings

From 19 November to 11 December 2020, council engaged with n=924 residents and rate payers as part of their Long Term Financial Plan (LTFP) community consultation. Respondents were asked about their views on the council's LTFP process, service provision, debt, rates and financial strategy, as well as impacts of COVID-19.

SERVICE SATISFACTION, CONCERNS & PRIORITIES

- Council's service categories of waste management and recycling, open outdoor spaces and library services received the highest net satisfaction among respondents in general, also receiving relatively low net dissatisfaction scores.
- Respondents' concerns and preferred priorities for future included:
 1. Open spaces, parks and natural resources - cleaning, maintenance, activation, greening, preservation
 2. Roads and traffic management - maintenance, improvements, upgrades, expansion, increased access
 3. Environment and coastal management - protection and preservation.

RATES PERSPECTIVES

- Knowledge about rates was relatively high (around three quarters).
- Value for money perceptions of rates were divided evenly between good and poor; however, the largest proportion were undecided or unsure.
- Interestingly, those with rates knowledge are significantly more likely to perceive good value for money, compared to those who don't know very much about rates (this group significantly more likely to indicate uncertainty in relation to value for money).
- There is a general appreciation that rates pay for community services and infrastructure; demonstrated by large proportions in agreement that rates are necessary to pay for public goods and services. This is further reinforced by one in two who agree it is reasonable to increase rates to cover the costs of maintaining infrastructure, and more than two in five who believe it is important for community services to stay as they are.

DEBT PERSPECTIVES

- Knowledge about debt was comparatively lower than that of rates (two in five).
- The largest proportions of respondents indicated preferences for council to maintain current debt (around half), rather than increasing or decreasing debt. Preferences to increase vs decrease debt were relatively even, revealing polarised perspectives.
- More than half of respondents indicated their preference for council to maintain existing infrastructure, rather than building new.
- When asked in the context of COVID-19, proportions increased to around half of respondents agreeing that now is the time to borrow money given low interest rates, and investing in building infrastructure will help the city recover from the impact of COVID-19.

PRIORITY AREAS

- Maintenance of existing infrastructure was the preferred priority for council to focus on in general, followed by making sure the City has the right infrastructure for population growth, and services that meet community needs. Upgrading and renewing facilities was the next highest priority.
- If council was to receive an additional \$1M, most would want to see this spent on increasing maintenance of the city, followed closely by building new community infrastructure, and increasing community services.
- Lowering rates and paying off debt were relatively lower in terms of financial priority - both in general, and in the context of council receiving an additional \$1M to spend.

Contents

This report represents findings from the Long Term Financial Plan community engagement survey that was in field from 19 November to 11 December 2020.

| | | | | | |
|-------------------------|----------------------------------|--|---------------------------|--------------------------|---|
| 04 | 07 | 09 | 13 | 16 | 19 |
| Summary of Findings | Background & Methodology | A - Community Perspectives: Present & Future | B - Perspectives of Rates | C - Perspectives of Debt | D - Overall Community Sentiment & Attitudes |
| 22 | 27 | 30 | | | |
| E - Impacts of COVID-19 | Appendix A - Sample Demographics | Appendix B - Ward Snapshots | | | |



Summary of Findings

Mint Research was commissioned in October 2020 by the City of Onkaparinga to provide research and analysis services to support their Long Term Financial Plan (LTFP) community consultation. Over a three week period commencing in late November, a total of n=924 residents and rate payers in the region provided responses to a short online survey designed to understand community sentiment about council's LTFP process, perspectives on service provision, debt, rates and financial strategy, and the personal impacts of COVID-19.

SERVICE SATISFACTION & CONCERNS & FUTURE PRIORITIES



Waste management
Open outdoor spaces
Library services



Environment: streetscapes & open spaces
Infrastructure: Roads & Footpaths



Open spaces, parks, natural resources
Roads & traffic management
Environment & coastal mgmt

The three most commonly recalled service categories received the highest net satisfaction and relatively lower net dissatisfaction among respondents: waste & recycling, open outdoor spaces, and library services.

While relatively high satisfaction was found for open outdoor spaces (second highest service area attracting nearly two thirds net satisfaction), this area was also *the most common category for concern*. Concerns were predominantly driven by dissatisfaction and complaints over streetscape vegetation maintenance and cleaning, nature conservation and vegetation management, and issues with general maintenance of open spaces - beautification as well as upkeep. This demonstrates that while satisfaction can be strong for outdoor spaces, significant maintenance efforts and funding need to always be in place for open outdoor spaces to maintain this satisfaction.

The second most common concern to respondents was in relation to infrastructure and asset issues, not surprisingly driven by issues with roads and footpaths, given roads and footpaths attracted the highest proportions of net dissatisfaction, and relatively low net satisfaction. Respondents want council to focus on maintenance, improvements and upgrades, additions and increased access of roads and footpaths, acknowledging population growth in the region.

Consistent with earlier findings, respondents believe that council should prioritise efforts into the future on **open spaces, parks and natural resources, roads and traffic management;** and **environment and coastal management** (all more than 50%). Each of these future priority areas comprise outdoor infrastructure, are used frequently by the community so therefore very visible, and arguably pose a safety risk if not maintained. These reasons may therefore underpin the importance of each, also deeming them a source of dissatisfaction if not receiving adequate focus and funding.

RATES PERSPECTIVES



Rates knowledge



Divided perceptions & uncertainty about value for money



"Rates are necessary as they pay for public goods and services"

While around three quarters of respondents consider themselves informed to some degree about rates, how they are used and how they are calculated, two in five expressed uncertainty as to whether they receive good or poor value for money from their rates. Further, some polarization was seen, with similar proportions (around a quarter) believing they receive good vs poor value for money from their rates.

Those who have knowledge about rates are significantly more likely to perceive good value for money, compared to those who have little to no rates knowledge. Perceptions of poor value for money from rates include a lack of perceived value or benefit from council services, and concerns over organisational inefficiencies and funding priorities to date (both less than one in five respondents overall).

Highest net *agreement* was with the statement 'rates are necessary as they pay for public goods and services' (four in five). It was clear that a large proportion of respondents (two in five) believe that community services 'should stay as they are / remain at the same level', demonstrating appreciation for rates paying for community services and infrastructure and the importance of this. An even larger proportion of respondents (half) agreed that it is 'reasonable to increase rates to cover the cost of maintaining infrastructure'.

These findings suggest an overall appreciation of rates paying for community services and infrastructure and the importance of this.

For the relatively small proportion who perceive lack of value or benefit of services received from rates, this perception could be counteracted by providing more transparency and visibility of what rates pay for, in order to garner acceptance and understanding of future rate increases.

DEBT PERSPECTIVES



Debt knowledge



Maintain debt and continue current projects



"Now is the time for council to borrow money for infrastructure"

Respondents' knowledge of council debt was lower than that of rates, with two in five reporting having at least some knowledge of debt (compared to nearly three quarters reporting knowledge of rates).

When informed 'that the primary way debt is repaid is by using rate payer funds, hence, increasing debt can also mean an increase in rates', nearly half expressed a preference for council to maintain current debt and continue with major projects as planned, while around one in five would prefer council to reduce debt and delay major projects, and a similar proportion want to see council increase debt in order to deliver major projects more quickly. Similarly, when asked about infrastructure in general, the more than half of respondents expressed a preference to maintain existing infrastructure; a third wanting council to invest in building new infrastructure.

Despite relatively lower proportions of respondents expressing a preference to increase debt and/or build new infrastructure, scenario testing revealed that more than half agreed that if borrowing is to occur 'now is the time for council to borrow money for infrastructure', and in the context of COVID-19 impacts, almost half agreed that 'investing in building infrastructure will help the city recover from the impact of COVID-19'.

KEY PRIORITY AREAS



Maintain and improve existing infrastructure



Build new infrastructure to accommodate population growth



Review & streamline services / processes, find efficiencies

When thinking about council spending in general, while respondents indicated a persistent preference to maintain infrastructure, building more infrastructure to accommodate population growth was also seen as important, as was providing services that meet community needs. In the hypothetical context of council receiving an additional \$1M to spend, maintaining existing and building new infrastructure were the top two actions on respondents' wish lists.

This may suggest that respondents believe council's first priority should be to maintain, improve and utilise existing infrastructure and facilities as a matter of course, and building new infrastructure (while important), should be a secondary priority, after an infrastructure maintenance approach.

IMPACTS OF COVID-19



Majority negative impacts on psycho-social and health factors



Negative financial and employment impacts



Fears over longer term impacts to community centre / program access + financial / employment detriment

The impacts of COVID-19 were predominantly neutral with some negative impacts outweighing neutrality; the positive impacts reported were modest. While half of respondents reported no impact of COVID-19 on their mental and physical health, and personal/family relationships, substantial proportions reported negative impacts.

Not surprisingly, community access to public venues was negatively impacted in 2020, with nearly half of respondents reporting a negative impact of COVID-19 on their ability to join in community or sporting clubs, followed by impacts accessing community centres and programs. Perceived persistence of negative impacts over the longer term are highest for access to community centres and programs, and joining in community or sports clubs (two in five).

More than a third of respondents reported having experienced negative impacts of COVID-19 to their personal or household finances, and nearly a third experienced negative impacts to their employment. For those who have experienced employment or financial difficulty, a quarter feel that these aspects will be impacted over the longer term.

Background & Methodology

Residents and rate payers in the City of Onkaparinga community were given the opportunity to complete a 10-15 minute survey that captured respondents' perspectives regarding council's LTFP process, service provision, debt and rates.

Engagement need

The Long Term Financial Plan (LTFP) is essential to council's objectives for their financial planning process. It focuses on council objectives as specified in the Community Plan 2030 and related strategies, aiming to deliver long term financial sustainability while meeting the needs and expectations of the community.

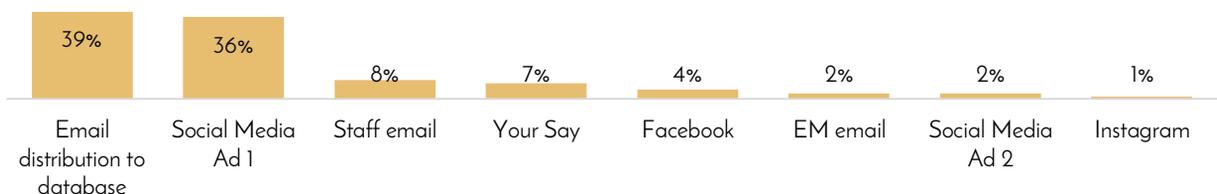
Methodology

The survey tool was developed by council, with close guidance from Elected Members and advice from Mint Research. The survey was programmed by Mint Research, and hosted on professional survey software LimeSurvey.

Residents and rate payers in the City of Onkaparinga community were informed about the survey through multiple methods including Your Say, social media posts and direct emails via the community engagement database, as well as staff and elected member email networks (see Figure 1).

The survey was live from 19 November to 11 December 2020.

Figure 1. Source of survey access



Response rate and sample

Overall, 928 respondents commenced the survey and proceeded past the initial screening questions. Four surveys were removed from analysis: two were duplicates, one a rate payer of a neighbouring council, and one a test. Overall, the resulting sample size was n=924; n=782 completed surveys, and an additional n=142 incomplete surveys (these were included in analysis as useful responses were registered beyond the screening section).

Data analysis

Survey data has been analysed using frequencies and cross-tabs, and reported at the overall level, and by council ward of the resident and/or rate payer where significant differences are found (see detail below).

The total base size unique to each question has been reported at the footer of each page. Base sizes for questions may fluctuate. This is due to:

1. Some of the survey questions set as 'optional' to complete; and
2. Drop-off in responses at various stages during the survey.

Open ended responses have been coded into categories, accommodating lengthy comments by enabling more than one category per comment where required.

Significance testing

The margin of error associated with the total sample size of n=924 (50% estimate; $p < 0.05$) is $\pm 3.2\%$, meaning we can be 95% confident that a finding of 50% in the sample would fall between 46.8% and 53.2% in the population of residents and rate payers.

Statistical significance testing has been conducted between wards, using independent samples non-parametric tests, Chi square and z-tests.

Throughout this report statistically significant differences between wards ($p < 0.05$) have been called out where applicable and where sample sizes permit. While overall n=924 responses were recorded, n=149 respondents left their suburb blank, leaving n=775 responses available for categorisation into wards. The South Coast ward received the largest number of responses (n=198) and the margin of error (50% estimate, $p < 0.05$) is $\pm 7\%$. The smallest number of responses was received for Thalassa (n=81); the margin of error (50% estimate; $p < 0.05$) is $\pm 11\%$.

Due to there being six wards, statistically significant differences have not been reported for every difference found between individual wards, i.e. when one ward may be higher than another ward. Instead, findings have been reported for wards where they over-index against the total, and statistically significantly exceed at least two other wards.

Statistically significantly higher proportions have been demonstrated by using coloured boxes, e.g. orange / purple shaded boxes with the name of the ward that over-indexes; and up arrows. Explanations have been footnoted on the relevant pages of this report.

How to read this report

Residents and rate payers participating in the community survey engagement have been referred to herein as "respondents".

Data appearing in charts (figures) is quantitative in nature or comprises coded open-ended responses collected via various questions in the survey.

Direct quotes have been included where they support a common point, appearing in inverted commas.

The title of each chart appears above the chart and the question the data is based on and the sample size are presented below the chart in small font.

For simplicity, data labels for proportions of less than 2-3% have been removed from some of the more comprehensive charts.

A

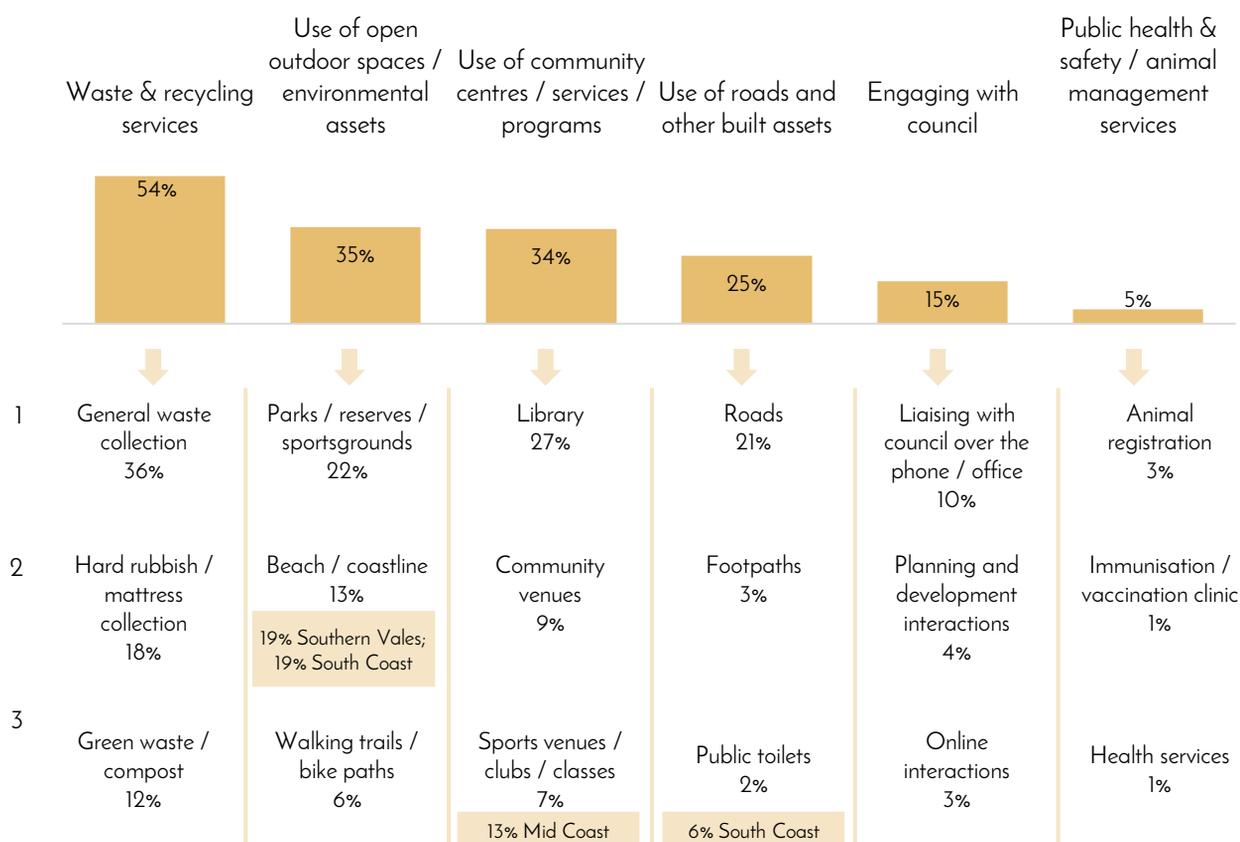
Community Perspectives: Present & Future

These questions serve to understand satisfaction with council services, any existing issues or concerns, as well as priorities and needs from council into the future.

COUNCIL SERVICE ACCESS

Overall, 83% of respondents could recall having used council services within the past 12 months. Figure 2 shows the most top of mind service category, recalled by more than half, was council’s waste and recycling services; predominantly general waste collection. This was followed by more than a third who recalled having used open outdoor spaces and environmental assets; the most common response comprising use of parks, reserves and sportsgrounds, and the use of community centres, services and programs, of particular note, library services. Lesser used services appeared to be related to public health and safety and animal management, and getting information from council, e.g. liaising directly or online.

Figure 2. Recall of council services accessed



Q6. Over the last 12 months, which council services have you accessed? Feel free to list as many as come to mind - CODED
Base: Respondents who recalled having accessed council services, n=758

Note: Categories in figure above are comprised of subcategories. Subcategories shown above are the top 3 for each categories in the figure.

Community Perspectives: Present & Future

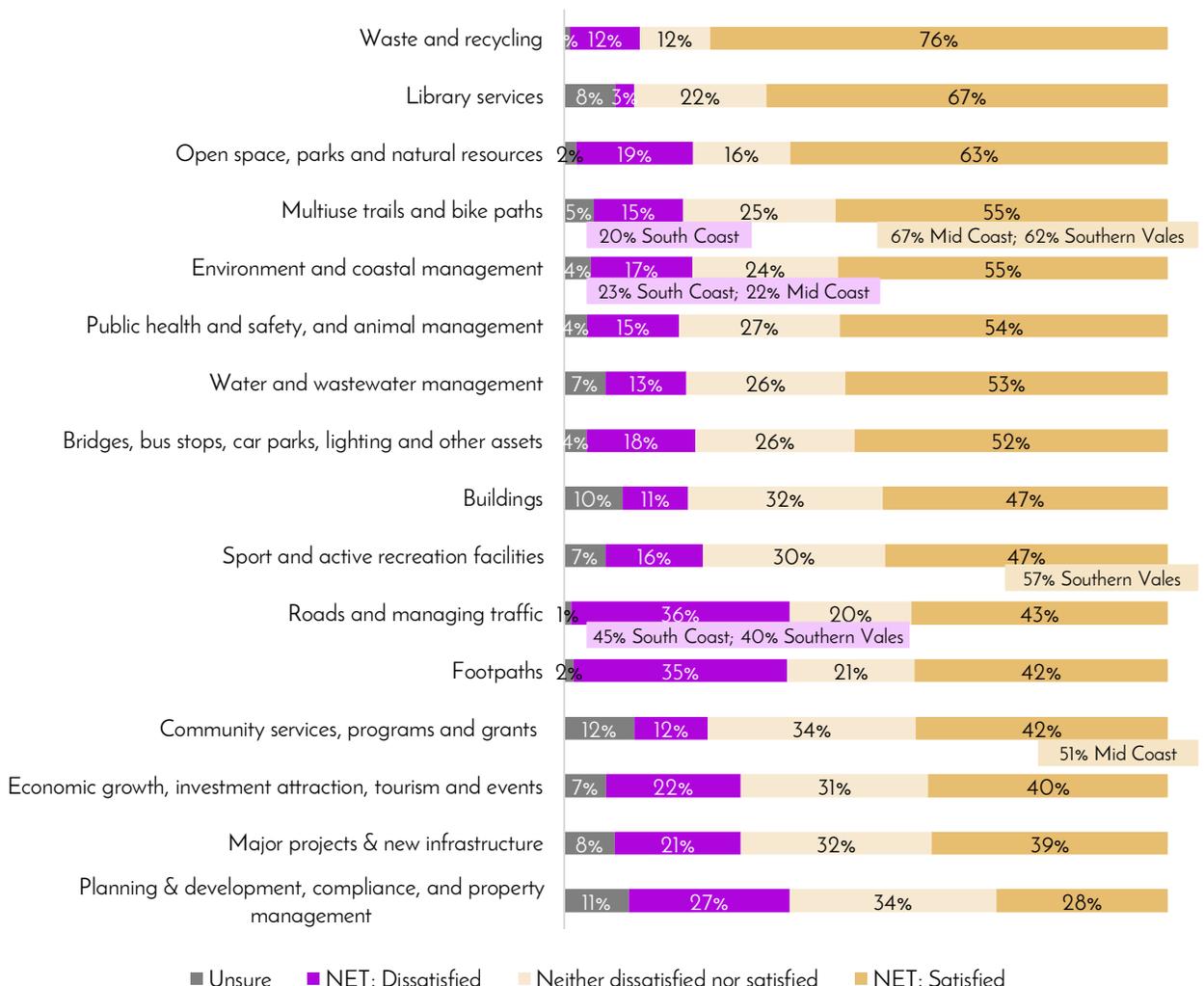
COUNCIL SERVICE SATISFACTION

Waste and recycling services received the highest net satisfaction (more than three quarters), followed by library services (more than two thirds satisfied; and the lowest net dissatisfaction), and open outdoor spaces such as parks and natural resources (nearly two thirds; see Figure 3). Interestingly, roads and footpaths received the highest proportions of net dissatisfaction (both more than a third); however, net satisfaction still outweighed dissatisfaction (both more than two in five). Planning and development received relatively high dissatisfaction (more than a quarter), coupled with the lowest net satisfaction of all (also more than a quarter).

Compared to other wards:

- South Coast respondents were more *dissatisfied* with roads and traffic management, environment and coastal management, and multi-use trails and bike paths;
- Southern Vales respondents were more *satisfied* with sport and active recreation, but more *dissatisfied* with roads and traffic management.
- Mid Coast respondents registered higher levels of *satisfaction* than other wards in relation to multi-use outdoor trails and bike paths, and community services, programs and grants, but higher *dissatisfaction* with environmental and coastal management.

Figure 3. Service satisfaction



Q7. How satisfied are you with each of the following in the City of Onkaparinga?
Base: All respondents, n=924

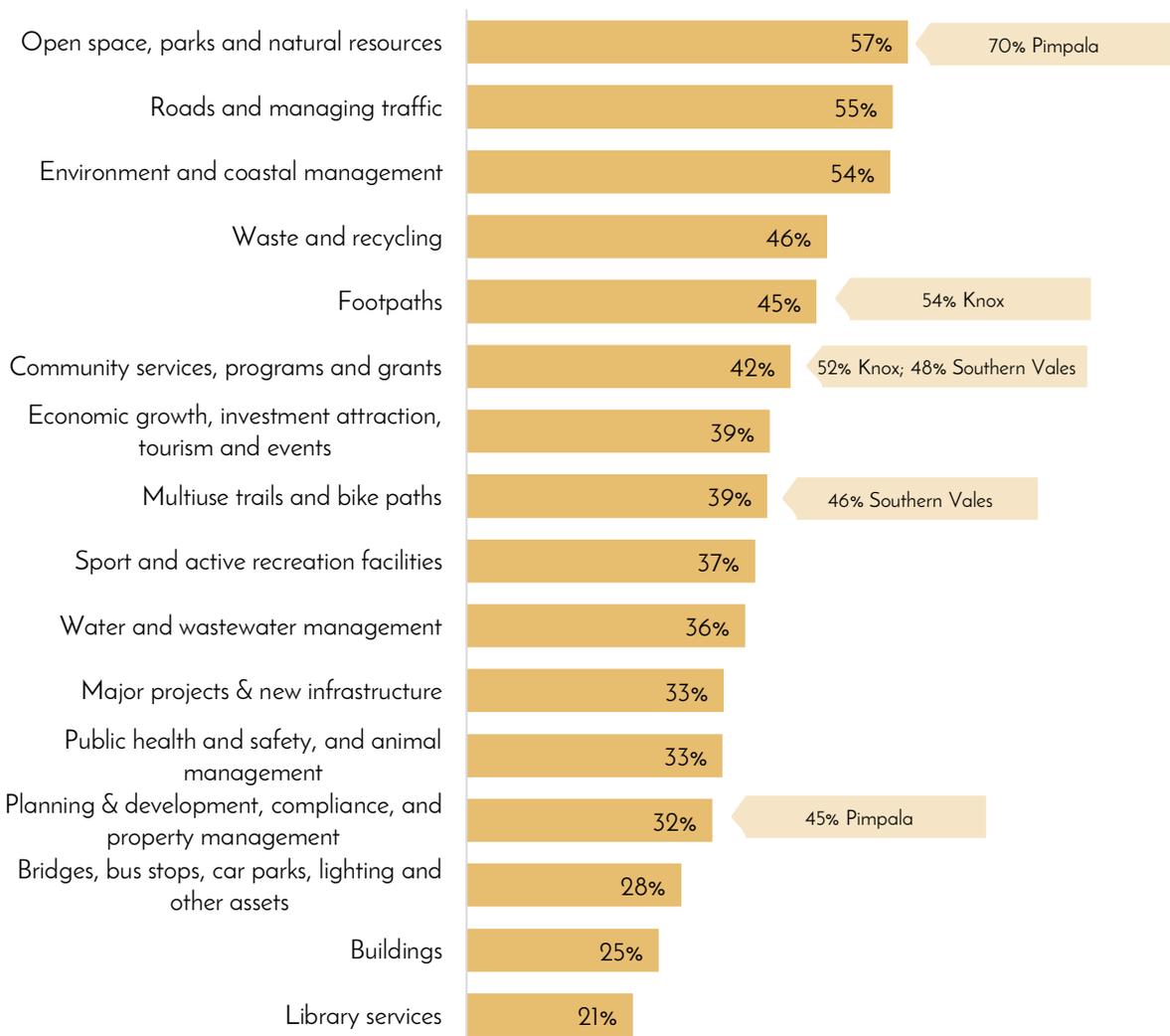
FUTURE PRIORITIES

Figure 4 shows that in terms of future priorities, more than half of respondents believe that council should focus on open spaces, parks and natural resources, roads and traffic management, and environment and coastal management. Library services received the lowest proportion wanting council to focus here, perhaps as dissatisfaction was so low (see Figure 3 on previous page). The figure below also shows that buildings and other built assets also received relatively low proportions of respondents wanting focus.

Compared to other wards:

- More Southern Vales respondents want council to focus on community services, programs and grants, and multi-use trails and bike paths;
- More Pimpala respondents want council to focus on open outdoor spaces, as well as more of a council focus on planning and development;
- More Knox respondents want the council to focus on community services, programs and grants, as well as footpaths.

Figure 4. Service focus into the future



Q8. Thinking about the longer term, in your opinion, which areas are likely to require a strong focus from council into the future? ¹¹
Select as many as you see fit.

Base: All respondents, n=900

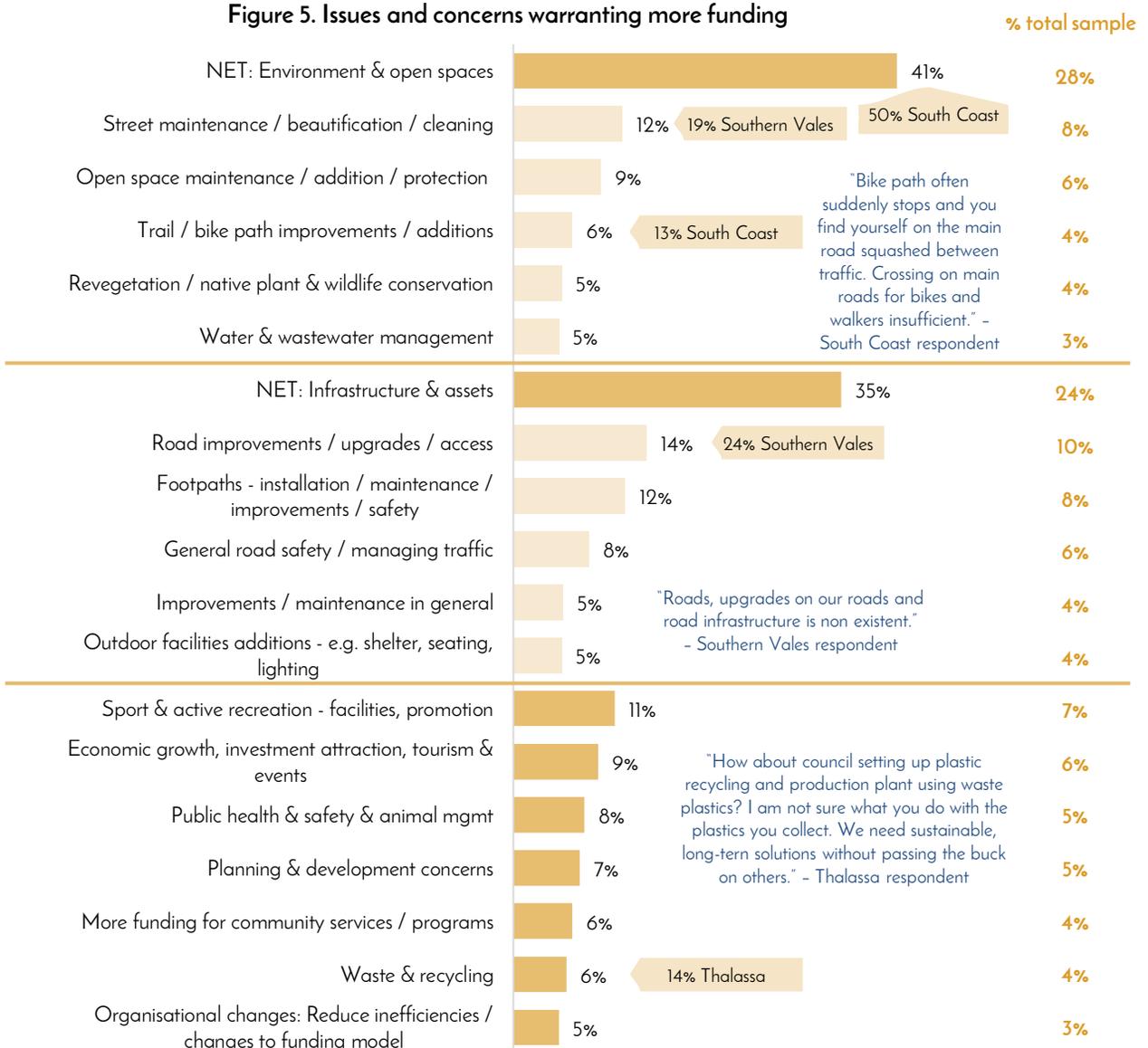
Community Perspectives: Present & Future

CONCERNS & ISSUES

Overall, 70% of respondents expressed concerns and issues over areas perceived to receive insufficient council funding. Figure 5 shows that the highest proportions of respondents listed issues with the environment and open outdoor spaces; predominantly driven by concerns over streetscape vegetation maintenance and cleaning, nature conservation and vegetation management, and the maintenance of open spaces. This was followed by infrastructure and asset issues, responses which mainly centred around roads and footpaths; maintenance, improvements, upgrades and additions. Ward differences revealed:

- South Coast respondents have higher environmental concerns overall, and relatively more issues than other wards in relation to outdoor trail improvements / additions.
- Road improvements and upgrades are of importance to those in the Southern Vales, as is street maintenance, beautification and cleaning.
- Those in Thalassa have more concerns over waste and recycling, (and the least number of concerns over planning and development).

Figure 5. Issues and concerns warranting more funding



Q9. Is there an issue that you are concerned about in our city, which you believe doesn't receive enough council funding? - CODED Base: Respondents who listed an issue / concern, n=619

Note: Categories in figure above are comprised of subcategories. Subcategories presented in the figure are those that attracted 5% or more responses. Column on the right shows proportions of comments of total sample, n=900



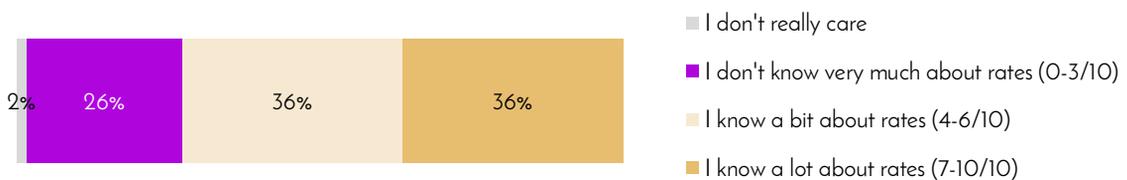
Perspectives of Rates

These questions serve to understand the community’s perspectives of the rates they pay in the context of the services they receive and their understanding of rates in general.

KNOWLEDGE OF RATES

Figure 6 shows that around three quarters of respondents consider themselves informed about rates, how they are used and how they are calculated; around a quarter revealed they do not know very much about rates. Findings were consistent across wards.

Figure 6. Knowledge of rates

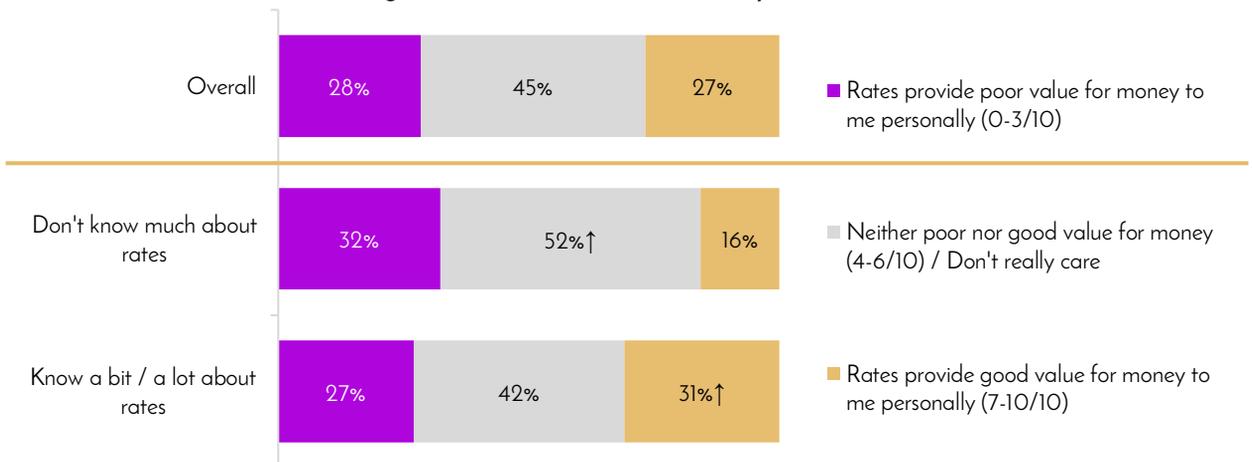


PERCEIVED VALUE FOR MONEY FROM RATES

The largest proportion of respondents (two in five) were uncertain or ambivalent towards the value they perceive from rates. Similar proportions (just over a quarter) of respondents believe they receive poor versus good value for money from rates; findings consistent across wards.

Figure 7 shows that those who know a bit or a lot about rates were significantly more likely to perceive good value for money, compared to those who don't know very much about rates (significantly more likely to be uncertain or ambivalent).

Figure 7. Perceived value for money from rates



Q10. How much do you feel you know about Council rates, how they are used and how they are calculated? Think about if you were to explain it to another person.

Q12. Thinking about all of the services and infrastructure that Council provides and the overall value for money, how do you feel about the rates that you pay? Base: All respondents n=886-888



REASONS UNDERPINNING LOW VALUE FOR MONEY PERCEPTIONS

Overall, 55% of respondents gave a low rating (0-5/10) for the value for money that they perceive from rates; most of whom provided a reason underpinning their rating. The largest proportion of feedback was in relation to an overall perceived lack of value or benefit of services received from council (see Figure 8).

Other reasons underpinning low value for money perceptions included a perceived need to maintain, upgrade and activate existing infrastructure, organisational inefficiencies and the desire to reallocate money spent on staff wages (both mentioned by one in ten of all respondents), and to a lesser extent, concerns over poor funding priorities and wastage to date, proposals for specific initiatives / programs / services, and requests not to increase already high rates.

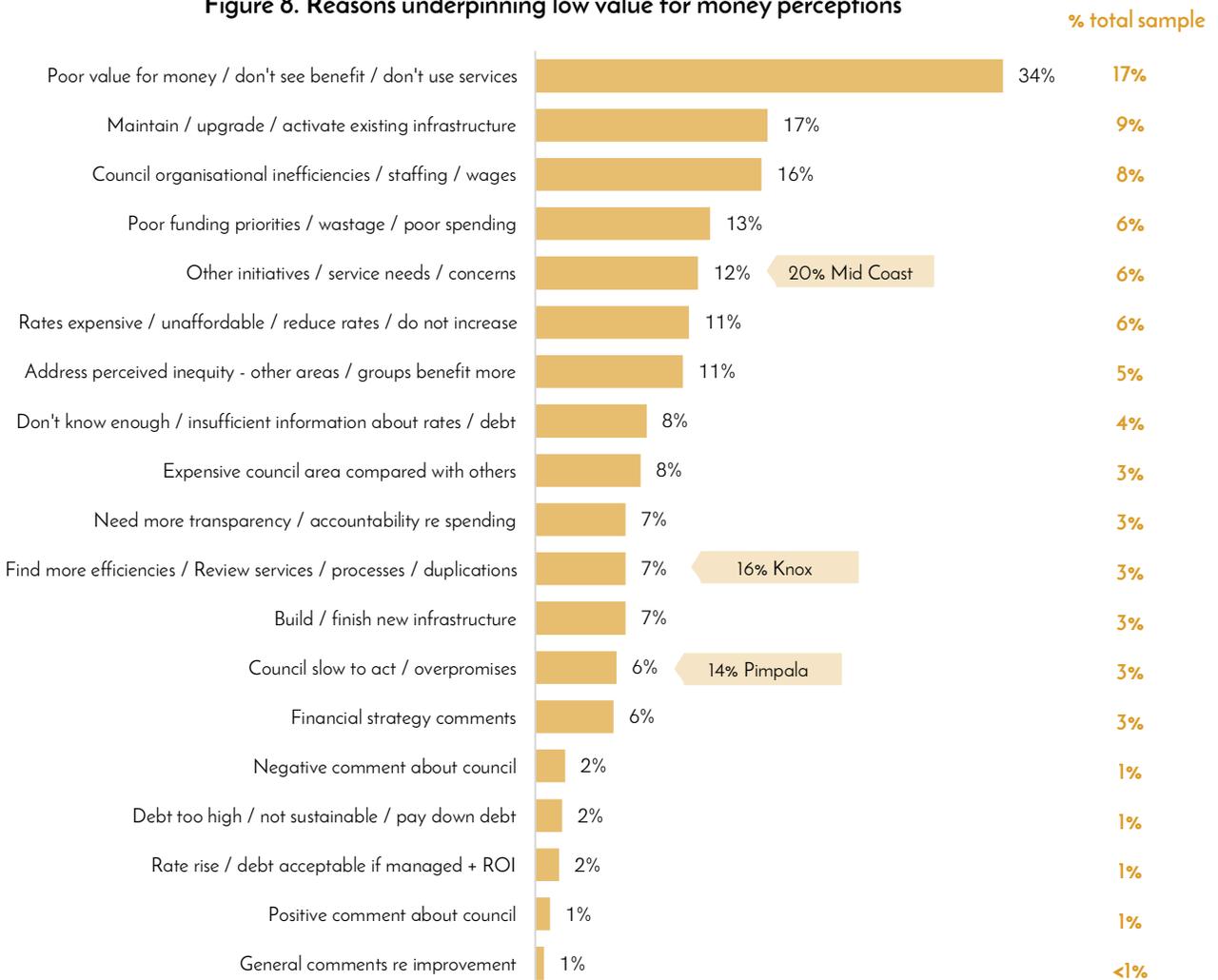
"I see no value for the amount of rates and taxes I pay, look at the state of the roads and the invasive olive trees on Tatachilla Rd." - Southern Vales respondent

"I haven't seen much going on in our local area to see where our rates are being spent other than the green bin being picked up fortnightly." - Mid Coast respondent

"Before even considering putting rates up you need to justify what your demanding now, then fix the leaks and start getting value for money in all areas." - Knox respondent

"Been asking for years for the footpath out the front of my elderly mothers house to be cemented." - Pimpala respondent

Figure 8. Reasons underpinning low value for money perceptions



Q13. Please tell us the reason for your rating... - CODED

Base: Those who gave a rating of 5 or less in relation to perceived value for money of rates, n=460

Note: Column on the right shows proportions of comments of total sample, n=888



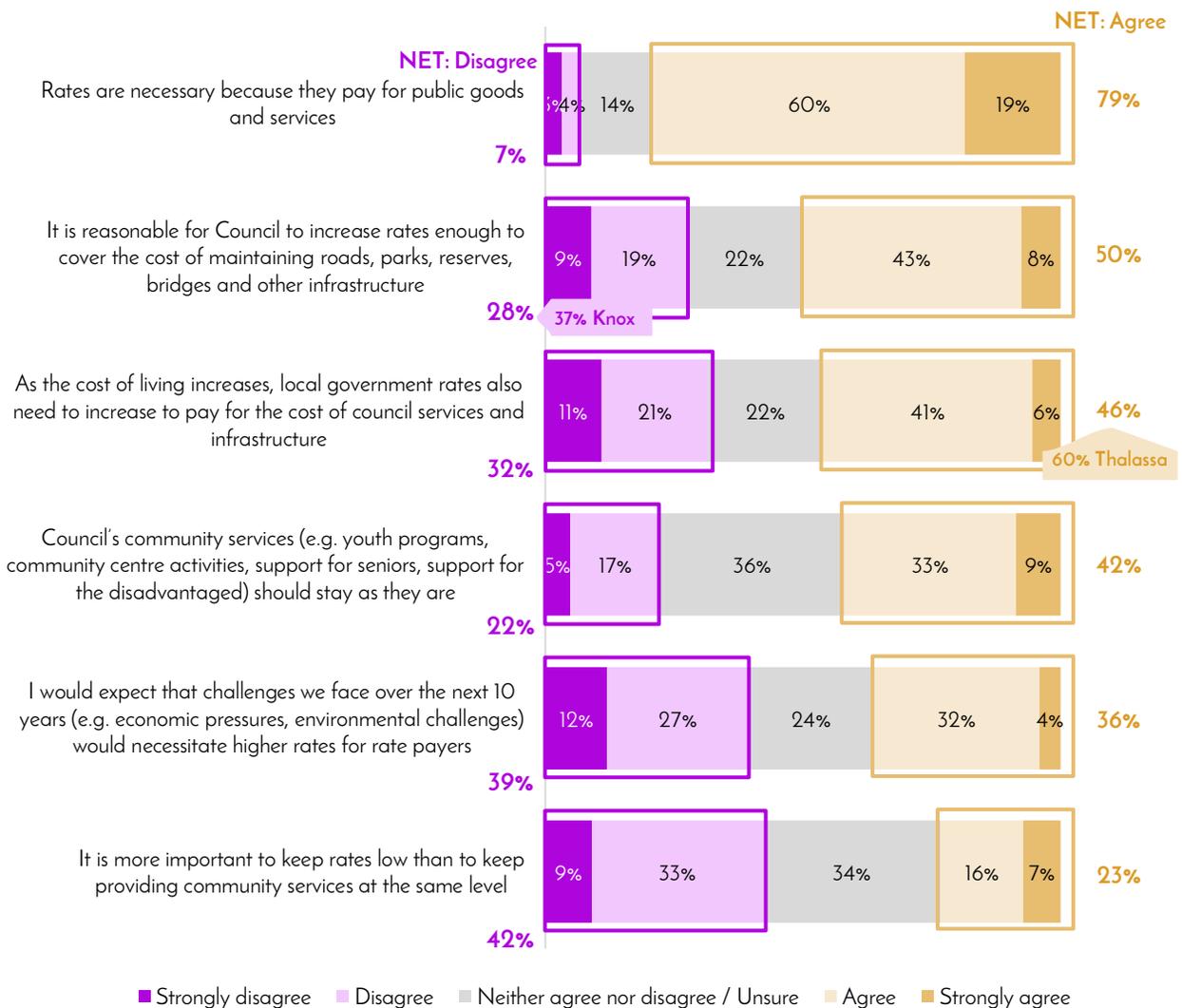
RATES ATTITUDES

Respondents were shown a series of six statements about rates and asked to what extent they agree or disagree. Figure 9 shows that the highest net agreement and lowest net disagreement was that *rates are necessary as they pay for public goods and services*.

It was clear that a large proportion of respondents (two in five) believe that community services *should stay as they are* / should remain *at the same level*, demonstrating appreciation for rates paying for community services and infrastructure and the importance of this. An even larger proportion of respondents (half) agreed that it is *reasonable to increase rates to cover the cost of maintaining infrastructure*.

While increasing rates to cover infrastructure maintenance and community services was accepted by large proportions of respondents, tying rate increases to future challenges yielded more disagreement than agreement.

Figure 9. Attitudes towards rates



Q11. Acknowledging that Council rates pay for the services and infrastructure we talked about at the start, how much do you agree or disagree with the following statements?

Base: All respondents, n=871



Perspectives of Debt

These questions unpack the community’s perspectives and understanding of council spending and debt strategy, and if they have any preferences or suggestions in relation to debt management.

KNOWLEDGE OF DEBT

Figure 10 shows that respondents’ knowledge of council debt was lower than that of rates, with two in five registering at least some knowledge (compared to nearly three quarters who reported having knowledge of rates).

Knox respondents were significantly more likely not to care or know very much about council debt, compared to other wards.

Figure 10. Knowledge of debt



Q14. How much do you feel you know about Council’s debt, what it is and how it is used? Think about if you were to explain it to another person.

Base: All respondents, n=871

PREFERRED DEBT STRATEGY

Respondents were asked their preference for council’s approach to debt management. This question was asked twice; both before and after reading a short piece of information about the relationship between council debt and rate payer funds (pre-information and post-information; see Figure 11). See below for the information provided to respondents.

Before exposure to the information, two in five expressed a preference for council to *maintain current debt and continue with major projects as planned*, while nearly one in five would prefer council to *reduce debt and delay major projects*. A similar proportion would like council to *increase debt in order to deliver major projects more quickly*.

Respondents were shown the information below regarding the relationship between debt and rates, and asked the same question again about their preference for council’s approach to debt management.

While there was some minor movement between pre- and post-information exposure, there were no significant changes. A notable (but not statistically significant) change included a decline in those unsure, and an increase in those who would prefer to maintain current debt and continue major projects.

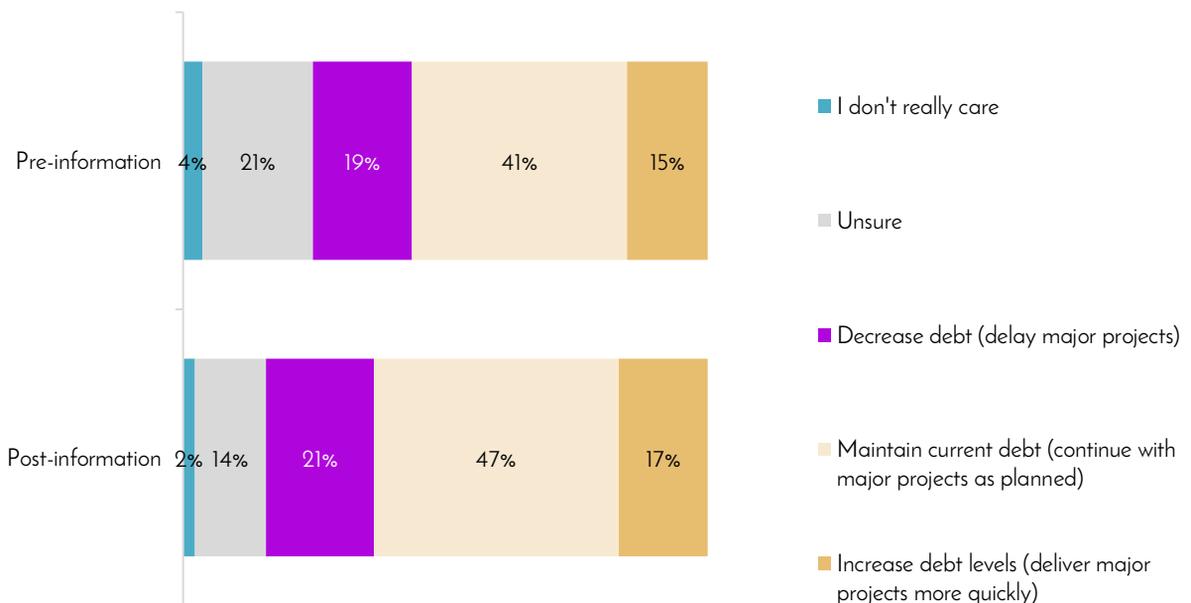
There were no statistically significant differences between wards.

INFORMATION SHOWN:

While **increasing the amount we borrow** (i.e. debt) allows councils to fund infrastructure projects, a primary way debt is **repaid is by using rate payer funds**.

- Increasing debt can also mean an increase in rates.

Figure 11. Perspective on council approach to debt



Q15. Please indicate what approach you think council should take in relation to debt?

Base: All respondents, n=871

Q16. With the above information in mind, now how do you feel about how Council should approach debt?

Base: All respondents, n=861

INVESTMENT PERSPECTIVES

Similar to debt perspectives, there appeared to be a general preference to *maintain existing infrastructure*, rather than *building new infrastructure* (see Figure 12).

South Coast respondents expressed a significantly stronger preference than some other wards to build new infrastructure.

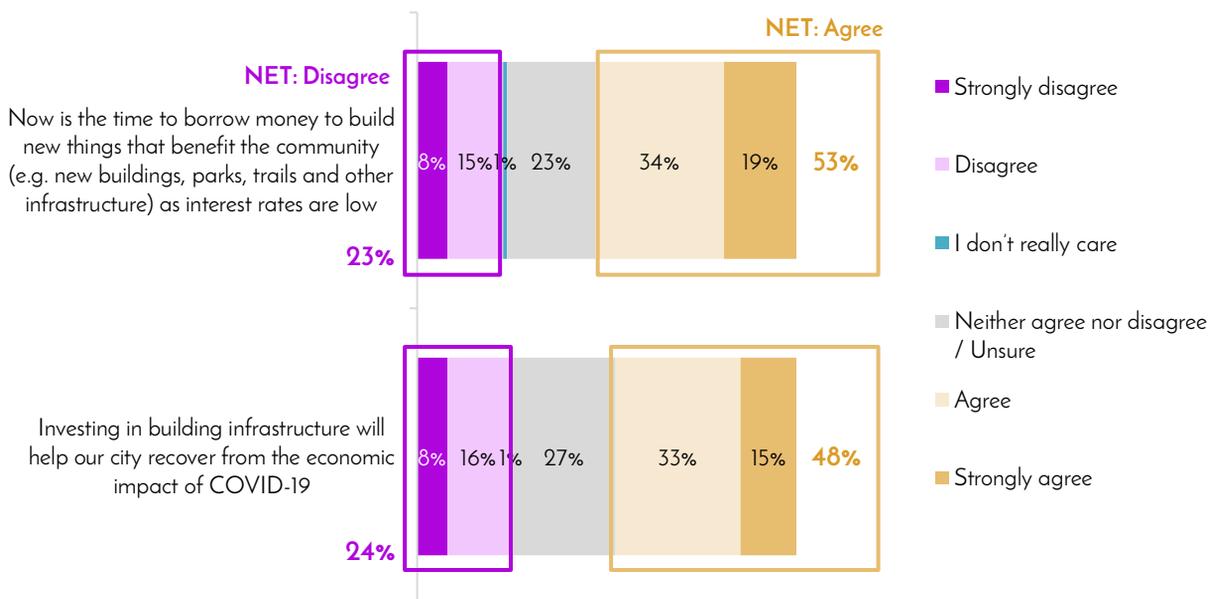
Figure 12. Perspectives of investment in infrastructure



Figure 13 shows that despite relatively lower proportions of respondents expressing a preference to increase debt and/or build new infrastructure, in the context of COVID-19, overall more than half agree that *now is the time for council to borrow money for infrastructure*, with almost half agreeing that investing in *building infrastructure will help the city recover from the impact of COVID-19*.

"Now is the time for council to help rebuild." - Knox respondent

Figure 13. Scenario modelling



Q18. Please indicate below if you think council should focus more on building new infrastructure, or maintaining/renewing the existing infrastructure?

Q17. Interest rates are at a record low as the economy tries to recover from the impact of COVID-19. Given this, how much do you agree or disagree with the following statements?

Base: All respondents, n=861





Overall Community Sentiment & Attitudes

These questions were asked in order to determine how respondents perceive council management of rates and debt, and what they want council to prioritise at present and into the future.

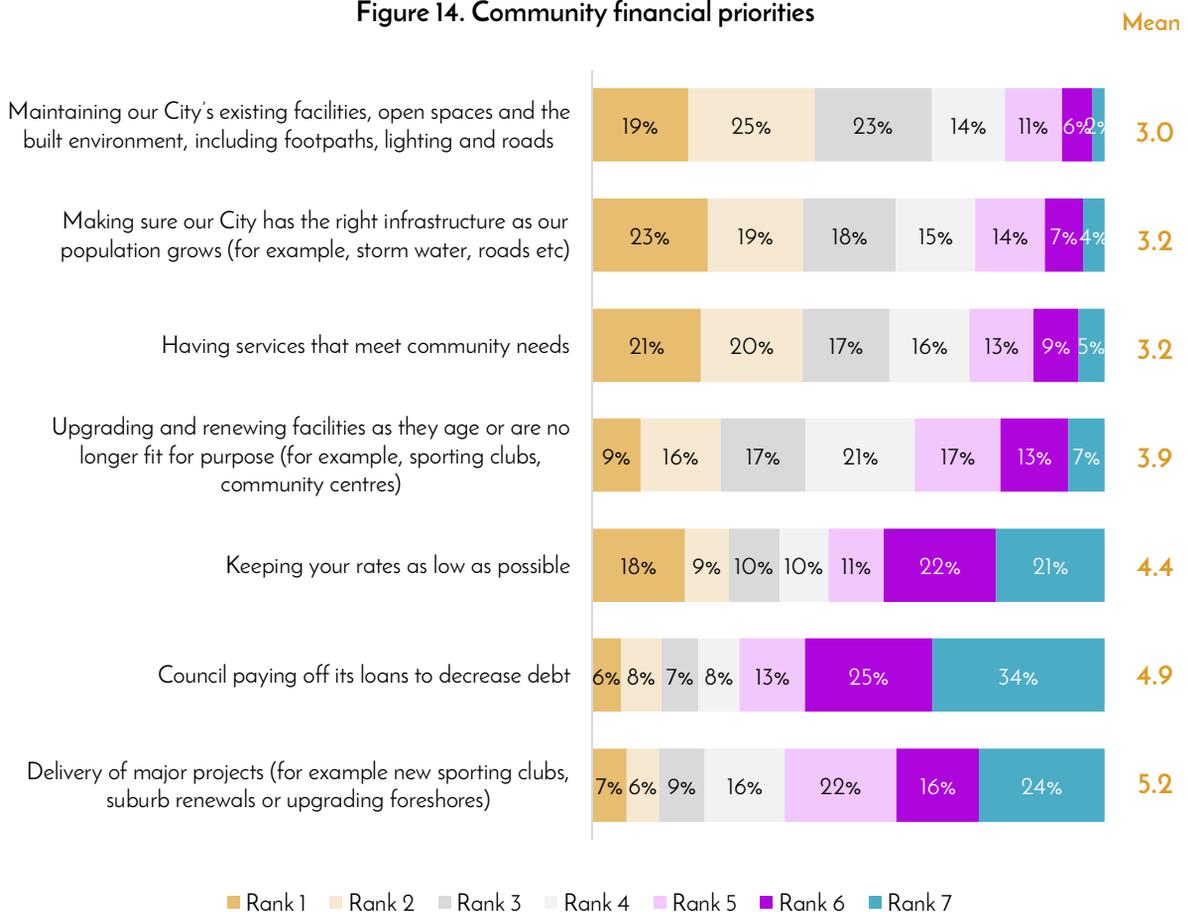
KEY PRIORITIES

Respondents were asked to rank the importance of seven general council priorities, from infrastructure and service provision, to rate setting and debt reduction.

Looking at mean rankings, the strongest rankings were provided for: *Maintaining the City's existing facilities, open spaces and the built environment, making sure the City has the right infrastructure as the population grows, and having services that meet community needs* (see Figure 14).

Delivery of major projects, council paying off loans to decrease debt, and keeping rates as low as possible were ranked lowest in terms of average rankings.

Figure 14. Community financial priorities



Q19. We'd now like to understand how you would prioritise the following areas.

Base: All respondents who provided a ranking, n=782-795

Note: Mean ranking scores are calculated from rankings provided; hence the lower the number the stronger the rank / importance



Overall Community Sentiment & Attitudes

\$1M QUESTION

Respondents were asked how they would spend a hypothetical \$1M by ranking five factors council has responsibility for (with the additional option to select "something else"; not selected by many).

Figure 15 shows that mean rankings are strongest (most important) for *increasing maintenance of the City* and *building more community infrastructure*, followed by *increasing community services*.

Debt reduction, and *lowering rates* received relatively weaker rankings on average (consistent with lower positions for these strategies observed in the previous question).

Figure 15. Prioritising an additional \$1M



Q20. Imagine council received \$1million it could spend on anything. How do you think it should be used?

Base: All respondents who provided a ranking, n=738-747

Note: "Something else" was optional, selected by 36% of respondents who provided a ranking; Mean ranking scores are calculated from rankings provided; Council agenda 16 February 2021 page 9 to Page 7 of 87

Overall Community Sentiment & Attitudes

ADDITIONAL COMMENTS

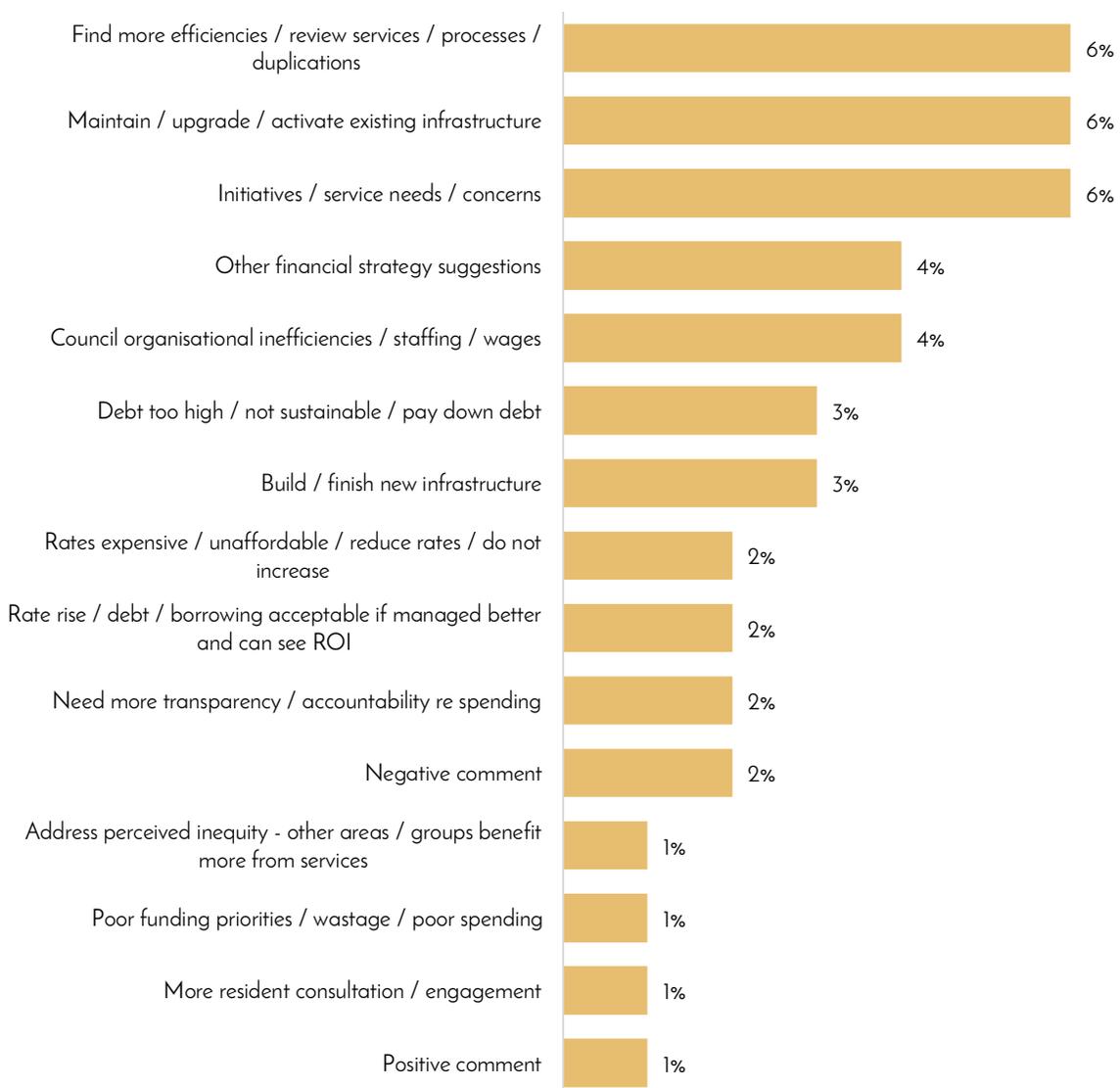
Respondents were invited to provide additional comments in relation to the council’s overall Long Term Financial Plan. Overall, almost two in five provided additional comments.

Of all respondents, an aggregated 15% of comments related to the funding model and overall financial strategy, specifically finding efficiencies, reviewing and streamlining services and processes, and various other financial strategy suggestions, and the need to prioritise paying down debt.

A similar aggregated proportion of comments overall (13%) were also made in relation to priorities where funding and spending is needed, specifically maintaining or upgrading existing infrastructure, service needs and changes, and new infrastructure.

“Do you have clear up-to-date assets register of plant and equipment? Do you have a staff profile register with secondary or potential secondary functions availability? Where are your 2 year, 5 year, 10 year and 20 year projections? Are you able to modify those over time? Do you have a working “Think-tank” made up of NON-Local government employees (outside the immediate Area of Concern? Do you even have a Directions Taskforce within council from all areas?” - Knox respondent

Figure 16. Additional optional comments (of overall sample)



Q21. Is there anything else you’d like to tell us about debt management, rate setting, providing services, and building or maintaining infrastructure? - CODED

Base: All respondents, n=785 - Numbers were too small to make comparisons by ward



Impacts of COVID-19

The purpose of these questions is to determine the impacts of COVID-19 on the community, resident and rate payer resilience, and areas where council could provide assistance.

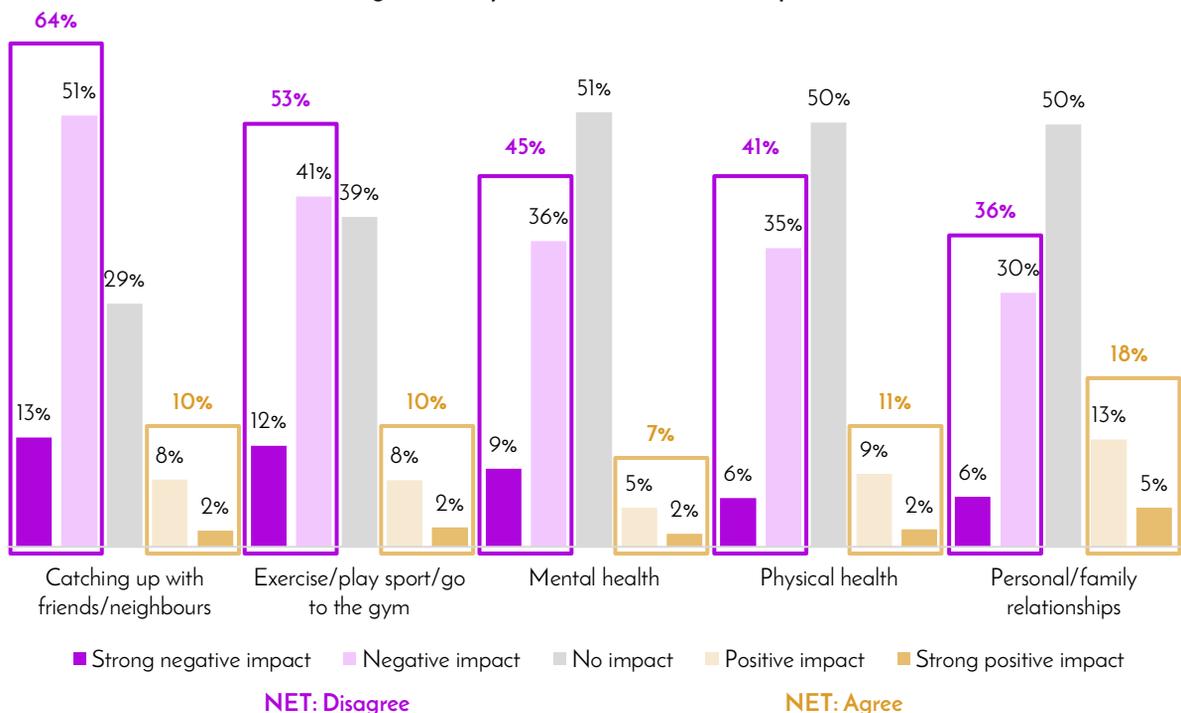
IMPACTS OF COVID-19

Respondents were asked about the impact of COVID-19 on various aspects in their lives. Due to the longevity of the presence of the virus throughout 2020, respondents were given the option to select more than one type of impact, be that positive and/or negative.

The largest proportions reported neutral or negative impacts, with only modest positive impacts reported (see Figure 17). Not surprisingly, activities involving interactions and visitation of public venues such as catching up with friends and the ability to exercise and play sport received the highest proportions of negative impact reported.

While half of respondents reported no impact of COVID-19 on their mental and physical health, and personal/family relationships, substantial proportions reported negative impacts.

Figure 17. Psycho-social and health impacts



Q22. Thinking back over 2020 - before the most recent SA COVID-19 outbreak, how (if at all) have the following areas of your life been impacted by COVID-19? If you've experienced different types of impacts over time, you can select up to two responses for each item.

Note: Proportions may add to more than 100% as multiple responses were allowed.

Base: All respondents excluding NA responses, 643-785; Note: Numbers are too small to make comparisons by ward.



Again, not surprisingly, access to public venues has been negatively impacted, with around half of respondents reporting a negative impact of COVID-19 on their ability to join in community or sporting clubs, and two in five reporting negative impacts on their access to community centres and programs (see Figure 18).

Figure 18. Impacts of COVID-19 on community involvement

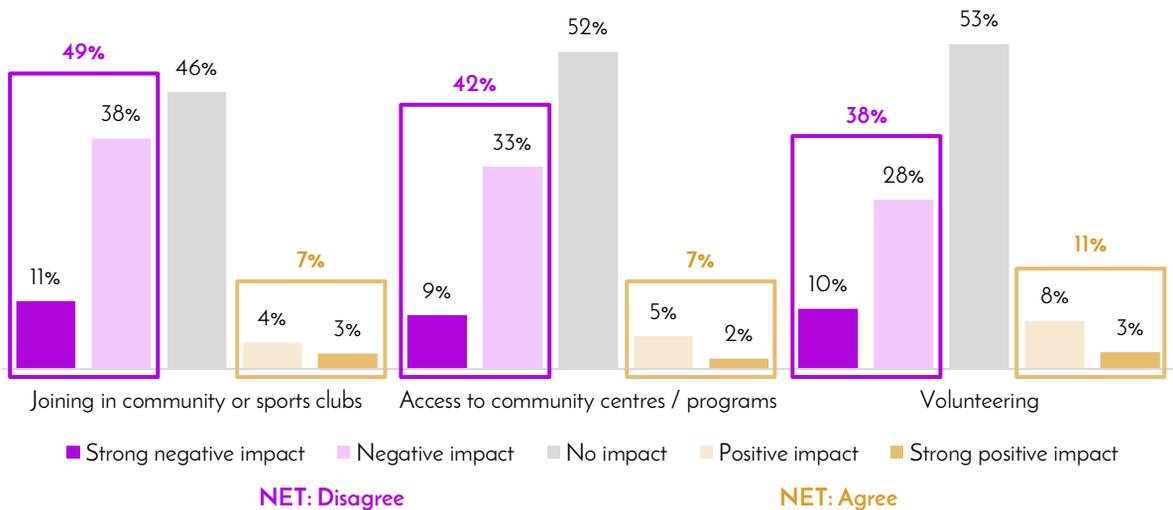
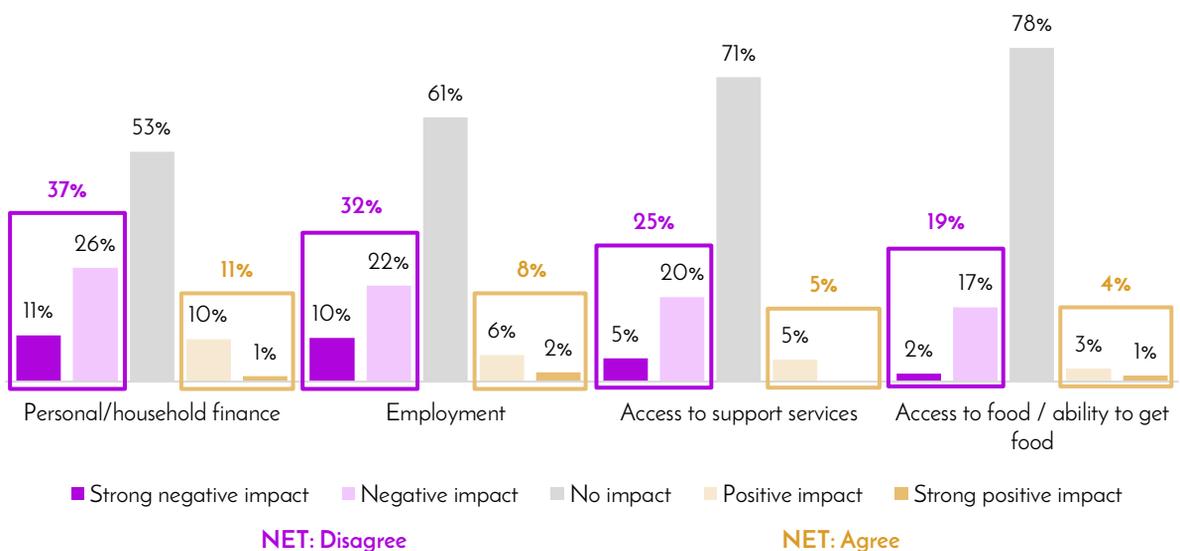


Figure 19 shows more than a third of respondents reported having experienced negative impacts of COVID-19 to their personal or household finances, and nearly a third experienced negative impacts to their employment. While the majority of respondents experienced no impact, a quarter reported negative impacts when accessing support services, and one in five experienced negative impacts to accessing food.

Figure 19. Economic, employment and assistance impacts of COVID-19



Q22. Thinking back over 2020 - before the most recent SA COVID-19 outbreak, how (if at all) have the following areas of your life been impacted by COVID-19? If you've experienced different types of impacts over time, you can select up to two responses for each item.

Note: Proportions may add to more than 100% as multiple responses were allowed.

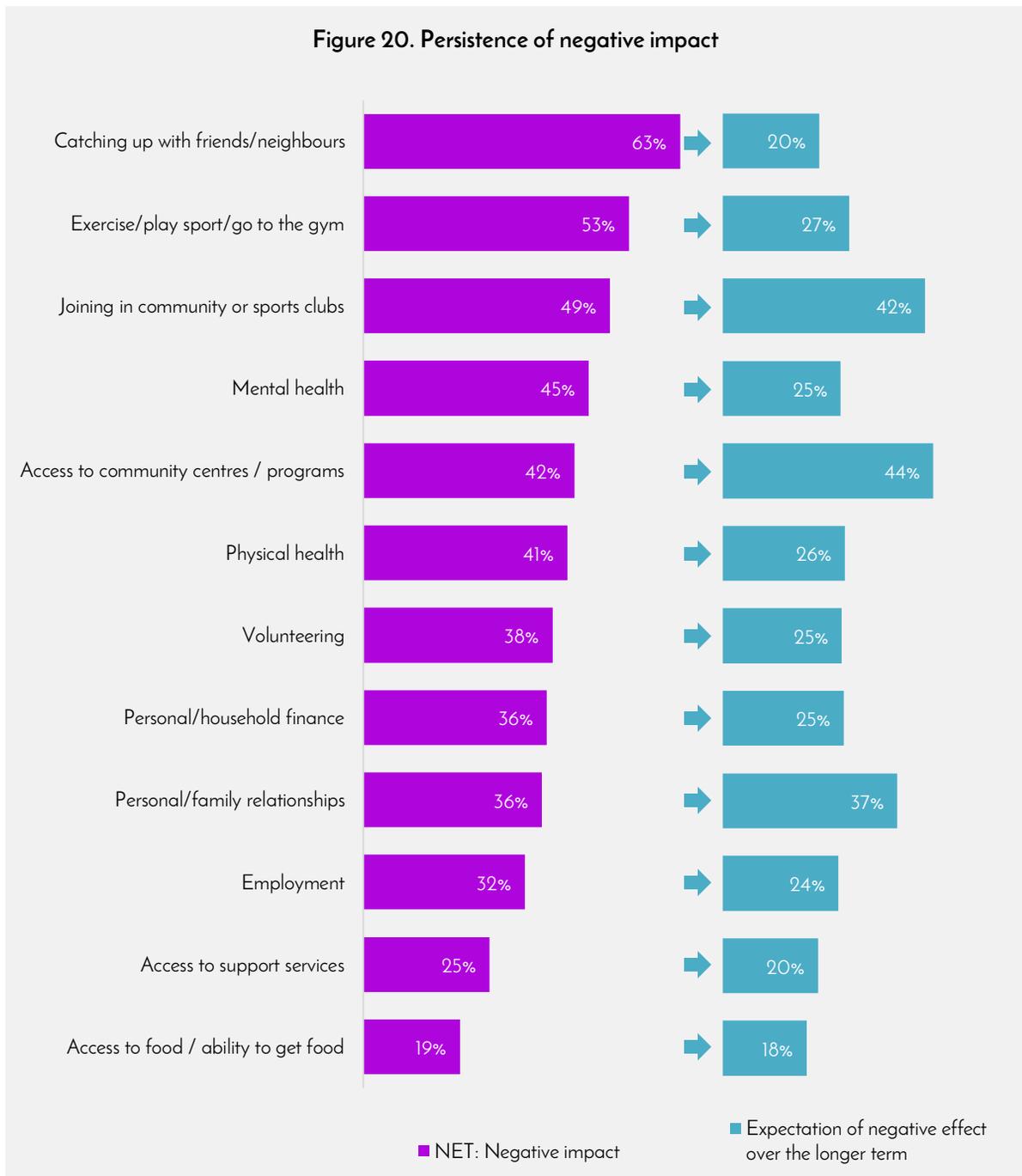
Base: All respondents excluding NA responses, 643-785; Note: Numbers are too small to make comparisons by ward.



PERCEIVED PERSISTENCE OF NEGATIVE COVID-19 IMPACTS

Figure 20 shows perceived persistence of negative impacts over the longer term are highest for access to community centres and programs, and joining in community or sports clubs (two in five).

For the third of respondents who have experienced employment or financial difficulty, a quarter feel that these aspects will impacted over the longer term.



Q22. Thinking back over 2020 – before the most recent SA COVID-19 outbreak, how (if at all) have the following areas of your life been impacted by COVID-19? [purple bars] Base: All respondents excluding NA responses, 643-785

Q23. We are sorry to hear you have been negatively impacted. Do you expect any of these to be impacted over the longer term? [blue bars] Base: Respondents who experienced a negative impact in each respective category, n=148-494

Note: Numbers are too small to make comparisons by ward.



NEGATIVE COVID-19 EXPERIENCES

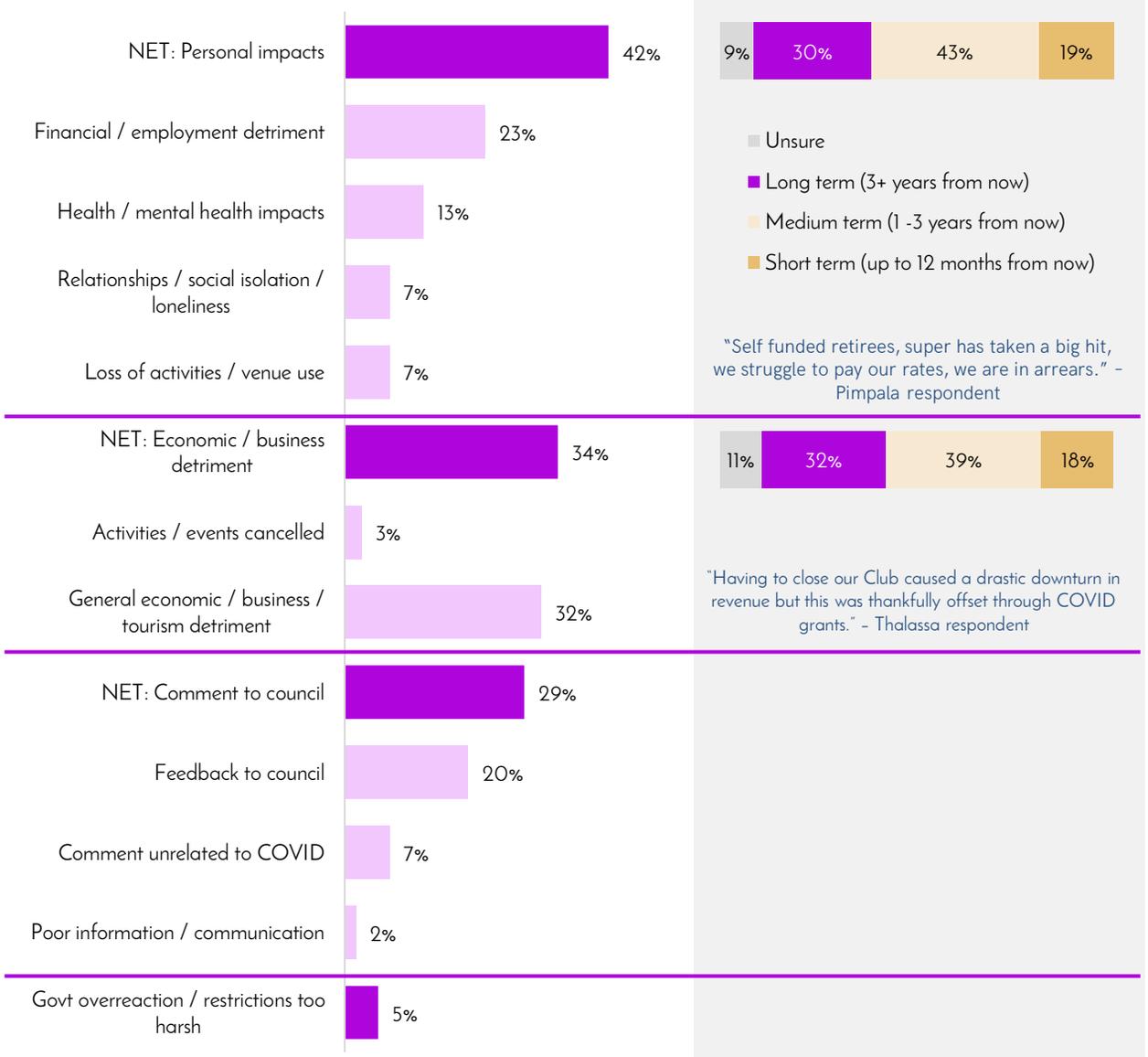
Respondents were asked to share information and examples about the impact COVID-19 has had on the City's economy. Overall, 16% of respondents shared negative outcomes of COVID-19 (Figure 21).

Of the 16% who shared negative information, Figure 22 shows the largest proportion of negative outcomes reported were personal impacts, followed by economic and business detriment; other comments comprising feedback to council (many unrelated to the question).

Figure 21. Positive and negative outcomes of COVID-19



Figure 22. Breakdown of negative outcomes of COVID-19 among those who commented



Q24. Do you have information that you would like to share with us regarding the impact COVID-19 has had on the City's economy? - CODED Base: All respondents, n=785;

Q25. How long do you think these negative impacts on our City will last? Base: Respondents who gave negative examples, n=123; Note: Numbers are too small to make comparisons by ward.

Note: Dark purple bars represent netted categories comprised of lighter purple categories

POSITIVE COVID-19 EXPERIENCES

Overall, 15% of respondents shared positive examples of COVID-19; a third of these related to personal relationships and a third economical and business-related (see Figure 23).

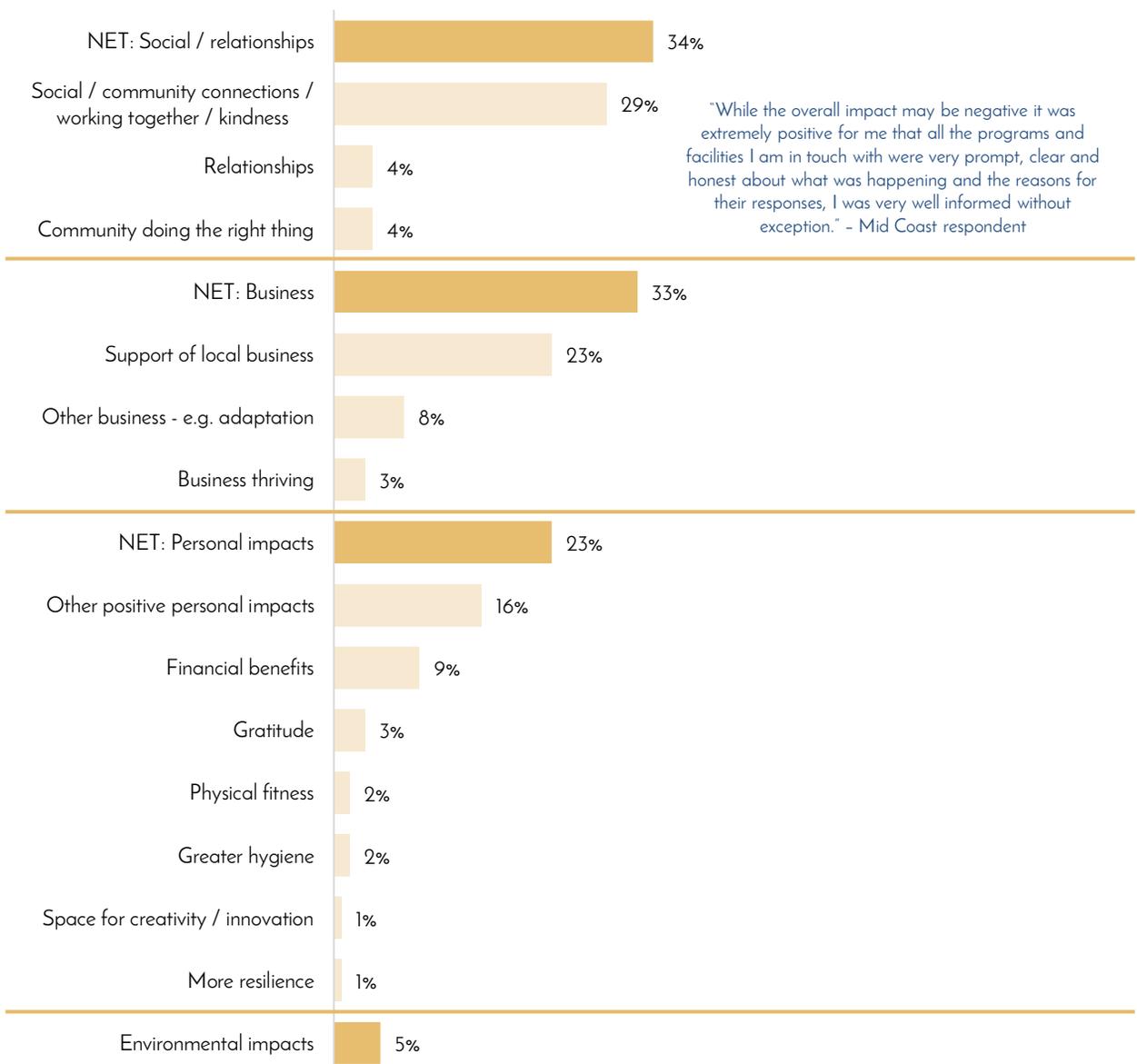
The most common business-related examples included support of local businesses, businesses learning to adapt to trade online.

"COVID has made us focus on the importance of our immediate community. Buy local has been strong. COVID has also forced businesses to work online and be creative in the way they manage their business and reach their customers." - Southern Vales respondent

"My gardens are looking great, and my dog has enjoyed having me around more. My beach has been my saving grace." - South Coast respondent

"I'm sure our air is cleaner, our ocean more pure." South Coast respondent

Figure 23. Positive outcomes from COVID-19 among those who commented



Q24. Do you have information that you would like to share with us regarding the impact COVID-19 has had on the City's economy? - CODED

Base: Respondents who gave positive examples, n=120

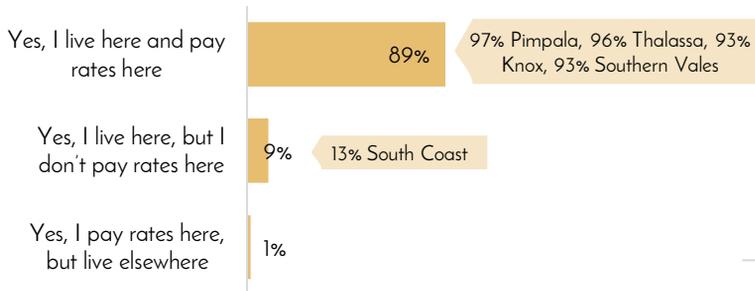
Note: Numbers are too small to make comparisons by ward.

Note: Dark orange bars represent netted categories comprised of lighter orange categories

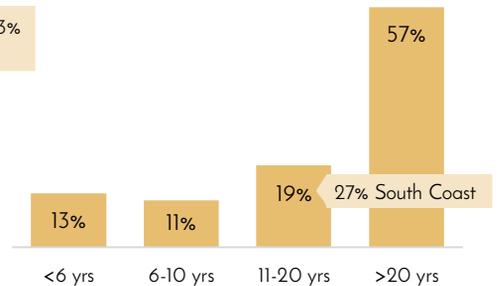
Appendix A – Sample Demographics

Demographic breakdown of sample

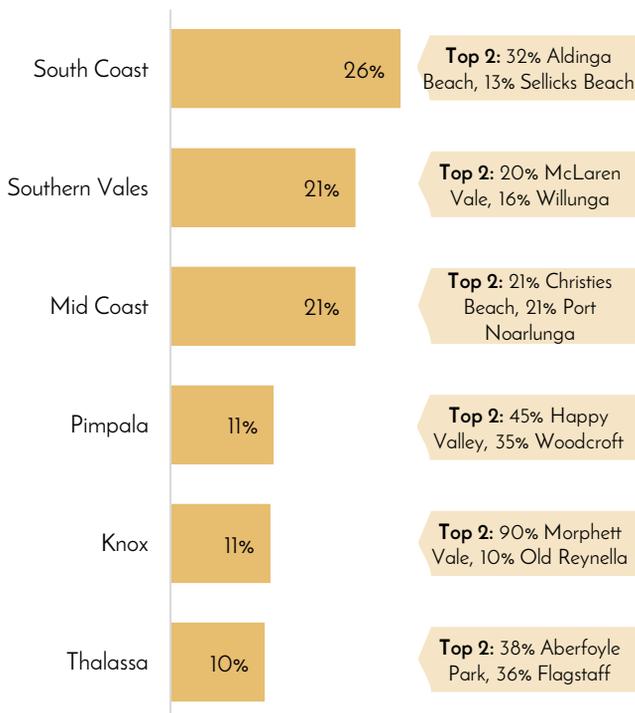
Resident / rate payer status



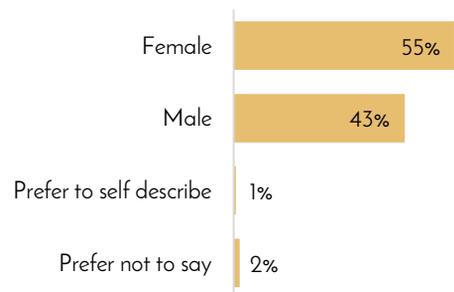
Time lived / invested in the City



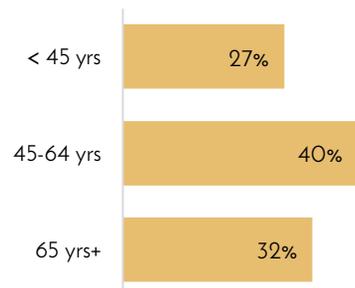
Ward



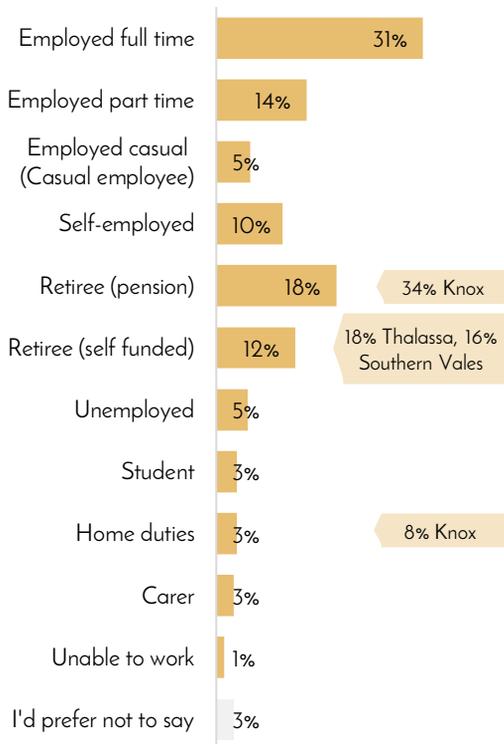
Gender



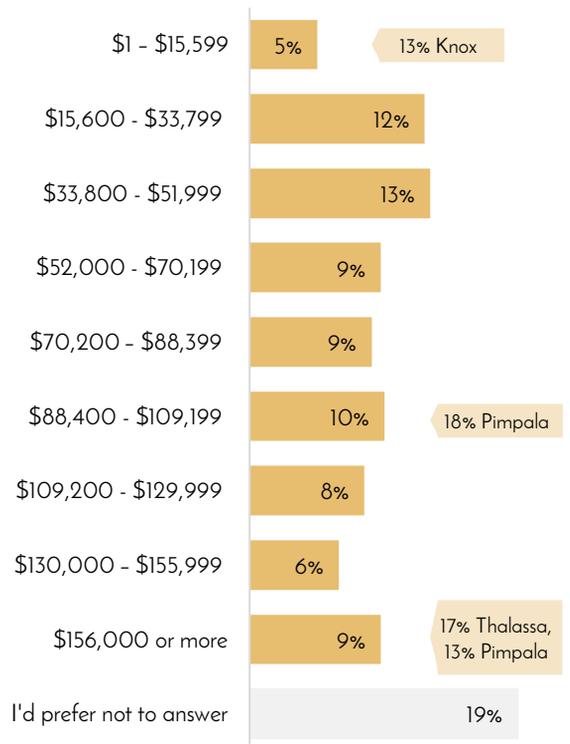
Age group



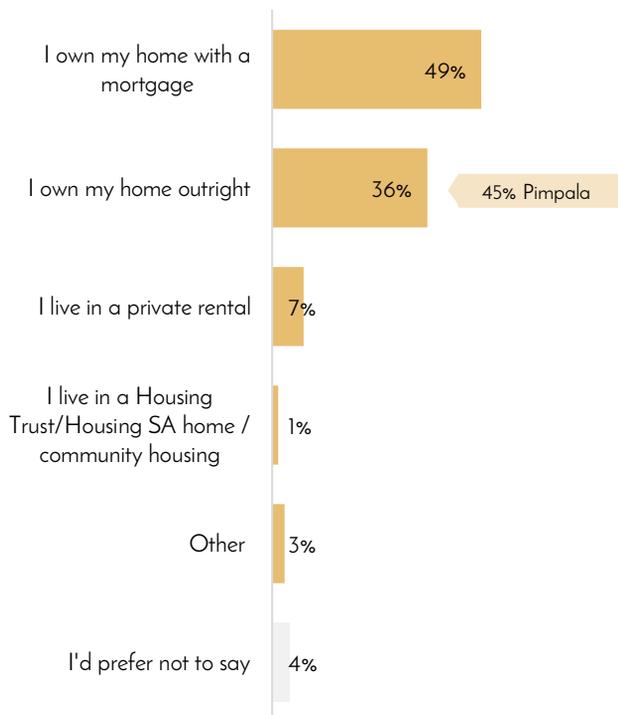
Employment status



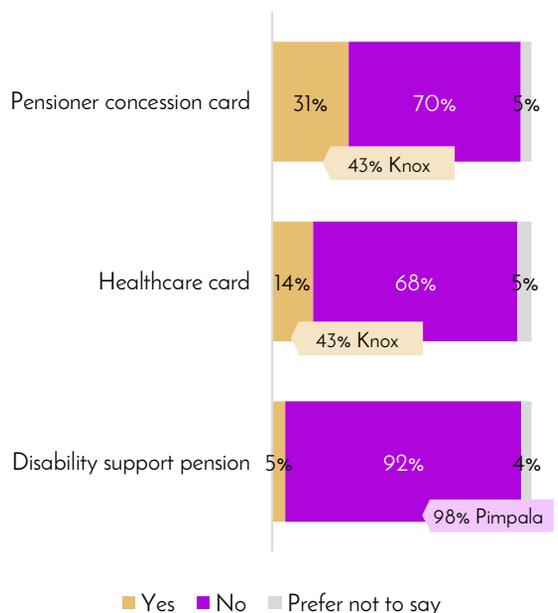
Annual gross household income



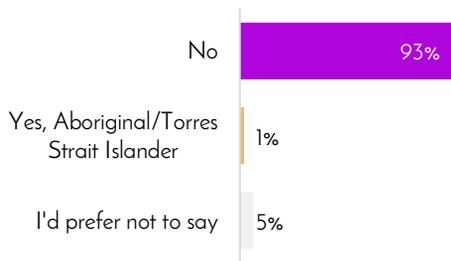
Housing situation



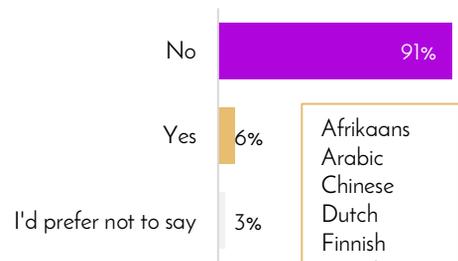
Concessions



Aboriginal and/or Torres Strait Island descent



Language other than English spoken at home



- Afrikaans
- Arabic
- Chinese
- Dutch
- Finnish
- French
- German
- Greek
- Hindi
- Hungarian
- Italian
- Japanese
- Mandarin
- Norwegian
- Polish
- Russian
- Serbian
- Sinhalese
- Spanish
- Swedish
- Thai

Appendix B – Ward Snapshots

Key findings by ward

The following pages show key data points for each ward.

Each snapshot can be read in isolation, or used to compare other wards.

Up arrows indicate over-indexing of ward against the mean and significantly higher proportions than at least two other wards.

South Coast Snapshot

Road improvements and upgrades are very important in the South Coast, attracting high dissatisfaction and concern. Concern over outdoor trails was higher than in other wards, and top future foci included the environment, roads & traffic, and open spaces. A quarter believe they receive good value for money from their rates. More than half feel they do not know much about debt; a similar proportion preferring to maintain debt and continue projects. Regarding current financial priorities, respondents emphasised the need for infrastructure for population growth, as well as maintaining existing infrastructure.

| DEMOGRAPHIC OBSERVATIONS | |
|--------------------------|--|
| 55% | Females, 43% Males |
| 39% | 45-64 yrs, 30% 65+, 30% under 45 |
| 46% | resided >20 years |
| 49% | mortgage, 31% own outright, 10% renters |
| 28% | <\$52k/yr, 27% \$52k-\$110k/yr, 25% \$110k+/yr |

SERVICE USE & PRIORITIES

Service satisfaction



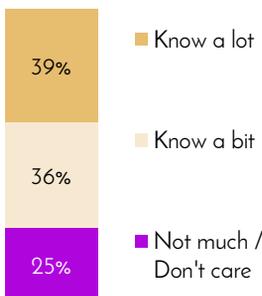
79% have concerns ↑

Top 3 future priorities

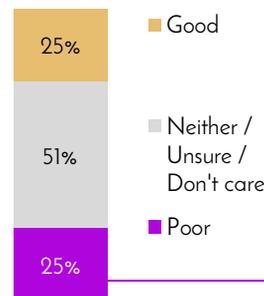
- Environment & coastline **63%**
- Roads & managing traffic **62%**
- Open outdoor spaces **57%**

RATES PERSPECTIVES

Rates knowledge



Value for money



Reasons for poor value for money

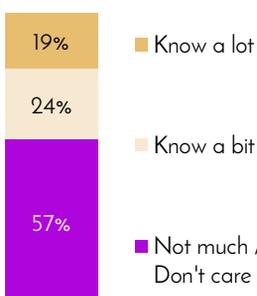
- Don't see benefit / don't use services **32%**
- Council organizational inefficiencies cited - e.g. staffing, wages **17%**
- Maintain / upgrade existing infrastructure **14%**

Rates attitudes

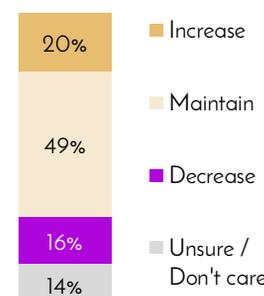
- Net agreement >50%
- Rates are necessary because they pay for public goods and services **81%**
- As the cost of living increases, local government rates also need to increase to pay for the cost of council services and infrastructure **51%**

DEBT & FINANCIAL PRIORITIES

Debt knowledge



Preference for debt approach (post-info)



Priority ranking

Top 3 of 7 (mean ranking)

- Ensuring City has the right infrastructure for population growth
- Maintaining existing facilities, open spaces & built environment
- Having services that meet community needs

\$1M should be spent on...

Top 2 of 5 (mean ranking)

- Increase maintenance of City
- Build more community infrastructure

37% financial comments

- Maintain / upgrade existing infrastructure **17%**
- Initiatives / service needs / concerns **17%**

N=198 South Coast residents and rate payers responded to the survey

Up arrow indicates over-indexing of ward against the mean and significantly higher proportion than at least two other wards



Southern Vales Snapshot

Road improvements and upgrades are of utmost importance; attracting the most dissatisfaction and top concern (more than several other wards), as well as top future focus. Value for money perceptions regarding rates are divided; nearly a third feel they receive good value for money. The largest proportion would prefer to maintain current debt and projects, followed by a quarter wanting to reduce debt; however, the majority acknowledged they do not know much about debt. Further, the strongest ranking was in relation to council maintaining existing infrastructure and facilities, followed by responding to population growth.

| DEMOGRAPHIC OBSERVATIONS | |
|--------------------------|--|
| 50% | Males, 48% Females |
| 47% | 45-64 yrs, 35% 65+, 19% under 45 |
| 57% | resided >20 years |
| 44% | own home outright ↑, 39% mortgage, 7% renters |
| 30% | <\$52k/yr, 28% \$52k-\$110k/yr, 20% \$110k+/yr |

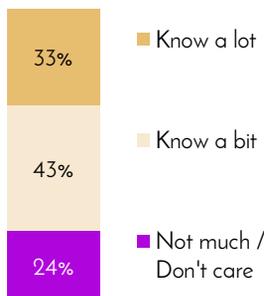
SERVICE USE & PRIORITIES

Service satisfaction

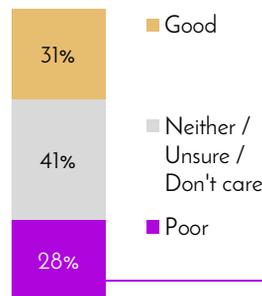


RATES PERSPECTIVES

Rates knowledge



Value for money



Reasons for poor value for money

Don't see benefit / don't use services **35%**

Maintain / upgrade existing infrastructure **18%**

Council organizational inefficiencies cited - e.g. staffing, wages **16%**

Rates attitudes

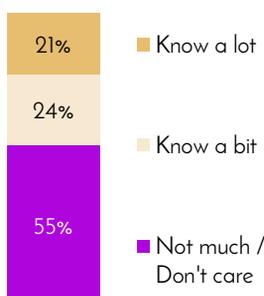
Net agreement >50%

Rates are necessary because they pay for public goods and services **80%**

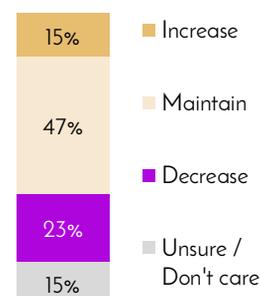
It is reasonable for Council to increase rates enough to cover the cost of maintaining roads, parks, reserves, bridges and other infrastructure **54%**

DEBT & FINANCIAL PRIORITIES

Debt knowledge



Preference for debt approach (post-info)



Priority ranking

Top 3 of 7 (mean ranking)

- Maintaining existing facilities, open spaces & built environment
- Ensuring City has the right infrastructure for population growth
- Having services that meet community needs

\$1M should be spent on...

Top 2 of 5 (mean ranking)

- Increase maintenance of City
- Build more community infrastructure

36% financial comments

- Initiatives / service needs / concerns **26%**
- Maintain / upgrade existing infrastructure **25%**



Mid Coast Snapshot

Roads, as well as planning and development received the highest levels of dissatisfaction, but the most common concern was in relation to funding of sports and facilities (more than other wards). The environment and open spaces were the top future priorities. Rates knowledge was relatively higher; almost three quarters have knowledge here. However, three in ten perceive poor value for money; two in five unsure. Debt knowledge is modest; more than half reporting they don't know much about this. Emphasis was on maintaining existing facilities and infrastructure, followed by ensuring the right infrastructure for population growth.

| DEMOGRAPHIC OBSERVATIONS | |
|--------------------------|--|
| 56% | Females, 42% Males |
| 38% | under 45, 36% 45-64 yrs, 26% 65+ |
| 57% | resided >20 years |
| 54% | mortgage, 27% own outright, 9% renters |
| 30% | <\$52k/yr, 28% \$52k-\$110k/yr, 29% \$110k+/yr |

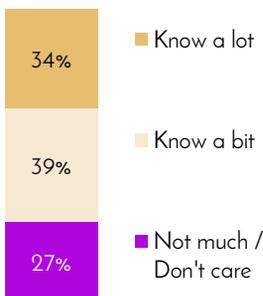
SERVICE USE & PRIORITIES

Service satisfaction

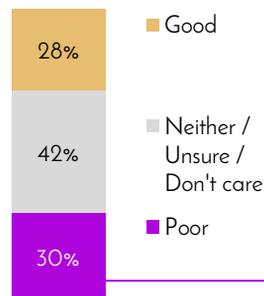


RATES PERSPECTIVES

Rates knowledge



Value for money



Reasons for poor value for money



Rates attitudes

Net agreement >50%

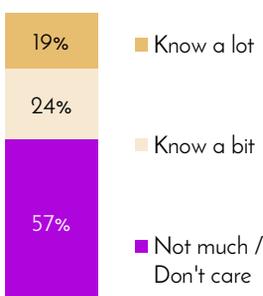
Rates are necessary because they pay for public goods and services **81%**

It is reasonable for Council to increase rates enough to cover the cost of maintaining roads, parks, bridges etc. **54%**

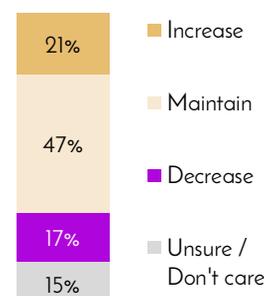
As the cost of living increases, rates also need to increase to pay for services and infrastructure **50%**

DEBT & FINANCIAL PRIORITIES

Debt knowledge



Preference for debt approach (post-info)



Priority ranking

Top 3 of 7 (mean ranking)

- Maintaining existing facilities, open spaces & built environment
- Ensuring City has the right infrastructure for population growth
- Having services that meet community needs

\$1M should be spent on...

Top 2 of 5 (mean ranking)

- Increase maintenance of City
- Build more community infrastructure

43% financial comments

- Maintain / upgrade existing infrastructure **22%**
- Initiatives / service needs / concerns **22%**



Pimpala Snapshot

Footpath improvements and additions are of most importance to Pimpala respondents; receiving the most dissatisfaction and concerns. However, open spaces were mentioned most commonly as a top future priority, more than other wards. Four in five have knowledge about rates, but less than a third believe they receive good value for money here; two in five unsure. Debt knowledge was modest; half of these respondents expressing a preference to maintain current debt and continue projects. Respondents want to see council maintain existing infrastructure, followed by ensuring the right infrastructure for population growth.

| DEMOGRAPHIC OBSERVATIONS | |
|--------------------------|--|
| 64% | Females, 35% Males |
| 36% | 45-64 yrs, 34% 65+, 30% under 45 |
| 64% | resided >20 years |
| 49% | mortgage, 45% own outright ↑, 2% renters |
| 28% | <\$52k/yr, 30% \$52k-\$110k/yr, 21% \$110k+/yr |

SERVICE USE & PRIORITIES

Service satisfaction

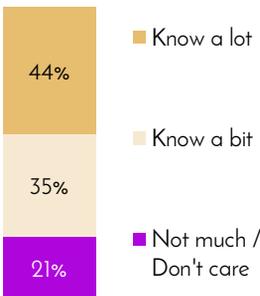


Top 3 future priorities

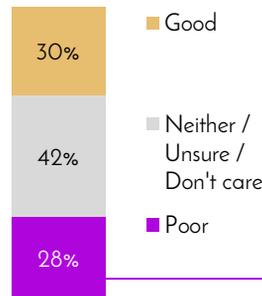


RATES PERSPECTIVES

Rates knowledge



Value for money



Reasons for poor value for money

Don't see benefit / don't use services **37%**

Maintain / upgrade existing infrastructure **14%**

Council organizational inefficiencies cited - e.g. staffing, wages **14%**

Rates attitudes

Net agreement >50%

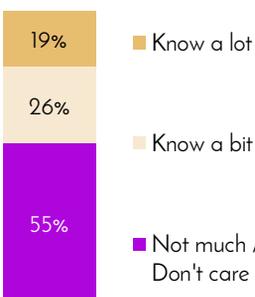
Rates are necessary because they pay for public goods and services **82%**

It is reasonable for Council to increase rates enough to cover the cost of maintaining roads, parks, reserves, bridges and other infrastructure **56%**

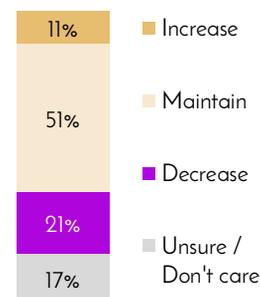
Council's community services should stay as they are **51%**

DEBT & FINANCIAL PRIORITIES

Debt knowledge



Preference for debt approach (post-info)



Priority ranking

Top 3 of 7 (mean ranking)

- Maintaining existing facilities, open spaces & built environment
- Ensuring City has the right infrastructure for population growth
- Having services that meet community needs

\$1M should be spent on...

Top 2 of 5 (mean ranking)

- Increase maintenance of City
- Build more community infrastructure

36% financial comments

Debt too high / not sustainable / pay down debt **23%**

Find more efficiencies / review services / processes **19%**



Knox Snapshot

Footpaths are a point of concern and dissatisfaction among Knox respondents. Future foci include open spaces, waste and recycling and again, footpaths (more than other wards). More than a third perceive poor value for money from their rates. Debt knowledge was the lowest for all wards, seven in ten not knowing much about council debt; but more than two in five would prefer to maintain current debt and continue projects. While the strongest ranking was for council maintaining existing facilities, followed by ensuring the City has the right infrastructure for population growth.

| DEMOGRAPHIC OBSERVATIONS |
|---|
| 53% Females, 45% Males |
| 38% 65+, 31% 45-64 yrs, 30% under 45 |
| 65% resided >20 years |
| 48% mortgage, 37% own outright, 6% renters |
| 43%↑ <\$52k/yr, 27% \$52k-\$110k/yr, 12% \$110k+/yr |

SERVICE USE & PRIORITIES

Service satisfaction



58% have concerns

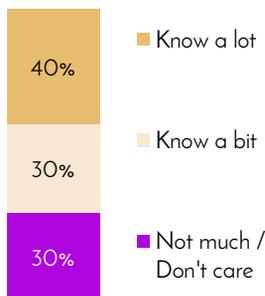
Top 3 future priorities

Footpaths - maintain, improve & add more **19%**
 Street maintenance / cleaning **15%**
 Road upgrades, traffic access **13%**

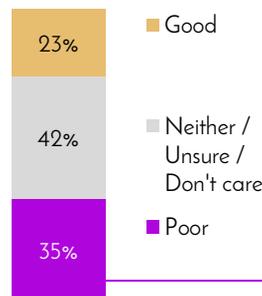
Open outdoor spaces **65%**
 Waste & recycling **55%**
 Footpaths **54%** ↑

RATES PERSPECTIVES

Rates knowledge



Value for money



Reasons for poor value for money

Don't see benefit / don't use services **36%**
 Poor funding priorities / wastage / poor spending **22%**
 Council organizational inefficiencies cited - e.g. staffing, wages **20%**

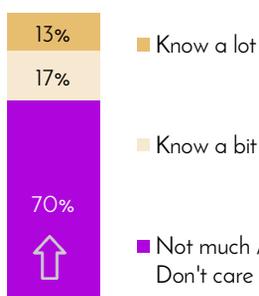
Rates attitudes

Net agreement >50%

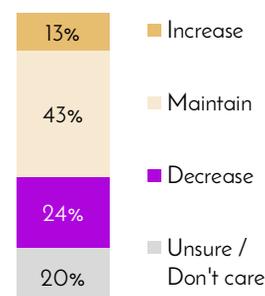
Rates are necessary because they pay for public goods and services **79%**

DEBT & FINANCIAL PRIORITIES

Debt knowledge



Preference for debt approach (post-info)



Priority ranking

Top 3 of 7 (mean ranking)

Maintaining existing facilities, open spaces & built environment
 Ensuring City has the right infrastructure for population growth
 Having services that meet community needs

\$1M should be spent on...

Top 2 of 5 (mean ranking)

Increase maintenance of City
 Build more community infrastructure

36% financial comments

Find more efficiencies / review services / processes **27%**

Maintain / upgrade existing infrastructure **20%**



Thalassa Snapshot

Footpath improvements and additions are of highest importance; attracting the most dissatisfaction and concern. Future foci included open spaces, waste and recycling, and roads and traffic management. Three quarters believe they have knowledge about rates, with a third perceiving value for money here, almost two in five unsure. While three in five don't know much about debt, the largest proportion wants council to maintain debt and continue projects. The strongest rankings were for council maintaining existing infrastructure, and ensuring services that meet community needs.

| DEMOGRAPHIC OBSERVATIONS | |
|--------------------------|--|
| 56% | Females, 43% Males |
| 46% | 45-64 yrs, 27% 65+, 27% under 45 |
| 57% | resided >20 years |
| 54% | mortgage, 38% own outright, 5% renters |
| 22% | <\$52k/yr, 26% \$52k-\$110k/yr, 35% ↑ \$110k+/yr |

SERVICE USE & PRIORITIES

Service satisfaction



72% have concerns

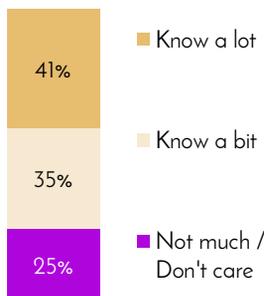
Top 3 future priorities

Footpaths - maintain, improve & add more **17%**
 Vegetation management, revegetation & nature conservation **14%**
 Street maintenance / cleaning **10%**

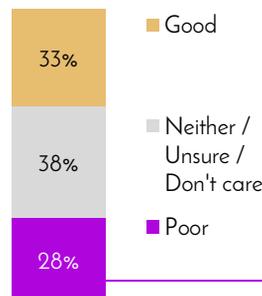
Open outdoor spaces **59%**
 Waste & recycling **56%**
 Roads & managing traffic **54%**

RATES PERSPECTIVES

Rates knowledge



Value for money



Reasons for poor value for money

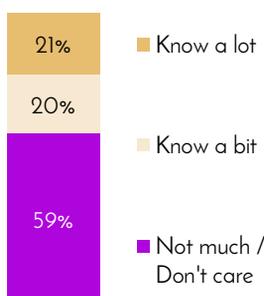
Don't see benefit / don't use services **43%**
 Council organizational inefficiencies cited - e.g. staffing, wages **18%**
 Rates expensive / unaffordable / reduce / do not increase **15%**

Rates attitudes

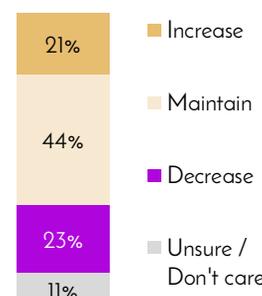
Net agreement >50%
 Rates are necessary because they pay for public goods and services **85%**
 As the cost of living increases, local government rates also need to increase to pay for the cost of council services and infrastructure **60%** ↑
 It is reasonable for Council to increase rates enough to cover the cost of maintaining roads, parks, reserves, bridges and other infrastructure **58%**

DEBT & FINANCIAL PRIORITIES

Debt knowledge



Preference for debt approach (post-info)



Priority ranking

Top 3 of 7 (mean ranking)
 Maintaining existing facilities, open spaces & built environment
 Having services that meet community needs
 Ensuring City has the right infrastructure for population growth

\$1M should be spent on...

Top 2 of 5 (mean ranking)
 Increase maintenance of City
 Build more community infrastructure

37% financial comments

Find more efficiencies / review services / processes **25%**
 Council organisational inefficiencies, e.g. staff, wages **18%**

