



City of Port Lincoln



Long Term Financial Plan

2023-2032

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City of Port Lincoln – Long Term Financial Plan

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1. INTRODUCTION

The City of Port Lincoln’s Strategic Management Plans are:

- the Strategic Directions Plan, which provides the community vision and Council objectives that drive Council’s decision-making and activities;
- the Long Term Financial Plan (LTFP), and
- the Infrastructure and Asset Management Plan (IAMP).

The latter two Plans are essential to both enabling and ensuring the delivery capability and financial sustainability of the community’s needs, expectations and plans over the future 10 year period.

The LTFP is a financial representation of the strategies Council has endorsed to achieve its objectives over the medium to long term. Similar to an annual budget but not as detailed, the LTFP identifies Council’s projected revenue and expenses over a ten year cycle, adjusting new capital expenditures and other factors where needed to maintain a sustainable outcome. The LTFP provides a financial roadmap with the ability to adjust the scope and timing of use of limited resources and to act proactively within a sustainability framework when unexpected issues arise.

The LTFP is also a rich source of information that will improve Council’s ability to model, forecast and make decisions on possible future funding for operational needs, renewal and replacement of existing assets and new and upgraded assets to meet future service demands.

The Council must review the LTFP annually, in conjunction with the adoption of the Annual Business Plan (ABP), to account for any material changes arising from the adopted ABP and budget, which is a detailed representation of Council’s immediate capital and operational commitments.

2. LONG TERM FINANCIAL PLAN - FINANCIAL REPORT OUTPUTS

Council's LTFP modelling has produced a set of reports in line with the Model Financial Statements as approved by the South Australian Local Government Association (LGA SA). These reports provide a 10 year projection, accounting for capital expenditure planned in the IAMP and revenue and expenditure policies identified in the ABP and SMPs. These reports are included as **Appendix A** and include:

2.1. Statement of Comprehensive Income

A requirement under accounting standard AASB 101.81A. The Statement of Comprehensive Income is a combination of a Profit and Loss; revenues and expenses of operations whose net effect produces an Operating and Net Surplus/(Deficit), and Other Comprehensive Income; typically includes disclosures relating to changes in revaluation surplus, gains and losses on defined benefit plans, gains and losses arising from translating the financial statements of a foreign operation, gains and losses on re-measuring available-for-sale financial assets, and the gains and losses on hedging instruments in a cash flow hedge.

2.2. Balance Sheet

Also known as a Statement of Financial Position (AASB 101.54), this report shows the accumulative value of Council Assets (current and non-current), Liabilities (current and non-current), Net Assets (total Assets less total Liabilities) and Equity. This report is presented with a comparative to the previous year.

2.3. Statement of Changes to Equity

A requirement under accounting standard AASB 101.106, this statement provides a reconciliation of the equity components; Accumulated Surplus/(Deficit), Asset Revaluation Reserves, and Other Reserves. The reconciliation is also required to show a comparison for each item of equity between the opening and closing balances resulting from changes in the Statement of Comprehensive Income, transfers in equity distribution, and adjustments to subsidiary ownership that do not represent loss of control (AASB 101.106(d)).

2.4. Statement of Cash Flows

A requirement under accounting standard AASB 101.111, this report presents information on how the Council generates Cash and Cash Equivalents (AASB 107 – Statement of Cash Flows), and where this cash is utilised within the business operations; cash flows from operating activities, investing activities, and financing activities.

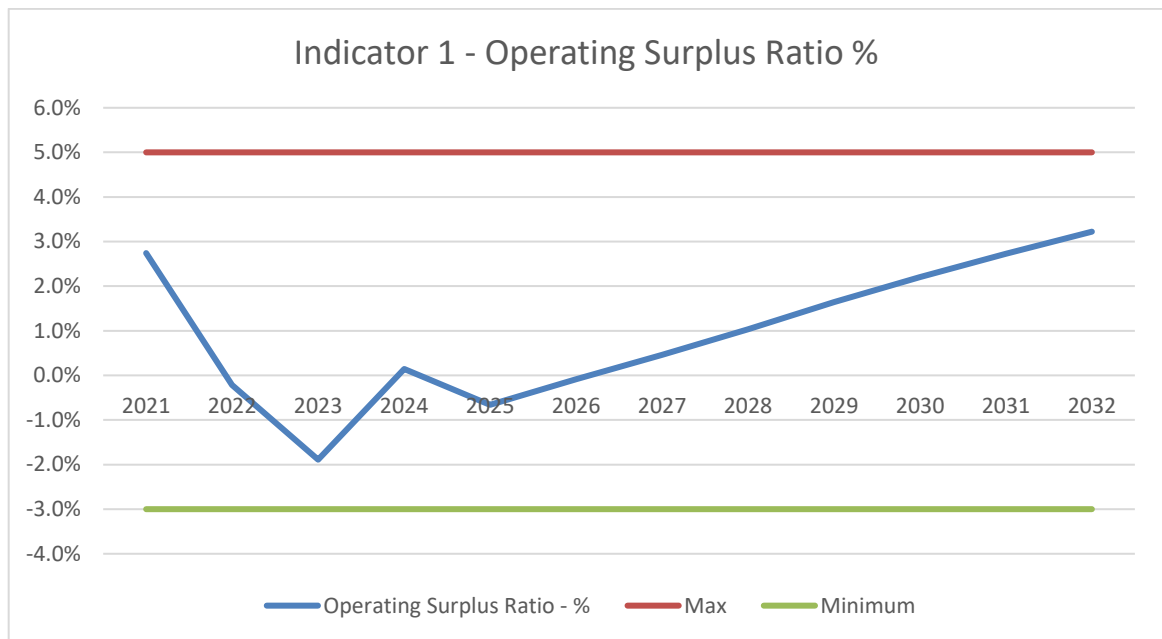
3. FORECAST OF KEY FINANCIAL SUSTAINABILITY INDICATORS

Note 15 of the South Australian Model Financial Statements (Local Government (Financial Management) Regulation 2011, Reg. 5(1)(c)) sets out the key local government financial sustainability indicators.

The LGA SA has recommended using three of these financial indicators in the preparation of a LTFP as they provide guidance in strategic, infrastructure and financial decision making processes.

3.1. Operating Surplus Ratio – Indicator 1

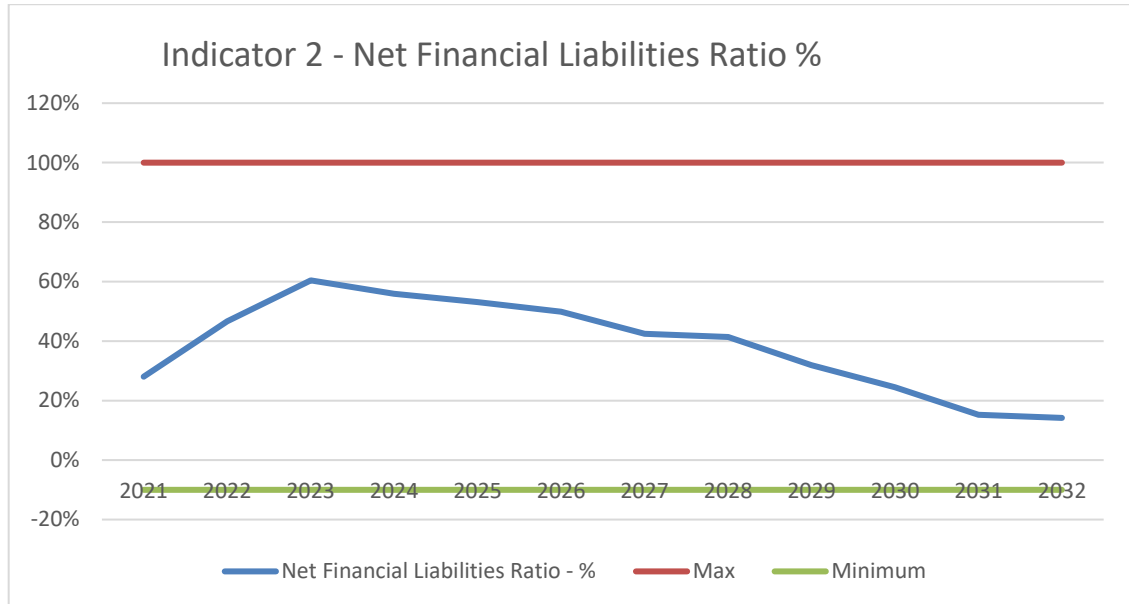
Calculated as Operating Surplus/(Deficit) divided by Operating Revenue - “Is Council covering its operating expenditure and depreciation charge from its operating revenue?”



- Positive percentage result indicates that Council is covering these costs and indicates available funding for future capital expenditure or ability to pay down debt.
- Negative percentage result indicates that Council is not covering these costs and the percentage increase required in operating revenue or the approximate decrease in operating expenses required to achieve a break-even operating position.
- The Operating Surplus Ratio forecast for the 2022/2023 financial year is a deficit of -1.9%. This result represents the operating income budgeted to be \$448,984 less than Council’s operating expenses for the year.
- The LTFP reflects a significant improvement to the ratio over the 10 year period.

3.2. Net Financial Liabilities Ratio – Indicator 2

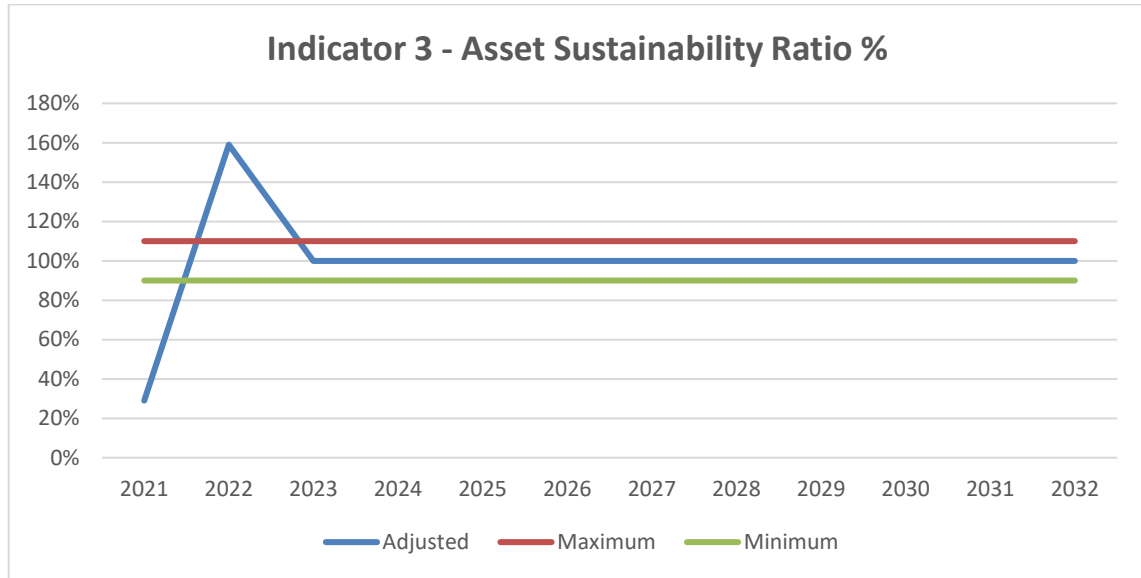
Calculated as Net Financial Liabilities divided by Total Operating Revenue – “Does Council have a manageable level of debt and other liabilities when considering its available revenue and other cash reserves?” (Note - Net Financial Liabilities equals total liabilities less financial assets excluding equity accounted investments in Council businesses).



- Suggested target ratio: between 0% and 100% (Financial Indicators 2015 (LGA SA Information Paper 9), p. 7-8). Council Target Range is -10% to +100%.
- A result in this Target Range indicates that Council has a manageable level of debt and other liabilities.
- Negative percentage result in this ratio indicates that Council has more cash available than what is owed by Council in borrowings. Therefore a negative result is a positive financial indicator for Council in this regards.
- The Net Financial Liabilities Ratio forecast for the 2022/2023 financial year is 60%. The above graph currently shows a significant depletion in the ratio over ten years. This is a result of increased cash being held over the period and a significant lowering of Council borrowings.

3.3. Asset Sustainability Ratio – Indicator 3

Calculated as Expenditure on Renewal and Replacement of Assets (refer to Cash Flow Statement) relative to Council’s Asset Management Plan (IAMP) – “Is Council replacing its assets at the same rate as the assets are wearing out?”



- Suggested target ratio: between 90% and 110% (Financial Indicators 2015 (LGA SA Information Paper 9),p.9). Council Target Range is 90% to 100%.
- A result within this Target Range indicates that sufficient funds have been allocated to replace Council assets.
- The Asset Sustainability Ratio meets agreed targets.

3.4. Overall Assessment of Council’s Financial Sustainability (based on the above Ratios)

The above ratios indicate that the 10 year LTFP is financially sustainable:

- Operating deficit is expected in 2023, improving in year two, with further deficits expected in year three and four, before increasing to surplus for the remaining years of the plan. All years are within Council’s acceptable targets;
- Net Financial Liabilities are at acceptable levels; &
- Asset Sustainability Ratio is at acceptable levels.

4. MAJOR ASSUMPTIONS AND SETTINGS UNDERPINNING THE LTFP

The City of Port Lincoln, like many councils, has used the “Coalface” software tool to develop the core data sets and modelling for its Long Term Financial Plan.

The following key assumptions have been adopted:

- **Establish a Base** - to generate future year revenues and expenses, the model incorporates last year’s financial results (2020/21 audited financial figures) and the current year’s budget estimates (2021/22 March Budget Review). Once these items have been entered and the balance sheet is in balance, future financial estimates are derived from the model drivers.
- **Customisation** - the model allows the basic appearance of the LTFP to be customised. Reporting formats are controlled from here (Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Cash Flow Statement) by linking revenue and expense lines via an established code. Depreciation rates are also set for each class of asset.
- **Drivers** - the model allows for ‘drivers’, which are displayed as percentages. The drivers used for the LTFP 2023-2032 are:
 - CPI (Consumer Price Index) – a measure of local price inflation for recurrent operational services,
 - Wages – a discrete measure of salary and wage cost (i.e., workforce expenditure) growth, influenced by Consumer Price Index (CPI), Enterprise Bargaining Agreements, staff reclassifications,
 - Materials – an additional setting to measure the costs associated with materials,
 - Custom – a unique setting for use when appropriate for individual revenue or expense lines.
- **IPPE_Build** - capitalised assets are separately recognised incorporating planned renewals of assets as identified in IAMP and depreciation is calculated based on a pre-determined rate per asset class.
- **LoanWk** - A cash balance is calculated based on information entered into the model; this is an automated procedure and cannot be manually adjusted. Where cash reserves are fully utilised (i.e. cash balance goes into overdraft), new borrowing may be planned to address issues of timing or prioritisation with regard to capital expenses as well as reviewing rate payer contributions.

The overall output of the Coalface LTFP is both sound and robust. It produces a concise set of reports in line with the Model Financial Statements and is capable of modelling multiple scenarios where various factors will work in combination to provide different long term financial performance.

The drivers, supporting explanation and budget line settings for this 2023-2032 LTFP are included as [Appendix B](#).

5. KEY ISSUES AND CONSIDERATIONS

The 2023-2032 LTFP is based on the following key assumptions:

- Year 1 of the LTFP includes the Annual Budget 2022/23 figures;
- Projection of recurrent operational expenditures and revenues from the 2022/23 operational budget base, reflecting service continuity:
 - Including for non-recurrent 'operational new (project) initiatives' in 2022/23;
 - Roads to Recovery (R2R) (revenue) and Financial Assistance Grants (FAGS) (revenue) are forecast based on known adjusted amounts, with FAGS assumed to be ongoing and R2R to cease after 2024/25;
 - An annual allocation of \$150,000 per year has been included for ongoing operational new initiatives
- Fully funded IAMP projected renewals and required maintenance levels:
 - IAMP renewal works to 2031/32 total \$27 million (including indexation). This includes an annual road reseal program of \$800,000 and provision of \$5 million over the ten year period for implementation of the Stormwater Management Plan Projects;
- Total rates revenues forecast in the LTFP are indexed as follows;
 - Year 1 – 3: 4.5%
 - Year 4 – 10: 4%
- Limited grant revenue:
 - Operational:
 - on-going Federal Assistance Grants which is assumed to be received by Council in the correct allocated financial year, with indexation applied;
 - Roads to Recovery funding will cease after 2024/25, (Roads to Recovery funding is not indexed);

Council will continue to seek capital revenue opportunities to support its planned new capital expenditure, such as selling identified surplus land assets and renewed/replaced assets. New and upgraded assets included in the LTFP include the following:

- Stormwater projects as per Stormwater Management Plan;
- \$200,000 new footpaths per year;
- \$150,000 allowance per year for other new projects;
- Allocation of \$500,000 in years three and six (2025 and 2028) for CBD and Marina Capital Redevelopments.

Council plans to maintain the Cash and Cash Equivalents figure each financial year at a level that will fund all foreseeable operating requirements.

6. RISKS

Council acknowledges that there are potential risks to the achievement of the LTFP's objectives.

The following is a non-exhaustive list of identified potential risks:

- Assumptions, settings, drivers and considerations included in the LTFP do not occur or are significantly changed;
- Council does not receive the assumed grant funding revenues;
- The growth of the city, affecting both service and asset demands (costs) and rates revenue, is significantly either more or less than forecast;
- Rate capping is introduced by the State Government and assumed rate revenue is above the cap amount;
- Enterprise Bargaining Agreement/s and other employment negotiations increase employee salary and wages costs above the amount provided for in the LTFP;
- Large scale capital projects go over budget.

In the event that future outcomes do not align with the forecast LTFP, a review of the LTFP will be required to incorporate the future outcomes and project the flow on financial implications to determine the financial sustainability of Council and the risks involved.

7. REVIEW PROCESS

The LTFP will be reviewed on an annual basis taking into consideration changes and updates to the IAMP, the most recent financial year's revised budget or audited statements and current year adopted or revised budget, including the specific commitments planned in the current ABP.

The Council's CEO is legally obligated to report on the long-term financial performance and position of the Council and its ongoing sustainability. If there is any concern about the Council's financial sustainability under existing revenue and expenditure policy settings, the CEO should report on strategies to remedy this exposure to achieve financial sustainability in the future.

Section 122 (6) of the Local Government Act provides that *"A council must adopt a process or processes to ensure that members of the public are given a reasonable opportunity to be involved in the development and review of its strategic management plans"*. Updates to the plans in the normal course of operations will not necessitate community consultation.

8. CONCLUSION

The LGA SA provides a good analogy for the importance of adopting and working with a LTFP:

“Operating without a LTFP is like driving a car at night in the country at the open-road speed limit without the car’s lights on ‘high-beam’. You can see the road immediately ahead but not far enough into the distance to be able to anticipate and respond quickly to needed turns in direction. A driver might get by in familiar surroundings but will be unprepared to appropriately respond to hazards that would have been recognised if the car’s lights and the driver’s eyes had been set on a longer-distance horizon.” (LGA SA website)

The LTFP will be reviewed and updated for current financial forecasts and to include any other variations to reflect updated strategic plans, projects, opportunities and financial position.

Likewise the LTFP will be an important consideration informing both major service and/or project decision-making and future iterations of the Strategic Directions Plan, providing a concise picture of Council’s forward resourcing capacity within which sustainable decisions and possibly adjustments will occur.

Council’s LTFP will provide a sound platform for future decision-making and planning, with all Strategic Management Plans expected to evolve through future review processes that ensure they are reflective of community expectations and priorities.

9. REFERENCES

The Local Government Act 1999 (“The Act”)

Rising to the Challenge: Towards Financially Sustainable Local Government in South Australia, published in August 2005, an Independent Inquiry into the Financial Sustainability of Local Government, sited at website <http://www.lga.sa.gov.au/page.aspx?c=8801>

National Financial Sustainability Study of Local Government, Commissioned by the Australian Local Government Association, November 2006, sited at website http://alga.asn.au/site/misc/alga/downloads/pwc/PwC_Report.pdf

Model Financial Statements, Local Government (Financial Management) Regulations 2011 – regulation 5

LGA SA, Financial Sustainability; Information Paper 1 – Financial Sustainability, revised Feb 2015 sited at website <http://www.lga.sa.gov.au/webdata/resources/files/01%20-%20Financial%20Sustainability%202015.pdf>

LGA SA, Financial Sustainability; Information Paper 8 – Long-term Financial Plans, revised Feb 2015 sited at website <https://www.lga.sa.gov.au/webdata/resources/files/08%20-%20Long%20Term%20Financial%20Plans%202015.pdf>

LGA SA, Financial Sustainability; Information Paper 9 - Financial Indicators, revised May 2015 sited at website <https://www.lga.sa.gov.au/webdata/resources/files/09%20-%20Financial%20Indicators%202015.pdf>

Coalface LTFP model, sited at website <http://www.coalface.com.au/index.html>

Australian Accounting Standards, sited at <http://www.aasb.gov.au/Pronouncements/Current-standards.aspx>

APPENDIX A

FINANCIAL STATEMENTS

City of Port Lincoln
 Long Term Financial Plan 2023-2032
 ESTIMATED COMPREHENSIVE INCOME STATEMENT

Year Ended 30 June:	2021 Actual \$('000)	2022 Estimate \$('000)	2023 Plan Year 1 \$('000)	2024 Plan Year 2 \$('000)	2025 Plan Year 3 \$('000)	2026 Plan Year 4 \$('000)	2027 Plan Year 5 \$('000)	2028 Plan Year 6 \$('000)	2029 Plan Year 7 \$('000)	2030 Plan Year 8 \$('000)	2031 Plan Year 9 \$('000)	2032 Plan Year 10 \$('000)
INCOME												
Rates	15,141	15,699	16,373	17,078	17,797	18,474	19,177	19,907	20,664	21,451	22,268	23,117
Statutory Charges	355	348	360	371	380	390	400	410	420	431	442	453
User Charges	2,772	2,440	2,711	2,792	2,862	2,934	3,007	3,082	3,159	3,238	3,319	3,402
Grants, subsidies, contributions	2,551	1,587	2,285	2,347	2,176	2,230	2,286	2,343	2,402	2,462	2,524	2,587
Investment Income	49	59	75	79	87	83	85	86	93	101	105	113
Reimbursements	564	1,050	835	860	882	904	927	950	974	998	1,023	1,049
Other Income	968	1,207	1,068	1,100	1,128	1,156	1,185	1,215	1,245	1,276	1,308	1,341
Total Revenues	22,400	22,390	23,707	24,627	25,312	26,171	27,067	27,993	28,957	29,957	30,989	32,062
EXPENSES												
Employee costs	6,183	6,641	7,252	7,538	7,789	8,067	8,347	8,640	8,942	9,255	9,580	9,915
Materials, contracts & other expenses	10,902	12,322	12,496	12,241	12,669	13,112	13,571	14,046	14,538	15,047	15,574	16,119
Depreciation	4,475	4,168	4,172	4,304	4,430	4,446	4,479	4,496	4,503	4,520	4,537	4,554
Finance Costs	226	198	235	359	438	410	383	355	329	301	275	259
Future Operating New Initiatives	0	0	0	150	154	158	162	166	170	174	178	182
Total Expenses	21,786	23,329	24,155	24,592	25,480	26,193	26,942	27,703	28,482	29,297	30,144	31,029
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	614	(939)	(448)	35	(168)	(22)	125	290	475	660	845	1,033
Net gain/(loss) on disposal or revaluations	(245)	0	0	115	123	152	212	107	404	142	153	188
Amounts specifically for new assets	13	1,514	3,042	1,077	0	0	0	0	0	0	0	0
NET SURPLUS/(DEFICIT)	382	575	2,594	1,227	(45)	130	337	397	879	802	998	1,221
Other Comprehensive Income												
Changes in revaluation surplus - IPP&E	163	(1)	0	0	0	0	0	0	0	0	0	0
Total Other Comprehensive Income	163	(1)	0	0	0	0	0	0	0	0	0	0
TOTAL COMPREHENSIVE INCOME	545	574	2,594	1,227	(45)	130	337	397	879	802	998	1,221

City of Port Lincoln
Long Term Financial Plan 2023-2032
ESTIMATED BALANCE SHEET

Year Ended 30 June:	2021 Actual \$('000)	2022 Estimate \$('000)	2023 Plan Year 1 \$('000)	2024 Plan Year 2 \$('000)	2025 Plan Year 3 \$('000)	2026 Plan Year 4 \$('000)	2027 Plan Year 5 \$('000)	2028 Plan Year 6 \$('000)	2029 Plan Year 7 \$('000)	2030 Plan Year 8 \$('000)	2031 Plan Year 9 \$('000)	2032 Plan Year 10 \$('000)
ASSETS												
Current Assets												
Cash & Equivalent Assets	7,784	3,401	2,127	4,528	4,238	4,322	5,490	5,030	6,994	8,525	10,779	10,532
Trade & Other Receivables	1,692	1,689	1,642	1,640	1,644	1,648	1,652	1,583	1,571	1,566	1,548	1,548
Total Current Assets	9,476	5,090	3,769	6,168	5,882	5,970	7,142	6,613	8,565	10,091	12,327	12,080
Non-Current Assets												
Receivables	622	569	575	487	391	291	187	152	129	111	111	111
Total Non-Current Assets	224,613	230,246	236,726	237,317	236,858	236,485	235,156	235,620	234,134	233,013	231,368	232,429
Total Assets	234,089	235,336	240,495	243,485	242,740	242,455	242,298	242,233	242,699	243,104	243,695	244,509
LIABILITIES												
Current Liabilities												
Trade & Other Payables	2,347	2,338	2,347	2,354	2,333	2,372	2,380	2,404	2,421	2,442	2,460	2,481
Borrowings	505	521	536	876	748	768	789	738	746	767	789	806
Provisions	969	969	985	1,039	1,049	1,080	1,102	1,130	1,156	1,183	1,212	1,241
Other Current Liabilities	182	183	183	183	183	183	183	183	183	183	183	183
Total Current Liabilities	4,003	4,011	4,051	4,452	4,313	4,403	4,454	4,455	4,506	4,575	4,644	4,711
Non-Current Liabilities												
Trade & Other Payables	15	21	17	20	17	17	15	15	15	15	15	15
Borrowings	7,457	8,116	10,655	11,696	10,948	10,180	9,391	8,653	7,907	7,140	6,351	5,545
Provisions	3,955	3,955	3,945	4,264	4,453	4,717	4,962	5,237	5,519	5,820	6,133	6,465
Total Non-Current Liabilities	11,427	12,092	14,617	15,980	15,418	14,914	14,368	13,905	13,441	12,975	12,499	12,025
Total Liabilities	15,430	16,103	18,668	20,432	19,731	19,317	18,822	18,360	17,947	17,550	17,143	16,736
NET ASSETS	218,659	219,233	221,827	223,053	223,009	223,138	223,476	223,873	224,752	225,554	226,552	227,773
EQUITY												
Accumulated Surplus	41,828	42,403	44,997	46,223	46,179	46,308	46,646	47,043	47,922	48,724	49,722	50,943
Asset Revaluation Reserve	175,563	175,562	175,562	175,562	175,562	175,562	175,562	175,562	175,562	175,562	175,562	175,562
Other Reserves	1,268	1,268	1,268	1,268	1,268	1,268	1,268	1,268	1,268	1,268	1,268	1,268
TOTAL EQUITY	218,659	219,233	221,827	223,053	223,009	223,138	223,476	223,873	224,752	225,554	226,552	227,773

City of Port Lincoln
Long Term Financial Plan 2023-2032
ESTIMATED CASH FLOW STATEMENT

Year Ended 30 June:	2021 Actual	2022 Estimate	2023 Plan Year 1	2024 Plan Year 2	2025 Plan Year 3	2026 Plan Year 4	2027 Plan Year 5	2028 Plan Year 6	2029 Plan Year 7	2030 Plan Year 8	2031 Plan Year 9	2032 Plan Year 10
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
CASH FLOWS FROM OPERATING ACTIVITIES												
<u>Receipts</u>												
Rates		15,660	16,381	17,078	17,797	18,474	19,177	19,907	20,664	21,451	22,268	23,117
Statutory Charges		348	360	371	380	390	400	410	420	431	442	453
User Charges		2,455	2,711	2,792	2,862	2,934	3,007	3,082	3,159	3,238	3,319	3,402
Grants, subsidies, contributions		1,587	2,313	2,336	2,176	2,238	2,290	2,349	2,408	2,468	2,530	2,593
Investment Income		59	75	79	87	83	85	86	93	101	105	113
Reimbursements		1,050	835	860	882	904	927	950	974	998	1,023	1,049
Other Income		1,207	1,068	1,100	1,128	1,156	1,185	1,215	1,245	1,276	1,308	1,341
<u>Payments</u>												
Employee costs		(6,640)	(7,234)	(7,170)	(7,590)	(7,768)	(8,078)	(8,334)	(8,632)	(8,924)	(9,236)	(9,551)
Materials, contracts & other expenses		(12,310)	(12,559)	(12,213)	(12,691)	(13,087)	(13,570)	(14,033)	(14,530)	(15,037)	(15,565)	(16,109)
Finance Costs		(197)	(236)	(362)	(438)	(408)	(382)	(353)	(328)	(299)	(274)	(257)
Futute Operating New Initiatives		0	0	(150)	(154)	(158)	(162)	(166)	(170)	(174)	(178)	(182)
Net Cash provided by (or used in) Operating Activities		3,219	3,714	4,721	4,439	4,758	4,879	5,113	5,303	5,529	5,742	5,969
CASH FLOWS FROM INVESTING ACTIVITIES												
<u>Receipts</u>												
Amounts Specifically for New/Upgraded Assets		1,514	3,042	1,077	0	0	0	0	0	0	0	0
Sale of Renewed/Replaced Assets		46	186	115	123	152	212	107	404	142	153	188
Repayments of Loans by Community Groups		144	143	90	92	96	100	104	35	23	18	0
<u>Payments</u>												
Expenditure on Renewal/Replacement of Assets		(4,120)	(2,250)	(2,578)	(2,587)	(3,162)	(2,211)	(3,475)	(2,065)	(2,421)	(1,876)	(4,579)
Expenditure on New/Upgraded Assets		(5,781)	(8,563)	(2,405)	(1,481)	(1,012)	(1,044)	(1,520)	(975)	(996)	(1,016)	(1,036)
Loans Made to Community Groups		(80)	(100)	0	0	0	0	0	0	0	0	0
Net Cash Provided by (or used in) Investing Activities		(8,277)	(7,542)	(3,701)	(3,853)	(3,926)	(2,943)	(4,784)	(2,601)	(3,252)	(2,721)	(5,427)
CASH FLOWS FROM FINANCING ACTIVITIES												
<u>Receipts</u>												
Proceeds from Borrowings		1,180	3,075	1,917	0	0	0	0	0	0	0	0
<u>Payments</u>												
Repayments of Borrowings		(505)	(521)	(536)	(876)	(748)	(768)	(789)	(738)	(746)	(767)	(789)
Net Cash provided by (or used in) Financing Activities		675	2,554	1,381	(876)	(748)	(768)	(789)	(738)	(746)	(767)	(789)
Net Increase/(Decrease) in cash held		(4,383)	(1,274)	2,401	(290)	84	1,168	(460)	1,964	1,531	2,254	(247)
Opening cash, cash equivalents or (bank overdraft)		7,784	3,401	2,127	4,528	4,238	4,322	5,490	5,030	6,994	8,525	10,779
Closing cash, cash equivalents or (bank overdraft)		7,784	3,401	2,127	4,528	4,238	4,322	5,490	5,030	6,994	10,779	10,532

APPENDIX B

DRIVERS AND ASSUMPTIONS

GENERAL ASSUMPTION DRIVERS

Year ended 30 June:	Audited		<i>Growth</i>	<i>CPI</i>	<i>Wages</i>	<i>Materials</i>	<i>Custom</i>
	2021	Actual					
2022	This Year	Estimate					
2023	Long Term Financial Plan	Year 1					
2024		Year 2	0.5%	3.0%	3.0%	0.5%	1.0%
2025		Year 3	0.5%	2.5%	3.0%	0.5%	1.5%
2026		Year 4	0.5%	2.5%	3.0%	0.5%	1.0%
2027		Year 5	0.5%	2.5%	3.0%	0.5%	1.0%
2028	Long Term Financial Plan	Year 6	0.5%	2.5%	3.0%	0.5%	1.0%
2029		Year 7	0.5%	2.5%	3.0%	0.5%	1.0%
2030		Year 8	0.5%	2.5%	3.0%	0.5%	1.0%
2031		Year 9	0.5%	2.5%	3.0%	0.5%	1.0%
2032		Year 10	0.5%	2.5%	3.0%	0.5%	1.0%

Consumer Price Index (CPI)

- The CPI represents estimated local price inflation for recurrent operational services.
- The Reserve Bank, in setting a target for economic growth, takes the position of achieving between 2-3% as part of its Monetary Policy strategy. However with the onset of current global economic uncertainty lower iron ore prices, the slow-down of China's economy and the impact of COVID-19 on the Australian and global economy, Australia has felt the impact which can be seen in the Reserve Bank rate of 0.25% cash rate. Recent months have begun to see significant improvement in the economy with CPI increasing over the previous quarter and the reserve bank rate being increased by 0.25%

General Expenses and Capital Indexation

- The measure used to estimate cost increases of activities requiring materials is based on the CPI driver plus Materials driver.
- These drivers are applied to the LTFP Chart of Accounts headings where capital works are involved.
- These drivers plus Growth are applied to the LTFP Chart of Accounts for recurrent operational services.

Wages

- Council's Current Enterprise Bargaining Agreement is scheduled to conclude on 30 June 2022 which had an agreed increase of 2.5%. A provision of 3.5% increase has been included per year for wages throughout the LTFP.
- The LTFP has included allowances for the stepped increasing of the Compulsory Superannuation Guarantee to 12% over the first 4 years of the LTFP.



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