



Town of Gawler

Long Term Financial Plan

2025–2035

Gawler



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ACKNOWLEDGEMENT OF COUNTRY

The Town of Gawler acknowledges this land we meet on today is the Traditional Lands for the Kaurna people and that we respect their spiritual relationship with their Country. We also acknowledge the Kaurna people as the custodians of the Adelaide region and that their cultural and heritage beliefs are still as important to the living Kaurna people today.

Kadlitiyarlu tampinhi yalaka ngadlu Kaurna yartangka inparrinhi. Ngadludlu tampinhi, parnaku tuwila yartangka. Kaurna Miyurna yaiya yarta-mathanya Wama Tarntanyaku, parnaku yailtya, parnaku tapa puru purruna. Kaurna Miyurna ithu yailtya purruna, yarta kuma puru martinhi, puru warriapinhi, puru tangka martulayinth

MAYORS MESSAGE

I am pleased to share with you the Town of Gawler Long Term Financial Plan, which spans the 10-year period from 2025-2026 through 2034-2035. This Plan is the result of a collaborative effort, developed alongside a comprehensive review of our Community Plan and the creation of our Strategic Asset Management Plan and supporting asset class management plans.

The Long-Term Financial Plan (the Plan) serves as a crucial link between our community's aspirations and the resources needed to achieve them. It guides us in making informed decisions about the financial resources required to deliver the outcomes outlined in the Community Plan.

While the Plan provides a clear indication of our future financial direction and capacity, it's important to remember that it's not a prediction of exact financial performance. Instead, it's a tool to help us plan for financial sustainability, ensuring we can continue to provide the services and infrastructure our community relies on.

By proactively identifying potential financial challenges, the Plan allows us to develop and implement timely strategies and funding plans to protect our community from future service delivery constraints or deterioration of our community infrastructure.

The Plan covers a wide range of elements over the next decade, including:

- Our financial strategy
- Our funding plan
- The planning assumptions that shaped the Plan
- Major projects scheduled within the planning timeframe
- Projected income, expenditure, balance sheets, and cash-flow statements
- Methods for monitoring financial performance.

This Plan also serves as a way for us to connect with you, our community, and to share how we intend to fund our commitments, from infrastructure renewal and service maintenance to debt repayment and future strategic projects.

We are dedicated to reviewing the Plan annually, particularly the assumptions that underpin it, to ensure we stay true to our commitments and continue to deliver on our promises.

Thank you for being a part of this journey as we work together to secure a sustainable and prosperous future for our community.



TOWN OF GAWLER

Established in 1839 Gawler is South Australia's first country town and the largest and most significant historic town. Gawler is located 42 kilometres north of the Adelaide Central Business District and identifies itself as a separate township between the city and the country.

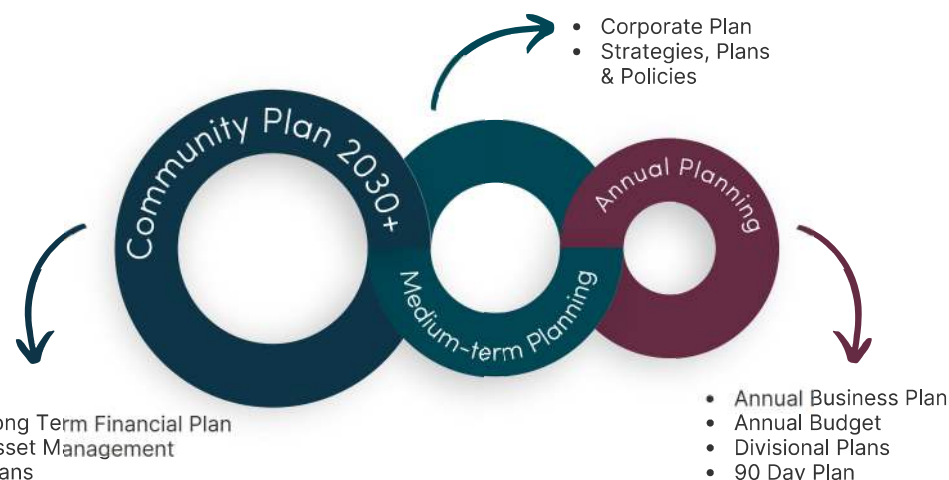
Council's Strategic Framework is underpinned by the Community Plan 2030+, which has set a vision for the Town to be a *"liveable, cohesive, active, innovative, and sustainable community"*.

The Strategic framework guiding Council in identifying community needs and aspirations includes:

- Long Term - Community Plan 2030+, Long Term Financial Plan and Asset Management Plans
- Medium Term - Corporate Plan, specific strategies and plans
- Short Term - Annual Business Plan, Budget and Divisional Plans.

Council holds itself accountable through its Community Scorecards and Annual Report. Council's key strategic plans need to be considered together to identify the available money, assets and people to carry out a diverse range of services, activities and programs identified in Council's Community Strategic Plan.

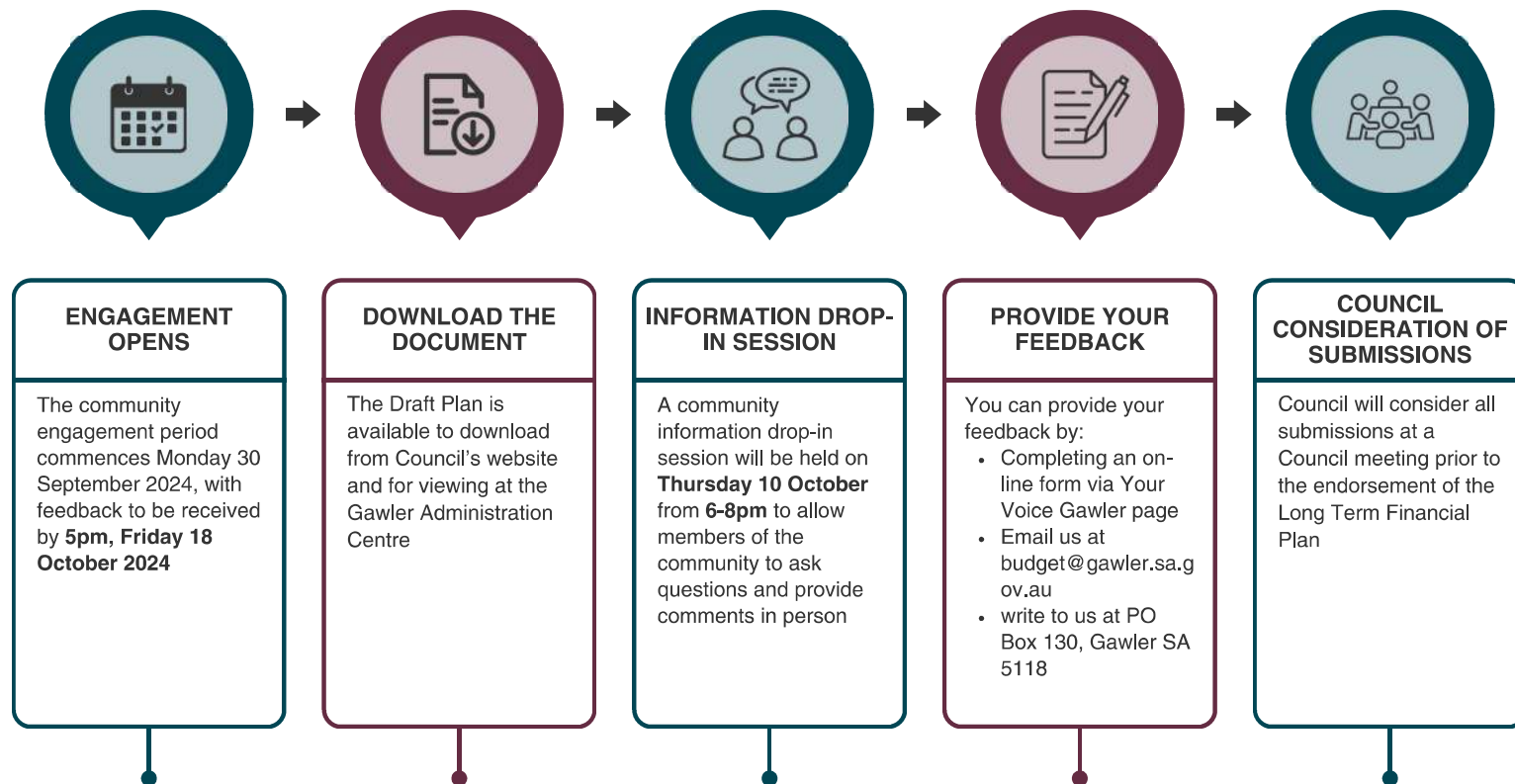
How Council's strategic, lead plans and strategies work together with the Community Plan 2030+ is demonstrated below.



COMMUNITY ENGAGEMENT

Council invites its residents, businesses, and ratepayers to provide feedback and comments on the Draft Long Term Financial Plan 2024-2034.

Our community engagement initiative aims to help community members understand how the **Community Plan**, **Long Term Financial Plan**, and **Strategic Asset Management Plan** work together, supported by our **Asset Management Plans**. We encourage you to join the conversation and share your feedback on these important strategic documents. Your insights are invaluable in shaping the future of our Town, and your participation ensures that the decisions we make reflect the needs and interests of everyone in the community.



LEGISLATIVE & PLANNING FRAMEWORK



Community Plan	Goal 1- Our Identity	Goal 2 – Our Growth	Goal 3 – Our Community	Goal 4 – Our Environment	Goal 5 – Our Leadership
Lead Strategies		<ul style="list-style-type: none"> • Growth 2046 • Integrated Asset Management Strategy 	<ul style="list-style-type: none"> • Sports & Recreation Facilities Plan 	<ul style="list-style-type: none"> • Environmental Management Plan 	<ul style="list-style-type: none"> • Community Plan 2030+ Plan
Supporting Strategies and Plans	<ul style="list-style-type: none"> • Urban Design Framework • Southern Rural /Urban Structure Plan • Beautification Plan • Arts and Culture Strategy • Gawler Activation Strategy 	<ul style="list-style-type: none"> • Economic Development Strategy • Asset Management Plans • Tourism Plan • Carparking Strategy 	<ul style="list-style-type: none"> • Open Space Asset Management Plan • Playground Strategy • Youth Strategy • Regional Public Health Plan • Ageing Well Framework • Reconciliation Action Plan • Youth Development Plan • Disability Access & Inclusion Plan 	<ul style="list-style-type: none"> • Climate Action Plan • Biodiversity Plan • Tree Management Strategy • Stormwater Asset Management Plan 	<ul style="list-style-type: none"> • Long Term Financial Plan • Workforce Planning • Corporate Plan • Smart City/ Digital strategy • Digital Marketing Strategy • Customer Service Strategy • Annual Business Plan

OUR PAST ACHIEVEMENTS



2018 CIVIC CENTRE REDEVELOPMENT

The redevelopment of the State Heritage Listed Town Hall and Institute buildings was completed in 2018. The Civic Centre redevelopment project aimed to establish an architecturally significant hub for economic and social enterprise that will act as a catalyst for the revitalisation of the Gawler CBD, positioning it as a business and cultural centre of the greater region.



GAWLER EAST TRAFFIC AND COMMUNITY INFRASTRUCTURE

The Gawler East Link Road was opened on 18 October 2020. Council worked with Springwood Estate to complete the tree planting required along the length of the roadway ahead of the opening. Supporting road infrastructure will continue to be delivered to support growth in this precinct over time. This includes a further footpath, public lighting, car parking bays and further intersection connections.

2024 STAGE 1 – KARBEETHAN RESERVE REDEVELOPMENT

Karbeethan Reserve is a new and improved recreational hub for the region with the completion of the new baseball, softball and soccer pitches. The redevelopment includes the upgrade of existing baseball diamond, development of sporting infrastructure for Gawler & District Softball Association and improvements to the main soccer pitch.



2022 GAWLER COMMUNITY GALLERY

In March 2022 the Gawler Visitor Information Centre was extensively refurbished, including the installation of a *Disability Discrimination Act 1992* compliant lift and a new art gallery space on the first floor. The upgraded facility provides a space for local and regional artists to showcase their works, enhancing Gawler's cultural landscape and supporting community engagement.



OUR PAST ACHIEVEMENTS



REID RESERVE PLAYGROUND

A playground at Reid Reserve has been long-awaited by the local community and has now become a reality. The new playground includes a flying fox, swings, half basketball court, and slide. It will also include a shaded picnic area and a toddler playspace. The playground represents a significant investment by the State Government in the wellbeing of the Reid community.



GAWLER CYCLE WAY PROJECT

The Gawler Cycle Way Project is a carefully planned cycle route that considers social connection, ease of use, safety and access. It will result in a continuous cycle route from Adelaide to the Barossa Valley, formally connecting the two regional cycle paths and the existing shared path network capitalising on both Town of Gawler and The Barossa Council's significant investment in cycling infrastructure.

2022 WALKER PLACE REDEVELOPMENT

The rejuvenation of Walker Place included upgrades to the surrounding precinct such as the new public amenity blocks at Apex Park and Martin's Place, construction of the Mural Pocket Park on Whitelaw Terrace, together with new landscaping throughout these areas. In 2022 the redevelopment was awarded an Australasian Award for excellence.



APEX PARK INCLUSIVE PLAYSACE

The playspace design derives from the three Rivers that run through Gawler, reflecting upon the importance of water to the area, both past and present. The new accessible walkway represents Para River, connecting the existing two main entrances to four new inclusive play zones. Each zone targets several types of play, to help encourage a variety of play experiences for all ages and abilities.



INTRODUCTION

WHAT IS A LONG TERM FINANCIAL PLAN?

The Long Term Financial Plan (LTFP) sets out Council's objectives and recommendations to ensure that Council is, and remains, financially sustainable. Through the long term financial planning process, Council can assess if it is meeting both the current and long term needs of its community in a financially responsible manner.

The LTFP tests Council's and the community's long-term aspirations against financial realities. It consists of modelling expenditure and revenue projections, based on a series of assumptions, and guides the development of Council's Annual Business Plan & Budget.

It projects the financial impacts of growth on assets and service delivery and helps to identify the additional resources (people, time and finances) required to plan for the future whilst continuing to deliver the services and standard of service our community expects.

Long term financial planning sets out how commitments such as infrastructure renewal, service delivery, debt repayment, and future strategic projects will be funded. Having in place a Long Term Financial Plan, which connects Council's key strategic plans, enables Council to deliver services and build financial resilience to withstand shocks.

WHAT IS THE PURPOSE OF THIS LONG TERM FINANCIAL PLAN

The LTFP serves as a guide to future actions and opportunities which encourages strategic thinking about how today's decisions will impact Council's financial goal of achieving on-going financial sustainability. The primary purpose of this Plan is to facilitate effective financial decision-making that is informed by the short, medium and long term expectations of the community and seeks to address the following questions:

Short-term

- How can **we** minimise the deficit from recurrent operations from 2024-2025 Budget onwards?
- How do **we** reduce the reliance on the overdraft facility to fund operations?
- How can **we** become financially sustainable?
- How can **we** bring our financial risk back within appetite?

Medium to long term

- Can **we** survive the financial pressures of the future?
- How can **we** deliver on our strategic plan outcomes?
- Can **we** afford what the community wants?
- What are the opportunities for future income and economic growth?
- How do **we** capitalise on our opportunities?

The Plan assists in long term decision-making regarding the prioritisation of the services delivered by Council and what assets and financial resources are required to provide those services and serves as a guide to Council's future financial position. The projections contained in the LTFP are subject to change due to external factors and the decisions made by Council.

It is essential to regularly review and monitor these factors and if necessary, revise the projections. In keeping with the legislative requirements, the LTFP is revised annually as part of Council's annual budget process. The annual budget and any external changes to assumptions are considered with the impact on the adopted LTFP being assessed.



CEO STATEMENT ON SUSTAINABILITY

A financially sustainable council is one that has the financial resources to deliver its strategic projects and its continuing services, maintain community infrastructure and manage debt.

The key elements being:

- ensuring the **maintenance of Council's high priority expenditure programs**, both operating and capital
- ensuring a reasonable degree of **stability and predictability in the overall rate burden**
- promoting a **fair** sharing in the **distribution of Council resources** and the **rate burden between current and future ratepayers**.

This definition has been translated into four key financial sustainability principles:

1. **Fully Funded Operating Position:** This principle ensures that the council generates enough revenue to cover operational expenses, debt repayments, and depreciation. It's important to note that for growing councils such as the Town of Gawler, depreciation on newly constructed assets which have been gifted to Council can distort the operating performance, so this should be taken into account when assessing financial health.
2. **Sufficient Cash Reserves:** Maintaining adequate cash reserves is essential for meeting short-term working capital requirements. This provides a safety net for unexpected expenses or revenue shortfalls.
3. **Fully Funded Capital Program:** A council should have a fully funded capital program, where funding sources for both capital renewal and new capital works are identified and secured. This ensures that the council can maintain and expand its infrastructure as needed.
4. **Asset Base Maintenance:** The council should actively maintain its asset base. This includes renewing ageing infrastructure and setting aside cash reserves for future works that are yet to be identified. This proactive approach helps prevent the degradation of assets and ensures their usability over time.

These principles have driven our financial goal and associated financial outcomes, and our financial strategy to support its achievement.

As we continue to navigate the economic impacts following COVID-19, financial sustainability is a critical challenge for the Town of Gawler. This challenge arises from various factors, including increasing demands for community services and facilities, ongoing operational costs, limited revenue growth from non-rate revenue sources, and the need to renew and replace aging infrastructure.

Given our current financial situation, our financial strategy, which supports our long-term financial plan, focuses on adapting to these challenges and implementing sustainable measures to ensure our future resilience.

We understand that rates levied and strong financial management are important to our community. We are committed to managing Council's finances transparently. We recognise that continuing with 'business as usual' will not be enough to meet future challenges. Therefore, we must control our spending and continuously review how we deliver services as part of ongoing improvement efforts.

In the past, long-term financial planning for asset renewal and replacement lacked the necessary rigor and sophistication for sustainable asset management. Incomplete or unreliable asset data, particularly regarding asset conditions, and the lack of strategically focused Asset Management Plans (AMPs) have hindered better financial planning for renewing or upgrading assets. As a result, investment decisions may not have been strategically prioritised or fully informed.

We have acknowledged these issues and are committed to improving our asset management planning. Our strategy includes enhancing asset data, particularly condition data, to create more comprehensive and financially robust Asset Management Plans. Where asset condition data is unavailable, we have reviewed the respective Asset Management Plans using broad assumptions and available data to estimate renewal needs and timeframes. This information has been used to develop this Long Term Financial Plan (LTFP). As more accurate asset data becomes available, we will refine the AMPs and update the LTFP accordingly.

The 2024-2025 to 2034-2035 LTFP outlines the significant challenges Council faces over the next ten years and beyond. Our financial goal and strategy demonstrate our commitment to achieving an operational cash surplus while addressing asset renewal, delivering key infrastructure projects critical to our community, and managing our debt responsibly.

FINANCIAL GOAL

Council provides quality services, programs and facilities and maintain Council's infrastructure to a defined service standard, with stable rate increases (removal of sudden increases) and ensuring inter-generational equity.

1 RESPONSIBLE BUDGET

Our Services and programs are fully funded, and costs shared equitably between current and future ratepayers, with consistent underlying operating surpluses.

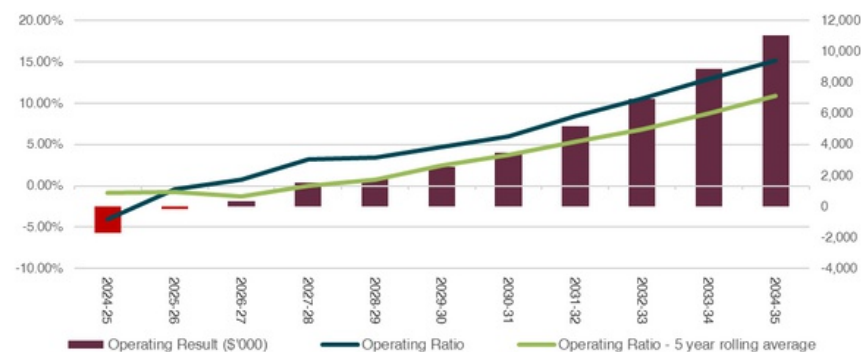
The Council's long-term sustainability is dependent upon ensuring that on average over time, the operating expenses are less than the associated revenues. To ensure that Council has the financial capacity to undertake major project expenditure, such as the aquatic centre redevelopment and the upgrade or development of future sporting facilities, Council must generate operating cash flows to meet future asset and infrastructure renewal investment and the financing commitments on funds borrowed to deliver major projects. Ideally, at a minimum, the operating surplus should be equal to the annual loan repayments.

Council's performance is measured by the Operating Ratio which measures the Council's Operating result, whether that be a surplus or deficit as a percentage of operating revenues. *The Operating Ratio measures Council's ability to cover its operational costs and have surplus revenue available for capital funding and other purposes.*

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

It is recognised that a negative operating surplus ratio may arise during the normal course of operations due to timing of significant income or expenditure (i.e., advance of Financial Assistance Grants). As such, the target range for the Operating Ratio has been set at between 0% and 10% over a rolling five-year average. Continuation of a negative ratio is only acceptable when the community is significantly impacted by economic conditions.

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



To return to an operating surplus position, the financial strategy is based on expenditure control and identifying sustained savings. The financial forecasts incorporate savings targets of 3.5% of operating expenditure (in materials and services) for the first four (4) years of the plan. The savings targets will be delivered through an ongoing review of service delivery programs, to continually seek cost and quality service improvements and efficiencies, with the overall objective to reduce the cost base of the organisation without impacting service delivery.

2 RATE STABILITY

Our annual rate collections are fair & equitable with affordable rate revenue increases for our ratepayers.

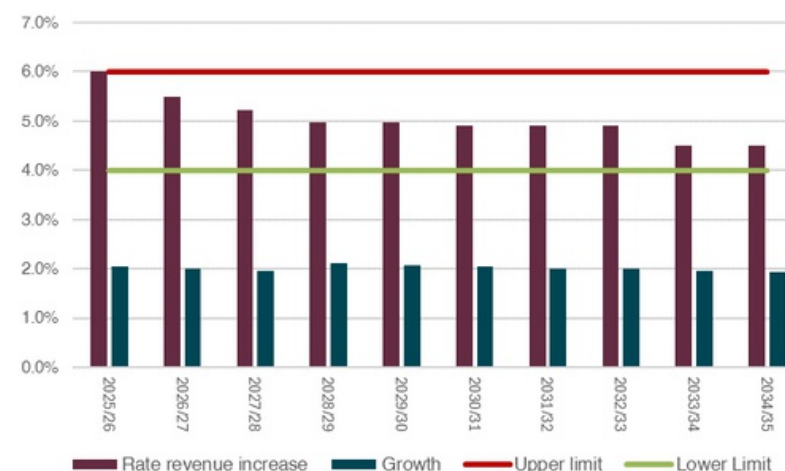
Rate revenue is a major component of the Council's revenue base. In determining future rate increases, Council considers its Community Plan 2035, the economic climate, the need to maintain and improve Council's physical infrastructure and improve community well-being through its services, programs and facilities and an assessment of the community's capacity to pay rates.

Council's objective is to have a Long Term Financial Plan based on consistent rate revenue increases which meet the increased cost of our base level services and programs, but also reflect new assessment growth, increased service levels and the lifecycle costs of new and upgraded community assets and new initiatives, balanced with value for money the community as a whole.

The benchmark target is between 4% and 6% (excluding growth). The target range is linked to inflation assumptions. If inflation shifts significantly, it will prompt a review of assumptions and forecasts during the annual budgeting process.

Council's operations are primarily funded from either existing ratepayers or future ratepayers, through increased development (i.e. new assessments). The Plan assumes an average rate revenue indexation of 5% over the ten-year planning horizon to fund its operations, including the annual consumption of the Towns transport & community infrastructure assets.

The Town of Gawler, as part of the State Government northern growth corridor, will continue to grow. Increases in rate revenue to be collected for new and future ratepayers is forecast to grow as 2% per annum over the life of the Plan. Rate revenue collected through new and future ratepayers fund increased service delivery costs and new infrastructure to meet the population growth.



3 ASSET MANAGEMENT

We are committed to responsible and sustainable stewardship of our assets by maintaining community infrastructure and assets in line with our Strategic Asset Management Plan.

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

The Asset Sustainability Ratio measures how well Council is performing with respect to the renewal or replacement of existing physical assets, such as roads, footpaths, kerbing, buildings, recreational assets and Council plant.

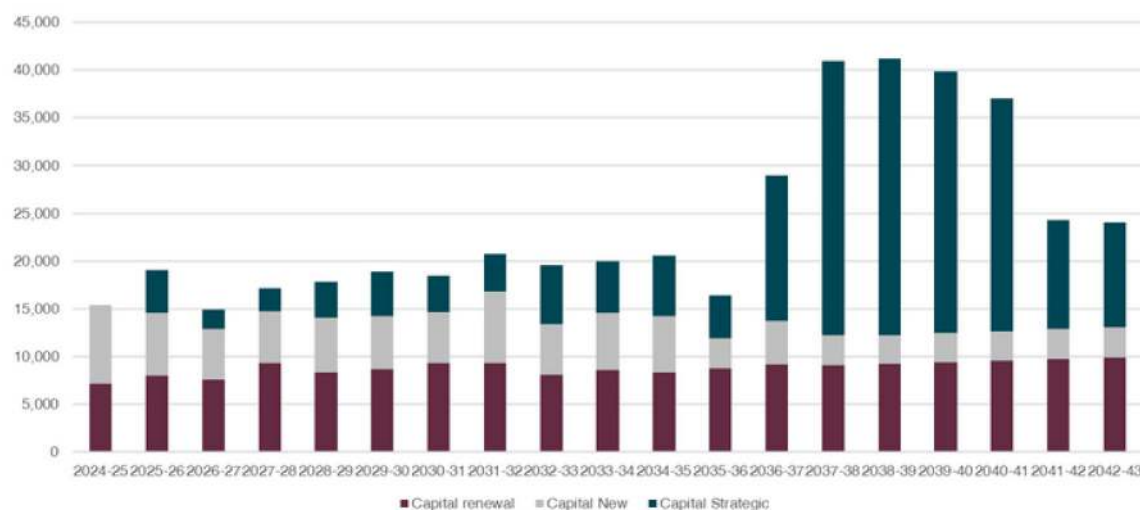
Ideally, physical assets should be renewed or replaced at the same rate the stock of assets is wearing out, however it is recognised that there may be some instances that require Council to either accelerate or decelerate the renewal or replacement of its existing asset base. It is for this reason the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

The benchmark target is between 90% and 110% over a three-year rolling average. The Plan is based on asset renewals being delivered in line with the respective asset management plans, as such the asset sustainability ratio across the Plan is forecast at 100%.

While asset sustainability is one of the key measures Council uses to measure if it is meeting its financial goal, it is also important that Council can meet the increasing service demands of a growing Town and region. This is met through the provision of new transport and community infrastructure.

The Plan, through the integration of the Strategic Asset Management Plan, provides for new transport and community infrastructure as well major strategic projects which significantly enhance the service provision throughout the Town and across the region.

The challenge is to balance the mix of asset renewal, with new and major asset delivery. This Plan has a strong focus on asset renewal, while delivering appropriate levels of new and major assets which meet the transport infrastructure needs for the growing township. At the same time, it includes planning for the delivery of significant community infrastructure to meet the growing needs of the town and the region across future planning horizons. The delivery of strategic assets will however be dependent on Council receiving external grant funding to assist with project delivery costs.



4 DEBT MANAGEMENT

We will use debt wisely to invest in new long-term assets that meet community expectations and ensure intergenerational equity between current and future users.

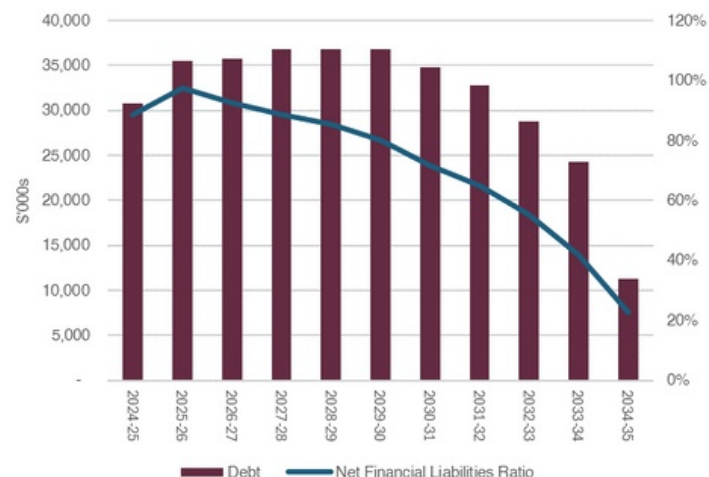
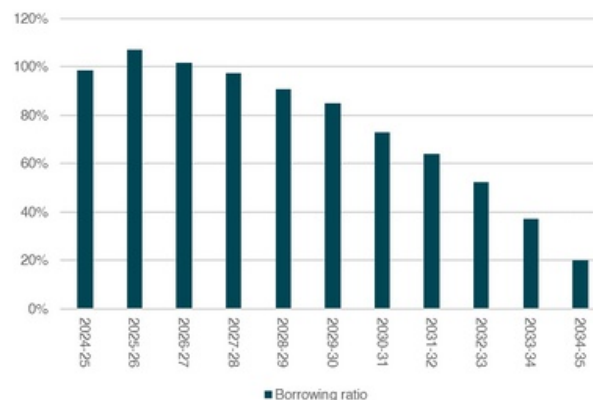
Prudent debt management is the process of establishing and executing a strategy for managing a Council debt in order to raise the required amount of funding to achieve its capital investment objectives. It is important that the use of debt is balanced with other funding sources, such as grants and cash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

The Council will measure its performance in achieving this outcome through the Net Financial Liabilities Ratio, measuring the extent of indebtedness of Council as a percentage of operating revenue repayments. If the ratio falls over time, this indicates that Council's capacity to meet its financial obligations from operating income is strengthening. While the upper limit is set at 100% of operating revenues, there may be circumstances where a ratio that is greater than 100% is appropriate, as long as it can meet the debt commitments.

While short term extension beyond 100% may be necessary, we need to demonstrate operating surpluses are being delivered and hence cash available within the operations to service the debt. The long-term target is a net financial liabilities ratio of 75% of operating revenue.

The Net Financial Liabilities Ratio is not just a measure of the level of Council borrowings. Net Financial Liabilities includes all financial obligations, including employee provisions borrowing and trade payables less the financial assets which includes cash and those assets that can be readily converted to cash, such as sundry debtors.

Borrowing ratio measure the extent of borrowings as a percentage of rate revenue. Borrowings are secured against rate revenue. Extended periods of borrowings being greater than 100% of rate revenue impacts our ability to secure funding to provide new infrastructure.



As demonstrated in the included graphs, borrowings are forecasted to increase over the first three (3) years of the plan before stabilising at \$37 million.

The borrowing ratio is high in the short term and Council will need to ensure the level of debt drops to more manageable levels during future budgets.

Unrestricted cash and hence the liquidity of the organisation is sufficient to commence repayment of borrowings from year five (5) of the plan. By the end of the ten (10) year planning horizon, the forecast is to be in the order of \$12 million, providing Council significant financial capacity to enter into the period of major community infrastructure development to meet both the Town and regional growth.

While it is not ideal for the borrowing ratio to exceed 100% of rate revenue, subject to Council's ability to meet the debt servicing requirements, the borrowing levels can exceed 100%, in order to maintain and provide additional services to the community through renewal and acquisition of assets without impacting on its financial sustainability.

FINANCIAL STRATEGY

Given our Financial Goal and current financial landscape, our financial strategy is based on financial sustainability.



FINANCIAL SUSTAINABILITY

- Provide facilities, services and infrastructure that the community needs,
- Sustainable operating surplus by the end of the 2022-2026 Council Term,
- Build liquidity to manage any unexpected shocks.

With each annual budget process Council aims to set a budget which allows the organisation to fund service delivery, asset renewals and contribute to the repayment of ineffective debt and build unrestricted cash.

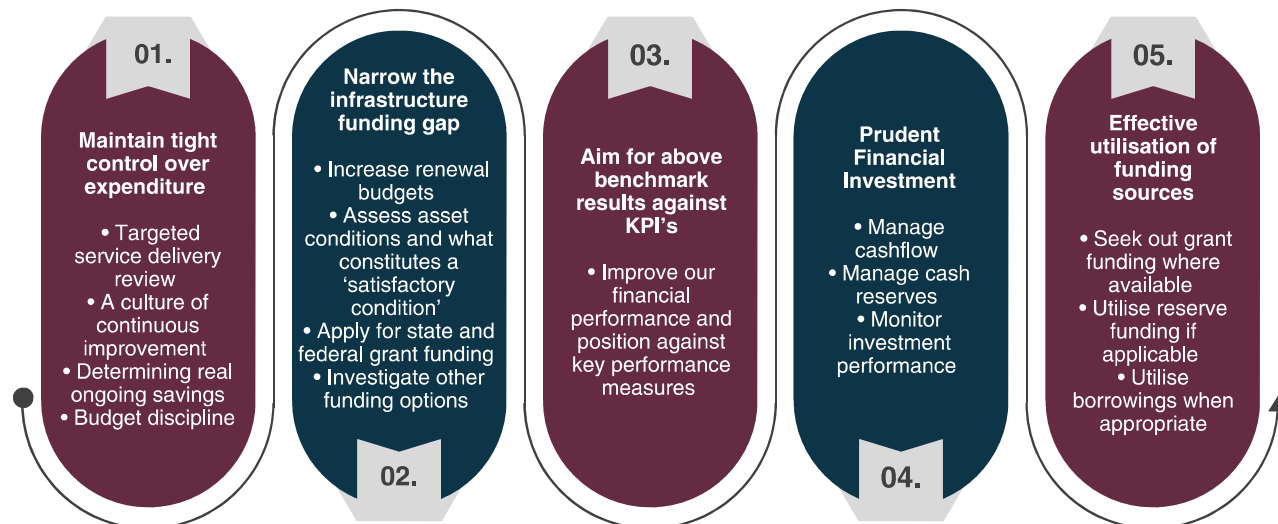
Unrestricted cash represent a measure of liquidity which allows for Council to manage budget shocks, which may include unforeseen expenditure, an emergency event, income shortfalls or discretionary funding deficits.

By the end of the 10-year planning timeframe the aim is for a minimum level of 5% of operating expenditure should be maintained as unrestricted cash. Past operating deficits along with small operating surpluses at the early years of the plan, along with significant borrowings presents a challenge of achieving and maintaining this minimum level of unrestricted cash in the early years of the Plan.

As we work towards financial sustainability, we need to monitor the external factors impact on Council, such as:

- Cost shifting of services or functions by Federal and State government to Local Government without corresponding funding, with examples such as; inadequate funding for public libraries; local nuisance and the general expectation that Local Government fill the void in services between other tiers of government and the private sector.
- Growth and urban development increasing town and regional population and therefore increasing the demands on existing infrastructure, facilities and services provided.
- The financial impact of the COVID-19 pandemic, in particular revenue growth being less than the inflationary impact on input costs, adds additional pressure for Council to remain financially sustainable.

ACHIEVEMENT OF FINANCIAL SUSTAINABILITY IS UNDERPINNED BY FIVE KEY STRATEGIES



FIVE KEY STRATEGIES

1 Maintain tight control over expenditure

A commitment that once the Annual Business Plan and Budget has been adopted, we will apply fiscal discipline which includes:

- No new recurrent operating expenditure or projects approved without being matched by an increase in operating revenue (i.e. Grants/ Fee for Service) or a reduction in expenditure, elsewhere within the Council's operations,
- Expenditure over-runs are offset by deferral of discretionary spend or expenditure savings elsewhere within Council's operations,
- Income shortfalls to be matched by operating expenditure savings,
- No new capital expenditure that requires additional borrowings,
- Be disciplined when pursuing Grant funding opportunities
 - existing projects within LTFP projections
 - re-prioritise, don't add.
- Zero Base Budgeting (funding to be allocated based on program efficiency and necessity, rather than budget history)
- Identify and deliver savings that are real, sustainable, and can be embedded into future budgets.

We will review our service delivery as part of a continuous improvement process. Specifically, we will seek to identify if the services it delivers are relevant and necessary to the community as well as appropriate in the current environment. The continual improvement process includes determining if the services meet the needs and expectations of the community as set out in the Community Plan 2035.

2 Narrow the infrastructure funding gap

Asset Management Plans have identified a shortfall in current expenditure on the maintenance and renewal of infrastructure assets. This represents a risk to the organisation that a significant number of assets may fail due to inadequate maintenance. If this issue is not addressed, it will have an adverse impact on Council's financial position in the medium and longer term.

Up until now long-term financial planning in relation to asset renewal and replacement has not reflected the appropriate level of rigour. Incomplete or unreliable asset datasets (particularly in relation to asset condition) and the absence of a Strategic Asset Management Plan has hampered better practice financial planning for renewal or upgrade of assets.

Consequently, investment decisions may not have been strategically prioritised or optimally informed with funding allocations potentially being reactive and ad-hoc rather than strategically planned.

The challenge is that funding allocations associated with significant future asset renewal or replacement may not be available when needed.

The intent of responsible and sustainable financial planning for asset renewal is that future funding needs are identified in advance, allowing financial strategies to be put in place to generate the required funding. It also provides objective evidence of whether investment in asset renewal and replacement has been adequate.

Having recognised and acknowledged these matters, Council's strategic asset management planning will be based on a program to enhance the asset datasets (particularly condition data) to inform strategically focused Asset Management Plans. Where the asset condition data is not available, Council has reviewed the respective Asset Management Plan incorporating broad assumptions and utilising available data to project renewal need and timeframes. This information has been used in formulating this LTFP. As more accurate asset data becomes available, the AMPs will be refined, and the LTFP updated to reflect this information.



3 Aim for above benchmark results against KPI's

We will work towards improving its financial position against key performance measures and benchmarks.

4 Prudent financial investment

We will closely manage our cashflow to ensure responsible financial management control to build cash reserves. Restricted reserves will be maintained and used in accordance with requirements, internally restricted reserves used to ensure that funds are available to directly support initiatives and projects.

5 Effective utilisation of funding sources

Council will seek to use grant funding where available, internal reserves where applicable, and borrowings where it is deemed necessary and intergenerational equity is considered appropriate.

Externally restricted reserves will also be considered, where appropriate, ensuring that approvals are sought where required.

We will consider:

- a "levy" for future strategic investment
- other revenue opportunities to reduce emphasis on relying on rate revenue to fund services
- user-pay charges commensurate with the cost to provide, to minimise cross subsidisation through rates.

STRATEGIC ACTIONS

Council has identified the following strategic actions that will support the aspirations of Council and build a strong foundation for long term financial sustainability:

- Prioritise the ongoing review of service delivery programs, to continually seek cost and quality service improvements and efficiencies.

To return to an operating surplus position, Council recognises that it will need to reduce the cost base of the organisation. A savings target of 3.5% of operating costs (in materials and services) has been forecast over the first four (4) years of the 10-year planning horizon. This savings target will be delivered through a structured delivery of service review programs and efficiency savings achieved through the introduction of new systems and processes and service rationalisation, if deemed appropriate. These actions will be delivered consistent with and informed by the communities' changing needs and priorities. We will continue to work across the organisation to provide efficiency improvements and contain costs.

- Prior to introducing any new or expanded services, Council will seek to secure an external funding source or identify the reduction or cessation of services/activities required to allow existing resources to be redirected to the new service.
- Implement an asset renewal funding strategy to maintain fit-for-purpose assets for the community as well as reduce the increasing risk and maintenance associated with ageing infrastructure and renewal back log.
- Seek external funding options for asset investment where the acceptance of the funding will not compromise Council's principles or objectives.
- Ensure that rate revenue increases are fair and equitable but also reflective of the services and programs provided to the community.



FUNDING PLAN

SOURCES OF INCOME

RATES

Rate revenue is a major component of Council's revenue base representing 80% of operating income. Rates are a form of property taxation, and property values determine how much each property contributes towards funding essential services such as management of infrastructure, public health and safety, as well as asset renewal and maintenance and the provision of community programs and events.

75% of the rate revenue collected is derived from the Town's residential ratepayers, with commercial and industrial property owners contributing 20%. While not reflected in the financial forecasts, over the life of the Plan, consideration will be given to how the dependency on rate revenue, and the residential property owner can be reduced. The impact of any strategies implemented will be reflected in future reviews of the Plan.

GRANT FUNDING

Council receives financial assistance from the Federal Government, through annual General Purpose and Road Financial Assistance grants and other operating grants from both Federal and State Government. The provision of these grant funds is essential for Council to maintain service levels. Services which are dependent on grant funding include the provision of library services and Home Assist programs. The financial capacity for Council to continue the delivery of these services and program will be adversely impacted, should the grants be reduced or cease to be provided.

Operating Grant funding represents 11% of operating income.

Council will seek capital grants to assist funding of Asset and infrastructure investment.

USER PAY SERVICES AND CHARGES

Includes services and programs delivered by council in response to community needs and expectations plus statutory charges which are set by legislations. Income from these sources represent 7% of total operating income.

Statutory charges represent income earned through fees associated with services regulated under the *Road Traffic Act 1961*, the *Planning, Development and Infrastructure Act 2016*, the *South Australian Public Health Act 2011*, the *Food Act 2001*, and the *Dog & Cat Management Act 1995*.

Other fees and charges arise from various policies which have been adopted by the Council and application of the "user pays" principles for other services and use of facilities provided by Council. Fees and charges set by Council or under delegation are reviewed annually through the development of the Annual Business Plan & Budget.

BORROWINGS

Use of loan borrowings is a critical component of the funding strategy to deliver much needed infrastructure to the community. The use of loans to fund capital expenditure can be an effective mechanism of linking the payment for the asset (via debt redemption payments) to the successive Council populations who receive benefits over the life of that asset. This matching concept is frequently referred to as 'inter-generational equity'.

Council's position on funding expenditure through loan borrowings is:

- Funds will only be borrowed long term for specific infrastructure projects, which are clearly linked to Community Plan 2035, Council's Long Term Financial Plan, Asset Management Plans and its Annual Business Plan & Budget.
- Council will consider the use of loans to ensure existing residents are not burdened with the cost of infrastructure which will be enjoyed by future generations (intergenerational equity).
- Loan borrowings will only be considered after all potential funding strategies have been investigated, including the use of any existing cash reserves and external funding opportunities.
- Council will review its long-term financial plan to ensure there is capacity to service debt from recurrent revenues.
- The use of short-term loan borrowings is permissible to fund short term cashflow operational shortfalls.

Councils past and current financial position has resulted in a dependency on cash advance facilities to fund council operations. The focus of the financial strategy set out in this Plan is to return Council to an operating surplus position to paydown the level of debt, meet asset renewals and build cash reserves to fund operational needs. Until Council returns to an operating surplus position, Council will be reliant on short-term variable interest facilities.

Proposed loan borrowings included within this Plan (in the year the funds are required) are set out in the Statement of Financial Position on page 30. The associated debt serving requirements (i.e. interest and repayments) have been included within the LTFP. Loan borrowings are secured against rate income. Loan borrowings are indicative and are revisited annually when developing the Annual Business Plan and Budget.



INVESTMENT PRINCIPLES

Funds that are not immediately required for operational needs and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings will be invested. The balance of funds held in any operating bank account that does not provide investment returns at least consistent with 'at call' market rates shall be kept at a level that is no greater than is required to meet immediate working capital requirements.

Council funds available for investment will be lodged 'at call' or, having regard to differences in interest rates for fixed term investments of varying maturity dates, may be invested for a fixed term, where cashflow forecasts indicate funds are surplus to short-term needs.

ASSET SALES

Council will consider the sale of surplus land where funds are required for capital purposes. Council's criteria for the sale of property assets are as follows:

- the asset is no longer used, or is not required for the provision of a core community service
- the asset has reached the end of its useful life and provides no further tangible benefit to the community
- market conditions indicate that the asset could provide a substantial return which could be used to fund other capital investments
- the asset is incurring a higher level of maintenance cost than would normally be expected.

While monies generated from the sale of land assets could be used to alleviate operational budget pressures, this is financially unsustainable as the funding would only provide a short-term solution.

ALTERNATIVE FUNDING SOURCES

Council's access to alternative income sources from existing services is limited; however, Council will review the current arrangements in place to determine if they are appropriate and do not result in unnecessary cross-subsidisation by the wider community through rates.

Council will, as part of service delivery reviews, consider opportunities which allow for the sharing of resources with neighbouring councils on a cost recovery basis.

For major investments, Council will consider co-contribution or private partnerships where appropriate and within Council's risk appetite.

CONSIDERATIONS & RISKS

RISK APPETITE

Financial considers the strategic and operational appetite to financial risk. The financial risk appetite reflects the current debt, commitments, long-term financial planning, and revenue of Council.

We are open to opportunities to invest and achieve our Community Plan. We are focused on strengthening our financial position and therefore we have a **Conservative** risk appetite with investing outside of our 10-year financial plan.

If an initiative extends beyond our risk appetite level and above our **Medium** risk acceptance level, the initiative will be reviewed to meet our risk appetite and will only be extended beyond this level if it is in the best interests of the Community.

Council has a **Conservative** risk appetite for variations to approved operating and capital/project budget(s) and is prepared to accept **Medium** levels of risk.

As set out in our financial risk appetite, Council has a conservative risk appetite for investing outside the 10-year long term financial plan. The conservative approach means Council prefers the safe option that provide minimal risk, with anything outside the long-term financial plan being pursued when the reward outweighs the risk taken.

Long term planning, in an ever-changing environment provides for some level of uncertainty. To manage this uncertainty and the potential risk that may arise, Council has a number of controls in place to mitigate this risk, one being this Long Term Financial Plan, which is informed by Council's Asset Management Plans and associated processes to ensure the plan is under continual review.

Service delivery considers the appetite for risk in delivering and seeking opportunities to improve service delivery, gain organisational efficiencies, explore/adopt new technologies, and eliminate waste. Reflecting the desire to enhance delivery while aware of the flexibility and adaptability required.

We are **Accepting** of risk while delivering Council services, seeking opportunities to improve delivery, gain organisational efficiencies, and eliminate waste.

As we seek and adopt new technologies to benefit the community our risk appetite is **Conservative**, and we are not prepared to take on unnecessary risks.

We will accept **Medium** levels of known and treated risk for all service delivery.



Council's service delivery is predominately driven by the service levels delivered through our asset condition. Integration of Strategic Asset Management Plans is a key principle of Council's strategic financial planning principles and ensuring that Council's risk appetite is maintained. The purpose of integration is to ensure that future funding is allocated in a manner that supports service delivery in terms of the plans and the effective management of Council's assets into the future.

The Strategic Asset Management Plans identify the operational and strategic practices which will ensure that Council manages assets across their life cycle in a financially sustainable manner.

The Strategic Asset Management Plans, and associated asset management policies, will provide Council with a sound base to understand the risk associated with managing its assets for the community's benefit.

CHALLENGES & OPPORTUNITIES

Council has identified the following challenges and opportunities:

- Underlying operating deficits in recurrent operations.
- Asset Management Plans identify a historical underfunding of renewal works. The updated Asset Management Plans now fund the majority of renewals and identify:
 - additional funding towards addressing this backlog
 - developer contributed assets increasing service levels and maintenance costs
 - impact of asset revaluations on depreciation charges and renewal costs.
- Regional growth, increasing pressure on use and provision of community infrastructure that supports the region not just the Town of Gawler.
- Level of borrowings and limited cash reserves and future access to funds.
- State Government population growth targets:
 - future committed contributions to transport interventions and community infrastructure through housing developments
 - increased demand for new services
 - substantial challenges associated with provision and renewal of roads, paths, and community and recreation facilities.
- Although increasing, a comparatively low rating revenue base, with an emphasis on residential land use.
- Managing competing interests of our community.

Monitoring challenges and opportunities over the life of the Plan is crucial to ensure the opportunities are capitalised on when appropriate and the risks emanating from the challenges are managed within Council's appetite.



ASSUMPTIONS AND INFLUENCES

The LTFP is developed collaboratively from a wide range of inputs and forms a guide to the development of the annual budget for successive years. The financial forecasts have been developed taking into account the following influences and assumptions.

INFLUENCES

Economic Conditions

The financial impacts of COVID-19 pandemic and international political unrest continues to impact, with the return to 'normal' economic conditions unknown. Inflation is forecast to be outside the target range into 2025-2026, with a fall in interest rates not anticipated until early 2025.

Population Growth

The expected population growth which will occur because of land releases in the area will be the largest challenge this Council will face. There remains a difficulty in determining the timing of residential development as there is a multitude of factors which influences the release and development of land.

ASSUMPTIONS

The financial forecast uses the 2024-2025 budget as its base. It then uses internal and market driven assumptions to project revenue and expenditure for 10-years. The plan is reviewed and updated each year as a rolling 10-year projection of Council's income, expenditure, assets, liabilities and cashflow. A comprehensive analysis of all internal and external factors affecting those assumptions is undertaken annually as part of preparing the annual budget to ensure there is a level of confidence in the outcomes projected.

In preparing the 2025-2034 Long Term Financial Plan, the following principles underpin the financial forecasts:

- Council returns to an operating surplus position by the end of the current Council term.
- The range and standard of existing services offered to the community is maintained.
- The focus is on asset renewal, while future needs of the Town are planned for in a financially sustainable manner.
- Council's financial position and financial performance is within agreed benchmarks (or trending positively).
- The need to closely monitor the current economic climate which continues to be impacted by uncertainty regarding cost of funds, inflation and supply chain concerns for goods and materials. Any significant changes will be identified when preparing the annual budget.

GRANTS & SUBSIDIES

The Town of Gawler receives an annual Financial Assistance Grant allocation from the Federal Government as well as operating grants for specific programs and services provided. It has been assumed that operating grants supporting the service delivery of existing services and programs will continue.

The Federal Government has in the past made advance payments of Financial Assistances grants. While these may continue, the Long Term Financial Plan assumes that we will be in receipt of the four quarterly payments for each year across the term of the Plan.

The financial strategy that underpins the Plan includes Council seeking out grant opportunities to assist with the funding of new asset investment. Council will be seeking to maximise grant funding for major projects and infrastructure investment. The Plan assumes that major project costs of 50% at a minimum will be funded through grant funding. The project delivery may be deferred should Council not be able to secure grant funding.

CAPACITY FOR RATING

Income from rates is a major component of Council's revenue base. The community's capacity and willingness to pay rates and whether there is potential for changes to the rate mix are an important consideration when determining a rating structure.

In making that judgement, Council considers information related to:

- The potential to reduce the reliance on rates through increased revenues from other sources.
- Changes in rating revenues from changing demographics and industry makeup.
- Opportunities for additional differential rating.
- Any need to increase the reliance on rating due to a reduction of revenues from other sources such as a decline in grants and subsidies.

No change in the rating categories and sub-categories is proposed, nor the method of rating.

FEES AND CHARGES

The services we provide are offered on a user pays basis, assessed on the price elasticity of the user group. In preparing the Long Term Financial Plan, possible future income from fees and charges, including opportunities to reduce reliance on other forms of income, has been considered however based on the current service offering is limited.

MARKET DRIVEN ASSUMPTIONS

As part of undertaking financial modelling, assumptions that underpin the estimates must be made. The following market driven assumptions have been used in the modelling contained in the Long Term Financial Plan.

GROWTH

Demographic trends and projections influence planning for housing, jobs, infrastructure, facilities and other services. Modelling set out in Growth 2046 have formed the basis for the growth forecasts set out in the financial modelling.

Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Population	622	622	622	686	686	686	686	703	703	706
Dwellings	259	259	259	286	286	286	286	293	293	294

INFLATION (Consumer Price Index (CPI)/ Local Government Price Index (LGPI))

Used to determine the expenditure indexation across both recurrent and capital indexation. Index applied depends on the nature of the expenditure item.

Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
CPI	4.0%	3.5%	3.2%	3.0%	3.0%	2.9%	2.9%	2.9%	2.5%	2.5%
LGPI - Recurrent	3.0%	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
LGPI - Capital	3.5%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
Building Construction Index	3.7%	3.7%	3.7%	3.7%	3.7%	3.4%	3.4%	3.4%	3.4%	3.4%
Roads and Bridges Index	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%

EXPENDITURE FORECASTS

In developing expenditure forecasts, new expenditure items and ongoing commitments have been considered. This includes costs for capital and recurrent expenditures such as maintenance costs and capital renewals for infrastructure assets. Consideration has been given to appropriate phasing of when the costs are expected to be incurred including expenditure for planning, construction, implementation and ongoing maintenance. Increased maintenance expenditure has been included within the plan for new assets. The Asset Management Plan identifies a minor level of unfunded works. To deliver the funding needed to progress these projects, funding options will need to be explored with the community.



RATE REVENUE

No change in the rating categories and sub-categories is proposed, nor the method of rating. Rate revenue increases set based on the target range.

Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Cost Indexation	4.5%	4.0%	3.7%	3.5%	3.5%	3.4%	3.4%	3.4%	3.0%	3.0%
Projects/Initiatives	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
General Rate Revenue (ex Growth)	6.0%	5.5%	5.2%	5.0%	5.0%	4.9%	4.9%	4.9%	4.5%	4.5%
Growth (assessments)	2.0%	2.0%	2.0%	2.1%	2.1%	2.0%	2.0%	2.0%	2.0%	1.9%

SERVICE CHARGES – WASTE MANAGEMENT

Annual charges for waste collection and disposal are based on service agreement with Northern Adelaide Waste Management Authority. Service Charges have been indexed by CPI.

USER FEES & CHARGES

The services offered on a user pays basis, considering price elasticity. User fees and charges that are set by government under legislation are assumed to increase in line with CPI.

Income from user fees for Council services is forecast to increase by a weighted average of 60% employee expenses (Enterprise Agreement) and 40% material and contract expenses (CPI).

Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Indexation	3.1%	3.0%	3.0%	2.9%	2.9%	2.9%	2.7%	2.7%	2.7%	2.7%

INVESTMENT INCOME

Linked to cash balances, invested at 24 hour cash rate estimates.

OTHER INCOME

Other income includes reimbursements and minor income collected. Other income is projected to increase in line with CPI.

EMPLOYEE EXPENSES & ON-COSTS

- The Enterprise Agreement provides for an annual increase as well as salary band step increases. The current agreement expires on 30 June 2027. We have assumed increases will be 2.5% per annum over the remainder of the Long Term Financial Plan.
- The average increase because of salary band step increases will be 0.25% per annum.
- Superannuation expenditure based on the statutory contribution rate will be maintained at 12% over the life of the Plan.
- A stable vacancy rate in establishment permanent positions in each financial year.
- Population Growth will drive increase in service levels and increase in established positions.

Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Enterprise Award Increase	3.25%	3.0%	3.0%	2.75%	2.75%	2.5%	2.5%	2.5%	2.5%	2.5%
Step Increase	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Growth	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Superannuation Guarantee	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%

MATERIALS & SERVICES

- Materials and Services are forecast to increase by CPI. In addition, a savings target of 3.5% (average of \$470,000) of materials and services expenditure has been built in for the first four (4) years of the plan.
- Population Growth will drive increases in service levels from developer contributed assets.
- Initiatives relate to new services or one-off operating projects which emanate from Council's plans and strategies and population growth. Cyclical expenses relate to expenditure items such as local government elections, representation reviews and reviews of statutory plans.

Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Materials & Services	4.0%	3.5%	3.2%	3.0%	3.0%	2.9%	2.9%	2.9%	2.5%	2.5%
Growth	3.3%	3.4%	3.4%	3.2%	3.2%	3.1%	3.1%	3.1%	3.1%	3.0%
Initiatives	\$558K	\$776K	\$574K	\$623K	\$617K	\$875K	\$611K	\$662K	\$632K	\$643K

BORROWING COSTS

Existing Fixed	5.7%
Materials & Services	3.25%
Growth	0.25%

Council's borrowing costs over the 10-year period comprise several components:

- Interest incurred on borrowings - where borrowings have already been undertaken the interest rate identified in the Loan Agreement has been used.
- For variable loans or new borrowings, the proposed interest rate has been calculated based on current interest rates and current economic information with respect to interest rate movements.

DEPRECIATION

Council depreciates its assets utilising the straight line depreciation method. The depreciation expense assumed in the Plan has been calculated in accordance with this methodology. Depreciation rates for each asset class are based on a rolling four (4) year average of the actual depreciation charge. Estimates have also been included for the projected depreciation cost of new assets which have been identified within the proposed Capital Works Program along with the impact of revaluations and assets received free of charge through developer contributed assets.

ASSET MANAGEMENT PLAN INTEGRATION

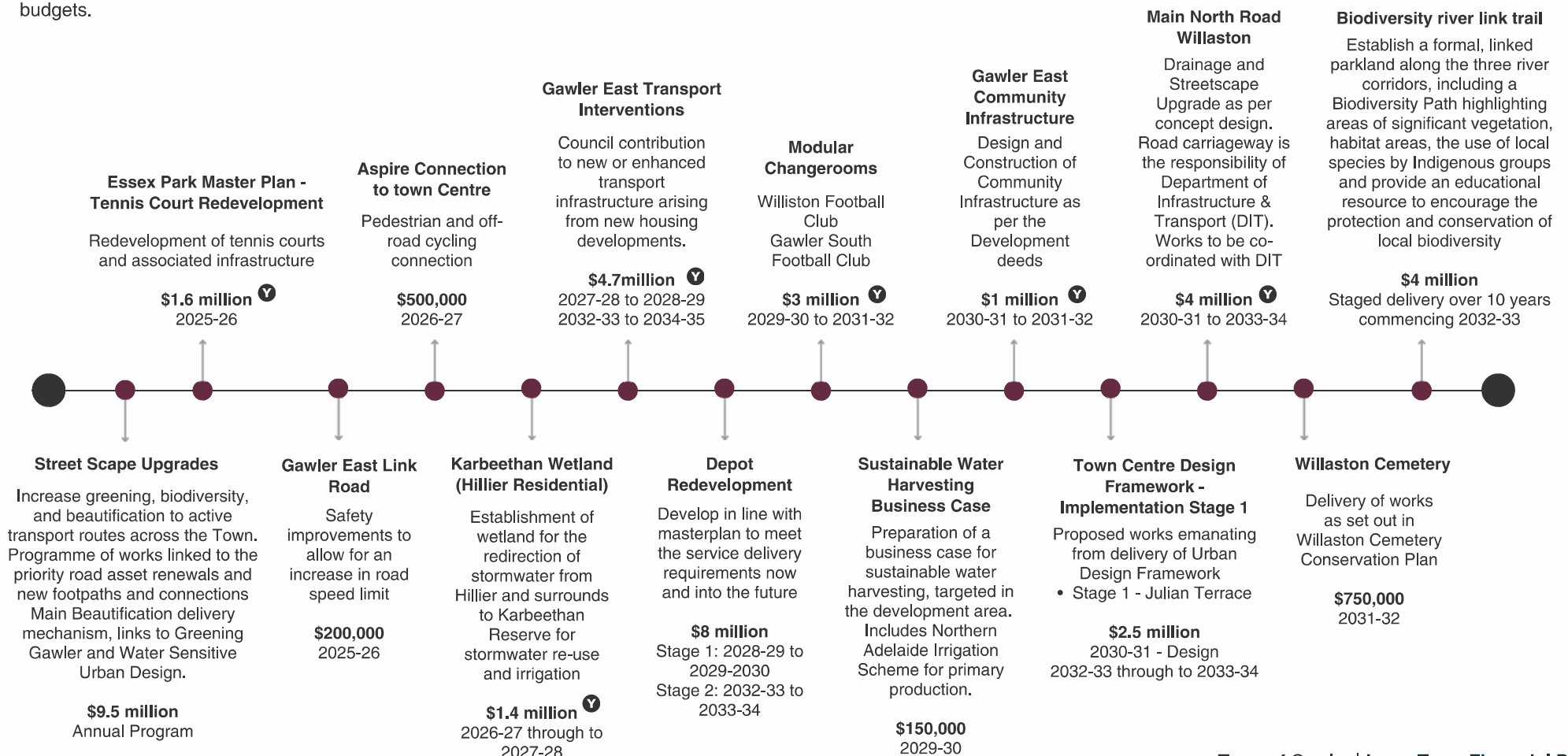
Council's Asset Management Plans are designed to inform the Plan by identifying the amount of capital renewal, backlog and maintenance funding that is required over the life of each asset category. The level of funding will incorporate knowledge of asset condition and the risk assessment issues as well as the impact of reviewing and setting intervention and service levels for each asset class. In addition to identifying the operational and strategic practices that ensure Council manages assets across their life cycle in a financially sustainable manner, the Asset Management Plan's quantifies the asset portfolio and the financial implications of those practices. Together the Long Term Financial Plan and Asset Management Plan seek to balance projected investment requirements against projected budgets.

In addition to the renewing existing infrastructure and community assets, the Plan includes a program to upgrade the service levels of existing infrastructure and community assets and several strategic projects. These projects aim to add or enhance transport and community infrastructure to support local and regional growth and meet community needs.

The Plan includes strategic projects which are scheduled for delivery over the next 10-years and beyond. While Council will seek external funding sources for these projects, it is not possible to submit funding applications several years in advance. If grant funding is not secured, it may affect Council's ability to deliver the projects.

Council's future planning include projects which are external funding dependent, these projects include:

Y External funding dependent



ASSET MANAGEMENT PLAN INTEGRATION

Council also has significant future major projects it wishes to undertake beyond those included in this Long-Term Financial Plan. At present, no further projects are included but this will be reviewed annually as Council assesses its financial capability to undertake further projects. Council's financial capability will be strongly influenced by maintaining financial discipline and the receipt of significant government grant funds or by potential asset sales or private contributions that may act as a funding source.

These projects include:

Project	Description	Estimated Cost	Indicative Timing
Karbeethan Reserve redevelopment	Implementation of Concept Plan for the Stage 2- Redevelopment/Expansion of Karbeethan Reserve	\$4 million Y	2039-2040
Wayfinding	Install directional wayfinding signs to indicate available parking spaces	\$230,000	2038-2039
Lawn Bowling Centre Lighting	Lighting for bowling green	\$750,000	2039-2040
Goose Island activation	Open space activation with passive recreation building on the cultural heritage, native vegetation, and biodiversity	Y	2037-2038
Southern Sporting Precinct	Development of Southern Sporting Precinct to accommodate the current and future growth of sport in the region	\$50 million Y	2034-2035
Elliot Goodger Masterplan	Delivery of Masterplan	\$40 million Y	2039-2040
BMX Track relocation	Re-locate BMX track and club from Elliot Goodger Reserve to Karbeethan	\$5 million Y	2035-2036
Town Centre Design Framework - Implementation Stage 2	Proposed works emanating from delivery of Urban Design Framework Stage 2 - Murray Street (South)	\$2.5 million	2036-2037
Town Centre Design Framework - Implementation Stage 3	Proposed works emanating from delivery of Urban Design Framework Stage 3 - Murray Street (North)	\$2.5 million	2039-2040
Multi Level Parking Decks	Business case and detailed design of additional multideck car parks to meet future parking needs x 4 sites (2000 spaces)	\$500,000 Y	2038-2039
Aquatic Centre Redevelopment	Improvements to the swimming centre to include teenage splash pad, slides, new learn to swim pool, refurbished 50 metre outdoor door pool	\$30 million Y	2037-2038
Dog Pound	Redevelopment of Dog Pound, including Business Case development for Regional Dog Pound model	\$3 million Y	2035-2036
Solar Farm – Business case	Investigate the feasibility of a solar farm at Paxton Street depot and development of a business case. To be considered with Depot Masterplan and operational needs of the depot service delivery	\$100,000	2036-2037

Y delivery dependent on grant funding

PERFORMANCE MONITORING

The Council measures its financial sustainability through a number of financial ratios, with the performance measured against the targets set out in the Council's Long Term Financial Plan.

In terms of financial sustainability, over the medium to long term, Council needs to ensure that it is achieving an Operating Surplus in order to meet its ongoing financial obligations, its long-term assets are renewed in line with the Asset Management Plans, and it has a sensible approach to the use of debt.

Indicator	Measure	Definition	Implication	Target
Operating ratio	The Operating Ratio measures Council's ability to cover its operational costs and have surplus revenue available for capital funding and other purposes.	Operating result as a percentage of operating revenue	A positive ratio indicates the percentage of total own source revenue (principally rates) is available to assist in funding proposed capital expenditure, to meet loan repayments or to reduce debt. A negative ratio indicates the percentage increase in total own source revenue that would have been required to achieve a break-even operating result.	0%-10% rolling average over five (5) years
Net Financial Liabilities Ratio	Measures the extent of indebtedness of the Council as a percentage of operating revenue repayments.	Net Financial Liabilities as a percentage of total operating revenue	Include all financial obligations, including employee provisions borrowing and trade payables less the financial assets which includes cash and those assets that can be readily converted to cash, such as sundry debtors. If the ratio falls over time, this indicates that the Council's capacity to meet its financial obligations from operating income is strengthening. Short term extension beyond 100% may be necessary however need to be generating cash to service borrowings	Less than 100% Aspirational 75% or less
Debt Ratio	Measures the level of security rate revenue is providing against Councils borrowings. While not a required financial sustainability indicator, debt levels are a concern for Council and should be monitored to ensure that borrowing capacity is available to meet growth needs and intergenerational equity is maintained	Borrowings as a percentage of Rate Revenue	Borrowings are secured against rate revenue. Extended periods of borrowings being greater than 100% of rate revenue impacts our ability to secure funding to provide new infrastructure	Less than 100%
Asset Renewal Funding Ratio	Measures the extent that Council is maintaining its existing asset level to maintain desired service levels	Asset Renewal Expenditure as a percentage of the Asset Renewal Expenditure set of in the Asset Management Plans	A ratio which is less than 100% over an extended period indicates that the level of investment in the renewal of existing assets is less than the investment required to maintain the desired service level. A ratio greater than 100% over the long term indicates that the level of investment is more than what is needed to maintain the desired service level.	Between 90% and 110% over a rolling three (3) year average. It is recognised that there may be some instances that require Council to either accelerate or decelerate the renewal or replacement of its existing asset base. It is for this reason the target ratio is calculated based on a three (3) year rolling basis.

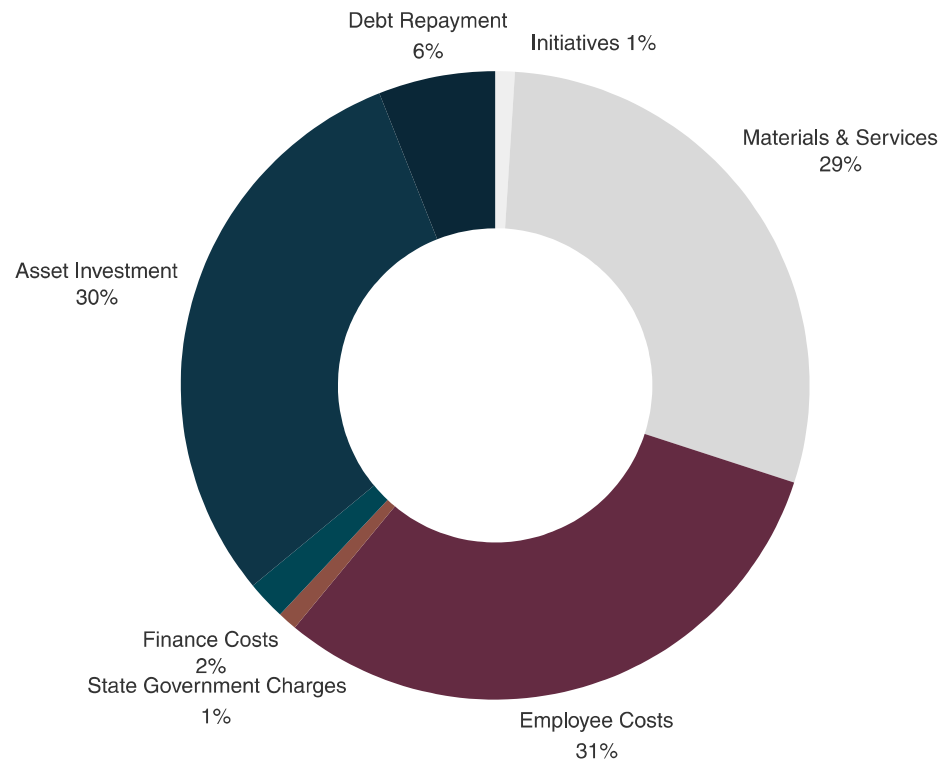
FINANCIAL RATIOS

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Operating Surplus Ratio											
Operating Surplus/(Deficit)	(4.0%)	-0.4%	0.7%	3.2%	3.4%	4.7%	6.0%	8.5%	10.6%	12.9%	15.1%
Total Operating Revenue											
5-year rolling average	(2.0%)	-0.8%	-1.3%	0.0%	0.7%	2.5%	3.7%	5.3%	6.8%	8.8%	10.9%
Net Financial Liabilities Ratio											
Net Financial Liabilities	83%	97%	92%	88%	85%	79%	70%	63%	52%	39%	24%
Total Operating Revenue											
Borrowing Ratio											
Borrowings	99%	107%	102%	97%	91%	85%	73%	64%	53%	37%	20%
Rate Revenue											
Asset Renewal Funding Ratio											
Net Asset Renewals	122%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Asset Management Plan											
3-year rolling average	109.0%	98%	107%	100%	100%	100%	100%	100%	100%	100%	100%

INCOME & EXPENDITURE

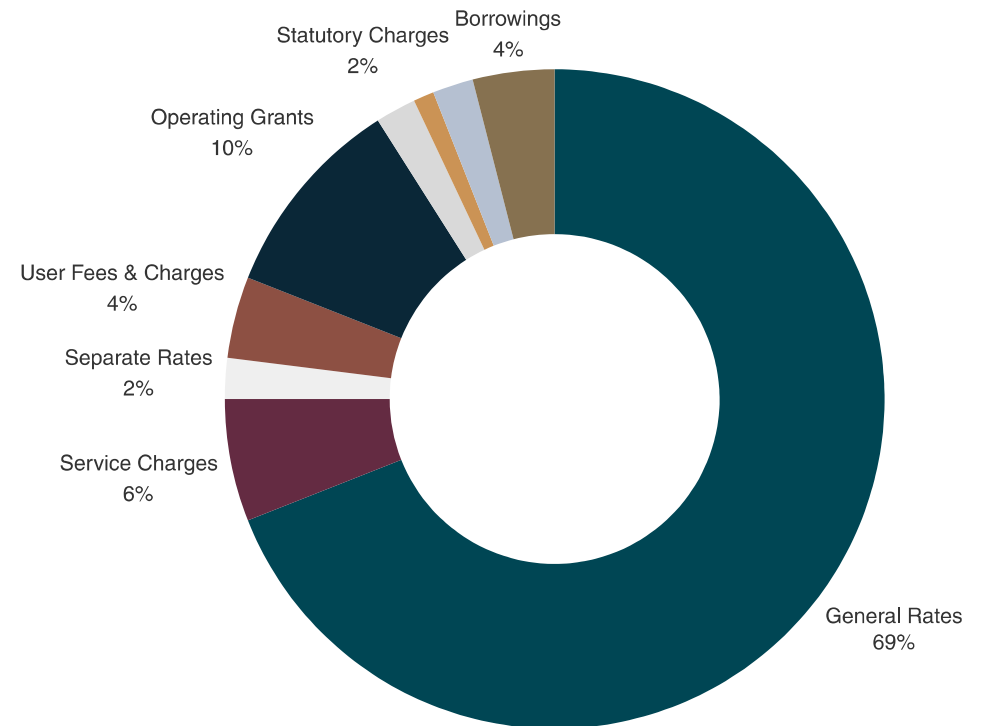
The services, programs and investment in infrastructure provided by the Council are funded by the Government, through grants, the community through rates and user pay services and financial institutions via financing facilities.

EXPENSES & INVESTMENT



INCOME & FUNDING

Community & Ratepayers **82%**
Government & Financing **18%**



FINANCIAL STATEMENTS

The financial forecasts presented in the financial statements over the following pages, are not intended to predict the financial performance and position of Council. Instead, they should be viewed as a guide to future actions or opportunities which encourage Council to consider the impact of its decisions on Council's long-term financial sustainability.

The financial projections provide an indication of Council's direction and financial capacity to meet its long-term goals which have been set out in Council's Strategic Management Plans. For this reason, the projections are regularly reviewed to ensure that decisions made by Council are not adversely impacting on Council's ability to deliver on its objectives and maintain its financial sustainability. Decisions made as part of the annual budget process impact on the financial projections; therefore, the financial projections set out in the Plan are updated based on the current year's annual budget.

The Long Term Financial Plan consists of four primary financial statements:

- **Statement of Comprehensive Income** (also referred to as a profit and loss statement) provides an overall picture of Council's financial performance by reporting the total monetary value of all financial transactions (income and expenses).
- **Statement of Financial Position** (also referred to as a balance sheet) shows the monetary value of all the assets controlled by Council and its financial obligations.
- **Statement of Changes in Equity** reports all changes to equity during the financial period. Equity is made up of Council's total assets minus its total liabilities including the change in value of its infrastructure.
- **Statement of Cash Flow** shows when cash is received (e.g. through the collection of rates) and an outflow when cash is paid (e.g. when purchasing an asset or paying for services). This is in contrast to the Statement of Comprehensive Income and the Statement of Financial Position, which record the value of the transactions, when they occur or when the financial commitment is made.

The Statement of Comprehensive Income shows what is expected to happen during the year in terms of revenue, expenses and other adjustments from all activities. For Council to be in a position to reduce its reliance on short-term borrowings, it is essential to consistently achieve an operating surplus. While operating surpluses are projected, the surplus in the early years of the Plan are insufficient for Council to cover loan repayments and deliver on its asset renewal program. Therefore, financing will be required until operating surpluses are sufficient to generate a cash surplus to meet the planned asset renewal and build cash reserves. Current forecasts indicate that Council will commence building cash reserves from 2030-2031.

The Statement of Financial Position is a snapshot of the expected financial position of Council at the end of the financial year. It reports what is expected to be owned (assets) and what is expected to be owed (liabilities). The assets and liabilities are separated into current and non-current. Current means those assets or liabilities which will fall due in the next 12 months. Non-current refers to assets and liabilities that are recoverable or which fall due over a longer period than 12 months. The bottom line Net Assets represents the net worth of the Council.

Key information relayed by the Statement of Financial Position highlights the net assets of Council are forecast to grow at rate of approx. 5% per annum, primarily due to the capital program; however, to fund the new asset investment, the long-term borrowings are forecast to peak at \$37 million.

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

For the first half of the Plan cash provided by operating activities are insufficient to meet asset renewals, the shortfall is met through short term borrowings.

STATEMENT OF COMPREHENSIVE INCOME

10 Year Financial Plan for the Years ending 30 June 2035

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$'000 Budget	\$'000 Plan	\$'000 Plan	\$'000 Plan	\$'000 Plan	\$'000 Plan	\$'000 Plan	\$'000 Plan	\$'000 Plan	\$'000 Plan	\$'000 Plan
Income											
Rates	31,433	33,949	36,475	39,082	41,843	44,769	47,844	51,111	54,605	58,098	61,796
Statutory Charges	988	1,018	1,048	1,080	1,112	1,144	1,176	1,209	1,243	1,276	1,309
User Charges	2,134	2,215	2,290	2,364	2,435	2,509	2,584	2,661	2,740	2,814	2,890
Grants, Subsidies and Contributions	6,633	4,686	5,032	5,501	5,646	5,797	5,948	6,105	6,266	6,417	6,572
Investment Income	90	55	79	94	101	86	116	111	104	121	132
Reimbursements	178	181	184	187	191	194	197	201	205	208	212
Other Income	14	14	15	15	16	16	17	17	18	18	19
Total Income	41,470	42,117	45,123	48,323	51,344	54,514	57,883	61,414	65,180	68,952	72,929
Expenses											
Employee Costs	15,174	16,003	16,781	17,484	18,167	18,867	19,566	20,247	20,752	21,451	22,197
Materials, Contracts & Other Expenses	17,143	14,780	15,719	16,372	17,907	18,926	20,095	20,783	21,825	22,552	23,339
Depreciation, Amortisation & Impairment	9,451	10,015	10,900	11,492	12,051	12,673	13,293	13,831	14,410	14,953	15,512
Finance Costs	1,167	1,503	1,402	1,442	1,482	1,482	1,482	1,362	1,282	1,122	842
Net loss - Equity Accounted Council Businesses	225	-	-	-	-	-	-	-	-	-	-
Total Expenses	43,160	42,301	44,802	46,790	49,607	51,948	54,437	56,223	58,270	60,077	61,891
Operating Surplus / (Deficit)	(1,694)	(183)	321	1,533	1,737	2,566	3,446	5,191	6,910	8,875	11,039
Developer Contributions	811	2,010	1,872	1,912	2,378	2,458	2,250	2,318	2,450	2,524	2,603
Amounts Received Specifically for New or Upgraded Assets	1,597	2,754	1,062	1,145	1,124	1,643	2,119	1,263	238	838	838
Physical Resources Received Free of Charge	6,120	7,060	6,925	6,225	5,750	4,575	4,450	4,451	4,452	4,453	4,454
Net Surplus / (Deficit)	6,834	11,641	10,179	10,814	10,988	11,241	12,265	13,222	14,050	16,689	18,933
Other Comprehensive Income											
Changes in Revaluation Surplus - I,PP&E	16,952	16,516	13,422	13,786	14,641	15,733	16,345	17,083	17,976	18,841	19,714
Total Other Comprehensive Income	16,952	16,516	13,422	13,786	14,641	15,733	16,345	17,083	17,976	18,841	19,714
Total Comprehensive Income	23,786	28,157	23,601	24,600	25,630	26,974	28,610	30,306	32,026	35,530	38,648

STATEMENT OF FINANCIAL POSITION

10 Year Financial Plan for the Years ending 30 June 2035

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS											
Current Assets											
Cash & Cash Equivalents	105	660	1,102	1,281	939	1,735	1,732	1,755	2,331	2,642	3,165
Trade & Other Receivables	2,515	3,075	3,290	3,535	3,795	4,071	4,362	4,672	5,004	5,337	5,689
Inventories	20	20	20	20	20	20	20	20	20	20	20
Total Current Assets	2,640	3,755	4,412	4,835	4,753	5,826	6,115	6,447	7,354	7,998	8,874
Non-Current Assets											
Financial Assets	67	45	45	45	45	45	45	45	45	45	46
Equity Accounted Investments in Council Businesses	4,327	4,327	4,327	4,327	4,327	4,327	4,327	4,327	4,327	4,327	4,327
Infrastructure, Property, Plant & Equipment	458,185	491,090	515,336	540,929	567,407	593,872	619,816	648,256	675,911	704,297	733,609
Total Non-Current Assets	462,579	495,462	519,708	545,301	571,779	598,243	624,188	652,628	680,283	708,669	737,982
TOTAL ASSETS	465,219	499,217	524,119	550,136	576,532	604,070	630,303	659,075	687,637	716,667	746,856
LIABILITIES											
Current Liabilities											
Trade & Other Payables	5,594	5,912	6,288	6,549	7,163	7,570	8,038	8,404	8,836	9,248	9,698
Borrowings	307	247	0	0	0	0	0	0	0	0	0
Provisions	3,018	3,201	3,356	3,497	3,633	3,773	3,913	4,004	4,097	4,177	4,258
Total Current Liabilities	8,919	9,359	9,644	10,046	10,796	11,344	11,951	12,408	12,934	13,424	13,956
Non-Current Liabilities											
Borrowings	29,801	35,054	36,054	37,054	37,054	37,054	34,054	32,054	28,054	21,054	12,054
Provisions	204	352	369	385	400	415	430	440	451	459	468
Total Non-Current Liabilities	30,005	35,406	36,423	37,439	37,454	37,469	34,484	32,494	28,505	21,513	12,522
TOTAL LIABILITIES	38,924	44,766	46,067	47,484	48,250	48,813	46,436	44,902	41,438	34,938	26,479
Net Assets	426,295	454,451	478,052	502,652	528,282	555,257	583,867	614,173	646,199	681,729	720,377
EQUITY											
Accumulated Surplus	138,939	148,570	156,877	165,780	174,390	183,174	193,189	204,093	215,693	229,858	246,189
Asset Revaluation Reserves	282,601	299,117	312,539	326,325	340,966	356,699	373,045	390,128	408,104	426,946	446,660
Other Reserves	4,754	6,764	8,636	10,548	12,925	15,383	17,633	19,951	22,402	24,926	27,529
Total Equity	426,295	454,451	478,052	502,652	528,282	555,257	583,867	614,173	646,199	681,729	720,377

CASHFLOW STATEMENT

10 Year Financial Plan for the Years ending 30 June 2035

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities											
Receipts:											
Operating Receipts	38,967	41,503	44,808	47,984	50,983	54,152	57,476	60,994	64,745	68,498	72,445
Investment Receipts	90	55	79	94	101	86	116	111	104	121	132
Payments:											
Operating payments to suppliers and employees	(31,864)	(30,458)	(32,166)	(33,512)	(35,721)	(37,432)	(39,291)	(40,652)	(42,189)	(43,607)	(45,133)
Finance Payments	(1,167)	(1,503)	(1,402)	(1,442)	(1,482)	(1,482)	(1,482)	(1,362)	(1,282)	(1,122)	(842)
Net Cash provided (or used in) Operating Activities	6,026	9,596	11,319	13,124	13,880	15,324	16,818	19,091	21,377	23,890	26,602
Cash Flows from Investing Activities											
Receipts:											
Amounts Received Specifically for New/Upgraded Assets	1,597	2,754	1,062	1,145	1,124	1,643	2,119	1,263	238	838	838
Developer Contributions	811	2,010	1,872	1,912	2,378	2,458	2,250	2,318	2,450	2,524	2,603
Sale of Replaced Assets	103	70	74	157	86	280	280	50	50	50	0
Repayments of Loans by Community Groups	22	22	22	0	0	0	0	0	0	0	0
Payments:											
Expenditure on Renewal/Replacement of Assets	(6,681)	(7,963)	(7,552)	(9,304)	(8,309)	(8,686)	(9,337)	(9,343)	(8,049)	(8,602)	(8,376)
Expenditure on New/Upgraded Assets	(10,485)	(11,128)	(7,354)	(7,855)	(9,501)	(10,222)	(9,133)	(11,356)	(11,490)	(11,389)	(12,142)
Net Cash provided (or used in) Investing Activities	(14,638)	(14,234)	(11,877)	(13,945)	(14,223)	(14,528)	(13,821)	(17,068)	(16,801)	(16,579)	(17,079)
Cash Flows from Financing Activities											
Receipts:											
Proceeds from Borrowings	9,121	5,500	1,000	1,000	0	0	0	0	0	0	0
Payments:											
Repayments of Borrowings	(594)	(307)	0	0	0	0	(3,000)	(2,000)	(4,000)	(7,000)	(9,000)
Net Cash Flow provided (used in) Financing Activities	8,527	5,193	1,000	1,000	0	0	(3,000)	(2,000)	(4,000)	(7,000)	(9,000)
Net Increase/(Decrease) in Cash & Cash Equivalents	(85)	555	442	178	(342)	796	(3)	23	576	311	523
Opening Cash & Cash Equivalents	190	105	660	1,102	1,281	939	1,735	1,732	1,755	2,331	2,642
Closing Cash & Cash Equivalents	105	660	1,102	1,281	939	1,735	1,732	1,755	2,331	2,642	3,165

STATEMENT OF CHANGES IN EQUITY

10 Year Financial Plan for the Years ending 30 June 2035

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accumulated Surplus											
Opening Balance	132,916	138,943	148,574	156,881	165,784	174,394	183,178	193,193	204,097	215,697	229,862
Net Surplus / (Deficit) for Year	6,838	11,641	10,179	10,814	10,988	11,241	12,265	13,222	14,050	16,689	18,933
Transfers to Reserves	(811)	(2,010)	(1,872)	(1,912)	(2,378)	(2,458)	(2,250)	(2,318)	(2,450)	(2,524)	(2,603)
Closing Balance	138,943	148,574	156,881	165,784	174,394	183,178	193,193	204,097	215,697	229,862	246,193
Asset Revaluation Reserve											
Opening Balance	265,309	282,601	299,117	312,539	326,325	340,966	356,699	373,045	390,128	408,104	426,946
Changes in Asset valuations	17,292	16,516	13,422	13,786	14,641	15,733	16,345	17,083	17,976	18,841	19,714
Closing Balance	282,601	299,117	312,539	326,325	340,966	356,699	373,045	390,128	408,104	426,946	446,660
Other Reserves											
Opening Balance	3,943	4,754	6,764	8,636	10,548	12,925	15,383	17,633	19,951	22,402	24,926
Transfer from Accumulated Surplus	811	2,010	1,872	1,912	2,378	2,458	2,250	2,318	2,450	2,524	2,603
Closing Balance	4,754	6,764	8,636	10,548	12,925	15,383	17,633	19,951	22,402	24,926	27,529
Balance at end of the reporting period	426,299	454,455	478,056	502,656	528,286	555,260	583,871	614,177	646,203	681,734	720,381

UNIFORM PRESENTATION OF FINANCES

10 Year Financial Plan for the Years ending 30 June 2035

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Activities											
Income	41,470	42,117	45,123	48,323	51,344	54,514	57,883	61,414	65,180	68,952	72,929
less Expenses	43,160	42,301	44,802	46,790	49,607	51,948	54,437	56,223	58,270	60,077	61,891
Operating Surplus / (Deficit)	(1,694)	(183)	321	1,533	1,737	2,566	3,446	5,191	6,910	8,875	11,039
Capital Activities											
less (Net Outlays) on Existing Assets											
Capital Expenditure on Renewal and Replacement of Existing Assets	(6,681)	(7,763)	(7,352)	(8,504)	(8,109)	(8,486)	(9,237)	(8,743)	(8,049)	(8,602)	(8,376)
add back Depreciation, Amortisation and Impairment	9,451	10,015	10,900	11,492	12,051	12,673	13,293	13,831	14,410	14,953	15,512
add back Proceeds from Sale of Replaced Assets	103	70	74	157	86	280	280	50	50	50	0
(Net Outlays) on Existing Assets	2,877	2,322	3,622	3,145	4,028	4,468	4,337	5,138	6,411	6,401	7,136
less (Net Outlays) on New and Upgraded Assets											
Capital Expenditure on New and Upgraded Assets	(10,485)	(11,328)	(7,554)	(8,655)	(9,701)	(10,422)	(9,233)	(11,956)	(11,490)	(11,389)	(12,142)
add back Amounts Received Specifically for New and Upgraded Assets	1,597	2,754	1,062	1,145	1,124	1,643	2,119	1,263	238	838	838
(Net Outlays) on New and Upgraded Assets	(8,888)	(8,574)	(6,492)	(7,510)	(8,577)	(8,780)	(7,115)	(10,693)	(11,252)	(10,551)	(11,305)
Net Lending / (Borrowing) for Financial Year	(7,705)	(6,435)	(2,550)	(2,832)	(2,812)	(1,746)	668	(364)	2,069	4,725	6,870



Council Facilities

The Council's Administration Centre is located at:
43 High Street Gawler East SA 5118

08 8522 9211
council@gawler.sa.gov.au

Additional sites of operation include:

Gawler Civic Centre
89-91 Murray Street, Gawler SA 5118
08 8522 9267

Gawler Aquatic Centre
Victoria Terrace
08 8522 2034

Gawler Sport & Community Centre
7 Nixon Terrace, Gawler SA 5117
08 8522 9203

Gawler

