

ANNUAL BUSINESS PLAN 2016/17

Draft for public consultation



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INTRODUCTION

The Annual Business Plan 2016/17 describes the services and projects that council intends to undertake over the next 12 months and the financial decisions that underpin them, so that we can progress towards the longer term aspirations for the city as expressed in the Strategic Plan.

The City of Marion Strategic Plan –‘Towards 2040’, which was endorsed by council on 10 December 2013, was the result of the biggest listening campaign in council's history. This Annual Business Plan has been developed using the Strategic Plan as a starting point.

Our purpose is wellbeing. With council and the community working together, we can achieve amazing outcomes.

Council is committed to delivering public value to our ratepayers and continues to focus on identifying on-going savings that can be passed onto rate payers to ease their financial burden. As a result, the 2016/17 Budget will incorporate on-going gross savings in the order of \$447k realised through an organisational restructure intent on delivering efficiencies throughout the organisation's operations.

It should be noted that identified ongoing savings have enabled a further reduction in the proposed average rate increase down to **2.75%** without impacting on current service levels to the community.

Council has also approved funding in the order of \$1.3m in the 2016/17 budget to deliver a number of strategic projects and service improvements including:

- Solar Infrastructure Project: \$600k
- Energy Efficient Buildings Project: \$125k
- Further development of the Walking & Cycling Network \$200k and
- Increased funding for water charges of \$400k associated with irrigation of reserves

Your rates

The Annual Business Plan is based on a proposed average rate increase of **2.75%**, (based upon CPI of 1% + 1.75% to fund infrastructure renewal and upgrade works). In setting rates for 2016/17, council has forecast the revenue required to meet the costs of delivering the services and projects that will be provided to the community in 2016/17.

Last financial year the City of Marion had the fifth lowest average residential rate (2014/15 sixth lowest) of the 18 metropolitan Adelaide councils, and council is committed to remaining among the lower rating metropolitan councils while providing a level of service that meets community needs. The rate set is also aligned with the rate required in the council's Long Term Financial Plan which will ensure that we continue to operate in a financially sustainable way and continue to maintain and develop our city to meet the needs and aspirations expressed in our Strategic Plan towards 2040.

Your voice

Please tell us your thoughts about the Draft Annual Business Plan 2016/17.

Community consultation begins at 9am on 4 May and closes at 8pm on 24 May 2016.

Oral submissions may be made at the General Council meeting of Tuesday 24 May, which begins at 6.30pm, and interested persons are invited to attend. At this meeting, members of the public may ask questions and make submissions in relation to the Draft Annual Business Plan 2016/17 for a period of at least one hour. The meeting will be held at Council's Administration Building, 245 Sturt Road, Sturt. Please let us know if you are planning to attend by contacting:

Fiona Harvey
Manager Innovation and Strategy
City of Marion
PO Box 21
Oaklands Park SA 5046
Telephone: 08 8375 6600

Written submissions are also welcomed addressed to the above.

Online submission forms are available on council's community engagement website **makingmarion.com.au**

We welcome your feedback.

Mayor Kris Hanna

Adrian Skull, Chief Executive

1. Our purpose is wellbeing

Wellbeing is our purpose, central to our community, central to the services we deliver and at the heart of our decision making.

In late 2012 council, in collaboration with the community, embarked upon an innovative strategic journey – “Making Marion” – to define and build a city of the future. The Making Marion campaign asked residents, businesses and community groups how they wanted their street, neighbourhood and city to look in 2040, and the services they will need.

Thousands of postcards and discussion papers were released and workshops held to generate ideas and feedback. Online discussion groups and social media were also used to connect people. More than 16,000 pieces of community information were received and analysed. The most frequently expressed needs, aspirations and concerns of the community were around achieving wellbeing through connectivity and transport, affordability, environmental protection and sustainability, open and shared spaces and places and community activities.

The release of the City of Marion’s Strategic Plan – ‘Towards 2040’ was a most significant milestone. It is an expression of the Community’s vision for the future – an aspirational statement of outcomes that are important for this city and the wellbeing of its community now and into the future:



Engaged

By 2040 our city will – Be a community where people are engaged, empowered to make decisions, and work together to build strong neighbourhoods.

Liveable

By 2040 our city will – Be well planned, safe and welcoming, with high quality and environmentally sensitive housing, and where cultural diversity, arts, heritage and healthy lifestyles are celebrated.

Biophilic

By 2040 our city will – Be deeply connected with nature to enhance peoples’ lives, while minimizing the impact on the climate, and protecting the natural environment.

Prosperous

By 2040 our city will – Be a diverse and clean economy that attracts investment and jobs, and creates exports in

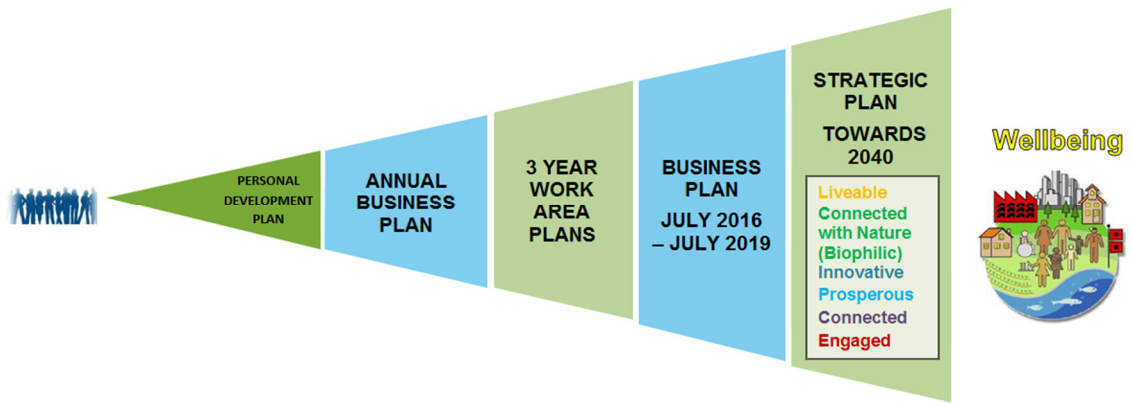
sustainable business precincts while providing access to education and skills development.

Innovative

By 2040 our city will – Be a leader in embracing and developing new ideas and technology to create a vibrant community with opportunities for all.

Connected

By 2040 our city will – Be linked by a quality road, footpath and public transport network that brings people together socially, and harnesses technology to enable them to access services and facilities.



This Annual Business Plan 2016/17 is an integral part of council's suite of strategic management plans, which comprise:

- Strategic Plan- Towards 2040 (adopted by Council 10 December 2013) – an outcomes focused statement of aspirations.
- The Business Plan July 2016 - July 2019 (to be finalised in 2016) articulates council's role and focus over the next three years in progressing towards the aspirations in the Strategic Plan – Towards 2040.
- Asset Management Plans provide a long term approach to ensuring infrastructure and facilities are maintained and renewed to a standard that allows the continued provision of services required by the community.
- The Long Term Financial Plan (LTFP – adopted by Council 23 June 2015 and under review) enables council to plan for the long term financial sustainability of the organisation and translates the outcomes and strategies of the Business Plan 2016-19 into financial terms.
- The Strategic Development Report sets out council's strategic urban development policies.
- 3-Year Work Area Plans identify how council plans to mobilise and prioritise the deployment of human, physical and financial resources.
- The Annual Business Plan (this document) – identifies how council plans to resource, fund and deliver planned work and work area plans for the next financial year.
- A suite of key performance indicators that enable the monitoring and review of strategy through continuous feedback and learning.

The plans within the strategic management framework enable a clear “line of sight” within council; focusing our people on how best to contribute to the aspirations in the Strategic Plan – Towards 2040.

2. Significant influences and priorities

2.1 Key emerging internal and external considerations

A comprehensive environmental scan of internal and external political, economic, environmental, social, technological issues was conducted, providing a context for the development of the Annual Business Plan 2016/17.

It should be noted that the majority of these influences are longer term – such as changing demographics, the Urban Policy direction of both State and Federal Governments, technological change and opportunities regarding the future direction of local government. They will require action over a longer timeframe than the Annual Business Plan provides. As such, these issues and opportunities have been considered through the development of the draft Business Plan 2016-19, council's 10 year Long Term Financial Plan, council's Asset Management Plans and council's Development Plan.

The following considerations that arose from the environmental scan that have a direct impact on the ABP 2016/17 are as follows. Marion specific items (as opposed to general societal trends) have been highlighted in **bold text**.

| Critical external issues and opportunities: | |
|--|---|
| <p>Political</p> <ul style="list-style-type: none"> • Maximise opportunities in the lead up to the next Federal election • Ongoing changes to Federal, State and Local Government policies and funding programs • The opportunity for future Council amalgamations and shared services | <p>Economic</p> <ul style="list-style-type: none"> • Compromised financial capacity of ratepayers in economic climate • The number of GST registered businesses in Marion is falling • The number of jobs in Marion remains static although our population is increasing • Maximising opportunities to support small business • Growth in higher/tertiary education particularly at Flinders University and Tonsley. • Development of the Tonsley site |
| <p>Technological</p> <ul style="list-style-type: none"> • Rapid technological change, specifically the rollout of NBN in some City of Marion areas • Digital divide • Access to data and information | <p>Social and Cultural</p> <ul style="list-style-type: none"> • Concerning public health demographics • HACC transitioning to national and regional customer led wellbeing and home support programs • The National Disability Insurance Scheme (NDIS) and what this may offer the City of Marion • Population growth of around 1% per annum and changing demographics • Increasing community interest in volunteerism is providing a varied skill base • Potential health issues around noise and air pollution around major traffic routes & building work |
| <p>Natural environment</p> <ul style="list-style-type: none"> • Impacts of climate change • Infrastructure issues associated with flooding and stormwater, keeping in mind Greater Adelaide stormwater management issues. • Growth of localism • Emergence of Nature Play | <p>Urban environment</p> <ul style="list-style-type: none"> • Limited housing choice to meet the needs of everyone in the community • Population growth and urban infill cause increased traffic and limited on-street parking with increasing demands on public places and spaces and public services |

| | |
|--|--|
| | <ul style="list-style-type: none"> • Opportunities in biophilia, WSUD, energy efficiency and green infrastructure |
| <i>Transport & Connectivity</i> <ul style="list-style-type: none"> • South Road & Darlington Interchange upgrades • Opportunities for light rail, in particular through to Flinders University • Poor transport linkages to public places and spaces, goods and services, local business and industry • Potential risk of isolation to residents that are ageing and mobility impaired • Insufficient and poorly integrated walking & cycling networks | |

| Key internal pressures and opportunities: | |
|--|--|
| <i>Service provision</i> <ul style="list-style-type: none"> • More insightful understanding of customer value and service needs • Continued focus on driving innovation and continuous improvement in a constrained budgetary environment • Commitment to a full service review in 2016/17 • Some Strategic Plan goals could be more economically realised through the engagement of external providers | <i>Risk and strategic alignment</i> <ul style="list-style-type: none"> • Opportunity to maximise public value focussed around the aspirations of the community • Significant change over in Chief Executive , Elected Members (7 new members and new Mayor elected in November 2014), bringing a fresh outlook and expectations • Alignment of risk management throughout the organisation |
| <i>Financial sustainability</i> <ul style="list-style-type: none"> • Need for greater collaboration, partnering and innovative funding solutions to achieve community outcomes in a challenging fiscal environment • Significant reliance on rates as primary funding source • An environment of decreasing grant opportunities | <i>Asset reliability and sustainability</i> <ul style="list-style-type: none"> • Significant ageing infrastructure and assets • Investigating innovative asset management/ownership models • Potential for asset disposals • Potential for non-asset solutions for service delivery |
| <i>Employer of Choice</i> <ul style="list-style-type: none"> • The need for all work groups to be aligned in terms of the Strategic Plan and Business Plan 2016-19 • Requirements of Work Health & Safety Act • Vacancy Policy: positions are not filled unless a clear case can be made • The potential for internal redeployment in light of the "No Redundancy" clause in the EBA | |

2.2 Framework of the 2016/17 Annual Business Plan

The Annual Business Plan 2016/17 has been prepared on the following basis:

Supports the achievement of the City of Marion's Strategic Directions

This Annual Business Plan has been reviewed against the Strategic Plan to ensure that council's activities over the next 12 months make the best possible progress towards achieving the community's vision for the future City of Marion.

Addresses issues arising from internal audit reviews and assessments.

Every year council undertakes a number of internal audits. These reviews and assessments have identified a number of key opportunities or requirements for council to improve its operations. This document includes the necessary resources to continue council's independent review process and implement recommendations accordingly.

Maintains an operating surplus ratio of between 0 – 5% over any five consecutive years, with a primary focus being on Cash Flow and Funding

The Independent Inquiry into the Financial Sustainability of Local Government identified that a council with a sustainability ranking of 3 was 'sustainable with a moderate level of comfort'. A category 3 ranking equates to an operating surplus ratio to rates of between 0-5%. Council has committed to maintaining this category after adjusting for any significant 'once off' items.

Continues to improve the maintenance of assets in accordance with Council's Asset Management Plans, with a priority on maintenance before renewal, and renewal before new where it is cost effective to do so

The Annual Business Plan has been prepared taking into consideration Asset Management Plan requirements, outcomes of recent infrastructure audits, targets set for renewal versus depreciation (95-100% as per Asset Management Policy) and a focus on maintaining council's asset base.

Reviews existing services and assets to ensure they meet prioritised community needs

The council continues its rolling process of Service Reviews, aimed at maximising public value through continuously improving its operating efficiency and service performance to the community. This Annual Business Plan has been prepared on the basis of continuing existing services, noting that a rolling program of review is being implemented.

Council only approves new Major Projects where it has the identified funding capacity to do so

Council debt is forecast to decrease from \$16.4m to \$15.0m between 30 June 2015 and 30 June 2016. With consideration given to its financial ratios, this means that Council has the funding capacity to consider new strategic Major Projects and is currently investigating partnerships to aid in the development of a number of sporting facilities as discussed under Section 4 of this report.

Maintains council's position for an average residential rate which remains among the lower rating metropolitan councils

Comparative 2015/16 data shows that council's average residential rate continues to remain among the lower rating metropolitan councils position ranking 5th lowest of 18 metropolitan councils.

Implement responses for progressing liveable cities strategies and funding opportunities within Marion.

The 30 Year Plan for Greater Adelaide identified the “Southern Corridor” (Adelaide to Noarlunga rail line and the ‘Tonsley Spur’ line) as a growth opportunity. It is anticipated that the corridor will provide for an additional 19,500 dwellings and 36,400 net additional population as a key contributor in the overall 82,000 additional people and 43,000 additional jobs anticipated for the southern region over the next 30 years.

The City of Marion is working closely with the State Government and continues to be well positioned to ensure progress on key urban development projects identified in the Southern Corridor are aligned with its ongoing strategic planning. Elected Members are acutely aware, however, of the need to resolve the tension between the urban infill required by the State Government’s 30 Year Plan versus the expectations of residents living on traditional large housing blocks.

3. Continuing and improving services

All councils have responsibilities under the *Local Government Act 1999* and other relevant legislation to deliver services for the community. Council is committed to maintaining all services including, but not limited to:

| Ongoing Services | Enabling Services |
|---|--------------------------------------|
| Land use and development planning | Strategic Management |
| Development and building assessments | Organisational Excellence |
| Facilitation of urban developments | Strategic Asset Management |
| Local Government Searches | Financial management |
| Economic Planning and leadership | Governance support |
| Environmental planning & leadership | Communications & marketing |
| Biodiversity management | Human Resources & Workforce Planning |
| Waste services | ICT & Knowledge management |
| Water Management | Operational support |
| Infrastructure management | |
| Community facilities management | |
| Reserves, parks and gardens management | |
| Arts and cultural promotion and support | |
| Library services | |
| Sports & Recreation promotion and support | |
| Community capacity building and development | |
| Inspection, regulation and control | |
| Emergency planning & response | |
| Community Care | |
| Immunisation services | |
| Public Health Planning | |

Council participates in a number of benchmarking programs which focus on ensuring council's service programs, efficiency and effectiveness are of a high standard.

4. Project priorities for 2016/17

Council has considered its areas of highest strategic priority and potential strategic initiatives to progress these priorities.

Strategic projects intended to continue to progress in 2016/17:

- new soccer pitches and a BMX track in the South of the City
- an indoor multipurpose 4-8 court stadium that meets SA regional standards
- the Edwardstown Oval Masterplan
- building upgrades at the Mitchell Park Sports and Community Club

Each of these strategic projects will involve significant collaboration with other partners, the consideration of options and partnership funding.

Council will also continue to consider priorities for other initiatives throughout the year.

Asset Management

Council has been moving towards a stronger long-term planning approach to community assets – it manages over \$1 billion of assets including roads, footpaths, drains, community buildings, parks and reserves on behalf of the community. The asset management planning process provides a long term approach to ensuring infrastructure and facilities continue to provide the services required by the community. Council continues to develop, implement and review its Asset Management Policy and Plans with a focus on whole-of-life asset management, including maintenance and renewal of assets, and sustainable decision making.

Key initiatives in maintenance, renewal and replacement of community assets and facilities for 2016/17 include:

- Reviewing our existing asset base in light of:
 - Increasing costs to maintain and renew our existing asset base
 - Understanding which assets could be repurposed, reused or disposed of in order to enhance other assets to better meet community needs
 - Investigating innovative asset management models e.g. share community use, public private partnerships and related opportunities
- The renewal of Council's assets with forecast spends of approximately \$13.4m.
- Capital renewal of Council's roads and kerbs with a forecast spend of approximately \$6.5m.
- Improving Marion's existing footpath network at a cost of \$1.6m.
- Preparation of building renewal plans for all council buildings

5. Measuring our success

Monitoring performance is a critical element of strategic planning management. It is the mechanism for critically ensuring that council is contributing to the achievement of both the Strategic Plan and the three year Business Plan 2016-19.

Our measure dashboard for 2016/17 (provided in the table below) takes account of Council's objectives over the next three years. It will continue to be refined as part of the finalisation of the 2016/17 Annual Business Plan.

| Council Performance Measure | Target |
|---|--|
| Actual operating surplus ratio for 2016/17 (adjusted for extraordinary items) | 0-5 % |
| Total Employee Costs (staff plus agency) | Should not exceed 2% per annum |
| Lost Employee Time due to injury | Reduce by 1% (compared to average of last 5 years) |
| Major Capital Works (>\$4m) | Completed strictly on time and on budget (or better) |
| Number of specific Major Capital Works proposals ready for approval by Council | 2 |
| Achieving goals of Business Plan 2016-19 (as adopted in 2016) | high level of achievement |
| Alignment throughout administration to Strategic Plan and Business Plan 2016-19 | high level of alignment |

6. Funding the Business Plan

An operating surplus of \$9.7m before capital revenues is forecast for 2016/17. An operating surplus is required to fund the renewal of existing infrastructure in accordance with its asset management plans.

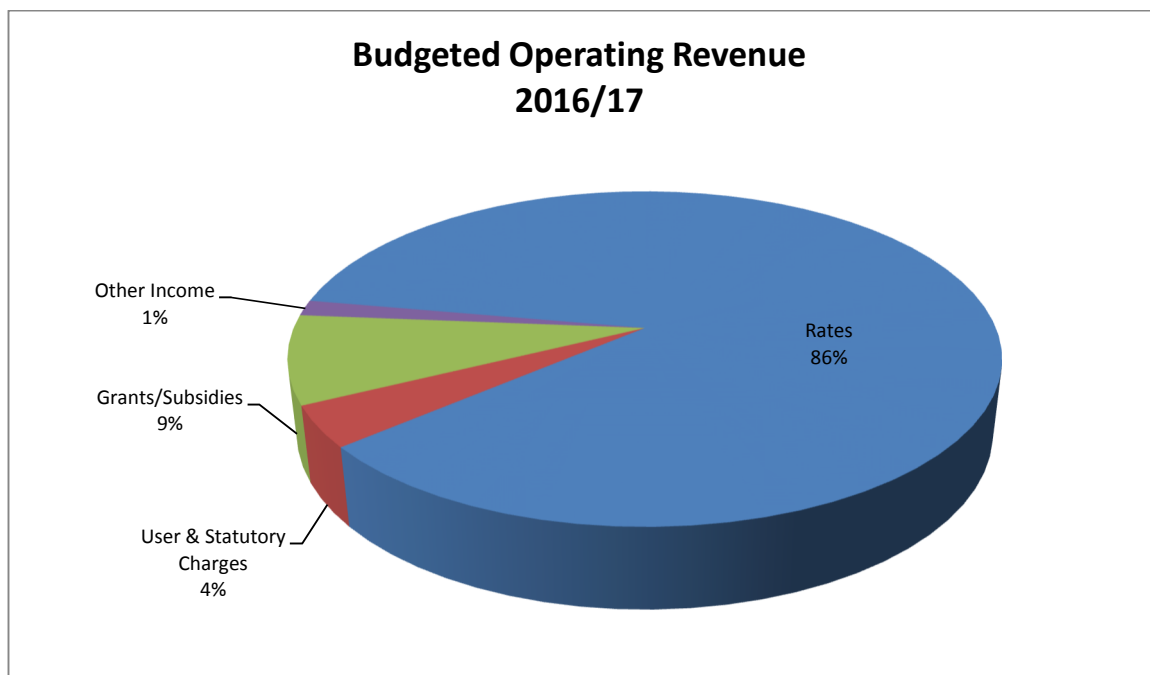
6.1 Budgeted Income Statement

| | Budget 2015/16 \$'000 | Budget 2016/17 \$'000 | Variance \$'000 |
|--|-----------------------------|-----------------------------|--------------------|
| Budgeted Income Statement | | | |
| Operating Revenue | | | |
| Rates - General | 68,489 | 71,001 | 2,512 |
| Rates - NRM Levy * | 1,569 | 1,628 | 59 |
| Statutory Charges | 1,630 | 1,751 | 121 |
| User Charges | 1,633 | 1,595 | (38) |
| Grants/Subsidies | 6,324 | 7,211 | 887 |
| Investment Income | 270 | 265 | (5) |
| Reimbursements | 770 | 619 | (151) |
| Other Revenue | 536 | 384 | (152) |
| Share of Profit/(Loss) SRWRA | 315 | 324 | 9 |
| Total Operating Revenue | 81,536 | 84,778 | 3,242 |
| Operating Expenditure | | | |
| Employee Costs | 32,139 | 32,686 | 547 |
| Contractor Services | 14,561 | 15,944 | 1,383 |
| Materials | 4,668 | 5,209 | 541 |
| Finance Charges | 1,343 | 948 | (395) |
| Depreciation | 13,821 | 14,020 | 199 |
| Other Expenses | 6,104 | 6,244 | 140 |
| Total Operating Expenditure | 72,636 | 75,051 | 2,415 |
| Operating Surplus/(Deficit) before Capital Revenues | 8,900 | 9,727 | 827 |
| Capital Grants and Contributions | - | - | - |
| Physical resources received free of charge | 1,500 | 1,500 | - |
| Net Surplus/(Deficit) resulting from Operations | 10,400 | 11,227 | 827 |

* Note: The NRM Levy is collected by Council on behalf of the Adelaide and Mt Lofty Ranges Natural Resources Management Board.

6.2 Operating Revenue

The main source of income for council is rate revenue; making up 86% of total council revenue in 2016/17, with other sources being government regulated fees for statutory services, an environment of diminishing levels of untied federal grant monies, as well as other grants from State and Federal government.



General Rates

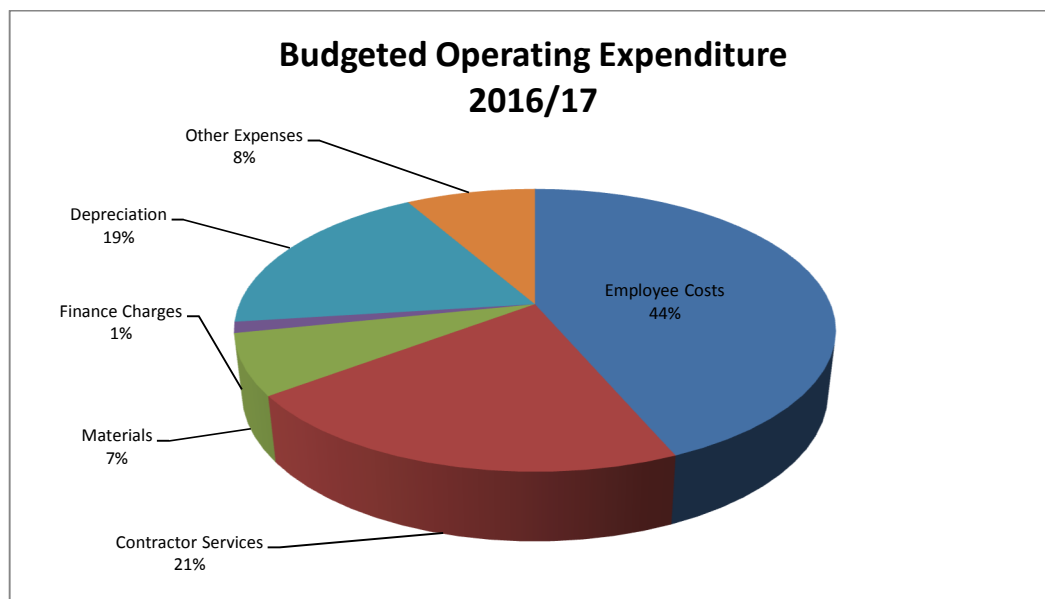
Council's revenue in 2016/17 includes \$71.0m to be raised in general rates. The budget has been developed on the basis of a proposed average rate increase of **2.75%** (excluding new developments and capital improvements). This rate is based upon CPI of 1% + 1.75% to fund infrastructure renewal and upgrade works. In setting rates for 2016/17, council has forecast the revenue required to meet the costs of delivering the services and projects that will be provided to the community in 2016/17.

Other Sources of Revenue

- **User Charges set by council** – Relate mainly to the recovery of service delivery costs through the charging of fees to users of council's services. These include charges for the use of council's community facilities, swimming pool admission and the like.
- **Statutory Charges set by State Government** – Relate mainly to fees and fines levied in accordance with legislation and include development application fees, health act registrations and parking fines.
- **Grants and Subsidies** – Grants include all monies received from State and Federal sources for the purpose of funding the delivery of council's services to ratepayers and for the funding of the capital works program.

6.3 Operating Expenditure

Council's operating expenses are forecast to increase to \$75.05m in 2016/17.



Employee Costs

Employee Costs are forecast to increase by 1.2% after fully allowing for increases included in existing staff Enterprise Agreements, recognizing on-going gross savings in the order of \$447k realised through an organisational restructure but before the inclusion of additional grant funded positions which bring the overall increase to 1.70% (\$547k). Employee costs include all labour related expenditure such as wages, salaries and “on-costs” such as allowances, leave entitlements, employer superannuation, workers compensation and agency staff. The Long Term Financial Plan, of which this budget is the first year, forecasts growth in Total Employee Costs to be capped at a rate of 2% per annum.

Contractor Services

Contractor services relate mainly to the provision of council services by external providers. This expenditure is forecast to increase by \$1.38m primarily as a result of the provision of additional funding in 2016/17 for the upgrade of council's aging IT infrastructure and associated maintenance agreements (\$380k), funding for new grant funded projects (\$138k), funding for a new council energy efficiency project (\$125k) and other new initiatives in the order of \$158k.

Materials

The forecast increase in materials costs predominantly relates to the increase in water and other utility costs, coupled with the proposed increased funding level required for an improved service level in relation to reserve irrigation.

6.4 Capital Revenue

Capital Grants and Contributions

Council does not currently expect to receive any capital grants in 2016/17; however any grant funding opportunities will be actively pursued as they arise as this is an important source of revenue for council.

6.5 Budgeted Capital Expenditure

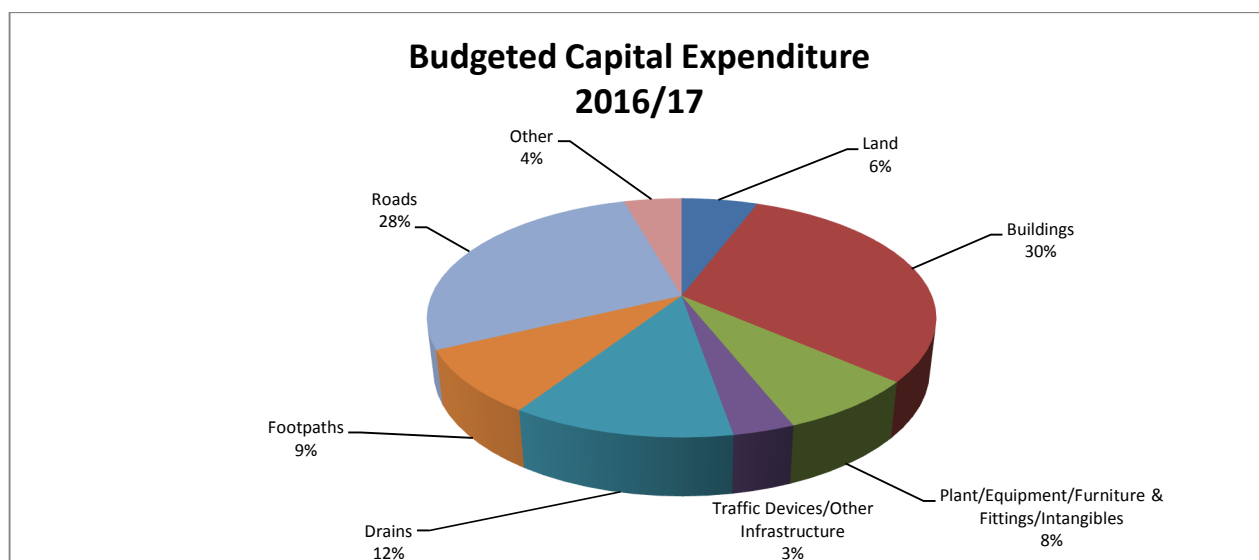
The 2016/17 Budgeted Statement of Capital Expenditure forecasts total capital expenditure of \$17.328m including \$13.398m renewal and \$3.390m new.

The significant decrease in 'Buildings' relates predominantly to the completion of construction of council's two major projects in 2015/16, being the Cove Civic Centre and the City Services Redevelopment.

Note: Maintenance of existing infrastructure assets is appropriately included in operating expenditure.

The following table summarises council's planned Capital Works Program for 2016/17.

| Capital Expenditure | Budget 2015/16 \$'000 | Budget 2016/17 \$'000 | Variance \$'000 |
|----------------------------------|-----------------------------|-----------------------------|--------------------|
| Land | 1,151 | 601 | (550) |
| Buildings | 6,075 | 1,344 | (4,731) |
| Infrastructure: | | | |
| Roads & Kerbs | 5,504 | 6,516 | 1,012 |
| Drains | 2,372 | 2,473 | 101 |
| Footpaths | 1,721 | 1,631 | (90) |
| Traffic Control Devices | 178 | 331 | 153 |
| Other | 479 | 1,248 | 769 |
| Plant and Equipment | 1,333 | 2,164 | 831 |
| Furniture and Fittings | 175 | 180 | 5 |
| Other | 873 | 840 | (33) |
| Total Capital expenditure | 19,861 | 17,328 | (2,533) |
| Represented By: | | | |
| Capital Expenditure | | | |
| Assets - New | 6,504 | 3,930 | (2,574) |
| Assets - Renewal | 13,357 | 13,398 | 41 |
| | 19,861 | 17,328 | (2,533) |



6.6 Financing the Budget

Financing the budget refers to the use of borrowings or available cash balances to meet any shortfall between expenditure (both operating and capital) and revenue.

| | Budget 2015/16 \$'000 | Budget 2016/17 \$'000 |
|--|-----------------------------|-----------------------------|
| Net Lending/(Borrowing) | | |
| Operating Surplus/Deficit before Capital Amounts | 8,900 | 9,727 |
| <u>less: Net Outlay on Existing Assets</u> | | |
| Capital expenditure on asset renewal/replacement | 13,357 | 13,398 |
| less Depreciation/Ammortisation | (13,821) | (14,020) |
| | (464) | (622) |
| <u>less: Net Outlay on New/Upgrade Assets</u> | | |
| Capital expenditure on New & Upgrade Assets | 6,504 | 3,930 |
| less Capital Grants | 0 | 0 |
| | 6,504 | 3,930 |
| Adjustments | | |
| Share of Equity - Southern Region Waste Resource Authority | (315) | (324) |
| | (315) | (324) |
| Net Lending/(Borrowing) | 2,545 | 6,095 |

The table above identifies the council's net lending/(borrowing) result. Council's budget for 2016/17 is expected to result in a net lending position of \$6.056m, which will lead to a decrease in the level of net financial liabilities in 2016/17 of the equivalent amount.

Financing transactions associated with accommodating the expected net lending result in 2016/17 are as follows:

| | Budget 2015/16 \$'000 | Budget 2016/17 \$'000 |
|---|-----------------------------|-----------------------------|
| Financing Transactions | | |
| New Borrowings | 5,388 | 0 |
| less: Repayment of Principal on Borrowings | (2,314) | (1,400) |
| less: Increase/(Decrease) in Cash & Investments | | |
| Transfers from/(to) Reserves | (5,619) | (4,695) |
| Cash Drawdowns/(Investment) | 0 | 0 |
| Equals: Financing Transactions | (2,545) | (6,095) |

6.7 Borrowings

No additional borrowings are forecast in 2016/17, and as such principal repayments of existing loans will result in a forecast balance outstanding as at 30 June 2017 of \$15.0m.

6.8 Financial Ratios

To assist council in meeting its objective of financial sustainability a series of financial indicators endorsed by the Local Government Association are provided. Where a council target has not been adopted, the recommended Local Government Association (LGA) target has been used. The following table details these financial indicators and whether or not the prescribed target has been achieved over the five years up to the end of 2016/17.

| Ratio | Target | 2016/17 Draft Budget | 5 Year Average | On Track |
|---------------------------|------------|----------------------------|-------------------|-------------|
| Operating Surplus | 0% - 5% | 13.6% | 10.4% | * |
| Asset Sustainability | 95% - 100% | 94.5% | 82.1% | * |
| Asset Consumption | 80% - 100% | 89.5% | 84.2% | ✓ |
| Net Financial Liabilities | 0% - 50% | 1.6% | N/A | ✓ |
| Debt Servicing | 0% - 5% | 3.3% | N/A | ✓ |

* The Operating Surplus Ratio is forecast to exceed the currently adopted target of 0–5%. This is primarily due to substantial on-going savings in excess of \$2.4m now embedded in the LTFP which have had a significant impact on the operating surplus ratio, bringing the current year figure to 13.6 % and the 5 year rolling average to 10.4%. In addition, the forecasted rate revenue is set to increase at a higher rate than the inflation indexation applied to Council's operating expenses. It should be noted that funding surpluses over and above the level required to support operating requirements will provide funding for the renewal of existing assets over time to maintain community service standards.

Council's recently adopted Asset Management Plans (AMP's) are progressively being integrated within the LTFP, when this integration is fully complete it will provide a greater degree of clarity as to Council's capital renewal funding requirements.

The 5 year average Asset Sustainability ratio of 82.1% falls outside of the target range of 95 – 100%. The 5 year average has been impacted by the actual 2013/14 Asset Sustainability Ratio of 57%, as reported in council's audited Annual Financial Statements. This has caused a considerable reduction in the 5 year average. The 2013/14 result was negatively impacted by a significant amount of capital renewal expenditure (\$3.65m) being carried over into 2014/15. In preparing the 2016/17 Annual Business Plan & Budget, the assumption has been made that the capital renewal program for 2014/15 will be fully completed. The forecast ratio over the LTFP is 95.8% which falls within the targeted range.

All other ratios are within their targeted ranges. Meeting these targeted ranges is consistent with Council meeting its objective of long-term financial sustainability.

7. What it means for your rates

7.1 Your rates in 2016/17

Rates account for 86 per cent of council's operating revenue. They are essential for providing community services and infrastructure.

Council strategic and financial plan parameters include a commitment to maintain its position for an average residential rate which remains among the lower rating metropolitan councils. Comparative 2015/16 data shows that council's average residential rate continues to remain among the lower rating metropolitan councils position ranking 5th lowest of 18 metropolitan councils.

With changing community needs and other external influences impacting on the community, there is a need for council to consider how to plan more effectively, both for the longer term and more immediate community benefit. The rate increase is set at a level that provides confidence that services will be maintained and that a significant capital expenditure program is planned to maintain council's assets.

Since the introduction of mandatory long-term financial planning obligations, council has acted to return its financial position from a large operating deficit to an operating surplus. This approach has been further supplemented by an annual budget review process aimed at reducing service delivery costs to a minimum.

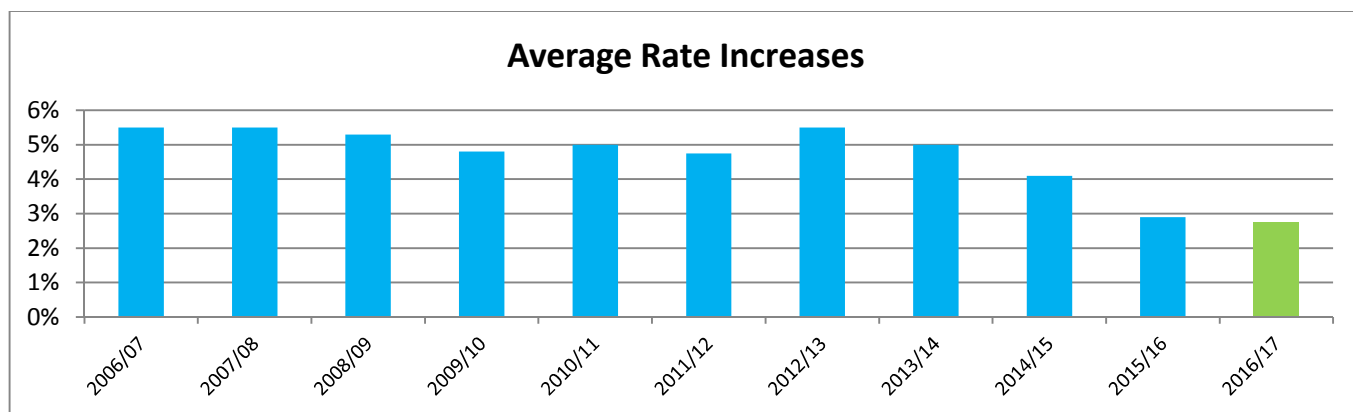
The Draft Annual Business Plan for 2016/17 has been developed for public consultation based on an average proposed rate increase of **2.75%**. This is after taking into account any other revenue sources such as fees, charges, grants and other income that will be received. This will also contribute to the necessary funding for planned capital renewal programs in 2016/17. However, it is to be noted that actual rates payable by a rate payer will, in fact, vary according to individual property valuations, according to the attributed land use, and whether there has been any new development or capital improvement at the land. Council is aware of the impact of rate increases on sections of the community and will review its Rating Policy on an on-going basis with regard to a fair and equitable distribution of rates.

Also, whilst the Draft Annual Business Plan proposes an average general rate increase of **2.75%**, the final average increase for 2016/17 may be lesser or greater according to the final determination of council. This is because the proposals in the Draft Annual Business Plan are subject to public consultation and consideration by council of the submissions received in response to that consultation. Council may therefore, upon consideration of the submissions, make final revenue and expenditure decisions which will result in an increase or decrease to the proposed average rate increase.

The outcomes of community consultation will be considered in forming the Annual Business Plan.

The outcomes of community consultation, as well as a balance between achieving the strategic directions, maintaining services and assets, ensuring financial and environmental sustainability, supporting intergenerational equity and making provision for those in the community who are experiencing hardship, will be considered in setting the rate increase, which will form the basis of the Annual Business Plan.

The following average rate increases have applied since 2006/07:

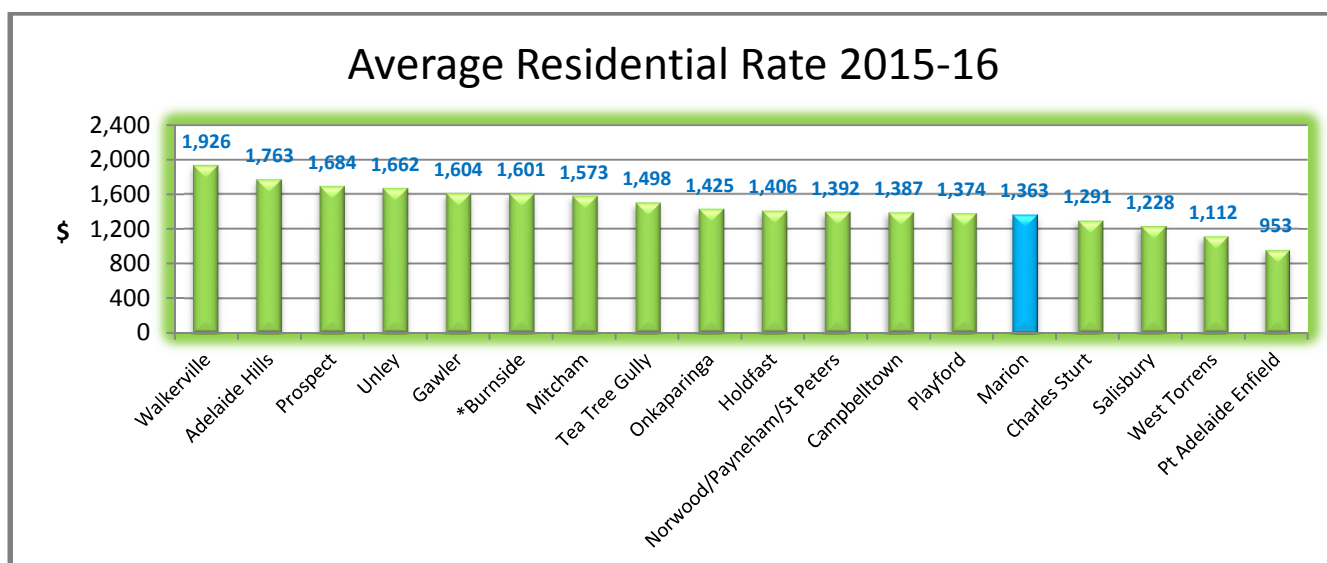


| | 2006/ 2007 | 2007/ 2008 | 2008/ 2009 | 2009/ 2010 | 2010/ 2011 | 2011/ 2012 | 2012/ 2013 | 2013/ 2014 | 2014/ 2015 | 2015/ 2016 | 2016/ 2017 |
|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Ave Rate Increase | 5.2 | 5.5 | 5.3 | 4.8 | 5.0 | 4.75 | 5.5 | 5.0 | 4.1 | 2.9 | TBA |
| Growth | 1.2 | 1.4 | 2.0 | 1.8 | 1.4 | 1.6 | 1.3 | 1.0 | 1.0 | 1.18 | TBA |
| Total | 6.4 | 6.9 | 7.3 | 6.6 | 6.4 | 6.35 | 6.8 | 6.0 | 5.1 | 4.08 | TBA |

Note: Growth is predominantly the result of new housing in Marion and property improvements as reported by the Valuer General.

7.2 Rating Impact Analysis - Residential

The graph presented below illustrates council's relative rating effort compared to other Adelaide metropolitan councils. In 2001/02 council's relative rating position compared with other Adelaide metropolitan councils was 9th lowest. Council has consistently remained at or below this level since this time and was ranked at 6th lowest in 2014/15 and moved to 5th lowest in 2015/16.



Note: Comparative data for the 2016/17 year will be available following the release of the LGA Council Rates Survey which is typically released in the first quarter of the next calendar year.

*Burnside Council's rate is 2014-15 data (no data available for 2015-16)

7.3 Rating Impact Analysis - Commercial

Council currently derives **TBA%** (2015/16: 18%) of its rate revenue from the Commercial and Industrial sectors. Commercial and Industrial users consume a greater proportion of council resources than residential properties, particularly in regard to the use of roads, footpaths, traffic, parking, storm water drainage, public health and environment.

Council uses a differential rating system to raise revenue based upon its Land Use and will continue to do so to ensure a fair and equitable distribution of rates within the City of Marion. The differential rate is charged in addition to the normal rate. In applying this approach, council will take into consideration all prevailing economic conditions and changes and adjust its differential rates accordingly, to ensure an appropriate and fair equalisation of rates across all land use categories. Differential rates proposed to apply to land use as follows:

| | | |
|--------------------|------------|----------------|
| Commercial | TBA | (2015/16: 85%) |
| Industrial | TBA | (2015/16: 65%) |
| Vacant Land | TBA | (2015/16: 90%) |
| Primary Production | TBA | (2015/16: N/A) |

The following table shows a comparison of differential rating percentage applied to commercial and industrial properties by a number of Adelaide metropolitan councils in 2015/16.

| 2015/16 Comparison Differential Percentage | | | |
|--|-------------|-------------|-----------------|
| Council | Commercial | Industrial | Vacant Land |
| Playford | 513% | 513% | No differential |
| Charles Sturt | 211% | 299% | 202% |
| West Torrens | 136% | 136% | 136% |
| Unley | 125% | 89% | 89% |
| Port Adelaide Enfield | 116% | 116% | 116% |
| Prospect | 112% | 112% | 25% |
| Gawler | 108% | 108% | 50% |
| Mitcham | 101% | 101% | 101% |
| Marion | 85% | 65% | 90% |
| Walkerville | 55% | 55% | 55% |
| Tea Tree Gully | 50% | 50% | 100% |
| Holdfast | 50% | 50% | 50% |
| Salisbury | 47% | 47% | 30% |
| Onkaparinga | 31% | 31% | 58% |
| Norwood Payneham St Peters | 20% | 20% | 20% |
| Average | 117% | 119% | 80% |

7.4 Valuation Method

Council may adopt one of three valuation methodologies to value the properties in its area. They are:

- Capital Value – the value of the land and all of the improvements on the land.
- Site Value – the value of the land and any improvements which permanently affect the amenity or use of the land, such as drainage works, but excluding the value of buildings and other improvements.
- Annual Value – a valuation of the rental potential of the property.

Capital value has continued to be used as the basis for valuing land within the council area. This method of valuing land provides the fairest method of distributing the rate responsibility across all ratepayers on the following basis:

- the equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth;
- property value is a relatively good indicator of wealth, and capital value, which closely approximates the market value of a property, provides the best indicator of overall property value;
- the distribution of property values throughout the council area is such that few residential ratepayers will pay significantly more than the average rate per property.

7.5 Separate Rates

The City of Marion is in the Adelaide and Mount Lofty Ranges Natural Resources Management Board area and is required under the Natural Resources Management Act 2004 to fund the operations of the Board. It does so by imposing a separate rate for all properties within the city.

Council is operating as a revenue collector for the Natural Resources Management Board in this regard. It does not retain this revenue or determine how the revenue is spent.

7.6 Minimum Amount

A minimum amount is levied against the whole of an allotment (including land under a separate lease or licence) and only one minimum amount is levied against two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier. The reasons for imposing a minimum amount are:

- the council considers it appropriate that all rateable properties make a contribution to the cost of administering the council's activities;
- the council considers it appropriate that all rateable properties make a contribution to the cost of creating and maintaining the physical infrastructure that supports each property.
- no more than 35% of properties will be subject to the minimum amount.

No maximum amount of rates is applied against an allotment.

7.7 What assistance is available?

Rebate of Rates

The Local Government Act 1999 requires councils to rebate the rates payable for certain land uses. This includes land used for health and community services, religious purposes, cemeteries, educational institutions, housing associations and housing cooperatives.

The mandatory rebates vary from 75% to 100%. People or bodies seeking a rebate must make a written application to Council. Information and application forms can be obtained from the Council office at 245 Sturt Rd, Sturt. Applications for Discretionary Rebates must be received by 31 May 2016 for consideration in the following financial year.

Rate Capping (Discretionary Rebate)

Section 166 (1) (l) of the Local Government Act provides for the discretionary rebate of rates.

Council proposes to provide relief against a substantial increase in rates payable on residential properties by applying a rebate (capping) of general rates to eligible ratepayers.

Council has proposed a two tiered rate capping policy for the 2016/17 financial year.

Tier 1 – Rate Capping for Qualifying Residential Ratepayers

A rebate of general rates is proposed to be granted to Residential ratepayers on their principal place of residence within the category of residential land use, under the above Act.

The Annual Business Plan 2016/17 proposes a 12% rate-cap with a \$20 minimum and a \$200 maximum (excluding new or improved properties) for ratepayers who meet the Qualifying Criteria set out below.

Tier 2 – Rate Capping for Qualifying Pensioners and Self-Funded Retirees

A rebate of general rates is proposed to be granted to qualifying Pensioners and Self-Funded Retirees, who are residential ratepayers on their principal place of residence within the category of residential land use under the above Act and do not own any other property and meet the Qualifying Criteria set out below.

The Annual Business Plan 2016/17 proposes a 9% rate-cap with a \$10 minimum and a \$300 maximum for those Pensioners and Self-Funded Retirees who meet the qualifying criteria set out below.

Qualifying Criteria:

- The property is the owner's principal place of residence.
- The property has not had more than \$20,000 of improvements.
- The property value has not increased due to a zoning change.
- The land use for rating purposes has not changed since 1st July of the previous financial year.
- The property has not sold since the 1st January of the previous financial year.

A rebate of general rates is proposed to be applied automatically under both rate capping tiers, where the Council has sufficient information to determine the entitlement to the rebate.

Residential Construction on Vacant Land (Discretionary Rebate)

Under Section 166 (1) (a) of the Act, and for the purpose of securing the proper development of the area, a rebate of general rates for the 2016/17 financial year will be granted in respect of an Assessment classed as vacant land in the council's Assessment Book where the:

- Principal Ratepayer of the Assessment applies to the council in writing for the rebate prior to 30 June 2017, and
- Dwelling's footings have been poured on the property by 30 June 2017

The amount of the rebate will be the difference between the general rate in the dollar applicable to Vacant land, and the general rate in the dollar applicable to Residential property. This is calculated by the number of days remaining between 1 July 2016 and 30 June 2017 from the date footings are poured for a residence on the land. However, if the calculated rebate reduces the rates payable to less than the amount fixed as the minimum amount payable by way of rates, then the rebate shall be reduced so that the rates payable are equal to the amount of the minimum.

Postponement of Rates – Hardship

Section 182 of the Act permits the council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates, on the basis of hardship. Where a ratepayer is suffering hardship in paying rates they are invited to submit an application in writing to the council's Team Leader Rating Services. The council treats such inquiries confidentially.

Postponement of Rates - Seniors

The following criteria must be satisfied before the postponement is granted.

- The person is a prescribed ratepayer, or the spouse of a prescribed ratepayer.
- A prescribed ratepayer means the holder of a current State Seniors Card or a person eligible to hold such a card who has applied but is yet to be issued with a card.
- Rates are payable on the principal place of residence.
- The land is owned by the prescribed ratepayer, or the prescribed ratepayer and his or her spouse, and no other person has an interest, as owner, in the land.
- Any current mortgage over the property which was registered prior to 25 January 2007 will be no more than 50% of the Valuer-General's capital value of the property.

An application must be made in the prescribed manner and form and be accompanied by such information as the council may require. Any rates which are postponed will become due and payable when:

- the title to the land is transferred to another person; or
- there is failure to comply with a condition of postponement.

A minimum amount of \$500 of the annual rates must be paid.

An entitlement to a concession or remission will be applied to the proportion of the rates that has not been postponed, unless notice to the contrary is received in writing from the owner.

Interest will accrue on the amount postponed at the prescribed rate per month, under the Act until the amount is paid.

Should the entitlement to a postponement cease to exist, the owner of the land must inform council in writing, unless the rates and any interest have been paid in full.

8. Financial Sustainability and Annual Savings

- Since 2000, council has continuously improved its strategic and financial planning. This has overturned an operating deficit of \$3.6m in 1998/99 to moderate operating surpluses since 2005-2006. In February 2005, following consultation with all SA councils, the public and State Government, the Local Government Association commissioned an Independent Inquiry into the Financial Sustainability of Local Government. The Inquiry's independent advisers, using Grants Commission data, rated the City of Marion as Category 3 – sustainable with a moderate margin of comfort. The framework for preparation of the Annual Business Plan 2016/17 includes commitment to maintaining this Category 3 Financial Sustainability rating on average over each five year period, with a primary focus being on Cash Flow and Funding.
- The Long Term Financial Plan takes account of inflation by assuming an annual inflation rate of 2.5%.
- In June 2006 council resolved to adopt a savings target of 2% per annum of operating expenditures from the original adopted budget.
- Following the adoption of the 2014/15 budget there was a concerted effort and strong focus on achieving efficiency and effectiveness savings across the organisation, with the intention that identified on-going savings can be passed onto rate payers to reduce their financial burden. As a result of this effort, the 2015/16 Budget was developed based upon gross ongoing savings in the order of \$3.2m. These savings have been achieved without affecting any of Council's key services and have been carried over into the 2016/17 draft Budget.
- Since 2003 Council's savings program has identified the level of annual savings (cost reduction/productivity) achieved by the organisation each financial year. Guidelines have been prepared to ensure that confirmed savings identified are allocated to provide a balance between funding new service improvements from the Strategic Plan and improving council's financial position. This reduces the reliance on rate revenue to achieve community objectives. Savings of \$12.0m have been identified to date through council's savings program to the end of 2014/15.
- The savings in each case were not at the expense of service delivery. Some examples of work that have resulted in these improvements are as follows:
 - Successful contract negotiations.
 - Process improvement.
 - Partnership with State and Federal Government (i.e. Grants which minimise Council's costs).
 - Auditing and review of existing expenditures.
 - Improved methods of service delivery.

9. Long Term Financial Plan – Prepared based on an on-going 2.75% average rate rise

9.1 Funding Statement

| | Draft ABP&B 2016/2017 \$000's | 2017/2018 \$000's | 2018/2019 \$000's | 2019/2020 \$000's | 2020/2021 \$000's | 2021/2022 \$000's | 2022/2023 \$000's | 2023/2024 \$000's | 2024/2025 \$000's | 2025/2026 \$000's |
|--|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| (a) Operating Revenue | | | | | | | | | | |
| Rates | | | | | | | | | | |
| General | 71,001 | 73,683 | 76,466 | 79,355 | 82,353 | 85,464 | 88,692 | 92,042 | 95,519 | 99,127 |
| Other | 1,628 | 1,669 | 1,711 | 1,754 | 1,798 | 1,843 | 1,889 | 1,936 | 1,984 | 2,034 |
| Statutory Charges | 1,751 | 1,795 | 1,840 | 1,886 | 1,933 | 1,981 | 2,031 | 2,082 | 2,134 | 2,187 |
| User Charges | 1,595 | 1,635 | 1,676 | 1,718 | 1,761 | 1,805 | 1,850 | 1,896 | 1,943 | 1,992 |
| Operating Grants and Subsidies | 7,211 | 5,766 | 5,893 | 6,023 | 6,157 | 6,294 | 6,434 | 6,578 | 6,725 | 6,876 |
| Investment Income | 265 | 260 | 260 | 260 | 260 | 260 | 260 | 260 | 260 | 260 |
| Reimbursements | 619 | 634 | 650 | 666 | 683 | 700 | 718 | 736 | 754 | 773 |
| Other | 384 | 395 | 404 | 414 | 424 | 435 | 446 | 457 | 468 | 480 |
| | 84,454 | 85,837 | 88,900 | 92,076 | 95,369 | 98,782 | 102,320 | 105,987 | 109,787 | 113,729 |
| (b) Operating Expenses | | | | | | | | | | |
| Employee Costs | 32,686 | 33,154 | 33,817 | 34,493 | 35,183 | 35,887 | 36,605 | 37,337 | 38,084 | 38,846 |
| Contractual Services | 15,944 | 15,821 | 16,821 | 17,362 | 17,716 | 18,123 | 18,764 | 19,077 | 19,629 | 20,194 |
| Materials | 5,209 | 5,308 | 5,441 | 5,578 | 5,718 | 5,862 | 6,009 | 6,160 | 6,315 | 6,473 |
| Finance Charges | 948 | 1,364 | 1,421 | 1,296 | 1,164 | 1,033 | 919 | 799 | 486 | 155 |
| Depreciation | 14,020 | 14,580 | 15,163 | 15,768 | 16,398 | 17,055 | 17,737 | 18,447 | 19,185 | 19,952 |
| Other | 6,244 | 6,347 | 6,843 | 6,675 | 6,842 | 7,013 | 7,557 | 7,377 | 7,561 | 7,750 |
| Less | 75,051 | 76,574 | 79,506 | 81,172 | 83,021 | 84,973 | 87,591 | 89,197 | 91,260 | 93,370 |
| Operating Surplus/(Deficit) before Capital Revenues | 9,403 | 9,263 | 9,394 | 10,904 | 12,348 | 13,809 | 14,729 | 16,790 | 18,527 | 20,359 |
| Add Capital Revenue | 1,824 | 1,834 | 1,844 | 1,854 | 1,865 | 1,876 | 1,887 | 1,898 | 1,910 | 1,923 |
| Equals Net Surplus/(Deficit) resulting from operations | 11,227 | 11,096 | 11,238 | 12,758 | 14,212 | 15,685 | 16,616 | 18,688 | 20,437 | 22,282 |
| Adjust for non-cash items | | | | | | | | | | |
| Add Depreciation | 14,020 | 14,580 | 15,163 | 15,768 | 16,398 | 17,055 | 17,737 | 18,447 | 19,185 | 19,952 |
| Less Share of Profit SRWRA (excl div) | 324 | 334 | 344 | 354 | 365 | 376 | 387 | 398 | 410 | 423 |
| Equals Funding available for Capital Investment expenditure | 24,923 | 25,343 | 26,057 | 28,172 | 30,246 | 32,364 | 33,966 | 36,737 | 39,212 | 41,811 |
| Capital | | | | | | | | | | |
| Less Capital Expenditure - Renewal | 13,398 | 17,642 | 15,590 | 17,089 | 17,595 | 17,756 | 20,658 | 19,495 | 19,214 | 19,501 |
| Less Capital Expenditure - New | 3,930 | 3,477 | 3,315 | 3,421 | 4,275 | 4,373 | 4,481 | 4,591 | 3,707 | 3,794 |
| Less Capital - contributed assets | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Equals Net Overall funding Surplus/(Deficit) | 6,095 | 2,724 | 5,652 | 6,162 | 6,876 | 8,735 | 7,327 | 11,151 | 14,791 | 17,016 |

Funding transactions associated with accommodating the above net overall funding deficit (or applying the net overall funding surplus) are as follows:

| | 2016/2017 \$000's | 2017/2018 \$000's | 2018/2019 \$000's | 2019/2020 \$000's | 2020/2021 \$000's | 2021/2022 \$000's | 2022/2023 \$000's | 2023/2024 \$000's | 2024/2025 \$000's | 2025/2026 \$000's |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Loans | | | | | | | | | | |
| Loan Principal Receipts (Net) | - | 2,960 | - | - | - | - | - | - | - | - |
| Less Loan Principal Payments | 1,400 | 1,986 | 2,059 | 2,184 | 2,315 | 1,958 | 2,071 | 2,192 | 1,643 | 1,738 |
| Loans - Increase/(Decrease) | (1,400) | 974 | (2,059) | (2,184) | (2,315) | (1,958) | (2,071) | (2,192) | (1,643) | (1,738) |
| Movement in level of cash, investments & accruals | | | | | | | | | | |
| Less Reserves Transfer from/(Transfer to) | (4,695) | (2,270) | (2,813) | (3,658) | (3,764) | (3,873) | (3,985) | (4,101) | (4,220) | (4,343) |
| Funding Surplus/(Deficit) | - | 1,428 | 780 | 320 | 797 | 2,904 | 1,271 | 4,858 | 8,928 | 10,935 |
| Cash/Investments/Accruals Funding | 4,695 | 3,698 | 3,593 | 3,978 | 4,561 | 6,777 | 5,256 | 8,959 | 13,148 | 15,278 |
| Equals Funding Transactions | (6,095) | (2,724) | (5,652) | (6,162) | (6,876) | (8,735) | (7,327) | (11,151) | (14,791) | (17,016) |

9.2 Cash Flow Statement

| | Draft ABP&B 2016/2017 \$000's | 2017/2018 \$000's | 2018/2019 \$000's | 2019/2020 \$000's | 2020/2021 \$000's | 2021/2022 \$000's | 2022/2023 \$000's | 2023/2024 \$000's | 2024/2025 \$000's | 2025/2026 \$000's |
|--|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Cash Flows from Operating Activities | | | | | | | | | | |
| <i>Receipts</i> | 84,454 | 85,836 | 88,900 | 92,076 | 95,369 | 98,782 | 102,320 | 105,987 | 109,787 | 113,729 |
| <i>Payments</i> | (61,031) | (61,994) | (64,343) | (65,404) | (66,623) | (67,918) | (69,854) | (70,750) | (72,075) | (73,418) |
| Net Cash Provided by Operating Activities | 23,423 | 23,842 | 24,557 | 26,672 | 28,746 | 30,864 | 32,466 | 35,237 | 37,712 | 40,311 |
| Cash Flows from Financing Activities | | | | | | | | | | |
| <i>Receipts</i> | | | | | | | | | | |
| Loans Received | - | 2,960 | - | - | - | - | - | - | - | - |
| <i>Payments</i> | | | | | | | | | | |
| Principal | (1,400) | (1,986) | (2,059) | (2,184) | (2,315) | (1,958) | (2,071) | (2,192) | (1,643) | (1,738) |
| Net Cash (Used In) Financing Activities | (1,400) | 974 | (2,059) | (2,184) | (2,315) | (1,958) | (2,071) | (2,192) | (1,643) | (1,738) |
| Cash Flows from Investing Activities | | | | | | | | | | |
| <i>Receipts</i> | | | | | | | | | | |
| Capital Grants/Subsidies & Contributions/Investments | - | - | - | - | - | - | - | - | - | - |
| <i>Payments</i> | | | | | | | | | | |
| Purchase of Land | (601) | (525) | (631) | (840) | (767) | (783) | (807) | (831) | (856) | (882) |
| Purchase of Buildings | (1,344) | (3,534) | (474) | (661) | (1,696) | (1,743) | (2,501) | (2,509) | (585) | (540) |
| Purchase/Construction of Infrastructure | (12,200) | (13,685) | (14,291) | (15,367) | (15,679) | (15,972) | (16,566) | (16,877) | (17,507) | (17,838) |
| Purchase of Equipment | (2,164) | (2,180) | (2,433) | (2,378) | (2,427) | (2,291) | (2,260) | (2,563) | (2,316) | (2,379) |
| Purchase of Furniture & Fittings | (180) | (185) | (191) | (196) | (202) | (208) | (215) | (221) | (228) | (235) |
| Purchase/Construction of Other Assets + Investments | (840) | (1,011) | (885) | (1,067) | (1,099) | (1,132) | (2,789) | (1,084) | (1,430) | (1,421) |
| Net Cash (Used In) Investing Activities | (17,329) | (21,120) | (18,905) | (20,509) | (21,870) | (22,129) | (25,138) | (24,085) | (22,922) | (23,295) |
| Net Increase/(Decrease) in Cash Held | 4,694 | 3,696 | 3,593 | 3,979 | 4,561 | 6,777 | 5,257 | 8,960 | 13,147 | 15,278 |
| Cash at Beginning of Reporting Period | 18,265 | 22,959 | 26,655 | 30,248 | 34,227 | 38,787 | 45,564 | 50,821 | 59,781 | 72,928 |
| Cash at End of Reporting Period | 22,959 | 26,655 | 30,248 | 34,227 | 38,787 | 45,564 | 50,821 | 59,781 | 72,928 | 88,206 |

| | Draft ABP&B 2016/2017 \$000's | 2017/2018 \$000's | 2018/2019 \$000's | 2019/2020 \$000's | 2020/2021 \$000's | 2021/2022 \$000's | 2022/2023 \$000's | 2023/2024 \$000's | 2024/2025 \$000's | 2025/2026 \$000's |
|--|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Notes to the Budgeted Statement of Cash Flows | | | | | | | | | | |
| 1. Budgeted cash at the end of the reporting period | | | | | | | | | | |
| Cash at Bank | 22,959 | 26,655 | 30,248 | 34,227 | 38,787 | 45,564 | 50,821 | 59,781 | 72,928 | 88,206 |
| | 22,959 | 26,655 | 30,248 | 34,227 | 38,787 | 45,564 | 50,821 | 59,781 | 72,928 | 88,206 |
| 2. Reconciliation of Changes in Equity Resulting From Operations to Net Cash Provided by Operating Activities | | | | | | | | | | |
| Increase/(Decrease) in Equity resulting from operations | 11,227 | 11,096 | 11,238 | 12,758 | 14,212 | 15,685 | 16,616 | 18,688 | 20,437 | 22,282 |
| Items not involving cash | | | | | | | | | | |
| Depreciation | 14,020 | 14,580 | 15,163 | 15,768 | 16,398 | 17,055 | 17,737 | 18,447 | 19,185 | 19,952 |
| Share of Profit SRWRA | (324) | (334) | (344) | (354) | (365) | (376) | (387) | (398) | (410) | (423) |
| Physical resources received free of charge | (1,500) | (1,500) | (1,500) | (1,500) | (1,500) | (1,500) | (1,500) | (1,500) | (1,500) | (1,500) |
| Capital Grant Revenue | - | - | - | - | - | - | - | - | - | - |
| Proceeds on Disposal of Assets/Transfer of Land | | | | | | | | | | |
| Bank Charges treated as financing activity | - | - | - | - | - | - | - | - | - | - |
| | 12,196 | 12,746 | 13,319 | 13,914 | 14,533 | 15,179 | 15,850 | 16,549 | 17,275 | 18,029 |
| Net Cash provided by Operating Activities | 23,423 | 23,843 | 24,557 | 26,672 | 28,746 | 30,864 | 32,466 | 35,237 | 37,712 | 40,311 |