

Long Term Financial Plan 2025/26 – 2034/35



Introduction

The purpose of a Long Term Financial Plan (LTFP) is to express, in financial terms, the activities that Council proposes to undertake over the medium to longer term to achieve its stated objectives outlined in the Strategic Management Plan. The LTFP is an important management tool, which highlights anticipated movements in annual cash flows and links Council's level of borrowings and financial assets with its activities.

This document presents the LTFP for the years 2025/26 to 2034/35. The basis of the LTFP is consistent with the Financial Statements 30 June 2024 and the forecasted financial results to 30 June 2025, along with the *2025/26 Annual Business Plan and Budget* adopted by Council and any authorised amendments and material financial impacts. The LTFP also incorporates Council's *Asset Management Plan* projections for new, upgraded and renewal of assets for the next 10 years. This is a fluid document, which will be updated and amended over time as circumstances change.

Council will normally only review its LTFP once annually during the preparation of its *Annual Business Plan and Budget*. As the quarterly budget reviews are performed, these adjustments will impact the LTFP projections and financial indicators for the future years. Council now predicts that surplus operating results will occur in all but the first year of the plan.

Council has large asset holdings, such as an extensive road network, wharfs, boat ramps, heritage vessels, numerous buildings and structures etc., and a relatively small population and rate revenue base. Previous financial modelling showed that it was not financially possible to maintain and replace all of the assets currently owned and continue to provide the current levels of service without adjustments to either the levels of service and/or increases in rate revenue. Council has adopted a rating strategy that seeks to achieve a reasonable degree of stability and predictability in the overall rates burden over time, while ensuring ratepayers are paying for those services and infrastructure renewal/maintenance obligations they are consuming.

Each income and expenditure item has been examined and updated to reflect an affordable normal service level. Any additional items or changes in service levels that are expected to occur are included in the relevant years. The LTFP has also been developed based on a number of assumptions, which are detailed in the plan. These assumptions are reviewed on an annual basis.

In reviewing its LTFP, Council must be aware of its key financial indicators. These indicators provide Council and the general public with information that demonstrates the sustainability of its operations. The 10-year LTFP plan aims for Council to return to an adjusted Operating Surplus in 2026/27 in line with the previous plan. The Net Financial Liabilities Ratio is projected to peak at 29% in 2025/26 (borrowings of \$8.5m), reducing to 21% 2034/35 (borrowings \$7.6m).

Council is projected to have an average asset renewal ratio of 109% over the 10-year LTFP, as Council catches up on a backlog of asset renewal. Ideally the asset renew ratio on an annual basis should be in a targeted range of between 85% to 115%, and over a rolling 5-year averages in the range of 98% to 115%. During the 10 year period Council will have the financial capacity to deal with the previous capital renewal backlog.

The key challenges arising from within this LTFP are:

- challenging and volatile world economic environment
- implementation and funding of appropriate asset management principles to ensure cost effective management of all Council's assets
- meeting the ongoing expectations of our community with regard to service delivery
- managing the impact of cost shifting from other levels of government
- the use of debt as a means of funding timely asset renewal and rehabilitation
- ensuring the financial sustainability of Council operations
- ongoing financial impact of the recovery from the 2022/23 River Murray Flood
- current drought conditions being experienced.

Mid Murray Council CEO Financial Sustainability Report

Mid Murray Council applies the nationally agreed definition of financial sustainability for the local government sector, which is:

A Council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.

Having reviewed the Long Term Financial Plan (LTFP) of the Mid Murray Council, and taking into consideration the following:

- the assumptions used in the LTFP;
- the Sensitivity Analysis related to the 2025/26 Financial Year; and
- the Financial Indicators used in the LTFP.

I advise that, over the term of this LTFP, being 2025/26 to 2034/35:

- Council's Operating Surplus Ratio will overall improve from (5.4%) Deficit to 1.8% Surplus;
- Council's Adjusted Operating Surplus Ratio will improve from (1.3%) Deficit to 1.8% Surplus;
- The Net Financial Liabilities Ratio will improve from 29% to 21%;
- The Adjusted Net Financial Liabilities Ratio will improve from 28% to 21%;
- The Asset Renewal Funding Ratio will average 109% over the 10 years;
- Council expects to meet its financial targets each year;
- Expenditure on new and upgraded assets only performed through grant funding;
- Council will be able to fund its operations within the funding arrangements currently in place with the LGFA; and
- Council will meet the agreed definition of Financial Sustainability.

The adjusted Surplus Ratio and Net Financial Liabilities Ratios are calculated by adjusting any advance payments for General Purpose Government Funding or untied grants that have been used for capital expenditure or unmatched material operating income or expenditure in a single year

This position can be maintained while Council continues to fund the existing services, provided that restraint is exercised by not extending the present asset base or increasing the present service levels, without additional funding.

Amendments from the Public Consultation Version

Following public Consultation, the following changes were made to the first year of the LTFP (2025/26):

Operating Income

1. Increase in General rates due to higher growth	\$208,000
2. Reduction of increase to General Rates Existing Properties	(\$86,500)
3. Decrease in CWMS charges (depreciation not recoverable)	(\$146,000)
4. Decrease in Fines & Interest	(\$2,000)
5. Increase Regional Precincts Grant New grant advised	\$1,231,000
6. Increase Natural Disaster Flood recovery unsealed roads	\$465,000
7. Increase Local Government Disaster recovery	\$280,000
8. Decrease Financial Assistance Grant General	(\$2,328,000)
9. Decrease Financial Assistance Grant Roads	(\$480,000)
10. Decrease Sealed Roads Income – 2024/25 budget	(\$27,000)
11. Decrease CWMS Connection fees	(\$17,000)

Expenditure

1. Increase Exp Regional Precincts & Programs Grant	(\$1,231,000)
2. Decrease of Oper Expenditure to offset General Rates reduction	(\$86,500)
3. Increase ND Flood recovery unsealed roads	(\$646,000)
4. Increase Planning portal expenses	(\$17,000)
5. Increase MMHM PW Mayflower Exp	(\$3,000)
6. Decrease Electricity Expenses	\$68,000
7. Decrease CWMS Expenditure	\$50,000
8. Decrease MMMHM PS Canally Expenditure	\$20,000
9. Reduction of CAD interest due to 50% Financial Assistance Grants received in advance	\$71,700

Capital Income

1. Decrease LRCIP Income (included in 2024/25 budget)	\$164,000
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Capital Expenditure

1. Increase Capital expenditure two Mannum Wharf renewals	(\$80,000)
2. Decrease expenditure LRCIP	\$111,000
3. Decrease RMCP Expenditure Sth Punyelroo CWMS	\$133,000

Overall, during the 10 years of the LTFP, the following amendments have occurred:

- Rates reduction of \$6.9m
 - Additional New Developments/sub-divisions (Growth) in 2025/26 of \$208,000.
 - Recalculation of future General Rates based on latest new development in 2025/26, and the removal of the 0.5% discount on CPI Rate Increases in years 6 to 10.
 - Removal of the recovery of Depreciation (\$673,000) annually which was proposed to be phased in over 5 (5) years in the Annual CWMS Annual Service Fee to be replaced by an annuity model to be considered and implemented in 2026/27. The actual future financial income is yet to be calculated, however indicative increases of \$42,000 included in 2026/27 plus an additional 3.5% annually.
 - Additional income \$71,000 for phasing in of Full Cost Attribution into CWMS Annual Service Fee in 2026/27.

- Grants Subsidies and Contributions Reduction of \$1.16m
 - Reduction of Financial Assistance Grant Paid in advance in June 2025 of \$2.8m
 - Additional Regional Precincts Partnership Grant - \$1.2m
 - Additional Disaster Recovery Funding - \$745,000
 - Indexation reduction of 0.1% in 2025/26 & 2026/27
- Employee Costs Increase of \$2.0m
 - Recalculation of projected Wages & Salaries based on the finalisation of Enterprise Agreements and restructure of Infrastructure Department (full impact not included in previous estimates \$181,000).
- Materials, Contracts & Other Expenses, Reduction of \$1.4m
 - Reduction of Agency Staff of \$65,000 annually
 - Reduction of project expenditure of \$45,000 annually.
 - New Electricity agreement, reduction of \$49,000 in first three (3) years.
 - Indexation reduction of 0.1% in 2025/26 & 2026/27.
- Finance Costs Increased by \$495,000
 - Due to the delay of Capital Renewal Buildings and Land Expenses and higher borrowings in the later years.
- Capital Expenditure on the Renewal of Assets increase by \$330,000
 - Re-phasing of Capital Renewal to reflect a lowering of borrowings throughout the 10 years period, overall Capital Renewal budget increasing due to the delay and the indexation of the expense in later years.
- Capital Expenditure on New and Upgraded Assets decrease of \$243,000
 - Removal of RMCP Punyelroo CWMS Upgrade & LRCIP 4 Street Lighting expenditure as these are already included in the 2024/25 Budget.
- Amounts Received Specifically for New and Upgraded Assets, decrease of \$164,000
 - Removal of LRCIP 4 Income for Guard Rail Installation, Footpaths & Street Lighting as these are already included in the 2024/25 Budget.

Local Government Review Bill 2020

The South Australian State Government *Local Government Review Bill 2020* contains a large number of amendments to the *Local Government Act*. One of these is the requirement of the *Local Government Rates Oversight Scheme*, where annually one quarter of Councils will be required to lodge the *Annual Business Plan*, *Long Term Financial Plan* and associated *Asset Management Plans* with a designated authority, being the Essential Services Commission of SA (ESCOSA).

Mid Murray Council was chosen to be in the first year of the ESCOSA Rates Oversight, requiring historical documentation to be lodged by 1 August 2022, followed by the current year's information to be lodged by 30 September 2022. Mid Murray Council received the Local Government Advice in February 2023, which has been included in Council's *2025/26 Annual Business Plan* as required. The amendments to the *Local Government Act* have not changed the present preparation or format of this version of the LTFP, other than the new requirement of the Funding Statement and to provide a documented overview of financial amendments from the public consultation version to the adopted version of the LTFP.

Assumptions used in the Long Term Financial Plan

The LTFP is based on a number of assumptions and any shift in the actual results compared to the assumptions will cause variations to the LTFP forecast. A number of these underlying key assumptions have been listed along with a calculation of the dollar value and the equivalent percentage of general rates to offset the variation.

Material variations between the assumptions and actuals over several years would have a very significant impact of the LTFP forecast results due to the compounding effect year on year into the future.

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

The average operating cost increases for local government materials, contracts and other service costs are estimated using the Local Government Price Index (LGPI) as prices of these items move in different ways to how average household prices move. The LGPI is similar to the Consumer Price Index (CPI) but represents the movements of prices associated with goods and services consumed by local government in the South Australia Local Government sector. It is prepared and updated on a quarterly basis by the South Australian Centre for Economic Studies.

The Australian CPI for the year ending March 2025 was 2.4%, and the 2025/26 budget was prepared with an estimated CPI increase of 3.1% in line with the Reserve Bank May 2025 forecasts (a reduction from the forecast given by the Reserve Bank in February 2025). Forecasts of the LTFP each individual type of expenditure increase is considered independently (not simply increases by a single index). On an average over the past twenty three (23) years the LGPI has been 0.2% higher than CPI, indicating that Local Government costs, on average increase at a greater rate.

In the Rates Oversight Local Advice report received in February 2023, ESCOSA recognised that Mid Murray Council was using a quasi efficiency levy by using CPI rather than LGPI in the forward projections of expenditure in the LTFP forecasts.

Statement of Comprehensive Income

The plan assumes overall service levels will remain materially unchanged throughout the planning period except as specified below:

- Provision has been made for outlays for major new/upgraded assets that will add to service levels as per the capital works listing included in the plan.
- Some specific services may be varied or minor additional services added over time in response to changes in community needs and preferences. It is assumed that any such variations will be made without impacting on overall operating expense levels except where otherwise specified.
- As initiatives and actions specified in Council's strategic plans are prioritised and costed they are added into the financial plan.
- Departmental reviews will periodically be performed which may impact operating income and expenditure.
- Although Council forecasts new building/development annually at 0.5%, the projected forecast of operating and capital expenditure does not include an additional 0.5%, except where there is a direct relationship such as domestic waste and recycling bin collection.

Recurring Government Grants

Financial Assistance Grants (General & Local Roads) \$5,109,807 (2024/25 Annual Allocation)

It is assumed that these grants will increase annually at CPI rates throughout the term of the LTFP. The Federal Government have at times paid this grant in advance in prior years in June 2025, \$2,757,387 was received in advance. Receiving advance payments has a favourable impact on reducing interest on borrowings, as normally it is budgeted to receive the grant in even quarterly payments. It is assumed that no future Financial Assistance Grant payments will be received in advance in the forward years of the plan.

Roads to Recovery – \$862,750 (2024/25 Actual allocation)

From 1 July 2024 a new five-year funding period commenced, and the available funding will increase until \$1 billion is available per year under this ongoing program. The distribution of funding to each recipient is determined according to a formula based on the local roads component of the Financial Assistance Grant Program, which considers factors such as population and road length. The actual five year allocations for Council are as follows:

2024/25 - \$ 862,750
2025/26 - \$1,061,846
2026/27 - \$1,260,943
2027/28 - \$1,327,308
2028/29 - \$1,327,308

This is a substantial increase on the previous allocations and has improved the sustainability of the Council and enabled a reduction in rate increase from what was previously proposed. Roads to Recovery grant allocations have been placed in the years 2029/30 to 2033/34, at \$1,327,308 annually.

Supplementary Road Grant – \$326,074 (Actual 2024/25)

It is assumed that these grants will be continually received annually and will increase annually at CPI rates throughout the term of the LTFP. The Federal Government have at times paid this grant in advance in prior years to stimulate economic growth, it is unknown if this will occur in the future 10 years of the present LTFP.

Library Operating \$17,000 (Actual 2024/25)

It is assumed that this grant will continue and will increase approximately in line with CPI.

Any other operating grants are assumed not to be continued.

Non-Recurring Government Grants

State Government Infrastructure Partnership Program

In relation to the sealing of Murraylands Road, in 2024/25 - \$592,410 (LY \$1,023,000) was received. This project was originally forecast to commence in 2021/22.

Special Local Roads Program Funding (66% funding of the project cost)

In relation to the sealing construction of roads, the following grant amounts have been included:

2025/26 – Murraylands Road \$574,000 (Project cost \$861,000)
2026/27 – Murraylands Road \$367,000 (Project cost \$550,000)
2026/27 – Yandiah Road \$249,000 (Project cost \$373,000)

General Rates

General rate increases have been calculated to achieve a forecasted operating surplus in 2025/26 (noting that the underlying adjusted Operating Result is a 1.3% deficit), with an overall improving trend throughout the 10 year plan. For existing properties in the first two years of the plan an increase of forecast CPI plus 1.74% is required being, 4.94% and 4.44%, In years 3 and 4, the rate increases have been calculated at estimated CPI of 2.5% with no additional sustainability levy, then in years 6 to 10 rate increases are estimated at CPI 2.5%. In addition, an estimated 0.5% increase of rates income annually will be generated from new developments.

In summary the sustainability levy be reduced from 2% in 2024/25 to 1.24% in 2025/26 and 1.74% in 2026/27 and to 0% in 2027/28 & 2028/29 then in future years from 2029/30 a discounted CPI of 0.5% will apply.

General Rates	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Forecast CPI	3.10%	2.60%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Plus Sustainability	1.74%	1.74%	0%	0%	0%	0%	0%	0%	0%	0%
Adjustment	-1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Increase to existing Properties	3.84%	4.34%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Plus New Development	2.43%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Total General Rates	6.27%	4.84%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

The actual increase payable by any individual ratepayer may be more or less than this depending on the value and movement in the capital value of their property, with the level of Capping rebates to be applied determined each year by the Council. Due to areas of rapid increases of valuation changes Council has set a capping rate of 20% of the previous levied amount of General Rates. Capping is by application and is conditional.

Community Wastewater Management Systems (CWMS) Service Charges

The Council manages CWMS for various areas within the Council which provides benefits to those connected to the schemes. A service charge is raised to maintain the systems. The revenue raised from this charge can only be applied to maintenance, renewal and upgrades of the scheme and only those properties that have the ability to access the service will be levied.

In previous years Council has set the annual maintenance fee based on the balance of accumulated funds (surplus/deficit) of each scheme along with previous five (5) years expenditure to forecast (with the previous year's expenses always being excluded due to the financial year not yet closed off and audited) the future years annual service fee.

Due to the 2022/23 River Murray Flood, many of the schemes experienced abnormally high expenditure costs that have materially reduced the individual scheme fund balances. While it is expected that a large percentage of the flood related expenditure will either be recovered by insurance claims or through the Local Government Disaster Recovery Fund, a portion of these recoupments will continue to occur during 2025/26. Due to this, CWMS annual maintenance fees in 2024/25 were increased by 3.1% (February 2024 forecasted CPI by the Reserve Bank of Australia for CPI in 2024/25).

For the first time the 2025-26 Budget has been prepared to include Full Cost Attribution (FCA) to provide a true cost of providing the service including direct, indirect and overhead costs. This ensures that expenses are fairly assigned, leading to better cost management, informed decision making and where applicable, recovering the appropriate service charge. In total an amount of \$5.1million has been distributed to the appropriate functional areas and various external service areas of Council.

The Essential Services Commission of South Australia (ESCOSA) pricing principles guidance requires all Councils to set water and sewage service charges to achieve full cost recovery including:

- Operational, maintenance and administrative costs;
- Taxes; and
- Provision for asset consumption (Depreciation expense or Annuity calculation)

During this period the 2022/23 River Murray Flood occurred and the costs associated with remediation has had a detrimental impact on nearly all of the individual fund balances. With many of the schemes now entering mid-life, a total amount of \$6million of capital renewal has been budgeted across the next 10 years, compared to current scheme funds of under \$1million.

Full Cost Attribution that is a requirement of current Legislation of Section 11(3) of the Local Government (Financial Management) Regulations and as per the recommendations of the Council external auditors will be phased into the next four years commencing in the 2025/26 CWMS Annual Service fee. It is estimated that this will cost approximately \$39 per connection

The recovery of all budgeted operational costs, including for 2025/26 an additional 1.0 FTE CWMS Officer and the operational costs of the new trailer mounted Vacuum Excavator for the desludging/cleaning and flushing of rising and gravity mains (recommended to be performed every 5 years). Estimated cost of \$111,000 p.a or approximately \$61 per connection.

Although proposed, an additional depreciation component will now not be incorporated into the 2025/26 CWMS Annual Service fee, however consideration will be given over the next 12-months to the implementation of a Capital Renewal Annuity cost component to be introduced into the 2026/27 CWMS Annual Service fee based on the future capital renewal requirements of each individual scheme.

The financial impact of these actions will result in an increase of \$100 for the majority of the schemes, as Truro and Cowirra Schemes fees have been recovering operating costs of the schemes including depreciation, noting on average these locations will only receive a \$20 increase, pending the calculation of their annuity calculation (that will replace their contribution the annual depreciation). For any owners still repaying the Cowirra capital contribution for the scheme, there will be no increase to this portion of the fee.

General Waste Management Service Charge (1 bin system)

A Waste Management Service Charge was introduced in 2021/22, for the weekly waste bin collection and disposal for ratepayers for whom the service is available. Council will continue to provide this service in the future and will continue to seek to recover the cost of the service. The two direct cost components consist of the Contractor providing the pickup of the bins and the disposal cost of the waste at the Council owned/operated Cambrai landfill site.

For the first time the 2025-26 Budget has been prepared to include FCA to provide a true cost of providing the service including direct, indirect and overhead costs. This ensures that expenses are fairly assigned, leading to better cost management, informed decision making and where applicable, recovering the appropriate service charge. In total an amount of \$5.1million has been distributed to the appropriate functional areas and various external service areas of Council. General Waste & Kerbside Collection of Recyclables service has recognised approximately \$201,000 FCA, resulting in an increase of recognised costs in providing the service

The Cambrai Landfill site disposal costs per tonne varies greatly based on the volume processed (recent pre flood annual tonnage range from 3,965 - 6,456 tonnes), this causes issues with estimating cost and setting the new years' service charge. In 2025/26 the service fee will be \$243, being an increase of \$20 (9%) from \$223 in 2024/25.

General Waste & Kerbside Collection of Recyclables (2 bin system)

The Kerbside Collection of Recyclables component for 2025/26 will be \$97, an increase of \$7 (7.8%) from \$90 in 2024/25. Therefore, in 2025/26 the service fee for a two (2) bins will be \$340, being an increase of \$27 (8.6%) from \$313 in 2024/25. In future years the annual increases of the collection service have been estimated to increase by CPI.

Mannum Waters Separate Rate

Council is required under the *Landscape South Australia Act 2019* to cover the annual evaporation loss of 187ML within the Mannum Waters Marina. A Separate Rate for Mannum Waters to recover the \$1.206m cost (plus finance costs) to purchase 79% the required 187ML permanent water entitlement (Council purchased 21% balance) raised over a period 15 years (2022/23 being the first year raised \$96,600). Ratepayers were given a limited time to apply to pay the full 15 years levy in 2022/23, with the cost of financing 20.2% being deducted as an incentive. As a result of a number paying the 15 years in advance the amount required to be raised in 2025/26 is steady at \$86,368.

Other Service Charges

The Bowhill Multi-Access Television system and Water Supply annual fee has not increased in 2025/26, until a condition rating and a valuation is performed in relation to whole of life cost and planned future capital renewal program.

Other Operating Revenue

All other sources of revenue except where otherwise stated is expected to remain constant to CPI over the plan period.

User Charges

It is expected that Tourism user charges income will return back to pre-flood levels in 2025/26. During 2023/24 and 2024/25 Council received materially higher quantities of River Murray flood waste dumping fees, however this is not expected to continue in 2025/26 or any future LTFP years. River Murray flood waste dumping fees were calculated at cost and Council was also exempt from any possible additional related solid waste levy.

Employee Costs

As in previous years, a number of positions were vacant during 2024/25, and future years have been budgeted for these positions to be filled. The level of employee costs included in the LTFP is based on estimated full time equivalent (FTE) resource levels with all positions filled. Following a review of the Infrastructure and Field Services directorate three new full time positions have been included in the LTFP for 2025/26 and future years. Care needs to be taken when comparing the employee costs in the future budget to the previous years of the actual employee costs. With any vacancies, the majority of times the vacancy is, in the short term, filled with agency staff (Contractual costs) until the position is filled. The current ASU Enterprise Agreement took affect from 1 July 2024 with the agreement no longer being linked to CPI. The AWU Enterprise agreement has recently been renewed after expiring on the 30 June 2025 and is based on minimum CPI increases. Other increases relate to an increase of the provision of leave liability and legislative increase of the Superannuation Guarantee Levy have been included in the LTFP (from 1 July 2025 – 30 June 2026 and onwards at 12.00%).

Materials, Contracts & Other Services

These LTFP increases have been based on Consumer Price Index (CPI), although on average this is lower than the Local Government Price Index (LGPI), as a quasi-efficiency levy (relying on increasing operational efficiencies and competitive quoting/tendering to restrain costs to within CPI). Annually there are several expense types that will increase by greater than CPI, examples being fuel costs (can also fall) and insurance premiums (normally increase at a greater rate).

EPA Solid Waste Levy

The EPA Solid Waste Levy has increased by:

- 2019/20 25%
- 2020/21 14%
- 2021/22 3.1%
- 2022/23 2.1%
- 2023/24 4.5%
- 2024/25 4.1%

In total Council paid around \$350,000 (equal to 2.0% of General Rates) in 2024/25 to the Environmental Protection Authority for Solid Waste Levy and Transfer Station & CWMS Licenses. It is unknown what increase will occur in the future, however the LTFP has only factored increases at estimated CPI in future years. This levy has a direct impact to increasing the cost of providing the General Waste Collection Service (weekly red bin service) and the operational cost of the Water Transfer Stations.

Efficiencies

Management will continue to identify efficiencies in the delivery of services as it has in the past, and when efficiencies are identified and costed and deemed achievable, they will be placed into the budget and LTFP. It is expected that future savings will be achieved by a combination of efficiencies and process improvement, procurement savings and a reduction of some current services, the majority of these will be driven by the sustainability plan, with Sustainability reports being presented to Council each month.

Capital Renewal (annual increase for the replacement of existing assets)

Provision has been made for outlays on renewal, replacement and maintenance of depreciable assets under Council's care and control consistent with recommended outlay levels shown in Council's various *Asset Management Plans*.

Capital renewal requirements have been sourced from Council's various Asset Management Plans for Buildings, Roads, Plant and Community Wastewater Management Scheme (CWMS), Kerbs, Footpaths, Stormwater, Watercraft (heritage vessels) and Bridges. Forward figures have been indexed by forecasted CPI in future expenditure years. All capital renewal expenditure in the Asset Management Plans (AMP) have been included as scheduled, with the exception of Land & Buildings with a backlog of expenditure from previous year being spread over the 10 years period.

In relation to New/Upgraded expenditure that is included in the various AMPs, in line with Council's current position on expenditure on new assets, only the Stormwater allocation in relation to the Horward Bagshaw subdivision has been included and no New/Upgraded expenditure has been included from the River Facilities or Footpaths AMP. With the recent endorsement by Council for the Special Local Program application, the following projects costings have been included:

2025/26 – Murraylands Road \$861,000 (\$574,000 grant funding);

2026/27 – Murraylands Road \$550,000 (\$367,000 grant funding); and

2026/27 – Yandiah Road \$373,000 (\$249,000 grant funding).

Council presently operates the Cambrai Landfill site, and this is expected to continue into the future and therefore there will be future requirements of capping the current cell. In all, it is estimated that Council will spend approximately \$265,000 at the site performing capping over the next 10 years, along with completing the construction of the new cell that commenced in 2024/25 with work expecting to be completed in 2025/26.

Although some budget allocation has been included in the LTFP for Information Technology assets, the AMP for this asset class is yet to be completed. As always, when AMPs are created or reviewed, these new figures are incorporated in the next revision of the LTFP. In calculation the Asset Renewal Funding Ratio only the Asset classes that have a current AMP have been used in calculating the ratio.

Unfunded Strategic Plans

Only the strategic plans that has been mentioned in this document, have been funded in the forward LTFP.

Depreciation / Asset Revaluations

The proposed LTFP includes depreciation expenditure that either has occurred from an independent revaluation as at 1 July 2024 or from assets that have had a desktop revaluation (indexed by CPI since the last independent revaluation), with the only exception being Building & Other Structures valuation that is currently under way with an effective date of 1 July 2024. The impact of additional depreciation expense may have an effect on the Council becoming sustainable (achieving an operational Surplus in 2026/27).

The additional work that has been undertaken has resulted in a higher level of assurance in relation to the budgeted depreciation expense included in the budget. The aggregate depreciable value of existing assets is assumed to remain constant in real terms throughout the plan period, except where Council has planned for the upgrading of existing assets and the acquisition of new additional assets. In the plan all assets are deemed to be revalued every year, with the annual depreciation expenses have increased annually throughout the plan. The future depreciation expense has been indexed annually throughout the ten years of the LTFP in line with forecasted CPI.

Funding Requirements

No additional fixed term loans (Fixed Interest Rates) have been included in the LTFP in the medium term, with any funding shortfall covered by using Cash Advance Debenture facilities (Variable Interest Rates) with the Local Government Finance Authority. Cash Advance Debentures interest rates are historically on average 0.4% to 0.5% lower than Fixed Term Loans. Council will still need to have a mixture of Fixed and Variable loans to satisfy Council's Treasury Policy and spread the risk of adverse interest rate changes.

Interest Rates

Interest rates payable on loans have been calculated as being the actual rate against the various Fixed Term Loans with the balance of required finance being sourced at the current Cash Advance Debenture (CAD) rate of 5.75% (April 2025). In forward years the CAD interest has been set at the following levels in the plan:

- 2025/26 6.00%
- 2026/27 5.00%
- 2027/28 4.00% plus future years 4.00%

Noting that in calculating future financing expense, Council obtained a fixed term CAD loan for a period of five (5) years at 1.85%, this will expire in 15/06/2026. At current CAD rates of 5.75% this low fixed term CAD has saved Council approximately \$200,000 in finance expenses in 2024/25 and has the potential to save over \$750,000 in financing expenses over the five years.

The average nominal interest rate earned on invested funds is as follows:

- 2025/26 4.50%
- 2026/27 3.5%
- 2027/28 2.50% plus years 2.50%

Material Future Residential Land / Industrial Developments

Future developments are expected to occur within the Council area. However, as there is no accurate estimate of the amount or timing of the completion of these developments at this stage, future assets free of charge have not been included in the LTFP or any additional levels of income in relation to General Rates or Service Charges. As previously mentioned, the LTFP has assumed an annual 0.5% will be generated from new assessments and capital improvements/developments, this has also been based on a long term average increase of 0.5% population growth in past years. It should be noted that future development has not been included when calculating future increases of expenditure.

Proceeds with Sale of Assets – Profit/Loss on Disposal

Council will continue to identify surplus assets including land and buildings that will be placed for sale. No allocation for these sales have been included in the LTFP, as timing and expected income in any one year cannot be reliably estimated at this stage. In future years it is expected that there will be a rationalisation of land and building assets. It is assumed that all assets that will be sold/disposed in the future will be at book value, therefore no Profit/Loss on disposal has been forecasted. Any sale proceeds received will either be used improve existing buildings to enable greater utilisation of existing assets or be used to reduce outstanding debt.

Sensitivity Analysis related to the 2025/26 Financial Year

The LTFP is based on a number of assumptions and so any shift in the actual results compared to these assumptions will cause variations to the LTFP forecast. A number of these underlying key assumptions have been listed along with a calculation of the dollar value and the equivalent percentage of general rates to offset the variation.

Material variations between the assumptions and actuals over several years would have a very significant impact of the LTFP forecast results due to the compounding effect year on year into the future.

Interest Rate Movement

0.5% plus/minus on interest payable on variable CAD loans of \$1.9million equals \$9,700 or equivalent to 0.05% of general rates income. The balance of borrowings \$6.6million are on fixed interest term loans for 2025/26.

Financial Assistance Grant (FA Grants) Reduction

1% plus/minus of FA Grants in 2025/26 equals \$52,700 or equivalent to 0.3% of general rates income.

New Development Variation from forecast

0.25% plus/minus of new assessments and new/additional building development General Rate income is equal to \$45,900.

Variation in Operating & Capital Expenditure

1% plus/minus of Operating Expenses (Including Depreciation) \$332,300

1% plus/minus of Capital Expenses \$114,800

Total \$446,100

or equivalent to 2.4% of general rates income

Revaluation of Buildings & Other Structures

Building & Other Structures valuation is currently under way with an effective date of 1 July 2024. The impact of additional depreciation expense may have an effect on the Council becoming sustainable (achieving an operational Surplus in 2026/27).

Other Factors

There are a number of other factors that may have an impact on the LTFP, with many may not be able to be foreseen such as changes to the level of government taxes/tariffs. Other factors worth mentioning that can have an effect include the Australian dollar exchange rate for goods or raw materials that are sourced from overseas and the price of oil that impacts on the cost of fuel and asphalt. Many of Council's contracts have a rise and fall clause in relation to the cost of fuel. An accurate forecast is not possible for the movement in the Australian dollar and the rise and fall of international oil prices.

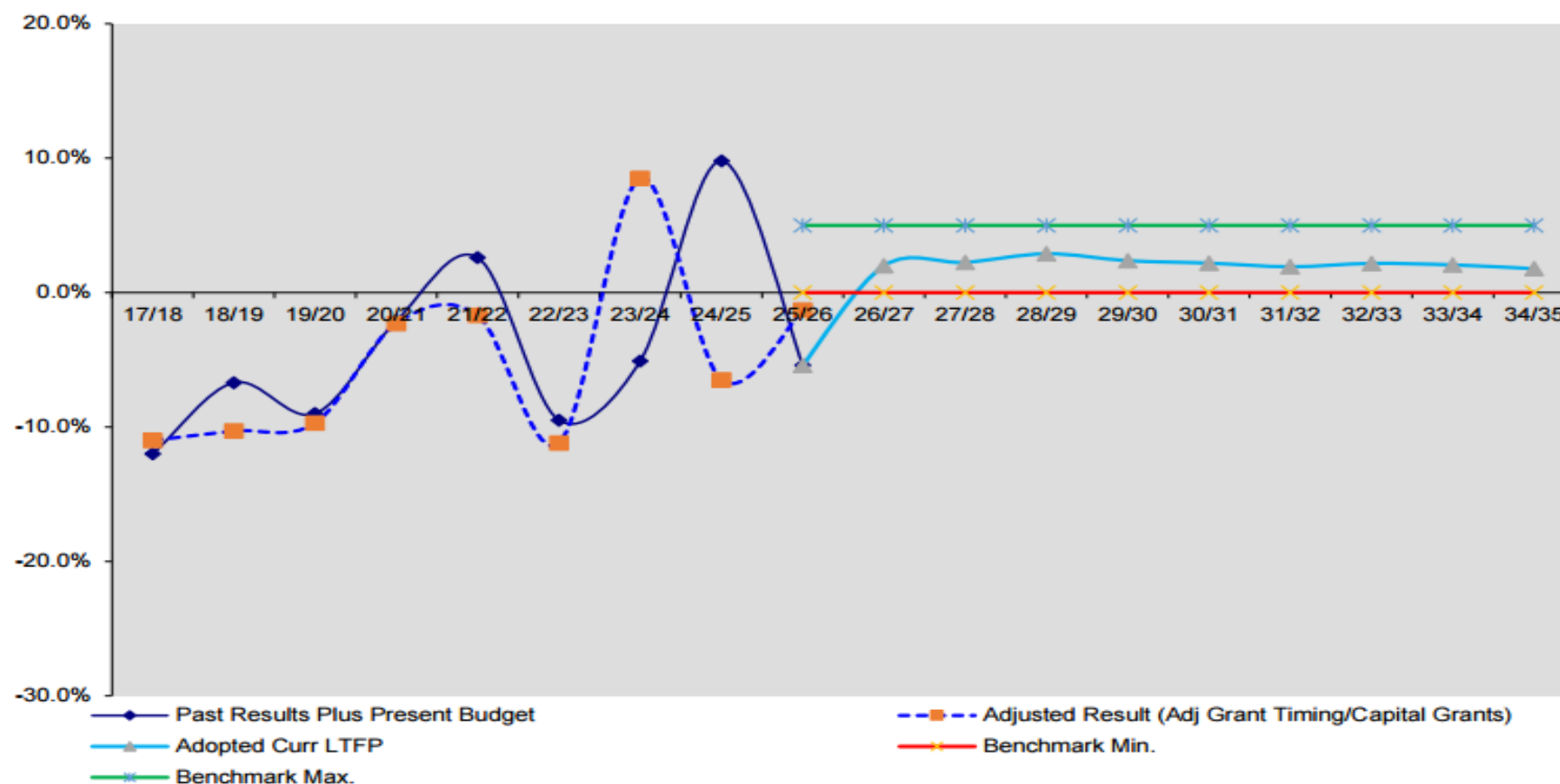
Financial Indicators used in the Long Term Financial Plan

Operating Surplus Ratio

Indicates the extent to which revenues raised cover operational expenses including depreciation.

The percentage ratio indicator is calculated as:
$$\frac{\text{Operating Surplus (Deficit)}}{\text{Total Operating Revenue}}$$

Operating Surplus/(Deficit) Ratio



Adjusted Operating Surplus Ratio - Targets

Maintain an adjusted operating surplus for the duration of the LTFP.

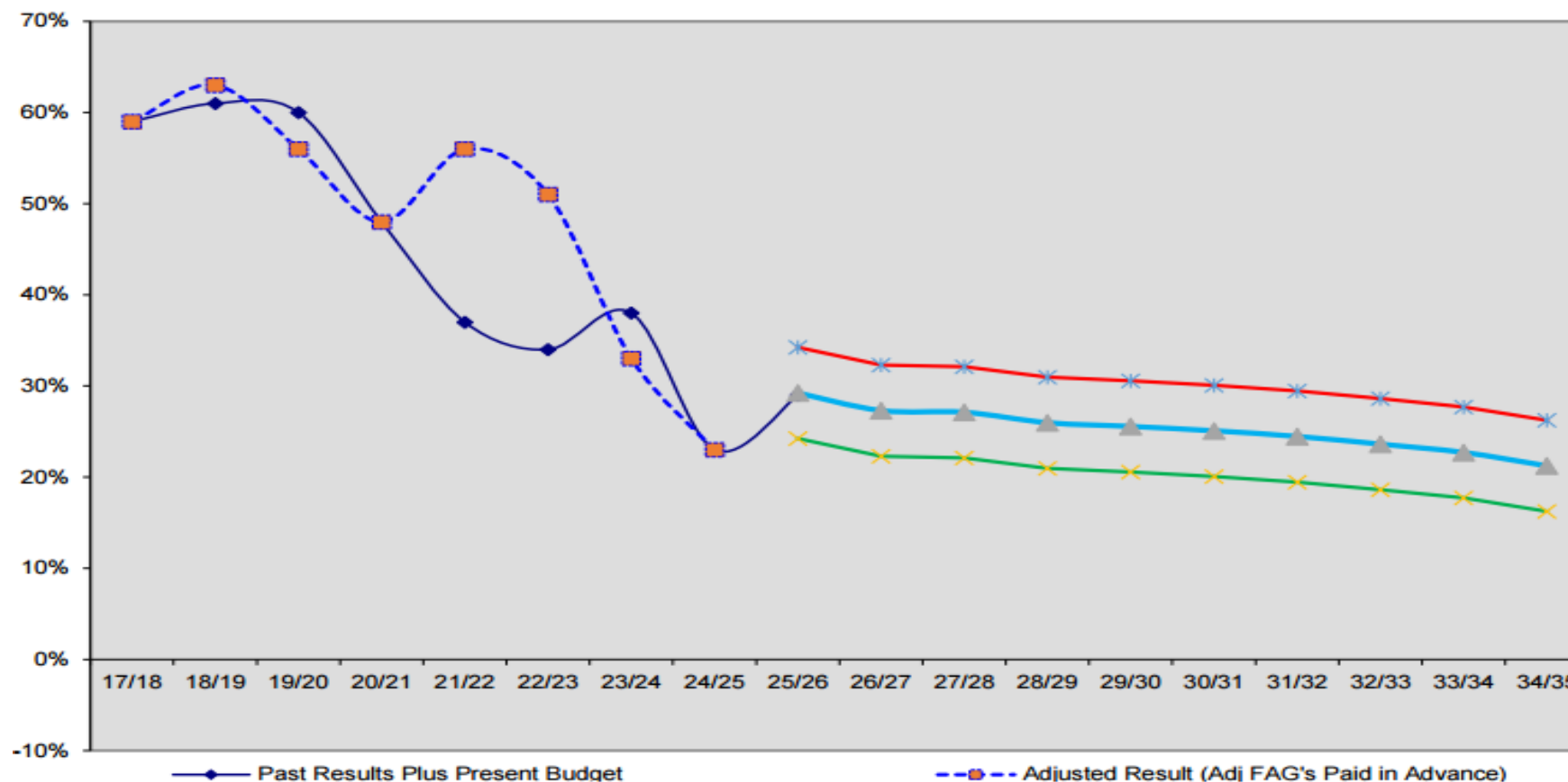
Net Financial Liabilities Ratio

Indicates the extent to which the net financial liabilities of a local government can be serviced by its operating revenues.

The percentage ratio indicator is calculated as:

$$\frac{\text{Net Financial Liabilities}}{\text{Total Operating Revenue}}$$

Net Financial Liabilities Ratio



Adjusted Net Financial Liabilities Ratio - Targets

Maximum Ratio of 28% in 2025/26 Net Financial Liabilities of \$9.2million, total loans of \$8.5million.

Minimum Ratio of 21% in 2034/35 Net Financial Liabilities of \$8.4million, total loans of \$7.6million.

Asset Renewal Funding Ratio

Expressed as a percentage, it is an approximation of the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives.

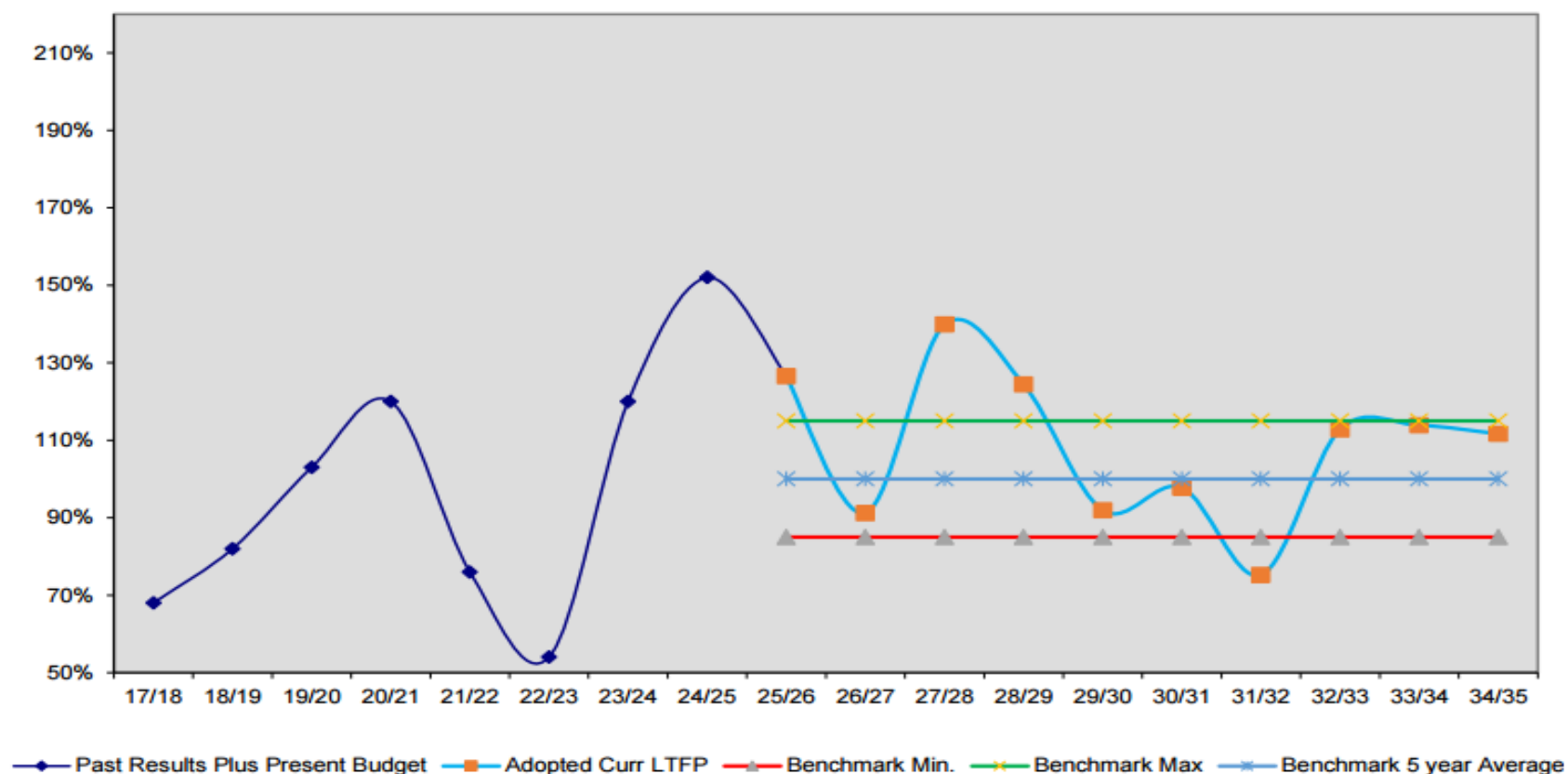
The indicator is calculated as:

Net Asset Renewals

Total AMP* Capital Renewal

Total AMP* Capital Renewal

Asset Renewal Funding Ratio



Asset Renewal Funding Ratio - Targets (Calculated only on Assets Classes that currently have an Asset Management Plan)

10 year target 100% (average) Range 85%-115% in any one year, averaging 100% over any 5-year period

Major Capital Expenditure & Associated Grant Income (V3)										
Year Ended 30 June:	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Expenditure on New/Upgraded Assets										
Sealed Roads Upgrade (Murraylands/Yandiah)	861	924								
Stormwater	98				1,090		911			
CWMS New/Upgrade	314	159								
Expenditure on Renewal										
Footpaths Renewal		25					98			23
Major Plant, Vehicles & Small Plant (Net)	4,049	2,295	2,714	1,172	1,251	1,593	1,906	1,951	1,999	2,049
IT Technology	106	109	111	114	117	120	123	126	129	132
Mid Murray Maritime Committee	36	106	63	28	114	76	120	80	74	42
Council Properties	265	2,050	2,717	3,884	3,444	3,251	2,317	3,419	3,575	3,444
Other Marine Facilities	328	171	88	179	191	143	90	203	171	50
Open Spaces	925									
Sealed Roads	1,091	1,335	1,375	1,248	742	1,288	1,493	412	1,354	1,388
Unsealed Roads	1,869	1,858	2,074	2,183	2,288	2,869	2,256	3,565	2,572	2,636
Bridges	633			18			110			33
Kerbs & Gutters	103									
Cambrai Landfill							265			
Stormwater		149								
CWMS Renewal	724	512	419	695	459	550	458	634	664	662
Grant Funding										
Open Spaces	834									
Disaster Recover (Unsealed Roads)	465									
Special Local Roads-Sealed Roads Upgrade	574	616								
CWMS	1,220	536	293	417	229	138	127	66		
FA Grants, Supplementary & R2R	3,909	7,011	7,131	7,368	7,520	7,674	7,833	7,996	8,162	8,333
Summary										
Expenditure on New/Upgraded Assets	1,273	1,083	-	-	1,090	-	911	0	0	0
Expenditure on Renewal	10,129	8,610	9,561	9,521	8,606	9,890	9,236	10,390	10,538	10,459
Gross Capital Expenditure	11,402	9,693	9,561	9,521	9,696	9,890	10,147	10,390	10,538	10,459
Less Associated Grants	7,002	8,163	7,424	7,785	7,749	7,812	7,960	8,062	8,162	8,333
Net Capital Costs After Grants	4,400	1,530	2,137	1,736	1,947	2,078	2,187	2,328	2,376	2,126

Mid Murray Council**10 Year Financial Plan for the Years ending 30 June 2035****FINANCIAL PERFORMANCE INDICATORS****Scenario: V3 Adopted Adv June25 Fags in**

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Note 15 Ratios										
Operating Surplus Ratio	-5.4%	2.0%	2.2%	2.9%	2.4%	2.2%	1.9%	2.2%	2.1%	1.8%
Adjusted Operating Surplus Ratio	-1.3%	2.0%	2.2%	2.9%	2.4%	2.2%	1.9%	2.2%	2.1%	1.8%
Net Financial Liabilities Ratio	29.2%	27.3%	27.1%	26.0%	25.6%	25.1%	24.5%	23.6%	22.7%	21.2%
Adjusted Net Financial Liabilities	28.1%	27.3%	27.1%	26.0%	25.6%	25.1%	24.5%	23.6%	22.7%	21.2%
Asset Renewal Funding Ratio	126.5%	91.2%	139.9%	124.4%	91.9%	97.8%	75.2%	112.8%	113.8%	111.7%
Asset Renewal Funding Ratio-Rolling 5 Years	114.8%	109.0%	105.8%	100.4%	98.3%	102.3%				

Mid Murray Council

10 Year Financial Plan for the Years ending 30 June 2035

STATEMENT OF COMPREHENSIVE INCOME - GENERAL FUND

Scenario: V3 Adopted Adv June25 Fags in 24/25

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income										
Rates	22,112,991	23,222,873	23,905,072	24,607,544	25,229,188	25,866,738	26,434,237	27,191,211	27,878,987	28,584,376
Statutory Charges	486,495	499,445	511,931	524,730	537,848	551,294	565,076	579,203	593,683	608,526
User Charges	1,434,358	1,471,685	1,508,477	1,546,189	1,584,844	1,624,465	1,665,077	1,706,704	1,749,371	1,793,106
Grants, Subsidies and Contributions - operating	6,029,033	7,319,322	7,241,127	7,388,972	7,540,514	7,695,844	7,855,057	8,018,251	8,185,525	8,356,980
Grants, Subsidies and Contributions - capital	1,203,869	536,715	293,154	417,236	229,128	220,174	137,601	126,845	66,394	-
Investment Income	36,203	22,955	21,173	19,818	18,806	17,480	14,121	14,121	14,121	14,121
Reimbursements	91,224	93,677	96,019	98,420	100,880	103,402	105,987	108,637	111,353	114,137
Other Income	35,950	36,923	37,846	38,792	39,762	40,756	41,775	42,819	43,889	44,987
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-
Total Income	31,430,123	33,203,595	33,614,800	34,641,700	35,280,969	36,120,153	36,818,932	37,787,791	38,643,323	39,516,231
Expenses										
Employee Costs	11,865,584	12,323,793	12,612,575	12,902,917	13,199,956	13,503,847	13,814,747	14,132,819	14,458,228	14,791,145
Materials, Contracts & Other Expenses	13,143,304	11,866,587	11,735,537	12,028,425	12,328,636	12,698,352	12,951,761	13,275,055	13,606,432	14,016,093
Depreciation, Amortisation & Impairment	7,796,000	8,004,649	8,204,765	8,409,884	8,620,132	8,835,635	9,056,526	9,282,939	9,515,012	9,752,888
Finance Costs	326,385	345,698	307,379	300,268	294,867	291,948	287,541	277,741	268,420	253,860
Net loss - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Total Expenses	33,131,273	32,540,728	32,860,256	33,641,495	34,443,591	35,329,781	36,110,574	36,968,554	37,848,093	38,813,986
Operating Surplus / (Deficit)	(1,701,150)	662,867	754,544	1,000,205	837,378	790,372	708,358	819,237	795,231	702,246
Asset Disposal & Fair Value Adjustments	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded As:	1,424,277	632,317	16,651	16,651	16,651	16,651	-	-	-	-
Physical Resources Received Free of Charge	-	-	-	-	-	-	-	-	-	-
Operating Result from Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	(276,873)	1,295,184	771,195	1,016,856	854,029	807,023	708,358	819,237	795,231	702,246
Other Comprehensive Income										
Amounts which will not be reclassified subsequently to operating result										
Changes in Revaluation Surplus - I,PP&E	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	(276,873)	1,295,184	771,195	1,016,856	854,029	807,023	708,358	819,237	795,231	702,246

Mid Murray Council

10 Year Financial Plan for the Years ending 30 June 2035

STATEMENT OF FINANCIAL POSITION - GENERAL FUND

Scenario: LTFP V2 Adv Jun	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS										
Current Assets										
Cash & Cash Equivalents	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Trade & Other Receivables	3,797,573	3,865,768	3,923,156	4,038,196	4,134,321	4,237,471	4,327,173	4,441,264	4,535,700	4,648,452
Inventories	472,038	428,881	425,705	436,331	447,223	460,402	469,831	481,561	493,584	508,181
Total Current Assets	4,419,611	4,444,649	4,498,861	4,624,527	4,731,544	4,847,873	4,947,004	5,072,825	5,179,283	5,306,634
Non-Current Assets										
Financial Assets	253,000	211,000	190,000	169,000	147,500	126,000	104,500	89,500	89,500	89,500
Infrastructure, Property, Plant & Intangible Assets	172,261,835	173,473,860	174,297,081	175,185,940	176,049,175	176,885,827	177,531,761	178,257,159	178,889,823	179,195,239
	2,829,000	2,829,000	2,829,000	2,829,000	2,829,000	2,829,000	2,829,000	2,829,000	2,829,000	2,829,000
Total Non-Current Assets	175,343,835	176,513,860	177,316,081	178,183,940	179,025,675	179,840,827	180,465,261	181,175,659	181,808,323	182,113,739
TOTAL ASSETS	179,763,446	180,958,510	181,814,942	182,808,467	183,757,219	184,688,700	185,412,265	186,248,484	186,987,606	187,420,373
LIABILITIES										
Current Liabilities										
Trade & Other Payables	2,002,440	1,854,074	1,842,365	1,882,418	1,923,410	1,972,445	2,008,289	2,056,101	2,105,082	2,163,352
Borrowings	332,814	345,404	184,791	191,999	199,503	207,315	19,229	20,311	16,931	-
Provisions	2,224,505	2,286,069	2,349,340	2,414,368	2,481,199	2,549,885	2,620,477	2,693,028	2,767,591	2,844,224
Total Current Liabilities	4,559,759	4,485,546	4,376,496	4,488,785	4,604,112	4,729,646	4,647,995	4,769,440	4,889,605	5,007,575
Non-Current Liabilities										
Cash Advance Debenture	7,017,045	7,238,647	7,513,114	7,457,476	7,517,045	7,596,268	7,577,262	7,350,454	7,041,110	6,495,331
Borrowings	1,185,483	840,079	655,288	463,289	263,786	56,471	37,242	16,931	0	0
Provisions	630,837	635,574	640,443	645,447	650,590	655,876	661,308	666,891	672,629	678,526
Total Non-Current Liabilities	8,833,365	8,714,301	8,808,846	8,566,212	8,431,422	8,308,615	8,275,812	8,034,276	7,713,739	7,173,857
TOTAL LIABILITIES	13,393,124	13,199,847	13,185,342	13,054,998	13,035,534	13,038,260	12,923,808	12,803,715	12,603,344	12,181,433
Net Assets	166,370,322	167,758,662	168,629,601	169,753,469	170,721,685	171,650,439	172,488,458	173,444,768	174,384,262	175,238,940
EQUITY										
Accumulated Surplus	32,515,322	33,903,662	34,774,601	35,898,469	36,866,685	37,795,439	38,633,458	39,589,768	40,529,262	41,383,940
Asset Revaluation Reserves	133,082,000	133,082,000	133,082,000	133,082,000	133,082,000	133,082,000	133,082,000	133,082,000	133,082,000	133,082,000
Other Reserves	773,000	773,000	773,000	773,000	773,000	773,000	773,000	773,000	773,000	773,000
Total Equity	166,370,322	167,758,662	168,629,601	169,753,469	170,721,685	171,650,439	172,488,458	173,444,768	174,384,262	175,238,940
Total Loans	8,535,342	8,424,131	8,353,193	8,112,764	7,980,335	7,860,054	7,633,733	7,387,696	7,058,041	6,495,331

Mid Murray Council
10 Year Financial Plan for the Years ending 30 June 2035
STATEMENT OF CASH FLOWS - GENERAL FUND
Scenario: V3 Adopted Adv June25 Fags in 24/25 Fi

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities										
Receipts:										
Rates Receipts	21,913,294	23,059,733	23,804,797	24,504,288	25,137,813	25,773,025	26,350,821	27,079,944	27,777,891	28,480,692
Statutory Charges	488,959	499,019	511,520	524,308	537,416	550,851	564,623	578,738	593,207	608,037
User Charges	1,435,398	1,470,457	1,507,266	1,544,948	1,583,572	1,623,161	1,663,740	1,705,333	1,747,967	1,791,666
Grants, Subsidies and Contributions (operating purpose)	6,395,476	7,346,225	7,243,053	7,385,330	7,536,780	7,692,017	7,851,135	8,014,231	8,181,404	8,352,756
Investment Receipts	38,832	23,223	21,209	19,845	18,826	17,507	14,189	14,121	14,121	14,121
Reimbursements	99,653	93,607	95,952	98,351	100,810	103,330	105,913	108,561	111,275	114,057
Other Revenue	48,609	36,213	37,417	38,818	39,642	40,719	41,695	42,780	43,826	44,920
Payments:										
Payments to Employees	(11,769,494)	(12,247,483)	(12,538,127)	(12,826,545)	(13,121,494)	(13,423,238)	(13,731,933)	(14,047,739)	(14,370,820)	(14,701,345)
Payments for Materials, Contracts & Other Expenses	(13,462,392)	(11,956,995)	(11,742,653)	(12,004,614)	(12,304,229)	(12,668,821)	(12,930,633)	(13,248,772)	(13,579,491)	(13,983,382)
Finance Payments	(431,607)	(352,280)	(314,209)	(303,923)	(298,664)	(295,893)	(291,641)	(278,121)	(268,822)	(254,195)
Net Cash provided (or used in) Operating Activities	4,756,729	7,971,718	8,626,225	8,980,808	9,230,472	9,412,658	9,637,910	9,969,077	10,250,558	10,467,327
Cash Flows from Investing Activities										
Receipts:										
Amounts Received Specifically for New/Upgraded Assets	936,659	666,437	32,104	16,651	16,651	16,651	418	-	-	-
Grants utilised for capital purposes	1,159,647	565,499	299,267	414,122	233,849	220,399	139,674	127,115	67,911	1,666
Sale of Replaced Assets	637,666	476,517	531,586	222,033	212,834	218,809	444,032	381,555	391,094	400,872
Sale of Surplus Assets	-	-	-	-	-	-	-	-	-	-
Repayments of Loans by Community Groups	36,000	38,000	42,000	21,000	21,000	21,500	21,500	21,500	15,000	-
Payments:										
Expenditure on Renewal/Replacement of Assets	(10,209,019)	(8,610,723)	(9,559,584)	(9,520,788)	(8,605,896)	(9,891,108)	(9,235,535)	(10,389,905)	(10,538,784)	(10,459,190)
Expenditure on New/Upgraded Assets	(1,272,468)	(1,082,480)	-	-	(1,090,317)	-	(910,970)	-	-	-
Loans Made to Community Groups	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(8,711,515)	(7,946,750)	(8,654,627)	(8,846,982)	(9,211,879)	(9,413,749)	(9,540,882)	(9,859,735)	(10,064,779)	(10,056,652)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from CAD	7,010,628	307,846	373,806	50,965	173,406	200,594	110,286	-	-	-
Proceeds from Borrowings	-	-	-	-	-	-	-	-	-	-
Payments:										
Repayments of CAD	-	-	-	-	-	-	-	(90,113)	(165,468)	(393,744)
Repayments of Borrowings	(5,320,696)	(332,814)	(345,404)	(184,791)	(191,999)	(199,503)	(207,315)	(19,229)	(20,311)	(16,931)
Net Cash Flow provided (used in) Financing Activities	1,689,932	(24,968)	28,402	(133,826)	(18,593)	1,091	(97,029)	(109,342)	(185,779)	(410,675)
Net Increase/(Decrease) in Cash & Cash Equivalents	(2,264,854)	-	-	-	-	-	-	-	-	-
plus: Cash & Cash Equivalents - beginning of year	2,414,854	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Cash & Cash Equivalents - end of the year	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Cash & Cash Equivalents - end of the year	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Investments - end of the year	-	-	-	-	-	-	-	-	-	-
Cash, Cash Equivalents & Investments - end of the year	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000

Mid Murray Council

10 Year Financial Plan for the Years ending 30 June 2035

STATEMENT OF CHANGES IN EQUITY - GENERAL FUND

Scenario: V3 Adopted Adv June25 Fags in 24/

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening Balance	166,647,196	166,370,323	167,665,507	168,436,702	169,453,558	170,307,588	171,114,610	171,822,968	172,642,205	173,437,436
Net Surplus / (Deficit) for Year	(276,873)	1,295,184	771,195	1,016,856	854,029	807,023	708,358	819,237	795,231	702,246
Other Comprehensive Income										
- Gain (Loss) on Revaluation of I,PP&E	-	-	-	-	-	-	-	-	-	-
- Available for Sale Financial Instruments: change in fa	-	-	-	-	-	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	-	-	-	-	-	-	-	-	-	-
- Transfer to Accumulated Surplus on Sale of I,PP&E	-	-	-	-	-	-	-	-	-	-
- Transfer to Acc. Surplus on Sale of AFS Financial Ins	-	-	-	-	-	-	-	-	-	-
- Share of OCI - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
- Other Equity Adjustments - Equity Accounted Council	-	-	-	-	-	-	-	-	-	-
- Other Movements	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	(276,873)	1,295,184	771,195	1,016,856	854,029	807,023	708,358	819,237	795,231	702,246
Transfers between Equity	-	-	-	-	-	-	-	-	-	-
Equity - Balance at end of the reporting period	166,370,323	167,665,507	168,436,702	169,453,558	170,307,588	171,114,610	171,822,968	172,642,205	173,437,436	174,139,681

Mid Murray Council
10 Year Financial Plan for the Years ending 30 June 2035
UNIFORM PRESENTATION OF FINANCES - GENERAL FU

Scenario: V3 Adopted Adv June25 Fags in 24/25 FinSusta	2025/26 \$	2026/27 \$	2027/28 \$	2028/29 \$	2029/30 \$	2030/31 \$	2031/32 \$	2032/33 \$	2033/34 \$	2034/35 \$
Income										
Rates	22,112,991	23,222,873	23,905,072	24,607,544	25,229,188	25,866,738	26,434,237	27,191,211	27,878,987	28,584,376
Statutory Charges	486,495	499,445	511,931	524,730	537,848	551,294	565,076	579,203	593,683	608,526
User Charges	1,434,358	1,471,685	1,508,477	1,546,189	1,584,844	1,624,465	1,665,077	1,706,704	1,749,371	1,793,106
Grants, Subsidies and Contributions - operating	6,029,033	7,319,322	7,241,127	7,388,972	7,540,514	7,695,844	7,855,057	8,018,251	8,185,525	8,356,980
Grants, Subsidies and Contributions - capital	1,203,869	536,715	293,154	417,236	229,128	220,174	137,601	126,845	66,394	-
Investment Income	36,203	22,955	21,173	19,818	18,806	17,480	14,121	14,121	14,121	14,121
Reimbursements	91,224	93,677	96,019	98,420	100,880	103,402	105,987	108,637	111,353	114,137
Other Income	35,950	36,923	37,846	38,792	39,762	40,756	41,775	42,819	43,889	44,987
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-
Total Income	31,430,123	33,203,595	33,614,800	34,641,700	35,280,969	36,120,153	36,818,932	37,787,791	38,643,323	39,516,231
Expenses										
Employee Costs	11,865,584	12,323,793	12,612,575	12,902,917	13,199,956	13,503,847	13,814,747	14,132,819	14,458,228	14,791,145
Materials, Contracts & Other Expenses	13,143,304	11,866,587	11,735,537	12,028,425	12,328,636	12,698,352	12,951,761	13,275,055	13,606,432	14,016,093
Depreciation, Amortisation & Impairment	7,796,000	8,004,649	8,204,765	8,409,884	8,620,132	8,835,635	9,056,526	9,282,939	9,515,012	9,752,888
Finance Costs	326,385	345,698	307,379	300,268	294,867	291,948	287,541	277,741	268,420	253,860
Net loss - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Total Expenses	33,131,273	32,540,728	32,860,256	33,641,495	34,443,591	35,329,781	36,110,574	36,968,554	37,848,093	38,813,986
Operating Surplus / (Deficit)	(1,701,150)	662,867	754,544	1,000,205	837,378	790,372	708,358	819,237	795,231	702,246
Timing adjustment for grant revenue (FAG's/Disaster Recovery Funding)	2,477,387	-	-	-	-	-	-	-	-	-
Less: Grants, subsidies and contributions – Capital	(1,203,869)	(536,715)	(293,154)	(417,236)	(229,128)	(220,174)	(137,601)	(126,845)	(66,394)	-
Adjusted Operating Surplus / (Deficit)	(427,632)	126,152	461,390	582,969	608,250	570,198	570,757	692,392	728,837	702,246
Net Outlays on Existing Assets										
Capital Expenditure on Renewal and Replacement of Existing As	(10,209,019)	(8,610,723)	(9,559,584)	(9,520,788)	(8,605,896)	(9,891,108)	(9,235,535)	(10,389,905)	(10,538,784)	(10,459,190)
Finance Lease payments for Right of Use Assets	-	-	-	-	-	-	-	-	-	-
add back Depreciation, Amortisation and Impairment	7,796,000	8,004,649	8,204,765	8,409,884	8,620,132	8,835,635	9,056,526	9,282,939	9,515,012	9,752,888
add back Grants, subsidies and contributions – Capital Renewal	1,203,869	536,715	293,154	417,236	229,128	220,174	137,601	126,845	66,394	-
add back Proceeds from Sale of Replaced Assets	637,666	476,517	531,586	222,033	212,834	218,809	444,032	381,555	391,094	400,872
Total Net Outlays on Existing Assets	(571,484)	407,158	(530,079)	(471,635)	456,198	(616,490)	402,624	(598,566)	(566,284)	(305,430)
Net Outlays on New and Upgraded Assets										
Capital Expenditure on New and Upgraded Assets										
(including Investment Property & Real Estate Developments)	(1,272,468)	(1,082,480)	-	-	(1,090,317)	-	(910,970)	-	-	-
Finance lease payments for Right of Use Assets	-	-	-	-	-	-	-	-	-	-
add back Grants, subsidies and contributions – Capital New/Upg	-	-	-	-	-	-	-	-	-	-
add back Amounts Received Specifically for New and Upgraded	936,659	666,437	32,104	16,651	16,651	16,651	418	-	-	-
add back Proceeds from Sale of Surplus Assets	-	-	-	-	-	-	-	-	-	-
(including Investment Property, Real Estate Developments & non-current assets held for sale)	-	-	-	-	-	-	-	-	-	-
Total Net Outlays on New and Upgraded Assets	(335,809)	(416,043)	32,104	16,651	(1,073,666)	16,651	(910,552)	-	-	-
Annual Net Impact to Financing Activities (surplus / (deficit))	(1,334,925)	117,268	(36,585)	127,986	(9,218)	(29,641)	62,828	93,826	162,553	396,815

APPENDIX - COST CAPACITY INDICATORS

Introduction

Ultimately, Council budgets must be set in the context of a Council's Strategic Management Plan, community consultation, and decisions about the required level of services each year. However, in estimating costs and the impact on communities, various indicators may assist Council in making informed decisions.

Ratepayer capacity

It has been noted that Councils have ratepayers of three broad types:

- individual salary earners;
- businesses, primary producers and non-profit organisations; and
- those on some form of government benefit payments.

Different indicators may assist Councils in making judgements regarding capacities of those in each group. This may assist in judgements regarding the adoption of the budget and the overall level of rates revenue, as well as mechanisms which deal with the distribution of rates among ratepayers (including such options as differentials, caps, rebates and remissions). It must also be remembered that the actual changes in capacity in such groups will vary across the State, as will the proportion of each group within each Council area.

Average Weekly Earnings

In most Council areas, Average Weekly Earnings will be the most relevant indicator in terms of understanding the capacity of the majority of ratepayers. This is not a perfect indicator for this purpose. For example, it does not factor in the accumulation of wealth that can occur in various structures such as partnerships, companies and family trusts.

State Government Budget

The State Government Budget indicates another example in relation to variations of pricing policies whereby the annual indexation of fees and charges (revenue) is set to reflecting the average increase in the cost of providing the relevant services (www.statebudget.sa.gov.au). We understand that this figure is established by incorporating a weighting for CPI and a weighting for salary movements reflecting the major cost factor in provision of State services.

Consumer Price Index (CPI)

The CPI measures quarterly historic changes in the cost of a typical metropolitan household 'basket' of goods and services, including a wide range of goods and services in eleven categories; food, alcohol & tobacco, clothing & footwear, housing, household contents and services, health, transport, communication, recreation, education and financial & insurance services (further information on the CPI is available on the ABS website <http://www.abs.gov.au/>).

Most government personal benefit payments are linked to CPI and a significant number of ratepayers are on such benefits. This proportion will vary from Council to Council. Again, CPI is not a complete measure of the capacity of this group as it does not take into account other benefits (e.g. additional State electricity concessions) and the fact that some benefit recipients receive other income and may be affected by changes to income tax rates. While it is relevant to the capacity of some ratepayers and the cost of living it is not an accurate reflection of changes to items relevant to Council expenditure.

Local Government Price Index (LGPI)

Unlike most households, local Councils spend a large proportion of their budgets on road construction materials; other construction costs (e.g. drains, environmental projects, footpaths, etc.); salaries for staff who provide services; contractors (such as for recycling and waste management), and on governance/administration. The prices of these items move in different ways to how average household prices move and this will be reflected in Council budgets, along with changes in standards, efficiency gains, and expansion of services, cuts in services, new services and major projects.

The LGPI is a reliable and independent measure of the inflationary effect on price changes in the South Australian Local Government sector it is prepared and updated on a quarterly basis by the South Australian Centre for Economic Studies. The index is similar in nature to the Consumer Price Index (CPI), however it represents the movements of prices associated with the goods and services consumed by local government in South Australia as opposed to the basket of goods and services consumed by the 'average metropolitan household'. Unlike the CPI, the LGPI is not an "official" ABS publication (the LGPI was prepared by the ABS up to the December quarter 2008).

The South Australian Local Government Financial Management Group commissioned the Australian Bureau of Statistics (ABS) to develop the LGPI as an independent and reliable measure of price movements faced by Local Government in South Australia. The lack of relevance of CPI (which is a measure of household costs) as an indicator of changes of Council costs has been noted by many in the sector over a number of years. Despite the CPI not being relevant for the Local Government sector, many ratepayers and the media continue to use the CPI as a reference point when evaluating Council rate rises.

What is it?

The LGPI provides Councils with a useful reference regarding the inflationary effect of price changes of goods and services consumed by Local Government. The index reflects, over time, the movement in prices for a number of cost components as well as the aggregate spend on these components. The index includes both operating and capital expenditure on a state average basis.

The model which is used to generate the LGPI can function at two levels:

1. Providing indexes for the whole Local Government sector, based on aggregated annual financial data provided by the SA Local Government Grants Commission, and commodity weights determined from a survey of SA councils conducted by the SA Local Government Financial Management Group.
2. Providing indexes for individual Councils based on their financial data (both annual and quarterly expenses), and the commodity weights determined from the councils' spending patterns.

The LGPI should be treated as one of the many items referenced when developing annual budgets. The LGPI is a better reflection (compared to the CPI) of the changing cost (or price) of the inputs used by councils to deliver services. The LGPI is a valuable tool for Councils, the LGA and the sector as a whole and maybe a useful reference in a number of situations. For example, it would/could be relevant when:

1. Preparing annual budgets and developing long-term financial plans;
2. Undertaking cost/benefit analysis on various projects;
3. Seeking better funding from state/federal governments;
4. Assisting with explaining to ratepayers (and the media) one of the reasons why Council rates have moved in different ways to CPI increases; and
5. Analysing the underlying trend in past expenditure levels and thereby better forecasting the future cost of goods and services purchased by the sector.

It is important to note that the ABS price indexes used in the model are estimates, based on a sample of goods and services from a sample of retailers, wholesalers and employing organisations. Therefore, the Local Government Price Indexes which are calculated using ABS price indexes are also estimates.

What it is not?

The LGPI is not an official ABS publication and should not be used for contract fixing purposes. The LGPI does not represent a quasi-indication of how Council rates should change in any given year. Ultimately, Council budgets (and rates) must be set in the context of a Council's Strategic Management Plan, community consultation, and decisions about the level of services and revenue required each year.

The LGPI addresses only changes in the costs of existing services and does not address issues such as required changes in standards (for example the requirements of the Disability Discrimination Act to upgrade access to buildings). It also does not address needs for improved infrastructure maintenance, infrastructure backlogs, expansion of existing services (e.g. growth in the number of food premises requiring more food safety inspections which are only partly covered by fees) or new services or major projects. Equally it does not address efficiency gains or cuts to services.

When assessing the impact on communities and their capacity to pay Council rates, it is useful to refer to the various other indicators.

How is the LGPI calculated?

The LGPI is calculated using a model developed by the ABS. Data sources for the model includes:

Local Government Grants Commission – Aggregated expenditure data
Australian Bureau of Statistics – Price Indexes

SA Local Government Finance Managers Group – Weights

The LGPI is compiled from a set, or a basket, of commodities (goods and services) that is deemed to be representative of the major spending categories of SA Councils. These commodities are weighted according to their relative contributions to the total spending on goods and services. The basket of commodities and their weights are said to reflect the spending behaviour for a given period. While the basket of commodities is open to variation by the owners of the model, the weights will be measured each year, (commencing 2006/07), from data supplied by councils in the LGPI form of the Local Government Grants Commission's Supplementary Data to the Financial Statements forms. The weights are calculated automatically in the LGPI model when the supplementary data is included.

From these weights, and from price indexes published by the ABS, a chained Laspeyres method is used to calculate price indexes for each commodity, and more importantly for total current expenditure, total capital expenditure, and total expenditure. The latter three are usually referred to as LGPI. The measure of the impact of commodity price changes is then expressed as a percentage change for the period of interest.

Thus the LGPI provide a guide to the change in expenditure that would arise from the effects of price changes only, with spending behaviour remaining constant. In other words, if Council's spending behaviour was exactly the same as for the previous period, how much extra would it cost due to price rises.

The cost components included in the model are: -

Operating:

- Salaries: & Wages
- Superannuation
- Contractual Services (Excluding Waste Management)
- Waste Management
- Electricity
- Gas
- Water & Sewage
- Fuel
- Motor Vehicle Expenses
- Printing, publishing & recorded media
- Other Operating Expenses

- Insurance
- Property Expenses
- Consultancy Expenses, and
- Telecommunications Expenses

Capital:

- Construction of Buildings
- Construction of Infrastructure
- Purchase of Plant & Equipment

In the Rates Oversight Local Advice report received in February 2023, ESCOSA recognised that Mid Murray Council was using a quasi efficiency levy by using CPI rather than LGPI in the forward projections of expenditure in the LTFP forecasts.

Annual Local Government Price Index (LGPI), Expenditure Components vs. CPI

<u>Year</u>	<u>SA LGPI %</u>	<u>Adelaide CPI %</u>	<u>LGPI vs.CPI</u>
2001/02	2.9	2.7	0.2
2002/03	4	4	0
2003/04	4.3	3	1.3
2004/05	3.1	2.4	0.7
2005/06	3.5	3.1	0.4
2006/07	3.9	2.6	1.3
2007/08	3.8	3.3	0.5
2008/09	4.5	3.2	1.3
2009/10	2.8	2.2	0.6
2010/11	3.5	3.2	0.3
2011/12	3.7	2.6	1.1
2012/13	2.8	2	0.8
2013/14	2.3	2.6	-0.3
2014/15	1.7	1.6	0.1
2015/16	0.9	0.9	0
2016/17	1.8	1.5	0.3
2017/18	2.9	2.3	0.6
2018/19	2.6	1.5	1.1
2019/20	1.4	1.8	-0.4
2020/21	0.4	1.5	-1.1
2021/22	4.1	6.4	-2.3
2022/23	6.5	7.9	-1.4
2023/24	4.4	4.5	-0.1
Average	3.1	2.9	0.2

Figures sourced from <https://www.adelaide.edu.au/saces/economy/lgpi/>