

Long Term Financial Plan 2026/27 – 2035/36



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 2026/27 to 2035/36. The basis of the LTFP is consistent with the Financial Statements at 30 June 2025 and the forecasted financial results to 30 June 2026, along with the *2026/27 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* (AMP) projections for new, upgraded and renewal of assets for the next 10 years. It is expected that the Land, Building and other Structures AMP (following the revaluation with an effective date 1 July 2024) will be presented to Council for adoption in the near future, once this occurs the LTFP will incorporate the updated required Capital Renewal forecast. In the meanwhile estimates have been included based on the Land, Building and other Structures AMP that was adopted on the 12 April 2022. 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 predicts that surplus operating results will occur throughout the ten years 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 place a financial strain to maintain and replace in a timely manner. 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.

Now the LTFP has the characteristics of continually being sustainable, the Council can move into the phase of planning and implementing infrastructure improvement. In reviewing the Asset Management Plans the Stormwater AMP specifies \$7.4million (or \$8.9m indexed) of improvements that have now been incorporated. Into the LTFP. An amount of \$1.7m (or \$2.1m indexed) is in relation to the Horwood Bagshaw Subdivision Development that the Council is committed by an agreement to finance. The balance of the stormwater expenditure includes a number of master plans and detail designs to be completed, followed by works to be undertaken. The River Structure AMP also has \$190,000 (or \$210k indexed) of enhancements across four locations.

To facilitate additional planning, provide additional capacity to deliver services, or obtain capital grant funding that requires a Council contribution \$2.75million of operating expenditure has been included across years 5 to 10 (\$250k in 2030/31 & \$500k in years 2031/32 to 2035/36), This now enables the Council to reinvest into planning and improving assets that previously were unaffordable commencing with performing stormwater and river structure asset upgrades.

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 aims for Council to operate in an operating surplus as previously outlined in earlier plans. The Net Financial Liabilities Ratio is projected to peak at 18% in 2026/27 (with borrowings of \$6.3m), and reducing down in year 10 with no borrowings.

Council is projected to have an average asset renewal ratio of 104% over the 10-year LTFP, as Council catches up on a backlog of asset renewal. Ideally the asset renewal 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 95% to 115%, with both of these being satisfied within the present LTFP. During the 10-year period Council will have the financial capacity to deal with the previous capital renewal backlog and with planning will have the capacity to commence investing into new community and infrastructure assets.

The key challenges arising from within this LTFP are:

- challenging and volatile world economic environment with the conflict in the Middle East
- 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 ongoing improvements of the financial sustainability of Council operations.

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 2026/27 Financial Year; and
- the Financial Indicators used in the LTFP.

I advise that, over the term of this LTFP, being 2026/27 to 2035/36:

- Council's Operating Surplus Ratio will overall improve from 1.5% Surplus in year 1, to 6.1% in year 10, and averaging a 4.7% Surplus over the 10 years;
- Council's Adjusted Operating Surplus Ratio will improve from 0.7% Surplus in year 1, to 6.1% Surplus in years 10, averaging a 4.75% Surplus over the 10 years;
- The Net Financial Liabilities Ratio will improve from 18% to no net debt in year 10;
- The Asset Renewal Funding Ratio will average 104% over the 10 years;
- Council expects to meet its financial targets each year;
- 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 is 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. The adjusted surplus ratio indicates the true underlying surplus of the Council.

This position can be maintained while Council continues fund the existing services by raising sufficient rates, and not by not extending the present asset base or increasing the present service levels, without additional funding.

Amendments from the Public Consultation Version

10 Year Financial Plan for the Years ending 30 June 2035

UNIFORM PRESENTATION OF FINANCES

	<u>Change</u> £	<u>Change</u> %	<u>Comment</u>
Rates	(899,881)	(0.3%)	Decrease-Re-indexation of Rates and Service Charges, reduction of General Rate increase of 0.65% in 2026/27
Statutory Charges	(14,473)	(0.2%)	Reduction-Re-indexation & minor income amendment
User Charges	1,446,959	8.3%	Increase-Re-indexation, Adjustment to EV Stations, Standpipes, Mid Murray Heritage & Maritime (including PS Canally)
Grants, Subsidies and Contributions - operating	2,027,028	2.5%	Increase-Indexation of Roads to Recovery & Supplementary Roads through the 10 years in 2026/27 Regional Precincts & Partnership Program \$1m (unspent from 2025/26).
Grants, Subsidies and Contributions - capital	(252,565)	(27.2%)	Decrease-Re-indexation, adjust nominal amount expected for CWMS Capital call (Upgrade)
Investment Income	110,801	19.1%	Increase-Recalculation on new Interest rate assumptions and
Reimbursements	(107,143)	(8.2%)	Decrease-Re-indexation, remove once off Developers Reimb. & CWMS Connection Applications
Other Income	68,668	3.3%	Increase-Re-indexation, remove general insurance & Workers Comp Claims, additional Mid Murray Heritage & Maritime income.
Total Income	2,379,395	0.6%	Net Increase (As Above)
Expenses			
Employee Costs	(5,665,605)	(3.8%)	Decrease-Reduce positions in base year, tfer expenses for any covered by Contractors, amend outside workforce wages as per Enterprise Agreement
Materials, Contracts & Other Expenses	(339,389)	(0.3%)	Decrease-Re-indexation, remove expenditure that was previously
Depreciation, Amortisation & Impairment	(780,258)	(0.8%)	Decrease-Re-indexation, amendment depreciation based on latest 2025/26 forecast
Finance Costs	(98,429)	(5.7%)	Recalculation on new Interest rate assumptions and balances
Total Expenses	(6,883,681)	(1.8%)	Net Decrease (As Above)
Operating Surplus / (Deficit)	9,263,075	101.5%	Improvement (As Above)
Timing adjustment for grant revenue (FAG's/Disaster Recovery Funding)	-	0.0%	Nil-Advance Financial Assistance Grant June 2026, not included in March 2026 Budget Review and adjustment not made in 2026/27. Overall there will be no change to the Adjusted Operating Surplus or the Net Financial Liabilities at 30 June 2027. These changes to be incorporated in September 2026 Budget Review with EOFY Balance
Less: Grants, subsidies and contributions – Capital	252,565	(27.2%)	Decrease-New forecasted amounts of possible CWMS Capital Calls due to lack of sufficient CWMS scheme funds.
Adjusted Operating Surplus / (Deficit)	9,515,640	116.0%	(As Above)
Net Outlays on Existing Assets			
Capital Expenditure on Renewal and Replacement of Existing Assets	(584,852)	0.6%	Increase-Re-Phasing of Building & Other Structure & correct Major Plant projections. Incorporation of New/Upgrade Capital Expenditure of Stormwater & River Structures AMP's rather than unstipulated New/Upgrade Capital in future years.
add back Depreciation, Amortisation and Impairment	(780,258)	(0.8%)	Decrease-Re-indexation, amend estimated for 2026/27 based on
add back Grants, subsidies and contributions – Capital Renewal	(252,565)	(27.2%)	Decrease-Reduce estimates of CWMS Capital Calls due to lack of sufficient CWMS scheme funds.
add back Proceeds from Sale of Replaced Assets	(28,194)	(0.6%)	Decrease-Re-indexation, minor corrections to sale of Major Plant
Total Net Outlays on Existing Assets	(1,645,869)	270.6%	(As Above)
Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets (Including Investment Property & Real Estate Developments)	(7,815,046)	99.6%	Increase-Incorporation of New/Upgrade Capital Expenditure of Stormwater & River Structures AMP's. Inclusion of Swan Reach Boat Ramp \$4.5m. Recalculation of CWMS New/Upgraded Assets.
add back Amounts Received Specifically for New and Upgraded Assets	5,229,036	721.0%	Increase-Inclusion of Swan Reach Boat Ramp \$4.2m, Play our Way (\$not to be disclosed) & Cwms Contributions on new/Upgraded
Total Net Outlays on New and Upgraded Assets	(2,586,010)	36.3%	(As Above)
Annual Net Impact to Financing Activities (surplus/(deficit))	5,283,762	1113.7%	(As Above)

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 2026 was 4.6%, and the 2026/27 budget was prepared with an estimated CPI increase of 2.4% in line with the Reserve Bank May 2026 forecasts. When preparing the forecasts of the LTFP each individual type of expenditure is considered independently (not simply increases by a single index). On an average over the past twenty three (23) years the LGPI has been 0.3% 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. In addition the Council does not increment operating expenditure by new development that is forecasted to be 0.5% in years 2 to 10 (this normally tracks very closely to population growth), the only instance is where there is a direct impact such as roadside collection of waste services..

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) \$5,495,295 (2025/26 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, and in June 2026, \$4,707,203 was received in advance. Receiving advance payments has a favourable impact on reducing interest on borrowings it is assumed that no future Financial Assistance Grant payments will be received in advance throughout the plan.

Roads to Recovery – \$5,840,155 (2024/25 to 2028/29 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 past actual and expected future allocations for Council are as follows:

2024/25 - \$ 862,750 - Paid
2025/26 - \$ 500,000 - Paid
2026/27 - \$1,007,439 - Budgeted
2027/28 - \$1,734,983 - Budgeted
2028/29 - \$1,734,983 - Budgeted

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. It has been assumed that in the future years (2029/30 on wards) an amount of \$1,581,715 (indexed annually) will be received.

Supplementary Road Grant – \$325,682 (Actual 2025/26)

It is assumed that these grants will be continually received annually and will be increase by 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 \$23,757 (Actual 2025/26)

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

Any other operating grants are assumed not to be continued.

Non-Recurring Government Grants

Special Local Roads Program Funding

In relation to the sealing construction of roads, in 2026/27 Murraylands Road and Yandiah Road grant income of \$615,666 is expected to be received (Project cost \$923,500), with no additional future funding.

General Rates

General rate increases have been calculated to achieve a forecasted operating surplus in 2026/27, with a ongoing surplus throughout the 10-year plan. For existing properties in the first year of the plan an increase of forecast CPI plus 0.5% sustainability totalling 2.9%. In future years the rate increases have been calculated at estimated CPI, being 2.5% in 2027/28, with no additional sustainability levy. In addition, an estimated 0.5% increase of rates income annually will be generated from new developments, with the exception of 2026/27 which has been set at 1.0%.

General Rates	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Forecast CPI	2.40%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Plus Sustainability	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Adjustment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Increase to existing Properties	2.90%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Plus New Development	1.00%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Total General Rates	3.90%	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.

The budget has been prepared to incorporate 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 \$5.4million has been distributed to the appropriate functional areas and various external service areas of Council. The estimated FCA budgeted as an expense to CWMS Scheme is \$348,000 in 2026/27.

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 \$11.8million (indexed to future years value) of capital renewal has been budgeted across the next 10 years, compared to current scheme funds of under \$1million.

Full Cost Attribution is a requirement of current Legislation under Section 11(3) of the *Local Government (Financial Management) Regulations* and as per the recommendations of Council's external auditors commenced to be phased in 2025/26.

With many of Council's CWMS now entering mid-life, the frequency and cost of renewal of capital items will now increase. To ensure the financial sustainability and viability of the schemes, it is important that sufficient funds are raised.

The levied CWMS Annual Service Fee for 2025/26 totalled an amount of \$843,000, or \$454 per connection. In 2026/27, the budgeted operating expenses are estimated to be \$1,440,000, or \$776 per connection, to cover indirect costs/overheads, which indicates a shortfall of \$597,000, or \$322 per connection, prior to considering capital requirements of \$889,000.

Due to the high degree of gifted CWMS assets, the most appropriate method (as per ESCOSA pricing principles) is to recover future asset replacement costs by a renewal annuity. In calculating the future annualised capital charge from the CWMS Asset Management Plan, the next 10 years, being 2026/27- 2035/36, of indexed capital expenditure (incorporating forecasted CPI) totalling \$11.8million is used in an annuity calculation for each individual schemes annual future planned capital expenditure.

Due to the majority of the schemes being mid-life, several schemes have material capital amounts of capital renewal in this next 10-year period. Many of the schemes also have large amounts in either the first year, or several early years, and due to these situations a very high annual annuity capital amount will be calculated in 2026/27 under the new methodology, as a result of the delay of calculating and raising renewal funding in the previous decades.

Due to the combination of now recovering indirect/overhead costs and also calculating a capital charge, the modelling has indicated that the majority of the schemes will require a very high annual fee increase.

As a result, when considering the potential financial strain and the ability for some owners to pay, it was recommended that the increase of the CWMS Annual Service Fee be phased over five (5) years, and that any annual increase should also be capped at \$250.

Overall, with the new methodology, this will result in an average increase of \$190 per connection in 2026/27, being the first of five years of phased increases. Due to Truro and Cowirra Schemes fees already recovering operating costs of the schemes including depreciation, these locations will receive lower increases than the average. For any owners still repaying the Cowirra capital contribution (\$461 annually repayment over 10 years that paying upfront) for the scheme, there will be no increase to this portion of the fee.

During consultation it was noted that the surplus balance of each scheme was not taken into account when performing the annuity calculation, any schemes surplus balance will be used to reduce the annuity capital component of the CWMS Annual Service 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.

The 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.

The Cambrai Landfill site disposal costs per tonne varies greatly based on the volume processed, which causes issues with estimating cost and setting the new years' service charge. In 2026/27 the service fee will be \$250, being an increase of \$7 (2.9%) from \$243 in 2025/26.

General Waste & Collection of Recyclables (2 bin system)

The Collection of Recyclables component for 2026/27 will be \$100, an increase of \$3 (3.1%) from \$97 in 2025/26. Therefore, in 2026/27 the service fee for a two (2) bins will be \$350, being an increase of \$10 (2.9%) from \$340 in 2025/26. In future years the annual increases of the collection service have been estimated to increase by CPI.

Transitional General Waste and Recyclables Collection Service (1 Bin Service for 6 months, 2 Bin Service for 6 months)

The following properties will receive a weekly General Waste Service for a period of six months and then followed by a weekly General Waste Service and a fortnightly Roadside Recycling Service for a period of six months during the financial year ending 30 June 2027 with a service fee of \$300 to residential and primary production properties that have a residential dwelling to the following properties:-

- Mannum Waters Residential development area, Mannum, (excluding Mannum Waters Private Marina) currently with road frontage to; Marina Way, Honeyeater Drive, Rosella Rise, Spoonbill Court;
- With road frontage located on the western side of Belvedere Road, Mannum, from and including rural address number 8 to rural address number 156;
- With road frontage located on the southern side of Ramm Road, Mannum, from and including rural address number 2 to rural address number 159;
- With road frontage located on Magpie Court, Mannum;
- With road frontage located on Ibis Drive, Mannum; and
- With road frontage located on the northern side of Dollard Avenue, Mannum, from and including rural address number 13 to rural address number 137.

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 2026/27 is steady at \$86,368.

Other Service Charges

The Bowhill Multi-Access Television system and Water Supply annual fee has not increased in 2026/27, until a condition rating and a valuation s 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 will continue to improve and return back to pre-flood levels in 2026/27, in addition the PS Canally will commence operations and generate short cruise income form passengers.

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 2026/27 or future 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 2025/26, 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 2026/27 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 (2% increases for 2026/27). The AWU Enterprise agreement has recently been renewed after expiring on the 30 June 2025 and is based on minimum CPI increases capped at 4.5% (4.5% increase for 2026/27). 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.

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 (particularly in the current challenging and volatile world economic environment due to the Iran conflict) and insurance premiums (on average increasing at a greater rate than CPI).

The Council has committed to the upgrade of the Council Corporate software from Synergysoft that was implemented by the Council in the early 2000's after being migrated from an earlier text-based version. The additional financial impact being \$86,969 Annual Licencing & Support, \$275,400 - Software Implementation costs spread over four (4) years and \$160,000 - Internal dedicated resource to assist in data validation/implementation spread over three (3) years.

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%
- 2025/26 4.1%

In total the Council paid around \$380,000 (equal to 1.9% of General Rates) in 2025/26 to the Environmental Protection Authority for Solid Waste Levy, Transfer Station Licenses and 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.

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. In addition the Council has not in past years incremented operating expenditure by new development that is forecasted to be 0.5% in years 2 to 10 (this normally tracks very closely to population growth).

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, the review of the Land, Buildings & Other Structures AMP and associated Capital Expenditure schedules is yet to be completed following the recent revaluation.

The asset management plans the Stormwater AMP specifies \$7.4million (or \$8.9m indexed) of improvements that have now been incorporated into the LTFP. An amount of \$1.7m (or \$2.1m indexed) is in relation to the Horwood Bagshaw Subdivision Development that the Council is commented by an agreement to finance. The balance of the stormwater expenditure includes a number of master plans and detail designs to be completed, followed by works to be undertaken. The River Structure AMP also has \$190,000 (or \$210k indexed) of enhancements across four locations. This now enables the Council to reinvest into planning and improving assets that until now were unaffordable commencing with stormwater and river structure assets.

To facilitate additional planning, provide additional capacity to deliver services, or obtain capital grant funding that requires a Council contribution \$2.75million of operating expenditure has been included across years 5 to 10 (\$250k in 2030/31 & \$500k in years 2031/32 to 2035/36), This now enables the Council to reinvest into planning and improving assets that previously were unaffordable commencing with performing stormwater and river structure asset upgrades.

With the endorsement by Council for the Special Local Program application, the following project costings have been included:

- In relation to the sealing construction of roads, in 2026/27 Murraylands Road and Yandiah Road grant income of \$615,666 is expected to be received (Project cost \$923,500).
- 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.
- 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 LTFP includes depreciation expenditure that either has occurred from an independent revaluation as at 1 July 2025 or from assets that have had a desktop revaluation (indexed by CPI since the last independent revaluation).

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. 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 5.85% (as at 09/07/2026). In forward years the CAD interest has been set at the following levels in the plan:

- 2026/27 & 2027/28 – 6.2%
- 2028/29 – 6.0% and future years 5.75%

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

- 2026/27 & 2027/28 – 5.0%
- 2027/28 – 4.8% plus future years 4.25%

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.

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 2026/27 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 \$5million (average borrowing during the year) equals \$24,900 or equivalent to 0.13% of general rates income. The average balance by fixed interest loans during the year is \$1.4million for 2026/27.

Financial Assistance Grant (FA Grants) Reduction

1% plus/minus of FA Grants in 2026/27 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 \$48,500.

Variation in Operating & Capital Expenditure

1% plus/minus of Operating Expenses (Including Depreciation) \$335,900

1% plus/minus of Capital Expenses \$152,000

Total \$487,900

or equivalent to 2.5% of general rates income

Revaluation of Buildings & Other Structures

The review of the Land, Buildings & Other Structures AMP and associated Capital Expenditure schedules is yet to be completed following the recent revaluation as at 1 July 2025, any additional depreciation expense will then impact the future forecasts of the LTFP.

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.

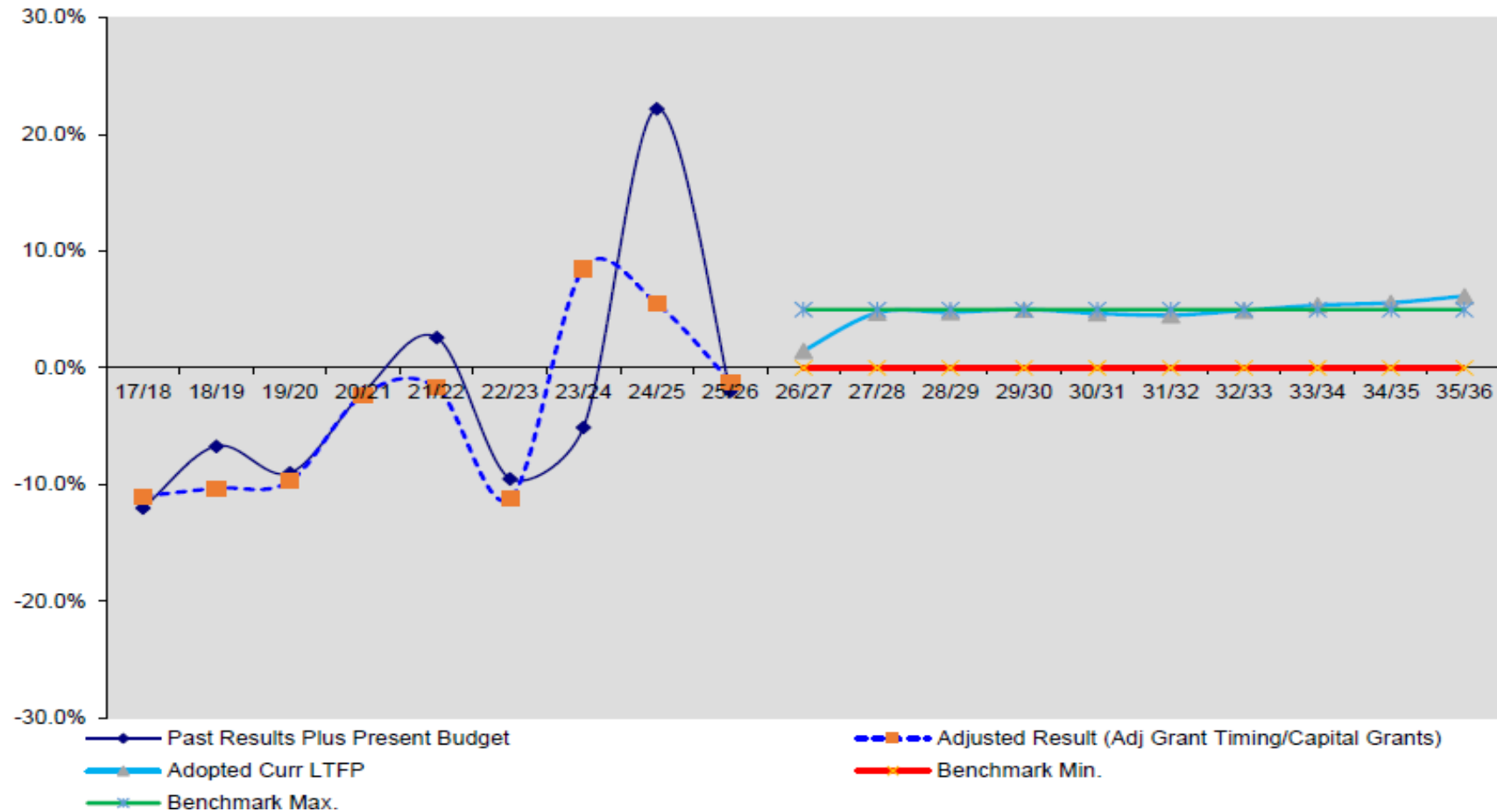
The current Middle East conflict has now made a challenging and volatile world economic environment, and it is expected that there will be a continual impact of price increases throughout the supply chain of goods and services over the medium term. An accurate forecast of the impact is not possible due to there not being an expected date of the end of the conflict.

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:
$$\frac{\text{Operating Surplus (Deficit)}}{\text{Total Operating Revenue}}$$



Adjusted Operating Surplus Ratio - Targets

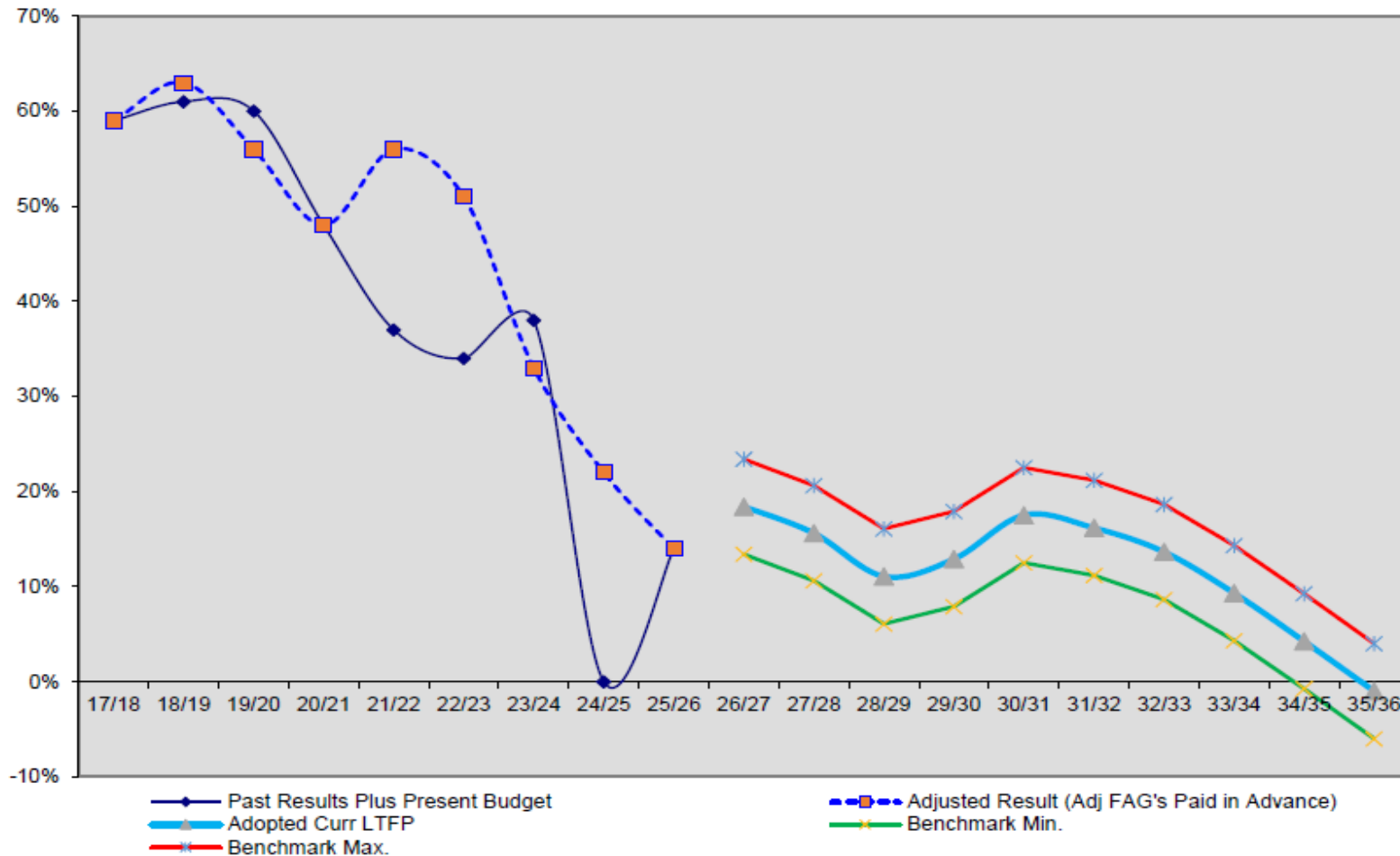
Maintain an adjusted operating surplus for the duration of the LTFP.

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:

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



Adjusted Net Financial Liabilities Ratio - Targets

Maximum Ratio of 18% in 2026/27 Net Financial Liabilities of \$6.2million, total loans of \$6.3million.

Minimum Ratio of 10% in 2035/36 Net Financial Liabilities of \$4.4million, total loans of \$3.5million.

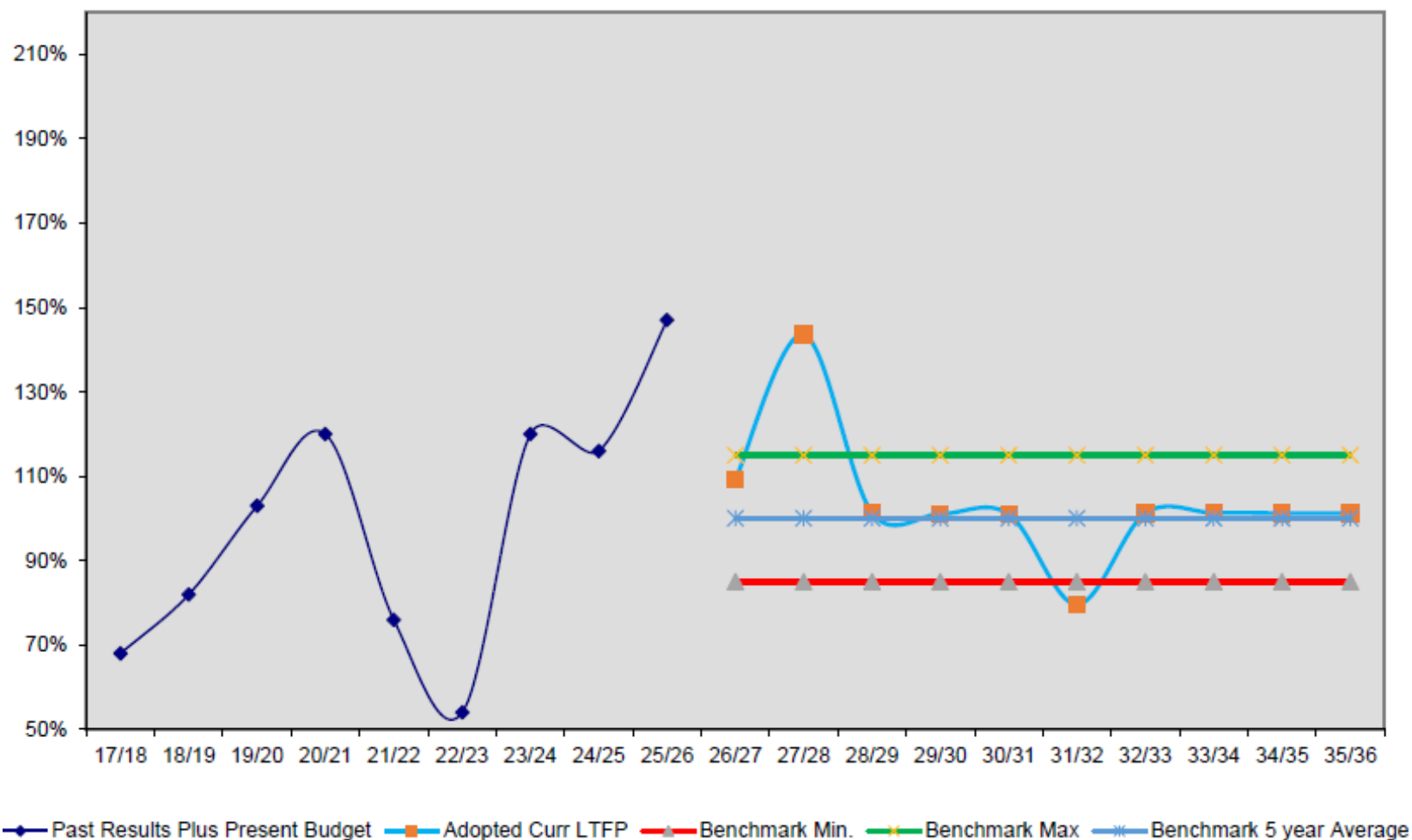
Asset Renewal Funding Ratio

Expressed as a percentage, an approximation to which the infrastructure assets are being replaced as they reach the end of their useful lives.

The indicator is calculated as:

Net Asset Renewals

Total AMP Capital Renewal



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 Groups of Capital Expenditure & Associated Grant Income											
Year Ended 30 June:		2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
		\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Expenditure on New/Upgraded Assets		Cross Ref.									
Sealed Roads Upgrade (Murraylands/Yandiah)	(1)	924									
Stormwater		504	396	479	1,202	1,842	971	1,294	982	615	643
River Facilities		54	110	-	46	-	-	-	-	-	-
CWMS New/Upgrade	(2)	376	423	212	121	239	58	85	226	245	78
Expenditure on Renewal											
Footpaths Renewal		25	-	-	-	-	99	-	-	23	-
Major Plant, Vehicles & Small Plant		1,781	2,157	1,725	2,118	2,570	1,813	2,404	2,028	2,660	2,980
IT Technology		109	111	114	117	120	123	126	129	132	136
WaterCraft (Mid Murray Maritime Committee)		107	64	28	116	77	121	81	75	42	54
Buildings & Structures		3,011	3,103	2,144	4,347	3,620	2,786	2,380	2,439	2,500	2,563
River Facilities		173	89	181	193	145	92	206	173	50	55
Sealed Roads		1,344	1,384	1,257	747	1,297	1,503	415	1,363	1,397	1,432
Unsealed Roads		1,871	2,087	2,197	2,303	2,888	2,271	3,589	2,589	2,654	2,720
Bridges		-	-	18	-	-	110	-	-	33	-
Cambrai Landfill							265				
Stormwater		151									
CWMS Renewal	(2)	524	1,257	1,045	956	837	1,042	1,039	938	1,061	1,081
Funding Grants/Sale of Assets											
Special Local Roads-Sealed Roads Upgrade	(1)	616									
CWMS Capital Contributions		450	554								
FA Grants. Supplementary & R2R		6,997	8,510	8,664	8,033	8,241	8,407	8,576	8,750	8,928	9,110
Summary											
Expenditure on New/Upgraded Assets		1,858	929	691	1,369	2,081	1,029	1,379	1,208	860	721
Expenditure on Renewal		9,096	10,252	8,709	10,897	11,554	10,225	10,240	9,734	10,552	11,021
Gross Capital Expenditure		10,954	11,181	9,400	12,266	13,635	11,254	11,619	10,942	11,412	11,742
Less Associated Grants		8,063	9,064	8,664	8,033	8,241	8,407	8,576	8,750	8,928	9,110
Less Proceeds on Sale of Assets		272	550	292	521	629	240	648	277	758	696
Net Capital Costs After Grants		2,619	1,567	444	3,712	4,765	2,607	2,395	1,915	1,726	1,936

Mid Murray Council

10 Year Financial Plan for the Years ending 30 June 2036

FINANCIAL PERFORMANCE INDICATORS - GENERAL

Scenario: 2026/27 V3.2 2.9%+NewDev1.0%	Projected Years									
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Note 15 Ratios										
Operating Surplus Ratio	1.46%	4.71%	4.77%	5.00%	4.67%	4.51%	4.92%	5.37%	5.57%	6.14%
Adjusted Operating Surplus Ratio	0.70%	3.57%	4.77%	5.00%	4.67%	4.51%	4.92%	5.37%	5.57%	6.14%
Net Financial Liabilities Ratio	18.40%	15.61%	11.08%	12.90%	17.51%	16.17%	13.64%	9.31%	4.25%	-0.99%
Asset Renewal Funding Ratio	109.16%	143.57%	101.33%	101.09%	101.05%	79.65%	101.25%	101.34%	101.27%	101.25%

Mid Murray Council

10 Year Financial Plan for the Years ending 30 June 2036

STATEMENT OF COMPREHENSIVE INCOME - GENERAL FUND

Scenario: 2026/27 V3.2 2.9%+NewDev1.0%

	2026/27	2027/28	2028/29	2029/30	Projected Years					
	\$	\$	\$	\$	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Income										
Rates	23,276,762	24,155,178	25,029,408	25,874,990	26,704,324	27,478,956	28,276,285	29,096,979	29,941,725	30,811,231
Statutory Charges	530,279	543,536	557,124	571,053	585,329	599,962	614,961	630,335	646,094	662,246
User Charges	1,587,787	1,739,282	1,782,764	1,827,333	1,873,016	1,919,842	1,967,838	2,017,034	2,067,460	2,119,146
Grants, Subsidies and Contributions - operating	8,012,225	7,889,889	8,043,761	8,048,213	8,249,418	8,455,654	8,667,045	8,883,721	9,105,814	9,333,459
Grants, Subsidies and Contributions - capital	261,849	414,720	-	-	-	-	-	-	-	-
Investment Income	70,626	62,372	63,931	65,529	67,167	68,847	70,568	72,332	74,140	75,994
Reimbursements	155,003	104,560	107,174	109,853	112,600	115,415	118,300	121,258	124,289	127,396
Other Income	190,216	195,471	200,358	205,367	210,501	215,764	221,158	226,687	232,354	238,163
Total Income	34,084,747	35,105,008	35,784,521	36,702,338	37,802,356	38,854,438	39,936,155	41,048,346	42,191,876	43,367,636
Expenses										
Employee Costs	12,617,238	12,957,904	13,281,851	13,613,898	13,954,245	14,303,101	14,660,679	15,027,196	15,402,876	15,787,948
Materials, Contracts & Other Expenses	12,292,112	11,556,304	11,707,035	11,948,741	12,503,189	12,965,710	13,270,469	13,582,639	13,992,402	14,229,938
Depreciation, Amortisation & Impairment	8,498,216	8,710,672	8,928,438	9,151,649	9,380,441	9,614,952	9,855,325	10,101,709	10,354,251	10,613,108
Finance Costs	179,595	226,779	160,842	152,920	198,954	217,723	185,794	134,486	91,568	71,744
Total Expenses	33,587,161	33,451,658	34,078,167	34,867,208	36,036,829	37,101,486	37,972,267	38,846,029	39,841,097	40,702,738
Operating Surplus / (Deficit)	497,586	1,653,350	1,706,354	1,835,130	1,765,527	1,752,952	1,963,888	2,202,316	2,350,779	2,664,897
Asset Disposal & Fair Value Adjustments	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	4,823,084	1,037,753	-	-	-	-	-	-	-	-
Physical Resources Received Free of Charge	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	5,320,670	2,691,103	1,706,354	1,835,130	1,765,527	1,752,952	1,963,888	2,202,316	2,350,779	2,664,897
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	5,320,670	2,691,103	1,706,354	1,835,130	1,765,527	1,752,952	1,963,888	2,202,316	2,350,779	2,664,897

Mid Murray Council

10 Year Financial Plan for the Years ending 30 June 2036

STATEMENT OF FINANCIAL POSITION - GENERAL FUND

Scenario: 2026/27 V3.2 2.9%+NewDev1.0%

	2026/27	2027/28	2028/29	2029/30	Projected Years					
	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS										
Current Assets										
Cash & Cash Equivalents	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,414,164
Trade & Other Receivables	4,800,203	4,169,777	4,271,184	4,402,797	4,539,437	4,648,601	4,782,192	4,915,159	5,039,040	5,182,879
Inventories	444,022	421,649	427,967	437,267	456,718	473,245	484,721	496,485	511,454	520,909
Total Current Assets	5,394,225	4,741,426	4,849,150	4,990,064	5,146,155	5,271,846	5,416,913	5,561,645	5,700,493	7,117,951
Non-Current Assets										
Financial Assets	224,455	183,062	139,805	98,260	58,464	39,235	18,924	1,992	1,992	1,992
Infrastructure, Property, Plant & Equipment	257,707,951	259,631,668	259,814,216	262,410,386	266,040,589	267,440,590	268,558,672	269,124,532	269,428,838	269,864,135
Intangible Assets	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	260,761,406	262,643,730	262,783,021	265,337,646	268,928,053	270,308,825	271,406,596	271,955,524	272,259,830	272,695,127
TOTAL ASSETS	266,155,631	267,385,157	267,632,171	270,327,710	274,074,209	275,580,672	276,823,509	277,517,168	277,960,323	279,813,078
LIABILITIES										
Current Liabilities										
Cash Advance Debenture	-	-	-	-	-	-	-	-	-	-
Trade & Other Payables	2,397,840	2,298,702	2,333,084	2,381,262	2,476,147	2,557,704	2,618,859	2,681,542	2,759,204	2,812,013
Borrowings	345,404	184,791	191,999	199,503	207,315	19,229	20,311	16,938	-	-
Provisions	2,121,535	2,179,955	2,239,986	2,301,671	2,365,057	2,430,191	2,497,120	2,565,894	2,636,565	2,709,183
Total Current Liabilities	4,864,779	4,663,448	4,765,068	4,882,436	5,048,519	5,007,124	5,136,290	5,264,374	5,395,769	5,521,196
Non-Current Liabilities										
Cash Advance Debenture	5,139,422	4,059,235	2,685,412	3,622,961	5,640,031	5,448,891	4,613,566	2,988,193	943,451	-
Borrowings	840,086	655,295	463,296	263,793	56,478	37,249	16,938	-	-	-
Provisions	601,731	606,462	611,323	616,319	621,452	626,727	632,147	637,716	643,440	649,320
Total Non-Current Liabilities	6,581,238	5,320,992	3,760,032	4,503,072	6,317,961	6,112,866	5,262,651	3,625,910	1,586,891	649,320
TOTAL LIABILITIES	11,446,017	9,984,439	8,525,100	9,385,508	11,366,480	11,119,991	10,398,941	8,890,284	6,982,660	6,170,516
Net Assets	254,709,614	257,400,717	259,107,071	260,942,202	262,707,729	264,460,681	266,424,569	268,626,885	270,977,664	273,642,561
EQUITY										
Accumulated Surplus	42,974,614	45,665,717	47,372,071	49,207,202	50,972,729	52,725,681	54,689,569	56,891,885	59,242,664	61,907,561
Asset Revaluation Reserves	210,812,000	210,812,000	210,812,000	210,812,000	210,812,000	210,812,000	210,812,000	210,812,000	210,812,000	210,812,000
Available for Sale Financial Assets	-	-	-	-	-	-	-	-	-	-
Other Reserves	923,000	923,000	923,000	923,000	923,000	923,000	923,000	923,000	923,000	923,000
Total Equity	254,709,614	257,400,717	259,107,071	260,942,202	262,707,729	264,460,681	266,424,569	268,626,885	270,977,664	273,642,561
Total Loans	6,324,912	4,899,321	3,340,707	4,086,257	5,903,824	5,505,369	4,650,815	3,005,131	943,451	-

Mid Murray Council

10 Year Financial Plan for the Years ending 30 June 2036

STATEMENT OF CHANGES IN EQUITY - GENERAL FUND

Scenario: 2026/27 V3.2 2.9%+NewDev1.0%

	2026/27	2027/28	2028/29	2029/30	Projected Years		2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening Balance	249,388,944	254,709,614	257,400,717	259,107,071	260,942,202	262,707,729	264,460,681	266,424,569	268,626,885	270,977,664		
Net Surplus / (Deficit) for Year	5,320,670	2,691,103	1,706,354	1,835,130	1,765,527	1,752,952	1,963,888	2,202,316	2,350,779	2,664,897		
Other Comprehensive Income												
- Other Movements	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	5,320,670	2,691,103	1,706,354	1,835,130	1,765,527	1,752,952	1,963,888	2,202,316	2,350,779	2,664,897		
Transfers between Equity	-	-	-	-	-	-	-	-	-	-	-	-
Equity - Balance at end of the reporting period	254,709,614	257,400,717	259,107,071	260,942,202	262,707,729	264,460,681	266,424,569	268,626,885	270,977,664	273,642,561		

Mid Murray Council
10 Year Financial Plan for the Years ending 30 June 2036
UNIFORM PRESENTATION OF FINANCES - GENERAL FUND

	Projected Years									
Scenario: 2026/27 V3.2 2.9%+NewDev1.0%	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income										
Rates	23,276,762	24,155,178	25,029,408	25,874,990	26,704,324	27,478,956	28,276,285	29,096,979	29,941,725	30,811,231
Statutory Charges	530,279	543,536	557,124	571,053	585,329	599,962	614,961	630,335	646,094	662,246
User Charges	1,587,787	1,739,282	1,782,764	1,827,333	1,873,016	1,919,842	1,967,838	2,017,034	2,067,460	2,119,146
Grants, Subsidies and Contributions - operating	8,012,225	7,889,889	8,043,761	8,048,213	8,249,418	8,455,654	8,667,045	8,883,721	9,105,814	9,333,459
Grants, Subsidies and Contributions - capital	261,849	414,720	-	-	-	-	-	-	-	-
Investment Income	70,626	62,372	63,931	65,529	67,167	68,847	70,568	72,332	74,140	75,994
Reimbursements	155,003	104,560	107,174	109,853	112,600	115,415	118,300	121,258	124,289	127,396
Other Income	190,216	195,471	200,358	205,367	210,501	215,764	221,158	226,687	232,354	238,163
Total Income	34,084,747	35,105,008	35,784,521	36,702,338	37,802,356	38,854,438	39,936,155	41,048,346	42,191,876	43,367,636
Expenses										
Employee Costs	12,617,238	12,957,904	13,281,851	13,613,898	13,954,245	14,303,101	14,660,679	15,027,196	15,402,876	15,787,948
Materials, Contracts & Other Expenses	12,292,112	11,556,304	11,707,035	11,948,741	12,503,189	12,965,710	13,270,469	13,582,639	13,992,402	14,229,938
Depreciation, Amortisation & Impairment	8,498,216	8,710,672	8,928,438	9,151,649	9,380,441	9,614,952	9,855,325	10,101,709	10,354,251	10,613,108
Finance Costs	179,595	226,779	160,842	152,920	198,954	217,723	185,794	134,486	91,568	71,744
Total Expenses	33,587,161	33,451,658	34,078,167	34,867,208	36,036,829	37,101,486	37,972,267	38,846,029	39,841,097	40,702,738
Operating Surplus / (Deficit)	497,586	1,653,350	1,706,354	1,835,130	1,765,527	1,752,952	1,963,888	2,202,316	2,350,779	2,664,897
Timing adjustment for grant revenue	-	-	-	-	-	-	-	-	-	-
Less: Grants, subsidies and contributions – Capital	(261,849)	(414,720)	-	-	-	-	-	-	-	-
Adjusted Operating Surplus / (Deficit)	235,737	1,238,630	1,706,354	1,835,130	1,765,527	1,752,952	1,963,888	2,202,316	2,350,779	2,664,897
Net Outlays on Existing Assets										
Capital Expenditure on Renewal and Replacement of Existing Assets	(9,810,936)	(10,252,166)	(8,709,672)	(10,896,529)	(11,553,986)	(10,224,115)	(10,239,212)	(9,734,506)	(10,552,838)	(11,019,151)
add back Depreciation, Amortisation and Impairment	8,498,216	8,710,672	8,928,438	9,151,649	9,380,441	9,614,952	9,855,325	10,101,709	10,354,251	10,613,108
add back Grants, subsidies and contributions – Capital Renewal	261,849	414,720	-	-	-	-	-	-	-	-
add back Proceeds from Sale of Replaced Assets	270,336	547,261	289,831	518,176	624,945	238,780	644,352	274,969	753,328	691,786
Total Net Outlays on Existing Assets	(780,535)	(579,513)	508,597	(1,226,704)	(1,548,600)	(370,383)	260,465	642,172	554,741	285,743
Net Outlays on New and Upgraded Assets										
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(5,390,295)	(929,484)	(691,145)	(1,369,466)	(2,081,603)	(1,029,618)	(1,378,547)	(1,208,031)	(859,048)	(721,039)
add back Amounts Received Specifically for New and Upgraded Assets	4,774,831	1,148,944	30,483	-	-	-	-	-	-	-
Total Net Outlays on New and Upgraded Assets	(615,464)	219,460	(660,662)	(1,369,466)	(2,081,603)	(1,029,618)	(1,378,547)	(1,208,031)	(859,048)	(721,039)
Annual Net Impact to Financing Activities (surplus / (deficit))	(1,160,263)	878,577	1,554,290	(761,039)	(1,864,676)	352,951	845,806	1,636,457	2,046,472	2,229,601

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

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	4.2	-0.1
2022/23	6.5	7.9	-1.4
2023/24	4.4	4.9	-0.5
2024/25	2.6	2.4	0.2
Average	3.1	2.8	0.3

Figures sourced from <https://adelaide.edu.au/research/south-australian-centre-for-economic-studies/local-government-price-index/#accordion-a231cf4bf8-item-b6fff46226>