



**NORTHERN AREAS  
COUNCIL**



# **LONG TERM FINANCIAL PLAN**

**2021-22 to 2030-31**

## Executive Summary

Northern Areas Council comprises 3,070 square kilometres and is situated in the heartland of the Southern Flinders Ranges and is serviced by the major towns of Jamestown, Laura, Gladstone, Spalding, and Georgetown. With a population of around 5,000 and rateable properties of around 4,000, Council is responsible for maintaining the community assets worth in excess of \$168 million.

Under Section 122(1a)(a) of the Local Government Act 1999, Council is required to develop and adopt a Long Term Financial Plan (LTFP) for a period of at least 10 years, which forms part of its suite of Strategic Management Plans.

Under Section 122(4)(a) of the Local Government Act 1999, Council must also undertake a review of the LTFP as soon as practicable after adopting the Annual Business Plan each year.

This document has been developed not only to satisfy this requirement, but to assist in determining the financial projections for Council from 2021-22 to 2030-31, based on information available at the time.

The key objective of Council's LTFP is financial sustainability in the medium to long term, while still achieving the objectives detailed in the Strategic Plan.

The Plan has been developed based on a series of assumptions and information available, which includes:

- Council's Strategic Plan (2020-2027)
- Council's Asset Management Plans (AMP)
- Current and future levels of service
- Projected rating strategies
- Various economic measures and forecasts

The following provides a financial overview of the Plan (from 2021-22 to 2030-31);

### LTFP Averages

Rate Increase	2.86%
Rates Growth	0.50%
<b>Total Increase in Revenue from Rates</b>	<b>3.36%</b>

Operating Income	14,045K
Operating Expenses	13,405K
<b>Operating Surplus</b>	<b>\$ 640K</b>
Operating Surplus Ratio	6%
Net Financial Liabilities Ratio	48%
Asset Sustainability Ratio	100%
<b>Total Borrowings</b>	<b>\$1.80M</b>

### LTFP Totals

Capital Replacement Expenditure	\$53.9M
New Capital Expenditure	\$3.0M
<b>Total Capital Expenditure by Year 10 (2030-31)</b>	<b>\$56.9M</b>

## Chief Executive Officer's Report on Financial Sustainability

The review of the Long Term Financial Plan (LTFP) indicates the Council will maintain financial sustainability over the next 10 years with an improvement in some of the financial ratio indicators.

Based on the assumptions listed in this report there will be an operating surplus from the 2022 year through to 2031. The surplus ratio range will be from 3% in 2021 to 9% in 2031. This would indicate there would not be monies available for new services, new capital expenditure, paying off further debt or reducing rates in the short term, but long term there maybe options to increase capital renewal or debt repayment.

Council considered in the 2019/20 Long Term Financial Plan the need to reduce the rate increase (as proposed in previous Long Term Financial Plans) as there was the strong possibility of rate capping being introduced. With rate capping not eventuating at that time Council has considered with the past rate increases and the work carried out to address infrastructure renewal backlogs the rate increase should be left at a lower level of 2.00% plus growth and not at the initial rate set many years ago of 5.5%.

Council's debt profile has been budgeted to be continually reduced over the next 10 years.

To maintain financial sustainability council must continually review the services it provides to the community to ensure the efficiency and effectiveness of the service is achieved. Currently the Senior Management Team is exploring opportunities in current services to improve the efficiencies and effectiveness. Service Level documents are currently being prepared by the Operational Services department that will determine the benchmark level for a number of council services.

The LTFP plan does rely on consistency with Council's Strategic Management Plan and Asset Management Plans.

Strategic Asset Management Plans have now been completed for all areas of council operations. The capital works that have been identified in these Asset Management Plans have been budget costed and transferred in the Long Term Financial Plan values.

Available discretionary monies (monies available for projects at short notice) are almost non-existent and require a degree of discipline from members not to vary from the plan. Only projects that come with substantial grant funding that are outside the plan should be considered, one off new projects should not be considered.

Any new services that council wants to introduce should be fully researched for value, (i.e. does the community really want this service or is it just a lobby group pushing a service) costed, and determine the best way to bring in this service and then referred for financial verification against the Long Term Financial Plan.

If council do want to introduce new projects, a deletion of another project needs to occur to ensure the budget is still balanced. No "off" the floor suggestions should be considered unless of an emergency nature.

## Capital Projects

The Long Term Financial Plan (LTFP) provides for a total capital investment of \$56.9M over the 10 year period, split between Capital Renewal of \$56.9M and New Capital of \$3.0M.

### Capital Renewal Expenditure

Asset management planning processes are on-going and up to date information is incorporated each year as the Asset Management Plans (AMP) are updated.

Council first engaged Moloney Asset Management Systems to provide an Infrastructure AMP (roads, kerbs, footpaths, etc) in 2012. The process involves independent engineers assessing infrastructure assets for current condition, replacement value and remaining life. Over the last four years council has been working towards implementing comprehensive asset management software to capture the condition, remaining life and values of all its infrastructure including reviewing all roads assets. Asset Management Plans for all infrastructure and plant asset classifications were developed and adopted by council through the 2016-17 financial year. These are now due for update and data is being reviewed presently ahead of these updated plans and this is being used to inform the LTFP.

Using projections for asset renewal intervals based on current condition assessments, the value within each asset class of assets that are reaching renewal stage are entered into each year within the LTFP.

A Community Waste Water Management (CWMS) AMP undertaken by Gayler Professional Services was also adopted by Council in late 2016.

Based on the best available information, Council has recently adopted Asset Management Plans for Buildings, Bridges, Stormwater and Public Open Space. As such the LTFP now includes average desired capital spending for these categories to achieve asset renewal over the life of the plan.

Now that the required level of Capital renewal spending is entered into the LTFP from AMPs it then becomes a funding scenario to decide if this level of renewal is affordable. If not, it becomes a prioritisation process and some renewal projects may be shifted out to subsequent years of the LTFP.

In effect Council may decide to set a lower standard of service by renewing capital at a rate lower than required by the AMP

### New Capital

Generally relates to grant funded or community driven projects with minimal Council funding due to Councils priority being focused on maintenance and renewal of existing assets.

New Capital works in 2021-22 include New seals on township unsealed streets (year 5 of 5). It is also expected that major storm water projects, in particular Jamestown Flood Mitigation, will continue to draw on funds from grants and council.



## What is Financial Sustainability?

In 2005, an independent inquiry into the financial sustainability of local government was undertaken by the LGA. Following this inquiry, the following definition was adopted at the LGA's General Meeting held in 2006:

*“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.”*

This definition was subsequently adopted by the Australian Local Government Association at its National Assembly Meeting in December 2006.

In simple terms, the principle of financial sustainability is that each generation ‘pays their way’ for the services and assets that they consume. This is also known as intergenerational equity and occurs when Council records a breakeven operating result (ie. where day to day expenses are equal to day to day income).

Where Council records operating deficits, it means that future generations will be subsidising the current costs of services and will be responsible for addressing the issue of funding the replacement of worn out assets.

## Maintaining Financial Sustainability

This plan maintains financial sustainability, by using the following indicators and targets:

Financial Indicator	Long term Target (to be reviewed)
Operating Surplus Ratio	Between 0% and 10%
Net Financial Liabilities Ratio	Between 0% and 50%
Asset Sustainability Ratio	Between 95% and 105%

The plan also considers the following:

- Maintaining existing service levels;
- Capital replacement should be in accordance with Council’s Asset Management Plans.
- That Council is making gradual improvements towards a financially sustainable operating position.
- New services may only be introduced through a service review process incorporated as part of the annual business planning process;
- New capital assets may only be considered through a justification process and if they form part of an adopted council strategy;

The plan considers economic data from the following sources:

- Australian Bureau Statistics – Consumer Price Index (CPI);
- The Local Government Price Index (LGPI) ;
- Local Government Finance Authority; and
- Reserve Bank of Australia – Interest rate forecasts

Council has a number of other initiatives that help support financial sustainability. These include:



- Service/Function Reviews
- Shared Service opportunities (including Procurement)
- Asset Management Plans
- Treasury Management Policy

## Long Term Financial Plan Assumptions & Comments

The following assumptions have been used in developing the Long Term Financial Plan (LTFP):

- Consistency with Council's Strategic Management Plan and Asset Management Plans
- Consideration of Council's Financial Indicator Targets
- No changes to operating service levels provided by Council
- Use of CPI, LGPI and Interest rate forecasts
- The use of borrowings to fund Infrastructure renewal and one-off Capital projects.
- Borrowing for Plant Replacement ended in 2020/21.
- Supplementary road funding of approx. \$400K was received in June 2019 as an advance payment for 2019/20 and 2020/21. No allowance has been made for future years.
- Ongoing Re-sheeting savings due to removal of State government rubble royalty from 2019/20.
- Increased Information Technology allowances to allow for recommendations of a recent Strategic Information Technology review.
- Increase to planned operational building maintenance.
- Investment income can offset Cash Advance Debenture (CAD) overdraft costs for when cash deficits exist
- Lower than previous rate increases at 2.00% (excluding 0.5% Growth).
- The LTFP is currently reviewed yearly at the beginning of the Annual Business Plan & Budget process.
- Annual review of the LTFP ensures the best available financial information and assumptions are incorporated into the plan. Despite this process there are obviously still risks associated with using estimates.
- The LTFP is also reviewed by the Audit Committee as part of the Annual Business Plan & Budget process.
- Strategic Plan project Capital and Operating allowances totalling 100k per year
- Increased Bridge depreciation as per Asset Management data.

## Key Financial Ratios and Targets

Under the requirements of Regulation 5(c) of the Local Government (Financial Management) Regulations 2011, there is a requirement for the LTFP (as well as the Annual Financial Statements and Budget) to include:

1. an operating surplus ratio,
2. a Net Financial Liabilities ratio and
3. an Asset Sustainability ratio

presented in a manner consistent with the note in the "Model Financial Statements" titled "Financial Indicators".

The Asset Sustainability ratio has changed from previous years. It is now calculated as the net cost of replacing assets compared to the infrastructure and asset management plan required expenditure (since the Model Financial Statements 2014). Previously, the cost of replacing assets was compared to the annual depreciation expense.

Previous versions of the LTFP had continued to include the previous asset sustainability ratio (using annual depreciation) due to AMP's not being finalised.

## Operating Surplus Ratio

The percentage by which income varies from day to day expenses.

A positive ratio indicates the percentage of income available to fund New Capital Expenditure, the provision of new services or to pay down existing debt

A negative ratio for this target indicates the percentage that income would need to increase by to achieve a break even operating result.

### How is this ratio calculated?

$$\frac{A}{B}$$

**A** = Operating Surplus

**B** = Total Operating Income

### What is the LTFP Benchmark?

Between 0% and 10% of Operating Income

### Commentary on Projected Performance

The continued improving trend will still see the Operating Surplus Ratio remain within the target range for the life of the plan.

## Net Financial Liabilities Ratio

How significant the net amount owed by Council is compared with income.

An increase in this ratio indicates that Council requires more of its operating income to fund its financial obligations.

A drop in this ratio indicates that Council's capacity to meet its financial obligations from operating income is strengthening.

### How is this ratio calculated?

$$\frac{A}{B}$$

**A** = Net Financial Liabilities

**B** = Total Operating Income

### What is the LTFP Target?

Between 0% and 50% of Council's annual Operating Income

**Commentary on Projected Performance**

Council’s net financial liabilities will peak at 79% of Council’s annual operating income in 2021-22 before reducing over the remaining life of the Plan as our cash position improves. The cash position improves as old loans are repaid and reliance on loan funding reduces.

**Asset Sustainability Ratio**

Are assets being replaced at the rate they are wearing out?

How is this ratio calculated?

$$\frac{A}{B}$$

A= Net Asset Renewals  
 B = AMP required expenditure

What is the LTFP Target?

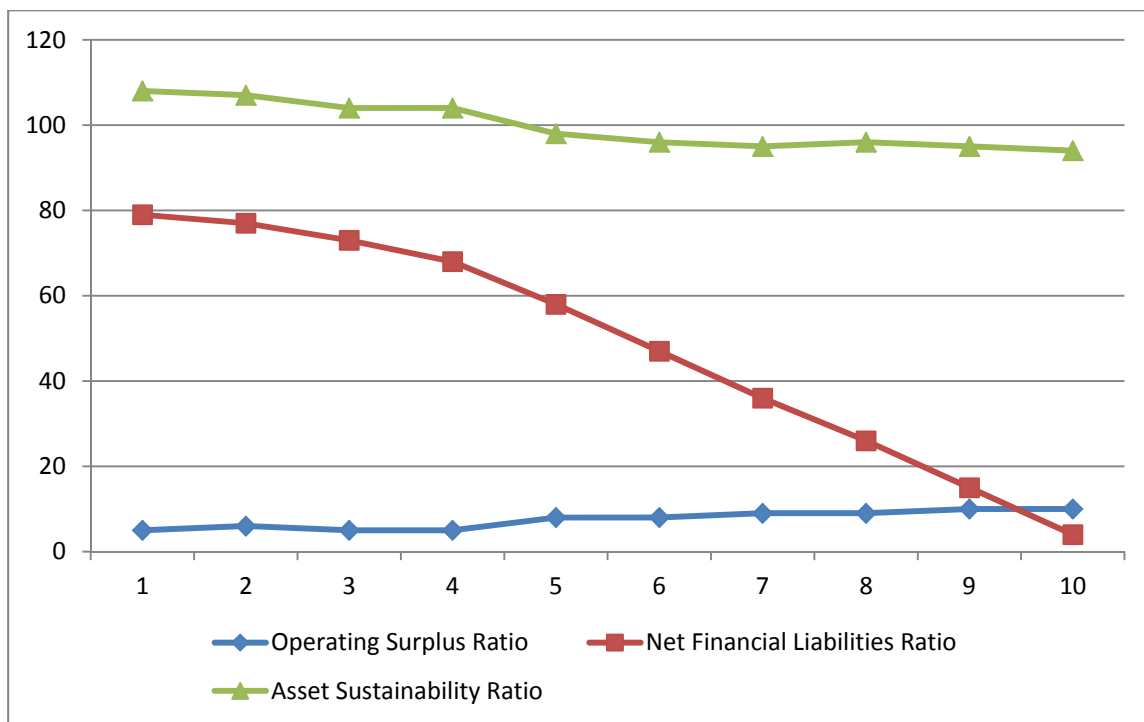
95% to 105% of AMP desired capital spend

**Commentary on Projected Performance**

Expenditure of renewal and replacement of existing assets over the life of the current plan averages 100% which is within the target range. The AMP average desired capital spending totals have been included in the LTFP to provide a realistic picture of the financial position.

The following graph plots the current LTFP 10 year trends of the Ratios listed above.

**Financial Indicators 2021/22 to 2030/31**





## Assumptions Table

Northern Areas Council - Long Term Financial Plan - Assumptions Table										
Year	Financial year	LGPI	CPI	ASU	AWU	CAD	Fixed Loan	Rate Increase	Rate Growth	Total Rate Increase
	2018-19	2.6	1.5	2.5	2.5	3.60	3.75	8.0	0.5	8.5
	2019-20	1.4	1.8	2.5	2.5	3.10	2.5	3.25	0.5	3.75
Base	2020-21	2.0	1.0	2.5	2.5	2.05	2.0	2.60	0.5	3.10
1	2021-22	2.0	2.0	2.5	2.5		3.0	2.00	0.5	2.50
2	2022-23	2.0	2.0	2.5	2.5		4.0	2.00	0.5	2.50
3	2023-24	2.0	2.0	2.5	2.5		4.0	2.00	0.5	2.50
4	2024-25	3.0	3.0	2.5	2.5			2.00	0.5	2.50
5	2025-26	3.0	3.0	2.5	2.5			2.60	0.5	3.10
6	2026-27	3.0	3.0	2.5	2.5			2.60	0.5	3.10
7	2027-28	3.0	3.0	2.5	2.5			2.60	0.5	3.10
8	2028-29	3.0	3.0	2.5	2.5			2.60	0.5	3.10
9	2029-30	3.0	3.0	2.5	2.5			2.60	0.5	3.10
10	2030-31	3.0	3.0	2.5	2.5			2.60	0.5	3.10

## Economic Influences

The Council's LTFP is affected by various external and internal influences for which assumptions have been made.

### External

- Local Government Price Index (1.4% in 19/20)
- Consumer Price Index (Adelaide 12 months to Sep'20 1.0%)
- Natural Resources Management Levy
- Utility costs
- Interest costs
- Workforce planning
- Increased compliance costs through new legislation
- Federal & State Government Policy
- Broader economic environment

### Internal

- Enterprise Bargaining Agreements
- Treasury Management Policy and decisions on borrowings
- Service Improvement Review Projects
- Risk Management
- Asset Sustainability & Service levels
- Increase/decrease in Services

## Overview of Key Assumptions

### Operating Revenue

#### **Rates**

Rate revenue is the Council's main income source. Prudent financial management determines that the income raised must be equivalent to a high percentage of expenses incurred to maintain current services.

In previous years Council considered average rate increases of CPI + 3% necessary to close the gap between Councils average residential rate and the State Country average residential rate. The CPI historic budget figure is 3.0%.

In this LTFP Council has considered an average increase of LGPI which has been calculated in the order of 2.00% to maintain desired services and servicing of its proposed debt.

No adjustment has been made for any transfer of SA Housing Trust properties to housing associations. This process is not expected to significantly impact on Northern Areas Council.

#### **Rates Growth**

Rates Growth over the life of the LTFP has been estimated at 0.5%. This is to take into account new development activity which occurs predominately in the urban zone. In recent years the average number of new dwellings constructed has been approaching 10 per year. In addition there is always various commercial and primary production developments occurring.

#### **Rates – CWMS**

In recent years the annual CWMS separate rate for provision of a Community Waste Water Management Scheme has been increasing by CPI allowance of 3.0%. This is the increase currently factored into the LTFP. An Asset Management Plan for this class of asset was adopted by Council in 2016. Expectations as a result of the Asset Management Plan are that the annual separate rate looks to be adequate at this level.

#### **Rates - Waste**

The annual separate rate for collection and disposal of waste is set at cost recovery levels. It is influenced by EPA waste levies and travel and disposal costs at licensed landfill sites outside of the Council area. The LTFP allows for an annual CPI increase of 3%.

#### **Regional Landscape Levy**

Council acts as a collection agency for the State Government.

Following a 43.5% increase over 4 years from 2016/17 to 2019/20, a decrease of 5% occurred in 2020/21, future year increases assume a 3% rise.

#### **Operating Grants and Subsidies**

Operating Grants and Contributions have been based on current funding levels with a projected increase of CPI, where applicable.

Roads to Recovery grants have been provided in the past as an overall total over 5 years, no annual increase has been assumed within this range. The new programme commenced in 2019/20 with a yearly average of \$407,754.

**Interest Received**

Majority of interest earned is from Community loans, some of which are in turn borrowed from the LGFA when of a larger amount, e.g over \$100K

Any other interest earned will be from short term investments when cash is not required to pay down the cash advance debenture facility.

**Statutory Charges**

Although statutory charges are not within Council control they tend to flow with level of development activity. The charges are determined by other legislation and regulations. An increase in line with CPI has been allowed.

**User Charges**

User charges are for the use of Council facilities or services in a fee for use type arrangement. These have been increased by CPI on the assumption that they should be covering any cost increases.

**All other revenue**

Reimbursements and other revenue increases have been increased by the CPI allowance.

**Drought funding**

No allowances have been made in the LTFP for recently announced drought funding. Any funding received will result in an equal capital expenditure with a net zero cash effect.

**Operating Expenditure**

**Finance Costs**

Interest on existing loans is obtained from the current loan schedule. In addition financing costs of the proposed future loans to fund capital works are estimated at a rate of 3.0% in the short-term and 4.0% in the long-term.

The final component to finance costs relate to any interest charged on the Cash Advance Debenture during times of low cash flow or when variable rate borrowings are preferred by Council.

**Employee Costs**

In the short term employee costs are linked to the current ASU & AWU Enterprise Bargaining Agreements, both which schedule wage increases linked to the Fair Pay Commission national wage increase. Current expectations are around 2.5% per annum.

**Depreciation**

Depreciation has been determined using the Annual Financial Statements which reflect the asset register and recent revaluations. It has been adjusted by CPI on an annual basis to reflect any increase in valuation plus new asset movements.

**Materials, Contracts & Other Expenses**

Materials, Contracts and Other Expenses have generally been tied to CPI to reflect the increased cost of external providers. Certain spend areas including Insurance, Fuel and Waste management are reviewed closely each year as they can tend to vary above CPI levels.

Local Government Election costs have also been factored in every 4 years (next in year 2 of the LTFP).

## **Funding**

### **Capital Grants**

Capital Grants are based on confirmed external funding levels. As a result no capital grants beyond 2025-26 have been assumed.

### **Capital Receipts**

Amounts received for the trade-in of plant and equipment that are due to be replaced.

### **Capital Replacement**

Council's Capital Works program in this draft LTFP have been based on information from Council's AMPs where available. In the case of key buildings such as town halls building inspections have been carried out to identify works required.

Re-sheeting savings have occurred due to the removal of State government rubble royalty from 2019/20.

### **Loans & Borrowings**

Repayment of existing loans is from the current loan schedule.

The LTFP indicates that funding through borrowings is required to meet New seals of \$150K (final year) and \$500K for Infrastructure renewal (Year 3 of 5). Any new capital commitments in the future may also require borrowings.

Council also has LGFA Cash Advance Debenture (CAD) Facilities available to meet unexpected cash flow requirements or for variable borrowings if preferred over a fixed term borrowing.

#### **New Fixed Term Projected Loan Assumptions**

- **Term of Loans** – Usually between 7 to 15 Years depending on expected life of loan purpose (i.e. plant or road re-seals)
- **Payments per Year** - 2
- **Rate of Interest** - 3.00% increasing over 5 Years to 4.00%

Interest rates are currently at historic low rates. Loan funding is therefore an attractive method of funding important or urgent capital works.

The LGFA are currently allowing matching borrowing at special rates as low as 1.45% for successful applications to the current State Government LGIPP grants (Local Government Infrastructure Partnership Program).

### **Amounts Received Specifically for New Assets**

Assumption - No income forecast from Year 5 onwards.

### **Asset Sales**

Currently no inclusions for sale of land or buildings.



**NORTHERN AREAS COUNCIL**  
**BUDGET INCOME STATEMENT**  
**2022/2031**

2020 Actual	2021 Original Budget		21/22 FY	2023	2024	2025	2026	2027	2028	2029	2030	2031
			2022	\$	\$	\$	\$	\$	\$	\$	\$	\$
		<b>INCOME</b>										
8,708,000	8,956,700	Rates	9,216,500	9,421,083	9,648,475	9,880,694	10,168,149	10,481,303	10,804,297	11,137,180	11,480,109	11,833,549
111,000	108,000	Statutory charges	108,000	109,000	111,400	113,600	115,700	119,400	122,900	126,500	130,300	134,200
180,000	181,000	User charges	181,000	183,600	187,500	191,000	194,900	200,700	206,800	212,900	219,300	226,000
2,711,000	2,413,600	Other grants, subsidies and contributions	2,422,900	2,440,500	2,479,000	2,517,800	2,603,945	2,686,260	2,750,164	2,816,213	2,883,801	2,953,431
65,000	83,400	Investment Income	42,500	56,200	53,700	51,600	49,600	47,900	46,300	44,500	43,900	43,700
142,000	265,400	Reimbursements	265,400	265,900	271,500	276,500	282,200	290,700	299,500	308,100	317,400	327,100
340,000	297,600	Other income	298,600	297,500	303,700	309,400	315,900	325,500	335,100	345,000	355,300	365,800
<b>12,257,000</b>	<b>12,305,700</b>	<b>Total Income</b>	<b>12,534,900</b>	<b>12,773,783</b>	<b>13,055,275</b>	<b>13,340,594</b>	<b>13,730,394</b>	<b>14,151,763</b>	<b>14,565,061</b>	<b>14,990,393</b>	<b>15,430,110</b>	<b>15,883,780</b>
		<b>EXPENSES</b>										
3,541,000	3,534,300	Employee costs	3,656,000	3,686,100	3,760,600	3,834,700	3,912,900	4,029,800	4,150,100	4,274,300	4,402,000	4,532,900
3,647,000	3,051,700	Materials, contracts & other expenses	3,122,000	3,166,200	3,314,100	3,393,800	3,281,500	3,438,100	3,532,900	3,650,900	3,731,400	3,833,800
351,000	430,500	Finance costs	409,200	338,000	275,400	241,200	206,900	186,300	158,500	142,700	128,500	117,500
4,867,000	4,919,200	Depreciation, amortisation & impairment	5,047,200	5,201,600	5,359,000	5,511,400	5,656,800	5,799,300	5,938,900	6,073,200	6,207,400	6,339,800
<b>12,406,000</b>	<b>11,935,700</b>	<b>Total Expenses</b>	<b>12,234,400</b>	<b>12,391,900</b>	<b>12,709,100</b>	<b>12,981,100</b>	<b>13,058,100</b>	<b>13,453,500</b>	<b>13,780,400</b>	<b>14,141,100</b>	<b>14,469,300</b>	<b>14,824,000</b>
<b>(149,000)</b>	370,000	<b>OPERATING SURPLUS / (DEFICIT) BEFORE CAPITAL AMOUNTS</b>	300,500	381,883	346,175	359,494	672,294	698,263	784,661	849,293	960,810	1,059,780
81,000	100,000	Net Gain (loss) on disposal or revaluation	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
0	0	Net Gain (loss) - joint ventures & associa	0	0	0	0	0	0	0	0	0	0
140,000	232,100	Amounts received specifically for new or	250,100	200,050	200,050	100,050	100,050	0	0	0	0	0
0	0	Physical resources received free of charge	0	0	0	0	0	0	0	0	0	0
<b>72,000</b>	<b>702,100</b>	<b>NET SURPLUS / (DEFICIT)</b>	<b>650,600</b>	<b>681,933</b>	<b>646,225</b>	<b>559,544</b>	<b>872,344</b>	<b>798,263</b>	<b>884,661</b>	<b>949,293</b>	<b>1,060,810</b>	<b>1,159,780</b>

		Rate Increase									
1.0375	1.031	1.025	1.025	1.025	1.025	1.031	1.031	1.031	1.031	1.031	1.031

Operating Position	300,500	381,883	346,175	359,494	672,294	698,263	784,661	849,293	960,810	1,059,780
Cash Position	(291,519)	(859,869)	(1,179,019)	(1,648,569)	(1,056,619)	(298,019)	691,781	1,678,981	2,886,381	4,310,681
Net Financial Liabilities	9,655,500	9,599,068	9,274,343	8,849,599	7,790,355	6,544,891	5,172,231	3,787,738	2,272,328	635,948
Operating Surplus Ratio 0-10%	3%	4%	4%	4%	7%	7%	7%	8%	9%	9%
Net Financial Liabilities Ratio 0-50%	79%	77%	73%	68%	58%	47%	36%	26%	15%	4%
Asset Sustainability Ratio 95-105%	108%	107%	104%	104%	98%	96%	95%	96%	95%	94%
Yearly Loan amount	650,000	650,000	500,000	0	0	0	0	0	0	0
AMP Capital Renewal	4,698,726	4,839,688	4,984,878	5,134,425	5,288,458	5,447,111	5,610,525	5,778,840	5,952,206	6,130,772
Capital Total	6,227,900	5,827,100	5,680,500	5,646,200	5,469,900	5,352,100	5,450,900	5,638,000	5,752,800	5,863,200



**NORTHERN AREAS COUNCIL  
BUDGET BALANCE SHEET  
2022/2031**

2020 Actual	2021 Original Budget		2022 \$	2023 \$	2024 \$	2025 \$	2026 \$	2027 \$	2028 \$	2029 \$	2030 \$	2031 \$
<b>ASSETS</b>												
<b>Current Assets</b>												
4,108,000	509,164	Cash and cash equivalents	(291,519)	(859,869)	(1,179,019)	(1,648,569)	(1,056,619)	(298,019)	691,781	1,678,981	2,886,381	4,310,681
852,000	257,878	Trade & other receivables	(57,609)	(51,777)	(33,829)	(12,388)	13,276	43,385	73,719	118,069	177,776	239,250
0	0	Other financial assets	0	0	0	0	0	0	0	0	0	0
238,000	50,000	Inventories	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
5,198,000	817,042	<b>Total Current Assets</b>	(299,128)	(861,646)	(1,162,848)	(1,610,957)	(993,343)	(204,634)	815,500	1,847,050	3,114,157	4,599,931
<b>Non-current Assets</b>												
438,000	168,300	Financial Assets	168,300	168,300	168,300	168,300	168,300	168,300	168,300	168,300	168,300	168,300
82,000	0	Equity accounted investments in Council businesses	0	0	0	0	0	0	0	0	0	0
0	0	Investment property	0	0	0	0	0	0	0	0	0	0
168,189,000	176,899,800	Infrastructure Property, Plant and Equipment	178,080,500	178,706,000	179,027,500	179,162,300	178,975,400	178,528,200	178,040,200	177,605,000	177,150,400	176,673,800
168,709,000	177,068,100	<b>Total Non-current assets</b>	178,248,800	178,874,300	179,195,800	179,330,600	179,143,700	178,696,500	178,208,500	177,773,300	177,318,700	176,842,100
173,907,000	177,885,142	<b>Total Assets</b>	177,949,672	178,012,654	178,032,952	177,719,643	178,150,357	178,491,866	179,024,000	179,620,350	180,432,857	181,442,031
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
927,000	546,415	Trade & other payables	562,792	579,676	597,066	614,978	633,427	652,430	672,003	692,163	712,928	734,316
2,927,000	1,486,100	Borrowings	1,323,000	1,181,700	930,300	500,800	517,700	415,300	417,600	314,900	219,200	219,200
1,114,000	1,156,690	Short-term provisions	1,191,401	1,227,143	1,263,957	1,301,876	1,340,932	1,381,160	1,422,595	1,465,273	1,509,231	1,554,508
0	0	Other current liabilities	0	0	0	0	0	0	0	0	0	0
4,968,000	3,189,205	<b>Total Current Liabilities</b>	3,077,193	2,988,519	2,791,323	2,417,654	2,492,060	2,448,890	2,512,198	2,472,336	2,441,359	2,508,024
<b>Non-current Liabilities</b>												
0	0	Trade & other payables	0	0	0	0	0	0	0	0	0	0
4,585,000	6,822,200	Long-term Borrowings	6,346,700	5,814,900	5,384,600	4,883,800	4,366,100	3,950,800	3,533,200	3,218,300	2,999,100	2,779,900
39,000	49,337	Long-term Provisions	50,779	52,302	53,871	55,488	57,152	58,867	60,633	62,452	64,325	66,255
0	0	Other non-current liabilities	0	0	0	0	0	0	0	0	0	0
4,624,000	6,871,537	<b>Total Non-current Liabilities</b>	6,397,479	5,867,202	5,438,471	4,939,288	4,423,252	4,009,667	3,593,833	3,280,752	3,063,425	2,846,155
9,592,000	10,060,742	<b>Total Liabilities</b>	9,474,672	8,855,721	8,229,795	7,356,942	6,915,312	6,458,557	6,106,031	5,753,088	5,504,785	5,354,179
164,315,000	167,824,400	<b>NET ASSETS</b>	168,475,000	169,156,933	169,803,157	170,362,701	171,235,045	172,033,309	172,917,969	173,867,262	174,928,072	176,087,852
<b>EQUITY</b>												
11,650,000	14,032,582	Accumulated Surplus	14,430,782	14,856,696	15,236,803	15,435,937	15,852,182	16,177,745	16,571,806	17,012,899	17,547,308	18,161,788
152,015,000	152,015,000	Asset Revaluation Reserve	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000
650,000	1,776,818	Other Reserves	2,029,218	2,285,236	2,551,355	2,911,764	3,367,864	3,840,564	4,331,164	4,839,364	5,365,764	5,911,064
164,315,000	167,824,400	<b>TOTAL EQUITY</b>	168,475,000	169,156,933	169,803,157	170,362,701	171,235,045	172,033,309	172,917,969	173,867,262	174,928,072	176,087,852





**2020  
Actual**      **2021  
Budget  
Forecast**

**NORTHERN AREAS COUNCIL**  
**BUDGET CHANGES IN EQUITY**  
**2022/2031**

**2022**      **2023**      **2024**      **2025**      **2026**      **2027**      **2028**      **2029**      **2030**      **2031**  
**\$**            **\$**            **\$**            **\$**            **\$**            **\$**            **\$**            **\$**            **\$**

**ACCUMULATED SURPLUS**

11,480,000	13,539,000	Balance at end of previous reporting period	14,032,600	14,430,782	14,856,696	15,236,803	15,435,937	15,852,182	16,177,745	16,571,806	17,012,899	17,547,308
72,000	702,100	Net Surplus / (Deficit) for Year	650,600	681,933	646,225	559,544	872,344	798,263	884,661	949,293	1,060,810	1,159,780
0	(208,518)	Transfers to Other Reserves	(252,418)	(256,018)	(266,118)	(360,409)	(456,100)	(472,700)	(490,600)	(508,200)	(526,400)	(545,300)
98,000		Transfers from Other Reserves	0	0	0	0	0	0	0	0	0	0
<b>11,650,000</b>	<b>14,032,582</b>	<b>Balance at end of period</b>	<b>14,430,782</b>	<b>14,856,696</b>	<b>15,236,803</b>	<b>15,435,937</b>	<b>15,852,182</b>	<b>16,177,745</b>	<b>16,571,806</b>	<b>17,012,899</b>	<b>17,547,308</b>	<b>18,161,788</b>

**ASSET REVALUATION RESERVE**

152,015,000	152,015,000	Balance at end of previous reporting period	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000	152,015,000
0	0	Gain on revaluation of infrastructure, property, plant & equipment										
0	0	Transfer to Accumulated Surplus on sale of infrastructure, property, plant & equipment										
<b>152,015,000</b>	<b>152,015,000</b>	<b>Balance at end of period</b>	<b>152,015,000</b>	<b>152,015,000</b>	<b>152,015,000</b>	<b>152,015,000</b>	<b>152,015,000</b>	<b>152,015,000</b>	<b>152,015,000</b>	<b>152,015,000</b>	<b>152,015,000</b>	<b>152,015,000</b>

**OTHER RESERVES**

650,000	1,568,300	Balance at end of previous reporting period	1,776,800	2,029,218	2,285,236	2,551,355	2,911,764	3,367,864	3,840,564	4,331,164	4,839,364	5,365,764
0	0	Transfers to Accumulated Surplus	0	0	0	0	0	0	0	0	0	0
0	208,518	Transfers from Accumulated Surplus	252,418	256,018	266,118	360,409	456,100	472,700	490,600	508,200	526,400	545,300
<b>650,000</b>	<b>1,776,818</b>	<b>Balance at end of period</b>	<b>2,029,218</b>	<b>2,285,236</b>	<b>2,551,355</b>	<b>2,911,764</b>	<b>3,367,864</b>	<b>3,840,564</b>	<b>4,331,164</b>	<b>4,839,364</b>	<b>5,365,764</b>	<b>5,911,064</b>

**TOTAL EQUITY AT END OF REPORTING PERIOD**

<b>164,315,000</b>	<b>167,824,400</b>		<b>168,475,000</b>	<b>169,156,933</b>	<b>169,803,157</b>	<b>170,362,701</b>	<b>171,235,045</b>	<b>172,033,309</b>	<b>172,917,969</b>	<b>173,867,262</b>	<b>174,928,072</b>	<b>176,087,852</b>
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**NORTHERN AREAS COUNCIL**

**BUDGET STATEMENT OF CASH FLOWS  
2022/2031**

2020 Actual	2021 Original Budget		2022 \$	2023 \$	2024 \$	2025 \$	2026 \$	2027 \$	2028 \$	2029 \$	2030 \$	2031 \$
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>												
Receipts												
13,671,000	12,222,300	Operating receipts	12,492,400	12,717,600	13,001,600	13,289,000	13,680,800	14,103,900	14,518,800	14,945,900	15,386,200	15,840,100
65,000	83,400	Investment receipts	42,500	56,200	53,700	51,600	49,600	47,900	46,300	44,500	43,900	43,700
Payments												
(3,431,000)	(3,534,300)	Employee costs	(3,656,000)	(3,686,100)	(3,760,600)	(3,834,700)	(3,912,900)	(4,029,800)	(4,150,100)	(4,274,300)	(4,402,000)	(4,532,900)
(4,809,000)	(3,051,700)	Materials, contracts & other services	(3,122,000)	(3,166,200)	(3,314,100)	(3,393,800)	(3,281,500)	(3,438,100)	(3,532,900)	(3,650,900)	(3,731,400)	(3,833,800)
(353,000)	(430,500)	Finance costs	(409,200)	(338,000)	(275,400)	(241,200)	(206,900)	(186,300)	(158,500)	(142,700)	(128,500)	(117,500)
5,143,000	5,289,200	<b>Net Cash provided by (or used in) Operating Activities</b>	5,347,700	5,583,500	5,705,200	5,870,900	6,329,100	6,497,600	6,723,600	6,922,500	7,168,200	7,399,600
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
Receipts												
140,000	232,100	Amounts specifically for new or upgraded assets	250,100	200,050	200,050	100,050	100,050	0	0	0	0	0
0	100,000	Sale of replaced assets	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
81,000		Sale of surplus assets										
0		Sale of investment property										
0		Net disposal of investment securities										
0		Sale of real estate developments										
53,000	49,800	Repayments of loans by community groups	64600	48300	37800	36000	33500	30800	32400	20300	6900	7100
15,000		Distributions received from associated entities										
Payments												
(4,271,000)	(4,829,600)	Expenditure on renewal/replacement of assets	(5,191,900)	(5,277,000)	(5,280,400)	(5,446,100)	(5,269,800)	(5,352,100)	(5,450,900)	(5,638,000)	(5,752,800)	(5,863,200)
(967,000)	(1,278,900)	Expenditure on new/upgraded assets	(1,036,000)	(550,100)	(400,100)	(200,100)	(200,100)	0	0	0	0	0
0	0	Purchase of investment property										
(37,000)	0	Net purchase of investment securities										
0	0	Development of real estate for sale										
0	0	Loans made to community groups										
(15,000)	0	Capital contributed to associated entities										
(5,001,000)	(5,726,600)	<b>Net Cash provided by (or used in) Investing Activities</b>	(5,813,200)	(5,478,750)	(5,342,650)	(5,410,150)	(5,236,350)	(5,221,300)	(5,318,500)	(5,517,700)	(5,645,900)	(5,756,100)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
Receipts												
0	1,550,000	Proceeds from Borrowings	650,000	650,000	500,000	0	0	0				
0		Proceeds from of Aged Care Facility deposits										
Payments												
(174,000)	(1,391,700)	Repayments of Borrowings	(1,288,600)	(1,323,100)	(1,181,700)	(930,300)	(500,800)	(517,700)	(415,300)	(417,600)	(314,900)	(219,200)
0	0	Repayment of Finance Lease Liabilities										
0	0	Repayment of Aged Care Facility deposits										
(174,000)	158,300	<b>Net Cash provided by (or used in) Financing Activities</b>	(638,600)	(673,100)	(681,700)	(930,300)	(500,800)	(517,700)	(415,300)	(417,600)	(314,900)	(219,200)
(32,000)	(279,100)	<b>Net Increase / (Decrease) in cash held</b>	(1,104,100)	(568,350)	(319,150)	(469,550)	591,950	758,600	989,800	987,200	1,207,400	1,424,300
4,140,000	788,264	Cash & cash equivalents at beginning of period	812,581	(291,519)	(859,869)	(1,179,019)	(1,648,569)	(1,056,619)	(298,019)	691,781	1,678,981	2,886,381
4,108,000	509,164	<b>Cash &amp; cash equivalents at end of period</b>	(291,519)	(859,869)	(1,179,019)	(1,648,569)	(1,056,619)	(298,019)	691,781	1,678,981	2,886,381	4,310,681



**NORTHERN AREAS COUNCIL**  
**BUDGET UNIFORM PRESENTATION OF FINANCES**  
**2022/2031**

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating Revenues	12,534,900	12,773,783	13,055,275	13,340,594	13,730,394	14,151,763	14,565,061	14,990,393	15,430,110	15,883,780
<i>less</i> Operating Expenses	(12,234,400)	(12,391,900)	(12,709,100)	(12,981,100)	(13,058,100)	(13,453,500)	(13,780,400)	(14,141,100)	(14,469,300)	(14,824,000)
Adjusted Operating Surplus / (Deficit) before Capital Amounts	300,500	381,883	346,175	359,494	672,294	698,263	784,661	849,293	960,810	1,059,780
<b><i>less</i> Net Outlays on Existing Assets</b>										
Capital Expenditure on renewal and replacement of Existing Assets	5,191,900	5,277,000	5,280,400	5,446,100	5,269,800	5,352,100	5,450,900	5,638,000	5,752,800	5,863,200
<i>less</i> Depreciation, Amortisation and Impairment	(5,047,200)	(5,201,600)	(5,359,000)	(5,511,400)	(5,656,800)	(5,799,300)	(5,938,900)	(6,073,200)	(6,207,400)	(6,339,800)
<i>less</i> Proceeds from Sale of Replaced Assets	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
	44,700	(24,600)	(178,600)	(165,300)	(487,000)	(547,200)	(588,000)	(535,200)	(554,600)	(576,600)
<b><i>less</i> Net Outlays on New and Upgraded Assets</b>										
Capital Expenditure on New and Upgraded Assets	1,036,000	550,100	400,100	200,100	200,100	-	-	-	-	-
<i>less</i> Amounts received specifically for New and Upgraded Assets	(250,100)	(200,050)	(200,050)	(100,050)	(100,050)	-	-	-	-	-
<i>less</i> Proceeds from Sale of Surplus Assets	-	-	-	-	-	-	-	-	-	-
	785,900	350,050	200,050	100,050	100,050	-	-	-	-	-
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(530,100)</b>	<b>56,433</b>	<b>324,725</b>	<b>424,744</b>	<b>1,059,244</b>	<b>1,245,463</b>	<b>1,372,661</b>	<b>1,384,493</b>	<b>1,515,410</b>	<b>1,636,380</b>



**NORTHERN AREAS COUNCIL  
BUDGET FINANCIAL INDICATORS  
2022/2031**

	TARGET	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>Operating Surplus (Deficit) before Capital Revenues</b>	<b>achieve operating breakeven</b>	<b>300,500</b>	<b>381,883</b>	<b>346,175</b>	<b>359,494</b>	<b>672,294</b>	<b>698,263</b>	<b>784,661</b>	<b>849,293</b>	<b>960,810</b>	<b>1,059,780</b>
<b>Operating Surplus Ratio</b> <i>(=Adjusted Operating Surplus / Rates General &amp; Other)</i>	<b>0% - 10%</b>	<b>3%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>7%</b>	<b>7%</b>	<b>7%</b>	<b>8%</b>	<b>9%</b>	<b>9%</b>
<b>Net Financial Liabilities</b> <i>(=Financial Liabilities - Financial Assets)</i>	<b>No more than annual operating revenue</b>	<b>9,655,500</b>	<b>9,599,068</b>	<b>9,274,343</b>	<b>8,849,599</b>	<b>7,790,355</b>	<b>6,544,891</b>	<b>5,172,231</b>	<b>3,787,738</b>	<b>2,272,328</b>	<b>635,948</b>
<b>Net Financial Liabilities Ratio</b> <i>(=Net Financial Liabilities / Total Operating Revenue)</i>	<b>0% - 50%</b>	<b>79%</b>	<b>77%</b>	<b>73%</b>	<b>68%</b>	<b>58%</b>	<b>47%</b>	<b>36%</b>	<b>26%</b>	<b>15%</b>	<b>4%</b>
<b>Net Financial Liabilities Ratio excl CWMS</b> <i>(=Net Financial Liabilities excl CWMS / Total Operating Revenue excl CWMS)</i>	<b>0% - 50%</b>	<b>65%</b>	<b>65%</b>	<b>62%</b>	<b>58%</b>	<b>50%</b>	<b>40%</b>	<b>30%</b>	<b>21%</b>	<b>11%</b>	<b>1%</b>
<b>Interest Cover Ratio</b> <i>(=Net Interest Expense / Total Operating Revenue)</i>	<b>0% - 10%</b>	<b>3.0%</b>	<b>2.3%</b>	<b>1.7%</b>	<b>1.5%</b>	<b>1.2%</b>	<b>1.0%</b>	<b>0.8%</b>	<b>0.7%</b>	<b>0.6%</b>	<b>0.5%</b>
<b>Asset Sustainability Ratio</b> <i>(=Net Asset Renewals / Depreciation Expense)</i>	<b>95% - 105% of AMP</b>	<b>108%</b>	<b>107%</b>	<b>104%</b>	<b>104%</b>	<b>98%</b>	<b>96%</b>	<b>95%</b>	<b>96%</b>	<b>95%</b>	<b>94%</b>