

## NOTICE OF MEETING

Notice is hereby given that a meeting of the Audit Committee will be held in the

**Kingston Room, Civic Centre  
24 Jetty Road, Brighton**

**Wednesday 10 February 2021 at 6.00pm**



**Roberto Bria**  
CHIEF EXECUTIVE OFFICER

## **Audit Committee Agenda**

### **1. OPENING**

The Presiding Member, Councillor Smedley will declare the meeting open at 6.00pm.

### **2. APOLOGIES**

2.1 Apologies received - Nil

2.2 Absent - Nil

### **3. DECLARATION OF INTEREST**

*If a Member has an interest (within the terms of the Local Government Act 1999) in a matter before the Committee they are asked to disclose the interest to the Committee and provide full and accurate details of the relevant interest. Members are reminded to declare their interest before each item.*

### **4. CONFIRMATION OF MINUTES**

#### **Motion**

**That the minutes of the Audit Committee held on 16 December 2020 be taken as read and confirmed.**

Moved \_\_\_\_\_, Seconded \_\_\_\_\_

**Carried**

### **5. ACTION ITEMS**

5.1 Action Item List – 10 February 2021

### **6. PRESENTATIONS - Nil**

### **7. REPORTS BY OFFICERS**

7.1 Standing Items – February 2021 (Report No: 53/21)

7.2 Long Term Financial Plan Review (Report No: 54/21)

7.3 2021-22 Budget Timetable and Development (Report No: 55/21)

### **8. URGENT BUSINESS – Subject to the Leave of the Meeting**

### **9. CONFIDENTIAL ITEMS - Nil**

### **10. DATE AND TIME OF NEXT MEETING**

The next meeting of the Audit Committee will be held on Wednesday 17 March 2021 in the Kingston Room, Civic Centre, 24 Jetty Road, Brighton.

**11. CLOSURE**

A handwritten signature in blue ink, appearing to read 'Roberto Bria', is written over the word 'CLOSURE'.

**ROBERTO BRIA  
CHIEF EXECUTIVE OFFICER**



**AUDIT COMMITTEE  
ACTION ITEMS  
As at 10 February 2021**

Meeting	Agenda Item	Action Required	Responsibility	Estimated Completion Date	Current Status
17 October 2018	6.4 Brighton Oval Redevelopment Review	Review Council report template to include a section on risk implications.	GM Strategy & Business Services	March 2021	New Council report template drafted, consultation undertaken and templates being finalised to be tabled in March 2021 meeting.
19 June 2019	6.1 Standing Items	Review of Financial Policies and Procedures (Action from the Control Track Assessment)	Manager, Finance	March 2021	Draft Assets and Rating Policy and Entertainment Policy to be tabled at the meeting of March 2021.
19 June 2019	6.1 Standing Items	Disaster Recovery Plan, including IT Function, to be reviewed and brought back to the Committee (Action from the Control Track Assessment)	GM Strategy & Business Services	March 2021	Disaster Recovery Plan will be reviewed and tabled at the March 2021 meeting.
7 October 2020	7.2 Asset Management Plan (AMP) Review	Record risk within organisational risk process and report.	GM Strategy & Business Services	June 2021	Update to be tabled at March 2021 meeting.
16 December 2020	9.1 CONFIDENTIAL – Internal Audit – Cyber Security Report	Progress from recommendations to be monitored at each meeting via the Standing Items Report.	GM Strategy and Business Services	October 2021	Update to be tabled at February 2021 meeting.
16 December 2020	7.1 Standing Items	Develop framework for Governance relationship between Alywndor, Audit Committee and Council.	CEO	March 2021	To be tabled at March 2021 meeting.

Item No: 7.1

Subject: **STANDING ITEMS – FEBRUARY 2021**

Date: 10 February 2021

Written By: Manager Financial Services

General Manager: Strategy and Business Services, Ms P Jackson

---

## SUMMARY

The Audit Committee is provided with a report on standing items at each ordinary meeting.

---

## RECOMMENDATION

1. **That the Audit Committee advises Council it has received and considered a Standing Items Report addressing:**
  - Monthly financial statements
  - Risk Management and Internal control
  - Audit – External/Internal
  - Public Interest Disclosures – previously Whistle-Blowing
  - Economy and efficiency audits
  - Audit Committee Meeting Schedule and Membership

## RETAIN IN CONFIDENCE - Section 91(7) Order

2. **having considered Agenda Item 7.1 Standing Items – February 2021 in confidence under Section 90(2) and (3)(e) of the *Local Government Act 1999*, the Audit Committee, pursuant to section 91(7) of that Act orders that Attachment 2 be retained in confidence for a period of 24 months and that the Chief Executive Officer is authorised to release the documents prior to that time if and when all parties to the contract have provided their consent.**

---

## COMMUNITY PLAN

Culture: Enabling high performance  
Culture: Being financially accountable  
Culture: Supporting excellent, efficient operations

**COUNCIL POLICY**

Not applicable

**STATUTORY PROVISIONS**

*Local Government Act 1999, Sections 41 and 126*

*Public Interest Disclosure Act 2018*

**BACKGROUND**

The Audit Committee has previously resolved that a report be included in the agenda of each meeting of the Committee addressing the following standing items:

- Monthly financial statements
- Risk management and Internal Controls
- Audit – External/Internal
- Public Interest Disclosures – previously Whistle-Blowing
- Economy and efficiency audits

Also included in this Standing Items report is an item to formally advise the Committee of the outcomes of its recommendations and advice to Council. This is aimed at ‘closing the communication loop’ between the Committee and Council.

**REPORT*****Monthly Financial Reports***

Members of the Committee receive copies of the monthly financial reports as soon as practical after they are provided to Council.

The half yearly financial report to 31 December 2020 is scheduled to be presented to Council on 9 February 2021. Members of the Committee will receive copies of this report prior to the Council meeting.

***Risk Management***

Administration is not aware of any material changes to Council’s risk profile not otherwise disclosed since the previous Standing Items Report on 16 December 2020.

***Internal Controls***

Administration is not aware of any material changes to Council’s internal controls not otherwise disclosed since the previous Standing Items report on 16 December 2020.

**External Audit**

Council's new external auditor Dean Newbery & Partners has prepared their 2020/21 audit plan for Council's municipal operations and it is attached for the Audit Committee's consideration. The Alwyndor audit plan is currently being prepared and will be presented at the next Audit Committee meeting.

*Refer Attachment 1*

**Internal Audit**

As part of the internal audit program the following audits are scheduled to be conducted by Galpins in 2020/21:

- Workforce Planning (Quarter 2)
- Stakeholder Management (Quarter 2)
- Asset Management – Short-term (To be confirmed)
- Financial Controls (Quarter 4)

The Workforce Planning and Stakeholder Management audits are currently underway, and findings are expected to be tabled with the Committee during Quarter 3.

**Cyber Security Audit**

In accordance with the Audit Committee's recommendation a progress report on the required actions from the cyber security internal audit is attached for the Committee's information and consideration.

A 'traffic light' rating has been added to each item with the following definitions:

- **Green** – on target
- **Amber** – needs ongoing monitoring
- **Red** – close monitoring required

*Refer Attachment 2*

**Public Interest Disclosures**

On 1 July 2019 the *Public Interest Disclosure Act 2018* came into effect replacing the *Whistleblowers Protection Act 1993*. The new laws strengthen transparency and accountability across government by establishing a scheme that encourages and facilitates the appropriate disclosure of public interest information to certain persons or authorities. Council has endorsed the Public Interest Disclosure Policy aligned to the model policy provided by the Local Government Association.

There have been no public interest disclosures made to Council since the previous standing items report on 16 December 2020.

***Sec 130A Economy and Efficiency Audits***

Council has not initiated any review pursuant to Section 130A of the *Local Government Act* since the previous Standing Items Report on 16 December 2020.

***Council Recommendations***

At its meeting on 27 January 2021 Council received the minutes and endorsed the recommendations of the meeting of the Audit Committee held on 16 December 2020.

***2021 Meeting Schedule and Membership***

The term of Sam Spadavecchia on Council's Audit Committee expired on 20 January 2021. Mr Spadavecchia provided long and valuable service to the Audit Committee over six years however, in the interests of good governance expressions of interest were called for the position and Mr Spadavecchia was eligible to apply. Interviews for the position were held on 11 December 2020 and at its meeting on 27 January 2021, Council appointed Mr David Powell for a three (3) year term.

The Audit Committee's terms of reference require it to meet at least 4 times each year and at least once each quarter. During 2020 meetings were set to align with the two important financial programs in which the Audit Committee plays important roles:

- Development of the annual business plan and budget
- Completion of the annual financial statements, external audit and annual report.

In order to accommodate the above reporting requirements the following ordinary meeting schedule is proposed for the remainder of 2021:

- Wednesday 17 March 2021
- Wednesday 2 June 2021
- Wednesday 6 October 2021.

**BUDGET**

This report does not have any budget implications.

**LIFE CYCLE COSTS**

This report does not have any full life cycle costs implications.



# Attachment 1



# External Audit Plan

**City of Holdfast Bay**

30 June 2021



# Contents

Foreword	3
Key Contacts & Information	4
Introduction	5
Audit Strategy	6
Audit Planning & Objectives	9
Communication Strategy	11
Internal Controls	12
Proposed Timetable	13
Audit Focus Areas	14

## Disclaimer

This document is for the exclusive use of the person/organisation named on the front of this document (**City of Holdfast Bay**). This document must not be relied upon by any person/organisation who is not the Recipient. Dean Newbery & Partners Chartered Accountants does not take responsibility for any loss, damage or injury caused by use, misuse or misinterpretation of the information in this document by any person who is not the Recipient. This document may not be reproduced in whole or in part without permission.

# Foreword

29 January 2021

Cr. John Smedley  
Chair, Audit Committee  
City of Holdfast Bay  
PO Box 19  
BRIGHTON SA 5048

214 Melbourne Street  
North Adelaide SA 5006

PO Box 755  
North Adelaide SA 5006

**T:** (08) 8267 4777  
**F:** (08) 8239 0895  
**E:** [admin@deannewbery.com.au](mailto:admin@deannewbery.com.au)

ABN: 30 164 612 890

Dear Cr. Smedley

We thank you for the opportunity to present our Audit Plan for the City of Holdfast Bay (the Council) for the financial year ending 30 June 2021. This is the first year of our engagement as the Council's newly appointed external auditor and our audit plan has been set based on our initial meetings held with Management in December 2020 along with our existing knowledge of the sector.

Our audit plan is subject to continual review and update as new information and matters arise during the course of the audit and accordingly, the plan will continue to evolve throughout the financial year. Our processes and approach to the audit will continuously be considered and update where required to address any changes to the operating environment, identified risks and findings identified from work completed.

Our Audit Plan is tailored specifically to the Council and places a high emphasis on continual engagement with the Audit Committee throughout the course of the financial year to ensure all audit matters and findings are communicated on a timely basis.

I look forward to meeting and working with Council's Audit Committee and should you require any further information, please feel free to contact me on the details provided within.

Yours sincerely

**DEAN NEWBERY & PARTNERS**



**Samantha Creten**  
Partner

# Key Contacts & Information

Samantha Creten is the Lead Audit Partner assigned to lead the audit team assembled for the engagement. Samantha is highly experienced Local Government Audit Partner who has over 25 years' experience auditing the sector.

Assisting Samantha, John Jovicevic has been nominated as the Field Audit Partner and another key contact on the engagement team. John has over 15 years' Local Government audit experience and together with Samantha, both Partners will be actively involved in the audit of the Council and a key point of reference for any queries or matters as/when they arise.

Samantha and John are committed to ensuring that a high quality audit service is provided to the Council throughout the term of the engagement.

## Key Engagement Team Contact Details

### Lead Audit Partner

Samantha Creten      Phone: 8267 4777  
Email: [sam@deannewbery.com.au](mailto:sam@deannewbery.com.au)

### Field Audit Partner

John Jovicevic      Phone: 8267 4777  
Email: [john@deannewbery.com.au](mailto:john@deannewbery.com.au)

### Senior Auditor

Whitney Sandow      Phone: 8267 4777  
Email: [whitneysandow@deannewbery.com.au](mailto:whitneysandow@deannewbery.com.au)

## DNP Key Contact Information

Main Office Address: 214 Melbourne Street  
North Adelaide SA 5006

Postal Address: PO Box 755  
North Adelaide SA 5006

Phone: 08 8267 4777  
Fax: 08 8239 0895  
Office Main Email: [admin@deannewbery.com.au](mailto:admin@deannewbery.com.au)  
Billing Enquiries: [accounts@deannewbery.com.au](mailto:accounts@deannewbery.com.au)  
Website: [www.deannewbery.com.au](http://www.deannewbery.com.au)

# Introduction

## Purpose of this Document

This documents provides an overview of the planned scope and timing of the audit of the financial statements for the City of Holdfast Bay (**the Council**) for the financial year ending 30 June 2021.

## Audit Objectives

The objective of the audit process is to undertake the necessary work that will enable us to form an opinion as to whether:

- the financial report is prepared, in all material respects, in accordance with the Australian Auditing Standards and the *Local Government Act 1999* (the Act) and applicable Regulations; and,
- controls exercised by the Council in relation to the receipts, expenditure and investment of moneys, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide assurance that the financial transactions of the council have been conducted properly and in accordance with law. The opinion is to be based on the criteria established in the *Better Practice Model – Financial Internal Control* issued by the Local Government Association of South Australia.

The financial statements are to be prepared in accordance with the requirement of the *Model Financial Statements* as required by the *Local Government (Financial Management) Regulations 2011*. All audit procedures have been designed to be carried out by our audit staff to provide us with reasonable assurance that the financial report, as a whole, is free from material misstatement.

## Entities included in the Scope of the Audit

The scope of the audit extends only to the Council. Council also has the following subsidiary entities which are equity accounted into the Council's financial statements of which they are an equitable member of:

- Alwyndor Aged Care

Per the requirements under the Act, each subsidiary is required to be independently audited. The audited financial statements of each subsidiary entity is consolidated into the Council's financial statements.

## Scope of the Audit

The scope of the engagement, per Section 129 of the Act includes the audit of the following:

- Council's financial statements for the financial year which is to be prepared in accordance with the requirements under the Act.
- Audit of the controls exercised by Council in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

## Audit Approach

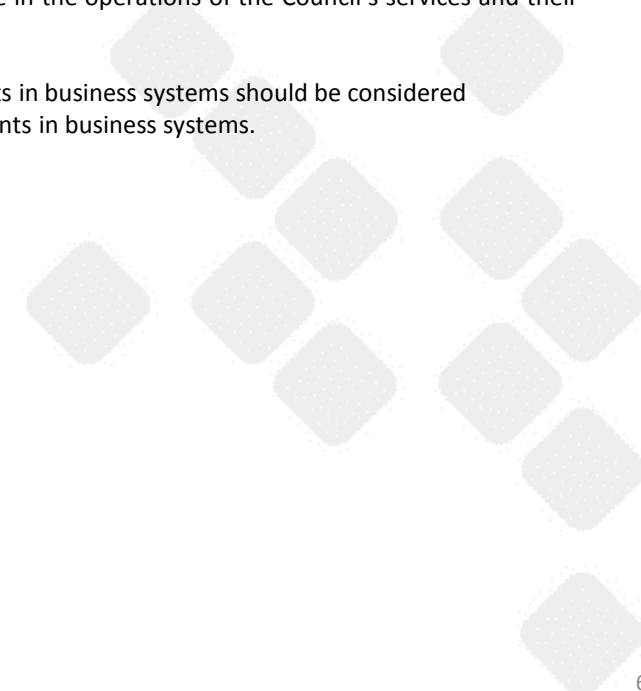
We follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to the Council. This ensures that our audit focuses on the areas of highest risk.

Our unique approach to audit planning is based on undertaking the following:

- Discussions with Management and members of the Audit Committee
- Our understanding of the sector and its key priorities and risks
- Review of the corporate strategies and plans – in particular, those required by the Act
- Review of the corporate risk register, documented internal control framework and policies/procedures of the Council
- Consideration of work completed of other consultants and/or inspection bodies relevant to the operations of the Council

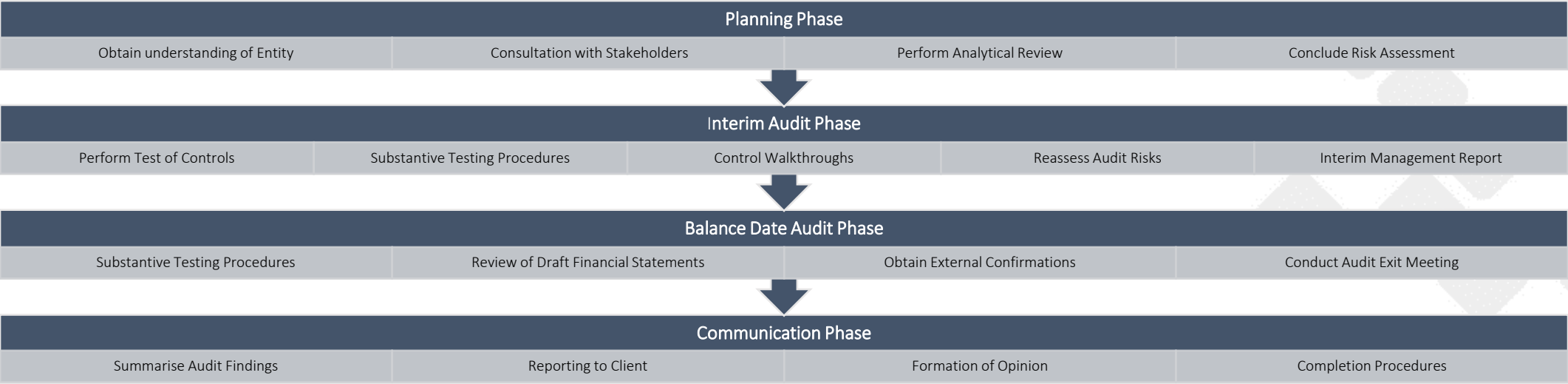
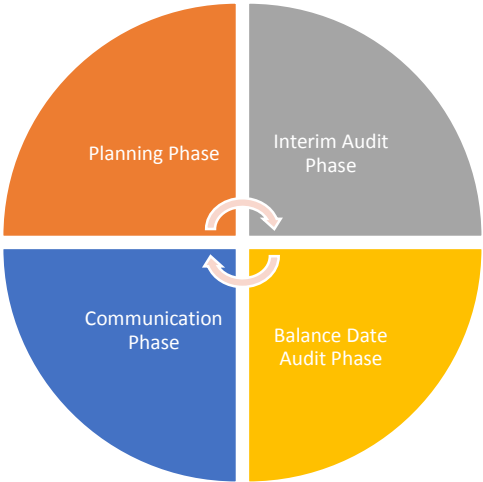
In undertaking the above tasks, we aim to achieve the following outcomes:

- Gain an understanding of the Council's business operations that are being audited to gain an understanding of the key risks, the operating environment and economic challenges
- Assess the risk of material misstatement
- Assess the internal controls operating aimed to mitigate the risks of material misstatement occurring
- Determine what reliance the Council may have on external consultants to assist with providing information, technical services or assistance in the operations of the Council's services and their impact/reliance on information to be included in the financial statements
- Develop an audit plan that has appropriately designed procedures to obtain the necessary evidence to form an audit opinion
- Provide Management Reports to the Council that include constructive feedback and recommendations on areas where system improvements in business systems should be considered
- Implement a communication strategy that ensures effective and timely communication of audit matters as well as any identified improvements in business systems.



# Audit Strategy

## Outline of Our Audit Approach



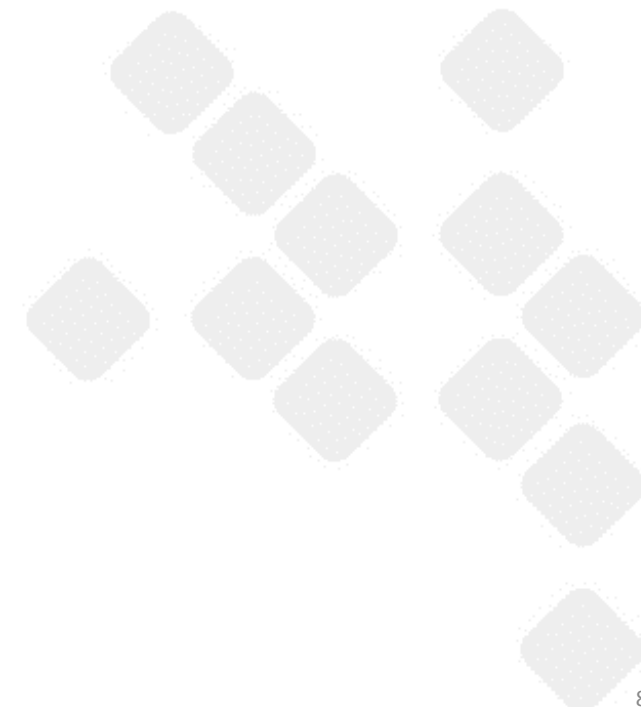
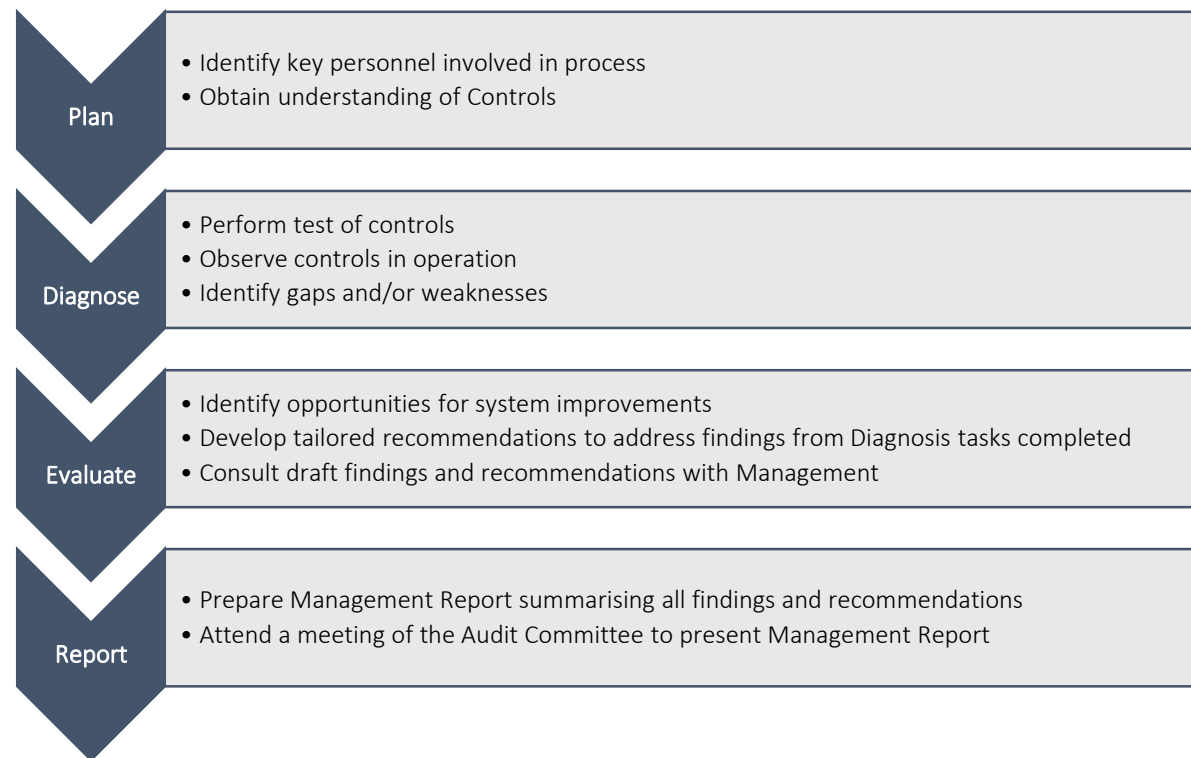


## Outline of Our Audit Approach

### Conducting the Audit

After the completion of the Planning Phase of our audit, our area of focus then turns to the Interim and Balance Date audit phases of the cycle where we begin to undertake the field work component of our audit program. During these phases, substantive testing, analytical reviews and test of controls are undertaken. Based on our assessed areas of risk of material misstatement, we design our audit procedures accordingly to enable us to test the design and effectiveness of those internal controls operating in the areas of risk identified for testing.

### Proposed Audit Methodology – Internal Control Review



# Audit Planning & Objectives

Audit planning involves a series of assessments that are conducted in phases designed to gain a thorough understanding and knowledge of the entity's operations, identification of inherent risks and further development of the planned audit approach.

## **Gaining an Understanding of the Entity and Inherent Risks**

As part of the audit planning undertaken, we undertake research and document the nature of business operations, industry factors, regulatory environment, financial reporting framework, the ICT environment, proposed capital works program, major projects, legislative obligations, critical accounting policies and procedures, the Administration's available resources and their assessed level of expertise.

Engagement with the Administration and those charged with governance (including the Audit Committee) will be undertaken to ensure a detailed level of research can be undertaken as needed to formulate the audit plan.

## **Analytical Review – Planning**

Procedures undertaken during this phase will enable us to gain an understanding of the nature of account balances, classes of transactions, business cycles and the financial reporting framework. Our analytical procedures include an analysis of the Long Term Financial Plan, budget and considering assessments of budget variations, performance against budget and the factoring of any specific events or projects being undertaken within the relevant year.

During this phase, work undertaken will enable us to identify the existence of unusual transactions or events that need to be investigated due to the increased risk of material misstatement.

## **Audit Approach**

The completion of the above procedures will enable us to obtain a sufficient understanding of the entity that will formulate the audit approach to be undertaken. Our audit approach on account balances or classes of transactions will be a controls/risk based approach, substantive approach or a combination of both.

The next phase of the audit process will commence once we have identified all the inherent risks based on our understanding of the entity.

## **Consideration of Fraud**

Our audit is not designed nor intended to detect whether there is any fraudulent activity occurring however, should we become aware of it, we will ensure to report any matters. As part of our audit procedures, we make enquiries of management and those charged with governance to identify any instances of known or suspected fraud.

As part of considering fraud, we also consider the risk of management overrides of controls.

# Audit Planning & Objectives

## Materiality

Auditors use materiality to assist with making a judgement of the amount of work needed to be performed on specific balances and to evaluate the effect of misstatements on the financial report. In considering what could potentially be deemed as material, our audit considers factors which may influence the decisions of intended users and accordingly, both quantitative and qualitative matters are taken into consideration.

Materiality is therefore considered in the context of its potential impact on the decisions of intended users of the financial report if financial information individually or in aggregate was misstated, omitted and/or not disclosed. Materiality is initially calculated at the commencement of the engagement during the planning stage and subsequently, reassessed as additional information is obtained during the audit process up until the time of issuing the audit opinion.

As is part of our communication strategy, we will communicate to you any material and, potentially non-material matters that may have other business improvement or governance related benefits, during the course of the audit engagement when matters arise through our audit management reports issued.

## Internal Controls

A key component to the audit work we undertake is gaining an understanding of the internal controls in operation within the business that is relevant to assisting us with our risk assessment procedures. In testing the effectiveness of controls, we gather evidence by employing the following techniques:

- Inspection of systems
- Observation of control operating
- Inquire of control operations results
- Recalculation and/or re-performance of control

The objective of the test of controls is to achieve the following key objectives:

- To obtain evidence as to whether controls operated as intended
- To determine whether internal controls operated effectively throughout the period

Should we become aware of any significant deficiencies or consider there to be areas where controls could be further strengthened/improved, we will communicate these matters to the Audit Committee and Management.

## External Confirmations

To assist with the gathering of audit evidence necessary to complete the audit, we will be sending the following confirmation requests:

- External bank confirmations for all bank accounts, loans and products (including credit cards)
- Solicitor's representation letter
- Local Government Finance Authority (LGFA) balance confirmations
- External Asset Valuation (where applicable)

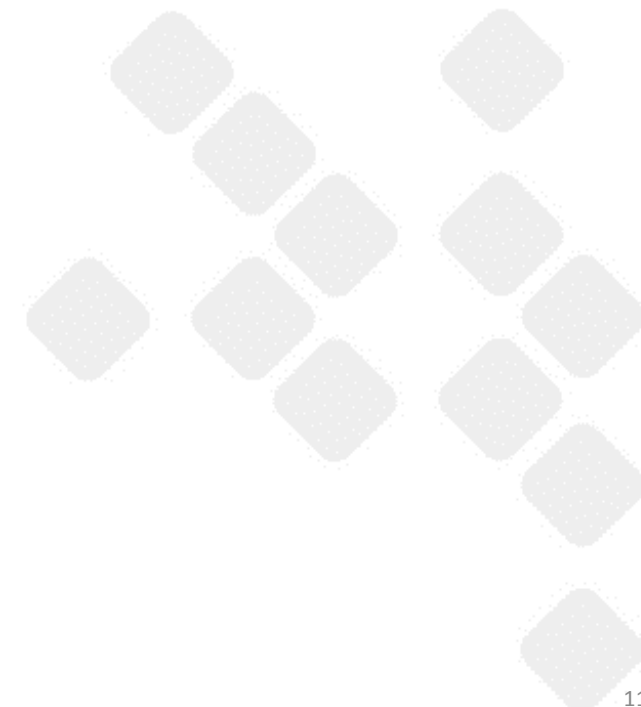
# Communication Strategy

Our Management Letters/Reports are issued at the conclusion of each audit attendance and we will ensure to provide comments and findings as a result of testing completed on key matters reviewed. Our approach is for our Management Letters/Reports to provide only constructive feedback to any audit findings as required by Australian Auditing Standards.

All Management Letters/Reports will be provided as draft reports to the Administration for their review and comment prior to issuing a final version.

All audit correspondence will be issued using DNP standard templates.

All Management Letters are to be addressed to the Mayor of the Council with copies of correspondence issued to the Chair of the Audit Committee and the Chief Executive Officer.



Our audit procedures aim to review controls relevant to the audit of the Council. We evaluate the key accounting systems and internal financial controls to determine whether these are operating as intended and adequately prevent material misstatement in the financial statements. The systems we review and the nature of work we perform will be based on the initial risk assessment undertaken.

Our audit procedures and areas subject to review will continually evolve as we become aware of changes to the operating environment and/or events that impact on the business operations of the Council.

As part of the external audit scope, S.129 of the Local Government Act 1999 requires that the auditor provides an opinion on the internal controls relating to the following areas:

*the controls exercised by the council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.*

S.19 of the Local Government (Financial Management) Regulations 2011 requires that:

*In forming an audit opinion for a council under section 129(3)(b) of the Act, the auditor must assess the internal controls of the council referred to in section 129(1)(b) of the Act based on the criteria in the Better Practice Model – Internal Financial Controls.*

An assessment of the core controls has been undertaken to determine the critical controls to be tested for the purpose of issuing an internal controls opinion for the financial year which have been summarised below:

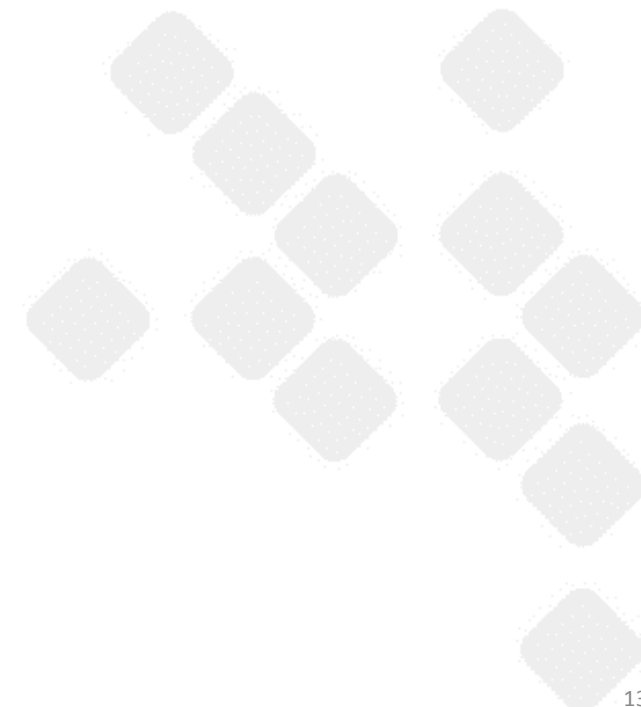
Business Cycle	Control Activities	Better Practice Model Controls to be Tested
Strategic Planning	Budgeting, General Ledger and Statutory Reporting	20
Assets	Petty Cash, Banking, Debtors, Inventory, Prepayments, Fixed Assets, Project Costing and Loans	39
Liabilities	Accounts Payable, Accrued Expenses, Borrowings, Employee Entitlements and Taxation	22
Revenue	Rates & Rebates, Grants, Fees for Services and Receipting	26
Expenses	Purchasing & Procurement, Payroll, Elected Member Payments, Credit Cards and Employee Reimbursements	33
External Services	Contracting	6
Financial Governance	Governance	3
<b>Total</b>		<b>149</b>

# Proposed Timetable

Our audit timetable has been formulated based on information obtained from Management along with our existing knowledge of the level of work required to be undertaken to form the audit opinions required by the Local Government Act 1999.

A summary of our stages of the audit program and expected milestones has been summarised below. Should there be any changes to the expected timetable below, this will be communicated with Management and the Audit Committee.

Audit Stage	Expected Timing of Works
Audit Planning: <ul style="list-style-type: none"><li>Initial Meeting with Management</li><li>Formulate Audit Plan</li><li>Present Audit Plan to Audit Committee</li><li>Planning Meeting with Management</li></ul>	December 2020 – February 2021
Interim Audit: <ul style="list-style-type: none"><li>Finalise planning for year</li><li>Test of controls</li><li>Sample substantive testing</li><li>Issue Risk Response Questionnaires</li></ul>	March - April 2021
Interim Management Report: <ul style="list-style-type: none"><li>Issue Interim Management Report to Audit Committee</li></ul>	May 2021
Balance Date Audit Confirmation: <ul style="list-style-type: none"><li>Issue Balance Date confirmation letter</li><li>Issue confirmation letters and templates</li></ul>	June 2021
Balance Date Audit: <ul style="list-style-type: none"><li>Perform Balance Date Audit for financial year</li><li>Audit of grants and acquittals</li></ul>	September 2021
Audit Completion: <ul style="list-style-type: none"><li>Issue Balance Date Completion Report to Audit Committee</li><li>Meet with Audit Committee</li><li>Issue Audit Reports and acquittals</li></ul>	October 2021



# Audit Focus Areas

DNP applies a risk based approach to the audit of the Council and the Audit Plan continually evolves to account for any new information or changes to the business operations of the environment we are auditing.

Based on our existing knowledge of the Council and the Local Government sector, we have identified the areas of concern we think present the risk to potential material misstatements in the financial report. Our audit procedures are designed to focus our testing and review of controls on these assessed risk areas.

Throughout the engagement, we will continue to monitor and assess our risk assessment to ensure that we factor in any additional testing necessary to consider additional risk areas deemed required to be included in our audit testing.

We have highlighted below the risks we have identified along with our planned approach to respond to those risks as part of the audit work we plan to undertake.

Description of Identified Risk	Planned Audit Procedures
Management override of internal controls. This is a risk that is a required presumption under the Australian Auditing Standards.	Obtain representations pertaining to adopted accounting policies and key judgements applied to estimates and valuations.
Risk of fraud associated with revenue recognition. Risks include the following: <ul style="list-style-type: none"> <li>- Revenue recorded in incorrect period</li> <li>- Fictitious revenue recorded</li> </ul> This is a risk that is a required presumption under the Australian Auditing Standards.	Hold discussions with key Management personnel and/or Audit Committee Members involved in the management and oversight of risks.
High reliance on external consultants for assistance and support on asset management business operations and valuations.	Detailed sample transaction testing.
Correct recording and disclosure of capital works and site repairs and maintenance works – classification between capital and operating expenses correctly identified and recorded.	Review and observation of controls in operation to assess whether controls are operating effectively as intended throughout the period.
Recognition and measurement of asset applying the valuation method under AASB 13 and AASB 116.	Correct recording and disclosure of capital works – classification between capital works and repairs and maintenance.
Material nature and high volume of transactions recorded surrounding Council expenditure on employee costs, materials, contracts and other expenses. This includes the method of procurement and that it is in line with the adopted policies and procedures of Council.	Conduct site visit of external operations centres (i.e. library, council offices, depot, transfer station, etc.) to review business operation, controls in existence and where applicable, confirm/verify asset existence and condition.
	Obtain audited financial statements of subsidiary entities.

Item No: 7.2

Subject: **LONG TERM FINANCIAL PLAN REVIEW**

Date: 10 February 2021

Written By: Manager Financial Services

General Manager: Strategy and Business Services, Ms P Jackson

---

## **SUMMARY**

The Long Term Financial Plan (LTFP) has been reviewed and updated to include the 2020/21 Annual Business Plan and 2019/20 audited financial statements and budget updates to 30 September 2020. The projections in the LTFP indicate Council remains in a sound financial position.

The LTFP has also been informed by the latest Asset Management Plans (AMP) and direction from Council with regard to Council's commitment to financial sustainability. A number of assumptions have been reviewed in updating the plan and these are detailed in the report.

The LTFP will be enhanced as part of the 2021/22 budget process to include major projects that have been identified to be undertaken over the next 10 years.

---

## **RECOMMENDATION**

**That the Audit Committee advises Council it has received and noted the revised Long Term Financial Plan.**

---

## **COMMUNITY PLAN**

Culture: Being financially accountable

## **COUNCIL POLICY**

Not Applicable

## **STATUTORY PROVISIONS**

*Local Government Act 1999, Section 122*

*Local Government (Financial Management) Regulations 2011, Regulation 5*



## **BACKGROUND**

The Act requires Council to review its LTFP as soon as practicable after adopting the annual business plan. The LTFP was reviewed and updated to include the 2020/21 budget, 2019/20 Annual Financial Statements and budget updates to 30 September 2020.

The annual update has reviewed the existing LTFP assumptions, and has taken into consideration economic conditions and inflation, and used current available financial information. It is noted that the LTFP is not a static document and its purpose is to provide broad financial projections to assist in making key decisions.

Alwyndor Aged Care has been excluded from the LTFP as it is managed as a financially self-sustaining operation. A separate report will be prepared for this committee covering the Alwyndor Long Term Financial Plan.

## **REPORT**

### **Financial Principles and Targets**

Council's key financial principles include the following:

- Delivering a balanced budget that fully funds the costs of its services including depreciation.
- Developing sound infrastructure and asset management planning by creating, enhancing and using long-term infrastructure and asset management plans.
- Providing the community with a reasonable degree of predictability for rate over the medium term.

Council's key financial performance measures and targets include the following:

- Operating result as a percentage of rate revenue between 0% - 10% over a rolling 5-year period.
- Net Financial Liabilities as a percentage of operating revenue less than 75%.
- Net interest expense as a percentage of operating revenue less than 5%.

### **Revised underlying assumptions**

The existing LTFP assumptions have been reviewed including consideration of current economic conditions, inflation and other current financial information.

### **Inflation Forecasts**

The following table provides inflation forecast information. It lists forecasts for the Consumer Price Index (CPI) and Local Government Price Index (LGPI). The forecast Adelaide CPI has been sourced from Deloitte Access Economics. The LGPI is published by the University of Adelaide and measures price movements faced by Councils in South Australia. The LGPI increase has been

determined by averaging the last six years LGPI increase above CPI. The applied LGPI is the addition of the two measures. The LGPI has been used in the LTFP model for indexing operating expenditure (excluding employment costs) and income and capital expenditure.

<u>Year</u>	<u>CPI</u>	<u>LGPI Increase</u>	<u>LGPI</u>
2021/22	0.8%	0.3%	1.1%
2022/23	1.6%	0.3%	1.9%
2023/24	2.2%	0.3%	2.5%
2024/25	2.3%	0.3%	2.6%
2025/26	2.2%	0.3%	2.5%
2027/27	2.2%	0.3%	2.5%
2027/28	2.3%	0.3%	2.6%
2028/29	2.5%	0.3%	2.8%
2029/30	2.3%	0.3%	2.6%
2030/31	2.3%	0.3%	2.6%

### Existing Forecasts

- Asset renewal/upgrades updated and are based on 3 year capital program and adopted Asset Management Plan.
- Provision for new initiatives - \$500,000 operating; \$500,000 capital.
- Base Case and New Strategic Projects modelled from 2021/22.
- Base Case includes storm-water upgrades as per adopted Asset Management Plan (\$10.8m net over 9 years), and Brighton Caravan Park Stage 2 upgrade (\$3.4m total over three years from 2020/21).
- New Strategic Projects have been allowed for throughout the forecast period (including forecast grant funding) as follows:
  - Glenelg Oval Masterplan - \$11.1m net.
  - Jetty Road Glenelg Masterplan - \$8.6m net.
  - Coast Park and Kingston Park Masterplan - \$.3 m net.
- LGPI General Rate Increase; 0.5% rate increase for new development.
- LGPI applied for other expenditure/revenue.
- 2% employment costs with the Superannuation Guarantee rate forecast commencing at 9.5% for 2020/21 increasing to 12% by 2025/26.
- Provision for election costs has been allowed for every four years, commencing at \$226,000 in 2022/23.
- Additional depreciation and maintenance costs provided for new and upgraded assets based on the average useful life of the class of asset.

### Rate Income

Rate predictability is one of the key financial principles in the LTFP. The model has been updated to ensure at least a break-even operating result in future years.

***Rate revenue increase***

The rate revenue increase is based on the forecast LGPI reflecting Council's direction to keep rate increases as low as practical. An additional 0.5% pa has been provided for property development growth as a result of increases to a property's value, or new developments such as replacing an existing building. The annual increase in rate revenue excludes changes to the Regional Landscape Levy collected by Council on behalf of the Landscape Boards via the Landscape Administration Fund.

***Employment Costs***

Employment costs have been revised in accordance with current enterprise agreements (EA). The LTFP model has used 2% for the term of plan.

***Grants and subsidies***

Council receives a mixture of grant funding from the State Government to support its programs and activities. Some grants, like the Financial Assistance Grants, are recurring and received every year. These are assumed to increase by forecast LGPI. The Roads to Recovery (RTR) Federal Government program has been extended from 1 July 2019 to 30 June 2024 with an overall allocation of \$1.49m. The LTFP has included this program.

***Remaining Assumptions***

Apart from the application of LGPI indexation the remaining key assumptions are unchanged from the existing LTFP and include:

- The 2020/21 capital works program will be completed by 30 June 2021.
- Asset renewal and upgrades are based on the latest forecast for 2021/22 and the existing AMP information.
- No asset sales have been forecast. The property portfolio is reviewed regularly with the aim of improving utilization of facilities and reducing holding costs.
- Additional depreciation and maintenance costs are included for new assets, based on average useful lives and capital costs of the new assets.
- Cash and cash equivalents are modelled to include all investments and reserve funds, and borrowings and cash advance debentures are only provided for when cash is required.
- New borrowings have been forecast on a 20 year repayment basis at current long term LGFA borrowing rates of 2.95% for new loans and 2.2% for cash advance debentures.
- Alwyndor Aged Care is assumed to operate with a break-even forecast. Alwyndor will be preparing a LTFP as part of the 2021/22 budget process and the Audit Committee will be advised of the outcomes.
- The SRWRA net-gain equity is based on Council's 15% share of the SRWRA operating profit as forecast in the current adopted SRWRA LTFP.

## PROJECTIONS

A full set of financial forecast details (base case and with strategic projects) is provided for reference as per attachment.

*Refer Attachment 1*

The results have been charted and show projections for our key financial performance indicators over the 10-year planning horizon. They provides a measure of overall financial capacity to respond to circumstances and undertake major new initiatives without adversely affecting the continued provision of services to our community.

### Operating Surplus/ratio

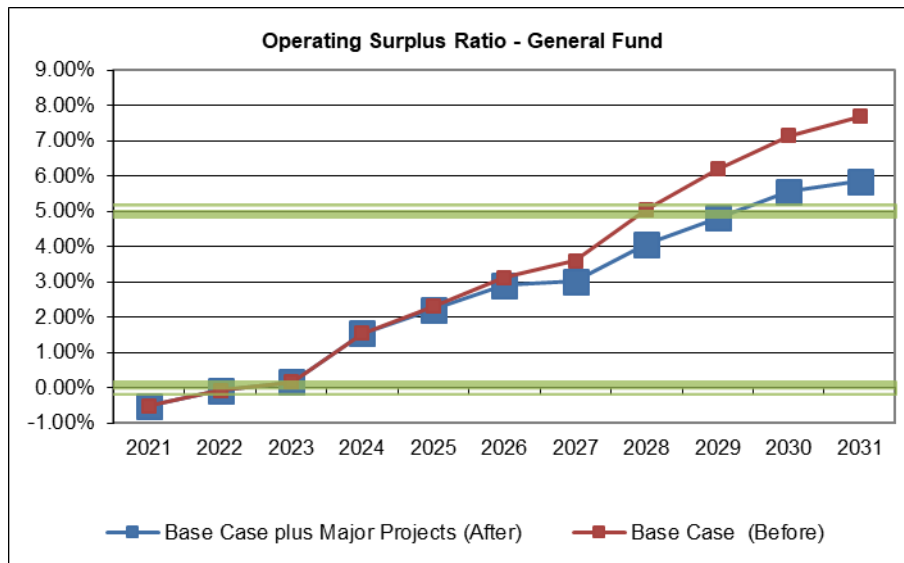
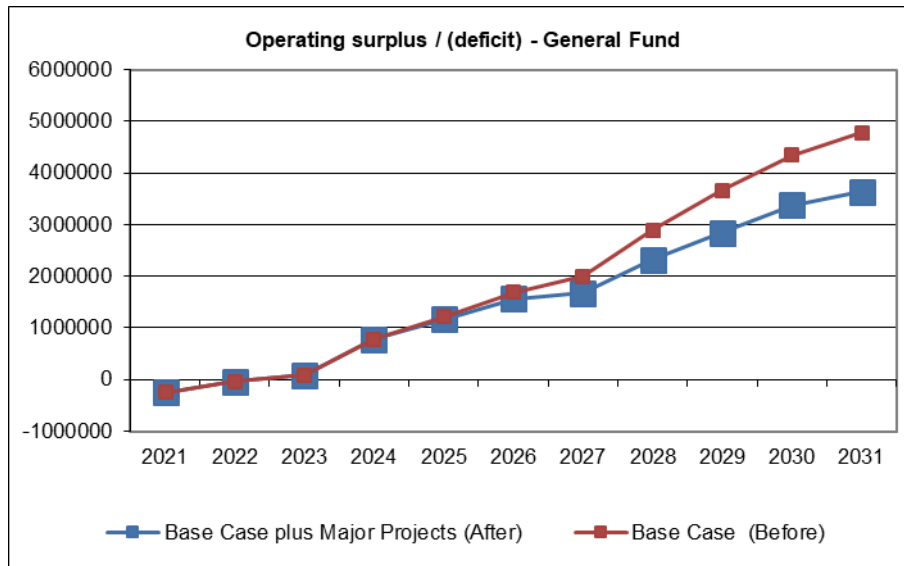
In broad terms, the Operating Surplus is the difference between day-to-day income and expenditure for the period.

Council's income (or revenue) includes rate revenue, user charges, statutory charges, investment income and grants and subsidies of an operating nature from third parties. Operating expenditure is expenditure incurred in the ordinary course of providing Council's services, including a charge for depreciation of infrastructure and assets. Depreciation reflects a portion of the capital cost or value of an asset used or consumed during the year and can be regarded as the cost of "wear and tear". The 2021/22 forecast shows a marginal deficit, returning to surplus in subsequent years.

The Operating Ratio measures the Operating Surplus as a percentage of rate revenue.

A positive ratio indicates the percentage of rates available to help fund current and future capital expenditure. A negative ratio indicates the percentage increase in rate revenue that would have been required to achieve a break-even operating result.

Council has set an Operating Ratio target of between 0 and 10% over a rolling 5-year period. This recognises the impact of one-off events that distort an annual ratio. After adjusting for one-off operating grants for renewed assets, the operating ratio over a rolling 5-year period commencing from 2015/16 to the current financial year is a 2.7% surplus.



### Net Financial Liabilities

Net Financial Liabilities is a measure of Council's net debt — what Council owes others less what is owed to Council and is calculated as total liabilities less financial assets.

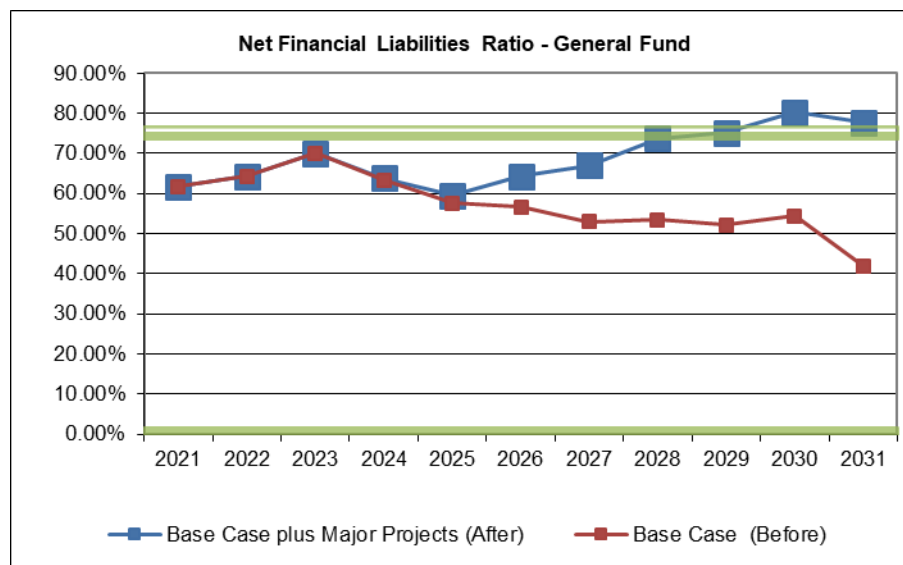
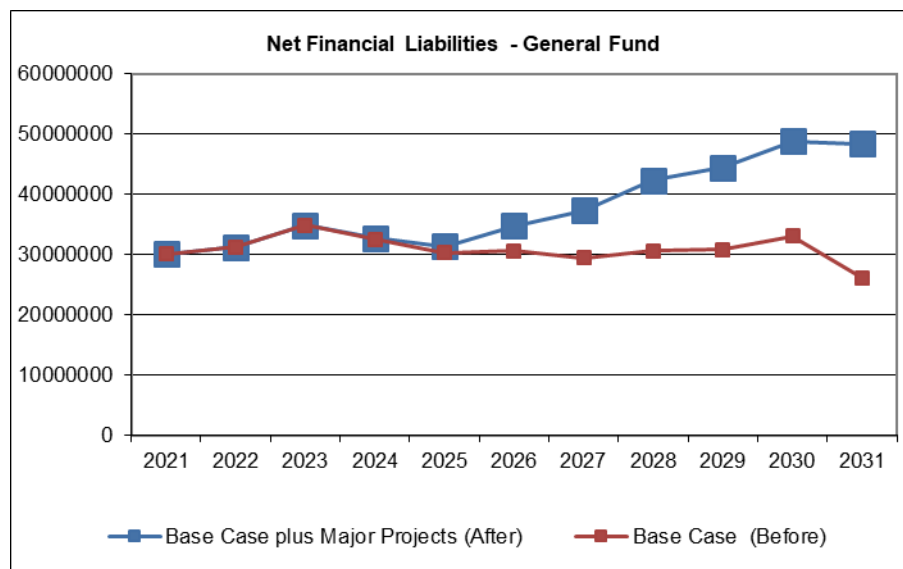
It is a broader and more appropriate measure than just debt and recognises Council's available financial assets (such as cash and investments) and other liabilities (including employee entitlements and creditors).

## Net Financial Liabilities Ratio

The Net Financial Liabilities Ratio indicates how significant Council's Net Financial Liabilities are compared to income and indicates the extent to which Net Financial Liabilities could be met by revenue. It is calculated by expressing Net Financial Liabilities as a percentage of revenue.

A declining Net Financial Liabilities Ratio indicates that Council has a corresponding increase in capacity to service its financial obligations.

Council has set a target to maintain a Net Financial Liabilities Ratio of not more than 75%. This is analogous to a household with an annual income of \$100,000 having a mortgage and credit card debt of \$75,000.



This chart also shows a peak period during 2029/30 due to funding of major capital projects including Glenelg Oval Masterplan and Jetty Road Glenelg Masterplan.

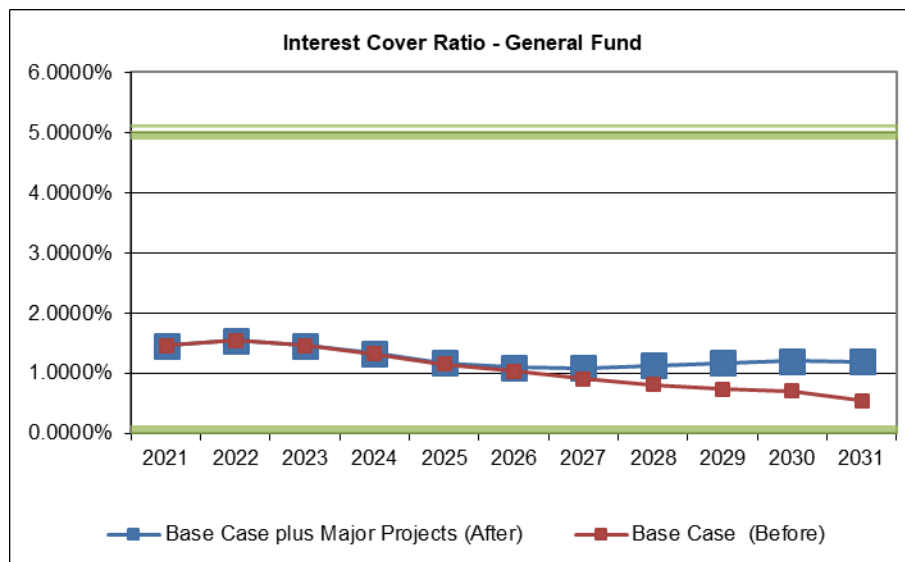
### Interest Cover Ratio

The Interest Cover Ratio measures the portion of annual revenue required to meet Council's net interest expenses.

As with the Net Financial Liabilities Ratio, a declining Interest Cover Ratio indicates that Council has a corresponding increase in capacity to service its financial obligations. This may be the result of declining Net Financial Liabilities and/or falling interest rates.

A high Interest Cover Ratio indicates that Council has reduced flexibility to fund its services.

Council has set a target to maintain an Interest Cover Ratio of not more than 5%. This means that 5 cents out of every \$1 of revenue is used to pay net interest.



### Asset Sustainability

Asset Sustainability is expressed capital expenditure on renewal and replacement as a percentage of the optimal expenditure identified in Council's Asset Management Plans.

The AMP has provided the capital renewal expenditure figures and therefore this percentage amount is 100%.

### What do the revised projections tell us?

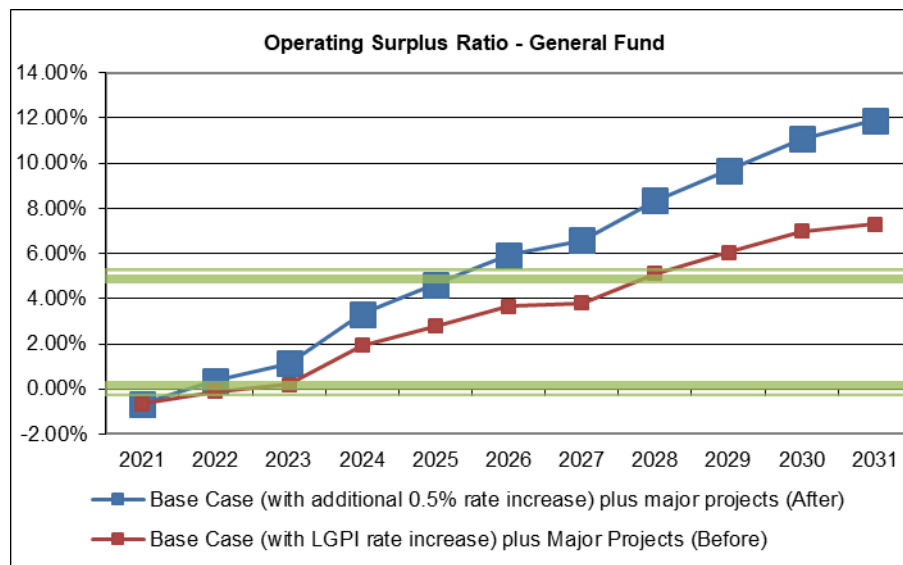
The revised projections indicate that, based on current assumptions, Council remains within the target range for a balanced budget with a more favourable outlook over the mid-term.

The LTFP assumes a 'no change' policy (ie a continuation of existing services and programs). As Council responds to changing community expectations, it will make decisions to change services and invest in new and improved infrastructure, such as community facilities, that will be funded from the projected strong financial capacity.

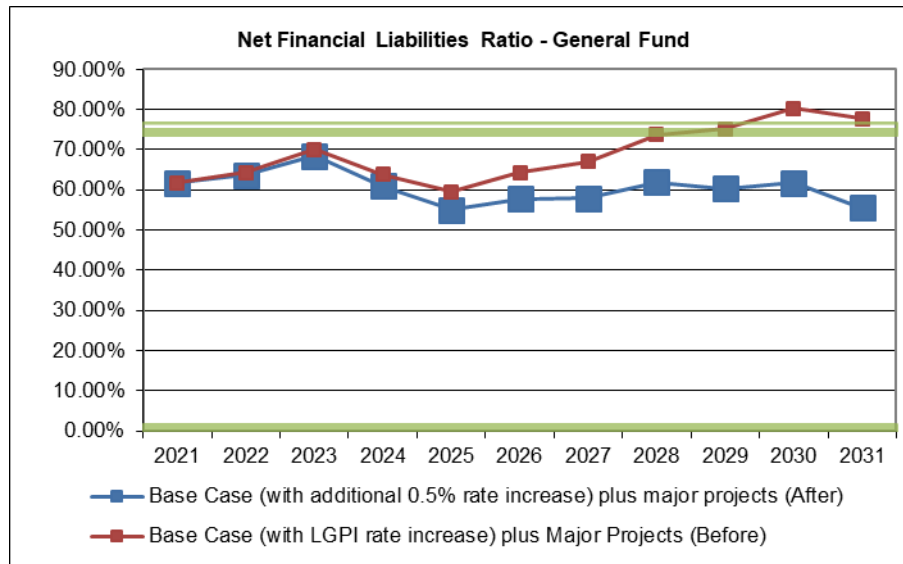
This can be achieved by:

- Continually reviewing and enhancing services to our community;
- continue to invest in renewal and replacement of our assets and infrastructure to ensure they meet the service needs in the most cost-effective manner;
- taking advantage of opportunities and respond to emerging issues; and
- using additional borrowings to fund new or upgraded assets.

The revised financial projections contained in this overview are based on a variety of estimates and assumptions. A modest change in one may have a material effect on the projections. For example increasing the rate increase annually by 0.5% will result in an improved ongoing operating result and long-term sustainability as indicated in the charts below.







Other options to meet long term financial sustainability and ratio thresholds is to reduce operating expenditure and/or revise the current net financial liabilities ceiling above 75%.

As with all projections, the view can change as underlying circumstances change. For example during 2020 the additional modelling was done in response to the impact of COVID-19. With this in mind, Council will continue to closely monitor its strategic and financial planning outlook.

### Financial Strategies

The revision of the LTFP enables Council to reinforce its financial strategies to:

- maintain long-term financial sustainability
- build and maintain adequate financial capacity to fund its services including the flexibility to respond to changing needs and circumstances

The financial strategies to maintain long-term financial sustainability include:

- using the LTFP in key decision making,
- continually improving and enhancing Asset Management Plans,
- continue to improve the model underpinning the LTFP,
- regularly review the LTFP,
- reduce the reliance on rate revenue,
- continually improving financial management practices, and
- measuring and reporting performance against targets.

### Chief Executive Officer Comment

It is a requirement under the Act that a review of the LTFP include a report from the Chief Executive Officer on the sustainability of Council's long term financial performance. The following comments from the CEO have been provided in this regard.

The LTFP has been revised and updated to include the 2020/21 Annual Business Plan and 2019/20 Financial Statements. It has also taken into account budget updates to 30 September 2020. As indicated within this report the LTFP is a modelling tool that needs to be reviewed and monitored to assist in financial forecasting and decision making.

A number of assumptions have been revised including forecasting the level of rate increase (excluding new development growth) at 1.1% forecast LGPI. The indexation for other expenditure and revenue is forecast at LGPI. The revised LTFP indicates that Council is sustainable with the Operating Ratio target of between 0 and 10% over a rolling 5-year period being met.

The LTFP also indicates that the Net Financial Liabilities Ratio (NFLR) including provisions for major projects will remain below the Council agreed threshold of 75% until 2028. The LTFP and NFLR indicate that the current forecast level of borrowings is sustainable over the mid-term and that from 2021/22 Council has the capacity to borrow additional funds for new major projects. Strategies to increase revenue and/or reduce operating expenditure will ensure that the NFLR will remain under the threshold in the long-term.

Council continually reviews and enhances its services to the community. Future decisions will also be made to invest in new and improved infrastructure and community facilities and the LTFP will assist in this regard. The revised LTFP indicates that Council is in a strong financial position with a sustainable outlook and has the financial capacity to fund future capital projects as they arise.

## **BUDGET**

The LTFP informs the budget and is used as a tool in financial decisions making

## **LIFE CYCLE COSTS**

This report does not have any direct full life cycle cost implications.

# Attachment 1



City of Holdfast Bay (excluding Alwyndor Aged Care)  
10 Year Financial Plan for the Years ending 30 June 2031

INCOME STATEMENT - GENERAL FUND

Scenario: Base Case

	Actuals 2019/20	Current Year 2020/21	Projected Years									
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Income</b>												
Rates	37,086,000	37,982,000	38,556,000	39,447,000	40,596,000	41,819,000	43,037,000	44,290,000	45,625,000	47,091,000	48,510,000	49,771,000
Statutory Charges	2,230,000	2,022,000	2,368,000	2,413,000	2,473,000	2,537,000	2,600,000	2,665,000	2,734,000	2,811,000	2,884,000	2,959,000
User Charges	3,732,000	3,741,000	3,171,000	3,459,000	3,612,000	3,722,000	3,827,000	3,923,000	4,025,000	4,138,000	4,246,000	4,356,000
Grants, Subsidies and Contributions	3,176,000	3,315,000	2,889,000	2,937,000	3,003,000	2,776,000	2,846,000	2,917,000	2,993,000	3,077,000	3,156,000	3,238,000
Investment Income	90,000	84,000	85,000	87,000	89,000	91,000	93,000	95,000	97,000	100,000	103,000	106,000
Reimbursements	527,000	678,000	685,000	698,000	715,000	734,000	752,000	771,000	791,000	813,000	834,000	856,000
Other Income	1,010,000	707,000	614,000	626,000	642,000	659,000	675,000	692,000	710,000	730,000	749,000	768,000
Net gain - equity accounted Council businesses	99,000	123,000	160,000	148,000	131,000	322,000	321,000	315,000	351,000	369,000	369,000	230,000
<b>Total Income</b>	<b>47,950,000</b>	<b>48,652,000</b>	<b>48,528,000</b>	<b>49,815,000</b>	<b>51,261,000</b>	<b>52,660,000</b>	<b>54,151,000</b>	<b>55,668,000</b>	<b>57,326,000</b>	<b>59,129,000</b>	<b>60,851,000</b>	<b>62,284,000</b>
<b>Expenses</b>												
Employee Costs	17,383,000	17,745,000	18,114,000	18,649,000	19,107,000	19,576,000	20,057,000	20,458,000	20,868,000	21,241,000	21,622,000	22,010,000
Materials, Contracts & Other Expenses	20,850,000	20,927,000	19,889,459	20,508,082	20,802,748	21,352,479	21,899,873	22,710,156	23,065,309	23,724,940	24,356,330	25,001,351
Depreciation, Amortisation & Impairment	9,173,000	9,437,000	9,730,176	9,764,064	9,796,696	9,818,766	9,850,348	9,896,322	9,934,739	9,969,191	10,004,608	10,040,945
Finance Costs	582,000	789,466	834,713	810,419	766,360	695,974	648,405	597,605	559,165	535,428	526,121	446,112
<b>Total Expenses</b>	<b>47,988,000</b>	<b>48,898,466</b>	<b>48,568,348</b>	<b>49,731,565</b>	<b>50,472,804</b>	<b>51,443,219</b>	<b>52,455,626</b>	<b>53,662,084</b>	<b>54,427,213</b>	<b>55,470,559</b>	<b>56,509,058</b>	<b>57,498,408</b>
<b>Operating Surplus / (Deficit)</b>	<b>(38,000)</b>	<b>(246,466)</b>	<b>(40,348)</b>	<b>83,435</b>	<b>788,196</b>	<b>1,216,781</b>	<b>1,695,374</b>	<b>2,005,916</b>	<b>2,898,787</b>	<b>3,658,441</b>	<b>4,341,942</b>	<b>4,785,592</b>
Asset Disposal & Fair Value Adjustments	(3,321,000)	-	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	4,728,000	6,795,000	45,495	1,202,769	70,750	938,241	2,293,192	1,451,291	963,486	960,450	954,627	-
<b>Net Surplus / (Deficit)</b>	<b>1,369,000</b>	<b>6,548,534</b>	<b>5,147</b>	<b>1,286,204</b>	<b>858,946</b>	<b>2,155,022</b>	<b>3,988,566</b>	<b>3,457,207</b>	<b>3,862,273</b>	<b>4,618,891</b>	<b>5,296,569</b>	<b>4,785,592</b>
<b>Other Comprehensive Income</b>												
Amounts which will not be reclassified subsequently to operating result												
Changes in Revaluation Surplus - I,PP&E	(710,000)	-	-	-	-	-	-	-	-	-	-	-
Share of Other Comprehensive Income - Equity Accounted Council Businesses	183,000	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other Comprehensive Income</b>	<b>(527,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>	<b>842,000</b>	<b>6,548,534</b>	<b>5,147</b>	<b>1,286,204</b>	<b>858,946</b>	<b>2,155,022</b>	<b>3,988,566</b>	<b>3,457,207</b>	<b>3,862,273</b>	<b>4,618,891</b>	<b>5,296,569</b>	<b>4,785,592</b>

City of Holdfast Bay (excluding Alwyndor Aged Care)  
10 Year Financial Plan for the Years ending 30 June 2031  
**BALANCE SHEET - GENERAL FUND**  
Scenario: Base Case

	Actuals 2019/20	Current Year 2020/21	Projected Years									
	\$	\$	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash & Cash Equivalents	865,000	5,787	-	-	-	-	-	-	-	-	-	-
Trade & Other Receivables	3,039,000	1,620,610	1,542,470	1,416,748	1,445,049	1,481,062	1,525,087	1,567,506	1,599,327	1,642,776	1,611,410	1,649,545
Inventories	10,000	10,216	9,709	10,011	10,155	10,424	10,691	11,086	11,260	11,582	11,890	12,205
<b>Total Current Assets</b>	<b>3,914,000</b>	<b>1,636,613</b>	<b>1,552,179</b>	<b>1,426,760</b>	<b>1,455,204</b>	<b>1,491,485</b>	<b>1,535,778</b>	<b>1,578,592</b>	<b>1,610,587</b>	<b>1,654,358</b>	<b>1,623,300</b>	<b>1,661,750</b>
<b>Non-Current Assets</b>												
Financial Assets	1,166,000	1,443,000	1,200,000	1,128,000	1,054,000	978,000	903,000	826,000	750,000	676,000	677,000	677,000
Equity Accounted Investments in Council Businesses	3,227,000	3,350,000	3,510,000	3,658,000	3,789,000	4,111,000	4,432,000	4,747,000	5,098,000	5,467,000	5,836,000	6,066,000
Infrastructure, Property, Plant & Equipment	681,984,000	697,702,000	698,719,159	703,511,183	701,843,469	701,510,162	705,521,051	707,495,248	712,146,772	716,579,959	723,782,205	721,425,466
Other Non-Current Assets	4,511,000	4,511,000	4,511,000	4,511,000	4,511,000	4,511,000	4,511,000	4,511,000	4,511,000	4,511,000	4,511,000	4,511,000
<b>Total Non-Current Assets</b>	<b>690,888,000</b>	<b>707,006,000</b>	<b>707,940,159</b>	<b>712,808,183</b>	<b>711,197,469</b>	<b>711,110,162</b>	<b>715,367,051</b>	<b>717,579,248</b>	<b>722,505,772</b>	<b>727,233,959</b>	<b>734,806,205</b>	<b>732,679,466</b>
<b>TOTAL ASSETS</b>	<b>694,802,000</b>	<b>708,642,613</b>	<b>709,492,338</b>	<b>714,234,942</b>	<b>712,652,673</b>	<b>712,601,647</b>	<b>716,902,829</b>	<b>719,157,840</b>	<b>724,116,359</b>	<b>728,888,317</b>	<b>736,429,505</b>	<b>734,341,216</b>
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
Cash Advance Debenture	-	-	2,139,633	6,588,577	5,219,705	4,010,018	5,365,610	5,213,450	7,146,333	8,115,457	11,216,951	5,235,764
Trade & Other Payables	8,904,000	3,296,016	3,132,644	3,230,078	3,276,495	3,363,078	3,449,293	3,576,904	3,632,844	3,736,730	3,836,169	3,937,755
Borrowings	3,056,000	1,394,683	1,357,978	1,391,760	1,360,944	1,413,191	1,467,646	1,188,577	1,221,944	1,264,314	1,308,280	693,960
Provisions	3,001,000	3,193,010	3,428,106	3,667,671	3,911,706	4,160,210	4,414,078	4,673,309	4,937,903	5,207,861	5,483,182	5,763,867
<b>Total Current Liabilities</b>	<b>14,961,000</b>	<b>7,883,709</b>	<b>10,058,361</b>	<b>14,878,086</b>	<b>13,768,850</b>	<b>12,946,497</b>	<b>14,696,627</b>	<b>14,652,239</b>	<b>16,939,024</b>	<b>18,324,362</b>	<b>21,844,582</b>	<b>15,631,346</b>
<b>Non-Current Liabilities</b>												
Borrowings	10,554,000	24,857,380	23,499,402	22,107,642	20,746,698	19,333,507	17,865,861	16,677,284	15,455,339	14,191,025	12,882,745	12,188,785
Provisions	313,000	378,990	406,894	435,329	464,294	493,790	523,922	554,691	586,097	618,139	650,818	684,133
<b>Total Non-Current Liabilities</b>	<b>10,867,000</b>	<b>25,236,370</b>	<b>23,906,296</b>	<b>22,542,971</b>	<b>21,210,992</b>	<b>19,827,297</b>	<b>18,389,783</b>	<b>17,231,975</b>	<b>16,041,436</b>	<b>14,809,164</b>	<b>13,533,563</b>	<b>12,872,918</b>
<b>TOTAL LIABILITIES</b>	<b>25,828,000</b>	<b>33,120,079</b>	<b>33,964,657</b>	<b>37,421,057</b>	<b>34,979,842</b>	<b>32,773,794</b>	<b>33,086,410</b>	<b>31,884,214</b>	<b>32,980,460</b>	<b>33,133,526</b>	<b>35,378,145</b>	<b>28,504,264</b>
<b>Net Assets</b>	<b>668,974,000</b>	<b>675,522,534</b>	<b>675,527,682</b>	<b>676,813,885</b>	<b>677,672,831</b>	<b>679,827,853</b>	<b>683,816,419</b>	<b>687,273,626</b>	<b>691,135,899</b>	<b>695,754,790</b>	<b>701,051,360</b>	<b>705,836,952</b>
<b>EQUITY</b>												
Accumulated Surplus	173,971,000	180,519,534	180,524,682	181,810,885	182,669,831	184,824,853	188,813,419	192,270,626	196,132,899	200,751,790	206,048,360	210,833,952
Asset Revaluation Reserves	495,003,000	495,003,000	495,003,000	495,003,000	495,003,000	495,003,000	495,003,000	495,003,000	495,003,000	495,003,000	495,003,000	495,003,000
<b>Total Equity</b>	<b>668,974,000</b>	<b>675,522,534</b>	<b>675,527,682</b>	<b>676,813,885</b>	<b>677,672,831</b>	<b>679,827,853</b>	<b>683,816,419</b>	<b>687,273,626</b>	<b>691,135,899</b>	<b>695,754,790</b>	<b>701,051,360</b>	<b>705,836,952</b>

City of Holdfast Bay (excluding Alwyndor Aged Care)  
10 Year Financial Plan for the Years ending 30 June 2031  
CASH FLOW STATEMENT - GENERAL FUND  
Scenario: Base Case

	Actuals 2019/20	Current Year 2020/21	Projected Years									
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>												
<b>Receipts:</b>												
Rates Receipts	36,370,000	38,598,421	38,548,142	39,434,803	40,580,271	41,802,258	43,020,326	44,272,847	45,606,725	47,070,931	48,490,575	49,753,738
Statutory Charges	2,270,000	2,247,315	2,357,685	2,411,658	2,471,211	2,535,092	2,598,122	2,663,062	2,731,943	2,808,704	2,881,824	2,956,764
User Charges	3,922,000	4,107,429	3,187,993	3,450,414	3,607,439	3,718,721	3,823,870	3,920,138	4,021,959	4,134,631	4,242,780	4,352,721
Grants, Subsidies and Contributions (operating purpose)	3,276,000	3,420,352	3,102,914	2,901,069	3,034,780	2,756,906	2,803,520	2,939,982	3,005,277	3,074,586	3,153,818	3,264,015
Investment Receipts	90,000	92,137	84,975	86,951	88,951	90,951	92,951	94,951	96,951	99,926	102,926	105,926
Reimbursements	537,000	721,061	684,827	697,680	714,581	733,532	751,556	770,532	790,507	812,458	833,482	855,458
Other	6,100,000	464,754	450,413	654,166	613,621	679,875	707,919	670,742	697,440	729,329	748,290	743,904
<b>Payments:</b>												
Payments to Employees	(17,103,000)	(17,486,408)	(17,850,988)	(18,380,982)	(18,833,985)	(19,297,984)	(19,772,984)	(20,167,987)	(20,571,986)	(20,938,988)	(21,313,987)	(21,695,987)
Payments for Materials, Contracts & Other Expenses	(22,646,000)	(22,508,872)	(20,027,146)	(20,425,987)	(20,763,645)	(21,279,527)	(21,827,231)	(22,602,627)	(23,018,178)	(23,637,403)	(24,272,541)	(24,915,753)
Finance Payments	(582,000)	(789,466)	(834,713)	(810,419)	(766,360)	(695,974)	(648,405)	(597,605)	(559,165)	(535,428)	(526,121)	(446,112)
<b>Net Cash provided (or used in) Operating Activities</b>	12,234,000	8,866,725	9,704,103	10,019,352	10,746,865	11,043,848	11,549,644	11,964,035	12,801,472	13,618,748	14,341,047	14,974,673
<b>Cash Flows from Investing Activities</b>												
<b>Receipts:</b>												
Amounts Received Specifically for New/Upgraded Assets	3,485,000	2,575,000	45,495	1,202,769	70,750	938,241	2,293,192	1,451,291	963,486	960,450	954,627	-
Sale of Replaced Assets	195,000	294,000	528,000	489,000	187,000	18,000	680,000	335,000	477,000	367,000	288,000	371,000
Sale of Surplus Assets	40,000	1,107,000	-	-	-	-	-	-	-	-	-	-
Repayments of Loans by Community Groups	112,000	212,000	247,000	243,000	72,000	74,000	76,000	75,000	77,000	76,000	74,000	(1,000)
<b>Payments:</b>												
Expenditure on Renewal/Replacement of Assets	(7,567,000)	(9,869,000)	(8,992,000)	(8,585,000)	(6,637,000)	(6,887,000)	(10,499,000)	(8,933,000)	(12,202,000)	(11,828,000)	(14,477,000)	(7,427,000)
Expenditure on New/Upgraded Assets	(14,227,000)	(16,687,000)	(2,283,335)	(6,460,088)	(1,678,983)	(2,616,458)	(4,042,237)	(3,272,519)	(2,861,263)	(2,941,378)	(3,017,854)	(628,206)
<b>Net Cash provided (or used in) Investing Activities</b>	(17,962,000)	(22,368,000)	(10,454,840)	(13,110,319)	(7,986,233)	(8,473,217)	(11,492,045)	(10,344,228)	(13,545,777)	(13,365,928)	(16,178,227)	(7,685,206)
<b>Cash Flows from Financing Activities</b>												
<b>Receipts:</b>												
Proceeds from Borrowings	2,150,000	13,801,135	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>												
Repayments of Borrowings	(1,000,000)	(1,159,072)	(1,394,683)	(1,357,978)	(1,391,760)	(1,360,944)	(1,413,191)	(1,467,646)	(1,188,577)	(1,221,944)	(1,264,314)	(1,308,280)
Repayment of Bonds & Deposits	(34,000)	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flow provided (used in) Financing Activities</b>	1,116,000	12,642,063	(1,394,683)	(1,357,978)	(1,391,760)	(1,360,944)	(1,413,191)	(1,467,646)	(1,188,577)	(1,221,944)	(1,264,314)	(1,308,280)
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	(4,612,000)	(859,213)	(2,145,420)	(4,448,944)	1,368,872	1,209,687	(1,355,592)	152,160	(1,932,883)	(969,124)	(3,101,494)	5,981,187
<b>plus: Cash &amp; Cash Equivalents - beginning of year</b>	5,477,000	865,000	5,787	(2,139,633)	(6,588,577)	(5,219,705)	(4,010,018)	(5,365,610)	(5,213,450)	(7,146,333)	(8,115,457)	(11,216,951)
<b>Cash &amp; Cash Equivalents - end of the year</b>	865,000	5,787	(2,139,633)	(6,588,577)	(5,219,705)	(4,010,018)	(5,365,610)	(5,213,450)	(7,146,333)	(8,115,457)	(11,216,951)	(5,235,764)



City of Holdfast Bay (excluding Alwyndor Aged Care)  
10 Year Financial Plan for the Years ending 30 June 2031  
UNIFORM PRESENTATION OF FINANCES - GENERAL FUND

	Actuals 2019/20	Current Year 2020/21	Projected Years									
Scenario: Base Case	\$	\$	2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$	2026/27 \$	2027/28 \$	2028/29 \$	2029/30 \$	2030/31 \$
<b>Operating Activities</b>												
Income	47,950,000	48,652,000	48,528,000	49,815,000	51,261,000	52,660,000	54,151,000	55,668,000	57,326,000	59,129,000	60,851,000	62,284,000
less Expenses	(47,988,000)	(48,898,466)	(48,568,348)	(49,731,565)	(50,472,804)	(51,443,219)	(52,455,626)	(53,662,084)	(54,427,213)	(55,470,559)	(56,509,058)	(57,498,408)
<b>Operating Surplus / (Deficit)</b>	<b>(38,000)</b>	<b>(246,466)</b>	<b>(40,348)</b>	<b>83,435</b>	<b>788,196</b>	<b>1,216,781</b>	<b>1,695,374</b>	<b>2,005,916</b>	<b>2,898,787</b>	<b>3,658,441</b>	<b>4,341,942</b>	<b>4,785,592</b>
<b>Capital Activities</b>												
<b>less (Net Outlays) on Existing Assets</b>												
Capital Expenditure on Renewal and Replacement of Existing Assets	(7,567,000)	(9,869,000)	(8,992,000)	(8,585,000)	(6,637,000)	(6,887,000)	(10,499,000)	(8,933,000)	(12,202,000)	(11,828,000)	(14,477,000)	(7,427,000)
add back Depreciation, Amortisation and Impairment	9,173,000	9,437,000	9,730,176	9,764,064	9,796,696	9,818,766	9,850,348	9,896,322	9,934,739	9,969,191	10,004,608	10,040,945
add back Proceeds from Sale of Replaced Assets	195,000	294,000	528,000	489,000	187,000	18,000	680,000	335,000	477,000	367,000	288,000	371,000
<b>(Net Outlays) on Existing Assets</b>	<b>1,801,000</b>	<b>(138,000)</b>	<b>1,266,176</b>	<b>1,668,064</b>	<b>3,346,696</b>	<b>2,949,766</b>	<b>31,348</b>	<b>1,298,322</b>	<b>(1,790,261)</b>	<b>(1,491,809)</b>	<b>(4,184,392)</b>	<b>2,984,945</b>
<b>less (Net Outlays) on New and Upgraded Assets</b>												
Capital Expenditure on New and Upgraded Assets												
(including Investment Property & Real Estate Developments)	(14,227,000)	(16,687,000)	(2,283,335)	(6,460,088)	(1,678,983)	(2,616,458)	(4,042,237)	(3,272,519)	(2,861,263)	(2,941,378)	(3,017,854)	(628,206)
add back Amounts Received Specifically for New and Upgraded Assets	3,485,000	2,575,000	45,495	1,202,769	70,750	938,241	2,293,192	1,451,291	963,486	960,450	954,627	-
add back Proceeds from Sale of Surplus Assets												
(including Investment Property & and Real Estate Developments)	40,000	1,107,000	-	-	-	-	-	-	-	-	-	-
<b>(Net Outlays) on New and Upgraded Assets</b>	<b>(10,702,000)</b>	<b>(13,005,000)</b>	<b>(2,237,840)</b>	<b>(5,257,319)</b>	<b>(1,608,233)</b>	<b>(1,678,217)</b>	<b>(1,749,045)</b>	<b>(1,821,228)</b>	<b>(1,897,777)</b>	<b>(1,980,928)</b>	<b>(2,063,227)</b>	<b>(628,206)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(8,939,000)</b>	<b>(13,389,466)</b>	<b>(1,012,012)</b>	<b>(3,505,820)</b>	<b>2,526,659</b>	<b>2,488,329</b>	<b>(22,323)</b>	<b>1,483,010</b>	<b>(789,251)</b>	<b>185,704</b>	<b>(1,905,677)</b>	<b>7,142,331</b>

City of Holdfast Bay (excluding Alwyndor Aged Care)  
10 Year Financial Plan for the Years ending 30 June 2031  
**INCOME STATEMENT - GENERAL FUND**  
Scenario: Base Case plus Major Projects

	Actuals 2019/20	Current Year 2020/21	2021/22	2022/23	2023/24	2024/25	Projected Years					
	\$	\$	\$	\$	\$	\$	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
							\$	\$	\$	\$	\$	\$
<b>Income</b>												
Rates	37,086,000	37,982,000	38,556,000	39,447,000	40,596,000	41,819,000	43,037,000	44,290,000	45,625,000	47,091,000	48,510,000	49,771,000
Statutory Charges	2,230,000	2,022,000	2,368,000	2,413,000	2,473,000	2,537,000	2,600,000	2,665,000	2,734,000	2,811,000	2,884,000	2,959,000
User Charges	3,732,000	3,741,000	3,171,000	3,459,000	3,612,000	3,722,000	3,827,000	3,923,000	4,025,000	4,138,000	4,246,000	4,356,000
Grants, Subsidies and Contributions	3,176,000	3,315,000	2,889,000	2,937,000	3,003,000	2,776,000	2,846,000	2,917,000	2,993,000	3,077,000	3,156,000	3,238,000
Investment Income	90,000	84,000	85,000	87,000	89,000	91,000	93,000	95,000	97,000	100,000	103,000	106,000
Reimbursements	527,000	678,000	685,000	698,000	715,000	734,000	752,000	771,000	791,000	813,000	834,000	856,000
Other Income	1,010,000	707,000	614,000	626,000	642,000	659,000	675,000	692,000	710,000	730,000	749,000	768,000
Net gain - equity accounted Council businesses	99,000	123,000	160,000	148,000	131,000	322,000	321,000	315,000	351,000	369,000	369,000	230,000
<b>Total Income</b>	<b>47,950,000</b>	<b>48,652,000</b>	<b>48,528,000</b>	<b>49,815,000</b>	<b>51,261,000</b>	<b>52,660,000</b>	<b>54,151,000</b>	<b>55,668,000</b>	<b>57,326,000</b>	<b>59,129,000</b>	<b>60,851,000</b>	<b>62,284,000</b>
<b>Expenses</b>												
Employee Costs	17,383,000	17,745,000	18,114,000	18,649,000	19,107,000	19,576,000	20,057,000	20,458,000	20,868,000	21,241,000	21,622,000	22,010,000
Materials, Contracts & Other Expenses	20,850,000	20,927,000	19,889,459	20,508,082	20,802,748	21,366,089	21,929,023	22,800,876	23,227,256	23,962,012	24,629,116	25,311,510
Depreciation, Amortisation & Impairment	9,173,000	9,437,000	9,730,176	9,764,064	9,796,696	9,845,986	9,907,968	10,030,362	10,160,129	10,288,211	10,382,728	10,479,625
Finance Costs	582,000	789,466	834,713	810,419	768,660	704,687	686,903	698,273	741,844	789,511	834,035	844,731
<b>Total Expenses</b>	<b>47,988,000</b>	<b>48,898,466</b>	<b>48,568,348</b>	<b>49,731,565</b>	<b>50,475,105</b>	<b>51,492,762</b>	<b>52,580,894</b>	<b>53,987,511</b>	<b>54,997,229</b>	<b>56,280,733</b>	<b>57,467,878</b>	<b>58,645,866</b>
<b>Operating Surplus / (Deficit)</b>	<b>(38,000)</b>	<b>(246,466)</b>	<b>(40,348)</b>	<b>83,435</b>	<b>785,895</b>	<b>1,167,238</b>	<b>1,570,106</b>	<b>1,680,489</b>	<b>2,328,771</b>	<b>2,848,267</b>	<b>3,383,122</b>	<b>3,638,134</b>
Asset Disposal & Fair Value Adjustments	(3,321,000)	-	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	4,728,000	6,795,000	45,495	1,202,769	1,173,750	1,698,241	5,335,008	4,894,678	4,492,858	2,437,450	2,468,627	5,764,278
<b>Net Surplus / (Deficit)</b>	<b>1,369,000</b>	<b>6,548,534</b>	<b>5,147</b>	<b>1,286,204</b>	<b>1,959,645</b>	<b>2,865,479</b>	<b>6,905,114</b>	<b>6,575,167</b>	<b>6,821,629</b>	<b>5,285,717</b>	<b>5,851,749</b>	<b>9,402,412</b>
<b>Other Comprehensive Income</b>												
Amounts which will not be reclassified subsequently to operating result												
Changes in Revaluation Surplus - I,PP&E	(710,000)	-	-	-	-	-	-	-	-	-	-	-
Share of Other Comprehensive Income - Equity Accounted Council Businesses	183,000	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other Comprehensive Income</b>	<b>(527,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>	<b>842,000</b>	<b>6,548,534</b>	<b>5,147</b>	<b>1,286,204</b>	<b>1,959,645</b>	<b>2,865,479</b>	<b>6,905,114</b>	<b>6,575,167</b>	<b>6,821,629</b>	<b>5,285,717</b>	<b>5,851,749</b>	<b>9,402,412</b>



City of Holdfast Bay (excluding Alwyndor Aged Care)  
10 Year Financial Plan for the Years ending 30 June 2031  
**BALANCE SHEET - GENERAL FUND**  
Scenario: Base Case plus Major Projects

	Actuals	Current Year	Projected Years									
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash & Cash Equivalents	865,000	5,787	-	-	-	-	-	-	-	-	-	-
Trade & Other Receivables	3,039,000	1,620,610	1,542,470	1,416,748	1,450,745	1,485,317	1,541,503	1,587,490	1,621,485	1,656,159	1,625,851	1,686,842
Inventories	10,000	10,216	9,709	10,011	10,155	10,430	10,705	11,131	11,339	11,698	12,023	12,356
<b>Total Current Assets</b>	<b>3,914,000</b>	<b>1,636,613</b>	<b>1,552,179</b>	<b>1,426,760</b>	<b>1,460,900</b>	<b>1,495,747</b>	<b>1,552,208</b>	<b>1,598,621</b>	<b>1,632,824</b>	<b>1,667,857</b>	<b>1,637,874</b>	<b>1,699,198</b>
<b>Non-Current Assets</b>												
Financial Assets	1,166,000	1,443,000	1,200,000	1,128,000	1,054,000	978,000	903,000	826,000	750,000	676,000	677,000	677,000
Equity Accounted Investments in Council Businesses	3,227,000	3,350,000	3,510,000	3,658,000	3,789,000	4,111,000	4,432,000	4,747,000	5,098,000	5,467,000	5,836,000	6,066,000
Infrastructure, Property, Plant & Equipment	681,984,000	697,702,000	698,719,159	703,511,183	703,204,469	704,363,942	714,401,211	723,128,368	734,613,502	741,682,669	751,534,795	760,267,376
Other Non-Current Assets	4,511,000	4,511,000	4,511,000	4,511,000	4,511,000	4,511,000	4,511,000	4,511,000	4,511,000	4,511,000	4,511,000	4,511,000
<b>Total Non-Current Assets</b>	<b>690,888,000</b>	<b>707,006,000</b>	<b>707,940,159</b>	<b>712,808,183</b>	<b>712,558,469</b>	<b>713,963,942</b>	<b>724,247,211</b>	<b>733,212,368</b>	<b>744,972,502</b>	<b>752,336,669</b>	<b>762,558,795</b>	<b>771,521,376</b>
<b>TOTAL ASSETS</b>	<b>694,802,000</b>	<b>708,642,613</b>	<b>709,492,338</b>	<b>714,234,942</b>	<b>714,019,369</b>	<b>715,459,689</b>	<b>725,799,419</b>	<b>734,810,989</b>	<b>746,605,325</b>	<b>754,004,525</b>	<b>764,196,669</b>	<b>773,220,574</b>
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
Cash Advance Debenture	-	-	2,139,633	6,588,577	5,485,702	5,054,760	9,529,905	13,006,648	18,804,777	21,722,488	26,914,134	27,422,436
Trade & Other Payables	8,904,000	3,296,016	3,132,644	3,230,078	3,276,495	3,365,221	3,453,883	3,591,189	3,658,346	3,774,062	3,879,125	3,986,597
Borrowings	3,056,000	1,394,683	1,357,978	1,391,760	1,360,944	1,413,191	1,467,646	1,188,577	1,221,944	1,264,314	1,308,280	693,960
Provisions	3,001,000	3,193,010	3,428,106	3,667,671	3,911,706	4,160,210	4,414,078	4,673,309	4,937,903	5,207,861	5,483,182	5,763,867
<b>Total Current Liabilities</b>	<b>14,961,000</b>	<b>7,883,709</b>	<b>10,058,361</b>	<b>14,878,086</b>	<b>14,034,847</b>	<b>13,993,382</b>	<b>18,865,512</b>	<b>22,459,723</b>	<b>28,622,970</b>	<b>31,968,725</b>	<b>37,584,722</b>	<b>37,866,859</b>
<b>Non-Current Liabilities</b>												
Borrowings	10,554,000	24,857,380	23,499,402	22,107,642	20,746,698	19,333,507	17,865,861	16,677,284	15,455,339	14,191,025	12,882,745	12,188,785
Provisions	313,000	378,990	406,894	435,329	464,294	493,790	523,922	554,691	586,097	618,139	650,818	684,133
<b>Total Non-Current Liabilities</b>	<b>10,867,000</b>	<b>25,236,370</b>	<b>23,906,296</b>	<b>22,542,971</b>	<b>21,210,992</b>	<b>19,827,297</b>	<b>18,389,783</b>	<b>17,231,975</b>	<b>16,041,436</b>	<b>14,809,164</b>	<b>13,533,563</b>	<b>12,872,918</b>
<b>TOTAL LIABILITIES</b>	<b>25,828,000</b>	<b>33,120,079</b>	<b>33,964,657</b>	<b>37,421,057</b>	<b>35,245,839</b>	<b>33,820,679</b>	<b>37,255,295</b>	<b>39,691,698</b>	<b>44,664,406</b>	<b>46,777,890</b>	<b>51,118,285</b>	<b>50,739,778</b>
<b>Net Assets</b>	<b>668,974,000</b>	<b>675,522,534</b>	<b>675,527,682</b>	<b>676,813,885</b>	<b>678,773,531</b>	<b>681,639,010</b>	<b>688,544,124</b>	<b>695,119,291</b>	<b>701,940,919</b>	<b>707,226,636</b>	<b>713,078,384</b>	<b>722,480,797</b>
<b>EQUITY</b>												
Accumulated Surplus	173,971,000	180,519,534	180,524,682	181,810,885	183,770,531	186,636,010	193,541,124	200,116,291	206,937,919	212,223,636	218,075,384	227,477,797
Asset Revaluation Reserves	495,003,000	495,003,000	495,003,000	495,003,000	495,003,000	495,003,000	495,003,000	495,003,000	495,003,000	495,003,000	495,003,000	495,003,000
Available for Sale Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Equity</b>	<b>668,974,000</b>	<b>675,522,534</b>	<b>675,527,682</b>	<b>676,813,885</b>	<b>678,773,531</b>	<b>681,639,010</b>	<b>688,544,124</b>	<b>695,119,291</b>	<b>701,940,919</b>	<b>707,226,636</b>	<b>713,078,384</b>	<b>722,480,797</b>

City of Holdfast Bay (excluding Alwyndor Aged Care)  
10 Year Financial Plan for the Years ending 30 June 2031  
**CASH FLOW STATEMENT - GENERAL FUND**  
Scenario: Base Case plus Major Projects

	Actuals 2019/20	Current Year 2020/21	2021/22	2022/23	2023/24	2024/25	Projected Years					
	\$	\$	\$	\$	\$	\$	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
							\$	\$	\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>												
<b>Receipts:</b>												
Rates Receipts	36,370,000	38,598,421	38,548,142	39,434,803	40,580,271	41,802,258	43,020,326	44,272,847	45,606,725	47,070,931	48,490,575	49,753,738
Statutory Charges	2,270,000	2,247,315	2,357,685	2,411,658	2,471,211	2,535,092	2,598,122	2,663,062	2,731,943	2,808,704	2,881,824	2,956,764
User Charges	3,922,000	4,107,429	3,187,993	3,450,414	3,607,439	3,718,721	3,823,870	3,920,138	4,021,959	4,134,631	4,242,780	4,352,721
Grants, Subsidies and Contributions (operating purpose)	3,276,000	3,420,352	3,102,914	2,901,069	3,001,898	2,767,131	2,735,495	2,928,010	3,002,713	3,135,771	3,152,715	3,137,306
Investment Receipts	90,000	92,137	84,975	86,951	88,951	90,951	92,951	94,951	96,951	99,926	102,926	105,926
Reimbursements	537,000	721,061	684,827	697,680	714,581	733,532	751,556	770,532	790,507	812,458	833,482	855,458
Other	6,100,000	464,754	450,413	654,166	640,808	671,421	764,161	680,640	699,559	678,743	749,202	848,664
<b>Payments:</b>												
Payments to Employees	(17,103,000)	(17,486,408)	(17,850,988)	(18,380,982)	(18,833,985)	(19,297,984)	(19,772,984)	(20,167,987)	(20,571,986)	(20,938,988)	(21,313,987)	(21,695,987)
Payments for Materials, Contracts & Other Expenses	(22,646,000)	(22,508,872)	(20,027,146)	(20,425,987)	(20,763,645)	(21,291,331)	(21,854,319)	(22,685,176)	(23,170,673)	(23,864,506)	(24,540,587)	(25,220,952)
Finance Payments	(582,000)	(789,466)	(834,713)	(810,419)	(768,660)	(704,687)	(686,903)	(698,273)	(741,844)	(789,511)	(834,035)	(844,731)
<b>Net Cash provided (or used in) Operating Activities</b>	12,234,000	8,866,725	9,704,103	10,019,352	10,738,869	11,025,103	11,472,275	11,778,744	12,465,853	13,148,161	13,764,895	14,248,906
<b>Cash Flows from Investing Activities</b>												
<b>Receipts:</b>												
Amounts Received Specifically for New/Upgraded Assets	3,485,000	2,575,000	45,495	1,202,769	1,173,750	1,698,241	5,335,008	4,894,678	4,492,858	2,437,450	2,468,627	5,764,278
Sale of Replaced Assets	195,000	294,000	528,000	489,000	187,000	18,000	680,000	335,000	477,000	367,000	288,000	371,000
Sale of Surplus Assets	40,000	1,107,000	-	-	-	-	-	-	-	-	-	-
Repayments of Loans by Community Groups	112,000	212,000	247,000	243,000	72,000	74,000	76,000	75,000	77,000	76,000	74,000	(1,000)
<b>Payments:</b>												
Expenditure on Renewal/Replacement of Assets	(7,567,000)	(9,869,000)	(8,992,000)	(8,585,000)	(6,637,000)	(6,887,000)	(10,499,000)	(8,933,000)	(12,202,000)	(11,828,000)	(14,477,000)	(7,427,000)
Expenditure on New/Upgraded Assets	(14,227,000)	(16,687,000)	(2,283,335)	(6,460,088)	(3,039,983)	(4,136,458)	(10,126,237)	(10,159,519)	(9,920,263)	(5,896,378)	(6,045,854)	(12,156,206)
<b>Net Cash provided (or used in) Investing Activities</b>	(17,962,000)	(22,368,000)	(10,454,840)	(13,110,319)	(8,244,233)	(9,233,217)	(14,534,229)	(13,787,841)	(17,075,405)	(14,843,928)	(17,692,227)	(13,448,928)
<b>Cash Flows from Financing Activities</b>												
<b>Receipts:</b>												
Proceeds from Borrowings	2,150,000	13,801,135	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>												
Repayments of Borrowings	(1,000,000)	(1,159,072)	(1,394,683)	(1,357,978)	(1,391,760)	(1,360,944)	(1,413,191)	(1,467,646)	(1,188,577)	(1,221,944)	(1,264,314)	(1,308,280)
Repayment of Bonds & Deposits	(34,000)	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flow provided (used in) Financing Activities</b>	1,116,000	12,642,063	(1,394,683)	(1,357,978)	(1,391,760)	(1,360,944)	(1,413,191)	(1,467,646)	(1,188,577)	(1,221,944)	(1,264,314)	(1,308,280)
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	(4,612,000)	(859,213)	(2,145,420)	(4,448,944)	1,102,875	430,942	(4,475,145)	(3,476,743)	(5,798,129)	(2,917,711)	(5,191,646)	(508,302)
<b>plus: Cash &amp; Cash Equivalents - beginning of year</b>	5,477,000	865,000	5,787	(2,139,633)	(6,588,577)	(5,485,702)	(5,054,760)	(9,529,905)	(13,006,648)	(18,804,777)	(21,722,488)	(26,914,134)
<b>Cash &amp; Cash Equivalents - end of the year</b>	865,000	5,787	(2,139,633)	(6,588,577)	(5,485,702)	(5,054,760)	(9,529,905)	(13,006,648)	(18,804,777)	(21,722,488)	(26,914,134)	(27,422,436)
<b>Cash &amp; Cash Equivalents - end of the year</b>	865,000	5,787	(2,139,633)	(6,588,577)	(5,485,702)	(5,054,760)	(9,529,905)	(13,006,648)	(18,804,777)	(21,722,488)	(26,914,134)	(27,422,436)
<b>Investments - end of the year</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	865,000	5,787	(2,139,633)	(6,588,577)	(5,485,702)	(5,054,760)	(9,529,905)	(13,006,648)	(18,804,777)	(21,722,488)	(26,914,134)	(27,422,436)
<b>Representing:</b>												
- External Restrictions	-	-	-	-	-	-	-	-	-	-	-	-
- Reserves	-	-	-	-	-	-	-	-	-	-	-	-
- Unrestricted	865,000	5,787	(2,139,633)	(6,588,577)	(5,485,702)	(5,054,760)	(9,529,905)	(13,006,648)	(18,804,777)	(21,722,488)	(26,914,134)	(27,422,436)
	865,000	5,787	(2,139,633)	(6,588,577)	(5,485,702)	(5,054,760)	(9,529,905)	(13,006,648)	(18,804,777)	(21,722,488)	(26,914,134)	(27,422,436)

City of Holdfast Bay (excluding Alwyndor Aged Care)  
10 Year Financial Plan for the Years ending 30 June 2031  
UNIFORM PRESENTATION OF FINANCES - GENERAL FUND

	Actuals 2019/20	Current Year 2020/21	Projected Years										
	\$	\$	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	\$
Scenario: Base Case plus Major Projects	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Operating Activities</b>													
Income	47,950,000	48,652,000	48,528,000	49,815,000	51,261,000	52,660,000	54,151,000	55,668,000	57,326,000	59,129,000	60,851,000	62,284,000	
less Expenses	(47,988,000)	(48,898,466)	(48,568,348)	(49,731,565)	(50,475,105)	(51,492,762)	(52,580,894)	(53,987,511)	(54,997,229)	(56,280,733)	(57,467,878)	(58,645,866)	
<b>Operating Surplus / (Deficit)</b>	<b>(38,000)</b>	<b>(246,466)</b>	<b>(40,348)</b>	<b>83,435</b>	<b>785,895</b>	<b>1,167,238</b>	<b>1,570,106</b>	<b>1,680,489</b>	<b>2,328,771</b>	<b>2,848,267</b>	<b>3,383,122</b>	<b>3,638,134</b>	
<b>Capital Activities</b>													
<b>less (Net Outlays) on Existing Assets</b>													
Capital Expenditure on Renewal and Replacement of Existing Assets	(7,567,000)	(9,869,000)	(8,992,000)	(8,585,000)	(6,637,000)	(6,887,000)	(10,499,000)	(8,933,000)	(12,202,000)	(11,828,000)	(14,477,000)	(7,427,000)	
add back Depreciation, Amortisation and Impairment	9,173,000	9,437,000	9,730,176	9,764,064	9,796,696	9,845,986	9,907,968	10,030,362	10,160,129	10,288,211	10,382,728	10,479,625	
add back Proceeds from Sale of Replaced Assets	195,000	294,000	528,000	489,000	187,000	18,000	680,000	335,000	477,000	367,000	288,000	371,000	
<b>(Net Outlays) on Existing Assets</b>	<b>1,801,000</b>	<b>(138,000)</b>	<b>1,266,176</b>	<b>1,668,064</b>	<b>3,346,696</b>	<b>2,976,986</b>	<b>88,968</b>	<b>1,432,362</b>	<b>(1,564,871)</b>	<b>(1,172,789)</b>	<b>(3,806,272)</b>	<b>3,423,625</b>	
<b>less (Net Outlays) on New and Upgraded Assets</b>													
Capital Expenditure on New and Upgraded Assets													
(including Investment Property & Real Estate Developments)	(14,227,000)	(16,687,000)	(2,283,335)	(6,460,088)	(3,039,983)	(4,136,458)	(10,126,237)	(10,159,519)	(9,920,263)	(5,896,378)	(6,045,854)	(12,156,206)	
add back Amounts Received Specifically for New and Upgraded Assets	3,485,000	2,575,000	45,495	1,202,769	1,173,750	1,698,241	5,335,008	4,894,678	4,492,858	2,437,450	2,468,627	5,764,278	
add back Proceeds from Sale of Surplus Assets													
(including Investment Property & and Real Estate Developments)	40,000	1,107,000	-	-	-	-	-	-	-	-	-	-	
<b>(Net Outlays) on New and Upgraded Assets</b>	<b>(10,702,000)</b>	<b>(13,005,000)</b>	<b>(2,237,840)</b>	<b>(5,257,319)</b>	<b>(1,866,233)</b>	<b>(2,438,217)</b>	<b>(4,791,229)</b>	<b>(5,264,841)</b>	<b>(5,427,405)</b>	<b>(3,458,928)</b>	<b>(3,577,227)</b>	<b>(6,391,928)</b>	
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(8,939,000)</b>	<b>(13,389,466)</b>	<b>(1,012,012)</b>	<b>(3,505,820)</b>	<b>2,266,358</b>	<b>1,706,007</b>	<b>(3,132,155)</b>	<b>(2,151,990)</b>	<b>(4,663,506)</b>	<b>(1,783,451)</b>	<b>(4,000,378)</b>	<b>669,831</b>	

Item No: 7.3

Subject: **2021-22 BUDGET TIMETABLE AND DEVELOPMENT**

Date: 10 February 2021

Written By: Manager Financial Services

General Manager: Strategy and Business Services, Ms P Jackson

---

## **SUMMARY**

The 2021-22 budget development, timelines, initial assumptions and parameters will be presented to Council at a workshop on 16 February 2021. Pursuant to its term of reference, the Audit Committee has an opportunity to review the presentation providing comments to Council in relation to the commencement and planning of the draft 2020-21 budget.

---

## **RECOMMENDATION**

**That the Audit Committee supports the 2021-22 budget timetable and development as identified in this report.**

---

## **COMMUNITY PLAN**

Culture: Being financially accountable

## **COUNCIL POLICY**

Not Applicable.

## **STATUTORY PROVISIONS**

Section 123 of the *Local Government Act, 1999* (the Act).

## **BACKGROUND**

The first workshop on the 2021-22 Budget development and parameters (excluding Alwyndor operations) will be on 16 February 2021. The Audit Committee has an opportunity to provide comments to Council on the budget framework, timelines and parameters. Further opportunities will arise for the Audit Committee to receive information on the detailed Draft Budget and Annual Business Plan progress (DB&ABP) at its meetings in March and June 2021.

## **REPORT**

### **Development of the Draft 2021–22 Budget**

The Draft 2021-22 Budget and Annual Business Plan (DB&ABP) (excluding Alwyndor) process has commenced and is based on a number of initial timing considerations and parameters. The draft budget is informed by the existing Long term Financial Plan (LTFP) which is submitted to this committee as part of this agenda.

### **Budget and Annual Business Plan Timeline**

The first Council budget workshop will be held on 16 February to receive information on the development of the draft budget and the Audit Committees advice to Council on the updated LTFP.

A number of further workshops and meetings are scheduled to meet the requirements of the budget timetable as follows:

- 16 February: Council Workshop – 2021-22 draft budget development including capital works program and LTFP update including audit committee advice.
- 16 March: Council Workshop – Second draft of budget including update on Alwyndor and Jetty Road Mainstreet budget development.
- 17 March (tbc): Audit Committee review DB&ABP.
- 23 March: Council receives Audit Committee recommendations and approves draft DB&ABP for community consultation.
- 14 April - 11 May (notional dates): Community consultation
- 18 May: Council workshop to review consultation results.
- 25 May: Council accept and note results of consultation.
- 2 June (tbc): Audit Committee review updated DB&ABP.
- 8 June: Council receives Audit Committee recommendations and endorse final 2021-22 Budget and Annual Business Plan.
- 22 June: Council rate declaration.

The timetable allows for the Audit Committee to have further opportunities in March and June to:

- propose and provide information relevant to a review of Council's Annual Business Plan; and
- review and provide recommendations to Council on the sustainability of Council financial performance and proposals.

#### **Key initial budget parameters as per the LTFP**

- Deloitte Access Economics has forecast 2020-21 Adelaide CPI at 0.8%.
- LTFP has used the Local Government Price Index (LGPI) – which is an additional 0.3% based on the last six years average as published by the University of Adelaide.
- The latest Adelaide CPI to September 2020 is 1%.
- Current LTFP base case has provided for 1.1% rate increase comprising forecast LGPI (Deloitte forecast 0.8% plus 0.3% LGPI).
- New property development growth has been factored in at 0.5%.
- Local Government Price Index (LGPI) applied where applicable to revenue.
- The LTFP had provided for 2% average employment cost increase.
- Alwyndor budget to be self-funding with the draft budget to be presented at a Council workshop.
- Jetty Road Mainstreet budget – cost neutral with % rate increase yet to be determined.

#### **Other considerations**

- Draft budget is being prepared using a “zero-based” methodology. While LGPI is a guide, it is not uniformly applied to expenditure. Budgets are drafted based on “base case” business requirements.
- Roads to Recovery Grant (\$300,000) included being the third year of a 5 year program totaling \$1.5m.
- Depreciation is based on existing asset valuations and where new assets are forecast to be completed additional depreciation and maintenance expenditure has been modelled.
- Proposed new initiatives are being assessed based on detailed business cases.

- Capital renewal program based on the latest Asset Management Plan and will be presented to Council at a Council workshop.
- Fees and charges are being reviewed and assessed in accordance with a user pays principle, taking LGPI into account.

**Draft Budget Financial Performance and Position targets**

The draft budget (excluding Alwyndor) current financial targets are as per the LTFP being:

- an operating surplus for Council's municipal activities;
- a Net Financial Liabilities Ratio below the ceiling of 75% for Council municipal activities;
- an interest cover ratio below a 5% ceiling.

**Long Term Financial Plan**

The current long term financial plan (LTFP) has been reviewed and is presented to the Audit Committee as part of this agenda.

The LTFP shows that the main financial indicators substantially remain within the targets and thresholds.

**Draft Annual Business Plan**

The Draft 2021–22 Annual Business Plan will contain more detailed analysis of the projected financial performance for the coming year including new strategic initiatives. The document will include Alwyndor operations and will be distributed to the Audit Committee in March 2021.

**BUDGET**

The cost of production of the 2021–22 Annual Business Plan and associated community engagement will be met within the current budget.

**LIFE CYCLE COSTS**

This report does not have any direct full lifecycle cost implications.