



2021–2031 Long-term Financial Plan



City of
Norwood
Payneham
& St Peters



2021–2031

Long-term Financial Plan

The City of Norwood Payneham & St Peters 2021–2031 Long-term Financial Plan is a key document in the Council's Strategic Planning Framework. Covering a period of at least ten years, it provides an indication of the Council's direction and financial capacity.

The Long-term Financial Plan (the Plan) is designed to meet the legislative requirements under the *Local Government Act 1999*.

Felixstow Reserve

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The City of Norwood Payneham & St Peters is driven by the need to deliver to our ratepayers and residents enhanced and improved services through the most efficient and effective means possible. The ability to deliver on this and our strategic directions outlined in *CityPlan 2030* is dependent on the Council having financial resources available.

The Local Government Act 1999, requires Councils to prepare a Long-term Financial Plan covering a period of at least ten years.

The Plan is a key document in the Council's Strategic Planning Framework. It is the primary financial management tool which links the Council's Strategic Plan, *CityPlan 2030*, 'Whole-of-Life' Asset Management Plans and the Annual Business Plan and Budget.

Adopted in 2008, *CityPlan 2030* is focused on the concept that as a community, we can shape, model and influence our future by the actions we take today. *CityPlan 2030* captures the community's vision and aspirations for our City over the next 20 years and establishes broad directions which will shape our City's future, with the overall aim of achieving Community Well-being.

The foundation of *CityPlan 2030* is based on four strategic outcome areas which the Council refers to as the Quadruple Bottom Line. Quadruple Bottom Line (QBL) is a management tool which ensures that the Council's sustainability principles are embedded across all of its operations and undertakings. The QBL is about achieving social, cultural, economic and environmental sustainability, without irreversibly damaging the ecological systems which support everything that we do.



Adding the fourth Pillar of Culture to the traditional Triple Bottom Line approach of environmental, social and economic sustainability, highlights the importance which the Council and the community has placed on protecting and enhancing the City's unique character and 'sense of place'.

In line with *CityPlan 2030*, the Long-term Financial Plan focuses on these four strategic outcomes.

The Long-term Financial Plan is an important planning tool for the Council as it:

- reflects the future financial position based on delivering the service, activities, programs and initiatives undertaken by the Council; with the service levels defined in the Delivery Program;
- allows the costs of long-term strategic decisions to be quantified and debated; and
- assesses the financial sustainability of service levels.

The City is challenged by growing community demands and expectations and recognises the importance of growth, prosperity, sustainability and lifestyle. It is committed to effective governance and providing infrastructure and services that satisfy all user groups.

The Plan has been prepared on the basis of a number of objectives and assumptions that are outlined in this document. Strategies, priorities, issues and risks are all dynamic influences in relation to any planning and as such, the Plan is reviewed and adjusted annually, following the adoption of the Annual Business Plan and Budget to reflect material changes.

The financial projections contained within the Plan provide an indication of the Council's direction and financial capacity rather than predicting the future financial performance and position of the Council. The Plan should be viewed as a guide to future actions or opportunities which encourages the Council to think about the future impact of decisions made today on the Council's long-term financial sustainability.

Diagram 1. Quadruple Bottom Line Framework For Community Well-being

Our Vision

A City which values its heritage, cultural diversity, sense of place and natural environment.

A progressive City which is prosperous, with a strong community spirit.

37,056[#] residents

4,103 children (0-11) **16,828** adults (25-59)

5,552 young people (12-24) **8,879** older people (60+)

48% males **52%** females

30.2% of the population born overseas

Top 5 birthplaces in the City	64.7% Australia	4.8% United Kingdom
	4.3% Italy	2.6% India
	4.0% China	

120 ethnicities

- 3** libraries
- 16** schools
- 2** swimming centres

6,996 local businesses

341km of footpaths

171km of roads **363km** of kerbing

More than **23,000** street trees

29 playgrounds

72 parks and reserves

180 ha open space

City Snapshot

The City of Norwood Payneham & St Peters enjoys a reputation as one of Adelaide's most desirable places to live, work and visit.

*Information collected in 2016 by Profile ID (<https://profile.id.com.au/npsp/language>).

Source: Australian Bureau of Statistics 2019 Estimated Resident Population

Strategic Planning Framework

In working towards our vision, all of the programs, projects and services which the Council delivers are structured into four key outcome areas, referred to as the 'Four Pillars' of Community Well-being.



St Peter's Library



Chief Executive Officer's Statement on Financial Sustainability

This Plan not only provides the future financial projections, as shown on the following pages, it also demonstrates how the Council has performed against the financial outcomes it has developed to measure its financial sustainability.

As demonstrated by Our Performance, set out on page 13 through to page 17, the Council was in a strong financial position to respond to the financial and economic impacts of the COVID-19 pandemic. The Council responded with a \$1.159 million dollar Financial Support Package in the 2020–2021 Budget, with the main element of that package being a 0% rate revenue increase, which for the wider community resulted in a zero rate increase.

Other elements of the Financial Support Package included:

- a rate cap of 1% to eligible residential and commercial ratepayers;
- waiving of The Parade Separate Rate for businesses within the Norwood Parade Business Precinct;
- three month rent relief for commercial and community tenants of Council owned buildings (subject to demonstrating financial hardship resulting from the COVID-19 pandemic);
- waiving of permit fees for community sporting groups which utilise the Council's sporting grounds;
- rebates of Outdoor Dining Permit fees from 1 July 2020 until 31 December 2020; and
- additional promotion and marketing of the Council's business precincts.

The economic recovery from the pandemic, from both the State and Federal Governments and the Council perspective, is paramount to the ongoing sustainability.

The long-term financial impact of the zero rate increase, over the life of the Long-term Financial Plan is \$7.8 million. Despite this, the future financial forecasts demonstrate that, given the strong financial position prior to the pandemic, the Council can plan to increase its annual Capital Works program to an average expenditure of \$20 million per annum, which is a combination of renewal of its existing asset base plus expenditure on infrastructure upgrades, which will provide not only an increased service level to the community but will also provide on-going economic stimulus to the local economy.

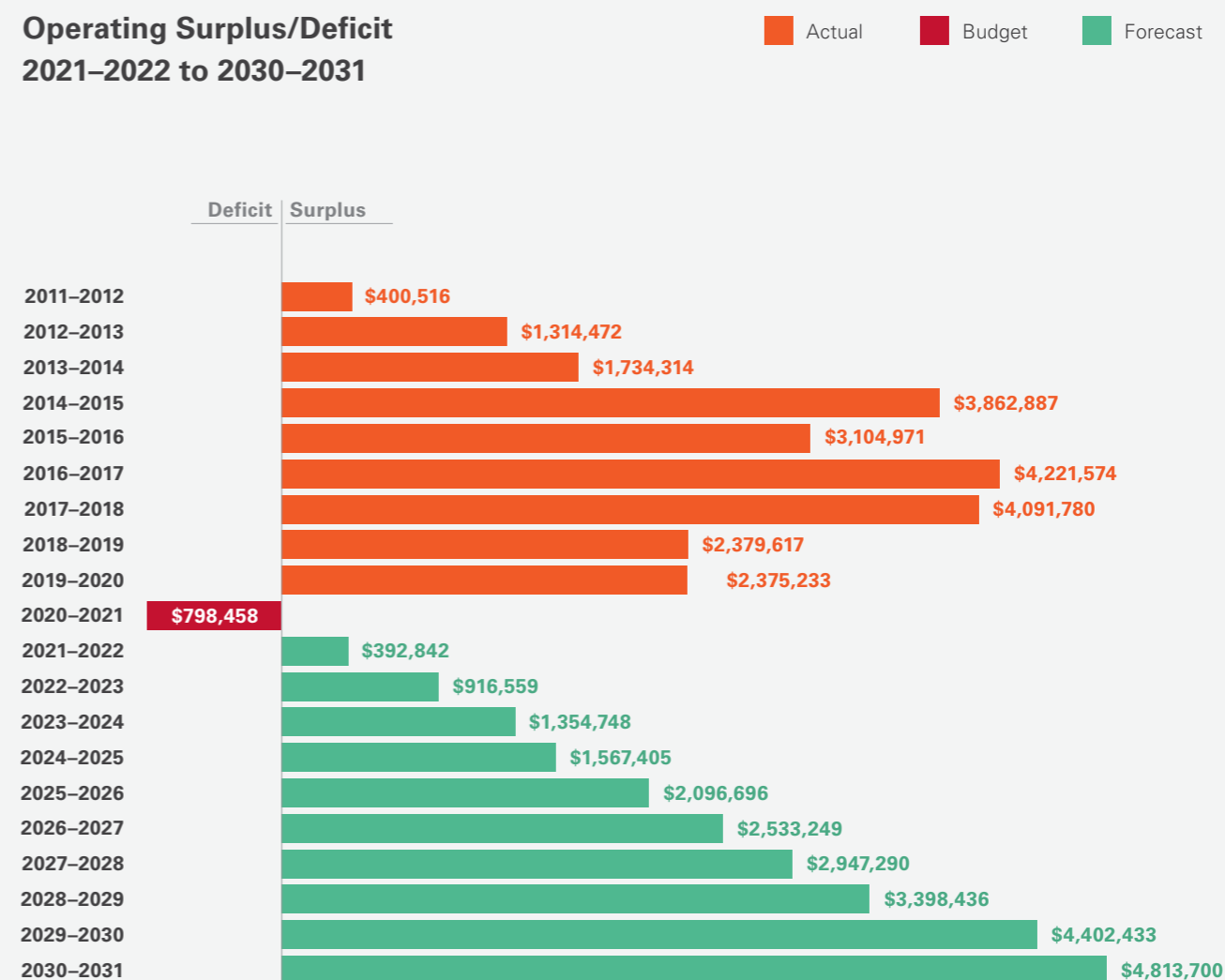
While this increased investment in infrastructure upgrades will come at a cost through increased borrowings, the Council will still be in position to meet its financial obligations.

Key financial indicators used to assess the Council's long-term financial sustainability, as set out in the Plan, are in line with the Council's established benchmarks to ensure the sustainability of the Council's long-term financial performance and position.

The Long-term Financial Plan, has been developed on the principle of financial sustainability, and sets out the Council's financial strategies and commitments over the long term. It explains how the organisation will meet its obligations now and in the future, taking into account our services, our workforce, our finances and our assets. The Plan is driven by the need to deliver enhanced and improved services to our citizens, by the most efficient and effective means possible.

Figure 1

Operating Surplus/Deficit 2021–2022 to 2030–2031



Continuously improving our Asset Management Plans to ensure we are appropriately maintaining our assets, using debt where appropriate and applying rate revenue increases reflective of the service levels provided to the community, will ensure that the Council has the financial capacity to meet the needs of our community in a financially sustainable way.

The Council's Operating Result, as shown in Figure 1, demonstrates how the Council has been able to achieve financial sustainability over the last six years and how it will continue to maintain this into the future.

The Financial Goal and Outcomes the Council will use to measure the Council's Financial Sustainability are set out on the following pages.

Mario Barone PSM
Chief Executive Officer

Financial sustainability means having a financial position capable of meeting long-term service and infrastructure levels and standards, acceptable to the community, without substantial increases in rates or cuts to services.

The Council's long-term sustainability is dependent upon ensuring that, on average over time, the operating expenses are less than the associated revenues.

Financial sustainability implies equity between generations, to ensure that today's ratepayers pay only for their share of the City's assets. Intergenerational equity is primarily achieved by funding the cost of renewing and replacing assets through revenue sources including rates. This means the cost of replacing assets which benefit existing ratepayers are being funded by those ratepayers.

To ensure that we deliver on our financial goal, the Council has committed to achieving the financial outcomes set out below.



St Peters Billabong

Outcome 1: A Balanced Budget

Council services and programs, including depreciation of infrastructure and assets, are fully funded and the costs are shared equitably between current and future ratepayers.

The benchmark target is an Operating Ratio between 0% and 10%.

The Council will measure its performance in achieving this outcome through the Operating Ratio.

The Operating Ratio measures the Council's ability to cover its operational costs and have surplus revenue available for capital funding and other purposes.

A positive ratio indicates the percentage of total own source revenue (principally rates) is available to assist in funding proposed capital expenditure, to meet loan repayments or to reduce debt. A negative ratio indicates the percentage increase in total own source revenue that would have been required to achieve a break-even operating result.

The Council's objective is to have a Long-term Financial Plan based on consistently achieving an Operating Surplus, having regard to asset management and service level needs.

Outcome 2: Rate Stability

Annual rate collections are fair and equitable for our residents and ratepayers with the aim to keep rate revenue increases stable over the medium term.

The benchmark target is rate revenue increases between 3% and 6%.

Rate revenue is a major component of the Council's revenue base. In determining future rate increases, the Council considers its strategic management plan, *CityPlan 2030*, the economic climate, the need to maintain and improve the Council's physical infrastructure and improve Community Well-being through its services, programs and facilities and an assessment of the community's capacity to pay rates.

The Council's objective is to have a Long-term Financial Plan based on consistent rate revenue increases which meet the increased cost of the base level services and programs but also reflect new assessment growth and increased service levels.

Outcome 3: Infrastructure and Asset Management

Maintain Infrastructure and Assets in line with the Council's 'Whole-of-Life' Infrastructure framework to achieve the outcomes and objectives, as set out in *CityPlan 2030*.

The benchmark target is an Asset Sustainability Ratio between 90% and 110% on a three year rolling average.

The Council will measure its performance in achieving this outcome through the Asset Sustainability Ratio.

The Asset Sustainability Ratio measures how well the Council is performing with respect to the renewal or replacement of existing physical assets, such as roads, footpaths, kerbing, buildings and Council plant. Ideally, physical assets should be renewed or replaced at the same rate the stock of assets is wearing out, however it is recognised that there may be some instances that require the Council to either accelerate or decelerate the renewal or replacement of its existing asset base. It is for this reason, the target ratio is calculated based on a three year rolling basis. The ratio is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the planned spend outlined in the Council's Asset Management Plans.

Outcome 4: Debt Management

Prudent use of debt to invest in new long-term assets to ensure intergenerational equity between current and future users.

The benchmark target is a Net Financial Liabilities ratio of less than 75% and a Debt Servicing Ratio of less than 15% of Rate Revenue.

Prudent debt management is the process of establishing and executing a strategy for managing a Council debt in order to raise the required amount of funding to achieve its capital investment objectives. It is important that the use of debt is balanced with other funding sources, such as grants and cash reserves, to ensure that the members of the community that receive the benefits from the investment, share the cost. In addition, the Council must ensure that it has the capacity to service its debt.

The Council will measure its performance in achieving this outcome through the Net Financial Liabilities Ratio and the Debt Servicing Ratio, with the Net Financial Liabilities measuring the extent of indebtedness of the Council as a percentage of operating revenue and the debt servicing ratio measuring the extent of rate revenue that is used to meet interest and principal loan repayments. If the ratio falls, over time, this indicates that the Council's capacity to meet its financial obligations from operating income is strengthening.

Our Performance

In 2010–2011, the Council undertook a major review of its Long-term Financial Plan. At that time, becoming a financial sustainable Council was the key priority.

Subsequent reviews of the Long-term Financial Plan has continued to be based on the central theme of financial sustainability so that the Council has the resources to undertake a number of strategic projects which enhance Community Well-being and also ensures that the Council can not only fund its continuing services, programs and activities but also meet its debt servicing requirements.

Our performance against the financial outcomes is the key indicator as to how successful the Council has been in achieving long term financial sustainability.

Outcome 1: A Balanced Budget

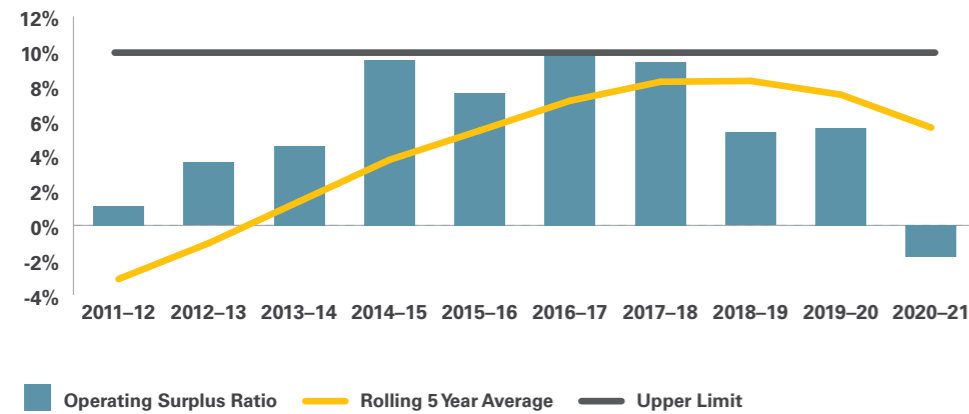
The Council’s services and programs, including depreciation of infrastructure and assets, are fully funded and the costs are shared equitably between current and future ratepayers.

In response to the known impacts of the COVID-19 pandemic, the Council adopted a Financial Support Package, which included a number of measures to assist the community. Measures included a 0% increase in rate revenue and other initiatives to support the business sector. As a result of the financial measures implemented, the Council made a conscious decision to budget for an Operating Deficit in 2020–2021.

Despite the budgeted operating deficit in 2020–2021, the Council, on a rolling five year average has maintained its operating surplus between the target bandwidth.

Target: Operating Ratio between 0% and 10%

Target Achieved 



Outcome 2: Rate Stability

Annual rate collections are fair and equitable for our residents and ratepayers with the aim to keep rate revenue increases stable over the medium term.

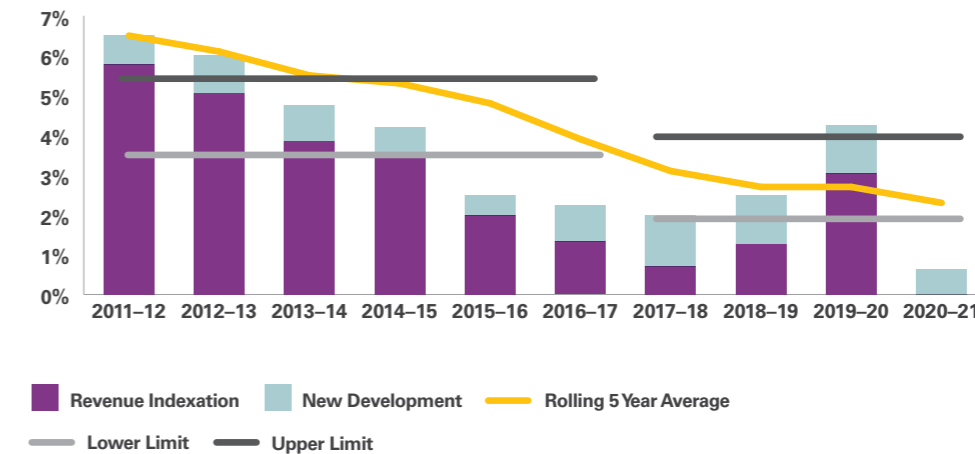
Rates are a form of property taxation and is the main source of income which the Council uses to fund the planned projects, services and programs. While rate revenue increases, and the associated rate increase has been decreasing, the rate revenue increases adopted by the Council over the last ten years have been outside the target range, as set out in the respective Long-term Financial Plans, for seven out of the last ten years. In response to the COVID-19 pandemic, the Council adopted a 0% rate revenue increase, except where the rate increase resulted from new development, property improvements, change in land use or zoning, or a result of a property sale.

When setting rates each year, the Council takes into account its strategic management plan *CityPlan 2030*, the economic environment, legislative changes, the need to maintain and improve the Council’s infrastructure and enhance Community Well-being through services, programs and facilities. The key is to ensure the community does not experience 'rate shock' from year to year.

The ten year average increase in the average residential rate has been 2.91%, with the ten year average rate increase for the commercial rate payer has been 2.66%.

Target: Rate Revenue Increases between 2.0% and 5.5%

Target Not Achieved 



* As part of the 2017–2018 review of the Long-term Financial Plan, the Council lowered the target bandwidth for rate revenue increases.

Outcome 3: Infrastructure and Asset Management

Maintain Infrastructure and Assets in line with the Council’s ‘Whole-of-Life’ Infrastructure framework to achieve the outcomes and objectives, as set out in *CityPlan 2030*.

The Council takes a strategic approach to asset management and developed Asset Management Plans based on the total life cycle of assets. Asset management planning ensures delivery of services from infrastructure is provided in a financially sustainable manner.

The Asset Management Plans detail information about infrastructure assets including actions required to provide an agreed level of service in the most cost efficient manner. The Asset Management Plan's define the services to be provided, how the services are provided and what funds are required to provide the services.

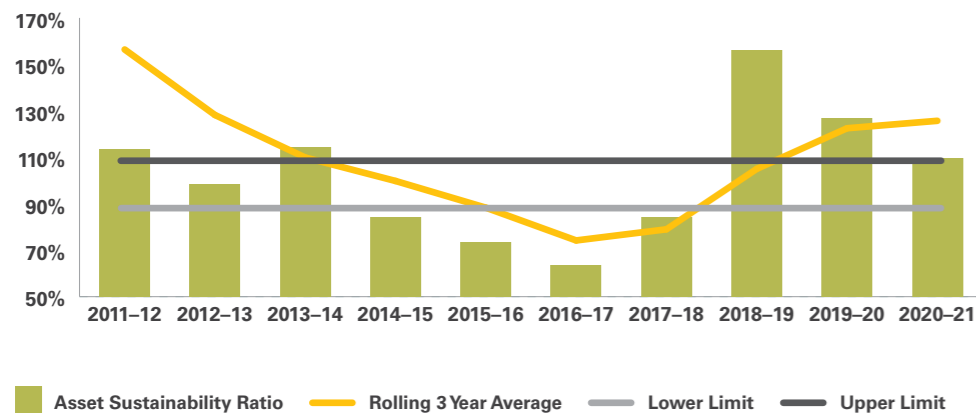
It is recognised that there may be some instances which require the Council to either accelerate or decelerate the renewal or replacement of its existing asset base.

As a result, the target ratio is calculated based on a three year rolling basis. The ratio is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the planned spend outlined in the Council’s Asset Management Plans, with the target being capital renewal spend being between 90% and 110% of the planned asset expenditure as outlined in the Asset and Infrastructure Management Plans.

During the term of the last Long-term Financial Plan, a number of renewal projects were deferred to align with new and upgrade projects to ensure there is an efficient use of resources, minimize the impact on the community and where possible, assets are not being replaced earlier than required.

Target: Asset Sustainability Ratio between 90% and 110% on a rolling three year average

Target Not Achieved

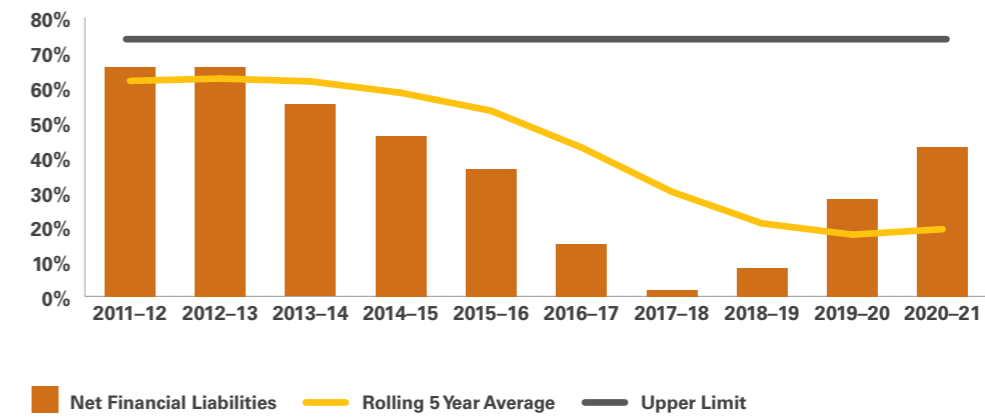


Outcome 4: Debt Management

Prudent use of debt to invest in new long-term assets to ensure intergenerational equity between current and future users.

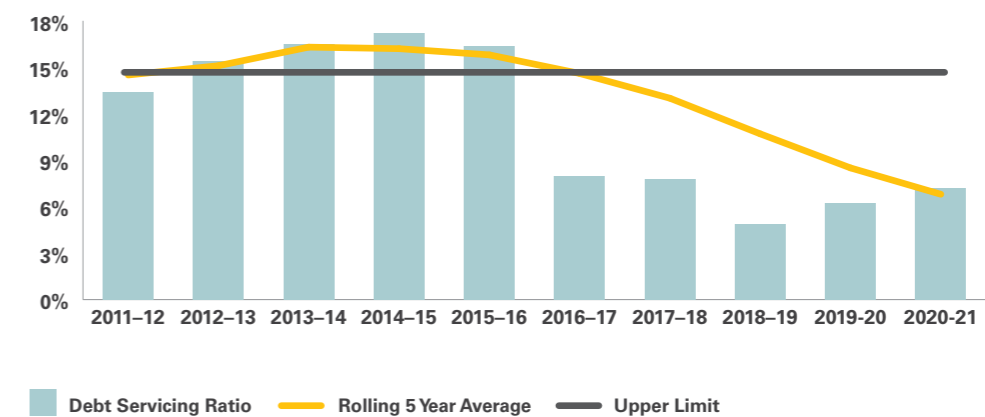
Where other funding sources, such as grant funding and cash reserves, are not available, the Council uses borrowings to fund the investment in new assets. In making investment decisions and associated borrowing decisions, consideration is given to the nature of the borrowings, the term in which the funds are borrowed and the capacity of the Council to meet the debt servicing commitments. Long-term borrowings will

only be used to fund new and/or the upgrade of existing assets. The Council's use of debt will be measured by the Net Financial Liabilities Ratio, which measures the net amount owed by the Council as a percentage of total operating revenue. The capacity to service its long-term borrowings, is measured by the Debt Servicing ratio, which is the extent of Rate Revenue required to meet principal loan repayments and interest expense.



Target: Net Financial Liabilities Ratio less than or equal to 75% of Operating Revenue

Target Achieved



Target: Debt Servicing Ratio does not exceed 15% of Rate Revenue

Target Achieved



Our Achievements

Since the last review of the Long-term Financial Plan, which was undertaken in 2017, the Council has delivered a number of strategic projects, programs and initiatives. The projects delivered have allowed the Council to continue to deliver on its vision of fostering a prosperous, vibrant and connected community.

The projects detailed below are considered the highlights since 2017–2018, in that the delivery of the project or initiative span across a number of the four key Outcome areas of *CityPlan 2030*, contributed to the delivery of the objectives of the Council’s Annual Business Plan or a strategic project identified in the Long-term Financial Plan and were successful in achieving multiple Objectives, making them significant achievements which have contributed to improving the well-being of our community.



Award-winning Felixstow Reserve Redevelopment



In 2015, the Council prepared a Masterplan for Felixstow Reserve which incorporated two stages for its redevelopment.

The first stage of the project was the establishment of wetlands within the Felixstow Reserve, which was completed in late 2017. This project was undertaken as part of the Eastern Region Alliance (ERA) Waterproofing Eastern Adelaide Stormwater Harvesting and Re-Use Project.

The second stage, which was undertaken by the Council, involved the redevelopment of the remainder of the reserve. Felixstow Reserve was transformed into large open grassed areas, an active play space, nature play, walking trails, shared paths, increased tree planting and improved public facilities such as toilets, barbecues and picnic areas.

Stage two was completed in December 2018 and officially opened in February 2019.



Payneham Oval Clubrooms Upgrade



Upgrading the Payneham Oval clubrooms formed Stage 2 of the redevelopment of the Payneham Oval Complex, with Stage 1 comprising the new playground which was completed in August 2015.

The upgrade of the clubrooms included the installation of an access lift, upgrading toilets to make them accessible, new air conditioning, improved lighting and solar panels. Additional works included the installation of netting behind the southern goals, as well as landscaping.

The Payneham Oval Clubrooms Upgrade was completed in February 2019.



The Parade Masterplan



The Parade Masterplan, forms the long-term strategic framework for the planning, redevelopment and activation of The Parade. More specifically, the Masterplan focuses on protecting the identity and appeal of The Parade, and how this significant economic, social and cultural asset can contribute to the experience of those people who choose to live, work and play on The Parade. The Parade Masterplan establishes a holistic vision to direct the progressive enhancement of the streetscape to support local businesses, encourage new investment and maximise community enjoyment and appeal. Improvements which have been incorporated in the Masterplan focus on the prioritisation of pedestrian access and movement.

The implementation of The Parade Masterplan is one of the key projects proposed to be undertaken over the first five years of this Long-term Financial Plan.



New Members Clubroom and Women's facilities at Norwood Oval



The Council partnered with the Norwood Football Club to redevelop the new Norwood Oval Clubrooms and Members' facilities at Norwood Oval.

The redevelopment included a 180-seat capacity Members Facility, new kitchen and Premier's Bar, refurbished player's change rooms, including new women's facilities located under the Western Stand, accessible public toilets and a new merchandise outlet.

The new facilities were completed in September 2020.



Syd Jones Reserve Redevelopment

The redevelopment of the Syd Jones Reserve has resulted in a new quality space for residents, visitors and families to enjoy. The upgrade included a central playground, replacement of the tennis courts with a new multi-purpose hard surface, new shelter and barbecue and public facilities, new pathways, seating and lighting throughout and additional landscaping.



Completed construction of the River Torrens Linear Park Shared Pathway project between Felixstow Reserve and Battams Road

The enhancement of the River Torrens Linear Park Shared Pathway included new lighting, line marking and a widened continuous shared pathway. The shared pathway is part of a popular commuter network, connecting Felixstow Reserve, Felixstow to Ninth Avenue and Battams Road, Marden, for cyclists and pedestrians.

The extension of the shared path enhancements from Battams Road to Hackney Road are included as a key project of this Long-term Financial Plan.



Commenced a 15-year program to upgrade the City's stormwater drainage network

The City's stormwater drainage network is one of many infrastructure assets which is provided and maintained by the Council for the community.

The program will benefit the community by:

- addressing and reducing the impacts of flooding;
- helping to protect residents, their homes and property; and
- protecting the City's assets such as footpaths, kerbing and street trees.

Work commenced on the Third Creek Drainage Upgrade Project, which forms part of a \$38.4 million Stormwater Drainage Strategy to upgrade the City's stormwater drainage network over the next 15 years. Stage 1 of the Third Creek Drainage Upgrade Project, has been completed and has increased the capacity of Third Creek from Bridge Road to Payneham Road, Payneham.

Annual Eastside Business Awards

The Eastside Business Awards is an annual awards program for businesses located in the City of Norwood Payneham & St Peters. The awards are run by the Council in partnership with The Messenger to recognise and celebrate the achievements of businesses in the City of Norwood Payneham & St Peters.



Perpetual Sun

Perpetual Sun, unveiled in August 2018, is the City's third Quadrennial Major Public Artwork. Located on the corner of Nelson Street and Magill Road, Perpetual Sun is designed to engage, stimulate and challenge the audience, while promoting the City as a visually interesting and vibrant cultural Centre which values creativity.

The Council, as part of its Public Art Policy, undertakes a major public art installation during each Council term.

Kent Town Urban Design Framework and Kent Town Public Realm Manual

The Kent Town Urban Design Framework and Kent Town Public Realm Manual was developed to inform future developments in the Kent Town Precinct which integrate into attractive, greener and safer public spaces. As part of the Kent Town Urban Design Framework, the Council partnered with the State Government to deliver two Public Realm Enhancement Projects in Kent Town adjacent the East Park and La Verde apartments to demonstrate a new standard for the streetscape character and the quality which the Council and the community will expect of future Kent Town developments.



Drage Reserve Upgrade

Completed in 2019, Drage Reserve in Felixstow was designed and redeveloped with children of all ages and abilities in mind. Accessible playground features include a rubber base, making it accessible and safe for all children and a wheelchair-friendly trampoline, and more accessible entry points to the playground area, seating, barbecue facilities and drinking fountain.



Concerts in the Park

Concerts in the Park series is the Council's commitment to live music events for its residents and visitors. Concerts in the Park is a trio of open air, family friendly concerts, held annually from February through to April.



Held the first Raising The Bar Adelaide and the inaugural Raising The Bar Entrepreneurship events



In August 2018, the global award-winning event series, Raising the Bar, was brought to Adelaide and exclusively hosted in a number of venues across the City. Raising the Bar aims to make education a part of popular culture by presenting expert-led talks in pubs and bars in cities across the world.

Raising the Bar Adelaide and Raising the Bar Entrepreneurship was also hosted in 2019 and 2020.

Implemented the Council’s unique Private Laneways Policy



The Private Laneways Policy provides a framework for the Council to assume ownership of and responsibility for private laneways within the City. The Council has finalised the conversion of Post Office Lane to a public road, with associated upgrade works completed in 2020.

The Council has committed over the life of this Plan, to continue the identification and conversion of private laneways to public roads, subject to meeting the defined criteria.



Beulah Road Bicycle Boulevard



As part of the Council's City-wide Cycling Plan, the Beulah Road Bicycle Boulevard involved the introduction of road and verge treatments, aimed to support safety, accessibility and appeal of cycle and pedestrian routes across the City. The Bicycle Boulevard covers 1.6km of Beulah Road from Portrush road to Fullarton Road, Norwood.

Implemented the LED Street Lighting Conversion Project which has resulted in a 65% reduction in CO2 emissions



In 2018–2019, the Council transitioned its residential (pedestrian category) street lighting to Light Emitting Diode (LED) technologies.

Launched the Eastside Wine & Ale Trail



The Eastside Wine & Ale Trail provides the opportunity to experience some of South Australia’s finest wine and to taste some of Adelaide’s best boutique beer, without leaving the City. The Council supports the Eastside Wine & Ale Trail, through the preparation of promotional material and feature advertising in premier and high end publications.

Key Influences and Assumptions

The City of Norwood Payneham & St Peters provides a variety of services, programs and activities. The provision of these services, programs and activities are in response to the responsibilities of Councils under the *Local Government Act 1999* and other relevant legislation in addition to community interest and expectations.

A number of significant factors have influenced the preparation of the Plan:

- Maintenance and renewal program for existing infrastructure assets, including roads, footpaths, Council properties and open spaces.
- Upgrade and new infrastructure projects informed by the Infrastructure and Asset Management Plans and Corporate Strategies which identify future infrastructure requirements.
- Commitment to major projects which span more than one year.
- Initiatives and major projects undertaken need to contribute to our vision, strategic direction and the wellbeing of our City.
- Prudent financial management to ensure financial sustainability.

The financial projections contained within the Plan are meant to provide an indication of the Council’s direction and financial capacity rather than predicting the future financial performance and position of the Council.

Long-term financial planning is an iterative process and the assumptions applied are reviewed annually using updated information. This ensures the Council continually reviews its financial performance and remains firmly focused on maintaining long-term financial sustainability.

The assumptions used in the preparation of the Plan can significantly influence the outcome. Some information regarding the major financial assumptions has been included to provide context around how the Plan has been developed.

While the Plan uses specific assumptions to calculate future estimated operating income and expenditure, it will not remove the need for the Council to continue to achieve operational efficiencies.

The Plan has been prepared on the assumption that annually, new rateable properties will account for 0.5% increase to the overall capital value of properties within City. Any increase in the community size, will require an increase in expenditure to ensure service levels are maintained across the Council.

The key assumptions underlying the Plan are as follows:

Maintaining existing services at current service standards

The Plan is based on a business as usual assumption, which means that the Council will continue to provide the existing services at the current service levels.

The business as usual assumption does not take into account any change in direction or service level in response to community expectations, legislative requirements or changing economic conditions.

It is recognised that the adoption of a business as usual assumption is somewhat unrealistic for a planning timeframe of ten (10) years, given changes in the economic climate and community expectations and needs which may result in investment in new assets and service initiatives. While these new initiatives are unknown, for the purpose of developing the forward projections the Plan assumes new initiative expenditure of \$850,000 (indexed) per annum split 90%:10% between capital and operating expenditure respectively.

Rate Revenue Increases

The Plan assumes an average Rate Revenue indexation of 2.6% which is equivalent to the ten year average of the Local Government Price Index (LGPI) to fund normal operations. Rate Revenue growth resulting from new assessments is assumed to be 0.5%. The Plan includes an additional 1.5% rate revenue increase to assist with the funding of an increase in the Capital Works program with respect to the Council's Stormwater Drainage Program, road reconstructions and re-seal program, and major infrastructure upgrades. The additional stormwater drainage works proposed in the Asset Management Plan, upgrade and expand the Council's existing stormwater network to address surface flooding along the Council's creek catchments, in particular the Trinity Valley. Road reconstructions are required due to pavement failures and increasing vehicle use.

Major infrastructure upgrades included within the Plan but not limited to, are streetscape upgrades for The Parade and St Peters Street, the redevelopment of the Council's two Swimming Centres and the redevelopment of the Norwood Library and Norwood Concert Hall.

Cost Escalation

The Reserve Bank of Australia has an inflationary target of between 2% and 3% per annum. Based on the ten year average, CPI increases have been set at 2.0% for the life of the Plan.

Increases in employment expenses have three main elements. These are:

- increases contained in the Enterprise Agreements;
- increases and movements of levels within the current workforce and;
- additional positions that are required to meet the strategic direction of the Council and the growth of the community.

The financial projections have assumed that wages and salary costs will increase by 2.0% per annum. The Council's Enterprise Agreements cover periods of up to three years. It should be noted however, as these agreements will be renegotiated twice during the planning timeframe of the Plan, the potential for unforeseen variations in the financial projections exist.

Asset Renewal and Replacement

The Council has in place 'Whole-of-Life' Asset Management Plans for each major class of assets. The financial projections included in the Plan are based on the asset renewal and replacement programs outlined in the 'Whole-of-Life' Asset Management Plans. The financial projections set out in this Plan reflect the proposed timing of asset renewals and upgrades as set out in the Council's suite of Infrastructure and Asset Management Plans and other relevant Corporate Strategies.

Due to the unique nature of the Council's asset base, the input costs to renew and replace the existing asset base can be subject to cost escalations greater than CPI. The financial projections have assumed that construction costs will increase by 2.3%.

Funding

The Plan assumes that the Council will borrow to fund new and upgraded assets. Loan repayments are calculated on loan schedules that are currently in existence and the estimation of any future loan borrowings.

Interest rates on new borrowings are forecast between 2.4% and 2.75% per annum. Interest rate on investment income is forecast at 1.0% per annum.

Cash and cash equivalents projections, when possible, are based on an ideal closing cash balance equivalent to one month's working capital requirements.

Grants and Subsidies

The Council receives grants and subsidies from both the State and Federal Governments to fund Council services and programs. It is assumed existing Operating Grants will continue to be provided in the future and have been indexed by 2% per annum.

The Council will endeavor to seek Capital Grant income to assist in funding specific new capital projects. However, as this revenue is dependent on the pool of Government funding available, it is difficult to predict how successful the Council will be in securing funds in the future. Therefore no Capital Grant Funding, other than funding already secured, has been included within the Plan. The Council may defer the timing of some projects set out in the Plan, with the view of the asset construction only going forward subject to grant funding being secured.

Other Fees and Charges

Revenue generated from fees and charges are separated between statutory charges, set by legislation, and user charges. As part of the South Australian Government Budget Fees and Charges for specific Acts are levied, which apply to Council services.

For user charges, the Council applies a principle of user pays and where possible, recovers the full cost of operating or providing a service or good. Where it can be demonstrated that it is unfeasible to recover the full cost, concessions may apply.

Statutory and user charges represent 10% to 15% of the Council's Total Revenue and have been indexed by 2.0% per annum.

Depreciation

Depreciation is an allowance that represents the consumption of an assets service potential, or put simply, its wear and tear. Depreciation is based on the written down replacement value of an asset. The Council undertakes an independent valuation of its major asset classes every five years. In the interim years, a review and update of the replacement cost is undertaken based on the annual average movement in value of like assets verified by the Council's valuer.

The escalation rates to reflect asset revaluations applied in the financial projections is between 1% and 3% across the life of the Plan, dependent upon the asset class.

COVID-19 Pandemic

As a result of the financial and economic impacts of the COVID-19 pandemic, the Council responded with a \$1.159 million Financial Support Package in the 2020–2021 Budget, with the main element of that package being a 0% rate revenue increase, which for the wider community resulted in a 0% rate increase.

The long-term financial impact of the 0% rate increase, over the life of the Plan is a loss of rate revenue in the order of \$7.8 million.

The Plan assumes that from 2021–2031, the Council has implemented changes to its operations and that the provision of existing services, programs and activities have resumed.

Strategic Projects 2021–2031

The Long-term Financial Plan has been developed to ensure that the Council has the financial resources to deliver on its strategic objectives outlined in *CityPlan 2030*.

CityPlan 2030 captures the community's vision and aspirations for our City over the next 20 years and establishes broad directions which will shape our City's future, with the overall aim of achieving Community Well-being.

The Plan includes a number of major projects and initiatives which are planned to be undertaken over the life of the Plan which will contribute to the achievement of *CityPlan 2030*.

While included, the Plan does not assume that all strategic projects will automatically be funded. The commitment of funds to specific projects is made through the Annual Business Plan and Budget process. Projects are only included in the Plan when the Council has provided

in-principle commitment to the project through the adoption of a Corporate Strategy, policy or Council resolution. The inclusion of strategic projects within the Plan establishes a picture of what the Council can afford and deliver with reasonable certainty over the forecast period. The proposed timing of the strategic projects set out in the Plan, have been prioritised with reference to the renewal requirements set out in the Council's Infrastructure and Asset Management Plans to ensure resource efficiency and maximisation of asset utilisation.



Swimming Centre's Upgrade
2021–2022 to 2023–2024
2026–2027 to 2027–2028
Cost: \$14.8 million
1.

Norwood Concert Hall Upgrade
2028–2029 to 2029–2030
Cost: \$2.1 million
2.

Norwood Library Upgrade
2028–2029 to 2030–2031
Cost: \$4.0 million
3.

Norwood Swimming Centre



Patterson Reserve
2028–2029
Cost: \$100,000
4.

Reserve Upgrade to District Standards
2021–2022 2029–2030
Cost: \$2.3 million
6.

Innovative Playground Redevelopment
2022–2023 to 2023–2024
Cost: \$1.1 million
7.

Quadrennial Art Installation
2022–2023 2026–2027
Cost: \$250,000 per installation
5.

Payneham Oval Playground

1. Swimming Centre's Upgrade



As part of the long-term strategy, the Council resolved to retain the two centre model. Both the Norwood Swimming Centre and the Payneham Memorial Swimming Centre will be redeveloped, in line with the endorsed Swimming Centre's Strategy.

2. Norwood Concert Hall Masterplan



Refurbishment of the Norwood Concert Hall, with the elements of the refurbishment being dependent on the Council's decision on the location of the Norwood Library.

3. Norwood Library Upgrade



Redevelopment of the Norwood Library in its present location or relocation from the Institute Building to the Norwood Townhall Complex. The concept plan, including the final location, to be developed as part of the 2021–2022 Annual Business Plan.

4. Patterson Reserve



Development of a masterplan, which builds on the initial concepts identified as part of the Payneham Memorial Swimming Centre Masterplan.

5. Quadrennial Art Installation



The Council, as part of its Public Art Policy, undertakes a major Art installation during each Council term. Over the life of this Plan, the Council will complete two art installations.

6. Reserve Upgrade to District Standards



Upgrade a number of reserves throughout the City from Neighbourhood Standard to District Standard. Reserves identified to be upgraded during the life of this Plan are Burchell Reserve (2021–2022) and Hannaford Reserve (2029–2030).

7. Innovative Playground Redevelopment



The Council identified three playgrounds to be redeveloped as Innovative Playgrounds. The playgrounds identified include Payneham Oval (completed in 2015), Adey Reserve and Dunstan Adventure Playground. The Plan includes funding for the redevelopment of Dunstan Adventure Playground.



St Peters Street Streetscape Upgrade
 2022–2023 to 2023–2024
 Cost: \$3 million
 8.

Kent Town Design Framework
 Across multiple years
 Cost: \$1.4 million
 9.

The Parade Streetscape Upgrade
 2024–2025 to 2027–2028
 Cost: \$30 million
 10.

Complete Streets
 Across multiple years
 Cost: \$5.6 million
 11.

Private Laneways Conversions
 Across multiple years
 Cost: \$1.9 million
 12.

Magill Road Streetscape Upgrade
 2030–2031 to 2032–2033
 Cost: \$5 million
 13.

Magill Road

8. St Peters Street Streetscape Upgrade



Implementation of the St Peters Street Concept Plan from Second Lane to River Torrens Linear Park to reinforce St Peters Street as a strategic route and provide greater identification, activation and connection to the River Torrens Linear Park, through the streetscape design, creating a well-defined “sense of place”.

9. Kent Town Design Framework



Streetscape upgrades, as part of implementing the Kent Town Design Framework, are proposed to be undertaken in-line with the infrastructure renewals set out in the Civil Infrastructure Asset Management Plan.

10. The Parade Streetscape Upgrade



The Parade Masterplan focuses on the prioritisation of pedestrian access and movement. To be staged over four years, the implementation of The Parade Masterplan will create safer street crossing conditions for all users through a new Scramble Crossing at The Parade and George Street intersection, wider footpaths along the full length of The Parade and continuous footpaths along the intersections of The Parade and side streets. Additional street trees, landscaping and new street furniture will be progressively installed along The Parade to create a more pleasant environment for the community to enjoy.

11. Complete Streets



The Complete Streets builds on the concepts developed as part of the Ninth Street Upgrade and takes into account all elements such as the road surface, kerbs, footpath, water sensitive urban design and landscaping. Based on the City-wide Cycling Plan, over the term of the Long-term Financial Plan, identified streets will be upgraded to support safety, accessibility and appeal of cycle and pedestrian routes. The timing of works are linked with the infrastructure renewals set out in the Civil Infrastructure Asset Management Plan.

12. Private Laneways Conversions



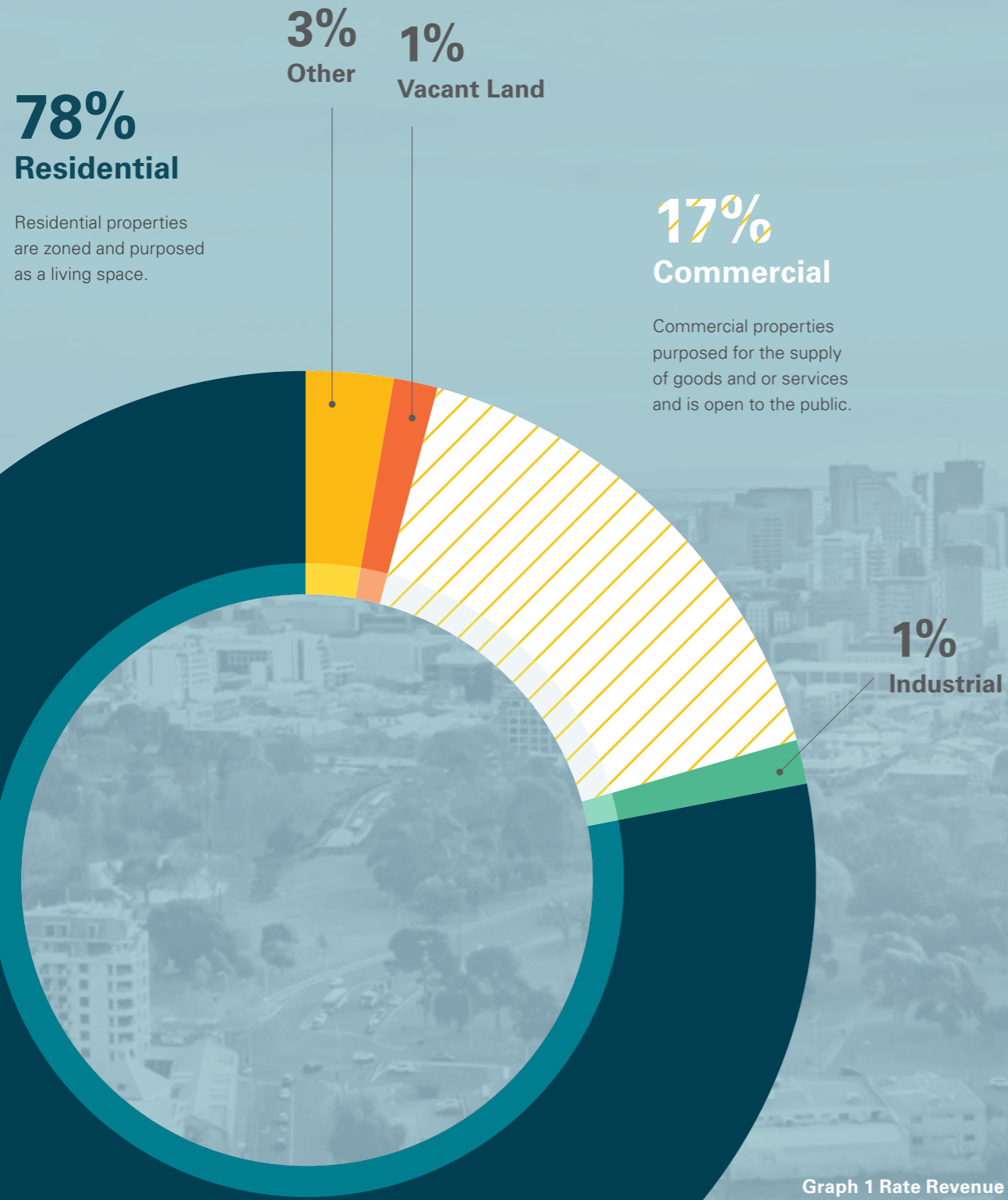
The Private Laneways Policy provides a framework for the Council to assume ownership of and responsibility for selected Private Laneways within the City. The Council has committed to continue the identification and conversion of private laneways to public roads, subject to the defined criteria.

13. Magill Road Streetscape Upgrade



Upgrade the Magill Road Streetscape, in line with the Magill Road Streetscape Masterplan, which is aimed at strengthening the branding of Magill Road as a destination shopping precinct for antiques, homewares and eclectic gifts.

Rates



78% Residential
Residential properties are zoned and purposed as a living space.

17% Commercial
Commercial properties purposed for the supply of goods and or services and is open to the public.

1% Industrial

Graph 1 Rate Revenue by Land Use

Council rates are a form of property taxation and are the main source of income which the Council uses to fund the planned projects, programs and services detailed in this Plan, on behalf of the City.

The Council uses Capital Value as the basis for valuing land within the City of Norwood Payneham & St Peters. It is considered that this method of valuing land provides the fairest method of distributing the rates to be collected across all ratepayers. The Capital Value of properties within the City has increased by an average of 3.51% per annum over the last ten years, with development growth being 0.9% per annum for the same period. Residential properties have increased in value on average by 3.63% per annum and commercial properties 3.17% per annum over the previous ten years.

The Long-term Financial Plan assumes that Capital Values across the City will increase at similar rates experienced over the last ten years.

The City of Norwood Payneham & St Peters applies differential rates on the basis of land use whereby non-residential properties have an increased rate-in-the-dollar of 20% in addition to the rate-in-the-dollar which is applied to residential properties.

Based on Capital values, the payment of rates will be distributed across the difference categories as detailed in Graph 1.

Long-term Financial Plan

Overview

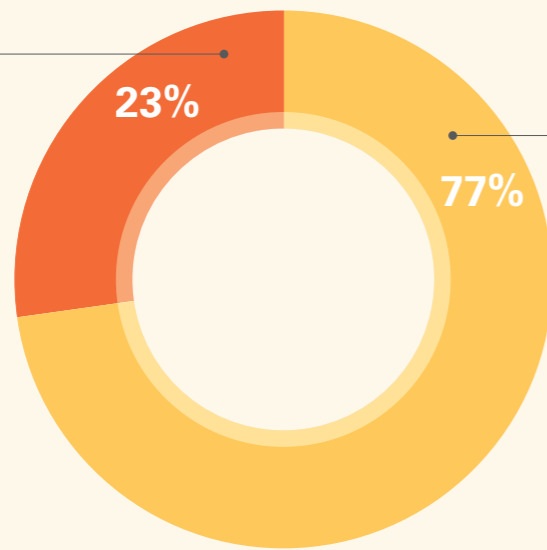
The services, programs and investment in infrastructure provided by the Council are funded by the Government, through grants, the community through user pay services and rates and financial institutions via the provision of financing facilities.

Income and Funding

Expenditure and Investment

Government and Financing

- 5%** Operating Grants
- 3%** Statutory Charges
- 6%** Other Income
- 0.5%** Capital Grants and Contributions
- 14%** Borrowings and Interest



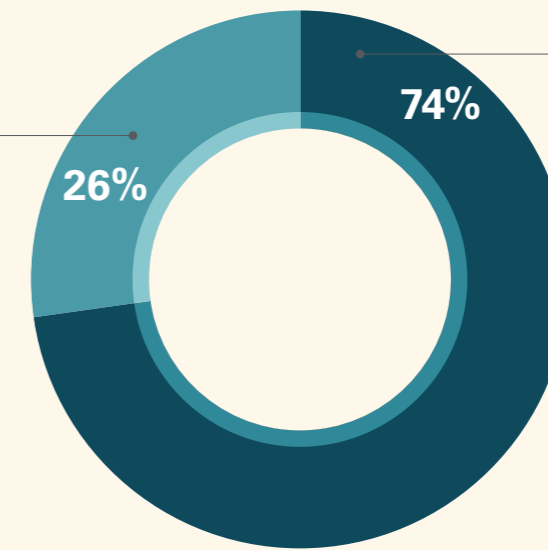
Community and Ratepayers

- 67%** General Rates
- 0.4%** Separate Rates
- 8%** State Government Charges (Regional Landscape Levy)
- 22%** User Fees and Charges

Materials, Services and Investment

Employee Expenses

- 146** Full-time Equivalents
- 100** Full-time
- 50** Part-time
- 50** Casual



- 31.5%** Materials and Services
- 2%** Service Initiatives
- 31%** Asset Investment
- 2%** State Government Charges (Regional Landscape Levy)
- 8%** Repayments and Interest

Income and Funding

	2021–22 \$'000	2022–23 \$'000	2023–24 \$'000	2024–25 \$'000	2025–26 \$'000	2026–27 \$'000	2027–28 \$'000	2028–29 \$'000	2029–30 \$'000	2030–31 \$'000
Government and Financing	15,849	11,909	20,005	18,454	17,087	20,474	18,306	12,648	14,919	17,410
Statutory Charges and Other Income	2,448	2,498	2,549	2,602	2,656	2,712	2,769	2,827	2,886	2,946
Operating Grants	2,770	2,832	2,896	2,961	3,027	3,096	3,166	3,238	3,312	3,388
Borrowings and Interest	8,835	6,451	14,386	12,723	11,268	14,528	12,230	6,439	8,574	10,296
Capital Grants and Contributions	1,795	128	174	168	136	139	141	144	147	150
Community and Ratepayers	41,914	43,719	45,604	47,584	49,652	51,812	54,069	56,179	58,373	60,388
Rates	36,494	38,160	39,903	41,726	43,633	45,627	47,712	49,655	51,677	53,524
State Government Charges	1,421	1,478	1,539	1,601	1,666	1,734	1,805	1,869	1,936	1,995
User Fees and Charges	4,000	4,080	4,163	4,257	4,353	4,452	4,552	4,655	4,761	4,868
Total Income and Funding	57,763	55,628	65,609	66,038	66,740	72,287	72,375	68,827	73,292	77,798

Expenditure and Investment

	2021–22 \$'000	2022–23 \$'000	2023–24 \$'000	2024–25 \$'000	2025–26 \$'000	2026–27 \$'000	2027–28 \$'000	2028–29 \$'000	2029–30 \$'000	2030–31 \$'000
Employee Expenses	15,961	16,345	16,738	17,140	17,637	18,149	18,675	19,138	19,613	20,099
Materials and Services	16,843	17,319	17,810	18,315	18,837	19,374	19,876	20,390	20,919	21,462
Service Initiatives	1,257	1,203	1,323	1,428	1,244	1,252	1,359	1,450	1,253	1,352
State Government Charges	1,393	1,421	1,450	1,480	1,510	1,540	1,572	1,604	1,636	1,670
Asset Investment	19,446	17,818	26,452	23,111	21,877	25,102	24,205	18,412	19,294	19,206
Repayment and Interest	2,478	3,162	3,976	4,885	5,694	6,740	7,114	7,907	8,828	9,604
Total Expenditure and Investment	57,378	57,267	67,749	66,309	66,798	72,158	72,800	68,969	71,544	73,213

Services

Under the *Local Government Act 1999* and other relevant legislation, all councils have basic responsibilities which they are required to discharge. To discharge these responsibilities and to meet the needs of its community, the Council provides a range of services, programs and infrastructure.

	 Infrastructure Management	 Waste and Recycling Services	 Trees, Parks, Sport and Recreation	 Economic Development, Regulatory Services, Environment and Planning	 Community, Health Aged and Youth Services	 Libraries and Community Facilities	 Community Events, Arts and Heritage	 Governance, Communication and Administration
	<p>This area provides strategic asset management services regarding the maintenance, construction, renewal and disposal of Council's facilities and assets, including the preparation of the Capital Works Program. This area of the Council administers external infrastructure grants such as the Roads to Recovery Program and project specific grants.</p>	<p>This area oversees external contracts responsible for kerbside garbage collection, illegally dumped rubbish, hard and green waste collection, street and parks bin collection.</p>	<p>The Council has more than 180 hectares of reserves, parks and gardens, and approximately 23,000 street trees are located adjacent to roadways with several thousand more trees located on reserves.</p> <p>In addition, the Council provides a number of recreational and sporting facilities which includes two swimming centres, tennis courts and sporting fields which are available for either casual hire or seasonal hire or leased to sporting clubs within the City.</p>	<p>This area predominately oversees the administration of services required to be delivered by the Council under the <i>Local Government Act 1999</i> and other legislation. Such services include the development of policy and planning across the City, animal management and parking management.</p> <p>In addition, this area leads the delivery of projects aimed at achieving a sustainable environment for the City and the organisation, and supports the economic growth of retail and commercial precincts within the City.</p>	<p>This area provides strategic advice and planning with regard to disability, access and inclusion across the City. Community support and development also provides operational and administrative support to the various community care, youth services and volunteer programs provided by the Council.</p> <p>The Council provides a community based child care centre and preschool. The centre is licensed to provide child care and preschool services for 105 children between the ages of six weeks and five years.</p>	<p>The Council operates three Libraries, located at Norwood, St Peters and Felixstow.</p> <p>In addition, the Council has a number of buildings and facilities available for casual hire or long-term lease, including Norwood Concert Hall which caters for events of all sizes, including Adelaide Festival productions, international acts, product launches, school concerts, cabaret acts, grand balls and weddings.</p>	<p>This area coordinates and delivers a number of events held by the Council which cater to the wide demographic of our community.</p> <p>In addition, as a culturally rich and socially diverse community, the City has a long tradition of valuing its cultural heritage, creativity and artistic expression. This area supports the Council's Cultural Heritage Program and its Public and Community Arts Programs.</p>	<p>Governance supports the Council's decision-making processes, compliance with legislation and minimisation of risk to enable the Council to meet community needs and legislative requirements transparently.</p> <p>This area provides administrative support and assistance to the Mayor and Elected Members, handles enquiries and complaints from the public and provides a number of administrative support services to ensure the efficient and effective operations of the Council.</p>
2021–2022	\$4,725,629	\$4,458,619	\$4,409,268	\$3,833,261	\$4,725,832	\$2,858,816	\$920,147	\$6,825,473
2022–2023	\$4,843,335	\$4,634,828	\$4,514,194	\$3,924,399	\$4,840,554	\$2,927,360	\$942,178	\$6,940,248
2023–2024	\$4,963,940	\$4,818,052	\$4,621,617	\$4,017,683	\$4,958,042	\$2,997,555	\$964,739	\$7,084,226
2024–2025	\$5,087,496	\$5,008,572	\$4,731,583	\$4,113,146	\$5,078,345	\$3,069,429	\$987,840	\$7,245,000
2025–2026	\$5,225,842	\$5,206,724	\$4,858,020	\$4,225,846	\$5,216,596	\$3,152,543	\$1,013,468	\$7,428,257
2026–2027	\$5,367,940	\$5,412,770	\$4,987,857	\$4,341,622	\$5,358,599	\$3,237,920	\$1,039,767	\$7,629,507
2027–2028	\$5,513,891	\$5,574,524	\$5,121,187	\$4,460,558	\$5,504,456	\$3,325,619	\$1,066,708	\$7,836,411
2028–2029	\$5,650,196	\$5,741,125	\$5,245,961	\$4,569,736	\$5,640,871	\$3,408,022	\$1,092,695	\$8,032,831
2029–2030	\$5,789,886	\$5,912,718	\$5,373,811	\$4,681,598	\$5,780,681	\$3,492,494	\$1,119,321	\$8,234,425
2030–2031	\$5,933,045	\$6,089,452	\$5,504,816	\$4,796,211	\$5,923,971	\$3,579,086	\$1,146,602	\$8,441,336

Financial Targets and Measures

The measure of the Council's success is driven by the achievement of the objectives outlined in *CityPlan 2030*. A series of performance indicators have been developed to monitor our progress against these objectives and are reported in our Annual Report.

The measure of the Council's success in achieving its financial goal of being a City which delivers on our Strategic Outcomes by managing our financial resources in a sustainable and equitable manner, is measured against a series of targets and performance measures which reflect the financial outcomes of financial sustainability.

Financial targets adopted by the Council to measure performance against the Plan and financial sustainability are detailed in the Graphs on the following pages.

Outcome 1: A Balanced Budget

The Council’s services and programs, including depreciation of infrastructure and assets, are fully funded and the costs are shared equitably between current and future ratepayers.

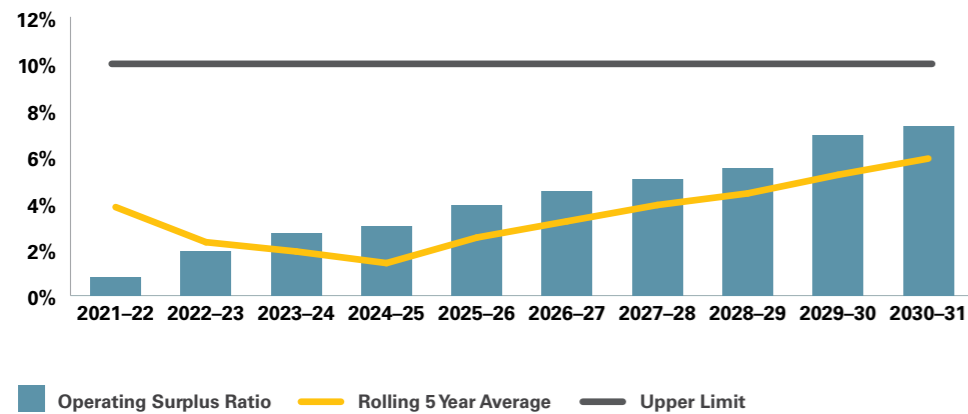
As detailed within this Plan, the Council’s main source of income is generated from the levying of rates, and user charges and fees applied to services and programs provided either in response to community desires and expectations or resulting from the provision of services required by legislation. The revenue which is collected is used to fund the cost of providing services, with surplus revenue being available to fund capital works and the repayment of debt.

The Council’s long term sustainability is dependent upon ensuring that, on average over time, the operating expenses are less than the associated revenues, with the measure being the Operating Surplus ratio, which measures operating surplus/ (deficit) as a percentage of operating revenue. Ideally, at a minimum, the operating surplus should be at a minimum equal to the annual principal loan repayments.

Operating Surplus Ratio

Target between 0% and 10%

Target Achieved



Outcome 2: Rate Stability

Annual rate collections are fair and equitable for our residents and ratepayers with the aim to keep rate revenue increases stable over the medium term.

In determining future rate revenue increases, the Council considers its strategic management plan, *CityPlan 2030*, the economic climate, the need to maintain and improve the Council’s physical infrastructure and improve Community Well-being through its services, programs and facilities. The 2020–2021 Rating Strategy forms the basis for the future impact of rate revenue increases on sectors of the community where we collect rates.

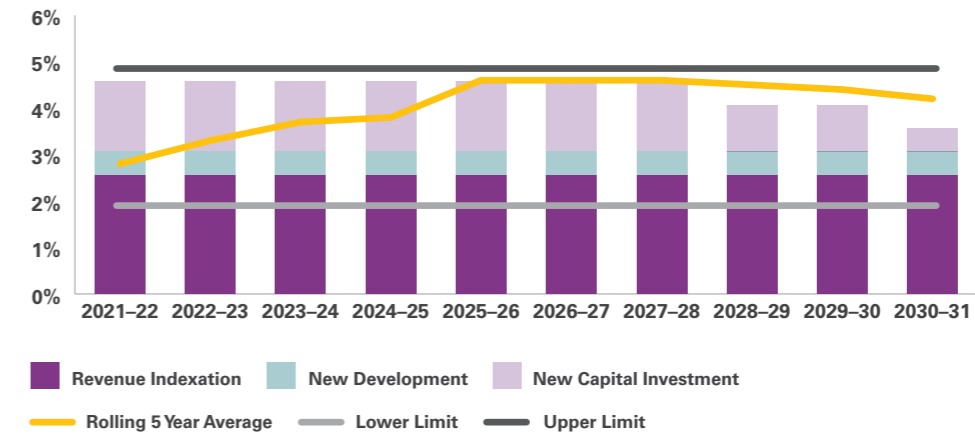
The Plan assumes an average rate revenue increase of 2.6% which is equivalent to the ten year average of the Local Government Price Index. Other elements of the proposed rate revenue increase includes growth in new assessments and a factor for the future financial impacts of new and upgraded infrastructure investment set out in the Plan.

In determining future rate revenue increases, the key is to ensure the community does not experience 'rate shock' from year to year, and as such, the target range for rate revenue increases is between 3% and 6%.

Rate Revenue Increase

Target between 3% and 6%

Target Achieved



Outcome 3: Infrastructure and Asset Management

Maintain Infrastructure and Assets in line with the Council’s ‘Whole-of-Life’ Infrastructure framework to achieve the outcomes and objectives, as set out in *CityPlan 2030*.

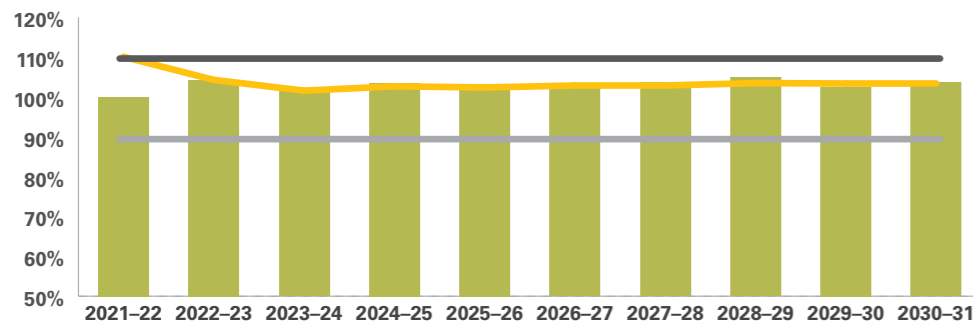
Infrastructure and asset management is the combination of management, financial, economic, engineering, and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner. As part of the Council’s planning framework, the Council has developed asset management plans for each of our major asset classes, including, but not limited to, roads, buildings, stormwater drainage and open space and recreation infrastructure.

The Infrastructure and Asset Management Plan details information about infrastructure assets including actions required to provide an agreed level of service in the most cost efficient manner. The Plan defines the service level to be provided and what funds are required to provide the set service level.

The Asset Sustainability Ratio measures how well the Council is performing in respect to the renewal or replacement of existing physical assets, such as roads, footpaths, kerbing, buildings and council plant. Ideally, physical assets should be renewed or replaced at the same rate of which the stock of assets is wearing out. However, it is recognised that there may be some instances that require the Council to either accelerate or decelerate the renewal or replacement of its existing asset base. As such, the target ratio is based on a three year rolling basis. The ratio is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the planned spend outlined in the Council’s Asset Management Plans, with the target being an Asset Sustainability Ratio between 90% and 110% on a rolling three-year period.

Operating Surplus Ratio

Target Achieved



Asset Sustainability Ratio Rolling 3 Year Average Lower Limit Upper Limit

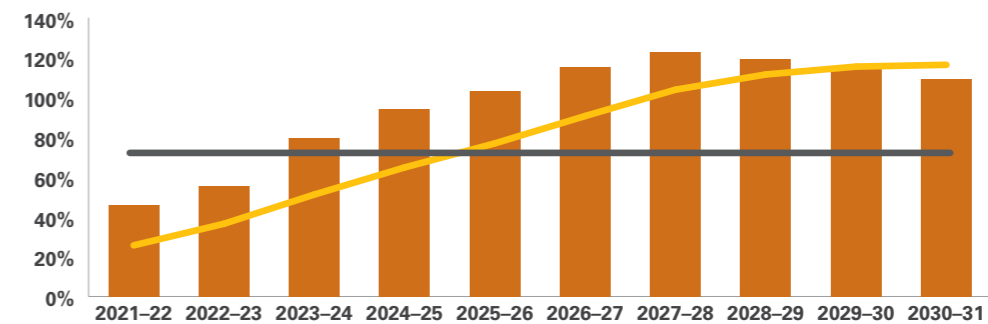
Outcome 4: Debt Management

Prudent use of debt to invest in new long term assets to ensure intergenerational equity between current and future users.

A Council’s indebtedness must be managed to ensure that its liabilities and associated costs are met without impinging on the financial sustainability of the Council. Net Financial Liabilities Ratio measures the extent of what is owed by the Council less any liquid assets (i.e. cash or receivables), are met by its operating revenue. Net financial liabilities is a broader and more appropriate measure of indebtedness than the level of borrowings, because it includes items such as employee leave entitlements and other amounts payable in future as well as taking account of a Council’s cash holdings and invested monies.

While it is ideal that the Net Financial Liabilities Ratio, doesn’t exceed 100% of operating income, subject to the Council’s ability to service its financial obligations, the indebtedness can exceed 100% in order to provide additional services to its community through acquisition of additional assets without detracting from its financial sustainability.

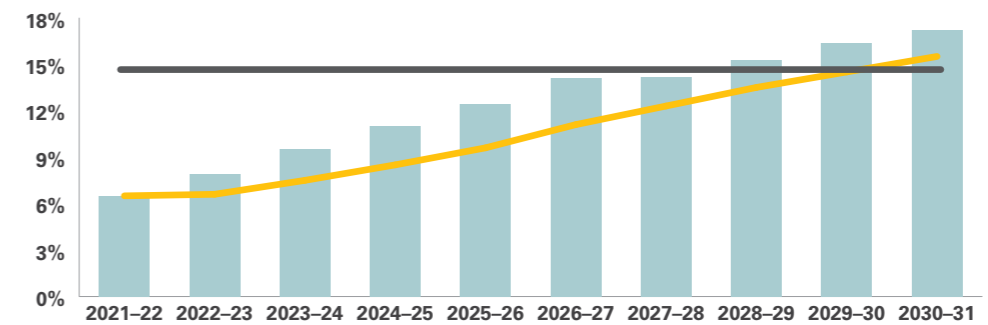
The Plan proposes that the Council undertake a number of asset upgrade projects to the value of \$66 million. Due to the nature of these projects and in line with the Council’s Treasury Management Policy, these projects will be funded through long-term borrowings.



Net Financial Liabilities Rolling 5 Year Average Upper Limit

Net Financial Liabilities

Target Not Achieved



Debt Servicing Ratio Rolling 5 Year Average Upper Limit

Debt Servicing Ratio

Target Achieved



Summary

Based on the underlying assumptions contained within the Plan, the financial projections indicate that the Council is in a position to achieve its financial goal of being a City which delivers on its Strategic Outcomes by managing financial resources in a sustainable and equitable manner.

The Council's Operating Surplus ratio over the period, is forecast to grow from 0.8% in 2021–2022 to 7.2% by 2030–2031 with the annual Operating Surplus for the life of the Plan ranging from \$400,000 to \$4.9 million. The Council plans to invest in the order of \$12.8 million each year to deliver renewal programs outlined in the Councils Infrastructure and Asset Management Plans plus a further \$2 million per annum on other assets not covered by the Infrastructure and Asset Management Plans. The renewal programs will be complemented with \$66 million planned to be spent on major asset upgrades and enhancements.

Rate revenue increases, while at the higher end of the target range, reflect the extent of investment the Council plans to undertake to increase the service level, to provide an improved level of Community Well-being to its community.

The financial projections contained within the Plan provide an indication of the Council's direction and financial capacity rather than predicting the future financial performance and position of the Council.

This Plan should be viewed as a guide to future actions or opportunities which encourages Council to think about the future impact of decisions made today on the Council's long-term financial sustainability. To this end, reference is made each year to the Plan when preparing the Annual Budget to ensure that the broad financial outcomes of the Council are continuing to be met.

As with all plans, there is sometimes a change circumstance over the life of the plan. Therefore, the underlying assumptions are regularly reviewed by Council to ensure the City's strategic directions and objectives can continue to be delivered on in the future.

In line with the *Local Government Act 1999* and the Local Government (Financial Management) Regulations 2011, the projected financial statements, in the prescribed form are contained in the following pages.

Financial Projections

The financial projections contained in this Long-term Financial Plan have been developed in a format that conforms to the *Local Government Act 1999* and the Local Government (Financial Management) Regulations 2011. This format allows projections to feed into the statutory format of the Annual Budget and key performance measures in the Plan to be compared with annual budgets and annual financial reports.

The Statutory schedules include:

- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows; and
- Uniform Presentation of Finances.

The Statement of Comprehensive Income shows what is expected to happen during the year in terms of revenue, expenses and other adjustments from all activities. Small surpluses are expected in the initial years due to the expectation that services will return to pre-COVID-19 level, however given the 0% rate increase provided in 2020–2021, in response to the COVID-19 pandemic, revenue growth will have a lag period. While operating surpluses are being forecast, the surplus is insufficient to meet the Council's loan repayments, therefore cash reserves and short term financing will be required to meet loan repayments.

The Statement of Financial Position is a snapshot of the expected financial position of the Council at the end of the financial year. It reports what is expected to be owned (assets) and what is expected to be owed (liabilities). The bottom line Net Assets represents the net worth of the Council.

The assets and liabilities are separated into current and non-current. Current means those assets or liabilities which will fall due in the next 12 months. Non-current refers to assets and liabilities that are recoverable or which fall due over a longer period than 12 months. The net assets of the Council are forecast to grow at rate between 1.5% per annum and 2.4% per annum, primarily due to the capital program, however, to fund the new asset investment, the long-term borrowings are forecast to grow to \$76 million by the end of the ten year period.

The Statement of Cash Flows shows what is expected to occur during the year in terms of cash. The net cash provided by operating activities shows how much cash is expected to remain after paying for the services provided to the community. Ideally, funds from operating activities should be sufficient to fund asset and infrastructure renewal works and the annual repayment of loan borrowings. The information in this statement assists in the assessment of the ability to generate cash flows and meet financial commitments as they fall due, including debt repayments. For the first half of the plan, cash provided by operating activities are insufficient to meet asset renewals and debt repayments, the shortfall is met through the utilisation of cash reserves and short term borrowings.

Statement of Comprehensive Income

	2020–2021	2021–2022	2022–2023	2023–2024	2024–2025	2025–2026	2026–2027	2027–2028	2028–2029	2029–2030	2030–2031
Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income											
36,278 Rates	37,914	39,639	41,442	43,327	45,299	47,361	49,516	51,524	53,613	55,520	
1,509 Statutory charges	1,846	1,883	1,922	1,961	2,001	2,041	2,083	2,125	2,169	2,213	
3,324 User charges	4,000	4,080	4,163	4,257	4,353	4,452	4,552	4,655	4,761	4,868	
2,348 Grants, subsidies and contributions	2,408	2,470	2,533	2,598	2,665	2,734	2,804	2,876	2,950	3,026	
65 Investment income	113	156	151	145	140	134	128	122	115	109	
574 Other revenues	602	614	627	641	656	670	686	701	717	733	
363 Operating projects	362	362	362	362	362	362	362	362	362	362	
44,460 Total Revenues	47,244	49,205	51,199	53,292	55,476	57,754	60,131	62,365	64,686	66,831	
Expenses											
15,714 Employee costs	15,961	16,345	16,738	17,140	17,637	18,149	18,675	19,138	19,613	20,099	
17,505 Materials, contracts and other expenses	18,236	18,740	19,260	19,795	20,346	20,915	21,447	21,994	22,556	23,132	
800 Finance costs	773	900	1,080	1,321	1,522	1,743	1,964	2,081	2,129	2,216	
9,734 Depreciation, amortisation and impairment	10,525	11,051	11,418	12,027	12,629	13,162	13,739	14,303	14,733	15,218	
1,313 Operating project expenditure	1,257	1,203	1,323	1,428	1,244	1,252	1,359	1,450	1,253	1,352	
192 Joint venture losses	100	50	25	13	-	-	-	-	-	-	
45,258 Total Expenses	46,852	48,289	49,845	51,725	53,379	55,221	57,184	58,967	60,284	62,017	
(798) Operating Surplus (Deficit)	393	917	1,355	1,567	2,097	2,533	2,947	3,398	4,402	4,814	
27 Net gain/(loss) on disposal or revaluation of assets	27	34	35	36	36	35	35	35	35	35	
1,845 Amounts received specifically for new or upgraded assets	1,795	128	174	168	136	139	141	144	147	150	
Physical resources received free of charge	4,000	-	-	-	-	-	-	-	-	-	
1,074 Net Surplus (Deficit)	6,215	1,078	1,564	1,771	2,268	2,707	3,124	3,578	4,585	4,999	
Other Comprehensive Income											
2,000 Changes in revaluation surplus - infrastructure, property, plant and equipment	7,574	7,832	8,063	8,421	8,775	9,096	9,456	9,804	10,146	9,969	
2,000 Total Other Comprehensive Income	7,574	7,832	8,063	8,421	8,775	9,096	9,456	9,804	10,146	9,969	
3,074 Total Comprehensive Income	13,789	8,911	9,627	10,192	11,044	11,803	12,580	13,382	14,731	14,968	

Statement of Financial Position

	2020–2021	2021–2022	2022–2023	2023–2024	2024–2025	2025–2026	2026–2027	2027–2028	2028–2029	2029–2030	2030–2031
Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets											
Current Assets											
5,069 Cash and cash equivalents	4,265	2,980	1,326	958	1,168	1,493	1,227	1,303	3,251	8,041	
2,654 Trade and other receivables	2,842	2,798	2,743	2,796	2,767	2,789	2,779	2,775	2,781	2,778	
7,723 Total Current Assets	7,107	5,778	4,069	3,755	3,935	4,282	4,006	4,078	6,032	10,819	
Non-current Assets											
8 Financial assets	4,008	3,774	3,535	3,295	3,051	2,801	2,545	2,283	2,015	1,740	
2,772 Equity accounted investments in Council businesses	2,772	2,822	2,897	2,985	3,085	3,185	3,285	3,385	3,485	3,585	
504,790 Infrastructure, property, plant and equipment	546,679	560,315	582,307	600,977	618,057	638,061	656,947	669,831	683,488	696,753	
507,570 Total Non-current Assets	553,459	566,911	588,739	607,257	624,193	644,046	662,777	675,498	688,987	702,077	
515,292 Total Assets	560,567	572,688	592,807	611,011	628,128	648,328	666,783	679,576	695,019	712,896	
Liabilities											
Current Liabilities											
5,416 Trade and other payables	4,420	4,526	4,788	4,578	4,631	4,665	4,625	4,640	4,643	4,636	
1,547 Borrowings	1,705	2,262	2,896	3,513	4,172	4,997	5,151	5,894	6,699	7,388	
2,757 Short-term provisions	2,705	2,744	2,735	2,728	2,736	2,733	2,732	2,734	2,733	2,733	
9,721 Total Current Liabilities	8,830	9,532	10,419	10,819	11,538	12,395	12,508	13,268	14,075	14,757	
Non-current Liabilities											
14,385 Long-term borrowings	21,245	24,721	35,425	43,873	50,171	58,743	65,540	65,220	66,175	68,916	
1,167 Long-term provisions	1,164	1,160	1,164	1,163	1,162	1,163	1,162	1,162	1,162	1,163	
1,541 Other non-current liabilities	1,641	1,691	1,716	1,728	1,728	1,728	1,728	1,728	1,728	1,728	
17,093 Total Non-current Liabilities	24,050	27,571	38,305	46,764	53,061	61,633	68,431	68,111	69,066	71,807	
26,813 Total Liabilities	32,880	37,103	48,724	57,583	64,599	74,029	80,938	81,378	83,141	86,563	
488,479 Net Assets	527,687	535,585	544,084	553,428	563,529	574,299	585,844	598,198	611,878	626,333	
Equity											
59,461 Accumulated surplus	65,676	66,754	68,318	70,089	72,357	75,064	78,188	81,766	86,350	91,349	
429,018 Asset revaluation reserve	462,011	468,831	475,766	483,340	491,172	499,235	507,656	516,432	525,528	534,984	
488,479 Total Equity	527,687	535,585	544,084	553,428	563,529	574,299	585,844	598,197	611,878	626,333	

Statement of Cash Flows

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flow from Operating Activities											
Receipts											
36,688	37,914	39,639	41,442	43,327	45,299	47,361	49,516	51,524	53,613	55,520	
4,833	5,657	6,008	6,140	6,164	6,384	6,471	6,646	6,785	6,923	7,084	
65	113	156	151	145	140	134	128	122	115	109	
2,348	2,408	2,470	2,533	2,598	2,665	2,734	2,804	2,876	2,950	3,026	
937	965	977	989	1,003	1,018	1,033	1,048	1,063	1,079	1,095	
Payments											
(15,885)	(16,017)	(16,310)	(16,743)	(17,149)	(17,630)	(18,151)	(18,676)	(19,137)	(19,613)	(20,099)	
(20,905)	(20,488)	(19,836)	(20,322)	(21,433)	(21,538)	(22,132)	(22,847)	(23,429)	(23,806)	(24,491)	
(800)	(773)	(900)	(1,080)	(1,321)	(1,522)	(1,743)	(1,964)	(2,081)	(2,129)	(2,216)	
7,280	9,778	12,203	13,110	13,335	14,816	15,706	16,656	17,723	19,132	20,027	
Cash Flows from Investing Activities											
Receipts											
1,845	1,795	128	174	168	136	139	141	144	147	150	
27	34	35	36	36	35	35	35	35	35	35	
-	118	234	239	240	244	250	256	262	268	275	
Payments											
(11,626)	(10,723)	(11,523)	(12,716)	(12,533)	(11,748)	(11,208)	(12,102)	(12,095)	(10,836)	(8,209)	
(5,599)	(8,723)	(6,295)	(13,735)	(10,578)	(10,128)	(13,894)	(12,102)	(6,317)	(8,458)	(10,817)	
(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	
(19,095)	(17,599)	(17,521)	(26,103)	(22,768)	(21,562)	(24,778)	(23,872)	(18,070)	(18,944)	(18,666)	
Cash Flows from Financing Activities											
Receipts											
5,871	8,723	6,295	13,735	10,578	10,128	13,894	12,102	6,317	8,458	10,817	
	-	-	500	2,000	1,000	500	-	-	-	-	
Payments											
(1,806)	(1,705)	(2,262)	(2,896)	(3,513)	(4,172)	(4,997)	(5,151)	(5,894)	(6,699)	(7,388)	
4,064	7,018	4,033	11,339	9,065	6,956	9,397	6,951	423	1,760	3,430	
(4,108)	(803)	(1,285)	(1,654)	(368)	210	324	(265)	76	1,948	4,791	
9,177	5,069	4,265	2,980	1,326	958	1,168	1,493	1,227	1,303	3,251	
5,069	4,265	2,980	1,326	958	1,168	1,493	1,227	1,303	3,251	8,041	

Statement of Changes in Equity

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accumulated Surplus											
58,387	59,461	65,676	66,754	68,318	70,089	72,357	75,064	78,188	81,766	86,350	
1,074	6,215	1,078	1,564	1,771	2,268	2,707	3,124	3,578	4,585	4,999	
59,461	65,676	66,754	68,318	70,089	72,357	75,064	78,188	81,766	86,350	91,349	
Asset Revaluation Reserve											
427,018	429,018	462,011	468,831	475,766	483,340	491,172	499,235	507,656	516,432	525,528	
2,000	32,993	6,820	6,935	7,574	7,832	8,063	8,421	8,775	9,096	9,456	
429,018	462,011	468,831	475,766	483,340	491,172	499,235	507,656	516,432	525,528	534,984	
488,479	527,687	535,585	544,084	553,428	563,529	574,299	585,844	598,197	611,878	626,333	

Uniform Presentation of Finances

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
44,460	47,244	49,205	51,199	53,292	55,476	57,754	60,131	62,365	64,686	66,831	
(45,258)	(46,852)	(48,289)	(49,845)	(51,725)	(53,379)	(55,221)	(57,184)	(58,967)	(60,284)	(62,017)	
(798)	393	917	1,355	1,567	2,097	2,533	2,947	3,398	4,402	4,814	
Less: Net Outlays on Existing Assets											
(11,626)	(10,723)	(11,523)	(12,716)	(12,533)	(11,748)	(11,208)	(12,102)	(12,095)	(10,836)	(8,209)	
27	34	35	36	36	35	35	35	35	35	35	
9,734	10,525	11,051	11,418	12,027	12,629	13,162	13,739	14,303	14,733	15,218	
(1,864)	(165)	(437)	(1,262)	(470)	916	1,989	1,672	2,244	3,932	7,044	
Less: Net Outlays on New and Upgraded Assets											
(5,599)	(8,723)	(6,295)	(13,735)	(10,578)	(10,128)	(13,894)	(12,102)	(6,317)	(8,458)	(10,817)	
-	4,000	-	-	-	-	-	-	-	-	-	
1,105	1,845	128	174	168	136	139	141	144	147	150	
(4,494)	(2,878)	(6,167)	(13,561)	(10,410)	(9,992)	(13,755)	(11,961)	(6,173)	(8,311)	(10,667)	
(7,157)	(2,649)	(5,687)	(13,468)	(9,313)	(6,980)	(9,233)	(7,341)	(531)	23	1,190	

Key Performance Indicators

	2020–2021 Budget	2021–2022 Plan	2022–2023 Plan	2023–2024 Plan	2024–2025 Plan	2025–2026 Plan	2026–2027 Plan	2027–2028 Plan	2028–2029 Plan	2029–2030 Plan	2030–2031 Plan
Outcome 1: A Balanced Budget											
(798) Operating surplus / (deficit) - \$'000	393	917	1,355	1,567	2,097	2,533	2,947	3,398	4,402	4,818	
(1.8%) Operating Surplus Ratio - %	0.8%	1.9%	2.7%	3.0%	3.8%	4.4%	4.9%	5.5%	6.8%	7.2%	
Outcome 2: Rate Stability											
0.65% Rate Revenue Increase - %	4.51%	4.55%	4.55%	4.55%	4.55%	4.55%	4.55%	4.05%	4.05%	3.56%	
Outcome 3: Infrastructure and Asset Management											
125.7% Asset Sustainability Ratio - % (Rolling three year average)	110.1%	104.3%	101.6%	102.7%	102.4%	102.9%	102.9%	103.5%	103.4%	103.4%	
110% Asset Sustainability Ratio - % (Annual)	100%	104%	101%	104%	103%	103%	104%	105%	103%	104%	
Outcome 4: Debt Management											
19,083 Net Financial Liabilities - \$'000	21,764	27,552	41,120	50,533	57,612	66,946	74,387	75,018	75,094	74,004	
42.9% Net Financial Liabilities Ratio - %	46.0%	56.0%	80.3%	94.0%	103.9%	115.9%	123.7%	120.3%	116.1%	110.7%	
7.2% Debt Servicing Ratio - %	6.5%	8.0%	9.5%	11.0%	12.6%	14.2%	14.4%	15.5%	16.5%	17.3%	

Council Facilities

The Council’s Principal Office is located at:

Norwood Town Hall
175 The Parade, Norwood

Additional sites of operation include:

Glynde Depot
30 Davis Street, Glynde

Norwood Library
110 The Parade, Norwood

St Peters Library
101 Payneham Road, St Peters

Payneham Library & Community Facilities Complex (Tirkandi)
2 Turner Street, Felixstow

Payneham Community Centre
374 Payneham Road, Payneham

Cultural Heritage Centre
101 Payneham Road, St Peters

Norwood Swimming Centre
Phillips Street, Kensington

Payneham Memorial Swimming Centre
OG Road, Felixstow

The Council also owns and operates:

St Peters Child Care Centre and Preschool
42-44 Henry Street, Stepney

Norwood Concert Hall
175 The Parade, Norwood

Additional Copies



The 2021–2031 Long-term Financial Plan can be viewed online at www.npsp.sa.gov.au

Further information

For more information on the Council's 2021–2031 Long-term Financial Plan, please visit www.npsp.sa.gov.au or phone 8366 4555.

The Council's website at www.npsp.sa.gov.au provides further details about the Council’s activities, policies and plans for the future.

City of Norwood Payneham & St Peters
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City of
**Norwood
Payneham
& St Peters**