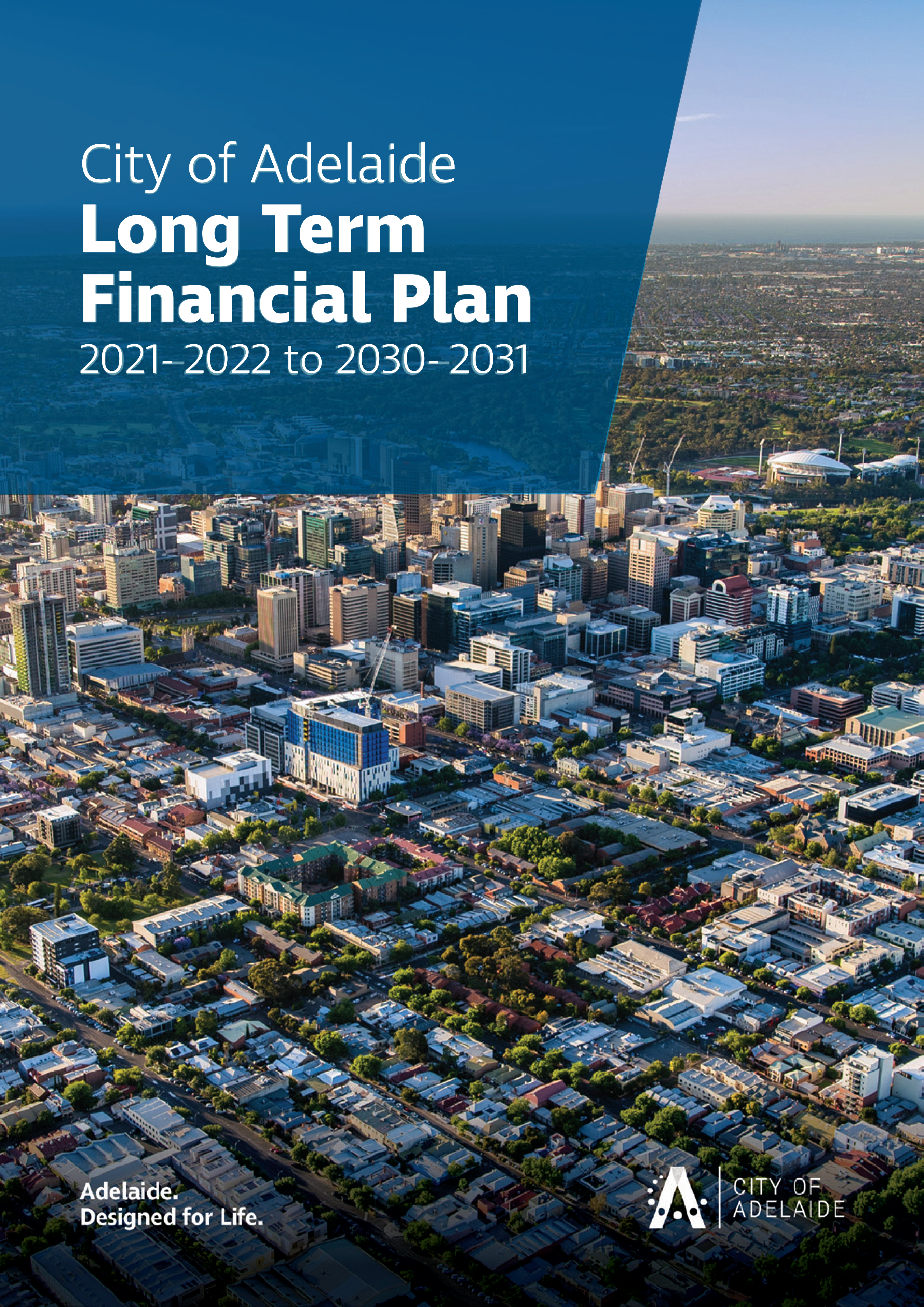
City of Adelaide

Long Term Financial Plan

2021-2022 to 2030-2031



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Contents

Executive summary

The City of Adelaide's Long Term Financial Plan (LTFP) is a 10 year forecast of Council's financial performance and position. The plan is based on the Council's 2020-2024 Strategic Plan, anticipated service levels and social, economic and political indicators. It forms part of Council's Strategic Management Plans and is integral to Council's Strategic Framework and financial planning.

The LTFP assists Council in monitoring the City of Adelaide's financial sustainability: Council's ability to deliver services and maintain/upgrade the City's infrastructure in a manner that is fair and equitable across generations.

This document outlines the context of the LTFP and importance of Council's financial sustainability. It explains the approach to preparing and reviewing the LTFP, key assumptions and risks, and the measures used to manage and monitor the Council's financial sustainability.

Council has recently reviewed the LTFP as part of the 2021-2022 Business Plan and Budget process with consideration to a number factors including the financial and economic implications of the COVID-19 pandemic.

COVID-19 had an immediate and profound impact on the City and Council's operations and income. A decline in City visitation, social distancing restrictions and the weakened economic environment have significantly reduced forecast income from parking, the Aquatic Centre, Town Hall events and property tenants. The potential decline in property valuations may also impact rate revenue across the next three to five years.

Council has been proactive in responding to the challenges presented by COVID-19, displaying leadership through implementation of its City Support Packages to aid City recovery. It has initiated a fundamental reappraisal of Council's services to reshape the organisation and implement a $20 million reduction in operational expenditure during 2020-2021. Council further adopted Recovery Principles to assist with future decision making. In addition, a future fund has been established to reinvest the proceeds of property sales identified through strategic property review into future income generating assets and strategic capital projects.

Council's financial sustainability initiatives as well as the decision to provide a balanced budget in 2021-22 provide a positive impact for the life of the LTFP. The key financial ratios are all within target range for the life of the plan and support continued financial sustainability.

Strategic context

Under the *Local Government Act (SA) 1999* Council must develop and adopt Strategic Management Plans' which identify the Council's objectives, how a Council intends to achieve its objectives, how they fit with the objectives of other levels of government, performance measures and estimates of revenue and expense.

The City of Adelaide's Strategic Management Plans comprise:

- 2020-2024 Strategic Plan
- Long Term Financial Plan
- Strategic Asset Management Plan (under development)

The Long Term Financial Plan is a 10 year forecast of Council's financial performance and position based on its strategic plans, anticipated service levels and social, economic and political indicators. It provides guidance to support Council decision making and confirm Council's financial capacity to deliver services, maintain assets and achieve its strategic objectives in a financially sustainable manner.

The LTFP is an integral part of the Council's Strategic Framework. It is built upon the 2021-2022 Business Plan and Budget and aligned to the City of Adelaide's 2020-2024 Strategic Plan and Infrastructure and Asset Management Plans.

The LTFP is reviewed quarterly and updated on an iterative basis to reflect the latest available information. Key outputs include a comprehensive set of financial indicators and forecast financial statements in accordance with legislative requirements.

Council's Strategic Framework:

Our suite of Strategic Management Plans

Strategic Plan 2020 - 2024

Long Term Financial Plan

Strategic Asset Management Plan

How we plan and budget for the future and articulate our vision, priorities and community outcomes

Delivery Planning

How our organisation enables and delivers on our strategies

Business Plan and Budget

How we articulate our service, project and infrastructure delivery with an annual budget

Annual Report

How we monitor, review and report back to the community

Statement on financial sustainability

Financial sustainability

The Australian Local Government Associations adopted definition of financial sustainability is as follows:

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

It is based on the principles that:

- The current generation are able to "pay their way" by funding the services and infrastructure they utilise
- Investments in new infrastructure and assets funded through borrowings will not over burden future generations.

Financial Sustainability is monitored by three key ratios:

- **Operating Surplus Ratio** which monitors the affordability of Council's services relative to its operational income
- **Net Financial Liabilities Ratio** which monitors the affordability of Council's borrowings relative to its operational income
- **Asset Renewal Funding Ratio** (also known as the Asset Sustainability Ratio) which monitors the rate at which Council is renewing its assets relative to its use of the assets.

In addition to these core ratios, Council has a suite of ratios it uses to monitor its performance and sustainability.

The role and purpose of each ratio is discussed in further detail on page 18.

Implications of COVID-19

Throughout 2020 we faced the biggest global disruption to our community in one hundred years, which dramatically changed our City. Like all City businesses, Council operations have not been immune - the absence of people from mid-March 2020 has seen Council income immediately and significantly impacted.

COVID-19 is expected to have significant impact on Council's financial performance for some time to come. It is important that the focus on financial sustainability while recovering from this pandemic is retained. Sustainable decision making is necessary to ensure the longevity of our community to not only recover from the pandemic and its impacts but to also capitalise on the opportunities presented to ensure the future of our community for generations to come.

Statement on financial sustainability

Initiatives to support financial sustainability

To build a strong foundation for long term financial sustainability and to respond to the financial challenges of COVID-19, Council has recently

1. Adopted **Recovery Principles** to guide its future decision making
2. Identified a reduction in its operational expenditure by $20 million in the 2020-2021 financial year through **Reshaping our Organisation**.
3. Established a **future fund** to reinvest the proceeds from property sales into future income generating assets and strategic capital projects.

Recovery Principles

Council has adopted Recovery Principles assist our future decision making in the context of COVID-19 and city recovery and to support our long term financial sustainability. These principles seek to ensure an equitable approach to rating, a prudent approach to the utilisation of borrowings and proceeds from the sale of assets, and sustainable investment in our infrastructure and delivery of services.

- Our rates, fees and charges approach is fair and equitable
- Financial borrowings adjusted to stimulate growth
- Proceeds from divesting underperforming assets will build a future fund
- Asset renewals will be prioritised based on audit condition and risk
- Asset enhancements will be delivered through partnerships
- We will seek Government funding for new infrastructure
- Our service delivery will reflect the needs of the community
- Investment is prioritised to support recovery.

Reshaping our Organisation

Council has commenced a fundamental reappraisal of the role played in driving public value through the delivery of our services, whilst ensuring we continue to fulfil our leadership role as a Capital City Council coupled with legislative requirements as a local government entity. Central to this is the recovery principle that 'Our service delivery will reflect the needs of the community'.

As an outcome of this exercise, a permanent $20 million saving in operating expenditure was identified to build a strong foundation for financial sustainability into the future. The 2021-2022 Business Plan and Budget and Long Term Financial Plan reflect these savings.

Future Fund

A future fund has been established to enable Council to fund the purchase of future income generating assets and to invest in strategic capital projects from the sale proceeds of assets identified through the Strategic Property Review.

This review included a detailed assessment outlining a forward approach for identified property assets. These approaches are grouped into the following categories:

- Redevelopment or re-purposing of assets to improve public value and to support income generating and City shaping initiatives.
- Sale of non-performing assets comprising those assets which provide limited strategic, community and commercial value.
- Retention of property assets where no action is currently required.

Requests to utilise funds from the reserve fund will be based on a business case that clearly demonstrates that the financial return to Council outweighs the annual loan funding costs. Council approval will be required for all requests to utilise these funds. The Treasury Policy of Council reflects how the future fund will be established. Further discussions have been held with Council that direct to the development of an Investment Policy which will further define how the Future Fund Reserve will be utilised for investment and what considerations will be made to make this decision.

$'000s	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan
Cash Proceeds from Surplus Assets	**3,100**	12,500	25,000	18,500	-	-	-	-	-	-

Some of the assets identified through the Strategy Property Review that are at various stages of the community consultation include: James Place Toilet Block; 211 Pirie St (Beach Volleyball site) – Pirie Street Carpark (UPark); and 88 O'Connell Street.

The table below reflects the balance of the Future Fund Reserve as a result of the accumulation of funds from proceeds of non-performing assets in line with the Strategic Property Review and Treasury Policy.

Equity	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan
Accumulated Surplus	**802,195**	798,728	777,256	760,409	769,290	784,903	798,989	817,875	836,079	851,422
Asset Revaluation Reserves	**934,010**	934,010	976,883	976,883	976,883	976,883	976,883	976,883	976,883	976,883
Other Reserves	**1,612**	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612
Future Reserve Fund	**2,173**	8,673	33,673	59,173	59,173	59,173	59,173	59,173	59,173	59,173
Total Council Equity	**1,739,990**	1,743,023	1,789,424	1,798,077	1,806,958	1,822,571	1,836,657	1,855,543	1,873,747	1,889,090

Basis of preparation

This document presents the Long Term Financial Plan (LTFP) for the years 2021-2022 to 2030-2031. The basis of the LTFP is consistent with the Financial Statements 30 June 2020 and the 2020-2021 Business Plan and Budget adopted by Council and any authorised amendments. The LTFP has been based on the 2020-2024 Strategic Plan and the Strategic Infrastructure and Asset Management Plan projections for new, upgraded and renewal of assets for 2022 to 2031.

The LTFP is a projective report based on information known at the time. As such the review process of the LTFP is iterative and can change as new or updated information is presented.

The LTFP is developed and adopted in consultation with Council each year as part of the annual Business Plan and Budget process. The impacts of quarterly revisions to the budget will be noted through the Quarterly reporting process to both Council and Audit Committee, and formally adopted in the following years' business plan and budget.

The LTFP is a projection of forward performance with consideration of the following:

- Council's 2020-2024 Strategic Plan and Strategic Infrastructure and Asset Management Plans, including planned investment in new projects and infrastructure
- The social, economic and political environment including indicators such as population growth, inflationary growth and interest rates
- Anticipated changes in future service levels that reflect the needs and expectations of the community
- Funding and expenditure levers available to Council, including revenue and financing guidelines such as Council's Rating Policy and Treasury Policy
- Revenue opportunities and cost drivers, including the impact of climate change and other factors on the City
- A rigorous assessment of Councils current financial position and financial sustainability.

Key assumptions

A summary of assumptions underpinning this LTFP:

- Rates valuation growth, on average, is assumed in line with forecast inflation, excluding growth from new developments
- Fees and charges are in line with forecast price indexation
- Salaries and wages forecasts are based on current and expected enterprise agreements
- Other revenue and expenditure growth, in general, is assumed in line with forecast price indexation
- Interest rates are relative to market expectations
- Capital expenditure is in line with the Infrastructure and Asset Management Plans.

Further detail regarding these and other assumptions is outlined below.

Price Indexation

The Local Government Price Index (LGPI) produced by the South Australian Centre for Economic Studies and the Consumer Price Index (CPI) for Adelaide produced by the Australian Bureau of Statistics are source indicators of price indexation for the City of Adelaide. However, the medium term estimates (3-5 years) of both are limited so consideration is given to historical data, short term estimates (1-2 years) and medium term estimates for CPI more broadly across Australia.

The current LTFP has assumed inflation of 1.25-2% per annum based on current forecast indicators which include the economic impact of COVID-19. This forecast will continue to be reviewed as greater analysis becomes available in the wake of COVID-19, with the LTFP adjusted accordingly.

Rates

Rates income is primarily dependent upon three key variables:

- The rate in the dollar for residential and non-residential property
- The increase/(decline) in property values (based on annual assessed value)
- Growth from new developments and capital improvements.

As Council has frozen the rate in the dollar for the past seven consecutive years, rates growth is dependent on valuation increases and growth from new developments and capital improvements.

Key assumptions

Years 2-10 of the LTFP currently assume rates growth of 2.25-3% through a combination of:

- Growth from new developments and capital improvements of 1%
- An uplift in property valuations and/or a change in the rate in the dollar to achieve 1.25% - 2% growth in existing rates revenue in line with the current price index forecast

The application of CPI regarding valuation uplifts is the most relevant assumption given the annual assessed value is based on income derived from the property and generally most incomes are at least indexed each year if not increased by a fixed percentage.

Valuations are heavily reliant on the receipt of information from ratepayers and as such valuations are generally conservative.

These assumptions will be monitored as further analysis on the price index and property valuations becomes available in the wake of COVID-19.

Fees and Charges

There are three principle types of fees charged by Council:

- General fees and charges set by statute
- General fees and charges set by Council or under delegation
- Commercial fees and charges set under delegation.

Statutory charges, such as fees associated with services regulated under the Road Traffic Act 1961, the Planning, Development and Infrastructure Act 2016, the South Australian Public Health Act 2011 , the Food Act 2001 and the Dog & Cat Management Act 1995 reflect dollar increments or percentage increases as specified by the respective statute.

Fees and charges set by Council or under delegation are reviewed each year in conjunction with the development of the Business Plan and Budget. The review ensures that the fees:

- Reflect (or move progressively toward) the cost of the services delivered
- Are comparable with market rates, where appropriate
- Take into account benefit derived by users of community facilities
- Are consistent with directions articulated through our existing policies or plans
- Are consistent with our Strategic Financial Parameters

For the purposes of the LTFP, it is assumed that fees and charges will increase on average in line with the price index (presently assumed to be 1.25-2%) unless there are specific circumstances that will have a material impact on the value of the fees and charges, such as changes in property tenancies associated with the Adelaide Central Market Arcade redevelopment.

Fees for Council's commercial operations including commercial properties, the UParks, Adelaide Aquatic Centre and North Adelaide Golf Course will be subject to market conditions and commercial considerations on a year by year basis. However, in the short term, these should align to the average movement in the price index.

Grants, Subsidies and Contributions

Annual grants, subsidies and contributions are assumed to continue for the duration of the LTFP and indexed in line with the price index (presently 1.25-2%) unless agreements are known to expire or change.

Where grants, subsidies and contributions are for specific projects or related to specific events, they will be recognised in line with the relevant accounting standards.

Employee Costs

Salaries and wages forecasts are based on current and expected enterprise agreement outcomes. That is a 2% increase is assumed for waged, salaried and UPark staff while a 2.5% increase is assumed for staff working under the Leisure enterprise agreements. Actual increases will be dependent upon future enterprise agreement negotiations, with new agreements reflected in the LTFP upon the completion of negotiations. Increases in the Superannuation Guarantee are consistent with Australian Taxation Office advice.

Contractual Expenditure and Materials

(including Utilities)

Expenditure is generally increased by the price index unless there are specific costs of a material value that are known or forecast to vary significantly from the price index (e.g. electricity contract, hard waste levy).

Service Delivery

City of Adelaide is responsible for the delivery of a range of service offerings to its ratepaying community and visitors alike. The LTFP assumes that the service delivery remains unchanged and delivered at the same consistent levels as detailed in the Service Directly. Any changes to this delivery are required to be resolved by Council and will impact the LTFP in the future should changes to the service have financial implications.

Asset Maintenance, Renewal and Upgrade

City of Adelaide is responsible for the management, operation and maintenance of the City's infrastructure, a diverse property portfolio and plant, fleet and equipment.

Infrastructure and Asset Management Plans, which form part of Council's Strategic Management Plans are reviewed in detail every four years to identify asset condition and consumption to assist in resource and maintenance planning. Detailed modelling enables the Council to optimise maintenance and renewal expenditure, to ensure asset sustainability. The 10-year Infrastructure and Asset Management Plans will consider new infrastructure needs to meet future community service expectations in a sustainable manner.

Forecast expenditure in the LTFP is presently based on the existing Infrastructure and Asset Management Plans prepared in 2016, overlayed with the latest modelling from condition audits. The LTFP will be updated as the detailed Infrastructure and Asset Management Plans are finalised in the coming years. There are a number of levers detailed within the

Key assumptions

Asset Renewal	$'000s
Bridges	67,309
Buildings	90,593
Pathways	51,667
Kerb and Water Table	18,524
Lighting & Electrical	26,533
Park Lands & Open Space	32,376
Roads	57,936
Water Infrastructure	83,451
Traffic Signal	15,860
Urban Elements	31,754
Total Infrastructure Renewals	**476,003**
Plant, Fleet & Equipment Replacement	16,488
Commercial Plant, Fleet & Equipment replacement	3,956
IT Renewals	15,882
ACMA Renewals	865
Corporate overhead	12,651
Total Renewal & Replacement of Assets	**525,845**

Strategic Asset Management Plan which Council can choose to apply through the Asset Management Plan revisions, this may impact the funding required per asset category.

Asset Renewal for the life of the LTFP are $526 million, with the majority of spend allocated to infrastructure of $476 million and the remainder on corporate or commercial based assets, as detailed in the table on the following page. It is worth noting that mid - long term, the LTFP reflects significant renewals will be required in accordance with our AMP. The current assumption within the LTFP is that Levels of Service will remain the same. Further renewal optimisation modelling is required to refine funding requirements through the development of the Asset Management Plans.

The exception to this is the Adelaide Aquatic Centre and UPark Rundle. It is the Council's intent to review the viability of these two significant assets regarding their operation/redevelopment in order to meet community need/maximise revenue potential. For this reason, renewals for the Adelaide Aquatic Centre have been removed from 2024 - 2025 onwards and the renewal of UPark Rundle in its entirety has been removed. This is for the purpose of financial projections only and the future of these assets will continue to require a Council decision.

It is also assumed that all renewals will be funded via Council operations. However, the risk and opportunities section of this document highlights the required actions of Council to reduce the burden of these significant renewals in future years. Significant renewals include:

- 2030 - 2031: Adelaide Bridge $50 million
- 2028 - 2029: Torrens Weir Structure $35 million
- 2023 - 2024: Rymill Park Lake $5 million

New and Significant Upgrades

Major projects including property developments; Central Market Arcade redevelopment and 88 O'Connell Street have been incorporated in the LTFP where a Council decision or commitment to progress the projects has been made. The impacts on capital and operational expenditure, as well as on income projections have been included following extensive modelling and consideration in a prudential report (required where capital expenditure is in excess of $4 million). The total spend on new and significant upgrades for the life of the LTFP is $53 million, detailed as follows:

- Central Market Arcade Redevelopment $29.127 million
- Moonta Street $4 million
- Market to River Bank $7.38 million
- Brown Hill Keswick Creek $2.97 million
- Other minor works over 10 years $10.5 million

Depreciation, Amortisation and Impairment

Depreciation is informed by Infrastructure and Asset Management Plans and reflects increases in valuations and new asset movements.
Amortisation and impairments are determined by condition audits and revaluations. This has not been factored into the LTFP.

Interest Rates

Council's services, projects and infrastructure works are predominantly funded through rates, fees and charges, grants and subsidies. Borrowings are principally utilised for major infrastructure projects, including city shaping projects such as the development of 88 O'Connell Street and Central Market Arcade, and commercially focused projects with a financial return on investment.

City of Adelaide has assumed an interest rate of 1.35-2% across the LTFP based on its existing borrowing rate, market indicators, and an allowance for an increase in future interest rate rises. The rate is reviewed quarterly and is based on the latest information and indicators.

Other

Other revenue and expenditure growth, in general, is assumed in line with forecast price indexation

Council's Subsidiaries

City of Adelaide has three subsidiaries: Adelaide Central Market Authority; Adelaide Economic Development Agency; and Adelaide Park Lands Authority. It is assumed that the operations of each subsidiary will be funding neutral (ie breakeven) from 2022 - 2023 onwards.

Capital funding requirements for the Adelaide Central Market Authority are currently being assessed from 2022 - 2023 onwards and will be incorporated as they are identified.

Risks and Opportunities

Although the Long Term Financial Plan is based upon the latest available information, it is a future projection and is therefore subject to risk. It cannot anticipate inherent risks such as unforeseen economic, political, environmental and market changes and so on this basis should be considered as a guide to future actions and opportunities, a tool for Council to assess the long-term financial sustainability of its decisions.

Issue1: Council Rate Growth

Forecast growth in rate revenue has a material impact on the LTFP, as the growth factor is incorporated into the base for property valuations in following year. Any changes to the growth forecast will impact on the outer financial years. COVID-19 has had a significant impact on the economy which may flow through to the property market and property valuations. Investment in new developments and capital improvements may also soften due to the weaker economic conditions.

Council Action:

Market indicators, combined with analysis from the Council rates and valuations team, will be closely monitored in the coming months and assumptions for rates growth will be updated once reliable data is available.

Issue 2: Government Legislation

A Rates Monitoring System is currently under consideration by the South Australian Parliament following the introduction of the Statutes Amendment (LG Review) Bill by the South Australian Government. The potential impact of such legislation is still to be assessed, however it could limit Council's capacity to increase rates in response to emerging financial challenges.

Council Action:

To work with LGA and SA Government working groups to ensure a fair and equitable rating system is maintained to enable sustained delivery of community services.

Issue 3: Fees and Charges

Approximately 20% of Council's income is derived from fees and charges including on-street parking, parking expiations and off street parking. Council has experienced a loss in this revenue stream due to the impacts of COVID and as a result the assumption to return to pre-COVID levels is phased over the life of the LTFP. The 2021 - 2022 budget assumes a return to 85-90% of pre-COVID levels.

Council Action:

The ongoing recovery of fees and charges will be monitored on a quarterly basis, with the LTFP updated as required.Increased reporting on Council business performance to ensure commercial businesses are performing optimally.

Issue 4: Interest rates

Interest rates are currently at a historical low and appear to remain at low levels for the foreseeable future. Interest expense is presently less than 1% of Council's operating income.

Council Action:

While an allowance for future interest increases has been included in the LTFP, the risk of potential increases in interest rates will be monitored and minimised where possible in accordance with Council's Treasury Policy

Issue 5: External Funding

The LTFP has been prepared on the basis that all Council operations are expected to fully fund all service delivery and asset renewals. However, it is common for other levels of Government to offer various grant programs which provide assistance to Council to fund larger projects. Where there is certainty in those funding sources, they have been included in the LTFP, if uncertain then it is assumed Council will provide 100% funding. This is a conservative position for Council and leaves opportunity to ensure the burden of funding these projects is transparent to the community and opens discussion with other levels of Government to fairly consider.

Council Action:

Strategic items that will require significant funding over the next 10 years are characterised as significant renewal projects. Council will look to open discussions with all levels of government to ensure significant city assets are funded appropriately without placing the sole burden on ratepayers only but all those who experience the City and its surrounds.

Issue 6: Delivery of Strategic Property Review and Action Plan

The LTFP includes the delivery of the strategic property review and action plan endorsed by Council. This action plan is based around divesting non-performing assets and allocating the proceeds to the Future Fund.

The delivery of this plan is subject to variables such as market conditions. The property market has been impacted by COVID and sale of substantial assets must be timed and managed to ensure maximum value is achieved and is strategically aligned.

Council Action:

Identified assets will be reviewed on a regular basis and forward actions will continue to be updated as property asset performance changes over time. This will ensure the optimum use of the property portfolio.

Each identified property asset will be the subject of further detailed analysis with the results of such further investigations to be the subject of Council Member consideration and decision making.

Key financial indicators

A suite of financial indicators is used to measure Council's financial performance, to guide decision making on major projects, and to secure its continued financial sustainability.

Three nationally recognised financial sustainability indicators have been adopted in principle by Local Government in Australia and are utilised by City of Adelaide, these are:

- The Operating Surplus Ratio
- The Net Financial Liabilities Ratio
- The Asset Sustainability Ratio.

Council also considers an additional three indicators to review the ability to borrow in line with the Prudential Borrowing Limit:

- Asset Test Ratio
- Interest Expense Ratio
- Leverage Test Ratio

Council has introduced an additional ratio to clearly depict its ability to fund asset renewals over the life of the LTFP:

- Cashflow from Operations Ratio

For each indicator a description of exactly what is being measured, an explanation of the target, the projected results (shaded in green when the result is within target and red when the result is outside the target range) and a summary of the Explanation of LTFP Projected Results from the analysis is provided.

Operating Surplus Ratio

What is being measured

This indicator represents the percentage by which the major controllable revenue source varies from day to day operating expenses. Financial sustainability is indicated where a council consistently achieves operating surplus and has soundly based projections showing it can continue to do so in the future, having regard to asset management and the service level needs of its community.

Target

The *Local Government Act (SA) 1999* target is to achieve an average operating surplus ratio between 0% and 15% over any five-year period. However, as a Capital City Council, the City of Adelaide has significant responsibilities in improving its public realm, and considers that an average operating surplus ratio between 0% and 20%, over any five-year period, is a more appropriate target.

Operating deficits are not sustainable or equitable in the long term, as they result in services consumed by current ratepayers being paid for by future ratepayers. A fair and equitable tax system is one in which taxes paid by each generation is in proportion to the benefits each generation receives.

Financial Indicator	Explanation	Target	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Operating Surplus Ratio	Operating surplus as a percentage of operating revenue	0%-20%	**0%**	**0%**	**1%**	**4%**	**4%**	**7%**	**6%**	**8%**	**7%**	**6%**

Explanation of LTFP Projected Results

Council's financial sustainability initiatives as well as the decision to provide a break-even budget in 2021 - 2022 provide a positive impact for the life of the LTFP. The achievement of surpluses in the first year of the plan on a permanent and ongoing basis are crucial to ensuring the surpluses are achievement over the long term.

Key financial indicators

Net Financial Liabilities Ratio

What is being measured
This indicator represents the significance of the net amount owed compared with operating revenue. Ita measures the extent to which Council is managing its debt and highlights that borrowings are often an effective means of financial sustainability, rather than trying to fund all assets and services from operating income. A steady ratio means council is balancing the need to borrow against their affordability of debt. An excessive ratio means Council is borrowing beyond their means and cannot generate the income required to service assets and operations.

Target
The target for Net Financial Liabilities should be greater than zero. However, the target set by City of Adelaide is that liabilities as a percentage of total operating revenue will not exceed 80%.

A target below zero indicates that Council places a higher priority on accumulated financial assets than applying funds generated from ratepayers to the provision of services and/or infrastructure renewal.

Financial Indicator	Explanation	Target	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Net Financial Liabilities	Financial liabilities and a percentage of operating income	Less than 80%	**48%**	**50%**	**37%**	**18%**	**14%**	**5%**	**-3%**	**0%**	**-9%**	**-2%**

Explanation of LTFP Projected Results
City of Adelaide's net financial liabilities are within the prescribed target for the life of the plan. Higher ratio's in the short term are a result of borrowings required for new and significant assets, mainly Central Market Arcade Redevelopment. The ratio declines in the mid to long term range of the plan due to the improvement in operating returns and the exclusion of any new and significant upgrades in those years.

Asset Sustainability Ratio

What is being measured
This indicator expresses expenditure on asset renewals as a percentage of the projected funding required. It illustrates whether existing assets are being replaced or renewed at the rate they are being consumed and ensures consistent service delivery as determined by the Infrastructure and Asset Management Plans (AMPs).

Target
A ratio lower than 100% suggests that Council is not maintaining assets and infrastructure in order to optimise asset lives. A ratio higher than 100% suggests that Council is replacing assets earlier than needed. Adoption of a target ratio between 90% and 110%, is in line with the *Local Government Act (SA) 1999*.

Financial Indicator	Explanation	Target	**2021-22**	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Asset Sustainability Ratio	Expenditure on asset renewals as a percentage of forecast required expenditure in the asset management plans	90%-110%	**60%**	**90%**	**90%**	**90%**	**90%**	**90%**	**90%**	**90%**	**90%**	**90%**

Explanation of LTFP Projected Results
As the sustainability ratio falls below the target range for the 2021-222 financial year as per Council resolution to assist with cashflow requirements for recovery from COVID impacts. It is assumed that over the long term asset renewals will be funded in line with the Strategic Asset Management Plans and the sustainability ratio returns to 90%.

Key financial indicators

Prudential Limits (Borrowings)

What is being measured
The maximum level of debt is prescribed by Council by way of prudential limits. While Council does not place a physical monetary limit on the level of borrowings, an upper limit is determined through its financial indicators. When borrowing, Council will consider these indicators.

Target
The Treasury and Cash Investment Policy was reviewed in 2020 and introduced changes to the Prudential Limits to better reflect Council's ability to fund and service existing and future debt, along with the creation of a reserve fund to be known as the "Future Fund". The Future Fund will enable Council to fund the purchase of future income generating assets or to invest in strategic capital projects from the sale proceeds of Council assets.

The Prudential limits set within the Treasury and Cash Investment Policy are:

- Asset Test Ratio Maximum of 50%
- Interest Expense Ratio Maximum of 10%
- Leverage Test Ratio Maximum 1.5 Years

Prudential limits are breached when one of the ratios fall outside of the targets stipulated in the policy. The breach must be reported with remediation actions to the CEO immediately within the borrowing and cash investment performance report.

Financial Indicator	Explanation	Target	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Asset Test Ratio	Borrowings as a percentage of total saleable property assets	Maximum 50%	**22%**	**22%**	**13%**	**5%**	**3%**	**0%**	**0%**	**0%**	**0%**	**0%**
Interest Expense Ratio	Number of times General Rates Revenue (less Landscape Levy) can service the annual interest expense	Maximum 10%	**0.9%**	**0.9%**	**0.9%**	**0.5%**	**0.3%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Leverage Test Ratio	Total borrowings relative to General Rates Revenue (Less Landscape Levy)	Maximum 1.5 years	**0.6**	**0.6**	**0.4**	**0.2**	**0.1**	**-**	**-**	**-**	**-**	**-**

Explanation of LTFP Projected Results
City of Adelaide's borrowings are within the prescribed targets across the Long Term Financial Plan. The Asset Test Ratio shows that Council has capacity in its total saleable assets to be able to meet the requirements of repayment of borrowings should the assets be sold in order to repay debt. The Interest Expense Ratio for the life of the plan has a minimal service cost which is reflective of the lower levels of borrowing of the life of the plan as well as the low interest cost over the 10 year period. The Leverage Test Ratio shows the time it would take to repay borrowings from general rates revenue as an indication of payback period. The plan supports Councils ability to repay the debt if called upon from less than 1 years rates in any year of the plan.

Cashflow from Operations Ratio

What is being measured
Cash Flow from Operations as a percentage of forecast expenditure in the asset management plans.

This indicator represents whether Council is generating adequate cash from its operations to cover the replacement of assets over time.

A lower ratio indicates that Council is not generating enough cash from operations to cover asset replacement (less than 100%). As a result, Council will need to fund the replacement of assets from unsustainable sources of income resulting in increased levels of borrowings over time.

Target
A result greater than 100% suggests Councils operations will generate enough cashflow to support the funding of asset replacement over time.

Financial Indicator	Explanation	Target	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Cash Flow from Operations Ratio	Operating income as a percentage of Operating Expenditure plus expenditure on renewal/ replacement of assets	Greater than 100%	**111%**	**104%**	**102%**	**109%**	**107%**	**112%**	**112%**	**98%**	**112%**	**95%**

Explanation of LTFP Projected Results
The positive result in 2021-2022 is reflective of the decision to reduce Asset Sustainability ratio and as a result the cashflow from operations adequately covers the lower renewals budget. This is consciously done to use the cashflow to support operations as we recover from COVID impacts. In 2023-2024, the cashflow is still in a steady recovery from deficits and as such the assumption to resume 100% asset renewal shows a slight deficit in funding. This recovers in the mid-term of the plan and returns to below target range in the later years of the LTFP due to significant renewals required in accordance with the Asset Management Plans. This ratio highlights the risk in Councils ability to fully fund the larger renewals that are identified in the LTFP in the later years. This is not to suggest deficiency in renewal, but rather highlight the opportunity in advance to seek alternative funding sources such as State or Federal Grants to assist with the funding of significant asset renewal projects for the benefit of the wider SA metropolitan area.

Financial Statements

The objective of financial statements is to provide information about the financial position, financial performance and cash flows of an entity and are used by wide range of stakeholders in making economic decisions. To meet this objective, financial statements provide information about an entity's:

- **Assets**
- **Liabilities**
- **Equity**
- **(d) Income and expenses, including gains and losses**
- **(f) Cash flows.**

Statement of Comprehensive Income

The Statement of Comprehensive Income provides information about the financial performance of Council. It provides a summary of all the sources of operating revenue and expenditure, the difference is known as the operating surplus / (deficit).

- The Net Surplus / (Deficit) represents the operating position with the inclusion of asset disposal and fair value adjustments, being the gain or loss on the sale of replaced assets, assets surplus to requirement, and fair value adjustments for investment property. Any amounts received for new and upgraded assets are also included in the Net Surplus.
- Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss, these include items such as changes in the valuation of infrastructure, property, plant & equipment, and any actuarial gains on the defined benefit plan.

Statement of Financial Position

The Statement of Financial Position presents the financial position of Council at a given date. It comprises three main components: assets, liabilities and equity.

- The difference between the assets and liabilities is known as the net assets or equity of Council.
- Current Assets and Liabilities are short-term and due within one year. Non-Current Assets and Liabilities represent longer term amounts that are due beyond 12 months.

Statement of Changes in Equity

The Statement of Changes in Equity reflects the movement in equity reserves during the period, being the financial performance of the year plus any other comprehensive income gains.

Statement of Cash Flows

The Statement of Cash Flows represent the amount of cash and cash equivalents entering and leaving the Council. It measures how well Council manages its cash position, meaning how well it generates cash to pay its debt obligations and fund its operating expenses and capital investments.

The main components of the cash flow statement are:

- Cash from operating activities, being the sources and uses of cash to fund Council operations and deliver services

- Cash from investing activities, being the capital investment on the renewal / replacement of existing assets and new / upgraded assets, as well as any sale proceeds and amounts received for the new / upgraded assets
- Cash from financing activities includes the proceeds and repayment of borrowings.

Uniform Presentation of Finances

The primary objective of the Uniform Presentation of Finances is to ensure that Councils provide a consistent set of 'core' of financial information in their financial statements, enabling meaningful comparisons of each Council's position.

The statement highlights:
The Operating Surplus / (Deficit) measure which is considered a critical indicator of a Council's financial performance.

The Net Outlays on Existing Assets which represents:
- The capital investment on the renewal and replacement of existing assets
- Adjusted for all depreciation, amortisation and impairment from the operating surplus / (deficit), given its non-cash nature. Depreciation defined as the cost of an asset spread over the useful life of the asset is an indication of what Council should be spending on renewing or replacing assets annually. If depreciation is higher than capital investment, it suggests that our assets are not being replaced at the same level that they are being utilised, and could indicate that a higher investment may be required in future years
- Proceeds from the sale of replaced assets (e.g. plant and fleet).

The Net Outlays on New and Upgraded Assets which represents:
- The capital investment on new and upgraded assets (including investment property)
- Amounts received specifically for new and upgraded assets (e.g. Grant funding)
- o Proceeds from the sale of surplus assets. This includes investment property and non-current assets held for sale.

The Net Lending / (Borrowing) for Financial Year result is a measure that takes account of both operating and capital activities for the financial year.
- A Net Lending position indicates that Council has repaid debt or increased reserves from activities.
- A Net (Borrowing) position indicates that Council has required additional debt to fund its activities. A zero result in any one year means that Council has covered all of its expenditure (both operating and capital) from current year's income.

Statement of Comprehensive Income

($'000s)	2021-22 Budget	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan
Income										
Rates Revenues	121,190	124,167	127,571	132,139	136,586	140,528	144,550	148,652	152,836	157,104
Statutory Charges	11,601	11,976	12,173	12,373	12,576	12,819	13,068	13,322	13,580	13,852
User Charges	62,267	63,423	64,554	72,290	73,561	74,960	76,447	77,962	79,508	81,128
Grants, Subsidies and Contributions	3,274	3,074	3,128	3,182	3,238	3,303	3,369	3,436	3,505	3,575
Investment Income	20	26	26	27	27	28	28	29	29	30
Reimbursements	541	710	722	735	748	763	778	794	810	826
Other Income	3,029	2,718	2,766	2,814	2,863	2,921	2,979	3,039	3,100	3,162
Total Income	**201,923**	**206,094**	**210,940**	**223,560**	**229,599**	**235,322**	**241,219**	**247,234**	**253,368**	**259,676**
Expenses										
Employee Costs	73,950	74,874	76,437	78,032	79,660	81,285	82,943	84,635	86,361	88,133
Materials, Contracts and Other Expenses	73,501	75,612	77,427	80,962	81,867	83,583	86,501	91,635	90,854	97,213
Depreciation, Amortisation and Impairment	52,614	52,446	53,675	54,328	58,070	54,063	57,168	51,635	57,603	58,638
Finance Costs	1,826	2,219	2,087	1,584	1,121	778	521	443	346	350
Total Expenses	**201,891**	**205,152**	**209,625**	**214,907**	**220,718**	**219,709**	**227,133**	**228,348**	**235,163**	**244,334**
Operating Surplus / (Deficit)	**31**	**942**	**1,315**	**8,653**	**8,881**	**15,613**	**14,086**	**18,886**	**18,205**	**15,343**
Asset Disposal & Fair Value Adjustments	(861)	2,090	2,213	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	156	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	**(674)**	**3,032**	**3,529**	**8,653**	**8,881**	**15,613**	**14,086**	**18,886**	**18,205**	**15,343**
Changes in Revaluation Surplus - I,PP&E	-	-	42,873	-	-	-	-	-	-	-
Net Actuarial Gains/(Loss) on Defined Benefit Plan	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	**-**	**-**	**42,873**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Comprehensive Income	**(674)**	**3,032**	**46,402**	**8,653**	**8,881**	**15,613**	**14,086**	**18,886**	**18,205**	**15,343**

Statement of Financial Position

($'000s)	2021-22 Budget	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan
ASSETS - *Current Assets*										
Cash and Cash Equivalents	800	800	800	800	800	7,277	28,084	17,811	41,414	22,765
Trade & Other Receivables	13,489	13,445	13,672	14,457	14,844	15,213	15,594	15,982	16,378	16,785
Other Financial Assets	41	37	33	30	27	24	22	20	18	16
Inventories	576	576	576	576	576	576	576	576	576	576
Total Current Assets	**14,907**	**14,858**	**15,082**	**15,864**	**16,247**	**23,091**	**44,275**	**34,389**	**58,386**	**40,142**
ASSETS - *Non-Current Assets*										
Financial Assets	249	225	202	182	164	147	133	119	107	97
Equity Accounted Investments in Council Businesses	605	605	605	605	605	605	605	605	605	605
Investment Property	2,600	2,626	2,652	2,679	2,705	2,732	2,760	2,787	2,815	2,843
Infrastructure, Property, Plant and Equipment	1,882,879	1,885,964	1,903,993	1,869,039	1,863,433	1,854,585	1,843,354	1,867,888	1,858,347	1,888,195
Other Non-Current Assets	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161
Total Non-Current Assets	**1,888,494**	**1,891,580**	**1,909,613**	**1,874,665**	**1,869,068**	**1,860,231**	**1,849,012**	**1,873,561**	**1,864,036**	**1,893,901**
TOTAL ASSETS	**1,903,400**	**1,906,438**	**1,924,695**	**1,890,529**	**1,885,315**	**1,883,321**	**1,893,287**	**1,907,949**	**1,922,421**	**1,934,043**
LIABILITIES - *Current Liabilities*										
Trade and Other Payables	18,837	18,867	25,948	19,512	19,582	19,659	19,744	18,498	18,589	18,016
Provisions	12,305	12,551	12,802	13,058	13,320	13,586	13,858	14,135	14,418	14,706
Other Current Liabilities	5,093	5,140	5,276	5,434	5,504	4,513	3,291	4,144	3,473	3,599
Total Current Liabilities	**36,236**	**36,559**	**44,026**	**38,004**	**38,405**	**37,758**	**36,893**	**36,777**	**36,480**	**36,321**
LIABILITIES - *Non-Current Liabilities*										
Trade and Other Payables	1,293	7,293	293	293	293	293	293	293	293	293
Borrowings	77,483	76,273	52,904	21,507	12,481	-	-	-	-	-
Provisions	1,616	1,648	1,681	1,715	1,749	1,784	1,820	1,856	1,893	1,931
Other Non-Current Liabilities	46,782	41,642	36,366	30,932	25,428	20,915	17,624	13,480	10,007	6,408
Total Non-Current Liabilities	**127,174**	**126,857**	**91,245**	**54,447**	**39,951**	**22,992**	**19,737**	**15,630**	**12,194**	**8,633**
TOTAL LIABILITIES	**163,410**	**163,415**	**135,270**	**92,451**	**78,356**	**60,750**	**56,630**	**52,407**	**48,674**	**44,953**
Net Assets	**1,739,990**	**1,743,023**	**1,789,424**	**1,798,077**	**1,806,958**	**1,822,571**	**1,836,657**	**1,855,543**	**1,873,747**	**1,889,090**
EQUITY										
Accumulated Surplus	802,195	798,728	777,256	760,409	769,290	784,903	798,989	817,875	836,079	851,422
Asset Revaluation Reserves	934,010	934,010	976,883	976,883	976,883	976,883	976,883	976,883	976,883	976,883
Other Reserves	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612
Future Reserve Fund	2,173	8,673	33,673	59,173	59,173	59,173	59,173	59,173	59,173	59,173
Total Council Equity	**1,739,990**	**1,743,023**	**1,789,424**	**1,798,077**	**1,806,958**	**1,822,571**	**1,836,657**	**1,855,543**	**1,873,747**	**1,889,090**

Statement of Changes in Equity

($'000s)	2021-22 Budget	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan
Balance at the end of previous reporting period	1,740,664	1,739,990	1,743,023	1,789,424	1,798,077	1,806,958	1,822,571	1,836,657	1,855,543	1,873,747
a. Net Surplus / (Deficit) for Year	(674)	3,032	3,529	8,653	8,881	15,613	14,086	18,886	18,205	15,343
b. Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	(674)	3,032	3,529	8,653	8,881	15,613	14,086	18,886	18,205	15,343
Gain (Loss) on Revaluation of I, PP&E	-	-	42,873	-	-	-	-	-	-	-
Balance at the end of period	**1,739,990**	**1,743,023**	**1,789,424**	**1,798,077**	**1,806,958**	**1,822,571**	**1,836,657**	**1,855,543**	**1,873,747**	**1,889,090**

Statement of Cash Flows

($'000s)	2021-22 Budget	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan
Cash Flows from Operating Activities										
Receipts										
Operating Receipts	202,230	206,139	210,713	222,775	229,213	234,953	240,839	246,846	252,972	259,269
Payments										
Operating Payments to Suppliers and Employees	(149,070)	(152,434)	(155,545)	(159,728)	(169,253)	(165,275)	(169,583)	(176,323)	(177,163)	(185,288)
Net Cash provided by (or used in) Operating Activities	**53,160**	**53,705**	**55,168**	**63,047**	**59,959**	**69,678**	**71,256**	**70,522**	**75,809**	**73,980**
Cash Flows from Investing Activities										
Receipts										
Amounts Received Specifically for New/Upgraded Assets	156	-	-	-	-	-	-	-	-	-
Proceeds from Surplus Assets	3,100	12,500	25,000	18,500	-	-	-	-	-	-
Sale of Replaced Assets	650	-	-	-	-	-	-	-	-	-
Payments										
Expenditure on Renewal/Replacement of Assets	(34,231)	(45,753)	(51,618)	(44,875)	(45,498)	(45,216)	(45,937)	(76,170)	(48,062)	(88,486)
Expenditure on New/Upgraded Assets	(33,451)	(14,188)	-	-	-	-	-	-	-	-
Net Cash provided by (or used in) Investing Activities	**(63,776)**	**(47,442)**	**(26,618)**	**(26,375)**	**(45,498)**	**(45,216)**	**(45,937)**	**(76,170)**	**(48,062)**	**(88,486)**
Cash Flows from Financing Activities										
Receipts										
Proceeds from Borrowings	15,671	(1,210)	-	-	-	-	-	-	-	-
Payments										
Repayment from Borrowings	-	-	(23,369)	(31,397)	(9,026)	(12,481)	-	-	-	-
Repayment of Lease Liabilities	(5,055)	(5,053)	(5,181)	(5,276)	(5,434)	(5,504)	(4,513)	(4,625)	(4,144)	(4,144)
Net Cash provided by (or used in) Financing Activities	**10,616**	**(6,263)**	**(28,550)**	**(36,673)**	**(14,461)**	**(17,985)**	**(4,513)**	**(4,625)**	**(4,144)**	**(4,144)**
Net Increase (Decrease) in Cash Held	**(0)**	**(0)**	**0**	**(0)**	**0**	**6,477**	**20,806**	**(10,272)**	**23,603**	**(18,649)**
plus: Cash and Cash Equivalents at beginning of period	800	800	800	800	800	800	7,277	28,084	17,811	41,414
Cash & Cash Equivalents at end of period	**800**	**800**	**800**	**800**	**800**	**7,277**	**28,084**	**17,811**	**41,414**	**22,765**

Statement of Uniform Presentation of Finances

($'000s)	2021-22 Budget	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan
Income	201,923	206,094	210,940	223,560	229,599	235,322	241,219	247,234	253,368	259,676
less Expenses	(201,891)	(205,152)	(209,625)	(214,907)	(220,718)	(219,709)	(227,133)	(228,348)	(235,163)	(244,334)
Operating Surplus / (Deficit) before Capital Amounts	**31**	**942**	**1,315**	**8,653**	**8,881**	**15,613**	**14,086**	**18,886**	**18,205**	**15,343**
Net Outlays on Existing Assets										
Capital Expenditure on Renewal and Replacement of Existing Assets	(34,231)	(45,753)	(51,618)	(44,875)	(45,498)	(45,216)	(45,937)	(76,170)	(48,062)	(88,486)
add back Depreciation, Amortisation and Impairment	52,614	52,446	53,675	54,328	58,070	54,063	57,168	51,635	57,603	58,638
add back Proceeds from Sale of Replaced Assets	650	-	-	-	-	-	-	-	-	-
Net Outlays on Existing Assets	**19,033**	**6,693**	**2,057**	**9,454**	**12,572**	**8,848**	**11,231**	**(24,534)**	**9,541**	**(29,848)**
Net Outlays on New and Upgraded Assets										
Capital Expenditure on New and Upgraded Assets	(33,451)	(14,188)	-	-	-	-	-	-	-	-
add back Amounts received specifically for New and Upgraded Assets	156	-	-	-	-	-	-	-	-	-
add back Proceeds from Sale of Surplus Assets	2,100	6,500	25,000	25,500	-	-	-	-	-	-
Net Outlays on New and Upgraded Assets	**(31,195)**	**(7,688)**	**25,000**	**25,500**	**-**	**-**	**-**	**-**	**-**	**-**
Net Lending / (Borrowing) for Financial Year	**(12,130)**	**(53)**	**28,372**	**43,607**	**21,453**	**24,460**	**25,317**	**(5,649)**	**27,746**	**(14,505)**

Glossary

Asset: Assets are future economic benefits controlled by the Council as a result of past transactions or other past events.

Asset Renewal Funding Ratio (also known as the Asset Sustainability Ratio): Expenditure on asset renewals as a percentage of forecast required expenditure in the infrastructure asset management plans.

Asset Test Ratio: Borrowings as a percentage of total saleable property assets.

Consumer Price Index (CPI): The Consumer Price Index (CPI) is a measure of changes, over time, in retail prices of a constant basket of goods and services representative of consumption expenditure by resident households in Australian metropolitan areas. The simplest way of thinking about the CPI is to imagine a basket of goods and services comprising items typically acquired by Australian households. As prices vary, the total price of this basket will also vary. The CPI is simply a measure of the changes in the price of this basket as the prices of items in it change.

Equity: Equity is the residual interest in the assets of the Council after deduction of its liabilities.

Leverage Test Ratio: Total borrowings relative to rates revenue (less landscape levy)

Liability: Liabilities are the future sacrifices of economic benefits that the Council is presently obliged to make to other entities or organisations as a result of past transactions or other past events

Interest Expense Ratio: Proportion of Council's general rate income that is being used to service debt (interest).

Liquidity: Measure of the Council's ability to cover its immediate and short-term debts and obligations.

Net Financial Liabilities: Financial liabilities as a percentage of operating surplus.

Operating Surplus Ratio: Operating surplus as a percentage of operating revenue.

Adelaide.
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CITY OF ADELAIDE

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