

RECOMMENDATION 14

That pursuant to section 181 of the Local Government Act 1999, rates for the year ending 30 June 2026 shall be payable in four equal or approximately equal instalments, and that the due date for the payment of rate instalments for the first quarter being 12 September 2025, the due date for the payment of rate instalments for the second quarter being 5 December 2025, and the due dates for the payment of rate instalments for the remaining quarters being 6 March 2026 and 5 June 2026 respectively.

RECOMMENDATION 15

That Council grants a discount pursuant to section 181(11)(b) of the Local Government Act 1999, amounting to 2% of the total differential rates (not including the EPL Levy or the Waste and Recycling Service Charges), where rates are paid in full on or before 12 September 2025.

RECOMMENDATION 16

That in exercise of the power contained in section 44 of the Local Government Act 1999, the Council hereby delegates this 1st day of July 2025 to the Chief Executive Officer of the City of Port Lincoln, the power pursuant to section 181(4)(b) of the Local Government Act 1999 to agree with a principal ratepayer that rates will be payable in such instalments falling due on such days as may be specified in the agreement.

5.2 ADOPTION OF THE DRAFT LONG TERM FINANCIAL PLAN AND DRAFT STRATEGIC ASSET MANAGEMENT PLAN 2026-2035**REPORT PURPOSE**

The purpose of this report is for Council to adopt the Draft Long Term Financial Plan 2026-2035 and Draft Strategic Asset Management Plan 2026-2035 as Strategic Management Plans for the City of Port Lincoln.

RECOMMENDATION

That Council adopts the Strategic Asset Management Plan 2026-2035 as presented in the attachments to this report (Annexure 79993), as a Strategic Management Plan for the City of Port Lincoln pursuant to Section 122 (1a)(b) of the Local Government Act 1999.

RECOMMENDATION

That Council adopts the Long Term Financial Plan 2026-2035 as presented in the attachments to this report (Annexure 79996), as a Strategic Management Plan for the City of Port Lincoln pursuant to Section 122 (1a)(a) of the Local Government Act 1999.

5.2 ADOPTION OF THE DRAFT LONG TERM FINANCIAL PLAN AND DRAFT STRATEGIC ASSET MANAGEMENT PLAN 2026-2035

REPORT INFORMATION									
Report Title		Adoption of the Draft Long Term Financial Plan 2026-2035 and Draft Strategic Asset Management Plan 2026-2035.							
Document ID		81887							
Organisational Unit		Corporate & Community							
Responsible Officer		Manager Finance & Business - Bonnie Kelso							
Report Attachment/s		Yes 79993 Draft Strategic Asset Management Plan 2026-2035 for adoption 20250701 79996 Draft Long Term Financial Plan 2026-2035 for adoption 20250701							
REPORT PURPOSE									
The purpose of this report is for Council to adopt the Draft Long Term Financial Plan 2026-2035 and Draft Strategic Asset Management Plan 2026-2035 as Strategic Management Plans for the City of Port Lincoln.									
REPORT DECISION MAKING CONSIDERATIONS									
Council Role		Regulate - Specific role in response to legislation and compliance - direct, specific or general in nature (such as duty of care)							
Strategic Alignment		SDP GOAL: Goal 3: Governance and Leadership SDP ACTION: 3.4 Implement Business Excellence and continuous improvement, including service reviews assessing relevance, efficiency and effectiveness.							
Annual Business Plan 2024/25		ABP INITIATIVE: Not Applicable ABP PROJECT: Not Applicable							
Legislation		Local Government Act 1999							
Policy		Asset Management 7.63.10							
Budget Implications		As per approved budget							
		<table><tr><td>DESCRIPTION</td><td>BUDGET AMOUNT \$</td><td>YTD \$</td></tr><tr><td></td><td></td><td></td></tr></table>		DESCRIPTION	BUDGET AMOUNT \$	YTD \$			
		DESCRIPTION	BUDGET AMOUNT \$	YTD \$					
		Budget assessment comments:							
The Annual Budget 2025/26 informs year-one of the Draft Long Term Financial Plan and Draft Strategic Asset Management Plan.									
The Draft Long Term Financial Plan demonstrates that Council is in a sustainable financial position over the ten-year period, with all financial ratios in line with Council’s established benchmarks to ensure the sustainability of Council’s long-term financial performance and position.									
The Draft Strategic Asset Management Plan aligns to the Draft Long Term Financial Plan.									

Risk Implications	Moderate Risk
	There is a legal requirement for Council to adopt a ten-year Long Term Financial Plan and ten-year Strategic Asset Management Plan as Strategic Management Plans of Council. Community consultation of the LTFP was included as part of the Annual Business Plan and Budget 2025/26 community consultation process.
Resource Implications	This is a planned resource allocation
Public Consultation	Yes - Mandatory
IAP2 Commitment	CONSULT - We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public feedback input has influenced the decision.
OFFICER'S RECOMMENDATION	
<u>RECOMMENDATION</u> That Council adopts the Strategic Asset Management Plan 2026-2035 as presented in the attachments to this report (Annexure 79993), as a Strategic Management Plan for the City of Port Lincoln pursuant to Section 122 (1a)(b) of the Local Government Act 1999. <u>RECOMMENDATION</u> That Council adopts the Long Term Financial Plan 2026-2035 as presented in the attachments to this report (Annexure 79996), as a Strategic Management Plan for the City of Port Lincoln pursuant to Section 122 (1a)(a) of the Local Government Act 1999.	

REPORT DETAIL

The Local Government Act 1999 (Section 122) requires that Council adopt Strategic Management Plans, including a strategic asset management plan and a long term financial plan, for a period of at least 10 years.

The Draft Strategic Asset Management Plan 2026-2035 (SAMP) and Draft Long Term Financial Plan 2026-2035 (LTFP) are aligned so that projected works in the SAMP are reflected in the LTFP and affordability and financial sustainability determined. The alignment of these plans gives clarity and a degree of assurance of the capacity to achieve Council's objectives and desired outcomes.

Draft Strategic Asset Management Plan 2026-2035

Council's previous SAMP 2025-2034 was adopted at the 24 June 2024 Ordinary meeting of Council.

The Draft SAMP 2026-2035 has made allocations for new and upgrade projects over the ten-year period. This includes the Stormwater Management Plan, Road Reseal Works, Playgrounds, Signage and Other Community Assets.

The Draft SAMP also focuses on the maintenance and renewal of Council's current assets over the next ten years. The Draft SAMP includes financial data on capital renewal of assets for the following asset classes:

- Buildings;
- Other Community Assets;
- Recycled Water Scheme;
- Roads;
- Bridges;
- Footpaths;
- Kerbing;
- Stormwater Infrastructure;
- Plant & Equipment; and
- Furniture & Fittings

The Draft SAMP is updated based on current asset data held for financial purposes in Council's Asset Register, including remaining useful life, condition rating and replacement value for all assets. The exception is the road reseal expenditure, which is based on the Road Surface Manager (RSM) modelling of optimal investment and Council's commitment to invest \$900,000 per year on road reseals and other annual allocations. The capital expenditure projected data in the Draft SAMP has been fully integrated into the Draft LTFP to reflect the sustainable funding of asset renewals identified by the Draft SAMP.

The Draft SAMP attached has been developed based on the Institute of Public Works Engineering Australasia NAMS+ Strategic Management Plan template and incorporates the improvement opportunities from the 2023 Asset Management Capability (AMCap) assessment within the Draft SAMP improvement plan with timeframes for implementation to improve Council's asset management maturity.

Draft Long Term Financial Plan 2026-2035

The purpose of the LTFP is to express, in financial terms, the activities that Council proposes to undertake over the medium to longer term to achieve its stated objectives and is a guide for future action. The aggregation of future intended outlays and anticipated revenues enables the accumulating overall financial implications to be readily identified and, if warranted, proposed future activities to be revised.

The LTFP for adoption includes the 2023/2024 audited financial figures, the 2024/2025 March Budget Review, and the Draft SAMP projected asset management renewals and upgrades.

The following specific matters are noted in relation to the LTFP:

- Year 1 of the LTFP includes the Draft Annual Budget 2025/26 figures;
- Projection of recurrent operational expenditures and revenues from the 2025/26 operational budget base, representing service delivery continuity, programs, administration and governance:
 - Including for non-recurrent 'operational new (project) initiatives' in 2026/27;
 - An annual allocation of \$500,000 per year thereafter for operational new initiatives
- Total rates revenues forecast in the LTFP are indexed as follows, equating to 2% above CPI for the first two years of the plan and 1% above CPI for the remaining seven years;
 - Year 1: 4.2%
 - Year 2: 4.5%
 - Years 3–10: 3.5%
- Limited grant revenue:
Operational on-going Federal Assistance Grants which are assumed to be received by Council in the correct allocated financial year, with indexation applied;
- Employee Costs:
Employee costs are based on Consumer Price Index (CPI), Enterprise Bargaining Agreements, superannuation increases and employee reclassifications. The CPI value has been included for the duration of the LTFP with an additional 2% per year for Year 2 and then 1% for the remaining years as an allocation to allow for the expansion of Council staff resources.

Initial discussions of drivers for the LTFP had included an additional driver of 0.5% for Materials on operating and capital expenditure. During final calculations of the LTFP this driver was removed as the differential between contractors, materials and other expenditure was not able to be determined.

Council will continue to seek capital revenue opportunities to support its planned new capital expenditure, such as selling identified surplus land assets and renewed/replaced assets.

- Fully funded SAMP projected renewals:
 - SAMP renewal works for the ten-year period to 2034/35 total \$48 million (including indexation). This includes:
 - an annual road reseal program of \$900,000 per annum;
 - Rolling annual renewals of assets including:
 - \$100,000 playground renewals;
 - \$50,000 Signage Renewals (\$30,000 for Year 1);
 - \$50,000 Toilet Block Renewals;

- \$15,000 Community Barbeque Renewals;
- An additional allocation of \$1.2 million per annum from Year Four onwards towards asset renewal costs, expected to increase in the coming years, and to begin the process of aligning asset renewal capital expenditure to Council's average annual depreciation expenditure;
- An allocation of \$500,000 per annum over the ten-year period for new Stormwater Projects;
- \$350,000 per annum provisional allocation for other new capital projects.

Council plans to maintain the Cash and Cash Equivalents figure each financial year at a level that funds all foreseeable operating requirements.

CEO Statement on Financial Sustainability

This LTFP demonstrates that Council is in a sustainable financial position over the ten-year period and has a considered a structured financial strategy that includes appropriate debt and treasury management over the ten-year term of the plan.

The fundamental purpose of the LTFP is to demonstrate that Council has considered, based on best available information, the financial resources required to deliver on Council's recently updated 2025–2034 Strategic Directions Plan and the broader Strategic Management Framework including the Strategic Asset Management Plans, Annual Business Plans and other supporting plans and strategies.

When we assess our financial sustainability, we look at the following key financial indicators:

- Operating surplus/(deficit) ratio;
- Net financial liabilities ratio; and
- Asset renewal funding ratio.

Whilst the operating results forecast net operating deficits for the first five years and operating surpluses from year seven onwards, over the course of the LTFP, all financial ratios are still in line with Council's established benchmarks to ensure the sustainability of Council's long-term financial performance and position.

Council aims to ensure that we have the financial capacity to continue to provide service levels which meet the needs of our community in a financially sustainable way by:

- Striving to continually improve our efficiency in the provision of existing and future services by proactively seeking out savings without affecting service delivery levels;
- Continuously improving our Asset Management Plans including how we monitor our assets, to ensure we are appropriately maintaining our assets;
- Maintaining our debt and interest costs within Council's established benchmarks and ensuring our capacity to service and repay this debt into the future; and
- Operating within the key financial indicators and benchmarks over the life of the LTFP to ensure we maintain a sound financial position.

There are several matters which may be considered as risks that have the potential to impact on Council's long term financial position, such as:

- Council's rates assume an average rate increase of:
 - 4.2% for Year 1,
 - 4.5% for Year 2, and

- 3.5% for the remaining years of the LTFP.

This must however be sustainable and be balanced with the real cost of service provision, asset renewal and maintenance and service demand from the community.

- The assumed rate revenue increases were determined in conjunction with expected CPI and cost of materials.
- There are currently several unfunded aspirational projects and initiatives identified for further investigation in the Strategic Directions Plan, plus further strategic plans and other plans identified as needing to be developed. The development of these initiatives could impact the long-term financial sustainability of Council if expectations are not managed appropriately.
- Council has increased the amount allocated for Operating New Initiatives in its Annual Budget 2025/26 and beyond to assist in these investigations and future plans.
- Changes to Local Government funding programs and potential risk in relation to cost shifting from the Federal and State Government to Local Government.
- Council has ageing infrastructure and has a need to focus more heavily on the renewal of its assets rather than acquiring or developing new assets. Specifically, ensuring that its renewal program as per the SAMP is fully funded each year.
- Council is progressing a review of our asset management data, condition assessment and maintenance practices. This will likely identify the need for more funding over the course of the LTFP for 'pro-active' asset maintenance to ensure longer serviceable life for our community's assets.

Long term financial planning is an interactive process, and the assumptions applied are reviewed annually during annual business plan and budget deliberations, using currently available information. This ensures Council continually reviews its financial performance and remains firmly focussed on maintaining long term financial sustainability.

The Draft Strategic Asset Management Plan 2026-2035 and Draft Long Term Financial Plan 2026-2035 were presented to the Audit & Risk Committee meeting held 19 June 2025, where the Committee resolved:

AUDIT&RISK 25/024

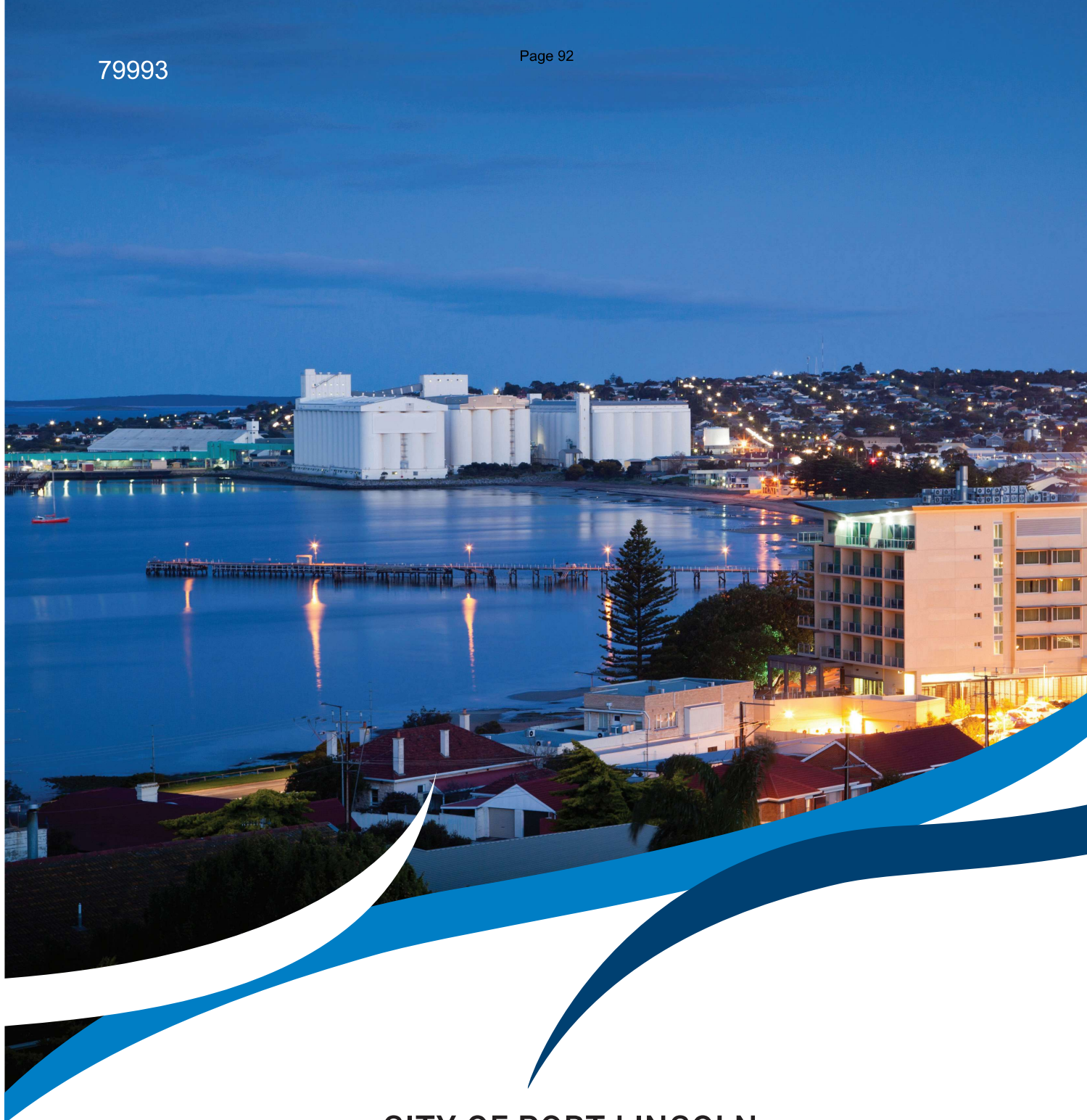
Moved: Ian Swan

Seconded: Councillor Linn

The Audit and Risk Committee, having regard to the approach and processes in the preparation of the following plans recommends the plans to Council for consideration for adoption pursuant to Section 122(1a)(a) of the Local Government Act 1999:

- 1. Draft Long Term Financial Plan 2026-2035 as presented in attachment Doc 78429;**
- 2. Strategic Asset Management Plan 2026-2035 as presented in attachment Doc 78135; and**
- 3. Notes that having considered the plans, advises Council that the documents have been prepared with appropriate due diligence, legislative compliance and regard for risk management.**

CARRIED



CITY OF PORT LINCOLN

DRAFT STRATEGIC ASSET MANAGEMENT PLAN 2026-2035

Presented to Council for adoption 1 July 2025



Document Control		Strategic Asset Management Plan			
Document ID : 79993					
Rev No	Date	Revision Details	Author	Reviewer	Approver
1	1/07/2025	Presented to Council for adoption	CAO		

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1. EXECUTIVE SUMMARY

1.1 Context

City of Port Lincoln is responsible for the acquisition, operation, maintenance, renewal and disposal of an extensive range of physical assets with a replacement value of \$324.7 million.

These assets include Land, Buildings, Other Community Assets, Leisure Centre, Recycled Water Scheme, Stormwater, Roads, Bridges, Footpaths, Kerbing, Plant & Equipment, Furniture & Fittings, and Resource Recovery Centre Landfill.

This Strategic Asset Management Plan (SAMP) takes the organisational objectives in our Strategic Directions Plan, develops the asset management objectives, principles, framework and strategies required to achieve our organisational objectives. The plan summarises activities and expenditure projections from individual asset management plans that are under development to achieve the asset management objectives.

1.2 Current situation

Our aim is to achieve a 'core' maturity for asset management activities and continue maturity improvement where the benefits exceed the costs. Improvement tasks with costs and target dates have been identified and documented in Table 8.2.

1.3 What does it Cost?

Operating Outlays (excluding depreciation)

The projected operating outlays necessary to provide the services covered by this Strategic Asset Management Plan includes operation and maintenance of existing assets over the 10 year planning period. Under our existing asset management and costing allocation practices, we are unable to identify an average forecasted operational outlay for the operation and maintenance of assets.

Capital Outlays

The projected required capital outlays including renewal/replacement and upgrade of existing assets and acquisition of new assets over the 10 year planning period is \$4,431,482 on average per year.

We have balanced the projected expenditures in the Strategic Asset Management Plan with financial outlays in the Long Term Financial Plan (LTFP) involving:

- desirable and affordable levels of service.
- balancing service performance, risk and cost in a trade-off of projects and initiatives.
- considering the impact of trade-offs and accepting the service and risk consequences.
- no new borrowings to finance capital renewal and upgrade/new projects in year 1.
- partner and grant revenue linked to identified projects.
- review and consolidation of Council assets may also provide a funding source for new and upgrade infrastructure projects.

1.4 What we will do

Our aim is to provide the services needed by the community in a financially sustainable manner. Achieving financial sustainability requires balancing service levels and performance with cost and risk.

1.5 What we cannot do

It may not be possible to meet all expectations for services within current financial resources. We will continue to engage with our community to ensure that needed services are provided at appropriate levels of service at an affordable cost while managing risks.

1.6 Managing the Risks

There are risks associated with providing services and not being able to complete all identified initiatives and projects.

Council has developed a Risk Management Policy, Framework, and Implementation Plan to establish the systems and processes for the identification, assessment, evaluation, monitoring, and management of identified Strategic, Operational, and Project risks.

1.7 Confidence Levels

Confidence levels of this Strategic Asset Management Plan is based on moderate level confidence information as systems and processes for asset management are under development as part of our asset management maturity assessment implementation.

1.8 The Next Steps

The actions resulting from this asset management plan are:

- implement the improvement plan in Section 8.2

2. ASSET MANAGEMENT STRATEGY

2.1 Asset Management System

Asset management enables an organisation to realise value from assets in the achievement of organisational objectives, while balancing financial, environmental, and social costs, risk, quality of service and performance related to assets.¹

An asset management system is a set of interrelated and interacting elements of an organisation to establish the asset management policy and asset management objectives, and the processes, needed to achieve those objectives. An asset management system is more than 'management information system' software. The asset management system provides a means for:

- coordinating contributions from and interactions between functional units within an organisation,² and
- consistent application of the asset management processes to achieve uniform outcomes and objectives.

The asset management system includes:

- The asset management policy
- The asset management objectives
- The strategic asset management plan
- The asset management plans, which are implemented in
 - operational planning and control
 - supporting activities
 - control activities
 - other relevant processes.³

¹ ISO, 2014, ISO 55000, Sec 2.2, p 2

² ISO, 2014, ISO 55000, Sec 2.5.1, p 5

³ ISO, 2014, ISO 55002, Sec 4.1.1, p 2.

The asset management system fits within the Council's strategic planning and delivery process as shown in Figure 1.

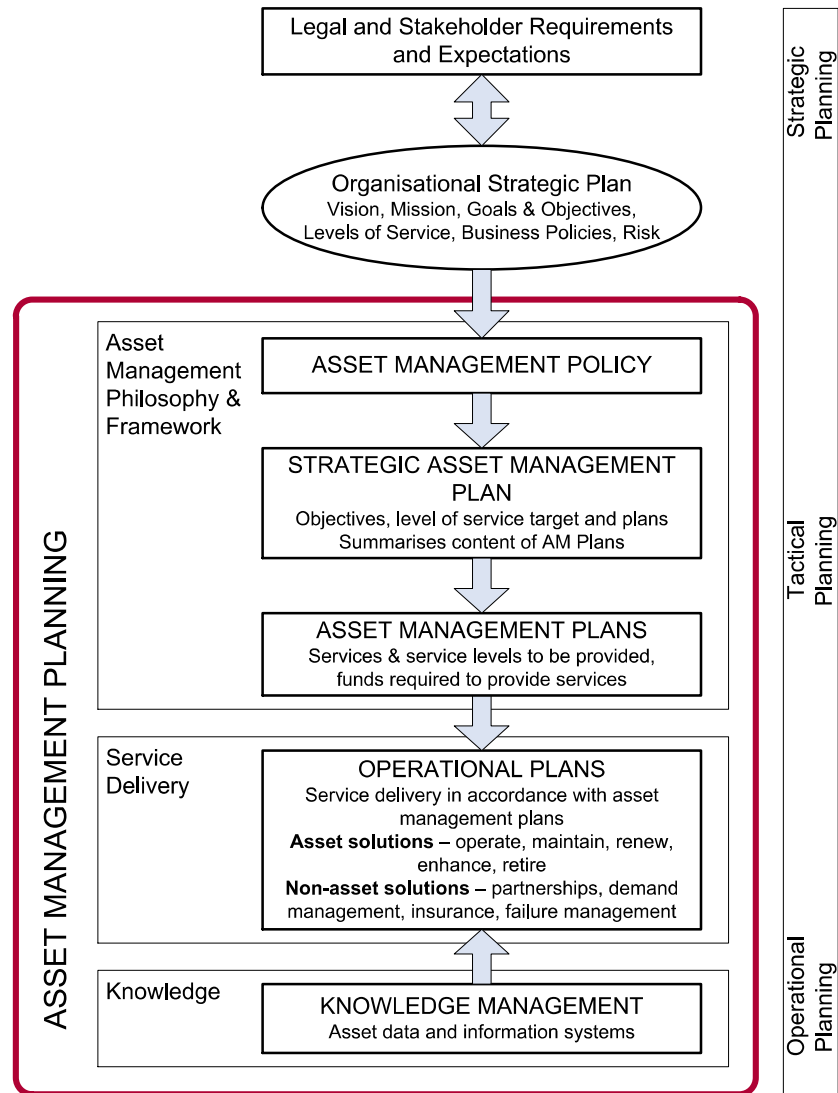


Figure 1: Strategic Asset Management Plan fit in Planning Process

2.1.1.1 Asset Management Policy

An asset management policy sets out the principles by which the organisation intends applying asset management to achieve its organisational objectives.⁴ Organisational objectives are the results the organisation plans to achieve, as documented in its Strategic Plan.

Council's adopted Asset Accounting Policy is available on Council's web site. A separate Asset Management Policy is to be developed.

⁴ ISO, 2014, ISO 55002, Sec 5.2, p 7.

2.1.2 Asset Management Objectives

The asset management objectives developed in Section 2.4.3 provide the essential link between the organisational objectives and the asset management plan(s) that describe how those objectives are going to be achieved. The asset management objectives transform the required outcomes (product or service) to be provided by the assets, into activities typically described in the asset management plans. Asset management objectives should be specific, measurable, achievable, realistic and time bound (i.e., SMART objectives).⁵

2.1.3 Strategic Asset Management Plan

This strategic asset management plan is to document the relationship between the organisational objectives set out in the Strategic Directions Plan 2025-2034 and the asset management (or service) objectives and define the strategic framework required to achieve the asset management objectives.⁶

The asset management objectives must be aligned with the organisation's strategic objectives set out in its strategic plan.

This strategic asset management plan encompasses the following services:

- Service Levels – Building Assets
- Service Levels – Other Community Assets
- Service Levels – Recycled Water Scheme
- Service Levels – Unsealed Road Assets
- Service Levels – Sealed Road Assets
- Service Levels – Stormwater Assets
- Service Levels – Plant & Equipment Assets
- Service Levels – Furniture & Fitting Assets

The strategic asset management framework incorporates strategies to achieve the asset management objectives. The strategies are developed in 4 steps:

- What assets do we have?
- Our assets and their management
- Where do we want to be?
- How will we get there?⁷

⁵ ISO, 2014, ISO 55002, Sec 6.2.1, p 9.

⁶ ISO, 2014, ISO 55002, Sec 4.1.1, p 2.

⁷ LGPMC, 2009, Framework 2, Sec 4.2, p 4.

2.1.4 Asset Management Plans

Specific asset management plans for major service/asset categories need to be developed to support the strategic asset management plan. The asset management plans will document the activities to be implemented and resources to be applied to meet the asset management objectives.

The Strategic Asset Management Plan is part of the organisation's strategic and annual planning and reporting cycle as shown in Table 2.1.4.

Table 2.1.4: Strategic Asset Management Plan within the Planning and Reporting Cycle

	Plan	Planning Cycle	Performance Reporting	Reporting Method
Strategic & Community Planning	10 year Strategic Plan	4 years	Community & Organisational Objectives	Annual Report
	10 year Long Term Financial Plan		Financial Indicators	
	Strategic Asset Management Plan Asset Management Plans		Asset Management Objectives	
Operational Planning	5 year Operational Plans	5 years	Operational Objectives incorporated into Annual Plan	Annual Report
Annual Planning & Budget	Annual Plan & Budget	Annual	Annual Objectives Budget Objectives	Annual Report Monthly Reports to Council
	Business Plans		Business Plan Objectives	Reports to Council

2.2 What Assets do we have?

Council manages assets to provide services to the community. The range of assets used for providing services are shown in table 2.2 below.

Table 2.2: Assets covered by this Plan

Asset Class/Category	Description
Buildings (including Leisure Centre)	A range of buildings used for sport & recreation, housing & community amenities, administration & overhead, public order & safety, and other economic affairs.
Other Community Assets	A range of other community asset used for sport & recreation, housing & community amenities, protection of the environment, public order & safety, and other economic affairs.
Recycled Water Scheme	Includes a tertiary treatment plant that treats the wastewater drawn from the SA Water sewer treatment plant, a network of underground pipes that distribute the recycled water around the city, a series of storage tanks and irrigation delivery pumps at various field sites, and a telemetry system to remotely monitor and control tank levels and filling.
Roads	Sealed and unsealed road network.
Bridges	One Bridge and one Footbridge.
Kerbing	Kerb and water table assets on council roads as well as Department for Infrastructure and Transport roads within the City of Port Lincoln.
Footpaths	Footpath assets on council roads as well as Department for Infrastructure and Transport roads within the City of Port Lincoln. The majority of roadsides do not have footpaths and there is instead nature strip or front of house garden.
Stormwater	Network comprises: - Stormwater Drains (incl. pipes and culverts) - Stormwater Pits (incl. Junction Pits, Side Entry Pits, Grated Inlet Pits, Gross Pollutant Traps and Headwalls) - Pumps Stations (Electrical, Civil, Mechanical and Instrumentation) - Miscellaneous (Detention Chambers, Biofiltration Basins, Diversion Chambers)
Plant & Equipment	Heavy plant, vehicles, minor plant and equipment.
Furniture & Fittings	A range of furniture & fittings, including IT hardware.

2.3 Our Assets and their management

2.3.1 Asset Values

The values of the assets covered by this strategic asset management plan are shown in Table 2.3.1.

Table 2.3.1: Asset valuations by Asset Class as at 30 June 2024

Asset Class	Value at 30 June 2024	Accumulated Depreciation at 30 June 2024	Written Down Value at 30 June 2024
Buildings	\$41,305,191	\$11,395,082	\$29,910,109
Leisure Centre	\$20,871,094	\$5,864,873	\$15,006,221
Recycled Water Scheme	\$3,438,018	\$1,767,484	\$1,670,534
Other Community Assets	\$39,985,806	\$12,731,231	\$27,254,575
Roads (Pavement & Surfaces)	\$47,398,849	\$15,909,050	\$31,489,799
Bridges	\$5,317,558	\$705,821	\$4,611,737
Kerbing	\$24,946,308	\$8,897,294	\$16,049,014
Footpaths	\$17,215,052	\$4,830,904	\$12,384,148
Stormwater	\$34,815,494	\$11,917,496	\$22,897,998
Plant & Equipment	\$3,147,083	\$1,842,980	\$1,304,103
Furniture & Fittings	\$1,959,147	\$1,536,053	\$423,094
Land	\$79,878,500	\$0	\$79,878,500
Resource Recovery Centre - Landfill Cell 4	\$1,423,579	\$533,810	\$889,769
	\$321,701,679	\$77,932,078	\$243,769,601

Roads, Kerbing and Footpaths were re-valued by an independent asset valuation consultant as at 1 July 2022. Stormwater assets were re-valued by an independent asset valuation consultant as at 1 July 2021. Land, Buildings, Other Community Assets, Buildings, Leisure Centre, and Recycled Water classes of assets were re-valued by an independent asset valuation consultant effective 1 July 2019. Furniture & Fittings, Landfill, and Plant & Equipment are valued under the cost model and therefore are not required to be revalued.

2.3.2 Lifecycle Costs

Lifecycle costs (or whole of life costs) are the average annual costs that are required to sustain the service levels over the longest asset life. Lifecycle costs include operation and maintenance expenditures plus asset consumption (depreciation). Life cycle costs can be compared to lifecycle expenditure to give a comparison of current expenditures to lifecycle costs of services.

Lifecycle expenditures include operation and maintenance expenditures (excluding depreciation) plus capital renewal expenditure. The capital renewal component of lifecycle expenditure can vary depending on the timing of asset renewals.

The lifecycle costs need to be developed for the 10-year planning period.

2.3.3 Asset Management Indicators

An asset management objective is to provide the services that the community needs at the optimum lifecycle cost in a financially sustainable manner. The tables below show the projected renewal, and new/ upgrade capital expenditure balanced with financial outlays in the 10-year long term financial plan. When full lifecycle costs are developed for the 10-year planning period, operation and maintenance projected expenditure will be added to the strategic asset management plan.

2.3.4 Capital renewal expenditure

Projected capital renewal expenditure is the amount required to maintain and renew assets to provide the present level of service over the next ten years, based on the evaluated 'useful life' estimate of asset classes (and also using 'Road Surface Manager' software forecast of required road re-seal forecasts for Road Surfaces).

Planned expenditure is the amount that is accommodated in Council's Long Term Financial Plan, 2026-2035 to renew assets.

The Long Term Financial Plan 2026-2035 is aligned to the Strategic Asset Management Plan 2026-2035, resulting in no disparity between Projected and Planned Capital Renewal across all asset classes over the next ten years.

Table 2.3.4: 10 year projected vs. planned capital renewal expenditure

Asset Classes	Projected Capital Renewal Expenditure	Planned Capital Renewal Expenditure included in LTFP	Shortfall/Surplus Projected
Leisure Centre	\$ 4,726,507	\$ 4,726,507	\$ -
Buildings	\$ 6,524,132	\$ 6,524,132	\$ -
Other Community Assets	\$ 18,357,986	\$ 18,357,986	\$ -
RRC Cell 4	\$ -	\$ -	\$ -
Recycled Water	\$ 1,385,037	\$ 1,385,037	\$ -
Roads (Pavement & Surfaces)	\$ 10,083,044	\$ 10,083,044	\$ -
Bridges	\$ -	\$ -	\$ -
Footpaths	\$ 2,288,515	\$ 2,288,515	\$ -
Kerbing	\$ 2,912,879	\$ 2,912,879	\$ -
Stormwater	\$ 371,152	\$ 371,152	\$ -
Plant & Equipment	\$ 1,995,029	\$ 1,995,029	\$ -
Furniture & Fittings	\$ 66,017	\$ 66,017	\$ -
Total	\$ 48,710,298	\$ 48,710,298	\$ -

2.3.5 Capital new/ upgrade expenditure

Projected new/ upgrade capital expenditure relates to identified upgrade and new capital works projects for the next ten years which supports the Strategic Directions Plan 2025-2034 Goals. The table below identifies the estimated project expenditure for new projects and the planned expenditure currently included in Council's Long Term Financial Plan 2026-2035. The Long Term Financial Plan 2026-2035 is aligned to the Strategic Asset Management Plan 2026-2035, resulting in no disparity between Projected and Planned Capital new/ upgrade capital expenditure across all asset classes over the next ten years.

Table 2.3.5: 10 year projected vs. planned capital new/ upgrade expenditure

Asset Classes	Projected Capital New/ Upgrade Expenditure	Planned Capital New/ Upgrade Expenditure included in LTFP	Shortfall/Surplus Projected
Leisure Centre		\$ -	\$ -
Buildings	\$ 75,000	\$ 75,000	\$ -
Other Community Assets	\$ 4,339,533	\$ 4,339,533	\$ -
RRC Cell 4	\$ -	\$ -	\$ -
Recycled Water	\$ 95,000	\$ 95,000	\$ -
Roads (Pavement & Surfaces)		\$ -	\$ -
Bridges	\$ -	\$ -	\$ -
Footpaths	\$ 89,000	\$ 89,000	\$ -
Kerbing		\$ -	\$ -
Stormwater	\$ 5,901,691	\$ 5,901,691	\$ -
Plant & Equipment	\$ 60,000	\$ 60,000	\$ -
Furniture & Fittings		\$ -	\$ -
Total	\$ 10,560,224	\$ 10,560,224	\$ -

2.3.6 Opportunities and Risks

Infrastructure risk management plans with risk management activities and resource requirements will be incorporated in the development of relevant asset management plans.

2.3.7 Asset and Financial Management Maturity

We have taken steps to improve our asset and financial planning, management and reporting practices by progressing the implementation of the Asset Management Improvement Plan from the Asset Management Maturity Assessment that was completed in 2023 against the National Asset Management Assessment Framework (NAMAF). Defect and inspection program data and system processes have been developed in Council's Asset Management System which will continue to be built on over the coming years. Improvements have also been made to integrate the Asset Management System with the GIS mapping system to spatially locate roads, footpaths, kerbs, stormwater, and recycled water assets.

2.3.8 Strategy Outlook

1. We can maintain current levels of service for the next ten years based on current knowledge and projections in AM Plans and Long Term Financial Plan.
2. Funding of current infrastructure lifecycle costs is considered adequate for the next 10 years but review of services, service levels and costs will need to be carried out over the next 10 years to identify and monitor changes in demand for services and affordability over the longer-term.
3. Our current asset and financial management maturity are below 'core' level and investment is needed to improve information management, lifecycle management, service management and accountability and strategic direction.

2.4 Where do we want to be?

2.4.1 Community Expectations

Community engagement is necessary to ensure that informed decisions are made on future levels of service and costs and that service and risk consequences are known and accepted by stakeholders.

2.4.2 Organisational Objectives

The organisation objectives are developed in the Strategic Directions Plan 2025-2034 under Vision, Mission, Values and Goals as shown below.

Vision

“An inclusive, connected and sustainable community committed to excellence in lifestyle, culture, industry and innovation”

Mission

Council will work for and with the community to achieve the Vision by:

- Strengthening community connection through proactive communication and seeking opportunities to unify, collaborate and support.
- Providing best value and timely services and infrastructure through responsible long-term financial planning and a customer centric approach.
- Striving for excellence in lifestyle, culture and industry through inclusivity, continuous improvement and embracing change.
- Improving community resilience and sustainability by being proactive, environmentally conscious and innovative.

Values

Council Members and staff are committed to applying the following principles and values to guide the decision-making and conduct of Council business and operations:

Unify and Collaborate: Actively communicate, collaborate and partner with the community and external stakeholders. Support and empower our community to achieve outstanding outcomes.

Accountable and Reliable: Fair, honest and transparent in all things we do. Financially and socially responsible. Providing leadership and being accountable to our community.

Inclusive and Respectful: Being open and aware and genuinely listening to our community's needs. Respecting diversity.

Responsive, Progressive, and Proactive: Being aware and responsive to emerging issues, trends, ideas and innovation. Embracing change and creating an environment of continuous improvement.

A focus on safety and wellbeing: Providing community spaces and facilities which meet community expectations and are both safe and inclusive.

Goals

Goal 1 - Economic growth and opportunity: We are an innovative, diverse and growing local economy.

Goal 2 – Liveable and active communities: We are a healthy, safe, inclusive and empowered community.

Goal 3 – Governance and leadership: We are strategically driven, community aware and accountable.

Goal 4 – Sustainable environment: We are clean, green, renewable and resilient.

Goal 5 – Community assets and placemaking: We are a welcoming, liveable and accessible City.

2.4.3 Asset Management Objectives

The asset management objectives (or strategies) translate the organisational objectives into the required service outcomes to be provided by infrastructure assets and activities described in the asset management plans. Actions to achieve the asset management objectives with performance targets and timelines need to be further developed and included in operational and capital works plans.

Council exists to provide services to its community. Many of these services are supported by the provision of infrastructure (roads, bridges, stormwater etc.) and assets (buildings, recreational facilities and other community assets). Council has acquired these community assets by ‘purchase’ – by contract, construction, and by transfer of assets constructed by developers.

Council plans to operate and maintain its asset portfolio to achieve the following objectives:

- Ensure the Council’s asset base contributes to the Strategic Direction Plan Goals and Objectives by providing the required levels of service
- Ensure the Council’s assets are maintained at a financially sustainable, safe and functional standard
- Ensure that inspection and maintenance for all Council assets is sufficient to meet the legislative and operational requirements in order to deliver the required levels of service to the community.

To achieve the Goal and Objectives Council will:

- Take a whole of life cycle approach
- Develop cost-effective management strategies for the long term
- Provide and manage defined levels of service and monitoring of asset management performance
- Understand and meet the demands of growth through demand management and infrastructure investment
- Manage risks associated with asset failures
- Use physical resources sustainably
- Guide sustainable long term financial planning for future management of existing and planned assets
- Continually improve asset management practices
- Provide safe open spaces to meet community needs.

2.5 Asset Management Vision

To ensure the long term financial sustainability of the organisation, it is essential to balance the community's expectations for services with their ability to pay for the infrastructure assets used to provide the services. Maintenance of service levels for infrastructure services requires appropriate investment over the whole of the asset life cycle. To assist in achieving this balance, we aspire to:

Develop and maintain asset management governance, skills, process, systems and data in order to provide the level of service the community need at present and in the future, in the most cost-effective and fit for purpose manner.

In line with the vision, the objectives of the strategic asset management plan are to:

- ensure that our infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to our financial sustainability
- safeguard our assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets
- adopt the long term financial plan as the basis for all service and budget funding decisions
- meet legislative requirements for all our operations
- ensure resources and operational capabilities are identified and responsibility for asset management is allocated
- ensure operational and service delivery risks are adequately managed
- continually improve our asset, risk and financial management and service delivery performance
- provide high level oversight of financial and asset management responsibilities through Audit & Risk Committee/ reporting to Council on development and implementation of the Strategic Asset Management Plan, Asset Management Plan(s) and Long Term Financial Plan.

Strategies to achieve this position are outlined in Section 2.6.

2.6 How will we get there?

The strategic asset management plan proposes strategies to enable the organisational objectives and asset management policies to be achieved.

Table 2.6: Asset Management Strategies

No	Strategy	Desired Outcome
1	Incorporate Year 1 of long term financial plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations and the long term implications of all services are considered in annual budget deliberations.
2	Report our financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against organisational objectives in Annual Reports.	Financial sustainability information is available for Council and the community.
3	Develop and maintain a long term financial plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide our services.
4	Develop and annually review asset management plans and strategic asset management plan covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
5	Review and update asset management plans, strategic asset management plan and long term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
6	Develop and maintain a risk register of operational and service delivery risks showing current risk levels, risk management treatments and report regularly to Council on current high level risks.	Risk management of operational and service delivery risks is an integral part of governance.
7	Ensure Council decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.
8	Report on our resources and operational capability to deliver the services needed by the community in the annual report.	Services delivery is matched to available resources and operational capabilities.
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.
10	Implement an improvement plan to realise 'core' maturity for the financial and asset management competencies.	Improved financial and asset management capacity within the organisation.

2.7 Asset Management Improvement Plan

The tasks required in achieving a 'core' financial and asset management maturity are shown in priority order in the asset management improvement plan in Section 8.2

2.8 Consequences if actions are not completed

There are consequences for the Council if the improvement actions are not completed. These include:

- Inability to achieve strategic and organisational objectives
- Inability to achieve financial sustainability for Council's operations
- Current risks to infrastructure service delivery are likely to eventuate and response actions may not be appropriately managed
- We may not be able to accommodate and/or manage changes in demand for infrastructure services.

3. LEVELS OF SERVICE

3.1 Consumer Research and Expectations

Council has undertaken three community surveys (2011, 2014 and 2017) in relation to Council-owned buildings, roads, recreational and other community assets, in order to ascertain what the community expectations are in relation to the condition, importance and satisfaction of Council assets.

The expectations and requirements of various stakeholders needs further consideration in the preparation of asset management plans.

3.2 Organisational Objectives

Sections 2.4.2 and 2.4.3 of this strategic asset management plan reported the organisational objectives from the Strategic Plan and asset management objectives developed from the organisational objectives.

The organisational and asset management objectives provide focus for the community and technical level of service tables in Section 3.4.

3.3 Legislative Requirements

We have to meet many legislative requirements including Australian and State legislation and State regulations.

3.4 Levels of Service

Service levels are defined in three ways, customer values, customer levels of service and technical levels of service.

Customer Values indicate:

- what aspects of the service is important to the customer,
- whether they see value in what is currently provided and
- the likely trend over time based on the current budget provision

Customer Levels of Service measure how the customer receives the service and whether the organisation is providing value.

Customer levels of service measures used in the asset management plan are:

Quality/condition	How good is the service?
Function	Does it meet users' needs?
Capacity/Utilisation	Is the service usage appropriate to capacity?

Our current community levels of service for the services covered by this strategic asset management plan are summarised in this strategic asset management plan and will be further developed with the specific asset management plans.

The community level of service measures, provide information on our performance on service delivery. They can indicate areas of possible under and over servicing and potential for reallocation of resources to maximise community value.

Technical Levels of Service - Supporting the community service levels are operational or technical measures of performance. These technical measures relate to the allocation of resources to service activities that the organisation undertakes to best achieve the desired community outcomes and demonstrate effective organisational performance.

Technical service measures are linked to annual budgets covering:

- Operation – the regular activities to provide services such as availability, cleaning, mowing, etc.
- Maintenance – the activities necessary to retain an asset as near as practicable to an appropriate service condition (e.g. road patching, unsealed road grading, building and structure repairs),
- Renewal – the activities that return the service capability of an asset similar to that which it had originally (e.g. road resurfacing and pavement reconstruction, pipeline replacement and building component replacement) or to a lower service level,
- Acquisition/ New or Upgrade – the activities to provide a higher level of service (e.g. widening a road, sealing an unsealed road, replacing a pipeline with a larger size) or a new service that did not exist previously (e.g. a new library).

Managers responsible for the services are developing the planning, implementation and control of technical service levels to influence the customer service levels.⁸

Together the community and technical levels of service provide detail on service performance, cost and whether service levels are likely to stay the same, get better or worse.

Our current technical levels of service for the services covered by this strategic asset management plan are summarised in this strategic asset management plan and the projected technical levels of service are being developed with the asset management plans.

Tables summarising the current and desired technical levels of service for services are shown in Appendix A.

⁸ IPWEA, 2011, IIMM, p 2.22

4. FUTURE DEMAND

4.1 Demand Drivers

Drivers affecting demand include population change, environmental impacts, changes in regulations and standards, economic factors, etc.

4.2 Demand Forecast

The present position and projections for demand drivers that may impact future service delivery and utilisation of assets were identified and are documented in Table 4.3.

4.3 Demand Impact on Assets

The impact of demand drivers that may affect future service delivery and utilisation of assets are shown in Table 4.3.

Table 4.3: Demand Drivers, Projections and Impact on Services

Projection	Impact on services
Population change	
The Plan SA Population Projections ⁹ for the Port Lincoln Local Government Area estimates an increase in population from 14,879 in 2021 to 17,105 in 2041. This is a projected increase of 2,226 over 20 years, or 111 / 0.65% increase per year on average.	Gradual increase in utilisation of assets and demand on services.
Environmental impacts	
The Guide to climate projections for risk assessment and planning in South Australia prepared by the Department for Environment and Water in November 2022 ¹⁰ shows projections for Port Lincoln of increased average daily maximum temperatures and declining rainfall compared to 1986 to 2005 baseline across medium and high emissions scenarios. The Guide also shows Climate Change in Australia regional projections for increase in the frequency of extreme rainfall events in all South Australian regions, and all of South Australia projected to experience harsher fire weather.	Adverse impacts due to effects of climate change on our infrastructure. Climate change adaptation planning to improve the City's physical assets and services resilience to climate change.
Changes in regulations and standards	
Updated standards and regulations may increase the requirements for new and existing assets.	Additional demand to meet updated standards and regulations in new and existing assets.
Economic factors	
Economic diversification and lifestyle are the main goals of the City of Port Lincoln Economic Development Strategy 2023-2026	Economic growth and diversification may require changing infrastructure needs.

⁹ Source: Plan SA Local Area (SA2 and LGA) Population Projections for South Australia, 2021 to 2041 published March 2024 https://plan.sa.gov.au/_data/assets/pdf_file/0011/1344971/Local-Area-SA2-and-LGA-Population-Projections-for-South-Australia,-2021-to-2041.pdf

¹⁰ Government of South Australia Department for Environment and Water Guide to climate projections for risk assessment and planning in South Australia, November 2022 <https://data.environment.sa.gov.au/Content/Publications/Guide%20to%20climate%20projections%20for%20risk%20assessment%20and%20planning%20in%20South%20Australia%202022.pdf>

4.4 Demand Management Plan

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand and demand management. Demand management practices include non-asset solutions, insuring against risks and managing failures.

4.5 Asset Programs to meet Demand

Some new assets required to meet growth are acquired free of cost from land developments. New assets constructed/acquired by Council is discussed in Section 5.4.

Acquiring new assets will commit Council to fund ongoing operation, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operation, maintenance and renewal costs in Section 6.

5. LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how Council plans to manage and operate the assets at the agreed levels of service (defined in Section 3) while optimising life cycle costs and managing risks.

5.1 Background Data

5.1.1 Physical parameters

The assets covered by this strategic asset management plan are shown in Tables 2.2 and 2.3.1.

5.1.2 Asset capacity and performance

Council's services are generally provided to meet design standards where these are available.

Asset capacity and performance is monitored for condition (quality), function and capacity/utilisation.

5.2 Routine Operation and Maintenance Plan

Routine operations include regular activities to provide services, e.g. cleaning, utility services, street sweeping, grass mowing and street lighting.

Routine maintenance is the regular on-going work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again.

5.2.1 Operation and Maintenance Plan

Operation activities affect service levels including quality and function, such as cleanliness, appearance, etc., through street sweeping and grass mowing frequency, intensity and spacing of street lights and cleaning frequency and opening hours of building and other facilities.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating, e.g. road patching but excluding rehabilitation or renewal.

It is not clear if current maintenance expenditure levels are considered adequate to meet projected service levels, which may be less than or equal to current service levels. Where maintenance expenditure levels are such that will result in a lesser level of service, the service consequences and service risks are to be identified and service consequences highlighted in the respective asset management plan (to be developed) and service risks considered in the Infrastructure Risk Management Plan (to be developed).

5.2.2 Operation and Maintenance Strategies

We aim to operate and maintain assets to provide the defined level of service to approved budgets in the most cost-efficient manner. The operation and maintenance activities to be further developed include:

- Scheduling operations activities to deliver the defined level of service in the most efficient manner;
- Undertaking maintenance activities through a planned maintenance system to reduce maintenance costs and improve maintenance outcomes. Undertake cost-benefit analysis to determine the most cost-effective split between planned and unplanned maintenance activities (50 – 70% planned desirable as measured by cost)
- Maintain a current infrastructure risk register for assets and present service risks associated with providing services from infrastructure assets and reporting Very High and High risks and residual risks after treatment to management and Council/Board
- Review current and required skills base and implement workforce training and development to meet required operation and maintenance needs

- Review asset utilisation to identify underutilised assets and appropriate remedies, over utilised assets, and customer demand management options
- Maintain a current hierarchy of critical assets and required operation and maintenance activities
- Develop and regularly review appropriate emergency response capability
- Review management of operation and maintenance activities to ensure we are obtaining best value for resources used

5.2.3 Summary of future operation and maintenance expenditures

Future operation and maintenance forecast expenditures have been accommodated in Council's long term financial plan. Note that our existing financial reporting structures do not separate operation and maintenance expenditure against assets vs other operational activities which will be reviewed in future strategic asset management plans.

5.3 Renewal/Replacement Plan

Renewal and replacement expenditure is major work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original or lesser required service potential. Work over and above restoring an asset to original service potential is upgrade/expansion or new works expenditure.

5.3.1 Renewal and Replacement Strategies

We will plan capital renewal and replacement projects to meet level of service objectives and minimise infrastructure service risks by:

- Planning and scheduling renewal projects to deliver the defined level of service in the most efficient manner
- Undertaking project scoping for all capital renewal and replacement projects to identify
 - the service delivery 'deficiency', present risk and optimum time for renewal/replacement
 - the project objectives to rectify the deficiency
 - the range of options, estimated capital and life cycle costs for each options that could address the service deficiency
 - select the best option to be included in capital renewal programs
- Using *optimal* renewal methods (cost of renewal is less than replacement) wherever possible
- Review current and required skills base and implement workforce training and development to meet required construction and renewal needs
- Maintain a current hierarchy of critical assets and capital renewal treatments and timings required

Renewal ranking criteria

Asset renewal and replacement is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate, or
- To ensure the infrastructure is of sufficient quality to meet the service requirements

Capital renewal and replacement priorities are indicated by identifying assets or asset groups that:

- Have a high consequence of failure
- Have a high utilisation and loss of service would have a significant impact on users
- Have the highest average age relative to their expected lives
- Are identified in the asset management plans (to be developed) as key cost factors
- Have high operational or maintenance costs, and
- Where replacement with modern equivalent assets would yield material savings

5.3.2 Summary of future renewal and replacement expenditure

Projected future renewal and replacement expenditures have been accommodated in the Council's long term financial plan as shown in section 2.3.4.

5.4 Creation/Acquisition/Upgrade Plan

New works are those works that create a new asset that did not previously exist, or works which upgrade or improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs. Assets may also be acquired at no cost to Council from land development. These assets from growth are discussed in Section 4.5.

5.4.1 Selection criteria

New assets and upgrade/expansion of existing assets are identified from various sources such as councillor or community requests, proposals identified by strategic plans or partnerships with other organisations.

5.4.2 Capital Investment Strategies

We will plan capital upgrade and new projects to meet level of service objectives by:

- Planning and scheduling capital upgrade and new projects to deliver the defined level of service in the most efficient manner
- Undertake project scoping for all new projects to identify
 - the service delivery 'deficiency', present risk and required timeline for delivery of the upgrade/new asset
 - the project objectives to rectify the deficiency including value management for major projects
 - the range of options, estimated capital and life cycle costs for each option that could address the service deficiency
 - management of risks associated with alternative options
 - select the best option to be included in renewal programs
- Review current and required skills base and implement training and development to meet required construction and project management needs
- Review management of capital project management activities to ensure we are obtaining best value for resources used.

Standards and specifications for maintenance of existing assets and construction of new assets and upgrade/expansion of existing assets are to be detailed in relevant asset management plans (to be developed).

5.4.3 Summary of future upgrade/new assets expenditure

Projected upgrade/new asset expenditures and estimated long term financial plan outlays are summarised in section 2.3.5. The forecast expenditures have been accommodated in Council's long term financial plan. The projected upgrade/new capital works program is shown in Appendix C.

5.5 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are to be shown in the respective asset management plans (to be developed).

5.6 Service Consequences and Risks

Council has prioritised decisions in this strategic asset management plan to obtain the optimum benefits from its available resources.

The asset management plans (to be developed) will be based on balancing service performance, cost and risk to provide an agreed level of service from available resources in our long-term financial plan.

5.6.1 Deferred initiatives and projects

We currently have no operation and maintenance initiatives, or capital projects deferred for the next 10 years.

5.6.2 Service consequences

Any deferred operational and maintenance initiatives and capital projects could maintain or create service consequences for users.

6. RISK MANAGEMENT PLANNING

The purpose of infrastructure risk management is to document the findings and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure, using the fundamentals of International Standard ISO 31000:2009 Risk management – Principles and guidelines.

Risk Management is defined in ISO 31000:2009 as: ‘coordinated activities to direct and control with regard to risk’¹¹.

An assessment of risks associated with service delivery will identify critical risks that will result in loss or reduction in service from infrastructure assets or a ‘financial shock’. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, and the consequences should the event occur. The risk assessment should also include the development of a risk rating, evaluate the risks and develop a risk treatment plan for those risks that are deemed to be non-acceptable.

6.1 Critical Assets, Critical Risks and Treatment Plans

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction of service. Similarly, critical failure modes are those which have the highest consequences.

Examples of failure mode could include:

- Physical failure, collapse
- Essential service interruption

Critical assets are to be identified and their typical failure mode and the impact on service delivery to be summarized in future revisions of the strategic asset management plan.

By identifying critical assets and failure modes an organisation can ensure that investigative activities, condition inspection programs, maintenance and capital expenditure plans are targeted at critical assets.

6.2 Infrastructure Resilience Approach

The resilience of our critical infrastructure is vital to the ongoing provision of services to customers. To adapt to changing conditions we need to understand our capacity to “withstand a given level of stress or demand” and to respond to possible disruptions to ensure continuity of service.

Resilience is built on aspects such as robustness, response and recovery planning, financial capacity and crisis leadership.

Our current measure of resilience is to be developed to include the types of threats and hazards, resilience and assessment and identified improvements and/or interventions.

6.3 Service and Risk Trade-Offs

The decisions made in adopting this strategic asset management plan are based on the objective to achieve the optimum benefits from the available resources.

6.3.2 What we cannot do

It may not be possible to meet all expectations for services within current financial resources. We will continue to engage with our community to ensure that needed services are provided at appropriate levels of service at an affordable cost while managing risks.

¹¹ ISO 31000:2009, p 2

6.3.2 Service trade-off

If there is forecast work (Operation, maintenance, capital renewal, upgrade / new) that cannot be undertaken due to available resources, then this will result in service consequences for users.

6.3.3 Risk trade-off

Any operation and maintenance activities and capital projects that cannot be undertaken may maintain or create risk consequences.

7. FINANCIAL SUMMARY

This section contains the financial requirements resulting from all the information presented in the previous sections of this strategic asset management plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset performance.

7.1 Financial Indicators and Projections

Asset Sustainability Ratio

Calculated as Expenditure on Renewal and Replacement of Assets (refer to Cash Flow Statement) relative to Council's Strategic Asset Management Plan – "Is Council replacing its assets at the same rate as the assets are wearing out?"

- Suggested target ratio: between 90% and 110% (Financial Indicators 2015 (LGA SA Information Paper 9), p. 9). Council Target Range is 90% to 100%.
- A result within this Target Range indicates that sufficient funds have been allocated to replace Council assets.
- Council's Asset Sustainability Ratio outlined in its Long Term Financial Plan meets agreed targets.

7.2 Funding Strategy

Projected expenditure identified throughout the plan, is to be funded from Council's operating and capital budgets. The annual funding strategy will be detailed in Council's Annual Business Plan each year.

Major projects may attract external funding from other levels of Government or partnerships opportunities. Generally the revenue from these sources is budgeted when the funding is approved or reasonably guaranteed, but the Long Term Financial Plan contains some assumptions on partner and grant revenue linked to identified projects. This will require careful review to confirm the project-linked revenues prior to budget commitments.

Review and consolidation of Council assets may also provide a funding source for new and upgrade infrastructure projects.

7.3 Valuation Forecasts

Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by Council and from assets constructed by land developers and others and donated to Council. The projected replacement cost asset values over the planning period is shown in Appendix A under the summary of each asset class.

The depreciated replacement cost will vary over the forecast period depending on the rates of addition of new assets, disposal of old assets and consumption and renewal of existing assets.

7.4 Key Assumptions made in Financial Forecasts

This section details the key assumptions made in presenting the information contained in this strategic asset management plan and aligned long term financial plan in preparing forecasts of required operating and capital expenditure and asset values, depreciation expense and carrying amount estimates. It is presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecasts.

Key assumptions made in this asset management plan are shown in Table 7.4.

Table 7.4: Key Assumptions made in Strategic Asset Management Plan

Key Assumptions
CPI increase indexations on renewal expenditure consistent with the Long Term Financial Plan between valuations.
Present service levels remain constant over the life of the Strategic Asset Management Plan.
Assets are replaced at the end of their useful life, as estimated in the Asset Register, with two exceptions: - The road reseal program is determined by condition – based assessment using the Road Surface Manager software (rather than using financial data to determine the road reseal program); and - Assets identified for non-renewal where there is no planned alternate community asset identified, are not included in the “planned for renewal” tables.

7.5 Forecast Reliability and Confidence

The expenditure and valuations projections in this strategic asset management plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management.

Actions to mitigate the adverse effects of data quality are included within Table 8.2 Improvement Plan.

8. PLAN IMPROVEMENT AND MONITORING

8.1 Status of Asset Management Practices

In May 2023, the City of Port Lincoln engaged *CT Management Group* to assess the status of Council's current Asset Management Practices through their *Asset Management Capability (AMCap) Program* that has been established to provide an Asset Management capacity building program in the Local Government sector to support Council with their asset management journey and increase the maturity of the organisation's asset management practices.

The AMCap program focuses on:

1. National Asset Management Assessment Framework (NAMAF) Assessment
2. Service Planning Assessment Framework (SPAF) Assessment
3. Opportunities for improving Council's Asset and Service Management and Integrated Planning Practices

From the NAMAF assessment it is considered that Council is progressing towards a core level of maturity with an overall score of 625 out of a maximum possible score of 1100.

The SPAF assessment indicates that Council has some of the elements of the SPAF implemented with an overall score of 41%.

The improvement actions identified in the NAMAF and SPAF assessments have been included in the Improvement Plan in section 8.2 of this plan.

8.2 Improvement Plan

The asset management improvement tasks identified from the preparation of this strategic asset management plan are shown in Table 8.2.

Table 8.2: Improvement Plan

NAMAF/ SPAF Area	Improvement Opportunity	Timeframe				
		25/26	26/27	27/28	28/29	29/30
Asset Management Policy	Develop and adopt an Asset Management Policy which includes a vision for asset management, linkage to Council's Strategic Directions Plan, a framework for setting and outlining the asset management objectives.					
Asset Management Plans	Develop individual AMP's for each major asset class, in accordance with the IIMM AMP format.					
Service Categorisation	Develop a whole of organisation service catalogue covering all services across Council (including identification of internal versus/ external and mandated/ discretionary services). Each service should be linked to align with one or more goals/objectives within Council's Strategic Directions Plan. Include a list of all services and the service catalogue in the Strategic Directions Plan and develop and update the Integrated Planning Framework diagram to show the relationship/ line of sight between the Strategic Directions Plan, Service Plans and infrastructure and Asset Management Plan/s.					
Service Planning Strategy	Develop a Service Profile/ Plan template and a service assessment template to define importance of services across the organisation.					
Service Planning Strategy	As part of the service catalogue definition, map all supporting assets to each service area, describe which assets specifically support the service and how. Include a reference in each respective Service Plan to the relevant Asset Management Plan/s.					
Service Planning Strategy	Develop a service financial forecast for each service covering 10 years to align with the LTFP.					
Service Planning Strategy	Establish as annual process whereby financial forecasts from the Service Plans and supporting Asset Management Plans are reviewed annually and incorporated into the LTFP and annual budget. Develop a supporting process to review changes in levels of service and associated financial impacts as part of the annual review.					
Governance and Management	Develop a capital investment decision framework which incorporates an evaluation model against Council's Strategic Directions Plan and incorporate risk, compliance and whole of life cost analysis of for each initiative.					

NAMAF/ SPAF Area	Improvement Opportunity	Timeframe				
		25/26	26/27	27/28	28/29	29/30
Governance and Management	In conjunction with the development of the Service Catalogue, develop Asset Management and Service Management Roles and Responsibilities Matrixes for service planning and delivery.					
Levels of Service	Council to develop and implement a Service Planning Framework which includes: - Development of a corporately agreed Service Plan template - Completed Service Plans for each service area (internal and external) - Document community and technical levels of service within each Service Plan - Document associated costs of service in each Service Plan - A Community Engagement Plan for each service - Documented engagement outcomes - Links to relevant Asset Management Plans, portfolios and required asset management levels of service					
Levels of Service	Undertake analysis of the cost to deliver current level of service.					
Data Systems and	Review and develop Council's Asset Management System: - Develop an asset data framework which incorporate a structure asset hierarchy and categorisation across all key asset types - Review and update Council's physical asset register in accordance with this developed asset data framework - Define roles for the management of asset data and information and resource to enable the maintenance and upkeep of Council's asset registers - Integrate the AM System with the financial system (where appropriate) - Integrate the AM System with the GIS mapping system to spatial locate all relevant physical assets. - Define roles for the administration, training of users and provision of access within the AM System					
Data Systems and	Develop a cyclic condition and defect inspection program for key asset types under management.					
Data Systems and	Develop planned maintenance programs and associated budget forecasts for key asset types.					
Skills and Processes	Update the Strategic AM Plan to incorporate key risks for each asset class and include any higher risk treatments are not listed in the AMP along with assigned responsibilities.					

NAMAF/ SPAF Area	Improvement Opportunity	Timeframe				
		25/26	26/27	27/28	28/29	29/30
Skills and Processes	Update the Strategic AM Plan and AMP's financial forecasts using asset condition, asset intervention levels, treatment options and prioritisation/ decision models. Document an annual process to review AMP's forecasts and input updated forecasts into the LTFP.					
Skills and Processes	Undertake a training needs analysis for all roles identified in the Asset Management roles and responsibilities matrix.					
Skills and Processes	Define a process for the identification, prioritisation and programming of asset operational, maintenance, renewal and new and upgrade works. Reference the process from the AMP's.					
Strategic Long-Term Plan	Review LTFP once AMP's have been revised to forecast future renewal and maintenance costs based on observed asset condition, intervention levels and levels of service.					
Annual Budget	Review Annual Budget (in conjunction with the LTFP) once AMP's have been revised to forecast future renewal and maintenance costs based on observed asset condition.					
Evaluation	Update the Strategic AM Plan to include and report performance against all technical and community levels of service identified for each asset class. Include a documented process with responsibilities and timeframes by which councils current technical levels of service performance is reported and evaluated against the agreed targets and actioned.					

8.3 Monitoring and Review

The Local Government Act 1999 (Section 122) requires that Council adopt Strategic Management Plans, including an infrastructure and asset management plan and a long-term financial plan, for a period of at least 10 years and these plans will also be taken to form part of Council's strategic management plans that must be reviewed on an annual basis; and undertake a comprehensive review of its strategic management plans within 2 years after each general election of the Council.

8.4 Performance Measures

The effectiveness of the strategic asset management plan can be measured in the following ways:

- The degree to which the required projected expenditures identified in this strategic asset management plan are incorporated into the Council's Long Term Financial Plan.
- The degree to which 1–5-year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the summarised asset management plans (to be developed).
- The degree to which the existing and projected service levels and service consequences (what we cannot do), risks and residual risks are incorporated into Council's Strategic Plan and associated plans.
- The Asset Renewal Funding Ratio achieving the target of 90 - 100%.

9. REFERENCES

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IPWEA, 2014, 'NAMS.PLUS3 Asset Management', Institute of Public Works Engineering Australia, Sydney, www.ipwea.org/namsplus.

IPWEA, 2015, 'Australian Infrastructure Financial Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/AIFMM.

IPWEA, 2011, 2015, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/IIMM

City of Port Lincoln, Strategic Directions Plan 2021 – 2030

City of Port Lincoln, Long Term Financial Plan 2022-2031

City of Port Lincoln Economic Development Strategy 2023-2026

City of Port Lincoln Environmental Sustainability Strategy 2025-2034

Plan SA (2024). Local Area (SA2 and LGA) Population Projections for South Australia, 2021 to 2041. Available from: https://plan.sa.gov.au/__data/assets/pdf_file/0011/1344971/Local-Area-SA2-and-LGA-Population-Projections-for-South-Australia,-2021-to-2041.pdf. Accessed 2 June 2025.

Government of South Australia Department for Environment and Water (2022). Guide to climate projections for risk assessment and planning in South Australia, November 2022. Available from: <https://data.environment.sa.gov.au/Content/Publications/Guide%20to%20climate%20projections%20for%20risk%20assessment%20and%20planning%20in%20South%20Australia%202022.pdf>. Accessed 2 June 2025.

City of Port Lincoln Policy Documents

- Internal Control Policy 7.63.5
- Asset Accounting Policy 7.63.10
- Risk Management Policy 18.63.5
- Risk Management Procedure 9.87.1.22
- Service and Program Reviews Policy 18.63.7

City of Port Lincoln Annual Business Plan & Budget Framework PROC345

10. APPENDICES

Appendix A Standard Service Levels and Summary of each asset class

Appendix B Projected 10-year Capital Renewal and Replacement Works Program

Appendix C Projected 10 year New and Upgrade Works Program

Appendix A Standard Service Levels and Summary of each asset class

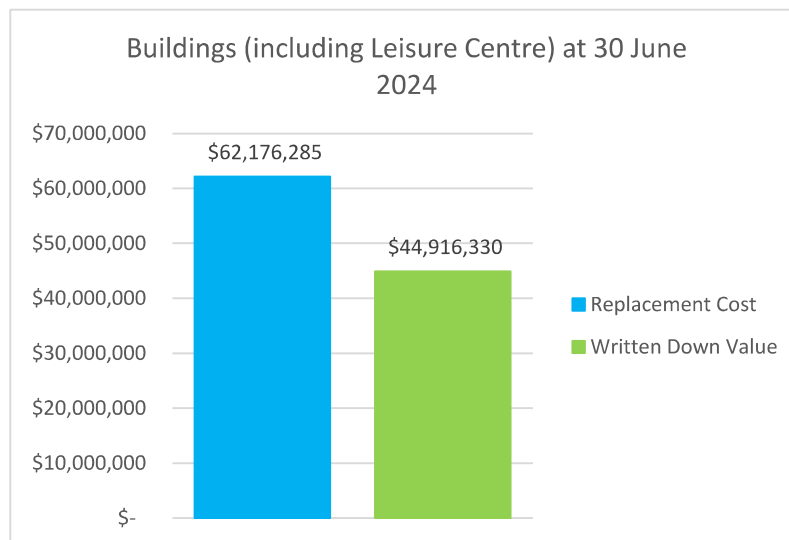
BUILDING ASSETS (INCLUDING LEISURE CENTRE)**Standard Service Levels - Building Assets**

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
COMMUNITY LEVELS			
Legislative Compliance	To ensure compliance with relevant acts and legislative requirements	Review of compliance requirements	Full compliance
Safety	To provide safe access and amenity	Review of compliance requirements and risk assessment	Full compliance
Customer Satisfaction	To provide assets that meet customer requirements and expectations in relation to accessibility, form and function	Conduct community survey in relation to asset provision	Greater than 80% satisfaction level of users of facilities
TECHNICAL OR OPERATING			
Condition	To provide the asset base in a good condition that is safe, aesthetic, fit for purpose and meets customer expectations	To complete progressive condition audit in conjunction with risk assessment	90% of assets to have a condition rating of fair to excellent (3,2 or 1)
Performance	To respond to customer requests consistent with corporate standards and service agreements	Periodic reports on customer request turnaround times and customer satisfaction feedback forms Level of overall customer requests monitored	90% of customer requests to be processed within agreed timeframes
Performance	To ensure the assets perform cost effectively and provide adequate service to the community	Performance analysis Level of service reviews and audits	Individual asset groups to meet identified needs
Design and Capacity	Level to provide assets that meet required service levels and standards, design standards and specifications	Endorsed service standards and specifications for the building and maintenance of assets	100% compliance

Buildings Key Data and Information

KEY DATA	DETAILS
Total Replacement Cost at 30 June 2024	\$41,305,191 (Buildings) \$20,871,094 (Leisure Centre)
Total Written Down Value at 30 June 2024	\$29,910,109 (Buildings) \$15,006,221 (Leisure Centre)
Projected Capital Renewal Expenditure 2026-35	\$6,524,132 (Buildings) \$4,726,507 (Leisure Centre)
Projected Capital New/ Upgrade Expenditure 2026-35	\$0 (Buildings) \$75,000 (Leisure Centre)
Maintenance Programs	Under development

Current value of buildings against written down value of buildings



Buildings (including Leisure Centre) Planned and Projected Expenditure

	Capital Renewal Expenditure included in LTFP 2026-35	Capital New/ Upgrade Expenditure included in LTFP 2026-35
2025/26	\$ 1,631,000	\$ 75,000
2026/27	\$ 382,880	\$ -
2027/28	\$ 2,100,335	\$ -
2028/29	\$ 820,817	\$ -
2029/30	\$ 125,841	\$ -
2030/31	\$ 302,471	\$ -
2031/32	\$ 94,369	\$ -
2032/33	\$ 115,645	\$ -
2033/34	\$ 3,030,922	\$ -
2034/35	\$ 2,646,361	\$ -
TOTALS	\$ 11,250,641	\$ 75,000

OTHER COMMUNITY ASSETS AND RECYCLED WATER SCHEME ASSETS

Standard Service Levels Other Community Assets

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
COMMUNITY LEVELS			
Legislative Compliance	To ensure compliance with relevant acts and legislative requirements	Review of compliance requirements	Full compliance
Safety	To provide safe access and amenity	Review of compliance requirements and risk assessment	Full compliance
Customer Satisfaction	To provide assets that meet customer requirements and expectations in relation to accessibility, form and function	Conduct community survey in relation to asset provision	Greater than 80% satisfaction level of users of facilities
TECHNICAL OR OPERATING			
Condition	To provide the asset base in a good condition that is safe, aesthetic, fit for purpose and meets customer expectations	To complete progressive condition audit in conjunction with risk assessment	90% of assets to have a condition rating of fair to excellent (3,2 or 1)
Performance	To respond to customer requests consistent with corporate standards and service agreements	Periodic reports on customer request turnaround times and customer satisfaction feedback forms. Periodic monitoring of overall level of customer requests.	90% of customer requests to be processed within agreed timeframes
Performance	To ensure the assets perform cost effectively and provide adequate service to the community	Performance analysis Level of service reviews and audits	Individual asset groups to meet identified needs

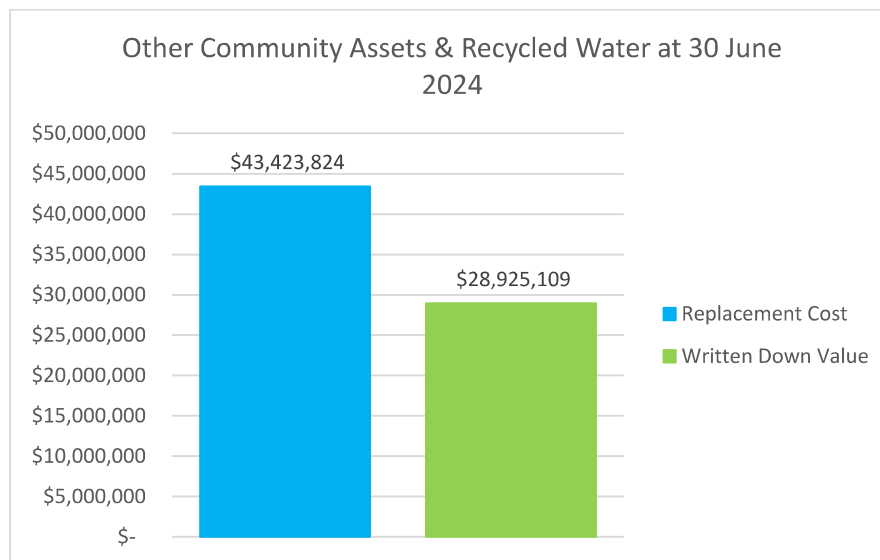
Standard Service Levels Recycled Water Scheme Assets

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
COMMUNITY LEVELS OF SERVICE			
Customer Satisfaction	Provide irrigated parks, ovals & foreshore lawns throughout the year	Community satisfaction ratings with parks, ovals & reserves irrigated with recycled water.	80% rated “satisfactory” or “above expectations” No more than 2 complaints per month.
	Community consultation undertaken prior to application of recycled water to Council reserves	Consultation undertaken prior to each additional phase	80% support for application to additional Council reserves
Safety Legislative	Public health is not affected by the use of recycled water	Public liability claims	Zero
TECHNICAL LEVELS OF SERVICE			
Design and Capacity	Health risks to employees, contractors & the general public minimised.	Water quality meets terms of Department of Health and approval	E-Coli < 1 organism per 100 mL (annual median value) Turbidity of ≤ 2 NTU Free chlorine ≥ 0.2 mg/l in water being delivered to field tanks
Condition	Equipment maintained in a serviceable condition	Council & SA Water personnel monitor equipment. Plant has PLC alarm control functions Telemetry alert Council personnel of issues with field tank or supply	Less than 3 faults identified per month

Other Community Assets and Recycled Water Scheme Assets Key Data

KEY DATA	DETAILS
Total Replacement Cost at 30 June 2024	\$39,985,806 (Other Community Assets) \$3,438,018 (Recycled Water Scheme)
Total Written Down Value at 30 June 2024	\$27,254,575 (Other Community Assets) \$1,670,534 (Recycled Water Scheme)
Projected Capital Renewal Expenditure 2026-35	\$18,357,986 (Other Community Assets) \$1,385,037 (Recycled Water Scheme)
Projected Capital New/ Upgrade Expenditure 2026-35	\$4,339,533 (Other Community Assets) \$95,000 (Recycled Water Scheme)
Maintenance Programs	Under development

Other Community Assets and Recycled Water Scheme Assets Current vs Written Down Values



Other Community Assets and Recycled Water Assets Planned and Projected Expenditure

	Capital Renewal Expenditure included in LTFP 2026-35	Capital New/ Upgrade Expenditure included in LTFP 2026-35
2025/26	\$ 1,606,294	\$ 863,350
2026/27	\$ 1,839,605	\$ 358,750
2027/28	\$ 1,649,068	\$ 367,719
2028/29	\$ 1,557,485	\$ 376,912
2029/30	\$ 1,976,522	\$ 386,335
2030/31	\$ 1,585,103	\$ 395,993
2031/32	\$ 3,054,167	\$ 405,893
2032/33	\$ 1,876,603	\$ 416,040
2033/34	\$ 2,672,429	\$ 426,441
2034/35	\$ 1,925,747	\$ 437,102
TOTALS	\$ 19,743,023	\$ 4,434,535

ROADS AND BRIDGES ASSETS

Standard Service Levels Unsealed Road Assets

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
COMMUNITY LEVELS OF SERVICE			
Customer Satisfaction	Smooth ride (pothole free)	Customer service requests	< 1 per month
Safety	Ensure safe	Reported accidents attributed to road condition	Nil, as measured by DPTI statistics of causes of reported accidents.
Safety	Appropriate warning signage installed	Placement at each end of road	Signs Exist
TECHNICAL LEVELS OF SERVICE			
Condition	Carry out regular maintenance	Grade frequency	2 grades per year
Condition	Provide all weather access	Number of road closures	Nil

Standard Service Levels Sealed Road Assets – Collectors/Distributor & Heavy Vehicle Routes – High Volume AADT>2000Vpd

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
COMMUNITY LEVELS OF SERVICE			
Customer Satisfaction	Rideability	Customer requests relating to rideability	< 1 per month
Customer Satisfaction	Meets requirements of residents	Customer service requests	< 1 per month
Safety	Regulatory signage well maintained	Replacement/response after report of damaged/missing signs	To assess need for Sign repair/replacement within 24 hours of report
Safety	Clear line marking	Annual visual inspection	Lines remarked every 4 years
Safety	Network free of hazards	- Customer reports of potholes - Customer requests for tree maintenance	< 1 per month
TECHNICAL LEVELS OF SERVICE			
Condition	Seal maintained in satisfactory condition	Condition rating – RSM program reports	< 5% condition > 2.0
Design and Capacity	Road width meets desirable width	RSM data/reports	No new roads < 8.0m in width

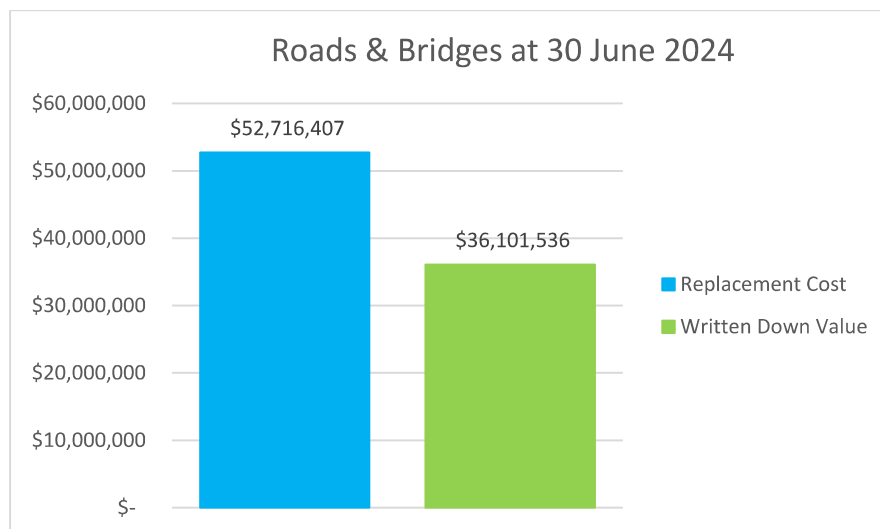
Standard Service Levels Sealed Road Assets Low Volume Residential <2000Vpd

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
COMMUNITY LEVELS OF SERVICE			
Customer Service	Rideability	Customer requests relating to rideability	< 2 per month
Customer Service	Meets requirements of residents	Customer service requests	< 2 per month
Safety	Network free of hazards	- Customer reports of potholes - Customer requests for tree maintenance	< 2 per month < 10 per year
Safety	Regulatory signage well maintained	Replacement/response after report of damaged/ missing signs	To assess need for Sign repair/replacement within 24 hours of report
Safety	Good line marking	Annual visual inspection	Lines remarked every 4 years
Safety	Road free of hazards	Response to reported potholes	Potholes > 300mm repaired within 48 hours of notification. All other potholes repaired within 10 days.
TECHNICAL LEVELS OF SERVICE			
Condition	Seal maintained in satisfactory condition	Condition rating – RSM program reports	RSM < 5% condition > 2.5
Design and capacity	Road width meets desirable width	RSM data/reports	No new roads < 7.5m in width

Roads and Bridges Assets Key Data

KEY DATA	DETAILS
Total Replacement Cost at 30 June 2024	\$47,398,849 (Roads) \$15,909,050 (Bridges)
Total Written Down Value at 30 June 2024	\$31,489,799 (Roads) \$4,611,737 (Bridges)
Projected Capital Renewal Expenditure 2026-35	\$10,083,044 (Roads) \$0 (Bridges)
Projected Capital New/ Upgrade Expenditure 2026-35	\$0 (Roads) \$0 (Bridges)
Maintenance Programs	Under development

Road Assets and Bridge Assets Current and Written Down Value



Roads and Bridges Assets Planned and Projected Expenditure

	Capital Renewal Expenditure included in LTFP 2026-35	Capital New/ Upgrade Expenditure included in LTFP 2026-35
2025/26	\$ 900,000	\$ -
2026/27	\$ 922,500	\$ -
2027/28	\$ 945,563	\$ -
2028/29	\$ 969,202	\$ -
2029/30	\$ 993,432	\$ -
2030/31	\$ 1,018,267	\$ -
2031/32	\$ 1,043,724	\$ -
2032/33	\$ 1,069,817	\$ -
2033/34	\$ 1,096,563	\$ -
2034/35	\$ 1,123,977	\$ -
TOTALS	\$ 10,083,045	\$ -

FOOTPATHS & KERBING ASSETS

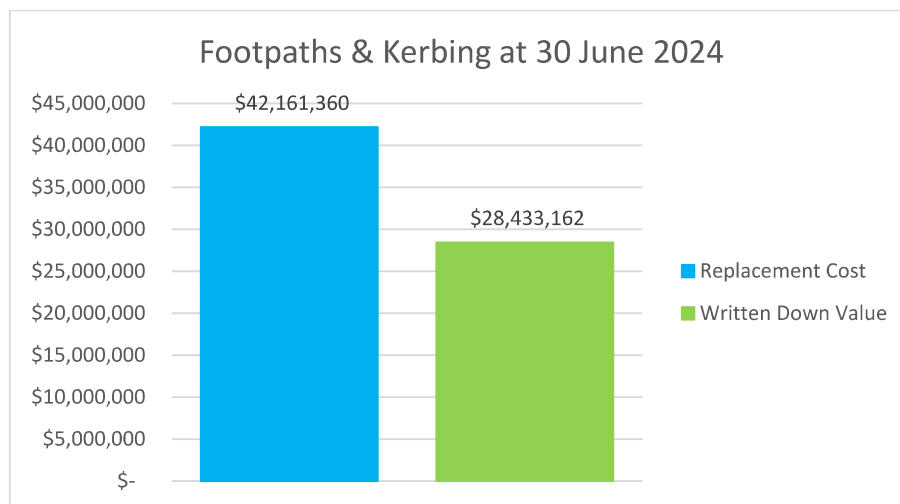
Standard Service Levels Footways (Footpath) Assets

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
COMMUNITY LEVELS OF SERVICE			
Customer Satisfaction	Ensure footways meet all needs of pedestrians	Complaints on suitability/accessibility of existing footpaths	< 2 per month
Customer Satisfaction	At least one paved footpath in every street in residential areas	% of streets in residential area served by one paved footpath	Working towards long term target of 100% coverage in residential areas as per the Footpath Priority Plan.
Safety	All paved footways free from trip hazards	Reactive requests for maintenance	< 5 per month
Safety	Provide footways suitable for demographics and managed on risk priority	Number of loss assessment claims	Zero successful claims per year.
Safety	Provide a footpath network free from trip hazards	Annual inspection of footpaths	Annual inspection.
TECHNICAL LEVELS OF SERVICE			
Condition	Tripping hazards >30mm to be addressed	Number of trip hazards.	All identified hazards > 30mm assessed within two weeks.
Design and Capacity	Pram ramps provided at all road crossing points to current standards	Annual inspection	All new footpaths to have pram ramps and working towards all existing footpaths to have pram ramps as per the Footpath Priority Plan.
Performance	Provide maintenance services in a cost-effective manner	Compliance with budget.	Within budget

Footpaths and Kerbing Assets Key Data

KEY DATA	DETAILS
Total Replacement Cost at 30 June 2024	\$17,215,052 (Footpaths) \$24,946,308 (Kerbing)
Total Written Down Value at 30 June 2024	\$12,384,148 (Footpaths) \$16,049,014 (Kerbing)
Projected Capital Renewal Expenditure 2026-35	\$2,288,515 (Footpaths) \$2,912,879 (Kerbing)
Projected Capital New/ Upgrade Expenditure 2026-35	\$89,000 (Footpaths) \$0 (Kerbing)
Maintenance Programs	Under development

Footpath Assets and Kerbing Assets Current vs Written Down Value



Footpath Assets and Kerbing Assets Planned and Projected Expenditure

	Capital Renewal Expenditure included in LTFP 2026-35	Capital New/ Upgrade Expenditure included in LTFP 2026-35
2025/26	\$ 475,000	\$ 89,000
2026/27	\$ 471,500	\$ -
2027/28	\$ 516,126	\$ -
2028/29	\$ 495,370	\$ -
2029/30	\$ 507,754	\$ -
2030/31	\$ 520,448	\$ -
2031/32	\$ 533,459	\$ -
2032/33	\$ 546,795	\$ -
2033/34	\$ 560,466	\$ -
2034/35	\$ 574,477	\$ -
TOTALS	\$ 5,201,395	\$ 89,000

STORMWATER INFRASTRUCTURE ASSETS

Standard Service Levels Stormwater Assets

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
COMMUNITY LEVELS OF SERVICE			
Customer Satisfaction	Ensure stormwater system meets community expectations	Customer requests relating to property flooding	Less than 10p.a.
Safety	Ensure road networks are not compromised and are serviceable during rainfall	No. of roads considered hazardous during an 'average' winter rain event	Less than 12 customer complaints p.a.
Safety	Provide safe and suitable stormwater drainage systems free of hazards	No. of reported claims	Nil
TECHNICAL LEVELS OF SERVICE			
Condition	Periodic visual assessment to determine condition	CCTV Inspection	Condition inspection every five years.
Condition	Periodic visual assessment to determine condition	Routine clearing of drains	100% of known flood risk areas cleaned each year
Design and Capacity	Provide appropriate stormwater drainage system to meet user requirements	Average age of pipe network	<5% of network is within 10 years of the end of its useful life.
Design and Capacity	Ensure stormwater system has appropriate design capacity	% of pipe/culvert network with capacity below 1 in 5 event.	Working towards 0%.

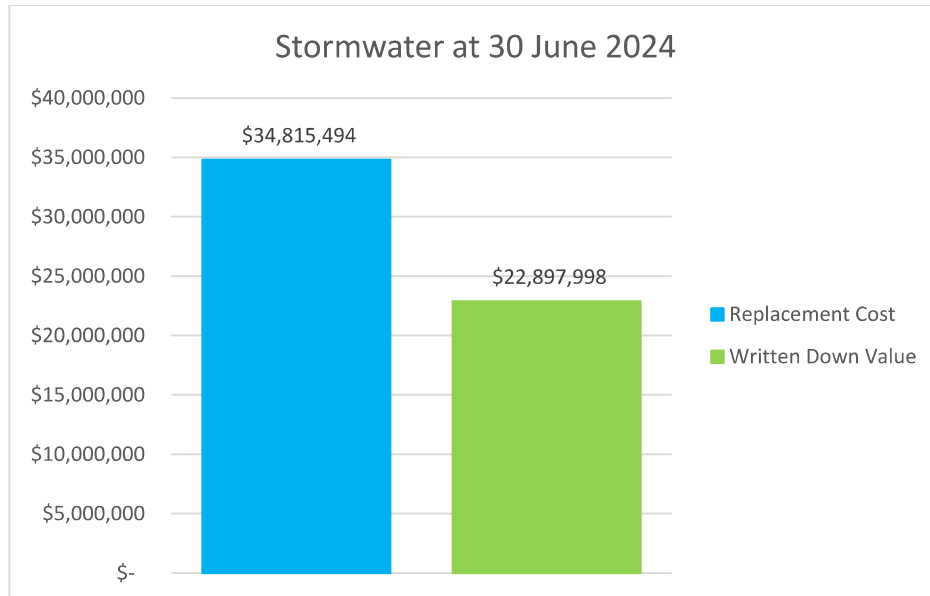
Standard Service Levels Stormwater Pump Station Assets

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
COMMUNITY LEVELS OF SERVICE			
Function	Pump system works when required.	Number of pump faults.	Less than 5p.a.
Safety	Pump stations are not accessible to the public.	Reported incidents of illegal access	Nil
TECHNICAL LEVELS OF SERVICE			
Condition	Carry out regular maintenance	Repairs completed within agreed response times	100% of works within target times.
Function	System operates when required	Number of pump breakdowns	Nil
Safety	Required safety devices are fully operational	Number of reported injuries in cleaning and maintenance	Nil

Stormwater Infrastructure Assets Key Data

KEY DATA	DETAILS
Total Replacement Cost at 30 June 2024	\$34,815,494
Total Written Down Value at 30 June 2024	\$23,897,998
Projected Capital Renewal Expenditure 2026-35	\$371,152
Projected Capital New/ Upgrade Expenditure 2026-35	\$5,901,691
Maintenance Programs	Under development

Stormwater Assets Current vs Written Down Value



Stormwater Infrastructure Planned and Projected Expenditure

	Capital Renewal Expenditure included in LTFP 2026-35	Capital New/ Upgrade Expenditure included in LTFP 2026-35
2025/26	\$ 75,000	\$ 800,000
2026/27	\$ -	\$ 512,500
2027/28	\$ -	\$ 525,313
2028/29	\$ 35,254	\$ 538,445
2029/30	\$ 78,808	\$ 551,906
2030/31	\$ 3,743	\$ 565,704
2031/32	\$ -	\$ 579,847
2032/33	\$ 9,512	\$ 594,343
2033/34	\$ -	\$ 609,201
2034/35	\$ 168,835	\$ 624,431
TOTALS	\$ 371,152	\$ 5,901,690

PLANT AND EQUIPMENT ASSETS

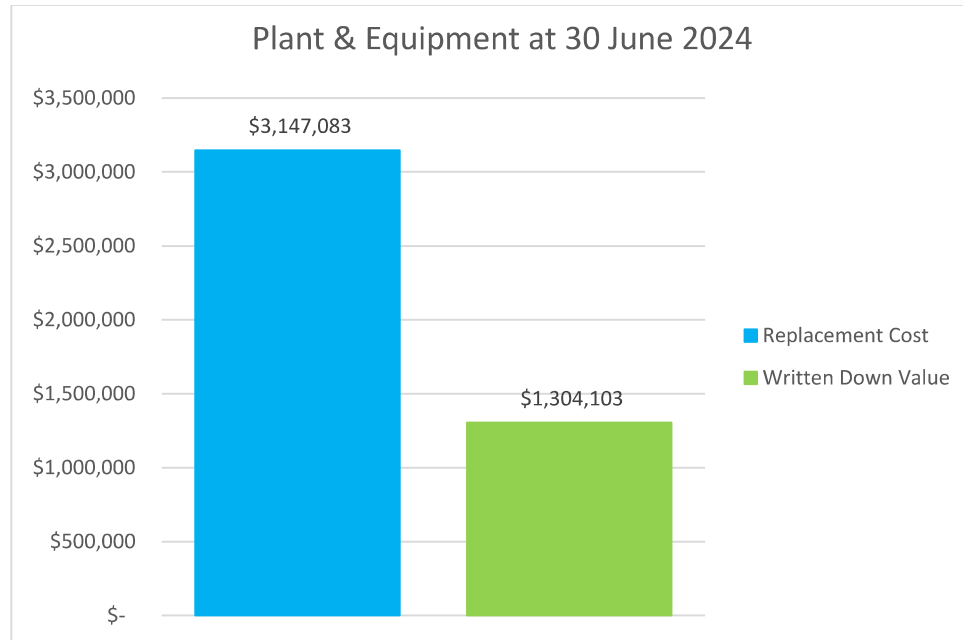
Standard Service Levels Plant & Equipment Assets

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
TECHNICAL LEVELS OF SERVICE			
Condition	Carry out regular maintenance	Repairs completed within agreed response times	100% of works within target times.
Function	Plant being fit for purpose	Maintenance to manufacturer requirements	Nil
Safety	Required safety devices are fully operational	Number of reported injuries in cleaning and maintenance	Nil

Plant & Equipment Assets Key Data

KEY DATA	DETAILS
Total Replacement Cost at 30 June 2024	\$3,147,083
Total Written Down Value at 30 June 2024	\$1,304,103
Projected Capital Renewal Expenditure 2026-35	\$1,995,029
Projected Capital New/ Upgrade Expenditure 2026-35	\$60,000
Maintenance Programs	Under development

Plant & Equipment Assets Current vs Written Down Value



Plant & Equipment Planned and Projected Expenditure

	Capital Renewal Expenditure included in LTFP 2026-35	Capital New/ Upgrade Expenditure included in LTFP 2026-35
2025/26	\$ 58,500	\$ 60,000
2026/27	\$ 587,428	\$ -
2027/28	\$ 105,798	\$ -
2028/29	\$ 36,076	\$ -
2029/30	\$ 110,933	\$ -
2030/31	\$ 375,514	\$ -
2031/32	\$ 109,823	\$ -
2032/33	\$ 245,939	\$ -
2033/34	\$ 235,761	\$ -
2034/35	\$ 129,257	\$ -
TOTALS	\$ 1,995,029	\$ 60,000

FURNITURE & FITTINGS ASSETS

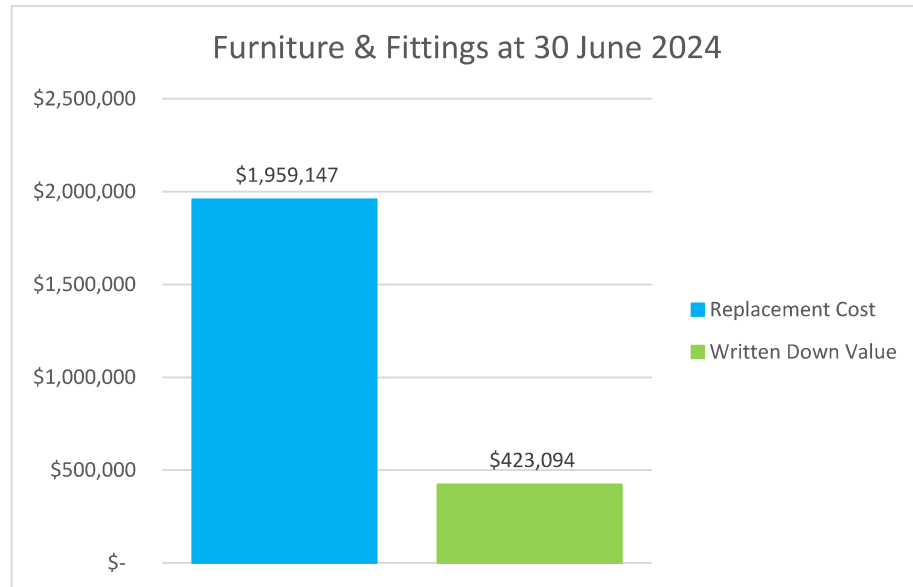
Standard Service Levels Furniture & Fittings Assets

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target
TECHNICAL LEVELS OF SERVICE			
Condition	Carry out regular maintenance	Repairs completed within agreed response times	100% of works within target times.
Function	Being fit for purpose	Maintenance to manufacturer requirements	Nil
Safety	Required safety devices are fully operational	Number of reported injuries in cleaning and maintenance	Nil

Furniture & Fittings Assets Key Data

KEY DATA	DETAILS
Total Replacement Cost at 30 June 2024	\$1,959,147
Total Written Down Value at 30 June 2024	\$423,094
Projected Capital Renewal Expenditure 2026-35	\$66,017
Projected Capital New/ Upgrade Expenditure 2026-35	\$0
Maintenance Programs	Under development

Furniture & Fittings Assets Current vs Written Down Value



Furniture & Fittings Planned and Projected Expenditure

	Capital Renewal Expenditure included in LTFP 2026-35	Capital New/ Upgrade Expenditure included in LTFP 2026-35
2025/26	\$ 15,000	\$ -
2026/27	\$ 5,125	\$ -
2027/28	\$ 5,253	\$ -
2028/29	\$ 5,384	\$ -
2029/30	\$ 5,519	\$ -
2030/31	\$ 5,657	\$ -
2031/32	\$ 5,798	\$ -
2032/33	\$ 5,943	\$ -
2033/34	\$ 6,092	\$ -
2034/35	\$ 6,244	\$ -
TOTALS	\$ 66,015	\$ -

Appendix B Projected Capital Renewal/Replacement Expenditure 2026-2035 (\$)

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	TOTAL
Leisure Centre	340,000	0	1,727,534	378,903	0	34,110	18,235	0	2,227,725	0	4,726,507
Buildings	1,291,000	382,880	372,801	441,914	125,841	268,361	76,134	115,645	803,197	2,646,361	6,524,132
Part 1	1,631,000	382,880	2,100,335	820,817	125,841	302,471	94,369	115,645	3,030,922	2,646,361	11,250,639
Other Community Assets	1,440,094	847,945	1,495,992	1,557,485	1,976,522	1,585,103	3,054,167	1,802,502	2,672,429	1,925,747	18,357,986
RRC Cell 4	0	0	0	0	0	0	0	0	0	0	0
Recycled Water	166,200	991,660	153,076	0	0	0	0	74,101	0	0	1,385,037
Part 2	1,606,294	1,839,605	1,649,068	1,557,485	1,976,522	1,585,103	3,054,167	1,876,603	2,672,429	1,925,747	19,743,023
Roads	900,000	922,500	945,563	969,202	993,432	1,018,267	1,043,724	1,069,817	1,096,563	1,123,977	10,083,044
Bridges	0	0	0	0	0	0	0	0	0	0	0
Part 3	900,000	922,500	945,563	969,202	993,432	1,018,267	1,043,724	1,069,817	1,096,563	1,123,977	10,083,044
Footpaths	215,000	205,000	242,963	215,378	220,763	226,282	231,939	237,737	243,681	249,773	2,288,515
Kerbing	260,000	266,500	273,163	279,992	286,991	294,166	301,520	309,058	316,785	324,704	2,912,879
Part 4	475,000	471,500	516,126	495,370	507,754	520,448	533,459	546,795	560,466	574,477	5,201,394
Stormwater	75,000	0	0	35,254	78,808	3,743	0	9,512	0	168,835	371,152
Part 5	75,000	0	0	35,254	78,808	3,743	0	9,512	0	168,835	371,152
Plant & Equipment	58,500	587,428	105,798	36,076	110,933	375,514	109,823	245,939	235,761	129,257	1,995,029
Part 6	58,500	587,428	105,798	36,076	110,933	375,514	109,823	245,939	235,761	129,257	1,995,029
Furniture & Fittings	15,000	5,125	5,253	5,384	5,519	5,657	5,798	5,943	6,092	6,244	66,017
Part 7	15,000	5,125	5,253	5,384	5,519	5,657	5,798	5,943	6,092	6,244	66,017
TOTAL	4,760,794	4,209,036	5,322,143	3,919,588	3,798,808	3,811,203	4,841,341	3,870,255	7,602,232	6,574,898	48,710,298

Appendix C Projected Capital New/ Upgrade Expenditure 2026-2035 (\$)

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	TOTAL
Leisure Centre	0	0	0	0	0	0	0	0	0	0	0
Buildings	75,000	0	0	0	0	0	0	0	0	0	75,000
Part 1	75,000	0	0	0	0	0	0	0	0	0	75,000
Other Community Assets	768,350	358,750	367,719	376,912	386,335	395,993	405,893	416,040	426,441	437,102	4,339,533
RRC Cell 4	0	0	0	0	0	0	0	0	0	0	0
Recycled Water	95,000	0	0	0	0	0	0	0	0	0	95,000
Part 2	863,350	358,750	367,719	376,912	386,335	395,993	405,893	416,040	426,441	437,102	4,434,533
Roads	0	0	0	0	0	0	0	0	0	0	0
Bridges	0	0	0	0	0	0	0	0	0	0	0
Part 3	0	0	0	0	0	0	0	0	0	0	0
Footpaths	89,000	0	0	0	0	0	0	0	0	0	89,000
Kerbing	0	0	0	0	0	0	0	0	0	0	0
Part 4	89,000	0	0	0	0	0	0	0	0	0	89,000
Stormwater	800,000	512,500	525,313	538,445	551,906	565,704	579,847	594,343	609,201	624,431	5,901,691
Part 5	800,000	512,500	525,313	538,445	551,906	565,704	579,847	594,343	609,201	624,431	5,901,691
Plant & Equipment	60,000	0	0	0	0	0	0	0	0	0	60,000
Part 6	60,000	0	0	0	0	0	0	0	0	0	60,000
Furniture & Fittings	0	0	0	0	0	0	0	0	0	0	0
Part 7	0	0	0	0	0	0	0	0	0	0	0
TOTAL	1,887,350	871,250	893,031	915,357	938,241	961,697	985,739	1,010,383	1,035,642	1,061,534	10,560,225

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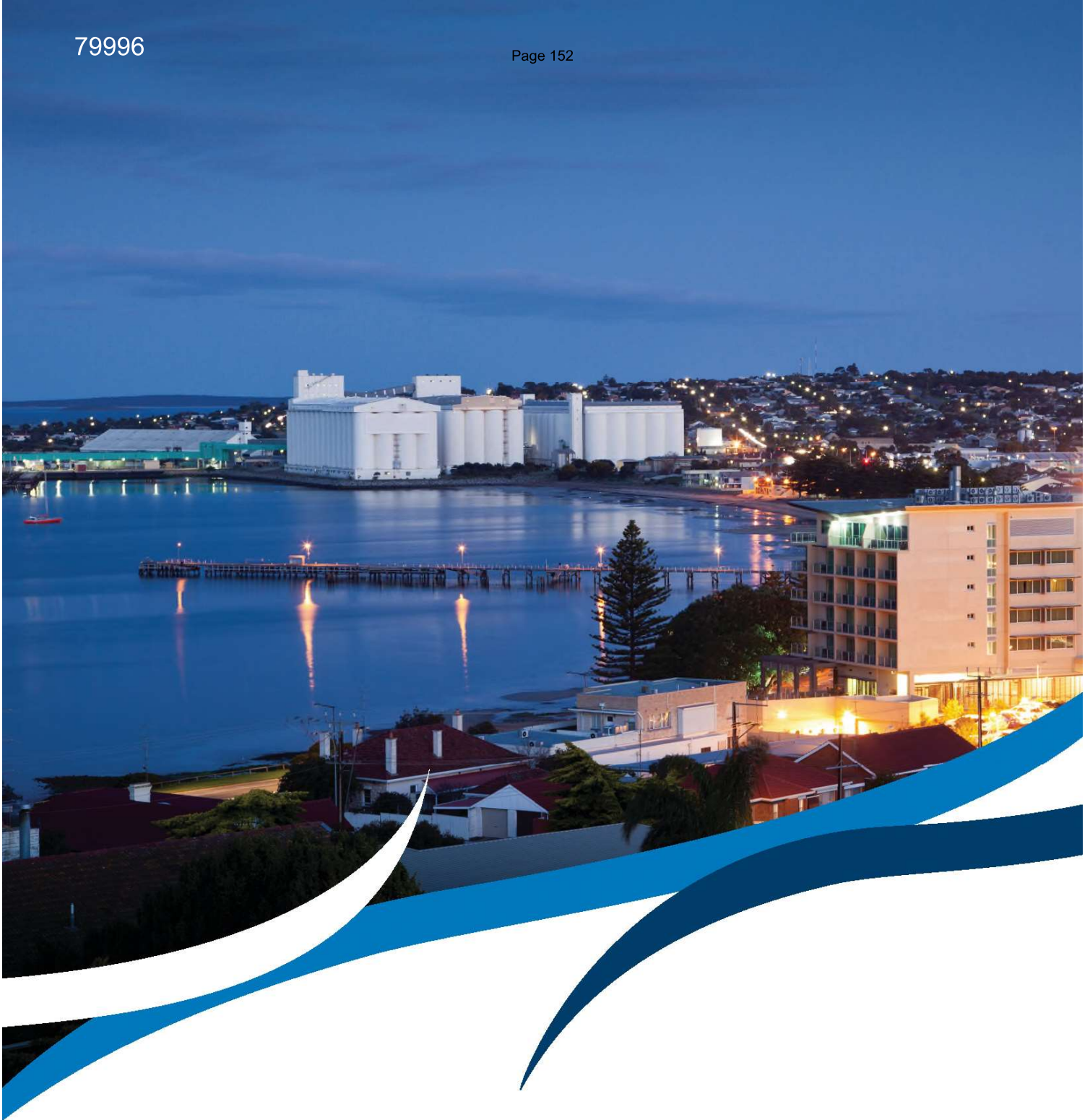
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City of
Port Lincoln
Seafood Capital of Australia



CITY OF PORT LINCOLN
**DRAFT LONG TERM
FINANCIAL PLAN**

2026-2035



ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the Barngarla People, the Traditional Owners of the land on which the City of Port Lincoln rests and their continuing connection to land, sea, culture and community. We pay our respects to Elders past, present and emerging, and we extend that respect to other Aboriginal and Torres Strait Islander people in our community.



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Prepared by **City of Port Lincoln**

Presented to Council for Adoption

1 July 2025

RM: Doc ID 79996

INTRODUCTION

The City of Port Lincoln's Strategic Management Plans are:

- the Strategic Directions Plan, which provides the community vision and Council objectives that drive Council's decision-making and activities;
- the Long Term Financial Plan (LTFP), and
- Strategic Asset Management Plan (SAMP).

The latter two Plans are essential to enabling and ensuring the delivery capability and financial sustainability of the community's needs, expectations, and plans over the future ten-year period.

The LTFP is a financial representation of the strategies Council has endorsed to achieve its objectives over the medium to long term. Similar to an annual budget, but not as detailed, the LTFP identifies Council's projected revenue and expenses over a ten-year cycle, adjusting new capital expenditures and other factors where needed to maintain a sustainable outcome. The LTFP provides a financial roadmap with the ability to adjust the scope and timing of the use of limited resources and to act proactively within a sustainability framework when unexpected issues arise.

The LTFP is also a rich source of information that will improve Council's ability to model, forecast and make decisions on possible future funding for operational needs, renewal and replacement of existing assets and new and upgraded assets to meet future service demands.

The Council must review the LTFP annually, in conjunction with the adoption of the Annual Business Plan (ABP), to account for any material changes arising from the adopted ABP and budget, which is a detailed representation of Council's immediate capital and operational commitments.

LONG TERM FINANCIAL PLAN - FINANCIAL REPORT OUTPUTS

Council's LTFP modelling has produced a set of reports in line with the Model Financial Statements as approved by the South Australian Local Government Association (LGA SA). These reports provide a ten-year projection, accounting for capital expenditure planned in the SAMP and revenue and expenditure policies identified in the ABP and SAMP. These reports are included as [Appendix A](#) and include:

Statement of Comprehensive Income

A requirement under accounting standard AASB 101.81A. The Statement of Comprehensive Income is a combination of a Profit and Loss; revenues and expenses of operations whose net effect produces an Operating and Net Surplus/(Deficit), and Other Comprehensive Income; typically includes disclosures relating to changes in revaluation surplus, gains and losses on defined benefit plans, gains and losses arising from translating the financial statements of a foreign operation, gains and losses on re-measuring available-for-sale financial assets, and the gains and losses on hedging instruments in a cash flow hedge.

Balance Sheet

Also known as a Statement of Financial Position (AASB 101.54), this report shows the accumulative value of Council Assets (current and non-current), Liabilities (current and non-current), Net Assets (total Assets less total Liabilities) and Equity. This report is presented with a comparative to the previous year.

Statement of Changes to Equity

A requirement under accounting standard AASB 101.106, this statement provides a reconciliation of the equity components; Accumulated Surplus/(Deficit), Asset Revaluation Reserves, and Other Reserves. The reconciliation is also required to show a comparison for each item of equity between the opening and closing balances resulting from changes in the Statement of Comprehensive Income, transfers in equity distribution, and adjustments to subsidiary ownership that do not represent loss of control (AASB 101.106(d)).

Statement of Cash Flows

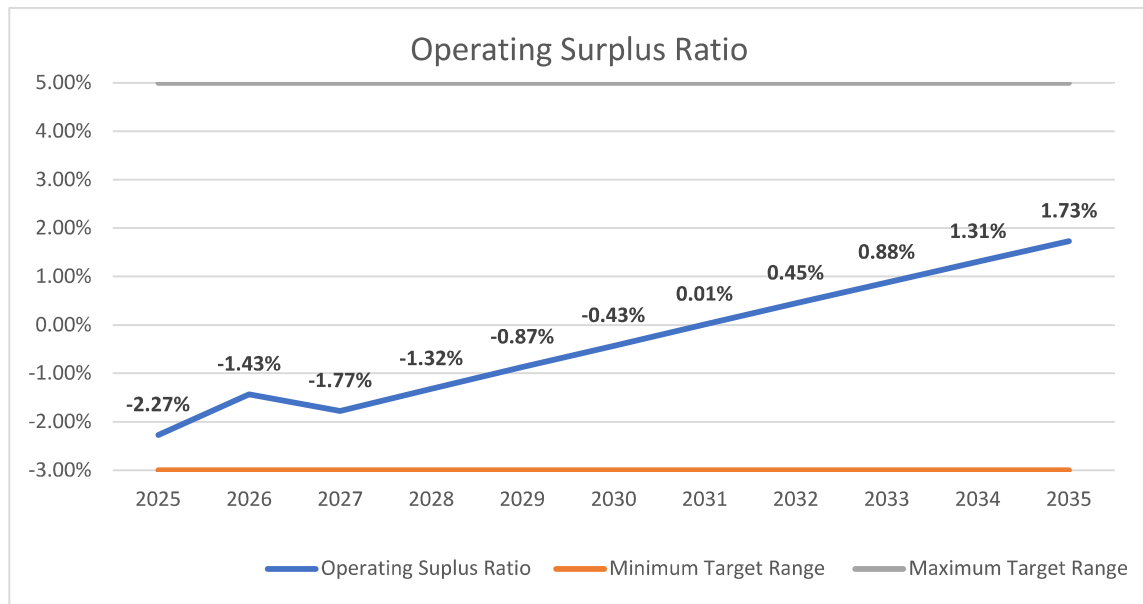
A requirement under accounting standard AASB 101.111, this report presents information on how the Council generates Cash and Cash Equivalents (AASB 107 – Statement of Cash Flows), and where this cash is utilised within the business operations; cash flows from operating activities, investing activities, and financing activities.

FORECAST OF KEY FINANCIAL SUSTAINABILITY INDICATORS

Note 15 of the South Australian Model Financial Statements (Local Government (Financial Management) Regulation 2011, Reg. 5(1)(c)) sets out the key local government financial sustainability indicators.

The LGA SA has recommended using three of these financial indicators in the preparation of a LTFP as they provide guidance in strategic, infrastructure and financial decision-making processes.

Operating Surplus Ratio – Indicator 1

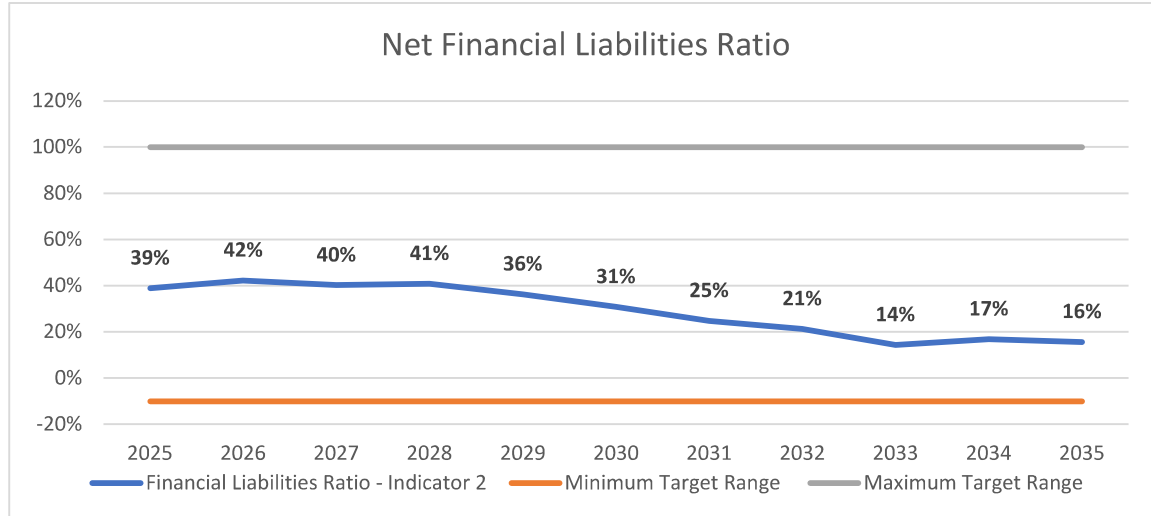


Calculated as Operating Surplus/(Deficit) divided by Operating Revenue - “Is Council covering its operating expenditure and depreciation charge from its operating revenue?”

- Positive percentage result indicates that Council is covering these costs and indicates available funding for future capital expenditure or ability to pay down debt.
- Negative percentage result indicates that Council is not covering these costs and the percentage increase required in operating revenue or the approximate decrease in operating expenses required to achieve a break-even operating position.
- The Operating Surplus Ratio forecast for the 2025/26 financial year is a deficit of -1.43%. This result represents the operating income budgeted to be \$431,490 less than Council’s operating expenses for the year.
- The LTFP reflects a steady improvement to the ratio over the ten-year period.

Net Financial Liabilities Ratio – Indicator 2

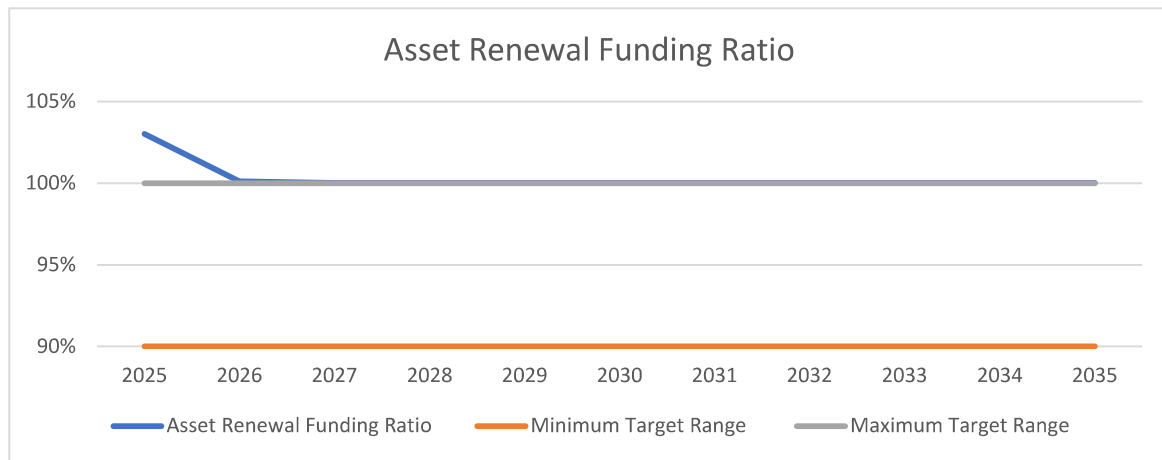
Calculated as Net Financial Liabilities divided by Total Operating Revenue – “Does Council have a manageable level of debt and other liabilities when considering its available revenue and other cash reserves?” (Note - Net Financial Liabilities equals total liabilities less financial assets excluding equity accounted investments in Council businesses).



- Suggested target ratio: between 0% and 100% (Financial Indicators 2019 (LGA SA Information Paper 9), p. 7-8). Council Target Range is -10% to +100%.
- A result in this Target Range indicates that Council has a manageable level of debt and other liabilities.
- Negative percentage result in this ratio indicates that Council has more cash available than what is owed by Council in borrowings. Therefore, a negative result is a positive financial indicator for Council in this regard.
- The Net Financial Liabilities Ratio forecast for the 2025/2026 financial year is 42%. The above graph shows a reduction in the ratio over ten years. This is a result of increased revenue and a lowering of Council borrowings over the period.

Asset Renewal Funding Ratio – Indicator 3

Calculated as Expenditure on Renewal and Replacement of Assets (refer to Cash Flow Statement) relative to Council's Strategic Asset Management Plan (SAMP) – "Is Council replacing its assets at the same rate as the assets are wearing out?"



- Suggested target ratio: between 90% and 110% (Financial Indicators 2019 (LGA SA Information Paper 9),p.9). Council Target Range is 90% to 100%.
- A result within this Target Range indicates that sufficient funds have been allocated to replace Council assets.
- Expenditure on asset renewals is driven by the SAMP and the Asset Renewal Funding Ratio meets agreed targets.

Overall Assessment of Council's Financial Sustainability (based on the above Ratios)

The above ratios indicate that the ten-year LTFP is financially sustainable:

- Operating deficit is within the target range and expected to improve over life of the 10 year plan;
- Net Financial Liabilities are at acceptable levels; and
- Asset Renewal Funding Ratio is at acceptable levels.

MAJOR ASSUMPTIONS AND SETTINGS UNDERPINNING THE LONG TERM FINANCIAL PLAN

The City of Port Lincoln uses LG Solutions software to develop the core data sets and modelling for its LTFP.

The following key assumptions have been adopted:

- **Establish a Base** - to generate future year revenues and expenses, the model incorporates the prior year's audited financial figures, and the current year's budget estimates (2024/25 March Budget Review). Once these items have been entered and the balance sheet is in balance, future financial estimates are derived from the combination of the average of historical data and estimated future income and expenditure.
- **Customisation** - the model allows the basic appearance of the LTFP to be customised. Reporting formats are controlled from the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Cash Flow Statement.
- **Indexation** - the model requires the mapping of general ledger accounts to develop global indexation items. Indexation percentages are applied to global indexation items for each year reported in the LTFP.

To determine the indexation percentage for each of the global indexation items, the following factors are predominantly considered:

- CPI (Consumer Price Index) – a measure of local price inflation for recurrent operational services,
- Wages – a discrete measure of salary and wage cost (i.e., workforce expenditure) growth, Enterprise Bargaining Agreements, staff reclassifications and Superannuation increases;
- Materials – costs associated with materials for operational and project costs.
- **New/Upgrade and Renewal Assets** - capitalised assets are recognised incorporating planned renewals of assets as identified in the SAMP and depreciation is calculated based on a pre-determined rate per asset class.
- **Borrowings** - A cash balance is calculated based on the information entered into the model; this is an automated procedure and cannot be manually adjusted. Where cash reserves are fully utilised (i.e. cash balance goes into overdraft), new borrowing may be planned to address issues of timing or prioritisation with regard to capital expenses as well as reviewing rate payer contributions.
- **Movement in Payables and Receivables** – The movement in payable and receivables is applied to income and expenditure as a percentage based on historical data averages.

The overall output of the LG Solutions LTFP is both sound and robust. It produces a concise set of reports in line with the Model Financial Statements and is capable of modelling multiple scenarios where various factors will work in combination to provide different long term financial performance.

KEY ISSUES AND CONSIDERATIONS

The 2026-2035 LTFP is based on the following key assumptions:

- Year 1 of the LTFP includes the Draft Annual Budget 2025/26 figures;
- The projection of operational expenditures and revenues is driven by the 2025/26 operational budget base and includes:
 - Financial Assistance Grants (revenue) forecast based on known adjusted amounts, assumed to be ongoing; and
 - A net allocation of \$499,175 has been applied for operational new initiatives included in the 2025/26 Annual budget, which form part of the base of the forecasted amounts for grants, subsidies and contributions and materials contracts and other.
- Fully funded SAMP projected capital renewals and required maintenance levels:
 - SAMP capital renewal works for the ten-year period to 2034/35 total \$49 million (including indexation).
- Rates revenues forecast in the LTFP are indexed as follows, equating to 2% above the Consumer Price Index (CPI) for years one and two and then 1 % above CPI for the remaining eight years. CPI for year one is based on the Adelaide March 2025 CPI, with the remaining years CPI based on an estimated 2.5%:
 - Year 1: 4.2%
 - Year 2: 4.5%
 - Year 3-10: 3.5%
- Limited grant revenue:
 - Operational:
 - on-going Federal Assistance Grants which are assumed to be received by Council in the correct allocated financial year, with indexation applied.

Council will continue to seek capital revenue opportunities to support its planned new capital expenditure, such as selling identified surplus land assets and renewed/replaced assets.

There is a stronger focus on capital renewals particularly in the first two years forecasted. This is driven by the SAMP and Council's direction ensuring its renewal program is fully funded each year.

Major renewal projects included in Council's 2025/26 budget;

- \$900,000 for road reseals;
- \$800,000 for improved drainage and design;
- \$832,444 for works to the marina pontoon; and
- \$500,000 for contributions to community venues and an additional \$50,000 for the renewal of public amenities.

Council plans to maintain the Cash and Cash Equivalents figure each financial year at a level that will fund all foreseeable operating requirements.

RISKS

Council acknowledges that there are potential risks to the achievement of the LTFP's objectives.

The following is a non-exhaustive list of identified potential risks:

- New Elected Members and review of Strategic Directions Plan results in a revised focus for Council's medium to long term plans;
- Assumptions, settings, drivers and considerations included in the LTFP do not occur or are significantly changed;
- Council does not receive the assumed grant funding revenues;
- The growth of the city, affecting both service and asset demands (costs) and rates revenue, is significantly either more or less than forecast;
- Enterprise Bargaining Agreement/s and other employment negotiations increase employee salary and wages costs above the amount provided for in the LTFP;
- Large scale capital projects go over budget.

In the event that future outcomes do not align with the forecast LTFP, a review of the LTFP will be required to incorporate the future outcomes and project the flow on financial implications to determine the financial sustainability of Council and the risks involved.

REVIEW PROCESS

The LTFP will be reviewed on an annual basis taking into consideration changes and updates to the SAMP, the most recent financial year's revised budget or audited statements and current year adopted or revised budget, including the specific commitments planned in the current ABP.

Council's CEO is legally obligated to report on the long term financial performance and position of Council and its ongoing sustainability. If there is any concern about Council's financial sustainability under existing revenue and expenditure policy settings, the CEO should report on strategies to remedy this exposure to achieve financial sustainability in the future.

Section 122 (6) of the Local Government Act provides that *"A council must adopt a process or processes to ensure that members of the public are given a reasonable opportunity to be involved in the development and review of its strategic management plans"*. Updates to the plans in the normal course of operations will not necessitate community consultation.

CEO SUSTAINABILITY STATEMENT

This LTFP demonstrates that Council is in a sustainable financial position over the ten-year period and has considered a structured financial strategy that includes appropriate debt and treasury management over the ten-year term of the plan.

The fundamental purpose of the LTFP is to demonstrate that Council has considered, based on best available information, the financial resources required to deliver on Council's recently updated 2025 – 2034 Strategic Directions Plan and the broader Strategic Management Framework including the Strategic Asset Management Plans, Annual Business Plans and other supporting plans and strategies.

When we assess our financial sustainability, we look at the following key financial indicators:

- Operating surplus/(deficit) ratio,
- Net financial liabilities ratio,
- Asset renewal funding ratio.

Whilst the operating results forecast net operating deficits for the first five years and operating surpluses from year six onwards, over the course of the LTFP, all financial ratios are in line with Council's established benchmarks to ensure the sustainability of Council's long-term financial performance and position.

Council aims to ensure that we have the financial capacity to continue to provide service levels which meet the needs of our community in a financially sustainable way by:

- Striving to continually improve our efficiency in the provision of existing and future services by proactively seeking out savings without affecting service delivery levels;
- Continuously improving our Asset Management Plans including how we monitor our assets, to ensure we are appropriately maintaining our assets;
- Maintaining our debt and interest costs within Council's established benchmarks and ensuring our capacity to service and repay this debt into the future; and
- Operating within the key financial indicators and benchmarks over the life of the LTFP to ensure we maintain a sound financial position.

There are several matters which may be considered as risks that have the potential to impact on Council's long term financial position, such as:

- Council's rates assume an average rate increase of:
 - 4.2% for Year One,
 - 4.5% for Year Two, and
 - 3.5% for the remaining years of the LTFP.

This must however be sustainable and be balanced with the real cost of service provision, asset renewal and maintenance and service demand from the community.

- The assumed rate revenue increases were determined in conjunction with expected CPI and cost of materials.
- There are currently several unfunded aspirational projects and initiatives identified for further investigation in the Strategic Directions Plan, plus further strategic plans and other plans identified as needing to be developed. The development of these initiatives could

impact the long-term financial sustainability of Council if expectations are not managed appropriately.

- Council has increased the amount allocated for Operating New Initiatives in its Annual Budget 2025/26 and beyond to assist in these investigations and future plans.
- Changes to Local Government funding programs and potential risk in relation to cost shifting from the Federal and State Government to Local Government.
- Council has ageing infrastructure and has a need to focus more heavily on the renewal of its assets rather than acquiring or developing new assets. Specifically, ensuring that its renewal program as per the SAMP is fully funded each year.
- Council is progressing a review of our asset management data, condition assessment and maintenance practices. This will likely identify the need for more funding over the course of the LTFP for 'pro-active' asset maintenance to ensure longer serviceable life for our community's assets.

Long term financial planning is an interactive process, and the assumptions applied are reviewed annually during annual business plan and budget deliberations, using currently available information. This ensures Council continually reviews its financial performance and remains firmly focussed on maintaining long term financial sustainability.

CONCLUSION

The 10-Year Long-Term Financial Plan provides a clear and responsible roadmap for maintaining the financial sustainability of the Council, while continuing to deliver essential services, infrastructure, and community initiatives. It aligns with the Council's strategic objectives and meets the legislative requirements outlined in the Local Government Act 1999 (SA).

This Plan demonstrates Council's ongoing commitment to prudent financial management, with a focus on maintaining service levels, managing assets effectively, and ensuring that ratepayers receive value for money. It also recognises the need to remain flexible and responsive to changing economic conditions, population growth, and emerging community priorities.

Council will continue to review and update the Plan regularly, ensuring it remains aligned with changing circumstances, strategic priorities, and community feedback. Through transparent reporting and sound financial oversight, Council is well positioned to meet the challenges of the decade ahead and support a thriving, resilient community.

The LTFP will be reviewed and updated for current financial forecasts and to include any other variations to reflect updated strategic plans, projects, opportunities and financial position.

Council's LTFP will provide a sound platform for future decision-making and planning, with all Strategic Management Plans expected to evolve through future review processes to ensure that they are reflective of community expectations and priorities.

REFERENCES

Australian Accounting Standards, sited at [Standards Portal | AASB](#)

LGA SA, Financial Sustainability; Information Paper 1 – Financial Sustainability, revised Feb 2015
sited at website [LGA South Australia | LGA South Australia](#)

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LGA SA, Financial Sustainability; Information Paper 9 - Financial Indicators, revised May 2015 sited at
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National Financial Sustainability Study of Local Government, Commissioned by the Australian Local
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Rising to the Challenge: Towards Financially Sustainable Local Government in South Australia,
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Government, sited at website [LGA South Australia | LGA South Australia](#)

The Local Government Act 1999 (“The Act”)

APPENDIX A

FINANCIAL STATEMENTS

City of Port Lincoln
10 Year Financial Plan for the Years ending 30 June 2035
STATEMENT OF COMPREHENSIVE INCOME

	Actuals 2023/24 \$'000	Current Year 2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	Projected Years					
							2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'000
Income												
Rates	17,777	18,887	19,665	20,550	21,270	22,014	22,785	23,582	24,407	25,262	26,146	27,061
Statutory Charges	387	342	385	394	404	414	425	435	446	457	469	481
User Charges	3,227	3,498	3,620	3,710	3,803	3,898	3,996	4,096	4,198	4,303	4,410	4,521
Grants, Subsidies and Contributions - operating	949	2,879	2,938	3,311	3,394	3,479	3,566	3,655	3,746	3,840	3,936	4,034
Grants, Subsidies and Contributions - capital	2,792	692	857	299	307	314	322	330	339	347	356	365
Investment Income	223	176	150	149	148	148	150	152	154	157	160	163
Reimbursements	507	1,794	822	843	864	886	908	930	954	978	1,002	1,027
Other Income	948	1,514	1,681	1,723	1,766	1,810	1,855	1,902	1,949	1,998	2,048	2,099
Total Income	26,810	29,782	30,119	30,981	31,956	32,963	34,006	35,082	36,194	37,342	38,527	39,750
Expenses												
Employee Costs	7,946	9,254	9,653	10,088	10,441	10,806	11,184	11,576	11,981	12,400	12,834	13,283
Materials, Contracts & Other Expenses	14,088	15,541	15,172	15,445	15,831	16,226	16,632	17,048	17,474	17,911	18,359	18,818
Depreciation, Amortisation & Impairment	4,807	5,198	5,328	5,461	5,598	5,738	5,881	6,028	6,179	6,333	6,492	6,654
Finance Costs	395	466	397	537	509	481	454	427	399	369	339	307
Total Expenses	27,236	30,459	30,550	31,531	32,379	33,251	34,152	35,079	36,033	37,014	38,024	39,062
Operating Surplus / (Deficit)	(426)	(677)	(431)	(550)	(423)	(288)	(146)	3	161	328	503	688
Asset Disposal & Fair Value Adjustments	(731)	-	-	-	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	1,481	1,511	578	446	458	469	481	493	505	518	531	544
Physical Resources Received Free of Charge	9	-	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	333	833	146	(103)	35	181	334	496	666	845	1,034	1,232
Total Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	333	833	146	(103)	35	181	334	496	666	845	1,034	1,232

City of Port Lincoln
10 Year Financial Plan for the Years ending 30 June 2035
STATEMENT OF FINANCIAL POSITION

	Actuals 2023/24 \$'000	Current Year 2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	Projected Years					
							2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'000
ASSETS												
Current Assets												
Cash & Cash Equivalents	4,393	4,332	2,753	3,458	2,391	2,913	3,797	4,932	5,311	6,944	5,141	4,690
Trade & Other Receivables	5,343	2,095	2,100	2,244	2,247	2,306	2,366	2,446	2,529	2,615	2,702	2,793
Other Current Assets	-	108	112	117	48	37	33	16	17	18	19	-
Total Current Assets	9,736	6,534	4,965	5,818	4,686	5,256	6,196	7,394	7,857	9,577	7,862	7,483
Non-Current Assets												
Financial Assets	375	417	305	188	140	107	91	74	56	37	19	-
Infrastructure, Property, Plant & Equipment	244,126	247,587	248,902	248,521	249,138	248,235	247,091	245,836	245,484	244,031	246,177	247,159
Other Non-Current Assets	413	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	244,914	248,004	249,207	248,709	249,278	248,342	247,182	245,910	245,540	244,068	246,196	247,159
TOTAL ASSETS	254,650	254,538	254,172	254,527	253,964	253,598	253,378	253,304	253,396	253,645	254,058	254,643
LIABILITIES												
Current Liabilities												
Trade & Other Payables	3,811	3,443	3,444	4,577	4,678	4,781	4,887	4,996	5,108	5,224	5,343	5,465
Borrowings	7,689	514	674	698	650	661	679	686	713	740	769	636
Provisions	1,146	1,146	1,146	1,146	1,146	1,146	1,146	1,146	1,146	1,146	1,146	1,146
Total Current Liabilities	12,647	5,103	5,265	6,422	6,474	6,588	6,712	6,829	6,967	7,110	7,259	7,248
Non-Current Liabilities												
Borrowings	5,375	11,973	11,299	10,601	9,951	9,291	8,611	7,925	7,213	6,472	5,703	5,067
Provisions	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444
Total Non-Current Liabilities	6,819	13,417	12,743	12,045	11,395	10,734	10,055	9,369	8,656	7,916	7,147	6,511
TOTAL LIABILITIES	19,466	18,520	18,008	18,467	17,869	17,322	16,767	16,198	15,624	15,027	14,405	13,758
Net Assets	235,184	236,018	236,164	236,060	236,095	236,276	236,610	237,107	237,773	238,618	239,652	240,884
EQUITY												
Accumulated Surplus	45,214	46,157	46,323	46,220	46,255	46,436	46,770	47,266	47,932	48,778	49,812	51,044
Asset Revaluation Reserves	188,921	188,921	188,921	188,921	188,921	188,921	188,921	188,921	188,921	188,921	188,921	188,921
Other Reserves	1,049	939	919	919	919	919	919	919	919	919	919	919
Total Equity	235,184	236,018	236,164	236,060	236,095	236,276	236,610	237,107	237,773	238,618	239,652	240,884

City of Port Lincoln
10 Year Financial Plan for the Years ending 30 June 2035
STATEMENT OF CASH FLOWS

	Actuals 2023/24 \$'000	Current Year 2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	Projected Years					
							2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'000
Cash Flows from Operating Activities												
Receipts:												
Rates Receipts	17,461	19,164	19,670	20,446	21,236	21,980	22,749	23,545	24,369	25,222	26,105	27,019
Statutory Charges	387	590	384	394	404	414	424	435	446	457	469	480
User Charges	1,749	5,551	3,617	3,708	3,801	3,896	3,993	4,093	4,195	4,300	4,408	4,518
Grants, Subsidies and Contributions (operating purpose)	447	2,923	2,937	3,302	3,392	3,477	3,564	3,653	3,744	3,838	3,934	4,032
Investment Receipts	223	176	150	149	148	148	150	152	154	157	160	163
Reimbursements	227	2,088	842	843	864	885	907	930	953	977	1,002	1,027
Other	412	2,049	1,695	1,739	1,764	1,808	1,854	1,900	1,947	1,996	2,046	2,097
Payments:												
Payments to Employees	(7,757)	(9,247)	(9,644)	(10,077)	(10,432)	(10,797)	(11,175)	(11,566)	(11,971)	(12,390)	(12,824)	(13,273)
Payments for Materials, Contracts & Other Expenses	(14,872)	(16,211)	(15,219)	(14,366)	(15,703)	(16,154)	(16,565)	(16,967)	(17,409)	(17,844)	(18,291)	(18,728)
Finance Payments	(323)	(466)	(397)	(537)	(509)	(481)	(454)	(427)	(399)	(369)	(339)	(307)
Net Cash provided (or used in) Operating Activities	(2,047)	6,617	4,036	5,601	4,965	5,175	5,446	5,748	6,031	6,344	6,669	7,028
Cash Flows from Investing Activities												
Receipts:												
Amounts Received Specifically for New/Upgraded Assets	1,481	1,511	578	446	458	469	481	493	505	518	531	544
Grants utilised for capital purposes	2,792	692	857	299	307	314	322	330	339	347	356	365
Sale of Replaced Assets	124	126	5	-	-	-	-	-	-	-	-	-
Repayments of Loans by Community Groups	558	93	108	112	117	48	33	16	17	18	19	18
Payments:												
Expenditure on Renewal/Replacement of Assets	(6,381)	(4,191)	(4,761)	(4,209)	(5,322)	(3,920)	(3,799)	(3,811)	(4,841)	(3,870)	(7,602)	(6,575)
Expenditure on New/Upgraded Assets	(7,369)	(4,182)	(1,887)	(871)	(893)	(915)	(938)	(962)	(986)	(1,010)	(1,036)	(1,062)
Net Purchase of Investment Securities	(468)	-	-	-	-	-	-	-	-	-	-	-
Loans Made to Community Groups	-	(150)	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(9,263)	(6,101)	(5,100)	(4,222)	(5,334)	(4,003)	(3,901)	(3,934)	(4,966)	(3,998)	(7,732)	(6,710)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings	8,000	150	-	-	-	-	-	-	-	-	-	-
Proceeds from Aged Care Facility Deposits	190	-	-	-	-	-	-	-	-	-	-	-
Repayments of Borrowings	(1,251)	(625)	(511)	(671)	(694)	(646)	(656)	(675)	(682)	(708)	(735)	(764)
Repayment of Principal Portion of Lease Liabilities	(182)	(102)	(3)	(3)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)
Net Cash Flow provided (used in) Financing Activities	6,757	(577)	(514)	(674)	(698)	(650)	(661)	(679)	(686)	(713)	(740)	(769)
Net Increase/(Decrease) in Cash & Cash Equivalents	(4,553)	(61)	(1,579)	705	(1,067)	522	885	1,135	378	1,633	(1,803)	(451)
plus: Cash & Cash Equivalents - beginning of year	8,946	4,393	4,332	2,753	3,458	2,391	2,913	3,797	4,932	5,311	6,944	5,141
Cash & Cash Equivalents - end of the year	4,393	4,332	2,753	3,458	2,391	2,913	3,797	4,932	5,311	6,944	5,141	4,690
Cash & Cash Equivalents - end of the year	4,393	4,332	2,753	3,458	2,391	2,913	3,797	4,932	5,311	6,944	5,141	4,690
Cash, Cash Equivalents & Investments - end of the year	4,393	4,332	2,753	3,458	2,391	2,913	3,797	4,932	5,311	6,944	5,141	4,690

City of Port Lincoln
10 Year Financial Plan for the Years ending 30 June 2035
STATEMENT OF CHANGES IN EQUITY

	Actuals 2023/24 \$'000	Current Year 2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	2028/29 \$'000	Projected Years					
							2029/30 \$'000	2030/31 \$'000	2031/32 \$'000	2032/33 \$'000	2033/34 \$'000	2034/35 \$'000
Opening Balance	234,851	235,184	236,018	236,164	236,060	236,095	236,276	236,610	237,107	237,773	238,618	239,652
Net Surplus / (Deficit) for Year	333	833	146	(103)	35	181	334	496	666	845	1,034	1,232
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	333	833	146	(103)	35	181	334	496	666	845	1,034	1,232
Equity - Balance at end of the reporting period	235,184	236,018	236,164	236,060	236,095	236,276	236,610	237,107	237,773	238,618	239,652	240,884

APPENDIX B

DRIVERS AND ASSUMPTIONS

GENERAL ASSUMPTION DRIVERS

	Year	CPI	Wages	Materials	Rates
year 1	2025/26	2.2%			4.2%
year 2	2026/27	2.5%	4.5%	2.5%	4.5%
year 3	2027/28	2.5%	3.5%	2.5%	3.5%
year 4	2028/29	2.5%	3.5%	2.5%	3.5%
year 5	2029/30	2.5%	3.5%	2.5%	3.5%
year 6	2030/31	2.5%	3.5%	2.5%	3.5%
year 7	2031/32	2.5%	3.5%	2.5%	3.5%
year 8	2032/33	2.5%	3.5%	2.5%	3.5%
year 9	2033/34	2.5%	3.5%	2.5%	3.5%
year 10	2034/35	2.5%	3.5%	2.5%	3.5%

Consumer Price Index (CPI)

- The CPI represents estimated local price inflation for recurrent operational services.
- The Reserve Bank, in setting a target for economic growth, takes the position of achieving between 2%-3% as part of its Monetary Policy strategy. Following two years above the RBA's target CPI level, Adelaide CPI has dropped back to 2.2% in March 2025.

General Expenses and Capital Indexation

- The measure used to estimate cost increases of activities was based on CPI.
- New and renewal asset expenditure as per the SAMP is also indexed.

Wages

- Council's current Enterprise Bargaining Agreement is scheduled to conclude on 30 June 2025 which had an agreed increase of the greater of 2.5% or CPI.
- Wages have been indexed at CPI plus 2% for year two and CPI plus 1% for years three to ten.

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