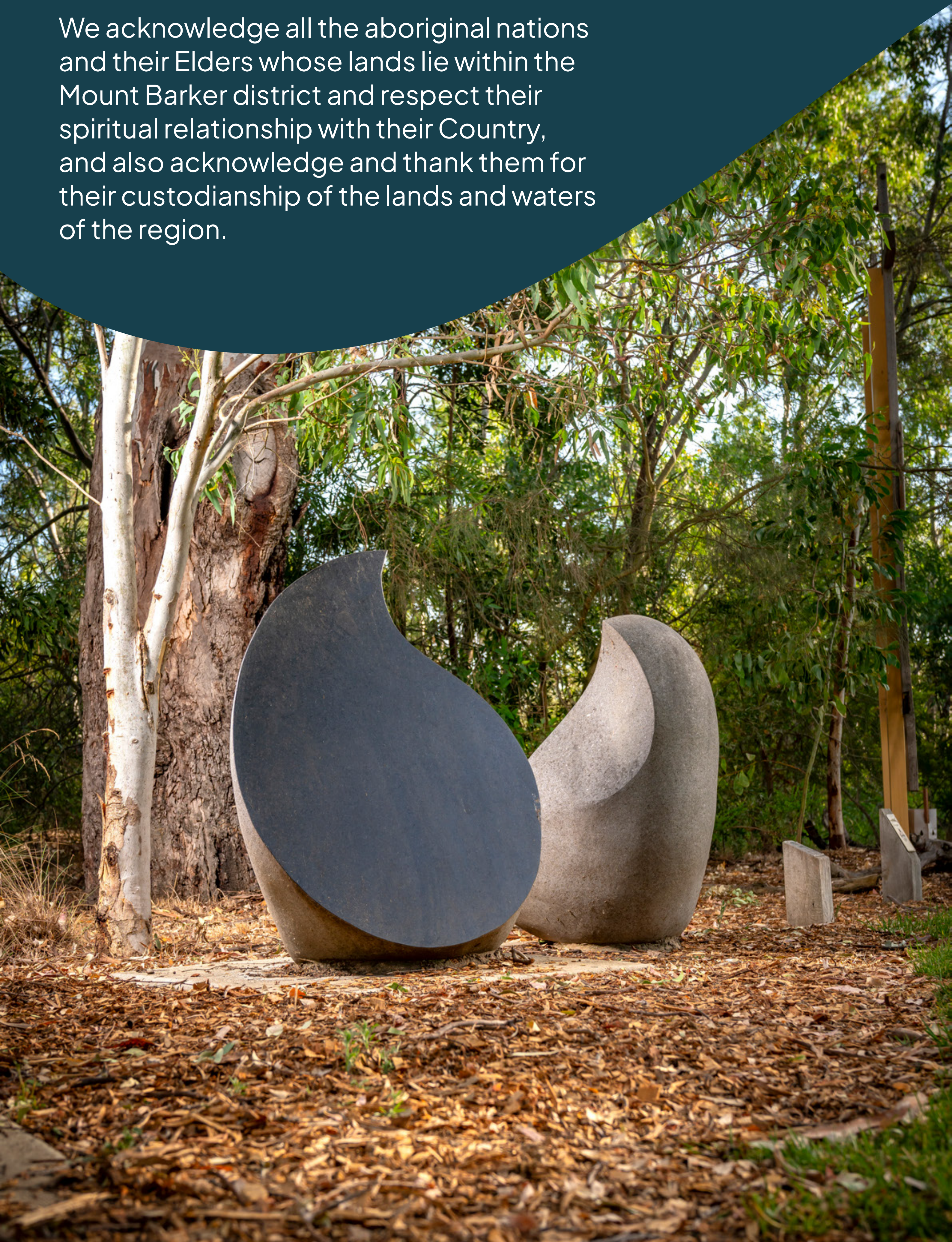
2026 - 2036

Long Term Financial Plan

Acknowledgement of Country

We acknowledge all the aboriginal nations and their Elders whose lands lie within the Mount Barker district and respect their spiritual relationship with their Country, and also acknowledge and thank them for their custodianship of the lands and waters of the region.



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Our Vision

Delivering sustainable wastewater services for the benefit of our economy, community and the environment.

We safely and sustainably preserve the environment in and around our community by conducting operations in compliance with the principles of ecologically sustainable development

We provide a safe and reliable service to protect public health and support our community's businesses, agriculture and economic growth

We are socially responsible and manage revenue collected responsibly and fairly and with integrity to provide a defined service to our community

We deliver results, focussing on safe and healthy workplaces, employee engagement, inclusion, innovation and accountability

Message from the Chair of the Board

On behalf of the Board of GMB Water, I am pleased to present the Long Term Financial Plan (LTFP) 2026 - 2036 for the Council-owned subsidiary GMB Water. The LTFP guides our future investment and operational expenditure in relation to the provision of wastewater, recycled water and bore water services to the communities we serve. It is the foundation for GMB Water's financial sustainability and ensures that decisions made support the objectives outlined in the Mount Barker District Council Community Plan 2044.

Financial sustainability means our community continues to have well maintained, reliable and safe wastewater, recycled water and bore water facilities and services. Importantly, it also supports affordable service charges for GMB Water customers both now and into the future, ensuring that the benefits and burdens are equitably distributed across generations, while supporting growth and improved environmental outcomes.

Our long-term financial management strategy has carefully considered the ongoing cost of growth, the continued maintenance of existing assets and the achievement of improved environmental outcomes.

– Mark Gobbie
Chair of the Board

Board Members

Mark Gobbie
Board Chair

Carmine Ciccocioppo
Non-Executive Director

Helen Edmonds
Executive Director

Susan Filby
Non-Executive Director

Lionel Ho
Non-Executive Director

Isabella Villani
Non-Executive Director

Correct at time of document creation.

About the GMB Water Long Term Financial Plan

Purpose of the Long Term Financial Plan

This is the Long Term Financial Plan (LTFP) for GMB Water, the wholly owned wastewater subsidiary of the Mount Barker District Council, for the period spanning 2026 – 2036. The Long Term Financial Plan provides the forward financial capacity framework to resource the community's needs and aspirations for GMB Water.

This plan aligns with the GMB Water Charter and Strategy and serves as a guide to:

- reliably and safely deliver the essential services of wastewater collection, wastewater treatment and recycled water treatment and distribution for the region; and
- realise our customers priorities for the service they receive.

In particular, this plan looks at:

- delivering the large scale investment required to meet the rapid population growth in the district;
- transitioning to a contemporary water utility, delivering wastewater and recycled water services; and
- improving environmental outcomes.

The Long Term Financial Plan serves as a roadmap for the future and provides a target for:

- future Annual Business Plans and budgets; and
- medium to long term financial sustainability balanced with fiscal responsibility.

The Long Term Financial Plan provides a 10–year forecast and is reviewed every year so it responds to, and reflects, the changing opportunities and challenges facing the community.

Hierarchy of Documents

10 YEARS Strategy	This plan outlines our vision, aspirations and values for the future. Sets our direction for delivering sustainable and resilient wastewater, recycled water and bore water service for ten years while having a view toward 2050 and beyond, understanding that the decisions we make today have a long term impact as a result of the intergenerational nature of the assets we build, operate and maintain.
10 YEARS Strategic Asset Management Plan	The Strategic Asset Management Plan (SAMP) sets the direction for how we create, operate, maintain, renew and decommission our assets to deliver safe, reliable, affordable and sustainable essential services for the community. It translates the 10 Years Strategy Asset management Objectives and levels of service to track progress against achieving organisational strategy.
10 YEARS Asset Management Plan	Asset Management Plan (AMP) sets out how we will plan, operate, maintain, renew and improve the assets that deliver wastewater, recycled water and bore water essential services across the district. The Asset Management Plan translates the asset management objectives established in the Strategic Asset Management Plan (SAMP) into lifecycle strategies, service levels, risk treatments, performance measures and funding requirements.
10 YEARS Long Term Financial Plan (this plan)	Provides the forward financial capacity framework to resource the community's needs and aspirations for wastewater and recycled water services. Anticipates and plans for fiscal challenges and opportunities and aligns with other documents to ensure GMB Water can achieve its objectives and maintain is financial sustainability in the medium to long term.
5 YEARS Corporate Plan	Sets out the actions required, and identifies the resources available, to deliver the aims and objectives as set out in the Strategy, including priorities for projects, programs and services. Included are key performance indicators and performance targets that allow us to assess how well we are performing, including financial information, levels of service and whether key milestones have been met.
1 YEAR Annual Business Plan	The key operational and financial document. Sets out the proposed annual work programs, both operational and capital, and budget. The operations budget is prepared using a bottom up analysis of activities and any increases or decreases to address identified pressures or opportunities. The capital budget is based on business cases for confirmed projects and initiative and includes indicative budgets for any projects without a business case.

What Has Changed Since the Last Long Term Financial Plan

Since the publication of the last GMB Water Long Term Financial Plan in 2025, the following changes have been made:

- GMB Water became officially operational following the transfer of ESCOSA and EPA licenses, receiving Australian Business Number and being accepted in Local Government Risk Services Insurance Scheme
- Appointment of the Chief Executive
- Establishment of the Audit and Risk Management Committee
- Signing of Design and Construct contract for the Laratinga Water Recovery Plant
- Completion of the CBD Trunk Sewer and contract award for the Central and Eastern Stage Two Trunk Sewer
- Further review and revision of key financial indicators to reflect the unique nature of the services provided
- Review and update of forecast operational and capital expenditure and associated debt, as a result of progress with major project procurement
- Updated strategic initiatives reflecting the progress made on these during the past year
- Revision of forecast service charges and infrastructure fees, reflective of updated modelling and assessment of what is required into the future to ensure GMB Water remains competitive and financially sustainable

About GMB Water

Regulation

GMB Water operates in a wider regulatory context that impacts its activities including its provision of wastewater services. The regulatory bodies most relevant to operations are:

- **Essential Services Commission of South Australia (ESCOSA)**
  ESCOSA is the economic regulator and is responsible for ensuring consumers of regulated services are adequately protected. Its role covers pricing, licensing, performance monitoring and reporting as well as compliance and scheme administration.

- **Office of the Technical Regulator (OTR)**
  OTR is responsible for the safety and performance of electrical, gas and water industries. It enforces safety measures and standards. All entities licensed by ESCOSA are required to periodically submit a Safety, Reliability, Maintenance and Technical Management Plan (SRMTM) to OTR. For water entities, the SRMTM must demonstrate compliance with the Water Industry Act 2012 and Water Industry Regulations 2012.

- **Environment Protection Authority (EPA)**
  The EPA regulates air and water quality as well as control of pollution, waste, noise and radiation. The EPA's water quality and monitoring activities aim to protect South Australian waters from the adverse impacts of pollution so they can support a variety of organisms, and sustain public health and agricultural applications.

- **SA Health**
  SA Health provides a portfolio of health-related services aimed at protecting and improving the health of South Australians. It is responsible for regulated water quality standards.

Services

GMB Water owns and operates the largest local government-run wastewater and recycled water scheme in South Australia comprising wastewater collection, wastewater treatment, bore water supply, and recycled water treatment and distribution.

GMB Water has a strong customer focus and aims to deliver an efficient and affordable service, provide customer benefit, and meet the community's expectations and aspirations for environmental sustainability.

Assets

14,964 Wastewater Customers as at 1 July 2025 =
10,808 Community Wastewater Management Systems (CWMS)
+ **4,156** Sewer

Wastewater Network =
415km of pipes + **19** pump stations

Four Wastewater treatment facilities
+ **One** recycled water treatment facility

Creek

Recycled water network =
52.1 km of pipes + **5** pump stations

Recycled Water Customers -
Municipal use + Agricultural customer
+ industry use

Strategic Initiatives

RECYCLED WATER STRATEGY IMPLEMENTATION

The implementation of the adopted recycled water strategy aims to maximise the use of recycled water. Implementation includes business development and other activities to attract customers as well as the strategic planned expansion of the recycled water network.

The strategy also promotes the well-being of communities by delivering high quality recycled water and infrastructure for irrigating open green spaces, sports facilities and other community amenities.

Economic development is another key outcome of the recycled water strategy through the provision of recycled water to maximise the use of irrigation in the agricultural, viticultural and resources industries.

ASSET MANAGEMENT MATURITY IMPROVEMENT

Robust asset management is crucial to the sustainability of GMB Water. Good asset management is an essential foundation for operating prudently and efficiently, and ensuring a reliable and safe service to customers.

The asset management maturity of GMB Water was assessed in early 2023 as being lower than desirable. In response to this assessment, and to ensure GMB Water is a well-functioning essential service provider aligned with good industry practice, a program to improve maturity of asset management practices was implemented.

This will be the fourth year of the asset management maturity improvement program and includes an independent review of progress towards our asset management maturity goal.

PROJECT MANAGEMENT IMPROVEMENT PROGRAM

GMB Water engaged an external consultant in late 2024 to collaborate with key capital project stakeholders to co-develop, design and prioritise project management improvement solutions for the subsidiary's unique needs.

This work resulted in a Project Management Maturity Roadmap which details the packaging and prioritisation of the identified improvement opportunity recommendations into 12 key areas.

Undertaking these recommended 12 improvements will strengthen and mature GMB Water's current Project Management Framework and address the improvement gaps found as part of this engagement.

The Project Management Improvement Program commenced in early 2025 and will run for approximately 18 months led by GMB Water and Mount Barker District Council.

CIRCULAR ECONOMY

GMB Water actively supports the circular economy and is undertaking multiple initiatives to reuse and recycle.

These initiatives include developing additional and new markets for biosolids reuse and recycling through compost production for use in agriculture including future proofing new assets.

GMB Water is also focused on promoting and rewarding use of recycled materials in capital project and program delivery to reduce environmental impact of construction.

Energy use is being managed responsibly by seeking opportunities to reduce emissions and adopt renewable energy as a key element in the design and decision making for new assets, and the improved operation of existing facilities.

Strategic Projects

LARATINGA WATER RECOVERY PLANT PROJECT

The new Laratinga Water Recovery Plant (LWRP) will replace the Springs Road Wastewater Treatment Plant (WWTP) with a modern treatment facility that has the capacity to cater for existing customers and future growth.

The LWRP will be based on an aerobic granular sludge (AGS) treatment process designed to achieve compliance with the conditions of EPA licence 52325 and all other legislative requirements. The LWRP will significantly improve the quality of the treated water discharged to the environment and will also have capacity for all treated water to be supplied to recycled water customers when demand matches supply.

Commissioning of the new plant is forecast for mid 2028.

SEWER TRUNK PROGRAM

The construction of five new or upgraded wastewater trunk sewers in the Mount Barker area is required so the collection network has the required capacity to cater for growth.

The sewer trunk mains are required to enable the provision of an essential public health service and to satisfy legal obligations entered into with a number of developers in the Mount Barker growth area to supply development sites with a sewer service.

The Hampden Road Sewer Main and Pump station was completed in December 2023, which was the first to be delivered followed by the Nairne Stage Two project, the Mount Barker CBD (practical completion achieved late 2025), and then the Central which is currently under construction and Eastern Stage Two which commenced February 2026.

RECYCLED WATER PROJECT

GMB Water is expanding its recycled water networks to irrigate additional parks and reserves in the growth area of Mount Barker. This expansion is being undertaken in conjunction with works being undertaken by developers. The project also involves the continued investigation of, and investment in, other productive uses for recycled water to minimise disposal to Mount Barker Creek and improve community outcomes aligned to the adopted recycled water strategy.

Grants and other funding sources are sought where possible to support this initiative and achieve the subsidiary's goal of 100% reuse of water treated at the Laratinga Water Recovery Plant within ten years of its commissioning.

RENEWALS PROGRAM

The renewals program includes renewal and replacement expenditure which is major investment that does not increase the design capacity of an asset. Expenditure is directed towards restoring, rehabilitating, replacing or renewing an existing asset to its original service potential.

This investment ensures the provision of reliable services to the community for current and future generations.

ENABLING DEVELOPMENT

To support projects like the new Mount Barker Hospital and other large projects being delivered by Mount Barker District Council, the State Government, and others, GMB Water delivers infrastructure upgrades on their behalf to ensure a safe and reliable wastewater service can be provided to these key community assets in the medium to long term.

Financial Sustainability

Our Financial Strategy

The key objective of preparing a comprehensive and informed Long Term Financial Plan (LTFP) is to enable GMB Water to maintain financial sustainability in the medium to long term whilst achieving the objectives and service levels as detailed in GMB Water's management plans.

This is especially important as Mount Barker district continues to be a key housing growth area for the Greater Adelaide region with more than 600 new homes being approved for construction annually.

While GMB Water is going through a period of intense capital expenditure that is funded by debt, it is considered financially sustainable. The basis of this position is that GMB Water will over the life of the 10 year LTFP forecast achieve a cash surplus in each of the 10 years (as represented in the "Underlying Cash Result"). Other indicators are also provided such as the achievement of 100% asset renewal for the 10 year LTFP Forecast and the achievement of a "modified operating result" surplus in each of the ten years.

Wastewater infrastructure by its very nature is a long-life infrastructure asset with the Laratinga Water Recovery Plant anticipated to have a 50–year useful life and trunk sewer mains anticipated to have useful lifespans of 80 to 100–years.

In most local government entities, debt is repaid through rates revenue. What's different about Mount Barker is that developers are contributing significant funds towards the provision of infrastructure that reduces the overall cost burden on existing customers. Some of this critical infrastructure, most notably wastewater infrastructure, needs to be delivered in advance of development with costs recouped, including interest expense, from developers over time when development occurs.

A key component of GMB Water's financial strategy involves ensuring that contributions from development growth (via Infrastructures Fees and Annual Service Charge growth) continues to put downward pressure on per connection cost to service in the medium to long term. Future iterations of this plan will be better informed by further financial modelling extending beyond the ten years to 2036 and outcomes from the pricing review which are yet to be incorporated into GMB Water's LTFP.

At present, GMB Water has pre-approval for $168 million in loans from the Local Government Finance Authority (LGFA). If GMB Water takes on higher levels of debt interest rate exposure is something that will need to be managed.

GMB Water recognises that future movements in interest rates are uncertain in direction, timing and magnitude. It considers the overall mix of both fixed and variable interest rate borrowings, so that it is able to achieve minimising net interest costs on average over the longer term and at the same time managing interest rate movement risks within acceptable limits.

The three essential elements to GMB Water's Financial Sustainability are:

- Quality Services
  - Ensure the maintenance of high priority expenditure programs, both operating and capital; (program stability) – this includes accommodating service demands as a result of development growth to ensure that GMB Water will continue to provide quality services over time to customers and the community
- Annual Services Charges
  - Ensure a reasonable degree of stability and predictability in the overall annual service charge burden; (annual service charge stability) to ensure that reasonable contributions from customers are received to fund the services provided
- Impacts on Future Generations
  - Promote fair sharing in the allocation of resources and services and the contribution between current and future customers. (intergenerational equity) – this includes the appropriate use of debt to fund intergenerational long life infrastructure assets as a result of development growth

GMB Water is considered financially sustainable when Key Financial Indicators, in particular Modified Operating Result and Operating Surplus Ratio, and to an extent Asset Renewal Ratio, are achieved in the medium to long term whilst planned long-term service and infrastructure levels and standards are met without unplanned increases in service charges or disruptive cuts to services.

Price Path

Annual Service Charges are raised to operate, maintain, improve and replace infrastructure required to provide the wastewater service. Service charges are reviewed and increased annually in line with the cost to deliver the service ensuring the ongoing financial sustainability of GMB Water.

Importantly: Annual Services Charges are set in accordance with government legislation, regulations and the National Water Initiative Pricing Principles – this results in appropriate price setting for the service provided.

The Long Term Financial Plan reflects increases in Annual Services Charges aligned to the Consumer Price Index (CPI) for sewer.

The plan includes an assumption that there will be a transition away from different service charges for Community Wastewater Management Systems (CWMS) and sewer services over a period of six years (previously five). The transition commenced in the 2024 - 2025 financial year and will result in a single district wide service charge for wastewater services from 2030 - 2031.

This change reflects the narrowing of the difference in the services provided and more truly reflects the income required to sustainably run GMB Water, and meet increasing customer and community expectations.

To successfully make this transition, the pricing pathway includes smoothing over a five-year period. The first year of this smoothing strategy began in 2024 - 2025. The increase to CWMS annual service charges for the 2026 - 2027 financial year are forecast to be 2.1% above CPI. This will result in an average additional increase above CPI of $16 per year.

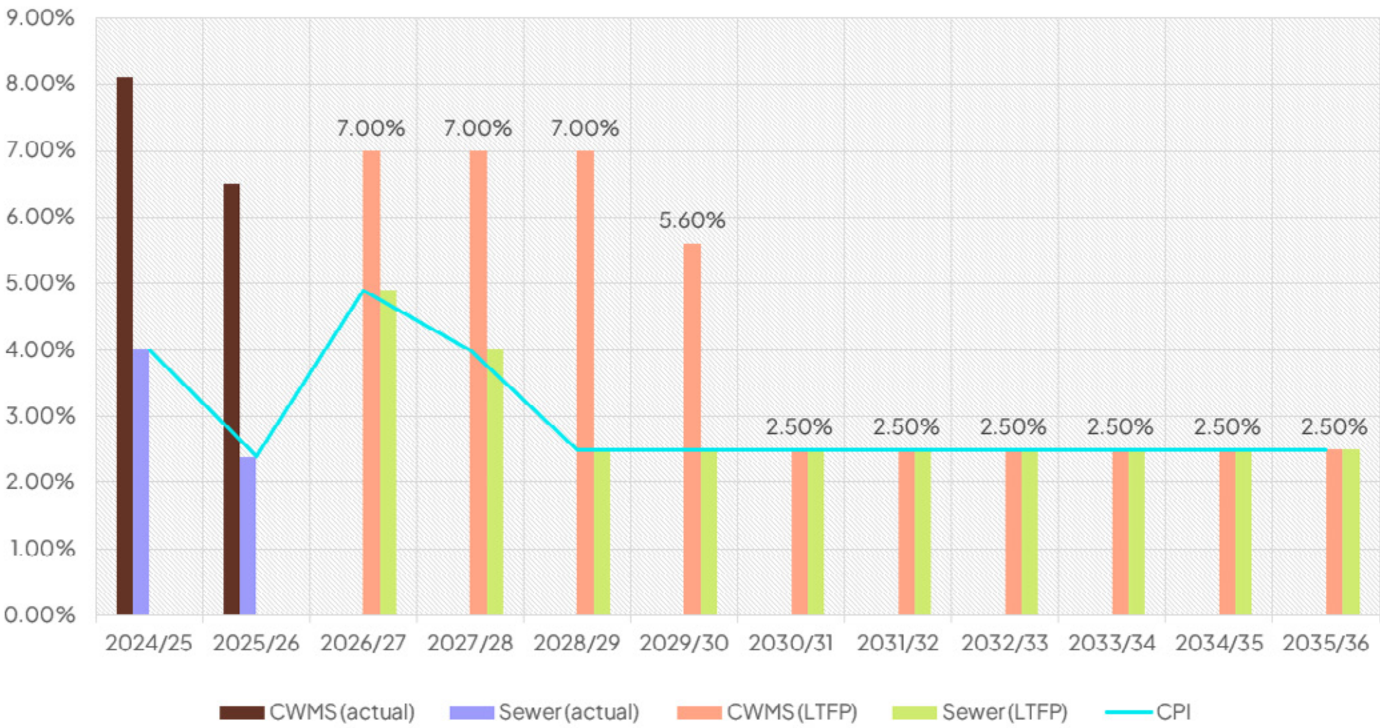


Figure 1: GMB Water's Annual Service Charges Increases

Key Financial Indicators

The Key Financial Indicators deemed by the Local Government Sector to be the best indicators for determining financial sustainability are: Operating Surplus Ratio, Net Financial Liabilities Ratio and Asset Renewals.

These indicators are also a requirement of GMB Water's annual financial reporting in accordance with Local Government legislation and regulation and have been used to prepare this LTFP.

The Key Financial Indicators however are not ideally suited to a wastewater utility that is going through a growth phase. The Board of GMB Water consider the following indicators to also be of relevance: Modified Operating Result, Debt Limit (required by LGFA special condition) and Debt Service Cover Ratio (Required by LGFA special condition).

At the time of preparing the LTFP, clarity is being sought from the LGFA as to the calculation method of the Debt Service Cover Ratio. The LGFA have previously advised that the net outflow for repayment of borrowings would form the basis on which the ratio is calculated. This methodology is self calculating, requiring from 2030 onwards GMB water to pay back an additional 25% in loans each year – which it has been confirmed by the LGFA that this was not the intent.

Included for completeness is an Interest Cover Ratio which would appear to be a likely replacement ratio for monitoring by the LGFA.

GMB Water is considered financially sustainable when Key Financial Indicators, in particular Modified Operating Result and Operating Surplus Ratio, and to an extent Asset Renewal Ratio, are achieved in the medium to long term whilst planned long-term service and infrastructure levels and standards are met without unplanned increases in service charges or disruptive cuts to services.

Operating Surplus

The operating surplus is the difference between day to day operating income and expenses. The operating surplus ratio measures the percentage that total income derived from service users (Sewer, CWMS, Recycled Water sales, Bore Water Sales and other general income) is enough to cover the day to day operating expense of GMB Water for each period.

A negative result indicates that other funding sources such as debt are required to cover day to day operations. Operating deficits can be appropriate in the short term to cater for fluctuations in revenues or expenses, or significant economic conditions, as long as there is an appropriate roadmap to progressively return to a surplus and achieve financial sustainability. A high negative result indicates the need to pay down debt.

CALCULATION
Operating surplus (excluding capital revenue) as a percentage of total operating revenue (excluding capital revenue).

TARGET
Between 3% and 7%.

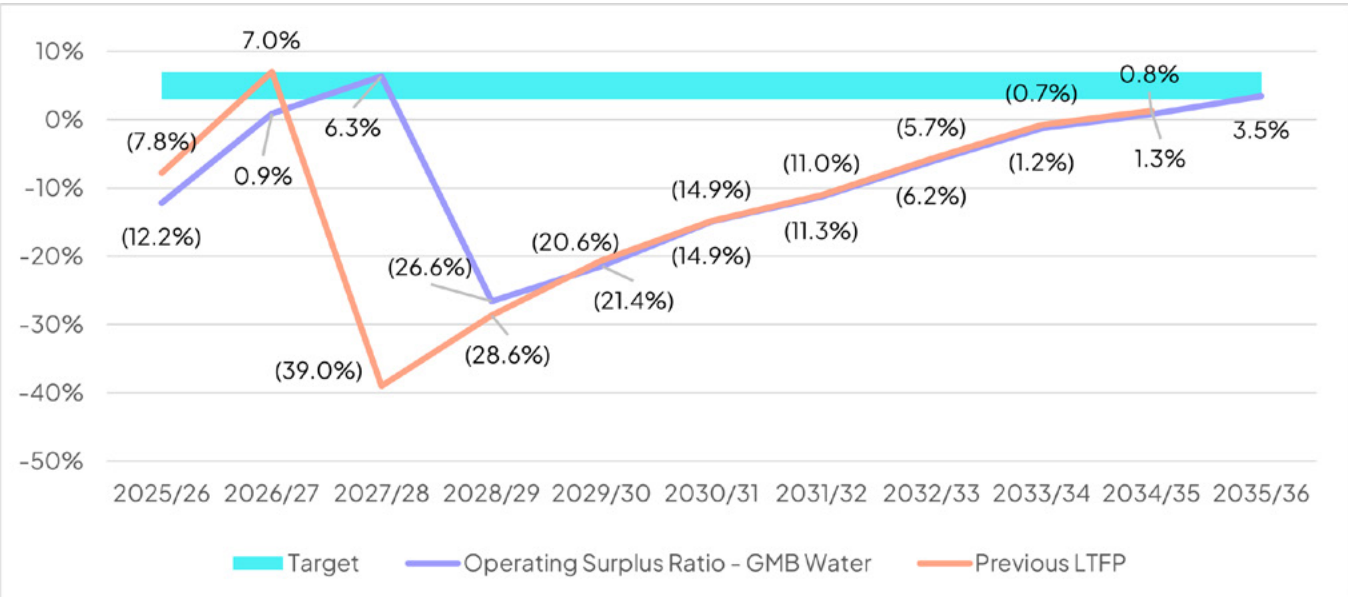


Figure 2: GMB Water's Operating Surplus

ANALYSIS:

The target is achieved in 2028 only with 2029 representing first full year of LWRP operations generating a significant loss. As a result of growth (driver for Infrastructure Fees and Annual Service Charges), the ratio through the life of the LTFP improves year on year with a surplus achieved in 2035/36. Projections outside the ten year time frame of the LTFP indicate a return to inside the range in 2036/37.

Net Financial Liabilities Ratio

Net financial liabilities is what is owed to others, less cash on hand, less money owed to GMB Water. The net financial liabilities ratio measures the net amount owed to others compared to income as a percentage.

GMB Water requires high capital investment which will be repaid over time. As a utility which is experiencing high growth, it is reasonable to expect to have a higher net financial liabilities ratio due to the need to borrow money to fund infrastructure spending and facilitate intergenerational equity (i.e services are funded by those who utilise/benefit from them).

This ratio does not included capital revenue such as developer contributions that will ultimately fund a significant portion of growth related infrastructure. The repayment pathway for debt associated with intergenerational projects is aligned to development and is not as heavily reliant on annual service charges.

CALCULATION:

This is demonstrated by dividing net financial liabilities by total operating revenue.

TARGET

Less than or equal to 500%.

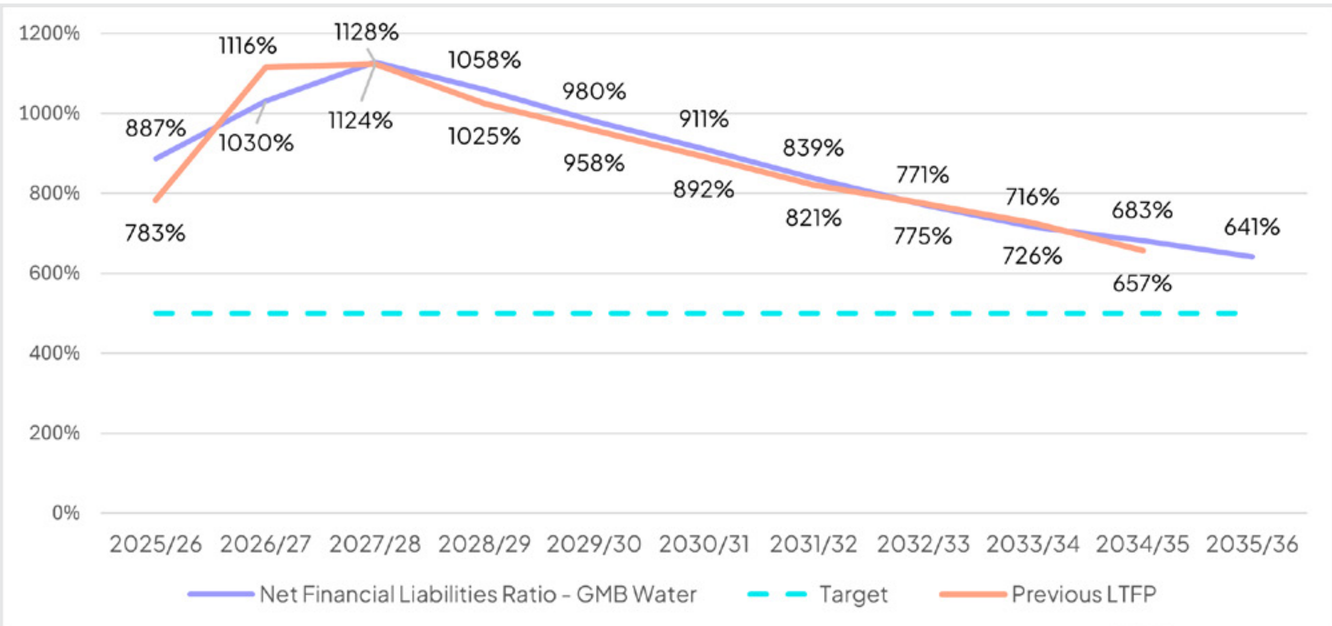


Figure 3: GMB Water's Net Financial Liabilities

ANALYSIS:

GMB Water exceeds the 500% Net Financial Liability ratio target due to significant investment in both new and upgraded assets during the first three years of the LTFP to 2028/29. These projects will initially be funded by reserves, but predominantly by borrowings, that will largely be repaid over the medium to long term. Projections outside the ten year time frame of the LTFP indicate a return to inside the range in 2037/38.

Asset Renewal Ratio

This financial indicator is useful in determining if GMB Water is maintaining, renewing and replacing its assets in line with its Asset Management plan.
The GMB Water Asset Management plan is currently being refreshed and will provide the basis for the denominator in future iterations of the LTFP.

CALCULATION:

This is demonstrated by dividing total capital renewal expenditure by planned expenditure included in Asset Management Plans.

TARGET:

100% of expenditure against adoption

Figure 4: GMB Water's Asset Renewal

RESULT

GMB Water is planning to achieve 100% of the renewals as outlined in the Strategic Asset Management Plan 2026–2036.

This is unchanged from the previous iteration of the LTFP.

Modified Operating Result

The Modified Operating Result considers GMB Water's surplus position after removing interest expense, depreciation on contributed assets and includes cost of capital.

The calculation helps determine the appropriateness of Annual Service Charge setting.

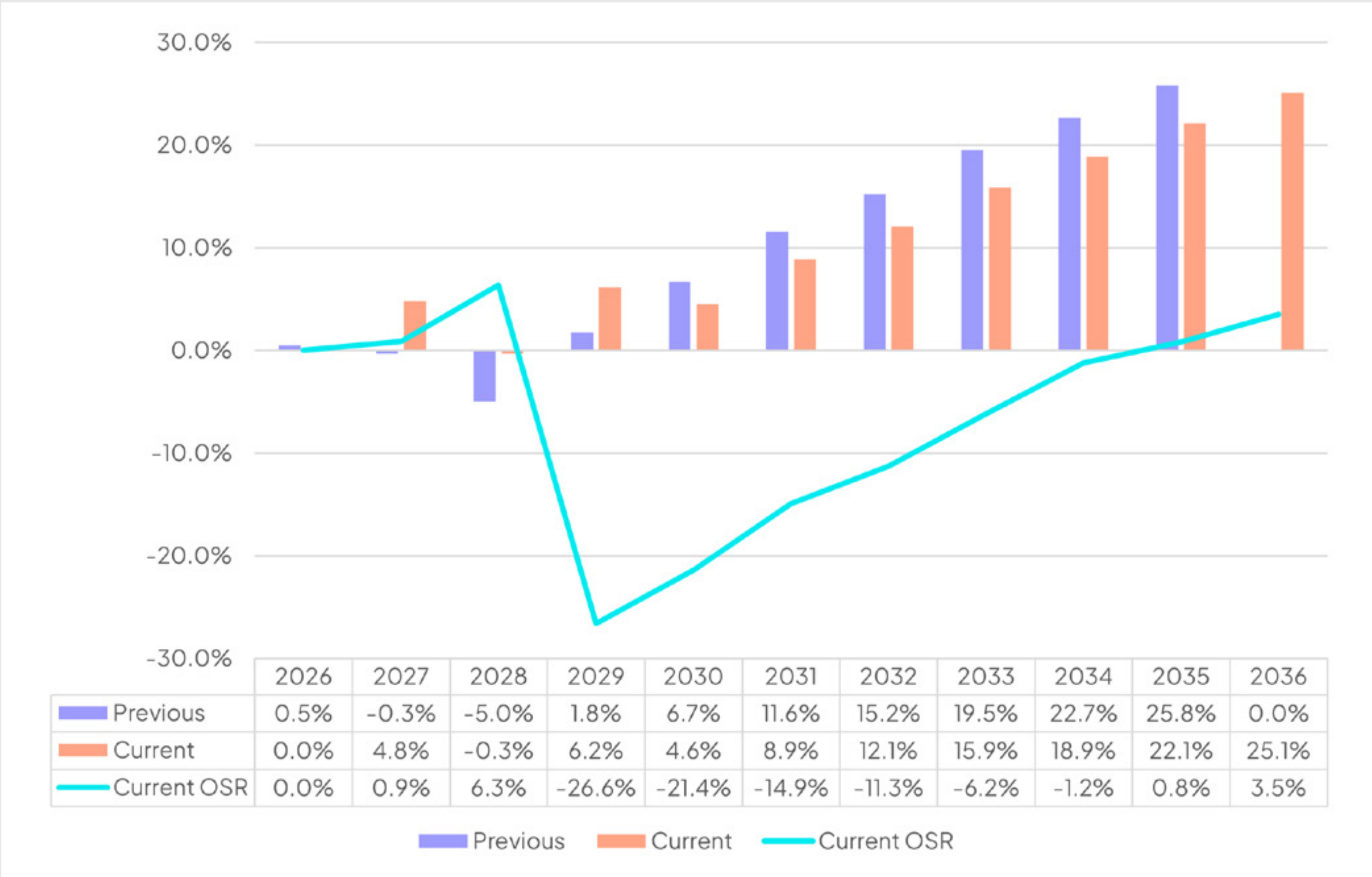
The difference in calculation between the Modified Operating Result and Operating Surplus Ratio is the removal of interest, depreciation on contributed assets and the inclusion of cost of capital for the Modified Operating Ratio where as the Operating Surplus Ration utilised the statutory accounting result.

CALCULATION:

Modified Operating surplus / Total operating revenue.

TARGET:

Greater than or equal to 0% in the medium to long term



	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Previous	0.5%	-0.3%	-5.0%	1.8%	6.7%	11.6%	15.2%	19.5%	22.7%	25.8%	0.0%
Current	0.0%	4.8%	-0.3%	6.2%	4.6%	8.9%	12.1%	15.9%	18.9%	22.1%	25.1%
Current OSR	0.0%	0.9%	6.3%	-26.6%	-21.4%	-14.9%	-11.3%	-6.2%	-1.2%	0.8%	3.5%

Figure 5: GMB Water's Modified Operating Surplus

ANALYSIS

Target achieved for nine out of ten years of the LTFP. Movement from prior years reflects additional operating costs included to support connection growth.

Debt

Borrowing money to make purchases over time means current and future wastewater customers are contributing to the costs of providing a wastewater service they're using and benefiting from.

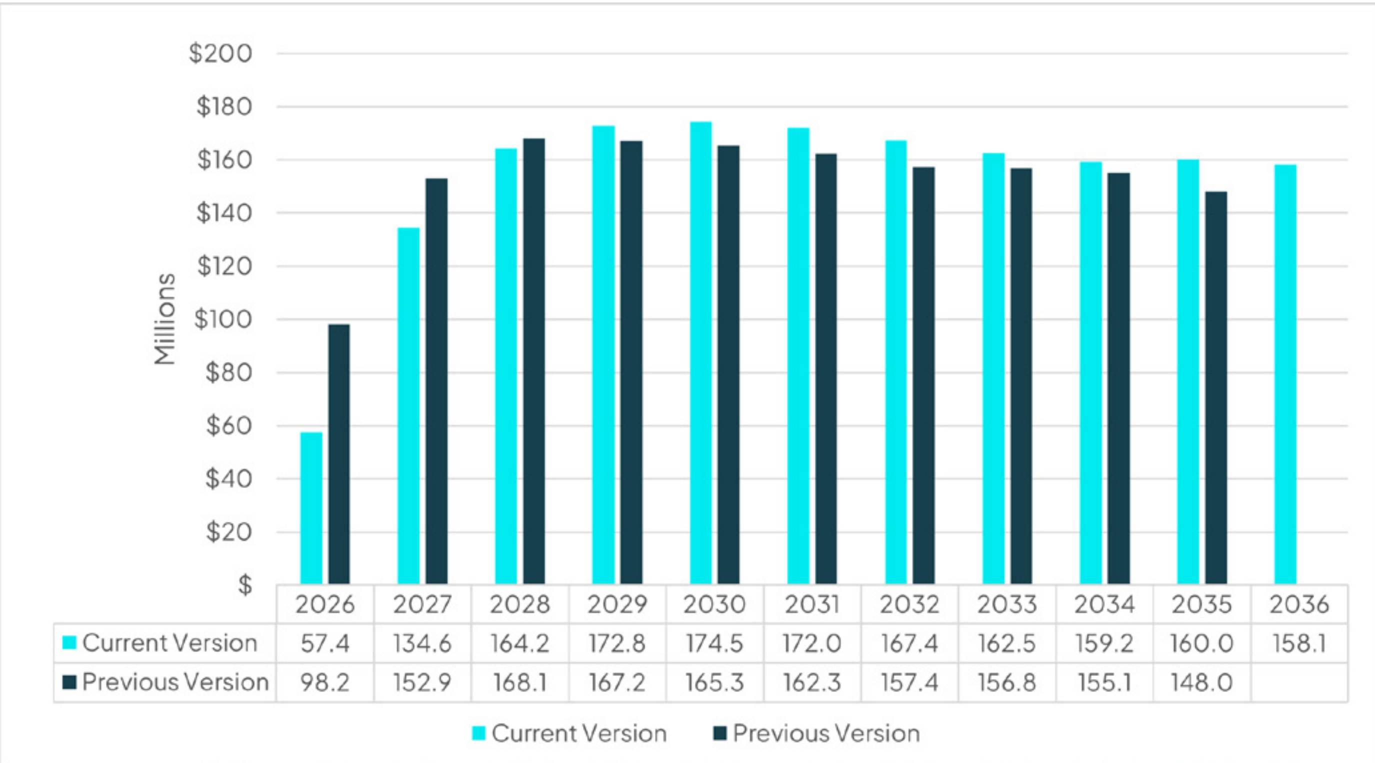
A long term view of debt should be taken to achieve intergenerational equity so that the customers using the service pay for the service.

CALCULATION:

Debt level as at the end of each financial year

TARGET:

Less than or equal to $168 million. (LGFA required special condition)



	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Current Version	57.4	134.6	164.2	172.8	174.5	172.0	167.4	162.5	159.2	160.0	158.1
Previous Version	98.2	152.9	168.1	167.2	165.3	162.3	157.4	156.8	155.1	148.0	

Figure 6: GMB Water's Long Term Debt

ANALYSIS

The LTFP has peak debt in 2030 reflecting completion of the intense capital expenditure period. The movement of peak debt from 2028 reflects updated capital expenditure timing largely impacted by construction of the Laratinga Water Recovery Plant. From 2030 onwards, debt is forecast to reduce over the balance of the LTFP as a result of forecast connection growth and development combined with repayment of the debt. Debt reduction is expected to continue beyond the 10-year forecast included in the LTFP.

Interest Service Cover Ratio

This indicates how well GMB Water's operating revenues cover interest costs without relying on:

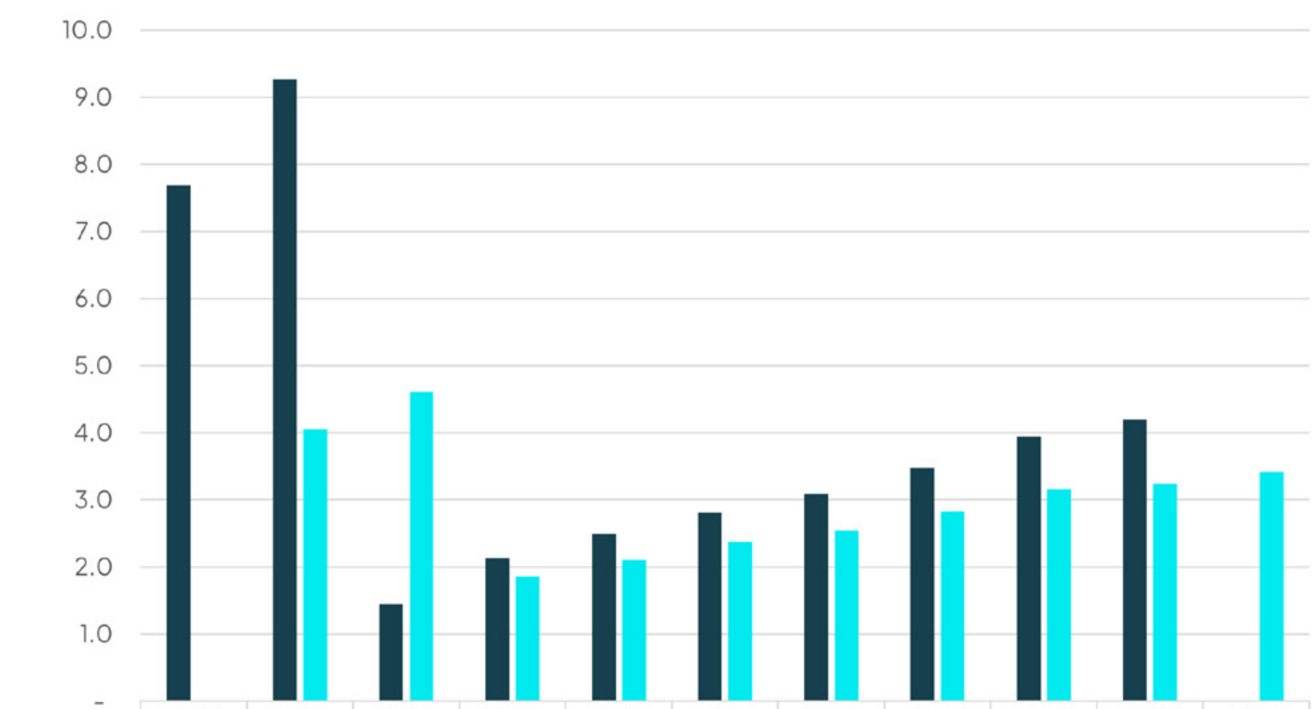
- borrowing,
- asset sales,
- reserves.

CALCULATION:

The ratio is calculated using EBITDA over the finance costs for the period.

TARGET:

To be determined. An interest cover ratio of two or above indicates a strong ability to service debt.



	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Previous	7.7	9.3	1.4	2.1	2.5	2.8	3.1	3.5	3.9	4.2	-
Current	-	4.0	4.6	1.9	2.1	2.4	2.5	2.8	3.2	3.2	3.4

Previous Current

Figure 7: GMB Water's Interest Service Cover Ratio

ANALYSIS

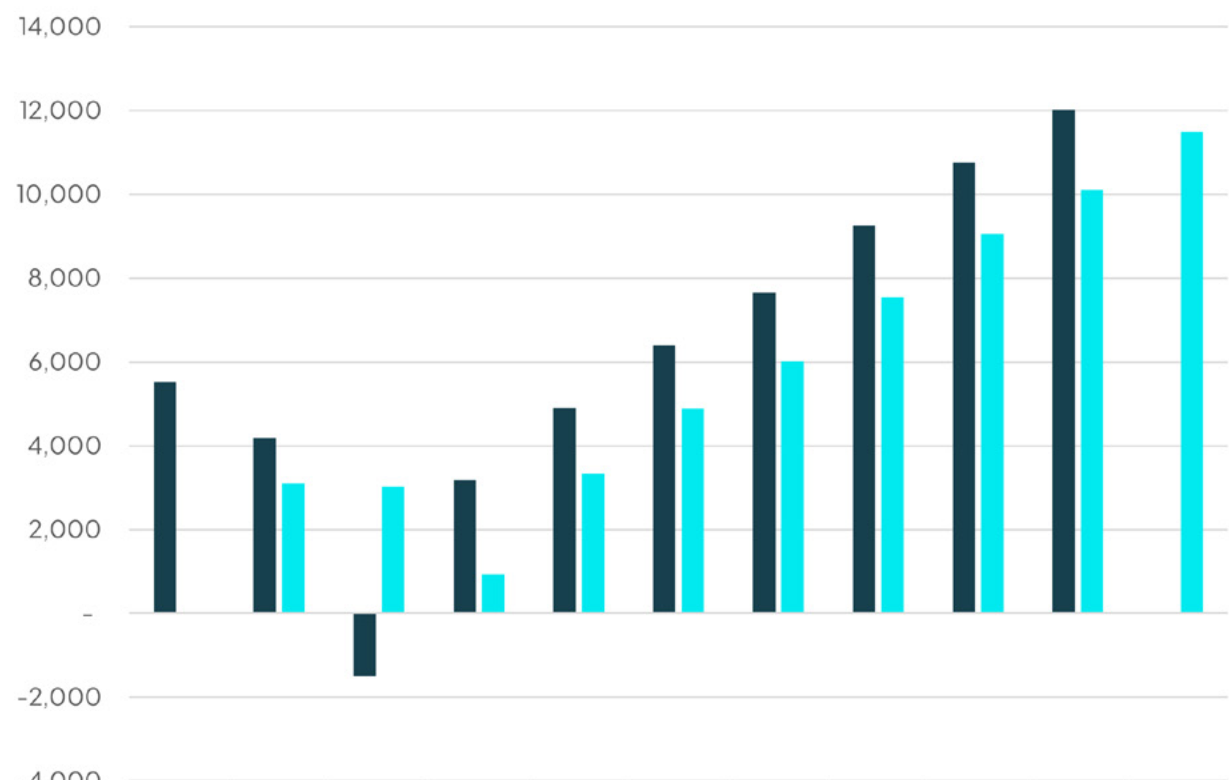
Ratio above two achieved in nine out of ten years in the LTFP.

Underlying Cash Result

This calculation assists in determining GMB Water's capacity to pay back debt and fund capital expenditure requirements including infrastructure renewal.

CALCULATION:

The Underlying Cash Result considers GMB Water's surplus position after removing depreciation and includes cost of capital, infrastructure fee revenue and capital grant revenue.



	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Previous	5,51	4,17	-1,49	3,18	4,89	6,39	7,66	9,24	10,7	12,0	-
Current	-	3,10	3,03	933	3,32	4,88	6,01	7,53	9,05	10,0	11,4

Figure 8: GMB Water's Underlying Cash Result

ANALYSIS

Underlying annual cash surpluses are achieved in all ten years indicating that GMB Water has sufficient cashflows to repay debt.

Financial Assumptions and Statements

Operating Income

WASTEWATER ANNUAL SERVICE CHARGES

Wastewater Annual Service Charges have been modelled based on a full cost recovery basis, this ensures ongoing financial sustainability of GMB Water.

The price path ensures wastewater assets can be renewed and maintained as per the updated Asset Management Plan and allows for the full cost recovery of wastewater services from the customers that have access to the service.

A transition away from differential service charges for CWMS and Sewer customers reflects the narrowing of the differences in the cost to provide these services.

The CWMS annual service charge increase has been modelled to be CPI plus an average of 3.2% for four more year, once aligned with the sewer annual service charge, annual increases will be CPI.

USER CHARGES INCLUDING SALES OF RECYCLED WATER AND BORE WATER

User Charges including sales of Recycled Water and Bore water have been indexed in line with forecast CPI over the 10 year period. The average annual increase over the period of the plan is forecasted to be 2.5%.

Growth in assessments has been forecast to be between 3% and 4% annually over the period of the plan. The basis of this assumption has been prepared by the city development team based on historical trend, lodged applications, developer sentiment and expected activity in the region.

Operating Expenditure

EMPLOYEE COSTS

Employee costs has been indexed in line with forecast CPI increases and growth over the 10 year period of the plan.

MATERIALS, CONTRACTS AND OTHER EXPENDITURE

Materials, contracts and other expenditure has been indexed in line with forecast CPI increases and growth over the 10 year period of the plan.

OTHER COSTS

Other costs indexed in line with forecast CPI.

FINANCE COSTS

Interest on debt.

COST OF CAPITAL

Cost of capital is calculated by applying the real interest rate (nominal interest rate adjusted for inflation) to the regulated asset base to calculate the return on investment to Council (from GMB Water) for Wastewater assets. The regulated asset base is the written down value of assets the Wastewater Service has had to fund acquisition of, it does not include assets paid for by grants or developers (gifted or developer contributions). Interest on assets funded by debt is paid separately to the Local Government Finance Authority or Council and is represented in the financial statements as finance costs

Capital Expenditure

ASSET RENEWAL

Asset renewal is provisioned to allow for wastewater to achieve requirements of the adopted Strategic Asset Management Plan. Both the Strategic Asset Management Plan and the renewal expenditure included in the plan are indexed by forecast Road and Bridges index.

NEW CAPITAL

New capital included in the plan is based on the GMB Water Corporate and Strategic plans and is modelled to achieve the objectives of these plans in a financially sustainable manner. Amounts are indexed based on forecast Road and Bridges index.

Capital Revenue

RECYCLED WATER GRANTS

No grants have been assumed in this plan.

DEVELOPER CONTRIBUTIONS

Developer Contributions (Infrastructure Fee) raised to fund essential infrastructure works to meet the wastewater service growth needs. Infrastructure fees annual increases are based on the Road and Bridges index with an additional percentage if appropriate in line with updated estimates to provide infrastructure for growth and developer deeds.

Sector specific fees are being developed to improve transparency in pricing and to enable forecasting of cost recovery in alignment with the National Water initiatives beneficiary pays principles.

Balance Sheet

ASSET
Assets such as trade and other receivables, inventories and equity accounted investments have all been modelled based on historical averages, with no significant variances expected over the period of the plan.

INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT
Infrastructure, property, plant and equipment are modelled based on the cumulative effect of depreciation, capital expenditure, asset disposals and adjustments made to maintain valuations at fair value.

LIABILITIES
Liabilities such as trade and other payables and provisions, have been modelled based on historical averages for Council and GMB Water, with no significant variances expected over the period of the plan.

BORROWINGS
Borrowings are modelled based on the cumulative effect of operating surpluses, capital expenditure and revenue. For the purpose of preparing the LTFP, it is assumed that the Local Government Finance Authority (LGFA) or other lending institution will provide finance as outlined.

Indices

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
CPI	4.90%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Connection Growth	3.85%	3.71%	3.58%	3.45%	3.62%	3.49%	3.37%	3.26%	3.16%	2.89%
Annual Service Charge (CWMS)	7.00%	7.00%	7.00%	5.60%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Annual Service Charge (Sewer)	4.90%	4.60%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Borrowing Rate	5.95%	5.50%	5.00%	4.25%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Employee Costs	4.00%	2.80%	2.60%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Road and Bridge Construction Index	5.90%	5.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Infrastructure Fees (Deed)	5.90%	5.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Infrastructure Fee (CWMS/ Sewer)	5.90%	5.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%

Table 1: GMB Water's Forecast

FORECAST ESCALATION AND RATES WERE CALCULATED AS FOLLOWS:

Consumer Price Index (CPI) – Adelaide March 2026: with forecast mid-point RBA range

Road and Bridge Construction - historical average differential to CPI

Employee costs – Forecast September CPI

Borrowing Costs - Historical average differential to standard variable rate informed by Deloitte forecasts

Connections Growth – As per detailed bottom up projections

Infrastructure Fees – Deed/Agreement - increase aligns with recovery of costs on a beneficiary pays basis for new and upgraded infrastructure

Infrastructure Fees – CWMS/ Sewer (Non Deed) increase aligns with recovery of costs associated with infrastructure servicing potential infill, latent capacity and planning for the future on a beneficiary pays basis

Annual Service Charges - reflective of cost inputs and removal of differential charging for CWMS and Sewer customers

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME	From 1 Dec 2025 BR3/FOR	Draft Budget									
	2025/26 $'000	2026/27 $'000	2027/28 $'000	2028/29 $'000	2029/30 $'000	2030/31 $'000	2031/32 $'000	2032/33 $'000	2033/34 $'000	2034/35 $'000	2035/36 $'000
Income											
Rates	6,936	13,180	14,558	15,922	17,225	18,255	19,326	20,445	21,609	22,819	24,075
Statutory Charges	167	224	230	235	241	247	254	260	266	273	280
User Charges	190	351	364	376	389	403	417	432	447	462	449
Reimbursements	84	93	97	99	101	104	106	108	111	113	115
Total Income	**7,377**	**13,848**	**15,248**	**16,633**	**17,957**	**19,009**	**20,103**	**21,245**	**22,433**	**23,667**	**24,918**
Expenses											
Employee Costs	1,340	2,999	3,248	3,438	3,631	3,825	4,166	4,371	4,577	4,785	4,994
Materials, Contracts & Other Expenses	2,166	5,250	5,460	5,591	5,723	5,854	6,014	6,146	6,277	6,409	6,541
Depreciation, Amortisation & Impairment	3,455	3,215	3,375	3,604	5,069	5,240	5,401	5,530	5,692	5,889	6,153
Finance Costs	1,313	2,263	2,197	8,425	7,379	6,930	6,788	6,507	6,164	6,386	6,362
Net loss - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	**8,274**	**13,727**	**14,279**	**21,059**	**21,802**	**21,849**	**22,368**	**22,553**	**22,711**	**23,469**	**24,051**
Operating Surplus / (Deficit)	**(897)**	**121**	**968**	**(4,426)**	**(3,845)**	**(2,840)**	**(2,266)**	**(1,308)**	**(278)**	**198**	**868**
Asset Disposal & Fair Value Adjustments	(934)	(678)	(285)	(285)	(876)	(639)	(619)	(780)	(751)	(752)	(752)
Amounts Received Specifically for New/Upgraded Asse	4,171	3,410	3,557	7,055	7,302	7,558	7,822	8,174	8,474	8,770	9,075
Physical Resources Received Free of Charge	3,088	3,416	2,762	2,855	2,948	3,041	3,135	3,228	3,321	3,414	3,507
Cost of Capital	(2,618)	(3,533)	(4,672)	(4,909)	(4,794)	(4,654)	(4,506)	(4,405)	(4,365)	(4,274)	(4,105)
Net Surplus / (Deficit)	**2,810**	**2,736**	**2,330**	**290**	**735**	**2,466**	**3,566**	**4,908**	**6,401**	**7,356**	**8,593**
Other Comprehensive Income											
Amounts which will not be reclassified subsequently to operating result											
Changes in Revaluation Surplus - I,PP&E	0	1,629	2,236	2,486	2,517	2,537	2,548	2,552	2,566	2,604	2,678
Total Other Comprehensive Income	**0**	**1,629**	**2,236**	**2,486**	**2,517**	**2,537**	**2,548**	**2,552**	**2,566**	**2,604**	**2,678**
Total Comprehensive Income	**2,810**	**4,365**	**4,565**	**2,776**	**3,252**	**5,003**	**6,114**	**7,461**	**8,967**	**9,960**	**11,271**

GMB Water Financial Statements

STATEMENT OF FINANCIAL POSITION	BR3/FOR	Draft Budget									
	2025/26 $'000	2026/27 $'000	2027/28 $'000	2028/29 $'000	2029/30 $'000	2030/31 $'000	2031/32 $'000	2032/33 $'000	2033/34 $'000	2034/35 $'000	2035/36 $'000
ASSETS											
Current Assets											
Cash & Cash Equivalents	500	500	500	500	500	500	500	500	500	500	500
Total Current Assets	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**
Non-Current Assets											
Infrastructure, Property, Plant & Equipment	249,154	330,697	364,568	371,442	374,589	376,767	378,334	380,988	386,810	397,684	407,101
Total Non-Current Assets	**249,154**	**330,697**	**364,568**	**371,442**	**374,589**	**376,767**	**378,334**	**380,988**	**386,810**	**397,684**	**407,101**
TOTAL ASSETS	**249,654**	**331,197**	**365,068**	**371,942**	**375,089**	**377,267**	**378,834**	**381,488**	**387,310**	**398,184**	**407,601**
LIABILITIES											
Current Liabilities											
Trade & Other Payables	8,265	8,265	7,949	3,435	1,641	1,238	1,310	1,385	1,462	1,543	1,628
Provisions	252	252	273	289	307	325	344	363	384	405	427
Total Current Liabilities	**8,517**	**8,517**	**8,222**	**3,725**	**1,948**	**1,563**	**1,654**	**1,748**	**1,846**	**1,948**	**2,055**
Non-Current Liabilities											
Borrowings	57,422	134,600	164,199	172,792	174,462	172,020	167,381	162,477	159,232	160,042	158,079
Provisions	24	24	26	28	30	32	33	35	37	39	41
Total Non-Current Liabilities	**57,446**	**134,625**	**164,225**	**172,820**	**174,492**	**172,051**	**167,414**	**162,513**	**159,269**	**160,081**	**158,121**
TOTAL LIABILITIES	**65,963**	**143,142**	**172,447**	**176,545**	**176,440**	**173,614**	**169,068**	**164,261**	**161,116**	**162,030**	**160,175**
Net Assets	**183,690**	**188,056**	**192,621**	**195,398**	**198,649**	**203,652**	**209,766**	**217,227**	**226,194**	**236,154**	**247,426**
EQUITY											
Accumulated Surplus	2,810	5,547	7,876	8,166	8,901	11,367	14,933	19,842	26,243	33,599	42,192
Asset Revaluation Reserves	79,348	80,977	83,213	85,699	88,216	90,753	93,301	95,853	98,420	101,024	103,702
Other Reserves	(29,842)	(55,845)	(53,796)	(33,495)	(10,144)	14,023	40,203	67,826	95,126	118,012	141,956
Contributed Equity	101,532	101,532	101,532	101,532	101,532	101,532	101,532	101,532	101,532	101,532	101,532
Total Equity	**183,690**	**188,056**	**192,621**	**195,398**	**198,649**	**203,652**	**209,766**	**217,227**	**226,194**	**236,154**	**247,426**

GMB Water Financial Statements

STATEMENT OF CASH FLOWS	BR3/FOR 2025/26 $'000	Draft Budget 2026/27 $'000	2027/28 $'000	2028/29 $'000	2029/30 $'000	2030/31 $'000	2031/32 $'000	2032/33 $'000	2033/34 $'000	2034/35 $'000	2035/36 $'000
Cash Flows from Operating Activities											
Receipts:											
Rates Receipts	6,936	13,180	14,558	15,922	17,225	18,255	19,326	20,445	21,609	22,819	24,075
Statutory Charges	167	224	230	235	241	247	254	260	266	273	280
User Charges	190	351	364	376	389	403	417	432	447	462	449
Reimbursements	84	93	97	99	101	104	106	108	111	113	115
Payments:											
Payments to Employees	(1,340)	(2,999)	(3,225)	(3,420)	(3,612)	(3,805)	(4,145)	(4,349)	(4,554)	(4,761)	(4,970)
Payments for Materials, Contracts & Other Expenses	(3,535)	(4,578)	(4,657)	(8,952)	(6,921)	(5,391)	(5,022)	(5,278)	(5,344)	(5,440)	(5,535)
Finance Payments	(1,313)	(2,263)	(2,197)	(8,425)	(7,379)	(6,930)	(6,788)	(6,507)	(6,164)	(6,386)	(6,362)
Net Cash provided (or used in) Operating Activities	**1,190**	**4,008**	**5,169**	**(4,164)**	**45**	**2,884**	**4,147**	**5,111**	**6,371**	**7,080**	**8,051**
Cash Flows from Investing Activities											
Receipts:											
Amounts Received Specifically for New/Upgraded Asse	4,171	3,410	3,557	7,055	7,302	7,558	7,822	8,174	8,474	8,770	9,075
Sale of Replaced Assets											
Payments:											
Expenditure on Renewal/Replacement of Assets	(16,575)	(31,685)	(13,541)	(1,865)	(1,602)	(211)	(286)	(1,334)	(2,515)	(1,819)	(243)
Expenditure on New/Upgraded Assets	(35,703)	(48,029)	(18,707)	(3,272)	(1,149)	(1,628)	(1,000)	(1,070)	(3,112)	(8,927)	(9,141)
Net Cash provided (or used in) Investing Activities	**(48,107)**	**(76,304)**	**(28,691)**	**1,918**	**4,551**	**5,718**	**6,537**	**5,771**	**2,846**	**(1,975)**	**(310)**
Cash Flows from Financing Activities											
Receipts:											
Proceeds from Borrowings	47,417	72,296	23,523	2,246	-	-	-	-	-	-	-
Payments:											
Repayments of Borrowings	-	-	-	-	(4,596)	(8,601)	(10,684)	(10,881)	(9,217)	(5,105)	(7,742)
Net Cash Flow provided (used in) Financing Activities	**47,417**	**72,296**	**23,523**	**2,246**	**(4,596)**	**(8,601)**	**(10,684)**	**(10,881)**	**(9,217)**	**(5,105)**	**(7,742)**
Net Increase/(Decrease) in Cash & Cash Equivalents	**500**	**-**	**0**	**(0)**	**-**	**-**	**0**	**-**	**(0)**	**(0)**	**-**
plus: Cash & Cash Equivalents - beginning of year	**-**	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**
Cash & Cash Equivalents - end of the year	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**	**500**

GMB Water Financial Statements

STATEMENT OF CHANGES IN EQUITY	BR3/FOR	Draft Budget									
	2025/26 $'000	2026/27 $'000	2027/28 $'000	2028/29 $'000	2029/30 $'000	2030/31 $'000	2031/32 $'000	2032/33 $'000	2033/34 $'000	2034/35 $'000	2035/36 $'000
Opening Balance	180,880	183,690	188,056	192,621	195,398	198,649	203,652	209,766	217,227	226,194	236,154
Net Surplus / (Deficit) for Year	2,810	2,736	2,330	290	735	2,466	3,566	4,908	6,401	7,356	8,593
Other Comprehensive Income											
- Gain (Loss) on Revaluation of I,PP&E	0	1,629	2,236	2,486	2,517	2,537	2,548	2,552	2,566	2,604	2,678
Other Comprehensive Income	0	1,629	2,236	2,486	2,517	2,537	2,548	2,552	2,566	2,604	2,678
Total Comprehensive Income	**2,810**	**4,365**	**4,565**	**2,776**	**3,252**	**5,003**	**6,114**	**7,461**	**8,967**	**9,960**	**11,271**
Equity - Balance at end of the reporting period	**183,690**	**188,056**	**192,621**	**195,398**	**198,649**	**203,652**	**209,766**	**217,227**	**226,194**	**236,154**	**247,426**

UNIFORM PRESENTATION OF FINANCES	BR3/FOR	Draft Budget									
	2025/26 $'000	2026/27 $'000	2027/28 $'000	2028/29 $'000	2029/30 $'000	2030/31 $'000	2031/32 $'000	2032/33 $'000	2033/34 $'000	2034/35 $'000	2035/36 $'000
Operating Activities											
Income	7,377	13,848	15,248	16,633	17,957	19,009	20,103	21,245	22,433	23,667	24,918
less Expenses	(8,274)	(13,727)	(14,279)	(21,059)	(21,802)	(21,849)	(22,368)	(22,553)	(22,711)	(23,469)	(24,051)
Operating Surplus / (Deficit)	**(897)**	**121**	**968**	**(4,426)**	**(3,845)**	**(2,840)**	**(2,266)**	**(1,308)**	**(278)**	**198**	**868**
Capital Activities											
less (Net Outlays) on Existing Assets											
Capital Expenditure on Renewal/Replacement of Existir	(16,575)	(31,685)	(13,541)	(1,865)	(1,602)	(211)	(286)	(1,334)	(2,515)	(1,819)	(243)
add back Depreciation, Amortisation and Impairment	3,455	3,215	3,375	3,604	5,069	5,240	5,401	5,530	5,692	5,889	6,153
add back Proceeds from Sale of Replaced Assets	-	-	-	-	-	-	-	-	-	-	-
(Net Outlays) on Existing Assets	**(13,120)**	**(28,470)**	**(10,166)**	**1,739**	**3,467**	**5,029**	**5,115**	**4,196**	**3,178**	**4,071**	**5,910**
less (Net Outlays) on New and Upgraded Assets											
Capital Expenditure on New and Upgraded Assets	(35,703)	(48,029)	(18,707)	(3,272)	(1,149)	(1,628)	(1,000)	(1,070)	(3,112)	(8,927)	(9,141)
add back Amounts Received Specifically for New and	4,171	3,410	3,557	7,055	7,302	7,558	7,822	8,174	8,474	8,770	9,075
(Net Outlays) on New and Upgraded Assets	**(31,532)**	**(44,619)**	**(15,150)**	**3,783**	**6,153**	**5,929**	**6,822**	**7,104**	**5,361**	**(157)**	**(66)**
Net Lending / (Borrowing) for Financial Year	**(45,548)**	**(72,968)**	**(24,348)**	**1,097**	**5,775**	**8,118**	**9,672**	**9,992**	**8,261**	**4,112**	**6,711**

Amounts Included From Asset Management Plan

Long Term Financial Plan	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Renewals	37,276,002	15,171,921	2,027,313	1,682,563	215,228	283,339	1,286,690	2,370,325	1,653,428	215,228
Growth	43,115,143	15,820,48	2,987,585	1,563,748	1,938,061	1,325,000	1,325,000	2,735,000	7,232,600	7,412,600
Maintenance and Operations	4,744,101	4,804,622	4,856,586	4,906,938	4,955,769	5,155,449	5,204,887	5,252,957	5,299,736	5,345,286

Table 2: Budgeted Expenditures Accommodated in LTFP (26/27 present day value - $'000s)

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