

# 2025 – 2035 Long Term Financial Plan





# Acknowledgement of Country

We acknowledge all the aboriginal nations and their Elders who's 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.









## Message from the Chair of the Board

On behalf of the inaugural Board of GMB Water, I am proud to present the Long Term Financial Plan (LTFP) 2025 – 2035 for the Council-owned subsidiary GMB Water. The LTFP guides our future actions and activities in relation to the provision of wastewater, recycled water and bore water services to the community. 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 is critical. It 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 as well as supporting economic and housing growth in the district through delivery of intergenerational projects and investment.

**– Sean Keenihan**  
***Chair of the Board***



# Board Members



**Sean Keenihan**  
Board Chair



**Mark Gobbie**  
Non-Executive Director



**John Comrie**  
Non-Executive Director



**Susan Filby**  
Non-Executive Director



**Carmine Ciccocioppo**  
Non-Executive Director

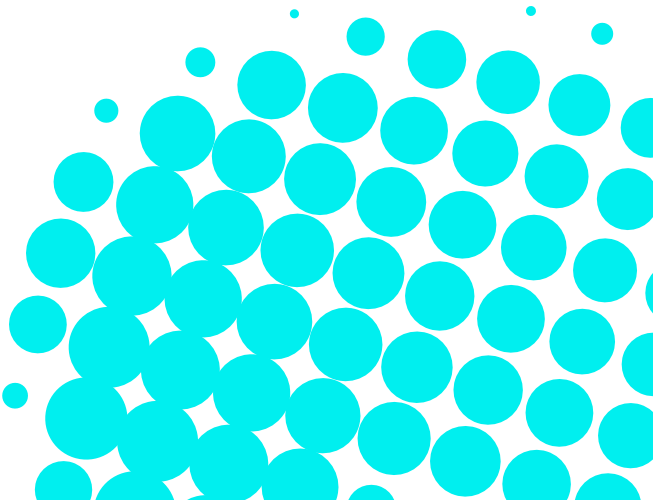


**Isabella Villani**  
Non-Executive Director



**Helen Edmonds**  
Executive Director

Correct at time of document creation.





# About the GMB Water Long Term Financial Plan



# Purpose of the Long Term Financial Plan

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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 2025 – 2035. 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 Mount Barker District Council Community Plan 2044 and the GMB Water 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

## **20 YEARS** Community Plan

The Community Plan 2044 is the overarching strategic plan for Council that reflects the issues and needs of the community. It sets a vision for the district to be “the most liveable region in South Australia” and outlines the five key pillars to achieve this vision.

## **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 its financial sustainability in the medium to long term.

## **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.

## **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

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Since the publication of the last Wastewater Service Long Term Financial Plan in 2024, the following changes have been made:

- Finalisation and endorsement of the charter for the Mount Barker Region Wastewater Utility by the Minister for Local Government in December 2024 and gazettal of the charter on 2 January 2025.
- Appointment of a board of directors for the subsidiary, to be known as GMB Water, and other activities to establish the subsidiary.
- Further review and revision of key financial indicators to reflect the unique nature of the services provided in the context of Mount Barker District Council.
- Review and update of forecast operational and capital expenditure and associated debt, as a result of progress with major project procurement, including early contractor involvement (ECI) for both the Laratinga Water Recovery Plant project and the Trunk Sewers Program.
- 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.
- External revaluation of wastewater and recycled water infrastructure assets



# GMB Water





# Regulation

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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

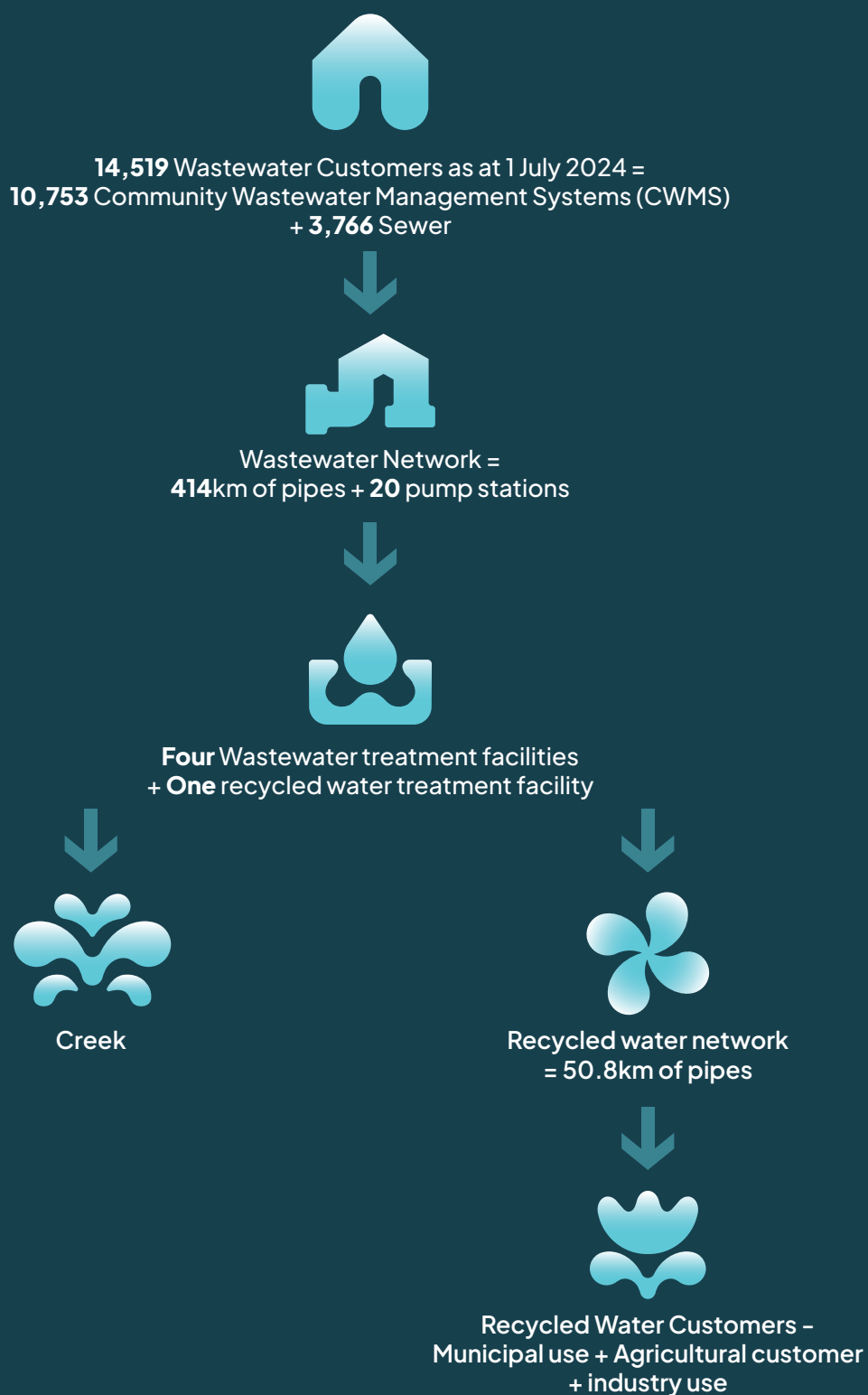
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GMB Water owns and operates the largest local government-run wastewater and recycled water scheme in South Australia comprising wastewater collection, wastewater treatment, bore water supply, and recycled water treatment and distribution.

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





# 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 third 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 packages.

Undertaking these recommended 12 improvement packages will improve, 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 treatment sludge (AGS) process designed to achieve compliance with the Environment Protection (Water Quality) Policy 2015, conditions of EPA licence 1912 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.



## TRUNK SEWERS PROGRAM

The construction of four 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 trunk sewers 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 Nairne trunk sewer, completed in April 2025, was the first to be delivered followed by the CBD (currently under construction), and then the Central and Eastern Stage Two projects.





## 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.

# Our Financial Strategy

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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 9 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 8 out of 10 years with further details provided below.

At present, GMB Water has pre-approval of \$97 million in loans from the Local Government Finance Authority (LGFA) – an increase to this loan facility from the LGFA or other lending institution will be required to fund key infrastructure projects as outlined in this plan.

Underpinning GMB Water’s financial sustainability are three key principles:

- quality of service;
- annual service charge stability; and
- intergenerational funding equity

A key component of GMB Water’s financial strategy involves striking the right balance between contributions from customers (via Annual Service Charges) and developers (via Infrastructure Fees). With infrastructure being built in advance of development, GMB Water is able to support continued orderly development growth in Mount Barker district.

Importantly: the benefit for existing customers in the medium to long term is the forecast downward pressure in per connection costs to service as a result of an increase to the total number of connections. Future iterations of this plan will be better informed by further financial modelling extending beyond the ten years to 2035 and outcomes from the pricing review which are yet to be incorporated into GMB Water’s LTFP.

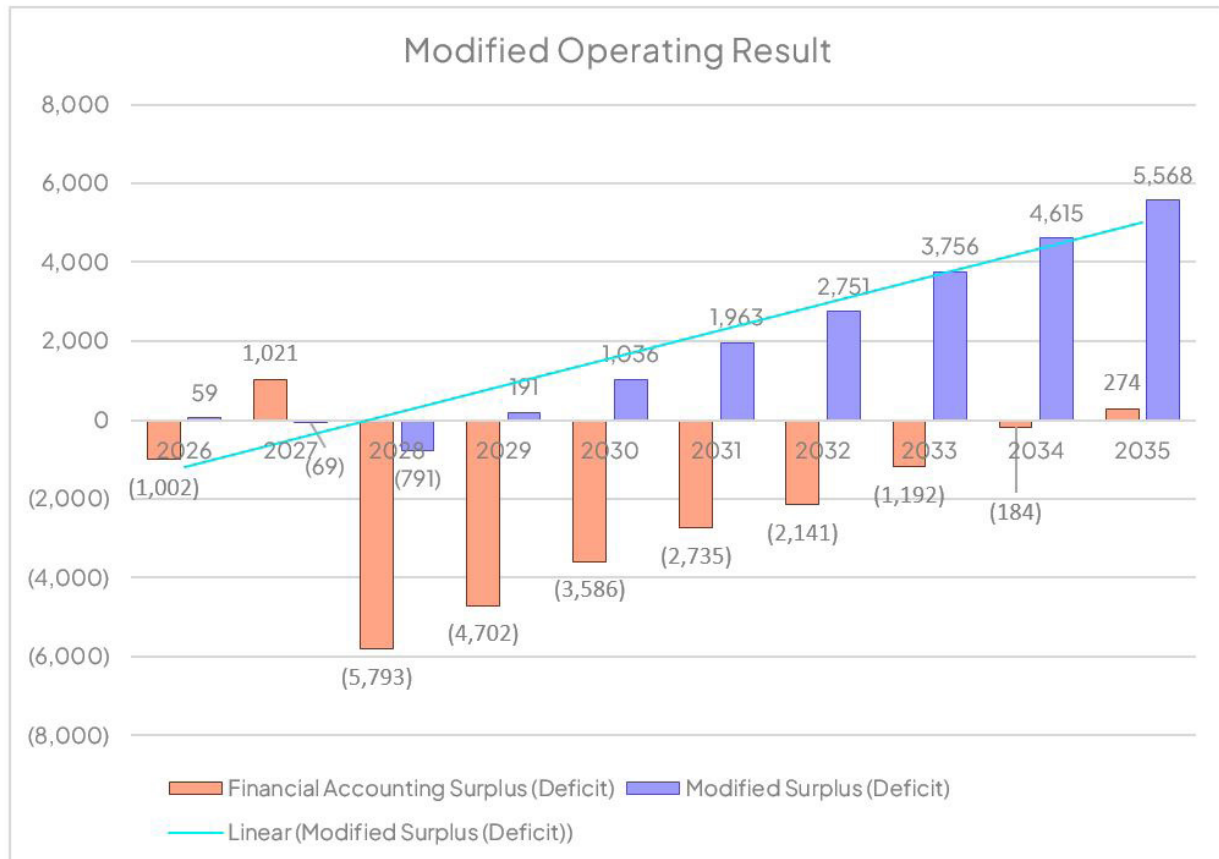
To demonstrate medium to long term financial sustainability, GMB Water considers two separate calculations separate from the adopted Key Financial Indicators which are the Modified Operating Result and the Underlying Cash Result.

## 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. A return to a surplus result from 2029 reflects appropriate Annual Service Charge setting.

This is illustrated in the graph below when compared to the operating surplus.



\*Graph presented in \$,000s



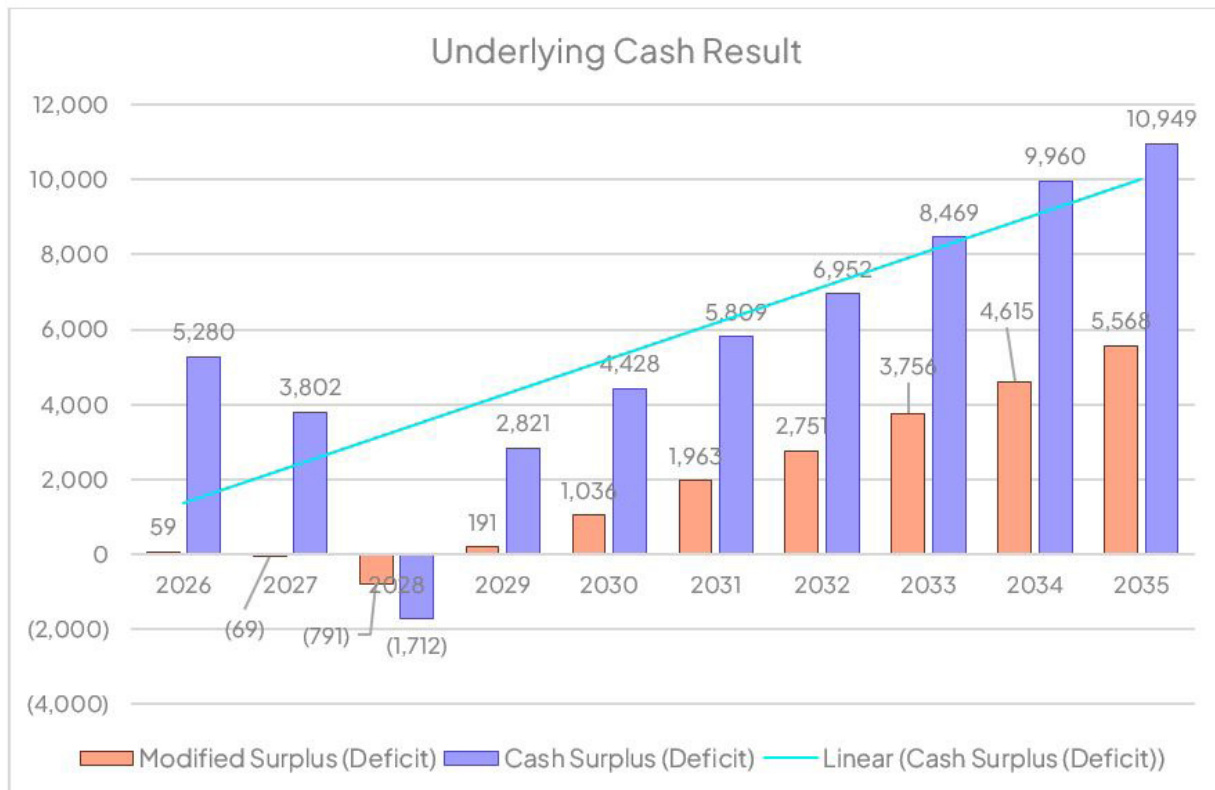
## Underlying Cash Result

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.

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

Underlying annual cash surpluses are achieved in nine of the ten years with increases from 2029 indicating that GMB Water has sufficient cashflows to repay debt.

This is illustrated in the graph below when compared to the modified operating result.



\*Graph presented in \$,000s

# Using Debt Wisely

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.

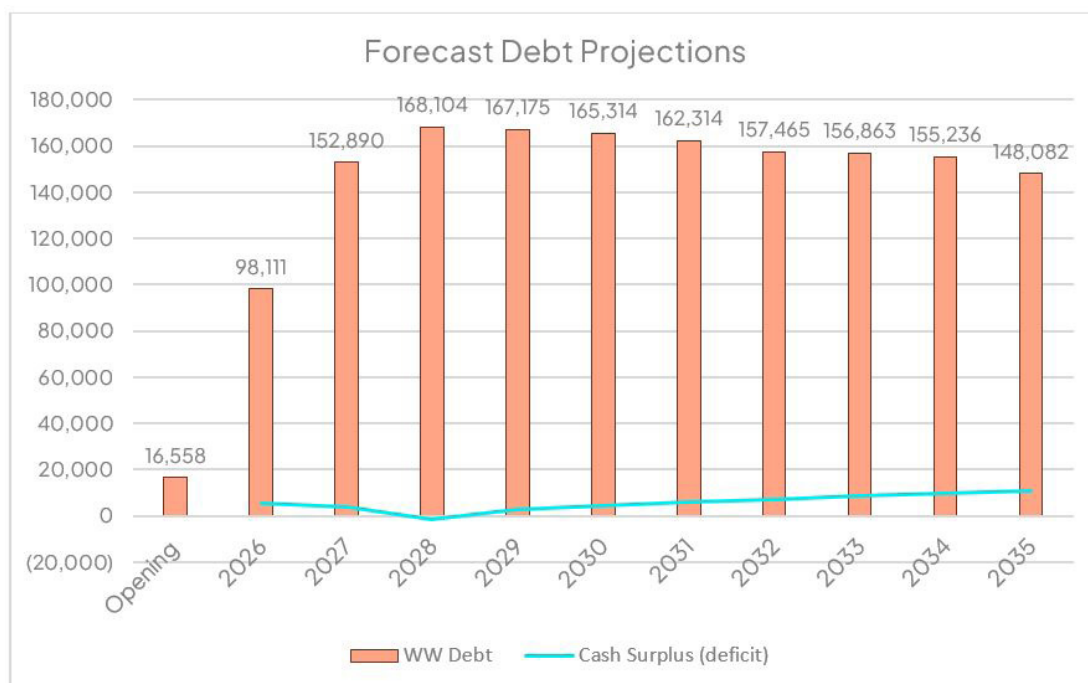
Wastewater infrastructure by its very nature is a long-life infrastructure asset with the Laratinga Water Recovery Plant anticipated to have a 50-year useful life and trunk sewer mains anticipated to have useful lifespans of 80 to 100-years.

In most Councils, 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 ratepayers and, in this instance, wastewater 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 long term view of debt should be taken to achieve intergenerational equity so that the customers using the service pay for the service.

Peak debt in 2028 reflects completion of the Laratinga Water Recovery Plan and trunk sewer main network.

From 2028, 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.



\*Graph presented in \$,000s

# Price Path

Annual Service Charges are raised to operate, maintain, improve and replace infrastructure in relation to providing 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.

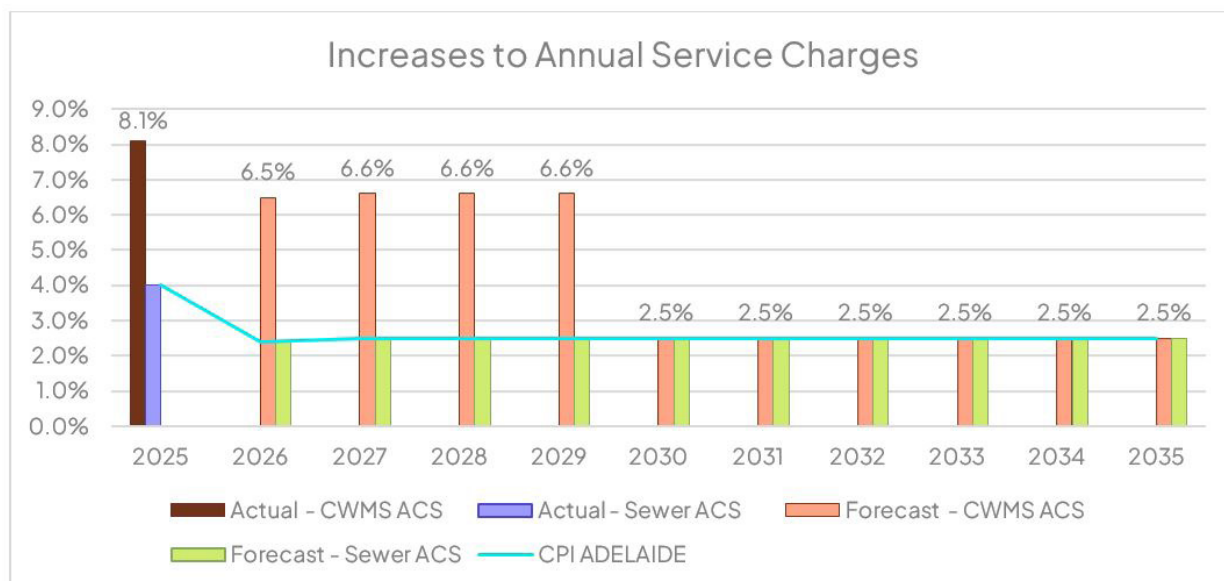
Importantly: Annual Services Charges are set in accordance with government legislation, regulations and the National Water Initiative Pricing Principles – this results in appropriate price setting for the service provided.

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 five years. The transition commenced in the 2024 – 2025 financial year and will result in a single district wide service charge for wastewater services from 2029 – 2030.

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 2025 – 2026 financial year are forecast to be 4.1% above CPI. This will result in an average additional increase above CPI of \$30 per year.





# Financial Statements





## GMB Water

### Long Term Financial Plan 2024/2025-2034/2035

#### KEY ASSUMPTIONS

##### OPERATING INCOME

**Wastewater Annual Service Charges** have been modelled based on a full cost recovery basis, this ensures ongoing financial sustainability of the Mt Barker Wastewater Service. The increases ensure wastewater assets can be renewed and maintained as per the updated Asset Management Plan and allows for the full cost recovery of the wastewater service 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 4.1% for 5 years, once aligned with the sewer annual service charge, annual increases will be CPI.

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

**Materials, Contracts & Other Expenditure** has been indexed in line with forecast CPI increases and growth over the 10 year period of the plan.

**Other Costs** indexed in line with forecast CPI.

**Finance Costs** Interest on debt (incurred by Council) is fully reimbursed by the Wastewater Service to avoid cross subsidization.

**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 the Wastewater Service) 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



## GMB Water

### Long Term Financial Plan 2024/2025-2034/2035

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.

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#### CAPITAL EXPENDITURE

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

**New Capital** included in the plan is based on the Mt Barker Wastewater Service 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.

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#### CAPITAL REVENUE

**Recycled Water Grants** no grants have been assumed in this plan.

**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.

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#### BALANCE SHEET

**Assets** such as trade & 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** are modelled based on the cumulative effect of depreciation, capital expenditure, asset disposals and adjustments made to maintain valuations at fair value.

**Liabilities** such as trade & other payables & provisions, have been modelled based on historical averages of Council, with no significant variances expected over the period of the plan.

**Borrowings** are modelled based on the cumulative effect of operating surpluses, capital expenditure & revenue. For the purpose of preparing the LTFP, it is assumed that the Local

**GMB Water****Long Term Financial Plan 2024/2025-2034/2035**

Government Finance Authority (LGFA) or other lending institution will provide finance as outlined.

## FORECAST ESCALATION AND RATES

Wastewater	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
CPI	2.40%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Connection Growth	4.25%	4.02%	3.80%	3.64%	3.48%	3.36%	3.25%	3.15%	3.09%	3.00%
Annual Service Charge (CWMS)	6.50%	6.60%	6.60%	6.60%	3.60%	2.50%	2.50%	2.50%	2.50%	2.50%
Annual Service Charge (Sewer)	2.40%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Borrowing Rate	5.20%	4.90%	4.70%	4.40%	4.10%	4.00%	4.00%	4.00%	4.00%	4.00%
Employee Costs	2.40%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Road & Bridge Construction Index	1.90%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Infrastructure Fees (Deed)	1.90%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Infrastructure Fee (CWMS/Sewer)	1.90%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%

**Forecast escalation and rates were calculated as follows:**

Consumer Price Index (CPI) – Adelaide December 2024 actual

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 - 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



**GMB Water****Long Term Financial Plan 2024/2025-2034/2035****KEY FINANCIAL INDICATORS (KFI)**

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 Council'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. Council are will be reviewing the suitability of the existing indicators and these will be included in the next iteration of the LTFP.

What is seen as an indicator of financial sustainability is the modified operating result as outlined separately in this plan on page 22. The analysis of the Key Financial Indicators includes comparison of the Operating Surplus Ratio to the Modified Operating Result.

**Analysis**

When compared to the previous version of the LTFP, the primary impact to Operating Surplus Ratio and Net Financial Liabilities Ratio is the update to the capital expenditure profile on the Laratinga Water Recovery Plant. To drive value and reduce the overall project cost, the capital expenditure on the LWRP has been front loaded with much of the civil works being completed in the initial construction phase. This approach has saved an estimated \$10m in construction costs for the total cost of project.

The previous LTFP had two distinct debt peaks that reflected capital expenditure on the plant in a two stage approach.

The output from this revised approach is that debt and associated interest payments are increased in the initial years of the plan and declining through the life of the LTFP reflective of increased connection growth.

## GMB Water

### Long Term Financial Plan 2024/2025-2034/2035

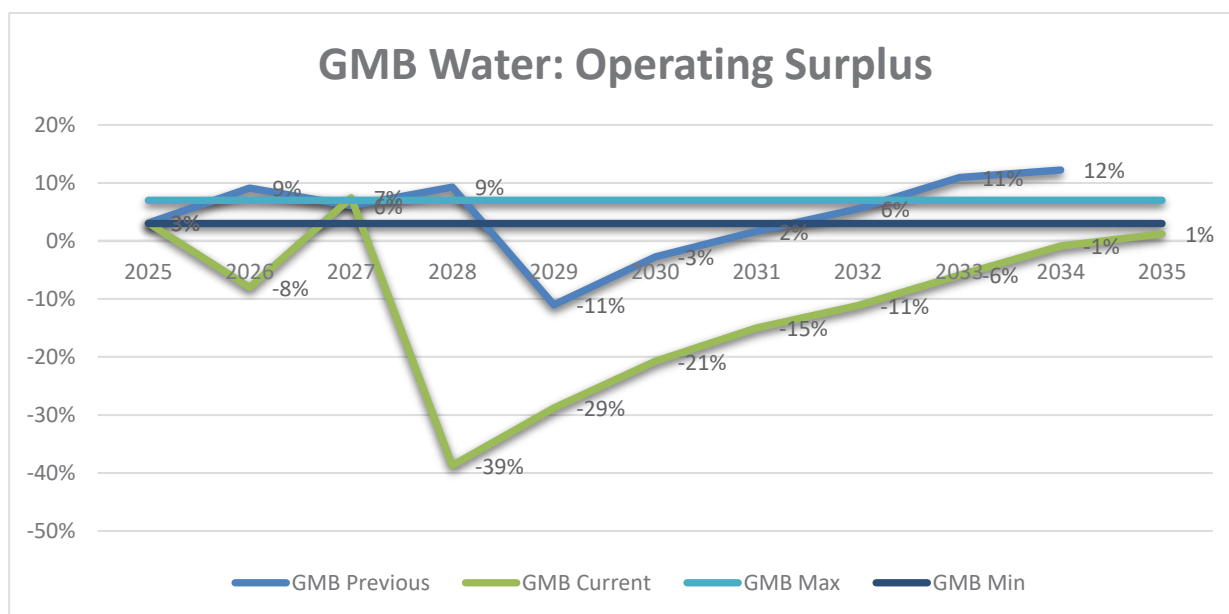
#### OPERATING SURPLUS RATIO

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 the Wastewater service 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%



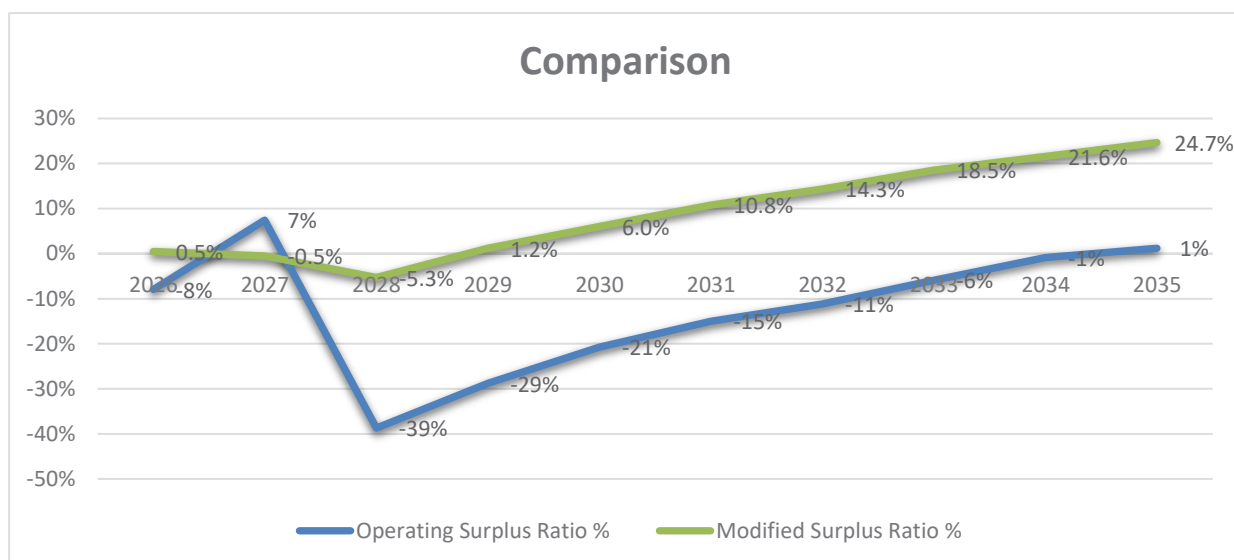
**Result:** Target achieved in 2026/27 only with 2027/28 representing first full year of LWRP operations generating a significant loss. As a result of growth (driver for Infrastructure Fees and Annual Service Charges), the ratio through the life of the LTFP improves year on year with a surplus achieved in 2034/35 (although slightly outside the target range). Projections outside the ten year time frame of the LTFP indicate a return to inside the range in 2035/36.

This result is a material change from the prior LTFP that is largely due to changes to the capital expenditure profile as noted previously.

## GMB Water

### Long Term Financial Plan 2024/2025-2034/2035

**Additional Analysis:** An additional graph has been included comparing the modified operating result (as a percentage of operating revenue) compared to the operating surplus ratio.



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

The Modified Operating Result is less impacted by depreciation and interest charges on the Laratinga Water Recovery Plant and Trunk Sewer Main Projects with a surplus of 0.5% in 2027 transitioning into a deficit of 5.3% in 2028 – movement of 5.8%. (2028 being first full year of operations following completion of Laratinga Water Recovery Plant and Trunk Sewer Mains). Whereas the the Operating Surplus Ratio moves from a 7% surplus in 2027 to deficit 39% in 2028 – movement of 46%.

Financial Sustainability is viewed in the a medium to long term context. A calculation that is less impacted by movements in interest and depreciation on assets that have long useful lives is seen a far more robust determinant of financial sustainability in the medium to long term.

The Modified Operating Result despite having one year in deficit (2028), shows year on year surplus growth meaning that the GMB Water is financially sustainable in the medium to long term and the Annual Services Charges are appropriate for the service provided.



## GMB Water

### Long Term Financial Plan 2024/2025-2034/2035

#### NET FINANCIAL LIABILITIES RATIO

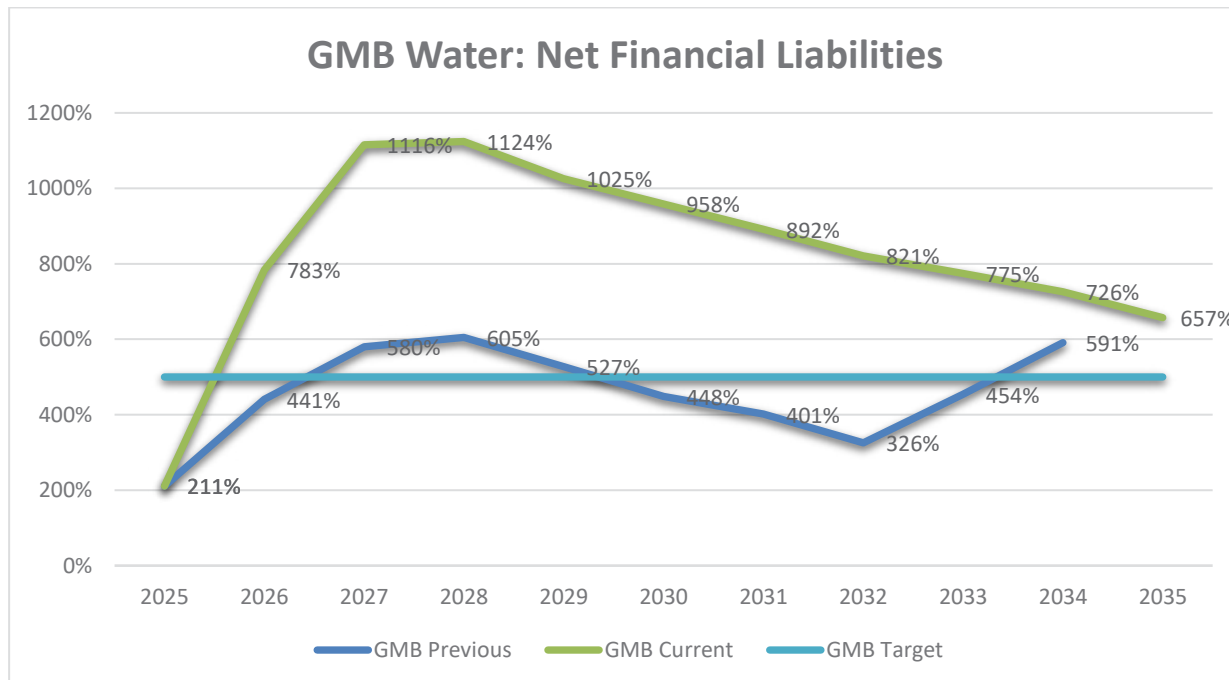
Net financial liabilities is what is owed to others, less cash on hand, less money owed to GMB Water. The net financial liabilities ratio measures the net amount owed to others compared to income as a percentage.

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 ratios 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 include capital revenue such as developer contributions that will ultimately fund a significant portion 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%



**Result:** 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 2027/28. These projects will initially be funded by reserves, but predominately by borrowings, that will largely be repaid over the medium to long term. Projections outside the ten year time

## GMB Water

### Long Term Financial Plan 2024/2025-2034/2035

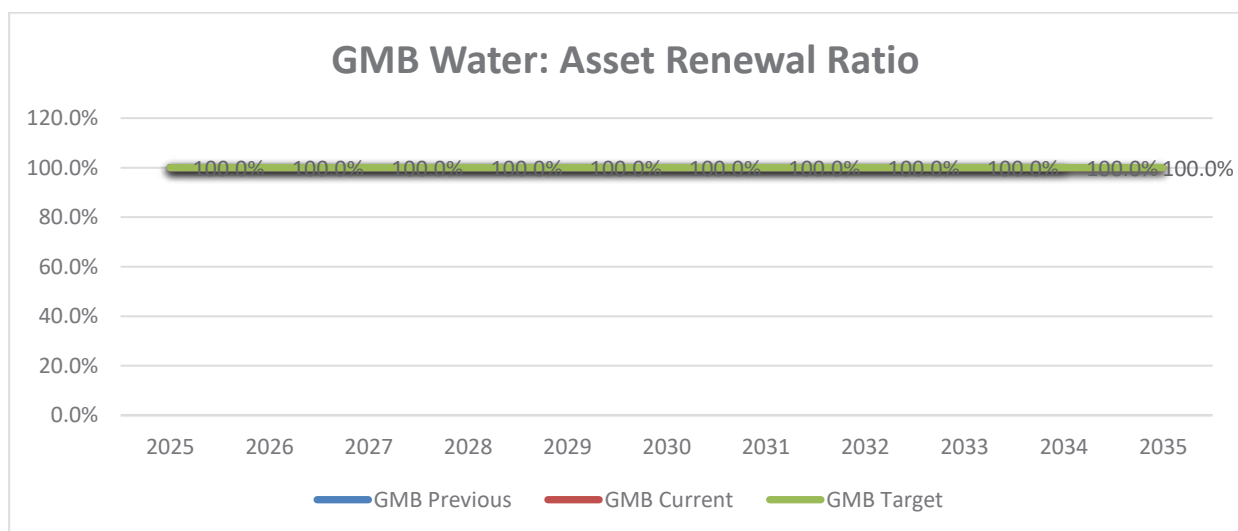
frame of the LTFP indicate a return to inside the range in 2036/37. This result is a material change from the prior LTFP that is largely due to changes to the capital expenditure profile as noted previously.

#### ASSET RENEWAL RATIO

This financial indicator is useful in determining if the Mt Barker Wastewater Service is maintaining, renewing and replacing its assets in line with its Asset Management plan. The wastewater Asset Management plan is currently being refreshed and will provide the bases 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



**Result:** GMB Water is planning to achieve 100% of the renewals as outlined in the Strategic Asset Management Plan 2025-2035.

**What has changed:** This is unchanged from the previous iteration of the LTFP.

## GREATER MOUNT BARKER WATER FINANCIAL STATEMENTS

## STATEMENT OF COMPREHENSIVE INCOME

	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
<b>Income</b>										
Rates	11,907	13,065	14,301	15,635	16,569	17,505	18,474	19,521	20,629	21,780
Statutory Charges	219	224	230	235	241	247	254	260	266	273
User Charges	340	349	357	366	376	385	395	404	415	425
Reimbursements	93	96	98	100	103	105	107	110	112	114
<b>Total Income</b>	<b>12,559</b>	<b>13,733</b>	<b>14,986</b>	<b>16,337</b>	<b>17,289</b>	<b>18,243</b>	<b>19,230</b>	<b>20,295</b>	<b>21,422</b>	<b>22,593</b>
<b>Expenses</b>										
Employee Costs	2,265	2,417	2,560	2,721	2,859	2,999	3,289	3,438	3,587	3,738
Materials, Contracts & Other Expenses	6,369	5,252	5,170	5,293	5,416	5,539	5,691	5,815	5,938	6,062
Depreciation, Amortisation & Impairment	3,455	3,638	5,479	5,622	5,756	5,860	5,969	6,063	6,246	6,428
Finance Costs	1,451	1,383	7,547	7,379	6,818	6,554	6,396	6,146	5,809	6,064
<b>Total Expenses</b>	<b>13,539</b>	<b>12,690</b>	<b>20,756</b>	<b>21,015</b>	<b>20,849</b>	<b>20,952</b>	<b>21,345</b>	<b>21,461</b>	<b>21,581</b>	<b>22,293</b>
<b>Operating Surplus / (Deficit)</b>	<b>(980)</b>	<b>1,044</b>	<b>(5,769)</b>	<b>(4,677)</b>	<b>(3,560)</b>	<b>(2,709)</b>	<b>(2,115)</b>	<b>(1,166)</b>	<b>(158)</b>	<b>300</b>
Asset Disposal & Fair Value Adjustments	(934)	(678)	(285)	(285)	(876)	(639)	(619)	(780)	(751)	(752)
Amounts Received Specifically for New/Upgraded Assets	5,446	3,300	3,361	6,666	6,900	7,141	7,391	7,723	8,007	8,287
Physical Resources Received Free of Charge	3,088	3,535	2,850	2,943	3,036	3,129	3,222	3,316	3,409	3,502
Return to Council	(2,618)	(4,157)	(4,759)	(4,765)	(4,643)	(4,457)	(4,266)	(4,125)	(4,108)	(4,040)
<b>Net Surplus / (Deficit)</b>	<b>4,002</b>	<b>3,045</b>	<b>(4,603)</b>	<b>(119)</b>	<b>856</b>	<b>2,465</b>	<b>3,613</b>	<b>4,968</b>	<b>6,398</b>	<b>7,296</b>
<b>Other Comprehensive Income</b>										
Amounts which will not be reclassified subsequently to operating result										
Changes in Revaluation Surplus - I,PP&E	-	2,302	2,714	2,784	2,781	2,791	2,804	2,808	2,856	2,907
<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>2,302</b>	<b>2,714</b>	<b>2,784</b>	<b>2,781</b>	<b>2,791</b>	<b>2,804</b>	<b>2,808</b>	<b>2,856</b>	<b>2,907</b>
<b>Total Comprehensive Income</b>	<b>4,002</b>	<b>5,346</b>	<b>(1,889)</b>	<b>2,666</b>	<b>3,637</b>	<b>5,256</b>	<b>6,416</b>	<b>7,776</b>	<b>9,254</b>	<b>10,204</b>



## GREATER MOUNT BARKER WATER FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

	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
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash & Cash Equivalents	500	500	500	500	500	500	500	500	500	500
Trade & Other Receivables	1,017	1,085	1,151	1,217	1,285	1,355	1,429	1,505	1,584	1,666
<b>Total Current Assets</b>	<b>1,517</b>	<b>1,585</b>	<b>1,651</b>	<b>1,717</b>	<b>1,785</b>	<b>1,855</b>	<b>1,929</b>	<b>2,005</b>	<b>2,084</b>	<b>2,166</b>
<b>Non-Current Assets</b>										
Infrastructure, Property, Plant & Equipment	344,199	401,598	411,336	412,376	414,166	416,436	418,018	425,207	432,848	435,912
<b>Total Non-Current Assets</b>	<b>344,199</b>	<b>401,598</b>	<b>411,336</b>	<b>412,376</b>	<b>414,166</b>	<b>416,436</b>	<b>418,018</b>	<b>425,207</b>	<b>432,848</b>	<b>435,912</b>
<b>TOTAL ASSETS</b>	<b>345,716</b>	<b>403,183</b>	<b>412,987</b>	<b>414,093</b>	<b>415,951</b>	<b>418,292</b>	<b>419,947</b>	<b>427,212</b>	<b>434,932</b>	<b>438,078</b>
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Trade & Other Payables	8,265	5,601	2,075	1,441	1,522	1,605	1,692	1,783	1,876	1,974
Provisions	150	160	170	180	190	200	211	222	234	246
<b>Total Current Liabilities</b>	<b>8,415</b>	<b>5,761</b>	<b>2,245</b>	<b>1,621</b>	<b>1,711</b>	<b>1,805</b>	<b>1,903</b>	<b>2,005</b>	<b>2,110</b>	<b>2,220</b>
<b>Non-Current Liabilities</b>										
Borrowings	98,214	152,979	168,178	167,232	165,353	162,333	157,463	156,839	155,189	148,009
Provisions	150	160	170	180	190	200	211	222	234	246
Other Non-Current Liabilities	106,564	106,564	106,564	106,564	106,564	106,564	106,564	106,564	106,564	106,564
<b>Total Non-Current Liabilities</b>	<b>204,929</b>	<b>259,704</b>	<b>274,912</b>	<b>273,976</b>	<b>272,106</b>	<b>269,097</b>	<b>264,238</b>	<b>263,626</b>	<b>261,986</b>	<b>254,819</b>
<b>TOTAL LIABILITIES</b>	<b>213,344</b>	<b>265,465</b>	<b>277,157</b>	<b>275,596</b>	<b>273,818</b>	<b>270,902</b>	<b>266,142</b>	<b>265,630</b>	<b>264,097</b>	<b>257,039</b>
<b>Net Assets</b>	<b>132,373</b>	<b>137,719</b>	<b>135,830</b>	<b>138,496</b>	<b>142,133</b>	<b>147,389</b>	<b>153,806</b>	<b>161,582</b>	<b>170,836</b>	<b>181,039</b>
<b>EQUITY</b>										
Accumulated Surplus	3,560	6,604	2,002	1,883	2,740	5,204	8,817	13,785	20,182	27,479
Asset Revaluation Reserves	128,813	131,114	133,828	136,613	139,394	142,185	144,989	147,797	150,653	153,561
Other Reserves										
<b>Total Equity</b>	<b>132,373</b>	<b>137,719</b>	<b>135,830</b>	<b>138,496</b>	<b>142,133</b>	<b>147,389</b>	<b>153,806</b>	<b>161,582</b>	<b>170,836</b>	<b>181,039</b>

## GREATER MOUNT BARKER WATER FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOWS

	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
<b>Cash Flows from Operating Activities</b>										
<b>Receipts:</b>										
Rates Receipts	10,890	12,997	14,235	15,570	16,501	17,435	18,401	19,445	20,550	21,698
Statutory Charges	219	224	230	235	241	247	254	260	266	273
User Charges	340	349	357	366	376	385	395	404	415	425
Reimbursements	93	96	98	100	103	105	107	110	112	114
<b>Payments:</b>										
Payments to Employees	(2,265)	(2,397)	(2,540)	(2,701)	(2,839)	(2,978)	(3,267)	(3,415)	(3,564)	(3,714)
Payments for Materials, Contracts & Other Expenses	2,163	(7,363)	(7,721)	(4,922)	(4,892)	(4,744)	(4,843)	(5,094)	(5,155)	(5,247)
Finance Payments	(1,451)	(1,383)	(7,547)	(7,379)	(6,818)	(6,554)	(6,396)	(6,146)	(5,809)	(6,064)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>9,990</b>	<b>2,522</b>	<b>(2,888)</b>	<b>1,270</b>	<b>2,672</b>	<b>3,896</b>	<b>4,650</b>	<b>5,563</b>	<b>6,815</b>	<b>7,486</b>
<b>Cash Flows from Investing Activities</b>										
<b>Receipts:</b>										
Amounts Received Specifically for New/Upgraded Assets	5,446	3,300	3,361	6,666	6,900	7,141	7,391	7,723	8,007	8,287
<b>Payments:</b>										
Expenditure on Renewal/Replacement of Assets	(36,847)	(23,570)	(4,603)	(536)	(1,698)	(1,276)	(1,274)	(1,275)	(1,273)	(2,663)
Expenditure on New/Upgraded Assets	(55,984)	(31,631)	(5,050)	(399)	(32)	(934)	(251)	(5,852)	(6,349)	(420)
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(87,386)</b>	<b>(51,900)</b>	<b>(6,292)</b>	<b>5,731</b>	<b>5,170</b>	<b>4,931</b>	<b>5,866</b>	<b>596</b>	<b>384</b>	<b>5,204</b>
<b>Cash Flows from Financing Activities</b>										
<b>Receipts:</b>										
Proceeds from Borrowings	87,014	53,535	13,939	-	-	-	-	-	-	-
<b>Payments:</b>										
Return to Council	(2,618)	(4,157)	(4,759)	(4,765)	(4,643)	(4,457)	(4,266)	(4,125)	(4,108)	(4,040)
Repayments of Borrowings	-	-	-	(2,236)	(3,199)	(4,370)	(6,249)	(2,034)	(3,091)	(8,649)
<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>84,396</b>	<b>49,378</b>	<b>9,180</b>	<b>(7,001)</b>	<b>(7,842)</b>	<b>(8,827)</b>	<b>(10,516)</b>	<b>(6,159)</b>	<b>(7,199)</b>	<b>(12,689)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>7,000</b>	<b>(0)</b>	<b>-</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>plus: Cash &amp; Cash Equivalents - beginning of year</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>7,500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>

## GREATER MOUNT BARKER WATER FINANCIAL STATEMENTS

## STATEMENT OF CHANGES IN EQUITY

	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
<b>Opening Balance</b>	128,370	132,373	137,719	135,830	138,496	142,133	147,389	153,806	161,582	170,836
Net Surplus / (Deficit) for Year	4,002	3,045	(4,603)	(119)	856	2,465	3,613	4,968	6,398	7,296
Other Comprehensive Income										
- Gain (Loss) on Revaluation of I,PP&E	-	2,302	2,714	2,784	2,781	2,791	2,804	2,808	2,856	2,907
<b>Other Comprehensive Income</b>	-	2,302	2,714	2,784	2,781	2,791	2,804	2,808	2,856	2,907
<b>Total Comprehensive Income</b>	<b>4,002</b>	<b>5,346</b>	<b>(1,889)</b>	<b>2,666</b>	<b>3,637</b>	<b>5,256</b>	<b>6,416</b>	<b>7,776</b>	<b>9,254</b>	<b>10,204</b>
<b>Equity - Balance at end of the reporting period</b>	<b>132,373</b>	<b>137,719</b>	<b>135,830</b>	<b>138,496</b>	<b>142,133</b>	<b>147,389</b>	<b>153,806</b>	<b>161,582</b>	<b>170,836</b>	<b>181,039</b>

## UNIFORM PRESENTATION OF FINANCES

	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
<b>Operating Activities</b>										
Income	12,559	13,733	14,986	16,337	17,289	18,243	19,230	20,295	21,422	22,593
less Expenses	(13,539)	(12,690)	(20,756)	(21,015)	(20,849)	(20,952)	(21,345)	(21,461)	(21,581)	(22,293)
<b>Operating Surplus / (Deficit)</b>	<b>(980)</b>	<b>1,044</b>	<b>(5,769)</b>	<b>(4,677)</b>	<b>(3,560)</b>	<b>(2,709)</b>	<b>(2,115)</b>	<b>(1,166)</b>	<b>(158)</b>	<b>300</b>
<b>Capital Activities</b>										
<b>less (Net Outlays) on Existing Assets</b>										
Capital Expenditure on Renewal/Replacement of Existing Assets	(36,847)	(23,570)	(4,603)	(536)	(1,698)	(1,276)	(1,274)	(1,275)	(1,273)	(2,663)
add back Depreciation, Amortisation and Impairment	3,455	3,638	5,479	5,622	5,756	5,860	5,969	6,063	6,246	6,428
add back Proceeds from Sale of Replaced Assets	-	-	-	-	-	-	-	-	-	-
<b>(Net Outlays) on Existing Assets</b>	<b>(33,393)</b>	<b>(19,932)</b>	<b>876</b>	<b>5,087</b>	<b>4,058</b>	<b>4,584</b>	<b>4,695</b>	<b>4,788</b>	<b>4,973</b>	<b>3,765</b>
<b>less (Net Outlays) on New and Upgraded Assets</b>										
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(55,984)	(31,631)	(5,050)	(399)	(32)	(934)	(251)	(5,852)	(6,349)	(420)
add back Amounts Received Specifically for New and Upgraded Assets	5,446	3,300	3,361	6,666	6,900	7,141	7,391	7,723	8,007	8,287
<b>(Net Outlays) on New and Upgraded Assets</b>	<b>(50,538)</b>	<b>(28,330)</b>	<b>(1,689)</b>	<b>6,267</b>	<b>6,868</b>	<b>6,207</b>	<b>7,139</b>	<b>1,871</b>	<b>1,657</b>	<b>7,867</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(84,911)</b>	<b>(47,218)</b>	<b>(6,582)</b>	<b>6,676</b>	<b>7,366</b>	<b>8,082</b>	<b>9,719</b>	<b>5,493</b>	<b>6,472</b>	<b>11,932</b>



## Amounts Included from Asset Management Plan

Long Term Financial Plan	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Projected Operations and Maintenance	8,633	7,481	7,361	7,454	7,523	7,589	7,809	7,874	7,938	8,000
Projected Renewals	43,350	26,791	5,061	570	1,752	1,278	1,238	1,205	1,170	2,382
Projected Growth	50,415	27,197	4,227	534	534	1,147	534	5,146	5,371	534

Table 33: Budgeted Expenditures Accommodated in LTFP (\$ 000s)

# greater water recovery for the future

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