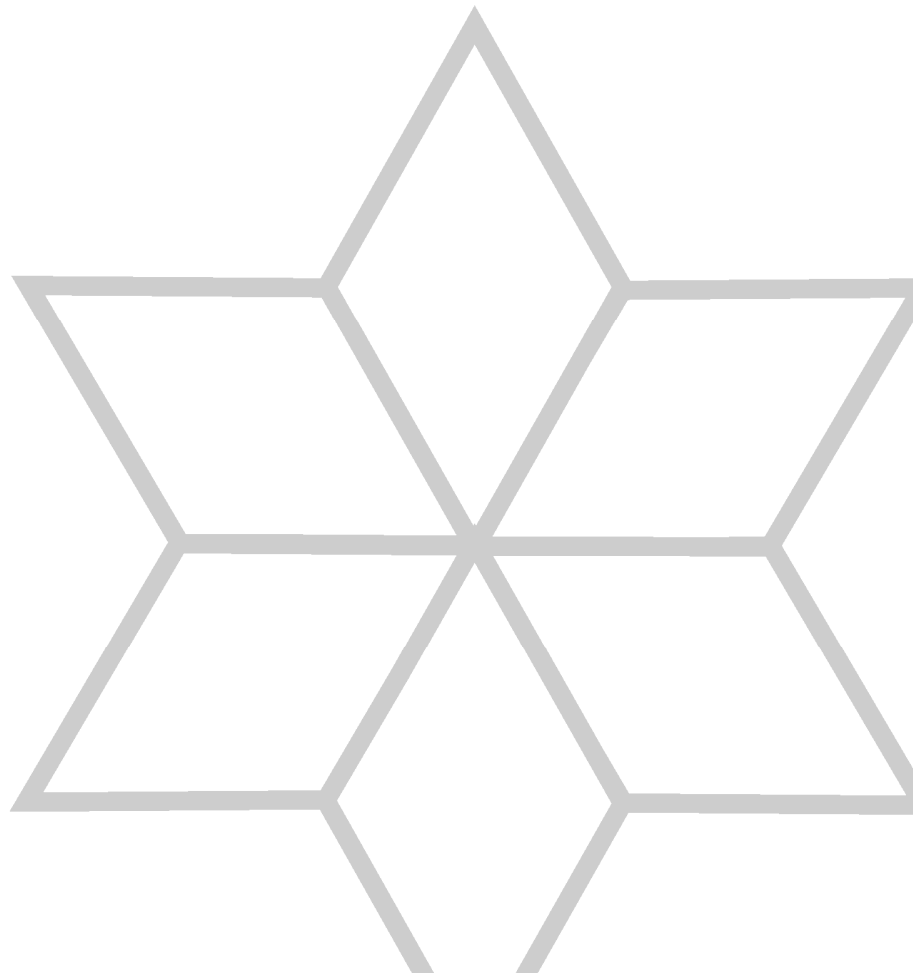




*City of*  
**Norwood  
Payneham  
& St Peters**

# **LONG-TERM FINANCIAL PLAN**

## **2007-2008 to 2017-2018**



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## 1. BACKGROUND

### 1.1 Purpose

The purpose of the City of Norwood Payneham & St Peters Long-Term Financial Plan (LTFP) is to provide to the Elected Members, Management and other stakeholders the financial projections for the Councils currently planned activities over a ten (10) year timeframe.

The LTFP is to be linked with the Council's objectives, goals and desired outcomes in financial terms. The aim is to be financially sustainable at the end of each year by achieving a very small operating surplus whereby operating income just exceeds operating expenditure.

The LTFP should be viewed as a guide to future actions or opportunities and encourages Council to think about the future impact of decisions made today on the Council's long-term financial sustainability.

### 1.2 Principles

The Local Government Act, 1999 requires a Council to prepare strategic management plans which this Council defines as its:

- CityPlan 2030
- Infrastructure and Asset Management Plans for its significant physical assets
- Long-Term Financial Plan

Section 122 (2) (b) of the Act prescribes what documents must be contained in the LTFP and the Sections 8 to 13 of the LTFP meet these requirements.

The first projection of the LTFP in this plan is 2008-2009, which is consistent with the Annual Business Plan and Budget adopted by the Council.

This initial LTFP assumes that the Council will maintain its current level of services and maintain its existing physical assets in a sustainable manner. As the Council recently approved its CityPlan 2030 this LTFP will require revision when specific actions and projects and the proposed timing of these actions and projects and resource availability to achieve the outcomes of the CityPlan 2030 are finalised.

In addition, the Councils infrastructure assets are required to be re-valued by 1 July 2009 and it is expected that this will have a significant impact on the current projection. This LTFP will be updated following the completion of the 2009-2010 Annual Business Plan and Budget.

## 2. IMPACTS UPON THE CURRENT PLANNING ENVIRONMENT

### 2.1 The Planning Process

Whilst the LTFP is for a ten year period it incorporates the appropriate years from the Council's 25 Year Whole of Life Infrastructure Plan, 15 Year Building and Recreation Reserves Plan and 10 Year Swimming Centres Asset Plans.

The Council will review its LTFP each year after the preparation of its Annual Business Plan and Budget and will consider updating the LTFP where it is considered appropriate. In addition, a full review is required within two (2) years after a Council election.

### 2.2 Depreciation

Depreciation is a significant operating expense of the Council and at 30 June 2008 represented 18 percent (\$5.4 million) of Councils operating expenditure.

Depreciation requires an estimate of the expected life of each of its physical assets and the Council has utilised the knowledge and experience of independent experts in setting the estimated lives of its major assets.

The annual depreciation expense is an estimate of the cost of utilising the depreciable value of the asset in the provision of Council Services over its useful life.

As an example

Assume the replacement cost of a footpath is \$200,000. The Council believes the footpath will last 50 years, therefore its utilisation cost per year is estimated to be \$4,000 in the first year. Council then includes this cost as depreciation of \$4,000 in its operating expenditure.

### 2.3 *Accounting Standards*

Annually the Council has to produce a financial report under Section 127 of the Local Government Act, 1999. The Local Government (Financial Management) Regulations 1999 defines the format of the Model Financial Statements and requires they be completed in accordance with the Australian Accounting Standards.

The Council complies with these requirements and has the financial report externally audited each year and includes the financial report in its Annual Report.

The financial reports included in this LTFP include an estimated income statement, balance sheet, statement of changes in equity and statement of cash flows consistent with the Model Financial Statements.

### 2.4 *Presentation of Council Budgets*

Under the Local Government (Financial Management) Regulations 1999 the Annual Budget is required to be summarised in the same format as the LTFP.

The Income Statement describes revenues and expenses by type such as Statutory Charges and Employee Costs.

All Councils have basic responsibilities under the Local Government Act and other relevant legislation and along with these services the Council provides many other discretionary services.

The Council when determining its budget considers firstly the demands which are placed upon it by the community in respect to the range and standard of services and then considers the need for new services and capital projects. The Council then raises income including rates to fund the provision of those services.

The LTFP is then driven from the budget after taking into consideration the impact of that budget on the future directions of the Council.

## 3. **FINANCIAL PLANNING CONSIDERATIONS**

### 3.1 *Councils Vision/Mission*

As part of the development of the Councils City Plan 2030, through extensive public consultation a Vision for the future to 2030 was determined as:

- A City which values its heritage, cultural diversity, sense of place and natural environment.
- A progressive City which is prosperous, sustainable and socially cohesive, with a strong community spirit.

### 3.2 *Strategic Management Plans*

The Councils Strategic Management Plans comprise:

- City Plan 2030
- Infrastructure and Asset Management Plans
- Long-Term Financial Plan

### 3.3 *Service Delivery*

The basis of the Councils service delivery is set out in Section 2.4 and the LTFP is reflective of a continuation of existing service levels as provided for in the 2008-2009 Budget and Annual Business Plan.

### 3.4 *Roles and Responsibilities*

The Local Government Act, 1999 and supporting legislation specifies the services that councils are required to provide.

Sometimes councils provide additional services on behalf of State or Federal governments for which it receives grants, subsidies or reimbursements. When funding ceases or is insufficient the Council has to determine whether it will fund the shortfall or cease to provide the service.

### 3.5 *Infrastructure and Asset Management Strategy*

Under Section 122 (1a) of the Local Government Act, 1999 council must prepare an Infrastructure and Asset Management Plans for major assets for a period of at least 10 years.

In the plan the Council is required to distinguish between the replacement or renewal of existing assets and the acquisition or construction of new assets.

The income raised to offset the depreciation expense is generally used to fund asset replacement and renewal.

New assets require additional funding either from additional loans, additional rate revenue or grants.

Since 2004, the Council has been managing its infrastructure assets (roads, footpaths, drainage, etc.) in accordance with its 25 Year Whole of Life Infrastructure Plan and has developed the following plans in 2008:

- Building Asset Management Plan – 15 Years
- Recreation Reserve Management Plan – 15 Years
- Swimming Centres Infrastructure Plan – 10 Years

Rate revenue raised is inclusive of the depreciation expense (reflective of the annual utilisation of depreciable assets) and is generally used to fund asset replacement and renewal.

New assets (additional to councils existing asset base) requiring additional funding are generally acquired by taking additional loans with repayments, including interest, being funded from interest expense and depreciation on the new assets recovered through additional rate revenue where necessary.

### 3.6 *Income and Financing Strategy*

Annually the Council reviews its fees and charges for all the services it provides and amends the fees based on the projected consumer price index or costs expected to be incurred to provide the services which ever it considers appropriate.

Fees charged do not always recover the cost incurred, the most significant being swimming centre entrance fees.

### 3.7 *Rating Strategy*

In recent years the Council has been moving towards raising rates to create a “balanced budget”, that is where operating income raised equals or slightly exceeds operating expenses for the year.

The 2008-2009 budget proposes a small operating surplus of approximately \$9,000.

Council’s rating policy also considered who bears the rates burden. Whilst property valuations are the main factor, minimum rates, property class differentials and selective capping can shift some of the burden between ratepayer classes (residential and commercial).

### 3.8 *Treasury Strategy*

In recent years Council has borrowed for specific capital projects which have predominately been for infrastructure expenditure.

As Council is aiming to become financially sustainable during the term of this LTFP the Council expects to fund replacement of existing physical assets such as infrastructure from the rate revenue raised to offset depreciation expenditure.

Expenditure on new physical assets is expected to be funded through new borrowings.

## 4. **PERFORMANCE INDICATORS**

Section 5 (c) of the Local Government (Financial Management) Regulations 1999 requires the LTFP to contain estimates of the following ratios in a manner consistent with the note in the Model Financial Statements entitled Financial Indicators:

- Operating Surplus
- Asset Sustainability
- Net Financial Liabilities

5. ASSUMPTIONS

Revenue and Operating Expenditure

**CITY OF NORWOOD, PAYNEHAM & ST PETERS - LONG-TERM FINANCIAL PLAN - FINANCIAL ASSUMPTIONS**

	2007-08 Actual \$'000	2008-09 Plan \$'000	2009-10 Plan \$'000	2010-11 Plan \$'000	2011-12 Plan \$'000	2012-13 Plan \$'000	2013-14 Plan \$'000	2014-15 Plan \$'000	2015-16 Plan \$'000	2016-17 Plan \$'000	2017-18 Plan \$'000
<b>PROJECTED EXPENDITURE INDEXATION (%)</b>	3.0%	3.0%	2.8%	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<b>PROJECTED WAGES INDEXATION (%)</b>	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
<b>PROJECTED CONSTRUCTION INDEXATION (%)</b>	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>PROJECTED RATE REVENUE INCREASES</b>	7.2%	7.0%	2.8%	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<b>PLUS GROWTH OF RATING BASE</b>	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
<b>INTEREST EARNINGS ABOVE CPI</b>	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

### Projected Expenditure Indexation %

The Council has utilised the Consumer Price Index (CPI) which is regarded as Australia's key measure of inflation. The CPI measures changes over time in the prices of a wide range of consumer goods and services. The CPI percentage used for the periods 2009-2010 to 2011-2012 were sourced from the Federal Government Budget papers for 2008-2009. The CPI percentage used from 2012-2013 is the same as that used in 2011-2012.

### Projected Wages Indexation %

The majority of the Councils staff salary and wages are determined by an Enterprise Agreement which provides for increases of a net four (4) percent after allowing for projected productivity savings.

### Projected Construction Indexation

The Council applied an annual five (5) percent increase to the cost of its infrastructure assets (roads, footpaths etc) and buildings to estimate the replacement cost of these assets and subsequent depreciation expense in an attempt to minimise any significant increase in depreciation expense when these assets are revalued in accordance with Australian Accounting Standards every five (5) years.

The five (5) percent approximates the index advised by GHD Pty Ltd, an independent consulting company that recently completed a review of the council's buildings.

### Projected Rate Revenue Increases

The Council has based this initial plan on rate revenue increases based on the projected expenditure indexation plus the projected growth through new development on the rating basis. As example the projected increase in 2009-2010 is 3.8% comprising the expenditure indexation of 2.8% and the growth of the rate base of 1%.

### Growth of Rating Base

The Councils rate revenue base increases each year as a result of new development which over the last five (5) years has averaged approximately one (1) percent. This growth has been recognised in this plan.

## **Other Factors**

### Infrastructure Revaluation

A revaluation of the replacement costs of the Council's infrastructure is required, under the Councils policy of revaluing its asset classes every five (5) years, on 1 July 2009. This revaluation is expected to increase the depreciation expenditure however, at this time, it is not possible to estimate this expense with any degree of certainty. On the completion of an accurate assessment the depreciation expenditure will be included in the next budget at which time this plan will be updated.

### Provision for New Projects

The Council is planning to achieve a small Operating Surplus each year of \$10,000, which based on the assumptions outlined above, allows the Council to plan to spend the remaining unidentified expenditure on operating projects. The proposed expenditure will be allocated to specific projects following further consideration of the recently completed *City Plan 2030*.

### Estimated Income Statement

Net gain/loss on disposal/Share of profit – regional subsidiaries/Amounts received specifically for new assets/Physical resources received free of charge.

Projections have been included for these items only where they have been quantified with some certainty.

## **Estimated Balance Sheet**

### **Non-Current Assets – Other Non-Current Assets**

The 2007-2008 Other Non-Current Assets item relates to Infrastructure expenditure on projects to 30 June 2008, which had not been fully completed at that date. These projects will be completed in 2008-2009, and have been included in the Infrastructure, Property, Plant & Equipment asset in that year.

## **6. EXPLANATION OF TERMS**

Below is a brief explanation of some of the terms used in the Long Term Financial Plan.

1. *Operating Income* – this represents any revenue generated by the provision of the service including any service rates and charges raised.
2. *Operating Expenses* – this is what it costs to operate the Council services including financing costs and depreciation.
  - Financing costs represent the interest on loans taken out to fund capital expenditure.
  - Assets purchased to aid with the provision of a service only have a limited life before they need to be replaced. Depreciation expense represents the cost of using the asset over its life.
3. *Operating Surplus/(Deficit) before capital amounts* – income less expenditure before capital amounts.
4. *Capital Expenditure on Renewal Replacement of Existing Assets* – Council expenditure on assets has two components.

The first is maintenance. This is included in expenditure components in the Estimated Income Statement.

The second is capital. That is expenditure on the renewal of Council assets. This is not shown under expenditure in the Estimate Income Statement. It is included in the Balance Sheet of the Council as an asset. Generally the asset is subsequently depreciated. As indicated above this depreciation expense is included in the expenses.

5. *Less Depreciation, Amortisation & Impairment* – depreciation is an expense that recognises the consumption of Council assets. It is considered that councils should spend an amount, equivalent to the depreciation expense, each year on renewing assets. This would ensure that the value of Council's assets are maintained.
6. *Capital Expenditure on New/Upgraded Assets* - the amount spent on new or upgraded assets.
7. *Amounts Received Specifically For New or Upgraded Assets* – Generally this would be grants received from State or Commonwealth governments to help fund new assets. It would also include any contributions made by the private sector or community organisations towards capital works.
8. *Cash and Cash Equivalents*

*“Cash Assets include all amounts readily convertible to cash on hand at Council’s option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.”*  
*(South Australian Model Financial Statements 2008)*
9. *Proceeds from Borrowings Received* – loans drawn down and received during the year.
10. *Repayment of Borrowings* – loan principal repaid during the year.

11. *Net Lending/(Borrowing) for the financial year* – “Net lending / (borrowing is a 'flow' measure that takes account of both operating and capital activities for the financial year. Achieving a zero result on the net lending / (borrowing) measure in any one year essentially means that the Council has met all of its expenditure (both operating and capital) from the current year's income (with income including amounts received specifically for new / upgraded assets).”

## 7. EXPLANATION OF FINANCIAL INDICATORS USED IN LTFP

These are detailed below together with a target the Council wishes to achieve over the life of the LTFP.

The Local Government Association has also provided Councils with a proposed target for several of the financial indicators and these are provided as a guide to where the Council's proposed targets sit within the ranges provided.

### Operating Surplus/(Deficit)

This indicator measures the difference between day-to-day income and expenses for a particular financial year. It shows the extent to which operating revenue is sufficient to meet all operating expenses including depreciation and consequently the quantum of expenses which is being met annually by ratepayers.

Calculated as:

Operating surplus/(deficit) before capital amounts (as shown on the Income Statement)

Council's target is to make a small annual surplus of \$10,000 (=0% of 2008-2009 Budgeted Operating Surplus) and this initial plan achieves this target from 2008-2009.

**2008-2009 Budget \$9,000.**

### **LGA's Proposed Target:**

To achieve an operating breakeven position, or better, over any five year period.

### Operating Surplus/(Deficit) Ratio

This ratio indicates the percentage by which the major controllable income source (rate revenue) varies from day-to-day expenses. A negative ratio indicates the percentage increase in rate revenue required to achieve a breakeven (where income equals expenses) operating result.

Calculated as:

Operating surplus (as above)

Divided by:

Rates revenues

Less:

NRM levy raised by the Council as required by the Natural Resources Management Act 2004.

Council's target is 0% per annum and this initial plan achieves this target from 2008-2009.

**2008-2009 Budget (0%)**

### **LGA's Proposed Target:**

To achieve an operating surplus ratio of between 0% and 15% over any five year period

### Net Financial Liabilities

This indicates the money owed to others (including provisions for employee entitlements) less money held, invested or owed to the Councils. When the Council borrows funds, the Net Financial Liabilities will increase.

Calculated as:

Total liabilities less current and non-current assets that are readily convertible to cash.

Council has set its limit for this initial plan at 50% of its annual operating revenue which is the mid point of the LGA's Proposed Target. This target is achieved from 2014-2015.

**2008-2009 Budget \$18,296.**

#### **LGA's Proposed Target:**

A net financial liability is no greater than its annual operating revenue and not less than zero.

### Net Financial Liabilities Ratio

This ratio indicates the extent to which net financial liabilities (total liabilities less current and non-current assets that are readily convertible to cash) of a council could be met by its operating revenue. Where the ratio is increasing, it indicates a greater amount of a council's operating revenues is required to service its financial obligations.

Calculated as:

Net financial liabilities (as above)

Divided by:

Total operating revenues

Less:

NRM levy raised

Council has set its limit for this initial plan at 50%, which is the mid point of the LGA's Proposed Target. This plan provides for the Council to progressively work towards this target and almost achieves the target in 2013-2014.

**2008-2009 Budget 63%**

#### **LGA's Proposed Target:**

Net financial liabilities ratio is greater than zero but less than 100% of total operating revenue.

### Interest Cover Ratio

How much income is used in paying interest on borrowings. This ratio indicates the extent to which Council's operating revenues are committed to net interest expense (i.e. interest expense less interest income).

Calculated as:  
Finance costs expense

Less:  
Investment Income

Divided by:  
Total operating revenues

Less:  
NRM levy raised  
Investment Income

Council's has set its limit for this initial plan at 5%, which is a mid point of the LGA's Proposed Target. This plan shows the Council has achieved this target.

### **2008-2009 Budget 3.1%**

#### **LGA's Proposed Target:**

Net interest is greater than 0% and less than 10% of operating.

### Asset Sustainability Ratio

This ratio indicates whether a council is renewing or replacing existing physical assets (roads, footpaths, buildings, etc) at the same rate that these assets are wearing out.

Calculated as:  
Expenditure on renewal/replacement of assets (Cash Flow Statement)

Less:  
Sale of replaced assets (Cash Flow Statement)

Divided by:  
Depreciation, amortisation & impairment expense (Income Statement)

The Council has elected not to set a target in this initial plan subject to undertaking further work on its infrastructure and asset management plans. The LGA's Proposed target mid point of 100% suggests that the Council spend an amount each year equivalent to the depreciation expenses on asset renewal. Depreciation expenditure is partly determined by estimating the useful life of the asset and if the Council determined the life of the asset was greater than initially estimated, in line with past practice, it would defer the work and not spend 100 % of the planned depreciation expense.

### **2008-2009 Budget 89%**

#### **LGA's Proposed Target:**

Capital outlays on renewing/replacing assets net of proceeds from sale of replaced assets is greater than 90% but less than 110% of the level proposed in the Infrastructure and Asset Management Plan (I&AMP) over a rolling three year period. If the Council chose the mid point target of 100% the Council would be required to spend an amount each year equivalent to the depreciation expenses on asset renewal

### Asset Consumption Ratio

This ratio shows the consumption of a council's physical depreciating assets at a point in time. This ratio seeks to highlight the aged condition of a council's stock of physical assets.

Divided by:

Total reported value of depreciable infrastructure, property, plant & equipment before accumulated depreciation.

Council's has set its target range for this initial plan at 60%, which is the mid point of the LGA's Proposed Target. That is Council's assets have 60% of their useful life left.

This plan provides for the Council to maintain its assets so that the remaining useful life of its assets is around 66 – 67%.

### **2008-2009 Budget 64%**

#### **LGA's Proposed Target:**

The average proportion of 'as new condition' left in assets is greater than 40% and less than 80%.

8. Summary Statement

**CITY OF NORWOOD PAYNEHAM & ST PETERS - SUMMARY STATEMENT**

	2007-08 Actual \$'000	2008-09 Budget \$'000	2009-10 Plan \$'000	2010-11 Plan \$'000	2011-12 Plan \$'000	2012-13 Plan \$'000	2013-14 Plan \$'000	2014-15 Plan \$'000	2015-16 Plan \$'000	2016-17 Plan \$'000	2017-18 Plan \$'000
Operating Revenues	28,229	29,706	30,746	31,685	32,570	33,632	34,731	35,865	37,038	38,250	39,502
<i>less Operating Expenses</i>	(29,150)	(29,697)	(30,736)	(31,675)	(32,559)	(33,623)	(34,721)	(35,855)	(37,028)	(38,241)	(39,492)
<b>Operating Surplus / (Deficit) Before Capital Amounts</b>	(921)	9	10	10	10	10	10	10	10	10	10
<b>Less: Net Outlays on Existing Assets</b>											
Capital Expenditure on Renewal/Replacement of Existing Assets	(3,451)	(4,434)	(5,219)	(4,536)	(4,296)	(5,211)	(6,030)	(4,726)	(4,362)	(4,081)	(4,507)
<i>less Proceeds from Sale of Replaced Assets</i>	20	27	25	25	25	25	25	25	25	25	25
<i>less Depreciation, Amortisation &amp; Impairment</i>	5,384	4,930	5,469	5,848	6,165	6,507	6,878	7,272	7,701	8,158	8,638
<b>Net Outlays on Existing Assets</b>	1,953	523	274	1,337	1,894	1,320	873	2,571	3,364	4,102	4,156
<b>Less: Net Outlays on New and Upgraded Assets</b>											
Capital Expenditure on New/Upgraded Assets	(883)	(1,335)	(5,129)	(1,512)	(200)	(200)	(200)	-	-	-	-
<i>less Amounts received specifically for new or upgraded assets</i>	1,590	263	323	-	40	440	500	-	-	-	-
<b>Net Outlays on New and Upgraded Assets</b>	707	(1,072)	(4,806)	(1,512)	(160)	240	300	-	-	-	-
<b>Equals: Net Lending / (Borrowing) for Financial Year</b>	1,739	(540)	(4,522)	(165)	1,745	1,570	1,183	2,581	3,374	4,112	4,167
<b>KEY FINANCIAL INDICATORS</b>											
<b>Operating Surplus / (Deficit) - \$'000</b>	(921)	9	10	10	10	10	10	10	10	10	10
<b>Operating Surplus Ratio - %</b>	-4%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Net Financial Liabilities - \$'000</b>	17,756	18,296	22,818	22,983	21,239	19,669	18,485	15,904	12,530	8,418	4,251
<b>Net Financial Liabilities Ratio - %</b>	64%	63%	76%	74%	67%	60%	54%	45%	35%	22%	11%
<b>Interest Cover Ratio - %</b>	3.1%	3.1%	2.6%	4.3%	3.9%	3.5%	3.1%	2.7%	2.3%	2.0%	1.7%
<b>Asset Sustainability Ratio - %</b>	64%	89%	95%	77%	69%	80%	87%	65%	56%	50%	52%
<b>Asset Consumption Ratio - %</b>	63%	64%	65%	65%	66%	66%	66%	66%	66%	66%	66%

9. Estimated Income Statement

**CITY OF NORWOOD PAYNEHAM & ST PETERS - ESTIMATED INCOME STATEMENT**

	2007-08 Actual \$'000	2008-09 Budget \$'000	2009-10 Plan \$'000	2010-11 Plan \$'000	2011-12 Plan \$'000	2012-13 Plan \$'000	2013-14 Plan \$'000	2014-15 Plan \$'000	2015-16 Plan \$'000	2016-17 Plan \$'000	2017-18 Plan \$'000
<b>INCOME</b>											
Rates	21,159	23,040	23,903	24,690	25,405	26,294	27,215	28,167	29,153	30,173	31,229
Statutory charges	1,258	1,329	1,366	1,397	1,432	1,468	1,504	1,542	1,581	1,620	1,661
User charges	2,221	2,365	2,430	2,486	2,548	2,612	2,677	2,744	2,813	2,883	2,955
Grants, subsidies and contributions	2,729	2,470	2,538	2,596	2,661	2,728	2,796	2,866	2,937	3,011	3,086
Investment Income	334	224	224	224	224	224	224	224	224	224	224
Reimbursements	236	199	204	209	214	220	225	231	237	243	249
Other Revenues	292	79	81	83	85	87	89	92	94	96	99
<b>Total Revenues</b>	<b>28,229</b>	<b>29,706</b>	<b>30,746</b>	<b>31,685</b>	<b>32,570</b>	<b>33,632</b>	<b>34,731</b>	<b>35,865</b>	<b>37,038</b>	<b>38,250</b>	<b>39,502</b>
<b>EXPENSES</b>											
Employee Costs	9,506	10,443	10,861	11,295	11,747	12,217	12,706	13,214	13,742	14,292	14,864
Materials, contracts & other expenses	13,088	11,902	12,229	12,511	12,823	13,144	13,473	13,809	14,155	14,508	14,871
Finance Costs	1,172	1,126	999	787	707	626	540	458	378	304	225
Finance Costs New Infrastructure	-	-	-	763	753	741	727	710	690	668	641
Depreciation, Amortisation & Impairment	988	314	300	315	331	347	365	383	402	422	443
Depreciation Swimming Centre (New)	-	-	2	18	44	79	129	186	261	346	435
Depreciation Buildings (New)	-	-	-	90	95	99	104	109	115	121	127
Depreciation Building (Indexing)	914	960	1,008	1,058	1,111	1,167	1,225	1,286	1,350	1,418	1,489
Depreciation Infrastructure (Indexing)	3,352	3,520	3,696	3,880	4,074	4,278	4,492	4,717	4,952	5,200	5,460
Depreciation Recreation (Indexing)	130	137	463	486	511	536	563	591	621	652	685
Future Existing Project Expenditure	-	1,351	217	285	261	308	344	277	243	288	293
Provision for New Projects	-	-	641	152	69	89	44	89	115	46	(28)
Projected Expenditure Savings	-	(55)	(244)	(251)	(259)	(267)	(275)	(283)	(291)	(300)	(309)
Building Maintenance	-	-	224	215	203	182	221	183	206	185	206
Swimming Centre Maintenance	-	-	341	70	89	77	64	126	89	91	91
<b>Total Expenses</b>	<b>29,150</b>	<b>29,697</b>	<b>30,736</b>	<b>31,675</b>	<b>32,559</b>	<b>33,623</b>	<b>34,721</b>	<b>35,855</b>	<b>37,028</b>	<b>38,241</b>	<b>39,492</b>
<b>OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS</b>	<b>(921)</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Net gain/(loss) on disposal or revaluation of assets	(718)	27	-	-	-	-	-	-	-	-	-
Share of profit – joint ventures	(941)	-	-	-	-	-	-	-	-	-	-
Amounts received specifically for new or upgraded assets	1,590	263	323	-	40	440	500	-	-	-	-
Physical resources received free of charge	395	-	-	-	-	-	-	-	-	-	-
<b>NET SURPLUS/(DEFICIT)</b>	<b>(595)</b>	<b>299</b>	<b>333</b>	<b>10</b>	<b>50</b>	<b>450</b>	<b>510</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>

10. Estimated Balance Sheet

**CITY OF NORWOOD PAYNEHAM & ST PETERS - ESTIMATED BALANCE SHEET**

	2007-08 Actual \$'000	2008-09 Budget \$'000	2009-10 Plan \$'000	2010-11 Plan \$'000	2011-12 Plan \$'000	2012-13 Plan \$'000	2013-14 Plan \$'000	2014-15 Plan \$'000	2015-16 Plan \$'000	2016-17 Plan \$'000	2017-18 Plan \$'000
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash & cash equivalents	2,569	(42)	208	822	1,343	1,600	1,498	2,766	4,939	7,755	11,519
Trade & other receivables	1,218	1,255	1,289	1,319	1,352	1,385	1,420	1,456	1,492	1,529	1,568
Inventories	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>3,787</b>	<b>1,212</b>	<b>1,497</b>	<b>2,141</b>	<b>2,695</b>	<b>2,986</b>	<b>2,918</b>	<b>4,222</b>	<b>6,431</b>	<b>9,284</b>	<b>13,086</b>
<b>Non-current Assets</b>											
Financial Assets	86	80	74	68	62	56	50	44	38	32	26
Equity accounted investments in Council businesses	(294)	450	450	450	450	450	450	450	450	450	450
Infrastructure, Property, Plant & Equipment	452,247	476,897	505,597	531,052	555,911	582,586	611,042	639,023	667,610	696,888	727,576
Other Non-current Assets	1,199	-	-	-	-	-	-	-	-	-	-
<b>Total Non-current Assets</b>	<b>453,238</b>	<b>477,427</b>	<b>506,121</b>	<b>531,570</b>	<b>556,423</b>	<b>583,092</b>	<b>611,542</b>	<b>639,517</b>	<b>668,098</b>	<b>697,370</b>	<b>728,052</b>
<b>Total Assets</b>	<b>457,025</b>	<b>478,640</b>	<b>507,618</b>	<b>533,711</b>	<b>559,118</b>	<b>586,078</b>	<b>614,460</b>	<b>643,739</b>	<b>674,530</b>	<b>706,655</b>	<b>741,138</b>
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Trade & Other Payables	2,517	2,593	2,664	2,725	2,793	2,863	2,935	3,008	3,083	3,160	3,239
Borrowings	1,411	3,303	1,287	1,296	1,387	1,362	1,390	1,281	1,378	1,378	1,378
Short-term Provisions	964	993	1,020	1,044	1,070	1,097	1,124	1,152	1,181	1,210	1,241
<b>Total Current Liabilities</b>	<b>4,892</b>	<b>6,889</b>	<b>4,971</b>	<b>5,065</b>	<b>5,250</b>	<b>5,321</b>	<b>5,449</b>	<b>5,441</b>	<b>5,642</b>	<b>5,748</b>	<b>5,858</b>
<b>Non-current Liabilities</b>											
Long-term Borrowings	15,790	12,491	19,203	19,907	18,520	17,158	15,768	14,487	13,109	11,731	11,244
Long-term Provisions	203	209	215	220	225	231	237	243	249	255	261
<b>Total Non-current Liabilities</b>	<b>15,993</b>	<b>12,700</b>	<b>19,418</b>	<b>20,127</b>	<b>18,745</b>	<b>17,389</b>	<b>16,004</b>	<b>14,729</b>	<b>13,357</b>	<b>11,986</b>	<b>11,506</b>
<b>Total Liabilities</b>	<b>20,885</b>	<b>19,588</b>	<b>24,389</b>	<b>25,192</b>	<b>23,995</b>	<b>22,710</b>	<b>21,453</b>	<b>20,170</b>	<b>18,999</b>	<b>17,734</b>	<b>17,363</b>
<b>NET ASSETS</b>	<b>436,140</b>	<b>459,051</b>	<b>483,229</b>	<b>508,519</b>	<b>535,122</b>	<b>563,367</b>	<b>593,007</b>	<b>623,569</b>	<b>655,530</b>	<b>688,920</b>	<b>723,775</b>
<b>EQUITY</b>											
Accumulated Surplus	31,077	31,376	31,709	31,719	31,769	32,219	32,729	32,739	32,750	32,759	32,769
Asset Revaluation Reserve	405,063	427,675	451,520	476,800	503,353	531,148	560,278	590,830	622,781	656,161	691,006
Other Reserves	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EQUITY</b>	<b>436,140</b>	<b>459,051</b>	<b>483,229</b>	<b>508,519</b>	<b>535,122</b>	<b>563,367</b>	<b>593,007</b>	<b>623,569</b>	<b>655,530</b>	<b>688,920</b>	<b>723,775</b>

11. Estimated Statement of Changes in Equity

**CITY OF NORWOOD PAYNEHAM & ST PETERS - ESTIMATED STATEMENT OF CHANGES IN EQUITY**

	2007-08 Actual \$'000	2008-09 Budget \$'000	2009-10 Plan \$'000	2010-11 Plan \$'000	2011-12 Plan \$'000	2012-13 Plan \$'000	2013-14 Plan \$'000	2014-15 Plan \$'000	2015-16 Plan \$'000	2016-17 Plan \$'000	2017-18 Plan \$'000
<b>ACCUMULATED SURPLUS</b>											
Balance at end of previous reporting period	27,532	31,077	31,376	31,709	31,719	31,769	32,219	32,729	32,739	32,750	32,759
Net Result for Year	(595)	299	333	10	50	450	510	10	10	10	10
Transfers to Other Reserves	(135)	-	-	-	-	-	-	-	-	-	-
Transfers from Other Reserves	4,275	-	-	-	-	-	-	-	-	-	-
<b>Balance at end of period</b>	<b>31,077</b>	<b>31,376</b>	<b>31,709</b>	<b>31,719</b>	<b>31,769</b>	<b>32,219</b>	<b>32,729</b>	<b>32,739</b>	<b>32,750</b>	<b>32,759</b>	<b>32,769</b>
<b>ASSET REVALUATION RESERVE</b>											
Balance at end of previous reporting period	404,704	405,063	427,675	451,520	476,800	503,353	531,148	560,278	590,830	622,781	656,161
Gain on revaluation of infrastructure,	442	22,612	23,845	25,280	26,553	27,796	29,129	30,552	31,951	33,381	34,844
Transfer to Accumulated Surplus on sale of	(83)	-	-	-	-	-	-	-	-	-	-
<b>Balance at end of period</b>	<b>405,063</b>	<b>427,675</b>	<b>451,520</b>	<b>476,800</b>	<b>503,353</b>	<b>531,148</b>	<b>560,278</b>	<b>590,830</b>	<b>622,781</b>	<b>656,161</b>	<b>691,006</b>
<b>OTHER RESERVES (3)</b>											
Balance at end of previous reporting period	4,057	-	-	-	-	-	-	-	-	-	-
Transfers from Accumulated Surplus	135	-	-	-	-	-	-	-	-	-	-
Transfers to Accumulated Surplus	(4,192)	-	-	-	-	-	-	-	-	-	-
<b>Balance at end of period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>436,140</b>	<b>459,051</b>	<b>483,229</b>	<b>508,519</b>	<b>535,122</b>	<b>563,367</b>	<b>593,007</b>	<b>623,569</b>	<b>655,530</b>	<b>688,920</b>	<b>723,775</b>

12. Estimated Cash Flow Statement

**CITY OF NORWOOD PAYNEHAM & ST PETERS - ESTIMATED CASH FLOW STATEMENT**

	2007-08 Actual \$'000	2008-09 Budget \$'000	2009-10 Plan \$'000	2010-11 Plan \$'000	2011-12 Plan \$'000	2012-13 Plan \$'000	2013-14 Plan \$'000	2014-15 Plan \$'000	2015-16 Plan \$'000	2016-17 Plan \$'000	2017-18 Plan \$'000
<b>CASH FLOWS FROM OPERATING</b>											
<u>Receipts</u>											
Operating receipts	29,140	29,445	30,487	31,432	32,313	33,375	34,472	35,606	36,778	37,989	39,240
Investment receipts	306	224	224	224	224	224	224	224	224	224	224
<u>Payments</u>											
Operating payments to suppliers and	(24,997)	(23,530)	(24,165)	(24,187)	(24,834)	(25,647)	(26,471)	(27,308)	(28,148)	(28,998)	(29,872)
Finance payments	(1,172)	(1,126)	(999)	(1,550)	(1,460)	(1,367)	(1,267)	(1,168)	(1,068)	(971)	(866)
<b>Net Cash provided by (or used in)</b>											
<b>Operating Activities</b>	3,277	5,013	5,548	5,918	6,242	6,585	6,958	7,354	7,785	8,244	8,726
<b>CASH FLOWS FROM INVESTING</b>											
<u>Receipts</u>											
Amounts specifically for new or upgraded	1,590	263	323	-	40	440	500	-	-	-	-
Sale of replaced assets	20	27	25	25	25	25	25	25	25	25	25
Repayments of loans by community groups	6	6	6	6	6	6	6	6	6	6	6
<u>Payments</u>											
Expenditure on renewal/replacement of	(2,771)	(4,434)	(5,219)	(4,536)	(4,296)	(5,211)	(6,030)	(4,726)	(4,362)	(4,081)	(4,507)
assets	(2,771)	(4,434)	(5,219)	(4,536)	(4,296)	(5,211)	(6,030)	(4,726)	(4,362)	(4,081)	(4,507)
Expenditure on new/upgraded assets	(883)	(1,335)	(5,129)	(1,512)	(200)	(200)	(200)	-	-	-	-
Capital contributed to joint ventures	-	(744)	-	-	-	-	-	-	-	-	-
<b>Net Cash provided by (or used in)</b>											
<b>Investing Activities</b>	(2,038)	(6,217)	(9,994)	(6,017)	(4,425)	(4,940)	(5,699)	(4,695)	(4,331)	(4,050)	(4,476)
<b>CASH FLOWS FROM FINANCING</b>											
<u>Receipts</u>											
Proceeds from Borrowings	-	-	8,000	2,000	-	-	-	-	-	-	-
<u>Payments</u>											
Repayments of Borrowings	(1,320)	(1,407)	(3,303)	(1,287)	(1,296)	(1,387)	(1,362)	(1,390)	(1,281)	(1,378)	(487)
<b>Net Cash provided by (or used in)</b>											
<b>Financing Activities</b>	(1,320)	(1,407)	4,697	713	(1,296)	(1,387)	(1,362)	(1,390)	(1,281)	(1,378)	(487)
<b>Net Increase (Decrease) in cash held</b>	(81)	(2,611)	250	614	521	257	(102)	1,268	2,173	2,816	3,764
Cash & cash equivalents at beginning of period	2,650	2,569	(42)	208	822	1,343	1,600	1,498	2,766	4,939	7,755
<b>Cash &amp; cash equivalents at end of period</b>	2,569	(42)	208	822	1,343	1,600	1,498	2,766	4,939	7,755	11,519

13. Summary Statement Including Financing Transactions

**CITY OF NORWOOD PAYNEHAM & ST PETERS - SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS**

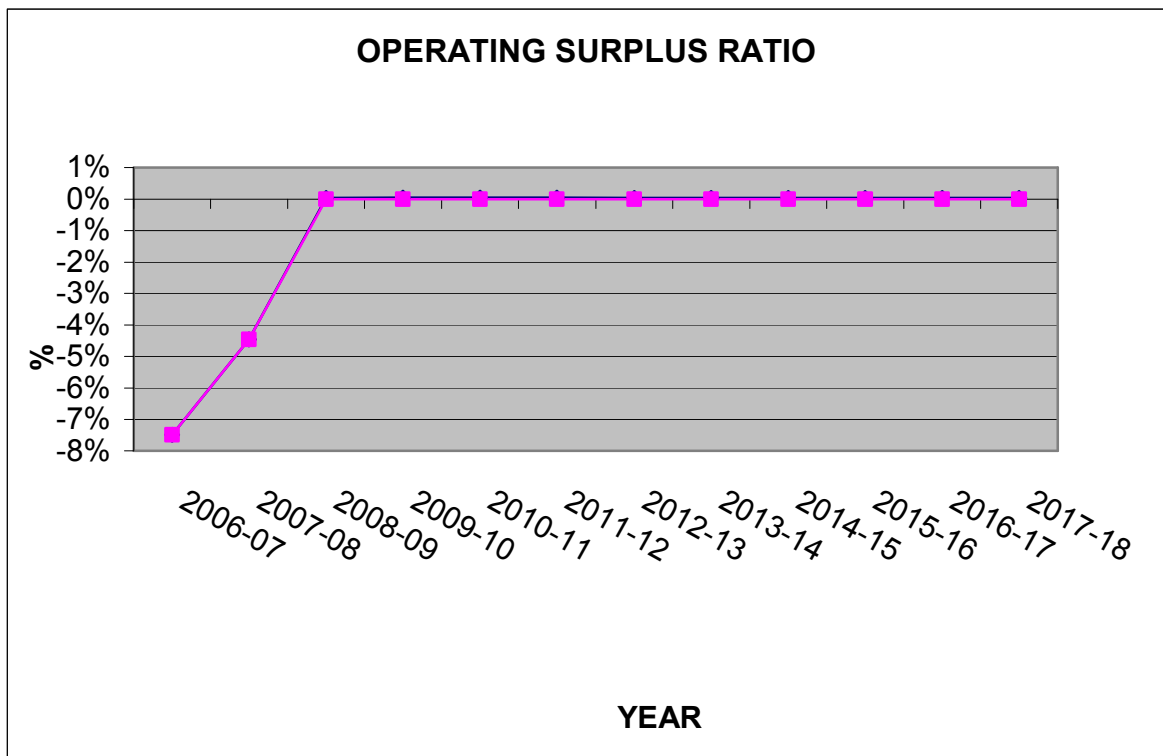
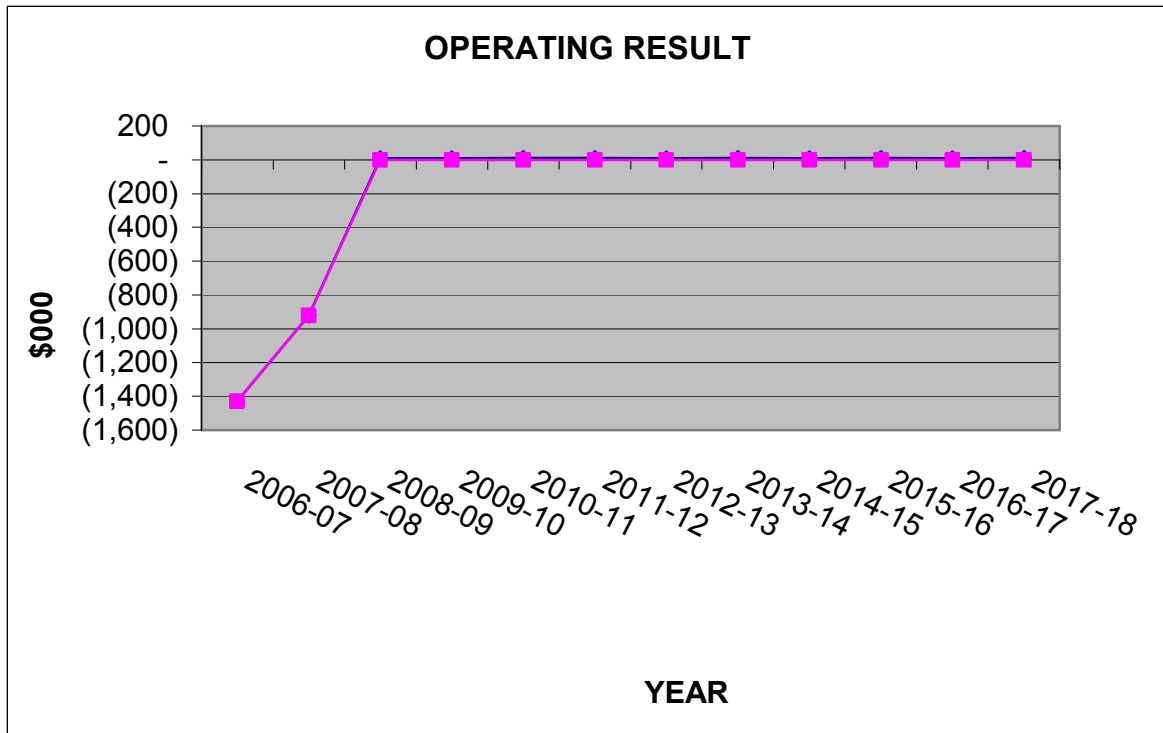
	2007-08 Actual \$'000	2008-09 Budget \$'000	2009-10 Plan \$'000	2010-11 Plan \$'000	2011-12 Plan \$'000	2012-13 Plan \$'000	2013-14 Plan \$'000	2014-15 Plan \$'000	2015-16 Plan \$'000	2016-17 Plan \$'000	2017-18 Plan \$'000
Operating Revenues	28,229	29,706	30,746	31,685	32,570	33,632	34,731	35,865	37,038	38,250	39,502
<i>less Operating Expenses</i>	(29,150)	(29,697)	(30,736)	(31,675)	(32,559)	(33,623)	(34,721)	(35,855)	(37,028)	(38,241)	(39,492)
<b>Operating Surplus / (Deficit) Before Capital Amounts</b>	(921)	9	10	10	10	10	10	10	10	10	10
<b>Less: Net Outlays on Existing Assets</b>											
Capital Expenditure on Renewal/Replacement of Existing Assets	(3,451)	(4,434)	(5,219)	(4,536)	(4,296)	(5,211)	(6,030)	(4,726)	(4,362)	(4,081)	(4,507)
<i>less Proceeds from Sale of Replaced Assets</i>	20	27	25	25	25	25	25	25	25	25	25
<i>less Depreciation, Amortisation &amp; Impairment</i>	5,384	4,930	5,469	5,848	6,165	6,507	6,878	7,272	7,701	8,158	8,638
<b>Net Outlays on Existing Assets</b>	1,953	523	274	1,337	1,894	1,320	873	2,571	3,364	4,102	4,156
<b>Less: Net Outlays on New and Upgraded</b>											
Capital Expenditure on New/Upgraded Assets	(883)	(1,335)	(5,129)	(1,512)	(200)	(200)	(200)	-	-	-	-
<i>less Amounts received specifically for new or upgraded assets</i>	1,590	263	323	-	40	440	500	-	-	-	-
<b>Net Outlays on New and Upgraded</b>	707	(1,072)	(4,806)	(1,512)	(160)	240	300	-	-	-	-
<b>Equals: Net Lending / (Borrowing) for Financial Year</b>	1,739	(540)	(4,522)	(165)	1,745	1,570	1,183	2,581	3,374	4,112	4,167

In any one year, the financing transactions identified below are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.

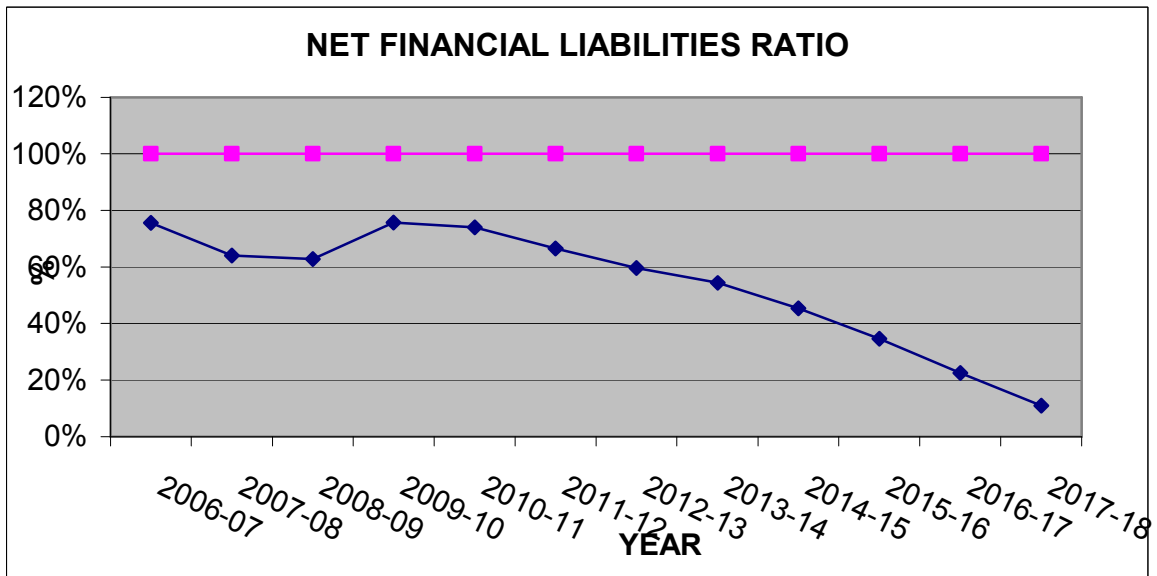
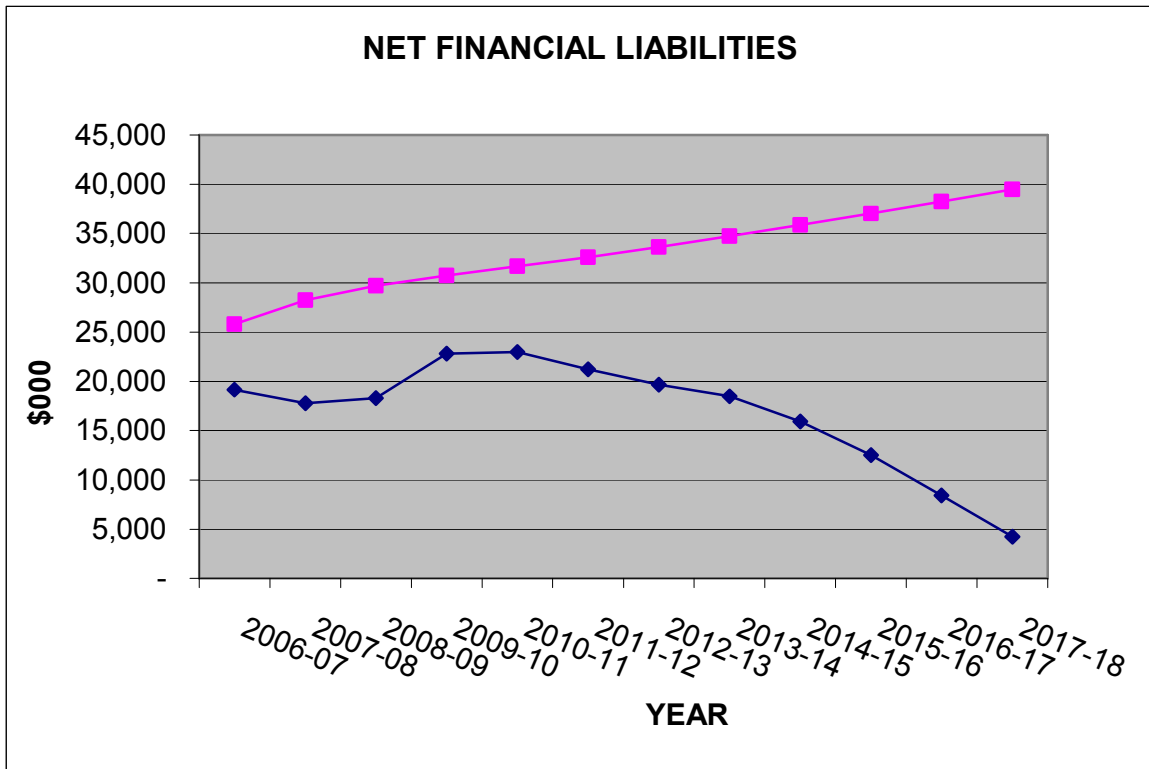
<b>FINANCING TRANSACTIONS</b>	2007-08 Budget \$'000	2008-09 Plan \$'000	2009-10 Plan \$'000	2010-11 Plan \$'000	2011-12 Plan \$'000	2012-13 Plan \$'000	2013-14 Plan \$'000	2014-15 Plan \$'000	2015-16 Plan \$'000	2016-17 Plan \$'000	2017-18 Plan \$'000
New Borrowings	-	-	8,000	2,000	-	-	-	-	-	-	-
Principal Repayments on Borrowings	(1,320)	(1,407)	(3,303)	(1,287)	(1,296)	(1,387)	(1,362)	(1,390)	(1,281)	(1,378)	(487)
(Increase)/Decrease in Cash and Cash Equivalents	81	2,611	(250)	(614)	(521)	(257)	102	(1,268)	(2,173)	(2,816)	(3,764)
(Increase)/Decrease in Receivables	(196)	(31)	(28)	(24)	(27)	(28)	(29)	(30)	(30)	(31)	(32)
Increase/(Decrease) in Payables and Provisions	(699)	111	104	90	100	102	105	107	110	113	116
Other – including movement in inventories	395	(744)	-	-	-	-	-	-	-	-	-
<b>Equals: Financing Transactions</b>	(1,739)	540	4,522	165	(1,745)	(1,570)	(1,183)	(2,581)	(3,374)	(4,112)	(4,167)

14.1 Operating Result

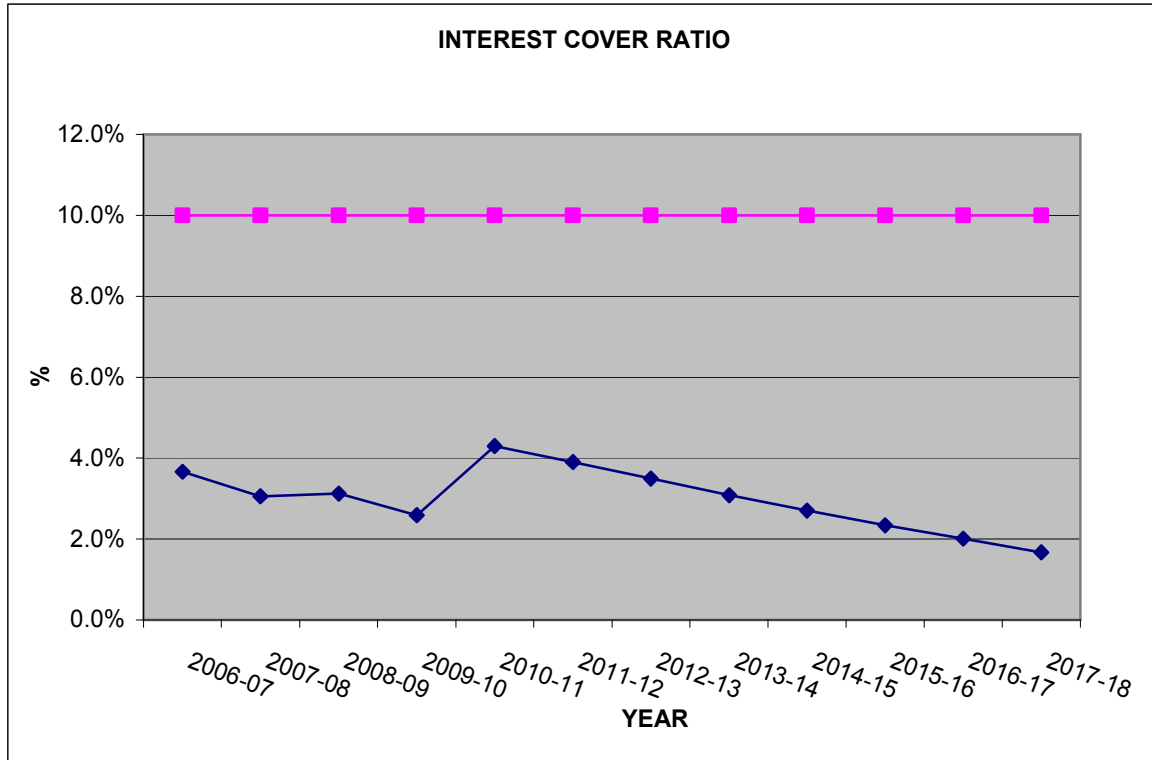
**CITY OF NORWOOD, PAYNEHAM & ST PETERS - LONG-TERM FINANCIAL PLAN - CHARTS**



### CITY OF NORWOOD, PAYNEHAM & ST PETERS - LONG-TERM FINANCIAL PLAN - CHARTS



### CITY OF NORWOOD, PAYNEHAM & ST PETERS - LONG-TERM FINANCIAL PLAN - CHARTS



14.4 Asset Sustainability

**CITY OF NORWOOD, PAYNEHAM & ST PETERS - LONG-TERM FINANCIAL PLAN - CHARTS**

