



# YORKE PENINSULA COUNCIL

## Long Term Financial Plan

2016/17 to 2025/26

## DOCUMENT INFORMATION

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<b>Prepared by:</b>	David Harding – Director Corporate & Community Services
<b>Authorised by:</b>	Andrew Cameron – Chief Executive Officer
<b>Adopted by Council:</b>	

### Council Details

<b>Name:</b>	Yorke Peninsula Council
<b>ABN:</b>	82 179 825 615
<b>Address:</b>	PO Box 57 Maitland SA
<b>Phone:</b>	+61 8 88320000
<b>Fax:</b>	+61 8 88532494
<b>E-Mail:</b>	admin@yorke.sa.gov.au

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## Executive Summary

Section 122 of the Local Government Act 1999 requires Councils to develop a Long Term Financial Plan (LTFP) as a key part of their Strategic Management reports.

Under the Act:

- S.8 (k): *A council must act to ..... ensure the sustainability of (its) long-term financial performance and position*
- S.150 (c): *(A) council should, in making any (rating) decision, take into account the financial effects of the decision on future generations*

The objective of the LTFP is to ensure that Council is financially sustainable and able to provide at least the current level of services over the 10 years of the plan.

To this end the Yorke Peninsula Council (YPC) reviews its LTFP on a regular basis using the latest available budget data as a base and incorporating all known future projects and variations to ensure a realistic forecast is presented to the Elected Body and the community alike.

The key elements adopted for the LTFP were developed in 2012/2013 and remain as the key targets in this review of Council's LTFP:

- Achieve operating surplus as a minimum within the 10 years covered by the plan;
- Spending on asset renewal consistent with AMP identified needs (say +/- 10%); to ensure Asset Sustainability in the long term;
- No new services or assets to be introduced without consideration of the impact on the LTFP;

Research and independent opinion is that Council should look to achieve results consistent with Local Government industry averages primarily in the areas of Operating Deficit and Asset Sustainability Ratio within that ten (10) year period to ensure financial sustainability in the longer term.

The decision by the Federal Government to cease Supplementary Local Road funding to local government in South Australia and to freeze General Purpose Grants until 2017/2018 has impacted on Council's aim to return to an operating surplus by 2021/2022 with this goal now likely to take a few more years to achieve but hopefully still within the 10 year forecast of this reviewed LTFP.

Once established and adopted the LTFP is then primarily used as a tool to establish and communicate Council's general financial direction over the longer term and to assist in the assessment of Council's current financial position in conjunction with its Annual Business Plan and Annual Budgets preparation together with ongoing quarterly Budget Reviews.

The LTFP is intended to be a “live” document requiring adjustment and assessment as Council makes financial decisions which may affect its financial position long term. In particular, decisions made in the key areas of rate movements, asset replacements and renewals, and the sustainability of service levels to be provided (inclusive of operating costs over the long term) require constant monitoring and review.

The LTFP is derived from a sub set of strategic financial policies, including Infrastructure Asset Management Plans (IAMP) for all classes of assets, and a set of assumptions necessary given the high level of the LTFP itself and the long term nature of all forecasts made.

## **Resources Referenced**

Resources referenced for the construction of the YPC LTFP include:

- 2014-15 Audited Financial Statements;
- 2015-16 Revised Budget (December Quarter review);
- Endorsed Asset Management Plans;
- Previous Long Term Financial Plans;
- 2015-16 Annual Business Plan;
- Input from the CEO, Council Directors and key Council staff;
- Input from the community via the public consultation process;
- Specific considered requests from Elected Members;
- Specific considered requests from the community.

## **Key Assumptions**

The key assumptions in reviewing Council’s LTFP are:

- Expected CPI movement of 1.95% per annum;
- Enterprise Bargaining Agreement (EBA) Movements of 2% in anticipation of negotiations prior to 30 June 2016;
- Allowances in salary and wages reclassifications of 0.65% every 2 years;
- Rate increases for residents at 3% above CPI until the end of 2022/2023 to achieve long term financial sustainability goals in the areas of Operating Deficit and Asset Sustainability;
- Power and Water charges increasing at a rate equal to CPI movement in anticipation that recent steep cost increases will not recur;
- Spending on asset renewal in line with existing IAMP’s or at about estimated need subject to funding availability;
- Spending on new assets in line with current trends;
- No new additional services or increase in existing service levels.

The following tables outline the assumptions that have been built in to the projection model:

## Key Assumptions (contd)

Long Term Financial Plan - Assumptions										
	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9	Y10
	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
<b>Expected CPI Movement</b>	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
<b>Expected District Growth</b>	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
<b>EB Movements</b>	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Allowance for Step/Reclass/Reorg etc	0.65%	0.00%	0.65%	0.00%	0.65%	0.00%	0.65%	0.00%	0.65%	0.00%
<b>TOTAL EB</b>	<b>2.65%</b>	<b>2.00%</b>	<b>2.65%</b>	<b>2.00%</b>	<b>2.65%</b>	<b>2.00%</b>	<b>2.65%</b>	<b>2.00%</b>	<b>2.65%</b>	<b>2.00%</b>
<b>Rates Income</b>										
General Movement	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
Growth	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
"Sustainability" Rate Increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	0.00%	0.00%	0.00%	0.00%
<b>TOTAL</b>	<b>5.35%</b>	<b>5.35%</b>	<b>5.35%</b>	<b>5.35%</b>	<b>5.35%</b>	<b>5.35%</b>	<b>2.35%</b>	<b>2.35%</b>	<b>2.35%</b>	<b>2.35%</b>
<b>CWMS &amp; Water Income</b>										
General Movement	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
Growth	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>TOTAL</b>	<b>2.35%</b>	<b>2.35%</b>	<b>2.35%</b>	<b>2.35%</b>	<b>2.35%</b>	<b>2.35%</b>	<b>2.35%</b>	<b>2.35%</b>	<b>2.35%</b>	<b>2.35%</b>
<b>Statutory Income</b>										
CPI	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>TOTAL</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>
<b>Commercial Income (incl Caravan Parks)</b>										
CPI	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>TOTAL</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>
<b>Finance Rates</b>										
Overdraft Rates	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%
New Loan Interest Rate	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
Investment Rate	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%

## Key Assumptions (contd)

<b>Long Term Financial Plan - Assumptions (cont)</b>										
	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9	Y10
	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
<b>Insurance</b>										
CPI	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>TOTAL</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>
<b>Materials - Incl Energy &amp; Water</b>										
CPI	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>TOTAL</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>
<b>Consultancies</b>										
CPI	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>TOTAL</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>
<b>Waste Management Charges</b>										
CPI	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>TOTAL</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>
<b>Infrastructure, Property, Plant &amp; Equipment</b>										
								<i>Prime Cost Rate</i>		
Land								<b>0.0%</b>		
Buildings and Other Structures								<b>2.2%</b>		
Transportation Infrastructure								<b>1.5%</b>		
Plant & Equipment								<b>8.0%</b>		
Furniture & Fittings								<b>5.4%</b>		
CWMS Infrastructure								<b>2.6%</b>		
Water Scheme Infrastructure								<b>2.0%</b>		
Stormwater Drainage								<b>1.5%</b>		
Other Assets								<b>4.5%</b>		



## Operating Income

### Rates

Rates includes revenue from General Rates, Service Charges (Refuse Collection), National Resource Management Levies collected on behalf of State Government, CWMS and Water service charges, fines for late payment and incorporates rebates available for each category.

The Rate Revenue increase shown in the tables is the average increase and actual changes to rates may vary dependant on valuations and other criteria. The Revenue line in the LTFP also includes an allowance for growth currently estimated at 0.4% p.a. based on past trends.

### Statutory Charges

Statutory Charges are fees related to the regulation of activities including Development Applications (set by State Government), Animal Registration and various Licence Fees.

Statutory charges are to be reviewed during 2016/2017 with increases expected to be in line with CPI and influenced by expected growth with the exception of Dog Registration Fees which are expected to rise by approximately 0.65% p.a. with responsible dog owners ensuring dogs are de-sexed and therefore attracting lower registration fees.

### User Charges

This category of income consists of fees for recovery of service delivery costs and income from Caravan Parks and Boat ramps operated or leased by Council.

User charges, including caravan park income is expected to increase in line with CPI movements.

### Grants & Subsidies

The primary components of this category constitute Local Government Grants Commission grants and grants for projects such as Foreshore Protection and Tourism projects.

Roads to Recovery Grants (RTR) are not included in this category but are shown as Grants Received Specifically for New/Upgraded Assets. RTR Income has been included for the ten (10) years of the LTFP and has been assumed to increase approximately in line with CPI after a "one of" special allocation of \$1.3m in 2016/17 funded by the federal Government from diesel levies.

Since the last LTFP review the Federal Government made the decision to cease the Supplementary Local Roads funding to local government in South Australia and has frozen General Purpose grants at current levels until the 2017/2018 financial year

after which they are expected to rise approximately in line with local government CPI levels.

Whilst a number of generous “one of” capital grants have been made available via Roads to Recovery in 2016/2017 and Council has been successful in applying for grants to complete Clinton Road by 2016/2017, the impact on Council’s LTFFP of these cuts is significant in the long term. The revenue cut to Yorke Peninsula Council as a result of these Federal Government decisions is estimated at \$450,000 p.a. from year 1 of the ten (10) year plan indexed for CPI thereafter.

Operating Grants in the LTFFP are expected to increase in line with CPI. Special funding of \$1.5m has been included in 2016/2017 and \$2.2m in 2017/2018 in anticipation of the completion of the Clinton Road project following Council’s successful application for Special Road Funding in 2016/2017.

### **Investment Income**

Investment Income included in the LTFFP is reflective of projections of cash available for investment and investment rates are in line with current trends experienced in the past two (2) years. Council’s Treasury Management Policy ensures available funds are managed on a regular basis to maximise returns.

### **Reimbursements**

This category includes reimbursements by Community Groups; Sporting Clubs and individuals for expenses incurred by Council on their behalf and on-billed. This category also includes any amounts charged for Private Works performed by Council.

Increases in the LTFFP are expected to be in line with CPI.

### **Other Revenue**

Includes income from minor sundry activities.

Other income is expected to increase equivalent to CPI over the ten (10) years of the LTFFP.

## **Operating Expenses**

### **Employee Costs**

Includes all labour costs relating to maintenance and is inclusive of salaries, wages, superannuation, leave entitlements and workers compensation insurance. Wage costs (including allocation of staff overheads) relating to capital projects are included in the total capital expenditure for both renewal of existing assets and projects to build new assets. The split between operating and capital can vary from year to year depending on assigned maintenance programmes however overall the LTFFP assumes the trend on this split remains consistent across the 10 years in the plan.

The LTFP provides for legislated increases in the superannuation guarantee moving from 9.5% in 2020/2021 to 12.0% by 2025/2026.

Costs in this category are based on staffing levels at the time of development of the LTFP and do not contain specific allowances for increases in staff numbers over the life of the LTFP.

Increases are projected in line with expected Enterprise Bargaining Agreements (EBA) at 2.0% with an allowance of 0.65% every 2 years for reclassifications and “annual” award service increases.

The EBA is to be renegotiated at the end of 2015/2016 and increases have been based on industry trends.

### **Materials, Contracts and Other Expenses**

Material costs in this category include road making materials, water, fuel, electricity and office consumables: Contracts includes payments to outside entities for provision of services to Council including Waste Management Services. This category also includes payments to consultants and legal fees incurred by Council.

Over the ten (10) years of the LTFP:

- Water charges and energy charges are predicted to increase by CPI following particularly volatile price increases over the past 2 -3 years;
- Materials and Contract costs, including Waste Management costs, have been estimated to increase at CPI across the full term of the LTFP;
- Professional services charges are also expected to rise in line with CPI over the course of the ten (10) year plan.

### **Finance Costs**

Finance Costs include interest on borrowings and bank charges.

Finance costs are based on forecast rates and are reflective of the current applicable rates for existing loans.

### **Depreciation**

Depreciation is an accounting charge to Operating Expenses showing the rate of consumption of Council’s infrastructure, buildings, plant and equipment and other fixed assets and is effectively a provision for replacement of these assets at the optimum estimated time to support the provision of current Council services.

Depreciation in the LTFP is calculated based on best estimates of consumption of Council’s assets over their useful lives. The estimate is also reflective of existing Asset Management Plans, advice taken from senior Council officers and the strategic decision taken by Council to increase renewal expenditure on assets and the reduction forecast in spending on new assets.

## Treasury Management Strategy

Financing forecasts in the LTFP have been made with consideration of Council's current Treasury Management Strategy.

*"Council's operating and capital expenditure decisions are made on the basis of:*

- *identified community need and benefit relative to other expenditure options;*
- *cost effectiveness of the proposed means of service delivery; and,*
- *affordability of proposals having regard to Council's long term financial sustainability (including consideration of the cost of capital and the impact of the proposal on Council's Net Financial Liabilities and Interest cover ratios)*

*Council manages its finances holistically in accordance with its overall financial sustainability strategies and targets and will:*

- *apply any funds that are not immediately required to meet approved expenditure (including funds that are required to be expended for specific purposes but are not required to be kept in separate bank accounts) to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required."*

## Strategic Rating Policy

### General Rates

Rates are Council's main source of income. They are used to provide the funds to deliver services and maintain infrastructure required by the community.

Rates are a form of property taxation and property values play an important part in determining how much each individual ratepayer contributes. As it is a system of taxation, the rates paid may not directly relate to the services used by each ratepayer. Generally, the higher the value of the property the higher the rates paid.

Along with most other Councils, we use capital value to value all properties. Capital value is the value of the land and all improvements.

In determining how rates are applied, we use a differential rating system with a fixed charge. Differential rates allow us to set a different rate depending on the use to which the land is put - whether it be residential, commercial, primary production, etc. A fixed charge is a fixed, or flat amount, that all ratepayers have to contribute to equally. Differential rates are calculated on top of a fixed charge.

In addition to General Rates, as described above, Council will use its rating powers to raise following rates and charges.

### **Waste Collection & Recycling Service Charge**

This service charge is charged to recover the cost of providing the Waste Collection and Recycling service with Council charging a set amount per property. Council calculates one service charge for properties entitled to receive a two bin service and another for those properties entitled to receive a three bin service.

This service charge is subject to a specific provision of the Local Government Act 1999 and Council is required to reduce the amount payable to residents depending on the distance of their property access point to the nearest collection point. Therefore the two bin service charge maybe reduced depending a properties distance to the nearest collection point.

### **Natural Resource Management Levy**

Council is required to collect an amount each year which is paid to the local Natural Resource Management Board. Council are informed each year of the amount to be collected.

Council then uses the capital value of properties to determine a rate-in-the-dollar to collect the NRM Levy on behalf of the Board.

The Board have advised of a change in its service agreements with the State Government and subsequently flagged a 30% increase in this levy commencing in the 2016/2017 financial year. From 2017/2018 it is assumed the levy will increase in line with CPI.

### **Community Waste Management Scheme (CWMS) Service Charge**

Council operates a number of CWMS schemes which provide a community effluent or sewerage scheme to properties. Council calculates a service charge each year to cover the cost of operating and maintaining and replacing equipment for all the schemes. A different service charge is set each year for occupied and unoccupied properties.

### **Water Scheme Service Charge**

Council operates a number of Water schemes throughout the district. A service charge is calculated each year to cover the cost of operating and maintaining and replacing equipment for all the schemes. In addition to a service charge properties are charged for their water use with rates set in accordance with those advised by SA Water.

### **Rate relief**

For ratepayers who may have difficulty paying their rates, Council has a number of schemes to assist people who find themselves in this circumstance. Council provides:

- Rate capping scheme;
- Postponement of rates scheme; and
- Negotiated repayments.

# Financial Statements

## - Uniform Presentation of Finances

Yorke Peninsula Council

LTFP - Projection

SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS

Year Ended 30 June:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Audited	Revised	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	Financials	Budget	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Operating Revenues	27,739	26,865	28,162	29,526	30,645	31,814	33,040	34,329	35,716	36,520	37,350	38,202
<i>less Operating Expenses</i>	29,415	29,697	30,789	31,512	32,228	32,836	34,158	34,891	35,751	36,471	37,323	38,821
<b>Operating Surplus/(Deficit) before Capital Amounts</b>	<b>(1,676)</b>	<b>(2,832)</b>	<b>(2,627)</b>	<b>(1,986)</b>	<b>(1,583)</b>	<b>(1,022)</b>	<b>(1,118)</b>	<b>(562)</b>	<b>(35)</b>	<b>49</b>	<b>27</b>	<b>(619)</b>
<b>Less: Net Outlays on Existing Assets</b>												
Capital Expenditure on Renewal/Replacement of Existing Assets	5,215	8,210	5,191	6,781	7,464	8,208	8,867	9,040	9,317	9,397	9,581	9,770
<i>less Depreciation, Amortisation &amp; Impairment</i>	10,552	8,700	9,075	9,327	9,547	9,789	10,639	10,897	11,161	11,436	11,717	12,688
<i>less Proceeds from Sale of Replaced Assets</i>	387	377	380	380	385	385	390	390	400	400	410	410
	<b>(5,724)</b>	<b>(867)</b>	<b>(4,265)</b>	<b>(2,926)</b>	<b>(2,468)</b>	<b>(1,966)</b>	<b>(2,162)</b>	<b>(2,247)</b>	<b>(2,244)</b>	<b>(2,439)</b>	<b>(2,546)</b>	<b>(3,328)</b>
<b>Less: Net Outlays on New and Upgraded Assets</b>												
Capital Expenditure on New/Upgraded Assets	4,054	5,605	5,428	1,482	1,511	1,541	1,572	1,603	1,636	1,669	1,703	1,737
<i>less Amounts Specifically for New/Upgraded Assets</i>	1,204	3,615	3,854	581	581	581	581	581	581	581	581	581
<i>less Proceeds from Sale of Surplus Assets</i>	0	0	0	0	0	0	0	0	0	0	0	0
	<b>2,850</b>	<b>1,990</b>	<b>1,574</b>	<b>901</b>	<b>930</b>	<b>960</b>	<b>991</b>	<b>1,022</b>	<b>1,055</b>	<b>1,088</b>	<b>1,122</b>	<b>1,156</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>1,198</b>	<b>(3,955)</b>	<b>63</b>	<b>39</b>	<b>(45)</b>	<b>(16)</b>	<b>52</b>	<b>662</b>	<b>1,154</b>	<b>1,399</b>	<b>1,451</b>	<b>1,553</b>

## - Comprehensive Presentation of Income

Yorke Peninsula Council

LTFP - Projection

ESTIMATED COMPREHENSIVE INCOME STATEMENT

Year Ended 30 June:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Audited	Revised	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	Financials	Budget	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
<b>INCOME</b>												
Rates	19,110	20,039	21,183	22,153	23,172	24,242	25,366	26,547	27,798	28,439	29,094	29,765
Statutory Charges	391	398	411	420	428	437	445	454	462	472	481	491
User Charges	2,866	2,967	3,101	3,452	3,519	3,587	3,657	3,728	3,801	3,875	3,951	4,029
Grants, subsidies, contributions	4,227	2,720	2,709	2,748	2,787	2,826	2,867	2,908	2,950	2,992	3,034	3,078
Investment Income	184	175	201	185	160	132	103	78	79	104	140	177
Reimbursements	610	472	461	470	479	488	498	508	518	528	538	548
Other Income	351	94	96	98	100	102	104	106	108	110	112	114
<b>Total Revenues</b>	<b>27,739</b>	<b>26,865</b>	<b>28,162</b>	<b>29,526</b>	<b>30,645</b>	<b>31,814</b>	<b>33,040</b>	<b>34,329</b>	<b>35,716</b>	<b>36,520</b>	<b>37,350</b>	<b>38,202</b>
<b>EXPENSES</b>												
Employee costs	8,006	8,004	8,216	8,380	8,601	8,774	9,003	9,227	9,513	9,748	10,048	10,297
Materials, contracts & other expenses	12,599	12,522	13,012	13,342	13,649	13,875	14,150	14,431	14,768	15,007	15,305	15,609
Depreciation	8,510	8,700	9,075	9,327	9,547	9,789	10,639	10,897	11,161	11,436	11,717	12,688
Finance Costs	300	471	486	463	431	398	366	336	309	280	253	227
<b>Total Expenses</b>	<b>29,415</b>	<b>29,697</b>	<b>30,789</b>	<b>31,512</b>	<b>32,228</b>	<b>32,836</b>	<b>34,158</b>	<b>34,891</b>	<b>35,751</b>	<b>36,471</b>	<b>37,323</b>	<b>38,821</b>
<b>OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS</b>	<b>(1,676)</b>	<b>(2,832)</b>	<b>(2,627)</b>	<b>(1,986)</b>	<b>(1,583)</b>	<b>(1,022)</b>	<b>(1,118)</b>	<b>(562)</b>	<b>(35)</b>	<b>49</b>	<b>27</b>	<b>(619)</b>
Net gain/(loss) on disposal or revaluations	(693)	15	10	10	10	10	10	10	10	10	10	10
Amounts specifically for new assets	1,204	3,615	3,854	581	581	581	581	581	581	581	581	581
<b>NET SURPLUS/(DEFICIT)</b>	<b>(1,165)</b>	<b>798</b>	<b>1,237</b>	<b>(1,395)</b>	<b>(992)</b>	<b>(431)</b>	<b>(527)</b>	<b>29</b>	<b>556</b>	<b>640</b>	<b>618</b>	<b>(28)</b>
<b>Other Comprehensive Income</b>												
Changes in revaluation surplus - IPP&E	12,389	0	0	0	6,833	19,397	0	0	0	6,800	20,473	0
Impairment (expense) / recoupments offset to asset revaluation reserve	(2,042)	0	0	0	0	0	0	0	0	0	0	0
<b>Total Other Comprehensive Income</b>	<b>10,347</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,833</b>	<b>19,397</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,800</b>	<b>20,473</b>	<b>0</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>9,182</b>	<b>798</b>	<b>1,237</b>	<b>(1,395)</b>	<b>5,841</b>	<b>18,966</b>	<b>(527)</b>	<b>29</b>	<b>556</b>	<b>7,440</b>	<b>21,091</b>	<b>(28)</b>

## - Balance Sheet

Yorke Peninsula Council  
LTFP - Projection  
ESTIMATED BALANCE SHEET

Year Ended 30 June:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Audited	Revised	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	Financials	Budget	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash & Equivalent Assets	7,394	3,828	3,447	2,971	2,420	1,847	1,338	1,451	2,087	2,960	3,861	4,951
Trade & Other Receivables	1,315	1,354	1,346	1,337	1,332	1,331	1,331	1,313	1,312	1,312	1,297	1,265
Investments & Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0
Inventories	777	777	777	777	777	777	777	777	777	777	777	777
Sub-total	9,486	5,959	5,570	5,085	4,529	3,955	3,446	3,541	4,176	5,049	5,935	6,993
Non-current assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Current Assets</b>	<b>9,486</b>	<b>5,959</b>	<b>5,570</b>	<b>5,085</b>	<b>4,529</b>	<b>3,955</b>	<b>3,446</b>	<b>3,541</b>	<b>4,176</b>	<b>5,049</b>	<b>5,935</b>	<b>6,993</b>
<b>Non-Current Assets</b>												
Receivables	331	457	389	331	274	216	155	109	60	8	(32)	(43)
Financial Assets	485	503	521	541	562	585	607	631	656	681	708	734
Equity Accounted Investments in Council Businesses	0	0	0	0	0	0	0	0	0	0	0	0
Investment Property	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure, Property, Plant & Equipment	333,889	338,642	339,816	338,383	344,268	363,249	362,668	362,035	361,434	367,474	387,115	385,534
Other Non-Current Assets	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Non-Current Assets</b>	<b>334,705</b>	<b>339,602</b>	<b>340,726</b>	<b>339,255</b>	<b>345,104</b>	<b>364,050</b>	<b>363,430</b>	<b>362,775</b>	<b>362,150</b>	<b>368,163</b>	<b>387,791</b>	<b>386,225</b>
<b>Total Assets</b>	<b>344,191</b>	<b>345,561</b>	<b>346,296</b>	<b>344,340</b>	<b>349,633</b>	<b>368,005</b>	<b>366,876</b>	<b>366,316</b>	<b>366,326</b>	<b>373,212</b>	<b>393,726</b>	<b>393,218</b>
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
Trade & Other Payables	2,497	2,275	2,379	2,372	2,405	2,416	2,430	2,447	2,462	2,483	2,492	2,512
Borrowings	631	648	629	648	675	692	687	654	658	688	588	496
Provisions	1,622	1,585	1,644	1,667	1,714	1,746	1,791	1,835	1,890	1,936	1,994	2,043
Sub-total	4,750	4,508	4,652	4,687	4,794	4,854	4,908	4,936	5,010	5,107	5,074	5,051
Liabilities Relating to Non-Current Assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Current Liabilities</b>	<b>4,750</b>	<b>4,508</b>	<b>4,652</b>	<b>4,687</b>	<b>4,794</b>	<b>4,854</b>	<b>4,908</b>	<b>4,936</b>	<b>5,010</b>	<b>5,107</b>	<b>5,074</b>	<b>5,051</b>
<b>Non-Current Liabilities</b>												
Borrowings	7,244	7,946	7,317	6,669	5,994	5,302	4,615	3,961	3,303	2,615	2,027	1,531
Provisions	496	608	591	643	663	699	731	767	807	844	887	927
Other Non-Current Liabilities	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Non-Current Liabilities</b>	<b>7,740</b>	<b>8,554</b>	<b>7,908</b>	<b>7,312</b>	<b>6,657</b>	<b>6,001</b>	<b>5,346</b>	<b>4,728</b>	<b>4,110</b>	<b>3,459</b>	<b>2,914</b>	<b>2,458</b>
<b>Total Liabilities</b>	<b>12,490</b>	<b>13,062</b>	<b>12,560</b>	<b>11,999</b>	<b>11,451</b>	<b>10,855</b>	<b>10,254</b>	<b>9,664</b>	<b>9,120</b>	<b>8,566</b>	<b>7,988</b>	<b>7,509</b>
<b>NET ASSETS</b>	<b>331,701</b>	<b>332,499</b>	<b>333,736</b>	<b>332,341</b>	<b>338,182</b>	<b>357,150</b>	<b>356,622</b>	<b>356,652</b>	<b>357,206</b>	<b>364,646</b>	<b>385,738</b>	<b>385,709</b>
<b>EQUITY</b>												
Accumulated Surplus	(4,511)	(3,713)	(2,476)	(3,871)	(4,863)	(5,294)	(5,821)	(5,792)	(5,236)	(4,596)	(3,978)	(4,006)
Asset Revaluation Reserve	335,455	335,455	335,455	335,455	342,288	361,685	361,685	361,685	361,685	368,485	388,958	388,958
Other Reserves	757	757	757	757	757	757	757	757	757	757	757	757
<b>TOTAL EQUITY</b>	<b>331,701</b>	<b>332,499</b>	<b>333,736</b>	<b>332,341</b>	<b>338,182</b>	<b>357,148</b>	<b>356,621</b>	<b>356,650</b>	<b>357,206</b>	<b>364,646</b>	<b>385,737</b>	<b>385,709</b>



## - Changes in Equity

Yorke Peninsula Council

LTFP - Projection

ESTIMATED STATEMENT OF CHANGES IN EQUITY

Year Ended 30 June:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Audited	Revised	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	Financials	Budget	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
<b>ACCUMULATED SURPLUS</b>												
Balance at end of previous reporting period	(3,306)	(4,511)	(3,713)	(2,476)	(3,871)	(4,863)	(5,294)	(5,821)	(5,792)	(5,236)	(4,596)	(3,978)
Net Result for Year	(1,165)	798	1,237	(1,395)	(992)	(431)	(527)	29	556	640	618	(28)
Transfers to Other Reserves	(40)	0	0	0	0	0	0	0	0	0	0	0
Transfers from Other Reserves	0	0	0	0	0	0	0	0	0	0	0	0
<b>Balance at end of period</b>	<b>(4,511)</b>	<b>(3,713)</b>	<b>(2,476)</b>	<b>(3,871)</b>	<b>(4,863)</b>	<b>(5,294)</b>	<b>(5,821)</b>	<b>(5,792)</b>	<b>(5,236)</b>	<b>(4,596)</b>	<b>(3,978)</b>	<b>(4,006)</b>
<b>ASSET REVALUATION RESERVE</b>												
Land	73,286	73,286	73,286	73,286	79,727	79,727	79,727	79,727	79,727	86,177	86,177	86,177
Buildings and Other Structures	48,995	48,995	48,995	48,995	48,995	52,178	52,178	52,178	52,178	52,178	54,817	54,817
Transportation Infrastructure	186,712	186,712	186,712	186,712	186,712	200,791	200,791	200,791	200,791	200,791	216,462	216,462
CWMS Infrastructure	14,481	14,481	14,481	14,481	14,481	15,758	15,758	15,758	15,758	15,758	17,006	17,006
Water Scheme Infrastructure	1,374	1,374	1,374	1,374	1,576	1,576	1,576	1,576	1,576	1,767	1,767	1,767
Office Building	0	0	0	0	190	190	190	190	190	349	349	349
Stormwater Drainage	10,607	10,607	10,607	10,607	10,607	11,465	11,465	11,465	11,465	11,465	12,380	12,380
<b>Balance at end of period</b>	<b>335,455</b>	<b>335,455</b>	<b>335,455</b>	<b>335,455</b>	<b>342,288</b>	<b>361,685</b>	<b>361,685</b>	<b>361,685</b>	<b>361,685</b>	<b>368,485</b>	<b>388,958</b>	<b>388,958</b>
<b>OTHER RESERVES</b>												
Balance at end of previous reporting period	717	757	757	757	757	757	757	757	757	757	757	757
Transfers from Accumulated Surplus	40	0	0	0	0	0	0	0	0	0	0	0
Transfers to Accumulated Surplus	0	0	0	0	0	0	0	0	0	0	0	0
<b>Balance at end of period</b>	<b>757</b>	<b>757</b>	<b>757</b>	<b>757</b>	<b>757</b>	<b>757</b>	<b>757</b>	<b>757</b>	<b>757</b>	<b>757</b>	<b>757</b>	<b>757</b>
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>331,701</b>	<b>332,499</b>	<b>333,736</b>	<b>332,341</b>	<b>338,182</b>	<b>357,148</b>	<b>356,621</b>	<b>356,650</b>	<b>357,206</b>	<b>364,646</b>	<b>385,737</b>	<b>385,709</b>

## - Cash Flow Statement

Yorke Peninsula Council

LTFP - Projection

ESTIMATED CASH FLOW STATEMENT

Year Ended 30 June:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Audited	Revised	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	Financials	Budget	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>												
<u>Receipts</u>												
Rates	19,110	20,039	21,183	22,153	23,172	24,242	25,366	26,547	27,798	28,439	29,094	29,765
Statutory Charges	391	398	411	420	428	437	445	454	462	472	481	491
User Charges	2,852	2,967	3,101	3,450	3,519	3,587	3,657	3,728	3,801	3,875	3,951	4,029
Grants, subsidies, contributions	4,227	2,720	2,709	2,748	2,787	2,826	2,867	2,908	2,950	2,992	3,034	3,078
Investment Income	156	175	170	153	132	108	82	60	65	93	132	172
Reimbursements	610	472	461	470	479	488	498	508	518	528	538	548
Other Income	351	94	96	98	100	102	104	106	108	110	112	114
<u>Payments</u>												
Employee costs	(7,818)	(8,043)	(8,156)	(8,358)	(8,554)	(8,743)	(8,958)	(9,184)	(9,458)	(9,703)	(9,990)	(10,249)
Materials, contracts & other expenses	(12,255)	(12,648)	(12,944)	(13,315)	(13,616)	(13,848)	(14,126)	(14,400)	(14,737)	(14,973)	(15,279)	(15,575)
Finance Costs	(300)	(471)	(486)	(463)	(431)	(398)	(366)	(336)	(309)	(280)	(253)	(227)
<b>Net Cash provided by (or used in) Operating Activities</b>	<b>7,324</b>	<b>5,703</b>	<b>6,545</b>	<b>7,356</b>	<b>8,016</b>	<b>8,801</b>	<b>9,569</b>	<b>10,391</b>	<b>11,198</b>	<b>11,553</b>	<b>11,820</b>	<b>12,146</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<u>Receipts</u>												
Amounts Specifically for New/Upgraded Assets	1,204	3,615	3,854	581	581	581	581	581	581	581	581	581
Sale of Renewed/Replaced Assets	387	377	380	380	385	385	390	390	400	400	410	410
Repayments of Loans by Community Groups	48	75	107	99	90	83	82	82	64	63	63	48
<u>Payments</u>												
Expenditure on Renewal/Replacement of Assets	(5,215)	(8,210)	(5,191)	(6,781)	(7,464)	(8,208)	(8,867)	(9,040)	(9,317)	(9,397)	(9,581)	(9,770)
Expenditure on New/Upgraded Assets	(4,054)	(5,605)	(5,428)	(1,482)	(1,511)	(1,541)	(1,572)	(1,603)	(1,636)	(1,669)	(1,703)	(1,737)
Loans Made to Community Groups	0	(240)	0	0	0	0	0	0	0	0	0	0
<b>Net Cash Provided by (or used in) Investing Activities</b>	<b>(7,630)</b>	<b>(9,988)</b>	<b>(6,278)</b>	<b>(7,203)</b>	<b>(7,919)</b>	<b>(8,700)</b>	<b>(9,386)</b>	<b>(9,591)</b>	<b>(9,908)</b>	<b>(10,022)</b>	<b>(10,231)</b>	<b>(10,468)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
<u>Receipts</u>												
Proceeds from Borrowings	6,000	1,350	0	0	0	0	0	0	0	0	0	0
<u>Payments</u>												
Repayments of Borrowings	(669)	(631)	(648)	(629)	(648)	(675)	(692)	(687)	(654)	(658)	(688)	(588)
Repayment of Finance Lease Liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of Aged Care Facility Deposits	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net Cash provided by (or used in) Financing Activities</b>	<b>5,331</b>	<b>719</b>	<b>(648)</b>	<b>(629)</b>	<b>(648)</b>	<b>(675)</b>	<b>(692)</b>	<b>(687)</b>	<b>(654)</b>	<b>(658)</b>	<b>(688)</b>	<b>(588)</b>
<b>Net Increase/(Decrease) in cash held</b>	<b>5,025</b>	<b>(3,566)</b>	<b>(381)</b>	<b>(476)</b>	<b>(551)</b>	<b>(574)</b>	<b>(509)</b>	<b>113</b>	<b>636</b>	<b>873</b>	<b>901</b>	<b>1,090</b>
<b>Opening cash, cash equivalents or (bank overdraft)</b>	<b>2,369</b>	<b>7,394</b>	<b>3,828</b>	<b>3,447</b>	<b>2,971</b>	<b>2,420</b>	<b>1,847</b>	<b>1,338</b>	<b>1,451</b>	<b>2,087</b>	<b>2,960</b>	<b>3,861</b>
<b>Closing cash, cash equivalents or (bank overdraft)</b>	<b>7,394</b>	<b>3,828</b>	<b>3,447</b>	<b>2,971</b>	<b>2,420</b>	<b>1,847</b>	<b>1,338</b>	<b>1,451</b>	<b>2,087</b>	<b>2,960</b>	<b>3,861</b>	<b>4,951</b>

## - Key Financial Ratios

Yorke Peninsula Council

LTFP - Projection

KEY FINANCIAL INDICATORS

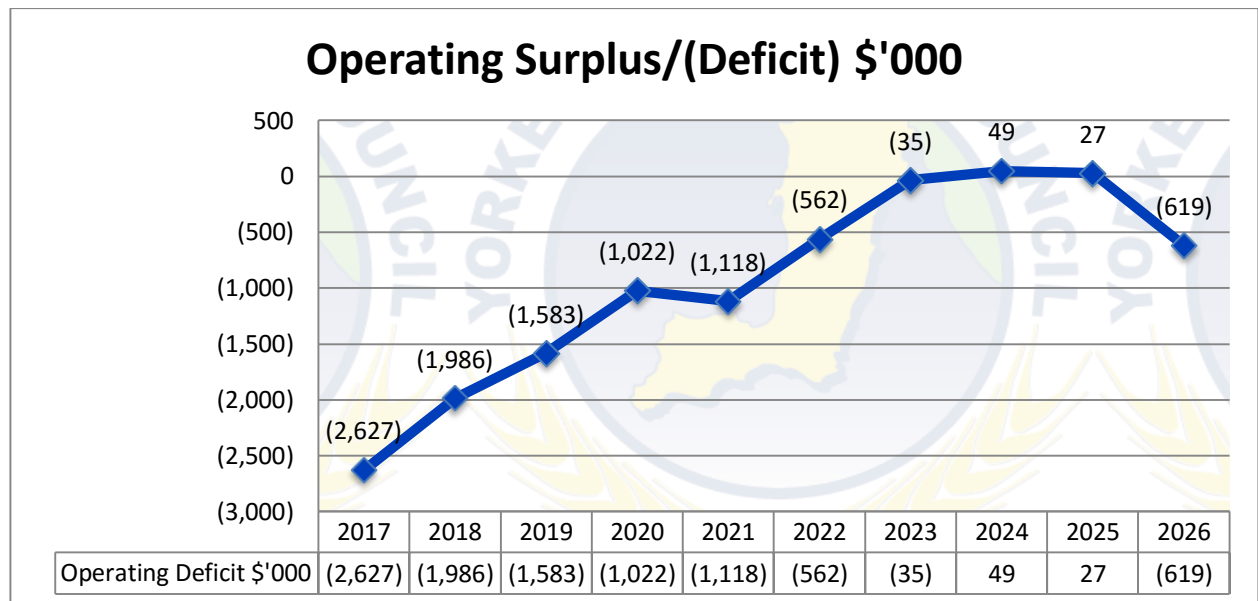
Year Ended 30 June:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Audited	Revised	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	Financials	Budget	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Surplus / (Deficit) - \$'000	(1,676)	(2,832)	(2,627)	(1,986)	(1,583)	(1,022)	(1,118)	(562)	(35)	49	27	(619)
Operating Surplus Ratio - %	(9)%	(14)%	(12)%	(9)%	(7)%	(4)%	(4)%	(2)%	(0)%	0%	0%	(2)%
Net Financial Liabilities - \$'000	3,296	7,377	7,246	7,150	7,137	7,092	6,978	6,269	5,065	3,613	2,122	559
Net Financial Liabilities Ratio - %	11.9%	27.5%	25.7%	24.2%	23.3%	22.3%	21.1%	18.3%	14.2%	9.9%	5.7%	1.5%
Interest Cover Ratio - %	0.4%	1.1%	1.0%	0.9%	0.9%	0.8%	0.8%	0.8%	0.6%	0.5%	0.3%	0.1%
Asset Sustainability Ratio - %	46%	90%	53%	69%	74%	80%	80%	79%	80%	79%	78%	74%
Asset Consumption Ratio - %	64%	63%	62%	61%	60%	59%	58%	57%	56%	55%	54%	53%

## Financial Indicator Graphs

### Operating Surplus Chart

The Operating Surplus chart below shows the impact of the key elements of Councils LTFP strategy over the ten (10) years of the plan, resulting in an Operating Surplus in years eight (8) and nine (9) of \$49,000 and \$27,000 respectively.

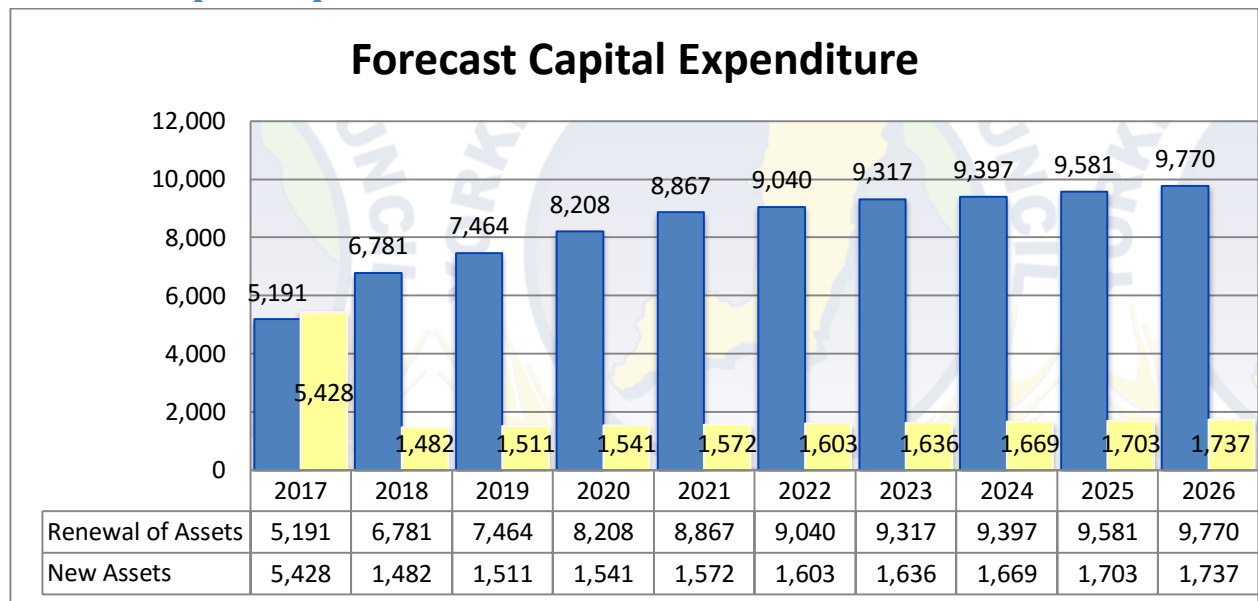
The Operating Surplus/ (Deficit) target is Local Government industry average of approximately break-even.



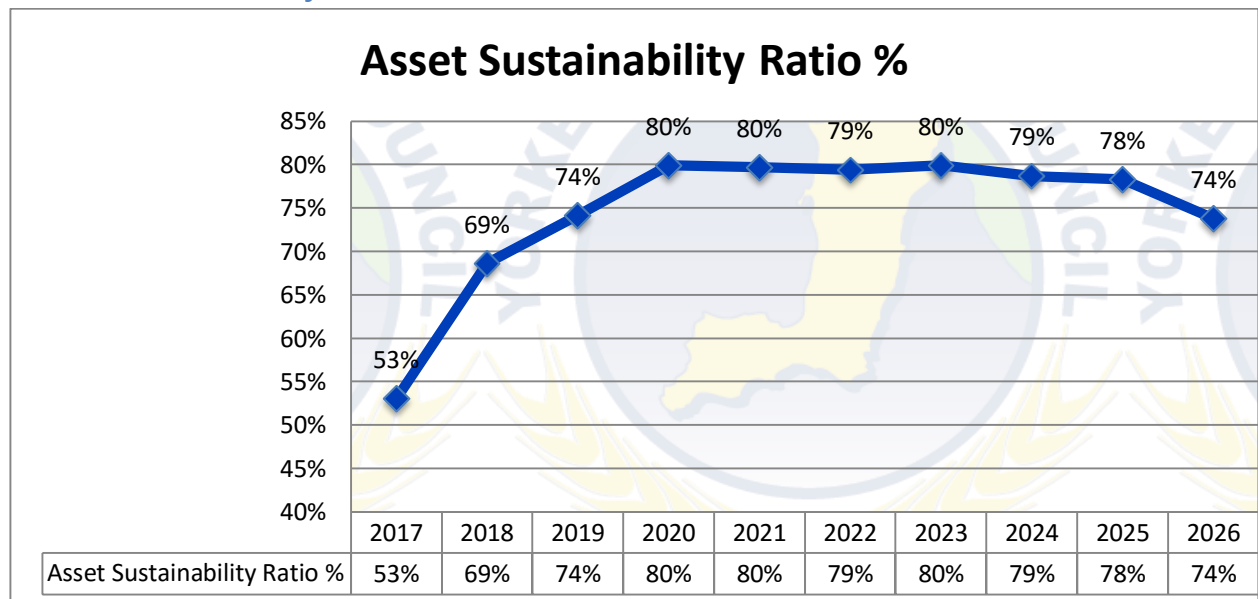
The following charts show the increase in spending on renewal of assets relative to spending on new assets and the resultant impact on Council's Asset Sustainability Ratio over the ten (10) year period. Expenditure on renewal is based on endorsed Asset Management Plans and forecasts to sustain assets at required service levels. Expenditure on new assets is largely driven by available funds after meeting existing operating and asset service levels.

The Asset Sustainability Ratio target is also Local Government industry average of around 80%.

### Forecast Capital Expenditure Chart



### Asset Sustainability Chart



## **Significant Long Term Financial Plan Risks**

The Yorke Peninsula Council Long Term Financial Plan has been constructed based on a set of assumptions which reflect current trends as best interpreted by Council. Any of these assumptions may change due to influences beyond Council's control and place significant pressure on Council to achieve its stated objectives.

Given the ten (10) year timeframe of the LTFP, changes in these assumptions are almost certain at some time over the journey, As such the LTFP will demand constant updating and Council will undertake to keep the LTFP up to date with quarterly reviews following budget reviews required under Local Government Regulations.

Within Local Government there are many factors that could have significant impact on forecasts such as changes in legislative and economic conditions which may impact CPI and growth estimates, major events that may have significant consequences within the Council area of operation.

Changes in community expectations of Council in regard to services provided and new services required also presents significant risk in relation to the LTFP objectives which Council will monitor by its stated strategy to not introduce changes to services, or add new services, without reference to their impact on the LTFP.

While Asset Management Plans address replacement of core assets based on expected useful life estimates there is always the risk that deterioration of these assets may be quicker than expected due to changes in factors impacting on the particular assets. There is also the chance that major replacement programs could be disrupted by shortages within the skilled workforce or abnormal weather conditions.

Asset Management Plans and the LTFP assume that at least current levels of funding for renewal of assets from both State and Federal Governments will continue across the term, however any change to these arrangements would also threaten the basis of the projections.

A further risk is presented with the replacement of some or all Elected Members at elections every four (4) years. Council's next election will take place in November 2018.

Council is confident that continuity in regard can be achieved through close monitoring and regular financial reporting together with the proposed quarterly reviews of the LTFP.