



DISTRICT COUNCIL OF YORKE PENINSULA

Long Term Financial Plan

2012/13 to 2021/2022

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Executive Summary

Section 122 of the Local Government Act 1999 requires Councils to develop a Long Term Financial Plan 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 District Council of Yorke Peninsula (DCYP) engaged an independent consultant to validate work performed by Council finance staff and ensures that clear goals are both understood and set by Council.

The key elements adopted for the LTFP following this review are:

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

The Long Term Financial Plan (LTFP) is 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 DCYP LTFP include:

- 2010-2011 Audited Financial Statements;
- 2011-12 Revised Budget (March Quarter review);
- 2011-2012 Adopted Budget (adopted July 2011);
- Transport Asset and Infrastructure Management Plan;
- Previous Long Term Financial Plans;
- 2012/13 Draft Annual Business Plan;
- Input from the CEO, Council Directors and key Council staff;
- Requests from Elected Members.

Key Assumptions

The key assumptions in achieving this result are:

- Expected CPI movement of 3.2% per annum;
- Enterprise Bargaining Agreement (EBA) Movements of 4% for years 1 and 2 as per existing EBA;
- Enterprise Bargaining Agreement (EBA) Movements of 3.7% after years 1 and 2 , based on industry averages achieved over the past 12 months;
- Rate increases for residents at 3% above CPI;
- Power and Water charges increasing at 1.5 times CPI movement;
- Spending on asset renewal in line with existing IAMP's or at about estimated need (increase of approx. \$2m plus cpi p.a. above current trends;
- Spending on new assets at about estimated need of about approx. \$2.5m pa plus CPI less than 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)

	Yr1 2012/2013	Yr2 2013/2014	Yr3 2014/2015	Yr4 2015/2016	Yr5 2016/2017	Yr6 2017/2018	Yr7 2018/2019	Yr8 2019/2020	Yr9 2020/2021	Yr10 2021/2022
Expected CPI Movement	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
EB Movements			Adjusted to expected industry standard							
Allowance for Step/Reclass/Reorg etc	4.0%	4.0%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
TOTAL EB	0.5%	0.5%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
	4.5%	4.5%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
Rates										
General Movement	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%
Growth	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Rate Increase	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%
CWMS										
General Movement	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
Growth	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Increase	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%
Finance Charges										
Overdraft Rates	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%
Loan Interest Rate	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%
Investment Rate	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%
Energy Cost										
CPI	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
Cost Pressure Increase	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
TOTAL	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
Water Cost										
CPI	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
Cost Pressure Increase	3.2%	3.2%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
TOTAL	6.4%	6.4%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
Materials, Parts, Consumables										
CPI	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
Growth	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
TOTAL	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%
Consultancies										
CPI	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
Contracual Services (incl Waste Management)										
CPI	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
Growth	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
TOTAL	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%

Key Assumptions (contd)

Infrastructure, Property, Plant & Equipment											
		Prime Cost Depreciation Rate									
		Rate									
		0.00%									
		2.53%									
		2.40%									
		10.00%									
		4.90%									
		1.40%									
		2.10%									
		2.50%									
		Based on IAMP where one exists--all other allocations as directed by CEO.									
Asset Spend	Renewal	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
	Buildings & Other Structures	\$336	\$310	\$320	\$330	\$340	\$351	\$362	\$374	\$386	\$398
	Transportation Infrastructure	\$2,907	\$3,947	\$4,337	\$4,740	\$5,161	\$5,596	\$5,775	\$5,960	\$6,151	\$6,347
	Plant & Equipment	\$1,275	\$1,032	\$1,065	\$1,099	\$1,134	\$1,171	\$1,208	\$1,247	\$1,287	\$1,328
	Furniture & Fittings	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	CWMS Infrastructure	\$24	\$210	\$200	\$130	\$190	\$180	\$180	\$200	\$216	\$218
	Water Scheme Infrastructure	\$0	\$91	\$93	\$96	\$100	\$103	\$106	\$109	\$113	\$117
	Other Assets	\$60	\$203	\$207	\$210	\$213	\$117	\$121	\$125	\$129	\$133
	TOTAL RENEWAL	\$4,607	\$5,793	\$6,222	\$6,605	\$7,138	\$7,518	\$7,752	\$8,014	\$8,281	\$8,541
	New Assets	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
	Land	\$120	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Buildings & Other Structures	\$527	\$0	\$200	\$0	\$0	\$250	\$0	\$0	\$300	\$0
	Transportation Infrastructure	\$1,012	\$1,032	\$1,065	\$1,099	\$1,134	\$1,171	\$1,208	\$1,247	\$1,287	\$1,328
	Plant & Equipment	\$270	\$310	\$320	\$330	\$341	\$351	\$363	\$374	\$386	\$398
	Furniture & Fittings	\$5	\$31	\$32	\$33	\$34	\$35	\$36	\$37	\$39	\$40
	CWMS Infrastructure	\$305	\$100	\$120	\$200	\$150	\$171	\$182	\$174	\$170	\$180
	Water Scheme Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Other Assets	\$113	\$106	\$113	\$120	\$127	\$234	\$242	\$249	\$257	\$266
	TOTAL NEW	\$2,352	\$1,579	\$1,850	\$1,782	\$1,786	\$2,212	\$2,031	\$2,081	\$2,439	\$2,212
	TOTAL	\$6,959	\$7,372	\$8,072	\$8,387	\$8,924	\$9,730	\$9,783	\$10,095	\$10,720	\$10,753

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 1% 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 2012/13 with a small increase above CPI expected in year 2 of the LTFP and increases in line with CPI thereafter.

User Charges

This category of income consists of fees for recovery of service delivery costs and income from Caravan Parks 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 constitutes 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 10 years of the LTFP and have been assumed to increase in line with CPI.

Operating Grants in the LTFP are expected to increase in line with CPI. Other Grants available to Council are expected to increase by 13% in year 2 of the LTFP and at CPI for the remaining years of the projection.

Investment Income

Investment Income included in the LTFP is reflective of projections of cash available for investment and investment rates are in line with current trends experienced in the past 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.

Reimbursements have decreases significantly in year 1 of the LTFP with Progress Associations and other bodies now directly responsible for some payments, such as insurance, rather than reimbursing Council. Increases from year 2 of the LTFP 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 10 years of the LTFP.

Operating Expenses

Employee Costs

Includes all labour costs inclusive of salaries, wages, superannuation, leave entitlements and workers compensation insurance.

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 for years 1 & 2 in line with current Enterprise Bargaining Agreements (EBA) at 4.0% with an allowance of 0.5% for reclassifications and “annual” award service increases.

The EBA is to be renegotiated at the end of year 2 and increases have been estimated at 3.7% based on industry trends with a reduced allowance of 0.2% for reclassifications and “annual” award service increases as the workforce matures.

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 10 years of the LTFP:

- Water charges increasing at twice CPI for the first 2 years and 1.5 times CPI thereafter;
- Power charges increasing at 1.5 times CPI;

- Materials and Contract costs, including Waste Management costs, have been increased at CPI plus 1% growth across the full term of the LTFP;
- Waste Management base costs are calculated based on draft legislation yet to be adopted by State Parliament and as such costs may require review dependent on changes to Regulations yet to be completely assessed by Council;
- No specific increase has been included to provide for Carbon Tax impact and may require assessment at a future date when more information is available to Council.

Finance Costs

Finance Costs include interest on borrowings and bank charges.

Finance costs are based on forecast rates contained within the model 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 ratios¹.)*

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 & Recycling service. Council charges 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 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 uses the capital value of properties to determine a rate-in-the-dollar for the NRM Levy.

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. Council calculates a service charge 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 charge for their water use.

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;
- Negotiated repayments.

Financial Statements

- Uniform Presentation of Finances

District Council of Yorke Peninsula

LTFP - Projection Version 6



Year Ended 30 June:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	Actual	Estimate	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Operating Revenues	23,555	23,511	24,007	25,295	26,644	28,086	29,667	31,365	33,175	35,146	37,277	39,572
less Operating Expenses	27,905	26,536	27,318	28,238	29,262	30,778	32,683	33,814	35,056	36,235	38,212	39,229
Operating Surplus/(Deficit) before Capital Amounts	(4,350)	(3,025)	(3,311)	(2,943)	(2,618)	(2,692)	(3,016)	(2,449)	(1,881)	(1,089)	(935)	343
Less: Net Outlays on Existing Assets												
Capital Expenditure on Renewal/Replacement of Existing Assets	2,013	3,791	4,607	5,793	6,222	6,605	7,138	7,518	7,752	8,015	8,282	8,541
less Depreciation, Amortisation & Impairment	8,751	9,087	9,313	9,580	9,849	10,658	11,759	12,052	12,377	12,687	13,718	13,748
less Proceeds from Sale of Replaced Assets	355	133	155	200	200	300	300	350	400	400	450	450
	(7,093)	(5,429)	(4,861)	(3,987)	(3,827)	(4,353)	(4,921)	(4,884)	(5,025)	(5,072)	(5,886)	(5,657)
Less: Net Outlays on New and Upgraded Assets												
Capital Expenditure on New/Upgraded Assets	3,529	3,182	2,352	1,579	1,850	1,782	1,785	2,212	2,030	2,081	2,439	2,212
less Amounts Specifically for New/Upgraded Assets	652	679	619	636	656	677	699	721	744	768	793	818
less Proceeds from Sale of Surplus Assets	263	0	0	0	0	0	0	0	0	0	0	0
	2,614	2,503	1,733	943	1,194	1,105	1,086	1,491	1,286	1,313	1,646	1,394
Net Lending / (Borrowing) for Financial Year	129	(99)	(183)	101	15	556	819	944	1,858	2,670	3,305	4,606

- Comprehensive Presentation of Income

District Council of Yorke Peninsula



LTFP - Projection Version 6 ESTIMATED COMPREHENSIVE INCOME STATEMENT

	Year Ended 30 June:											
	2,011	2,012	2,013	2,014	2,015	2,016	2,017	2,018	2,019	2,020	2,021	2,022
	Actual	Estimate	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
INCOME	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)
Rates	14,415	15,398	16,417	17,480	18,615	19,824	21,115	22,494	23,965	25,537	27,215	29,008
Statutory Charges	525	424	426	470	487	504	521	539	557	576	596	618
User Charges	3,893	2,604	2,740	2,829	2,922	3,017	3,114	3,214	3,321	3,430	3,541	3,657
Grants, subsidies, contributions	3,166	3,834	3,566	3,740	3,860	3,983	4,110	4,242	4,377	4,517	4,661	4,810
Investment Income	308	327	254	153	117	95	123	170	226	334	488	679
Reimbursements	889	696	450	464	479	494	510	526	543	560	578	596
Other Income	359	228	154	159	164	169	174	180	186	192	198	204
Total Revenues	23,555	23,511	24,007	25,295	26,644	28,086	29,667	31,365	33,175	35,146	37,277	39,572
EXPENSES												
Employee costs	6,180	6,523	6,992	7,306	7,590	7,886	8,193	8,512	8,843	9,188	9,545	9,916
Materials, contracts & other expenses	12,531	10,613	10,676	11,130	11,636	12,085	12,592	13,121	13,715	14,247	14,845	15,468
Depreciation	8,751	9,087	9,313	9,580	9,849	10,658	11,759	12,052	12,377	12,687	13,718	13,748
Finance Costs	443	313	337	222	187	149	139	129	121	113	104	97
Total Expenses	27,905	26,536	27,318	28,238	29,262	30,778	32,683	33,814	35,056	36,235	38,212	39,229
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AM	(4,350)	(3,025)	(3,311)	(2,943)	(2,618)	(2,692)	(3,016)	(2,449)	(1,881)	(1,089)	(935)	343
Net gain/(loss) on disposal or revaluations	(454)	133	21	10	10	(10)	(10)	(10)	(10)	(20)	0	0
Amounts specifically for new assets	1,214	679	619	1,136	656	1,177	699	1,321	744	1,368	793	1,468
Physical resources free of charge	0	0	0	0	0	0	0	0	0	0	0	0
NET SURPLUS/(DEFICIT) AFTER CAPITAL REVENUES	(3,590)	(2,213)	(2,671)	(1,797)	(1,952)	(1,525)	(2,327)	(1,138)	(1,147)	259	(142)	1,811
Other Comprehensive Income												
Changes in revaluation surplus - IPP&E	28,315	0	0	0	16,054	17,446	0	0	0	16,411	20,053	0
Total Other Comprehensive Income	28,315	0	0	0	16,054	17,446	0	0	0	16,411	20,053	0
TOTAL COMPREHENSIVE INCOME	24,725	(2,213)	(2,671)	(1,797)	14,102	15,921	(2,327)	(1,138)	(1,147)	16,670	19,911	1,811

The District Council of Yorke Peninsula - Long Term Financial Plan 2012/2013 to 2021/2022

- Balance Sheet

District Council of Yorke Peninsula

LTFP - Projection Version 6
ESTIMATED BALANCE SHEET



Year Ended 30 June:													
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
	Actual	Estimate	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	
	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	\$('000)	
ASSETS													
Current Assets													
Cash & Equivalent Assets	4,955	3,200	2,413	1,807	1,379	1,834	2,646	3,591	5,456	8,130	11,444	16,093	
Trade & Other Receivables	1,017	862	882	882	887	892	895	898	901	903	905	787	
Investments & Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0	
Inventories	185	138	138	138	138	138	138	138	138	138	138	138	
Sub-total	6,157	4,200	3,433	2,827	2,404	2,864	3,679	4,627	6,495	9,171	12,487	17,018	
Non-current assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0	
Total Current Assets	6,157	4,200	3,433	2,827	2,404	2,864	3,679	4,627	6,495	9,171	12,487	17,018	
Non-Current Assets													
Receivables	246	179	296	316	230	341	351	359	366	373	380	507	
Financial Assets	296	297	310	326	344	363	382	402	424	448	471	497	
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	256,074	253,960	251,472	249,574	263,661	279,026	275,880	273,798	270,793	284,793	301,399	298,604	
Inventories	0	0	0	0	0	0	0	0	0	0	0	0	
Other Non-Current Assets	103	103	103	103	103	103	103	103	103	103	103	103	
Sub-total	256,719	254,539	252,181	250,319	264,338	279,833	276,716	274,662	271,686	285,717	302,353	299,711	
Total Non-Current Assets	262,876	268,739	266,614	263,146	266,742	282,697	280,396	279,289	278,181	294,888	314,840	316,729	
Total Assets													
LIABILITIES													
Current Liabilities													
Trade & Other Payables	2,193	1,693	1,782	1,743	1,799	1,810	1,839	1,862	1,889	1,917	1,939	1,968	
Borrowings	1,233	944	728	651	220	174	151	157	162	154	127	67	
Provisions	767	767	840	866	904	935	972	1,008	1,046	1,086	1,127	1,169	
Other Current Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	
Liabilities Relating to Non-Current Assets held for sale	4,193	3,404	3,350	3,260	2,923	2,919	2,962	3,027	3,097	3,157	3,193	3,204	
Sub-total	4,193	3,404	3,350	3,260	2,923	2,919	2,962	3,027	3,097	3,157	3,193	3,204	
Total Current Liabilities	4,193	3,404	3,350	3,260	2,923	2,919	2,962	3,027	3,097	3,157	3,193	3,204	
Non-Current Liabilities													
Trade & Other Payables	0	0	0	0	0	0	0	0	0	0	0	0	
Borrowings	3,664	2,720	2,192	1,641	1,421	1,447	1,396	1,339	1,277	1,223	1,196	1,229	
Provisions	341	149	280	250	300	311	344	368	398	428	461	494	
Other Non-Current Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	
Sub-total	4,005	2,869	2,472	1,891	1,721	1,758	1,740	1,707	1,675	1,651	1,657	1,723	
Total Non-Current Liabilities	4,005	2,869	2,472	1,891	1,721	1,758	1,740	1,707	1,675	1,651	1,657	1,723	
Total Liabilities	8,198	6,273	5,822	5,151	4,644	4,677	4,702	4,734	4,772	4,808	4,850	4,927	
NET ASSETS	254,678	262,466	249,792	247,995	262,098	278,020	275,693	274,555	273,409	290,080	309,990	311,802	
EQUITY													
Accumulated Surplus	(11,491)	(13,704)	(16,375)	(18,172)	(20,124)	(21,649)	(23,976)	(25,114)	(26,261)	(26,002)	(26,144)	(24,333)	
Asset Revaluation Reserve	264,571	264,571	264,571	264,571	280,625	298,071	298,071	298,071	298,071	314,482	334,535	334,535	
Other Reserves	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597	
TOTAL EQUITY	254,677	262,464	249,793	247,996	262,098	278,019	275,692	274,564	273,407	290,077	309,988	311,799	

The District Council of Yorke Peninsula - Long Term Financial Plan 2012/2013 to 2021/2022

- Changes in Equity

District Council of Yorke Peninsula



LTFP - Projection Version 6
ESTIMATED STATEMENT OF CHANGES IN EQUITY

	Year Ended 30 June:											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	Actual	Estimate	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)
ACCUMULATED SURPLUS												
Balance at end of previous reporting period	(11,501)	(11,491)	(13,704)	(16,375)	(18,172)	(20,124)	(21,649)	(23,976)	(25,114)	(26,261)	(26,002)	(26,144)
Net Result for Year	(3,590)	(2,213)	(2,671)	(1,797)	(1,952)	(1,525)	(2,327)	(1,138)	(1,147)	259	(142)	1,811
Other Comprehensive Income	0	0	0	0	0	0	0	0	0	0	0	0
Transfers to Other Reserves	(1,131)	0	0	0	0	0	0	0	0	0	0	0
Transfers from Other Reserves	4,731	0	0	0	0	0	0	0	0	0	0	0
Balance at end of period	(11,491)	(13,704)	(16,375)	(18,172)	(20,124)	(21,649)	(23,976)	(25,114)	(26,261)	(26,002)	(26,144)	(24,333)
ASSET REVALUATION RESERVE												
Land	0	0	0	0	9,304	9,304	9,304	9,304	9,304	19,857	19,857	19,857
Buildings and Other Structures	0	0	0	0	5,143	5,143	5,143	5,143	5,143	9,740	9,740	9,740
Transportation Infrastructure	264,571	264,571	264,571	264,571	264,571	280,234	280,234	280,234	280,234	280,234	298,203	298,203
Plant & Equipment	0	0	0	0	812	812	812	812	812	1,273	1,273	1,273
Furniture & Fittings	0	0	0	0	70	70	70	70	70	105	105	105
CWMS Infrastructure	0	0	0	0	0	1,495	1,495	1,495	1,495	1,495	3,231	3,231
Water Scheme Infrastructure	0	0	0	0	0	288	288	288	288	288	636	636
Other Assets	0	0	0	0	725	725	725	725	725	1,490	1,490	1,490
Asset Group 9	0	0	0	0	0	0	0	0	0	0	0	0
Asset Group 10	0	0	0	0	0	0	0	0	0	0	0	0
Balance at end of period	264,571	264,571	264,571	264,571	280,625	298,071	298,071	298,071	298,071	314,482	334,535	334,535
OTHER RESERVES												
Balance at end of previous reporting period	5,197	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597
Transfers from Accumulated Surplus	1,131	0	0	0	0	0	0	0	0	0	0	0
Transfers to Accumulated Surplus	(4,731)	0	0	0	0	0	0	0	0	0	0	0
Balance at end of period	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597	1,597
TOTAL EQUITY AT END OF REPORTING PERIOD												
	254,677	252,464	249,793	247,996	262,098	278,019	275,692	274,554	273,407	290,077	309,988	311,799

The District Council of Yorke Peninsula - Long Term Financial Plan 2012/2013 to 2021/2022

- Cash Flow Statement

District Council of Yorke Peninsula



LTFP - Projection Version 6

ESTIMATED CASH FLOW STATEMENT

Year Ended 30 June:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	Actual	Estimate	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
			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)
CASH FLOWS FROM OPERATING ACTIVITIES												
<u>Receipts</u>												
Rates		15,398	16,417	17,480	18,615	19,824	21,115	22,494	23,965	25,537	27,215	29,008
Statutory Charges		424	426	470	487	504	521	539	557	576	596	618
User Charges		2,841	2,740	2,829	2,922	3,017	3,114	3,214	3,321	3,430	3,541	3,657
Grants, subsidies, contributions		3,834	3,566	3,740	3,860	3,983	4,110	4,242	4,377	4,517	4,661	4,810
Investment Income		319	242	138	103	79	105	151	205	311	463	652
Reimbursements		696	450	464	479	494	510	526	543	560	578	596
Other Income		228	154	159	164	169	174	180	186	192	198	204
Spare Income 2		0	0	0	0	0	0	0	0	0	0	0
<u>Payments</u>												
Employee costs		(6,523)	(6,920)	(7,281)	(7,553)	(7,856)	(8,157)	(8,477)	(8,806)	(9,149)	(9,505)	(9,875)
Materials, contracts & other expenses		(11,311)	(10,471)	(11,214)	(11,546)	(12,080)	(12,548)	(13,093)	(13,678)	(14,211)	(14,813)	(15,430)
Finance Costs		(313)	(337)	(222)	(187)	(149)	(139)	(129)	(121)	(113)	(104)	(97)
Loss - Joint Ventures		0	0	0	0	0	0	0	0	0	0	0
Other Expenses		0	0	0	0	0	0	0	0	0	0	0
Net Cash provided by (or used in) Operating Activities		5,593	6,267	6,563	7,344	7,985	8,805	9,647	10,549	11,650	12,830	14,143
CASH FLOWS FROM INVESTING ACTIVITIES												
<u>Receipts</u>												
Amounts Specifically for New/Upgraded Assets		679	619	636	656	677	699	721	744	768	793	818
Sale of Renewed/Replaced Assets		133	155	200	200	300	300	350	400	400	450	450
Sale of Surplus Assets		0	0	0	0	0	0	0	0	0	0	0
Proceeds of disposals - Invest. Prop.		0	0	0	0	0	0	0	0	0	0	0
Net disposal of Investment Securities		0	0	0	0	0	0	0	0	0	0	0
Pcdis of disposal - Real Estate Devel.		0	0	0	0	0	0	0	0	0	0	0
Repayments of Loans by Community Groups		46	75	95	95	100	105	108	111	114	116	118
Distributions Received from Associated Entities		0	0	0	0	0	0	0	0	0	0	0
<u>Payments</u>												
Expenditure on Renewal/Replacement of Assets		(3,791)	(4,607)	(5,793)	(6,222)	(6,605)	(7,138)	(7,518)	(7,752)	(8,015)	(8,282)	(8,541)
Expenditure on New/Upgraded Assets		(3,182)	(2,352)	(1,579)	(1,850)	(1,782)	(1,785)	(2,212)	(2,030)	(2,081)	(2,439)	(2,212)
Purchase of Investment Property		0	0	0	0	0	0	0	0	0	0	0
Net purchase of Investment Securities		0	0	0	0	0	0	0	0	0	0	0
Acquisitions - Real Estate developments		0	0	0	0	0	0	0	0	0	0	0
Loans Made to Community Groups		0	(200)	(100)	0	(200)	(100)	(100)	(100)	(100)	(100)	(100)
Capital Contributed to Associated Entities		0	0	0	0	0	0	0	0	0	0	0
Net Cash Provided by (or used in) Investing Activities		(6,115)	(6,310)	(6,541)	(7,121)	(7,510)	(7,919)	(8,651)	(8,627)	(8,914)	(9,462)	(9,467)
CASH FLOWS FROM FINANCING ACTIVITIES												
<u>Receipts</u>												
Proceeds from Borrowings		0	200	100	0	200	100	100	100	100	100	100
Proceeds from Aged Care Facility Deposits		0	0	0	0	0	0	0	0	0	0	0
<u>Payments</u>												
Repayments of Borrowings		(1,188)	(944)	(728)	(651)	(220)	(174)	(151)	(157)	(162)	(154)	(127)
Repayment of Finance Lease Liabilities		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
Net Cash provided by (or used in) Financing Activities		(1,188)	(744)	(628)	(651)	(20)	(74)	(51)	(57)	(62)	(54)	(27)
Net Increase/(Decrease) in cash held		(1,710)	(787)	(606)	(428)	455	812	945	1,865	2,674	3,314	4,649
Opening cash, cash equivalents or (bank overdraft)		4,910	3,200	2,413	1,807	1,379	1,834	2,646	3,591	5,456	8,130	11,444
Closing cash, cash equivalents or (bank overdraft)		4,910	3,200	2,413	1,807	1,379	1,834	2,646	3,591	5,456	8,130	16,093

- Key Financial Ratios

District Council of Yorke Peninsula

LTFP - Projection Version 6

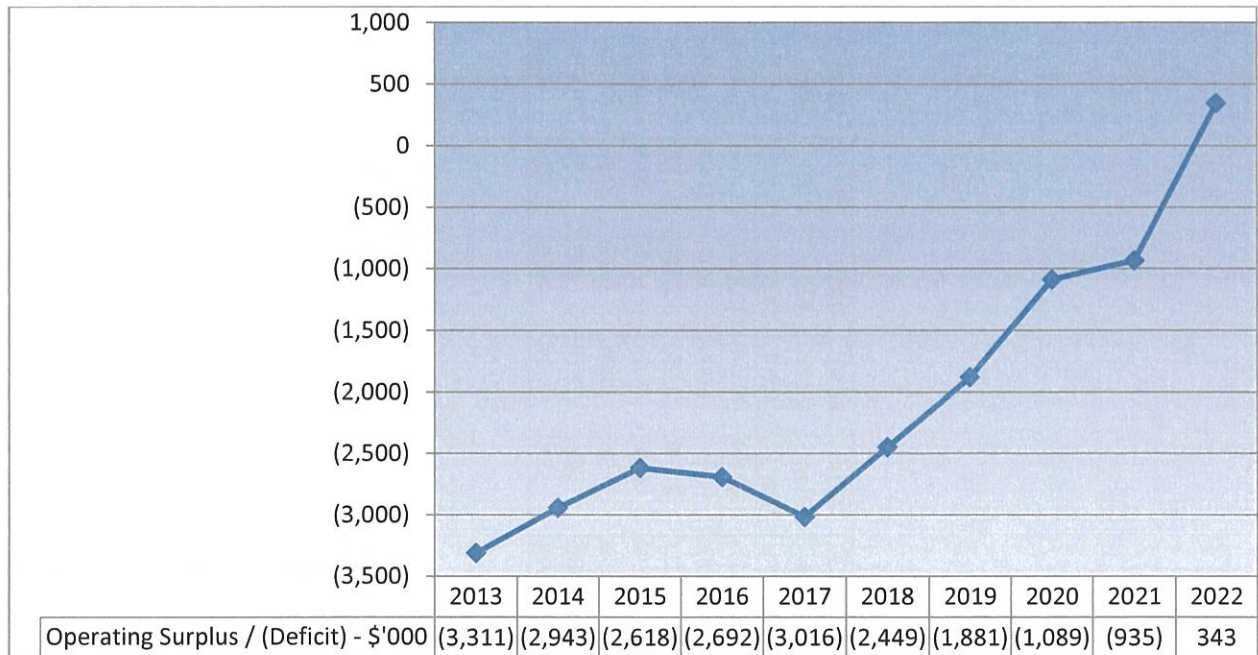


KEY FINANCIAL INDICATORS	2011 Actual	2012 Estimate	2013 Plan Year 1	2014 Plan Year 2	2015 Plan Year 3	2016 Plan Year 4	2017 Plan Year 5	2018 Plan Year 6	2019 Plan Year 7	2020 Plan Year 8	2021 Plan Year 9	2022 Plan Year 10
Operating Surplus / (Deficit) - \$'000	(4,350)	(3,025)	(3,311)	(2,943)	(2,618)	(2,692)	(3,016)	(2,449)	(1,881)	(1,089)	(935)	343
Operating Surplus Ratio - %	(30)%	(20)%	(20)%	(17)%	(14)%	(14)%	(14)%	(11)%	(8)%	(4)%	(3)%	1%
Net Financial Liabilities - \$'000	1,930	1,914	2,217	2,136	2,034	1,588	779	(157)	(2,009)	(4,673)	(7,970)	(12,450)
Net Financial Liabilities Ratio - %	8.2%	8.1%	9.2%	8.4%	7.6%	5.7%	2.6%	(0.5)%	(6.1)%	(13.3)%	(21.4)%	(31.5)%
Interest Cover Ratio - %	0.6%	(0.1)%	0.3%	0.3%	0.3%	0.2%	0.1%	(0.1)%	(0.3)%	(0.6)%	(1.0)%	(1.5)%
Asset Sustainability Ratio - %	19%	40%	48%	58%	61%	59%	58%	59%	59%	60%	57%	59%
Asset Consumption Ratio - %	62%	60%	59%	57%	56%	55%	53%	52%	50%	49%	48%	46%

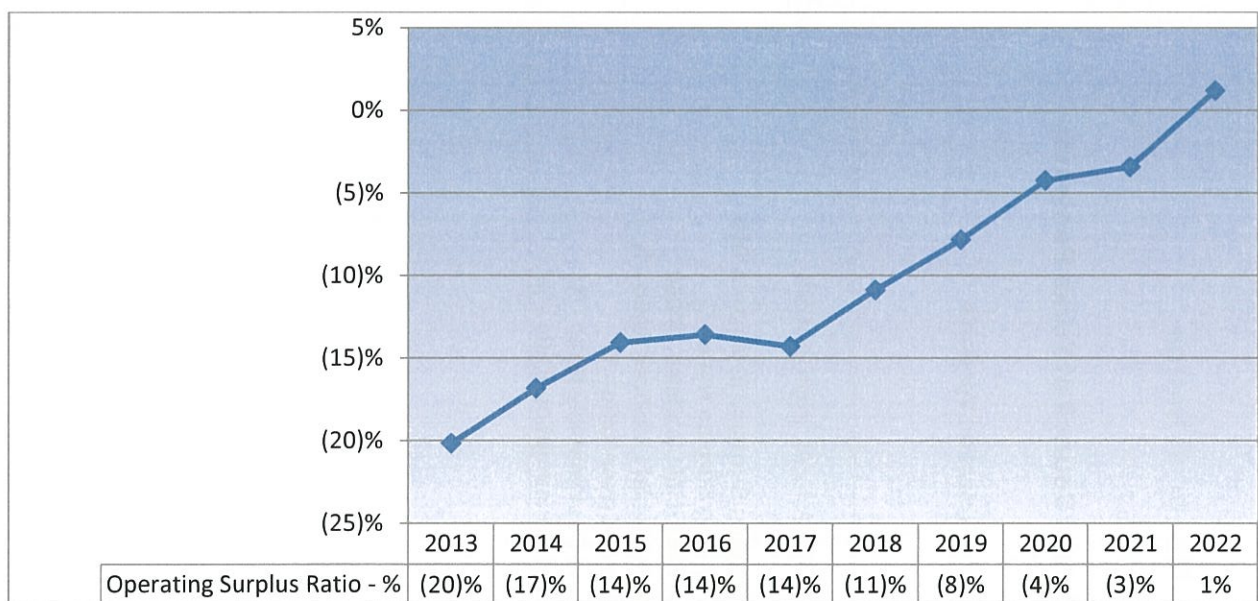
Financial Indicator Graphs

Operating Surplus Chart

The Operating Surplus charts below shows the impact of the key elements of Councils LTFP strategy over the 10 years of Councils LTFP culminating in an Operating Surplus of \$343,000 (1%) in year 10.

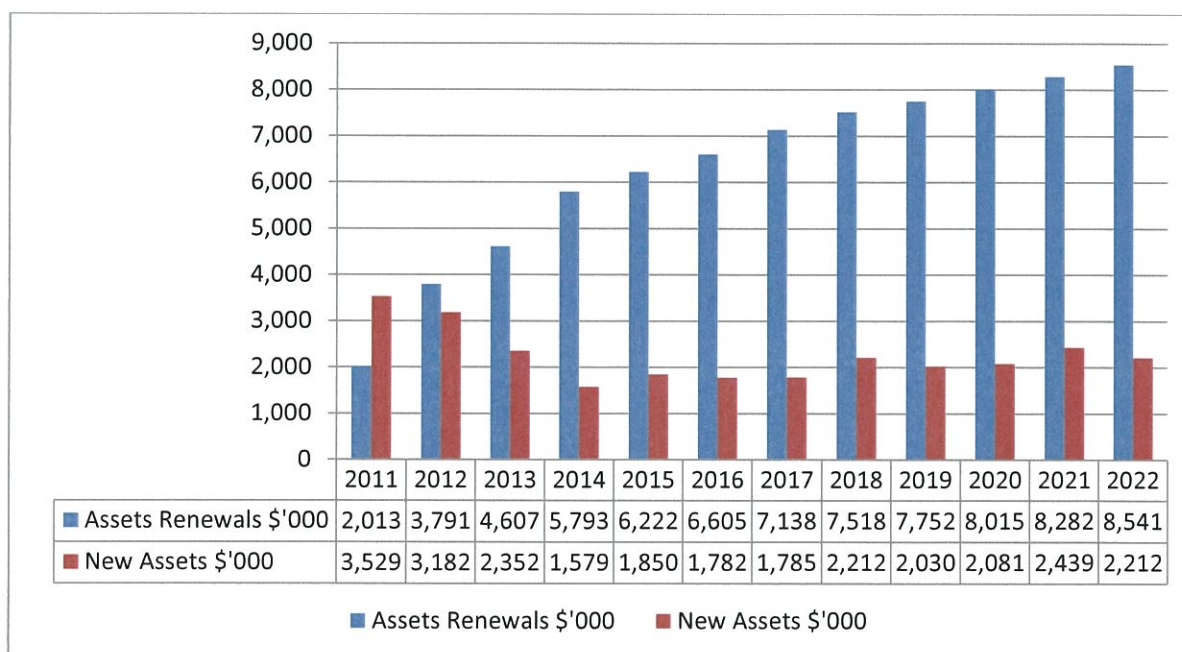


Operating Surplus Ratio Chart

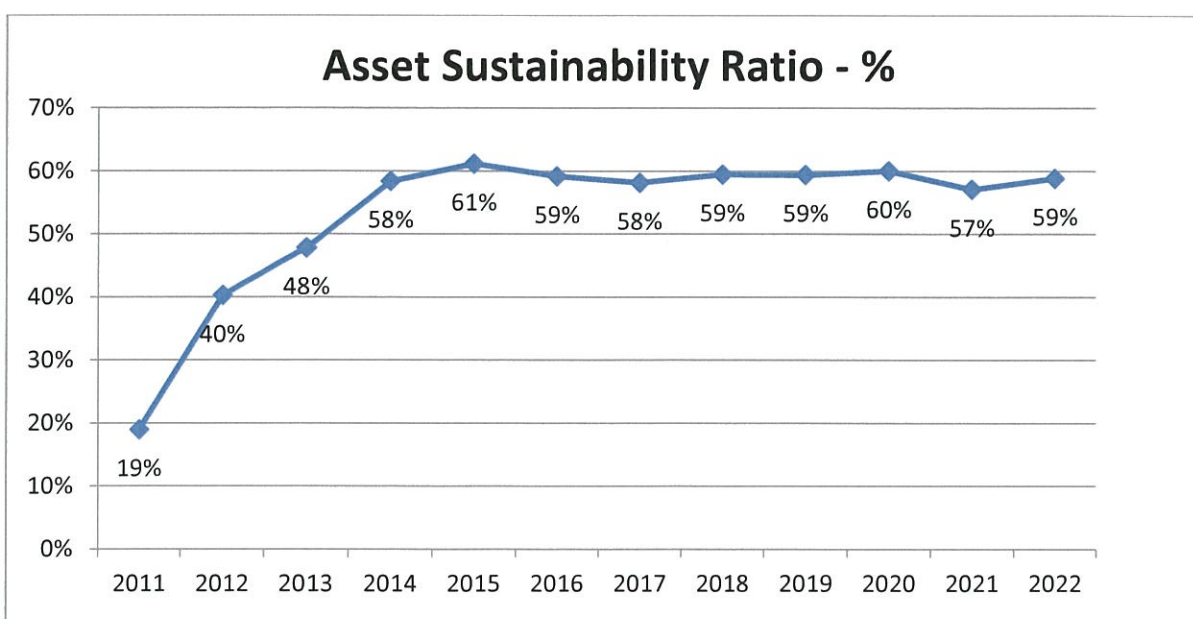


Asset Spend Chart – Renewal and New Assets

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 10 year period.



Asset Sustainability Chart



Outcomes of Independent Consultant Review

In considering a 10 year financial plan Council sought independent review and feedback on the intended direction to gain some confidence that both the logic and the achievability of such a plan was sound.

Mr John Comrie, a respected and experienced local government consultant was engaged to undertake that review and reported his findings to Council at the Elected Members Workshop held on 29 Feb 2012 and provided a written analysis to Council in March 2012.

Mr Comrie advised Council during his presentation that the suggested strategy encapsulated in the proposed LTFP was entirely consistent with the journey undertaken by other Councils in South Australia who were in a similar position to DCYP in the past. Mr Comrie also provided Council with confidence that the targets set within the LTFP were approaching averages in key financial strategies across Local Government in the state.

The following excerpt from Mr Comrie's report summarises the opinion provided to Council in that report:

"SUMMARY

DCYP needs to commit to progressively improving its financial performance. If it doesn't then service levels will decline over time as Council will not be able to renew and replace assets as required.

DCYP's financial position is not significantly different from the position many councils were once in. The fact that most of these have satisfactorily improved their financial performance over the past decade without significant community disquiet indicates that such reforms can be achieved with acceptance by residents and ratepayers. There is no reason why DCYP can't turn around its financial performance. It has the capability to do so.

It is recommended that DCYP:

- i) set itself a target to achieve an operating surplus as a minimum within the next 10 years based on achieving a minimum annual incremental improvement in the Operating Surplus Ratio of 2% per annum on average;*
- ii) set annual budgets inclusive of financial projections for at least one year beyond the budget year with revenue and expenses in each year being consistent with the annual required improvement in the Operating Surplus Ratio suggested in i) above;*
- iii) accommodate in its annual budget (both in Year 1 actual and Year 2 projected) outlays on asset renewal consistent with requirements identified in its Asset Management Plan (say within plus or minus 10%); and*
- iv) review its rating system if it decides that it needs to generate a significant real increase in rate revenue to achieve i) above.*

In concluding it is important also to highlight the capabilities of DCYP. Frankly, some SA councils even if they do all within their power, will struggle to achieve financial sustainability. Those councils are typically in remote localities with declining population and economic activity. This is not DCYP's circumstances or future. It has the potential and capability to do

better. A particular strength is its ability to attract and retain high calibre staff. The level of knowledge and understanding of the keys to financial sustainability demonstrated by DCYP's staff and their willingness to embrace financial reform was particularly noteworthy. DCYP has a decided advantage here relative to many other councils. It is one that can be capitalised on to constructively and sensitively bring about the necessary changes."

Significant Long Term Financial Plan Risks

The DCYP Draft 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 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 here are many factors that could have significant impact on forecasts such as legislative changes (including Carbon Tax Legislation and Refuse Collection Regulations mentioned earlier in this document), changes in 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 Elected Members at elections every 4 years. Council is confident that continuity in this regard can be achieved through close monitoring and regular financial reporting together with the proposed quarterly reviews of the LTFP.

